



WE GET IT. WE'LL HELP YOU GET IT TOO.

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Applying the Business Value Management Life Cycle

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Tweeting Today?

@RequirementsPro

@B2T_Training

#BAOT

#IIBA

twitter



Business Value Management Life Cycle

- Have conversations to **Identify/State** value
- **Qualify** the value
- **Measure** the value delivered
- Focus on the **Minimum**



Identify Value

What is value?

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val·ue

/ˈvallyoo/ 

noun

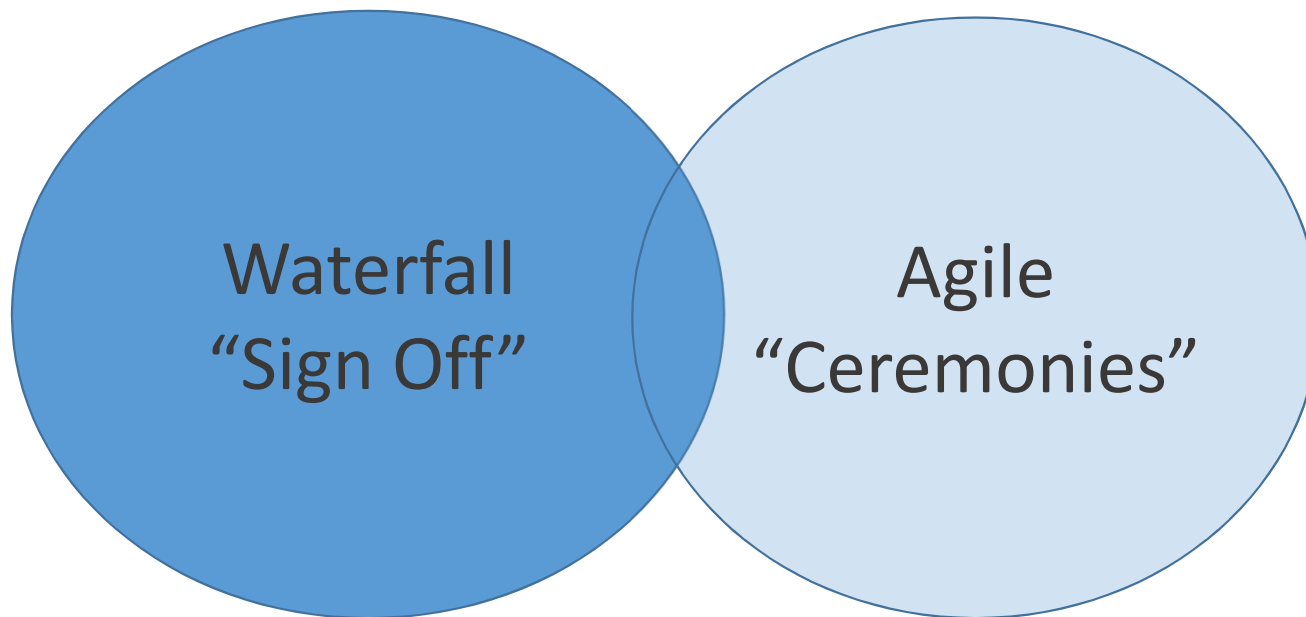
1. the regard that something is held to deserve; the importance, worth, or usefulness of something.

"your support is of great value"

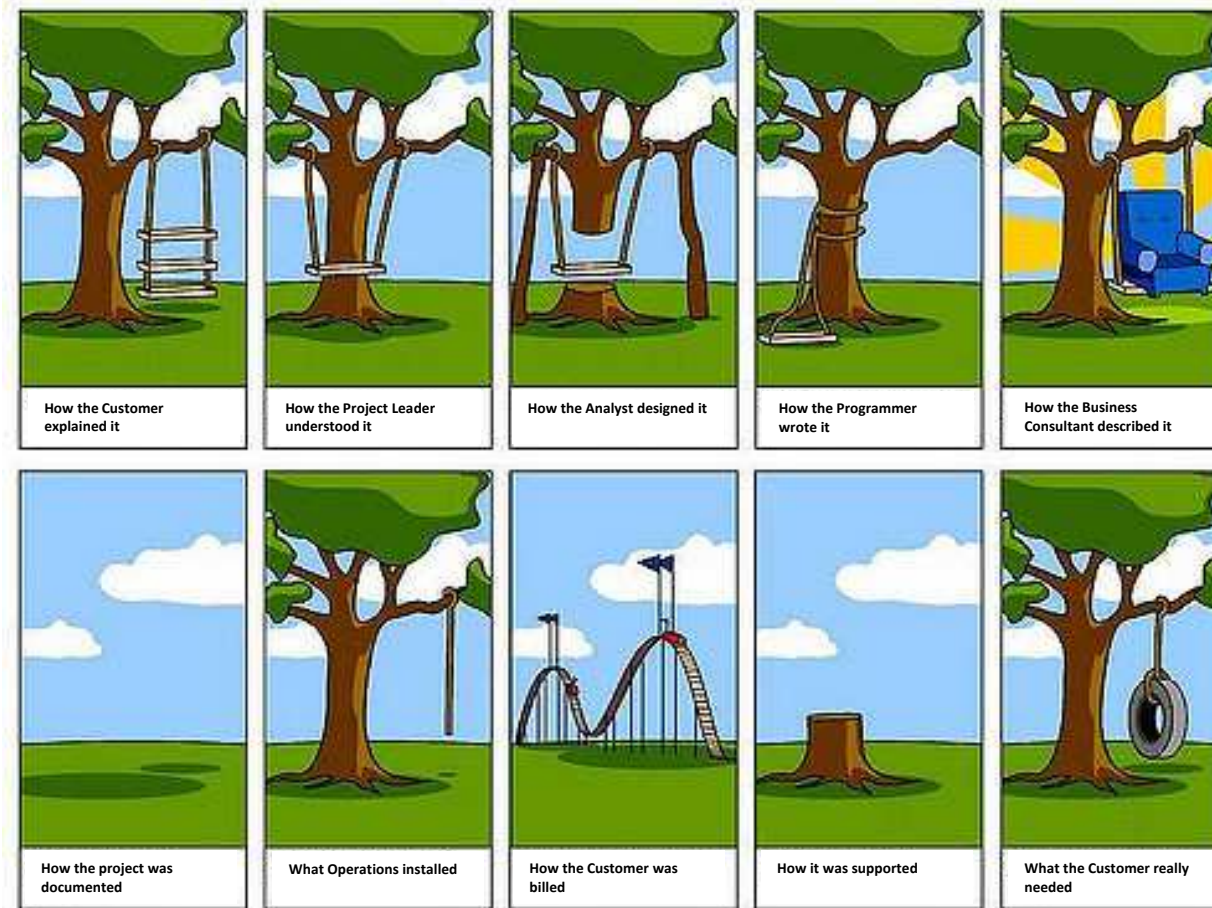
synonyms: worth, usefulness, advantage, benefit, gain, profit, good, help, merit, helpfulness, avail; [More](#)

Common Weakness of Waterfall and Agile

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Build the Wrong Thing Really Fast!



