Gartner Webinars

Gartner delivers actionable, objective insight, guidance and tools to enable stronger performance on your organization's mission critical priorities

Gartner®

Enhance your webinar experience

Ask a Question

Download Attachments

Share This Webinar

Gartner.

Build Product Management Teams in IT Part 3: Transform Legacy Culture Mindsets

Chad Walker

Principal, Advisory

Gartner.

Part 3: Mindset and Culture Change

1. **Part I: How do we set up effective product teams?**

2. Part II: How do we develop skills and competencies?

3. Part III: What are the Mindset and Culture Changes required?

Gartner.

Part 3: Mindset and Culture Change

1. Part I: How do we set up effective product teams?

2. Part II: How do we develop skills and competencies?

3. Part III: What are the Mindset and Culture Changes required?
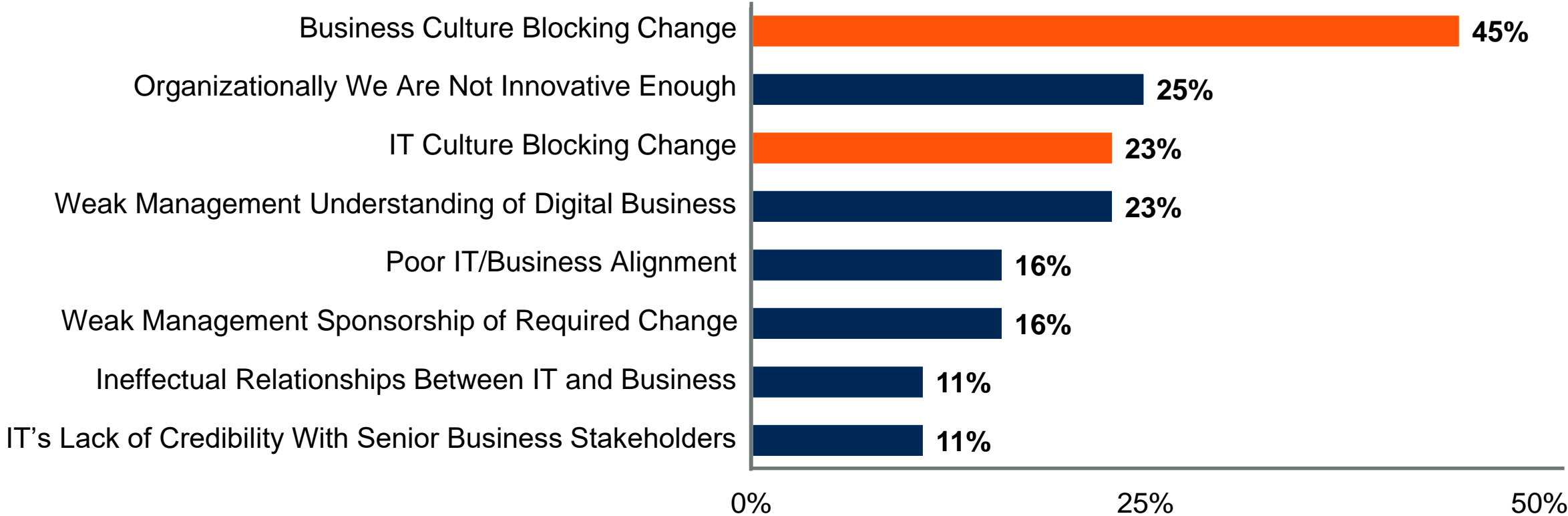
Gartner

Part 3: Mindset and Culture Change

1. Part I: How do we set up effective product teams?

2. Part II: How do we develop skills and competencies?

3. Part III: What are the Mindset and Culture Changes required?

Gartner

Culture Biggest Barrier To Achieving CIO Objectives

Significant Barriers to CIO Objectives
Percentage of Respondents

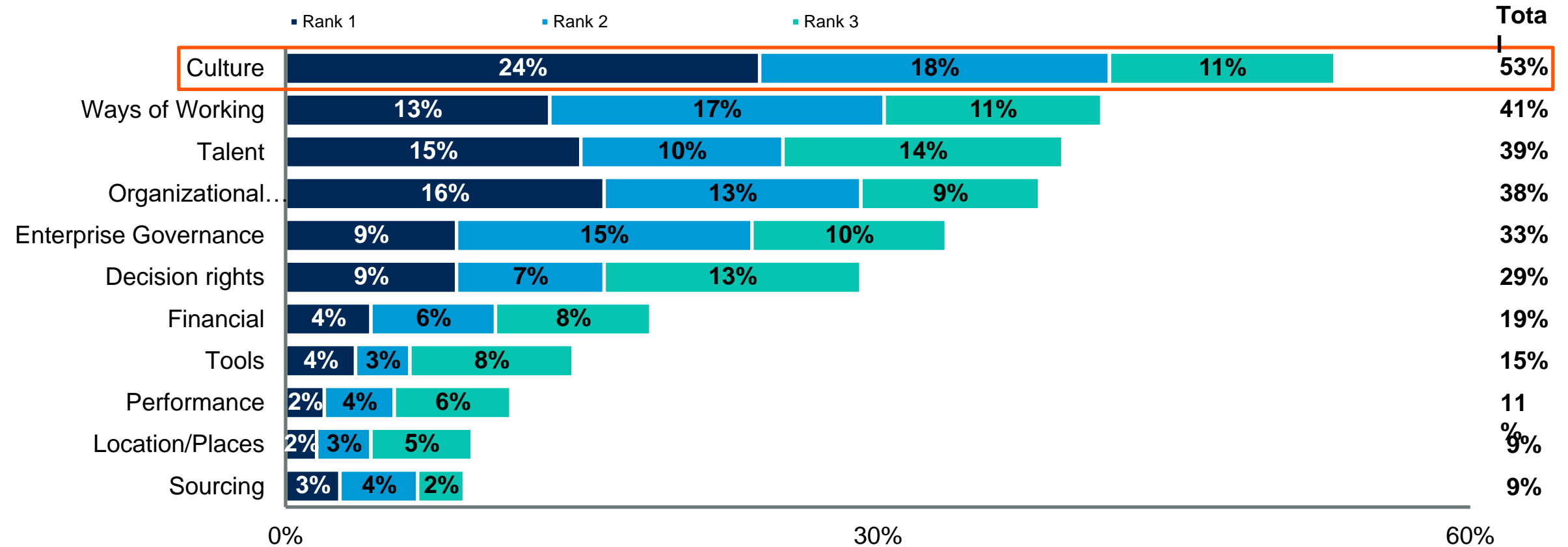| Barrier	Percentage
Business Culture Blocking Change	45%
Organizationally We Are Not Innovative Enough	25%
IT Culture Blocking Change	23%
Weak Management Understanding of Digital Business	23%
Poor IT/Business Alignment	16%
Weak Management Sponsorship of Required Change	16%
Ineffectual Relationships Between IT and Business	11%
IT's Lack of Credibility With Senior Business Stakeholders	11%

