A Data-Backed Exploration of How Product Teams Support the Entire Product Lifecycle, From Idea to Launch and Beyond
Table of Contents

Building a Successful Product Team ........................................... 5
Organizational Maturity and the Product Life Cycle .................. 11
Discovery, Ideas, and the Return on Product Investment ............ 14
The Product Strategy and Roadmapping ................................. 19
Go-to-Market Strategy and Launch Ownership ...................... 24
Other 2023 Trends ................................................................. 27
Conclusion ............................................................................ 30
Introduction

Welcome to the eighth edition of ProductPlan’s *State of Product Management Report*. Since 2015, we’ve been privileged to work with product managers to better understand their world, challenges, and goals.

There are few teams within an organization with more influence than the product team. Their customer research drives decision-making around what products to build and how to sell them. Their roadmaps act as a blueprint for departments across the company to follow. Within many organizations, the product team is the central point against which everything else pivots.

This year, we asked product teams to guide us through the entire life cycle of their products. From the initial discovery of an idea to the launch of a new product, this report is designed to capture insights into how product teams support each stage of development. It takes survey responses from over 1500, product managers from across the world and analyzes them to spot the latest trends. We hope you enjoy it.
Report Highlights

01 Standardized and Consistent Processes Are Key to Enterprise Product Team Success

Over 50% of large product teams (50 people or more) cite “keeping roadmaps and processes consistent” as their number one growing pain.

02 Product Investments Are Most Often Sourced Directly From Customer Feedback

“Reviewing customer feature requests” is the number one source of actionable product ideas, according to product managers.

03 Product Strategy Is More Often Reactive Than Proactive

Approximately 52% of product managers say their product strategy is primarily influenced by requests from senior executives or direct customer feedback.

04 The Feature Factory Persists as a Major Challenge for Product Organizations

54% of roadmaps are designed around outputs. Only 44% communicate outcomes.
Building a Successful Product Team

Product teams have come in many shapes and sizes over the years. The original product team functioned more like a modern marketing team. Their job was to understand and utilize the “four P’s”—product, price, place, and promotion—to drive profits.

Today’s product management teams have moved away from their marketing roots. Now, they position themselves around production and development, working closely with engineering, manufacturing, and IT teams to plan what the company should build and how to go about it.

Yet, the success of a product team’s work rests in their ability to understand the customer and their needs. On that point, not much has changed. What has changed is the maturation of an entirely new discipline, still customer-obsessed but also constantly expanding.

Today’s product team consists of more than just product managers and designers. As more companies strive to be product-led, more disciplines have begun to fall under the broader product umbrella.

We asked which departments report to product leadership at their companies. Outside of the more obvious inclusions (product management, product design, and product operations), the most notable departments also reporting to product leadership include product marketing (30.2 percent of the time), engineering (28.5 percent of the time), and perhaps most surprisingly, customer success at a not insignificant 15.7 percent of the time. Let’s spend a quick moment digging deeper into each of them.

What percentage of departments report to product leadership?

- 83% Product Management
- 56% Product Design
- 34% Product Operations
- 30% Product Marketing
- 29% Project/Program Management
- 29% Engineering
- 19% QA
- 17% Technical Writing
- 16% Customer Success
- 7% Other
Product Marketing Can Support the Entire Lifecycle of a Product, Not Just the Launch

Product marketing, a more recent addition to the marketing discipline, has long straddled the divide between marketing and product. While it’s still more common for product marketing to report to marketing leadership, there is value in having it report to product.

When product marketers are within the product organization, they can help support the entire product lifecycle, providing business intelligence during the product discovery phase, pricing analysis during development, and of course, go-to-market execution during the launch phase. So it's not surprising that product marketing reports into product 30 percent of the time.

Engineering Can Decrease the Time to Product Strategy Fruition, but at the Potential Cost of Added Tech Debt Lifecycle of a Product, Not Just the Launch

Nearly one in three respondents also say that their engineering teams report to product leadership. In its early years, product management was more likely to report to engineering. It has only been in the last decade or two that product management has established itself as its own department, where product leadership sits alongside engineering leadership in the C-suite.

Our findings show that, in some cases, the reverse is now happening: engineering reporting into product. There are both advantages and disadvantages to this.

