

# Moving from projects to products

The path to solving transformation fatigue

PROJECTS  
PROJECTS  
PROJECTS  
PRODUCTS  
PRODUCTS

# Foreword

Good ideas are good. Great ideas are better. When we believe we have a great idea that can shake up the market and move the needle on revenue, having the capability to make it real becomes the central focus. Businesses crave those great ideas, managers try to encourage them, employees say they'd like more opportunities to share them.

So, if we all agree that we want more ideas and care about nurturing them, why is it that in product development, many ideas seem to die on the vine, never able to mature into the fruitful, market-ready products and services they were destined to be?

In our years of helping some of the world's best known enterprise companies, we've observed that the processes organizations rely on to encourage the delivery of new ideas often do quite the opposite. Bureaucracy will discourage free thinking, restrictive funding models stifle creativity, and broken feedback loops mean products are developed with little consideration as to whether customers will actually buy them.

Businesses need a new model and an improved mindset for bringing those ideas to life. A model that encourages smoother cooperation between the business organization and the IT department – the two teams who must collaborate to see ideas through to fruition and make sure the final products map back to business goals and capabilities required. Further, there is a need to ensure the capabilities of the business are continually improved over time to keep pace with changing customer needs and market conditions. In our work, we've found that the most effective way to make this change is to shift from a project mindset to a product mindset.

The rigid structures, processes, and rules of the traditional project management model are often more about managing scope, schedules and resources than about delivering a valuable product. Alternatively, a product mindset favors continuous delivery, fast and frequent feedback, and experimentation. A product mindset removes the inefficiencies that delay effective product rollouts, creates a model for continuously investing in new revenue-driving products, and helps bring new ideas to market, faster.

In this piece, we'll explore the differences between a project and product mindset. We will also discuss the six capability areas necessary to embed a product culture.

We're confident you'll find these lessons helpful in your own transformation to a product mindset. And we have plenty more to share, so we invite you to get in touch with our team – [info@emergn.com](mailto:info@emergn.com) – to see more examples of our work.



# Moving from project to product

## Challenges of product and IT development

From an IT industry perspective, we are awash in evidence of the failure of flawed development projects, programs and organizational misalignment. Or as the Standish Group puts it “the project management field has experienced increasing layers of...processes, tools, governance, compliance, and oversight. Yet these activities and products have done nothing to improve project success.” (Chaos Report 2015). Similarly, Harvard’s Clayton Christensen observed three quarters of product development investment is in products that fail commercially. More than 60% of new product development efforts fail to even reach the market, despite wide consensus of being great ideas at the start.

We find these failures wherever the relationship between the ‘business’ and IT organization are modeled on functions, with clear hand-offs between departments that lead to an order giver and taker interaction, and economies of scale. This approach is ill-suited for speed of execution and driving innovative product and software developments. Product development has very different characteristics and requirements<sup>1</sup>.

When there is a clear separation of responsibilities, accountabilities and alignment, it leads to slow, high-cost and frustrating delivery of ideas – idea-to-market as a value stream is one that slowly destroys value. The alternative is one that is rapidly responding and reacting to changing market and technology conditions.

**The predominant model for bringing new ideas to market is slow and expensive, and is based on projects and project management. It doesn’t lead to high-performing teams and satisfied customers.**

As digital technology continues propagation through the economy – driving further transformation of industries, services, the customer experience and expectations – the significance of these challenges will mount, as will their implications for future enterprise success.

>60%

OF NEW PRODUCT DEVELOPMENT EFFORTS  
FAIL TO EVEN REACH THE MARKET



1. For reference; e.g., Don Reinersten, The Principles of Product Development Flow, 2009.  
And David Snowden, <https://hbr.org/2007/11/a-leaders-framework-for-decision-making>

# VFQ Value Flow Quality

**Organizations that excel in product development do three things well.**

1

First, they deliver value early and often. This reduces risk and enhances product adaptability to evolving technologies, competitors and customer needs and preferences.

2

Second, they optimize the flow of work end to end. This speeds up time to market, enhancing competitive position and accelerating value through revenue growth and return on investment.

