The Product Strategy Playbook

productboard

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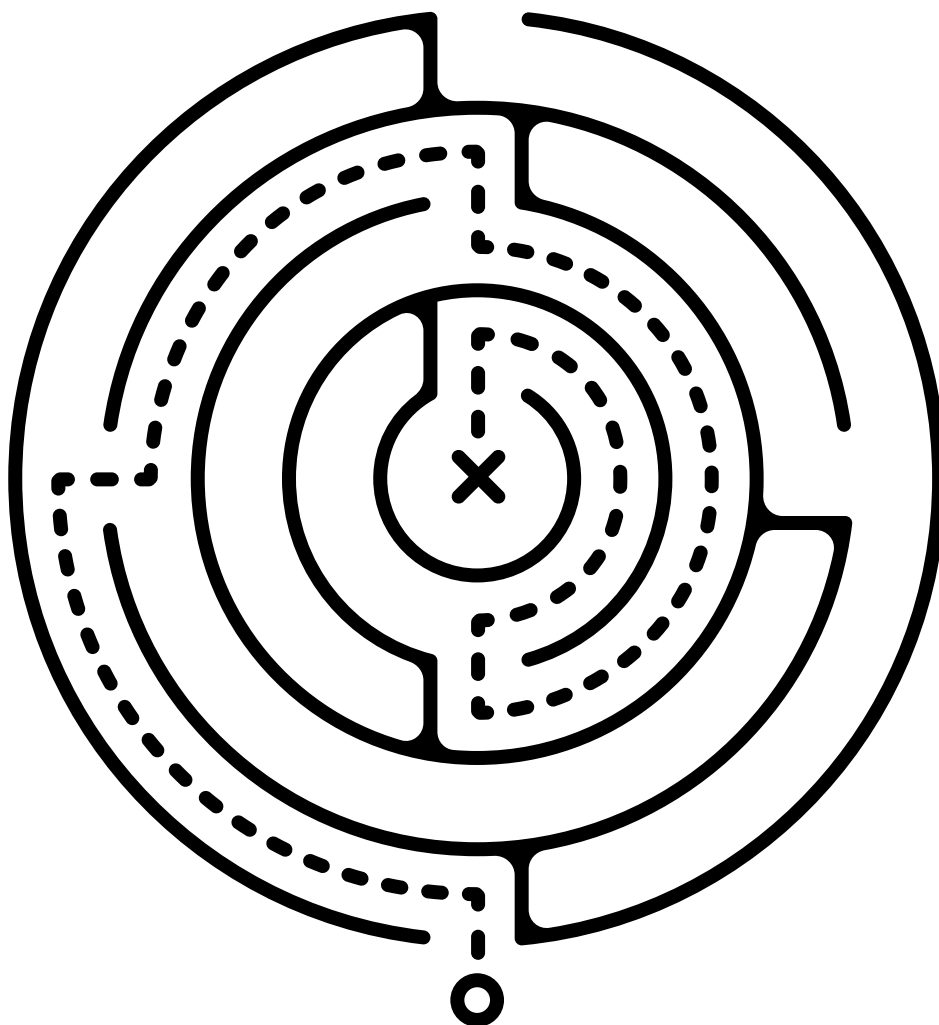
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Introduction

Ask each member of your product team what they could work on next and you'll probably get a wide range of answers. Talk to sales, customer success, marketing and the wider business about what your team should build and you'll hear even more suggestions.

Finding things for product teams to do is never the problem. You'll always have ideas for new features, performance upgrades, and experience enhancements, not to mention that technical debt you know you need to keep paying off.

The real question for product leaders is which of the many ideas, requests, and suggestions to focus on. The answer should always be found in a clear, unifying product strategy.

A core pillar of Product Excellence

Achieving Product Excellence requires deep insight into your customers' needs along with company-wide alignment around an inspiring roadmap. But the heart of Product Excellence is a clear and considered product strategy.

Product strategy means identifying the key problems and opportunities you need to address in order to deliver on your product vision and wider business objectives. Ideally, this product strategy – the problems to solve along with relevant context and insights – is an empowering tool for the product team to create and deliver innovative solutions.

Without a clear product strategy, it's too easy to get sidetracked by that recent customer request, the potential deal-closing enhancement that sales desperately wants before month-end, or whatever new feature your competitors have just released.

