Customer Centricity Playbook

productboard

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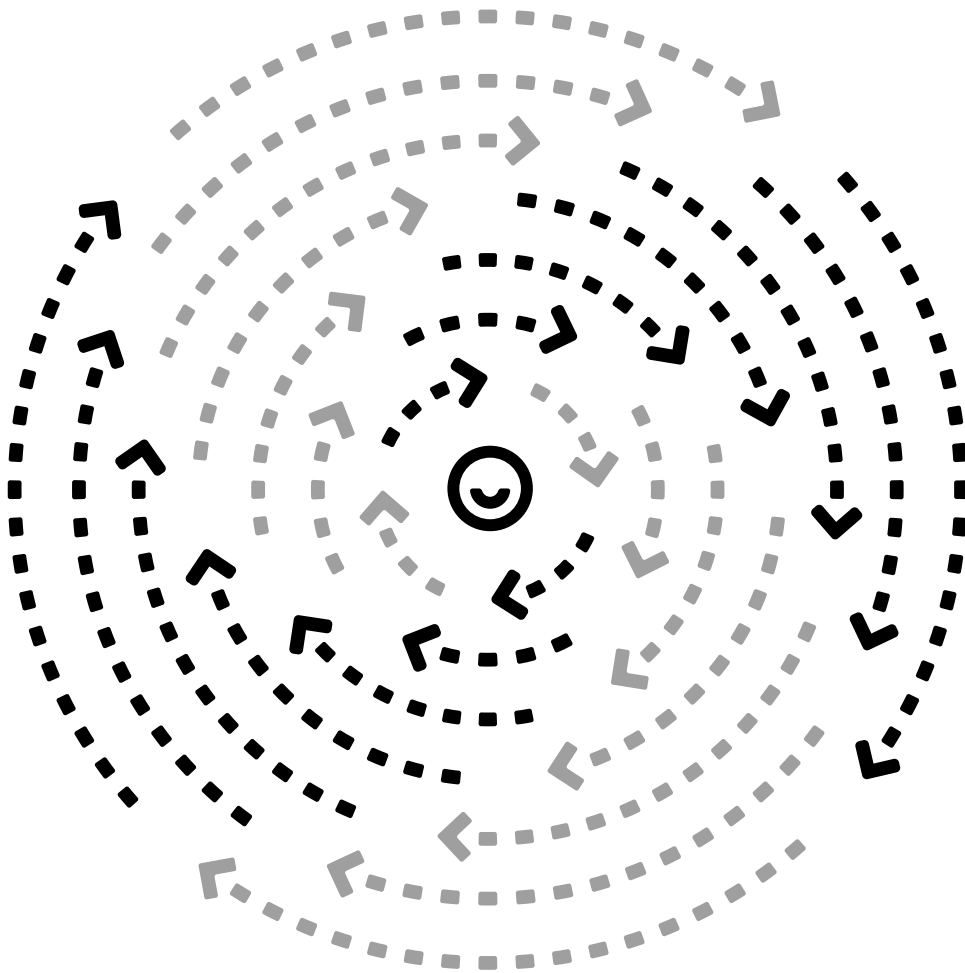
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So, you think you're customer-centric?

Customer-centricity is a mindset that puts the pains, needs, and desires of customers at the heart of product development. It is also the user-focused practices, habits, processes, and systems that result from and support this mindset.

It's easy to think that your customers are at the heart of everything your business does. It's hard to be truly customer-centric.

It's not simply saying yes
Being customer-centric doesn't mean that you build whatever features users request. You need to dig deeper to understand what they are trying to achieve and why so you can develop the best solution.

It's not about being right
All product managers would love to dream up the perfect solution to a problem. But the Steve Jobs-style lone genius is largely a myth. Instead, everyone at your business must accept that you won't have answers until you've asked some questions.

It's not a quick fix
Businesses naturally want to get new ideas to customers quickly and start seeing results. But really getting to know customers is often a slow process. Before building products or features, you must understand what users really need.

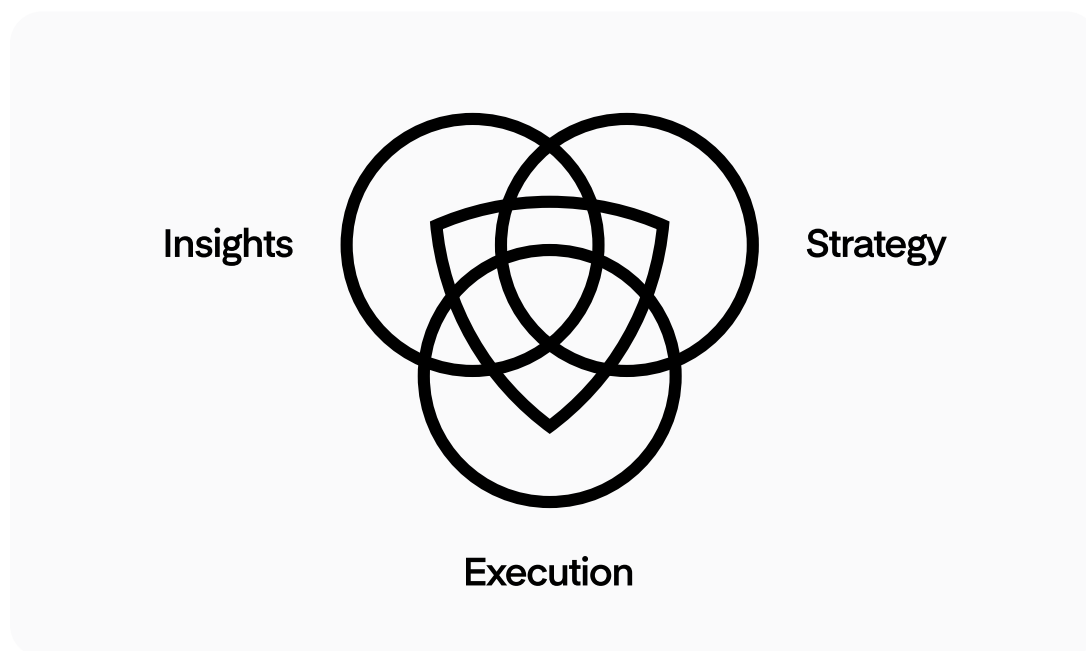"**Product management done right is building with, not for, customers.**"

Scott Baldwin
Community Lead & Product
Evangelist, Productboard

The value of being customer-centric

Customer-centricity is a complex and time-consuming company-wide commitment. So why should you make the effort to do it right?

