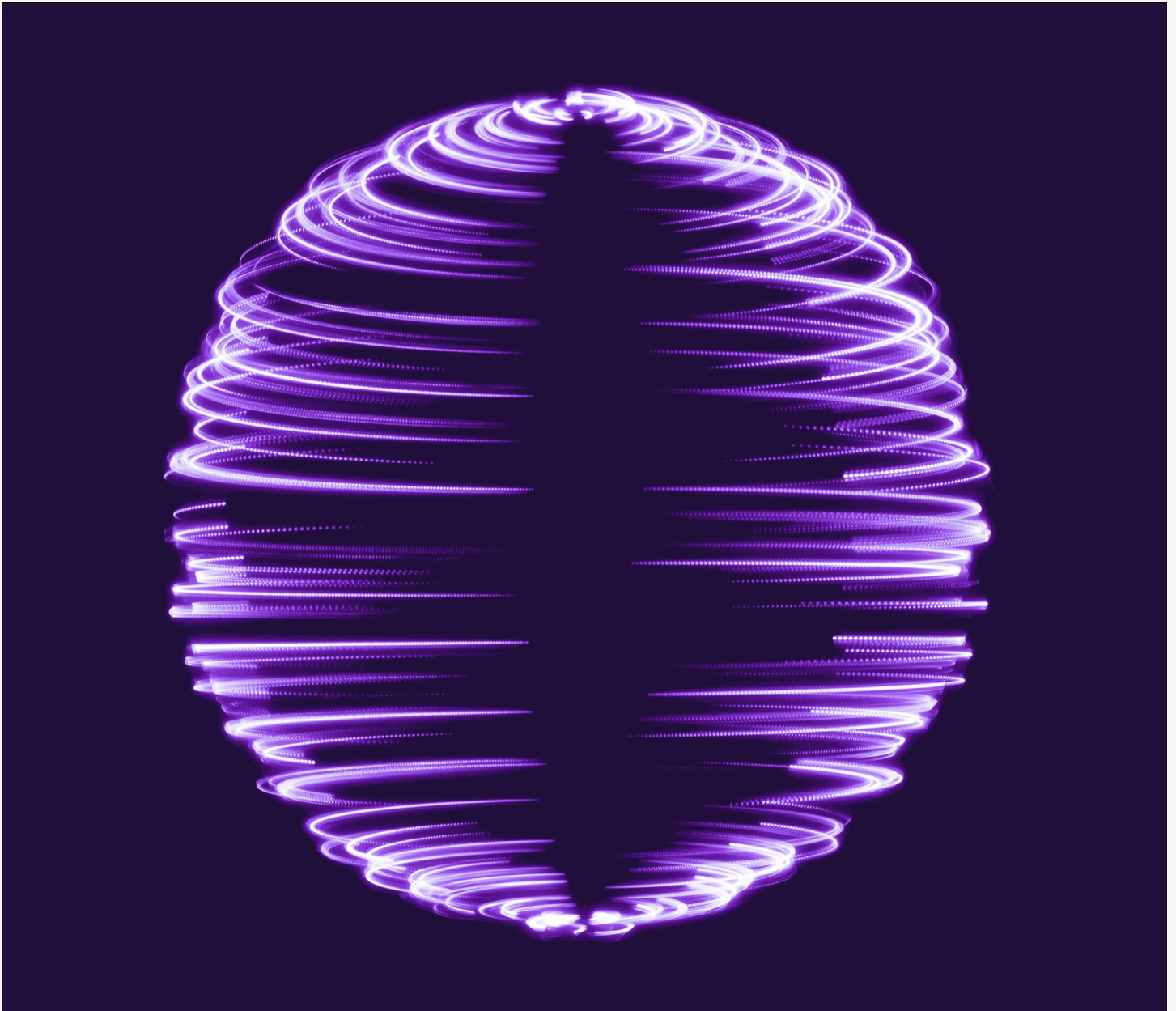


A manager's roadmap to the product operating model

Lead with value. Deliver with purpose.



