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Operational Value Stream Overview (OVS)

What is it?

To put it simply, your Operational Value Stream (OVS) is a visual summary of your operating model: it illustrates the flow of work done by your cross-functional teams to move from idea-to-release or concept-to-cash. Many of my clients can communicate pieces of their flow, but very few can articulate the full end-to-end – normally because org structure and group-level priorities don't tend to encourage this kind of big picture view.

Thinking about your value stream as a system with interrelated parts and cascading effects is a simple, and foundational, aspect of lean thinking. If you focus only on optimizing one part of your process, you might fall prey to local optimization that doesn't help the end-to-end flow. But, if you make changes to your system in collaboration, with representation from across the org, you can change both your system, and, more importantly, better influence business impacts and shared goals.

> *"Every system is perfectly designed to get the results that it gets." —— Paul Batalden, MD*

By visualizing your end-to-end flow, you can identify bottlenecks and other waste interrupting your flow of value from concept to cash. I'm not legalistic about what to capture in your OVS but, at a minimum, I suggest starting with:

- Activity Groupings
- Sub Steps
- ~Timing
- Participants
- Tools/Systems
- Pain Points

You can add others if they feel relevant to the situation.
Examples of additions include:

- *AI? (could AI assist us here)*
- *Measurements of Success (how do I know if this is going well?)*
- *Owner (different take on participants, focused on accountability)*

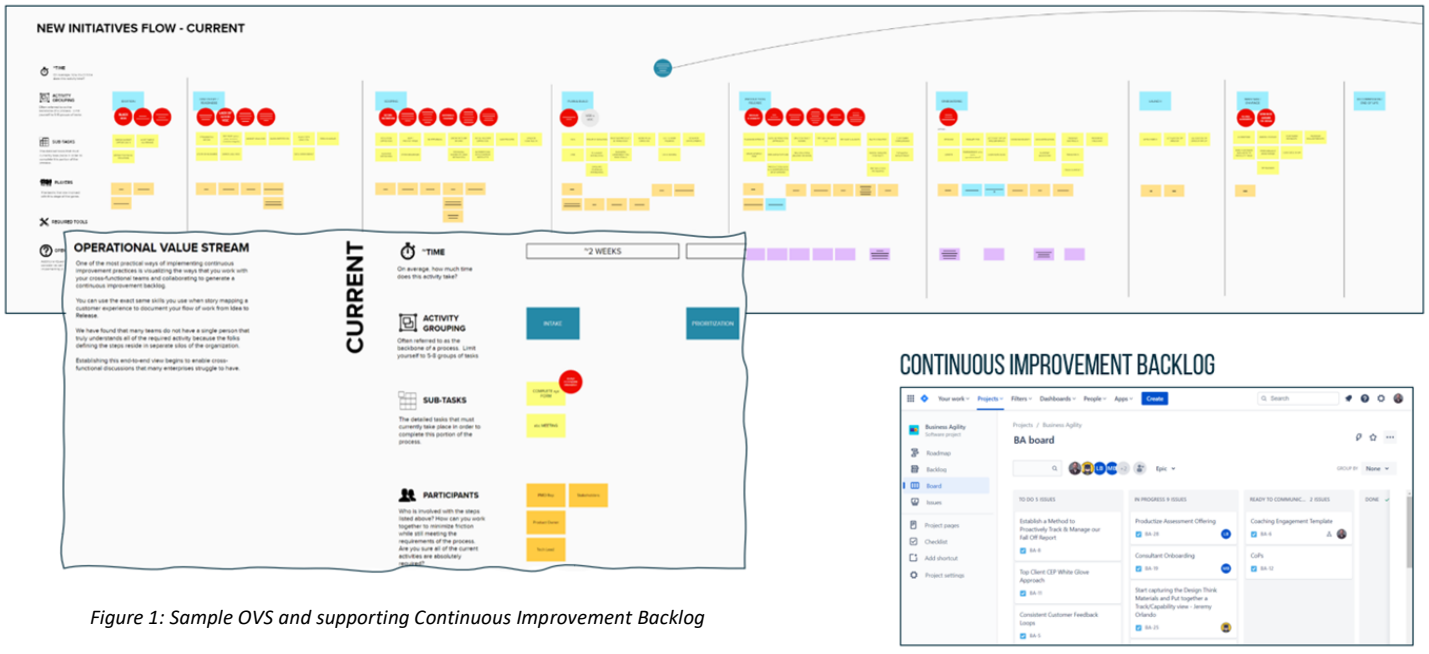

Figure 1: Sample OVS and supporting Continuous Improvement Backlog

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Why do it?

