

Gartner Research

# **5 Principles to Help Fusion Teams Power Your Digital Business**

CIO Research Team

2 February 2023

**Gartner**<sup>®</sup>

## 5 Principles to Help Fusion Teams Power Your Digital Business

Published 2 February 2023 - ID G00782319 - 6 min read

By Analyst(s): CIO Research Team

Initiatives: Executive Leadership: Digital Business; Enterprise Risk Management Program Management; Financial Services Business Leadership and Strategy; Learning and Development; Marketing Leadership and Management; Marketing Operations; Revenue Technology; Risk Response Strategies

Multidisciplinary fusion teams are the lifeblood of digital transformation. As they become more prevalent within and across enterprises, CxOs must help them by removing red tape and nurturing new ways of working.

Enterprises should build and manage digital business capabilities as close as possible to their customers, products or operations. That's why many leading companies are trying to become faster and more agile by launching multiple, crosscutting fusion teams that blend technology and business domain expertise and whose members share accountability for outcomes. For example, TD, a Canadian financial services firm, has set up "pods" to deliver market-leading personal banking services. Watercare, a New Zealand-based utility, built "squads" that manage and improve its business capabilities. And Chevron, a U.S. oil and gas company, has created "digital business platform" teams to encourage innovation throughout the organization.

Building effective fusion teams is vital for digital transformations, but it's easy – and costly – for C-suite executives to get things wrong. Stifle these teams with bureaucracy and red tape, and they might fail to achieve the outcomes you want. Give them too much independence, however, and they could expose the enterprise to unnecessary risks. Fortunately, leaders can avoid these pitfalls by adopting a smart governance playbook.

## Top Performers Get Governance Right

We surveyed more than 1,200 fusion team leaders to identify the teams that achieved the best results while avoiding downsides such as cybersecurity incidents and data breaches. Studying how those top performers operate enabled us to distill five governance principles that executive leaders must adopt to boost their digital business:

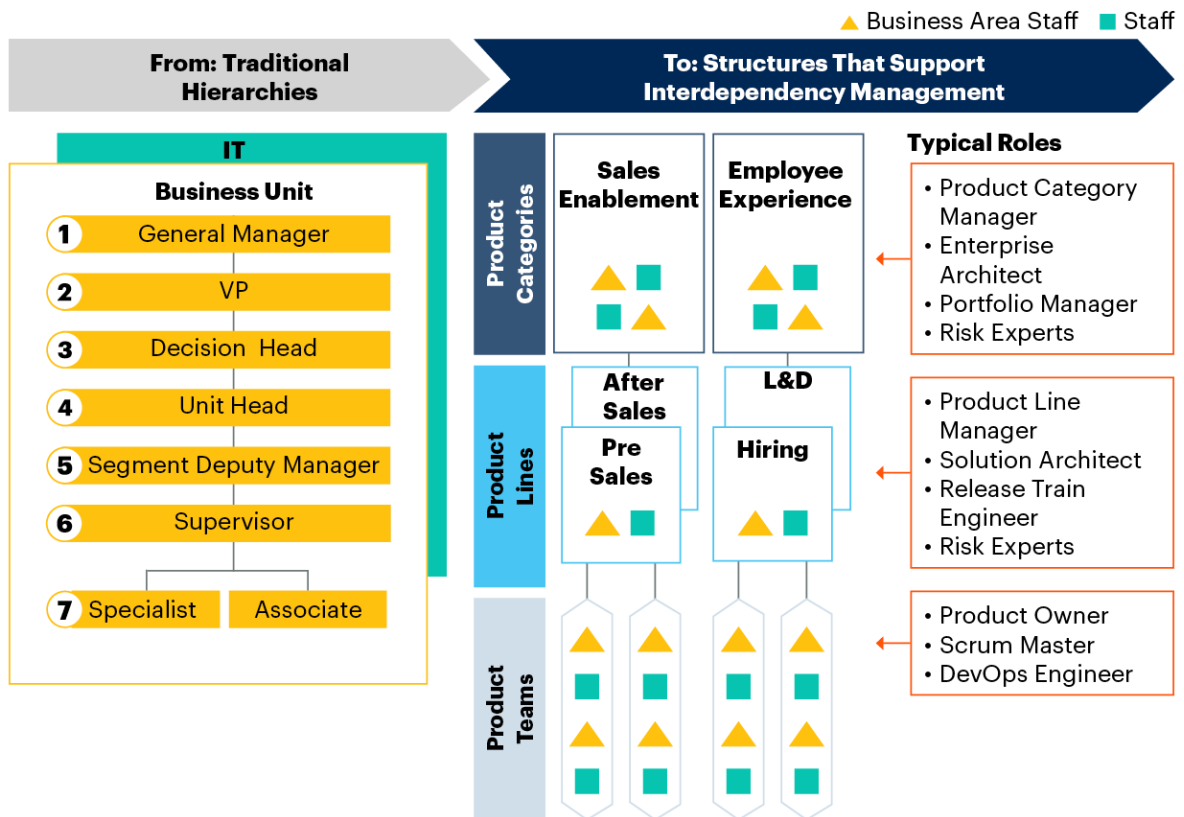
- Managing interdependencies
- Supporting agile working
- Managing risk
- Co-creating standards
- Breaking rigid talent structures

