

NextView's Startup Guide: Product



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Challenges of Product Development & How to Get Great Feedback from Customers

Product is arguably the most important aspect of creating a successful startup. Without a good product, you really have nothing. However, not everyone who starts a company has experience building and scaling product, and that's ok. That's why we've rounded up some of our best product advice and created this one stop shop for founders at early stage startups who may have to run product themselves.

This guide is meant to help prioritize early roadmap initiatives and make getting to the MVP without a Product Manager that much easier. We'll cover topics like:

1. **Challenges of Product Development**
2. **Getting Great Feedback from Customers**
3. **Thoughtful & Clever Product Experiences**
4. **Building a Great Product Before Your First PM**
5. **How to Hire the First PM**

Obviously, this guide is not exhaustive. There's more product content on our blog you may find useful, but these topics stick out to us as foundational information for founders to have in their back pockets as they manage the early days of their business.

Building a great product does not come without challenges. If it were easy, everyone would be doing it.

Step one in building a new company is the YC adage: "Build something people want."

But how do you go about figuring out what people want? The obvious answer we all give (and receive) in the startup community is to talk to people. "Customer development" has become its own skill and body of knowledge, and there are some crucial nuances to understand up front before beginning your customer dev discussions. In other words: Beware of how you go about doing this.

As Henry Ford once said,

"If I had asked people what they wanted, they would have said 'faster horses'."

The early problems you'll encounter

The problem with most customer dev is twofold. The first is that people tend to think in terms of existing constraints. So, when asked what one wants, one is more likely to think of something that is a derivative of what already exists, when something completely different may actually be preferred. The second is that it's very easy to ask for feedback in the wrong way. It's super easy to casually ask folks,

"So, what do you think about a service that does X?"

But although asking this may give some helpful information, almost by accident, it's actually a bad question that almost always yields pretty shallow responses. It's too easy to lead the witness in the way you ask a question, or get a reaction that tells you very little about a customer's core needs or problems.

You need to break people out of their current reality/constraints. And you need to avoid leading the witness.

That begs the question: What is a better way to go about this?



Surveys suck. Talk and listen to customers instead

The gut reaction for many people is to approach customer research through some sort of survey methodology. This is typically a really bad idea. Surveys lull you into a false sense of security. They are easy to create, give you what seems like quantitative data, and are very familiar to most people

What should founders do instead? Talk to people... and listen. Talk to potential customers, people around the same ecosystem you are targeting, users of similar products/brands, people you think will hate your product, people you think will love your product, etc. Talk to lots of different potential users and try to do so in a deep way. There are good guidelines around this too, but even if you do it poorly, spending a lot of time talking to people in an ecosystem to understand their world inside out, ends up being pretty effective.

Surveys are good if they are very tuned towards answering a specific question. They are also good for keeping a pulse on things over time (especially if your approach is pretty consistent). That's why NPS surveys are successful, but most useful when employed over time. Same goes for brand awareness surveys.

One distinction in particular is to consider whether you are seeking generative feedback or evaluative feedback.

Founders gravitate quickly towards trying to get evaluative feedback. Usually, this is because they are pretty convinced that their view of the world is consistent with the view of users. They are very anxious to start testing hypotheses around specific products concepts, features, or solutions. But often, this is way too premature, and one would be better served by seeking generative feedback to understand customers and their needs better.

For example, founders often do a very poor job of using competitors when seeking feedback. If one goes in with an evaluative mindset, discussions around competitors will quickly focus on a) whether any competitors get the job done or b) the features that are missing from competitor offerings. From there, confirmation bias sets in, as a founder may conclude that they don't have direct competitors, or that their competitors are fundamentally flawed for a specific reasons.

But with a generative approach, talking about competitors can yield much better insight. First, you might find your competitive set actually expand as you focus on how customers get the job done today through a combination of tools or processes.

