
PRODUCT
OPERATIONS
How successful companies build better products at scale
MELISSA PERRI
& DENISE TILLES

PRAISE FOR THE BOOK, PRODUCT OPERATIONS

The book is an insightful journey through the realm of Product Operations and a treasure trove of practical wisdom. It provides practical and actionable insights on aligning strategy to execution and harnessing data to drive rapid and informed decisions. An indispensable guide for anyone seeking to implement Product Operations, or take their current team to the next level while driving innovation within their organization.

—BRIAN BHUTA, CHIEF PRODUCT OFFICER AT FORSTA

This wonderful book will help those starting the discipline, beginning their product operations journey, or maturing the function at their organizations. It provides actionable takeaways that inspire you to get moving. An absolute must for product leaders and product operations professionals!

—CHRISTINE ITWARU, PRINCIPAL STRATEGIST AND FORMER HEAD OF PRODUCT OPERATIONS AT PENDO.IO

As a new product operations practitioner, this book has quickly become my bible and reference manual. I refer back to it again and again to remind me of a golden nugget of information, explain an approach, or advocate for Product Operations across my organization.

—ANGELA CASSIDY, OPERATIONAL EXCELLENCE AT LABSTER

Packed with practical, easy-to-implement action items, this book is an invaluable resource for those navigating the world of Product Operations or any leader in the midst of scaling a product organization. By using

examples that mirror reality, it simplifies complex paradigms, providing a practical roadmap for operational success. Product Operations is a significant force multiplier for any organization, simplifying the work for Product Managers and empowering leaders to excel. This succinct yet enlightening read is bound to transform your operational approach.

—MARIUS RØSTAD, CHIEF PRODUCT OFFICER AT AIDN

As a product leader, I recognized a lot of the pain points mentioned in this book. It was refreshing to see there is a way to solve these problems—one that isn't reliant on the heroic efforts of a few ultra-motivated individuals working in their spare time. The book offers a practical, actionable path to implementing a Product Operations function; one that actually delivers on its promise.

—AKSHAY SINGHAL, SENIOR DIRECTOR OF PRODUCT AT ECOATM GAZELLE

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HOW SUCCESSFUL COMPANIES BUILD BETTER PRODUCTS AT SCALE

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DENISE TILLES

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Visit ProductOperations.com to learn more from the authors.

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WHY WE WROTE THIS BOOK

It’s undeniable that product operations is finally getting the recognition it deserves. What started as whispers in the product community has at last been brought to the table for conversation by product leaders and individual contributors alike. Even some CEOs have heard of product operations. You could say it’s the shiny new thing these days. Not surprisingly, it seems many people want to implement it at their organization. The challenge? There is a lot of confusion about what product operations actually is. But once product managers, product leaders, and the C-suite fully grasp the leverage product operations brings, everyone will want it—and should want it.

Melissa’s Story

I can attribute the value that product operations offers to one of my early roles as a Product Manager at OpenSky. I remember desperately wanting to measure the outcomes of the products we were creating, but I had a problem. The data was locked up in our MongoDB database. I knew SQL pretty well, but MongoDB was another animal. At the time, we only had about 50 people in the company, and the engineering team was cranking through the value-adding functionality like clockwork. They didn’t have time for all of my data requests. So, I spent a month taking a MongoDB class so I could pull the data myself. I knew this would be valuable to make data-informed decisions, but I couldn’t help thinking that there was something wrong with spending a huge chunk of my time not doing product management work. I needed that data. It was critical. I just couldn’t access it. I didn’t realize it at the time, but a product operations discipline would have enabled me to get the data I needed, without having to learn a whole database language.

Fast-forward to 2017: I was brought into athenahealth, an enterprise healthcare SaaS company, to lead a transformation across hundreds of product managers. After training all of the product managers, we had to start designing the organization. Upon evaluating the main challenges faced by the product management team, I identified a few issues: they had no easy access to data; the strategy and roadmap planning cadences were taking a huge amount of time; and there were no consistent templates across the organization. The product managers were eager to apply their training, but they felt stuck. Product leaders felt stuck, too. They couldn't reconcile the roadmaps at scale.

We decided to start a product operations organization to help tackle these problems. Over the next few months, many product managers who felt that the traditional product management role was not right for them transitioned into these new roles, led by a VP of product operations. It was then that I observed firsthand the power of this function—streamlining systems at scale and enabling the teams and leaders to make better decisions.

After athenahealth, I had the opportunity to implement product operations at many portfolio companies of Insight Partners. I built a team of a few VPs of product and data analysts through Produx Labs, who helped the high-growth companies do their manual baselines and set up their roadmaps for implementation. Watching the CEOs, board members, and Chief Product Officers gain clarity into the performance of their organizations to make critical strategy decisions further solidified my confidence in this function.

I touched briefly on product operations in my first book, Escaping the Build Trap, and many people have asked for more. Now I can finally say: You've got it! I truly believe this empowering function is the key to scaling product management value. I have done this work in all types of organizations over the past six years—from Fortune 50 software-enabled enterprises to high-growth software-as-a-service (SaaS) scale-ups. The power of streamlining insights into your business, customers, and processes can make the difference between a company succeeding and not.

Denise’s Story

I experienced the benefits of product operations back in 2014. I didn’t know what it was called, but I quickly became a believer in the need and the outcomes it could enable. I was recruited to a B2B SaaS (business-to-business software-as-a-service) company in New York City. Although the VP of Product role seemed intriguing, I was really excited to work for the charismatic CPO. My boss couldn’t have been more supportive of my plans to shape the product team.

As we were discussing potential roles I’d want to hire, he suggested a product analyst. My boss explained that this person would be focused solely on data and analytics, but more importantly, surfacing actionable insights with that data. He was emphatic that if we truly wanted to be data-driven, this was a key hire. This was music to my ears. In my past experience as a director of product, accessing data and pulling out the “so what” was a challenge, given all of the other responsibilities of the product manager, such as discovery, delivery, commercial strategy—the list goes on.

We hired someone overqualified and amazing for the analyst position and upgraded the role to a VP level. We pivoted and built out a three-person team: the VP, a product analyst to crunch the data and glean insights, and a user research analyst. Within a year we’d identified and modeled out the opportunities for a potential add-on product. We established testing capabilities and launched a Wizard of Oz experiment that earned $1MM in year one. After this experience, I was blown away by the power this team could provide to me and my team of six product managers.

Thinking back, I realize that our team was doing product operations in 2014. I saw its value firsthand. I feel passionate about helping other product teams understand what a little investment can yield: empowered product

managers, products customers love, and better business outcomes. Since then, I've been a product leader for over ten years and a consultant for the past few years. I've helped companies like Sam's Club and ATB Financial stand up or mature their product operations, based on my own experience and seeing what "good" looks like at dozens of client companies. I've coached numerous product operations leaders in establishing their practice and notching quick wins. It's exciting to see how product operations is growing, especially in scale-up and enterprise-stage organizations.

Our Story

Produx Labs has been offering a product operations master class since 2020, and the waiting list is ever-growing. We started saying, "Wouldn't it be great to have an essential primer?" It would clarify the "what, why, how, and when" of product operations for all product people, whether they are team members or chief product officers. A book could also be a persuasive tool in helping product people make the case to their CEO or manager on the value the function can bring to their organization.

We've also been reading some "hot takes" on the subject around the internet —some positive, some negative. The timing seemed right to write a book on product operations and clarify how we've seen it work. So here we are.

Product operations is the discipline of helping your product management function scale well. It's about surrounding the team with all of the essential inputs to set strategy, prioritize, and streamline ways of working.

Over the years, we have found that there are a few key pillars that make up a well-functioning product operations team: data and insights; customer and market insights; and process and governance. At its core, product

operations is an enablement function. Think of it as the product manager for the product manager. Product operations teams are in charge of making sure that the product management function in the organization gets what it needs to stay healthy and valuable. It sets up the operating model for how product management is done at your organization. In this book, we'll be breaking down each of these key areas and what they can mean for you to level up your product team at scale.

You may be wondering, "Is product operations right for my organization? Are we ready?" As is often the case, the answer is: It depends. For the sake of focus, this book centers primarily on scale-up and enterprise organizations. We define "scale-up" as businesses in the growth stage of commercial operation with solid traction and existing customers. They're past the Series A round. These businesses are generating recurring revenues, likely ~$100MM annually, while experiencing solid growth, but still may not be profitable. This is the phase where growth goals get even more aggressive, as high as ten times over five years. And if your company is more in the start-up stage, fret not: The case studies and examples are intended to be broadly applicable. There is ample practical advice in the coming chapters to help you on your product operations journey—wherever you are.

Throughout this book, we'll be following along with a fictitious company, Pipeline 3K, as it embarks on its product operations journey. Pipeline 3K is a B2B SaaS company that enables hiring pipelines and staffing on the candidate side. The company is used by hiring managers to streamline the hiring of product, engineering, and UX teams. It recently merged with a company solving the same problems for recruiters to enter into a new market. Now it is getting ready to raise a Series C. The competitive differentiation? Recently patented machine-learning capabilities that match hiring managers or recruiters and candidates at a 60 percent accuracy rate. Forty percent of those matches result in a hire.

While Pipeline 3K is a fictitious company, we have come across many real companies with similar stories. Our goal is to share wins and challenges we see consistently, so that you can reap the benefits of hindsight.

In the chapters ahead, we also will share case studies from very real organizations including athenahealth, Amplitude, Oscar Health, Fidelity Investments, and others who have implemented product operations. They will share what worked for them and their lessons learned.

We've worked with dozens of companies to set up their product operations, and we're excited to share our framework with you. We hope you see the same value in it as they have.

Let's start the product operations journey here, together.

—Melissa & Denise

PART 1

INTRODUCTION TO PRODUCT OPERATIONS

Why was product operations invented? Product managers have to be great at everything.

—SARAH STOLOVITCH, FORMER SENIOR DIRECTOR OF PRODUCT OPERATIONS AT KIRA SYSTEMS, A MACHINE LEARNING CONTRACT ANALYSIS TECHNOLOGY SOLUTION.

Ashley is sitting in her new office, forehead on her desk, screaming internally. She was really wishing it wasn't unprofessional to just do it out loud... something a little bit primal. That would make her feel better.

She's been at Pipeline 3K for a few months, and things were going swimmingly until recently. Ashley had killed it in her first board meeting, presenting a snapshot of the current and near-future state of the product portfolio to help everyone understand the return on investment they were getting. Unfortunately, the five weeks she spent preparing for that meeting almost killed her as well.

As she prepared for the next board meeting, Ashley realized it would be an impossible task to get anything else done…. like the product strategy she was hired to create. It had already been five weeks at the company working her butt off to get the information she needed. Now when she finally had a chance to sit down and turn that into a product strategy, she was going to have to do it all again because the data she had painstakingly collected was

already obsolete. The board didn’t want just a snapshot of how things were going today—they wanted a path forward. That was the valuable work she was hired to do.

Ashley was brought on as the first Chief Product Officer to help scale the organization into the next phase of growth. She had her work cut out for her. The business had just taken two organizations in hyper-scaling mode and smashed them together in a merger, and it was her job to figure out what to do next. Hoping to find a path to clear growth and, ultimately, an exit strategy, the board wanted better visibility into how product development was going to achieve the company’s goals. Revenues had been steadily increasing over the past two years, and the organization was projected to be at $100MM ARR (annual recurring revenue) by the end of the year. The CEO, Sunita, a seasoned leader with aggressive growth plans, had informed the board that Pipeline 3K is poised to achieve $210MM in revenues by the end of the following year.

As a first-time CPO, Ashley was eager to take on the challenge of helping Sunita push the company forward by leading the product strategy at Pipeline 3K. She had been recruited into this role from Maximizely, a testing and analytics platform, where she was VP of Product for four years. Most of her team had been former data scientists who made the move to product. As a result, their work had been heavily data-driven, and she knew that with the right data, she could help Pipeline 3K’s board understand investment decisions and the clear path forward.

Ashley thinks back to her first day of work. CEO Sunita had told her she would be presenting to the board in five weeks, and Ashley was eager to make a good impression. She got to work straightaway to pull together a view of the product portfolio that would be actionable and useful for their conversations at the board meeting. At Maximizely, this usually took her a few days with the tools they had built to inform, create, and monitor their strategy. She knew this would not be the case at Pipeline 3K, but she had yet to find out how bad it really was.

First, Ashley met with her product leaders to explain what the board was looking for and gather their roadmaps. Five of the six product leaders sent Ashley their roadmaps by the end of the day. She anticipated that they'd be in various formats and she'd compile the items into one portfolio-level roadmap for the board, rolling up the different initiatives to show how they'll move the business forward. She spent about 30 minutes reading through them before realizing that this would be a bigger task than she had originally thought. Not only were the roadmaps in different formats, but they were also expressed in different levels of detail. Three of the roadmaps were at the feature level, one was expressed in themes with no features or hypotheses, and the last one was so high-level that it could have been the company strategy.

Digging in deeper, Ashley noticed that her direct reports either had too much specificity in their 6-12 month timelines or not enough. She knew she'd have to fill in the gaps and make the best of what she had, but she began to wonder how they had validated that these were the right things to build, and if they had even validated them at all.

She reached out to Marcus, one of the Directors of Product. "Can you do me a favor? Will you ping the other product managers and confirm what inputs they used to formulate their roadmaps? Sales trends, churn, engagement data, revenue, user interviews, etc.—whatever they used."

Marcus messaged Ashley back within ten minutes. "I pinged everybody. The short answer is that we created our roadmaps based on the data we could find—gaps to catch up with our biggest competitor or some of the features our big clients were demanding. We used what little data we could pull out of systems but, long story short, we have very little data implemented. Every time we made a push to get some kind of analytics installed, it's been relegated to the bottom of the list."

Sigh. While Ashley knew the team was a bit green, the real problem was bigger than she thought. She'd have to train some of the weaker team members, However, even with training, they still couldn't do their jobs well without data. Furthermore, the absence of standard roadmapping processes, templates or a common framework for articulating roadmap outcomes hindered her ability to quickly aggregate this information so that she could move on to translating it into an overall strategy.

Adding data enablement to the growing list of what she needed to fix, Ashley turned back to the portfolio roadmap and determining which data she would need for a successful board meeting. In addition to the features they were building, she needed to present a view of capacity planning and investment allocation across the teams. Then, she needed to understand their ARR by persona and product to see where they were winning and losing. It would also be great to get the qualitative inputs needed to understand their churn numbers better— those were an overall concern. This was going to be a lot of data.

Ashley turned to the CTO, Lars, for the capacity plans and got a fuzzy picture of how the developers are allocated to teams. She spent a few more days trying to track down exactly who was working on what so she could get an accurate number of developers dedicated to certain types of work. She then went to the CFO to get the financials and allocate them in the context of R&D spend. The reports were not formatted in the way she needed them to be, so she had to sift through the raw data to make sense of them and get them in the right format. Three weeks later, she was still tracking down the data from all different teams— customer success, sales, finance, and engineering. It was a mess.

Despite this whirlwind, by the time her first board meeting rolled around, Ashley was optimistic. She had pulled together a pretty decent deck for the board that would help explain the financials. The board was impressed and eager for more. They were excited that they finally had the visibility needed to connect the dots between the investment decisions being made on the

product development side to the overall business goals, even if it only represented what was happening today. She left the meeting intending to get started on the hard valuable work she was hired to do—taking all this information and now translating it into a real product strategy that moved the company forward. Now, only one month into that work, Sunita was back emphasizing that it was time to get ready for the next board meeting, and they needed to update their numbers. This was unsustainable.

By the time she finished gathering product and financial data for the board meeting, it was time to gather data again. Everything became obsolete since they weren't able to access it in real time. On top of that, how would she possibly be able to monitor the effectiveness of a product strategy? How could she even have time to write a product strategy? Ashley had understood that as she dug in during her early days on the job, she'd uncover the true condition of the teams, but didn't expect this.

There was an upside and a downside, though. The upside was that she knew exactly what she needed to do. At Maximizely, Ashley implemented and grew their first product operations team, which tackled these exact problems, and more. It was the driving factor behind why the company scaled so quickly—they could make strategic decisions on the fly. On the downside, product operations was going to take some time to implement at Pipeline 3K and she didn't have a lot of time before the next board meeting. But she knew once it was up and running, she was unlikely to run into the same problems again. So she rolled up her sleeves and started to outline a plan.

1

WHY PRODUCT OPERATIONS?

Just when and how did product operations come to be? We wish we could point to that one future-thinking company that had the foresight to lead the way but, in reality, it's been a slow and steady evolution.

When companies start off small, things are usually groovy. We have one product, a small team, and a lot of knowledge about what the rest of the company is doing. Then, we run into the pressures of growth. So we introduce our second product… then the third… then more. Things are looking good: More revenue! More customers!

Now we need to hire more people. Your organization grows to support this multi-product portfolio, and before you know it—BAM!—mini fiefdoms! Everyone is worried about their division in the company and their own product lines. People are reluctant to share information, and in some cases, don't even realize the importance of doing so. Different processes sprout up, both internally and cross-functionally, and now, no one knows how to pull it all together to continue growing.

Many companies want to reap the benefits of economies of scale, commonly achieved by software companies. Most software-enabled companies, like financial institutions, have gone through a digital transformation where software is now their primary driver of value for the customers. As our businesses change shape, so do our ways of working. We need to make sure we're breaking down these silos of information and capabilities that arise at scale. Agile came on the scene to help break the silos between the business and technology, but it didn't solve all of our problems. In many organizations, sales and marketing teams still don't know how to work with product development.

Product operations arose from the need to bring modern software teams and cross-functional stakeholders together to deliver valuable products, from the need to surface the right information in order to make strategic decisions, to helping all departments understand where they can have an impact on the product life cycle.

Functional operations teams are not a new concept. Marketing and sales operations have been a mainstay at companies for years now, as they have been the primary driver of growth in businesses before the explosion of software. As companies think about making the move from being sales-led to product-led, that transition is enabled more and more by product operations.

Like Ashley, many chief product officers realize the value of product operations and the ways in which it has become a critical piece of the puzzle to scaling product organizations effectively. Those who have implemented it swear by its efficacy and say they'll never work somewhere without a product operations team again. But sometimes we see the opposite point of view.

We worked with a VP of Product who had diligently explained product operations to their CEO, who was totally unmoved by the information. The CEO just didn't understand why the product managers couldn't cover the functions of product operations. This seems to be a common take for some nay-sayers. You'll find a sampling of the most common objections to product operations and how to counter them in Part VI: "Getting Buy-In." Lots of product managers are, in fact, taking on many aspects of product operations. What's the problem with that?

Well… they're burning out.

Look, we all know that product managers have an ever-expanding scope of responsibility. We hear from our leaders that we need to:

Be data driven

Be excellent at prioritization

Develop and maintain an outcome-based roadmap

Function as the uber-diplomat with stakeholders

Be a collaborative yet decisive partner to engineering and UX

Speak regularly with customers

Ensure discovery is built into the process

Develop processes for the team

Master delivery needs

And, and, and…

Additionally, when certain functions don't exist, we step in to take them on. Many product managers and leaders are creating frameworks, doing complex data analysis, stepping in for a nonexistent product marketing function, and organizing strategy meetings for executives off the side of their desk. One product manager told us, "A lot of the 'typical' product operations responsibilities are currently covered by senior leaders in their 'spare time,' and we're now reaching a scale where this is no longer feasible."

It's just too much, and product managers know that. Many product managers get fed up and leave, which is costly for their organizations. Product managers are not cheap, nor are they easy to hire.

Product operations helps solve this problem. It enables your product managers to focus on the most important outcomes—the things you hired them for:

Company growth

Achieving business goals

Creating customer value

Aligning well with stakeholders

It also allows the leaders to focus on what they were hired for—strategic decision-making. Product operations arms them with the tools they need to do this well and consistently. With the introduction of product operations, you'll get an overall happier product team. They'll feel supported to do their best work because they have the necessary inputs to make good decisions and a process to act on those decisions. You'll have an organization that works as a team to develop the best products for their customers.

We want to be clear here: product operations is not a replacement for unskilled product managers. You need to either hire or train the right people and make sure they can do the job. They need to be great at user research, analysis, problem identification, problem solving, working with teams, experimentation, and all the other skills that are required of a fantastic product manager. But, without an infrastructure set up to enable them to execute on those skills, many companies will see their product managers and product leaders fail. As we will find with Ashley, you can hire the best product leader in the world, but you need to arm them with the tools they need to succeed.

In the coming chapters, we'll show you how and where to focus your efforts. If you're in the process of standing up product operations, we do not recommend trying to do everything at the same time. Home in on the one

pillar that's the biggest pain point and opportunity for your organization. Already established the function at your company? We will share other leaders' experiences to help you see around corners. For example, your product operations team may currently be focusing on processes, but you may experience pain points around quantitative and qualitative data as your company scales. As you go through the book, there may be some "ah-ha!" moments around future areas of support your organization will need.

So, just how do you know if your company could benefit from product operations? Here's a high-level view of the challenges organizations experience and the benefits reaped by implementing the function. We'll give even more specific examples of challenges and benefits in Part V: "When and Where to Start."

Data and Insights

If your biggest pain point is...	Product Operations can enable...
Enabling data-driven decisions needed to manage a complex, scaled portfolio	Increasing the speed and quality of decision-making

Customer and Market Insights

If your biggest pain point is...	Product Operations can enable...
Products launching without a clear understanding of the customer problem	Systems established to allow insights for customer-centric products

Processes and Practices

If your biggest pain point is...	Product Operations can enable...
Teams spend cycles deciding *how* to do the work instead of actually *doing* the work	Removing barriers to better collaboration and ways of working

2

WHAT IS PRODUCT OPERATIONS?

As a former product manager, I empathize with the difficulty of the job. With that empathy in mind, every product leader naturally gravitates toward thinking about how they can make the job easier and build up scalable systems.

—SRINIVAS SOMAYAJULA, FORMER HEAD OF PRODUCT OPERATIONS AT CALENDLY, A SCHEDULING PLATFORM

So, what exactly is product operations? This is how we like to think about it:

Product operations is the discipline of helping your product management function scale well—surrounding the team with all of the essential inputs to set strategy, prioritize, and streamline ways of working.

Let’s break it down.

As laid out in Melissa’s book, Escaping the Build Trap, product strategy is a system of achievable goals and visions that work together to align the team around desirable outcomes for both the business and its customers. Product strategy emerges from experimentation toward a goal. Initiatives around features, products, and platforms are proven this way. To enable the strategy, you need core inputs like quantitative and qualitative data,

including revenue and engagement metrics, customer feedback, segmentation, and more to inform your focus—the “bets” you want to make.

If you’re attempting to set strategy without these core inputs, you’re making uninformed, and likely, quite costly bets. If you could surround yourself with data and processes to elevate the strategy that leads to positive customer and business outcomes, why wouldn’t you?

Product operations enables pulling all the information from across the organization together into a cross-functional view to help leaders and product managers make strategic decisions. This aligns the entire organization around the goals. The second part is bringing the organization together in determining how to reach those goals. In other words, product operations is the art of removing obstacles from skilled product managers and product leaders to make evidence-based decision-making. How does product operations do it? It provides the infrastructure needed to enable the product team to make strategic decisions and align the company around them.

Now, don’t get feisty. We’re not talking about implementing an overload of processes here, but a little goes a long way. It helps clear up many of the frustrations you see every day in organizations, like:

How do I, as a sales leader, contribute to the roadmap?

How do we solve the problem of every product team using different go-to-market processes?

How do we do annual planning in a data-informed way and communicate that strategy effectively?

How do I, as the CEO or CPO, connect the actions of the product development teams back to the outcomes we want to achieve?

These are just a few of the problems we see in scaling organizations, and product operations has ways to solve them all. At its core, product operations is an enablement function. It does not make the decisions, but it makes the decision-making process easier and more transparent. And as a result, the quality of decision-making is improved. To do this, we focus on three core pillars: data and insights; customer and market insights; and process and practices.

3

THE THREE PILLARS OF PRODUCT OPERATIONS

While Ashley felt pretty confident in her product operations implementation at Maximizely, she wanted to make sure she wasn't missing anything that could be useful at Pipeline 3K. So, she turned to the interwebs to do some research. Coming from such a data-heavy background, she assumed that data was always the right place to start, but she found stories of other companies who focused on customer insights first. Several other companies were homing in on ways of working.

Ashley started to think about her very acute need —real-time, actionable data. From what the team had told her, there was some product data available; however, the engineers would have to pull it, and their boss was a stickler for following the request process. The process? A Jira ticket outlining the desired data and a mini business case on why it's needed. On top of that, the engineers required a three-day minimum timeframe to pull and provide data. Ashley began to realize that there were essentially no short-term solutions for developing a more real-time snapshot of their key product data, which is vital for updating the board, informing roadmaps, and monitoring strategy. She started to wonder: What could it look like to have a consistent flow of data and business insights available for the team? Should she start there, or were customer insights also a mess? There was a lot of ground to cover.

Ashley was weighing the differences between the three pillars of product operations and how they might help her in the short and long term. All of these pillars enable the product management team to craft a compelling product strategy and deliver on it, but in different ways. While each one is certainly helpful individually, putting them together is truly the game changer.

The first pillar is Business Data and Insights, which enables the collection and analysis of internal data for strategy creation and monitoring. It provides leaders with a view that tracks the progress of outcomes so they can reconcile research and development (R&D) spend and return on investment (ROI). In addition, it contextualizes the business metrics, like ARR and retention, with product metrics to help leaders and product managers make strategic decisions.

The second pillar is Customer and Market Insights. While the first pillar focuses on pulling out information that we generate internally, this pillar facilitates and aggregates research that we receive externally. Part of this is streamlining the insights we receive directly from our customers and users and making them easily accessible for team members to explore. Another part of it is providing the teams with the tools they need to conduct market research, like competitor analysis and total addressable market/serviceable addressable market (TAM/SAM) calculations for potential product ideas. We'll dive into TAM and SAM deeper in the chapter on Market Research.

The third pillar is Process and Practices. This pillar scales the product management value with consistent cross-functional practices and frameworks. It defines the product operating model for the company, which specifies a few things: how the company creates and deploys strategy, how cross-functional teams collaborate around strategy and deployment, and how the product management team functions. Product governance and tool management also fall under this area.

The three pillars provide the framework for a robust product operations model. Of course, many established functions that produce qualitative and quantitative insights have existed in tech-powered companies for more than 20 years. If you have these capabilities today, there may be value in repositioning them in your organization under product operations. Each company has unique needs, so your structure may not look exactly like

what we describe here. That's okay. If you don't have these data competencies today, it's definitely well past time to put them into place. When considering how you might scale out a team to address these challenges, it's important to evaluate your company's biggest needs and pain points. You don't need to stand up all the pillars at once. Over the next few chapters, we'll join Ashley in her quest to understand how each of these pillars can help her team, and in turn, yours as well.

Figure 1: The three pillars of product operations

PART 2

PILLAR 1: BUSINESS DATA AND INSIGHTS

We want to make more data-driven decisions, analyzing each of our products in terms of the revenue opportunity, and also the cost involved where everything has got to be an ROI decision, not an emotional decision based on what people think is happening in the market.

—JOE PEAKE, HEAD OF PRODUCT ANALYSIS & OPERATIONS, FEATURESPACE, A FRAUD PREVENTION AND RISK MANAGEMENT SOLUTION

Pipeline 3K's board meeting went as well as could be expected, given what Ashley was working with in terms of roadmaps and data. She had done everything humanly possible to pull together a preliminary product strategy to discuss, but it wasn't where she wanted it to be. Sunita was not happy, hoping that by now they would have a clear path forward, but she conceded that the organization had been operating with meager data and insights for quite a while.

"Perhaps I made things sound more evolved than they really are at Pipeline 3K," Sunita said. "We probably could have been more transparent when we interviewed you a few months back. I just wanted you to take the role." Hearing this, Ashley felt relieved, but also a little annoyed. The CEO had sold her a rosy picture of Pipeline 3K's current state of product, and the reality was far from that (a situation that's all too common when CEOs are desperate for someone to take the CPO role). So now it fell on Ashley to get the ball rolling and start building this version of a data-informed masterpiece she had thought already existed.

It was clear Rome was not going to be built in a day, but if she never laid the first brick, it wouldn't be built at all. Ashley already knew the inputs needed for the product portfolio board slides; she had pulled them manually —twice. Now she needed to instrument it for longer-term needs. But first, she needed to get the realistic lay of the land on the current state of data from the team. So off she went.

The first stop was back to her direct report and product management leader, Marcus, to find out what he knew.

"Marcus, what types of analytics do we currently have instrumented on the website?" Ashley asked. "During my interview, they said we had a product analytics platform installed and we had been gathering data for about a year. Can we pull a list of the event tags?"

"Yeah… about that," Marcus started. "While we bought the platform last year, we haven't been able to get engineering time to dedicate to installing the tags. No one thought it was worth it! I've been banging my head against a wall this whole time, fighting with engineering just to dedicate some capacity."

"So you told me that people were trying to be data driven now, what are they really doing?" Inquired Ashley.

Marcus took a seat and sighed. "Well, it depends on who you ask. Personally, I've been learning SQL and MongoDB so I can get the data out myself. We can't get the engineers to run reports consistently, and I need to know what I'm working with before I can commit to building things. When I complained that coding wasn't part of my job and it was taking me away from actual product management work, I was told to be a team player, roll up my sleeves and just dive in. It feels like a waste that I need to learn two scripting languages just to get data to make a decision. Others, well, they

gave up a while ago and just decided to guess. You should talk to Jill, though. She has been making her own reports that could be helpful to understand."

Ashley added "properly instrument user analytics" to the list, and went off to find Jill. When she met with her, Jill began to run through her reports.

"I've been creating reports for the team and myself so that we can keep track of our progress toward goals," Jill shared. "It's not perfect, but I was able to teach myself SQL and dig through what data I could find. The problem is, a lot of the data I am gathering is not the same from every source. If I get financial data in one system, it's not aligning in another. If I get product analytics from database actions, it doesn't meet what limited information we do have in our analytics tracking. No one trusts my reports now, not even me."

Jill was on the right path, but it was clear Ashley had to get her some help. She couldn't spend all her days reconciling the information between every system in the company; that wasn't her job. Besides, Ashley needed her leading a team of product managers. That was where Jill thrived.

"Okay, we're going to hire someone to help you with the reports and data. This is a fantastic start. What about the cost and revenue of R&D capitalization? How are you tracking that for finance now?" Ashley asked.

"Oh, finance asks for that all the time, but I have no idea how to track that," Jill responded. "I was making things up before you came. Our CTO refuses to do any hourly tracking of time because we don't want to make the engineers feel like we're micromanaging them. Without that, I don't know how to allocate salaries back to capitalization projects."

Ashley remembered a rock-star data analyst she recently met in a sales meeting. Rose was currently on the sales operations team, but had mentioned to Ashley that she had worked with a product team at a prior company. She might be just the person to help them get things in order and free up Jill.

Ashley quickly called the CRO, Jennifer. “SOS: We could really use some help to reconcile product analytics into a single source of truth. I’m trying to finalize the product strategy and roadmaps. You heard the board —they want all of it yesterday. Is it possible for us to borrow Rose from sales operations for a couple of weeks? She would be able to help me get the data I need to make this much faster.” Jennifer really wanted the product roadmaps to be done so her team could start selling new features. She said it was fine and agreed to have Rose help the product team. One problem down, likely many more to come.

Ashley made some notes, and then went back to her desk to start drawing up the plans she would need for the future data and insights team. She got some temporary support with analyst Rose, but she would need to make the case to Sunita that the team needed a dedicated product analyst.

While many companies do have data analysts that are helping to pull together a view of company metrics, they’re often not doing this with the product context needed to create and monitor product strategy. If your data team lives outside of product, product operations can harness these insights to ensure a consistent flow of data to the product team. If you don’t have an established data team, we recommend starting your data capabilities under product operations. There are several steps to implementing a robust data and insight capability in your product operations team:

Understand which questions you need to answer to inform your product strategy at all levels of the organization.

Determine which pieces of data you need to track to answer those questions.

Determine which systems the data lives in and how to extract it.

Create a baseline dashboard view of the data by pulling the data out manually.

Automate the dashboards through a business intelligence tool and connections into the systems, so that the data refreshes constantly.

In this next section, we'll outline each of these steps for assembling your data and insights management, following the same approach as Ashley.

CONTEXTUALIZING DATA FROM A PRODUCT PERSPECTIVE

Business and data insights are key value drivers for product teams and leaders alike. How? Product leaders can help CEOs understand the “why” of the work we do—accelerating growth and maximizing earnings before interest, taxes, depreciation, and amortization (EBITDA [1]) by surfacing, acting on, and monitoring product levers. Product operations is an enabler of that value. Revenue and cost analysis is a core part of the product operations process. All of your financial activities inform product portfolio performance and alignment to business goals.

Let’s say that your organization is focused on topline growth—growing revenues through an informed and clearly articulated product strategy. The objective would be to monitor product and portfolio financial performance, as well as prioritize retention and growth investments. But how do you know your strategy is correct and will deliver on the objectives? You need the evidence, filtered through a product lens. That could include looking at things like:

Month-over-month product profitability

Usage by user/company

Status of new and ongoing products

Market data on adjacencies and competitors

Customer Key Performance Indicators (KPIs) by segment

TAM expansion opportunities

Maybe your CEO is maniacal about increasing EBITDA. They want to manage costs by optimizing allocation of efforts and improving efficiency. In this scenario, the end game is maximizing enterprise value by controlling operating costs. Being able to optimize R&D spend and cost of goods & services (COGS) to deliver strategy efficiently is critical as well. And how do you know you're getting there? A product-centric view of the bottom-line costs through carefully monitoring such variables as:

Cost of efforts

Investment spend breakdown

View of activities aligned to goals/initiatives

Efficiency of operations

Support calls/defects

You could look at these areas and think, "Well, customer support has 'support calls/defects covered', and the chief of staff is watching out for 'operations efficiency'." However, frequently, these things are monitored in a vacuum, without being utilized to inform anyone outside of their functional silos. Product operations brings all of it together for one holistic view. Product doesn't "own" the data, but product operations becomes the connective tissue to get the 360-degree view of all activities that impact product strategy, as well as the top- and bottom-line revenue.

Product operations aggregates this product-centric and cross-functional operational data into one visualization tool, accessible in real time and for ongoing analysis. The product people should not be the only ones monitoring these important areas. Hopefully our cross-functional stakeholders are reaping the benefits and applying the data accordingly.

What does this look like? It involves getting various points of data out of systems across the company. For example, you have sales data in the customer relationship management (CRM), financial data in an accounting software, roadmaps in a product roadmap software, development progress in a task-tracking software, etc.

You need to first identify where everything lives, and then pull all the relevant data into a third-party business intelligence (BI) tool for analysis. From that BI tool, you can then create various reports and snapshots of the business. We'll get into exactly how to do this during the Manual Baseline section later in this chapter. But first, you need to understand what you want to measure before you can instrument it.

Connecting Financial Decisions to Product Opportunities and Activities

Relevant for revenue-generating products	
Revenue	• Total • Recurring (ARR) • Non-Recurring • Annual Recurring Revenue (ARR) • Annual and Total Contract Value
Bookings	• Total • New vs Upsell vs Cross-sell vs Down-sell • New Logos
Retention	• Net Retention • Gross Retention • Churn • Logo Churn
Relevant for all products	
Engagement	• NPS • Feature Adoption • Net Promoter Score (NPS)
R&D Cost	• Total R&D Costs • Indirect Product Costs in Other Budgets
Relevant for internal tools	
Activity Cost	• Internal Costs, e.g. Onboarding • Cost per Throughput Metric

Segment analysis by

- Product / Package / Bundle
- Customer Segment (primarily by vertical and size)
- Cohort
- Geography

Figure 2: Granular visibility into metrics to answer key questions

Data tells a story. Well, maybe not the data itself, but in the hands of an experienced product manager who knows how to extract the right data for the right audience, it can be the difference between listening to an improv show, where there's no consistent theme or plot, and a Best Picture winner at the Oscars. That's why it's essential to tie your data back to the strategy, whether it's to inform it or deploy it.

1 EBITDA is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances. EBITDA eliminates financial factors that are not in a company's control, or that may distort earnings, and allows investors to compare companies.

5

GETTING TO THE RIGHT STRATEGIC QUESTIONS

To determine which data we need to inform our strategy, let’s refer back to the layers of strategy outlined in Escaping the Build Trap as a guide.

Level	Description	Set By	Time Horizon
Company Vision	• What do we want to be in 5–10 years? • Value for customers, position in market, what our business looks like	CEO & Senior Leadership	5–10 years
Strategic Intents	• What business challenges are standing in our way of reaching our vision?	Senior Leadership (CEO's Direct Reports)	1–3 years
Product Portfolio Strategy & Initiatives	• What problems can we address to tackle the strategic intents from a product portfolio perspective?	Chief Product Officer & VPs	1–3 years
Product Strategy & Initiatives	• What problems can we address to reach the porfolio vision and business challenges with each individual product?	VPs & Directors	6–12 months
Options	• What are the different solutions I can create to address those problems to reach our goals?	Product dev teams	3–6 months

Figure 3: Product strategy layers from **Escaping the Build Trap** *by Melissa Perri, 2018*

Once the company vision is set, you'll want to define the strategic intents. These are the prioritized business challenges you will need to achieve on the way to your longer-term vision. These, along with the vision, make up the company strategy. They are high-level objectives for how you want to grow and sustain your business and put the entire company on the path to success.

