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Product Ways of Working
Achieving Best-in-Class at Scale

Presented by Thomas Misner to the Walmart US Product Org in April, 2021

Why Product? Let's begin by accepting that working on industry-leading experiences and transforming into a Product-driven enterprise is a journey. Many of us are a year or more into this journey, and some of us are just starting out. But no matter where you are, the further we progress on this journey together, aided and guided by the ways of working we will share, the better the outcome for our customers, associates, suppliers and Walmart. A clear journey should begin with where we are and provide a sense of where we are going.
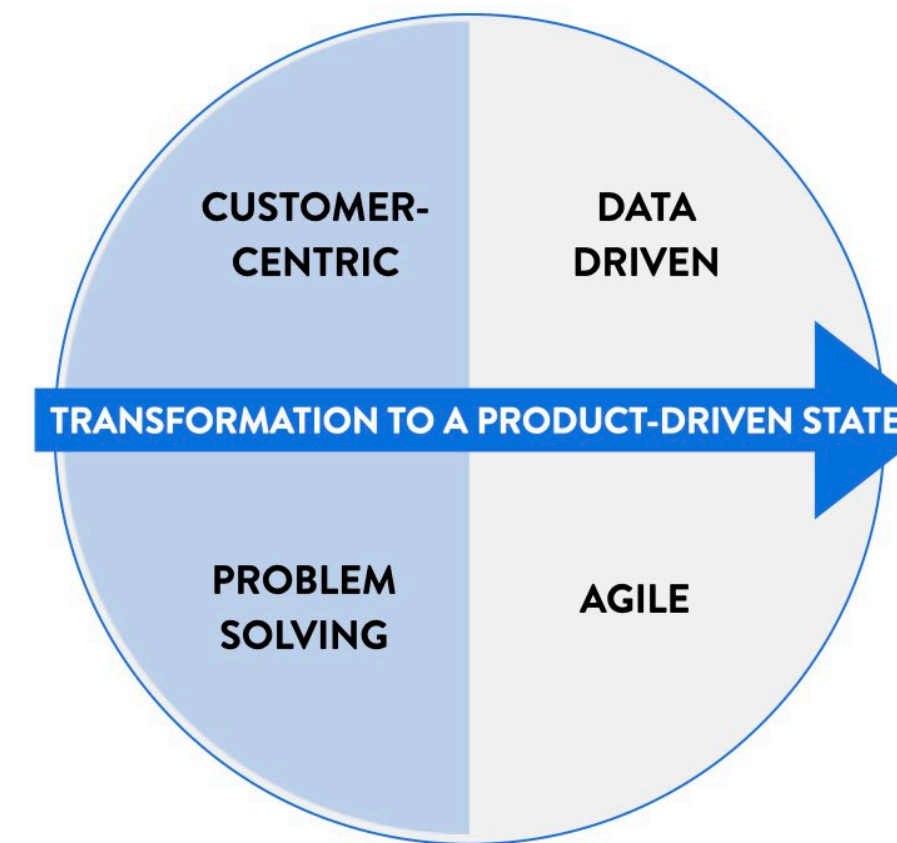
Where we are: the problems
- For customers, their experience is broken: they can't consistently trust Walmart to solve their needs, drawing them away from Walmart to the competition
- For associates, we've overcomplicated their work environment
- For suppliers, we have not made it possible to do business with us at digital speed and we have been slow to innovate opportunities that create additional monetization and acquisition for both suppliers and Walmart
- For Walmart, we don't have a modern foundation of leverage-able core capabilities that enable us to scale at the speed at which technology and customer expectations move

Where we are going: the solutions
- Product should serve as the connective tissue across the business by leading the requirements, prototyping, and capability roadmaps on behalf of Walmart U.S.
- We must employ customer-centric and user-centric decision making guided by research, experimentation, insights, data & analytics and Design Thinking
- The strict adoption of the Four-in-the-Box (4ITB) model is key to ensure effective and timely collaboration
- We must continuously account, align and measure through Objectives and Key Results (OKRs)
- Product prioritization and governance must be deployed to focus human and capital resources on solving the top customer, associate and supplier problems

Our journey is meant to lead us to producing best-in-class experiences. **So how do we define best-in-class?**

