Notebook - Escaping the Build Trap

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Page 18 | Highlight

> The build trap is when organizations become stuck measuring their success by outputs rather than outcomes. It's when they focus more on shipping and developing features rather than on the actual value those things produce.

Page 28 | Highlight

> Value, from a business perspective, is pretty straightforward. It's something that can fuel your business: money, data, knowledge capital, or promotion. Every feature you build and any initiative you take as a company should result in some outcome that is tied back to that business value.

Page 34 | Highlight

> Products, as I said before, are vehicles of value. They deliver value repeatedly to customers and users, without requiring the company to build something new every time. These can be hardware, software, consumer packaged goods, or any other artifacts in which human intervention is not needed to achieve value for the user. Microsoft Excel, baby food, Tinder, the iPhone — these are all products.

Page 35 | Highlight

> Services, unlike products, use human labor to primarily deliver value to the user. Service-based organizations are design agencies that create logos or brands for businesses, or they could be accounting companies where an accountant does your taxes.

Page 35 | Highlight

> A project is a discrete scope of work that has a particular aim. It usually has a deadline, milestones, and specific outputs that will be delivered.

Page 37 | Highlight

> Product-led companies understand that the success of their products is the primary driver of growth and value for their company. They prioritize, organize, and strategize around product success.

Page 37 | Highlight

> Many companies are, instead, led by sales, visionaries, or technology. All of these ways of organizing can land you in the build trap.

Page 37 | Highlight

> Sales-led companies let their contracts define their product strategy.

Page 37 | Highlight

> The product roadmap and direction were driven by what was promised to customers, without aligning back to the overall strategy.

Page 38 | Highlight

> Visionary-led companies can be very powerful — when you have the right visionary. But, there aren't too many Steve Jobses floating around. Also, when that visionary leaves, what happens to the product direction? It usually crumbles.

Page 38 | Highlight

> Operating as a visionary-led company is not sustainable.

Page 39 | Highlight

> Another common way of operating is the technology-led company. These companies are driven by the latest and coolest technology. The problem is that they often suffer from a lack of a market-facing, value-led strategy.

Page 39 | Highlight

> Product strategy connects the business, market, and technology together so that they are all working in harmony.

Page 39 | Highlight

> Product-led companies optimize for their business outcomes, align their product strategy to these goals, and then prioritize the most effective projects that will help develop those products into sustainable drivers of growth. To become product-led, you need to take a look at the roles, the strategy, the process, and the organization itself.

Page 42 | Highlight

> Known unknowns are clarified enough that you know which question to ask. They are assumptions that you want to test, data points that you can investigate, or problems that you can identify and explore. You use discovery methods and experimentation to clarify these, turn them into facts, and build to satisfy those facts.

Page 43 | Highlight

> Product management is the domain of recognizing and investigating the known unknowns and of reducing the universe around the unknown unknowns.

Page 51 | Highlight

> Product managers are not the mini-CEOs of a product, yet 90% of the job postings I have seen for product managers describe them as being the mini-CEO. CEOs have sole authority over many things. They can fire people. They can change up teams. They can change directions. Product managers, on the other hand, can't change many of the things a CEO can in an organization. They especially don't have authority over people, because they are not people managers at the team level. Instead, they need to rely on influencing them to actually move in a certain direction. Out of this wonderful CEO myth emerged an archetype of a very arrogant product manager who thinks they rule the world. I found one of these types at Marquetly. His name was Nick. Nick had just graduated from business school and was hired into the company as a product manager. All of the developers hated him. The UX designers, too. Why?

Page 53 | Highlight

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> The waiter is a product manager who, at heart, is an order taker. They go to their stakeholders, customers, or managers, ask for what they want, and turn those wants into a list of items to be developed. There is no goal. There is no vision. There is no decision making involved. This was the archetype of 90% of the product owner teams at Marquetly. The most common question I get from product managers in this position is, “How do I prioritize?” Because they have no goal in which to provide context for trade-offs, it becomes a popularity contest for whomever is making the request. More often than not, the most important person gets their features prioritized. This happens frequently in very large companies. The product managers go out, with all the right intentions, to talk to their customers and learn what they want. But, instead of discovering problems, waiters ask, “What do you want?” The customer asks for a specific solution, and these product managers implement them. This is where you end up in what my friend David Bland, product advisor and consultant, calls the product death cycle, shown in Figure 6-1.

Page 54 | Highlight

> It’s not the customer’s job to come up with their own solutions. That is your job. You need to deeply understand their problems and then determine the best solutions for them.

Page 55 | Highlight

> Pushing back is essential to building a successful product. That’s part of the job.