On the one hand, a product-led engineering team might dedicate all delivery throughput to serving whatever the product strategy dictates. That’s potentially faster time to value, but at the cost of ignoring tech debt which could lead to technical bankruptcy.
Customer Success Can Help Increase Adoption and Ensure Successful Implementation

Customer success teams only report to product about 15 percent of the time. There are a few reasons why this might happen. Often it is because the organization is small, like a startup, and customer success simply has to report to something. Regardless of size, a customer success representative that sticks close to the product team will more likely understand the product’s value and where the product is going. Furthermore, they can more effectively train new customers on features and functionality.

Product Organizations Are Looking for More Product Managers, or in Some Cases, Not Hiring at All

Every year, we ask product teams where they focus their hiring efforts. Product managers always top the list. In fact, 44 percent of all respondents say they’re hiring more product managers in 2023. However, in contrast to last year, the second most popular answer was that their team isn’t hiring this year at all. Perhaps not a surprising result. We conducted our survey during the fall of 2022, which became a time when many companies were experiencing layoffs and had placed a hiring freeze.

Which product management roles is your company hiring for this year?

44% Product Manager
31% We aren’t hiring this year
24% Senior Product Manager
22% Product Owner
17% Associate Product Manager
14% Product Analytics
8% Director of Product
8% Product Ops
4% VP of Product
4% Chief Product Officer
Scaling a team is no easy task, regardless of the department. For product teams, it’s a high-quality problem. If you lead a product team and find yourself figuring out how to expand your personnel successfully, it likely means you’re doing something right. But it can also be fraught with pain.

As your product team scales, what is your biggest growing pain?

- **44%**
  Keeping Roadmaps and Processes Consistent Across Teams and Products

- **25%**
  Avoiding Information/Communication Silos

- **19%**
  Building a Coherent Team Structure/Hierarchy

- **5%**
  Identifying Who To Hire Next

- **3%**
  Lack of Team Camaraderie

According to our survey respondents, keeping roadmaps and processes consistent across the team is particularly agonizing. Product functions as a highly cross-functional team within an organization, creating alignment between the business and the products it builds. In the early stages of a product team’s existence, much of the cross-functional work occurs on the fly. Roadmaps are thrown together in a PowerPoint. A backlog of ideas is often reviewed and prioritized in a spreadsheet.
Over time, as more product managers join the team, these ad hoc systems begin to buckle. Roadmaps become outdated. Customer feedback becomes scattered across different documents. Every new product manager ends up creating their own way of doing things. Different product lines adopt their own processes. It should come as no surprise that a lack of consistency is the number one growing pain.

However, do these ever-increasing pains stay consistent as a team grows? We see a few trends emerge when we filter our survey responses by product team size. Unsurprisingly, maintaining consistency across roadmaps and processes is even more of a challenge for large product teams with over 50 people. Over 50 percent of these teams cite this as the most significant growing pain. In contrast, smaller teams tend to be more concerned with building a coherent team structure and hiring, also in line with expectations.

As your product team scales, what is your biggest growing pain?
How many people work in product at your company?

- Keeping Roadmaps and Processes Consistent Across Teams and Products
- Avoiding Information/Communication Silos
- Building a Coherent Team Structure/Hierarchy
- Identifying Who To Hire Next
- Lack of Team Camaraderie
- Other

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<th>Category</th>
<th>1 to 4 Employees</th>
<th>5 to 9 Employees</th>
<th>10 to 19 Employees</th>
<th>20 to 49 Employees</th>
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When we consider the vertical, more traditional industries like healthcare and finance are more concerned with information and communication silos than their peers. These industries might have more fixed department boundaries that contribute to this. It also could point to a need for more modernized internal tooling. Yet, regardless of their industry, most companies rank the challenges of growing a product team in the same way.

Industry segments that state "avoiding information and communication silos" as their most significant pain point when scaling their product teams:

- Healthcare: 32%
- Manufacturing: 24%
- Financial Services: 30%
- Information Technology: 22%
- Marketing and Advertising: 30%
- Leisure, Travel, and Tourism: 19%
- Computer Software: 28%
- Retail: 18%
- Education: 27%
- Nonprofit: 17%
There’s the concept of **scaling** the product team, and then there’s the concept of **maturing** it. Scaling a product team focuses primarily on increasing team size by hiring additional product managers and adding new roles like product operations or analytics.