We begin by defining a product as an experience, service or function that is designed for and consumed by a customer, associate or supplier. To be successful, it must be (in no particular order):
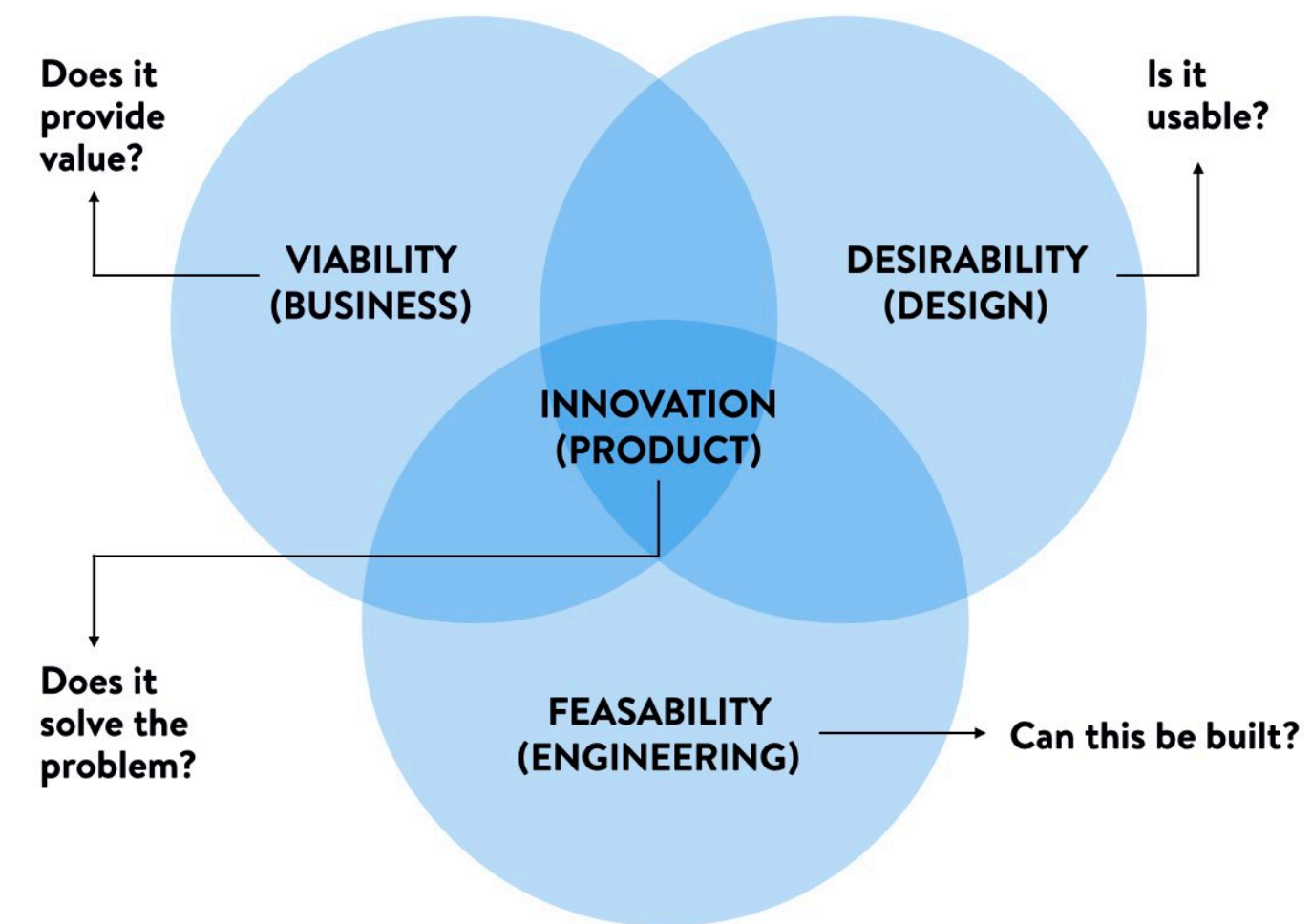
- **Viable to the business**
  - Does it provide value?
- **Desired by the customer**
  - Is it usable?
- **Feasible to build**
  - Can this be built?
- **Innovative**
  - Does it solve the problem?