While not solely the product team's responsibility to develop, strategic intents are a critical component to making sure your product strategies are aligned. Without them, you'll run into friction among different departments and conflicting priorities across product teams. One job of the product operations team is to gather the data needed for executives to set and deploy these strategic intents. The data here informs the direction the company should take to reach its desired outcomes. At for-profit companies, that usually means tying these decisions back to revenue and cost.

Once the strategic intents are set, the product team follows a similar pattern to set their level of strategy. The product management function is responsible for the product portfolio strategy and the individual product strategies. These are also made up of visions and product initiatives. These outcome-oriented objectives identify the problems you will tackle through the creation and improvement of software for your customers and business to achieve the strategic intents. These are not descriptions of the specific features you will build, but a focus on the outcomes and value your software will provide.

Again, this is where the product operations team comes into play. For product initiatives, we need to understand quantitative and qualitative inputs around customer problems, unidentified needs based on usage trends, and more. Product operations can help us gather these data points through various sources around the company, as well as monitor it through dashboards.

At the most essential levels of an organization, our product performance metrics help product managers make daily decisions about potential opportunities, areas of weakness, and unsolved customer pain points—these manifest as our options. Options are the solutions we seek to the problems identified in the product initiatives.

The image below demonstrates what Vision, Strategic Intents, Product Initiatives, and Options can look like at Pipeline 3K.

Effective portfolio & product strategy requires four cascading elements

Level	Intended Focus	Owner	Expressed As...
Vision	Provide a clear **north star** for the portfolio and product cohesiveness, focusing on how differentiable value will be delivered to the customer.	**Executive Team**	Pipeline 3K is a suite of easy-to-use products and services that allow recruiters and job seekers to seamlessly take charge of finding or filling roles.
Strategic Intents	Identify and align around **outcomes that define strategy and prove execution** across functions and at each level of the org.	**CPO and Cross-Functional Peers (e.g., CRO, CFO, CTO, etc.)**	Shore up the mid-market segment and return it to growth, increasing revenue by 30%.
Product Initiatives	Prioritize the **key initiatives necessary to achieve business outcomes**, which may be across products and functions.	**Product and Development Leadership**	Increase adoption of network capability within the mid-market segment by 60%.
Options	Prioritize, on a quarterly basis, **what specific teams are working on** in their sprint cycles to deliver initiatives.	**Product and Development Teams**	Redesign the onboarding funnel to help immediately demonstrate the value of the network capability for customers.

Figure 4: Product strategy at Pipeline 3K

Having a consistent flow of data and insights is essential to working as an effective product management organization. But it’s rare to start from this place. To get to the ideal state of having all data available for analysis, we

need to identify the key questions, and then ask ourselves, “How are we answering them today?” Product operations can then help make sure these answers flow to the teams regularly.

Let’s look at some of the essential questions product leaders need to answer for each layer of strategy, and how product operations can help them get the insights they need.

Questions to Inform Strategic Intents

The strategic intents point to the outcome the business wants the team to achieve. These are a few (we like to say no more than three) prioritized business objectives. Understanding the current state of the business and trends is the first step toward identifying your potential levers of impact.

For example, if one of our strategic intents was expanding into the enterprise business, we’d want to understand current state data such ARR, average selling price (ASP), and annual contract value (ACV) to understand the health of the business.

Any of the metrics that run your business from a revenue and cost standpoint provide important insights. But these aren’t enough to make decisions. It will inform us of things like “growth slowed last year” and “our annual contract value is going up,” but it won’t tell us enough to give us focus. So, now we want to slice and dice those data points by criteria that will allow us to do just that:

Customer segment and/or persona type

Cohort

Geography

If we segment revenue and cost data like this, we can make observations that point us in the right direction. For example, when Ashley started to dig into the data with Rose's help, she found the following observations:

Growth in ARR was slowing each year, but when she sliced it by customer persona, she could see it was expanding in enterprise businesses.

The enterprise business contracts were three times as costly to close in sales as their mid-size contracts, but the ACV was ten times more.

Mid-size customers had been their bread and butter for a long time, but growth had dropped by 20 percent there, except in the financial industry, where it was on the rise.

This gave Ashley focus. She knew she had to explore how enterprises were using their products and what kind of problems they solved for them. She also wanted to understand why growth was slowing in the mid-market sector, except for the financial industry. Did they have different needs than the rest? This was a good kickoff for her to think about next steps in user research.

Questions to Inform Product Initiatives

Once you have the strategic intents set, it's time to look at the product portfolio. Here, the product leaders need to prioritize the key initiatives necessary to achieve business outcomes, which may be across products and functions. As they decide the highest-value work, product operations can ensure key financial metrics are available to help with prioritization. Sometimes your teams will not be able to extract this kind of information

right off the bat. Product operations can step in and identify and connect those gaps.

Now we introduce an additional layer to slicing and dicing the financial information, allowing us to pinpoint issues related to product, features, and bundles. Product leaders should use the focus from strategic intents around markets and business strategies to follow up on questions such as:

What is the revenue by-product and feature, and is it commensurate with spend?

Do certain personas buy different packages?

What is the retention of customers who buy different products?

What percentage of our customers are buying each product or feature set?

Does the revenue here align with the segments we've identified as our target customers?

Does the spend align with our strategic focus?

Do all of our products have ample usage, or should we consider sunsetting underperforming products to focus our resources?

All of these questions will provide data points which will direct product managers toward a bigger question: Why? Answering the why will help to formulate the product initiative.

Digging deeper into the data, Ashley found that of their four product lines, most customers bought two, but enterprises would buy at least three every time. She also saw that retention was higher in customers of both company sizes who bought at least three of their product lines.

Why? What problems were the other products solving for enterprises that didn’t apply to midsize companies? Did it have to do with scale? But then why was retention higher for the midsize customers who bought three products? What value did they realize that the others didn’t? What problems were they solving for them?

When setting strategic intents and product initiatives, the C-suite will need to collaborate closely with product leaders, engaging in a back-and-forth exchange of data and insights.This effort is essential to a deeper understanding of customer problems and determining if the organization can address them effectively. Strategy is not just a one-way deployment. It needs to be communicated up, down, and across.

Questions to Inform Options

Once the product leaders set the product initiatives, the teams will need to figure out how to solve the identified problems. Ideally, teams are able to connect the dots back to the strategic intents, and thus tie solutions to revenue and cost opportunities. How? Teams need to understand the product metrics on a deeper level to break down the higher-level product initiatives into smaller customer problems. They do this by deeply understanding the product metrics and user behavior. For example:

A decrease in net promoter score (NPS) can signal an increase in churn in the future.

An increase in feature usage can predict increased revenue in the future for subscription-based models.

An increase in adoption across different products can signal an opportunity for cross-sell and upsell revenue.

Teams will need to segment the product metrics, as well as understand the trends across varying customer types and cohorts. Pinpointing where there are issues with usage, adoption, and workflow funnels early on can surface the opportunity for enhancing products and features. Tracing these leading indicators back to the business outcomes will help translate the results of these enhancements into business metrics.

Product managers will need to prioritize the various opportunities in their backlog against the value it will achieve for the customers and business. This is where the product initiatives become a lens for prioritization. They help contextualize the focus and allow product managers to ask questions like, “Will prioritizing enhancement A or B produce more value toward the product initiative?”

Let’s return to Ashley. She directed Marcus’s team to investigate the value that midsize customers, who adopted three products, realized compared to those who only adopted two. Digging in, Marcus found that those who adopted three products were adding on the network capability. This product allowed the companies to set up an easy referral program, enabling anyone to join and refer good candidates to the business. In exchange, these people would get a reward. The companies who added it closed their open position 15 times faster than those who did not have it. So why wasn’t everyone signing up? The midsize customers who did not purchase this product didn’t understand how it worked. They thought it was an open community that all candidates could join and didn’t see the value in an untargeted strategy. They did acknowledge that a referral program would be great… if it were simple. They were creating them on their own anyway.

There lay the opportunity. Honing in on the problem, Marcus’s product teams started to analyze the workflow of how customers were introduced to the product. They found that the onboarding was cumbersome, with only 25 percent of people who began it successfully completing it. They never connected it to the other products either, meaning it was hard to discover within the workflow. By analyzing the workflows and feature usage that

could serve as effective lead-ins for upselling this product, Marcus's teams were able to come up with a few solutions to solve this problem and increase upsell potential.

As for Ashley's team, since they did not have robust data implementation, they had to pull everything out of databases by hand. This was extremely time-consuming. You can avoid this by implementing your data well in advance. Product operations can ensure that the team has the right instrumentation and data available at their fingertips to make these decisions. Once decisions are made, the teams will need to monitor the results and adjust accordingly.

6

VISUALIZING THE DATA

Now that you've seen how data and insights can help your company, your next question is likely, "Where do I start?" Once we've identified the questions we need to answer and visualized our end state, we have to figure out what metrics can help us answer them. Then we identify the sources of where that data lives.

There are a few nuts and bolts to put in place to ensure we can pull the data and visualize it. Then we want to automate the dashboards and data feeds so we won't have to do it again. First we need to start with instrumentation. If we can't pull the data, we can't visualize it.

Product Metrics Instrumentation

The first step is to analyze the current state of your product's engagement data. You'll want to assess the following:

Is engagement data enabled today?

Which tool(s) are we using?

When were the event tags implemented?

What kind of metrics are we able to see?

Can we measure engagement on all of our products and/or features?

What would we want the optimal state to look like, in terms of data captured?

If you don’t have a product experience measurement tool (Amplitude, Pendo, etc), you’ll need to speak to your engineering lead about how to get one implemented. Once you obtain a level of effort (LOE), translate that into sprint cycles and cost to understand the investment. If the engineering LOE to get to a better or optimal state of product metrics is sizable (for example, more than three months of total engineering hours), make a business case to your CEO. Paint the vision for a data-optimized product team and the benefits it will provide. Do you have examples of decisions made without data or quality data? Even better.

Let’s say you made a cogent business case and the CEO was eager to dive in. Alternatively, you have the instrumentation already and are ready to make it more powerful. What are the most important engagement metrics to measure? The answer is: It depends. But don’t worry, we’ll make it a little easier on you. There is a core set of metrics that are typically meaningful in most SaaS and even direct to consumer (D2C) products. Here are a few:

Product stickiness (daily/weekly/monthly active users [DAU/WAU/MAU])

Frequency (e.g. number of logins for a given customer)

Feature adoption rates

Feature retention rates

Product usage data

- Depth (feature usage by time, funnel, and more)

- Breadth (could be the number of active users)

Since your group is likely the owner of the engagement data, your job here is to ensure that the whole organization is consistently informed about what

you’re measuring, why, and what’s actionable.

Understanding R&D Resource Allocation

Here’s where the data monitoring can pay off in dividends. Let’s say your executive team decides they’re going to focus on Product 1 for the year. That message cascades down to the product leadership and product development teams. Your roadmap is planned out accordingly and the teams understand what to prioritize in sprint planning. Now we need to make sure that the investments are paying off. For this, we need transparency into engineering allocation.

At Pipeline 3K, Sunita was worried about the investment in R&D. She turned to Ashley and the CTO, Lars, to voice her concerns. “For the past two years, we’ve seen the R&D costs growing, but we still have a big drop in our growth. Our customers are complaining that they haven’t seen any meaningful product improvements. If we can’t produce value for them, I will have to reduce the costs of R&D so we can focus our efforts elsewhere.”

Ashley saw this as a job for Rose. Rose worked with Lars to determine if he had a way to see what the engineers were doing by project or theme. Rose proposed tracking every minute of every engineer’s day. Lars was totally against this. “It would be a morale-killer,” he argued. “They’ll feel like they’re being watched by Big Brother and being micromanaged. I’ll see so much churn in my team.”

Rose and Lars started to brainstorm other ways they could get the information they needed and came to a compromise. Lars offered to have his technology leads in each of the company’s four product teams submit a weekly high-level report of aggregate hours by theme. Lars wasn’t happy about it, but knew that Sunita was adamant that they really needed to better understand what was being worked on—and see if that helped them understand the growth decline. He also worried about her cutting heads.

Rose created several “buckets” in which the technology leads could manually assign their team’s weekly hours:

Strategic Work—work that directly relates to product initiatives

Technology Debt and Platform Improvement

Business As Usual (BAU)/ Keeping the Lights On (KLO)

Bugs

After the first month, the engineering allocation breakdown looked like this:

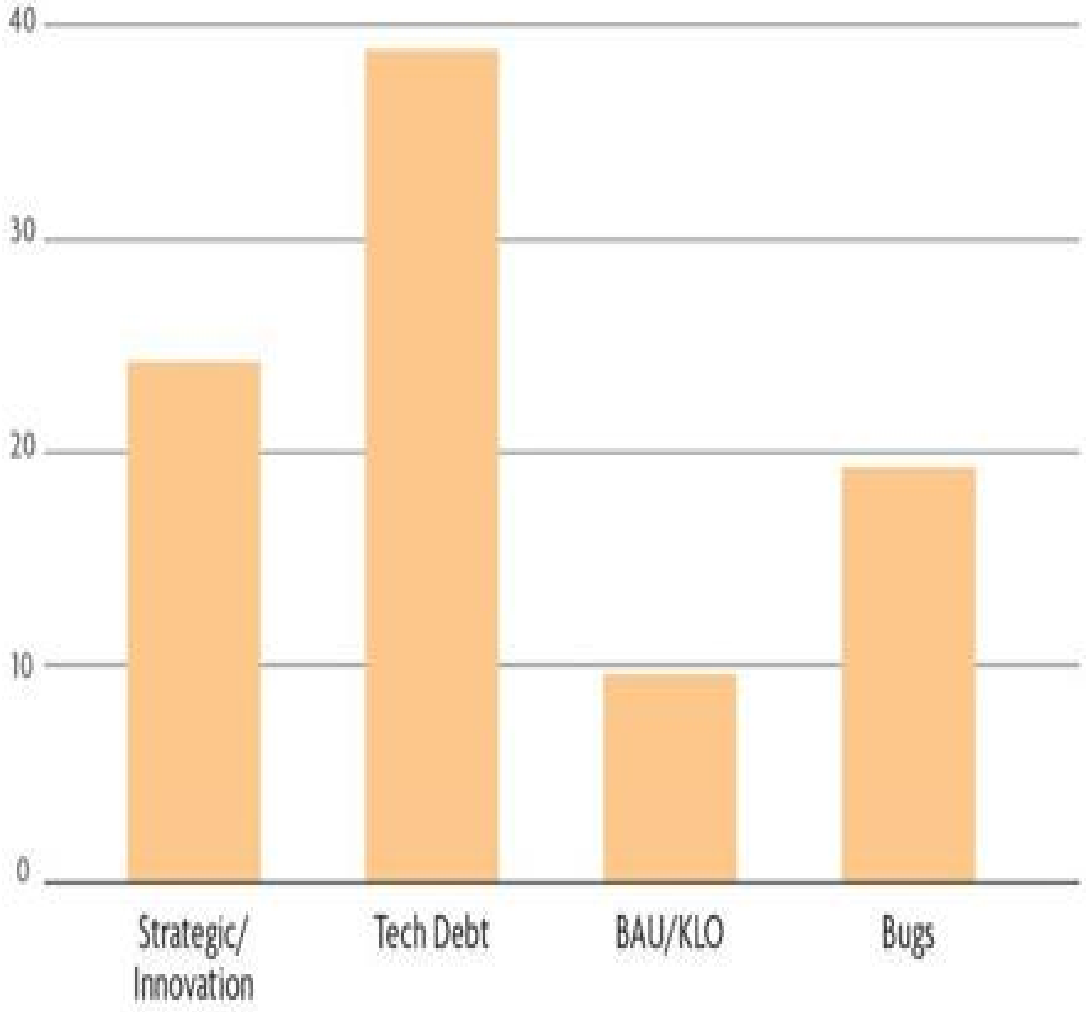

Figure 5: Engineering allocation by theme at Pipeline 3K

At first glance, the “strategic work” looked a little low at 25 percent, but what was going on with “tech debt”? The product managers knew that the engineering team had been doing some background work on making the platform faster, but 40 percent allocation for this versus “strategic work” (25 percent), “BAU/KLO” (10 percent), and “bugs” (20 percent)? Both Lars and Ashley were stumped.

Lars dug in with his teams and shared what he learned with Rose and Ashley. “The engineers have been misallocating a bunch of work. The more egregious ‘bugs’ are landing in the ‘tech debt’ bucket. They were concerned it would look like their work was sloppy with such a high ‘bugs’ bucket.”

This discovery led to some honest conversations with the executive team. Sunita admitted there was pressure from the board to show feature improvements at a rapid pace, which was likely leading to slap-dash releases. As a result, customer satisfaction was plummeting because the product had gotten buggier, and clients were letting their subscriptions slide. Sunita agreed to allow a quarter of bug work and stability work to enable more stable strategic work the following quarter.

Two quarters later, their R&D allocation showed benefits of that quarter dedicated to bug work, plus more accurate allocation tracking:

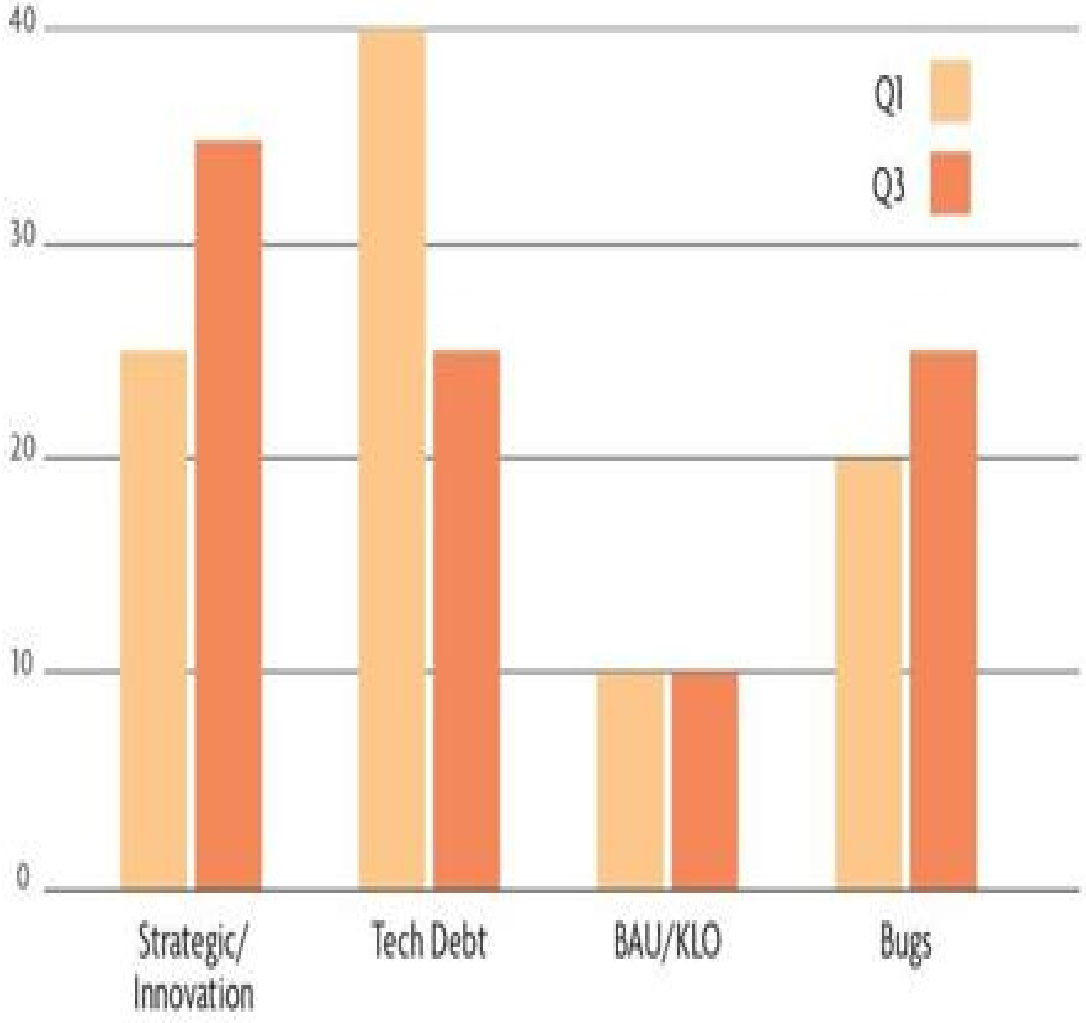

Figure 6: Engineering allocation by theme at Pipeline 3K two quarters later

It’s important to combine the allocation metrics with the product metrics to make sure you are invested in the right places. Work with your engineering lead to come up with a way to measure and instrument allocation. It doesn’t need to be down to the minute for every engineer, but understanding the percentage of time people are dedicating to each bucket is important.

The Manual Baseline

Let’s assume you’ve been able to grease the cross-functional data wheels that we walked through above. Congratulations! Once you’ve instrumented the cross-functional data necessary to define and monitor your strategy, it’s time to put them together in a holistic view. To do this, we’ll need to focus on two different sets of visualizations: one for informing strategies and one for monitoring strategies.

As we’ve discussed in this section, a consistent pipeline of good data may not be readily available. So we need to do a little work manually to get to a first pass that allows leaders and teams to make decisions. We call this work —surprise, surprise!—a manual baseline.

The purpose of the manual baseline is to agree on the views you will require to inform and consistently monitor your strategy. Once we have agreement on this, we can proceed to automate.

To start the manual baseline, you’ll want to revisit the questions needed to set each strategy level and then monitor it. You will then work with the appropriate people to understand what is most effective to visualize it. You’ll spend time mocking up the different charts and reports that will be effective. Once you agree on those, you’ll pull the data manually out of each system where it lives and put the visuals together with real data. Here’s an example of where you can find some common data:

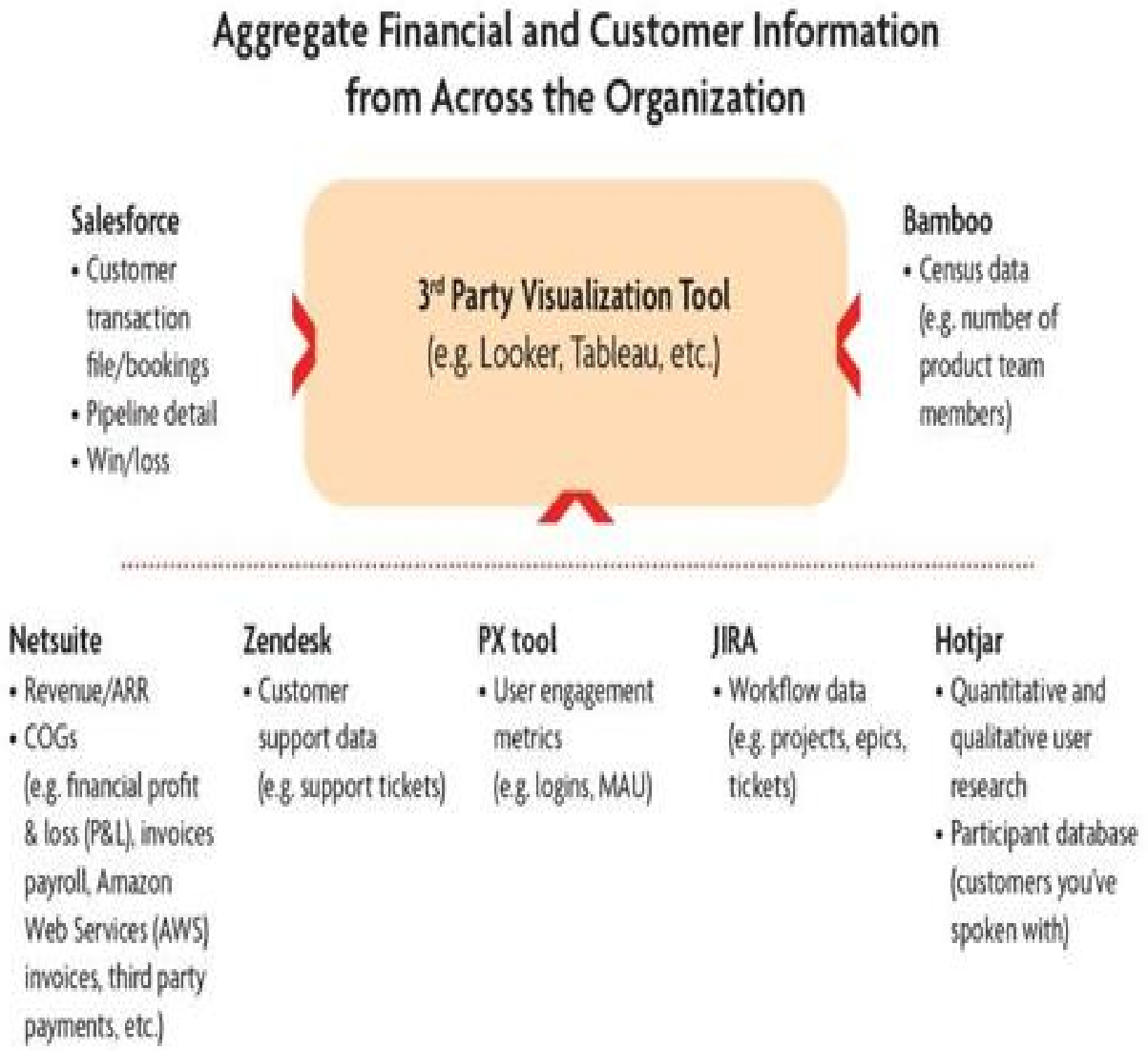

Figure 7: Illustrative aggregate of financial and customer information

Getting to your first manual baseline period may take longer than you'd like, similar to Ashley's experience, where she invested five weeks into preparing for the board. Patience is the key here. You might want to go through two to three month-over-month (MoM) cycles of data to ensure you're measuring the right things and you're able to access manual data feeds. This time period can also be useful to demonstrate to your cross-functional partners how you're using their data in a tangible way.

What to Visualize

To help the product managers and executives stay informed about their decision-making, product operations consolidates product and business metrics into effective dashboards that help inform strategy and provide transparency into its progress. Each level of the organization needs its own dashboard to focus on the appropriate level of strategy and span of control. Typically we would have at least two dashboards, targeted to different audiences:

Product Team Dashboard

Executive Dashboard

Product Team Dashboard

The product team strategy dashboard is used by the product managers and their leaders to monitor how the KPIs for each option are making progress toward the overall outcome set in the product initiative. The desired outcome of this dashboard is to keep the team aligned on the most important work and make sure it ladders up to the initiatives.

Things you should show on this dashboard:

Product metrics: Usage by persona, conversion rates, workflow metrics

Roadmap status and projected metrics for each of the items getting ready to launch

Who is responsible for each of these items on the roadmap

For this dashboard, you should steer clear of too many project-related metrics, like velocity. You'll be tracking those types of metrics when doing sprint and capacity planning. This is the place to showcase your KPIs and your product-level metrics.

Here's what Rose came up with for the Pipeline 3K product team dashboard:

Feature-level roadmap status

Usage/adoption by persona, sliced by feature

Progress toward KPIs and goals at option level

Progress toward revenue goals, per product

Figure 8: Team strategy dashboard at Pipeline 3K

Executive & Board Strategy Dashboard

Have you ever had an executive rummage through your Jira trying to find information? While it may look like they want that level of information, that's generally not the case. Most executives end up digging through these tools because it's the only place they can think of that communicates the ongoing work. But what they really want is a portfolio-level view of how the

product and business are performing. Boards will want the same, but are also interested in key success factors of the business and how the strategy is generally progressing. This information doesn’t usually come in your out-of-the-box Jira installation, so we need an executive/board-level strategy dashboard to fill this gap.

The main goal for this dashboard is to give the audience enough information to ensure full confidence in what we’re doing. It should be high-level, understandable at a glance, and indicate what the metrics should be. You want to give your board complete confidence that you and the team are focused on delivering customer value and achieving tangible business outcomes.

This dashboard should include the following:

Roadmap status highlighting initiatives, laddering up to the strategic-intent level

ARR, by customer segmentation and product

Revenue bridge, by initiative and product

Bookings, by product

Sales Debt/ Tech Debt/ Cost View

Allocations, by portfolio

Here is an example of the Executive Strategy Dashboard that Rose built for Pipeline 3K:

Figure 9: Executive strategy dashboard at Pipeline 3K

Good Dashboard Hygiene

If you're new to collecting data and generating dashboards, make sure you follow these best practices to optimize your dashboards and ensure their accuracy:

Use people's names as much as possible in the dashboard to allow for accountability and empowerment.

Ensure each member of the team has their work represented on the dashboard—don't let anyone feel as though their work isn't important enough!

Keep the time periods relevant to your check-ins. For example, year-on-year stats will most likely not be engaging if you meet, say, every month.

Automating Data and Insights

Once you conduct your first manual baseline, you will realize how time-consuming it is. With the goal of making strategy decisions quickly, we need something faster. That's where automation comes in. Automating data and insights builds on the manual baseline, but ensures that decisions can be made quickly and repeatedly. The amount of effort you put into this work will pay off in spades over time, as all team members will be able to quickly get to the answers they need and justify their work.

Stephanie Leue, the CPO of Doodle, a meeting scheduling SaaS company with more than 32 million users, has seen firsthand what automating data and insights has done for her and her team. "The data team at Doodle is magic. They are super ambitious, and they have a very clear strategy as

well. So they understood that once the technology infrastructure is set up properly and all data is generally available in a data warehouse connected with a good tool, you train everyone to use the tool properly. Then their life gets easier and they can focus on real deep analysis. And that's what they did… all within a year."

Leue told us how the data team plugs all of their inputs into interactive data visualization software Power BI or PopSQL (pronounced "Popsicle") so it's readily available for all team members. Every product manager can pull what they need out of the tools to conduct their analysis or manage progress. She works with the data team on a weekly basis to prioritize any further requests for data capture. But where this type of work goes above and beyond is how Doodle can connect their decisions back to revenue.

"We're a SaaS business and each SaaS business has a flywheel. So do we," Leue emphasized, "Our flywheel is connected to revenue, obviously, and we can track the whole flywheel. So I can always see things like, 'Once I increase the number of meetings, how does that affect the flywheel? How does that affect the revenue?' Financial data and product data are tightly connected. We can see the financial impact of things we're building, which makes it easy for us to immediately see how valuable the work the teams are doing is, and the impact on our top line of things delivered."

When automating data and insights, be sure to capture and use assumptions, views, and metadata from the manual effort to improve upon the final version. Dashboards can be configured to target executives, VPs/directors, or product managers while accessing the same single source of truth. Improvements can be made over time by iterating and adjusting, based on company, strategy, and market context.

Figure 10: The value of automation

At the highest level, the process to move from a manual baseline to automated data and insights looks like this:

Select a business intelligence tool (Looker, Tableau, and Metabase are just a few examples) to automatically aggregate cross-functional data.

Implement rules to tag data for cost allocations and strategic task-tracking, based on manual baseline learnings, and ensure data is captured correctly in source systems.

Assume you will be in a steady discovery and improvement mode for at least four to six months as you hone the dashboards. Once you have them in the state that's of optimal value to your team and stakeholders, you'll want to review them each quarter or so to ensure you're measuring the most impactful (think: actionable) data points.

Remember that you'll want different slices of the same data. You could start out with a dashboard for the product team, then create one for the executive team, sales, marketing, finance, and more. Product operations can step in and become the cross-functional glue that connects everyone.

When the entire team has real-time data in their hands, they'll be able to react quickly to customer feedback and market demands—and that's the goal of data and insights.

CASE STUDY: CAPITALIZATION AT ATHENAHEALTH

A few years back, athenahealth, a provider of network-enabled software and services for medical groups and health systems nationwide, was grappling with a labor-intensive capitalization [1] process. You may have heard about operating expenses (OPEX) and capital expenses (CAPEX) in a finance class in college, or heard the terms being thrown around by executives at your companies. These two ways of accounting for expenditures are an essential practice for businesses to record costs. But why would software companies, in particular, want to do this? And why would product operations lead the charge?

Let's say an organization is creating something of value—like a software tool—that will be used over a long period of time. Instead of recognizing the expense to develop the software while it's being built, generally accepted accounting principles (GAAP) require the company to defer the expense until the software is complete. The accumulated cost to develop the software is represented as a capitalized software asset on the company's balance sheet, and the asset's value is depreciated (or expensed) over the life of the software. Depreciation begins when the software becomes available to the end user.

In the example we will use here with athenahealth, the expense incurred to develop the software is recognized over four years. This practice has a direct impact on EBITDA which, in turn, helps with the value of the company. For athenahealth, communicating the value of its R&D investments was put to the test twice in three years, as the company went private in 2019 and then sold to another private equity group in 2022.

Challenge: A Time-Consuming and Tedious Process for Software Capitalization Reporting

Tim Davenport, athenahealth's Head of Product Operations, was asked by leadership to reduce the R&D team's administrative burden, while at the same time creating increased business value. In surveying athenahealth R&D leaders, the company's software capitalization manual reporting process emerged as a top concern. In the context of software, capitalized costs are things like engineer compensation, software testing, and other direct and indirect overhead costs that are capitalized on a company's balance sheet, as opposed to being expensed as incurred. A clear process for reporting capitalized software is a requirement of GAAP. Different types of development work are treated differently under GAAP, so the athenahealth finance team needed detailed R&D data to account for the development work appropriately.

But athenahealth's existing software capitalization reporting process was cumbersome for all parties. The existing process was both manual and complex, done via an Excel workbook.

Six times a year, finance asked the product leadership to bucket their 200+ scrum teams' work into a set of R&D categories with clear "start" and "end" dates that could be either expensed or capitalized. Development work performed to create new or enhance existing functionality is capitalized (and the expense is recognized over the life of the software), while work performed to fix bugs is expensed as it occurs. At the time, data was collected and stored in a spreadsheet and interviews would be scheduled to discuss submissions. In total, the team estimated that the manual process took over 400 hours of leaders' time across R&D each year, while finance was left to sort through more than 3,000 rows and ten columns of Excel data.

In addition to the administrative burden, those same R&D leaders felt a sense of uneasiness as the process assumed they were capable of accounting for, and allocating, all of their scrum teams' resource time, which at times could be ten or more scrum teams per leader. Many similar companies would have solved for this by using timesheets, but everyone agreed that would have been a culture killer for athenahealth's approach to disrupting

healthcare. It was clear, though, there must be a better way. So athenahealth's product operations team looked for an opportunity to improve the accuracy of its R&D capitalized software reporting.

Solution: Standardizing the Planning and Execution Framework

As part of athenahealth's acquisition and subsequent restructuring in 2019, the company recharted the product operations team to support R&D in bolstering its feature velocity and customer-release experience. athenahealth originally stood up its product operations function to upskill and scale its product owners but, after three years, the team only served a limited subset of its product teams and focused solely on supporting the running of client-impacting alpha and beta test programs. As a result, product operations had many blind spots across its product portfolio, and its value was being questioned. Across product teams, product operations was not consistently viewed as a credible team to drive R&D-wide best practices and standardization required to solve business problems, ranging from manual software capitalization reporting processes to building and shipping high-quality products to its healthcare end users.

Davenport's product operations team invested in the standard systems and tools required to scale and accelerate the building, testing, and releasing of product features, while at the same time enabling his team to automate those previously-mentioned software capitalization processes. The technology and process solution, centered around Atlassian's Jira software, presented itself as the winning scenario for its product teams, finance stakeholders, and its external customers.

Jira was already used as the source of truth for organizing scrum team-level execution. A common question from R&D to finance was, "This information exists in Jira, so why can't we leverage Jira data rather than duplicating our efforts in an Excel document?"

While this was true, Jira was not used consistently across the R&D organization, preventing finance from using the data. The product operations team was able to confirm the gaps in data integrity, which had prevented finance from using Jira data for software capitalization, overlapped with gaps athenahealth was facing in managing its R&D portfolio, increasing feature velocity and scaling its client feature releases.

With the problem defined, Davenport's product operations team led R&D stakeholders, finance leaders, and release support teams to optimize athenahealth's Jira data adherence policies, enabling a new software-capitalized reporting process and eliminating the manual Excel-based and interview process.

