

TEI 087: Metrics and successful product management - with Saeed Khan

Host: Chad McAllister, PhD

Guest: Saeed Khan

CHAD: Hi, this is Chad, your host. I train product managers to be product masters. A lot of people get into product management who never really learn what they need to know, and I'm changing that, through this podcast and through my online training. Head over to where the show notes are for this episode, at www.theeverydayinnovator.com/087, and you'll also see what it means to be a product master. I enjoyed a wonderful conversation with Saeed Khan. He started the On Product Management blog and has been a career product manager, working in Toronto, Canada, as well as Silicon Valley. He is also a frequent speaker at product management events, including product camps (something I personally love going to when I have the opportunity). I saw a presentation of his that he did on the topic of successfully using product management metrics. I wanted to explore this topic with him, along with what else it takes to be a good product manager, which is what we did in this discussion. So, once again, the show notes for our discussion, along with the summary and transcript, can be found at www.theeverydayinnovator.com/087. I hope you enjoy the interview.

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CHAD: Hi Saeed, thanks so much for joining The Everyday Innovators, and talking about metrics with us.

SAEED: Thanks, Chad. I'm glad to be here.

CHAD: It's going to be a great discussion. Metrics is an important topic that we've explored a little bit on the podcast, but haven't dove into it in a great way and looking forward to doing that with you. Why don't we just get started with what is this thing called a metric? We're not talking about the English versus metric system, here, like kilometers. Let's get grounded in what a metric is.

SAEED: Sure. So the way I look at metrics is that a metric, particularly in business, is sort of any type of measurement that you can make that can gauge some kind of quantifiable component of performance. So a sales metric could be numbers or marketing metric could be leads, but it's really very domain-specific. For product management there should be specific metrics as well.

CHAD: Something that's quantified and a number of something of importance that we're going to track.

SAEED: Exactly.

CHAD: Okay. So when it comes to product management, why is it that product managers should be thinking about metrics? Why in product management do we need metrics?

SAEED: So there are two words in product management. There's product, and there's management. There's that old adage, you can't manage what you can't measure. So when we think about management, what are we really thinking about? Is it just an ad hoc sort of set of tasks we do and things work out well or not, or can we apply some discipline to it and some kind of real sort of business focus and make sure that what we're doing to make things successful really is working.

CHAD: Okay. So for the business focus, sometimes we hear product managers talk in terms of being the mini-CEO of a product. When I first heard that, it personally made me feel good. I'm a twenty-something, like "Wow, I'm in charge of the product. I must be important in this organization." Then later, you find out that you're not really in charge of anything as a product manager, often. You're more of a coordinator. Some product managers have P&L responsibility, but others don't for sure. So I'm not

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sure how far this analogy actually works, but when you talk about this in a business sense, this would seem to apply. Being the CEO of the product, maybe thinking of it more in a business sense.

SAEED: First of all, that line I think, is the product manager truly the CEO of the product? No, they're not. I mean, in some companies that might be the case; in most companies it is not the case. But regardless of that, there's nothing stopping you from acting like the CEO of your product and thinking like the CEO of your product. If you think and act like it, whether you have that responsibility or not, then, you know what? You might actually get that responsibility, but secondly, you can lead others much more effectively, because they'll view you as acting like the leader. So I think there's a sort of mindset that I can't do it because I wasn't given the authority. Well, seize the authority and then see what happens.

[4:35]

CHAD: Yeah, I think that's an excellent point that reminds me of a Steve Jobs quote which I'll paraphrase because I don't remember it word-for-word. Basically, at one time he said something like, "Everything that we all know, how organizations work and what is what, was made up by people no smarter than you." I like what you said about even if you're not in that position of being truly responsible, like a CEO would be, of the product, you can still act like it. Because doing so makes you a better leader and will lead to better things in your career, and you'll just have more influence in the organization.

SAEED: Absolutely.

CHAD: And we probably actually have more freedom to do that than we think, at least according to the Steve Jobs quote.

SAEED: Well, I think there's a lot more freedom regardless of Steve Jobs, I think there's a lot more freedom in companies. When senior management says things like that, even if they don't act like they believe it, that's an opportunity for you to seize that opportunity. If you don't seize it, someone else will, quite honestly. If you don't act like a leader, guess what, the VP of Engineering will act like a leader and take that from you. I just think it's something that we all should think about and if we don't do it, it's our loss.

CHAD: Absolutely. This year there's really been a resurgence in popularity of product management. There's these articles in the Wall Street Journal and other places about product management is the new title that graduating MBAs want to have. It's the new hot role. Part of that, it is just kind of a cool role. You get to have a lot of influence and be responsible for strategy and tactics at the same time. But this is one of the unique roles inside of organizations where you get to have such a cross-functional view of how things actually work or don't work and you get to build a lot of influence along the way. Indeed, it can lead to executive positions inside positions, because you get a very unique perspective of the company.

