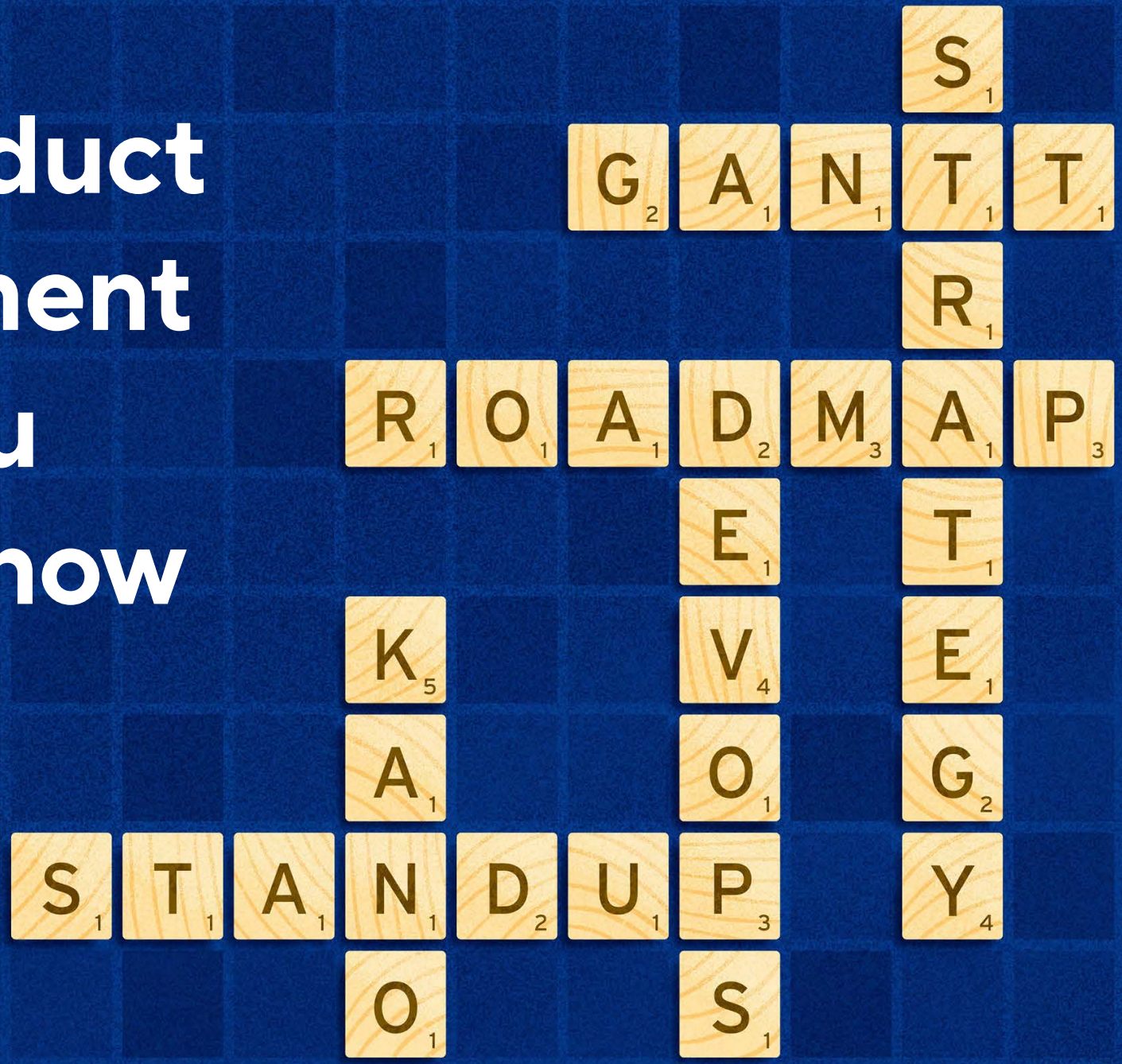
100+ Product Management Terms You Should Know



ProductPlan

Introduction

The product profession has its own language, and it can be an odd one. If you're new to the field, you've probably had the experience of hearing some mysterious phrase—"*We should make a Kanban board for that*"—nodding your head in agreement, and then sneaking away to Google it.

Here's the problem with that strategy. Product teams use lots of unusual terms. Refactoring. Planning poker. Kano. Story point. If you're not familiar with these phrases, you can't keep pretending in meetings that you need to use the bathroom so you can go off and look them up. Your coworkers will start to worry about your health.

But without a glossary of essential product management terms, how will you know which ones to learn as a proactive measure? That's why we created this book.

How This Guide Can Help You

We want you to have an easy reference guide with plain-language explanations of key terms and concepts. We're confident this book can help you if you're...

A product management newbie.

Keep this file handy and review a definition or two each time you have a few free moments. (We get it: you're in the product profession, so those moments don't happen often. Just find the time when you can.) Before long, you'll have a strong knowledge of product management. Then you'll only need to leave meetings for a bathroom break when you need the bathroom.

A seasoned product manager feeling overwhelmed with new terms.

If you've been in the product game for years, you've probably noticed a lot of the common terms from your newbie days—MRDs, PRDs—have given way to concepts like lean and Scrum. That's okay. Just tuck this book away and review our easy-to-read definitions when you can. You'll understand what all the newbies are talking about in no time.

A product leader building a team of product professionals.

Part of your product leadership role is to equip the people you hire with the tools to gain knowledge and expertise in the product profession. This short glossary of essential product management terms should be one of those tools. Send it to new members of your team along with their onboarding and employee packets.

Note: One final point before we jump in. We're going to keep these definitions short and casual. They won't give you the full story, just a high-level overview of what each concept means. If you'd like more detail on a term, click on it. We'll take you to the full-page entry in the ProductPlan Glossary.

Oh, and if you're a little nervous about having an ebook called *100+ Product Management Terms You Should Know* on your machine or in a shared folder at work, resave it under a different name. Call it your "Product Ideas" file. It'll be our secret.

A/B Test

Advertisers often use this test to compare variations of a single element of an ad. They'll create two versions that are identical in every way except for the one item they want to test. For example, each will have a different headline or a different price, to find which one the audience finds more compelling. If the team wants to test multiple elements, they'll run several A/B campaigns, each isolating one variant of the ad.

Product managers can also use A/B testing. It's an effective way to gain user feedback on specific aspects of a feature, layout, or other elements of the user experience.

Acceptance Criteria

This term sounds more complicated than it is. Acceptance criteria are simply the requirements that the product and development teams agree must be met for work on a specific element of the product to be considered done.

When you draft acceptance criteria for an element of the product that you want your developers to build, the key things to keep in mind are to:

- Write the criteria clearly and concisely, using plain language.
- Make them easy to test, so your developers can easily verify they're done.
- Review the criteria with your developers beforehand, to make sure the team understands what you expect.

Agile

Agile is a product development method that favors rapid development, pushing out new product elements to users frequently and using the market's feedback to improve the product. Agile companies work on a continuous loop: build, release, analyze feedback, update... repeat.

The agile methodology originated with software makers, but today all types of industries use it. The goal is to speed development times, get new products and product updates into customers' hands more frequently, and not waste time building a comprehensive, feature-rich product before finding out if real users will want it.

Individuals and interactions over processes and tools

Customer collaboration over contract negotiation

Working software over comprehensive documentation

Responding to change over following a plan

Alpha Test

When the development team finishes its "first draft" of work building a product, the company will run an alpha test. This is the first complete test of the product to make sure it meets the business requirements that the company set out for it. Teams also use alpha testing to catch issues with functionality, performance, and other defects.