Gartner

Culture Is The Most Challenging Component To Transform

Most challenging components of operating model to transform

■ Rank 1 ■ Rank 2 ■ Rank 3 **Total**

	Rank 1	Rank 2	Rank 3	Total
Culture	24%	18%	11%	53%
Ways of Working	13%	17%	11%	41%
Talent	15%	10%	14%	39%
Organizational...	16%	13%	9%	38%
Enterprise Governance	9%	15%	10%	33%
Decision rights	9%	7%	13%	29%
Financial	4%	6%	8%	19%
Tools	4%	3%	8%	15%
Performance	2%	4%	6%	11%
Location/Places	2%	3%	5%	9%
Sourcing	3%	4%	2%	9%

n = 254, all respondents

Q13. Which components of the operating model have been most challenging to transform
Source: Gartner 2021 Business Benefits of Operating Model Choices

Gartner

How To Think About Culture

Culture

Culture is the set of behavioral norms and unwritten rules that shape the organizational environment and how individuals interact and get work done in that environment.

Values	Practices	Mindsets
Principles	Activities	Thinking
Priorities	Rewards	Attitude
Drivers	Routines	Perspectives
Motivators	Terminology	Viewpoints

Behaviors

Gartner

Roadmap

Help Employees Understand The Mindset And Behavior Shifts Required

Adapt Performance Metrics To Drive Behavioral Change

Accelerate The Adoption Of These New Mindsets Through Culture Hack

Gartner

Roadmap

Help Employees Understand The Mindset And Behavior Shifts Required

Adapt Performance Metrics To Drive Behavioral Change

Accelerate The Adoption Of These New Mindsets Through Culture Hack

Gartner

Four Key Product-Centric Mindsets

Defining Product-Centric Mindsets

1 **Customer Centricity**

2 **Empowerment and Agility**

3 **Outcome Orientation**

4 **Cross-Team Collaboration**

Gartner.

Build Consistent Product Management Mindsets

T-Mobile's Product Management Principles to help explain the mindset changes it expects to see in its people

1

Center on our customers
Put our customers' needs at the
center of your decision making.

2

Be empowered to make decisions
Own the outcomes of your product to
continually evolve as context changes.

3

Own the experience of your product
Create the right experiences for
your partners and customers.

4

Break down organizational silos
Accelerate collaboration
to meet customer outcomes.

5

Accelerate consumption
Evolve our product technology and
processes to accelerate time to value.

6

Iterate to sustain innovation
Test, learn and display creativity
in pursuit of customer outcomes.

Gartner

Leaders and Employees Reinforce Each Other's Behaviors

Legacy Behavior Loops

Leader Behavior   **Employee Behavior**

Telling	Asking and consensus seeking

Hesitation in giving up authority	Frequent decision escalation

Narrow focus on fully meeting short-term metrics	High failure and risk avoidance

Leaders and Employees Reinforce Each Other's Behaviors

Legacy Behavior Loops

Leader Behavior	Employee Behavior
Telling	Asking and consensus seeking
Hesitation in giving up authority	Frequent decision escalation
Narrow focus on fully meeting short-term metrics	High failure and risk avoidance

Desired Behavior Loops

Leader Behavior	Employee Behavior
Listening and question-based leadership	Empowered judgment
Delegation of decisions	Independent, evidence-based decision making
Transparent strategy and value-based communications	Recognition of how lessons from failure contribute to future thinking

