



Tracking Business Impact - What's The Point?

Exposing the relationship between effort and outcome

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Paul's team provides delivery and platform services, working with each line of business as part of Deutsche Bank's Everything as a Service strategy.



Carmen DeArdo

Senior VSM Strategist @ Tasktop

Carmen has experience both leading and consulting on Enterprise wide DevOps Journeys over the last decade. His current focus is on utilizing this experience and Value Stream Management principles to help companies accelerate their flow of business value work.

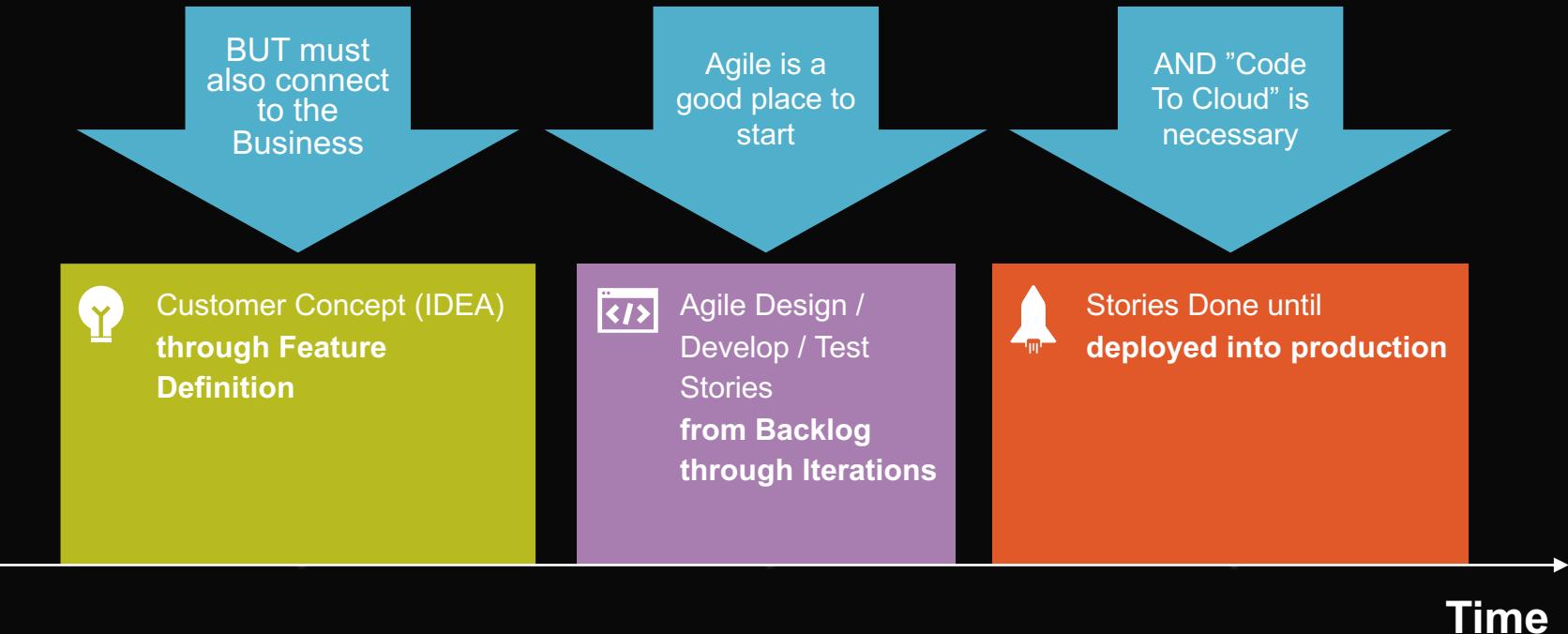
@carmendeardo

The Problem

- ✓ We have implemented **Agile!**
- ✓ We have implemented **New Technologies!**
- ✓ We have certified **Processes!**

 **So why is the Business Still Unhappy?**

Increase Flow across the entire Value Stream



Common Problems



01

IT is **disconnected** from the business and vision.



02

Leadership is tracking activities **not the results**.



03

Project funding is fundamentally **broken**.



04

Business feels IT is solving its own problems, **not delivering more**



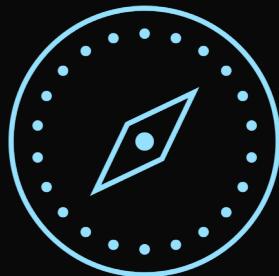
05

IT feels like a **black box** to the business.

