

The SaaS Durable Growth Kit for Product Leaders



Introduction

In unpredictable environments, the one thing we all know we can rely on is data. By accessing comprehensive and contextual data, we are better able to prepare for new trends, new market conditions, and even new demands from our customer base.

Nowhere is data more rich and specific than inside your product. It will tell you what makes people click, what motivates their actions, and what best practices your team should follow to drive adoption, expansion, and retention.

Product professionals understand this completely. But, it can be difficult to prove the value of product-led growth (PLG) strategies to those who don't understand it or don't think your product is ready for a PLG model.

To help provide the proof points you need to implement PLG strategies at your organization, and show how PLG can add fuel to your existing customer success strategies to build durable, efficient growth, we've curated this kit. It is full of advice, insights, and proven success strategies:

Learn From Industry Leaders Like:



Nick Mehta

Nick Mehta is the CEO of Gainsight and a member of the Board of Directors at F5 (NASDAQ:FFIV). A renowned SaaS leader and Customer Success pioneer, he is the co-author of two books—*Customer Success* and *The Customer Success Economy*.



Mickey Alon

Mickey Alon is the founder and CTO of Gainsight PX, the Product Experience Platform. A serial SaaS entrepreneur, Alon was one of the early advocates of Product-Led Growth and is the co-author of *Mastering Product-Led Growth*, a book on building product-led growth strategy.



Karl Rumelhart

Karl Rumelhart is the Chief Product Officer and Executive Vice President at Gainsight. He leads Gainsight's expanded product vision and execution for a comprehensive Customer Success and Product Experience platform that help customers drive durable growth. Prior to his software career, Rumelhart was an academic mathematician, lecturing at Stanford University after receiving a Ph.D. from Harvard University.



Kellie Capote

Kellie Capote is the Chief Customer Officer at Gainsight where she leads the entire post-sales organization including Customer Success, Support, Professional Services and Customer Success Operations and Scale.



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The Best Indicator of SaaS Success? Durable Growth, Says Gainsight CEO

By Nick Mehta, CEO of Gainsight
Originally published in The Wall Street Journal

Economic output declined sharply in the first half of 2022, and the U.S. seems to be in a period of stagflation, characterized by pressures both from inflation and a contraction of growth. This is especially evident in the software-as-a-service industry, where layoffs, hiring freezes, and a slowdown in sales are creating never-before-seen headwinds. It's forcing the sector to transform like never before. Times—and market conditions—have changed.

“The mindset in SaaS has shifted,” says Nick Mehta, chief executive officer at Gainsight, a leading customer success and product experience platform. He's also the co-author of two books: *Customer Success* and *The Customer Success Economy*. “A change in market multiples shows that the ‘efficient growth’ mindset has displaced the ‘growth at all costs’ mindset.”

Mehta blames the SaaS market collapse on the easy access to venture investment and cheap public capital. As companies focused on growth at any cost and raising even more funding, they veered away from the true North Stars of every business—customer outcomes and business efficiency.

“What real value are you delivering for customers, and what potential value are you delivering for investors? Those aspects were totally overlooked over the last few years,”

-Nick Mehta, Gainsight CEO

As companies face the pressures of the current market—increasing challenges in closing new deals and existing customers rethinking renewals—it’s imperative that they determine how they’re going to grow over the long term—not just over the next quarter or financial year, but consistently and efficiently, year after year, regardless of the market.

“Having witnessed so many downturns, one thing’s for sure: Companies built for durable growth will not only be resilient in the current market but also thrive in the long term,”

-Nick Mehta, Gainsight CEO

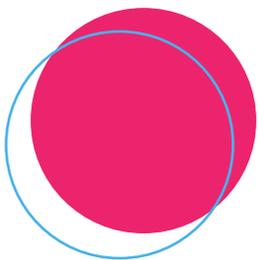
We recently sat down with Mehta to discuss how companies can create durable growth and set themselves up for that long-term success.

Q: In this period of economic turbulence, what models of growth do you think will emerge in SaaS?

Nick Mehta: Durable growth will come from three interrelated strategies—customer-, product-, and community-led growth strategies. First, grow the business through existing customers via renewal and expansion. This is essentially customer success, and it can often be one of the easiest methods to grow since the cost of expanding a customer relationship is much cheaper than closing a new one.

Second, make your product the best sales engine possible. This is called product-led growth and it can be a highly efficient, repeatable method of growing business by offering a self-service free trial and driving adoption through customer use of the product.

Third, grow through community and customer advocacy—make sure your customers love and, in turn, evangelize your product. Customer, product, and community—it’s a growth flywheel that builds on itself.



Q: What are best practices for employing those three strategies effectively?

Nick Mehta: It may sound trite, but we see it all the time: Companies don't put customer outcomes first. When someone buys a hammer, they don't just want a hammer; they want to hang a picture. It's a great analogy for business. When somebody buys from you, they're looking to solve a problem.

The first focus should be on creating discipline around customer success to make sure customers are getting value. It's about aligning everyone from Product Development to Marketing to Sales teams around the outcomes customers seek, not the technology or services you're selling.

The Product team, for example, needs data to understand how people are using the product, learn which features are driving the most value or causing friction, and use the insights to determine the product road map. When the product becomes sticky and a requirement for users, it can become a durable sales engine itself.

Lastly, word-of-mouth remains the most impactful marketing for any business. It's imperative that companies build communities both in person and online where customers can evangelize the business outcomes they're getting from your product. Your customers are often your best sales people.



Q: What is the role of data in supporting this new durable growth model?

