



**Transformation
Focus**

**Project to
Product**

Fortune Buchholtz
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Why Transform?

- **From the Challenge:**

- Call it VUCA or the Polycrisis, our global, market & technological environments continue accelerating in complexity, volatility & disruption.
- Customers are caught in the same whirlpool, with their own needs in flux as they confront inflation, market disconnection, global conflict & supply chain crises, as well as rapidly changing government & international policies.
- [Transitioning to a product-led organisation has proven key](#) to remaining competitive, customer-focused, and adaptive in this ever-evolving, even chaotic, marketplace.

- **To the Product:**

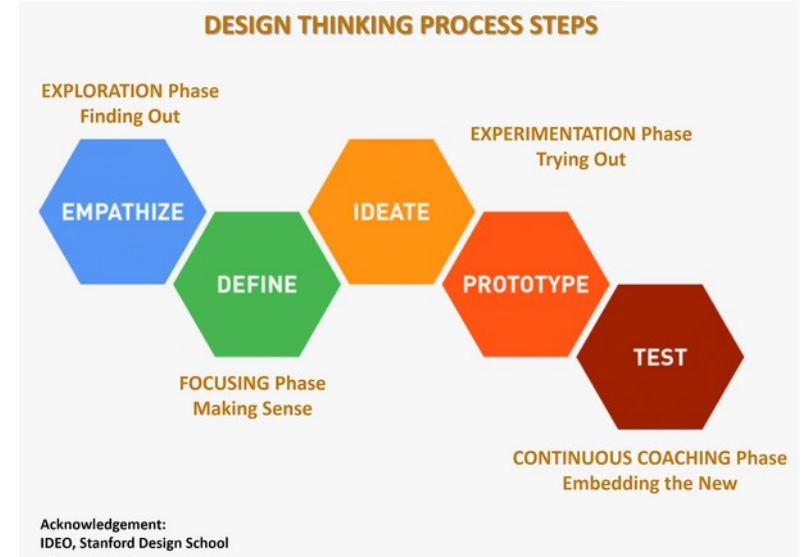
- [Product-led organisations foster innovation](#), enhance customer focus, create sustainable growth, and improve overall agility in this incompressible market.

Advantages of a Product Organization

- **Customer-Centricity:** A product-led organisation centres customers, ensuring products are designed to discover, then meet their needs. This approach improves customer acquisition, activation, retention, referrals, revenue (The “Pirate Metrics”) & satisfaction.
- **Innovation:** By narrowing down into a product view, organisations create a culture of continuous improvement & experimentation. This gives birth to innovative solutions, which create competitive advantage. The business can move away from merely leveraging the value of their brand and its mature offerings.
- **Agility:** A product-led organisation can respond more quickly to changes in the market and customer preferences, as budget & resources aren’t tied up in projects whose goals become quickly outdated. Agile methodologies support rapid iteration & feedback, allowing the organisation to pivot as needed.
- **Ownership & Accountability:** With dedicated product teams, roles and responsibilities are clear, leading to greater ownership and accountability. This results in increased efficiency, higher quality products, with better decision-making.
- **Empowered Teams:** Product-led organisations prefer cross-functional, self-organising teams possessing the autonomy to make decisions & drive results. This empowers employees, leading to a more engaged, motivated workforce. And it frees up decision-space at higher levels, giving managers & senior leaders more water for navigating the market.
- **Long-term Vision:** While project-based organisations often focus on many short-term goals, product-led organisations aim at a long-term vision for their select products, simplifying their activities. This creates space for sharper investment.

What is a Modern Product?

- The product guru [Marty Cagan](#) takes pains to point out that modern products – whether tech or no – have to be considered **holistically**. They arise from a new **mindset**, Design Thinking.
- This means a product now includes:
 - The brand itself
 - Its purpose & functionality
 - Its technology, security & IP
 - Its user experience & design
 - How it's monetized via channels
 - How we acquire customers
 - Any off-line experiences, such as brick & mortar, conferences, service & repair
- Notice a **product** is now everything beyond the actual “merchandise” or “features.”
- And **this** is why merely dumping a haystack of epics & features on a technology team to sort through as a project is inadequate.
- We need **whole team** collaboration extending beyond technology, reaching from the customer back through the entire value stream.
- These **stream-aligned teams** don't happen overnight. They take time & they evolve with the customer.
- Because customers' desires are accelerating with technology & the overall market, we will benefit from **frequent** – if not **continuous** – product **discovery** with Design Thinking.