What is the problem we are trying solve?






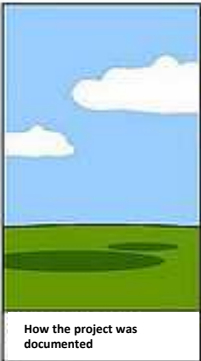


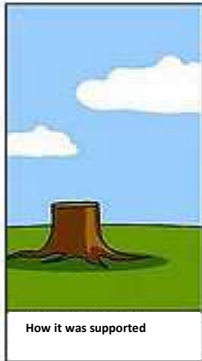

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All I said was when
I grow up I want
to swing from
that tree!

What's it worth?

COST

\$500	\$300 not usable	\$5000 not safe	\$350 not usable	\$1000
				
How the Customer explained it	How the Project Leader understood it	How the Analyst designed it	How the Programmer wrote it	How the Business Consultant described it
				
How the project was documented	What operations installed	How the Customer was billed	How it was supported	What the Customer really needed
\$1000 plus penalties	\$20 not safe	\$500,000	\$300 plus penalties	\$50

BENEFIT

- Being a kid, they'll have lots of other toys and activities, so they'll play on it sporadically
- It'll be a few years to grow into it
- They'll grow out of it with in a couple of years

The Value Conversation: “What’s good enough”

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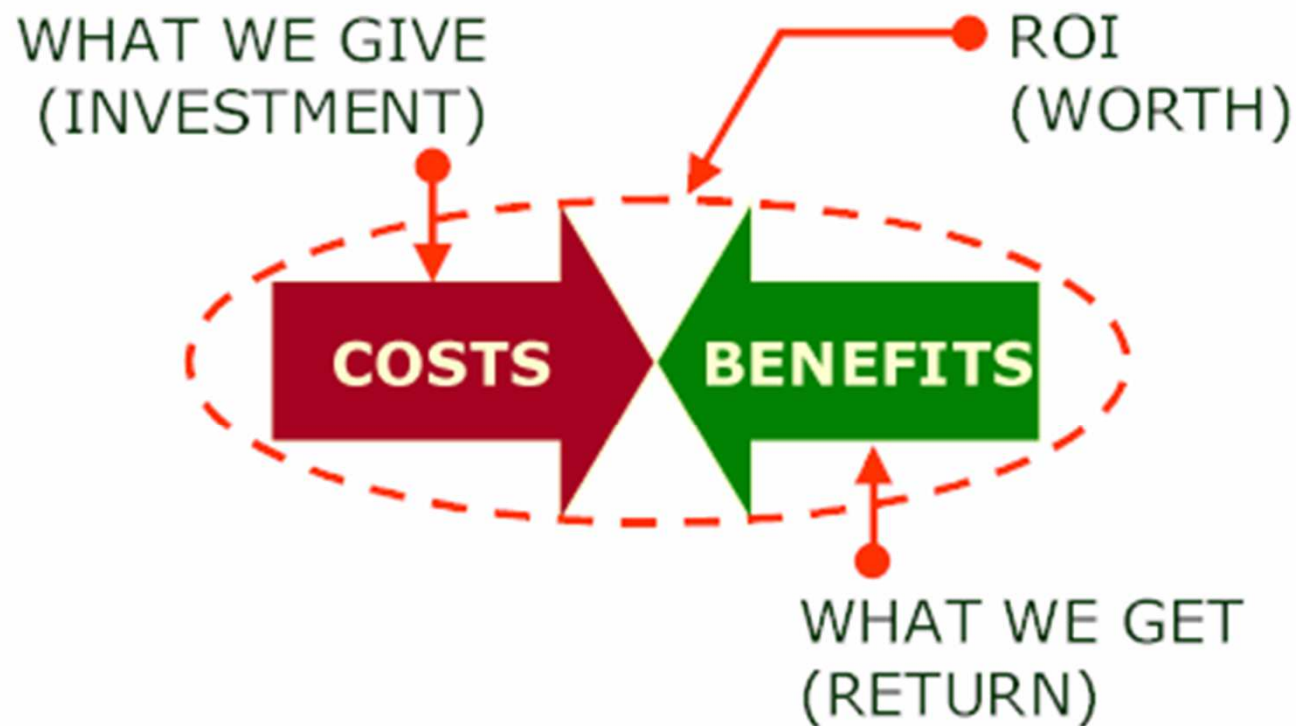
Not having the *Value Conversation* is costing us. It is taking resources and dollars away from things that have a long term pay off.



Qualify Value

What is it worth to you?

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(Agile) What's a Story Point Cost?

Annual cost for an agile team (6 people) = \$184,307.99

Iteration length of 2 weeks = **\$1,423.62 per story point**

Iterations per year 26

Iteration velocity 22 pts

Annual velocity 572 pts



(Waterfall) What's an ideal day cost?

Annual cost for a waterfall team (6people) = \$184,307.99

Phase 1 length of 24 - 30 weeks

Ideal days = \$3,261.20

Ideal days = 6.5 hours

Phase per year 2



When is a band-aid ok vs major disruption?

