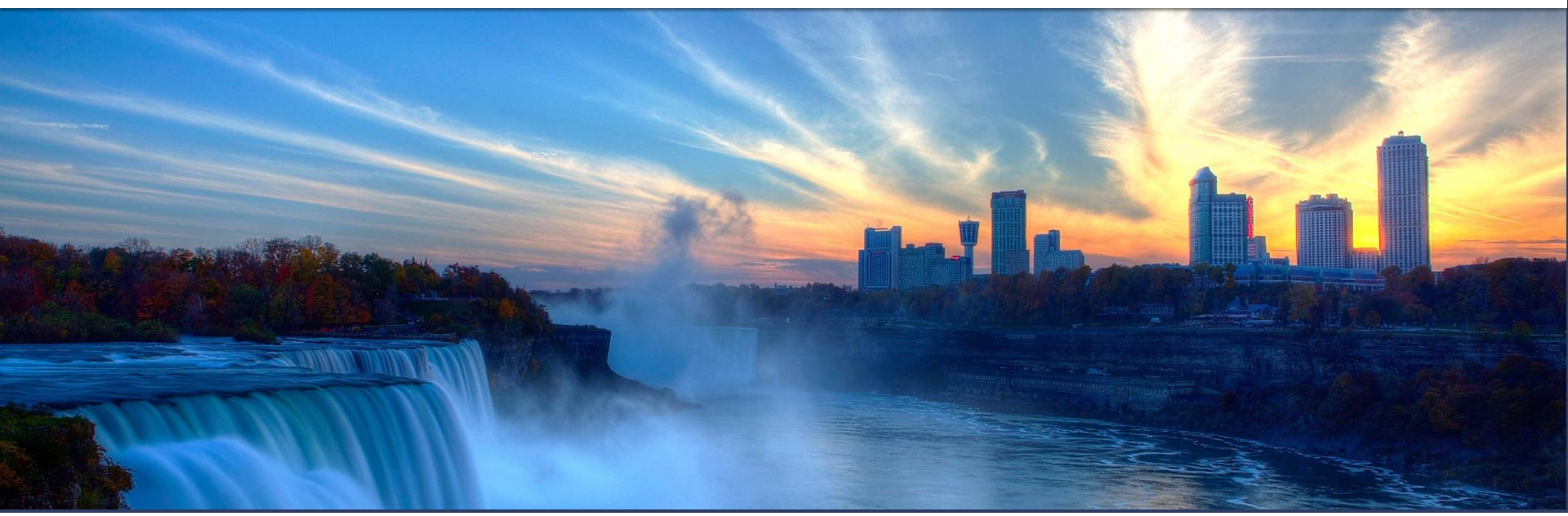


Developing a Strategy Map with Value Analysis

steVE Holmes, Ontario Ministry of Transportation



2016 Value Summit | June 5-7, 2016





6Steps
6StepJobPlan
Teamwork
InformationPhase
ValueManagement
ProjectManagement
CostAvoidance
ProblemSolving
Creative
AlternativeSolutions
ValueAnalysis
ROI
DevelopmentPhase
Innovation
ValueEngineering
MaximizeResources
Analytical
Risk
StimulateInnovation
FunctionAnalysisPhase
SatisfyUsers
Value4Money
PresentationPhase
BuyIn
FunctionAnalysisPhase

Using VA in Strategic Planning

- *Meeting the challenge of Change with Strategic Planning*
- *The Value Proposition*
- *Strategies and Functions*
- *Using FPS to define requirements*
- *Developing Key Performance Indicators*

Why strategic planning?

To develop strategies to respond to internal and external forces

Traditional organizational rules are changing

- Companies and organizations are becoming flatter, more integrated.

Interaction with external change

- Demographics; communication patterns and speed, rapidly changing external situations, disruptor technologies;

**COUNTRIES WITH
CONFIRMED ZIKA CASES**

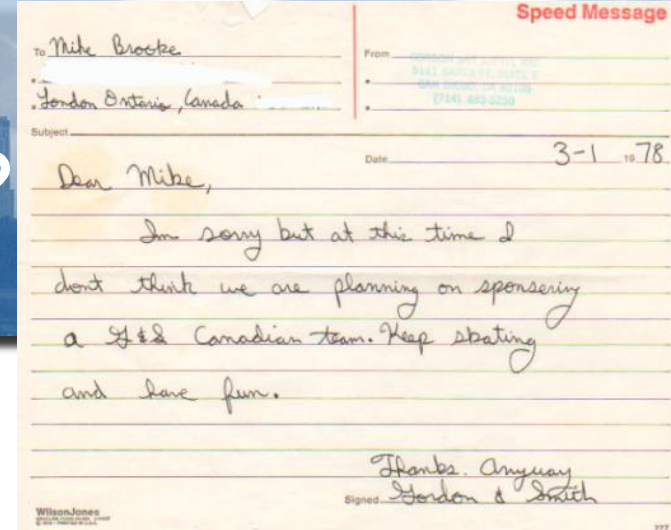


What is Strategic Planning?

