



# Bring “Value” To Your Value Stream Management

FEATURING RESEARCH FROM FORRESTER

Integrated Value Stream Management Benefits  
Business and Development Leaders

## To remain competitive and accelerate innovation, companies must integrate value stream management to align business and development.

### DIGITAL TRANSFORMATION WITH VALUE STREAM MANAGEMENT

At their core, value streams help determine the value of a product or service. But organizations must go beyond this definition when establishing their value stream management (VSM) practices to identify a full picture of their product or service gaps and potential. VSM must align agile and DevOps with business strategy to increase customer value and eliminate waste. Decision-makers should consider these factors when elevating their VSM practices:

- **Elevate your customer as the top priority.** The customer must be at the forefront of value stream initiatives to recognize both the potential value and the cost of investments throughout the customer lifecycle. Value streams can inform organizations on what capabilities to fund to reach customer-oriented objectives.
- **Employ VSM to increase transparency and alignment with business and development.** Leaders at each level see value differently, with business leaders primarily considering speed and the bottom line and dev teams focused on process and output. Value stream management can be an opportunity to align both viewpoints by identifying the development outcomes that provide enhanced capability. Keep teams on the same page by incorporating a value stream management approach that is integrated with strategic portfolio management, focusing on outcomes that drive common benefit.
- **Establish objectives and key results (OKRs) to develop outcome-oriented measures.** Setting a framework and goal-setting are keys to finding commonalities and aligning teams that typically have different objectives. Business leaders can convert objectives into measurable outcomes using OKRs. Dev leaders can then utilize those OKRs when creating work items with key performance indicators (KPIs) for their teams to measure success.

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### HOW BROADCOM CAN HELP

ValueOps from Broadcom is a pioneer in implementing the concept of “value” into value stream management. Broadcom enables a true VSM strategy by combining flexible enterprise business planning and digital product management from Clarity with the Agile management capability of Rally software. Broadcom aligns business leaders and development-focused teams with the common framework, language, tools, and data integrations needed for true VSM.

Broadcom helps organizations deliver high-value offerings by providing capabilities that allow leaders to focus on these main pillars:

- **Define which capabilities should be funded for strategic objectives.** Improve efficiency and predictability from individual teams with industry-leading planning tools to achieve true agility at scale. Broadcom's solution help prioritize, define, and fund the most valuable capabilities. ValueOps gives business leaders the flexibility to properly define products and value in ways that can be monitored and analyzed from end-to-end across the enterprise.
- **Identify how capabilities relate to development outcomes.** Translating investments into streams of work that increase alignment across the enterprise is key to ensuring that resources are being used most effectively. ValueOps's context-aware insights give each role direct and complete access to data from across the enterprise to make informed decisions. Strategic roadmaps, customizable financial management, configurable hierarchies, smart charts, and consolidated agile metrics facilitate increased productivity and transparency while eliminating bottlenecks.
- **Monitor how capabilities progress from concept to cash.** ValueOps planning and management tools track value streams from initial investment to delivery, augmented by critical metrics from the DevOps toolchain that provide insight into velocity and quality. Connect strategic investments and product roadmaps to enterprise delivery plans while taking the guesswork out of tracking ROI and enabling the software delivery lifecycle to be effectively managed and monitored by all stakeholders.

# Integrated Value Stream Management Benefits Business and Development Leaders

Roadmap: The Agile Software Leadership Playbook

by Margo Visitacion and Christopher Condo  
February 24, 2021

## Why Read This Report

Business leaders see development as a black box and struggle to understand its costs and priorities. Meanwhile, development leaders are often left in the dark regarding business cases and feature prioritization and see growing technical debt eat away at productivity. Application development and delivery (AD&D) pros should read this report to understand how linking value stream portfolio planning with value stream management (VSM) automation breaks communication quagmires and directly aligns business stakeholders' desired outcomes with dev leaders' execution plans.

## Key Takeaways

### **Business And Development Leaders See Value Differently**

Business leaders think in terms of speed and outcomes, while development leaders think in terms of outputs and processes. Fed up with the disconnect, the C-suite mistakenly focuses on productivity.

### **Value Streams Aligns Both Viewpoints**

Value streams at the strategic level inform organizations about capabilities to fund to reach customer-oriented objectives, while VSM identifies the development outcomes that provide enhanced capability.

