Balancing Your Agile Enterprise

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

SAFe SUMMIT
October 27-28, 2020

CHAT WITH ME LIVE DURING SESSION

Ian Spence

SAFe Fellow and Chief Scientist

Ivar Jacobson International

Understanding the Dual Operating System

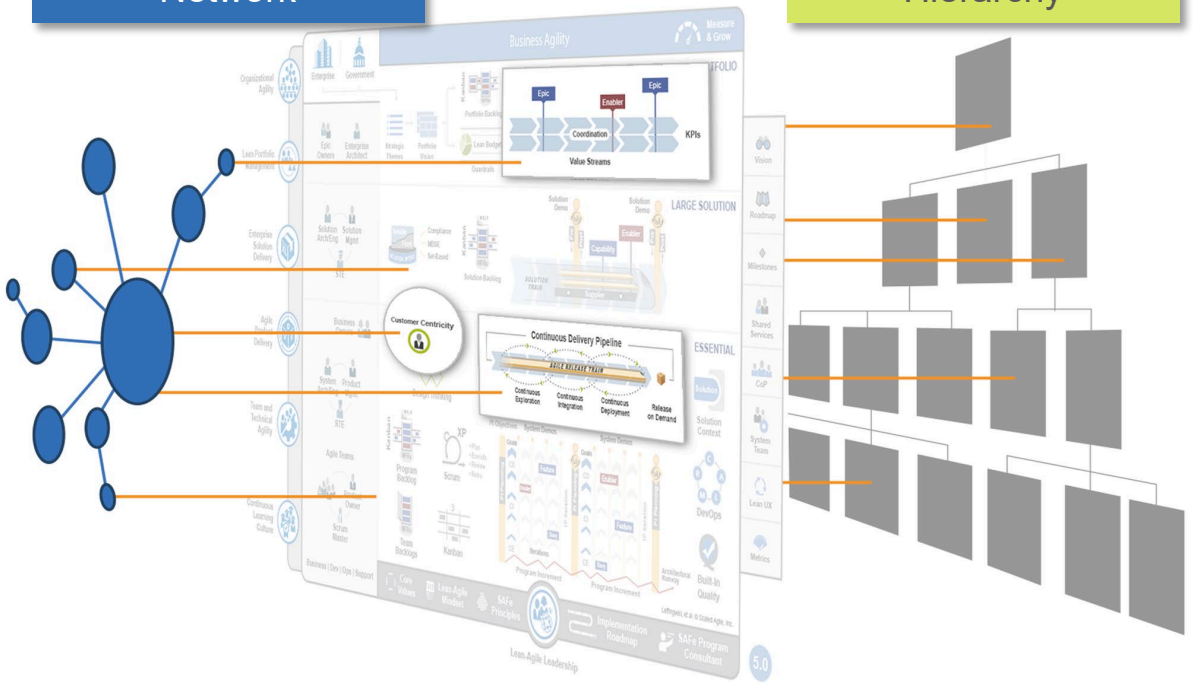
SAFe version 5 introduces the dual operating system

Value Stream Network

Functional Hierarchy

Responsibilities:

- *Product Development*
- *Change Agent*
- *Transformation*
- *Innovation*



Responsibilities:

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

Two aspects of the same thing.

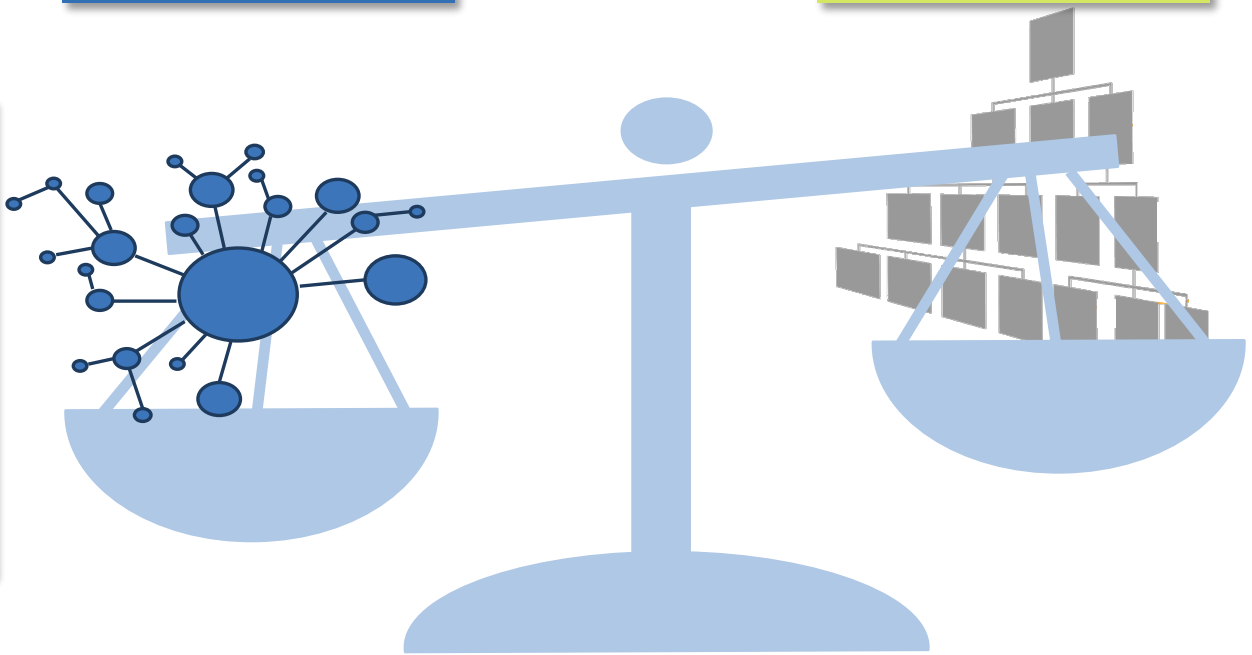
It’s all about – balance and a separation of concerns

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

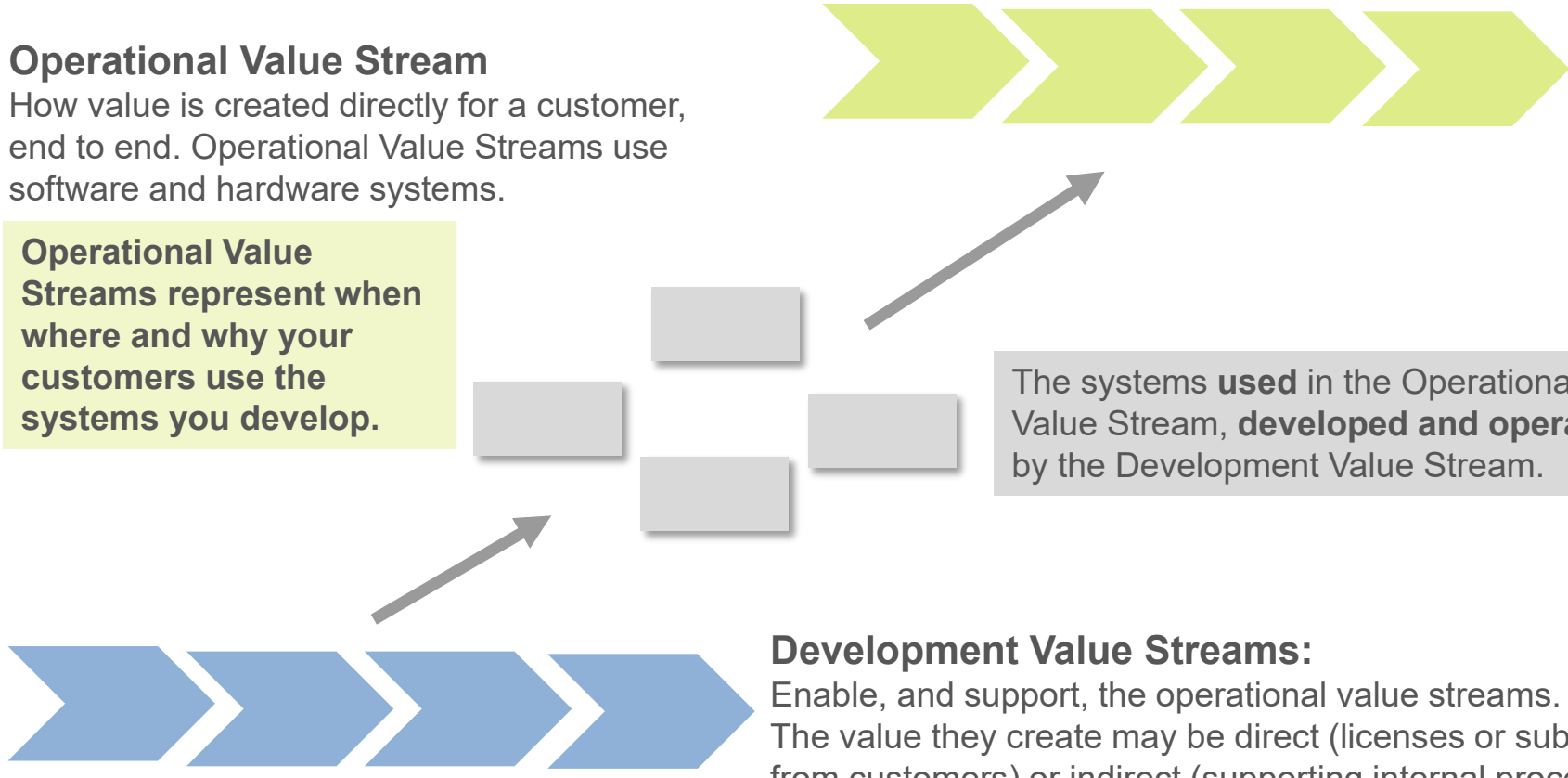
Deliver end customer value

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.



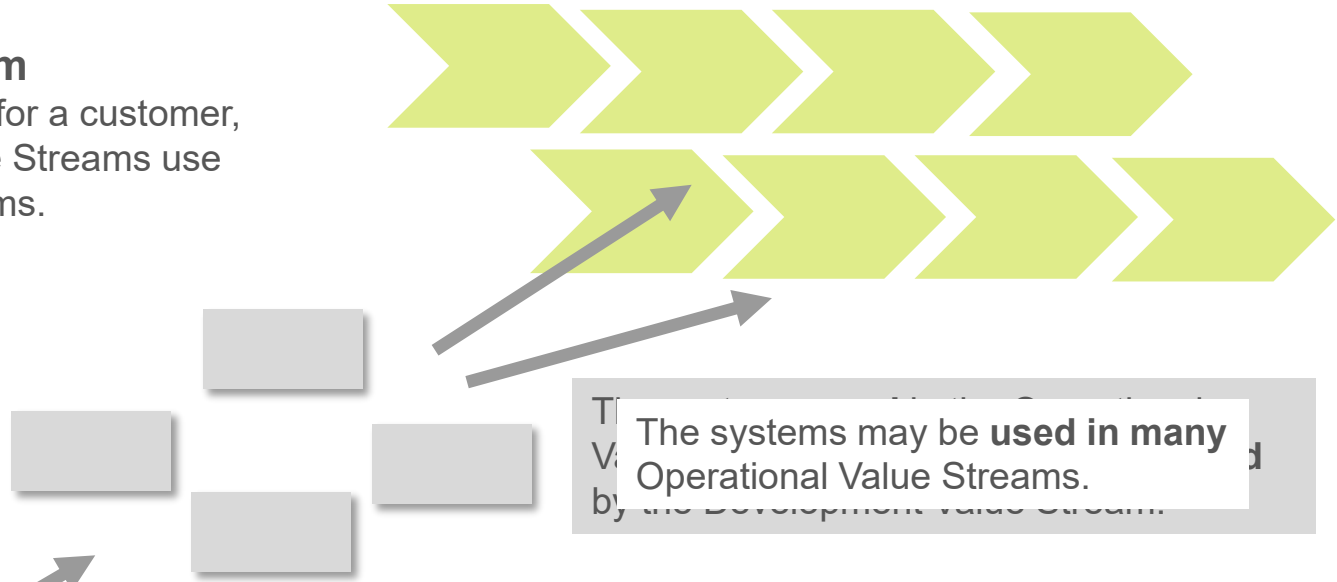
The systems **used** in the Operational Value Stream, **developed and operated** by the Development Value Stream.

