

OTTO

How to establish & protect a product bubble inside your company

David Behlich, Head of Product Digital Retail Platform @OTTO



OTTO in a nutshell

Who we are and how we are set up

#01



OTTO in **figures**

- **6.200** employees, proportion of women: 58 %
- **11.5 million customers** with a daily average of 2.9 million qualified visits to the shop
- **10 million products** from more than 19.000 brands on otto.de
- **5.000+** market partners via OTTO for Business
- **One in every two** washing machines that are ordered online in Germany comes from OTTO
- **One in every three** televisions ordered online in Germany comes from OTTO

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OTTO's **business drivers**

- **Retail:** Buying and selling products with a margin, either from our suppliers or by developing our own brands
- **Marketplace:** Earning a commission when market place partners sell their products to our customers
- **Services:** Delivering B2B services (advertising, logistics, etc.) and B2C services (on-site assembly, installment purchases, etc.)

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Product Management

Who am I, what Product Management is for others and what it is for me

#02



David over the **years**

- **1981:** Born & raised in Hamburg
- **2001-2005:** Diplom Informatiker (FH) @Fachhochschule Furtwangen
- **2005-2011:** Quality Project Lead and Organizational Developer @SAP
- **2011-2018:** Head of PMO, Head of Quality & Test Management and Change Manager @Arvato Systems
- **Since 2018:** Head of Product Digital Retail Platform with 30+ product teams @OTTO

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What **others** write & say

- LinkedIn [put together](#) the 16 best product management books
- medium.com [compiled](#) the 40 best books for Product Managers
- Someone [assembled](#) a visual guide to the best books on product management
- Many, many people broadcast podcasts to which you can [subscribe](#) on spotify



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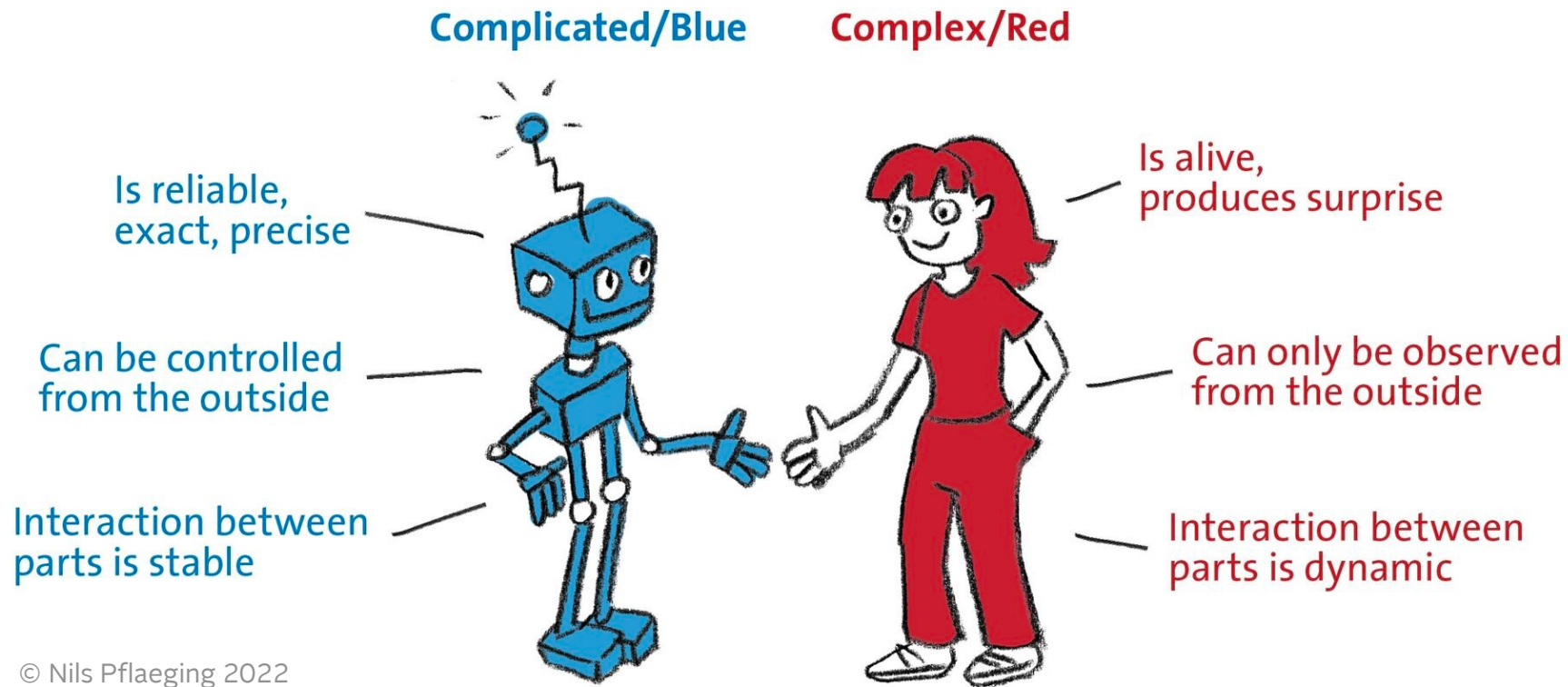


