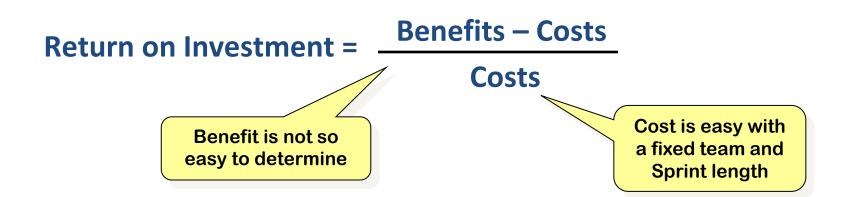
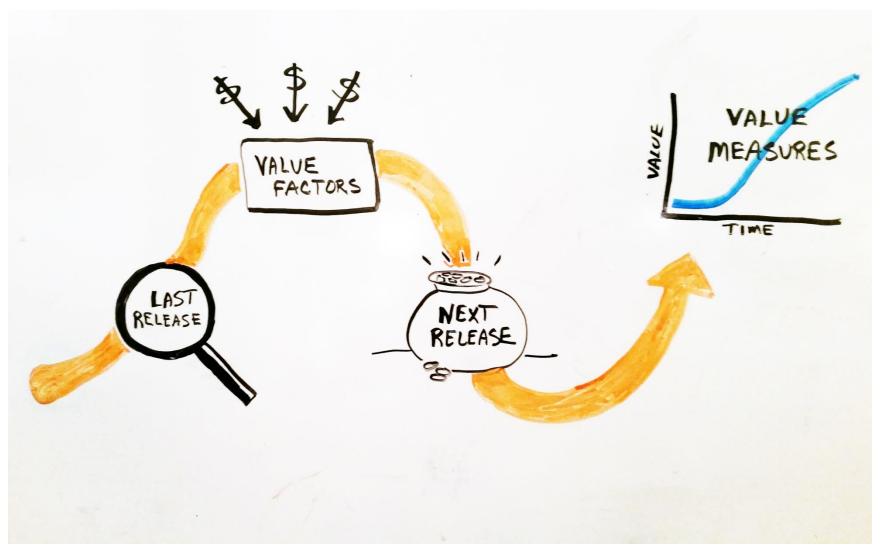
# **Defining Business Value** Roger Brown CEC, CST, CSD Scrum Gathering San Diego 2017

# The Goal of Agile Development

# Maximize the Delivery of Value per Unit Time



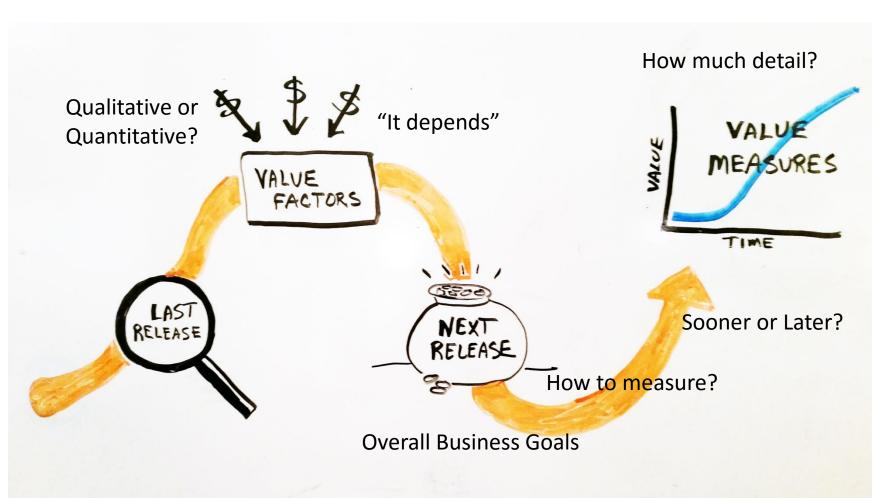
# **Our Journey**



# **Out of Bounds**

Politics MEASURES YALUE FACTORS TIME 1 1111 LAST RELEASE NEXT RELEASE cost of Delay Who cares? What do we do with it?

# In Bounds



## A Little Beyond

How do we measure?

How much does the measurement cost?

- Data Mining (Small effort)
- Instrumentation (Coding cost)
- Survey (Expensive to involve the customer)

Always dollars?