9Spring

Roadmap

Help Employees Understand The Mindset And Behavior Shifts Required

Adapt Performance Metrics To Drive Behavioral Change

Accelerate The Adoption Of These New Mindsets Through Culture Hack

Gartner.
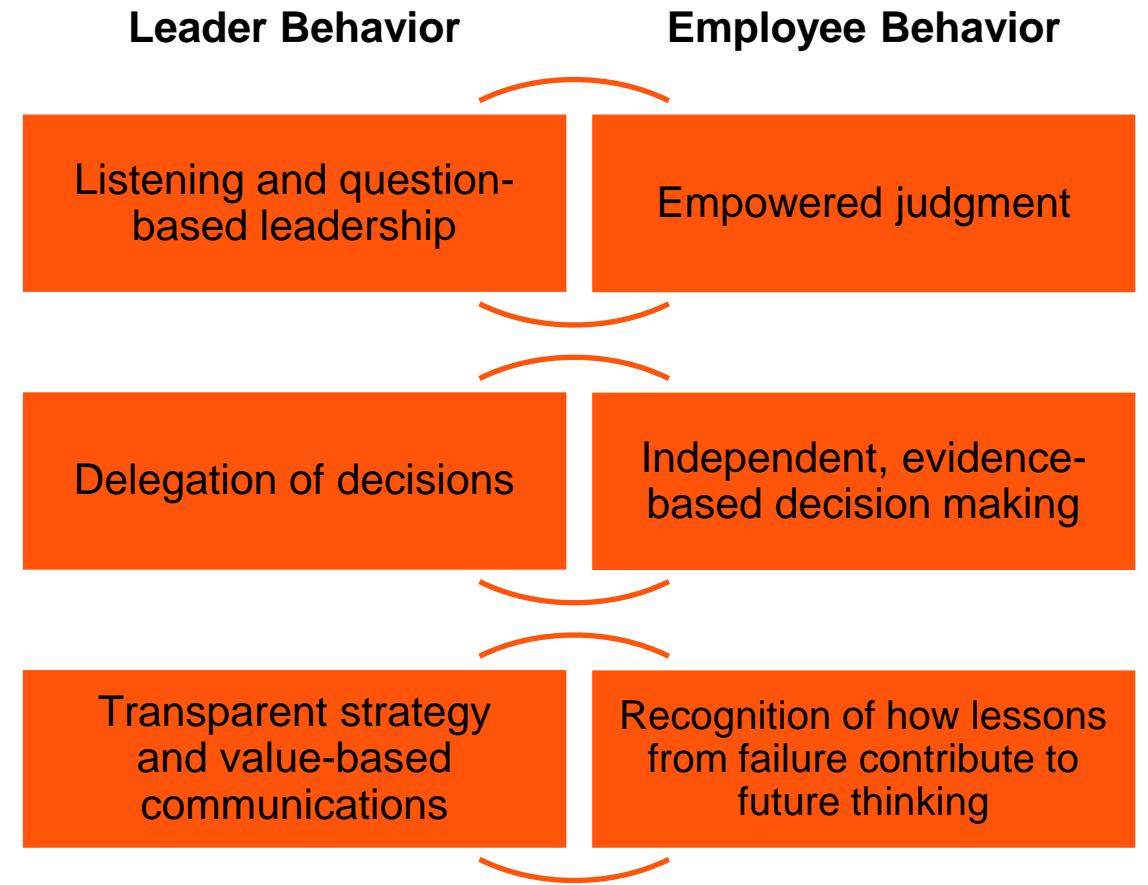
Metrics for Measuring Product Team Performance

The Evolution of Metrics

Traditional project metrics

Progress in moving to product management

New outcomes metrics

Project Inputs	Product Marketing	Product Outcomes
• Percent of Schedule Target	• Usage (percent of product features being used daily)	• Percent of Revenue Target
• Percent of Target Scope	• Adoption (current users as a percent of total potential user base)	• Percent Change in Business Downtime
• Percent of Budget Target		• Margin
• Spending on New Functionality		• Customer Satisfaction
• Stage-Gate Compliance	• Cost per User	• Click-Through
• Methodology Compliance	• Code Quality	• Renewal Rate
• Volume of Code	• Cycle Time	• Employee Satisfaction
• Key Application Availability		

Gartner

Drive Customer Centricity Using Metrics

Hilton

Performance Objectives for Prearrival Product Line Staff, Illustrative

**Delivery
Team Objectives**

**Customer
Outcomes:**

**Marketing
Team Objectives**

Delivery Outcomes:

- Velocity
- Code efficiency
- Defect rate
- Acceptance testing results

- Percentage of customers using digital check-in
- Repeat usage of digital check-in
- Customer ratings of digital check-in
- Customer satisfaction ratings compared with traditional check-in

Marketing Outcomes:

- Lead generation
- Brand awareness
- Web traffic
- Revenue generated from marketing efforts

Gartner

Drive Customer Centricity Using Metrics

Hilton

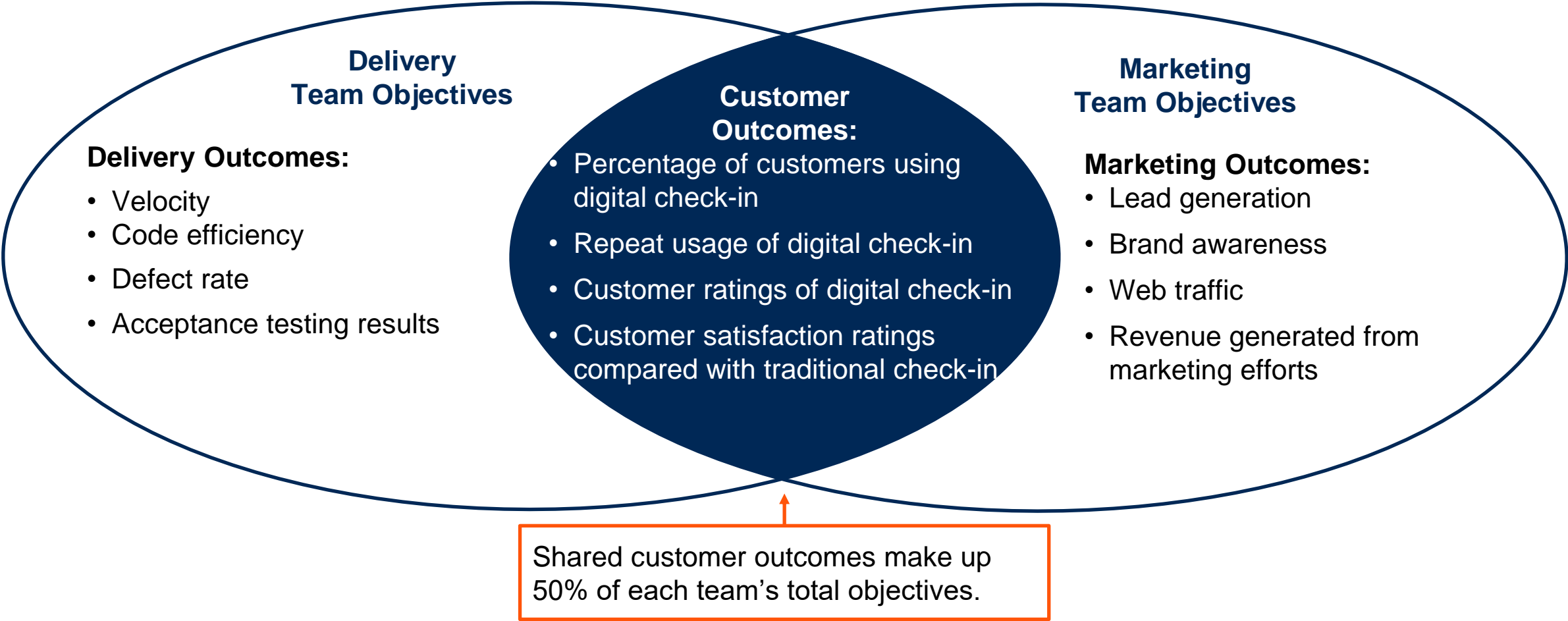Performance Objectives for Prearrival Product Line Staff, Illustrative