Nick Mehta: Operating without data when so much of it is available is irresponsible at this point. Are your customers happy? Are they spending more money with you? Can you reduce churn and expand your customer base quicker? Leveraging those customer behavior patterns is huge for durable growth.

Q: How is customer success a critical component of durable growth?

Nick Mehta: It's always been important, but even more so today. The number one priority for any business right now is keeping customers. It's a shift in mindset from closing as many new deals as possible to ensuring existing customers get value, grow, and remain with the company over time.

Are your customers staying with you or leaving? Are they spending more money with you? Can you reduce churn and expand the customer base you have to grow over time? Understanding the patterns that cause customer stickiness is a huge factor for durable growth.

Because churn is a slippery slope, most investors now perform due diligence on customer retention as much as any other part of the business. Companies leaning into durable growth are more efficient and resilient, and thus more attractive to investors. These businesses are going to be able to raise capital because they can demonstrate real value through metrics like strong Net Revenue Retention (NRR).

Q: How is Gainsight helping users achieve durable growth?

Nick Mehta: Working with more than 1,000 companies, including nearly 200 publicly traded ones, we've observed two core areas of opportunity. Number one is aligning different departments around a customer's goals. Your teams aren't talking to each other. Not because they don't want to, but because there hasn't been a great way to align them around efficient acquisition, adoption, retention and expansion. Our software consolidates all your product adoption and customer experience data and then personalizes it for sales, marketing, finance and customer success.

Second, we help companies scale around durable growth using automation and AI and support customers of all sizes using high- and low-touch strategies.

The most powerful aspect of durable growth is a deeper understanding of your customers. With Gainsight, you know what products you need to build because you understand and even anticipate customer needs better than your competitors. The most durable companies build the things customers are going to want in the future. That's the long-term value proposition, because a deeper understanding of customers is fundamentally how companies innovate and win.

Q: What do you expect the next 12 to 24 months to look like in the world of SaaS?

Nick Mehta: These sudden changes in valuations and market corrections are hard for people to process, but I think it'll settle in the next two quarters. In some ways, all this change will create healthy businesses in the long term. Many of the companies we all admire today were forged during the downturns of the past. The companies that are going to dominate the next decade will be the ones that have efficient businesses today. They'll have a durable growth engine with money to invest in their products and teams to innovate and consolidate market share. The winners will be resilient, react early, and benefit in the long term.



Why the SaaS Collapse Will Accelerate Product-Led Growth

By Mickey Alon, CTO and Founder of Gainsight PX
Originally published on SaaSIndustry



It's been a rough year for SaaS brands: in the past five months, publicly traded cloud companies have slumped by \$1.1 trillion, shedding 40% of their value. Venture funding for SaaS startups is down 38% — better than other tech sectors — but a sign that investors are now thinking long and hard about which companies to support.

That's the bad news. But there's good news, too: every market downturn ultimately forces businesses to evolve in new directions and find new ways to drive technological and financial efficiency. Only the fittest will survive — but out of that winnowing, the SaaS sector will emerge with new scaling strategies and ways to acquire, onboard, and retain customers in sustainable and capital-efficient practices. Among other things, the current crisis will accelerate SaaS vendors' use of product-led growth (PLG) as they make efficient development their number one priority.



That means SaaS vendors can no longer throw money at the “growth” problem. They must build a sustainable growth model anchored in customer lifetime value and profitability.

To weather this storm and keep investors and directors on board, vendors need to take a fresh look at product-led growth (PLG). Capital-efficient customer acquisition and retention have never been more critical — and with the right approach to PLG, it’s possible to find a path to the intelligent, sustainable, and capital-efficient growth that today’s SaaS brands need.

The power of product

What makes product-led growth so powerful? Many SaaS leaders view PLG through customer acquisition, not a holistic strategy to increase customer lifetime value by driving engagement. It is sometimes perceived as a cheap, scalable way to sell software.

Today, according to the 2022 Product-Led Growth Index, almost 66% of SaaS companies use product-led growth strategies. Companies that use PLG are growing 2X faster and more efficiently than vendors with more traditional sales models. Indeed, an acquisition-focused approach to PLG has proven successful for many SaaS brands.

The reality is that most SaaS brands are barely scratching the surface of PLG’s potential. It’s easy to assume that PLG is just a matter of getting out of your customers’ way and letting them use your product. But PLG’s real power comes from putting the product at the center of the customer experience — and seen from that angle, your sales and acquisition efforts are just the story’s beginning.

Done right, PLG does more than just get customers on the hook — it fosters meaningful engagement and cements lasting customer relationships. That’s a big deal because SaaS revenues depend not on making a single sale but on maximizing customers’ lifetime value-maximizing user engagement across the entire lifecycle, from adoption to retention, to expansion and beyond.



Making introductions

Customer acquisition is still the starting point for hyper-growth startups and newly launched products. With two out of every three companies competing primarily on customer experience, PLG offers a great way to scale customer acquisition by allowing users to experience the product without being tied to high-touch sales resources.

But there's more to effective PLG than just creating an easy on-ramp. Done right, PLG lets you get your entire customer relationship off on the right foot. Even something as straightforward as a sign-up process can be turned into a cycle of mutual discovery: getting to know trial customers' priorities and leveraging those insights to introduce your product in compelling and personalized ways.

The goal of PLG is to drive successful outcomes by increasing user engagement. Capture information early, then build on that knowledge as the relationship develops, using in-product messaging to smooth the user's learning curve and accelerate them along the path to realizing the actual value of your product. Product data and user feedback can surface where customers get stuck at a particular point in their journey. Those learnings can evolve into an iterative process that feeds into your roadmap, enabling you to unblock users. It also addresses their challenges with more personalized messaging, guidance, and feature enhancements.

