

WHITE PAPER

Minimize Organizational Risk

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CHALLENGE

In today's organizations, teams are continually pushing the boundaries of efficiency and timeliness, as they strive to deliver products and services that meet evolving customer demands. As they streamline operations and quickly adapt to evolving landscapes, these groups make significant investments in time and money. Too often, however, these teams overlook one key element that can make or break the realization of their most strategic aspirations: risk management.

The ability to adapt, thrive, and capitalize on emerging opportunities can all be profoundly shaped by the risk management approach employed in an organization. The prevailing culture has a significant role to play in how risk is managed. The reality is that many organizations are faced with crippling risk and dependency challenges, and these issues continue to be exacerbated by the rapid acceleration of technological evolution.

Here are a few examples of the ways risk can be mismanaged:

- **Relying on data islands.** In some organizations, teams are trapped on their own data islands. This leaves them ill equipped to see the bigger picture or to anticipate and prevent looming risks.
- **Denying or minimizing risk.** Decision-makers often dismiss risks, until they're ignored almost entirely. This situation can persist indefinitely—until things go dramatically wrong and teams are completely unprepared to respond.
- **Focusing on short-term, compliance-focused tactics.** Teams focus on navigating immediate compliance hurdles, often at the expense of addressing underlying risks. While these tactical approaches meet immediate requirements, they often create or exacerbate long-term challenges.

These flawed approaches produce unintended consequences:

- **Lack of streamlined risk management processes.** Because risk isn't managed in a strategic way, teams fail to put forth the effort and investment needed to establish effective, efficient risk management systems and processes.
- **Inaccurate data and unreliable insights.** Inadequate investment performance data results in misinformed decision-making.
- **Ineffective resource allocation.** Leaders lack the insights they need to allocate resources intelligently, meaning some teams are overburdened, while others are underutilized.
- **Reactive approaches.** Leaders struggle to identify, assess, and mitigate risks in a proactive fashion. As a result, teams are left reacting to problems after the fact.
- **Operational inefficiency.** Lack of timely risk identification results in unexpected disruptions, delays, and rework—which all conspire against team efficiency and productivity.

As a result of these issues, teams often find themselves lacking clarity regarding strategic objectives and how their efforts contribute to or align with those objectives. This, in turn, exposes the organization to risks of misalignment, resource wastage, and delays.

ADDRESSING THE CHALLENGE

Today, teams can't afford to take a tactical approach to risk or deny that risk exists. They need to establish a method centered on effective, data-driven risk management. In this way, teams can achieve strategic outcomes and even thrive in times of uncertainty.

Here are three major challenges organizations must tackle to minimize risk:

- **Uncover risks and dependencies early.** Teams need to establish a unified, 360-degree view of data across value streams. Without this holistic view, teams won't be able to identify dependencies and potential risks before they escalate into major problems.
- **Implement risk-aware decision-making processes.** It is essential to integrate risk considerations into strategic planning, resource allocation, and prioritization, including across products, projects, investments, and portfolios. Managers can't make informed choices that balance potential risks and rewards without first establishing a data-driven risk management approach.
- **Leverage accurate investment performance data.** Lacking accurate, concrete data, teams can't make informed decisions about resource allocation, work prioritization, and process improvement initiatives. By improving the accuracy of investment performance data, leaders can make better decisions that boost value and fuel growth.

To overcome these challenges, Value Stream Management (VSM) represents a crucial approach. VSM is a framework for optimizing the flow of value through a system, from concept to cash, across an entire organization.

By taking a holistic, proactive approach to risk management, teams can address potential issues before they escalate into major setbacks. An effective VSM and risk management approach also enables groups to gain a unified perspective across the entire value stream, empowering users to identify risks beyond team boundaries.

Luckily, leveraging VSM and establishing effective risk management is feasible for today's organizations. The answer lies in fostering a culture that harnesses the power of VSM and embraces data-driven risk management.

Uncover Risks and Dependencies Early

Many organizations face significant challenges in achieving their strategic objectives due to the lack of early and timely identification of risks and dependencies. This is often because teams are stuck with siloed data, with critical intelligence scattered across different systems and teams. Such vulnerability often leads to blind spots and inefficiencies, and leaves organizations exposed to recurring disruptions, delays, and rework. The situation has several negative ramifications:

- **Diminished, delayed, or missed delivery of customer value.** When strategy and delivery teams are unaware of the dependencies that exist between them, there's an increased risk that the right products and services won't be delivered. The best-case scenario is a decrease in customer satisfaction, while the worst case is a loss of revenue and market share.
- **Unexpected and sudden disruptions.** When an organization is unable to identify all relevant risks and dependencies, it becomes susceptible to unexpected disruptions. These disruptions may arise suddenly, causing timeline setbacks, resource shortages, or critical failures in product or service delivery. Incomplete identification leaves the organization ill-prepared to handle these unforeseen challenges effectively.
- **Ineffective resource allocation.** The lack of awareness regarding the skills, expertise, and workloads of other teams can lead to ineffective resource allocation. Consequently, some teams may be overloaded with work, while others remain underutilized, causing bottlenecks and inefficiencies across the organization.

Here are some key requirements for uncovering risks and dependencies early:

HOW TO: ALIGN STRATEGY AND EXECUTION THROUGH OKRS ACROSS THE VALUE STREAM

When a company's risk management capabilities are inadequate, teams contend with a range of obstacles. All too frequently, these groups experience a disconnect between an organization's strategic goals and day-to-day value delivery. This misalignment often leads to inefficiencies and an inability to respond effectively to emerging risks and opportunities. It's like having a roadmap (strategy) but not being able to steer the vehicle (value delivery) in the right direction.

For example, in the case of a financial services company, their most pressing challenge was the profound chasm that existed between their strategic direction and the actual delivery of value.

This chasm represented a stark disconnect between the company's high-level strategic goals and the practical execution of day-to-day operations. Despite having a strategic roadmap in place, the company struggled to bridge the gap between their strategic intent and the tangible value they aimed to provide to their clients and stakeholders. This misalignment was not merely a gap; it was a wide and deep chasm that hindered their ability to translate strategic objectives into actionable results.

As a consequence of this misalignment, the company encountered a host of inefficiencies and difficulties in responding effectively to both foreseeable and unforeseen risks and opportunities. It became evident that having a well-defined strategy was insufficient without a means to traverse the chasm and translate strategic vision into tangible outcomes.

To address this fundamental challenge, the company implemented Objectives and Key Results (OKRs), a strategic framework that offered a structured approach to aligning their strategic goals with specific actions and measurable outcomes. This strategic framework was the bridge they needed to span the chasm and connect their strategic direction with the delivery of value in their day-to-day operations.

