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5 steps to becoming a
Product-centric organization
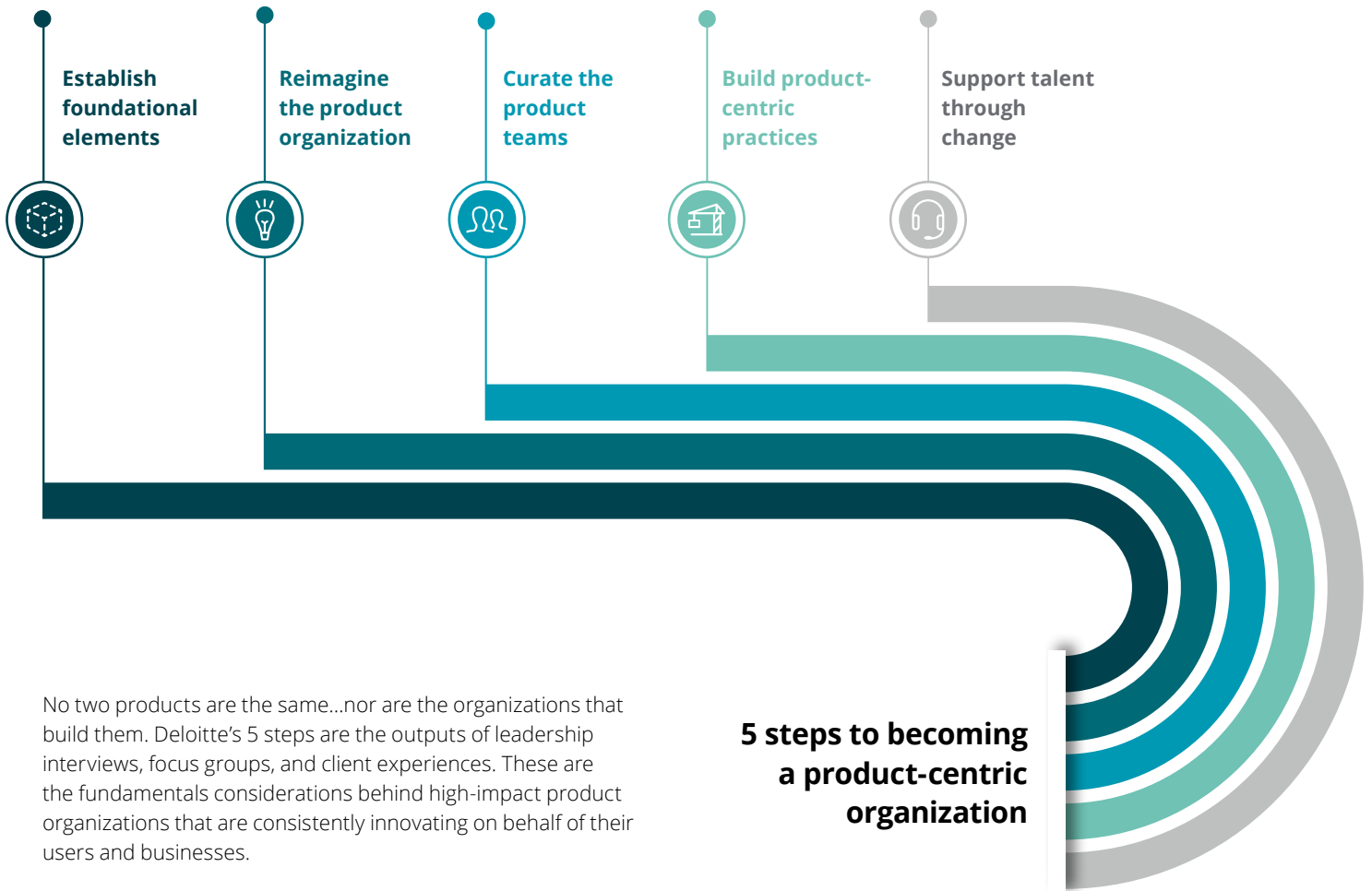
How your organization can create lasting value

More Fortune 500 companies than ever are adopting a digital-first strategy for both enabling revenue generation and increasing cost effectiveness. The fast pace of modern technological advancements has led to an increasingly competitive and complex digital landscape.

Businesses that find the most success on their digital journey drive value frequently and directly to their customers by leveraging continuous data-driven insights. These companies are building product organizations around a product-centric approach. A product can be defined as a good, service, or experience that fulfills a customer's want, need, or desire in exchange for something of value.

Leaders are discovering that creating a product-centric organization often requires re-thinking legacy operating models, organizational design, and ways of working. Legacy programs and project-centered operating models often have teams that are siloed by function and have misaligned goal prioritization. These programs also tend to lack the customer focus, agility, and ownership afforded by product-centric operating models. The Product organization looks at new ways of cross-functional work, unifying teams around customer-focused outcomes, and focusing on decreased time-to-market.

