Jira Align

Outcome-driven teams

Measuring the value your customers experience



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PART ONE

Vision and planning

INTRODUCTION

In this first part of our ebook, *Outcome-driven teams: Measuring the value your customers experience*, we take a look at how leaders and teams set the vision and coordinate the planning of work to deliver that vision. We review how ways of working are evolving to make work more adaptable and sustainable and what this means for customer and employee experience – total experience – and omnichannel. We'll see what this means for organizational design and how all this comes together to deliver on a strategy and realize value outcomes.



Portfolio leaders must commit to a strategy, share it broadly, and give teams the autonomy to determine how to deliver. This means giving the teams the tools to surface the data and insights they need to stay the course, or course-correct (pivot or persevere).

Traditionally, the vision has been set from the top of an organization, by the executive leaders who think strategically. They oversee the portfolio of projects and set high-level, long-term goals, milestones, and direct teams, through project managers as they build long lists of requirements and delivery plans. Multi-million dollar budgets are secured to be spent over many months, often years and a business case defines the return on this investment. We classically refer to this type of approach as a waterfall-based approach. Characteristically, projects organized and managed in this way often encounter delivery overrun. Budgets are often blown since duration directly affects human capital expenditures. Often the customer doesn't receive what they expected or wanted, since the long-run nature of these projects allows customer expectations to evolve unchecked. Teams disband, burn out, recover and reconvene on new projects. As a consequence, when the project concludes, often nobody really knows what happened other than it was painful and disappointing.

Waterfall and Agile

Waterfall approaches can, and do work well, *but only when* the scope is extremely limited and the planning horizon is short. A good example of how to make decisions that consistently work well and continue to do so is when the outcome is clear or even complicated as per the **Cynefin framework** which offers decision-makers a "sense of place" from which to view their strategy. The framework identifies four domains in which to classify an initiative:

CLEAR	(Best Practice): Known knowns
COMPLICATED	(Good Practice): Known unknowns
COMPLEX	(Emergent): Unknown unknowns
CHAOTIC	(Novel): Cause and effect are unclear

Waterfall (for Complicated or Clear)	Agile (for Complex or Chaotic)
Projects	Projects
Big batch	Small batch
Fixed	Iterative
Definite requirements	Evolving requirements
Testing follows build	Testing is concurrent

The challenges we observe in most large customers, have complexity in multiple dimensions. Agile approaches work well when the outcomes are complex per Cynefin. There is a spectrum of worthy approaches to getting value delivered and teams should be empowered to choose the approach that's going to work best for what they are trying to achieve.

Agile approaches change the view away from project-oriented big-batch waterfall to smaller batch deliveries with shorter delivery timeframes. This allows the customer to experience more value earlier and allows the solution to evolve as customer expectations about the full solution evolve. This approach also allows the portfolio to now be comprised of long-lived products, which many near-term deliveries. The teams accountable for these products continually deliver enhancements that result in value outcomes that are better aligned to the needs of their customers.

In the table above, the things on the left column work for certain situations, and those in the right column work best when the end solution is being discovered along the way via experimentation and learning.

Determine desired outcomes

You'll only know you've been successful if you've defined what success looks like at the start. And make your desired outcomes measurable. Objectives and Key Results (OKRs) are one way to measure this.

OKRs provide guidance that promotes distributed decision-making and keeps every level of the organization engaged. Objectives in OKRs should be ambitious, short, and inspiring. Unlike the goals in management by objectives (MBOs), OKRs should make you strive for peak performance. Scoring a perfect score usually means the objective wasn't a stretch.

Objectives

What you want to accomplish.

A good objective is significant, concrete, action-oriented, and inspirational.

Key Results

How you will know you have accomplished your objective.

Good key results are specific, time-bound, aggressive yet realistic, measurable, and testable.

The table on the next page shows how different metrics can be put into different classes, depending on for whom or where the value is being created. The objective column shows what can be targeted for improvement, and the key results column on what measures could achieve that objective. Value Stream Management (VSM) puts the customer experience front and center, so those metrics are considered the most important – the ones that directly lead to business success.

Metrics Class	Objective	Key Results
Customer	Value realization, UX, delight	Usage, feedback, NPS/ referrals, reviews, bounce rate, session length
Business	Profitability, market share, segmentation, reach	Money, %, adoption, churn, conversion
Flow	Time to value/learning (cycle/lead time)	Days/hours/minutes, efficiency, WIP, distribution
Team	P&L, TCO, product & platform performance	WIP, work outcome, system capacity, uptime, MTTD/R, MTBF

Customer Experience (CX)

CX is everything related to a business that affects a customer's perception and feelings about it. It's all of the cognitive, affective, sensory, and behavioral responses during all stages of the customer journey (pre-purchase, consumption, and post-purchase).

Great customer experience is a point of differentiation for organizations that results in customer loyalty. The outcomes are loyalty in the form of recurring spending, positive referrals, and reviews. Companies that prioritize customer experience win because they assure their revenue streams through superior customer attraction and retention.