Customer-centricity is the backbone of Product Excellence

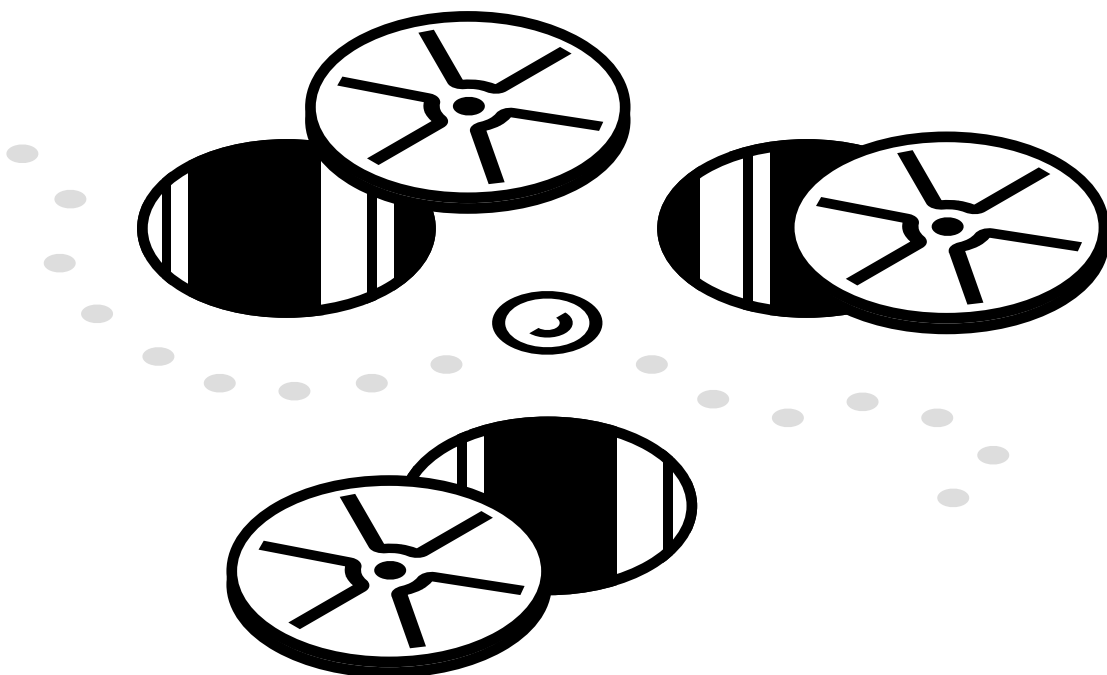
Being truly customer-centric:

- Guides your **Vision** with deep user and market insights
- Informs your **Strategy** with clear objectives and priorities
- Aligns everyone around **Execution** of the product roadmap

Knowing what your target customers really need drives business value:

- Get the right products to market faster
- Create more engaged and loyal customers
- Meet user needs that increase revenue and drive growth
- Enhance internal engagement around the product vision

The hazards of not being customer-centric

Startup	◆ Target the wrong audience ◆ Solve a trivial problem ◆ Struggle to find product/market fit ◆ Run out of cash/runway
Growing SMBs	◆ Focus on competitor feature gaps, not user needs ◆ Weaken product differentiator ◆ Try to be all things to all people
Enterprises	◆ Lose touch with audience needs ◆ Solve customer requests, not problems ◆ Be vulnerable to disruption
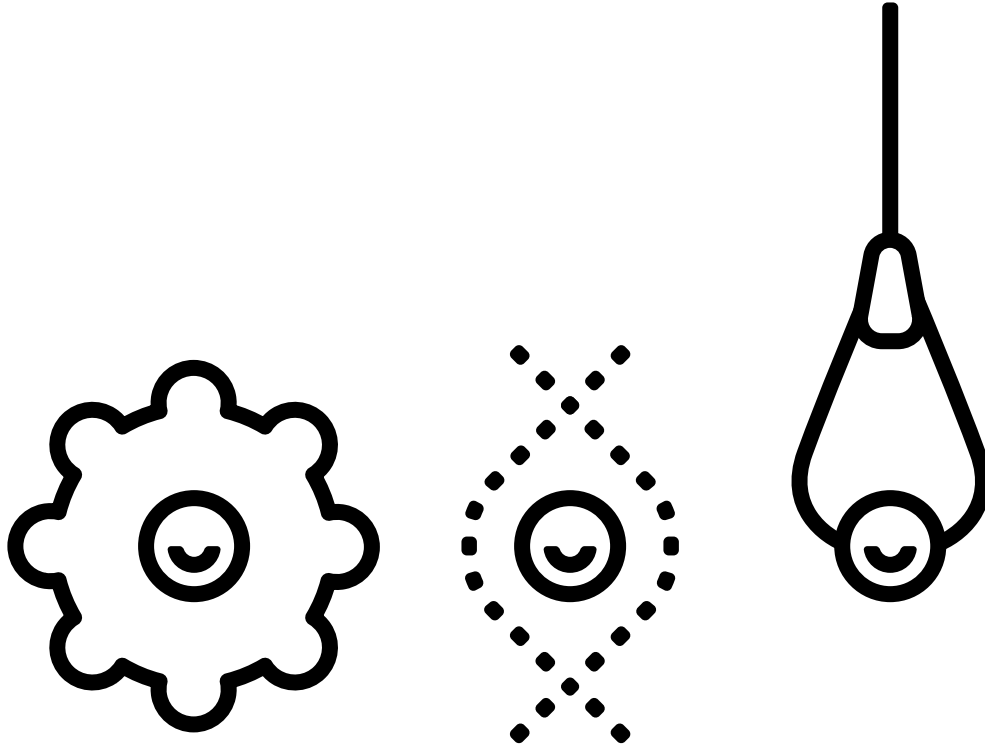
The 3 key practices of customer-centricity

To ensure that your product team is truly customer-centric, your customers must be a persistent, visible, and respected presence at every stage of the product process — from research and discovery to strategy and roadmapping. Not only the challenges and needs they share, but also their differences and how you prioritize multiple approaches.