From projects to products: a strategic imperative

Today's world is evolving fast. Customer expectations are rising, technological advancements like AI are redefining what's possible, and global competition is intensifying the pace of innovation. To succeed, organizations must adapt their approach to strategic investments, and fundamentally reimagine how discretionary work is structured.

In the product development space in particular, legacy project-based methods are proving inadequate. Traditional projects assume predictability, fixed scope, and rigid release schedule. However, rapid delivery, along with continuous solution co-creation with customers in the new normal. Packaging features into rigid project releases delays outcomes and increases risk. By contrast, continuous discovery and delivery allow functionality to be released as soon as it is product ready, accelerating time to value and improving alignment with true customer needs.

70-80%

*of AI projects
are failing today*

*"Why Most AI Projects Fail"
by Ron Schmelzer and
Kathleen Walch*

There is also the uncomfortable truth that projects often fail to deliver results. Despite decades of investment in project management methodologies, most strategic initiatives underperform, and it's not getting better. In fact, today, 70-80% of AI projects are failing. These failure rates expose the limits of a project mindset in a world where adaptability, learning, and speed are paramount.

This is why forward-looking organizations are embracing the Product Operating Model or POM. By transitioning from projects to products, they create structures that support continuous value delivery and long-term customer partnerships. Products, unlike projects, do not end - they evolve. This product-centric orientation enables companies to invest in outcomes over outputs, ensuring that its scarce resources are focused on delivering the highest value work for both their customers and their business objectives.

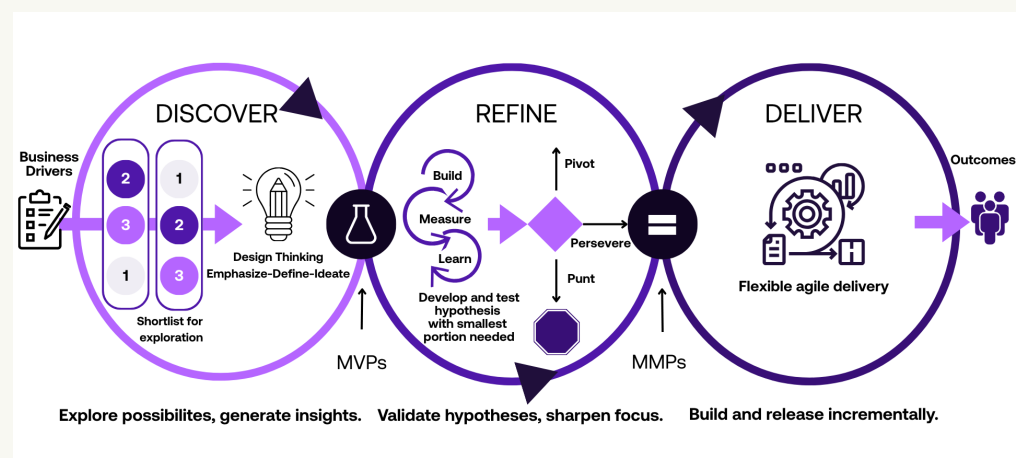
This shift is also a driver for another critical evolution - the shift from Project Management Offices (PMOs) to Agile Value Management Offices (VMOs). Where traditional PMOs focus on delivery oversight and compliance, Agile VMOs are designed to optimize the flow of value. They act as the catalyst for the POM by enabling adaptive governance, aligning strategic priorities with execution, and ensuring that investment decisions drive measurable outcomes.

In this whitepaper, we'll explore the POM and how the Agile VMO acts as a catalyst for it, enabling success and positioning organizations for the future. With the guidance we provide here, Project Professionals can lead this change in thinking, managing, and working to support value optimization across all discretionary investments.

Understanding the product operating model (POM)

The POM aligns product strategy, culture, business processes, team structures and technology with customer needs. It represents a shift from short-term, time-bound thinking (i.e., projects) to recognizing the long-term investment inherent in delivering products to customers. The approach represents an essential evolution for maximizing long-term growth and financial performance. By organizing teams around value streams and customer journeys, companies can improve agility and responsiveness to market changes.