Second, you can use your competitors' products to probe deeper into core needs or customer reactions without having to build your own product. You may find that there are things your competitors do that actually resonate much more than expected, or that customers have an underlying problem that isn't initially obvious, or realize that you are focusing on the wrong type of customer altogether.

Once you've asked the right questions and figured out who your core customer really is, you can create really thoughtful product experiences for those users.

Building Thoughtful & Clever Product Experiences

When it comes to allocating resources, the easiest types of product initiatives to justify and prioritize are those that fulfill the "transactional needs" of a business — a functionality that allows users to do X, or an optimization that makes Y more efficient.

What's much harder is to figure out what resources (if any) to devote to product initiatives without "meat on the bone." You know, like things that are just supposed to create a "better user experience." How are you supposed to quantify the impact of an experience that puts a smile on a user's face?

In an ideal world of prioritizing based on impact vs. effort, it then becomes hard to find room for these "user delight" initiatives on the product roadmap.

But just because it's hard to measure delight doesn't mean you should ignore it in your product development roadmap. Here's what delighting users entails — and why startups should care about it (even at the early stage).



The Tenets of a Delightful Product Experience

Product initiatives that bring users delight can be large or small — if successful, they fulfill the emotional needs of your users. When thinking about how to create a positive emotional bond with users through a digital experience, focus on these few key tenets:

- Thoughtfulness
- Unexpected Cleverness

The saying goes, “under promise and over deliver”, and there are tons of opportunities to do so through digital experience. Two of our favorite product areas to do this are empty states and loading screens. Do something to that (otherwise dull) prime real-estate! On the surface, these types of features sound like “nice-to-haves” until you’ve reached a certain growth stage — but we think more startups should make time for building a delightful user experience.

Why Delighting Users Is Worth Your Time

Think about the last time you experienced minor irritations during your interaction with an app or a website. Maybe the error message just said “something is wrong” without telling you how to fix it, or maybe it took 10 minutes to find out how to filter your search results after you’ve painstakingly scrolled through hundreds of items. These seem trivial. You probably won’t decide to abandon the product based on one interaction, but you likely left that interaction with some negative sentiment and energy.

The impact of these “minor frictions” on your business will be hard to notice at first. Your KPI dashboard won’t tell you something’s wrong. Your users might not even realize it, but they are

gradually associating your brand and product with the dreading experience of going to the DMV. Slowly but surely, your company will experience death by a thousand subpar product experiences.

So why does this matter? Users have high expectations for products these days. Letting your users suffer leaves a void for competitors to come in and crush you with delight and wow.

How to Squeeze Delight Out of Your Already Full Roadmap

As the old adage of product management goes, the product backlog is never empty. Usually, it’s filled with things that address the transactional needs of the users and the company. Below are some tactics that could help create a product culture that keeps user delight top-of-mind:



Play the Long Game

As a company, think about delivering delightful moments as putting small amounts into your savings account. Savings are not built in one day, nor is brand equity. The savings account you build up will come handy during rainy days — the inevitable ups and downs during a company’s lifecycle.

The purpose of a software product (and by extension the product management team) is to harness technology to meet user needs and drive business goals. Explicit user needs are the easiest part of this — e.g. users need to be able to check out using PayPal, so let’s build PayPal integration into the checkout funnel. Implicit user needs are harder to discern but many are observable via data or user research — e.g. given the high funnel drop-off rate, users might want to see pricing information upfront. However, just by building to fulfill the obvious user needs usually does not create a great product experience that can really move the needle on business outcomes — this is where it helps to “be like water”.

One of the key challenges for product teams is that consumers usually do not think about the product or service being offered as the software itself — for Blue Apron it’s the food, for Uber it’s the car ride, and for Instagram it’s “fun mindless entertainment”. From the user’s point of view, the software experience is just “the app” they use to change their recipe selection or order a ride.

To have a shot at influencing behaviors beyond the clear objective they have, the product experience needs to be like water — ever-present in the consumer’s user journey, while nudging towards the desired direction and action in a subtle and non-intrusive way.