Instead of focusing on delivering the most value for customers and the business, the efforts of your teams are spread too thinly and they'll feel more like a feature factory than a strategic engine of Product Excellence.

Insights   Strategy

Execution
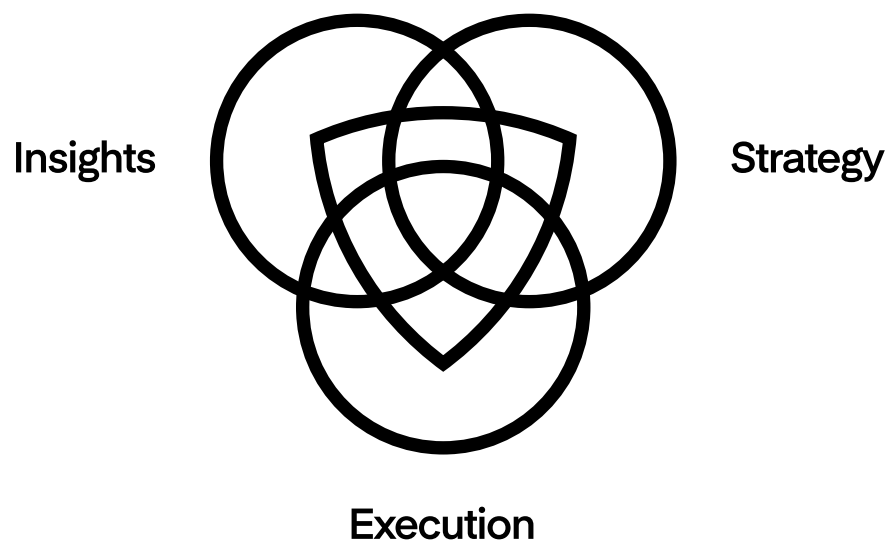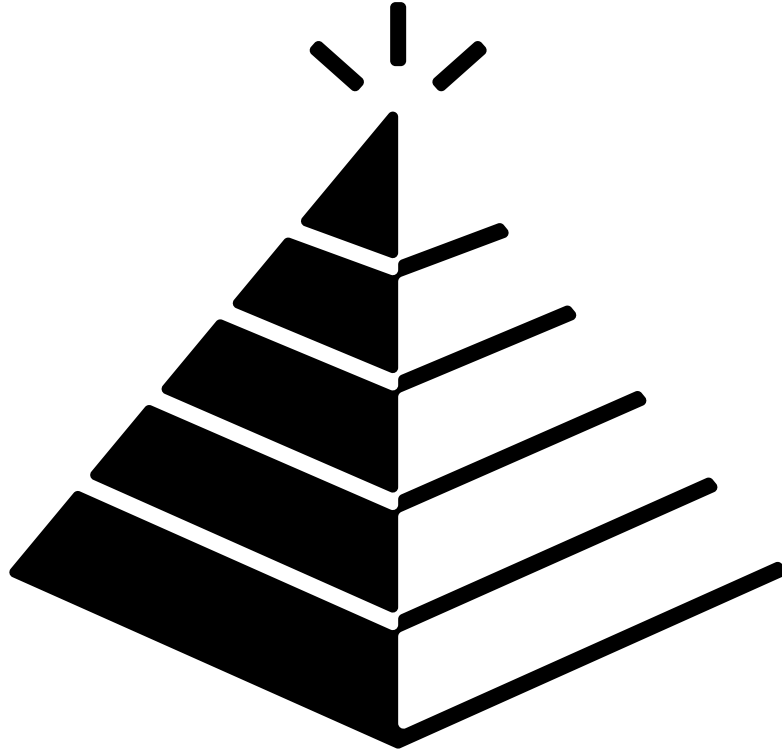
Five levels of excellent product strategy

Before you get to work on a product strategy, it's useful to identify your current position on the pathway to Product Excellence. Understanding the maturity of your product strategy helps you to see which steps you need to take to improve.

Our Product Excellence maturity model consists of five levels. Level 1 represents inexperienced product organizations, and Level 5 those who have mastered the art. The model also covers how organizations handle insights and execution, but here we will focus on product strategy exclusively.