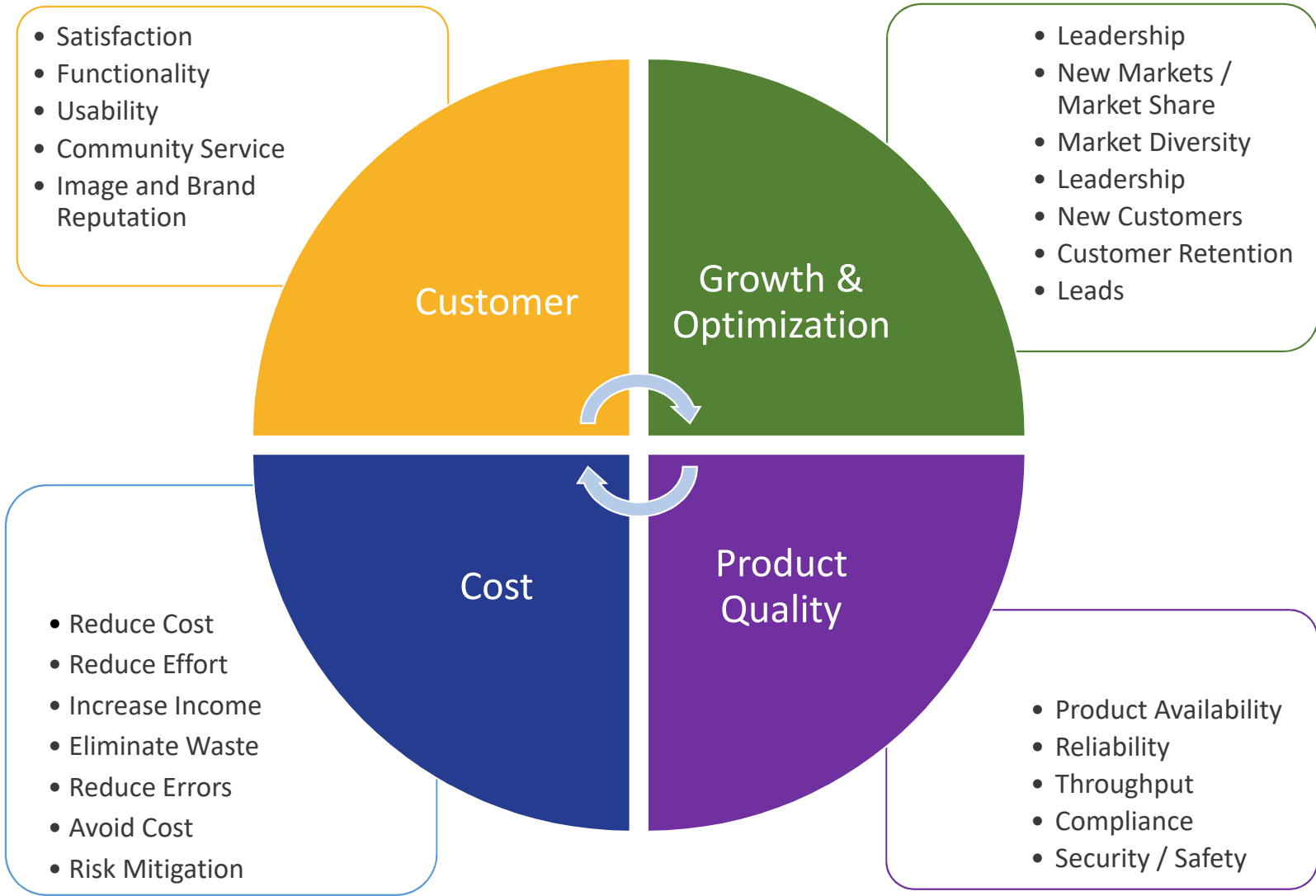
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VS