Be ever-present like water

“Be like water” is a powerful analogy and goal to keep in mind because it makes you think harder



about how to surround your users with the product experience along the user journey, filling out the white space with every tiny drop. This is most easily achievable on the main product canvas, such as your mobile or web app when the user is drawn there for an explicit user need.

The less obvious (and harder) challenge is how to extend your presence beyond the primary product canvas. There are two ways to think about this. One strategy is to hone in on the offline parts of the user journey and figure out if any of those are worth bringing online – can you deliver more value to users by addressing such steps digitally?

The other strategy is to look for tools other than your main product canvas that are at your disposal – email, push notification, SMS, browser extension, and even physical canvases that are otherwise non-obvious (think the Amazon branded packing tapes). Every single touchpoint reinforces one another and presents an opportunity to engage and influence.

Be subtle like water

The aggressive, in-your-face design works when you're sure this is what the user wants to do anyway, and you're just helping them navigate effectively. To effectively nudge the user into actions and behaviors that were previously not top-of-mind for them, you want to design the digital experience to be subtle. Nudging the user in a gentle way without being disruptive to the primary action that drew them in in the first place. The objective here is to extend the reach of your product canvas – while the user is here for A, can you shape the product experience to guide users towards B or C?

When Instagram first introduced Stories, they placed the story bubbles on top upon first opening the app, but if the user decides to scroll through the Feed (which was the

primary intention of most users) the row of bubbles would disappear and only resurface after they had the opportunity to consume the Feed first. This seems like a small design decision, but it strikes the right balance between the business objective (Story consumption) and the user's desire (Feed consumption).

When you're building a consumer product, it is easy to get fixated by the existing product canvas you have to work with and get bogged down by details. Thinking about how your product experience can be more like water can help free your mind and open new possibilities.

Establish the Polish Bar

The importance of establishing where your company sits on the "speed vs. polish" spectrum is usually overlooked as the company grows. Sometimes delighting users comes down to creating a thoughtful, easy experience, which usually just means hitting a high polish bar. If that's what you want out of your product and engineering teams, you owe the team a clear definition of what "high polish" means and acknowledge the tradeoffs that would come along with clearing that bar.

But startups need to make tradeoffs, so the question is really, "does polished design matter, or should we focus on other things for now?" a company's homepage, careers page, product pages, social media profiles, business cards, and so on. These all serve as doorways to different but important audiences that a product needs to impress.

For interactions that are typically met by snap judgments or perhaps create your first impression with someone, a little design love can provide that small boost you need to come across in a positive light.

Consistently Carve Out Resources for Delight

There's a way to develop the organizational discipline to proactively deliver delight. I suggest setting a specific quota of resource allocation to delight initiatives in advance of roadmap planning meetings – and stay firm to that allocation. For example, you could consistently carve out 5% of the engineering/design bandwidth in a given quarter or dedicate two sprints per year to projects that delight.

Whatever the amount, what's most important is establishing the consistency (and thus the organizational habit) so you don't forget about the feelings of your users.

This "winning" feeling is an incredibly powerful emotion to stir in your users and is highly correlated with creating a jaw-dropping competition-crushing (JDCC) business. Here's why you should care about building in a "winning" product experience right from the start.

Provide a "Winning" Product Experience

As a brand and a product, making your customers feel like they're winning in life does a few things. When people feel that way, they want to brag about it.

There's nothing more powerful than organic, enthusiastic endorsement from your users, especially in a startup's early life. Every company expects its customers to just "share the product with friends," but few are thoughtful about what gets them over the emotional hump to share proactively.

Just as important as organic virality is your ability to build an enduring brand. When a company puts a smile on my face through the product/service it

provides, I associate the positive emotion with the brand. Building brand equity is a long journey, but helping your customers win in life is not a bad way to start.

The Types of "Winning" Product Experience

- Extreme value and superior user experience
- Insider access and know-how.
- Ability to delight others.



How to Help Your Users Win

Make the part of your value proposition that sparks "winning" your north star.

