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# Output to Outcome

## An Operating Model for the Age of AI

Dr. Mik Kersten  
CTO, Planview

Author, Project to Product



# Technological Revolutions

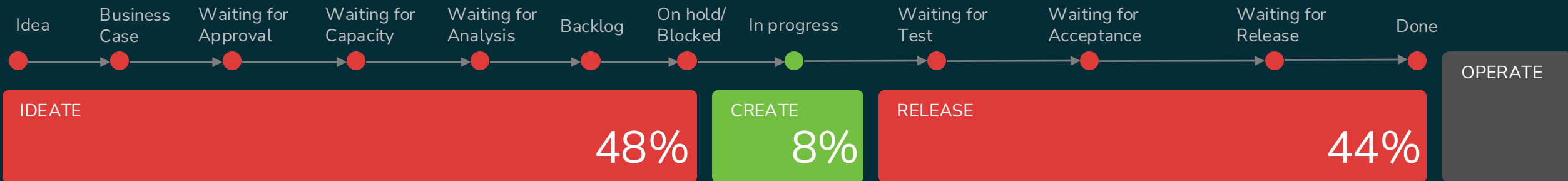
Age	Start	Power	Constraint	Management
Industrial Revolution	1770	Water	Machine capacity	Division of Labor
Age of Steam & Railways	1830	Steam	Railway capacity	Centralized Oversight
Age of Steel & Heavy Engineering	1875	Electricity	Plant capacity	Scientific Management
Age of Oil & Mass Production	1908	Combustion	Line throughput	Lean, Project Management
Age of Software & Digital	1971	Compute	Dev productivity	Agile, Product Management
Age of AI	2022	Cognition	Org productivity	Outcome Management

*Adapted from Carlota Perez & Project to Product*

# Is Your Operating Model Ready for AI?

## Agile teams

Deliver fast, but are not the constraint



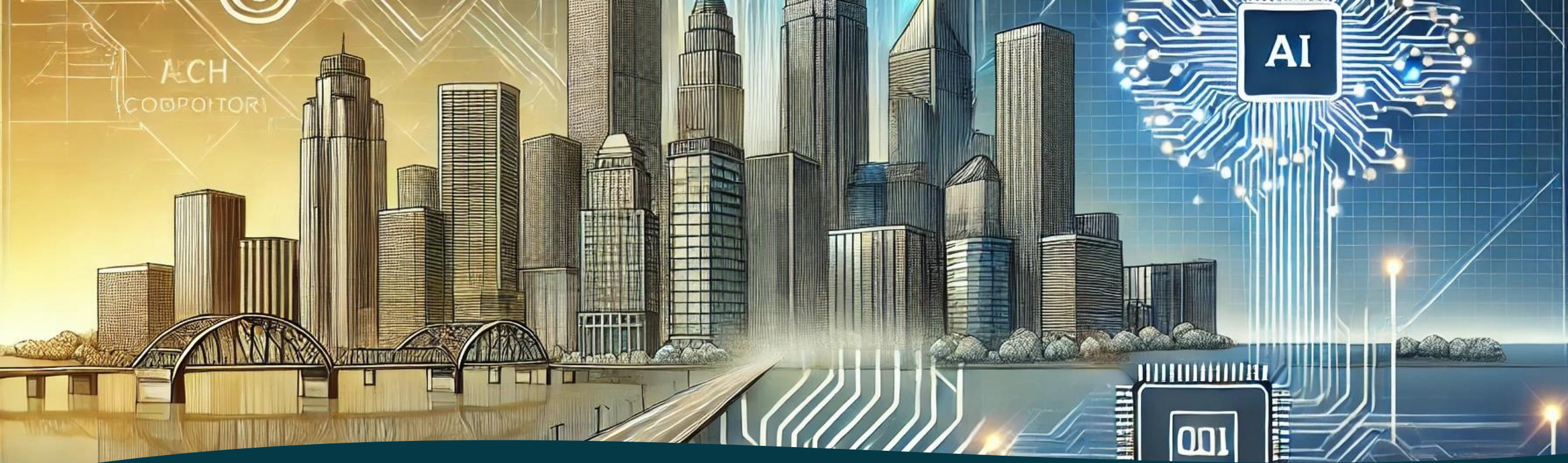
## Waterfall planning and funding processes

Wait states from frequent cancellation, replanning and reprioritization

## DevOps, but not at scale

Delivery slowed by dependencies, tech debt and manual processes

Source: Planview's 2023 & 2024 Project to Product State of the Industry Report. Anonymized systems data was aggregated from over 3,600 value streams from 34 organizations using Planview Viz™.