### **Adopt Integrated Value Stream Management**

Adopting integrated VSM brings business and dev leaders together to identify the right outcomes. Using objectives and key results (OKRs) as a common measurement framework helps identify tangible, measurable outcomes to determine success.

# Integrated Value Stream Management Benefits Business and Development Leaders

## Roadmap: The Agile Software Leadership Playbook

by [Margo Visitacion](#) and [Christopher Condo](#)  
with [Chris Gardner](#), Andrew Dobak, and Kara Hartig  
February 24, 2021

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### Related Research Documents

[Agile Software Leadership Drives Customer-Obsessed Company Success](#)

[The Forrester Wave™: Value Stream Management Solutions, Q3 2020](#)

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## When Business And Dev Leaders Are Disconnected, Everyone Suffers

Business leaders view the value stream in terms of time-to-cash. Whether it is launching a new insurance product or stocking a shelf with cola, the value stream has the clear goal of shrinking the amount of time it takes for the business to realize revenue. Development leaders see the value stream as the series of steps needed to create software products: everything from epics creation to code writing, deployment, and servers. Understanding the software delivery lifecycle in terms of a value stream helps software delivery leaders understand its impact on the business.

### BUSINESS LEADERS FOCUS ON OUTCOMES AND SPEED

Business stakeholders think in terms of time-to-market and ROI. When they fund new efforts, it's to move the needle on one of those outcomes. But when it comes time for turning desired outcomes into engineering initiatives, they often miss the mark:

- › **Solutions are proposed before goals and impact are defined.** Many business leaders are so eager to get initiatives rolling that they skip requirements and problem definition and go right to solution solving. That leaves developers cleaning up the mess of a complex or impractical design. Or the assumptions could just be plain wrong, leading to a bunch of work and not much to show for it.
- › **Desired outcomes don't have an engineering component.** Business stakeholders often have well-defined business goals, such as greater user adoption, but don't create measurable outcomes based on those objectives. Opaque outcome descriptions create unnecessary complications and provide little guidance to reaching a successful outcome. In the end, AD&D pros become task completers and not problem solvers.
- › **Success is hard to measure.** Without the ability to translate desired business goals into measurable outcomes, business leaders have no reliable way to measure the impact of the initiatives they fund. When this happens repeatedly, frustration grows and prioritization becomes political. Divorced from the problems they are trying to solve, development simply becomes a game of completing the most work items with little regard for their business outcome.

### DEVELOPMENT LEADERS FOCUS ON OUTPUTS AND PROCESSES

In the quest to deliver more code faster, dev leaders see value in reusable architectures and DevOps automation tools. They focus on closing out stories and releasing code, but they don't necessarily do a good job linking that effort with business outcomes. Dev leaders struggle with:

- › **Investments without clear business value.** Dev leaders often take on work items to improve the overall capability of their dev teams — the problem is they have a hard time justifying this work. Whether it's deploying new DevOps tools, adopting a different language, or proposing a new platform architecture, these initiatives often start with the best of intentions. However, those intentions don't translate to less time-to-market and lower operational costs, therefore dying on the table.

- › **Mismatched prioritization.** Many dev leaders we speak with explain that their backlog is difficult to prioritize. While some items may be grouped together, linking these priorities back to business initiatives is difficult, and getting business stakeholders to agree to priorities can be equally so. The result is work items completed in a logical order that makes sense to the developers but not necessarily the business. And without business outcome goals, dev teams are stuck measuring outputs, such as completed stories, test coverage, and velocity. None of this helps them prove they are creating any business value.

