GATE ONE

PRODUCT LEADERSHIP

UNDERSTANDING THE EVOLVING SKILLSET NEEDED
TO DELIVER TO YOUR CUSTOMERS

CONTENTS

This quantitative research was supplemented with two in-depth interviews with practitioners who are on their own product leadership journey. We would like to thank them for their contribution:

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METHODOLOGY

The concept of product leadership remains relatively new within most businesses and, as a result, can be poorly defined. However, senior business leaders increasingly recognise that it has the potential to truly transform their organisations if implemented effectively.
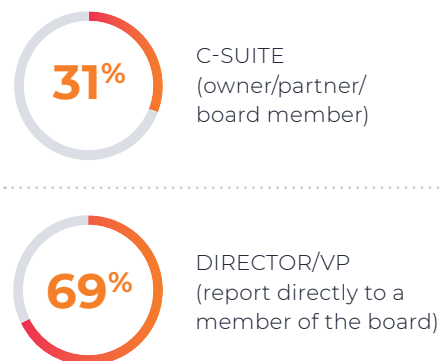
Product leadership does not refer simply to a presence of a product team, nor does it relate to a product manager or product developer who leads that team. Fundamentally, product leadership involves adopting a strategic, horizontal (cross-departmental) approach to solving an age-old business challenge, namely, how best to nurture an environment that delivers products and services which keep customers satisfied. It is not just about individual teams or individual products, but about aligning the whole enterprise behind a more customer-centric operating model. This involves transforming the way different business functions operate, so that they're able to help facilitate and enable the way products are designed to meet customer needs.

As organisations continually seek to carve out a competitive edge in an uncertain business environment, many business leaders are looking to harness the potential of product leadership. Taken from that perspective, product leaders should be seen as enablers for collaboration between different areas of the business – it is their job to promote a culture of customer-centricity and foster an environment for innovation.
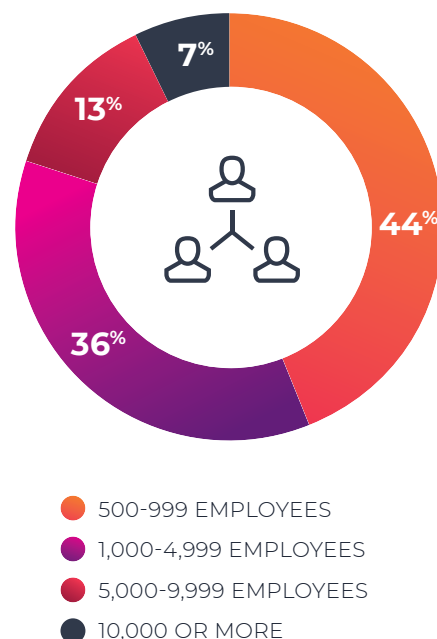
To help businesses better understand this process – and the challenges which must be addressed to make it a reality – Gate One has partnered with Cicero/amo to conduct a survey of 50 business leaders in the UK. We interrogate the defining characteristics of product leadership, the barriers to embedding it and the potential rewards of doing so effectively.

In profiling our business respondents, we ensured that they were drawn from senior business decision-makers either at the C-suite level or C-suite minus 1 (i.e. those that report into the board). All our respondents work in what could be typified as large companies with more than 500 employees. A significant number of respondents (20%) work for companies that employ more than 5,000 people. This helps us to highlight the specific issues in larger, more complex businesses.

Positions held by survey respondents

31% C-SUITE
(owner/partner/
board member)

69% DIRECTOR/VP
(report directly to a
member of the board)

Size of organisation

7%
13%
44%
36%

- 500-999 EMPLOYEES
- 1,000-4,999 EMPLOYEES
- 5,000-9,999 EMPLOYEES
- 10,000 OR MORE

THE NEW DIGITAL IMPERATIVE

All businesses today are faced with a digital imperative – this stresses the need to adapt the business's operational core to the new digital environment that is shaping our world. Digital is no longer an optional activity to improve productivity and impress customers or peers.

Being able to successfully implement digital transformation is becoming business critical if companies are to ensure their long-term success. Business leaders are increasingly coming to realise the vital role of product leadership in bringing about that transformation. For the purposes of this report, when we discuss product leadership, we are exploring it largely through the prism of digitisation.

Undertaking a digital transition presents new and emerging challenges which require businesses to adopt innovative solutions. This involves the development of new digital platforms, processes and services. It also means attracting the right skills and talent to help transform the business. We can see that this new digital imperative is being driven by the rapid changes taking place throughout the economy and wider society as we all learn to adapt to new technology, lifestyles and working patterns, as well as new ways of accessing and consuming goods and services.

The digital imperative has been reinvigorated over the last two years. The global pandemic has helped to accelerate the adoption of new technology as companies look for new ways to reach and serve their customers, as well as attempting to find more efficient and effective ways of operating. It is estimated that Covid-19 accelerated digital transformation by seven years,[1] while over half of consumers agree that the way they consume goods and services has changed forever as a result of the pandemic.[2]

Against this backdrop, customers typically expect more from companies, putting pressure on businesses to improve their responsiveness, convenience and – during a cost-of-living crisis – the ability to maintain low prices. The cost of living is significantly and increasingly weighing on people's minds, with 84% of consumers worried about it in May 2022, up from 52% in February 2022.[3]