SAEED: Absolutely. My first product management job, which was 20 years ago, it was eye-opening for me, because in fact, that company, it was a small company here in Toronto, but the president truly did put us in that role. He obviously had final say in things, but we had budget responsibility, we had revenue responsibility, we had product responsibility, we were doing a lot. In a way I was spoiled, because even though that was my first product management job and it was difficult, I had the most

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authority that I can remember in any product manager role I've had since. I think that when it happens, it's eye-opening because I got together a really good operational view of the company, albeit a small company, but I understood how the pieces fit together, understood what was dependent on what, and that experience has actually helped me over the last 20 years in all my other jobs.

CHAD: What a great holistic perspective of the organization, to really see it as a system instead of just functions that we do.

SAEED: Exactly.

[7:29]

CHAD: So, for metrics, I tend to think of product management as this big spectrum and some of the Everyday Innovators listening know I have used this framework in the past called the IDEA framework. Anything that can help me remember is an important aid for me. IDEA stands for Ideate, Develop, Evolve, and Accelerate. Kind of the first three parts of that are what people often think of as product management. Where ideas come from, that's the Ideate, of the fuzzy frontend part, Develop is kind of in the middle—new product development process. And then Evolve is what happens once we actually launch our product and get it in the marketplace. I know we could dive into metrics in any one of those areas; where would you like to start talking about metrics that make sense for product managers to be using?

SAEED: Yeah, so that's interesting. If we use your model, of the IDEA sort of stages, I look at it a bit differently, but I have this mantra that I talk about the stages of the product lifecycle. It goes, Build It, Nail It, Scale It, Extend It, Milk It, End It. Roughly speaking, you have four, I have six, but those are really talking about the same things, which is, how you define what you want to do, how you build it and then grow it, and then how you manage it over its lifecycle. The thing is that whether we use your acronym or my mantra, things are different at different stages. What you focus on is different. What's important is different, and how you need to react or adapt, or work are different, so I think that's the interesting thing about product management and what make it complex, is that it's not a static thing. As an example, or counter example, I'll use sales. Now I'm not beleaguering sales, but sales is very singularly focused. You've got your target number, you've got your funnel, you've got other things, stages of deals, etc. and you know what? From month to month to month, quarter to quarter to quarter, those things are pretty much static. So it's easy to define what's important. In product management, you need to be a little more involved and dissect it, and then say, in the early stages, revenue's not as important, but in the middle stages, revenue is important, etc. In the early stages, product focus is really important. At the end of life, product focus is not important. So you need to understand where your product is or what your goals are, so to speak, at each stage and then define what's important and those are the metrics that you track.

CHAD: Okay. So when it comes to, like you say, revenue is not important in the early stages, it sounds like in that instance, in the early stage, are you talking about, in your framework, we've now, you'll have to go through it again for me, we've introduced the product to the marketplace and are we scaling it?

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SAEED: Yeah. So I bet if you'll repeat after me three times you'll never forget it. We won't go through that now. But yeah, so Build It is the very first stage. So you're building. And you're not building in a vacuum, you're building in the context of some market needs or customer needs, or something like that. So what's important there, and you're not just building in isolation, so you're working with other people, right?

CHAD: While you're talking about building, sorry for interrupting there, I just want to throw out something for you and see if it fits or not. So maybe a metric for Build It, when I'm thinking of building it and understanding the customer's needs, one thing we might keep track of is maybe the number of customer interviews that we've done, with how many people, or maybe even the number of needs that we've captured, that we're addressing or keeping track of.

SAEED: Yeah, it could be. It could also be things like product quality. In the early stages...I mean, you care about product quality in time, but in the early stages you definitely want to think about product quality. The other thing I didn't mention is, when I think of these metrics, I look at them in four broad categories. This for me is kind of a holistic thing. The first one I think about personally, because it's sort of where I'm most focused, or want to be most focused, is business. There's a bunch of things in your business strategy and business objectives you need to understand. It could be pricing, it could be overall strategy, it could be other things that are more business-focused. The next one is your go-to-market. So even in the early stages, you need to think about go-to-market. Go-to-market is not just marketing, so to speak. It's how you're going to go to market, what you're going to go to market with, who you're going to go to market to, etc. There's organizational readiness, which is internal focus, but you can measure how well across your company people are ready to do what needs to be done for their product. Lastly and certainly not least, is product. So those are the four stages. In each of those you could break them down into metrics. I use the term metrics and some people take it very literally like it's some number you can measure on a scale, but I look at it more in terms of, it could be some qualitative thing. So from a sales perspective, or business perspective, you can look at things like revenue or pipeline or win-loss analysis. How are you doing there? You could look at deal size, you could look at pricing, etc. You could look at channel numbers. For go-to-market, it could be things like how good is your positioning? Is it ready? How are you looking against competition? Do you have some way to evaluate that? What's going on with things like references if that's what you're interested in? So there's things in the go-to-market and launch readiness that are there. Anything related to organizational readiness could simply be metrics within the company of, you know, is support ready, is sales ready, are other groups that need to be sort of integral in the process, where are they in terms of readiness? And then lastly for product, it's everything from strategy to roadmap to product quality to whatever. So these are all things you can measure, some a little more sort of numerically than others, but fundamentally, if you focus on those things and you track them, you can have a very clear picture of where you're weak, where you're strong and where you need to focus.

