

Balancing Your Agile Enterprise

Why establishing a dual operating system with a clear separation of Development and Operational Value Streams is so important.



Ian Spence

SAFe Fellow and Chief Scientist
Ivar Jacobson International

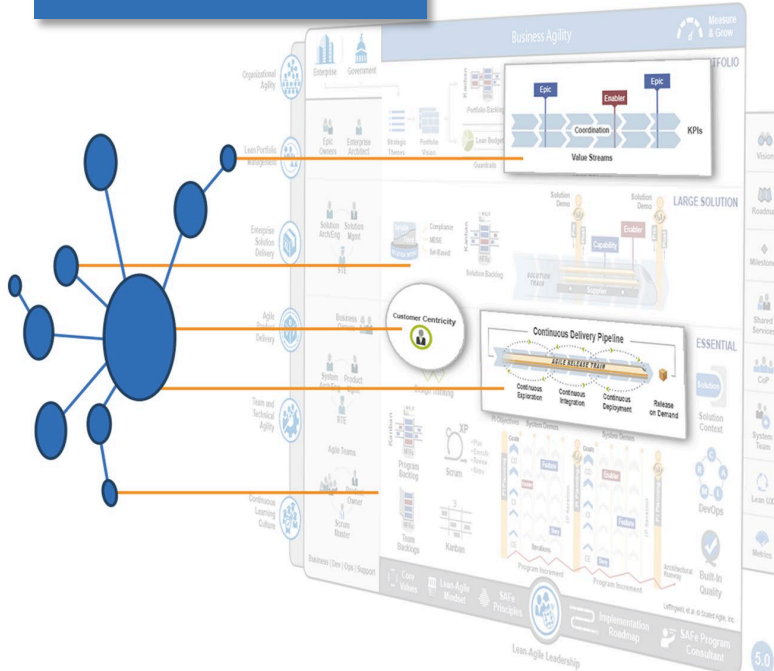


Understanding the Dual Operating System

The background of the slide is a solid dark blue. In the top right corner, there is a white curved line and a small orange triangle. In the bottom right corner, there is a white grid of curved lines that creates a 3D effect, with a small orange triangle at its base.

SAFe version 5 introduces the dual operating system

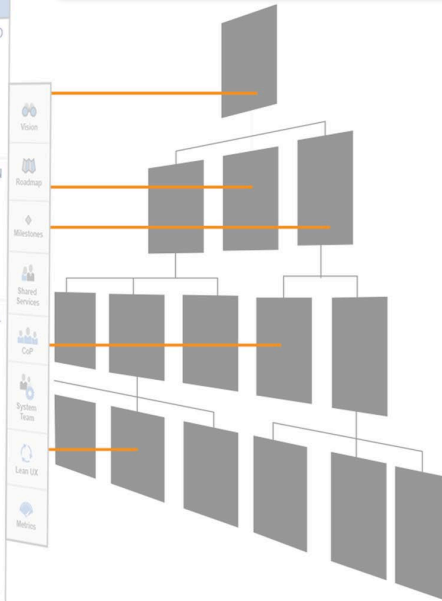
Value Stream Network



Responsibilities:

- Product Development
- Change Agent
- Transformation
- Innovation

Functional Hierarchy



Responsibilities:

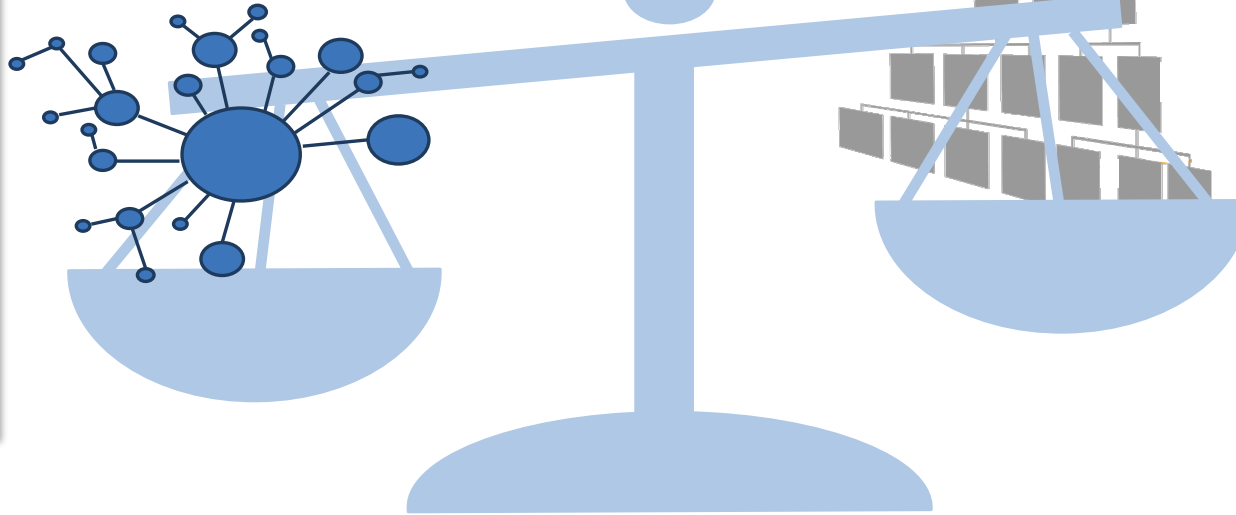
- Fiduciary
- Pay and rations
- Career development
- Legal and compliance
- Billing and Collection
- Hiring and firing

Two aspects of the same thing.

It's all about – balance and a separation of concerns

Value Stream
Network

Functional
Hierarchy



Speed of
Innovation:

- Self organizing
- Constantly changing
- Fast and furious
- Innovative / Experimental
- Fail fast
- Short-term Memory

Efficiency and
stability:

- Standing organization
- Stable
- Slow and steady
- Predictable / Reliable
- Don't fail
- Long-term Memory

All customer-centric, all collaborative, all agile.



Understanding Development and Operational Value Streams

In SAFe we have two kinds of value streams

A Value Stream is the sequence of steps used to deliver value to the customer.

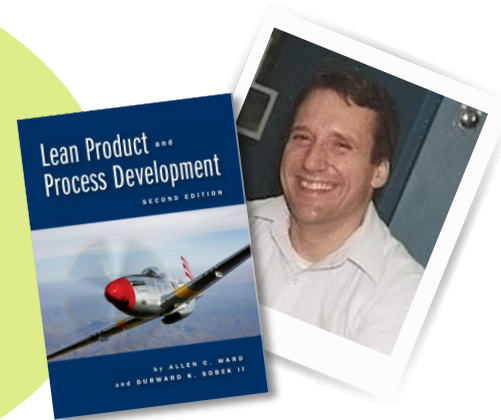
It includes the whole sequence – concept or customer order – to delivery of value and/or receipt of cash
It contains the people who do the work, the systems, and the flow of information and materials

*Development
Value Streams*

*Build the systems and
capabilities that enable
operational value
streams*

*Operational
Value Streams*

*Deliver end
customer value*



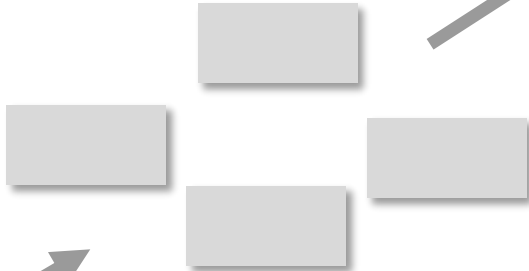
Operational Value Streams are the primary customer of the Development Value Streams
For example: in the book Manufacturing is primary customer of development.

Operational Value Streams are our Customers

Operational Value Stream

How value is created directly for a customer, end to end. Operational Value Streams use software and hardware systems.

Operational Value Streams represent when where and why your customers use the systems you develop.



The systems **used** in the Operational Value Stream, **developed and operated** by the Development Value Stream.



Development Value Streams:

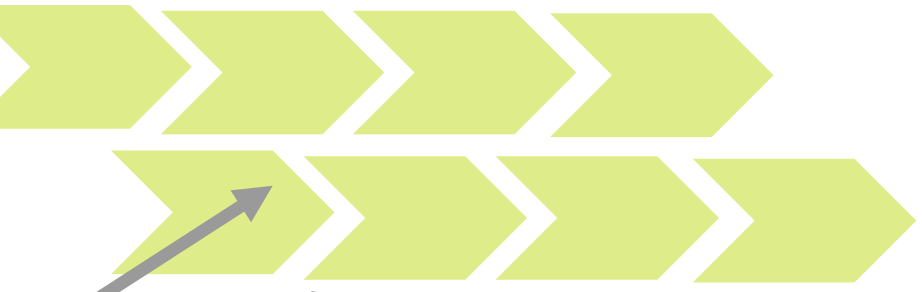
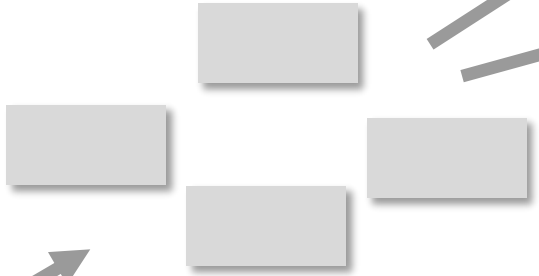
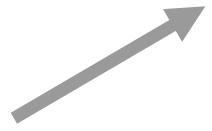
Enable, and support, the operational value streams. The value they create may be direct (licenses or subscriptions from customers) or indirect (supporting internal processes).

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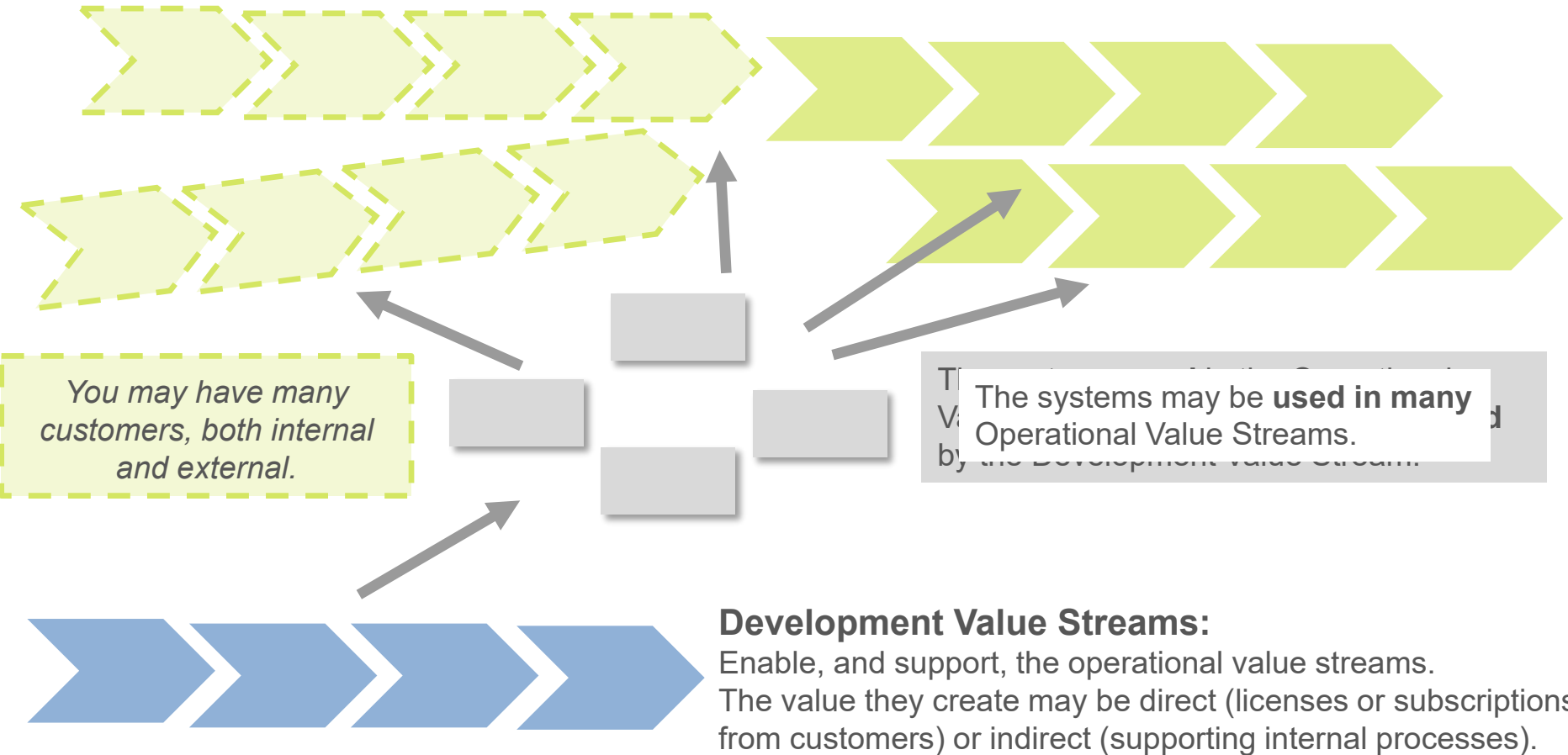