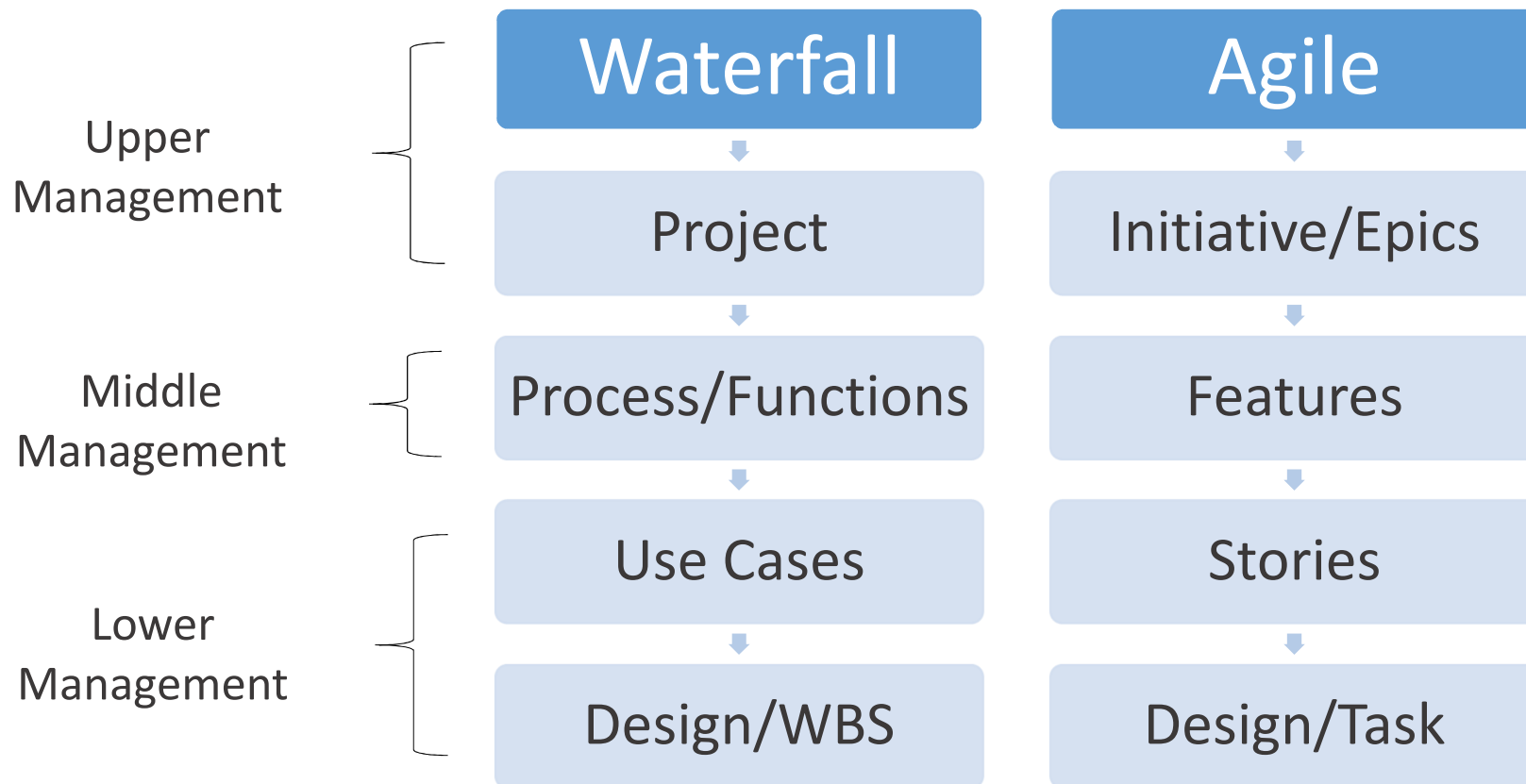


Value Drivers = Benefits



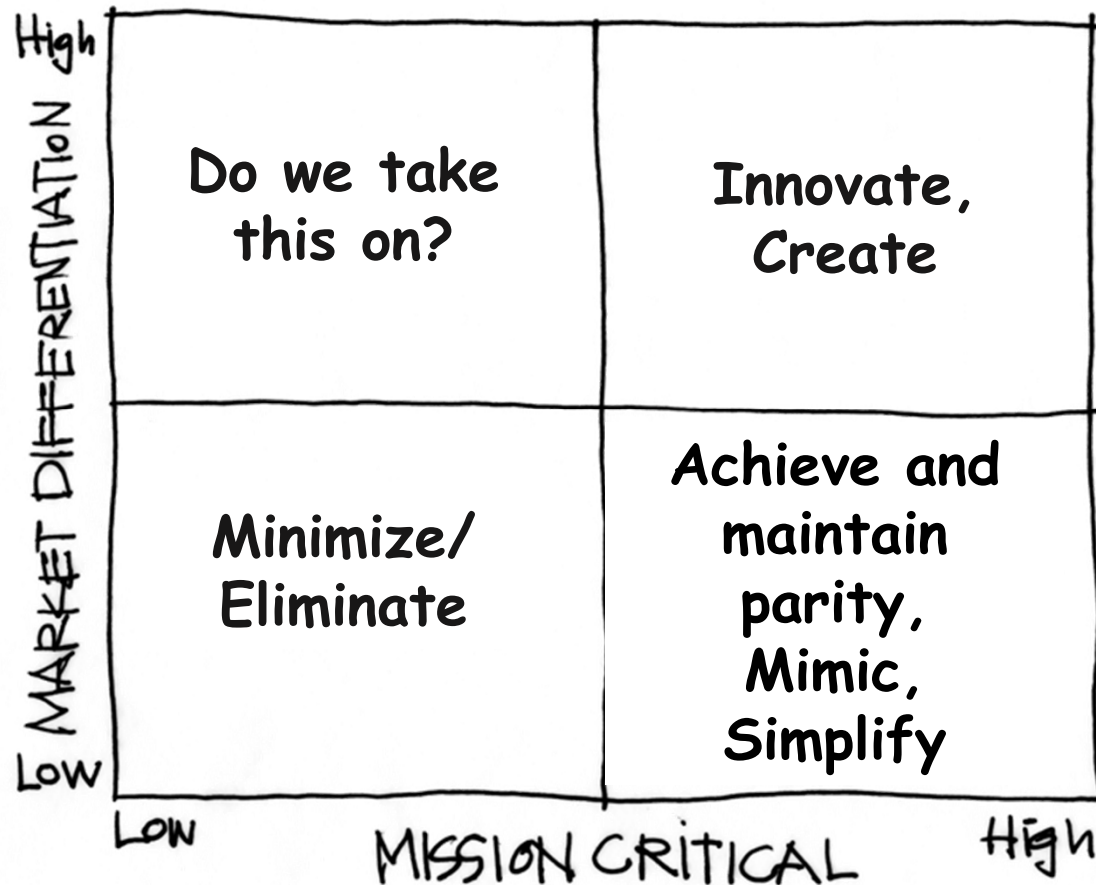
We All Have a Part to Play

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Purpose Based Alignment Model

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Who is Facilitating the Value Conversation?

Path of Decisions

What is the worst that will happen if we don't do this right now?

Do all stakeholders have the same goal?

Do we have one final decision maker?

What's the problem we are trying to solve?

What is the relative importance to the enterprise?

What gives us the biggest bang for our buck?

What is it costing us?

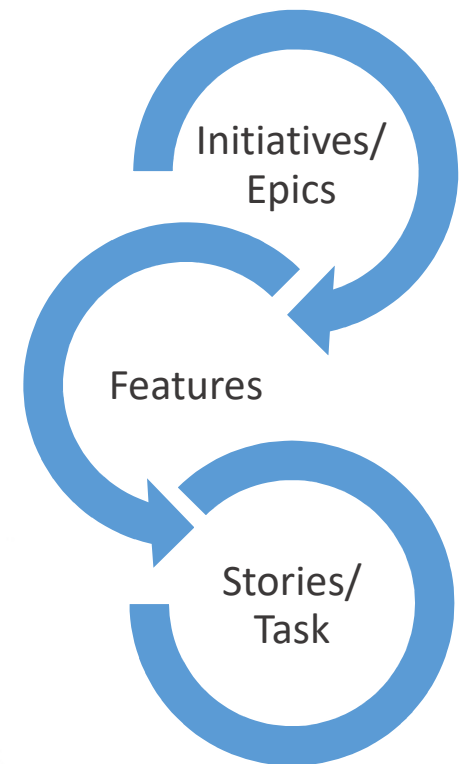
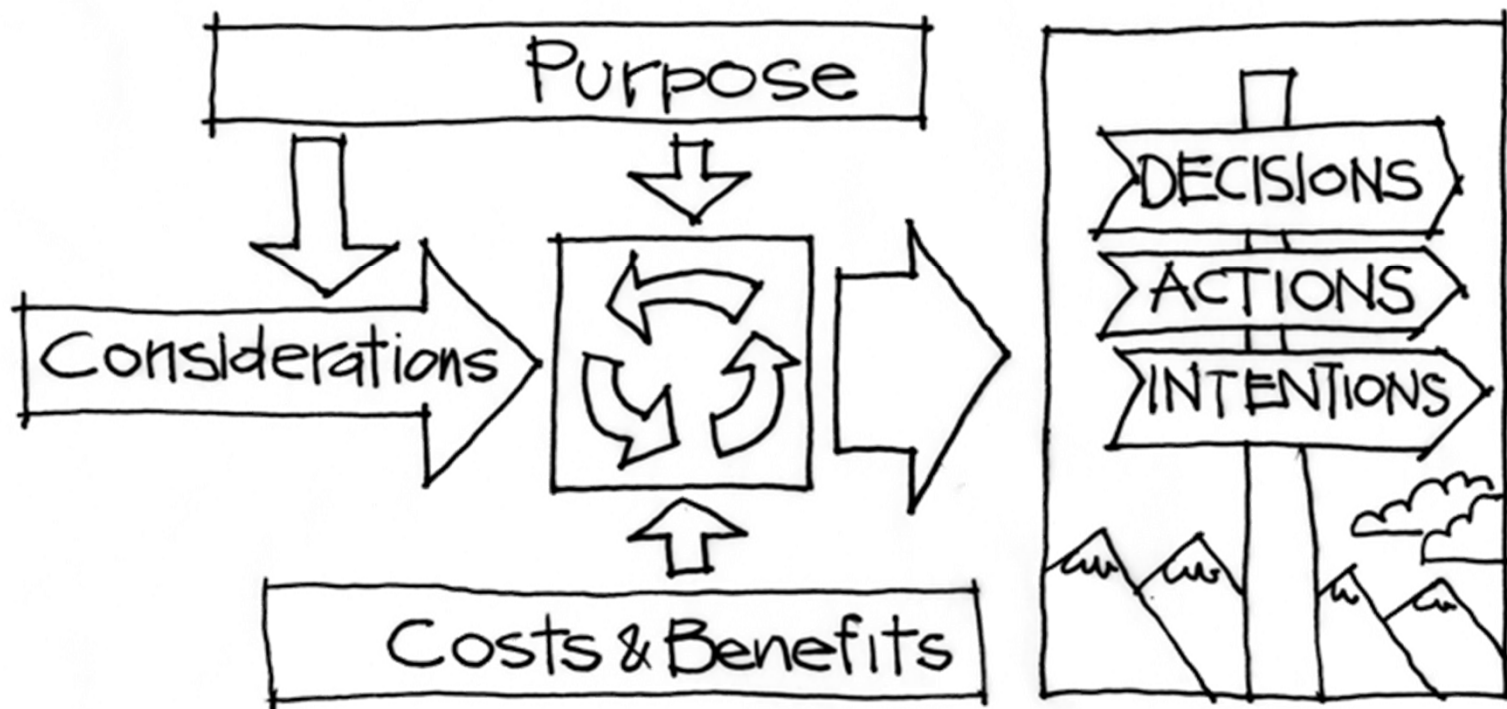
Based on what you are willing to spend what is most important?

