



Value Analytics Series: II. The Five Levels of Business Value Awareness

Every task, every job, every process or project carried out within an organization has a purpose. Or, to be more accurate, has PURPOSES. Depending on your relationship to it, you may focus on a different purpose for that particular activity, or a different level of the purpose. A participant in a safety training may feel that the purpose of attending the training is checking off a job requirement. The trainer may consider that the purpose is covering the material in a clear manner that allows the participant to correctly pass an exam at the end of the course, as well as enjoy the training. The participant's supervisor may see the purpose of the training as helping their group maintain the safety level s/he is responsible for. At the surface level, most of us tend to think of the purpose of an activity in terms of what it does for us - what effect the activity has on our own job or situation.

Business Value Awareness is the understanding of the impact of an activity far beyond that surface level -- on the teams, departments, divisions and, ultimately, organizations, that we are part of. Every organization or company has a small number of goals it is committed to - creating a particular set of products or experiences, with a particular level of quality, and, perhaps, generating a particular level of profit. All of the tasks carried on by every individual in the organization are the fine details of endeavor that add up to those few strategic goals. Business Value Awareness is the understanding of the purpose of all of these individual tasks as ingredients in delivering these strategic goals.

Observation of many different types and sizes of organizations has led us to the identification of 5 specific levels of Business Value Awareness: Five paradigms that individuals and organizations tend to operate within that define, and limit, the understanding they have of how what they do relates to and contributes to the overall purposes of the organization. Each paradigm is predominantly defined by the depth to which the specific activity is linked to the ultimate Business Value (or Return on Investment), but each paradigm also has characteristic identity statements, job descriptors, performance measures, blind spots, value creation obstacles and opportunities. While there is often value in moving from one level to the next, we have also recognized that certain jobs or functions may be best suited to operate at different levels, so it is not assumed that it is always best for a group or individual to move along to the higher levels of the model.

Level One, mentioned above, is the purely Personal Level, where job tasks are thought of and understood only to the extent that it affects the person carrying it out and the person (usually the supervisor) who is asking for it to be done. The value of the job is assessed by "done/not done" type of performance metrics and the satisfaction level of the supervisor. The question of value is phrased as "Am I doing what I am supposed to (being told to) do?"

Each higher level expands the understanding of the purpose to a larger sphere of influence, so Level Two is the Customer Focus Level. Here the purpose of the job tasks are understood to go beyond the individual and supervisor to the customer (internal or external) whom the task is meant to directly benefit. The job's value is now measured, in addition to the metrics of the previous level, by measures of customer satisfaction, which are most typically subjective and reported via some type of survey. The value question is "Are my customers satisfied with what I am providing for them?"

At Level Three this understanding of a team (employee, supervisor, other team members) providing something to customers expands into the awareness that this team is part of some larger group (the department or division, most typically) and that the tasks are accomplished at some cost. Value is now evaluated inside the larger context of the relative benefit of the activity vs. the cost to the larger organization, and new measures like performance relative to budget come into play. At this level, the team is aware that it contributes to the success or failure of the larger whole, but the usual emphasis is for each piece simply to do as best it can, because no individual piece is solely responsible for the larger whole. At this level the desire is to contribute to the success of the larger whole, but the expression and enactment of this desire will be more directly focused on the success of "our group" while being aware of and working towards the benefit of the organization as a whole. We consider the fundamental paradigm shift to happen between Level 3 and Level 4, because it is at Level 4 that the focus truly shifts from the "personal" to the "greater good".

At Level 4 the recognition sets in that the true evaluation of the activity must be based on a direct measure of the extent to which the tasks contribute to the specific success factors (be they financial or strategic), and it is at this level that individuals and groups may actually make decisions that benefit the larger whole and not themselves. Everything before Level 4 can be expected to be driven, primarily, by self-interest. Metrics at this level truly begin to link specific job task performance to their effect on the key endeavors of the larger group (be that the department or the company as a whole). At this level the focus truly shifts to "for the good of the company," even if it means acknowledging that the group or its task isn't needed any more, or may be best done in a different way by a different group. The group understands that their purpose is not "to do their own job as best as possible" or "make their customers happy" but to contribute directly to the organization's effectiveness at meeting its end goals.

Level 5 is reached when the group has systematized their metrics and linked them directly to the key success factors of the company (or in some cases division or department) so that statistical analysis can yield clear and direct feedback on the Business Value of the job task: the ROI, or, in the case of non-financial key strategic objectives, the isolated impact of the group on the objective's success as related to the cost of the group).