The true power of the OVS is the cross-functional nature of the exercise. You will simultaneously:

- Build shared language and a shared understanding of the issues that exist throughout the flow
- Challenge the team to think beyond their own group
- You will use that shared understanding to drive continuous improvement as a team (solving issues together)
- You will enable your team to adopt a value-based view of continuous improvement
    - Potential Customer Outcomes (behavioral change and problems solved for those you serve) and
    - Corporate Impact (lagging indicators like Revenue & Costs Savings that result from those outcomes).

Essentially, you'll have the ability to manage your process as a product. Same mindset, same tools, measurable outcomes.

Continuous improvement is a mindset that does not let you rest on your laurels. If you are not changing, you are stagnating. And your competition can pass you by as you stand still. When you map your OVS, you are hunting for waste in your system. If you can see the waste, you can eradicate it as you strive for a better flow.

> *"All we are doing is looking at the timeline, from the moment the customer gives us an order to the point when we collect the cash. And we are reducing that timeline by removing the non-value-added wastes." —Taiichi Ohno*

But it's bigger than just Process Improvement. The cross-functional nature of the work drives engagement within the team and is ultimately one of the most important tools in the cultural change toolbox.

When was the last time you saw your ideas come to life in the form of changes that impact people's lives (whether it's your teammates or external customers)? How did it make you feel? Now think about people at all levels of your organization making a positive impact on the system of work – people feeling heard, people seeing the direct impact of their ideas on their company – it's the stuff of goosebumps.

Who is involved?

The best value stream analysis comes from a cross-functional group of participants from all levels in the organization. You want representatives from across the entire concept-to-cash flow to contribute. This could include the following participants:

- Business Stakeholders
- Information Technology Management
- Scrum Teams / Engineering
- Marketing
- Sales / Account Management
- Customer Support
- Product Management
- Product Operations (if applicable)

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How does it work? What is the process?

Co-creation is the preferred mechanism for crafting and assessing your current state Operational Value Stream. No one person understands the entire stream, so a collaborative workshop is the best forum for the activity.

The steps to craft your **Operational Value Stream** are:

1. **Map Your End-to-end Value Flow:** Get all participants to collaborate and outline the concept-to-cash flow of activities and steps for the current state. This is a sticky note exercise that can take anywhere from a couple of hours to a couple of days depending upon the complexity of the scope you tackle, and the number of people/groups involved with the process.

2. **Estimate Timing:** Participants should loosely estimate (we aren't going for 6-sigma accuracy) the time of each activity and step, as well as the wait time between each. This will identify the lead time of your current state system to deliver value from concept-to-cash. We aren't trying to get down to the minute – we're seeking to determine relative priority by understanding order-of-magnitude for problems in the system.

3. **Identify Pain Points:** One of the most powerful parts of the workshop is watching two elements:
    a. Witnessing those that must execute the process describe what isn't working.
    b. Witnessing leaders and/or partners that don't DO the day-to-day work realize what their teams are experiencing and seeing Empathy start to form in real time.

4. **Map the Types of Waste Across the Flow (*optional):** This activity maps the types of lean waste across the value stream: (a quick Chat GPT prompt can help you understand how these are typically used.
    - Waiting / delays
    - Over-production
    - Over-processing
    - Task-switching
    - Hand-offs
    - Partially done work / inventory
    - Defects
    - Relearning
    - Wishful Thinking
    - Under-realizing people's potential
    - Knowledge or information scatter

    Note: A thorough understanding of the waste types is helpful, but not absolutely required.

