The Study of Product Team Performance

Presented by Actuation Consulting, LLC. and Enterprise Agility, Inc.
The Study of Product Team Performance

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Executive Summary

Actuation Consulting and Enterprise Agility recently conducted a global survey of product teams. The goal of our research was to better understand the dynamics of product team performance and to uncover the practices that make these teams successful.

What makes this survey unique is that it enjoys the support of various industry associations and market players — groups and individuals that don’t generally work together. Our industry experience has led us to believe strongly that product managers, project managers, and business analysts don’t always optimize their working relationships, and this can have a negative impact on product team performance. However, information regarding the dynamics of these important and complex relationships is hard to come by.

When we started this process, we hoped to uncover information that can’t be found by investigating the product development roles separately. Indeed, to get the most accurate view, we knew we had to look across product teams. In the end, what we uncovered was more telling than we could have imagined.

By performing a regression analysis of the results — overlaying the respondents’ rating of their organizations’ overall success with the survey data on operating techniques and methods, executive support, staffing, strategic alignment, team composition, and accountability practices — we were able to identify what makes teams successful.

Specifically, we found that there are five key factors common to high-performing product teams. The statistics show just how important these five factors are: the likelihood of a product team performing at a high level is 67% if all five factors are in place. In their absence, the likelihood of a product team achieving high performance is only 2%!

This paper will detail these five factors and offer suggestions for how you can apply them to your own product development practices.
Methodology

Survey Development

Actuation Consulting and Enterprise Agility commissioned qualitative market research firm e-FocusGroups® to conduct the survey. Actuation Consulting and Enterprise Agility defined the themes and content and drafted the survey questions. e-FocusGroups refined the questions, developed the web-based survey tool, collected and aggregated the responses, and provided a high-level analysis of the responses. Upon completion of the study, the survey data was passed to a professional statistician for rigorous analysis.

The survey was sponsored by the Association of International Product Marketing and Management (AIPMM), Accept Software®, Diversified Business Communications, International Institute of Business Analysis® (IIBA), Chicagoland Chapter, and the International Project Management Association (IPMA).

These survey sponsors emailed all of their members an invitation to take the web-based survey. In the invitation, all respondents were assured that they and their responses would be anonymous.

The following titles were invited to complete the survey:

- Brand manager
- Business analyst
- Engineer
- Product designer
- Product manager
- Product owner
- Program manager
- Project manager

Respondent Profile

Our respondents identify themselves as either decision makers or product team members that play a central role in their company’s product development initiatives. Nearly all (95%) say that they play an active role creating or enhancing products or services within their organization.

The majority (51%) of our survey respondents say they are project or product managers. Business analysts and program managers make up another 28% of the respondents (Figure 1).
Figure 1. Which of the following titles best describes your primary role?*

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project manager</td>
<td>25.87%</td>
</tr>
<tr>
<td>Product manager</td>
<td>25.37%</td>
</tr>
<tr>
<td>Program manager</td>
<td>15.59%</td>
</tr>
<tr>
<td>Other</td>
<td>14.10%</td>
</tr>
<tr>
<td>Business analyst</td>
<td>12.27%</td>
</tr>
<tr>
<td>Product owner</td>
<td>3.98%</td>
</tr>
<tr>
<td>Product designer</td>
<td>1.00%</td>
</tr>
<tr>
<td>Brand manager</td>
<td>1.00%</td>
</tr>
<tr>
<td>Engineer</td>
<td>0.83%</td>
</tr>
</tbody>
</table>

*Other primarily consists of quality assurance and product marketing professionals.

When respondents identify themselves as playing multiple roles, the most popular titles they choose to describe their secondary role are project manager (23%) and business analyst (19%).

Nearly half of the respondents state that they belong to a professional product management/project management association. Of those, 55% say they belong to the Project Management Institute. Another 45% identify that they belong to the AIPMM, IIBA, or IPMA (Figure 2).

Figure 2. Which of the following groups do you belong to?

