PRODUCT DIRECTION

How to Build Successful Products at Scale with Strategy, Roadmaps, and Objectives and Key Results

NACHO BASSINO

Praise for Product Direction

If you are a Product Leader responsible for setting the direction for your product organization, this book is for you: It's packed with hands-on advice on how to come up with a strategy, a roadmap, and useful OKRs. And not only that. It illustrates via many real-life examples from Nacho's wealth of experience how to make that happen.

Petra Wille - Product Coach and Author of *Strong*

For those of us who worry about driving a product strategy, and even for those of us who don't, Nacho demystifies the process of creating and implementing a strategy. His book covers vital prerequisites for any product direction, from setting the product strategy to measuring success against OKRs.

Marc Abraham – Author, Head of Product, and Curator at Mind the Product

This book is beneficial to any product leader looking for practical advice to master product strategy. Nacho explains holistically the importance of product direction, which he underlines by many case studies that illustrate nicely the impact for any product, product team, and product organization."

Timo Wagenblatt – Author, Head of Products at SAP, and Board Member at PMF

A refreshingly, no-nonsense, practical guide to answer the question on how product strategy, roadmap, and OKRs work together. Bassino cuts through the jargon and provides clear explanations of the main concepts with lots of different methods and examples from his own experience.

Alexander Hipp – Founder of PM Library and Senior Product Manager at N26

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To my wife, Lucía, and my children, Joaquín and Rocío.
Without your unconditional support,
this would not have been possible.

Table of Contents

SECTION 3
OBJECTIVE AND KEY RESULTS

CONCLUSION

Companion course and material

The intention of this book is to make you successful in the difficult craft of creating your product direction. For that reason, I have created a companion course with extra materials, such as explainer videos and downloadable files. I believe the combination of formats will be beneficial during this journey.

 You can access this material for free at: https://nachobassino.com/pdcc

Scan the QR to access the companion course

Preface

DIRECTIONLESS

In one of my first experiences leading product teams working on a solution for travel agents, I faced one of the most demanding challenges in my career. The company had a consolidated consumer business and was now investing heavily in the new *B2B* customer segment, which represented only a tiny percentage of revenues but offered a significant growth opportunity.

Inundated with new resources, we created four product teams and added capabilities in many directions:

- We added new commercial services (flight tickets, hotels, cars, and so on).
- We expanded internationally.
- We made new payment methods available.
- We improved our self-service and administrative capabilities.
- We identified options to serve different segments, such as corporate travel agents, small agencies, big agencies, resellers.

The sales team was also growing, reaching many more customers, and generating an ever-growing backlog of needs. There were internal tools requirements to support the commercial and operations teams in unexpected areas, such as invoicing or identity validation. Focusing on growth and continuously improving our products felt amazing.

Yet the sad truth was that we had few results. We were not achieving the revenue projections, signing up new international customers at the expected rate, or hitting the repeat purchase goals. And, given the scale of the product and sales teams, we were still burning money.

At first, we thought we were not moving fast enough. As we learned more about the market, we kept identifying more and more needs, and we felt that we needed more resources to crunch the backlog faster. But it soon became clear that even with more investments, we were failing to reach the company's expectations in terms of growth. ***By going everywhere, we were going nowhere. We didn't have a problem with resources; we had a problem with focus.***

FINDING DIRECTION FOR GOOGLE ASSISTANT

Compare that story with the creation and growth of Google Assistant.[1]

A few years ago, I spoke with one of Google's Product Managers involved in the early stages of the Assistant's development. It all started as a small side project in the company's Zurich offices, and it began without the particular purpose it has today. In the beginning, they developed it to implement a few technological advancements in speech recognition and fuzzy logic. The project showed some early promising results, and the manager of the division pitched it to upper managers to get more funding.

At that time, Google was also investing in their home devices, and it soon became clear that this technology matched the need for a voice interface. A few months later, and after climbing a few steps in the hierarchy, Google's CEO Sundar Pichai made the big announcement during one of the most significant company events: Google I/O 2016.[2] It was part of the announcement of the Home Smart Speaker and the messaging app, Allo. But the big deal for the group was that they now had a name and a direction: the ***Assistant*** was there to help users not only search but also perform tasks over Google's massive platform.

Following that announcement came a myriad of resources and strategies for expansion to:

- make the service available on new devices, especially smartphones.
- add new use cases, such as note-taking, adding items to the calendar, and setting alarms.
- make the Assistant speak multiple languages and be inclusive by recognizing different accents.
- add connectivity and services: weather, sports, recipes, and almost any category imaginable.

In terms of resources, they even hired a Pixar animator to give the Assistant more personality and "Earcon designers" to improve the communication experience of the voice interface. Dozens of people from different teams, including Home, Android, Messaging, and Translate, joined forces to make this expansion possible. They also created multiple teams to support the new use cases that powered growth in the platform.

The product today continues to grow and is likely to do so for a long time. The developments are impressive: in I/O 2019, Sundar demonstrated the Assistant booking a table at a restaurant on behalf of the user through a phone conversation with the human restaurant receptionist!

I don't pretend to describe the complexities of Google's strategy. And I know that using them as an example may be difficult to relate to, especially for the rest of us working at 99.9% of the companies that don't have the massive resources and platforms they do. But if Google, with all its many businesses, can make such a strategic commitment with such a powerful result, we should have a better chance of aligning our fewer resources and have an even proportionally stronger benefit.

THE *JOB* OF PRODUCT DIRECTION

Our goal as product people is to build impactful solutions to challenging problems. We are trying to make customers happy, deliver beyond their expectations, and provide them with apps, sites, and wearables that change their lives. We are trying to make stakeholders happy, build

successful businesses, that expand with sustainable revenue streams. We are trying to realize our ambitious product vision and change the world for the better. To do it, we collaborate in teams with organizations of different sizes, and we invest considerably in them to make these dreams come true.

Regretfully, *most of the time*[3]*, we do not achieve the desired results*. We all know that making great products is difficult and involves many steps from multiple disciplines. There are many risks to consider and multiple ways to fail:

- Your solution may be too complex.
- The operation cost may exceed its value.
- You may not have chosen a sufficiently relevant problem.
- A competitor can still beat you to the draw.

Even worse, problems or blind alleys may take a long time to notice. Results are ambiguous or positive while being short of what's required to achieve your vision. Market dynamics are complex, and we have an extraordinary ability to blame failure on something or somebody else. So we may not realize that we haven't done an outstanding job until we reflect on our experience years later (as was my case in the first example of the book).

To avoid this problem as a product leader, you need to manage multiple activities, including continuous product discovery and *lean* practices to reduce uncertainty and waste. But while teams may master execution, there is still a missing link to take them from vision to successful product. To achieve your ambitions, you first need to ***select the right problems to solve***, those that will make a big difference, and ***break them down into actionable opportunities and measurable objectives***. This puzzle is what *Product Direction* addresses and what many teams are not yet doing.

What is Product Direction?

I consider the current information about strategy to be mostly superficial, and we often lack clear guidance on how to put it into practice. Many sources will include steps such as "generate ideas" or "select the right goal according to your mission," without any practical help on how exactly to do that. The devil is in the details.

Product Direction is a practical approach to defining, linking, and communicating your product strategy, strategic roadmap, and objectives (for which we will use the popular OKRs[4] method).

This combination fills the lack of connection between vision and action in an organized way that sets the basis for repeatable success.

> For ***Product Leaders*** who *want to achieve repeatable product success*, ***Product Direction*** is a concrete *framework to define and connect the product strategy, strategic roadmap, and OKRs* that *aligns, focuses, and scales* the ***product organization's impact***.

A traditional pitch view for Product Direction

My goal with this book is to be practical and describe the processes, tools, and artifacts you can use. But I'm also aware this is a highly complex and broad problem where different environments, industries, and products can impact the type of tools and information you leverage to craft your strategy. While none of it pretends to be dogmatic or prescriptive, it will provide a real framework that you can adapt to your context. Product Direction is the sort of book I would have wanted ten years ago when I started facing the strategy problem: a clear and practical guide that I can use and adjust over time to my situation.

The Dinner Party

To put things in perspective, imagine you are part of a cooking team in charge of organizing a dinner party for 1000 guests. The team divides into four crews, each taking responsibility for different parts of the meal. You lead the "Main Course," while "Starter," "Dessert," and "Beverage" teams complete the list.

Successful delivery is critical, with a high bonus paid based on diners' satisfaction and the potential of referral to future clients. To make sure you do a great job, you research where the guests come from, their food preferences, and you even have three test rounds before the event to validate which dish they will like the most.

The night of the party arrives. One of the first items to come up during your investigations is that this is a vegetarian group. So you have prepared an exquisite vegan lasagna. You observe the diners' faces with satisfaction while tasting the main course, and you breathe a sigh of relief after the long effort of the previous days.

Later that night, it's time to review the satisfaction scores. You can already feel the big bonus in your pocket. It surprises you as you read the first review: only one star. You ignore this pessimistic outlier diner and jump to the next one. But after glancing at a few others, the pattern is clear: you have not hit the target. Reviewing the comments, the cause of dissatisfaction seems very simple. While you chose Italian lasagna, the Starters team selected a mix of Mexican guacamole and cheese-based appetizers that didn't match the main course at all. The Deserts team decided on French profiteroles, which was a heavy option to follow pasta, instead of a more suitable *gelato*-based dish. Even the beverages were confusing, recommending a combination of beer, red wine, and white wine as the best drink for each course! People praised every dish, but the overall experience wasn't satisfactory.

Reflecting on the experience, it is evident that the vision was clear: give these guests an enjoyable dining experience. Each team built the best solution for their area of responsibility, but the group lacked a strategy to align them in the same direction, failing to make the impact they were expecting.

Why Should We Change? (Pushing Forces)

While the above example may sound exaggerated, it is not far from many product organizations' realities once they have grown beyond three or four product teams. Our practices do not help us align, connect execution to vision, and ultimately make a larger impact with our efforts. Thus, the following reasons ***push us*** to seek new methods:

- Mediocre impact
- Resources wasted on the wrong problems
- Teams working in different directions

In essence, we disconnect execution from vision, which prevents us from achieving our desired outcomes.

Why Don't We Change? (Blocking Forces)

We are getting closer to the core of the problem. We know there is a solution to this problem. We may even know it involves strategy. Yet, ***most companies and teams fail to create a successful strategy*** and connect it to goals that will strongly align teams.

There are at least four serious reasons that hinder our ability to change.

Problem 1: Method

The first obstacle preventing us from adopting a different path is the lack of clarity about ***what* a good product strategy is and *how* to create it**. Most available advice is rather superficial and unspecific. We lack a practical framework.

Problem 2: Accountability

Similarly, we struggle to implement any change because it is unclear who is responsible for it. Is strategy the responsibility of leadership? Shouldn't we follow the CEO's company strategy? Who should connect vision to goals? Is there a strategy per business unit? What happens across different levels, such as portfolio versus product level strategy?

Problem 3. Tactical inclination

This lack of ownership and accountability is also affected by our tendency to favor tactical and short-term activities. The next release and endless status meetings regularly squeeze our time. New things continuously come up that require our attention, and we have a natural tendency to prioritize these over long-term strategic work. It feels natural; a bug in production or a new client call can hurt our highly appreciated present revenues. But failing to carve out time for strategic direction work will hinder the company's future.

Problem 4. Long feedback loops

And finally, we face long feedback loops. It's like the frog in the slowly boiling pan of water. We are falsely reassured by our small wins quarter after quarter, and by the time we realize we haven't had a significant impact, the water is close to boiling. The attribution of our lack of success to the lack of direction is unclear, so we fail to learn and do something about it.

Jobs To Be Done forces diagram

Some may have noticed that I'm describing "forces" that help or prevent us from switching to a new solution. This approach is based on the Job To Be Done (JTBD) forces diagram[5], which proposes forces involved in adopting a new solution, as can be seen in Figure 0.2.1.

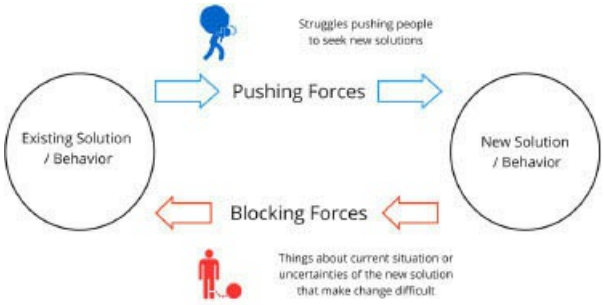

Figure 0.2.1 - A simplified view of the JTBD Forces Diagram.

Using the forces we just described for the adoption of Product Direction, the diagram would look like Figure 0.2.2.

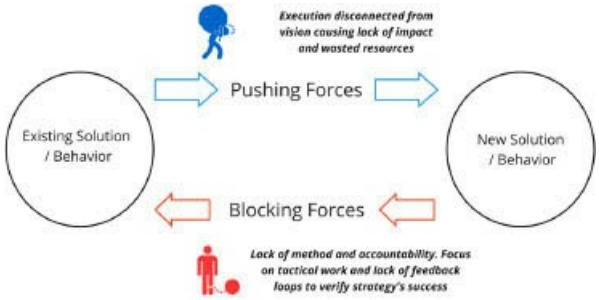

Figure 0.2.2 - Partial forces diagram for product direction.

Access the online course to download a detailed version of the diagram. https://nachobassino.com/pdcc

Benefits

Besides the core “job” of achieving more successful products with extraordinary impact, this process has three essential benefits that encourage its adoption.

Benefit 1: Team alignment and autonomy

Without direction, we only have vision and actions. Teams will try to achieve the vision in whatever path they consider valuable. You will inevitably end up with teams pulling in different tracks, making little progress through much effort.

Instead, with the right strategy, all teams will focus on reaching the vision through the same path. With a shared understanding of the direction, each initiative will help not only the team executing it but also other ones working on related elements, providing a multiplying effect.

Imagine, for example, an early-stage Facebook company looking to grow their active user base. A *user acquisitions* team may work on paid grow channels; another team can start a geographic expansion to another country; the *invitations* team may focus on maximizing family members’ invitations. Each initiative can successfully acquire a few new members, but they are isolated efforts without a huge win in any of those areas.

Instead, Facebook decided to center on universities across the U.S., making each team focus on those users. The user acquisition team knew they needed to focus on reaching campus members, the invitations team focused on making students invite fellow students, and so on. Within three months, they had 50% of all students of Harvard, Stanford, Columbia, and Yale, and the rest is history.

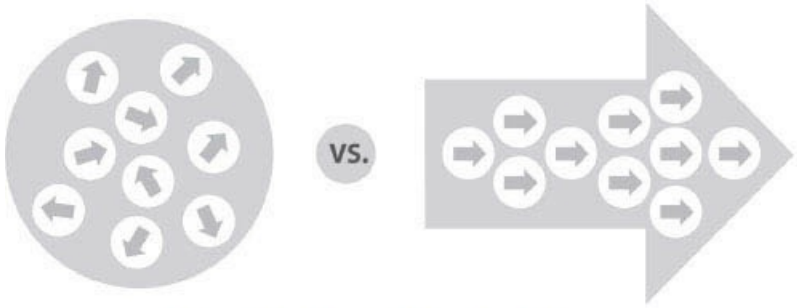

Figure 0.2.3 - The multiplying effect of alignment.

Furthermore, when teams have no strategic context, their decisions may not necessarily align with what upper management expects, resulting in a lack of trust and more micromanagement, hurting the team’s autonomy and the company’s ability to innovate. If you end up in this situation, the fault is in senior management, not the team.

Product Direction will provide teams with the required strategic context, helping them progress toward the company’s desired direction, gaining more trust and consequently generating a virtuous circle to secure even more autonomy. This autonomy fosters both accountability and motivation to achieve even higher results, as seen in Figure 0.2.4.

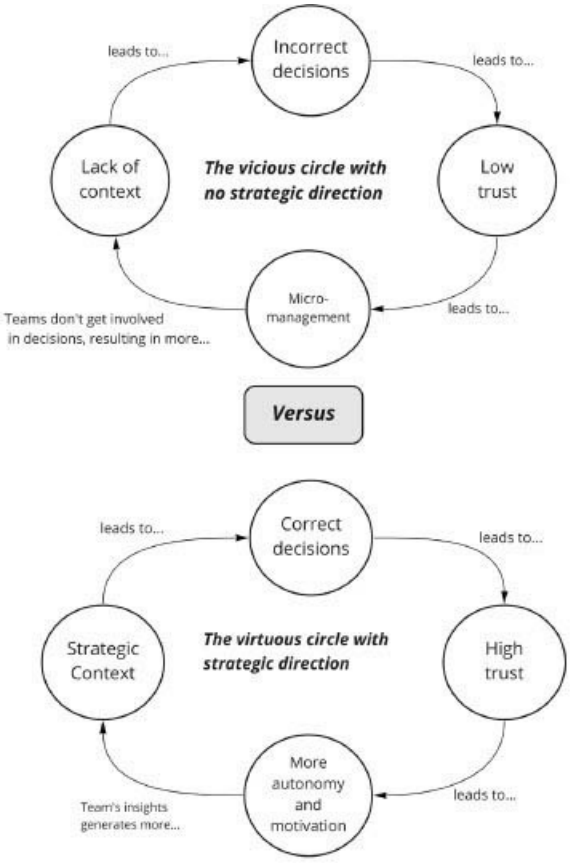

Figure 0.2.4 - The positive difference in results and team motivation when having the right strategic context.

Benefit 2: Focus and positioning

There are always more opportunities and problems than is possible to work on. Direction is choice: it is the act of thoughtfully selecting and committing to the group of opportunities deemed to provide the most substantial results, *making it clear that we are consciously saying "no" to the rest of them*.

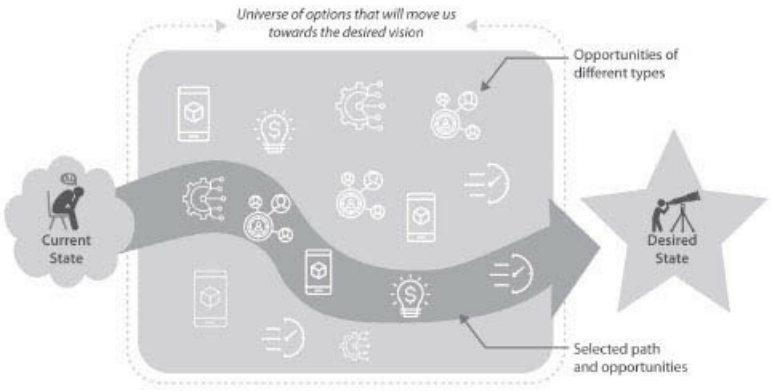

Figure 0.2.5 - Selecting a path from infinite possibilities

Selecting and prioritizing options will also help you have a shared understanding of the value proposition you are trying to focus on and the significant gain for the customer you will achieve. Our dinner party crew would have known to select all Italian or all Mexican dishes.

Of the many roads we might choose, we are selecting the route that will clearly *differentiate* our value proposition in the customer's minds, and the product team will not be the only part of the company working toward that goal.

The marketing team will be able to create messaging that supports this strategy; the operations team will focus on the required flows to deliver this value; the supply team will negotiate commercial agreements needed to make it all possible. As with the multiplying effect of aligning product teams, the entire organization's alignment multiplies the value of the experience offered to the customer.

Benefit 3: Scale and consistency

Finally, one of the most challenging aspects of creating products is scaling the organization while maintaining autonomy, speed, and success. When a startup has a single product team, and the entire company fits in a small office, alignment and communication come naturally.

But as you grow, it is crucial to have shared practices and artifacts to facilitate the flow of information and decisions. The impact of using the tools for direction covered in this book can be seen in:

- shared language and tools to enable product managers and teams to collaborate at scale.
- a standard set of *communication tools* to improve clarity for stakeholders.
- increased visibility across the organization.
- team members who can change groups with a smoother transition.
- when direction change is required, the alignment of tools helps deploy the needed modifications quickly and clearly.

Direction drives recognition

The ultimate goal of using Product Direction is to create impact: a successful product that delights users and generates a sustainable business. Making sure that the delivered product generates these outcomes is among the key responsibilities of product leaders. As Marty Cagan says, *"The only true measure of the product manager is the success of his or her product."*[6]

Product results help us grow in our careers. A solid Product Direction will help you gain this recognition, demonstrate your strategic abilities, and help you translate them into successful execution.

HOW TO USE THIS BOOK

The material is divided into three sections, one for each part of the product direction:

- *Setting the Product Strategy*
- *Creating or updating the Strategic Roadmap*
- *Setting and reviewing OKR status*

Each section contains:

- An ***introduction*** chapter, explaining the purpose of the section and why it is critical for the product direction
- A ***process overview*** chapter, describing inputs, people involved, and a high-level view of the steps involved in that part of the product direction
- A series of chapters to describe ***each step***, along with tools and expected outputs
- Finally, an ***example*** chapter. We will use a fictional company, "SquadStats," and follow the steps to create each artifact.

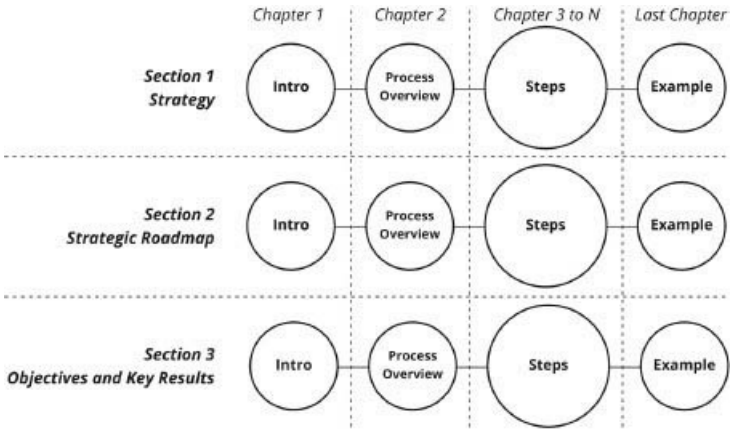

Figure 0.3.1 - A map to follow the book's progress.

Each section and artifact can be used separately and will provide benefits to any team that employs it. But there is also a link between them, going from a more general view to the more particular aspects of the execution. Creating a strategy will help you easily generate aligned and better OKRs.

Finally, we will see many tools and variants. Trying to apply all the tools wouldn't be useful in any context. The intention is to gain knowledge of the available options, use whatever makes the most sense in your situation, or even create variations using the many other methods available that may work better in your environment. Knowledge is power!

As part of the book organization and material, the companion course has short videos and templates to apply each section's ideas. You can access it at:
https://nachobassino.com/pdcc

A word of caution on non-linearity

Writing (and reading) is only done word by word. The processes presented are described in a sequential order, which may be the most natural one to follow *in an ideal world*. But that scenario does not exist in reality, and 99.99% of the time, your execution is not linear.

Throughout the book, you will discover examples where the interaction and learning between different elements present opportunities for going back and redefining previous decisions. Or even better, your discoveries will feed forward to future steps. Everything has loops and connections.

You need to embrace this complexity and avoid falling into the trap of thinking that you can "waterfall your way around it" by adding more analysis and planning at the beginning. Product development may have a clear direction, but it remains a process of exploration and discovery. As you advance in your journey of creating direction, you will find learnings that must be incorporated in a lean and agile way.

Different Stages and Portfolio Sizes

Most topics in this book are influenced by the life cycle stages of the product (see Figure 0.3.2), the company's size, and your products' portfolio. For example, companies launching new products will approach strategy definition from a different angle than they would if working with mature products that need to maximize existing revenues.

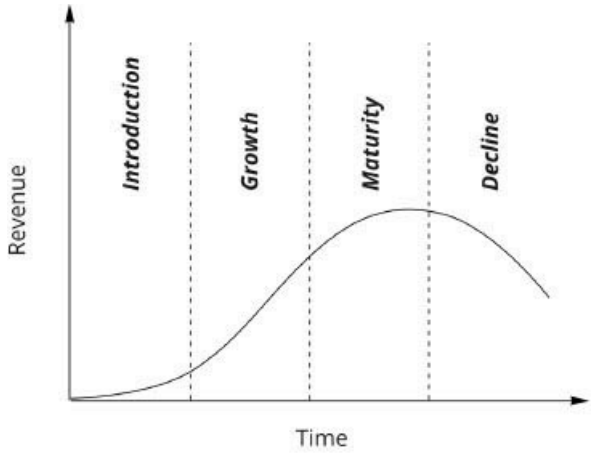

Figure 0.3.2 - Product life cycle stages

Similarly, the complexity and layers of the process are quite different for companies that only have a single product to those with large portfolios. Throughout the book, I will try to call out these differences and provide alternatives that adapt to each context.

Extra Tips and Stories

Throughout the book, you will encounter boxed sections of text. I have divided these into three categories and identified each with an icon:

 Extra tip or quick advice: something that extends the idea presented in the section.

 Extra story or example: a personal story or example related to the section.

 Online course material: reference to the online companion course.

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[1] Google's product is oriented to respond to voice commands and perform actions on behalf of the user. More information at https://assistant.google.com/

[2] Google's annual conference where multiple launch announcements are made. More information at: https://en.wikipedia.org/wiki/Google_I/O#2016

[3] Companies like Microsoft, Booking, Amazon, and more have reported that over two-thirds of their product initiatives fail to produce the expected results. More info at https://nachobassino.com/70-of-product-initiatives-fail-why/

[4] If you don't know what Objectives and Key Results are, don't worry; we will cover it later. For the time being, they simply are a goal-setting system.

[5] You can read a full description in Alan Klement's post "The Forces of Progress", 2017. https://jtbd.info/the-forces-of-progress-4408bf995153

[6] Marty Cagan, 2007. "Measuring Product Managers", https://svpg.com/measuring-product-managers/

Section 1

Setting the Product Strategy

"Bad strategy is the active avoidance of the hard work of crafting a good strategy."

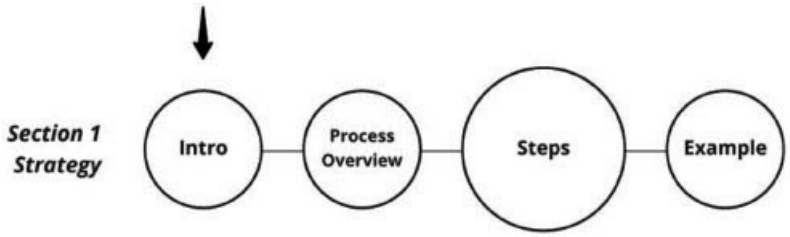
Richard Rumelt - *Good Strategy Bad Strategy*[7]

In This Section

[7] Rumelt, Richard. Good Strategy Bad Strategy. Crown Business, 2011.

Chapter 1.1

INTRODUCTION TO STRATEGY



As product managers and leaders armed with your desired vision, your first step toward setting the Product Direction is to create the right product strategy.

Your product strategy will build the bridge between the vision and your expected outcomes. It is a combination of:

- a *diagnosis* of your current situation
- a *selection of problems and opportunities* you are focusing on
- a set of *guidelines for execution*

Strategy definition is the most critical phase. Tools and artifacts are replaceable, but there is no suitable replacement for the lack of strategic decisions. While we achieve alignment, focus, and positioning through the combination of all the direction steps, strategy is where paths or options are considered, and the most valuable one is selected. If you don't work on getting the right insights, you'll end up perfectly aligned on the wrong path, and your products will fail. Regretfully, this is also the step where companies struggle the most. Let's explore why.

Mindset Problems With Product Strategy

Besides lack of method and accountability, there are a few common pitfalls on how organizations approach strategy that you should be aware of:

- ***Lack of insights generation***: Instead of considering the user's needs, industry trends, what they've learned from previous experience, and exploring multiple options, companies blindly follow somebody's hunch as an alternative to a thoughtful strategy process.

- ***Constant changes***: Some organizations face repeated changes in direction, reflected in significant modifications each quarter to the stated objectives. While we want changes to happen as we learn and discover more about what the right product is, constantly shifting direction is usually a symptom of the lack of a well-thought initial strategy.
- ***Lack of commitment or shared understanding of success***: Strategy is about making choices, but some companies simply fail to commit to one path. Excuses like "we don't want to limit our options" or internal fights toward expanding the scope of the product are signs of lack of focus and shared understanding of how success looks.
- ***Poor communication***: Lack of communication sessions or a comprehensible expression of the strategy causes most team members to be unaware of the key drivers of success. That lack of understanding is as bad as a poor strategy to support a proper execution.

Wrong flight level

Finally, a tough issue with strategy definition that requires its own section is to make people aware of the right level of "detail" required. Imagine you are providing air support to a team carrying out a search and rescue mission on the ground. Let's say the ground team is trying to find people missing following an earthquake.

If you are flying at an altitude of 10,000 kilometers, you won't provide any help to the ground team. The only thing you will see from that altitude is a large grey spot representing the city. On the other hand, if you are operating a drone flying at two meters above the ground, you will have the same visibility as the team, looking for direction, going door-by-door, and you could not offer any strategic guidance.

And if you are in a small helicopter flying at 500 meters? You may identify different areas of damage, different buildings, and recognize the city's limits, all of which will enable the team to understand the scale of the problem and where to start.

When defining strategic direction, it's easy to fall into a similar trap of flying too high or too low.

Some teams would simply call strategy a very high-level goal, like "Duplicate sales by the end of the year." This high flight level does not help the team identify the right direction, nor does it provide any guidance to achieve it.

Other companies like to use a "list of 50 strategic projects for the year" as the basis for their strategy. This type of low flight level goes against the principles of autonomous and outcome-oriented teams, and in doing so will discourage learning, innovation, and accountability. Instead of guiding the squad[8] toward the right problem and allowing them to discover the right product for themselves, it forces them to build a requirement that has been handed down to them with no stakes in its result.

By contrast, the right level of granularity should align the units toward the same challenges.

Let's consider the example of an e-commerce product. Faced with the strategy to "Double the rate of conversion by personalizing the purchase experience," what options might different teams pursue?

- The product-listing team may discover that their best chance of success is to personalize the sort order in which the products are presented, based on past user behavior.
- The product-description team experiments with offering add-on purchases by including similar options that were purchased by others who match the current user's profile.
- The product-reviews team interviews users, finds out that trusted recommendations are essential for influencing purchase, and so they highlight reviews from the user's friends.
- Finally, the checkout team works on reducing friction for repeat customers using a feature to remember previous payments and shipment preferences.[9]

Finding this right flight level is critical, and we will review tools that help set it correctly.

Vision and High-level Goals

In this introduction to product strategy, it is worth noting that your strategy should describe ***a path to achieving the product vision***. Describing how to create a compelling vision is outside the scope of this book, but consider the following guideline.

The starting point for your product vision is the company's vision, usually a short sentence that is aspirational and explains what the organization wants to achieve. A few examples to consider are:

Google	"To provide access to the world's information with one click"
Instagram	"To capture and share the world's moments"
LinkedIn	"Create economic opportunity for every member of the global workforce"

The ***product vision*** aims to describe the positive and ***customer-focused*** change the product will generate in the next three to five years by magically solving hard and enduring problems. I believe ***the best format is a storyboard or short video***, like this great example by Asana: *asana.com/vision*[10].

Another popular method is Geoffrey Moore's value positioning statement, introduced in his book Crossing the Chasm[11]:

"*For (target customer) who (need statement), the (product/brand name) is a (product category) that (key benefit statement/compelling reason to buy). Unlike (primary competitor alternatives), (product/brand name) (primary differentiation statement)*"

Here we are introducing more elements to clarify where we are heading, like the value and differentiation we are trying to build. Still, this approach is more rational and less emotional than

the storyboard and may be less inspiring.

High-level ambitions and company strategy

Another influencing factor for your product strategy is the existing company aspirations and strategies. In the book Measure What Matters[12], John Doerr uses the example of YouTube, who set themselves the goal to *"Reach 1 billion hours of watch time per day (by 2016)"* They had a multi-year high-level goal that inevitably had an enormous influence in the product strategy and the direction of all related teams' efforts.

Depending on many factors such as how product-led the company is, the maturity of the product, the market share, the available funding, and so on, your company may already have set a potent high-level goal[13]. Your product strategy needs to help you reach the company's vision and support the overarching business strategy.

Consider a few examples:

- *A product-led startup that reached product-market fit* would probably focus on rapid growth, concentrating on new user acquisition and activation related strategies.
- *A grown startup* that has already passed a few rounds of investments and has a considerable customer base may focus on achieving profitability, streamlining processes, and improving margins.
- *A mature company with stagnating sales* would likely look to expand by adapting the product to new customer segments, geographies, or mutating to new categories.

There may be countless examples, but the product leaders need to make sure they understand this high-level ambition to create a strategy that supports it. Hopefully, this is an ongoing conversation with the C-suite, and there is no need to ask. But if you are uncertain, you would surely prefer having this conversation rather than creating a product strategy that does not align with the company's goal.

How are high-level goals used in product strategy?

The product strategy will direct your focus to the set of opportunities that support the company's aspirations. For example, if your strategy is growth, you will deep dive into insights around attracting new customers, retaining existing ones, and increasing your share of wallet with them. On the other hand, you will unlikely be analyzing options for improving cost structures for process automation because this does not align with your current high-level goal.

Even when you have this predefined target, there are countless directions to consider, and you need to do the exploratory work of mapping possible paths to select the most promising. Similarly, when selecting opportunities, you can use this baseline to speed up your work, narrowing the set of options from which we will choose.

[8] Spotify popularized the term squad to refer to small interdisciplinary product teams pursuing a set of business outcomes. I will use it as a synonym for "product team."

[9] For clarity purposes, I used a team structure split by section of the site or flow, but there are many different ways to organize teams, and they would end up using the strategic context similarly.

[10] Unveiling the Future of Asana, *https://asana.com/vision*

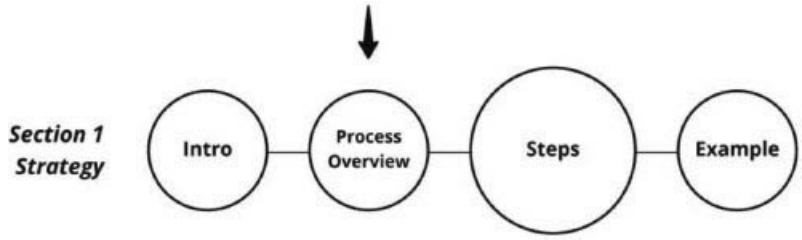
[11] Moore, Geoffrey A. (1991). *Crossing the Chasm*. Harpers Collins.

[12] Doerr, John (2018). *Measure What Matters*. Portfolio.

[13] Sometimes known as a *BHAG*: Big Hairy Audacious Goal.

Chapter 1.2

THE PROCESS OF STRATEGY CREATION



Now that we have covered what we expect to achieve by defining the strategy and how it connects to the company's and product's vision, let's review the process required to create it.

As Professor Rumelt said, a good strategy "*does not pop out of some strategic management tool, matrix, chart, triangle, or fill-in-the-blanks scheme. Instead, a talented leader identifies the one or two critical issues.*" So keep in mind that the steps and tools will be a framework to think about strategy rather than a checklist to follow mindlessly.

Additionally, strategy is not a "*set and forget*" artifact. While a step-by-step description may resemble waterfall-management, the goal is to iterate, learn, and develop with continuous improvement and a strong lean mindset.

Before jumping to details, let's discuss the ***(1) inputs***, ***(2) people involved***, and ***(3) cadence*** of this strategy creation workflow.

1. Inputs

Let's begin with the information used to generate valuable insights and identify the right direction. As seen in Figure 1.2.1, we need information about the company, the customers, and the product. Furthermore, we can categorize that information into:

- *Definitions*: Things previously decided, like the company's mission.
- *Results*: Actual data about how the company is performing and how users are reacting to our products.
- *External*: What is happening around our products, what are our competitors doing, what are the new trends.

	Definitions	Results	External
Company	Vision & Mission	Company KPIs	Industry Reports

Customers	Segments & Needs	Customer Feedback	Customer Research
Product	Product Vision	Product KPIs Technology Status	Benchmark

Figure 1.2.1 - Inputs summary table.

1. Vision & Mission statement

If you don't know where you're going, any road will get you there.

You want to set a strategy that helps you achieve the company's and product's vision. It should be a glimpse of the expected future, of what success would look like in five years, and your plan must support it.

2. Customer segments, personas, and needs

A critical factor in creating a winning strategy is capturing existing information about your customers and figuring out which needs the company is going to serve. If you don't know your target user, you will find it hard to create a strategy that fulfills their needs. In some companies that can be easier to identify than others. For example, if your company builds "patient management tools for surgeons," your niche is rather obvious. However, other companies, such as an online travel agency, will need to dive deeper to define which potential users they will focus on. Travel can range from a family taking a weekend break to the sea to a CEO traveling to an international business meeting (and all variations of those themes). A scattergun approach will result in an average service for all instead of a great value service for your selected segments.

3. Company results

An essential part of selecting the right direction starts with a diagnosis of where you are today. You need to understand the key company metrics, from initial customer acquisition right down to the bottom line. You might use analyses such as results per business unit, geography, customer segment, and so on to gain a broader perspective. Besides these, you would use comparisons to previous periods. Most companies design dashboards to allow them to review these KPIs continuously, making the process far quicker.

Additionally, try to answer questions such as: Is your product in an early growth phase when your focus is on acquiring many users? Is revenue stagnating, which means you need to focus on more disruptive opportunities? How should you balance work across business units based on their recent performance? All these perspectives will allow you to consider the type of initiatives, the level of risk, and the level of investments you can expect for future periods.

4. Product results

You will also want to know how your products are performing. In particular, product results target all the behavioral analytics that are relevant to understanding how customers are reacting to our solutions. Metrics about funnels, onboarding processes, retention, and key features usage are the sort of triggers of insights related to your product's performance. A high drop rate in a specific funnel step, for example, may uncover a high friction point or lack of clarity in your interface. Or high first day's churn rates may indicate poor onboarding. The particular metrics for your case will depend on the product type, maturity, and context. Hopefully, they are also frequently reviewed by the product team and easy to access to define your strategy.

5. Customer feedback

Companies rarely link the multiple sources of customer input they have to their strategy. Extracting all the sources of happiness and pain points from channels like customer satisfaction surveys, customer service agents, or even social network comments can add great value to your definition. Try to correlate these inputs to actual product performance for stronger insights.

6. Customer research

Product teams (and companies in general) should be continually researching to understand their customer needs and problems in greater detail. Our product behavior metrics can tell us what customers are doing, but qualitative research will tell us "why" it is happening. We also want to understand other areas of opportunity or needs currently not being served by our products. To define a strategy highly relevant to your current situation, it's crucial to understand the insights received from past research.

7. Market and Industry analysis

Another critical aspect of choosing the right path is to understand the surrounding landscape. To select a winning course of action, you will need to analyze tendencies, areas of market growth, movements in the players' ecosystem, economic trends in the regions you operate, and so on. Most industries have market research undertaken by global firms such as Gartner or McKinsey, or specialized firms, such as Phocuswright for travel. Governments and NGOs, including the United Nations or the World Bank, have numerous reports on economic activities and tendencies. Public companies in your industry will regularly make large presentations for investors. Sources like Similar Web, Google Trends, or Statista provide further information on online activity.

8. Benchmark

We want to be aware of what our competitors and other relevant players are doing. What were their results in the prior period? What were the changes they introduced, and how did these work for them? Are there new players we should analyze?

For this exercise, we can compare ourselves with many more companies than what we would consider our direct competitors. We could include:

- *Best in class companies*: Even when we do not compete directly, how do we compare to the company that is the best at addressing this problem?
- *Substitutes*: Uber can compare to Lyft, but they both need to consider traditional taxis and the public transport system.
- *Companies from different industries with comparable features*: Most companies look at Amazon's checkout for benchmark purposes, even if they are not in the retail e-commerce category.
- *Incumbent versus insurgent*: Traditional banks should be looking into what Fintech startups are doing.

9. Technology status

Considering the lifetime of a product (launched once and grown for years, if successful), teams spend most of their time evolving and improving existing outcomes, either with small optimizations or creating innovative features. To maintain the ability to evolve their software rapidly, organizations must invest in keeping the technology base healthy. Usually known as *technical debt*, if product teams do not constantly invest in keeping their architecture, framework versions, and practices up-to-date, they would inevitably slow down over time, reducing their ability to deliver value to customers quickly.

During the strategy generation, it is vital to analyze whether there are significant areas of technical investment required and decide as a team when the right time to do it is and what resources will be used. Ignoring this need can cause a significant strategy change later when things get ugly because of outages or slowdowns due to a lack of development capacity.

On the other hand, we may have opportunities that arise from outstanding technical capabilities developed during previous periods that can now use new business opportunities. Consider, for instance, the case of Amazon Web Services, where Amazon leveraged a surplus of servers and automated provisioning to create an incredibly successful new business line.

2. People Involved

In terms of team members collaborating in strategy definition, there is a very challenging balance between high-level strategic thinking and a detailed knowledge of product initiatives and results. For example:

- Product leadership may have a high capacity to understand the big picture and where the organization is headed.
- Product Managers will have more details on product metrics, competitors' benchmarks, and customer's pain points with a particular piece of the portfolio.
- The CTO may understand how changes in technology may have a positive impact on infrastructure and development costs.
- Tech Leaders will know what opportunities would require extra efforts under the current technological stack of each product.

It would be awesome to include everyone in the process, avoiding the potential loss of valuable insights. But the practical downside is that you risk the whole process getting caught up in eternal discussions. We want teams to feel committed and responsible for delivering on the strategy, but we also need to avoid the compromises that emerge from design by committee. There is someone accountable for the resulting plan (could be the CEO, CPO, or VP of Product —depending on the company structure), having the authority to make the final decisions, which may hurt the team's motivation if they feel their involvement was simply consultation in name. It truly is hard to balance.

To partially solve this problem, let's consider two scenarios:

- The ***portfolio level strategy***, where we define at a higher level what problems the product organization will focus on, how we want to distribute resources, and what opportunities will not be considered. At this stage, we involve more senior-level members and fewer team members.
- The ***product level strategy***, for which the product team will align their most relevant themes associated with the direction of the portfolio. Contrasted from the previous level, it will involve more team players and fewer managers.

Even with this consideration, we should keep in mind that decisions and actions at the product level impact those at portfolio level and vice versa.

At the portfolio level, we want to set directions that the teams can align to impact each element of the services we provide. Decisions made at this level need to be viewed from a bigger picture perspective. They may compromise the potential of specific products while achieving an optimum result for the entire ecosystem.

At the product level, we may identify significant results from discovery, benchmarks, or experiments that should be extrapolated and considered for the entire portfolio. The more impactful a new insight, the sooner we want to spread it across the portfolio.

In summary, the portfolio should by no means be considered as a waterfall push for teams to build what someone else has already defined. There are constant updates and challenges to the current strategy at both the portfolio and product level.

Company size consideration

It is worth saying that the complexity of portfolio versus product strategies emerges once the company grows beyond 3 or 4 teams. But it keeps increasing as the company enlarges. Consider a possible way to organize Microsoft Word's team structure, described in Figure 1.2.2.

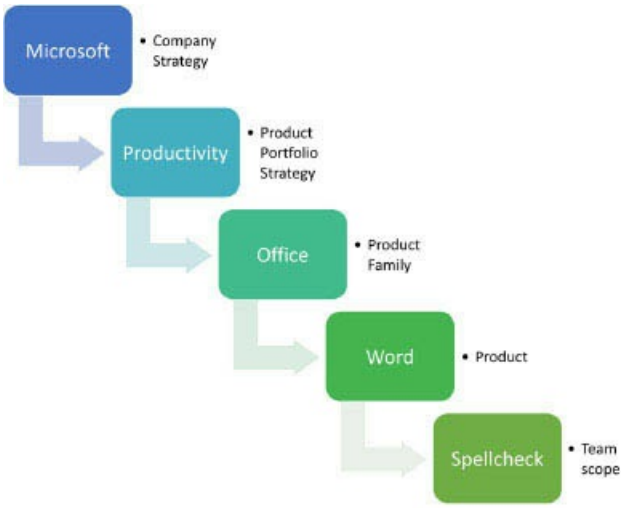


Figure 1.2.2 - MS Word's team structure.