At Productboard, we've observed three key practices that are adopted by customer-centric organizations:

3 key practices of customer-centricity

Deep user insights

Foster deep empathy and genuine curiosity around customer pain points, goals, and motivations

- Constantly interact with customers at every touchpoint
- Observe customers in their "natural habitat"
- Set up systems for consolidating feedback
- Create a company-wide culture around sharing insights
- Establish a process for validating needs and solution ideas

Formulate a customer-centric product strategy

Solve the right problems for *all* of your customers

- Identify what customers need based on data/feedback
- Perform customer segmentation
- Develop a customer-centric prioritization framework
- Balance priorities: Tackling innovation vs. gaps and pain points

Invest customers in the product

Turn customers into fans by showing them that you're listening

- Close the loop with customers on their specific requests — whether the news is good or bad
- Inform customers about new capabilities that address their needs
- Share what's coming on the product roadmap
- Communicate your product vision and earn emotional buy-in
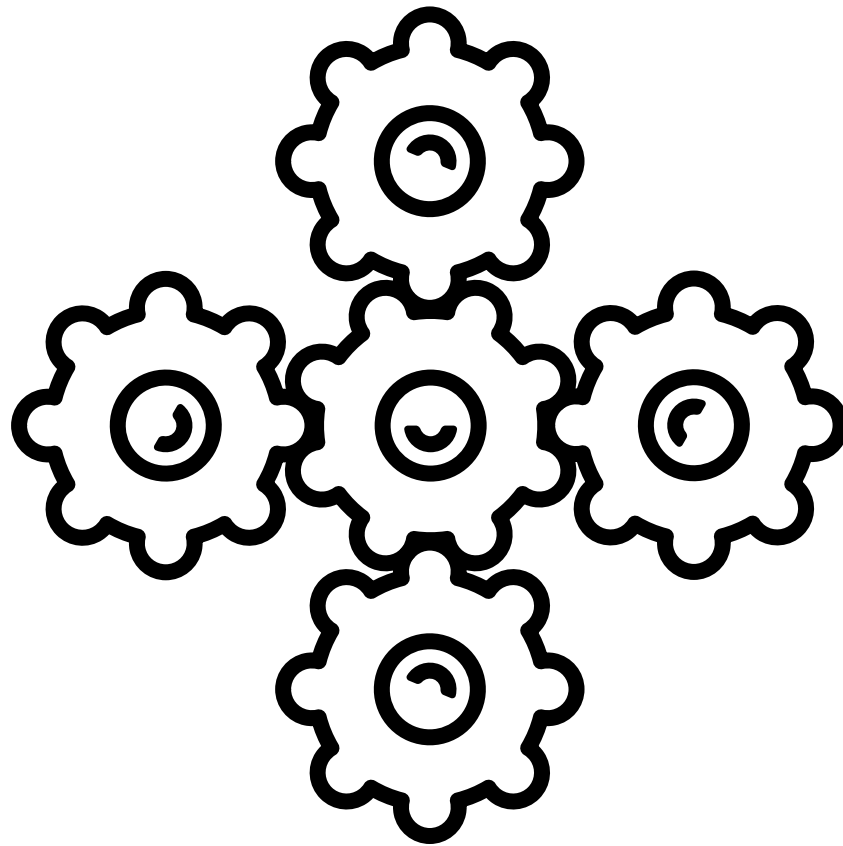
Deep user insights

Foster deep empathy and genuine curiosity around customer pain points, goals, and motivations

There are two sides to achieving deep user insights. The first is emotional — fostering a deep empathy for your customers, their problems, and their needs. The second is logical — developing the processes and systems you need to truly understand your customers.

The following step-by-step guide will help you tackle both the logical and the emotional.

6 steps to achieve deep user insights

### 1. Create an organization-wide culture around sharing insights

In most organizations, customer-facing teams vastly outnumber the number of product managers. In the time it takes a PM to coordinate one user interview, colleagues on support, sales, and marketing could speak with multiple customers. That's why it's so important to leverage them as an extension of the product team.

> *"I have attended more than 25 support calls…and, based on customer feedback, suggested actionable changes in product."*
>
> *Lakshay Kalra*
> *Product manager, Carousell*

Make it a point to plug into important conversations when you can, whether that means listening in live, tapping into an archive of recordings, or lurking on the teams' tools of choice.

More importantly, make it easy for colleagues to share insights. Customer-facing teams will usually capture feedback in tools like Salesforce, Zendesk, Intercom, and Slack. A dedicated product management system like Productboard integrates with these tools, automating the process of capturing diverse insights and helping you meet your colleagues where they are.

