VALUE MAPPING
WITH FEWER DOLLARS AND MORE SENSE

Natalie Warnert – #Agile2016
AGENDA

- Natalie’s background
- The fight for priority – org levels
- Traditional value measurement
- Activity 1 & debrief
- Customer value measurement
- Activity 2 & debrief
- Bringing it all together
- Questions
PERSONAL IMPORTANCE
AGILE PRINCIPLES:
Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.

SCRUM GUIDE:
A framework within which people can address complex adaptive problems, while productively and creatively delivering products of the highest possible value. The Product Owner is responsible for maximizing the value of the product and the work of the Development Team.

THE FIGHT FOR PRIORITY

TEAM

PROGRAM

PORTFOLIO
PORTFOLIO PRIORITY

- Long term roadmaps
- Strategy
- Performance objectives
- Funding allocation
PORTFOLIO PRIORITY

Strength: ROI

Deficiency: Being laser focused

Leads to inconsistent messaging and constant priority changes. What features to buy from what teams?
Roadmap alignment

Features:
- Top down
- Laterally
- Bottom up

Dependency management

Funding projects/teams
PROGRAM PRIORITY

- Strength: Value stream
- Deficiency: Correct balance
- Balance portfolio wants with team constraints across the product
TEAM PRIORITY

Team roadmap
- Enhancements
- New functionality
- Tech debt
- Defects

Dependencies

Constraints
TEAM PRIORITY

Strength: Customer factor

Deficiency: Bigger picture

Keep focused on the same thing in the long run – but it’s personal.
BRAINSTORMING ACTIVITY

What issues have you noticed between priority valuation at different levels of the organization?

Who usually “wins” and “loses” these discussions?
If everything is a priority than nothing is a priority.

"If everything is a priority than nothing is a priority."
TRADITIONAL VALUE MEASUREMENT

val·ue
/ˈvalyōo/>

Verb

1. estimate the monetary worth of (something).
   “the feature was valued at $45,000”

Synonyms: evaluate, assess, estimate, appraise, price
TRADITIONAL VALUE MEASUREMENT - ROI

ROI

Net profit/cost of investment = ROI

OR… how much can we profit from this investment (percentage)?

Tangible
TRADITIONAL VALUE MEASUREMENT – COST OF DELAY

Cost of Delay – what is the cost of having NOT done this? [value + urgency + risk reduction & opportunity enablement]
TRADITIONAL VALUE MEASUREMENT – COST OF DELAY

Cost of Delay – what is the cost of having NOT done this? [value + urgency + risk reduction & opportunity enablement]

If we have an equal cost of delay pick the shortest job first

<table>
<thead>
<tr>
<th>Feature</th>
<th>Cost of Delay</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$2</td>
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Cost of Delay – what is the cost of having NOT done this? [value + urgency + risk reduction & opportunity enablement]

If we have an equal duration pick the highest CoD

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TRADITIONAL VALUE MEASUREMENT – COST OF DELAY

Cost of Delay – what is the cost of having NOT done this? [value + urgency + risk reduction & opportunity enablement]

What if it’s not one or the other?

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TRADITIONAL VALUE MEASUREMENT – COST OF DELAY

Cost of Delay – what is the cost of having NOT done this? [value + urgency + risk reduction & opportunity enablement]

Weighted shortest job first (WSJF)

Implementation and decision to use

\[ CD^3 = \frac{\text{CoD}}{\text{Duration}} \]

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Prioritize the work items into a program roadmap based on monetary measures only.

Incorporate Cost of Delay, Duration, Weighted Shortest Job First, and ROI.

Left = lower value
Right = higher value

ACTIVITY 10 MINUTES
What was difficult about the activity?
What were the first few items in your prioritization order? Last few?
How realistic is it to get everything done?
Which scope would likely get cut?
What was missing from the conversation about priority and valuation?
Take a picture of your priority arrangement.
WSJF is important, but not as important as how we calculate it
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Cost of Delay [value + urgency + risk reduction/opportunity enablement]
WSJF is important, but not as important as how we calculate it

Cost of Delay [value + urgency + risk reduction/opportunity enablement]

And duration…
WSJF is important, but not as important as how we calculate it.

