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Five Top Practices for CIOs to Help Fusion Teams Manage Interdependencies

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Initiatives: CIO Leadership of Strategy, Governance and Operating Models

Despite the hype about autonomous, agile teams, the work of fusion teams is highly connected with the work of others within and beyond fusion teams. CIOs must help these teams manage strategic, technical, governance-related and other interdependencies to ensure alignment with enterprise goals.

Overview

Key Findings

- CIOs must help fusion teams manage interdependencies — in relation to strategy and architectural alignment, for example — to improve these teams' alignment with enterprise goals, while accelerating outcome attainment.
- The product management model helps align the work of fusion teams, and their technologies and processes, with a common set of business or customer outcomes.
- Eliminating all interdependencies will not be feasible, even when there is strategic alignment of fusion teams and product management structures.
- CIOs have a key role to play in helping fusion teams manage inevitable interdependencies, such as resource-related, skill-related and technical ones.

Recommendations

CIOs seeking to enable and empower fusion teams as part of their leadership role in relation to strategy, governance and operating models should:

- Work with other CxOs to refocus structures and roles from traditional hierarchies to product management approaches that intentionally support alignment with enterprise strategies.

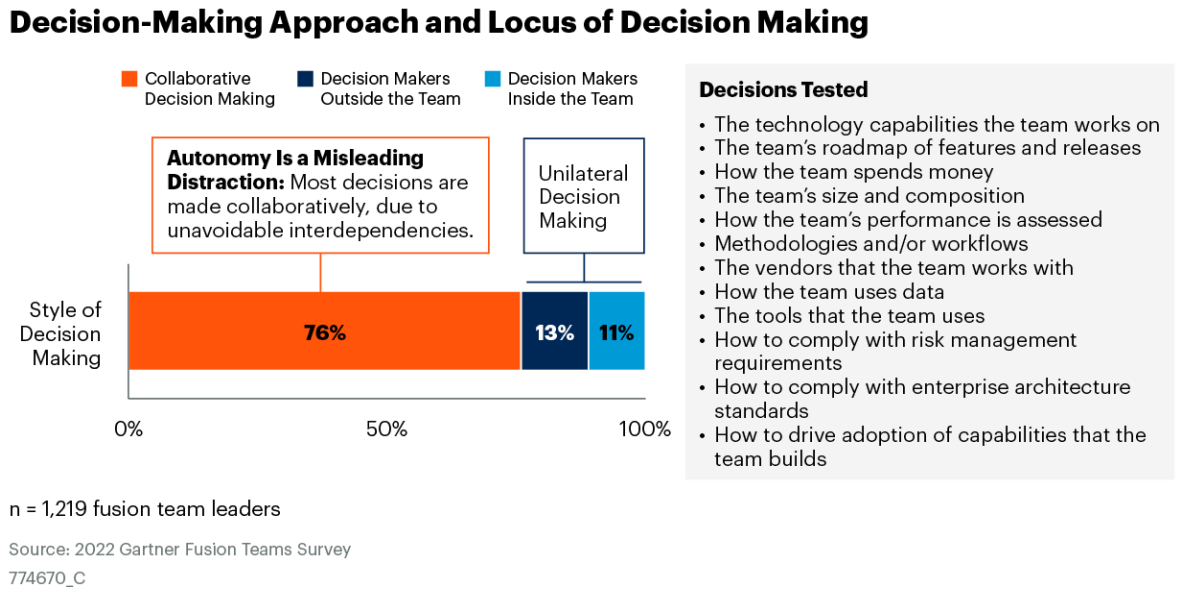
- Provide transparency and coordination support for enterprise programs that cut across fusion team silos.
- Embed enterprise experts (such as enterprise architecture [EA], legal and compliance staff) in fusion teams to provide “in the moment” support, thus reducing avoidable handoffs and escalations beyond these teams.
- Help the members of fusion teams and foundational IT capability teams understand how their work connects to each other by establishing shared accountability for the end-to-end value chain.
- Minimize technical interdependencies by providing fusion teams with reusable technology components that embed architecture and security controls by design.

Introduction

Organizations are increasingly setting up multidisciplinary fusion teams to build, enhance and maintain internal business capabilities or external, customer-facing digital offerings. Fusion teams become the predominant unit of digital delivery in what Gartner calls the value-optimizing information and technology (I&T) operating model (see Embrace the Value-Optimized I&T Operating Model for Enterprisewide Competitive Advantage and Growth). On the one hand, the dependence of these teams on other teams and the broader enterprise for resource allocation, spending, technology expertise and so on often slows their outcome attainment. On the other, there is a lot that can go wrong when digital capabilities are managed by distributed teams: organizations that do not orchestrate the democratization of digital delivery may end up with misaligned or duplicated capabilities, inconsistent customer experiences, inefficiencies, and compliance, privacy or security issues.

