

Value Creation Through Integration Workshop

Lean Aerospace Initiative



Value Creation in Product Development

January 30, 2002

*Presented by:
Joyce Warmkessel
MIT*



- **Definitions**
- **Value concepts**
- **Value creation framework**
- **Value creation and product development**



- **Product Development:** *The set of tasks from concept definition to validated product definition*
- **Product Development Processes:** *Doing Product Development in a way that creates value while eliminating waste*
- **Product Development Outcomes:** *A product definition that enables the creation of the product that provides desired value to the stakeholders*



- **Centers on exchanges that provide utility or worth and that result from some organizational action**
- **Concerned with how various stakeholders find particular worth, utility, benefit, or reward in exchange for their respective contributions to the enterprise**
- **Value is not fixed, but evolves with changes in stakeholder priorities, willingness to pay, and time**



“True North” and Value

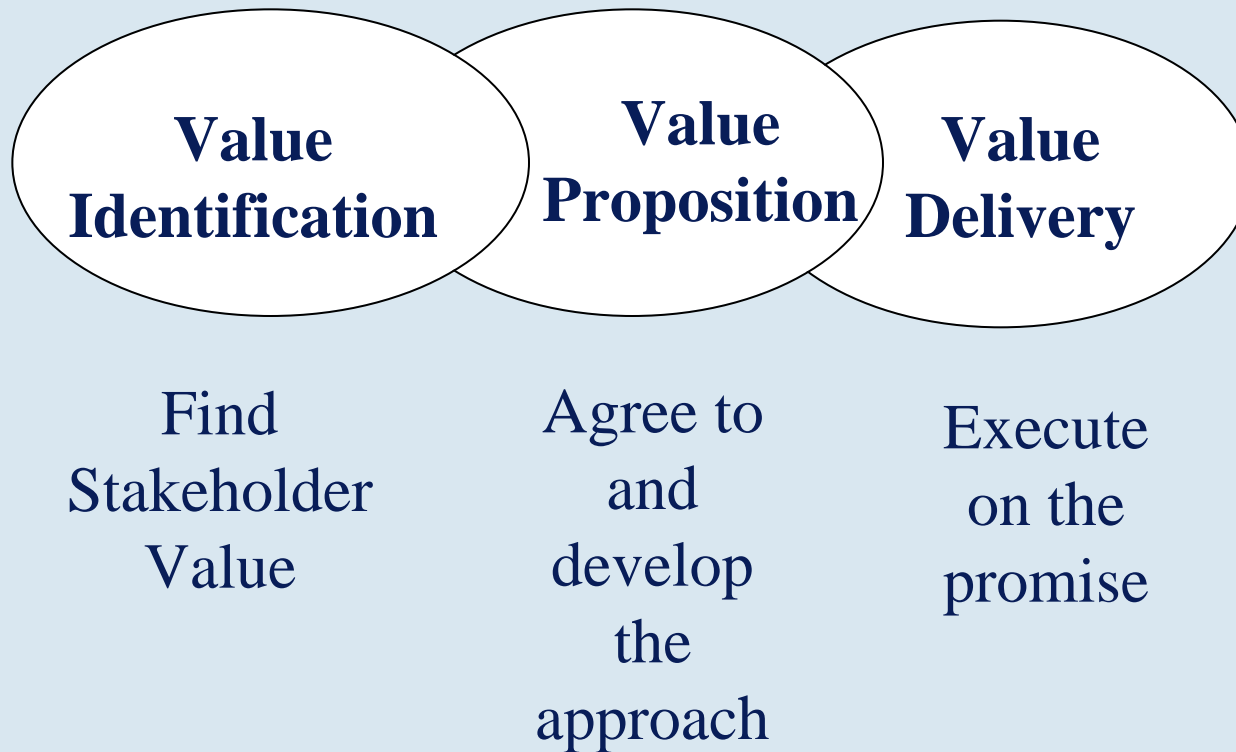
- **Lean teaches to seek “true north” to understand what the customer’s needs in order to orient the enterprises**
- **Value takes into account the needs and expectations of all significant stakeholders. There may not be a single “true north”**