However, maturing a product organization is a different beast altogether. The focus is more on **up-leveling your capabilities and processes**. Hiring is merely a component of how organizations can mature.

We asked product people to rank how well they felt their team performed in several key capabilities for mature product organizations. Product teams feel most confident in their ability to **work with their development teams**, followed closely by their ability to **understand the personas** for which they build their products.

This indicates that product teams likely spend most of their time talking with customers and planning development work with their engineering teams. This kind of work could be viewed as a comfort zone.

As product managers advance in their careers, they begin working on solving bigger problems. These problems are inherently cross-functional and require them to move beyond their comfort zone to collaborate with teams where their ability and authority to influence isn’t as great. Many of the capabilities of product managers placed lower in this ranking require more cross-collaboration.

**Rank the following from most proficient to least proficient. How does your product team perform?**

1. **Collaborate with development teams to plan and release new features efficiently and on time**
2. **Understand different customer personas and their respective needs**
3. **Build effective roadmaps that tie to the overall company strategy**
4. **Ensure product managers have autonomy and ownership over the product vision**
5. **Define and follow best practices for common internal processes like prioritization, roadmapping, and go-to-market activities**
Tracking Success Across the Product Life Cycle

Just because a product manager may feel proficient in a given area doesn’t mean that area is easy to measure. In fact, many of the capabilities product managers feel the most proficient in are the same capabilities that prove most challenging to track and measure success.

Both roadmapping and understanding customer feedback ranked in the top three of most proficient abilities. Yet they are also the most difficult to measure. This is likely in part because of the nature of these capabilities. How exactly does a product team assess its roadmapping competency? In the absence of any concrete way of tracking, confidence may rise.

That said, development work is the number one most proficient competency and the least challenging to track and measure success. This is partly a result of the Agile revolution, which undoubtedly emphasizes the ability to track development throughput.

Which of the activities are the most challenging to track and measure success?

- Building Out the Product Strategy and Roadmap: 33%
- Collecting Customer Feedback: 26%
- Launching New Products and Features to Market: 21%
- Developing New Products and Features: 18%
Building the Toolset for the Entire Product Life Cycle

A product manager sees the product throughout its entire life. It begins in the research and discovery phase, where the product manager looks for a problem to solve. That problem has to be big enough and affect enough people that solving it would present a considerable business opportunity.

After finding a big enough problem, the product manager begins gathering ideas for what a solution could look like. Next is strategy and roadmapping, where a product manager outlines how the solution will be built and what it will include. Then development takes place, and finally, the launch of the product. After launch, the product manager will report on the product’s success and its launch through analysis.

That’s the product development life cycle in a nutshell. We asked product managers which product life cycle phases required dedicated tooling. Development tools are the clear winner, with three out of every four respondents saying they use a dedicated tool to project manage the development of new products and features. In the software space, this could be tools like Jira or Azure DevOps that plan sprints and break work into user stories and issues.

Strategy and roadmapping planning tools came in as a close second place, with about 60 percent of respondents saying they use a specified tool to help them build out their roadmaps and communicate their strategy. Over time, roadmapping software has become an essential part of how many businesses operate as they transform from project-led to product-led. It’s a way to develop a vision that enables development teams to iterate quickly with autonomy.

At the bottom of the pack sits product launch tools at 34 percent alongside post-release evaluation and reporting at 29 percent respectively. Product launches are often a cross-functional affair, leaving many teams to cobble together existing project management tools already embedded within the organization. Also, due to their cross-functionality, it can be difficult to determine which budget should ultimately own the purchase of more purpose-built tooling that would be better suited for the job. We touch on product launch ownership later in this report.

Which phases of the product life cycle does your team use a dedicated tool?

- Development: 75%
- Research and Discovery: 36%
- Strategy and Roadmap Planning: 60%
- Product or Feature Launch: 34%
- Ideation and Solutioning: 40%
- Post Release Evaluation and Reporting: 29%
Every great product starts with an idea. An idea can come from anywhere. It can be sourced from customer feedback or derived from the company strategy. Yet, an idea alone is insufficient for product teams. Ideas must be prioritized against other ideas. Ideas must also be linked to real business opportunities they might help you realize. If an idea can’t spell revenue for the business, it’s likely not worth the time and resources to develop.