**Delivery
Team Objectives**

**Customer
Outcomes:**

**Marketing
Team Objectives**

Delivery Outcomes:
- Velocity
- Code efficiency
- Defect rate
- Acceptance testing results

- Percentage of customers using digital check-in
- Repeat usage of digital check-in
- Customer ratings of digital check-in
- Customer satisfaction ratings compared with traditional check-in

Marketing Outcomes:
- Lead generation
- Brand awareness
- Web traffic
- Revenue generated from marketing efforts

Shared customer outcomes make up 50% of each team's total objectives.

Gartner

Align Product Team and Business Objectives TD Bank

A Cascade to Connect Team and Business Outcomes

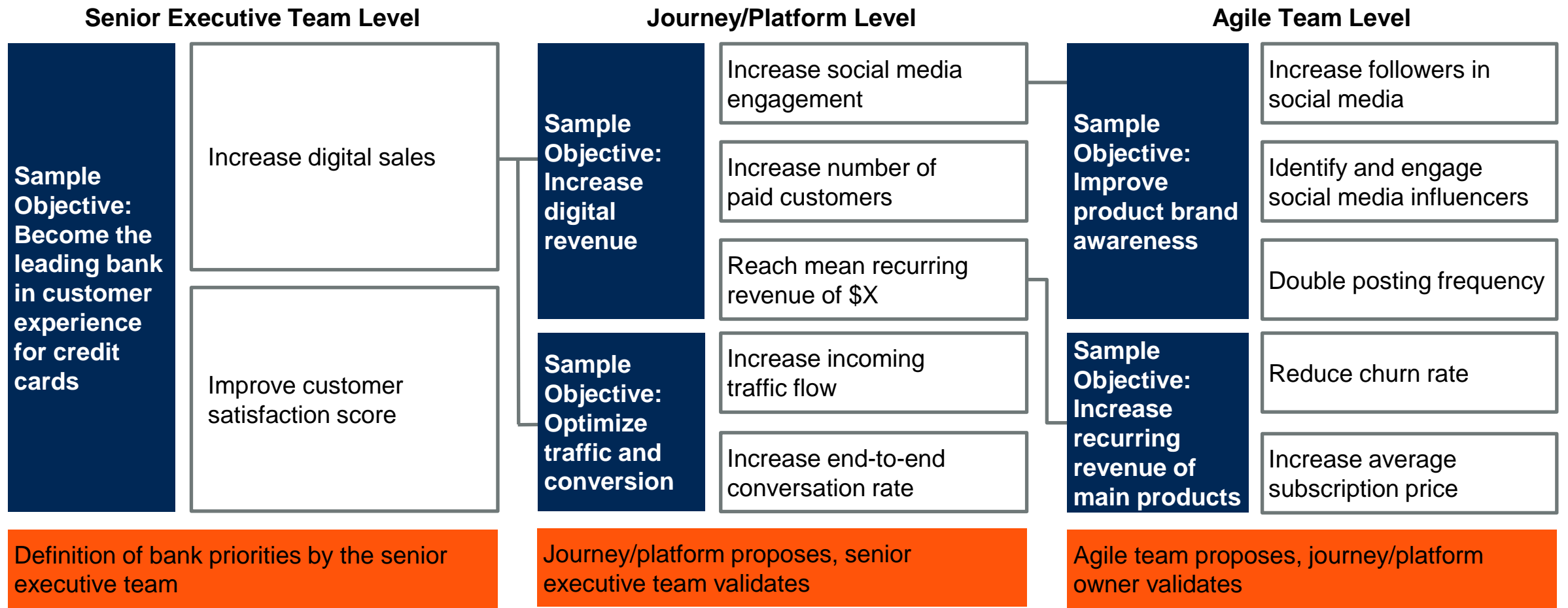*Illustrative Example: Become a Leader in Customer Experience for Credit Cards*

Senior Executive Team Level	Journey/Platform Level	Agile Team Level

Sample Objective: Become the leading bank in customer experience for credit cards

- Increase digital sales
- Improve customer satisfaction score

Sample Objective: Increase digital revenue

- Increase social media engagement
- Increase number of paid customers
- Reach mean recurring revenue of $X

Sample Objective: Optimize traffic and conversion

- Increase incoming traffic flow
- Increase end-to-end conversation rate

Sample Objective: Improve product brand awareness

- Increase followers in social media
- Identify and engage social media influencers
- Double posting frequency