The first area of focus was to confirm a clear product development lifecycle hierarchy that documented roadmap investments and enabled aligned execution within Jira [2]:

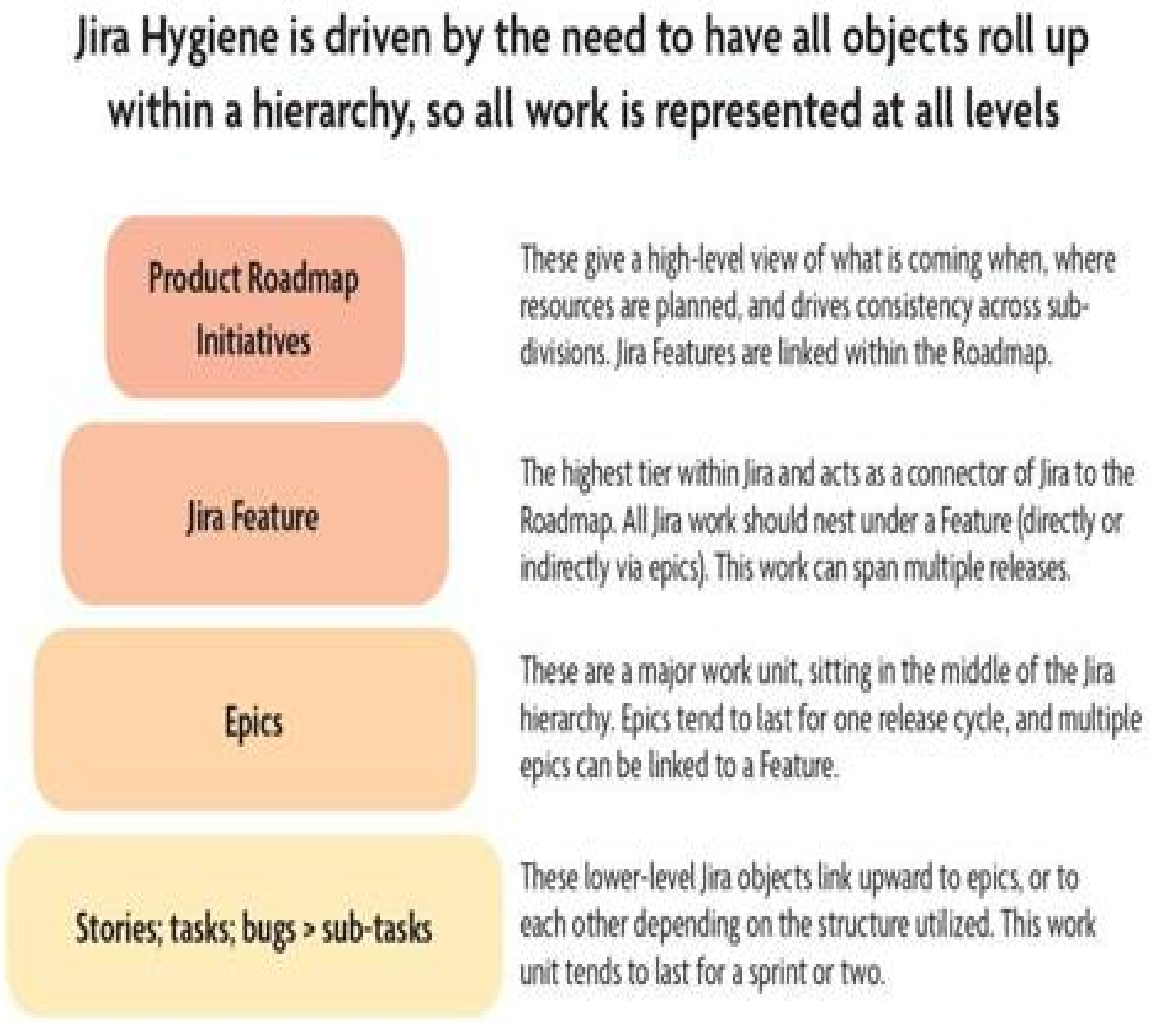

Figure 11: athenahealth's Jira hygiene hierarchy (Credit: athenahealth)

At the highest level, product teams would add future roadmap initiatives to Jira, usually in the form of a problem statement, once planning decisions were confirmed. From there, teams would use their team-level planning ceremonies to break stated problems apart into features, epics, and stories that could be executed by an engineer on the respective scrum team. The value created by a more clear and standard planning and execution framework includes:

Enhanced planning and documentation of key strategic decisions

Increased transparency into R&D execution against plans

Improved cross-team dependency management

Scaled, higher-quality alpha/beta testing with athenahealth's end users

Enabled foundation for automated software capitalization reporting

From a tooling perspective, the team made a series of changes, including:

Standardizing the "Feature," a custom Jira object, to be the roadmap and release container for existing feature enhancements and net new features that required end user testing and change management support

Creating a separate "Type 2 Feature" to serve as a container for faster releases of ongoing and operational work at an epic level, which does not require end user testing and change management support

Formalizing a product category field that mapped all Jira features to one of the expensed or capitalized buckets seen in Figure 12 below—New Feature, Foundational Tech, Reactive Trust, and Experimental Development Investments.

With the updated product development roadmap hierarchy and Jira tooling in place, the product operations team shifted its focus to R&D education and enablement. The entire R&D team had to be educated on these best practices and the basic principles of GAAP's guidance for software capitalization. Davenport and his product operations team created the below bucketing system and completed a roadshow to review the buckets below:

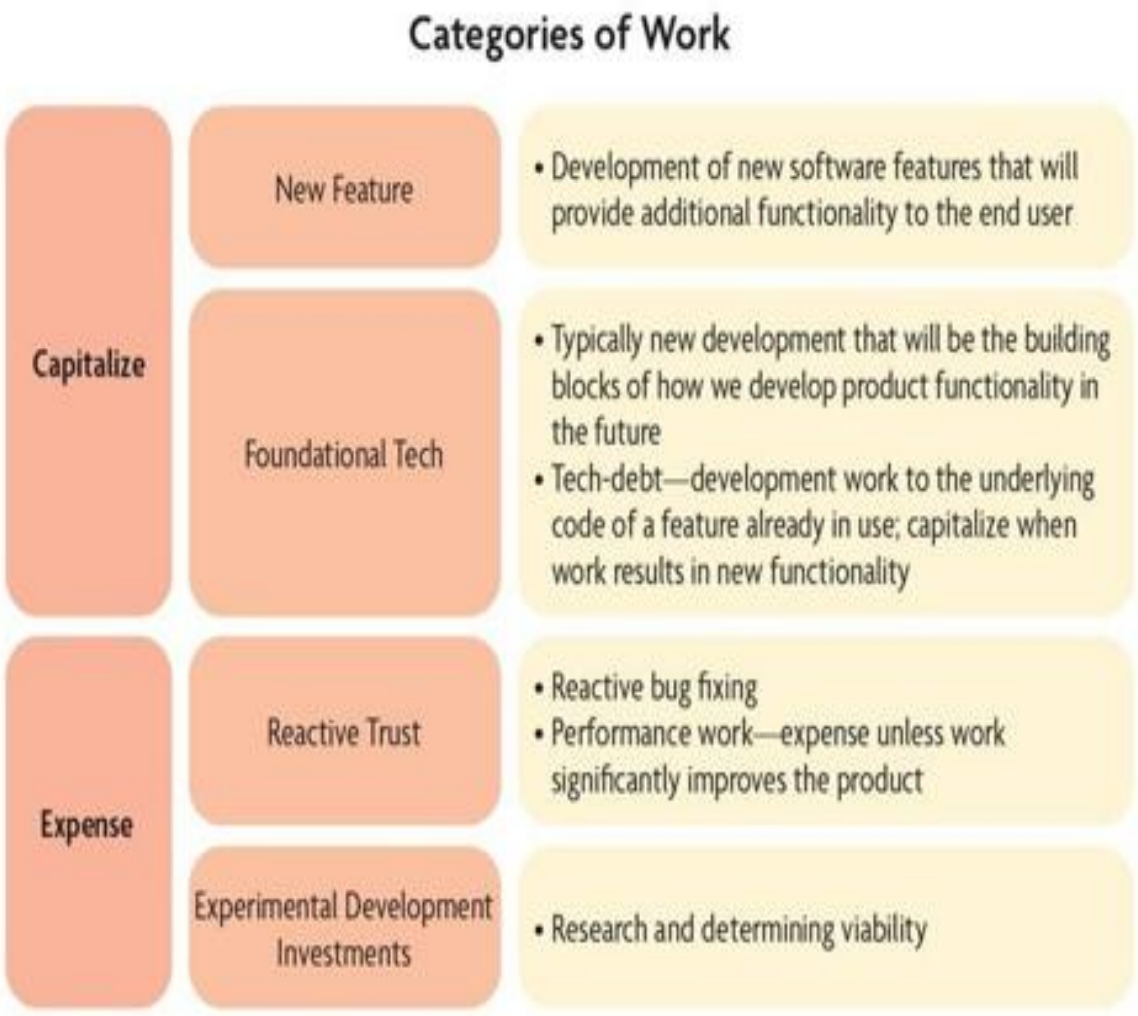

Figure 12: athenahealth's categories of work (Credit: athenahealth)

With the rollout of the new standards and a newly-educated R&D workforce, product operations supported the organization in linking approximately 35,000 stories, 3,000 epics, and 800 features [3] across the company's full R&D product portfolio. Product operations and finance then ran a reporting pilot for six months to confirm the data for capitalized software met its auditor's quality requirements before switching over to this new, scaled reporting process.

Result: Hundreds of Hours Saved and a New Respect for Product Operations

athenahealth's R&D and finance teams removed more than 400 hours of administrative time spent reporting on software capitalization and increased the accuracy of their portfolio management and software capitalization reporting.

"The biggest ROI we've seen from the project," says Davenport, "has been the additional wins product operations has delivered beyond our original goal of eliminating administrivia tied to our six-times-a-year software capitalization reporting process. We confirmed that the appropriate amount of Jira standardization goes a long way. Our product operations team now has a data asset and operating cadence, thanks to the above frameworks, that both powers our product operations team to run at scale and enables data-backed decision-making at all levels of leadership, helping R&D leaders maintain a balanced portfolio and deliver better customer outcomes."

athenahealth's CPO Paul Brient expressed the value and leverage that the product operations team provides to the product team at large, "In a scaled software development organization, the administrative responsibilities, coupled with management of increasingly large alpha and beta processes, can start to consume much of the bandwidth of the product management team. Product operations takes on these tasks at much lower cost (and effectiveness), thereby enabling product managers to spend the bulk of their time defining roadmaps, leading scrum teams, and making sure we're building the best possible products. In this example, product operations helped remove the burden of an important task, but one that is not on the critical path for building great products. There are many other examples of how product operations allows us to operate more nimbly and maintain the ability to innovate, even as we scale beyond the $2B revenue mark."

Takeaway: Product Operations Reduces Overhead and Aligns R&D Executions with Portfolio Management

Product operations can provide value in many unique ways, ensuring that investments align to the needs of the business. In the case of athenahealth and its product operations teams, they prioritized reducing administrative overhead tied to software capitalization reporting and leveraged it to better align R&D execution and portfolio management. At the time of publishing, athenahealth is three years post their standardization efforts and continues to realize increased value from this project, well beyond that of software capitalization.

The example below illustrates the calculation of capitalized development costs for a scrum team.

Example

Team A is made up of 10 engineers making $10k a month. Team A worked on four projects in February (2 of which were capitalizable). The team spends 50% of their time on maintenance. How much should be capitalized in February?

Team A Monthly Total Cost $100,000

Project Number	Allocated Cost	Capitalized	Cap Amount	Maintenance Percentage	Final Cap Amount
1	$25,000	Yes	$25,000	50%	$12,500
2	$25,000	Yes	$25,000	50%	$12,500
3	$25,000	No	$0	50%	$0
4	$25,000	*No	$0	50%	$0
					$25,000

Figure 13: A hypothetical example created by athenahealth's accounting team in 2019. It is intended to illustrate how a business may choose to conduct software capitalization reporting using mocked-up data. (Credit: athenahealth)

1 Capitalization & expense categorization definitions are sourced from GAAP's guidance. Capitalization is recording a cost as an asset, rather than an expense. This approach is used when a cost is not expected to be entirely consumed in the current period, but rather over an extended period of time.

2 Jira data counts of linked stories, epics, and features are sourced from athenahealth's Atlassian Jira reporting suite and governed by the athenahealth product operations team.

3 Estimate of total hours of administrative time spent reporting on software capitalization based on a 2019 athenahealth time study of the existing process.

GETTING STARTED WITH DATA AND INSIGHTS

#1 Hone in on the Metrics That Matter

Based on the outcomes you want to achieve, identify the three to five most important financial and product metrics your company should be measuring. You may be doing some of it today; there may be opportunities to rethink what you're measuring and what's most actionable. These metrics may include revenue, product adoption by segment, retention, R&D costs, or activity costs.

#2 Partner with Finance

The finance team holds the keys to relevant financial data that can help with product decisions. Set up a regular cadence to meet with them to learn more about the financials. The goal is to reduce knowledge silos and build up commercial inputs that the product team can employ to inform product development and opportunities. Use this time with finance to ask questions about what the numbers mean. Some product operations leaders we've worked with tap their finance teams to educate product managers on revenue metrics. You might want to start out with a good grounding on relevant commercial fundamentals. For example, many product managers still struggle to understand the difference between "leading" and "lagging" indicators—and how to apply those inputs to their work.

#3 Understand R&D Allocations

As part of your finance team partnership, work with them to see what kind of visibility you can get for R&D spend. To ensure your product bets are being resourced as agreed, it's imperative that you understand engineering

allocations. You may be able to get an initial view through capitalization tracking, as athenahealth does. The next logical step could be manual resource tracking, as discussed in Chapter 7 under “Understanding R&D Resource Allocation”.

PART 3

PILLAR 2: CUSTOMER AND MARKET INSIGHTS

Research initiatives are worth absolutely nothing if the product team can't use the outputs.

—HUGO FROES, PRODUCT OPERATIONS LEAD, OLX MOTORS EUROPE, A VEHICLE MARKETPLACE

We do research democratization training for PMs. I want them to increase their learning velocity. I just want to get out of the way. I don't want to be a bottleneck. I'd rather that they can learn something to make quick progress, but I also want them to respect the job of researchers and know when to ask for help.

—JEN CARDELLO, SVP, HEAD OF UX RESEARCH & INSIGHTS, FIDELITY INVESTMENTS, A MULTINATIONAL FINANCIAL SERVICES CORPORATION

"Well, we don't really have a very robust customer research team. We tend to just ask Saasify, one of our top customers, what they think when we release something new. They are always super helpful and give us feedback. So, we all go to them."

Jill was speaking for her product leadership peers as they all sat with Ashley, diving into the state of customer research and market research. Ashley knew the team was weak on their customer research, but now the

question was, how weak? Some feedback was being taken into account with product development, but who was it coming from?

“So, you’ve been relying on feedback mostly from one of our biggest customers. Why don’t you go to others? Why only Saasify?” asked Ashley.

“Well,” Jill said, “we have been trying to approach other companies but it’s time-consuming to recruit them. Our product managers were spending so much time in admin just to get the calls scheduled that they couldn’t do their other work. We also heard from other customers that we approached them too often for feedback.”

“Got it. Okay. What about testing with the users—running alpha and beta tests? What did we do with our last release six months ago?” Ashley asked.

“My team was responsible for that feature set,” Marcus replied. “The request came from sales. For two years, they have been trying to land that big analytics company we just signed, and they have been pushing for this feature every quarter since they started talking to them. This was the first opportunity we had to work on it. One of my product managers led the discovery portion and worked with the sales team to specify what they were looking for. I believe she also ran the ideas by Saasify to get their take. But when sales heard we were starting to work on it, they started pushing it for all the new clients, so we were getting hammered with status update requests and people wanted the product yesterday. We ended up rushing it out without some of the things we thought should go in there.”

“Ah,” Ashley said. “So were you able to do any prototype testing and get feedback before you launched it?”

“We started to!” Marcus replied. “We wanted to do more testing, but as soon as we showed the sales team a prototype, they thought it was real and

promised it to a ton of clients. Since then, we were getting yelled at daily because people thought they could use it right away, but it was months from being delivered. We had eight potential enterprise sales that were relying on this feature, and we just had to get it out in some form so they could close the deals."

Ashley felt a sense of déjà vu. Pipeline 3K was experiencing problems very similar to those her last company faced. The miscommunication on product deliverable stages, the constant harassment of one customer for feedback—she had seen it all before and, luckily, she had solved this problem before, too.

Ashley reached out to Rebecca, her former Head of Product Operations at Maximizely, to see if she'd be interested in having a conversation about joining her new company. Although Rose was making progress on establishing the single source of truth for product analytics, and was even starting to create those team metric dashboards, there was still a significant need for guidance. Ashley needed leverage to be able to focus on the strategy. Now that she had come to realize that the qualitative side of things were also, at best, in an immature state, she knew she needed to get some support ASAP. She extended an offer to Rebecca to join the team and stand up product operations. Rebecca was excited at the prospect of building a team from the ground up; she was in. Ashley's plan was for Rebecca to get a handle on the qualitative inputs for the first 30 days or so to gain a better understanding of the lay of the land, as well as to guide Rose, the data analyst. Then she would have Rebecca map out potential options, based on the highest order of need.

7

THE RESEARCH PILLAR

At this point, most product managers understand they need to be talking to customers. We've been hammering on this message for the past ten years, and there are few people out there who haven't heard it. So, why are product managers still not doing it? Mostly, due to the nightmarish logistics of actually talking to customers. The interviews are the easy part, but everything that goes into getting the interview set up and interpreting the results can be wildly burdensome, depending on how your organization is set up.

In many places, sales and customer success act as gatekeepers to the clients, restricting access to other members of the organization. Additionally, there's fear from management that the product teams are going to burden the customers by nagging them for feedback or testing all the time. So what do they do? They prevent the product managers from talking to customers, causing product managers to turn to surveys or less effective ways of gathering information. And what about recruiting participants for the research? It's time-consuming and slow.

Even with all of these issues, there's still no excuse for not doing customer research. We need to ensure our systems are set up to allow the product managers to get the insights they need to make critical strategy decisions.

Enter the customer and "market research" pillar of product operations. This pillar enables external insights and feedback to make its way to the product team. Insights can come from many places—it's not just about talking to users in a one-on-one interview format. Here is just a small smattering of

places where we regularly get feedback from our customers, without doing a separate customer research push:

Win/loss analysis data from sales

Reviews from customers on websites

Support calls and emails

Generative and evaluative user research conducted by other teams

Reviewing existing customer research, in case it contains the type of insights you're looking for now

Most of the time, we don't even realize what a wealth of customer insights we already have in our systems and at our fingertips.

There's also market research. These insights help us understand industry trends, competition, and other happenings that will affect our strategies. This could aid in market sizing, allowing us to assess whether an opportunity is worth going after, or in analyzing competition to see how we stack up against the other players in the field. We need access to this information to round out our external research.

Where do you start when implementing the research protocols? You start where there are the biggest gaps. Typically, we'd recommend that you begin by evaluating your customer insights data flow first, to make sure you are getting direct feedback. But if you already have a robust practice there, you can jump ahead to market research.

Ashley knew she needed Rebecca to start with customer insights in Pipeline 3K. The team was unable to conduct its own research and was missing out on the insights that sales was gathering because they weren't

being shared with the product managers. It was time to design a robust practice around these core qualitative insights.

8

CUSTOMER INSIGHTS

Rebecca was looking around the table at a cross-functional team that was assembled to tackle the “customer insights” problem. She brought together people from user experience, sales, support, go-to-market (GTM), and product management to discuss where the feedback comes from today, and how to design a system that would allow them to circulate the information efficiently. Sales was up first, with Greg, Director of Sales, giving them the lowdown. It was blowing the product team’s mind how much information sales had already collected about customers.

“We have two modes of communication with customers, depending on whether they are a prospective buyer or a current customer,” Greg began. “For prospective buyers, we do cold outreaches to get the first call. Typically, we conduct a LinkedIn search to match our buyer personas and then message them through that system, unless we can find an email address. We log all their demographics and information in Salesforce, which handles these emails as well. Then, once we get on the phone, we take extensive notes about what they are using now, why it’s not working, and what the products could do better. We pitch them at the end of the call, and if they want to continue, we repeat these steps until they sign. If the company doesn’t sign, we’re taking notes about why they went with someone else as well, again all stored in Salesforce.”

Once he closed his gaping mouth, Marcus, the Product Director, chimed in. “So, you have all this information on why people are and are not buying our products? And it’s in Salesforce? I’ve never seen it before! I don’t have access to Salesforce.”

“Well, we didn’t really know you needed that type of information,” Greg replied, “but we can get you access to Salesforce. It’s not such a big deal.”

“Boom!” Rebecca exclaimed. “One problem down. Okay, I need to sift through that data and organize it so we can get it into the reporting that Rose is working on. Greg, can we sit down and have you show us how you are currently tagging it? We might need to change a few tags in the system just to make it easy to pull.”

“Yeah, no problem,” Greg replied. “We have some people on our end who can help. Also… while we’re talking about this, can I bring up that it would be super helpful to get some roadmaps that we can talk through with our clients? I feel like we submit requests to product but they go into a black hole.”

“We are definitely working on that now, and I’ll loop you in to help us create that system too,” Rebecca replied. Greg beamed. Collaboration at its finest.

The team moved on from the win/loss and customer data in Salesforce to the support team. They explained how they had a ton of information in Zendesk that was poorly tagged, but the support team was happy to figure out how to do that better. After support, the user research team talked about how they currently conducted evaluative and generative user research, usually when prompted by the product team to dig deeper. Finally, the pieces of the puzzle were starting to come together, and Rebecca knew they actually had a lot more data on hand than they originally thought.

When we think of product operations for customer insights, we are typically trying to streamline three things:

Getting the internal data we already have on customers from various teams to the appropriate product people

Making it easier to schedule and conduct generative and evaluative research with customers when needed

Making the research accessible and reusable for all teams

How we approach these activities will vary and require different expertise within the team, but they all have the same goal: to create a deeper understanding of our customers for our teams.

Not Just Interviews

While one-on-one interviews with customers are still considered the crème-de-la-crème of product research, they are not the only way to get qualitative information on your customers. And sometimes, companies have an adverse reaction to starting a project or product initiative with a huge user research study.

We faced this situation quite often in our consulting at Produx Labs. While helping clients develop strategies and roadmaps, we were frequently met with adverse reactions from the CEO when it came to doing customer interviews. “We’ve done a lot of research already” or “We have plenty of data” were some common retorts. Sometimes this was true and sometimes it was not, but our approach allowed us to find out what they had already learned and to fill in the gaps from there. This was always met with approval when we could show which gaps we were filling through one-on-one interviews. And it did indeed speed up the process of getting to our result.

There may also be the inverse challenge: Everything needs to be researched to an inch of its life before a decision is made. We’ve seen product operations help with this area through very brief guidelines of how teams should conduct research, specifying the research threshold, and then establishing consensus that decisions will be made at that point. You don’t

necessarily need to speak with hundreds of people. Oftentimes, you end up hearing similar research feedback after interviewing the ninth user.

In a software company like Ashley's, there are typically dozens to hundreds of people talking to customers on a day-to-day basis—sales, account managers, customer support, just to name a few. We on the product team can harness their insights, as well as help round out what we know about the customers.

Many companies begin their product operations journey by focusing on streamlining the communication between sales and product teams. Blake Samic, head of Product Operations at OpenAI and previously at Uber and Stripe, describes product operations as "building the connective tissue between the teams building your technology and the teams who interact with your users." When Uber execs noticed that feedback from sales and support didn't always make it to the product, they decided to start their product operations by solving this problem first.

But where do we start on this journey? The best way to figure out what you already have is to survey the company and pinpoint the places where people are interacting with customers already.

This is exactly where Rebecca started. As we saw above, to quickly get a view of the customer, she brought all of the customer-facing teams together to understand what data they had been collecting. Context for the data would be important as well.

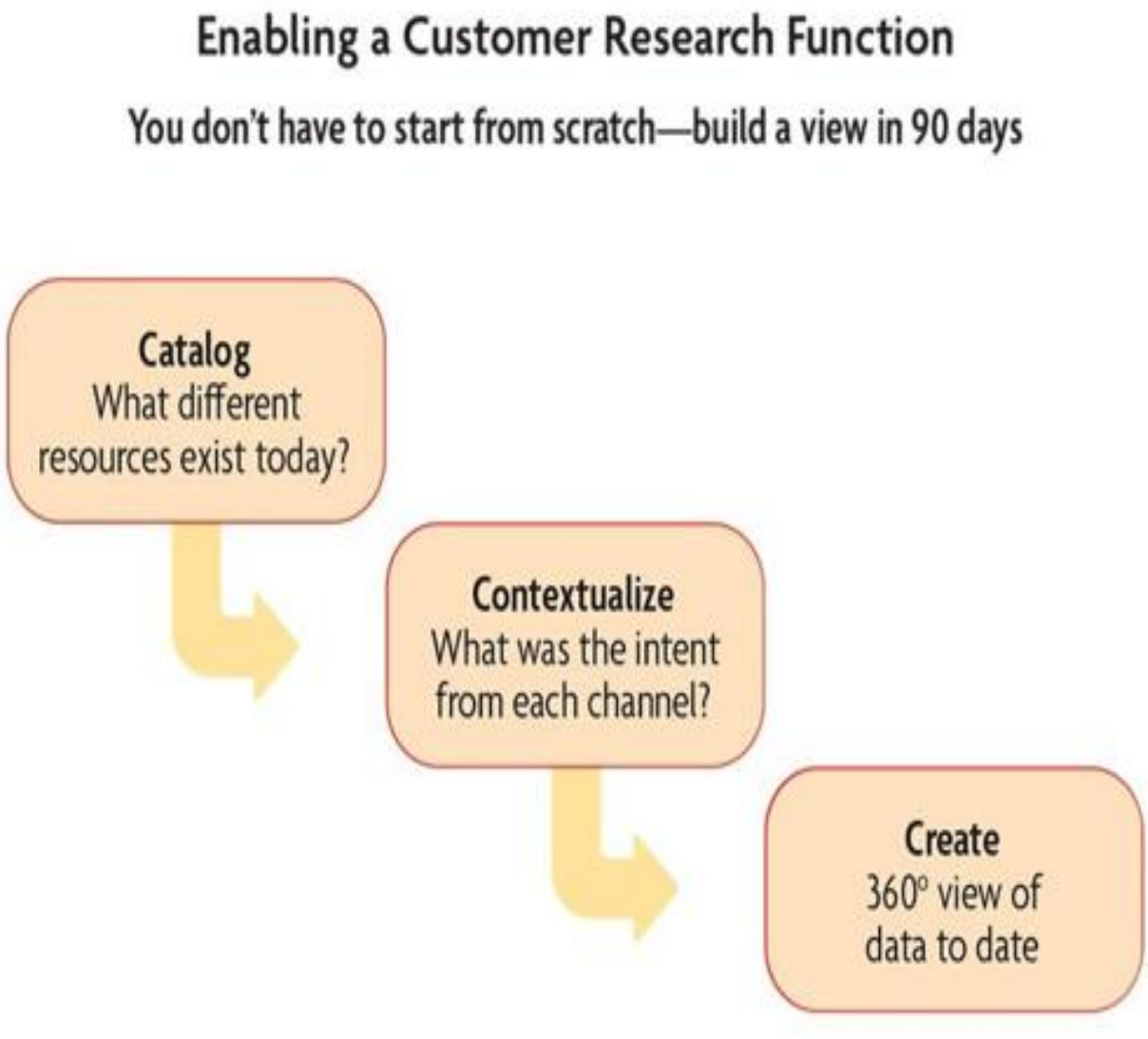

Figure 14: Enabling a customer research function

When you begin, start from the teams, then map it into the systems where they take notes. Create a table of assets like the one below that Rebecca started:

Team	Type of Data Collected	System	Frequency
Sales	• Win/Loss Analysis • Competitive Analysis • Feature Gap Analysis • Sales Personas	Salesforce	Daily
Account Managers	• Upsells/ Cross-Sell • Adoption Issues • Product Feedback	Salesforce	Monthly
Support	• Bugs • UX Problems • Documented Work-Arounds • Ad Hoc User Requests	Zendesk	Daily
Product Managers	• Product Desirability • Problems/Problem Validation • Evaluative Research • Solution Validation	Notes in Google Drive	Monthly
User Research	• Generative Research • Evaluative Research • Personas • Problems • Self-Identified Customers Interested in Sharing Feedback	Notes in Google Drive	Weekly

Once you have an outline of the information, you will need to inspect the quality. Are sales and account management entering information in a way that is useful for product managers? If not, can we work with them to fix that? Sometimes these teams don’t know what information product needs to do their jobs.

We were giving a workshop to a group of product leaders in a very large enterprise. When we mentioned that sales teams might not know what information product needs, an attendee exclaimed, “YES! I was in sales for 20 years. I took so many notes, but I had no idea if they were good. Now that I’m in product I realized I was taking all the wrong information down, but I thought I was helping. I would have changed if someone told me.” For instance, sales teams often note that people opted for a competitor without specifying the reason, be it price, feature parity, or another option better suited for their needs. Making sure that we tag each win/loss with these reasons can expedite the analysis, helping us prioritize which issues we should focus on first.

Once the data is cleansed and tagged appropriately, you can have your product operations analyst setup both reporting and meeting cadences to review the information. This involves understanding which teams need which data, automating that flow as much as possible, and then setting up deeper dives with the originating teams. Being able to draw a line back from your product ideas to this input will be especially powerful in getting buy-in for the feature ideas.

9

STREAMLINING THE USER RESEARCH

Once we get the data out of our existing systems, we will start to identify gaps in the information we need in order to make concrete product decisions. This is where our good old-fashioned user interviews come in. Now, while we all know that talking to customers is the best way to get information about them, it is also incredibly burdensome. Consequently, people will take shortcuts to try and alleviate this burden.

There are many problems with the way companies do user research these days:

Product managers frequently contact the same users or companies over and over because they are amenable to customer research. This creates an echo chamber where all of our product decisions are informed by a small subset of our users. By only talking to current customers, product managers develop a blind spot. Ideally, they would need to talk to people who fit the persona but aren’t currently customers.

Once the interviews are conducted, the “lessons learned” get isolated to just the team that performed the research, preventing other teams from using it in their decisions.

Sales may insist that product managers review with them which customers they plan to interview, citing pending renewals, sensitive relationships, etc.

Product managers may avoid talking to customers or might talk to the wrong customers because it takes so much effort to set up calls and interviews with them.

When we were working with athenahealth, the company faced all of these issues and decided to address them head on. The operations teams, led by Jen Cardello, created two key initiatives [1] that changed the way the company of 5,000 people did research:

A database of users, called the User Research Council

The User Research Repository, which held the notes and videos from research

The User Research Council was a database of more than 3,000 users who voluntarily participated in research with the company. The DesignOps team had recruited the users, asking them what types of research they would like to participate in—interviews, testing new products, etc.—and how often. That information, along with their account manager, the last person who contacted them, and other important details, was cataloged in the database. This database was then made accessible to product managers, user researchers, UX designers, and other employees for contact purposes. This reduced the risk of “bothering” some of our customers with too many research requests and helped ensure that we were conducting high-quality, diverse research.

Once the research was conducted with members of the User Research Council, the findings could be uploaded to the User Research Repository. This included qualitative and quantitative information, like surveys. Product development teams could then search through the findings and see if their questions were already answered. While we built our own system, and we’ve seen others use the workspace app Notion or Google Docs, tools like Dovetail simplify the process.

In some organizations, this work falls under design operations . This was the case at athenahealth, where the UX team reported to the chief product officer through a chief experience officer. As a discipline, design operations

includes much more than just streamlining user research. Nielsen Norman Group defines it as “the orchestration and optimization of people, processes, and craft in order to amplify design’s value and impact at scale.” [2] This function will oversee things like asset management, design standards, and experience measurement tools, which all aid in creating better experiences for our customers.

When your team is as large as the one at athenahealth, with more than a few hundred people in UX supporting more than 350 scrum teams, a robust design operations team is indispensable and introducing concepts like design systems is a game changer for executing product at scale. In this case, it makes sense to position the user research components of product operations under design operations. Alternatively, in cases with a large user research function, they can fall under research operations teams. Product operations works closely with these functions to ensure product managers can access and fully utilize the research available.

In a smaller team, you may have a smaller user research function, or you might not have any user research systems at all! In this case, we suggest you designate someone with a strong user research background to handle this function. If they have a design operations or research operations background, great. If not, find someone with demonstrated competence, or at least a strong desire to delve into user research. Then, focus on the activities, tools, and systems that will make user research accessible to the rest of the organization, emphasizing the findings database and the customer access pieces. These will pay off in spades as you start to scale.

Regardless of the format you choose, ensure that your product operations and design operations teams are working together consistently, granting all teams a great view of the user.

A common incorrect assumption is that the ideas we are talking about here are a replacement for user researchers. This is not the case. So how do user

researchers, product operations analysts, and product managers work together? The easiest way to think about it is as follows:

User researchers own the methodology to conduct research. They are usually responsible for large generative research projects, but they also step in to do many customer interviews around targeted product areas in larger teams.

Product managers are consumers of the research from user researchers. They can also design and conduct research on their own, and should be frequently attending user research sessions. In teams with limited numbers of user researchers, product managers may turn to them for advice and guidance on user research best practices, but would then need to conduct the research themselves.

Product operations makes it easier for user researchers and product managers to conduct the research and understand the insights they need. They oversee the tools and implement systems that allow the others to concentrate on the content rather than the process.

A lot of the delineation here comes down to company size as well. Larger companies tend to have robust user research teams while smaller companies do not, leading the product managers and/or UX designers to do it all themselves. In Ashley's case, given the smaller size of her team and the absence of a substantial user research team to design these systems themselves, she had to ultimately lead the charge.

Implementing the Feedback Loops

Back at Pipeline 3K, Rebecca had finally drawn a map of all their customer feedback inputs and was up to speed on the current user research cadence. She was ready to put together a plan.

She wasn’t sure yet if she needed to hire someone to help with this or if there was a person on the team who could be trained up. Nonetheless, she identified two separate streams of work:

Stream 1: Organizing and Reporting on the Customer Feedback Inputs

Reviewing the data in the sales-owned CRM, identifying tagging needs, and working with sales operations to implement in back into their systems

Helping the sales team and customer service teams create a system for taking in inputs for the product team and flagging them appropriately

Generating reports each month for the appropriate product teams

Organizing a feedback cadence among sales, customer support, and product to update them on roadmaps and upcoming product launches

Providing guidance on the types of questions to ask customers in order to assist product managers with their work

Stream 2: Leading and Organizing the User Research Efforts

Training the team in good user research, creating a brief playbook for future reference, and helping them review their research plans

Determining which systems would capture the user research results so the rest of the teams could learn from them

Advising on the best user research tools for the teams (e.g., surveys)

Organizing the client outreach database for user research and testing purposes

As Rebecca reviewed her plan, it definitely felt like a case of biting off more than she could chew, especially as she wanted to notch some quick wins. She decided to start with Stream 1, Organizing and Reporting on the Customer Feedback Inputs, which could provide more immediate leverage for the product managers. She'd revisit Stream 2 at a later date.

Rebecca needed some help with the "tagging and reporting on systems" portion. One of Pipeline 3K's associate user researchers, Ben, really impressed her. It would be a good opportunity to see if he could step more formally into a product operations role. However, for the user research initiatives in product operations, she knew they might need to hire an experienced user researcher to help lead that charge.

Feeling more secure about this area, she turned to investigate existing market research inputs.

1 https://medium.com/athenahealth-design/how-we-approach-designops-at-athenahealth-8997a1b16ce5

2 Design Ops 101: https://www.nngroup.com/articles/design-operations-101/

10

MARKET RESEARCH

“But why do we need a market research team if we’re talking to customers?” Marcus was whining at Ashley. “At this other company I worked at, all they did was try to take over all the customer interviews and research. They thought they owned all of that. It was such a fight to be able to do our own research. I don’t want that again.”

“Ah, but that’s not a good market research team, Marcus,” Ashley said. “Those people didn’t understand what their job was. The job of a market research team is to help us understand the value from a potential market—the big picture, not the interviews with individual users. We need to understand the competitors, the trends, and how much potential value is in each market.”

Ashley had turned on her full persuasion powers because Marcus looked miserable, but by the end of that little explanation, he had started to perk up. She continued. “When we’re setting strategy, we need to be able to quantify potential opportunities in different markets. The analysts in this group can create models to help us predict how much of the market we can capture over time so that we can prioritize better. If we do our models well, pairing with the sales team, we should be able to predict how much revenue we can capture with the different options in our roadmap.”

Marcus’s eyes lit up at that. “I was always asked by the executive team what kind of upside there was to our different initiatives, but I didn’t know how to predict that kind of revenue. That would help so much with prioritization, since we wouldn’t be fighting over hypotheticals.”

“Exactly,” Ashley replied. “With data from market research that Rebecca is implementing, we’re going to put a lot of squabbles to bed. We just need to get the right tools and the right people.”

Once we understand the needs of a potential set of users, how do we know which opportunities are worth going after? This is where market research comes in. Market research can help you size markets to evaluate business opportunities, understand expansion risks, and compare your offerings against competitors. These are the typical tools that venture capitalists use when valuing businesses and deciding whether or not to invest in them. In the case of product management, we use the same techniques to decide whether or not to invest in our product direction.

In an ideal world, you would have a robust product marketing team that you could pair with on this endeavor Many large companies have excellent analysts. But if you are part of a smaller team, your product managers have probably been taking on this work themselves, and it is exhausting.

Estimating Value of Expansion Opportunities

“How do we prioritize?” is the most frequently asked question we get from product managers and product leaders alike. Do we make a weighted average chart, based on factors such as perceived value and ease of implementation? Do we use the Kano model? While some of these models work well at lower-level feature trade-offs, you don’t want to base your big business decisions on an arbitrary model. You want to understand the business opportunities, particularly when exploring avenues for expansion.

Whether you’re expanding into a new market or looking to solve problems in your existing market, you need to take into account the dynamics of both markets and the competitive landscape. There are many questions you need to answer before taking the leap:

How big is the market size of each option?

Can we actually penetrate that market, or is it saturated with another solution?

What do the contract times look like for our competitors? Do we need to wait three years for their current contracts to expire with potential clients?

These are questions that the market research team can help with. We want to not only understand the total addressable market for our opportunities, but also the serviceable addressable market and serviceable obtainable market. Here's a quick overview of each of these terms:

The Total Addressable Market (TAM) is the total potential value we could achieve if we were able to capture the entire market. Pipeline 3K example: All companies that use, or potentially may use, hiring pipeline tools.