- The Association of International Product Marketing and Management (AIPMM): 15.70%
- The International Institute of Business Analysis (IIBA): 15.89%
- The Project Management Institute (PMI): 55.43%
- The International Project Management Association (IPMA): 12.98%
Other characteristics of respondents emerge through their survey response. We found that:

- A nearly equal amount say they report to a director (29%) or manager (28%). About one fifth (19%) report to a vice president and 17% to a C-level executive.
- The majority (a combined 68%) work in a company with either a technology or a service focus.
- One-third work for a company with annual revenues over $2 billion. A close second (27%) are at organizations with revenues of less than $50 million. The remainder were split evenly in the middle of those two figures.

Findings

High Performance Is Driven by Five Factors

Once the survey responses were collected, we provided the data to a professional statistician for rigorous analysis. The central finding of the regression analysis demonstrates that there are five key factors that are common to high-performing product teams. The data show that the likelihood of a product team performing at a high level, defined as on time, on scope, and on budget on a consistent basis, is 67% if all five factors are in place. In their absence, the likelihood is just 2%.

The study’s findings have implications for the business and technology functions of the organization. On the business side it’s clear that high-performing product teams work very closely with members of the executive team and enjoy unwavering support. These product teams are very aware of the company’s business strategy and take steps to ensure tight alignment.

Organizations that have high-performing product teams also take proactive steps to ensure a successful transition from product development to market introduction. The transition from product development to launch and ongoing support has been well documented as a common failure point in the product management life cycle and requires proactive planning and focused management. High-performing product teams make sure that the appropriate resources have been deployed to manage market introduction and continuing operations with a singular focus.

The survey results also indicate that many organizations are allocating skilled product team members to the right projects. However, it appears that the importance of effectively adding new product team members to an existing product team is generally overlooked; new team members commonly have to work double-time to get up to speed, and often have mixed results.
Our research indicates that high-performing teams not only allocate the right mix of skills to the project, but they have a thoughtful and systematic approach to adding new team members. These organizations do not leave this process to chance, and team members are not left to sink or swim. They recognize that the lack of effective practices with adding new team members consumes valuable time and slows value creation in the product development process.

While each of these factors are statistically significant on their own, high-performing teams seem to recognize that all five of these areas are critical to success.

**A Closer Look at the Five Key Factors**

**Factor One — Unwavering Executive Team Support**

High-performing product teams report increased levels of support from their executive team. The word *team* stands out. We take this to indicate broader executive engagement as opposed to an individual executive stakeholder. While a single executive stakeholder may be held accountable, the data indicate that performance is heightened when a broader array of senior executives are actively engaged with the product team. High-performing teams report that this results in improved access to resources and generates higher levels of trust. This is sharply contrasted by the majority of teams that are performing at suboptimal levels.

Additionally, it’s clear that increased engagement requires executives to view product activities as strategically important enough to set aside the required time to maintain alignment. This is a conscious decision and replaces the tendency of some executives to engage only when problems arise. When executive support is not strong, team members report feeling the negative effects. Says one survey respondent, “We have some unreasonable, and I mean insanely unreasonable, timelines.”

Respondents report that they appreciate the strong leadership and increased focus that comes from the executive team’s active engagement as this helps facilitate decision making, increases clarity on the team’s goals and objectives, and can hasten speed to market.

**Factor Two — Strong Product Team Alignment with Strategy**

In addition to unwavering executive support, high-performing product teams make sure to align their efforts with the company’s business strategy. The study illustrates that the majority of product teams believe that their daily activities are “very” or “somewhat” aligned to company strategy. Only 9% of organizations indicate that they’re either “not aligned” or “way off.”
While we view these findings as positive, a closer look at the mechanics of alignment indicates that there is also reason for concern. When respondents were asked to indicate what tools they used to maintain close alignment between their daily activities and the company’s business strategy, 20% of respondents indicated that they used tactical product roadmaps. This was followed by clearly defined milestones in the development process (16%), product portfolio management (15%), and multiyear product strategy (14%).