MS Word has many teams working on it (for example, the Spellcheck team), but it is also part of the Office family alongside Excel and PowerPoint, which is part of Microsoft's productivity portfolio, sharing that space with MS Teams, Skype, and others.

Let's imagine that the productivity group is focused on gaining market share by improving online collaboration. The Office Suite strategy may be to increase their share of online users through real-time collaboration capabilities. MS Word inherits that direction and focuses on improving multi-user editing.

Most companies do not have this level of complexity, but as they grow, they should make a conscious decision about how the product portfolio and units are organized and how the strategies interconnect. There needs to be a unifying direction, and as we dive deeper, we get to more detailed strategies to achieve it.

A note on stakeholders collaboration

Stakeholders should be part of the strategy co-creation. As discussed, the number of participants for strategy definition can grow pretty quickly. Your goal is to keep stakeholders in the loop, get their valuable insights and feedback, and keep them motivated by involving them. That being said, a 50-person group trying to debate the strategy can lead to paralysis, consensus through compromises, or group thinking that prevents real breakthroughs. While key stakeholders may be full-time participants, scaling this process requires having meetings with other stakeholders before the strategy definitions to include their thoughts, and later having communication and feedback sessions to close the loop, as we will see in future chapters.

Accountability

While the entire product organization should feel accountable for having and following a solid product strategy, it is also beneficial to have someone ultimately responsible for it. The CPO or VP of Product should ensure that the portfolio level strategy is set and oversee the strategy process quality. In turn, Product Managers should be mostly responsible for making sure that there is product level strategy aligned with the portfolio.

3. Cadence

Now that we have seen the inputs and who is involved in the strategic definition process, let's discuss how often we "execute" the strategy creation. Depending on the speed of the product cycle in your business or your industry, you might aim for the strategy defined through this process to last for perhaps between 12 to 18 months. This period may be longer for mature products, and startups may need to reevaluate their strategy sooner.

As with most of work in product management, you'll need to review it continuously to incorporate new learnings and discoveries. For example, during OKR execution, we may face unexpected results that trigger the need to review not only our objectives but also some of the opportunities we selected at the strategic level.

Process Diagram

Figure 1.2.3 describes the four steps involved in creating the strategy: Insights, Select, Goals, and Synthesize. Additionally, we will start with the information you should gather to make a proper diagnosis and end with how to communicate the strategy properly. The next six chapters will cover each of these stages in detail.

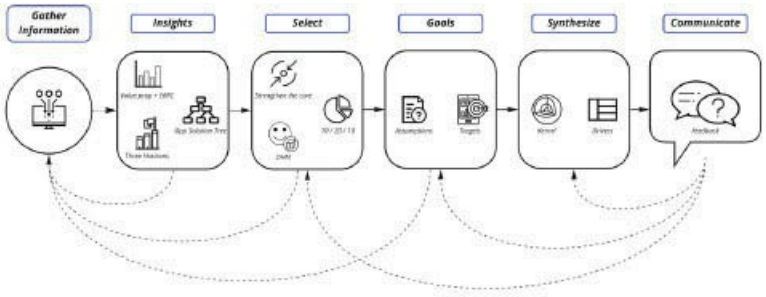
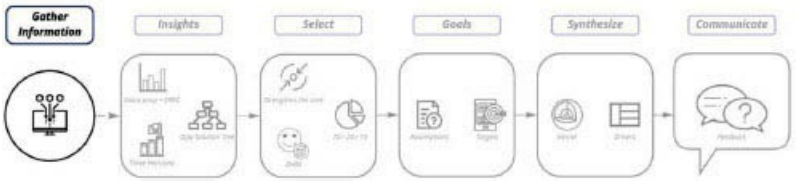


Figure 1.2.3 - The steps of the strategy creation process

Chapter 1.3

STEP 0: GATHER INFORMATION



Obtaining data about the user, business, market, competitors, macroeconomic conditions, and so on should be an ongoing process for an empowered product team.

It makes little sense to describe it as a separate step, but you will still need to begin the strategy definition with anything approaching a reasonable summary of the critical information and lessons required to make the right choices. A good option to make sure you are capturing this data is to define who will collect and prepare summaries of the required inputs.

Consider Figure 1.3.1 as a guide to distributing responsibility amongst the different participants.

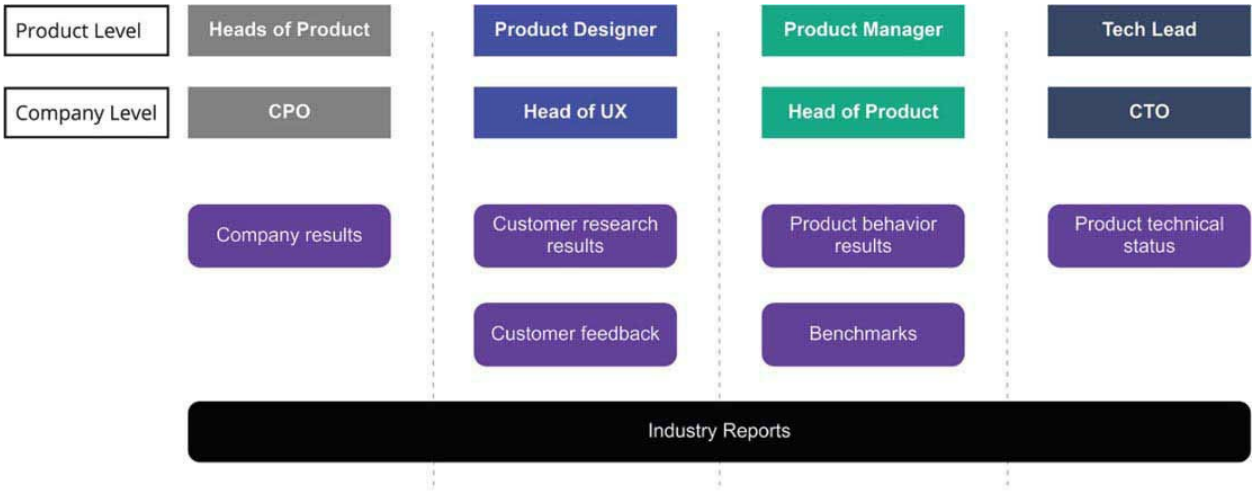


Figure 1.3.1 - Example of responsibility distribution to gather information

The information should include company results, past customer research (interviews, surveys, usability tests, and so on), product behavior and analytics reports, competitors' benchmarks, and

industry reports. Also, consider any other information relevant to your context and deemed useful for decision making.

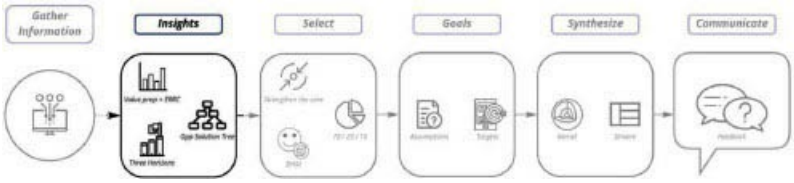
What about stakeholders?

Other stakeholders are very beneficial sources of information. Product managers should ask for their input and compile it to share with the team. For example, the product manager for "payments" can have a conversation with the person in charge of commercial agreements for the payments processing platforms and ask him what market reports or other sources of information he considers relevant.

Each person who shares data should feel free to curate the information, create abstracts or synthesize the main points, use graphics and any other artifact to help those around them understand what they are sharing. You may decide to include some of these summaries in the final strategy documentation so everyone can understand the background to the decisions.

Chapter 1.4

STEP 1: INSIGHTS



Central to a good strategy is having the right insights. This means identifying a particular problem, trend, or opportunity that can radically change the game. Our goal in this stage is to **generate many of these insights to choose the most promising opportunities later**.

If you are not feeling particularly creative or inspired, don't panic. We will explore several tools to help even the most uninspired person (like me) identify options.

In essence, ***an insight is a learning with a high potential*** to impact our users' needs and business results. It's the kind of learning that we will continuously be searching for during discovery[14]. In fact, we will have already detected many of these insights by the time we reach the strategy definition phase, where we will work on combining and clarifying them.

Identifying insights is a skill that Product Managers, Product Designers, and Tech Leads should strengthen and develop through practice.

Frameworks to Consider Insights

Before jumping to tools, let's consider the categories across which insights may be relevant to spark our creativity.

Insights Matrix

Try dividing your analysis into two axes, as seen in Figure 1.4.1.

- The ***"Internal versus External" axis*** divides the insights based on the source of information used.

- External information includes research on third-party sources, such as competitors or new technology breakthroughs.
- Internal information focuses on what you can glean from data generated within your own company, such as examples of unexpected product applications.

- The ***"business-centered versus customer-centered"*** axis differentiates between changes occurring in our business model versus changes in customer behavior.

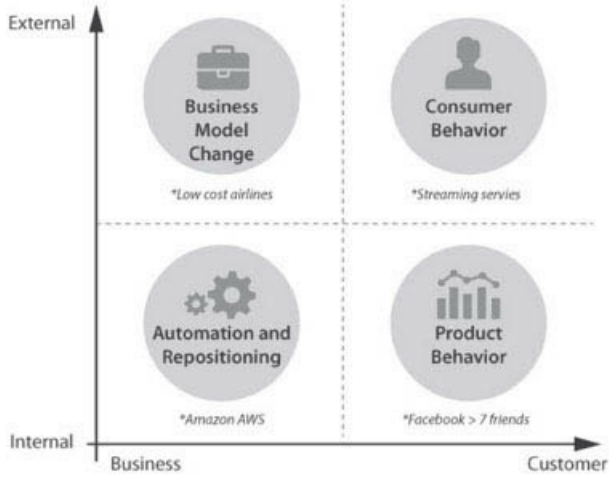


Figure 1.4.1 - Insights Matrix.

The two axes together generate four quadrants. Popular opinion would argue that significant innovations should come from external trends and changes in customer behavior, but this is far from the truth. Let's explore each of the quadrants.

Internal-Business insight

In this quadrant, we group options related to the automation or repositioning of existing capabilities. We will relate any insight to information about how the company uses a particular resource and its impact. For example, we may have seen a critical business process requiring several people to execute manual operations and taking many days for users to see results. In that case, automation represents a huge opportunity for cost savings, improved speed and consistency, and better customer experience.

Another interesting example in this category might be the opportunity to reposition an internal capability to create a new business. Consider what you might do when your internal information tells you that you are doing something far better than the market. Amazon Web Services is an example of this type of insight. The company had developed an internal capability to provide infrastructure resources for internal teams quickly, and it had unused infrastructure resources. By repositioning these tools to extend the service to external customers, they created one of the most significant revenue sources for the company.

Internal-Customer insight

In this case, we identify opportunities related to the customer's behavior and use of our product, which might significantly impact the overall product metrics. There is an excellent example of just such an insight in the early days of Facebook. The team detected that users who connected with seven friends within the first few days of joining had a churn rate that was significantly lower than those who hadn't. Armed with this insight, they modified the initial days' experience on the platform to help users add those first friends, skyrocketing their retention and growth. Twitter had a similar experience with the number of accounts users followed, which triggered higher engagement levels.

Keep in mind that for strategic purposes, you may not be able to be as precise as these examples suggest. You may know, for instance, that you have a churn rate well below industry average or one that is simply not viable for the business, and you want to focus the strategy on solving that problem (we will get to more detailed insights when we advance to the discovery stages).

External-Business insight

External tendencies are not only related to changes in consumer behavior. Sometimes there may be a change in a whole industry's ecosystem, a radical change in a part of the supply chain, or something that triggers the opportunity to create a new business model.

Consider the example of low-cost airlines. Customers want to travel from point A to point B, and the things they value the most are usually price and punctuality. By reducing other non-essential features of the service, the low-cost pioneers reinvented the airline business model, offering customers a lower fare while preserving the most valued aspects of the experience.

External-Customer insight

The most clichéd examples of innovation usually involve companies that caught a changing trend in customer behavior. In the digital world, those changes are also often related to a *technological change that enabled them*. For example, the improvement in internet bandwidth enabled the trends in streaming services.

Sources of innovation

A second perspective for insights is "sources of innovation." In the book ***Innovation and Entrepreneurship***,[15] Peter Drucker defined seven different categories.

Inside sources:

1. *The Unexpected*: What has been a surprise success or failure? Is the result a new opportunity emerging?
2. *Incongruities*: What are the pains customers still have with the current solution?
3. *Process Needs*: What company processes can be improved?
4. *Shifts in Industry and Market Structure*: Disruptions or trends in the ecosystem.

Outside sources:

1. *Demographic Changes:* Are our customers changing, or is there a variation in the segment's size?
2. *Changes in Perception*: Are people perceiving our field differently? How can we leverage that change?
3. *New Knowledge*: Breakthroughs in technological, science, or other fields that can be implemented in our business.

Used as questions, these provide a guide and a systematic approach that helps you identify learning, opportunities, and trends.

Another book, ***10 Types of Innovation***[16] by Professor Larry Keeley, describes how opportunities can be grouped into 3 areas:

- The *"Configuration"* of the business model and operation.
- The "*Offering*," the value the product provides.
- The "*Experience*" the customer receives from the company.

Similarly, these categories can help you think about different options to improve the value provided by your product.

Insight Tools

By now, we have a good idea of what is expected from an insight and the diverse range of options it can cover. It is now time to list them! Remember that our goal at this step is to generate ideas with impact, hopefully ending up with a wall of "insight post-its" to be used in the subsequent phases.

Given that insights come from deep understanding and reflection about a problem, tools are not *required* but can prove useful. This is difficult work. What you are trying to do is spark creativity and introduce options you wouldn't usually consider. To do this, you must deep dive into the information and come up with significant lessons that can be applied.

Previous insights!

Most product teams are attuned to continuous learning. They are continually looking into the product metrics, frequently talking with users, running experiments, and watching company and competitors' results.

It would be naïve to think we will sit down with a blank sheet of paper to create the strategy, and insights will magically appear. So, the first "tool" to use when reaching this phase is to focus on those past lessons and consolidate them as insights.

Imagine these two examples:

1. "*The previous strategic exercise focused on sales growth, concentrating on problems we needed to address in the purchase flow. We also identified that we had a potential issue with the post-sales fulfillment experience. Now that we have achieved growth, the post-sales opportunity has become much more relevant.*"

   In each strategy exercise, you need to select and focus on a few opportunities. Once you've had a chance to see and analyze the results of your selected path, any remaining topics can lose or gain relevance, as in the above example. Those that are still important should be reconsidered in the new exercise.

2. "*We were interviewing customers to understand how to improve the onboarding experience for our content platform, but we realized that many of them are trying to send content to friends and are frustrated because the product does not support that need in anything approaching a friendly way.*"

   In this case, the team performs discovery work focused on the onboarding problem (that is part of their current Strategy and OKRs), but they found a new opportunity that has high potential. Aligned teams will not pursue the finding immediately, since they are focused on another high-impact goal, but they won't want to discard it either. They have generated a new insight to review in the next round of strategy or objective setting.

With luck and a little practice, you will be able to generate a long list of these past findings to kick off your insights compilation.

Insights Tool 1: Core value proposition + *ERRC*

When you consider your offering's characteristics and benchmark them against other players, you will be able to identify your ***core value differentiation***. There are many benchmarking tools that you can use, such as Porter's Five Forces analysis, but I suggest you keep it simple and use a chart to list the characteristics of the core offering.

Let's review this with an example. Consider point-to-point transportation options in a city. We are focusing our comparison on public transportation, taxis, and carpool/rideshare services such as Uber. Among the characteristics most valued by passengers, we find price, speed, security, comfort, and convenience.

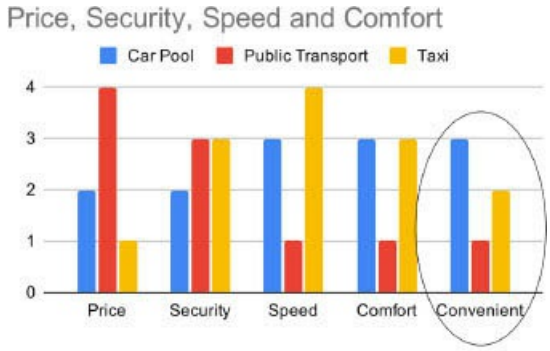


Figure 1.4.2 - Core value proposition carpool example.

If we are a carpooling company reviewing the benchmark results, we may say that:

- We will never beat public transport on price, but we may beat taxis.
- On the other hand, convenience is our salient value. We are far more convenient than public transport and even taxis (since there is no money handling, customers request the service from a mobile app, customers can view the driver's score, and so on).

Once we have studied, the core attributes in this scenario, we can apply the technique *ERRC* (Eliminate, Reduce, Raise, Create) mentioned in the book ***Blue Ocean Strategy***[17] to decide on which factors to focus, as seen in Figure 1.4.3.

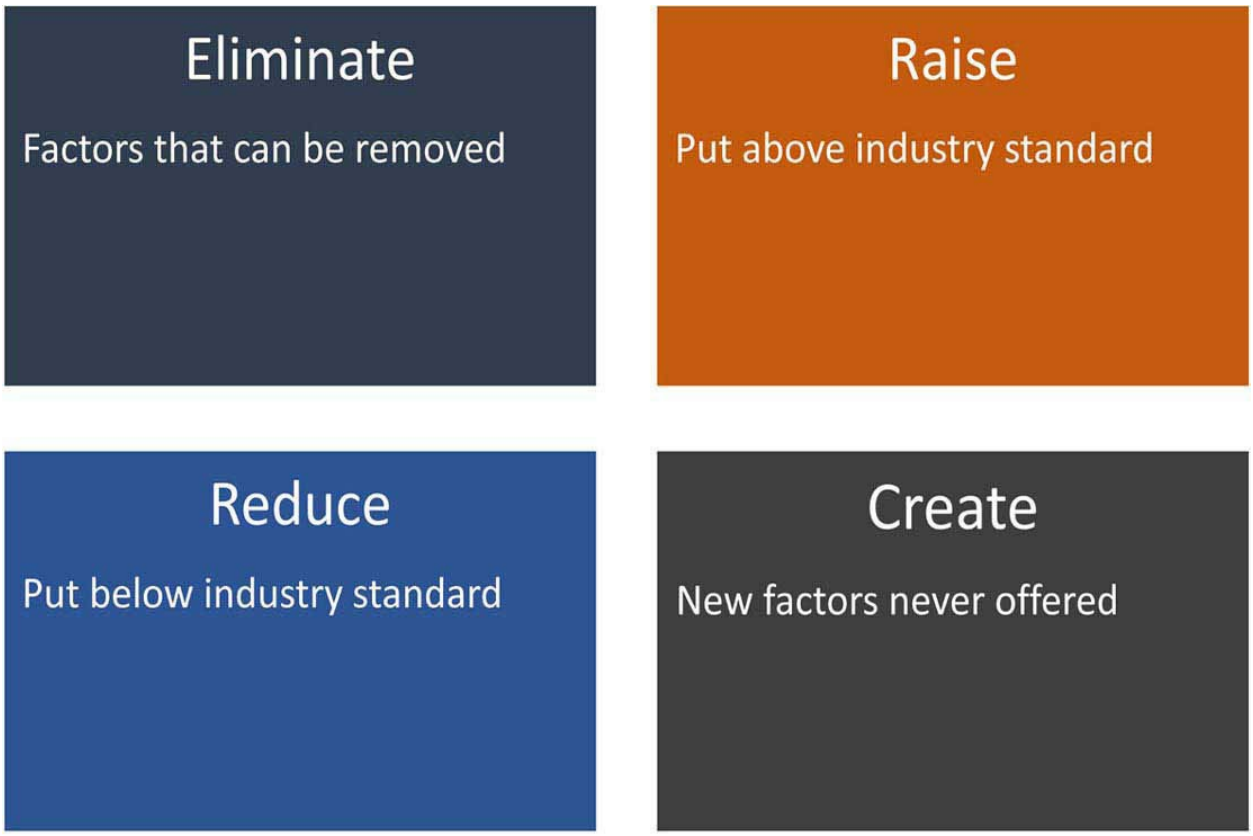


Figure 1.4.3 - Eliminate, Reduce, Raise, Create.

Using our transportation example:

- Should we focus on improving and consolidating the *convenience* differentiator?
- Or perhaps it would be better to concentrate on leveling some other aspects where we are less attractive to customers than the competing options, such as *security*?

Remember the low-cost airlines example previously mentioned? They decided not to compete on comfort and will probably never be attractive to passengers looking for that type of full-service offering. But by drastically *reducing* the comfort option, they cut costs and built a competitive advantage around fares, which is the highest valued factor for most travelers.

Insights Tool 2: Top of opportunity solution tree or impact mapping

The opportunity solution tree created by the Product Discovery coach Teresa Torres[18] helps organize discovery options and consider multiple alternatives for each desired outcome. While it was not created to be a strategy tool, it can help you consider multiple paths. Similarly, the initial steps of the impact mapping technique[19] help you visualize how opportunities link to goals and actors within your product portfolio and will let you explore potential alternatives to achieve the same results. I will continue the section using the tree, but the result will be similar if you are more comfortable using impact maps.

To start, define the desired outcome and use it as the root node of the tree. You can use the company's high-level goal or list a number of your preferred outcomes since you are trying to explore many directions at this moment. Then for each outcome, you will create multiple "opportunities" nodes considering all the options that will move you toward that result. Those are the expected insights, as seen in Figure 1.4.4.

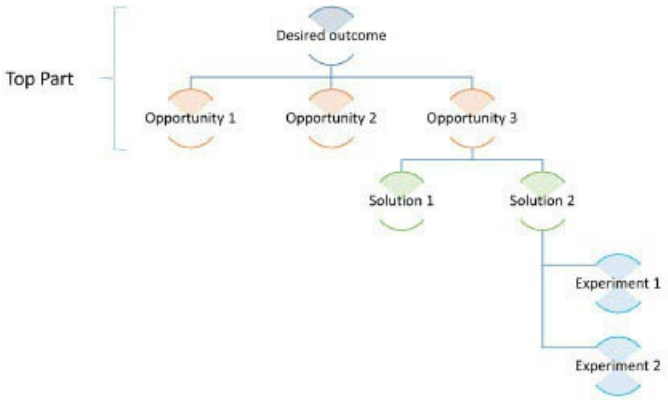


Figure 1.4.4 - The top part of the tree. Later, going into discovery, we should break opportunities into potential solutions and experiments to validate them.

Hopefully, you will have many insights, and you can use the tree to group them, creating layers, or a hierarchy, of opportunities (see Figure 1.4.5). Going back to the rideshare example, if we consider the desired outcome of "*Increasing security*," we can list high-level opportunities like "*Increase drivers background information*," "*Share your location*," and "*Increase passenger*

tools for emergencies." We might include "*Increase automated monitoring*" and "*Emergency alerting*" as lower-level opportunities for passenger emergencies.

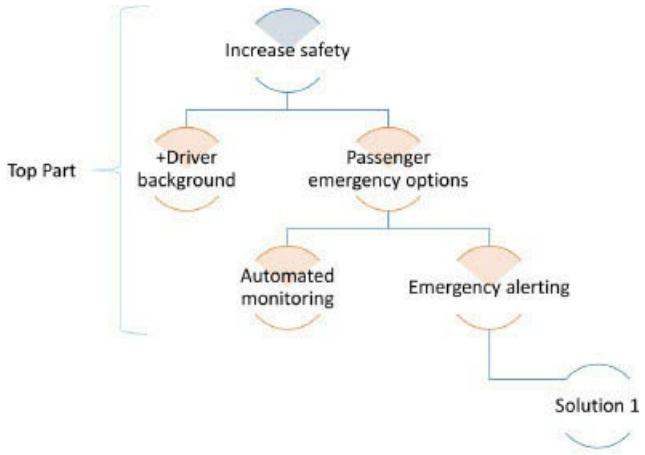


Figure 1.4.5 - Opportunity solution tree carpool example.

The tool's real value comes *after* we have defined our desired outcomes and identified the initial opportunities. What will often happen without using a tool like this is that we fail to consider further options and grab the first one we come up with. By forcing ourselves to consider other alternatives for the same outcomes, we are likely to identify a wider range of opportunities and find alternative and unexpectedly attractive paths to the outcome. We may also add resilience to our strategy, with alternative routes to solve a problem, if we find our plans fail to deliver when we begin implementing them. As an additional benefit of using it, you are introducing a tool that will quickly add value to teams during later discovery work.

Insights Iteration

As said, this process isn't linear. When working on insights, you will need to go back many times and revisit your data and go deeper into the analysis.

Let me use an example to explain. A few years ago, when we started the strategy process, we created the top part of an opportunity solution tree, listing our desired outcomes and the opportunities we identified. We had two critical desired results: increasing customer satisfaction (currently measured in Net Promoter Score) and reducing operation cost as a percentage of sales (we were not achieving profitable growth due to highly manual and time-consuming operations).

A few data points helped us identify opportunities that were outliers for that last option:

- The ratio of service calls per sale was higher than one, meaning that every customer called us at least once after buying a service.
- The number of sales that were automatically fulfilled was around 80%, below the industry standards.
- Due to some complexities and suboptimal implementations, the accounting department was manually conciliating more than 25% of service payments.

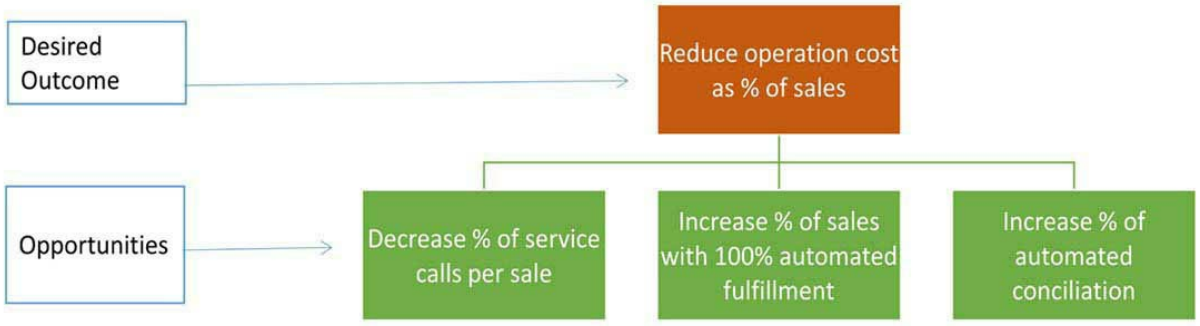


Figure 1.4.6 - Opportunity solution tree to decrease operation cost.

Armed with this initial landscape, we went back to *dig for more detailed information* that helped us identify insights one step lower.

Taking the number of service calls, we identified that:

- 70% of calls were to request information, way above the industry benchmark.
- A high volume of calls was done a long time in advance of using the service, resulting in more calls later from the same customers.
- Virtually no customers were using self-service post-sales options, and we had a very limited capability to move customers from phone calls to online service requests. The industry benchmark was around 50% self-service.

That information resulted in several clear and narrow directions from which to select:

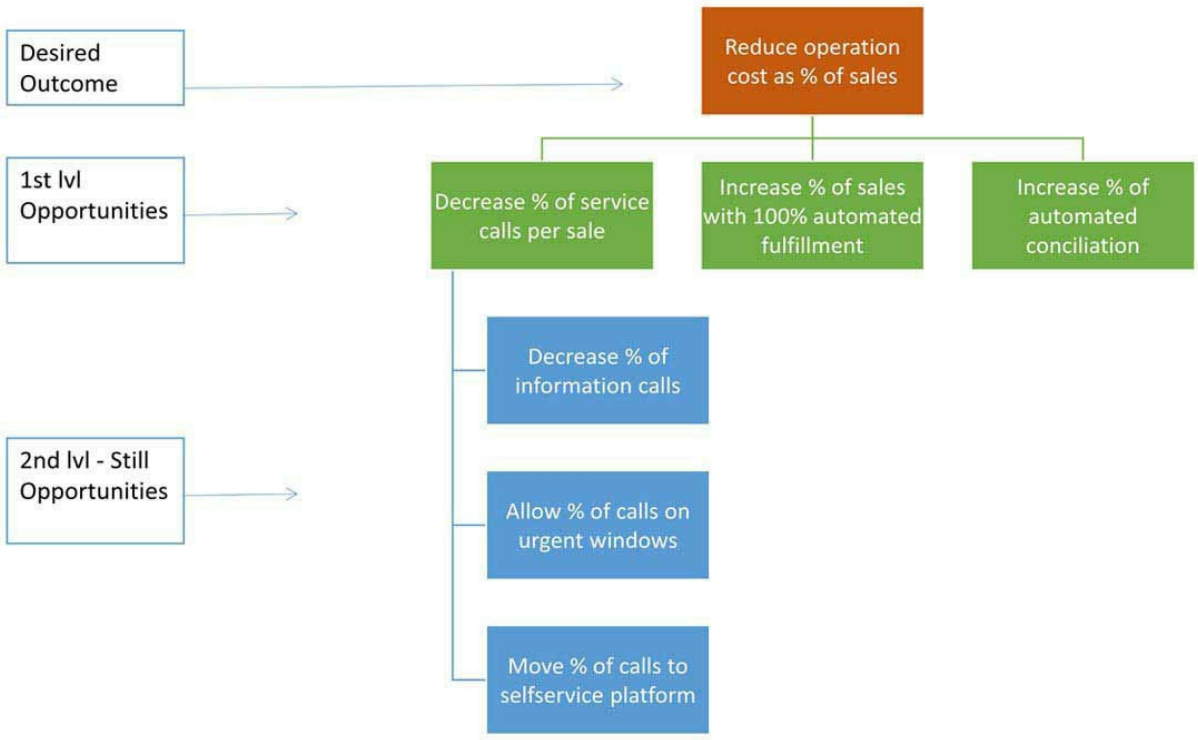


Figure 1.4.7 - Second level opportunities for opportunity solution tree

In summary, this mapping activity is not an entirely linear process, and you should not expect to get through all of it in a single sitting.

Insights tool 3: The three horizons of growth — McKinsey[20]

Another well-known model by McKinsey and Company is the horizons of growth, which will help you analyze insights for different time frames. In the context of a company mostly dependent on digital products for its revenue, the product team is responsible for creating future income streams. This tool helps you visualize the current opportunities and the emerging ones that you can experiment with for future growth.

McKinsey's framework divides your ideas as follows:

- ***Horizon 1***: Insights focused on preserving the current business, with an earnings horizon of 0 to 12 months.
- ***Horizon 2***: What can we do to expand to adjacent and emerging new businesses that will be the source of earnings in 12 to 36 months?
- ***Horizon 3***: Disruptive future bets. Those ideas with the potential for creating new reliable businesses in three years or more.

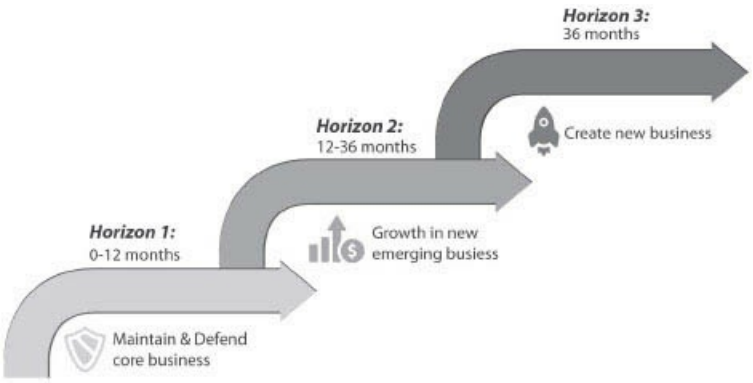


Figure 1.4.8 - McKinsey's Three Horizons of Growth.

As with the previous tool, drawing the horizons onto a whiteboard and organizing your opportunities in the three boxes will help you visualize whether you cover all of them and whether your focus is correctly spread. At the end of the definition process, your strategy should clearly articulate what you are doing for horizons 2 and 3.

Note: This method would be more useful for mature companies. Young startups may be more focused on survival and short-term growth.

Insights with other models and canvases

The three tools mentioned are my go-to methods when starting from scratch. But there are many more popular tools that are valuable to identify insights, and you should leverage them if they are suitable for your expertise and context. A few examples are:

- *The Kano Model*: This is a very popular framework to categorize functionality, according to the customer satisfaction they produce, into must-have, performance (the more, the better), and delighters. Similar to the ERRC tool, consider comparing your current solution to competitors to identify opportunities.
- *Other "legacy" tools*: SWOT analysis, BCG Matrix, Porter's 5 forces, McKinsey 7S Framework, are examples of strategy tools used in the 80s and 90s. They are a bit outdated and considered oversimplified for today's world, but are still powerful models to think about your strategic *positioning*. For instance, by thinking through Porter's 5 forces lenses, you may identify insights such as a high dependency on Google Ads for customer acquisition and decide to mix it with an opportunity solution tree with alternative opportunities to diversify your channels.
- Two more particularly useful canvases are the ***Business Model Canvas*** and ***Value Proposition Canvas***, both created by Strategyzer.[21]

I cannot include these last two as part of any particular step in the strategy definition process because they are useful in many areas. For example, they can help you:

- define your vision, creating the canvas of your desired future.

- identify insights by using canvases of your current state and detecting options for improvement.
- define and communicate your strategy by drawing your “next year” canvases.
- direct your discovery by finding your riskiest hypothesis in your entire plan.

In summary, I would recommend using these canvases, starting at the vision level and keeping them updated for communication purposes as you progress with the strategy definition.

Insights session

The tools we have mentioned can either be used for asynchronous collaboration (in other words, people complete them individually or in small groups, offline) or be completed in a team session. Considering the collaborative and interdisciplinary nature of this work, if you can come up with a manageable team size, the best option is to have an “*insight workshop.*”

Before the meeting, provide an introduction to the techniques you will be using, and make it a requirement that all participants come prepared to share the insights they may have already been thinking about.

Try to use silent brainstorming (inviting users to post sticky notes in silence before you discuss the output) or other methods that will allow for collaboration in big groups without discouraging any ideas. Use a few rounds to enable people to build on top of each other’s insights. If your team size is too large, you can break into smaller groups.

The essential part of the workshop is affinity mapping: different people will very likely identify the same opportunity using different words. Group the contributions by theme to make later selection easier.

If having a workshop is not possible, and you choose to work offline, keep in mind the challenge that will come later when participants need to gain a shared understanding of the different opportunities. Everyone will have to explain their point, and you will need to consolidate the ideas before you start any selection.

Connecting your vision and target customers to the insights

So far, we have not been very specific on how the vision and the customer segments relate to the strategy. The core connection will occur in the next chapter, where we will select those opportunities that strongly correlate with our desired outcomes. When considering insights, you want to take a broad view of your vision and target customers in order to make the process manageable without getting lost in the details.

Expected Output

By the end of the insights step, we should have:

- ☑ *A "wall of insights"*: Fundamentally, we are trying to create a big list of insights to decide from. Capture them in sticky notes, spreadsheets, or any supporting tool your teams prefer.
- ☑ *Organized insights:* Using the available tools, you have grouped insights into categories, desired outcomes, time horizons, and whatever classification seems useful for later selection.
- ☑ *Shared understanding*: Team members should have the same idea of what each insight refers to.

Keep in mind that this is not a "complete it and forget it" step. You will need to iterate it many times, chasing findings that lead to more investigation and deeper insights. Insights are a constant part of discovery, feeding back to the strategy process as your execution progresses.

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[14] Product discovery is the stage of the product development process where we apply tools and techniques to understand the problem and define the best possible solution.

[15] Drucker, Peter F. (1985). *Innovation and Entrepreneurship*. Harpers Collins.

[16] Keeley, Larry (2013). *10 Types of Innovation*. Wiley.

[17] Kim, W. Chan (2004). *Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant*. Harvard Business Review Press.

[18] Torres, Teresa. "Why This Opportunity Solution Tree is Changing the Way Product Teams Work." Product Talk, 2016. www.producttalk.org/2016/08/opportunity-solution-tree/

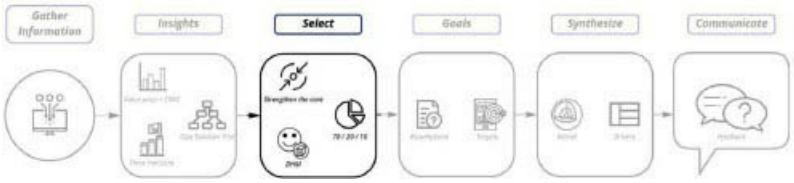
[19] Adzic, Gojko (2012). *Impact Mapping: Making a Big Impact with Software Products and Projects*. Provoking Thoughts.

[20] McKinsey. "*Enduring Ideas: The three horizons of growth*." McKinsey Insights, 2009. www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-three-horizons-of-growth

[21] Both tools can be reviewed and downloaded for free at *https://www.strategyzer.com/canvas*.

Chapter 1.5

STEP 2: SELECT



"Good strategy works by focusing energy and resources on one, or a very few, pivotal objectives whose accomplishment will lead to a cascade of favorable outcomes."
Richard Rumelt, *Good Strategy Bad Strategy*

In 1998 a young Netflix was selling and renting DVDs by mail. A growing Amazon, looking to expand its retail footprint, considered acquiring Netflix to jumpstart their own DVD business. While they did not reach an agreement, Netflix's CEO realized that they would never compete in the long-term selling DVDs. They were confusing customers with a dual value proposition and being distracted from the renting side of the business in which they were building a really unique model and competitive advantage. They decided to kill the DVD selling side of the business to ***focus*** on renting. At that time, selling DVDs made up more than 90% of their revenues.[22]

Selecting is about focusing on the most promising strategic drivers and understanding the necessary tradeoffs of pursuing them.

What is expected from this step?

- Decide which *few* insights can have the most substantial impact on your results.
- Understand how they interact together.
- Align the selection with the resources available.

While the previous step was crucial to identify true potential and avoid following mindless hunches, this phase is the essence of the alignment toward the desired course of action.

Keep in mind that ***selecting is about focus and positioning***. We want to align the entire organization to the differentiation we wish to have on our customers' value proposition, based on the insights and opportunities detected. It is not just about prioritizing the options; it also requires a high-level definition of goals, as well as of the chosen path's assumptions and risks.

Considering positioning

Let's reflect on the example of companies trying to sell *at-destination* activities for tourists (for example, city bus tours). Your team may present you with a whole range of opportunities, but, depending on your circumstances and the long-term plan, your first task is to decide what problem you want to solve and how you want to be seen by customers. For example:

- Do you want to be the company with the largest selection of options?
- Or perhaps you want to have a limited set of genuinely unique experiences.

Both paths may offer great potential rewards, and you may have plenty of options for each of them. Unfortunately, they are incompatible. If you select a few ideas from each path based on their potential revenues, you will end up with a mediocre value proposition for both. You need to commit to a strategy and then select the best ideas for that strategy, even though this involves deliberately leaving some great options unrealized.

High-Level company goal

As said, it's likely the company will have some basic goals already decided. During insights, that focus was not critical. We wanted to explore many paths to establish whether we could be overlooking a big opportunity.

Now during selection, the company's focus gains more relevance. Essentially, it will reduce the number of options by pre-filtering those that are worth considering because they align with your declared objectives (see Figure 1.5.1).

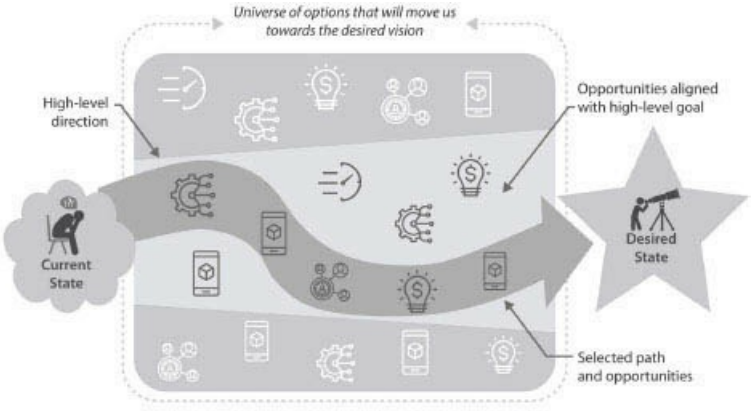


Figure 1.5.1 - Opportunities filtered by high-level goal

Keep in mind that there are two other possible scenarios:

- ***The company may not have a clearly defined path***. This is not necessarily a bad thing. Product leadership may play a higher role in determining the overall company's positioning, especially in smaller, product-led companies.
- ***A sharp insight may highlight a valuable opportunity that appears to conflict with the high-level goal***. Consider a scenario in which geographic expansion is not an intended goal, but you have received many organic customer requests to make your product available in other regions. This kind of customer-driven insight may become a relevant game-changer for the company. Faced with this scenario, product leaders are responsible for raising this issue with the CEO and other stakeholders and work with them to decide if the high-level goal should be modified.

Selecting to Win

In the book *Playing to Win*,[23] the authors argue that if you do not decide on a strategy for winning, you will fail to make the resource investments and commitments required to become the leader in your segment. They use the example of the Saturn car created by General Motors as a separate brand in the 80s. GM's goal was to preserve some of the low-end markets that Japanese brands were gaining, but they never considered the Saturn a winning move to dominate that segment. Since they were not planning to win, they were always only half-hearted with their commitment, resulting in a mediocre product and low market share.

A winning mindset is crucial during the selection step. You do not need to become a world leader brand or have the largest share in an entire industry. But you do need to ***select a strategy that will enable you to dominate a niche market or compete based on a key attribute that customers value highly***.

Consider the streaming service "ScreamBox,"[24] with its offering "*Discover horror you won't find anywhere else*." They may not be comparing themselves to Netflix in terms of subscribers or streaming industry share. But they want to be the #1 service for horror film lovers, and they will compare how many clients in that segment are opting for alternative streaming platforms to view this category of movies.

Tools for Selection

Enough theory! Let's start selecting. Most of the time, this is an important, potentially complex decision process, so I suggest a few tools to improve your result.

Previous Strategy and Insight tools

Remember, it is likely that the company is already executing a strategy based on the desired mission and end goal. The current path will provide strong input for the new selection.

Additionally, you can work on top of the already used insight generation tools. Pruning an opportunity solution tree, or completing a value proposition canvas, can be an excellent complement to the tools we will see in the following sections.

Selection Tool 1: Strengthen the core

I consider this to be the most useful selection tool, albeit a relatively unknown one.[25]

The idea is to select and group those insights that enhance your current core business and value proposition.

A clear example is the Apple ecosystem. When Apple created services like Apple Music, Apple Books, iCloud, and so on, it also strengthened the sales of their devices and their use (in 2019, Apple was generating more revenue in services than in Mac, iPad, or wearables). For example, by automatically storing your iPhone photos in iCloud, Apple made the phone more valuable to their users by enabling automatic backups, the ability to share with other iPhone users easily, and syncing their photo library with other devices like their iPad.

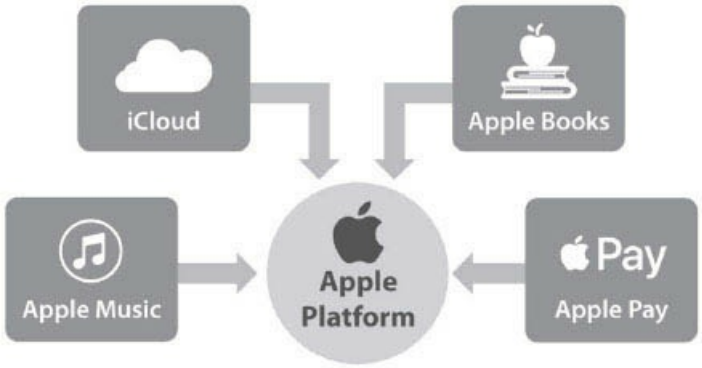


Figure 1.5.2 - Strengthen the core: Apple example.