[13:35]

CHAD: Okay. So let's dive in to some of the specifics, then, like organization readiness. To measure that...some of these things, like you said, some are quantitative measures and other places, I was thinking maybe a checklist is a helpful tool to say, do we have the elements we expect? Is the collateral ready, is customer support in place, have we trained the sales people?

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SAEED: Yeah. And those activities definitely are qualitative things, but there's a timeline for them, and there's an assessment for them. So I tend to look at these things, or try and look at them, in terms of very simple things like maybe a red/yellow/green kind of status. Are we on track and on schedule? Are we behind schedule? Are we running into issues? Like sales training, sometimes you can't do the sales training completely, if you're a worldwide company, some of the sales training won't get done by the time the product launches, and you're going to have a clear picture of that and say, okay, we're really going to focus on North America for the initial launch and then next we'll go to MEA and finally we'll go to APEC and APEC won't happen for three months after launch, but then that's okay, because we won't be doing our marketing in APEC anyway, until we're ready. So those are the sorts of things you can look at. Even simple sort of measurements like that can help people understand what's going on. A lot of times people will make assumptions, but until they see it in a sort of very clear way, they won't realize that, oh, you know what? APEC isn't ready because we don't expect APEC to be ready, whereas North America absolutely has to be ready, etc.

CHAD: But you want to make it fit your launch strategy in how you're rolling this out also.

SAEED: Exactly. I worked in a company once, and I won't mention the company, but what was nice about it was in the kitchen they would put up a big poster of the launch and they'd have a countdown until the date of the release, and everyone went to the kitchen. You know, you go get your coffee or juice, or whatever. So there was no excuse for anyone not to know when the next release was. So, we were, once the release date came, we were waiting for all the standard launch activities and press releases and everything, and there was silence, and we were like, What's going on? Then, it was not a small company, but it wasn't a huge company either. But then, marketing said they weren't aware of the release date. I have no idea how that happened, but you know what? Something was deeply wrong there. I was just thankful I wasn't in the marketing side, but those things happen. I don't know how they happen, and I think that when you make things simple and clear and visible, you hopefully minimize, if not eliminate, the causes of problems like that.

[16:24]

CHAD: And that does speak to the challenges with different sizes of organizations. You said this wasn't a real big organization, but it wasn't small either. At different scales, we typically have different processes put in place to help keep everyone on the same page. If we were talking to a Microsoft, it might take them a year, literally, to get a rather insignificant update done to a product, just because of all the coordination that goes on. And they have all the coordination going on to make sure things don't drop through the cracks, but a startup with three founders, they're moving at a much different pace, quickly making changes as they're trying to nail it, with the product direction that's actually satisfying customers, and they would need different metrics in place. I think.

SAEED: Absolutely. It's critical. The way I look at it, there's no single set of metrics that works for everyone, and you need to track what's important to you in what aligns with your goals and what's important. So I think the in the three founder startup, when they're trying to nail it...so Nail It is really the stage where after you've built it, you've got something, you're getting feedback, Nail It means you've got it really, really well done for a give use case or a given customer segment. Some software is really targeted, some of it is not, but it really works, and you know it really works because you're getting

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a certain amount of customer feedback and the vast majority of it is very positive. If you're measuring things like net promoter score, maybe that's another way of doing it. Whatever your metrics are that are important, you get it right. Then Scale It means you're scaling your business as well as your product. So you might be looking at really focusing on customer growth and obviously revenue growth at that point, but if you do that, your business has to be ready for it. So I've seen companies where they Scaled It before they Nailed it. Meaning that their product really wasn't ready to go to market, but they went to market, they had some customer success and then overjoyed by some customer success, they hired lots more sales people and spent lots of money on marketing and all that stuff. And the real sad part is that all they did was scale their problems. And at significantly unnecessary cost. You've got sales people going out, making sales calls for a product that really doesn't address market needs. Now, what's the net result of that? So I think if you really look at things honestly, you can make those assessments very clear and then make those decisions properly. So not to hire more sales people or spend more on marketing. Sometimes these things happen for emotional or other reasons, but I think I try and take a very non-emotional view of things as much as possible.

CHAD: Usually wise, so we don't get wrapped up in ourselves. One thing that happens, that has nothing to do with metrics, but as product managers and people involved in the process, we can think of this thing that we're making, this new thing we're bringing into the world, as our own baby in some sense, right? People get connected to it, as opposed to recognizing, I'm a resource and I need to use my time and capabilities as best as possible and if my baby isn't developing properly, then I should probably go start working on a new one.

