CHALLENGES IN PRODUCT MANAGEMENT

SURVEY RESULTS

EXECUTIVE SUMMARY

In May of 2015, the 280 Group conducted a comprehensive survey to determine the biggest challenges that Product Management organizations currently face. The results include almost 900 respondents from around the globe and come from a wide variety of industries and company sizes.

The following are the key findings:

- Although 61.6% of respondents indicated that Product Managers in their companies are viewed as leaders, Product Managers are still too tactical and not strategic enough (57.4% of the respondents).

- Product Managers focus too much on development and QA, while other phases of the product lifecycle are ignored (56% of respondents).

- Half of the respondents are at companies where their teams do not use a consistent process across all teams (49.2% of respondents) or where the process is not well-defined (51.7% of respondents). These companies are far less effective and face a larger number of challenges than those that have a consistent company-wide Product Management process.

- More than one in five products being delivered fail to meet customer needs (an average of 20.9% across respondents).

- Skill levels of Product Managers vary greatly (44.7% of respondents), and there is a strong desire for training to remedy this. Most of the respondents (56% of respondents) indicated that the skill level of their Product Managers was average or below.

- Respondents are using a wide variety of development methodologies—in many instances, more than one within the same company:

    - 66.8% Agile – Scrum

    - 43.5% Hybrid – Waterfall/Phase-Gate combined with Agile

    - 35.7% Agile – Custom version created by team/company

    - 29.3% Pure Waterfall/Phase-Gate

    - 22.3% Kanban

    - 15.3% Lean

- For those whose companies are using Agile, most Product Managers are also the Product Owners (69.9% of respondents).

- Respondents indicated that Optimizing Product Management fully at their company would result in a large increase in profits (34.2% average increase across respondents). However, the majority (60.3% of respondents) indicated they have no plan for optimizing Product Management.

- Very few respondents indicated that their executive team completely understands what Product Management is and the value it provides to the company (29.3% of respondents).

- Product Managers believe that process is the biggest challenge (49.2% of respondents), whereas only 41.7% of Directors and VPs believe it is the biggest challenge. Product Managers also believe the process at their company is not well-defined (54.9% of respondents) versus 44.3% of Director and VP respondents. Thus Product Managers either have not been made aware of or been trained

on the process, or the executives believe what is in place is working but it is not viewed as effective by the individual contributors that are implementing it.

IMPLICATIONS AND CORRESPONDING SUGGESTED ACTIONS

Based on the survey results there are a number of suggested actions for Product Management organizations:

- **Create a comprehensive plan** for optimizing Product Management at your company, including people, process and documents being used.

- **Create a clear process** that is used across your company that supports all of the development methodologies being used, and train your Product Managers as well as those they interact with (executives, developers, QA, etc.) so that they understand the process and know what to expect.

- **Educate your executives** on the strategic role of Product Management and the benefits that excellent Product Management will bring to their own parts of the organization.

- **Train your Product Management staff** to get them to a consistent, high level of skill focusing on the following areas:

    - Foundation skills of Product Management as well as people and leadership skills;

    - The fundamentals of the new or improved process being used;

    - Awareness and responsibility for the entire product lifecycle, not just the development and QA portions;

    - The importance of becoming more strategic;

    - How to step up as leaders and the positive impact when they do so;

    - What it means to be an effective Product Manager AND Product Owner if they are responsible for both roles and the company uses Agile development

- **Develop a consistent set of templates** for the critical documents that map to your process (business cases, product launch plans, end-of-life plans, market needs/requirements, etc.)

By creating and implementing a plan that includes all of the above elements, organizations will see dramatic improvements in the effectiveness of their Product Management function, resulting in a significant increase in revenues and profitability.

SURVEY METHODOLOGY

This survey targeted individual contributors as well as team leaders of Product Management organizations. Respondents were gathered from the 280 Group mailing list, various social media sites and LinkedIn groups devoted to the topics of Product Management. The survey was taken by 1197 respondents over a four-week period. Of those respondents, 210 were removed from the survey results because their job titles did not accurately fit the target of the survey. An additional 97 respondents were removed from the final results as they did not complete the entire survey. The total number of respondents included in the final results is 890. Some variations on job titles were grouped together in order to more accurately determine data trends. For example, Technical Product Manager was included in the job title group "Product Manager". There were multiple questions about Agile methodologies. Only respondents that answered "Yes" to using Agile methodologies were asked these follow-on questions.

DEMOGRAPHICS

Job title

890 total respondents completed the whole survey and fit the target job titles. 30.4% of these were Director or VP level.
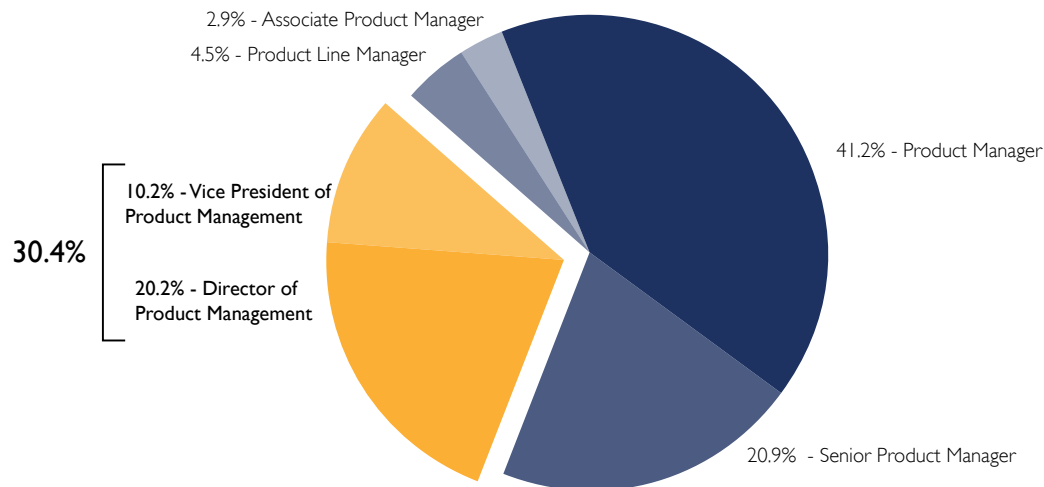

2.9% - Associate Product Manager

4.5% - Product Line Manager

10.2% - Vice President of Product Management

30.4%

20.2% - Director of Product Management

41.2% - Product Manager

20.9% - Senior Product Manager

Figure 1: Job Titles of Survey Respondents

Location

Responses were received from all over the world, but there is a bias towards the United States. (65.6% of all respondents)

Location	%
United States	**65.6%**
Europe	18.2%
Canada	6.0%
Asia	4.9%
Australia/New Zealand	2.6%
Africa	2.0%
Latin America	0.7%
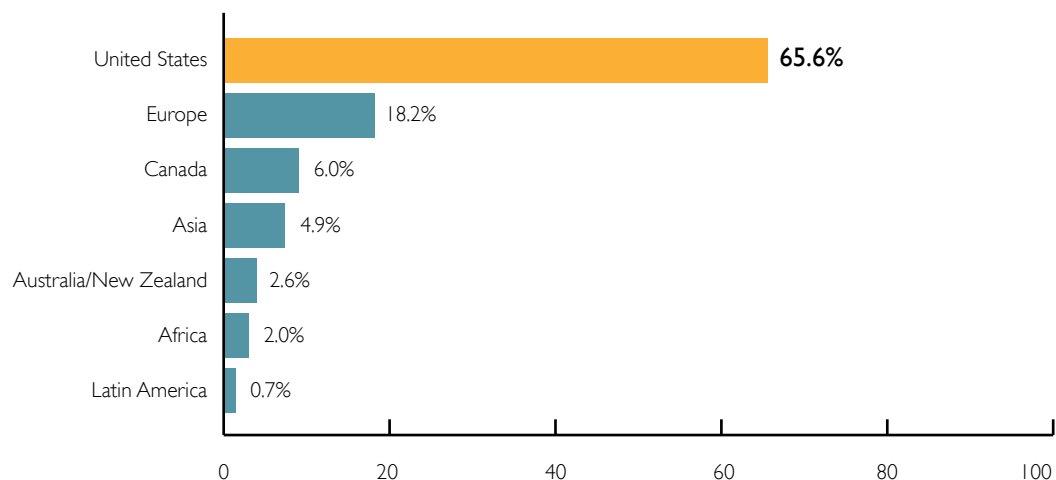
Figure 2: Location of Survey Respondents

Industry

The respondents came from a wide range of industries. Software was the largest at 32.5%, and no other category represented more than 7% of the total.

