

Project Management for IT Projects: part 2 **INNOVATIVE PROJECTS** LESSON 7-MAY 2024 VALUE DRIVEN DELIVERY

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Course agenda (part **2:INNOVATIVE PROJECTS)**

1. INNOVATION AND METHODOLOGIES
2. AGILE CONCEPTS
3. AGILE METHODOLOGIES OVERVIEW WITHOUT SCRUM
4. SCRUM
5. LEAN
6. DESIGN THINKING
- 7. VALUE DRIVEN DELIVERY**
8. STAKEHOLDERS,TEAMS,ADAPTIVE PLANNING
9. CASE STUDIES
- 10.EXERCISES
- 11.CONTINUOUS IMPROVEMENT AND REVIEW

DIFFERENCE BETWEEN WATERFALL AND AGILE

**THE TIME WHEN PROJECT VALUE
IS ENJOYED BY THE CUSTOMER**

THE GOAL OF AGILE IS THE ASAP
DELIVERY OF THE VALUE

THROUGH

**CONTINUOUS, PERIODICAL, INCREMENTAL
RELEASES**

**VALUE MUST ABSOLUTELY FRAMED
WITHIN PRIORITY**

**THE DELIVERED VALUE MUST BE USED
AS A PRINCIPLE OF PRIORITIZATION
OF THE BACKLOG**

PRIORITY LINKED TO MAXIMIZATION

**THE DELIVERED VALUE MUST BE
MAXIMISED**

IMMEDIATELY.

A STEP BEHIND: MARKETING AND VALUE

Marketing is the discipline to achieve the company goals:

launch successful products and services
SO

The goal of marketing is the creation of
value

for customers and for the company

ONE OF THE BEST DEFINITION OF
VALUE

UTILITY OR IMPORTANCE

IN COMPARISON WITH SOMETHING ELSE.

2 MAIN MEANINGS OF VALUE

1. VALUE FOR THE CUSTOMER=SACRIFICE
DIFFERENCE BETWEEN WHAT HE RECEIVES AND WHAT
HE GIVES IN COUNTERPART
2. EXCHANGE VALUE=SELLING PRICE

UNAVOIDABLE POINTS OF ALL THE COMPANIES

- **VISION:** what you want to accomplish.
- **MISSION:** how you will achieve your vision.
- **STRATEGY:** way of using the mission to achieve the vision.

VALUE MUST BE IN THE MISSION (HOW) OF EVERY COMPANY

IN THE MISSION OF EVERY COMPANY, FROM THE SMALLEST TO THE BIGGEST ONES, THERE SHOULD BE THE

- PLANNING
- CREATING
- EXECUTING
- COMMUNICATING
- DELIVERING

VALUE

BUSINESS CASE

Project justification which includes

- costs,
- risks
- timing

to verify the feasibility of the project

BUSINESS VALUE

CONCEPTS THAT GUIDE BUSINESS.

BUSINESS VALUES CAN HELP

- MAKE DECISIONS,
- FOSTER A CULTURE OF TEAMWORK
- CREATE A POSITIVE WORKING ENVIRONMENT.

BUSINESS MODEL

COMPANY'S PLAN FOR MAKING PROFIT.

IT IDENTIFIES

- THE PRODUCTS OR SERVICES TO SELL
- TARGET MARKET
- ANY ANTICIPATED EXPENSES.

RELEASE CONCEPT

- A release is the distribution of the final version of an application.
 - A software release is the initial generation of a new or upgraded application.
 - A release is preceded by the distribution of alpha and then beta versions of the software.
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- In agile software development, a release is a deployable software package that is the culmination of several iterations.