[19:40]

SAEED: Yeah, it's a fine line. I'll admit that I have had emotional attachment to products, but there's a line where you use that attachment for beneficial purposes, but you don't let that emotional attachment sort of cloud your judgment. Let's say it's a product that you really love, but it's not really a great product. You can still love it, but you should also realize, this is not a great product. Let's do the right thing for this not-so-great product, as opposed to saying, I love this product and I'm going to make it a success and I'm going to blindly move forward with it. I think those two things have to be taken into account. I think passion is important. I would hate to be a dispassionate product manager, because then I'm just punching the clock, but again, the decisions you make have to be the decisions that are best for the product. One time I was working in a company and the president was not really giving one product that I managed the resources it needed, and I was in a manager meeting and I said, "Look, if we're not going to do the right things, let's just sell this product off." Everybody just stared at me. I was like, "No, because either we do the right thing for it or we don't invest anything at all. We're wasting our money here." That got shot down, but then a year later they sold the product off. So maybe I was right, it just took a year for the others to realize it.

CHAD: You were the prophet in the desert and it took a while for people to actually listen.

SAEED: I was emotionally attached to that product, but I wanted it to be treated properly, or someone else can treat it properly. One way or another, you have to do the right thing. It was just one of those things, where I just threw out the extreme solution and that did, at least for a short period of time, push

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people into action. But in the end, the right thing was, it wasn't where the company was focusing, and they made the right decision.

CHAD: Yeah. That's certainly a good criterion to look at when it comes to either retiring a product, removing it from market, or looking at a partner taking it on or just selling it, when there just isn't excitement around it anymore. It's like, there's been some shifts in where we're going, this one doesn't really get people excited anymore, or obviously doesn't have our attention, we should probably think about it having a different home. I like this framework you've got going on here. The Build It, Nail It, Scale It sort of thing. So let's talk about some sort of specifics, then. Build It is obviously where the product gets ready, Nail It is when we have our launch to customers, so that commercialization of the product where they're starting to buy it. What would be metrics that we should be looking at in the Nail It stage? You talked about these four business kind of categories, right? The actual business itself, the go to market, organizational readiness, and the product itself. We could probably get wrapped up in this. Help listeners understand what we should be looking at when we're trying to Nail It, and what kind of things we want to measure during that time of, hopefully, what is growth for our product.

[22:48]

SAEED: Sure. It's a bit of an evolving process. So in the beginning....and it's also really where you're focusing, so if we take those four categories, in the Nail It side, your primary, your sort of major, focus areas, are obviously on the product, to get it right, and then your go-to-market. How are we going to take this to market and what needs to be the right messaging, right positioning, who are we going to market it to, etc.? Not ignored at all, by the way, are the business and organizational readiness. But they're not as critical at that point. You don't need every single department in the company focused on that product at that time. Yes, they have to have focus, but they're not...unless it's a one-product company, then of course that's what everyone does. But fundamentally, you have a higher focus on those two areas: go to market and product. So when you think about that, you can look at all the various product metrics you need, whether it's specific technical product metrics, or product/market fit type of things that you want to look at. How are we doing in terms of evaluations or in terms of competitive scenarios or in terms of sales? Are we really hitting the mark when it comes to our... you know, if you do POCs or evaluations, or whatever. Those are all things you really want to focus on. Then once you get to Scale It...so Scale It, as I mentioned, is you're not just scaling the product, you're scaling the business. You want to grow customers, you want to grow revenue, you might be even expanding geographical coverage, or something like that. You're really scaling. So now everything comes into play. You really have to have your business strategy and your business objective crisp. You definitely need your company aligned organizationally. Everybody needs to be really moving forward together. The other two still remain as very prime. You go to market and your products...so the kinds of metrics I mentioned earlier, so things like...and again, these are not, you might be able to turn them into numerical metrics. So the easiest ones are obviously the sales and marketing metrics—your funnel, your conversion rate, or your pipeline, or whatever. You might not be at a level to measure renewals or anything like that yet. Whether you've got geographic contribution, you might be looking at that and saying "How are we doing in geographies? Or where do we need to expand to?" So those are all things you can look at. Those are more pure, sort of sales and business metrics. But in terms of marketing, you might get into some of the standard marketing metrics that you look at. Some of them might be things like references

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or funnels or social media, or even what's the state of your collateral? And collateral tends to get overlooked, because we have a data sheet, we have a white paper, etc. But really that should be aligned with your sales process. You've got different people at different stages of the sales process, you know, suspect, prospect, evaluator, buyer, etc. What you're doing in terms of information flow to them should be aligned there. A lot of times, again, that's not really done in a sort of predetermined way. Collateral gets created, okay, great, anyone got a white paper on X, or do we have an ROI spreadsheet on Y, etc. It seems to be done ad hoc in a lot of companies. But if you align all that and then you measure how are we doing, where are things dropping off, then you can actually get some clear metrics. People like product managers should really be overseeing that. A lot of times, people will hand that off to marketing or product marketing and they don't pay attention. They're saying, hey I'm busy driving the roadmap for the next release. But really, if your release that's out there isn't really successful, or as successful as it could be, why are you focusing on building the next one? Get the first one successful. So that's the, you know, you haven't really nailed that part of the product, before you sort of want to scale your development efforts. The metrics can be as simple or as complicated as you need to be. I tend to view things at a fairly high level. I look at numbers, I'm a numbers guy, but I don't think that you get a lot by being too numbers-oriented. Some people might thrive on that. I tend to say, I have to look across the board, so I'm going to look at the things that are important across the board.