With customer satisfaction being a significant key performance indicator (KPI) for most businesses, our research shows that business leaders are naturally looking at ways to improve their products and services (47%) and their customer experience (47%). Ultimately, business leaders recognise the importance of product leadership when it comes to greater customer satisfaction (49%) and increasing revenue (47%).
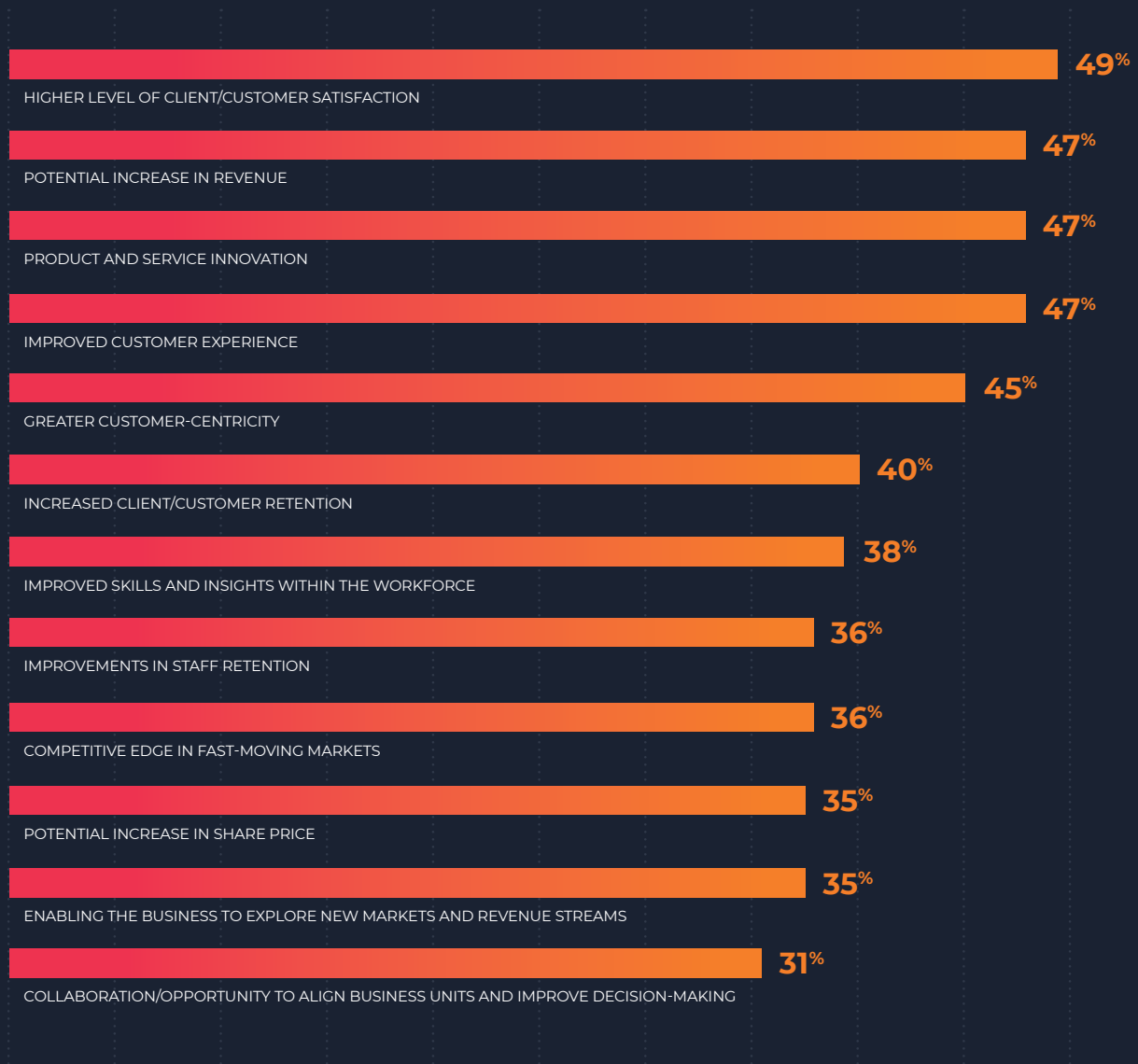
Within that broader context, business leaders are increasingly adopting the concept of product leadership to help them carve out a competitive edge in what is an uncertain and ever-changing business environment. For many of the key challenges currently facing businesses in terms of client retention and business growth, product leadership forms an important part of the potential solution.

[1] Consultancy.uk, Covid-19 has accelerated digital transformation by seven years, December 2020
[2] Gate One, Keeping customers close: Customer-centricity in a rapidly changing world, November 2021
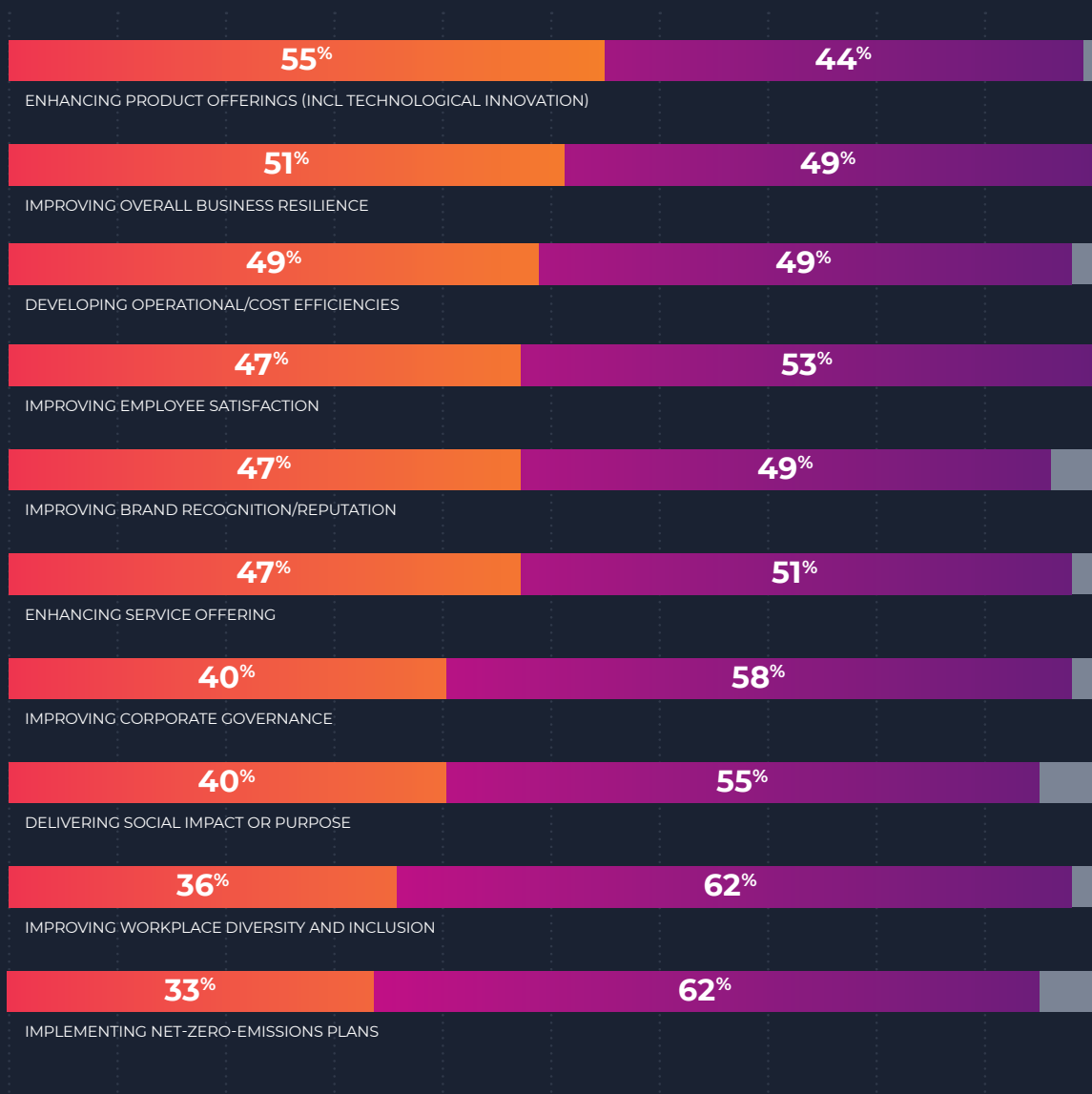[3] Gate One, Sustainable Shopping Habits, July 2022

WHAT ARE THE KEY ADVANTAGES OF DIGITAL PRODUCT LEADERSHIP WITHIN BUSINESS?