### **Organize for Interdependence, Not Autonomy**

The best fusion teams are highly interconnected with each other, with core IT units that provide foundational technology tools and infrastructure, and with decision makers in the corporate center. This finding runs counter to conventional wisdom that fusion teams should operate autonomously. Instead, enterprise leaders need to help such teams manage these interdependencies by structuring their work around interconnected business capabilities, value streams, strategic outcomes, or employee or customer experiences (see Figure 1).

Figure 1: Delaying and Breaking Silos for Interdependency Management

## Delaying and Breaking Silos for Interdependency Management



Source: Gartner  
782319\_C

Leading enterprises organize fusion teams into “product lines” or “product groups” that work toward common business outcomes or customer experiences. They then group interrelated product lines into product categories (also known as “customer journeys,” “experiences” or “platforms”) that reflect higher-level business priorities, experiences or segments. At each level, roles requiring deep technical, architecture or security expertise are crucial for effective governance.

Product leaders should align business strategy and coordinate resources, roadmaps and releases of applications or features between the product teams to support good decision making. Meanwhile, senior leadership and governance committees should act as orchestrators and refrain from command-and-control. They must guide these networks of teams, communicate expectations and help them manage their interconnectedness.

### Redirect the Corporate Center to Agility, Not Just Control

Fusion teams are 12 times more likely to be top performers when the decision makers and teams in the corporate center with whom they work adopt agile mindsets and ways of working. <sup>1</sup> Organizations such as Nationwide Building Society (a mutual financial institution based in the U.K.), TD and Watercare have established dedicated transformation management offices (TMOs) to co-create and drive the adoption of new work patterns across functions. The collaboration aspect is critical:



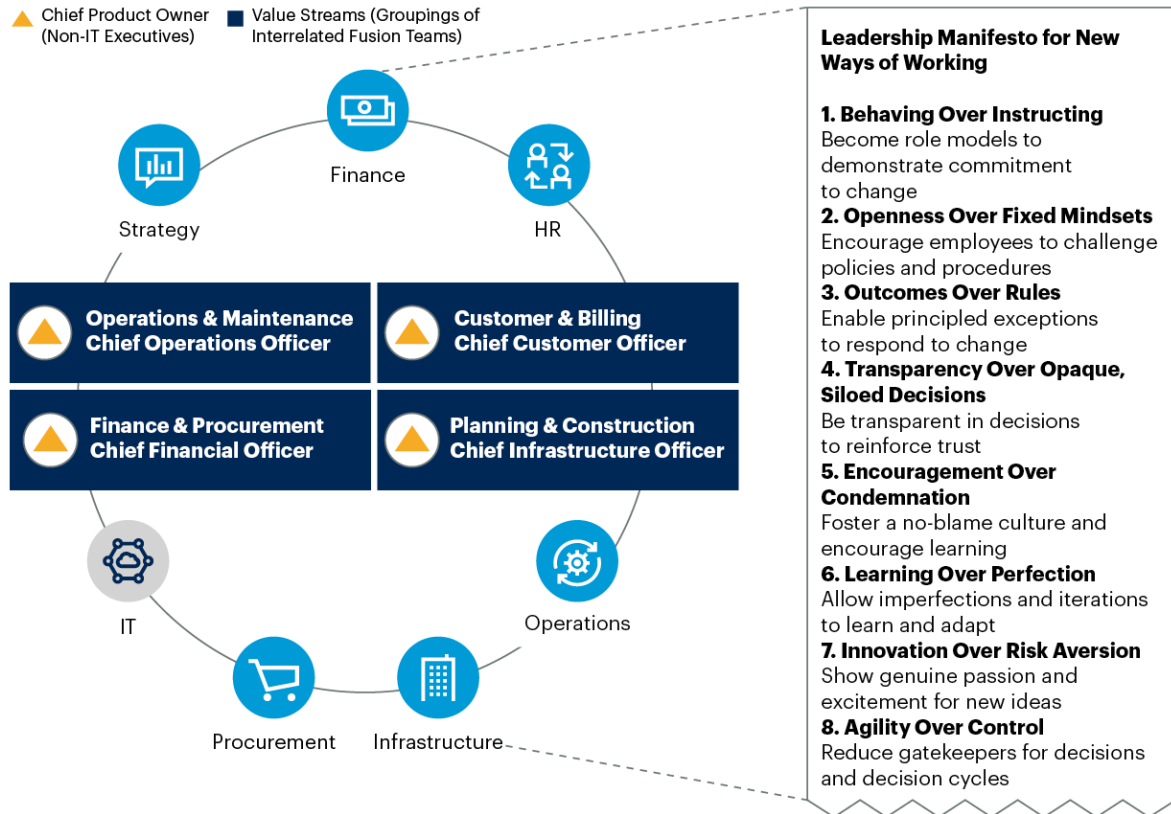
“The Next Evolution of Work team [transformation management office] does not have the accountabilities to redesign functional processes. We augment our team with experts from business areas to co-create changes and support implementation. We are not doing this to them, but with them.”