The Serviceable Addressable Market (SAM) represents the segment of the TAM we could capture with our current products or future products, given the demand for our type of product within our geographical reach. This doesn't take into account competition within our problem space. Pipeline 3K example: All companies in the United States with more than 500 employees.

The Service Obtainable Market (SOM) is the portion of the SAM we could realistically capture, taking into account our development time, competition, and current sales staffing. Pipeline 3K example: All companies in the United States with over 500 employees, who have budget and are considering switching to or acquiring new hiring pipeline tools in the next 6 months.

Ever hear an executive wax poetic about the huge opportunity entering a new market would bring you? They're usually talking about the TAM. Lots

of executives get excited about the potential TAM when considering a new market because it’s big and shiny, but they fail to calculate the SOM. If they did, it would tell a very different, much more realistic, story.

A few years back, we were helping an energy resource company by stepping in as their interim chief product officer (CPO) while we sought to hire a full-time CPO. They were transitioning from a consulting company into a SaaS data platform. The move was smart; they had all the assets needed to make this play and many of their competitors had already done so. However, they needed to do this quickly to keep up.

When we entered, the CEO had a small product and development team focusing on building out the features of the new SaaS platform around a specific new data set that would allow them to enter a new market. This was their minimum viable product (MVP), their test case to see if people would want the new product. “It’s a $200MM opportunity!” the CEO was often shouting. “We need to capture this before anyone else does.”

While everyone was excited to create this new platform and move in this direction, they were also frustrated. The team hadn’t been able to release something that could be shown to clients yet. The business was becoming skeptical about this being a good move. When we dug deeper into why it was hard to build this MVP, it turned out that to bring this new dataset to market, they had to build a lot of features to create the end-to-end workflow. But this was not the only avenue the company could pursue to launch a proof of concept into the market for the new SaaS platform.

We took a step back, wanting to understand the multiple options the company had and how their customers used the product. After extensive customer research, which included interviews and observations of their work processes, we found that there were two clear types of personas: those who used workflows primarily and those who wanted direct data to plug

into their own data analysis tools, which hosted their proprietary algorithms.

Once we identified the two use cases, we saw two different types of solutions we could build:one being an end-to-end workflow tool and the other, application programming interfaces (APIs). While these would be a complete platform one day, we didn’t need both to start winning over customers and stopping churn. We turned to market analysis to quantify the different ways we could go, calculating out the SOM by taking into account the length of contracts of potential customers, risk of churn of our existing customers, and what we could potentially bring to market over the next year or two.

Upon conducting this analysis, we found that while directing the entire development team to build out the tools for the workflow to enter the new market would yield profitability long-term, we would only be able to capture about $2MM in revenue in the next two years. By reallocating some resources to focusing on direct APIs, our revenue from the new SaaS platform would surge to $30MM in the next year.

Showing these numbers to the CEO sparked a different conversation about how we could hit our company’s goals and where to best invest when looking at a portfolio of product opportunities. That’s the beauty of bringing in this type of analysis to a product portfolio conversation—it strips away the hypotheticals and focuses people on realistic value.

Calculating this data is time-consuming. It requires understanding the types of companies in the market, how much they spend on similar software, contract lengths, geographical areas, and much more. Then you have to create a model that can realistically look at the best—and worst-case scenarios, depending on what your company can handle in terms of sales and length of development time. This is why it’s important to hire a product operations analyst who has experience in this domain. Such an analyst can

effectively collaborate with the product leaders and team, including the market research team (if one exists), to do this work.

We've had success hiring former analysts from big consulting companies who have expertise in competitive analysis and company validation, and then introduced them to the nuances of product management. These people often have two to three years of experience at Deloitte, McKinsey, or one of the other big companies, and usually want to become product managers one day. They are fantastic at looking at large data dumps and making sense of them in helpful ways. You provide the questions that need to be answered and the context of product management, and they can help get you the answers.

Competitive Analysis and Market Trends

Melissa recently received this question on her Product Thinking podcast:

"Do you have any smart tips in doing competitor analysis? I can, of course, find competitors online and read about them on their website and so forth, but how do I know more about them? Their technology, their solutions, their current and upcoming features? Their strategy? All of those things are internal. How do product managers spy on their competitors to find out what differentiators and what disruptors are looming out there? How do I stay up to date on a level that is more in-depth than just checking companies' websites?"

Keeping up with the movements of competitors can be challenging. While setting up Google alerts can notify you of new feature drops or market shifts, it often only scratches the surface of what you need to know. So how do you keep an eye on the higher-level market trends and competitors to

inform our decisions, without making it another full-time job? Enter: product operations.

The product operations team can also help streamline competitive and market analysis. However, we need to be careful here to not duplicate efforts driven by product marketing. Product marketing usually conducts analysis on the market, trends in competition, and looks at how different solutions are positioned. This is all valuable data for product managers as well, but sometimes we either don't have a product marketing team at all, or they're not diving deeper to determine what we need to know—like analyzing new features or expansion of competitors into new markets or challenges.

If you do not have a product marketing team, we suggest starting with some basic market trend analysis that can be easy to obtain by subscribing to research platforms like Gartner. Frequently, these companies release reports on markets, leading competitors in the space, and other useful information that you can browse when you need to make decisions. It's pretty low effort to get up to speed quickly with the market and its shifts using this method.

Another thing that product operations could do is hold the keys to demo versions or logins of a competitor's site. The best way to learn about a competitor is to experience them. If you have the ability to sign up for a competitor's site, you can own a general login through product operations for the company to use. Not able to create a login for their site? The second best way is to ask your customers, especially the prospects or those considering a switch. Invite them to walk you through their reasons and screen share the competitor site with you. Record these sessions and keep them in the customer research database we talked about earlier in this chapter.

CASE STUDY: DEMOCRATIZING USER RESEARCH AT FIDELITY

Fidelity Investments is one of the largest asset managers in the world. With hundreds of agile product development squads, and just 65 User Researchers, it wasn't possible (or desirable) to embed a researcher on every team; they needed a way to scale.

In 2018, Jen Cardello came on to lead Fidelity's User Experience Insights team. At this time, she established a research operations (Research Ops) function to help researchers accelerate their work and extend research capabilities to non-researchers. While the user researchers design and execute research to inform product strategy and design, the Research Ops team ensures that they can scale the value of user research beyond just the 65 team members. Cardello was fresh off the heels of implementing design operations for an 85-member user experience design team that supported 230 scrum teams at athenahealth, and was ready to apply those skills even more extensively.

The goal of the Research Ops team was to accelerate learning velocity. This involved streamlining the way user research was conducted and enabling the product teams to self-serve. They did this through a series of initiatives:

Helping Researchers:

UX research framework and playbooks

User access

Helping non-researchers:

Democratization of research

Research repository, called “Lighthouse”

UX Research Framework and Playbooks

At Fidelity, the appetite for user insights is very high. They needed a way to educate the teams, ensuring that the requests submitted were appropriate and high-quality. Enter: the Research Framework.

This framework helps teams understand questions each research team can answer and align to the product and marketing life cycles, as seen in Figure 15.

Additionally, the user experience insights team is just one component within a larger research and insights organization, including behavioral economics, customer experience research, brand and marketing research, and strategic research. For example, if you need to see how big of an opportunity solving a particular problem is for a market, strategic research can help with calculating a TAM and SAM analysis. If you are trying to understand if current solutions are useful and usable, the user experience insights team can conduct a usefulness assessment and digital friction analysis. Having multiple research functions available to the company allows them to get the right data to the teams and leaders in order to make impactful decisions about what to build and how to design it.

By implementing this framework at Fidelity, the user experience insights team was able to focus research requests and shape them to deliver insights, fueling product and user understanding for multiple teams at once. The team then created playbooks for six deliverables that aligned the questions that

need to be answered. One example is the Usefulness Assessment, which helps teams understand if their products are meeting the user's needs.

"I think the Usefulness Assessment has been one of the most enlightening deliverables in the research mix, as it clearly reveals where there are overlaps in feature/functionality and fragments of great experiences that are disparate and could be more impactful if they were brought together and streamlined," noted Cardello.

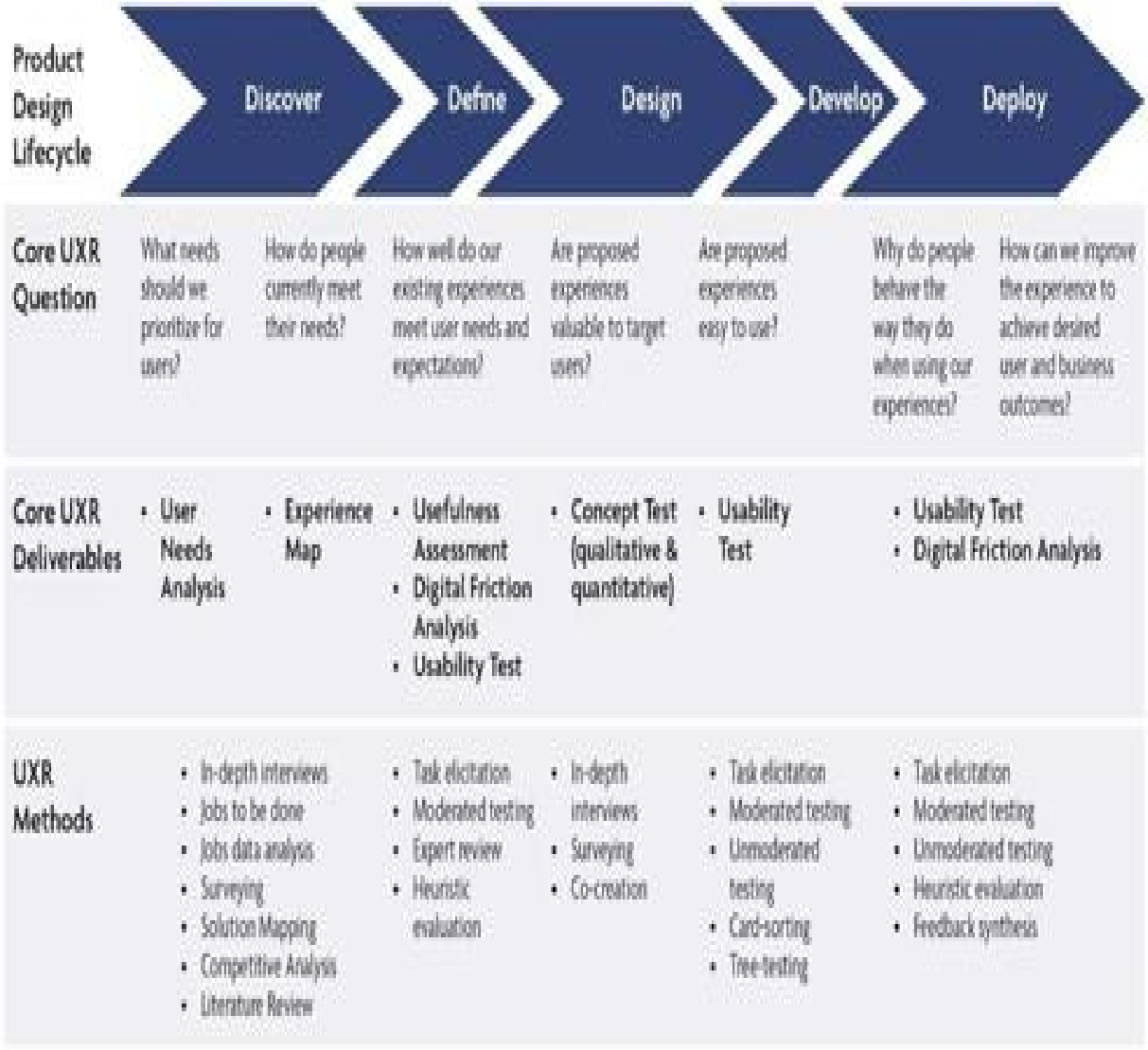

Figure 15: How user research supports the product design lifecycle at Fidelity (Credit: Fidelity)

Figure 16: A redacted version of Fidelity's usefulness assessment

User Access

One of the most critical capabilities Research Ops oversees is the User Access System. User access is essential to recruit the right participants for research studies. In financial services, recruiting is particularly difficult because they must adhere to federal and state regulations. Streamlining and modernizing these processes while meeting legal, risk, and compliance

guidelines requires careful strategy, partnerships, technological dependencies, as well as exceptional execution—there are many moving parts.

This system provides multiple access modes, facilitating communication with customers and prospects for participation in both blind and branded studies. Cardello tells us, “Before we created this system of panels and modes of contact, it could take up to two months to recruit for a study, given the specific profiles we were seeking. Now, for many of our studies, we can recruit participants in two days.”

Although this helped streamline the way the team conducted research, the problem of having enough researchers still loomed. The team needed to scale the research function, enabling the squads to self-serve effectively.

Democratization of Research Program

For Fidelity, scaling UX Research posed a particularly tricky problem due to the nature of their industry. Financial services comes with a lot of compliance. Cardello explains, “It’s not possible for teams to just run out and go talk to three people down the street and show them some of their designs. This creates a big backlog for us. People are waiting to get to us largely because we are their access to users, and we don’t want to be a bottleneck.” While all of the UX researchers were certified to conduct research directly with users, the same could not be said for all squad members. One of Cardello’s goals was to change this.

She explains, “The Democratization Program is not only a way for teams to learn and do some of their own research within the product development life cycle, but also a way to access users quicker than you would if you had to go through the moderated research process through our team.”

The Democratization Program trains associates who are interested in conducting unmoderated usability testing. It instills best practices and offers certification to ensure participants can produce high-quality studies and insights. “We’ve trained over 300 associates”, Cardello declares. “A lot of them are designers, but also product managers, squad leaders, business analysts, and others. They’ve conducted over 600 studies in the past few years, which has bought us time and capacity. Requests used to sit in our queue for a minimum of 14 days, and now these squads can get results in three days.”

Lighthouse Research Repository

When Cardello entered Fidelity, there had already been decades of research conducted, but findings were scattered and hard to piece together in a usable way. With the increase of studies happening through the Democratization Program, she knew they needed to make sure this valuable information was not lost and people were not conducting duplicative work.

The Research Ops team built a research repository called “Lighthouse” to ensure that all members of the organization could access research that had been conducted previously. Lighthouse is not just for user research; it also holds market research, customer experience research, marketing and branding research, and licensed third-party research. Once the research is completed, it’s uploaded into the system by the person who conducted it.

“We ask all requestors of research to first go to Lighthouse and see if their answer is there. If not, they can submit a research request and eventually, that report will also make it into Lighthouse,” says Cardello. Having a self-serve option for the team helps the user researchers make sure they are focused on the highest priorities, as well as ensuring that they are not replicating research. It also helps teams get answers to their questions quickly.

Tips for Getting Started

If you are ready to implement your own Research Ops program, Cardello recommends the following:

Start with a listening tour. Learn about the organization's pain points, their needs, their current perception of user insights, and their understanding of product management.

If you have a team of researchers and you need to scale, the first thing to do is analyze the past 6-12 months of research. Categorize it by "development phase" and "questions answered" to determine where researchers are spending their time. In many organizations, user researchers are spending too much time on evaluative usability research. This is valuable, but moving upstream to influence the creation of highly useful products is even more important to achieve product-market fit.

Even if you don't have hundreds of squads like Fidelity, democratizing certain forms of user research proves beneficial. This ensures that when product teams undertake their own research, they do it well. "There are 2 critical features of the democratization program," explains Cardello. "Number one is contextual education: people come into the program with a learning agenda and while we are teaching the principles of high-quality research, they are applying them. The second is "Buddies": each graduate of the program has a user researcher buddy who checks their work to ensure high-quality tests and insights."

If you don't have researchers, work with business and product leaders to build a learning agenda. Use a framework that emphasizes uncovering user needs, iterative design and testing of solution concepts, and ensuring usable experiences. This agenda will help you illustrate the scope of research needs, prioritize them, and develop an action plan for how to make progress without becoming overwhelmed.

Takeaway: Great Research Practices Fuel Customer Obsession

In a highly regulated environment, user research has its challenges. However, it's more important than ever to make sure it's accessible. Cardello's user research and research operations teams work closely together to make sure Fidelity employees understand user needs and can deliver effective products to the market. Cardello emphasizes, "The proof of success for user experience insights at Fidelity is seen in high insights-to-action rate, consistently growing certification of democratization students and accelerated research schedules, particularly in participant recruiting. But the ultimate measure is our ability to meet insights demands at a company that is truly customer-obsessed and fueled by insights."

GETTING STARTED WITH CUSTOMER AND MARKET INSIGHTS

#1 Create a Table of Research Insights Assets

Before setting up any research systems, take stock of what exists today. When you begin, start from the teams, then map it into the systems where they take notes. You'll want to capture the assets by team, type of data collected, which system it lives in, and the frequency at which it is collected. Once you have a view of existing assets, things may be better than you initially thought. You will then start to understand what the gaps are and prioritize accordingly.

#2 Get up to Speed on Market Trends

In your investigations, determine which professional research services your company subscribes to, such as platforms like Gartner, Forrester, and so on. This may be a little challenging, as the subscription ownership—as well as username and password—may live with someone who is no longer at the company. If you find that the company does not have any subscriptions, you can start with some basic market trend analysis that can be easy to obtain by report or a subscription. As we mentioned above, these reports provide an easy way to quickly get up to speed on the market

#3 Assess the State of Research Tools

Research tools and processes are core to product operations—think prototyping, surveys, and user research. A little digging around within the product, UX, and marketing teams should yield a better understanding of the tools that are being licensed today and how teams are using (or not

using) them, which may lead you to already existing research. If that is the case, you can build a quick view:

Catalog: What different resources exist today?

Contextualize: What was the underlying intent or hypothesis behind the research from each channel?

Create: Using the existing data, see how far you can get in creating a 360-degree view of the insights.

PART 4

PILLAR 3: CREATING A PRODUCT OPERATING MODEL: PROCESS AND PRACTICES

We are going to see much more standardization of the product management process, especially at large teams and companies. If you look at sales, customer success, and engineering, there are very defined and well-understood methodologies that everybody follows. [...] So we're seeing the rise of the product operations function. It's the rise of the need for more rigorous product management as a process. It doesn't mean that the individual product teams can't have their own criteria, but it needs to be a centralized, standardized thing. I do believe we'll see more of that because of the need for predictability and that kind of leadership of the product organization as a whole.

—HUBERT PALAN, CEO OF PRODUCT BOARD, A PRODUCT MANAGEMENT PLATFORM

As things were getting sorted with the quantitative and qualitative side of things, Ashley got a Slack message from CEO Sunita saying, "Time for annual planning!"

Ashley thought that the end of October was a bit late to get started, but she was glad to finally kick this off. She asked for a high-level overview of Pipeline 3K's typical annual planning process to review with her new head of product operations, Rebecca. Though Rebecca was focused on discovery for business and data insights, her point of view on annual planning would

be a helpful sanity check for Ashley. A few minutes later, Sunita stopped by Ashley's desk.

Looking sheepish, Sunita explained, "We don't really have a process, per se, that we follow each year. In fact, we usually don't get the budgets locked down until March." Sunita caught the look on Ashley's face—let's just say it was a blend of exasperation and annoyance. "I'm really hoping this will be the year we grow from being a pirate ship to a Navy ship, Ashley. Annual planning is a great place to start. Do you have some ideas?"

Even though Ashley was thinking Yeah, how about starting annual planning oh, say, two months ago? She held back the sarcasm. Instead, she asked Sunita, "Besides getting to an approved annual budget at the end of Q4 or early Q1, what is the organization's other biggest challenge?"

Perched on the edge of Ashley's desk, Sunita remained deep in thought for a moment before replying. "In my opinion, I don't think product has historically done enough to engage cross-functional stakeholders in the planning process." And with that, Sunita walked off, leaving Ashley to figure out how to get started.

Ashley grabbed Rebecca from her desk and they headed over to her trusty whiteboard. There, Ashley began listing her top questions:

What are Pipeline 3K's core outcomes they want to achieve with annual planning?

How did the product team—and the organization at large—collaborate in the past?

Are there any planning processes in place today at Pipeline 3K that we can build on?

Product Director Jill walked by the whiteboard while Rebecca and Ashley were considering how Rebecca could start to answer these questions. “Annual planning, huh?”

Ashley nodded and then asked, “What’s gone well in the past with the process, Jill? What are the opportunities for improvement?”

Jill shared that the organization always started late, which made a needlessly hectic 24/7 effort for everyone on the team to get things allocated and aligned in only two weeks. The sales team, Jill mentioned, “kept complaining that they had no clear view of how decisions were made.” Last year, Jennifer, the CRO, asked the product team to create a process for the year’s planning. “There’s been no time to do it and, honestly, even less appetite from the product managers for a process,” Jill sighed. “We’ve got enough processes.”

Ashley asked Rebecca to pause the customer insights work she was midway through and focus 100 percent on getting the framework in place for annual planning. Rebecca had her work cut out for her.

11

THE PRODUCT OPERATING MODEL

“Process” is a loaded word. While some see it as a relief from chaos, others associate it with potentially heavy-handed rules, too much structure, or lots of edicts; basically, a “bossypants” telling us how to do something. Whichever side of the fence you stand on, process can be a good thing—if applied judiciously. Process definition can be as heavy or as light as needed in your organization.

Simon Hilton, former Director of Product Operations at Willow and the host of the Product Leadership podcast, says, “The word ‘process’ has always given people an allergic reaction. When I talk about ops, I’ve used words like method or service. That’s also the way I try to run product operations, by providing useful services that do the heavy lifting for product managers.

Continuing the ‘method’ thinking,” Hilton elaborates, “I try to run ops like an API product. A set of methods that should continually be going through versions. If they are not helpful and used, they should be deprecated.”

Noted product management author Marty Cagan ignited a kerfuffle at the end of 2021 with a blog post [1] that decried the rise of “process people” for the sake of sheer process. He said:

“One worrisome trend I am seeing is so-called ‘process people’ using the vehicle of product ops to penetrate an organization, and take an otherwise useful function in a less than useful direction. In many companies, the latest trend in this dangerous direction is the rise of product ops.”

Dangerous?!

Product operations leaders quickly tweeted at Cagan, including Blake Samic, who replied, “It sounds like you haven’t worked with a good product operations person. It’s more about adding focused operational leverage to a product team than dictating how the team should do everything. The premise that it’s all about process is misguided.”

Later, Cagan clarified in a blog post [2] that he was not opposed to product operations as a force multiplier for the team.

To address the “process for process’s sake” misconceptions, let’s focus on what product operations does for enablement.

When we talk about process in the context of product operations, what do we mean, exactly? Simply put: working smarter, not harder. Certainly many companies have a product development framework for building products that customers love and value. With product operations, it’s often in service of removing barriers to better collaboration, and as Calendly’s former Head of Product Operations Srinivas Somayajula says, “Increasing the speed and quality of decision-making.” Product operations can also support a way of working together so teams can get to the actual work, rather than spending cycles discussing rules of engagement with their teams and cross-functional stakeholders. This all boils down to creating a Product Operating Model for your company.

What exactly is a Product Operating Model? It’s how we codify the way we translate the business and product strategies into the work getting done. In our first two sections of the book, we talked about how to inform strategy

through internal and external data aggregation. Now we need to put the remaining pieces in place to guide people on execution.

In the Product Operating Model, the CPO sets the product principles, culture, and values for the product team. They can then leverage the product operations team to help define and put into practice the process and governance pieces.

The Product Operating Model provides guidelines on how the product team works with each other and with other departments and stakeholders. It creates the right blueprint for your unique company when it comes to roadmapping, reviewing strategy, idea management, and annual planning, just to name a few. Implementing your Product Operating Model helps align the entire company around product development.

1 https://www.svpg.com/process-people/

2 https://www.svpg.com/product-ops-overview/

12

CREATING THE PROCESS AND GOVERNANCE OF THE PRODUCT OPERATING MODEL

At Pipeline 3K, now that Ashley felt prepared to create and monitor the product strategy with the data Rose helped streamline, she needed an operating model for the product team to solve the other process-related problems. She took inventory of what already worked well with their process and the gaps that still existed so she could point Rebecca to the biggest issues. Laying out the main components of the operating model, she looked at their progress:

Roles and Responsibilities:

Job Descriptions

Career Paths

Process for Product Teams:

Templates

Discovery

Roadmapping

Tool Stack

Codified Software Development Life Cycle (SDLC) Process at Pipeline 3K

Guidelines for Working with Other Teams:

Idea Management and Flow

Intro Software Development Life Cycle to Cross-Functional Stakeholders

Release Guidelines and Go-To-Market

Governance and Annual Planning:

Cadences and Types of Meetings

Cross-Functional Touchpoints

Roles and Responsibilities

Ashley and the HR team had spent a lot of time standardizing the product roles and career ladders. On this front, she felt confident. Subsequently, she conducted a roadshow with the other departments and worked with their leaders to define the boundaries between their functions and product management. This was essential for getting everyone on the same page, and the results were speaking for themselves. Designers understood how they contributed to the team and weren't fighting over ownership of research. Sales was not overpromising features and instead, involved product managers earlier in the sales cycle. There were still a few kinks in how they were all working together, but having these clear role descriptions were helping. She gave herself an "A-" on the work done so far.

Processes for Product Teams

The product team was making good progress with her guidance, but there was room for improvement. Once they defined the roles and responsibilities for the product managers and built a career ladder, Ashley got them the skills training they needed to understand their day-to-day work. She was also hiring in talent for the gaps they needed to fill. The company-defined roles and responsibilities gave the teams of product managers, designers, and engineers a starting point to discuss their collaborative approach. They were also executing their discovery processes better and getting to a point where she didn't need to give them as many instructions. Still, they could benefit from having some standardized templates and tools to make it easier to work cross-functionally. Certainly, the teams' inconsistent roadmap templates and level of detail was still a challenge for Ashley. In this area, she rated their progress as a "B".

Guidelines for Working with Other Teams

Looking at the Guidelines for Working Cross-Functionally, Ashley gave herself a solid "B" as well. When she first came into Pipeline 3K, she spent some time educating the other teams on how the software development lifecycle worked, which cleared up some confusion. Now Ashley needed to set up the systems and frameworks that made this happen. They had started with release guidelines—letting the sales team know with a simple codification which things were ready to sell and which weren't. Since then, no one had oversold the roadmap. Hurray! But she still needed to finish implementing the framework for idea generations and how they flowed to the team. She had some work to do to get it to an "A".

Governance and Annual Planning

Ashley knew there was a huge weakness here. Product reporting was currently done on an ad hoc basis, triggered whenever an executive team member demanded to see information. There was no consistent template for reporting on metrics, outcomes, or roadmaps. Consequently, the teams

repeatedly spent hours reinventing the wheel each time the product team received a data request. They had also attempted a quarterly roadmap review. However, it was open to the entire company and everyone thought their opinion mattered. The product managers felt like they were gladiators competing in a ring, as the executives slowly ripped them apart.

And annual planning? Forget it. It was a week-long, never-ending marathon where people got in a room and threw ideas at a wall, hoping they would stick. Three months down the line, whatever they planned was moot. Both sales debt and emerging market opportunities obliterated their plan. Ashley wanted to create a rolling cadence of reviewing work in progress across all levels, ensuring the appropriate people had the right channels for input. She gave them an “F” in this area.

Given that they were now in annual planning mode, Ashley knew this is where Rebecca needed to start.

Melissa covered many of the topics on Roles and Responsibilities in Escaping the Build Trap. Now, we want to talk about how product operations can help put the rest of the pieces together in a Product Operating Model and how you can evaluate your maturity, in the same way Ashley did.

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GOVERNANCE AND PRODUCT PLANNING

How do we know that the work we are delivering actually ladders up to the product strategy? You might be thinking, “Well, measuring objectives and key results (OKRs), duh!” And you would be right… partially. Now think about when you review those OKRs or KPIs. Is it on a consistent basis? Can you make good decisions in a timely manner to change course if the OKRs aren’t being fulfilled? Are the right people in the room to make decisions in real time, or are your teams just reporting constantly with no action? This is where governance comes in.

Good governance is at the heart of a successful team. It includes product oversight, review mechanisms, risk management, compliance, single point of responsibility, and continuous improvement. It’s how we manage innovation by linking processes with strategy, business models, and capabilities. Product insights and data analytics are the backbone of monitoring and alignment.

When a good governance model and the right software is in place, product planning becomes continuous. Gasp! Did we just say you could potentially get rid of annual planning? Yes, yes, we did.

Let’s think about why we have annual planning to begin with. Planning cycles across an organization are extremely laborious and time-consuming. According to a 2023 survey by Dragonboat of over 1000 people in the product operations Slack community, ProductOps HQ, [1] 25 to 50 percent of product and engineering team members were involved in quarterly planning for weeks or months at a time. If you have only a small team, this can still

run you close to a million dollars! Now what if you have thousands of engineers? Yikes!

Since these cycles are extremely costly and time-consuming, companies typically do them only once a year. However, by doing this only once, we sacrifice the ability to adjust our initiatives and strategies to align with current realities… and competitive pressures.

Despite how glorious continuous product planning sounds, we know that some large companies might be far away from it. So, we will provide some guidance if you are still navigating annual planning to ensure you are not stranded. And here's some good news—you can tailor your current cadence toward the goal of continuous product planning. As you kick off your annual planning, let the executive team and stakeholders know that this is the last annual planning cadence. With the ability to monitor your strategy better, the team can move to quarterly planning going forward. The thing to remember here is that the goal around planning should not be to merely follow a process. Instead, it's to implement a cadence for vital conversations that enable us to be more responsive to market and business needs.

There are two main pieces of governance we need to consider in our product organizations to achieve this goal:

Cadences for strategic discussions

Cross-functional touchpoints

Both of these combine to provide the right insights to the right team members, allowing us to make decisions on the fly.

Cadences for Strategic Discussions

One of the most critical things good governance does is provide focus for the organization. As Steve Jobs once said:

“People think focus means saying yes to the thing you’ve got to focus on. But that’s not what it means at all. It means saying no to the hundred other good ideas that there are. You have to pick carefully. I’m actually as proud of the things we haven’t done as the things I have done. Innovation is saying no to 1,000 things.”

With the right cadences and meetings, we can ensure the entire company is marching in the right direction. But we need to really pay attention to the word right here. Gone awry, meetings can be pointless, even detrimental.

Let’s take the quarterly reviews at Pipeline 3K, for instance. Ashley heard from a variety of people that they had no insights into what the teams were working on. She and her product team realized doing a quarterly Roadmap Readout might be a good idea. They invited the entire company, and had the product leaders explain what they were prioritizing for feedback. Originally the idea was to spend half a day doing this, but it quickly spiraled out of control. So many people in the meeting—mostly leaders and executives—had a ton of questions. This meant the meeting actually lasted two whole days, with everyone in the company stopping work. Talk about expensive.

It also became a juicy “tea time: for the watchers. While most people didn’t participate in the discussion, the executives certainly did, grilling the product leaders. The unfortunate part of this is that most of the executives were just lacking context. Had they taken the product leaders aside, the issues could have been easily clarified and resolved. Instead, the leaders received the third degree from executives in front of a thousand people.

Ashley realized this was just not the way to do business. First of all, the wrong people were in the room for this discussion. The whole company didn't need this much detail about what the product teams were doing. They also couldn't do anything with that information. All relevant stakeholders had already been informed of the pipeline and were working away. Many of the suggestions were simply ideas—concepts they weren't prepared to act upon. Oftentimes, participants walked away from this review not knowing what to do, as there was no feedback mechanism in place.

Ashley turned to Rebecca to help change up the way that they did these reviews. They needed a communication system that allowed them to prioritize what was most important for the company and have the hard discussions to get those things done. Together, they broke it down to a few key meetings, which can serve as an example for you to start out with as well:

Company Kick-Off (CKO): This could be at your annual all-hands and/or sales meeting. Product operations supports the product team to pitch the strategy and theme for the year. Likely, you've already gone through this review on a more micro level cross-functionally. You can use this opportunity to tell a story of success and non-successes—those are building blocks toward creating something great. Everyone is invited to the company kick-off.

Quarterly Business Review (QBR): This meeting convenes leadership from both the business and tech sides to review product operations metrics that are aligned with strategic intents, represented by the business metrics. Here you're reviewing what the product initiatives have produced in terms of OKRs and KPIs and how they ladder up to the business value. We're also looking at progress to plan and anticipating any major issues/escalations. You'll want to focus on outcomes and business goals, not product design or details. This is where sales will get the update, but if you're a fast-moving organization, a quarterly review may not be enough.

Portfolio Roadmap Review: Here we review in more detail the product initiatives to syndicate product operational performance across functions; you're identifying interdependencies of initiatives to allow for collaboration. Typically team leaders attend, and higher-level leaders are added as necessary. By including them, you ensure that they see the cross-functional motions operating in an active cadence.

Product Roadmap Review: This meeting, held monthly, brings together the product team, including developers and designers, to collaborate with engineering counterparts. They discuss and review the roadmap options, and assess their progress towards launch.

Demo Days: Demo days are used to explain product phase (alpha vs. beta), when the product can be sold, and walk folks through what's new and/or enhanced.

Agile Processes: During these meetings, the team should review sprint status, identify risks and dependencies, and address any blockers and potential concerns. This discussion should be at the team-level, no one else should be involved.

Processes need clarification around cadence and expectations

Product operations takes the lead in owning and defining expectations around outputs for key meetings

	Illustrative Example	Invitees	Area of Focus
Annual	Company Kick Off (CKO)	Entire Organization	• Portfolio / Product strategy and Roadmap
Quarterly	Quarterly Business Review (QBR)	Executive Team & Key Cross-Functional Leads	• Review OKRs/KPIs, progress to plan, and anticipate major issues / escalations • Focused on outcomes & business goals, not product design or details
Quarterly	Cross-Functional Roadmap Review	Engineering, Sales, Marketing, Customer Service, Legal	• Review progress, risks, watch-outs, interdependencies of priority initiatives • Collect high-level feedback • Collaborate on next steps
Monthly	Roadmap Review	Key Cross-Functional Leads	• Review roadmap and strategic product direction, raise issues • Not in scope: bugs, resourcing
Monthly	Demo Days	Sales, Marketing, CS	• Explain phase (Alpha vs Beta) and when it can be sold • Walk folks through what's new/ enhanced
Bi-weekly	Team Agile Processes	Engineering, Scrum Lead(s)	• Review sprint status; identify risks, watch-outs, dependencies • Address blockers, watch-outs

Figure 17: Potential cadence for strategic meetings—you'll know best the appropriate timing and structure for your organization

The meetings outlined above are just an example of cadences we have seen work. You will need to refine these to match your particular company and context, and what works for you. These rituals can represent the best aspects of a company coming together to conceive, deliver, and market solutions that will unlock customer value and stronger business outcomes. Does that mean it usually goes smoothly? Often, no. Many companies grapple with planning at the team, function, and organization levels. But

practice makes perfect. The important takeaway? It isn't about following processes or meetings to the letter. It's about a cadence "to force conversations and hard decisions," says Forsta CPO Brian Bhuta.

So, where does annual planning fit into this? Ideally, if we are doing things well, we get to a point where we do not have to plan at a certain time every year. We should be reviewing our strategic intents and updating them, if needed, on a quarterly basis in the QBR. Typically, strategic intents are two to three years out, so this doesn't happen often. But let's say we are close to reaching our goal with the first intent. Then it's time to add another to the list. During QBRs, we would highlight the need and take action to determine the next intent. We say "ideally" here because, in so many cases, disrupting how a large organization does budgeting and planning is not feasible. You have to shift the mindset of the company itself. One critical piece to getting ready to move in this direction is funding product teams, as opposed to initiatives. That means moving from a project mindset to a product mindset. Once we get there, this becomes a lot easier.

You might be on the journey toward this, but not yet quite to a place where you can throw annual planning in the trash. This was the case for Pipeline 3K. Since annual planning was overdue, there wasn't time for a transformation. The best approach seemed to be reviewing what had been done before and defining what could be improved, without a complete redo of the process. Later in Q1, Rebecca could then focus on a larger revamp of how and when Pipeline 3K did its planning. So Rebecca partnered with the CFO and other strategic leaders to implement a solution that would work in the meantime.

Rebecca looked at Ashley's questions on the whiteboard.

What are Pipeline 3K's core outcomes they want to achieve with annual planning?

How did the product team—and the organization at large—collaborate in the past?

Are there any planning processes in place today at Pipeline 3K that we can build on?

Then she turned to Marcus for some input.

Marcus clapped his hands. “I have been waiting for us to get our act together on annual planning! In my humble opinion, we have just a few key needs. First, we need to tell our stakeholders what the planning process is; second, how they can contribute; and third, specifically when they can contribute. If we can do those things, we will be so far ahead of the game. Right now, it’s a mess.”

Rebecca began writing out the high-level process she saw enabled at her last organization, which had been in a similar position. She then circulated it with the product team for feedback.

As the team spoke, they realized they had similar challenges with bringing in stakeholders and helping them understand how and when they could contribute to the roadmap. Jill said, “This is a great cadence for meetings, but what about all the stakeholders who just expect us to do everything they ask? We get pummeled with requests, and now they’re just going to bring them to these meetings.”

“That’s where the next layer comes in,” Rebecca replied. “We need to define a prioritization framework that helps the company make choices. So that’s what I want to talk about with you today. When we introduce a prioritization framework at each of these meetings, we’ll force the stakeholders to consider trade-offs instead of just adding more to your lists. So what are we doing today to prioritize?”