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).

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.

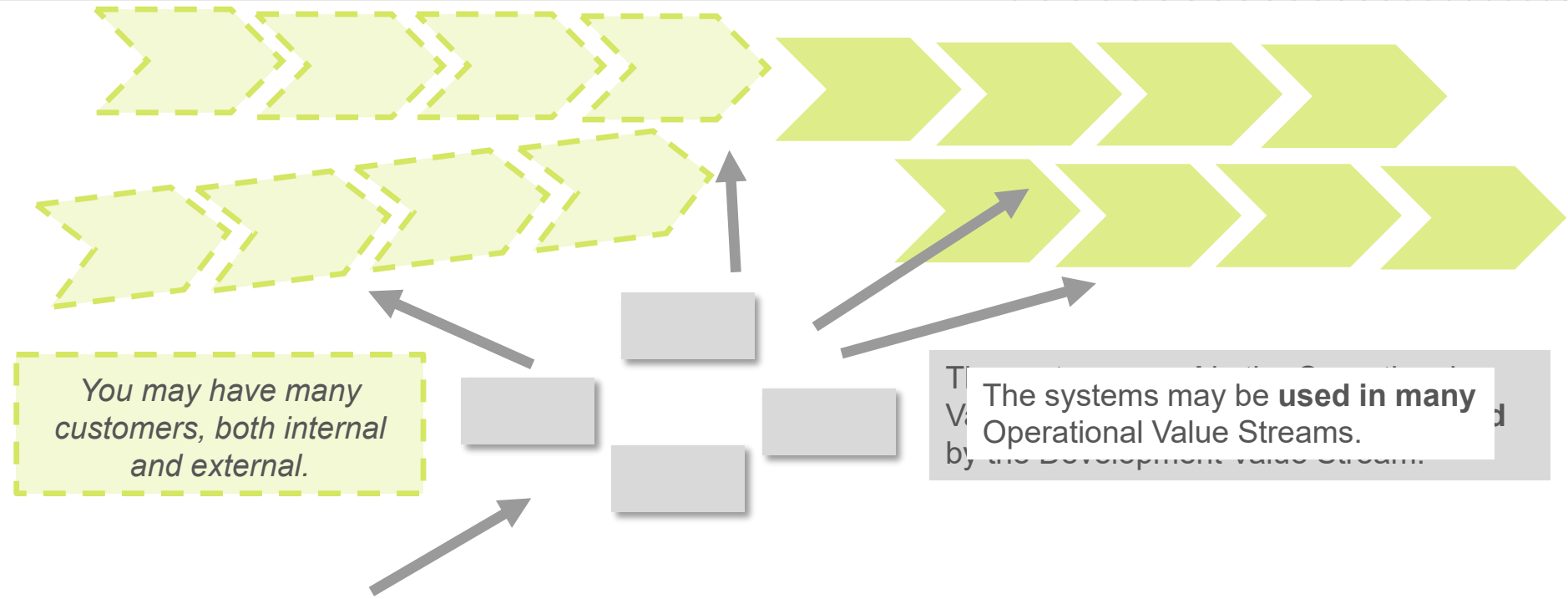
Operational Value Streams represent when where and why your customers use the systems you develop.



The systems may be **used in many** Operational Value Streams.

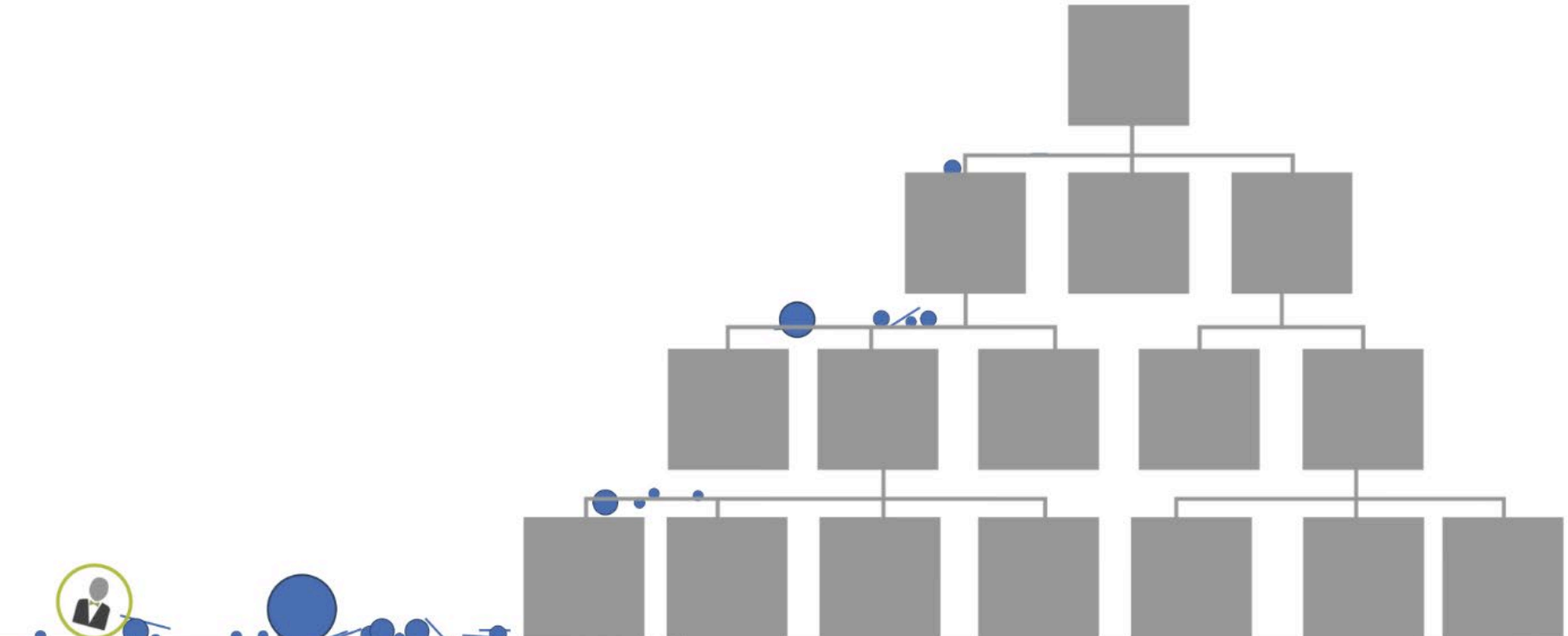
Development Value Streams:
Enable, and support, the operational value streams.
The value they create may be direct (licenses or subscriptions from customers) or indirect (supporting internal processes).

Operational Value Streams are our Customers

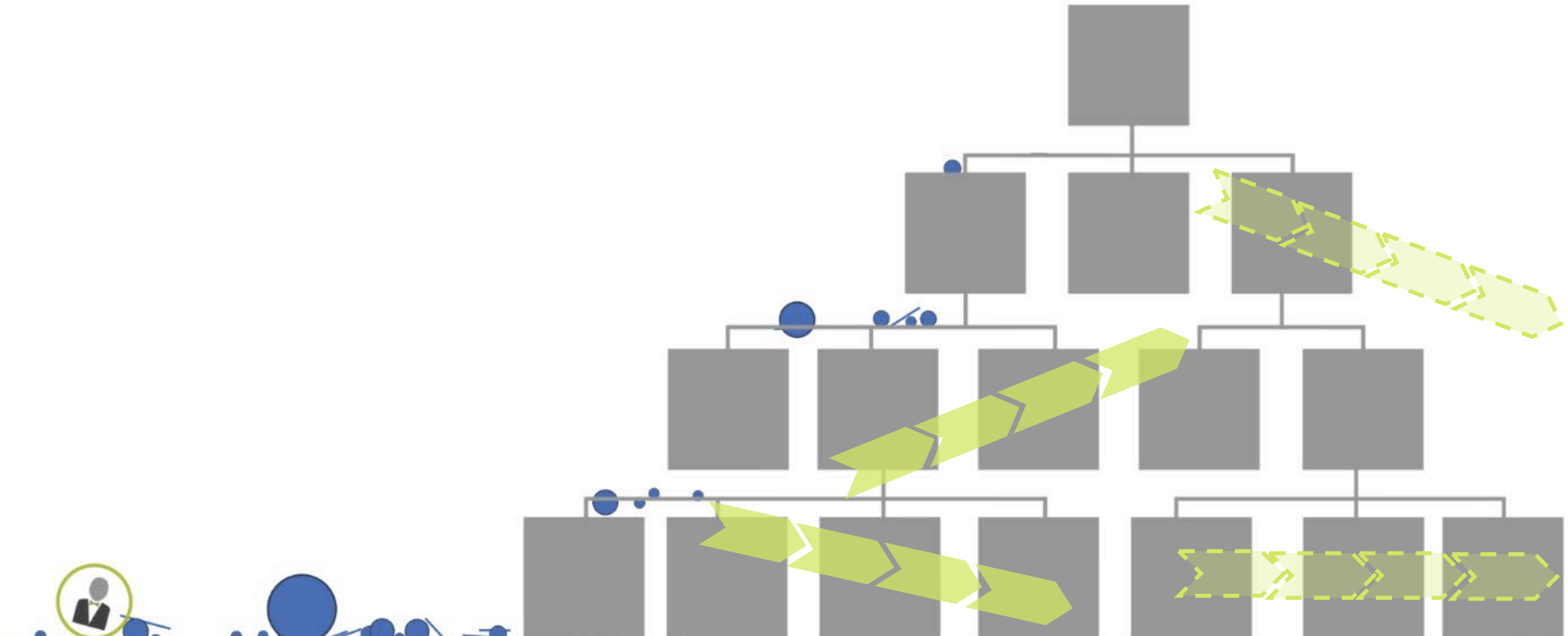


Development Value Streams:
Enable, and support, the operational value streams.
The value they create may be direct (licenses or subscriptions from customers) or indirect (supporting internal processes).