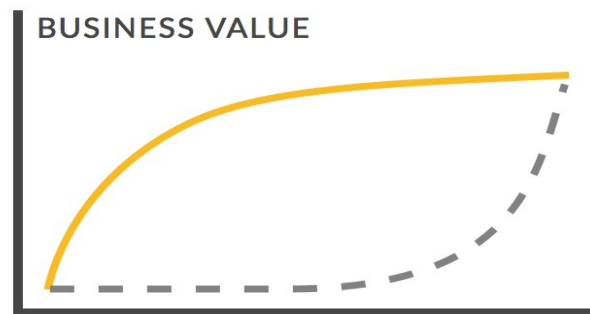
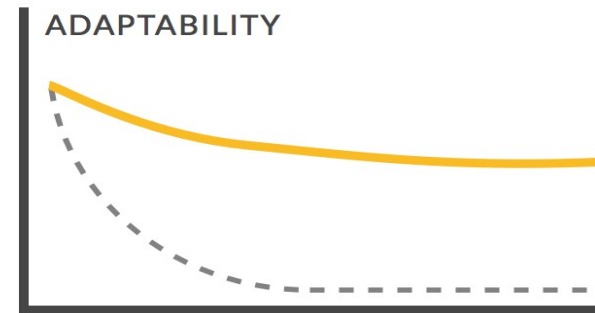
RELEASE: ALFA AND BETA TEST

Alpha= software that is not thoroughly tested by the developer before it is **released** to customers

Beta= a software that is carried out following acceptance testing at the supplier's site immediately prior to general **release**

