Product Strategy

Step-by-step exercises to define your product strategy. A companion to Gibson Biddle's "How to Define Your Product Strategy" series on Medium.

Click here to read the Medium essays

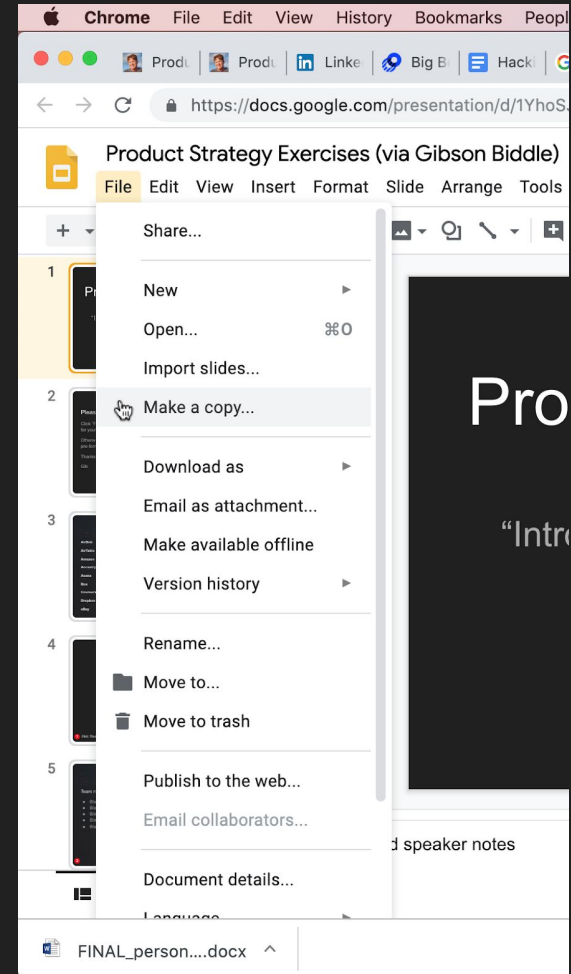gbiddle616@gmail.com

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Please make a copy of this deck.

Click "File" menu, then "Make a Copy"
for yourself.

This will enable you to edit the slides.

Thanks,

Gib

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Essay #1:

DHM
"Delighting customers in
Hard to copy
Margin-enhancing ways"

([Click here](#) to read the essay.)

Essay #1: DHM

Answer the following questions for your product:

1. How does/will your product delight its customers?
2. What will be your product's hard-to-copy advantages?
3. How will your product deliver a business? What are your "price & plan" tests? Your potential business model experiments?

Step-by-step slides to answer these questions follow…..

Essay #1: DHM

1.) How does your product delight customers, now and in the future?

Blank

Blank

Blank

Delight (Netflix examples)

Convenience, selection, value

Instant: DVDs & Streaming

"Anytime, anywhere"

Easy to find & play great videos

Exclusive content

High-quality sound and video

Essay #1: DHM

2.) What are your potential hard to copy advantages, today and in the future?

Blank

Blank

Blank

Netflix examples

HARD TO COPY	/ EXAMPLES
Brand	"Movie enjoyment made easy"
Network effects	Device ecosystem
Unique technology	Personalization
Economies of scale	Original content
Switching costs	Profiles
Counter positioning	"No late fees"
Captured resource	Reed, Patty, Neil
Process power	Stream encoding

Essay #1: DHM

3.) How will you deliver the business? What will your price, plan, and business model experiments be?

Blank

Blank

Blank

Margin (Netflix examples)

Price & plan tests

Used disk sales

Advertising

Long-tail content

"Right-size" original content investment.

Essay #2:

"From DHM to Product Strategy"

(Click here to read the essay.)

Essay #2: From DHM to Product Strategy

4.) Looking at your "delighters," "hard to copy advantages" & "margin-enhancers," what ideas combine DHM? Which high-level theories will you test in the next 1-2 years?