What **I think** PM stands for

- Bringing biz and tech together
- Finding a mutual view on your value stream
- Focussing on the E's of your E2E responsibility
- Working with hypotheses and in experiments
- Cutting release cycles short to quickly find out whether your hypotheses are right or wrong
- Establishing structures to „find and bind them all“ that are compatible with your stakeholders

A quick look at complicated vs. complex

„Complicatedness comes from not knowing, complexity is caused by surprise.“



**Nobody will be able to tell
you, how introducing
and/or growing Product
Management at your
company will be successful**



Therefore you need to establish a product bubble

The bubble **protects** your growing product management organization while keeping it **pervious** to other departments.

Your individual bubble is determined by

- Company culture & mindset
- Senior Management buy-in
- Team & stakeholder maturity
- Already-established roles
- Mandatory processes

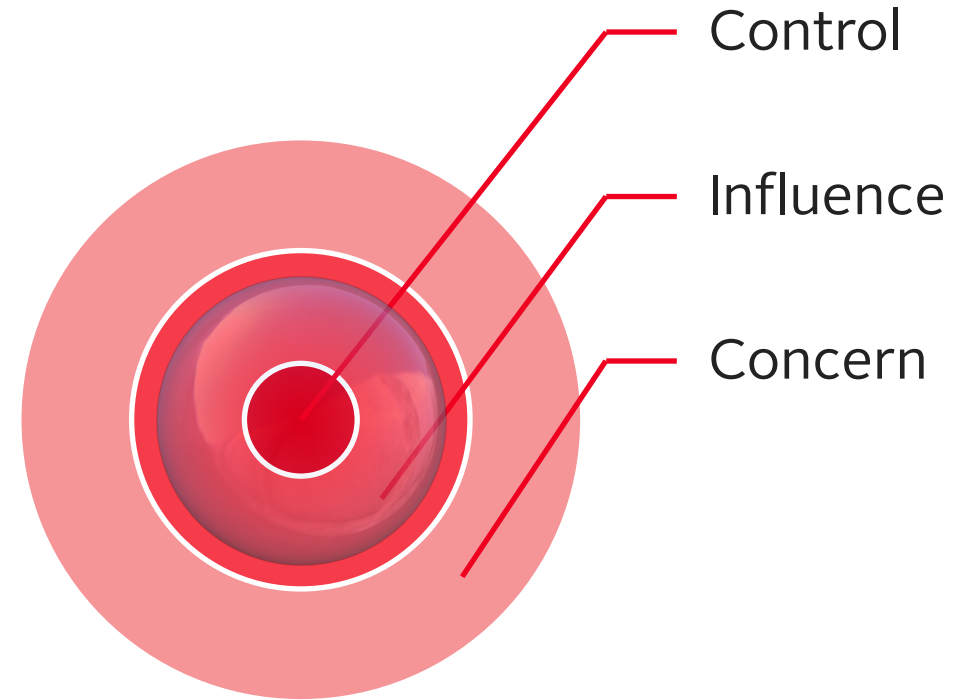
and while it grows will change many of the above.

Circle of Control

I believe that employees & product teams can only be autonomous without creating too much friction,

- if they have a **common purpose** (see Sinek's „Start with why“) and know their individual **contribution** and
- if they find a **common language** and emotional **identification** towards what they are doing.