DELIVERY VALUE IS SIMPLY THE REASON TO DO PROIECTS

AGILE DEVELOPMENT VALUE PROPOSITION

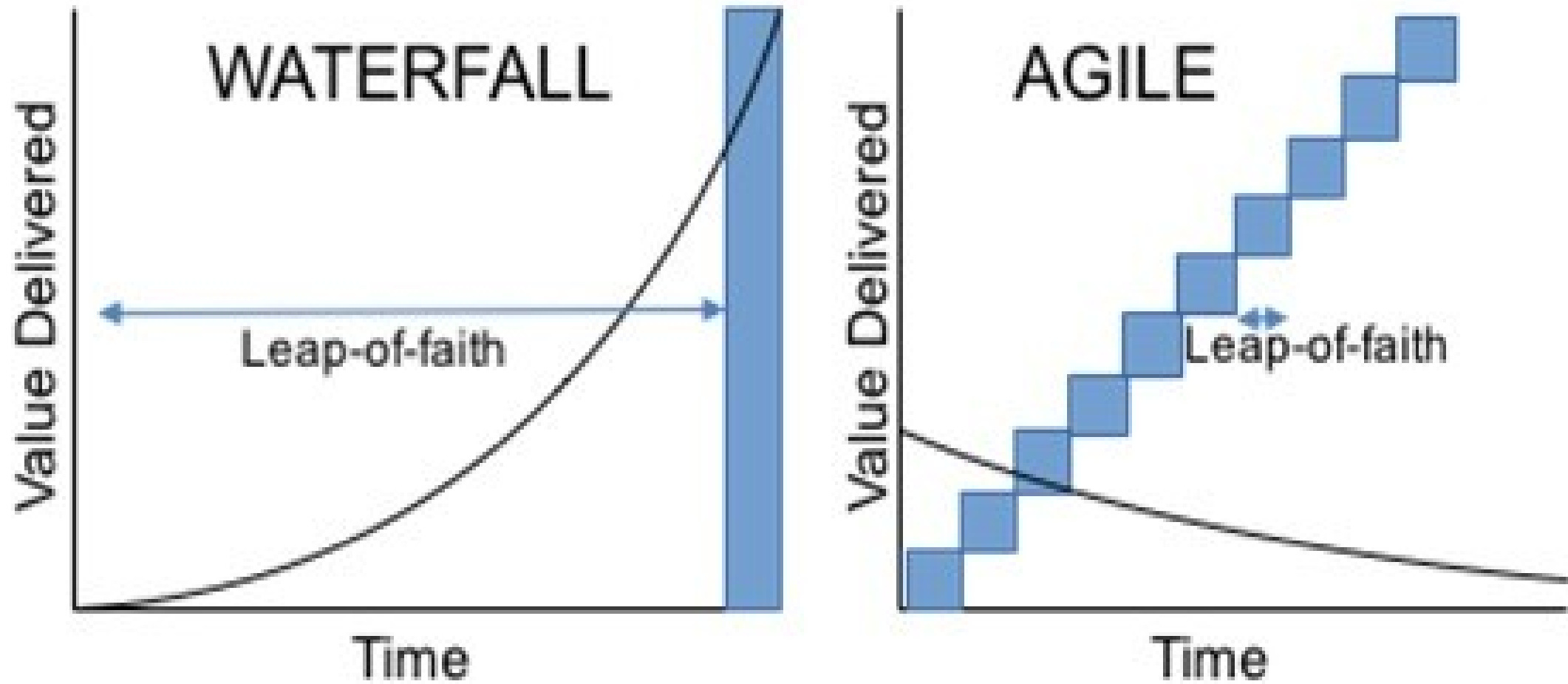


— AGILE DEVELOPMENT - - - TRADITIONAL DEVELOPMENT

VALUE DRIVEN DELIVERY

- Within Agile approach the effect is to provide a non constant differential value which grows progressively up to the achievement of a peak.
- In opposition in the traditional approach the differential value is totally provided at the end of the project

VALUE DRIVEN DELIVERY



VALUE DRIVEN DELIVERY PRACTICES

1. ASSESSING VALUE
2. PRIORITIZING VALUE
3. DELIVERING INCREMENTALLY
4. AGILE-CONTRACTING
5. VALIDATING VALUE

DELIVER VALUE EARLY (EAT YOUR DESSERT FIRST!)

WHY?

1. LIFE IS SHORT...

2. STAKEHOLDERS PLAY A HUGE ROLE IN SUCCESS

«decide to prioritize value-adding activities and risk-reducing efforts»

«remember that wasteful activities reduce value (overheads...)»

ASSESSING VALUE:financial metrics

ASSESS THE VALUE OF A PROJECT BEFORE APPROVAL

ESTIMATE ROI,NPV (same for Agile and Traditional Approaches)

ROI=RETURN ON INVESTMENT

NPV=NET PRESENT VALUE:

ROI=RETURN ON INVESTMENT

PROFITABILITY OF AN INVESTMENT BY CALCULATING THE RATIO OF THE BENEFITS RECEIVED BY AN INVESTMENT TO THE MONEY INVESTED IN IT,EXPRESSED AS A PERCENTAGE

ROI IS A VERY HELPFUL METRIC BUT IT MIGHT NOT TELL US THE REAL VALUE THAT A PROJECT WILL DELIVER

NPV

HOW MUCH MONEY A PROJECT WILL GAIN
OR LOSE IN TERMS OF TODAY'S FUNDS.

ASSESSING VALUE

- PRESENT VALUE IS THE WAY OF CALCULATING THE VALUE OF A FUTURE AMOUNT IN TODAY'S TERMS, GIVEN AN ASSUMED INTEREST RATE AND INFLATION RATE

ROI IS A VERY HELPFUL METRIC BUT

...

A PROJECT MIGHT RUN FROM JANUARY TO JUNE AND THEN DELIVER A SOLUTION THAT WILL GENERATE SOME RETURN.

THIS IS NOT ENOUGH TO SAY THAT AT A CERTAIN MOMENT WE WILL HAVE RECEIVED AS MUCH MONEY AS WE HAVE SPENT BECAUSE THERE IS A TERRIBLE ENEMY CALLED