    Let the team prioritize the areas they feel are most important to resolve, and take action. Don't get wrapped around the axle on over-analysis.

    The people closest to the work know what is helpful and what is holding them back.

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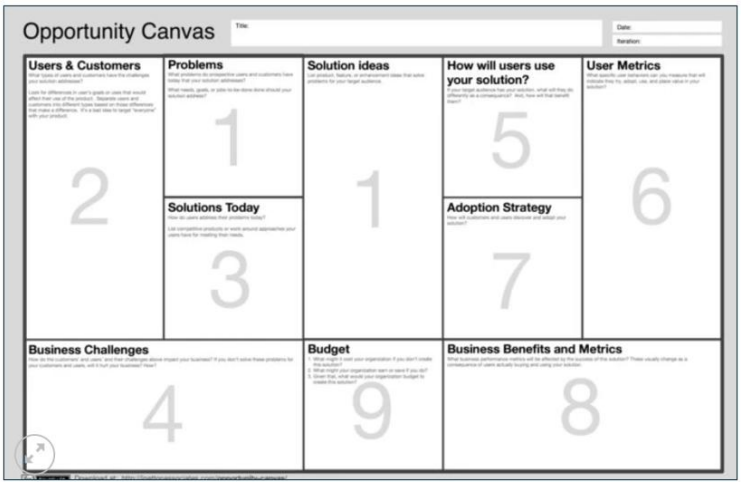
5. **Brainstorm Solution Experiments for the items that are of the Highest Priority to the team**
   I suggest leveraging Jeff Patton's Opportunity Canvas to evaluate the larger impact items that you uncover – while this canvas is typically used for feature definition, it's an absolutely perfect fit for exploring process improvement as well.



   In provides a structure for a cross-functional discussion to define:
   - The problem to solve
   - Who the problem impacts
   - How those folks attempt to do the task today
   - Potential solutions to solve the problem
   - The potential customer outcomes associated with solving the problem
   - How you'll measure the success of your solution
   - The business value of solving the problem
   - How you'll measure the business impact of your solution

   The conversation typically takes about 15 minutes per problem and should include representation from each impacted area of the cross-functional team.

   I absolutely LOVE the fact that this tool enables you to see the problem and the solution from both a Customer and Business perspective. That balance is both practical and critical. No silos.

6. **Create an Improvement Backlog:** By prioritizing the pain points and waste, you are able to treat your continuous improvement activities in the same way that you can treat your product development activities: deliberately, iteratively, and focused on measurable outcomes. Every improvement item should have a hypothesis that goes with it and should be measured after implementation.

   Consider managing your Continuous Improvement Backlog the same way you manage your Product Backlogs – same tools and ownership approach.

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Preparation

There are a few attributes that define these types workshops:

- The group that documents the flow must be individuals that work the flow today
- It helps greatly to be face-to-face, working together in the room
- The environment needs to be a safe one for all to participate openly and with candor
- This is an interactive activity – everybody plays
- When you're done with the workshop, you're just beginning.

With those key concepts in mind, there are several key tasks to be completed as you prep:

1. Define your audience
    - Who knows the most about the processes in question?
    - Who on the team has a growth mindset and will be energized by the potential improvements?
    - Who are the people that:
        i. Ask for the work to be done
        ii. Do the work
        iii. Are Impacted by the work

2. Establish a clear purpose for the workshop
    - Make your purpose one that has positive impacts for the Enterprise, not just your group
    - Highlight the areas of pain that you have heard from others so that they feel heard from the get-go
    - Emphasize that you are not looking at boiling the ocean – this is a Practical exercise
    - Set expectations that participants must bring their observations and suggestions for improvement

3. Workshop design
    - We recommend separating the problem definition from the solutioning discussions as much as possible
        i. A few hours of documenting
        ii. A little homework for analysis
        iii. Group work on the following day for prioritization and solutioning

    - Make sure folks understand what is expected of them:
        i. Prep = be thinking about your core process as well as what comes before and after you
        ii. Time = for the face-to-face sessions, as well as periodic follow-ups after the fact.