3

Third, they obtain frequent, fast feedback from customers and users. They understand that, in highly dynamic and evolving environments, the path to quality is through experimentation: building the right thing and building the thing right.

# A new perspective

Projects push a mindset of governing for certainty. Products promote a governance model that favors discovering what customers really want and need, and a longer-term investment strategy that improves the quality of systems and products.

Our exposure to how new initiatives are governed suggests that there are processes that push people to pretend that there is a level of certainty that cannot exist at the beginning of new initiatives. A predisposition to push back on things that aren't 100% baked is a challenge that needs to be overcome when the pay-off of the initiative is great. This is evident in excessive re-examination of business cases by PMOs, technology teams and other business leaders – this leads to long decision-making cycles that are purely analysis-based. In the absence of any experimentation that advances knowledge and leads to insight, this process is just about ensuring everyone agrees. Consensus results in the flow of value being very slow and doesn't typically help enterprises accelerate the future strategy.

When helping companies transition to new models of working that accelerate idea-to-market, we often help them re-think using projects as the only way to fund ideas. Projects are volatile in nature – even multi-year projects. They typically bring together new teams of people, new technologies, funding, goals, outcomes, new support models and many other elements that need to go through a lifecycle.

They typically take time to set up, become productive and start delivering, and they then need to be transitioned into a BAU model down the line. The diagram below shows the key areas that need addressing to enable the product mindset to exist within the organization and transform the entire idea-to-market lifecycle.

A product mindset starts out thinking about the core capabilities of a business – the things that don't change. For instance, in retail, you are always going to buy and sell merchandise. In telecoms, you are always going to provide communication services which means you need to manage networks. In a utility, you must manage the served resources (water, electricity, gas) and you need to be able to bill for usage. The way these jobs are done changes over the years due to expectations and technology, but a company has to continually invest in these sorts of capabilities. As IT and end-user technology become more central to everyday life, longer-term funding strategies need to exist to continually refine and improve how customers are served.

## AGILE DELIVERY



OPERATING  
MODEL



PRODUCT  
MANAGEMENT  
& DEVELOPMENT



PORTFOLIO  
MANAGEMENT

## DIGITAL TRANSFORMATION



CULTURE  
& MINDSET



LEARNING &  
DEVELOPMENT



INNOVATION  
ACCELERATION

FIGURE 1

Key focus areas for developing a product mindset

FIGURE 2

The project versus product perspectives

The diagram below shows the key items that need addressing and managing between projects and products:

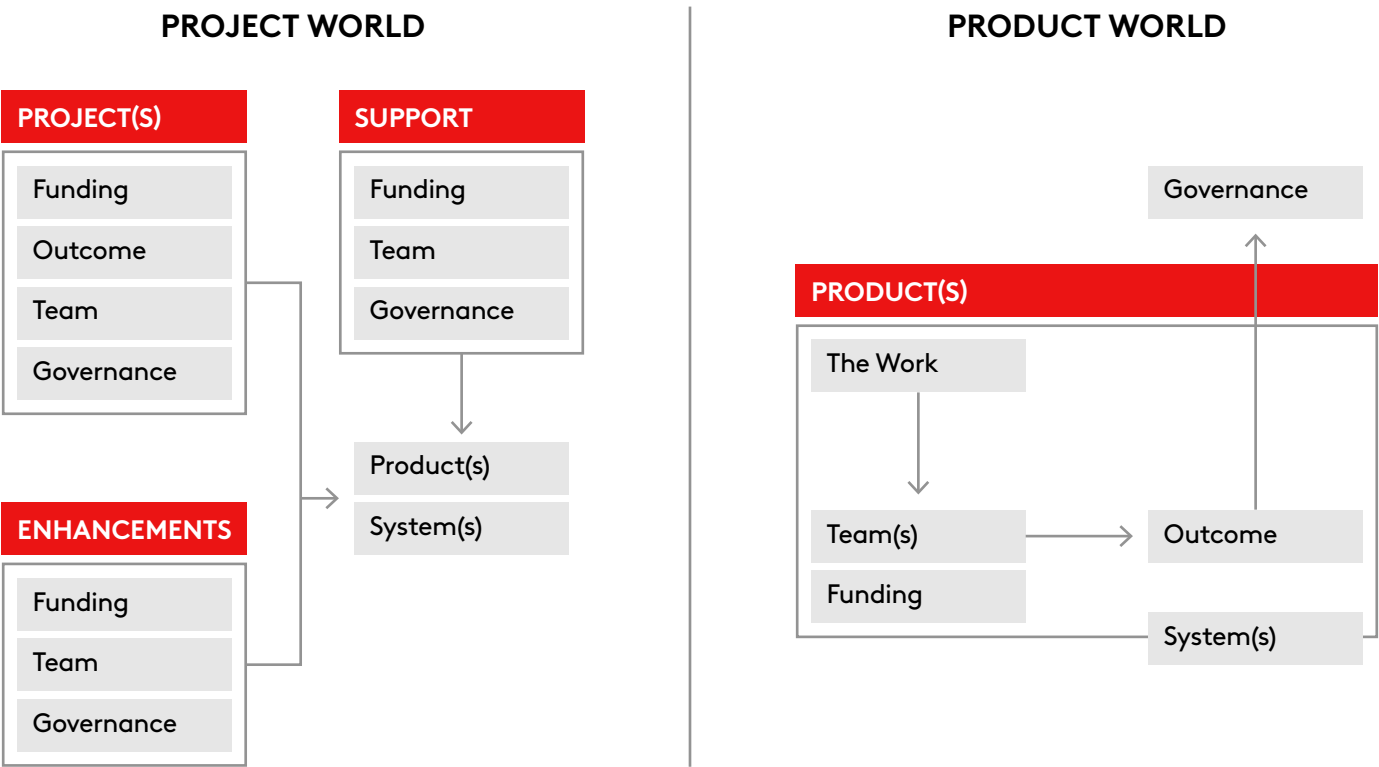


FIGURE 3

Key attributes of project versus product management

As you shift from one paradigm to another, decisions and timelines change. Gartner suggest the following changes:

	PROJECT	PRODUCT
FUNDING	Annual	Continuous, with more frequent (e.g. every 3 months) checkpoints on shifts in funding and resources
TIMELINE	Discrete with formal start and end dates	Continuous, assumed to be ongoing; no firm end dates, although product can be retired
TEAMING	Matrixed – orchestration across departmental and technical domains, but with functional teams owning the resources	Multidisciplinary – much of the team working full time on the product, breaking down the silos of functional specialization
METRICS	On time/budget, although IT organizations that are more mature may measure projects based on business outcomes	Customer satisfaction, profit, market share (business-centric metrics)

Source: Gartner (May 2017)

# Thinking differently about delivering value

Leaders improving product development are relentless in driving five major shifts throughout their organizations. As businesses become more digital, the following shifts become more necessary. As you read them, give some thought as to where you are. The shifts are:

FIGURE 4

Five major shifts to move from a project- to a product-oriented organization

	FROM		TO
1	Organizing by function and department	→	Organizing by products and value streams
2	Funding short-term projects	→	Funding capability for the long-term
3	Competing for budget	→	Competing for value propositions
4	Governing for certainty	→	Governing for experimentation
5	Cultivating a culture of control	→	Cultivating a culture of empowerment

It's not to say the things on the left are bad per se, but they don't lend themselves to speed, innovation, digital and being customer centric.

## 1. Organizing by products and value streams

On a high level, the job is to refine business objectives and opportunities into value propositions and realize these through technology solutions to generate the anticipated business benefits. To get the job done effectively, it needs to be performed in an organization that is aligned to the value streams with minimal handovers of responsibilities so that the business value generated can be followed and continuously monitored. To minimize the handovers between different functions and expertise, the composition of the team must be thought through. The team needs to be cross-functional and versatile enough to achieve autonomy, or else its flow would suffer from potential queues and delays.

Product managers are required to navigate between demand and supply and engage in managing the pipeline of ideas using an Idea Management Model ([www.emergn.com/idea-management-model/](http://www.emergn.com/idea-management-model/)). The goal is to flow the most valuable ideas into the hands of customers in a way that guarantees a great experience and that needs to be done by a constant attention to prioritization to maximize the use of resources.