Omnichannel Experience

When you develop an omnichannel CX strategy, you are not only meeting customers where they are – that's just table stakes. Omnichannel means going a step further and providing a consistent communications journey for your customer, one where the conversation history and context travel with them from channel to channel. Customers expect to be able to start a service conversation on one channel (such as social media) and seamlessly move to another channel (live chat, for instance) without skipping a beat. Context is crucial for delivering a good experience across channels. That context combines who the customer is, what outbound emails they've opened, what's sitting in their shopping basket, or what they've asked about or commented on in the past.

It's possible to use in-app metrics (from tools like Pendo, for example) that indicate the level of adoption, where people get stuck, and where they're successful. There are patterns that can be tracked and analyzed. This feedback provides insights that leaders and teams can use to make decisions about where to invest next.

Customer (CX)
How a customer interacts with and feels about a brand

Employee (EX)
How an employee interacts with and feels about their company

User (UX)
How a user interacts with and feels about a product or experience

Multichannel (MX)
How an experience is enhanced and delivered simultaneously across multiple devices, modalities, and touchpoints

Total Experience (TX)

Total experience combines customer experience with employee (EX), user (UX), and multi-channel experience (MX). TX is important because none of these exist in a vacuum; each of them influences the others.

EX is about what people encounter and observe over the course of their tenure at an organization from job candidacy to exit. Components include the organizational culture, the tools and technology they work with, and the physical workspace they inhabit. Customer-centric cultures also influence EX. Employees who work at companies that put customers in the spotlight are much more likely to feel like their work has meaning and intend to stay with that organization longer. They are more engaged with their work and that, in turn, has a positive impact on CX. Employees who are connected to purpose deliver better products.

UX is about how a user interacts with and experiences a product or service. It is the personal, internal experience customers go through when using a product's interface. If users don't like using a product or find it too difficult, can't find what they want or it breaks, that's a bad user experience. Too much of that, and you have a bad customer experience.

MX is about designing digital experiences across multiple devices (websites, mobile apps, smart TVs, wearables), modalities (voice, touch, gesture), and touchpoints. It should not be confused with omnichannel. Omnichannel seeks to unify an experience across different channels. MX's goal is to create or enhance multi-touchpoint engagements.

Organizational design

The progressive model, built around autonomy, pushes decision-making to those delivering the work and value outcomes to the customer. But when an organization has a portfolio of products an overarching vision is still developed and evolved by a band of leaders. When an organization is transitioning its ways of working, retaining clarity of vision through the change is critical to achieving coordinated autonomy.

That vision needs to be clear at all levels and across all parts of the organization to be delivered. And it needs to be customer-centric.

Transitioning to progressive, product-led ways of working from waterfall, project-oriented ways of working requires consideration of the design of an organization. Broadly, there are two types:

1. The traditional dominator hierarchy where command and control are issued from the 'top' of the triangle and filtered through many layers before the work is executed across multiple specialist siloed teams
2. A progressive model where authority and end-to-end responsibility of functions such as talent acquisition/exiting, P&L etc is distributed to autonomous teams (sometimes referred to as circles or cells) which contain all the functions to manage the work through all the steps from idea to value realization

The second model is optimized for both speed and quality:

- Handoffs between teams that create delays and waste are eliminated improving the flow of value to customers
- The teams are enabled to access feedback directly from their customer improving their accuracy and responsiveness
- Empowering teams to make decisions about what work they do and how they do it shortens decision-making timeframes and flow, and improves employee well being
- Work can be defined, designed, built, and deployed as outputs in smaller components (e.g. user stories) reducing the risk of doing the wrong thing and enabling earlier testing

> “[A value stream is] an end-to-end collection of activities that creates a result for a ‘customer,’ who may be the ultimate customer or an internal “end-user” of the value stream.”
>
> –JAMES MARTIN, ‘THE GREAT TRANSITION

Many believe that a combination of both models works best in the current environment, especially since many organizations are in transition. This hybrid model contains:

1. **Just Enough bureaucracy**: the business has to comply with governance requirements
2. **Just Enough free-wheeling creativity (artistry)**: there are so many unknowns in the new digital economies that we need to unleash the potential of the teams

We are looking to strike a balance between these two forces so the organization and teams achieve coordinated autonomy. Designing around products and focusing on the steps or stages of work that deliver value to the customer makes the value stream visible. A value stream is anything that delivers a product or a service and working as value streams enables focus on flow. The team builds and owns their product or value stream.

Strategy and execution

The best way not to get work done is to have too much of it. When teams have autonomy and control over their work, they can identify how much bandwidth and cognitive capacity they have available and structure their work accordingly. They can break the work down into smaller pieces and gain insights into their velocity and set expectations with internal and external customers as to when enhancements will likely come available.

Leadership needs to work closely with the cross-functional teams, but not as a manager, and not treat them as order takers. Instead, leaders:

- Are servant coaches whose main role is to remove impediments to their team
- Help teams to self-discover improvements
- Keep the vision alive and kicking in every piece of work that's done

Successful autonomous teams must have the information they need to assess the work's contribution to the strategic goal whether it's about customer experience or improvement to the work delivery mechanisms. This is the work's purpose after all, and they need to see their efforts are resulting in the intended outcomes.