Typically, the alpha test involves only internal employees. External users, such as prospects who've shown interest in the new product, won't get a chance to test it until later, after all the alpha test issues have been resolved. That's called the beta test, and we'll discuss it below.

Annual Recurring Revenue (ARR)

Annual recurring revenue (ARR) refers to all ongoing revenue for a product or business, projected over one year. Most subscription-based businesses use this metric to forecast their expected revenue.

Calculating ARR requires tracking 3 pieces of data for a given year:

1. The total dollar amount of annual subscriptions (or the annual projection of monthly subscriptions).
2. The total dollar amount of additional ongoing review (such as implementation, training, and support).
3. Total dollar amount lost through cancellations.

The formula looks like this:

annual subscriptions + additional ongoing revenue – cancellations = ARR

Backlog Grooming

Agile companies break their product development work into short blocks of time, usually only a couple of weeks or a month, called sprints. (We'll discuss sprints below.)

A key document in any sprint planning session is the product backlog, which contains a list of development tasks that the team plans to work on eventually. To ensure their planning sessions are as productive and efficient as possible, product teams often spend some time on backlog grooming—reviewing items on the backlog to make sure that they are prioritized appropriately and written clearly.

Beta Test

After a product has passed the company's internal tests for functionality, performance, quality assurance, and bugs, the product team will let a select group of real-world users try it out. This is called the beta test.

You can think of the beta test as another chance to catch bugs and other problems before releasing the product to the market. Beta testing can also serve another purpose. Product managers can use the requests, complaints, suggestions, and other feedback they'll receive from these early users to make plans to improve the product over time.

Business Model Canvas

As its name suggests, the business model canvas was designed to help entrepreneurs sketch out the high-level needs, plans, and goals for building a new business. But it can also be a great tool for capturing these details for a product.

The key to a successful canvas is that it can be only one page. This forces a product manager to think clearly and concisely about the strategic details needed to bring a product to market. Canvases vary by product team, but common ingredients include:

- Value proposition
- User personas
- Revenue streams
- Sales channels
- Key resources
- Key milestones
- Budget needed

Buy-a-Feature

This is a fun one! Product teams always have more ideas than time and resources. That means they need to prioritize some features over others to build. One popular way of doing this is the buy-a-feature exercise.

It's simple. First, you'll make a list of potential initiatives your team could work on, and then assign a price to each. You can base your prices on development time, difficulty to complete, or other factors. Then you'll give everyone on your team a budget and send them shopping.

Buyer Persona

Creating a persona is a great way to humanize your product's target audience. You can build a personal profile, background information, and a list of goals, dreams, and challenges for the typical customer of your product. This will help your team better understand who you're building for, what problems they're facing, and how your product can solve those problems.

You can also develop specific personas for buyers and users if these will be different people. If you're developing products for businesses, you'll want to do this. The buyer persona—for example, an IT Vice President or CIO—will have different needs, goals, and concerns than the end users of your product will.

(We'll discuss the user persona below.)

Change Management

When a business makes a major operational change, someone at the company needs to help make sure the transformation doesn't undermine the business. Some people will have a lot invested in the old way of doing things. Others might worry that the change will threaten their roles. And some team members will need extra guidance navigating the new system.

That's why consulting firm Prosci describes change management as "the people side of change."

Your job with change management is helping the individuals and teams affected by a big change to make the transition as smooth, painless, and successful as possible.

Churn

Churn refers to the number of customers you have but then lose. If you're a subscription-based business, the churn rate will include both those customers who actively cancel their subscriptions and those who just don't renew when their membership term ends.

The formula is simple:

churn rate = customers lost in a period ÷ customer count at the beginning of the period

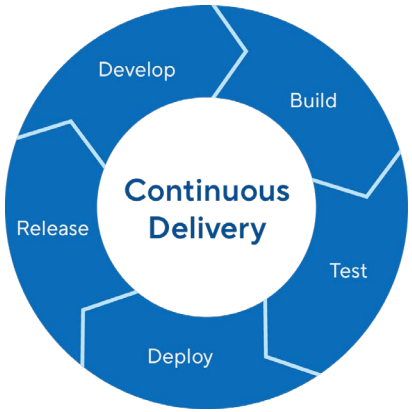
Actually, it's a bit more complicated. But this should give you an idea of how it works. For a more in-depth walkthrough, see our churn glossary page.

$$\text{Churn Rate} = \frac{\text{Customers lost in a period}}{\text{Customers at the beginning of a period}}$$

Continuous Delivery (CD)

Continuous delivery refers to a software company's ability to release product updates to its users anytime and as often as it wants. To make this work, the company's development and product teams need processes for pushing live code out to their production environment on a moment's notice.

It's also important to note that continuous delivery simply refers to the company's ability to make frequent updates to its live products. The company might choose not to do so.



Continuous Improvement (CI)

Continuous improvement describes a corporate culture that encourages all employees to look for ways to enhance the company's operations. This includes suggesting ideas to improve efficiencies, evaluating current processes, and finding opportunities to cut unproductive work.

Unlike continuous delivery, which applies primarily to software makers, continuous improvement can work well for businesses in any industry.

A few examples of common continuous improvement principles include:

- Everyone can contribute ideas
- The company encourages employees to highlight problems or inefficiencies
- Teams regularly review their processes looking for ways to improve them

Cross-Functional Team

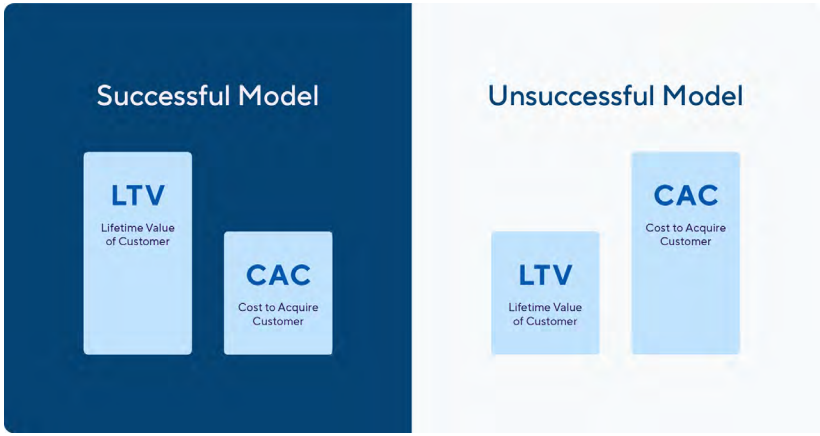
A cross-functional team is a group of individuals or departments, representing different functions or areas of expertise, working together to achieve a shared goal. As a product manager, you will help lead such teams that include members of product, development, quality assurance, marketing, customer success, and other departments. All these people will work together to bring your product to the market successfully.

Customer Acquisition Cost (CAC)

Customer acquisition cost, or CAC, refers to how much money a business spends to acquire each new customer.

A simple formula for determining your CAC is to divide all costs your business has spent to acquire new customers (marketing, sales, equipment, training, etc.) by the number of customers your company acquired during that period.

According to HubSpot, a business should be able to recoup the cost of acquiring a new customer with one year of revenue from that customer. They also suggest that the lifetime value of your customers should be three times the cost to acquire them.



Customer Experience

The customer experience refers to the totality of a customer's encounters with a business and how those interactions make the person feel about the company.

Don't confuse this concept with the user experience. Yes, the customer experience does include how your customers feel about using your products. But that is only a portion of the overall customer experience. It also includes how your customers feel about your marketing materials and the sales reps they speak with, as well as how they're treated when they call customer support.

To create an outstanding customer experience, you'll need to coordinate the efforts of all these teams, and others across your company.

Customer Journey Map

A customer journey map documents the step-by-step process your customer will take to achieve a specific goal with your company. You can create journey maps for a wide range of customer experiences.

