

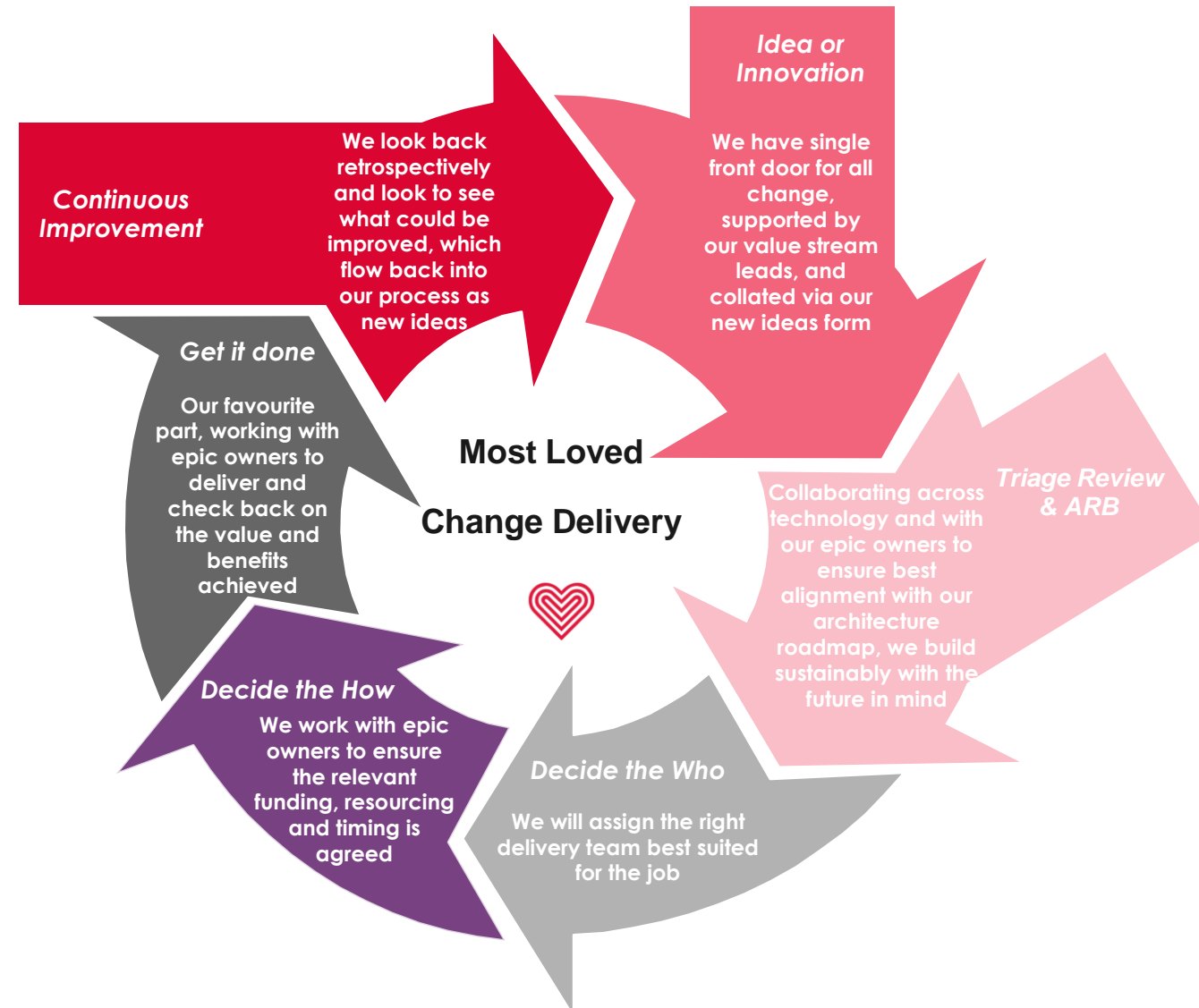
# The Art of the Possible

Supporting information on change delivery at Virgin Atlantic

Feb 2021

## Our Delivery Flywheel

We are focused on iterative delivery – so that we can continuously improve and increase the value we achieve



# How we categorise change

## How we plan and deliver change

These streams of change, help us manage what we focus on and what gets prioritised:

### Change the business – requires new or changed:

- Business processes, ways of working, policies, procedures and/or
- Roles, knowledge, skills and behaviours, automation, training and/or
- Resources from outside the sponsoring dept to deliver and/or
- Implementation is complex, risky, operational or customer impacting