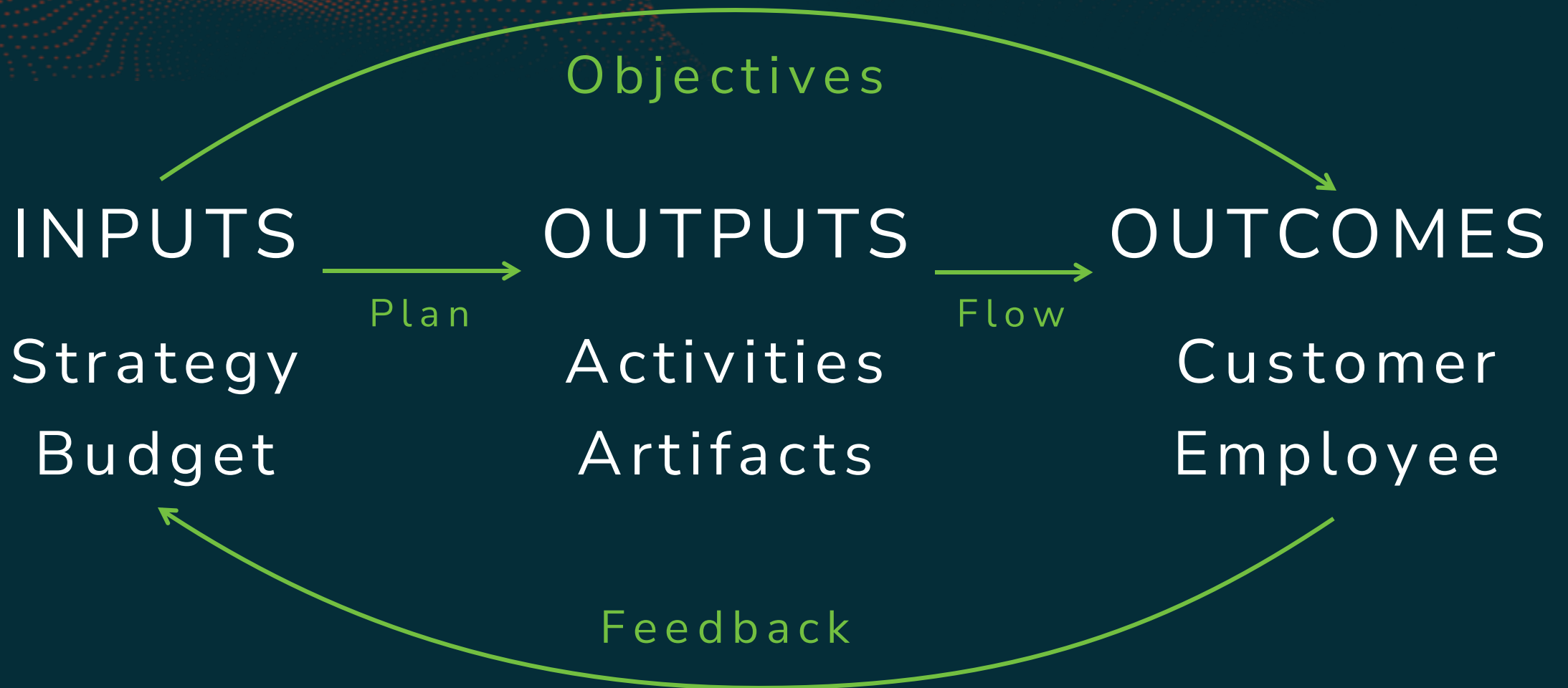


# Existential Threat

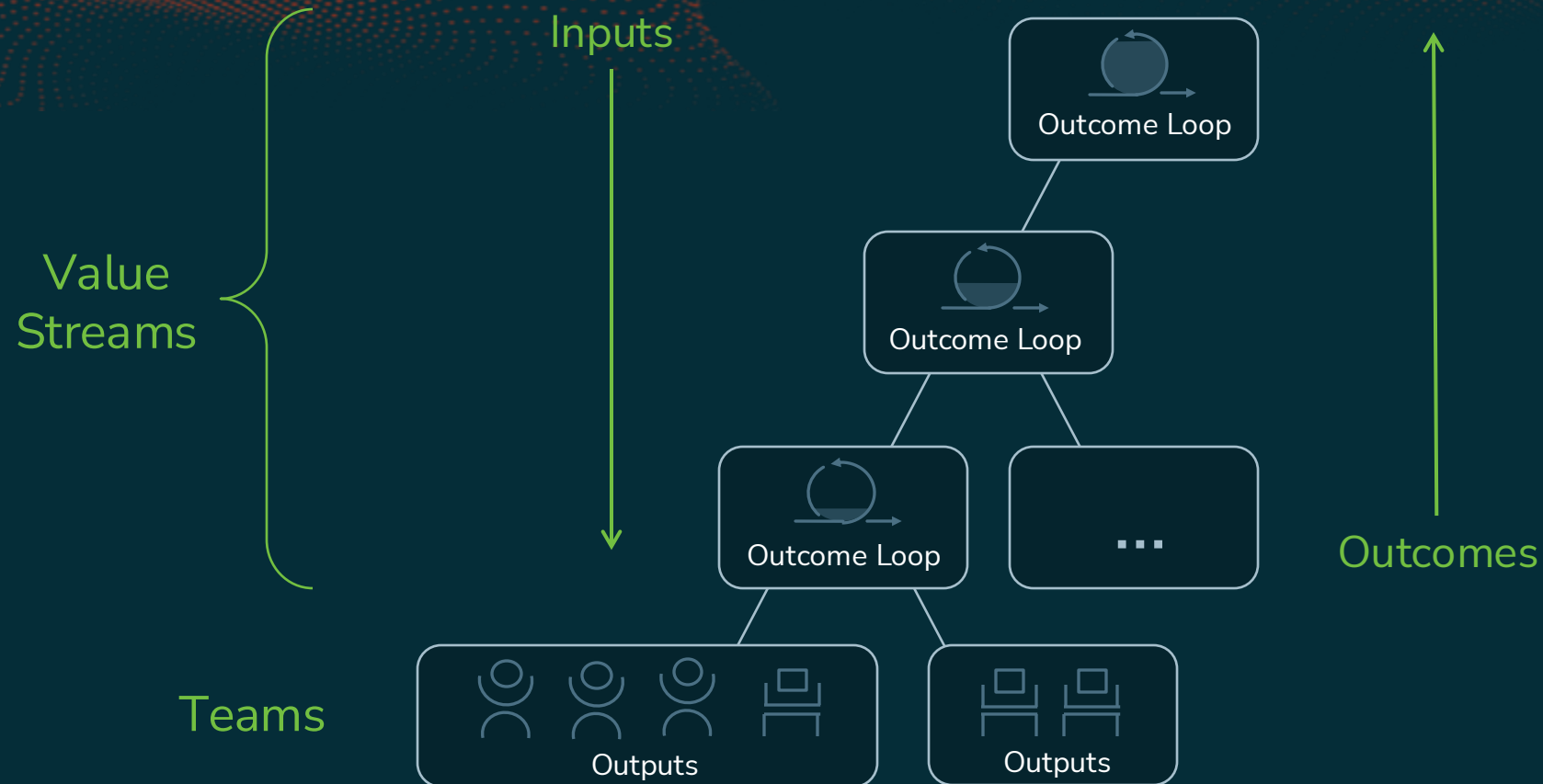
- Expect 10X+ capacity gains in delivery of Outputs
- Theory of Constraints moves bottleneck to organization
- Move operating model from managing *Outputs* to *Outcomes*