For example, your product team can draft a journey map to view the process customers go through to buy your product, from their first visit to your website through signing an agreement with a sales rep. You can also create a journey map to document a specific path users must take to complete a task in your product.

Product managers can use customer journey maps to gain a better understanding of their customers' experience and find out, for example, if:

- A process has too many steps
- A customer journey is missing key information
- Your teams have created too many obstacles for customers

Definition of Done

For companies that use the agile framework, definition of done refers to the list of requirements the team agrees must be met to consider a development task complete.

One example of a definition-of-done list might look like this:

- Coding is complete and meets all business and functional requirements.
- Testing is complete with either no known defects or defects acceptable for this release.
- Documentation is complete.
- The item is ready for customers.

Design Thinking

This human-centered approach to product development is based on viewing the world from your customer's perspective, trying to identify the challenges they face and solutions that can address those challenges.

The typical stages of design thinking include the following:

1. Empathize with users—view the world from their point of view.
2. Define a problem they face.
3. Brainstorm ideas to solve these problems.
4. Build a prototype.
5. Test the solution with real users.

DevOps

For software companies, DevOps merges two functions—development and IT operations—into a single team with the goal of helping the company release its products more quickly and efficiently.

Before DevOps, most software development teams would complete work on a product, or some aspect of the product, and then pass it on to IT operations to handle release management. But because IT was not involved until the end of the process, they often discovered issues or had questions that led to additional work and delays. DevOps allows these teams to work together and share information throughout the development process, which reduces these issues and speeds product releases.

Digital Transformation

Digital transformation refers to a company's move to digital solutions to improve its operations or products.

A few common examples of digital transformations include:

- Moving the company's data storage from on-prem hardware to the cloud.
- Setting up digital communications tools to enable remote work.
- Leveraging digital analytics tools—Google Analytics, for example—to gain better insights into customer behavior and product usage.
- Transforming the company's software offering from a client-side app downloaded by customers to a SaaS solution that customers access in the cloud.

End-User Era

The end-user era describes a growing trend in business software. Whereas in the past a company's executives or IT leaders would decide which enterprise apps to buy for the business, today the company's end users are increasingly making these decisions.

Business app makers have identified this trend and, and they're devising strategies to target their customers' end-user employees rather than senior managers. Slack, for example, offers a scaled-down version of its collaboration app that's free and easy to start using. Their goal is to a ttract a business's employees to the platform, hoping a critical mass of Slack users will lead the company to the more feature-rich and secure enterprise version.

Epic

When it comes to agile product development, epics sit right in the middle of the tactical-to-strategic spectrum on the product roadmap.

The highest-level and most strategic element on an agile product roadmap, for example, will be the theme. Each theme might consist of several epics, and each epic will comprise several stories (the smallest self-contained unit of development work).

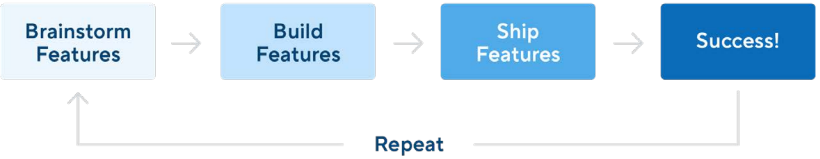
Feature

A feature is a specific trait or piece of functionality that creates value for your product's end users. For software products, a feature could be any capability that lets your user complete a desired task.

For a lower-tech product, such as a sofa or chair, a feature might include a recline capability or even a fabric that's resistant to stains and pet hair.

Feature Factory

When product teams use the term feature factory, they're speaking negatively about a business. The term refers to a company focused on building features as opposed to solving problems for their customers.



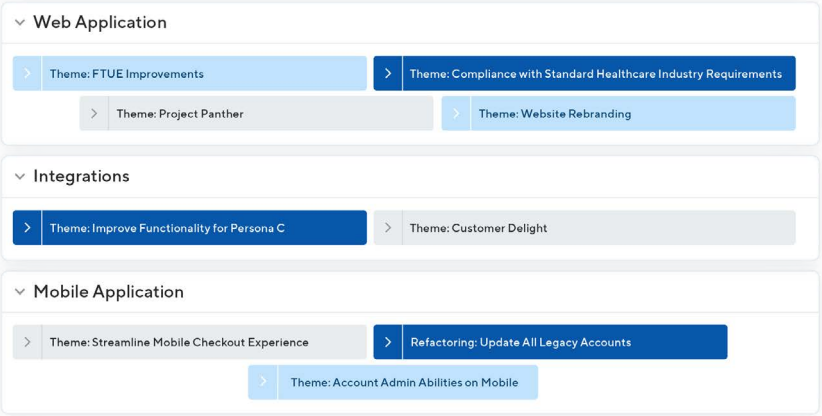
Here are a few clues that a company might be a feature factory:

- The product team measures success by how much and how often it ships.
- The team believes adding new features always adds value to the product.
- The company fails to validate feature ideas with users before building them and then, releasing them to the market, fails to assess if they're resonating with customers.

Feature-Less Roadmap

A feature-less roadmap is one that communicates a product vision and goals, rather than listing the features the team plans to build.

As we noted above, agile product teams build their roadmaps around themes, epics, and stories. These three elements communicate the product's strategy and how it will support the company's larger goals. Listing planned features for the product fails to communicate these important strategic details. That's why product roadmaps should be theme-based, not feature-based.



Gantt Chart

Named for its inventor, mechanical engineer Henry Gantt, a Gantt chart is a scheduling tool used for planning, coordinating, and tracking specific tasks related to a complex project. These bar charts have been used on major infrastructure projects like the Hoover Dam.

If you've ever seen Microsoft Project, you've probably seen a Gantt chart, which is the application's most popular view. It lays out your project's tasks in graphical form and allows you to view each task's deadlines and current level of progress.

Product managers can use a Gantt chart to create a high-level, strategic view of a project. But because Gantt charts do not allow you to easily convey strategy, we do not recommend using them for your product roadmaps.

General Availability (GA)

A product reaches general availability (GA) status when it is released commercially to the public.

A GA release will usually coincide with marketing and sales campaigns for the new product. Businesses with a product nearing GA should also make sure the customer success and tech-support teams are trained on the product.

Go-to-Market Plan

A go-to-market plan details how a company intends to execute a successful product release and promotion, and ultimately the product's sale to customers.

Common elements of a product's go-to-market plan include:

- Sales tactics and channels
- Marketing tactics and campaigns
- Pricing strategy
- Budget for product launch and marketing
- Plans for training the sales and customer support teams

At most companies, responsibility for go-to-market planning falls under the marketing department. But because product managers are ultimately responsible for the success of their products, they should work closely with marketing on the go-to-market strategy.

Implicit Requirements

Can you imagine a calendar app that didn't allow users to create a new event? How about a banking website that didn't let you view your account balance? Of course not. The makers of these solutions know that users will expect these basic capabilities.

The product profession calls these implicit requirements: features and attributes that are so central to the product, users assume they'll be included.

Intuitive Design

Intuitive design refers to products built for ease of use. In other words, these products work the way the user expects.

Designing intuitive products is a shared responsibility across a company's product team. UX designers, product designers, product managers, product owners, and developers all play a role in making their products intuitive.