Governed through  
Enterprise PMO  
Delivery Teams

### Change Examples

System Development  
System Upgrades or Replacements  
Data Enablement  
Airport Transformations

### Run the business – routine changes which typically:

- Update or improve our assets, products, operational activity or performance, **but**
- Do not change the business materially as described above or,
- May require resources from outside the sponsoring department

Governed through  
Enterprise PMO  
three Delivery  
Teams

### Run Examples

Cyber Security  
Moves and Relocations  
Software Roll-Outs  
Hardware Replacements

### BAU – keeping the lights shining:

- Update or improve our assets, products, operational activity or performance, **but**
- Do not change the business materially as described above or,
- Do not require resources from outside the sponsoring department
- Funding through departmental Opex budget

Governed through  
Financial Planning  
& BAU Nominals

### BAU Examples

Peripherals (Cross Company)  
Platform Run & Maintenance Costs  
Virtual/Physical infrastructure Costs  
Version Maintenance & Patching  
Licencing

## R + I + I + C / E Prioritisation of new ideas prior to architectural review

We use this framework to initially evaluate an idea, to ascertain suitability and the impact the opportunity may have

<b>R</b> Reach	How many people will it effect during its live period? If its an evergreen piece of work then calculate a years worth of reach. If it's for a set period, estimate the reach for that period.	1 - 500,000 = 20 500000 - 1,500,000 = 40 1,500,000 - 5,000,000 = 60 5,000,000 - 10,000,000 = 80 10,000,000 + = 100
<b>I</b> Impact (Customer)	How will this impact customer satisfaction and loyalty? Can a positive VOC impact be isolated and tracked from this activity? What is the overall NPS impact?	NPS 0 = no measurable impact 10 = 0-0.2pts 20 = 0.3-0.5pts 30 = 0.5-1.5 pts 50 = >1.5pts
<b>I</b> Impact (Commercial)	Will it positively impact revenue? Think about whether it will make money and/or save money. What will be the cost of we don't do it (legal fines).	Negative value = 10 <£500K = 20 <£1.5M = 40 <£5M = 60 <£10M = 80 £10M + = 100
<b>C</b> Confidence	Have you done your homework? Base this on proven data, customer feedback, prototyping and service/product design.	10 - Very Low Confidence - Other's opinions 20 - Low Confidence - Competitors do it 30 - Medium Confidence - Delta & competitors do it 40 - High Confidence - Supported by customer evidence 50 - Very High Confidence - Supported by POC
<b>E</b> Effort	What does it take to develop, test and launch this epic?	1 - Small (1 quarter) 2 - Medium (2 quarters) 3 - Large (3 quarters) 4 - XL (1 year or more)

# How we document the ideas we are progressing

## After shaping we translate ideas, their cost and value in epic summaries

We centre our change around the core value streams of our business & capture our goals using a simple one-page summary

**A Value Stream Summary (PI #)**

Value Stream Ambition: [Value Stream Ambition] This should describe the overall goal of the change undertaken by the Value stream. Value Stream Sponsor: [ ]  
Value Stream Lead: [ ]

Initiatives Name: # Epics that support the initiatives: Resources Req: 2020 Budget: Value Driver:

[Initiative Summary]  
Should summarize the overall outcome of the initiative

**B Initiative Summary**

Value Stream: [insert value stream name e.g Loved by Customer] Initiative Name and Owner: [insert Initiative Team e.g Loyalty Futures] [insert Name] v4  
Initiative Goal: [Outline what this epic is trying to achieve]

Key Epics / Workstreams Key Outcomes Investment: KPIs / Metrics:

Capex: [ ] How are you measuring the delivery of the change and the output of the change.  
Opex: [ ] How are we going to capture the value of the delivery and what is your measure of success?  
For example have you?

**C Epic Summary**

Value Stream: [insert value stream name e.g Loved by Customer] Epic Name (incl Number): [insert Epic name e.g Launch Virgin Red by May 2020] Epic Owner: Business Owner: [insert Name] [insert Name] v4  
ARR: [insert any recommendations] Epic Type: [What type of Epic is this? E.g Shaping / Delivery / Seed Funding] Delivery Leads: [ ]  
Overarching Goal: [Outline what this epic is trying to achieve]

Key Outcomes (Features) - SMART Investment: PI 1 PI 2 PI 3 PI 4 FY20 KPIs / Metrics:

Capex: [ ] How are you measuring the delivery of the change and the output of the change.  
Opex: [ ] How are we going to capture the value of the delivery and what is your measure of success?  
For example have you?  
Conducted the RFP  
Implemented the new business change  
Rolled out!