[27:25]

CHAD: It's that bigger picture, maybe, a more holistic perspective, because numbers in one area might mislead us, without understanding some of the dependencies and relationships between what's important.

SAEED: Exactly. And the thing is that those metrics are not 100% indicators of one thing or another, but when you look at them collectively, you want to be able to connect the dots and see the patterns, and if you see that, hey, yeah, we're really executing on the marketing side, sales seems to be doing okay, but we have this problem over here, support seems to be overwhelmed. Well, guess what? Why is support overwhelmed? Even though QA told you all the bugs were fixed, there's some problems going on. So when you start looking at those kind of metrics, you can say, okay, let's dig down and find the real problem. So the metrics won't tell you necessarily what the problem is, but they should guide you to where to focus. Support might...I have a weekly call with customer support, my customer support team. We've been doing it for years. I think it's a standing meeting for the last six years. It's great, because they will tell me exactly when things are not going well. Certainly, if you see that right after a launch, that's not a good sign.

CHAD: Yeah. And that's when you want customer support involved. Especially right after launch.

SAEED: I think they're often under-appreciated. I think that they are amongst the closest people to the customer in many ways, and I tend to listen to them as much as I can.

CHAD: Yeah. Which for me is why it's such a frustrating trend that's been going on for some time, now, that we're outsourcing so much customer support. Those people, even if it's, we've done a good job outsourcing and we've created a good team to do the work, they're not invested still, in the feedback they're getting from customers. Any customer contact should be a really valued experience that a company wants to make as best as possible.

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SAEED: Absolutely. I agree with you. I think they have to be invested in the product. Most customer support people I've worked with have been really great, but I do think that outsourcing something like that has definite downside.

CHAD: Yep. So let me give you an example, as you were talking about the scale up points. I was thinking that one thing going on when we're scaling it, is we're trying to get our product out to more people. That might take shape as having more distribution channels for it. If this is a physical product, maybe we have actual distribution warehouses that we're going through, or it's an intangible product, service, or software, or something, we still may have partners that are reselling this on our behalf. So we're increasing channels as we scale it. We might be looking at metrics that tell us we have some distributors that aren't working as well as others, and we might, without diving in further, come to some wrong conclusions about that. It might tell us that there are some segments among our markets and target segments that are actually where we should be spending more time, and others that aren't really worth the attention we're giving them right now. Keeping track of that sort of thing, seems like that could be helpful. Metrics, like you said, we want them to fit the problem that we have, fit what we're trying to accomplish.

[30:39]

SAEED: Yeah, exactly. And it could be that, for example, with resellers, and I've dealt with resellers in the past and some of them are better than others. One thing we tend to forget about resellers is they're not just reselling our product. They're actually selling other people's products as well. So we had a case once, this is a long time ago, where a reseller who had been doing really well, suddenly, their sales of our product dropped off, and everyone's wondering why. The immediate thing was... We had a new release recently and it's a product issue and they weren't trained properly and blah, blah, blah. The answer was, no, it had nothing to do with it, it's just that one of their other partners, whose products they were selling, suddenly gave them some huge incentives to sell that product, and guess what? $A + B + C$ is a constant, right? So when product A focus went up, product C focus went down. And it was as simple as that, but nobody really thought to kind of look at, well what are they doing with other companies? It had nothing to do with us. And that happens internally as well. I've seen products where you have salespeople sell multiple products and magically, one shiny new object gets all the attention, and the sort of less shiny, older object suddenly drops, and people are wondering, why is that other object dropping? Why aren't they all going up together? And the answer is, because those salespeople are focusing on what's easiest to meet their quota. They're not looking at which product is going up and which product is going down.

CHAD: That's an important thing for product managers to be aware of. I'm glad you brought up the example of recognizing what might be going on at the distributors and resellers, because you are one of many. If there's not quotas in place, their mindshare is going to go where the best opportunity for them is. It's the same for our internal salespeople. Making sure product managers are actually engaged with sales management and knowing what are the goals for different products, and how does that fit in with what our objectives are, is really important.