VALUE STREAMS

The idea of value streams comes from lean manufacturing and lean enterprise and has been popularized through the practice of value stream mapping. Key proponents of the mapping methodology include Karen Martin, Mike Osterling, and Mike Rother.

Reflection and value realization

Many organizations focus on the wedding and not the marriage; that is, they obsess over taking a project, epic or feature live, but not the long-term impact of that work. Measuring the impact requires reflection together with the ability to access feedback and insights into the customer experience, either directly from the customer's mouth, or by being able to observe their behavior.

It's not all about the customer, it can be about improving employee experience too, which is inextricably linked to their ability to serve their customers. Oftentimes, teams don't know the outcome of their work which makes them feel they are lacking purpose. They may not have data telling them how their customers are responding to what they deliver.

They may lack ways in which to align to organizational strategy and measure progress; for example, OKRs and KPIs. While they subscribe to the tenet "We build it, we own it", they cannot see their own real-time Profit and Loss (P&L) account.

Teams may find it difficult to prioritize new activities ("everything is urgent") and find it hard to convince stakeholders of investing in work that will improve the underlying delivery mechanisms. Or they have too much Work in Progress (WIP) and aren't able to finish anything to deliver it. Or they may be acting like a "feature factory" where they are churning out code and enhancements without any understanding of their need or outcomes – the link between feedback and planning doesn't exist so new features are designed and developed without guidance from the prospective users. All of this is demotivating and leads to unhappy and unproductive teams.

At a higher level, organizational performance may be poor, and leadership may be struggling to pinpoint exactly why when everyone is working so hard. Organizational performance is probably lackluster because new customers are not arriving, existing customers aren't loyal, or making referrals, and sales are down. The company's or product/service's Net Promoter Score may be stagnant or dropping, despite them continually delivering changes. Customers are leaving – retention is poor. Customers are complaining. The customer journey is slow.

Something needs to change and the first thing to do is to stop. And then reflect on what's happening.

> Reflection should be a habit. Progressive ways of working are experimental. This means that every piece of work is subject to a hypothesis:

"We believe that if we <do this specific thing> by <this date> then on <that date> we will see <this measurement> change by <either increasing or decreasing by this amount."

Hypotheses can and should apply to even the most granular pieces of work, i.e. user stories, and use the Deming Cycle in their application. The Deming Cycle is a systematic process for gaining learning and knowledge for the continual improvement of a product, process, or service (or value stream). It follows four steps: **Plan > Do > Check > Act** and is thus also known as the **PDCA Cycle**.

The Improvement Kata, an approach to making progress a habit and part of daily work, includes PDCA in its four steps:

- Reflect on the long-term vision and goals
- Examine the current state
- Identify the next target state
- PDCA and experiment designed to move between the two states

Both the Deming/PDCA Cycle and the Improvement Kata originate from lean principles, which underpin progressive ways of working such as agile, DevOps, and Value Stream Management.

LEAN

Both Peter F. Drucker and W. Edwards Deming are recognized as forefathers and titans of modern operational management, Drucker for Management by Objective (MBO), and Deming for the industrial quality movement that originated at Toyota in Japan, which is often referred to as 'Lean'. They disagreed on how to achieve business results. Drucker cared more about the objectives and outcomes than the means by which they were achieved. Deming emphasized a systematic approach to the means to earn those outcomes. He argued that a focus on outcomes only resulted in short-term thinking and wasteful behaviors.

Hoshin Kanri emerged from the Lean methodologies and is a method for ensuring that a company's strategic goals drive progress and action at every level within that company. It aims to eliminate the waste that comes from inconsistent direction and poor communication. It can also be seen as the practical application of Deming's PDCA cycle.

PART TWO

Mapping and assessment

INTRODUCTION

In the second part of our ebook, *Outcome-driven teams: Measuring the value your customers experience*, we explore how leaders and teams collaborate to map and assess their current state and work towards the target and future states. We consider several mapping techniques that can and should be used in combination to reveal the insights teams need to optimize customer experience – outcome, value stream, customer journey, and dependency mapping. We then look at the metrics needed to measure progress on the adoption journey and how to define value from the customer's viewpoint.



The first step to surfacing an improvement pattern is knowing where we are starting from; the baseline or current state. When embarking on an exercise to take that first snapshot, the mindset should be that it's exactly that; the first of many snapshots on a continuous mission to optimize customer experience beyond that of the competition. There are many ways to assess the current state that don't include mapping, but those that do provide an excellent opportunity for visual collaboration.

Remember; mapping is more important than the map. It's what's learned and understood by going through the process that's more valuable than the final artifact itself.

