

MASTERING PRODUCT STRATEGY & PLANNING



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We're so glad you've downloaded this ebook! Let us quickly introduce ourselves before jumping in.

Productfolio creates amazing Product Management software, so your team can focus on creating amazing products. We're passionate about the craft of Product Management and have learned from interviewing hundreds of Product professionals, that every team is a little bit different, but most successful teams share a core set of patterns and principles.

We hope these insights are helpful and love to hear from you if you have feedback or questions about this content herein, or our platform (hello@productfolio.com).



Happy Product'ing!

Neal

1. PRODUCT STRATEGY

Strategy is both easy to understand and a complex, mysterious art. Like a game of chess, it is a game, but to do it effectively, one must understand the contextual landscape, the capabilities of the actors on the board, and with a mastery of that nuance, navigate a path to success.

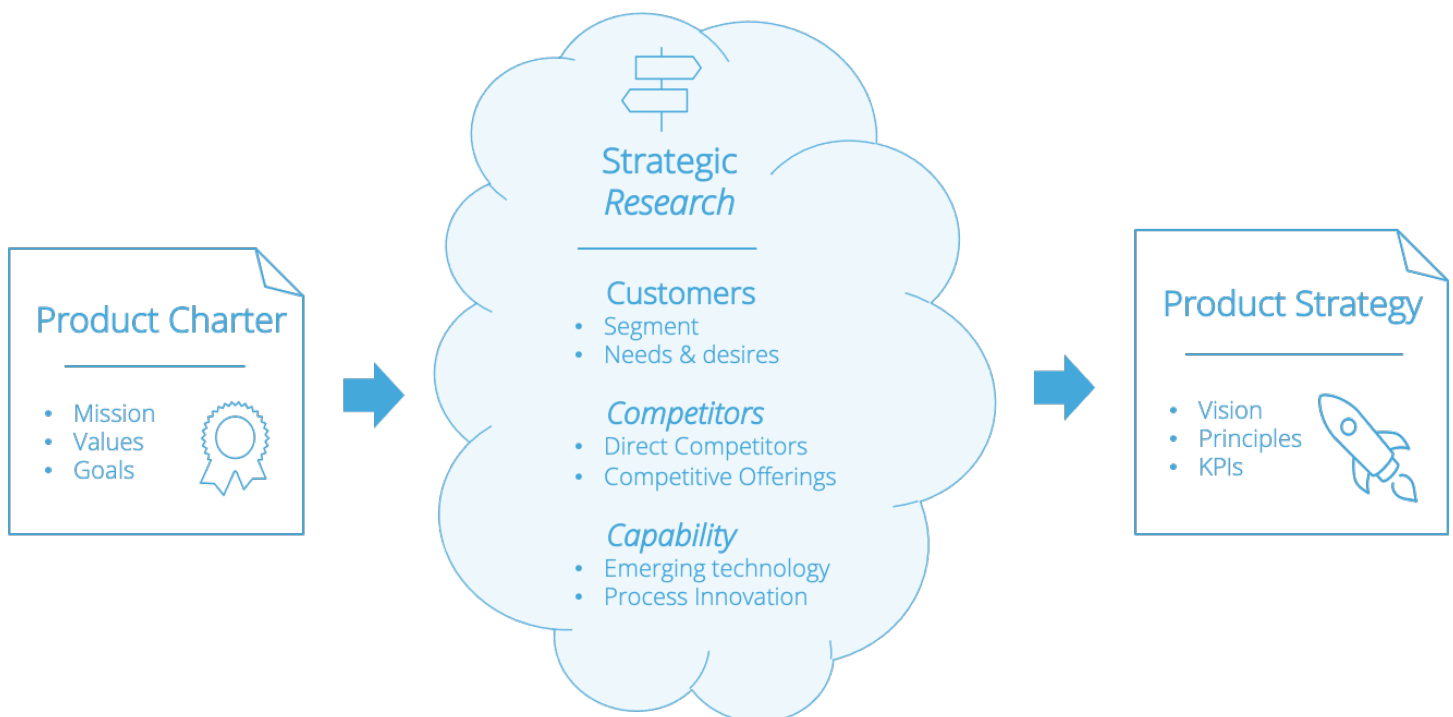
Effective product strategy is rooted in research, in order to achieve a deep understanding of our customers, competitors, and capabilities. By paying attention to the nuances in these areas, we can identify needs or desires of our customers that haven't been met, weaknesses or blindness of our competitors, and disruptive opportunities to innovate how the problem space is addressed.

“Strategy is fundamentally about choice – choosing what NOT to do, so you can do a few things really really well”

Michael Porter

There are essentially three steps to defining a product strategy:

- **Product charter** you're starting with (implicit or explicit)
- **Strategic Research** that you'll do to develop a nuanced understanding of your competitive landscape
- **Product Strategy** you'll ultimately define based on and detailed understanding of the charter and competitive landscape.



2.

BUSINESS

ALIGNMENT

BUSINESS ALIGNMENT

In large organizations, there are generally four levels of strategy and planning to be aware of – Corporate strategy, Business strategy, Functional and Action Plans.

In smaller companies this will likely be collapsed down to just 2-3 layers and the distinction of these different layers may not be as clear, but it's good to think in these terms and keep this 'normalized' model in mind as a starting point.

At the top of the pyramid is a corporate strategy that determines what business to be in – this drives M&A activity, corporate initiatives and the budget allocations for the strategic business units of the corporation.

Each Business Unit then has a budget and a mission that cascades down from Corporate that they'll determine Business strategy in response to. Missions and budget are then cascaded down to the functional groups such as Marketing, Engineering, and Product and they develop their own strategies to support the business strategy, and so forth.

The action plans that follow are the tactical plans that support the cascade of aligned strategies that sit above.



Product Management is a function that works with the domain of a product, to achieve the mission of the Business Unit. Thus, a critical aspect of Product strategy is ensuring your plan for the product is closely aligned with the strategy and intention of your business sponsors.

As Marty Cagan has said, “The business strategy and business portfolio planning provide a budget and a set of business metrics. The product organization then lives within that budget to pursue as aggressively as possible the best ways to hit those business metrics.” This is where a clearly articulated Product Charter can be helpful.