Sometimes the hierarchy destroys the ‘value stream network’



But operational value streams are not optional



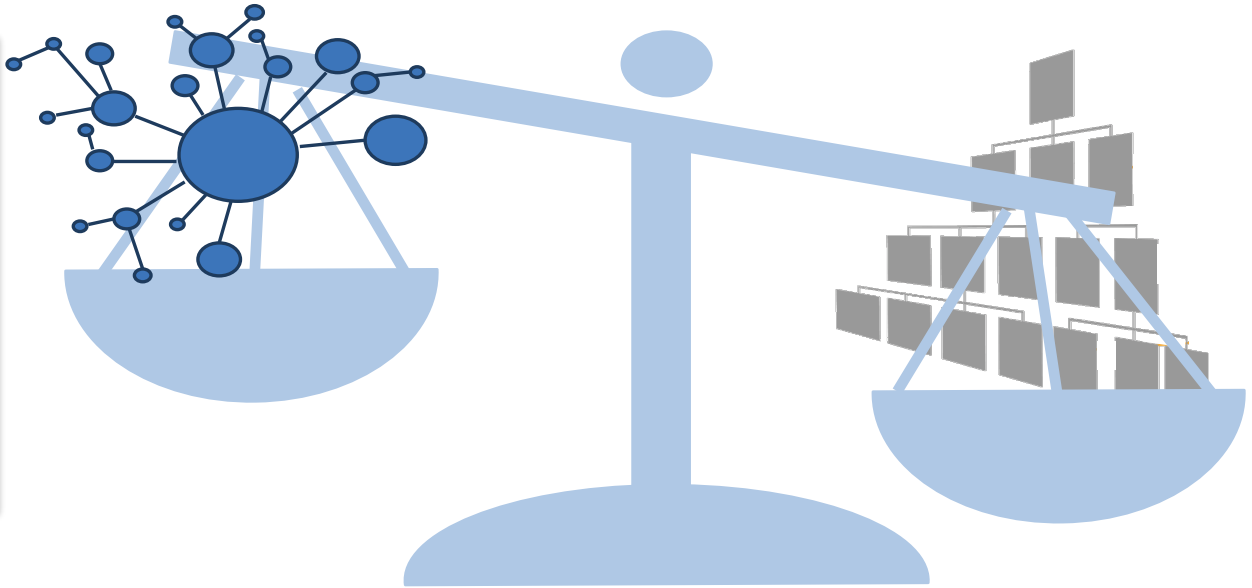
It’s all about – balance and a separation of concerns

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:

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

All customer-centric, all collaborative, all agile.

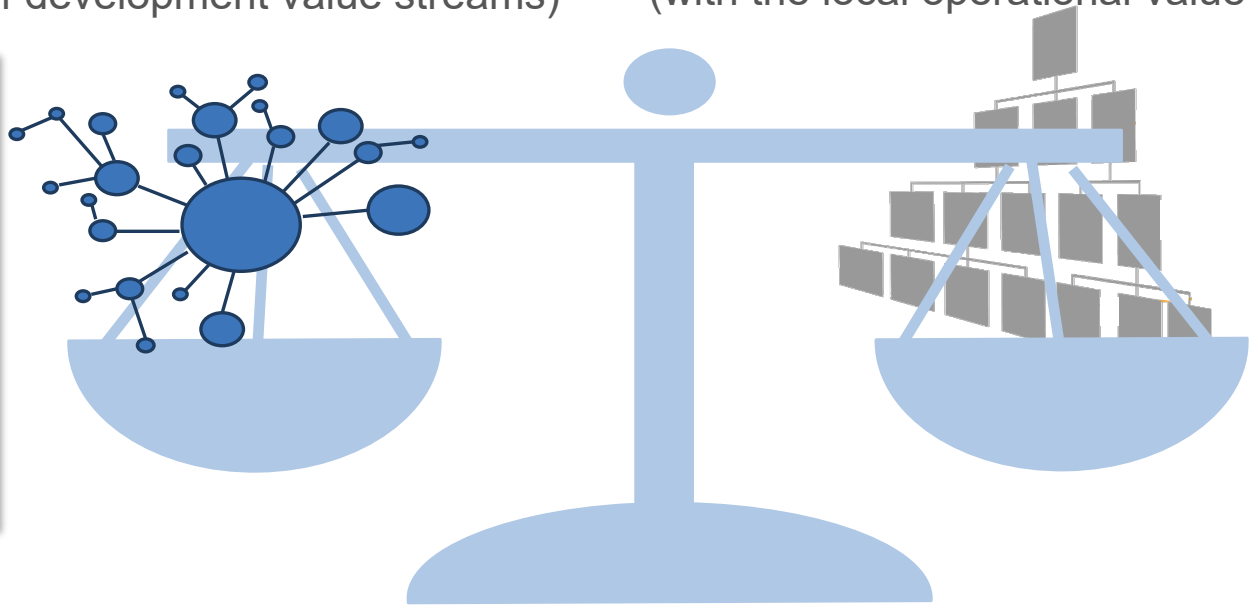
It’s all about – balance and a separation of concerns

Value Stream Network

(of development value streams)

Functional Hierarchy

(with the local operational value streams)



Speed of Innovation:

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

Efficiency and stability:

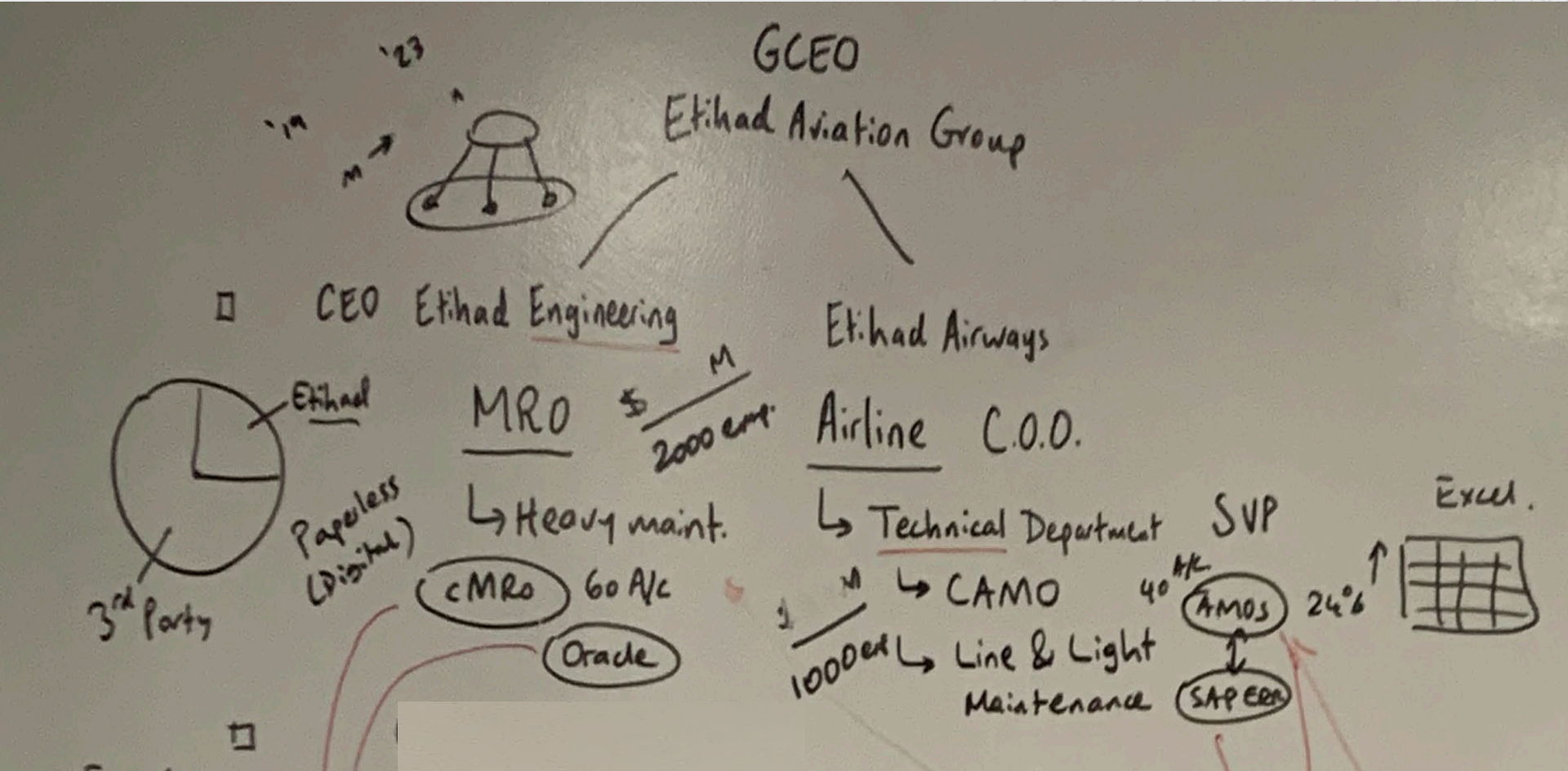
- Standing organization
- Stable
- Slow and steady
- Predictable / Reliable
- Don’t fail
- Long-term Memory

All customer-centric, all collaborative, all agile.

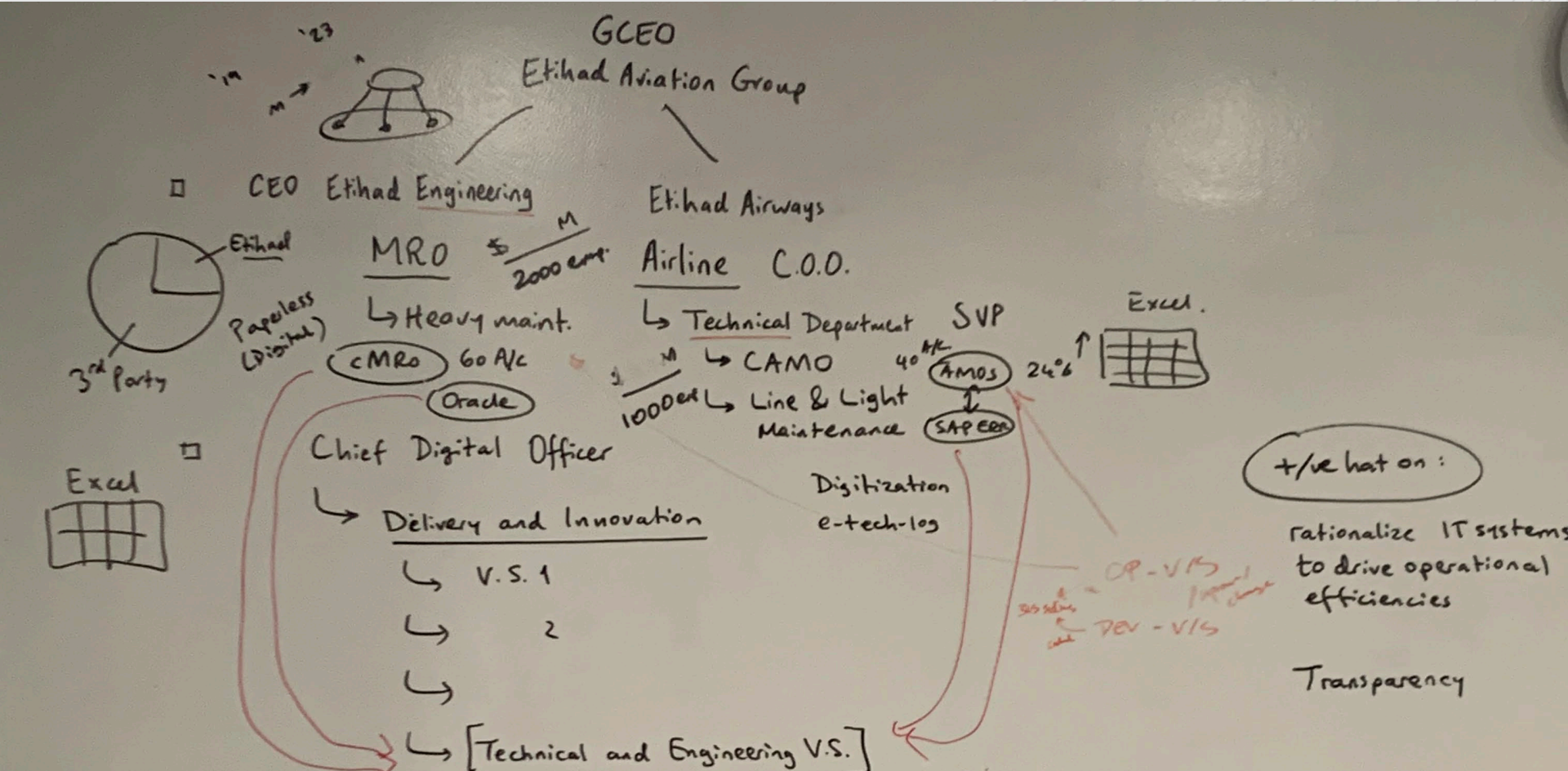
Why aren’t OVS in our network?