The systems may be used in many Operational Value Streams by the Development Value Stream.

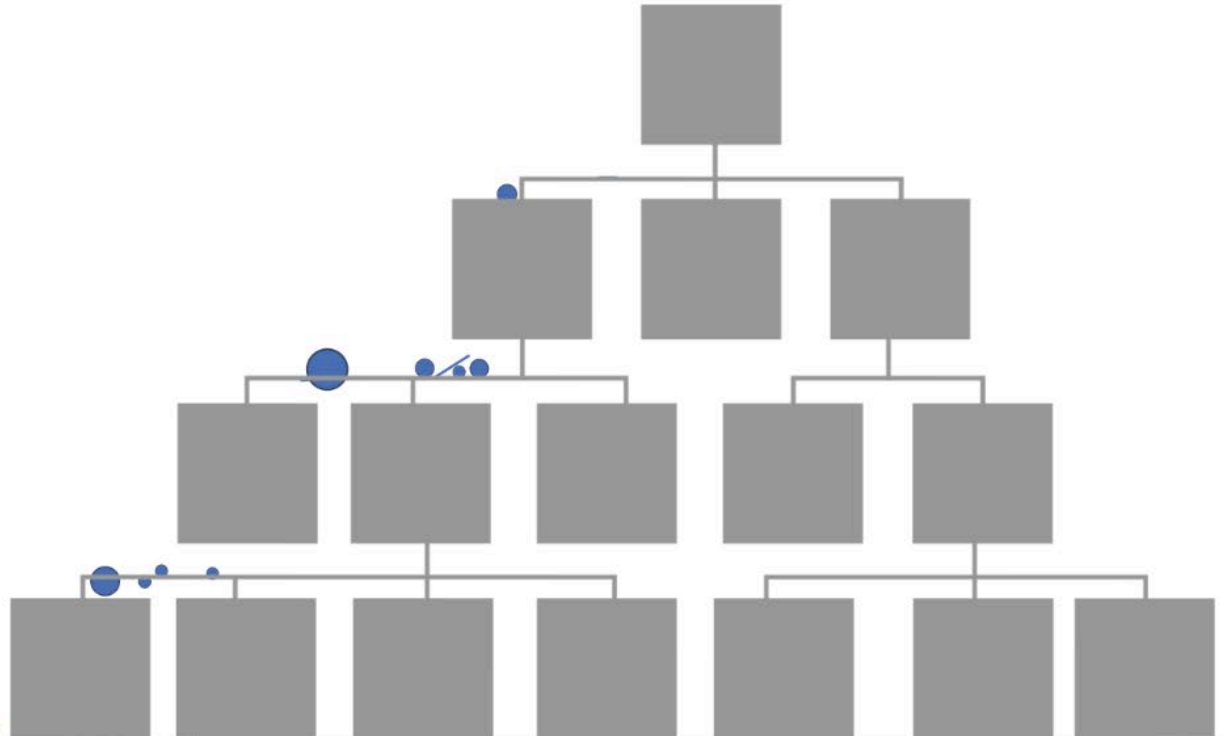
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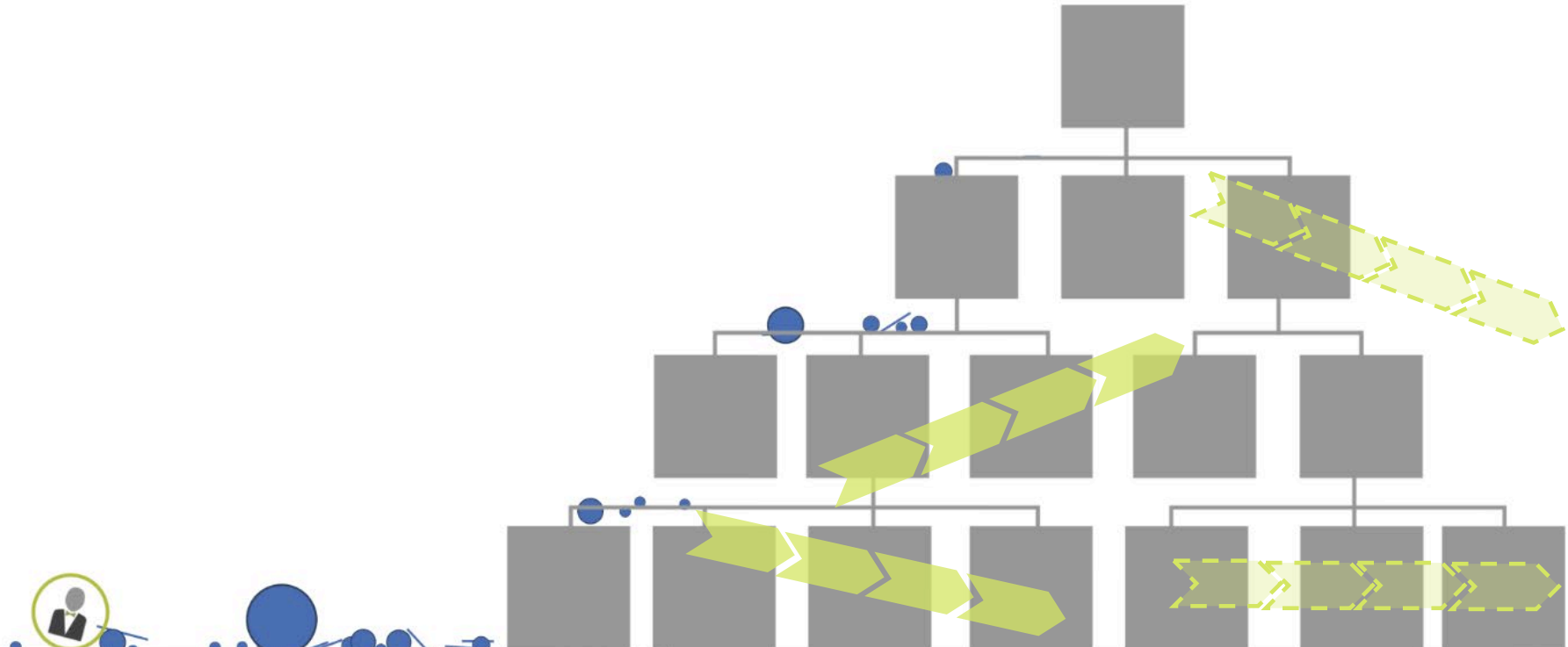
Operational Value Streams are our Customers



Sometimes the hierarchy destroys the 'value stream network'



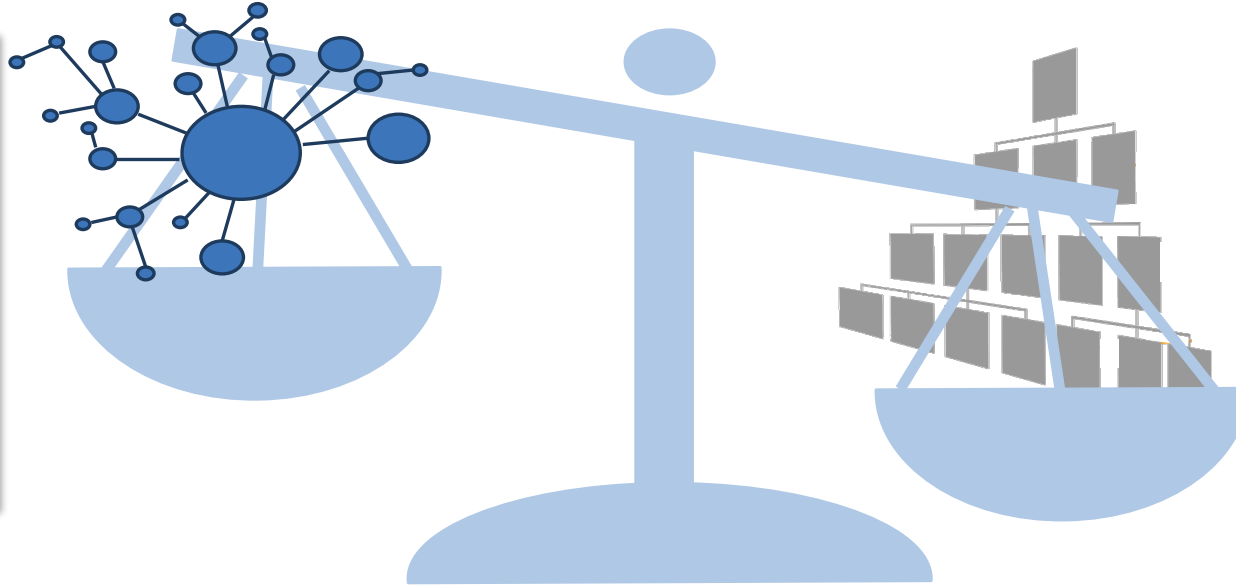
But operational value streams are not optional



It's all about – balance and a separation of concerns

Value Stream
Network

Functional
Hierarchy



Speed of
Innovation:

- Self organizing
- Constantly changing
- Fast and furious
- Innovative / Experimental
- Fail fast
- Short-term Memory

Efficiency and
stability:

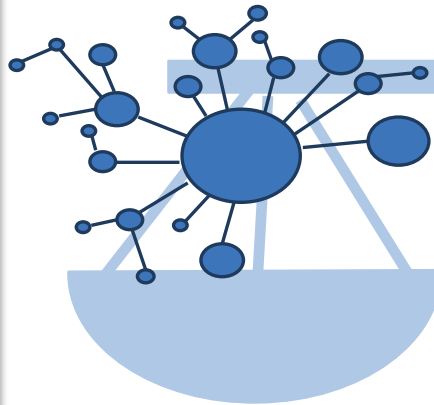
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All customer-centric, all collaborative, all agile.