BUT: Your division has to be able to work with many others that have implemented Product Management differently (or not at all) -> That's your bubble



What I've seen

A short overview of why & how Product Mgmt was introduced at SAP, Arvato Systems & OTTO

#03



What **SAP** did

- The board of directors decided to **roll out LEAN Management top-down** in one big bang
- The transition was prepared within 3 months in cross-directional (senior) management **LEAN Implementation Teams**
- Within 3 months we got rid of all former roles, held trainings for 3.000 people in Walldorf & St. Leon Rot alone and established Jira and 4-week-sprints **everywhere**

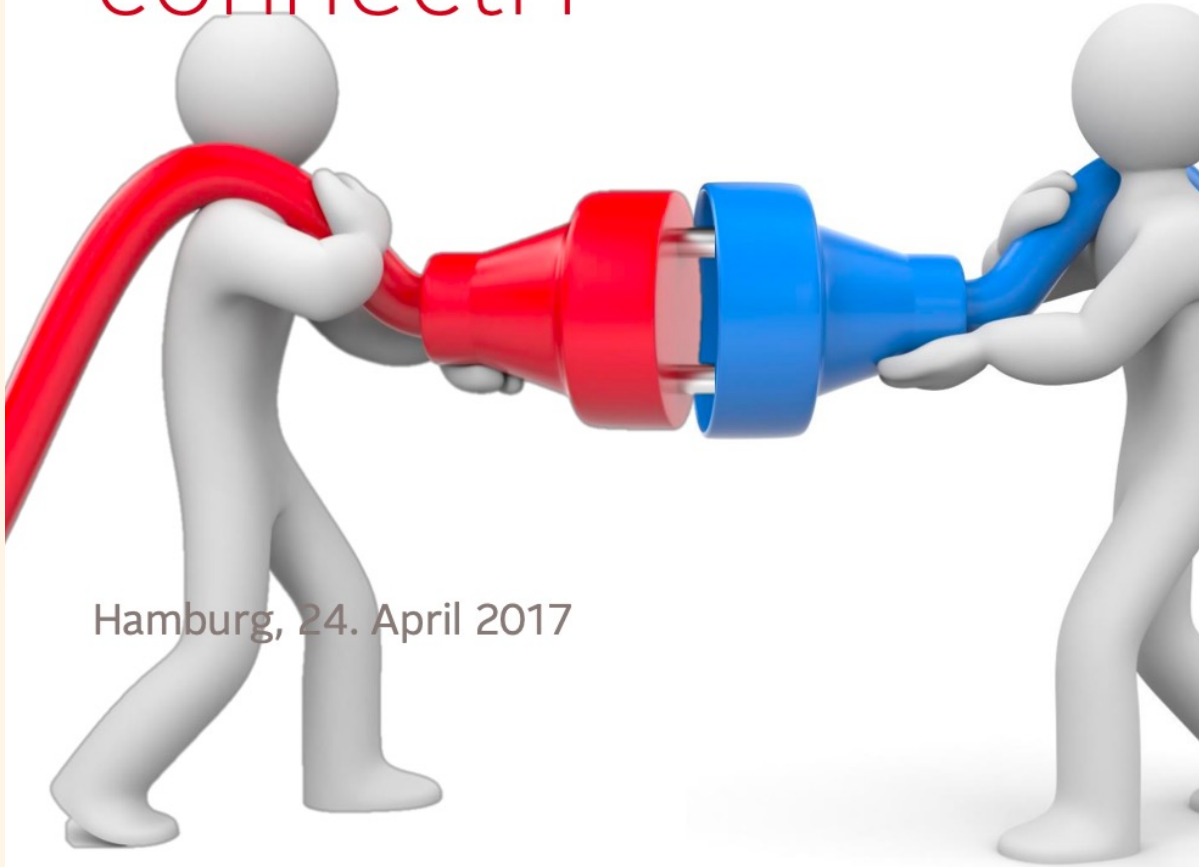


What **Arvato Systems** did

- Most revenue came from big **IT projects** of SAP or Microsoft solutions
- The second revenue stream came from intellectual property aka products, which were being built using **agile methodology**
- When SAP & MS started cloud-subscription-services, the amount and size of projects decreased and new self-developed products **followed the agile path** set by the pioneers