To better understand the interdependencies fusion teams need to navigate, we tested how they take decisions (for example, decisions on their roadmap, spending, methodologies, workflows and compliance). We found that the majority of critical fusion team decisions are taken collaboratively with other teams and with stakeholders in the corporate center (see Figure 1).

Figure 1: Decision-Making Approach and Locus of Decision Making



The decisions fusion teams take are highly collaborative, indicating that fusion teams affect and are affected by the work of other teams and work elsewhere in the enterprise. As a result, the ability to align decision making and manage these interdependencies becomes a critical driver of fusion team performance. In response, leading organizations equip their fusion teams with the relevant structures, support and workflows to help them manage strategic, governance, skills and technology-related interdependencies:

- **Strategic:** Fusion teams depend on enterprise and business unit strategies and the work of other fusion teams for the direction of work and the prioritization of resources.
- **Governance:** Fusion teams depend on inputs or approvals from subject matter experts for various activities (secure coding and release management, for example).
- **Skills:** Fusion teams often lack key skills and capabilities (such as in user experience expertise or quality assurance) needed to meet their objectives. This increases their reliance on other teams or resources.
- **Technology:** Many technologies span multiple domains and cannot be aligned with a single fusion team. This leads to the need for fusion teams to coordinate delivery schedules with other teams that may have different priorities.

Here are five key tactics learned from our conversations with CIOs and fusion team leaders to help them effectively manage interdependencies within and beyond their teams.

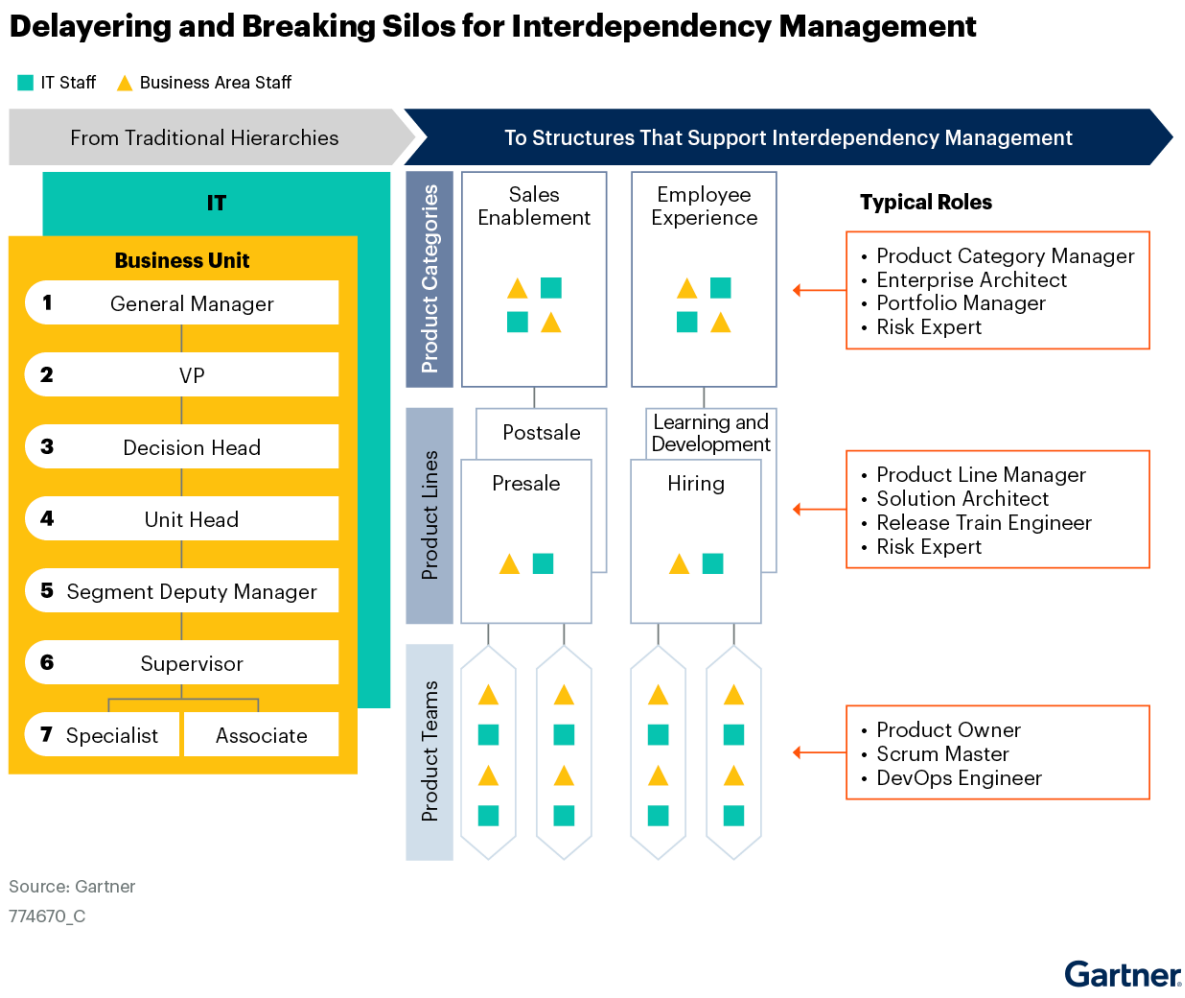
Analysis

Reorient Organizational Structures and Leadership Roles for Interdependency Management