What is a Product Transformation?

Turning to face the customer

It's like changing your shoes...
Changing your shoes changes your game.



Can't play basketball in ski boots!



But What Game Are We Playing?

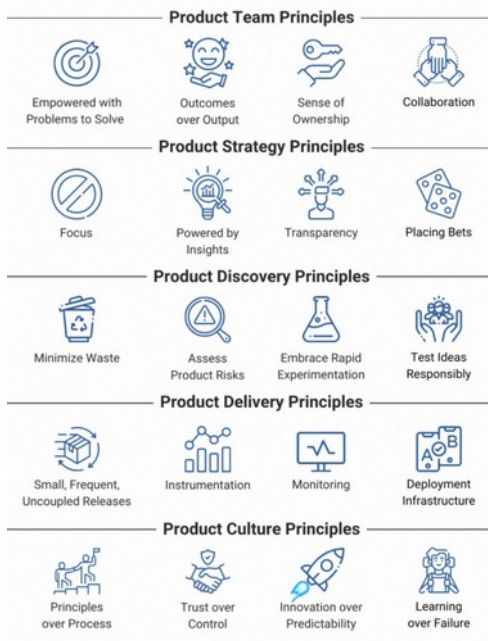


- Aligned towards a North Star,
- Overlapping Rings of Collaboration
- Connected by Value Stream Flow
- With Visual Management
- And Limited WIP
- Innovate on a base of Trust, Autonomy & Respect

Building Product Teams, Business View

- **Adopt a Product Mindset:** Senior Leadership champions the shift in culture, prioritising long-term customer-centric product value over short-term project deliverables with a **North Star** or **Outcome** statement. They role-model values/behaviour renewal, leading with **Intent**.
- **HR plays a key role** in adjusting compensation structures, titles & incentives, as well as supporting the culture change messaging. Studies show strong HR support for employee well-being during a transformation dramatically increases its success.
- **Implement New Principles & Practices:** Adopt Product principles & context-appropriate Agile methodologies to foster iterative development, collaboration, visualise work, manage WIP & practice continuous improvement. Prioritise organisational & team Flow.
- **Create or renew Portfolio Management:** review existing projects to map which are products, or should be incorporated into products, which are enablers, & which bring value in finishing. Sunset the rest. Establish *light-weight* funding time frames & revenue outcomes, partnering with **Finance & Compliance**. Determine the Product Suite(s), collaborating on strategy with **Marketing, Sales, Business Development & Architecture**. Weights & values the resulting portfolio. Monitors performance. May work with **OpEx** to map value streams & focus on organisational Flow.
- **Spin up Product Management:** reviews the proposed products & suites for tactical management. Collaborates with **Portfolio, Marketing, Sales, Business Development, UX, Compliance, Security & Customers**. Engages in continuous discovery with UX & a small development team, conducting tests & experiments. Analyses resulting data from **Product Operations**.