## 2. Funding capability for the long-term

Organizing by products and value streams, as we mentioned earlier, is a good starting point to get you on the right track for continuously delivering value to your customers. That alone will not be enough if work is still funded through projects. Having enduring capability means you are able to keep teams together and draw on funded capacity, which experience tells us, leads to improved performance through knowledge retention. It comes as no surprise then, that for the same team to maintain the continuous development and operation of the product, the funding model should allow for a self-sufficient enduring team with assigned budgets to dynamically prioritize and execute accordingly.

## 3. Competing for value propositions

Rather than funding the supply of resources needed with the demand in the short term (project world) we want to get to a position where we are selecting and funding work based on its value. In this environment the demand needs to 'prove' itself. It does this through defining itself by its value proposition, bringing together the need or problem, potential solutions and business benefit. To do this, the organization will need skilled product managers that can create value propositions that represent what is desired by the customer, what is organizationally viable to support and what is technically feasible to create.

## 4. Governing for experimentation

As product development is inherently complex and uncertain, the governance applied must be based on that understanding. But the principles of traditional project management assume certainty, progressing work under the assumption that the same factors that existed at the idea's inception will continue to exist when it is delivered. On a micro level, teams need to frequently and regularly demonstrate and validate the work based on feedback. On a macro level, the same principles apply so cadenced forums should evaluate initiatives and assign funding based on recent, proven performance of delivering valuable increments early and often, not plans and business cases.

A product manager will continuously have to evaluate progress against strategy, refining and revisiting product vision, and roadmaps accordingly.





## 5. Cultivating a culture of empowerment

Great leaders focus less on the bureaucracy of corporate hierarchies and reporting structures and instead do what it takes to make sure that the people who do the work have the information they need to do the best job possible. Product teams need to feel empowered to experiment, to learn from mistakes, and to react to feedback in the moment.

Rapid decisions by those closest to the work is key to both product quality and a motivated, productive working environment. One of the improvements companies make as they shift from control to empowerment is one where resources and capacity is more focused on value delivery rather than on coordination, reporting and bureaucracy. The change in focus frees up people to contribute more value.

Figure 5 below shows a view from our work of how project-dominant delivery approaches allocate time.