- Activity that is used to set priorities
- Focus resources
- Work toward common goals
- Establish agreement on outcomes/results
- Respond to a changing environment

- *Balanced Scorecard Institute* -

Is strategic planning important?



If you maintain the status quo...

Blackberry, Polaroid, Kodak, Speedy Memos, ...

If you plan you can develop new value propositions.

Freshbooks, Lean Construction, Bottled water, Air bnb...



Value Proposition

- Value propositions are developed as part of a business strategy and include:
- A vision that defines how value will be delivered.
- Strategies and tactics that define how the organization delivers value through day to day operations and through longer term projects.



The “Value” in a Value Proposition must be “active”

A strategy that is output based is not a value proposition.

A strategy that is outcome based is a value proposition.

i.e. ~~The Committee will provide guidance on project management...~~ **Outcome**

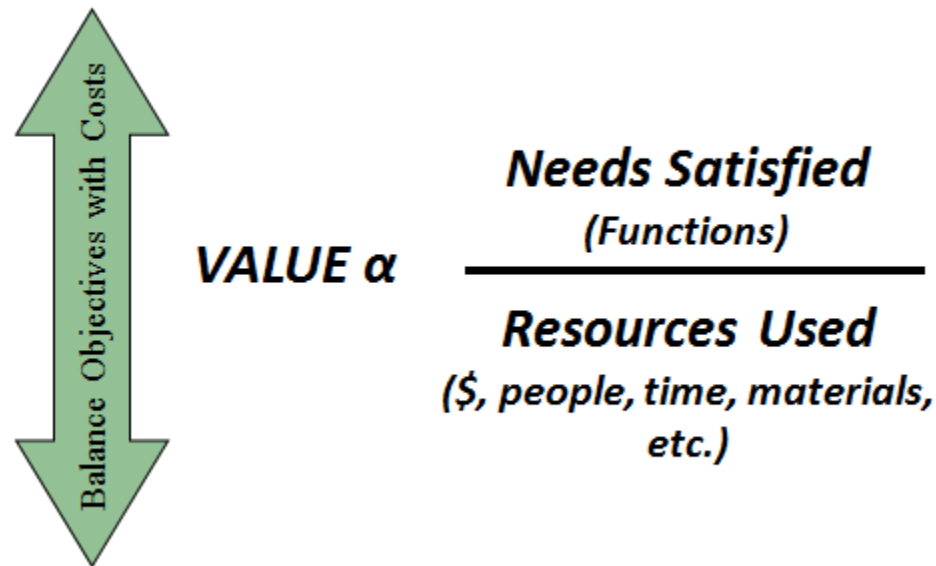
The committee will support improved project **Output** outcomes by supporting the systematic delivery of

...

How do you Achieve Value?

Value can be defined as the ratio between needs (benefits) and resources (expenditure).

To develop a value proposition, the organization must understand how value (benefit) will be delivered.



Strategy Informed Change

Organizations need to be integrated, strategic and horizontal to respond rapidly to change.

One of the best techniques to communicate needs and create a shared understanding of strategic needs is by expressing these needs through functions.

Verb - Noun Abridgement

Item	Active Verb	Measurable Noun
Public Meeting	Seek	Input
Traffic Signals	Control Signal	Traffic Movements
Drill Bit	Make Drill	Opening Hole

