Kiss your projects goodbye

Traditional project management and the tools that support it were suited for the construction of the Hoover Dam and the launch of the Apollo program. But they're not relevant in the digital age. You may have witnessed this first hand: by the time an expensive, high-profile, year-long project came to fruition, the market conditions and customer needs had changed.

> According to the Standish Group's 2018 "CHAOS report," waterfall projects are **3 times** more likely to fail than agile projects.

Agile innovators, determined to win in the digital age, are doing things differently. Rather than organizing their teams around projects, they embrace a product orientation. They have moved from tracking the completion of project requirements to tracking the value delivered to the customers; from hierarchical decision-making to collaborative decisions driven by customer feedback; from funding short-lived projects to funding longstanding product teams.

Top 4 reasons to organize around products

Value streams

You will create and measure the end-to-end flow of information needed to deliver value, aka the value stream.

Focus

Team members hone their expertise in specific products and customers, and are more focused.

Motivation

Long-lasting product teams with decision-making and fiscal autonomy become more motivated.

Return on investment

Measure IT teams' work in terms of value created instead of budget spent.

Are you managing projects or products?

If you have to defend the value of IT to the business and justify a large number of failed projects, it is time to re-examine how you structure the work of your teams.

The first step is to understand whether your approach is product- or project-centric.

	Managing Projects	Managing Products
Budget	Specific amount allocated to each project. Projects that aren't funded are cancelled	Budget assigned to each product. Product teams allocate based on priorities and customer requirements
Timelines	Formal start and stop dates	A continuous product lifecycle that starts and ends with the customers' demands
Metrics	On time, on budget	Customer satisfaction, market share, profit
Teams	People brought to the work	Work brought to the product teams
Prioritization	Waterfall methodology: a sequential approach driven by gated milestones	Agile orientation: ongoing prioritization based on new customer and market data
Visibility	IT is a black box	IT work is mapped directly to the business needs
Risk	Decisions made up front	Risk managed continuously

What does a product orientation look like across the organization?

Product teams are driven by customer centricity. The customers' requirements flow to the product teams continuously. The idea is to ensure that products and solutions are error-free and meet the customers' needs. The responsibility for customer outcomes is shared across leadership, portfolio teams and program teams.

For example: the leadership team sets a strategic goal to expand to new markets. The portfolio teams will then identify where the company's strengths lie and how to leverage them. Product teams will take the pulse of the market and create profiles of the customers and users. The customers' feedback will then be looped through product, portfolio and executive teams, who will make adjustments as necessary.

Leadership

Decides who the customers are and why they comprise the target market. Sets strategic priorities. Allocates funding to products. Evaluates customer needs and adjusts funding.

Portfolio

Portfolio and program leaders define what will be built when. A portfolio leader sets priorities, allocates funding and resources, and prioritizes product features across the portfolio of products. The portfolio leader typically leads the **portfolio management office** (**PMO**). **Portfolio managers** allocate funds by product.

Program

Product managers decide the priorities by product, while **program managers** coordinate work and execute to plan. Product and program managers are dedicated to products. Each product is fiscally autonomous. Priorities and features are product-specific. Product teams are organized around the value delivered to the customer. Complex products often span multiple program teams of engineers, developers, and operational staff.

Team

Unlike project teams, product teams are long-lasting and stable and deliver products in frequent iterations. Teams have strong product expertise and in-depth knowledge of the customers' needs, and can act autonomously.

Individual

Team members build product and customer expertise over time.

Customer

Customers' needs are gathered and analyzed, and drive product development. Customer feedback is embedded in every level of the organization.

Top considerations when organizing around products

Moving to a product orientation is an important change that impacts the entire organization. Below are the top things to consider.

1 Products and value streams

Do you have a single product? A portfolio of products? A collection of applications? A value stream is the end-to-end flow of information that delivers value to the customer. It contains information about the customer problem you are trying to solve, steps you can take alongside the customer to solve it, and how your teams will be organized to deliver the solution.

2 Organizational structure

Decide how to support your product end-to-end, and organize small teams around each product. You may identify new roles, such as product owners, who will be empowered to make critical or course-altering decisions.

3 Measurement

Empower the product teams to define product quality standards, such as usability and availability, and key success criteria, such as customer satisfaction, market share, and profit.

4 Customer centricity

Solicit customer feedback and create a cadence for ongoing assessments. Put mechanisms in place for continuous improvement based on learnings. Respond to customers' comments and adjust your success metrics as needed.

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