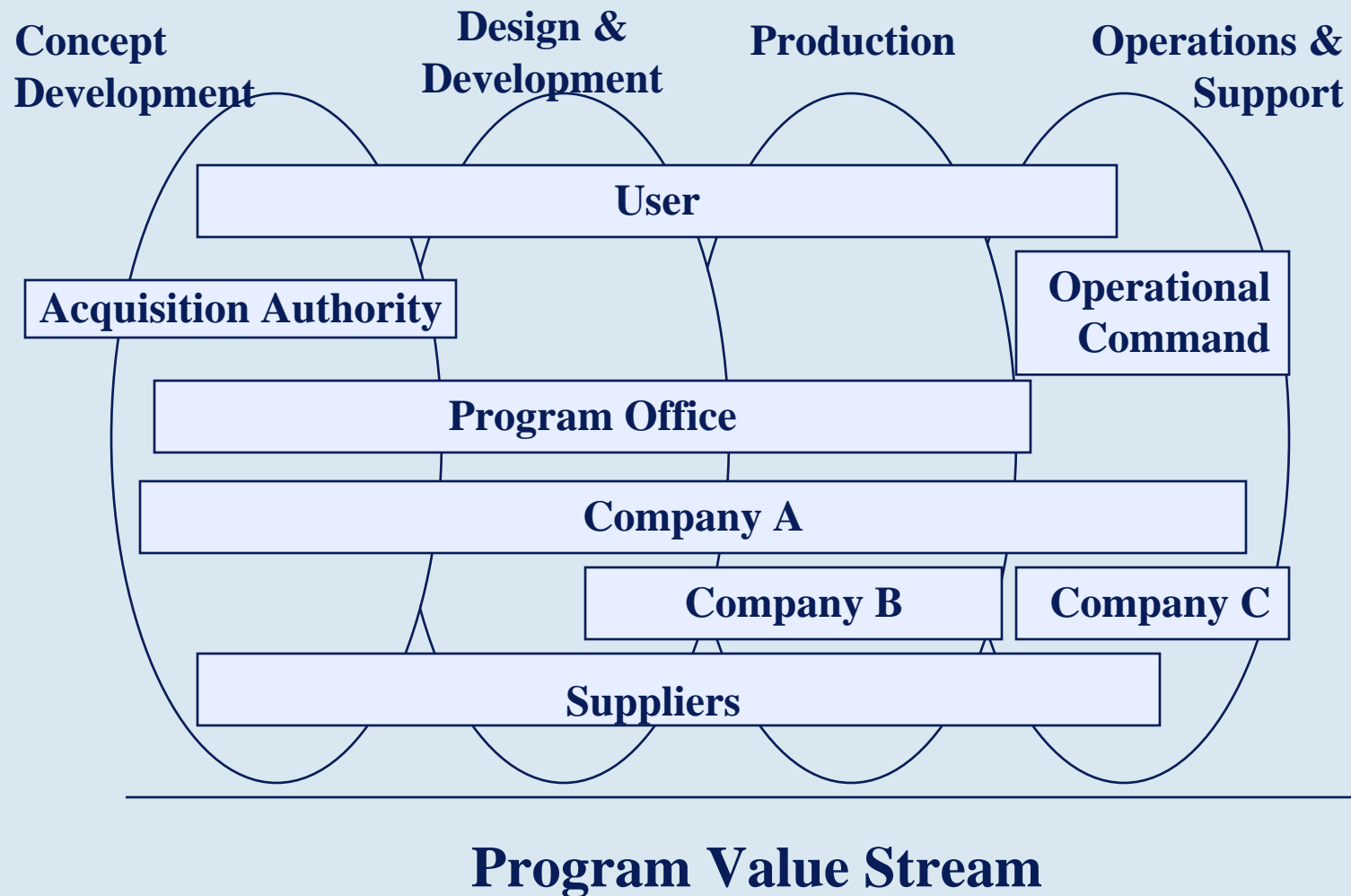
**Value Creation goes beyond focusing
on the user or customer**