Jira

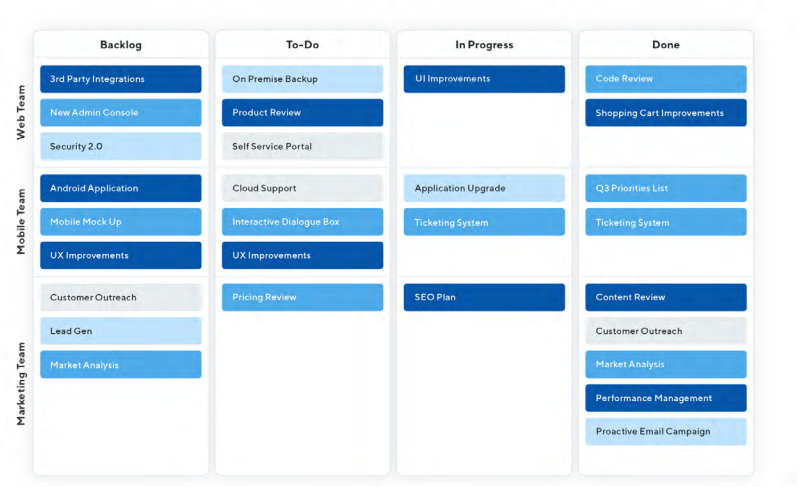
Jira is a web application management uses for tracking tasks and managing projects. Several types of business teams use Jira. Customer support and IT teams use it to track issues and tickets. Agile development teams use Jira to track bug fixes, epics, and other product-related tasks.

Product managers can also benefit from Jira by integrating it into their roadmapping app. With a Jira-roadmap integration, product teams can automatically sync updates of tasks in Jira with their roadmap. This can help keep the company's product roadmap up to date and functioning as a trusted single source of truth.

Kanban Board

A Kanban board is a tool used primarily by project managers to visually track and display a team's workflow and progress on projects.

The board consists of vertical columns representing various stages of progress, such as "not started" and "in review." Under these columns, the team adds cards describing discrete tasks and moves these cards to the appropriate column as the task's status changes. This gives everyone a clear and current view of the team's progress.



Kano Model

The Kano model (pronounced "kah-no) is a strategy for prioritizing items on a product roadmap according to the degree they are likely to satisfy customers.

Using the Kano Model, product teams pull together a list of potential new features vying for development resources and space on the roadmap. The team will then weigh these features according to two competing criteria:

1. Their potential to satisfy customers.
2. The investment is needed to implement them.

You can also think of the Kano Model as the "Customer Delight vs. Implementation Investment" approach.

Key Performance Indicator (KPI)

Key performance indicators (KPIs) are metrics used to assess business performance according to the company's most important objectives.

Every department in a company—product, marketing, sales, design, support, etc.—can and should have its own KPIs to track. That way, they can gauge their performance relative to the things that matter most to their success.

Common KPIs include:

- Increase new customers quarter-over-quarter
- Reduce customer churn rate
- Bring average hold time in customer support queue down to 30 seconds
- Lower customer acquisition cost
- Improve average customer rating on TrustPilot or Google Reviews

Lean Software Development (LSD)

Part of the agile framework, Lean Software Development (LSD) is a process of building and releasing a bare-minimum version of the product, analyzing user feedback, and making changes to the next version based on that feedback.

The Lean approach is sometimes also called the Minimum Viable Product (MVP) strategy.

Lifetime Value (LTV)

Lifetime value (LTV) refers to the total amount of revenue a business can expect from a customer over the lifetime of that relationship.

To calculate LTV, you can use this formula:

Average dollar amount of a purchase X Number of customer purchases a year X Average years of customer relationship

Customer Lifetime Value = Average dollar amount of a purchase × Number of customer purchases a year × Average years of customer relationship

Market Validation

A critical step in the concept stage for a new product, market validation involves presenting the idea to a qualified group of potential customers to find out whether the idea has a viable market.

The most common approaches to market validation are:

- Interviewing people in the target market
- Sending out surveys to these people

Minimum Viable Product (MVP)

Part of the agile development method, a minimum viable product (MVP) refers to a product built with just enough functionality and value to attract early-adopter customers and provide feedback quickly to help the company build out a better, more feature-rich version.

According to the concept's creator, Eric Ries, an MVP is the version of a new product that allows a team to collect the maximum amount of validated learning about customers with the least amount of effort.

Mockup

A mockup is a realistic visual representation of a product. In manufacturing, a mockup can be a scale or full-size physical model. In digital product management, a mockup will be a detailed depiction of the app.

But it's important to note that mockups do not let the user "do" anything. Think of them as realistic drawings of the product. They're designed to share the team's vision for the product with the other company stakeholders and customers.

Monthly Recurring Revenue (MRR)

Monthly recurring revenue (MRR) refers to a business's revenue generation by month. Many Software-as-a-Service (SaaS) companies view this as "the holy grail metric" because it conveys an up-to-date measurement of the company's health from an income standpoint.

Note: a business does not need to bill its customers by the month to calculate its monthly recurring revenue. A company that charges for its services only once a year, for example, can calculate its MRR by dividing that annual charge by 12. MRR simply refers to all ongoing revenue normalized into a monthly number.

MoSCoW Prioritization

MoSCoW is a popular framework for prioritizing work on a product. (It can also be used for other projects as well.)

The term is an acronym for four levels of priority:

1. Must-have items
2. Should-have items
3. Could-have items
4. Won't-have items

Note: Some companies also use the W in MoSCow to mean "wish," which is another way to communicate that these are the lowest-priority items on the team's list.

Net Promoter Score (NPS)

A net promoter score (NPS) is a business metric compiled based on responses to a single survey question sent to customers: "On a scale of 0 to 10, how likely are you to recommend [our product or company]?"

Businesses send this question out at various stages of the customer journey—such as after a customer has concluded a call with technical support, or a few weeks after the customer signs up for the company's product.

Based on the 0-to-10 scale, NPS scores fall into three categories:

Promoters (9 or 10)
Enthusiastic customers likely to tell others about the product.

Passives (7 or 8)
Satisfied users, but not motivated enough to promote it.

Detractors (0 to 6)
Unhappy customers who might talk badly about your company.

Objectives and Key Results (OKRs)

Used widely by Silicon Valley tech companies, objectives and key results (OKRs) help businesses measure success by setting and tracking specific goals tied to quantifiable results. Here's a real-world example from social-media software maker Buffer:

Objective:

Expand Buffer's reach and engage new audiences.

Key results:

- Get 10,000 people (including 8,000 non-users) to attend a webinar
- Use three pieces of content to generate 250,000 views
- Attract 600 new people to three local events
- Research and create a proposal for a Buffer conference
- Get 125,000 listeners for a podcast

The key to making this approach work is to set key results that are clear, simple to understand, and measurable.

Opportunity Scoring

Opportunity scoring is one method to prioritize initiatives on a roadmap. Product teams use this strategy to learn which features customers view as important but find lack in their current state in the product. improving these features can represent opportunities to win increased customer satisfaction and attract new customers.

To conduct this exercise, a product team will ask customers to rate the importance of several features in the product, and then rate how satisfied they are with each one.

The features that represent the biggest opportunity here will be those that customers rate high in importance but low in satisfaction.

STEP 01	STEP 02	STEP 03	STEP 04
Identify the **current** state of your business	Determine the **desired** state of your business	Pinpoint the **gaps** in the current state of your business	Determine the **steps** to bridge these gaps, and weigh their cost and benefit.

Persona

A persona is a profile of a product's typical user or buyer. Think of it as a biography representing a composite sketch of your customers. Everyone working to bring a product to market—product managers, designers, developers, marketing professionals, sales reps—can benefit from getting to know this persona. The more information, the better.

Common details product managers use to develop a customer persona include:

- Age, geographic location, and education level
- Goals and dreams for their professional or personal life
- Challenges, frustrations, and fears
- How the person deals with the problem today that your product plans to solve
- What the person will need from your product to deem it worthwhile

Pivot

In product management—and in business generally—a pivot is a major shift in strategy, direction, or priorities.