Insights integrations — Features & Notes API — Delivery integrations
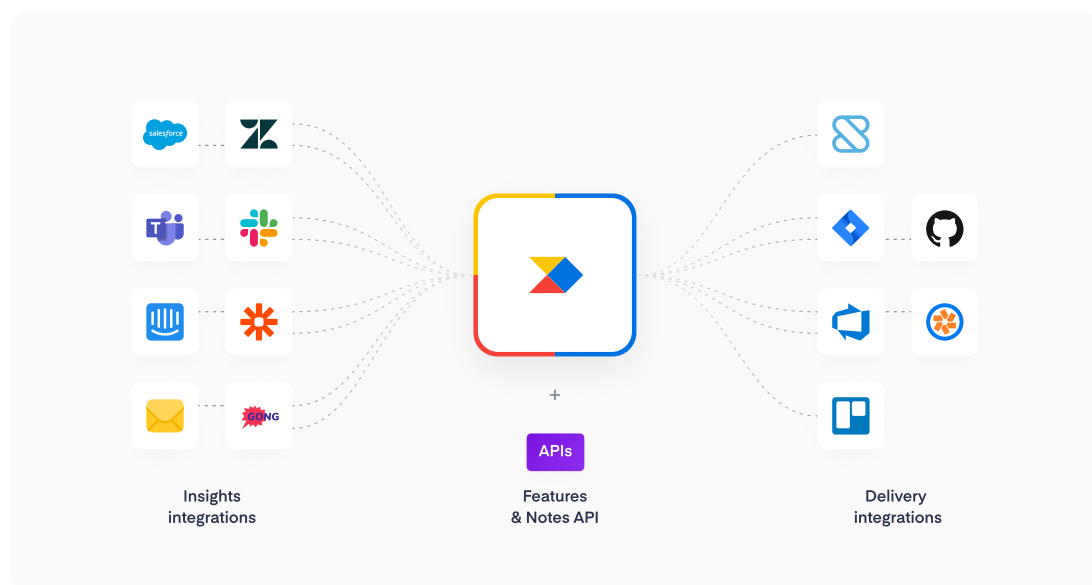
2. Dedicate time to talk to your customers

Block out a regular cadence of time on your calendar to talk to customers (work with your customer-facing teams to identify the right people). Once you're talking with a customer, remember to keep your questions open-ended and listen more than you talk. Really take it as an opportunity to dig deeper.

3. Visit customers in their natural habitat

Spending a day shadowing your customers can tell you so much. Some people are reluctant to admit behaviors that aren't the "right" way to do things. Others may have developed routines that have become second nature. Observing people as they work will reveal new and surprising insights about their processes and emotions.

Question examples

- **What are your three biggest challenges?** (Focus on the most pressing issues)

- **How do you currently solve these challenges?** (Not asking about specific products helps to uncover their unique workarounds)

- **What do you love/hate about these solutions?** (Use passionate language for a passionate response)

- **Can you provide an example?** (When statements are high-level, look to ground them in specifics)

- **How do you measure success?** (Find out what motivates them)

- **Why?** (Dig deeper into every answer for greater understanding)

4. Build and leverage your customer community

As you speak with more customers, think about building a community that you can turn to for regular insights and feedback. Productboard's Portal, for example, can be used to share new feature ideas and upcoming releases with customers. In our Product Makers community, we engage customers to stay tuned to their needs, conduct R&D, and share early ideas and betas.

"The older I get, the less I listen to what people say and the more I look at what they do."

Andrew Carnegie

💡 *Productboard's Portal can be used to share new feature ideas and upcoming releases with customers.*
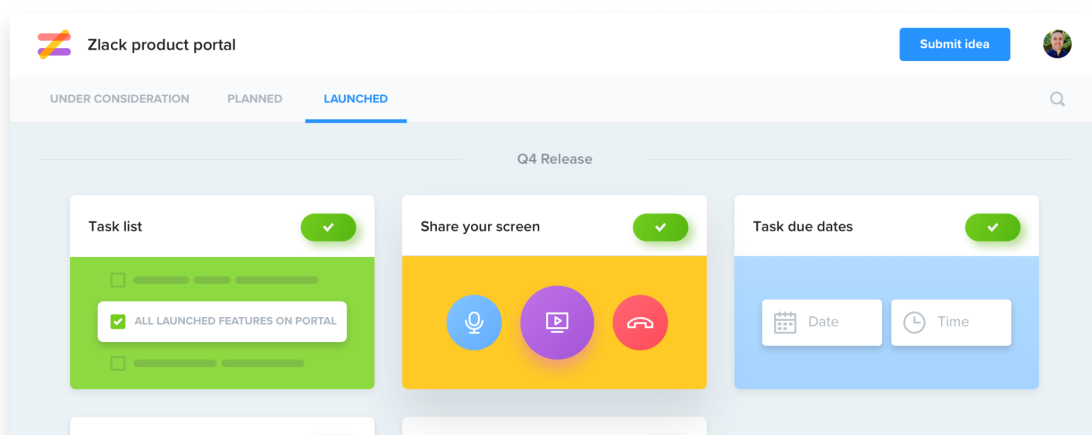
5. Provide empathy training for PMs

It's common for sales teams to attend courses in psychology aimed at helping them empathize with prospects. Similarly, equip your PMs with the skills and techniques they need to empathize with customers and better understand their needs.

Ask WHY? five times

A quick and easy way to dig down to the root cause of any user issue is to employ the five whys technique.

This simply involves asking your customer why they have requested a feature, then continuing to question each answer they provide.

In theory, asking "why?" five times should be enough to uncover the user's real need.

What's the "job to be done"?

Think of your product or features as something a customer "hires" when they have a job to do.

What is that job? And will they rehire you when the task needs doing again?

It's important to understand the emotional impact that completing the job (or not) will have on the customer.

### 6. Create a dedicated user research role

As your organization grows and matures, you may want to hire a dedicated user researcher or even build a team.

A user researcher can help:

- ◆ Coordinate with product leaders and PMs to understand the team's specific areas of focus, then work to discover the needs of users in those areas
- ◆ Uncover opportunities and areas of potential focus that the product team may not be considering or even aware of
- ◆ Analyze existing customer insights and engagement metrics
- ◆ Carry out broader market research

"Great design doesn't live inside designers. It lives inside your users' heads. You get inside your users' heads by doing...research that provides actionable and testable insights into users' needs."