Marcus chimed in. “Well, we don’t have a very good system at the moment. Typically, it’s whoever yells the loudest and escalates to the C-suite. So we’re open to ideas. Any sort of structure on how these teams can contribute, and how we can help them prioritize would be a quick win.”

At the most basic, product operations sets the cadence for predictable planning cycles on an annual, quarterly, and even monthly basis if needed. They set the expectations cross-functionally as well. They will lay out the vision of how each function contributes to the roadmap, cadence of reviews, and more. Defining and sharing templates for roadmaps, budgets, and resourcing will provide immediate value in the process.

Prioritization can help product managers and their stakeholders agree on criteria to decide what is the most important work. This also gives the product operations team the opportunity to level set with what is being prioritized. It might be a blend of both outcomes and features. Outcomes give you more flexibility and ability to explore. Features give you more control and maybe more speed. Regardless of what the teams are prioritizing, product operations facilitates the company discussion around what the organization needs and then provides governance for that. It’s also about being intentional about what the team will and won’t build. There are many prioritization frameworks that product managers use. We believe that using a combination of weighted scoring average and cost of delay is optimal for both the portfolio and individual product levels. These keep teams focused on the outcomes at each level. However, you may find that a different framework is better for your company.

Regardless of your choice, having a mutually agreed-upon prioritization framework to guide trade-offs is essential. A good framework will help reduce “prioritization” of the loudest voice in the room and encourage everyone to rely on quantitative rankings or matrices aligned with customer feedback and product strategy. It’s less about picking the right one and more

about selecting a framework that will help align product managers, engineering, UX, and stakeholders on decisions to be made.

Rebecca introduced the team to the cost of delay framework and discussed how the format and agenda of the meeting can help them push back on stakeholders attempting to overload their plate. With the buy-in of the team, Rebecca wiped away the three questions on the whiteboard and began to draw up the templates they would use in each meeting.

How Product Operations Helps with Governance

“Wow, I can’t believe how much you’ve accomplished in a month, Rebecca,” Ashley said. “Sunita is so pleased with how the team pulled together the strategy this year with Rose’s data, and the roadmap reviews were extremely helpful. I can really see things falling into place.”

“Thanks,” replied Rebecca, “but there are a few things I want to tweak. I think the strategy kick-offs have been going great, and hopefully they won’t be as much work going forward. But we need to invite fewer people to the QBRs. I know Sunita wants a lot of input, but there are many people who can’t make decisions and are just watching everyone else work. Maybe we need another system for collecting inputs outside the C-suite.”

Ashley replied, “Those are great points. We’re going to be musing on these for a while. I can help make a case to Sunita for why we actually want fewer people in those meetings. But all in all, this is a great step forward.”

On the planning front, product operations designs the cadence for the meetings, introduces the context to all relevant stakeholders, and then makes sure that the right people are in the room. While product operations might not own each meeting, they do organize them. For example, the chief product officer usually runs and owns the portfolio roadmap review, but the

product operations analyst would be the one to make sure everything was set up to make it effective. They create templates that will be used for each meeting, like particular formats of OKR reporting or business cases to introduce a new initiative, and distribute these well in advance. They create the agendas and track discussion and action items. Then they improve the meetings based on feedback. Product operations also owns the retrospective on the cadence and continuous improvement of the meeting.

Product operations also ensures that all of the choices made and items reviewed in each session are transparent to the rest of the organization. They own and implement the right software tools needed to make this happen.

Finally, they can help the organization choose the right prioritization framework. They will ensure that the prioritization of larger-scale potential initiatives follows a consistent process and cadence. The goal is to develop a culture of “either/or’’ trade-offs rather than a “yes and…’’ atmosphere. Adding more work on top of previously agreed-upon outcomes will ensure that either nothing gets done at all, or the teams are “peanut-buttered” across work to check the box of “done”, but not truly delivering customer value.

When executed correctly, governance helps us provide transparency to the rest of the organization on what is happening in product development. The ideal situation is to have product teams aligned when doing collective planning, be it at a quarterly or annual cadence. This way, we are not siloing the product management teams or the other departments. Instead, we are collaborating to make choices about how our business should operate to achieve our goals.

Ultimately, we want to ensure that the product managers we support recognize the value of the methods used to achieve alignment for everyone. Becky Asch, Head of Product Operations at FullStory, thinks of this as a

measurement of “collaborative health across the product manager—user experience—engineering triad.” This is done via survey to gauge the effectiveness of the work she and her team are doing. “We rehauled our prioritization and planning process recently,” she says. “I wanted a baseline to understand how people were feeling generally about the prioritization and planning process—things like how well does it connect to our product strategy? Can you ladder up what you’re prioritizing to our overall product strategy?”

1 https://dragonboat.io/blog/state-of-quarterly-roadmap-planning-2023-product-ops-hq-survey/

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DEFINING PROCESS FOR PRODUCT MANAGERS

After establishing the bones of the new governance and planning processes, Rebecca turned her focus to their day-to-day product processes. Ashley had some ideas on where she most needed Rebecca's help.

"When I first came into the organization, I tried to understand what people were working on, and the roadmaps were a mess," Ashley explained. "The formats were all different, but also they just weren't data-driven at all. Now that the team is upleveled, they're starting to incorporate the data we needed to make much stronger roadmaps, but we still don't have a great way to pull all these things together. I've done a little bit of work to help clean them up, but we need an overhaul."

"At my last company, we used a roadmapping software I really liked," Rebecca offered. "It was easy for the product managers to update, and was connected to Jira to help track progress and flow and then pulled in the ROI metrics for the leadership teams to see progress toward our overall goals."

Ashley's eyes lit up. "That is exactly what we need, Rebecca! Can we set up some demos?"

Rebecca was already emailing the salesperson she worked with previously. "On it. And in the meantime, I'm going to do an audit on our processes and templates to make sure we're effective in our product capabilities. I'll clean some stuff up and also try to get started on a good onboarding plan for new hires."

Just Enough Process

While governance keeps our teams running smoothly and provides the oversight needed to make sure we're getting our ROI, it's equally important that product teams are excelling in their day-to-day work. Under the Process part of product operations, we equip the team with the skills they need to do product management, as well as streamline the tools that help them do their work. This also helps us onboard new product managers and grow a strong team.

To avoid becoming the dreaded "process people", the key is not to standardize every process and overwhelm your teams. There are, however, many benefits to standardizing some things. Templates that affect cross-functional areas and consistent practices for product managers across teams are prime examples.

When we collaborated with Spotify almost a decade ago, they had a rule that all of the product and development teams could decide how they would like to work. This extended into every aspect of what they did and caused many headaches as they scaled. Every development team had their own release software process. Every team used a different tool to track their work. Every team had their own roadmapping process. There was no insight into how things were going for people on that team. It also made changing teams a headache for product managers and developers, as they had to learn a whole new system. While Spotify looks a whole lot different today, product operations could have helped them avoid these issues and learn to focus on enabling better communication and clarity across teams.

Standardization will look different at every company, depending on your needs, but there are some core areas we all need to standardize, like idea management, roadmapping, product tool kits, and onboarding. And of course, none of this actually replaces the need for skilled product managers. These processes can only help you if the quality of the inputs is good.

Idea Management

Before we discuss roadmaps, we need to talk about how an idea actually gets considered for a roadmap. We need a system to keep track of where the ideas came from in order to make sure people don’t lose the context of the “why” behind the “what.” This is another area where cross-functional teams can get caught up overengineering a process.

The best ideas come from everywhere—sales, marketing, engineers, customer support, and, of course, our customers. As product managers, our job is to sift through the ideas and focus on the ones that are going to produce the best business and customer value. But sometimes this can be overwhelming! We’ve all been at the mercy of idea overload and trying to figure out where to park them until we can give them an adequate discovery process. “Icebox”, “parking lot”, or whatever you have called those lists, they tend to be ineffective.

So how do we make sure we get the information we need without feeling inundated with requests? Product operations can help establish a process that gets the right information to the right teams, and then communicate back the status of the ideas to the relevant partners. To do this effectively, we need to design a plan that covers a few areas:

Where can cross-functional partners and customers submit requests or ideas?

How do we make sure the ideas are submitted in a format that is useful?

How do we communicate the progress or status of ideas back to the right people?

You should first see if there are tools in your wider workflows. For example, ProdPad has a built-in mechanism for customers and stakeholders to submit ideas and understand their status. If you don't already have a tool like this, you'll need to create some kind of form that customers and stakeholders can use, and then you'll have to understand how to route it to the right teams. This could be done manually or automatically, depending on how you build it.

When you're developing that form, it's important to make sure you get the right information. Requests can come in all shapes and sizes, but usually all those sizes and shapes look like solutions. We want to understand problems. Consider using a Mad Libs-style form that guides the stakeholder to the real problem and provides the necessary context for informed decision-making. This can be the difference between getting a request that says "Make the button yellow instead of red" versus "I can't find the submit button." One will keep us focused on the problem, while the other is a proposed solution that may not actually solve the true problem.

After you receive the requests, you need to keep the submitters informed of the status. Clearly communicate what people can expect in terms of a response, update, progress, backlog status, or the transparency to decline a request, explain why we won't be proceeding, and provide the criteria that led to this decision.

There are already product management tools out there that build these idea management pieces into wider workflows. But if you don't have a tool that does this for the product team, there may be an opportunity to extend those used in the sales and support teams, like Zendesk and Salesforce. Most of these tools have APIs that you can use to get the information out and into whatever system works best for product management.

Roadmapping

Ah, roadmapping. Everyone's favorite debate. What format do we use? Who has access to the roadmap? How far out should the roadmap go? What level of detail is helpful versus. harmful? Many product teams and companies struggle here. As we know too well, there are dozens of books and workshops dedicated to roadmapping—whether it's the ideal process, approach to collaboration, or formats. While these tools are incredibly helpful, implementing them in your company can still seem daunting. Luckily, product operations can add real value here. They're not in charge of what goes in the roadmap, but they can help bring some simplicity and structure to how they're shown and communicated.

To be clear, there is not one single roadmap to rule them all; this isn't Lord of the Rings. In fact, companies need many levels and varieties of roadmaps to suit the needs of different stakeholders and leadership levels. The roadmap that product uses to communicate the discovery and delivery work on the product team is going to look very different and far more detailed than the sales roadmap, which is generally used to get new customers excited about upcoming features.

Product operations can help align your teams around which kinds of roadmaps are needed and how to produce them. At the end of the day, roadmaps are a communication tool. To figure out which ones are right for your company, think about your audience and what they need to know:

Product development teams: These are generally highly detailed, require commitments from engineering by quarter, discovery and delivery status, and are usually a quarter in length.

Sales teams: Sales teams need fewer details. They need bigger-picture items that address problems and rough timeline on releases (either quarterly or half year). This is where the narrative/value proposition for each feature to customers is important to include as well.

Leadership: These roadmaps focus on the "initiative to strategic intent" layer. They're used to talking about dependencies and capacity planning, and follow quarterly timelines.

Product operations can help create the format needed to communicate these effectively and find a place where they are easily accessible to those who need them (a wiki, a tool, etc.). Every item on the roadmap should also be tied back to the rationale of why we are doing it and how it will further the business. When we keep track of the information and issues coming in from various parts of the business, which we'll talk about next, we can link these things together to keep track of ideas through the pipeline. Collaborating with the product team and appropriate stakeholders, the product operations team can ensure that the relevant information is included to effectively present high-value roadmaps in a visually informative way. The responsible parties will then keep them updated.

This is where Rebecca got started. After getting buy-in to bring in roadmapping software, she began creating guidelines determining the appropriate scope for various items on the roadmap. She re-created the product strategy levels into the software, then created templates for how to write each strategic intent, initiative, and option. This ensured there was consistency in scope and format, so she could pull reports out of the system for leadership, sales, and other product teams.

But, when she went out to brief the teams on how to use the templates, she was met with some resistance. "Wait, we don't do sales roadmaps here. They always oversell them. We don't want them to have full transparency," said one of the product managers. They proceeded to tell Rebecca about how, in the past, they have had to scramble to rearrange work because the sales team always over-promised.

"What if I can guarantee that this won't happen? That I can make our working relationship better so that we can provide transparency, but they

won’t oversell?” she asked the group.

Another product manager chimed in, “I’ll believe it when I see it.”

Rebecca asked them for an example of when they had oversold the roadmap recently and went to find the salesperson responsible to get their side of the story.

“I didn’t mean to oversell it!” the director of sales told her. “They showed me a demo of what they were building, and I thought it was done. We had a big client that was very interested in that functionality, and when they saw it, they were so excited. They didn’t tell me it was going to be another six months to ship it completely.”

A lightbulb went off in Rebecca’s head. The sales team wasn’t intentionally trying to overpromise. They just couldn’t tell the status of different features, and clickable prototypes to them looked “done.” She had seen this before and knew exactly what to do.

Rebecca got started on creating a framework for the status of product development, which they would use for communication across the whole company. She created the following buckets that would be assigned to the option level:

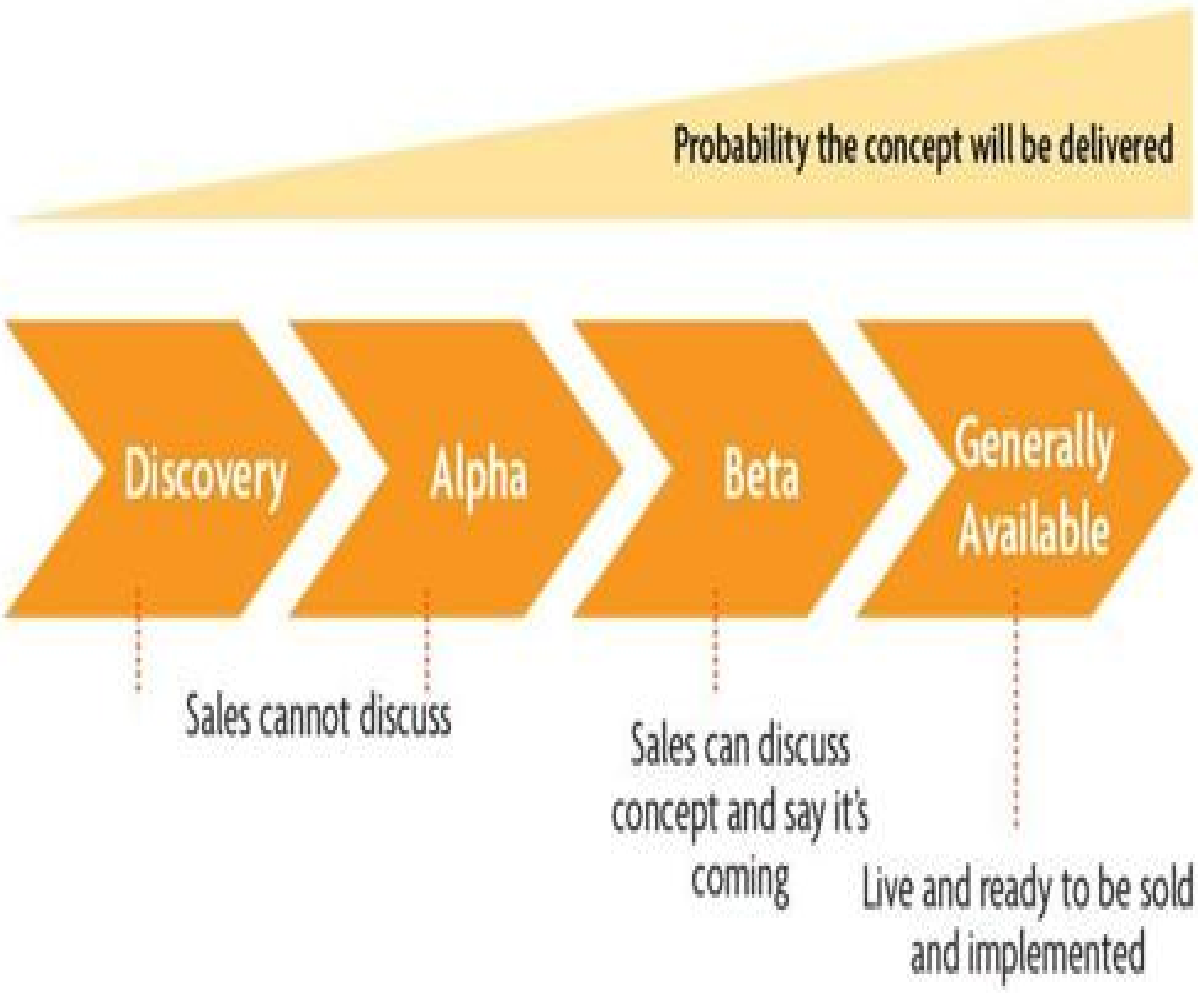

Figure 18: Product development status guidelines at Pipeline 3K

Discovery: These were ideas that the team was exploring but had not yet validated the problem or solution. In this mode, the teams may produce clickable prototypes and conduct various types of experiments and research. There is a very slim chance that everything in Discovery mode will be developed, so sales should not talk about this work with their clients.

Alpha: At this stage, the problem has been validated and the teams have good direction on the solution, but a software version has not yet been

built. In this mode, they will develop the solution and test it with a small group of users. This mode is characterized by constant iteration on the solution, so at the end of the day, what people will see is not always what they will get. The sales team could talk with the customer about the problems they were solving here, but not promise a specific solution.

Beta: Once an item reaches Beta mode, the solution is validated, but the teams still need to make sure it scales well. The software may be turned on for up to ten percent of their users to test them—a "closed" beta. These users generally know they are testing something that isn't finalized yet, and are encouraged to give feedback. The product teams keep an eye on metrics and study how people are using the products, especially since at this point, it had already been launched now to a wider group of cross-persona users—an "open" beta. At this stage, the sales team is allowed to demo these beta features for new clients because they now know this would be launched within a quarter in a very similar format.

GA (Generally Available): In this phase, the product has been launched in production and available to sell to any and all customers.

Rebecca circulated the new formats for feedback from both sales and product and was met with a positive response. Sales loved that they were given insights into the pipeline but could also determine whether things were still fresh in development or not. Product liked having guidelines for sales around what they could and couldn't sell. Rebecca made it a priority to have every product person label each item on the roadmap with one of these statuses.

After the teams had all of their items in the roadmapping software, she went back to their governance model and created standard reports from the software that would be used in each of the relevant meetings. She created the cross-functional roadmap review template to include all items that were in alpha and beyond, with a very detailed list of items in discovery. For the product roadmap meetings, they would include everything. For leadership,

she could pull the product initiative level and show the progress toward the strategic intent goals. This way, everyone could easily see what they needed to do every time, and compare with past meetings.

By the way, if you're interested in creating similar reports, you won't necessarily have to build them from scratch. Many roadmapping tools have this feature built-in, and it's worth asking vendors about it when you're evaluating solutions.

Product Toolkits and Templates

Product operations can play a crucial role in guiding teams toward more consistency and reducing the effort around how to do the work. Toolkits and templates provide guidance on methods, expectations (e.g., speak to three to five customers), and help the teams focus on the 10X work, not the minute details. Rebecca was well aware of this and was eager to implement them quickly.

Once Rebecca had finished the roadshow for the new roadmapping software, she was approached by Ralph, a shiny new product manager who just started at the company.

"I was wondering if you have a template we use for sharing experiment findings?" Ralph inquired. "I have only been a product manager for a year, but in my last company we had a shared template that everyone used. I'm also looking for where you keep your strategy memos, so I can read up on them." Rebecca had an epiphany. She could introduce a bit more structure and alignment on how the product managers use all their other tools, as she did for roadmaps. This approach would help with consistency, as well as onboarding new product managers.

She started to take stock of what toolkits could be useful to standardize, by considering the product development lifecycle, as well as the cadences for updates the product managers had with stakeholders around the company. Then Rebecca started to ask herself a few questions:

Is there any software that product managers frequently use during this phase of work for which acquiring a site license would be a good idea?

What type of information currently gets shared outside the product team and when?

What information is not getting shared consistently and for this reason, causing problems?

Who is the audience for each of these templates?

How do we standardize how other teams work with us?

From there, she started to sketch out a few key tool kits that would help the teams.

Discovery Toolkit

While Pipeline 3K now had a template for submitting product ideas, it needed a few other components to make sure the teams could do customer research and run experiments in the discovery phase. This included both templates and software.

Rebecca identified the following templates to standardize:

Experiment Findings: This became a standard document that described the hypothesis to be tested, the experiment that was run, the results, and

next steps. This document could then be discussed across the product team but also with relevant stakeholders who submitted the ideas to be tested. The teams kept all experiment findings documents in an organized wiki, open to anyone in the company.

Personas: Rebecca created living personas of their major customers to be kept in the wiki. When it was time to introduce a new persona, product managers could download the template and create a new one to be added.

Under software tools, Rebecca looked at getting site licenses for:

Prototyping Software: The teams were using ten different prototyping softwares. Rebecca took stock of the most common ones, narrowed it down to a low-fi and hi-fi contender, and bought site licenses so that all product managers could access them.

User Research Software: Rebecca found that some of the teams were using software that recruited participants for usability tests. She standardized this to make it accessible for everyone.

A/B Testing: The engineering team had spun up a tool that worked well with their code, so there didn't seem to be a need to handle A/B testing via third-party software right now.

Strategy Toolkit

Once the product was validated, the product teams had to communicate that strategy with the rest of the organization. The strategy toolkit ensured this was done seamlessly.

For templates, Rebecca standardized:

Strategy Memos: These two-to-three-page documents were written for every strategic intent, portfolio initiative, and product initiative in the company. They were the company's way of introducing the new concept for feedback and solidified thereafter for reference.

Product Visions and Briefs: Along with the strategy memos, they also had product visions and briefs when new products were introduced. These briefs targeted how the solution should work and how customers would use it. In addition to a written brief, sometimes a prototype or vision deck would be included.

Strategy Reviews: What people brought to each of the strategy review cadences mattered as well. Rebecca created templates for each of them that the relevant parties would fill out before they came to the meeting, and she would compile them all into a master presentation deck. This way, everyone hit on the relevant information.

On the software front, Rebecca's roadmapping tool also had a place for them to store the strategy information and connect it to the roadmaps, as well as view the resource planning. This was key for ensuring transparency.

In addition to arming the product managers with tools they needed to be successful, these templates also communicated to stakeholders around the company about how they plugged into the product management process. With the addition of the idea management workflow and strategy reviews, the other teams could now see how they contributed to the strategy of the company.

Go-to-Market Toolkits

Lastly, Rebecca heard from cross-functional stakeholders that the GTM motions tended to be inconsistent. To tackle this, she defined the core elements of Pipeline's product launch materials. For your templates, consider standardizing:

Go-to-Market Materials: This template should contain information relevant to pull off a smooth release. Think of this as your "master plan". You'll want to document a schedule for the release, who is responsible for each part, training material, and customer targeting at the least. A checklist can serve as an effective starting point for weekly and, eventually, daily meetings in the run-up to launch.

Release Notes: The format for writing release notes and sharing them with customers and internal teams should be documented and templatized for all product managers.

Product Demos for Company: It's essential to share your work with the team early on. Create a cadence and template for how to run product demos.

GTM Toolkits are essential for product management success, and they can solve extremely frustrating relationships with sales and marketing. One life sciences SaaS company we worked with had more than ten verticals, each focused on core areas of the business, and each operated its own GTM process. The sales team naturally expressed frustration that they constantly had to learn how each product team operated and get familiar with its specific processes. The time spent on getting up to speed on how to collaborate with the product team burned through cycles that could have been more effectively used for launch planning or providing valuable customer feedback. Instead, there were two weeks of meetings talking about how this particular product team wanted to run those meetings, who owns what, understanding the ground rules, and then, finally, starting the work.

With the addition of a GTM Toolkit, you should be documenting and standardizing how the product teams do GTM so that everything is consistent across the organization.

These are just a few toolkits we could come up with, but we're sure there are more! When deciding what to standardize, think about what multiple people will use and what items will be communicated cross-functionally. Consider our examples, as well as Rebecca's, as guidelines that will assist you in identifying the areas that need some structure and support.

Onboarding and Training

Standardizing templates has another added bonus: onboarding new product managers and training current product managers. Product operations can be an effective partner for product leaders in coaching and standards development for more junior members of the team. In addition to providing the templates on your company's preference for conducting product management tasks, they can also provide coaching and monitor teams to see where areas of light guidance and support are needed.

One area of focus would be onboarding new product managers. Getting people up and running quickly when they start a new role is essential to maximizing value. Product operations can make sure they have the tools they need to be successful, as well as oversee any training that needs to happen for newer product managers. When onboarding new product managers, consider setting up the following:

Basic training programs in product management to give people the foundations

Pairing up with experienced product managers or product coaches in the organization for support, questions, and context

Standardized templates and tool kits

Access to and training on tools they need to do their jobs

In addition to helping identify the training needs, in larger organizations, a product operations lead can also step in to provide supplemental coaching to individual contributors.

New product managers aren't the only ones who may need skills development. Product operations should be taking the lead to help all levels of product stay up to date on their skills. This includes founding a "Community of Practice".

A Community of Practice provides a space for people in a specific role to get together and develop more advanced skills, while sharing challenges faced as an organization. A Community of Practice for product managers usually oversees the following professional development activities:

Lunch-and-Learns with internal employees to understand new areas and share learnings

"How Did You Do That?" demos from colleagues

Quarterly programming with external experts in the field

An online space that lists out external events, such as free webinars or conferences

Selecting and enabling consistent professional development activities, such as targeted skills trainings

The Community of Practice is an important part of maintaining excellence in product management. They are also responsible for maintaining "best practice" playbooks and the toolkits we talked about in the previous section.

15

TOOLS OF ENABLEMENT

Sometimes product teams can place an unhealthy amount of reliance upon tools: “Once we have this software, roadmapping will be solved!” If only. It’s important that product teams embrace tools as an enabler, not a solution. Tools enhance processes and practices; they don’t replace them.

The most successful product operations teams have a short- and long-term roadmap for tools the team may need as the organization grows. You’ll want to explore and designate an owner for this tool stack to make sure they get implemented and leveraged.

To begin, conduct an initial assessment of the current state by reviewing all licensed tools across teams. Be prepared for surprises like, “Oh, we’re paying for [fill in the blank] tool? Didn’t know we had that!”

Once there’s a clear view of the tools you already have, you’ll want to think about the product processes in place today (and any you’re considering for the near future) and determine if introducing new tools might enhance them. With a larger team, there can be a dedicated product operations manager maintaining ownership of tool procurement, training, licensing, onboarding, and enablement. A tools roadmap will ensure product managers and cross-functional partners are clear on what exists today and what may be introduced in the future, as well as how the tools can add leverage to product work.

You might set up a cross-functional working group to review, vet, and recommend tools. This introduces a consistent appraisal process that takes into account:

Full view of product and cross-functional users

Use cases for all the tools—they may go beyond just product

Time and development resources needed to implement the tool

Training and enablement

How to measure utility and success of tool adoption

Cost and budgeting

When contemplating your product tool stack, consider the following categories to choose a product that best enables it in your context:

Roadmaps

Idea management

Product engagement

Testing

Visual analytics

Event-tagging

Adoption/In-app surveys

User research repository

OKR/Metrics

Rebecca was well underway with evaluating their tool stack. Here were the final contenders in each category:

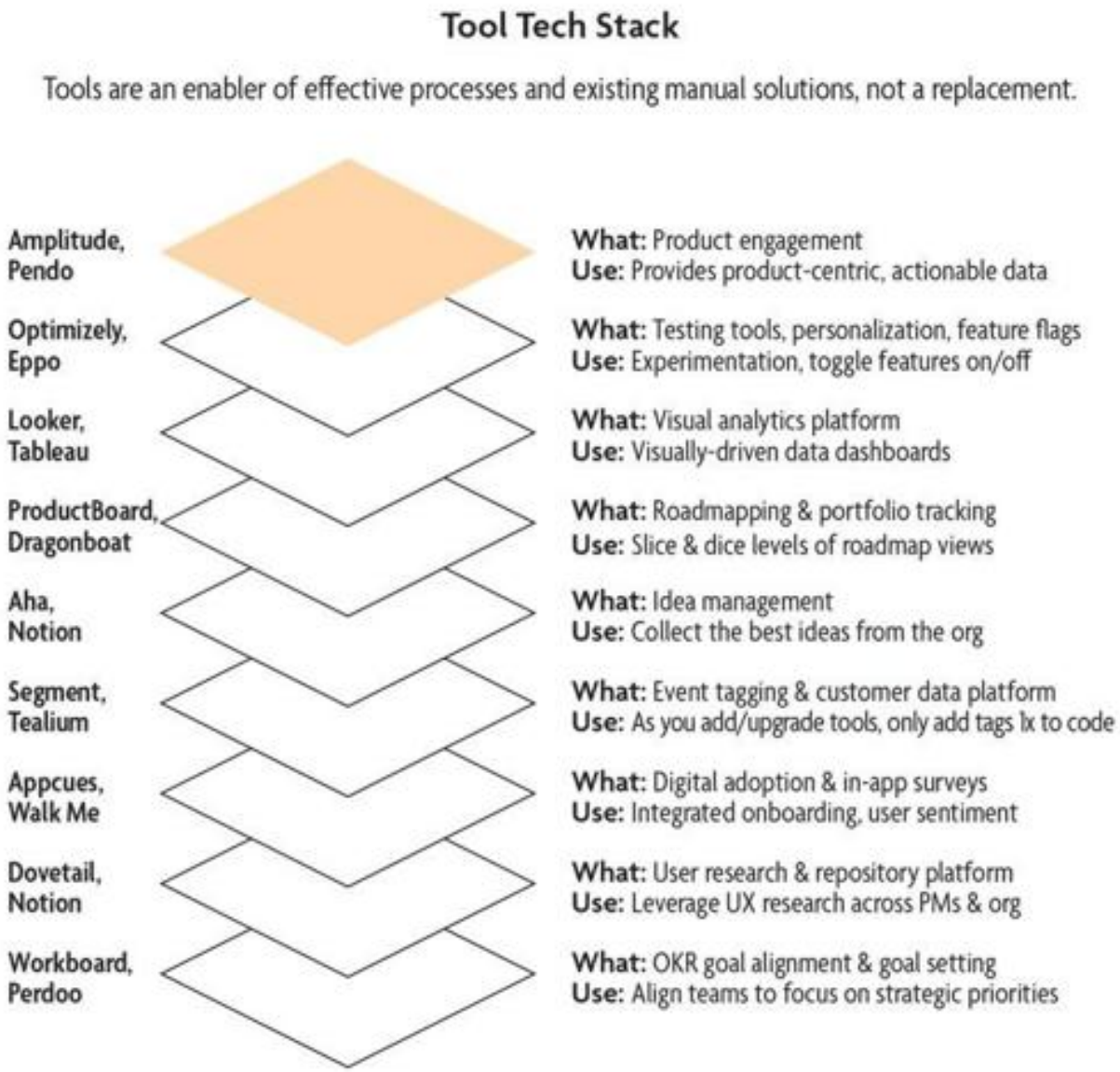

Figure 19: Tool technology stack with examples

These are only examples of the tools that Rebecca found, and there are many more great ones out there. But remember, tools are only as good as their inputs! We've all seen Jira with 80 different levels of tickets all tagged

“epic.” Make sure you provide consistent training for the product managers to use the tools effectively. A tool or framework will never replace the need for skilled product managers, but in the hands of the right people, they can make communication and decision-making much faster and more effective.

CASE STUDY: ANNUAL PLANNING AT OSCAR HEALTH

Health tech company Oscar Health, Inc., was founded in 2012 with a mission to make a healthier life accessible and affordable for all. To accomplish this mission, Oscar knew it needed a relentless focus on serving its members and decided to be the first health insurance company built around a full-stack technology platform.

Challenge: Bringing Order to a Chaotic Annual Planning Process

More than a decade later, Oscar has matured well beyond its startup phase, and from a product management perspective, Oscar presents a unique, complex set of needs. Oscar's product and engineering organization has teams focusing on four key areas: innovative member experiences, best-in-class internal systems, positive outcomes for its B2B customers, and modern software architecture—all while keeping approximately one million members insured in a highly-regulated industry. Today, the company has a team of 15 product operations managers, working with approximately 65 product managers, 250 engineers, and 15 designers organized across 50 scrum teams (known at Oscar as "pods").

Aligning the sheer volume of product development team members is no easy feat, particularly when it comes to annual planning. Enter Clare Hawthorne, Senior Director, Product Operations. She has several cycles of annual planning under her belt, perfecting that always-tricky balance between governance and agility. To enable that balance, she and her team have ensured that Oscar's annual planning process is clearly mapped out for the organization. Product operations takes the helm of the annual planning motions by:

Designing the cadence of inputs, decisions, and communications

Generating momentum and urgency in aligning initiatives

Bringing together the right set of product people and stakeholders for decision-making

Setting the table for key meetings: a fast-paced agenda with clearly-defined meeting outcomes

Providing easy-to-follow templates to promote a high level of engagement with a minimum level of effort

Every company has its own cadence and process to set their company vision, and long- and short-term strategies. Product operations comes into play to translate these broader company goals into a tangible roadmap, which can be tailored to whatever frequency is meaningful for the organization.

Figure 20: Oscar Health's anatomy of planning (Credit: Oscar Health)

Let's break down Oscar's annual process:

Company vision: The consistent vision to "make a healthier life accessible and affordable for all" provides the space to evolve the company strategy, if need be.

Long-term company strategy and short-term strategy and goals: Oscar regularly assesses its company strategy and defines its annual priorities, resulting in a yearly roadmap.

Local and global initiatives: Oscar recently started to divide its initiatives into "global" and "local" buckets:

Global initiatives are things the Oscar Leadership Committee is aware of and ideas in which it has a keen interest. An example would be Oscar's project to launch virtual primary care a few years ago. These types of organization-wide efforts 1. are managed centrally, 2. have sub-initiatives, and 3. often require pods to reserve roadmap space.

Local initiatives are managed by the individual pods. They ladder up to the same company goals, but they're centered around an outcome specific to the pod or their immediate stakeholders. One recent example was streamlining Oscar's broker payout process. Usually local initiatives are similar in size to the "sub-initiatives" referenced above. They are usually more self-contained, leading to fewer cross-pod dependencies and requiring less central coordination.

Local initiatives give pods some flexibility, and Hawthorne has built Oscar's planning and governance processes to account for both types of initiatives. "We knew that not everything would map perfectly to the global initiatives," says Hawthorne. "My CPO is a big believer in giving pods the opportunity to come up with creative ways of driving business outcomes. Using the broker payout example, it never would have been prioritized if we only considered global initiatives. But it was incredibly valuable work for Oscar."

Key Results (KR): This is how success in achieving the initiative is measured. A KR may be quantified as the benefit of a global initiative (e.g., XX members enrolled in our virtual primary care plan) or of a

local initiative (e.g., XX percent commission runs per quarter are automated).

Roadmaps: Expressed as high confidence in the quarter ahead and partial visibility in subsequent quarters. At least quarterly, pod leaders provide key updates, such as project health and discovery versus launch phases. This process, while manual, provides the CPO a portfolio view of the work across 50 pods. The CPO can view a rollup of these or drill down into a particular pod's roadmap.

Resource Plans: Initial resourcing/capacity planning flows down from roadmaps on a quarterly basis. At the beginning of each quarter, pod leaders estimate how long (in weeks) each epic will take. On a regular basis, pods track actuals and compare these to their estimates at the end of the quarter.

Pretty clearly mapped out, right? But how does Oscar actually put this into practice?

Solution: Create a Regular Cadence for Planning Activities

November: Annual Planning Starts

When Hawthorne kicked off the most recent annual planning cycle, she was inspired by Gene Kim's book, The Phoenix Project. This novel/business how-to book focuses on an IT team transforming their way of working, and saving their company in the process. "One of the big things I took away from that book was that we need to write down all the things we're doing," says Hawthorne. Initially, that took the form of a Google Doc, writing down and breaking down everything she knew needed to happen in the following year and why it mattered to Oscar. As Hawthorne and her team put together this "everything" draft, she wanted to ensure that Oscar accounted for the

wide variety of activities necessary to run both a technical product and an insurance business. This initial document was very much a first draft to which colleagues could react.

Hawthorne shared the initial “everything” draft with product and engineering VPs and directors to validate the “why” of the projects and test for completion. It was also a way to get this core group on board in the process. Once the first pass was done, Hawthorne grouped the items into initiatives. She broke down the long-form “everything” Google Doc into a list of initiative “one-pagers”, assigning authors and aligning with VPs on a priority of “must do”, “will do”, and “should do”.

Hawthorne knew that this was the moment to kick off planning with the full product and engineering organization. “We had a joint product and engineering department meeting where we performed a speed run-through of the approximately 20 initiatives. Each initiative owner teed up their aspirations to start familiarizing the pods with work that would be coming their way.”

December: Clarifying the Focus

The 20 or so initiative one-pagers aimed to capture the business case and a first-pass sub-initiatives/milestones that would deliver on the needs of the business for the coming year. These were generally written collaboratively, co-authored by leaders across product management, engineering, and design. Despite their name, these “one-pagers” tend to be two to five pages long.

The milestones included in the one-pagers became the approximately 80 sub-initiatives on Oscar’s roadmap. “Our CPO is comfortable with our current structure: we’re a big company with a big surface area, and a large tech team that can support about 20 initiatives,” Hawthorne says. But she still thinks there’s an opportunity to streamline. “I’d love to eventually get it down to about seven key initiatives in future annual planning cycles.”