True North

Focus is on accelerating the delivery of Business Value

Reduce Flow Time from Business Idea/Hypothesis to Delivery and Feedback



- Business Success
- Higher Engagement
- Innovation

PROJECT TO PRODUCT

MIK KERSTEN

HOW TO
SURVIVE AND
THRIVE IN THE
AGE OF DIGITAL
DISRUPTION
WITH THE FLOW
FRAMEWORK



Project to Product

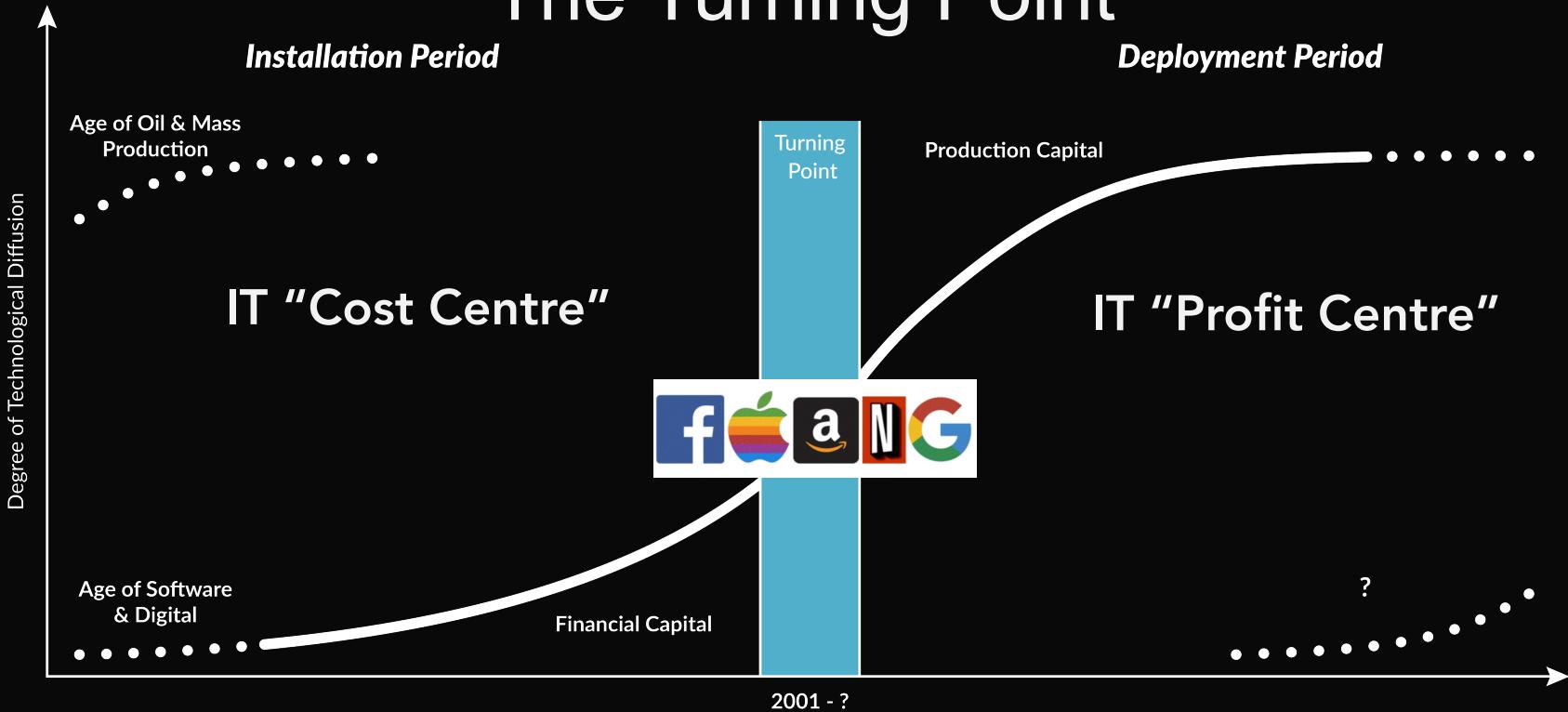
Mik Kersten

“Dr. Kersten provides a better way to think about how business and technology organizations create value together, and provides the Flow Framework as a way for those leaders to plan and execute together, to innovate for their customers, and to win in the marketplace.”

-- Gene Kim

Foreword to Mik Kersten, Project to Product: How to Survive and Thrive in the Age of Digital Disruption with Flow Framework,
(IT Revolution Press, 2018)

The Turning Point



Agile /DevSecReg...Ops - What's The Point?



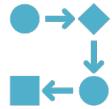
Most teams, products and companies struggle conceptually with how to correlate investment spend with business outcomes in an objective way

First principle of the Agile Manifesto:

“ Our highest priority is to satisfy the customer through early and continuous delivery of valuable software”

Valuable software is the point!!!

Observed Patterns: What do good teams focus on?



FLOW

How quickly can we turn ideas into feedback?



QUALITY

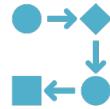
How often do our users experience positive or negative surprises?



VALUE

Are our ideas viable? Impactful? Sustainable?

Flow & Quality measurement is becoming more consistent



FLOW

Lead time • Cycle (working) time • WIP • Throughput • Theory Of Constraints



QUALITY

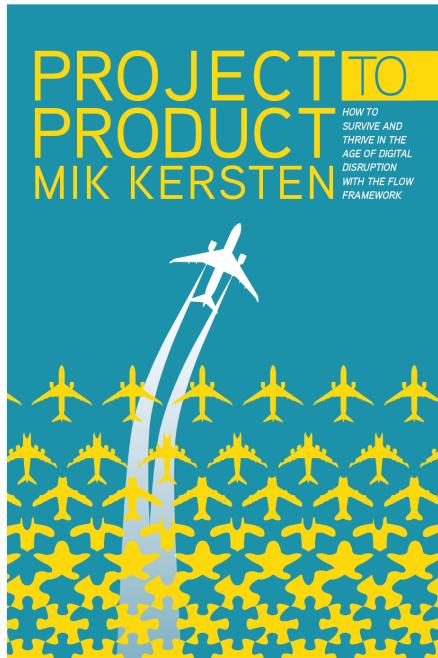
MTTR • MTBF • SLO adherence • Rework • Tech Debt



VALUE

High levels of inconsistency persist even though this is the point

Impact Metrics: Problem Statement



In “*Project to Product*”, Dr Mik Kersten defines Value Stream Management as:

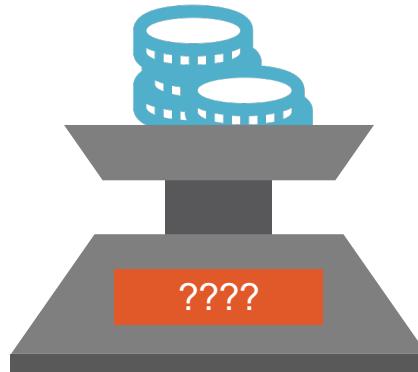
“ A practice to improve the flow of all the activities necessary to deliver and protect business value - *and prove it* ”

The problem with **value**



1

Value is harder to *quantify* than Flow or Quality



The problem with **value**



2

Value tends to be *domain specific*

Revenue Increase

Risk Reduction

Regulatory Compliance

Improved Customer Satisfaction

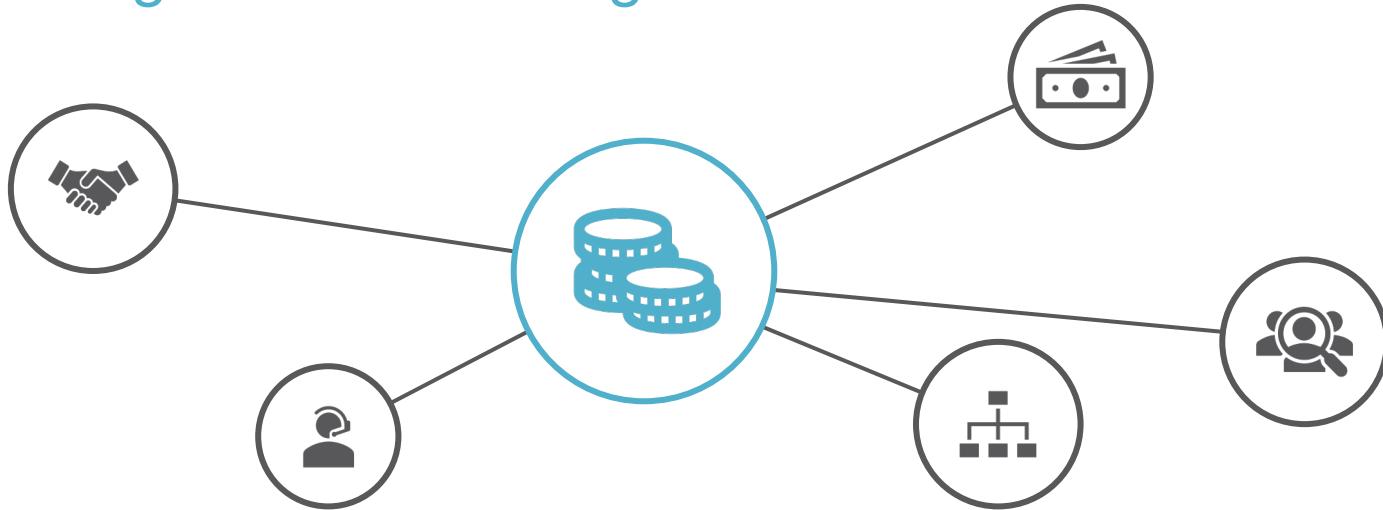
Improved Security

The problem with value



3

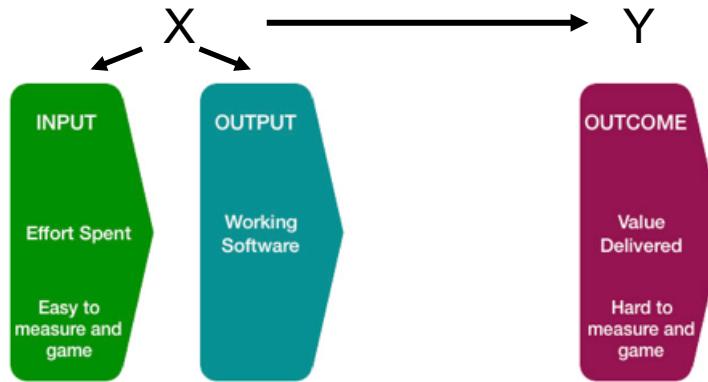
Value *rarely correlates* neatly to one specific change or set of changes