Consider the opposite example: manufacturing companies' products are usually standalone. Consider Samsung, for instance: they produce smartphones, computers, TVs, cameras, printers. While there may be minor interactions, I haven't heard of anyone buying a Samsung laptop because they had a Samsung smartphone (and compare that to people you know using Mac and iPhone for their connectivity).

This approach to selection can also be related to what Professor Rumelt mentions in Chapter 13, "Using Dynamics," as harnessing a position of advantage.[26] Strategic advantages are hard to achieve. Once achieved, leaders must focus resources to strengthen the position, further differentiate the unique value they provide to their users, and exploit their potential.

Evolving competitive advantages

Another elusive term in strategy is *competitive advantage*. It is broadly known as an attribute that allows us to perform better than other market players. Making diagnoses,

generating insights, and selecting the right problems are all about *finding opportunities that will give us this sort of edge*.

Strengthening the core also is about building and enhancing advantages. To keep winning, we need to understand that yesterday's superiority will become tomorrow's commodity. That is why the core tool is so important: we are ***continually evolving our competitive advantage***. We enhance the value we provide to users while making it harder for competitors to outperform our value proposition.

Amazon is another excellent example of this continuous pursuit of value and strength: increased sales and economies of scale allow for better prices, faster delivery, broader product selection (sellers programs), increased value for Prime members, devices to enable new selling channels (Alexa). And they keep innovating to strengthen their core marketplace experience, making it more valuable and reinforcing its advantage.

How to use it with your product or portfolio

Write your core product offering in the middle of a whiteboard. Take the most valuable insights (or insights categories) and place them around the center. Draw a line from each insight to the center with a description of how it improves your primary offering. Likewise, draw a line back from the center toward the insight, explaining how your core value makes this opportunity more attractive and likely to succeed. Let's look at the following example of a company that focuses on grocery delivery. They are considering three insights on which to focus, as seen in Figure 1.5.3.

Figure 1.5.3 - Strengthen the core: Groceries Delivery example.

In some ways, *the link is a new form of discovery*. You are *learning* how this opportunity will play out with your current model. For instance, the grocery team was thinking of resolving the price comparison problem between stores as a service to let people know where to shop. Including it as part of the core shopping experience may result in a total new positioning along

the lines of “save while shopping from home.” And as the grocery business grows, adding more stores and products, the price comparison becomes even more valuable for users.

Once your diagram is ready, you can start removing any “orphan” insights you couldn’t connect to the product offering or for which the connections are weak. In our example, “adding restaurant delivery functionality” does not add a great deal of value to the current offering. It is a significant opportunity to pursue, but investing in it would divert resources from our core advantage.

The second type of selection you use depends on the desired outcome. For example, if you want to focus on retaining your current user base, it would be more valuable to prioritize the price comparison space. If, instead, you want to expand to new users, then resolving the *fresh produce selection* problem may attract customers interested solely in a service that you do not currently have while adding value to your existing base.

Repositioning your core

Another use of this tool may be to reposition your offering and understand what insights are the most appropriate for that purpose.

Let’s revisit the grocery example. The company’s vision is to solve all transportation needs that require complex interaction with the store providing the service. The initial strategy was to focus on groceries, and once they dominated that vertical’s experience, they could start expanding to others.

When you review the strategy, you may decide it’s a good time to make that expansion move. In which case, leaders will need to change the core definition, putting “Complex Delivery” at the center of the strategy instead of “Groceries Delivery.” Now insights such as restaurant delivery could assume greater relevance (and you may even consider new options based on this move).

Selection Tool 2: Google’s 70/20/10

Eric Schmidt presents the 70/20/10 tool in his book *How Google Works*.[27] It represents the company’s formula for resource allocation: 70% to the core business, 20% on emerging opportunities (already proven and growing), 10% on new bets with a high risk of failure but a big payoff if they succeed.

Considering the “core, emerging, new” concepts, the tool resembles McKinsey’s horizons of growth, going a step further and suggesting how to select insights based on effort and allocating them across the time frames.

While everyone in the company is responsible for ensuring the organization’s future success, the product team has an extra duty. They need to experiment continually and expand the product for

future growth. Whether you use the tool or not, your selection should reflect that you are investing in experiments expected to drive future revenues.

Number of experiments outside your core business

There is an important consideration for the 20% and 10% allocations. You want to be able to test multiple ideas. Considering that these are risky bets, you should expect many of them to fail. ***Innovation does not depend on thorough analysis during selection, but rather on the number of learnings from the experiments you can run with those high potential opportunities***.

The extent to which you can experiment will depend on your size: an allocation of 10% for Google is radically different from 10% for a startup. On the other hand, Google needs to create a far larger stream of revenues for the future, so they need to make many bets and find multiple winners. In the early 2000s, for instance, the company was experimenting with Gmail (2004), Maps (2005), Google Analytics (2005), AdSense (2003), Picasa (2002), and many more.

If you are not using the 70/20/10 method, or want to explore other alternatives to innovate outside your core, consider options like 3Ms 15% program[28] (replicated by many companies later), hackathons, or any other scheme that will enable teams to test ideas that are not aligned with your core strategy, giving you input for future development.

Selection Tool 3: Gibson's DHM framework

Gibson Biddle[29] provides one of my favorite definitions of what product leaders ought to be doing:

- to **delight customers (1)**
- in **margin enhancing (2)**
- and **hard to copy (3)** ways.

In line with that definition, he created the DHM model, which proposes analyzing each opportunity through the lenses of these three characteristics.

Using this diagnosis requires a number of hypotheses and assumptions about how your solution will pan out, but in this case, many options are easy to evaluate. For example, consider improving the landing page of a Software as a Service (SaaS) product to improve subscriptions. It will probably enhance your margin (if so, you should definitely try it), but it is hardly a feature to "delight" customers, and it is easy to copy.

How to use the tool with your product or portfolio

Simply create a table with your more promising opportunities and columns for each of the three criteria. Mark each insight as: 1. The ability to delight customers; 2. Enhance margins; 3. Hard to

copy. Focus on selecting those options that carry ticks in all three columns!

Creating a strategy without these attributes may jeopardize the future of your product. So if you don't have any opportunities representing all three, I suggest going back to the insights board and keep analyzing more options.

Alignment Filter

We are done with tools! Whether using them or not, by this time, you should have selected your most promising problems to solve, such as "Solve the fresh products selection problem," from the delivery example above. During the selection process, you should keep in mind that you are looking for a cohesive strategy that aligns the company toward a particular positioning.

Now is the time to double-check your work. Are the selected options compatible? Do they all point in the same direction?

Let's consider a mature retail e-commerce company focused on streamlining and automating processes to increase margins. Given the size of their strategic opportunity, they have also included expansion to the home-repairs category as part of the strategy. While at first glance this seems innocuous, when they reflect on the implications for how the company will deliver the new service, they realize it will require a lot of new and radically different processes and probably manual steps, at least until they understand how to automate them.

This dissonance is precisely the kind of thing we are trying to avoid. Imagine the home-repairs team, who is working to implement and grow the service, talking with the operations team to create a new process that will have a number of manual steps. The Ops team is pursuing the goal of reducing procedures and eliminating manual steps, which runs completely counter to what they are being asked to do by their colleagues.

While it is far better to avoid it, you can do it if the opportunity justifies the effort. But keep in mind that:

You should communicate the inconsistency. The goal should read something like "automate all processes, except those required for the new services category" (making the conflict visible).

Having this kind of exception complicates strategy communication, and it will require greater management team involvement to "clarify" potential misunderstandings.

Expected Output

By the end of the selection step, we should have:

- ☑ A list of selected problems or opportunities on which to work.
- ☑ Determined each element's correct interaction and alignment (or recorded any exception).

☑ Clearly defined expected time horizons for each opportunity.

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[22] This story is part of "*That Will Never Work*": Randolph, Marc. 2019. *That Will Never Work: The Birth of Netflix and the Amazing Life of an Idea*. Little, Brown and Company.

[23] Lafley, A. G. Martin, Roger L. (2013). *Playing to Win: How strategy really works.* Harvard Business Review Press.

[24] More information in https://www.screambox.com/.

[25] I first heard of Remi Guyot's tool this tool from Remi Guyot from BlaBlaCar, but I haven't found any reliable source to reference it.

[26] In the already cited *Good Strategy Bad Strategy* book.

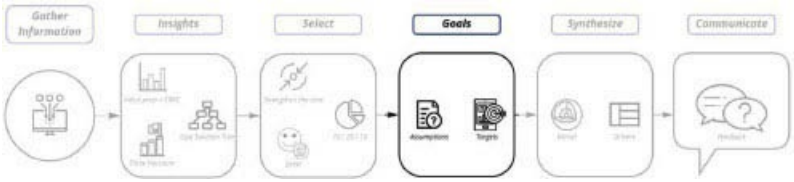
[27] Schmidt, Eric (2014). *How Google Works*. John Murray

[28] Goetz, Kaomi. How 3M Gave Everyone Days Off and Created an Innovation Dynamo. FastCompany, 2011. https://www.fastcompany.com/1663137/how-3m-gave-everyone-days-off-and-created-an-innovation-dynamo

[29] Biddle, Gibson. *#2 From DHM to Product Strategy*. Medium, 2019. medium.com/@gibsonbiddle/2-from-dhm-to-product-strategy-a3781b2aadca

Chapter 1.6

STEP 3: GOALS AND ASSUMPTIONS



Your selection of which insights to target should be based on the potential impact of the problems you are aiming to solve. This means you need to identify an expected outcome before you start. Now is the moment to write it down and refine it, if required. For example, you may have chosen to "*reduce service center contacts.*" Via the lower-level insights, you decided to solve the problem of "*the user contacts the service center because there is not enough online information following their purchase*." Do you know the percentage of customers impacted by this problem and by how many calls you expect to reduce the workload by addressing this issue?

To complement the selection step, we need to provide a clear measure of success for each selected insight. In essence, we need to understand how the KPI will change after solving the problem, its baseline, and the desired future state. Going back to our example, let's say that 50% of sales triggered the user to make an information call to the service center, and we want to reduce this to 20%.

As part of this step, we will use the goal value (in this case, "*reduce customer information calls immediately following a purchase to 20%*") to complete the *target* field of the table in Figure 1.6.1.

Opportunity	**Target**	**Assumption**	**Failure prob.**	**Impact**
Insight name	The KPI and its desired value	What needs to be true to achieve the results	How likely it is to fail	How badly a failure affects the result

Figure 1.6.1 - Targets and assumptions table.

In the next section, we will cover the other values of the table.

Strategic Assumptions and Hypotheses

While gathering information, you collected many data points, forming the context used to identify opportunities during the insights phase. But part of that context will still be unknown (see Figure 1.6.2).

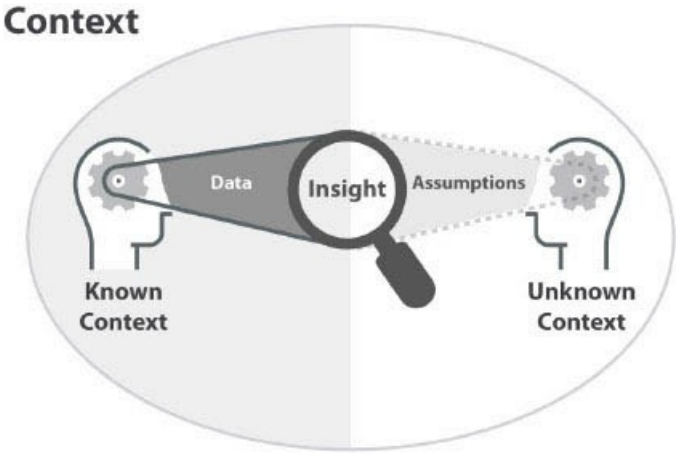


Figure 1.6.2 - Context, data, and assumptions.

For example, in the case of an e-commerce site, you may say, "Our results page takes six seconds to load. We have the opportunity to reduce it below two seconds to beat the industry benchmark and improve conversion." In this case, you used:

- *Your product information*: Results page response time of 6 seconds.
- *A benchmark*: 2 seconds is the industry's average.
- *User feedback and research*: They value fast response times.

Additionally, you are making a series of *assumptions*:

- Users will perceive the change against your competitors, and they will prefer your product for this reason.
- More users will end up buying, being satisfied by your quick load time, and improving your conversion.
- You can make your current load time decrease by 66% (from 6 to 2 seconds).

When you select a particular insight, you are taking the risk associated with the assumptions being wrong. There are usually two factors that determine the amount of uncertainty you have about the assumption:

- The better the information you collected, and the further you have progressed your previous discovery, the greater your confidence will be about the hypothesis's validity.
- External insights are more uncertain than internal ones. For internal changes such as: how much you can speed up a process with automation or how many delivery vans you can save with a new distribution technology, the known context is significant. When dealing with

changing customer behavior or a tendency in the industry, there are many more factors outside of your knowledge and span of control.

Make sure you note those strategic assumptions during the selection phase and be honest about the evidence you have about them.

Evaluating assumptions

Your assumptions will need to be proven right to achieve your chosen goal (plus, of course, you'll need to resolve the problem successfully).

To reduce the number of service center contacts by solving the problem "*users do not have enough information*," we assume that by providing further information to the user through other channels, they will no longer need to make a phone call. Our assumption may not be borne out by what subsequently happens, and we want to explicitly recognize that we need to experiment and manage the risk appropriately. The more carefully you frame these assumptions, the easier it will be to learn from them, and the sooner you can pivot the strategy.

We also need to consider the risk level derived from each assumption. There are two components to assess the importance of the threat: the likelihood it fails (or it's proven false) and how critical its failure would be for our insight. A popular method is to score both elements from 1 to 5 (higher numbers for worse impact or greater probability) and multiply them together to get a number from 1 to 25. Ratings of 5 or less are considered minor risks, 6 to 15 are moderate, and above 15 are serious (see Figure 1.6.3).

Very Likely	5	**5**	**10**	**15**	**20**	**25**
Likely	4	**4**	**8**	**12**	**16**	**20**
Possible	3	**3**	**6**	**9**	**12**	**15**
Unlikely	2	**2**	**4**	**6**	**8**	**10**
Rare	1	**1**	**2**	**3**	**4**	**5**
		1	2	3	4	5
		Very Small	**Small**	**Moderate**	**Major**	**Critical**

Figure 1.6.3 - Likelihood versus impact.

Let's score our example.

- ***Likelihood: 3 (possible)***

The uncertainty depends on the amount of evidence and whether it is an internal or external insight. In the service contacts example, we are dealing with an external change since we are trying to affect customer behavior. But we have previous customer interviews where we captured feedback about the information they were expecting and did not receive in our online channels.

In this case, the assumption is less risky because we have evidence about our change's possible impact, and we can further de-risk it by doing prototype validations.

- ***Impact: 4 (major)***

If the information added does not reduce the user's calls to the service center, we will not achieve our reduction goal. So, in this case, we have a score of 12, a moderate to high risk. We would need to consider this to begin experimenting as soon as possible.

It is worth noting that these are strategic assumptions. They are probably too large to run small, quick iterations of experiments to gain validated learning. During execution, the team will need to break them into smaller and more manageable hypotheses, which they can then test.

We should use all of this information to complete our previous table.

Opportunity	Target	Assumption	Failure prob.	Impact
Provide more purchase information	Reduce customer calls immediately following a purchase to 20%	Users will no longer need to call the contact center	3	4

Figure 1.6.4 - Targets and assumptions table.

Time Horizon Consideration

We cannot quantify opportunities that generate results in the third time horizon in the same way we measure short-term core business opportunities. Instead, we can use experimentation goals: a set of expected lessons to confirm or discard our choice.

We can refer to the concept of ***validated learning*** introduced by Eric Ries in *The Lean Startup.*[30] The now popular Build-Measure-Learn cycle aims to get tangible confirmation (or rejection) for the opportunity we are pursuing. These validations will count toward this goal, giving us more certainty about the potential result for the whole insight.

Avoiding "Build X" goals

When it is challenging to define a business goal (as is the case for options with longer horizons), we may be tempted to set objectives about the output (build "X" feature by "Y" month). From a traditional management perspective, this sounds like the most logical thing to do.

Do not fall into that trap! Your strategic goal is to generate future revenues, so you want to measure if you are on track to create those new streams. The only way to do this is to

experiment and measure users' responses to the opportunities you are pursuing. Using an output target gives the opposite incentive.

Likewise, we cannot measure the second horizon in the same way as the first or third horizon. We cannot compare the emerging opportunities to the company's core sources of revenues, nor to the incipient experiments for new bets. Many companies fall into this trap and end up killing the emerging opportunity due to its lack of early relevant results. For example, suppose you measure the results simply on revenue. In that case, your experiment may be in its second year of heavy investment and not generating a two-digit share of total revenues (remember that you are spending 20% of the product teams' capabilities!). But by prematurely killing a growing opportunity, you eliminate a route to future revenues that a competitor may well take in your stead (see Figure 1.6.5).

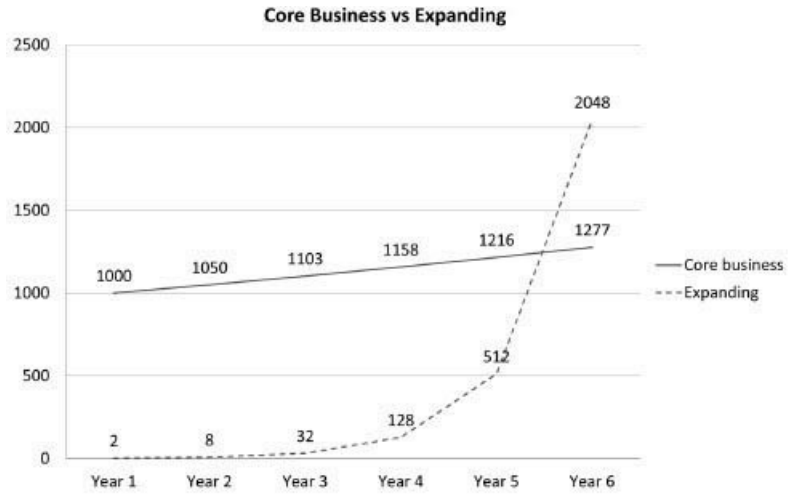


Figure 1.6.5 - Exaggerated example of an exponentially (2^n) growing opportunity versus a growing core business (+5% per year).

That being said, not all emerging opportunities perform well, and we need a way to measure how they are doing. Seeing growth year over year and retention rates is a good indicator of its potential for future years.

Time Horizon	Goal type
1st Horizon - core business	Normal goal, North Star
2nd Horizon - expansion	High growth and retention YoY
3rd Horizon - bets	# of validated learnings, early traction

Figure 1.6.6 - Goal types per each time horizon.


Measuring with the same stick

A long time ago, a company I was working for acquired a smaller startup. We were a transactions-driven company, but the opportunity, in this case, was to onboard a product with a great record for attracting "free traffic" through SEO and social mechanisms.

Shortly after buying it, we converted the acquisition's goal to "transactions generated through traffic acquired via this channel," giving it a conversion focus. While this ultimately was what the parent company wanted, we completely misunderstood how to benefit from our purchase. This product had a strong focus on content, and users enjoyed consuming, creating, and sharing it. By forcing us to think in transaction terms, we started unknowingly changing the user experience, slowly killing the social value. Instead, if we had identified that this startup was an expansion move on our behalf to acquire a product focused on the content, we would have had a much greater chance of improving the product and growing the user base. Even by maintaining a low conversion, it would have substantially impacted the parent company's transactions.

High-level Resource Understanding

Something we have not discussed up to this point is whether we should think about how many resources an opportunity will require. While I do not encourage trying to "*guesstimate*" your insights, your strategy must align with your resources and the company's capabilities. So this is the time to make sure that your selection realistically reflects your ability to execute those items when the time comes.

There are two things to consider:

- When thinking about effort, we combine resources, time, and scope (see Figure 1.6.7). When thinking about strategy, we do not have a fixed range (we are just selecting problems to tackle), and we will later assign resources based on the direction we set.
- Time is also relative since we will be selecting opportunities for multiple time horizons.

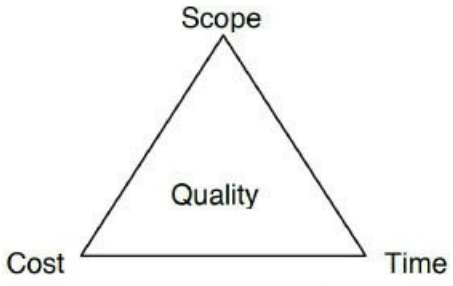


Figure 1.6.7 - The infamous triple constraint.

So there truly is little "precision" about anything at this point. Nevertheless, we still want to understand the potential complexity involved in executing the insight. For instance, improving a mobile experience requires resources mostly in the form of product teams dedicated to understanding how to make the user more successful on the small screen. While it may not be simple, it certainly is a known field, and success feels attainable in a short period.

If, alternatively, you are a streaming platform wanting to build playback applications for every reproduction device existing in the market, you will require considerable engineering skills (a player for smartphones requires different developer skills than those for smart TVs), and a commercial team capable of reaching all manufacturers. Creating that platform will probably generate a tremendous competitive advantage and payoff in the long term. Still, if you are selecting that strategy, you need to make sure you have a chance to achieve it with the resources you can obtain in this time frame.

How to apply the tool in your product or portfolio

Using Table 1.6.4 for each opportunity, capture:

- The potential feasibility risk, considering the available resources. A useful question may be: Do we see ourselves generating a reasonably valuable solution in less than six months?
  The intention is not to think or estimate the full-featured solution, nor is it to think about the MVP we can launch in Month One to kick off the learning cycle. The idea is to consider if we can start moving the KPI within a reasonable time frame, given our resources.
- Risks related to collaboration from other departments (which department and what type of work may be required from them).

Keep in mind that at this point, we are simply identifying potential problems and hypotheses. Since we still have to define the solution, there should be time to discuss possible alternatives that might mitigate the risks. *We may even decide to move forward and invest in building the team we don't currently have to pursue this strategy*. The goal is to reflect on the decision and avoid surprises during execution. The sooner we consider these constraints, the easier it will be to discuss what to do about them.

Expected Output

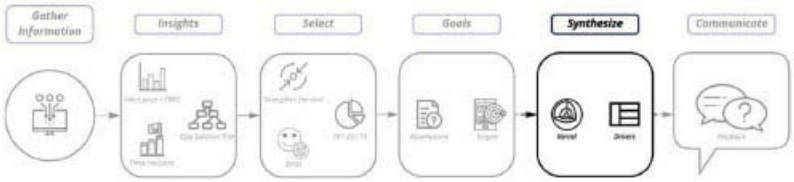
By the end of the goals and assumptions step, we should have:

☑ Set clear goals related to each of the time horizons.
☑ Framed a list of assumptions for each opportunity.
☑ Assessed feasibility against available resources.

[30] Ries, Eric (2011). *The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses*. Portfolio Penguin

Chapter 1.7

STEP 4: SYNTHESIZE



Congratulations! It looks like you have completed the most challenging steps involved in crafting a good strategy. You have reviewed the information, generated insights, and selected the most promising opportunities.

The bad news is that you need to get ready to communicate everything you have agreed on across the organization (and possibly beyond it, too), which may be even harder than the first steps. Synthesis is not merely the act of putting your ideas into a document or onto slides: it involves creating an artifact that will ***make your strategy clear and memorable***.

So how do you achieve that powerful message? You need to consider a few extra elements:

- ***Describing "Why"***: You are not presenting a set of problems to solve. You are showing why tackling them is crucial, their root cause, and the tremendous impact it will have on your customers and your business by solving them.
- ***Storytelling***: Your synthesis isn't just a set of bullets communicating your selection. It should convey a story, explaining where you are coming from, what you intend to do, and how the future will look.
- ***Visual***: To make your strategy easier to remember, include graphics, icons, and any other design element that help express your ideas visually and give them impact to ensure that they are memorable.

Tools to Synthesize

In this section, we will look at three possible frameworks to consolidate your strategy in a short and simple summary.

Tool 1: Drivers Model

I do not recall seeing it formalized anywhere, but this model is probably the most common way of displaying a strategy. Also known as "pillars," it uses the core 3 to 5 significant insights chosen and groups them into a single image.

The typical elements used are:

- Each "driver" is expressed in one or a few words
- A concise description of the guiding force of that idea (around 30 words)
- The expected outcome for each opportunity
- Optional: a supporting principle or the common vision as a complement to keep present during execution.

Continuing the service center contacts example from the last chapter, a driver may be:

- *Reduce service center contacts* [few words driver]
- *The ratio of calls per sale is preventing scaling sales. By providing alternative and self-service channels, we can reduce our service center size and better serve more customers* [guiding force of the idea]
- *-20% of contacts per purchase* [expected outcome]

There are different alternatives to visualizing this.

1. Horizontal boxes

Each driver is represented as a horizontal box, followed by the description.

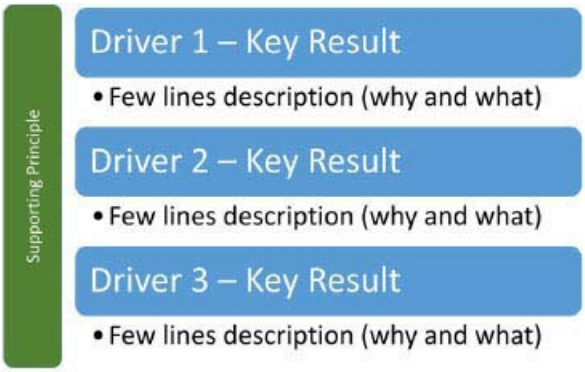


Figure 1.7.1 - Horizontal boxes synthesis.

2. Vertical pyramid

Each driver is a column, posed on the base principle and supporting the vision.

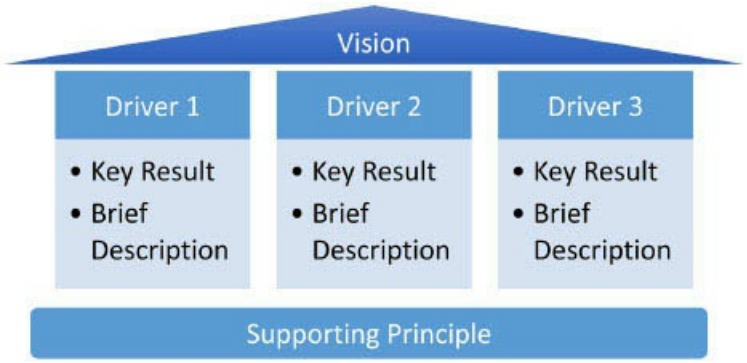


Figure 1.7.2 - Pyramid synthesis.

A quick note on this model: Besides being a total cliché, it is not to be confused with the more generic version that uses as pillars "people," "customer focus," "innovation," or any other meaningless terms. Your diagram should include the authentic product problems you will focus on, along with the very concrete expected outcome.

3. Expanding arrow

This format is more complicated than the pillars, without adding much value. I would avoid it, unless you have a substantial time element to express.

Figure 1.7.3 - Expanding arrow synthesis.

Tool 2: Kernel

This model is at the heart of Rumelt's book, *Good Strategy Bad Strategy*. According to the professor, there is a particular way to summarize a strategy coherently and compellingly. It provides a logical order to your plan's concepts while helping you describe it with the correct level of granularity.

The three elements to define are:

- ***"Diagnosis, Guiding policies, Coherent actions."***

Defining diagnosis

As we saw in gathering information and generating insights, Rumelt says that a good part of defining a strategy is understanding what is going on. The “Diagnosis” provides insights on how things currently are, providing a compelling “why” for the subsequent steps.

Guiding policies

Guiding policies are similar to the descriptions of the drivers expressed in the previous tool: a policy should indicate the direction selected to tackle the opportunities or solve the chosen problems. Without stating a specific action, it provides a clear context to let everyone make decisions that favor the direction the company wants to target.

Set of Coherent actions

Going one step further, Rumelt suggests that while not all actions will be listed, the plan should express the most relevant ones. It will help the organization execute and reach the desired outcomes without detailing the activities for all teams.

Note: at this point in our creative process, we may not have defined actions. We can synthesize up to the guiding policies level and complete actions once we advance to Roadmap and Objectives and Key Results (OKRs).

Kernel

From a visual perspective, we can imagine having a short word or phrase that reflects the overall direction of the combined guiding policies.

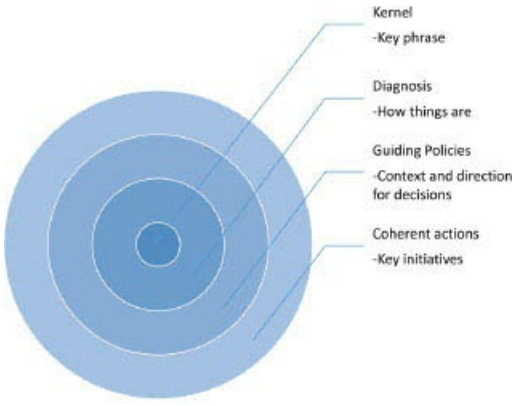


Figure 1.7.4 - Kernel based synthesis.

Other options

While I feel the Drivers or Kernel models are the most compelling, there are endless ways to compile your strategy. Consider also:

- All previous diagrams: We've already used visual tools, such as the opportunity solution tree or the "strengthen the core" diagram. These are potent diagrams that you may consider as part of your strategy explanation. If they are sufficient to tell the story, there is no need to go crazy with further simplification or charts.
- Gibson's GLEe model[31] will help you identify what you need to **G**et Big on (think about how to increase your core value and beat competitors), **L**ead (trending opportunities that you want to capture), and **E**xpand (second time horizon, things you are working on to enlarge your core business).

The Bull

In 1945, Pablo Picasso created one of his most famous sets of drawings, called "The Bull"[32]. The 11-picture collection starts with a series of drawings that gain detail and realism in the first iterations. But after the third one, it starts moving toward cubism, dissecting the bull part by part, making each piece more abstract until it can be drawn with just a few lines while keeping its essence.

Creating strategy is similar. You start by gathering more details. During insights and selection, you deep dive into information to fully understand the picture. But by the time you have a fully detailed description, you need to simplify it without losing its essence. By seeing all the dots, you will visualize which you can safely eliminate. By understanding the nature of your strategy, you will keep the genuinely critical lines.

Managing to explain your strategy with a few lines just as Picasso does with the bull requires considerable effort and crafting of your story.

Completing the Strategy Document

Diagrams are rich sources of communication but are only the end of the story you are trying to tell. In summary, you are trying to explain to the organization the process you went through to decide on this strategy. A potentially useful option is to compile a document, including the following sections.

0. A refresher on company and product vision

You can include the vision as a reminder for everyone of what you are trying to achieve with this strategy. Starting with your high-level aspirations is a great way to motivate readers.

1. Diagnostic information

Your audience should understand the information gathered and analyzed for this process. Including summaries and highlights will give them a feeling of the data points and the multiple sources, such as user feedback, market research, benchmarks, and your own product's result.

2. Insights and selection

Moving forward with your presentation, guide your audience through the options that you have identified. The goal is to show them what you selected and give visibility to those problems that, while not a priority right now, were considered. Using tools such as the opportunity tree allows for a very clear view of the analyzed options.

At this moment, you need to be very clear about ***why*** you selected these particular opportunities. Articulate the importance and potential of these items for the user and the business. Likewise, it is essential to identify discarded items. Saying what you **will not do** is as important as saying what you will do. As Michael Porter said, "*The essence of strategy is choosing what not to do.*"[33]

3. Resulting direction

Having introduced your teams to the data points and insights, you now want to succinctly describe the strategy with a single memorable image. Here is where the synthesis tools are most useful: the Kernel, the Drivers model, or any other one-pager you came up with can help explain all your directions in a single view. It will become the centerpiece of the communication, and teams may well print it out and pin it to their notice board as a future reference and reminder.

4. What does success look like

The previous section presented the goals you are pursuing merely by indicating a KPI and the desired value. You can dive a little deeper and explain what these indicators mean, why you should reach that target, and why it is reasonable to expect to achieve it. You should make it clear to everyone how success will be measured.

5. Resources and other considerations

This section is so contextually dependent that it is impossible to provide a hard and fast set of rules. Just keep in mind that you want to keep the focus on your narrative, so any other resource or note you need to mention can go at the end, keeping your core description clean.


You can download a template for the strategy document in the companion course. Access it at:
https://nachobassino.com/pdcc

Expected Output

By the end of the synthesis step, we should have:

☑ A Strategy document.
☑ A Strategy deck to go through during communication sessions.

☑ A one-pager to hang on the wall.

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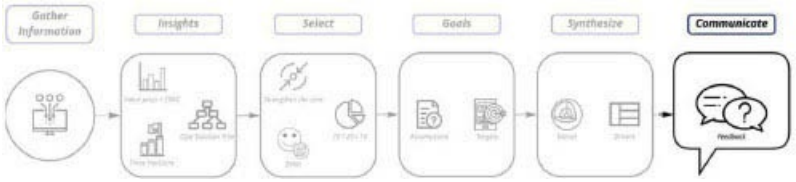
[31] Biddle, Gibson. *The Glee Model*, Medium, 2019. https://medium.com/@gibsonbiddle/6-the-glee-model-6af740bdf3b1

[32] Different museums have exhibited *Le Taureau (The Bull)*, like The Museum of Modern Art: https://www.moma.org/calendar/exhibitions/103/installation_images/712

[33] Porter, Michael E. (1996). *What Is Strategy?*. Harvard Business School Publishing

Chapter 1.8

STRATEGY COMMUNICATION



It looks like we are done crafting our strategy. But as usual, "*there is one more thing…*"

One of the top reasons strategy implementation fails is that it's unknown or poorly understood by the teams who need to execute it. A study by HBR[34] found that 95% of employees in midsize to large companies are unaware of the company's top priorities.

An unknown strategy is as bad, in terms of results, as a non-existent one.

It is now time to see how to make the communication of the strategy effective and memorable. The truth is that the Strategy document is a critical piece of your creation process, and it certainly needs to be read by the leadership team. But it is a lengthy paper, hard to digest for team members not fully involved in the creation process, *making it a poor tool for communication*.

As said in the previous chapter, to start your information delivery process, you may need both a deck and a "summary picture," which summarizes the entire concept and allows you to review it quickly over time.

Stakeholder Collaboration

Depending on the company culture and size, stakeholders' involvement during the product strategy process can range from formally required to not expected at all. Who is involved may depend on the type of product:

- For user-facing commercial products, it may be the head of the business unit or sales.
- For internal-facing products, it may be the head of operations or other related directors.

If your company does not formalize this interaction, I strongly recommend you still make it happen.

In terms of involvement and alignment, insight and selection steps may be the most critical. If you commit to a particular direction and goal without the organization's key members agreeing to it, it will likely later impact the communication phase. No stakeholder with a real interest in your product will appreciate it when you come and show them an already defined strategy without providing an opportunity for their input.

Interaction options

This interaction may happen in two different ways.

1. ***Debate session***: While working with the proposed tools at each step, invite your key stakeholders to join you and co-create them. It will enrich your view, your understanding of the problem and will generate high alignment.
2. ***Proposal for feedback***: Once you have made the selection, present the details to your key stakeholders for their input. The critical challenge is that you need to be open to that feedback. You cannot be too much in love with your definition and take a defensive posture. Your stakeholders will undoubtedly have other valid views on problems the company needs to solve, and you are responsible for considering all angles.

Both alternatives have their merits, and depending on your stakeholders' skills and their involvement, you should decide the most logical for your context.

Stakeholder needs

In either type of interaction, consider the following items to apply to your insight and selection steps.

1. ***Understanding their goals***: Stakeholders have their own challenges and objectives. Your product goals will ideally align with theirs. But if you are not pursuing the same target, show them you understand what theirs is and how your product direction may help or complicate their situation.
2. ***Understanding current challenges or concerns***: Similarly, in the last months or quarters, they may have struggled with particular circumstances that are uppermost in their mind. Perhaps they have wrestled with a lack of people or tools to run their functions. Even when these issues do not necessarily align with the product goals, understanding the problems will allow for better communication.
3. ***What does the selection imply for them***: You may focus on the product side of your direction, but don't forget to consider what it will require from other departments to be realized. For example, geographic expansion may be easier for product teams than for the operations department.

Shared understanding

A vital aspect of the interaction during selection is that everyone shares the same picture of what you are trying to achieve. If you get a different idea from your stakeholders during this step, it

will soon become a problem (the longer it takes to notice it, the costlier the solution).

Reaching this understanding will be easier with all the visual tools we have been discussing. During closing sessions, make sure you take the time to verify that everyone is on the same page.

Reaching agreement

You want to make sure you can move on with an agreed-upon selection. So how do you handle disagreement at this level? Probably in a similar way you do for any other stakeholder interaction:

- ***Convince through reliable data***: Your insights should be the source of your decisions. If something is unclear, take the time to gather more data to make a better-informed choice.
- ***Experiment***: If an untested hypothesis is the source of the disagreement, instead of battling the assumption's merit, propose running a test. You should be able to define different paths at this stage, whether the experiment is successful or not.

Communication Sessions

Having covered the more in-depth discussion with key stakeholders, let's now review how to broadcast the information to the rest of the organization. This step will be highly dependent on the size of the organization:

- A small startup may be able to communicate the strategy simultaneously to everyone in an all-hands session (which would be beneficial in terms of required effort and consistency of the message).
- Larger corporations will require multiple sessions and a process to "*cascade*" the information to every employee.

Consider the following list of meetings as a guide that you can adapt to your context.

1. Top management

Ideally, the CEO and key stakeholders have already been involved in many of the previous steps. The strategy should not be a surprise to any of them during a group session, so if you feel someone has not been sufficiently involved, it may be a good idea to give them a short 1-1 presentation prior to the group session. In this instance, you will validate your storytelling, how well you defined "*why*," and how straightforward the selection sounds. Since you will use this format for communication with all departments, their input as leaders will be invaluable to understand how other people in each sector will interpret the message.

2. Product leadership team and complete product team

Another critical session will be the one with the entire product team. In this case, the meeting will go in-depth with data and implications for the teams and their current work. The product leadership team's goal is to provide the strategic context as the kick-off to explore further opportunities, roadmap definitions, and goal setting. Depending on the size of the product organization, it may make sense to split into "units" or any other product team groupings you may have and provide more detail on how the strategy impacts that particular group.

3. Specific product stakeholders and groups

Finally, for specific stakeholders and departments, the Heads of Products or PMs can deliver a version of the strategy that explains the full picture but with more specific details about the impact for that department.

Other Communication Opportunities

Communication is hard, and you should not rely solely on having a onetime session with each person to consider your work done. You should find other situations in which you can keep refreshing your message. Let's explore a few options.

Wall "decoration"

The one-page summary can be used around the office to remind people of the strategy and its goals. If your product teams use physical boards to organize their work and have daily standup meetings, these are a particularly useful spot to place this information. It will help them remember why they are pursuing particular initiatives and make day-to-day decisions aligned with the direction.

In an increasing "working from home" world, replicating this is challenging. You need to be creative and think about what your team's virtual get-together places are. For example, tracking tools like Jira or Trello have options to add images to the background of dashboards. You can also make the one-pager the standard cover for all presentations.

Link to drivers in goals or initiatives

Most teams will use other artifacts for execution, such as OKRs and initiatives cards. In which case, they can link the driver to those tools. An example of the link with the driver, "*Reduce cost per transaction,*" would be:

1. **Objective**: Automate the fulfillment of 99% of sales to reduce the cost per transaction *(the driver is inside the goal)*
2. *Associated driver in a goals spreadsheet*:

Objective	Driver

Automate the fulfillment of 99% of sales	Reduce cost per transaction
Reduce 20% of information calls by increasing available data in the purchase flow	Reduce cost per transaction

3. For other initiatives, you can add the driver to your existing tracking tool. For example, suppose you are using a virtual tool like Trello, Jira, Asana, or any other. In that case, you might use a new field (or the "notes" section) to include the strategic driver name associated with each initiative. If using a physical board, use a part of your cards to capture the name.

Linking drivers with initiatives has many benefits:

- Everyone is encouraged to keep reading the strategic drivers repeatedly.
- It can help people make sense of what you are trying to achieve at a higher level.
- You can align micro-decisions to the direction you are pursuing.

Repetition

You cannot rely on a single session and expect that everyone will remember your message. But equally, you can't simply have several meetings to repeat the exact same words! The trick is to keep refreshing your message in OKR checkpoints, planning, or review meetings, following the first communication blast. The product leader in charge of the session can take a few minutes to review the strategy, especially those parts that are more relevant to the work to be discussed during the meeting. The ability to communicate your message coherently in just a few minutes will require preparation. All product leaders need to have a deep understanding of the strategy so they can craft this short, memorable pitch.

The forgetting curve

Since you are not changing strategy every day, leaders often default to communicating it once a year, at the point when it's created for the upcoming period. While this may sound reasonable from a communication effort perspective, we know that people will forget.

In fact, after some studies in 1880, the German psychologist Hermann Ebbinghaus proposed the forgetting curve hypothesis,[35] showing that most of us forget more than 75% of newly acquired information within 24 hours of receiving it (see Figure 1.8.1).

That sounds pretty discouraging, but luckily there is a way to fight the curve: repetition. Repetition doesn't mean saying the same thing ten times in one hour. It relates to how we recall the information over several days to keep it fresh and memorable during a more extended period.

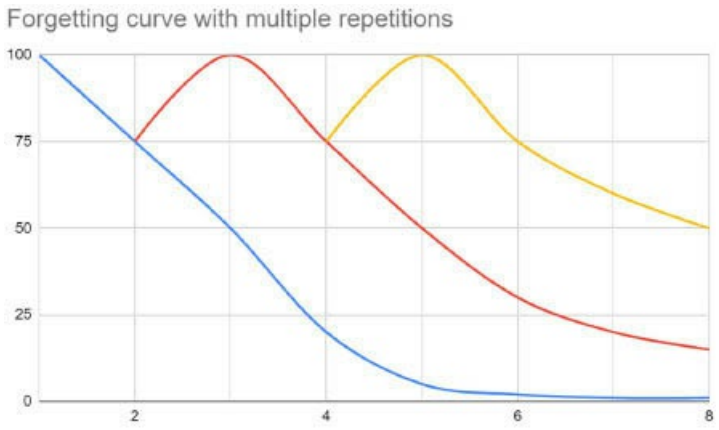


Figure 1.8.1 - The forgetting curve.

Expected Output

By the end of the communication step, we should have:

- ☑ Communicated the strategy to all members of the organization.
- ☑ Used artifacts to embed strategy communication. For example, including them in OKRs, Initiative Cards, and hanging the one-pager around the office.
- ☑ Incorporated a short strategy pitch at the beginning of other regular meetings such as planning and OKR checkpoints.

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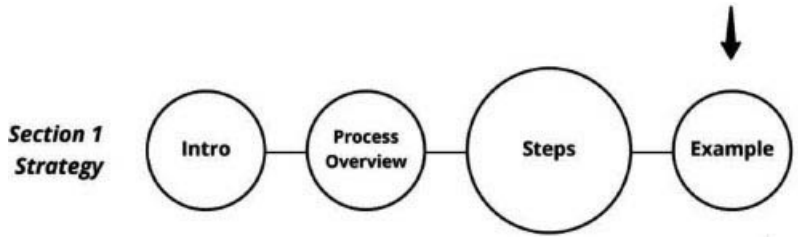
[34] Kaplan, Robert and Norton, David. *The Office of Strategy Management*, Harvard Business Review, 2005. https://hbr.org/2005/10/the-office-of-strategy-management

[35] Praveen Shrestha, "Ebbinghaus Forgetting Curve," in *Psychestudy*, November 17, 2017, https://www.psychestudy.com/cognitive/memory/ebbinghaus-forgetting-curve.