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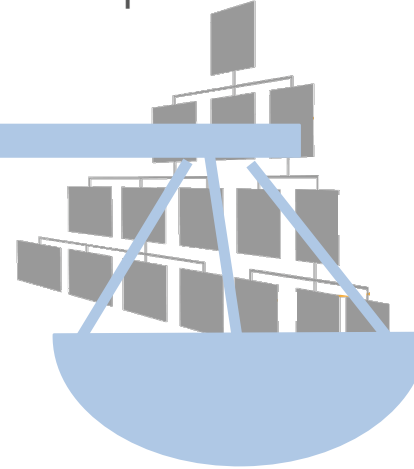
Value Stream Network

(of development value streams)



Functional Hierarchy

(with the local operational value streams)



Speed of Innovation:

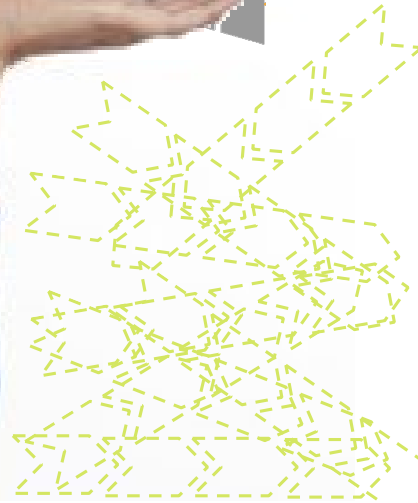
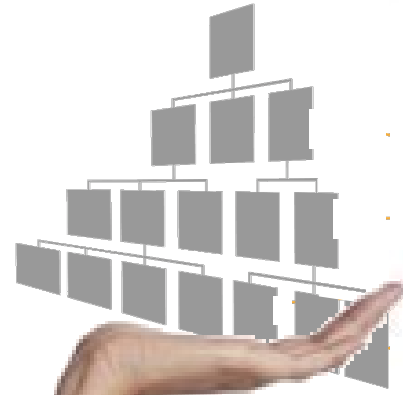
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Efficiency and stability:

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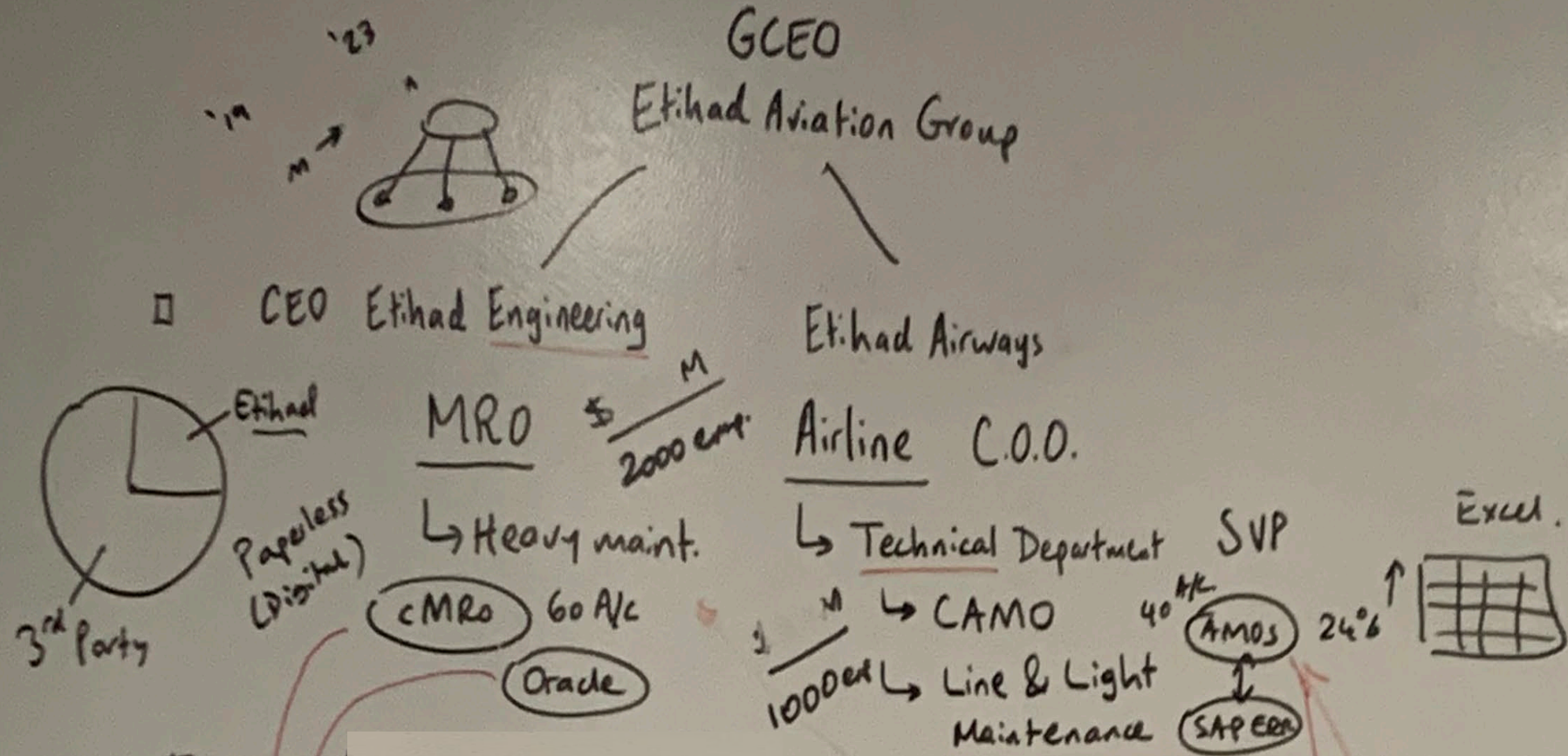
Why aren't OVS in our network?



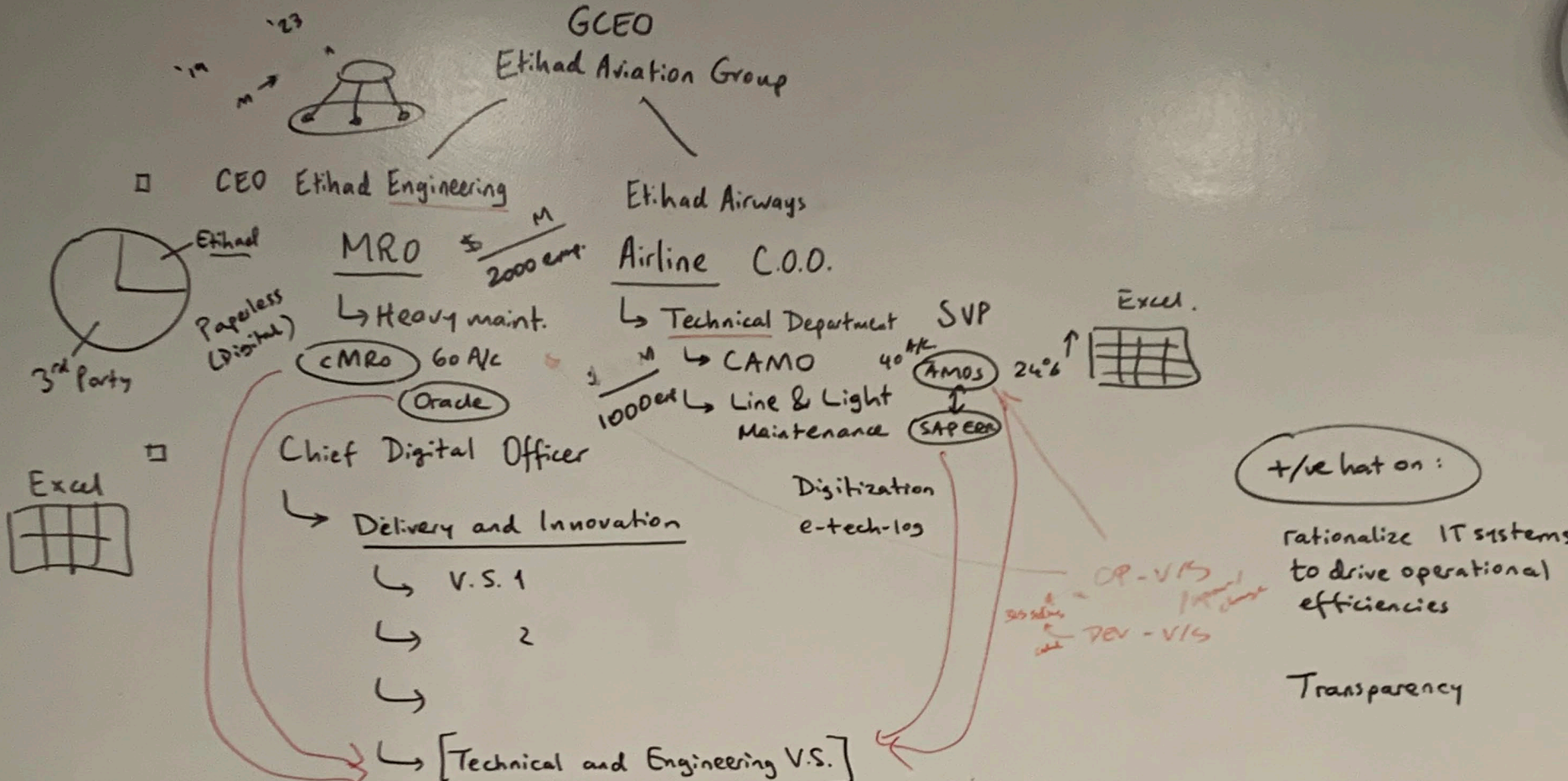
The background is a solid dark blue. In the top right corner, there is a white curved line and a small orange triangle pointing downwards. In the bottom right corner, there is a white curved line and a small orange triangle pointing upwards. The bottom half of the image features a complex pattern of white wavy lines that create a grid-like effect, with the lines curving and intersecting to form a mesh that tapers towards the right.

