

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 is the start of a book about product management. 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 tremendously important and will be covered as well.

Topics to cover:

- Economic principles & entrepreneurship
- Strategy
- Execution
- Other principles
- Product people management

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. Product Frameworks can't significantly depart from these deeper economic principles.

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 companies and capitalism. Often times these fundamentals are often forgotten as PMs that work in the day to day.

This outlook can have a beneficial effect in re-orientating your thinking in helping *others* improve. 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. 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 that you often frequent and rave about is a product of somebody else's labor and exemplifies the win/win principle. However, if prior to construction, if there was a small duck pond is the beloved home to a flock of ducks, to build the restaurant, the restaurant will ruthlessly remove 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]
- 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.

4 PM Traps

Why you shouldn't just build everything a customer asks for

As a PM one wants to maximize the impact of a product line and build features that effect as many users as possible. The danger of blindly building a feature a customer asks for, is it is overfit or overly customized for a specific customer and it will not benefit others. Furthermore, customers typically speak in the context of what is in front of them and don't necessarily forecast the industry 5 years ahead.

“Users will tell you incremental improvements, they won't tell you to build the next Iphone” - William Falcone (PyTorch Lightning Founder)

Think of it another way, if success was as easy as just doing what the customer says, every company would do it and succeed.

This should not be an excuse to not speak with customers. In fact, not doing so would be a huge mistake. However, it is important to evaluate the conversation *in context*.

References