🕒 20 Product Model First Principles



Building Product Teams, Business View

- **Establish Clear Product Manager Ownership:** Assign dedicated product owners who are responsible for the product's vision, owning a revenue stream, roadmap, and backlog. Modern products understand the Product Manager & Product Owner are ideally the same person. **BAs & former Project Managers** support the Product Manager. Product Manager/Product Owner collaborates with **Cross-Functional teams, Security, Compliance, Product Operations, Release, Portfolio, Marketing, Sales, Stakeholders & Customers.**
- **Form Cross-Functional Teams:** Organize teams around products, bringing together members with diverse skills and expertise. They collaborate with **Product, Customers, Stakeholders, Architecture, Security, IT, Ops & Release.**
- **Refurbish IT & Infrastructure:** Carefully examine what has to be upgraded or re-configured. Be Lean & parsimonious. Build your Ship of Theseus one component at a time.
- **Encourage Stakeholder Collaboration:** Include stakeholders in product planning & reviews to ensure alignment through shared ownership.
- **Establish Feedback Loops:** Incorporate rapid, regular feedback into & between collaborative working groups. Prioritise customer feedback into product management & development, ensuring that teams stay customer-focused.
- **Manage by Evidence-Based Metrics:** Select fact-based & meaningful metrics focusing on the customer. Measure value delivered. Don't measure the people, measure the work.
- **Provide Training & Support:** Offer training, mentoring, coaching, facilitation & resources to help teams throughout the stream adapt to the new product-led approach, addressing challenges along the way.
- **Communicate the Product Vision to the Customer:** Let them understand that Change is underway. Actively include them in the collaboration. Encourage their direct participation & feedback.

20 Product Model First Principles



Building Product Teams, Change View

- **Act from the 5 Cs:** No matter what stance the situation calls for, we plant our feet in **Communication, Coaching, Consultation, Consent & Collaboration.**
- **Observe & Assess:** As **Humble Leaders**, we “go to see” what is currently happening, noting bottlenecks, obstacles & cultural characteristics. **Using Systems Thinking**, we consider how the parts of the organisation interact. With **empathy**, we ask the people what they need & how they’re doing. What would empowerment look like for them?
- **Establish an Environment of Psychological Safety:** As we pivot to understand work as learning, we must **build a safe environment without blame, shame, judgement or punishment** to encourage trust, risk-taking & experimentation. *We never judge but strive to build rapport.*
- **Foster the Product Mindset, Behaviours & Principles:** Coach teams & leaders on adopting an Agile Product mindset, emphasising principles & behaviours, focusing on long-term product value rather than short-term project deliverables. **We must role-model these ourselves.**
- **Select a Pilot:** Collaborating with **Marketing, Portfolio, Stakeholders & Engineering**, select an appropriate pilot. **Build the Change up at reasonable speed. No Big Bang, Top Down push is successful long-term.**
- **Facilitate Product & Agile Training:** Provide training sessions on Agile Product mindset, principles, frameworks & practices to help all teams at all levels of the organisation embrace iterative development and collaboration.
- **Coach the Product Groups:** Support the new Product people in **defining Product vision, Product Goals, Sprint Goals**, prioritizing work items, & collaborating with stakeholders.

📌 20 Product Model First Principles



Building Product Teams, Change View

- **Support Cross-Functional Teams: Guide & empower cross-functional teams around products**, fostering a culture of shared responsibility & ownership. Support team formation & building.
- **Encourage Stakeholder Engagement:** Facilitate collaboration between all Product teams & stakeholders, **ensuring trust**, alignment & shared understanding.
- **Bring the Customer to the Fore:** Position all eyes towards the customer. **Invite customers into the room** when possible. Seek, listen to & **aide the teams in responding rapidly to customer feedback**.
- **Promote Continuous Improvement:** Foster a culture of **continuous learning** & improvement through Agile practices like reviews, retrospectives, **rapid feedback loops**, & **experimentation in an environment of psychological safety**.
- **Measure & Communicate Progress:** Assist in **defining & tracking evidence-based metrics** to assess progress, identify improvement opportunities. **Communicate learning** & success stories. **Celebrate** every step forward.
- **Explain the Tuckman Model & the J Curve:** Engage in **active conflict resolution**. Understand that **people sit at different places on the J Curve** & that's ok. **Empathise with those stressed & struggling**. Encourage individuals & teams to understand the benefits of a product-led organization **through their own experience**. Help them **navigate the transition** process.

