

**Lean
Aerospace
Initiative**



***Value Stream Mapping:
Multiple Stakeholder
Perspective***

**Enterprise Value Stream
Mapping Workshop**
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Outline

- Purpose
- Fundamental Concepts of VSM at Enterprise Level
- Enterprise Value Management
- A Conceptual Framework

Purposes of EVSM (Multiple Stakeholders)

- Provide Basis for Defining Multiple Stakeholder Value Streams and Associated Flows
- Better Understand Enterprise Architecture and Interdependencies Among Enterprise Processes
- Define and Identify Sources of Waste at Enterprise Level
- Maximization of Value Creation for All Stakeholders
- Provide a Coherent Framework for Detailed Mapping (Decomposition) within Various Enterprise Processes
- Provide Methodology for Prioritizing, Sequencing and Coordinating Improvement Actions at Enterprise Level

Fundamental Concepts/Questions

- What/Who are the Enterprise Stakeholders and What Does “Value” Mean to Each?
- What “Flows”?
- What are the Generic Enterprise Processes?
- Is there a Single Enterprise Value Stream or Multiple Value Streams for the Several Stakeholders?
- At Enterprise Level, what is it that Stakeholders “Pull”?
- What are the Categories of “Waste” at the Enterprise Level?

Fundamental Concepts/Questions

Enterprise Stakeholder Realization Processes

“Product Realization” - the chain of all actions/processes necessary to transform customer needs into products and services supported throughout their life cycles

Analogous Realization Processes for other Stakeholders

“Employee Capability/Satisfaction Realization”

“Leadership Capability/Satisfaction Realization”

“Supplier Capability/Satisfaction Realization”

“Shareholder Satisfaction Realization”

Fundamental Concepts/Questions

Enterprise-Flow Considerations

- Material things flow
- Information flows
- Capital flows (as information only within Enterprise)
- Labor does not flow -- it is added at process points
- Facilities do not flow -- they are utilized
- Supplies flow to point of application, then consumed
- Energy flows and is applied to transformation processes
- Knowledge “flows” between individuals -- it is acquired, applied and enhanced
- Value does not flow -- it emerges and increases incrementally

Given the above, is it appropriate to represent the various Stakeholder Realization Processes as value streams?

Enterprise Value Management

- Primary Goal: maximization of value over the long term
- Simultaneous maximization of value for
 - End customers
 - Employees
 - Enterprise leadership
 - Suppliers
 - Shareholders
- Focus on value creation, in addition to waste elimination

Customer Value*

Specify value from the standpoint of the End Customer

Ask how your current products and services disappoint your customer's value expectation:

- Price?
- Quality/performance?
- Delivery?
- Responsiveness to changing needs?
- ???

*Format adopted from presentation by James Womack, Lean Enterprise Institute

Employee Value

Specify value from the standpoint of Employees

Ask how your current processes, policies and management practices disappoint your employees' value expectation:

- Compensation; equitable sharing of cost savings?
- Job security?
- Professional and personal growth?
- Work environment?
- ???

Enterprise Leadership Value

Specify value from the standpoint of Enterprise Leaders

Ask how your current corporate environment and strategic direction disappoint your Leaders' value expectation:

- Strategic vision and management environment?
- Compensation?
- Professional and personal growth?
- Corporate performance?
- ???

Supplier Value

Specify value from the standpoint of Suppliers

Ask how your current practices and processes disappoint your Suppliers' value expectation:

- Early involvement in product design/development?
- Long term relationship?
- Equitable sharing of cost savings from improvements?
- Access to production schedules?
- ???