The initial goal was that every VP was going to deeply engage with every initiative—all 20 of them. Hawthorne looks back on this now as likely too ambitious due to the density of these important strategy documents. To enable VPs across product and engineering to gain familiarity with all of the initiatives, they held a four-hour “One-Pager Rager” for live discussion. As prework, Hawthorne assigned each VP four to five initiative deep-dives and set the expectation that they come to the meeting prepared to answer questions from the group. All VPs were then encouraged to “upvote” in a spreadsheet the initiatives they wanted to discuss and clarify live. If you didn’t upvote, Hawthorne assumed VP approval on the one-pager as written. “The idea was, let’s just all get on the same page about priority and scope,” Hawthorne explained.

In this meeting, they also established the “cut line”—identifying projects, while important, weren’t going to be a priority for the coming year. As a result of those discussions, the team had a rough list of prioritized initiatives and follow-ups to clarify offline (scope, etc.).

January: Proposing the Annual Plan

Once there was a general consensus about prioritization for the upcoming year, Hawthorne needed to facilitate two key processes: setting the initiative objectives and key results, and creating a “SWAG-y” (scientific wild-ass guess) resourcing plan.

The initiative owners used the one-pagers to engage with pod leaders and define the initiative objectives and key results to ensure each initiative had measurable markers of success. The OKRs, tracked in a spreadsheet, were then socialized across the product and engineering teams to ensure that all pods were aware of the initiative commitments and could negotiate if there were conflicting priorities.

At the same time, engineering leadership also used the one-pagers to conduct a bottoms-up resourcing plan by pod, measuring engineering years in 0.25 increments (in a different Google Sheet). Hawthorne said, “We knew that these estimates were going to be SWAG—this exercise wasn’t intended to be precise.”

Good thing they did this estimation—the first pass had about 120 percent of the engineering team allocated to the initiatives. Hawthorne chuckled, “We knew we needed to come up with creative technical solutions and make some tough trade-offs. Ideally we would allocate about 90 percent of our capacity, so the cutline had to move.”

To make the hard decisions, Hawthorne met with the CTO and CPO, and they sharpened their pencils. “We thought about trade-offs in three ways: Where could we extend timelines? Where could we reduce scope? Where could we make an impact without hands-on-keyboard engineering effort (e.g., thought process improvement or product training)?” Ultimately, the CTO and CPO came up with a plan that met all of Oscar’s major business objectives within the tech team’s available capacity.

From here, the CTO and CPO needed executive buy-in. Hawthorne worked with the VPs to prepare for the leadership committee meeting. While many of the execs were familiar with the initiatives, it was the first time they would be seeing the recommended annual plan for the coming year.

To ensure the leadership committee could digest the resourcing summary, Hawthorne and the CPO categorized the 20 initiatives into six “investment categories”, aligning them with the company goals. Mapping these initiatives into groups created “a helpful aperture for the leadership committee” to understand priorities, says Hawthorne. “It allowed C-suite executives to better engage in the plan for the upcoming year.” Their easy-to-digest resourcing summary:

Figure 21: Illustrative example—how Oscar Health expresses portfolio investment categories (Credit: Oscar Health)

Note: Company goals should be tailored to each organization. Some companies may prioritize top-line revenue growth or exploring a new product line, while others may focus on reducing cost or increasing efficiency. This framework allows you to be flexible and adjust your roadmap to what is important to your business.

Hawthorne and the CPO wanted to anticipate the questions that would come during the executive meeting. Hawthorne says the CPO is a good storyteller and looks for tangible ways to enliven what could be dry content. Before the leadership committee meeting, Hawthorne polled the approximately 30 cross-functional meeting attendees about how they would prioritize the six core investment categories. Of those, five responded with their allocations. These leaders in marketing, growth, operations, and legal generally proposed similar allocations to each other. This was shared at the leadership committee meeting as “phoning a friend”, demonstrating more alignment than difference across leaders in different departments.

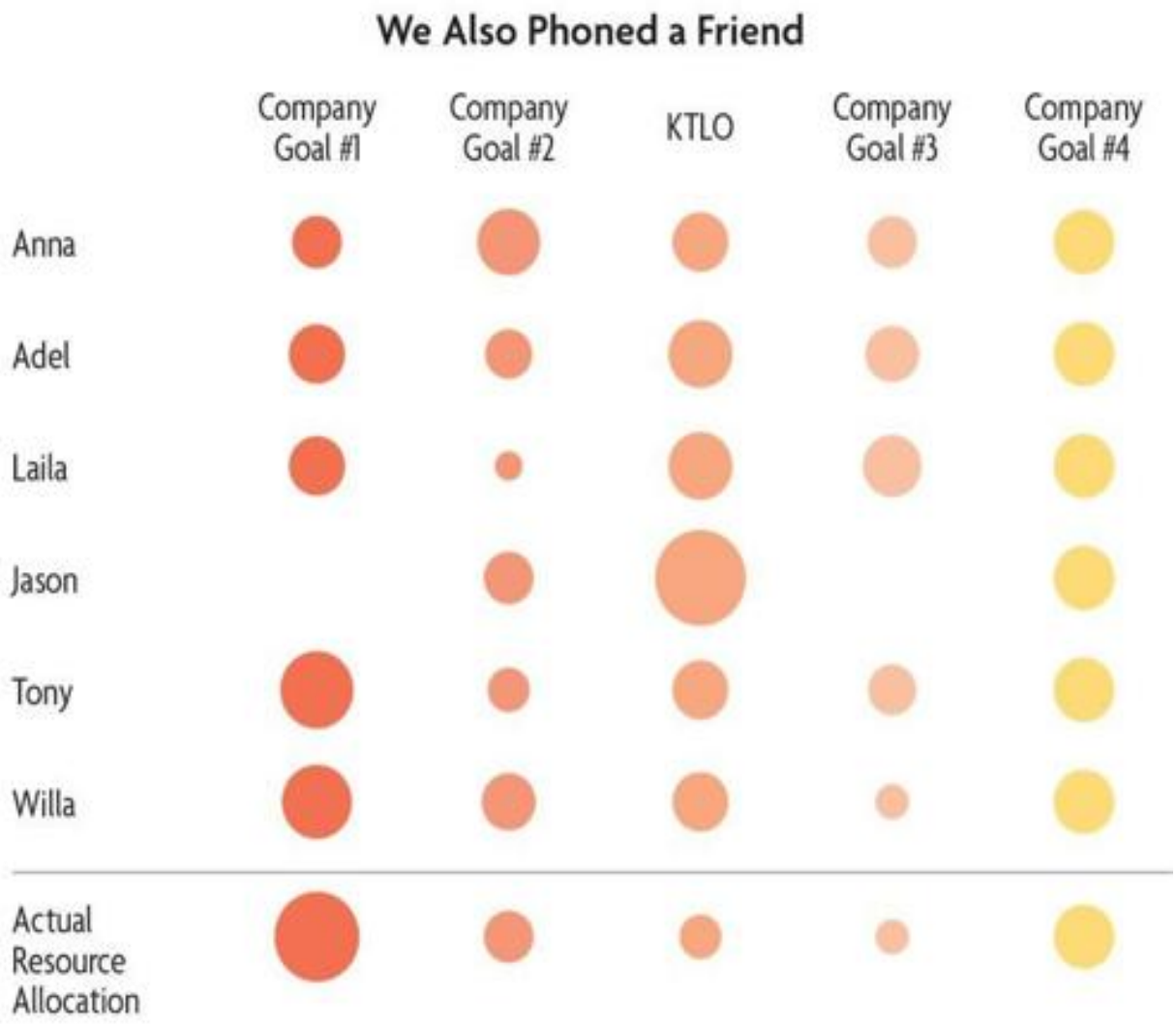

Figure 22: Illustrative depiction of survey results to confirm investment allocation prioritization (Credit: Oscar Health)

The CPO and CTO led the conversation with the Leadership Committee, ensuring they felt good about the overall allocations. But all of the relevant product and engineering VPs were in the meeting to provide additional detail and respond when the inevitable questions came up: What exactly was being prioritized in company goal #1? What are we trading off to invest in company goal #4? Did company goal #3 include the XYZ project?

In anticipation of these questions, product operations had also worked with initiative leads and prepared a brief overview of each initiative and the related OKRs. These slides were initially intended to be a reference, but proved valuable when presented live to ensure alignment.

The product and engineering VPs took these comments and questions back to the initiative owners and the pods, which allowed for further refinement of the resourcing plan and OKRs for the year. “We knew this was still a first draft—we hadn’t fully socialized the plan with our team and our cross-functional stakeholders,” says Hawthorne, “but we wanted to ensure executive alignment first.”

February: Frontline Buy-In

Once the Leadership Committee had signed off on this first draft of the annual plan, product operations had to mobilize the frontline, including software engineers, product managers, designers, program managers, and quality engineering. Hawthorne called another product and engineering joint department meeting so that the CPO and CTO could share where the plan had netted out.

Hawthorne had been in too many tedious roadmap overview meetings and wanted to make this one a little more fun. “We had senior folks, usually the initiative owner, talking to people about why the initiative was exciting, why it mattered, why engineers and product managers should care, and how it was going to impact pod roadmaps. I explicitly told them to create a really simple ‘hype slide’—one to two sentences tops! I wanted people to focus on the voiceover, so we kept the deep dives with OKRs in the appendix for later review.”

March: Cross-Functional Cross-Check

With product and engineering fully aligned and bought in, product operations then turned their focus to reviewing the “first draft” annual plan with cross-functional stakeholders.

The evergreen question in annual, quarterly, and even continuous planning: How and when do you loop in cross-functional stakeholders? “As a company, we could be better at aligning on company-level initiatives,” Hawthorne admits. “What ends up happening is we have some cases where it’s just a language mismatch: ‘Oh, you’re calling it Optimized COE,’ I was calling it ‘Big Four,’ but it’s all the same thing. It’s still critical to compare notes because sometimes you realize that a business priority has fallen through the cracks.”

To ensure the plan was solid, Hawthorne set meetings with technology’s three largest cross-functional stakeholders: operations, revenue/marketing, and legal/compliance. To prepare for each meeting, Hawthorne asked the cross-functional teams to come with their own list of priorities. In the meeting, they walked through their lists to cross-check the annual plan of initiatives. “Generally, there was a high degree of overlap,” Hawthorne recalled. “We did have one ‘gotcha,’ where one of our stakeholders needed a new vendor integration to hit their budget targets for the year. It wasn’t on tech’s radar, so if we hadn’t had the meeting, we might have been in a pickle come Q3 or Q4. But by having the conversation, we caught it in March.”

Results: Regular Check-Ins Lead to Improved Alignment and Collaboration

While she’s been happy with the level of cross-functional collaboration in the most recent annual planning, Hawthorne hopes to have an initial discussion earlier in the process, around late November or early December. “Before we come up with our SWAG estimates, let’s go talk to the cross-functional partners,” she says. “That way, once the organization starts to validate the upcoming year’s plan, we can have a closing meeting where everyone’s like, ‘yep, you had all my stuff in there!’ in January.”

At the end of March, Hawthorne worked with the product and engineering VPs to incorporate all of this feedback into the “final plan”, which was then shared and ratified in another leadership committee review. Hawthorne explained, “At this point, it was basically a rubber stamp—everyone had already aligned, so there wasn’t a ton of discussion.”

“Product operations plays a core role in enabling the entire tech organization to run more efficiently,” says Oscar CPO Jesse Horowitz. “We had our most effective annual planning process in years due to their organization and leadership. With the continued efforts of the product operations team, I’m optimistic that we’ll be able to plan, predict, report, and execute with more precision and confidence.”

Takeaway: How Product Operations Shows Up with Annual Planning

Hawthorne says that one of the most visible ways that product operations has demonstrated their impact is through the annual planning process. “I know product operations has played a key role for the Oscar tech team—we have had impact through our diligent processes,” she says. “We can make things better without hands-on keyboard engineers.” And while she’s confident the process is a lot better, she also accepts that there are imperfections in the process, each one a learning opportunity for future planning.

Hawthorne and her team set the annual planning process by:

Providing structure for alignment:

Template for initiative one-pagers

Framework to assign initiative owners and review one-pagers

Technology OKR tracker

Bottoms-up initiative resourcing estimates

Pod roadmap templates

Creating digestible content for every stage of planning:

Rough “everything” draft, socialized with technology leadership

Technology investment allocation slide for the leadership committee

Initiative deep-dive slides

Pod roll-up reports and quarterly updates to tech leadership about progress against the plan

Running tight, productive meetings (including prep work and facilitation):

Planning kickoff with the product and engineering departments

“One-Pager Rager” with technology VPs

“Sharpen the pencils” meeting with CPO & CTO

“First draft review” with leadership committee

Roadmap overview meeting with the product and engineering departments

“Cross-functional cross-check” meetings with key stakeholders

“Final draft” review with leadership committee

Without product operations, annual planning at a company like Oscar could easily become chaotic and result in duplicated efforts or wasted time. Adding process and structure ensures it runs smoothly, with a clear reason for every step of the process.

GETTING STARTED WITH PROCESS AND PRACTICES

#1 Assess Your Current-State Product Operating Model Components

The term “operating model” may sound intimidating, but chances are you may already have pieces of it in place today. As a quick reminder, the main components are: roles and responsibilities; process for product teams; guidelines for working with other teams; and governance and annual planning. Identify what exists today, then think about what needs to happen to establish the missing pieces. You can take a stab at a first draft of the outstanding operating model components and refine it with your CPO to provide alignment, clarity, and efficiency.

#2 Create Decision-Making Forums

What are the meetings at your company where the real decisions get made? Which are the ones that gather practically the entire company with no real outcome or purpose? A meeting map will help you understand the decision-making and update opportunities and their cadences. Start with what needs to happen on an annual basis, and then cascade from there. Who should attend? What is the focus of each meeting? What will and won’t be discussed? What are the desired outputs of each meeting? This will help you get a clear view of what’s happening today and from there, you can start developing the ideal state for more effective decision-making forums.

#3 Map Out Bi-Directional Feedback

As we learned above, even great idea feedback can always be better. But do you have a good view on what it looks like today? Give yourself an hour and roughly map out how customer feedback makes its way from a

salesperson to a product manager, all the way into a backlog and implementation. Then flip it. What does the path of product updates look like, from product manager ideation to updating sales? These journeys will quickly highlight the strengths and opportunities of the bi-directional inputs that are essential to both sales and product. From there, you can prioritize what the biggest holes are and work to fix them.

PART 5

INTRODUCING PRODUCT OPERATIONS AT YOUR ORGANIZATION

With this kind of role you're drumming up demand in the early days. You're helping people even understand what Product Operations is. You're storytelling and painting the picture of what Product Operations could be at the company.

—BLAKE SAMIC, HEAD OF PRODUCT OPERATIONS AT OPENAI, AN ARTIFICIAL INTELLIGENCE RESEARCH LABORATORY

Things were looking very different at Pipeline 3K these days. Ashley paused to survey their progress. When she stepped into the job, there were shaky-at-best roadmaps, no planning cadences, no visibility into success metrics, and no consistency in how the product managers operated. Rebecca had made great progress on the governance and planning front, and leadership was starting to notice.

"Rebecca, I just got out of our first executive meeting where I was able to use the portfolio and roadmap tools we put together," said Ashley. "The executives were floored, and it saved me so much time. I could drill down into each of our initiatives and connect them back to the OKRs. We actually had some fantastic conversations about where we needed to slim down our initiatives and focus. This is such great progress." Rebecca had made Ashley look good in front of her peers, and she was beaming.

“I am so glad to hear that,” Rebecca said. “We’ve come a long way. I am also putting together a few metrics to track the maturity of the product management discipline as a whole so we can show the CEO how far we’ve come during annual review time.”

Rebecca had been hard at work creating surveys and dashboards that measured how people in the organization were perceiving the value of the product management function and translating them into product management health metrics on the dashboard. This would help them show their progress toward finalizing the operating model and becoming a mature organization.

Things were looking up for Pipeline 3K, and the growing product operations team had a lot to do with it.

If you are still considering whether your organization needs product operations, this is the section for you. Here, you’ll learn how to assess whether you need a product operations team yet, and what to do if you decide to introduce one.

Although this chapter may be useful for both current and potential practitioners, if you already have a product operations team and are looking for guidance on how to build and scale, you may want to skip to Part VI: Building and Scaling a Team.

In this part of the book, we will cover:

When to add the role (or an additional role, if you already have one)

Getting buy-in to sell the function to the executive team

The difference between product operations and product management

Making the case for headcount

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WHEN AND WHERE TO START

As product operations becomes more well-known in product development and executive circles, people wonder if and when they should stand up the function. Our CPO Ashley had already seen product operations implemented at a previous company, so she knew what would work for Pipeline 3K. However, not everyone has had that experience, and unfortunately, there is some bad advice circulating out there as well. For example, we heard one product coach tell a client that the decision of whether or not to implement product operations just depended on their team size. If only it were that simple!

One of the most important considerations is the stage of the company. As an organization matures from scale-up to enterprise, what worked for a still-maturing company may no longer support sustained growth. Your communication style needs to change to accommodate larger teams. It's no longer possible to just lean over and say, "What are you all working on?" When you start to scale your product portfolio, decisions need to be made at a rapid pace, taking in much more data than before. Your planning and governance needs to be tight, so you can keep up on the multiple streams of work. When you start to see these signs, you know it's time for product operations.

This is when product operations can play an enabling role, not just in terms of team size but also regarding the scale of your product portfolio. When your strategies and processes become more complex, and it's more difficult to keep your finger on the pulse, that is a good signal to leaders that they need support.

Once you decide you want product operations, you also have to decide which of the three pillars to start with. You can either go deep on one, or do a combination of a few. We suggest starting with your biggest pain point, and then creating a roadmap from there.

To identify where to start, consider these problem statements:

If the following are your biggest issues, start with Data and Insights.

If your biggest pain point is this...	Product Operations can enable...
I am not sure the product managers are creating data-backed roadmaps and decisions.	Self-service access to product performance data
I do not know what I am getting for my R&D spend.	A reporting function that aligns the product bets back to the outcomes we want for our strategy, so we can make funding decisions
I don't have the insights into strategy performance to make decisions about product.	A quantitative function that puts the business metrics in context for product to monitor growth

If the following are your biggest issues, start with Customer and Market Research.

If your biggest pain point is this...	Product Operations can enable...
The feedback from sales, support, and user research efforts is not making it to the product teams.	Streamlining the flow of information back to the product management team and decision makers
We're not doing effective user research because it's hard to get in contact with users.	A user access system
We are not calculating out the potential impact of new products on markets.	A market research capability to get the information needed on competitors and market sizing
Product managers are doing user research, but it's sitting on their desktops.	Atomizing and tagging user research interviews for a common insights repository accessible to all

If the following are your biggest issues, start with Governance and Operating Model.

If your biggest pain point is this...	Product Operations can enable...
We don't know what all the teams are working on, and I can't reconcile that with the portfolio strategy and vision.	Easily accessible roadmaps that roll up to a portfolio vision, as well as drill down product by product
Have we surrounded our product managers with the quantitative and qualitative inputs to be setting strategy properly?	A transparent framework for strategy creation and deployment
As we've grown from a single product to a portfolio of products, how do we ensure we have a unified approach?	Governance that grows with scale and need

We have created a robust capabilities map to help you pinpoint where your gaps are. You can download it from our website: ProductOperations.com

In practice, we tend to see scale-ups start with data and insights because of the need to make rapid strategy decisions for growth. This is where Ashley started. For larger enterprises, they typically start with the governance and operating model because they need transparency into the work of all the

teams before they can make decisions. In any case, it doesn’t matter where you begin as long as it helps.

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GETTING BUY-IN

Many product leaders ask, “What’s the best way to build a business case to add a product operations manager role?” Ashley was able to bring the success stories from her previous company to show the CEO that hiring Rebecca would save them considerable money and opportunity costs. Sunita was very familiar with the high growth of Maximizely, and was excited to learn a lot of the success was due to product operations enabling quick strategic decision-making with their data and insights capabilities. Not everyone has hard data, though.

One effective starting point is a memo to your manager. Here’s a template you can consider using to outline your arguments and make your case:

State the Pain Points

The pain points we shared above may give you a good start. There may be other unique pain points or frustrations that your organization is experiencing. Consider honing in on the most acute areas of need, rather than an entire laundry list of deficits. What are the pet projects or pressing challenges that might get your manager or CEO on board? If those align with where you see the biggest opportunities, voilà!

Impact of Pain Points

This is where you’ll want to bring out as much concrete evidence as possible. Obviously, anything quantitative will make a stronger case. Potential proof points that will strengthen your case are:

Lost revenue or potential incremental new revenue usually makes everyone sit up and pay attention. Even if it's directional or semi-attributable, use it. You can include an asterisk that states "directional", or "back of the envelope modeling".

Delays in strategic initiatives from lack of data, resulting in lost sales. If this information is not accessible, cite expressed frustration from the CEO, your manager, stakeholders, and/or product managers. Perhaps the delays are creating challenges with employee retention or satisfaction.

Thin roadmaps with no clear quantitative or qualitative inputs, leading to outputs that won't move the needle.

Potential Solution and Recommendations

Here's where you offer a brief explanation of product operations and the value it brings to product teams. Feel free to use this or adjust as you see fit!

Product operations is the discipline of helping your product management function scale well—surrounding the team with all of the essential inputs to set strategy, prioritize, and streamline ways of working. As companies scale, they face difficult product challenges. A product operations function can help us navigate these challenges by focusing [COMPANY NAME] on outcomes, connecting those outcomes to actionable activities, and promoting best practices.

There are three product operations pillars: Business and Data Insights, Customer and Market Insights, and Governance and Operating Model.

As laid out above, our organization really would benefit from strengthening and supporting [PILLAR NAME] first. Companies like Uber, Stripe, Sam's Club, Oscar, Pendo, athenahealth, and others have deeply invested in this capability, and as a result, have strengthened their product function and organization to deliver more customer and business outcomes.

Your recommendation will likely be to stand up a product operations function, starting as a team or as one person (see Part VI). You'll want to explain that this would be a new hire or an allocation of a current product manager's work percentage as a first step toward building a team. You'll also want to explain how that 50 percent you'd be devoting to product operations would be reallocated to other team members. You can also specify the value thresholds at which more of the product management workload is reallocated, and the product manager transitions to a full-time product operations resource.

Expected Value to Realize

Under promising and over delivering is key. But don't be too reticent to outline what the value of product operations can be. Here you'll want to focus on the most important pillar to implement first and create the vision of tangible outcomes. Try to include the quarter by which you estimate the outcomes will be delivered.

Once you put all of these together in a memo, it's time to circulate it to your manager. Be open to the conversation and ready to answer questions.

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COMMON OBJECTIONS: HOW TO RESPOND

Still not able to make the case? Here are some common objections that people might hear from their manager, their CPO, or even the CEO.

Objections you may hear...	Counter with...
Product managers should be able to do their own analytics implementation and analysis.	"I agree. Product managers should be capable of analyzing data. That said, with some leverage from a product analyst they could be doing more strategic work that moves us closer to increased profitability (insert company's main desired outcome here). I suggest having the analyst head up analytics implementation at a portfolio level, making sure it's done consistently and accurately. They'll be part of each product launch to ensure event tags are being set up and instrumented. But more importantly, the analyst will be an objective partner to the product managers, someone who understands the products but isn't too close to them so they can unearth potential opportunities or challenges that the data can tell us."
A new function that focuses on making more processes and rules? Pass! We have too much overhead as it is.	"Companies like Stripe, Uber, athenahealth, and Pendo experienced a fracturing of cross-functional communication and collaboration when they were scaling quickly. As a result, they all implemented product operations to help solve this problem. Their product operations teams actually make sure their companies are not bogged down by process for process's sake. They regularly assess processes and whether the processes are needed —tweaking or even deprecating, so they actually reduce the potential of overprocess and help teams better collaborate and ultimately ship better products."
The product managers are talking to customers regularly already.	"Many of the product managers may be speaking to the same few customers. If so, they run the risk of a skewed perspective on what our broader customer base's pain points are, not to mention ignoring the needs of market expansion and potential new clients. Product operations can systematize user research, create research tool kits, and help with user management." If you have a user research function already, emphasize how product operations will partner with them to ensure the company is leveraging insights across the entire organization.

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BUILDING CONSENSUS

Many product leaders assume their team will be 100 percent on board with adding a product operations function. More support is always good, right? However, you'd be surprised to learn that product managers don't always completely buy in. Sometimes there's concern that product operations will "take over" all the product work. In other places, we've seen product operations slip into just doing the work that falls off the side of the desk of the product manager—all reactive with no strategy for enablement. Additionally, sometimes there is a misconception that the overburdened teams just need a program manager.

These types of resistance are usually cleared up with a bit of education.The biggest point to make: a product operations manager or team doesn't make the decisions; it enables the decisions to be made.

We like to break down this key distinction with a useful chart on the differences between the two functions:

Figure 23: Difference between a product manager and a product operations manager

Another way to explain it, in the words of Anabela Cesario, VP of Product Management at OutSystems, is “Our product operations team acts just like a miniature product team, and our customers are the product managers. We are solving their problems by using product management techniques, methods, and mindsets.”

Creating clarity within your team is just one step. Keep in mind that you might also need to guide stakeholders and colleagues toward an understanding and appreciation of the value of product operations.

“How does product operations differ from design operations?” your UX lead may ask. Sales and marketing each have their own operations, and occasionally, engineering has this function as well. It’s operations all the way down! Do we really need all of this? Yes, but it’s important to make sure things don’t get out of control.

Leveraging automation and tools when they can be a true value-add is the way we make sure we don’t hire 80,000 new people to do operations. You can help the company grasp how the various functional operation departments coexist and complement one another by sharing a high-level description and highlighting their points of intersection:

Figure 24: Various functional operations departments and how they work with product operations

The flywheel of scale really gets spinning when the operations leaders have regular touchpoints. It doesn't need to be often—it could be as infrequently as once a quarter. In these get-togethers, they'll share things like the product operations roadmap, progress to date, challenges, and insights. You could even consider creating a lightweight operating model for the various functional operations teams to make sure they assist one another.

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HOW TO WIN THEM OVER

So now we've provided you with a template for making the case to your manager and CEO for incorporating this critical function. Next step? Discussions with your key stakeholders to let them know that you're planning to stand it up. As with product managers, you may not encounter 100 percent buy-in from your stakeholders for a variety of reasons—turf, confusion, resistance to change, and more. The fact of the matter is that the areas product operations focus on will have an impact across other teams. That should be a net positive!

"I'm involved in conversations all around the company on strategy, OKRs, our cadence, how we work, and when we start influencing or working on certain projects," says Hugo Froes, Product Operations Lead, OLX Motors Europe. "What you feel is that it trickles down to all the other roles in all these other places. We have to think about how each decision is going to impact tech; impact design. How do we all work together? And it's always trying to find that perfect balance between how do we keep everyone happy, but at the same time, how do we show results? How do we show growth? We have to think about this impact across the whole organization to that extent."

The key to influence is getting the value proposition right for your audience. Let's take a look at how we can do that with each major stakeholder function:

UX and User Research

One frustration for user researchers and designers is that product managers lean too hard on them for the voice of the customer. Sometimes product managers will avoid this work because getting in touch with users is too time-consuming. The projects pile up and the UX folks become overwhelmed. Product operations can be the bridge between user research and the product folks, leveraging their research skills to help the product managers “learn to fish”, with tools like the research repository and user access systems for self-serve.

Sales/Marketing

With product operations, go-to-market gets the long-overdue glue needed to align the product managers and revenue-facing teams. Product teams will get valuable insights on what customers want, and sales and marketing will get transparency into roadmaps. Not only that, but product operations will be able to instrument and share pre- and post-usage data with these teams, as well as themes and learnings to help enable more sales.

Data Science

Tired of doing analyses that never get consumed? Product operations will ensure that all of the hard work of the data science team gets systematically applied to product decisions. Also, the data science team can put their own product hats on, arming the leaders and product managers with dashboards and self-serve data repositories that allow the decision-makers to do their jobs more effectively. This all ensures transparency about the quantitative inputs the teams are applying.

Customer Support

Customer support’s focus is, of course, the customer. This team gets frustrated when there is an increase in negative customer feedback,

including malfunctioning features and reduced functionality, that goes unaddressed. The product managers review it when they can, but it’s not their highest priority. One benefit of product operations is that the function can work with the customer support team on the collection, structure, and distribution of customer feedback to ensure we’re building the right products and staying focused on customer needs.

Engineering

For our friends the engineers, product operations will help ease the woes around method consistency. By establishing better company-wide methodologies, product operations can ensure engineers are brought into roadmap planning sooner rather than later, and help streamline product processes and frameworks so these activities don’t change team to team.

Once you’ve made the sale and received buy-in from the relevant stakeholders, it’s time to hire. The next section will help you decide which role to hire first. It features sample job descriptions, tips for making the case for headcount, and how to go from a team of one to many.

CASE STUDY: FINDING KEY QUICK WINS AT AMPLITUDE

An Iterative Approach to Product Operations

As employee number one of Amplitude's nascent product operations function, Shintaro Matsui knew he wanted to home in on the organization's biggest pain points. He also knew that he wanted to be strategic in his initial efforts, notching quick wins to prove value. This clarity came from his previous experience as Uber's former chief of staff to the head of US and Canadian operations. At UberEats, Matsui learned the benefit of moving quickly and experimenting as the company went through hypergrowth. This is where he firsthand saw the value of starting small.

"I've seen some product operations managers who are new in the role and probably come from more of an operations or program management background at larger companies. My sense is that they're less used to small iterations and continuous improvement before rolling things out completely," says Matsui.

From then on, Matsui focused on a more intentional path versus "boiling the ocean". He spent those initial weeks in discovery mode to better understand challenges and opportunities for the company. This process consisted of three steps:

Listening Tour: He conducted approximately 35 one-on-one interviews with product managers and cross-functional partners to identify the highest needs and pain points. "I felt like a therapist," Matsui recalls. "But it was great because folks felt like they could share day-to-day pain points."

What’s the right number of folks to speak with? Matsui advises talking with 15 to 20 people. Make sure you talk to people from across the organization: product, UX, engineering, GTM, sales, customer service, and the exec team. Ask them about the pain points they’re facing today. You might start the conversation by asking, “What is painful for you as it relates to working with product management?” However, this could also encompass their challenges related to product operations or any other pertinent topic they think would be relevant to dive into.

Cluster for Impact: Matsui was able to gather different pain points across Amplitude, and then drafted a simple impact-over-effort matrix, based on the clustering of problems he heard. Then he mapped out pain points by team. “I asked everyone if I could fix one or two things for them, and what would be the highest impact items for product ops to work on.” He clustered the highest impact items, which clarified his starting point for quick wins.

Identify Impact and Effort: To ground himself in the actual pain points of the company, Matsui plotted out areas of immediate need and potential quick wins in a 2x2.

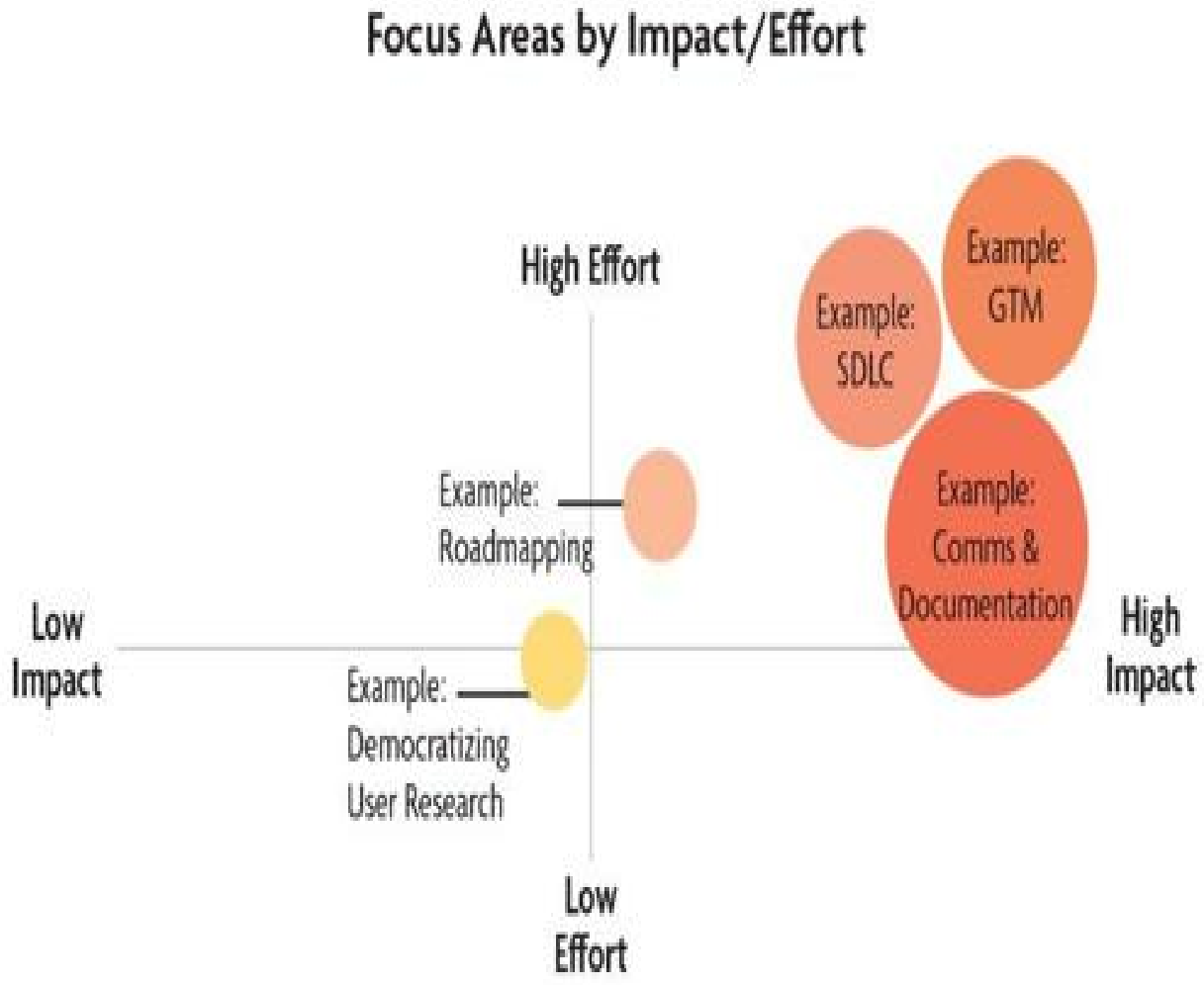

Figure 25: Illustrative example of Amplitude's focus areas by impact/ effort (Credit: Amplitude)

The biggest thing?

Since Amplitude is a digital-analytics platform that helps companies unlock the power of their products, it made perfect sense that the product team would want to unlock the capabilities of their product managers with product operations.

With the excitement of wanting to make an impact as soon as possible, it can be tempting to jump in and solve a massive challenge. Matsui's listening tour revealed that, with increasing cross-functional stakeholder involvement, launches were growing in complexity and becoming more difficult to manage without a product operations team. Revamping launches would involve having to gain buy-in from all teams involved, aligning on deliverables and standard work-back timelines for each.

Matsui was torn. Maybe he could just tackle the biggest thing first, crank it out, and get a lot of folks excited. He thought he would create a new launch framework and then solve these high-impact issues. Matsui went down that path and started to align a lot of stakeholders, but he quickly realized that by week two, he'd bitten off way more than he could chew. "I quickly pivoted and realized it's much better to chalk up some quick wins to build momentum for the product operations function, as opposed to these big-bang efforts," says Matsui.

Quick Win #1: Visibility into Product

The GTM team shared with Matsui that they really felt like the product team was a black box. "Even folks on product didn't have full clarity on what other pillars we were working on," recalls Matsui. He heard consistent feedback that cross-functional stakeholders didn't really know what was happening or why things were getting prioritized. Sound familiar? This challenge can be pretty common at many sizes and types of companies, whether it's business-to-business (B2B) or business-to-consumer (B2C). But let's face it: solving these table-stakes communications issues can be tricky.

One of the first things Matsui did the first week was to create a product newsletter. He describes it as "super basic", with very quick updates around everything that the product team was doing in product for the last month. He sent it out to the whole company and everyone loved it. "A big part of that was just building trust and communicating out to the organization," says

Matsui. “It was something that’s super simple and that’s still going on today.”

Figure 26: Illustrative example—Matsui’s product newsletter at Amplitude (Credit: Amplitude)

The monthly newsletter includes details about upcoming launches and alphas or betas in progress. Matsui estimates it takes product managers about five minutes to fill in the template with their product or capability’s updates. The communiqué helps prevent downstream alignment issues on launches

and prevents the GTM team from being caught by surprise. The newsletter had an immediate impact, with GTM sharing with Matsui that they felt kept in the loop. A GTM VP even said he looks forward to reading it every month.

Matsui and his team conduct a quarterly processes and tools review with cross-functional stakeholders and product managers (Chapter 20 contains more detail on how to do this at your organization). They stack-rank what's working well and what has less value since the previous quarter. Not surprisingly, cross-functional stakeholders rank the newsletter number one for value. "Product managers and product leadership don't really like filling out the newsletter," Matsui says, "But go-to-market ranks this number one. They said, 'It's so helpful for us. We understand what product is working on.'" Matsui notes that the visibility the newsletter provides reduces ad hoc inquiries from the GTM team.