Our data shows that decisions about the technology capabilities fusion teams work on, the work they prioritize and how they spend money are interconnected with the work of others. Fusion teams depend on enterprise and business unit strategies, and on the work of other fusion teams, for the direction of work and the prioritization of resources. The most fundamental and wide-ranging change for CIOs and other CxOs to make, then, is to accelerate and orchestrate fusion team decision making by pivoting away from traditional hierarchies and teaming structures. In these, business units are structured along many management layers and corporate IT is in a separate silo, which creates multiple layers of decision making and handoffs for fusion teams. The associated challenges become particularly acute when an organization begins to scale its fusion team model and increases the number of fusion teams (and teams of teams). Independent fusion teams without a common understanding of the business, customer or employee problems they are trying to solve risk going in different directions and struggle to overcome bureaucratic challenges on their own.

CIOs must work with other CxOs to adopt product management structures and roles to foster collaborative decision making and ensure that fusion teams make decisions that align with the enterprise's strategy and its risk and architecture blueprints (see Figure 2).

Figure 2: Delayering and Breaking Silos for Interdependency Management



Source: Gartner
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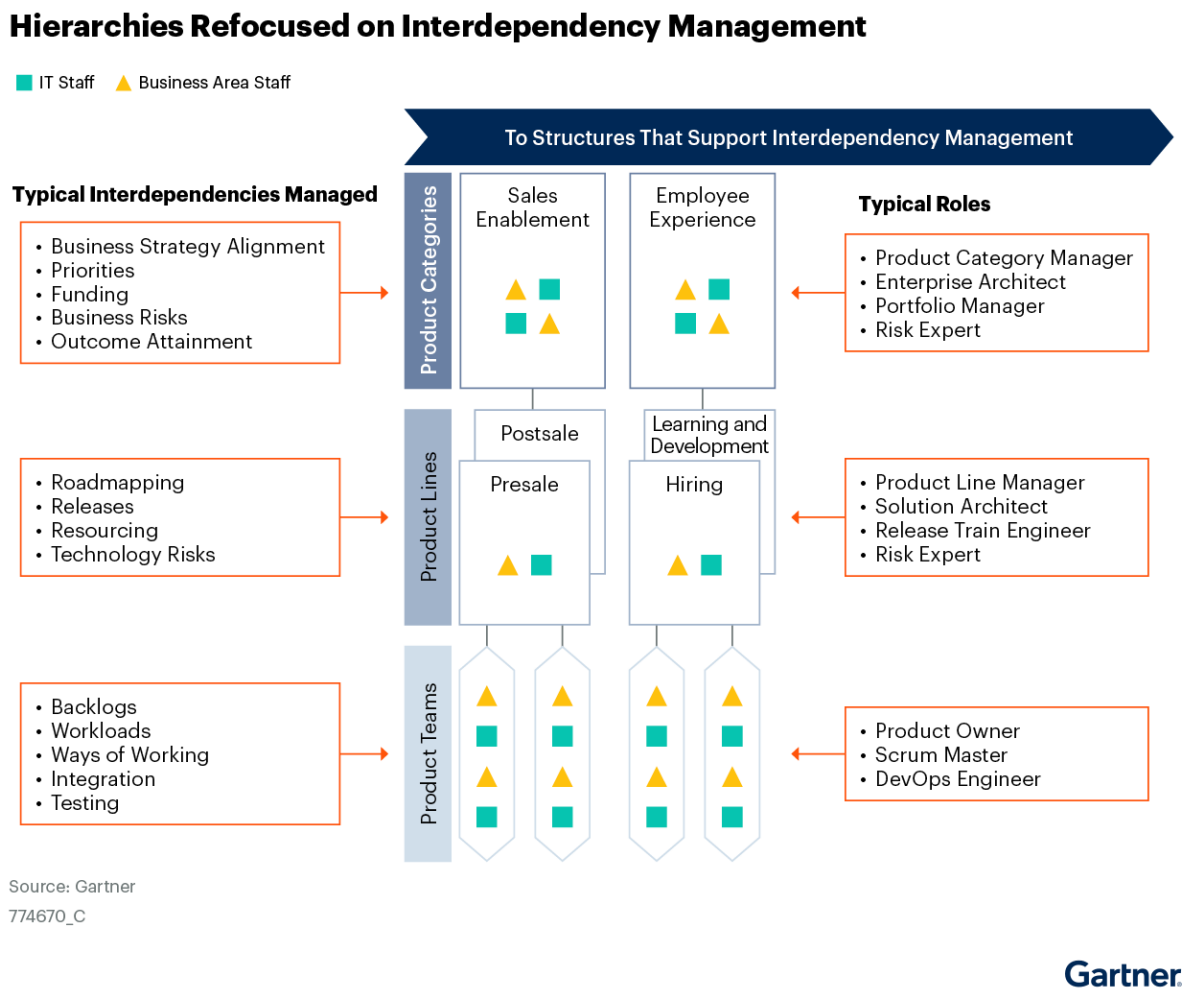
Leading CIOs at organizations such as Watercare, TD and Repsol are working with their peers to redesign their delivery model based on product management approaches to organize fusion teams around a common set of strategic priorities, or business, employee or customer outcomes (see Case Study: A NewDigital Delivery Model for Customer Centricity, Risk Management for Enterprise Agility (TD) and Case Study: Operating Model Transformation for Digital Innovation). They group interrelated fusion teams into product lines and interrelated product lines into product categories with all the relevant, dedicated and shared resources to coordinate and manage decisions at each level of their product management model (see Figure 3).