PRODUCT CHARTER

There is almost always an expectation from Business leaders about what Product Management will produce and that it is well-aligned with the goals and direction of the Business Strategy but it's not always stated explicitly.

When that happens, it is the responsibility of Product leadership to extract this information from business leaders, to ensure those expectations are declared and understood, enabling Product to build a strategy on a solid foundation.

A Charter can be simple, stating the mission of the team, key business goals, and guiding values that will act as guard rails.



Mission Statement

Create an online lead generation solution for real estate agents and brokers, that leverages recent innovations that open up new ways to create compelling experiences and value for buyers, that differentiate Agents who use this solution.

Goals

- Build MVP launch by June
- Increase user user signups
- Increase customer satisfaction

Key Results

- MVP launch by Spring 2019
- 30% increased signups
- Increase NPS Score by 20%

3.

STRATEGIC RESEARCH

(DIVERGE: UNDERSTAND)

STRATEGIC RESEARCH (DIVERGE)

With a Product Charter in place, it is time to dive into market research, to develop a deep understanding of the landscape within which we're operating. This can be a bit of a deep dive in the beginning, but once you're up and running, iterative improvement to this research is something you'll want to keep up on, so you always have your pulse on the market, and are able to see opportunities when they arise.

CUSTOMER

We should generally start our research with understanding the customer. We're on this journey to achieve our Business goals, but we accomplish this, by addressing the needs and desires of our customers.

In fact, this is what makes Product Management a strategic function – it is our responsibility to understand the needs of the Customer and how to perform in the external market, in order to achieve Business goals.



To start this process, we need to understand who the customers/prospects are. Every customer is a little bit different but generally speaking, there are groups that people naturally cluster into – so by understanding those key groups, and the needs + desires shared by that group, we can develop a much more nuanced sense of how to resonate with those users.

Customer Personas are a great tool for clarifying who those customer groups are. There are probably 3-5 different personas for every product that have overlapping needs which bring them to our product.

We might say for example that a working mom, a sales professional, and a young person looking for a dating spot, all have overlapping needs of a nearby restaurant, but if you scratch below the surface, you'll see the “why” for each of them is every different – the working mom needs quick and healthy food she can take home after work, the sales executive needs a quiet spot for a sales meeting, and the young person is looking for romantic ambiance.

Understanding these nuances can help to understand more need or desire that can be served, creating more value for the customer and thus increased product-market fit. There are several tools and frameworks listed below that can be useful for stepping through this analysis and developing a detailed understanding of your customers.

Useful Frameworks

- Customer Personas
- Design Thinking
- Jobs to be Done
- Journey Mapping

COMPETITION

It is not enough to understand what a customer wants and needs – we need to understand the *unmet* needs and desires. This means we need to develop a good sense for who our competitors are, the products they offer, the gaps in their offering, and what their future plans may be. With this understanding, we'll be able to determine a differentiated value proposition that stands out in the market.

The first step is really knowing who our competitors are and what they're capable of. Get to know everything about them such as where they're based, what funding they've raised, how many employees, and how long they've been around.

Also, spend some time with their products and going a little gap analysis – this will give you a much better sense of who is leading, lagging, and innovating in the market. Once you have a sense for this, chart the data to make it easy to communicate and refer back to – The Gartner Magic Quadrant is a great framework for doing this.



Useful Frameworks

- Gartner Magic Quadrant
- Generic Competitive Strategies
- Competitive Gap Analysis
- Landscape Diagrams (ex Lumascape, et al)

