

Cost of Delay Prioritisation

(also known as CD3 or WSJF)

□ What is it

- A prioritisation approach to make value and urgency more visible. It quantifies an opportunity cost in economic terms when work is delayed, enabling more objective decision making and trade off decisions.
- There are two basic inputs required to work out the Cost of Delay:
 - 1. Value – Calculate a value of the benefits per period, based on an estimation of the work's economic value to the organisation over a given time period.
 - 2. Urgency – An understanding of the work's urgency: when do the benefits start to occur or deteriorate? Is there a calendar peak period that is critical to make ?

□□ Who

- The technique is typically used by a product manager as part of prioritising their product backlog and gaining consensus across stakeholders with conflicting viewpoints of what work is most valuable

□□ Running the technique

- Calculate a benefits figure for the change derived from value definition work already undertaken.
- Work out when the benefits would start being realised or when the expected benefits may deteriorate if at all
- Derive a Cost of Delay figure using a standard period of time e.g. month
- Repeat the steps for initiatives or backlog items competing for the same capacity
- This provides an objective comparison on which to achieve transparent consensus

☐☐ Authoritative source

- Principles of Product Flow (Donald G. Reinertsen)
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