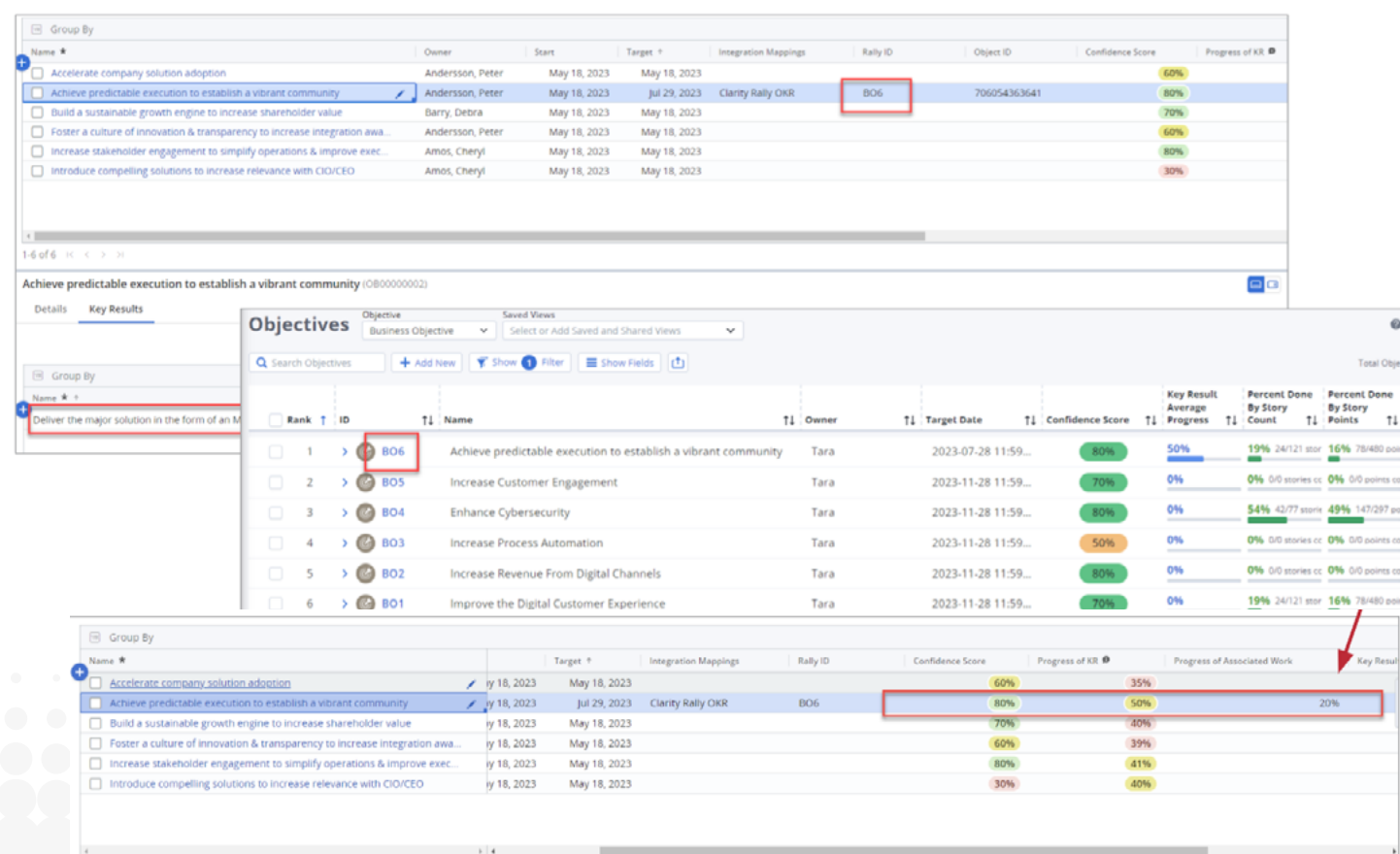


Figure 1: illustrates the seamless synchronization of OKRs within ValueOps. This synchronization enables stakeholders and teams to gain visibility into how OKRs align with the ongoing work and initiatives within the organization. This visualization provides a clear view of how high-level objectives are connected to the specific work that is being delivered across the organization.

HOW TO: LEVERAGE SMART ANALYTICS TO IDENTIFY RISK EARLY

To ensure effective and early risk identification, teams must leverage the power of smart analytics. Smart analytics go beyond traditional data analysis by leveraging sophisticated algorithms and models to uncover hidden patterns, trends, and correlations in data. This enables data-driven decision making, process optimization, and proactively addressing issues or opportunities. Smart analytics encompass a wide range of techniques, including predictive analytics, prescriptive analytics, anomaly detection, and natural language processing.

The ValueOps by Broadcom solution is purpose built to provide teams with the data and tools they need to intelligently manage risk, and do so holistically across the value stream, rather than by organizational silos.