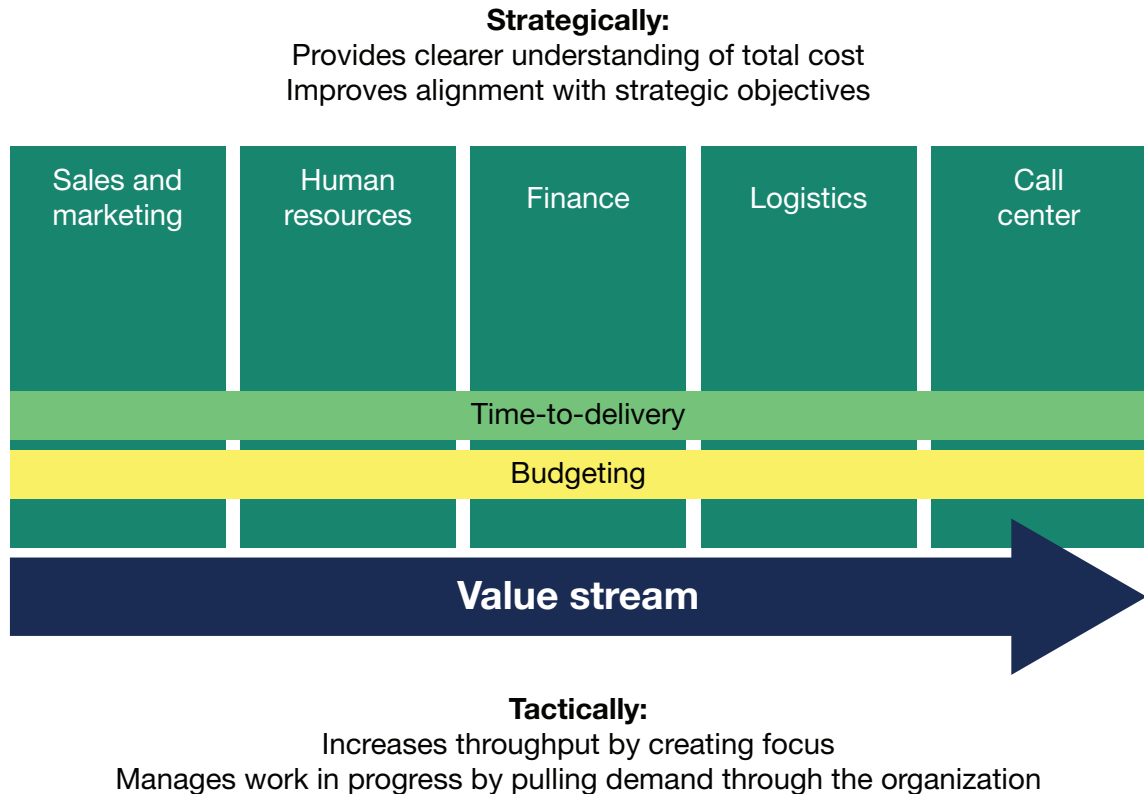
#### **FED UP WITH LONG LEAD TIMES AND LITTLE ROI, THE C-SUITE TURNS ITS FOCUS TO PRODUCTIVITY**

Dev and business leaders alike tell Forrester that their C-suite is unhappy with the current pace of change. Even with investments in automation tools, many dev teams struggle to improve their release cadence. Tired of excuses, C-suite leaders are grasping for data to see what's really happening. That leads many to begin looking at output metrics such as lines of code, completed stories, and velocity, which don't paint the whole picture of delivered value. As well intentioned as that may be, it's not helping because it forces teams to shift focus from agile to velocity, moving the team away from being truly agile and business-driven.

## **Establish Integrated VSM As The Lingua Franca Of Business And Dev**

Value streams provide investment planning and delivery guidance. At the investment level, value streams identify the key capabilities that need enhancement to deliver desired business value, while at the delivery level, they provide focus on the actual work to be delivered (see Figure 1). Using value streams as the common language of planning and delivery enables agile software leaders to:

**FIGURE 1** Value Streams Provide Strategic And Tactical Benefits



- › **Adopt value streams as a funding mechanism.** Value streams as a funding mechanism enable organizations to identify full potential value and cost of investments throughout the customer lifecycle. Tactically, funding value streams allows organizations to determine related required work or to pinpoint potential dependencies that inhibit velocity.<sup>1</sup>

“Value streams dictate our annual operating planning and our funding levels, [not] individual projects. Instead of looking at individual outcomes, we estimate the entire bucket of the value stream. That allows us to focus on the outcomes without having to cost individual projects.” (Director of product management, global enterprise software company)

- › **Take desired business initiatives and convert them into measurable outcomes.** VSM encourages business leaders to articulate desired demand and convert them into measurable outcomes using a framework such as OKRs.<sup>2</sup> VSM allows dev leaders to break those OKRs down into engineering work items with tangible, measurable outcomes for teams to measure their achievements.