3: 6.9%—Financial Services: Diversified
4: 5.1%—Computers: Consumer Services and the Internet
5: 3.3%—Healthcare: Products and Supplies
6: 2.9%—Telecommunications: Wireline
7: 2.8%—Computers: Hardware
8: 2.5%—Telecommunications: Wireless
9: 2.4%—Banking
10: 1.7%—Computers: Networking
11: 1.6%—Computers: Commercial Services
12: 1.5%—Publishing
13: 1.3%—Electric Utilities
1.1%—Autos & Auto Parts
    Healthcare: Managed Care
    Household Durables
    Capital Goods
1.0%—Chemicals: Specialty
    Metals: Industrial
    Retailing: Specialty
    Healthcare: Pharaceuticals
0.9%—Communications Equipment
    Biotechnology
    Agribusiness
0.8%—Aerospace & Defense

Figure 3: Respondents Come from a Range of Industries

How many Product Managers are there at your entire company (including you)?

Participants are spread across small, medium and Fortune 500-sized companies. The number of Product Managers at these companies varies but 62.9% of respondents indicated they have 1-10 Product Managers at their company.
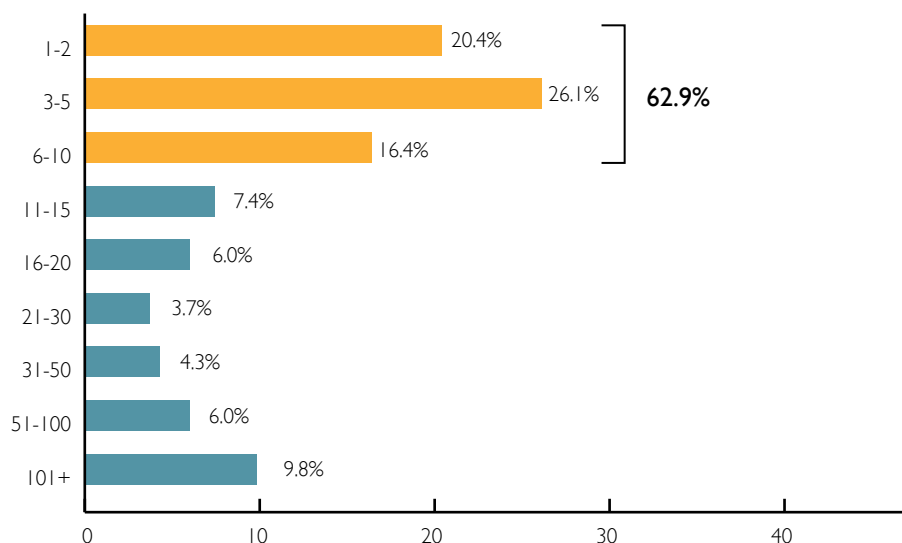
Figure 4: Number of Product Managers at Each Company

FINDINGS AND RESULTS

Roughly what percentage of your company's products fail to meet customer needs?

On average, respondents indicated that 20.9% of their company's products fail to meet customer needs. In order to find this average we calculated any value >50% at a conservative value of 60%.
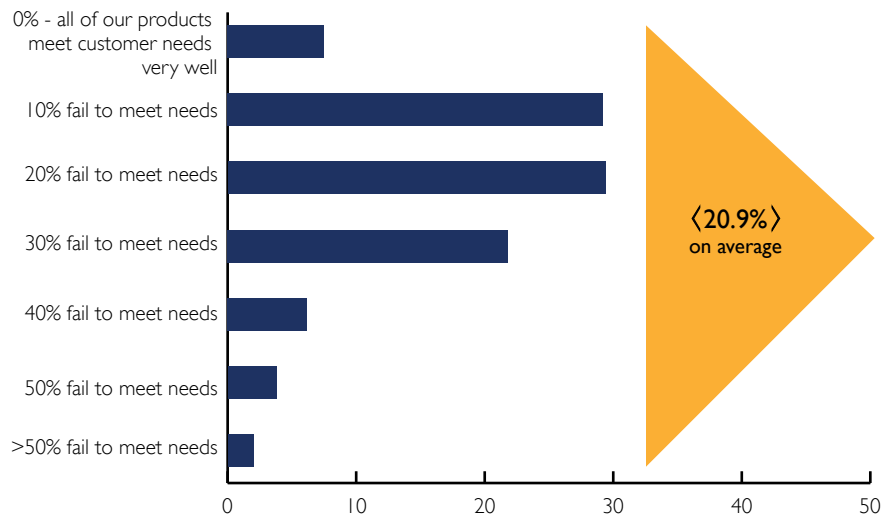
Figure 5: Percentage of Products that Do Not Meet Customer Needs

Does your company use Agile development methodologies?

69% of respondents work at companies that use some type of Agile development methodology.
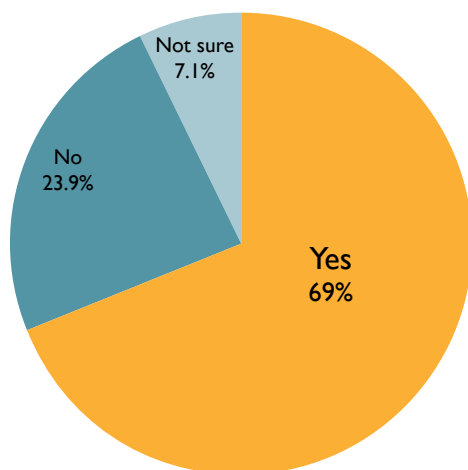
Figure 6: Percentage of Responding Companies that Use Agile Development Methodology

What development processes are being used at your company? (Select all that apply.)

For respondents that indicated their company uses some type of Agile development methodology, Scrum is very popular as well as Hybrid/Waterfall and custom Agile. Strict Waterfall is still being used by 29.3% of these companies. Waterfall represents a significant percentage of the development methodologies being used when you look at the 23.9% who indicated they are not using Agile (see figure 6) and the 43.5% that indicated they are using Hybrid. Contrary to common perceptions, pure Agile Scrum is NOT the only development methodology in wide usage.
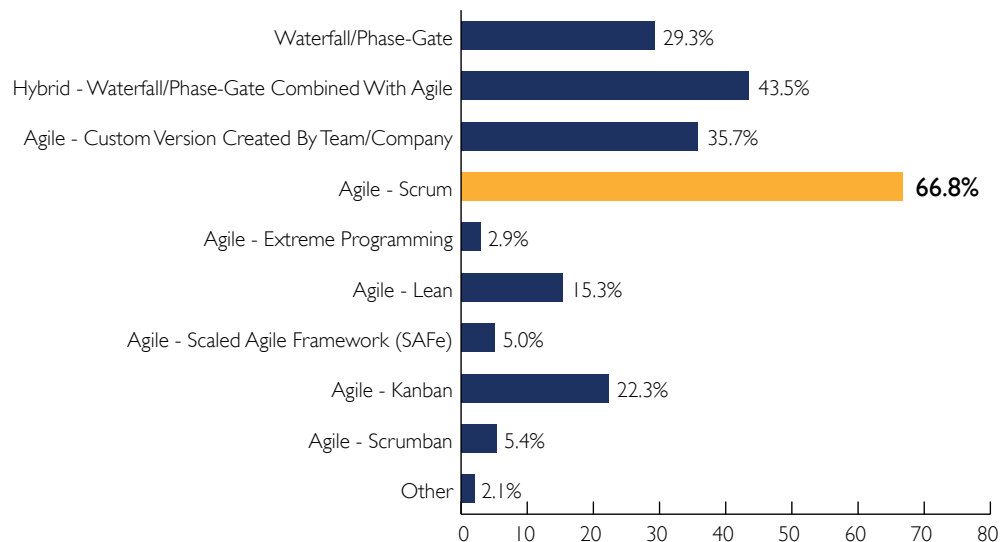
Figure 7: Development Processes Being Used

Do all teams use the same (or a very similar) process?