Creating a sustainable network
that will change your business

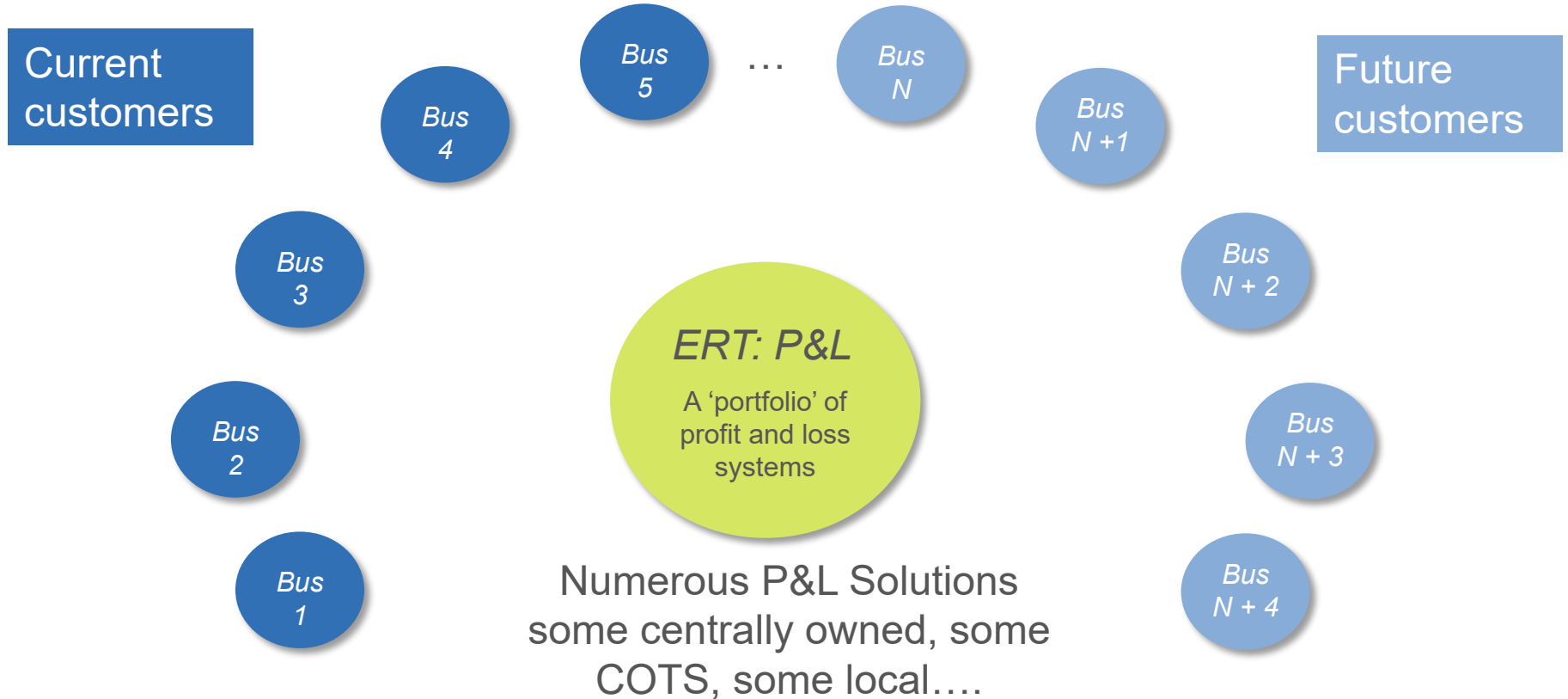
A Real-Life Example 1: Airplane Maintenance



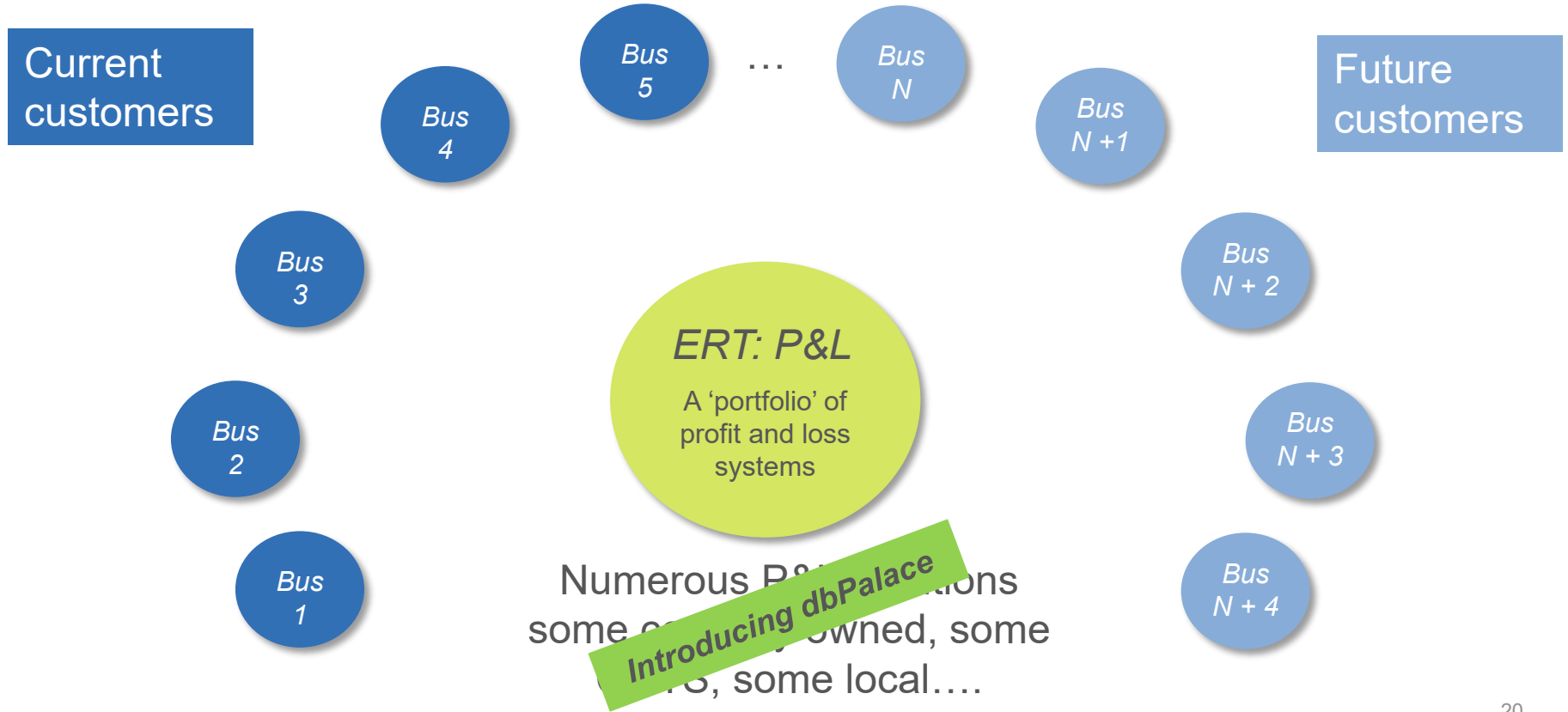
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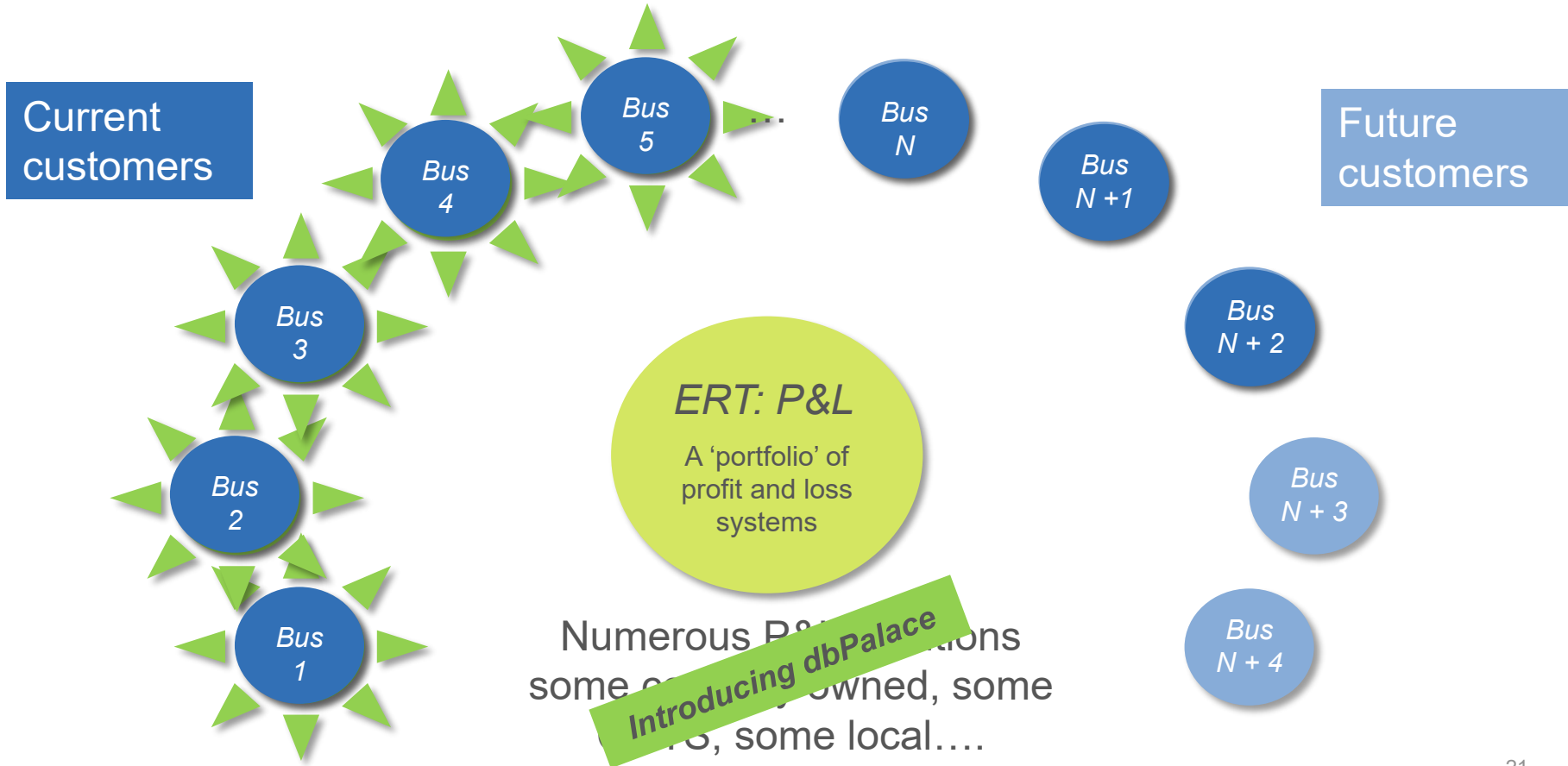
Real Life Example 2: Standardizing Profit and Loss