States: Current, Target, and Future

Since this is a journey of continuous improvement and in progressive ways of working we take an experimental and empirical approach, there are three main states we should consider each time we take a snapshot:

- **Current:** Where we are right now
- **Target:** Where we want to be when we plan to take the next snapshot
- **Future:** Where our north star or utopia resides

The time elapsing between current and target states is dependent on the team or organizational cadence. Agile experts may find they can track this sprint to sprint if using Scrum-based frameworks, or quarterly may make more sense to others.

A tenet of continuous improvement is an ever-moving horizon, so while there is value in setting the long-term vision (the north star or utopia), knowing that this will likely move before your arrival is important. Measuring the increments of improvement and deriving joy from that progress is more rewarding.

> Whether states are called Current, Target and Future, Now, Next, Later or 1, 2, 3 (you can use the 3 Horizons Model), investments should be made across all three in a justifiable way.

THE 3 HORIZONS MODEL

The 3 Horizons Model is a growth strategy framework from management consultants, McKinsey. It should only be used to set or challenge a growth strategy, which will help inform an innovation strategy. It helps to manage visions that vary and guide conversations by showing the high-level innovation plan and the goals for that plan over time. It includes when return on investment, results, or profit is expected. The horizon model is great for portfolio management and growth strategy because it can be used to visualize and simply communicate plans for an organization's future. The model has an axis of time and an axis of value. The 3 horizons are simply 3 S-curves that occur consecutively, representing each innovation project.

Mapping cadence

Mapping should be a team's habit. Time must be allocated for reflection for improvement and the maps should be revisited continually to see the results of the improvement experiments that the team designed to achieve the next target state, and to plan the target state after that.

Outcome mapping

The underpinning principle is to begin with the end in mind. Outcome mapping prioritizes desired outcomes by value (to the customer, ideally), clarifies why they are important, identifies obstacles, explores how to learn more, and identifies how to measure progress towards the outcomes. Outcome mapping supports coordinated autonomy - the notion that while the emergence of new, distributed ways of working are essential to tackle the uncertainty needed in experimental design for innovation and the optimization of customer experience, some central governance persists. This hybrid model supports the alignment of strategy throughout an organization as portfolio leaders can help define the outcomes while teams define how to drive them.

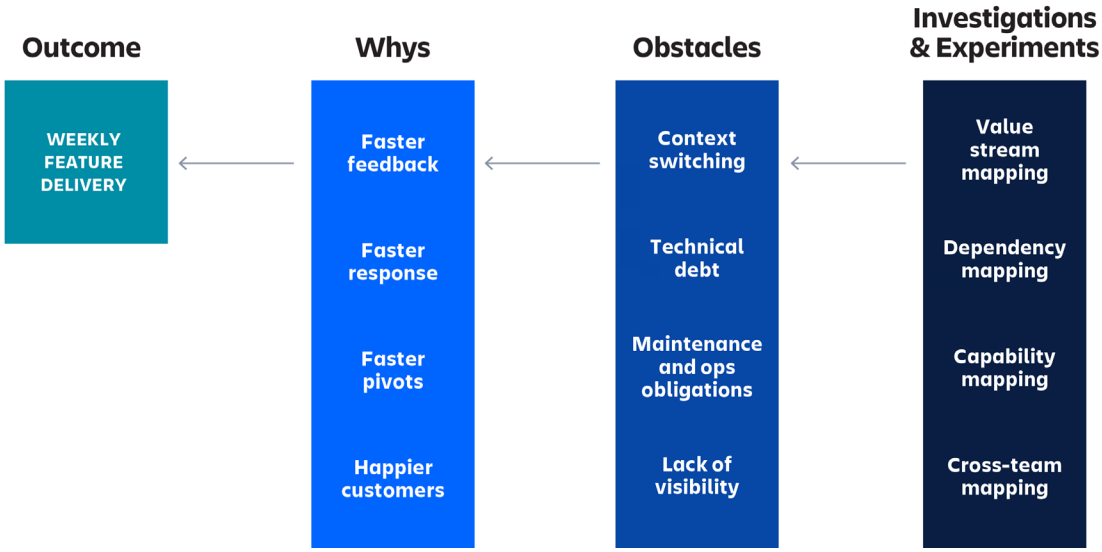


Image: Example of an outcome map

Value stream mapping

The underpinning principle is to measure flow. Value stream mapping visualizes every step in the value stream, from idea to realization, and measures the elapsed time it takes to complete every step, as well as the time spent between each step. All that time summed is the cycle time; the time it takes to deliver a value-enhancing change to a customer. Shortening cycle time means the customer gets what they want faster and is happier.

A key quality metric is the percentage of work that is complete and accurate (%C&A). This is the amount (%) of time a downstream step doesn't have to correct errors, add missing information or clarify information that should have been provided.



Image: Example of a value stream map

Customer journey mapping

This type of map visualizes the customer's interactions with a product or service, from their first touchpoint to beyond their purchase of the product (physical, digital, license, subscription, etc) into ongoing support. The process starts by mapping out all possible customer touchpoints (e.g. websites (mobile/desktop), apps, social, email, phone, post, review sites, human interaction with sales or customer service teams, etc). Then, each persona's user journey is mapped across the touchpoints; some personas may, most commonly use different touchpoints than others and in varying sequences.