	What's Happening	**What's Needed**
LEVEL 1	Everyone is in reactive, short-term thinking mode, shipping features whether or not they drive business outcomes. The team has no vision or North Star. Leaders are focused on outputs rather than outcomes. Tactics change often as leaders react to the latest requests or market changes, leading to frustration among product teams.	◆ Regular distilling of insights to show what customers value most. ◆ Market and competitor analysis. ◆ Product vision to guide long-term thinking.
LEVEL 2	Basic customer inputs are not shared widely and there's a disconnect between leadership and product teams. Product leaders still lean towards tactics and product objectives are not linked to company strategy. Prioritization methods are overly simplistic, with minimal business context. This leads to over-emphasis on short-term gains.	◆ Standardized sharing of insights from customer-facing teams. ◆ Strategic collaboration between product and business leaders. ◆ Clear long-term goals.
LEVEL 3	Product managers have customer insights but cannot prioritize around themes and objectives or target specific segments, use cases, and audiences. Clear product roadmap that focuses on outputs.	◆ Tool to capture, organize and prioritize insights. ◆ Segmented audiences and use cases. ◆ Roadmap and results to focus on outcomes instead of outputs.
LEVEL 4	Product strategy and objectives are fully aligned with broader business goals. Every decision is backed by discovery. Outcome-based prioritization is captured on roadmaps. Lots of dimensions are considered, including target customers, segments, etc.	◆ Increase customer input into ideation and decision-making. ◆ Expand alignment around product strategy to the wider business.
LEVEL 5	Customers are at the core of every conversation. Cross-functional teams understand how they contribute to product success and everyone at the business rallies around the roadmap. Leaders amplify product vision and strategy, empowering everyone towards the North Star	
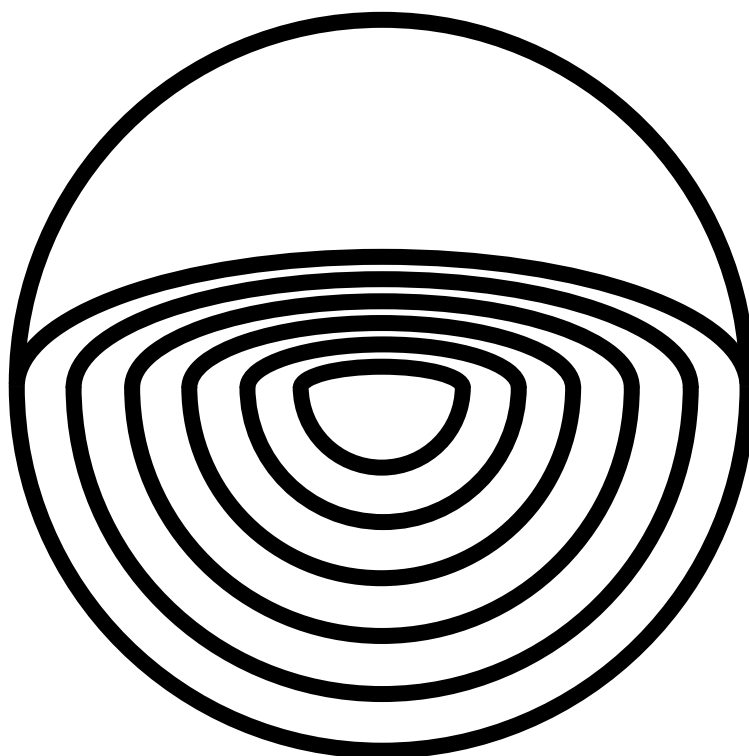
6 steps to a clear, unifying product strategy

Creating a product strategy is an exciting process that will tell you a lot about your business and result in a clear roadmap for the future. Once your strategy is in place, you will have a set of key objectives for your product team to work on.

The building blocks of
an excellent product strategy

A product strategy connects your big picture vision with the detailed roadmap. It should outline the high level initiatives your teams will need to plan and undertake to fulfill your product aspirations. **All effective product strategies share the following elements:**

Well-defined audience

You will know exactly who your product is for as well as the segments your efforts will *not* target.

Current context

You will describe the current product experience and set a flexible timeframe for achieving your vision.

Actionable initiatives

You will detail specific steps for achieving the product vision with particular focus on differentiator features or services.

Measurable outcomes

You will set key target metrics while also noting important lagging indicators that signify wider business impact.