Chapter 1.9

STRATEGY EXAMPLE



To make the explanations and artifacts easier to understand, we will use an example that we'll develop as we go. "***SquadStats***" is a 3-year-old product designed to ***improve product team's performance by enabling them to measure how successful they are across the varied facets of their work***.

The product idea
How does the SquatStats team describe their idea and mission?

This problem has been endemic within the digital products industry ever since it began. In the early days, the goal was to predict how much time and money a project would cost. It has since evolved. We want to measure how successful our team is based on its impact on the business, their speed, and their quality. It is almost impossible to compare a Netflix team with a Google team in terms of their success, and it is almost as hard for a single team to compare their own previous and current years' performance!

The growing complexity of what we build, how we build it, and the difficulty of isolating the team's performance from other factors has increased this challenge:

Should we attribute the product's results to the team's performance or other circumstances within the company? Despite the challenge, we want to develop successful teams, validating and improving our performance with quantifiable, comparable, and verifiable evidence. That is what SquadStats provides.

Who has this problem? Almost anyone leading a product organization faces the challenge of measuring, optimizing, and communicating how well the team is doing:

- Team members such as Tech Leads, Product Managers, Agile Coaches, or Product Designers.
- Upper and middle managers, from the CTO/CPO to Heads of Departments.

How are they already solving it? Most teams already have *some* methods they use; tools such as project tracking, continuous integration, goal tracking, and product analytics offer different perspectives on the performance of the team and the product. These metrics are rarely connected with each other, are difficult to standardize, and do not provide actionable insights for the team to improve.

How is SquadStats different? SquadStats provides a 360 view of a team's performance, including:

- Product health metrics: core Key Performance Indicators and North Star Metric status based on analytics tools
- Technical execution metrics: quality of the software, frequency of releases, technical debt from the existing repositories and tools
- Agile metrics: automated performance indicators based on project tracking
- Goal results: based on outcome tracking, automated or integrated with other systems
- Discovery performance: based on customer interactions and completed experiments

Along with many more metrics, configurable to the team's needs and their context. SquadStats provides a picture that can be aggregated across different teams up to the level of a "department view."

Current Status

The key value of the product is drawing information from a variety of different sources, displayed as a unified dashboard to represent the team's success. The business model is a simple Software as a Service (SaaS) Business to Business (B2B) subscription. Target companies are those working with a "modern" product structure (interdisciplinary autonomous teams), with between four and several hundred squads (from scaled-up startups to enterprises).

Product profile

- ***Key-problem to solve***: Help product teams improve by measuring key aspects.
- ***Clients***:
  - ***Target user***: product manager, tech lead, agile coach
  - ***Target buyer***: CPO / CTO
  - ***Target company***: has a "modern" product structure with more than four teams
- ***Key-value proposition and differentiator***: Consolidate in a single view the many different aspects of successful product teams and identify areas for improvement.
- ***Business model***: SaaS with a per-user subscription.
- ***Product life cycle stage***: A young product with high growth rates.

Current interface

Without going into details of the product's configuration and integrations, the current core feature of the product is the dashboard it provides for teams. Figure 1.9.1 is an illustration of what that looks like.

Figure 1.9.1 - SquadStats current interface.

Current Strategy

For the first time, the team uses the tools proposed in Product Direction to set a new path, but they have a previous strategy that they were already executing.

Targeting early majority

The company decided to focus on companies that were already trying to solve this problem. The most extensive base are companies that:

- Are using OKRs
- Are using an agile tracking tool like Jira, MS Team Foundation Server (TFS), or something similar
- Have more than four teams
- Are using analytics tools to measure product performance

Integrations

The key adoption factor was being able to import information from existing sources. The company is already connected to the major players in key performance areas for product teams:

- Product analytics: Google Analytics, Hotjar, Mix Panel, and others
- Agile execution and metrics: players like Jira, TFS, Trello, and others
- Delivery tools: GitHub, Sonar, Azure DevOps, and others

Considering the diversity of options available as information sources not covered through direct connections, the product also offers an easy path to insert new data through spreadsheets or forms. Examples of such inputs required to display the full stats are: team health, experimentation and results, OKRs.

Concierge set up

Given the complexity and variety of existing product teams, the customer success team helps onboard new clients and helps them connect their sources of information and configure the dashboard. It has proven very successful since very few customers have churned after the full setup is completed, and it also provides an additional source of feedback to improve the experience.

SquadStats High-level Goal

Having grown beyond the 1,000 companies subscribed and +10,000 monthly active users (MAU) with virtually zero churn rate, the company feels that its product is in solid shape. Their key aspiration is **revenue growth**, associated with more active clients.

Gathering Information for SquadStats

The team at SquadStats has been continuously working to gather information about the market, the user's needs, competitors, and product results. The material includes:

- Customer interviews of the past 12 months, with a summary of insights derived from each conducted research.
- Monthly satisfaction scores and word cloud analysis of the key positive and negative aspects.
- Articles on agile management tools, especially regarding market share and recent growth.
- Industry reports on agile practices, adoption rates, and types of frameworks used.
- Feature benchmark table, comparing reports and metrics available from Atlassian, TFS, and Actionable Agile.
- Marketing benchmark table, comparing strategies from Atlassian, Asana, and Basecamp.

- Monthly company results: number of clients, users per client, average revenue, cost structure, etcetera.
- Monthly product behavior: login frequency, churn, average session time, amount of information uploaded.

Note: I hope this list helps clarify the type of information you should capture for your product. It won't be practical to reproduce the material gathered in this book. Instead, we will cite the highlights used for insights generation in the next section.

SquadStats Insights Output

The SquadStats team used a few tools to come up with their potential options.

1. A "Wall of Insights"

Using sticky notes, they had a session to cover the most relevant learning and opportunities. They translated these into a table to share them easily.

Summary and grouping

- ***Increase integrations to other tools***: Low potential since it already covers the integration with all meaningful players (this was part of the well-executed current strategy).
- ***The growing trend of Kanban***: The product currently focuses on Scrum, which has a +50% share, but Kanban is gaining share (+6%). *Seen in: State of Agile report*.
- ***Freemium model:*** Many key players have a free version, not merely a trial such as SquadStats. *Seen in market reports, benchmarks, and customer interviews.*
- ***Creating plugins for big platforms:*** Has high growth potential, leveraging their customers (Jira, Slack, TFS, and so on).
- ***Creating a marketplace:*** An option with a high potential for growth. *Seen in: Atlassian Marketplace report.*
- ***Limited customization of metrics***: Benchmarks with other players have shown flexibility to support different workflows and display metrics for them.
- ***The onboarding time is high***: It can take two weeks from sign up to set up, and it requires a lot of interaction with the customer success team.
- ***Neutral scores in surveys***: While the churn rate is low, customers are not raving fans, having many neutral ratings in satisfaction surveys. *To create real insight, it requires a deeper dive*.
- ***Managers not seeing much value***: While teams (represented by Product Managers, Tech Leads, and Agile Coaches) seem to be making good use of the dashboard, managers are not getting much value out of the same views.

Summary table and supporting material

Type	Insight	Supporting material
Market	No need to push hard on new integrations	Key players reports (i.e. statista.com)
	Growing trend of Kanban (+6% share over time)	State of Agile report
	Freemium model growth	Atlassian growth history report
	Plugins help leverage other platforms users	Atlassian Marketplace report
	Marketplace is a driver of growth through new offerings	Atlassian Marketplace report
Benchmark	Low Kanban support	Actionable Agile benchmark
	Focused on own processes, not covering other development workflows metrics	Customizable reports of Jira
	Freemium options	All key players (Jira, GA, etc.)
Year Result	Long onboarding time	From sign up to set up complete
	Good recurring usage	Weekly active users
	Low churn after completed onboarding	Churn report
Customer	PMs and Agile coaches - loved it, but no budget	Insight from end of trial interviews
	Large number of neutral scores in Satisfaction surveys	Satisfaction Surveys
	Lack of meaning or interpretation to the reports	Interviews to management users

Figure 1.9.2 - SquadStats's insights summary.

2. Opportunity solution tree

The team decided to create a tree for its most relevant company goal: Growth.

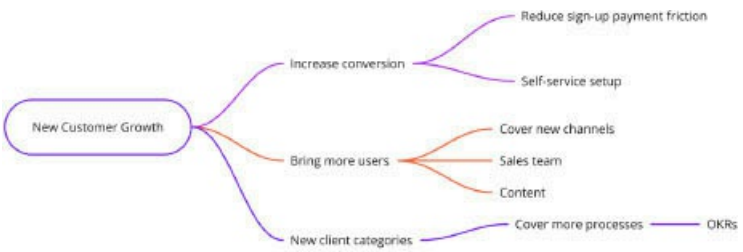


Figure 1.9.3 - SquadStats's opportunity solution tree.

Summary

Adding to the previous section, the team had a few discussions about the key options they were seeing.

- ***On increasing conversion***: The team focused on detailing a freemium model, but they agreed that this solution was not sufficient, and they should also work on a more straightforward *self-service setup* process.
- Diving into ***creating a plugin***: They discussed other channels to bring more users, such as building a sales team or using content marketing.
- Finally, they started talking about attracting more clients through a change in the core value proposition. One option was to change the focus from merely "compiling information" to providing a supporting tool for the team's operation. For example, instead of simply taking the information from Jira, they could become an agile tracking tool themselves. They considered the options, and competing in some processes (like tracking) seemed ridiculous: competitors already had well-established products. But they found that the "*OKR management for product teams*" space was not fully covered, and it was central to their current core value of improving the team's results.

3. Horizons of growth

After looking closer at their original insight list, the team decided that they needed to organize their options to focus on game-changers for the short term while keeping in mind what they were betting on for future growth.

They created the horizons of growth chart as seen in Figure 1.9.4.

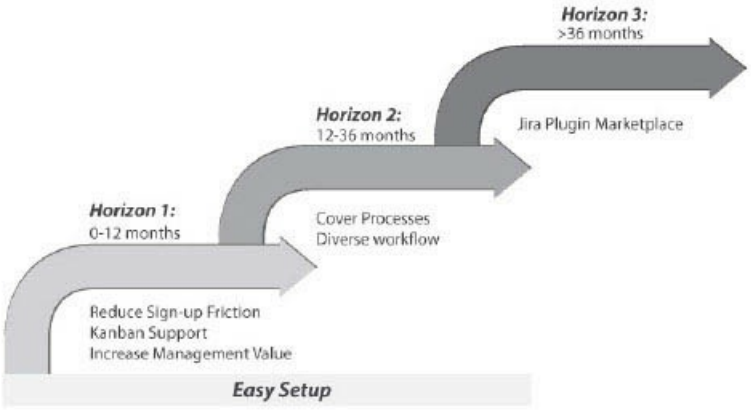


Figure 1.9.4 - SquadStats's horizons of growth.

Summary

The potential for short-term impact may lie on some of the following opportunities:

- Reduce sign-up friction by providing a freemium model.

- Add support to Kanban flows and metrics.
- Increase the value to management teams.

Improving the setup would be hard work, but it could create a competitive advantage since it would be hard to replicate. The team decided that it will probably span two time horizons.

For the second horizon, they considered a few alternatives for expansion:

- Covering new processes like capturing OKRs
- Covering more workflows and a broader set of customizations

As bets for future growth, they agreed it would be interesting to experiment with:

- Plugins for the most popular platforms, probably starting with Jira
- Creating a marketplace to provide more functionality through third-party providers

The last point was part of a broader discussion about being a platform instead of a SaaS product. The team decided that they could start experimenting with it, but they were still far from the product maturity required to pursue such a strategy.

SquadStats Selections Output

Similarly, during the selection phase, the SquadStats team combined a few tools to decide on their top opportunities to formulate their strategy.

1. Strengthen the core

The team started by creating this diagram. While it was beneficial to understand how ideas interacted, they still were working on the core. Opportunities like the freemium model or simpler setup were part of the nucleus itself rather than new paths to strengthen it. But they also saw the strengthening potential of the OKR Management opportunity and building platform plugins (see Figure 1.9.5).

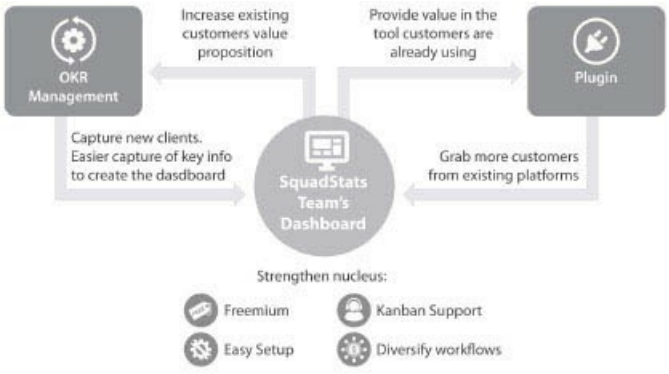


Figure 1.9.5 - SquadStats's strengthen the core.

2. 70/20/10 allocation

The second action they took in the selection process was considering resources, particularly for the short time horizon. Following the Google 70/20/10 formula, they had to decide how they would allocate funds for each time frame and opportunity.

Summary

1. To allocate their 10% for bets, they could focus on:
    - Marketplace: ***Postponed***. Very high potential, considering what many platforms had achieved, but the core product was not mature enough.
    - Plugin: ***Selected***. As a future opportunity for growth, the plugin had significant potential, considering the client base of the platform providers and the low development cost. It also supported the direction of having lower sign-up friction.

2. To allocate the 20% for expansion, they could focus on:
    - Different workflows: ***Postponed***. While they have faced around 50% of interviewed customers requesting different metrics to support their processes, they have not turned down the service. The team's current offering continued to serve most customers.
    - OKRs management support: ***Experiment***. The team did not yet have enough information and insights to pursue this opportunity fully. It has excellent potential to become a revenue driver in a freemium model (making this an extra value part of the paid plan). They selected the opportunity but rather as a bet, keeping in mind that they may change their strategy later if evidence does not support it.

3. The 70% for core enhancement was the most challenging part of the process. The team had to look into valuable alternatives:
    - Freemium model: ***Top selection***. 80% of the interviewed customers who discontinued using the service said it looked useful but had no budget to purchase it. On top of that, most people dropped after seeing the pricing page and did not even start a free trial. This opportunity also supported the company's strategy of avoiding the need for an enterprise sales team. The goal was to grow inside firms as groups adopted the free and low-cost services that did not require long purchase processes or approvals, much like Atlassian had raised in previous years.
    - Straightforward setup: ***Selected***. A freemium model supposes a 5x multiplier in the number of customers signing up, from which only a few would ever become paying users. Given that growth, the customer success team would not be able to keep pace. Furthermore, based on benchmarking and interviews, they discovered that freemium users expected this type of self-service experience and can grow frustrated without it.
      During selection, this is the type of alignment we need to consider. One won't work without the other, and this is the step in which you have to figure it out.
    - Kanban support: ***Postponed***. Scrum still seems to dominate with more than 50% of users; besides which, there is an overlap of metrics that teams can use by employing any method.

- Content Marketing: ***Postponed***. A content strategy does not align with current priorities, and early signs of its potential seem weak compared to the required growth speed.
- Improving management dashboards: ***Postponed***. This was the hardest choice. Solving this problem is valuable both for the core offering and for increasing adoption and revenue. But focusing on freemium prioritizes groups of individuals starting to use the product to improve their performance rather than on management. It will likely be the next step to consider if the freemium model is successful.

Note: *To keep the example simple, the team tested one idea for the 20% and another for the 10% allocation. As discussed in the Selection chapter, they would ideally experiment with other options outside their core to secure potential future growth if one of the two alternatives fails.*

3. Stakeholders and direction to win

That last choice (focusing on freemium and not pursuing paths more relevant for revenue generation) required some difficult conversations with the CEO and other key stakeholders. The core argument drawn by the product leadership team was that they could not simultaneously tackle user and revenue growth. Rather than having modest success in two directions, they wanted to create a substantial customer base with freemium, allowing them to later focus on revenue with a greater chance of success. Another contributing factor to the model's potential was the investment users made on the platform. Once these users completed the effort required for setup and started getting value, it would be much easier to go the extra mile and capture revenue. Also, it would be much harder for new competitors to encourage users to switch platforms.

The CEO agreed, but instead of pursuing the previous ambition of increasing revenue by 50%, the team decided to pursue a *5x increase in the active users' base* (we will cover this later in goals).

Growing users also meant playing to win: They wanted to be the first choice for any product team trying to improve their impact. Their biggest problem was acquiring more users, so all their efforts would focus on removing the current frictions and adding more sources to capture users.

Instead of blindly following their high-level goal, using these selection processes and the critical insights gathered, they modified the expected result and chose a direction that could radically change the game.

SquadStats Goals and Assumptions Output

The team needed to look at the information they have on each opportunity and define success indicators. Doing so, they arrived at the table seen in Figure 1.9.6.

Opportunity	Target

Freemium	Increase sign-ups 5x YoY
Easier setup	
OKRs management	10% of new sign-ups due to OKR capability
Plugin channel	Get 50 initial plugin users

Figure 1.9.6 - SquadStats's selected opportunities and targets.

Goals summary

- They decided to combine the two initial opportunities into the problem of "*Reducing sign-up friction*" with a single goal of subscribing new users. Their current conversion rate to the free trial was only 1%. Compared with industry benchmarks, freemium models could go up to 10% (with outliers like Slack achieving 30%[36] in 2014). The 5x increase was challenging but achievable and motivating. Not only would the conversion rate increase, but new traffic sources would also start coming in, thanks to the free service.
- They wanted to tie the OKR management effort to the expansion strategy, so their target would be to get 10% of sign-ups from teams looking for that kind of tool by the last quarter of the year.
  Note: They could have instead selected a revenue goal, but it would have been misaligned with the core of the new strategy. Additionally, since this would be an initial expansion effort, they did not have any historical information to set up a goal. Nevertheless, achieving 10% sign-ups would be a good signal of future potential. They could measure performance based on the previous quarter rather than the year's average to monitor the trend in improvements (and pivot earlier if they did not progress fast enough).
- Finally, for the plugin bet, they decided not only to validate their learning but also to start showing some signs of early customer adoption. In essence, creating a plugin was not an unrealistically huge effort. By allocating 10% of resources, they were confident that with proper discovery iterations, they could get to some attractive version within 12 months. Again, aligning with the grow-customers strategy, they wanted to see some early traction in that direction.

Assumptions

When the team analyzed what needed to be true to achieve these goals, they came up with one assumption per option.

Freemium Assumption - The fundamental source of sign-up friction is price

For the freemium model to be successful, the main friction for new users must be the paid model.

- ***Failure probability - 2***: The team has conducted research and gathered evidence that supports this idea (80% of abandoning users cited it as their crucial reason not to use it).

- ***Impact - 5***: The team is committing most of its efforts to this initiative. If it is not valid, it is unlikely that they could achieve the 5x subscriptions goal.

Setup Assumption - Self-service setup will drive faster engagement

The second step to deliver value once they had removed the sign-up friction with a freemium model was to let users quickly experience the dashboard. For that assumption to be correct, the self-service setup needed to be smooth and attractive enough for users to be willing to use it and able to do so in just a few minutes, without assistance.

- ***Failure probability - 3***: Both the willingness of users and their capacity to sign up themselves are problematic. Compared to most SaaS with a simple setup, SquadStats requires a significant effort before the user can see any value. It will also require advanced items such as obtaining the connection keys for the services users need to integrate. On the positive side, SquadStats customers tend to be advanced digital users for services of this type.
- ***Impact - 3***: Not achieving a complete self-service setup will affect the goal, but there are many setup alternatives to be considered. A “partial” self-service would also be acceptable.

OKRs Assumption - New capability will attract new users

This assumption is straightforward: Users must value the service, and the team needs to be able to distribute it efficiently (finding the right marketing message and channels).

- ***Failure probability - 4***: Since our users already use OKRs, it is likely they are using a tool or a spreadsheet. If we are trying to convince them to switch, we must identify an unsatisfied need that we can pursue. The team has not achieved that level of insight on this opportunity, so the failure rate is still high.
- ***Impact - 2***: While this opportunity has a lot of fit with the core value and may be an excellent option for growth, it is not critical, and if it fails, the team can pivot to other ideas.

Plugin Assumption - New users will join through this channel

For this option to be correct, other platform users must be interested in this type of service and search for it through their marketplace.

- ***Failure probability - 5***: This is a genuinely untested idea. While there is strong evidence of the success of other players with this mechanism, the team has not gathered enough user data to validate if it can be true for SquadStats.
- ***Impact - 2***: While the potential is vast considering the user base of other platforms like Atlassian or Slack, if it fails, the team would need to look at other sources for growth.

Note: As you can see, the failure probability increases as opportunities go into further time frames. For horizon one, we already have reliable indications of their probability to be true, while the focus for future horizons is on experimentation and validation.

Summary table

Opportunity	Target	Assumption	Failure prob.	Impact
Freemium	Increase sign-ups 5x YoY	The key source of sign-up friction is price	2	5
Easier setup		Self-service setup will drive faster engagement	3	3
OKRs management	10% of new sign-ups due to OKR capability	New capability will attract new users	4	2
Plugin channel	Get 50 initial plugin users	New users will acquire through this channel	5	2

Figure 1.9.7 - SquadStats's goals and assumptions.

A hidden assumption

During these discussions, the team realized that they had a far riskier assumption behind the freemium model: "In the future, we will be able to convert free users to paying users." Since the strategy does not focus on revenue, there did not appear to be a problem in achieving the strategic goals. But there will be one in the future.

The team added this to the freemium model assumptions. They will dedicate time to analyze metrics and run experiments to help them understand how significant this risk is likely to be, gathering information for the strategy covering later periods.

SquadStats Strategy Synthesis

The team finally reached the final step and decided to adapt the drivers model to display the strategy in a single view (see Figure 1.9.8).

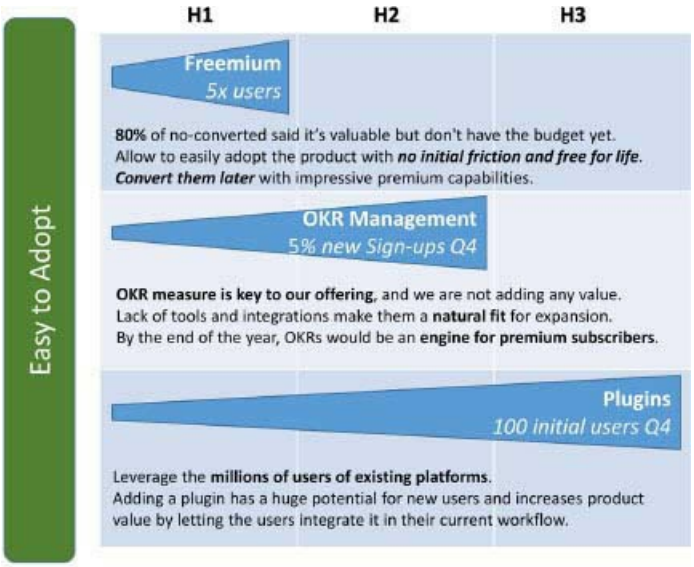


Figure 1.9.8 - SquadStats's synthesis.
(This Figure would look better as an A3 sized poster hanging in the wall!)

Summary

The leadership team wanted to clarify that there was a substantial amount of logic associated with the strategy's time horizon, so they included a table in the drivers model separating the three time frames. They also represented each driver as a cone that increased through time, visually illustrating where they expected the impact of each initiative to be by the end of the year and how it would grow over time.

Other than that, the elements were the same as in the driver's model:

- They used an overall strategic principle: "***Easy to Adopt***." Making the service ubiquitous for users was at the core of any initiative they would consider.
- They included goals, texts explaining their importance, and the policy to follow for each pathway.
- Given the close relationship between the first driver and freemium model, they combined these with the simplified setup. They also made clear in the policy that they were not planning to work hard on premium conversion in this initial time frame.

Note: You can see that the diagram ideas can adapt to your context and the message you are trying to highlight. There are endless options.

Closing the Example Section

This section aims to clarify, using a step-by-step example, how the tools are used, and how they interact with each other. As you may have noticed, it is difficult to replicate the type of discussion and deep dives that would happen within a team, especially when that group has far

more knowledge about their product and industry than you and I have about the SquadStats business.

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[36] Gleason, Derek. *Freemium vs. Free Trial: Which Gets You More Paying Customers*, CXL Blog, 2018. https://cxl.com/blog/freemium-vs-free-trial/

Chapter 1.10

ITERATION AND FEEDBACK LOOPS

A well-crafted strategy will provide direction for the subsequent 9 to 24 months of execution. Such a cycle implies that to measure your strategy's success, you would need to wait years to see its results, which is unacceptably long. We do not operate in a waterfall system, in which we define the strategy, approve it, and consider it a closed document. Instead, we will use short feedback loops to verify our hypothesis and definitions to improve the selected direction.

We can think about these loops as climbing a mountain. At the start of the ascent, we will have made a few steps, and with little effort, we will gather some early evidence of potentially significant impact. We will learn if the ground is mostly earth and grass or rocky, validating if we have selected the right footwear. As we move forward and invest more time and effort, we will get more detailed evidence, for example, on the mountain's height, steepness, and the prevailing weather conditions.

When validating strategy, we will start with simple tools, such as surveying the communication sessions' participants. Later on, we will run experiments and iterate our hypotheses. Finally, we will execute and see if we are hitting our quarterly goals at scale.

Figure 1.10.1 summarizes the loops, their lengths, and efforts.

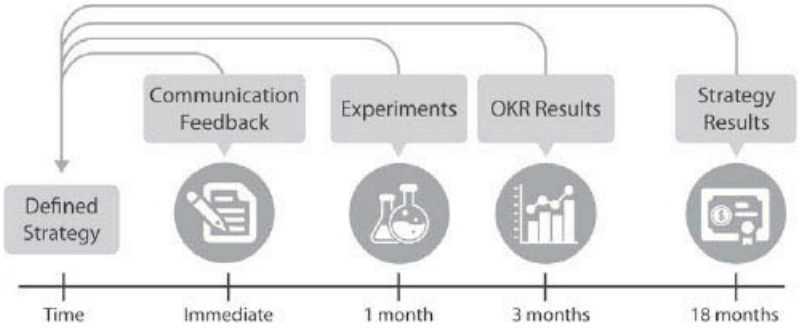


Figure 1.10.1 - Feedback loops over time.

Immediate Feedback - Initial Qualitative Assessment

The earliest lessons for the defined strategy are garnered from the observations you gain from your self-analysis and the communication sessions with other organization members. Generating actionable insights is challenging because you may get subjective and biased opinions. To achieve more specific and applicable feedback, we will cover four aspects of strategy evaluation proposed by Professor Rumelt:

- ***Consistency***: Is the strategy aligned with the company's vision, needs, and resources?
- ***Consonance***: Does it consider customer and market trends?
- ***Feasibility***: Is it achievable, and does it take into account the team's capabilities?
- ***Advantage***: Is it aligned, and does it strengthen the desired positioning?

The following eighteen-item survey can be used (and adapted) to evaluate each of the attributes, using a Likert scale (1 to 5 scores, where 1 strongly disagrees and 5 strongly agrees) per item, and a follow-up comments section inviting users to share any comments to explain their score. Keep in mind that this is used after fully communicating the strategy and having gone through the document or slide deck, not merely viewing the one-pager.

1. *(Consistency)* The strategy is aligned with the vision
2. *(Advantage)* The strategy strengthens the core value proposition
3. *(Consistency)* The strategy helps increase the value we provide based on the needs of our customers
4. *(Consonance)* The strategy considers our current users' feedback
5. *(Consonance)* Industry trends have been considered
6. *(Consonance)* Competitors benchmarks have been considered
7. *(Consonance)* The strategy takes advantage of and considers differentiation based on the company's strengths
8. *(Consonance)* The strategy considers the latest company results
9. *(Consonance)* The strategy is based on the current market conditions (share movements, competitors, margin trend, and so on)
10. *(Feasibility)* The strategy is aligned with existing resources and capabilities
11. *(Feasibility)* The strategy considers the required investment in technology renewal and maintenance
12. *(Consistency)* The strategy considers current and future financial needs
13. *(Feasibility)* The strategy presents clear goals to be achieved
14. *(Feasibility)* The level of risk in the strategy is appropriate for the company's risk appetite
15. *(Advantage)* Sufficient alternatives were considered before selecting the current strategy
16. *(Advantage)* The strategy will generate value for the current period as well as future ones
17. *(Advantage)* The strategy creates or strengthens a competitive advantage
18. *(Advantage)* The strategy provides "strategic drivers" rather than low-level tactical advantage
19. *(Communication*)* The strategy is easy to understand and remember

Note: I added a "communication clarity" question to gather feedback not related to the content but how it was presented.

 Access the companion course to grab a template form with this questions.
nachobassino.com/pdcc

In addition to the four original attributes, the questionnaire covers different topics for analysis: vision, customer focus, industry awareness, resources understanding, and so on.

Try running the survey with three different groups to get different types of feedback depending on their role:

A. Self-Assessment — The obvious starting point

Answering these questions using the same team that crafted the analysis should bring to life simple things that you took for granted or considered but were not fully articulated in the resulting communication document.

Always consider the customer impact

A few years ago, we were creating a strategy based on an opportunity to automate post-sale service activities. We had many manual processes that impacted operation costs and hurt our ability to scale.

By trying to answer the question, “The strategy helps increase the value we provide for the needs of our customers,” we realized that we had not articulated the impact the strategy would have on increased resolution speed and customer satisfaction. Once we had added it, our strategy became much more engaging and compelling.

B. Extended Product Team — Facts and feasibility

Once you have communicated the strategy to all the product teams, they are able to challenge the path you have selected, based on the integrity of the data presented and the feasibility of the solution. As experts for their different products, they will deep dive to lower-level indicators, and either add more detail to strengthen the presentation or find flaws in the logic used, signposting modifications in the selections. Either form of feedback would be valuable! When dealing with data-driven and deeply committed product teams, in-depth diagnosis information helps clarify the “why.”

C. Stakeholders — Business compatibility

Depending on your level of communication with stakeholders, presenting your strategy can be one of those moments where you validate the level of shared understanding you have with them. Gathering stakeholder opinions on how well you have considered topics such as the current financial situation or the level of risk in your assumptions will be valuable for aligning your intentions to what the company can support at every level.

Possible assessment results

Feedback will enable you to make modifications that will increase your chances of success.

Consider the following potential scenarios and the corresponding modifications:

- ***Unclear topics***: You need to improve your message to clarify all the details of your strategy.
- ***Skepticism***: Your data is not convincing your audience. Find another way to present it, or add lower-level data.
- ***Feasibility***: The team is doubtful that the chosen path is achievable. Add examples to clarify their understanding.
- ***Short-term needs***: Commercial groups may feel the need to get early results. You can provide more details of the short-term or adjust your strategy to consider quicker results from the start.

Result	Action
Unclear topics	Improve message
Skepticism	More data
Feasibility	Include examples
Short-term needs	Adjust rolling out

Figure 1.10.2 -
Immediate survey feedback results and actions summary.

One Month In - Experiments

If you have a well-oiled discovery process, it should take little time to start running experiments to validate your strategic assumptions. Experimentation as early as one month from the strategy "launch" can provide useful learning to adapt and improve the direction.

It may be challenging to identify the form of experiment that will help generate this type of validation.

- On the one hand, you have some early-research tools like exploratory interviews that you are likely to have undertaken as part of building insight for a strategy (if you've decided on a path before doing any interviews, go do them now!).
- On the other hand, you have access to specific solution validation techniques, such as usability tests or A/B tests. These experiments may invalidate a particular implementation but not necessarily the whole strategy.

The sweet spot is to find the type of test that validates the problem and value of the opportunity. Problem interviews or prototype tests are good examples. Keep in mind that these tests become more important as uncertainty grows. It's one thing to validate an opportunity for the "automation of current activities" but quite another to "lead a new trend in customer behavior."

If you have also considered time horizons, bets you have placed on the longer time frame are likely to be riskier and subject to greater experimentation over time.

Who runs the experiment?

A small point to consider is who should run the experiment. Sometimes a strategic driver is closely related to one team's domain, and they would take the challenge. But consider Adobe in 2013, when they made the strategic decision to shift to a subscription model. Probably no single team can undertake that opportunity. Product leaders must work with the most relevant product teams to decide who would be running the experiment and collaborate closely with them to help them move through those areas that exceed their current domain.

Possible experiments results

Experiments will give the earliest signs of strategic success or failure. There are three possible results:

- ***Aligned***: The feedback supports the assumptions and the chosen direction.
- ***New insight***: While running the validations, you discover a further opportunity that you believe is worth pursuing. The first step would be to invest a little more in experimentation to confirm the opportunity's size and, after that, return to the strategy board and pivot to the new insight with more confidence.
- ***Invalidating results***: In the case of strong negative feedback, leaders should be prepared to implement changes. If you have undertaken discovery work prior to the strategy definition, this should be rare. When it happens, go back to the strategy board, identify new paths based on the latest learning, and consider a retrospective approach to strengthen your early research for future iterations.

Result	Action
Aligned insight	(Part of strategy)
New insight	Check size and see if pivot
Invalidating feedback	Go back to strategy definition

Figure 1.10.3 - Experiments feedback results and actions summary.

Note: Experimentation is not an activity done once to validate your strategy and move forward to delivery mode. This should be the first of numerous subsequent experiments in which you will discover more about the problem, the required solution, the usability, and so on.

Three Months In - Quarterly Objectives Results

If your experiments yield positive results, the next validation should be at the quarterly objective level (through OKR results). After three months, you should see the values you obtained during

experimentation, but now on a larger scale. Once you have validated a workable solution, move on to progressive implementation, and use A/B testing to confirm (or not) that the selected path is valuable as you roll out to your whole audience.

If you have correctly linked OKRs to the strategy (as we will review in the next two sections of the book), you will begin to see an impact on your strategic goals. Teams can monitor OKRs continually, and by the end of the quarter, it should be clear if you are on the right track to achieve strategic success.

Possible objective results

OKR results lend themselves to the consideration of different scenarios:

- A small glitch in the results is probably not something to worry about at the strategy level. Unless you can see other clear indicators of a wrong direction, you should revisit the execution plan rather than the selected path.
- Scores lower than 40% may happen for many reasons and will require more in-depth evaluation.

Without ignoring bad results, we need to assess if the score is due to the chosen strategy, our selected solution, or incorrect execution. Did we build the wrong feature? Have we used an erroneous marketing channel?

At this point, the best option would be to go back to experimentation. Considering what you have learned so far, formulate a hypothesis and put it to the test. It will require more effort, but it is probably worthwhile before giving up on the right strategy! The good news is that after the experiment, you will have much more confidence to decide whether you should:

- Stick to your strategy and make changes in execution
- Update your approach with new insights
- Completely pivot

Results Summary

Table 1.10.5 summarizes the three feedback types with the potential results and actions described in the sections above.

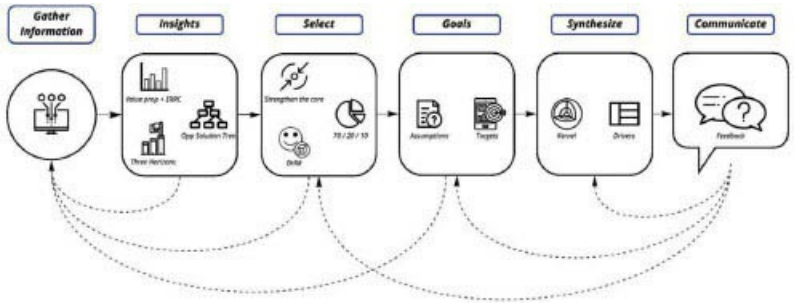
Type	Result	Action
Assessment	Unclear topics	Improve message
	Skepticism	More data
	Feasibility	Include examples
	Short-term needs	Adjust rolling out
Experiment	Aligned insight	(Part of strategy)

	New insight	Check size and see if pivot
	Invalidating feedback	Go back to strategy definition
OKRs	Small offset	(Adjust plans)
	Justified offset	Adjust rolling out
	Unclear offset	Experiment and pivot

Figure 1.10.5 - All feedback loops results and actions.

Section 1

SUMMARY



Strategy is the most critical step in setting the product direction. If done well, you maximize your chances of success and make the next steps straightforward. It also is the hardest one.

Trying to keep my promise of getting down to specific details on creating a reliable product strategy, we have reviewed a process with four steps. Before jumping to the summary, I need to reiterate that *methods come and go. You need to focus on the underlying principles and "goals" of each process step*. In five years, we will probably be using new tools, but we will still be finding insights to create a solid selection and communicate it in memorable ways.

1. ***Generate Insights***: By looking at past information and discovery work, identify problems and opportunities to radically change the game. Use a broad lens to diverge and generate many possible paths.
    - Tools: Core Value Proposition and ERRC, Opportunity Solution Tree (first part), The Three Horizons of Growth.
2. ***Select***: Rather than using prioritization methods to select your chosen path, rely instead on a clear understanding of the most significant problems to solve and how they interact with each other. Define your positioning, how you plan to win, and how you can strengthen your strategic advantage.
    - Tools: Strengthen the Core, Google's 70/20/10, Gibson's DHM Framework.
3. ***Goals and Assumptions***: How will the metrics look if you succeed with your selected path, and which assumptions need to be valid to achieve it.
    - Tools: Targets per Time Horizon, Risk Evaluation Table.
4. ***Synthesize***: Create a diagram that explains your strategy on a single page. Prepare documents and presentations for communication.
    - Tools: Drivers Model, Kernel Model.

A summary of the steps and their desired outputs:

Step	Output
Generate Insights	Wall of insights
Select	Selected insights (diagrams or table)
Goals and Assumptions	Goal and Assumptions table
Synthesize	One-page diagram, strategy document and presentation

To wrap up, we saw:

- ***The importance of communicating*** the strategy to everyone in the organization, and using artifacts and repetition to keep it continually present.
- ***Three feedback loops***: Immediate assessment to adjust; Experimentation to validate assumptions; OKRs results to verify results at scale.

 Remember to access the online course to review the material available for the strategy section and the summary class.
nachobassino.com/pdcc

Recommended Readings

Must read

- *Good Strategy Bad Strategy: The Difference and Why It Matters* - by Richard Rumelt

Recommended books

- *Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant* - by W. Chan Kim, Renee Mauborgne
- *Playing to Win: How Strategy Really Works* - by A.G. Lafley, Roger L. Martin
- *Understanding Michael Porter: The Essential Guide to Competition and Strategy* - by Joan Magretta
- *Value Proposition Design: How to Create Products and Services Customers Want* - by Alex Osterwalder, Yves Pigneur (Strategyzer team)

Posts

- Gibson Biddle's twelve-part series on strategy definition: https://medium.com/@gibsonbiddle/intro-to-product-strategy-60bdf72b17e3
- Teresa Torres' Opportunity Solution Tree explained: https://www.producttalk.org/2016/08/opportunity-solution-tree/

- McKinsey’s article on the Three Horizons of Growth: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/enduring-ideas-the-three-horizons-of-growth
- Marty Cagan series on Product Strategy: https://svpg.com/product-strategy-overview/

Section 2

Strategic Roadmap

"Your product roadmap is the prototype for your strategy."

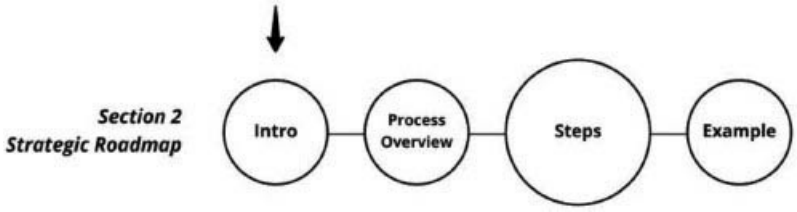
Todd Lombardo, et al. - *Product Roadmaps Relaunched*[37]

In This Section

[37] Lombardo C. Todd., McCarthy, B., Ryan, E., Connors, M. 2019. *Product Roadmaps Relaunched*. O'Reilly.

Chapter 2.1

INTRODUCTION TO ROADMAPS



Congratulations! You have completed the most cognitively intense part of the work and differentiated yourself from most companies that lack a strong product strategy. But we are about to see an artifact that lies at the heart of many failed executions and causes teams to work like feature factories rather than autonomous and empowered groups. In the following section we will explore how to avoid those pitfalls and create a strong strategic roadmap.

What is a Roadmap?

There already exist multiple definitions of *roadmap*, and probably no consensus about which is the right one. Let's look at a few useful examples:

- ***Aha.io***[38]: "A product roadmap visualizes the plan for how your product is going to meet a set of business objectives. It details the direction of your product and the work required to get there."
- ***Product Plan***[39]: "A roadmap is a strategic plan that defines a goal or desired outcome and includes the major steps or milestones needed to reach it."
- ***Product Roadmaps Relaunched***[40]: "A strategic communication tool. A statement of intent and direction."

I would agree with any of those statements, but these short phrases still do not fully describe what a roadmap is and how to create it. I believe it is more important to discuss the various essential attributes it possesses:

- ***Strategic plan***: In the roadmap, we will order and arrange the problems and opportunities of the strategy and assign them high-level time frames.

- ***Desired outcome, value-oriented***: Unlike a project plan where we want to see outputs and deliverables, when working with roadmaps we wish to see the results our strategy is trying to achieve.
- ***Communication Artifact***: While the strategy aligned us with what we wanted to accomplish, the roadmap is the first artifact that dives into details and starts aligning us toward execution.

Roadmap Arguments

We are still far from having a standardized way of creating roadmaps, and that led some companies for many years to develop versions that caused more harm than good. Many of them grew frustrated and started questioning the use of it.

- Those in favor would say that it is an excellent communication and alignment tool, especially with stakeholders. Roadmapping also lets you see the bigger picture and a sense of how the future would look, something that other, more detailed artifacts (such as a product backlog) would never do.
- Those against them argue that they focus on output, limit the team's ability to discover and innovate, and set unrealistic time commitments. They claim it also is an artifact that is hard to maintain and centralize for the entire product portfolio.

One of the best phrases I read about roadmap opposition is:

"Either I'm going to disappoint you by giving you exactly what we thought six months ahead of time was the best solution when it's not, or by changing course and having lied to you." - David Cancel, CEO of Drift[41].

David's comment captures other fundamental dichotomies many companies face:

- If we take the roadmap as a binding plan instead of a strategic guide, we will fail to learn and adapt during execution, likely failing to achieve the expected outcomes.
- If we take it as a guide, we will change course due to discoveries and not build what we "said" we would. This would likely disappoint stakeholders, especially in more traditional organizations.

Roadmaps are tools, and as such, they can be good or bad depending on how you apply them. Furthermore, they have different structures, styles, and uses. Creating them without this understanding can lead to miscommunication and problematic artifacts. They aren't straightforward, and coming from a world of project management and Gantts, it is easy to fall into the problems described by the roadmaps opponents.

Typically controversial items

There are a few troublesome attributes within roadmaps that foster the arguments mentioned above.