All change is a hypothesis



If we invest to deliver x, we believe we will realise value y

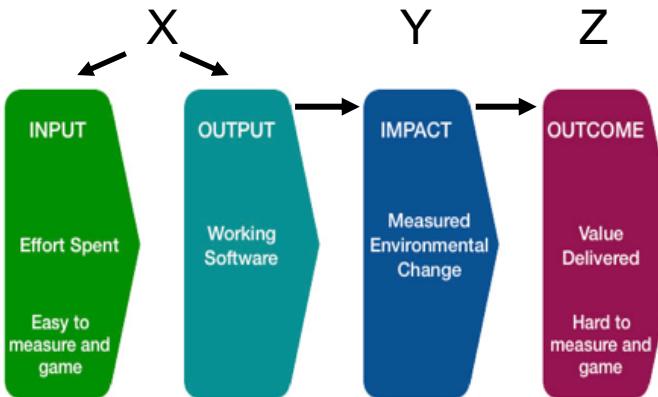


A hypothesis must be measurable with empirical data.
All change should start with a hypothesis.

All change is a hypothesis



- i. If we invest to deliver **x**, we believe there will be an impact, **y**
- ii. When **y** happens, we believe that we'll be able to realise value **z**



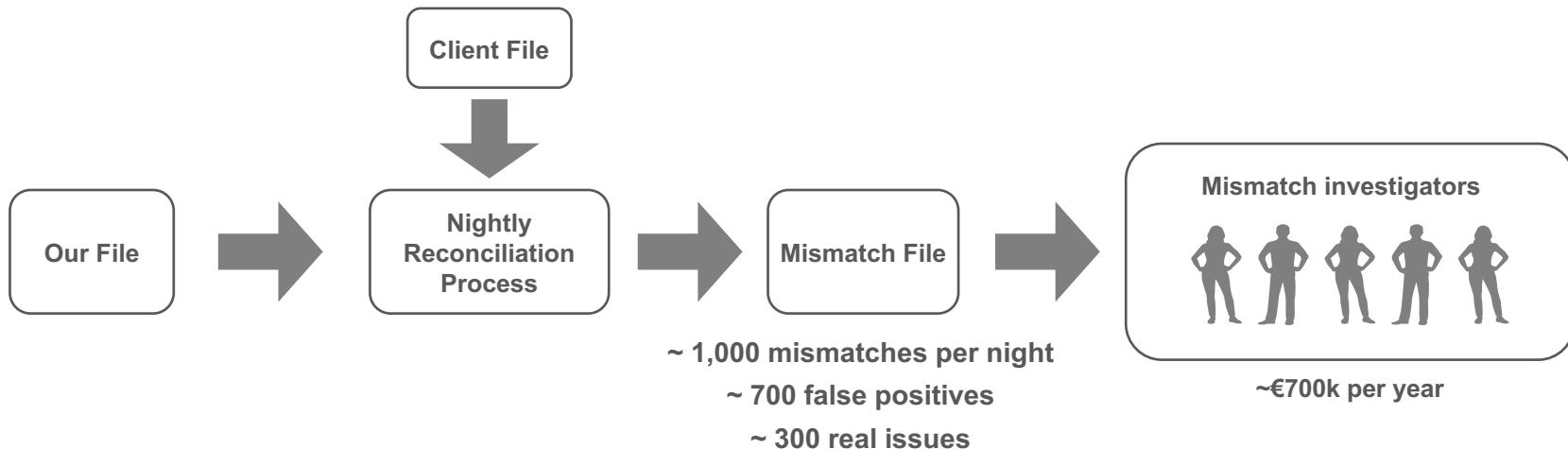
In reality, every change has at least two separable hypothesis