Cost of Delay \([\text{value} + \text{urgency} + \text{risk reduction/opportunity enablement}]\)

And duration…

But it’s an estimation at best.
WSJF is important, but not as important as how we calculate it

Cost of Delay \[\text{value + urgency + risk reduction/opportunity enablement}\]

And duration…
But it’s an estimation at best

And when we estimate in a box (especially with money), we are more often than not WRONG
But the customer does not care about value as a measure.
But the customer does not care about value as a measure
Customer thinks of value as:

value

Noun

1. the regard that something is held to deserve; the importance, worth, or usefulness of something
“this product is of great value”

Synonyms: worth, usefulness, advantage, benefit, gain, good, help, merit
CUSTOMER VALUE MEASUREMENT

As a... I want... so that...
As a… I want… so that…

As a customer/user/subscriber…
I want [certain functionality]

So that I can do something that is valuable to me and gain satisfaction by doing it
So that I can do something that is valuable to me and gain satisfaction by doing it

- Ease, time-saving
- Unique/new/differentiating
- NOT so that the company can make money off of me

Intangible
CUSTOMER VALUE MEASUREMENT

Customer cost of delay

What I **NEED** to do (basic/threshold)

What I **WANT** to do (performance)

What I **haven’t thought** to do yet

(delight/excite)
CUSTOMER VALUE MEASUREMENT - KANO

Need Unfulfilled

Need Fulfilled

Very Satisfied

Very Dissatisfied
CUSTOMER VALUE MEASUREMENT - KANO

Need Unfulfilled

Need Fulfilled

Very Satisfied

Very Dissatisfied

Basic
CUSTOMER VALUE MEASUREMENT - KANO

- Very Satisfied
- Very Dissatisfied
- Need Unfulfilled
- Need Fulfilled
- Performance
- Basic
CUSTOMER VALUE MEASUREMENT - KANO
CUSTOMER VALUE MEASUREMENT - KANO

Very Satisfied

Need Unfulfilled

Need Fulfilled

Very Dissatisfied

Time

Basic

Performance

Delight
Move feature cards ONLY vertically based on customer value factors. Discuss which buckets each feature could fit into based on what the customer values.

Delight: Don’t know I want
Performance: I WANT
Basic: I NEED
Move feature cards ONLY vertically based on customer value factors.
Discuss which buckets each feature could fit into based on what the customer values.

- **Delight:** Don’t know I want
- **Performance:** I WANT
- **Basic:** I NEED

ACTIVITY 2 – TEN MINUTES
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Move feature cards ONLY vertically based on customer value factors. Discuss which buckets each feature could fit into based on what the customer values.

Lower Value

Higher Value

Delight: Don’t know I want

Performance: I WANT

Basic: I NEED
ACTIVITY 2 – TEN MINUTES

Move feature cards ONLY vertically based on customer value factors. Discuss which buckets each feature could fit into based on what the customer values.
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Move feature cards ONLY vertically based on customer value factors. Discuss which buckets each feature could fit into based on what the customer values.

- Lower Value
- Higher Value
- Performance: I WANT
- Basic: I NEED
- Delight: Don’t know I want
ACTIVITY 2 - DEBRIEF

Which features are now the most important customer value factored in? Which features are more likely to be lower in priority?
WHAT IS MISSING?

- Run a business
- Build the right thing

Money - Customer Feeling
WHAT IS MISSING?

Run a business

Money

Customer Feeling

Build the right thing
ROI VS. KANO – MONEY VS. FEELING

ROI (Valuation = Money) Vs. Kano (Value = Feeling)

Value

Cost

Performance

Basic

Delight

Time
ROI VS. KANO – MONEY VS. FEELING

Portfolio

ROI (Valuation = Money) Vs. Kano (Value = Feeling)

Value

Cost

DELIGHT

Performance

Basic

Time
ROI VS. KANO – MONEY VS. FEELING

ROI (Valuation = Money) Vs. Kano (Value = Feeling)

Portfolio

Team

Value

Cost

Performance

Basic

Delight

Time

Cost

Value
ROI VS. KANO – MONEY VS. FEELING

Portfolio

Program (value stream)

ROI (Valuation = Money)

Vs.

Kano (Value = Feeling)

Value

Cost

Team

Value

Cost

Time

Delight

Performance

Basic
PERSONAL IMPORTANCE
• Development tier (level) can help influence decisions
• Value is both a verb and a noun (like Agile)
• Think about making money and the customer – balance between importance (activity)
THANKS FOR COMING

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