

MARTY CAGAN

Silicon Valley Product Group

INSPIRED

HOW TO
CREATE
TECH
PRODUCTS
CUSTOMERS
LOVE

SECOND EDITION

WILEY

“INSPIRED is the authority on how to build a product that customers actually want. It’s not about hiring product managers – it’s about establishing a culture that puts the user first, and builds the organization and teams around that customer to ensure that you are building the best product possible. From CEOs to APMs, this is required reading.”

—Amanda Richardson, Chief Data and Strategy Officer, HotelTonight

“We first started working with Marty when ImmobilienScout was entering growth-stage, and he helped us set the organization up to rapidly scale and grow to become one of the largest and most successful technology startups in Germany. He remained a friend and advisor to the company for many years. His book INSPIRED helped people from all across the company, and the new version is sure to help many more companies.”

—Jürgen Böhm, Co-Founder, Immobilien Scout GmbH

“It does not matter if you are a seasoned product leader or a new product manager, INSPIRED will make you realise that you have the best job in the world and can have incredible impact – especially if you follow Marty Cagan’s words of wisdom. His book has been the bible of our industry for the past decade, and it will no doubt continue to be so with this latest update containing the most exciting best-in-class product practices.

—Tanya Cordrey, former Chief Digital Officer at Guardian News & Media

“Building a great product that nails Product/Market Fit is always a key first step to any successful start-up. However, organizing the product and engineering teams, in ways that ensures scalability, speed, and quality is usually the next biggest challenge. Marty’s insights and lessons learned can be applied to build highly productive teams to manage through dependencies, and build a culture that is positioned to scale. This applies whether your business is in need of a serious course correction, or on a rocket ship.”

—Scott Sahadi, Founder and CEO, The Experience Engine

“Marty offers actionable advice on product management without being too prescriptive, making his wisdom applicable in many contexts. He draws from a wealth of experience, illustrating his advice with dozens of real-world stories. If you want to create digital products that people love, this book will get you started on the right path.”

—Teresa Torres, Discovery Coach

“We have worked closely with Marty shaping product and building product management organisations in several of our portfolio companies. Marty’s insight and advice is leading-edge and world-class.”

—Harry Nellis, Partner, Accel

“Early in my career in Product Management, I had the good fortune of meeting Marty Cagan. Since then, he has been an incredible mentor for me and the teams I’ve led. I have seen, firsthand at multiple companies, how Marty transforms product teams and unlocks sustained innovation and growth. Marty literally and figuratively wrote the book on Product Management for today’s technology industry.”

—Sarah Fried Rose, Product Leader and COO

“I’ve been lucky to work with some of the best product managers and product minds in the business. In my experience Marty Cagan is hands down the absolute best product management mind alive today. This book packs years of experience into 250 pages.”

—Marty Abbott, CEO, AKF Partners, former CTO, eBay

“Great products delight customers. Marty Cagan has led and inspired countless product teams and in INSPIRED, you will learn how to build those products, both strategically and tactically.”

—Shripriya Mahesh, Partner, Omidyar Network

“CEOs, Chief Product Officers, and anyone who cares about creating great products, must read this book. Your customers will love you for it.”

—Phil Terry, Founder and CEO of Collaborative Gain,
co-author, Customers Included

“Marty is not only a seasoned expert on all aspects of the often ambiguous discipline of product management, his book also provides inspiration, tools and techniques, and really practical help.”

—Judy Gibbons, Startup Advisor and Board Member

“Building great products is hard. Marty gives great insight into best practices and skills that really can only be discovered after years of experience and study. Just about every product person I respect learned product management from INSPIRED.”

—Jason Li, CEO and Founder, Boolan, Shanghai

“If you want your customers to love your products, INSPIRED is an ‘everyone in the company’ must read book.”

—Jana Eggers, CEO, Nara Logic

“What I really love about working with Marty is that his techniques are applicable to building really great enterprise products - not just new consumer apps. INSPIRED is our true north. Anytime I feel the organization moving sideways, it’s time to read it again!”

—Jeff Trom, Founder and CTO, Workiva

“I’ve known Marty for nearly 20 years. By now, you’d think I’d have heard everything he has to say. And yet, every time I see him, his continued interest in learning about our field means that he always new

ideas to share. And with honesty, humanity, frankness, and most of all... perspective that never fails to give me fresh energy and a new approach. Thrilled that he's bottled it for us once more in this new edition of INSPIRED!"