Example - Cost Reduction

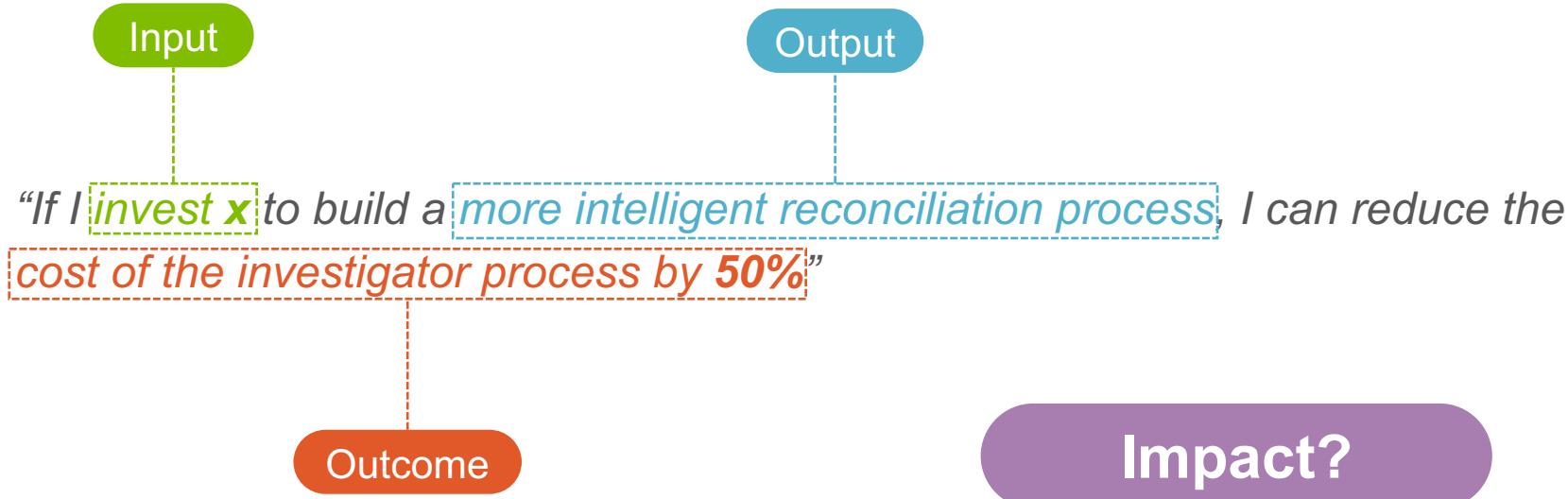


SCENARIO - OPERATIONAL EFFECTIVENESS

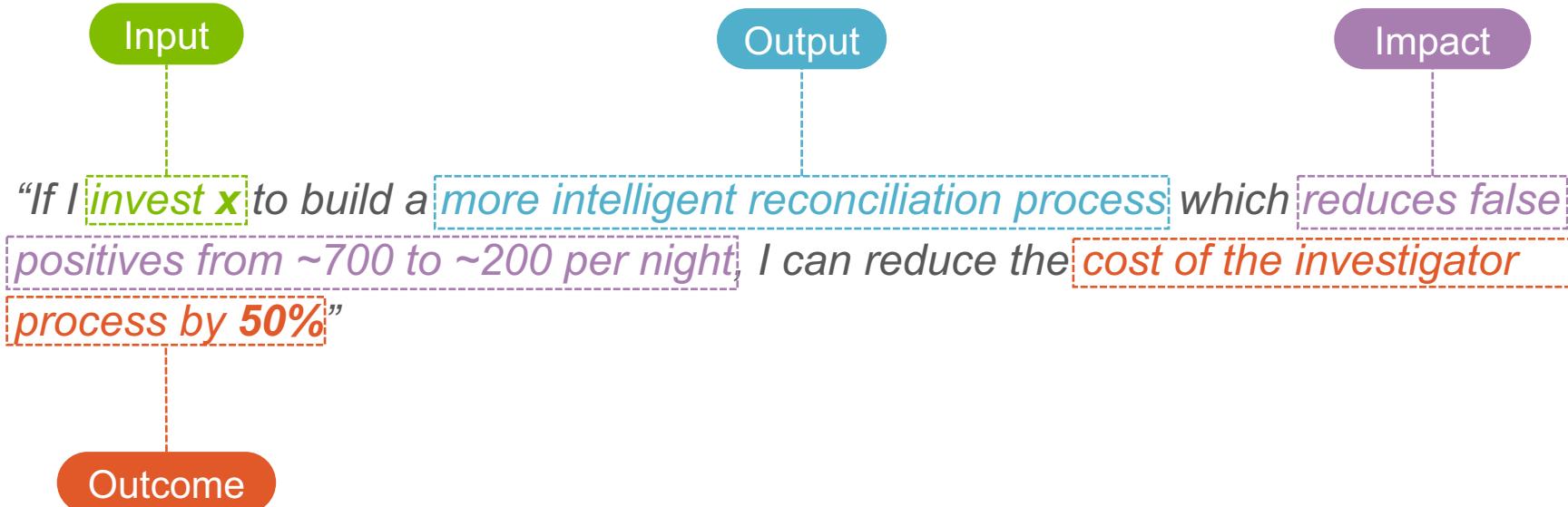
"If I invest x to build a more intelligent reconciliation process, I can reduce the cost of the investigator process by 50%"



Example - Cost Reduction



Example - Cost Reduction



What is **progress**?



? Is “analysis complete” === progress? ? How about “software deployed”?

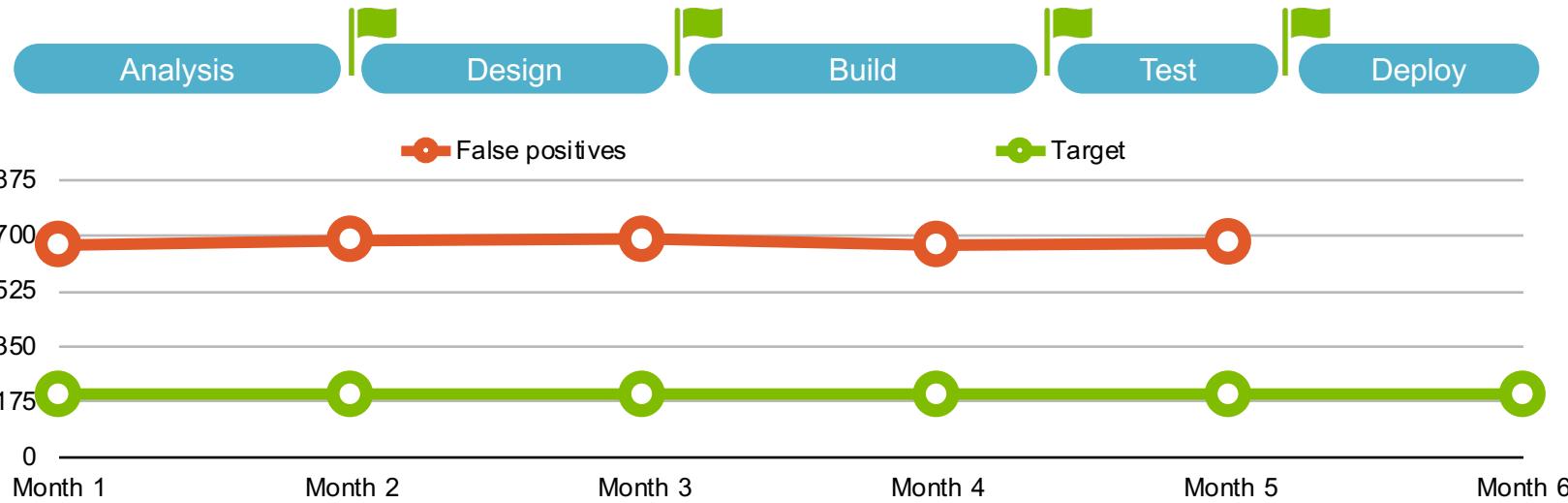


What is **progress**?

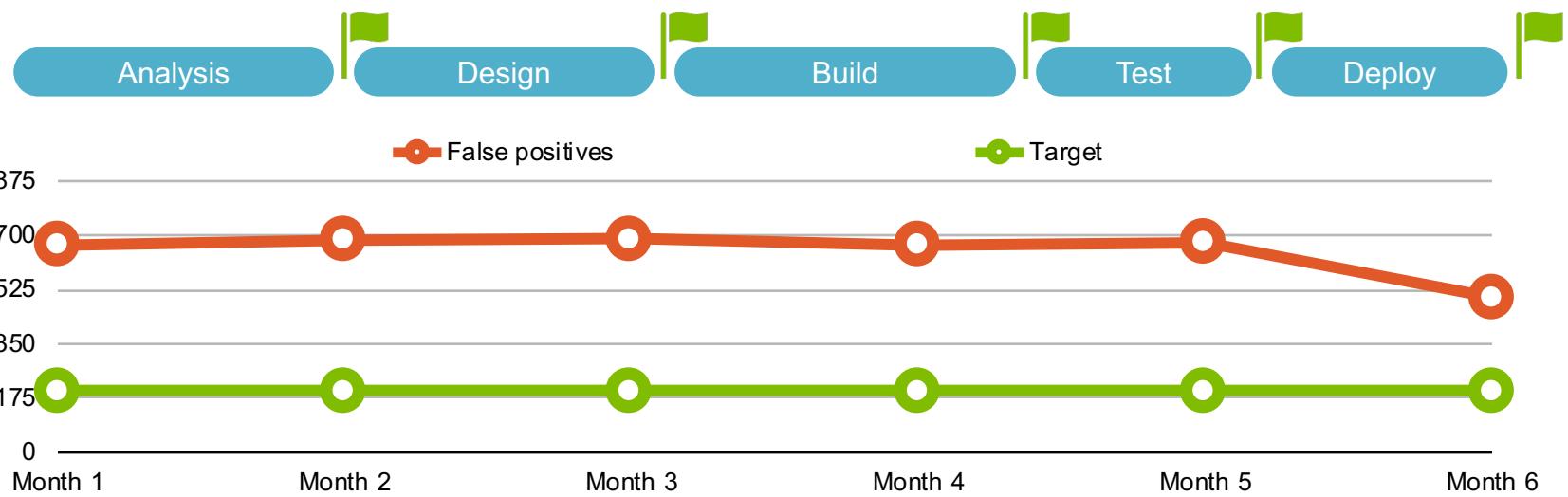


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Every milestone is hit on time. Is this signifying progress?