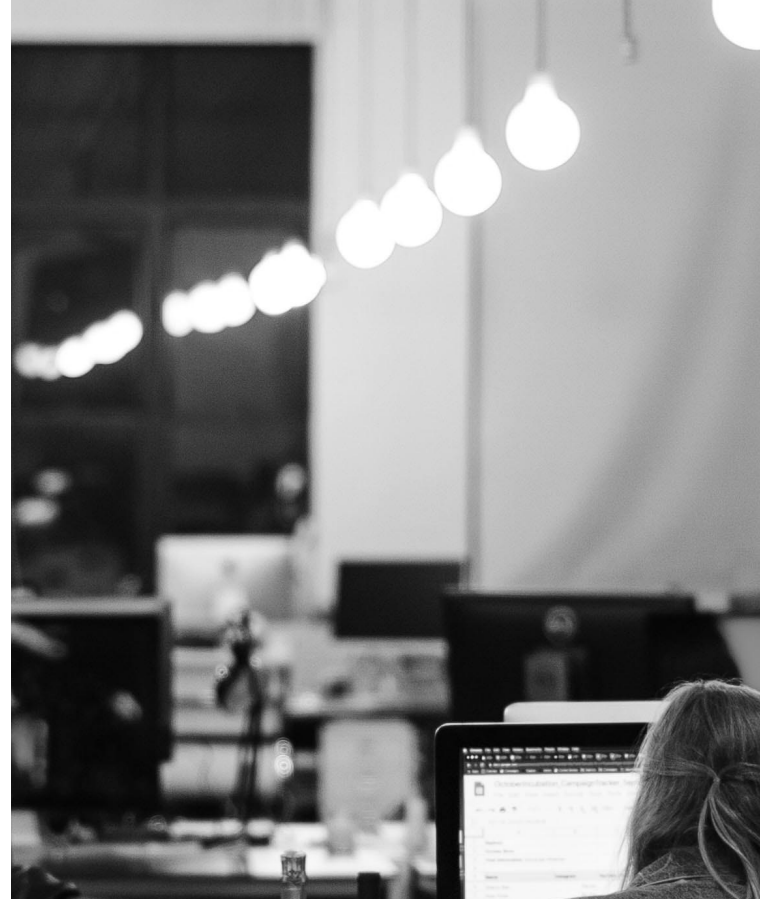
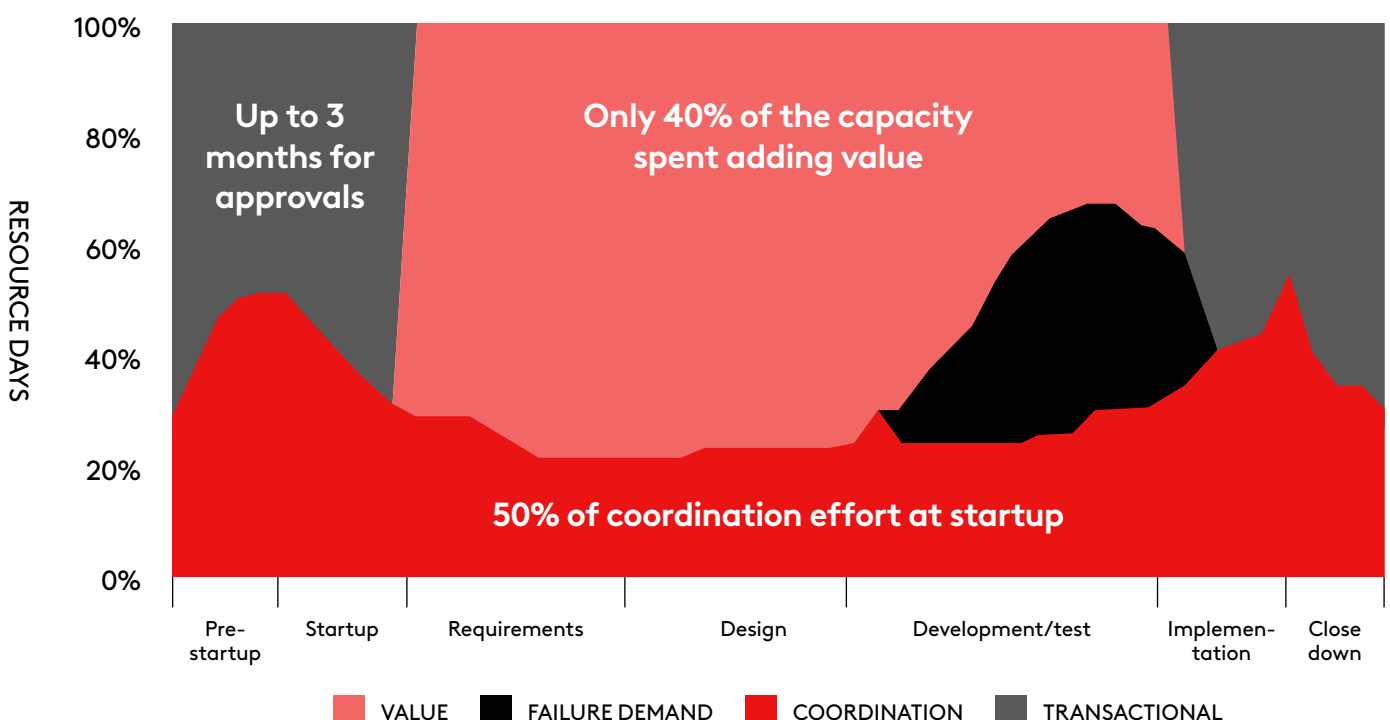


FIGURE 5

### Project delivery approach – time allocation



Leadership is essential to making the transition to a product mindset, and specific attention should be given to growing product managers and product owners. These roles need to operate differently to traditional project managers.

