

USER FRIENDLY

Value stream management

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Hanish Patel:

I'm Hanish Patel, and this is *User Friendly*, the show where we explore emerging trends in tech, media, and telecom and how they impact business operations and the world around you.

As remote work continues to be popular among many employees, businesses might need to reevaluate the way in which they manage their workstreams. Solutions to these shifting work practices can be found through value stream management, from business-based product development to operational value streams. So, how might a shift to value stream management affect the future of work?

Joining me today to discuss the process of implementing value streams into businesses is Laureen Knudsen, chief transformation officer of Broadcom, and Karthigeyan Nagarajan, specialist leader in consulting core business operations for Technology, Media, and Telecommunications at Deloitte Consulting.

Laureen and Karthigeyan, welcome, and thank you for coming onto the pod.

Laureen Knudsen:

Thanks so much for having us today.

Karthigeyan Nagarajan:

Many thanks, Hanish, it's great to be here.

Hanish Patel:

Alright, so let's begin by getting the both of you to give us some background. And by that, I mean can you share with our listeners your definition of value stream to really set the scene for us.

Laureen Knudsen:

So, for us, our definition starts with everything that goes into from "I have this pile of ideas that I want to prioritize and pick the top ones, the most valuable ones," all the way through to "Did my customers actually find the value?" So, it's all of those steps in between, but not just the process; it's also the people and technologies and data that you need running through all of that.

So, I like to look at it at that systems view within your organization, sort of that broader concept of end-to-end flow. A lot of people do focus in on this process in the early days. It could be any process within your organization, but today we talk about it a lot in creating those products or services for your customers.

Karthigeyan Nagarajan:

Laureen defined it very well. In today's dynamic work environment, focusing on value stream is like having a spotlight on the entire journey of turning an idea into a tangible product. It's a fresh perspective on the lean methodology, emphasizing optimization of entire product journey.

The goal is to boost the value customers get while also being smart about resource, time, and cost. And modern tools play a very crucial role bringing together business and engineer leaders to jointly own and enhance the value delivered to customers. It's about making the entire process work seamlessly across different parts of our organization.

Hanish Patel:

So, firstly, thank you both for helping us set the scene around value stream. And I want to now start digging into a bit more, now [that] you've kind of set that as a backdrop for us. So, then taking that definition as you've both put it forward, what does an organization need to do to really maximize the benefits of value stream and just the overall management of?

Karthigeyan Nagarajan:

That's a good question, Hanish. So, to really get the most out of value stream management, it's like orchestrating a symphony of efficiencies. It's very important for leaders to create a culture of continuous improvement by setting the expectations that everyone should examine their processes and matrices to identify areas of improvement.

Embracing a culture of continuous improvement involves key steps like understanding your value stream, understanding the current state and eliminating the waste by analyzing performance, matrices, gathering feedback, and making incremental changes to enhance efficiency, quality, and customer satisfaction over time.

This is where it is very important to empower our team with the right set of tools and processes so they can collaborate easily and have matrices and data to continuously measure and deliver a better value to the customers.

Another pivotal factor to maximize the benefit of value stream management is the collaboration between the business and technology leaders. It's not just a nice-to-have, but it's a game changer. Business leaders, as we know, bring their strategic vision and understanding customer needs and the market dynamics, while the technology leaders provide the expertise and navigating complex systems and optimizing process.