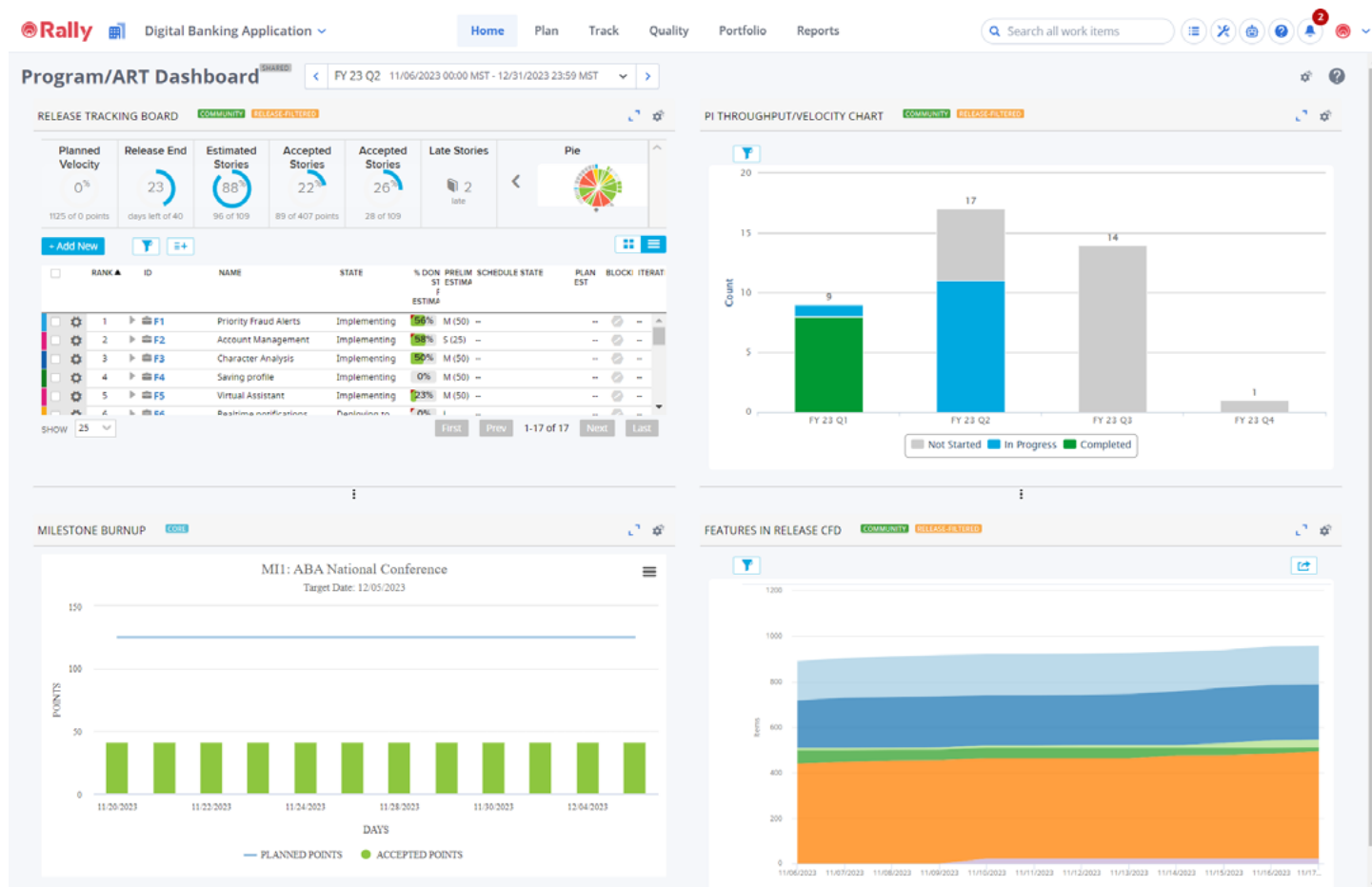


Figure 2: Rally's Smart Cumulative Flow charts

ValueOps takes cumulative flow diagrams (CFD) to the next level by adding smart analytics. This means that it's not just a static chart but a dynamic system that actively monitors your workflow. We proactively identify patterns or trends in your CFD data. These patterns are anomalies or deviations from the expected workflow, based on your historical data. For example, the CFD tells us when a particular stage is taking longer than usual to complete tasks or that work items are accumulating in a specific state unexpectedly. When ValueOps identifies these "Sensed Patterns," it automatically alerts users. This is crucial because it allows teams to take corrective action promptly.

HOW TO: LEVERAGE DATA VISUALIZATION FOR ENHANCED RISK MANAGEMENT

To mitigate risk, teams need to leverage dashboards, charts, and other data visualization tools that transform raw data into insights. This empowers stakeholders to easily grasp performance metrics, uncover critical risk indicators, and make informed dependency management decisions.

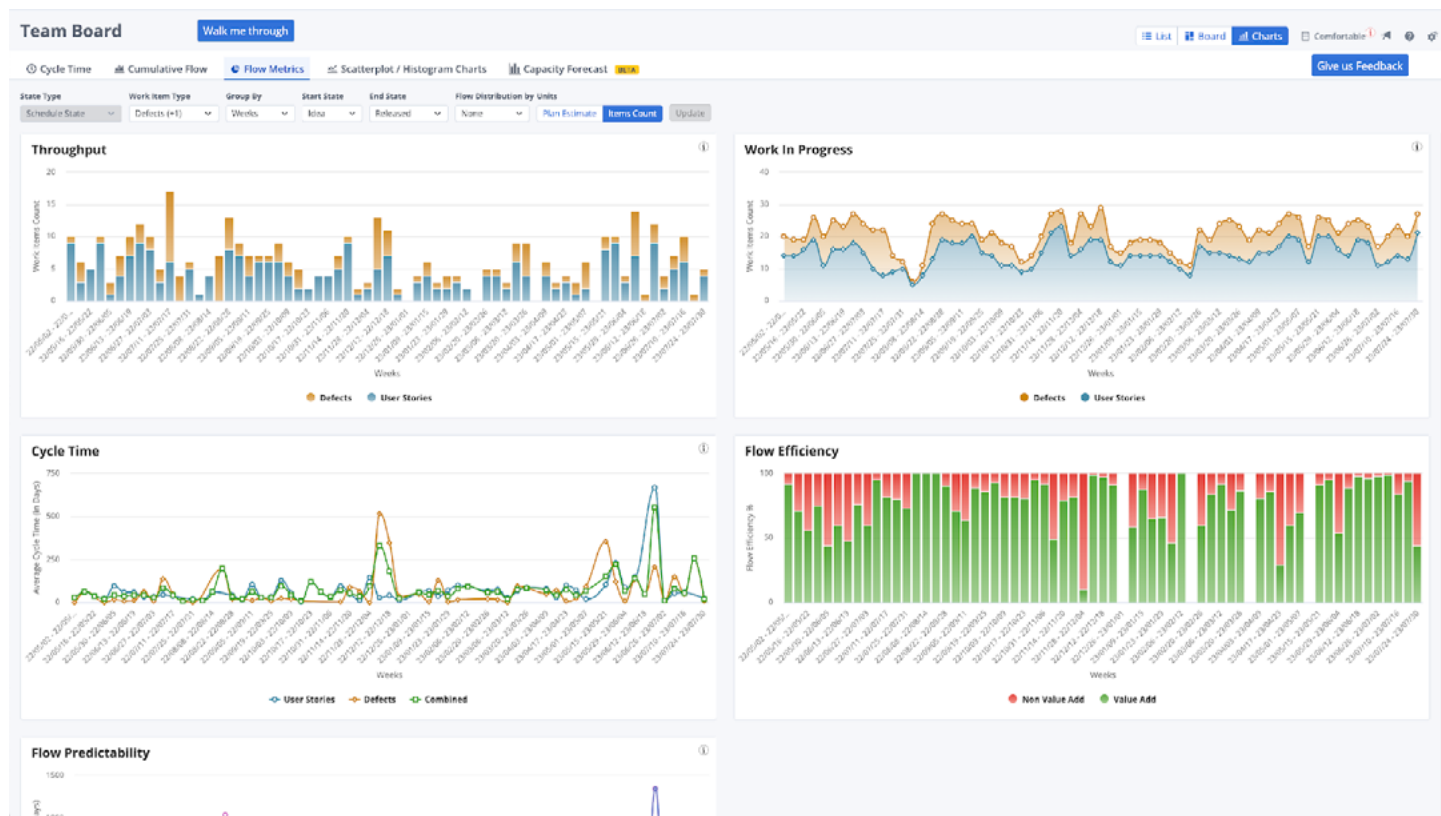


Figure 3: Smart flow metrics help teams manage risks and dependencies.