What is progress?



What is **progress**?

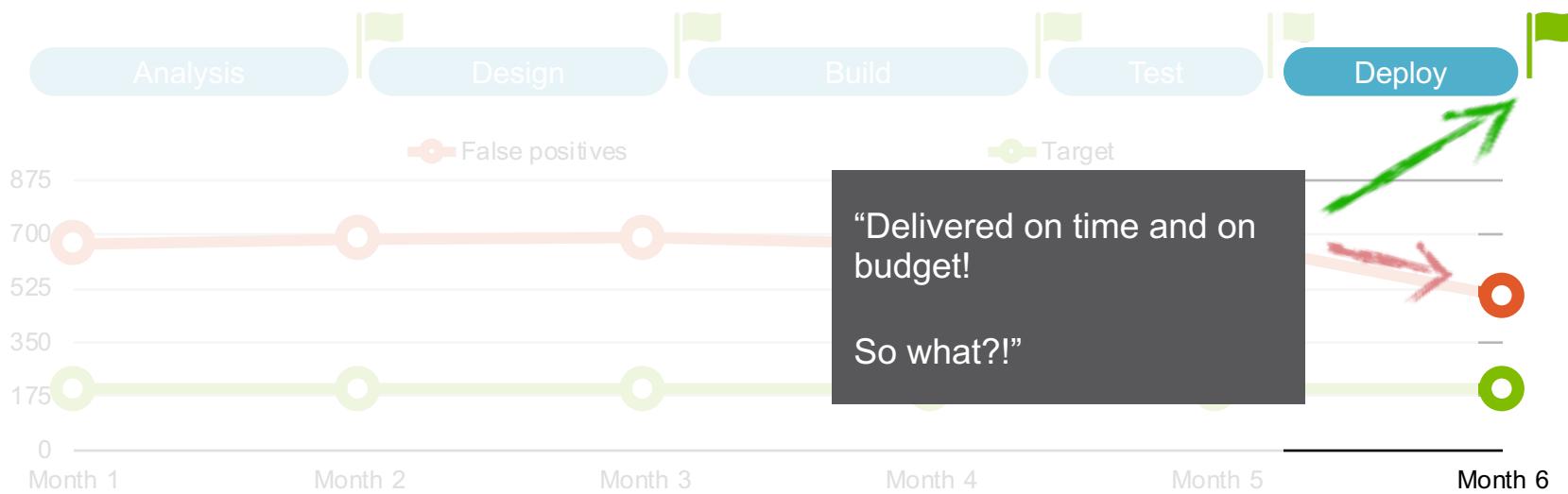


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How was progress tracked?
Was it 'real' progress?

?

Who wins in this picture?



What is **progress**?



Iterations enable us to test our hypothesis

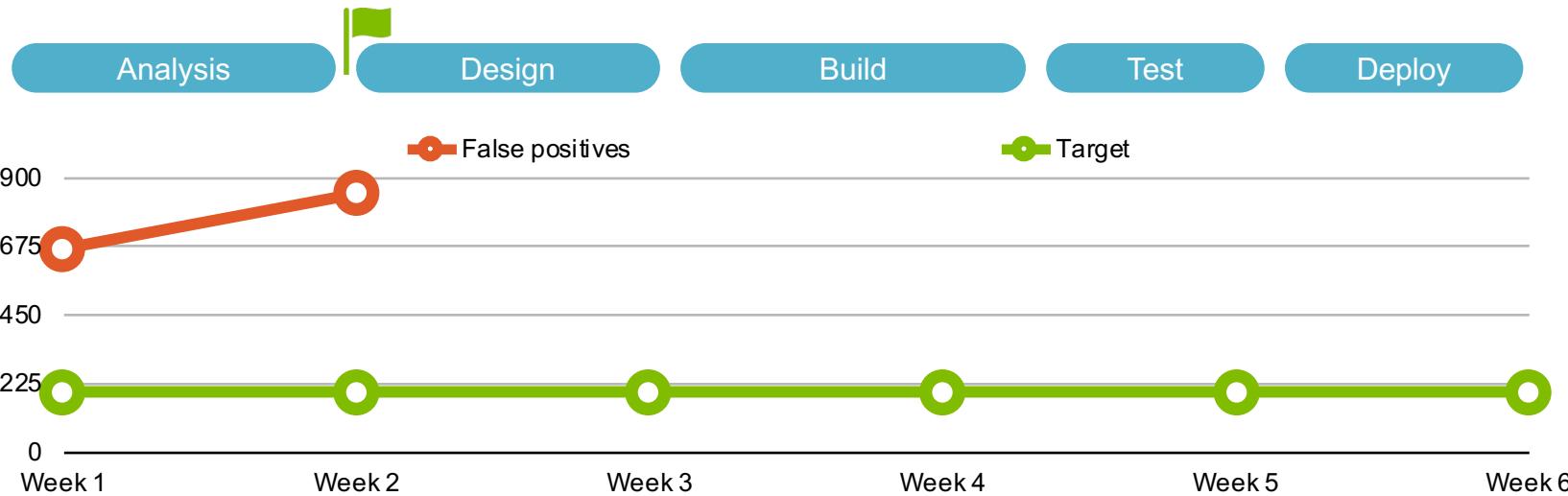
Change delivery to production every month



What is **progress**?



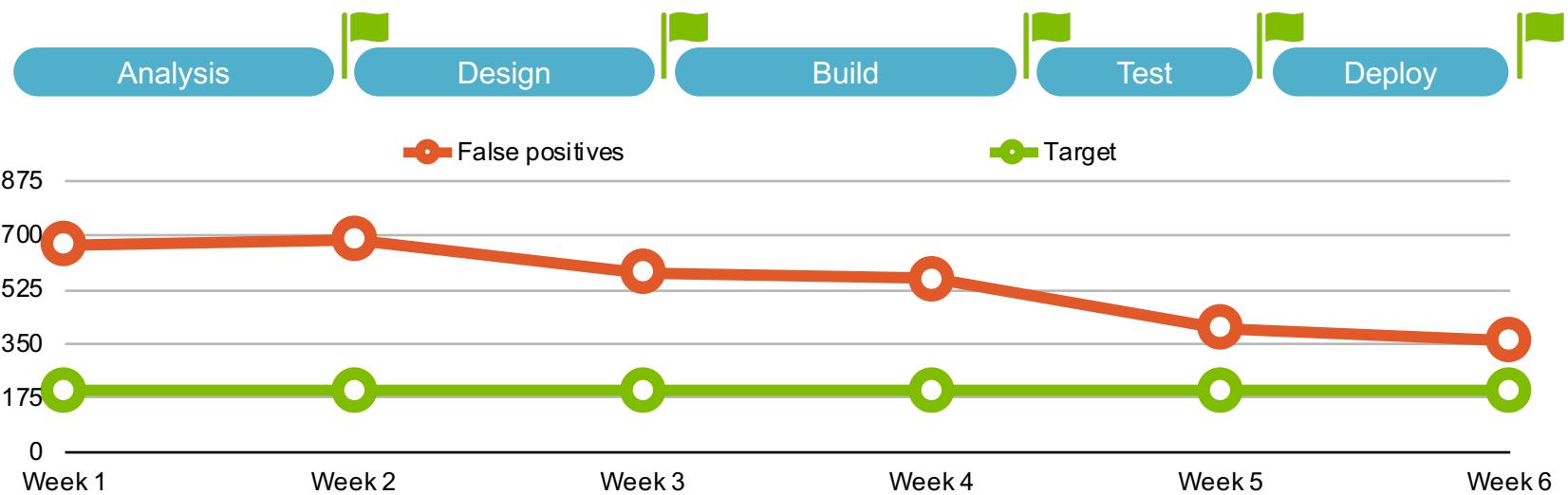
- ✓ ‘Software delivered’ isn’t actually progress towards an outcome - but it makes our hypothesis transparent



