How to Use
Product Management
to Drive Digital Transformation

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Organizations today are realizing what Microsoft CEO Satya Nadella has been saying for some time – digital transformation is not an option anymore. Enterprises of all types and sizes – public, commercial or nonprofit – must constantly maximize their digital assets to thrive in a competitive market. On the Microsoft quarterly earnings call in April 2020, Nadella noted that the company had "seen two years of digital transformation in two months," highlighting their continually increasing pace of change.

What actually is Digital Transformation?

Digital transformation really means getting better at figuring out the customer experience, accelerating the delivery of value to the customer (internal or external) and leveraging your data to better serve customers and monetize its value in the process. With delivering customer value being the key driver, organizations must also transform to better manage uncertainty, leverage automation to create new efficiencies and reduce costs in all of this. Ultimately, it is about simplifying the way businesses operate.

Challenges

Globally, organizations invest heavily in digital transformation, but according to oft-cited statistics and studies, 70% of initiatives fail to meet their objectives. There are broad organizational collaboration and cultural issues behind these failures.

Silos

As businesses grow organically, teams are built and natural silos form. Barriers to communication, in conjunction with evolving technological capabilities, can become a major bottleneck as business and IT teams pursue agendas with little cohesion between functions.

Culture

Legacy processes become hardwired into the culture. Projects are managed based on timelines or seen as cost centers with insufficient grounding in the business value that should be driving the effort.

> **Culture Challenges to Digital Transformation Issues:**
> **31% -** General Cultural Issues
> **26% -** Resistance to Change
>
> *— The 2017 State of Digital Transformation and The State of Digital Transformation 2018-2019 Edition, Altimeter.*

Customer Needs

Failed digital transformation represents real losses of opportunities to serve customers better, lost potential revenue and the expenditure of resources devoted to the project. There are too many examples where expensive digital platforms are adopted that fail to address user needs and are ultimately decommissioned.

Waterfall

Enterprises seeking to bring operational efficiencies to workflows by implementing Business Process Management (BPM) tools like Pega and Appian often get bogged down due to a Waterfall-type approach. Because they are following a rigid Project Management process, there are no feedback loops and little collaboration between functional units resulting in implementation delays and cost overruns. More importantly, the end product may not effectively meet the users' needs.

Product Management Can Solve These Challenges

The above problems can be addressed with a Product Management approach that is better able to deliver customer value quickly and seamlessly. Taking a Customer-centric approach with a product mindset and delivering value iteratively allows Developers to rapidly improve products based on user feedback. All of that occurs within a framework of Lean Roadmaps and a culture of change that allows for quick reaction and response to changing customer needs and market conditions.

The Product Management approach is based on the idea that value delivery is not a linear process, but a complex collaboration of networks that need to be aligned to products. The five core characteristics of Product Management do not represent stages in a sequential process. They are necessary throughout - from the first engagement with the customer to the ultimate product delivery. Let's review the five characteristics in detail.

Customer-Centric Approach | Product Frame of Mind | Iterative Value Delivery | Lean Roadmaps | Culture of Change

1: Customer-centric Approach

As a discipline, Product Management is broad and leverages many practices, but the true benefit is derived from its customer centricity. A Customer-centric approach starts with a focus on the customer from the earliest stages of planning and continues throughout the process. Everything starts with the customer; researching their challenges, understanding segments better and then utilizing various practices like Design Thinking and Empathy Mapping to understand how to best meet customer needs. The approach ensures products are built that are truly useful and solve a specific customer problem.

2: Product Frame of Mind

A Product Frame of Mind is characterized by a focus on customer needs and outcomes - the benefits the customer receives - rather than output. It is important to start by analyzing and clearly defining the problem space before jumping on the development bandwagon. Engage customers to create personas and apply brainstorming techniques to start defining the problem space. Then refine the problem statement using Customer Journey Maps and Empathy Maps.

Turn intuitions and insights gained through the customer engagement and problem space definition process into hypotheses to evaluate specific product features and the user experience. Challenge ideas and assumptions throughout, be creative and develop Lean Roadmaps to achieving successful business outcomes.

3: Iterative Value Delivery

Teams can work in short, step-by-step microjourneys where each iterative step delivers a usable product. The first step delivers a Minimum Viable Product (MVP) to the customers who then provide feedback which establishes a continuous feedback loop that is the basis for Product Development. By working in this manner teams deliver value iteratively, delivering an improved, fully functional product with each iteration.

- Break the process into microjourneys.
- Define the MVP.
- Test and validate hypotheses.
- Re-think and revise the product as you build.

By taking an iterative value delivery approach, teams deliver initial value to users more rapidly and then follow that up with continuous improvements at each stage. The feedback loop between customers and Developers is shortened so that each subsequent release incorporates feedback from the previous steps.