Blank

Blank

Netflix DHM (e.g. product strategies)

Simple/easy

Personalization

Instant DVDs/streaming

Device ecosystem

Original content

Friends/social

Interactive stories

Essay #3:

"The Strategy/Metric/Tactic Lockup"

(Click here to read the essay.)

Essay #3: The Strategy/Metric/Tactic Lockup

Answer the following questions for your product:

- From your previous "DHM" exercise what are your 4-6 high-level product strategies?
- For each of these strategies, which proxy metric will you use to measure whether each strategy is effective?
- For each of these 4-6 strategies, what are the tactics (projects) you will execute against the strategy?

The following slides provide a Netflix example, along with slides that enable you to answer the above questions in a step by step way…..

Essay #3: The Strategy/Metric/Tactic Lockup

From the DHM exercise (slide #9), record the 4-6 high-level product strategies you hope to execute in the next year or two.

(You can begin to populate the SMT template on slide #17.)

Blank

Blank

Blank

Blank

Netflix high-level product strategies

Simple/easy

Personalization

Instant DVDs/streaming

Device ecosystem

Original content

Friends/Social

Interactive stories (AR/VR)

Essay #3: The Strategy/Metric/Tactic Lockup

For each of the product strategies assign a proxy metric to evaluate whether the strategy is effective.

Input your work in the SMT lockup on slide #17.

Netflix examples of proxy metrics:

Personalization:
% of members who rated at least 50 ratings in their first six weeks with the service.

Simple:
% of members who added at least 3 titles to their Queue in their first session.

Streaming (at launch)
% of members who watch at least 15 minutes of a title in a month.

Essay #3: The Strategy/Metric/Tactic Lockup

For each of the product strategies detail a few tactics (projects) against each of the strategies. Put another way, which projects will you execute to move each of the proxy metrics?

Input your work in the SMT lockup on slide #17.

A modern-day Netflix example follows.

Here's a modern-day example of one high-level Strategy/Metric/Tactic lockup for Netflix:

Strategy: Interactive storytelling

Proxy metric: % of members who spend at least one hour/month watching interactive content.

Tactic: Puss & Boots (a children's title), Black Mirror's "Bandersnatch," an interactive version of "The Unbreakable Kimmy Schmidt," real-time authoring system to creative interactive movies, prototype for AR/VR version of future interactive stories.

Example: Netflix 2019 SMT (speculative)

Strategy	Metric	Tactic / project
Personalization	RMSE (delta between expected and actual rating)	Mood algorithm test, Voice ID, Movie Personality Quiz. Language detection.
Original Content	% of members who watch at least 10 hours/month of Original Content	Cold-start merchandising test, weekly release test, episodic micro-docs
Margin-enhancement	Total Gross Margin, LTV	WW launch of mobile-only plan, 4 simultaneous streams test.
Interactive storytelling	% of members who watch at least one hour content per month.	Support for real-timing branching prototyping, Kimmy Schmidt launch.

(Your company) SMT Lockup

Strategy	Metric	Tactic / project
Blank	Blank	Blank
Blank	Blank	Blank
Blank	Blank	Blank
Blank	Blank	Blank

6

Essay #4:

"Proxy Metrics"

(Click here to read the essay.)

Essay #4: Proxy Metrics

Exercise #6: What is your "North Star" product metric-- the metric that measures the overall quality of your product?

I provide a Netflix example on a following slide, plus a slide to record your North Star metric. Hint: The North Star metric for product typically measures some combo of customer & shareholder value. Your North Star metric is likely an engagement metric that measures overall product quality.

Netflix True North metric (example)

Monthly retention

Facebook metric (example)

Daily Active Users

YouTube (speculative example)

% of viewers who watch at least 5 hours/month.