Customer journey mapping is important because it is a strategic approach to better understanding customer expectations and is crucial for optimizing the customer experience.

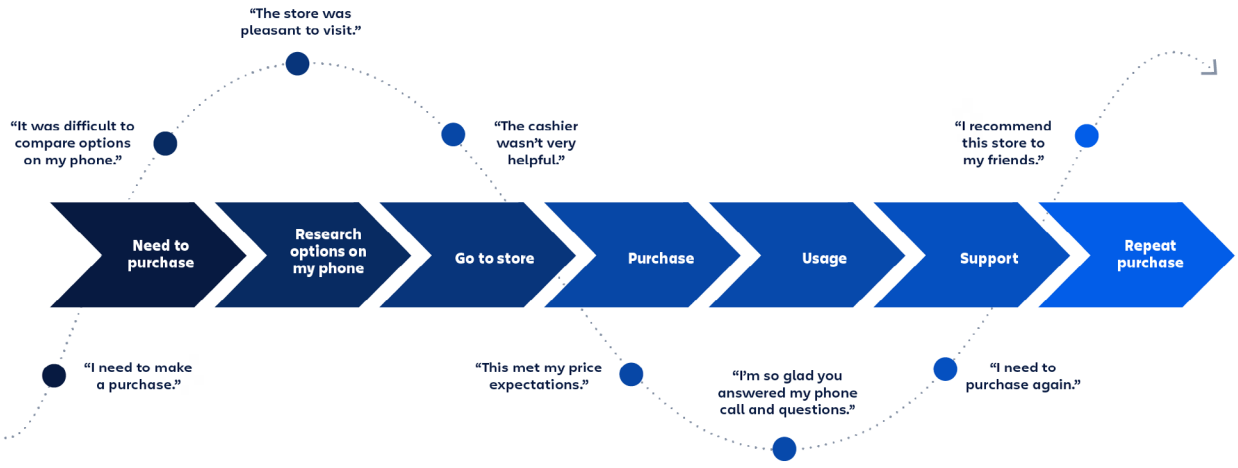


Image: Example of a customer journey map

Dependency mapping

Since most organizations do have dependencies between teams and systems, and these dependencies frequently represent risks or delays, it's useful to map these, either to avoid failure or quality problems or to look for ways in which to optimize flow. It helps to prevent upstream bottlenecks and unintended downstream effects and it's best to proactively manage them so that they don't negatively impact the execution of strategic planning.

When practicing coordinated autonomy, organizational design needs to be intentional. It needs to remove dependencies in the same way that architects and engineers need to intentionally design for the independence of outputs. All outputs to align to the purpose of the CX.

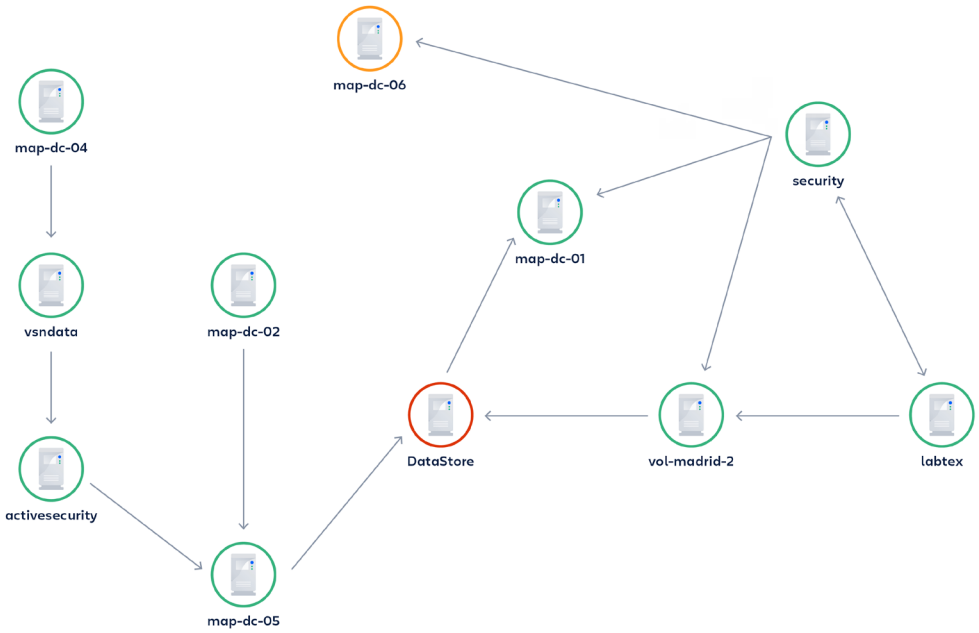


Image: Example of a dependency map

Leading and lagging indicators

- **A leading indicator** looks forward to future outcomes and events
- **A lagging indicator** looks back at whether the intended result was achieved

The best way to manage performance is to combine the insights from backward-looking indicators (lagging indicators) with more forward-looking insights and predictions (leading indicators).