Clear language

You will use focused, relatable language to ensure the strategy is short, practical and not open to multiple interpretations.

Market trends

You will identify current and future market trends and competitor behaviour in order to keep your strategy relevant.

Now you're ready to use the following six steps to develop a clear product strategy that your product team and entire business can rally around.

6 steps to a clear, unifying product strategy

1. Define your product vision

Why does your product exist? Think about how it contributes to the overall company mission and what it needs to become in order to achieve your business goals. You should have an ambitious but attainable vision of what the product will be by a specific time in the future, with particular focus on how it helps customers.

- ◆ **What are you building?**
- ◆ **Who is it for?**
- ◆ **How will it change their world?**

Your product vision must be short and simple enough for everyone on your team to understand, repeat, and share. It should also be backed by data that supports your vision and demonstrate that you have a market opportunity worth pursuing.

2. Identify your target market

Who is your product for? You might have an aspiration that your product will be used one day by everybody, but before you get there, you need to find your first group of customers and expand from there.

Once you have a vision for how your product helps customers, you need to specify that audience. If your product is for individuals, figure out which income levels, occupations, or personality types you're targeting. For B2B companies, you may want to focus on certain industries, geographies, or company sizes.

Begin your product strategy by identifying a narrow customer segment you intend to target, along with 1-3 specific needs your product will address for that segment. That will allow you to stay focused in product development and prioritize building specific features that both target needs and drive revenue. With Productboard's Salesforce integration and dynamic customer segmentation, product teams can import customer and prospect data from Salesforce or another CRM, saying goodbye to manual segmentation efforts.

Shawna Wolverton, Zendesk's EVP of Product, explains that Productboard's segmentation "Gives us clarity on where our sweet spots are for product fit and guides product strategy. Using these segments, we can prioritize features and build the right products that accurately reflect those specific customers' needs."

3. Decide what problems you're solving

What are the main needs of your target audience? You'll need to talk to them and understand the problems they face, why they're important, their expectations of any solution, and where existing solutions fall short. It can help to divide product needs into three buckets:

◆ **Performance** – the more performance needs you can meet, the better.

◆ **Must-haves** – these are "table stakes" or "cost of entry" — boxes that must be checked for customers to be satisfied with your product.

◆ **Delighters** - provide unexpected benefits that exceed expectations
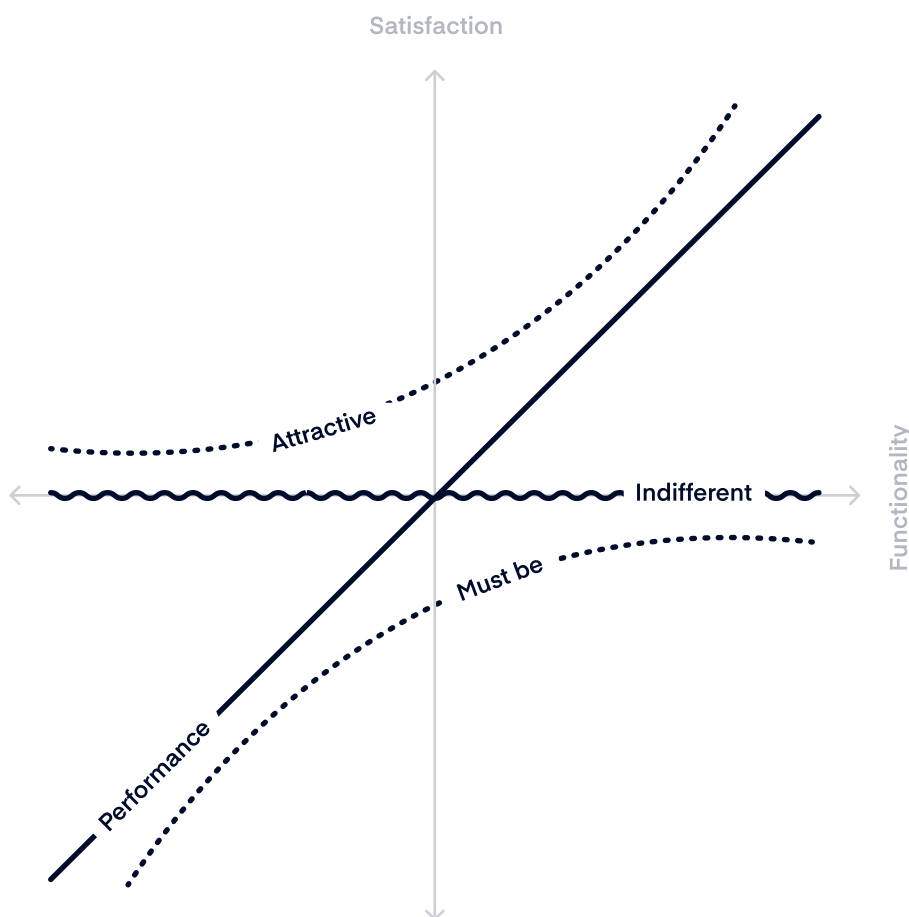
The Kano model provides a framework for understanding which features will delight users and which features are essential.