SAEED: Yeah. In one of my first product management jobs, I had this problem where I was not working on the shiny new object product. Sales, they went up for a while, but then they started going down

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because the salespeople as a team started focusing on the newer products. I was, among other things, compensated on the success of my product, so I felt it both in the sales reports, but also in my bonus check. I went to the sales people and asked them, why aren't you selling this product? They were very honest and said it's easier to sell the other product. That's where all the marketing is, etc. My first instinct is, okay, well we have to set some kind of quotas on this product. I can't have the salespeople just ignoring the product. The sales manager was like, I can't do that. I can't tell them they have to sell 20% of your product and 60% of another product. They have to meet quota and I have to let them decide how they'll best meet quota. In the end, what happened was, a couple of sales reps said, I think I can sell a lot of this older product. And they actually stepped up and volunteered, and said we want to be dedicated sales reps for that product. And the way they looked at it was there was a large customer base for that product, there was a good maintenance stream, they could sell back into those accounts, they didn't need a lot of marketing, and instead of 10 or 20 salespeople all sharing a small piece of this small pie, a couple of them would split the larger pie, so to speak. Guess what? The focus came back, sales went up and everyone was happy. The guys who wanted to sell that product sold as much of it as they could, the people who didn't want to sell it could focus on the new, shiny objects. But that was something that initially did not go over well with management when it was proposed. They were like, we can't do that, we've always had sales reps share product. We've never had dedicated sales reps. But once the salespeople stood up and said we want that...I guess it's the messenger, not the message. They listened.

[34:41]

CHAD: They're pulling instead of you trying to push it.

SAEED: Exactly.

CHAD: That's a good way to address that problem. If there's appeal for this product still, and salespeople are recognizing, I think I can do well with that and we could just focus on that, it's a good example. So we talked about Nail It some, Scale It, remind me what comes next?

SAEED: Extend It.

CHAD: Extend It. So what are we looking at for metrics inside Extend It?

SAEED: So Extend It is an interesting phase, and I think it's the most interesting of all of them, personally, because when I say Extend It, what I mean is you move into new markets, new market segments, new use cases, you're going to look at new customers as well, or extending your reach inside of companies that already use the products, so this is almost like the rebirth of the product. You've kind of taken one trajectory, you've gone up, you reach a certain point, now you're saying, we have to go further. How can we go further? And you have to go further using new approaches or new tactics. Extending a product could be new features, new capabilities, but it certainly could be marketing and sort of new positioning and new use cases, etc. So this one is interesting because, again, it's a very broad topic and it depends on the approaches you take, but you would look at, for example, if you're looking at new features, and new use cases, then you really want to look at adoption of those new use cases with your markets. So your salespeople have been selling it to do X, now it can do X and Y. Are customers actually buying it for Y? And if so, how is the adoption for that? Is it good, is it not good?

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Often times, a successful product will do really well, but then when it's extended, it's like brand extension. When you extend it to the second thing, people still think about it as doing only the first thing. So the adoption of the second or third or additional use cases is actually quite small. It's incremental as opposed to being significantly additive. Those are the kind of things you want to do. Or if you say, look, we're going to extend through geography, how are you going to reach these new geographies and how are you doing in those geographies? So the nature of the extend drives the metrics that you would track. Does that make sense?

CHAD: Yeah, what you're trying to accomplish. If it's can we get more of our existing customers, maybe, to buy an add-on or related product, or can we extend our actual market size to a new geography or a new target segment? I think another case would be, can we dive into a market segment and blow that up more?

[37:29]

SAEED: Exactly. So one great example in the market that I'll talk about is VMware. I don't know if you know the history of VMware, but you know what server virtualization is, I hope.

CHAD: Yeah, and just for listeners, right, because we have people from building products to software and toothpaste and everything in between, so VMware, one of the things they got really known for was the capability to virtualize systems, servers, often, to one physical platform. So you take one physical server machine, like from Dell or HP, maybe run 10 logical servers on that thing, right?

SAEED: Yes, exactly. So, when they first came to market, which was many, many years ago, first of all, the technology was new, people didn't understand it, people didn't see the value of it, etc. But their initial target that they got a foothold in and an enterprise was in QA. QA teams, if you know about enterprise QA, they need to have multiple different configurations of the servers so they can test all these different configurations of the company's software. This is really expensive if you have to have dedicated hardware for every different configuration, which used to be the case. Then here comes VMware saying, hey look, you can have multiple configurations on the same single hardware and you can switch them out as needed. This use case was great. The audience was already a technical audience, there was not a lot of risk in terms of doing that. There was clear cost savings, etc. So that's where they got a foothold, in enterprise. They were doing that for many years and it wasn't until later on that the idea of virtualizing servers in production, for example, and having dynamic server workloads and all these kinds of things that are commonplace now, took hold. But when they moved from this sort of niche QA audience into the broader IT enterprise audience, that's when their growth exploded. They built it, they nailed that one use case, they scaled it up, they were used widely in lots of different QA environments in different companies, but it was that next phase, Extend It, which is when they really saw huge success and became dominant in the market. So that's why I say I really like that Extend It phase, because it really is at the heart of what product management is. How can we take this technology and apply it to different markets, and then how do we make it successful? If they tried to go to that server virtualization market at the beginning, they would have failed miserably, because people would say, there's no way I'm taking my production environments and putting them on your software and who knows what's going to happen?