Sample Objective: Increase recurring revenue of main products

- Reduce churn rate
- Increase average subscription price

Gartner

Align Product Team and Business Objectives

A Cascade to Connect Team and Business Outcomes

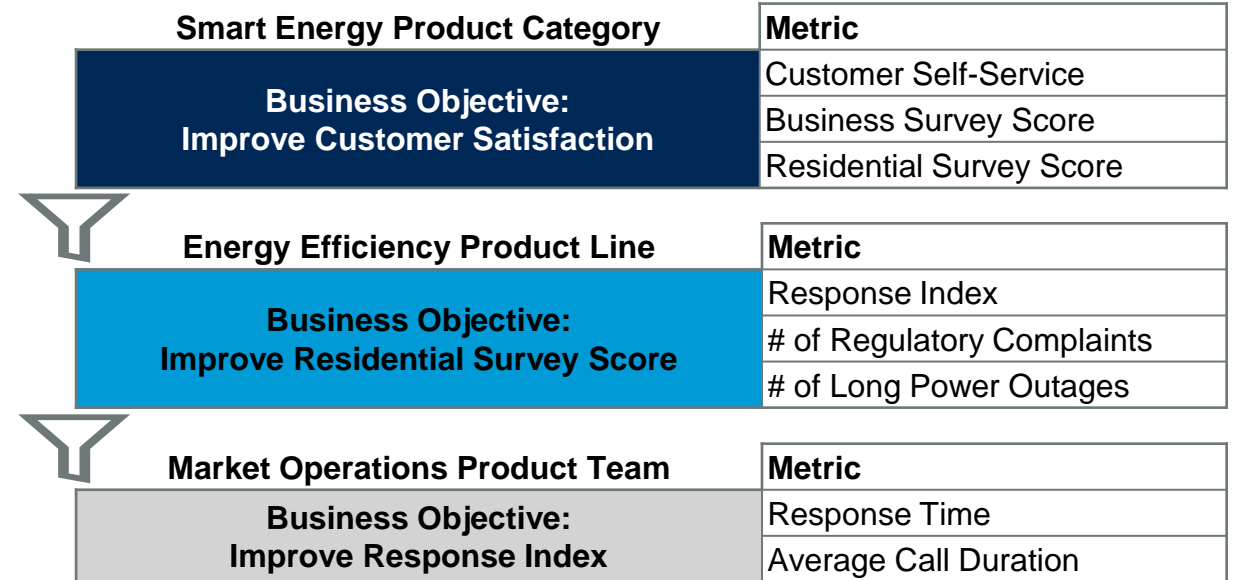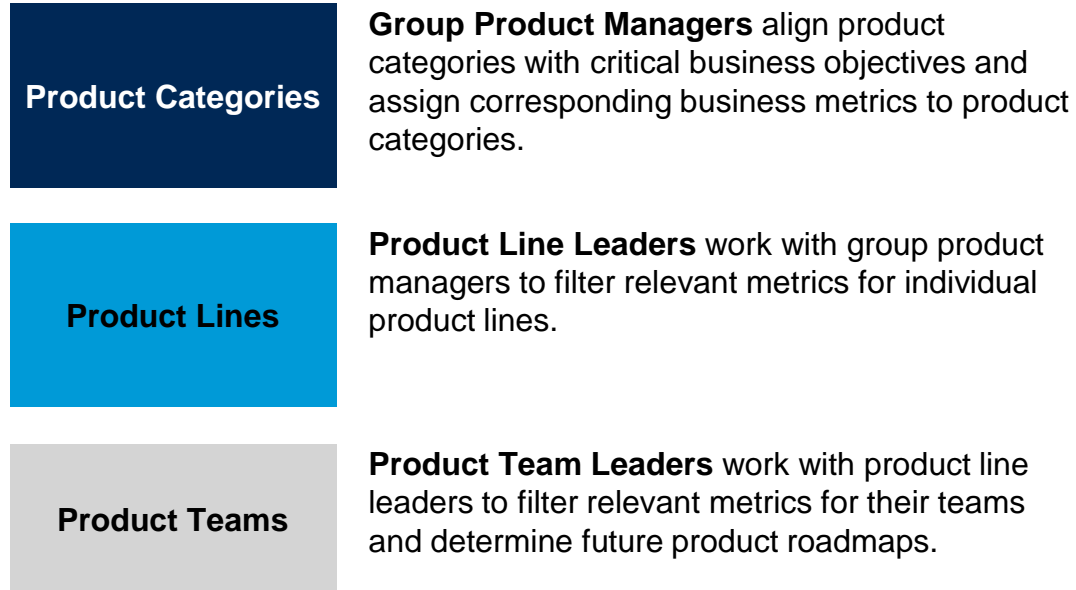*Illustrative Example: Become a Leader in Customer Experience for Credit Cards*

Senior Executive Team Level	Journey/Platform Level	Agile Team Level

Sample Objective: Become the leading bank in customer experience for credit cards

- Increase digital sales
- Improve customer satisfaction score

Sample Objective: Increase digital revenue

- Increase social media engagement
- Increase number of paid customers
- Reach mean recurring revenue of $X

Sample Objective: Optimize traffic and conversion

- Increase incoming traffic flow
- Increase end-to-end conversation rate

Sample Objective: Improve product brand awareness

- Increase followers in social media
- Identify and engage social media influencers
- Double posting frequency

Sample Objective: Increase recurring revenue of main products

- Reduce churn rate
- Increase average subscription price

Definition of bank priorities by the senior executive team

Journey/platform proposes, senior executive team validates

Agile team proposes, journey/platform owner validates

Gartner®

Involve Product Teams in Filtering Best-Fit Business Metrics

How PSEG Cascades Business Metrics to Product Teams (Illustrative)

Product Categories — **Group Product Managers** align product categories with critical business objectives and assign corresponding business metrics to product categories.