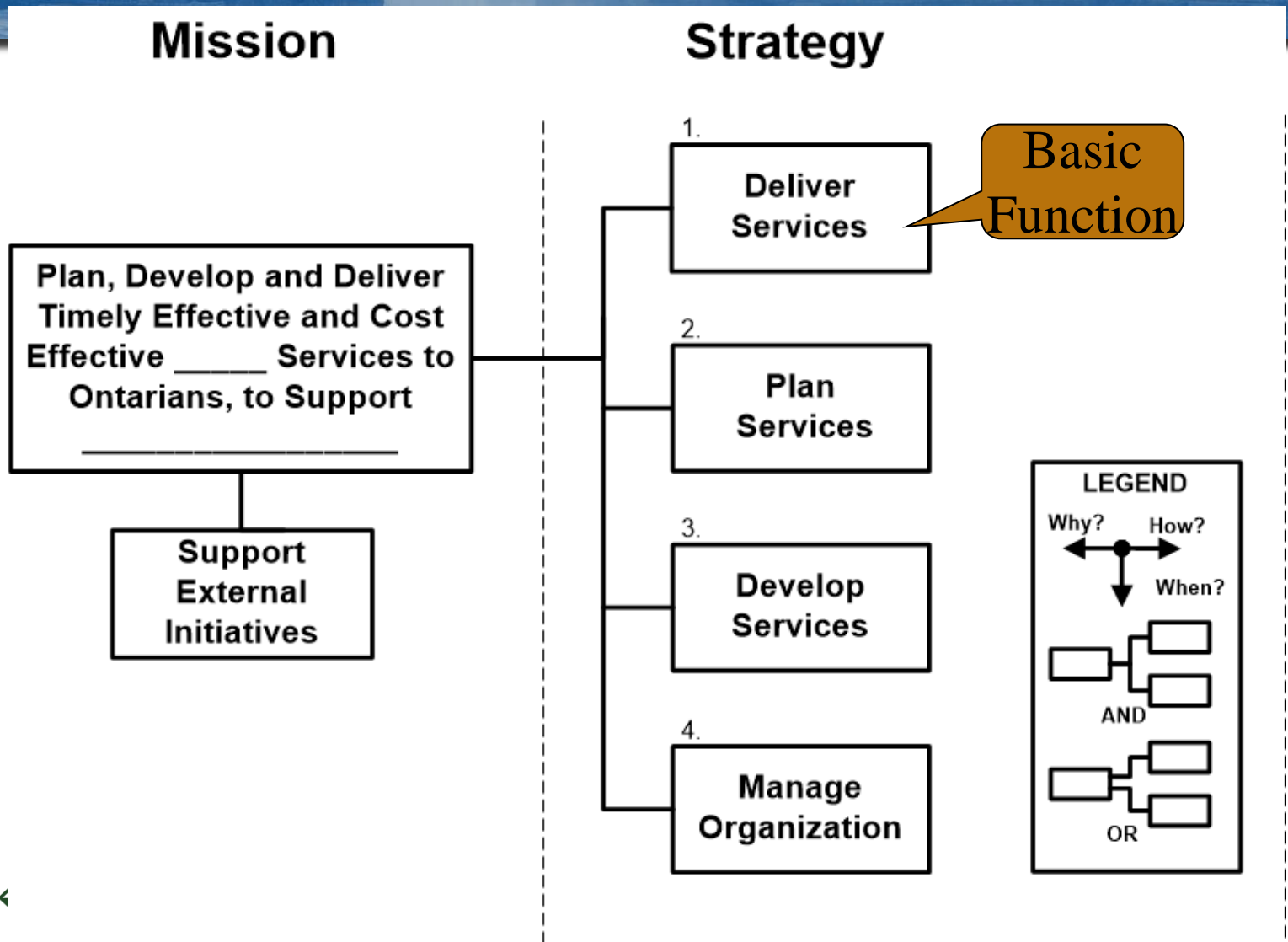
Function Analysis System Technique (FAST) Diagram

Method of organizing relationships between functions based on 'how' and 'why' questions.

Graphical representation of relationship between functions

Enables objective thinking

Example Organization Function Diagram (Functional Tree)