Time scale	Many companies use months as columns for their roadmap. The problem with this approach is that in doing so, we are setting concrete time frames to items for which effort and duration are yet uncertain.
Items intent	Are items in the roadmap specific solutions, problems to solve, or goals to achieve? There is a tendency to put solutions, binding us to build that option, even when we still require discovery efforts to understand the best way to resolve a particular problem.
Level of detail	Besides the type of item, what level of granularity should we use? If using solutions, should we use features or broader scope items like an "epic"[42]? It is easy to fall into a more detailed description, more suitable for backlogs than roadmaps.
Uncertainty over time	Using the same visualization for work items that we will focus on next month, as for features we are planning for the next 18 months, hides the uncertainty that future items have.
Commitment/agreement	Is what we are putting in the roadmap a formal commitment to build something? Can teams easily change items or use different scopes than the ones in the roadmap?

We will review how to use these elements correctly in the following chapters.

Outcome over outputs

If there is a single attribute worth focusing on, that would be outcomes[42]. We tend to discuss what the team will deliver, and while that conversation may be useful further down the road, it is not what we should cover during the direction definition.

You face several challenges to shift the discussion toward outcomes:

- ***Trust***: One of the hardest shifts is encouraging stakeholders and managers to discuss outcomes and not outputs with product teams. They must trust the team to decide the best course of action to achieve the goal.
- ***Outcome accountability***: Similarly, it may be difficult for teams used to receiving and shipping requirements to take responsibility for selecting what to build and to become accountable for uncertain results that they may feel are outside of their control.
- ***Reward results, not outputs***: Most of the traditional organizational structures and processes are set up to optimize and reward delivery. Without changing these compensation tools, people will eventually fall back to focusing on shipping rather than impact.

- ***Embrace uncertainty***: This change in perspective is based on a context where we are unsure if what we want to build will have the expected impact. Failure and learning are required parts of the process, along with experimentation and rapid iteration, adopting new insights, and increasing the chances to achieve the expected results. We need to embrace this uncertainty about the solution, and we need to feel safe to "get out of the building[43] and learn about it."

Outcome-orientation is the single most crucial transformation a product organization can make, and the strategic roadmap can be a keystone artifact to achieve it.

Roadmap discussions represent the first conversation relating to execution, and as such, they typically fall into the output discussion. Product leaders are responsible for keeping the discussion centered on the problems we want to solve.

Uncertainty and the Stakeholders Dilemma

Imagine you hire an architect and a group of contractors to build you a house. You start by defining what type of home you want, the style, how many rooms you need, and so on. The first thing you would naturally ask the architect is how much it will cost and when it will be ready.

This approach is used everywhere:

- when you need to fix your car
- when you cut your hair
- when you are buying a cake for your kid's birthday

Likewise, in companies, we used to manage a good part of the work by projects, in which we set a budget and a time frame to have it completed.

So it is no wonder that stakeholders are expecting a project plan, especially in more traditional organizations. But those plans will paint a picture that hides or misrepresents the inherent uncertainty of creating products that achieve outcomes. We will either be misleading ourselves or optimizing our efforts to comply with a plan that should become obsolete as we execute and learn.

Using a bit of Product philosophy, instead of giving users a plan, we should try to understand what they need:

- ***Visibility***: Plans typically include the list of features that teams will build, and consequently, are something stakeholders love. Unfortunately, when creating a strategic roadmap, we don't yet have that level of detail. But we can offer visibility of something more valuable: the outcome we will achieve.
- ***Time horizon***: Gantt diagrams focus on precise delivery dates. Our roadmaps need the flexibility required to work with unpredictable discovery time frames and unpredicted

delivery complications but still visualize high-level horizons to attain each expected result.

- ***Cost***: Plans are good at displaying the resources likely needed for a specific project. In product organizations, entire teams work in all required work for a parallel product, and features undergo many optimization iterations to achieve the desired outcome. Costs per item are much more unpredictable, but we can still have high-level visualizations per strategic goal.

Our job is to show stakeholders the uncertainty we face and let them know that we acknowledge and manage those risks proactively through smaller iterations. They need to know that while we do not commit to a particular date or solution, we will be accountable for the outcome, and we plan to learn the best way to deliver it. They can rest assured that we will update them when we gather any significant learnings.

The Strategic Roadmap

As said, there are many types of roadmaps, with different representations and uses. All of them are valid, but in the product direction framework, we will focus on a specific one: The Strategic Roadmap.

In essence, this artifact ***describes an in-depth breakdown of the strategic drivers***, considering sequencing and intermediate milestones that create our path to success. For example, consider the driver "*Reduce mobile purchase friction -increasing conversion 30%-*," and its intermediate milestones or sub-problems "*Increase checkout completion speed using past purchase information*," "*Decrease load time 25%*," and "*Differentiate exclusive mobile promotions*."

A good strategic roadmap is a crucial communication and alignment tool. But it is hard to build. Even when it is not a low-level plan of activities, it should still reflect **how** we plan to achieve the strategy and **when** we expect high-level milestones to happen.[44] But both how and when usually are very uncertain. Making this visualization useful while being clear about the unknowns is tricky.

Besides creating the strategic roadmap, this process should also provide a high-level view of the required resource distribution. We will break the strategic drivers into smaller problems to solve and identify which and how many of them to allocate to each team. This division will provide clarity on how overloaded (or underloaded) the current capacity may be.

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[38] *What is a product roadmap?*, Aha.io Blog. https://www.aha.io/roadmapping/guide/product-roadmap/what-is-a-product-roadmap

[39] *Roadmap Basics*, ProductPlan Blog. https://www.productplan.com/roadmap-basics/

[40] Lombardo C. Todd., McCarthy, B., Ryan, E., Connors, M. 2019. *Product Roadmaps Relaunched*. O'Reilly.

[41] Also from the already cited *Product Roadmaps Relaunched* book.

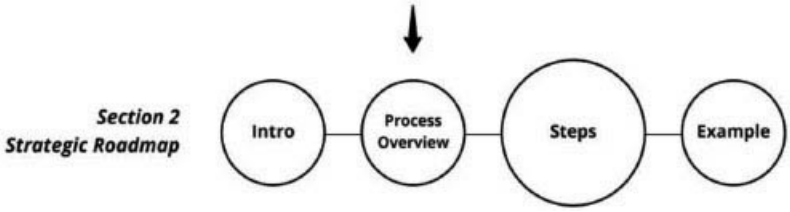
[42] An agile term to describe a group of features or user stories related to the same customer needs.

[43] As Steve Blank famously preaches in *The Four Steps to the Epiphany: Successful Strategies for Startups That Win.* 2005, K & S Ranch.

[44] I'm not trying to be philosophical about naming. I just want to differentiate this roadmap from what you may know as a Product Roadmap, which tends to be more feature-oriented. If you call product roadmap to a problem and outcome-oriented artifact, then we are talking about the same thing.

Chapter 2.2

THE PROCESS OF ROADMAPPING



It is time to find out what is the required magic to build a great roadmap. As we will see, there are four steps to define the roadmap, but most of the work consists of determining the right roadmap items and prioritizing them accordingly. As we did for the strategy process, we will start understanding the ***(1) inputs***, ***(2) people involved*** in the different sessions and stages, ***(3) cadence***, and an overview of the ***steps*** needed to complete our roadmapping exercise. As said before, do not consider this a recipe but a framework to adapt to your needs.

1. Inputs

This process will use the inputs definition we already have, like the recently created strategy and the current roadmap and team structure definition we have been using.

1. The ***strategy*** is the primary input. We will use the drivers we synthesized and unpack them to get smaller chunks into the roadmap. For that reason, not only is the one-page diagram relevant but also all the insights and details that lead to it.
2. If you are not doing the roadmap exercise for the first time, you would likely have an ***existing roadmap*** that already covers part of the current period. We need to understand if those existing items are still relevant, and transparently communicate any change to stakeholders.
3. Finally, we need to consider our ***current team structure***. During this phase, we will be essentially starting a high-level discussion about execution. We want to align teams and resources toward the new strategy based on understanding where we currently are.

2. People Involved

Similar to what we discussed during the strategy process, we need to consider a balance between an adequate number of participants to avoid lengthy discussions and involving enough people with the required details and responsibility to execute the resulting roadmap.

The Top-Down versus Bottom-Up dance

When working with autonomous product teams, we want to focus on pursuing bottom-up goals. Teams are working every day with the users, the metrics, the technology. That closeness to the inputs for decision making puts them in a great position to make the right choices to achieve the desired results.

On the other hand, we are trying to align the organization in a particular direction. While we want to gather all inputs and ideas, we want to select one path and pass it as a top-down alignment. Without this strategic choice, teams will probably end up pushing in different ways that achieve a local maximum but limit the result of the entire system.

Thus the dance begins: we want the team's involvement, participation, and commitments toward the desired goal, but at some point, we also need to make decisions and move all units along the same route.

There is a quick guideline to define how much input you should seek for each option, as seen in Figure 2.2.1:

- The closer the decision is to execution, the greater the team's weight in the decision.
- The closer the decision is to strategy, the greater the need to follow the top-down direction.

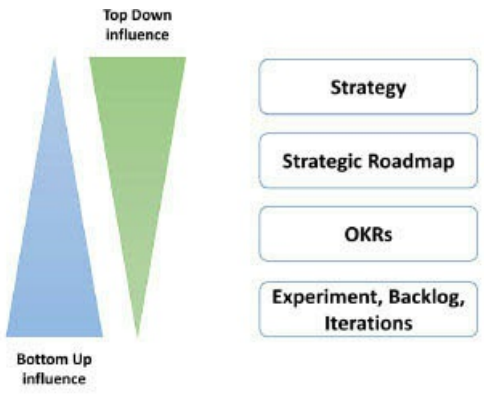


Figure 2.2.1 – Top-down versus bottom-up influence pyramids.

Following that advice, consider that:

- Strategy can have a stronger top-down influence. We would capture as many insights from teams as possible during formulation, but once decided, teams should align toward it.

- OKRs have a much higher degree of team influence, being one of their key tools for execution.
- ***Roadmaps sit in the middle***. There still is a strong, top-down influence that focuses on keeping alignment with the overall strategy. The team in charge of execution should always make most of the items' definitions and time frames.

Portfolio versus product level roadmaps

Once more, for large organizations with multiple products, we need to distinguish between the roadmap that displays the strategy at the company level (usually known as *portfolio roadmap*) and the one for the specific product. The value of the portfolio roadmap compared to the product level map lies in the way it enables you to:

Organize and select relevant themes, which means, for example, that you can signal the scale and significance of a specific theme for the organization as well as indicating how you are allocating resources to address specific themes. It also has the merit that it highlights

dependencies, where the work from one group depends on the work of another. Those initiatives with the greatest number of teams that need to collaborate will require the greatest care and may represent the greatest risk of failure and, equally, the greatest drivers of success.

So, who should participate in the definition sessions?

Portfolio roadmap roles

- ***Product Leadership:*** Owns the oversight of the entire process and is accountable for having a roadmap that reflects the selected strategy, is ready for communication, and is updated continuously with the teams' input.
- ***Technical Leadership***: Makes a strong commitment to delivering on the defined strategy and articulating the teams toward it. They input and validation are critical for later execution alignment.
- ***Discipline managers*** *(like Heads of Product, UX, IT, and so on)*: In large organizations, these leaders have more direct contact with the teams, the problems, and the potential difficulties of implementation. They will help the teams make the execution happen, and the portfolio roadmap is one of their essential tools to do so.

Other roles and stakeholders should be incorporated, keeping a balance of helpful input without causing decision delays caused by unwieldy, over-large groups.

Product roadmap roles

As said in the top-down dance, the team owns the product roadmap. Managers may participate in the definition to help clarify the strategic context, but they must refrain from micromanaging the result. The Product Manager, Technical Lead, and Product Designer will be accountable for

different aspects of the roadmap, from aligning and breaking down opportunities into manageable pieces to understanding the feasibility of solving the selected problems.

3. Cadence

Since roadmaps are expressions of the strategy, we expect them to display items that can last for more than twelve months. On the other hand, since we will be learning about the initiatives and receiving our experiments' results, it will require changes.

Roadmap updates should be continuous, meaning that you should modify the roadmap whenever you change your plan. If you have achieved the right granularity, changes should not be an everyday event, and you will ***usually update them quarterly***. Using roadmap items at the "problem to be solved" level, you may find your solutions changing a lot but still pursue the same strategic roadmap item. But if problems change, they should be reflected on the roadmap to prevent having an obsolete and false artifact that nobody trusts or cares about.

Each quarter we will review our OKR results and the progress with the existing roadmap and see if our plans are still valid.

Process Diagram

Figure 2.2.2 describes the four steps required to create a roadmap: Structure, Strategy Grooming, Priorities and Timelines, and Feedback. The next four chapters will cover each of these stages in detail.

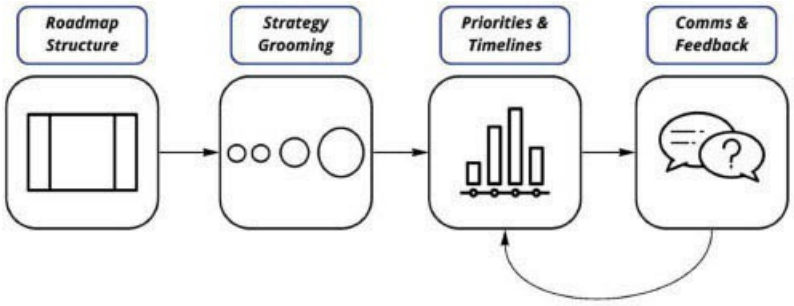
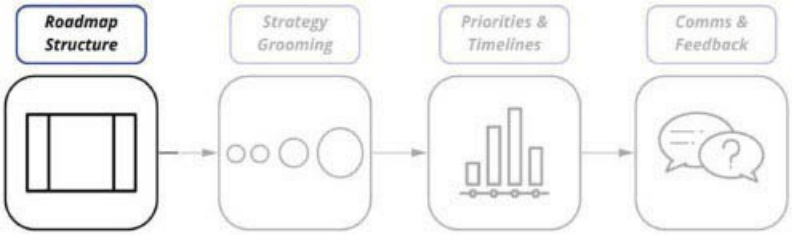


Figure 2.2.2 - The steps of the roadmapping process.

Chapter 2.3

ROADMAP STRUCTURE



Product leaders put much effort into the roadmap's "content": the items and descriptions that go into each cell. While that makes sense, it is necessary to have a consistent artifact that ultimately creates the alignment we expect to achieve. So in this chapter, we will switch gears, pausing our strategic work for a little bit while we sort out the best way to visualize our roadmap.

Selecting the right roadmap structure is a small step that will help you speed up your work, helping you have predefined visual and spatial elements to consider when defining your roadmap elements. For larger organizations, it will also help to share the same structure among teams, drastically reducing the time required to understand each team's map.

The Components of the Roadmap Structure

Your roadmap can have many structural elements. At least four of them are critical and require that you define them before moving on to the composition.

1. ***Principles***: Foundational aspects that your roadmap needs to reflect.
2. ***Axis definition***: How will items be aligned vertically and horizontally (see Figure 2.3.1).
3. ***Items in the grid***: How you represent each element and opportunity (see Figure 2.3.1).
4. ***Visual codes***: Extra visual elements that add information to the viewer.

Let's analyze each of them in more detail.

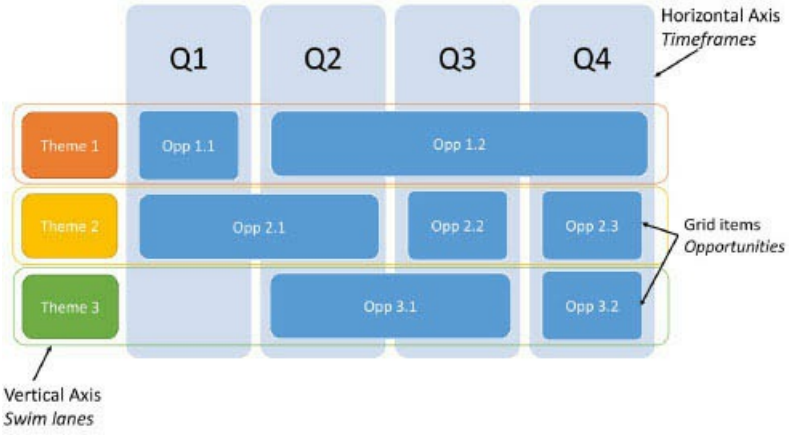


Figure 2.3.1 - Introduction to roadmap elements.

1. Roadmap Principles

A few foundational aspects of the roadmap organization should be agreed upon or decided before working on it. I call them principles, and while I have a few that I believe are mandatory, you should discuss and decide with your team the list of principles you want to follow.

Let's review the critical ones:

Uncertainty over time

All roadmaps have a time component, ranging from "day by day" plans to the more abstract "Now, Next, Future" division. Your artifact has to reflect that the nearest term is more reliable than the distant future. How can we achieve it?

Use more precise definitions for items in the near future. Consider, for example, *"Improve retention over the first seven days by increasing the click rate of notifications and emails,"* which may be near term versus *"Improve new users' retention,"* which looks like a vague definition for future opportunities.

Use more precise timelines for closer periods. Consider, for example, a roadmap starting in January, with columns dividing time labeled: "Q1," "Q2," "2nd Half," "Next Year" (see Figure 2.3.2). The time delimitation becomes bigger as we move further into the future.

Figure 2.3.2 - Roadmap with expanding timelines.

Opportunities and Problems, not Solutions

We need to align every team toward the customer and business problems we want to solve. We can solve these problems in many ways, and we specifically want teams to experiment and find out the best way to achieve them. Thus, having a reliable strategic roadmap requires that we relentlessly focus on writing the roadmap elements as challenges to solve and not as the already anticipated solution. Using a simplified example, think about an online travel agency that wants to help passengers search for flights of a particular airline alliance. The item should read *"Easily find alliance flights"* instead of *"Airline Alliance filter."*

Goal-oriented

As with the previous item, the roadmap should visualize how we plan to achieve our strategic goals, so they should always be present. They should be included either as "lanes" in the item description, color-coded, or with any other visual representation of your choosing.

Having this goal orientation is critical to align teams toward the strategic objectives. For example, think of an "*Increase 20% conversion rate*" lane, grouping all the opportunities to improve conversion as elements, such as "*Improve conversion in the pricing page by solving the complexity of plan comparison*".

Reflect all major work

I will make a small and controversial divergence from the "strategic" side of the roadmap. Teams should include all relevant work they will be working on, including the non-strategic elements. For example, there may be legal or regulatory activities that will consume time and are not necessarily part of our strategy. They are just compliance requirements to keep operating.

Why do we need to include these? Since the roadmap is an artifact of alignment and communication, we would need to:

- Involve everyone required to do this mandatory work.

- Have an open discussion with stakeholders about those items that will impact the available capacity for strategic work.

For example, consider "*Comply with GDPR*" that hit many organizations a few years ago. It was not strategic for most of us, but teams had to invest significantly in it to keep operating, and the roadmap should reflect that fact.

A roadmap is not a committed plan

The roadmap is not a contract that binds you to work for the next 18 months on exactly what you have written today. It may not qualify as a principle, but we need stakeholders *and teams* to adopt an open-to-changes mindset.

One of the critical issues mentioned by roadmap detractors is how it ties us to a particular course of action. The thinking pattern that emerges is something like this:

- "We are privileged, and we have the opportunity to define this roadmap."
- "We will invest time upfront, analyzing and defining, and show how good we are at creating roadmaps. We will build trust with our managers and stakeholders."

The prior planning is a huge red flag. It drags us to what project managers would call a *waterfall process* that we want to avoid; a closely defined set of stages that flows like water down a river. But it's deeper consequence is that the more we invest in it, the deeper *we become* invested in what we have defined. The immediate consequence of that sense of investment is that we ignore discovery and overlook facts and learnings that may signal we are on the wrong track.

And to make things even worse, we are likely to want to prevent change at all costs because that would require us to notify managers and stakeholders. We think that admitting we were wrong will undermine their trust and the confidence we are building.

This destructive loop is part of a broader discussion and happens at many stages of product development. We should make sure product teams understand the iterative nature of the strategic roadmap work and keep their mind open to new learnings.

*It is worth noting that we **do** want to deliver on our original roadmap*! It would be a sign that we are achieving results and that the strategy is helping us win. This principle is not intended to foster random changes. It is just a way to ensure that we are not walking a death march.

2. Axis Definition

Roadmaps are usually charts or tables that group the elements teams work on, with some logic supported by the axis. Time is the most ubiquitous axis example, ordering items by the time frame we expect to complete them. But there may be others, like themes or products, as we will

see in the next section. While you are free to choose the usage that fits your context, it is important that:

- You take advantage of this visualization element by consciously selecting one. Many times the power of axes is ignored, and none are chosen.
- All teams consistently use the same axis in their roadmaps, increase clarity for stakeholders.

Horizontal axis

The horizontal axis is usually the strongest one and is used as the basis to display time periods. Many charts in business and planning use this timed horizontal axis. Based on the familiarity design principle, sticking to timeframes will improve your user's ability to absorb and process it. You may choose real dates or more abstract concepts:

- *Months* - Avoid this level of detail, which is not suitable for strategic work and the level of uncertainty we still have.
- *Quarters* - Quarters are useful for the next one or two periods. Sometimes, if you want to build a longer-term strategic artifact, it would be hard to have quarterly precision for the elements that are still 12 months ahead in time.
- *Halves* – While they may work in some scenarios, they may not give enough visibility to the items that are closer in time, and both teams and stakeholders may require extra tools to define the nearer term work items.
- *Expanding time frames* - I recommended using labels like "Q1 2021," "Q2 2021," "S2 2021," "Y 2022," so we can show the right level of certainty for each period.
- *Now, Next, Later*: This is another popular method where labels describe the sequencing without defined time frames (see Figure 2.3.3). While I recommend it, I have to warn that it makes discussions with stakeholders more complicated. Depending on the product team's position, it may be impossible to avoid using dates.

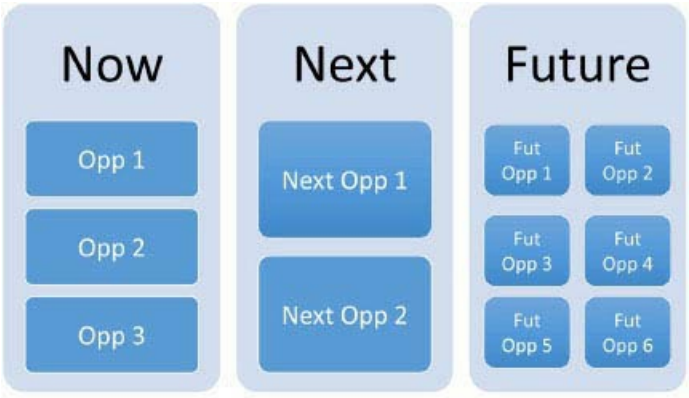


Figure 2.3.3 - Sample roadmap with Now, Next, Future timelines.

The selection would also depend on the company and product life cycle stage. For example, it may not be reasonable for a startup with a highly dynamic space to use semesters or years. For a mature, established product, the uncertainty of "Now, Next, Future" may not be necessary.

Vertical Axis or “Lanes”

While there is no agreed convention for the vertical axis, it is usually composed of “swimlanes”—groups that enable you to identify, at a glance, all items related to the same category. There are many ways to define swimlanes, and you can even combine two or more lanes.

Let’s review the most useful options.

Themes

Arguably, this is the “de facto” way to divide items. A theme is an internally defined category that is logical and easy to identify to the team and stakeholders. For example, you can group all the work related to “Onboarding” (see Figure 2.3.4).

Figure 2.3.4 - Sample roadmap with Themes in the vertical axis.

The authors of *Product Roadmaps Relaunched*[45] define themes as “a customer’s needs the product team should solve.” Using such a division helps teams focus on customers and create an attractive narrative of how the future we need to achieve will look. It also helps make a stronger connection with the problems and drives defined in the strategy sessions.

Themes can also be split down into subthemes, depending on the size and depth of the product organization. For example, consider the “Tutorial” subtheme for our previous “Onboarding” example.

Products or teams

Another option is to use products (or units, or parts of products, depending on your organization) as swimlanes, as seen in Figure 2.3.5.

Figure 2.3.5 - Sample roadmap with Products in the vertical axis.

While it may be easier for organization and planning, this is the worse option for strategy purposes. It is usually more task-focused and communicates what each team will be doing rather than what goals we want to achieve.

Goals

A roadmap organized by goals uses lanes to group all the work related to achieving a particular strategic objective (see Figure 2.3.6).

Figure 2.3.6 - Sample roadmap with Goals in the vertical axis.

You should express goals with their metrics and targets. It helps clarify and align teams, ensuring everyone is writing elements that help move the needle in that direction.

Combined

We can combine swimlanes divisions. For example, what if we divide per product inside each theme? The first grouping may be the “Onboarding” theme, and later we can divide items into

the “Mobile App” and “Site” products sublanes. Items that improve onboarding will be split among the site and app sublanes accordingly.

In strategic roadmaps, *arranging by strategic goals* is the best use of the vertical axis. Since themes are also beneficial for visualization, we can combine them with objectives. There are two options:

- ***Use goals, and then use themes as a secondary division***: For example, use the goal “*Increase post-sales satisfaction score 10%*,” and link the “*Reduce time to solution*” theme with all the problems we need to solve in that area to improve satisfaction (see Figure 2.3.7).
- ***Use themes that group goals***: For example, if we use the “*Personalization*” theme, it may impact goals like “*Increase Retention*” and also “*Average purchase rate*.”

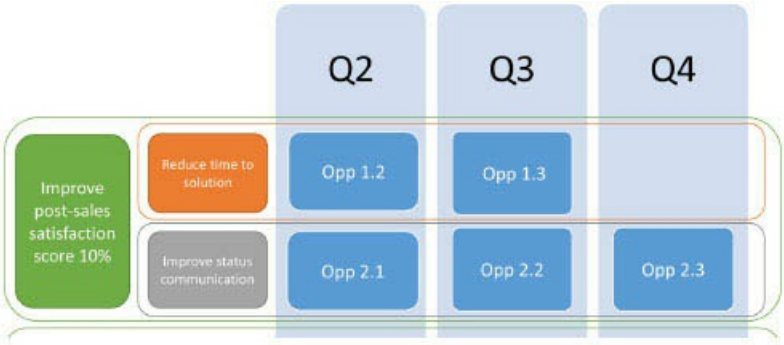


Figure 2.3.7 - Sample roadmap combining goals and then themes as secondary division in the vertical axis.

3. Items in the grid or “Cards”

Continuing with the structure definition, we need to discuss the attributes of each “cell” of the roadmap. Like swimlanes, many options are available, and you need a coherent selection to keep your artifacts valuable and consistent.

Let’s review the following aspects:

A. Titles vs. Cards
B. Granularity
C. Wording choice

A. Titles vs. Cards

The first decision is whether to use only titles or more complete cards (boxes that include more information):

- *Titles only*: If you search roadmap images in Google, you will quickly notice that using titles alone is the most popular choice for digital roadmaps (and this is what we used in the

above examples). This approach does not take advantage of roadmaps' full visual power, but it does allow you to cover more ground on a single page for larger organizations.

Digital tools and zoom levels

There is a hidden truth to the roadmap image search. Most of those images come from digitals tools, which would let you click on a title and open a more detailed card for the selected element.

Tools like Miro change from title to card view, depending on the zoom level! If you are zooming in a roadmap section, you will see fewer items but with greater card details such as tags, comments, status, participants. But as you zoom out, cards will start to lose elements until they transform to title only (see Figure 2.3.8).

This flexibility is also great for presentations. You can start with a single high-level view and zoom in whenever someone requires more details about specific elements (see Figure 2.3.9).

- *Cards*: These tokens can express whatever attributes you require, including goals, tags, images, and status. Card structure is important, and creating a template is an excellent choice to keep your map consistent. You may ask your teams to define and agree on tag categories, enabling you to create a single, coherent repository for them. On the other hand, you will need to be flexible, allowing teams to challenge previous definitions and templates to improve your visualization over time.

Figure 2.3.8 - Cards view zoomed out.

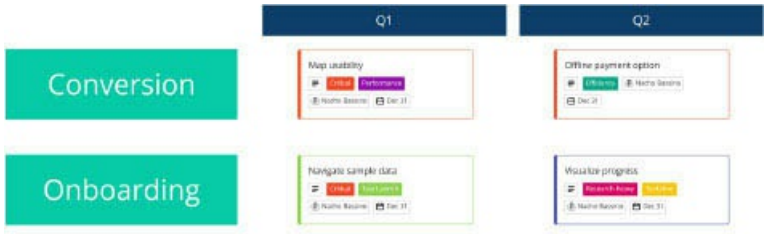


Figure 2.3.9 - Cards view zoomed in.

For physical board roadmaps (for the brave souls who dare have one!), cards are the logical choice. The artifact will probably cover an entire wall, and your elements will need to be large enough to be visible, making it reasonable to include the attributes of a card.

B. Granularity

You need to decide and communicate the flight level you intend to use to anyone working on the roadmap. Let me go back to the example used in Chapter 1.6. The selected strategic goal was to "*Reduce the ratio of contact center calls per sale by 20%*." As a roadmap item, that is still too general and does not easily link to execution. We can break it instead into smaller items:

1. *Reduce requests for information calls by improving the searchability and provision of answers online*.
2. *Enable self-service post-sales actions such as order cancellation, returns, modifications, and so on.*
3. *Increase proactive status communication and notifications to customers*.

The roadmap brings the content closer to execution while still allowing room to discover and experiment with the best solutions.

How can we define what the right granularity is?

In the book *User Story Mapping*,[46] Jeff Patton makes a great analogy: breaking up items in the backlog is like playing the old video game of asteroids.[47] You start with huge "planet-sized" rocks that may resemble our strategic drivers. Then we break those down, and they become multiple half-planet rocks, and we can break those down into even smaller rocks until we get to tiny-sized elements.

If you think of how we split options using the opportunity solution tree during strategy creation, it's a similar process. And it is one of those repetitive models you find everywhere in the product development processes. While there is no precise scale to define the right granularity for roadmaps, there are a few rules of thumb that can guide you:

- *Right size for the time slot*: For instance, if you are using the *expanding time frames*, items in the next quarter should have "quarterly granularity" (meaning that we can solve them in three months) and not longer.
- *"Executable" without being a solution*: We want to see items that teams can understand, align, and act upon. Especially if we are thinking about options for the next quarter, you can consider the lowest level of opportunities in your tree just before defining solutions.
- *The impact is measurable*: Another essential aspect is affecting a metric and having a quantifiable result in the selected strategy. Using an extreme example, if your granularity reaches the task level, you won't be able to link it to the outcome. In our service center example, the first item, "*Reduce information calls*," may sound like an easy option to correlate to a key result ("Reduce X%"). By contrast, the second item, "*Allow self-service post-sales actions*," still seems too high-level to work as a goal.

Visualizing granularity

As with backlog management, the granularity of items on the roadmap may vary according to the level of uncertainty and how far away they are in time. Next quarter items, for which we have already done some research, should be expressed in more granular terms than elements for strategies in future horizons which have not yet been analyzed in any detail. A good way to visually express this difference is via the relative size of different items: smaller items indicate more granular elements and larger items represent elements that still need to be broken down (see Figure 2.3.10).

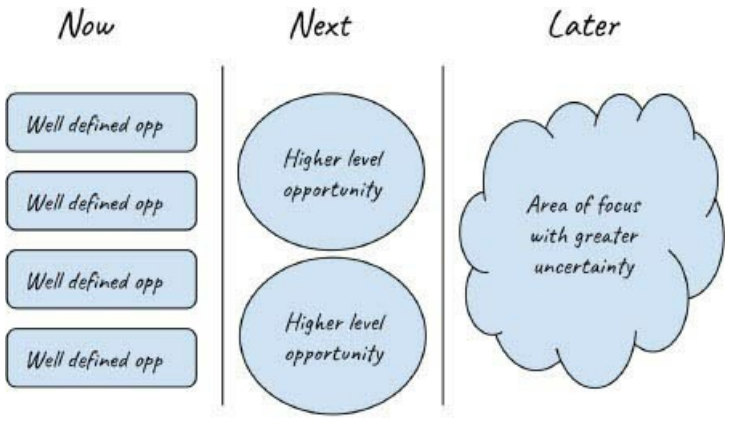


Figure 2.3.10 - Granularity of items over time

C. Wording choice

Finally, think about how you want to describe items. For example, we may describe the same item by:

- *Using verbs to show direction*: “Improve voucher information.”
- *Choosing just precise nouns*: “Voucher information.”
- *Being goal-oriented*: “Reduce 10% of information calls by improving vouchers.”

Think about what would help make the roadmap clearer for communication. For instance, while goal-oriented may seem positive and aspirational, it is likely to require a longer and more complex description.

4. Other Visual Codes

We have discussed principles, axis definition, and grid item’s characteristics. To wrap up, there is a wide range of visual cues that will enhance your roadmap information and its value as a communication tool.

Get a consensus around the elements and the terms you will use to describe them, along with your use of colors or metatags during the structure definition. In the next section, we explore how you can select different shorthand tools to enhance your roadmaps’ various data elements.

Information to add

Teams can use graphic components to represent:

- ***Stages***: Either a phase on the opportunity life cycle (for example, problem discovery, solution discovery, delivery) or a more specific step in the release cycle (development, testing, and so on). The former is more appropriate for strategic roadmaps, but neither is required at this level.
- ***Cost***: Items that are physically larger in the plan will take longer to complete and are associated with a higher cost. Two items may be completed in the same time period, but we may have invested many more resources in one of them. If this is significant for your context, it is worth including another visual element to represent it, like making wider lines for costlier elements.
- ***"Category"***: If themes are not in the vertical axis, or if we need to reinforce another grouping visually, we can add a color or icon to group items of the same category. For example, we may use different icons to display all options that affect the site, the mobile app, and the call center's internal interface, regardless of their goal or theme.

It is worth noting that other planning artifacts may use visual elements to indicate progress, assignee, item aging, numerical value of effort, and so on. None of these details are particularly valuable for strategic purposes and should not be considered for the type of roadmap we are discussing.

Visual elements

Depending on what information they want to add, teams can select from among four commonly used visual elements:

- ***Colors***: Most commonly used for themes, tags, or categories, colors are very flexible and can be used for almost any grouping.
- ***Tag names***: Used to name categories. Many tools, such as Trello or Miro, would attach tags to colors, essentially adding a word to the color reference for clarification.
- ***Icons***: More visually appealing form of tagging. When used appropriately, they convey a precise meaning (even a complex one) without the need for words, keeping your artifact clean and simple.
- ***Size***: Usually associated with importance, impact, or cost. How large or small we make an element can have a strong visual impact. Use it with care as it may have an unintended effect on the level of attention readers will have for other attributes.

Of course, you can use any other visual item to make your roadmap more useful, such as milestones, shapes, arrows, or images. Keep in mind that these adaptations and any extra information will make roadmaps harder to maintain, increasing the effort required to make any subsequent modifications.

Continuous Improvement

As you may notice, the roadmap structure does not vary frequently. This first step of defining the structural elements of the strategic roadmap is something you may do once and keep for years. The quarterly cadence of the roadmapping process will be focused on updating the content, not the visual elements.

But it is still important that you keep an eye on how valuable your roadmap structure is and what you can update over time to improve understanding and communication of the artifact.

Receiving feedback at each roadmap session and conducting roadmap retrospectives are great opportunities to identify ways to improve your model.

Expected Output

By the end of the structure step, we should have:

- ☑ Defined *principles* to keep in mind while developing the artifact.
- ☑ Agreed *axes* to use, the type of time frames to be displayed, and the type of grouping for swimlanes.
- ☑ Designed the card for *items on the grid* and the desired granularity for each time frame.
- ☑ Selected *visual codes* and their high-level usage. Defined catalogs if necessary.
- ☑ A *roadmap template* can be an excellent final step for this phase, ensuring you have a shared understanding of the final result.

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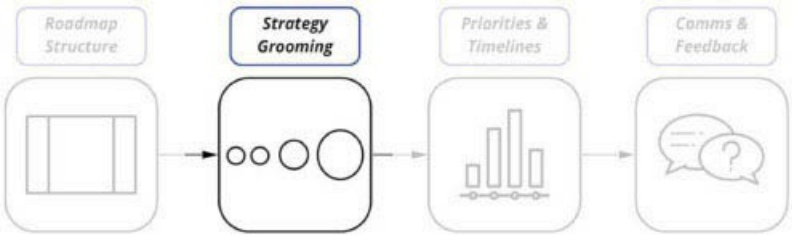
[45] Lombardo C. Todd., McCarthy, B., Ryan, E., Connors, M. 2019. *Product Roadmaps Relaunched*. O'Reilly.

[46] Patton, Jeff. 2014. *User Story Mapping.* O'Reilly Media.

[47] A famous space-themed shooter released by Atari in 1979. https://en.wikipedia.org/wiki/Asteroids_(video_game)

Chapter 2.4

STRATEGY GROOMING



Having defined your map's visual structure, now is the moment of truth, when you take your strategy and start breaking it down to complete the roadmap. You will identify the items that will fill each cell. If you have already been researching roadmaps, you may have noticed that when it comes to the process of creating a living map, even though this may be the most crucial step, it usually has the weakest description and explanation. It almost feels like a poorly written cooking recipe. All of the text is devoted to listing the ingredients and quantities, with little or no advice on the culinary processes beyond "mix and bake until cooked."

Luckily, there are some tools to help you perform this breakdown. You have a variety of different options to select from, depending on your context.

The step resembles the well-known activity of grooming a product backlog. In essence, your goal is to break the problems and opportunities down to lower levels of definition. For those elements for which you have already undertaken research and discovery, you can define the opportunities in some detail. Other elements that may be little more than assumptions requiring research and feasibility testing will remain high-level and abstract.

The level of granularity should also be appropriate to the time frame for that element. Abstract opportunities will be those in the medium or longer term, while the most detailed ones will require immediate attention. Keep in mind the agile principle of *Last Responsible Moment* (LRM): Defer making analysis or decisions for items until required. Distant options do not merit large amounts of research and definition efforts yet. That sort of upfront work would resemble the waterfall approaches we want to avoid, which are wasteful of your time and resources and may, simply through the creation of the definitions, close down options that will otherwise emerge over time.

In subsequent sections, we will review several tools to help you break down bigger opportunities, including *Breaking Down Drivers With Opportunities Trees*, *Customer Journey Maps*, and *Traditional "Slicing."*

1. Breaking Down Drivers With Opportunity Trees

We introduced the Opportunity-Solution tree in Chapter 1.4. You used it to identify multiple insights and map them to high-level opportunities. You then selected and synthesized your strategic drivers, but the lower nodes selected in the tree can be now converted into themes and roadmap items!

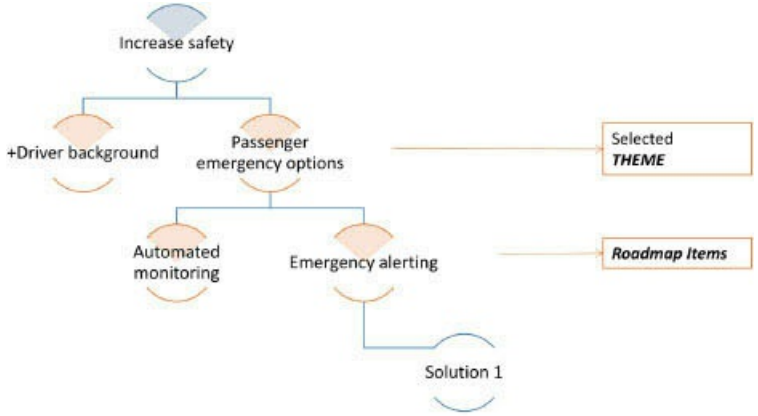


Figure 2.4.1 - Using an opportunity solution tree to identify roadmap items.

As seen in Figure 2.4.1, the higher-level opportunities, such as "*Passenger emergency options*," represent your themes (which may even be your selected strategic drivers). Lower-level options, such as "*Emergency alerting*," may be your roadmap elements. Of course, you will only include on your roadmap those items you selected during the strategy definition. The purpose of making the tree is to evaluate several alternatives and choose the most promising ones, either through input analysis or experimentation. For other opportunities that you haven't broken down yet, if you have enough information, use the tree and add more branches (see Figure 2.4.2).

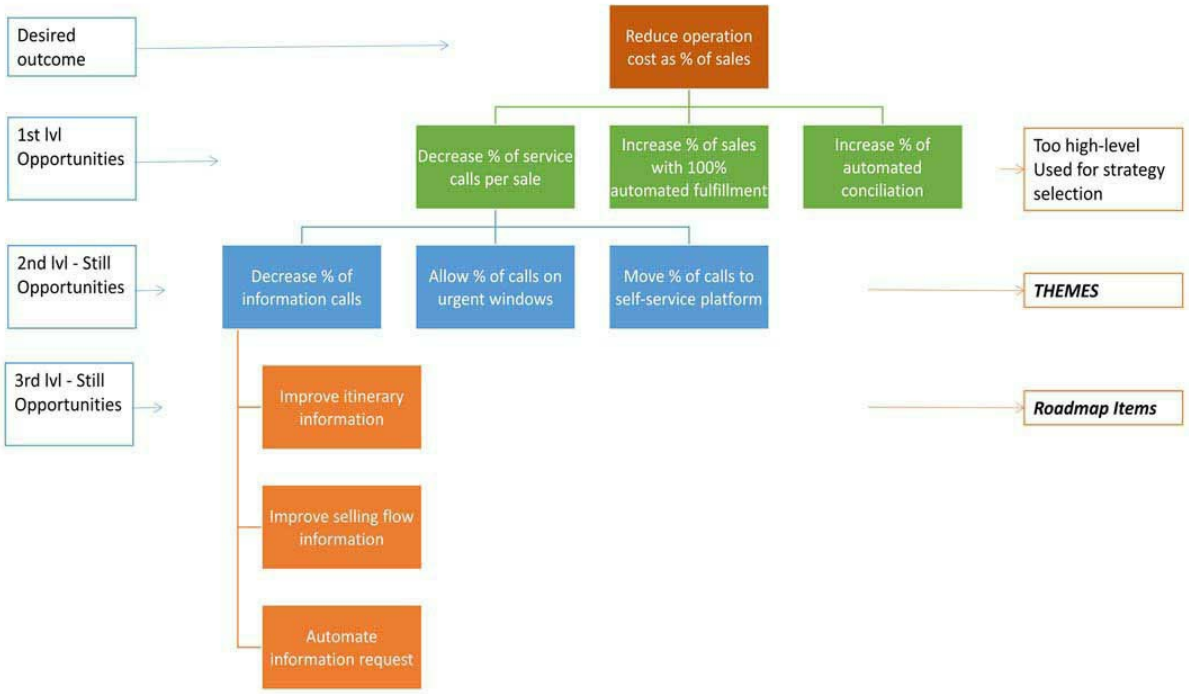


Figure 2.4.2 - Example of a tree with multiple levels of opportunities.

2. Customer Journey Map

A customer journey map describes a set of activities a user undertakes when using a product or service to achieve a goal, such as "search, compare, select, and view" when watching a movie through Netflix for entertainment. It has many uses and applications throughout the product development process.

After choosing the goals you want to focus on, describing the journey can help you identify, at a lower level, which aspects of the experience can be improved to hit your desired outcomes. Let me clarify with the previous example, with the strategic driver "*Increase safety*" for rideshare passengers. We can describe the experience steps as: "Request ride," "Get in car," "During ride," "Finalize ride." In Figure 2.4.3 you can look at different pains and opportunities related to security during each step.

Figure 2.4.3 - Partial customer journey for rideshare with security pains and opportunities.

The journey map helped us think of different instances where we have the leverage to reach our strategic goals. We can now evaluate the potential of these problems and opportunities and then turn the appropriate ones into roadmap items.

Creating a customer journey can be a complicated endeavor, and its description is outside the scope of this book. We will view a simplified process that covers the needs of the strategic roadmap. Take a look at Chapter 10 of the book, *Mapping Experiences,*[48] for a complete guide to this very beneficial tool. Additionally, the process of identifying steps and pains requires customer research. I'll assume you have already conducted your research and are organizing the results in this artifact.

