The Product Manager’s Guide to Strategic Planning

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Introduction

The most important part of the roadmapping process happens before you begin building your roadmap. Setting the vision and strategic goals for your product—and, more importantly, getting alignment on these with your stakeholders—is the first step to creating a successful roadmap.

In this guide, we’ll walk you through the process of developing your product strategy, defining your product goals, and choosing the right metrics for your product. We also explain how long-term strategic planning fits into your agile development process, and why your backlog will never be a substitute for your product roadmap.
Why You Need to Start With Top-Down Strategic Planning
Why Top-Down Strategic Planning Matters

At ProductPlan, we’ve had the opportunity to talk with hundreds of product managers, and through these conversations we’ve learned that executives prefer top-down strategic planning and communication. Executives want to have productive discussions about future initiatives that tie directly to the product vision and goals. A top-down discussion and planning process has a greater chance of producing a product roadmap that moves the needle for the company.

By sharing a high-level product vision, product managers can get the executive team, marketing, support, engineering, and the rest of the organization on board with the strategy.

Product managers have told us their executive team simply doesn’t care much about the details—what they really care about is whether the proposed roadmap fits with the strategic direction of the company and when its initiatives will be delivered to support the strategy. Successful product managers tap into this by keeping the roadmapping process high-level and collaborative. From there, they can derive the detailed release plan and backlog.

Start by defining your high-level product vision, then use it to derive actionable, measurable product goals. Your vision and goals should inform your product roadmap, which in turn sits a level above your more granular release plan and backlog.
Clearly explain why your product exists and your approach to running it. This could be a mission statement, tenets, or principles. The important thing is that you believe in them, and by pinning them at the top of every roadmap it will be clear if what follows in the roadmap doesn’t match your principles.

Ian McAllister, Director, Alexa International
Developing the Product Strategy
Developing the Product Strategy

When developing a strategy, it’s important to identify and articulate your product’s vision and principles—the “why.”

Before you begin planning your roadmap, spend some time determining the product’s mission, and then distill it into a simple statement your stakeholders can understand. Documenting this forces you to nail down many of the key items that will inform your roadmap.

Your executives need to know (and agree with) your plans for your product’s development—because they will ultimately need to sign off on those plans. Your development teams need to know what you have planned for your product, and why, because they will be responsible for building it. Your sales, service, and marketing teams will need to know the what and why as well—so they can articulate your strategy to the market.

This Strategy-first Approach has Several Benefits:

- It makes it easier to articulate the product vision to any constituency across your company, and ensure your stakeholders are on the same page for the detailed conversations that follow.

- It makes it easier for you to clearly see your product’s vision, and allows you to identify priorities as well as those items that should be set aside because they don’t serve the product vision.
Examples of Product Visions From Leading Companies

"Google’s Vision:
To organize the world’s information and make it universally accessible and useful.

Ikea’s Vision:
At IKEA our vision is to create a better everyday life for the many people. Our business idea supports this vision by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

Amazon’s Vision:
Our vision is to be Earth’s most customer centric company; to build a place where people can come to find and discover anything they might want to buy online."
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Defining Your Product Goals
From the product vision, you can derive product goals that will in turn influence the initiatives that are on your roadmap. Coming up with product goals is the step that helps you translate your product strategy into an executable plan.

Every organization’s product goals will be different. You can develop product-specific, company-oriented, or more generic goals.

Goals may be general, but they can usually be measured and tied back to Key Performance Indicators (KPIs). It’s these types of actionable, measurable goals that will resonate with your stakeholders. Goals are often longer-term initiatives—for example, they might change annually rather than monthly.

Example product goals:
- Competitive differentiation
- Customer delight
- Technical improvements
- Improve customer satisfaction
- Increase lifetime value
- Upsell new services
- Reduce churn
- Expand geographically
- Improve mobile adoption
- Increase monthly active users
- Grow existing accounts
- Improve NPS
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Roadmap Planning in an Agile World
At first blush, the terms agile and product roadmap seem like a contradiction, but they’re not.

In most agile product development organizations, the backlog defines the product features for the near term. From the backlog, the development team is (hopefully) aware of what’s coming next, at least for the next few sprints or iterations.