Leading and lagging indicators

Leading indicators

- Customer experience
  - Journey time
  - Session length
  - Bounce rate
  - Page views
  - Conversions
  - Basket size
- Referrals
- Reviews
- Social sentiment

Lagging indicators

- Revenue/sales
- Profit margin
- NPS
- Customer churn/turnover
- Customer adoption/retention
- Customer lifetime value
- Referrals
- Reviews

Value

In organizations, everyone broadly understands the concept of things having value or being useful but people's perceptions differ; value is in the eye of the beholder. The focus can be the customer. In many organizations, it's the executives or shareholders, leaders or the team. A core principle of progressive ways of working is that if we are successful in delivering the right things to the customer at optimum speed, assuming we have our cost models right, we will experience organizational success.

Dependencies

The ideal organizational design of multifunctional, autonomous teams dedicated to long-lived products or value streams also influences system design. Conway's Law states that systems mirror their human communication network, so if teams are loosely coupled, so are their systems. More recent technical architectural models federate and distribute systems, as the ways of working aim to do with teams, using practices such as microservices. These promote autonomy with alignment.

The reality is most organizations have dependencies and monolithic systems because of either their traditional, siloed ways of working or just as part of their complex business model. Dependencies are a problem because they cause handoffs, delays, constraints, opportunities to make errors, or conflicting interests which result in waste in the system.

Dependencies are a fact of life. Progressive ways of working practices aim to break dependencies, not manage them, but they still need managing while they are being broken. In order to change the way teams work we have to intentionally and explicitly change the way we work, and implement good, shared agreements.

CONWAY'S LAW

In 1967, computer programmer, Melvin Conway stated that: "Any organization that designs a system (defined broadly) will produce a design whose structure is a copy of the organization's communication structure." This became known as Conway's Law.

Waste

Lean is a systematic method for the elimination of waste ('Muda'). Lean manufacturing identified eight types of waste, known by the acronym 'DOWNTIME.' The table below explains how these types of waste are manifested in digital products and services.

Eliminating waste improves flow. Improving flow accelerates the delivery of valuable enhancements to the customer. It does not, however, ensure those enhancements are the best ones to deliver. But it does also shorten the learning feedback loop.

Type of waste	How the waste manifests
Defects	Time spent fixing bugs and paying down technical debt
Overproduction	When capacity is spare in teams and they are starved of requirements
Waiting	Teams are siloed and handoffs cause delays
Non-utilized talent	People are not empowered to choose their work and make decisions
Transportation	Unnecessary emails, irrelevant reporting
Inventory	Tools being acquired and not used effectively
Motion	Unnecessary steps in processes
Extra-processing	Backlog items delivered that have no value outcome

MUDA, MURA, MURI

The Toyota Production System, and then Lean, were developed around eliminating the three types of deviations that show the inefficient allocation of resources. The three types are Muda (waste), Mura (unevenness), and Muri (overburden).

PART THREE

Instrumentation and highlights

INTRODUCTION

In the third part of our ebook, *Outcome-driven teams: Measuring the value your customers experience*, we discover how leaders and teams can use their data and instrumentation to become insights-driven. We take a close look at how Jira Align makes it possible to visualize the value stream, use OKRs to align planning with delivery, and create customer feedback loops. Underpinning this is the ability to perform value stream engineering and track key results to be sure that value realization is happening.



So far, we have highlighted several business issues. Now it's time to solve them. To recap:

1. The outcomes of initiatives are not measured
2. Teams need access to direct feedback on customer experience
3. Dependencies exist in portfolios and can slow flow down
4. It's hard to align strategy with execution
5. Teams are frequently overburdened and don't have time to reflect or improve
6. Value is hard to define, the realization of it even more so

Insights driven

Most organizations desire to be data-driven, even insights-driven. Traditionally, leaders and teams have operated in an opinion-driven environment. But the data is there. It may need to be collected, but tools support that and provide the instrumentation that provides the insights to make the data come alive and enable organizations to prioritize customer experience and embed customer-centricity in all that they do.

Custom hierarchies and Custom Rooms: Visualizing the value stream

By using the custom hierarchies capability, Jira Align supports an organization trying to plan and track execution around value without forcing the teams to be cleanly aligned to value streams. Custom hierarchy structures can be created to represent objects that can tie directly to work and act as cross-cutting filters and views throughout Jira Align.

There are three major components to a custom hierarchy - the hierarchy itself, the levels within the hierarchies, and the nodes within each level.

1. **Hierarchy:** Administrators create hierarchies such as Value Streams, Business Capability Models, Solutions/Products, Platforms/Services.
2. **Level:** Optionally, administrators can create levels within a hierarchy, to identify lineage.
3. **Node:** The level of a custom hierarchy associated with a work item type level. The node will appear as a choice field option in the work item.