What defines 'good enough'?

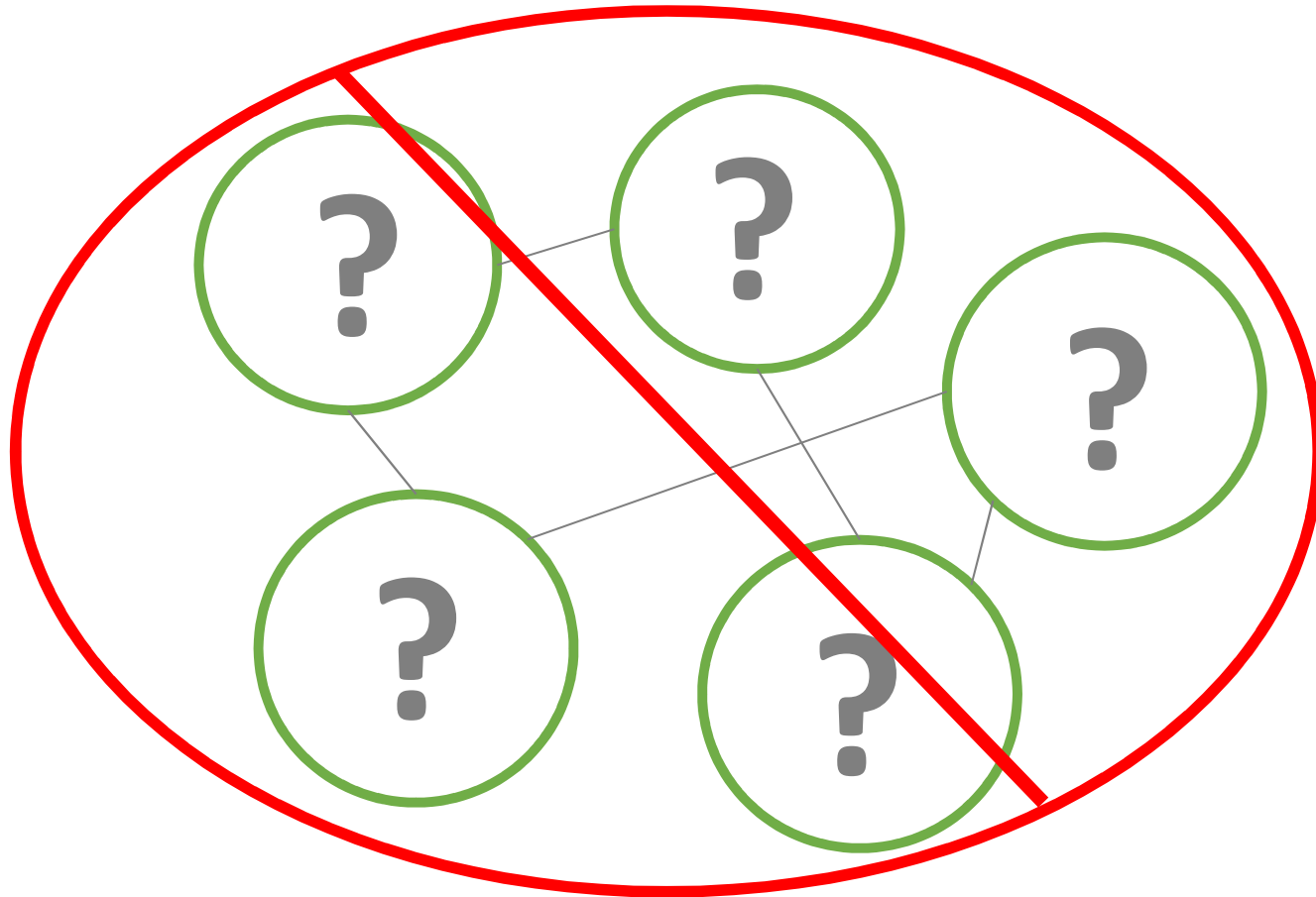
What are we willing to spend?

Is It Worth It?

BUSINESS VALUE MODEL



The Beginning of the End



Measure Value

Not Applying your Objectives is NOT SMART

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- Specific
- Measureable
- Agreed Upon
- Realistic
- Timely

Sample Objectives

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By end of 2017 eliminate the need for more staff with increase in delivery volume by 50%.



Increase opportunity pipeline by 20% over the prior year.