When Netflix faced the first challenge to its leadership position in DVD-rentals-by-mail, the company pivoted to becoming a TV streaming service. Instagram started as a location-based meetup app for friends. And while those features didn't catch on, the founders noticed that users were using the app's photo-sharing tool like crazy. So they pivoted, and became the biggest photo-sharing app in the world.

Planning Poker

Like buy-a-feature, planning poker is a gamified method for a team to prioritize initiatives on their backlog by estimating the effort needed to complete each one.

During planning poker, every member of the team receives a deck of cards, each with a different number. A full deck might have cards numbered 0, 1, 2, 3, 5, 8, 13, 20, 40, and 100.

The leader of the exercise (a product manager or product owner) reads a task, story, or other initiative on the list. Then the group will discuss and debate the task, sharing their thoughts about how much work it will take.

When the discussion is over, participants will secretly pull a card from their deck to represent their estimated level of effort. All participants then reveal their cards at the same time. If everyone chose the same number, that becomes the consensus. If the estimates differ, the group will again debate the task.

Prioritization

Prioritization is the process of ranking a list of items in order of importance. Product teams need to regularly prioritize the initiatives on their product backlogs to determine what the team should work on next.

There are many popular prioritization methods used in product management. A few examples:

- Kano model
- Weighted scoring
- Opportunity scoring
- Value vs. complexity
- MoSCoW

If you'd like to learn about more of these, check out our *Ultimate Guide to Product Management Prioritization Frameworks*. You'll find overviews of more than three dozen.

Product Analytics

Product analytics refers to gathering and analyzing data showing how users interact with a product. Examples include how long users spend with the product during the average session and which features they select most often.

Product teams can use this type of product-usage data to learn which areas of their products resonate with users, which do not, and what elements of the product might need improving.

Examples of popular product analytics tools include:

- Google Analytics
- Mixpanel
- Amplitude
- Kissmetrics
- Intercom

Product Backlog

A product backlog is a list of tasks that represent development work on the product.

The backlog should be an outgrowth of the company's product roadmap. The roadmap outlines the goals and plans for the product at a strategic level. The product and development teams will take these strategic initiatives and translate them into actionable tasks for the backlog. The teams will then regularly review the backlog and prioritize the tasks that should be completed next.

Task-level: user stories and defects

Conveys **tactical steps** in execution of plan

Primarily for **product** and **development** teams

1 or 2 **sprints**

Product Development Process

Product development is a broad process encompassing all steps needed to take a product from concept to market availability. This includes identifying a market need, researching the competitive landscape, conceptualizing a solution, developing a product roadmap, building a minimum viable product, etc.

Product managers act as the strategic directors here, but the product development process requires the involvement of people throughout the company, including:

- Engineering
- Design
- Marketing
- Sales
- Customer success
- Testing
- Executive staff

Product Launch

A product launch refers to a business's planned and coordinated effort to debut a new product to the market and make that product generally available for purchase.

A product launch serves many purposes for an organization aside from simply making the product available for purchase. It also helps an organization build anticipation for the product, gather valuable feedback from early users, and create momentum and industry recognition for the company.

Product-Led Growth

In a product-led growth strategy, a business uses its product as the main tool to acquire customers. The business typically makes some of the product's functionality available for free, expecting that a percentage of users will be willing to pay to access additional functionality.

A great example of product-led growth is Calendly, the web-based scheduling app. When someone wants to set a meeting with a colleague, using Calendly is an easy choice because it works with any calendar app. It's also free. And every time someone sends you a Calendly request to book time on their calendar, that person is also promoting Calendly with you. This approach has proved successful for the company: millions have upgraded from the free app to a paid version.

Product Lifecycle

Products go through different stages, and no product lasts forever. The product lifecycle captures these stages in an easy-to-understand list of four distinct phases:

1. Introduction

The experimental phase where the company releases the product, articulates its value proposition, and tries to help it gain traction in the market.

2. Growth

The phase when the product finds its user base and builds momentum. At this stage, the company pours resources into acquiring customers and adding functionality.

3. Maturity

When growth slows, the company changes its focus from customer acquisition to customer retention.

4. Decline

Eventually, a mature product will lose users. Often, this happens due to changing market needs or new solutions becoming available.

Product Manager

This is one of the most poorly defined professional roles in business, but we can all agree on at least a few key responsibilities of a product manager:

- They set the long-term vision and strategy for the company's products.
- They communicate this strategy to all relevant stakeholders and participants involved in bringing their products to market.
- They coordinate multiple teams across the company to drive the development and release of their products.

Conducting Research	Gain expertise about the company's market, user personas, and competitors.
Developing Strategy	Shape the industry knowledge they've learned into a high-level strategic plan for their product.
Communicating Plans	Develop a working strategic plan using a product roadmap and present it to key stakeholders across their organization.
Coordinating Development	Coordinate with relevant teams (e.g., product marketing, development, etc.) to begin executing the plan.
Acting on Feedback & Data Analysis	Learn via data analysis and solicit direct feedback from users, what works, what doesn't, and what to add.

Product-Market Fit

A company achieves product-market fit when its target customers are buying, using, and telling others about the product in numbers large enough to make the product self-sustaining and profitable from a revenue standpoint.

Businesses can use many different metrics to determine if they are heading toward product-market fit. Experts recommend a mix of qualitative and quantitative. A few examples include:

Quantitative

- NPS score
- Churn rate
- Market share

Qualitative

- Positive word of mouth
- Increasing calls from the media or analysts to discuss the product

Product Marketing Manager (PMM)

A product marketing manager (PMM) tells the product's story to the market. The PMM's job is to understand the product's value proposition and turn that information into compelling messages for customers, prospects, and internal audiences.

PMMs typically report either to product management or to marketing. They serve as liaisons between the product team and internal stakeholders (sales, marketing) as well as external stakeholders (customers, prospects). Their responsibilities include:

- Developing **user** and **buyer personas**
- **Researching the market** to learn the competitive environment
- Working with the marketing team to **create materials** that highlight product features and benefits
- **Training the sales teams** on how to articulate the products' benefits to prospects
- Developing the **go-to-market strategy**
- Working with product management to **define goals and metrics** for the product launch

Product Operations

Product operations, also called product ops, is a role designed to help a cross-functional product team operate as effectively as possible. Product ops specialists take responsibility for many behind-the-scenes initiatives, including:

- Facilitating **user interviews** and other **market research**
- Overseeing **quality-assurance** checks on new features
- Analyzing **data** to help product managers make better-informed decisions.
- Creating **business processes** to streamline product development
- Managing the many **tools** (for roadmapping, prototyping, etc.) the product team uses
- Working closely with **support** and **sales** to improve the customer experience

A product ops team can help clear a path to ensure the rest of the company—product managers, developers, project managers, product managers, customer support, sales—are able to perform under the best possible circumstances. That's why this is a must-have position.

Product Owner

In an agile organization, a product owner acts as the liaison between the product and development teams. To be effective, a product owner needs to understand the product team's strategic vision and be able to translate that vision into actionable development tasks.

The product owner's responsibilities typically include:

- Prioritizing items on the product backlog
- Writing stories and use cases for developers
- Keeping communication open between the product and development teams

Product Positioning

Product positioning is the process of deciding and communicating how you want your market to think and feel about your product.

Successful product positioning requires your team to articulate:

- How your product can solve your customer's problem
- Why it is a better solution than its competitors

You can develop more than one position for the same product. The goal of positioning is to present your product as attractively as possible for a specific market segment. If your product appeals to several demographics, you will want to develop a positioning plan for each segment. Each message will likely be different.

Product Stack

The product stack refers to all the tools, apps, and other resources product managers use to bring their products to market.