This is why product teams spend so much time discovering new ideas and identifying the opportunities they could support. Overall, product teams feel quite confident in their ability to identify the root problem or opportunity expressed in an idea, with survey participants responding with an average of 4.2 on a scale from one to six.

How confident are you in your team’s ability to identify the root of the problem or opportunity expressed in customer feedback?

(Note: we like to use scales from one to six to encourage respondents to decide whether they feel good about something or not so good. On a more traditional scale from one to five, that “three” can be a tempting non-answer.)
Interestingly, the most confident in their ability to identify root problems are those product people with either over 15 years of experience or early-career product managers with less than two years of experience. Approximately 44 percent of these two groups rate their confidence at a five or a six out of six, more than any other experience level. Between these two groups, early-career product managers are the most likely to respond with a six. Confidence, it seems, initially falls and then rises again with experience. The most painful lessons are those learned first.

How confident are you in your team’s ability to identify the root of the problem or opportunity expressed in customer feedback? How many years have you been involved in product management?
Capturing Ideas While Avoiding the Feature Factory Trap

One of the more troublesome parts of discovery and ideation is collecting and organizing new ideas into a library or backlog. Customer feature requests rank highest regarding the sources that provide the most actionable ideas for their product.

This makes sense, considering customer feedback tends to come as a proposed solution. While this can be convenient for product teams looking to build something customers want fast, it can also lead them into the feature factory trap.

On average, which source provides the most actionable ideas for your product?

- 35% Reviewing Customer Feature Requests
- 26% Feedback from Sales/Support
- 19% Senior Leadership Decides for Us
- 16% Reviewing the Competition and Market

The source from which ideas originate has a noticeable impact on our respondents’ confidence in their ability to identify problems worth solving. For example, survey respondents are approximately five times more likely to rate their confidence at one out of six when ideas come from senior leadership compared to respondents getting their ideas from other sources. They are approximately three to four times more likely to rate their confidence at a two.

A big focus of the product-led movement has been to take strategic decision-making that historically happened at the executive level and distribute that down the chain into the hands of the product team. This helps ensure that your product is driven by important indicators like customer feedback and competitive analysis, all work that product teams specialize in.

In the 2022 version of this report, we found that product teams with a higher degree of autonomy were more likely to feel aligned with their stakeholders and see higher engagement levels while also less likely to shift priorities destructively. So it’s no surprise that giving product teams the autonomy to do their own discovery and research benefits the confidence and efficacy of new ideas.
Ultimately, an idea will only be considered “great” if senior executives see a return on the investment it took to develop it. Return could come from revenue, improved customer retention, or better NPS scores.

According to our survey results, more product managers feel the return on their product investments does meet the expectations of senior executives than doesn’t. But it’s not a large percentage. Less than half of the respondents answered yes to this question. About one-fourth of respondents believed that the return on their product investments didn’t meet expectations.

However, “no” wasn’t the second most popular answer. “I’m not sure” was. This could speak to a couple of things. It could simply be the result of a lack of communication between senior executives and the product management participants in our survey. But it more likely indicates an inability to measure return on investment, which has always been a thorn in the side of many departments, not just product. The cause of this lack of ability could be time constraints or a lack of expertise and tooling. Remember, “post-release evaluation and reporting” was the least likely part of the product life cycle to receive dedicated tools for the job.

In some cases, post-release evaluation and reporting may receive no tools at all. We also asked product managers how they measured the return on investment (or the success of investment). This was an open-field question, as opposed to multiple-choice, which gave respondents the ability to describe their method in their own words.

There were several interesting answers. One product manager said they measured “revenue from new products” alongside “NPS and retention improvements from features that are not directly revenue-producing.” Another mentioned “user adoption, retention rates, and survey feedback.”

Yet, time and time again, we see variations of the same basic reply: “We don’t.”

On average, do you feel the return on your product development investments meets the expectations of senior management?

- Yes: 45%
- I’m Not Sure: 32%
- No: 23%
So, why are nearly one in three product managers unsure whether the return on products meets senior executive expectations? Well, it’s because they aren’t measuring it.

More striking, the kinds of investments that product managers are either unsure whether or not they meet expectations or don’t believe meet expectations originate from ideas from senior executives. Survey participants who replied that **senior leadership decides** which ideas to pursue were more likely to respond with either “I’m not sure” or “no” to the question of whether the return meets expectations. Meanwhile, the most likely to answer “yes” were those product managers sourcing their ideas directly from **customer feedback**.