Building a High-level Customer Journey Map

Customer journey maps come in all shapes and colors and illustrate a user's interaction with a service across multiple touchpoints.

Similar to a roadmap, the customer journey has two axes:

1. ***The horizontal axis*** displays in chronological order the flow of customer actions. The most common components are:
    - *User activities*: Steps the user performs when interacting with the service.
    - *Stages of the journey*: Groupings of actions with the same goal, used when there are many activities.

2. ***The vertical axis*** shows a set of elements, forming cells that describe the attributes of each activity:
    - *Emotional experience*: Sensations, positive and negative feelings the user may have at each stage.
    - *Touchpoints and internal activities*: Describes the contact with the company and what happens internally when the customer triggers that action.
    - *Opportunities*: The purpose of compiling this information is to understand where the key options are to improve the experience meaningfully. Those findings are usually part of the map.

To complete our understanding of the tool, let's review a well-known example: The experience of a tourist purchasing a vacation at an online travel agency (as seen in Figure 2.4.4).

Figure 2.4.4 - Typical journey map for a tourist purchasing a holiday online.

Matching strategy selection with the opportunities found in journey maps

Why haven't we used this tool to generate insights? The short answer is you could use it! But this tool tends to be more detailed and may make it difficult to keep the conversation at the strategic level because you can quickly get lost in the details.

Now that we are getting closer to execution, this tool can reveal opportunities all over the place, probably affecting directions different from the one you selected to focus on. We need a way to focus on our chosen strategy. We might, for instance, make a deep dive into a particular segment of the experience. Let's use the example of reducing customer service information calls that we discussed for the opportunity solution tree (and pretend we have not completed the tree!). Focusing on the part of the experience related to trip information, we arrive at the map segment seen in Figure 2.4.5 (simplified for this example).

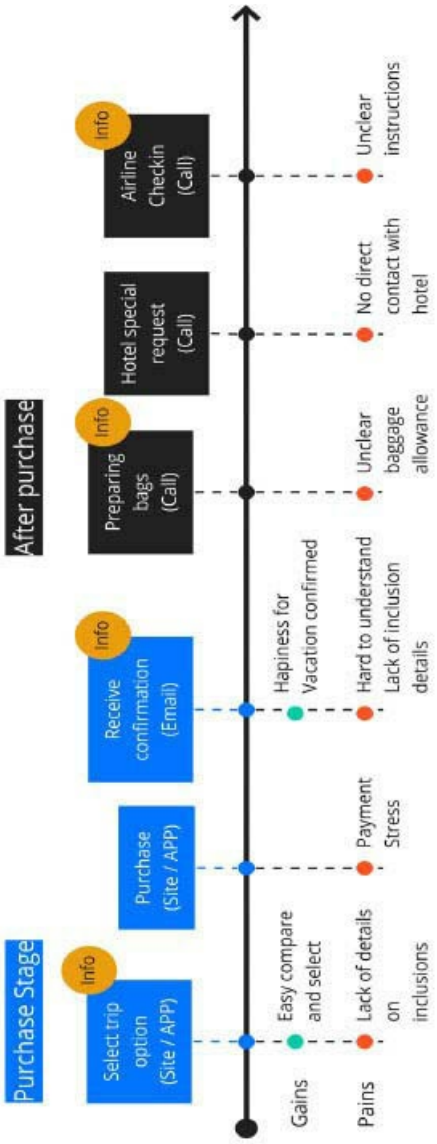


Figure 2.4.5 - Segment of a journey map focused on the purchase and post-purchase stages.

As you can see, we are focused on a few activities of the purchase and after-purchase stages. Even in this short example, there are pain points unrelated to our goal of reducing *customer service information calls*. For example, our current direction ignores the "Payment stresses" (such as the input of credit card and billing details) that the traveler feels when completing the purchase. Since our strategic opportunity was related to providing more information to reduce the customer's need to make a call, I used an "Info" circle-sticker on all the activities aligned to our strategic horizons. We have identified four lower-level problems that we can use to populate our roadmap items with more precision.

3. Traditional "Slicing"

Slicing is something product managers have been using for a long time in their agile practices to make user stories small enough to fit iterations while still adding value. Since we are trying to reach a finer granularity of our items, we can use similar techniques at the roadmap level.

Let's review a few of the patterns used in slicing:

- ***User segments***: The effort required to solve a particular user segment problem may be quite different from what is required for the entire user base.
- ***Geography***: Split opportunities by city, country, region, or whatever division makes sense in your context. For example, a logistics product would require intense efforts to adapt it to additional destinations. Dividing it to prioritize regions in the roadmap is very useful.
- ***Operations***: Many products cover multiple operations, such as "cancel, modify, return" orders in e-commerce or "create, modify, eliminate" in a files repository tool. Can you split those problems and focus on one at a time?
- ***Workflow***: As with the customer journey map, can we divide the work into stages and split the opportunities directed to each of them? Does it make sense to let the user book a table at a restaurant before we work on the step of searching restaurants nearby?
- ***Variations***: All the above options represent diverse needs that the product needs to cover. What are other potential variations in your scenario, and how can you slice the opportunities?

4. Including Other Required Work

As said, you need to consider mandatory work that may not be part of the strategy, like GDPR adaptations. These items are not usually part of a customer journey, an opportunity tree, and the team will not *discover* them by interviewing users!

Different stakeholders may bring these types of initiatives to the team. They usually involve specific requirements and deadlines, so their execution will likely differ greatly from other kinds of endeavors product teams undertake. For these elements, there is no need to distinguish between problems or solutions. Just add them to the roadmap, indicating that you have recorded the requirement and that it will take resources away from other opportunities.

Including technical debt work

Purely engineering-related activities are another class of work. These would be activities such as refactoring apps or software, changes to architecture, infrastructure migrations, and so on. There are three broad options to handle this type of work.

1. *The 20% technical debt work rule*: Ideally, there should be an ongoing 20% investment in this invisible work directly handled by the developers and engineering managers[49]. This allows the technical leads to continually solve tech issues, avoiding building the product on top of technical problems that will eventually cause major customer issues and the need to fully stop product enhancements to focus 100% on refactoring the software. ***If this rule is***

applied successfully, technical debt should not appear on the roadmap. The team uses its allocation silently.

2. *Strategic refactors*: There may be cases where this type of work becomes strategic. For example, during LinkedIn's journey to their IPO, they had a significant scalability issue.[50] The platform was not able to support the rate of the company's growth. Even in a moment where investing in features and new markets were extremely important, they were forced to move their strategic focus to a major software refactor to survive their ever-increasing number of users.
   In a less extreme example, I once used a 6-months infrastructure migration to the cloud as a key strategic driver in our roadmap due to the critical cost benefits the company would receive.
3. *Non-business-strategic required refactors*: Finally, there may be times when the required work does not have a direct economic impact, at least not one that is easily relatable to the finances team. Consider, for example, dividing a software build in a monolithic architecture into many independent microservices, with each performing a particular function. The change will reduce dependencies within groups and improve development speed, but it is often difficult to translate it to real economic gains. Yes, teams will go faster, but we will still be paying the same salaries. And since we do not know what they will work on in the future, we can't easily calculate an economic return on investment for this endeavor. Still, if you are doing this type of time-consuming work, it should be reflected in the roadmap.

Properly Recording the Items

To complete this section, once you have broken down the items, you need to verify the wording and additional elements required to complete a card and fill each cell.

Writing theme names

Try to keep theme names short, selecting the strongest word from an idea.

For example, if you are pursuing the opportunity "*Increase conversion rate 20% with personalization*," the theme may sensibly be named "*Personalization*."

It helps to keep the target in mind too. So a better option might be: "*Personalization. +20% CR*" (CR for conversion rate).

Writing item titles and description cards

Taking the time to write good titles can help a lot to improve the quality of the roadmap. Items should be:

- *Easy to understand by different audiences*: Avoid being too technical or product-specific. People from other areas (or sometimes even external to the organization) should be able to grasp what your roadmap item will achieve.

- *Short without losing meaning*: As a visual element, the artifact should have as few words as possible but remain clear to readers.
- And it should *follow the naming convention* structure you have decided on (using verbs, nouns, or whatever style you have chosen).

Expected Output

By the end of the grooming step, we should have:

☑ Defined *themes* either in an axis or with color codes.
☑ Created *items* filling the cells of the roadmap.
☑ Completed *cards*, if you are using them.

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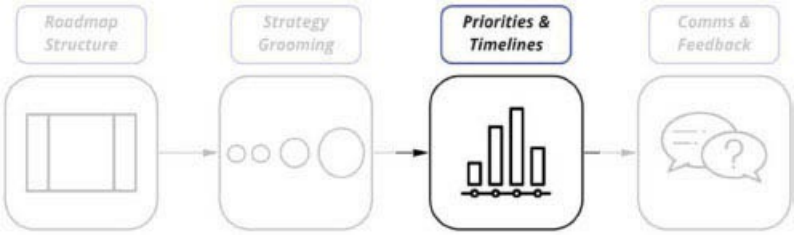
[48] Kalbach, James. 2016. *Mapping Experiences: A Complete Guide to Creating Value Through Journeys, Blueprints, and Diagrams*. O'Reilly Media.

[49] Cagan, Marty. *Engineering Wants to Rewrite!*, SVPG, 2007. https://svpg.com/engineering-wants-to-rewrite/

[50] Scott, Kevin. *When Your Tech Debt Comes Due*. LinkedIn Pulse, 2017. https://www.linkedin.com/pulse/when-your-tech-debt-comes-due-kevin-scott/

Chapter 2.5

PRIORITIES AND TIMELINES



Now that we have defined the list of themes and items, the final step is to organize them on the roadmap. In an ideal world, we would determine the priority given to each item and a sequential order through time. Of course, reality is not that straightforward. You will need to consider effort, available resources, dependencies, and uncertainties.

Let's review two methods I recommended and two I discourage:

- Traditional
+ By time horizon
+ By strategic outcome
- By confidence level

1. The Traditional Approach (And Why You Should Avoid It)

Using traditional planning approaches, we would usually consider value and effort, resulting in the typical table seen in Figure 2.5.1.

Opportunity	Value	Effort	Priority Score (V / E)
Opportunity 1	3	2	1.5
Opportunity 2	5	5	1

Figure 2.5.1 - Traditional prioritization table.

We can either set a score (1 to 5) for value or try to make a more detailed dollar amount estimation of the impact. Later we estimate effort, again through a score (it can also be "Small /

Medium / Large") or a more thoughtful person-day estimate. Finally, we divide both, resulting in our priority score that we sort from highest to lowest and—*voil*à!

The problem with this is that ***we are terrible at making both of these estimations***.

- In the case of value, you should have at least selected opportunities based on discovery evidence. However, you will still have a long way to go before you can predict how much new revenue you will generate by solving a problem. The business cases you create are full of assumptions that rarely end up as planned.
- For effort, estimations are even worse. Even when we have considerable detail about the expected implementation, our estimations are usually poor. When you are discussing a very high-level opportunity with no defined solution, it is impossible to make any kind of proper effort assessment. Furthermore, evaluating an implementation timeline ignores multiple factors, such as the many iterations the solution will require until you achieve the desired outcome.

For these reasons, *this technique is not recommended to create strategic roadmaps*.

2. Time Horizons

If you have broken your work down based on time horizons during the strategy creation process, you could now reflect this in the roadmap. Items for future time horizons should not require a strict prioritization since we are betting on them for periods that are far away in time.

There are two approaches to include items for different time horizons:

1. Include them in their "*appropriate*" time frame: For example, if you are using "Now / Next / Future" time labels, assign the Horizon 2 item to the "Next" column and the Horizon 3 item to the "Future" column (see Figure 2.5.2). The time frame matches the moment of the outcome, regardless of when we start working and betting for those opportunities.

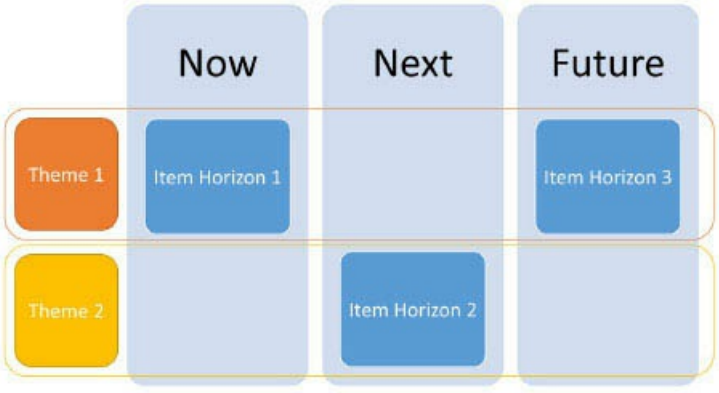


Figure 2.5.2 - Sample roadmap showing items per each time horizon allocated to different roadmap time frames.

2. To be more realistic and visualize that efforts would be starting now, we can employ an approach combining a growing item size and including items in all periods (see Figure 2.5.3).

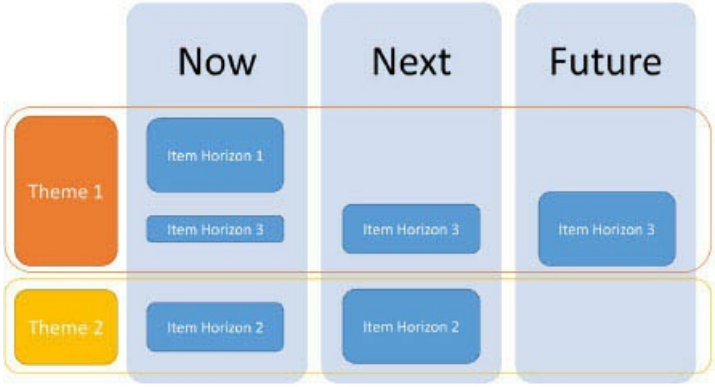


Figure 2.5.3 - Sample roadmap showing how opportunities for future time horizons span efforts throughout all roadmap periods, with increasing effort.

For example, a streaming company's target for the third horizon may be to have their service available on any platform. In the "Now" time frame, they may do small work on simple devices like *Chromecast*. In the "Next" time frame, they want to solve "Smart home" devices, adding extra complexity to their opportunity. The "Future" time frame is still very abstractly defined as "All other devices."

3. Priority By Strategic Outcome

The most suitable method for prioritizing by outcome involves using our strategy selection input to prioritize the elements. We already set targets for the items based on our hypothesis of the impact. Using those expected outcomes, we can prioritize according to which will be more impactful.

That solves the *order* problem. But if you are using this approach, ***how do you set time frames?***

Let's consider a different example, using quarters to express the timeline and products in the vertical axis. Instead of estimating a solution's effort, we would make a high-level assumption of when we expect to reach the outcome. This approach demonstrates the higher uncertainty we have and considers discovery, experimentation rounds, iterations, and other unpredictable activities of product development. The required "precision" to put items in the roadmap is at the quarter level. We are not trying to understand if an initiative will take 22 or 23 days to complete. We are thinking if solving a problem may take one, two, or three quarters—considerable leaps in magnitude (see Figure 2.5.4).

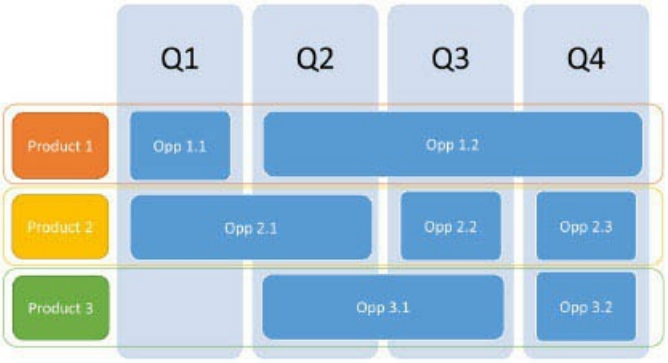


Figure 2.5.4 - Sample roadmap with opportunities spanning multiple quarters.

4. Prioritization (Not) Using Confidence Level

One of the factors discussed in previous chapters is the risk level of our hypotheses. We naturally tend to work on those items we have more confidence in and keep the others in the discovery stages. Thus, certainty becomes a parameter for delivery prioritization.

However, in strategy, I would not encourage using this approach. You have selected the right problems to solve during your early strategy definition stages and the bets to pursue for longer horizons. While you may have different levels of certainty about the solution, your job is to direct the discovery toward these problems. You need to embrace the uncertainty, prioritize the right opportunities, and move quickly through experimentation to either validate your assumptions or pivot.

Roadmap App or Spreadsheet, and cross-team consistency

Now that we are finally completing our artifact, we need to select a tool to support it. Roadmaps can be created using traditional general-purpose tools (there are many templates in spreadsheet or presentation formats) or roadmapping software such as ProductPlan, ProdPad, Roadmunk, or Aha.

Why would you consider a specific tool? When selecting your alternative, there are many factors to consider, from ease of use to current workflow tools integration.

- With specific software, you will find it easier to produce something that looks good than you will with spreadsheets. Remember, visual impact is important for communication.
- Spreadsheets require more work to achieve format standardization, while roadmap tools can provide this out of the box.
- Specific software may provide integrations with other systems in your workflow, such as tracking tools like Jira.
- Sometimes the roadmap may require different zoom levels or the option to focus on certain aspects, depending on the audience. With spreadsheets, this usually means

building one sheet per view (with added maintenance cost), while specific software has different views built-in.
- Similarly, if you want to have a portfolio view of multiple product roadmaps, roadmap tools provide grouping features as an alternative to the challenge of a manual sheets integration.
- On the other hand, if you want to add any visual variation, spreadsheets, or presentation software are very flexible. Roadmap software will have a limited set of customizations available.
- And finally, consider your available budget to buy the licenses.

	Spreadsheet	**Roadmapping software**
Creating the roadmap	Easy, but ugly	Easy and good looking
Standardization	Harder / imposed	Out of the box
Integration	None	Many
Different views	Manually built	Some options built-in
Portfolio / Product interaction	Manual integration	Grouping options
Visual flexibility	Limitless	A range of options
Budget	Free (considering that you already have this software)	Extra cost

Considering (or Not) the Current Organizational Structure

The main reason to consider your current organizational structure is to enable you to allocate the appropriate amount of work to each team. But, since we have established we are not good at estimating effort, that won't be possible. Why then should we care about knowing the organizational structure? We need a notion of feasibility (for example, you can't travel 100km in 10 minutes with a car). But we should not focus on precision (would it take 45 or 55 minutes to travel 100km in our car?).

Three scenarios would require us to intervene in the way teams are composed:

Resource diagnosis	**Action**
1. Move faster in a chosen direction	Reallocate resources or demote priority of other opportunities
2. Overloads and underloads detected	Balance resources reflecting new strategy

3. New area of work not currently "owned"	Give ownership to an existing team or create a new one

1. Move faster in a chosen direction

Reallocating resources to accelerate in a chosen direction is one area where ***leaders are usually guilty of inaction***. Once you have selected a direction to travel, it makes sense that you will want to move quickly in that direction. Depending on how "different" your new plan is compared to your current path, you may find that your organizational structure does not match what's required to gain speed.

There are a number of possible actions a leader can make to improve the situation. In increasing order of impact, these include:

- ***Minor team member changes***: Increase and decrease team size to create larger capacity in those teams most in demand for the strategy. For example, suppose the *Checkout* group has fewer resources than the *Home Page* group, and the opportunity you are pursuing is to reduce purchase friction. In that case, you may reallocate some of the *Home Page* members.
- ***Re-focus teams***: Reduce the scope of teams' domains to direct more capacity for specific opportunities. The "discarded" scope should be taken up by another related team who is less in demand for the strategy. Following our previous example, the *Checkout* team may give the non-strategic "payments processing" responsibility to the *Fulfillment* group, leaving them with more resources available for urgent strategic initiatives.
- ***Reassign teams***: The most drastic change involves putting some part of the product into a "maintenance mode" and repurposing teams behind the strategic drivers.

2. Overloads and underloads detected

Your strategy may pressure some teams more than others. Leaders can take the actions we have just described to improve the coherence of the organization's structure in line with the relative workloads.

3. New area of work not currently "owned"

Finally, if you are tackling a new area not yet covered in the product, none of the existing teams will be the "owner" of that opportunity. The most natural course of action is to assign this new responsibility to the team with the domain closest to this new one. But you will need to provide them with more resources and even consider dividing the team up again later when the "new domain" matures.

Structure changes - final thoughts

As a leader, committing to this bold restructuring is one of the most direct actions you can take to support the strategy. However, these changes need to be carefully considered, communicated,

and executed. One of the pillars of a strong product-culture is having long-lasting teams that can develop their expertise and speed within each domain. Making constant changes will have a substantial negative impact, so you should expect to do it only if it truly affects your capacity.

As a final note, keep in mind that resource allocation is a broader topic. How you allocate budget, hire, and decide where to put the new members for each team is affected by the strategies, but it is a very different process.

Expected Output

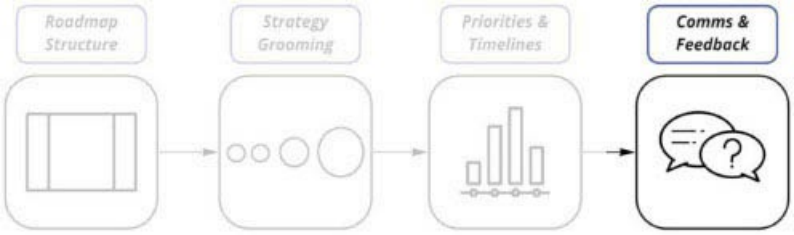
By the end of the priority and timeline organization step, we should have:

- ☑ At last, we expect to end this step with the complete roadmap![51]
- ☑ Items are now correctly sorted in priority and time frame.
- ☑ Plans are in place to change the composition of your teams, if required.

[51] Remember the roadmap is a living document that will keep evolving. Complete does not mean “set and forget!”

Chapter 2.6

COMMUNICATION AND FEEDBACK



While many team members and stakeholders have participated in the roadmap creation, you can now share it broadly across the organization. While alignment and shared understanding are always your primary communication goals, the roadmap sessions will focus on three particular aspects:

1. What are you trying to solve?
2. Why have you chosen this order for the opportunities?
3. Why are you following this time frame?

- ***What are we trying to solve?***

During strategy, you had an overall view of where you were going and the opportunities needed to get there. Now you have a more in-depth visualization of that path and what is required to achieve those results. The detailed roadmap process makes those "problems to solve" visible to the entire organization.

- ***Why this order of opportunities?***

During strategy, you explained why you selected specific topics. Now, you need to explain your logic for prioritization. Sharing your analysis and assumptions can generate a shared understanding and display congruence toward achieving the strategy.

- ***Why follow this time frame?***

Finally, you need to share why you considered that some items would take longer than others to tackle. You should wrestle with the uncertainty associated with not yet knowing the solution, explaining that you are committing to reaching a specific impact and key result *rather than* a feature's delivery date.

Communication Sessions

Communicating the resulting roadmap is a similar process to strategy communication, requiring multiple sessions and repetition to different audiences.

- First line of stakeholders
- Complete product team
- Specific product stakeholders and user groups

This list will need to be adapted to your company's size and structure.

Flight level and presentation mode

Depending on your audience, you may need to view your roadmap with different levels of detail. ***You should always have only one roadmap***, but you may need to present it at a higher *theme* level for c-level stakeholders versus the more detailed, item-by-item, view for product teams.

Sections of the roadmap can be part of more extensive presentations, including additional opportunities descriptions, comments, and highlights. This can be especially useful if you distribute these as handouts to team members who were not present during the session.

Previous Consensus

As with any product definition meeting, the best outcome you can expect from the session is a strong consensus and a sense of commitment to the proposed direction.

Besides having co-created your roadmap with key stakeholders, the best approach is to have at least a ***high-level agreement before any broad meeting***:[52]

- Have a conversation with the most influential stakeholders of each area: For example, if you are going to present roadmap items for *increasing leads*, you probably should consider a previous conversation with the manager of the marketing department.
- Discuss "hard" topics in advance: No one should receive substantial, negative news for the first time in the all-hands session. Talk about complex issues and tradeoffs before the session and show your reasons for making those hard decisions. Ideally, the corporate session should be a review and not a discussion.
- Ensure "c-level" buy-in having previous one-on-ones with the top-level stakeholders and adapting it, if any substantive feedback emerged.

Handling Stakeholders' Feedback

Strategy communication is usually easier than roadmap communication since you are rallying everyone toward a goal that, unless you have done a poor job, should be motivating for anyone

in the organization.

In the case of a roadmap, since we are getting closer to execution and stakeholders are expecting something with a level of detail and a purpose similar to a project plan, we usually get *stronger* feedback (which is a polite way to say "complaints").

Prioritization feedback

You mentioned your focus areas during strategy sessions, but stakeholders may still expect to have some flexibility to see their priorities fulfilled down the road. Now that you are getting closer to "items we will work on," it will be evident that you will not meet some of those original expectations.

"Why isn't X on the roadmap?" is a question that requires explaining why something is not prioritized. A few options you may use, singly or in combination, to handle this situation:

1. **Go back to the data**: Return to your information and insights and explain which facts make the existing items more important.
2. **Ask what other things should be removed from the roadmap**: This is the stage when a stakeholder often realizes that other items are more important. He or she brings to the table useful perspectives as to why the prioritization may need to change.
3. **Agree to test**: There may be a lack of information leading to a disagreement. Instead of having a long-winded discussion based simply on opinions, participants can agree either to gather more information or to run some experiments to obtain real customer data on which to decide. The latter will require setting teams working on any tests that fall outside the current strategy. Nevertheless, this can be worthwhile if it delivers a new, unexpected result that shifts the plans. Be open to making this kind of agreement.

Be ready for softer versions of the same question, such as *"Why isn't X covered in an earlier time frame?"* which also necessitates the same kind of explanation and actions.

Different assumptions and risks

Even if you are doing a good job of including the big problems to be solved in the roadmap, prioritizing them will still depend on hypothesis and assumption. One reason for encouraging different opinions across the organization is that other people will have a better understanding of the level of risk or certainty associated with those unchecked facts.

For example, the product team may prioritize usability improvements to reduce friction in the checkout process and increase conversion. A seasoned executive may have seen, earlier in his or her career, that those changes have a lower impact compared to the strategy of including a new payment processor with lower card rejection rates, which is the feature he or she is trying to push to a higher priority.

Unless you have facts and data, your opinion is no better than theirs. Stakeholders with diverse backgrounds and levels of information can appreciate the context using different lenses, and they may have valuable alternative opinions. You should consider including a track of experimentation to validate the riskiest assumptions.

In summary, be open to changes. As with anything in which we invest time and effort, you may "fall in love" with your prioritization and default to neglecting valuable feedback. Go to the sessions with an open mind and adapt to get the best impacts during execution.

Uncertainty feedback

The next challenging discussion may arise because stakeholders don't see exact "features" and "deadlines" in your presentation. Roadmaps look so similar to project plans and are presented so many times as the same thing that most people will expect to see that type of information.

Uncertainty about the solution

The most common response to your presentation is likely to be, ***"Are you going to build feature X or not?"*** This is harder to answer than simple prioritization. You are approaching the artifact with a different mindset than your stakeholders, trying to display the problem you will solve and the uncertainty you have about how that will happen. Again, you can consider a few scenarios:

- ***Discovery has already been made***, which means you have more confidence about how the solution will look. If you are using cards, you can add this under a new field, such as "*Possible Solution*," with a "high confidence" mark to make it more transparent for anyone viewing the artifact. You still need to make sure that the goal is to solve the problem and achieve the result rather than build that particular solution.
- ***A fairly new opportunity*** means you still haven't done any research or testing. If someone is pushing for *solution X*, you can fairly say that it is an option you will experiment with, but it still requires validation.
- ***This problem has been under consideration for a long time***, which implies that while you still haven't worked on discovery, some stakeholders have a firm idea of how to solve the problem. The approach is similar to the need for validation mentioned above, but in this case, you may need to analyze the proposed solution speedily. You need to avoid ending up with a suboptimal solution simply because you chose not to consider a broader set of possibilities.

Dealing with stakeholders need for solutions

If you have been working with outcome-oriented teams, at some point, you must have faced the stakeholder who can't live without a specific definition of what you are going to build. You are telling them that you will commit to the result, but they still want to know if feature *X* will be released (and *when*, but that's part of another discussion).

I remember one particular case in which the claim had real merit. We were optimizing routes for passenger transportation, and our goal was to reduce the cost of transport by 10%. It is worth mentioning that vacation passenger transportation is very different from package transportation: passengers face delays, airports have strict rules about waiting times, customs lines are unpredictable. You need considerable real-time re-planning to respond to those unexpected events. The operations team who dealt with all these problems wanted to know if we would release a dashboard that we had been trailing for some time and if it would have a significant impact on how they operated.

We were still unsure whether this was going to be possible. As part of our discovery efforts, we were even considering automating part of their work, which would make the dashboard obsolete.

So we had a dilemma: we wanted our strategic roadmap to remain outcome-focused, yet, at the same time, we were keen to keep the conversation about the dashboard going.

The solution we fixed on was this: we changed our cards' design to add a "*Possible Solutions"* field, which enabled us to list the options we were considering while making more alternatives visible. Doing this also allowed room for honest conversations about the uncertainty of each solution. We kept our roadmap strategic, and we also kept stakeholders updated on our discovery results.

Time uncertainty

The second possible question, especially when using roadmaps with a "Now, Next, Future" structure, is ***"When is X going to be solved?"*** In this case, the stakeholder targets the time uncertainty, which is both simpler and harder to answer.

The short answer is usually, "I don't know," which is rarely well accepted, even if it's true. The longer answer requires explaining that you don't know the solution yet, let alone the time it will take to impact the desired customer behavior and associated metric.

In essence, you are trying to shift the stakeholder's mindset from plan to strategy, and you should try to agree on establishing the proper priorities and sequence of problems rather than an "approved Gantt chart."

As with the previous point, there are a few considerations to keep in mind:

- ***Near term items***, for which you have more certainty on scope and deliverables, should have a "target quarter." Keep in mind that you are not putting down a *delivery date*, which will only happen when the team solves the problem and reaches the desired objective. This means that you expect to start delivering sooner than the end of the quarter and will go through some iterations to get to the expected result.
- ***Fixed date items***, for which missing a deadline will kill the opportunity, should be tagged as such. You may have this kind of work on rare occasions, such as launching a new toy

before Christmas or a product needed for a scheduled sports event. There is absolutely no doubt about the date in these cases, and what the team needs to do is adjust the scope to make the deadline.

Alignment

Besides gathering feedback, you will want to align the entire organization, as in any product direction phase.

This is an excellent opportunity to let others know what you will need from them (or suggest what they can do to strengthen the strategy execution).

- **Marketing**: Do you need to change the value proposition communication? Is there a new channel that is relevant to the new strategy?
- **Operations**: Is there a new launch that will require a new operations process? Maybe automation may affect their workload?
- **Legal and Finance**: Are you expanding to new geographies that will require changes in contracts, billing, and so on?

You get the idea. Keep everyone aware and aligned to what is coming, and let them know how they can collaborate to make these company-wide efforts more successful. It's unlikely that any of the roadmap items will be new to them, but making them visible both in priority and expected timeline may provide some new perspectives.

As we will see later, near term items are useful input for everyone's OKRs.

Combining strategy and roadmap communication

Since I'm presenting the strategy and roadmap work in two separate phases, I have split the communication sessions and their nuances. But if you manage to combine the work of creating the strategy and roadmap in a short period, it may be a great idea to combine both rounds of communication into one. Consider the following benefits:

- ***Completing the story***: During the strategy presentation, you can show the path between your current status and the desired final state. With the roadmap, you can also visualize the particular steps you will take and in which order.
- ***Reduce the effort***: Preparing (and having) these sessions take a lot of time and energy. Combining them halves this effort for the product leaders.
- ***Easier to schedule for stakeholders***: Similarly, if schedules are hard to combine, everyone will appreciate meeting only once.

There are also has a few consequences to consider:

- ***Harder to make things memorable***: Using an extended session with a long agenda, you may reduce the time and attention paid to the particular strategy chart that you are trying to encourage them to remember. You can fix this with additional offline communications.

- ***Feedback to the strategy that affects the roadmap***: If you discover that something needs to change in the strategy during the first part of the session, it may make your later roadmap presentation useless. You can reduce the risk of this if you have prior meetings with all relevant stakeholders to enable early feedback.

Communicating Roadmap Changes

An outdated roadmap is as useless as a broken compass. It may even be dangerous, pointing people in the wrong direction.

We want to create a live artifact that we can modify whenever our learning loops or when changes in the market point us toward interesting insights that we can apply to our strategy. Of course, considering that you are making a high-level and evidence-based roadmap, you should not expect it to change frequently, but you want to be open to whenever those learnings appear.

We can categorize changes into three types.

1. Adding details as you progress

As you progress in time and execution efforts and learn more about the problems you need to solve, you will be able to add more detail to future items. In other words, you will complete the "Now" items and, as you do so, future uncertain items will become the new and detailed "Now"s (see Figure 2.6.1).

- **Communicate quarterly** as part of your regular roadmap sessions.

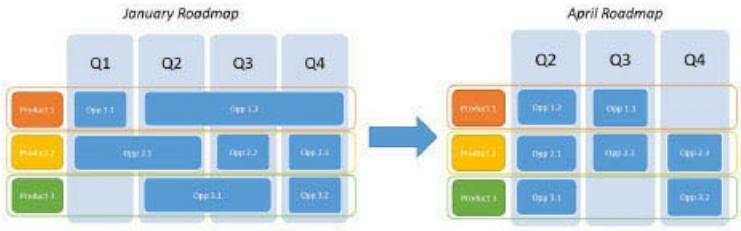


Figure 2.6.1 - Example of quarterly roadmap update.

2. Changing strategy

If new lessons reveal the need to change direction, you should immediately start working on understanding what the path should be and update your roadmap accordingly.

- **Communicate Immediately** whenever you have had to change the strategy.

3. Unmet goals

You may not have met your desired goals in the allocated time. Perhaps you have reached the end of the quarter, you expected to solve a particular problem and have a specific impact, but you still haven't met your success criteria. You need to decide whether to keep pursuing the same goal in the next quarter or continue with other items as planned.

My recommendation is to keep working on the same objective for a longer period. Of course, this decision should be made considering everything you have learned during execution. On the other hand, it does not make any sense to follow what is written in the roadmap blindly (this problem is one that people who oppose roadmaps mention often). You previously selected this opportunity as the most important one to solve. Unless you have learned something that changes that fact or another option has arisen, it would be logical to keep pursuing the original path.

- **Communicate quarterly** when the goal has not been reached.

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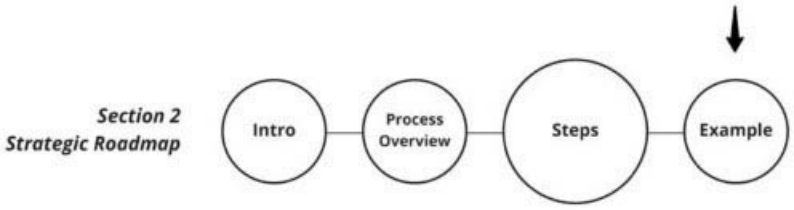
[52] This is similar to the idea of "Shuttle Diplomacy" described in *Product Roadmaps Relaunched*: approach stakeholders separately to understand their goals and needs, to create an aligned roadmap.

Chapter 2.7

ROADMAP EXAMPLE



Time to go back to SquadStats! Let's explore how the team created their roadmap.

SquadStats Roadmap Structure

Axis

- Horizontal axis: The team used quarters to reflect the time element because they wanted to plan over a limited number of quarters and wanted the flexibility to discuss changes with stakeholders. They thought that a more imprecise system, such as "Now, Next, Future" could do more harm than good in their situation.
- Vertical axis: Following their strategy synthesis, they used their strategic goals as swimlanes.
- They also used visual tags to group related options, and they created the following categories and assigned colors to each:
  - **+ *Users***: All items associated with increasing the user base.
  - ***Premium revenue***: Every option to capture money through premium services.
  - ***Engagement***: All initiatives aimed at increasing usage.

Items

For simplicity, and since they were not using a roadmapping tool, they used simple item titles. Each item represented a problem or opportunity, and would be written starting with the goal it aimed to achieve. A pending item for later discussion was the value of creating a physical portfolio board with cards that contain further item information.

SquadStats Strategy Grooming

Having decided the roadmap's structure, the team started breaking down their strategy components into smaller problems they had to solve. Using the opportunity solution tree that they created during the strategy selection phase, they explored the options for the selected themes, as seen in Figure 2.7.1.

Goal	Items	Category
5x Users through freemium model	5x subscription rate eliminating payment friction at sign-up	+ Users
	Increase subscription updating value communication	+ Users
	Maintain current revenue with basic premium conditions	Premium revenue
	Maintain 20% premium rate with automated conversion funnel	Premium revenue
	Increase premium users with trial	Premium revenue
Decrease setup time (days to hours) with self-onboarding	Reduce structure creation time with self-onboard invitations	Engagement
	Reduce information setup time with self-connections configuration	Engagement
	Reduce dashboard configuration time with templates	Engagement
	Increase information value and Daily Active Users with alerts	Engagement
	Increase information value and revenue with premium views	Premium revenue
5% new users with OKR Management	Increase subscription value resolving basic OKR management	Premium revenue
	Increase value through advanced OKR management	Premium revenue
	Increase user base through new adoption funnels	+ Users
	Increase existing users adoption with free trial	Premium revenue
100 new users with new channel	Get initial users by integrating information in Jira plugin	+ Users
	Maximize plugin value and Daily Active Users	+ Users

Figure 2.7.1 - Resulting table for SquadStats strategy grooming.

SquadStats Priorities and Timeline

To help them prioritize, the team used a method building on the strategy selection. They prioritized items based on the top strategic goal of increasing users (with particular emphasis on the freemium model).

With that in mind, they generated the roadmap seen in Figure 2.7.2.

Figure 2.7.2 - Resulting annual roadmap for SquadStats.

Roadmap timeline

Given the uncertainty and rapidly changing environment, the team decided to limit themselves to a one-year roadmap. For that reason, they had to drop some items generated during grooming, recognizing that those options were for future time frames, for example:

- *Increase information value and Daily Active Users (DAUs) with alerts*
- *Increase information value and revenue with premium views*

Certainty considerations

Reflecting the organization's size and the closeness with the stakeholders, the team decided not to include any "certainty/uncertainty" visualization within the roadmap. The entire organization knew they were going after a new strategy. While they have made a number of discovery iterations, most things still depended on the results of the first iterations of the freemium model.

Structure considerations

Leaders decided to spin off a plugin team. They could only afford a small cell made up of three team members. Still, considering it was a bet with results expected in the third time horizon, they planned to allocate around 10% of their total time (following Google's 70/20/10 framework). Creating a separate team would prevent the resource cannibalization that might occur if it were an initiative competing in a common backlog. It would also give the team the capacity to experiment and iterate at speed with greater focus and autonomy.

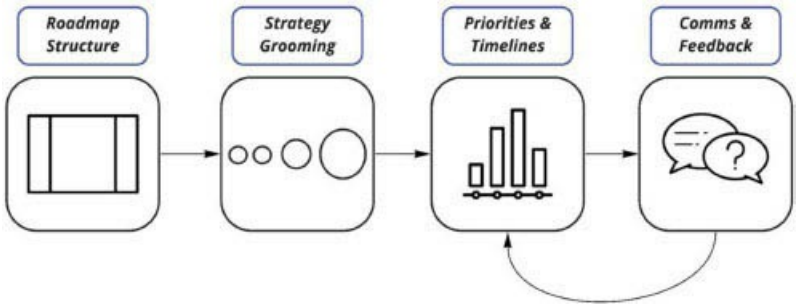
OKR management, for the time being, was going to be part of the initiatives of the core dashboard team, but it was a strong candidate for a near term spin-off as well.

Closing the Example Section

I hope you noticed how completing the strategic roadmap was more straightforward than the initial product strategy. Of course, this is no coincidence. The earlier work means that this phase builds on top of the first one, adding more details to our product direction.

Section 2

SUMMARY



Roadmaps are among the most contentious tools of product management and development. Their current implementation and usage in many organizations present many drawbacks that make some product managers frown when they hear the word roadmap. But, as we have seen through implementing a strategic roadmap, this is a useful tool to bring your strategy closer to execution, providing clarity and alignment across the organization on the specific problems to solve, goals, and priorities.

Keeping things practical, we discussed a three steps process:

- ***Roadmap Structure***: Done once and reviewed sporadically, the roadmap structure represents the basic principles and framing elements needed to create the artifact: axis definition, timeline considerations, item components, and everything needed to make the next steps a simple "filling the blanks" process.
- ***Strategy grooming***: Starting with the defined strategy and using slicing tools and techniques, generate the list of items to fill the roadmap. Problem orientation and focus on the expected impact are critical aspects of defining powerful roadmap items.
- ***Priorities and timelines***: We analyzed how the strategic roadmap prioritization techniques differ from standard backlog management tools. We considered dependencies and structures to create the proper strategy execution.

A summary of the steps and their desired outputs:

Step	**Output**
Roadmap structure	Selected framing elements: axis, timeline, visual components

Strategy grooming	List of items to fill the roadmap
Priorities and timelines	The final roadmap artifact

Finally, we concluded with ***roadmap communication and stakeholder feedback management***. We covered what is vital to communicate and the common issues you may face when doing so: priorities conflict and solution and timeline uncertainty. We also emphasized the need to keep the roadmap up-to-date and make sure everyone is aware of progress and changes.

Recommended Readings

Must read

- *Product Roadmaps Relaunched* - by Lombardo C. Todd., McCarthy, B., Ryan, E., Connors, M.

Recommended books

- *Mapping Experiences: A Complete Guide to Creating Value Through Journeys, Blueprints, and Diagrams* - by Kalbach, James

Posts

- Jeff Gothelf, *What does an agile product roadmap look like?:* https://medium.com/@jboogie/what-does-an-agile-product-roadmap-look-like-cf0dbe5be4ef

Section 3

Objectives and Key Results

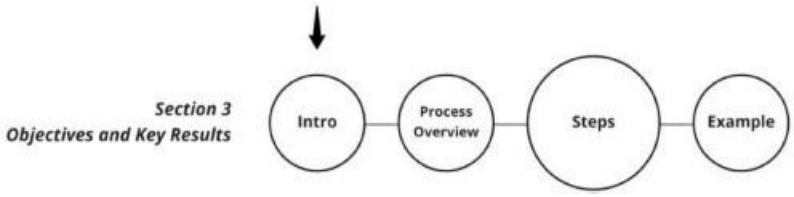
"We don't hire smart people to tell them what to do.
We hire smart people so they can tell us what to do."

Steve Jobs

In This Section

Chapter 3.1

INTRODUCTION TO OKRS



O*bjectives and Key Results* (OKRs) is a goal-setting framework born at Intel but later popularized thanks to its success as a critical part of Google's management system. In the best-selling book, *Measure What Matters*,[53] John Doerr narrates how Andy Grove instrumented OKRs at Intel and how many successful companies later adopted the concepts. Nowadays, OKRs are almost a standard for tech startups and are routinely used by Twitter, Netflix, LinkedIn, and thousands of other companies.

Given their popularity, there has been an explosion of guides and how-tos. While not necessarily all of them offer good advice, many useful resources cover the basics. While I will include the initial steps in the following chapters, we will pay extra attention to these additional items, which are not usually explored:

- How to link the strategy and roadmap we have been taking to actual team goals.
- Practical advice on the challenges you will face.
- How to navigate the complexity of scaling this framework for many teams, including alignment, dependency management, and sustaining quality.