50.8% of respondents surveyed have all teams using the same or a very similar process. This has HUGE implications because those that do not use the same process have far more problems and challenges (see advanced findings).
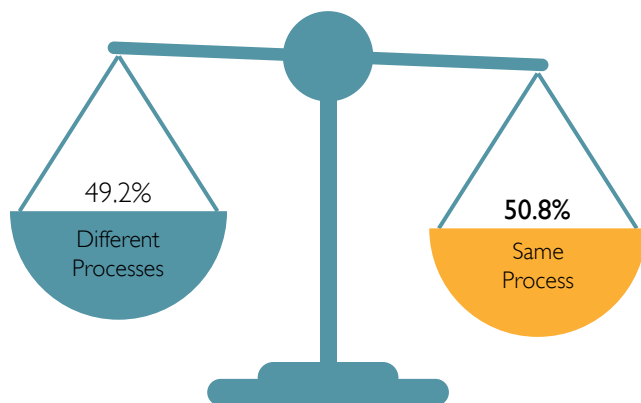
Figure 8: Same vs. Different Product Management Processes

Are your Product Managers also the Product Owners?

69.9% of Agile teams have their Product Managers also acting as Product Owners.

30.1%
Product Managers
are not
Product Owners

69.9%
Product Managers
are also
Product Owners
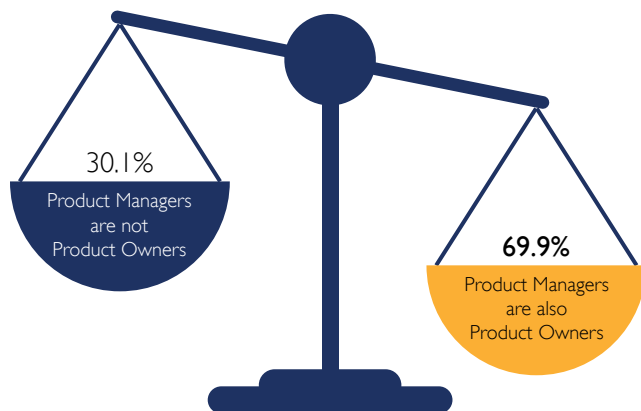
Figure 9: Most Product Managers are Also Product Owners

How effective are your Product Managers when working with engineers using the development processes adopted at your company?

31.4% of respondents said their Product Managers are neutral or ineffective when working with their engineers.

Very effective	11.1%
Effective	57.4%
Neutral	25.4%
Ineffective	5.7%
Very ineffective	0.3%

31.4%
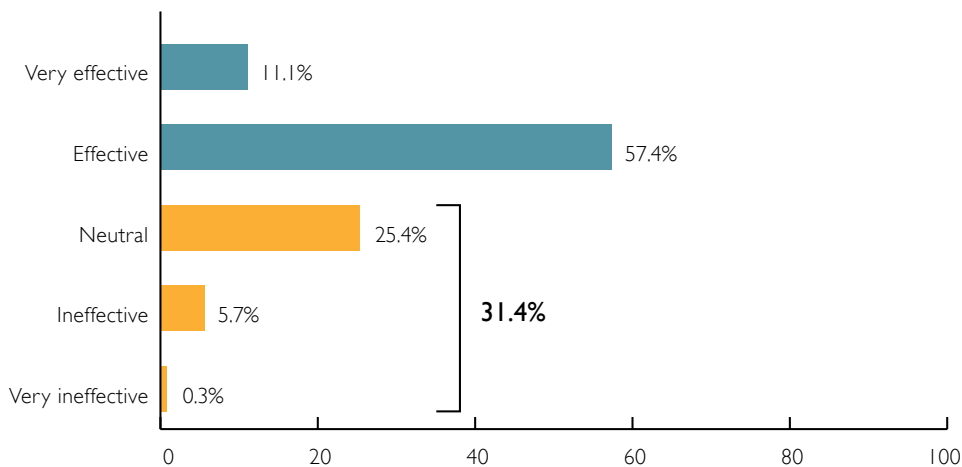
Figure 10: Effectiveness of Product Managers When Working with Engineers

How would you describe Product Management overall at your company?

41.2% of respondents describe the Product Management at their company as neutral or ineffective.
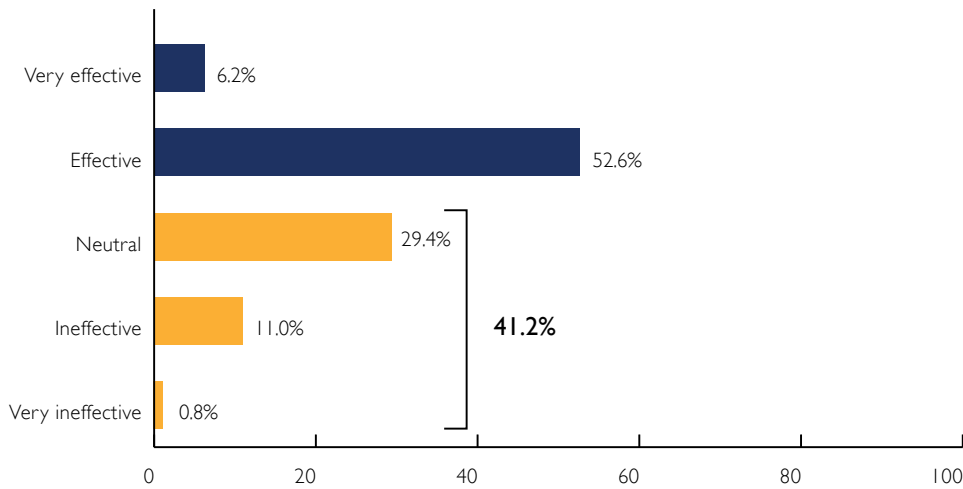
Figure 11: Overall Effectiveness of Product Management

How would you rate the skill level of Product Managers at your company?