This is part of a series exploring the product organization and how companies think about creating effective and enduring value. These are the five considerations to think through as you embark on establishing your own product organization:

Establish foundational elements

Reimagine the product organization

Curate the product teams

Build product-centric practices

Support talent through change

No two products are the same...nor are the organizations that build them. Deloitte's 5 steps are the outputs of leadership interviews, focus groups, and client experiences. These are the fundamentals considerations behind high-impact product organizations that are consistently innovating on behalf of their users and businesses.

5 steps to becoming a product-centric organization

1. Establishing foundational elements

The first key to establishing a successful product organization is adopting a product-centric mindset, which leverages an approach to developing goods, services, or experiences that emphasize delighting the customer or end user while maximizing value to the enterprise. This marks a major shift in how companies operate internally, cater to customers, and attract top talent. Organizations interested in adopting a product-centric mindset often encounter early roadblocks by failing to define foundational elements such as

misaligning business strategy, struggling to decouple from legacy project management operating models, and measuring outcomes versus milestones.

To prepare for systemic transformation of the organization's approach, we recommend starting with these four foundational elements:

1. The **strategic pillars** are the north star that the organization anchors to which guide all priorities. Each pillar is an overarching corporate business principle. This is set at the division level.

2. The **product vision** takes the corporate strategy and provides a clear definition of the product's intended functionality based on the market and customer needs. While this functionality can change over time, the associated underlying business goals should remain the same. This is set at the program level.
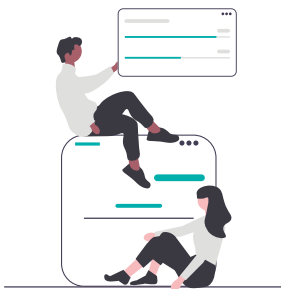
3. Once the product vision has been established, each product team will work on **road mapping** with the future in mind. Each initiative on the roadmap should align with the product vision and ultimately with one or more strategic pillars. This is set at the product level.

4. Realize the product's purpose requires translating the vision into metric-rooted objective and key results **(OKRs)** that can be leveraged to achieve data-driven goals on the roadmap. OKRs are communicated broadly, supported by leadership, and evaluated frequently by the product team. This is set at the product team level.

Companies must invest in defining these foundational components prior to commencing any operational change. Further details on these fundamental elements can be found in *Pillars of Product Management*. We help our clients jumpstart their product management operationalization efforts by supporting them on this journey—starting with our advisory design work, where we look to refine their vision for building a product-centric organization, identify the obstacles to achieve that vision, and define a path forward.

2. Reimagine the product organzation

Leaders are attracted to the customer focus, agility, accountability, and transparency that the Product Organization promises, but can miss out on these benefits without rethinking how they're structured, how ownership is split between teams, and how people work together. To reap the rewards of the product organization, companies need to put in place a clear reporting structure, crisply define ownership between cross-functional teams, and establish ways of working to promote teaming.

We recommend companies prioritize thinking about what kinds of organizational and operational changes they need to make on the journey to reimagine the product organization.

Product operating model	defines how capabilities work together
Product organizational design	defines how teams are structured in an organization
Product ways of working	defines the process of working and collaborating within and across teams

Deloitte often helps clients establish the right organizational design and operating model through discovery workshops, which help to distill the current and desired state, roles and responsibilities, dependencies, redundancies, and gaps. More information can be found in our release on *Pillars of Product Management* – Talent and Organization.
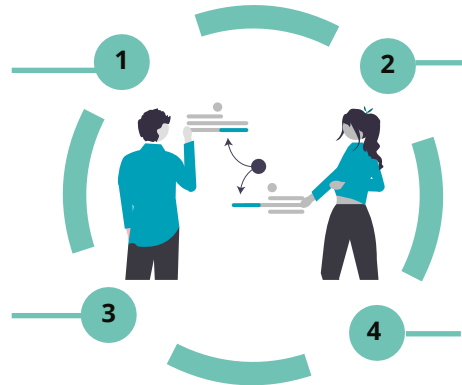
3. Curate the product teams

The most effective product teams are cross-functional by design and may be composed of a Product Manager, Business Representative, Engineer, and a Designer. While the method and tools of communication may vary, it is critical to establish clear responsibilities for each of the product team roles to optimize coordinated efforts and hand-offs.

Without clearly establishing the responsibilities of each role, the organization risks duplication of work, breakdown in communication between teams, lack of autonomy across product groups, and an ambiguous accountability structure. To combat these common challenges, we recommend:

Map key enabling factors and dependencies relevant to the transition from current to future-state operating model; initiate planning for how we can accelerate these enablers and mitigate dependencies.

