EBM - Lecture

Evidence-Based Management

Evidence-Based Management (EBM) helps organizations to continuously improve results for there customers
using empirical evidence at a strategic level.

It consists of:

A Strategic Goal - an important, large, uncertain goal the organization would like to achieve.
Intermediate Goals - achievements in the direction on the path to its Strategic Goal.
Immediate Tactical Goals - objectives the team work on on the path to the intermediate goals in the near term.
A Starting State - where the organization starts before it reaches it's strategic goal
A Current State, where the organization is at the present time. Relative to the strategic goal

To acheive it's goal, the company runs experiments and iterates, in a scrum-like manner.
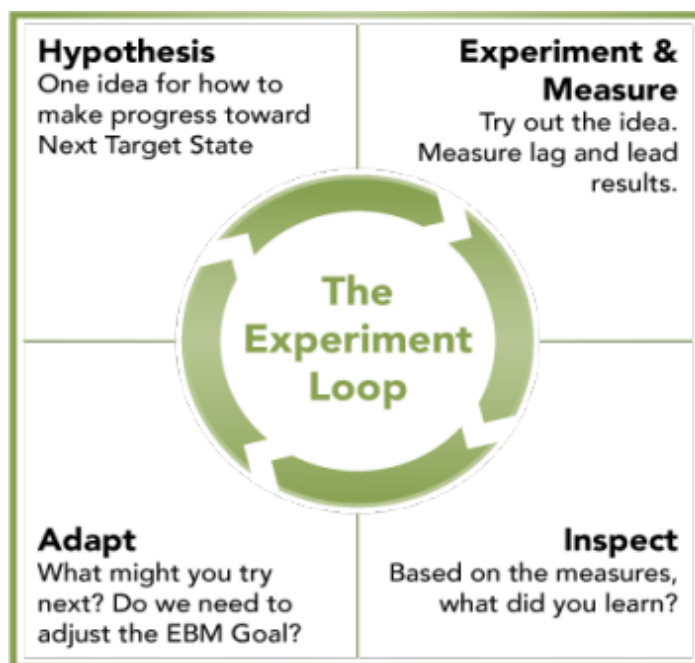
Setting Goals

With EBM Organizations define specific measures so that they know when they've acheived their strategic goal.

Outcomes.

These are desirable things that a customer or user of a product experiences. They represent some new or improved capability that the customer or user
was not able to achieve before.

Key Value Areas (KVAs)

EBM gives us Key Value Areas (KVAs). to examine the goals of the organization
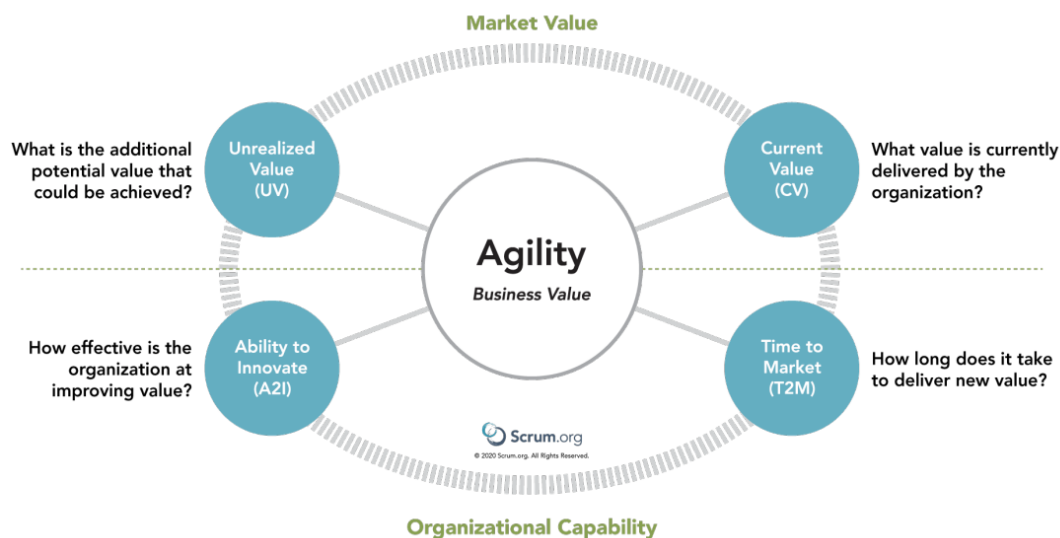
Current Value (CV)
The value that the product delivers today
Unrealized Value (UV)
The potential future value that could be realized if the organization met the needs of all potential customers or users

Time-to-Market (T2M)
The organization's ability to quickly deliver new capabilities, services, or products
Ability to Innovate (A2I)
The effectiveness of an organization to deliver new capabilities that might

better meet customer needs to maximize the organization's ability to deliver new capabilities
and innovative solutions.

Here's how it works:

Imagine we are starting an online ecommerce Tshirt company.

In our Current State we have no products in the market, but research tells us there's a market for 'I love my baby' T-shirts for
mothers who have babies - work with me here 🙂 .

Key Value Measures

Using 2 of many Key Value Measures - Customer Satisfaction and Customer Usage Index we discover:

Low Current Value - we have nothing in the market to satisfy or be used by customers
High Unrealized Value - the demand is high according to research so it stands to add satisfaction to the market and many will use the products

Running an Experiment Loop:

- Forming a hypothesis for improvement - Our new T-shirts will sell well and give massive value to mothers with babies with high Customer Satisfaction and rank high on our Customer Usage Index
- Running your experiments - Put a product into market
- Inspecting your results - Check the Customer Satisfaction and Customer Usage Index to see how well the product has been received and used
- Adapting your goals or your approach based on what you learned - if these score high then release similar products, otherwise make some adjustments and re-release

We continuously look at our Key Value Measures to assess progress towards our strategic goal.

Conclusion

In conclusion, EBM allows us to use key value areas and key value measures to continuously improve and achieve our strategic goals. It also makes all the work explicit and transparent.