You should think about all three buckets when selecting which needs your product will address first. You want to come up with a product that is so much better than existing alternatives that people will want to switch to you.

4. Pinpoint your competitive differentiators

How does your product stand out? Unless you're tapping into a completely new market, your target customers may already be using other products. Your solution will not only need to be on par with those offered by competitors but also provide something new and delightful that will persuade people to switch services.

Examples of competitive differentiators include

- Affordability
- Ease of use
- Performance
- Reliability
- Privacy
- Safety

Once you've written down your competitive differentiators, discuss your findings with your team. Putting this on paper will help make sure everyone understands why your product is better and teach them how to communicate benefits to customers and stakeholders.

5. Develop your high-level strategic roadmap

Which are your main areas of focus? Your strategic roadmap should consist of a set of clear objectives and key results. These are informed by your target customer segments and prioritized according to customer impact.

Strategic product goals should be set by product leadership and listed as part of the product strategy. Each goal should be sufficiently ambitious that they provide multiple avenues for success without dictating direction (that decision should be left to the product team).

Multi-planetary vision, down to earth objectives

SpaceX's vision is "making life multiplanetary". To achieve this highly ambitious goal, the company has created clear, achievable strategic objectives, including developing reusable rockets, on-orbit re-filling, and sending people into space.

As you come up with new strategic objectives, note them in your strategy document along with the key results you'll use to measure success over a specified time period.

6. Outline your go-to market approach

The final section of your product strategy document should provide an overview of how you'll bring your product to your chosen market. For example, you could start by targeting a small segment of customers who have the most experience with the problem, then expand to others later. Or you could aim for a larger audience with a free solution to a smaller problem then monetize later with premium features.

Why list your go-to-market approach in your product strategy? Speed is crucial for the survival of a new product. You can't afford to waste time arguing about priorities. A clear outline for how you'll distribute your product will help you achieve organizational alignment on what you'll build next.

Creating a single source of truth for everyone

With all the work that goes into completing a product strategy, the last thing you probably want to think about is changing it again. For the most part, your vision should be a stable source of truth and not alter too much over time. Major changes should be rare and only required to reflect significant market upheavals. Tweaks to your strategy will be required from time to time.