Quantifying Value: Measuring Objectives

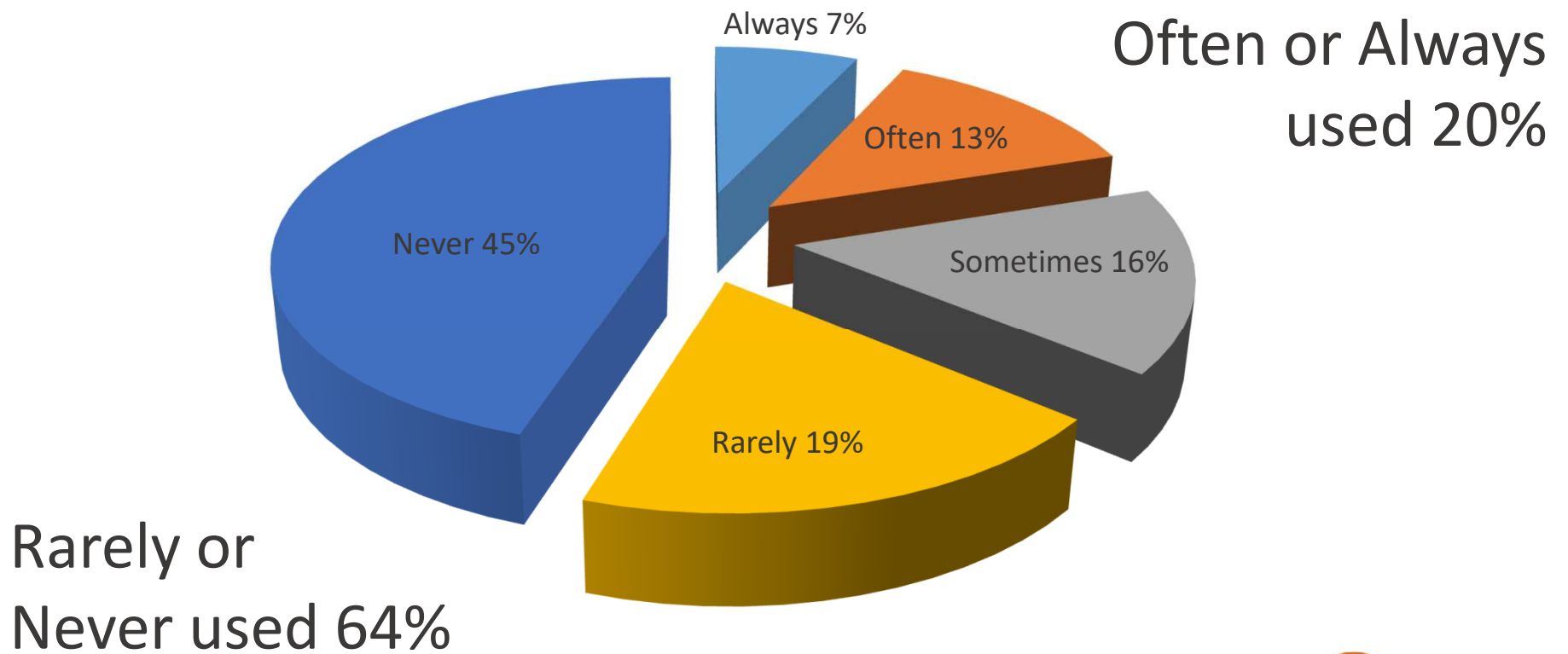
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	Objective 1	Objective 2
Measure	Opportunities	Learning Deliveries
Definition	The number of opportunities in a year	Number of learning deliveries in a year
Data Source	CRM System	LMS System
What to Measure	# of opportunities and estimate revenue	Number of learning deliveries by type
Frequency of Measure	Yearly	Yearly
Sample Size	N/A	N/A
Who will collect data	Sales team	Operations manager
How will data be collected	Report created in Sales system	Report created from LMS
Baseline	200	300
Target	240	450

Maximum Value – Minimum Effort

How much should we build?

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Standish Group Study, Reported by CEO Jim Johnson, XP2002

Other ways to reconcile value?

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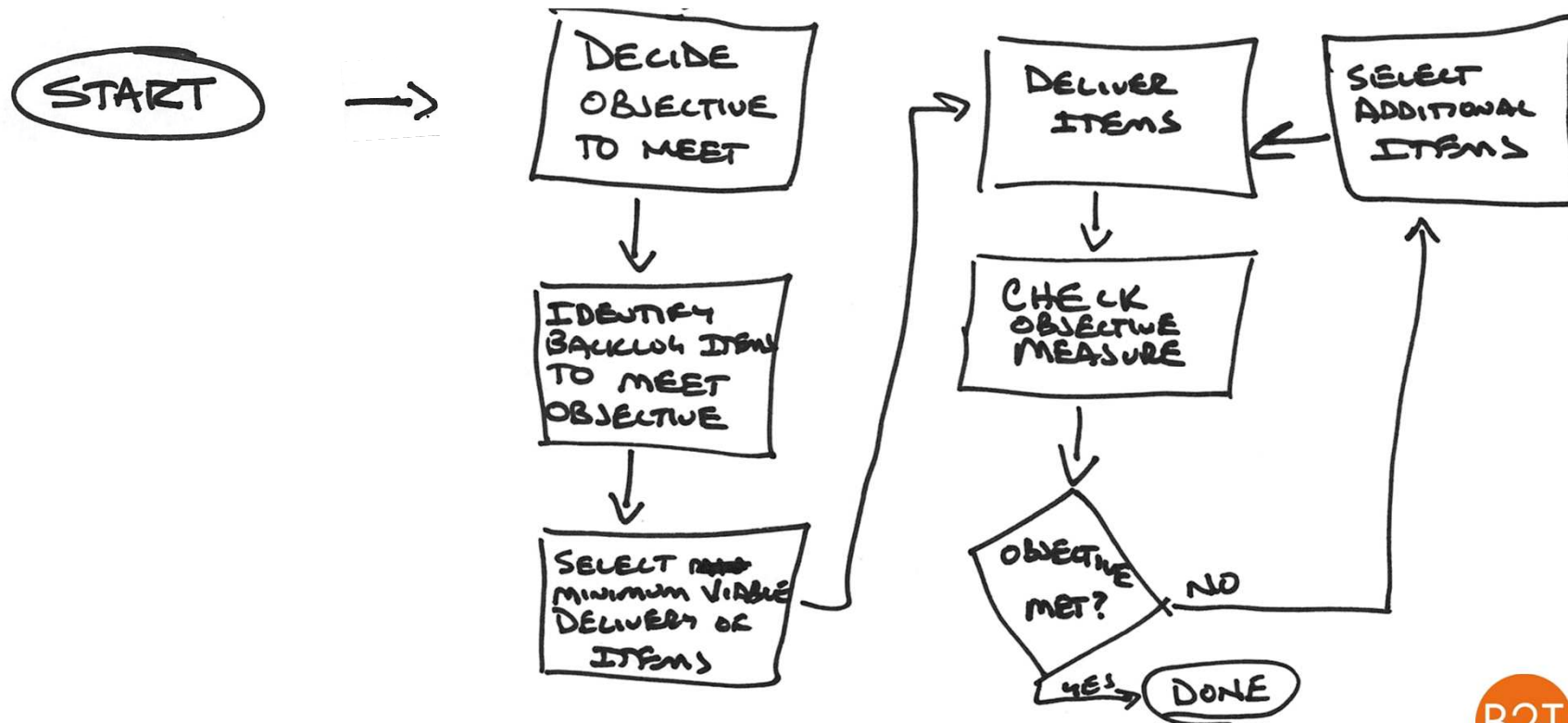
- ROI
Return on Investment
- NPV
Net Present Value
- TCO
Total Cost of Ownership
- IRR
Internal Rate of Return

A piece of light brown, textured paper with a white, irregularly shaped center. The text is centered on the white area. The paper has a torn, ragged edge on the left and a rolled-up edge on the right.