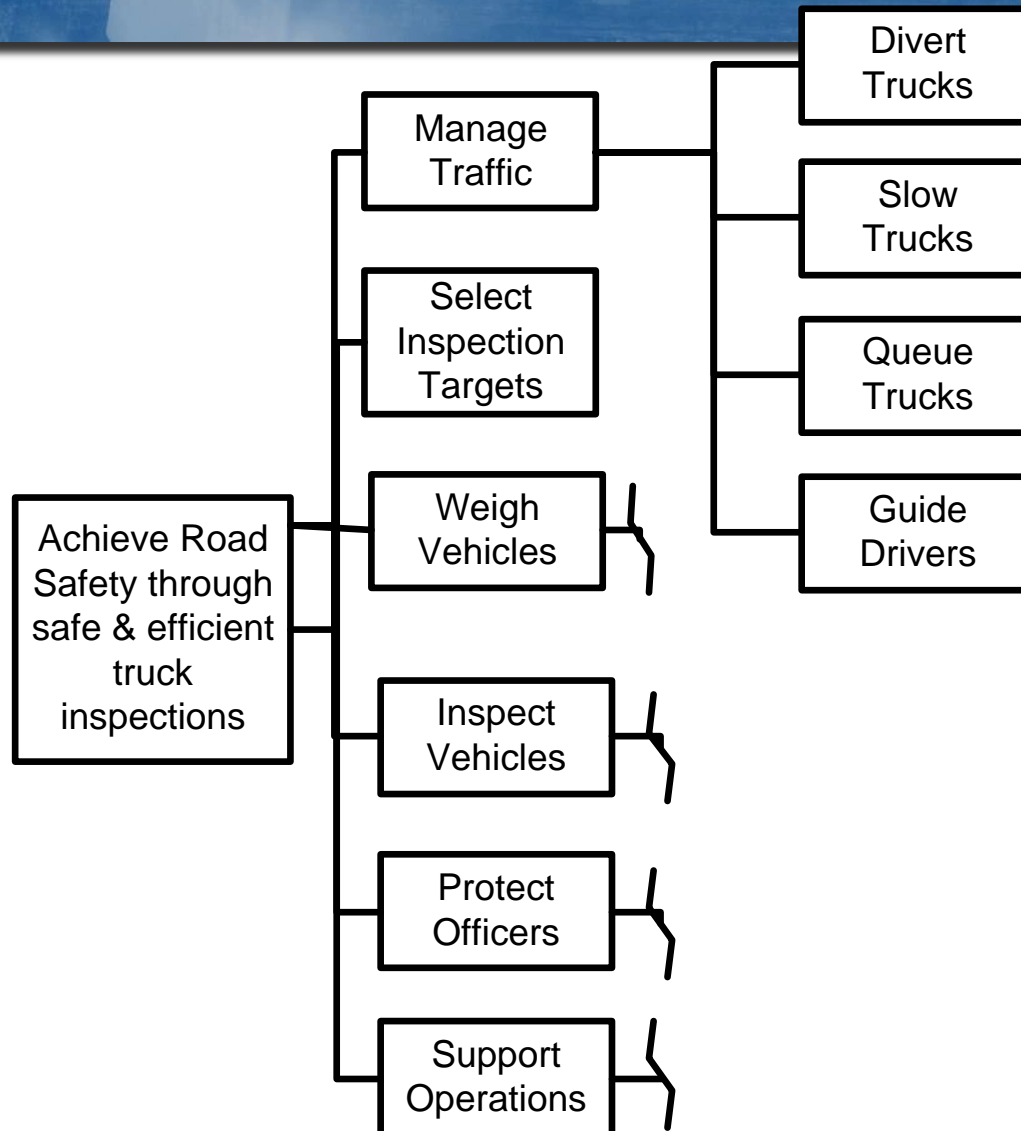
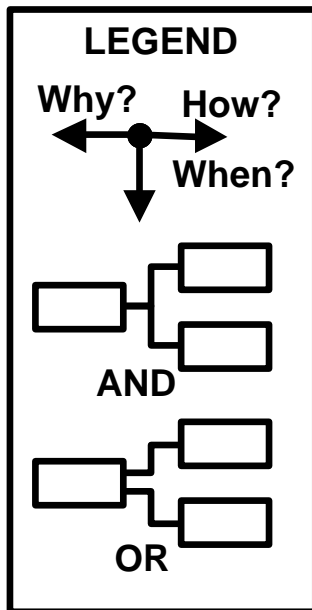