Another way of looking at this heavy reliance on the tactical product roadmap and clearly defined milestones in the development process is to recognize that it’s highly probable that product portfolio management and a compelling multiyear product strategy are missing links in the chain that fully aligns these companies’ business strategies to their tactical activities. It appears many organizations have bypassed these higher level product activities — which from our vantage is highly problematic.

When we followed up the question about how respondents stay aligned with the company business strategy by asking which tools their organization uses effectively, participants indicate that project planning, requirements gathering, and tactical product roadmap development are the most effective.

It’s interesting to note that only 7% of respondents state that multiyear product strategy is being deployed effectively and only 8% of organizations feel that portfolio management processes are implemented well (Figure 5). In both instances, these percentages represent half of the organizations that reported having these tools deployed in the first place. So it’s quite clear that these higher-level product management processes are not being implemented as often as they should, and when they are implemented, only 50% of organizations do so effectively.

“Clear company vision and detailed operational strategies don’t exist,” and “There’s no high-level strategy to shape products around,” are a few of the comments we see from respondents who are clearly frustrated by a lack of alignment.

Although the study does not provide the full context to completely understand the dynamics at play, it’s probable that a number of factors may be contributing to this problem. Given the low implementation rates, one has to ask if these tools aren’t being deployed because organizations don’t recognize their importance, or perhaps companies may not have the right skills in place.

The current economic environment has likely further strained the situation, as lean resources and deferred hiring may also be exacerbating preexisting structural and staffing challenges. Survey respondents indicate that resource constraints are compromising their ability to “go deep” as they’re now covering more ground. Couple this with the fact that approximately 53% of organizations have implemented blended methodologies (Figure 3), and one can begin
to understand why the focus of the product team may have shifted inward. We believe that more support is needed to give product managers the time and skills they need to effectively implement these critically important higher-level product tools.

In any case, the findings imply that product portfolio management and product strategy are being willingly bypassed either by skill and resource constraints or by a lack of awareness of their importance. From our vantage, these tools are necessary to effectively bridge the company’s business strategy with the execution activities reflected on the tactical product roadmap.

**Factor Three — Post-Product Development Focus and Accountability**

The study highlights the importance of effectively managing one of the major failure points in many organizations — the transition from product development to product launch and ongoing operational implementation. The data show that high-performing product teams have a process in place to ensure a smooth transition from the actual development of the product to successful market introduction.

While the regression analysis specifically identifies program managers as the party that high-performing product teams rely on to coordinate and manage the post-development activities, we believe that company size plays a role in determining which resource is actually deployed to manage the go-to-market activities. The study clearly documents that only the product manager and/or product owner (50% of respondents) stay engaged over the product’s entire life cycle (Figure 6). This points to a management and oversight role for the product manager as the product enters the post-product development phases of the life cycle.

We believe company size is a major factor in determining which title or team manages this critical transition point. In a small company, the transition and ongoing support are often overseen by members of the core product team. In many mid-sized companies, product marketing plays this role. In larger organizations, program management frequently takes the go-to-market and operational support reins. These three categories are not black and white; any of these parties can be deployed to handle the transition.

Ultimately, the statistics prove that someone needs to bring singular focus to these activities and take control of the go-to-market and operational oversight processes to ensure success. Failure to do so significantly decreases the product’s chances for success in the market. High-performing product teams have this process addressed well before market introduction. The study reminds us that more due diligence is typically given to the product development process than to the actual market introduction and ongoing support activities — a critical task.
Factor Four — Assigning Core Product Team Members Based on the Skills Needed

Survey responses show that approximately 42% of organizations do an effective job assigning core product team members based on the skills needed.

Although staffing of the core team appears to work well in the product development phase, this does not always translate to the go-to-market side of the process — which is frequently under resourced. Additionally, having the right skills in place doesn’t mean that the team will be effective. Survey data indicate that many product team members are attempting to manage multiple initiatives, which dilutes their overall effectiveness. Respondents state that resource constraints and frozen hiring are impacting how “deep” core team members can go.

