

Defining Business Value



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Scrum Gathering San Diego 2017

The Goal of Agile Development

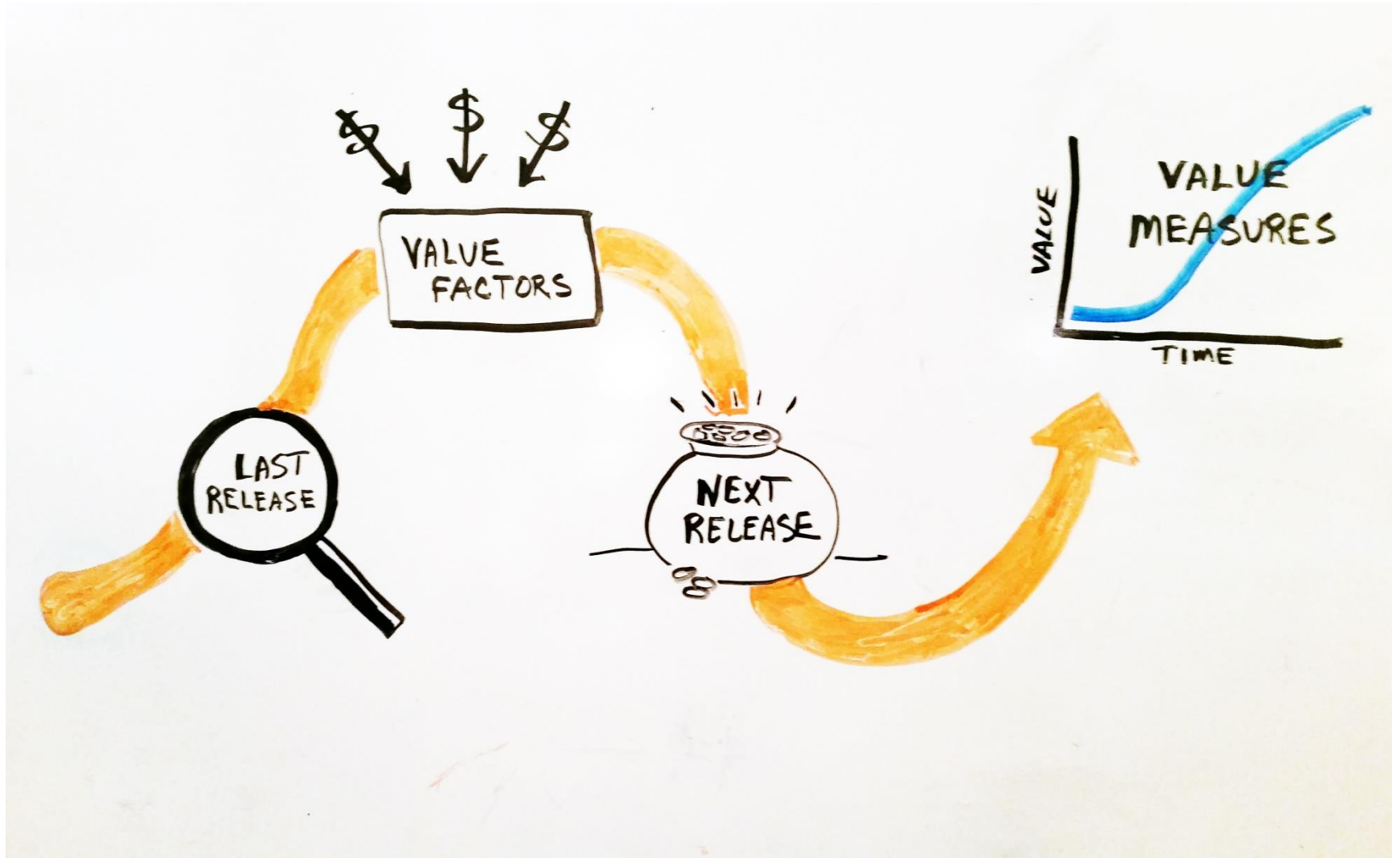
*Maximize the Delivery of
Value per Unit Time*

$$\text{Return on Investment} = \frac{\text{Benefits} - \text{Costs}}{\text{Costs}}$$

Benefit is not so
easy to determine

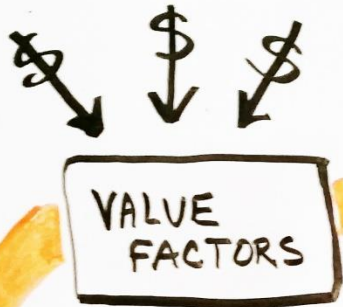
Cost is easy with
a fixed team and
Sprint length