Figure 3: Hierarchies Refocused on Interdependency Management



CIOs must help the senior leadership roles in this model (such as product category managers and portfolio managers) work with C-level executives and business leaders to foster business strategy alignment. At the lower levels of this layered structure, product line managers must be empowered to manage resource (re)allocation between fusion teams and coordinate roadmaps and releases with the support of release train engineers. CIOs should also work with other CxOs to ensure senior leadership structures (and governance committees) play more of a coordination than a "command and control" role, providing strategic guidance to these networks of teams, communicating expectations and helping fusion teams make good decisions.

To effectively reorient organizational structures and leaders' roles for interdependency management, we recommend four actions for CIOs (see Table 1).

Table 1: Actions for CIOs to Reorient Organizational Structures and Leadership Roles for Interdependency Management

1.	Work with other CxOs and business leaders to help them view digital as a shared leadership responsibility and change legacy ways of working to better support product management.
2.	Define product management and other product leadership roles to lead one or more fusion teams and manage strategic alignment and investment prioritization decisions.
3.	Provide business leaders with the relevant experiences to develop the skills and competencies to lead their own fusion teams.
4.	Redesign role families, add new roles where necessary, and promote cross-team movement to ensure that IT and business employees can better serve the needs of a product management organization.

Source: Gartner (October 2022)

Also see Four Top Practices for CIOs to Establish Business Ownership of Fusion Teams.

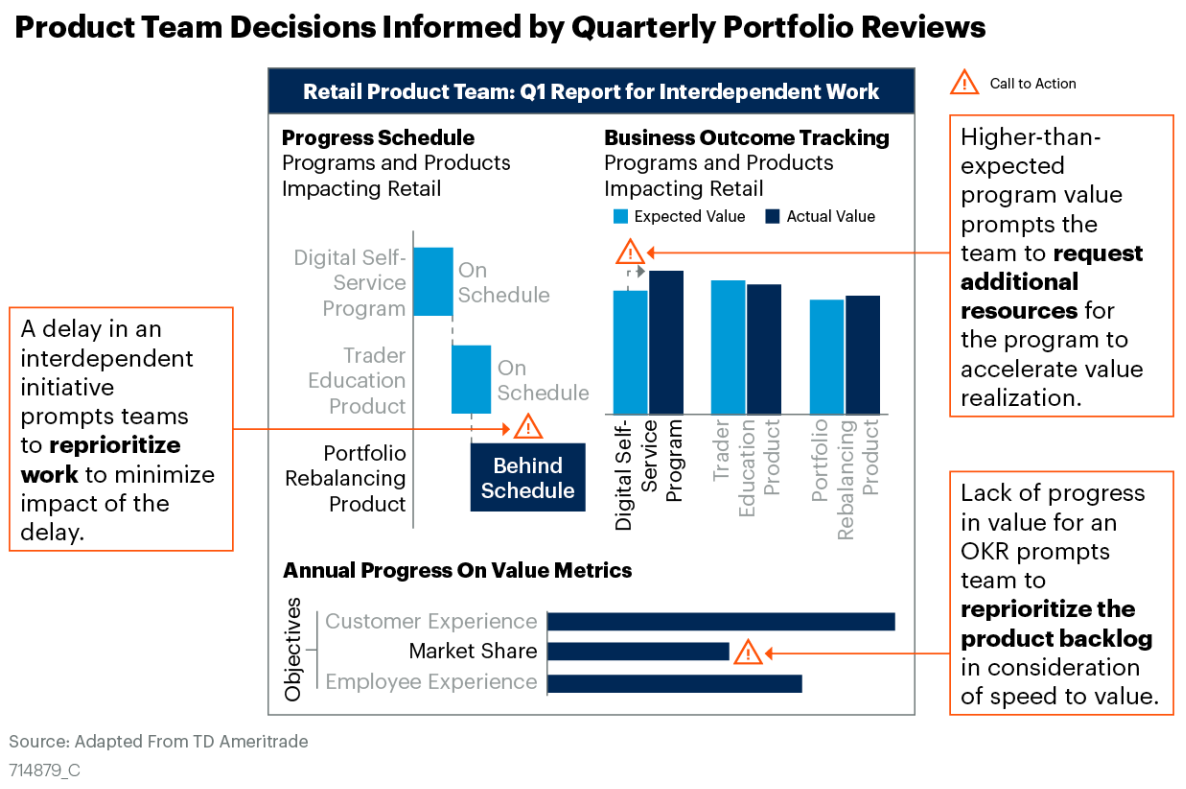
Coordinate Support for Enterprise Programs That Cut Across Fusion Teams