—Audrey Crane, Partner, DesignMap

"Marty's practical approach to building great products transformed the way we approached product development for the radical betterment of the Company and our customers. Just as importantly, his methodology helped shape multiple people's career trajectories both inside the Company and outside of it as they've gone on to drive product development in other organizations - from Fortune 500 companies to other VC backed high growth companies. If you're in a leadership role or on the product team at an organization trying to build products your target audience loves, this should be the next book you read."

—Shawn Boyer, Founder, Snagajob and goHappy

"When I needed to stand up a productive, scalable product management function at Etsy, I turned to Marty. His playbook for establishing product management as a distinct discipline is invaluable for any team working on products powered by software and made by engineers." Rarely is a business book so clearly written and packed full of concrete advice. We used it as our product management guide in scaling Etsy, and I've used it in every company since."

—Maria Thomas, Board Member and Investor

"The art of Product Management is the art of life itself. Surround yourselves by great people, focus on your mojo, build great stuff with integrity, hold strong opinions but lightly. And Marty is one of the best teachers of this art."

—Punit Soni, Founder and CEO, Robin, Former Google APM

“Marty was a coach and mentor for my early years in product management and the book INSPIRED became the go to guide whenever I needed some clarity on the product manager’s role, skill set or the daily challenges from product discovery to execution. And it still was a solid reference while stepping up to a product leadership role. Now, in my role as discovery coach, I recommend the book to every new client. It’s not a methodology book; this book helps product people to get the right mindset regardless of the frameworks and techniques they are using.”

—Petra Wille, Discovery Coach

“Marty’s 2nd Edition builds on an amazing base of knowledge and experience, and provides even more insights, lessons, and frameworks that are imperative to every product-based company.”

—Chuck Geiger, CTO/CPO Chegg

“Marty has a way of elegantly simplifying decades of experience leading and teaching product organizations to excel in value creation for their customers into one actionable, inspiring, quick read. From organizational assessments, tools for aligning teams against a real user need, to the nitty gritty of pulling off continuous product discovery & delivery, INSPIRED is my go-to reference and recommendation for any Product Leader looking to up their game for the sake of building winning products.”

—Lisa Kavanaugh, Executive Coach

“Marty is legendary among the best product leaders for cutting to the heart of where their teams need to improve. His advice is practical, actionable and will excite you and your team to better address customer needs immediately. Your engineers and customers will thank you for reading this book.”

—Hope Gurion, Product Leader

“Marty is the go-to expert for how to build great products. He has personally trained and educated product managers from all over the world across every industry. Marty has coached and guided some of the most successful Internet companies of our time. This second edition shares even more from his vast expertise and knowledge about how the best companies in the world are able to build products that their customers love.”

—Mike Fisher, CTO, Etsy

“Marty reminds us of the importance of why we build products. The product mindset and focusing on our customers, builds better entrepreneurs, companies and better solutions for all of us. This mindset is the foundation of building successful product companies at any stage.”

—Erin Stadler, Discovery Coach, Boomtown Accelerator

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Founder, Silicon Valley Product Group

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This book is dedicated to my father, Carl Cagan. In 1969, he received the first PhD in computer science in the United States (prior to that computer science was part of electrical engineering programs), and he authored the first book on databases (Data Management Systems, in 1973, also by John Wiley & Sons).

In addition to being a terrific father, he taught me to program a computer when I was nine years old—decades before this became a thing—and he instilled in me a love of technology when so many of the technologies we depend on today were just being conceived.

CONTENTS

Preface to the Second Edition

xvii

PART I	LESSONS FROM TOP TECH COMPANIES	1
Chapter 1	Behind Every Great Product	5
Chapter 2	Technology-Powered Products and Services	7
Chapter 3	Startups: Getting to Product/Market Fit	9
Chapter 4	Growth-Stage Companies: Scaling to Success	11
Chapter 5	Enterprise Companies: Consistent Product Innovation	13
Chapter 6	The Root Causes of Failed Product Efforts	15
Chapter 7	Beyond Lean and Agile	23
Chapter 8	Key Concepts	25
PART II	THE RIGHT PEOPLE	31
	PRODUCT TEAMS	32
Chapter 9	Principles of Strong Product Teams	33
Chapter 10	The Product Manager	41