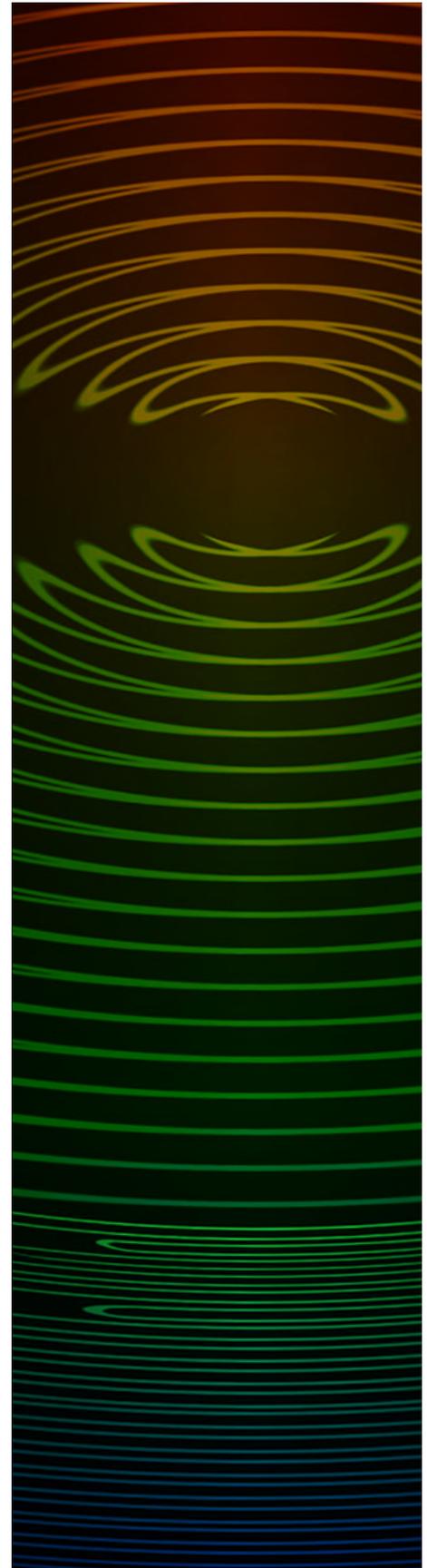
Traditionally, if you see, Hanish, what has happened is it was always a single way. Business leaders will have the fund, they will initiate the fund, and they will ask the technology folks to deliver what they have asked for. And now, with the tools which we have in this modern engineering world, what we have found out that what business [leaders] ask for and what they get is completely different at that point of the time.

So, it is very relevant for the technology to be more responsive to the business needs and also with changing values and how the market thrives. So, it's very important for business and technology leaders to work together in breaking down the silos, ensuring that every part of value stream aligns with broader business perspectives.

It's about more than just optimizing process; it's creating a culture of seamless collaboration. In this sense, it's an energy that goes beyond improving process. It's about transforming the entire value delivery system. When business and technology leaders collaborate on value stream mapping, they are essentially orchestrating an organization symphony that resonates with efficiency, innovation, and customer-centricity.

Laureen Knudsen:

And just to add a little bit to that, I totally agree with what Karthigeyan is saying. We'd like to look at it—as we're working through companies across the globe, we found that



there's generally three categories that a lot of these changes fall into.

They're visibility—so understanding and making visible what's happening today; aligning the organization, like Karthigeyan said, breaking down those silos; and then gaining efficiencies across the entire system. So, there's often just as much of an issue with the amount of work being asked of the teams and a correlation between how that work gets tied back to those strategies.

So, it's really looking at your entire organization and understanding it today, flushing out the problems and solving all of those to gain that visibility alignment and efficiency that you need.

Hanish Patel:

So, if I take what both of you have articulated—and I love that term, “symphony of efficiencies”—and what you've just said there, Lauren, is what have you found that you can truly achieve when you maximize that value stream process and put it all together and have that symphony of efficiencies, and you've got the visibility, the alignment, and all of those coming into play?

Lauren Knudsen:

A lot. I mean, it's so much that you can accomplish when you get this right. You break down those final silos. In a recent study that we did, 80% of companies said they still have silos within their organization, and those silos are impacting their return on investment and their customer value delivery.

So, if you think of that, silos are something that, as an organization, you control a hundred percent. So is this alignment. This isn't something that you're looking for disruptions or that anybody from outside your company can impact. This is something that you have control over a hundred percent. And so, it's not just that it's really the end to end.

Like I keep talking about the systems view, but it's really taking the view of your company from end to end. And when you get this right, you change the conversation because you have data at every level in order to build the trust within your organization and have the

conversations become much more objective around the data that you have, rather than the subjective conversations of, “Well, I asked six people and they said they were done.” And you need to ask those questions of are you done or done-done.

It's eliminating all of that and using data within your organization. It's understanding how's your company building that technical debt? Do you have a lot of technical debt? Is your defect density rising or falling?

I talk not only internally to a lot of our divisions but externally to companies, and they're missing the data between that strategic level and the team-level view. Their development leaders, their DevOps leaders, the QA leaders, the product managers, their lease-trained engineers—if they're using that methodology—those people don't have the data they need to know what's going on in their organization.