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connectIT



Hamburg, 24. April 2017

What **OTTO** did

- The CIO and his directs set up the program “Connect IT” to establish **Product Management roles and principles** and a fitting organizational structure in TECH
- The program’s design phase ran with the **participation of all tech employees** over the course of 10 months
- Each tech division implemented product management a little bit **differently**

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A closer look at OTTO

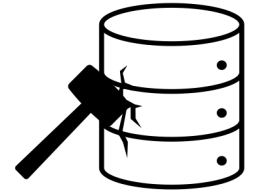
How our „organizational bubble“ came along, how it looks like today and where I think it will lead

#03

High-Level Strategies over the years

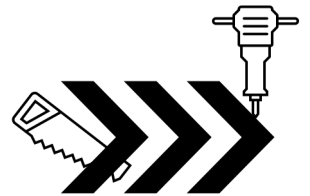
Until 2018

- A monolithic fashion-ERP was forced to support hard goods as well
- Sub categories were enabled to define independent requirements „for tech to code“, including „bending“ IT to support different processes and creating a lot of shadow IT



From 2018 starting with Connect IT

- Introducing product management in tech to help harmonize processes
- New (IT) products are part of a distributed & asynchronuous system landscape in parallel to the monolithic ERP, which still reveives all data



Finally, in 2019 we restructured our tech divisions along OTTO's business drivers:

Retail, Marketplace & Services

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Digital Retail Roadmap

	Cluster	Themen- schwerpunkt	Iteration 5 Sep - Nov 19	Iteration 6 Dez - Feb 20	Itera- tion 7 Mrz - Mai 20	
Investition	Automatisierung & Skalierung	Disposition & Order			Optimierung automatisierter Disposition	
		Produktdaten	Discovery: Dezentrale Produktdat.-Versorgung	Earliest Testable Release		
			Errichtung über Channel Pilot und Rollout Shuttle	Ausbau Zugang von Arteria für L&M		
			GUI live			
		Artikeleinsatz	Produktdaten verfügbar			
			Ausleitung Permissions aus Arteria			
		Preise	Optimierung Preisprozess für DyPS			
			Ablösung BlueYonder DyPS			
		KOSMOS	Anbindung Lagersystem			
	Lascana.de & Unigro konsumieren					
	Vertriebsprodukte					
	Steuerung	Reporting				Aufbau
		Kampagnenmanagement				Angebot
Stabilisierung	Stabilisierung & Bestandssysteme	MMDB	MMP fertig			
				RDV vollständig & Otto.		
		EKR	Feudel #5	Feudel #6	Feudel #7	
				LASER-Q #6		LASER-Q #7
			Oracle 19 Migration			
		Asynchroner		Merchandising		

