Modern Product Management

and the Importance of an Outcome-based Approach

by **airfocus**
and **Product Collective**

What's inside

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We are living in a product-centric world. Product management as a discipline has never spread as fast as it has over the past few years. There have been talks everywhere about product-led growth, and product development teams are meant to assume more of a strategic, high-profile role in their companies.

Or so we hoped.

Curious about how the product movement has impacted the real business world, we launched a survey asking worldwide product managers about the attitude towards product management practice from the c-suite and the broader organization. It was a surprise to us that most PMs feel that their company board doesn't quite understand and value the practices of modern product management. Many teams still operate on an "output-focused" basis. They are encouraged to keep churning out features rather than being 'outcome-focused', which is to focus on solving the right problems for their customers and ensuring that their product's features are actually worth being built.

There is still much work to do until more product teams can be truly "outcome-focused". We hope this research could offer teams some provoking statistics and helpful guidance to improve board communication around product.

We hope you will enjoy reading this report, and we'd like to hear more about your own experiences regarding this topic.

Mike Belsito
Co-Founder,
Product Collective

Product Managers are used to being "doers." While it may be true that Product Managers aren't necessarily the ones writing the code or designing the user experience for the products they manage, Product Managers do so much in order to ensure that the product team is delivering on the commitments they've made. Oftentimes, those commitments come in the form of features and products... and many Product Managers take pride in the work that goes into delivering those features and products.

But is delivering features and products *enough*?

It's good to hold yourself accountable and ensure your product team is delivering high quality features and products, but the *best* Product Managers take it a step further and stay focused on delivering *outcomes*. They're working hard to make sure that the products their teams launch make a marked impact on their customers' lives – and drive real business value for the company.

This guide is meant to highlight research that underscores these points. Our hope is that it not only helps clarify what an outcome-based approach to product management can look like for your product team, but that it provides you with the tools you need to make this approach a reality within your organization... from the front lines all the way up to the executive suite.

Enjoy this guide, and while you read it, be sure to remind your-self that as Product Managers, it's not just about the products we launch – but it's about how those products can make a difference to both the lives of our customers and the health of our business.

Introduction

Product management is not a new discipline. In Martin Eriksson's article The History and Evolution of Product Management for Mind the Product, he states that its origins date back as far as 1931. It can feel like industry discussions on how to escape the feature factory – essentially being output-focused and not outcome-focused - have been going on as long.

The term 'feature factory' was, in fact, coined by John Cutler and further established by Melissa Perri in her 2016 book 'Escaping the Build Trap: How Effective Product Management Creates Real Value.' But it still resonates today. It refers to organizations that consistently churn out features for their software or product, prioritizing quantity over quality and focusing on outputs.

In trying to increase the number of things a product can do, the product eventually becomes unfocused and bloated.

Features are only added to continually update and generate hype for the product rather than adding genuine customer value.

We hoped that the situation was improving, but our new research findings suggest there is much work still to do. Around 86% of global product managers said that working in product management in their organization can sometimes feel like being in a feature factory.

And there are serious consequences to that. Our respondents said acting as a feature factory can cause problems such as not focusing on the right problems to solve, wasting development's time and budget, and even an inability to stay ahead of the competition.

Yet three-quarters of product managers (PMs) said being outcome-focused and not output-focused is a more modern and effective approach to product management, so the will is undoubtedly there to change. But how can the industry bring about such change? It's about showing the value of product management. If that can be done, there is no reason why most organizations cannot make the switch to an outcome-based approach.
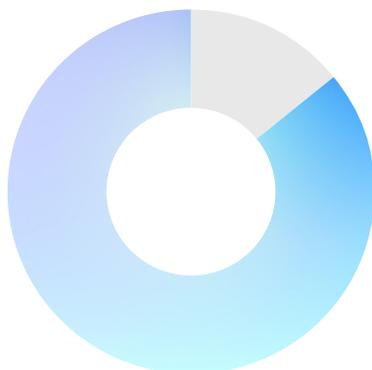
86%

Around 86% of global product managers said that working in product management in their organization can sometimes feel like being in a feature factory.

Key finding #1

Majority of organizations are not outcome-focused when it comes to product management

55%

PMs are not given clear objectives around product-outcomes

86%

of PMs state that working in product management in their organization can feel like being in a feature factory
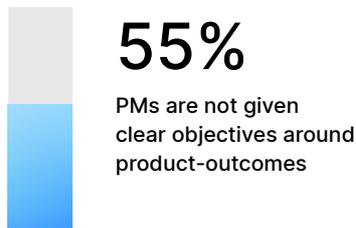
Feeling like they are in a feature factory impacts enormously on product teams' ability to work towards outcomes and not features. Budget pressures are felt across an organization, but for product teams to feel in these numbers like they are not being fully supported is a red flag for anyone.