4. Collect reference materials you already have – many teams have some portion of your operating model documented already. From Standard Operating Procedures, to Onboarding materials, to Process Flows. While developing the flow as a group is critical, it's always wise to have reference materials handy to make it move a little faster. We often partner to establish an anticipated flow with our clients so that we can have a real-time gut check as we get started in mapping the flow together.
    - What is matching our expectations
    - What is surprising as we work together
    - What questions are prompted by our observations?

    There are almost ALWAYS surprises that pop while we talk that need to be addressed pragmatically.

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5. **Have a follow-up cadence in mind before you kick off** – there are both short-term and long-term goals for this activity that need to be considered as you step into it.
    - Short-term = shared understanding, momentum toward improving flow, willingness to collaborate toward a better place
    - Long-term = evolution of the collaboration model for the organization – how can we start thinking across lines and communicate across lines more consistently.

    With that said, we recommend getting buy-in from the cross-functional team regarding frequency of ongoing work to implement improvements.

    A few options
    - A swarm that goes all in (dedicated improvement effort operating like a scrum team)
    - Dedicate time to make progress on the biggest issues based on value (part-time, maybe 25% tops)
    - Silo'd progress as time allows (less than 25%, likely more like 5 or 10%) based on constraints
    - Building a business case for external help to tackle the biggest issues

    Regardless of your strategy, making sure folks are in the loop, and bought in, will be important for you.

    For the record: I don't recommend tackling improvements in silos and sincerely believe that slowing down to speed up is the most effective strategy – not polishing the process, but fixing real problems that are impacting real people.

The next couple of pages includes some helpful reference materials.

Feel free to share it with the partners that you'll be working with. Nobody wants something done TO them – we almost all want to have a say in how these types of events happen. Transparency will help you get there together and make improvements that help all involved – with speed and pragmatism.

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Supplemental Content: Prompting Questions

Folks that are new to this process often don't know where to start. It helps to give them some prompting questions to get their ideas flowing. It's not the end-all-be-all, but a solid place to start:

Where do our product ideas come from?
Who is involved with identifying, submitting, or vetting new ideas?
What criteria do you use to decide whether or not to pursue an idea?
What tools and artifacts are used to decide / document your decisions?
How long does it typically take to get from idea to a go/no-go to pursue?

Once selected, how do you define the product/feature?
Who contributes to defining scope, requirements, & success metrics?
How do you choose the technology that will be used to support specific features/products?
How are customer/user needs validated?

How is the user experience and interface defined?
Who's involved with design decisions?
What tools are you using for mockups/prototypes?

How is work broken down into discrete tasks?
Who prioritizes the work?
How is work distributed/assigned?
What framework/methodology is used to guide delivery? (Scrum, KANBAN, custom approach, etc.)
What tools are used for ongoing communication, collaboration, and development?

How is quality assured before launch?
Who is responsible for testing?
What types of tests are performed?

How is a release/launch prepared and communicated?
Who typically needs to be informed/trained?
What deliverables are created at launch?

How do you monitor the release post-launch?
What do you measure post-launch?
How are post-launch issues handled?
What is your typical process for incorporating feedback into future work?

How satisfied are you with your end-to-end tools? Level of collaboration?
How do you deal with dependencies?
Do you have the data necessary to measure Customer Outcomes & Business Impacts?

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Supplemental Content: Ground Rules

Establishing an environment of Intellectual Humility and Collaboration is critical for this exercise. Without it, it can quickly devolve into a blame game and venting session. This is not that.

GROUND RULES

- **Everybody Plays**, Leave Your Titles at the Door
- **Respectful Candor** – Pick Ideas Apart, Not People
  - Can't fix things that are not known/understood
- Let's Try to Take **Breaks Every Hour-90 Minutes** (keep me honest)
- **Blame-Free Zone**
  - This isn't about who implemented what, it's about continuous improvement
- **Be Present**
  - Cameras on
  - Other Devices Down, Please (Leave If You Need To)
  - Please avoid back-channeling via Teams/Slack/Text, etc.
- **Today's Definition of Team** = Your Company, Not Your Core Function
- **Others<?>**