Level Up Your Value Delivery

White paper by Gil Broza, Value Delivery & Agile Leadership expert, founder at 3P Vantage

You lead teams that develop product features, upgrade aging components, and fix problems. While your **processes** produce successes, are they as effective as they could be? In addition, are you aware of the ways they negatively impact the business and put future development at risk? This article will examine process performance and impacts, and present a high-level view of SQUARE, a practical new model for sustainably improving value delivery. It's based on researching the improvement journeys of many product development organizations.

The Problems with Product Development Processes

The doers and deciders who transform ideas into customer-meaningful deliverables, and the processes they use to do so, form a **value delivery system**. Your executives and stakeholders need your system to be **fit for purpose:** to help the company achieve its mission and objectives. In today's world, fitness no longer equates to delivery of projects on time and on budget. Moreover, it's not a guaranteed result of using modern practices such as OKRs and continuous delivery.

SQUARE posits that fitness has six aspects: throughput, outcomes, timeliness, adaptability, consistency, and cost-efficiency. Take any value delivery system, and its average performance likely falls short on one or more of these aspects, for example:

- delivering less than needed
- not quite solving the right problems
- delivering value later than its "best before" date
- facing difficulties, risks, and high costs when needing to pivot
- having too much variability in performance
- spending too much for the performance achieved

Suboptimal product development fitness is a serious problem because of its business impacts. Five such impacts are imperfect execution of strategy, reduced competitiveness and relevance, lower customer acquisition/retention, higher servicing costs, and missed opportunities. These translate into lower profits and less money for further development.

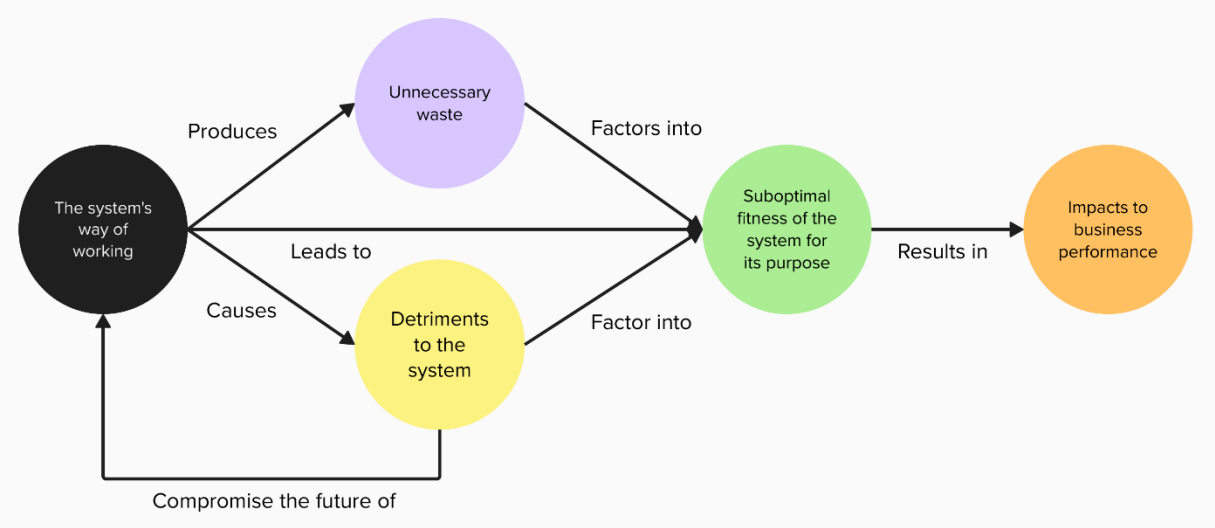
The less fit-for-purpose your system, the worse the impact on your business's performance. However, **the problem is bigger than it seems**, due to two matters.

First is the misunderstanding that a system's processes determine its fitness for purpose. "Process," the way many leaders use the term, refers to workflows, procedures, team structure, tool usage, etc. However, that's all tactical. The primary driver of process outcomes is actually the **mindset** that people

employ – their **choice-making**, whether conscious or not, intentional or not – in carrying out that process. This misunderstanding leads people to replace processes without embracing the mindset that makes them work, which doesn't achieve real improvement. Instead, the focus should be on the **way of working** (WoW): both mindset and its implementing processes.

Second, every WoW produces **side effects**. They occur because the WoW is never perfect, even if it's theoretically appropriate for the needed fitness. Leaders expect some imperfections, but they don't always realize that their WoW's far exceed their theoretical minimum. Side effects fall into two categories:

- **Unnecessary waste**, arising from lossy handoffs, task switching, relearning, abandoned work, and extra steps. Such waste impacts all aspects of the system's fitness, not only its burn rate.
- **Detriments to the system itself**, in the form of rising maintenance costs, disengagement, regrettable turnover, self-serving behaviors, cultural drift, and not keeping up with technological progress. These detriments lower the system's fitness *both in the present and in the future*.



How WoW shortcomings impact business performance

Your WoW's shortcomings – side effects and insufficient fitness – impact your business *and* create difficulties and frustrations for you personally. As a leader, you're responsible for both operating the system and making it better; as you've probably experienced, common attempts to improve value delivery aren't always effective, easy, or sustainable. Let's see what SQUARE suggests instead.