Creating a sustainable network that will change your business

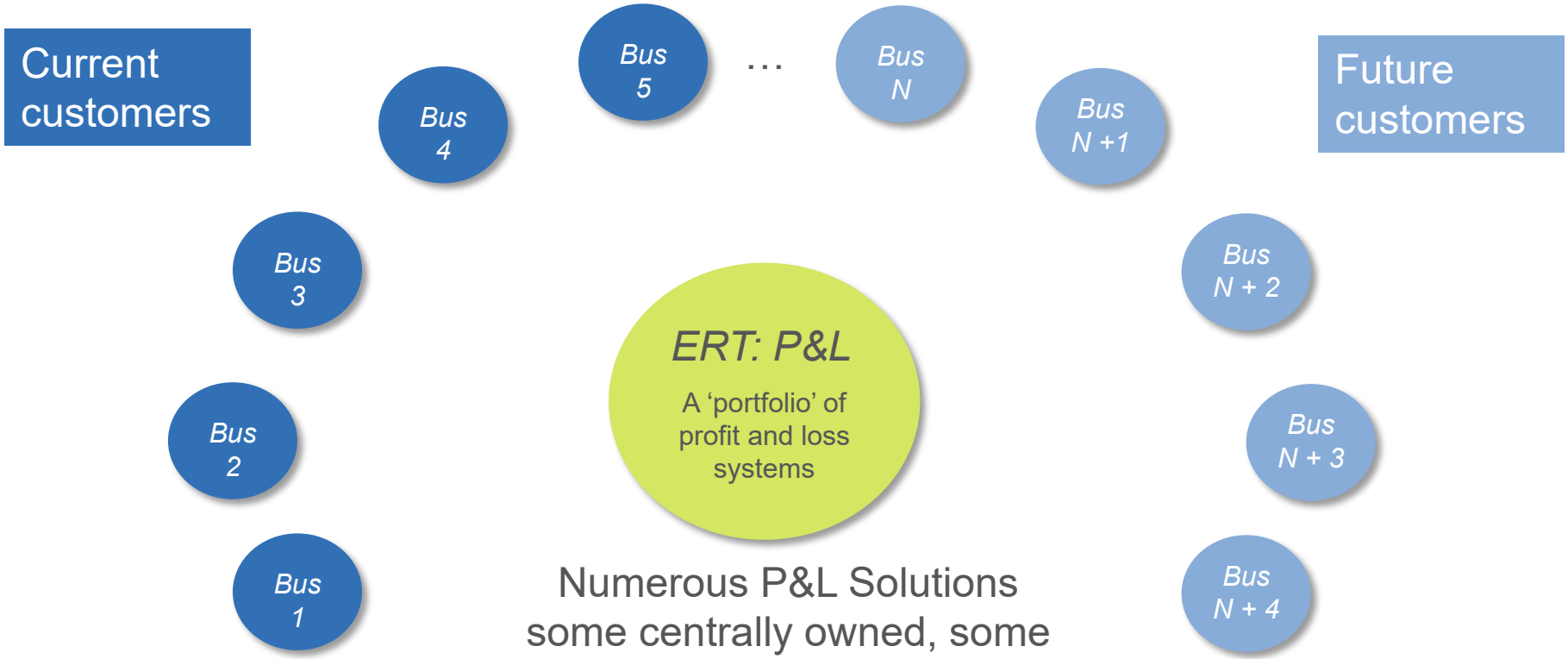
A Real-Life Example 1: Airplane Maintenance



A Real-Life Example 1: Airplane Maintenance

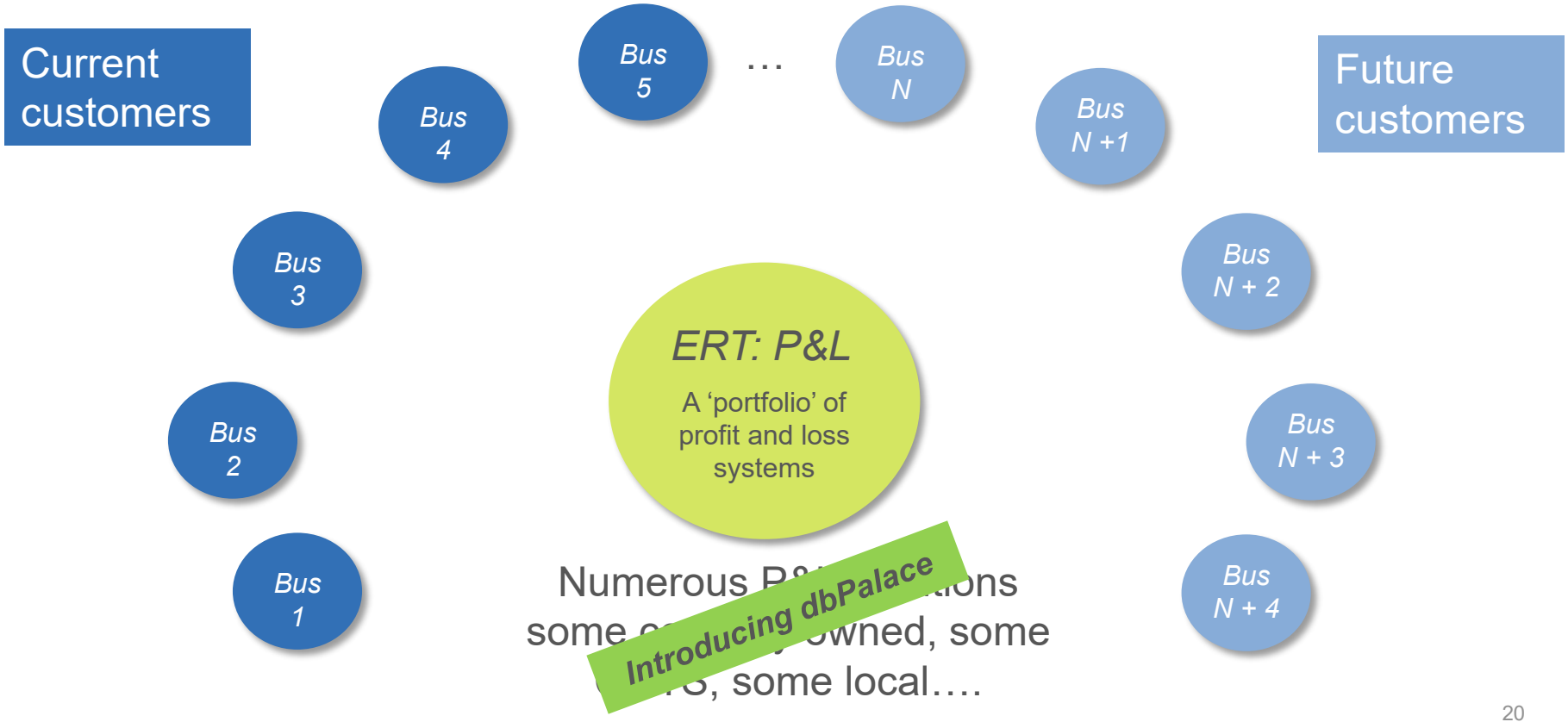


Real Life Example 2: Standardizing Profit and Loss

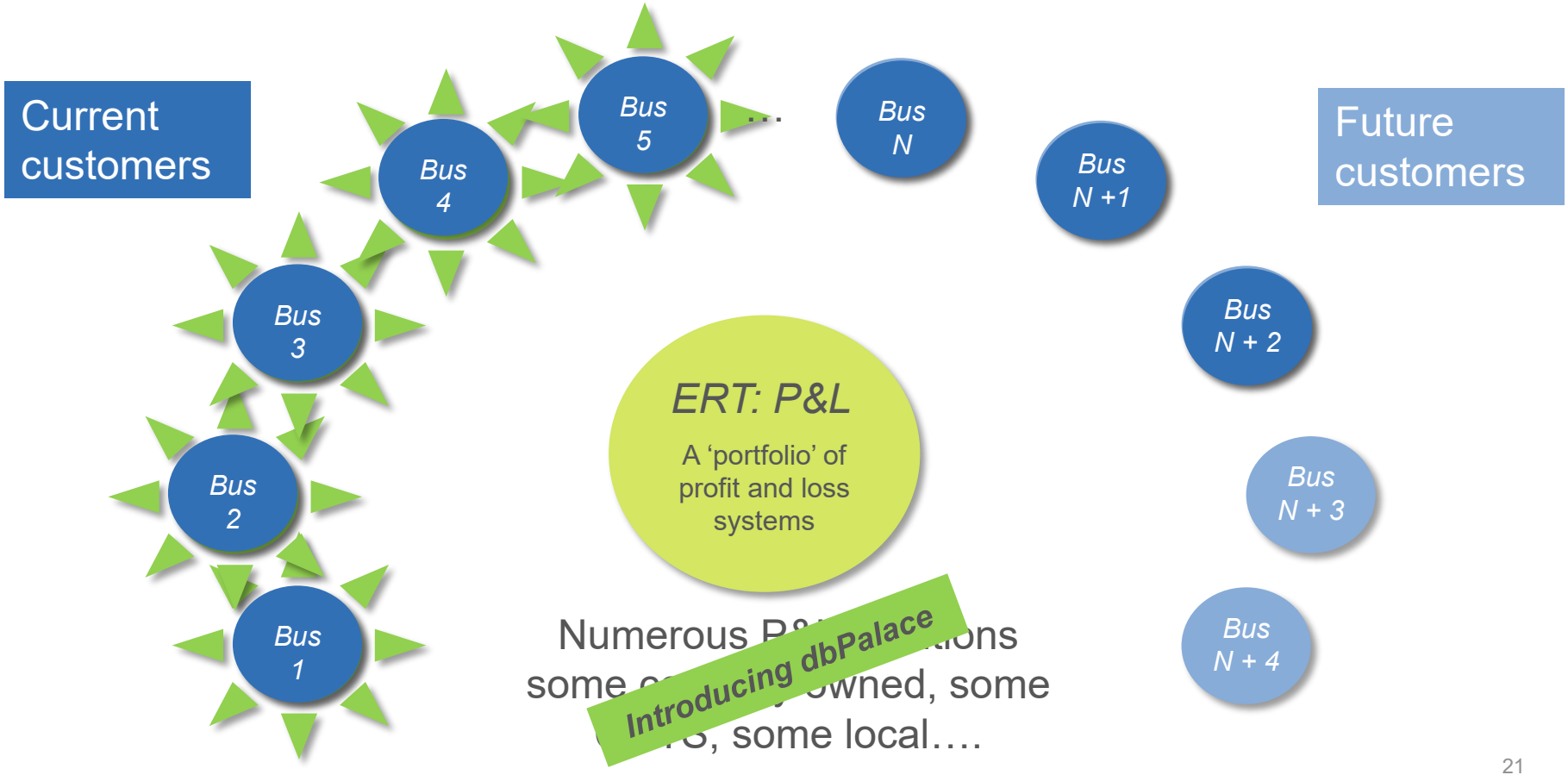


Numerous P&L Solutions some centrally owned, some COTS, some local….