— Ian Laliberte, VP, Next Evolution of Work, TD

Enterprise leaders must co-describe these new ways of working and desired leadership behaviors themselves rather than adopt a preexisting template. The TMO at Watercare, for instance, worked with senior executives to produce a shared leadership manifesto, committing to be more open and responsive to agile work patterns within and beyond their fusion teams (see Figure 2).

Figure 2: Watercare’s Shared Leadership Manifesto for Executive Behaviors Enterprise-wide

**Watercare’s Shared Leadership Manifesto for Executive Behaviors Enterprise-wide**



Source: Adapted From Watercare 782319\_C



**Manage Risk at the Edges**

Top fusion teams can seamlessly access the risk management expertise they need, including on cybersecurity and enterprise architecture. Leading organizations provide them with in-the-moment, tailored support, reducing subsequent handoffs and escalations. One way of doing this is to embed risk management experts within groupings of fusion teams, so they can share both business and risk outcomes with the teams. These changes in how central risk and control functions engage with fusion teams may lead to broad transformations in risk operating models.

TD's Next Evolution of Work team collaborated with risk management executives to set up a "Risk Marketplace" that assigns versatile risk practitioners to provide in-the-moment support for customer journeys and platforms (groupings of fusion teams). These practitioners also partner with their respective functional risk areas (including technology, operations and fraud) to establish an integrated view of risk across fusion teams and escalate decisions when needed.

## **Co-Create Standards Instead of Dictating Them**

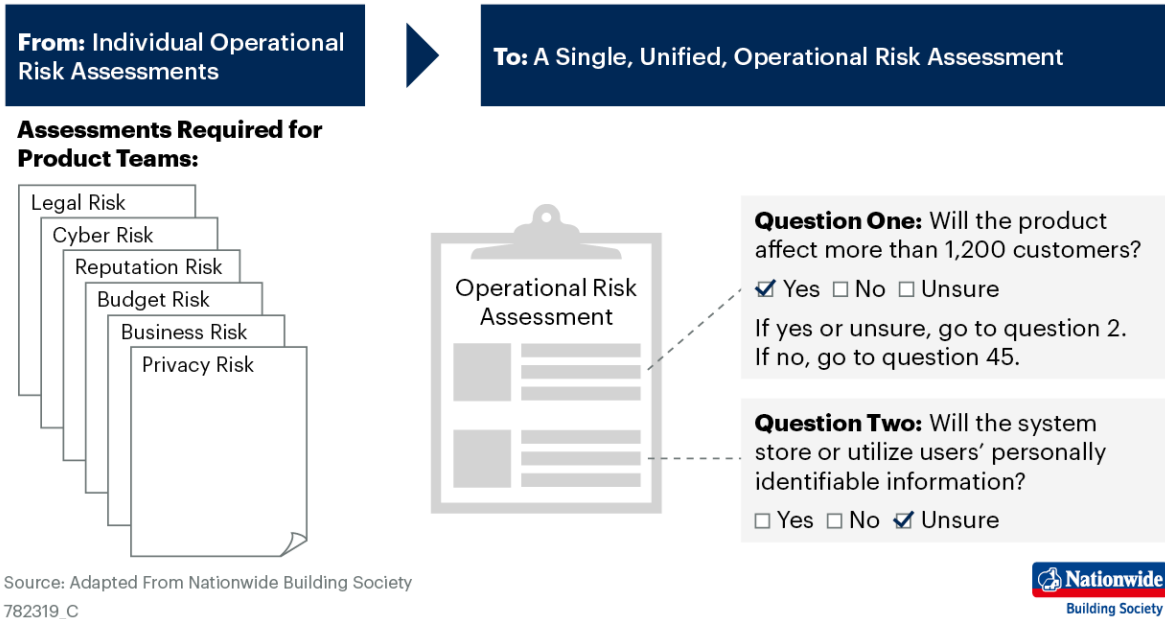
Superior fusion teams also provide continuous feedback on standards that pertain to their work (and when needed, shape them). Collaboration on design and revision requires risk management experts to be open to feedback, which helps both them and the fusion teams understand and better articulate trade-offs. Co-creation helps fusion teams make better risk-related decisions.