49%
HIGHER LEVEL OF CLIENT/CUSTOMER SATISFACTION

47%
POTENTIAL INCREASE IN REVENUE

47%
PRODUCT AND SERVICE INNOVATION

47%
IMPROVED CUSTOMER EXPERIENCE

45%
GREATER CUSTOMER-CENTRICITY

40%
INCREASED CLIENT/CUSTOMER RETENTION

38%
IMPROVED SKILLS AND INSIGHTS WITHIN THE WORKFORCE

36%
IMPROVEMENTS IN STAFF RETENTION

36%
COMPETITIVE EDGE IN FAST-MOVING MARKETS

35%
POTENTIAL INCREASE IN SHARE PRICE

35%
ENABLING THE BUSINESS TO EXPLORE NEW MARKETS AND REVENUE STREAMS

31%
COLLABORATION/OPPORTUNITY TO ALIGN BUSINESS UNITS AND IMPROVE DECISION-MAKING

HIGHER LEVELS OF CUSTOMER RETENTION ARE SEEN AS A KEY BENEFIT OF PRODUCT LEADERSHIP

HOW IMPORTANT ARE EACH OF THE FOLLOWING TO DEVELOPING THE VALUE OF YOUR ORGANISATION?

● BUSINESS CRITICAL   ● IMPORTANT   ● UNIMPORTANT

55% — **44%**
ENHANCING PRODUCT OFFERINGS (INCL TECHNOLOGICAL INNOVATION)

51% — **49%**
IMPROVING OVERALL BUSINESS RESILIENCE

49% — **49%**
DEVELOPING OPERATIONAL/COST EFFICIENCIES

47% — **53%**
IMPROVING EMPLOYEE SATISFACTION

47% — **49%**
IMPROVING BRAND RECOGNITION/REPUTATION

47% — **51%**
ENHANCING SERVICE OFFERING

40% — **58%**
IMPROVING CORPORATE GOVERNANCE

40% — **55%**
DELIVERING SOCIAL IMPACT OR PURPOSE

36% — **62%**
IMPROVING WORKPLACE DIVERSITY AND INCLUSION

33% — **62%**
IMPLEMENTING NET-ZERO-EMISSIONS PLANS

AMONG AN ARRAY OF BUSINESS PRIORITIES, BUSINESS LEADERS ARE MOST LIKELY TO VIEW ENHANCED PRODUCT OFFERINGS AS BUSINESS CRITICAL TO DRIVING THE VALUE OF THEIR ORGANISATION

Core priorities emphasise efficiency, resilience and product innovation

Over the last decade there has been a seismic shift in the way people and businesses interact with digital products and software. Digital experiences have matured exponentially, and customers in both B2C and B2B markets have come to expect, rather than be excited by, seamless digital interactions with the products they consume online. For this reason, it's not surprising that enhancing product offerings, including technological innovation (55%), tops the list of business-critical issues.

At a time when the wider economic environment looks uncertain, businesses are also striving to stay ahead of the curve, remain competitive and ultimately remain resilient. Improving overall business resilience (51%) and developing operational and cost efficiencies (49%) are among the top three focus points that business leaders feel are critical to their organisation.

...CUSTOMERS IN BOTH B2C AND B2B MARKETS HAVE COME TO EXPECT, RATHER THAN BE EXCITED BY, SEAMLESS DIGITAL INTERACTIONS WITH THE PRODUCTS THEY CONSUME ONLINE.

ESG still a low-level business priority – but could be set to change rapidly

While there is a flurry of corporate communications surrounding environmental, social and governance (ESG) activity undertaken by businesses, these are far less likely to be seen as business critical. Even though resilience is highlighted as a business priority, this is not equated with ESG sustainability issues. For example, only one-third (33%) viewed implementing net-zero-emissions plans as a business imperative.

In the next two to three years, we are likely to see a rapid step-change in the prominence given to ESG factors. As businesses put in place zero-emissions strategies – reflecting the wider national zero-emissions strategies in those countries where they operate – we can expect to see ESG featuring higher up the business agenda, especially as the failure to adapt business operations will introduce new business risks including litigation, regulatory fines and reputational damage.

This ESG challenge will potentially create a new emphasis on product leadership. Companies are likely to look for system changes to help them better capture ESG data within the business, to better identify and mitigate ESG risks, as well as support their ambition to provide customers with genuinely sustainable goods and services.

This additional new 'green imperative' suggests businesses are also more likely to look towards product leadership in future years. Given the strategic nature of ESG risks, it seems natural that senior business leaders should look towards the adoption of a new strategic product leadership approach which gives product managers the autonomy, bandwidth and resources to fully address these new and emerging challenges on a collaborative, enterprise-wide basis.

Best-in-class product-led growth

Below are our top three picks for organisations that have effectively deployed a product-led growth strategy, made possible through leadership that embedded product into the heart of the organisation's purpose.

Slack: The strategic advantage of necessity

One of the fastest-growing SaaS companies, Slack's success was built on a simple concept. Its founders originally created the software as an internal tool to help them cope with messy, seemingly unmanageable workflows. This meant Slack was a product first and a business idea second. From the start, Slack prioritised smooth adoption and low costs to overcome the difficulties of selling to teams as opposed to individual users. The power of Slack was that its founders knew exactly what audiences needed and they focused on selling a positive product experience. By creating something genuinely useful, the business was propelled forward by the product itself, without Slack having to spend massive amounts on marketing and advertising.