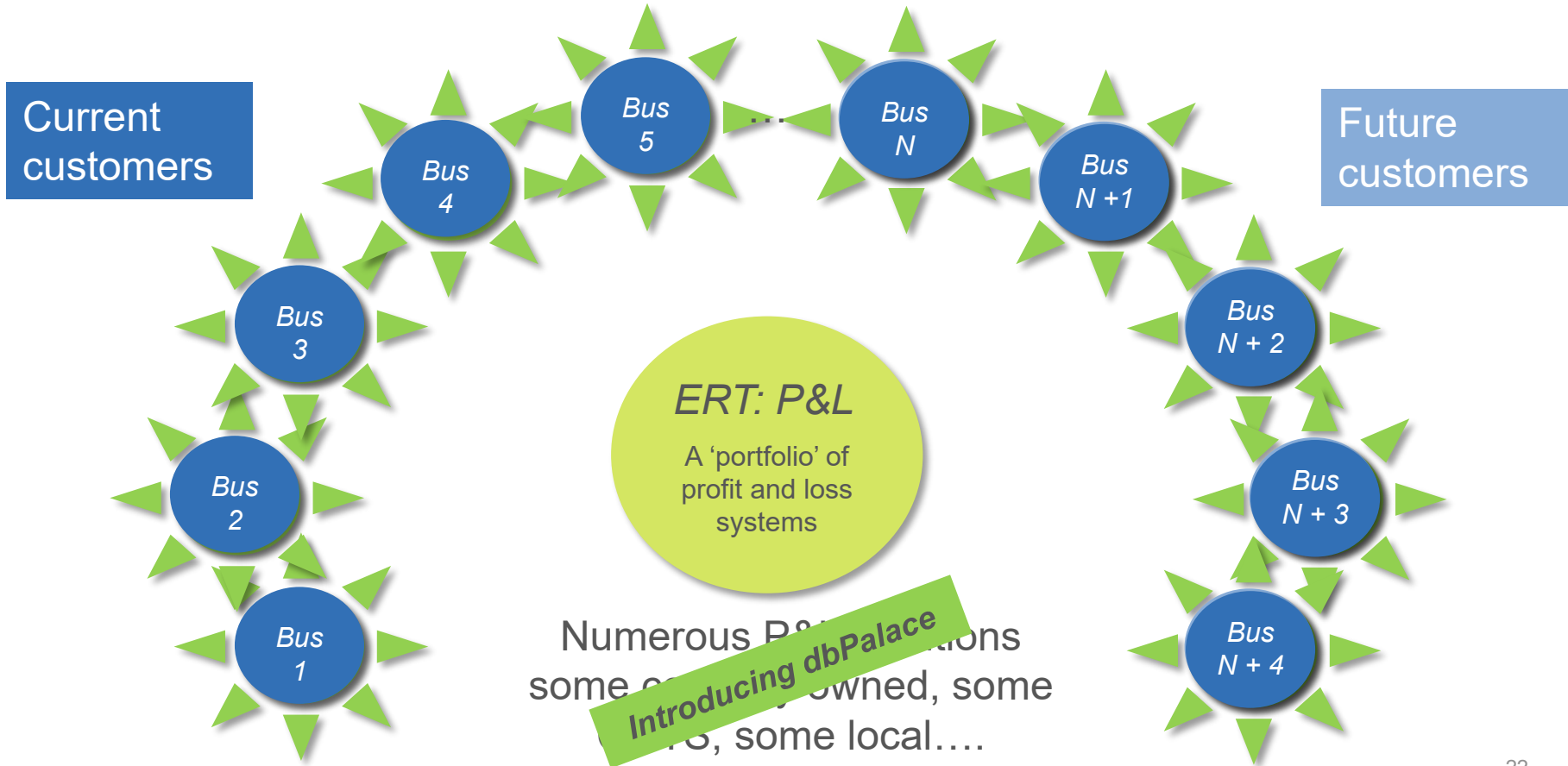
Real Life Example 2: Standardizing Profit and Loss



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Inspect and adapt for new opportunities

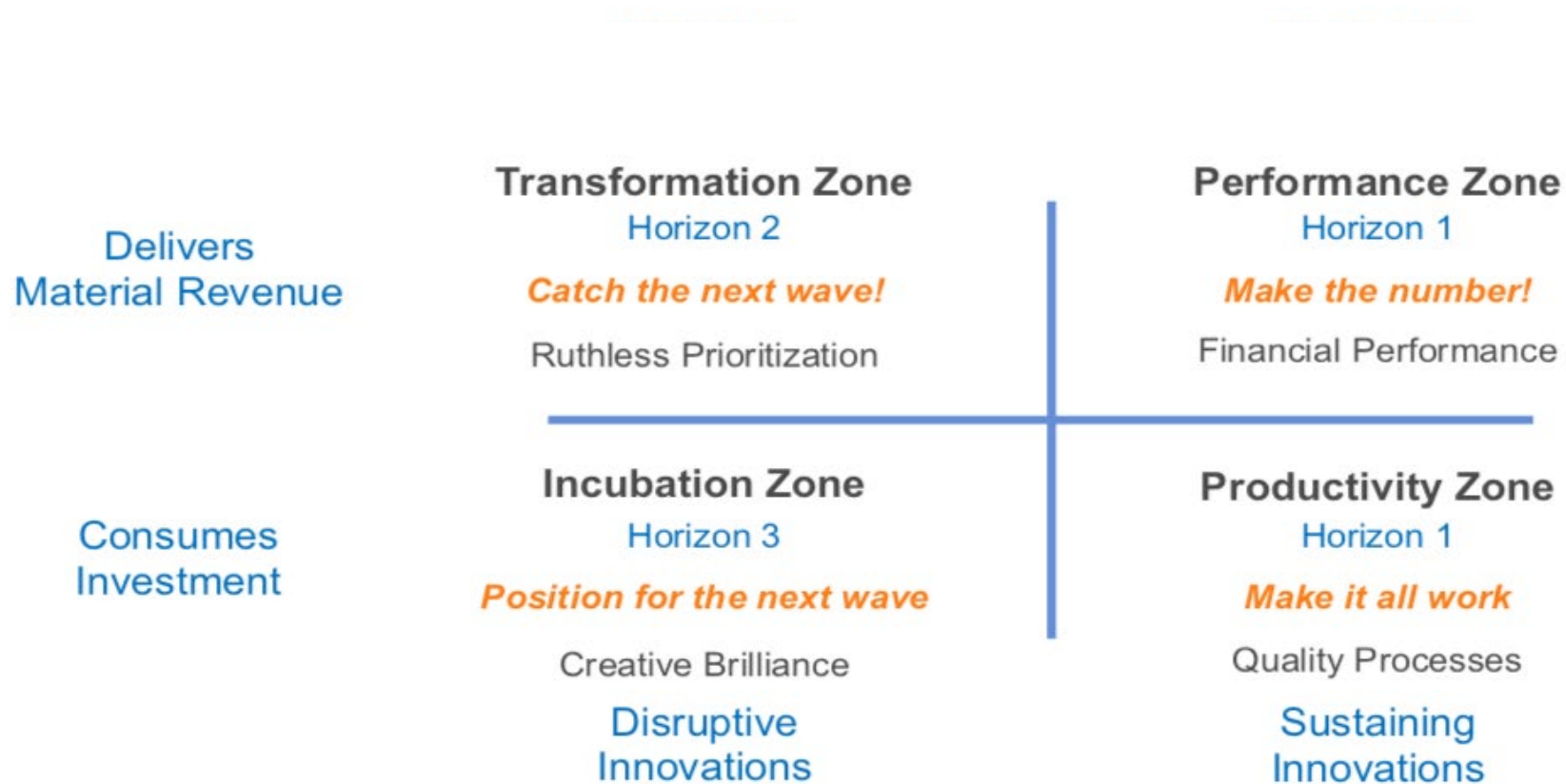
The Amazon logo, featuring the word "amazon" in a white, lowercase, sans-serif font. Below the text is a curved orange arrow that starts under the letter 'a' and ends under the letter 'n', pointing to the right.

The Strange Case of Amazon Web
Services

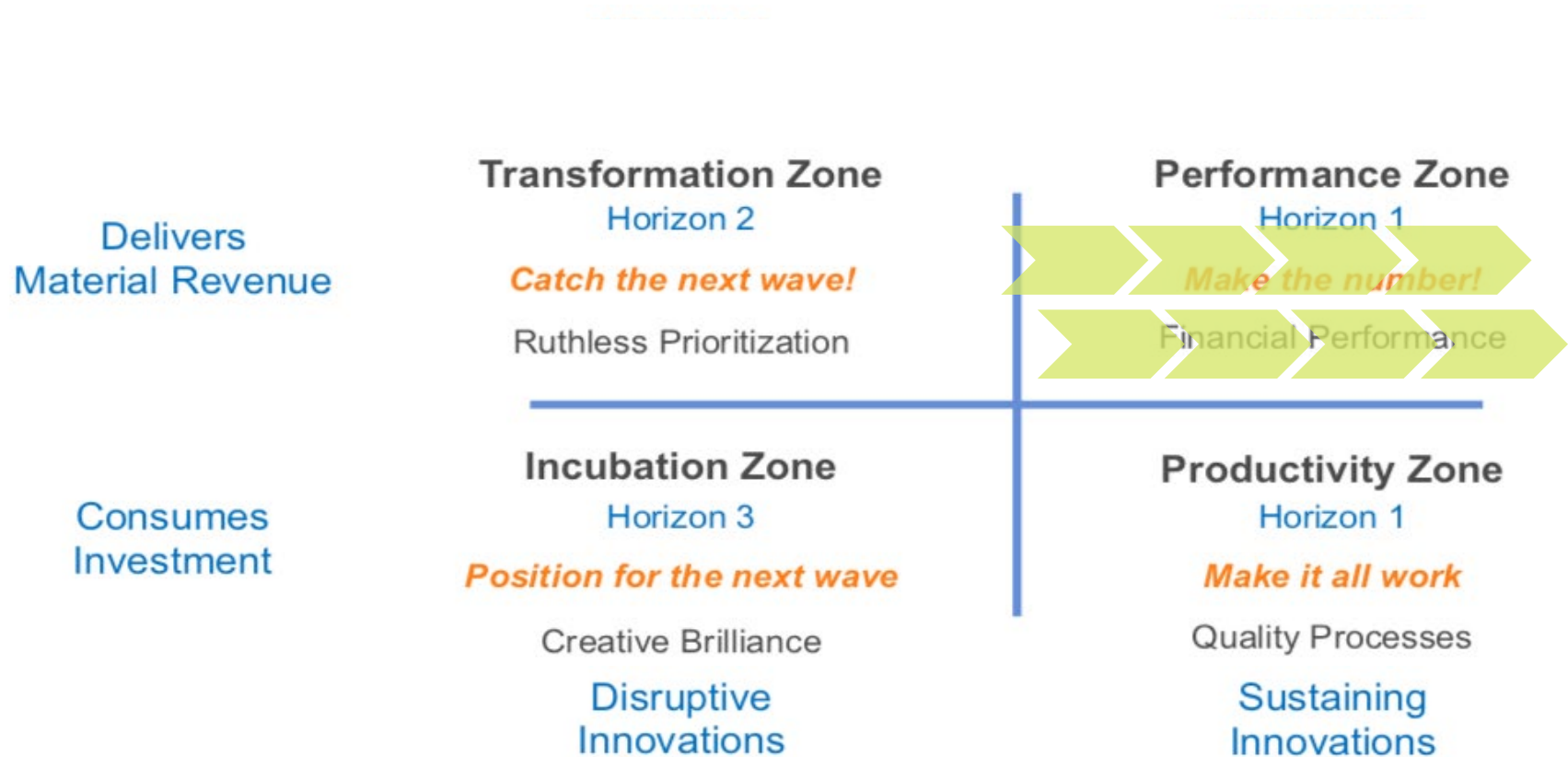
Handling disruptive innovations

The image features a dark blue background with white, wavy, grid-like lines that create a sense of depth and movement. Two small orange triangles are positioned on the right side, one near the top and one near the bottom, pointing towards the center. The overall aesthetic is modern and professional.