Truck Inspection Station Functional Tree

Vision

Mission

Strategy



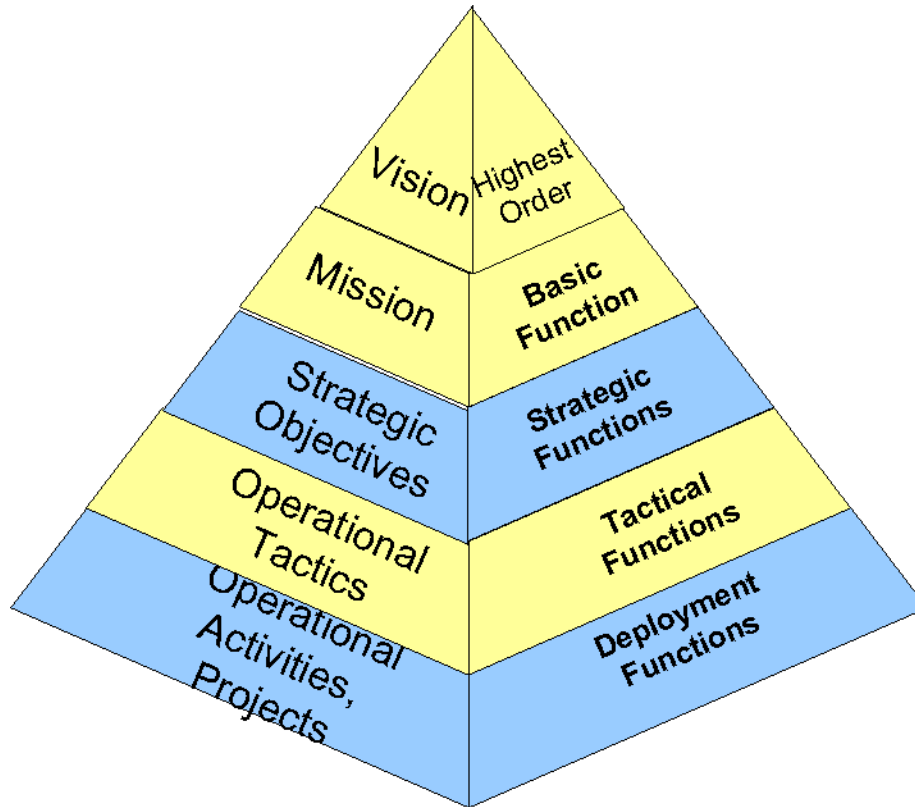
Strategy Map

A Strategy Map is a pictorial model (visual representation) that holistically describes an organization's strategy

The Function Analysis System Technique is a technique to show the logical relationships between functions of a project, product, process or service based on the questions "How" and "Why"

How and Why are great strategy questions

Functions and Strategy



Verb - Noun Abridgement

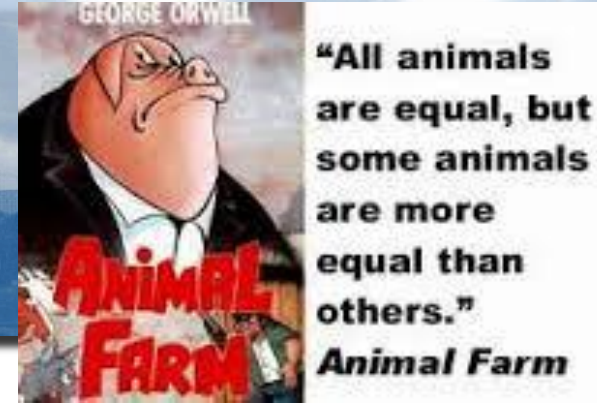
Verb Nouns Abridgements (Functions) that express needs as outcomes are strategies.

“Feed Children” is an output.

Ask “why” and go to a higher level of abstraction to identify the strategy. “Improve Performance” is a strategy.

Need or Activity Process	Active Verb	Measurable Noun
Foster Care	Protect	Children
Student Nutrition Program	Feed Improve	Children Performance

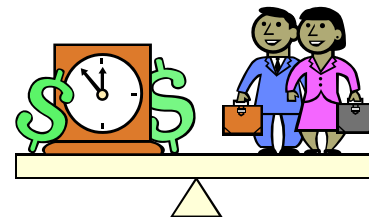
The Power of VA



It is a challenge to balance needs of different stakeholders, while balancing the resources to suit priorities.

All stakeholders advocate for their business needs as a priority, but as George Orwell almost said "*all needs are created equal, but some needs are more equal than others*".

An FPS workshop can be used to work with stakeholders to reach consensus on those needs that are the most important.



Functional Performance Specification (FPS)

Typically use a Functional Performance Specification to:

- Define Problem
- Characterize Business Needs
- Understand Process
- Facilitate concerns of different offices

Characterization of needs (functions) brings business clarity.

Function	Criteria	Level	Flexibility	Comments
Acquire Assets	Number of vehicles acquired per year	320	F1	Requisition specifies vehicle type, creates purchase order, delivery notification and license info sent Region
Weigh Vehicle	Trucks can travel in forward direction to be re weighed at scales	yes	F0	Site must be capable of reweighing trucks in the forward direction, without reversing.