Spotify: With a chart-topping product, sales will be driven by customers

With its freemium-based pricing model, Spotify allows users to get a glimpse into the experience their product offers in the hope that it gets them hooked. Their strategy is based on the idea that if users enjoy the simplicity of streaming music and want to get rid of the limitations of the free version, they will buy a subscription. Spotify built sales elements into the product by adding options to create collaborative playlists and music sharing, driving users to get their friends to use the service. Its agile organisation design has also been an important element of its success. Spotify's mini-teams or 'squads' are each dedicated to one feature area, ensuring that product experience is fine-tuned to users' needs.
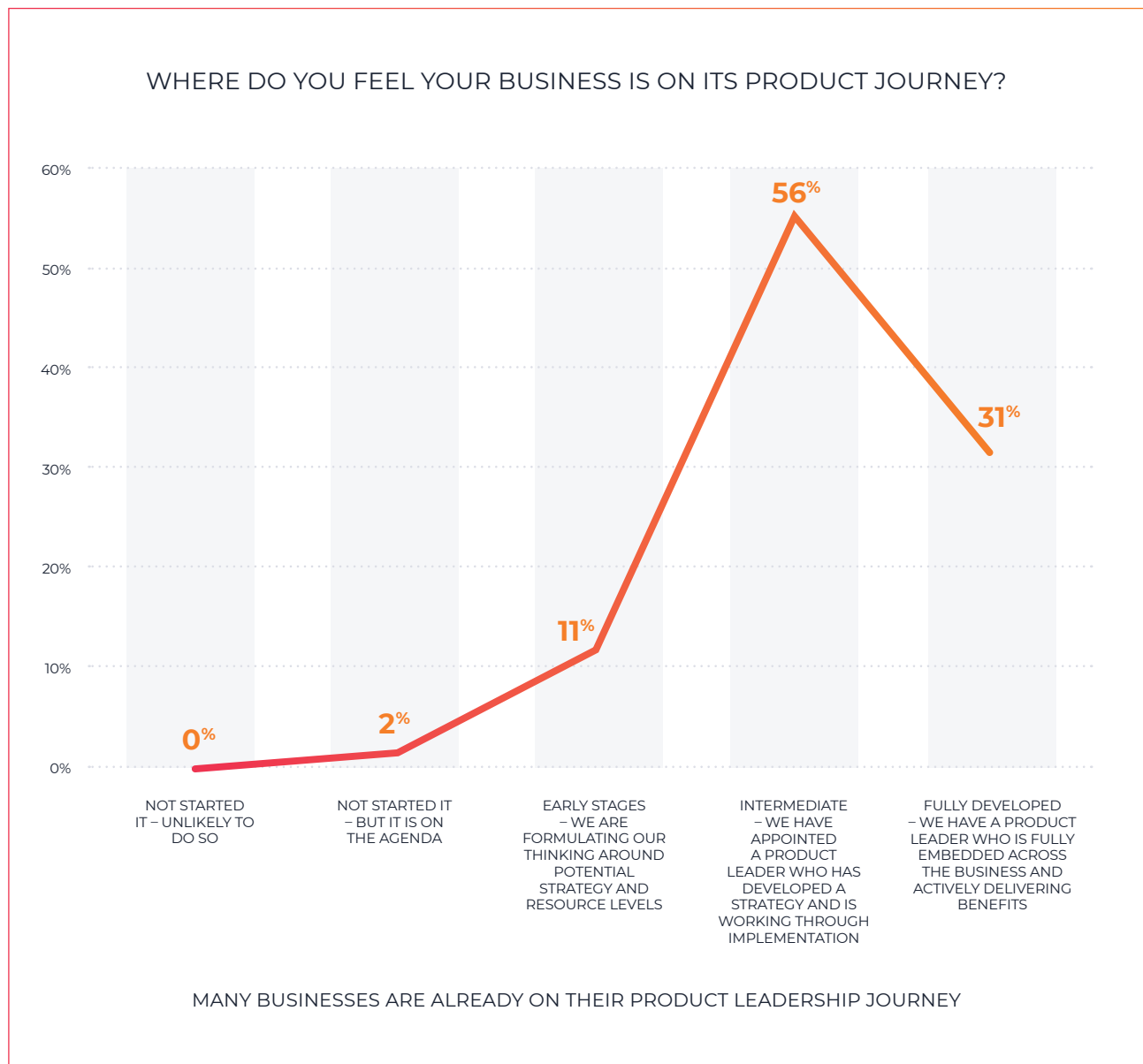
DocuSign: Demand for frictionless digital experiences sealed and delivered

DocuSign's story is a classic example of product-led growth. Addressing a real pain point of remote working, sales of its eSignature product took off during the pandemic. Early on, DocuSign started to leverage not only demographic, but also technographic data on its current and prospective customers. Understanding the technology its prospects use enabled DocuSign to not only predict who is likely to become a paying customer, but also respond to users' specific needs according to their unique day-to-day digital experiences. The company also used a natural network effect. With businesses using the eSignature product to sign contracts with clients, DocuSign's existing customer base actively exposes new prospects to the product experience.

PRODUCT LEADERSHIP IS EMERGING BUT STILL IN THE EARLY STAGES

So, where are businesses on their product leadership journey? And how mature are efforts to implement product leadership?

WHERE DO YOU FEEL YOUR BUSINESS IS ON ITS PRODUCT JOURNEY?

Value	Category
0%	NOT STARTED IT – UNLIKELY TO DO SO
2%	NOT STARTED IT – BUT IT IS ON THE AGENDA
11%	EARLY STAGES – WE ARE FORMULATING OUR THINKING AROUND POTENTIAL STRATEGY AND RESOURCE LEVELS
56%	INTERMEDIATE – WE HAVE APPOINTED A PRODUCT LEADER WHO HAS DEVELOPED A STRATEGY AND IS WORKING THROUGH IMPLEMENTATION
31%	FULLY DEVELOPED – WE HAVE A PRODUCT LEADER WHO IS FULLY EMBEDDED ACROSS THE BUSINESS AND ACTIVELY DELIVERING BENEFITS

MANY BUSINESSES ARE ALREADY ON THEIR PRODUCT LEADERSHIP JOURNEY

Many businesses are already on their product leadership journey

To date, too few senior leaders benefit from having a fully operationalised product leadership approach across their business. That said, our research reveals that most businesses are on a product leadership journey, albeit in the early stages, with 46% saying that one of the main drivers for embarking on it is customers expecting more.

The pandemic has changed customer expectations, particularly in the digital space, with e-commerce expected to account for 23.5% of retail sales by 2025 – just over double the figure seen in 2019.[4] Customers are also becoming agnostic across different products and services, no longer simply comparing their brand experiences between different companies in the same sector.[2] Speed and convenience are what's important to them now and businesses that can offer this have a major competitive advantage.[4] 43% of business leaders see customer experience as a key value driver for success, so having strong product leadership in place is imperative to delivering this.[2]

31% Less than one-third (31%) of the businesses we spoke to said that they had already achieved a fully developed approach.

69% For the remainder (69%), this concept of product leadership is still a work in progress and has some way to go before reaching full maturity.

In the early stages, many of the implementation challenges facing business leaders are likely to be definitional. Being able to pinpoint what product leadership involves, and how it should be implemented, remains a key barrier for many business leaders. This highlights a particular challenge for businesses when adopting a new approach, namely, accessing and retaining the right skills and talent to make implementation successful.

In its most basic sense, product leadership can, and indeed should, be defined very broadly. Naturally, it helps companies to better serve their end-users (clients or customers), but it also provides businesses with the business-critical digital platforms and systems which help to serve those in operational roles, in turn enabling frontline staff to fulfil the company's objectives.