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Essay #4: Proxy Metrics

Carefully re-evaluate each of the metrics on slide #17 using the cheat sheet to the right as a guide.
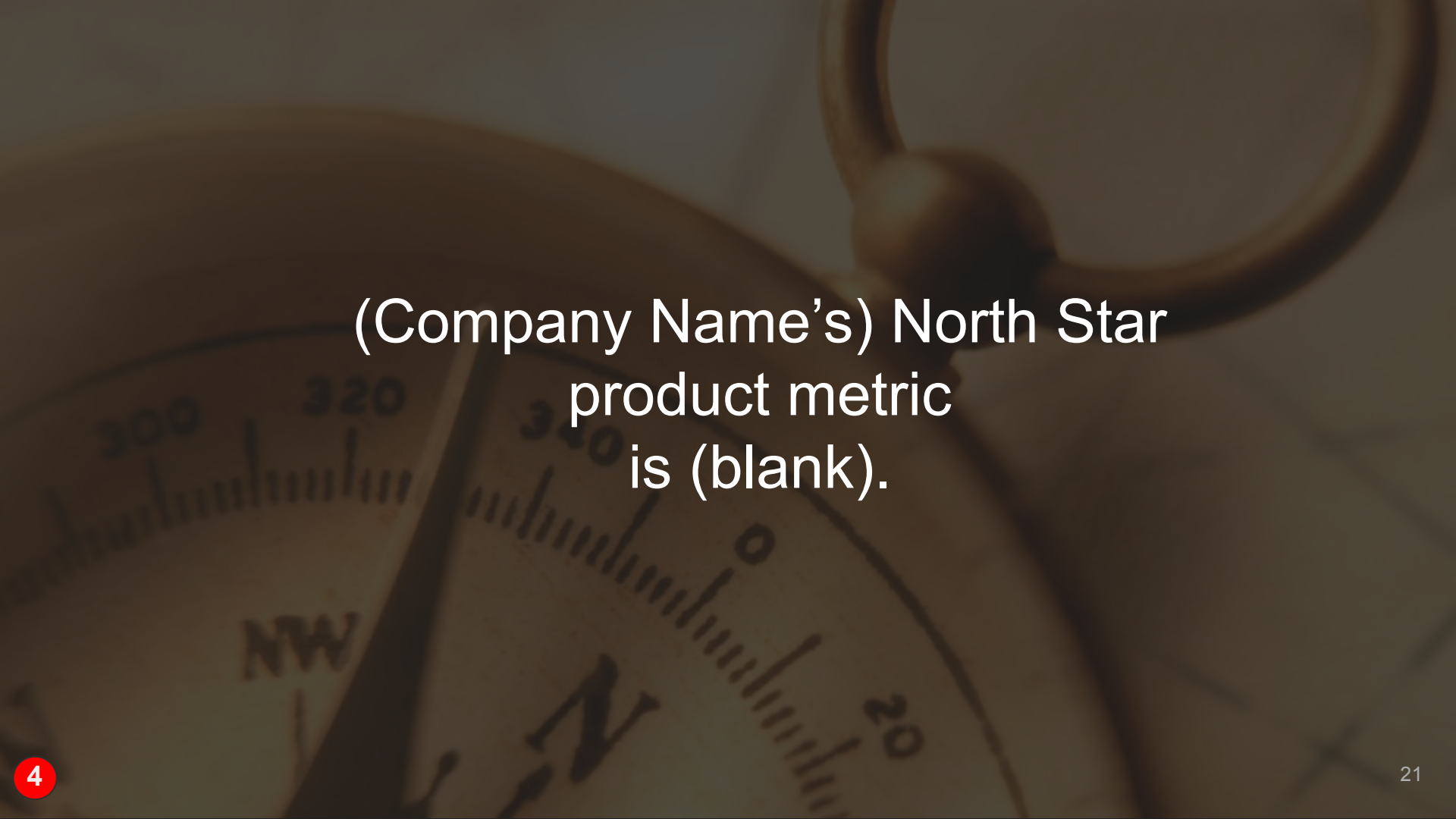
Metrics cheat sheet:

Percentage of (new/returning customers) who do at least (minimum threshold of value) by (X period in time).