OKRs are a perfect match to complete your product direction *trio* due to their simplicity, fast pace, and ambitious targets. As we will see in Chapter 3.3, the strategic goals you defined in Chapter 1.6 and the roadmap items detailed in chapter 2.4 will guide the objectives definition. You will use tools to find the best measures of success for each opportunity.

Objective and Key Results **Basics**

OKRs are a combination of aspirations and associated metrics. Doerr uses the following phrase to describe the elements of the method:

- *I will (Objective) as measured by (set of Key Results).*

As you can see, the framework can be explained in minutes and set up quickly, with little more than spreadsheets. Do not be deceived by their apparent simplicity. Creating good quality objectives and putting in place a reliable measurement process can take several quarterly iterations.

Components

1. Objectives

An aspirational expression of the goal to achieve, objectives set a clear direction and motivate team members to attain it.

2. Key results

Represent both a metric and a target value, indicating that we are progressing in the desired direction. Rather like a signpost on the road, they show you how far you have gone and how much road there is yet ahead. Key results are precise, measurable, and verifiable.

3. Time limit

As in almost any goal system, the key results should be achieved by a specific point in time. OKRs usually have quarterly and yearly cadences.

Example

- ***Objective***: Increase mobile channel sales by 50% by the end of the year.
- ***Key Result 1***: Increase mobile checkout conversion rate by 10%, eliminating known usability frictions.
- ***Key Result 2***: Increase by 5% the number of products added to the cart by reducing the product page loading time.

It’s as simple as that! You may not be ready to use OKRs simply because you now know the components, but you can see how easy the concept is to share.

Basic OKR flow

We will deep dive into the process in the following chapters, but let’s start with the basics of the approach. There are three steps:

- ***Setting OKRs***: Agreeing on a quarterly definition of what your goals will be for that period.
- ***Check-in***: Undertaking a periodic evaluation of the amount of progress you’ve made on your goals. This can be done at any time (we will discuss later how to select the right

frequency). The result should be a score or percentage for each KR, indicating its level of achievement. Going back to our example, if you want to achieve a +10% conversion rate and you are currently at +4%, you have reached 40% of that key result.
Note: some companies use a 0 to 1 scale, in which case the result would be 0.4.

- ***Final evaluation***: At the end of the quarter, you will evaluate all KRs and calculate the final score for your objectives.

Key Characteristics that set OKRs apart from other methods

The elements and flow do not make the OKR method unique. What makes it distinctive is a few considerations for creating the goals that are crucial to the framework's success. These characteristics support the product direction's intention to create autonomous, independent, and outcome-oriented product teams.

Characteristic	**Description**	**Impact**
1. Outcome-based	Focus on the value, not the activity	Deliver results, not a completed checklists
2. Challenging	Set goals which are not easily reachable	Stretch and think differently, achieving greater results
3. Transparent & Aligned	Everyone sees everyone else's objectives	Teams autonomously create goals aligned to company's needs
4. Agile	Set quarterly and frequently reviewed	Learn and react quickly
5. Focused	Set a small number of KRs	Attention to critical initiatives and cross-team alignment

Figure 3.1.1 - Summary of OKR characteristics.

1. Outcome-based

One of the critical benefits of the method lies in focusing on outcomes. Key results should measure the value delivered to the customer and the organization and not an estimation of task completion. KRs should be worded "Increase / Reduce," a metric from an initial value to the desired target because this formula enables teams to ***focus on their outcomes with autonomy***. Teams define the initiatives to achieve those targets and experiment to choose the best solution (see Figure 3.1.2).

Figure 3.1.2 - Having OKRs aligned with the strategy gives your teams autonomy to select initiatives and experiment to find the best alternatives.

The key results empower teams to measure themselves and share with others if their actions are working out. In Andy Grove's words, it is similar *"to putting a stopwatch in his own hand so he can gauge his own performance."*[54]

The most frequent mistake when adopting the system is to allocate team activities into key results and measure whether they have completed the appointed task(s). This is what we are used to doing in other goal setting and tracking systems because it is far easier to think about tasks than outcomes. To avoid this trap, ask yourself, *"What are the consequences of completing this activity?"* and use the answer as your key result.

In practice, some challenging situations can make the focus on outcomes particularly difficult:

- ***Requirements such as legal or compliance needs***: In these cases, the output truly is the goal (you may argue that we can estimate the legal penalty fees, but frequently these decisions are not "ROI[55]" driven. We want to comply with the law, especially in cases such as GDPR where there is a concrete benefit for the user).
- ***Refactors or internal capabilities***: These cover a wide range of options such as infrastructure changes, adopting a microservices architecture, automated production systems monitoring, or a new A/B testing tool. In these scenarios, it is harder to quantify the outcome. You want to be faster and reduce errors, but unless you currently have precise historical measurements and accurate forecasting, it is hard to know how much you can improve.
- ***Internal proxies versus real outcomes***: Imagine you are working on a new service, the result of which depends on some work that is being done by a customer or partner, like when you publish a new Application Programming Interface (API) that needs to be adopted. Should you use an internal metric ("document and publish three services") or an external usage metric ("have 300 requests per minute")? The second metric would be better, but teams may understandably object to this as a goal. It is unlikely they will have leverage over the external player to "force" that level of usage. On the other hand, no value is achieved by publishing services if no one uses them. An intermediate option might be to "sign up five clients to run tests to the beta version." This may be an additional challenge for the team, but it is achievable and a good indicator of future success.
- ***Partial work***: Despite your best efforts, there will be occasions when the quarterly cadence doesn't allow you to finish your work and measure its impact. In that case, you will need to use a proxy result to see if you are on track to accomplish your goal in future quarters. Just make sure this situation is exceptional and not regular practice.

You should be relentless in your pursuit of outcome-driven goals but recognize, at the same time, that there will be exceptions. Be practical and avoid using exceptions simply to justify output-driven KRs.

2. Challenging

OKRs need to be ambitious. Unlike other goal systems, this framework explicitly states that you are not expected to achieve 100% of your targets. A good score is around 70%, and 100% should

indicate that the team exceeded expectations. Consistent full scores over several quarters would be considered sandbagging and not a reason for congratulations. You want to create realistic targets that draw you out of your comfort zone, motivating everyone to think in new ways that help you achieve things you thought unreachable.

Google considers this so important that they included it in their 10-principles philosophy[56]:

> *"We set ourselves goals we know we can't reach yet because we know that by stretching to meet them, we can get further than we expected."*

The trick to getting the benefit lies in just how stretched your targets should be. There are several challenges to using a 70% completion level:

- People like to achieve their goals, and many may feel frustrated when getting a 60-70% result. Setting targets that go beyond what seems possible may demotivate some team members.
- If you make 70% the known target, teams may not focus on achieving 100% and decrease their level of accountability. Teams that don't commit can use it as an excuse and avoid making extra efforts to get extraordinary results.
- Product teams may face some difficulties with stakeholders' expectations, especially in companies used to other goal systems and adopting OKRs for the first time. Some may consider that once they write the goal, it is a commitment and will not be pleased when delivering their hard-won 70%.

OKRs require a mindset shift. To keep things practical, think of it in the following terms: goals oriented to 100% completion may be acceptable, but stretching goals will be a muscle that teams can develop as they mature with practice.

3. Transparent and Aligned (or linked)

All OKRs, from those for the CEO right down to those for each team, should be visible to the entire organization. Using simple words, OKRs provide the necessary context for anyone from any department to understand what a team or individual is trying to achieve.

Visualizing all goals creates a great sense of transparency and allows teams to understand how their contribution affects the company strategy. This visibility also helps create alignment. Many guides talk about "cascading" objectives, but that feels like an imposed waterfall process that we want to avoid. OKRs are supposed to be a mix of bottom-up and top-down. Using the company's goals for the overall direction, teams can create their targets based on how they can contribute to each desired result.

4. Agile

OKRs are cyclical. Every three months, you start with an updated set of them. While defining the right metrics and values requires hard work, the process is straightforward, flexible, and non-

bureaucratic, making it fast even for larger companies.

Since the values used are metrics that anyone can assess, frequent check-ins can be made by teams without requiring supervision (as is the case for traditional goal systems). This creates a huge difference in commitment and agility toward change when things are not progressing as expected.

5. Focused

Product teams in pursuit of fewer objectives can have a more substantial impact on the ones that truly matter. For that reason, we want to keep the number of objectives as low as possible.

If you can get away with one or two, definitely do so. Many teams either feel overwhelmed with the need to serve different targets from the entire company or want to push themselves to achieve multiple hits. In either case, I strongly recommend not going beyond three objectives for each team, with no more than three key results each. Given that a quarter usually has just twelve short weeks, more goals make little sense for small teams (see Figure 3.1.3)

Objectives	Key Results per Objective	Total Key Results	Weeks per Key Result
3	3	9	1.3
4	4	16	0.75
4	5	20	0.6

Figure 3.1.3 - Time available per key result per week as we add new goals.

You get the idea. With more than 12 key results, you have less than a single week in which you can focus on a target.

A brief note for those not using OKRs

This section aims to improve OKR practice for those using them or to help anyone considering the approach start with the right foot.

There may be cases of companies that have other deeply established goal systems. While much of the method's power lies in its cross-company transparency and alignment, you can start using it within your group and generate the broad set of benefits it provides. In my last two implementations, I started using the system at the area level, and a couple of quarters later, we were promoting it to the entire organization.

When combining two different goal systems, you need to keep the OKRs aligned with the other goals. You won't be able to stop reporting the progress using the currently accepted method, but using OKRs will enable you to introduce improvements that will get noticed:

- If your traditional system does not focus on the outcome, you will now be able to report actual business results.
- By setting challenging goals, you may well go beyond the expected results.
- By having constant reviews, you will be able to detect problems earlier.

Finally, if you think OKRs are not for you, you can nevertheless adopt some concepts, such as outcome-driven goals and frequent check-ins, which you can apply to any goal system. Doing so will increase the effectiveness of your strategy execution.

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[53] Doerr, John E. 2018. *Measure What Matters: How Google, Bono, and the Gates Foundation Rock the World with OKRs*. Portfolio.

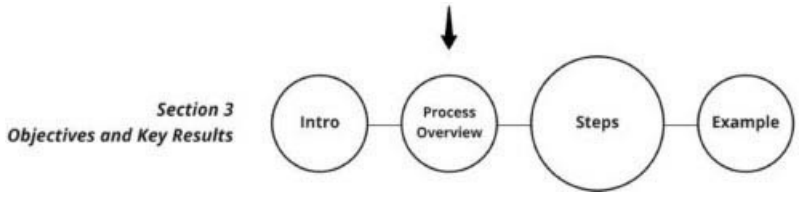
[54] Mentioned by Doerr in the already cited book “Measure What Matters”.

[55] Return on investment

[56] About Google. *10 things we know to be true*. https://www.google.com/about/philosophy.html

Chapter 3.2

THE PROCESS OF MANAGING OKRS



It's time to see how to create, monitor, and update the OKRs of the product organization.

As said, the process repeats three stages each quarter:

- Creation
- Check-ins
- Final evaluation

The creation phase is the most complex one, combining four steps over a few weeks (depending on your organization's size and complexity). They are:

- Area & Teams drafts
- Dependencies and feedback loops
- Final values and quality review

Before jumping into the details of each of these, let's review the ***(1) inputs,*** the ***(2) people involved,*** and the ***(3) cadence*** for the OKR management process.

1. Inputs

- ***Strategic Roadmap***: Our primary goal for this process is to create OKRs that support the roadmap's execution. The output of the roadmapping phase will be the core input for this stage.
- ***Current Teams Structure***: During the roadmapping process, you've analyzed how the structure supports the strategy and whether any change is required to improve your results. At this stage, you will be using that structure with each team creating their specific goals.

Dependencies will also play a role when more than one team is working on related opportunities.

2. People Involved

Now that you are getting closer to execution, there is no discussion about involving all team members in the OKR definition. As discussed in the "*dance of top-down versus bottom-up*" (Chapter 2.2), teams own the goals specification. While senior managers help with alignment and measurement quality, they do not decide what metric or target value teams should use.

I want to add a quick note for those leaders who still feel they need to control the goals. ***If teams are free to set OKRs by themselves and select something that does not align with your expectations, the most likely cause is that you have not provided them with sufficient strategic context***. In other words, introducing OKRs offers another validation of the clarity and effectiveness of your strategy communication.

Product OKRs participants

- ***Owner(s)*:** While there is no formal owner for the OKR definition, the *Product Manager* is most likely the individual accountable for bringing the team together to discuss and agree on objectives that are valuable, challenging, and aligned with the company's goals. The *Tech Lead and Product Designer*, as essential members of the product triad, also are critical decision-makers during the OKR definition process. Involving every team member in their creation and giving them a voice during the definition will help increase the sense of ownership and accountability.
- ***Discipline managers (Heads of Product, UX, IT) - optional***: Can help review the alignment, potential dependencies, and quality of the defined results.
- ***Stakeholders (optional)***: While teams should keep stakeholders informed throughout the process, some *stakeholders will have related key results* that you need to sync with and can offer useful opinions on how to measure the success of each goal.

Product department OKRs

If we have team goals that support execution and achievement of strategy, do we need "Product Department" OKRs? Can we use each team's goal separately, or do we need to create a combined cross-team's version of the objectives?

Especially in large organizations, product teams will often share goals with other areas. For example, suppose the company is trying to improve conversion by accepting new payment methods. The commercial team in charge of making deals with payment processors may be working on goals such as "*Close commercial agreement with PayPal with a fee lower than X competitor*," and the product team will be working on similar targets to make those options available on the site or app, such as "*Integrate and process 5% of transactions with PayPal*."

If you have multiple teams working on goals for different areas, does it make sense to group them into "Product-Area OKRs"? Probably not. Combining "*Introduce new payment options*" with a goal from another distant product team, such as "*Improve monthly active users through personalized notifications*," can be a forced relation that ends up with very abstract goals and a ton of unrelated key results.

Additionally, since product work tends to impact all areas of the organization, you may end up with Product-Area OKRs similar to the top-level company goals. Given all these downsides, you may be tempted to discard the use of the Product-Area OKRs. There are, though, a few significant benefits of using them:

- For larger teams, a high-level view of all the product team's contributions can be very beneficial. If you don't measure cross-product results, you may be missing the opportunity to understand the product organization's impact.
- Depending on your organization's size, for reporting purposes, product leaders will often discuss results with upper management, and having to run through a long list of teams' OKRs is simply not practical.
- Product-Area OKRs are also beneficial during the creation process. Starting with area OKRs that reflect the strategic roadmap is an excellent way to give teams more strategic context.

So, these cross-product goals have pros and cons, and you'll need to decide to what extent they add value depending on the size of your group, the structure of the company, your reporting needs, and any other contextual factors.

3. Cadence

Most companies ***set OKRs quarter by quarter***. Even with that cadence, OKRs, as an execution review tool, need to be frequently reviewed to understand if you are moving in the right direction at the desired speed. Check-in frequency can range from every one week up to every six weeks (or twice per quarter). Try to match the frequency of check-ins with the speed at which teams can impact results.

Tuning check-in frequency

Usually, weekly cadences for product teams are too frequent. Most team iterations expand to more than one week, and gathering data points about their latest implementation results is not immediate.

I was once introducing OKRs to a company, and we decided to start with bi-weekly check-ins to match the "duration of the sprints."[57] We often had no progress to show in the first two check-ins each quarter since our deliverables were yet to show results. *Transaction costs*[58] were high since this was another thing to review during the sprint closing ceremonies.

So we moved to mid-quarter and end of quarter reviews instead. This meant we could see results, but by then, it was too late to take corrective action if something was wrong. Finally, we tested monthly check-ins. It proved to be the right mix of “infrequent enough” to see results and “frequent enough” to detect and correct problems. You should find your own cadence depending on your context and type of activities.

Process Diagram

Figure 3.2.1 visualizes the five steps used for OKR management. The four initial steps are related to OKR creation, starting from setting drafts for each team, going through dependency management, and ending with revisions to polish the final version. The next four chapters will cover each of these stages in detail.

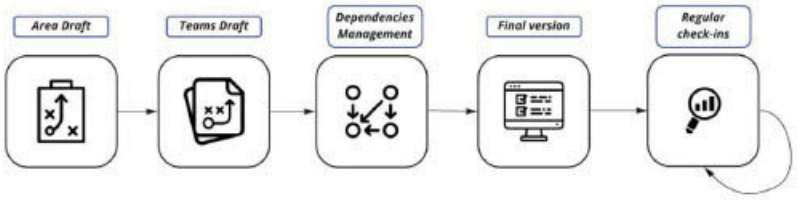


Figure 3.2.1 - OKR Management process diagram.

Process Timeline

It is worth noting that the definition phase expects you to have OKRs ready for the quarter’s first day. To do that, you’ll need to work your dates backward. Thus, to have OKRs done by January 1st, you need to work in December to get them set.

For example, you can run the setting process three weeks before the beginning of the quarter:

- Week -3: Area Draft / Teams Draft
- Week -2: Dependencies and conflict resolution
- Week -1: Final targets and critique
- Week 0: Ready to start the quarter!

An additional challenge is that you will want to factor in last quarter’s results to help define the new goals. You won’t have those results until the current quarter finishes, so you’ll need some forecasting during the definition process, which you can adjust as necessary once you evaluate the final scores.

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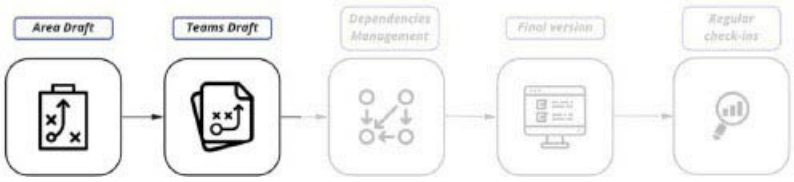
[57] Sprints is the name used in Scrum for the time-boxed iterations during which the team commits to deliver a set of backlog items resulting in a product increment.

[58] Term used to define the overhead cost of a new iteration (like agile ceremonies tied to iterations such as planning, review, and

retrospective).

Chapter 3.3

DEFINING AREA AND TEAMS OKRS DRAFTS



In this 3-part definition process, the first step is to create an initial draft of your goals. The good news is that the work we did with the strategic roadmap makes this activity straightforward. As discussed in Chapter 2.4, once you have broken down the drivers into appropriately granular problems to solve, you can start matching roadmap items to goals.

Using Roadmap Themes or Strategy Drivers As Objectives

An easy and powerful approach to keep strategic communication consistent is to use the drivers, or roadmap themes, as our "Objectives" in the OKR framework.

Let's go back to the opportunity solution tree used in Chapter 2.4. We can follow the example of reducing operating costs and use the driver "*Decrease X% the number of information calls*" as our objective. Continuing our example, we can convert the roadmap items to key results: "*Respond to 30% of calls with an automated information solution*" (see Figure 3.3.1).

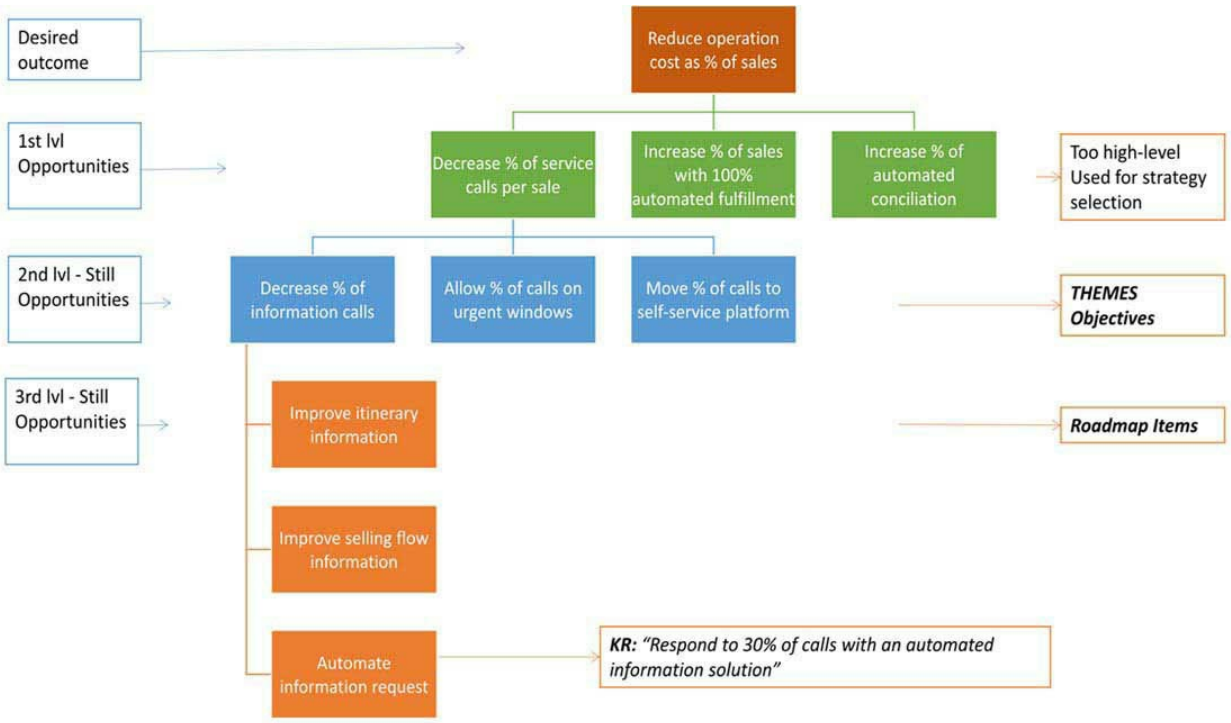


Figure 3.3.1 - Relation between roadmap items, key results and objectives.

Grouping Problems to Solve into Objectives

Depending on how complex or intertwined your roadmap swimlanes are, you may decide to use a different approach, grouping roadmap items under objectives with a different logic.

Using an exaggerated example, let's consider again a movie streaming service with a roadmap theme related to geographic expansion and another to capture horror film fans, a different niche from the ones currently served. You can select roadmap items from both themes and combine them into an "*Increase users*" objective (see Figure 3.3.2). You will still convert roadmap items to KRs in the same way, but they will be grouped into a newly created objective measuring how you increase your user base with different opportunities.

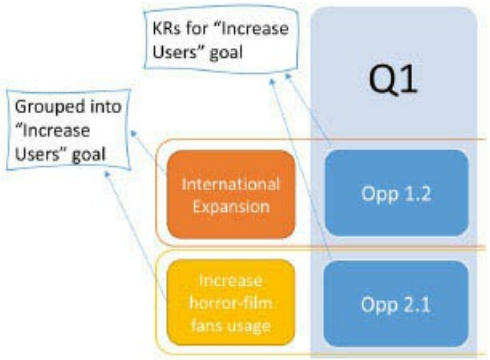


Figure 3.3.2 - Grouping themes into the same Objective.

Dividing and Regrouping KRs to Match Structure

Since your goal is to align everyone toward the same expected outcomes, ***your KR definition is usually more detailed than the roadmap items***. KRs are likely to be highly specific and may have a 1-to-many relation with roadmap items. Let's consider the example in Figure 3.3.3.

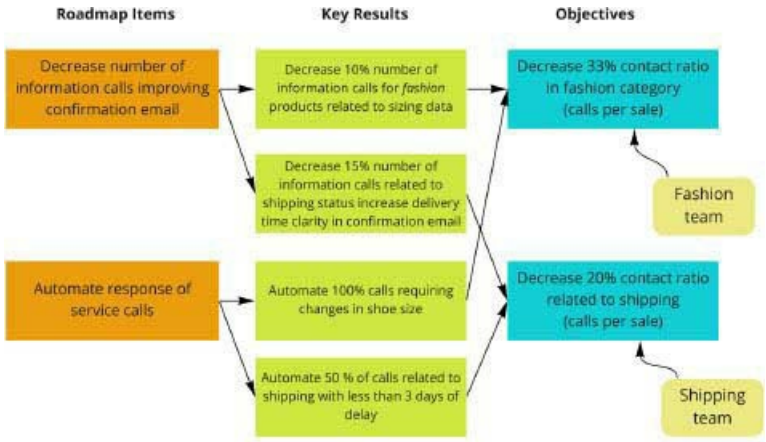


Figure 3.3.3 - Relation between roadmap items, key results, and objectives.

In this case, roadmap items were created around two problems: "*Improving the information to customers in confirmation emails"* and "*Automating the response to calls for certain services."*

When exploring their opportunity trees to define KRs, the team decided to divide the options, including some work for the fashion category (imagine a multi-category e-commerce with a large share of sales in shoes and clothing) and some work for improving the shipping service. Both presented problems that needed to be resolved by improving information and creating automation.

These themes were captured in the roadmap, but the organization had two separate *shipping* and *fashion* teams. So they ***grouped the KRs into objectives that were more aligned with their team structure***. For roadmapping purposes, avoiding ambiguity, ensuring simplicity and clarity of communication has a high priority. Now that we are getting closer to execution, it makes sense to organize goals in a way that has a stronger match with team structures.

Tools to Select More Specific Metrics

In the last section, we linked the roadmap to our OKRs and discussed breaking down "problems to solve" into more detailed KRs. Following this book's practical approach, we can review a few tools to help you think about getting the right metric for your objectives.

Tool 1: Metrics Frameworks

There are multiple models to structure and think about your product's metrics (see Figure 3.3.4 for some examples). Since the topics we have covered build on top of a deep understanding of KPIs (as in the initial diagnosis, insights, selection, and goals phases of defining strategy), I will assume you already understand your product's key metrics. For those looking to further their knowledge, I have previously written about this,[59] and I have provided "*Recommended Readings*" at the end of the section. Keep in mind that, as with any model, these are only a starting point to keep exploring and adapting your product.

Framework	**Common Uses**
AARRR: Pirate metrics	Particularly useful for SaaS products
Conversion Funnel	While almost every product has a conversion, a good funnel is a must-have for e-commerce companies
Google's HEART	Applicable to most products, focused on user experience
3 games of customer engagement	Identify a set of metrics depending on what's more important for your product: attention, purchase, productivity

Figure 3.3.4 - Brief summary of some metric frameworks.

Tool 2: KPI Trees

Beyond the frameworks or metrics you use, a critical element that I always use to define powerful KRs is to explore which "sub-metrics" will impact your desired outcome. For example, *Revenue* in e-commerce is a result of multiplying *Number of Visitors* by *Conversion Rate* and *Average Sell Rate*. Grow any of these figures, and revenue will increase. In turn, *Average Sell Rate* is formed by multiplying *Number of items in order* and *Average price per item*. *Conversion Rate* is composed of multiple step-by-step conversion rates in the funnel (see Figure 3.3.5). KPI trees help us visualize this composition.

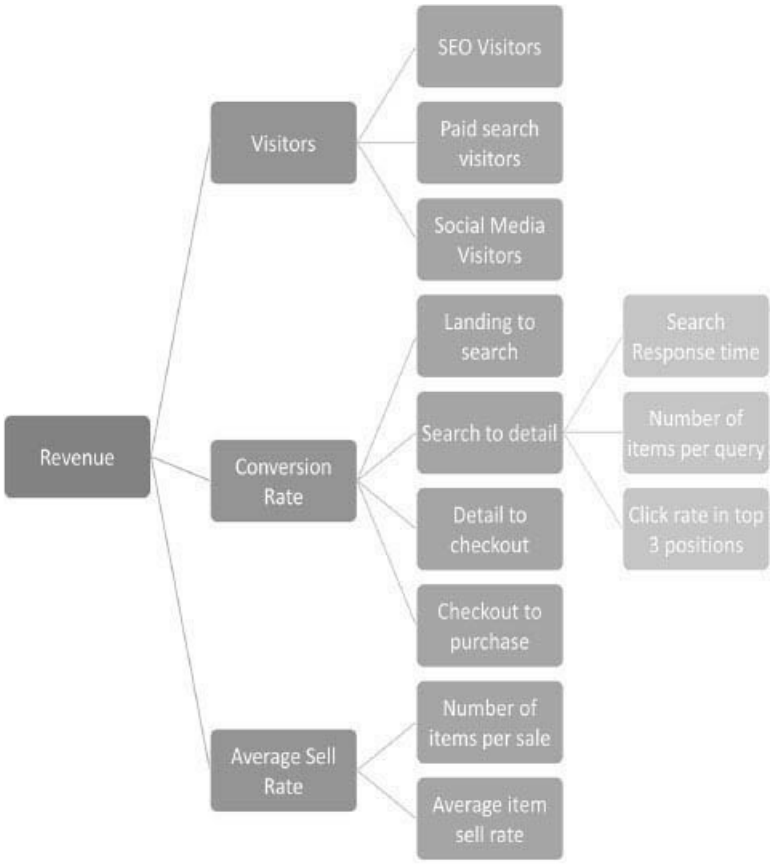


Figure 3.3.5 - Part of a KPI tree for e-commerce products.

Teams should make sure they are using the key result that is the most specific to the problem they are trying to solve. For example, suppose you are improving the search results page's sorting algorithm. In that case, *Conversion Rate* will be the ultimate desired outcome, but "*Click rate in top 3 positions*" is a more precise indicator of the problem you are trying to solve.

Selecting a metric to use in your KRs may happen by breaking down a more general desired outcome (as just described in the conversion rate example). Oppositely, it may happen by detecting an opportunity that impacts a lower level metric that we can then match with a higher level result. For example, if during discovery we identify a low number of users clicking on the first positions of our search results page, we have the opportunity to improve the search algorithm and impact the "*Click rate in top 3 positions.*" With the KPI tree, we can analyze all indicators and how they link to the company's strategic goals.

Tool 3: Leading indicators

Another way to think about sub-metrics is to find *leading indicators*: those measures that, if affected today, can impact future desired outcomes.

- Consider the desired outcome for a SaaS product of:

Increasing the average *Customer Lifetime Value (CLV).*

This is a lagging indicator of our product improvements. It can take a long time to evaluate changes in lifetime value. On the other hand, we can say that *churn rate* affects average lifetime value, since it impacts the average active period of users if we reduce it. Churn changes are still hard to measure after each product improvement. We can, however, find leading indicators for reducing churn rate, such as:

- Increased daily logins
- Increased amount of successful tasks
- Reduced amount of customer "complaint" tickets

These last metrics are much easier to measure from one iteration to the next, creating faster learning loops and allowing teams to have more reliable quarterly measures of their impact.

As you can see in Figure 3.3.6, this is highly related to the KPI tree.

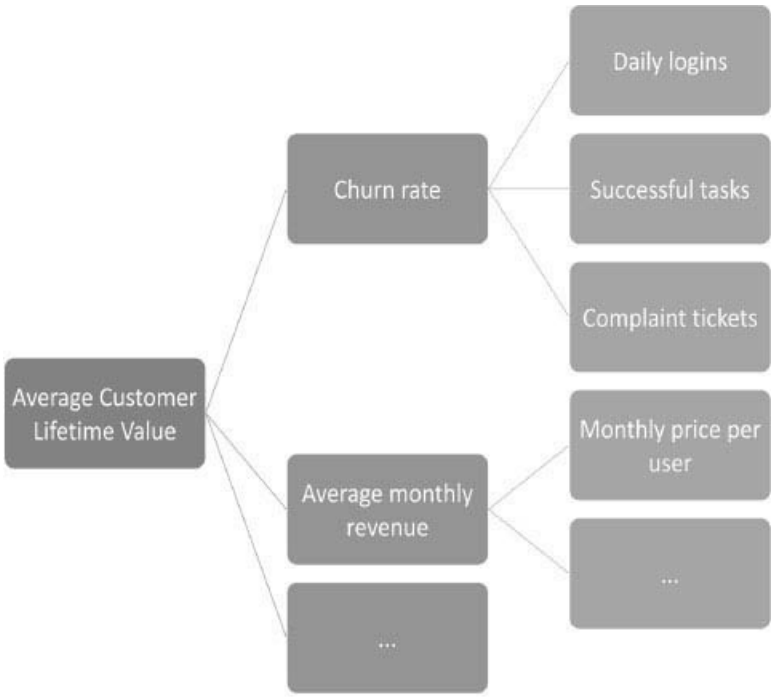


Figure 3.3.6 – Some leading indicators for lifetime value and churn rate.

By finding leading indicators of the problems to solve, ***teams can learn much faster if they are progressing toward the desired outcome***, which creates a more effective KR.

It is worth mentioning that when teams select a leading indicator, they *assume* that it will change the ultimate desired outcome. For example, we believe that by increasing daily logins, we will reduce churn. But if the product is not valuable for the user, they won't stay, no matter how many times they logged in. We are generating a gap within which teams may achieve their goals ("*increase logins*") while the company doesn't (*no impact on "churn rate"*). Given the value of using sub-metrics to measure teams' impact, this is a risk worth taking.

Tool 4: Segment

Finally, another well-known tool you should leverage to define great KRs are segments. There are countless ways to segment your metrics, such as:

- *Demographic and geographic*: Typical segmentation related to age, gender, location, income, education, and so on.
- *Psychographic* segmentation includes attributes like interests, values, lifestyle, and motivations, among others.
- *Behavioral and Division*: Think of this as being related to observed behavior. Typical ones can be "*Buyers / Non-Buyers*," "*New user / Returning user*," "*Heavy user / Casual user*." You can come up with any other comparison that is useful in your context.
- *Firmographics*: For B2B products, we can do similar segmentation of our clients, considering the company's industry, size, age, and any other relevant attributes.

You can combine more than one and come up with any other that makes sense in your context. For example, a team in Airbnb improving the description page of properties in Thailand, instead of using a generic "*Increase conversion*," can opt for "*Increase ratio of users going from detail page to checkout for properties in Thailand.*" Instead of watching for a 0.0002% increase in overall conversion, we can expect a 10% increase in that step's micro-conversion for users searching for accommodations in that region, making it a more fruitful KR for our execution efforts.

You can always combine segmentation with metrics identified in KPI trees and leading indicators.

Linking Team OKRs to Unit or Company Goals

Remember, a crucial benefit of the framework is alignment, and a powerful way to achieve it is through OKR linking. This activity is as simple as teams "declaring" to which higher-level objective their goal is contributing.

In the product organization's case, there are two options for teams to link their goals:

- If there are product department OKRs, teams should associate their goals with these.
- If not, teams may directly connect their goals with the business unit's objectives that will benefit from the team's outcome.

While it is straightforward, the process of aligning and linking OKRs raises a few challenges. Let's review them.

1. Indirect relationship

There may be team goals that may not be directly attributable to the success of a higher-level objective. For instance, an automation effort to eliminate a time-consuming manual process may

impact user satisfaction scores due to a faster request processing time. But a more direct impact would probably be operational efficiency. If the higher-level goal is customer satisfaction (and there is no efficiency target), we will still link it, recognizing the gap.

2. Lack of a related company goal

There may be other cases where what a team uses as the target doesn't align with any company goal. A good example is objectives that are important for "maintenance purposes." Company goals usually align us toward the new desired strategies, but some business lines may need to work on objectives that preserve their current business. For example, a B2B product may face a loss of clients following a recent competitor move and may need to take some quick, remedial steps to catch up. This tactic may be relatively too small to be reflected in the company's OKRs but highly relevant to this product team.

These exceptions should be rare. If you are constantly seeing multiple teams with non-linked goals, it would be a symptom of a lack of strategic alignment.

3. Link to multiple business units

If many business units benefit from a single goal, it may not be practical to link it multiple times. The team should consider linking it to a shared service area (or revisiting the decision to create area goals). For instance, a product team is pursuing the adoption of a new payment option that may impact different business units. In this case, it doesn't make much sense to link with multiple goals across lines, but rather connect directly to a payments operations department.

In summary, your goal is to identify OKRs which are aligned but not necessarily directly matched 1-1. Work hard to reach that alignment, but be practical when exceptions are needed.

OKRs App or Spreadsheet?

As we discussed for roadmaps, you can write OKRs in spreadsheets or use software specifically designed to manage them. In this case, there aren't disadvantages to using an OKR specific tool, so the decision may be more focused on how much you are willing to pay for a relatively simple activity.

Let's review the benefits of using such a tool:

- ***Easy format***: Using a consistent format and a shared repository is the first benefit of opting for an OKR tool.
- ***Tracking and reminders***: Consistency for monitoring and reporting is an out-of-the-box feature. Furthermore, you can automate alerts and view who is checking-in and updating their status.
- ***Transparency***: While you can always claim openness, if you have a bunch of spreadsheets in a shared folder, people won't be "surfing" the information to get acquainted with everyone's goals. OKR tools, on the other hand, enable everyone to find

the objectives of the company and the teams working on similar fronts. Being open with the information is not the same as helping people find and understand it.
- ***Linking***: A critical benefit of these tools lies in how easy it is to link objectives, as described above. Digital platforms, like Weekdone,[60] allow anyone to easily view connections and how different teams are contributing to company goals.

Template

To clarify the expected results for the process, you want to end up with a complete table or list with defined objectives and key results. For example:

Obj 1	**Inspiring ambition**	**Status**
KR1	[Increase/Decrease] metric X from Y to Z	0%
KR2	[Increase/Decrease] other value…	0%

If you want to have more clarity when tracking, you can add baseline and target columns:

Obj 1	**Inspiring ambition**	**Baseline**	**Target**	**Result**
KR1	[Increase/Decrease] metric X from Y to Z	Y	Z	0%
KR2	[Increase/Decrease] other value…	Y	Z	0%

And in the case of team drafts, you can add the linked area objective to complete the definition:

Obj 1	**Inspiring ambition**	**Linked**	**Status**
KR1	[Increase/Decrease] metric X from Y to Z	Obj 1	0%
KR2	[Increase/Decrease] other value…	Obj 2 KR 3	0%

Expected Output

By the end of the draft definition, the organization should have:

☑ Created a draft set of product department OKRs (if you decided to use them).
☑ A set of OKRs per team.
☑ Linked team OKRs to higher-level objectives.

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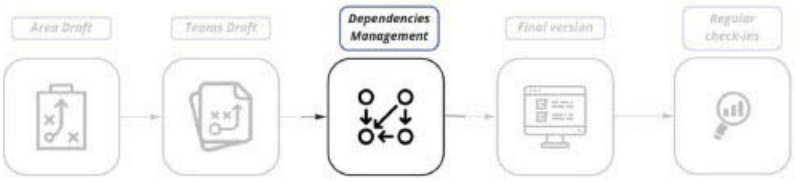
[59] Find it at https://nachobassino.com/finding-the-right-key-result/

[60] Weekdone.com, an OKR management Software as a Service company.

Chapter 3.4

DEPENDENCIES AND FEEDBACK



Considering the drafts all teams have completed, we need a cross-team revision to make sure objectives are logical and consistent in the entire organization. This usually boils down to checking dependencies, reviewing which expectations are too high, and adjusting the drafts.

The amount of effort required for this step will depend on the organization's size and the complexity of dependencies related to product characteristics and also the underlying technical architecture. Since this coordination requires meetings, revisions, and multiple-team decisions, it may take several days to resolve, but we always strive not to extend it longer than a week.

Dependency Management

OKRs enable you to break down the alignment achieved in the entire product direction process to the execution level. This means that some areas will drive some "OKR requests" to others because they *depend* on others to achieve their results.

For instance, let's say that a particular business line has a growth-related key result. Marketing will try to grow their investment in acquiring new users; operations will try scaling their delivery capabilities; the product team will try serving a new segment of users with slightly different needs. Marketing may also request a new acquisition channel that supports personalized ads but requires addressing some integration issues, which are the product team's responsibility.

This dynamic breaks the "top-down versus bottom-up" approach and brings a new ***side-to-side OKR setting dynamic***. Its beauty lies in breaking down silos and enabling peers to work together to define the best way to achieve strategic objectives.

The fact that the entire company is seeing the same focus areas makes this peer alignment much easier. Problems may arise when a team already has several OKRs under their belt (remember

that we are trying hard to keep the number low). They can't commit to new ones for a given quarter, leaving the needs of another team unattended.

Where this is the case:

- Should the requesting unit drop their request?
- Or should the requested team postpone an existing objective to allow them to support this new need?

This process is all about dependency management.

You have probably faced the pain of dependency management at the feature level, which involves understanding the impact of requirements on specific teams and coordinating capacity allocation so you can complete all the work required to realize an opportunity, roughly at the same time. Goal dependencies are very different. **They drive teams to discuss the organization's most critical *outcome* and not how to optimize delivery**.

The best way to solve goal dependency conflicts is by asking the team that faces the bottleneck to meet with all the dependent units and try to figure out the most important goals to achieve. The beauty of this process is that if you have provided enough strategic context, this should be something empowered teams can solve together without requiring the usual escalations and leadership involvement habitual in other dependency management scenarios.

By the end of the discussions, the decision will be to postpone or cancel an opportunity to which the organization as a whole can't commit to doing at that moment.

Lowering dependencies by design

Dependencies have been a challenging problem at the core of software development for a long time. The evolution of architecture and agile practices have focused on this problem and showed promising results, helping teams work with higher independence.

In a recent experience, the company I was working with had a monolithic architecture built with over 10+ years of code evolution of questionable quality. While we were trying to implement a product-oriented structure, OKRs, and lean cycles, we faced an enduring challenge: building anything at all simply required too much effort from too many teams.

We had two choices:

- Increase the coordination and control of which initiatives to work on
- Invest in making teams more independent

Attempts at managing complex dependencies such as the *Scaled Agile Framework Enterprise* (SAFe) end up obstructing the intention to create autonomous and empowered teams. Most successful product organizations opt for finding ways to reduce the amount of coordination required, investing in architectures and practices that provide teams autonomy.

In our case, we needed to find a way to make the change while convincing stakeholders of the value of investing a large amount of time and effort in code refactors to gain unproven future levels of speed and quality.

We tackled three major goals:

- A modular architecture allowing teams to work on their goals and improve their part of the product independently from other teams.
- DevOps and continuous integration practices that enable teams to put their new developments into production independently and follow their progress toward their planned outcomes.
- Implementing an "internal open source" practice, where teams who still required changes in software "owned" by other groups could modify the code in the co-owned software to complete their goal, without interfering with the owner team's plans.

Over the course of about 12 months, we reduced dependencies from "almost everything has dependencies" to lower than 30% of portfolio initiatives. If you face constant dependency conflicts, this type of investment is highly recommended and pays off in terms of your execution agility.

Unrealistic Number of Goals

In all organizations with which I have worked, we want to achieve more things than we can realistically handle. As we have discussed throughout the product direction flow, having a single-minded focus to narrow the number of items we are working on to just a few important ones is a crucial success factor.

During the roadmapping process, we worked on selecting the proper amount of problems to solve per time frame. Yet, when teams create their OKRs, you may realize that some roadmap items simply can't be covered.

You need to identify these items and consider two scenarios:

1. Eliminate the related company or area OKR and change the roadmap if necessary. While this may sound like the hardest sacrifice, it is the best option and will help us focus on the essential items.
2. If the goal we are planning to eliminate is a key strategic requirement, we need to discuss it with the teams involved to reduce scopes.

This situation usually happens when we are balancing work with short and long-term impacts. It's tempting to work on more items with greater short-term results, relegating long-term investments and jeopardizing future gains. It's a delicate balance, and leadership should bring more perspective and strategic context to clarify the path and the importance of those problems that do not seem urgent.

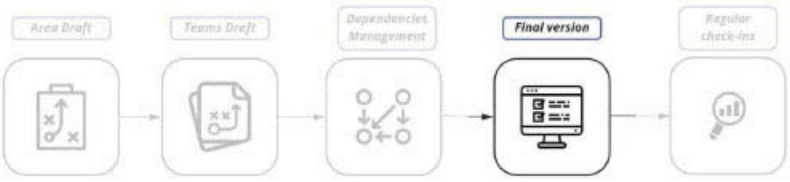
Expected Output

At this stage, we will merely adapt our OKRs to reflect cross-team revisions, refining our drafts with the acquired information. This may sound easy, but if you have a lot of dependencies among teams, you may be dealing with a house of cards where one team not being able to commit to a goal makes your entire goal structure fall to the ground.

