

PROJECT TO PRODUCT: FOUR KEY QUESTIONS ABOUT OWNERSHIP TO HELP MAKE TRANSFORMATIONS WORTH IT

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Financial services firms are now taking inspiration from the world of software development to move from a project delivery approach to a product management-based one, where a change initiative is managed by a dedicated team that retains ownership over all aspects of the relevant product or service.

Rather than primarily focusing on delivering a project on time and under budget then moving on – as per the traditional project-oriented mindset – a product mindset is centred on business and customer outcomes. There is no ‘build and walk away’ mentality, rather long-lived teams not only build but also continue to run the solution post-delivery.

A ‘virtuous circle’ approach – build, learn, test, repeat – focuses on optimisation and enhanced outcomes and experiences. The product mindset seeks to maximise the customer and business value delivered for a given budget rather than merely seeking to deliver under budget (potentially compromising quality in the process).

Deciding on whether a project delivery or product management approach will be optimal will ultimately come down to context. So how to determine whether a project delivery to product management transformation is worth the investment?

Let's imagine a bank wants to create a new service that delivers an additional benefit for users of their packaged current account.

Under a traditional project delivery approach, a new project team is established that combines change managers from the bank's permanent change team with some temporary analysts and technical specialists.

- The project is sponsored by the bank's Current Account Product Design team who will have scoped and determined the chosen approach, and they will be joined by a broad church of stakeholders drawn from across Marketing, IT Operations and Customer Services Operations.
- This project team leads the search for potential service provider partners and brings in the necessary software and IT integration resources for the one-time build.
- The project team brings everyone together to collaboratively determine deliverables oversees the design and build of the solution elements, hands them over to the permanent business as usual teams to operate, and then disbands.

This approach is ideal for managing peaks and troughs in the demand for change initiatives, and also avoids the need for a high fixed cost base. It is also great for allowing permanent staff specialists to maintain and deepen their functional expertise on an ‘as needs’ basis, while bringing in niche specialists only as and when required.

However, while projects are easy to coordinate when they are going well and everyone is enthusiastic about the shared vision and goals, when projects start to go bad things then get complicated. It is natural for teams to unconsciously focus on their functional team incentives and measures, even if that means worse outcomes for the collective project or other parts of the organization. For example, the Products team may insist on pushing ahead with a product launch on a fixed date, even if that will require their operations colleagues to undertake a host of expensive manual workarounds.

In contrast, the product management mindset aligns the team structure with customer value streams – the products and services delivered – rather than functional skills. This brings together the ‘why’, ‘what’ and ‘how’ of meeting customer needs given relevant operational realities.

So back to our hypothetical bank. The Current Accounts Products team already has a mature collection of individuals in place, encompassing a mix of Marketing, IT Operations and Customer Service Operations skills, who are responsible for everything end-to-end – from product strategy through to fixing issues for unhappy customers.

- These team members have worked together for a long period of time, so they know one another and the market segment well. They do not need to coordinate stakeholders drawn from different teams with different bosses, so they can just get started.
- But it is the first time they will have worked with the service providers required for their new packaged account benefit, and those providers are not usually involved with financial services.
- So, the team decides to bring in temporary specialists to help in areas such as partnerships, technical integration and expert knowledge of the service providers' industry.

The key advantage of the product management approach is that it is the people who build it that will run it, and so are incentivised to build it right. They are also accountable for the profit and loss of the overall product end-to-end, and accordingly have skin in the game when weighing investment and prioritisation calls.

There's a risk of getting the worst of both product delivery and project management approaches if a transition simply rebadges existing teams without formally changing organizational structures and incentives or providing the support to help people change their habits of a working lifetime.