Customer-centric design is at the heart of the POM. Whether the ultimate customer is internal or external, the full team must understand the customer experience and work together to develop solutions that meet current and evolving customer needs. This customer alignment reduces project and business risks, drives engagement and customer satisfaction and decreases time-to-value. In fact, many of the common arguments for a Product Operating Model overlap with “going agile” (faster delivery, customer centricity, adaptability). However, the POM unlocks benefits that go beyond agile delivery alone by reshaping strategy, funding, and organizational design.



As popularized by Marty Cagan, Jeff Patton, and Melissa Perri, the POM consists of five distinct concepts:

- **Product culture:**
Product Culture is the embedding of a product and outcome mindset into the fabric of how the business operates. It ensures that everyone is focused on delivering innovative, customer-centric solutions that evolve over time. It emphasizes the importance of learning and empowering teams to deliver products that optimally support users.
- **Product strategy:**
Product strategy is the bridge between vision and execution, defining the priorities, focus areas, and sequencing that guide teams toward meaningful outcomes. It provides clarity on where to play and how to win, aligning customer needs with business goals while enabling flexibility to adapt as insights emerge.
- **Product teams:**
Unlike project teams, POM teams persist for an extended period and are empowered to own delivery of products that meet the needs of the business and customer. Teams collaborate to develop innovative solutions that optimize value for all customers and stakeholders alike.
- **Product discovery:**
Effective product discovery is the practice of reducing uncertainty by learning quickly about customer needs, problems and behaviors before committing to solutions. It emphasizes experimentation, research and collaboration to ensure teams build the right thing, not just build things right. Through discovery, product teams connect evidence with insight, enabling better decisions and stronger outcomes.
- **Product delivery:**
Reliable product delivery involves the building, testing, and release of solutions using frequent, independent releases that align with customer needs and use cases. They're delivered using DevOps continuous delivery best practices and are monitored to identify and address problems.

The POM fundamentally reimagines how work is planned, delivered, and managed. That requires a similar redefinition of the project manager's role, which we'll consider next.

	Projects	Products
Approvals & Prioritization	Proposal driven, early projections and interpretation drive decisions	Value stream driven, performance, effectiveness, and efficiency drive decisions
Delivery Schedules	Defined timelines and duration	Continuous until end of life or point of no additional value
Budgets	Annual funding cycles and one-time allocations	Continuous with frequent reviews and adjustments (often quarterly)
Risks	Rigid, administratively focused, broad categories of risks	Flexible, performance focused on delivery and solution risks
Metrics	Triple constraints, disconnected from organizational goals	Customer and business value directly ties to organizational goals
Teams	Matrixed, temporary, built from operational siloes. No involvement after hand-off	Cross functional and multi-disciplinary. Engaged in development and maintenance



Redefining the role of the project manager

Historically, project management success was measured in terms of on-time, on-budget delivery in the absence of measuring value delivery to the customer or business.

With the POM, project managers shift from being task managers to leading business value delivery. They must understand both the customer and the business, as they work to deliver solutions that enhance the end-to-end flow of value. They must also embrace the concepts of continuous delivery and value enhancement.

This requires a challenging, yet exciting, shift in the capabilities of project managers. In a product-centric environment they must:

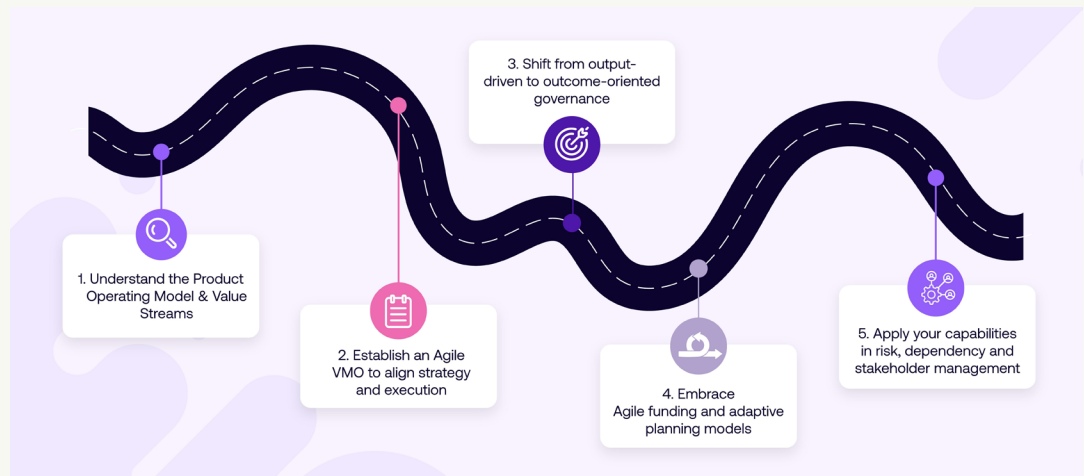
- Embrace change to optimize the solutions that drive value delivery.
- Empower and lead teams to deliver solutions that meet customer and business needs.
- Understand the business environment that will determine product success.
- Lead individuals and teams to engage, challenge, and develop the best solutions.
- Concentrate on the value being delivered.