Empower product teams with clear outcomes; top-down constraints will likely only hinder the product shift. Instead, through a series of trainings, workshops, and communications, establish a clear line of sight to empower cross-functional, customer-aligned, and accountable teams that are laser-focused on key business outcomes.

Launch pilot product program to work out the kinks and to grow the product competency within the organization.

Plan post-release cadence to track key metrics, deploy customer feedback/response and future prioritization refinement.

Further perspective on how your organization can become more adaptable can be found in The Adaptable Organization, a fundamental shift in operating and management philosophy.
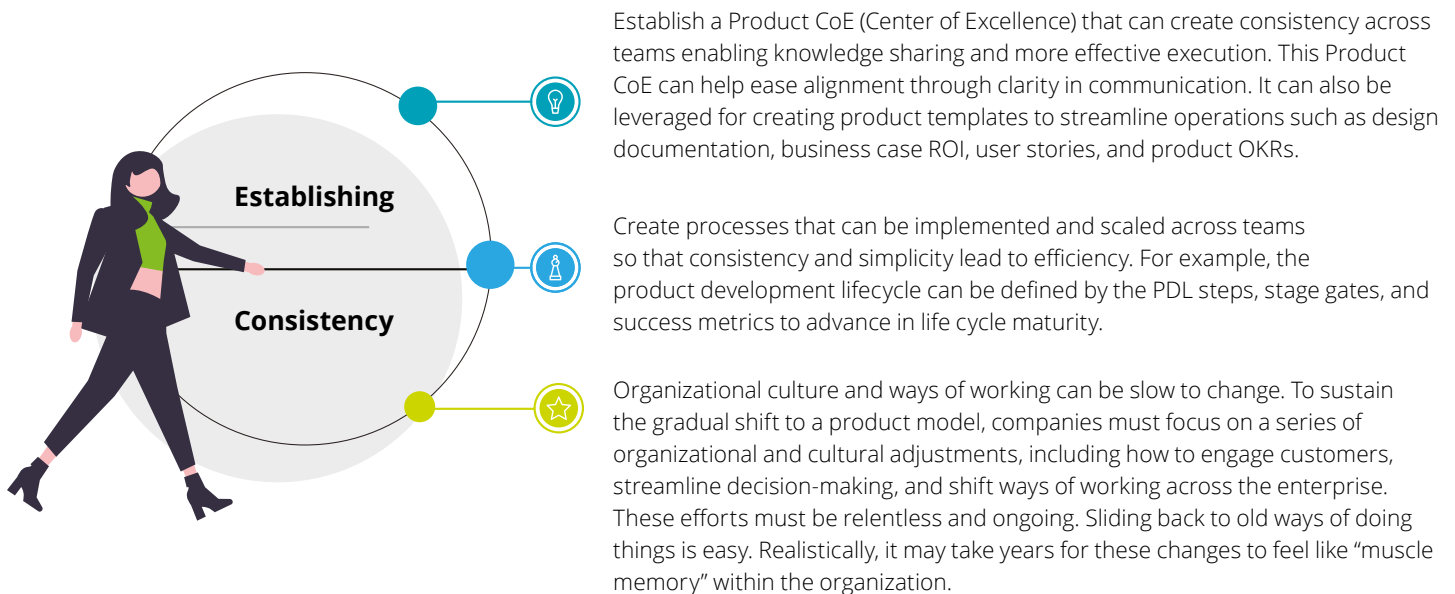
Client Success Story

One of our global retail clients was struggling to scale their eCommerce team due to skills gaps, immature and inconsistent processes, and overloaded employees. After an in-depth assessment, our team helped reshape the product organization, implement standardized processes and communications, and retrain existing resources. With this strong foundation in place, over the next four years the team was able to scale from one product manager to 24, deliver 70+ new digital products and features, and provide consistent double-digit eCommerce growth.

4. Build product-centric practices

The most effective product organizations establish ways of working and strive for consistency. Leaders should introduce a product delivery playbook, consolidate the tool stack, and identify procedures for roadmap prioritization and budget requests to ensure consistency across the organization. Many will quickly find the extreme difficulty in attempting to establish a consistent governance structure, reducing friction across teams with competing priorities, and changing the culture to embrace an iterative agile, product-centric mindset.

We recommend taking three steps to help address these challenges:

Establishing

Consistency

Establish a Product CoE (Center of Excellence) that can create consistency across teams enabling knowledge sharing and more effective execution. This Product CoE can help ease alignment through clarity in communication. It can also be leveraged for creating product templates to streamline operations such as design documentation, business case ROI, user stories, and product OKRs.

Create processes that can be implemented and scaled across teams so that consistency and simplicity lead to efficiency. For example, the product development lifecycle can be defined by the PDL steps, stage gates, and success metrics to advance in life cycle maturity.