David Travis
Author of Think Like a UX Researcher
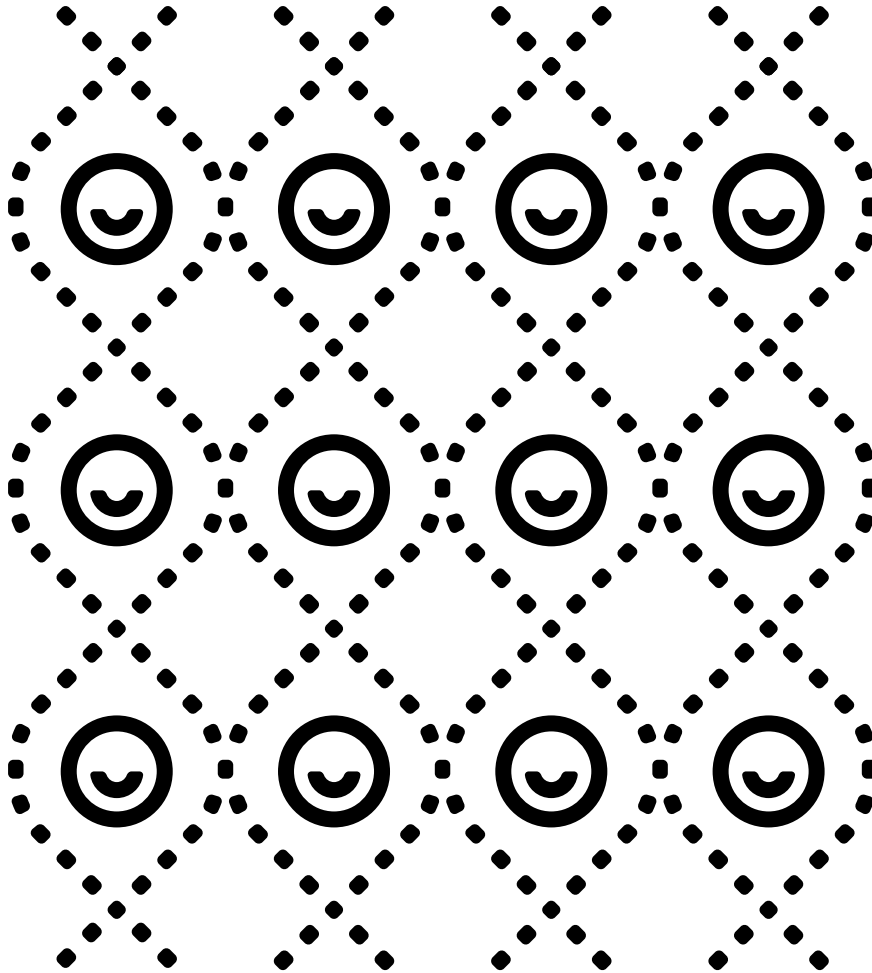
Formulate a customer-centric product strategy

Solve the right problems for *all* of your customers

When you regularly collect insights from customers, you inevitably end up with a long list of fixes and feature requests. However, your product team's job is not to solve each individual issue. Instead, you need to synthesize all this information effectively so you can understand which problems are worth solving.

Creating a customer-centric product strategy shows your team how they can get from the big picture vision to specific products and features that solve real user needs — all while generating revenue and fostering growth.

Having a clear strategy is also a great way to push back against one-off requests that will convert a single prospect or make a specific customer happy. Is the requester really prepared to delay your team from delivering on your organization's strategic goals?

> *"The essence of strategy is choosing what not to do."*
>
> *Michael Porterer*
> *Professor, Harvard Business School*

A customer-centric strategy involves three key elements that describe how your team will:

1. Understand what customers insights are telling you
2. Segment your customers to meet diverse needs
3. Balance priorities: Tackling innovation vs. gaps and pain points

We'll now examine each of these elements in more detail.

# 1. Understand what customer insights are telling you

The first step towards making sense of customer insights is to consolidate them in one place. You need a central repository that captures feedback from a range of sources, including customer resource solutions like Salesforce and Zendesk, collaboration tools like Slack and email, as well as notes and ideas from documents and spreadsheets.

This single source of truth for customer insights should be accessible to everyone in your product organization. That way, no one is wasting time searching for information in multiple tools or worrying about relevant details falling through the cracks.

Themes and impacts

With all your insights in one place, you can now look for recurring themes in what your customer needs.

Dedicated product management solutions like Productboard allow you to search by keyword and group similar feedback for an instant overview of how many customers are interested.
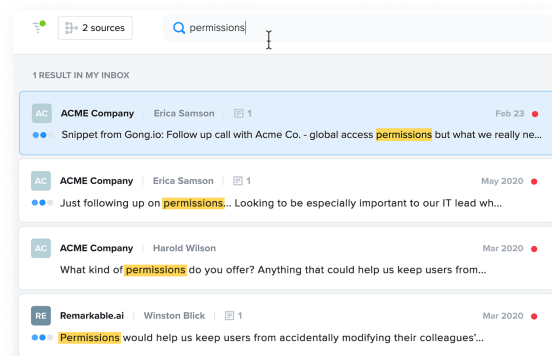
Next, you should assess the opportunity value of solving a specific problem.

In Productboard, you can assign user impact scores based on how important an issue is for each customer and define who a solution will most benefit, helping with segmentation.
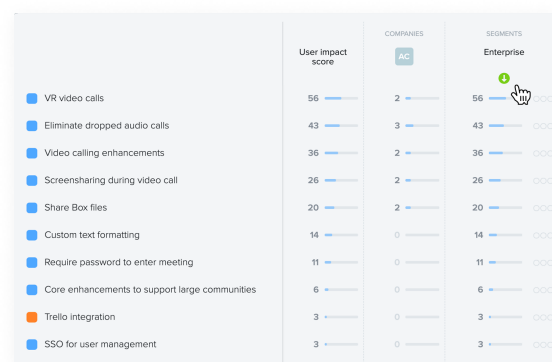
2. Segment your customers to meet diverse needs

The average customer is a myth. Even when different customers share needs, what's critical to one might be a nice-to-have for another. That's why the ability to segment your customers and develop product strategies that prioritize a range of needs is such an important part of customer-centricity. Yet just 28% of product teams do this regularly. The rest take a more generic approach.

