TRANSITIONING FROM TRADITIONAL MATRIXED ORGANIZATION MODELS TO PRODUCT DEVELOPMENT TEAMS

There is a lot of conversation and movement in the market today regarding a transition from traditional matrixed organization project-based team models to product-based organizational structures and product development teams. The origins of this shift are based in the DevOps movement as enterprises look to unlock innovation, improve resiliency, and drive productivity. This transition appears straightforward—on paper—create a two-pizza product team that is responsible for the full lifecycle of a "product" (define, build, deploy, and support) and voila. In practice, this model is more complicated to implement and more disruptive (at first) than many would expect. Before delving into common roadblocks and successful practices, let's first explore what a "product team" is and why many enterprises are experimenting with this new structure.

Description

Product teams are cross-functional structures consisting of all the needed expertise to define, build, deploy, and manage a product. This means a Product Team is responsible for defining the product strategy, prioritizing the work to be done, building new capabilities, testing those capabilities and the underlying infrastructure services, deploying changes into production, remediating issues and defects, and managing the product in production. Product teams are autonomous structures responsible and accountable for the success of their product from both a business and technical perspective.
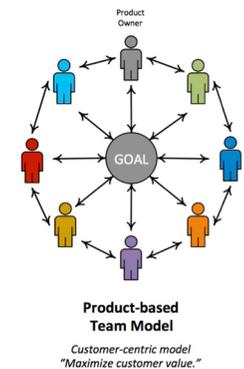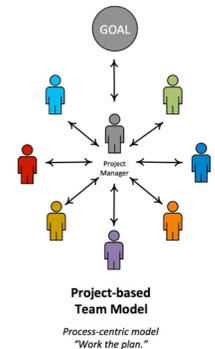
Product teams are not matrix teams. Resources and team members typically are not shared across products. Reporting structure and hierarchy are organized around the product rather than functional domains.

Benefits

In today's digital marketplace, many enterprises are looking for the competitive edge that enables them to be the disruptor rather than the disrupted. This is especially prevalent in the financial services marketplace, where fintech startups are relentlessly leveraging technology and data to disrupt traditional services, underwriting, and management processes with mobile applications, automated processing and quoting, and AI-driven decisioning. For this reason, many organizations are looking to the product team model to accelerate innovation and to focus on customer value.

Product teams are self-contained, autonomous, and dedicated to a single product (or product suite). This structure is perfectly designed to move fast and efficiently. In most large enterprises, the pathway or process of defining requirements, getting funding, configuring an environment, building an application, testing an application, and deploying applications are complex and highly politicized. So much so, we staff program managers and project managers to these projects to help navigate and facilitate the process. Product team's cross-functional composition enables these teams to bypass the highly politicized and siloed department structures, ticketing processes, and audits because each team has the needed expertise and authority built into the team structure. This minimizes or eliminates cross-department hand-offs, review meetings, and audits drastically accelerating throughput.

The other benefit of product teams is customer focus. Unlike matrixed teams that are focused on building their part, such as a VM, code, and/or automated test; product teams are committed to the whole product, or full stack and full lifecycle. In other words, product teams only recognize work as complete when it is in the hands of the consumer creating value for the organization. This is what product teams are measured on and why product teams are so customer focused.

Project-based Team Model

Process-centric model
"Work the plan."

Product-based Team Model

Customer-centric model
"Maximize customer value."

Challenges

While the benefits of product teams are widely publicized and discussed, the challenges of transitioning to this model are often ignored in these same publications because of the inherent complexity of this change. Below is a list of questions that need to be considered when transitioning from a traditional matrixed organizational model to a product team model:

1. Since most technical and low-level business decisions are made at the product level, what role do technical managers and senior leaders play in the model? What does the role of Enterprise Architect consist of if most decisions are made at the product team level?

2. How do legacy applications and workloads fit into this model? Are you willing and capable of supporting a bi- or multi-modal IT shop? What are the implication to employee morale for those left working on legacy systems?

3. How are funding and prioritization handled at the enterprise level? What happens if a product is not funded? What do you do with the team?

4. How do you balance cross-product dependencies with team's inherent need/drive to work against their own feature backlogs?

5. How do you prevent or minimize duplication of effort (increase reuse) when teams are autonomous?

6. How do you create fully cross-functional teams when specific roles and expertise (like DBAs) have limited capacity in today's structure?

These are just a few of the key questions and challenges enterprises encounter when transitioning to product team structure. As mentioned above, significant disruption occurs within the organization in the early phases of this transition. Many long standing and proven practices, processes, reviews, and roles are challenged. These challenges are not limited to the individual contributor ranks. Instead, they are systemic and particularly targeted at architects, middle management and senior leadership.

TRANSITION STRATEGIES

If you are still interested in making the shift, here are a few suggestions and recommendations based on Dell Technologies Consulting's experience helping large enterprises make this leap.

- **Start small and use the agile minimum viable product (MVP) approach**

  As evidenced by the challenges outlined, the shift to Product teams is both complex and pervasive. Our experience has shown that using an MVP approach is critical to lasting, sustainable change because it allows learning and adaptability as new truths are learned and new challenges are revealed.

- **DevOps-based platform automation and orchestration**

  Most of the *muda* (lean-speak for waste) in our customer's development and deployment lifecycle is associated with handoffs, reviews, and rework. Investing in your automated cloud platform and more importantly architecting that platform for change is critical for success in transitioning to product teams. It is the only way to develop and manage reusable IT assets and apply policy across multiple product teams.

- **Embrace "innersourcing"**

  We are all familiar with open-source. Innersourcing is use of open-source techniques within the walls of an enterprise. Practicing innersourcing requires investments be made in tools, portals, and collaboration technologies that enable the simple sharing and reuse of IT assets across the enterprise.

- **Get executive support**

  This is the MOST important recommendation moving forward. Transitioning to a product team model is not easy, as has been illustrated above. It will require significant changes be made at every layer of the organization. Getting executive support and buy-in is critical to success.

- **Get external help**

  Consultants expert in DevOps and Digital Transformation can provide outside experience and perspective that can help in your journey. Consultants can lift some of the burden from your shoulders by providing advisory support, coaching, and pairing at all levels of the organization to model best practices, share past success, and even be the "bad cop" when challenging status quo.

Summary

Product teams can drastically advance an enterprise's ability to innovate and respond to the dynamic environment and marketplace. This transition, like most large-scale change, is complex, difficult, and most importantly disruptive. With the proper guidance and executive commitment, even the most steadfast enterprises can successfully make this shift. Dell Technologies Consulting offers prescriptive approaches and proven methodologies, combined with Dell Technologies' portfolio and partner ecosystem, to help you achieve real business outcomes. To learn more visit dellemc.com/devops.

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