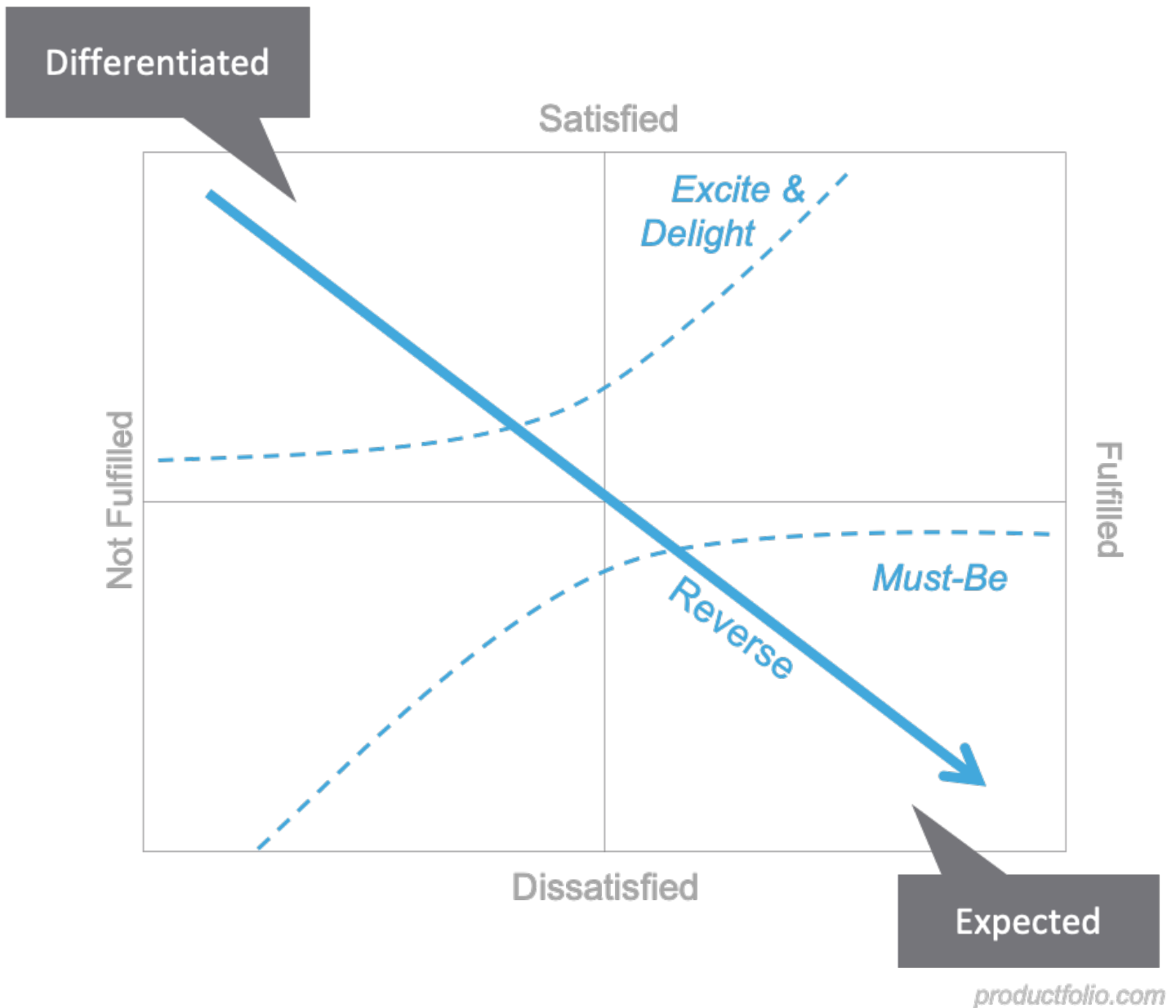
CAPABILITY

Finally, we need to look at recent technology and process innovations that we might be able to bring to bear. In a crowded market, having a better way of solving the problem can help to provide disruption and differentiation.

The Kano Model has become a popular way of describing the difference between Delight'ers and Must-Have features in a product. What's sometimes missed in this model however, is the reverse line between the two, meaning that over time, a delighter becomes a must-have, once it is commonplace.

“What makes a resource truly strategic and a sustained advantage — is not ubiquity but scarcity.”

Nicholas Carr

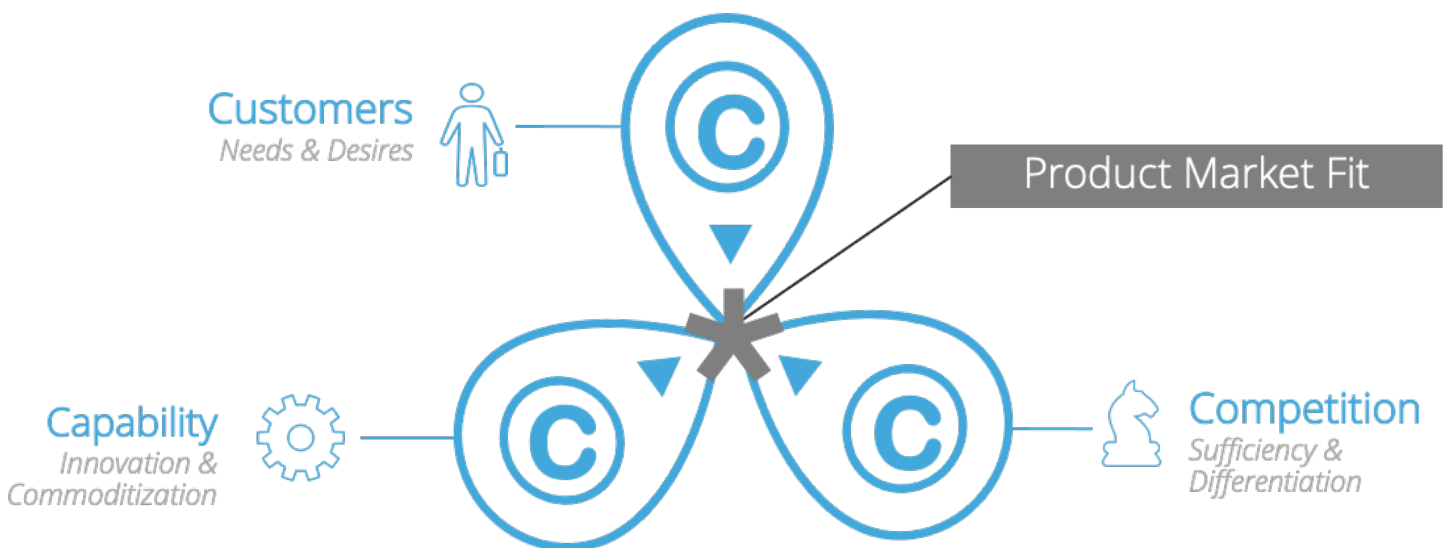


To that end, technology is always improving and even non-technical processes continue to evolve. Spend some time understanding the market to find out what is changing and what the opportunities might be in your industry, to apply these innovations to create additional value for customers – either through new experiences, increased efficiency, or consequently lower prices.

Useful Frameworks

- Kano Model
- Product Lifecycle
- Ansoff Product-Market Matrix
- Innovation Curves

Finally, with these insights from our research about customers, competitors, and available capabilities – it's time to begin formulating a product strategy. Product-Market fit is what sits at the nexus of these three things, and the culmination of all your research.



There are a number of frameworks that can be useful for constructing a differentiated position, once you're clear on these details. For example, Generic Competitive Strategies (Porter) suggests there are really only three positions that one can take:

- **Cost Leadership** - if early to market and able to grow quickly
- **Differentiated Product** - for when there's something truly unique or disruptive hasn't been realized yet
- **Niche Audience** - by addressing a the needs of a specific group/segment/persona.



You can also try using the Value Creation Plane (Cabage) to plot yourself and your competitors across a 2-dimensional value plane and systematically identify new ways to approach your solution that can differentiate and might resonate with your audience.

Spend some time exploring these frameworks and ideating possible options, then sharing these with your Business sponsors and customer research cohort, to get a sense which options might be a good fit.

Useful Frameworks

- Generic Competitive Strategies
- Value Creation vs Value Capture
- Value Creation Plane
- Product Vision Definition

4.

COMPOSING A STRATEGY

(CONVERGE: COMPOSE)

PUTTING IT TOGETHER (CONVERGE)

So far, we've covered the product charter, the 3 core aspects of strategic product research, and the frameworks for synthesizing together our insights into a cohesive product strategy. In this last step, it's time to create the Product Vision statement and articulate the pillars of our product strategy that are supported by vision.

PRODUCT VISION STATEMENT

The Product Vision is a Northstar for the team – it concisely articulates the future-state of this product, 3-5 years out. The goal is to keep this as short as possible (1-3 sentences) and every word should count, so take the time to think this through and reflect all of the hard work you've done in the research leading up to this.