Once a hierarchy and optional levels are created, and the parent hierarchy or a child level is associated with a work item type (e.g. Initiative, Capability, Feature), a user can associate objects to a Custom Room. For each node created, a "common room" is also created. It's essentially the home base for that node. Any work tied to the node or tied to parent nodes will appear here, as well as important objects related to that work (e.g. dependencies, risks, objectives, etc). Other details like the description, status, owner, health, etc are also recorded here. Users can also see teams contributing work, a feed of recent updates, and a burnup chart.

OKRs for aligning planning with delivery

Jira Align's OKR capabilities enable portfolio leaders to define, set and share objectives and key results and monitor progress relative to the organization's other objectives. A hierarchical view is presented and users can update a qualitative status value, relative to a quantitative objective score and the progress of work. It's important for portfolio leaders to avoid simply pushing strategy downward but rather use OKRs as an approach to align through a mixture of organic ideation and thoughtful cascading and laddering.

Portfolio leaders can quickly see what's most important, what needs attention, and how things are related. In-progress objectives can be sorted by a range of available statuses: not started, in progress, or completed as well as their state: pending, paused, on track, at risk, or off track. Traffic light indicators and progress bars make insights quickly accessible.

Instrumentation supports alignment as:

- Organizational goals drill down to
- Portfolio objectives which drill down to
- Program objectives then to
- Team objectives and
- Key results are tied to their level's specific objective.

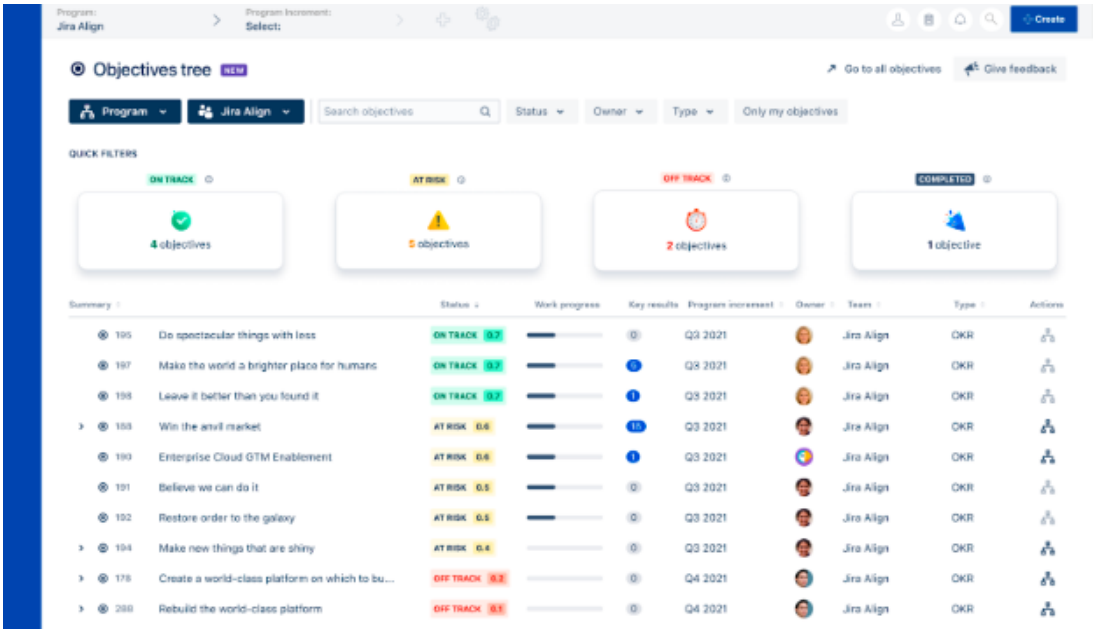


Image: Example of a Jira Align objectives tree

Value engineering: Make bets and capture insights early and often

The core goal of value engineering is to improve efficiency and decrease operating costs through analysis. In Jira Align, value engineering can be performed on epics, capabilities, and features to improve function and lower costs, or to determine if these work items are worth building or continue to build.

Value engineering starts with building a value hypothesis. In Jira Align, a value hypothesis is a templated form that follows a path designed to help teams answer the question: “Does this deliver value that customers want to use?”

The value hypothesis consists of several parts:

- We believe, by doing this (what is believed to be true)
- Will result in (this change)
- If successful, we will achieve this outcome, using this target metric (quantitative measure)
- Start date and end/target date
- Value of the outcome (if you were to buy these outcomes off the shelf, what would the price be?)

The capability also allows for:

- Assigning accountability to those who will examine the outcome of the hypothesis
- Aligning the hypothesis to specific personas and customers
- Estimating the costs to research and build
- Adding assumptions and monitoring their state

Customer feedback loops: What data to capture and how to use it

A value hypothesis examines whether a product delivers value that customers want to use. In Jira Align, a value hypothesis is built using a guided worksheet using an “If this... then this” format that identifies success criteria based on a specific outcome or market signal along with a success metric.

The starting metric is established along with the next target date. There is an opportunity to apply the value of outcome which indicates how much can be spent on validating the hypothesis, which will be examined by both named analysts and approvers.