The study also clearly points out that steps need to be taken to increase the breadth of domain knowledge on many teams. Survey respondents indicate that continuous resource churn is undermining their ability to establish momentum. And an overwhelming 67% of respondents state that resource churn on the product team is reducing profitability and jeopardizing project success (Figure 7).

Factor Five — Bringing Product Team Members on Board

The survey clearly demonstrates that in most organizations, only the product manager and/or product owner stay with the product throughout the entire product management life cycle. The next closest team member is the product’s engineer (12%); all other product team resources are being turned over on a regular basis.

This concentration of product domain knowledge in a single role comes with significant risk. If the product manager or product owner leaves, the product can quickly lose momentum; and relearning complex products can take a great deal of time.

The study demonstrates that high-performing product teams have an effective process in place that emphasizes getting new team members quickly up to speed on the documentation and the domain. In other words, there is a systematic approach in place to minimize the learning curve and maintain momentum.

While some may argue that keeping core product team members on — rather than trading resources at the end of a specific project — is a costly use of resources, it’s clear from the study results that respondents believe that constant churn undermines project success and profitability. In our opinion, alternative approaches should be considered, such as keeping several teams within a product domain and

High-performing teams add new members thoughtfully and systematically.

Only the product manager and/or product owner stay with the product throughout the entire life cycle.
allowing resource mixing but within tighter constraints than commonly occurs today. This enables the teams to accrue domain expertise and helps mitigate the risk of critical knowledge being concentrated in a single individual.

Although the importance of effectively bringing new company employees on board is well understood and pays dividends, it appears that at the product team level, most organizations do not proactively manage this process. This results in a new team member having to spend a significant amount of time getting up to speed and integrating into the product team at the cost of productivity and product team momentum.

**Conclusion**

This global study of product team performance sheds new light on the steps that organizations must take to increase the effectiveness of their product teams. The regression analysis clearly demonstrates that implementing each of these statistically significant factors will increase performance, and that if all five of these factors are effectively implemented, the likelihood of a product team performing at a high level increases to 67%!

**Survey Results**

**Methods Used for Product Development**

More than half of the survey respondents (53%) report that their organization is using a blended methodology (one that incorporates some waterfall and some Agile) to develop products, regardless of company size (Figure 3).

**Figure 3. Which of the following methodologies best describes the way your organization develops products?**

![Survey Results Chart]

When delineating respondents by company revenue size, we see that most use a blended method for product development. But differences do exist. More seasoned companies (those earning $500 million and more) are more likely to use waterfall than Agile, while respondents
from companies earning $499 million and less reported the opposite — that they are more likely to use Agile than waterfall. Agile use is highest in smaller and start-up organizations; 20% of those with less than $50 million in revenues reported using this method. As revenue size increases, the use of pure Agile seems to fall (Table 1).

**Table 1. Which of the following methodologies best describes the way your organization develops products (by company revenue size)?**

<table>
<thead>
<tr>
<th>Product Development Methodology</th>
<th>Annual Company Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than $50M</td>
</tr>
<tr>
<td>Waterfall</td>
<td>8.81%</td>
</tr>
<tr>
<td>Lean</td>
<td>5.03%</td>
</tr>
<tr>
<td>Blended (Some Waterfall and Some Agile)</td>
<td>54.72%</td>
</tr>
<tr>
<td>Agile</td>
<td>20.13%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>11.32%</td>
</tr>
</tbody>
</table>

**Staffing Decisions**

Most respondents (48%) report that the functional manager makes the staffing decisions for their products. Another 40% report an equal split between the project management office and “other.” The remaining 11% are split between the chief technology officer and the chief information officer.

**Strategic Alignment**

Nearly all (91%) of the respondents state that their product teams’ daily priorities are either very or somewhat aligned with their organizations’ business strategies. A much smaller percentage of respondents (9%) report they are not aligned or “way off” (Figure 4).

When asked how their core product team stays aligned with their organization’s business strategies, respondents rate the following four choices the highest (in order of importance):

- Tactical product roadmap
- Clearly defined milestones in the product development process
- Product portfolio management process
- Multi-year product strategy
Figure 4. How aligned are your product teams’ daily priorities with your organization’s business strategies?