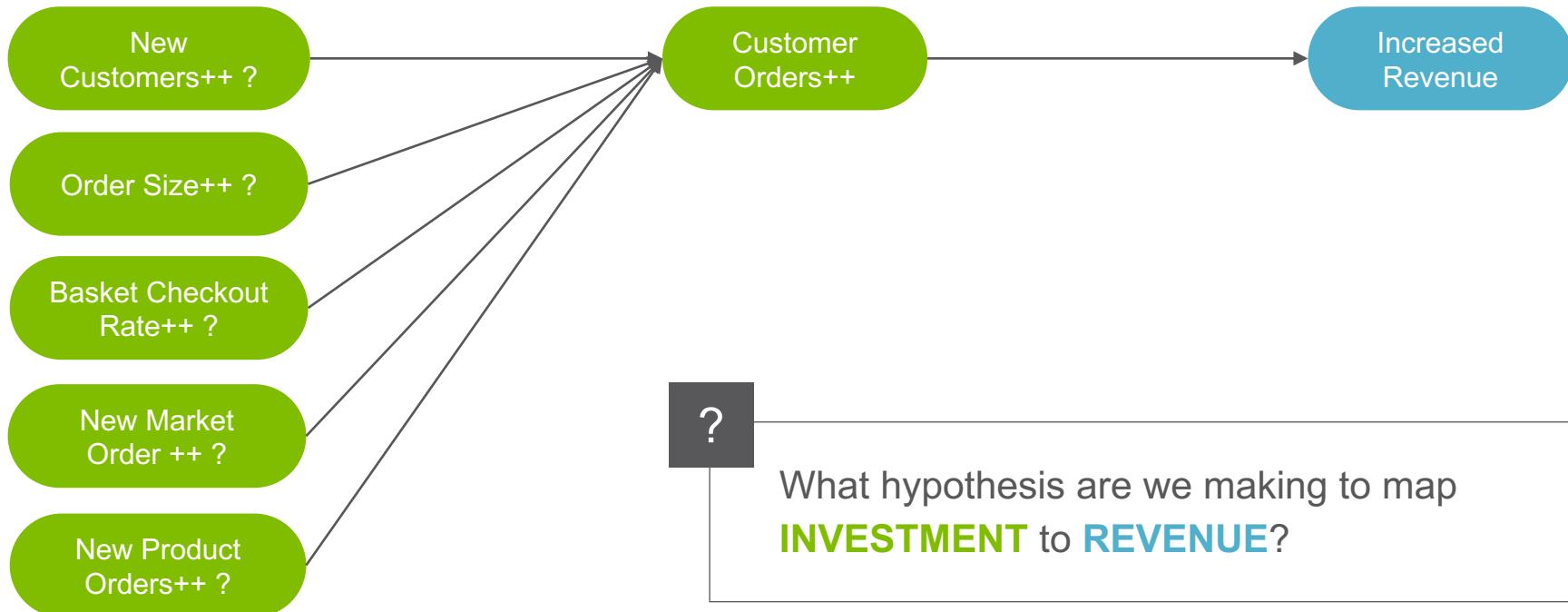
What is **progress**?



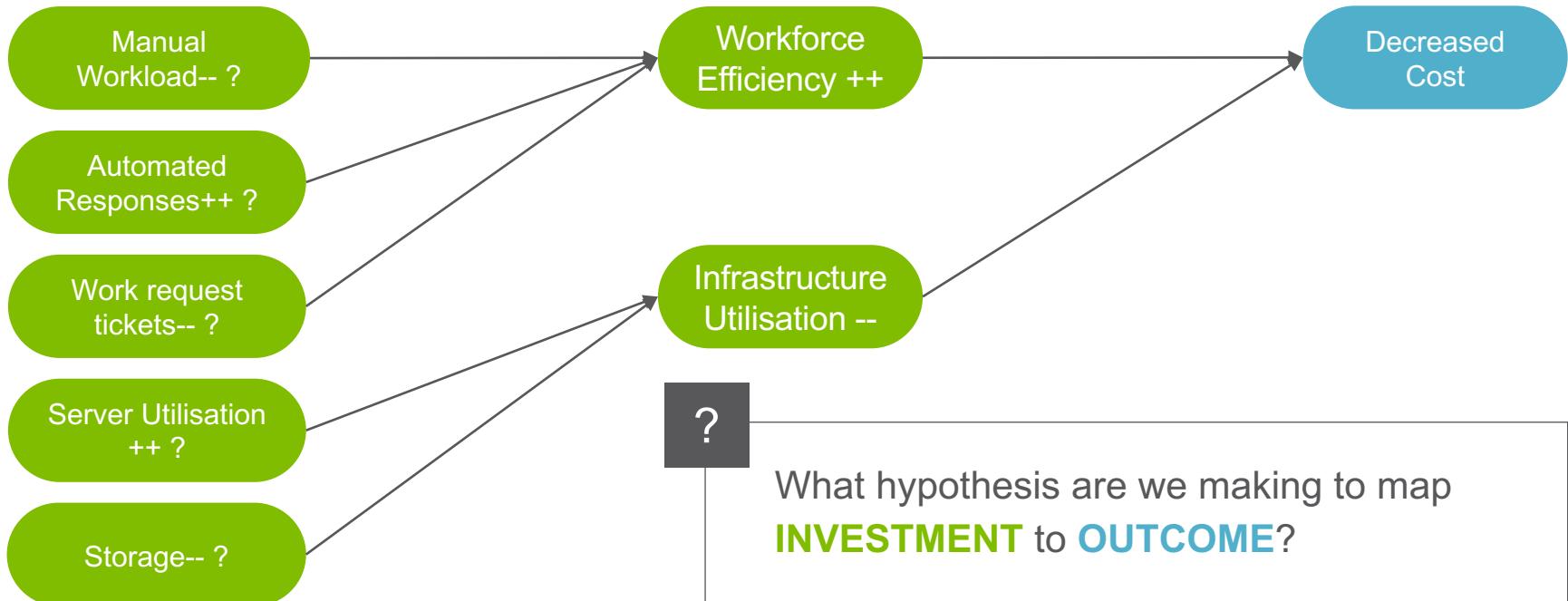
Real progress is measured impact from which value can be derived



