Value Creation Through Integration Workshop

Value Creation in Product Development

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Presented by:
Joyce Warmkessel
MIT
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Definitions

➢ Product Development: *The set of tasks from concept definition to validated product definition*

➢ Product Development Processes: *Doing Product Development in a way that creates value while eliminating waste*

➢ Product Development Outcomes: *A product definition that enables the creation of the product that provides desired value to the stakeholders*
➢ Centers on exchanges that provide utility or worth and that result from some organizational action

➢ Concerned with how various stakeholders find particular worth, utility, benefit, or reward in exchange for their respective contributions to the enterprise

➢ Value is not fixed, but evolves with changes in stakeholder priorities, willingness to pay, and time
“True North” and Value

➢ Lean teaches to seek “true north” to understand what the customer’s needs in order to orient the enterprises

➢ Value takes into account the needs and expectations of all significant stakeholders. There may not be a single “true north”

Value Creation goes beyond focusing on the user or customer

Value must be created for ALL stakeholders
Value Creation Framework

Value Identification

Find Stakeholder Value

Value Proposition

Agree to and develop the approach

Value Delivery

Execute on the promise
Program Enterprise

Program Value Stream

Concept Development
Design & Development
Production
Operations & Support

User

Acquisition Authority
Program Office
Company A
Company B
Company C
Suppliers

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“The primary challenge in creating program value is to ‘do the right job’ and ‘do the job right’. Even a well-structured program will have difficulty generating value from ‘doing the wrong job’ - that is, making the wrong product. And even the best product will fall far short of its potential if its value stream is poorly managed or not well integrated - that is, if the job is not ‘done right’. “

From *Lean Enterprise Value*, Palgrave 2002
Pillars of Program Value Creation

Program Enterprise Value

Program Value Stream

Do the right job

Do the job right

Program Implementation Strategy

Product Capabilities
Elements of Value Identification

- Define user needs
- Identify product or service and its capabilities
- Identify Program Enterprise Value
- Do the right job
- Do the job right
- Define stakeholder expectations
- Identify stakeholders and their competencies
Elements of Value Proposition

Formalize Program Enterprise Value

Define Program Value Stream

Develop the Program Plan

Do the right job

Do the job right

Formalize product capabilities, requirements, architecture

• Define stakeholder roles and tasks
• Processes
• Interface to multi-program enterprise
Elements of Value Delivery

Deliver Value

Lean Process
Best Value Product

Do the right job
Do the job right

Execute Lean Program Plan

Improve and Adapt
Conclusion

➢ The value creation framework provides a robust approach to product development

➢ Lean product development includes both doing the job right and doing the right job

➢ Definition of the right job is not limited to the defining requirements and architectures, it includes alignment with strategies of multi-program enterprises

➢ Doing the job right also requires alignment with the strategies of multi-program enterprises while reducing waste and providing value