Matsui realized that he needed some enablement in place to ensure product managers were consistently updating newsletter content each month. He wanted to make it as simple as possible—both for the product managers and himself: "You have to tag people into that and follow up with them. And that's the kind of repetitive work that product operations managers hate, but it's necessary, right?" says Matsui. He started investigating ways to automate the reminders and follow-ups for updates.

Quick Win #2: Building Trust

Matsui recalled the advice product thought leader John Cutler shared with him when he first arrived at Amplitude: "The systems and processes that create the product are as much the product as the product itself." Matsui interpreted that to mean, if a process to launch a new product is subpar or if there are leakages in collecting customer feedback, it becomes challenging to build and ship a compelling product that adds value to customers.

Case in point: Amplitude had not revamped a new product development life-cycle process in a while when Matsui arrived. Based on his numerous one-on-one discovery conversations, it became apparent that all of Amplitude's product teams were building and shipping products in different ways.

Matsui and the product team developed a vision of what product launches could look like. An initial, alpha version of a potential process was conceived with the stakeholders. Instead of rolling it out across the entire organization, they piloted it with a single pod, suggesting, "Hey, try this out and see how it works." Then they iterated.

"Oftentimes I've heard of new product ops managers trying to push a new process out to all teams at once before pressure testing," says Matsui. "And that's when you get a lot of that friction between product managers and product operations.

Autonomy is one of our cultural values. We didn't want to take that away from product managers, but it's also really painful for go-to-market teams to deal with very different ways of shipping products from different teams." Matsui spoke to a lot of product managers and said, "Hey, this isn't my process. This is your process. I'm just the shepherd of this work. And it's really just here to help you."

The outcome? Framing the process as "here to support you" significantly helped to disarm the product managers. "It wasn't as if we were pushing this process onto them," Matsui explained. "They were creating and codifying what works best for them and for their teams. And what we came up with was a view of the entire process, and then one part of the process that we only piloted with one team initially."

The real win with this initial process pilot? Ultimately, it wasn't even product operations that presented it. Instead, the product managers took the lead, rolling out and evangelizing the framework. "That's the best-case

scenario when you have that bottoms-up adoption and excitement," says Matsui.

Quick Win # 3: Close the Feedback Loop

When stakeholders share specific pain points in your discovery one-on-ones, be sure to let them know when you solve a problem. Matsui advises, "Go back to them and say, 'Hey, I remember you had shared this really brutal pain point when we first spoke. Thank you so much for that feedback. Here's an initiative that we've launched. Is that meeting your needs?' Make sure they're aware of the effort being invested. Keep the communication lines open beyond solving that initial pain point. And if the solution benefits more than that one stakeholder, let them know that as well. Say, 'We've solved it, and people are so much happier as a result and everyone's more productive'."

Takeaways: Tips for Your First Month

Based on his learnings, the following information is advice Matsui offers to anyone who's starting a new product operations role.

Start Small

If you're rolling out a new process, do not roll it out to the entire product organization. "I've seen so many product operations managers just roll out all these large sweeping changes, big bang," Matsui says, "and then they just don't work because they haven't had the learnings early on. They haven't listened to people's feedback." Start with one pod, see what the pain points are, adjust accordingly, iterate on it, and then roll it out with that same pod. After some time, you'll likely have happy product managers on the proof of concept (POC) pod who will be excited about the net benefits—and will be promoters to the wider team.

Find Your Promoters ASAP

“When you first start as a team of one, you need to identify individuals in the organization who have really bought into that vision and help them help you,” says Matsui. “Bring them along with you and chalk up quick wins for certain teams. Then they’ll buy in and get more excited about what you’re building. They will also help advocate for further investment in the team.”

Say No

Matsui’s advice for new product operations leaders is to draw the line right away. He suggests preparing a slide for his manager outlining what could be achieved with the current resources. Highlight what is feasible now and what you’ll unlock by adding another headcount. Being explicit with your team and your cross-functional partners will help create alignment and foster the right expectations.

In the end, by identifying and achieving his quick wins, Matsui demonstrated that he was addressing pain points expressed by the organization and showcasing his executing abilities. This created momentum and excitement for the function.

GETTING STARTED WITH INTRODUCING PRODUCT OPERATIONS AT YOUR ORGANIZATION

#1 Identify Strengths and Deficits

Using the 3 Pillars framework, assess which areas your company over- and under-indexes. You can refer back to “When and Where to Start” for some sample pain points to get you started.

#2 Create Your Product Operations Value Prop

Write a crisp description of the challenges and opportunities with the pIllar you’ve identified as the most important to prioritize. Describe how product operations can address and provide leverage. Just a few sentences should do.

#3 Pitch Your Manager

You’ve identified the pillar you think will be the most important to focus on and have crafted a value proposition detailing how product operations can be a force multiplier for your company. Now have an initial casual conversation with your manager; break the ice, so to speak. You might mention that you’re reading an amaaaaaazing book about product operations (that’s this one, in case it wasn’t obvious!). You noticed some patterns and anti-patterns discussed in the book that mirror some of the challenges you see at your organization, [insert pillar 1, 2, or 3 here] in particular. Share a few points from your value prop. Then, consider proposing the creation of a concise one-pager outlining how product operations could add leverage at your organization to ultimately ship better products. Take it from there!

PART 6

BUILDING AND SCALING A PRODUCT OPERATIONS FUNCTION

It's easier to get started with your first product Ops person in-seat than it is to grow and scale the team efficiently. One thing that's absolutely essential is continuous understanding of the needs of the business, where it is in growth or maturation, and where the product team is today versus where things stood in the earlier days with product Ops in place. This helps you understand where it's critical to place resources and investment as the company and product team matures.

—CHRISTINE ITWARU, FORMER HEAD OF PRODUCT OPERATIONS AT PENDO, A PRODUCT EXPERIENCE PLATFORM

At this stage, let's assume you've received the go-ahead to add product operations as a function or scale your existing team. Now we get to dive into the brass tacks of how to do this. We've got a lot of questions to answer; namely: "How big should the team be?" and "What roles should you hire first?"

Most product operations functions don't typically add a team of five to ten right from the start. Some larger enterprises may, but most do not. Rather, CPOs and product leaders typically decide on the most important need and build the function from there. Case in point: Ashley borrowed an internal resource, Rose, to clean up critical aspects of the data and insights inputs. Then she hired Rebecca for scale once she realized they didn't have the luxury of taking on one gap at a time. Once you assess your needs by

mapping out all of your product function capability gaps, organized by pillar, you can start to see where the first hires will need to be made.

If you skipped Part V and jumped ahead, you can download a capabilities map at productoperations.com to guide you.

Once you've outlined and categorized your needs, you should be able to discern a clear trend line within the three pillars which will point you toward your first hire. Make a note of any gaps that could potentially be a quick win. While these items may not end up being so easy to execute, having a well-thought-out hypothesis of where you can realize potentially faster-track outcomes is essential.

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HOW TO GET STARTED

So now you've completed your needs assessment and concluded, "Yes, I could use some product operations power." You may be wondering if you have to make the case for a new headcount. Not necessarily. Product operations capabilities can begin with a product manager currently on the team. That's how Christine Itwaru, former Head of Product Operations at Pendo, started her product operations journey.

Several years ago, Itwaru was a Director of Product at Pendo and wanted to help with efficiency and alignment within her group of product managers. Drawing from firsthand experience, she saw the bidirectional informational challenges between sales and product and loved tackling that problem. Her efforts in this area significantly benefited her team, and she clearly saw the value in resolving these challenges. That said, Itwaru did already have a full-time job as director and couldn't devote all of her efforts to this endeavor.

The CPO saw this need and asked if she'd consider standing up product operations as their first person in the role. Itwaru gladly accepted. Pendo gradually stood up a product operations function, and today, they are widely recognized as an industry leader in this area, in no small part due to Itwaru's advocacy for the indispensable nature of the function.

As Itwaru started her new full-time product operations role, she focused internally on the pain of the organization. She found consistent conflict around roadmap updates and changes to plans. There was a natural shift in priorities since the company was growing quickly. The product team had to update strategy frequently to address the changing needs of customers in

their addressable market. As a result, the revenue team was feeling frustrated. They weren't always kept in the loop when there were strategy and roadmap changes. And when there were updates, it wasn't clear where to find the most recent artifacts to communicate those changes to customers. Additionally, from the product management perspective, there was a gap in communication in the other direction: product managers weren't getting a steady flow of customer information from the revenue team.

Itwaru and the CPO brainstormed where they could tackle the internal blockages to ultimately have a positive impact on external customers. Then, she took action.

First, Itwaru helped the revenue team understand the "why" of the strategy updates and highlighted roadmap changes to support selling. Then she established a single source of truth hub the entire company could consult to access the updated strategy and latest roadmap. And to ensure a bidirectional feedback loop, she worked with the revenue team to establish a mechanism for customer and support feedback to flow back to product managers.

Since then, Itwaru's mandate has flourished well beyond bidirectional communications, adding governance, a center of excellence, and analytics standards to her team. Pendo's product operations team grew from a single member to 11 in less than two years. The product operations team focuses on being indispensable, but understands that the ultimate goal is to work themselves out of a problem and once it's solved, to move on to providing new value. Today, product managers and cross-functional partners come to them for help in implementing processes that facilitate effective execution and task completion.

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TEAM OF ONE

Many product operations teams start as a team of one. There are benefits to starting small and gradually growing. The main reason? It's typically easier to make the case for one new person versus adding an entire team for any function. People ask, "Can a team of one really make a difference?" As you saw with Christine Itwaru, the answer is yes. However, she is not the sole example.

There are dozens of leading practitioners who show that one person can turn the tides for a product operations team, while also evangelizing the discipline. Take Hugo Froes from OLX Motors Europe, for example. In the past, he was part of a team of four at FARFETCH, a global luxury platform. At FARFETCH, Froes says his level of influence was much lower and often required more of a battle, whereas at OLX he holds a high level of influence, accompanied by increased responsibilities.

"As we join any organization of any size, we'll start uncovering tons of issues we see that are impacting the teams and the product. We have to accept we can't and shouldn't solve all the issues," says Froes. "We need to be almost a bit selfish at first and define that vision and mission and strategy for product operations, because if we don't, we won't be able to create something consistent. We will become the problem-solvers or a filler role. 'If no one wants to do it, why not pass it to Prod Ops?' Avoid that at all costs."

He urges teams of one to learn how to say no but to also be open to identifying how something may fit under your scope that you hadn't yet considered.

If you do stand up product operations with one person, you should map out your vision of how the function will grow. An 18– to 24–month organizational plan shows your manager that you have confidence in the value of the function but will be disciplined in how the team scales. Outline the value realized with the first hire as stage gates, progressively incorporating new capabilities and specifying the requisite roles. Have a rough idea of what the salary and compensation would be for these roles so there's ample clarity in the budget and investment required.

Gerisha Nadaraju, former Head of Product Operations at Dojo, and founder and host of the Product Ops podcast, emphasizes the value in solving core problems when starting as that team of one. "Probably one of the high-impact things that I was able to do in both of my product operations roles, even as one person, was to centralize information and work on creating a single source of truth," she says. "And I think that pathway is also being supported by some of the guests that I've spoken to on the podcast."

The most important thing to consider in a team of one is that you are the standard. The value that you bring to the table will set the tone for the rest of the product operations organization. Solve hard problems and make that value known.

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TEAM OF SEVERAL

Maybe you've conducted your capabilities analysis and said, "We're going to need some muscle to solve these problems." If you've made the case to stand up product operations with a team, congrats! Now you can be more intentional about resourcing several areas of need. This also helps the company see the value from all angles of the three pillars faster, even if you don't start with all of them on day one. Now you might be asking, "Who do all these people report to?" While a product operations team of one can easily report to the product leader, that won't necessarily be true once you have more people on the team.

Early in CPO Tim Simmons's tenure at Sam's Club, he quickly realized how varied and inconsistent product work can be across teams and portfolios. "I'm a huge proponent of empowering teams to find their own groove and make their own decisions, but I also saw a huge opportunity to unlock capacity through efficiency and to improve the overall quality of work," says Simmons. "After a related discussion at the [product leaders' course] CPO Accelerator, I followed up with Melissa and Denise to see what else I could learn. The more insight I gained from bouncing questions off of them, it seemed like product operations was just what the team needed. The portfolio visibility, the tools, the standardization, and creating a formal associate product manager program were key for me. When I described my strategy to stand up product operations to Kath McLay, Sam's Club CEO, she immediately understood the leverage it would provide to the team of roughly 350 product managers and designers. She also quickly connected the dots to see how this would benefit our organization's ability to optimize our investment in technology." Simmons created an organizational chart with staggered director hires for the core product operations functions and started hiring with the key senior director of product operations role.

If you’re considering scaling your teams, here’s what it might look like. Of course, you’ll want to adjust based on your current needs and capabilities. For example, we have an embedded product data analyst representative of a company that doesn’t have robust data instrumentation. If you have an established self-serve data capability, you would likely not need that role.

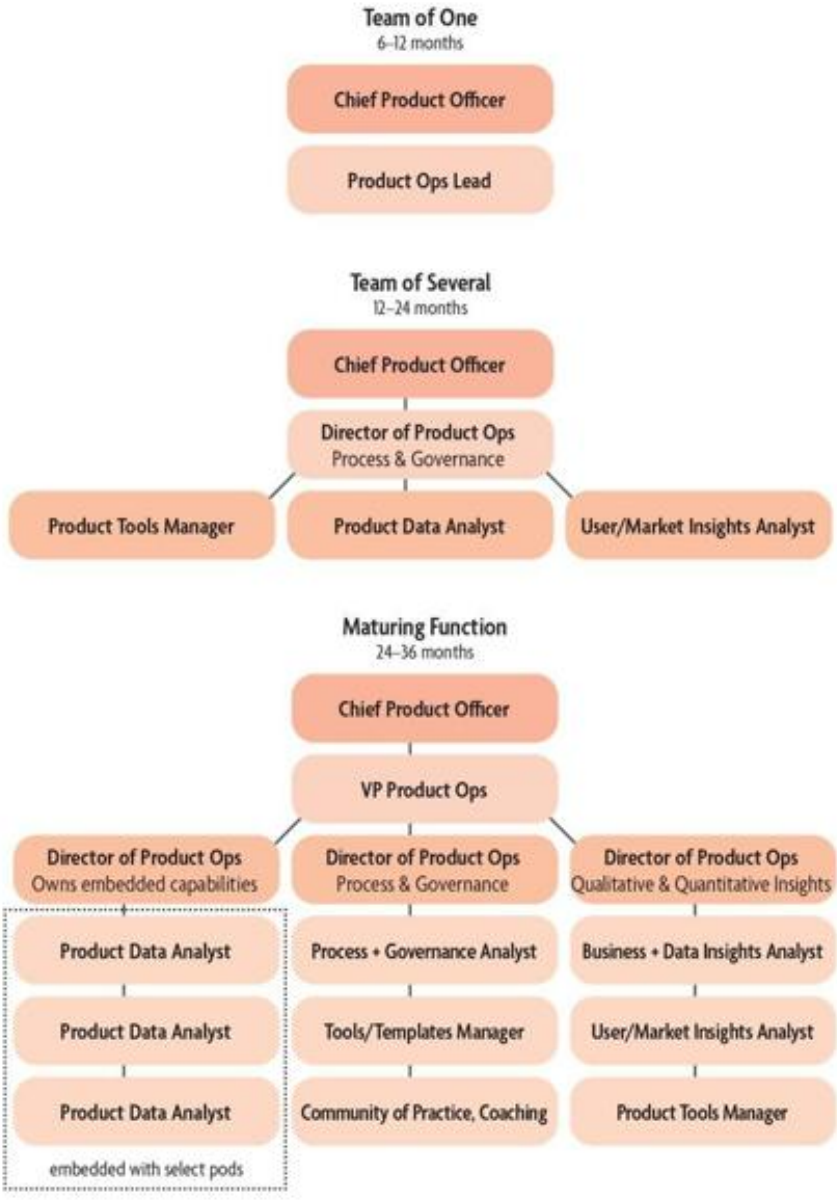

Figure 27: Illustrative example of hypothetical evolution of a product operations team

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FILLING THE ROLES

Christine Itwaru's journey is not unique. Often this function is started with an existing staffer and evolves over time. For instance, a product manager might identify and solve a discrete problem on a side project. If the product manager is interested in transitioning full-time to product operations, you might swap out 50 percent of their current product management portfolio and task them with specializing in a specific area within product operations.

But what if you don't have a product manager who's interested and willing to take on aspects of product operations? Based on your needs-gap analysis, you should have a strong sense of which pillar to focus on. Then you need to decide what profile is correct for the role. The people who excel at data and insights, for example, might not be the same people who you want to put in charge of governance. Product leaders experienced in standing up the function say that the skill sets can vary greatly between roles.

Data and Insights

Let's look at the story of a company we're familiar with. A former VP of product at a SaaS marketing technology company—let's call her Sharon—created a product analysis team. Sharon built a team of one manager and two junior analysts with deep data skills. This team discovered revenue-driving, churn-reducing insights and could wrangle revenue inputs from finance, win/loss/churn stats from sales, and user engagement data to tell a cogent story about a customer problem. The product team and product operations analysts would collaborate to formulate potential hypotheses for testing in order to address these problems. They would also assess the associated risks of their experiments, including potential revenue gains or

losses. Shortly after the team was formed, they collaborated around a hypothesis that proved to be a huge win. Based on insights the team unearthed, they created a beta product that generated seven figures in the first 12 months!

As Sharon decided to build out the product data analyst role, they looked for people with past consulting or data analysis background. Occasionally, these candidates may be new to product management, which is okay. However, it's important to recognize that you will have the responsibility for getting them up to speed on how the product works. An ideal candidate would be a master of Excel, a whiz at formulas, and able to create models in their sleep. SQL is fun for them. This is someone who loves finding unseen nuggets of info that can lead to a bigger discovery. The best candidate will have a complete mastery of quantitative analysis, but can make it come alive with vivid storytelling. They're equally comfortable presenting to product managers, product leadership, and the C-suite. Job titles to attract the right candidates include "Product Operations Analyst" or "Product Data Analyst".

Governance and Operating Model

Things were going really well for the analysis rock stars until Sharon tasked them with a broader product operations role, which involved streamlining product processes. She quickly realized that they did not have the skills to do this. Without the background in product management, they didn't have the deep knowledge needed to understand how to optimize the way the teams worked together.

For a product operations manager focused on process and governance, an ideal candidate knows the best development and insight tools. They are familiar with how a product gets built and understand how tools help enable those processes. Tool selection, implementation, and optimization excites

them, as they see the potential for significant improvements and opportunities.

This could be a mid-level product manager who really loves creating efficiencies and optimizing processes. They get excited about making the experience better for internal employees, which in turn makes better products for customers. A chief of staff who understands product development could also be a potential fit.

Ideally, your process person has coached or mentored more junior team members, contributing to the establishment of best practices and rituals, and loves continuous improvement. Most of all, this type of operations person has a high emotional intelligence. They know how to navigate a changing business landscape and use influence to align various teams across a highly-matrixed organization. They're also a resource to help coach team members in agile and lean methodologies, as they relate to product management. "Product Operations Manager" or "Product Operations Manager—Process" is an apt title for the job description.

Customer and Market Insights

When it comes to the customer and market insights domain, it's important to note that these two roles typically differ. You have a few options to consider in this regard.

In a larger organization, if you have a strong user research lead, like Jen Cardello from Fidelity, you can consider putting the customer insights section under them in research operations. We don't have a strong opinion whether this lives under the UX leader or the product leader, as long as everyone collaborates in the best interest of both teams.

If the research organization is currently lightweight or nonexistent, you will look for someone with a user research background who has a great product mindset and can think about scaling the value, in the same way Cardello did at Fidelity. Typically this candidate would be a very experienced user researcher or UX designer who is good at streamlining their processes. They may have dabbled in product management before and are eager to productize things. They love efficiency and scale. Again, consultants are a great fit here, since they are used to working in deliverables and can think about how to repeat value for a large audience. In this case, you'd have this person report to the product operations leader. A good title for this person would be "Product Operations Lead, User Insights" or "Head of Research Operations".

The Product Operations Leader

As mentioned, once you establish a product operations team, it's likely they would not report directly to the product leader. This is where you need to consider hiring a director of product operations or a VP of product operations, depending on how broad and big the organization is.

As product operations is still a growing area, finding leaders who have had applicable prior experience may be challenging. If you can find someone who built out a product operations function from the ground up, huzzah! But if not, don't despair. You can still find someone who will be successful in the role. You'll just need to think about approaching it from a few different angles.

For example, we've seen many former directors of product move to leading a product operations team. It's hard to overstate the importance of having someone who has experienced product managers' challenges, pains, and motivations. Empathy is key here. With that said, it doesn't have to be someone who has had a product role. We've occasionally seen chiefs of staff segue into the leadership role. While they may not have had direct

product experience, a former chief of staff's special sauce is the fact that they've worked closely with every function in the organization and empathize with their needs.

Regardless of their prior role, we want a leader that:

Is process-oriented

Is able to break down problems and drive large complex programs

Has motivated and led teams

Has a high emotional intelligence to work cross-functionally with leaders

Will be a champion of product operations as a force multiplier across the company

Has unquenchable curiosity about problems and is dogged in wanting to solve them by any means necessary

Is an evidence-based storyteller

Has a vision of the quick wins, as well as a medium- and long-term view of how the function will evolve

Takes the time to see how other practitioners have established their teams, and thinks about how to apply the knowledge at their own company

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EMBEDDED VS. SHARED SERVICE MODEL

As you think about staffing to support product managers, you'll eventually come upon the question of team structure. Do you dedicate product operations managers to each "squad" and embed them with the team? Or is it better to have a core team of product operations folks that can be deployed across multiple teams in a shared service setup? What about a hybrid model?

A large bank we've worked with stood up a product operations team back in 2019 and has since gone back and forth with each model. Initially, it operated under a shared service model, then transitioned to an embedded model, only to return to a shared service approach shortly thereafter. This highlights the fact that there is no right or wrong way to go through this process. In our research for this book, we've seen several different product operations team organization models. On the following page, we've outlined pros and cons of the different organizational models to help you decide how best to organize your product operations team.

Our next case study outlines the pros and cons of these organizational structures, with the aim of building and scaling a product operations team.

	Centralized/Shared Service Model	Embedded in Teams	Hybrid Model
Description	• One product operations team that creates systems which scale across all teams.	• Product operations analysts are embedded in divisions and teams, with at least one dedicated resource. • Reports to product leader.	• Combines shared-service model with strategically-embedded analysts in teams with most need.
Example of Need	• Focus on building programs that scale to most use cases.	• Data and insights capabilities are scattered and inconsistent. Teams need dedicated help to perform ad hoc reporting.	• Teams have various levels of data needs - some requiring dedicated resources. But, the entire product function needs to implement a "Voice of the Customer" program.
Pros	• You will focus on infrastructure to build out self-serve data and enablement capabilities that have a broader impact across an organization. • Product operations partners can learn from one another and apply learnings globally.	• Can tailor the solution to the unique needs and challenges of each team. • Enables quantitative and qualitative insights for their team.	• Targeted support to the teams most in need without sacrificing centralized methods that may provide more leverage to all teams. • Temporary embedding as needed.
Cons	• Could overindex on process. Unique pod needs may not be supported.	• Can be a catchall for non-product operations tasks, like bug triage or speaking with customers. • Without a single leader, silos emerge.	• Need guardrails for embedded product operations partner's scope. • May not have enough resources to dedicate to teams.

CASE STUDY: BUILDING AND SCALING PRODUCT OPERATIONS WITH BLAKE SAMIC

While product operations is still a nascent function, Blake Samic has a rare and valuable background in not only founding it but also expanding it on two occasions. As the current Head of Product Operations at OpenAI and former Global Head of Product Operations at Uber and Stripe, Samic has seen a lot of patterns, adjusting to internal nuances and contexts presented at different companies. At Uber, he was tapped to lead the newly established product operations team, and four years later, he initiated the function once more at Stripe. By starting small, Samic created the vision of what product operations could bring to the company:

Streamlining core processes and systems that add leverage for a product organization, such as planning, product/go-to-market alignment, beta/launch, user feedback, among others

Bringing specific new products and/or features into operation, with efficient cross-functional and user coordination

As with any function or team, there is only so much impact you can have as a team of one. Samic has gone through the growth cycle as a team of one, while selling the vision of the leverage that additional resources can provide. He knows the signs of when to scale, how to do it, and most importantly, how to make the case to your manager for buy-in.

What made him a natural for starting this function at both Uber and Stripe? Certainly, he had a solid product manager background as Director of Product at Shoutlet (enterprise SaaS) and a program management role at Uber, prior to moving to product operations. However, he points to his first job out of college at GE as a pivotal influence on his point of view regarding the value of product operations. “They have great leadership programs—our group of

ten was embedded within separate teams on a rotational basis for six months," Samic recalls. "But we maintained a connection to each other. We had a fantastic central program leader who shaped for me the importance of thinking about what we can do together. Central things that helped everybody do their job better."

First Experiences with Product Operations at Uber

The idea of "doing things better together" was top of mind when Samic started in the product operations role at Uber in 2015. The company was scaling quickly, but not without commensurate challenges. Uber expanded the number of cities in which it was operating. Naturally, that meant the product teams were growing, as was the complexity of their work. Communication and collaboration became increasingly challenging. "We had this disconnect that was really growing between product teams and the city teams, causing lots of problems," says Samic. "The executives on the operations side of the house and the product side of the house knew at a very high level that they wanted to connect those groups in a more high-bandwidth kind of way."

In his first weeks in the role, Samic spoke with dozens of product individual contributors, managers, and cross-functional stakeholders to understand the friction points and opportunities. Once Samic had a clear idea of the highest value contributions to be made, he categorized them as "above the line" for quick wins and "below the line" for high-value outcomes that would necessitate additional headcount. He also started framing out the product operations mandate to provide clarity regarding its current scope and to identify potential inclusions if the function were to expand. He mapped out product operations' core responsibilities:

Surfacing and Prioritizing Global Business Insights

Elevating data-backed insights and local innovations from city teams into the product planning process

Spotting mismatches in KPIs and strategies between tech and operations, driving alignment

Ensuring product plans meet the needs of the global business

Ensuring Global Viability as Products Are Designed and Built

Ensuring their potential for global rollout

Providing operations transparency around product team goals, progress, and results

Managing Product Rollout, Support and Optimization

Leading product rollouts (internal communications, education, project management)

Owning customer support impact of products

Operating and optimizing rolled-out products—engaging city operations for rapid feedback, impact measurement, and iteration

One quick win was establishing a central product newsletter that was consistently distributed every two weeks. Samic put a lot of effort into making it easy to understand, even for new employees. This gave everyone a much better sense of what was being built and why, and it clarified channels for city teams to talk with various product teams.

“When I reflect on my time at Uber, I’m proud of being able to shape a function with no prior examples (truly from first principles), and I’m very

proud of the team I was able to assemble," says Samic. "Nearly everyone had been with the company at least a year in a city team around the world (in many cases three to four years) and had proven themselves as one of the most capable operators before joining product operations. It's very powerful to be able to pair people like that with world-class product managers and engineers. This organization structure allowed us to supercharge collaboration between product teams and city teams (we called it connective tissue), accelerating learnings, and new product adoption."

Leveraging Learnings at Stripe

When he got to Stripe in 2018, Samic took a similar approach. During his first month, he focused on nailing down the charter. It included very broad strokes of what the company wanted, as well as Samic's vision of enhanced enablement. He also spent a lot of time with various stakeholders of the group from different angles: product leadership, engineering, design, sales, marketing, product marketing—basically, all of the different teams involved in building great products and getting them to users.

Similar to his experience at Uber, notching up a few key quick wins at Stripe helped build momentum and surface patterns of need across the company. "In my mind I'd done this before at Uber," says Samic, "so I had a lot of that pattern matching myself, and I could talk to it. One thing I did differently is to start building central programs much sooner at Stripe. There are things you can do centrally that really raise the tide for all product teams, and that gives you a lot of leverage with fewer people."

One example of this is Stripe's launch calendar. Every team at Stripe had a roadmap and could tell you what they were shipping, but that information was all over the place in different formats. "Being scrappy and pulling all that together in a single view helped establish early credibility for product operations," Samic says. "This paved the way for smoother resourcing discussions when scaling the team. When leaders can see the impact you can

have with one or a few people, that trust opens the door to discuss a broader vision for the function."

Time to Scale

Samic experienced similar growth patterns at both companies, going from founding the team to eventually overseeing more than 70 people at Uber and more than 50 people at Stripe. He likens it to the organic growth of a start-up. "Sometimes you're just throwing things against the wall. You're seeing what sticks and proving some early value." As a team of one, you're likely doing "central systems" type of work, and possibly helping out in a more hands-on manner with one or two products.

When he joined Stripe, he and the CPO had a preliminary vision for the early stages of product operations, outlining potential initial successes, which would later be confirmed through discovery. "And then there's this point in the not-so-distant future where you need to come back together and have a much more real-talk conversation about how this is scaling. But if you don't get those early wins, you won't get to have that conversation," cautions Samic.

Depending on the size and scope of your company, you may want to set some expectations, suggests Samic. "It does help to be clear in the beginning that you envision this being more than a team of one, and early wins are meant to be proof points," he says. "If you are standing up prod operations from zero, you could set expectations at the beginning that there will be a period where we're testing things out to understand how we scale and the value it could bring."

A test could involve spinning up a service manually, much like Samic did with an organization-wide launch calendar. In doing versus describing, he points out, "It really can illuminate people's eyes way more than saying, 'Hey, I'm gonna build a launch calendar for you.'" Samic spent about a

day’s work on a rough prototype with actual data and shared it with the CPO. He voiced over the current state of the manual calendar, the benefit of regularly updated information, and designing in a way that’s low lift for all those people that need to update this. As expected, the launch calendar experiment did not feel scaleable, but the value was immediately apparent. The CPO said, “Wow, I have not had a view like this in a really long time since we were much smaller. Yes. This is a good thing to invest in.” In order to create this future state launch calendar, Samic advised the CPO that he would require additional product operations support.

Samic notes that there may be several indicators that your team may need to grow:

You have many product teams shipping products in parallel, and it becomes difficult for your cross-functional teams to stay on top of what’s coming.

Your product is complex, leading to complex user problems to solve and extra training is required for go-to-market teams.

There seems to be a lot of manual toil that needs to be playbooked and then automated.

Teams are inundated with user feedback coming from many different angles (sales, support, users directly—via forms, Slack, email, etc.). Having someone focused on reining that in can be very high leverage.

Making a Compelling Case for Product Operations

“I’ve always felt with this kind of role, you want to be drumming up demand, certainly in the early days,” says Samic. “You’re helping people understand what product operations is. You’re storytelling, painting the picture of what this could be.” But then you get to a certain stage where you have more demands than you can address. You want to be capturing those asks. “Here’s a bunch of stuff that we just can’t do right now,” explains

Samic. You want to stay lean in the sense that you're never fully doing everything on the list.

"When I'm just starting a team, I'm talking to stakeholders and constantly taking a mental inventory of the things we could be doing when we have more people," he says. "And I'm starting to put a framework together so I can communicate clear priorities. This helps everyone understand why something is below the line, and what more investment would unlock.

In my framework, I'm first clear about the core set of activities that we want owned by product operations people in general (this will vary by company, but they might be things like 'beta management,' 'launch readiness,' 'streamlining product/GTM connection,' etc.). Then I intersect those activities with the top strategic priorities of the company, and the priority goals of the product areas to determine where to best apply product operations support in order to have the biggest business impact. Assuming the product team has done the work to align their goals to metrics that make sense, this can be pretty straightforward. However, product operations will often push to ensure those goals are really maximizing the business and user impact. If you have a central embedded product operations function, you shouldn't be shy about deprioritizing support for certain product areas at times. That's part of the benefit of having the organization arranged like that. You're able to see all the needs of all the product teams and then allocate resources to globally maximize your impact."

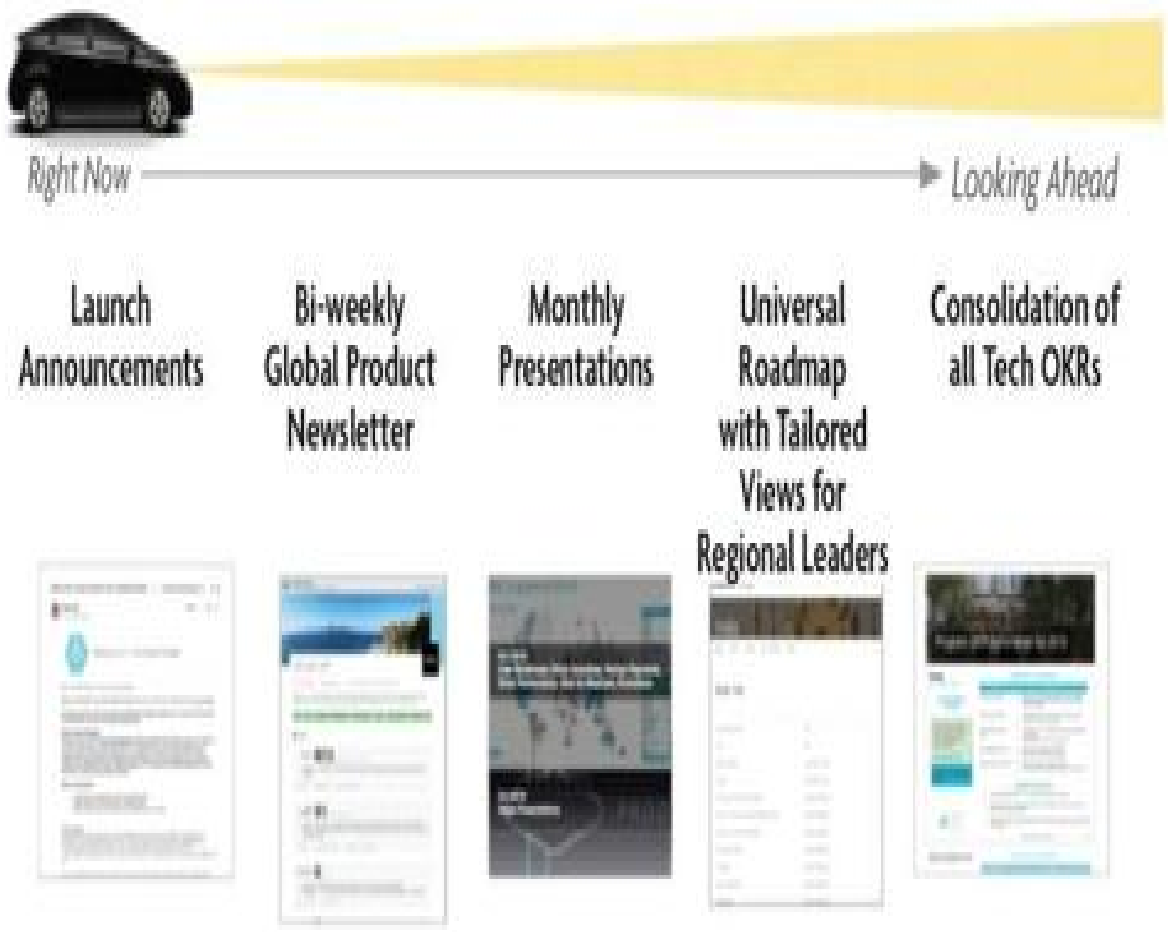

Figure 28: Examples of central programs at Uber (Credit: Blake Samic)

Samic points out that Stripe's funding model for product operations transitioned from a "free service" to a "paid model". Once covered under a central budget, Samic says, "we transitioned to a setup where product teams would have to fund their embedded ProdOps partner (PoP). Hopefully you've got some wins under your belt already to help justify that."

Part of what made that transition successful was outlining what a team is getting when they fund a person to be the Product Operations Partner (PoP). Samic continues, “If we’re gonna sell this to a general manager who needs to decide ‘Am I spending that money on another engineer, product person, or product operations? What are the core things this person’s going to do? How will it help other people on their team? What’s the impact that we think this will have?’” He had a simple one-pager showcasing how product operations has benefited other teams. It highlighted outcomes, revenue, time saved, efficiencies, and product manager satisfaction rates. Tailor the success metrics to what’s most relevant to your organization. This was a very effective tactic for getting leaders bought into the value they’re getting, versus not really knowing what that person is adding.

Organizing Principles

Let’s say you’ve received the buy-in to go from a team of one to an actual team. What’s the best way to organize the team to ensure your PoPs feel supported, product teams are seeing value, and you’re applying successes and learnings back into the function? Samic employed a mostly embedded team structure at Uber. The idea was that the PoPs would be focused on their particular teams but also dedicate a percentage of their time to things that would have impact beyond the team in which they were embedded. “The product managers are internal customers and it’s so helpful for them to have a person that’s embedded into these different product areas,” says Samic. “Each team has their own interesting subculture and nuances that support the prod operations folks to have the real-talk conversations.” However, that deep connection with the teams left Samic with less time than anticipated for the centralized work he wanted to tackle.

After his experience with the embedded-only model, Samic came upon the hybrid model through trial and error at Stripe. He saw the value of embedded, but wanted to be intentional about ensuring centralized systems had resourcing as well. “One of the first things I wanted to do was build out the embedded and centralized teams in parallel. I just saw so much value and

leverage you can get centrally.” If a PoP is building an outcome within a specific team, you could think about that team like a little start-up. If they’ve successfully proved an outcome, system, or method, maybe it could scale to benefit more of the teams through the centralized model.