Product Lines — **Product Line Leaders** work with group product managers to filter relevant metrics for individual product lines.

Product Teams — **Product Team Leaders** work with product line leaders to filter relevant metrics for their teams and determine future product roadmaps.

Smart Energy Product Category

Business Objective: Improve Customer Satisfaction

Metric
Customer Self-Service
Business Survey Score
Residential Survey Score

Energy Efficiency Product Line

Business Objective: Improve Residential Survey Score

Metric
Response Index
# of Regulatory Complaints
# of Long Power Outages

Market Operations Product Team

Business Objective: Improve Response Index

Metric
Response Time
Average Call Duration

Criteria to Filter Best-Fit Business Metrics:
Level of Direct Impact
- Do existing products impact this metric?
- Do planned products impact this metric?
- Can we optimize existing or design new processes to impact this metric?

Level of Indirect Impact
- Can our product, or planned products, replace products that impact this metric?
- Can a byproduct of our current workflows impact this metric?
- Can we improve the **productivity** of teams who directly impact this metric?

Roadmap

Help Employees Understand The Mindset And Behavior Shifts Required

Adapt Performance Metrics To Drive Behavioral Change

Accelerate The Adoption Of These New Mindsets Through Culture Hack

Gartner.

Five Key Elements of Culture Hacks

Characteristics of Best-in-Class Culture Hacks
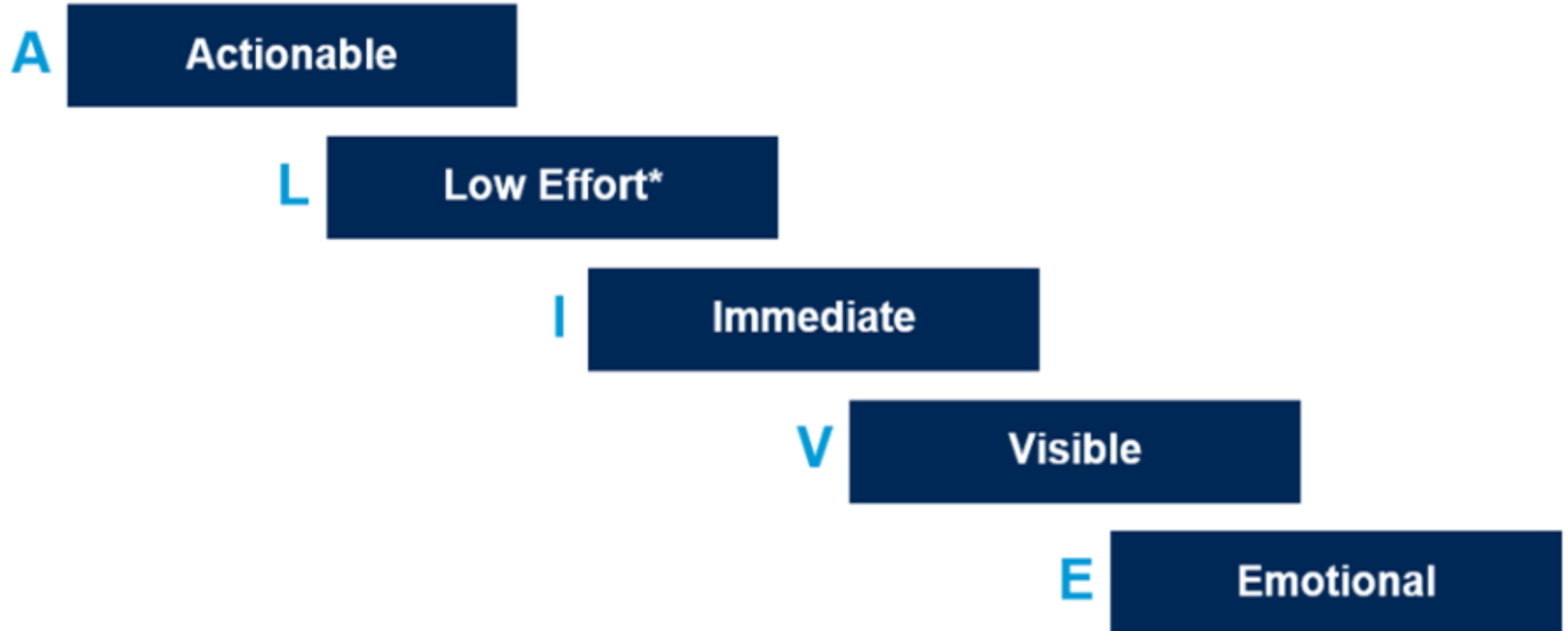
A Actionable