**Value must be created for ALL
stakeholders**



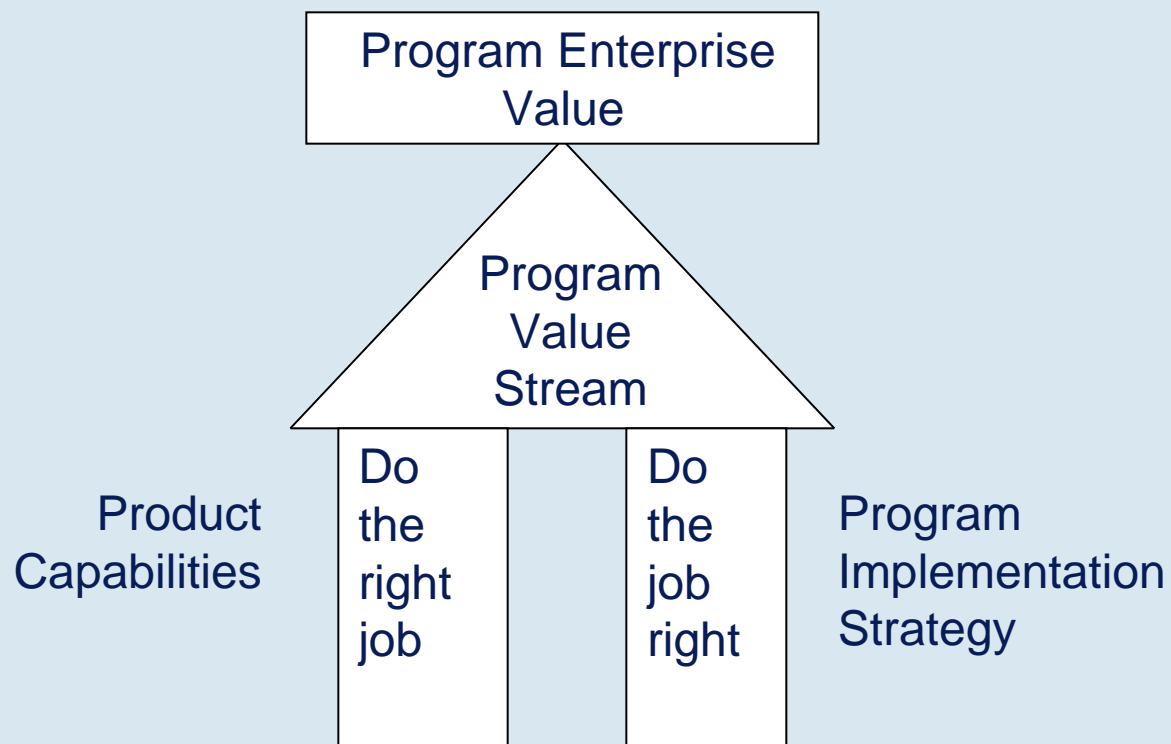
Value Creation Framework





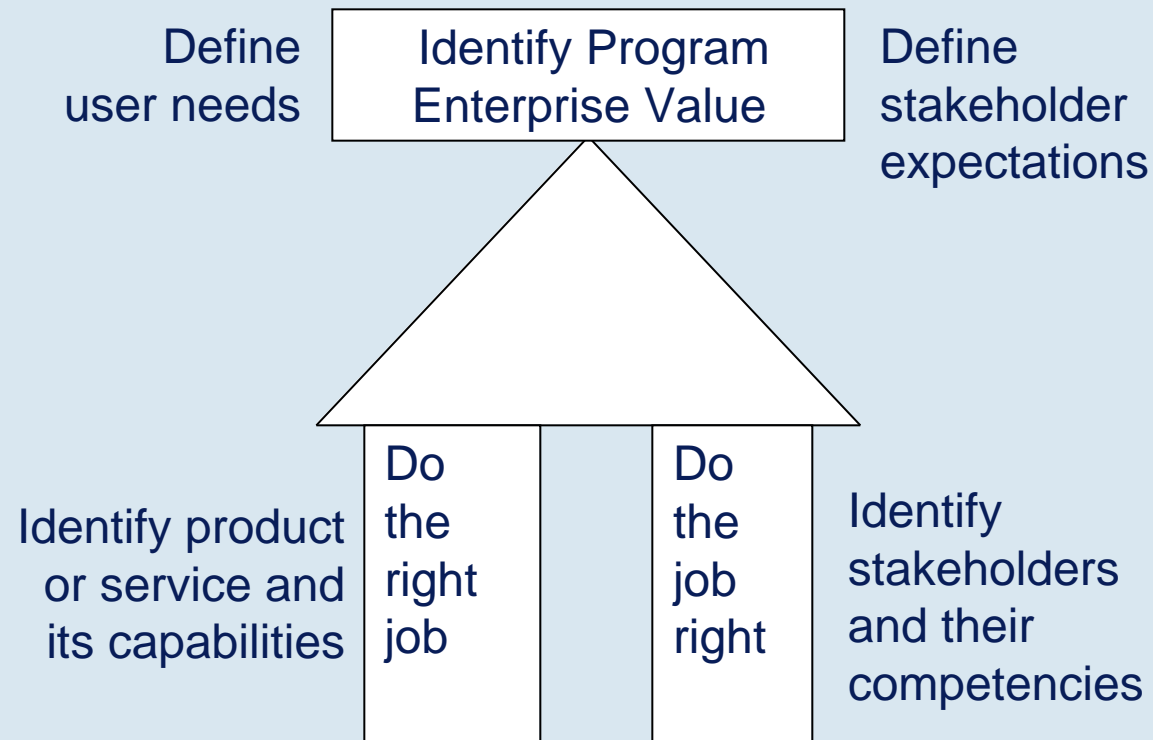


“The primary challenge in creating program value is to ‘do the right job’ *and* ‘do the job right’. Even a well-structured program will have difficulty generating value from ‘doing the wrong job’ - that is, making the wrong product. And even the best product will fall far short of its potential if its value stream is poorly managed or not well integrated - that is, if the job is not ‘done right’. “