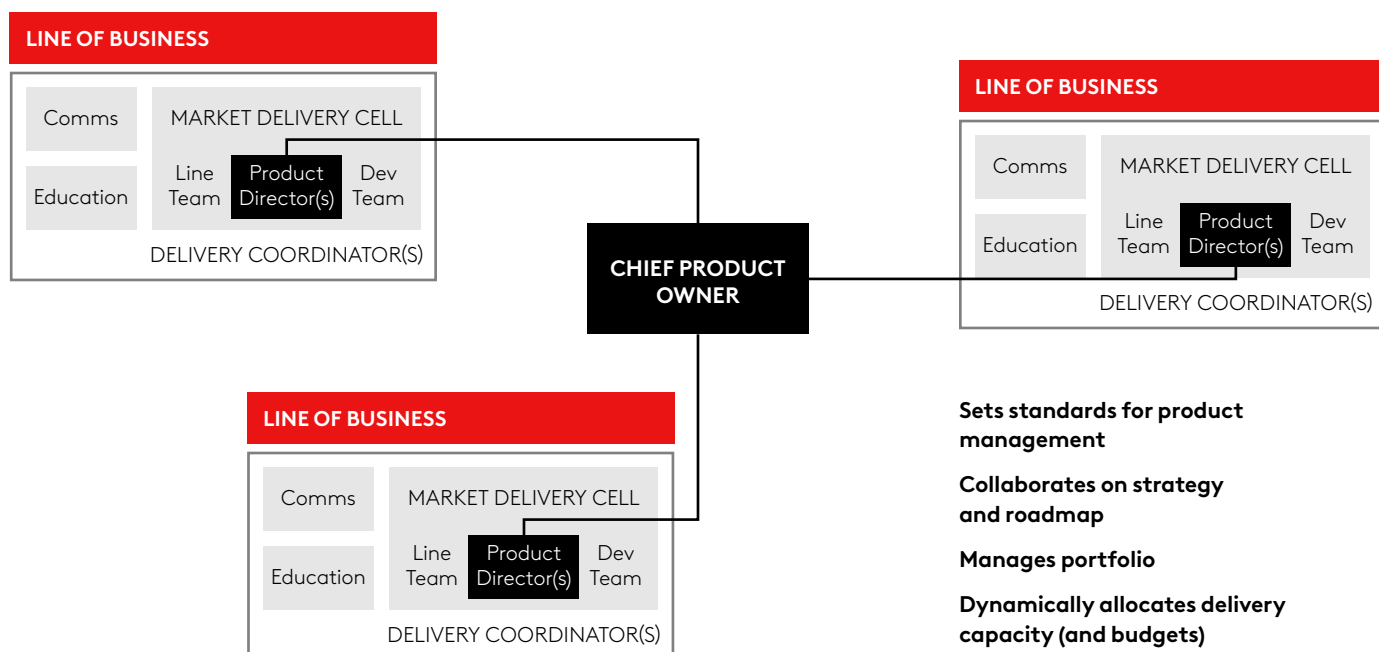
## Enabling great product management

To drive implementation and gain proficiency in product management, successful organizations organize teams around products that address business and customer problems in a way that continuously enhances the care for and understanding of customer needs. This means that we need to help product leaders:

- Be accountable for all aspects of the product management process including customer desirability, technical feasibility and business viability rather than splitting responsibilities across organizational silos.
- Standardize on the knowledge and governance aspects of product management but be flexible on all aspects of execution and delivery, ensuring business value drives evaluation and decisions.
- Organize to optimize the flow of value delivery to the business and customers – and define products by the enablement or improvement they provide to a business capability or customer experience. This will create a clear purpose and enhance collaboration by enabling the collapse of silos – and eliminate the separate agendas that today stand in the way of successful product development. This can be challenging at scale. The model below, Figure 6, shows how the role works at scale when there are multiple markets or lines of business to support.
- Create the right tension between business ownership (i.e. the person who will be responsible for operating the business), technology ownership (the person who will be responsible for creating the long-term technology platform that meets the service needs) and product ownership (the person who is responsible for the roadmap, innovation and constant assessment for how the product or service will outperform the competition and serve customers).