Big picture

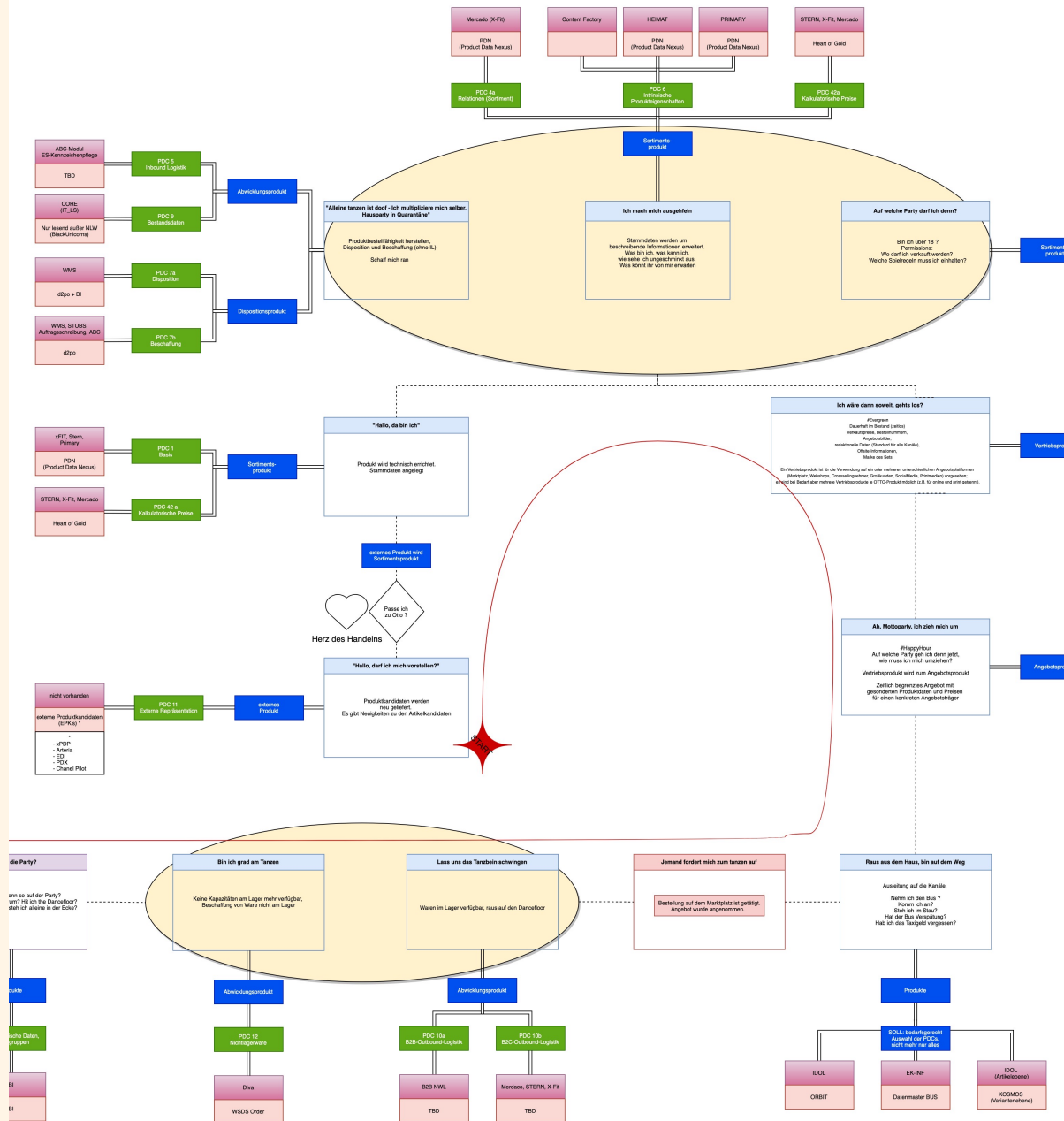
- We established a continuously updated **outcome-based roadmap** for the entire directorate and mapped our product roadmaps
- We defined an initial **domain model**, in which each and everyone knew their place
- We orchestrated **reviews** for all products and actively participated ourselves
- We held a yearly Digital Retail Platform Public Review with an **aligned storyline** across all domains and contributions from (almost) all product teams

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Ownership

- We investigated hundreds of data fields and clustered them according to their **biz purpose**
- We launched dozens of **spin-offs** from our committee "FachArch" to define common standards and goals quickly
- We took the results back to our product teams and returned with learnings, verified or falsified **hypotheses** and ideas for the next experiments
- We established a yearly **summer camp**, where topics bigger than one team could be worked on together - with a 100% track record

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Digital Retail

Identification

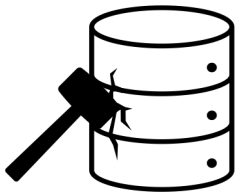
- We set up the program „**Galaxy**“ as a pun to our marketplace colleagues’ „Deep Sea“
- We motivated the teams to find space-themed **logos** or even new team names to create a visual, common identity
- We matched planets to domains to roadmaps and established (supplier and retail) **portals** for all products to be experienced as one

Biz restructuring in 2022 finished the job

Project NEW **centralized all category-agnostic** processes in one division and refocussed the categories

The organizational set up of that division was **co-created with tech**:

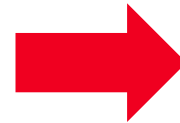
- Departments matched our product domains, separating product development and operations teams
- The new role of a process manager is set up to harmonize processes across categories
- The directors of biz & tech are aligned and their directs closely work together