One of the keys to maintaining a consistent course is to ensure that everyone at your business – from your product team to leadership and other relevant functions – is aligned with the direction of your product strategy.
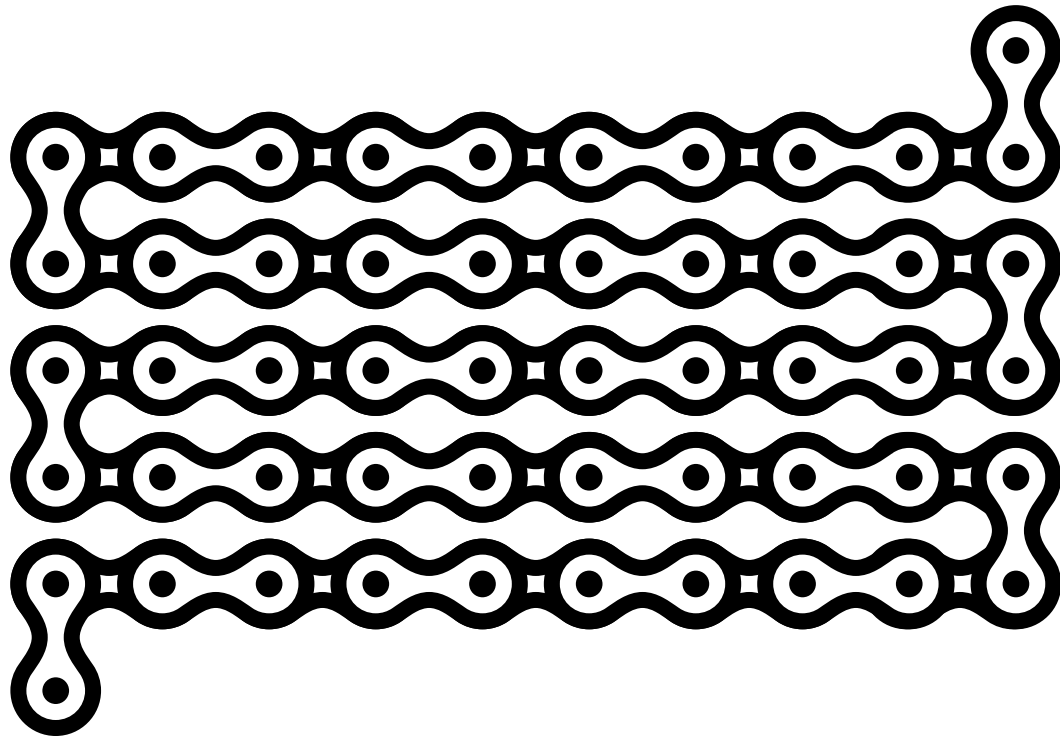
Building cross-functional alignment around product strategy

A well-researched and thought-through product strategy reaches its full potential when everyone at your organization knows about it, understands it, and believes in it.

The key to success is to think of your strategy as a marketing campaign. Just as you can't run a single ad and expect customers to remember your product a month later, you need a continuous awareness campaign that keeps your product strategy top-of-mind.

The best product strategy communication campaigns focus on three things:

1. Understanding your audience

Like all good marketing, knowing who you're targeting is vital. You should be able to show your product teams how the work they do every day directly connects to your strategic objectives. For the rest of the organization, highlight how their work contributes to the product's success and how their needs fit into the overall context of your product strategy. Not only will knowing your audience help you achieve your objectives, you'll create more satisfied and engaged teams and individuals.

2. Over-communication

Every product-themed all-hands, presentation, meeting, team stand-up, 1:1, and water-cooler chat should reference your plans for the product. Ensure all stakeholders can access the tools you use to understand product strategy, monitor product objectives, and track progress and changes in real-time.

With Productboard's flexible roadmap views, product teams can quickly create and share custom roadmaps that are tailored to each stakeholders' unique needs, making it easy to communicate critical context and timelines. For example, **leadership roadmaps** provide a high-level overview or quick summary of a product team's strategy, while **company roadmaps** give greater detail to customer-facing teams like sales and customer success

3. Top-down support

Alignment starts from the top. When your organization's CEO and other executives clearly demonstrate that they support your product strategy and objectives, everyone else will instantly appreciate their importance. Appoint official executive sponsors for each objective who will become figureheads for the teams working towards that objective, provide high-level support when required, and champion their work across the business.

Finally, always remember that your organization is not static. New people will join, some may leave, and others will change roles. Your goals and objectives may also need to shift. Constantly communicating your product strategy will ensure it becomes a mantra that everyone at your organization lives by.
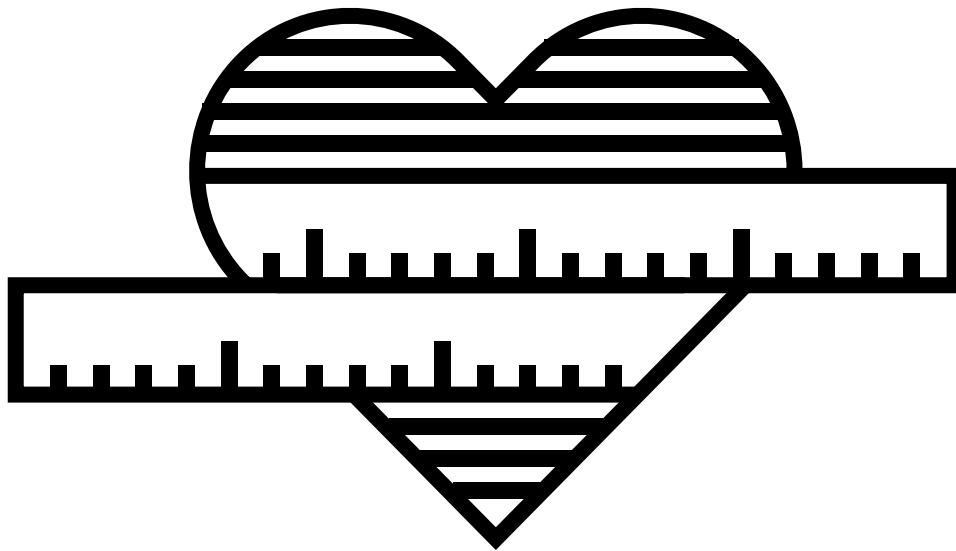
Measure your success in both metrics and emotions