Common components of a modern-day product stack include:

- User tracking and analytics software
- Roadmapping software
- Customer survey apps
- Team chat apps
- Industry research reports

Note: The term product stack was inspired by the development community, which often describes its team's apps and tools as their development stack or tech stack.

Product Strategy

A product strategy is a high-level plan describing what a business hopes to accomplish with its product and how it plans to do so.

The strategy should answer key questions, such as:

- *Who are our personas for this product?*
- *What problems will our product solve for these personas?*
- *How will our product differentiate itself and win in the market?*
- *What are our near- and long-term goals for this product?*

Product Vision

A product vision captures and communicates the overarching long-term mission of your product. They are typically written as short, aspirational statements that anyone can understand.

Your vision statement should clearly explain why you are creating this product and what your company hopes to accomplish with it. As an example, Google's early vision statement was to "provide access to the world's information in one click."

The statement should also serve as a reminder to all stakeholders involved in the product's development about the shared objective they're working to achieve.

Program Manager

A program manager is a strategic project-management professional whose job is to help coordinate large-scale initiatives in a company.

A program in this context could be any type of complex business undertaking: launching a product, implementing a new sales process, or migrating the company to a new communications platform.

The program manager's job is to take a high-level view of the entire program, and strategically guide project managers to ensure they are all working effectively toward the program's objective.

Project Manager

A project manager is responsible for the execution of company initiatives. This is a tactical role, not a strategic one.

After the company has decided to move forward with an initiative—developing a new product, for example—a project manager will take responsibility for converting the strategic vision into a tactical action plan and helping coordinate the teams executing on this plan.

The project manager's typical responsibilities include:

- Defining and setting the project scope
- Planning and scheduling
- Estimating costs and developing a budget
- Coordinating with project vendors
- Keeping all teams informed on the status of the project
- Securing stakeholder approval for key changes and approvals

Quality Assurance (QA)

Quality assurance (QA) is a proactive process for preventing quality failures in a product. To help catch issues that could lead to quality errors, the QA team is involved in all stages of a product's development: production, testing, packaging, and delivery.

Many companies view QA as their process for improving the quality of their products.

Note: Although the terms are often used interchangeably, quality assurance is not the same as quality control, or QC. QC focuses on detecting mistakes, errors, or missed requirements in a product. In other words, whereas QA is a proactive process, a QC team is reactive, checking the product for mistakes or components not built to specification

Refactoring

For software companies, refactoring refers to the process of changing, upgrading, or otherwise cleaning up the product's codebase. The goal of restructuring is to make the software product easier to maintain and upgrade over time.

When the development team conducts refactoring correctly, the result will not create any noticeable change to the user experience.

Another way to understand this concept: refactoring involves making small changes to the internal structure of a product's code while keeping the product's performance and behavior unchanged for users.

Release Notes

Release notes are the technical documentation included with the launch of a new software product or a product update such as a feature enhancement or bug fix. A well-written release note should clearly and briefly let customers know what's included in the release.

The job of drafting release notes frequently falls on product managers. Here are a few best practices when writing them:

- Use plain language and no technical jargon.
- Keep it short and scannable.
- Explain how the release benefits the customer, rather than simply what's included.
- Include relevant links to tutorials or help files for users who want more details.
- Let your brand's voice show through—release notes don't have to be boring.

Release Plan

A release plan is a tactical document designed to capture and track the planned activities surrounding an upcoming product release. These activities often include training the customer support team, updating sales collateral, and scheduling marketing campaigns. This plan usually covers only a few months and is typically an internal document for product and development teams.

Here's another way to understand how a release plan plays into a product's development. Whereas a roadmap is a strategic blueprint that communicates the "why" behind building the product, the release plan addresses the "what"—meaning the action plan to get the product out the door.

Retention

Retention refers to a company's ability to retain customers over time. If a company or product has high customer retention, it means customers return to purchase or continue using a product or service. If a company or product has low customer retention, it means that customers stop buying or using a product or service.

One reason many businesses consider customer retention so important is that it costs many times more to acquire a new customer than to keep an existing one.

To calculate your retention rate over a given timeframe, gather these data points:

- CS: The number of customers you had at the beginning of the measured period.
- CN: The number of new customers you acquired during that period.
- CE: The number of customers you had at the end of the period.

Then use this formula to calculate your customer retention rate:

[(CE – CN) ÷ CS] x 100 = retention rate

Retrospective

A standard part of the agile development process is the retrospective: a post-launch meeting where the cross-functional product team discusses what happened during the development and release process.

The goal of the retrospective is to uncover issues and flaws in the process that could help the company become more successful.

What worked well?	**What could be improved?**
What have we learned?	**What could be done better?**

RICE Scoring Model

RICE is one of many popular frameworks for determining which initiatives to prioritize on a product roadmap. The term is an acronym for the four factors the team will evaluate to arrive at a final score:

Reach
(How many people could this initiative reach in a specific timeframe?)

Impact
(How many sales will this effort generate, or how much will it delight customers?)

Confidence
(To what degree are we relying on evidence, or intuition, that this will work?)

Effort
(What total amount of resources—from engineering, design, testing, etc.—will this initiative take?)

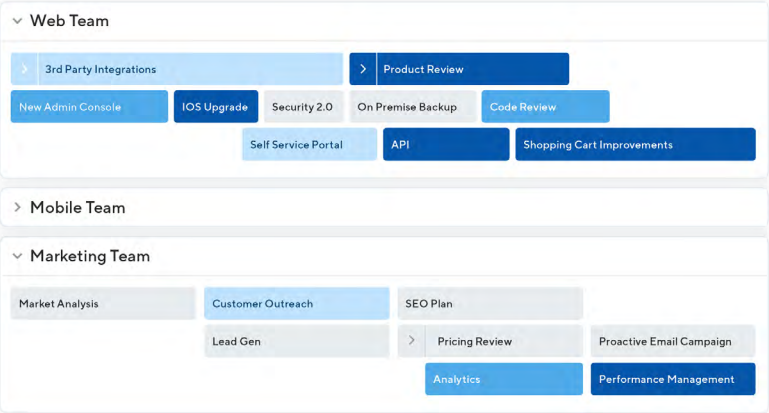
To calculate your final score, you'll use the following formula:

Reach x Impact x Confidence ÷ Effort = RICE score

Roadmap

In product management, a roadmap is a high-level blueprint designed to communicate the strategic vision and objectives of a product.

Because they can capture and convey the 30,000-foot view of any strategic initiative, roadmaps are also useful tools for teams in areas other than product. Marketing teams, for example, use roadmaps to capture and share their new social media strategy. IT departments use roadmaps to share their high-level plans and goals for a companywide migration to a new web-based collaboration platform.



Roadmapping Tool

Until recently, product managers and other professionals who built strategic roadmaps had no choice but to use applications such as spreadsheet, presentation, or word-processing software. Because these tools were not designed with roadmapping in mind, creating, sharing, and updating roadmaps was always a challenge.

Fortunately, though, today these professionals have access to purpose-built roadmapping tools. That is, web-based software designed specifically for building and sharing strategic roadmaps. Just a few examples of the benefits of using the right roadmapping tool include:

- They present strategies and plans visually.
- They make it easy to display different levels of detail, and to switch between them quickly.
- They're easy to share, requiring only an initiation link to the roadmap.
- They're easy to update.
- They eliminate version-control problems common with sending out multiple versions of static spreadsheet or presentation files.

Scope Creep

Scope creep happens when a team slowly loses control of its plan—its scope of work—and begins to take on more tasks or goals.

Imagine a product team sets the following scope of work for a meeting: discuss where to place a new widget in our app.

But during this meeting, team members make suggestions about changing design elements and rearranging how the app presents other features. At this point, the meeting has slipped into scope creep.