The POM also requires changes in the relationships that project managers need to develop to succeed in the form of evolution, rather than revolution.

Project managers must also undertake and operate within a value-adding role in the Agile VMO. We'll look at that function in more detail later, but this often represents the most significant shift for project managers.

The roadmap: five steps to leading in the product operating model





Developing a POM requires several connected changes across the existing project delivery environment. To make the transition while ensuring that performance is optimized quickly and with minimal disruption, the following five step roadmap should be pursued:

1. Understand the POM and value streams:

Before organizations can shift to a product-centric approach, they must understand how value flows through their business, or the value streams for internal and external value. All stakeholders must understand the POM and how it changes planning, approval, delivery, and measurement.

2. Establish an Agile VMO to align strategy and execution:

Modern work methods require modern work structures. PMOs don't align with optimized value delivery and must evolve into, or be replaced by, Agile VMOs. These optimize the flow of value, empower teams, and ensure that portfolio return on investment is maximized.

3. Shift from output-driven to outcome-oriented governance:

Success doesn't come from restrictive practices and processes. Governance remains essential, but it must be performance-driven and guided by the principles of maximizing value, while appropriately managing risk. It must provide guardrails and then be as lean as possible to minimize overhead.

4. Embrace agile funding and adaptive planning models:

In today's world, funding can't be annual if we want to avoid the colossal waste that sinks money into "too big to fail" and obsolete initiatives. Funding must adapt in response to changing realities and be allocated based on evolving needs. It must align with adaptive planning that shifts priorities, goals, and investments based on emerging trends to ensure value is always optimized.

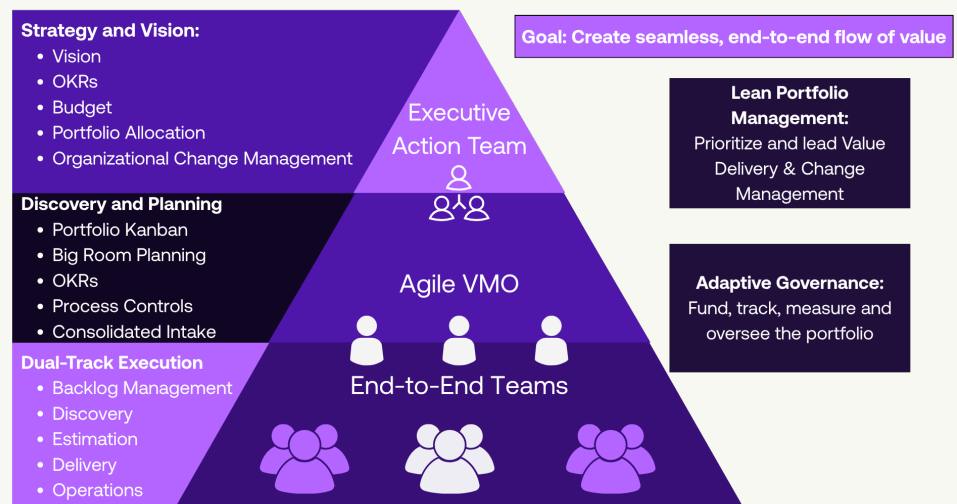
5. Apply your capabilities in risk, dependency and stakeholder management:

In the POM, risks and dependencies must still be managed, and stakeholders must be appropriately engaged. Combining the Agile VMO with clarity around value drivers helps ensure that all variables are understood and that everyone is engaged to deliver a common goal.