L Low Effort*

I Immediate

V Visible

E Emotional

Gartner

The Culture Hacking Roadmap
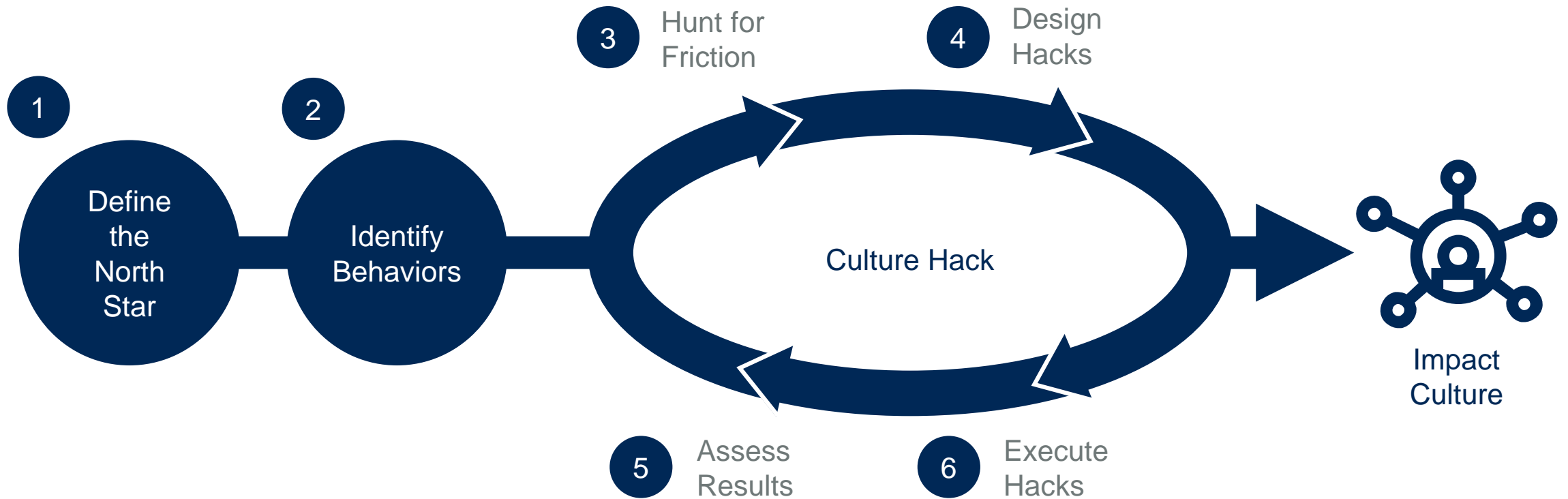
1 Define the North Star

2 Identify Behaviors

3 Hunt for Friction

4 Design Hacks

Culture Hack

5 Assess Results

6 Execute Hacks

Impact Culture

Gartner

Conclusion

To maximize the value of product management,

- Focus on cultivating mindsets of customer centricity, agility, outcome orientation, empowerment and cross-team collaboration.

- Follow the below roadmap for success in product management:

1

Socialize the mindsets and cultural shifts required by explicitly defining and socializing the "North Star" culture direction with both leaders and employees.

2

Next, adapt product team performance metrics to focus on business and customer experience outcomes

3

Throughout the change journey, accelerate the adoption of these mindsets by experimenting with different culture hacks.

Gartner

Ask your questions

Ask a question	Attachments	Rate this	Details

Ask a question

Type your question here…

Send Question

Gartner.

Gartner®

MARKETING SYMPOSIUM|Xpo®

The World's Most Important Gathering of CMOs and Marketing Executives™

23 – 25 May 2022 | Virtual | Americas

A must-attend gathering offering CMOs and senior marketing leaders an expanded agenda of research, advice and shared learning. Discover an essential view into the technologies and trends that are shaping modern marketing strategies.

Learn more: gartner.com/us/marketing

Register with code **WEBINAR** for an exclusive discount.

At this year's conference, you'll gain:

Trusted insights, including marketing benchmarks and best-in-class peer learning

Strategic advice for your most challenging priorities including innovation, planning and budgeting

Practical application through case studies and toolkits

Future-Proof Your IT Workforce With a Digital Talent Management Framework

Access a proven framework to help CIOs build a future-ready workforce.
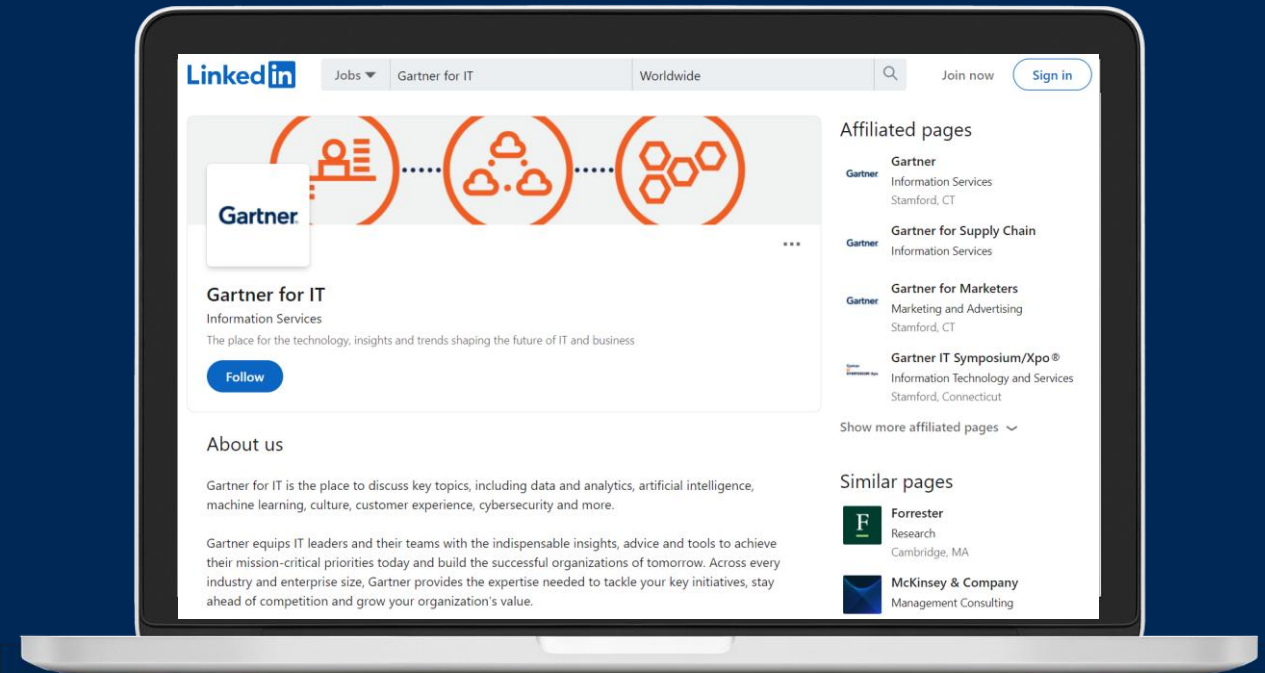
Download the Research

Gartner®

Gartner for **IT** on Social Media

Want to stay in-the-know? Connect with us on LinkedIn and Twitter to receive the latest Gartner IT insights and updates across research, events and more.