“We used to struggle with measuring how we deliver value, but adopting OKRs has helped immeasurably. We now can directly link the work we have to do against an epic, knowing the epic’s objectives describe a result that informs every feature and work item prioritized on the backlog. We can now attach a measurable target. It really helps clarify what is acceptable to the client.” (Product owner, North American financial services company)

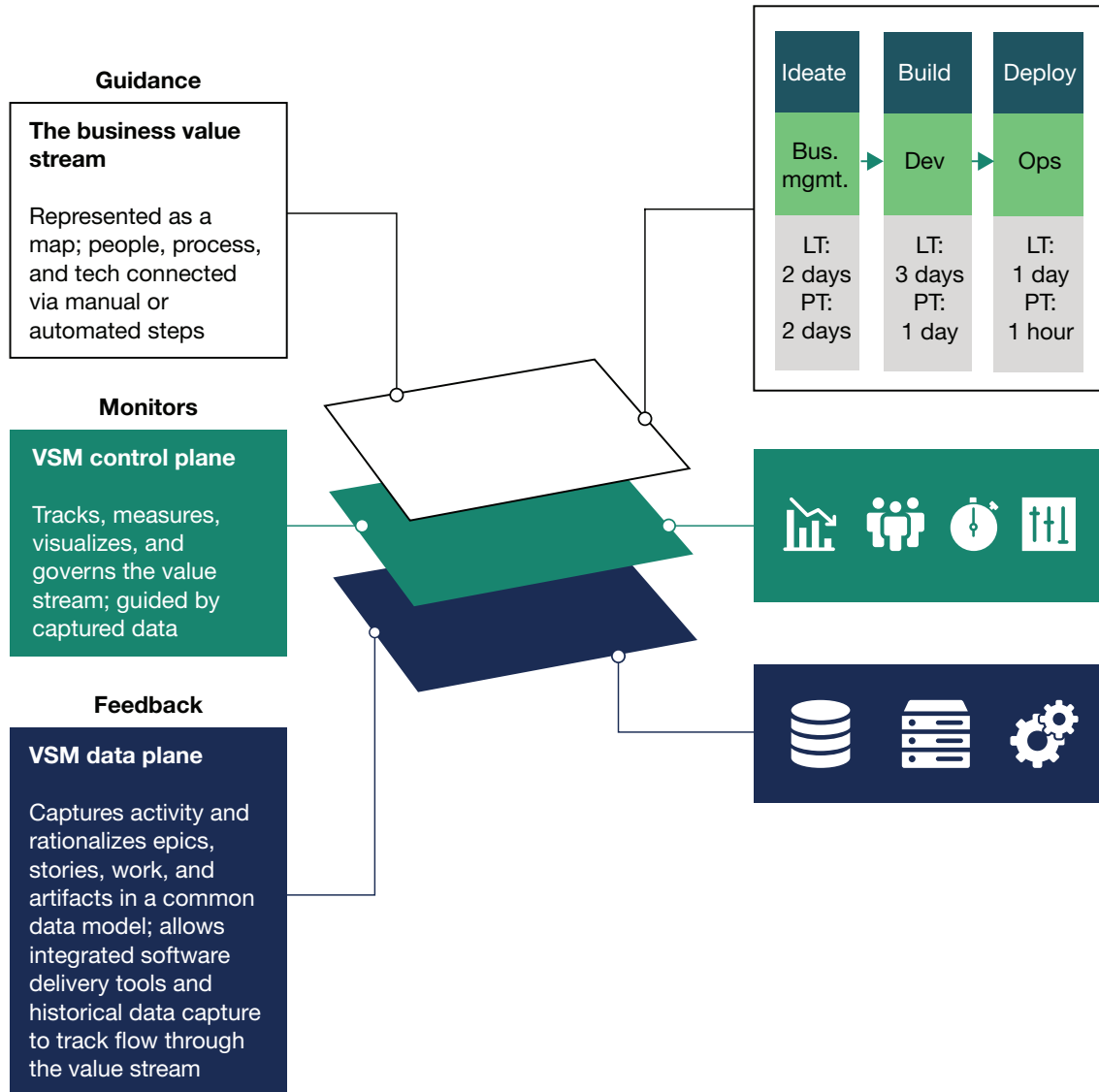
- › **Focus on outcomes to drive common benefit — for both business and dev leaders.** With VSM tools, the practice is turned into automation supporting the development of critical data via productivity history, key performance indicators (KPIs), and measurable outcomes that enable both sides to think value. VSM is the practice of taking your software delivery processes and orienting them toward value streams.<sup>3</sup>

According to the director of product management at a global enterprise software company, VSM funding and delivery practices allowed the company to form a common dialog about the problems it was trying to solve, the impact of the market, and reasons for doing the work.