Developing an end-to-end approach to business systems which supports collaboration

Collaboration and co-working across different teams sits at the heart of good product leadership. This helps to unlock hidden potential and enables the business to meet its strategic objectives by operating more seamlessly and removing any friction points across the enterprise value chain. More than two-thirds (69%) of business leaders identify an end-to-end approach incorporating product, technology, sales, marketing and customer service as a core element of a product leadership strategy. This requires businesses to think critically about how they align ways of working, decision-making and outcomes across the business in a way that complements the overall strategy.

> "Historically, because GoCardless has grown so quickly, it has been up to individual product managers to recruit customers to interview, using their own approach to develop insight. However, we are getting too large for that to be scalable now. So, we are now looking to form a product insights sort of division, internally, which centralises the insight function within our product team that helps build that user research muscle and allows our product team to spend time gaining insight rather than managing processes."

ANDY WIGGAN, VP PRODUCT MANAGEMENT, GOCARDLESS

[4] Forbes, Top 5 Customer Experience Trends for 2022, December 2021

WHAT DO YOU SEE AS BEING THE CORE ELEMENTS OF PRODUCT LEADERSHIP STRATEGY?

69%

END-TO-END APPROACH INCORPORATING PRODUCT, TECHNOLOGY, SALES, MARKETING AND CUSTOMER SERVICE

44%

STRONG TRACK RECORD IN INNOVATION AND RESEARCH AND DEVELOPMENT

55%

CEO VISION AND BUY-IN

42%

ACCESS TO SKILLED TEAMS

51%

ACCESS TO MARKET RESEARCH, DATA AND CUSTOMER INSIGHTS

40%

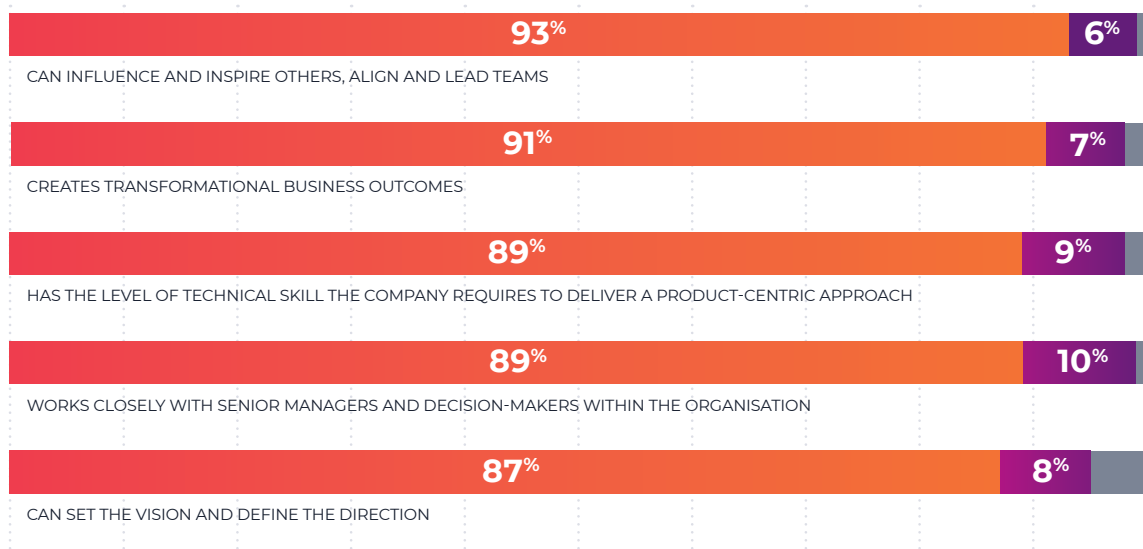WORLD-LEADING TECHNOLOGY PLATFORMS TO ENSURE EXECUTION

49%

AGREED KPIS AND MEASURABILITY

36%

ALIGNMENT WITH BROADER CORPORATE STRATEGY

KEY SKILLS AND ATTRIBUTES OF A PRODUCT LEADER

With product leadership still in its nascent phase, product leaders have a major role to play within their organisations in defining what this collaboration should look like and setting a strategic course to help make it happen. Through helping to create this strategic vision, the product leader can help the business promote a culture of customer-centricity and foster an environment for enterprise-wide innovation.

WHICH OF THESE STATEMENTS BEST DESCRIBES AN OUTSTANDING PRODUCT LEADER?

● AGREE/STRONGLY AGREE   ● NEITHER AGREE NOR DISAGREE   ● DISAGREE/STRONGLY DISAGREE

93%   **6%**
CAN INFLUENCE AND INSPIRE OTHERS, ALIGN AND LEAD TEAMS

91%   **7%**
CREATES TRANSFORMATIONAL BUSINESS OUTCOMES

89%   **9%**
HAS THE LEVEL OF TECHNICAL SKILL THE COMPANY REQUIRES TO DELIVER A PRODUCT-CENTRIC APPROACH

89%   **10%**
WORKS CLOSELY WITH SENIOR MANAGERS AND DECISION-MAKERS WITHIN THE ORGANISATION

87%   **8%**
CAN SET THE VISION AND DEFINE THE DIRECTION

THE TOP DEFINING FEATURE OF A PRODUCT LEADER, AS IDENTIFIED BY OUR SURVEY RESPONDENTS, IS THE ABILITY TO INFLUENCE AND INSPIRE OTHERS AND ALIGN AND LEAD TEAMS

A strategic visionary

One of the key attributes of a product leader is the ability to influence and shift mindsets. While traditional product managers tend to focus on the specific technical details of what they are developing, it is the role of a successful product leader to zoom out from that targeted focus and take a more holistic view of product development within the organisation. They must be visionary and strategically minded.

This visionary mindset requires product leaders to work to a different time horizon. While product managers tend to look at the next 12-18 months, product leaders look beyond 2 years and should be giving thought to changing customer trends and business needs, and what product means for the business in the long term.

A communicator

It is one thing to think strategically, it is another to be able to communicate that strategy clearly and concisely in a way that influences others and builds support and buy-in from people across the organisation, including at the most senior levels. Almost nine in ten (89%) of our respondents think the ability to influence others, including senior decision-makers, is a vital prerequisite for product leadership.

Any good product leader must possess excellent communication skills. Larger product teams are a relatively new phenomenon, often involving a cross-section of skills and backgrounds, including those with a technology engineering, design or research background. So, being able to communicate clearly with all parties is central to leading a successful product team.

A champion of product across the business

Like leaders in any business role, product leaders must ultimately possess the charisma and ability to inspire those in their team. Beyond this, they should also be recognised as a leader within the wider business, working collaboratively with the C-suite and other business heads to align on the overall company strategy and ensure that the product strategy complements it.

Our findings reveal that 60% of business leaders feel that the CEO is ultimately responsible for owning the customer relationship. While this may not be unexpected, 55% also point to the importance of the CEO's vision and buy-in to the product leadership strategy. In fact, around half (51%) of businesses surveyed said that product is a standing board agenda item, with all C-suite contributing to the discussion. Another half (49%) said the CEO helps to cascade product strategy down through the organisation, emphasising the vital role of the C-suite, and the CEO in particular, in delivering an enterprise-wide understanding of product.