Getting started with segmentation

Customer-centric segmentation isn't simply lumping together businesses with similar profiles. Focus on needs first. One solution may work for both the small startup and global enterprise facing the same challenge – you just need to sell it differently.

Segmenting your audience is also a useful way of validating your product vision and strategy. If you find that your highest revenue-generating segments are continually requesting features that don't align with your product vision, you may need to start targeting a different type of customer (or reassess your vision).

Dedicated product management systems will help you to segment customers effectively by showing you which insights are most requested and valued by different types of customers.

Try these segmentation strategies

Reduce churn

- Distinguish the needs of existing customers from those of prospects to highlight features that will boost renewals

- Understand why ex-customers left and the risk of future churn

Keep high rollers happy

- Segment customers by ARR and gain insight into your highest-paying customers

- Calculate the monetary value of a feature (existing ARR of all companies that requested it) to prioritize and build alignment
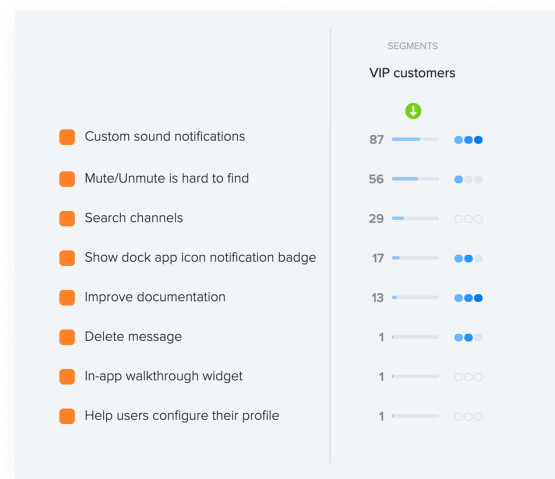
Target prospects

- Discover which new features are most likely to boost conversions for specific companies and markets

- Factor in feature ideas from Salesforce win/loss data to aid your prioritization decisions
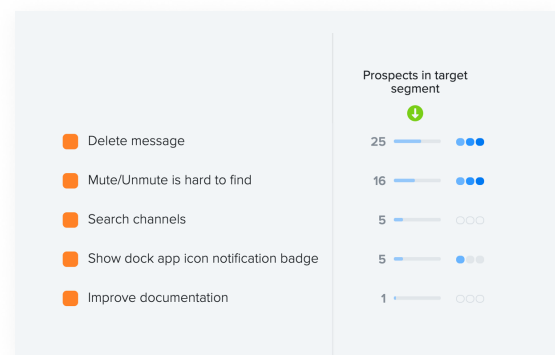
You can also segment customers by:

- **Geography,** to help understand local requirements when expanding to new territories

- **Business size,** to see which features are most valued by companies of different sizes and stages

- **Industry,** to enhance your product/market fit for specific verticals

3. Balance priorities: Tackling innovation vs. gaps and pain points

It's an age-old business conundrum: where should we focus our efforts?

For product teams, this question of prioritization typically involves a trade-off between keeping existing customers happy and chasing new business. It can also be about whether to enhance the current product or to tackle a fresh set of problems.

How you strike that balance will largely depend on your company's specific circumstances. And there are areas of focus that are consistent across all companies, like competitive opportunities to capture a bigger market that your competition is currently ignoring.

The following can help guide your thinking.

Business type	Goal	Strategic focus
Early-stage startup	Find and establish an initial adopter market	Retain existing customers: focus on their needs and requests
SMB	Expand customer base and grow revenue	Prioritize high-value requests: what do your biggest customers and prospects need most?
Enterprise	Various (often competing) goals	Sequence for maximum value: prioritize features that benefit most customers

Work with your strengths and weaknesses

Another way to balance your priorities is to analyze what's working well for your business and where you're falling short. For example:

◆ Low churn rates may suggest your existing customers are happy so you have space to explore innovative new ideas

◆ Poor sales conversion rates may be an indicator that your product is missing critical features

◆ High usage but low recommendations could mean you're missing a little magic – how can you make the user experience more delightful?

Two ways to avoid becoming unbalanced

One common pitfall is innovation attempts that lack focus and fail to produce meaningful outcomes. Another is when you create a great solution for a problem that turns out to be not that important for your customers.

Here's how to avoid becoming unbalanced by these issues.

Keep innovation on track

Know what you're aiming for

Are you automating a labor-intensive process, focusing on the challenges of a specialist area, or looking to disrupt an entire market?

A clear understanding of your end goal will help guide your innovation process.

Change the environment

If you have a dedicated innovation team, find a separate place for them to work. This helps get them out of the same old solution mindset and clears the way for fresh thinking.

Just remember to keep seeking insights from your customers and internal teams.

Be clear about expectations

Innovation inevitably involves some failure, which makes setting timelines tricky as you don't want to discourage experimentation.

Instead, outline how often your team should deliver a concept, sketch, or prototype that can be shared with customers for feedback.

## Know when a problem is not really a problem

It happens more than you'd think. A customer describes a challenge, the product team designs an elegant solution. But no one is all that interested in using it.

Some problems just aren't all that critical. Even though customers talk about them, a solution is more of a nice-to-have and people rarely prioritize paying for those.