# Outcome Loop



# Outcome Tree





# Seven Shifts to Outcome Management

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Functions to Flow

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Vanity to Value

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Chaos to Cadence

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Matrix to Modularity

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Objectives to Ownership

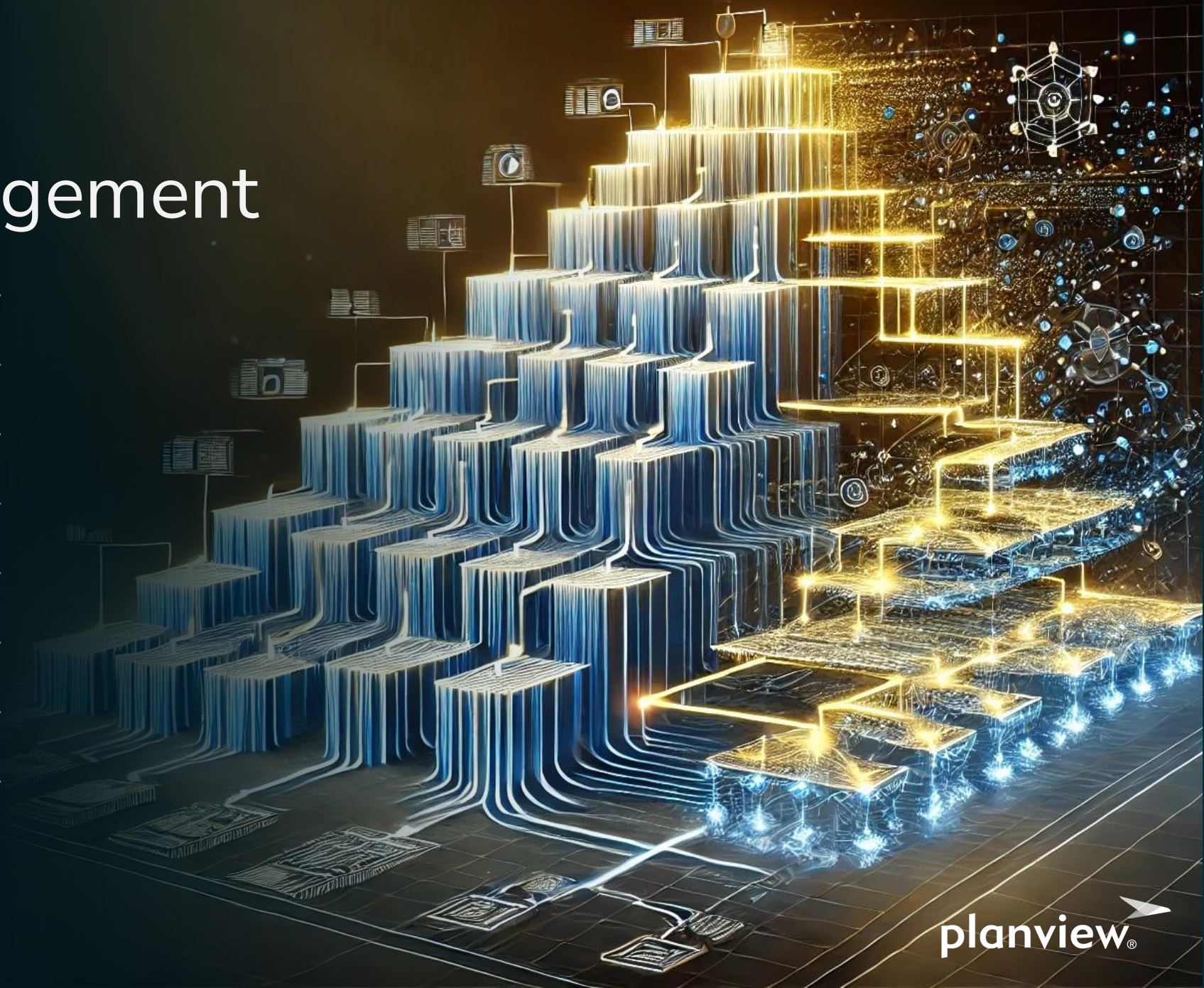
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Silos to Segments

