

pm_book

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Preface

This is a Quarto book.

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1 Introduction

This project started as a [collection of product management links](#) I collected as product management best-practices. The links grew and this is a longer form book to provide deeper explanations on the concepts. I am writing the book partly for myself (in being to surface gaps in my knowledge) but I hope others embarking on a career in product management will find some of the ideas useful.

I am of the belief that the best mindset one can adopt as a product manager is one of an entrepreneur. This book will have product management and entrepreneurship principles.

Coming from a trading & data science background myself, this will have more of a quantitative & strategic lean. It is my belief that concepts like expected value, forecasting, and optimization are in fact very relevant to product management. Design and aesthetics are of tremendous importance and will be covered as well.

2 Economic Principles

It is good to learn about the economic theory & principles useful to an entrepreneur. These are likelier to stand the test of time rather than the latest product management framework fad. Product Frameworks can't significantly depart from these deeper economic principles. Thinking of oneself as an entrepreneur rather than just a "product manager" is a great heuristic that will align you with your company and enable you to make a plethora of good decisions.

Company's Goal:

A company is a group of people that build a product or service that adds more value than the alternatives. (Including the status quo) This is the 'objective function' of capitalism in maximizing long term profit. Often times these fundamentals can be forgotten as PM's get lost in the day to day work.

This outlook can have a beneficial effect in re-orientating your thinking in helping *others* improve. Note: To adopt this mindset you do not need to completely drink the libertarian cool aid as capitalism comes with tradeoffs. I.E. Your favorite restaurant you rave about is a product of somebody else's labor and exemplifies the win/win principle. However, if prior to construction, there was a small duck pond that was the beloved home to a flock of ducks, to build the restaurant, the business will ruthlessly dispose of the pond to build the restaurant. Capitalism comes with tradeoffs and this is where I partially depart from the good profit book I cite.

Economic Decision Making Principles [1]

- Risk Appetite & Expected Value
 - Project A has a 90% chance of generating 100k while project B has a 50% chance of making 1M. While project B has a higher expected value, most employees will choose option A. (find citation)
- Opportunity Costs
 - Assuming the best choice is made, it is the "cost" incurred by not enjoying the benefit that would have been had by taking the second best available choice [2]
- Comparative Advantage:

- Comparative advantage is the ability to produce a good or service for a lower opportunity cost. [3] The power in comparative advantage is understanding the difference with *absolute advantage* as each person can potentially make a contribution, even if others can do everything better. As an example, envision a Doctor opens a new clinic. That doctor is a renaissance man that is also a great at taxation and billing. Should the Doctor both treat patients and do the billing or should they focus on treating patients and outsource the billing work? [4]
- Comparative advantage can help inform how jobs can be constructed to play to the strengths of the individual rather than fitting the individual into a pre-defined cookie cutter job.
- Sunk Costs
 - Unrecoverable past expenditure. To argue for decision many of us often say, “well we already invested so much up until this point”.

Sources:

- [1] Good Profit - <https://www.amazon.com/Good-Profit-Charles-G-Koch-audiobook/> - pg70
- [2] https://en.wikipedia.org/wiki/Opportunity_cost
- [3] <https://www.thebalancemoney.com/comparative-advantage-3305915>
- [4] Good Profit - <https://www.amazon.com/Good-Profit-Charles-G-Koch-audiobook/> - pg72

3 Summary

In summary, this book has no content whatsoever.