Enterprise strategic programs that span fusion teams, groupings of fusion teams and different business units require coordination at an enterprise level. Also, the decisions that fusion teams take can affect and can be affected by enterprise strategic programs, which highlights the transversal interdependencies that their decision-making processes need to account for.

In response, CIOs and IT leaders must enable and support advanced, enterprise portfolio management practices that help coordinate cross-cutting work and decisions across distributed fusion teams. This will enable achievement of shared goals by helping teams identify and plan for interdependencies.

For instance, to ensure that product teams' decisions and work advance their enterprise's overall strategic priorities, the traditional PMO at TD Ameritrade (now a wholly owned subsidiary of Schwab) evolved into the "strategic planning and analytics" (SP&A) function (see Case Study: Providing Portfolio Visibility in Product Management (TD Ameritrade)). This evolved function was focused on providing transparency and coordination support for enterprise programs that cut across product or fusion team silos (for example, a digital self-service program). The SP&A function worked with different stakeholders to define objectives and key results (OKRs) for these enterprise programs and ensure different product teams adopt OKRs and align with enterprise strategy. It also shared enterprise-level portfolio data with each product team during their Quarterly Portfolio Review (QPR) meetings (see Figure 4).

Figure 4: Product Team Decisions Informed by Quarterly Portfolio Reviews (QPRs), Illustrative



Source: Adapted From TD Ameritrade

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One of the most effective ways to coordinate support for fusion team decisions that affect enterprise programs is to foster adoption of shared metrics through OKRs that align with enterprise strategy. CIOs must refocus their PMOs on providing fusion teams with portfolio-level performance data that sheds light on their progress against these OKRs and interdependencies with the broader ecosystem to empower them to plan their work and correct their course. For example, a lack of progress by a product team on an OKR may prompt that team to reprioritize its backlog to align more work with that OKR in order to achieve enterprise goals. CIOs can take three actions to coordinate support for enterprise programs that cut across fusion teams (see Table 2).

Table 2: Actions for CIOs to Coordinate Support for Enterprise Programs That Cut Across Fusion Teams

1.	Partner with key IT and business stakeholders to define OKRs for enterprise programs that cut across fusion teams and ensure different teams adopt OKRs to align with enterprise strategy.
2.	Refocus your PMO on providing fusion teams with portfolio-level performance data that sheds light on their progress against the OKRs and interdependencies with the broader ecosystem.
3.	Establish a quarterly planning cadence to discuss the progress on and (re)prioritize interdependent work to enable fusion teams to make strategy-aligned decisions.

Source: Gartner (October 2022)

Also see Everything CIOs Need to Know About OKRs.

Embed Enterprise Experts in Fusion Teams to Reduce Unnecessary Handoffs

Fusion teams also need to collaborate with enterprise experts on decisions related to compliance with risk management requirements and architecture standards. Legacy governance processes and segregated divisions of responsibilities force fusion teams to navigate multiple, disjointed touchpoints. One of the biggest hurdles fusion teams face is accessing enterprise expertise (such as compliance, risk, legal, EA and other technical experts) for advice on building and scaling secure and architecturally sound capabilities.

Companies such as TD, Nationwide Building Society and The Hanover embed security, compliance and architecture experts in fusion teams to streamline risk and other assessments and drive end-to-end accountability for standard adherence within their fusion teams (see Risk Management for Enterprise Agility (TD), Case Study: Mechanisms to Co-create New Ways of Working for Digital Transformation (Nationwide Building Society) and Case Study: Coordinating Product Lines Through Mutual Self-Interest (The Hanover)). For instance, The Hanover, an insurance organization, embedded business architects into product lines, providing fusion teams with cross-product visibility to partner with business architects in other teams and capture synergies across digital initiatives. The Hanover equipped these business architects with standardized and aggregated deliverables
(roadmaps and so on) that allowed them to easily share information and communicate across product lines. The roadmaps helped business architects and their stakeholders understand which initiatives (across product lines) were in progress, delayed, or overlapping (in terms of timelines and resources, for example) to identify opportunities to coordinate and manage interdependencies across product lines.