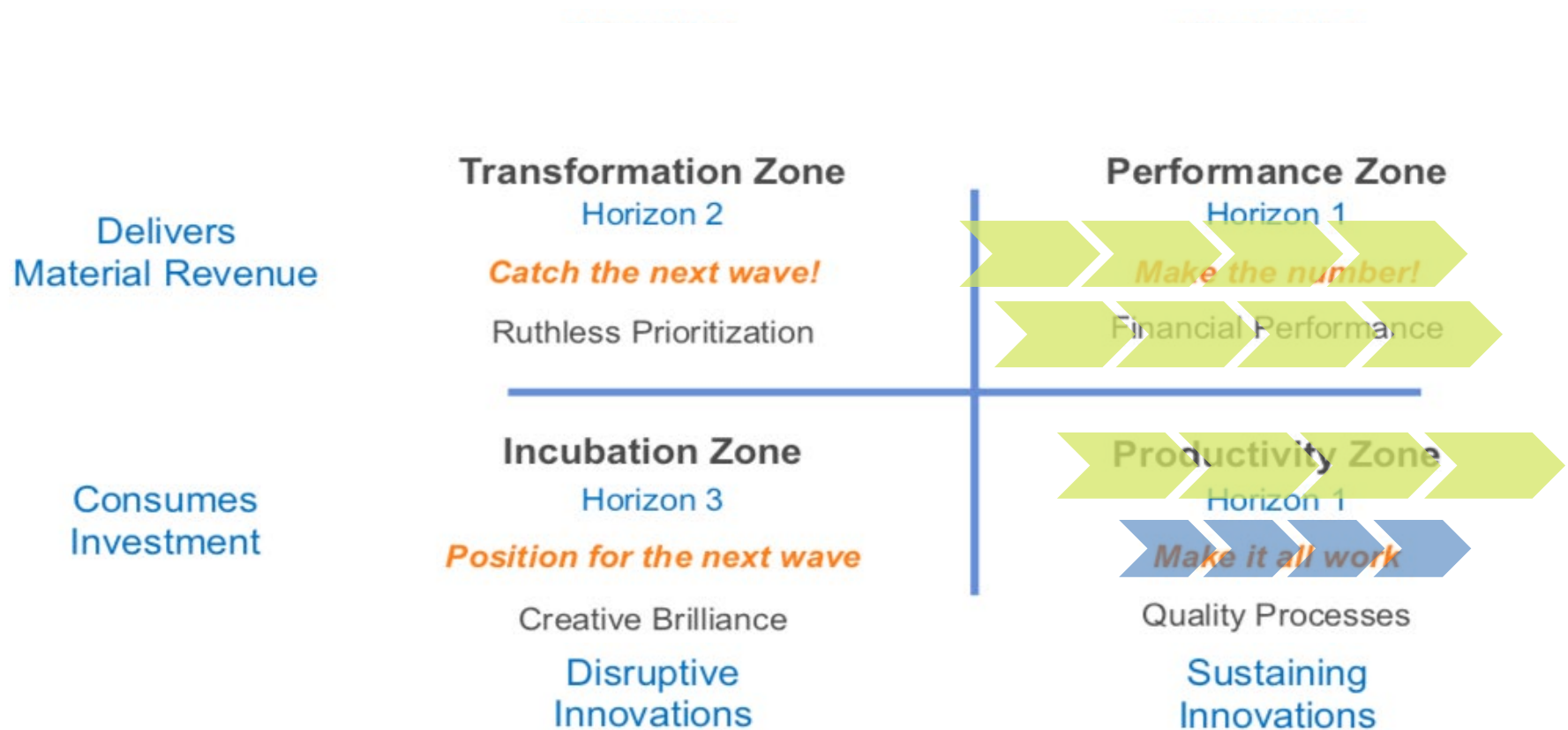
Zone to Win



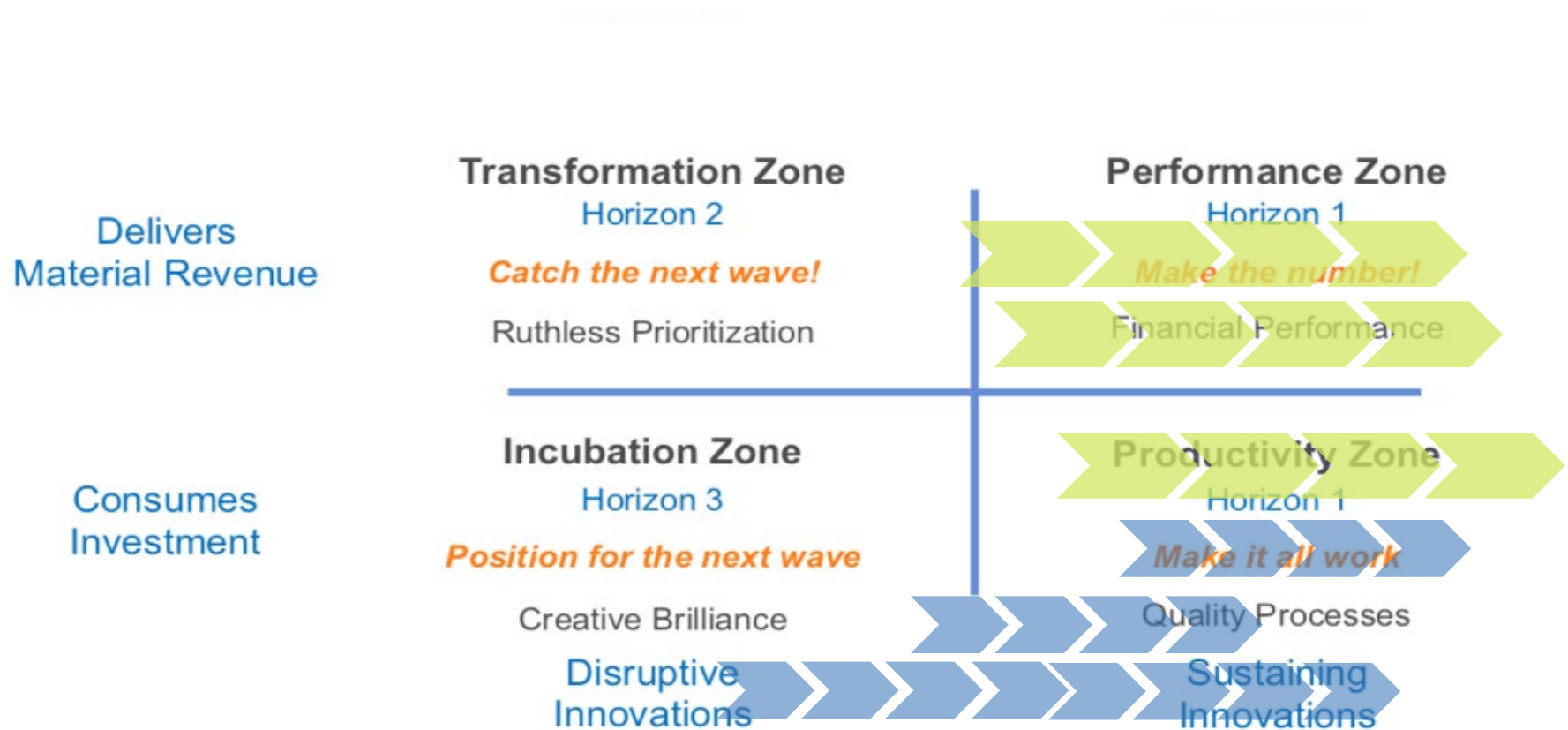
Zone to Win: Where are our value streams?