For most product teams, the challenge with measuring success is not a lack of data but rather what data to focus on. As digital products typically capture and generate reams of information about customers and how they use the product, it can be tempting to pay close attention to dozens of data points.

Just as your product vision should be as simple as possible, the way you measure success should be limited to a few key metrics that provide the best indication of how well your strategy is working.

As each of your product teams tackle their objectives, they will develop their own tactics and create goals for measuring success. It's important to ensure that these tactical goals reflect strategic objectives, otherwise a team can get caught up in meeting a target that isn't impacting the big picture.

For example, to meet a revenue-based objective, a product team might reasonably decide that attracting new users is a good way of achieving this. While their measurements may show an increase in new sign-ups, if most of these customers are using a free version of the product, their hard work still isn't impacting the primary revenue objective.

It's not just about numbers

While quantitative data analysis is typically how organizations measure success, it's also vital to have a qualitative understanding. As you check-in on the metrics with your teams, make sure to have open discussions about your progress and find out how each individual feels about it.

This is often a great way to uncover issues and uncertainties that may not be immediately apparent just from the numbers. Or you may find out about an initiative that's delivering better than anticipated and which may be worth greater investment.

Quantitative and qualitative check-in framework example

Felipe Castro's four-point check-in framework is a great example of how to assess both metrics and emotions.

1. Progress

Assess current results and see what has changed since your last check-in.

2. Confidence

Ask everyone if they are confident of achieving the goal. Use a simple yes/no /maybe scale.
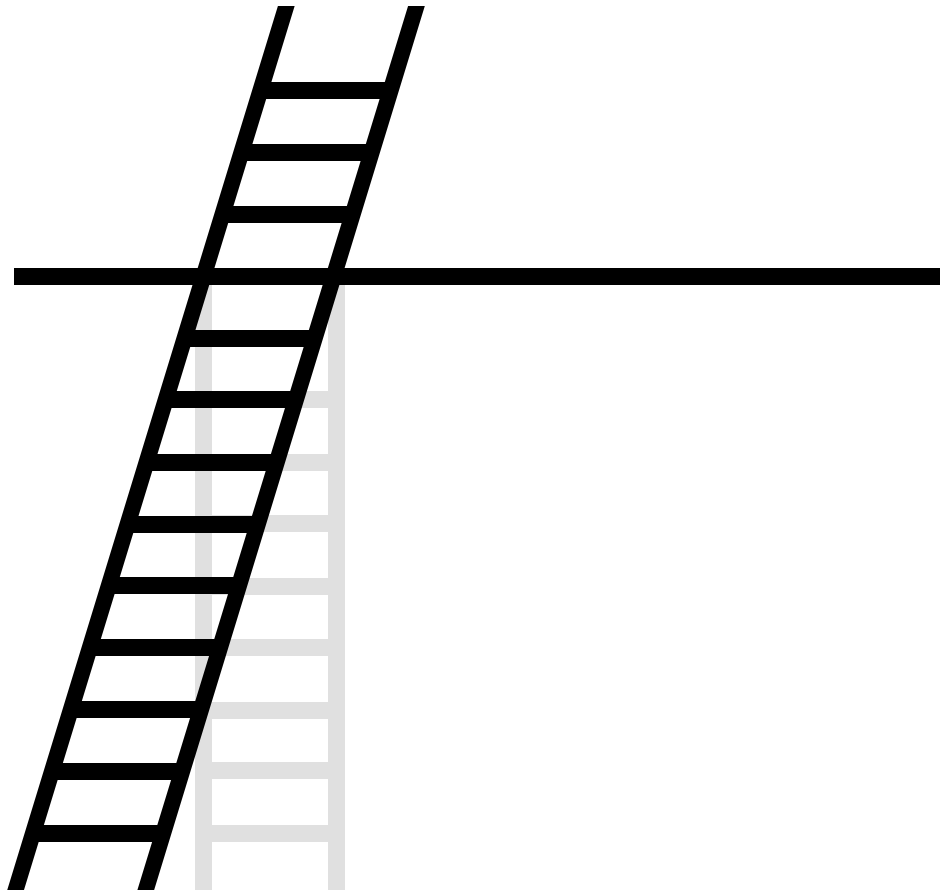
3. Impediments