Page 55 | Highlight

> Product managers are not project managers, although a little project management is needed to execute on the role correctly. Project managers are responsible for the when. When will a project finish? Is everyone on track? Will we hit our deadline? Product managers are responsible for the why? Why are we building this? How does it deliver value to our customers? How does it help meet the goals of the business? The latter questions are more difficult to answer than the former, and, too often, product managers who don’t understand their roles well resort to doing that type of work. Many companies still think that the project manager and product manager are one and the same. Agile methodologies distribute the responsibilities of the project manager across the team. These cross-functional teams have all the key players dedicated to ship a feature, so less coordination is needed across departments. Thus, project management is not needed as much as it once was when all of these people were in different areas of the business, splitting their time on different projects.

Page 57 | Highlight

> The real role of the product manager in the organization is to work with a team to create the right product that balances meeting business needs with solving user problems.

Page 57 | Highlight

> Product managers really own the “why” of what they are building.

Page 58 | Highlight

> But, at the end of the day, it’s the team, collectively, that really owns the product — the what.

Page 58 | Highlight

> Product managers connect the dots. They take input from customer research, expert information, market research, business direction, experiment results, and data analysis.

Page 58 | Highlight

> Ultimately, the goal for the product manager is that — reducing risk by focusing on learning.

Page 60 | Highlight

> A product manager must be tech literate, not tech fluent.

Page 72 | Highlight

> Tactical work for a product manager focuses on the shorter-term actions of building features and getting them out the door.

Page 72 | Highlight

> Strategic work is about positioning the product and the company to win in the market and achieve goals. It looks at the future state of the product and the company and what it will take to get there.

Page 72 | Highlight

> Operational work is about tying the strategy back to the tactical work. Here is where product managers create a roadmap that connects the current state of the product to the future state and that aligns the teams around the work.

Page 75 | Highlight

> We create the senior people we need by giving junior people a chance.

Page 76 | Highlight

> it's imperative to push back as much project management effort as possible to the team and trust them to deliver.

Page 80 | Highlight

> As with other C-Suite roles, CPOs are rarely in a position to make decisions solely based on the textbook principles of product management. Other factors, like current state, financial objective, and rate of organizational change, must come into play.

Page 90 | Highlight

> A good strategy is not a plan; it's a framework that helps you make decisions. Product strategy connects the vision and economic outcomes of the company back to product portfolio, individual product initiatives, and solution options for the teams. Strategy creation is the process of determining the direction of the company and developing the framework in which people make decisions. Strategies are created at each level and then deployed across the organization.

Page 93 | Highlight

> Executing better on the core mission is the way to win.

Page 98 | Highlight

> Frequently, I run into another answer that scares me even more: "A large consultancy advised us on what to do."

Page 99 | Highlight

> Thinking of strategy as a plan is what gets us into the build trap.

Page 99 | Highlight

> The Art of Action, he writes: Strategy is a deployable decision-making framework, enabling action to achieve desired outcomes, constrained by current capabilities, coherently aligned to the existing context.

Page 99 | Highlight

> If you are changing strategy yearly or monthly, without good reason from data or the market, you are treating your strategy as a plan rather than as a framework.

Page 100 | Highlight

> The Knowledge Gap (Figure 11-1) is the difference between what management would like to know and what the company actually knows. Organizations try to fill this gap by providing and demanding more detailed information.

Page 101 | Highlight

> Instead of seeking more detailed information, upper management should be limiting its direction to defining and communicating the strategic intent, or the goals of the business.

Page 103 | Highlight

> The Alignment Gap, shown in Figure 11-2, is the difference between what people do and what management wants them to do, which is to achieve the business goals. Organizations try to fill this gap by providing more detailed instruction; whereas, instead, they should allow each level within the company to define how it will achieve the intent of the next level up.

Page 106 | Highlight

> Instead of sending down mandates, organizations should, instead, turn to aligning every level of the company around the why and should give the next layer down the opportunity to figure out the how and report back.

Page 106 | Highlight

> When leadership is not aligned at the top, the issues trickle all the way down to the teams. The lack of meaning and focus spreads, and, at the end of the year, the company will look at their target goals and ask, “What happened?”

Page 106 | Highlight

> The Effects Gap (Figure 11-3) is the difference between what we expect our actions to achieve and what actually happens. When organizations do not see the results they want, they try to fill this gap by putting more controls in place.

Page 112 | Highlight

> A good company strategy should be made up of two parts: the operational framework, or how to keep the day-to-day activities of a company moving; and the strategic framework, or how the company realizes the vision through product and service development in the market.