56% of respondents indicated that the Product Managers at their company had average or below-average Product Management skills. Respondents were asked to rate the skill level on a scale from one (little to no PM-specifics skills) to five (highly skilled in Product Management).
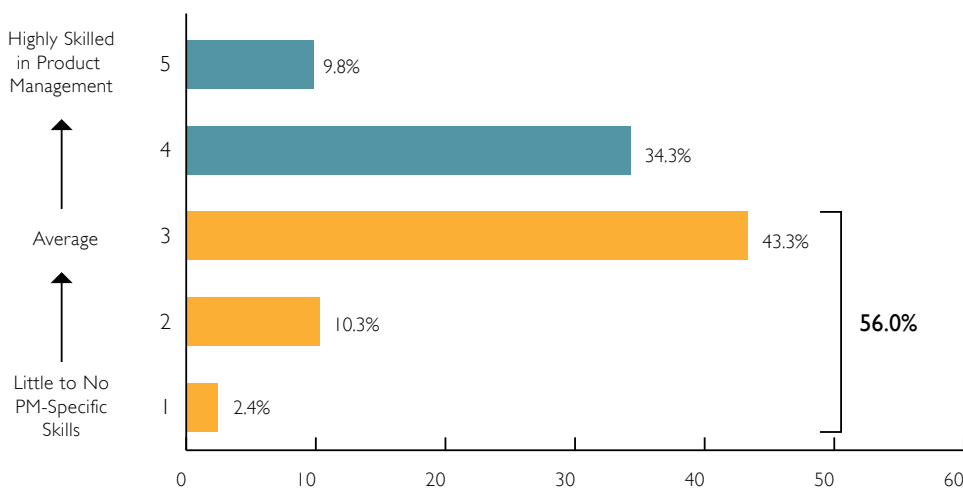
Figure 12: Skill Level of Product Managers at Respondents' Companies

How would you describe the consistency of skill level that Product Managers have at your company?
44.7% of respondents said that skill levels vary greatly, and only 15.3% said that the skill level is very consistent. See advanced findings for how using consistent process affects skill level consistency.
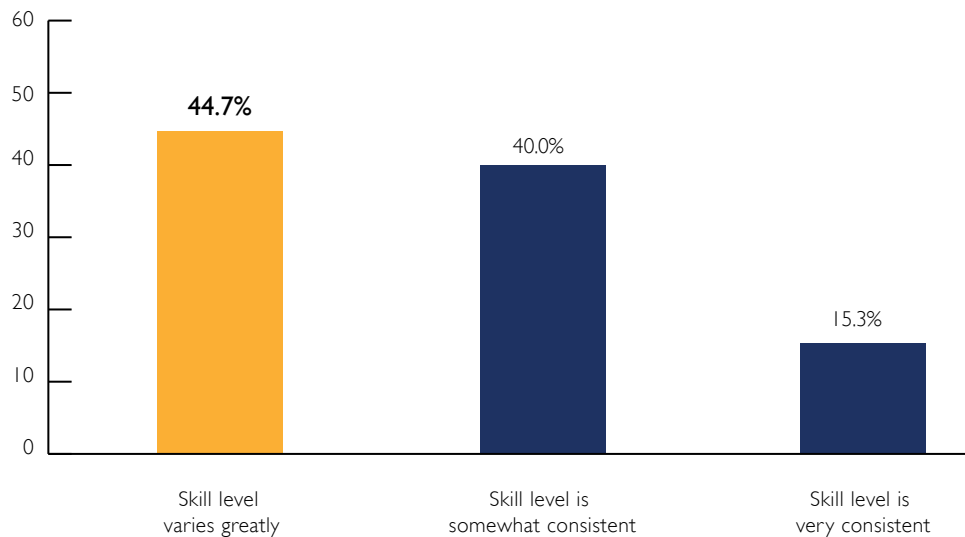
Figure 13: Consistency of Product Managers' Skill Level

How well does your executive team understand what Product Management is and the value it provides to your company?
Only 29.3% of respondents feel that the executive team at their company has a complete understanding of what Product Management is and the value it brings.
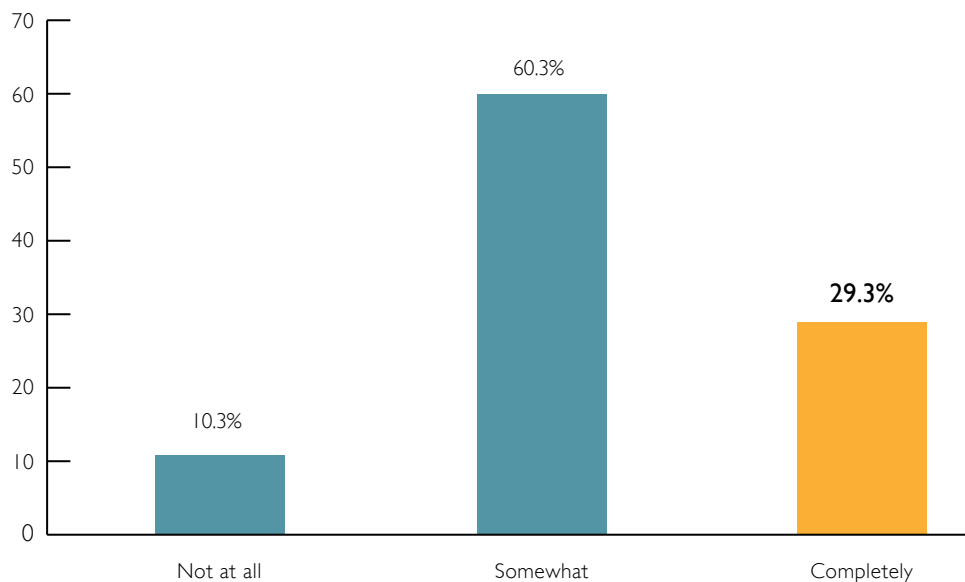
Figure 14: Executive Understanding of the Value of Product Management

Are most of the Product Managers in your company viewed as leaders?

61.6% of respondents indicated that most of their Product Managers are viewed as leaders at their companies.
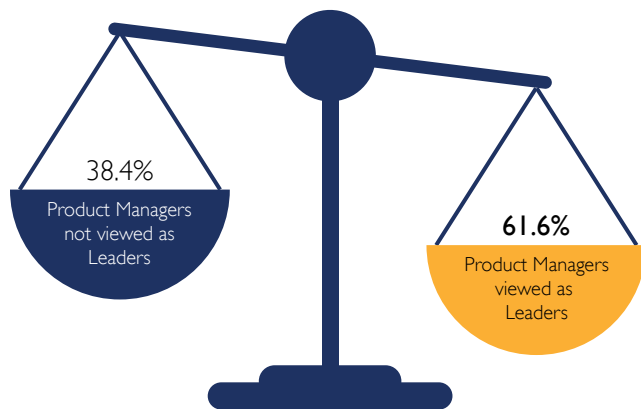
Figure 15: Product Managers are Leaders

Select all of the following challenges that apply to your Product Management teams.

57.4% of the respondents indicated that Product Managers are too tactical and not able to act as strategic leaders.
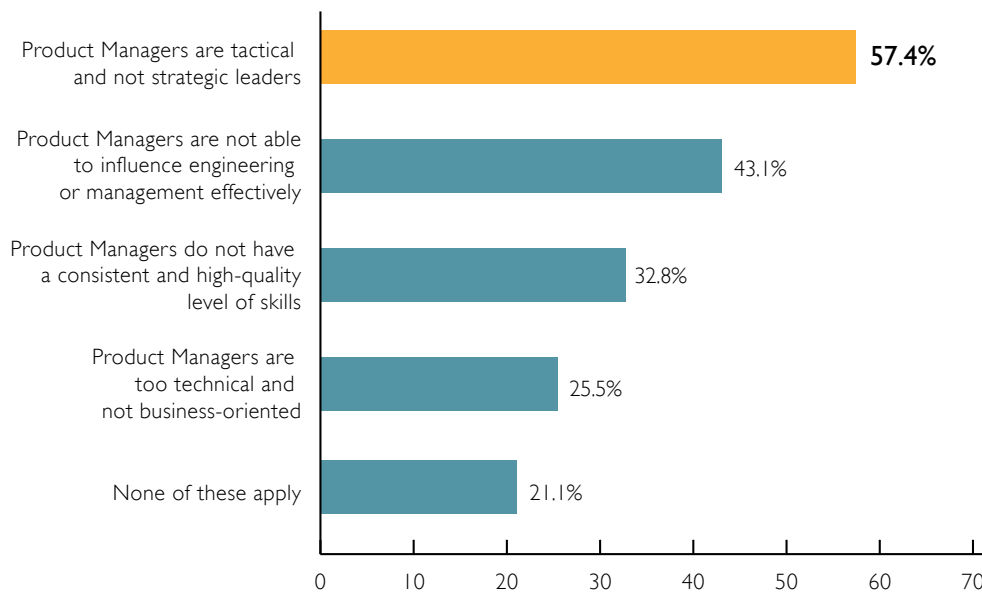

Figure 16: Challenges for Product Management Teams

Select all of the following challenges that apply to your Product Management process.