To make a product viable, desired, feasible and innovative, we return to the solutions stated previously. Walmart should leverage Enterprise Product Management Ways of Working to deliver exceptional products based on the following tenets:

- Identify a Product Manager
- Center around Four in the Box (4ITB) Teams
- Leverage user-centric and data-led decision-making
- Define Objectives and Key Results (OKRs)
- Facilitate product prioritization and governance

Reinforcing these tenets and adhering to the above ensures industry-leading innovation and achievements.
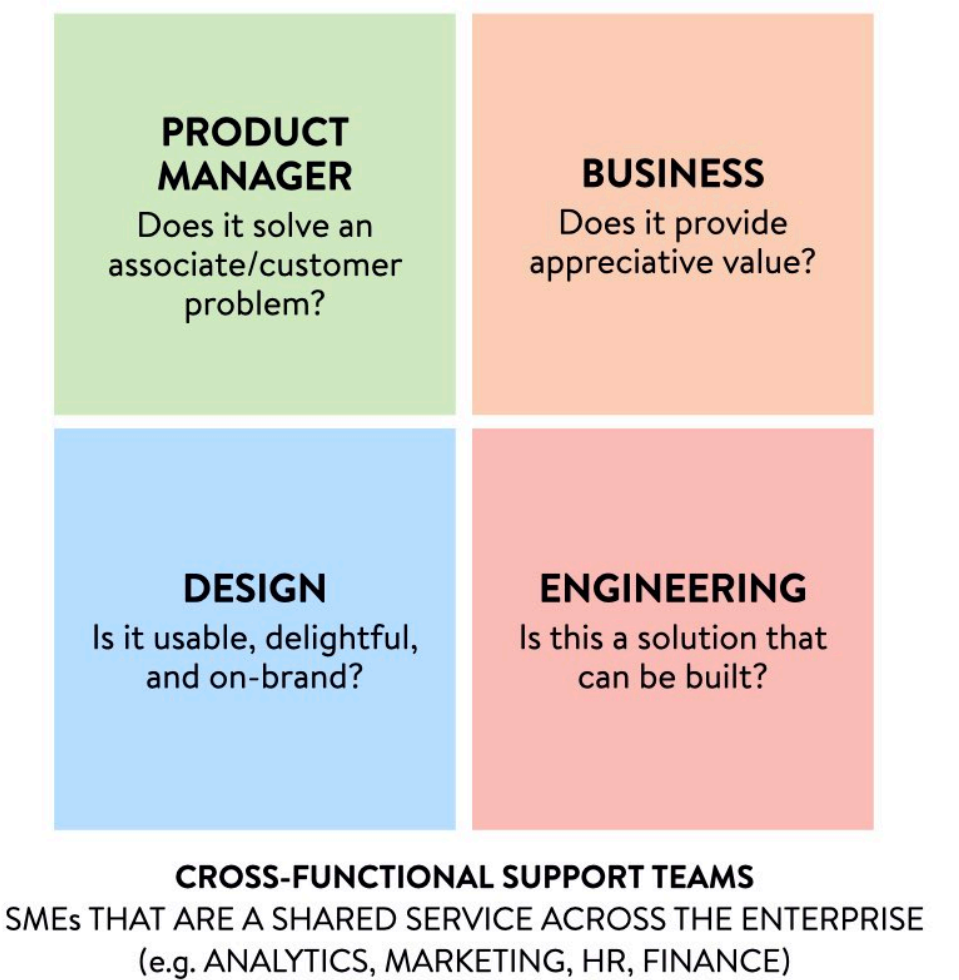

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Walmart Product is centered around the **Four-in-the-Box (4ITB)** model. For those not familiar with it:

- 4ITB is our operating model that gathers a fully represented team from across the company and is designed to align functions to the critical facets of product success
- From top to bottom, 4ITB teams exist at each level to collaborate and develop solutions for defined problems
- Product Managers organize and lead 4ITB teams; they maintain horizontal and vertical alignment
    - Horizontally they ensure collaboration across the team and with partners
    - Vertically they work to align with leadership's goals and vision

We are designing our teams and organization around the same facets of success as we do in Product Design. This alignment we believe is integral to delivering best-in-class experiences.

4ITB Teams: Designed for Success

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PRODUCT MANAGER
Does it solve an associate/customer problem?

BUSINESS
Does it provide appreciative value?

DESIGN
Is it usable, delightful, and on-brand?

ENGINEERING
Is this a solution that can be built?

CROSS-FUNCTIONAL SUPPORT TEAMS
SMEs THAT ARE A SHARED SERVICE ACROSS THE ENTERPRISE
(e.g. ANALYTICS, MARKETING, HR, FINANCE)

Strictly Confidential

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We achieve Four-Dimensional Alignment by leveraging **Objectives and Key Results (OKRs).**