Takeaways for Building and Scaling

Discuss future growth now

If you’re starting a team of one at a company, have a discussion of what the inflection points of growth could look like. Explain that the discussion is not a commitment, but an ongoing dialogue of your vision and potential for additional leverage for the organization. Share your point of view of what potential signals for growth might be.

Create a charter

This will map out product operations’ core responsibilities. It can be broad brushstrokes of what will be covered today, and a vision for the future if the team is to grow. Present it as “above the line”—what can be accomplished today with a solo team member—and “below the line”—the added potential with increased resources.

Decide on the right organization structure

While a hybrid model worked for Samic at Stripe, your company may have different needs. If the product managers have a lot of self-serve data and user research motions in place already, perhaps a centralized organization would be the way to go. If there are solid processes in place already, consider starting with a more targeted approach using embedded product operations

people. You can always adjust the model based on the company’s evolving needs.

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THE FUTURE OF PRODUCT OPERATIONS AT PIPELINE 3K

Ashley had a moment to grab a cup of coffee in Pipeline 3K's kitchen. She sat down and thought about how far this product operations team—just Rebecca and a borrowed Rose, so far—had come in just a few short months.

Rebecca popped by and joined her at the counter. "I just spoke with Sunita," said Rebecca. "She told me she's thrilled that you knew how quickly product operations could help Pipeline scale." Ashley smiled. Rebecca continued, "Sunita shared that Greg in sales said how much more collaborative and transparent the product team has been. He's even agreed to let us keep Rose permanently! She'll be thrilled, she's loving the work." Ashley and Rebecca clinked coffee mugs for a toast. "Sunita also said that I was kicking ass and to keep up the good work," laughed Rebecca.

Ashley popped up and walked over to the whiteboard across the hall. "I want to savor these wins! Let's map them out—and where we go from here." She and Rebecca started whiteboarding, mapping out the challenges and quick wins, what scaling looks like in the next 60 to 90 days, and potential hiring needs.

Business and Data Insights

Pipeline 3K's Challenges	Quick Wins
• Product leaders spending way too much time reconciling multiple sources of truth in data. • Product managers are not focusing on more strategic work.	• Rose streamlined all the sources of data and created a system to identify the single source of truth in data across the company.
• Roadmaps not at all data-driven.	• Rose created a few key views of data for Ashley and the product teams to inform strategy, allowing the build of the roadmaps for the next few months.
Scaling in the next quarter...	
• Rose to work with engineering to get event tags instrumented for self-serve data and automate all the data. • Rose will need a data engineer who is good at implementing APIs into PowerBI for the automation.	

Customer and Market Insights

Pipeline 3K's Challenges	Quick Wins
• Scant customer feedback available.	• Rebecca mapped out all the customer feedback inputs across the company, uncovering sales' robust repository of buyer personas, demographics, and customer notes in Salesforce. • Sales provides product managers access to their systems and will help product managers to add their own tagging to customer notes. • The support team has poorly-tagged customer data in Zendesk, but agrees to work with product team to improve.
• Product managers using a single customer as a proxy for customer research.	• Not much here yet, as Rebecca got pulled into Process and Practice.
Scaling in the next quarter...	
• Rebecca will do a discovery sprint around user management needs and tools. • Ashley and Rebecca to make the case to hire a full time user/market research analyst. That hire's priority will be to build an initial view of customer insights from the map Rebecca built.	

Process and Practices

Pipeline 3K's Challenges	Quick Wins
• Annual planning process needs serious shoring up.	• Understanding current state process and seeing what quick enhancements can be implemented. • Establish collaboration with CFO to enable planning process.
• Roadmap process and templates nonexistent.	• Sourced and implemented a new roadmap tool. • Created guidelines on the right scope for different roadmap items. • Developed roadmap templates that map to strategic intent, initiative, and option.
• Alpha and beta testing programs created confusion with sales, who were selling features too early.	• Clarified product development status framework and training. • Sales knows exactly when they can sell, alleviating the product managers' concerns that roadmaps were too dangerous in the hands of sales.

Scaling in the next quarter...

Rebecca to:

- Map out coverage needs, sequencing, and organization design to scale with the company over the next 12–26 months
- Codify new governance and planning processes, well ahead of the next year's annual planning
- Ashley & Rebecca to make the case to hire a full time process & governance analyst to establish meetings, cadences, and own all aspects of QBRs

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THE FUTURE OF PRODUCT OPERATIONS

While it's difficult to say just how many software companies have a product operations function today, let's hypothesize that it's 20 percent. How might that landscape appear in 2028? Is that percentage growing? For enterprise-level companies building multiple products in parallel, Samic sees absolute growth. "I think the percentage will definitely grow for those types of companies. If that's 20 percent now, I could see it doubling potentially in five years and growing a lot, as people see the benefits of product operations," he says.

If product operations proliferates, what might the function look like five years from now? Samic predicts it will look quite different. "It will skew more into the centralized model, helping to set up systems for your company. There will be more automation for those systems, better observability on these things, but they're really going to still be helping product managers and product teams have more leverage."

We predict that a focus on information flow will continue to increase as a major accelerator for companies. Approaching product operations from a global program standpoint, teams might start to view embedded functionality as a first step toward automation. This is similar to how we approach concierge experiments in product—manually delivering a solution to better understand the problem before transitioning to a scalable software solution. In product operations, our customers are the product managers and surrounding stakeholders. The same tools apply. As a result, more tools will be introduced to enable and eventually replace these embedded product operations personnel, freeing them up to work on the next value-driving need. There are already many on the market now, just waiting to be adopted.

For the bigger enterprises, particularly those transitioning into software companies such as banks, product operations will be a key accelerant. With the size of their product portfolios and the complexity of stakeholder relationships, they can stand to gain the most value from a well-functioning product operations team. And as all large companies adopt product operations and reap the benefits, the people who stood the function up will be in demand with midsize companies aiming to implement the same approach and scale similarly.

Today, growth is happening in other ways as well. Successful product operations teams are able to demonstrate operational rigor and end up absorbing adjacent functions. We've seen this with several leaders included in this book. This might look like engineering operations and onboarding capabilities coming under the product operations umbrella. The rationale? These product operations teams are delivering value to the entire organization in large and small ways. Execs are now seeing the opportunity to level up these adjacent functions so that they can expand operational excellence at scale.

On the flip side, we have seen at least one instance where product operations was absorbed into one massive operations team that consolidated elements like sales operations and product operations. One instance clearly does not make a definitive trend, but it will be interesting to watch developments around this.

With that said, we see real value in separate operations teams. The push-pull tensions, similar to the product-engineering dynamic, are a feature, not a bug. The strain that may arise between operational functions can provide checks and balances to the work being done in a company. This works especially well if you have a "superfriends" type of operations collective that meets quarterly. Share wins, challenges, ensure that there are no overlaps or dependencies, and enjoy the camaraderie of like-minded folks.

And what about the future career path for product operations team members and leaders? As Christine Itwaru points out, “We’ve seen a rise in leaders who want to create this role (as I did) because we’ve felt the pain so acutely and want to solve it for product managers and our organizations.” Echoing that sentiment, many CPOs we’ve spoken with won’t take a new role without the function already established or there’s an assurance that they can add once assuming the role.

Both new and seasoned product managers ask us if product operations is a good path because it’s still seen as so new and undefined. As you may have gathered so far in reading this book, if you love solving problems and get excited about improving the speed and quality of decision-making, it’s a great space to grow. We’ve also heard a few people wondering if product operations is a career back-step. That was certainly not the case for OutSystems’ Anabela Cesario. She was promoted from VP of Product Operations to VP of Product Management, with the new head of Product Operations reporting to her.

Of course, these are directional signals for the future of product operations. We don’t have a crystal ball, but we feel confident that it’s here to stay. Product operations will continue to grow as more companies reap the multifaceted leverage it provides.

GETTING STARTED WITH BUILDING & SCALING A PRODUCT OPERATIONS FUNCTION

#1 Assess: Who Might Be the First Team Member?

Is your manager fully bought in and ready to staff up a team? If so, congrats! Get cracking on that organization chart. However, many of us have to beg, borrow, and steal to get even one semi-dedicated resource. And that's what you will do if necessary. Think about folks at your company currently. Is there anyone who has a natural tendency and/or vested interest in the pillar you've identified as the first to start with? Someone who's empathized about the deficits in this pillar area? They might be good candidates. Once you've assessed some in-house options, you can create an "above-the-line" and "below-the-line" view detailing the capabilities achievable with a partially dedicated resource versus a full-time hire. Present to your manager and take it from there.

#2 Create a Job Description

Write out the areas in which you would want leverage with this headcount, whether they be internal or external. Next to those areas, include tangible outcomes the company could expect to gain. With these core elements, you can get started on a job description. Not sure exactly what to include? Go to productoperations.com to download modifiable job description templates.

#3 Select Three to Five Success Metrics

How will you know if your team of one—or of many—is having an impact? Who is your primary persona (product manager or product leadership)? Include a mix of executional accomplishments that ladder up to business

objectives, as well as quantifiable metrics, such as cycle time, reduction of time, etc.

PART 7

LESSONS LEARNED

When you have a scaling product operations team and times are tough, you might think 'last in, first out', right? Well, hold that thought. Because when you're finding creative solutions for complex problems, when you are always looking to do more, when you're challenging the status quo, when you simply care about your customer/stakeholders, you are adding value. And when leaders and others around you understand that, your Product Ops team is not the first one to go—you are one of the first to stay. That is something I have realized many years ago. It has been my strategy all along and it is also my advice for anyone starting an area from scratch, operations or not.

—ANABELA CESARIO, VP OF PRODUCT MANAGEMENT AT OUTSYSTEMS, A LOW-CODE PLATFORM THAT ALLOWS TEAMS TO BUILD AND DEPLOY BUSINESS-CRITICAL APPLICATIONS

Make yourself invaluable. Embed yourself into critical workstreams, programs, and processes such that the idea of you leaving gives your manager hives.

—SHINTARO MATSUI, HEAD OF PRODUCT OPERATIONS AT AMPLITUDE, A PRODUCT INTELLIGENCE PLATFORM

In writing this book, we came to appreciate just how transparent the product operations community really is. They're eager to share their lessons learned. They will tell you what went well. They will tell you what could have been better. We asked them, "If you had to do it all over again, what

would you do differently? What were the major ‘gotchas’ you should look out for?” The gotchas can look different at every company. Certainly, in our own experiences as product leaders and consultants, we have seen recurring patterns and anti-patterns along the way. There are several recurring themes to watch out for on your product operations journey:

Secure executive support

Focus on all data

Culture counts

Get to impact quickly

Balance process with agility

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SECURE EXECUTIVE SUPPORT

We've looked at several ways product operations teams are established. Sometimes it's the executive starting it themselves. As mentioned earlier, Sam's Club CPO Tim Simmons is one example. He realized that the function could be the accelerant to stronger portfolio management. Simmons developed a sequenced staffing plan, explaining the value it would bring to the product team and Sam's Club at large. Signoff from his boss, the CEO, followed shortly after.

In other cases, you may have a homegrown model. One product manager sees the gaps and gets excited about solving them. Before you know it, they're a product operations manager. They usually start as a team of one, but can build over time.

Whether you're planning a fully-staffed team from scratch or bootstrapping the function one headcount at a time, you'll need buy-in from executives to ensure its success. If you're the CPO, you'll want to be sure your CEO and C-suite peers truly understand how product operations will contribute to stronger cross-functional collaboration. A great way to showcase its value is by making sure you are in the executive meetings, demonstrating how product operations helps inform and monitor strategy, so they can make informed decisions.

But what if you're not an executive, and don't get an invite to chat with the C-suite often? As a director of product, helping the CPO envision an ideal state of portfolio visibility will go a long way in making the case for product operations. If you're a product manager, your best bet may be to highlight current gaps, roll up your sleeves, and rack up some quick wins.

Your talk track could be “Imagine if we had just one dedicated person focused on [fill in opportunity here]?” Wherever you start, it’s important to tell the story about how product operations will benefit the executives, ensuring they become advocates for the function.

Whether you’re making the case to stand up product operations or have already done so, you need to get your CEO on board to reinforce its value.

“Product operations is so cross-functional that the product operations team is not working for just the product team,” says Pendo’s Itwaru. ”The product operations team is working for the entire organization. And so, having that level of visibility into all the things that are happening and being able to report back so that your CPO can take that somewhere is really critical for success in product operations.”

When you’ve helped your leaders understand the vision, you’ll be able to lean on them in challenging moments. If you’re getting pushback from some cross-functional stakeholders on a new system, your best bet is to reiterate the value. Sometimes you’ll need to play that ace card and ask your leader to back you up and evangelize the function to those stakeholders. It’s okay to go there, but try not to do this unless you’ve exhausted every other avenue of influence and persuasion.

As Christine Mullin, COO of Texthelp, advised us, “communicate well internally in the business. Ensure that you’re getting your leaders within your R&D organization, as well as the CFO and CEO. We all have one objective and that is to optimize a resource, to drive further growth. And that’s what we’re all passionate about. We’re all on the same side and product operations is just a very powerful tool to help us achieve that.”

What if your company is completely on board, but then the financial situation tightens up? When the economy is robust, we see more executive

teams supporting the addition of the product operations function. When times get leaner, people start to waffle. True believers reveal themselves, as do leaders who don’t hesitate to cut the entire function. Enabling roles, like product operations, is a long-term play, and it’s easy to chase the short-term efficiencies.

We in product operations must anticipate downturns. Do your best to show how the quick wins and longer-term bets are paying off every single day. Embedding what you do into the way you build products is another way to show value and protect the team. For example, if every product release requires the instrumentation of product analytic metrics and this team ensures that, it would be inconceivable to consider letting them go.

Lesson learned: “Managing upwards” is the name of the game here. Show the C-suite the vision of product operations and how it will help solve their challenges.

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CULTURE COUNTS

“The biggest learning really is not to underestimate the cultural aspect,” says Helmut Stueber, former Director of Product Operations and Product Intelligence at Tricentis, a continuous software testing platform. “I would say the cultural aspect is as important as the technical one. My biggest lesson learned is it’s important to involve people. It’s important to inform at an early phase that everyone feels dedicated to the project and to what you want to achieve.”

Organizational culture is a reflection of the values we have in our business, and can be strengthened through the repetition of practices and behaviors that reinforce those values. People will watch the behaviors and practices of the leaders to understand the culture, and observe what they value. You want to make sure that the leaders are reinforcing the value of product operations after you get their buy-in. This means using the data you produce to help with decision-making in a repeatable fashion, such as the QBRs and Strategy Planning meetings.

When implementing a new function that collaborates with practically every team at the company, you want to make sure you are making the time to get to know as many people as possible so that they feel invested in the output. “A big contributor to my early success was doing a listening tour when I was onboarding,” says Tina Laungani, former Director of R&D Operations at Segment & Twilio. “I spoke to 80+ people across Segment (later acquired by Twilio) to not only introduce myself but to also understand their pain points. I would share my charter and say ‘I’m coming in to try and fix some of the thrash and chaos teams might be experiencing due to this growth stage the company is in.’ The organization finally felt like there was a need for some operational rigor—when you’re a start-up, you’re moving fast.

You don’t necessarily need frameworks in place—you just want to ship good products. As your product gets more complex and as your teams grow, buy-in is not only critical to change management, but it can help unlock doors you haven’t been able to previously open.” This ensures that you get buy-in from the teams early, and they can see their suggestions reflecting in your work.

You also want to squash any bad blood between product operations and other disciplines quickly. Got a product management naysayer who thinks they just need a program manager? Show them why a program manager won’t be sufficient, and try to understand where the hostility is coming from. Experiencing a turf war between sales operations and product operations? Band the teams together to make an operations council, where all of these functions can work together and leverage their diverse contributions. Make sure you address discontent quickly before it spreads to others in the function.

When introducing product operations, make sure you are involving the product team and cross-functional stakeholders early. We suggest something like a roadshow where you go over:

What is product operations and why will it help our organization

How product operations works with each cross-functional department

Potential outcomes we can achieve

Examples of other organizations that have greatly benefitted from product operations (you can refer to the case studies at the end of each chapter!)

Your roadmap for implementation

“Communicate well internally in the business,” advises Christine Mullin. “We’re all on the same side and product operations is just a very powerful,

simple tool to help us achieve that.”

Creating a path for clear cross-functional contributions goes a long way. Srinivas Somayajula, former Head of Product Operations at Calendly, shares, “Having some of those strategic frameworks where people know where they fit in is going to be something that’s great to see.”

Lesson learned: Product operations will only flourish in a company culture that embraces it. You can help foster that by always aligning with your stakeholders. Develop a consistent narrative around what product operations looks like at your organization. Share recent wins and remember: Repetition is key!

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FOCUS ON ALL DATA

Let’s say your company has deftly enabled data instrumentation in your product suite. You have all the usage metrics for your users, and can see where they are dropping off of workflows or not adopting new features. Many organizations might think that they’re all set but unfortunately, they’re not.

Sure, engagement data gives us a lot of leading indicators to guide us toward actionable insights. And yes, we can measure key usage data week over week to tweak our product. But, this only gives us limited insights and leaves out a key part of the value: How do our product decisions impact our business?

The best product operations teams create the vision and support the reality of tying usage data to business data. They can help connect how usage data positively or negatively impacts revenue, churn, and other critical business metrics.

Imagine this scenario: You’ve seen a trendline that’s showing increased usage of a certain feature month over month. Sounds great, right? Well, upon further investigation, your product operations analyst uncovered something surprising and not so great. The increased usage is coming primarily from the customer segment you’re looking to phase out. The segment the company is strategically focused on this year, where you’ve been instructed to place all of the product bets? Its usage has dropped 20 percent. Uh-oh.

Of course, this kind of analysis isn't exclusive to product operations. However, having the analytical firepower to connect the dots from the product metrics to the business metrics is the secret sauce. With product operations, you're ideally scaling these capabilities to the entire product organization and executive team, which will steer your decision-making in the right direction. Identifying which questions to ask through Data and Insights, and then correlating the answers with Customer and Market Insights, makes this function even more powerful.

Product operations surfaces the right data to allow us to place and monitor big bets. "Product operations to me is like a variegated discipline where the whole idea is to become much more data-driven over time and to understand where your efforts are going," says Aniel Sud, CTO of Optimizely. "We need data analysts that are able to take various pieces of data, coordinate it, understand it, and unpack it into actual value."

Joe Peake, Head of Product Analysis and Operations at Featurespace, points out that beyond data-driven decision-making, "the idea is to get to a point where we are analyzing each of our products in terms of the revenue opportunity, and also the cost involved where everything has got to be a kind of return on investment decision, not an emotional decision based on what people think is happening in the market."

As covered in Part II, data is dispersed throughout the organization. Product operations brings that all together for full context. Now you can identify the cause and effect. If the product team does a certain project, what is the impact on the revenue? If finance and sales are seeing an increase in sales of a particular product, why? How can we map that back to specific areas of the product? Shira Bauman, Senior Manager, Product Operations at Zapier recalls: "Educating yourself on the data that people care about is really important. The partnership between the various data stakeholders is so important." Once we can have this conversation in our organizations, we get out of the "Build Trap" and can really focus on outcomes.

Lesson learned: To provide truly impactful and actionable data for your product teams, you need to connect product data and customer insights with business-impacting financials.

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GET TO IMPACT QUICKLY

Let’s face it: product operations is a cost center. They’re not directly bringing in revenue to the organization like sales do, or working on features that will, like the product team. Instead, they are informing the strategy and building infrastructure to get this done. Even though the role is critical to making money, not everyone will see it that way from the beginning. This means it’s more important than ever to be constantly demonstrating value in large and small ways. You want to create quick wins where the most acute needs are today. That demands a laser focus on the highest-impact areas, and also requires acknowledging that you can’t do it all at once.

“Learning how to say ‘no’ is a simple, but critical, component of focus,” says Froes.

But also be sure to identify the parameters for how something may fit under your scope that you hadn’t considered. “For me, it was vendor management,” he explains. “I didn’t expect to take that on so strongly, but looking at the responsibility I defined for operations to manage the toolkit available to the team, it was an extension of that. By taking on that area, I’ve been able to have a clearer control on how decisions are made around vendors, how budgeting is done, and the general ways of working.”

Amplitude’s Head of Product Operations, Shintaro Matsui, recalled his first few weeks on the job. “When I joined, my approach was to really narrow in on the pain points. A lot of times you see a lot of new product operations heads come in and just try to implement best practices that they learn about on Reforge or that they hear from other companies,” says Matsui. “But for me, it was really important to actually solve and focus on customer pain.

And in this case, the customer was not only our product managers, but also our cross-functional partners. And there were a lot of problems that I identified when I came in. First and foremost, the go-to-market organization really felt like our product team was operating in a silo." There's more on how Matsui addressed that in our next "Lesson learned" below, "Balancing Process with Agility".

Matsui's advice to folks standing up product operations to demonstrate impact quickly. First, chalk up a few quick wins to prove the value of product operations. He emphasizes, "You also are selling the vision at the same time, which is tricky as a team of one. You're trying to set the vision and get people excited." Once you build trust from that demonstration, you can move on to larger initiatives.

Lesson learned: Don't try to fix everything all at once. Focus on the organization's biggest needs. Make sure you're prioritizing quick wins and articulating the priorities of your team. Also, show how those quick wins are helping you achieve the vision you laid out.

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BALANCE PROCESS WITH AGILITY

We've established that product operations is not the same as "process people," or creating process for the sake of process. What product operations does provide is ways of working to help teams do the work, instead of spending cycles on how to do the work.

Product operations managers have shared similar stories—they provide a template or guideline for how a product manager might do something. For example, let's take a roadmap template. They provide a structure for product managers to use to share their roadmaps so that everyone can understand what's going on. They are not mandating the process on how to build a roadmap. The result? Product managers are usually relieved to not be reinventing the wheel. With that said, how do we introduce just enough support around "methods", balanced with a flexibility to adapt, as the need arises?

"Building new ways of working and practices is one of the best parts of the job, but we need to be careful to not build processes that will be blockers to agility, innovation, or empowerment of the teams," Froes emphasizes. "Rather, focus on principles to guide and support the teams in the right direction. Give them the space to use them in the way that works best for them. But still be ready to coach or support if they are unable to effectively apply those principles."

But how do we know when we need to do just a bit more? "My heuristic is if you are not proactively revisiting a tool or a process, expect it to break," says Amplitude's Matsui. "And that's what happened with a feedback tool, as one example. We had it to collect and triage all of our customer

feedback. And, we're like, 'oh yeah, it's working well.' And then before we knew it, we had a backlog of 1,000 tickets. And then our product managers aren't updating their roadmaps, go-to-market was really pissed off… If you don't proactively maintain something and make continuous improvements to it, it's going to degrade. So that was a big lesson for me in just constantly keeping tabs."

Out of that experience, Matsui implemented a quarterly process and tool review with a few product managers and the product leadership team. Matsui pulls up all of their processes and tools—annual planning, quarterly planning, pillar lead sync, the internal newsletter, their customer feedback tool, and so on. He then asks leadership to rank every process on a scale of 1 (most helpful) to 10 (least helpful). "We're quickly able to see things like 'Hey, this check-in is working really well' or 'People love being able to talk about nitty-gritty product features, but actually this pillar lead sync that we have every week isn't really meeting the needs. We need to rank this a 10.'"

With each of these processes, Matsui and his team ask leadership for improvement suggestions. It only takes a half an hour, but every quarter, they make the space to see what's working and what's not. "We look at what's ranked number 1 and say 'How do we double down on that?' Then we look at what's ranked number 9 and 10 and decide 'Should we kill this process if it's not meeting the needs?' or 'What can we do to improve it?'"

Conducting this exercise every quarter creates a muscle of continuous improvement. You can share this back with product managers and cross-functional stakeholders, ensuring transparency throughout the process. "You're able to say, 'Here are the processes that we have. Here's what is working well, here's what is not. We're going to make improvements and fix it'," Matsui explains. "That transparency really resonates with people and it builds trust and it shows that they're being heard and that we're constantly trying to improve things. That's been really a helpful ritual for us."

Lesson learned: Systems and processes can be powerful tools, but they can also be roadblocks when not implemented correctly. The point of product operations is to enable the delivery of great products. Keep your systems flexible and periodically review your progress.

PART 8

YOUR ROADMAP TO CHANGE

Small tweaks here and there that are done in a timely fashion can contribute to longer-term improvement than, say, a long term project to revamp an entire process can.

—GERISHA NADARAJU, FORMER HEAD OF PRODUCT OPERATIONS AT DOJO, AND FOUNDER AND HOST OF THE PRODUCT OPS PODCAST

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ACTIVATING PRODUCT OPERATIONS: FOUR KEY TAKEAWAYS

If you're at this point in the book, there's a good chance that you're ready to take the next step, or build out your product operations team. As you've seen from following Ashley in Pipeline 3K, product operations can add a huge amount of value to your organization. You can start with a team of one, a partial existing resource, or stand up an entire function at one time. Let's assess key points of what we've learned.

Product operations is a force multiplier at organizations of any size.

Product operations is the discipline of helping your product management function scale well and tackle growth challenges. By introducing this core function, you will set up the product team for success with a partnering function that's focused on enabling desired outcomes. Product managers are expected to perform and excel in myriad ways—be data driven, prioritize well, create and evolve an outcomes-based roadmap, consistently speak with customers, establish systems that support the product team and cross-functional stakeholders, and so much more. Product operations makes sure product managers are equipped with the tools to excel at what they were hired to do—better-quality decision-making on behalf of your business and customers.

"Product operations is a factor to change the organization, to change the mindset of the organization to be outcome driven," says Siamak Khorrami, Senior Product Manager at Amazon and a former founding member of product operations at ATB, a Canadian bank. "While the product managers are really focusing on their product, product operations is really building the system to enable them to do that."

The Three Pillars of Product Operations can provide a helpful framework.

It’s easy to explain almost anything in the Rule of Threes. In writing, the Rule of Three is the idea that groups of three words, phrases, or ideas are more engaging, effective, and memorable. Science has determined that the human brain is wired for pattern recognition. [1]

For our purposes, the three pillars are defined to help communicate the value of product operations. When you’re speaking with your manager or executive team about the function, it’s a simple way to succinctly explain its value. You can map your company’s product operations needs to these high-level areas:

Business and Data Insights

Customer and Market Insights

Process and Practices

As you’re considering adding product operations, you can divide and conquer based on the pillars. Maybe your organization over-indexes on internal business data, so you’d rather focus on Customer and Market Insights. Or, you may be just starting a product management transformation, in which case Process and Practices need to be established. You can decide to organize your team around these pillars as we show in our chapters on Building and Scaling. But you don’t have to.

Define how you’ll measure your success.

As you start or build out the function, it helps to think about managing product operations with a product manager lens. Our customers are the product managers and product leaders. Product operations is delivering a product, or set of products, to that team. That mindset helps in making sure you're focusing on value delivery and staying in sync with the changing needs of the organization.

With that product manager lens, how do you know you're succeeding or what could be optimized?

"Investing in product operations is like investing in tech debt," says Adrian Leung, former Product Operations Manager at ATB Financial. "It's very hard to measure, but it will make you go faster in the future. Engineering teams not slowed down by tech debt feel lighter and it is unfathomable to even think about going back. I think product management is the same way—once you have great product operations and things are running smoothly, it's difficult to think about working without one."

Hugo Froes suggests approaching success measurement at different levels. That might look like improvements at:

The Organizational Level

Measuring efficiencies: Cycle times and throughput

Measuring effectiveness: How many ideas get generated vs. how many get through to production; how many iterations are needed after launch to reach positive results, number of experiments that are inconclusive vs. those that are conclusive, etc.

The Product Operations Team Level

Reducing waste: Cost savings, reduction of time to X, etc.

Increasing value: Engagement surveys, team health, improvement of decision-making

Specific initiative Level

Laddering up work that supports pod, team, or company initiatives

“You can also slice it into measuring the success of your primary customer groups: product leaders and product managers,” says Simon Hilton. Within this, he highlights potential quantitative and qualitative data points:

Does the product leader feel more connected to the product teams, their direction and priorities?

Are important data views timely and accurate (if they were not before) for decision-making and communication forums like board meetings and roadmap sessions?

Are product managers spending more time with customers?

What are your product operations success metrics? You could start by looking at company objectives: What are the outcomes that the teams are working towards? How can product operations enable those outcomes? You’ll find there may be some quantifiable metrics, like increasing product manager efficiency, for example, or turnaround time on user research. “As much as we’d like hard metrics to measure ourselves against, inevitably execution will be one way we can ascertain success,” says Matsui. “At times, we are so focused on quantitative metrics to measure that we lose track of micro successes like product manager satisfaction and stronger cross-functional relationships.” If you can ladder up the execution wins to

the business goals, it demonstrates that the team contributed to helping reach those goals.

Keep these tips in mind as you set up product operations.

When embarking on this journey, rule number one is patience. Rome was not built in a day and your product operations function won't be either. Setting up product operations is an iterative process, not a "one-and-done". Start somewhere, and then continuously improve upon it.

Don't procrastinate on product operations. Developing the foundation early can enable sustained profitable growth at scale. The initial manual baselining efforts can take weeks just to create basic visibility into the R&D organization, but in the end it will be worth it. If you start early, it will be easier to implement. Remember that your first pass is not your last pass. It's just important to start somewhere.

Buy-in across cross-functional stakeholders is critical. The full power of product operations is only harnessed when it works cross-functionally. Remember when you start designing your product operations organization that each company is unique and it will need to be tailored to your specific organization and its specific needs.

"It is important that you get the lay of the land of a business, that you understand the pain points and where the opportunities are for you to really provide unique value," says Sarah Stolovitch, former Senior Director of Product Operations at Litera. "I really encourage people to get their bearings, learn as much as you can about the business, the business strategy, the product strategy, how the functions work, what is working, what isn't working, and then really zone in on what needs solving and what you can solve."

1 https://en.wikipedia.org/wiki/Rule_of_three_(writing)

YOUR ROADMAP TO STANDING UP PRODUCT OPERATIONS

We'd be remiss if we just spent all this time and didn't leave you with some resources to help you get started, so we've built you a guide for your product operations journey. Of course, the steps below are broad and high-level, and will need to be adjusted to your company's specific needs.

In the next pages, we've broken down the maps into two journeys depending on where you are starting:

Standing Up: You want to add product operations at your company, starting from scratch.

Evolving: You've started product operations already, and the function exists in some form at your company today.

Your Journey Begins Today

As you go off and start your journey, find the like-minded folks in your organization for support. Try to spin up a proof of concept and demonstrate value quickly. Get the quick wins and watch your company soak up the value. Product operations is an evolving discipline and we can't wait to watch it grow.

If you're looking for support on your journey, we invite you to join our community at ProductOperations.com. Whether you're seeking guidance, classes, or tools, we've got you covered. We hope to see you there!

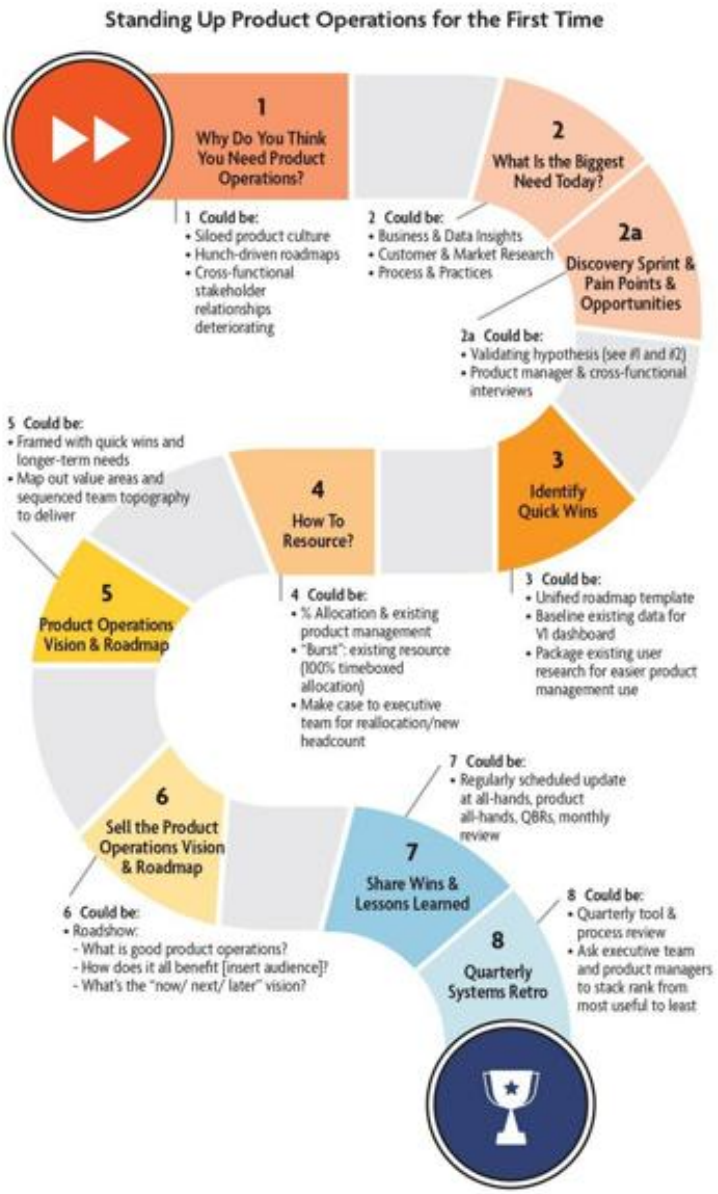

Figure 29: Your roadmap to standing up product operations

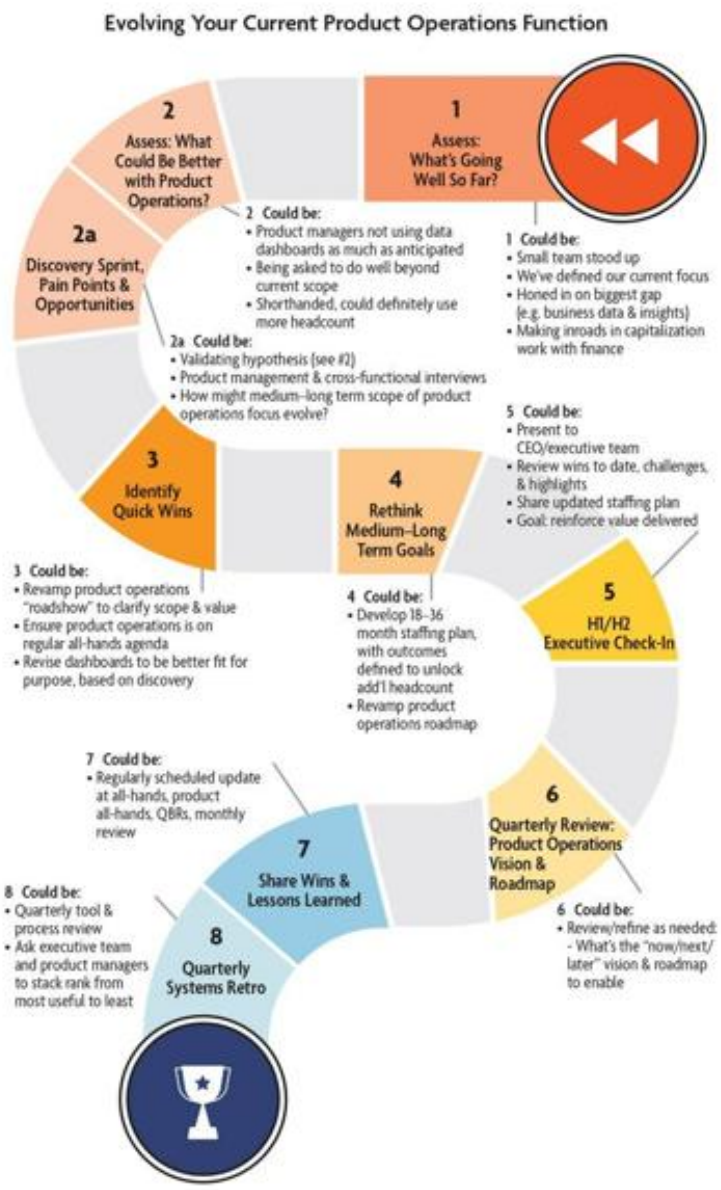

Figure 30: Roadmap for evolving your current product operations function

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Melissa Perri is a strategic advisor, author, and board member that works with leaders at Fortune 500 companies and SAAS scale-ups to enable growth through building impactful product strategies and organizations. In 2018 she wrote the industry-acclaimed book Escaping the Build Trap. Currently, Melissa is the CEO and founder of Produx Labs, which offers e-learning for product people through Product Institute and CPO Accelerator. She is a board member of Meister, board advisor for Labster and Dragonboat, and a former board member of Forsta (acquired by Press Ganey in 2022). In 2019, Melissa was appointed to the faculty of Harvard Business School to teach Product Management in the MBA program. She has consulted with dozens of companies to transform their product organizations, including Insight Partners, Capital One, Vanguard, Walmart/Sam's Club and now shares her lessons learned on her weekly podcast Product Thinking. In her free time, you can find her trying to finish her house renovations before something else breaks.

Denise Tilles

With over a decade of product leadership experience, product consultant Denise Tilles supports companies like Bloomberg, ATB Financial, and DaVita to enable meaningful outcomes for customers and the business through targeted support in product operations, product strategy, organization design, and coaching. With Melissa Perri's product consultancy Produx Labs, Denise worked with Fortune 50 software-enabled enterprises to high-growth SaaS scaleups to implement and scale their Product Operations functions. On the operating side, she's built and led

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