Prerequisites to Improving Value Delivery

To increase a system's fitness for purpose, you need to improve its WoW. That's already a challenge for most organizations because their managers don't recognize that technological value delivery occurs in a system. Instead, they manage separate *parts* of it, such as functions, individual contributors, Scrum teams, or project teams. However, in a system, decisions and actions taken in one part may impact other parts or be affected by them; the whole does not equal the sum of its parts. Therefore, improving parts of

a system in isolation is not a winning strategy. Neither is targeting single fitness aspects such as adaptability or timeliness.

Making value delivery more fit for purpose has three prerequisites:

1. A broad coalition of leaders from across the system. Improving a system cannot be done single-handedly. It doesn't require that all change leaders have wide formal authority, but it does take a coalition of leaders who, together, can gradually overcome the organization's inertia, self-imposed constraints and bureaucracy, and cultural barriers.

2. A model of improvement and how to achieve it. It's not enough to set improvement goals or to have frequent retrospectives; leaders need to agree on a shared model that addresses two questions. One, what would constitute improvement *for us*? An example answer is to avoid developing features that are rarely used. Two, how would we achieve that improvement? In this example, it might be to revamp the planning process, or to create empowered, cross-functional teams. On the basis of their shared model, leaders can and should foster an appropriate system-wide mindset.

3. System-aware and people-first leadership. It's human beings (not inanimate "resources") who operate the system and have a way of working. Leaders must be attuned to both humans and the system, and make decisions with both in mind. Two important decisions are the approach to change management and the choice of processes to implement the chosen mindset.

Fitness Levels and Improvement Strategies

The SQUARE model suggests the following:

- Fitness for purpose generally corresponds to one of five levels. It's the same five whether the system is product-oriented or project-oriented, plan-driven or agile, based on a familiar framework or home-grown.
- The levels are progressively better, on the whole, despite having disadvantages and risks. Real-life systems achieve great fitness one level at a time.
- There are ten cross-system, process-agnostic strategies for moving from low to high fitness effectively and efficiently. They are sequential and incremental: given a system's current fitness level, only two or three of them are needed for leveling up (assuming the lower-level strategies have been "baked in").
- Assessing a system's current level can be done reliably enough, without metrics, in a few minutes.

Here is a brief summary of the strategies and the roadmap they draw for the journey through higher fitness levels. My book *Deliver Better Results* explains everything in depth, including the method I suggest for assessing a system's level.

If your system's fitness is at **Level 1,** it has some successes but doesn't contribute adequately to achieving company objectives. The following strategies will move it to Level 2:

1a. **Manage the project portfolio** or product roadmap with greater strategic control over committed and in-progress items. In other words, let teams carry out the most important work without overwhelm. The target state: the portfolio's most important items aren't unacceptably delayed by less-important ones.

1b. **Redesign or upgrade the way of working** based on what matters most for achieving the mission and objectives. Determine an appropriate mindset for the system's goals, and implement that mindset sustainably and viably in structure and processes. Do that instead of the industry default of adopting a favorite/familiar/popular framework and trying to bend reality to fit the framework.

At **Level 2,** the system contributes to achieving company objectives, though neither effectively nor efficiently enough. Build atop the previous strategies by adding these two:

2a. **Sort out decision-making**. Bring product-impacting decision-making to the point where it's appropriate, timely, and harmonious enough to move the product forward without reversing or changing course unnecessarily.

2b. **Stabilize the system**. Create a sustainable balance between the demands on one side and the supply (outputs) on the other end. That means the system is reliable: you can have *realistic expectations* about the range of time and quality for delivery of features, experiments, projects, and other portfolio items.

With the four preceding strategies sustainably in place, your system sits at **Level 3**: its results are satisfactory. However, it's optimized a certain way, and its performance depends on a few people who make all the high-impact decisions. Now, focus on the following:

3a. **Increase contributor safety, real teamwork, and collaboration**. Shift the environment from that of "resources" checking tasks off to one where humans feel safe to engage and to do their work without fear of failure; where they collaborate rather than merely cooperate; and where they do so in actual teams (rather than workgroups that are *called* teams).

3b. **Defer commitments and increase release frequency**. Especially for the longer time horizons, commit only to the objectives and outcomes that are too critical, risky, or costly to push out. On this basis, reduce the size of releases and release more frequently. Your target: the system is consistently able to focus its attention on new opportunities and changing needs soon after learning about them.

3c. **Engage teams meaningfully, collaboratively, and efficiently in planning**. Apply more of the collective brainpower in planning activities such that it leads to markedly better outcomes while being worth the cost.

Implementing the above strategies will get your system to **Level 4**: it is effective and efficient. The weak spot, however, is that it's slower to achieve major outcomes than the company needs it to be. Keep applying all the earlier strategies, and incorporate the next three to level up:

4a. **Expand team ownership of major outcomes**. Your target: teams take major product and system matters from start to finish with minimal pushing, orchestration, or intervention by management.

4b. **Improve the inputs to decisions and the decision-making processes**. Decisions will inevitably yield both positive and negative outcomes; your goal is to increase the former and reduce the latter while keeping the overall cost of decision-making acceptable to the company.

4c. **Reduce the technical cost of change**. Improve the product's technical implementation (and how developers work) such that the system is consistently able to properly implement reasonable changes to the product in a reasonable amount of time.

The way SQUARE sequences changes, an improvement journey that usually takes years can take months. For example, in 2022, a client with 40 people in product development used this roadmap to progress from Level 1 to 4 in only ten months, and they've sustained that level since then.

SQUARE is unique in being gradual, holistic, and process-agnostic. For a detailed, practical dive into everything mentioned here, consult my book *Deliver Better Results: How to Unlock Your Organization's Potential*. Write to me with questions or comments at gbroza@3pvantage.com.