Because product teams are always receiving ideas and requests from stakeholders, and coming up with new ideas of their own, scope creep is a real threat. That's why it's important for the team to agree on a scope of work in the first place—and remain vigilant against any additional tasks or goals creeping in.

Scrum Master

In agile companies, scrum is a popular methodology that allows a cross-functional team to self-organize, make decisions rapidly, and move quickly on projects by breaking them into small, actionable tasks. The leader of the team's scrum framework is called the scrum master.

This role serves as the team's coordinator and the point person responsible for understanding the big development picture. The scrum master works closely with the product owner, assigns tasks to developers, and encourages communication among the various teams: product, development, marketing, sales, etc.

Another key role of the scrum master is to lead the team's daily standup. This is a very short meeting, usually less than 20 minutes, where the team answers three questions to determine their ability to complete their planned work for the upcoming day:

- *What did you do yesterday?*
- *What will you do today?*
- *Are there any obstacles in your way?*

Scrum Meeting

The scrum agile methodology helps companies produce products more quickly by allowing their teams to self-organize and focus on completing smaller tasks in short timeframes.

A major component of a successful scrum framework is the scrum meeting—which is a catchall phrase describing several types of regular team meetings.

For example:

The Daily Scrum (or Daily Standup)

A short daily meeting designed to let the team plan out its work for the day and identify obstacles that could impact that work.

Sprint Planning

A meeting held before the next agile sprint, where the team reviews its backlog and decides what items to prioritize for the upcoming sprint.

Sprint Retrospective

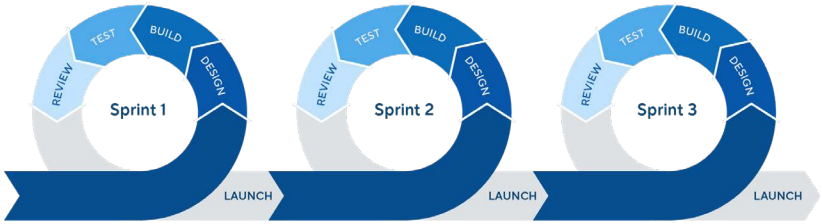
A post-sprint discussion, where the scrum team reviews what happened during the previous sprint to determine what worked, what didn't, and how to improve the process for the next sprint.

Sprint

In agile software companies, the development team organizes its work on the product into short timeframes in which the developers agree to complete a small number of tasks. For most companies, sprints span two weeks or one month.

Sprints support the agile development approach, which favors pushing product functionality out to the market more frequently to gain user feedback and continuously improve the product.

With a sprint development model, a company can focus on getting small features and updates into customers' hands on a regular basis, rather than making those customers wait months or longer for one major product release.



Sprint Backlog

A sprint backlog is the set of items that a cross-functional product team selects from its product backlog to work on during the upcoming sprint.

Typically, the team will agree on these items during its sprint planning session. In fact, the sprint backlog represents the primary output of sprint planning.

BACKLOG TASK	ASSIGNED TO	TASK STATUS	ESTIMATE (DAYS)
User Story #1			
Task			
Task			
Task			
User Story #2			
Task			
Task			
Task			
Bug Fix #1			
Task			
Task			
Task			

Sprint Planning

In the scrum agile framework, sprint planning is a meeting to set the product development goal and plan for the upcoming sprint, based on the team's review of its product backlog.

A successful session will yield two important strategic items:

The Sprint Goal

A short written summary of what the team plans to accomplish in the next sprint.

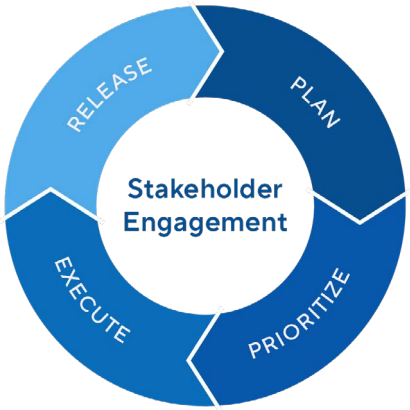
The Sprint Backlog

A list of stories and other backlog items the team has agreed to work on in the upcoming sprint.

Stakeholder

Every product has lots of stakeholders.

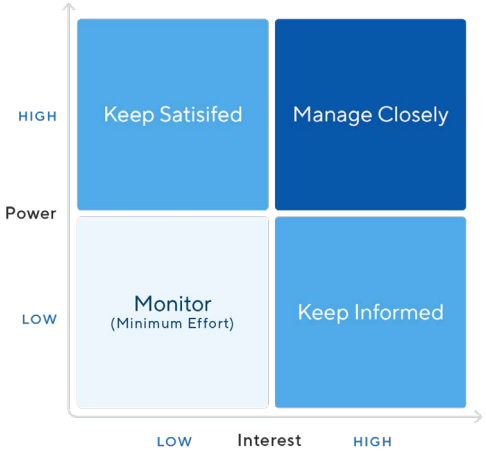
A stakeholder is anyone in an organization who can either affect the success and execution of a product or be impacted by the product's success and execution. These can include the company's executives, developers, the product team, marketing, sales, customer success, customers, the media, analysts, and others.



Stakeholder Analysis

In a stakeholder analysis, you'll identify all the people who will affect and be affected by the initiative you're planning, such as developing a new product.

You will then group these people according to their levels of participation and influence in the project and develop a strategy to involve and communicate with each of these stakeholder groups throughout the project.



Standup

A standup, also called a daily standup, is a very short meeting held each day where team members share what tasks they completed yesterday, what they plan to accomplish today, and what if any obstacles could affect their work.

Standups are a critical element of the agile development framework, as they promote frequent and high-touch team communication.

The term gets its name from the notion that these meetings should be short enough—usually 15 minutes—that the team can complete them standing.

Story Point

For agile software companies, a story is the smallest unit of self-contained development work designed to let a user complete a task within the product.

When agile development teams need to estimate the effort required to complete several different items on the product backlog, they often use story points as a common unit of measurement. This is because for agile companies, backlog items are usually stories. But these teams also use story points to estimate the work involved in other types of tasks, such as bug fixes.

Sunk Cost

A sunk cost refers to any investment (in time, money, effort, etc.) that has already been made and can't be recovered.Many businesses make decisions based on a fallacy regarding sunk costs: they believe they need to continue funding a struggling initiative, such as a failing product, because they have already invested so much into it.

Businesses should make each strategic decision according to current realities. In the case of continuing to support a struggling product, the question to ask is: Do we believe this next investment will lead to product success? It should not be: We've already thrown so many resources into this product... shouldn't we give it one more chance by investing a little more?

SWOT Analysis

SWOT is a planning methodology that a business can use to identify and evaluate four key factors of any strategic endeavor: its strengths, weaknesses, opportunities, and threats. The term is an acronym for these four factors.

In a SWOT analysis, a project's strengths and weaknesses are internal factors. Strengths might include the company's domain expertise or intellectual property. Weaknesses could include missing skillsets or a lack of budget. Opportunities and threats, by contrast, are external and refer to competition, the market, or changing trends that could affect the company.

Technical Debt

A software company incurs technical debt, or code debt, when its development teams take actions to expedite the delivery of functionality or a product update that will lead to future development work needed to keep the code base functioning properly.

Because of the ever-changing nature of software development tactics and technologies, technical debt is a natural part of the process. Businesses can also use this debt as a tool, just like taking out a loan for leverage to start a business or buy a home.

The question comes down to balance. Development and product teams need to ask themselves: Will the technical debt we incur from this coding shortcut be worth it in the long run, when we need to revisit and fix the code in the future?