56% of respondents indicated that there is too much focus on development and QA while other phases of the product lifecycle are ignored. 51.7% also indicated that the Product Management process is not well defined.
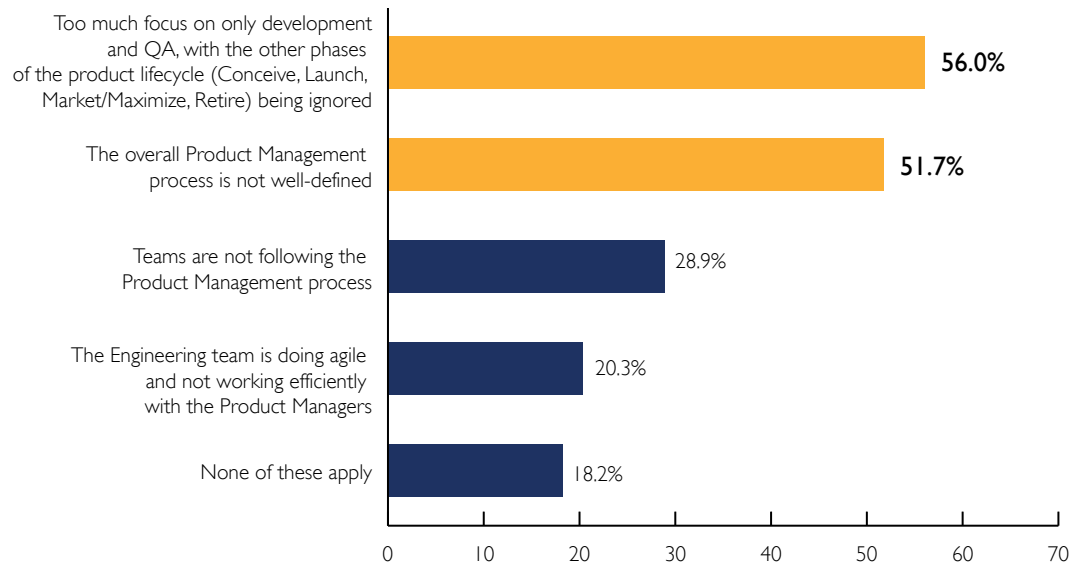

Figure 17: Challenges in the Product Management Process

Select all of the following challenges that apply to the products and/or services being delivered by your team.

42.7% of respondents indicated that there is a lack of alignment with the target market, customer, strategy, etc.
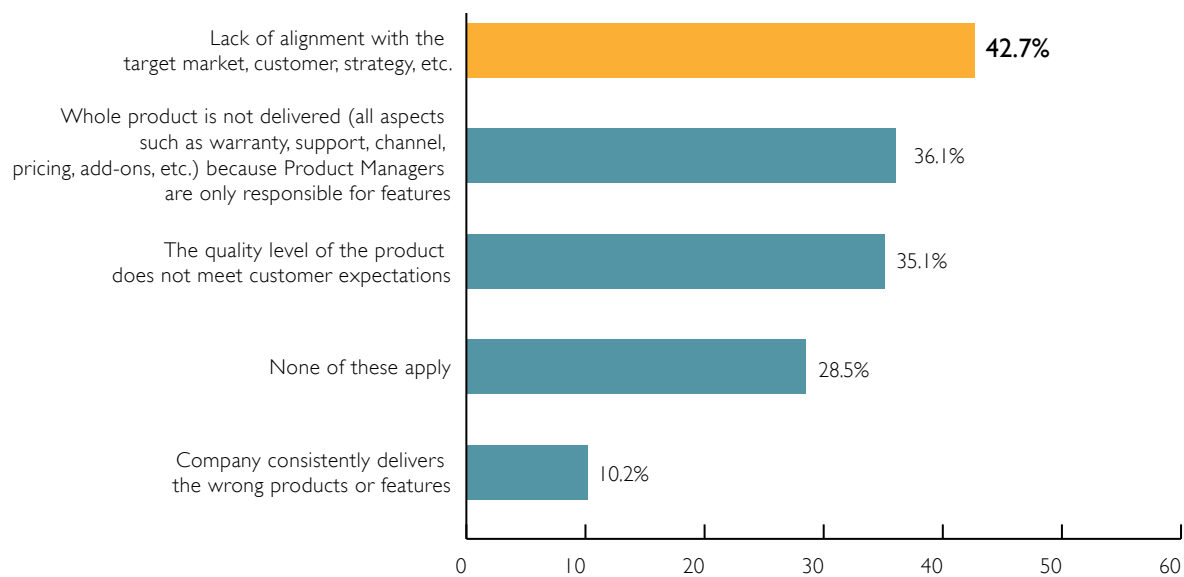
Figure 18: Challenges with Product and Services Being Delivered

Select all of the following challenges that apply to your Product Management documents/templates, such as business cases, requirements, launch plans, roadmaps, marketing and end of life plans.

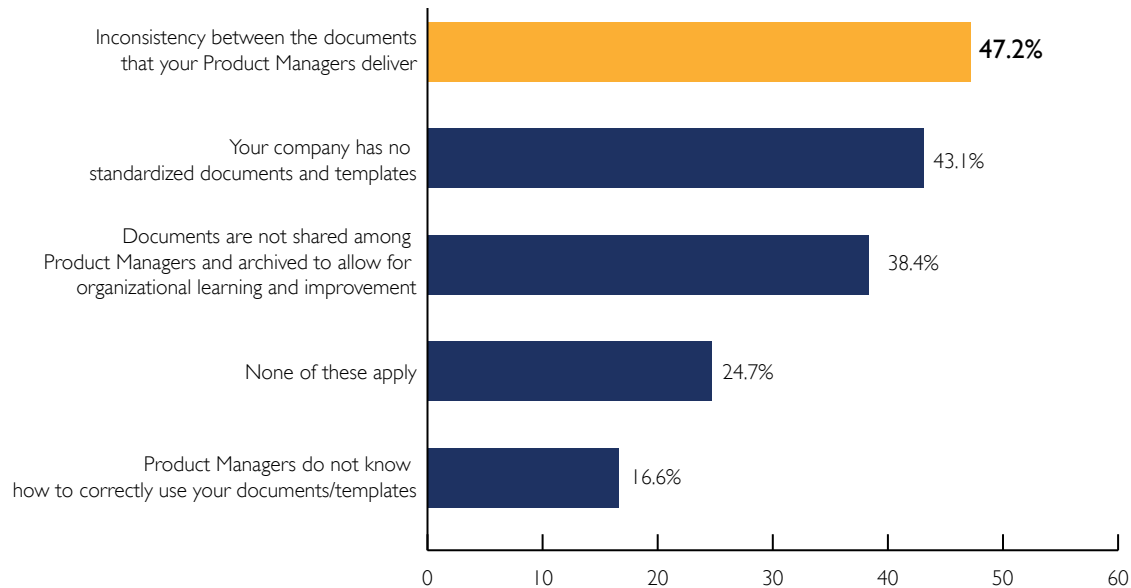47.2% of respondents indicated that there is inconsistency in the documents delivered by their Product Managers.