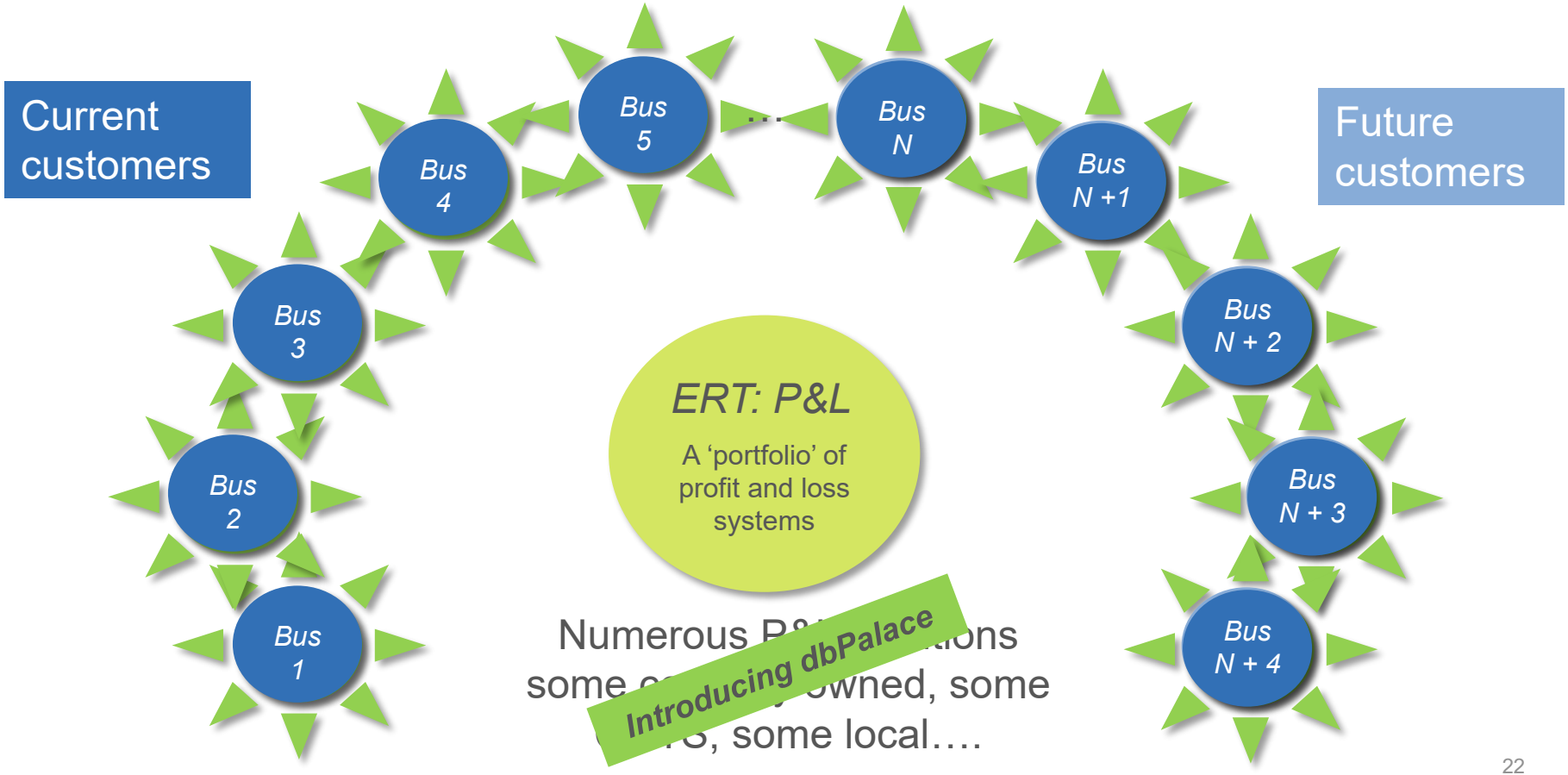
Real Life Example 2: Standardizing Profit and Loss



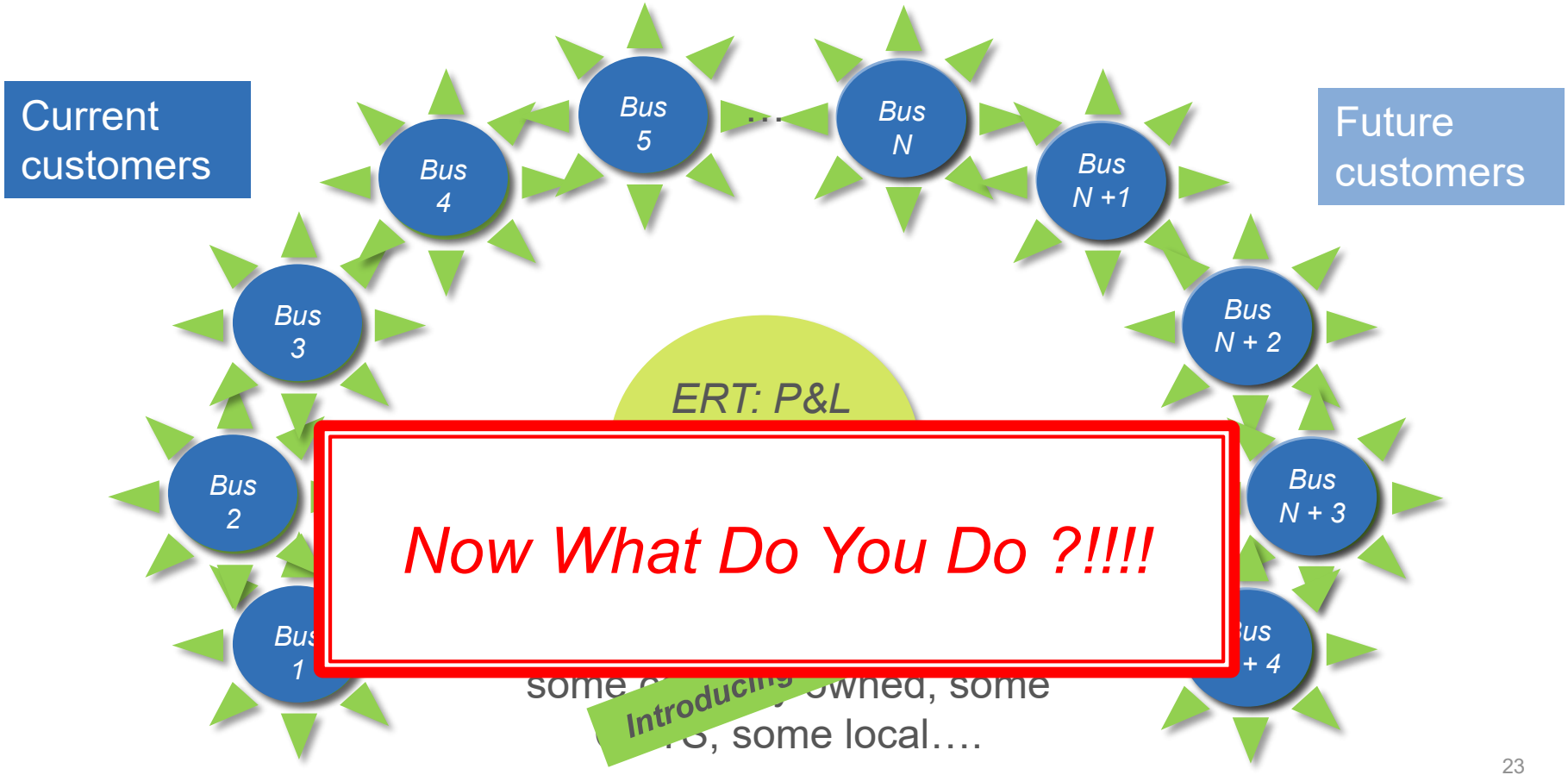
Real Life Example 2: Standardizing Profit and Loss