To ensure you're creating a true painkiller, put a value on your potential solution:

"Instead of asking your customer if they would use your product or feature, find out how much they would be willing to pay for it."
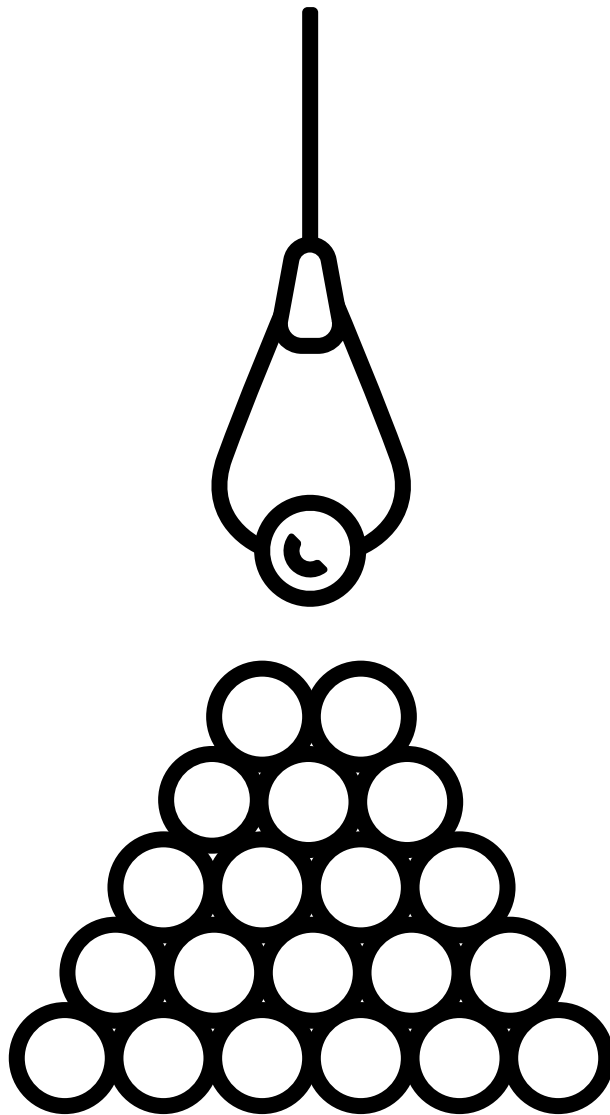
Invest customers in the product

Turn customers into fans by showing them that you're listening

No one wants to feel like they're speaking into a void. Customers and internal stakeholders must feel heard when they provide insights and feedback. You need to maintain communication around the issue and provide updates about if and when you'll address it.

Regular communication isn't just about being polite. It helps customers better understand your vision and brings them on the journey with you. It's also essential that they continue to provide you with insights throughout the product development process. Customers do offer the most valuable clues to how your product should evolve, after all. And, they can be your greatest source of word-of-mouth.

How to say no, not now

You can't say "yes" to every request. Here's how to let people down gently.

1. **Don't promise anything**
Unless it's already on the roadmap, train your sales and support teams not to agree to any request until you understand how it fits with your strategy.

2. **Dig deeper into the problem**
A customer request is just one way of solving a problem. Uncover their real need and you may discover that you already have a useful solution.

3. **Be transparent about priorities**
If you can't fulfill a request because you have other priorities, explain this to the customer. They might value those other features just as much.

How to complete the communication loop

The best way to turn customers into fans is by showing them that you're listening. Close the communication loop to delight them with good news related to their specific needs, or with bad news to offer transparency into what they can expect.

When you make this effort, you encourage customers to submit more insights and ideas in the future and start the productive loop all over again.

# Here are some ways to complete the communication loop effectively.

Self-servable external updates

Productboard's Portal is both an internal- and external-facing tool where customers can self-serve on new product ideas and weigh in on the product's direction by easily sharing requests and feedback. Even better, you can proactively notify customers when a feature they requested progresses.
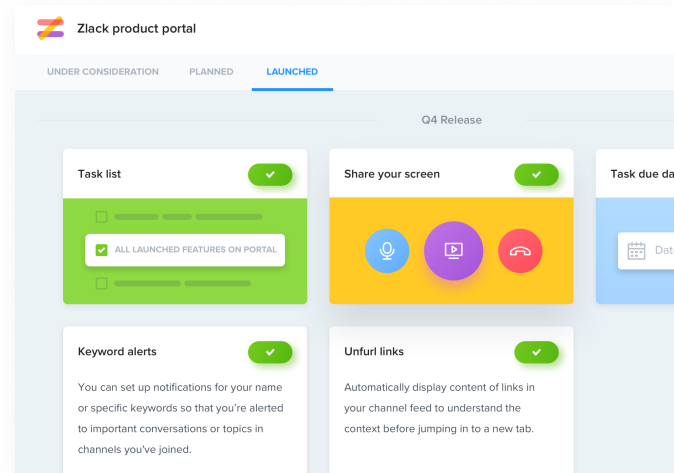

Relevant roadmaps

Telling a customer that a feature they requested is coming is one thing. Seeing it on the product roadmap makes it real. Productboard allows you to filter details on your roadmap so customers can see exactly what's relevant to them.
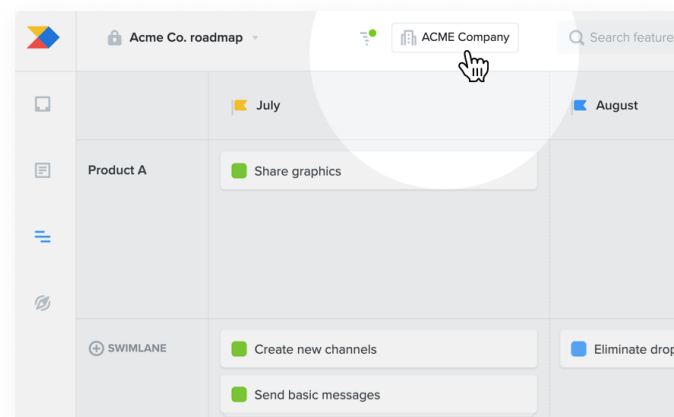
Identify the requester