- ➢ Is it measurable? Moveable? Not an average?
- ➢ Does it correlate to topline metric?
- ➢ Does it measure customer/shareholder value?
- ➢ Is it gameable?
- ➢ In context of A/B test, does it evaluate "winner?"

In long-term, can you prove causation against your North Star metric?

Netflix's North Star
product metric
is monthly retention.

(Company Name's) North Star product metric
is (blank).

Essay #5:

"Working Bottom-Up"

([Click here](#) to read the essay.)

Essay #5: Working Bottom-up

Exercise #7: If teasing out your product strategies is challenging, try the bottom-up approach. Create a list of projects you believe are essential, then sort the ideas into buckets. If it provides new insights, edit/add to your SMT Lockup as appropriate.

I have provided a worksheet on the next slide to let you try the exercise.

Bottom-Up example (from Netflix)

- Reduce text and explanations
- Provide step-by-step guides
- Use CS dispositioning data to isolate mistakes
- Eliminate unused features or functions
- Provide context-sensitive information
- Provide easy access to self-help systems

Label for above "bucket": "Simple"

Essay #5: Working Bottom-up

Bucket label	Bucket label	Bucket label	Bucket label
Project	Project	Project	Project
Project	Project	Project	Project
Project	Project	Project	Project

Essay #6:

"A Product Strategy for Each Swimlane"

([Click here](#) to read the essay.)

Essay #6: A Product Strategy for Each Swimlane

8.) If you are the "Head of Product," you should have each of your product leaders articulate their product strategy for their swimlane. If you run a pod, you should do the exercise for your own area.

I have provided an example for the "Personalization" swimlane from Netflix on the next slide. The slide after that is blank and should be completed for each swimlane in the product organization.

Netflix swimlanes (examples)

Personalization

New member acquisition

Social ("Friends")

DVD merchandising

Help & account

Used DVD sales

Advertising

Example: Netflix Personalization (2006)

Strategy	Metric	Tactic / project
Explicit data	% of new members who rate $\geq$ 50 movies in their first six weeks	Ratings wizard, demographic data
Implicit data	% of members who add $\geq$ 6 titles to their Queue each month	Use Queue-add data to inform taste preference, reflect on streaming "abandon" data
Matching algorithms	RMSE (difference between predicted & actual rating)	Collaborative filtering, Netflix Prize, category interest.
Higher-quality movies/TV	% of TV/movies watched with greater than 4-star rating	Improve quality of movies we acquire through predictive analytics

(Company Name) (Blank) Swimlane

Strategy	Metric	Tactic / project
Blank	Blank	Blank
Blank	Blank	Blank
Blank	Blank	Blank
Blank7	Blank	Blank

7

Essay #7:

"The Product Roadmap"

([Click here](#) to read the essay.)

Essay #7: The 4 Quarter Product Roadmap

Exercise #9.) For each of your high-level product strategies, outline the projects against each strategy over the next four quarters. As an example, I have included a highly speculative version of what a roadmap might look like for Netflix today. The slide after that is for you to complete the roadmap for your product.

Netflix 2019 4Q Roadmap (highly speculative)

	Q3	Q4	Q1	Q2
Personalization	Mood algorithm test	Voice recognition	Language detection	"Movie Personality Quiz"
Original Content	Cold-start merch system	Weekly Release Test	Support for episodic micro-docs	Expert Panel forecasting
Margin-enhancement	WW mobile-only launch	4 simultaneous streams test	Free trial reminder	Perfect selection trial
Interactive story-telling	Voice activated decisions	Real-time branching prototype tool	Kimmy Schmidt launch	Bandersnatch #2

(Company Name) 4Q Roadmap

	Q3	Q4	Q1	Q2
Strategy 1	Project	Project	Project	Project
Strategy 2	Project	Project	Project	Project
Strategy 3	Project	Project	Project	Project
Strategy 4	Project	Project	Project	Project

8

Essay #8:

"The GLEe Model"

(<u>Click here</u> to read the essay.)

