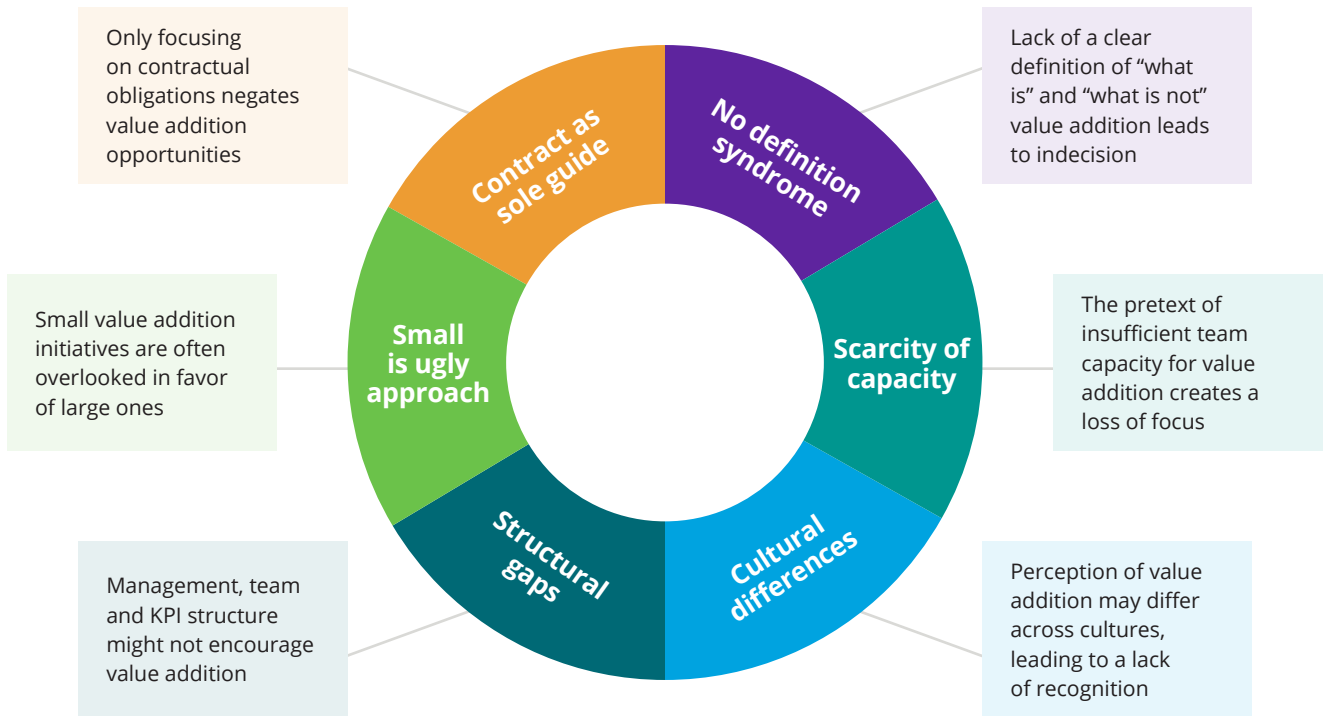# How many of the eight value-addition principles for software delivery do you practice?

by Balaji Venkatramani, Solution Lead, Engineering Processes

In software delivery, value addition occurs when an IT vendor goes beyond contractual obligations to provide additional business benefit.

Value addition should be the bedrock of IT vendor culture. However, an IT vendor organization looking to establish a value addition culture faces several challenges:

Only focusing on contractual obligations negates value addition opportunities

Lack of a clear definition of "what is" and "what is not" value addition leads to indecision

Small value addition initiatives are often overlooked in favor of large ones

The pretext of insufficient team capacity for value addition creates a loss of focus

Management, team and KPI structure might not encourage value addition

Perception of value addition may differ across cultures, leading to a lack of recognition

Contract as sole guide

No definition syndrome

Small is ugly approach

Scarcity of capacity

Structural gaps

Cultural differences

Here are eight major principles that can help you promote the adoption of value addition:

Foundational principles to promote **value addition**	
Everyone's responsibility	Needs contextualization
On par with contractual obligations	360-degree dimension
Neither big nor small	Must be valued
Not a desk job	Has to be governed

1. Value addition is everyone's responsibility

Often, it's assumed that value addition is a responsibility of specific roles such as:

- Senior members with the relevant subject matter expertise

- Dedicated transformation leads and their teams

The creation of value addition initiatives is not solely down to senior members or dedicated transformation leads. It's a vital task shared by everyone in the team, including less-experienced members and joiners with evolving knowledge. Value addition culture needs to be embedded throughout the delivery structure.