So, when considering a transition from a project delivery to a product management approach, ask yourself the following questions:

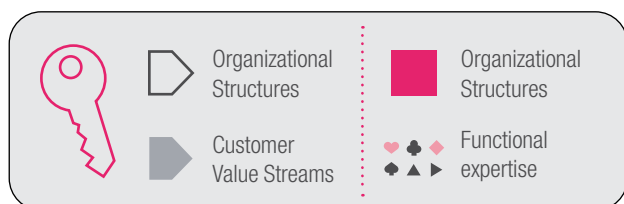
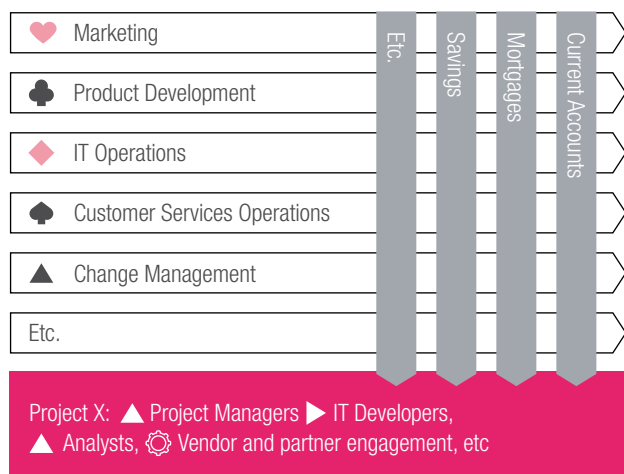
1. How will incentives and roles and responsibilities be formally changed, so that what were separate teams will all pull in the same direction – even when the going gets tough?
2. How will you encourage, coach and support teams to break old habits and build new ones that better align with their new responsibilities?

3. How will peaks and troughs be managed without fixed costs ballooning?
4. How will you maintain specialist expertise in all the cross-functional areas baked into the product management teams if they do not get to 'do their thing' day in and day out?

As noted, context is everything. At Capco I've worked as an agile coach introducing product management approaches, but also on regulatory portfolios where project approaches were best for some parts. Knowing the merits of both approaches without being tied to either one frees us to think critically about why and when to use them.

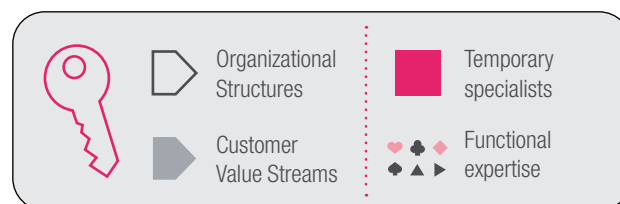
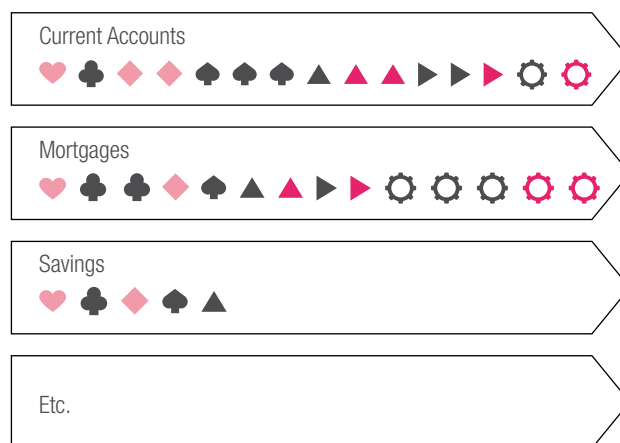
If you want to discuss more of the merits of project versus product management or if you'd like to talk through a particular situation, please get in touch with Luke Isbel or Alla Gancz (Head of Digital, UK).

Using a Project Management approach



1. Teams aligned to functional expertise.
2. Product and service improvements get functional help as and when identified, scaling effort up and down.
3. Temporary or flexibly assigned resources in project teams face off to multiple functions and products.

Using a Product Management approach



1. Teams aligned to products and services (value streams).
2. Long lived team members have a cross functional mix of all the skills needed to 'build it, run it' as well own the profit and loss of the product overall.
3. Temporary specialists can be brought in where deep expertise isn't needed for long enough to justify an increase in the permanent cost base.

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