It's all curated specifically for IT leaders and decision-makers.

Follow us on 🐦 in

Gartner®

Gartner can help you achieve your mission critical priorities

Strengthen and accelerate key decisions with actionable insights and expert advice.

Learn More

Gartner®

Get more Gartner insights

Download the research slides

View upcoming and on-demand Gartner webinars at gartner.com/webinars

Rate this webinar

Gartner®

Appendix

Gartner®

Culture Hacks to Promote Customer Centricity

Select Examples of Culture Hacks to Foster Customer Centricity

Culture Hack	Why Does it Work
Use an Empty Chair for Your Customer: Leave an empty chair representing the customer in your leadership meetings. When the discussion reaches an impasse, everyone turns to the empty chair and asks, "What would be best for the customer?"	Keeps the organization from becoming inwardly focused, as the chair acts as a physical reminder of the customer. The physical element turbocharges the hack.
Stop Idea-Generation Meetings: Stop all idea-generation meetings or events, or change them to be focused on solving specific customer challenges.	Emphasizes that the customer must be at the center of all decisions and innovation.
Record Two-Minute Customer Video: Create an unproduced (that is, taken on a phone) one- to two-minute video of a customer struggling to use a system or process that the organization believes has no major issues.	Clarifies the problems of the customers and reiterates the need for focus on customer experience.
Use a Timer to Reiterate the Need for Customer Focus: Use a timer in meetings, and set it to 15 minutes without any explanation. When it goes off, note whether the customer problem has been discussed during the discussion. If not, then it indicates that the initiative lacks customer focus.	Signals the need for focusing on the customer, not technical needs.

Gartner

Culture Hacks to Promote Empowerment and Agility

Select Examples of Culture Hacks to Foster Empowerment and Agility

Culture Hack	Why Does it Work
Clarify What Decisions Staff Can Make Autonomously: Before embarking on a new initiative, explicitly communicate how you will push down decision making and what decisions rest with the rest and not on the leader.	Helps curtail leaders' legacy behavior of controlling decisions or employee behavior of frequently escalating decisions due to risk aversion.
"Break the Rules" Committee: Hold a weekly/monthly special hacking meeting, where you break the rules: scratch policies, cancel old procedures, empower people, connect people and so on.	Quashes the bureaucratic mindset and allows people to speak freely about what processes hinder empowerment and agility.
Define a Target Failure Rate: Set a minimum rate of failure for innovators, signaling that if the team isn't failing a minimum amount, it's not innovating properly.	Empowers staff to make decisions by removing the stigma of failure, and also sends a strong signal that failure-phobic behaviors won't be tolerated.
Ask — What Should We Stop Doing? In every conversation about embarking on something new, include an examination of what the team should stop doing, including behaviors, assumptions and habits.	Signals that the organization seeks a change that is real and immediate, including the killing of conventional, traditional behaviors.

Gartner

Culture Hacks to Promote Outcome Orientation

Select Examples of Culture Hacks to Foster Customer Centricity

Culture Hack	Why Does it Work
Create a Business Outcomes Wall: Designate a wall to write the targeted business outcomes on an initiative. Every time a task is finished, place a note on the wall to report how you performed on that business outcome.	Reminds teams of the business relevance/outcome for each task posted on the wall and, over time, helps change their mindset.
Name Initiatives Based on the Desired Outcome: Name each initiative based on the desired outcome. For instance, "Triple Our Conversion Rate" or "Quadruple Web Traffic."	Shifts the focus to the business outcome from technology features.
Ask: How Does This Meeting Further The Desired Outcome? The morning after a big change is announced, begin walking into meetings unannounced and ask, "How does this meeting advance the desired outcome we announced yesterday?" If people don't have a good answer, cancel the meeting and ask people to hold the meeting once they can answer that question.	Reduces the enormous amount of inertia built up around things already underway and signals the need to reorient agendas and ways of working to desired outcomes.
Set a Stretch Goal: For instance, getting delivery time down from two weeks to two hours on some projects to spur associates to think big or remove operational constraints and assumptions.	Triggers more creative thinking, because the seemingly impossible goal moves constraints and encourages associates to question norms.

Gartner

Culture Hacks to Promote Cross-Team Collaboration

Select Examples of Culture Hacks to Foster Empowerment and Agility

Culture Hack	Why Does it Work
Collaborate With Someone Outside Your Team: Make a rule that, for a certain initiative, at least one collaborator must be someone outside their team.	Boosts collaboration by nudging employees to work with colleagues beyond their team.
Work on a Cross-Team Initiative: Provide each employee with an opportunity to work on an initiative with another team at least once in a year.	Breaks down organizational silos and increases collaboration across the enterprise.
Use Internal Communications to Showcase the Human Side of Execs and Employees: Run a small campaign to create informal blogs, podcasts and intranet pages that reveal the human side of staff and senior leadership across silos.	Bridges the divide between different teams, and leads to communication channels that are more open.
Give Feedback to Other Teams: Have each team rate the other teams on their performance monthly/quarterly with red/amber/green rating.	Emphasizes the need for cross-functional collaboration.

Gartner