Chapter 11	The Product Designer	53
Chapter 12	The Engineers	59
Chapter 13	Product Marketing Managers	63
Chapter 14	The Supporting Roles	67
Chapter 15	Profile: Jane Manning of Google	71
PEOPLE @ SCALE		74
Chapter 16	The Role of Leadership	75
Chapter 17	The Head of Product Role	79
Chapter 18	The Head of Technology Role	87
Chapter 19	The Delivery Manager Role	91
Chapter 20	Principles of Structuring Product Teams	93
Chapter 21	Profile: Lea Hickman of Adobe	103
PART III THE RIGHT PRODUCT		107
PRODUCT ROADMAPS		108
Chapter 22	The Problems with Product Roadmaps	111
Chapter 23	The Alternative to Roadmaps	115
PRODUCT VISION		121
Chapter 24	Product Vision and Product Strategy	123
Chapter 25	Principles of Product Vision	129
Chapter 26	Principles of Product Strategy	133
Chapter 27	Product Principles	135
PRODUCT OBJECTIVES		137
Chapter 28	The OKR Technique	139
Chapter 29	Product Team Objectives	143
PRODUCT @ SCALE		146
Chapter 30	Product Objectives @ Scale	147
Chapter 31	Product Evangelism	151
Chapter 32	Profile: Alex Pressland of the BBC	155

PART IV THE RIGHT PROCESS	159
PRODUCT DISCOVERY	161
Chapter 33 Principles of Product Discovery	165
Chapter 34 Discovery Techniques Overview	171
DISCOVERY FRAMING TECHNIQUES	175
Chapter 35 Opportunity Assessment Technique	179
Chapter 36 Customer Letter Technique	183
Chapter 37 Startup Canvas Technique	187
DISCOVERY PLANNING TECHNIQUES	191
Chapter 38 Story Map Technique	193
Chapter 39 Customer Discovery Program Technique	195
Chapter 40 Profile: Martina Lauchengco of Microsoft	205
DISCOVERY IDEATION TECHNIQUES	208
Chapter 41 Customer Interviews	211
Chapter 42 Concierge Test Technique	215
Chapter 43 The Power of Customer Misbehavior	217
Chapter 44 Hack Days	221
DISCOVERY PROTOTYPING TECHNIQUES	223
Chapter 45 Principles of Prototypes	227
Chapter 46 Feasibility Prototype Technique	229
Chapter 47 User Prototype Technique	233
Chapter 48 Live-Data Prototype Technique	235
Chapter 49 Hybrid Prototype Technique	239
DISCOVERY TESTING TECHNIQUES	241
Chapter 50 Testing Usability	243
Chapter 51 Testing Value	251
Chapter 52 Demand Testing Techniques	253

Chapter 53	Qualitative Value Testing Techniques	259
Chapter 54	Quantitative Value Testing Techniques	265
Chapter 55	Testing Feasibility	273
Chapter 56	Testing Business Viability	277
Chapter 57	Profile: Kate Arnold of Netflix	283
TRANSFORMATION TECHNIQUES		286
Chapter 58	Discovery Sprint Technique	287
Chapter 59	Pilot Team Technique	291
Chapter 60	Weaning an Organization Off Roadmaps	293
PROCESS @ SCALE		295
Chapter 61	Managing Stakeholders	297
Chapter 62	Communicating Product Learnings	305
Chapter 63	Profile: Camille Hearst of Apple	307
PART V THE RIGHT CULTURE		309
Chapter 64	Good Product Team/Bad Product Team	311
Chapter 65	Top Reasons for Loss of Innovation	315
Chapter 66	Top Reasons for Loss of Velocity	319
Chapter 67	Establishing a Strong Product Culture	323
<i>Acknowledgments</i>		<i>327</i>
<i>About the Author</i>		<i>329</i>
<i>Learning More</i>		<i>331</i>
<i>Index</i>		<i>333</i>

Preface to the Second Edition

When I first considered publishing an update to the first edition of my book *INSPIRED*, I estimated that maybe I would modify something like 10–20 percent of the content. That’s because there was very little of the first edition that I wished I could change.

However, once I got started, I quickly realized that this second edition would require a complete rewrite. Not because I regretted what I had written, but because I believe I have much better ways of explaining these topics now.

I had no idea that the first edition would be as successful as it has been. Thanks to the book, I have made friends all over the globe. The book has been translated into several languages, and despite being nearly 10 years old as of this writing, sales continues to grow, all by word of mouth and reviews.

So, if you have read the first edition, I thank you, and hope you enjoy the second edition even more. If you are new to *INSPIRED*, I am hoping this new edition accomplishes its objective even better.

When I wrote the first edition, it was before Agile was well established in product companies, and before Customer Development and Lean Startup nomenclature became popularized. Today, most teams have been using these techniques for several years and are more interested in what’s beyond Lean and Agile, which is what I focus on here.

I have kept the basic structure of the book intact, but the techniques I describe have improved significantly over the past decade.

Beyond changing how I explain the topics and updating the techniques, the other major change to the book is that I now go into detail on what I refer to here as Product @ Scale.