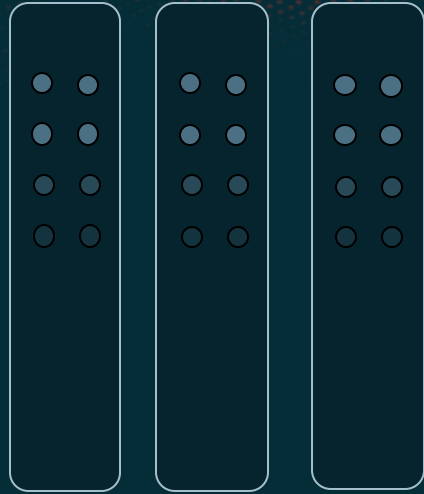
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Managers to Makers

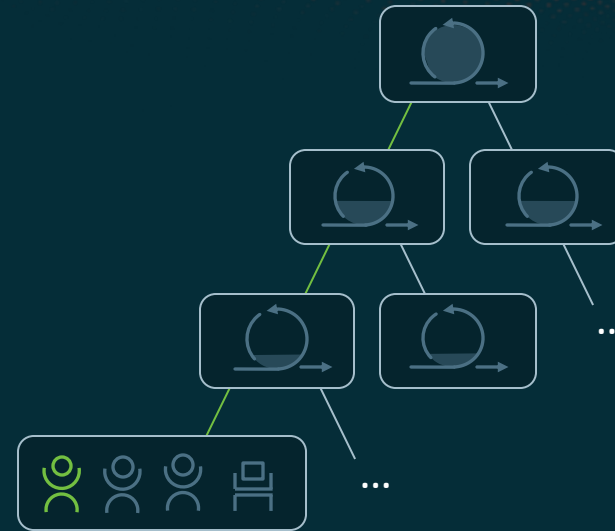
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# FUNCTIONS **TO** FLOW



- Functional org design
- Org chart disconnected from flow



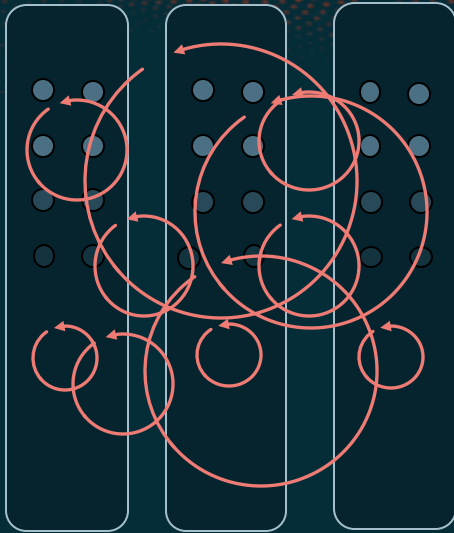
- Value stream org design
- **Dedicated Leadership Model**