CIOs and IT leaders must embed relevant roles (risk management, EA, cybersecurity, and so on) in groupings of fusion teams (i.e., product lines or product categories) to provide the fusion teams within these structures with “in the moment” architectural guidance, compliance expertise and so on (see Table 3). This will enable fusion teams to understand and apply the relevant standards and practices for their work faster, accelerating their outcome achievement while ensuring alignment with architectural and other best practices.

Table 3: Actions for CIOs to Embed Enterprise Experts In Fusion Teams to Reduce Unnecessary Handoffs

1.	Embed your IT experts (such as EA and information security experts) in the fusion teams to help them understand and apply relevant standards for their work faster.
2.	Work with leaders in corporate functions, such as compliance, privacy, and risk and control, to embed enterprise experts in the fusion teams, so that they can provide timely advice and support.
3.	Embed risk ownership as a core responsibility for fusion teams to foster constructive challenging of standards and policies with enterprise experts.
4.	Hold enterprise experts accountable for business outcomes to shift them away from a “tick the box” approach.

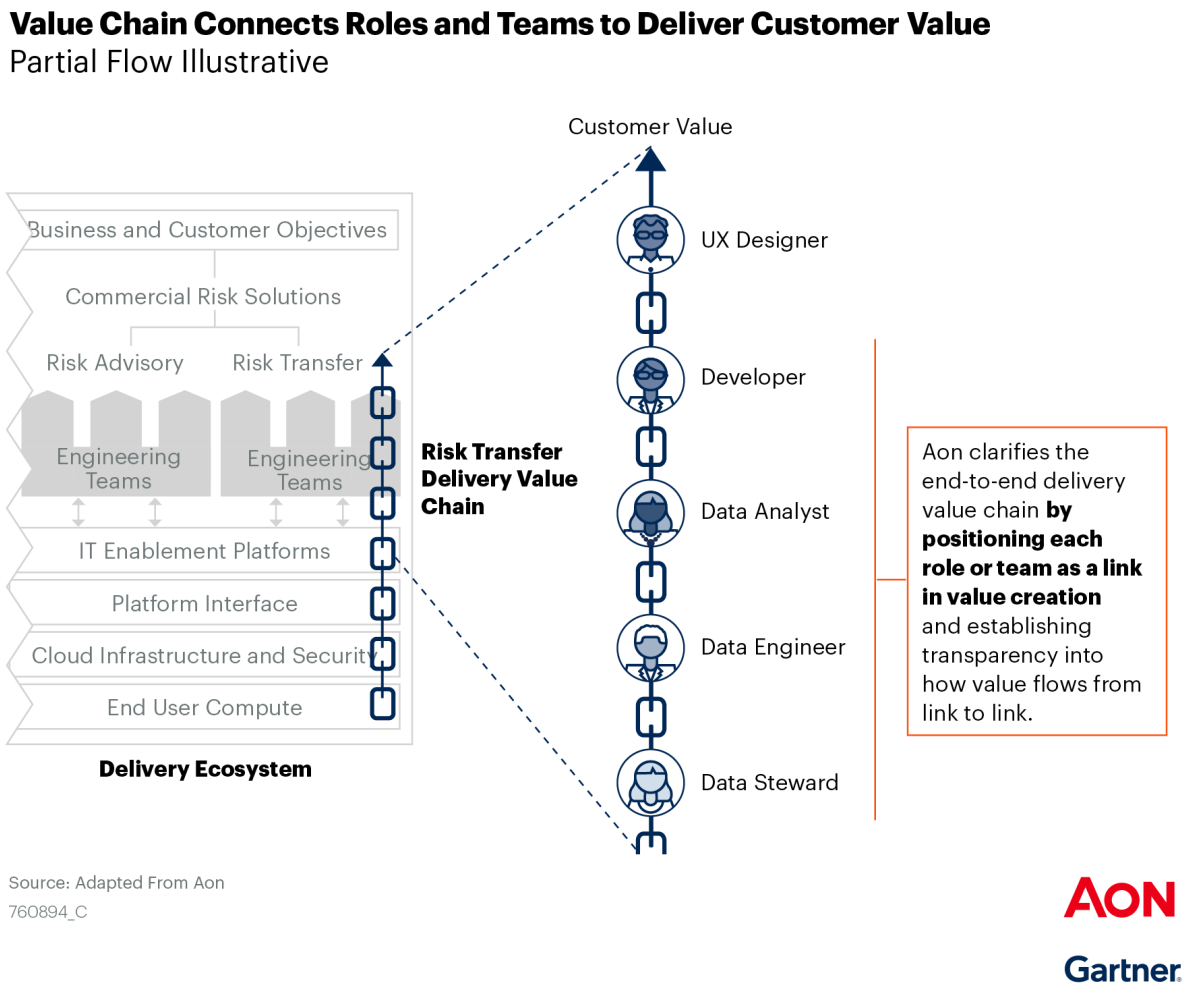
Source: Gartner (October 2022)

Highlight the Flow of Value Between Fusion Teams and Foundational Capabilities

The work of fusion teams is also interconnected with the work of other fusion teams and with foundational IT platform teams that provide capabilities used by fusion teams. We found, for instance, that decisions on the tools fusion teams use are made collaboratively with stakeholders in IT. Compared with the fusion teams, foundational IT teams tend to be further removed from the business and customer context, and may lack insight into how their work impacts others, which may cause delays and, at times, erosion of value. CIOs and other IT leaders must create mechanisms that help individuals within foundational IT teams see where they fit in the series of activities required to achieve customer value. One way of doing that is to help them explicitly visualize themselves and their roles as one of several links in value creation.