FIGURE 6

### Coordinating decision-making across markets



### A product manager needs a few key conditions to enable success:

1. They should be aligned to a single strategic initiative. They cannot deal with multiple agendas. Every day they should be focused on solving the problems of bringing a single value proposition to life.
2. They need strong relationships with a business owner who is responsible for helping to explain the current context and be a partner in defining the future business model of their area.
3. They need an equally strong relationship directly with technologists who can help prototype, experiment and shape the feasibility of how a product will come to life. The simple rule of thumb is that 'someone who needs something, needs to be as close as possible to those who can do something about it.'
4. They are accountable for bringing the product vision that's agreed across different organizational boundaries to life.

### And the product manager needs to be responsible for:

1. Defining the product vision and roadmap of how the business and technology capabilities are going to change over time. This includes defining why.
2. Making the day-to-day prioritization decisions that decide the trade-offs between short-term results, long-term strategy and future adaptability of technology. This is done in tandem with the business owners and technology owners.

### A great product manager will be:

- **A technologist** – someone who has a deep appreciation of how technology works and is evolving.
- **A trusted voice in the business** – someone who understands how the economics are changing, and someone who can engage business leaders in this future direction.
- **Creative and innovative** – someone who can solve problems. Product management is hard, and requires constant attention to the detail and making decisions on a regular basis.
- **A leader** – someone who can work across all the silos and functions of a business and is trusted to make the decisions required.



## Conclusion

Creating great value propositions is hard in an enterprise. There are a lot of stakeholders, plenty of process and governance, and a whole host of complexity to navigate. Product management needs to cut through that complexity, and product managers need to be able to marshal the resources and the way of working, and have access to customers to test and learn about how well the value proposition performs. This doesn't mean they work unilaterally to focus on only their idea or their area.

They need to work within the confines of the enterprise to ensure that the value proposition supports and helps grow the over-arching business model and purpose for the organization. Ultimately, they need to focus on increasing the value from their ideas, ensure that the ideas are flowing well from inception to the customer, and they need to keep the customer at the heart of the process to develop products and services that are inherently valuable.

# Product mindset is at the core of digital transformation

Digital transformation is still a relevant topic and isn't going away anytime soon. It's still a number one initiative and priority for CIOs. Despite the data that tells us 80%+ of digital transformations fail, the benefits of digital transformation are still largely accepted: expanding customer needs mean larger revenue opportunities, improved customer experience, greater operational efficiency, a more engaged and productive organization and a sure footing in a company's respective segment.

That said, the risks and challenges of failing are top of mind for some and misunderstood by others. For example, in many Fortune 2000 companies, the vocal support of the C-suite isn't enough to guarantee success. Nor is sticking to one methodology or framework or even worse, outsourcing your digital strategy and neglecting to invest in your own people and talent.

Of all the areas that a successful digital transformation program must address, the product mindset is often the most neglected.

Any transformation, by nature, requires a dramatic shift in how you think and work to meet the new opportunities that a digital strategy brings. Applying current or old thinking to a new, digital program will guarantee failure. Ensuring that your organization develops a product mindset alongside the introduction of new processes and technology is the only safeguard to embedding lasting change.

Our customers tell us that they simply can't innovate fast enough or deliver the company's most valuable ideas within a reasonable timeframe because they are stuck in a legacy mindset (projects), even when it comes to using a single methodology or approach. This is because digital transformations go beyond any one model and require organizations to cast a wider net to shape the effort within their own context.

The ultimate success factor around a product mindset is the ability to foster skills, capabilities and thinking within the organization that will result in delivering real change.



## Five reasons why companies choose Emergn

Today, thousands of decision makers across hundreds of companies rely on principles, practices, and techniques they learned from Emergn to deliver great products, improve their ways of working and embed a positive, lasting culture across their organizations. Most of all, here are the top reasons our clients tell us they prefer to work with Emergn:

# #1

### We help you rapidly embed the right mix of practice and process for your context

Gartner says that “Products in the digital era reflect a deep understanding of both external and internal customers and their personas, goals and user journeys – and the business opportunities in serving them via a digital experience”. In other words, the transformation that companies seek goes far beyond relying on cookie cutter methodologies and Agile frameworks.

Many organizations default to the most popular model in order to bring needed change into their company rather than experimenting and leveraging what’s best for them across several possible approaches. Transformation in the digital era towards a product centric organization means pulling together the right combination of disciplines and practices that fit your context.