Accessing the personas assigned to the epic, capability, or feature means the value hypothesis can be assigned to the intended beneficiaries, as can specific customers. The costs of researching and building the feature can be added along with any assumptions, the state of which can be updated as more about them is discovered. Once this is complete, the hypothesis phase is complete and the bet phase is opened.

The replanning mindset

Analysts/approvers, identified during hypothesis building, weigh both the estimated cost of research and to build, before asking if this work item should continue on to the validation phase, Pivot/Persevere. Clicking “Vote” opens a dialog box with a slider where votes can be placed on a scale from 1 to 10, with 10 being “this item will be valuable and deliver the desired outcome.” It’s only possible to vote once a day for features and once a week for epics and capabilities. After voting, a heat map of averaged confidence scoring is displayed.

Progressing on to the Pivot/Persevere phase, the same analysts/approvers periodically ask themselves, “Should we continue investing?” To answer the question, they are provided with both a red down-arrow and a green up-arrow buttons, which are used to indicate continue (green) or stop investing (red).

To help them make an informed decision, estimated versus actual spend and targeted versus actual value are both displayed. The Actual Effort/Spend (to date) is derived from completed and accepted stories related to the epic, capability, or feature. The actual value (to date) is derived from the percentage reached of the target metric(s), relative to the value of the outcome, all defined in the Hypothesize phase.

Tracking the KRs of the OKRs: Are investments delivering value?

OKRs are essential to ensuring the vision is met by the work that's delivered. Leaders should work with their teams so that the teams have the autonomy to set their own OKRs and are confident they can be accountable, but also that they are aligned with the strategy. The goal is to coordinate and align the team's autonomy with the greater context of the customer experience or targeted business outcomes. All funding and time are finite so the leader and team have to choose or discover the paths through the horizons (small bets vs big bets). The Objective concisely describes the desired outcome. The Key Results describe how success is measured.

In Jira Align, leadership teams can tie work in progress to OKRs, from themes to stories. Organizations start by defining high-level objectives. Teams then define theirs along with the delivery timeframe, assign owners and connect them to the appropriate parent objectives.

Next, they define the Key Results for each objective: the baseline percentage, the target date, owners, and measurable goals to obtain along with the frequency of status updates on progress.

And finally, work (themes, stories, features, epics, and work items) is associated with the objectives and presented visually.

Once set up, teams can track the progress of their OKRs. Aligned work progress is automatically progressed as work is completed. From the Objectives Tree, owners can check in on objectives, view the overall score, and drill down into the work done as a roll-up or by individual key results. They can also quickly assess impediments, view the activity logs and trend reports, and update or override scores.

Manage dependencies to ensure the right thing is delivered efficiently, and effectively

The ultimate goal is to break or remove all dependencies and achieve loosely coupled autonomous teams and systems. But it's not always possible to be rid of all of them and it's never possible to do it overnight so dependencies will need to be managed, even while they are being broken.

Jira Align offers several dependency maps to suit the need for dependency visualization at different levels across the organization:

- Team status (by people)
- Incremental status (by work items)

There are also different ways to view the maps:

- Wheel view
- Grid view
- Analytics view
- Link map

Once the maps have made the dependencies visible the team can perform intentional organizational or architectural redesign to reduce the complexity with the dual goals of reducing waste and risk.

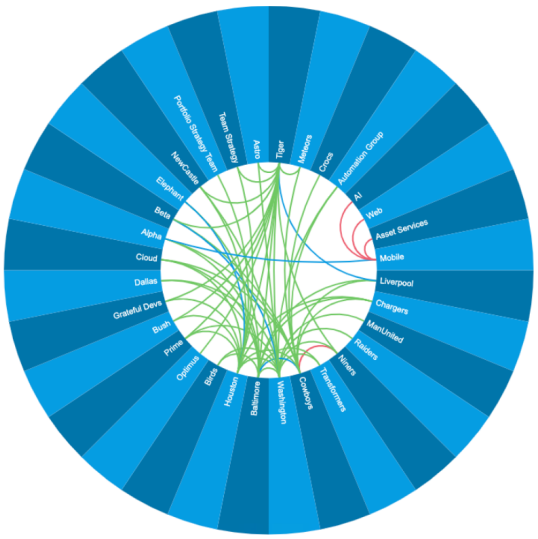


Image: A circular dependency map

Conclusion

Organizational performance

Leadership retains accountability for the organizational purpose and alignment with it across the organization. They also have the ability to see across an organization, across all of the teams, and see patterns, clusters, and heatmaps and find insights. They are accountable for helping teams make local discoveries and global improvements; for identifying good practices and making them common practice.

Team performance

Teams must be empowered with the autonomy to self-discover improvements. Leadership's role is to support them in that goal and remove obstacles. Employee and customer experience are intertwined so teams need to be motivated, coordinated with the organizational purpose and able to see the value outcomes of their work.





Learn how to surface improvement patterns in your portfolio and measure the value that your customers experience.

Visit Jira Align.

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CSD-309_DRD-10/22