- They are the framework used to set challenging goals
- They allow teams to track their progress and be accountable
- They are best leveraged daily
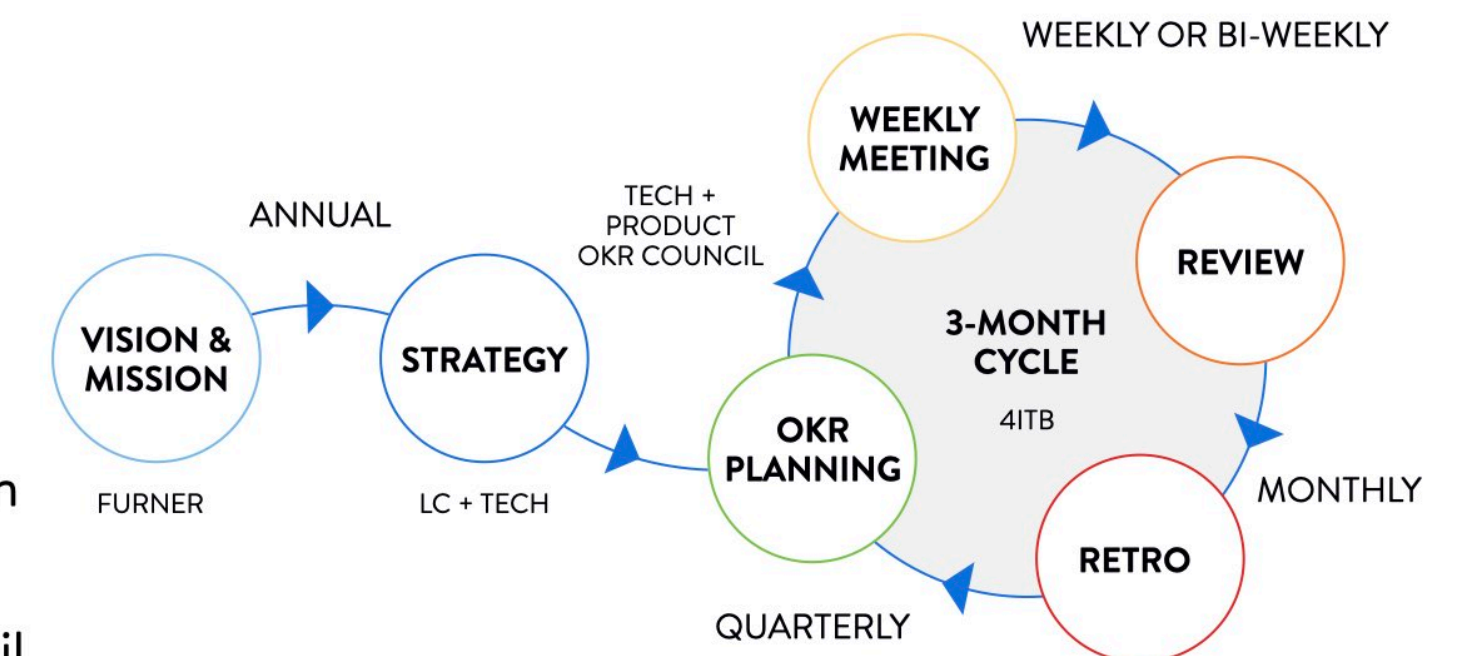- They remain constant until achieved

Objectives outline what to aim for. They are significant, concrete, action-oriented and inspirational. Objectives are longer-term and can be rolled over for a year or longer. In addition, Objectives should be rolled up to align with the organization's respective Objectives.

Key Results are specific, measurable, attainable, relevant and time-bound statements that ensure our desired achievements. They're instrumental in measuring whether an objective has been attained. Key Results evolve as the work progresses and are typically graded and/or adjusted at the end of each quarter. Good Key Results should generally assume a score of 70% if the team accomplishes what it originally believed was possible, and 100% if the team achieved a truly exceptional result beyond what anyone was hoping for.

Why are we using OKRs? To drive behavior change and maintain alignment. If everyone is driving towards the same outcomes we can foster commitment, and trust that we are aligned to the same goals.

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The Product Development Life Cycle is an iterative process that incorporates all the tenets of product innovation and it is the ongoing cycle the ensures continuous improvement of the customer's experience as we relentlessly deliver value.