The PLG strategy goes beyond product teams and spans marketing, sales, and customer success, helping them optimize marketing spending and identifying and engaging with high-value users who have demonstrated a propensity to buy or mitigate churn risk. In this light, PLG doesn't supplant your GTM or success teams — it gives them superpowers, equipping your cross-functional teams with data and automation to help them scale in a more personalized, timely, and efficient way

Coming back for more

Importantly, PLG isn't just a great way to drum up new business. It's also a powerful way to keep customers coming back for more. For SaaS vendors, who get up to 95% of their revenues from existing customers, that's where an intelligent approach to PLG can deliver transformative value.

By paying attention to how customers use your product and which behaviors drive stickiness, you might find ways to resolve pain points or maximize value for customers who would otherwise be at risk of canceling their contract.

The key is to use the same engagement and personalization that drove PLG acquisition and weave it through the entire customer lifecycle. It's possible to use contextual messaging to accelerate time to value and steer customers toward product features that align with their objectives, for instance, or to enhance core feature usability to help them achieve their goals. That means your product gets stickier over time, actively creating value to keep your customer satisfied and engaged.

Like your sales teams, your customer success agents can leverage product usage data, interactive messaging, and real-time surveys to identify and support customers you're at risk of losing. Product insights can also be fed into your development roadmap, helping you evolve in directions that will keep your users coming back for more.

Maximizing revenue

Why does this matter? It matters because the brands that survive the current SaaS crash won't be the ones with the best sales teams or the ones that get the most people to sign up for their free trials. The companies with real staying power will be those that work to elevate the user experience across the entire lifecycle and to drive customer-lifetime value by scaling customer acquisition and driving retention in sustainable and capital-efficient ways.

Product-led growth is the key to achieving that — as long as you ensure that everyone on your team understands that when it comes to PLG, the free trial is just the thin end of a more holistic end-to-end strategy. What matters is what comes next, as you support, cultivate, and retain your customers — and find intelligent, creative ways to lock in the recurring revenues that your investors and your board are so eager to see.





Five Steps for SaaS Companies To Build a Successful Product-Led Growth Model

By Mickey Alon, CTO and Founder of Gainsight PX
Originally published in Forbes

The subscription software business is changing fast, and SaaS businesses that don't keep pace could go the way of the dinosaurs.

Sound overly dramatic? The reality is that in a time of plunging market valuations, declining VC funding and limited capital, the traditional growth-at-any-cost SaaS playbook is no longer viable. We're entering a new era in which efficiency, profitability and focus are king.

To survive and thrive in this new world, companies need a new approach. The days of building SaaS brands by optimizing for big up-front contracts are over. Instead, companies need to focus on reducing friction, enabling quicker "lands" and unlocking more organic and sustainable expansion. That means finding more pragmatic, long-term profitable and, above all, product-focused ways of driving growth.

SaaS brands are now leaning into product-led growth (PLG), using the product to continuously engage customers and drive more efficient acquisition, retention and expansion. Combined with consumption-based pricing and premium features, PLG lets brands offer a lower-touch model that enables customers to start with a basic version of the product and pay as they grow. It also allows brands to focus sales and success teams on the later stage of the customer journey to drive stickiness and enterprise-grade expansion

Here are five ways to use PLG to breathe new life into your SaaS business:

1. Get buy-in for change.

No surprises here: Convincing decision-makers that it's better to chase incremental growth instead of six-figure up-front contracts can be a tough sell. Getting high-level buy-in is the critical first step in any product-led strategy—because you'll soon run into headwinds unless your leadership team endorses the cross-functional changes, measurements and iterative, long-term approach required to build a durable SaaS business.

Everyone, from marketing and sales to engineers and executives, needs to see PLG not as a challenge, but as an opportunity to reach higher. By putting PLG at the core of their efforts, stakeholders can find a path forward that creates lasting value for their team, their customers and their entire organization.

For early-stage startups and companies launching new products, it pays to lean into PLG from the get-go, using product data and customer feedback to accelerate product-market fit, build a loyal following and drive durable growth. For more established companies, the journey to PLG requires a willingness to invest in change management, with the executive team stepping up to steer the process and reassure stakeholders across the organization.



2. Create a culture of experimentation.

Successful PLG depends on instilling a culture of data-driven experimentation and continuous innovation across your entire organization. User feedback and interaction data can be harnessed from the moment you introduce a new product, fueling iterative innovation that feeds back into your release cycles.

By measuring core features and outcomes to identify pain points, you can iterate and innovate to stay aligned with users' evolving needs and steer customers to find new applications for your product across a wider range of use cases.

When identifying feature-usage gaps in the data, product teams should leverage in-product feedback to learn about usability challenges or awareness issues, and they should then prioritize feature enhancements to address these gaps. Contextual messaging can then be used to raise awareness of feature enhancements, helping users to discover new applications for your product.



3. Use acquisition to foster relationships.

There's more to PLG than simply using free trials to attract customers. Customer acquisition should lay the groundwork for lasting relationships, with meaningful engagement from as soon as a customer encounters your product.

By personalizing the product's first mile, you can quickly help customers realize the value inherent in your offering. Onboarding processes should be designed to educate end-users and surface the ways your product serves their specific role and objectives—and that intelligence should be used across your organization to deliver tailored experiences, unlock opportunities and close deals.