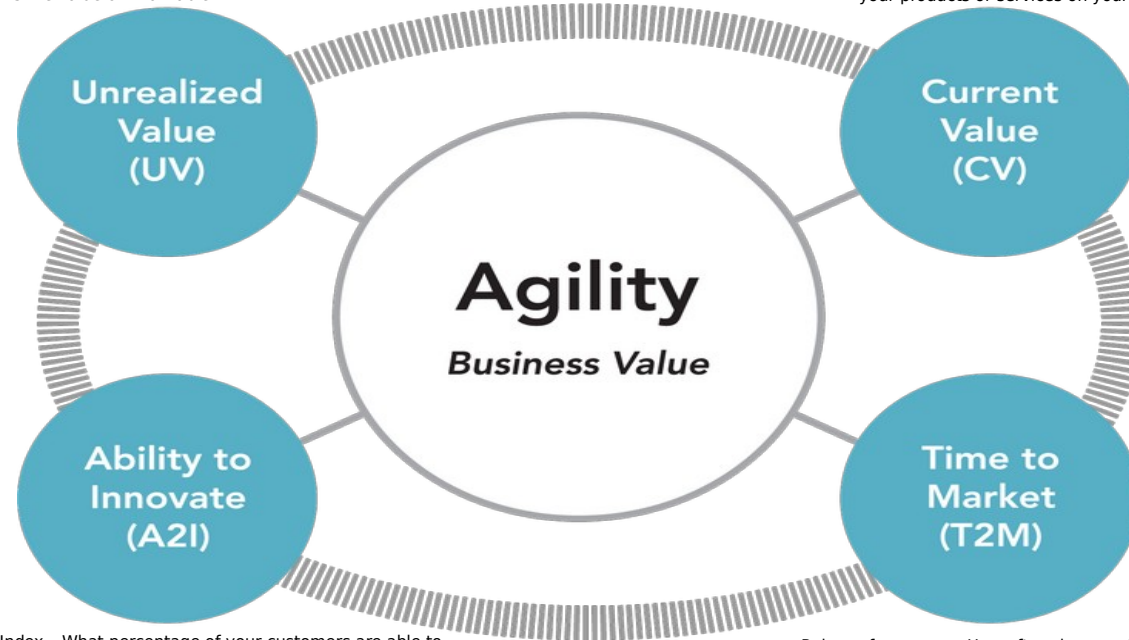
📌 20 Product Model First Principles



Measuring Success for Management

Satisfaction Gap - What is the difference between the value of what you deliver today and the value that could be realized if your product fully addressed all the needs of all potential customers?
Experience Gap - the difference between the quality of what the customer currently experiences and what they want to experience?
Market Gap - What area is ripe for a product extension or new launch to expand the customer base? What is the value on that table?

Revenue per Employee - Gather the revenue generated by the product you are evaluating and employees contributing to its success
Cost of Product Domains - Gather the IT expenses associated with the product
Employee Satisfaction - What percentage of employees are engaged?
Customer satisfaction - What percentage of your customers is marketing your products or services on your behalf?

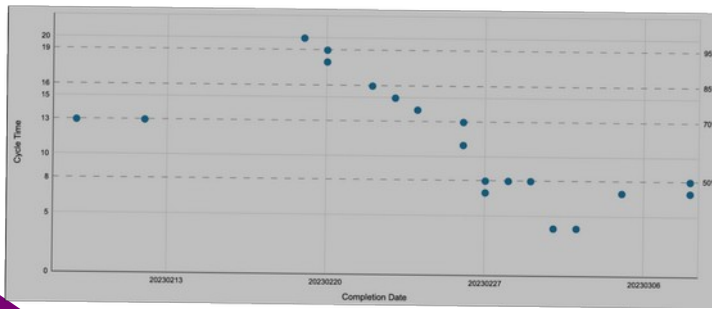


Installed Version Index - What percentage of your customers are able to take advantage of new features on the latest release of your product?
Usage Index - What percentage of our features does not provide value to our customers?
Innovation Rate - What percentage of our budget is spent on innovation?
Defects & Product Health - How much technical debt & defects are we accumulating?

Release frequency - How often do we put new features in the hands of our customers?
Release stabilisation - How much time are we spending on getting something "done" to "really done"?
Cycle time - How long does it take for us to move new features from an idea into customer's hands?

More Metrics

- Lead & Cycle times: How long does it take to get product improvements to customers?
- Throughput: How much work flows through the system in a given period?
- Age: How long does work sit around?
- WIP: How much work is in progress at the moment?
- SLEs: Are we meeting our Service Level Expectation?