A technical operator

There are many product leaders today who have not held product management roles previously. However, our survey findings suggest that business leaders consider some technical background in product, or at least an understanding, as important. 89% agree that a product leader should have the technical skills needed to understand a product-led approach, and almost half (49%) view technical product knowledge as a required skill to be a product leader.

WHICH OF THE FOLLOWING SKILLS ARE MOST IMPORTANT FOR THE ROLE OF PRODUCT LEADER?

CLEAR COMMUNICATION	TECHNICAL PRODUCT KNOWLEDGE	ABILITY TO DEVELOP AND MANAGE TEAMS	ABILITY TO CO-ORDINATE ACROSS THE ORGANISATION	A STRATEGIC THINKER WITH A VISION
56%	**49**%	**42**%	**42**%	**40**%

"As a product leader you must have a strategic outlook. You must think: where is the business going? You have to consider what is changing from a talent perspective in the market. Ways of working are now different. So you have to consider what that means from a technology perspective. It is thinking about all of those outside factors and putting that into a vision. If I think about it from a product perspective, looking forward and roadmaps and vision, it is all about strategy and leading teams with the ultimate view to build up capacity to deliver great product outcomes."

CARLA HARDING, PRODUCT DIRECTOR – ENABLING FUNCTIONS , TESCO

OVERCOMING THE BARRIERS TO SUCCESSFUL PRODUCT LEADERSHIP

A range of complex challenges and a competitive talent market mean businesses must implement a multi-dimensional strategy in order to progress their product leadership journeys. Being brave and persistent in tackling complex legacy issues, and nurturing and developing internal talent, are key to building an effective and resilient business.

WHAT ARE THE KEY CHALLENGES TO DELIVERING PRODUCT LEADERSHIP?

40% LEGACY ISSUES
(E.G. POOR IT PLATFORMS)

25% LACK OF DIGITAL STRATEGY
AND INVESTMENT

31% LACK OF PRODUCT LEADER
SKILLSET INTERNALLY

24% LACK OF CLEAR
CORPORATE VISION

31% POOR ALIGNMENT BETWEEN
OVERLAPPING TEAMS

22% POOR COMMUNICATIONS
WITHIN THE ORGANISATION

29% DEFINING AND
DIFFERENTIATING PRODUCT
LEADERSHIP

20% LACK OF LEADERSHIP BUY-IN

29% DIFFICULTIES IN RECRUITING
THE NECESSARY SKILLS

15% THE ORGANISATION IS TOO
LARGE AND UNWIELDY

27% SILOED/POOR DATA AND
MANAGEMENT INFORMATION

LEGACY ISSUES, SUCH AS POOR IT PLATFORMS AND LACK OF AVAILABLE TALENT, ARE
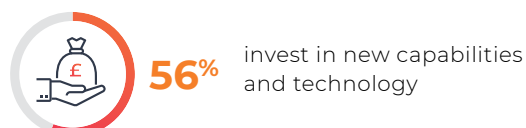SEEN AS KEY BARRIERS TO DELIVERING PRODUCT LEADERSHIP EFFECTIVELY

Given the nascent state of product leadership in most businesses, it is inevitable that people with these specific attributes may be scarce. Skilled workers such as computer programmers or engineers – who are vital in delivering digital products – will often command a premium in the wider job market. Even if it is possible to find these skilled workers, the cost of accessing and retaining these skills can be a major roadblock. Nearly one-third (31%) cited the lack of internal skillsets within their organisation as a problem and 29% cited the difficulties in recruiting these skills externally.

"Homing in on product leadership is all about changing the way people think. Getting to think beyond the next 6-12 months and thinking longer term. We have built our team from those who have experience in stores, but also those who have engineering or programming backgrounds. A focus on product-led initiatives and thinking means there is a high demand for talent. Further to that, there is a real need to find the right balance to get the team operating together effectively, as those with a different background have a slightly different mindset. Those from our stores tend to be more in the weeds of what impacts our employees, whereas those with an engineering background approach think with a more conceptual mindset."

CARLA HARDING, PRODUCT DIRECTOR – ENABLING FUNCTIONS, TESCO

This can lead to other problems such as the inability to define and differentiate product leadership (29%) and achieve the necessary alignment between teams in the absence of strong product leaders (31%). As identified earlier, being able to build a narrative and sell a vision to their team and the wider organisation is essential if product leaders are to develop traction and momentum for a product-led enterprise.

In order to overcome such challenges, our survey finds that business leaders feel they need to:

60% recruit the right skills

56% invest in new capabilities and technology

51% invest in internal product training

44% make changes to how their company is organised
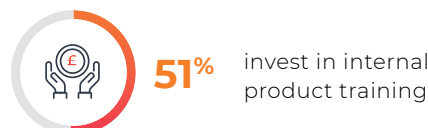
Experience of working on product design and development (56%), a track record in delivering complex projects (55%) and a technical understanding of the working product (53%) are cited as the top three requirements when recruiting or developing a product leader. As mentioned earlier however, recruiting externally is more easily said than done.[5] Product is an emerging discipline and receiving a fresh rush of investment. This sudden surge in demand for product talent, and product leaders in particular, makes recruitment challenging, especially when trying to find someone with all of the skills highlighted above. In response to this, many organisations are looking to train and develop existing product managers for product leader roles or indeed, identify relevant roles and/or individuals with the appropriate soft skills – for example, those who are highly analytical with high agency and the ability to manage difficult stakeholder conversations – to transfer from other areas of the business.

Consequently, recruitment of external talent has to be one element of a wider skills strategy. Talent management, internal development and training must be factored into the plan in the current market environment.

The biggest single barrier is the legacy of poor IT systems and platforms. The very thing a product leader is attempting to fix can prove to be the most difficult if internal teams are not aligned and if the product leader does not possess the necessary skills to bring the business together.

Legacy technology is an existential threat to many businesses. Perhaps understandably, because of the time and resources required to effectively develop appropriate strategies for transforming legacy applications and executing them, businesses all too often shelve a complete overhaul. Instead, tactical moves to bolt-on customer-facing technology are more easily taken.

Yet as we have seen in high-profile cases across a range of sectors (such as banking, the airline industry and the public sector), there are significant pitfalls in postponing the transformation of legacy systems. This ultimately slows down long-term progress as the integration with legacy technology can be cumbersome. As we showcased earlier in our top three picks for organisations that have effectively deployed a product-led growth strategy, it is unsurprising that successful product-led businesses are likely to be agile, newer, technology-led companies. For more mature businesses to realise the full potential of product leadership, legacy issues must be addressed head on.