4. Use data to drive retention.

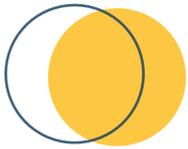
PLG isn't just for low-touch acquisition strategies. When implemented correctly, it becomes a holistic, end-to-end strategy capable of driving predictable, durable growth across the entire customer lifecycle. That makes it especially powerful in the new SaaS environment with cash-strapped businesses seeking to maximize long-term recurring revenues in order to survive and thrive.

Product data might show a customer is struggling with a particular use case or overlooking certain features, enabling you to seamlessly engage them with human or automated outreach to maximize the value you're delivering. By giving visibility into retention likelihood, PLG lets you operate more strategically and efficiently as you invest resources to optimize retention.



5. Deliver intrinsic value to unlock expansion.

Leveraging your product to optimize user experiences and drive successful outcomes is key to bolstering existing relationships, but also to unlocking new ways to expand your offering.



Start with an organic approach: Consumption-based pricing means that increased adoption directly leads to increased revenues, so increasing your product's utility and eliminating friction directly opens up pathways to future growth.

Continue with a multi-product approach, using premium features and complementing products to unlock stronger ROI for your customers. Your goal is to continuously deliver intrinsic value around a set of customer objectives and pain points, then create a seamless experience from one product to another to deliver incremental value and drive expansion.

Future Of SaaS

Investors already know that PLG makes businesses more capital-efficient and long-term profitable, and they value product-led businesses at an enterprise value-to-revenue multiple almost two times higher than conventional SaaS plays. As the economy tightens, investors will increasingly expect all SaaS businesses to embrace PLG. With most software companies now planning PLG investments, according to the Product-Led Growth Index, a study sponsored by my company, it's clear that product strategies will define the SaaS space in coming years.

To drive lasting success, SaaS leaders will need to recognize that PLG is more than just an acquisition tool. The reality is that PLG offers an entirely new operating system for SaaS businesses, one that's durable by design and far more attuned to the needs of the present than the standard growth-at-any-cost SaaS playbook.



Two Interview Questions Every Product Manager Must Prepare For

By Karl Rumelhart, CPO and EVP at Gainsight
Originally published on Dice



They say the hardest part about Harvard is getting in. The same thing is true of Google, McKinsey, and other storied employers: If you can outlast the gauntlet of gotcha questions and “why-are-manhole-covers-round” brainteasers, you’ll almost certainly get an offer.

Yet in lionizing these interviews, we do ourselves a disservice. The best interviewers don’t try to embarrass you; they ask questions whose answers actually matter to the position at hand. Here are two such questions that every product manager (PM) should have a ready answer to — and that every PM interviewer should be posing.

Question #1: Will you fall on someone else’s sword?

Picture this: You’re working with the engineering team on a high-profile project. At a critical juncture, you urge option A; they prefer option B. In the end, your recommendation is rejected, and the product ships with option B.

Immediately, it’s clear to everyone that this was a mistake — and a big one. What do you do?

On one hand, you may feel compelled to say, in spirit if not in word, “Told ya so.” After all, you were right; they were wrong. Why should you shoulder the blame for something you opposed?

On the other hand, you may be tempted to try an indirect tactic. In a private message to your boss, you note that there was internal disagreement about options or that option A was not universally embraced. Notice the passive, mistakes-were-made voice? It allows you to drop hints without pointing fingers.

Which approach is right?

Neither.

While this buck-passing may make you feel vindicated, it’ll never help you succeed in the job. Indeed, these approaches are not only misguided; they also reveal a fundamental misunderstanding of a product manager’s role.

A PM, like a ghostwriter, like a chief of staff, must be careful not to let their ego leapfrog their equanimity. After all, product management is not about the manager; it’s about the product.

To that end, the best PMs take responsibility—always.

First, they know well the first rule of PMing: Even when it’s not your fault, it’s still your fault. Let me explain.

As a product manager, you’re ultimately responsible for the success of the product. If it fails, that’s on you. In this case, despite your efforts, the fact remains that you didn’t build enough trust with your colleagues. You didn’t explain your point of view convincingly — with data and case studies.

What’s more, notice what the original two approaches emphasize: Who’s at fault. To be sure, figuring out what went wrong is important, but your immediate priority should be to rectify the situation; after-action reports come later.

Finally, the minute you throw an engineer under the bus, you lose trust forever. By contrast, the best PMs enjoy robust relationships with their colleagues because their colleagues know that the PM has their back. As one of my teammates likes to say, A PM should be an umbrella, not a funnel: Your job is not merely to minimize the rain, but to divert it entirely.

Indeed, had option A been implemented, the best PM wouldn’t have taken credit; they would have credited and celebrated his teammates. A PM is nothing if not “humble.”

So what's the correct answer to the above scenario? A PM must share success and individually accept failure. In short, they must raise their hand and say to anyone who asks, "My bad." Embrace this mindset, and you'll not only ace the interview; you'll also thrive in your career.

Question #2: How do you deliver bad news?

Here's another conundrum I pose to candidates. Your counterpart in sales or customer success comes to you with a request: One of the company's biggest customers wants a new feature. In fact, the customer views this request not as a "nice to have" but as a "must have."

Yet after crunching the numbers, you conclude that the benefit isn't worth the cost. How do you communicate your decision?

On one hand, you may be inclined to shoot them an email. Or maybe you deliver your analysis through a phone call. Perhaps you ask to meet your colleague in person.

None of these approaches is wrong per se, but they're all missing a make-or-break next step: You haven't volunteered to tell the customer yourself. That's how you take ownership.

After all, no one likes to be the bearer of bad news, especially those whose paycheck depends on telling customers "yes." This aversion goes double for those who disagree with the verdict; why should they be put in a position to defend something that jeopardizes their relationship with a big customer?