Our Journey

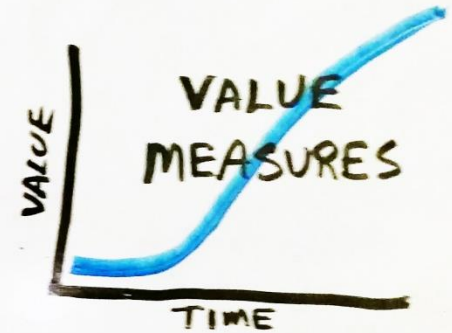


Out of Bounds

Development
Cost



Politics

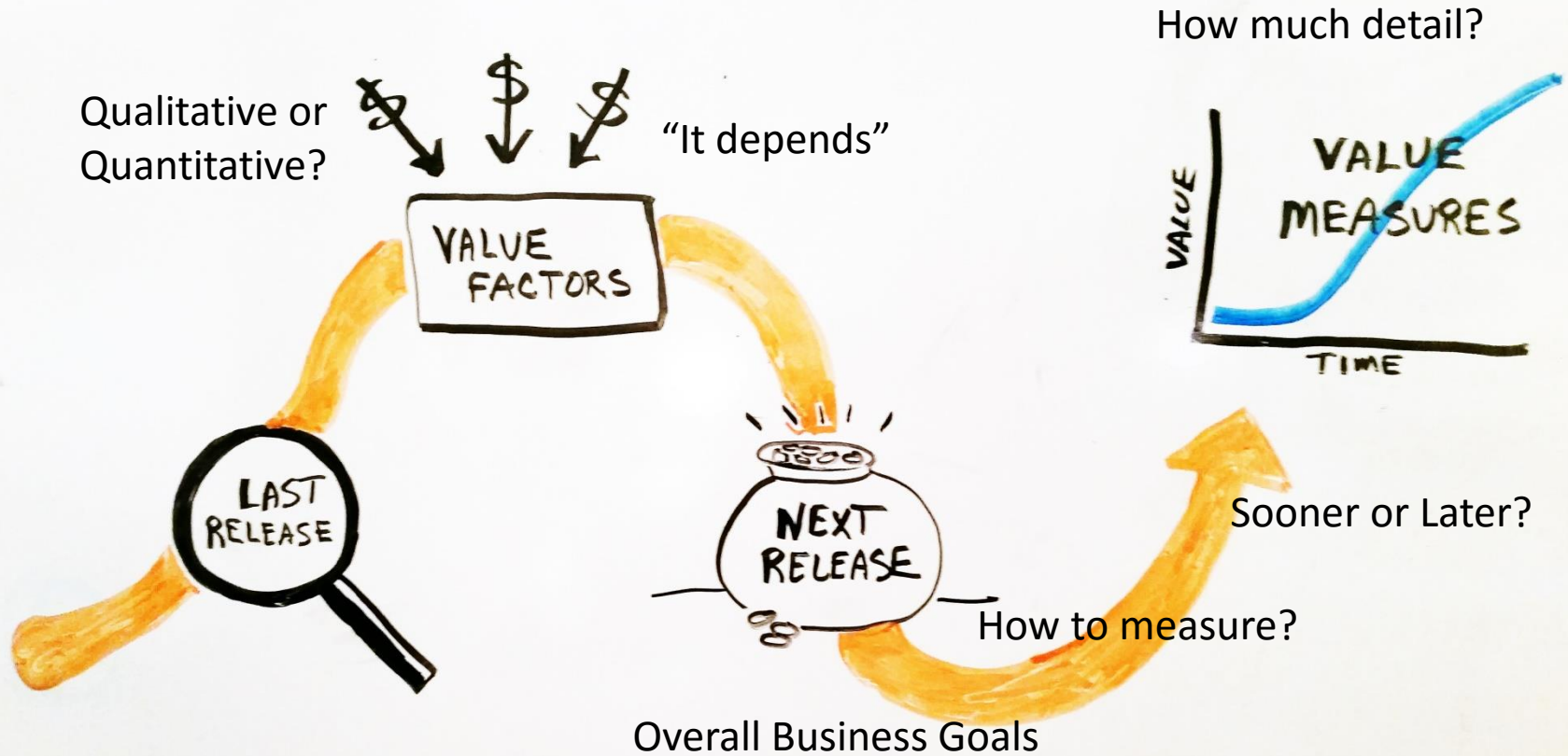


Who cares?

What do we do with it?

Cost of Delay

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?

Thanks for coming!