Fusion teams at Nationwide Building Society previously had to take 26 risk assessments (one for each risk function, including cyber, privacy and legal) whenever they started an initiative, overburdening the teams and the risk organizations evaluating them. To remedy the problem, the building society's Intelligent Control team collaborated with fusion teams to spot overlaps among the multiple assessments. Based on the teams' feedback, the Intelligent Control team worked with different risk functions to create a single evaluation that covers all the risk domains and takes 50% less time (see Figure 3).

Figure 3: Streamline Risk Assessments for Product Teams

**Streamline Risk Assessments for Product Teams**

Illustrative



**Break, Don't Create, Talent Siloes**

Access to versatile and specialized technology workers is critical to fusion teams' performance. Senior leaders therefore need to establish dynamic and integrated talent management structures that allow for role mobility, economies of intellect and the efficient allocation of scarce tech skills in the enterprise. One way of doing this is by centrally managing and incubating standing groups of tech experts in areas such as cloud, artificial intelligence (AI), user experience or design thinking, and making them available to individual fusion teams or other parts of the business for a limited duration.

Business unit leaders at Repsol (a Spanish energy and petrochemical company) lacked the resources to pursue innovations using technologies such as AI, blockchain and software robotics. In response, Repsol's CIO/chief digital officer (now its executive managing director of client) created "digital hubs" to serve as centers of excellence in software and hardware robotics, agile, cybersecurity, user interface/experience, blockchain, and omnichannel. Repsol allocated specialized technology talent from the central hubs to fusion teams, depending on their requirements. These experts also coached and mentored fusion team members on important digital competencies and shared best practices among fusion teams and business units.

As executive leaders adopt these five principles, they should instill an enterprise perspective in their fusion teams (while embedding agile work patterns elsewhere throughout the business). The wider lens is vital to providing accountability for managing risks and interdependencies, avoiding tunnel vision, and adopting sound and secure ways of working. The reward will be a competitive advantage and digitally driven top-line growth.

*by Sneha Ayyar, Raf Gelders and Jamie Heyes*

*Contact Sneha with questions or comments.*

This article is from the 1Q23 issue of *Gartner Business Quarterly*.

## Recommended by the Authors

Adaptive Governance Principles: How to Orchestrate and Boost the Success of Fusion Teams

Case Study: A New Digital Delivery Model for Customer Centricity

Risk Management for Enterprise Agility (TD)

Case Study: Operating Model Transformation for Digital Innovation

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

Five Top Practices for CIOs to Help Fusion Teams Manage Interdependencies

Three Talent Management Structures for Technologists Within and Outside IT

Defining Principles to Guide Adaptive Governance Decisions

## Evidence

<sup>1</sup> 2022 Gartner Fusion Teams Survey; n = 1,219 fusion team leaders.

© 2023 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. It consists of the opinions of Gartner's research organization, which should not be construed as statements of fact. While the information contained in this publication has been obtained from sources believed to be reliable, Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information. Although Gartner research may address legal and financial issues, Gartner does not provide legal or investment advice and its research should not be construed or used as such. Your access and use of this publication are governed by [Gartner's Usage Policy](#). Gartner prides itself on its reputation for independence and objectivity. Its research is produced independently by its research organization without input or influence from any third party. For further information, see "[Guiding Principles on Independence and Objectivity](#)."

# Actionable, objective insight

Position your IT organization for success. Explore these additional complimentary resources and tools for CIOs:



## Research

7 Rules for Demonstrating the Business Value of IT

Effectively communicate results to share the business value of IT.

[Download Research](#)



## Research

3 CIO Actions to Retain Top Talent During the 'Great Reflection'

Learn the three actions CIOs are taking to evolve their talent strategy.

[Download Research](#)



## Research

The CIO's Response to Inflation

Prepare for inflation and strategically invest in the future.

[Download Research](#)



## Webinar

The Gartner Top Strategic Predictions for 2023 & Beyond

Explore Gartner's top predictions for 2023 and how to navigate them.

[Watch Now](#)

Already a client?

Get access to even more resources in your client portal. [Log In](#)

# Connect With Us

Get actionable, objective insight to deliver on your mission-critical priorities. Our expert guidance and tools enable faster, smarter decisions and stronger performance. Contact us to become a client:

**U.S.:** 1855 811 7593

**International:** 44 (0) 3330 607 044

[Become a Client](#)

**Learn more about Gartner for IT Leaders**

[gartner.com/en/information-technology](https://gartner.com/en/information-technology)

**Stay connected to the latest insights**