They shouldn't. On the contrary, as the decisionmaker — as the product manager — you must both explain your decision and own it. Candidates who do this demonstrate the traits that characterize every forward-moving workplace: Candor, courage, and camaraderie.

Note: Your colleague may decline your offer; they may think it's better if the message comes from them, since they have the customer relationship. That's perfectly fine; the point is that you offered. In doing so, you demonstrate not only the courage of your convictions but also empathy.

Teach to the Test

As a hiring manager, you don't want your future employees to spend their time preparing for the interview. You want them to spend their time preparing for the job.

The most effective way to facilitate this behavior is by planting your questions in everyday situations. Don't make up hypotheticals. Don't fling forth time the equivalent of SAT prompts. Build your interviews in a way that reflects what's important — humility, trust, and ownership — and you'll build a team that can handle any problem with poise and polish.



To Build a Durable SaaS Business, Rethink Your Product Roadmap

By Mickey Alon, CTO and Founder of Gainsight PX
Originally published in DevOps



During a tech downturn, with enterprises cutting their subscription software budgets and VC funding drying up, SaaS businesses are increasingly shifting their strategic focus from growth to resilience.

The standard startup playbook—hunker down, cut burn rate and hope the market improves before you run out of runway—isn't the right path forward for SaaS businesses. Instead, the key to durability is to lean into efficient growth. By revamping their product strategy, companies can lower the cost of customer acquisition with low-touch onboarding strategies and also increase revenue retention with stickier products, helping to unlock new ways to scale up and sustainably grow revenues.

Implementing this approach requires a fresh approach to your product roadmap—because when you scale through retention and expansion, the primary goal is maximizing utility for existing customers so they'll increase usage and be willing to spend more over time. That means prioritizing core features and usability and not tacking on new features in a bid to draw in new customers with adjacent use cases.

Getting that right, in turn, requires SaaS leaders to leverage the product itself as a key to understanding which features need attention, as well as a messaging channel and conduit for two-way communication with end users so you can influence user behavior and collect user feedback.

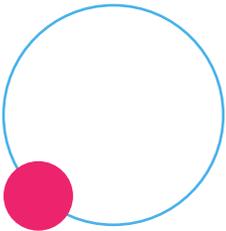
Here are four steps that product managers can take to drive durable, resilient growth for their companies:



Get serious about analytics

Every business wants to use data to drive better decision-making—but many organizations fail to realize that their own product is their most potent source of data. Unlike web analytics which show only the behavior of random web users, product data has the power to help you understand the user journey, what they're finding useful, what they're struggling with—and how you can create value to keep them coming back for more.

That makes product analytics—data showing how your product is being used, along with user surveys, messaging and other more qualitative measures—a powerful resource as you seek to anchor your development roadmap in the things your customers actually need. Armed with user feedback, it's possible to learn how your customers feel, understand what's missing—and invest in improvements that align with your users' evolving needs.



Stay focused on stickiness

Your analytics dashboard should have a strong focus on your stickiest features—the ones that keep users coming back for more. Those will include your product's key value drivers during the early evaluation stage when you're looking to hook new customers and turn their curiosity into a compelling use case for your product. But they will also include outcome-related features that enable established customers to measure and increase ROI as they scale up. Finally, they will include features that directly drive organic expansion, such as collaboration functionality that drives users to invite colleagues to use your product.

Product managers (and their bosses) naturally get excited about new features—but by taking a data-driven look at stickiness across the whole customer life cycle, it becomes easier to identify opportunities to innovate around your core functionality and make it more integrated, scalable and productive. Customers won't renew or expand their contracts because you rolled out a shiny new feature—but they will keep renewing if your team keeps investing in making their outcome-driven features the best they can possibly be so they can be successful at their job.

Make space for quick wins to drive advocacy

If you view your roadmap as a waitlist for dev resources, it's tempting to simply add newly identified usability bugs or hiccups to the bottom of the list, and circle back to them months later once your team is done working on building out new features. But in the end-user era, users control the renewal decision, so customer satisfaction isn't a nice-to-have—it's something you have to make time for to build and grow a durable business. That means pre-allocating time and resources for quick fixes and small enhancements that reduce friction, eliminate pain points with core features and drive stickiness for existing users.

As you track user experience across your stickiest features, you'll find errors and pain points that need to be remedied promptly to keep your users happy. These are hard to plan for because they'll emerge on a daily basis based on usage data and user feedback—so the key is to proactively assign resources to address these unplanned issues and turn them into quick wins, enabling you to iterate quickly rather than risking user frustration by adding core-feature fixes to your standard product roadmap.

Influence user behavior

User enablement is sometimes underestimated by product teams, but the shocking truth is that most customers won't carefully read through your release notes in search of new features. In fact, they may not even notice your newly released functionality—and those that do might still struggle to understand how that feature supports their core use cases or to intuit the best practices for using it effectively.

To increase visibility into new features, you need to leverage in-app messaging, enabling your core users to unlock new functionality in an optimal way so you can capitalize on your product investments. As part of every release process, invest in user enablement by creating effective in-app communication with links to articles and videos that can help users adopt features successfully.



Invest in revenue drivers

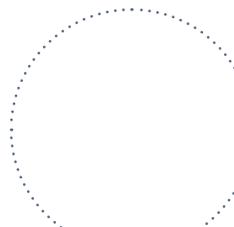
Of course, focusing on stickiness doesn't mean slamming the brakes on all new features. The key is to use product data to ensure that innovations aren't coming at the expense of core-feature usability. Before signing off on a new feature, make sure you have a hypothesis on how it will drive revenues—and remember: Innovative new capabilities might attract a subset of early adopters, but during a down economy your customers care more about must-have features than about nice-to-have add-ons.