Resource Required: PM BA Other  
Value Drivers (see guidance): Financial Customer Sustainability Value Score

Key 3<sup>rd</sup> Parties

Internal: Which departments across the business does this need support from?  
External: Which partners are required to support this transformation

Dependencies & Constraints How will you measure the value?

What are you dependent on, is there enabling requirements that need to be undertaken. Hardware roll out? Software installed? Other teams or departments support? How are you measuring the value proposition of the epic once the features are completed?

Timeline - What features are you planning to deliver and when and when is total value of the epic expected to be delivered

Our templates drive clearly articulated outcomes and KPIs, providing a simple approach to understand and evaluate, these live on the Microsoft Power Platform and in Kivue Perform

- A Value Stream Summary**  
Outlines the **initiatives** we will be working to deliver the over goal of the **value stream**
- B Initiative Summary**  
An **Initiative** is a collection of **Epics** that drive to one common goal
- C Epic Summary**  
The description of the business capability / outcome that is required. An **Epic** can be broken down into specific features based on the needs of the customer or user, and can span multiple PI's

# How we determine a stream

## What Value Stream is it?

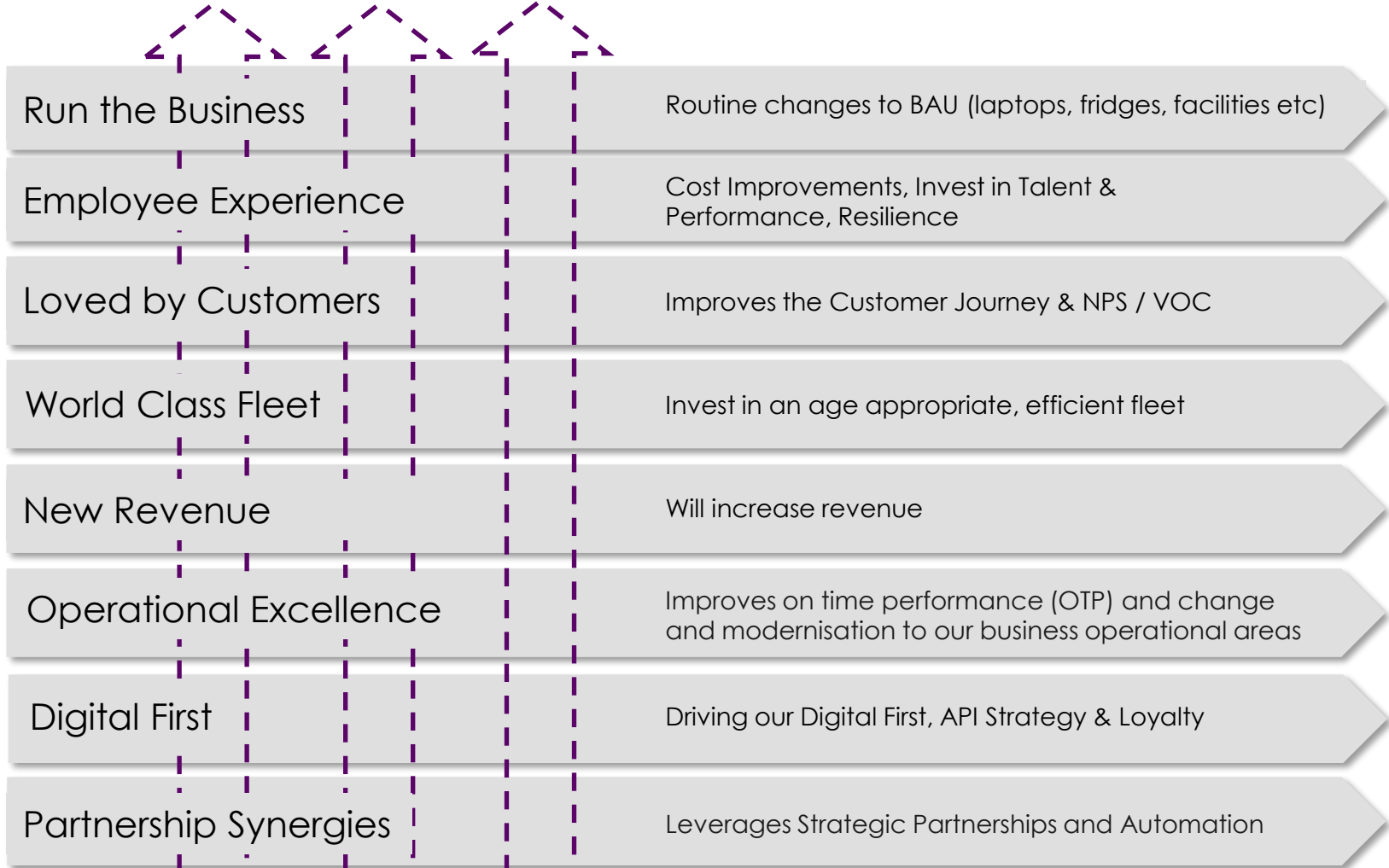
Red on the inside



Red on the outside



Best in partnering

- Board Sponsor
- CFO
- CPO
- CCOO
- CCO
- CCO
- CCOO
- CDMO
- CCO