#8 GLEe: Get Big, Lead, Expand

Wherever your company is on this journey, answer the following questions. For some products, you have already gotten big, and have moved into the "lead" chapter, so it's ok to describe how you got big already.

1. What are the trends that your product has ridden and will ride further in the future?
2. Detail how your product:
   a. Gets Big on…...
   b. Leads…..
   c. Expands…..

Step-by-step exercises follow, along with examples.

#8 GLEe: Get Big, Lead, Expand

1.) What are the high-level trends you will "ride?"

Blank

Netflix examples

DVD players

e-commerce

Internet video

Internationalization

Machine learning/AI

Voice

AR/VR

#8 GLEe: Get Big, Lead, Expand

2.) Begin to fill in the blanks below.
(Finalize "GLEe" in the next slide):

Get big on:

Lead:

Expand:

Netflix examples

1. Get big on DVDs
2. Lead streaming
3. Expand international
4. (Transition to Original content)
5. (Possible interactive storytelling)

(Your Company Name): GLEe Model

1.)   Get Big On Blank

2.) Lead Blank

3.) Expand Blank

Essay #9:

"The GEM Model"

([Click here](#) to read the essay.)

#9 GEM: Prioritizing Growth, Engagement & Monetization

Exercise #11: Which metrics will you use to measure:

1. **Growth.** Specifically, how measure growth rate?
2. Engagement. How will you measure product quality? What metric will you measure to demonstrate that your product gets better?
3. **Monetization.** How will you measure your product's ability to deliver a business? (It's likely a financial metric-- lifetime value, gross margin, etc.)

What is your force-rank prioritization for Growth, Engagement, and Monetization?

On the following slides, I have provided a highly-speculative, modern-day version for Netflix as an example, along with a template for you to complete….

#9 GEM: Prioritizing Growth, Engagement & Monetization.

Which metrics will you use to measure each of these factors?

Growth:

Engagement (e.g. product quality):

Monetization:

How will you force-rank these three factors? (You can complete your work on the slide following the Netflix example.)

Netflix: 2019 prioritization (speculative)

Priority	Metric
1) Growth	YOY member growth
2) Monetization	Lifetime value, gross profit
3) Engagement	Monthly retention

(Your Company Name): 2019 GEM prioritization

Priority	Metric
1) Blank	Blank
2) Blank	Blank
3) Blank	Blank

"Final Assignment"

You should now be able to complete a SWAG (Stupid Wild-Ass Guess) of your product strategy. You can copy & paste the slides with a red dot into the appropriate order. Look for these numbered dots: **0**

(Your Product) Strategy Agenda

1. "Hello" (slide #45)
2. Team members (slide #46)
3. GLEe (copy & paste slide #37)
4. North Star Product Metric (copy & paste slide #21)
5. GEM (copy & paste slide #42)
6. High-level Strategy/Metric/Tactic lockup (slide #16)
7. Strategy/Metric/Tactic lockup for each swimlane (multiple copies of slide # 28)
8. 4 Quarter Roadmap (slide #32)
9. "Thank you" (slide #47)

0

Hello

Company Name

Team members:

- Blank
- Blank

Thank you.

Appendix
(Please read the next slide, too.)

Was this helpful?

I would love your feedback:

Click here to complete a one-minute survey about my 12-part "Intro to Product Strategy" essay on Medium.

Click here to give feedback on these Google Slides.

Click here to read and "clap" for my "Product Strategy" series on Medium.

You can learn more about me here: www.gibsonbiddle.com

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Thanks, Gib