2. Value needs context

Value addition needs to be clearly defined for applicable areas of an engagement. The context might need to be aligned with:

- Client's business objectives

- IT vendor organization objectives

- Software applications in scope

- Domain and technology specializations

- Industry best practices

- Client culture

Cultural acceptance might require the introduction of a harmonization exercise to establish common ground across all sectors involved. Contextualization provides clearly defined focus areas for idea generation and helps address the "No definition syndrome", and any cultural gaps.

3. Value addition should be on par with contractual obligations

Value addition must be awarded the same importance as delivery goals and contractual obligations. Key actions:

- Regard value addition as part of the project scope

- Execute value addition initiatives with the same rigor as core delivery projects

- Establish value addition thinking in all aspects of software development across each life cycle stage, from project scoping to post-production support

- Incorporate detailed value addition and delivery planning for overall project scope

- Adopt an Agile approach by establishing a consistent feedback loop with all stakeholders, including the IT vendor organization and client, to validate the ideas

These practices ensure a structured approach for generating value, gaining an assurance of capacity and helping to meet contractual obligations. In addition, they address the triple challenge of structural gaps, scarcity of capacity and treating the contract as the sole guide.

4. Value in the round

Value addition has a 360-degree dimension and needs to be considered in the round for the benefit of all stakeholders. This holistic approach promotes transparency in the interests of all members of the supply chain, enhancing trust and delivering significant business value for each client. It can be enabled by consistently measuring the ROI from the value addition initiative to the IT vendor's teams, third parties and clients.

5. Value is neither big nor small

Value creation is not determined by weight of impact. Every idea must be respected and encouraged regardless of its likely effect.

- Enable a "No idea is rejected" policy. Maintain a backlog of ideas and a regular review program

- Group ideas according to their level of impact — individual, team, project, department, organization and so on. Resources might be deployed in proportion to the idea's level of impact, but nothing should be ignored

- Publish all successfully implemented ideas to all stakeholders, acknowledging the value of every idea irrespective of impact

- Establish mentorship programs to encourage teams to see the bigger picture, potentially exploring the benefits of even the most insignificant ideas

6. Value addition must be valued

When, in their vision statement, an IT vendor promotes the idea that the concept of value addition is valuable in itself, the commitment creates organization-wide excitement. Here are some other ways to honor the practice of value addition:

- Establish incentivization schemes

- Ensure the fair, objective and transparent assessment of promotional ideas

- Publish successfully implemented ideas right across the enterprise

- Encourage teams to share best practices

- Assign a tangible or intangible value to every idea to highlight outcomes achieved post implementation

7. Value addition is not a desk job

The best ideas are rarely generated sitting at a desk. The process requires creative stimulation and blue-sky thinking. Key best practices:

- Train teams on idea generation techniques such as fishbone diagrams, mind mapping and similar methodologies

- Conduct "Creative Hour" or "Shoot the Idea" sessions to provide a supportive environment where team members are not afraid to share ideas

- Secure specific phases of the project cycle to implement creative ideas (as recommended by SAFe Agile standards)

- Encourage SMEs to act as mentors to help team members with creative thinking

- Let teams see the real-life application of their developed software, so they can empathize with users and identify possible value-addition opportunities

8. Value addition has to be governed

That said, best practice alone might not generate value. IT vendors need to establish a robust governance framework to track progress and ensure success. This includes:

- Establishing a transparent governance process to prioritize ideas

- Tracking progress and including status updates in reviews with senior executives

- Establishing transparent KPIs to measure success

- Enabling organization-wide communications around the success of these initiatives via online dashboards, emails and town halls

In other words, value addition is a critical success factor for the business growth of both IT vendor organizations and their clients. And it needs a scientific approach for promotion and execution.

About **the author**

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Balaji is a senior director with Luxoft India. He leads engineering process solutions, globally, across lines of business and is responsible for delivery strategy for the APAC region. During his 22 years in the IT industry, Balaji has driven large-scale technology solutions and transformation initiatives in Silicon Valley technology companies, as well as service partnerships with global financial clients. He has extensive experience in knowledge transitions, transformations, Agile, DevOps, big data and analytics, cloud and program management.

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