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### It Pays, Possibly Literally, To Be Customer-Centric

When investments don’t meet expectations, there are many possible reasons.

According to our survey, the most popular reason is the **lack of a clear company strategy**, followed by poorly prioritized ideas, products, or features.

In many ways, every answer on this list could be viewed as a byproduct of a lack of a clear company strategy. If you don’t know your company’s goals and how they plan to achieve them, it becomes difficult to prioritize, go to market, allocate resources, and build an effective roadmap.

What is the primary cause for product development investments **not** meeting the expectations of senior management?

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<th>Percentage</th>
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<tr>
<td>23%</td>
<td>A Lack of a Clear Company Strategy</td>
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<tr>
<td>19%</td>
<td>Poorly Prioritized Ideas, Products, or Features</td>
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<td>18%</td>
<td>A Lack of a Sound Go-to-Market Strategy, Including either Suboptimal Sales or Marketing Activity</td>
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<td>17%</td>
<td>The Misallocation of Resources Between Products and Initiatives</td>
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<td>17%</td>
<td>An Underdeveloped Product Roadmap That Doesn’t Accurately Reflect or Tie Into the Company’s Strategy</td>
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<td>6%</td>
<td>Other</td>
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The Product Strategy and Roadmapping

Ideas, once prioritized, make their way to the product roadmap. Roadmaps can serve various purposes, but at their core, they are strategic documents that visualize the outcomes a product and development team hopes to achieve over a given time period and the steps necessary to make it happen.

According to our survey this year, the most significant influence on the product strategy is business goals and objectives. We view this as a positive trend, as it demonstrates that many product teams are aligning their strategy with the company’s overall goals. However, we can still see that just over half of product managers believe their strategy is reactive, either to the requests of leadership or the requirements of their customers.

What primarily drives/influences the development of your product strategy?

- **46%** Business Goals and Objectives
- **26%** Requests From Executive Leadership or Sales
- **26%** Customer Feedback

As companies grow, their business goals and objectives tend to exert an increasingly more significant influence on the strategy. Enterprise companies with over 10,000 employees were the most likely to say their business goals drive their product strategy.

In contrast, small companies and early-stage startups with less than 20 employees were much more likely to have their strategy influenced by customer feedback. It makes a lot of sense. When you’re small, the satisfaction of even one customer could make or break your business.
When asked what the primary objective of their roadmap is, product managers evenly distribute their answers across a range of popular options. “Plan and prioritize” is the most popular answer this year, but by a very slim margin. The fact that the answers to this question are so evenly distributed likely tells us that product roadmaps are frequently used for all these purposes and probably more.

What is the primary objective of your roadmaps?

28% Help Plan and Prioritize

27% Communicate Product Strategy

25% Communicate Milestones and Release Dates

20% Get Consensus on Product Direction
Organizations Still Struggle to Prioritize Outcomes Over Outputs

There has been an intentional shift in roadmapping philosophy in recent years. As more product organizations move to adopt Agile processes, there is a growing feeling that roadmaps should avoid communicating desired outputs, which historically they’ve always done.

An output is typically a solution, already packaged and ready to go. But Agile is about more than delivering solutions quickly. It’s about discovery, experimentation, and constant iteration. A roadmap designed to communicate outputs leaves little room for those things. It can also turn a product organization into the dreaded feature factory.

Instead, a roadmap that communicates outcomes can identify a desired goal or direction while leaving room for product teams to work autonomously, experiment, and be creative. It’s also much easier to tie outcomes to overall business objectives, allowing product teams to track their impact against accurate value metrics.

Despite this, roadmaps still focus more on communicating outputs, not outcomes. Understandably, a specific output might be more tangible than a broader, problem-focused outcome. This can make it tempting to construct your roadmap for a senior executive audience.

Do your organization’s roadmaps focus more on communicating desired outputs (what features you’re building next) or desired outcomes (business objectives and product goals)?

- Outputs: 54%
- Outcomes: 43%
- Other: 3%

In fact, we know roadmaps are much more likely to communicate outputs when the strategy is influenced by executive leadership, as opposed to those roadmaps influenced by either business goals or customer feedback. Nearly 70 percent of roadmaps most influenced by senior executives focus on communicating outputs over outcomes.