Real Life Example 2: Standardizing Profit and Loss



Real Life Example 2: Standardizing Profit and Loss

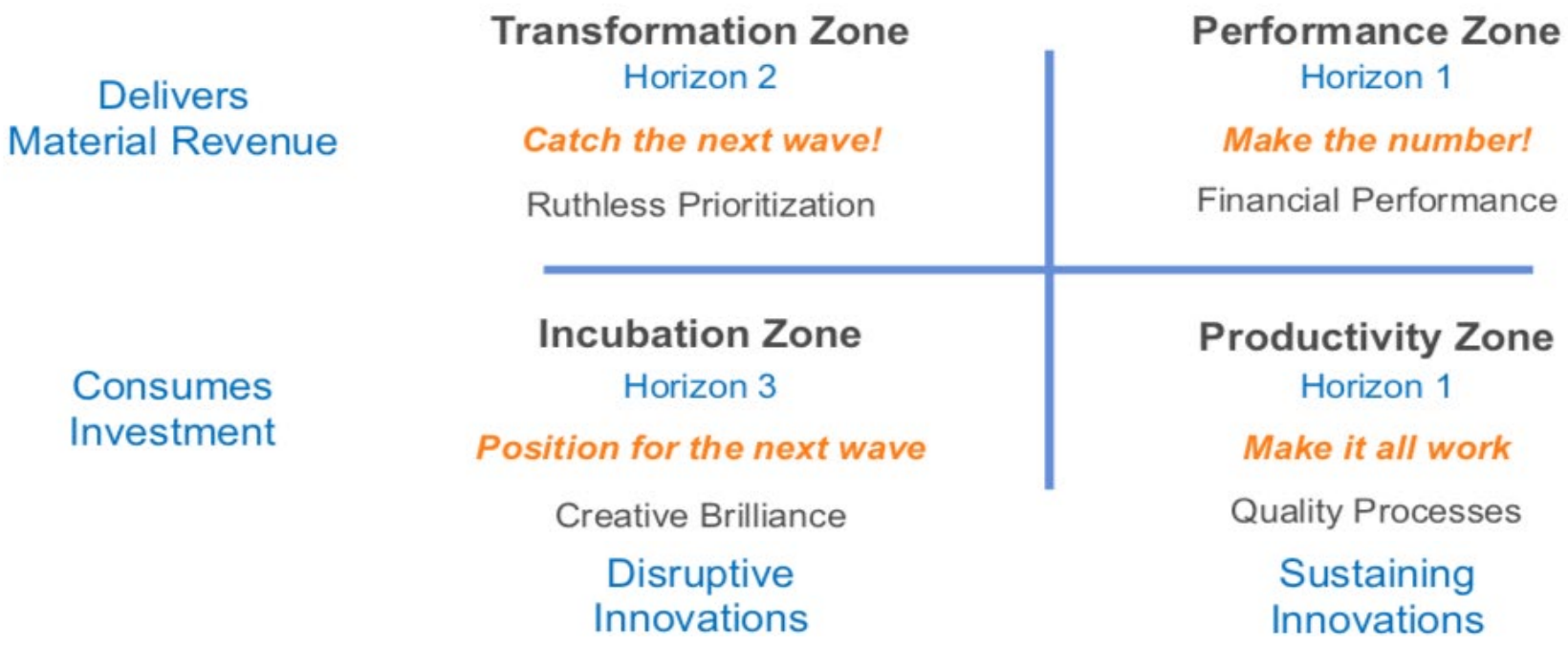


Inspect and adapt for new opportunities

The Strange Case of Amazon Web Services

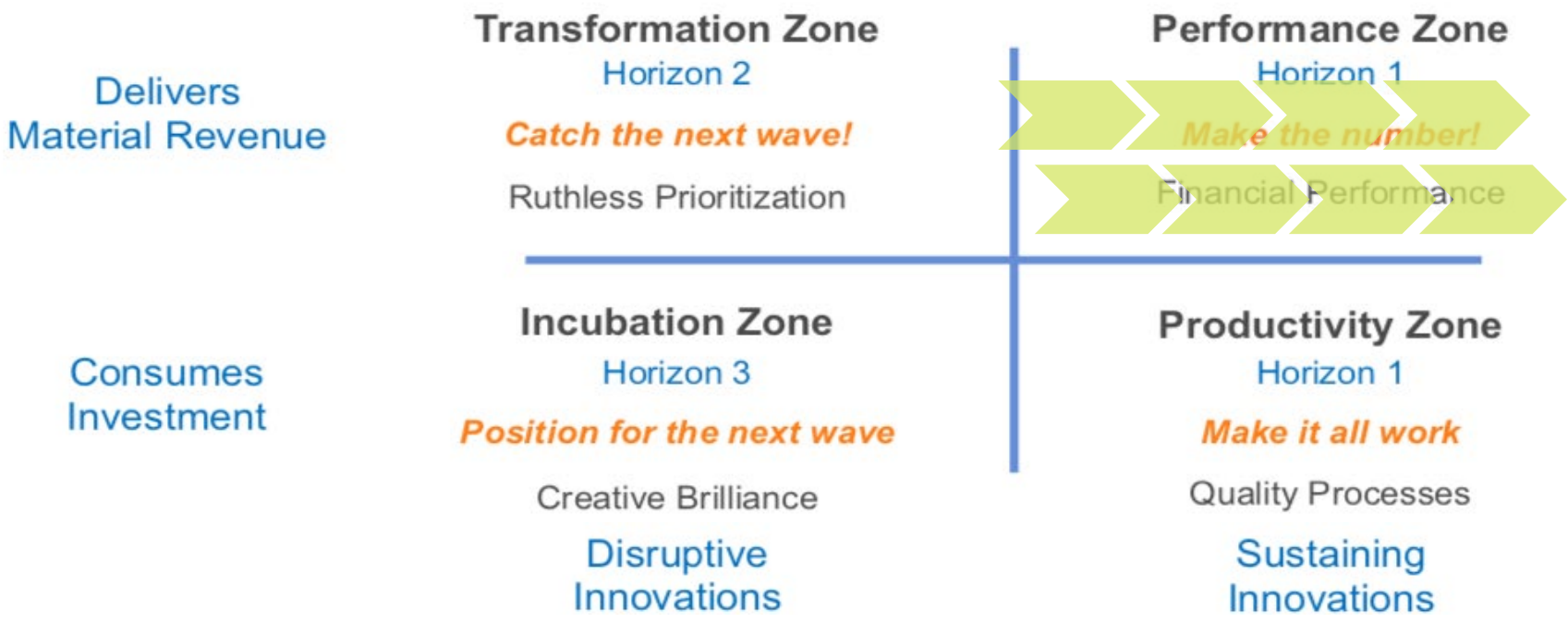
Handling disruptive innovations

Zone to Win



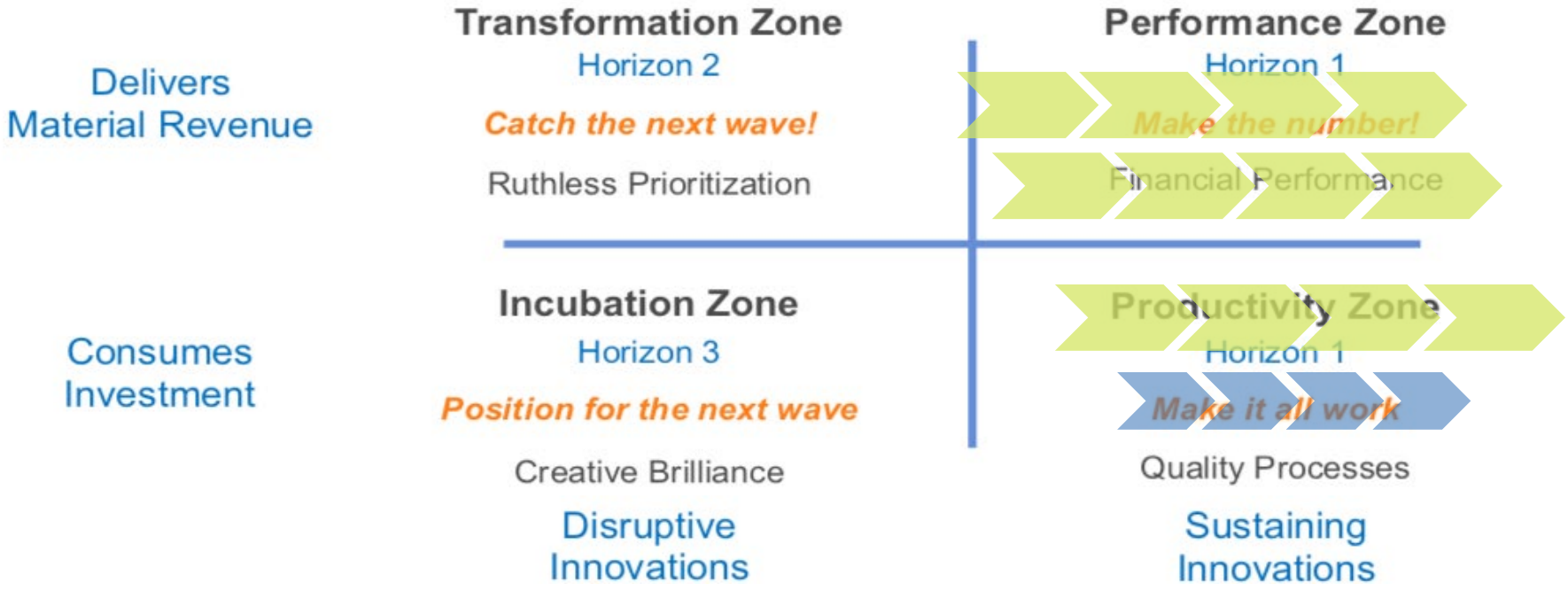
Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

Zone to Win: Where are our value streams?



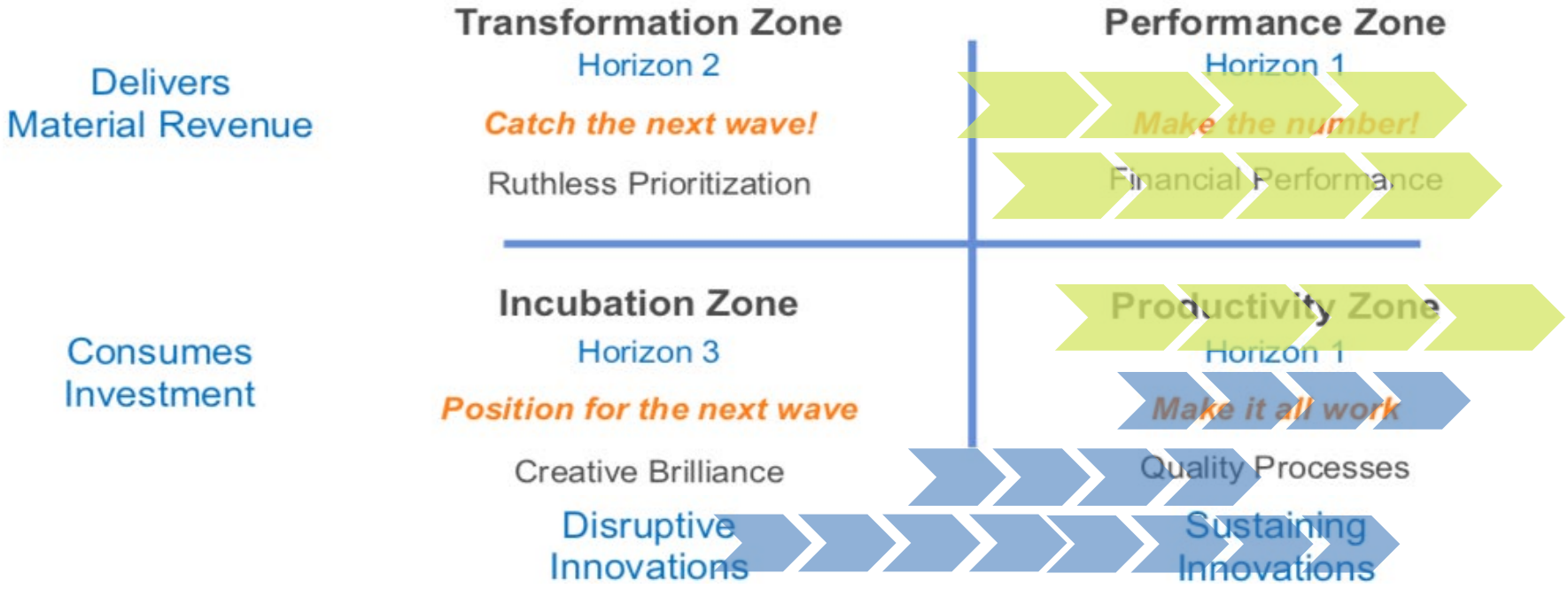
Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

Zone to Win: Where are our value streams?



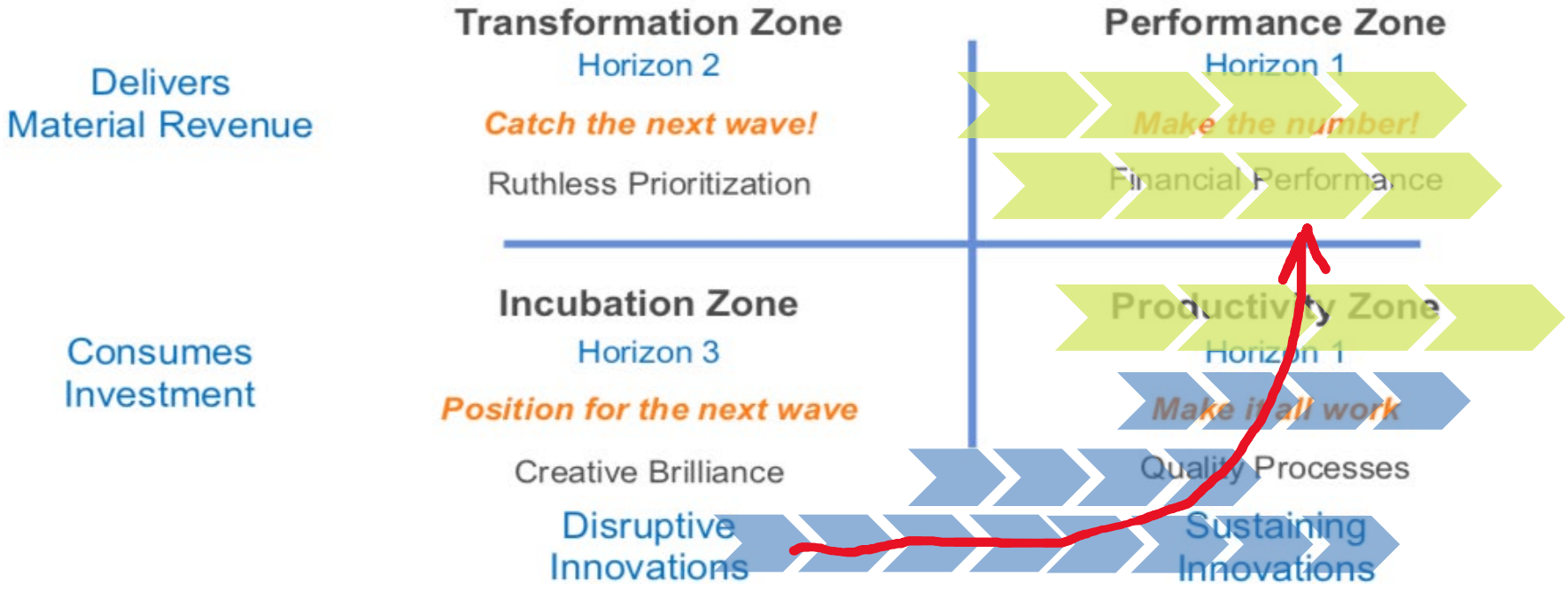
Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

Zone to Win: Where are our value streams?



