

# CARPOO | DIGITAL

## THREE TIPS TO EFFECTIVELY DO VALUE STREAM MAPPING IN YOUR ORGANIZATION

Delivering value to the client has always formed the backbone of any organization and is of particular importance in current times with the rapid adoption of digital tools and processes. However, this rush to be more customer focused has its own set of challenges. Organizations are expected to react to market changes with speed and align themselves around delivery outcome.

### WHAT IS VALUE STREAM MAPPING?

A value stream is the sequence of activities required to design, produce, and deliver a product or service to a customer. Value stream mapping is an essential but underutilized process which is fast emerging as a go-to tool to help organizations visualize and resolve any gaps or disruptions and excess in the value delivery system.

Following the creation of a value stream map, work begins on improving the software development life cycle and delivery workflow from end-to-end. Whatever an organization's goals may be, achieving them requires optimization of the value stream. Process improvement starts with measuring where you are and determining what it will take to get to where you want to go. Without a view of the entire value stream, the data will be incomplete.

### HOW DOES VALUE STREAM MAPPING HELP REMOVE WASTE?

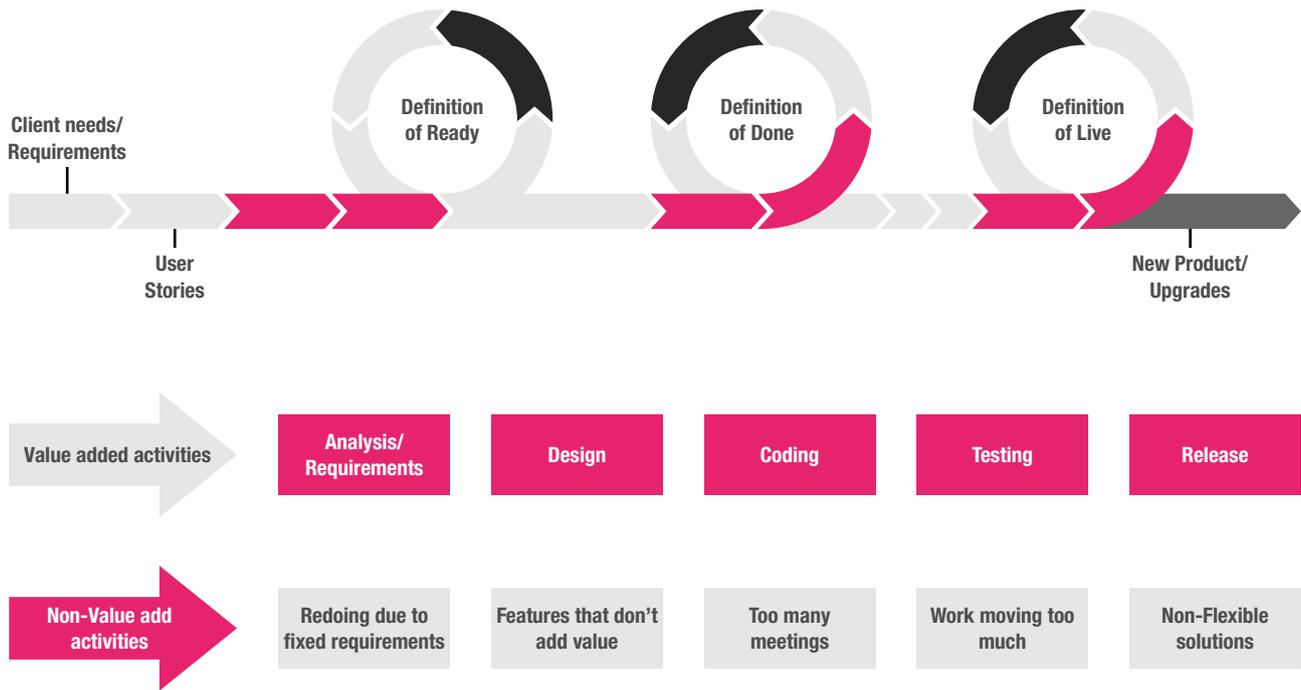
Value stream mapping can be applied to any area or industry. In this article we have employed the software development life cycle (SDLC) in a company as an example.

In SDLC, activities that usually generate waste are:

1. Too many handoffs between teams or individuals
2. Producing features that customers do not need or utilize
3. Redoing part or complete work due to fixed requirements
4. Solutions that are not future proof.

Activities like these cause delays in the development cycle eventually resulting in late product delivery to the client. Most of the organizations overlook these wastes in a development life cycle due to lack of transparency around the processes and then get stuck in a 'that's just the way we do it' mentality.