Every company has its set of value propositions that it strives to offer to the market, and they're rarely one-dimensional. To deliver a sense of "winning," take them apart and identify the one(s) that have the best potential in evoking such emotions. Usually they either provide the most jaw-dropping value (i.e. the "JD" in JDCC) compared to the existing market offering, or they are unique emotional (as opposed to functional or transactional) benefits. These should become the north star of your product experience – the constant guidepost when it comes to developing and iterating your offering.



It's also important to not be constrained by the digital product experience, as you have many customer touch points across the user journey (e.g. in-app, email, offline/physical, and customer service). Leveraging the right medium to deliver a timely interaction can help maximize your users' delight.

Helping your customers feel like they're "winning" is no small feat, but it can go a long way to building a brand and product experience that customers love.

Most startups don't have the luxury of hiring an experienced PM early in their journey to create these winning moments, but the process is not impossible if you know what to look out for.

How to Build a Great Product Before Hiring Your First PM

Managing product development correctly is incredibly important in the earliest days and can make or break your company. When you have extremely limited engineering resources, it's even more critical to stay focused and clearly set your priorities. To add to the pressure, you're likely still on the path of finding product-market fit (PMF), which requires racing with high throughput and fast iterations before time and money runs out.

So, what are the things founders can learn to do well BEFORE they can hire a great first product hire to make sure the company stays focused and iterates fast?

1. At any moment, be crystal clear (and stay consistent) about what the "top company priorities" are for the quarter

This sounds incredibly straightforward in theory, but it's actually hard to practice in reality. Without being disciplined and mindful on focusing on a few most important things, many founders get pulled (or pull their team) into the ideas of the moment or rush to put out the latest "fire."

How do you think about these top company priorities? They could look quite different based on whether you're pre- or post-PMF:

- **Pre-PMF:** Key hypotheses of the business you want to prove/disprove—they can range from customer acquisition, product engagement/stickiness, or business model.
- **Post-PMF:** Key milestones the business needs to hit (e.g. growth/revenue target) to get to the next stage/financing round.

It's not enough for the CEO to know what these are—make sure there's strong alignment and clarity among the founders/senior leadership. These "top priorities" become the guiding north stars for every product decision that follows.



2. Link product ideas and features back to the top priorities; stop working on everything else

Take a look at your product roadmap or your JIRA/Trello/Asana board right now. As you read through the long list, can you directly attribute each line item to how it advances the top priorities of the quarter? If something doesn't map, move it to the backlog and DO NOT spend resources on it right now (even though you/your investor really want that feature, or that it just feels like such a great idea!)

What about bugs, UX fixes and other types of "maintenance work" that seem like the right thing to do? This is a common challenge for companies of all sizes/stages, but the tradeoff could be especially tricky for early-stage startups given the extremely limited engineering resources. Two possible approaches:

- **Approach 1:** Define a threshold of "critical/must happen now"—anything that does not clear such threshold needs to go into the backlog. E.g. For an e-commerce company, anything that involves payments/its ability to charge customers could clear the threshold.

- **Approach 2:** Allocate [x]% of your engineering bandwidth for such activities and do not go over. It could be as small as 5% of your weekly bandwidth, but it's helpful that the team feels like they can slowly chip away some of these and make progress. This is a choice around your product throughput, and you can iterate through a few sprints until you find the right balance.

3. Create the space (and find the time) to assess the impact of each initiative so you can prioritize in an intellectually honest way

As a founder of an early-stage startup with a small

team, you might not feel the need to go through a process with such rigor other than debating in your head (or with your cofounders on the hallway).

However, without setting aside a regular cadence/process to review what should be built next, you'll quickly feel that tickets on your product backlog are growing like weeds and you're losing grasp of whether your engineering team is spending time on the most impactful things at the moment.

How should you think about impact? In many cases it can be framed as learnings (e.g. disprove certain hypothesis so you can move on); otherwise they should either move your top line (revenue) or your bottom line (margin/profit) directly or indirectly (e.g. product engagement, retention metrics).