INFLATION

EVM

MATH STILL WORKS IN THE SAME WAY AS IT DOES ON TRADITIONAL PROJECT
BUT

IT IS NECESSARY TO BE CAREFUL WHAT WE ARE MEASURING AGAINST

EARNED VALUE COMPARES ACTUAL PROJECT PERFORMANCE TO PLANNED
PERFORMANCE IN A PARTICULAR POINT IN TIME

IN AGILE PROJECTS THE INITIAL PLAN WILL CHANGE SO THE BASIS FOR
EFFECTIVE EVM IS ERODED AS THE PLAN EVOLVES

ASSESSING VALUE

- ANOTHER CAUTION ABOUT EVM IN AGILE IS THAT IT DOES NOT TRULY INDICATE WHETHER THE PROJECT IS REALLY DELIVERING VALUE
- WE MIGHT BE ON TIME AND ON BUDGET WITH AN UNHAPPY CLIENT
BUT
- **EVM IS A LEADING INDICATOR, LOOKING FORWARD IN THE ATTEMPT TO PREDICT DATES AND COSTS**

ASSESSING VALUE BY AN AGILE EV TOOL

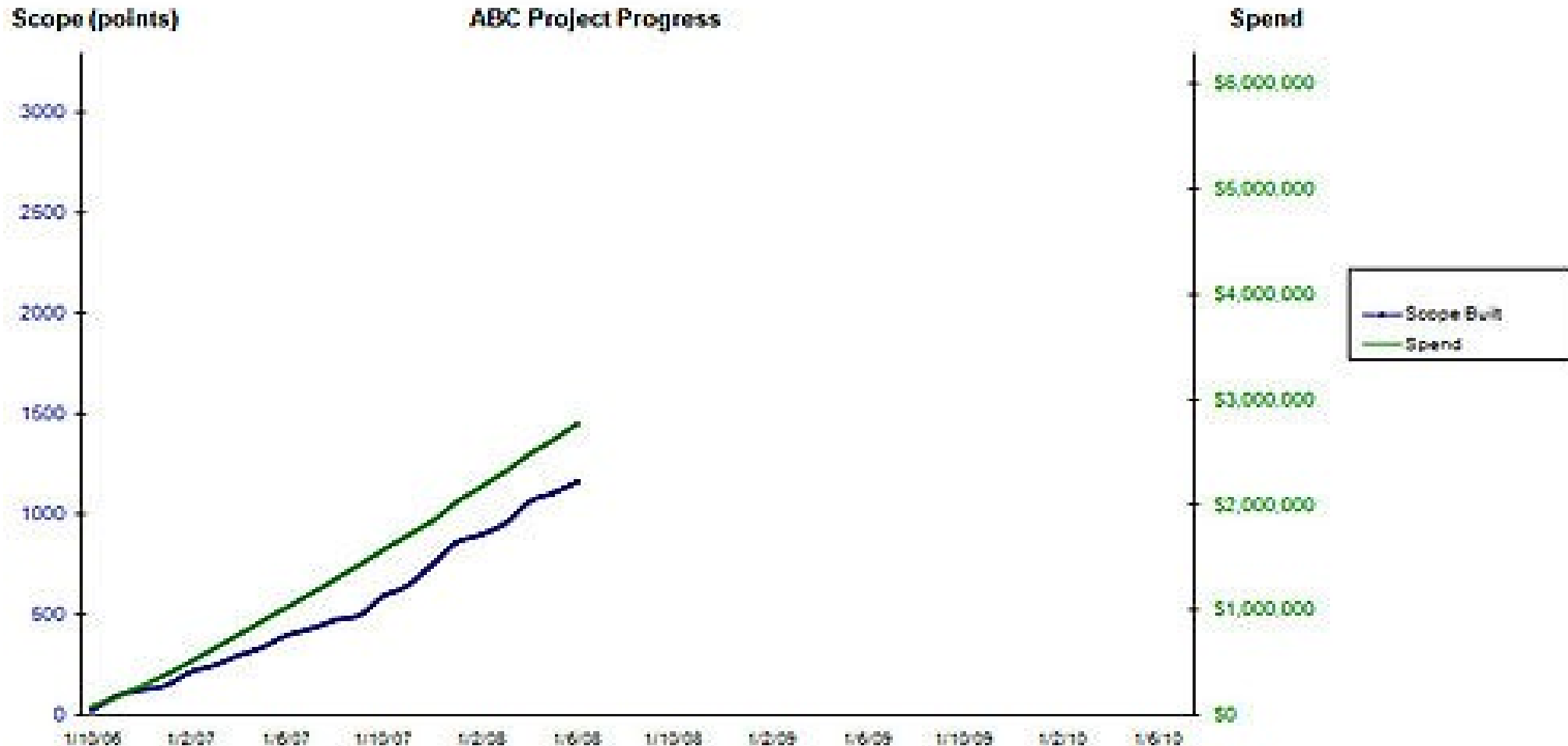
WE CAN HAVE

- A SPENDING LINE, TRACKED AGAINST A MONETARY SCALE
- A LESS LINEAR LINE FOR COMPLETED SCOPE (FEATURES BUILT TO DATE)



- THE GRADIENT OF THE SECOND LINE IS THE TEAM SPEED (GOOD WHEN STEEP)
- BY ADDING A BACKGROUND SHOWING FUNCTIONAL AREAS AND PROJECTIONS THE ACTUAL PROGRESS COMPARED TO PLANNED PERFORMANCES CAN BE SEEN

ASSESSING VALUE BY AN AGILE EV TOOL



KEY PERFORMANCE INDICATORS

- SPONSORS OF AGILE PROJECTS WANT TO KNOW THE SAME THINGS OF SPONSORS OF TRADITIONAL PROJECTS:
 - WHEN THE PROJECT WILL BE COMPLETED
 - HOW MUCH IT WILL COST

KEY PERFORMANCE INDICATORS

-RATE OF PROGRESS: HOW MANY FEATURES ARE GETTING COMPLETED AND ACCEPTED BY THE PRODUCT OWNER PER MONTH OR YEAR?

(OF COURSE PROPER METRICS HAVE TO BE SET, LIKE POINTS PER WEEK)

-REMAINING WORK: HOW MUCH WORK REMAINS IN THE BACKLOG?
(METRICS AS ABOVE)