When asked about this, an overwhelming majority believed their organization could feel like being in a feature factory, i.e., not focused on outcomes.

3.4%
Never

9%
Always

11%
Rarely

32%
Most of the time

45%
Sometimes
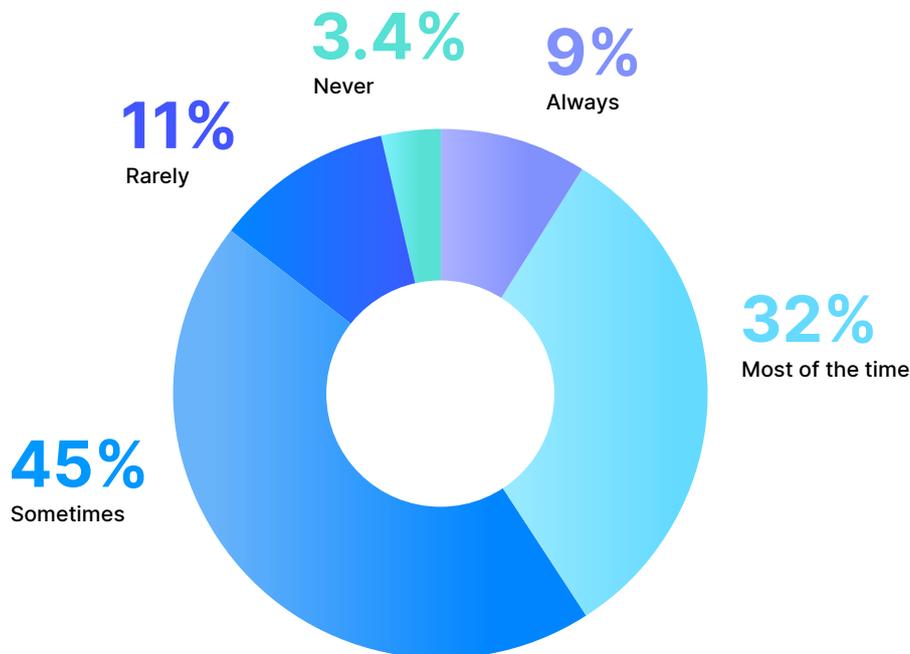
Just 3% of lucky respondents are working at an organization that never feels like a feature factory – this should be much higher. 43% stated that product management becomes much

harder to do well without modern, bespoke product management tools. Why are product managers being asked to do such an important role without the proper equipment?
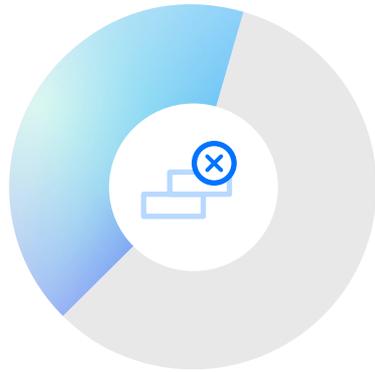
43%

that without modern, bespoke product management tools, product management becomes much harder to do well

Not working with a modern and modular product management platform brings with it a number of concerns, as our research illustrates.

26%

It takes too much time to update multiple roadmaps at various level

18%

My product management tools are feature-focused
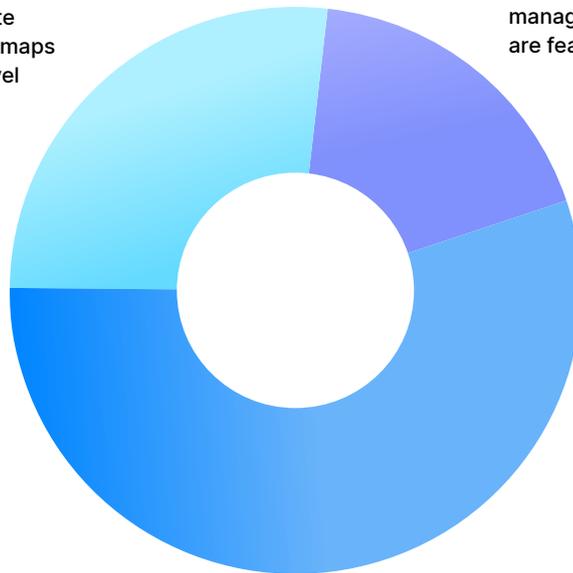
56%

I cannot connect easily the features to my opportunities and objectives

Key finding #2

# Focusing on features will restrict an organization's success
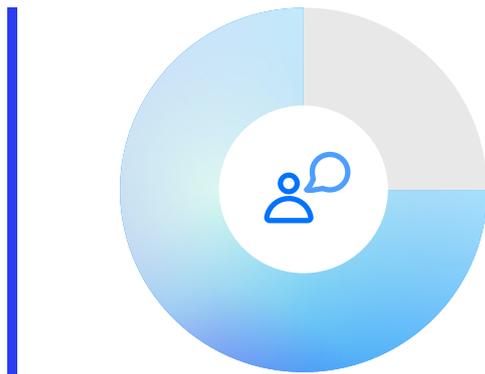

75%

of PMs think that many organizations still do not fully understand or value product management

Three-quarters of research respondents said that being outcome-focused and not output-focused is a more modern and effective approach to product management. There is an awareness of the importance of such an approach among product managers, but it needs to be communicated more effectively.