- A throughput chart above illustrates the number of work items completed over time. It helps teams understand their capacity for delivering tasks or features. By monitoring throughput, teams identify fluctuations or sudden drops in completed work, which may indicate potential risks such as resource constraints, workflow bottlenecks, or external dependencies.
- A Work in Progress (WIP) chart visualizes the number of tasks in progress at any given time. It shows how efficiently the team is managing work items. High WIP can signify overloading the team, leading to delays and quality issues. Low WIP can indicate underutilization of resources. Balancing WIP helps mitigate risks associated with resource allocation and workflow bottlenecks.
- The cycle time chart tracks the time it takes to complete individual work items from start to finish. It provides insights into process efficiency. Monitoring cycle time can reveal if specific tasks or features are taking longer than expected. Delays in cycle time are often indicators of risks related to task complexity, resource availability, or workflow inefficiencies.
- The flow efficiency charts measure the percentage of time a work item spends actively being worked on versus the time it spends waiting in queues or blocked. Low flow efficiency indicates inefficiencies in the workflow, potentially due to frequent interruptions, dependencies, or lack of prioritization. Identifying and improving flow efficiency helps mitigate risks associated with delays and resource allocation.

ValueOps' smart analytics provide visibility into efficiency and predictability, offering insights into the management of risks and dependencies associated with deliverables. These metrics always include historical data, reflecting the team's progress in addressing risks and dependencies. Flow metrics within these analytics enable teams to proactively identify bottlenecks, slowdowns, and value accelerators, facilitating more efficient risk mitigation and dependency management.

HOW TO: BUILD A SINGLE SOURCE OF TRUTH FOR PROACTIVE RISK MANAGEMENT

By establishing mechanisms for accessing and sharing unified data in real time, users can gain a cohesive perspective, eliminate data silos, and obtain invaluable insights. With these insights, teams are well positioned to identify risk early and proactively mitigate potential issues.

ValueOps enables enterprises to leverage a single source of information, while gaining maximum flexibility in how data is viewed.

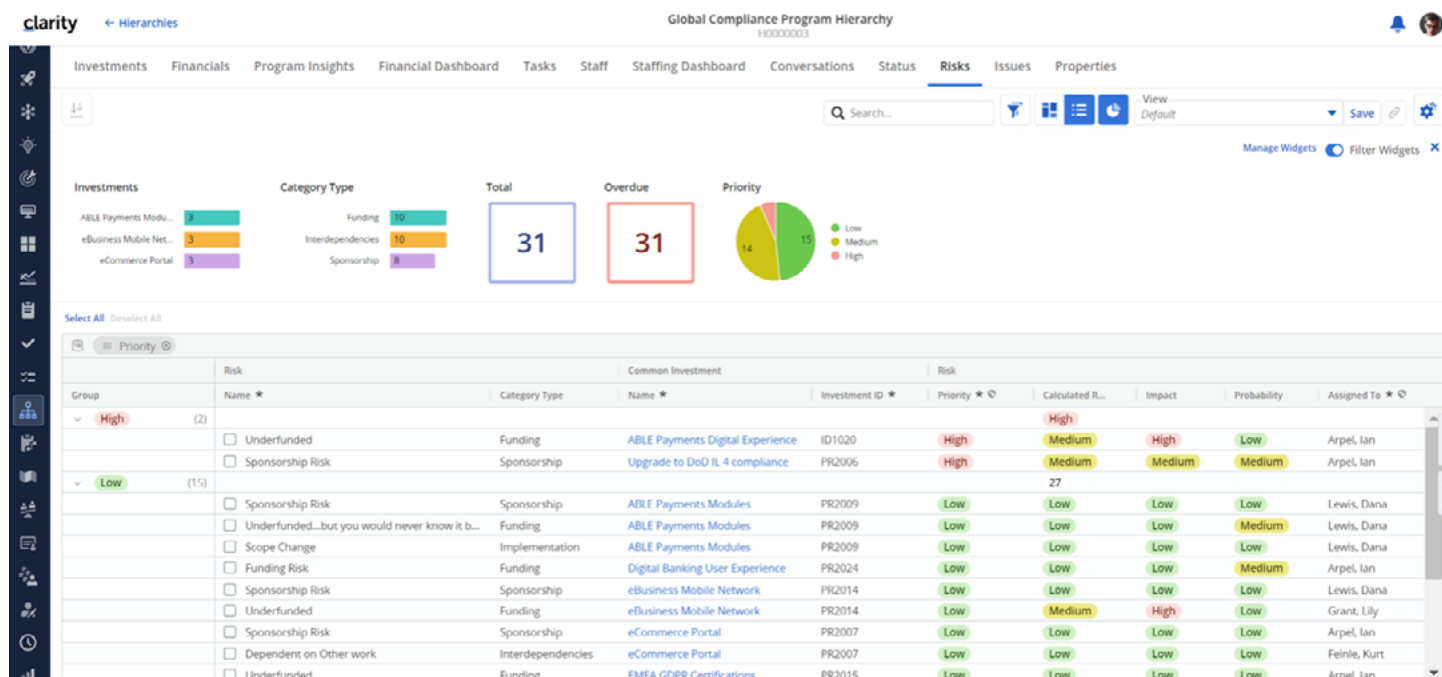


Figure 4: In the view above we see all the investments within a program hierarchy displayed in a grid view grouped by value priority. The use of customizable charts to aggregate and highlight key status information provides value stream leaders with the data they want.