Until 2018

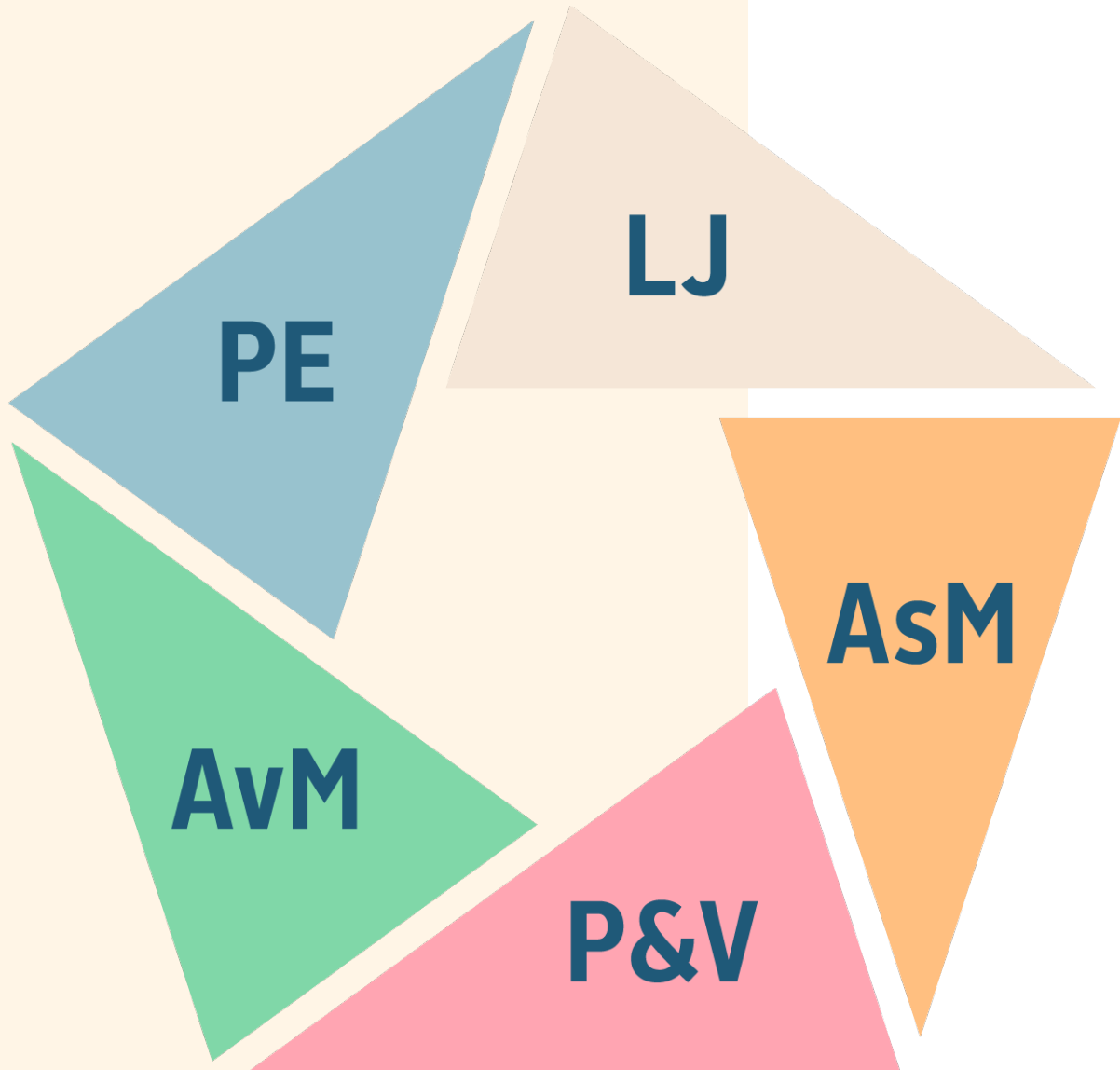


From 2018



Starting 2022

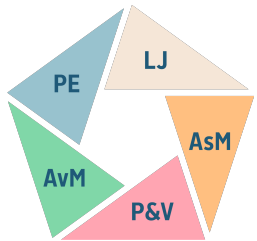
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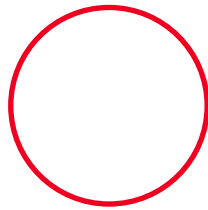
Our common **structure**