-LIKELY COMPLETION DATE

-LIKELY REMAINING COSTS

MANAGING RISKS IN AGILE PROJECTS

TO MAXIMIZE VALUE RISKS AND TECHNICAL DEPENDENCIES MUST BE CONSIDERED

THE CONCEPT OF RISK IS CLOSELY RELATED TO VALUE

THE VALUE DRIVEN DELIVERY DOMAIN ALSO INCLUDES THE RISK REDUCTION

REGULATORY COMPLIANCE

MANY AGILE PROJECTS OPERATE IN A HIGHLY REGULATED ENVIRONMENT

RULES ARE TYPICALLY DESIGNED TO ENSURE SAFETY

USUALLY THESE REQUIREMENTS ARE NOT NEGOTIABLE

PRIORITIZING VALUE

PRIORITIZATION IS CRUCIAL IN AGILE PROJECTS

CUSTOMER-VALUED PRIORITIZATION

PRIORITIZATION SCHEMES:-MUST HAVE

- SHOULD HAVE

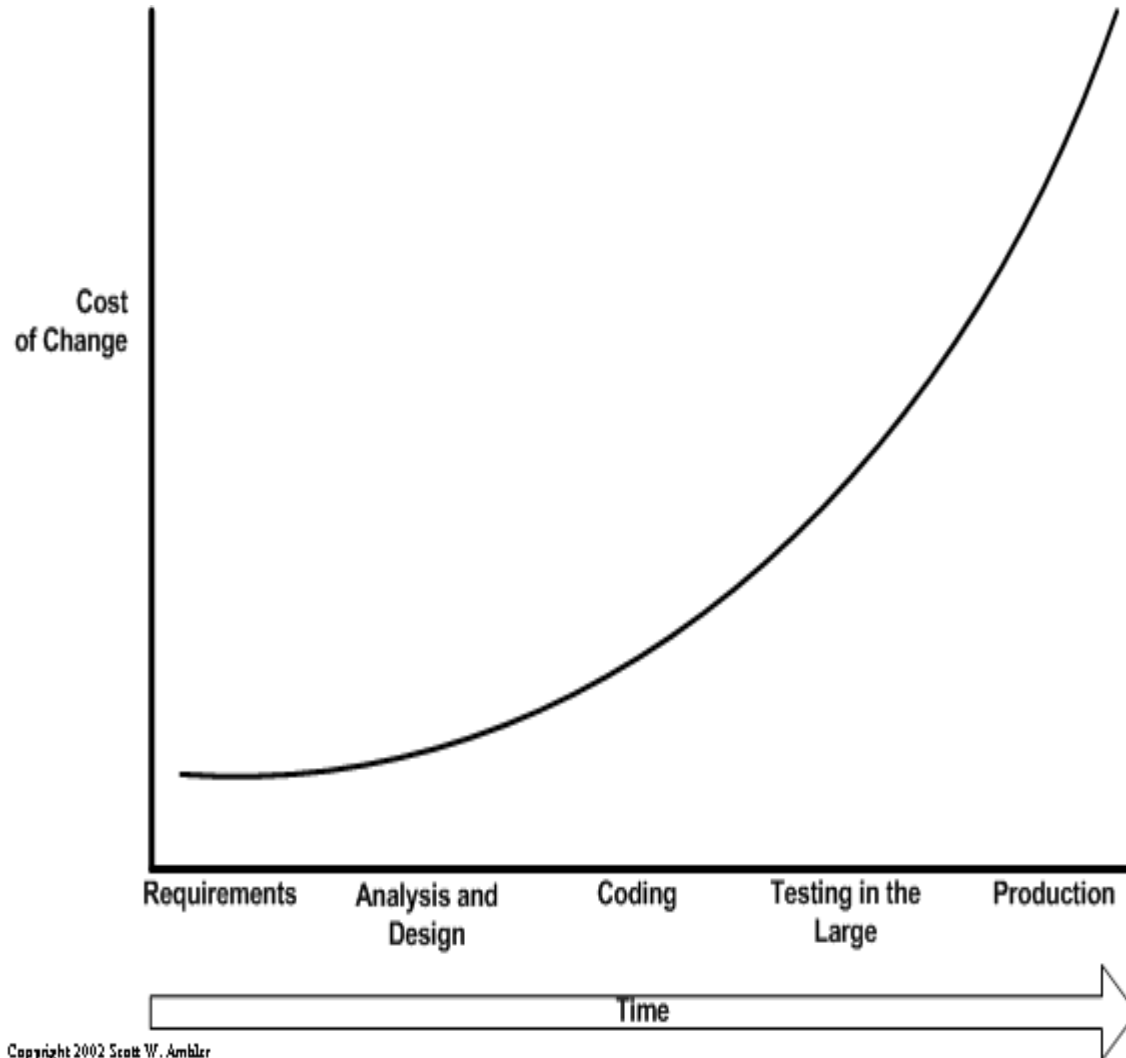
- COULD HAVE

- WOULD LIKE TO HAVE BUT

NOT THIS TIME

DELIVERING INCREMENTALLY

ANOTHER WAY
TO OPTIMIZE



MINIMUM VIABLE PRODUCT

WHEN PLANNING A RELEASE OF FEATURES TO CUSTOMERS, THE RELEASE HAS TO MAKE SENSE, BE USEFUL AND DELIVER VALUE

MVP IS THE PACKAGE OF FUNCTIONALITIES THAT IS COMPLETE ENOUGH TO BE USEFUL TO THE USERS, YET STILL SMALL ENOUGH THAT IT DOES NOT REPRESENT THE ENTIRE PROJECT

EAT YOUR DESSERT FIRST

Value could be defined in terms of monetary benefit, compliance adherence, an answer to the competition in the market etc.

The term value can differ for each client based on what the client is expecting the product/software to accomplish.