All roles of a 4ITB team should be engaged throughout the cyclical process of development. To be successful, we should move problems to effective teams, rather than team members around to various problems, resulting in rebooting the efforts of forming, storming and norming.
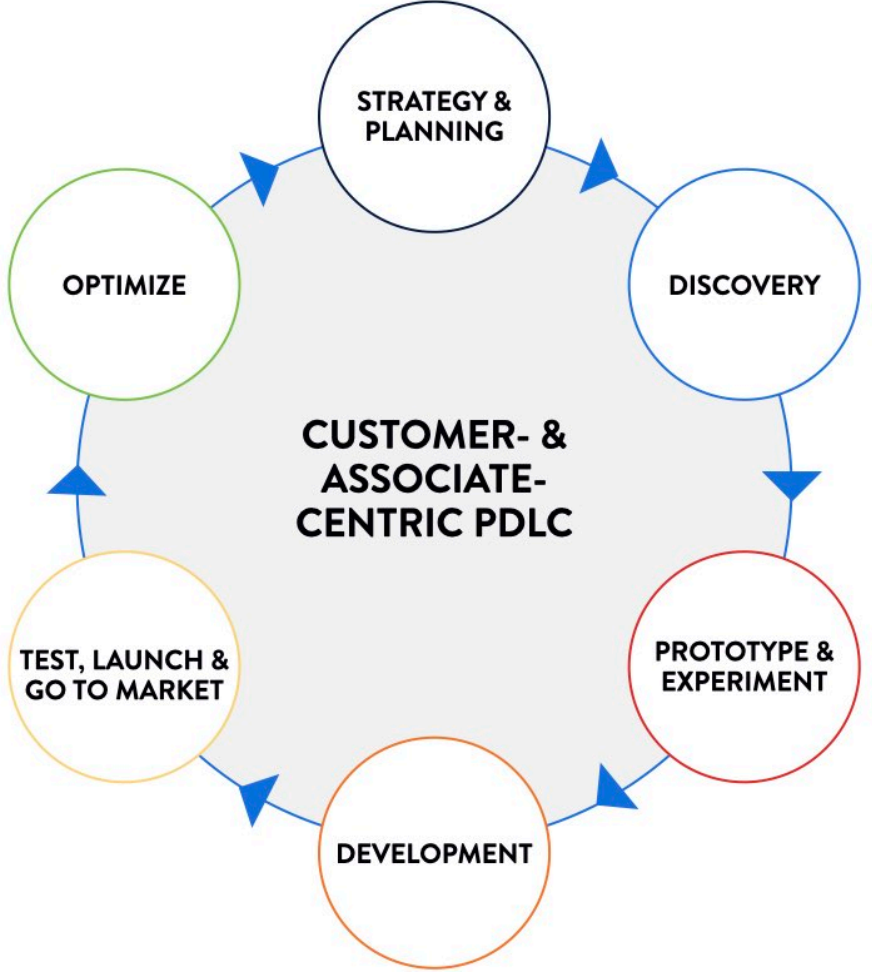
Products should be seen as evergreen and ongoing:
- A Minimum Viable Product (MVP) is delivered first
- The product is continuously enhanced by Minimum Marketable Features (MMFs) that further improve the user experience

Think of the telephone. We've gone from talking over wires through an operator, to the rotary phone, to the modern cellular handset that not only makes calls (the original intent) but connects to the internet and delivers on needs we didn't know we had. The core problem hasn't changed–communicating over distances–but we are continuously improving on the solution by considering the customer experience.

Customer-centric and data-led decision-making is a critical component of a strong product mindset. Decisions are made based on the customer or associate experience–their pain points, desires, constraints, and motivations–at every point in the Product Development Life Cycle.

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The journey towards producing best-in-class experiences is best traveled when we see it as more than following a process, but also as cultivating a mindset.

If we leave you with nothing else today, we want you to be able to answer this question: **"Why is the Product Mindset important?"**

- It is important because it gives us the ability to enable the digital transformation needed to address our customers' and company's most significant problems.
- It is important that we foster effective Product Management
- And it is important that we embody it in everything we do by being obsessed with solving these problems in a collaborative and data-driven way.

Consider our recent upgrades to the Auto Care Center experience. The problem that team discovered was a debilitating and frustrating 20-year-old system. But they didn't solely focus on a solve for the business. The team leveraged a Product Mindset to understand not just how this affected our bottom-line, but how it made the customer feel. Customers were upset with long wait times. They were put off by the lack of transparency. The team took this data back to their 4ITB and worked together, iterating and enhancing until they were confident they had a solution that not just resulted in a win in consideration of the business, but provided a better experience for the customer.

That's the Product Mindset in action.

Ways of Working: More than a Process

A **Product Mindset** is the mentality that equips us to execute digital transformation faster. The mindset is focused on:

- **Understanding** the customer journey
- **Identifying** the pain points that need solving within that journey
- **Building, collecting feedback, iterating and enhancing** the solutions to those problems

Simply put, be obsessed with solving your customers' and associates' problems!

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Thank you!

Questions or comments? Please contact <u>Thomas Misner</u> for more information.