Be sure to weigh a feature's projected value—for your users and also in terms of revenues—against the cost of maintaining that feature over time. Every company has a finite amount of dev-hours to dedicate to perfecting its product, so even revenue-positive features can prove a drain on resources. Be realistic about what you can manage and don't sacrifice long-term stickiness for short-term innovation.

Remember your North Star

To make the right decisions during tough times, every SaaS business needs to focus on its North Star. For product managers, that means taking the time to understand—in a granular, data-driven way—exactly what makes their SaaS product worth paying for. Real resilience comes from leaning into those things and scaling by optimizing the user experience to make the product as sticky as it can be.

Building durable and resilient SaaS businesses isn't just about belt-tightening. It requires a commitment to scaling through the product and using it as a vehicle to drive retention and expansion by increasing value across your core features in ways that keep customers coming back for more. That, in turn, requires a fresh approach to your roadmap—because more than anything else, the way you understand and invest in your product will determine your company's success or failure during the tough times that lie ahead.



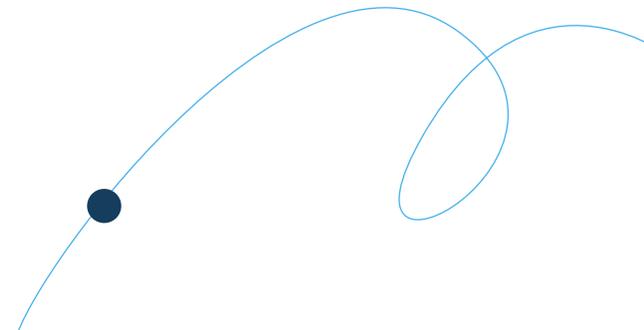
Growth Product Managers Will Be Your Most Important Hire This Year

By Mickey Alon, CTO and
Founder of Gainsight PX
Originally published on Dice



During uncertain times, businesses have a common playbook. First, they implement a hiring freeze, then they go looking for other ways to cut costs and boost efficiency in order to survive. But there's another potential path forward: product-led growth (PLG), which enables SaaS companies to efficiently chart a course for durable growth instead of simply hunkering down.

It's easy to see why many SaaS brands are turning to product-led growth to carry them through the current period of economic volatility. PLG delivers big wins in all four areas where companies traditionally seek to cut costs and boost efficiency. With PLG, companies can reduce marketing spend by shifting growth efforts away from acquisition and toward upselling to existing clients. They can optimize their customer success models to focus on high-value accounts. They can refocus research and development (R&D) on their core product to reduce friction and accelerate bug resolution. And they can consolidate their tech stack, eliminating features that don't support the path to revenues.



By leveraging their product to drive conversion, adoption, and expansion in a more scalable fashion, companies can elevate the performance of everyone from marketers to sales teams to customer success operatives and R&D. But precisely because PLG spans so many cross-functional areas, it demands a coherent, strategically focused product-led program.

That's why today's top SaaS brands aren't just committing to PLG. They are also creating new leadership roles—Growth Product Managers (GPMs)—tasked with unlocking the paradigm's full potential for their organization. By owning and streamlining the PLG process, the GPM enables teams across the organization to use data-driven insights to unlock the full growth potential of their product—while ensuring different business units don't overburden customers with a flurry of uncoordinated messages and interactions.

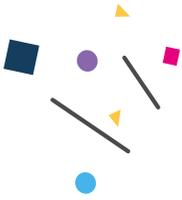
All this means there's one area where many smart companies aren't freezing hiring. With a downturn looming, hiring an amazing Growth Product Manager to help scale your PLG strategy is arguably the single smartest move you can make. Here are four key things to prioritize as you recruit and onboard your GPM:

Articulate their role

Before making a hire, it's vital to clearly articulate the GPM's strategic function. Where conventional product managers chiefly build customer value by adding new features, the GPM improves core product experiences to boost business metrics such as trial conversion, win-rate, and expansion. Their focus is on eliminating value gaps—the discrepancy between what a customer wants and what they actually experience with your product.

The GPM achieves this by identifying and addressing friction points with relevant enablement content, contextual user-messaging, and core feature UX enhancements. They operate across all stages of the customer journey, leveraging data-driven experimentation and a deep understanding of the user journey to accelerate time to initial value, align your product with users' objectives, and help customers adopt advanced features to realize your product's full value.





Over-communicate with internal stakeholders

Because the GPM serves as a bridge across many functions, there's a risk that team-members will feel their turf is being encroached upon. It's crucial to preemptively avoid tensions by clearly communicating the distinctions between the GPM's responsibilities and those of your existing leaders. Product managers need to understand, for instance, that the GPM won't cause friction, and will actually free them to focus on the things they care about—like innovating new features in order to drive value.

If you've picked the right GPM, then they'll understand and embrace this challenge, using their position both to evangelize the power of PLG across your organization and to coordinate across functions to streamline your growth strategy. A good GPM is a lens, not a bottleneck: they'll focus your cross-functional PLG efforts to make individual teams more effective and drive success for everyone.

Hire for hard and soft skills

A GPM needs a well-honed array of hard skills, including the ability to understand the inner workings of your product. They also need a flair for experimentation: the best GPMs create a data-driven culture, and rely on facts rather than opinions to drive product changes. That requires the ability to use analytics to track and evaluate product metrics, often while running multiple experiments in parallel, in order to turn insights into action.