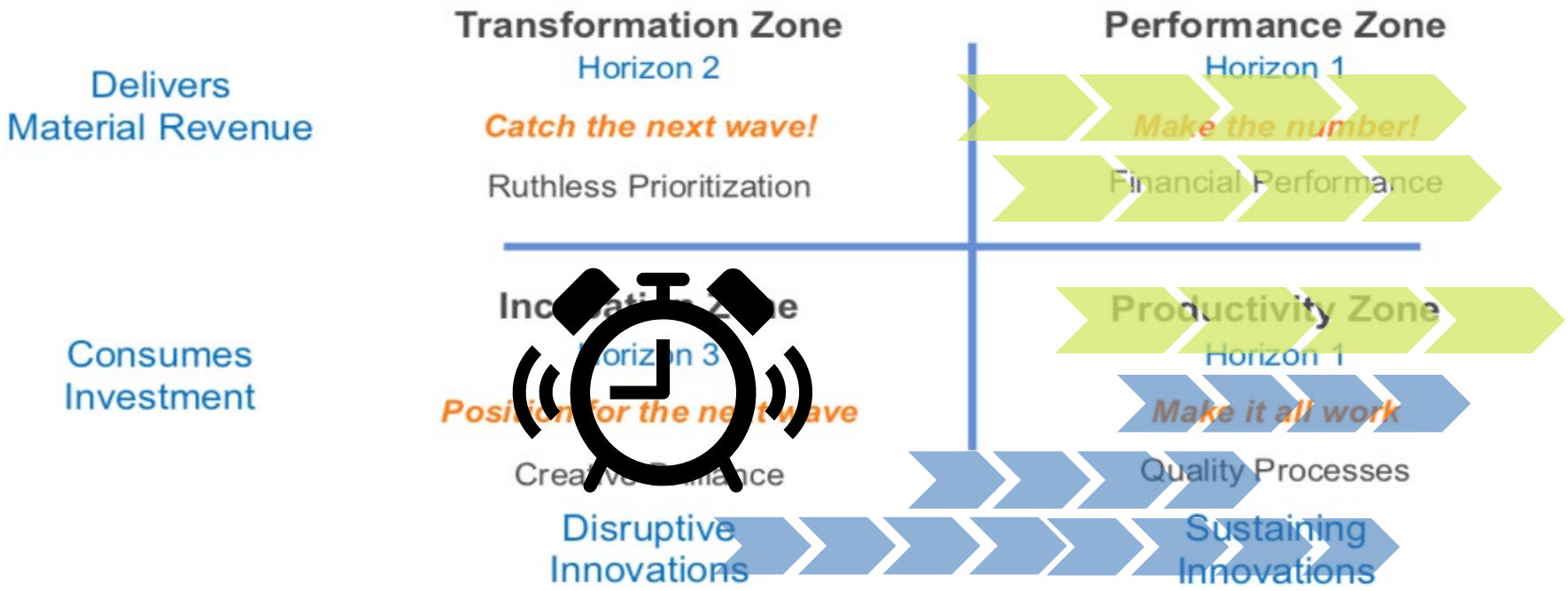
Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

Zone to Win: Where are our value streams?



Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

Zone to Win: Handling Disruptive Innovations

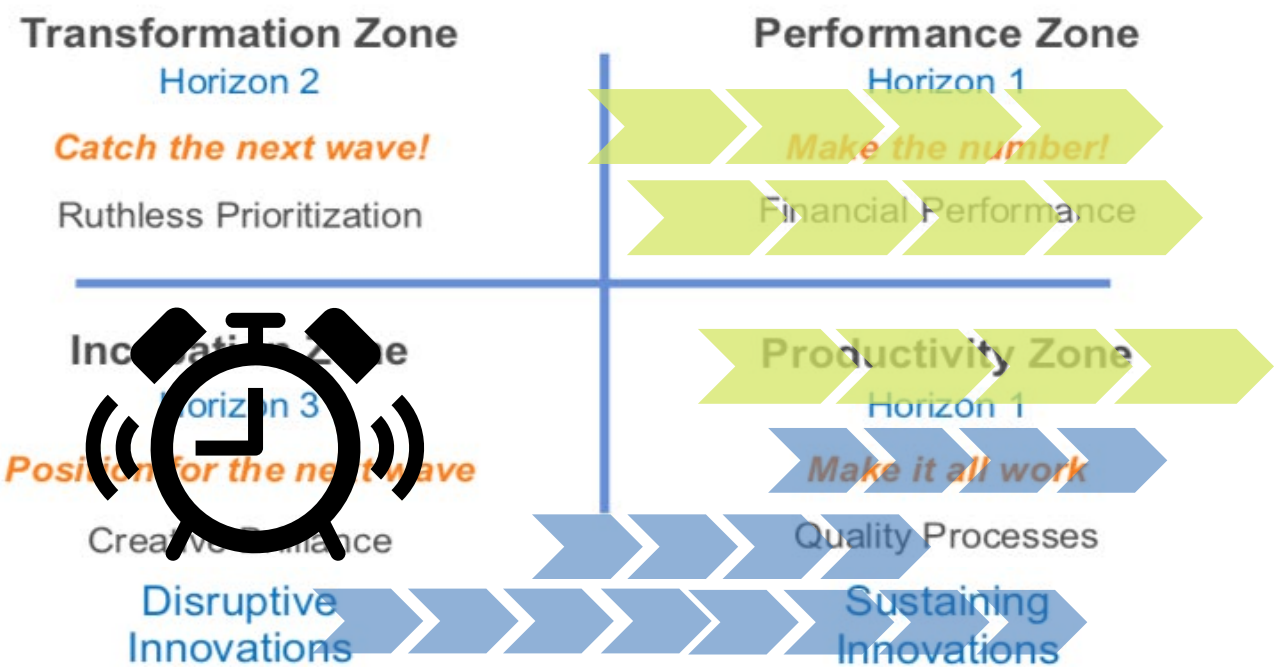


Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

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*

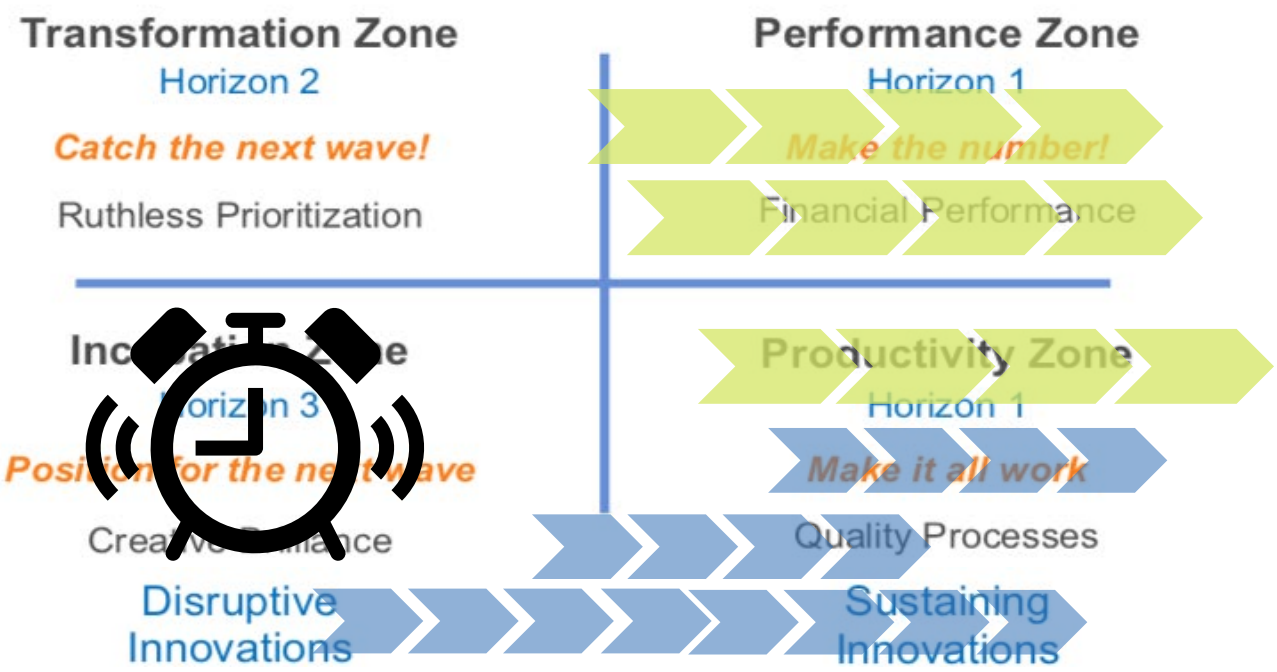


Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

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*

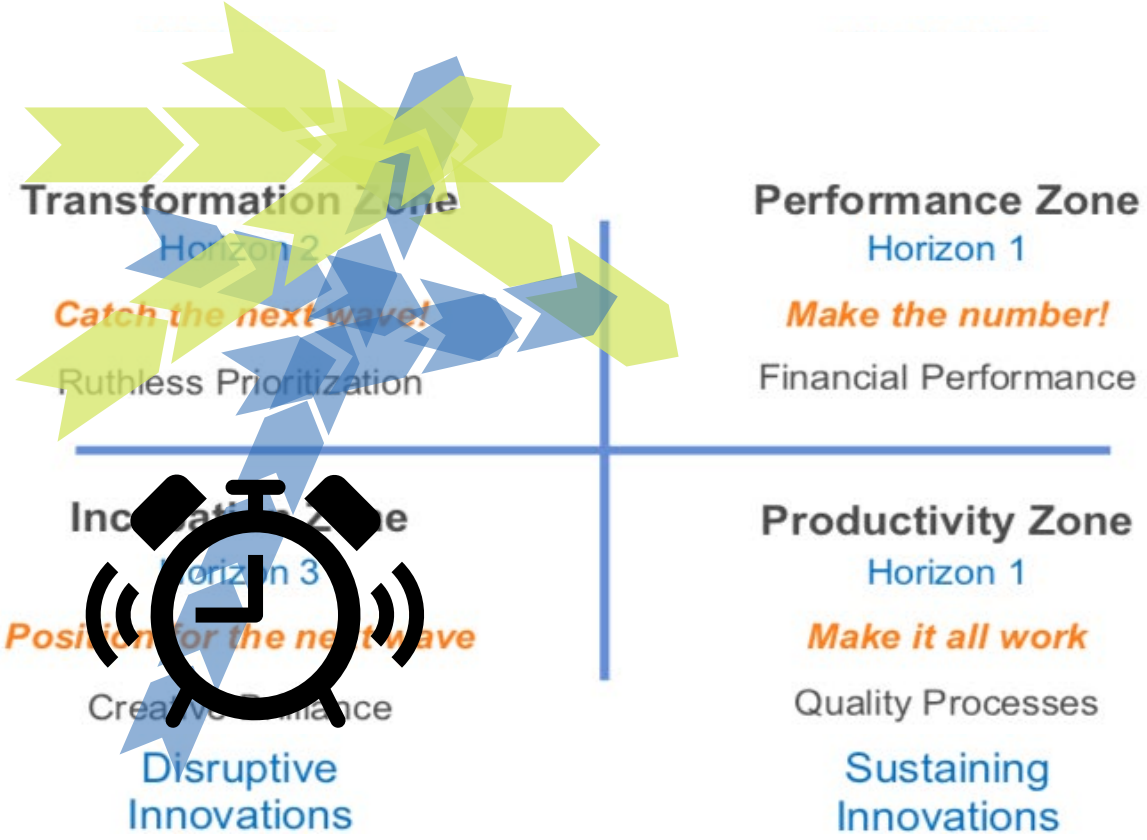


Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

Zone to Win: Disrupting yourself is harder than disrupting others

5 Routes Out:

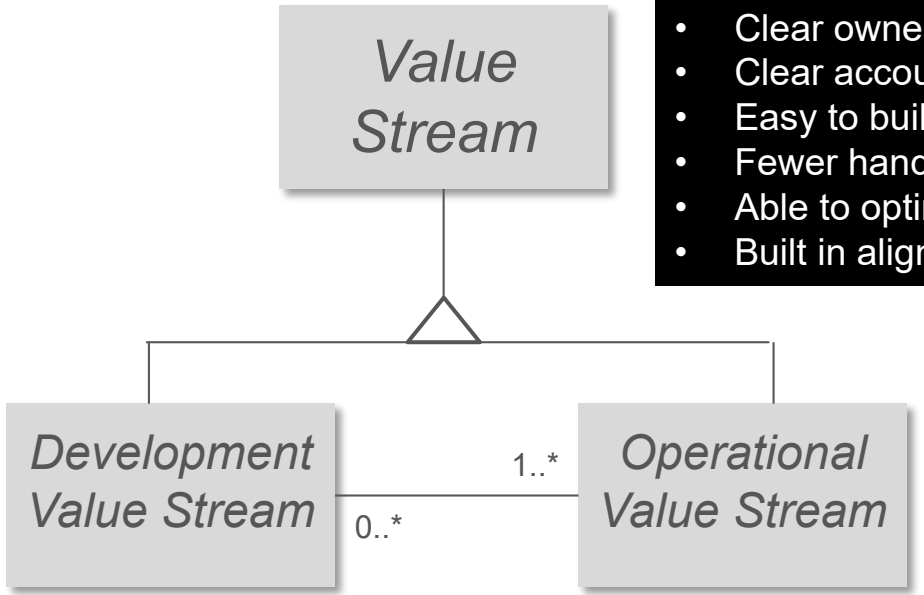
1. *Create a new operational value Stream*
2. *Change Everything*
3. *Create a new business*
4. *Sell It*
5. *Shut it down*



Adapted from: Geoffrey Moore – Zone To Win, SAFe Summit 2018

Wrap Up

Summary: Operational and Development Value Streams



Good value streams have:

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

Emergent
Internal constructs
Change the business

Intrinsic
External constructs
Change the world

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.

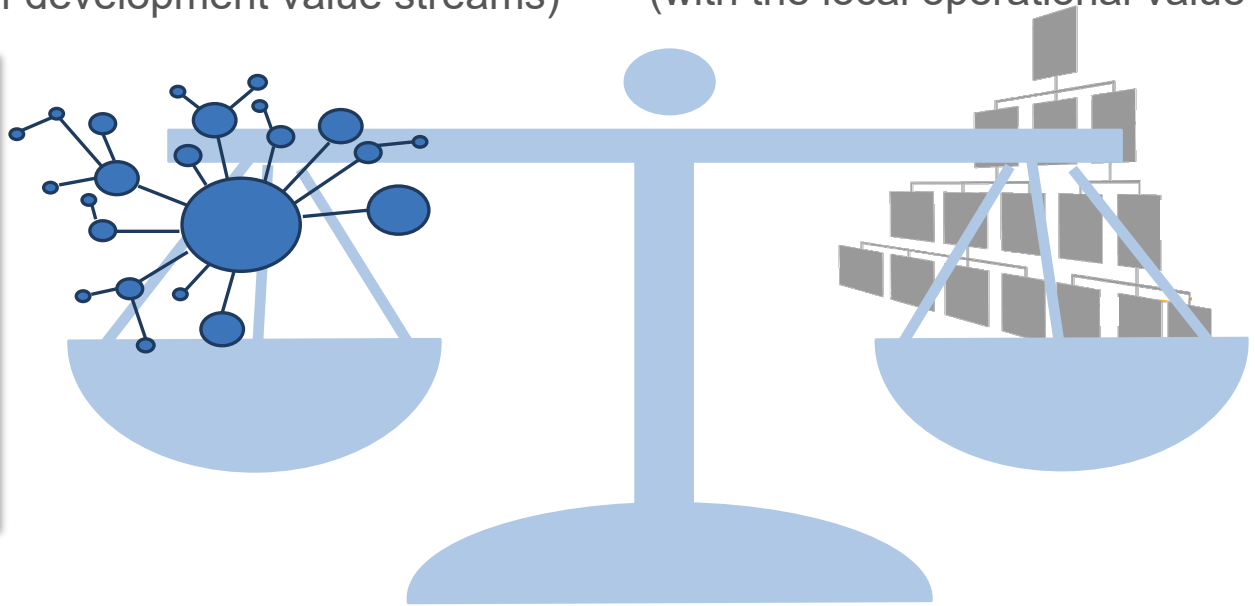
It’s all about – balance and a separation of concerns

Value Stream Network

(of development value streams)

Functional Hierarchy

(with the local operational value streams)



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.

And achieving perfect harmony

Value Stream Network

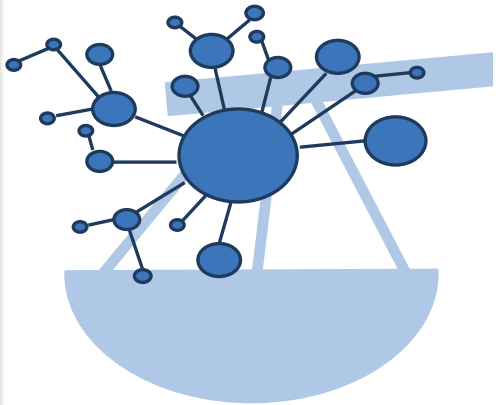
(of development value streams)

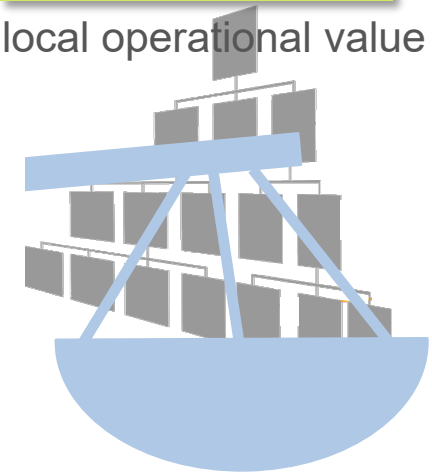
Functional Hierarchy

local operational value streams)

Speed of Innovation:

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





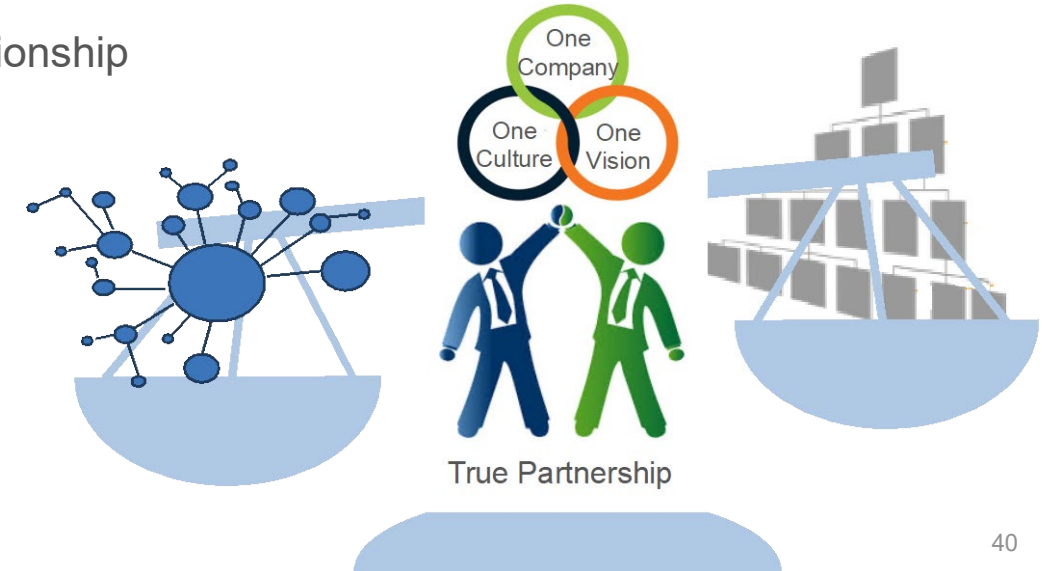
Efficiency and stability:

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

All customer-centric, all collaborative, all agile.

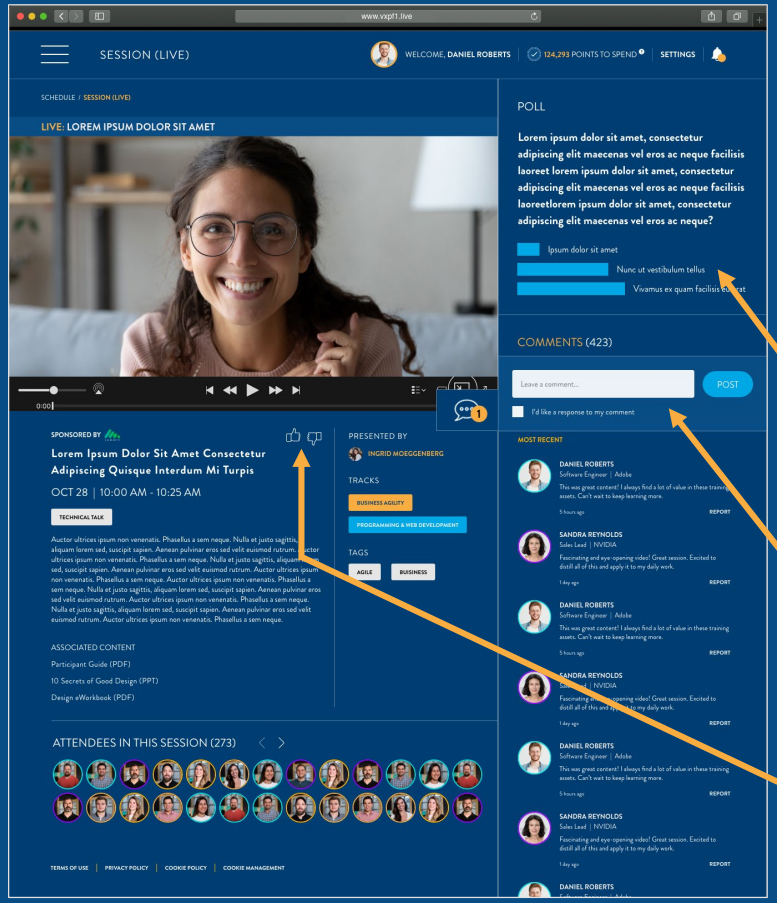
Final thoughts

- 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



Join me at the Meet the Speaker Session!

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!