How Value Stream Management gives your enterprise a competitive edge

View and optimize the end-to-end process of digital product delivery with Value Stream Management (VSM)

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Success in any field relies heavily upon the same two requirements: the ability to complete a task or project and the ability to do so while it is still relevant.

The quality and innovation of your idea is moot if you are unable to follow through and deliver it successfully. As a wise person once said, "Vision without execution is hallucination." At the same time, quickly distributing a bad idea helps no one—least of all you.

Value Stream Management (VSM) is a way to view and optimize the end-to-end process of digital product delivery and improve business decisions and outcomes. VSM adds the concepts of value, waste, and friction to existing Business and IT delivery processes. Its goal is to accelerate the delivery of high value change to an organization.

This article will explore the advantages of VSM, including types of VSM insights and their value, how organizations can use VSM tools to assist budgeting and resource allocation, and how VSM integrates strategy and delivery to ensure an organization focuses on efforts that contribute actual business value.

An introduction to VSM

Value Stream Management and the associated discipline of Value Stream Mapping allow organizations to understand a given process and determine its future state. The value map helps identify areas of improvement for business processes. As such, value stream mapping can apply to IT functions, such as DevOps, or Business processes, such as strategic decision making and objective setting, to identify how and at which points the process creates value or suffers from waste.

Once the product delivery process has started, Value Stream Management helps provide insight into the end-to-end change process and address questions such as:

• Are product changes on schedule?

• What is causing bottlenecks or friction?

• Where is the waste in my process?

• What is the status of my highest value changes?

• Do we need more resources?

These questions apply to the individual product level and determine whether delivery completion conforms to the plan.

Organizations often govern programs by managing individual products in silos. VSM helps enable your company to view products by value stream and seeks to identify ways to accelerate value add across the entire organization.

Within development processes, it is vital to balance task completion with element value. Some parts of the process may be essential to the overall project, but may be of little individual perceived value. However, ignoring or de-prioritizing them for too long can still be disastrous.

This concept can be observed in documentation of training materials, wherein organizations may postpone the designing of specific training in a rush to produce the final product. Change management is another area that often de-emphasizes important changes. While many changes are valuable to product adoption and acceptance—both essential for value creation—organizations often delay them to the end of the release plan. As a result, any changes are rushed, insufficiently tested, and damaging to overall delivery of value.

Capturing the value of digital transformation in an intelligible and communicable manner creates a bridge between Business and IT to enable greater cooperation. It also gives the company additional insights into what it can accomplish in a given time and the value it will create. In turn, this can lead to the creation of additional opportunities for IT to provide such value.

Creating and acting on value visibility

Rather than adding measurement or reporting burdens to the software process, VSM leverages and expands upon existing process metrics. Therefore, its interference with workflow is minimal.

It is common for organizations to use different tools to create and deliver products across various teams. This flexibility can introduce silos of delivery, which can in turn restrict the ability to produce insights into systemic problems, such as bottlenecks or excessive rates of rework. They also prevent the discovery of best practices that may be limited to one team.

The first step in breaking down these silos is normalizing and consolidating information from various tools. Consolidating multiple outputs into a single source is crucial for enabling management to gain a comprehensive picture. By normalizing metrics such as lead time, process time, and defects corrected, we can create a single view of progress across the entire digital transformation landscape.

Once metrics are normalized, customers can view reports for back-log items, change-fail rate, and numerous other delivery measures. Organizations can visualize measurements according to time or delivery stage to determine any bottlenecks within a specific change delivery. Consolidating these measures helps identify problems faster and helps provide insights into temporary or systemic solutions.

After harmonizing the data, we can create dashboards that suit an organization's needs or export data to business intelligence tools for further analysis.

Optimizing from an executive view

While the reports discussed above focus on operational needs, executives can also incorporate VSM results for decisions regarding investment, budgeting, and resource allocation. VSM provides a link to connect operations—in this case, IT development and deployment—to an organization's strategy. This approach helps organizations understand whether the team has delivered the value expected by each change.

From an executive point of view, this approach involves understanding which initiatives are currently delivering value and which are likely to deliver value in the future. The potential value impact of each change can be identified and tracked to completion. If a high-value initiative is lagging or blocking the stream from providing value, you can decide on the action at the organizational level that will correct the problem.

Additionally, suppose several initiatives are experiencing problems in the same value stream. In that case, you may need to estimate the resources necessary to succeed at an organizational level. While DevOps information is often in silos, VSM enables consolidating this data in a central hub and analyzing the progress to detect issues across all elements of product delivery.

For example, suppose that after deploying a set of modules, there are an excessive number of errors. These errors are hindering adoption and might require resources to correct failures, which delays new development. If this situation is pervasive, it might require increasing rigor at the testing stage across the organization's entire value stream.

VSM's operational view enables managers to make product-level decisions. The executive view allows an organization to alter budget allocation and resources to solve systemic problems. It also provides senior management with a portfolio view of how each product and their associated value stream is performing.

VSM requires the consolidation of information from multiple data sources into a single tool and data repository, then analyzing and reporting progress across the organization. A standard set of actionable information enables organizations to determine how best to improve existing processes and correct deficiencies, gaining a competitive advantage and delivering true value.

Integrating strategy and delivery

Value Stream Mapping begins at the strategic level and examines each strategy's process. Value Stream Maps seek to identify areas where the organization can improve their existing processes. VSM then enables management and tracking of these improvements' implementation.

VSM creates provides the business with a synergistic relationship between strategy and delivery. It answers the vital questions about a project: "Why are we spending money on this activity, what value will it deliver, and what is the risk of this change?"

Not everyone is enthusiastic about participating in requirements meetings. Understanding their value can motivate those on the Business side to ensure the IT organization captures their requirements. Although either side may face apathy from the other, sharing a common goal reduces (and hopefully eliminates) the challenge of facilitating the co-operation that DevOps requires.

Next steps

By creating actionable synergies between executives, Business, and IT teams, VSM provides the business with a competitive edge. It measures the contributions of business ideas, development, and delivery to the organization's strategic goals, and enables the organization to detect and correct problems. VSM strengthens Business and IT unity to work toward common goals.

Taking advantage of VSM requires the consolidation of information from multiple data sources into a single tool and data repository, then analyzing and reporting progress across the organization. A standard set of actionable information enables organizations to determine how best to improve existing processes and correct deficiencies, gaining a competitive advantage and delivering true value to customers.

OpenText™ Core Software Delivery Platform supports VSM, from Strategic Port folio Management to IT Operations, integrating data into a single hub and exposing dashboards and reporting that provide actionable insights. When you're ready, learn more about OpenText Value Stream Management for high-quality software delivery.

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