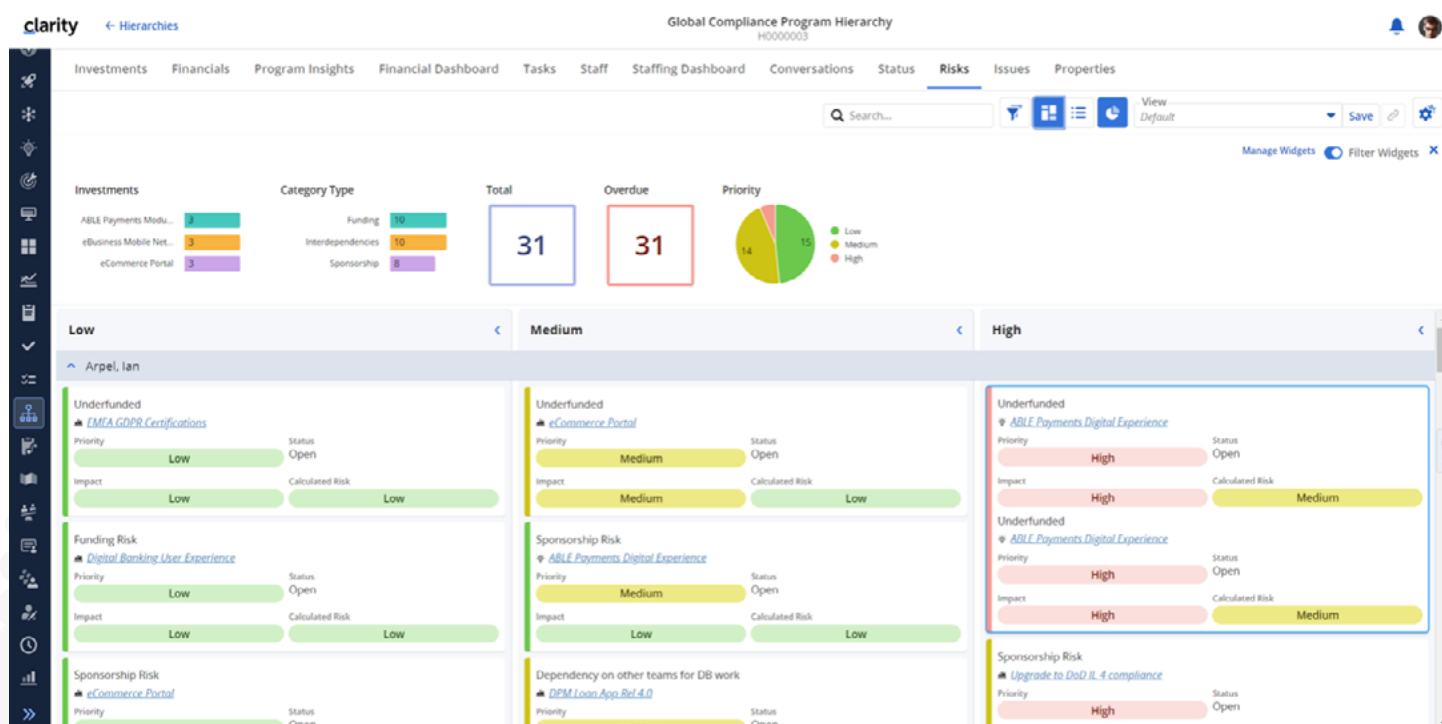


Figure 5: Here we see the same program hierarchy of investments organized in a board view.

Implement Risk-Aware Decision-Making Processes

When teams lack a clear and consistent process for identifying, assessing, and managing risks throughout the entire value stream, they're apt to contend with prioritization challenges and missed opportunities. Teams become entrenched in a cycle of firefighting and reactive decision-making, perpetually grappling with problems rather than proactively solving them. This reactive approach leads to a range of challenges:

- **Reduced productivity.** When teams are constantly firefighting and reacting to problems, their productivity and efficiency suffer.
- **Operational inefficiency.** Without a firm grasp on complex interdependencies, teams are more likely to encounter bottlenecks and delays that disrupt project timelines and increase costs.

At one major software company, for example, leaders were consistently prone to deny or minimize potential risks. They continued to believe that issues would resolve themselves if given enough time. Exacerbating matters was the fact the company's risk and dependency data was grouped by organizational hierarchies, rather than by value streams.

Their reactive approach to risk management introduced a series of challenges. Teams operated in isolation, handoff delays disrupted workflows, and there were no mechanisms for analyzing, mitigating, and eliminating dependencies. They were forced into a reactive stance, dealing with issues as they emerged rather than proactively planning for them. Even the smallest cross-team dependency seemed to derail value delivery, often taking months to resolve. Ultimately, these obstacles diminished the organization's ability to deliver products and services efficiently. Missing delivery dates became a recurring nightmare, eroding customer satisfaction and diminishing the company's long-term prospects.

Leaders realized they needed to stop ignoring risk. They knew they had to establish unified data and take a proactive approach to risk management. They sought to break down data silos and establish a holistic view. By taking a more data-driven approach, they could effectively assess their current, "as-is" processes and make more informed decisions for optimizing them.

ValueOps played a critical role in these efforts. ValueOps enabled teams to analyze "what-if" scenarios, leveraging unified data across the value stream and the organization. When teams finally had a value stream-centric view of their data, they were able to better understand:

- **The true impact of dependencies.** By visualizing dependencies across the entire value stream, managers could identify critical dependencies that were causing bottlenecks and delays. This allowed them to proactively address these dependencies and streamline workflows.
- **The potential risks associated with different courses of action.** By analyzing what-if scenarios, the company could assess the potential risks and rewards of different options. This enabled them to make informed choices that minimized risk and maximized value.
- **The overall health of their value streams.** By gaining a holistic view of their value streams, teams could identify areas for improvement and optimize their processes to enhance efficiency and reduce waste.

