

Digital product management: 3 reasons why it is so hard

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The role of a product manager requires a constant balancing of multiple interests and a strategic vision focused on business growth and customer satisfaction. To support product managers and management of software companies, we are organizing the PR_D_CT Day unconference on 9 November 2023, bringing together product managers to share ideas, tips and strategies for dealing with this complex reality. This article explores these challenges and strategies to address them.

This article dives into the challenges and nuances of digital product management. Faced with endless backlogs, the core of the job revolves around selecting tasks with the most significant impact. This task is far from easy, amid the pressure to continuously improve software and the elusive nature of the product itself.

A never-ending story

Most software teams I know have a backlog (to-do list) that contains more work than the team can accomplish in two years. And that is not counting everything that will be added to the backlog in those two years.

Digital product management is entirely about choosing the most impactful tasks from the backlog for customers and business managers. While this may seem simple, in practice, it is very challenging. Right choices lead to great products, while wrong choices result in hard-to-sell, unwanted products customers don't warm to.

Advanced tightrope walking

Here are a few reasons why software product management is so complex:

"Software is never finished" - There is a firm idea that software products can be continuously improved and expanded. This also means that a product manager's job always seems incomplete. There is always a new iteration to plan, and the backlog is constantly being expanded and adjusted based on new insights and market feedback. This rat race ends only when the last customer cancels his account.

"Software is virtual; you can't touch it" - Unlike physical products, software products have something intangible about them. You can speculate about them in advance, but their impact and value only become apparent when used. If I had told you ten years ago that I wanted to build an app that lets you take square photos on your smartphone, edit them with vintage filters and then share them with your friends, you wouldn't have gotten hot or cold. And yet Instagram has become an amazingly successful software product, although you had to see it and use it before you could believe that.

"Everyone needs to have their say" - Items for the backlog come from everywhere: the sales team will add things they heard from a prospect, marketing wants to see things that are communicable and preferably hip, developers desire more time for code optimization (refactoring), support wants to see improvements to things many users are struggling with today. As a product manager, you have to listen to everyone and weigh all these different interests against each other to ultimately develop a consistent, winning product.

Business impact of product management

Good product management also takes into account various business factors and decides which backlog items should be prioritized accordingly:

- **Which markets and market segments** do we want to occupy? How can we **differentiate** ourselves from competitors? Do you want to work in multiple verticals?
- Make sure you start by having **a solid feature set for one vertical** (read more on the ‘bowling pin strategy’ by Geoffrey Moore) instead of starting to build at random and thus having only a half-hearted offering for a market segment.
- You **only have one chance to leave a solid first impression** on potential customers. So what are the minimum features to have a strong go-to-market?
- **Can new features be easily moulded into packages** so that sales get an engine to upsell? That way, you can increase your annual recurring revenue (ARR). And a higher ARR means a potentially better valuation, which is very important when raising growth capital.
- **A poor product roadmap also affects retention**, one of the most critical parameters for a software company. Especially if you want to raise capital or hope to be bought by a more prominent player.
- As a start-up, **do not hesitate to share your rough (realistic!) product roadmap** with B2B (enterprise) prospects and customers. Companies are indeed willing to take a risk by going

into business with a start-up when they feel that it consciously handles its new developments in function of a long-term strategy.
- That also means **not incorporating every desire from a customer or prospect** into your next release. Only those things that make sense in the bigger picture and in the long-term vision should be considered. **Never (we repeat, never) develop in function of a prospect** you would like to bring in. You wouldn't be the first company to have spent hundreds of thousands of euros on features for a large corporate customer who ultimately never signed a contract or who their license after a year.
- **Be wise in how you spend your money and resources.** A poor product roadmap puts firm pressure on cash burn. This can jeopardize the company's survival and create difficulties attracting vital talent.
- **Document all the reasoning from product meetings.** As your company grows, you will have more and more new people who will question (due to lack of understanding) some choices. They must know why certain decisions were ever made.

Are you itching to join the conversation?

Do you wonder how other product managers deal with this? Then register quickly for the first PR_D_CT Day unconference for and by digital product managers. During this day, they can exchange ideas, tips and tricks on dealing with these challenges. Register today!

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