Getting results also requires softer skills, though. A GPM needs an entrepreneurial gene, and curiosity and flexibility — including the ability to iterate quickly, rather than just focusing on long-term goals — are paramount. So is the ability to bring everyone else along for the ride: strong cross-functional communication skills are vital if your GPM is to keep everyone pulling in the same direction as your organization adopts PLG.



Build the right toolkit

Your GPM will only ever be as good as the technologies they're working with. Make sure you've got back-end PLG infrastructure in place to measure customer experience in meaningful ways, enable experimentation with new features, intervene with timely and organic customer messaging, and feed new insights promptly to all of your cross-functional teams.

With the right toolkit, your GPM will be able to quickly identify and eliminate friction points and come up with new enhancements to elevate the first mile of product. They'll also be able to leverage usage data to drive in-product messaging, and shape the user journey to maximize conversion and retention. Such investments are critical to capturing both the revenue benefits and efficiency savings of PLG.

Durable and scalable growth

The PLG revolution has swept across the SaaS space because it's the most efficient and scalable way to create durable growth—and many of today's top companies now recognize the GPM role as critical to their pivot into a product-led strategy. During the downturn, it's especially important to put a well-qualified and well-resourced GPM at the helm in order to drive the efficiency and resiliency that your company needs.

Implementing PLG effectively, especially during times of uncertainty, requires a shift to a more scalable strategy to increase customer lifetime value. That requires clear leadership. Companies that hire the right GPM and empower them to drive results for all their cross-functional teams will be positioned to succeed in the new era of ubiquitous PLG.

So don't view hiring a stellar GPM as a luxury or an extravagance. It's actually the smartest move you can make in order to catalyze growth, drive value, and make your company more agile and adaptable during these turbulent times.

Two Common Mistakes Made by CPOs and How You Can Avoid Them

By Karl Rumelhart, CPO and EVP at Gainsight
Originally published in Fast Company



Being a chief product officer isn't easy. Not only must you focus on areas such as user experience, strategy, and analytics, but you also need to care about how the product is built, marketed, sold, and serviced. Put another way: You interface both with customers and colleagues, and you're judged on both the product and the business.

Given these juggling acts, it's unsurprising that CPOs commit all manner of mistakes. Some are small, some are large, but the most worrisome are those you don't even recognize as mistakes. Here are the two most common ones I've seen over the past 20 years.

Error 1: Being too rigid about doing one-offs

As a product manager, you're taught to develop products not for customers, but for markets. Thus, you focus on, say, government contractors, not Booz Allen Hamilton. This mindset makes sense: If you custom-built features for every client that asked, you'd sacrifice your long-term vision for short-term fixes.

Unfortunately, this thinking has become so entrenched that it's blinded us to the benefits of special requests. Consider the following scenario:

A big customer wants to add a feature to their cloud-based dashboard. On one hand, you want to keep your whales happy. After all, as your counterpart in sales reminds you, it's annual recurring revenue from V.I.P.s that keeps the fish fed.

On the other hand, you don't want to stray too far from your carefully calibrated roadmap, nor do you want to overwork your staff. How do you decide which path to prioritize?

As a product person, you're inclined to resist what appear to be esoteric requests. You're trained to seek solutions that are repeatable, and one-offs are the exact opposite. Indeed, the whole system around you—the team playbook, the tacit guidance from your boss, even the way you're promoted—is set up to reward achieving scale.

Allow me to offer an alternative approach: Instead of viewing this support ticket as a problem, view it as an opportunity. View it as data from the people who rely on your product every day, in the field and on the ground, to run their business. If these diehards think the new feature is essential, then it's worth your consideration.

Sure, the feature may not align with your roadmap; in fact, it may throw a monkey wrench into it. Yet, if COVID has taught us anything, it's that plans must be flexible.

What's more, if one of your major customers is complaining about a shortcoming, chances are, others are suffering too. Even though you designed and developed the product, you don't have a monopoly on its trajectory. Indeed, it was a Twitter power user, not Twitter, who invented and popularized the now-ubiquitous hashtag.



So, the next time an outside-the-roadmap suggestion lands in your inbox, don't dismiss it by default. Instead, treat feedback for what it is: a gift.

Error 2: Focusing more on future customers than present ones

Product people tend to be dopaminergic; we're more excited about an upcoming bell and whistle than we are about the core function we spent the past six months developing.

This restlessness is essential for innovation, yet sometimes we let our fervor for the Next Big Thing color the way we approach the Big Picture of our job. Specifically, as thrilling as it is to chase a new customer, it's equally important to serve an existing one. In fact, for subscription-based products, the latter may be your most important business consideration.

Again, don't get me wrong; converting prospects is essential. Yet novelty-seeking can also blind us to the importance of serving customers who are already on board and aren't necessarily looking at our competitors but could be swayed to switch with the right pitch.

There's no better example of this current-customer-first philosophy than Amazon Prime. Here's how Amazon founder Jeff Bezos recalled his motivation: "I want to draw a moat around our best customers. We won't take them for granted."

Amen! In launching what has become the internet's most successful membership program, Bezos sought to make sure his most loyal users stayed that way. Take that lesson to heart, product leader. Rather than trying to guess what people in the future may want, focus on making sure that people right now are overjoyed. Your job is less about recruiting than it is about retaining.

What does this theory mean in practice? Stop judging your success based only on, say, the number of new licenses sold. Instead, factor in renewals, referrals, and surveys. In fact, these latter criteria can serve as an early-warning system, since they reveal not only how many customers you have, but also how happy they are.