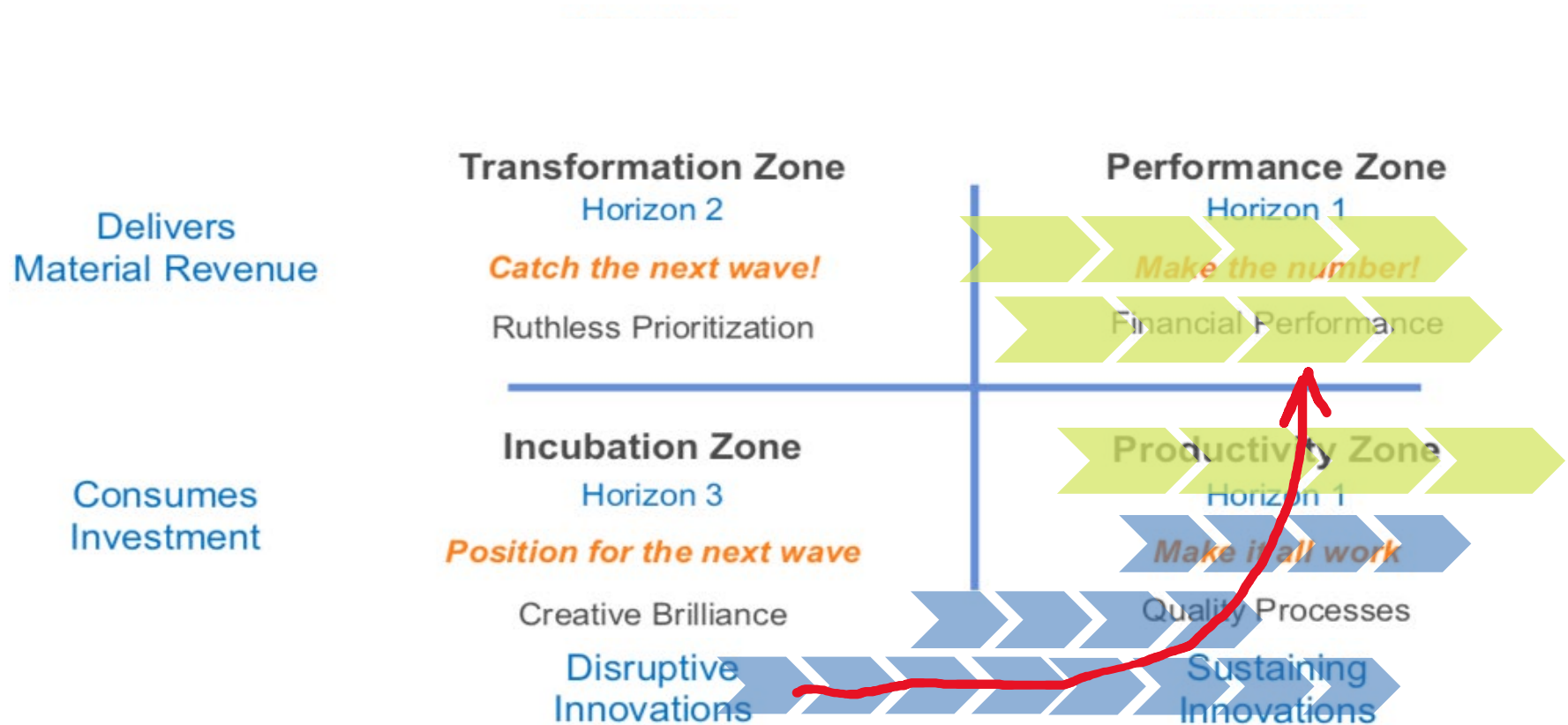
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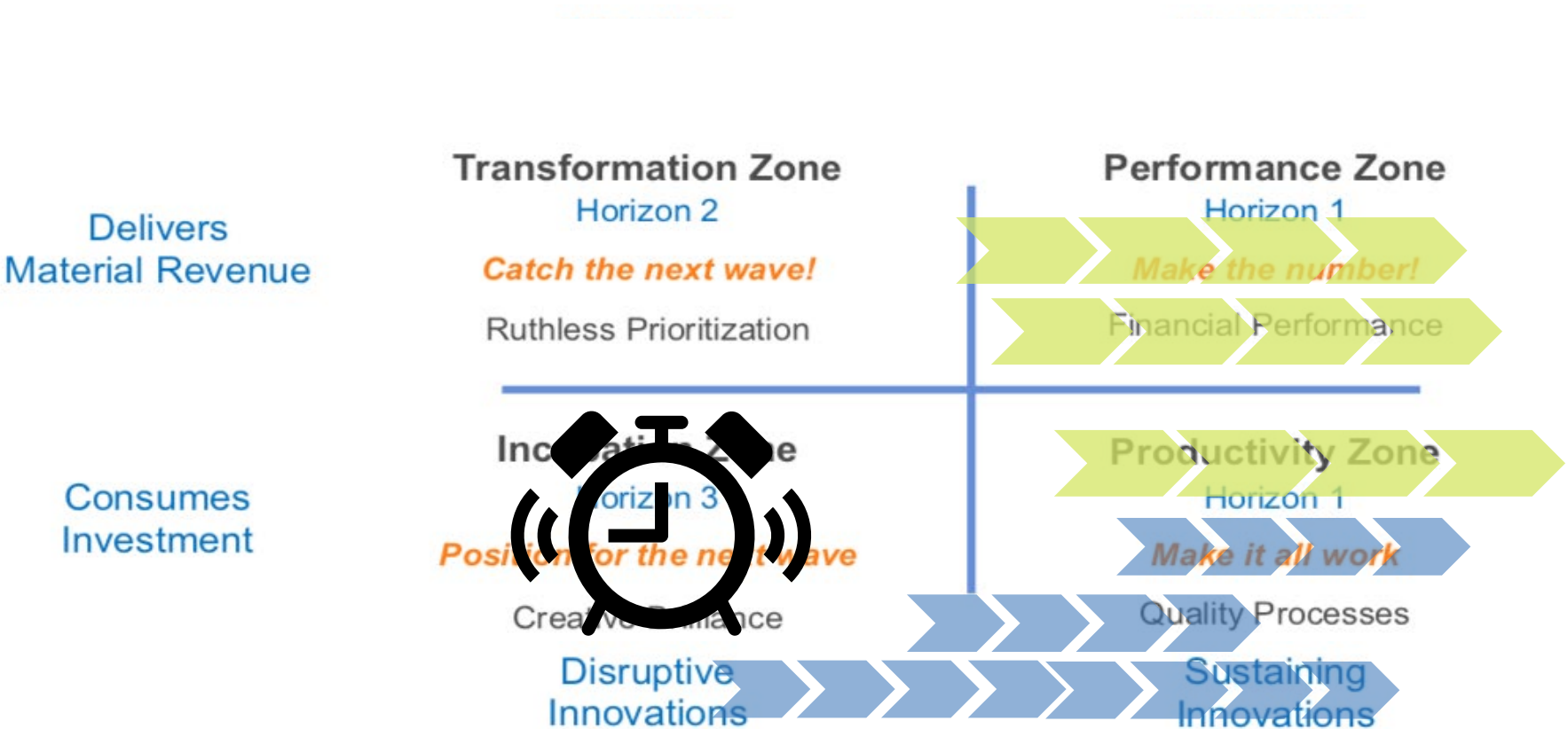
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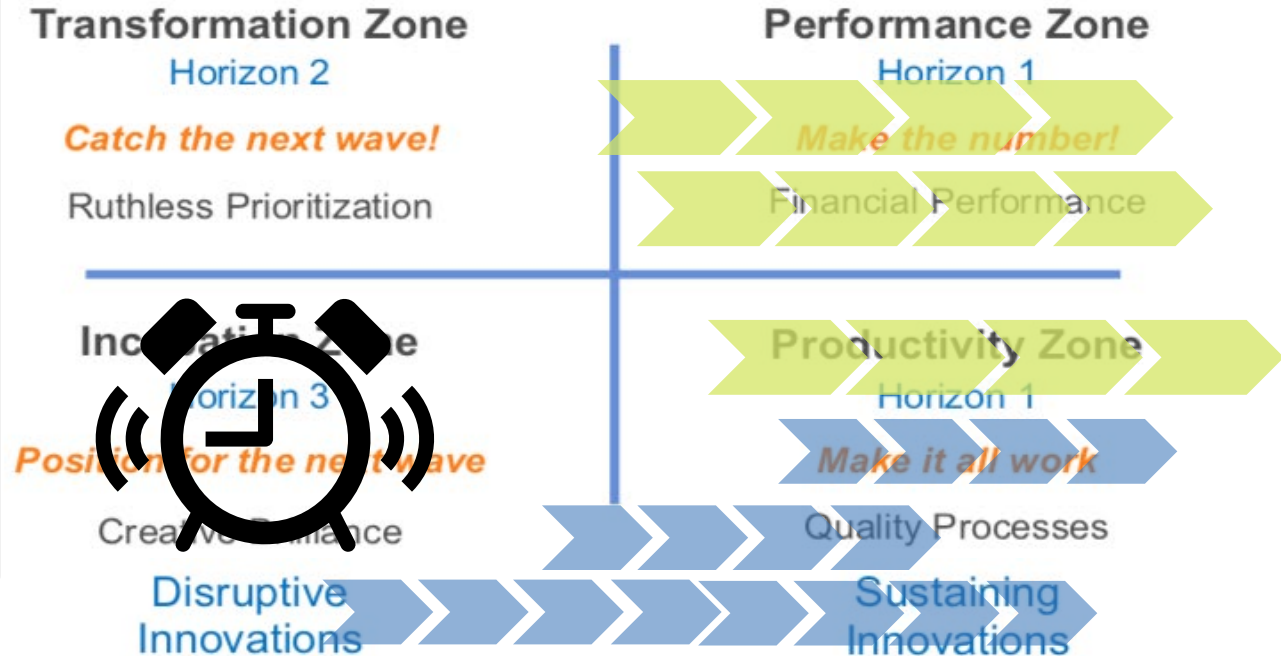
Zone to Win: Handling Disruptive Innovations



Zone to Win: Handling Disruptive Innovations

5 Routes Out:

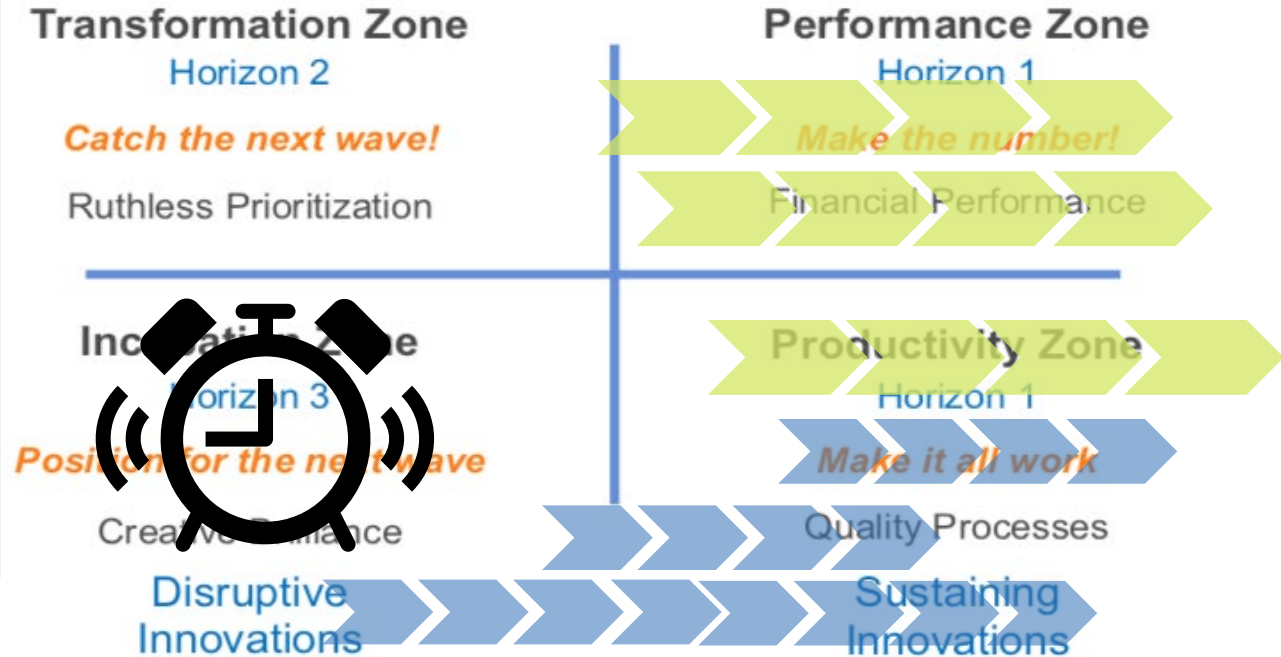
1. Create a new operational value Stream
2. Change Everything
3. Create a new business
4. Sell It
5. Shut it down



Zone to Win: Handling Disruptive Innovations

5 Routes Out:

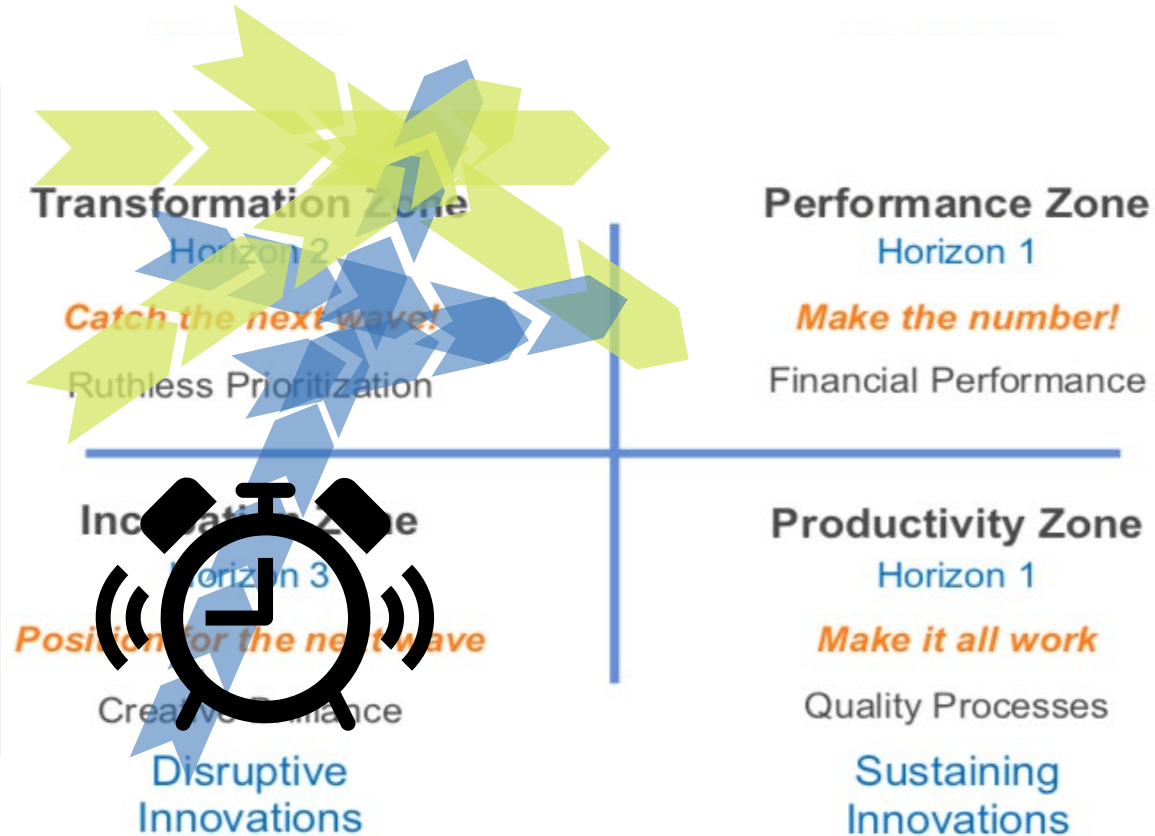
1. Create a new operational value Stream
2. **Change Everything**
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Zone to Win: Disrupting yourself is harder than disrupting others

5 Routes Out:

1. Create a new operational value Stream
2. **Change Everything**
3. Create a new business
4. Sell It
5. Shut it down



Wrap Up

The slide features a dark blue background. The top and bottom sections are solid blue, while the middle section is white. The bottom blue section contains a complex pattern of white, wavy, overlapping lines that create a grid-like effect. Two small orange triangles are positioned on the slide: one in the top right corner and another in the bottom center.

