Perri, Melissa, Tilles, Denise

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> 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.

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> At its core, product operations is an enablement function.

Note:

Architecture practice is the discipline of helping your software engineering function scale well. It's about surround the team with all of escul Inputs to set story, prior a strenth ways of work.

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> make strategic decisions on the fly.

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> 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.

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Be a collaborative yet decisive partner

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Company growth Achieving business goals Creating customer value Aligning well with stakeholders

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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.

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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.

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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.

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.

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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.

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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.

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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.

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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.

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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.

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a consistent flow of data and insights

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identify the key questions, and then ask ourselves, "How are we answering them today?"

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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.

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Product operations can ensure that the team has the right instrumentation and data available at their fingertips to make these decisions.

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direct to consumer (D2C) products.

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transparency into engineering allocation.

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Strategic Work—work that directly relates to product initiatives Technology Debt and Platform Improvement Business As Usual (BAU)/ Keeping the Lights On (KLO) Bugs

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It's important to combine the allocation metrics with the product metrics to make sure you are invested in the right places.

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two different sets of visualizations: one for informing strategies and one for monitoring strategies.

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> Each level of the organization needs its own dashboard to focus on the appropriate level of strategy and span of control.

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

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

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> Who is responsible for each of these items on the roadmap

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> steer clear of too many project-related metrics, like velocity.

Page 67 | Note

New

Ness

Later

The main goal for this dashboard is to give the audience enough information to ensure full confidence in what we're doing.

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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.

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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.

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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.

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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.

Capitalization is recording a cost as an asset, rather than an expense.

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the nightmarish logistics of actually talking to customers.

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In many places, sales and customer success act as gatekeepers to the clients, restricting access to other members of the organization.

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Many companies begin their product operations journey by focusing on streamlining the communication between sales and product teams.

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"building the connective tissue between the teams building your technology and the teams who interact with your users."

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"the orchestration and optimization of people, processes, and craft in order to amplify design's value and impact at scale."

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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.

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Market research can help you size markets to evaluate business opportunities, understand expansion risks, and compare your offerings against competitors.

The Total Addressable Market (TAM) is the total potential value we could achieve if we were able to capture the entire market.

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.

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.

The best way to learn about a competitor is to experience them.

(Research Ops) function to help researchers accelerate their work and extend research capabilities to non-researchers.

Usefulness Assessment

"The Democratization Program

#1 Create a Table of Research Insights Assets Before setting up any research systems, take stock of what exists today.

#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.

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#3 Assess the State of Research Tools Research tools and processes are core to product operations—think prototyping, surveys, and user research.

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"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.

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"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."

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product operations as a force multiplier for the team.

architecture as a
force multiplier for
the teams

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When we talk about process in the context of product operations, what do we mean, exactly? Simply put: working smarter, not harder.

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removing barriers to better collaboration,

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"Increasing the speed and quality of decision-making."

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provides guidelines on how the product team works with each other and with other departments and stakeholders.

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roadmapping, reviewing strategy, idea management, and annual planning,

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> release guidelines—letting the sales team know with a simple codification which things were ready to sell and which weren't.

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> Are the right people in the room to make decisions in real time, or are your teams just reporting constantly with no action?

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> 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.

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> One of the most critical things good governance does is provide focus for the organization.

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> "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."

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> Company Kick-Off (CKO):

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> pitch the strategy and theme for the year.

tell a story of success and non-successes

Quarterly Business Review (QBR):

Portfolio Roadmap Review:

Product Roadmap Review:

Demo Days:

Agile Processes:

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.

develop a culture of "either/or'' trade-offs rather than a "yes and…'' atmosphere.

the teams are "peanut-buttered" across work to check the box of "done", but not truly delivering customer value.

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> 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.

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> 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.

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> templates

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

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> Personas: Rebecca created living personas of their major customers to be kept in the wiki.

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> Prototyping Software:

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> User Research Software:

| A/B Testing:

| Strategy Memos:

| Product Visions and Briefs:

| Strategy Reviews:

| Go-to-Market Materials:

| Release Notes:

| Product Demos for Company:

| Lunch-and-Learns

| "How Did You Do That?"

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It's important that product teams embrace tools as an enabler, not a solution. Tools enhance processes and practices; they don't replace them.

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"Product operations plays a core role in enabling the entire tech organization to run more efficiently,"

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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.

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A meeting map

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roughly map out how customer feedback makes its way from a salesperson to a product manager, all the way into a backlog and implementation.

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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.

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When you start to scale your product portfolio, decisions need to be made at a rapid pace, taking in much more data than before.

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

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a product operations manager or team doesn't make the decisions; it enables the decisions to be made.