This is precisely the difference that Emergn brings to its clients; the opportunity to shape their transformational efforts to suit their specific needs so they can equip their people with the necessary skills and mindset to deliver exceptional products and services.

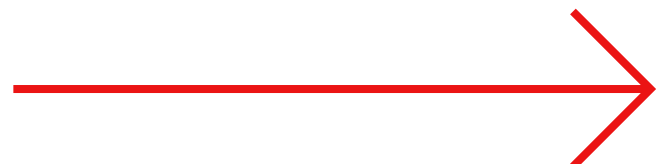
# #2

### We are the only company that uses a proven education led transformation approach that connects business and IT and customers

Transformation type programs are hard enough and many fail to achieve their intended results and outcomes. Too many transformations (be it Agile, Digital, DevOps or any other) start and focus on the teams doing the work. Of course, this is where the magic of delivery happens. But, the overall system of work dictated by governance, risk management, finance, HR and other policies can have a huge impact in the way new ideas are brought to life. It’s the classic disconnect between Business and IT and these days, the inclusion of the external customer is even more critical in order to respond to market drivers.

The overall time an idea takes to be funded and initiated can be extremely long. The ‘fuzzy front-end’ of design and development is an area where value can be created, and the better this fits with downstream delivery processes, the more effective the outcomes.

While other services firms focus on shaping one area or the other, we consider the end to end, and work as far upstream as our clients allow. We also introduce clients to VFQ, the industry’s only work-based, action-learning program that is designed to educate and accelerate the skills and capabilities of your people, from executive to engineer, in order to balance the results.





## #3

### **We leave lasting change and capability without long term dependence on external support**

Classroom training for modern skills is expensive and mostly ineffective. You can't be a master of anything in two days and often, organizations spend hundreds of thousands putting people through such training only to continue to depend on expensive, external support to try and get the results they were expecting from their own teams.

We look at this problem differently. Improving the way people work. Forever. This is our vision and stretch goal. Once people have been through our work-based education pathways and programs, they will forever be changed in the way they work. It's hard to go back.

One way that we leave lasting change is that we identify and work with change leaders, internal coaches and trainers as a way for clients to own their own transformation. It's a core part of our offering – this is a real differentiator.

## #4

### **We are trusted by our clients and carry a 90%+ referral rating**

Our greatest achievement and the thing we're most proud of are the client relationships we've established over the years. Since our work is value-driven, we understand that trust is earned by continuing to show up and deliver what we said we would. We also understand the importance of slowing down to go faster, which means we take the time to learn and understand how we can best serve our clients.

We let our clients do the talking when it comes to describing the experience and work we do with them. This is perhaps the best method to communicate the value of the relationship with Emergn and it helps in setting expectations.

## #5

### **We consistently deliver results within weeks not months**

Today's client is smarter and understand that any relationship must be established on value and not labor. Gone are the days of large, multi-year contracts. Clients simply don't want to budget for or expect to engage in a commercial relationship that is so far out that it can't possibly produce adequate results fast enough. The entire premise behind the digital economy is speed and scale.

Incremental results that validate the spend and continue to point in the right direction are much more crucial than long term commercial commitments that aren't value based.

Emergn believes that clients should expect to see positive results and outcomes within the first few weeks of working together. Whether that's through being part of our innovation acceleration approach or embedding teams into our learning pathways, the motivation is to develop a speed and scale mindset within the organization and to build momentum.





We are a global digital business services firm with a mission to improve the way people and companies work. **Forever.**

We empower the world's most respected businesses to transform their promising ideas into valuable products and customer experiences, faster than anyone else. We call this Ideas to Impact.

# IDEAS TO IDEAS TO IMPACT

Our experts work with you to transform your business in three ways:

1. **Define your thinking:** We help shape your product organization, clarify and communicate your product strategy and approach for change.
2. **Develop your people:** Our proven training develops exemplary competencies in product management, modern ways of working, and effective leadership.
3. **Deliver your outcomes:** Moving from projects to products, our change leads and technologists work with you to build customer-centric digital products and experiences.



Contact us at [info@emergn.com](mailto:info@emergn.com) to learn more.



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