CHAD: It's unproven, right?

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SAEED: Yes.

CHAD: But they nailed it in one specific use case and grew it from there. Part of that was just watching trends, too. Another way they extended it later was in the disaster recovery space, because it was easier to back-up a VMware server than other things.

[40:33]

SAEED: Absolutely. There's lots of use cases of it. But that's the heart of that. And so, what was important to them when they extended it into the general IT environment? Well, it was certainly very different than what was important for QA people.

CHAD: Being aware of what those differences are is certainly important. We might create some metrics around that to track it.

SAEED: Yes.

CHAD: So that takes us through Extend It. We've got Build It, Nail It, Scale It, Extend It, and ?

SAEED: Milk It.

CHAD: Milk It.

SAEED: Yeah. So Milk It, you know people talk about some products being a cash cow, right? It's sort of the same metaphor but you're reducing investment in the product, you've got a large customer base, if you're on a product that has maintenance renewals, you're probably having a significant portion of your revenue coming from maintenance renewals, and then you're continuing to just do the things to sell into those markets, but it's not heavy investment. It's not intended for growth; it's really intended to maximize profits. You're reducing your overall costs, you're increasing your margin and like I said, one of the first products I ever managed was in that phase. It was really a very mature product and the profits from that product were actually funding some of the other investments in the company, so they really wanted to maximize things. As a first product to manage, that was not the most exciting thing. I tried to make it as exciting as I could, but it's a reality for every product, at some point they go into this phase where you're really looking to just get cash. A lot of companies, CA as an example, has a lot of products in that phase. These are very mature products that have maintenance streams and they don't require a lot of R&D and that's sort of the way they focus a lot of their business.

CHAD: Right. As a part of a healthy portfolio, we need those cash cows, because they keep revenue coming in and it helps us fuel spending money on innovation and new product development.

SAEED: Exactly. In those cases, you don't really care about a lot of the product metrics. You're not changing the product much. Certainly you want it to be stable if you update it, but you don't really look at it from a feature functionality perspective. You're going to market isn't obviously going to change at that point. You're not going to launch some radically new marketing programs. From business perspective, things are static. Whatever you're tracking metrics before, whether it's funnel sales, marketing funnel, etc., strategy, those are pretty static. The real one is, where focus is still needed, is organizational readiness. So you have a huge customer base, they are going to be having to deal with the various aspects of your company, support for sure, probably services if that's the kind of company

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you have. So you want to make sure all of those groups are still aligned. Part of it, also, is that for a lot of people, that Milk It phase is kind of boring, and it's no longer the shiny new object. From a product manager perspective, you want to keep those people aligned and enthusiastic about the product. Say, "Hey, even though we're not investing a lot, this is really the product that's paying your paycheck, so you might want to make sure it does well, because we're all bound by how well this product does and contributes to the bottom line." So, I think those are things that people need to understand and focus on. The thing is that this Milk It phase can be a very short period of time, if there's dynamic market changes, or it could be a very long time if the market and need is pretty static. I've seen some products that a decade, they're just in that phase, and the company is just pulling the profits out. I once worked for a company that was acquired by Novell when I was shocked to see how much NetWare maintenance revenue was still collecting in the 2000s.

[44:31]

CHAD: Right. There are still Novell networks out being used.

SAEED: And they're paying maintenance. I mean, they were then. I don't know about now. But they still were then, and it shocked me. I never would have imagined that.

CHAD: It was a good business model for them, created that cash cow to milk it.

SAEED: Exactly.

CHAD: Very good. As we've talked through this, I know I've seen some slides from you in the past on addressing some of these topics, is that a presentation I can include with the show notes for this interview? I think it would be a good resource for people to look at and have available.

SAEED: Yeah, absolutely. I can forward you the links.

CHAD: That would be great. I'll include that with the show notes for this too. As listeners know, when we get to the end of our time together, I always like to ask for an innovation quote and why people chose that quote or like it. There's lots of good ones that can be picked; do you have an innovation quote that you enjoy that you want to share?

SAEED: Yeah, I have a few, but not to sound redundant, the one I say a lot, probably too often, is...we've already talked about, is "Nail It, then Scale It." I think it applies not just to product management, it applies to business in general and I think it even applies to other aspects of life, which is simply that whatever you're doing, get it right on a small scale. Make sure you understand it, make sure you know what's right, what's wrong with it, etc. before you multiply all of that by going big. If you have something that has a lot of problems and you scale, well, guess what, you're just multiplying the problems. When I hear people say things like, "Go big or go home" I look at them and say, "You should just go home." That analogy or sort of those two things, are not opposites. They're not things that are mutually exclusive. There's something else that needs to be thought through there. I've seen it, sadly, in companies where there's either an impatience to get to revenue or there's not a clear understanding of what's really involved. I was once in a startup where a board member basically said...we're doing research on where to take the company, and the board member listening to what we were doing said, "Which one of these things do you think is the most probable one?" I said, "Well, it's hard to say, but right now based on

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what we know, it would be #3.” He goes, “So why don’t you just do that?” And I kind of looked at him and said, “Because we don’t know if it’s actually right. We’ve just started our research. This is the first board meeting where we’re reporting back on our research.” It just stunned me that here’s someone who had a financial investment in the company, I’m trying to be wise about where we’re going to spend their money, and he has this impatience where he says, “Go with your gut.” That’s good enough for him.