# CHAOS

# TO

# CADENCE



- Disconnected planning, tracking
- Separate QBR, PI, Agile meetings

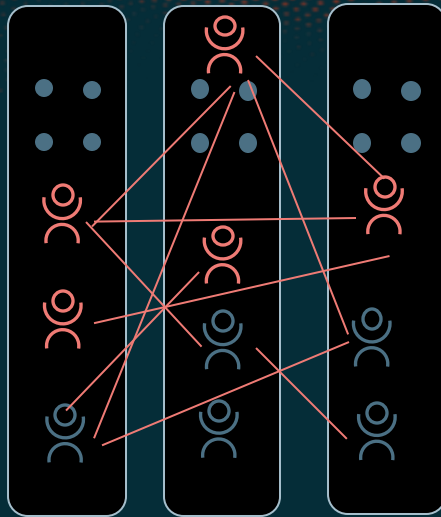


- Unified planning across the org
- **Single Cadence Model**

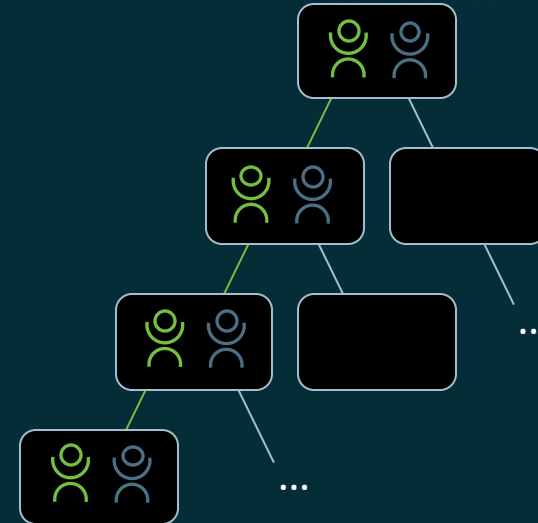
# OBJECTIVES

# TO

# OWNERSHIP



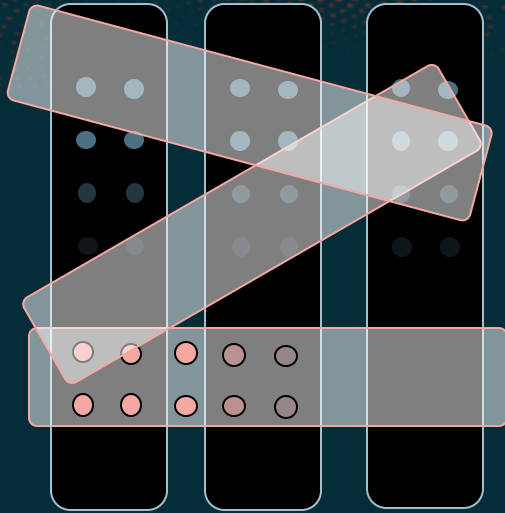
- Complex dependencies
- Diluted, shared ownership



- Autonomy & incentives aligned
- Outcome Ownership Model



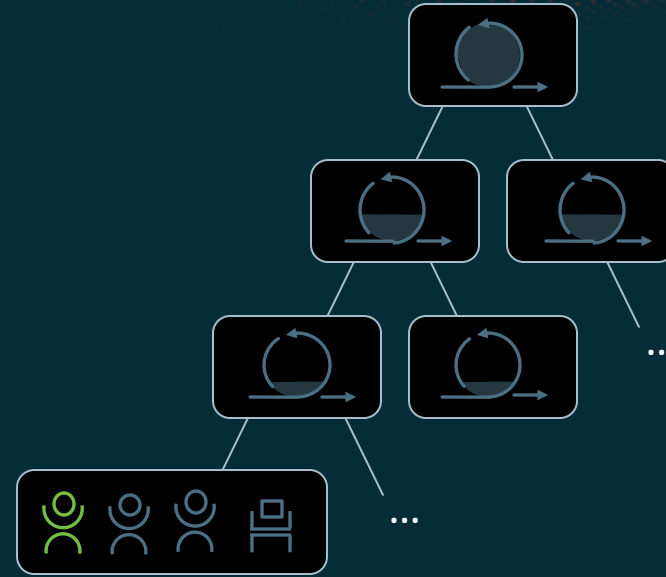
# MATRIX



- Complex decision making
- Tangled architecture & debt

# TO

# MODULARITY



- Scalable & composable Value Streams
- Independent Action Model

# Outcome Tree Modularity

	Software	Organization
High Cohesion	Encapsulate common functionality	Encapsulate expertise and ownership
Low Coupling	Decrease dependencies between modules	Decrease dependencies between value streams




# Outcome Management

Your ~~Second~~ Operating Model  
for the Age of AI







# OUTPUT TO OUTCOME

AN OPERATING MODEL FOR THE AGE OF AI

Unedited Advanced Edition

**DR. MIK KERSTEN**

AUTHOR OF *PROJECT TO PRODUCT* AND  
CTO OF PLANVIEW

Sign up to learn when the  
final book goes on sale:



- Age of AI requires shift from Output to Outcome
- Need input on the 10 models in the manuscript
- Send help to: [mik-o2o-feedback@planview.com](mailto:mik-o2o-feedback@planview.com)