Organizational culture and ways of working can be slow to change. To sustain the gradual shift to a product model, companies must focus on a series of organizational and cultural adjustments, including how to engage customers, streamline decision-making, and shift ways of working across the enterprise. These efforts must be relentless and ongoing. Sliding back to old ways of doing things is easy. Realistically, it may take years for these changes to feel like "muscle memory" within the organization.

We partner with organizations through their change management lifecycle in defining a product management playbook, creating ways of working documentation, and establishing a Product Center of Excellence to ensure efficiency and intentional prioritization for funding and budgeting.

Client Success Story

A Fortune 500 client had built one of the largest industry operations in America but found its digital capabilities were driven by third party platforms. This resulted in a lack of control and transparency for operators and a disjointed experience for customers. With a focus on users and outcomes, Deloitte reframed the business case from managing to owning the digital commerce platform with a developed product organization proficiency. This client had a rapid growth in their sales and loyalty program. The results were:

103% growth in loyalty   **$97%** increase YoY in digital revenue
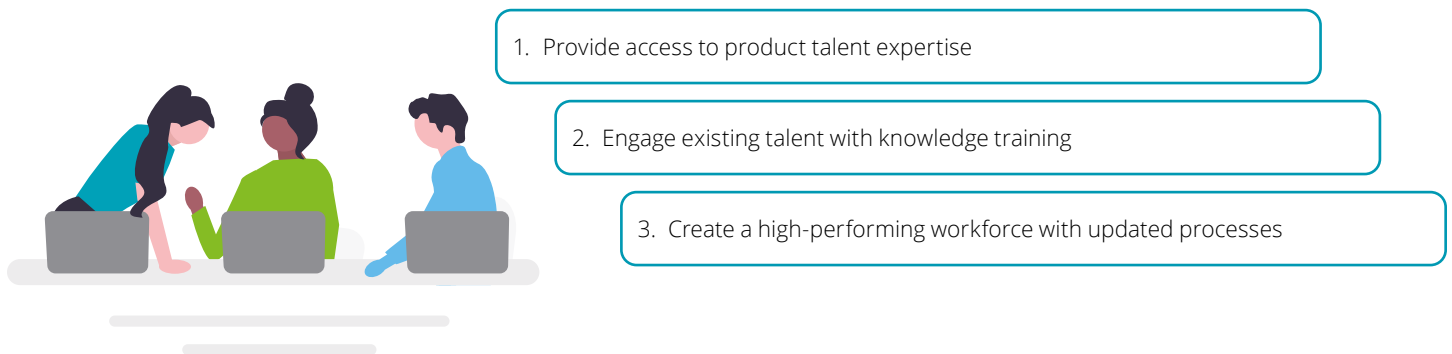
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5. Support talent through change

Once a company has defined the business case strategy, established the product organization, and organized the operating model around processes that impactfully build product-centric capabilities, it needs to look at how it supports employees. Product Management is in demand and organizations are constantly being challenged with retaining and attracting top talent.

Within Deloitte's Center of Excellence, we help companies define and communicate the product management career path and growth opportunities for their employees. A successful product organization will create a culture that focuses on empowering the individual by offering opportunities for levelling up skillsets, advancement, and career growth.

We recommend focusing on these three levers to support your talent through the change:

1. Provide access to product talent expertise

2. Engage existing talent with knowledge training

3. Create a high-performing workforce with updated processes

Retaining Talent is the largest issue companies face in today's market. Mitigating this challenge requires addressing all five of the challenges on the path toward becoming a more product-centric organization. It is important to note, however, that the product organization's maturity will not happen overnight. To tackle these challenges, it is important to understand where the company is in their product journey, what their unique needs and capabilities are, and where their priorities lie.

Client Success Story

One of our communications clients had siloed marketing systems and a lack of internal collaboration between their teams, which led to duplicated processes and training. We implemented a single platform that enabled a 50-percent reduction in campaign planning turnaround and 75-percent reduction in training time, both of which allowed the client to dedicate time and resources to more strategic initiatives.

What will you build?

Product leaders must invest the time and effort required to ensure fundamentals of product management are in place for products to be successful. Deloitte's 5 Steps to Becoming a Product-Centric Organization can be applied to any organization to assess current gaps and identify future areas of improvement. Just as building a product is an iterative process, so is becoming a product-centric organization. Leaders should consistently reevaluate, identify new opportunities, and iterate to enhance the product organization's impact.

Deloitte has worked with product leaders and teams across many industries and at every stage of the maturity scale. Deloitte's Product Management consulting services include diverse offerings such as product leadership services, short-term product bootcamps, product leadership labs, product transformations, and full-stack product teams.

Ready to take your product organization to the next level?

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