And really, that's part of the key, is getting everybody what they need to run their part of the business and to work within for that continuous improvement model. If I don't really know how predictable I am, if I don't know how productive I am, if I don't know how my quality is really impacting our customers, the product that I'm putting out, I can't improve.

And so, it's arming everyone in your organization with the information that they need to really create that streamlined efficiencies and streamlined organization and collaborative organization that Karthigeyan mentioned.

And one of the things we realized just in the last few weeks, we were working with this company that's really got this down and talking to them about some of the things we'd done, say when ChatGPT first came out and how quickly we were able to absorb that into our organization, and what did they do with it. And what we found is that having their value streams in place and having them efficient and knowing—using real data—what's actually happening in their organization, they were able to absorb these new innovations. Even as ChatGPT continues to change, within a matter of a couple of . . . like within a week or two,

they were able to put that into their pipeline of information to start learning what was available and keep people on it as it changed.

And they didn't need to totally upend their organization or cause people to have a bunch to work nights and weekends. They were able to do this within the sustainable pace of their systems. So, when you get to that point, it allows you to absorb these innovations.

I talked to other companies that are just now still trying to figure out how they fund looking at ChatGPT and trying to figure it out for next year, for fiscal year '24. The night-and-day dichotomy of the speed of these organizations . . . it's not that the one company has their people working so much harder—they're working smarter.

And so, it's opening up opportunities to move the innovation through their organizations or to pivot as they need to. And I think that's some of the biggest benefits we're now seeing—is it doesn't necessarily cause a bunch of speed. It causes the ability for you to absorb things without your employees being heavily impacted across the board. And that's really where we all need to get to.

Hanish Patel:

So, with that in mind, as a leader within an organization that's contemplating embarking on the journey or thinking about this kind of real end-to-end view, how should a leader really start with value stream? Be that based on if they're doing a product development or even business development? In essence, what do they really need to be thinking about as a leader of an organization?

Lauren Knudsen:

To me, they need to start with really understanding their customers, whether that's an internal customer or an external customer. I find today that there's a lot of companies that really don't know what their people want.

I talk with some insurance companies that are trying to put a whole bunch of new features into their app, and yet when I asked people about how often they use a health insurance app, they say never. “If everything's going as I expect it to, I don't ever want to use it.”

So, there's this lack of understanding of real alignment to who are your customers and what do they value, and then grouping them by what they value. And then you can go on to mapping your processes and aligning your people and your value streams, knowing how big those value streams should be once you have your grouping of customers set.

And it really changes the conversation to be around how do we provide our most valuable customers with the most value that we can for them to keep them happy. And that changes the conversation and allows you to streamline a lot of things and determine which steps need to be there as you're doing your mappings and things for future states. But I like to start with who are your customers and what do they value?

Karthigeyan Nagarajan:

And just to add onto that, with the growing technology today, now every leader is focusing on building technologies, bringing in more technologies and processes to bring up this cultural shift. But it is very important to foster our mindset where every decision is built around data.

Data depends on, as Laureen said, what [are] customer needs, what are customer problems? How are we collecting data? And also, how are we collecting data across every set of, or every step, we are taking? It can be from the idea to how we deliver products.

The leaders should also encourage experimentation and provide necessary resources for the teams so that they can identify innovative ways to use them [and] prioritize the data in their day-to-day activities.

It also involves leadership support and they bring in the financial support, but actually they should be more involved in sharing the transformation. And acknowledging and celebrating milestones in data-driven success and technology modernization reinforces this importance of initiatives.

So, for me, data-driven decision-making, and then using modern tools for value stream-based technology modernization, it helps with the overall strategic planning and commitment to cultural change.

Hanish Patel:

So, with that in mind and the kind of guidance that you've both given to a lead within an organization and what they should be thinking about as they embark on this journey or maybe as a part of that journey, let's stick with that train. Can you both speak to your own experience on implementing a workflow and value stream management to plan for the future of work at your own organizations and where you are also advising others to do the same.

Laureen Knudsen:

So, when we implement, I like to start with who is that customer and then really look at where the company is today. I find that almost every transformation for the companies that I work with as well as internally, as we look at each portion of the company of each division, they're in a different state.