Workload

Requirement had significant impact on design choices

Basic Functions/Strategies as Key Performance Indicators

Basic Functions/Strategies are a good start for key performance indicators.

Manage Traffic	A measure of the ability to have truck traffic move through the site in a forward direction ..
Weigh Vehicles	efficiency in weighing all vehicle types
Inspect Vehicles	a measure of the proximity of the inspection lanes to the building...
Protect Officers	A measure of the exposure to traffic movements

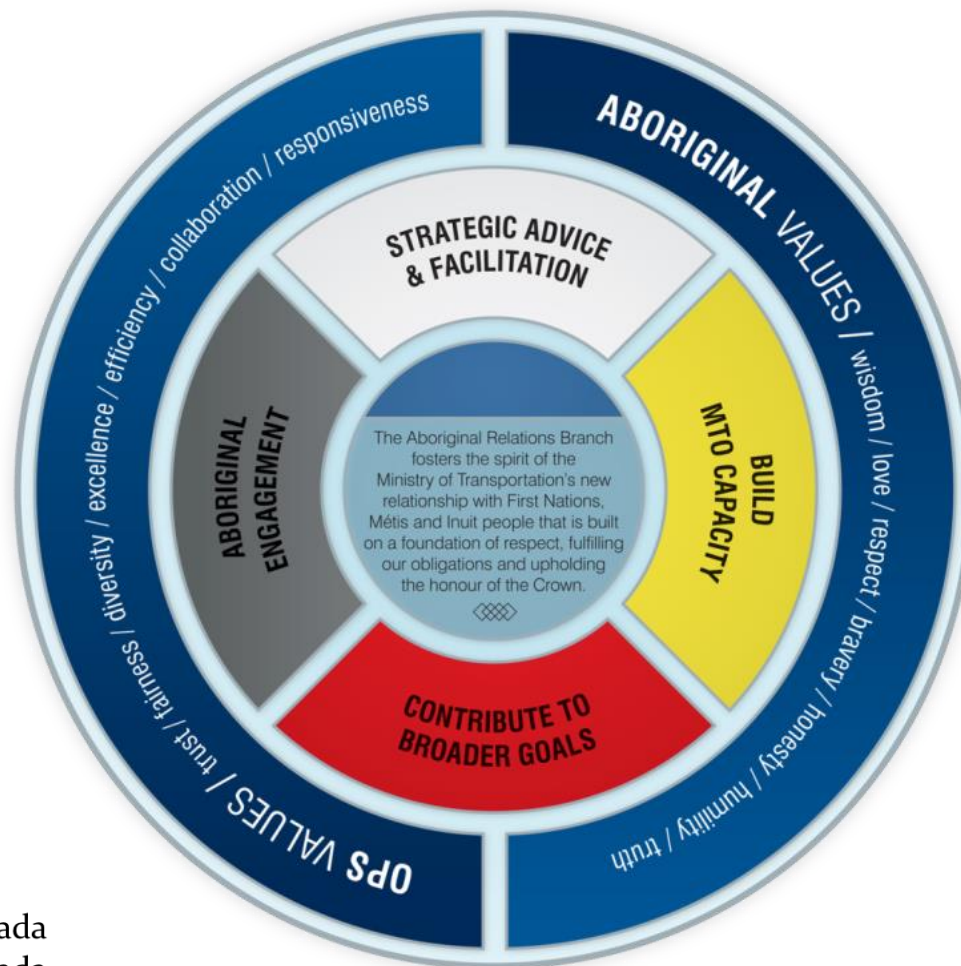
Aboriginal Relations Office Strategy Mapping

Objective: Develop, evaluate and prioritize ideas for three new key priorities that clearly advance MTO's objective to forge a new working relationship with Aboriginal communities and implement a new way of doing business with First Nations and Métis communities

The office was new, and needed to transition from forming to operational status.

Their current strategy was based on the 4 directions.

Aboriginal Relations Office



Strategies

Build MTO & Aboriginal Capacity

- Educate
- Facilitate capacity building
- Build Ministry Capacity

Contribute to Broader Goals

Aboriginal Engagement

Strategic Advice & Facilitation

Translated 4 directions into Functions

Build Trust

- How can we engage?
- How can we Share?