Technology, Finance & People embedded throughout

## We determine a value score for each epic to help us prioritise our list

Business Value Indicator is a score out of 100 that shows how well an epic meets our strategic plan

$$\text{Business Value Indicator (BVI)} = \text{Finance Value Score} + \text{Customer Value Score} + \text{Sustainability Value Score}$$

### Finance

- **Net Present Value** - is targeted as one of the key metrics for profitability. This metric is used to appraise how profitable a Epic is when comparing the investment required to the revenue/cost saving's it will generate and is discounted to take into account time value for money.
- **Non-Fuel Savings** are the most controllable and are considered to be more certain than revenue generation.
- **Payback** determines how long it takes for revenue or cost savings to materialise to offset the investment cost of a Epic. The quicker we can see return on investment of an Epic, the more we can make decisions on potential investments and drive momentum to get the fly wheel moving.

### NPS

- **Net Promoter Score** Is our primary customer satisfaction KPI and a leading indicator of business growth.
- Through VOC Text Analytics we measure the volume of customers that are / could be impacted per initiative, and the potential NPS uplift, to determine overall customer value.

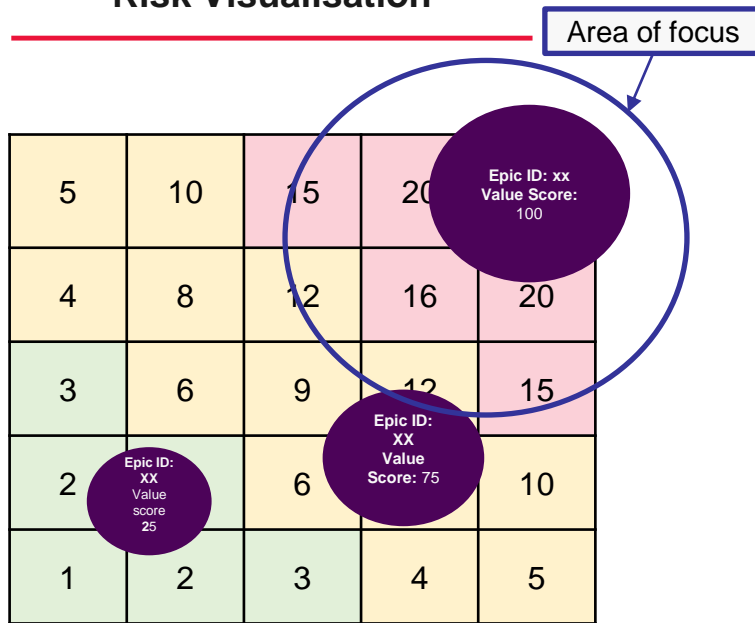
### Sustainability

- We have committed to net zero emissions by 2050. The global CORSIA scheme means carbon emissions also carry a cost to the business, as we need to purchase offsets for emissions growth.