What's
Important
to You?

Deliver Value Continuously

A Flow of Value

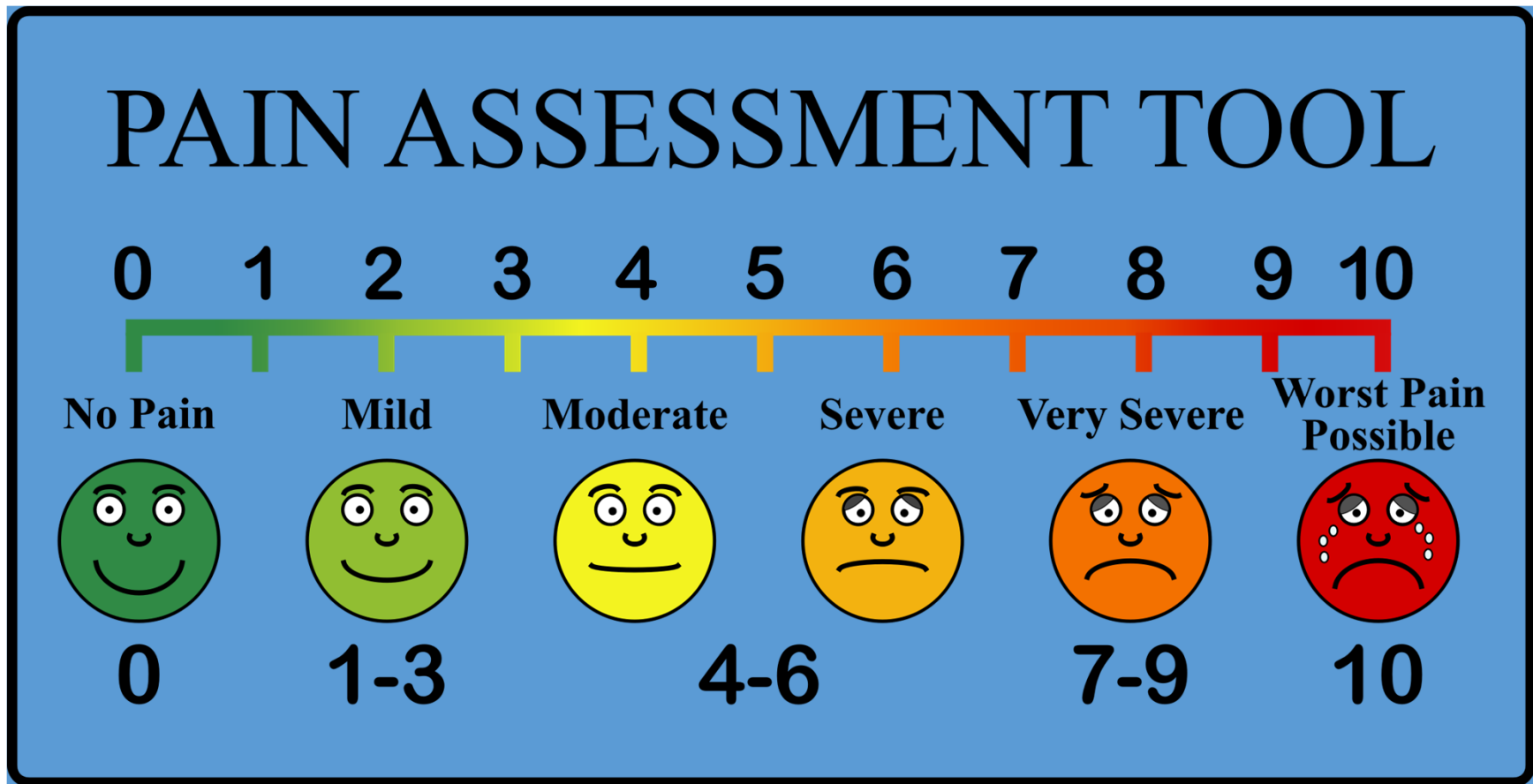


How to know we have delivered value?

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Incrementally Measuring Value





MVP is a matter of survival?

MVP Redefined



These Conversations aren't always easy

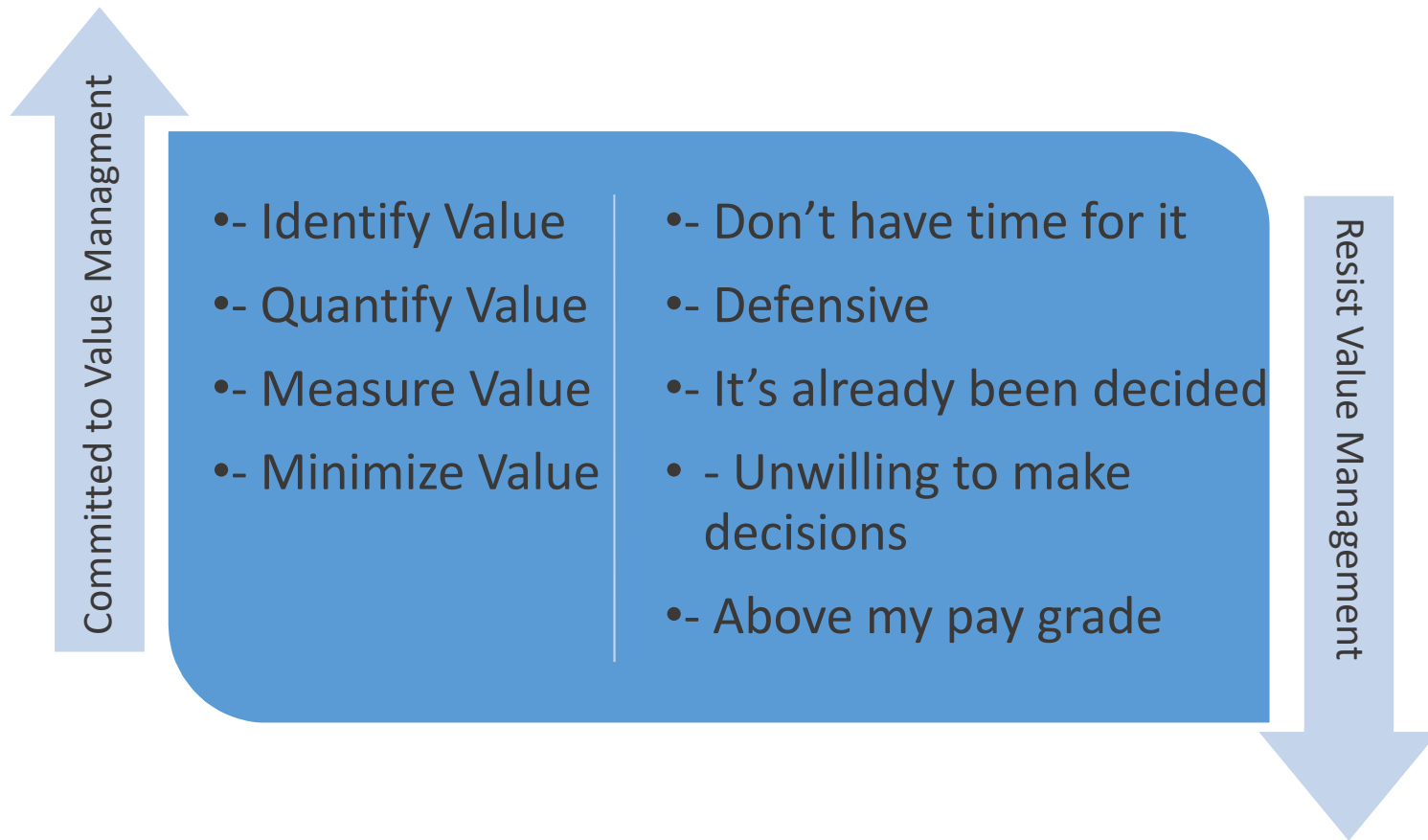
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And one final decision?