> "We try as much as we can to develop our product leaders internally, but we face several barriers to that. For our product managers it is first of all moving away their domain. A lot of our product managers are very deep in quite complex things related to our product, like money flows or safeguarding. We are a regulated financial company, so we have to do those types of things really thoroughly. Our product managers develop expertise, and they get into the minutia on those sorts of issues. A challenge for us is transforming those people. The barriers to developing those people are really around allowing them to zoom out and have a wider remit. It is about being a bit more of a pragmatist and applying their generic product craft to other things."

ANDY WIGGAN, VP PRODUCT MANAGEMENT, GOCARDLESS

[5] MaxwellBond, Product Talent Shortage: Impact & Solutions, December 2021

EFFECTIVELY EMBEDDING PRODUCT LEADERSHIP

Our research highlights the benefits of embedding product leadership into organisations. Yet despite the appetite to have some product leadership capability within their ecosystem, there are still a number of challenges that businesses need to work through to gain the full advantage of product leadership. This is common with any capability that is innovating and going through disruption and change.

There are a few broad strategies that can be deployed to successfully embed product leadership behaviours within your organisation. These strategies fall under three themes:

1. How do you ensure your organisation has set the right strategy for the future?
2. How do you ensure there is the right talent and culture mix to promote product leadership?
3. How do you remove barriers for the promotion of product leadership and to learn from mistakes?

1 REDEFINE STRATEGIC IMPERATIVES TO PREPARE FOR THE FUTURE	2 FOSTER AND INVEST IN TEAM TALENT AND CULTURE	3 REMOVE INTERNAL BARRIERS AND TEST AND LEARN

1. REDEFINE STRATEGIC IMPERATIVES TO PREPARE FOR THE FUTURE

- **Clearly set the strategic agenda:** Business leaders are faced with a multitude of competing priorities in a challenging macroeconomic environment. Because of this, there needs to be clarity on the strategic priorities, as well as ownership from across the executive and director level, so that product leaders know which strategic agenda to focus on and have support for the decisions that they make. Businesses with a clear strategic agenda, and accountability and ownership, will maintain a competitive edge. While it may be true that different organisations see the priority of the product team to be different, it is vital that the responsibilities of the product function are clearly articulated, internally and specifically to other functions.

- **Address legacy technology challenges head on:** Businesses must invest the time and resources required to develop and execute appropriate strategies for transforming legacy technology. There are significant risks involved with postponing the transformation of legacy systems, but it also stunts and slows long-term progress, as the integration with legacy technology can be cumbersome. A head-on approach to addressing these issues will unleash the full potential of an organisation.

- **Do not forget ESG:** Business resilience is highlighted as a high-priority area of focus, however ESG, and in particular environmental sustainability, is seen as a lower priority. Ignoring the sustainability agenda could have a negative impact on the resilience of your business in terms of both the changing mindset of customers wanting to use products that are sustainable and ensuring there is still space for your organisation to survive.

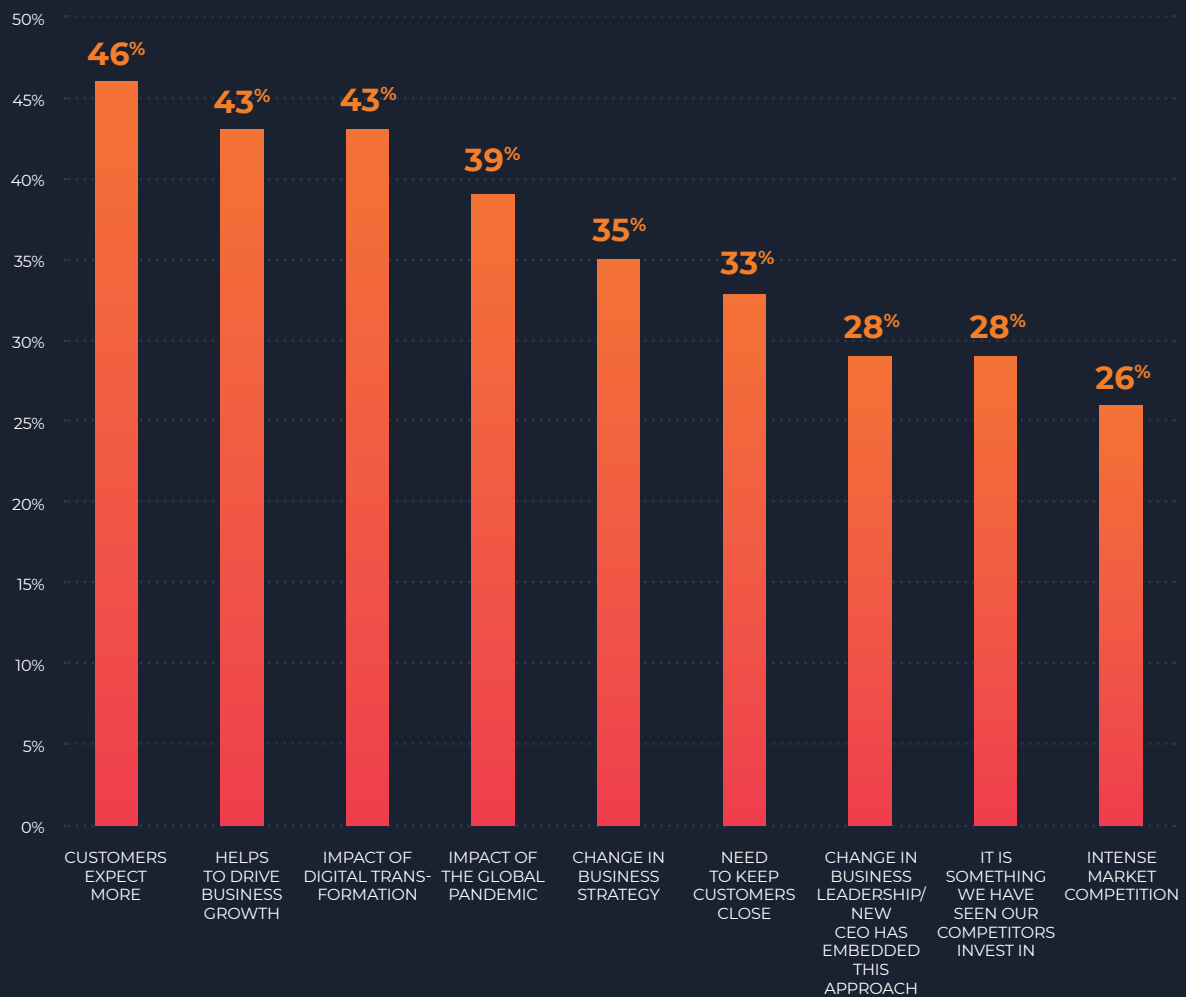## 2. FOSTER AND INVEST IN TEAM TALENT AND CULTURE

- **Understand your product maturity:** Businesses should focus on understanding their current capability around product maturity. This includes reviewing teams holistically and understanding their skills and needs. By doing this, businesses can proactively manage their talent and work to re-skill the next generation of potential product leaders, providing them with the interventions needed to help them succeed.