In the first edition, I focused more on startups. In this edition, however, I wanted to expand the scope to look at the challenges of growth-stage companies and how product can be done well at large, enterprise companies.

There's no question that scale introduces serious challenges, and over the past decade, much of my time has been spent coaching companies through rapid growth. Sometimes we call that surviving success, if that gives you an indication of how hard it can be.

I've received a lot of great feedback from readers of the first edition, and there are a couple of important things I've learned that I would like to address here.

First, there really is a critical need to focus on the specific job of the product manager. In the first edition, I talked a lot about product management, but I tried to speak to product teams more broadly. Today, there are many excellent resources for product designers and engineers, but precious little available specifically for *product managers* who are responsible for *technology-powered* products. So, in this edition I decided to concentrate on the job of the technology product manager. If you are a product manager at a technology company, or if you aspire to be one, I am hoping this will become your go-to resource.

Second, there are many people looking for a recipe for product success—a prescriptive guide or framework to how to create products customers love. While I understand the desire, and I know I'd likely sell many more copies if I positioned this book that way, the unfortunate truth is that's just not how great products are created. It is much more about creating the right product culture for success, and understanding the array of product discovery and delivery techniques so that you can use the right tool for the specific issue you are facing. And, yes, this means that the job of the product manager is not in any sense easy, and truth be told, not everyone is equipped to succeed in this job.

All that said, the tech product management job is today one of the most desired jobs in our industry, and is the leading source—the proving ground—of startup CEOs. So, if you've got the desire and are willing to put in the effort, I'd like nothing better than to help you succeed.

PART



Lessons from Top Tech Companies

In the mid-1980s, I was a young software engineer working for Hewlett Packard on a high-profile product. It was a time (the first time) when artificial intelligence was all the rage, and I was fortunate enough to be working at what was then one of the industry's best technology companies, as part of a very strong software engineering team (several members of that team went on to substantial success in companies across the industry).

Our assignment was a difficult one: to deliver AI-enabling technology on a low-cost, general-purpose workstation that, until then, required a special-purpose hardware/software combination that cost more than \$100,000 per user—a price few could afford.

We worked long and hard for well over a year, sacrificing countless nights and weekends. Along the way, we added several patents to HP's portfolio. We developed the software to meet HP's exacting quality standards. We internationalized the product and localized it

for several languages. We trained the sales force. We previewed our technology with the press and received excellent reviews. We were ready. We released. We celebrated the release.

Just one problem: No one bought it.

The product was a complete failure in the marketplace. Yes, it was technically impressive, and the reviewers loved it, but it wasn't something people wanted or needed.

The team was of course extremely frustrated with this outcome. But soon we began to ask ourselves some very important questions: Who decides what products we should build? How do they decide? How do they know that what we build will be useful?

Our young team learned something very profound—something many teams have discovered the hard way: *It doesn't matter how good your engineering team is if they are not given something worthwhile to build.*

When trying to track down the root cause of our failure, I learned that the decisions about what to build came from a product manager—someone who generally resided in the marketing organization and who was responsible for defining the products we built. But I also learned that product management wasn't something HP was particularly good at. I later learned that most companies weren't good at this either, and, in fact, most still aren't.

I promised myself that never again would I work so hard on a product unless I knew the product would be something that users and customers wanted.

Over the next 30 years, I have had the very good fortune to work on some of the most successful high-tech products of our time—first at HP during the rise of personal computers; then at Netscape Communications during the rise of the Internet, where I worked as vice president of platform and tools; later at eBay during the rise of e-commerce and marketplaces, where I served as the senior vice president of product and design; and then as an adviser to startups working with many of what have become today's most successful technology product companies.

Not every product effort has been as successful as others, but I am happy to say that none were failures, and several became loved and used by millions of people around the world.

Soon after I left eBay, I started getting calls from product organizations wanting to improve how they produced products. As I began

working with these companies, I discovered that there was a tremendous difference between how the *best* companies produced products and how *most* companies produced them.

I realized that *the state of the art was very different from the state of the practice.*

I discovered that there was a tremendous difference between how the best companies produced products and how most companies produced them.

Most companies were still using old and inefficient ways to discover and deliver products. I also learned that there was precious little help available, either from academia, including the best business school programs, or from industry organizations, which seemed hopelessly stuck in the failed models of the past—just like the one I worked in at HP.

I have had some great rides, and I am especially thankful that I have had the chance to work for and with some of the best product minds in the industry. The best ideas in this book are from these people. You will find a list of many of them in the acknowledgments. I have learned from them all, and I am grateful to each one of them.

I chose this career because I wanted to work on products that customers love—products that inspire and provide real value. I find that most product leaders also want to create inspiring and successful products. But most products are not inspiring, and life is too short for bad products.