Rated lower are technology product roadmap aligned with annual tactical product roadmap, a robust project plan supporting product development activities, and cross-functional mapping of the entire product planning process across the life cycle.

The survey also asked what ways the organization supported aligning members of a core product team. The most popular answers were sharing goals and objectives that link the team (31%), giving strong executive support to the core product team (25%), and mapping the product production process so that all members understand their role and the handoffs. It is worth noting that less than 6% of organizations report using shared financial incentives across the product team to drive alignment.

**Challenges and Successes**

In response to the question, “Which aspects of the product development process do you believe your organization handles effectively?” the most popular responses are project planning in support of product development activities and requirements gathering (Figure 5).
Figure 5. Which aspects of the product development process do you believe your organization handles effectively?

Some other themes emerge around what the respondents think are their biggest obstacles to success. To the question, “What is your single greatest challenge?” the top responses are (in order of importance):

1. Resource constraints and allocations
2. Lack of effective alignment across the enterprise
3. Changing priorities
4. Lack of coherent business/product strategy
5. Lack of senior management support
6. Lack of clear and coherent communication
7. Available development time
8. Time it takes to bring products to market
9. Poor understanding of customer expectations
**Using Team Resources**

The survey asked what tasks the organization performs effectively when it came to allocating product team resources. The feedback here seemed to show some good alignment practices but some problems taking advantage of product domain knowledge.

Nearly half of the respondents (42%) say that their team aligns core product team members based on the skills needed, and about a third (30%) say they dedicate most of a team member’s time to a specific product domain. But just 17% say they work to reduce turnover to retain key product domain knowledge and only 12% say they support new team members with up-to-date product documentation and knowledge.

**Figure 6. Which of the following stay assigned to the product after a project is complete?**

![Bar chart showing the percentage of respondents who keep specific team members after project completion.](chart.png)

Building on the theme of retaining team members, we found that few stay on after the project was complete. Figure 6 shows which team members the respondents report keeping on the project after completion; only the product manager is named with any regularity (30% reported that this role stays on the project). Product owners are the second most likely, at close to 20%. When these totals are combined, it is clear that in most organizations, only the product manager/owner stays on after project completion.

Although constrained resources can make it necessary to pull product team resources after the project is complete, there is clearly an organizational cost to doing so; it often results in loss of momentum, redundant efforts to educate new team members, etc. And it’s fairly obvious that the teams find this problematic. *Two-thirds of those surveyed say they believe their projects would be more successful and their products more profitable if the core team members stayed together after a project’s completion; only a third disagree (Figure 7).*
Figure 7. Do you think your projects would be more successful and your products more profitable if core team members stayed together after a project’s completion?

- Yes: 66.67%
- No: 33.33%

Of the top 10 things respondents say they would change about the core product team, the top 3 are centered on cross-functional collaboration, dedicated resources, and increased focus on the projects at hand:

1. Better cross-functional collaboration, trust, and communication
2. Dedicated team resources
3. Increased focus (diluted effectiveness)
4. Increased training
5. Better alignment with customer needs
6. Ability to focus on the big picture (multi-year strategy)
7. More well defined processes
8. Improved alignment with organizational objectives
9. Co-location of the product team
10. More expertise on the core team in product design
Support and Accountability

How supported do core product teams feel? More than 60% of our respondents say they get unwavering or adequate — enough to be successful — support from their executive team. But the remainder — nearly 40% — say they receive limited, little, or no support (Figure 8).

Figure 8. Which of the following best describes your view of the support your core product team receives from the executive team?

<table>
<thead>
<tr>
<th>Support Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate — we get the support we need to be successful</td>
<td>49.49%</td>
</tr>
<tr>
<td>Limited support</td>
<td>28.84%</td>
</tr>
<tr>
<td>Unwavering support</td>
<td>12.29%</td>
</tr>
<tr>
<td>Little or no support</td>
<td>9.39%</td>
</tr>
</tbody>
</table>

There is clearly room for improvement in how product teams perform versus expectations. Less than 12% report consistently high levels of performance (defined as on time, on scope, and on budget). This means that 88% of organizations are not performing optimally. In fact, almost 30% report they are hit or miss or miss more than they hit (Figure 9).