Figure 19: Challenges with Documents and Templates

Rank the following challenges to Product Management in your organization (1 is the biggest challenge, 4 is the smallest).

47.4% of respondents indicated that process was the biggest challenge in their Product Management organization.
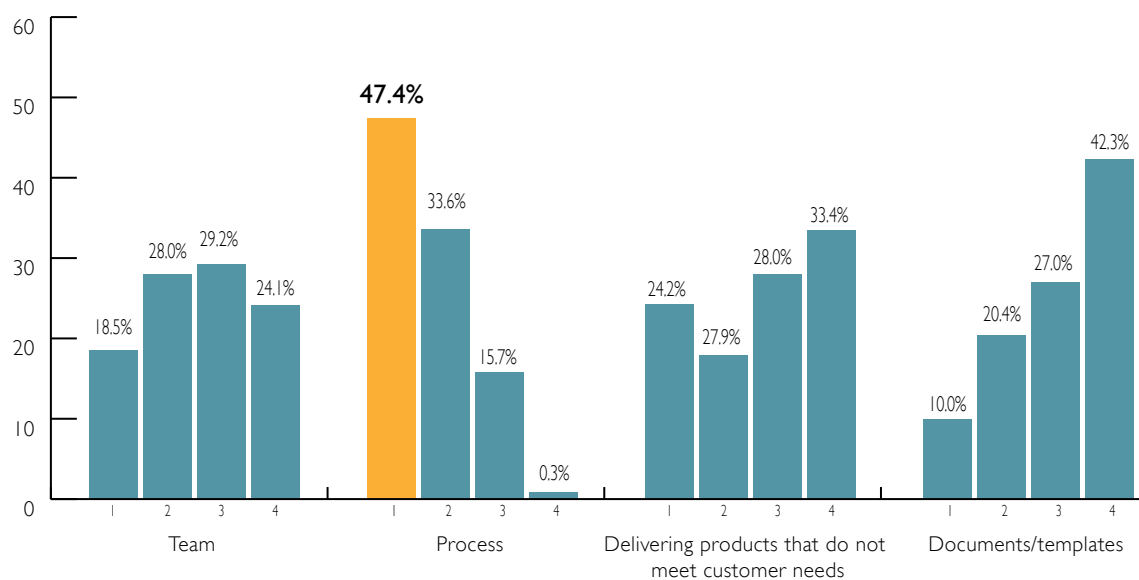

Figure 20: Rank of Challenges to Product Management Organizations

If you were to fully optimize Product Management at your company, how much do you think it would increase your overall profitability?

On average the respondents believe that profits would increase by 34.2% if Product Management was fully optimized at their company.
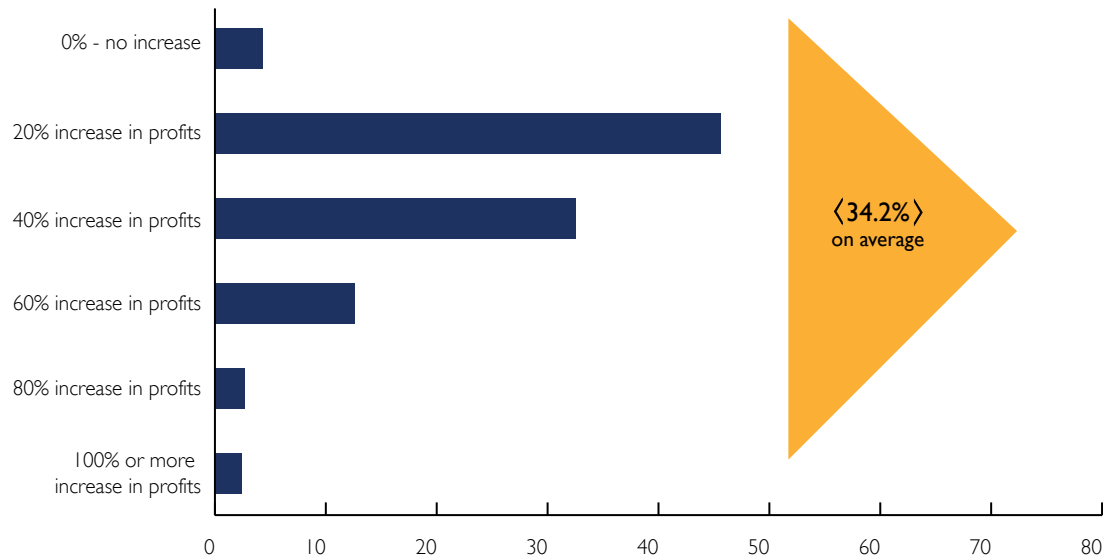

Figure 21: Respondents Believe Optimizing Product Management Will Increase Profits

Do you have a specific and comprehensive plan for improving Product Management at your company?

Despite the fact that many of the respondents indicated that optimizing Product Management could lead to a large increase in revenue and profits, 60.3% of respondents do not have a specific and comprehensive plan for improving Product Management at their company.
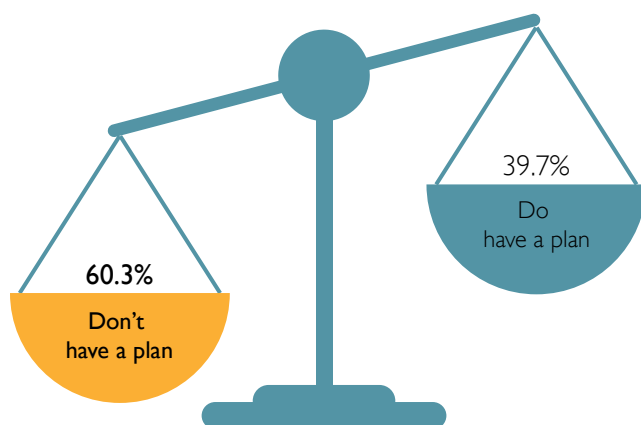

Figure 22: Plan to Optimize Product Management

RESULTS OF DIRECTORS AND VICE PRESIDENTS VERSUS INDIVIDUAL CONTRIBUTORS

One of the objectives of this survey was to compare Directors' and Vice Presidents' answers against individual contributors'. Interestingly the answers were consistent on many of the questions. The biggest variable is whether teams are all using the same process (see the next section).

Here are some of the key differences between Directors' and Vice Presidents' answers and individual contributors' answers.

- 41.7% of Directors and VPs indicated that "process" is the biggest challenge in their Product Management organization.
- 49.2% of individual contributors Indicated that "process" is their biggest challenge in their Product Management organization.
- Individual contributors are 10.7% more likely to say that the Product Management process is not well defined and this is a challenge for them.
- Only 38.9% of Directors have a specific and comprehensive plan for improving Product Management.
- 63.7% of Vice Presidents of Product Management indicated that they have a specific and comprehensive plan for improving Product Management. This is almost 25% higher than Directors.
- 16.2% of Directors and VPs indicated that 40% or more of their company's products fail to meet customer needs.

RESULTS WHEN ALL TEAMS USE THE SAME PROCESS VERSUS USING DIFFERENT PROCESSES

Respondents were asked whether all teams at their company are using the same (or very similar) processes across all teams at their company. Their answers were then divided and compared to show how this affects answers to other questions in the survey.