My hope in writing this book is that it will help share the best practices of the most successful product companies and that the result will be truly inspiring products—products that customers love.

CHAPTER

1

Behind Every Great Product

It is my strong belief, and the central concept driving this book, that behind every great product there is someone—usually someone behind the scenes, working tirelessly—who led the product team to combine technology and design to solve real customer problems in a way that met the needs of the business.

These people usually have the title *product manager*, but they might be a startup co-founder or CEO, or they might be someone in another role on the team who stepped up because they saw the need.

Further, this product management role is very distinct from the design, engineering, marketing, or project manager roles.

This book is intended for these people.

Within modern technology product teams, the product manager has some very specific and very challenging responsibilities. It's a tremendously difficult job, and anyone who tries to tell you otherwise is not doing you any favors.

The product manager role is usually very much a full-time assignment. I don't personally know many who are able to do what they need to do in less than 60 hours a week.

It's great if you're a designer or an engineer who also wants to serve as a product manager—there are some real advantages to that. But you'll find out pretty quickly that you're taking on an immense amount of work. If you're up for that, however, the results can be impressive.

A product team is comprised of at least a product manager and usually somewhere between 2 and 10 engineers. If you're creating a user-facing product, you would expect to have a product designer on your team as well.

In this book, we explore the situation wherein you might have to use engineers or designers in a different location or from an agency or outsourcing firm. But regardless of how you assemble your team, this job and this book assume you have a team assigned to work with you to design, to build, and to deliver a product.

It is my strong belief, and the central concept driving this book, that behind every great product there is someone—usually someone behind the scenes, working tirelessly—who led the product team to combine technology and design to solve real customer problems in a way that met the needs of the business.

CHAPTER

2

Technology-Powered Products and Services

There are many kinds of products out there, but in this book, I concentrate exclusively on products that are *powered by technology*.

Some of what we explore in this book may help you if you're building non-tech products, but there are no guarantees in that case. Frankly, there are already a wide variety of readily accessible resources for non-tech products such as most consumer packaged goods, and for product managers of these non-tech products.

My focus is on the unique issues and challenges associated with building technology-powered products, services, and experiences.

Some good examples of the sweet spot that we explore are consumer-service products, such as e-commerce sites or marketplaces (e.g., Netflix, Airbnb, or Etsy), social media (e.g., Facebook, LinkedIn, or Twitter), business services (e.g., Salesforce.com, Workday, or Workiva), consumer devices (e.g., Apple, Sonos, or Tesla), and mobile applications (e.g., Uber, Audible, or Instagram).

Technology-powered products do not need to be purely digital. Many of the best examples today are blends of online and offline experiences—like finding a ride or a room for the night, getting a home loan, or sending an overnight package.

It's my belief that most products today are transforming into *technology-powered* products, and the companies that don't realize this are rapidly being disrupted. But, again, I'm only focused here on technology-powered products, and those companies that believe they must embrace technology and consistently innovate on behalf of their customers.

My focus is on the unique issues and challenges associated with building technology-powered products, services, and experiences.

CHAPTER

3

Startups: Getting to Product/Market Fit

In the technology world, we generally have three stages of companies: startups, growth-stage, and enterprise companies. Let's briefly consider how we characterize each one of these stages, and the challenges you are likely to face in each.

I loosely define *startup* as a new product company that has yet to achieve product/market fit. Product/market fit is an extremely important concept that I'll define in the pages that follow, but for now, let's just say that the startup is still trying to come up with a product that can power a viable business.

In a startup, the product manager role is usually covered by one of the co-founders. Typically, there are fewer than 25 engineers, covering a range of from one product team up to maybe four or five.

The reality of startup life is that you're in a race to achieve product/market fit before you run out of money. Nothing else much matters until you can come up with a strong product that meets the

needs of an initial market, so most of the focus of the young company is necessarily on the product.

Startups usually have a limited amount of early funding, intended to determine if the company can discover and deliver the necessary product. The closer you come to running out of money, the more frantic the pace and the more desperate the team and the leadership becomes.

While money and time are typically tight, good startups are optimized to learn and move quickly, and there's normally very little bureaucracy to slow them down. Yet the very high failure rate of technology startups is no secret. The few that succeed are usually those that are really good at product discovery, which is a major topic of this book.

Working at a startup—racing toward product/market fit—is usually stressful, exhausting, and risky. But it can also be an amazingly positive experience, and if things go well, a financially rewarding one too.

*Nothing else much matters
until you can come up with
a strong product that meets
the needs of an initial
market.*