Implement data in your organization from the earliest days. Analytical debt is worse than product debt, and worse than technical debt. Product data is culturally important. How do you use it? What's logged? Is it clean? Is it consistent? Does it make sense to have a taxonomy? Do you have structures? Is it readable? Do you have real time tools for those kinds of things?

These things become harder and harder to change over time because you've built more product. And so, when you get to the point where you realize you need to fix this, the amount of work is exponentially more difficult because your product complexity has increased so dramatically over time.

4. Force yourself and the team to design and ship small

When you have a vision of a product that is so robust that will knock all the competitors out of the park and finally validate the market, you will be tempted to architect for this grand release—"all our problems will be solved when this magical product is released!" The problem is, it will most definitely take years and tens (if not hundreds) of engineers later to have a chance at getting close to that vision—and by then the market has likely shifted.



Striking that balance between marching towards that grand product vision and making immediate business impact is both extra challenging and extra necessary for an early-stage startup. The risk of tying up all three of your engineers' bandwidth for nine months on one single release without any market validation or customer feedback (when you only have an 18-month runway from your seed raise) is just way too high.

Here are two ways to think small:

1. Experimentation Design.

Before you commit to any significant product feature/initiative (and I'd consider anything that requires more than one month of engineering bandwidth as significant), critically examine WHY you plan to commit to such initiative in the first place. Do you have enough data or customer/market validation to support such assumption? Can you significantly increase your confidence level (and thus de-risk the potential waste of engineering time) by validating such assumption through a one-week, light-weight experiment?

daily and there's always a fire somewhere to put out. However, if you don't set goals you won't hit them—especially if your team doesn't have forward looking visibility and understand what they're working towards.

How your product could look like a year from now might still be murky, but you should have high-confidence level hypothesis on what you want to accomplish in the next 3–6 months. When new data points/ideas emerge or market landscape shifts, do not shy away from re-prioritization—the roadmap should be rolling and dynamic in nature and serves as a baseline to constantly examine new priorities.

Hold yourself and the team accountable to that roadmap, communicate to investors/Board to set expectations, and help them help you focus.

But after a while you're going to need someone to take control of Product. When that time finally comes, here's how to hire the best one for your team.

2. Break Up the Footlong Sub.

We use the analogy of a “footlong sub” to describe a product build that is likely too big/long/ambitious and could use some slicing. Instead of waiting to ship this large product bundle in what would feel like eternity in startup time, take a hard look to see how you might be able to break up this footlong sub and ship smaller bites. Each release should be just enough to either 1) make some immediate business impact, or 2) validate/invalidate a key hypothesis that would help you deploy future resources more efficiently.

5. Commit, Communicate, and Constantly Reprioritize

Regardless of your company stage and team size, you should always have a rolling 3–6 month product roadmap that's clearly defined. This is a hard discipline, especially for early-stage startups, because it could feel that things change

We know as a Founder, you've probably been responsible for product since the inception of your company. This is reasonable and understandable, but at some point, you're going to need to scale and prioritize your time elsewhere.

How do you know when that time has finally come?

How to Hire Your First Product Manager



How do you know when that time has finally come?

1. You're unsure whether the team is executing on the highest impact product initiatives.

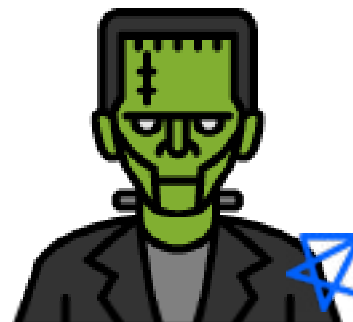
A PM is responsible for creating and prioritizing product initiatives through her understanding of 1) the users and their needs, 2) the business objectives, 3) technical possibilities.

Developing depth in all three areas requires bandwidth, and at some point, you will find that whoever is wearing the PM hat is no longer able to do so at a high quality because she has “another day job.” At that point, you need to bring someone on whose full-time job is to be responsible for uncovering the highest-impact product initiatives and running a rigorous prioritization process that properly evaluates impact vs. effort.