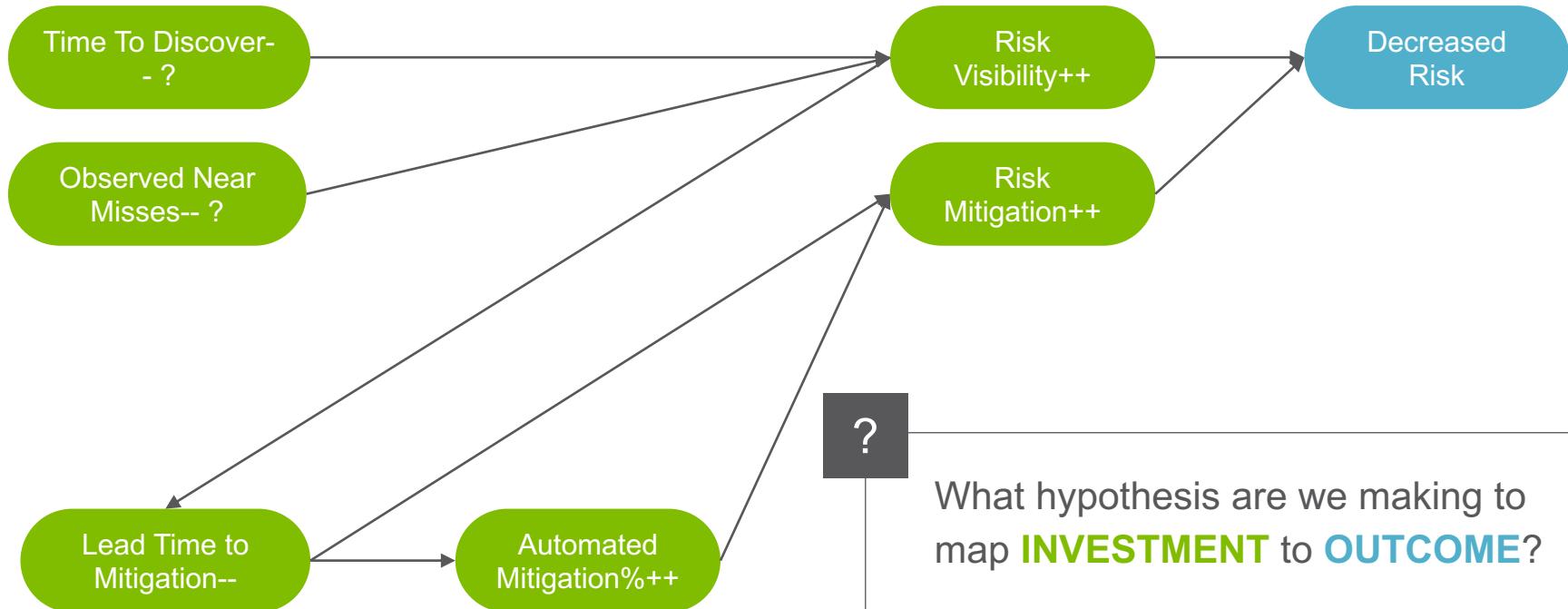
Impact Metric Examples – Revenue Outcomes



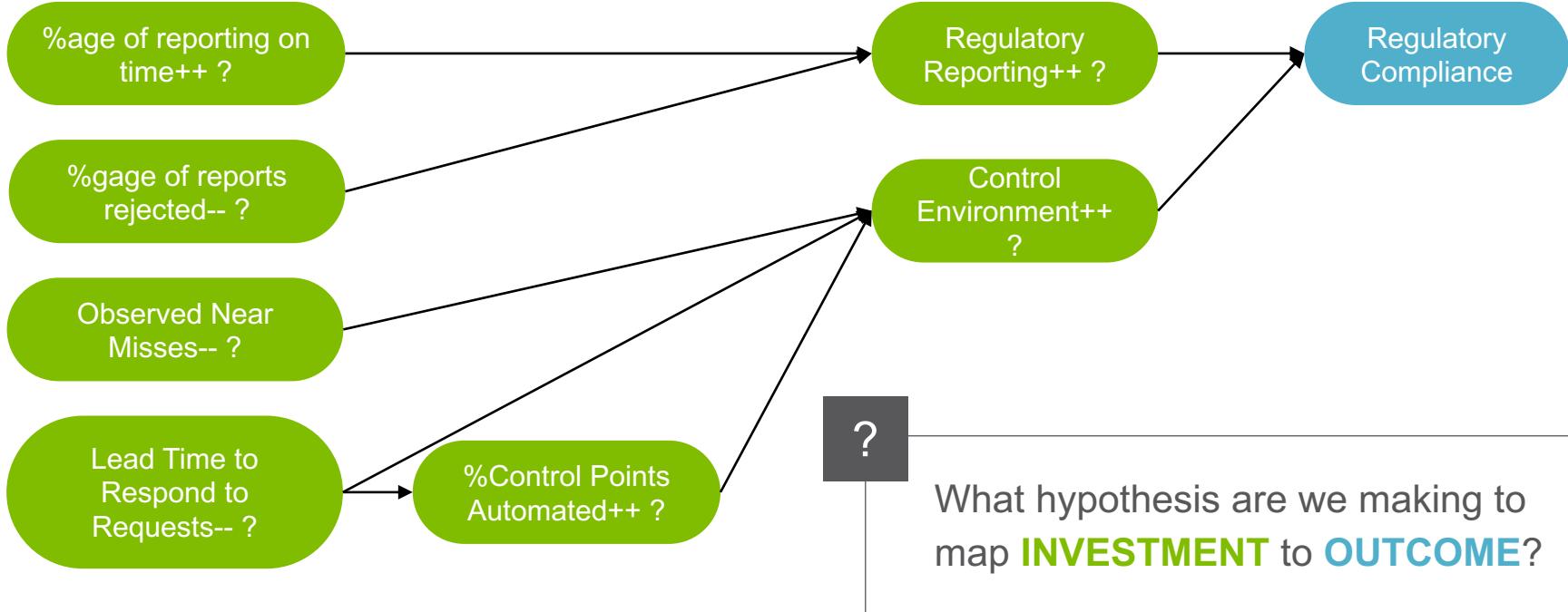
Impact Metric Examples for Cost Outcomes



Impact Metric Examples for Risk Outcomes



Impact Metric Examples for Regulatory Outcomes



Benefits of Impact Metrics



Alignment on the intent of the work across the value steam – “we know we’re making progress when we see.....”