Technical Product Manager

While every product manager at a technology company must have some level of technical proficiency to be effective, technical product managers come to the role with a strong technical background.

Often former engineers or computer science majors, these individuals sink their teeth into the more technical parts of the product strategy and form close working relationships with development, engineering, infrastructure, and networking teams.

In some cases, the term simply describes a product manager's firm grasp of the technical side of the company's products. But in other cases, businesses create specific jobs for technical product managers, with qualifications that include a degree or work experience in a technical field such as hardware engineering or software development.

Theme

In product management, the theme is the highest-level goal or plan for the product. For this reason, it sits at the top of the hierarchy on a product roadmap.

Below each theme on the roadmap will be a set of related but narrower strategic goals called epics. Each epic will consist of related but narrower items—typically features or user stories.

Another way to view this hierarchy: every item on the product roadmap—user stories, features, epics—should roll up to one of the product team's major strategic themes.

You can think of each product theme as an answer to 2 big-picture questions:

1. Why are we building this product?
2. What market problems are we trying to solve?

Total Addressable Market (TAM)

Total Addressable Market (TAM) refers to the maximum size of the opportunity for a particular product. It answers the question: If every single person who could potentially find value in a product or solution bought it, how big would that market be?

The formula for calculating TAM is a simple multiplication problem:

Average revenue per user (ARPU) x number of potential customers = TAM

Total Addressable Market = **Average revenue per user (ARPU)** × **Number of potential customers**

Turnover Rate

Turnover rate refers to the percentage of customers that a product or business loses over a given timeframe. For a SaaS company, the turnover rate will include both customers who actively cancel their subscriptions and those who simply let their subscriptions lapse without renewing. Many businesses refer to the customer turnover rate as churn.

You can also think of the turnover rate as the opposite of your company's customer retention rate.

To calculate your turnover rate over a given timeframe, gather these data points:

- CL: The number of customers you lost during the period you want to measure.
- CE: The number of new customers you had at the end of the period.
- CS: The number of customers you had at the beginning of the period.

Then you can calculate your turnover rate using this formula:

$[CL \div (CS - CE)] \times 100 = \text{turnover rate}$

Unique Selling Proposition (USP)

A unique selling proposition (USP) is a clear and succinct description of how a product is both different from and better than those of its competitors. To qualify as an effective unique selling proposition, this statement should:

- Explain what sets your product apart from the rest.
- Explain why this unique aspect makes your product the best choice for users.

Famous examples of successful USPs include:

TOMS Shoes
With every pair of shoes purchased, TOMS will give a new pair to a child in need.

Domino's Pizza
You get fresh, hot pizza delivered to your door in 30 minutes or less, or it's free.

FedEx
When it absolutely, positively has to be there overnight.

Usability Testing

Usability testing is a technique to evaluate how easy or difficult users find interacting with a company's product or some other aspect of the customer experience.

When they run usability tests, product teams typically want to gather and analyze metrics such as:

- The percentage of the users that were able to complete a given task.
- The average time it took for users to complete a given task.
- The percentage of users who encountered errors in the product.
- The percentage of users who encountered a specific error in the product.
- The average number of screens, clicks, or other steps it took to complete a task.

Use Case

A use case is an example of how a user might interact with a product to complete a task or achieve a goal.

Product managers often employ use cases to explain how and why customers will use various parts of a product. They often articulate these use cases as short, plain-language user stories.

User Experience (UX)

In product development, the user experience (UX) refers to the totality of a user's interaction with a product and how that experience makes them feel.

Businesses today consider the user experience so central to their products' success that there is now an entire field of professionals—UX designers—responsible for learning about the company's customer personas and designing products that those personas will find most convenient and enjoyable to use.

User Persona

A user persona is a composite biography describing key details of a company's target user. Product teams use a combination of industry research and their own experience speaking with customers to describe the relevant characteristics, needs, and goals of the people who they believe will be using the product.

The user persona is distinct from the buyer persona in that it describes the end user of a product. For consumer-product companies, these two personas—user and buyer—often represent the same person. But for companies that sell to other businesses, the buyer persona might be a different individual or team from the employees who will be using the product.

User Story

In agile software development, a user story is a brief, plain-language explanation of a feature or functionality written from a user's point of view. Many agile experts also describe a user story as the smallest unit of product development work that can lead to a complete element of user functionality.

A user story is usually written from the user's perspective and follows the format: "As [a user persona], I want [to perform this action] so that [I can accomplish this goal]." This allows the team to communicate the goal and requirements of the story in a format that's easy-to-understand and leaves little room for confusion.

TITLE:	PRIORITY:	ESTIMATE:
User Story: As a [description of user], I want [functionality] so that [benefit].		
Acceptance Criteria: Given [how things begin] When [action taken] Then [outcome of taking action]		

Value Proposition

A value proposition is a statement that identifies measurable benefits customers can expect when buying a product or service. When written well, it also serves as a competitive differentiator.

Fundamentally, a value proposition is designed to articulate the unique aspects of the product's value and to inspire a customer to buy it.

Vanity Metrics

These are the fun metrics that many companies: social media views, likes, shares, and reposts. But don't invest too much weight in these numbers. Vanity statistics look great on the surface, but they do not necessarily translate into meaningful insights about how your product is connecting with the market.

If your company's tweet generates lots of new followers, or your online ad earns an industry award for creativity, that's great. Celebrate it with your team. Just understand that those data points are not direct evidence of the success of your product.

Instead, focus on analyzing the product and business metrics that have something to say about your bottom line: active users, churn rate, customer lifetime value, etc.

Vanity Metrics	vs	Actionable Metrics
Feel good to look at but lack guidance for next steps		Can be used to inform better business decisions.

Waterfall

Waterfall is a traditional approach to product development characterized by linear phases of planning, building, and delivering new features or products.

Under the waterfall framework, product teams draft long documents—such as Market Requirements Documents (MRDs) and Product Requirements Documents (PRDs)—detailing everything needed for a new product, and then hand these details over to the development team before the developers begin their work.

In many industries, particularly software development, waterfall has been replaced with agile because this newer methodology allows a company to build and release products faster.

Also, waterfall represents a larger risk of misused resources because a business won't find out if its product resonates with the market until the development team has completely built it out. With agile, on the other hand, a business can push out a limited-functionality version—often called a Minimum Viable Product (MVP)—and then learn from users whether it is worth pursuing a more full-featured product.

Weighted Scoring

Weighted scoring is a prioritization technique where a team assigns a numerical ranking to several strategic initiatives in terms of benefit and cost categories. It is helpful for product teams looking for objective prioritization techniques that factor in multiple layers of data.

The "weighted" aspect of the scoring comes from the fact that the company will deem specific criteria more important than others and will, therefore, give those criteria a higher potential portion of the overall score.

The goal of the weighted scoring approach is to derive a quantitative value for each competing item on your list. You can then use those values to determine which items your team can prioritize on your roadmap.

Wireframe

A wireframe is a basic, two-dimensional visual representation of a web page, app interface, or product layout. You can think of it as a low-fidelity, functional sketch.

Product designers and UX (user experience) professionals draw up wireframes to communicate how they plan to arrange and prioritize features, and how they intend for users to interact with a product or website.

Wireframes typically depict only functionality, not the true style and visual elements of the final product. That's why most wireframes look simple: grayscale instead of colors, placeholders for images, and Lorem Ipsum for text.

ProductPlan

About ProductPlan

ProductPlan makes it easy for teams of all sizes to build beautiful roadmaps. Thousands of product managers worldwide–including teams from Nike, Microsoft, and Spotify–trust ProductPlan to help them visualize and share their strategies across their entire organization. With our intuitive features, product managers spend less time building roadmaps and more time shipping products.

Start Your Free Trial