Avoid The Typical Excuses



Applying Value Management	Waterfall	Agile
Identify the Value	Scoping and Initiation Phase	Iteration 0
State the Value	Prioritization – Early and Often, Decision Filters	User Stories, Business Value Points, Iteration Planning, Decision Filters
Quantify the Value	SMART Objectives with requirements traceability	Smart Objectives, with Feature Mapping, User Story Triage
Measure Value Delivered	Apply Decision Filters	Apply Decision Filters, Apply MVP, filters, Demo's and Review
Make MVP a Success Factor	Identify it early and revisit it at regular increments	MVP identified in Iteration 0 and applied during each iteration/sprint planning session



If you remember nothing else...



Business value is a conversation to help us decide:

- Is it worth it?
- How much should we build?

Use business objectives to quantify and measure if you delivered value

Focus on value, not features



Questions?

Stay in Touch



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CRM and LMS



CRM



LMS

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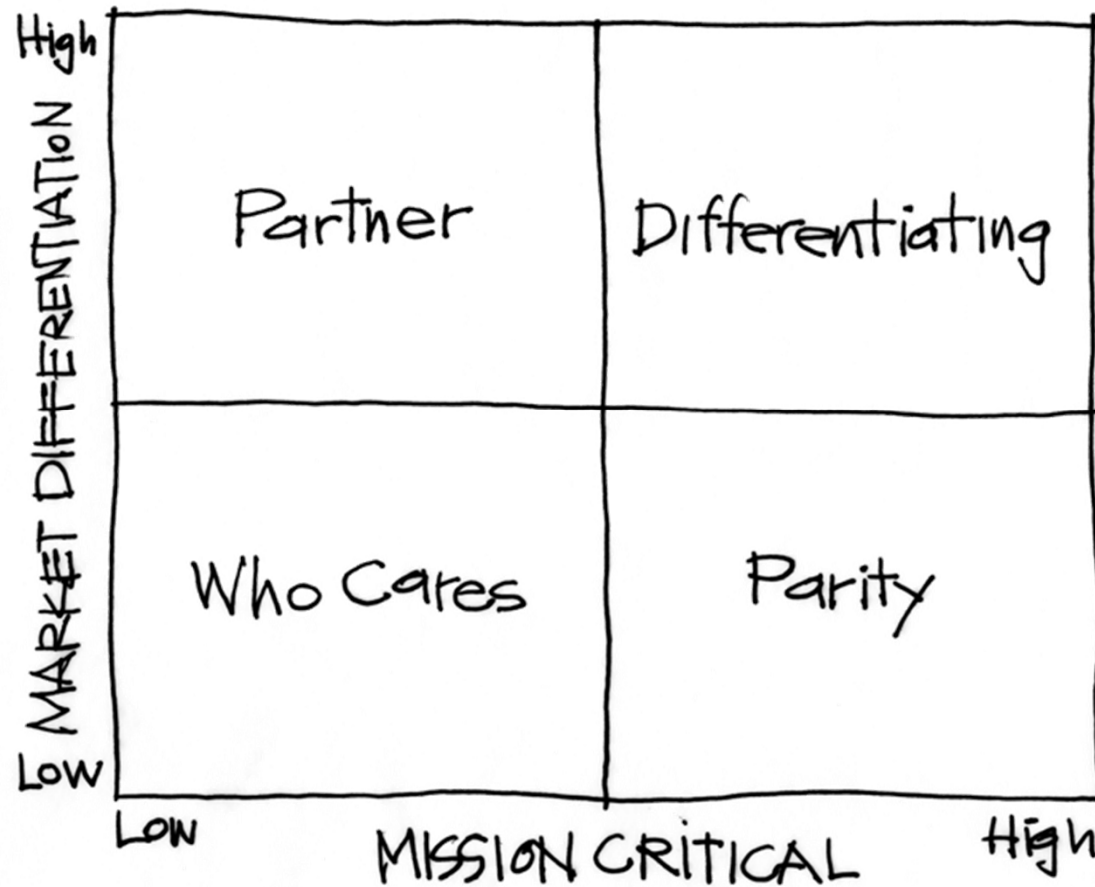
CAUTION!

↑ Unintended ↑
Consequences
Ahead

Collateral Damage

Purpose Based Alignment Model

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How Much Do You Want to Spend?

	Cost	Benefit	
			A problem that only happen once have 4-5 years based on metrics and has a manual workaround
			A venture that will bring you new customer or revenue but is high maintenance long term
			An issue that if delayed, the cost to fix will double if not addressed in the next six month
			An issue that will impact the image and brand of the company if not address
			A easy, inexpensive fix that will boost employee morale

What is the Prime Directive for projects?



Deliver Business Value!



“To be ***the*** low cost airline.”

- Southwest Airlines



“Will this **help** us **be**
the low cost airline.”

- Southwest Airlines