Perhaps the answer lies in highlighting the impact a feature-based approach can have on an organization. Such risks are many and varied, as our research highlighted:

86%
Not focusing on the right problems to solve

68%
Waste of development's time and budget

65%
Not achieving product-market fit

61%
Bloated features decrease ease of use and adoption

52%
Not staying ahead of the competition

42%
Be less efficient

41%
Delivering value less quickly
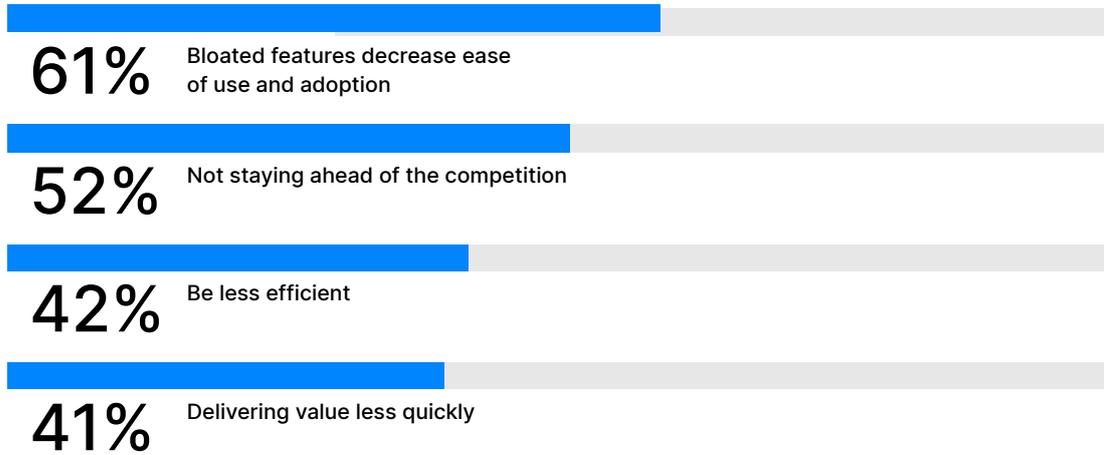
With more than half of respondents believing that focusing on features means their organization cannot stay ahead of the competition, it's clear that switching to an outcome-based approach is long overdue.

75%

of PMs think being outcome-focused and not output-focused is a more modern and effective approach to product management

Key finding #3

Many company boards don't value product management…and aren't putting enough resources behind it

In a world in which product is valued more than ever, and with the use of product management so widespread, one might think that the role of product management within an organization is highly valued. That's not necessarily the case.

While 64% of respondents felt that the wider organization valued product management,

49% thought the board in their organization did not value it. This is concerning. Company boards control budgets and resources, and if they don't value product management as a discipline, how can product teams hope to succeed and switch to the outcome-based approach that is so important?

53.7%

of teams are not given
modern product
management tools
to work with

This lack of board value was borne out in how product teams felt supported. Only 46% said they were given modern product management tools to work with, just 45% were given clear objectives around product outcomes, and less than one-third were given sufficient budget to stay ahead of technology advancements.

Key finding #4

Organizations are using product management practices for both internal and external purposes

A misconception about product management as a discipline, is that people primarily use it to manage external products, whether digital or physical. But that's simply not the case. Product management can be applied internally and externally, and in many cases, for both.

Using product management practices instead of or alongside project management is a trend likely to continue. 52% of respondents believe that the industry is shifting from project management to product management, meaning that the use of product management for internal products will only increase.

Do you practice product management mostly for internal or external purposes?