Shareholder Value

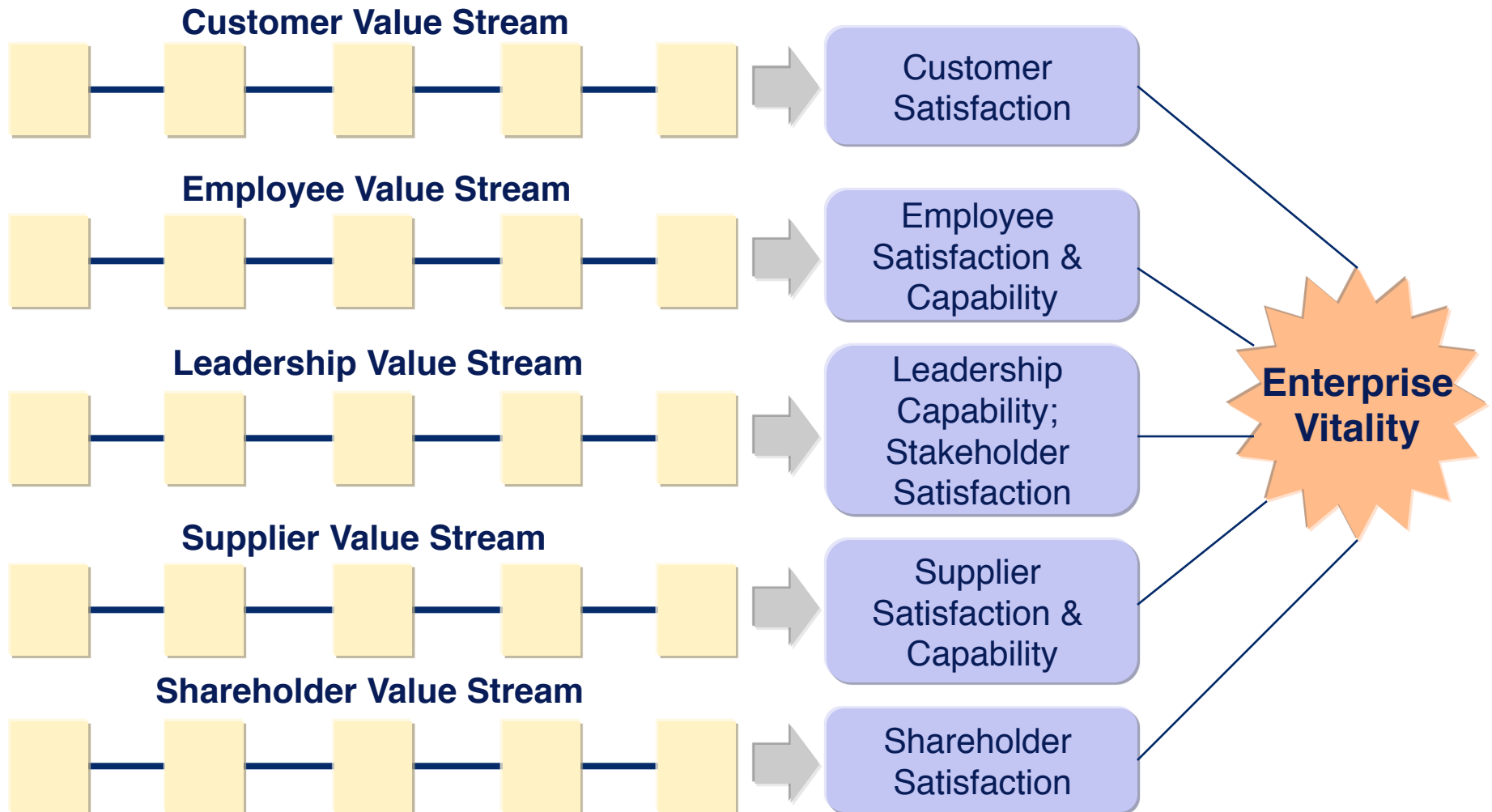
Specify value from the standpoint of Shareholders

Ask how your current strategic direction and performance disappoint your Shareholders' value expectation:

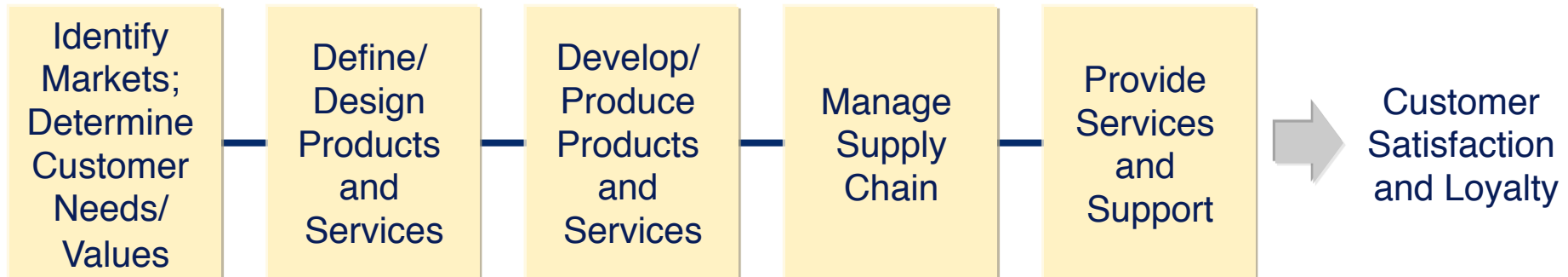
- Share price, market share?
- X/E ratios?
- Ability to generate cash flows?
- Future preparedness: degree of “leanness”, agility, etc.
- ???