Committing to continuous improvement in these areas, and building a culture that optimizes business and customer value will drive significant progress. The Agile VMO can drive this improvement and be a catalyst for enterprise agility. Find more details on the roadmap here: <https://lithespeed.com/roadmap-to-the-product-operating-model/>.

The Agile VMO: a bridge to the product operating model

Value management office or VMO has become a popular term in recent years, but it's often watered down into little more than a rebranding of a PMO. A successful Agile VMO® is a small, cross-functional, cross-hierarchy team of teams with key representatives who work collaboratively across the organization. The goal is to connect the entire portfolio, product, and project management environment across all business areas and organizational levels. The members of the VMO also have functional roles in their own business units, which helps strengthen connections.



The VMO has several key functions, including:

- **Strategic alignment:**
Ensuring that the work being done is always aligned with the strategic goals and objectives, even as the operating environment evolves.
- **Value governance:**
Providing and managing a lean governance framework that prioritizes consistent delivery of value across all value streams.
- **Tracking and monitoring:**
Ensuring that all work in the portfolio is made visible and is carefully managed and tracked to business outcomes.
- **Cross-team coordination:**
Ensuring consistent communication and understanding, while promoting transparency across the strategy delivery environment.

To learn more about how Agile VMOs drive strategic success, access our eBook here: <https://lithespeed.com/pmo-to-vmo/>.

Overcoming challenges in the transition

The shift to a POM, and the development of an Agile VMO, doesn't need to be difficult. However, there are some challenges to overcome.

First is the need to support multiple ways of working. During the adoption of a POM, there will still be initiatives undertaken using traditional project structures.

This will result in multiple business and technology approaches, as well as the need to manage disparate work methods and data sources. Crafting a thoughtful, context-driven transformation roadmap is essential. The roadmap will provide a clear direction on how work will migrate to a new model, and how work methods will be integrated.

The transition to a POM requires clear, consistent communication. It also requires reasonable expectations, especially among the business executives who must champion this evolution. Over time, as more people embrace the shift to a product model and VMO, the culture will evolve, embedding this modern approach to work and value focus.

Evolving the PMO into an Agile VMO

Nationwide Insurance transformed its "Scrummerfall" approach by implementing a Value Management Office (VMO) that realigned around customer value, fostered cross-silo collaboration, and prioritized minimum marketable products. The results included a jump from one to 50 releases per month, 67% faster business velocity, 30% shorter cycle times, and a 15% cost reduction."

From PMO to VMO: Managing for Value Delivery by Sanjiv Augustine, Rolland Cuellar, and Audrey Scheere



Conclusion: leading the shift: project managers as catalyst for product transformation

Project managers have a critical role to play. They create and maintain the environments where teams come together to deliver critical initiatives. But the nature of that role is evolving.

This requires clear, consistent communication. It also requires reasonable expectations, especially among the business executives who must champion this evolution. Over time, as more people embrace the shift to a product model and VMO, the culture will evolve, embedding this modern approach to work and value focus.

Transitioning to a POM model requires a meaningful commitment to a sustainable transformation. It then requires investment in understanding how and where value is created, where opportunities for improvements exist, and how best to create an environment where everyone can collaborate on the delivery of that value.

That is a comprehensive reimagining of business, and at LitheSpeed, we're here to help. Ready to learn more?

Contact Us at: info@lithespeed.com



About



LitheSpeed is a boutique consulting, training, and coaching firm dedicated to helping organizations achieve business agility and deliver real value at speed. LitheSpeed specializes in guiding enterprises through digital and organizational transformation with offerings that span executive leadership development, product consulting, Value Management Office (VMO) design, product and value stream operating models, and team-level agile training. Through its Agile Leadership Academy, Global Agility + Innovation Summit, and community events like the DC Lean + Agile Meetup, LitheSpeed empowers leaders and teams to adopt innovative practices, harness the power of AI, and build high-performing, value-driven organizations. Visit LitheSpeed.com and connect with our team on LinkedIn.



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