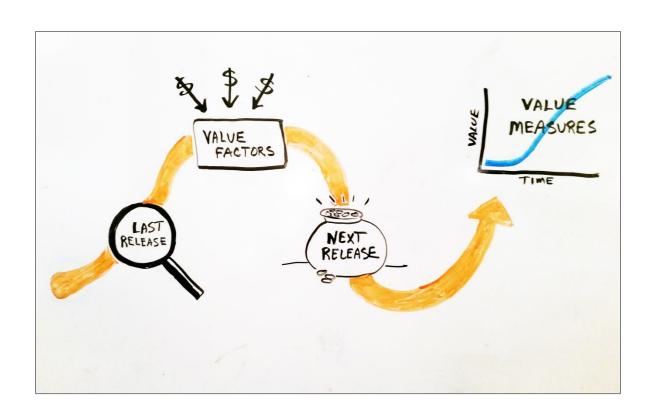


## -- Workshop -

# **Defining Business Value**

Scrum Gathering San Diego 2017 Facilitator: Roger Brown, CEC, CST

Roger.Brown@AgileCrossing.com





#### **Value Factor Practice**

#### **Instructions**

- 1. Identify a recently completed project or feature.
- 2. Subjectively rate that effort in terms of cost on a scale from Zero to High.
- 3. Similarly rate it in terms of Delivered Business Value (independent of cost, ie. revenue) on a scale from Negative to High.
- 4. Given the first two elements, rate the Return on Investment for that effort on a scale from Negative to High.
- 5. Now list up to 5 factors that contribute to that perceived ROI along with measure units for each.

#### Example:

Project/Feature:	Account Application Process Automation			
Cost	Zero	Low	<b></b>	High
Business Value Delivered:	Negative	<b>Zero</b> 	Low	High
ROI	Negative	Zero 	Low	High
Value Factor				Units
Time saved to validate manual application forms		Clerk Hours		
Saved printing cost for paper application forms		Dollars/Month		
Customer support time reduced		Support Hours		
Customer ease of application		Customer Hours		
Customer acquisition from referrals		Customers x Avg. Customer Revenue		

## **Value Factors in Your Recent Work**

Zero	Low			High
Negative	<b>Zero</b>	Low		High
Negative				High
			Units	
Zero	Low			High
Negative				High
Negative				High
	Negative Negative Zero Negative	Negative Zero Negative Zero Low Negative Zero	Negative Zero Low Negative Zero Low Low Zero Low Zero Low	Negative Zero Low

Units			

## **Thinking About Value Factors**

Quantitative Factors		Qualitative Factors		
Keywords	Examples	Keywords	Examples	
Faster, cheaper	Deliver faster	Better	Better user experience	
More, less	More registrations per week	Private	Enhanced privacy	
Increase, decrease	Decrease clerical errors	Easier	Easier to input data	
Can, cannot	Can access their own records	Improved	Improved screen flow	
Do not have to	Do not have to print form	Enjoyable	Enjoyable user experience	
Compliant	Complies with regulation 12	Transparent	Transparent progress	
Consistent	Standardized information gathered	Richer	Richer data availability	

List some that are relevant to your domain.

Quantitative	Qualitative

## **Identify Value Factors**

#### Instructions

- 1. Identify a current or upcoming project or feature.
- 2. List one or more Business Value Factors that are goals of the work.
- 3. Mark them with a simple importance rating Hi-Medium-Low.
- 4. Optionally list the major cost factors for this work.

Project/Feature:		
Time Frame:		
Business Value Facto	rs	Importance (H-M-L)
1.		
2.		
3.		
4.		
5.		
6.		
Development Cost Fa	actors	
1.		
2.		
3.		
4.		
5.		

### **Value Factors and Measures**

#### **Definitions**

Value Factor: What are we watching?

Units: What measurable units does it have?

Baseline: What is the current value in these units?

Time Frame: How soon would we like to deliver full value?

Target Value: What value do we hope to achieve in the time frame?

Measurement Method: How will we measure it?

**Dollar Conversion**: What is a formula for converting the value factor into dollars?

#### **Examples:**

1. Value Factor:	Clerk Time Saved from Manual Process	
Units:	Hours	
Baseline:	2 hours per form	
Time Frame	3 months	
Target Value:	15 min. per form	
Measurement Method:	Log processing time	
Dollar Conversion:	(base hours – actual hours) * wages/hr * forms processed	

2. Value Factor:	New Customer Accounts
Units:	Number of Customer accounts processed
Baseline:	5/day
Time Frame	6 months
Target Value:	20/day
Measurement Method:	Count(DB Select)
Dollar Conversion:	New Customer Value * # Sign-ups

## **Detailed Value Measures**

For your top 1 to 3 Value Factors, elaborate their measures here.

Value Factor 1 :	
Units:	
Baseline:	
Time Frame:	
Target Value:	
Measurement Method:	
Dollar Conversion:	
Value Factor 2 :	
Units:	
Baseline:	
Time Frame:	
Target Value:	
Measurement Method:	
Dollar Conversion:	
	Γ
Value Factor 3 :	
Units:	
Baseline:	
Time Frame:	
Target Value:	
Measurement Method:	
Dollar Conversion:	7

## **Measurement Methods**

Method	Cost (High-Medium- Low)		
Value Factor Uses			

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