Vision Statement		
<i>A [what] that will [why] for [who] by [how].</i>		
problem	Who (for) <i>Real estate agents</i>	Why (need of desire) <i>Engage and nurture buyer prospects</i>
	What <i>Lead generation solution</i>	How (differentiated) <i>Providing an innovative digital assistant for personalized discovery and notifications.</i>

A good format for a Product Vision is “A [what] that will [why] for [who] by [how]”. The ‘What’ variable is your chance to describe the tangible thing that you’ll be creating.

‘Why’ expresses the unmet customer need or desire. ‘Who’ indicates who we’re serving and ‘How’ describes the key aspects of the ‘what’ that provide the differentiated value.

“Vision without action is a day dream. Action without vision is a nightmare.”

Japanese Proverb

PRODUCT BRIEF (AKA 'ONE PAGER')

The Product brief (aka “one pager”) brings together the product vision, a discussion about strategic context, and high-level requirements into one document. Ideally this would also include design mocks / visuals as well to demonstrate user flows, when that applies.

What's Included

- Summary (simple 2-3 sentence overview)
- Vision (the vision statement described above)
- Discussion (describe the “why”)
- High-level requirements (5-15 requirements)
- Design Mocks/flows

What's Not Included

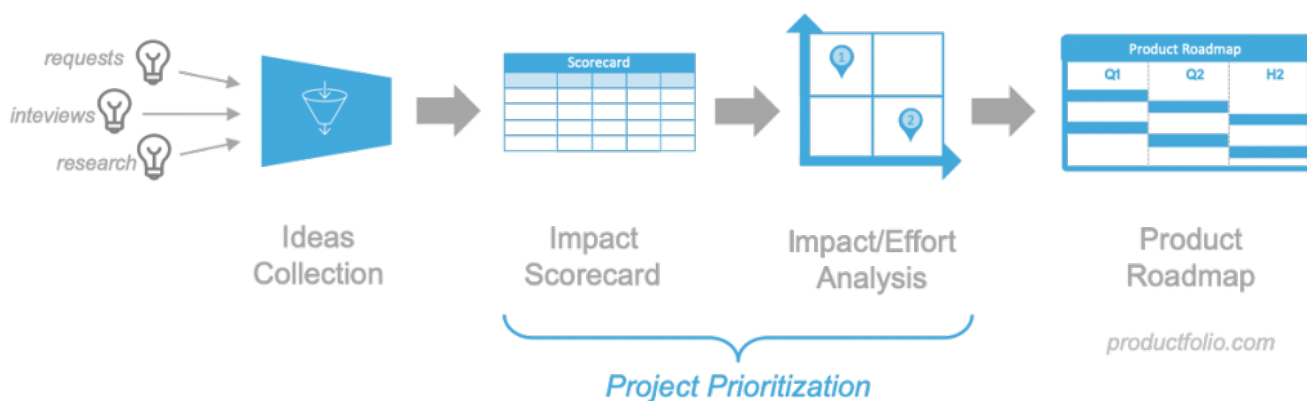
This should not include any planning details however — it's a stateless description of what we want to build and why, but it does now include details about goals, priorities, timeline, resource allocation, etc.

Note - even though we call this a “one pager” it rarely is. Its not uncommon to reach 5-6 pages, but try to keep it concise.

PRODUCT PLANNING

Now that we have a product strategy in place (a one-pager that asserts the key hypothesis, evidence, goals, and requirements, the next step is to figure out what to work on for the coming time increments to fulfill that strategy and how to manage progress and communication in the direction of our goals.

The aim here is to maximize the ROI of possible features and tactics, toward the impact of our goal(s) and long-term vision. In other words, what things can we create that will maximize and expedite the desired outcomes? And then we need to create a plan for when these activities will occur and plan to inform resource allocations etc.



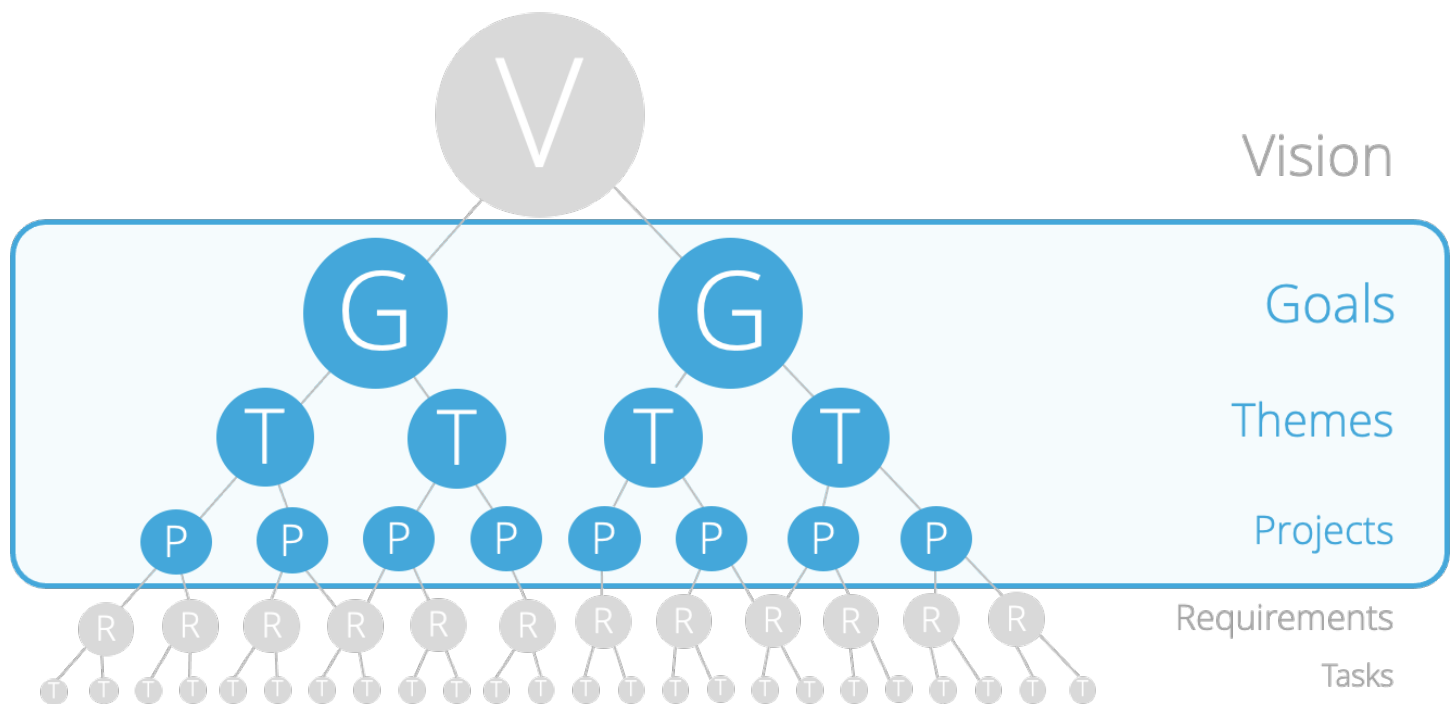
5.