The bottom line: When developing your roadmap, be careful not to only listen to requests from your sales team, but to also listen closely to your customer success folks. Only they can help you understand which requests will retain the most users.



In conclusion, it's paramount that CPOs are intentional when it comes to prioritization and focus. Not only are these decisions essential to your role, but they're also some of the most important decisions you can make to help drive long-term, efficient growth for your company.

How Customer Success and Product Teams Can Lock Arms To Fuel Durable Growth

By Kellie Capote, CCO at Gainsight
Originally published in Forbes



In theory, Customer Success (CS) and Product teams should be the best of friends, even BFFs. In practice, the two functions are often siloed, separated by a wall of creative tension and misunderstanding. Until recently, this issue was frequently overlooked, especially at early-stage SaaS companies. There, motivated sales organizations, supported by sturdy CSMs who were seen as “gap fillers” for the product, were usually enough to deliver the customer experiences that drive growth.

Rise of the customer-centric mindset

Today, things are starting to change. A more customer-centric mindset has arisen in executive circles—thanks to Customer Success evolving and becoming a company-wide imperative and the growing adoption of product-led growth strategies. This mindset recognizes that CS teams can go only so far unless they lock arms with Product to deliver the features, enhancements, and experiences that promote universal user love and adoption. It recognizes that CS should be not just a functional responsibility, but a company-wide endeavor and becomes particularly critical when the need is to scale and drive efficient, durable growth. For CSMs to be growth enablers, it's important to ensure that the product meets the current and future needs of customers. In other words, to consistently generate the outcomes you need, CS and Product have to develop a shared framework and strategy that are tied to process, people, and technology.

Without common strategies, expectations, and metrics, it's not uncommon for CS organizations to complain that what's being shipped isn't fully baked, or that the release cadence is too frequent or infrequent. On the Product side, Customer Success Managers (CSMs) may be viewed as a font of unrealistic demands and deadlines.

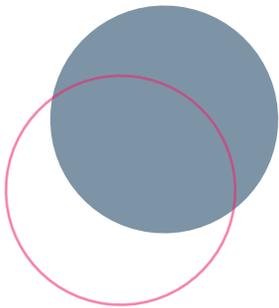
Even if a company manages to avoid these problems, at some point along its journey from start-up to maturity, it will have to confront the issue of how to scale customer success. How do you leverage the information you have—internal and external—in an efficient, standardized way to facilitate customer success?

Unlock value with a Product + CS interlock

To meet this challenge, I recommend that SaaS companies create a Product + CS Interlock—a company-wide initiative that enhances collaboration between the teams by establishing common communications touchpoints, projects, processes, metrics, and governance. The ultimate objective is to develop an ongoing program of joint decision-making that's based on very clear shared expectations about what needs to be done (when and by whom) to overcome key challenges and ensure you are maximizing growth from your product.

Although the specifics of how the cross-functional teams communicate and govern themselves will vary from company to company, I believe it's critical that every program be built around three components:

- 1. A “neutral” leader.** To avoid the perception that one function is “taking over” the other, it's important that the behavior of the person you choose to lead the program be perceived as fair and neutral. The last thing you want is for your leader to be branded as CS or Product biased. Even if the person comes from a Product or CS background, they should make a point of keeping one foot firmly in both camps by advocating on behalf of every stakeholder involved in the program. The ability of the program leader to understand different points of view and defuse creative tensions can be a major factor in helping you obtain (and retain) cross-functional buy-in.
- 2. A limited number of joint projects.** To keep your initiative focused on specific, tangible, and achievable objectives (and avoid biting off more than you can chew), the teams should align around a limited number of projects. At Gainsight, for example, we focused on three projects: (1) a revamp of our product release process; (2) acquiring better customer insights to support the overall product development lifecycle; and (3) providing better support for our CS ops and end-user communities.





3. A shared, cross-functional framework based on: Finding common ground on what everyone needs to do to provide customers with what they will need. For example: in the past, our Product team worked on what they knew was coming and what they needed to do. Meanwhile, CS worked on what they thought customers would need to be enabled. To establish common ground, we instituted a shared methodology called release impact sizing. Now, all the features proposed for a release have a size assigned to them by the product manager and an SME team, who determine the size based on customer impact (e.g., a big UI change for end-users), as well as go-to-market implications such as “Would the debut of this feature require a big marketing splash?” From there, every feature is graded from a quarterly release perspective, and the assigned sizes determine both the launch strategy and the enablement assets to be delivered.

Shared Project Milestones. Create project milestones with cross-functional reviews and sign-offs. Note: It’s important that the scope of the cross-functional reviews and sign-offs cover not only product and engineering readiness, but also your readiness to enable customers and properly market the release. Once the milestone and review process is up and running, every member of the CS + Product Interlock should feel enthusiastic about what’s coming next. Why? Because once they hit every project milestone, they’ll know they’re fully prepared for the upcoming release.

A Shared Scorecard. Finally, it’s vital that you develop a shared scorecard to measure success. For example: with regard to release process milestones, you might want to measure external and internal sentiment by soliciting answers to three core questions: “How prepared for the release did you feel?” “What types of assets did you find most valuable?” and “How would you rate the quality of the release and all the new assets?”



Of all the components underlying a CS + Product Interlock, I think the shared framework is the core determinant of how successful the program will be. Although every ingredient in the initiative will contribute to the results, more than any other ingredient, the shared framework will help ensure that your new CS-Product relationship is durable, long-term, and founded on joint problem-solving rather than mutual finger-pointing. And that’s pretty much the definition for BFFs.

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