Improved opportunity for everyone in the system to contribute to the solution / expose alternative approaches



Transparency, which accelerates learning so that teams can pivot if the original hypothesis turns out to be incorrect or can be improved upon



Progress is described in terms that the stakeholders care about (not MVP, PSPI or Story / Value Points delivered)

Impact Metrics vs TDD



Test Driven Development (TDD)

Requires to understand the expected 'pass' criteria



Impact Centric Delivery

Requires to understand the expected 'success' criteria



Impact Metrics vs TDD



Test Driven Development (TDD)

Requires that the ‘pass’ criteria are fully transparent, explicit and measurable



Impact Centric Delivery

Requires that the ‘success’ criteria are fully transparent, explicit and measurable

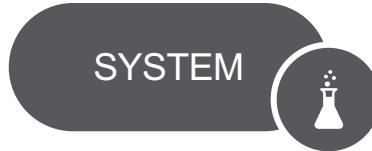


Impact Metrics vs TDD



Test Driven Development (TDD)

Requires that you create a system which is ‘testable’



Impact Centric Delivery

Requires that you create a product / programme that is ‘testable’



Impact Metrics vs TDD



Test Driven Development (TDD)

*Provides transparency to everyone whether **the tests are passing or failing***



Impact Centric Delivery

*Provides transparency to all stakeholders as to whether the **investment is having the expected impacts***



Impact Metrics vs TDD



Test Driven Development (TDD)

*Provides a legacy system of feedback to ensure **future changes don't break past expected behaviour***



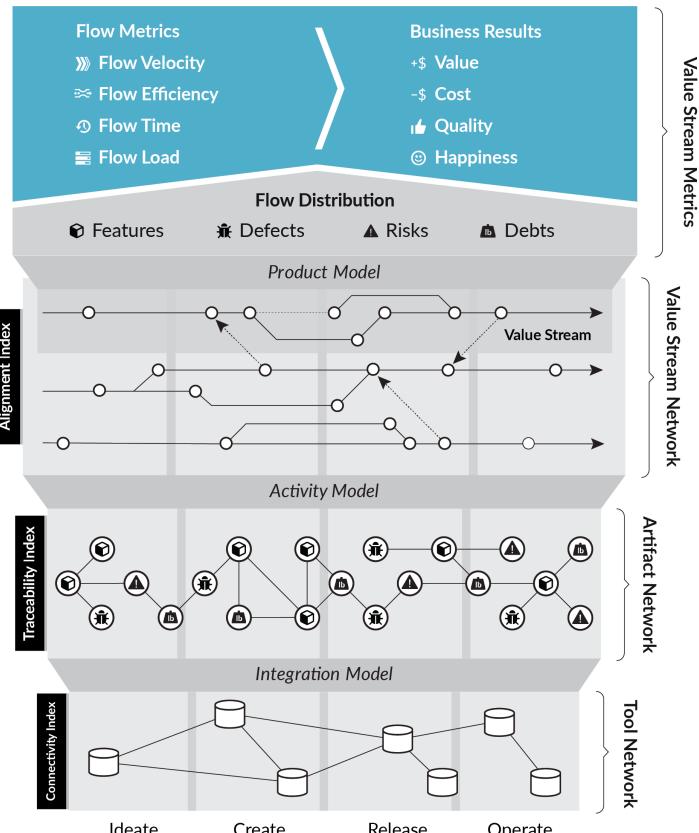
Impact Centric Delivery

*Provides a legacy system of feedback to ensure that **delivered impacts don't degrade over time***



Flow Framework™

v1.0



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The Flow Framework™ is a framework created by Mik Kersten, CEO of Tasktop Technologies Incorporated ("Tasktop"). The Flow Framework diagram is protected by copyright laws and may not be copied, modified or distributed without the express written permission of Tasktop.

Flow Velocity: A measure of throughput/productivity

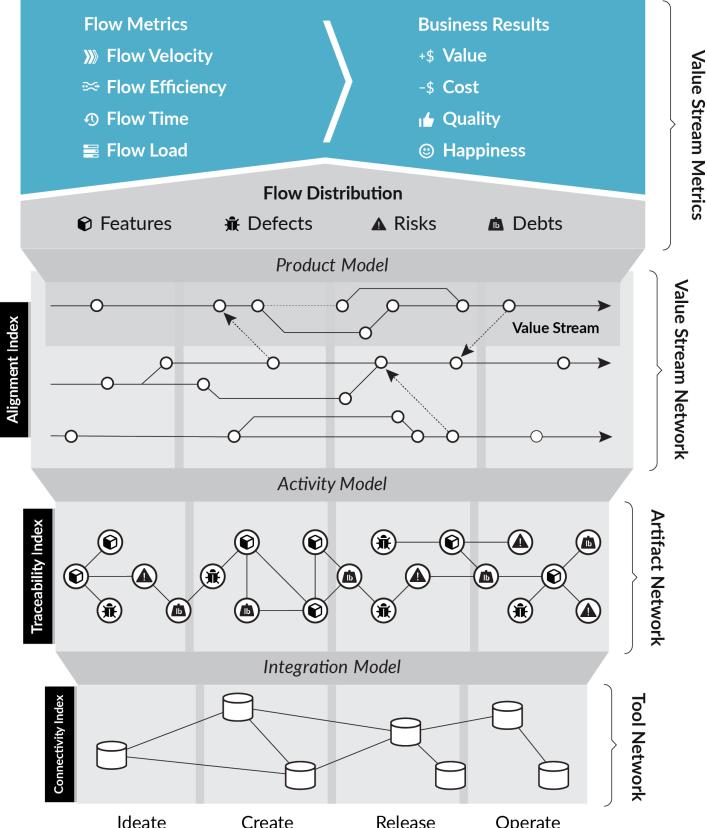
Flow Efficiency: Work vs. wait ratio

Flow Time: A measure of speed

Flow Load: Amount of Work-in-Progress (WIP)

Flow Distribution: A measure to see tradeoffs

5 FLOW METRICS



What's the point?

Flow metrics are tied to **business value**

Flow metrics are based on **outcomes**

Flow metrics provide a feedback loop to **improve decisions**

Advice

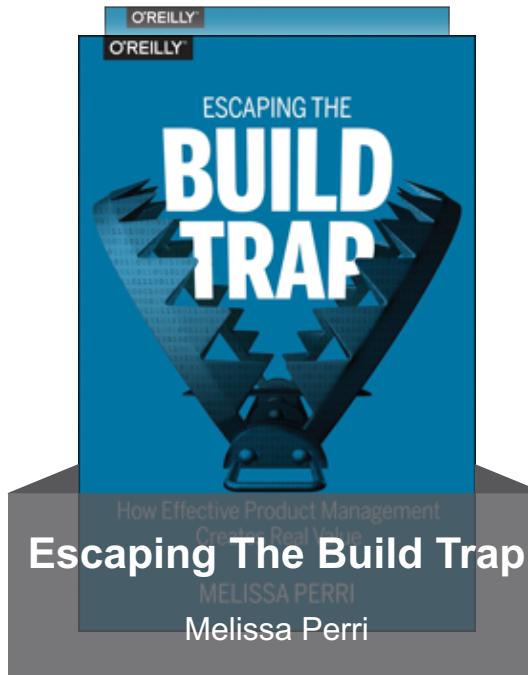
Business leaders

- Ensure product portfolio, Value Stream and Impact Metrics are tracked
- Empower delivery teams to allocate Flow Distribution to match strategy
- Know when hitting north star requires global focus (e.g., Debt reduction)

Technologists

- Create your value stream network by connecting your tool network
- Define your value stream architecture & mapping to product model
- Use the flow metrics to identify bottlenecks, dependencies & opportunities

Further reading



Help We Are Looking For

- How are you tracking the business impact of what you are delivering?
- What types of impact metrics are you producing?
- What successes have you had?
- What challenges still exist?