OPTIMISING FLOW

Idea in brief

The smooth progress of work through the entire system is what we refer to as flow. Anything that halts or disrupts the work is a block or delay, and is an enemy of that flow. It is easy to equate flow and speed but it's not about all out speed. It's about processing work in a way that balances the company's competing needs and requirements in order to deliver most value to the customer.

As Peter Drucker observed, time is a unique resource – it is inelastic. We can always hire more people, and spend more money if required, but we cannot obtain more time.

The introduction of on time delivery as a measure creates certain behaviours in organisations. In order to avoid penalties for a late delivery, we typically build in buffers to ensure we meet agreed delivery dates. A potential 6-month delay becomes a 6-month buffer. If actual delays don't consume the buffer, it is often filled with low-value activities instead.

Delays lead to longer delivery cycles. For software development, delay is waste that directly affects our ability to deliver value to customers fast. We tend to look for delays where time is already tight – in development. Instead, we should look for waste and delays that are blocking the flow more widely, across the whole value chain.

Businesses often need to out innovate and act faster than their competitors. If maximising speed or throughput is your goal, optimising flow will help you achieve it.
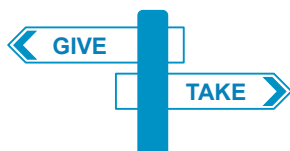
Ideas in practice

Time is the resource we need to worry about the most.

- If there is one thing people are astonishingly bad at managing, it is their time.
- Just as our resource of time becomes scarce, we try to fit the most into it.

To achieve desired outcomes, we need to make **COMPROMISES**.

- Most customers would say they want their product delivered both faster and cheaper. Sometimes we need to make a choice.
- Focus on the outcome and then compromise depending on what that outcome requires.

So we can say that delay has an associated cost.

"Each product has a certain cost of delay that will determine how much effort should be put into accelerating it."
Don Reinertsen

- Work out the cost of delay at the beginning of each project as part of the business case.
- The cost of delay is the cost of opportunity.

### The smooth progress of work throughout the whole system.

"We increase return on investment by making continuous flow of value our focus."
Declaration of Interdependence, a document on Agile Value

- It is easy to get hung up on the detail and focus on optimising a single, specific task.
- Focus on delivering value to the customer – and as such optimising the whole.

Because we use on time delivery as a metric, we introduce **BUFFERS**
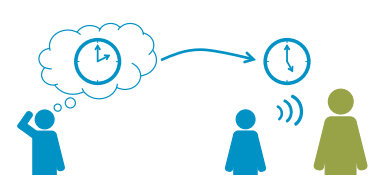
- In the absence of real measures of value, organisations fall back into 'on time delivery' as their key performance indicator.
- People typically add contingency as they don't want to be penalised for being late.
- Unfortunately this contingency is rarely used sensibly.

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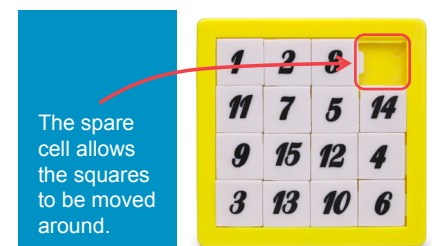
- Increasing capacity by adding more people is expensive.
- Ensure that people aren't so overloaded that they have no spare capacity. It is essential to move items through the process.

"...excess capacity is critical to making a development process work. If you fail to have excess capacity you will pay the price in cycle time." Don Reinertsen

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