## NEXT, CONNECT THE DOTS WITH STRATEGIC PORTFOLIO MANAGEMENT

Using value streams as the core planning and delivery language, business and dev leaders can find multiple commonalities that fuel strategic growth. Using value streams as strategic prioritization criteria provides guidance to product teams, who then use VSM to drive successful product delivery (see Figure 2). By integrating VSM with strategic portfolio management, companies can:

- › **Use business value streams to optimize alignment and understand total costs.** At the portfolio level, value streams provide insight into capabilities such as prioritized business processes, current technology, and capacity (e.g., people and money that impact investments and sequencing of work). With value streams, leaders understand the value of tactical efforts balanced against strategic investments by providing insight into where, when, and how to optimize the portfolio.
- › **Leverage the VSM control plane to monitor actual delivery.** With guidance from the strategic portfolio, VSM practices support pragmatic approaches to backlog prioritization. Automation via VSM solutions supports visualization, tracking, and measurement of delivered value. Common measurement frameworks provide context for measuring value.
- › **Employ the VSM data plane to automate a closed feedback loop to the portfolio.** By establishing a common data model, organizations can use this data to rationalize epics. Integrated software tools capture activity via stories, finished work, and associated artifacts to measure the flow of work through the development value stream to report performance to the portfolio.

**FIGURE 2** Value Stream Prioritization Informs VSM


## Recommendations

### Drive Business And Development Alignment With VSM Prioritization

VSM supports common ways to measure outcomes in terms of money, customer experience, loyalty, scale, and operational performance. By connecting strategic value-stream-based portfolio planning with VSM delivery practices, organizations can accelerate growth by:

- › **Educating organizations through a common language.** This becomes essential for reducing friction in the planning and delivery process. Understanding value stream concepts and the relationship between business and development value streams enables agile software leaders to communicate with their business peers about identifying the appropriate technical value delivery to support desired business outcomes.
- › **Identifying value stream leaders at the right levels.** Because business and development value streams each have their own specific process steps and people requirements, each value stream should have its own leader who understands the specific dependencies and priorities that impact them. Business value stream leaders provide guidance to strategic planning teams to prioritize portfolio backlogs and collaborate with VSM leaders to identify product key results.
- › **Using OKRs to develop outcome-oriented measures.** OKRs keep everyone on the same page by identifying cross-organizational roles in achieving key results. Business and dev leader collaboration creates commonly agreed-on outcomes and KPIs to measure business and operational value. Establishing time-boxed performance periods keeps the dialog active and allows teams to pivot when necessary.

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## Endnotes

- <sup>1</sup> Business leaders want the speed of agile to meet pressing requirements for new software. But they are reluctant to transition from the false comfort of traditional, written business cases to iterative funding and value measurement. To scale agile to the enterprise, business cases must evolve from making investment bets to consistently measuring feedback and gauging future investments. See the Forrester report [“Agile Leadership Requires A Different Kind Of Business Case.”](#)
- <sup>2</sup> To improve the alignment between departments and create clarity and conversations among stakeholders, technology vendors, and service providers, we propose a taxonomy of common transformation scenarios together with the OKRs behind them. Source: “Visualize Your Transformation Scenarios And The Objectives and Key Results (OKRs) Behind Them,” Forrester (<https://www.forrester.com/fn/66zcwKOPHheHCFUX1qnRV5>).
- <sup>3</sup> Agile and DevOps are key transformation practices for software delivery teams. But they are not enough. VSM helps teams identify waste and focus on value — and provides end-to-end visibility to all stakeholders from planning to production. See the Forrester report [“Elevate Agile-Plus-DevOps With Value Stream Management.”](#)

We work with business and technology leaders to develop customer-obsessed strategies that drive growth.

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