2. The team's velocity drops and what you're shipping feels like a Frankenstein.

As the company's headcount grows without a PM, you will start noticing everyone (yes, EVERYONE) feels like they should have a say about the product experience — from the font to the color of the button to the backend logic.

It's not a bad thing to have a culture where there's collective sense of ownership, and it's very important to make sure the voice of the relevant stakeholders is heard. You need a PM who can “herd the cats” effectively and apply judgement on incorporating the opinions and feedback without sacrificing the integrity of the user experience.



3. What's shipped lacks polish and completeness.

Missing edge cases. Sloppy user-facing copy. Forgotten trigger email that's critical to the user journey. These are just a few small, but important examples of how the quality of your product could suffer when there's no one fully responsible for the end-to-end product experience.

4. You aren't continually iterating.

Related to the above, when you don't have a directly responsible individual ("DRI") who's tasked with driving the product forward, the organization can quickly fall into the trap of shipping one-off features. Shipping V1s is important, but it's a huge missed opportunity if you can't use what you learn from user feedback and product performance metrics to ship V2, V3 and beyond.

The Qualities of a Great First Product Hire

Due to the cross-functional nature of their job, PMs can often come from different backgrounds and have different experiences. That said, there are certain qualities that'll help your first PM succeed in the nascent stage of company- and product-building:

1. Seniority and experience level.

How senior you go for your first product hire depends on whether the company will be in a place to accelerate its product development well beyond the bandwidth of one single PM in the next 3–6 months.

If you need build out a product team soon, you should aim for someone who has seen the movie before. She should be able to roll up her sleeves to execute before a team is in place and step into

the leadership role to build out a team quickly. Otherwise, your best bet is to find a solid senior PM who has managed large scopes and shipped a diverse variety of product experiences. She should be able to hit the ground running without senior product guidance. Bonus if you can find someone who demonstrates the capacity to scale with the company, as this person might become your best Head of Product candidate 18 months from now.

2. Do-it-all without hand-holding.

Regardless of the seniority level, your first product hire will be walking into the wild-wild-west the moment she steps into the office — there likely isn't a roadmap, sprint planning, standard QA/UAT process, decision-making mechanism across stakeholders, etc.

To succeed, this person needs to have the attitude and aptitude of doing it all without needing instructions.

She'll need them both while helping the company figure out how the product team should work and constantly unblocking herself to ship products at a high velocity with few resources.



3. Flexibility.

We sometimes describe the job of a PM as "filling in the white space" — the job description changes based on what your teammates (engineers, designers, analysts) are good at and like to do. This is especially true at early-stage startups when the team is less complete.

As Fareed Mosavat (ex VP of Growth at slack) has said, prioritization and ability to see the most important things is the most important skill to screen for. Look for someone with an ability to think holistically about how all the pieces fit together.

Someone who's enough of a generalist to not be super narrow is the most important set of skills for a Series A or earlier stage startup because you don't have the luxury of specialization. What's important today will probably not be important tomorrow. So, if you hire to fill a particular like skill you may end up with someone who's not equipped for the next problem you need to solve.

What are the one or two things that are culturally important or specifically valuable for your type of product. Look for that kind of experience and then try to build a team around what that person specializes in.

Given the pace of change at early-stage companies, the ability and willingness to wax and wane as the white space changes is key for any PM to succeed — but it's especially important for your first PM. Not only will this adaptability help them succeed in the months after they join, but it'll also set the standard for future PMs that come on board.

Time to Build

Again, this guide is not an all-encompassing guide on how to build an amazing product for your company. We just wanted to put together a resource that helped founders understand the pillars of creating a good product early on in their journey. You can find more product content on our blog where we regularly write about this topic.

Building a great product experience comes with understanding the right questions to ask your customers and atake some work. Good luck out there, and stay tuned for more of our founder guides in the future.



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