Stage	User State	Conversion %	Estimated Value
Acquisition	Visits Site (or landing page)	100%	\$0.01
Acquisition	Stays on Site (views 2+ pages, stays 10+ secs, 2+ clicks)	70%	\$0.05
Activation	Happy 1st Visit (views X pages, stays Y secs, Z clicks)	30%	\$0.25
Activation	Email Sign-up (or anything that could lead to a repeat visit)	5%	\$1.00
Activation	Account Sign-up (includes profile data)	2%	\$3.00
Retention	Email Open → Clickthrough	3%	\$2.00
Retention	Repeat Visitor (3+ visits in first 30 days)	2%	\$5.00
Referral	Refer 1+ Users Who Visit Site	2%	\$3.00
Referral	Refer 1+ Users Who Activate	1%	\$10.00
Revenue	User Generates Minimum Revenue	2%	\$5.00
Revenue	User Generates Breakeven Revenue	1%	\$25.00



- Pirate Metrics for Channel Marketing: AARRR!
- OKRs: Goal Alignment, Portfolio, Product & Iteration Goals

Transformation Risks

- **Expectation & Mindset Mis-match:** Organizations may struggle to adopt a product mindset if they are accustomed to focusing on short-term project deliverables. Developing a Product mindset requires an evolution in thinking & prioritization, which requires time to coach. This may slow the transformation timeline. **Transparency with management & expectation setting is key.**
- **Finance, Budget & HR Impact:** The creation of new funding directions, spending pots, role shifts, novel titles, incentives, & compensation packages may stress previous financial plans, as well as cause HR to scramble. **Clear direction & firm support from senior leadership is required.**
- **Marketing, Sales, Business Development & Customer Support Impact:** Marketing, Sales & Business Development materials, events & approaches **will require re-working.** New training will be needed for Sales & Customer Support. Marketing & Business Development approaches may also need to be re-vamped. **Budget needs & timelines from these groups must be accounted for** in the overall transformation scenario.
- **Resource Allocation Challenges:** Prioritizing products over projects might require reallocating resources, which can lead to conflicts & difficulties in balancing resource needs across different products. This can be **especially awkward if a Compliance requirement is due.**
- **Value Stream Coordination Difficulties: Managing interdependencies** & coordination between different collaboration groups & Product teams can be complex, particularly when multiple products share resources or have overlapping goals. **This can delay the creation & choice of the initial pilot team.**
- **Locating an Appropriate Place to Begin:** Due to the above coordination issues, **selection of the initial product, team & pilot may be delayed.**
- **Unclear Roles & Responsibilities:** In a product-led organization, roles such as Product Managers/Product Owners & Agile Coaches become crucial. **Failure to clearly define these roles and responsibilities can lead to confusion** and inefficiencies.
- **Misaligned Metrics:** Organizations will **need to adjust metrics & reporting** to align with a product-led approach. Failing to do so can result in misaligned goals & poor prioritisation.
- **Prioritization Challenges:** Prioritizing product investments can be complex, particularly when organizations have multiple products competing for limited resources. It's important to **establish a clear and transparent prioritization framework at the Portfolio level.**
- **Change Shock:** Employees may be hesitant or fearful to change, particularly if they are used to traditional project-based approaches. It's **crucial to address their concerns with empathy, clearly communicating the benefits of a product-led organization.** The change may also **temporarily slow** current work.

Road Maps: Not the Territory, Never the Journey



Vs...



