

pm_book

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Preface

This is a Quarto book.

To learn more about Quarto books visit <https://quarto.org/docs/books>.

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 (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. Adopting the mindset of thinking of oneself as an entrepreneur rather than just a "product manager" is a great heuristic that will align you with your company's c-suite 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

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“Skate to where the puck is going, not where it has been.” – Wayne Gretzky

As a product manager, you want to bet on product that have a tailwind. This provides a margin of safety where even if you don't get everything else right, more users will accrue over time and it increases the likelihood of success. One must ask themselves will this product feature stand the test of time? Will users care about this 5 years from now or am I building on top of the next hadoop?

According to Google Trends, we hit Peak Hadoop in June 2015. Spark crossed over Hadoop in search popularity one year later in June 2016, and for the last two years, Spark seems to have been at a plateau. pic.twitter.com/bvjRwBqZbL

— Peter Wang (([pwang?](#))) August 15, 2019

Heuristics & Tactics

One heuristic you can use is to focus on the things that will *not* change in the next 10 years. Jeff Bezos speaks this when building Amazon:

He knows that 10 years from now customers will still care about wide selection and fast delivery. No customer will ever say “I love Amazon but I wish my packages were delivered slower”. An investment in improving delivery time will pay off now and in the future.

If you want to exercise your forecasting muscle and take it to the next level you can attempt to forecast future events and keeping a record of your predictions to assess your track record. Observe what works and what doesn't. For the nerds, there are websites such as [Metaculus](#) that is home to a community of forecasters where you can compete and learn from others. In the tech industry where the term “visionary” is thrown around too loosely, or worse yet, ‘self labeled’ visionaries, it is harder to show evidence of this capability and develop a successful track record.

Study quantitative trends in your space

If you want to be very nerdy you can read up on [good forecasting principles](#).

Examples of Good Forecasters

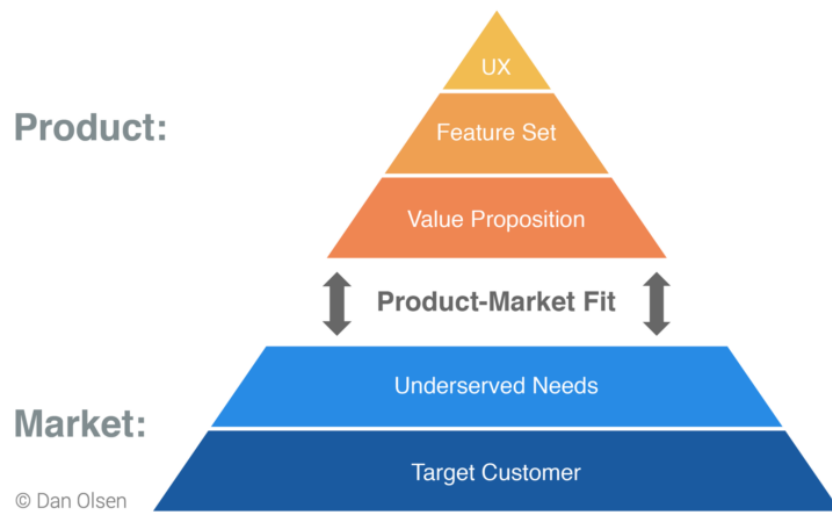
* Peter Wilderford (Best general forecaster I know) * Jeremy Achin

* Lukas Biewald

* Dan Becker

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The Product-Market Fit Pyramid



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People Management Principles

- **Set clear expectations on roles, responsibilities and expectations**
- **Before delegating, one must demonstrate competence in the task at hand**
- **Comparative advantage and self selection**

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8 Design Principles

Before diving into design principles, a heuristic you can use as a PM is, is this UI something you would be proud to attach your name too?

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References