Multiple Stakeholder Perspective A Conceptual Framework

Multiple Stakeholder Perspective



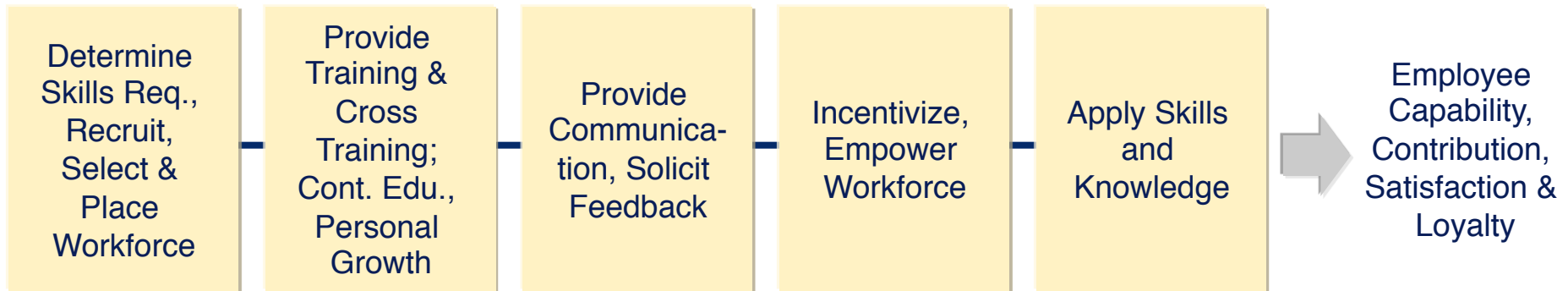
Customer Value Stream



Primary Metrics

- Time/Schedule
- Cost/Life Cycle Value
- Quality/Performance

Employee Value Stream



Primary Metrics

- Compensation
- Benefits
- Personal Growth
- Job Satisfaction
- Job Performance

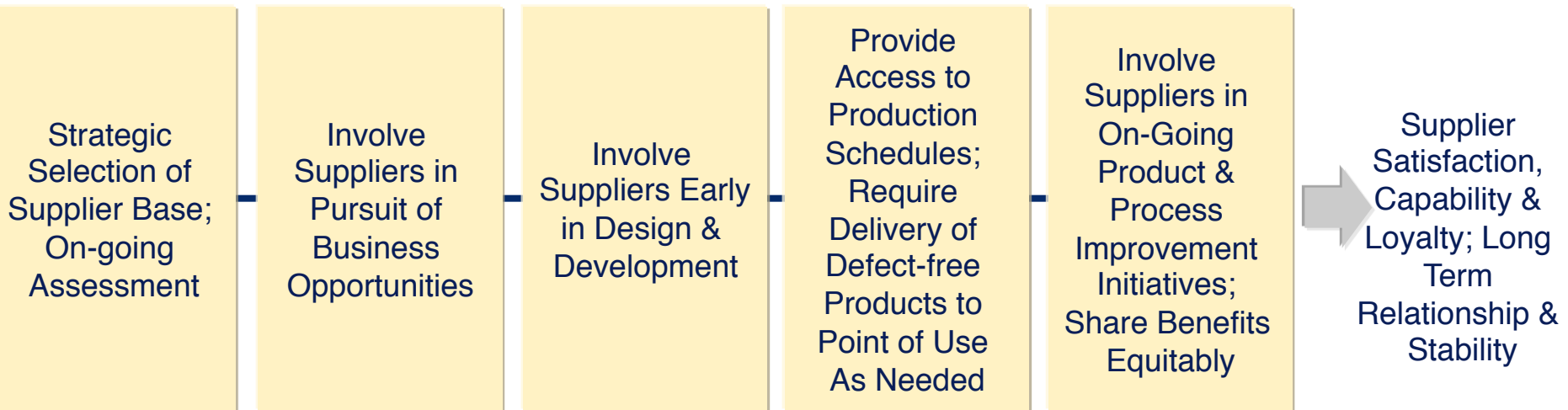
Leadership Value Stream



Primary Metrics

- Career Advancement
- Compensation
- Job Satisfaction
- Goal Attainment

Supplier Value Stream



Primary Metrics

- Adequate Margin
- Equitable Sharing of Cost Reductions
- Long Term Relationships

Shareholder Value Stream

Define
Enterprise
Scope;
Review/
Approve
Long Range
Business
Plans

Initiate
Review &
Approve
Mergers,
Acquisitions,
Partnerships,
Divestitures

Raise
Capital;
Issue
Stocks &
Bonds;
Declare
Dividends

Set Executive
Performance
Goals,
Incentives &
Compensation

Conduct
Executive
Performance
Reviews

Enhance
Shareholder
Value

Shareholder
Satisfaction &
Loyalty

Primary Metrics

- Share Price
- Market Penetration, Growth, Expansion
- Ability to Generate Cash Flow
- ROI / ROA
- Risk Reduction

Questions About This Framework

- Are the “processes” portrayed in the several value streams amenable to measurement and waste identification/elimination?
- Will decomposition be required?
- Do these value streams involve “flow” of any kind?
- Is there a “takt time” equivalent?
- How do we handle interdependencies?
- How can we show that this is not a zero-sum game?

Stakeholder Satisfaction Interdependencies

	Customer Satisfaction	Employee Satisfaction	Leadership Satisfaction	Supplier Satisfaction	Shareholder Satisfaction
Customer Satisfaction			+++	++	+++
Employee Satisfaction	+		++		
Leadership Satisfaction	++	++		+	++
Supplier Satisfaction	+		+		+
Shareholder Satisfaction		+	++	+	

Legend:

+++ Extremely strong positive correlation
 ++ Strong positive correlation
 + Positive correlation
 0 Negligible or zero correlation

- Negative correlation
 - - Strong negative correlation
 - - - Extremely strong negative correlation

Enterprise Level Waste

Delays - In making decisions; in admin. & mgmt. Processes

Rework - Errors; incorrect, inappropriate decisions

Ineffectual Effort - Poor performance by work force, by management, by overall enterprise

Overproduction - Excessive dissemination of data, reports; over managing; exuberant pursuit of illogical initiatives; marketing campaigns

Structural Inefficiencies - Organization structure; supplier relations; partner relations; customer relations

Opportunity Costs - Customer disconnects; untapped talent in workforce; failure to view & manage knowledge as a corporate asset

Enterprise Monuments

- Centralized command and control
- Centralized, tightly coupled information systems
- Middle management
- Bloated headquarters facilities and staff
- Corporate staff functions
- Functional organizational units