For instance, IT leaders at Aon worked with their product teams to visualize "delivery value chains," showing how the work of individuals and teams in the foundational capabilities impact the end-to-end series of activities required to achieve customer objectives (see Case Study: Align Product Delivery to Customer Value Using Value Chains (Aon) and Figure 5).

Figure 5: Establish the Position of Foundational Roles and Teams in the End-to-End Delivery Value Chain (Partial Flow Illustrative)



They first break down the activities required to achieve a customer outcome, which become "links" in the value chain. Each link bundles the different roles that perform the same activity in the value chain to create personas who are represented as the "producers" and "consumers of value." IT leaders at Aon also track "time to value" for each persona and each value chain to identify and fix systemic issues or underlying problems and improve efficiency and flow in each value chain.

CIOs must help their staff in foundational IT capability teams identify where they fit in the end-to-end delivery value chain as producers and consumers of value, in order to help them better understand and visualize the interdependent nature of their work and how it impacts customer value (see Table 4).

Table 4: Actions for CIOs to Highlight the Flow of Value Between Fusion Teams and Foundational Capabilities

1.	Map and communicate the roles and teams (including those in the foundational IT capabilities) involved in the end-to-end series of activities required to achieve customer objectives.
2.	Position each role or team as a link in the value delivery chain that produces value for, and consumes value from, other links in the chain.
3.	Orient individuals and teams in foundational IT capability teams to think of value from the perspective of the jobs to be done for their consumers, rather than their own expertise or their activities.
4.	Track the time to value for each link in the value chain to identify and streamline inefficiencies in the foundational IT capability teams.

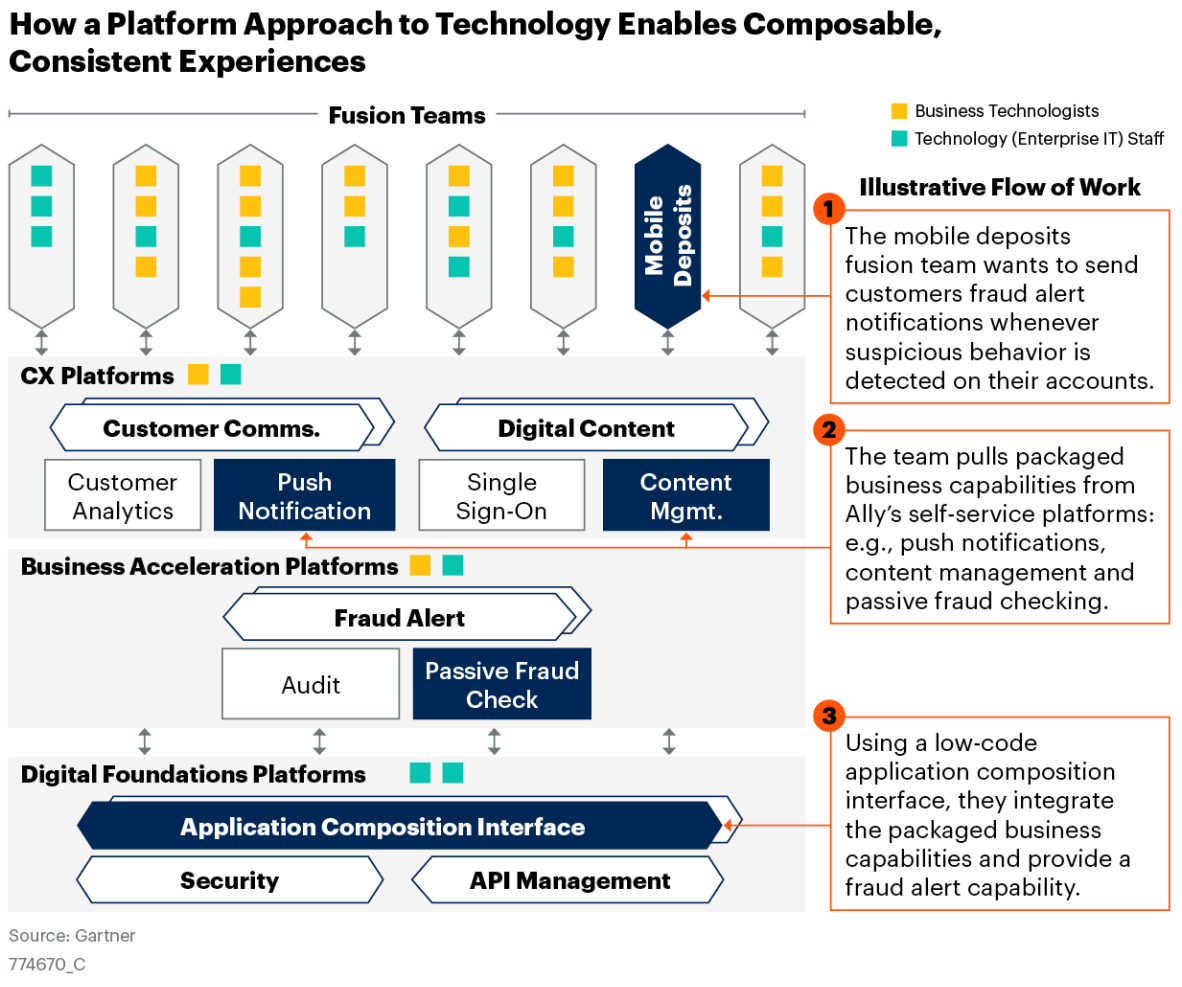
Source: Gartner (October 2022)

