Where did that come from?

Michael Hay

Such a simple question but today that question is profound because everywhere you turn the evilness of disinformation skulks. The domain of the tech industry where I work, Products, isn't immune from the skulking.

> "95% of Products teams don't do proper discovery work." (Jon Moore, Silicon Valley Product Group)

I picked up that power packed nugget from Jon's Inspired workshop and it is quite telling. Combining Jon's statement and Marty Cagan's article/blog post on Product Discovery, the implication, there's a pile of work that gets done without user and market validation. Therefore, I'm going to be **bold** and say that products and engineering work mostly gets done based upon *a kind of disinformation*. Let's think about it; someone identifies a market problem and a solution, fiscal planning is done, and products + engineering starts the race to release. No one took the time to answer a few simple questions great products leaders and investors often ask.

1. "Did a customer really ask for that?" (Engineering Director)
2. "How many customers did you talk with?" (Products Leader)
3. "Who are your competitors?" (Venture Capitalist)
4. "Is your value proposition better than the competition?" (Strategic Product Planner)

Without answering these deceptively simple questions the solution to the market problem, as worked by products and engineering, is founded on a bedrock of a *kind of disinformation*.

Since I've mentioned "*a kind of disinformation*" twice I figured I'd step back and make clear what I mean. Firstly, here's definition of disinformation as per Merriam-Webster: "*false information deliberately and often covertly spread*

(as by the planting of rumors) in order to influence public opinion or obscure the truth". While starting ideas aren't typically founded on rumors or willfully wrong information, they can insufficiently or incompletely answer the four questions above. Insufficient or incomplete answers can be wasteful, because what results is extra work reorienting the outcome into what users want away from what they don't. All of this extra work wastes time to market, time in market, and ultimately squanders goodwill. At this point you might be asking for proof and I think you may find it starting from the following heuristic: at least 8 out of 10 R&D efforts fail. I've kept asking why time and again, and I got a glimmer from a few seemingly disjoint items.

1. From ProductPlan's Product Managers Report in 2020 (see the image included below) **the vast majority of the consumers of the product roadmap are either peer product managers (22%) or executives (40%) and not Sales & Marketing or Customers**.
2. According to the PDMA's 2021 global survey on new products development and innovation **from 1990–2004 the ratio of ideas to viable product output ranged from 1:11 (1990) to 1:7 (2004)** with latter years, meaning 2005–2021 no longer being measured.
3. In 1979 C. Merle Crawford studied the failure rates of **new product introductions**, and found that the heuristic of 8 out of 10 fail is wrong. By studying actual occurrences, other studies, plus eliminating opinion and disinformation, the real failure rate was 3 to 4 out of 10. Further, he goes on to say that there are deeper questions to ask in his 1987 revision such as: "**What does speed do to the success of innovation? That is, do firms that override the cry for additional market research and hurry to market pay the price? How big a price?**"
4. "Typically, 70% of R&D projects consume investment but never make it into product development. Of those that do, only 50% are profitable. **The other 50% don't press that many customer buying buttons and end up consuming high sales effort for little return.**" (The Manufacturer)

From ProductPlan’s Product Managers in 2020 report, n = 2500 product managers.

Building on the information presented, disinformation can be operationally defined as the practice of creating product plans based on information sourced from and evaluated by internal stakeholders rather than verifiable external market intelligence. These plans have a success rate of approximately 1 in 8 attempts, and when a plan is successful, it has a launch success rate of 60% — 70%. However, even if a product is successfully launched, only half of them are profitable, with the other half being unprofitable. Hence, it can be inferred that of the products that are successfully launched after internal evaluation, approximately 30% to 35% are both successful and profitable.

What’s to be done about dispelling this kind of disinformation?

Typically, this is the point where a one-size-fits-all solution to a problem is suggested. However, in reality, the situation is much more complex. According to the PDMA 2021 survey report, highly successful organizations benefit from innovation without relying on a single capability or practice to

excel in new product development and innovation. The report states that the best firms adopt and implement multiple practices that result in better product performance. In other words, there is no one magic solution that guarantees success in innovation, but rather a combination of practices that vary from firm to firm.

My experiences show organizations who build robust and thorough discovery practices, when tied to gated decisioning, can make a real difference. Teams that have outstanding discovery mojo are respected, always prepared, and automatically answer the questions I posed earlier. These teams have true power because they center themselves on clearly answering the "why" behind their work in true partnership with their colleagues. Hmm, where have we heard this before? Well like many I am a Sinek and a huge fan of the Golden Circle, and if you've not already watched it I'd highly recommend his TED talk on the matter. However, while I'm a fan, to get things straight in my head I need to adjust it, and to that end see below.

The Sin-Full cup of coffee.

My adjustment swaps "How" for "What" to realize linear progression, and a reswizzle of the circle into a "Sin-Full" cup of coffee. (There is a reason for

using coffee — other than I like the heck out of coffee — which I'll expose in a later article.) For me while Simon talks about moving freely between Why, How and What, I believe that ordering these three steps as Why, What and How is more logical. Furthermore it better matches to a light but sequential phase gating process, and can help to clearly define responsibilities and intentional overlaps between Business Product Manager, Technical Product Manager and Product Owner/Architect. While all three must partner as an effective and "empowered team" each have responsibility for their own ripple in the coffee cup.

- Business or Outbound Product Manager — Has primary responsibility for answering "Why" something should be done in partnership with the Technical Product Manager and Product Owner/Architect. She sponsors authorship of the key conceptual product/feature definitions to test with/against end users, end user customers and competitors.
- Technical Product Manager — Responsible for divining the "What" from the "Why". A Technical Product Manager (TPM) deeply considers discovered "Why's" and the conceptual definitions arriving at "What" should be built or done. While the TPM leads the divination of the "What" she of course deeply partners with her colleagues.
- Product Owner/Architect — Handles "How" by checking feasibility. As necessary proposes compromises to the "What" given technical realism plus time and cost constraints. Compromises are worked through in partnership with all of her colleagues, and because she learned the "Why" early on compromises will naturally take into account market insights.

I hope you can begin to see the construction and realization of powerful discovery mojo makes sound logical sense. In later articles, I'll cite for you what kind of success can be enjoyed from stellar discovery, but I think for now I'll close this article out.

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Notice: This article was partially edited using ChatGPT. Over the past several months I've found it to be a wonderful writing co-pilot. It isn't a complete replacement for a human, but certainly helps in getting past editing and writer's block.