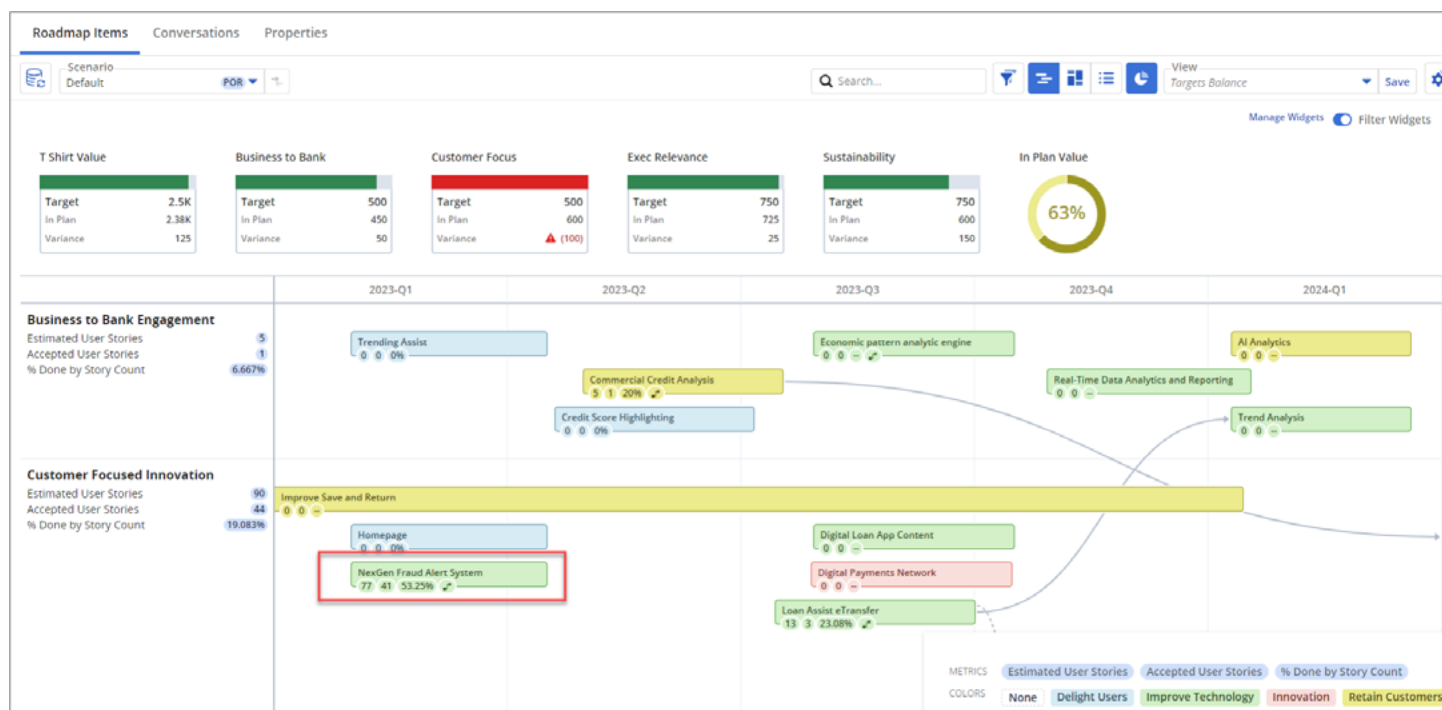


Figure 6: ValueOps roadmaps feature what-if analysis and drag-and-drop scenario planning.

ValueOps offers a risk management tool that helps teams proactively assess, plan for, and respond to risks and uncertainties in product portfolio management. The solution enables more agile and effective risk mitigation strategies, ultimately helping organizations achieve their strategic objectives while minimizing potential setbacks.

Here are some key requirements for implementing risk-aware decision-making processes:

HOW TO: TRANSFORMING RISK MANAGEMENT PROCESSES

HARNESS A 360-DEGREE VIEW OF VALUE STREAMS FOR PROACTIVE RISK MITIGATION

It is essential to establish an integrated ecosystem in which all aspects of the value stream's data are connected. This must include data from strategic planning, value delivery, and even the CI/CD pipeline. Otherwise, silos will continue to hinder visibility and lead to missed opportunities for proactive risk mitigation. A 360-degree view into value streams also provides a holistic understanding of the entire process, enabling groups to identify and address risks early on.



Figure 7: ValueOps connectors enable teams to establish an ecosystem that integrates strategic planning, agile delivery management, the CI/CD pipeline, and more.

AUTOMATE RISK ANALYSIS: TURNING DATA INTO PREDICTIVE INSIGHTS

To minimize risk most effectively, organizations can harness ValueOps capabilities within a proactive risk management framework. This integration transforms commonplace data from passive historical analysis into potent predictive insights. By eradicating risky, siloed data and adopting a value stream-centric approach, teams can fortify their risk analysis with foresight.

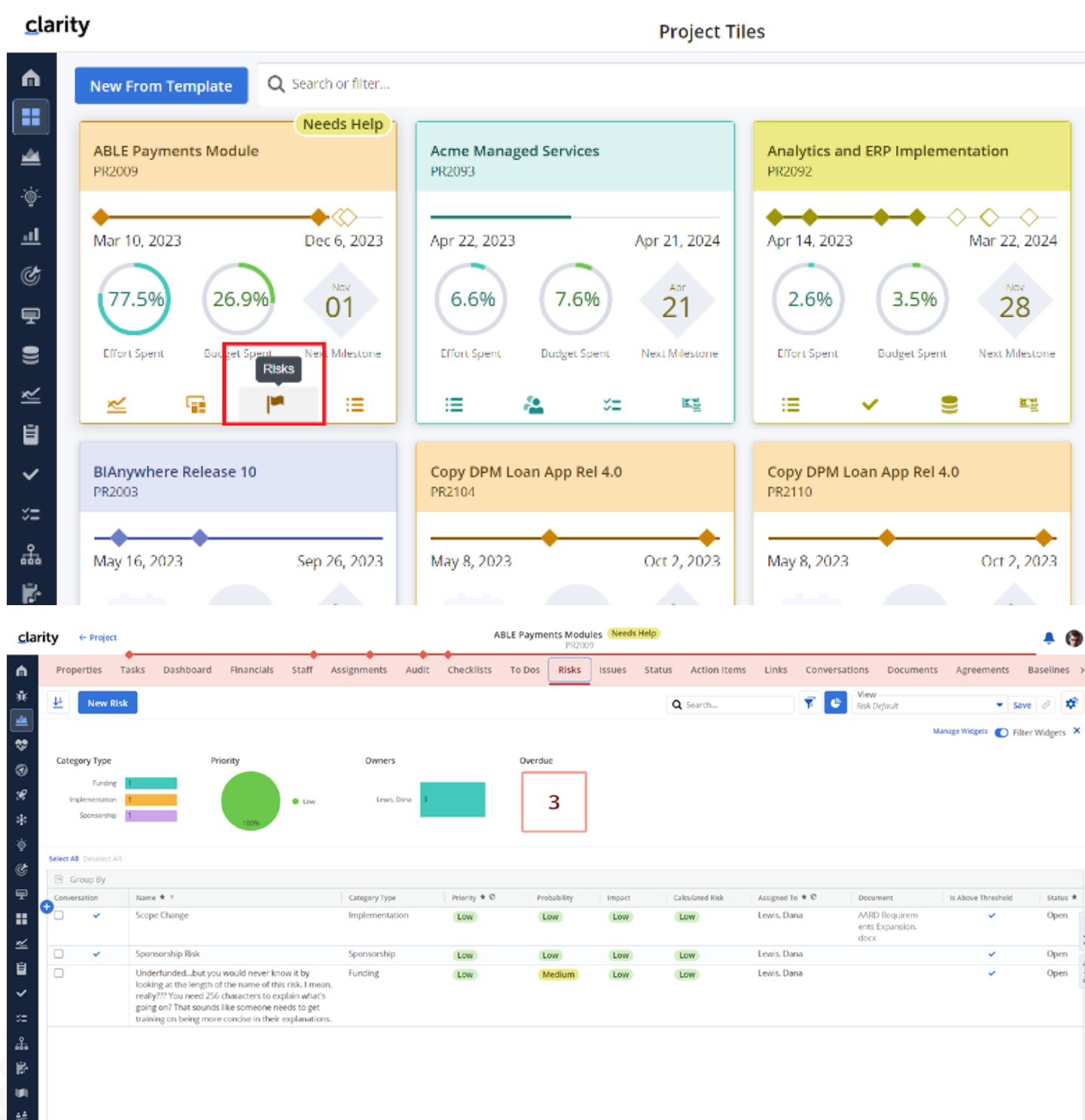


Figure 8: Users can easily customize ValueOps to easily access risk information and initiate root cause analysis and mitigation strategies.