Page 113 | Highlight

> this is how Spotify thinks.1 The company operates using something called DIBBs, which stands for Data, Insights, Beliefs, and Bets. The first three things, data, insight, and beliefs, inform a piece of work called a bet. The concept of thinking of initiatives as bets is powerful because it sets up a different type of expectation.

Page 114 | Highlight

> Strategies are interconnecting stories told throughout the organization that explain the objective and outcomes, tailored to a specific time frame. We call this act of communicating and aligning those narratives strategy deployment.

Page 121 | Highlight

> Having a strong company vision gives you a framework around which to think about your products.

Page 122 | Highlight

> “What is the difference between a company mission and vision?” A good mission explains why the company exists. A vision, on the other hand, explains where the company is going based on that purpose. I find that the best thing a company can do is to combine both the mission and the vision into one statement to provide the value proposition of the company — what the company does, why it does it, and how it wins doing that. Here are a few examples of compelling vision statements: To offer designer eyewear at a revolutionary price, while leading the way for socially conscious businesses. Warby Parker At Bank of America, we are guided by a common purpose to help make financial lives better by connecting clients and communities to the resources they need to be successful. Bank of America Becoming the best global entertainment distribution service, licensing entertainment content around the world, creating markets that are accessible to film makers, and helping content creators around the world to find a global audience. Netflix

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Page 124 | Highlight

> Although the vision should remain stable over a long period of time, how you intend to reach that vision changes as your company matures and develops. Strategic intents communicate the company’s current areas of focus that help realize the vision. Strategic intents usually take a while to reach, on the magnitude of one to several years.

Page 124 | Highlight

> “What is the most important thing we can do to reach our vision, based on where we are now?”

Page 127 | Highlight

> Strategic intents should be at a high level and business focused.

Page 133 | Highlight

> How do all of our products work as a system to provide value to our customers?

Page 135 | Highlight

> fall in love with the problem rather than the solution.

Page 141 | Highlight

> The Product Kata is the process by which we uncover the right solutions to build.

Page 141 | Highlight

> The Product Kata helps product people form incredibly impactful habits.

Page 152 | Highlight

> users finding your product is acquisition; users having a great first experience is activation; keeping users returning to your product is called retention; users recommending others because they love your product is referral; and, finally, users paying for your product because they see value in it is revenue. Put it all together and you get AARRR — Pirate Metrics.

Page 154 | Highlight

> HEART metrics measure happiness, engagement, adoption, retention, and task success.

Page 154 | Highlight

> activities contribute to revenue or cost,

Page 172 | Highlight

> Companies often confuse the building to learn and building to earn. Experimentation is all about building to learn.

Page 173 | Highlight

> Due to the misconception of this term, I have stopped using MVP altogether. Instead, I talk more about solution experimentation.

Page 180 | Highlight

> Prototypes don’t make sense when you need to validate the problem.

Page 207 | Highlight

> Visibility in organizations is absolutely key. The more leaders can understand where teams are, the more they will step back and let the teams execute.

Page 207 | Highlight

> The more you try to hide your progress, the wider that knowledge gap becomes. Leaders will demand more information and will crack down on your freedom to explore. If you keep things transparent, you will have more freedom to become autonomous.

Page 207 | Highlight

> Many companies fall back into bad habits because they have not figured out how to consistently communicate progress across the company in the form of outcomes. When leaders do not see progress toward goals, they quickly resort to their old ways.

Page 207 | Highlight

> Remember our four levels of strategy: vision, strategic intent, product initiatives, and options. Each of these is on a different time horizon, and progress toward them should be communicated accordingly.

Page 211 | Highlight

> Poorly-constructed roadmaps are the source of much tension between product and sales.

Page 219 | Highlight

> it is not a success if you fail and do not learn. Learning should be at the core of every product-led organization.

Page 219 | Highlight

> It is just better to fail in smaller ways, earlier, and to learn what will succeed, rather than spending all the time and money failing in a publicly large way.

Page 232 | Highlight

> When I was first starting off as a product manager, I needed to learn about humility. I learned that my role was not that of the big idea generator but that of the bad idea terminator.

Page 232 | Highlight

> Experimenting with my team taught me the power of data. Data beats any opinion every time.

Page 232 | Highlight

> having a good strategic framework could make or break a company.

Page 232 | Highlight

> People will get in the way of a good product every time. Even if it is the best idea for the company, if it doesn't meet the personal agendas of senior stakeholders, it can be squashed.

Page 232 | Highlight

> the quickest ways to kill the spirit of a great employee is to put them in an environment where they can't succeed. That's when most people leave.

Page 237 | Highlight

> She has clear direction, communicates well, and helps keep us stay focused on the goals and problems."