70% of roadmaps most influenced by requests from executive leadership focus on communicating outputs over outcomes.
A Portfolio Roadmap Is an Essential Tool for Communicating a Broad, Holistic Picture To Senior Executives

When it comes to using a roadmap to communicate the product strategy to senior executives, the portfolio roadmap can be an essential tool. A portfolio roadmap visualizes all work across various teams, products, or even divisions. It’s often constructed as a high-level view that avoids the nitty gritty of each specific project.

By painting a broad and holistic picture, executives and other senior management can glean essential insights to determine overall progress, points of intersection between products, and how to allocate resources appropriately.

Whether or not your product organization uses a portfolio roadmap depends on company size and product complexity.

Does your organization have a product portfolio roadmap?

49% Yes 41% No 10% I’m Not Sure

Nearly half of our survey respondents report using a portfolio roadmap within their organization. That percentage tends to trend upwards as company size increases, but not as much as you expect. Only 52 percent of companies with 10,000 employees or more report using a portfolio roadmap.
The primary purpose of a portfolio roadmap, to hear our survey respondents tell it, is to provide senior leadership with a high-level, consolidated view of all products. Approximately 60 percent of product managers say so.

In comparison, about 40 percent of respondents are split between using them to create connections versus determining what products the organization should invest in.

What is the main purpose of your portfolio roadmap?

60%
To Provide Executive Leadership With a High-Level, Consolidated View of All Products

21%
To Create Connections Between Multiple Products

18%
To Determine Which Products the Organization Should Invest In

Roadmaps are all about strategy. They combine the various pieces of the product puzzle by telling a story, assisting in prioritization, and ultimately helping a product organization plan what to build next and why.
In last year’s report, we found that product teams had moved into new territory. The go-to-market strategy, once the arena of marketing and sales teams, had a new owner—product. More often than not, the product team was deciding launch dates, training customer-facing teams on new functionality, building customer acquisition funnels, and exerting quite a bit of influence over product messaging.

This year, rather than digging deep into the go-to-market process, we simplified our approach. When asked “who owns your go-to-market process,” product managers most commonly replied with “product management.”

One area of possible concern is the fact that “no clear owner” is the third most popular answer, even if only 15 percent of respondents replied this way. Go-to-market is an inherently cross-functional process involving various moving pieces between an organization’s product, marketing, sales, and other groups. With so many teams touching it, it’s understandable that the true owner of go-to-market may be unclear.

Who owns your go-to-market process when a new product or feature is launched?

- 34% Product Management
- 25% Marketing
- 15% No Clear Owner
- 10% Executive Leadership
- 6% Sales
- 6% Project Management
- 4% Other
Even so, a process that lacks ownership can be rife with confusion. Interestingly, those organizations where strategy is driven by the executive team or sales are the most likely to lack a clear go-to-market owner.

Does who owns the go-to-market process correlate with the confidence product managers have in the effectiveness of the go-to-market process? Our findings suggest yes.

How confident are you that new products or features will release on time and launch with the necessary amount of support from marketing, sales, customer success, etc.?
Overall, product managers don’t feel confident that their new products or features will be released on time and with the necessary support. They answer on average a 3.6 out of 6, which is mediocre.

The owner of the go-to-market process has an impact on confidence as well. Respondents are much more likely to rate their confidence at a five or a six if the process is owned by product or project management. They are most likely to rate their confidence at one or two if the process has no owner or is owned by executive leadership.

How confident are you that new products or features will release on time and launch with the necessary amount of support from marketing, sales, customer success, etc.? Who owns your go-to-market process when a new product or feature is launched?
3 Product Management Trends To Look For in 2023

Every year, we check back in with product managers on a few core topics to track how trends shift over time.

1. Product Management’s Biggest Challenge Is Shifting To Cross-Functional Alignment on Product Direction

2. Budgets in 2023 Will Continue To Invest Heavily in New Product Personnel and Change Management Initiatives

3. Product Teams Are Changing the Way They Measure Success in 2023

1. Product Management’s Biggest Challenge Is Shifting To Cross-Functional Alignment on Product Direction

Last year, product managers said that “planning and prioritizing initiatives” was their most significant product management challenge. It won by a slim margin. However, this year, “getting cross-functional alignment on product direction” was the biggest challenge facing product managers by quite a significant margin.

What is your biggest product management challenge?