But the backlog in itself is not the roadmap—a product roadmap defines a strategic view of where the product is headed over the mid to long term. The roadmap is tied to the organization’s vision and strategic goals, often for the next 12 or more months. In an agile organization, the roadmap provides guidance rather than a strict project plan.
The Backlog Is Not a Roadmap
The roadmap needs to communicate the big picture to the organization—the initiatives that move the needle, expand markets, address competition, and create customer value. That big-picture thinking cannot be distilled in the backlog. It’s challenging to communicate strategy in a list that’s 200 items long, especially to executives and other stakeholders who might not think in terms of iterations or sprints.

Even agile organizations need this strategic view. At ProductPlan, we’ve discovered our customers are sharing product roadmaps with the engineers to give perspective to the backlog. This helps the development organization understand how the next few sprints fit into the big picture.

A roadmap speaks in terms of epics and themes, while the backlog represents the detailed features and other tasks that deliver the product. In a sense, the backlog is a translation of how your team will deliver the vision outlined in the product roadmap.

Features of an Agile Roadmap
A roadmap should be agile and treated as a living document—not a fixed plan. You should expect to regularly revisit, discuss, and re-prioritize your roadmap based on new inputs.

Because the roadmap will inevitably change, it’s important to set expectations with your stakeholders that the roadmap is not a promise. Many of our customers keep the roadmap dates at a monthly or quarterly level, or leave dates off altogether to avoid setting the impression that features will be delivered by a specific date.

Product managers need to regularly communicate where the product is heading so that everyone is on the same page, especially stakeholders who make final decisions, control the budget, or influence the direction of the company. Your agile product roadmap, therefore, should be a visual, easy-to-digest document that your stakeholders can understand and that gives perspective to your backlog.
“Today’s companies need to be agile, move quickly, and be adaptive—and that is really difficult with a static roadmap. We believe that anything that is more than just a few months out is fuzzy and needs to change. We’re fast moving and to be agile, it’s important to have a living roadmap!

Jon Walker, CTO, AppFolio
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Typical Roadmap Process Challenges
Typical Roadmap Process Challenges

Why are product roadmaps so challenging? In our conversations with product teams, we hear a common theme: product managers are frustrated that their executives and other stakeholders aren’t on board with the product strategy. Product managers want to convey the big picture but are stuck in the weeds.

According to our product roadmap survey, the primary objective of roadmaps for medium and large companies is to communicate product strategy. A secondary objective is to help plan and prioritize. Unfortunately, these are the very items that product managers struggle with the most.

Strategic decisions are essential for your product’s eventual success in the market. But product managers today face several challenges—some organizational—in developing roadmaps that are as effective as they could be.

Let’s look at a couple of these challenges to creating effective product roadmaps, and how to overcome them. These challenges and solutions go beyond the roadmap document and get to the heart of the process you use to develop the roadmap.

What are the primary objectives of your roadmaps?

- **startups**
  - help plan & prioritize

- **medium-sized companies**
  - communicate product strategy

- **large companies**
  - communicate product strategy

According to ProductPlan’s 2017 Product Planning Survey, startups reported that planning and prioritizing is the primary objective of their product roadmaps, while larger companies said their objective is to communicate product strategy.
Challenge 1: Attempting to Lock in Plans That Are Too Long-Term

Many product managers build roadmaps with long-term plans that lock in deliverables—sometimes years into the future. But in today’s era of agile development (and this is true of products in many industries—not only software), market demands and opportunities, as well as new technologies, often require mid-stream changes in a product’s development or priorities.

This is why successful product roadmaps are designed as living documents, focused on high-level product strategy and organization goals—with built-in flexibility to adjust plans and priorities quickly and easily.

This is also why your roadmap needs to effectively communicate to all constituencies and keep milestones and deliverables flexible, in favor of meeting the high-level goals for the product rather than any specific deadline.

Challenge 2: Prioritizing in The Moment

It is the product manager’s responsibility—at an early stage, when developing the roadmap—to create goals that drive prioritization. The product manager must also prioritize the product’s development within the larger context of the organization’s other initiatives that will be running in parallel.