- ☑ Adapted team, area, and company drafts
- ☑ Eliminate or adjust goals according to dependencies and amount of goals achievable
- ☑ Adapt roadmap if required

Chapter 3.5

FINAL VALUES AND QUALITY REVIEW



In the final days of the quarter (*week -1*), we want to polish the OKRs, updating them with any final values and ensuring they are fit for execution.

Final Values and Quality Considerations

Teams should start self-assessing the quality of their OKRs definition. While it is easy to write objectives, you will not benefit from using this framework without proper refinement.

Figure 3.5.1 is a quick reference to the attributes you want to evaluate. It would be a good practice to keep expanding it to fit your context and add any recurrent errors teams make so that everyone can keep an eye on these.

Attribute	**Description**
1. Outcome-oriented	Avoid task-driven KRs.
2. Independent or shared	Results can be isolated from other factors or be shared by the multiple teams affecting them.
3. Granular	Specific measures of the opportunities, rather than high-level KRs.
4. Well-defined measure	There can be no doubts about how to score the result.
5. Proper timespan	Handle small and large efforts considering the quarterly cadence.
6. Counter Key Results	Avoid “growth at all cost” with counterbalance measurements.

7. Level of Challenge	Balance the ambition and amount of goals.

Figure 3.5.1 - Table of quality attributes of OKRs.

1. Outcome-oriented

We have discussed the importance of expressing key results as actual expected outcomes rather than tasks that the team will complete. Any binary ("*completed*" / *"not completed"*) KR oriented to delivery, such as "*Implement feature X before the end of the quarter*," should be reconsidered.

Process improvements versus outcomes-focus

We usually set objectives for the desired business outcomes. But what happens when teams need to focus time and energy on other areas, such as a particular process or practice they need to improve (for example, experimentation or setting up continuous delivery)? Since these will take up resources, you may consider adding them to your objectives.

I have tried on many occasions to add side-by-side OKRs that are business-related to those that are process-related, only to find out three uncomfortable truths:

It's hard to compare (and thus to prioritize) such unrelated goals. When contrasting business goals, it's easier to choose which one to prioritize when you lack resources than to tackle both simultaneously.

When presenting goal results to other business areas, your internal objectives may not be relevant to them and can hide real business-related successes or failures. For example, if the team achieved 50% of a total result through 100% in process improvements and 0% in business impacts, this outcome will be tricky for external stakeholders to interpret.

When the only motivation to improve a process (for example, "increasing the number of experiments we run per quarter") is an externally set key result, the practice is likely to be abandoned as soon as the objective is removed. The lack of understanding of why that process or tool is needed is likely to undermine the potential cultural or mindset shift, which is much more important than the new method itself.

I recommend only business-related OKRs at the team level. To promote new processes and practices, you can use other tools, such as team health checks, 1–1 feedback, communities of practice, and so on.

2. Independent or shared

In mid to large companies, you have many pieces of a large puzzle affecting similar results. For instance, if you consider the product team goal "*increase conversion by 10%*," you must know other factors will influence it, such as the quality of traffic the marketing team is acquiring. The

marketing team may be targeting lower conversion channels because they appear cheaper, resulting in higher campaign returns on investment (ROI) but hurting the overall conversion rate. On the opposite side of the spectrum, if marketing is being very selective on traffic acquisition, you may achieve a 10% conversion rate increase without any product improvement.

In this context, how can you write a high-quality OKR that motivates the product team and pursues the right company outcome? There are two possible ways to handle this dilemma:

1. Giving all "contributing" teams the same goal. Instead of having "*increase conversion by 10%*" for the product team and "*increase sales by 10%*" for the marketing team, give both teams both goals.
2. Or isolate the major contributing factors to create goals that the team can control. For example, instead of having "*increase conversion by 10%*" for the product team, use "*increase organic traffic conversion by 10%*." The product team can isolate the results of their efforts from the marketing traffic acquisition strategies.

I much prefer the first approach because it increases synergy and collaboration. For instance, marketing may start investing in a new traffic source, but when they see suboptimal conversion, they may work with the product team on building a new landing page specific to these new users. The product team will understand the importance of improving this traffic conversion rate because they also need to increase sales since both teams share the same goal.

3. Granular

As discussed in Chapter 3.3, using the KPI tree, leading indicators, and segmentation, we want to be specific on what the team is trying to achieve to impact the higher-level metric. Following the example we used, if your goal is to improve lifetime value by increasing logins, you should use "*Increase daily logins by X%*" rather than "*Increase lifetime value by X%*." Measure specifically what the metric the team is trying to move.

Additionally, if you target particular geographies, customer segments, or categories, use them in the key result rather than measuring the average. For example, "*Increase by 20% conversion in the shoe category for 18 to 24 years old men in Europe*" may end up increasing a 2% conversion across all segments. But the first measure is far more precise and helpful for decision making than "*Increase average conversion rate by 2%*."

4. Well-defined measurement

Most available examples (including the ones I have used so far) uses language such as:

- "*increase sales by 10%*" or
- "*increase conversion by 10%*."

At first glance, this sounds promising. It is a straightforward metric with a clear target. But when you get to the end of the quarter, you may start to wonder:

- “Is that 10% against last month, same month last year, or average monthly sales?”

To avoid falling into this trap, which will undermine your method’s effectiveness, you must be precise on how the key result will be verified. For example:

- “*Increase total sales by 10% in the quarter versus the same quarter last year*.”

Time specificity

Similarly, the moment to measure the result is another characteristic to define. Suppose you are implementing a feature that will decrease the product’s response time, and it will be ready at some point during the end of the quarter. Should you measure average performance in the entire quarter or only after the feature is released?

Being specific on the key result avoids any misinterpretation. In this case, we might say, “*Decrease response time measured in the last week of December by 10%, compared to the monthly average of December last year*.”

Avoid composed results

Another common mistake is to combine two factors in a single key result. For example, “*Increase conversion rate by 10% by reducing response time in the last week of December by 10%*.” What happens if we increase conversion by 10% without reducing response time or vice versa? In these cases, we need to either split it into two key results or choose one metric and remove the second one. As I said when I discussed *granularity*, I always prefer the KR that better measures the problem the team is solving.

Another easy way to identify this pattern is the use of “and,” as in, “increase daily logins by 10% and reduce churn 5%.” The same rules apply.

5. Proper timespan

From a product strategy and planning perspective, the quarterly OKR mindset is excellent for focusing on things that we want to “solve” this quarter.

But what if there are impacts that require shorter or more sustained efforts? What if we have a small fix with a strong business effect and want to measure results as soon as possible? What if we are working on a complex problem that would transform the business, but we won’t see the value before the quarter ends?

1. For “small and high priority” items, we can work with the key result to specify a particular time frame. Suppose you have expanded to a new geography and now see a high-impact opportunity by integrating a local payment method that will take around a month to complete. The key result might be expressed as *“Achieve [X]% share of [Y] payment method in [Second month of the quarter].”*

2. You should strive to use smaller milestones that deliver an initial value for more prolonged efforts. In our quest to be agile and learn, forcing you to have this shorter iteration will result in feedback and learning that will improve the more significant impact you expect in the future. A good example is the process of a major product redesign. You have an overarching goal, but you break the work into smaller sections and measure the value of those changes while knowing that the final impact will be greater once everything falls under the same new design.
   If you cannot find a way to set a minor milestone, consider it a warning sign. If it happens regularly, your product development approach may require a few tweaks to make it leaner. If it is a onetime occasion, you can write it into your OKRs as a milestone to achieve (knowing that it will negatively affect your objectives' outcome-driven quality).

6. Counter key results

Key results will challenge us to keep breaking the ceiling and striving for higher achievements. But stories of disasters in companies such as Enron, Wells Fargo, and Volkswagen demonstrate the risks of blindingly pressing for more ambitious goals.

Using counterbalancing key results is a method to prevent the pursuit of targets *at any cost*. For every growth metric you target, identify an associated indicator that you need to protect.

Let's see a few (exaggerated) examples to clarify this approach:

- If you are pushing for higher conversion in an e-commerce site, teams may decide to hide information which may be an obstacle to conversion, such as certain product restrictions. By doing so, the conversion rate will increase, but the satisfaction scores and negative reviews will also be likely to increase, causing damage in the long term. The team may decide to add *Net Promoter Score (NPS)* as a counterbalance metric to make sure they also keep customer satisfaction high and avoid practices that may hurt the user experience.
- If you are pushing for new user growth in a SaaS product, teams may start bringing users who do not match the intended audience, likely creating churn in the near term. Alternatively, the team may decide to add retention or "*first 30-days average daily logins*" to counter the push to create unrealistic user accounts (Wells Fargo is the most extreme example of this practice with their massive number of fake accounts scandal).

7. Level of challenge

Keep in mind that you want to keep a low number of targets to increase focus. An easy way to fail at this stage is to have some idea of which initiative you want to pursue and include *ALL* the metrics you expect to hit. Even when something may have multiple positive effects, there must be a single (or, at most, a couple) of essential indicators. You can track all the others without necessarily using them as the focus for OKRs.

Another factor that can complicate the number of goals is the level of challenge each target is given. This is one of the most challenging items to get right and will require a number of

iterations of the OKR framework to find the appropriate balance. However, you can use a few simple rules to get started and adjust with experience:

1. Use historical performance as a realistic starting point.
2. Consider recent effects that may change the trend for the current period, like changes in your team headcount or industry tendencies (or pandemics if you are reading this not far after 2020).
3. Pose different hypotheses of the impact each opportunity may have and test the level of confidence for each. The recommendation is to use something around a 50% chance of hitting the target. But it is worth noting that this confidence is often somewhat arbitrary.

For example, you may want to challenge yourselves to improve the average order value in a jewelry e-commerce site:

1. Your historical (previous twelve months) order value is $80. In the previous quarter, you added a new category of necklace, and you saw an increase in order value, which plateaued at an average of $100. You decide to use that baseline for the subsequent quarter's objective.
2. Based on your current results and future expectations, the team considers possible options and how confident they are to achieve them:
   a. +10% ($110): 90% confidence.
   b. ***+20% ($120): 60% confidence.***
   c. +30% ($130): 30% confidence.

Given these scenarios, you decide to use +20% as the KR, making it an appropriate stretch goal.

So, how does that level of challenge combine with the number of goals? In some cases, you will want to pursue a really ambitious goal, which only has a low chance of success. To improve the odds, you can reduce the number of targets, ideally focusing on just one. At the other end of the scale is a scenario I hope you never have to face. You need to spread yourselves thinly across too many objectives, making your targets conservative since you won't be able to invest much time into any of them.

Commitments

While we always prefer outcome-driven and stretching goals, there are some times when the team must focus on hitting a deadline. As discussed in the roadmaps section, this may involve complying with a new regulation or having a service ready for a particular event occurring for a firm date (think Election day, the Super Bowl, Black Friday).

In these cases, you can label the objective or key result as a "*commitment*," and its tracking will result in "Completed" or "Missed" rather than a level of achievement.

Note that for this type of goal, you can expect that:

- Teams need to agree that solving the problem by that date is feasible.

- Teams should have the autonomy to define the product scope. As outlined by the triple constraint, since you are constraining time and resources (the existing team members), the team should have the flexibility to adjust the scope.

Additional Quality Reviews

A key responsibility in this process for *Heads of Product, UX, and IT* is to challenge the quality of team's OKRs. Acting as coaches, they should help teams articulate the best possible goals to put them on the right track toward achieving outstanding results.

Additionally, peer-review is a great way to collectively raise the bar of team OKRs. Borrowing a term from design practices,[61] I call ***OKR critiques*** a very open format for teams to talk about what can be improved in each other's goals to make them a better tool for achieving your desired results. It is as simple as inviting people to review the OKRs of other teams and give feedback.

To make this review beneficial, leaders must teach teams how to frame their comments positively. Encourage them to reframe remarks such as these:

- "This KR cannot be measured" or "I would not have chosen that metric."

To:

- "I'm concerned that KR does not seem to include details of its associated impact" and "Considering the impact you are aiming to achieve, I believe this other metric may be a better indicator."

Expected Output

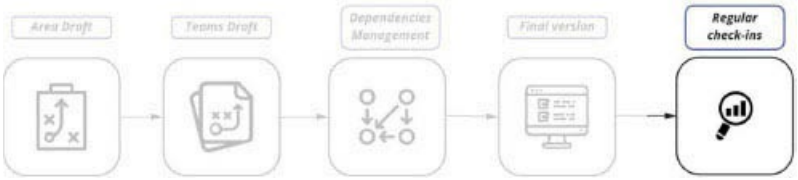
By the end of this step we expect to have:

☑ The final set of high-quality OKRs both for the team and the area.

[61] Gibbons, Sarah. *Design Critiques: Encourage a Positive Culture to Improve Products*, Nielsen Norman Group, 2016. https://www.nngroup.com/articles/design-critiques/

Chapter 3.6

OKR CHECK-INS, UPDATES, AND COMMUNICATION



The final part of the OKR process involves building in the regular checkpoints and facilitating an analysis of the situation. The process is relatively simple: each team updates their goals, values, and statuses based on the defined key result. The product manager usually initiates this process, but all team members can participate in the analysis and discussions of the results.

It is also useful to include notes that spell out any insight or consideration for the current status or how we expect the value to evolve for future updates. Before broad cross-team communication, it is a good practice for the Heads of Product or other managers to review the results and discuss possible misinterpretations or consequences of the outcomes with the team.

Cross-team Review Session

Depending on your team size and your team's recurring meetings, you can either create a new cross-product OKRs review session or add it to a current cadence. This forum aims to synchronize everyone quickly around the overall results of all product teams' OKRs. You should all be pulling in the same direction with your strategic efforts, so *successes, failures, and learning will concern all other team members*.

Each team is in charge of generating a five-minute results summary for their goals. The goal is to communicate:

- ***Overall status***: Are we doing well or poorly?
- ***Results highlights***: Are there any particular KRs with an outstanding (positive or negative) result?
- ***Learning***: What have we learned about our initial hypothesis?

Updating product department results

Similarly, product leadership will be in charge of doing the same check-in for the department goals. The exercise should be identical to the team review process (above). The overall results can also be presented in the review session to provide a visual record of the organization's accomplishments.

OKR Results Leading to Changes

Besides the regular "all-hands" check-in, each team should frequently review the status of their OKRs, the impact of their actions, and be aware of any deviation from the expected results. You should empower teams to take action as soon as it's required, but ultimately this "official" update and communication check-in can serve as a trigger, both to change plans and elevate the level of awareness of the off-track goals.

In summary, the result of the OKR review may be:

- **No new action**: Goals are on course. Even for off-track KRs, the team may consider that it is just a matter of time for the efforts already taken to impact the necessary metrics.
- **"Normal" plan modification**: Actions are not getting the desired results, so we will change plans but continue with the current resources, changing tactics to hit the same targets.
- **Eliminate, add, or change objectives**: Given the current results or an extraordinary situation, you may need to alter the structure of your objectives. Such a change should not be taken lightly. But, if necessary, changing the goal is better than a team continuing to pursue something irrelevant or unachievable. That will demoralize them. Keep in mind that part of the process of setting challenging OKRs is to think outside of the box or force yourselves to explore high growth paths that you would not consider under normal circumstances. Before you make any changes, be sure that removing a KR is not simply giving up on your lofty aspirations.

Implementing changes

The OKR framework is agile and eliminates all the bureaucracy associated with other goal-setting methods. In essence, there should be no "process" to implement the modification, other than communication to keep everyone aligned.

You need to be alert to how ***changes in one team may impact other dependent teams***. There may be cases where eliminating a KR can prevent another group from reaching their goal (*depending team*) or invalidate a team's KR (*dependent team*). Let's take a simplified example:

A bakery is trying to reach more customers by opening a new "Cheesecakes" product line that they haven't had available before. Three interrelated teams are working on this objective, with its corresponding KRs:

- Marketing team KR: *Generate 1000 sales of the new cake with a profit margin of $1 through a new ads campaign*.
- Cake product team KR: *Enable sales of the new cake by scaling-up the production line to deliver 100 cakes per day*.
- Packaging product team KR: *Generate 1000 sales of the new cake by creating an original box that allows safe storage of multiple cakes for distribution*.

During the second month of the quarterly review, the cake product team declares that they need to eliminate their KR. But the marketing team depended on that result to achieve theirs; they can't sell a product that is not available. Even though they are on track, the packing team finds out that completing their own goal will be useless in terms of company results.

Remember that, depending on the scale of the change, it may trigger an update to the roadmap and the strategy.

Final Check-in

As we said during the definition process, we expect to have the objectives defined by the first day of the new quarter. The final evaluation of current term KRs happens after we close a quarter, during "Week 0" of the future quarter.

This last check-in is no different from the previous ones, except that there will not be further modifications of the values. Let's see how the results can impact what we have already defined for the quarter that is starting:

- ***A baseline depends on the result***: Let's say we want to increase quarterly sales by 10%. While the KR may not need a modification, the baseline may be updated after the quarter closes.
- ***Future work depends on successfully closing a previous goal***: Going back to our bakery example, if we plan to launch a new cake line after the cheesecake's success, we may need to wait and see its outcome. A negative result may force us to postpone the new line and keep working on improving results for our cheesecake product.
- ***Past results invalidate our current definition:*** A worst-case scenario occurs when we have identified a major setback or significant underachievement that invalidates what we had planned. Since we want to ensure agility, the best course of action is to go back and redefine this quarter's OKRs as soon as possible.

Remember that you can continually evaluate KRs and anticipate any meaningful change that will impact future quarters' definitions. Once you have embedded the technique across your team, it should rarely be the case that teams have failed to predict a notable failure (or success) before the final check-in.

OKR Communication

If your organization is using OKRs, the cross-area communication sessions are probably already in place. Examples include:

- ***CEO with area leads***: Product leaders will likely be presenting the product-area results when reviewing the performance of each area across the entire company.
- ***Business unit results***: A session can be held for a particular business line, combining participants from all departments, including product development. In this case, the Product Manager or the Head of Product may be in charge of the communication.
- ***Product team broadcast***: In some cases, such as a product-led startup, the product team should be leading communications, especially with their key stakeholders, to keep them informed of status and results.

OKR communication boils down to outcome-oriented status reports. Unless we need to discuss a significant update or change of direction, communication is usually straightforward since we are building on top of our already communicated and aligned strategy and roadmaps.

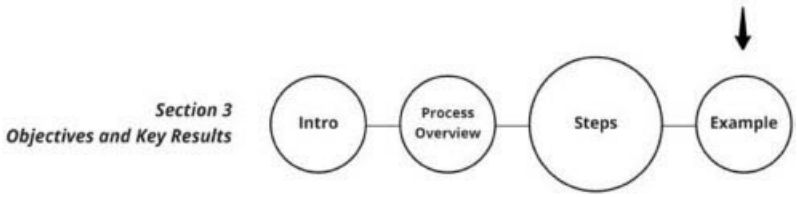
Expected Output

This step has a few critical outputs:

☑ Monthly evaluated area's and team's OKRs.
☑ Actions are taken for off-track goals, triggering cross-team changes, and strategy updates if required.
☑ Final OKR scoring, reflected in next quarter's OKRs if necessary.

Chapter 3.7

OKRS EXAMPLE



Let’s see how the SquadStats team used OKRs to accomplish their strategic goals.

Area and Team Drafts

The company started defining OKRs three weeks before the end of the quarter, creating drafts for the area and teams. The basis was their Q1 roadmap (see Figure 3.7.1).

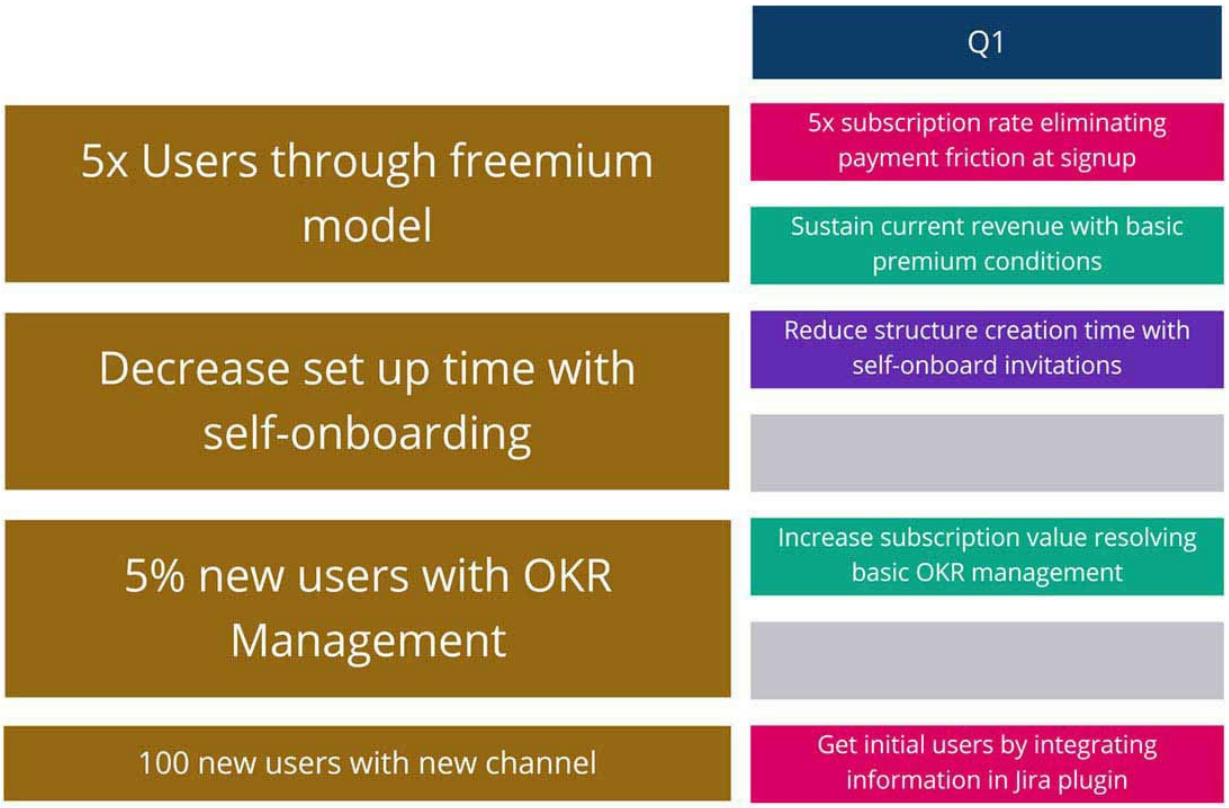


Figure 3.7.1 - The first quarter roadmap for SquadStats.

Detailed KPIs and Leading indicators

Before defining the key results, the team worked on exploring the right metric for each opportunity.

- **5x subscription rate**: To increase subscriptions, the essential metrics are:
  Lead activation: Users that navigate the site and subscribe to start the trial
  - *Retention*: Keep those new users active over time. *Monthly activity* and *Monthly Net Promoter Score* are leading indicators of retention.
- **Sustain current revenue**
  - *Premium conversion rate*: To keep current revenue flows, new subscribers needed to convert to paid accounts at a constant rate.
- **Reduce structure creation time**
  - *Hours spent by the customer success team* organizing the account set up for customers.
- **Increase subscription value through OKRs management**
  - *Increased account revenue* for accounts using the new OKR management solution.
- **New users through Jira plugin**
  - *Incremental plugin users*: In this case, we want to measure new leads rather than existing users incorporating the plugin.

Area draft

The leadership team defines the following three objectives:

Obj 1	**Become the leading platform for product team's performance analytics, increasing use by a factor of 5**
KR1	Increase trial activation rate from 1% to 5%
KR2	Convert 10% of new users to premium users to sustain current revenues
KR3	Reduce manual work required to set up client structure to 0hs
Obj 2	**Strengthen the value of the platform becoming the best OKR management tool for product teams**
KR1	Subscribe 20 early adopters for OKR management with +10% premium price
KR2	Average at least 3 KRs and monthly logins per customer
Obj 3	**Make team performance analytics available anywhere our users need it**
KR1	Subscribe 10 early adopters to team analytics Jira dashboard plugin

Teams draft

It is necessary to review the team divisions and responsibilities to understand their selected OKRs. Currently, they are divided into four squads:

- ***Core***: The largest team, in charge of the central functionality of the product.
- ***Acquisition***: A smaller team, in charge of marketing channels, home page, and registration site.
- ***Customer success***: Provides back-office tools for the operations team and is in charge of the onboarding experience.
- ***[New] Marketplace***: While the name is intended to represent all future work related to integrations and platform development, it currently is the small spin-off that will explore the plugin opportunity.

Now let's run through their OKRs one by one.

Core team OKRs

Obj 1	**Become the de facto platform for product team's performance analytics with a freemium model**	**Linked**
KR1	Increase trial activation rate from 1% to 5% by making an always-free tier available	Obj 1 KR1
KR2		

	Create a “basic” premium version, achieving 10% conversion rate from trial users	Obj 1 KR2

Obj 2	**Strengthen the value of the platform becoming the best OKR management tool for product teams**	**Linked**
KR1	Have 80% of users with OKR management tool with at least 1 login per month	Obj 2 KR2
KR2	Have 80% of users with OKR management tool with at least 3 KRs created	Obj 2 KR2

Acquisition team OKRs

Obj 1	**Become the de facto platform for product team’s performance analytics with a freemium model**	**Linked**
KR1	Increase trial activation rate from 1% to 5% by allowing free tier subscriptions	Obj 1 KR1
KR2	Achieve 10% conversion rate from trial users to premium	Obj 1 KR2

Obj 2	**Increase the number of users through the expansion of the value proposition to OKR management**	**Linked**
KR1	Create OKR premium service and subscribe 20 early adopters	Obj 2 KR1

Customer success team OKRs

Obj 1	**Become the de facto platform for product team’s performance analytics with a freemium model**	**Linked**
KR1	Create self-service user structure creation to reduce manual work required to 0hs	Obj 1 KR3
KR2	Increase premium features usage during trial to 25%	Obj 1 KR2

Obj 2	**Strengthen the value of the platform becoming the best OKR management tool for product teams**	**Linked**
KR1	Create OKR onboarding process leading 80% of users to 3 KRs created	Obj 2 KR1

Marketplace team OKRs

Obj 1	**Make team performance analytics available in platforms customers are already using**	**Linked**
KR1	Subscribe 10 early adopters to team analytics Jira dashboard plugin	Obj 3 KR1
KR2	Have at least a monthly login to the dashboard	

Conclusions of team drafts

As you see, there is a strong alignment between area OKRs and team OKRs.

Key results vary from team to team, reflecting what each one adds to the desired higher-level outcome. Changes in the objectives wording also show the precise teams' ambitions related to the area goals.

A few takeaways:

- Some KRs combine to provide the final result, such as "*Increase premium features used during the trial to 25%*" from the customer success team, which builds on "*Create a basic premium version to achieve a 10% premium user subscription rate*" from the core team.
- There are KRs that, due to their shared nature, are used in more than one team, such as "*Increase trial activation rate from 1% to 5%*." The core team needs to create the free layer access, and the acquisition team needs to promote it, but the two teams succeed through the same outcome.
- Some teams are pushing beyond the area goal. For example, the Marketplace team aims to generate early adopters, but they also want to prove the value of frequent logins as part of their outcome.

Managing Dependency Conflicts

The team was motivated through the strategy and roadmap processes because their work felt aligned, and everyone was pulling toward the company's OKRs. However, some dependencies needed to be verified and discussed.

1. Acquisition with Core teams for the freemium model

Since the scope had yet to be defined, both teams needed to understand what the free tier would look like, when it would be ready for promotion by the acquisition team, and how they would convert to premium.

After a quick conversation, they decided that their free tier's scope would be somewhat experimental, so they needed to work considering rapid iterations of the model. They also targeted the second month of the quarter as the moment to start promoting and testing new subscription pages.

This alignment confirmed the key result and coordinated how they would work together during the quarter.

2. Customer Success and Core teams working together on user onboarding for the goals platform

The customer success team wanted to help onboard users onto the new goals platform through a guided tutorial. The core team would need to create a few “hooks” in the platform to achieve this.

When the customer success group highlighted this dependency, they immediately saw that the core team was already at full capacity with their current goals. Since the core team was building the initial platform, it would be challenging for them to work on the hooks in parallel.

On that basis, the customer success team decided to drop the key result and consider it for future quarters.

Quality Review

During the quality review, the team identified that the characteristic that most required improvement was “well-defined measurement.” Once they had reviewed each key result, the leaders modified many of them to make the measurement more precise.

Obj 1	**Existing**	**New**
KR1	Increase trial activation rate from 1% to 5%	Increase trial activation rate from 1% to 5% in the last 15 days of the quarter
KR2	Convert 10% of new users to premium users to sustain current revenue	NA (already mentions new users of this quarter)
KR3	Reduce manual work required to set up client structure to 0hs	Reduce manual work required to set up client structure to 0hs for new customers during the last month of the quarter
Obj 2	**Existing**	**New**
KR1	Subscribe 20 early adopters for OKR management with +10% premium price	Subscribe at least 20 early adopters for OKR management with +10% ARPPU
KR2	Average at least 3 KRs and monthly logins per customer	(Split) 80% of platform users have at least at least 3 KRs

KR3		(Split) 80% of platform users have at least a login in the last month of the quarter
Obj 3	**Existing**	**New**
KR1	Subscribe 10 early adopters to team analytics Jira dashboard plugin	NA

Some cases were related to time, for example, "*last 15 days of the quarter*." Others were related to the specific metric, like "*+10% ARPPU (Average Revenue Per Paying User)*" instead of "*+10% premium price*."

In the second objective, the leadership team adopted the core team's improved key results, reflecting the bottom-up nature of this process.

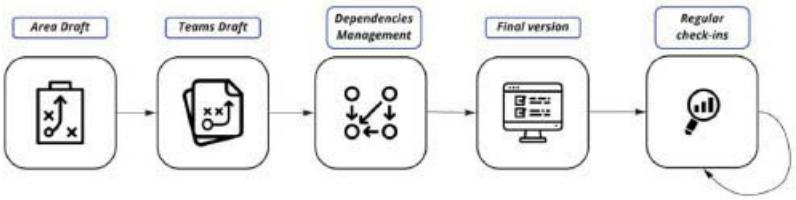
Closing the Example Section

Using the SquadStats example, you can see how to get from roadmap items to more granular items and KPIs in order to formulate your OKRs.

We also visualized how to go from the original draft using the team's bottom-up input to give extra granularity, and how to increase the quality of the targets using the seven characteristics of great objectives.

Section 3

SUMMARY



Objectives and Key Result are an extremely popular goal system for product development. They have several benefits, ranging from their simplicity to their focus on outcomes rather than outputs. Their characteristics fit perfectly with the product direction benefits:

- They help align teams toward ambitious goals.
- Teams retain autonomy and decision making over the outputs, which increases motivation and accountability.
- They are lean and scalable, adding little additional work to define and track them each quarter.

Despite the framework's simplicity, you need to dedicate time and effort to co-create a thoughtful set of definitions to deliver these benefits. The process is simple, with four steps:

- ***Define drafts***: Each team creates their initial version based on the roadmap but exploring the metrics they aspire to impact in more detail. Using tools like KPI trees or leading indicators analysis, they can select granular measurements for their efforts. Finally, they can link the goals, ensuring the desired alignment to the strategy.
- ***Dependencies***: Building on an initial version, teams identify potential conflicts and dependencies that need to be agreed upon before committing to the selected goals.
- ***Final values and quality***: To get beyond the draft version, you need to review each key result to ensure it is consistent with seven essential quality attributes (that can be expanded to match the team needs). The OKR critique concept is useful to share peer-feedback among teams.

Step	Output
Define drafts	Initial version per team
Dependencies	Verified that teams can commit to all defined KRs

Final values and quality	Ensure KRs are well-defined to deliver the expected benefits

Following those steps, OKRs enter recurring *check-in* reviews, in which you verify your progress and handle deviations.

Recommended Readings

Must read

- *Measure What Matters: How Google, Bono, and the Gates Foundation Rock the World with OKRs* – by Doerr, John

Recommended books

- *Radical Focus: Achieving Your Most Important Goals with Objectives and Key Results* – by Wodtke, Christina
- *Lean Analytics: Use Data to Build a Better Startup Faster* – by Croll, Alistair and Yoskovitz, Benjamin
- *How to Measure Anything* – by Hubbard, Douglas

Posts and PDFs

- Felipe Castro's "*Beginner's Guide to OKR"* – https://felipecastro.com/resource/The-Beginners-Guide-to-OKR.pdf
- Perdoo's "*The ultimate guide to OKR*" – https://www.perdoo.com/the-ultimate-okr-guide/
- Google Ventures popular video "*How Google sets goals: OKRs"* https://www.youtube.com/watch?v=mJB83EZtAjc

Section 4

Conclusion

"A piece of writing is never completed, but merely abandoned."

Paul Valery[62]

In This Section

- A part of Product Development
- What's next?

[62] La Nouvelle Revue Française (The New French Review), Article: Au sujet du Cimetière marin (Concerning the Cemetery by the Sea), March 1933. Probably inspired by the quote attributed to Leonardo da Vinci "Art is never finished, only abandoned."

A PART OF PRODUCT DEVELOPMENT

So far, we have focused exclusively on product direction. But how does this fit in the broader processes of Product Management and Development?

Most modern teams are working on two core processes:

- ***Product Discovery***: The steps teams perform to decide the best product to solve the customer and business needs. It involves activities directed to ***understanding the problem and validating the solution***, framing and reducing the value, usability, feasibility, and business viability risks.[63]
- ***Product Delivery***: Iteratively ***building and optimizing*** a robust, reliable, and valuable product, based on the discovery's findings to capture the desired outcomes.

While discovery is highly engaging, there are so many problems to solve that teams can quickly find themselves working in multiple directions, potentially leading to misalignments.

The role of ***Product Direction*** is to ***select the problems and goals*** on which we want to focus, to assure an aligned discovery and delivery processes (see Figure 4.2.1).

The diagrams in this section are quite complex. You can download high-resolution digital versions in the companion course.
https://nachobassino.com/pdcc

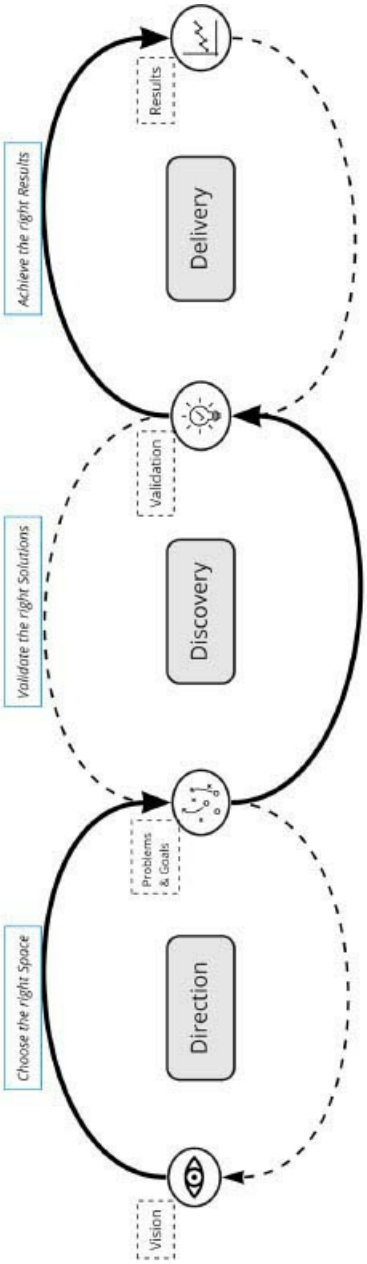


Figure 4.2.1 - How Product Direction interacts with Discovery and Delivery.

The Double Diamond

Another way to look at this is through the lenses of the double diamond framework created by the Design Council.[64] This popular design method describes two phases of divergence and convergence, starting by discovering and defining the product, followed by ideating and validating the solution. With this validation, we jump to the iterative process of construction and optimization of the product.

We can associate the diamond's activities to the discovery process, and as we have described, the first diamond starts by discovering a solution for a problem. But the method does not describe how to select the space on which we should focus. I consider the direction work as a third diamond, placed ahead of the other two and designed to enable you to choose from amongst the various opportunities (see Figure 4.2.2).

Starting with the product's vision, your first task is to diverge to identify all the potentially useful insights, which you then converge through your strategic selection and synthesis. This first diamond's output is selecting the right problem to start solving through the design process.

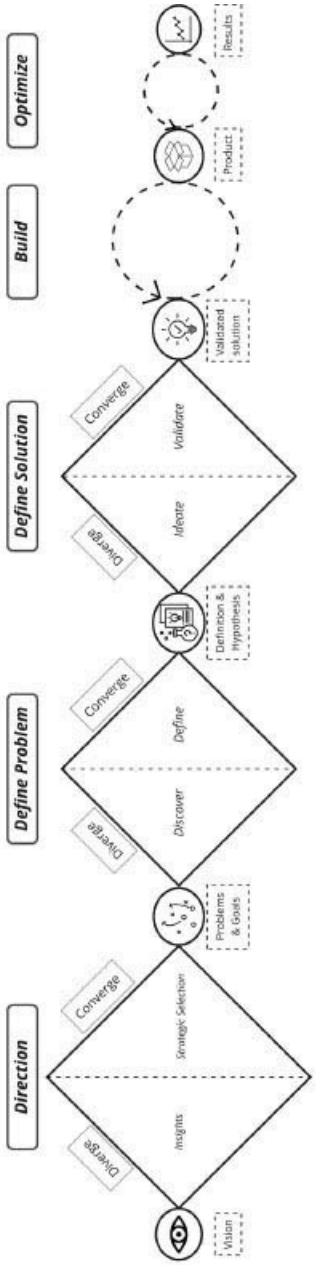
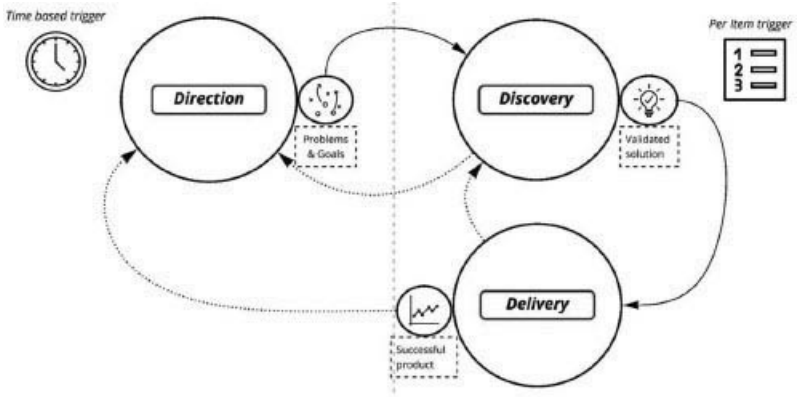


Figure 4.2.2 - Extending the double diamond diagram with Product Direction.

Time Triggered Versus Opportunity Based

The final consideration is the difference in how we start executing the process. When we are working on discovery and delivery, we are usually targeting an opportunity or problem to solve. We are more *backlog oriented*.

However, the direction work usually is time-based, using annual and quarterly cadences precisely to formulate the backlog of opportunities to be used in discovery and delivery (see Figure 4.2.3).



4.2.3 - Time triggered direction versus opportunity triggered discovery and delivery.

Events, such as a new insight, will trigger changes in direction at any moment. But with or without changing events, the pass of the time will get you reviewing your OKRs, updating your roadmap, and shaping new strategies.

Being Lean and Non-dogmatic

As I have repeated throughout the book, while I wanted to provide concrete tools and an ordered process, your use of these methods should not result in a strict or waterfall/gated execution. The use of tools or techniques in product development should be based on your context and what works best for your team.

While determining the strategy may seem hard to do in a *lean* way, there are many ways to *start small* and iterate your way to a better definition. If you try to cover all possible insights before selecting some early potential opportunities, it sounds like you are doing too much analysis before execution. You will likely start with some existing expertise on the critical topics to solve and leverage that knowledge to direct your initial diagnosis and insights. Using the described tools will help you enhance and sharpen how you use that knowledge and, with time, the picture will evolve and cover more varied options. But by starting with what you know, you can formulate some hypotheses, align, and focus on those ideas you are already executing.

WHAT'S NEXT?

We are living in amazing times. As product people, technology is enabling us to solve more challenging problems than ever before. A myriad of platforms helps us ship great products faster and cheaper than any previous time in history. We are mastering new tools and techniques to discover, validate, and define the best possible solutions to customer needs and capture business value.

Regardless of their position, leaders in product organizations are increasing their responsibility, being protagonists in shaping the company's future success and deciding the use of its most valuable resources. ***We need to take this responsibility seriously.***

Mastering product direction is crucial to successfully play this role, helping the organization decide on the best product investments and reap the rewards through an aligned execution.

I want to think this book is a joint venture between you and me. Throughout these pages, we have seen:

1. ***How to set your Product Direction***: This material's core purpose was to understand what a solid product direction is and propose a method to define the artifacts that give life to it.
2. ***How to go from ideas to execution, linking Strategy to Roadmap, and Objectives***: Through the product direction process, we reviewed the interaction between the different artifacts and simplified the jumps from one to the next. We learned how to communicate and align the entire organization toward our desired outcome to scale our impact.
3. ***How to increase your strategic thinking:*** Last but not least, anyone working on creating successful products can benefit from improving their strategic skills. These are required to develop successful products and grow in your career for any product-related discipline.
   Practicing with the processes and tools to create your product direction will help you develop your strategic muscle. We have seen:
   - Sources and frameworks to find powerful insights
   - How to create, synthesize, and visualize strategic drivers
   - Tools to craft a strategy beyond your current boundaries
   - Aligning all your activities to the higher-level goals with a deeper understanding of the context

The joint venture doesn't end here. We are doing this to create great products.

Now it's your turn. Go create your first strategy, roadmap, and OKRs. Remember to start *lean*: you will not have all the data, insights, all the buy-in. Rather than getting stuck by what you lack, start with what you have. Starting will give you the small wins required to increase your confidence, allies, and evidence of success to expand your work.

Go use Product Direction and build great products.

A small request

Thanks for reading so far!

There is so much more to do to build great products, and so many new tools will be created in the years to come to shape great strategies, roadmaps, and objectives. It will be up to you to keep exploring them.

While books are static and harder to change, other media can evolve as these concepts mature. Feel free to join my newsletter (at www.nachobassino.com/join) to stay up-to-date with the newest material.

I would also highly appreciate it if you can write a review of the book on Amazon, Goodreads, or wherever you feel like! Reviews are great for me to capture feedback and help spread the word about the book's contents.

I have created the companion course as an option to add new tools and material and keep the content updated. If you have not done it yet, you can register for free and get notified about new material:
https://nachobassino.com/pdcc

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[63] Cagan, Marty. *The Four Big Risks*, SVPG Blog, 2017. https://svpg.com/four-big-risks/. Discovery evolved over the last decade and set real outcome-driven teams apart from "feature teams" that focus solely on adding additional characteristics to their products.

[64] Drew, Cat. *The Double Diamond: 15 years on*, Design Council, 2019. https://www.designcouncil.org.uk/news-opinion/double-diamond-15-years

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Thank You

Thank You For Reading My Book!

I really appreciate all of your feedback, and I love hearing what you have to say.

I need your input to make the next version of this book and my future books even better.

Please leave me a helpful review on Amazon letting me know what you thought of the book.

Thank you so much!
Nacho Bassino