THE ELEMENTS

OF PLANNING

THE PLANNING HIERARCHY

To align our efforts and resources, it is helpful to think in terms of hierarchical layers of planning that connect our vision to every incremental task that a team works on during product development.



For purposes of product planning, we assume the Product Strategy is already complete and the Product Vision is available as a starting point for our planning activities. We also assume that the more tactical details of Requirements Definition is a separate step in the process.

For Product Planning, we're specifically interested in defining the Goals, Themes, and Projects that will be shown on our roadmap. Just like the Product Vision was the output of our product strategy, the roadmap is the output of our product planning efforts.

GOALS

Goal setting is perhaps the most critical part of planning. It ensures your longer-term vision is aligned with business goals, and provides a focused outcome to prioritize team efforts against.

You'll generally have a cascade of goals that start with broad, long range (2-5 years) goals at a business level, and those are broken down into product-specific goals in the functional strategy. At the product level, you're generally aiming to set goals that follow SMART principles which can be achieved in the next 6-12 months.

There are three elements that should be part of your goal:

- **Human Language Goal** - what you want to achieve. (ex: increase user engagement through personalization)
- **Success Metric** - How will you measure progress
- **Metric Target** - The number you wish to achieve and by when? (ex: +5% in the next 6 months)

The most important part to get started with goals, is simply articulating the Human Language Goal (HLG) that you hope to affect with your efforts – this part alone is of significant help for driving alignment discussions.

The Success metric are secondary but still very helpful for setting expectations in furtherance of alignment. They're also important for outcome-accountable teams, to demonstrate success at the end of a roadmap timeframe.

GOALS -VS- OBJECTIVES?

This is often a point of confusion – is there a difference between goals and objectives? Technically yes but in practice most companies simply have a cascade of goals that become more specific and concreted, as you traverse the Corporate > Business > Functional hierarchy. Some companies refer to these as goals and others call them objectives (particularly companies who practice OKRs).

Note - *At Productfolio, we prefer to just call these Goals for simplicity, but we support either terminology.*

GOALS ANTI-PATTERN

Finally, a word of caution related to goals. It is important that Product develop its own functional strategy and not simply work against the business goals alone. Business strategy is generally oriented toward value *capture*, whereas Product strategy should be value *creation* oriented and in service of customers.

If you prioritize features directly against business goals, you're not going to create a product that most customers are passionate about and are abdicating a key responsibility of Product Management. So make sure you're setting value-creation oriented goals that align with the broader business strategy.

PLANNING THEMES

Moving on from goals and outcomes, let's talk a bit about the actual product creation side now.

Similar to a composition, there may be a handful of broader themes that the features we identify, will coalesce around, as threads through the fabric of our roadmap. It can be helpful to identify these themes in order to think about how much we want to emphasize one theme over another, and balance our allocation of resources across these themes.

In larger scaled Product Mgmt teams, we may have several Scrum teams working on the same product, in which case those themes become the basis of forming those teams. For example, you might have a Scrum team with a Product Owner

working on features for checkout whereas another team is responsible for signup.

Teams setup in this way are sometimes called “feature teams” and Product Owners responsible for feature definition for these teams are said to own a feature, a “problem space” or a “focus area”.

There might also be a temporary “initiative team” setup when intensive support for an initiative is required for a period of time. All of these terms are essentially referring to the same thing however – thematic clustering of related features, that are surfacing as likely candidates for our roadmap.

ROADMAP CANDIDATES

Roadmap candidates (at Productfolio we just call these “candidates”) are the units of work that are typically 1-3 months in duration, similar to a “project” or an “Epic”.

In Product Development, these are usually features which create a new ability of our product that is valuable to our customers, but it can also be an effort to refine an existing feature, optimize a conversion funnel, or to perform infrastructural work that may not be visible to the customer.

These candidates are a reflection of the opportunities that are identified during Opportunity Discovery, as incremental actions we take to achieve our goals.



“Plans are nothing. Planning is everything.”

Winston Churchill

PRIORITIZATION & ALIGNMENT

Assuming you've started collecting roadmap candidates, the next step is to begin scoring them, to determine a stack-ranking of candidates. The best way to do this is to line up those projects on a matrix and start scoring each project for how well they'll impact the stated Planning Horizon.

Context dictates how distant of a horizon to plan to – typically it will be something between 6-12 months, with a quarterly refresh cadence. Most larger organizations find themselves locked to the annual cadence of their organizations operating and budget planning cycles and thus they need to plan 12 months ahead.

Companies building physical products may have a more sophisticated materials planning cycle and might have a roadmap that looks 2-3 years into the future. In contrast, Agile/Lean tech startups often advocate for not even having time-based roadmaps, because they're still actively discovering market fit and making radical pivots as learnings surface.

6.