Summary: Operational and Development Value Streams

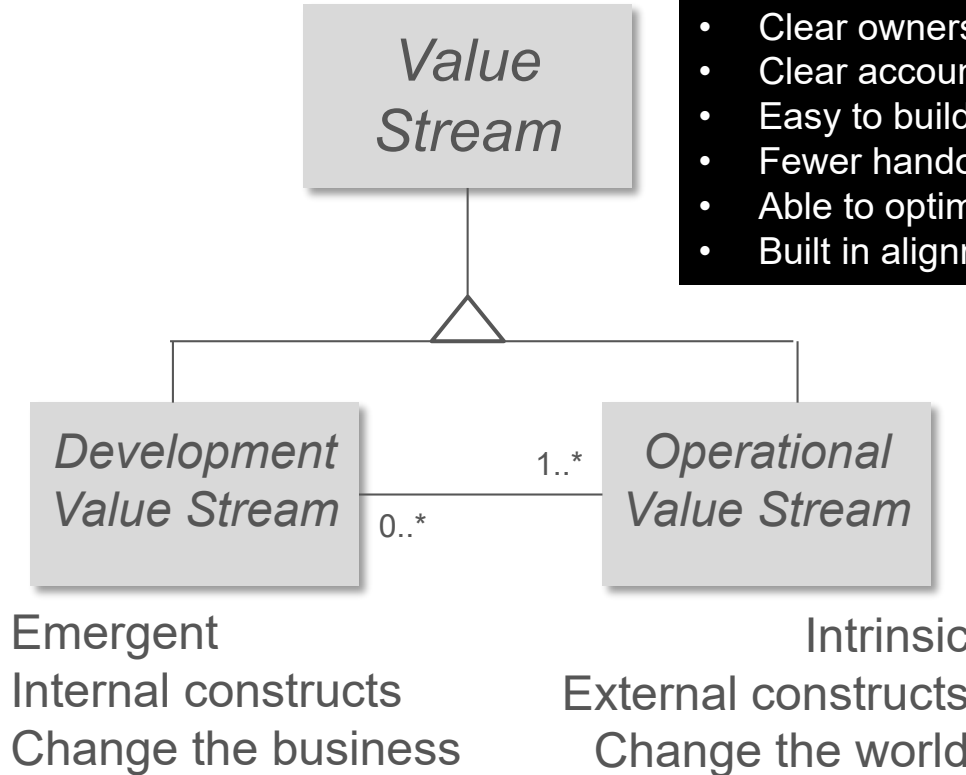
#10 SAFe® Principle: Organize around value

...to deliver quickly and sustainably whilst seamlessly adapting to new opportunities.

Our goal is to deliver value with the shortest sustainable lead-time, whilst continuously sensing and responding to the changing needs of our customers. To do this we must organize around value and place the customer at the heart of everything we do.

"There is only one boss. The customer. And he can fire everybody in the company ... by spending his money somewhere else." SAM WALTON

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Good value streams have:

- Clear ownership
- Clear accountability
- Easy to build in quality.
- Fewer handoffs
- Able to optimise the whole
- Built in alignment

So why all the fuss? Why is the separation so important?

Development Value Streams Change the Business

- ▶ One instance of each
 - inside your organization
- ▶ One way of working
 - Agile product development
 - High levels of commonality
 - People / products easy to re-purpose
- ▶ Easy to change
- ▶ Should be in the innovation and / or productivity zone

Operational Value Streams Change the World

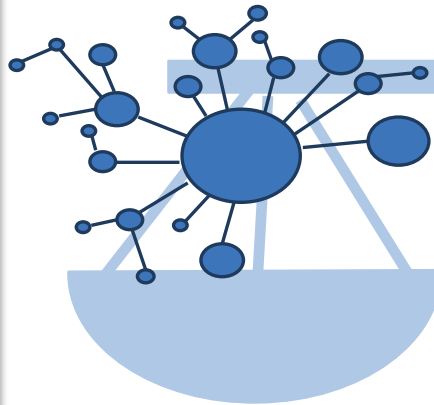
- ▶ Many instances of each
 - can be out-side your organization
- ▶ Many ways of working
 - Lean “whatever”
 - Low levels of commonality
 - People / products hard to repurpose
- ▶ Hard to change
- ▶ Should be in the performance zone

When operational and development value streams merge you end up with an operational value stream.

It's all about – balance and a separation of concerns

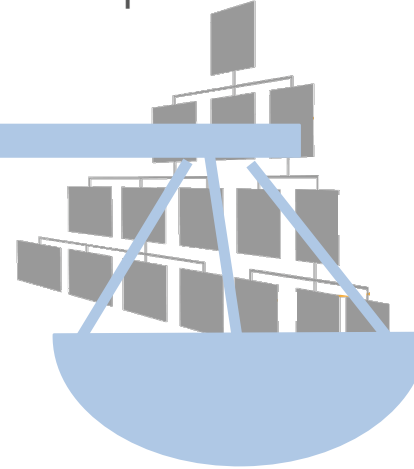
Value Stream
Network

(of development value streams)



Functional
Hierarchy

(with the local operational value streams)



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Efficiency and
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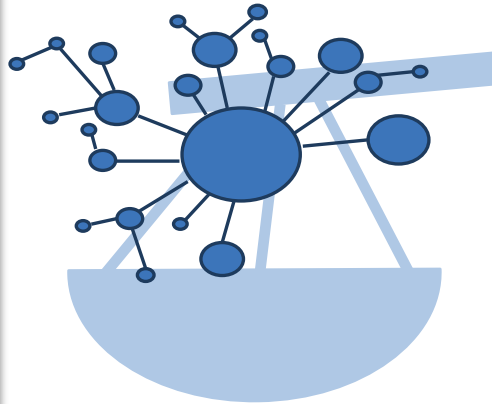
- Standing organization
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All customer-centric, all collaborative, all agile.

And achieving perfect harmony

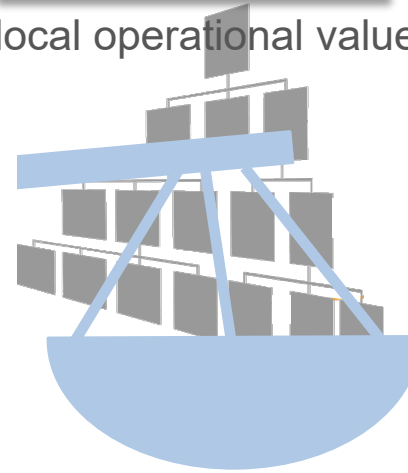
Value Stream Network

(of development value streams)



Functional Hierarchy

local operational value streams



True Partnership

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Final thoughts

▶ Keep them separate

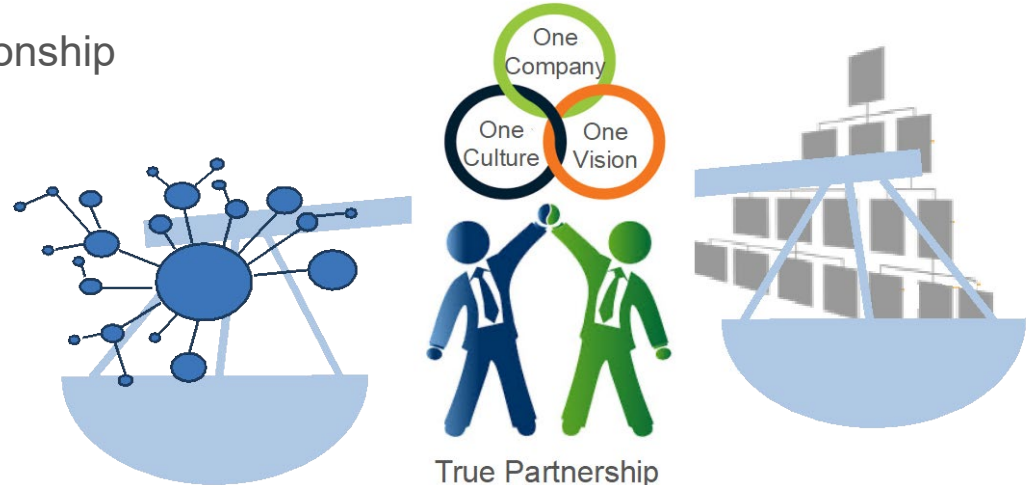
- Use the separation to enable the creation of the dual operating system
- Free the network - liberate the development value streams from the tyranny of the functional hierarchy and the operational value streams

▶ Establish a true partnership

- Don't accept a hierarchical relationship
- Are you a supplier or a partner?
- Don't do a hostile takeover

▶ Development Value Streams

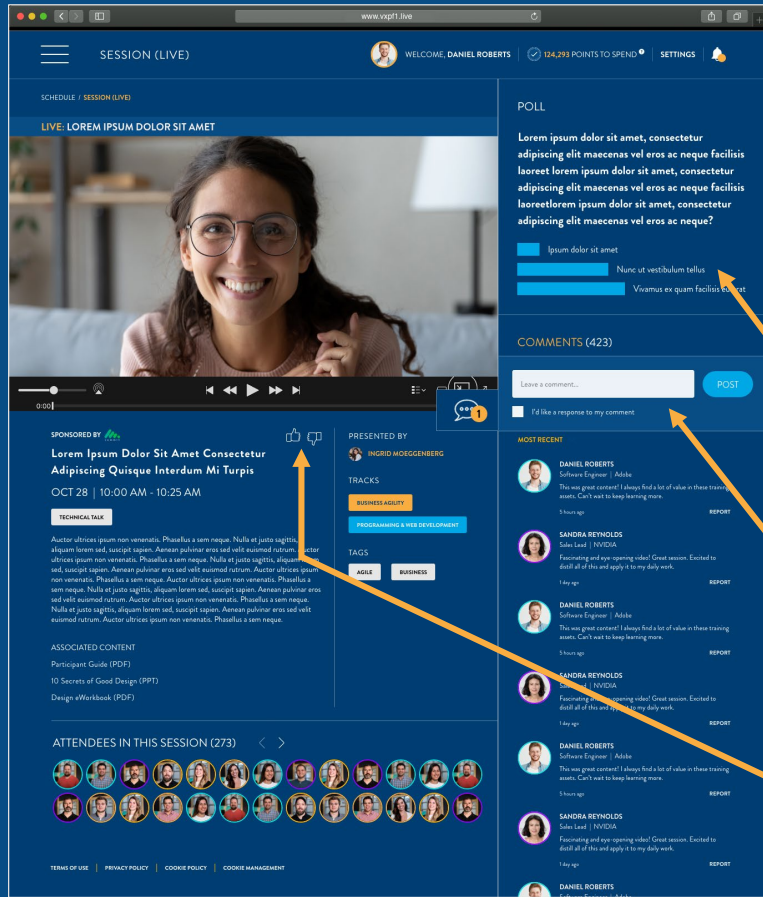
- Look for more customers
- Think beyond technology



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Please refer to the agenda for scheduled times



Participate in polling, post comments, and rate sessions

1

Polling

2

Comment

3

Thumbs up or down

Thank you!