- **Invest in your existing talent:** There is a disproportionally large focus on external recruitment for product roles versus the retention of employees. 61% of businesses see external recruitment as the solution to overcoming the challenges of embedding product leadership, while 51% plan to invest in internal training. The former approach is counterintuitive as the cost of recruitment is often higher than the cost of retention. By distributing investment proportionally across recruitment and retention, businesses can ensure that people with existing knowledge of the organisation can move into the product ecosystem and drive value.

- **Pursue a connected approach to leadership:** Do not think about leadership in isolation. The power of product leaders is their ability to lead and their knowledge of effective product methods. These attributes may already exist in individuals within the business, so understand how you promote and develop the right leaders across the organisation. This is a two-way endeavour and businesses should educate the whole organisation about the role of product leadership, including remit and responsibilities, to embed a product mindset in all leaders.

- **Personalise development for product leaders:** When developing product leaders, executives must equip them with the right skills for success. Our research reveals that many factors define a product leader, whether that's technical product know-how, narrative development or the ability to lead a team. Tailoring professional development to the individual will be key to developing future product leaders in the most cost-efficient and time-effective way.

3. REMOVE INTERNAL BARRIERS AND TEST AND LEARN

- **Think end-to-end:** Over two-thirds (69%) of business leaders see an end-to-end approach incorporating product, technology, sales, marketing and customer service as core to a successful product leadership strategy, according to our research. Businesses must organise effectively to deliver an end-to-end approach. While the organisational design will differ by sector, business maturity and size, there are common principles that can be applied, such as taking a customer-first approach with any product-centric solution; breaking down traditional silos to deliver for customers; and focusing on product-led decision-making and governance to be able to better respond to customer needs.

- **Test and learn:** Businesses need to embed a form of flexibility into their culture to enable them to respond to consumer behaviours and test new ideas quickly. Coupled with the right mindset and skills in the workforce, there are endless benefits to continuously evolving and learning while moving towards a more sustainable future. This must be done in an end-to-end way across all key channel interactions to ascertain the best experience for customers. Experiments that are cost effective, have a significant impact on the business, and which are likely to be successful, should be prioritised.
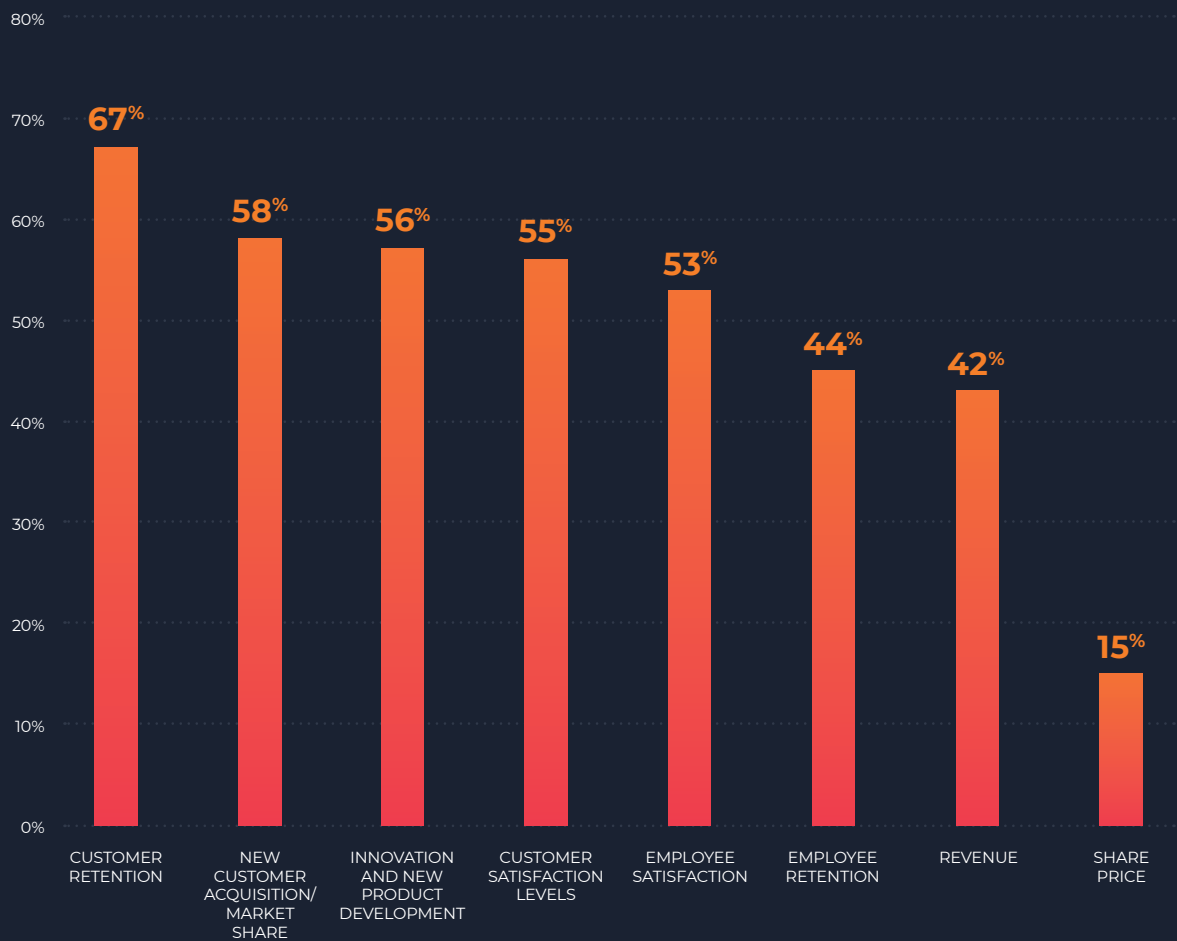
APPENDICES

Top reasons for businesses embarking on their product leadership journey

Reason	%
CUSTOMERS EXPECT MORE	46%
HELPS TO DRIVE BUSINESS GROWTH	43%
IMPACT OF DIGITAL TRANSFORMATION	43%
IMPACT OF THE GLOBAL PANDEMIC	39%
CHANGE IN BUSINESS STRATEGY	35%
NEED TO KEEP CUSTOMERS CLOSE	33%
CHANGE IN BUSINESS LEADERSHIP/ NEW CEO HAS EMBEDDED THIS APPROACH	28%
IT IS SOMETHING WE HAVE SEEN OUR COMPETITORS INVEST IN	28%
INTENSE MARKET COMPETITION	26%

Most appropriate metrics for measuring performance as an effective product leader

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