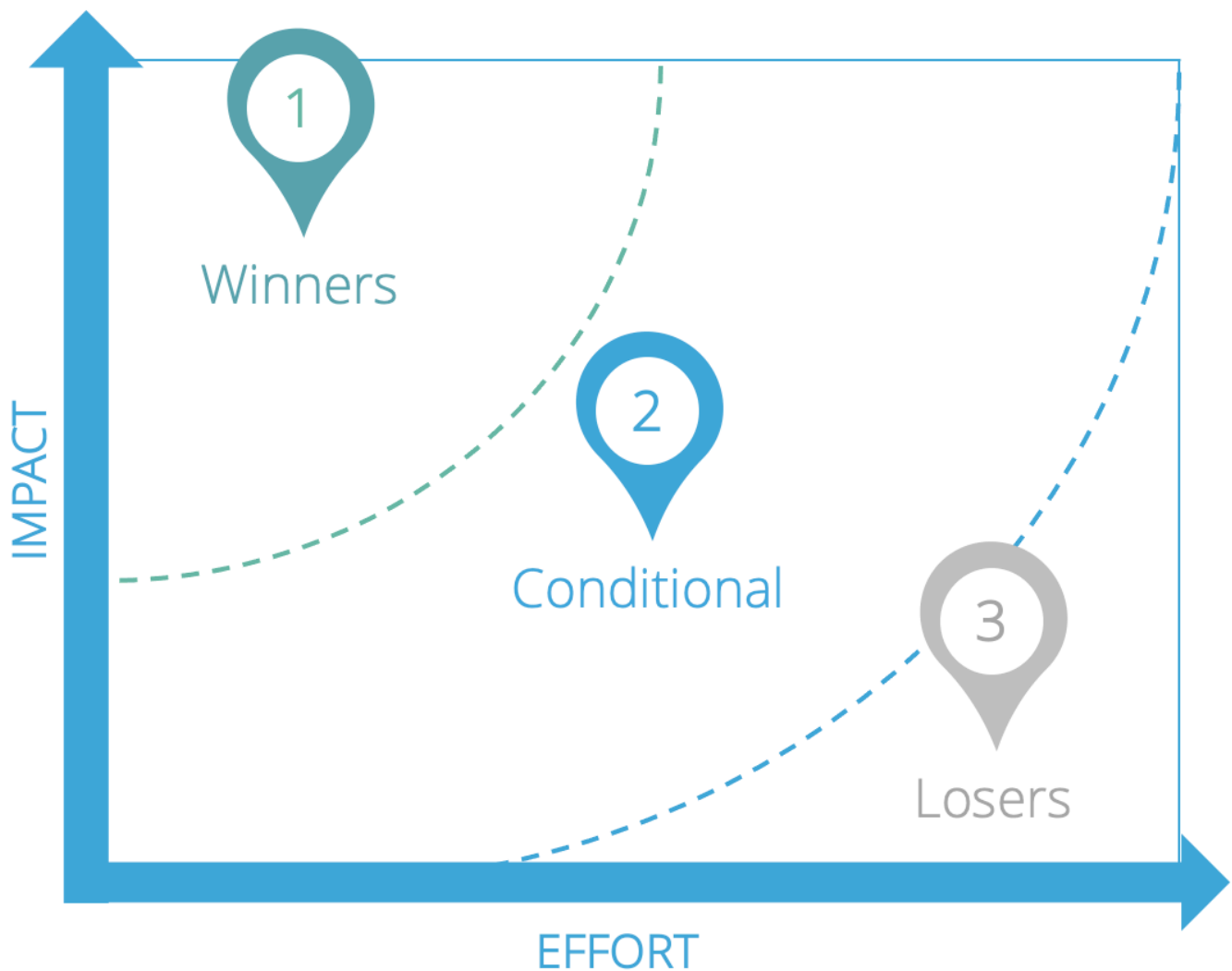
PRIORITIZATION & ALIGNMENT

As a rule of thumb, try to plan as far out as you reasonably can see a clear horizon – mature products are much easier to predict and involve more complexity that benefits from the longer-term planning.

This will provide a clear view as to which projects will impact the stated objectives most. We're not done yet though – we also need to consider the effort/cost aspect, in order to get the full picture of ROI (impact – effort = value).

To achieve this, we can use a scoring rubric. There are several popular rubrics such as RICE, ICE, or WSJF. You can also use something simple like impact vs effort that can help produce a nice visual of the best opportunities.

	Impact	Effort	VALUE SCORE
Candidate #1	5	1	4
Candidate #2	5	2	3
Candidate #3	3.5	2	1.5
Candidate #4	2	3	-1
Candidate #5	2	4	-2
...			



If you have multiple goals and especially if you want to weight the importance of those goals, a rubric such as Weighted Impact can be another great way to go.

Note - *Productfolio supports all of these options, it's just a question of what best suites your needs. The most important part is to use a rubric to objectify the process and use it to align expectations with the team and stakeholders.*

SCORING ANTI-PATTERN

It's important to keep in mind that feature scoring is imperfect and is as much an art as a science, and not fall into the trap of trying to do detailed NPV type estimates for every feature.

NPV absolutely has its place in the context of portfolio funding decisions, but would be overkill at the feature/project level. It is important to right-size the tool for the job.

“Efficiency is doing things right; effectiveness is doing the right things.”

Peter Drucker

7.

CREATING A

ROADMAP

CREATING A ROADMAP

It is time to begin working on our roadmap! At this point, we should have a prioritized list of projects and we need to start figuring out how to layer those onto our roadmap. The process of roadmapping thus, is primarily about organizing and orchestrating projects, so they align with our themes, availability of resources, and any market or internal events that we need to line up to.



We'll generally try to plan high-priority projects first, but it's possible there are superseding considerations that may cause us to prioritize something else ahead of it. For example, we may need to complete a project already in flight, so that a shared resource can roll off of one team and go support another team.

Or, we may need to support a business initiative with an integration of a new capability in Q1, and since that has a hard-date everyone is aligned to, we'll put that first and then move on to the priority project.

PLANNING HORIZON

Context dictates how distant of a horizon to plan to – typically it will be something between 6-12 months, with a quarterly refresh cadence. Most larger organizations find themselves locked to the annual cadence of their organizations operating and budget planning cycles and thus they need to plan 12 months ahead.

Companies building physical products may have a more sophisticated materials planning cycle and might have a roadmap that looks 2-3 years into the future. In contrast, Agile/Lean tech startups often advocate for not even having time-based roadmaps, because they're still actively discovering market fit and making radical pivots as learnings surface.

As a rule of thumb, try to plan as far out as you reasonably can see a clear horizon – mature products are much easier to

predict and involve more complexity that benefits from the longer-term planning. Startups in active market-fit discovery might benefit from simply using a Lean Plan instead (Now, Next, Later).