Iterative value delivery gives organizations more flexibility in reacting to shifts in the competitive landscape. If the environment shifts to the point that the product is no longer a good fit, organizations can respond with readjustments or even cancel the product to avoid investing further resources going down dead ends.

4: Lean Roadmaps

A Lean Roadmap is an outcome-based guiding document that lays out and articulates the strategy for how to achieve the envisioned outcome. It points the way toward the outcome, but doesn't prescribe what (the proposed product), how (the specific route) or when (a timetable).

The Lean Roadmap is a strategic communication tool that serves as a statement of intent and direction for the product. From the start, the roadmap is created collaboratively with the Product Teams, which facilitates buy-in and provides a coherent unifying story that unites the different functions working separately on various tasks.

The outcome, which is what drives the Lean Roadmap, is identified in the initial stages of the product journey through the exploration of the customer and their needs. Outcomes should be framed in a measurable way to assess how well they are achieved.

Generally, to evaluate success, the question, "what is measurably different for the user because of this product?" needs to be answered. With the outcome set, a Lean Roadmap provides flexibility and responsiveness because of the Iterative Value Delivery approach and its continuous feedback loops. The Lean Roadmap provides the best approach to efficiently deliver value to customers in ever-changing competitive environments.

5: Culture of Change

The foundation on which Product Management is built is a culture of change and collaboration. The Product Manager is well positioned to lead the creation of the right culture, starting with bringing together a guiding coalition of empowered, cross-functional Product Teams that span across the strategic and tactical levels, focusing on the customer with full intensity.

For the guiding coalition to function at a high level, a focus is needed on information flow, visibility and communication. As an example, KPIs should be expressed in terms meaningful across functions and based on the business outcome, allowing everyone to see and understand the big picture and their role in the process.

Product Teams must adopt a growth mindset where innovation and creativity are encouraged and it is safe to fail. A willingness to experiment and take risks, based on what is learned from the users, is necessary for successful Iterative Value Delivery. Rather than being focused on executing a well-defined plan, Product Management Teams are driven by customer feedback loops. Teams need to approach the customer with an open mind, curiosity and a listening posture to truly hear and learn from customer feedback. Responses are framed as hypotheses to be tested rather than immediate solutions. Failures are not taken as setbacks to be avoided, but as opportunities to learn, improve and ultimately deliver the best possible product.

Example: Implementation of Automation Tools

BPMS Workflow Implementation
Product Management Use Case
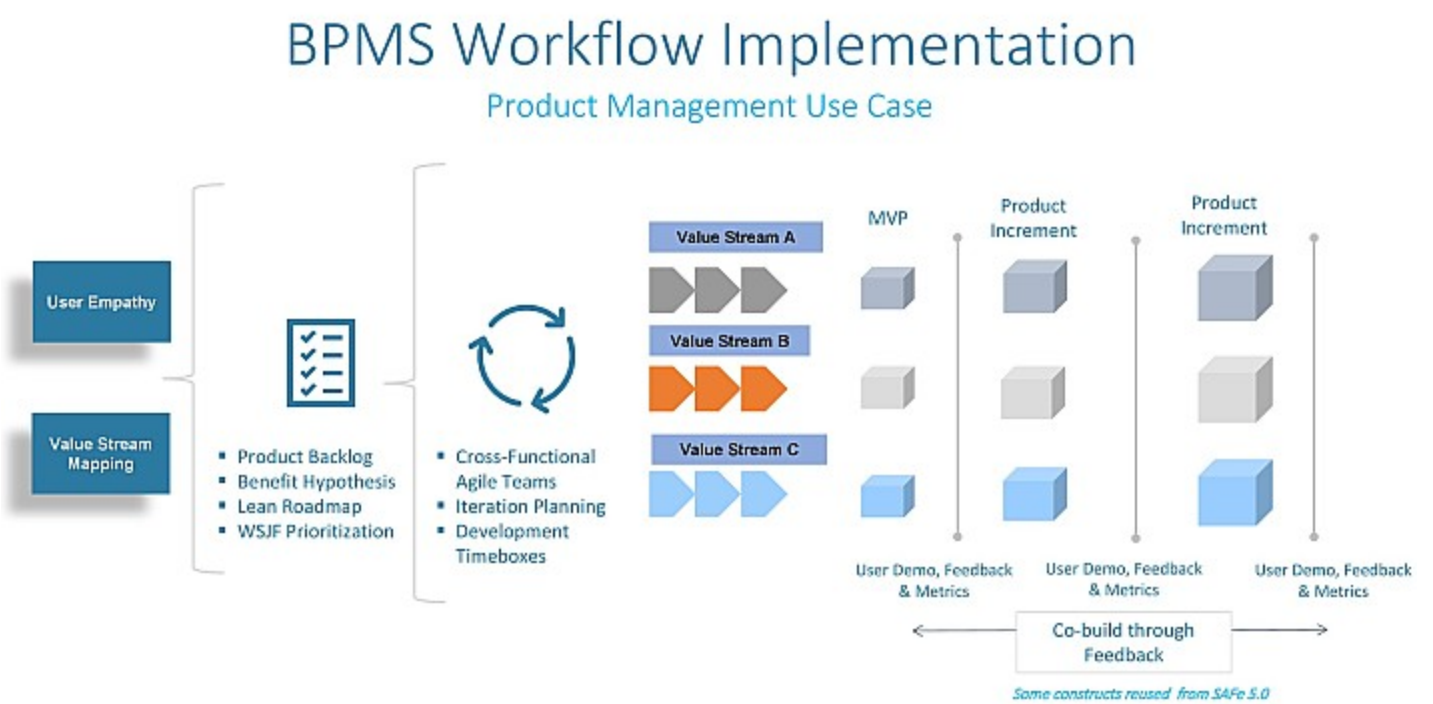
The benefits and characteristics of the Product Management approach can be illustrated in the following example built on the implementation of Business Process Management Software (BPMS) automation tools. Let's imagine, like many organizations, you are turning to BPMS tools like Pega, Appian and Salesforce to improve workflows, increase overall efficiency and modernize your existing business systems. When these implementation efforts are approached with traditional Project Management practices, they often fail to deliver the desired results.