## Having a risk score for each epic helps us to further prioritise our list

Risk scoring out of 25 is used to highlight the impact of not undertaking an epic in the portfolio

### Risk Visualisation



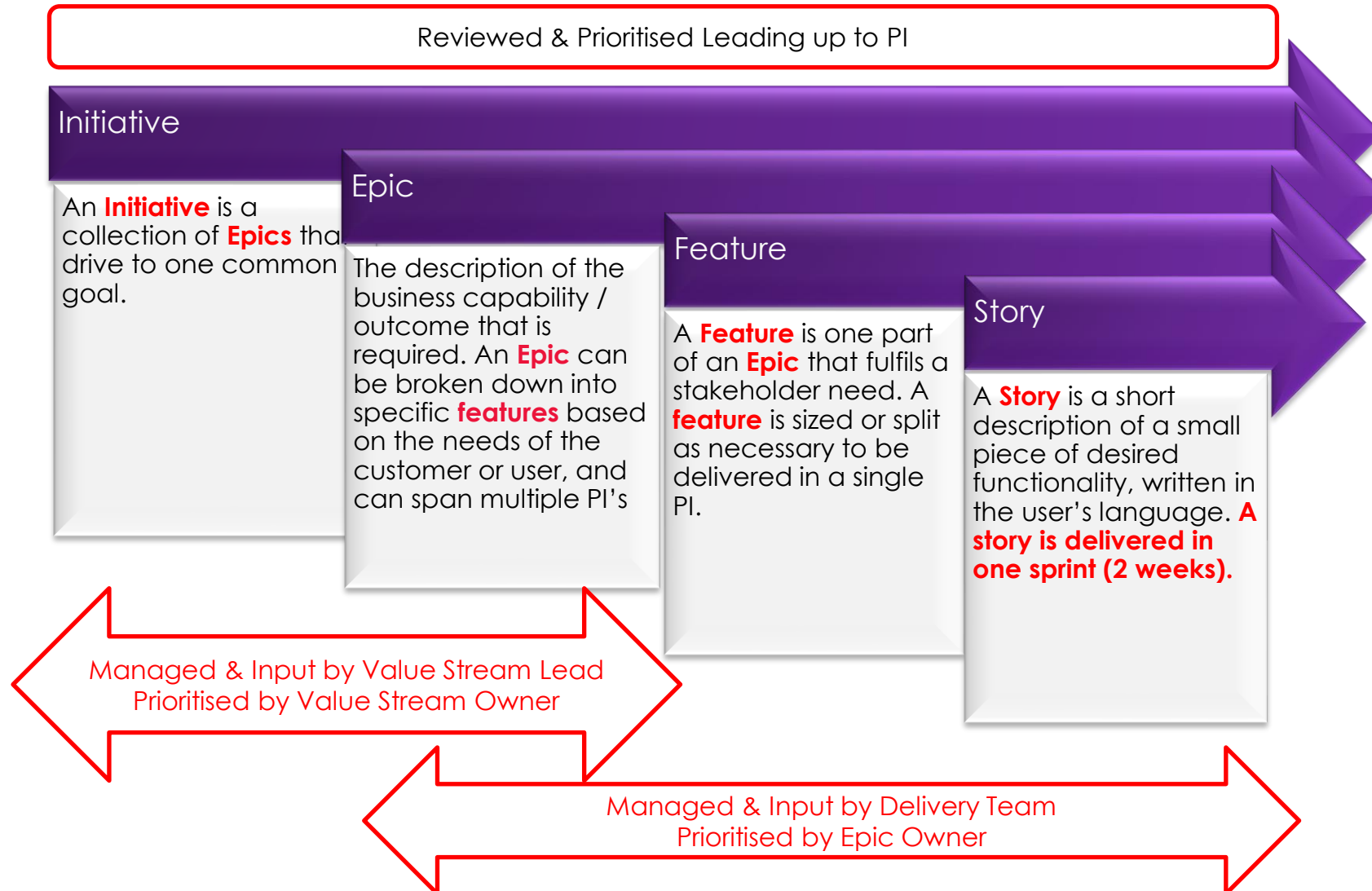
We are applying a risk visualisation to each epic, which is aligned to the company Risk Assessment Lenses (Impact & Likelihood)

**Highest impact score x Likelihood = Risk scoring (max 25)**



## We break down our change into quarterly blocks (PI's)

At each PI event (Portfolio Increment\*) we bring forward prioritised Epics ranked by value score made up of Features & Stories



\*We hold 2 x monthly course corrections as part of each PI.

An epic can be re-presented at course correction if it requires approval on a change in funding, resourcing or outcome

# How the end to end journey of an idea is mapped

## The journey from idea to value

How a new idea transitions into the Portfolio, is delivered and then value is realised