Minimize Technical Interdependencies Through Reusable Components

CIOs can also reduce the number of decisions fusion teams need to make by automating some of their work or, more specifically, providing them with reusable components that foster consistency and have security and architecture guidance embedded in them. This ensures that fusion teams have easy access to commonly needed, architecturally sound and secure technology components by design, and thereby also eliminates the need for duplicative rework.

For example, to accelerate the work of their fusion teams while maintaining consistent customer experiences, and to foster architecturally sound and secure practices, Ally Financial applied composable technology practices to a set of shared technology platforms, so that fusion teams had easy access to commonly needed technology components (see Case Study: Composable Platforms to Foster Reuse (Ally Financial) and Figure 6).

Figure 6: How a Platform Approach to Technology Enables Composable, Consistent Experiences



Adapted from Ally Financial

These platforms provided specialized “components” in the form of “packaged business capabilities” (PBCs), which are software components that represent a well-defined business capability. Technically, a PBC is a bounded collection of data schema and a set of services, APIs and event channels that can be assembled and reused by fusion teams to create their own digital solutions. They enable CIOs to foster reuse across fusion teams, but also embed architecture and security by design in technology capabilities shared by more than one fusion team. Ultimately, they reduce the need for fusion teams to manage technical interdependencies themselves.

We recommend five actions for CIOs to minimize technical interdependencies through reusable technology components (see Table 5).

Table 5: Actions for CIOs to Minimize Technical Interdependencies Through Reusable Technology Components

1.	Build support for a composable platform strategy by articulating its impact on business priorities, including a consistent employee experience or customer experience, security and efficiencies through reuse.
2.	Engineer shared technology platforms with reusable technical components that enable fusion teams to quickly and safely assemble new or modified business capabilities.
3.	Define platform leadership roles to manage the platform strategy and its execution, as well as drive adoption of the platforms and their capabilities.
4.	Enable fusion teams across the organization to discover and consume reusable technology components and their related resources through a platform marketplace.
5.	Measure platforms on their alignment with fusion teams' needs, the accessibility of components, platform adoption and savings from reuse.

Source: Gartner (October 2022)

Also see CIOs Are Engineering Digital Platforms to Foster Composable Technology Practices

Evidence

This research is based partly on conversations with hundreds of CIOs on how they work with other business leaders to democratize digital delivery. It also draws on the 2022 Gartner Fusion Team Survey, which was conducted from February through March 2022 via an online platform with 1,219 fusion team leaders from the private and public sectors in different geographies. The survey was designed to understand teaming structures, their prevalence, the capabilities they support, ways of working and decision-making styles.

Acronym Key and Glossary Terms

Fusion team	A fusion team is a multidisciplinary team that blends technology or analytics and business domain expertise and shares accountability for business and technology outcomes. Instead of organizing work by functions or technologies, fusion teams are typically organized by the cross-cutting business capabilities, business outcomes or customer outcomes they support.
Objectives and key results (OKRs)	Objectives and key results (OKRs) represent a flexible goal-setting framework used to convert enterprise objectives and priorities into a concrete and measurable operational results model for setting and managing strategic goals.

Recommended by the Author

Some documents may not be available as part of your current Gartner subscription.

Case Study: A New Digital Delivery Model for Customer Centricity

Risk Management for Enterprise Agility (TD)

Case Study: Operating Model Transformation for Digital Innovation

Case Study: Providing Portfolio Visibility in Product Management (TD Ameritrade)

Case Study: Coordinating Product Lines Through Mutual Self-Interest (The Hanover)

Case Study: Align Product Delivery to Customer Value Using Value Chains (Aon)

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