

Value Stream Map – Understanding Customer Values



Maximising Customer Value While Minimizing Waste

Working with the Value Stream for process improvement and innovation

When we are focused on innovation and changes that have a big impact on results, it is worth thinking about Value Stream.

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Value is what makes customers prefer our products and services or pay more for them rather than choosing competitors. Value is the sum of the product (a physical good or service) plus all characteristics of this product that positively affect customer perception in our favor.

For a customer who wants to buy a robust and economical car to work with, perhaps the main feature is the total cost per km driven (considering vehicle price, maintenance and fuel consumption). For a customer who wants to buy a car that highlights its economic success, attributes such as high price and exclusivity in ownership may be the relevant attributes. The bottom line is that value is defined solely by the customer.

The application of the concept of value is fundamental for innovation. Especially when we are looking for internal innovations. In this case mastering the Value Stream Map can lead to innovation leaps in the organization's processes.

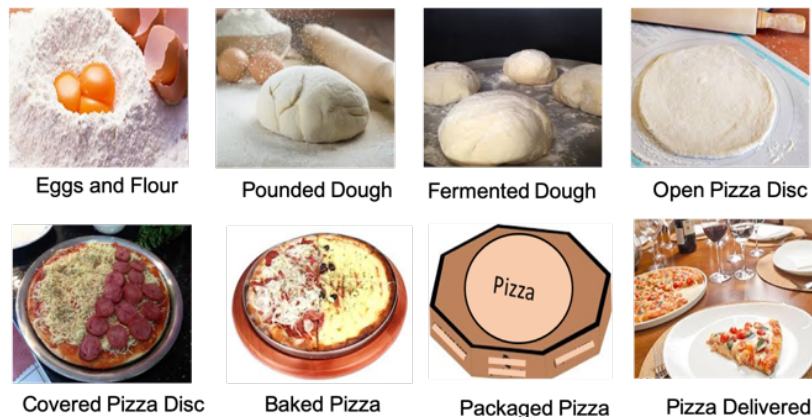
The name Value Stream Map (VSM) is widely used in lean practice and in many other forms of improvement efforts. Despite the excellent results of using VSM in these programs (when well applied) the focus of VSM was very close to that of process mapping.

When the goal is just to optimize a process this is indifferent and I recommend not wasting time discussing the semantic difference of the name VSM x Process Flow (this is a good discussion for specialists during happy hour).

When we are focused on innovation and changes that have a big impact on results, it is worth thinking about Value Stream differently from a sequence of processes. The difference in approach is:

Map it with a “camera”, focus on your activities and record the transformations in your product at every step. Use this sequence of photos as the basis of the value stream.

For example, for a pizzeria the value stream would look like:



The focus is on the transformations that resources go through until they reach the product with customer value. Note that what is recorded above are the "objects" and not the "verbs". We are seeing the names of the products generated by each step and not the name of the activities performed.

The advantage of working this way is that we are less constrained by the process and limitations of current activities to think broader and innovative ways to generate value. The use of new resources and equipment can be more provocatively explored. It is easier to question whether the activities developed are really adding value.

If we analyze two steps of this flow, for example fermented dough and open pizza disc, all activities that are not directly linked to this transformation should be evaluated if they are necessary or can be eliminated or minimized. For example, if the pizza maker needs to move to fetch the dough before opening it, it will be a waste. It is appropriate to analyze whether it is possible to eliminate this offset or minimize it.

We can apply this form of mapping to services and information flows as well. In the case of services the principle is the same. Imagine hospital care in an emergency room. The transformation sequence takes place in the various stages the patient goes through from the moment he arrives at the hospital entrance to the moment he is released to return home. In an example like the pizza, the sequence of photos would be: the patient arriving at the concierge, being attended at the reception, being attended by the doctor, being medicated and etc ... until leaving the hospital (if this is the end point of the value stream).

We can also apply for a flow of information, for example the closing of a company. In this case physical photos can be replaced with documents (whether printed or system screen shots). For example: Invoice received in the ordinance, Invoice registered in the system, Value of the tax document loaded in the XYZ database, XYZ database processed, and so on.

Just as in the physical case, this kind of insight helps to question what adds value (and must be maintained) to what does not add value (and should be eliminated or minimized).

How to use value stream for process innovation?

When the goal is the pursuit of process innovations we can use creative provocations. Provocations are proposals for challenging situations or changes that compel people to think of different solutions than current ones. Provocations can be absurd and impossible (these are excellent), because the purpose of the provocation is not to be a solution, but to get the team out of the comfort zone and look for innovative alternatives. Some examples that could be used for innovation in the case of pizza:

- Can we go straight from the fermented dough to the covered dough without opening the pizza disc?
- If pizza packaging was prohibited, how could we safely and warmly deliver pizza?
- If each pizza box cost \$ 200 (and we were required to use the boxes) what could we do to continue selling pizza?

It is important to understand that the above provocations are neither alternatives nor proposals for change. They only serve to move staff out of the mental comfort zone and make room for ideas that would not appear in the normal process. The answers to these creative provocations are seeds of creative ideas that can generate breakthrough innovations if properly exploited.

To learn more about this creative technique I recommend Edward De Bono's approach that has multiple books or on the author's website <https://www.edwdebono.com/>.

If you already work with process flow or VSM do the exercise of redesigning them as the pizza example and explore new points of view. Nothing better than the practice of assessing whether an approach adds value or not.

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