So, once we start to visualize what is and really understand the state. For example, I was working with one organization that tried to put in a quarterly planning, and a large percentage of their teams had zero stories done at the end of that—and they didn't know why.

It turned out there was a bunch of technical debt that had been preventing those people from being able to move on to the next version, but they had no idea. And so, truly understanding the state of your organization today as you're starting these, is to me, one of the most vital things.

So, that you've got that visibility. And as you're making improvements you can see, using the data, is this benefiting us or is this hindering us? And giving it enough time for people to get the new processes down as they're working together in different ways.

Creating that alignment within the organization is huge as well. Breaking down those final silos incent people to work together rather than allowing them to incent themselves to work against each other. I work and talk to a lot of people where the business is incented on getting certain things out to market and trying to win certain things, and the delivery teams are incented on quality and

metrics and other things. One side's going to win that battle, and one's going to fail.

Then if anyone in your organization, in your product delivery chain from idea to outcome, is failing, your organization is failing. So, if you incent them all together where everyone is incented to getting the product or service out the door, on time, with great quality, high-level security, and everything else in there that's unique, and the businesses win only if the delivery teams win, too, and everyone else that needs to be involved, it changes the conversation again, and it changes how people are willing to align and work with each other and collaborate.

And then it is creating those efficiencies. If you're noticing bottlenecks, if you're noticing—I had one company that was really frustrated by how slow their QA process was. Turned out they didn't have enough servers for the quality teams to be loading their products on. So, the people were having to wipe the systems and reload their products on before they could test.

It was something that had been asked about three years prior and they'd been told, "No, you can't have more servers." So, they just kept going with it. We were able to now, of course, give them as many servers as they needed and it sped everything up. It's little things like that that companies aren't even aware are happening that are slowing them down and creating these inefficiencies.

So, streamlining the whole process and talking to everybody and understanding—getting that visibility, aligning the organization, and then creating those efficiencies—and a continuous improvement basis is really where I believe people need to go.

Karthigeyan Nagarajan:

And I'll add to it. In a recent modernization journey, which we had with one of our customers, and then it's got more specific to an app, which was helping their customers to collaborate with their software engineers. So, that app had a lot of business process. It was built more ethically and then there were a lot of redundant business processes built on years.

So, when we started to take this journey of “Hey, OK, we’re going to build this, and what’s the value stream?” We started putting the value stream marketing at every level—from what the customer needs, what are the redundant areas? How are we going to eliminate those redundant areas?

So, we brought in every stakeholder, including the technology partners, into the meetings, to make sure that everyone aligns and everyone identifies the real value for the customer.

And to be honest, we reduced from a hundred to less than half of that premise’s processes. Cost was efficient and it was evident in the operational efficiencies and goal-like metrics which we have.

As part of that, not just the business values, what we also took was part of the development rate. We kind of established a process where how developers will commit code or how developers will scan, how the peer review process happens, how the automation happens, which can be extended for the future app modernization.

So, establishing a complete value stream mapping between from requirement to end of production, establishing the tools, help the customer to now accelerate their app modernization journey and also accelerate their go-to-market strategy for some of the cost of software engineering products.

Hanish Patel:

So, I’ve heard from the both of you around the definition, the impact, the value it can bring, and how leaders can embark on that. And you both touched upon some of those experiences of actually working through that. Help our listeners understand what may be some of the obstacles that they may encounter while trying to implement such a process.

Karthigeyan Nagarajan:

Definitely. For any change, there are obstacles—but we being in the post-COVID era, implementing a comprehensive strategy for value stream-based product development comes with its own challenges.

One of the significant hurdles is continuation of remote work dynamics, that this first nature

of teams could impact the collaborative efforts required for mapping and optimizing value streams. The shift towards more digital and remote-friendly workspace demands a careful balancing act between connectivity and autonomy.

The second one will be [that] the resistance to change remains a perennial challenge. Employees and stakeholders may resist departing from their familiar workflows and their established processes. So, navigating this resistance requires effective communication, involvement of all the parties, involvement and giving the freedom to employees to come up with their suggestions and decision-making—and also involves a lot of comprehensive training programs because we adapt, we bring in new technologies, to be more collaborative.

Nurturing a data-driven culture requires not only technology proficiency, but also a workforce that is empowered to utilize these tools. So, again, the training becomes a very pivotal part of planning the entire value stream management.