Value stream mapping helps you identify which activities deliver the best value and how to reduce wasted resources in a specific process. After all, most organizations spend a lot of time on activities that do not add any value to processes rather than on ones that do.



Value stream mapping creates greater visibility and traceability through the entire software development life cycle. It helps teams understand the different connections, touchpoints, and handoffs throughout the entire process. This enables them to identify bottlenecks and pain points in the process.

Approaching software delivery with a value stream mindset allows teams to identify steps that are value-adding and understand the steps that create waste. This includes delays, areas where there is more rework due to defects, and insights on how to remove this waste.

The mapping exercise fosters cross-functional collaboration between the different teams involved in the software development cycle and assists them in identifying and eliminating redundant and wasteful steps in the cycle. It focuses on streamlining the overall process to promote simplicity and effectiveness, as well as revealing opportunities for automation and future proofing of solutions.

Value stream mapping is also a useful process to engage leadership, enabling large scale removal of waste and impediments to flow across the system.

This creates impactful change and supports improvements at the team and micro level to be cemented.

We recently helped a financial services client map the value stream for their fund management delivery workstream. Our key findings from the process were:

- Multiple business tools were used by the organization to achieve the same goal that was hindering the flow of information between different teams/functions. This insight resulted in the selection of key tools that the client wanted to focus on to perform specific functions which led to enhanced data collection ability and reduction in waste by better streamlining of processes/functions.
- Different project teams working on the same set of functionalities leading to duplication of effort. The client was advised to move onto Agile release trains with the creation of cross-functional teams owning a feature/functionality through which all the changes are handled. This helped in reducing the duplication of work by 20% and creation of future-proof solutions.

# KEY CONSIDERATIONS FOR EFFECTIVE VALUE STREAM MAPPING

When an organization is doing or thinking about implementing value stream mapping, it's important it makes the process practical so that it can create transformational outputs. There are three key areas for the organization to consider first:

## 1. While there are often multiple ways to achieve the same end-result, there is no single 'right' solution.

One should always think about how to begin the transformation effort from a lean perspective, what work to focus on, and what problems need to be solved. It is important to acknowledge that there are multiple ways to resolve the problems and the group should not focus on choosing one 'right' solution. Instead, all options should be carefully considered, and the team should reach a consensus on a single or combination of corrective measures that can be implemented to resolve a particular issue in the value stream.

## 2. Always focus on the macro view – improvements should be suggested on 'what' should be achieved rather than 'how'.

Value stream mapping looks at the value delivery chain from a macro level. In most organizations, no one person can explain the end-to-end process and activities required to transform a customer request into a product or service. This gap in understanding results in organizations making improvements in one functional area, only to create complications in another. That's why it is important to focus on what needs to be done during the process rather than thinking about the 'how', which is usually the next step!

## 3. Continuous improvement is key. A PDCA (plan – do – study – adjust) approach should be applied to everything.

We're often asked how frequently a value stream should be improved. The answer is continuously. Continuous improvement is your only way to get out of the habit of doing micro improvements that are reactive and do not add value over the long-term. We recommend that you perform value stream mapping at least once a year for each of your key value streams – and more frequently where possible.

Capco has recently published a paper on 'How organizations can accelerate digital transformation through value streams' that focuses on the emerging trend towards value stream-led operating models. It talks about the key challenges to implementation and offers the key measures needed to apply the concepts of value streams to financial services organizations.

As mentioned earlier in the article, the idea of value streams is not limited to SDLC or IT development. It can be applied to Operations, Design or any other area or industry. In addition to removing waste in your value delivery system and streamlining processes, value stream mapping fosters collaboration by bringing the business and IT together and emphasizes breaking down the walls with siloed areas communicating and collaborating to achieve a common goal or purpose.

The three key areas discussed above go a long way in ensuring that the value stream mapping is done effectively and that the focus is always on collectively resolving issues and enabling value. In this way, organizations can introduce a culture of improvement and change in their respective value streams and deliver greater value for lower costs, capture greater market share, and create healthy returns for shareholders.

### AUTHOR

Rahul Lalwani, Senior Consultant  
[rahul.lalwani@capco.com](mailto:rahul.lalwani@capco.com)

### CONTACT

Alla Gancz, Partner  
[alla.gancz@capco.com](mailto:alla.gancz@capco.com)

[WWW.CAPCO.COM](http://WWW.CAPCO.COM)



**CAPCO | DIGITAL**