To get the highest return on investment from BPM tools, you must understand why you are doing what you are doing. Ultimately, the tools are implemented to improve the performance and capabilities of an end-user or customer. Taking a **Customer-centric** approach so that you are plugged into the customer from the beginning and throughout the process ensures the focus stays on the "why," which is delivering value to the customer.

When taking a Waterfall approach to automation projects, there is often a focus on long discovery phases, infrastructure readiness and data refinement. Devoting the time and effort into trying to fully nail down the project from the start is inefficient. Instead, you want to approach implementation with a **Product Frame of Mind**, focused on customer outcomes. Rather than fully defining the project and laying out a rigid timeline, you want to start with just enough architecture so you can deliver and start experimenting with your MVPs going into an **Iterative Value Delivery** mode that continuously tests and validates the product right from the beginning of the development cycle.

A **Lean Roadmap** should be developed that serves as a guiding document allowing for flexibility to accommodate an evolving product backlog in pursuit of business outcomes. When there are shifts in the competitive environment and the need arises, a Lean Roadmap allows the Product Teams to rapidly address new issues or requirements.

For automating business processes, Product Teams need to embrace a **Culture of Change** that encourages collaboration between and seeks input from cross-functional teams that include business stakeholders working and effectively communicating with IT teams. The information flow must be efficient and everyone needs to have a mindset that they are working together as a unit with an understanding of the big picture.

A Product Management approach involves looking at BPMS implementation as an end-to-end process that leverages not only frameworks in Agile, but also frameworks to identify customer problems before you start developing. It's not about creating a backlog and legacy style requirements upon which to build; it truly is a continuous feedback loop that flows from an iterative build allowing for an optimal, flexible and Agile implementation of automation tools. Product Management allows you to not only look at new technology as a way to automate internal processes, but also to automate the way you interact with your customers and automate the ability to have infrastructure available at any second.

Key Product Management Takeaways

There are three key takeaways from utilizing a Product Management mindset in an open and collaborative culture that allows for innovation and helps enterprises streamline their end-to-end development and implementation processes.

Importance of customer feedback and understanding the customer.

The ultimate objective of developing a product is to deliver a superior customer experience and usable products. Unless you understand the users well, you will not be able to build an optimally valuable product. You can use a variety of techniques and tools along the way, but don't start development until you fully understand the customer and their needs.

Build iteratively and in smaller chunks to leverage customer feedback loops.

As you build, keep improving at each stage by incorporating feedback to improve the product allowing for continuous improvement as you go, i.e. to improve your value delivery throughout the development process.

In the face of uncertainty, customers now demand quick delivery of new products, features and services.

A robust iterative value delivery pipeline allows you to react, adjust and scale quality code, rapidly delivering products to market at breakneck speed.

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About the Author

Anant Dhavale is an experienced, industry leading Techno-Business Consultant. He has helped some of world's largest Fortune 500 companies optimize their Processes, Products and Business Ecosystems. He specializes in Product Management, Business Architecture and Business Value Acceleration and frequently publishes thought leadership several articles, whitepapers and case studies on key topics and latest trends affecting the industry.

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