The ability to find everyone who requested a feature simplifies communication. You'll know exactly who to reach out to when it's time to ask for further feedback or close the loop when a feature is built or not.
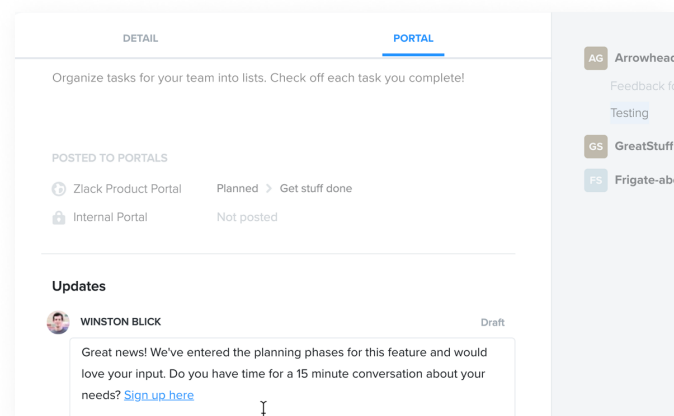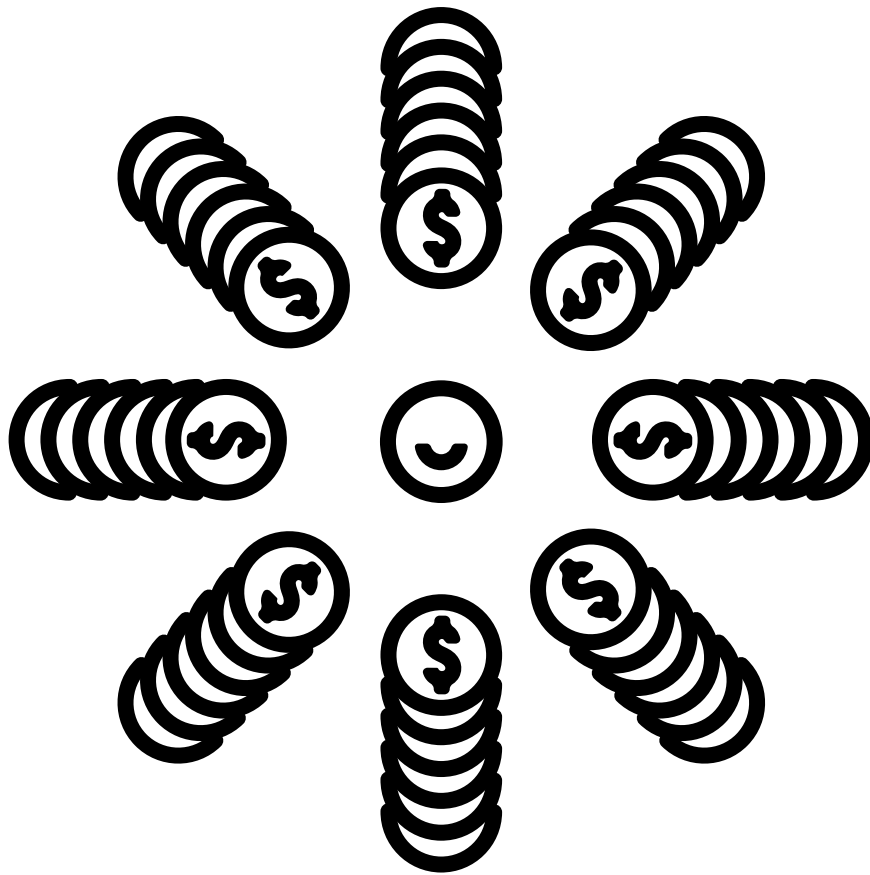
The ROI of customer-centricity

In a recent survey, we discovered that:

Teams that **validate user needs and solutions** are

129%
more likely

to report that their products and features **are consistently well-received** by customers than those who don't
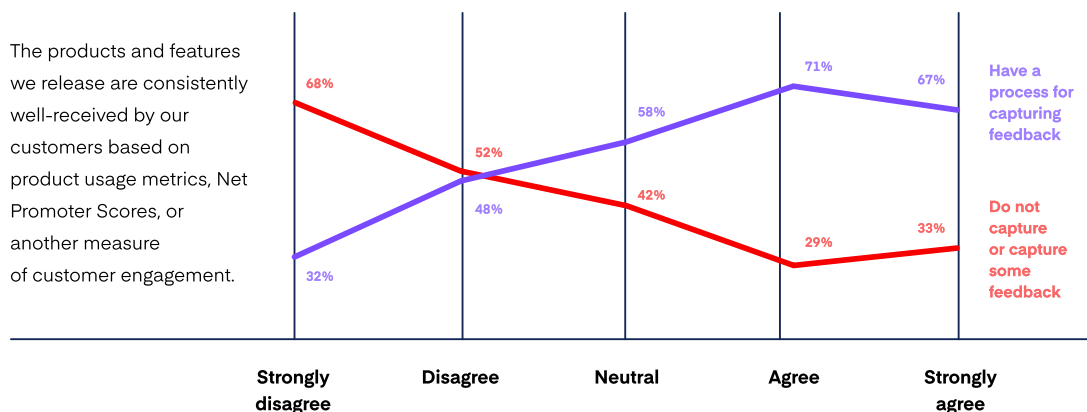
Teams that **engage directly with customers** are

105%
more likely

to report that their products and features **are consistently well-received** by customers than those who don't

*Based on product usage metrics, NPS, or other customer engagement metrics

Teams that have a process for capturing feedback are far more likely than teams that don't to report that their products and features are consistently well-received by customers. Just look at this strikingly opposite distribution:

The products and features we release are consistently well-received by our customers based on product usage metrics, Net Promoter Scores, or another measure of customer engagement.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Have a process for capturing feedback	32%	48%	58%	71%	67%	
Do not capture or capture some feedback	68%	52%	42%	29%	33%	

The numbers speak louder than words. Customer-centricity works. The more teams incorpoate customers throughout the product management process, the more likely those customers will be delighted by the results.

The journey to customer-centricity is hard. But when you build a culture around the idea and train everyone at your business to put customers at the heart of decisions, you'll be that much closer to building products that are not only used, but loved.

About Productboard

Productboard is the customer-centric product management platform that helps teams get the right products to market faster. Over 4,000 companies, including Microsoft, 1-800-Contacts, and UiPath, use Productboard to understand what users need, prioritize what to build next, and rally everyone around their roadmap. With offices in San Francisco, Prague, and Vancouver, Productboard is backed by leading investors like Tiger Global Management, Index Ventures, Kleiner Perkins, Sequoia Capital, and Bessemer Venture Partners.

Learn more at productboard.com