25%
Internal

28%
External

47%
Both
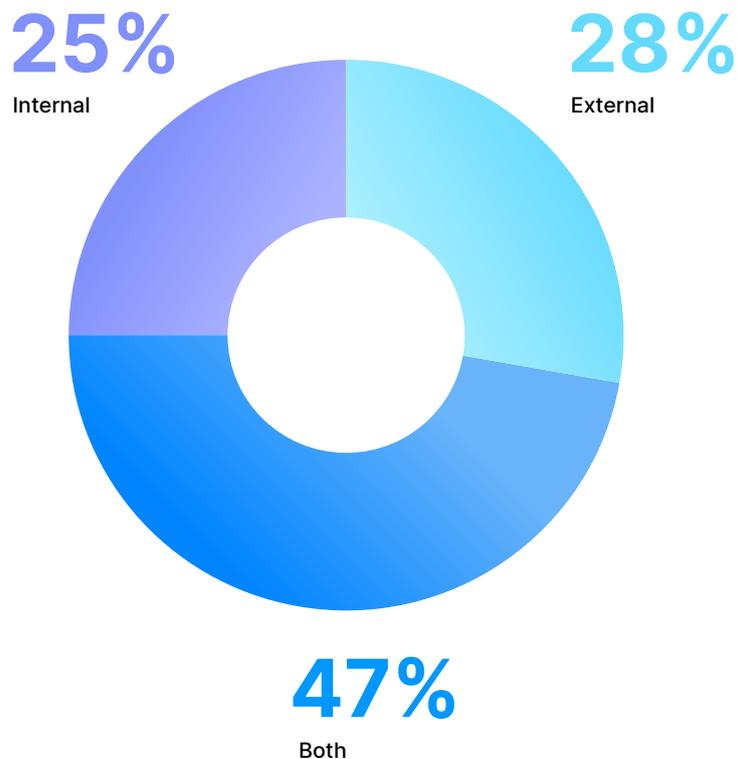
Improving board communication around product

We have written on the topic of how to become more outcome-focused topic more extensively here, but looking solely at the research findings, we want to focus on board-level communications. It's only the c-suite that ultimately can validate product management. If they value it and assign sufficient budget and resources, it becomes easier to work on outcomes, and product management will become much more effective.In turn, this will have an impact on the broader organization.

Communicating with the board should focus on helping them understand the strategic initiatives and how they tie into different departments and the broader company goals.

So, what can product teams do to improve the communications flow – asking themselves these questions is a great place to start.

1 What key information does the board need to understand product better?

2 What is the best time and place to get across this information?

3 Does the documentation that I am providing contain the information the board needs?

4 What can be done to make the message clearer and more concise?

5 Has all this been communicated enough times for the board to understand?

Conclusion

It feels like we are reaching a point in the evolution of product management where we need to say, 'enough is enough.' For far too long, the product management industry has been discussing the importance of focusing on outcomes and not features, and it's time that boards gave product management the respect, resources, and budget it warrants.

To make the switch to an outcome-based approach, product teams need to be bolder – not in their work but in how they communicate it to the board. Product-led growth is established now, and it stands to reason that product managers should be given the tools required to support that.

But a refresh and a rethink in how product information is communicated can go a long way. For more information on how best to go about this, please contact one of the airfocus team. We will be happy to offer guidance based on our experience with organizations facing this challenge worldwide.

airfocus is the first modular product management platform that helps product teams discover, learn, plan and deliver solutions in a way that fits their specific needs.

Sign up for the next-gen product management platform now - get started with a 14-day free trial or book a demo here.

Too many organizations are still locked in a pattern of churning out product features. That's not good for product managers or the organizations they work for.

About the research

The research was conducted in May / June 2022 with 615 people working in product management. More than half the respondents had the job title Product Manager or Product Owner.

We surveyed individuals working in organizations of varying sizes. Most respondents worked in organizations employing more than 1,000 people (28%), but there was also good representation in organizations with between 200 and 1,000 employees (21%) and 51 to 200 employees (23%).

Around two-thirds of respondents worked in software/technology, but Financial Services (FS) and retail were well represented.

About airfocus

Founded in 2018, airfocus offers a modern and modular product management platform that helps teams manage and communicate their strategy, prioritize their work, build roadmaps and connect feedback to solve the right problems. Designed with flexibility in mind, airfocus allows you to quickly customize the platform to fit your needs without disrupting the way your team works.

Thousands of companies worldwide, including Shopify, IBM, The Washington Post, and more, now use the cloud-based software to make more informed product decisions and build lean roadmaps to easily align teams with company goals. airfocus is backed by pan-European VCs Nauta Capital and XAnge. The company is headquartered in Hamburg with employees distributed across the world. Learn more at airfocus.com and start your 14-day trial now.

About Product Collective

Product Collective is a community serving 40,000+ technology product management professionals, aiming to help product people answer the question, "Am I doing this right?" through its various resources.

Product Collective organizes one of the top-rated and longest-running independently organized Product Management conference series, INDUSTRY: The Product Conference (taking place in the United States, Europe, and Virtually each year) as well as the New York Product Conference.

Product Collective offers a host of resources: a weekly newsletter, a semi-monthly live video Q&A chat series, an active Slack community, a cohort-based program for Product Leaders, and a small-group coaching subscription service.

More information can be found at productcollective.com and INDUSTRYconference.com

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