CHAD: And it may have worked for him before, and they made the right choice and got lucky. Like when you talk about Nailing It, like you said, you have to...you might not know where to start with that. You might have a few customer markets you’ve identified, and you do the experiments and you see what sticks. Once it sticks, then you can scale it.

[47:45]

SAEED: Yeah. In some cases, you know, I would say decisions are always made with incomplete data. Calculations are made with complete data. We never have complete data when we’re in business. We’re always making decisions, there’s always ambiguity involved, but you have to make those decisions. Let’s make informed decisions, and then let’s move forward. You might say, “Yeah, we’re not sure of those three, yeah, maybe that third one was the right one, but let’s get to a point where we can make an informed decision.” And then maybe it is number three. But to let’s just sort of say which one sounds good. I just find that that’s where a lot of big problems occur, where CEOs or other leaders just...like you said, maybe it worked for them before, but guess what? No guarantee at all it will ever work for them again.

CHAD: I wish I could remember the name of this guy. He was an oil explorer, which probably has a much more technical term, but the guy that would go out and say where to drill. In reality he was just lucky. Because it wasn’t his space at all. He got associated with this company. I don’t remember if he inherited it or bought it, or what the deal was, but he recognized that the team just needed confidence. He said, “We’re going to get some of them wrong, we’re going to get some of them right” but he just picked a place to drill and he got lucky the first time. And he got lucky the second time. And he got lucky enough in the early part, that the company was successful, until he could get real people in that knew what they were doing. Sometimes luck works. I won’t turn it down.

SAEED: No, but it’s only after the fact that you can claim that. You can’t claim that before the fact. I don’t know if you remember; there was a company called...a search engine company that was founded by ex-Google people, and it was Ciul, it was pronounced “cool” but the worst spelling. I wouldn’t expect you to remember it. I worked in the search engine space for a while so I used to track these things. But they left Google, they wanted to create the next Google, they decided to first of all, the name made no sense, no one could spell it, but secondly, they came out with a search engine that was supposed to compete with Google that had very little of the web index and didn’t give great search results. What was funny was, you launched with big fanfare, hey these are ex-Goglors, you set an expectation, you couldn’t even deliver the most basic requirement that people have, like, give me some accurate search results. I don’t know if Google has one billion, 10 billion, 100 billion web pages indexed. I really don’t know and I don’t really care. I do know that when I search for stuff, it usually gives me good results. So Nail It before you Scale It. They were out of business within about six months. Literally, they came, they had this big launch, it was a failure, and six months later, or some very short period of time, I blogged

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about it way back then, it had disappeared. I don't know how many tens of millions of dollars down the drain. You'd be like, where were the VCs? Didn't anyone test this thing and say, "Hey, I did some searches, and it's really not very good. Should we really launch this yet?" But that was a case of the Scaled It before they Nailed It, and that's why this thing...it sounds trite, but you see it all the time.

[51:11]

CHAD: You do. It's such a big problem—people building products that we don't need and just don't work. I love the quote. I'm going to add it to my list of things I share. I'll try to give you attribution when I remember, but I'm warning you, I might just steal it. Nail It before you Scale It. It's great. You mentioned your blog earlier, too. How can people find out, track the work that you're doing? You're making lots of great contributions to the space of product management and sharing good knowledge. How can we find out more about that?

SAEED: Sure, thanks. The blog is called On Product Management.net, so onproductmanagement.net, so it should be easy to find. I have to be honest, I've been a little negligent in terms of updating the content, but we have about 8-9 years of content there, from many, many contributors, not just me. I welcome guest posts from people working in product management or innovation or product development. If people are interested in contributing, absolutely, love to hear from you. But there are hundreds and hundreds of articles there, covering the topic we've discussed here today, metrics, as well as many other really good topics.

CHAD: Excellent. I will add that to the show notes, too, and make it easy to find. www.onproductmanagement.net. Very good. I so much appreciate your time. We talked about metrics and other aspects of product management, and it was an enjoyable conversation. Thanks for joining it!

SAEED: Yeah, thank you very much, Chad. This has been great.

CHAD: Take care.

SAEED: Bye bye.

CHAD: Thank you for listening and for sharing this podcast with other product managers and innovators. If you're not already connected with me on LinkedIn, please send me a connection request. Just search for Chad McAllister PhD on LinkedIn and you'll find me easily. For the summary of the discussion with Saeed and the full transcript, just go to www.theeverydayinnovator.com/087. Keep innovating!