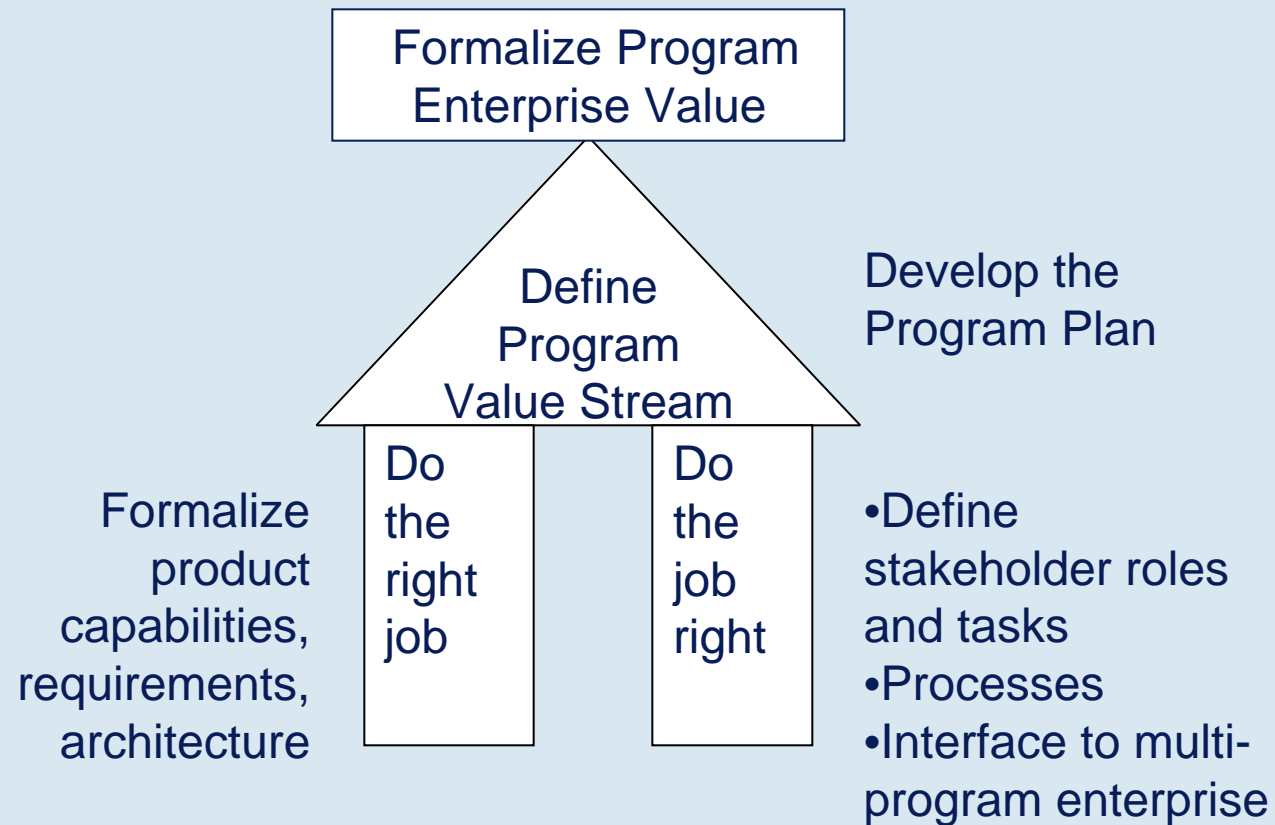




Elements of Value Identification

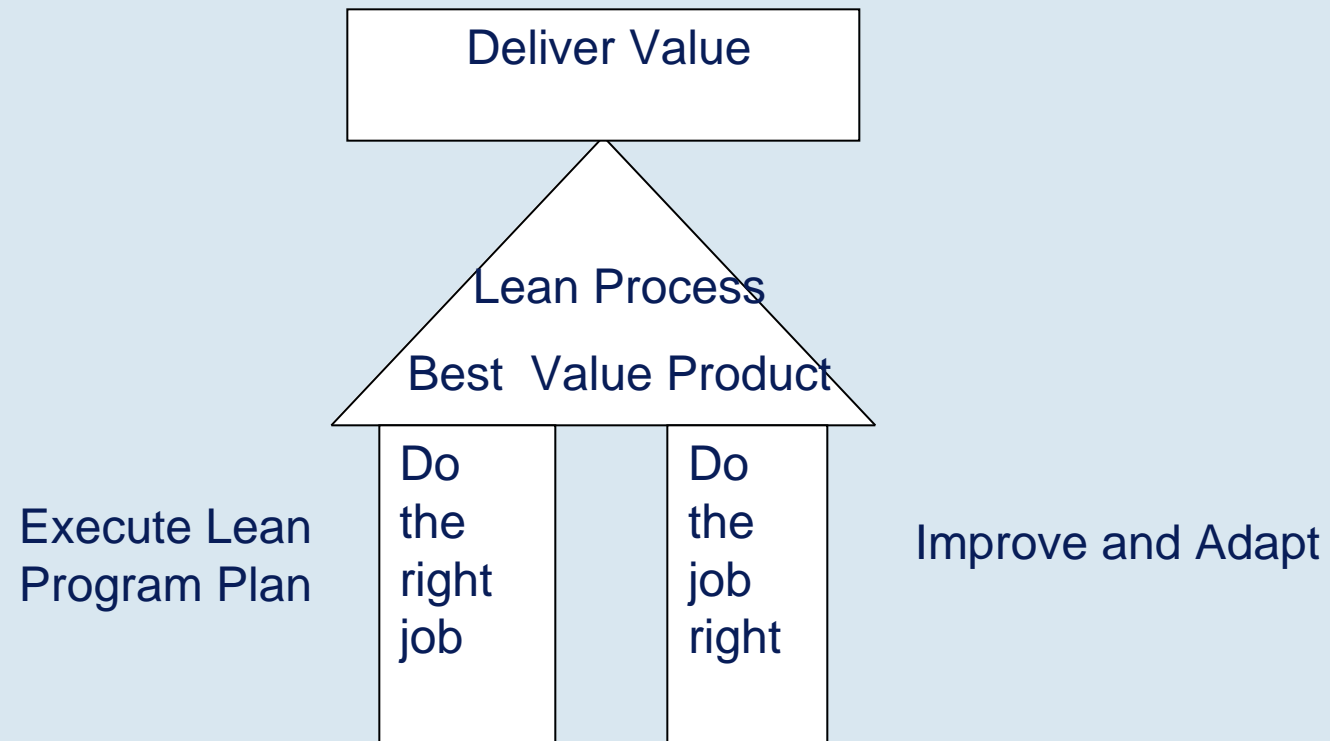


Elements of Value Proposition





Elements of Value Delivery





- **The value creation framework provides a robust approach to product development**
- **Lean product development includes both doing the job right and doing the right job**
- **Definition of the right job is not limited to the defining requirements and architectures, it includes alignment with strategies of multi-program enterprises**
- **Doing the job right also requires alignment with the strategies of multi-program enterprises while reducing waste and providing value**