In the agile way of project management, always the requirements are prioritized based on what adds more value to customer delivery.

3 Ways to Prepare Your Team for Success

1. **Align Your Team Around Value**

Ensure that everyone understands the importance of delivering value to your customers.

You need to cultivate a customer-focused culture where customer value is a fundamental pillar of your organization.

Encourage collaboration and communication among teams to ensure that everyone is working towards the same goals.

3 Ways to Prepare Your Team for Success

2. Understand Your Customer Value Proposition

Your team should have a deep understanding of your customer value proposition which answers the question: what outcomes does our solution deliver for customers?

A solid value proposition is clear, easy to understand, relevant to the customer, differentiated from the competition, quantifiable.

If you don't already have one in place, learn how to create a compelling customer value proposition.

3 Ways to Prepare Your Team for Success

3. Build The Right Processes

Now that you have a clear alignment around customer value, you need to have the right processes.

Conclusion

When you effectively prepare your team to deliver customer value, your organization can truly thrive. You will be empowered to build your network of loyal customers and brand advocates and increase growth

Some best practices of value delivery

- 1.Identity value, a monetary value, a competitive value.
- 2.Prioritize the requirements so that high value is delivered to the customer fast.
- 3.Deliver the value to the customer iteratively so that ROI is rapid
- 4.Receive the feedback and work on things which need improvement
- 5.Collaboration with all the stake holders is **key** in identifying what adds more value to the overall project, to the client and to the whole process.

Some best practices of value delivery

1. Identify risks and reduce them. **Risks are anti-value**
2. Whenever there is a new requirement, compare it with the whole priority
3. Identify the Minimum Marketable Features (MMFs).
4. Experiment early to fail fast and rethink early the approach
5. Track the feedback of each value through prototyping, simulation, demonstration.

PROJECT MANAGEMENT FOR IT REVIEW LESSONS 1-7

AGILE ITERATION & REQUIREMENT

«**DO****NE**»

METHODOLOGIES to get VALUE

PROJECT MANAGEMENT FOR IT REVIEW LESSONS 1-7

...after a general analysis of AGILE APPROACH we presented 3+5
METHODOLOGIES **outlining 3 words:**

**ITERATION-REQUIREMENT-
DONE**, presenting these methodologies:

FDD,DSDM,AUPXP,LEAN,KANBAN,CRYSTAL and finally ,SCRUM

**But the temptation of reaching value
goals through a hybrid approach is very
strong!**

VALUE DRIVEN DELIVERY

**THE TRUE REASON OF PERFORMING
A PROJECT:**

TRADITIONAL,

AGILE,

HYBRID

is VALUE DELIVERY

GOING FORWARD INTO AGILE MINDSET AND PRACTICES

IN ORDER TO PROVIDE YOU WITH A QUITE COMPREHENSIVE VIEW OF AGILE,AFTER DESCRIPTION OF CONTENTS AND METHODOLOGIES WE ANALYZED:

CONTEXT

-VALUE DRIVEN DELIVERY✔ EAT YOUR DESSERT FIRST

AND WE WILL ANALYZE

-STAKEHOLDER&TEAM: PEOPLE AS THE MOST IMPORTANT ITEM

THEN WE WILL CLOSE ON WHAT&HOW TO ACT

-ADAPTIVE PLANNING&PROBLEM DETECTION/RESOLUTION

-CONTINUOUS IMPROVEMENT and DESIGN THINKING TO GO ON

SOME CONCEPTS, NOT NOTIONS!

- **BUSINESS CASE**

Project justification to verify the feasibility of the project

- **BUSINESS VALUE**

CONCEPTS THAT GUIDE BUSINESS.

- **BUSINESS MODEL**

COMPANY'S PLAN FOR MAKING PROFIT

VALUE

The term value can differ for each client based on what the client is expecting the product to accomplish.

THANKS

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8 NEXT LESSON:STAKEHOLDERS,TEAMS,ADAPTIVE PLANNING