Tapas Menu: Change in Small Plates

	Month 1-2 Build Relationships & Gain Consent	Month 2-3 Observe & Consult	Month 3-4 Create Communities & Coaching; Slow Down to Speed Up
Leadership Senior Staff & Stakeholders	Relationship Encounters with Change Team Workshops & Consultations with Senior Staff & Stakeholders Begin: Strategy Knotworking Accepts Coaching	Justin & Chris Town Hall Their North Star Outcome, Confirm Support of Product Change Progresses Strategy Knotworking Reviews Outcomes of Month 1	Reviews Outcomes of Months 2 Begins Strategy Implementation Informs Finance, HR, Compliance & Stakeholders of Strategy Plans Accepts CoP
HR, Finance, Compliance, Sales, Marketing, Business Development	Commits Plan with HR Maintain Current Work Relationship Encounters with Change Team	Consultation & Education Workshops Maintain Current Work Accepts Coaching	Strategy Knotworking Maintain Current Work at Slightly Reduced Level Accepts CoP
Portfolio, Product Management, Product Owners, UX	Relationship Encounters with Change Team Maintain Current Work, at Slightly Reduced Rate	Consultation & Workshops: Strategy Knotworking for Portfolio Renewal Accepts Coaching Requests volunteers for new Portfolio, Project Managers, Product Owners Studies What Darlings to Sunset & Feasible Timeframe	Begin Portfolio Renewal & Knotworking Begin Search for Pilot Production Accepts CoP New roles train UX Partners with Dev, Product Manager, Begins Enhanced Discovery
Agile Teams	Relationship Encounters with Change Team Maintain Current Work	Accept Observation & Data Collection Maintain Current Work Attend workshops on Modern Engineering & Product Concepts	Consultation & Workshops based on Observations Ask teams how they want to change Maintain Current Work, unless they request change now
Engineering, IT, Architecture, Security, Ops, Release, Support	Relationship Encounters with Change Team Maintain Current Work	Observation & Data Collection Maintain Current Work Seeks volunteer Dev(s) for Discovery & Experiment Works Accepts CoP	Consultation & Workshops: Strategy Knotworking based on Observations From Observation & Data Collection, studies what must change for Product readiness Maintain Current Work at Slightly Reduced Pace Accepts Coaching
General Staff	Maintain Current Work Relationship Encounters with Change Team	Attends Change & HR Workshop on Psychological Safety Attends Town Hall & Asks Questions Maintain Current Work	Attends Town Hall to Hear Progress & Celebrate Steps Forward Attends Change & HR Workshop on Purpose & Autonomy Maintain Current Work
Change Team	Forms CoP, Ways of Working, Begins Team & Relationship Building Strategy Knotworking Offer & Begin Coaching Role Model Values & Principles Facilitates & Coaches Agile Teams, Supports Events, Guides Continuous Improvement Agrees with leadership on evidence-based metrics	Holds Workshops, Collects Feedback Observation & Data Collection, Collects Feedback Keep Coaching, Forms Necessary CoP, Encourages Collaboration Progresses Knotworking, Reviews & Retrospects, Collects Feedback & Data, Adjusts Pace Facilitates & Coaches Agile Teams, Supports Events, Guides Continuous Improvement Updates leadership on evidence-based metrics	Holds or Organises Trainings, Collects Feedback Observation & Data Collection, Collects Feedback Keep Coaching, Forms Necessary CoP, Encourages Collaboration Progresses Knotworking, Reviews & Retrospects, Collects Feedback & Data, Adjusts Pace Facilitates & Coaches Agile Teams, Supports Events, Guides Continuous Improvement Updates leadership on evidence-based metrics