- We established **Digital Retail Platform domains** that work for our biz stakeholders and our tech colleagues from BI and are compatible with their organizational set ups
 - > Inside the bubble
- Yet we always followed the OTTO-wide **3-month-pulse**, in which the entire company aligns its resources towards company goals
 - > Outside the bubble

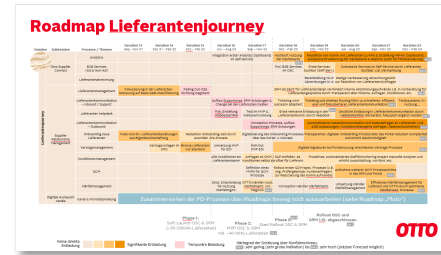
Digital Retail Platform organizational set up



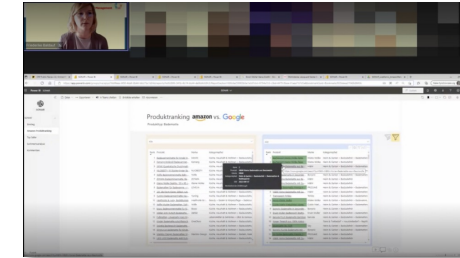
Digital Retail Domains



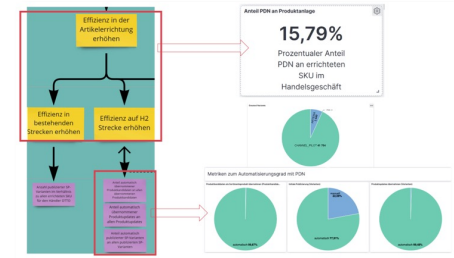
Domain Circles



Domain Roadmaps



Domain Reviews



Digital Retail Platform Goals

5 domains **bridging 5 business units** operational and organizational structures:

- Lieferantenjourney
- Assortment Management
- Pricing & Vermarktung
- Availability Management
- Product Enablement

Cross-directorate-circles for each domain with disciplinary leaders from all business units

- Shared responsibility for product success
- Managing & enabling product teams through aligned goals and key results/metrics

Harmonized view on the impact of our outcomes on operations

- Held up to date by the domain circle and all lateral leaders in that domain
- Contain all NEW topics but also everything else that's going on in a domain

Joint presentation of usable products and the underlying processes incl. upcoming go-lives

- DRP Management Review with the board of directors & directs
- Domain reviews following the OTTO-wide 3-month-pulse

Translating strategic and midterm goals, pattern changes and transformation targets to

measurable 6-12M DRP goals

- Aligned between domain circles & lateral leaders
- Metrics & Key Results

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Our big release in fall will show, whether this approach really works for us.

It will definitely not work for you!



Find your own way

Understand your **product bubble**

- How mature is your organization?
- What's your circle of control?

Follow your **purpose & value stream**

- Where does the money come from?
- Where do people really need to be aligned?

Align the **big picture & ownership**

- Who is doing what and how is it connected?
- What's the intended outcome?

Establish an **identity**

- What resonates beyond the business purpose?
- How do you get your teams engaged?

...and treat all of this like your product(s):

Fail early & often, learn, adapt

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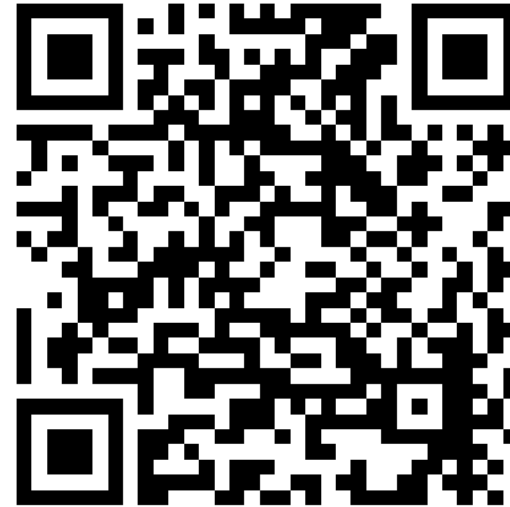
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Browse the **ProductPioneers** channels and join our next publicly hosted (un)barcamp



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