Building a prioritization framework into your product decisions gives you leverage when faced with deciding whether to prioritize a stakeholder’s pet project or a feature required by a big prospect. Similarly, this step is vital to managing expectations and ensuring that, when necessary, a team can quickly switch focus to a higher-priority initiative.
Using Metrics to Support Your Strategy
Metric-driven product management is the foundation of most successful products. But new products or features that are on your roadmap are sometimes challenging because there is rarely a history of data. In other cases, if the product has recently launched, there might be a flood of data, but no structure or focus on the right metrics to use.

What are the right metrics that product teams can use to measure the potential success or weakness of a new product? Here are several tips for incorporating metrics into your roadmap planning.

**Define the Metrics Early**
By defining the right metrics early, you can get better insight to guide your product decisions and your product roadmap. It’s a good practice to begin discussing success metrics as early as you can during the development of the product—and well before it reaches any customers.

**The Scientific Mindset**
In order to begin setting the right metrics and product goals early, you’ll need to think like a scientist. Scientists first describe their hypothesis, define a test, and measure. Product managers can do the same by setting goals and then setting metrics for those goals. Although simple, this scientific mindset is one of the best ways to guide new products to success.

For example, you might decide that a conversion metric is important to measure—such as the percentage of trial customers who convert to paying customers.

Even without solid customer data, you can create a hypothesis about what you think you will see and a target of what is ideal. This process itself is incredibly valuable because you’ll have great conversations with the team about the business model and will be able to spot challenges early on once customer data begins arriving.

**Are You Measuring the Right Things?**
Ultimately, the metrics you choose depend on the stage of your product, your industry, the type of product, and the size of your company. But the most important consideration is to focus on a limited number of metrics that really matter. These
are metrics that tie back to the organization’s top-line goals and business results.

Avoid “vanity metrics,” those metrics that feel good but in the end are rarely actionable. For example, vanity metrics might include website page views or the number of Facebook likes. In the end, these metrics rarely tie directly back to business results or customer success.

Better choices would be metrics such as active users, acquisition cost, and average revenue per customer. These are metrics that make a difference to the business.

**Sample Metrics for Your Product**

If you don’t already have success metrics, how do you go about finding the right ones?

Begin by researching metrics discussed in your industry. Whether you are in software, retail, media, or another industry, there are experts who are discussing those metrics online.

Look at information about competitive products—companies that are publicly traded will often discuss metrics during earnings calls.

Generally speaking, business goals such as revenue, margin, and acquisition cost are good places to start. Customer-specific metrics such as product usage and retention are good starting points as well.

Here are a few examples of metrics that will help you measure success from a customer and business standpoint. Of course, the metrics you select will depend on your business and product. Choose only a few to start, so you can focus.

Work with your team to get consensus on the metrics that matter. Choose actionable metrics that tie back to the strategic goals and initiatives you put back on your product roadmap. Revise the goals and metrics periodically; as the product matures, the metrics will need to change and likely grow with it.

<table>
<thead>
<tr>
<th>Customer success and product</th>
<th>Business-oriented metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product usage/adoptions (sign in frequency, sharing, etc.)</td>
<td>Customer Acquisition Cost (CAC)</td>
</tr>
<tr>
<td>Percent of users who take a specific action that matters</td>
<td>Lifetime Value (LTV)</td>
</tr>
<tr>
<td>Feature usage (usage versus other features)</td>
<td>Monthly Recurring Revenue (MRR)</td>
</tr>
<tr>
<td>Which customer type is using certain features</td>
<td>Annual Recurring Revenue (ARR) per user</td>
</tr>
<tr>
<td>Retention or churn rate</td>
<td>Average Revenue per User (RPU)</td>
</tr>
<tr>
<td>Quality (e.g., average bugs, net promoter score)</td>
<td>Conversion (e.g., site visit to lead conversion)</td>
</tr>
</tbody>
</table>
Create Beautiful Roadmaps

ProductPlan is the easiest way to plan, visualize, and communicate your product strategy. We believe roadmaps are essential to create organizational alignment and ship successful products. Our intuitive features for building, managing, and sharing roadmaps help teams across the globe convey the big picture in one place.

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