TYPES OF ROADMAP

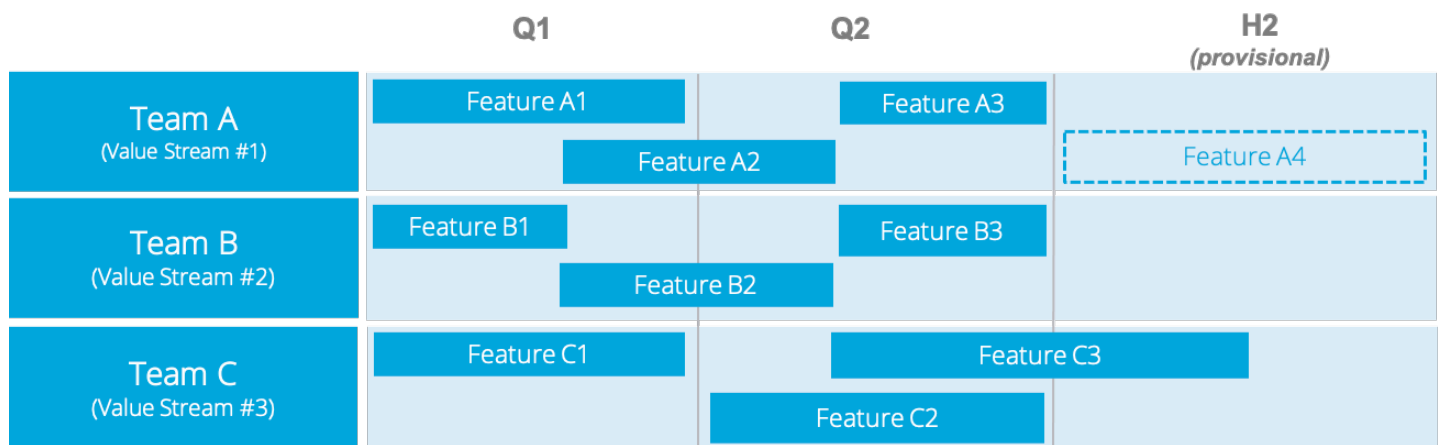
There are a number of different flavors of roadmapping but mostly they break down into three types: Timeline, Kanban, and Strategic Roadmaps. Let's review each one and when it is used:

TYPE 1: TIMELINE ROADMAP

The original and by far still the most common, is something akin to a traditional project management Gantt chart, except that it communicates a 6-12 month plan in broad strokes – discover it communicates when projects will occur, rather than project tasks.

It is called a “roadmap” because it resembles lanes on a road with cars progressing over a defined period of time. And if you wanted to carry the metaphor one step further, a roadmap demonstrates the steps we’ll take on the path to achieving our vision.

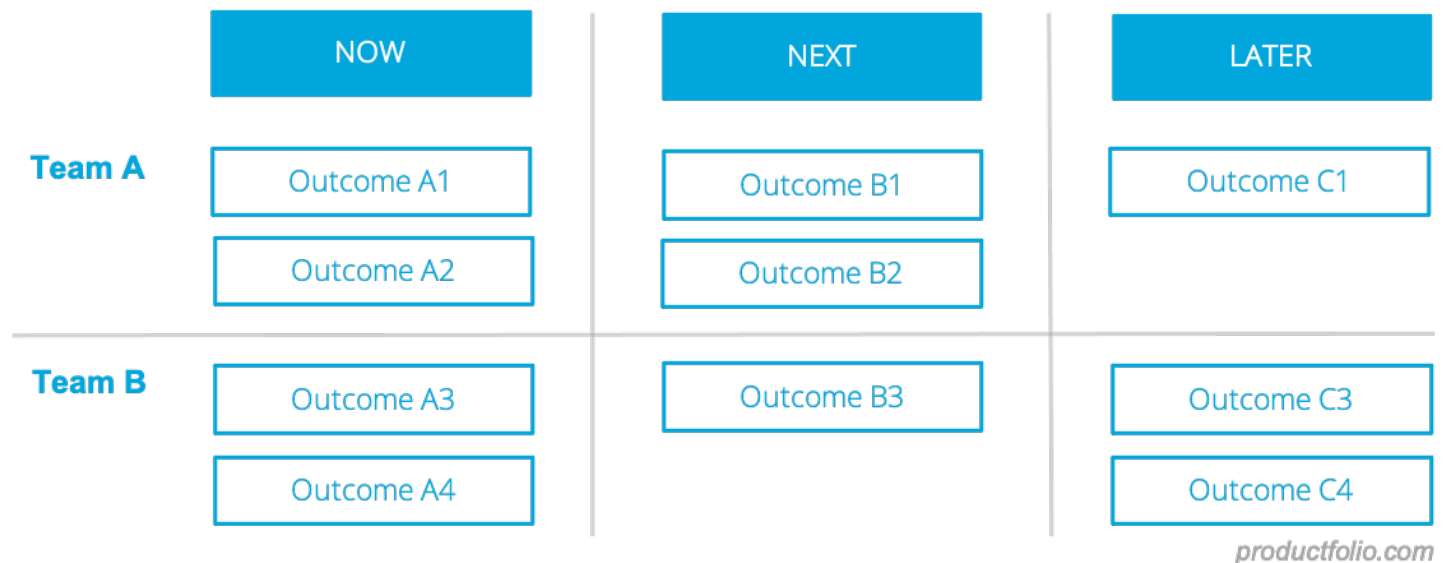
Timelines though have their pros and cons, like any other tool. Product teams often lament how the structure leaves little room for pivots due to discovery, but the upside is that a mature organization that has many dependencies (development, marketing, sales, customer support), can all see what’s happening and align their own efforts accordingly. For mature products in scaled organizations, this is a very effective tool overall.



TYPE 2: KANBAN ROADMAP

The Kanban roadmap, also known as a Theme-based roadmap or Outcome-based roadmap, lists items that the team will work on, but avoids a precise timeline in order to leave room for the team to do discovery and adapt as learnings come in. Those items are typically either broad themes or outcomes rather than defined projects with expected output for this reason.

This is most important for early stage initiatives and startups, where there is still significant discovery and product-market fit work that needs to be done.



TYPE 3: STRATEGIC ROADMAP

This is perhaps the least common of the roadmaps overall, but is popular within big tech companies that empowers the teams to define their plans in response to goals that come in from leadership. Plans within these teams are a lot more about demonstrating goal alignment than product development.