Key Finding: If you have a consistent process across teams, the skill level of your Product Managers varies far less because you know what skills are required.
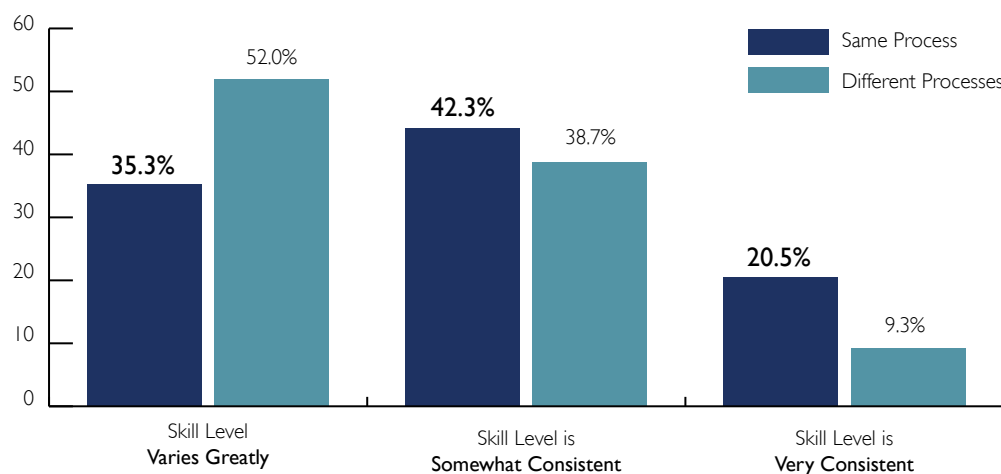

Figure 23: Consistent Process Increases Skill Consistency

Key Finding: Using a consistent process across teams increases overall effectiveness when working with engineers.
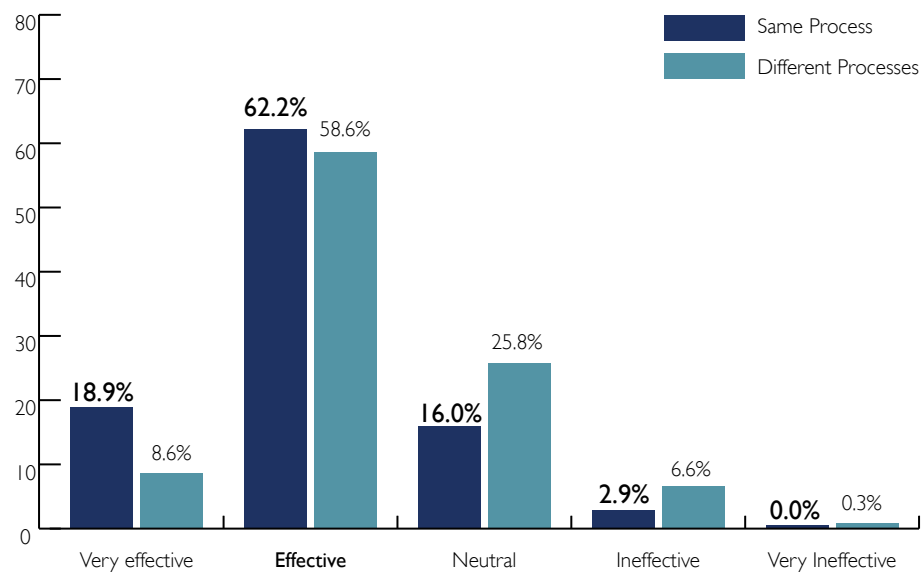

Figure 24: Consistent Process Increases Effectiveness When Working With Engineers

Key Finding: Using a consistent process across teams also increases the overall effectiveness of Product Management.
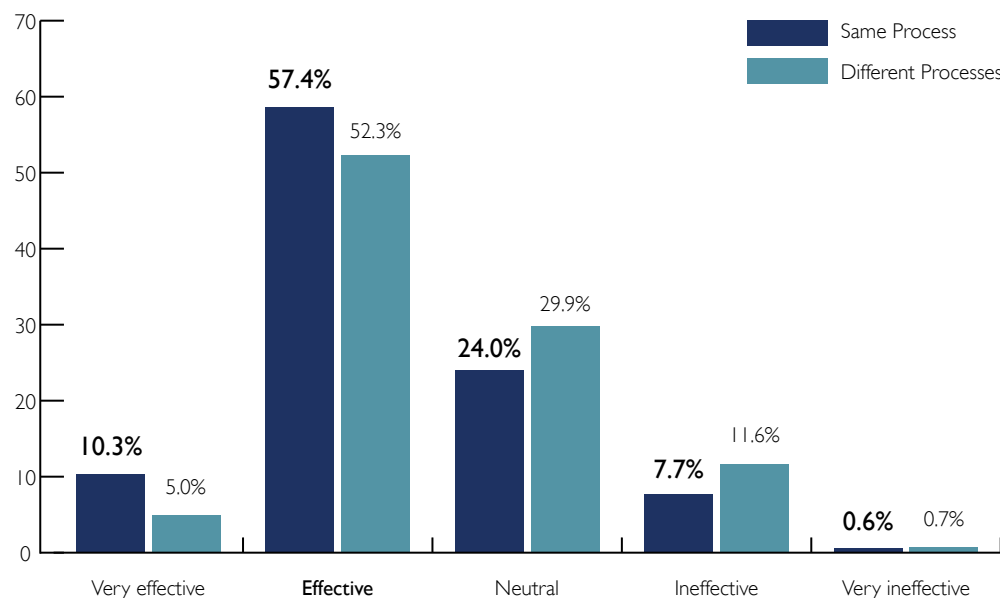

Figure 25: Consistent Process Increases Overall Product Management Effectiveness

Key Finding: If you have a consistent process across teams, the executive team is more likely to understand the value Product Management provides.
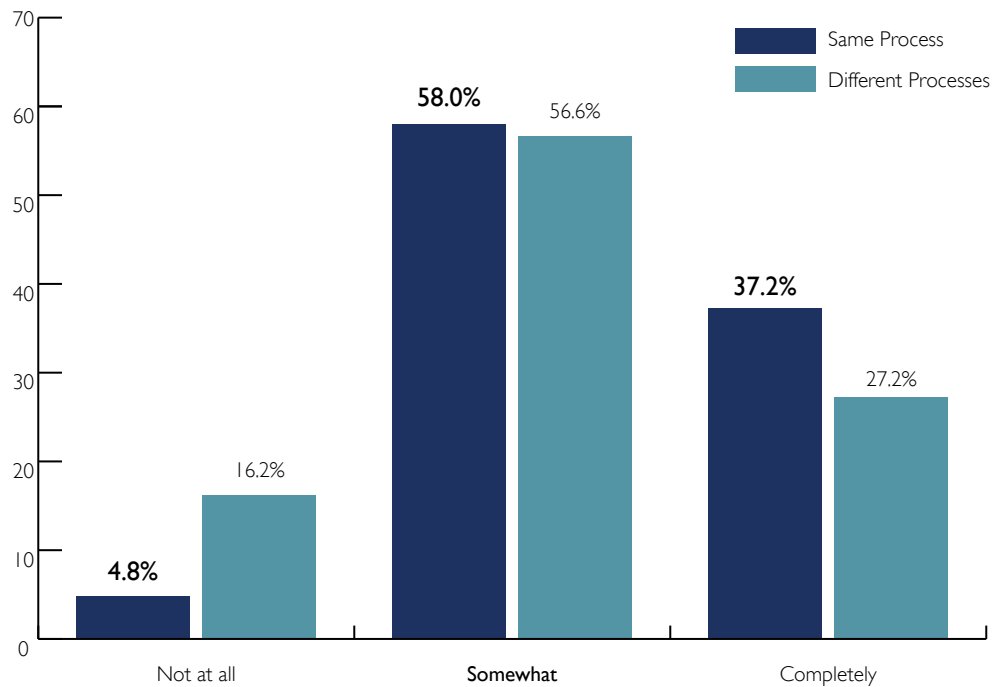