Market conditions like post-pandemic add an element to the uncertainty. The ability to predict customer needs and plan effective value stream mapping is very critical, and agile methodologies becomes paramount, enabling organizations to adapt quick for these market-changing dynamics.

So, navigating all these obstacles successfully involves a combination of strategic planning, effective change management, and a commitment towards continuous improvement. Ultimately, positioning organizations to drive maximum values of adoption, profit, value stream methodologies, and [a] people-centric approach to navigate the complexity and market challenges.

Hanish Patel:

Got it. Appreciate that. As we kind of come to the close, I want to pivot slightly, based on what we’ve discussed just now, in terms of setting up the workflow, the impact it has, and the leading approaches towards it, how might value streams truly define the future of business?

Laureen Knudsen:

I think not aligning your organization—and to me, there’s a lot of companies that don’t call it value streams, but almost everybody is looking to streamline the process from “I have a bunch of ideas,” through to “Did my customers find value?”

And so, looking at that, the future of business—I mean, when you look at the difference between industrial companies today, ones that have been around for decades that kind of use more hierarchical processes, very specified skill sets and people, much more risk averse versus the companies that were born in the last 25 years, but who actually have become very successful in a short amount of time—the way that they operate and move and can add in new innovation into their organization is just very different.

And without that alignment, without knowing what’s going on in your organization, with having hidden things like defect loads and tech debt, and even misalignments and people working against each other versus with each other in collaborative state—it just slows everything down. And I don’t think you can stay competitive and stay within a market and actually continue to be successful if you don’t have that.

There’s going to be a few markets where you can be successful, even though, where you can still make your revenue numbers. But really when you look at the companies that are able to move into any market they want and take it over or make a significant dent in the market share in five to seven years, I believe with things like AI that we’re seeing today, the generative AI being used for development and quality assurance as well as quantum computing being on the horizon and things like that, edge computing—all of those new innovations that we have are allowing the companies that are streamlined and working well with each other internally, being collaborative—they’re being able to absorb these new innovations much more quickly than the ones that are still trying to have this hierarchical list where everything is a priority one and they’re funding.

In most companies we see, they fund five times the amount of work that their teams can ever get done or that have ever traditionally gotten done year over year, quarter over quarter. And they have no idea they're doing it. Or if they do know, they don't care. And it just makes it so that it's an impossible situation to stay competitive and not be disrupted.

I think that the landscape when you look out at M&A, there's still a bunch of mergers and acquisitions going on. Larger and larger companies are being acquired by other companies. That condensation and pulling together of the market is going to continue.

And I don't think that's good for any of us workers, whether it's us, our kids' generation, their kids' generation.

So, it's vital to me for the future of business that we help these traditional organizations speed up, understand what's really going on in their organization, get to that state of operating on real data for every level in their organization. Not just teams and strategic levels, but everybody in the organization has

the data they need to run their part of the organization—hugely valuable.

And getting that alignment and cooperation internally so you can stay competitive with those other companies that are going to edge into your space, eventually. I think the future of business, I don't think there is one really successful, if you don't apply these methodologies and techniques within an organization today.

Hanish Patel:

I love that, and I go back to kind of what you said up front, and really stuck with me, where it's this kind of idea to "Did my customer find value?" What you both described up front of the kind of view of the company—end to end.

And I think, Karthigeyan, you also said that the "symphony of efficiencies," and how you, Laureen, have really put it so beautifully around the kind of visibility—that alignment and overall driving those efficiencies where you're using that data—but it ultimately begins [with] knowing kind of what do your customers value, and everything goes from there.

And I definitely look at it as a hundred percent the workplace is changing. And as you talked about, in terms of where the future of business is going around us, certainly, the way that I kind of look at [the] conversation of where the two of you are taking it, because you're so deep in this space, is that organizations continue to discover innovative ways to manage that stream of work, to delivering success and business outcomes.

But it all stems back to, again, how do they best use the data that they have at hand? How do they do that end-to-end view of the company? To bring that to the fore is a wonderful way of looking at it. And like you say, the methodology's an approach that you take.

So, with that, I definitely want to thank the both of you, Laureen and Karthigeyan, for joining us today for this incredibly interesting conversation. I certainly have learned a lot on value stream management, and I'm sure our listeners have. And until next time, happy listening.

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