The Strategic roadmap is not visual in nature - it does not use a Gantt or Kanban chart to explain when we're doing things. Rather, it defines a summary of current thinking about the strategy, goals, and a list of projects the team is thinking about delivering for a period of time.

What's Included

- Vision
- Goals (metric, ship, learn, etc)
- Projects

This is the key point of alignment between upper layers of the organization, and the definition of projects that should align back to these goals.

SOCIALIZING THE PLAN

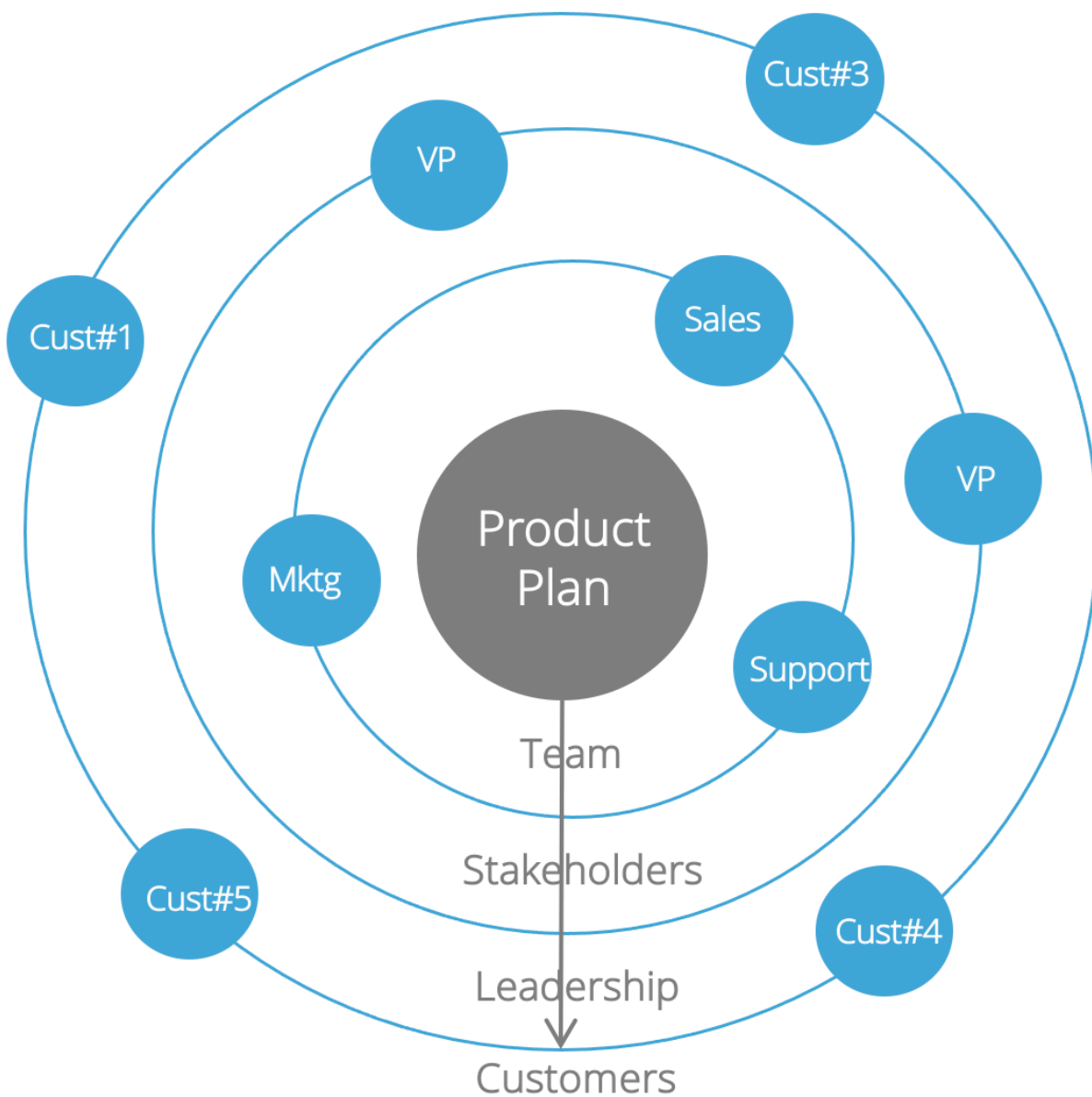
Whichever plan format you choose, remember that the point of it is to drive understanding and alignment – for your team and stakeholders.

Once the plan is created, it needs to be socialized with business sponsors, stakeholders and key customers, to field any feedback or ideas that might come out. This is a process sometimes referred to as the “Product Roadshow”, since it is making multiple presentations of the roadmap to different groups.

Product can be inherently political since it sometimes means having to make choices to prioritize one effort over another with your limited resources. For this reason, it’s good to think defensively about how you approach it.

Start with those closest to you and share the plan with them – your partners and the development team. Do they have any concerns, ideas, or feedback?

Once you're feeling good here, you can proceed to stakeholder partners to do the same, and once that's feeling good, you're ready to share with your executive leaders and perhaps any key customers after that.



Product planning is the connective tissue between the product strategy and Product Development – It is the orchestration layer that translates a high-level product vision into prioritized projects for the development teams to work on, and ensures alignment with organizational strategies.

By taking a top-down approach to identifying appropriate goals, themes, and candidates, we can ensure resources are optimally aligned to realizing our strategy. Techniques such as impact-based prioritization and inside-out roadshows not only keep us honest about the validity and alignment of our planning but also defensively mitigate risks of a misaligned plan.

“Of all the things I’ve done, the most vital is coordinating the talents of those who work for us and pointing them toward a certain goal.”

Walt Disney

CONCLUSION

Getting to the heart of the matter, product strategy is about figuring out the product that will resonate with customers (product market fit). And product planning is about orchestrating the efforts of the team to achieve the vision for this product with PMF, that is also aligned to the near-term goals and expectations of your business. What remains are a series of frameworks and principles for how to do this effectively.

PRODUCT MANAGEMENT SOFTWARE

Whether you're a new Product Manager learning the role or a team leader, seeking to standardize planning for your team, Product Management software can streamline the process of planning and align your efforts with best practices, so your team can focus more time on building great products.

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