REDUCE RISK BY ELIMINATING WASTE

Organizations can significantly reduce waste in their delivery pipeline by identifying risks at multiple levels across their entire value stream, which exposes inefficiencies, bottlenecks, and dependencies. High-level decision-makers can be equipped with insights about risks and dependencies, so they can make informed decisions and allocate resources more intelligently.



Figure 9: Track delivery teams' flow efficiency to identify waste and non-value-added items. (Non-value add time is defined as any time that a work item is spent in a Blocked or Ready state in a given timebox. Value Add time is defined as the remainder of the cycle time, that is, the time the work item was being actively worked. The higher the value add percentage, the more efficient your team's process is.)

ValueOps' smart analytics display work types that are being completed during specified timeboxes. In this example, we can see a lot of variability across iterations. The trends indicate that this organization is at high risk because teams lack predictability in the amount of value they deliver each iteration.

Leverage Accurate Investment Performance Data

One of the most devastating consequences of inadequate risk management capabilities is the persistence of misguided and misinformed decision-making at all levels of the organization. When crucial business decisions are based on inaccurate data, it leads to a chain reaction of poor choices.

Investment performance data plays a particularly critical role in enabling leaders to make informed decisions. By providing insights into the effectiveness of past investments, this data helps teams identify patterns, assess risks, and optimize resource allocation. However, the accuracy and reliability of investment performance data is paramount if these goals are to be achieved.

The consequences of inaccurate performance data are far-reaching, posing the following key issues:

- **Lack of visibility.** Inaccuracies result in a lack of visibility into investment performance, leaving organizations and value streams vulnerable to missed opportunities that directly impact the bottom line.
- **Misinformed risk assessments.** Inaccurate data leads to misguided risk assessments, causing teams to make decisions based on flawed assumptions about portfolio progress, resource utilization, or market trends. This can result in poor decision-making and heightened exposure to unforeseen threats.

Here are some key requirements for leveraging accurate investment performance data:

HOW TO: UNLOCKING ACCURATE INVESTMENT PERFORMANCE DATA

NORMALIZE DATA

By standardizing and normalizing performance data across value streams, organizations achieve a level of uniformity and reliability that is critical for good decision-making. This commitment to uniformity lays the foundation for effective data aggregation. Consistency in data collection and measurement minimizes the risk of discrepancies and inaccuracies, paving the way for a clearer and more accurate understanding of investment performance.

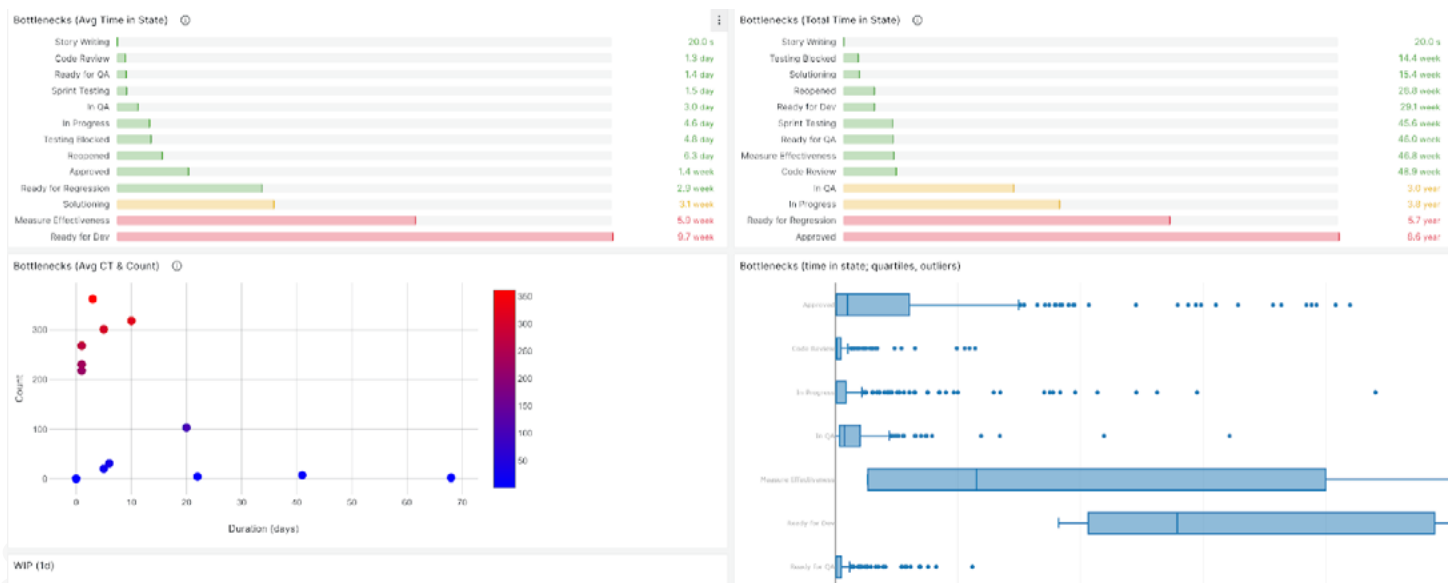


Figure 10: ValueOps provides a powerful visualization into bottlenecks and risks by aggregating and normalizing data across multiple value streams. In the charts above, ValueOps slices and dices your data to not only show you where your bottlenecks are, but it also displays the data in aggregate across an entire value stream.

INTEGRATE END-TO-END VALUE STREAM DATA

Data integration is the foundation for accurate and informed decision-making. This approach entails bringing together fragmented data from across the organization's vertical and horizontal layers and transforming it into a unified, comprehensive view of the value stream. This integrated data approach provides leadership with a holistic perspective of the organization's progress towards its strategic objectives.

