PROJECT TO PRODUCT

What's driving better business performance
at elite organizations

planview®

New research proves that a product operating model drives better business performance – yet 97% of organizations report implementation hurdles.

Why It Matters

In elite organizations – those that meet their quarterly business objectives more than 90% of the time – half of the work is done using a product operating model. However, in low-performing organizations, the vast majority of work (75%) is still project-based.

- **What's more:** Low performers report more technical debt, waste, and unrealized value than high performers. Plus, only one in six respondents know if they've met their quarterly business objectives.

These new insights come from surveying more than 600 global technology leaders and analyzing 8,000 value streams across various industries. The findings are consistent with research published by McKinsey & Company, where analysts found that top companies in terms of product maturity and operating model maturity have 60% greater total returns to shareholders than bottom-half companies and 16% higher operating margins.[1]

ELITE ORGANIZATIONS BUILD DIFFERENT.

OUTCOME-BASED	FUNDING-FOCUSED	HIGHLY VISIBLE
3x	**50%**	**4x**
more likely to operate the entire enterprise as a value steam network	said their organization has developed an enterprise-wide operating model that aligns project-based planning with product-based funding – over twice as many as the lowest performers	more likely to be making work visible and limiting work in progress than low-performing organizations

ELITE ORGANIZATIONS USE THIS TERMINOLOGY.

Value stream network	Work visibility	Work-in-progress (WIP) limit	Work aging	Flow Metrics®
The connected web of individual value streams across teams and functions, which improves value delivery through greater company-wide visibility and efficiency	A shared view of work showing where people invest effort, making it easier to gauge alignment, capacity, and progress against outcomes	A cap on active tasks (i.e., work in progress) to optimize workflow and enhance team productivity	A measure of how long work has been in progress, highlighting delays and identifying workflow bottlenecks	A set of metrics that measure the efficiency and effectiveness of the software development life cycle

LOW PERFORMERS SHARE COMMON CHALLENGES.

TECHNICAL DEBT

65%

of organizations are inadequately funding technical debt (less than 10% of work goes to modernization)

WASTE

30%

of effort is wasted on canceled work in the lowest performing organizations, compared to 10% in typical organizations

UNREALIZED VALUE

30%

of work that has been started, but not delivered, is more than 90 days old, compared to 5% median overall

Key Findings

A product operating model drives better business performance.
Research shows that top-performing companies are product-oriented – from culture and funding to teams and delivery. Elite organizations have twice as much product-oriented work – and one-third of the wasted development work – as low-performing organizations.

Most organizations either haven't established or maintained the necessary systems and practices to perform at an elite level.
While the biggest challenge is not having a shared, clear vision of a product operating model, several other barriers impede progress, performance, and implementation. For example, just 10% said they have a structured approach to managing dependencies across development teams and value streams. Only 15% said they can incorporate customer feedback within weeks. And 50% still measure the success of delivery teams primarily with cost and quality metrics instead of business value.

Most organizations remain far from full adoption.
Making the shift from project to product is a five-stage journey. The highest number of respondents report they are either in stage 2 (41%) or stage 3 (32%) – "experimenting" or "expanding." However, with only 12% reporting themselves in the final two stages, the point is this: Few organizations are approaching maturity, likely because there's so much in the way of their progression.

Product operating model adoption is increasing, but organizations employ both project and product teams.
While all organizations report leveraging elements of product-oriented work, some have expanded product teams more broadly than others. In five years, 50% of respondents predict that 80% of their work will be product oriented. However, many organizations will still employ both product and project teams.

Recommendations

The findings support concerted action from leaders in three areas: increasing visibility, connecting value streams up and out across the organization, and prioritizing the human element of outcome-driven work.

Increase visibility.

- Examine aging work and canceled work to minimize waste and mine unrealized value for the business.

- Optimize flow metrics to ensure the most efficient response to meeting customer needs, both internal and external.

- Make work visible – and use WIP limits.

Connect value streams up and out across the organization.

- See the organization as a value stream network – a cross-functional web across the enterprise.

- Ensure the whole organization is set up to support the value streams, especially finance and funding.

Prioritize the human element of outcome-driven work.

- Empower product managers to relentlessly prioritize.

- Address burnout by monitoring stress and using flow metrics, among other strategies.

GO DEEPER

Access the analysis on what makes an elite product-oriented organization – and what's stopping companies from becoming one – in the full report.

↗ Get the Report

Work with Planview's team of highly skilled experts to build a practical roadmap for operationalizing and sustaining a mature product operating model. Explore how you can drive a project-to-product shift successfully, from transformation to realization.

↗ Request a Personalized Assessment

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1. McKinsey & Company. The bottom-line benefit of the product operating model. Accessed Sept. 12, 2024. https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-bottom-line-benefit-of-the-product-operating-model

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