

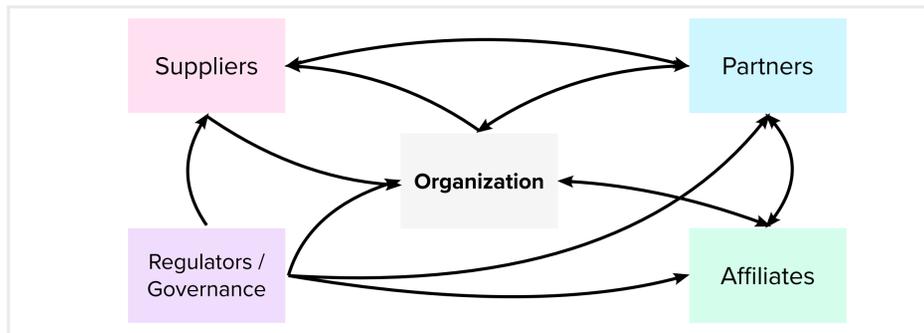
Seeing Value Flow: The Chain, Network and Streams

The concept of value chains were introduced by Michael Porter in his book Competitive Advantage in 1985:

“The value chain disaggregates a firm into its strategically-relevant activities in order to understand the behavior of costs and the existing potential sources of (competitive) differentiation.”

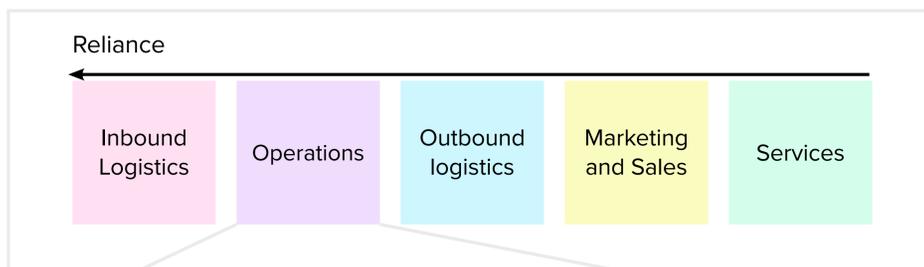
Understanding value creation and delivery is a complex and emergent field in the current continuous, software-defined, as-a-service world. Mapping value creation and delivery using different models helps visualize and simplify the complexity and create valuable artifacts for communication and shared understanding. Check out each model below to understand the various model types and how they compare to eachother.

Value Network



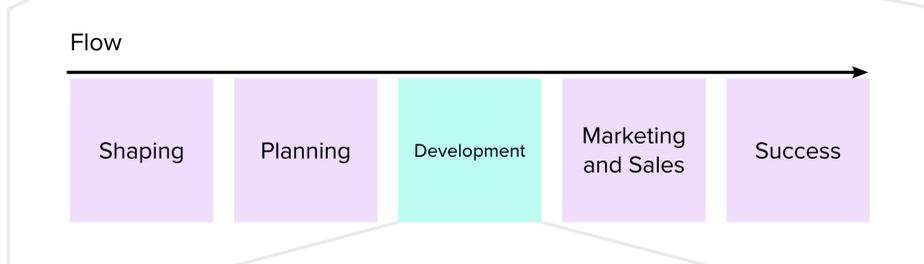
Value networks are focused on describing the social and technical resources that exist within and between organizations. The nodes in a value network represent roles or functions in an enterprise. The nodes are connected by interactions, which represent deliverables that might be tangible (product or money) or intangible (regulatory compliance or risk reduction). Value Networks help us understand the complex web of relationships and areas of value exchange that exist within and between organizations.

Value Chain



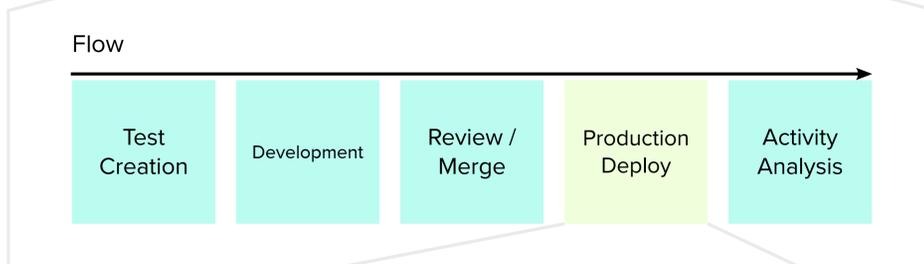
Every organization has a primary value chain, its primary purpose. In a lemonade stand, lemons, water, and sugar go in one end, cups of lemonade are consumed on the the other. In the value chain, each activity relies on the activity upstream to deliver value. If the value chain is the body, operations (how the lemonade is made) are the muscle of the business, and the largest opportunity for innovation. (Porter - 1985)

Operational Value Stream



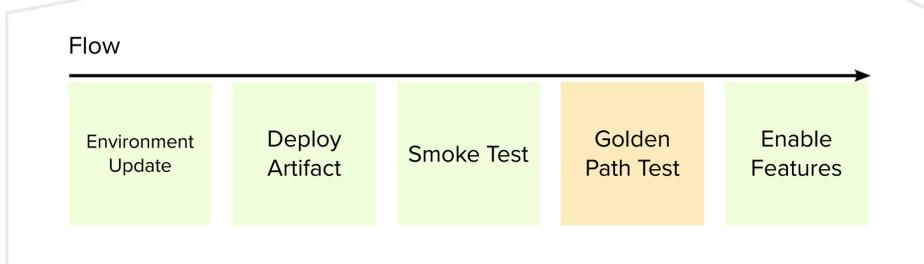
The operational value stream is typically where you see the 'idea to customer' stream. The big picture view of how value is created and delivered. A product development process is a classic example. In this example, after measuring the timing of activities through the value stream, we've identified a bottleneck in development. Zooming in allows us to investigate further.

Development Value Stream



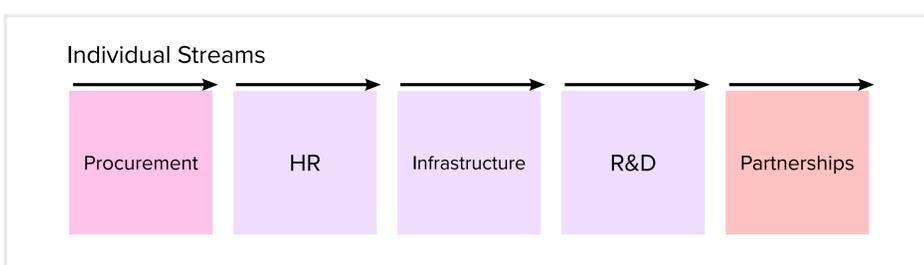
The development value stream is where we regularly iterate to build and deliver value. It's commonly structured as a sprint, focused on delivering features. Other examples are an incident response process, or a sales process. By mapping the development value stream, we've identified a bottleneck in the production deployment stage. We can zoom in even further.

Development Stream Detail



By zooming in even further we can see which portion of the deployment process is taking the most time, delivering insufficient value, or delivering inadequate quality. We can look at the tools involved, the artifacts created, or any other attributes that help us make a decision about how to effectively address the constraint. All of this can be accomplished in a few hours, or half the time it would take to get consensus without data.

Supporting Functions



There are value streams throughout every organization. Even a lemonade stand has a half dozen. We can zoom out to see them all, or zoom in to each one, and each activity within them. The more unified they are, the more value they can deliver. If we can see and measure them, we can improve them, dramatically.