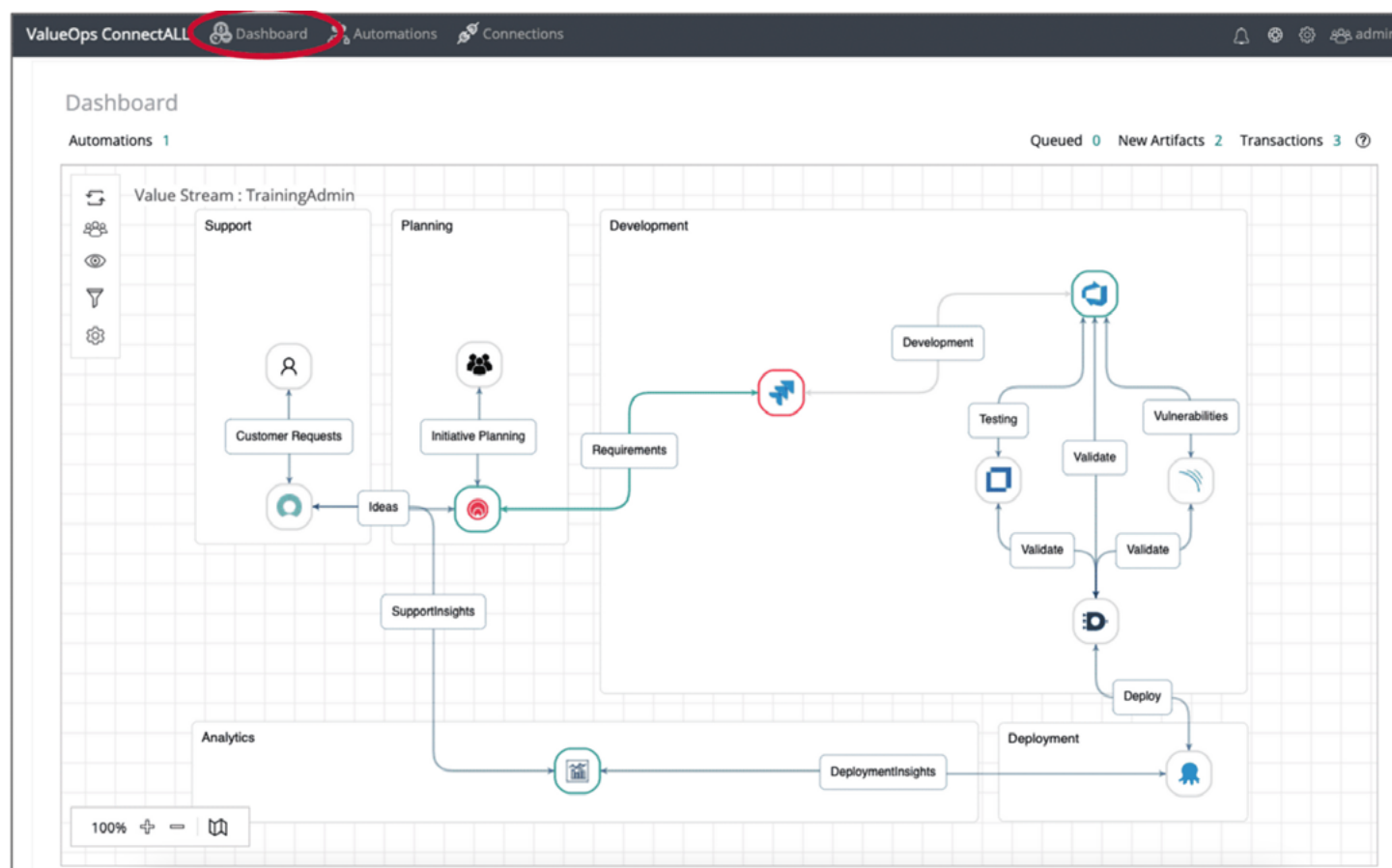


Figure 11: ValueOps connectors enable teams to unite fragmented data from different systems used throughout the value stream into a cohesive whole, providing clarity and insight for achieving strategic objectives.

CUSTOMER SUCCESS STORY: COX AUTOMOTIVE

Cox Automotive is a global leader in the automotive industry. When Marianne Johnson assumed her role as executive vice president and chief product officer, she and her team faced significant challenges. The company had evolved through 67 acquisitions, resulting in a very complex technology landscape that introduced overlapping data sets and significant blind spots in managing products and services. This complexity impeded operations, collaboration, and product delivery, while introducing substantial risks associated with change and disruption. Johnson and her teams recognized that mitigating these risks was imperative if their organization was to succeed in its transformation journey.

To address these challenges, the team at Cox Automotive turned to ValueOps.

ValueOps empowered them to proactively manage and mitigate risks, offering these key capabilities:

- **Synchronized investment planning.** ValueOps played a pivotal role in aggregating data for synchronized investment planning. The solution empowered leaders at Cox Automotive to make informed decisions about resource allocation, ensuring investments were aligned with strategic objectives and OKRs. This significantly reduced the risk of misdirected resources.
- **Data-driven risk awareness.** The team at Cox Automotive recognized the critical role of data in their operations. With ValueOps, they employed smart analytics to comprehensively assess risks. Their data-driven approach allowed them to proactively identify operational vulnerabilities and inefficiencies, so they could mitigate risks before they escalated.
- **Transparency and confidence building.** Leaders at Cox Automotive understood that transparency was vital for risk mitigation. By fostering transparency across their value streams, they could identify issues in real-time, address them promptly, and build confidence with senior leadership. This reduced the risk of miscommunication and enhanced trust in the transformation process.
- **Continuous monitoring and adaptation.** To mitigate risks related to the dynamic automotive industry, the team at Cox Automotive embraced continuous monitoring and adaptation. Smart analytics allowed them to identify shifts in customer preferences, market trends, and potential disruptions in real-time, significantly reducing the risk of falling behind competitors.

Cox Automotive's transformation journey was marked by streamlined operations, improved efficiency, and meticulous risk management, all made possible by ValueOps. Their data-driven and agile approach, intricately woven with ValueOps, not only enhanced product delivery but also ensured that potential risks were mitigated. Their transformation journey serves as a compelling example of how an organization can proactively minimize risks and achieve operational excellence.

CONCLUSION

By embracing VSM and implementing ValueOps, organizations can foster a culture of innovation, data-driven decision-making, and agility that reduces risk and ultimately fuels sustainable success in dynamic business environments.

In today's organizations, teams are trying to move quickly to bring new products and services to market. By organizing teams around value streams and eliminating data silos, companies can operate leaner value delivery pipelines. Further, teams can minimize risk while boosting agility.

With ValueOps, customers foster a culture of innovation and data-driven decision-making—fueling sustainable success in today's dynamic business environments. By delivering real-time access to trusted and meaningful data, ValueOps promotes improved awareness of issues and dependencies and enables faster pivoting.

ValueOps offers data aggregation with rollups, AI and machine-learning-powered smart metrics. With these capabilities, customers can synchronize investment planning, work efforts, and delivery status—while reducing reporting cycles. ValueOps brings together data from a range of products, including continuous integration, continuous delivery, application lifecycle management, and many more.

Contact us to discover how ValueOps can help you minimize risk in your organization.