

What is a Product Operating Model?

Most organisations are organised around projects. The ones that win are optimised for outcomes.

THE FUNDAMENTALS

Defining the Model

A product operating model is the system by which an organisation continuously discovers, develops, and delivers value to customers. It aligns people, processes, funding, and governance around outcomes rather than outputs.

At its core, a product operating model answers a simple question: how does our organisation consistently solve the right problems, for the right people, at the right time? It moves beyond producing outputs against a pre-agreed list, and repositions the work of product, service, and experience design as a strategic engine for continuous value creation.

Where a traditional project model treats every initiative as discrete and temporary, a product operating model is optimised around a persistent stream of value. Teams stay together, knowledge compounds, and the relationship between the organisation and its customers becomes inextricably linked. This applies whether you are building digital products, designing services, transforming internal processes, or re-imagining a customer experience end to end.

Adopting this model requires simultaneous, connected changes across how strategy is set, how teams are formed and empowered, how funding flows, and how success is measured. Structure and culture must shift together, neither alone is sufficient.

A well-designed product operating model is what separates organisations that respond to market change from those that drive it. It creates the conditions for sustained competitive advantage through a disciplined, self-reinforcing system of learning and delivery.

THE EVIDENCE

The business case is clear



McKinsey's Operating Model Index studied more than 400 publicly traded companies across industries and geographies, measuring operating model maturity against business and financial outcomes. The findings in the report "The Bottom-Line Benefit of the Product Operating Model", 2023 shows that:

60%

Higher returns to shareholders

Top-quartile organisations in operating model maturity outperform bottom-half peers by 60% in total shareholder returns.

38%

Higher customer engagement

Organisations with mature product operating models see 38% higher customer engagement and 37% higher brand awareness than peers.

16%

Higher operating margins

Top-quartile companies achieve 16% higher operating margins, reflecting better decisions, less waste, and faster delivery of value.

PROJECT VS. PRODUCT

Two Very Different Operating Realities

The world has shifted from the industrial age to the digital age, yet many organisations are still running on operating models designed for predictability, not adaptability. Recognising which model you're operating in today is often the first step toward meaningful change.

PROJECT OPERATING MODEL

- Teams assembled per project, then disbanded on completion
- Build-once approach with customer feedback gathered at milestones or after launch
- Releases tied to project milestones
- Success measured by delivery: on time, on budget, on spec (outputs)
- Scope determined upfront by stakeholders and executed as planned
- Funding allocated upfront in annual planning cycles

PRODUCT OPERATING MODEL

- ✓ Stable, long-lived teams with deep ownership of their domain
- ✓ Test-and-learn approach with customer feedback woven throughout the product lifecycle
- ✓ Continuous release cadence based on readiness and value
- ✓ Success measured by customer satisfaction and business impact (outcomes)
- ✓ Scope guidelines set with stakeholders, then teams adapt through experimentation and customer feedback
- ✓ Funding flows dynamically, rebalanced as evidence accumulates

THE CERTITUDE FRAMEWORK

Seven Pillars of a Product Operating Model

A product operating model isn't a methodology or practice. It's a system that requires every part to work in concert. Certitude's framework identifies seven interdependent pillars that define a mature, high-performing product



FOUNDATION

Customer & Business Alignment

Embedding customer insight into strategy at every level, so teams can connect daily decisions to outcomes that matter.

DISCOVERY

Innovation through Discovery

Structured practices that allow teams to continuously explore problems before committing to solutions through hypothesis generation, rapid experimentation, and the courage to change course based on evidence.

DELIVERY

Continuous Value Delivery

Regularly and reliably getting value into customers' hands by removing organisational friction, handoffs, and approval bottlenecks that slow the flow from insight to impact.

TEAMS

Stable, Empowered Teams

Teams that stay together long enough to build trust, expertise, and speed with the authority to make meaningful decisions within clear boundaries.

GOVERNANCE

Dynamic Funding & Governance

Treating investment as a portfolio of bets, continuously rebalanced as evidence accumulates. Governance shifts from controlling outputs to enabling outcomes.

STRATEGY

Adaptive Strategy & Ways of Working

Strategy as a living set of choices that evolve with markets and customers. Structures provide clarity while allowing ways of working to flex without losing coherence.

GROWTH

Learning Agility

Building feedback loops at every level that turn experiments, delivery cycles, and retrospectives into compounding capability. The capacity to adapt as a core strategic asset.

THE SYSTEM VIEW

Seven Pillars. One System.

What makes the Certitude framework distinctive is its recognition that these seven pillars are not independent levers. They are an interconnected system, each one reinforcing the others, and each one weakened when any of its neighbours is neglected. This is why the model is most powerful, and most durable, when all seven pillars are developed in concert.

You cannot sustain Continuous Value Delivery without Stable, Empowered Teams. You cannot scale Innovation through Discovery without Learning Agility to absorb and act on what you find. You cannot pursue Adaptive Strategy without the Dynamic Funding mechanisms to back it. Customer & Business Alignment anchors everything, the true north that keeps the entire system oriented toward what actually matters.

READINESS

Is This Model Right for Your Organisation?

A product operating model delivers the greatest value where the cost of solving the wrong problem is high, where customer needs evolve continuously, and where the pace of market change demands regular adaptation. It is not the exclusive domain of technology-led businesses. It is equally relevant in financial services, healthcare, retail, government, and any organisation that needs to meaningfully improve the way it creates and delivers value to the people it serves.

Done well, this model accelerates innovation, reduces wasted effort, and builds teams that solve problems rather than simply execute tasks. It creates strategic plans that adapt as markets shift, not ones that become obsolete before they're implemented. It is one of the highest-leverage transformations available to a modern organisation.

Adopting this model is not a lightweight change. It touches organisational structure, culture, funding, governance, and leadership behaviour simultaneously. It asks executives to relinquish control of outputs in favour of accountability for outcomes. It asks leaders at every level to shift their primary focus from managing delivery to enabling the people closest to the work.

Certitude works with leadership teams across Australia to design and implement product operating models that are pragmatic, contextual, and built to last. We combine strategic guidance with hands-on capability building, ensuring your organisation doesn't just adopt a new model but builds the skills and muscle memory to sustain it. Our approach is grounded in the realities of your organisation, not imported wholesale from someone else's playbook.

Ready to redesign how your organisation delivers value?

Certitude partners with Australian organisations to assess, design, and embed product operating models that deliver measurable outcomes.



CERTITUDE

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