- Getting Cross-Functional Alignment on Product Direction: 37%
- Planning and Prioritizing Initiatives: 25%
- Communicating Product Strategy: 14%
- Working With Other Departments: 12%
- Managing the Product Backlog: 10%
Hiring typically tops the list of where budgets are allocated. This year is no different, with 22 percent of respondents saying they will spend most of their budget on adding new personnel to the team.

However, a new addition to the list this year is change management initiatives, which we’ve never included as an option. It comes in a close second place, with 20 percent of respondents naming it as requiring the most budget.

This year’s biggest drop is “product stack tools,” which was the second biggest budget taker in 2022. In 2023, product stack tools fell to fifth place, with only 15 percent of respondents citing it as the main budgetary expense. This could be due to the recent trend in tool consolidation, where many companies limit the amount they spend on tools to fuel other business areas.

Where are you allocating most of your 2023 budget?

- **22%** Hiring
- **17%** Training
- **20%** Change Management Initiatives
- **15%** Product Stack Tools
- **18%** Customer Incentives
- **9%** Other
3. Product Teams Are Changing the Way They Measure Success in 2023

The kinds of metrics a product team uses to measure their success can be telling. Product metrics orient a product team around the product experience and help them drive usage and engagement. However, this isn’t always a perfect measure of customer satisfaction.

On the other hand, business-oriented metrics can help a product team understand whether the products they release and support in the market drive top-level company performance, like revenue. Customer-oriented metrics like retention rate and net promoter score can help a product team measure customer satisfaction.

In this year’s report, product teams were mostly split between their use of either product metrics or business metrics. Customer-oriented metrics came in as a distant third option, which could suggest that the other kinds of data will tell a product team what they need to know about how their products are being received. High product usage alongside growing revenue suggests a delighted customer base.

What are your team’s primary product success metrics?

- Product Metrics: 33%
- Business-Oriented Metrics: 32%
- Customer-Oriented Metrics: 23%
- I Don’t Know: 9%
Conclusion

Our tour through the product life cycle concludes. Throughout this report, we’ve seen how product teams handle the challenges of maturing their discipline and creating value with their products.

At times, the data this year questions the efficacy of top-down organizations where strategy is set at the executive level. Product people within these organizations are more likely to be unaware of the return on product investments, to be output-focused over outcome, to lack confidence in key parts of the product life cycle, and overall demonstrate a greater inability to measure their own impact.

But not all is bleak. Overall, product teams and their strategies are aligned to the goals of the business. They are confident in their ability to understand customer needs and identify core problems to solve. This leads them to see a positive return on investment. And when product teams have ownership over the product life cycle, success follows.

Last year’s report charted the progress of digital transformation. This year, we see how the influence and autonomy digital transformation creates translates to value.
The 2023 State of Product Management survey ran through October 2022. It was sent to ProductPlan’s email subscribers and shared via social media and other product management communities. We received more than 1,500 responses.

What is your job title?

- **Product Manager**: 30%
- **Associate Product Manager**: 4%
- **Product Owner**: 12%
- **Chief Product Officer**: 4%
- **Director of Product**: 12%
- **Group Product Manager**: 4%
- **Senior Product Manager**: 11%
- **Product Operations Manager**: 3%
- **VP of Product**: 6%
- **Other**: 15%

How many years have you been involved in product management?

- **Less Than 2 years**: 24%
- **2-5 Years**: 34%
- **6-10 Years**: 23%
- **11-15 Years**: 9%
- **More Than 15 Years**: 9%
What size company do you work for?

- Under 20 Employees: 14%
- 20 to 100 Employees: 27%
- 101 to 1,000 Employees: 33%
- 1,001 to 10,000 Employees: 16%
- Greater Than 10,000 Employees: 11%

How many people work in product at your company?

- 1 to 4 People: 30%
- 5 to 9 People: 20%
- 10 to 19 People: 15%
- 20 to 49 People: 10%
- 50 to 99 People: 5%
- 100+ People: 5%
What industry do you work in?

- Information Technology and Services: 23%
- Computer Software: 15%
- Financial Services: 13%
- Healthcare: 8%
- Manufacturing: 6%
- Education: 6%
- Retail: 5%
- Leisure, Travel, and Tourism: 3%
- Media and Entertainment: 3%
- Marketing and Advertising: 3%
- Nonprofit: 2%
- Other: 14%
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