Strengthen Relationship

- How can we build Competency at MTO?

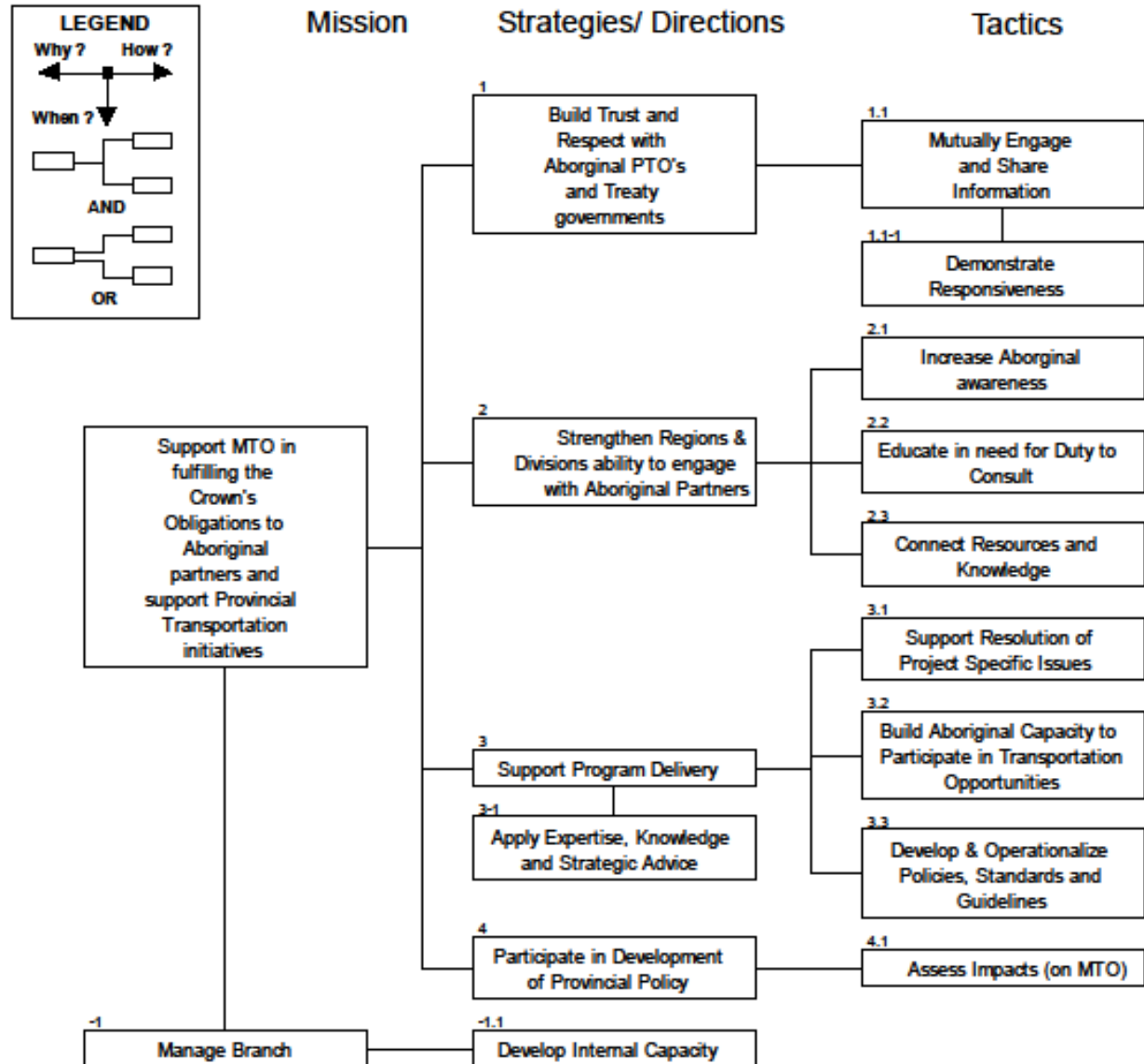
Support Program Delivery

- Support Program Delivery
- Share Expertise and Knowledge.

Improve Ability of Partners

- Build Capacity in Transportation Opportunities
- Support Economic & Business Opportunities

Developed a FAST Diagram



Last Slide

Stephen Holmes

Steve.holmes@ontario.ca

For information on FPS visit

www.valueanalysis.ca

BS EN 16271:2012 Value Management

BS EN 12972: Value Management