Find out what or who is slowing progress and if the intervention of a leader will help.

4. Initiative

Look for ways to improve results based on what's working and not working currently.

Overcoming challenges

What to do if the world changes or you just get it wrong

Living through a pandemic has made it clear that all businesses need a back-up plan in case world events, market changes, or another external factor comes along to invalidate your carefully plotted product strategy. The problem is that it's not easy to predict what form a major disruption will take, so having alternative strategies in reserve isn't always practical.

When you have a sudden need to pivot, your solid product strategy can often provide the solution.

In your early research and discovery phases, you will have created a long list of customer problems and needs. You'll have rejected most of these in favor of focusing on a small number of areas that should generate the most value.

In times of major upheaval, revisit that research and see if any of those customer needs are more relevant to the new market conditions.

How Toast avoided getting burned

For some businesses, it was relatively obvious how to pivot during the pandemic. With restaurants closed for long periods of time, specialist point-of-sale software firm Toast found that its clients suddenly had no need for their primary product: on-premise ordering and payments systems.

However, the company was able to pivot its focus to the online ordering tools that it had previously developed for pizza deliveries and other take-outs but were now required by most other restaurants.

Time for a strategic retreat?

Needing to adjust your product strategy doesn't always involve a global crisis. If your regular progress check-ins suggest that the strategy isn't working out as you had anticipated, it may be time to reassess your plans.

Take some time to analyze why the strategy isn't working. See whether it can be fixed or if a different approach from your stockpile of ideas would better serve your product vision.

If and when you do decide to pivot, make the change and execute it quickly and with confidence.

Textbook pivot

Educational technology company Chegg had a key strategy of becoming the market leader for eTextbooks. However, the product team soon realized that even 21st century students have an affinity for physical textbooks.

The company shifted its product strategy to another customer need — homework help — which now accounts for half of Chegg's revenue.

Conclusion

A great product strategy drives Product Excellence

Creating a great product strategy will drive Product Excellence at your organization. The exact form it takes will differ for each company and team depending on the specific needs of your business, the customer, the market insights you uncover, and the frameworks you follow.

But every strategy – whether for a single product startup or multi-division enterprise – has a better chance of success if it is:

Collaborative

Seeking input into your strategy from all levels of the business will ensure it accurately reflects what people are working on, incorporates their customer and market insights, and makes it easier to get widespread alignment on the final vision.

Constant

Your product strategy needs to be everywhere from day one, continually referenced and discussed in company-wide communications. It should be brought into every quarterly, monthly, and weekly progress check-in.

Cross-functional

A great product strategy doesn't just help your product team, it's beneficial for your entire business. You need to ensure that you communicate your strategy to everyone and provide continual access to the details

With the right product strategy in place that is understood by everyone, teams across your organization will be empowered to dream up and deliver innovation solutions to the most critical challenges your customers face.

Productboard is a great way to capture, share, and evolve the details of your product strategy in real time. To find out how Productboard can help your business achieve Product Excellence, get in touch today.

About Productboard

Productboard is the leading customer-centric management platform, helping product teams to deliver the right products to market faster. Over 4,000 modern, customer-driven companies — like Zoom, UiPath, JCDecaux, and Microsoft — use Productboard to help understand what users need, prioritize what to build next, and rally everyone around the roadmap. With offices in San Francisco, Prague, and Vancouver, Productboard has raised $137 million in funding from leading investors like Tiger Global, Sequoia Capital, Bessemer Venture Partners, Kleiner Perkins, Index Ventures, and Credo Ventures.

Learn more at productboard.com