	Month 4-5 First Steps & Feedback Loops	Month 5-6 Pilot & Prepare	Month 6-8 Look Forward & Start Flow
Leadership Senior Staff & Stakeholders	Justin & Chris Town Hall 3 Months of Outcomes, Staff Q&A Continues Strategy Implementation Begins Working in CoP & Considering Product Working Groups	Justin & Chris Town Hall 4 Months of Outcomes, Announced Pilot, Staff Q&A Reviews & Retrospects Strategy Implementation; Collects Feedback; Adjusts Course Begins Working in CoP & Product Working Groups to be ready for value streaming	Justin & Chris Town Hall 5 Months of Outcomes, Announces 2nd Product Staff Q&A Continues Strategy Implementation Consults Compliance, Sales, Marketing, Business Development & HR for value stream assembly
HR, Finance, Sales, Marketing, Business Development	Complete Knowworking, Reviews, Retrospects, Collects Feedback Begin to implement their self-identified Change Steps Continues Internal Comms Begins Planning External Comms Maintain Current Work at Slightly Reduced Level	Continues Implementation, Reviews, Retrospects, Collects Feedback Continues Internal Comms Executes External Comms Maintain Current Work at Slightly Reduced Level HR studies how to align staff incentives with the coming full-org change	Completes Implementation, New Way of Working with Coming Products & Customers Continues Internal Comms Executes External Comms Consults & prepares for value stream development, collects feedback HR works with Rings of Collaboration to align staff incentives with the coming full-org change
Portfolio, Product Management, Product Owners, UX	Complete Knowworking, Reviews, Retrospects, Collects Feedback Pilot Recommended, with luck Works with Engineering, IT, Ops, Release & Support to confirm Pilot feasibility Shares Results & Learnings from Work with Marketing/Sales/Compliance/Business Dev/Finance	Continues Implementation, Reviews, Retrospects Begins 1st Product Pilot, sunsets selected projects as planned Moves onto Formation of 2nd product in Rings of Collaboration Shares Results & Learnings from Work with Marketing/Sales/Compliance/Business Dev	Completes Implementation, Reviews, Retrospects Launches 2nd Product Team in Rings of Collaboration Works with HR to begin move most Project Managers & BAs to Portfolio/Product Begins Strategy Knowworking for 1st value stream assembly
Agile Teams	Pilot team begins Ring of Collaboration & Product Workshops Sequence Begin Pilot Backlog Building Other Teams Reduce Work Slightly as they experiment with New Ways of Working Attend Team building Events & Exercises	Pilot whole team begins working Other Teams Reduce Work Slightly as they experiment with New Ways of Working Continue Team building Events & Exercises, Offer Feedback All teams work with Engineering, IT, Ops & Release in Ring of Collaboration	Pilot team continues working Other Teams Begin to Regain Speed as they fine-tune New Ways of Working Continue Team building Events & Exercises, Offer Feedback All teams work with Engineering, IT, Ops & Release in Ring of Collaboration
Engineering, IT, Architecture, Security, Ops, Release, Support	Begin Knowworking Implements study results to align for needs of Pilot Accepts CoP	Implements Knowworking, Reviews, Retrospects, Collects Feedback, Adjusts Implements study results to align for needs of Pilot Works with Agile Teams & Product Management in Ring of Collaboration	Completes Knowworking, Reviews, Retrospects, Collects Feedback, Adjusts Implements study results to align for needs of 2nd Pilot Works with Agile Teams & Product Management in Ring of Collaboration
General Staff	Attends Town Hall to Hear Progress & Celebrate Steps Forward Maintain Current Work Attends Workshop on Constructive Collaboration Participates in Anonymous Survey of Staff Happiness & Satisfaction with new Direction	Attends Town Hall to Hear Progress & Celebrate Steps Forward Maintain Current Work Attends Workshop on Constructive Feedback, Feedback Value	Attends Town Hall to Hear Progress & Celebrate Steps Forward Maintain Current Work at Slightly Reduced Rate, Prepares for Visual Management Attends Workshop on Visual Management for Organisational Flow
Change Team	Holds Workshops, Collects Feedback Observation & Data Collection, Collects Feedback Keep Coaching, Forms Necessary CoPs, Encourages Collaboration Progresses Knowworking, Reviews & Retrospects, Collects Feedback & Data, Adjusts Pace Facilitates & Coaches Agile Teams, Supports Events, Guides Continuous Improvement Updates leadership with evidence-based metrics	Holds Workshops, Collects Feedback Observation & Data Collection, Collects Feedback Keep Coaching, Facilitates Necessary CoPs, Encourages Collaboration Progresses Knowworking, Reviews & Retrospects, Collects Feedback & Data, Adjusts Pace Facilitates & Coaches Agile Teams, Supports Events, Guides Continuous Improvement Updates leadership with evidence-based metrics	Holds Workshops, Collects Feedback Observation & Data Collection, Collects Feedback Keep Coaching, Facilitates Necessary CoPs, Encourages Collaboration Progresses Knowworking, Reviews & Retrospects, Collects Feedback & Data, Adjusts Pace Facilitates & Coaches Agile Teams, Supports Events, Guides Continuous Improvement Updates leadership with evidence-based metrics

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