Figure 26: Consistent Process Increases Executive Buy-In

Key Finding: Product Managers are much more likely to be viewed as leaders when a consistent process across teams is used.
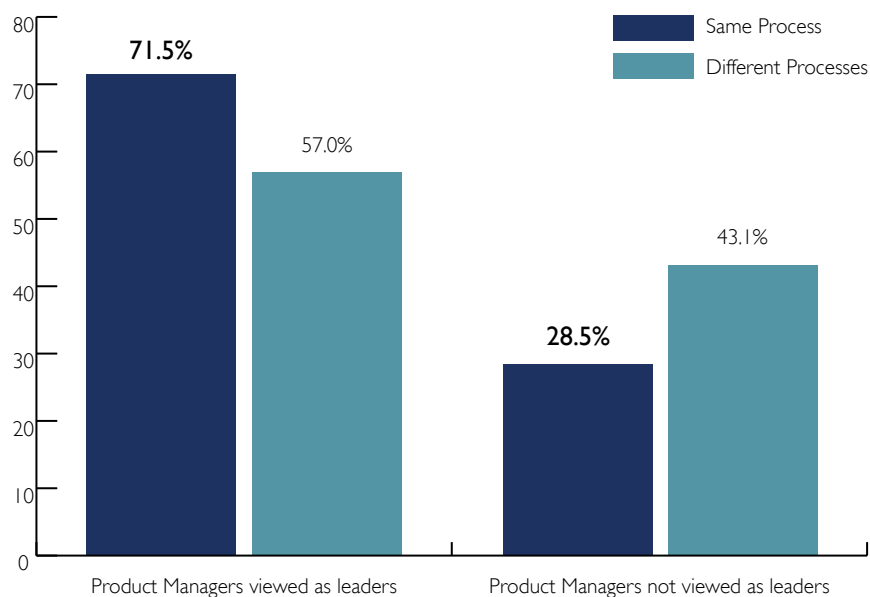

Figure 27: Consistent Process Increases Product Managers Being Viewed as Leaders

Key Finding: Companies with teams using different processes indicate that they have more challenges. The biggest challenge is that Product Managers are tactical, not strategic.
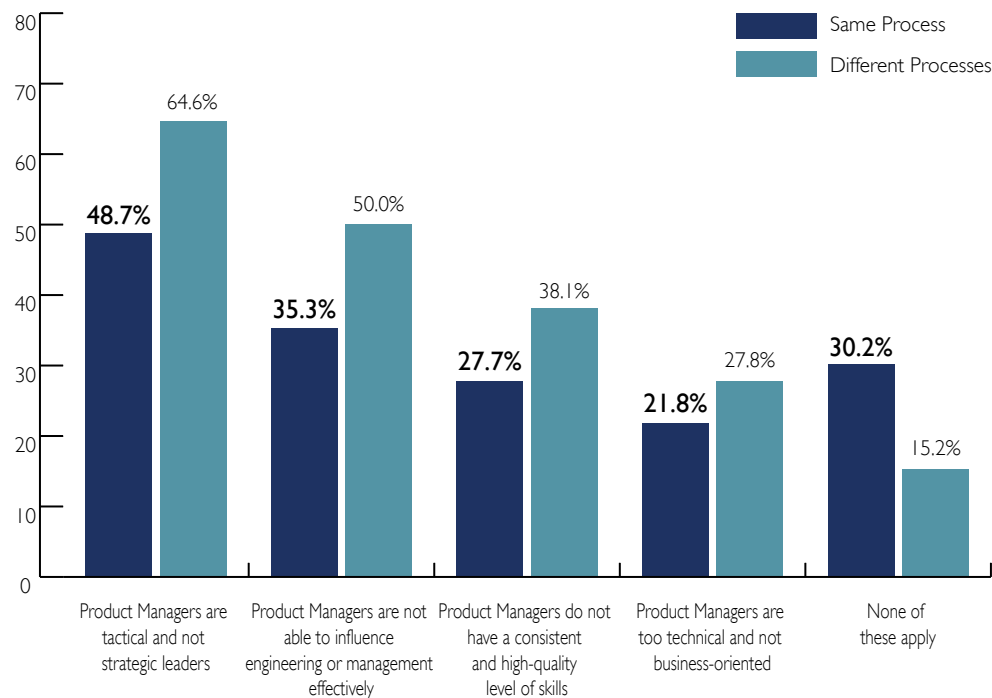

Figure 28: Using Different Processes Increases Product Management Challenges

Key Finding: Companies with consistent process across teams are more likely to have a plan for improving Product Management.
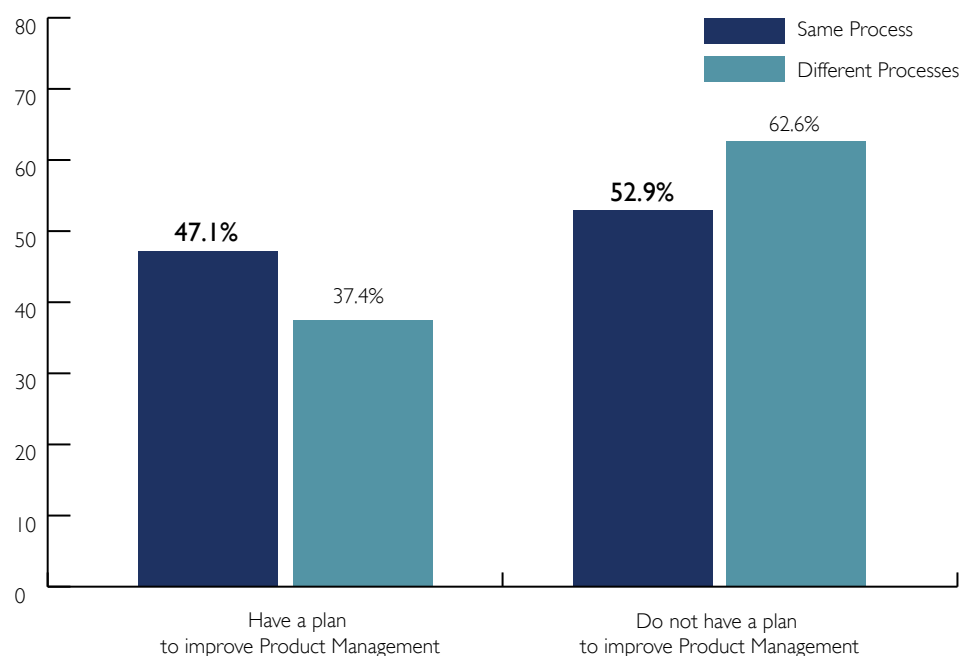

Figure 29: Consistent Process Increases the Likelihood of Having a Plan

OPTIMIZE YOUR TEAM

Let us create a customized plan for your specific situation to ensure your team or company's success. Learn about how our assessments, private training, consulting services and contractors can help your company.

PRIVATE CUSTOM TRAINING

For private training we can deliver our standard courses or we can completely customize our course materials to meet your needs and match your process, terminology, examples and most critical internal challenges.

CONSULTING AND CONTRACTORS

Our consultants and contractors can help your company bring world-class, customer-focused products to market faster. Get work done quickly with interim employees or get help with short-term project work.

ASSESSMENTS

We can conduct an in-depth assessment of your Product Management and Product Marketing functions (people, process, tools) and create a custom plan to take your team to the next level.

LEARN MORE

Have a question about our products or services? Want to talk to someone in our sales department?
Contact us!

28OGroup
Optimizing Product Management™

1901 South Bascom Avenue
Suite 1460
Campbell, CA 95008

+1.408.834.7518
contact@280group.com
www.280group.com