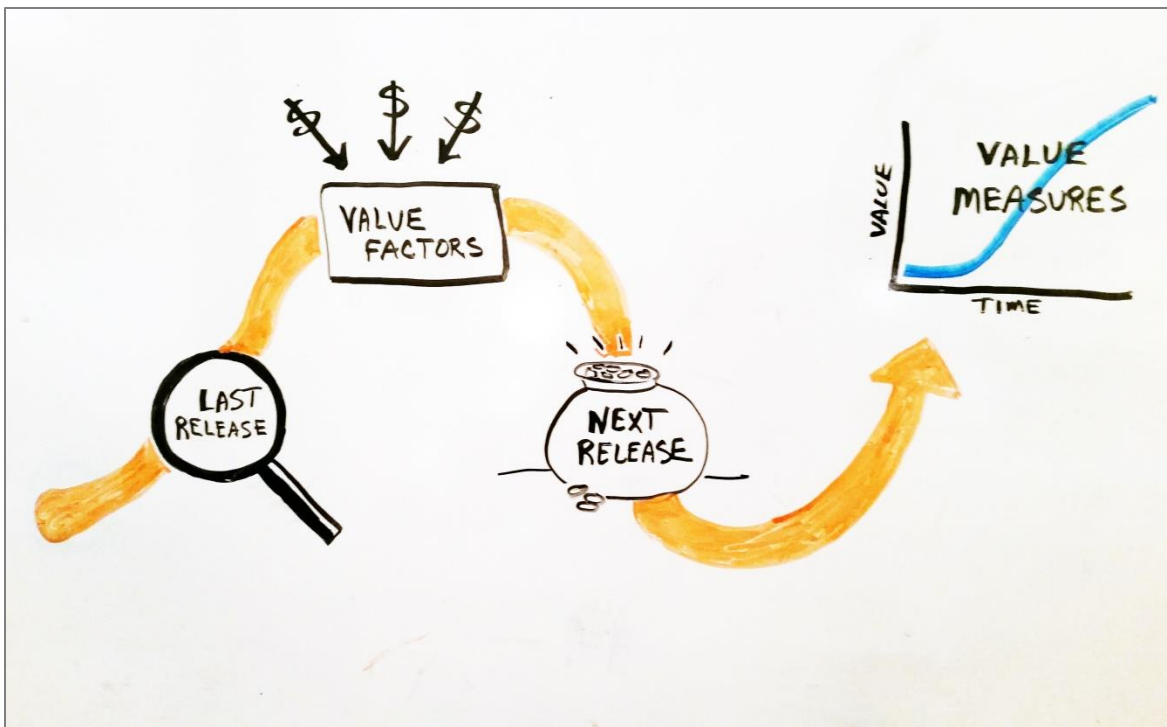
A copy is available at
www.AgileCoachJournal.com

-- Workshop --

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Value Factors in Your Recent Work

Project/Feature:			
<i>Cost</i>	Zero	Low	High

<i>Business Value Delivered:</i>	Negative	Zero	Low
	----- -----		
<i>ROI</i>	Negative	Zero	Low
	----- -----		
Value Factor			Units

Project/Feature:			
<i>Cost</i>	Zero	Low	High

<i>Business Value Delivered:</i>	Negative	Zero	Low
	----- -----		
<i>ROI</i>	Negative	Zero	Low
	----- -----		
Value Factor			Units

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 Factors	Importance (H-M-L)
1.	
2.	
3.	
4.	
5.	
6.	

Development Cost Factors
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:	<i>Clerk Time Saved from Manual Process</i>
Units:	<i>Hours</i>
Baseline:	<i>2 hours per form</i>
Time Frame	<i>3 months</i>
Target Value:	<i>15 min. per form</i>
Measurement Method:	<i>Log processing time</i>
Dollar Conversion:	<i>(base hours - actual hours) * wages/hr * forms processed</i>

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

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:	

Value Factor 3 :	
Units:	
Baseline:	
Time Frame:	
Target Value:	
Measurement Method:	
Dollar Conversion:	

Measurement Methods

Method	Cost (High-Medium-Low)

Value Factor Uses

References

- [Measurable Value with Agile](#) 2009 – Shriver
- [Appropriate Agile Measurement: Using Metrics and Diagnostics to Deliver Business Value](#) 2006 – Hartman and Dymond
- [Adapting Lean Canvas for Portfolio Management](#) 2013 – Swanson
- [Workshop: Defining Business Value 2017](#) – Brown
<http://www.agilecoachjournal.com/2017-04-08/defining-business-value>