Figure 9. Which of these statements best describes your view of your core product team’s performance against organizational expectations?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are performing at a high level (on scope, on budget, on time)</td>
<td>5.96%</td>
</tr>
<tr>
<td>We perform well but there is room for improvement</td>
<td>11.58%</td>
</tr>
<tr>
<td>Hit or miss</td>
<td>22.32%</td>
</tr>
<tr>
<td>We miss more than we hit</td>
<td>60.14%</td>
</tr>
</tbody>
</table>

When asked what single aspect of their core product team’s performance they would change to improve, respondents say they’d like more cross-functional collaboration, trust, and communication. “There is a feeling that we’re working like a relay race instead of working like a team...things get lost,” says one respondent.
Respondents also say they want more dedicated team resources and to be able to increase their focus by being able to “go deeper” and to say no to competing requests. Without this focus, one respondent said, “The project of the day becomes the focus of the team to the detriment of other projects.”

When it comes to financial accountability, it appears that product and project managers carry most of the weight. When asked which team members are held financially accountable at project completion, these two titles get the most votes — at 28% and 24%, respectively. Program managers are next, with 15% choosing this option, and business analysts come in a distant fourth.

Product managers also appear to carry the weight of selling the need for new capabilities or enhancements to upper management. When asked who is primarily responsible for writing the business case for their product development projects, 41% of survey respondents say it is the product manager. The second most popular choice — business analyst — received only about 14% of the responses, followed by product owner at 13%.

Please contact us if you would like more information about the study or assistance implementing any of the factors outlined in our findings. For a nominal charge, we are also offering a personal review of the study findings to executives that send three or more employees to any of our training courses.
About Actuation Consulting

Actuation Consulting’s mission is to advance the profession of product management, and we’ve been working tirelessly toward this goal since our founding in 2007. We began our business providing advisory services to clients nationwide. Since then, we’ve expanded into product management training, and our momentum continues.

In 2010 we successfully introduced our first book, *Take Charge Product Management: Tips, Tactics, and Tools for the New or Improved Product Manager*. By 2011, the book had become a global best seller, rising to #1 in the United Kingdom, #1 in Canada, and #2 in the United States on Amazon.com.

Although product managers are ultimately responsible for the success of their products, no product manager can do it alone. We’ve learned that product management skills matter — but the skills are even more effective if the entire product team works as an integrated unit with clearly defined activities, roles, and deliverables. We have designed multiple training tracks to help individuals and organizations improve product management skills and product team performance.

Actuation Consulting’s professionally produced training programs combine our proven expertise in product management with the thought leadership that has made our book *Take Charge Product Management* a global bestseller.

For more information about our training programs or advisory services, contact Greg Geracie at Greg@actuationconsultingllc.com or 858.829.6034.


About Enterprise Agility

With the focus of helping clients rapidly deliver innovative products and services to their customers, Enterprise Agility brings to its clients a multi-disciplinary approach that incorporates industry best practices and leading standards in the areas of:

- Enterprise and business architecture
- Project and program management
- Change management
- Business process management
- Business analysis
- Product design
- Agile development
- Technology architecture
- Organizational learning

Through our leadership roles in professional organizations, a focus on standards, and cross-disciplinary marketplace research, Enterprise Agility and its clients have a bird’s-eye view of the critical factors that make organizations successful when implementing business and IT change to realize strategic goals.

Enterprise Agility’s expertise optimizing processes, methods, and techniques for practical application results in capabilities that are right-sized for its client’s strategic objectives.

For more information about Enterprise Agility’s assessments, competency center frameworks, hands-on leadership services, training, and advisory services, contact David Heidt at David.Heidt@enterprise-agility or 773-227-7110 ext. 706.
