White Paper

ENSURING CONTINUOUS PRODUCT MARKET FIT IN FAST MOVING MARKETS

In a world where products and markets are changing continuously, the subject of product market fit is no longer only a startup topic. It's essential to have product market fit across the product life cycle. Learn how to find it and maintain it continuously from startups to mature organizations.

To ensure product market fit in fast-moving markets, it's important to constantly assess how well your product resonates with customers. This requires being attuned to their needs and preferences, as well as tracking customer feedback and engagement data. If you can't manage this sort of ongoing evaluation and adjustment, you're at risk of falling behind the competition. So how can you ensure product-market fit (PMF) continuously? Read on for tips from the experts!

The International Software Product Management Association (ISPMA®) recently gathered 34 industry experts using the Currnt market intelligence platform to discuss several PMF topics spanning:

1

The biggest challenges that companies are being faced with their product-market fit on software-intensive products, in particular after the pandemic.

2

Which approaches and tools they are using, and how they are assessing their success with PMF,

3

How established and more mature companies can learn from start-ups and scale-up companies and vice versa.

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PRODUCT MARKET FIT:
NEEDS AND DRIVERS

Customers are having higher demands for digitization and new functionality. This has emphasized the need for organizations to develop a culture that monitors and challenges the current product and product market fit and then leverage automation to support the monitoring of product market fit with key metrics.

THE IMPORTANCE OF HAVING A CULTURE THAT EMBRACES FAILURE

There are many challenges for those pursuing an innovation's product-market-fit (PMF), particularly in large companies. Besides the tensions that may arise from missing the planned deadlines, it's hard to accurately plan the timing. The product leader usually faces inherent PMF challenges such as product failures, feature gaps, unforeseen costs, etc.

Panelists believe while market and customer input is still essential, it is also important to develop or nurture a culture where teams are allowed to challenge company decisions, and failing fast can be accepted as a way to improve their product.

Andre Felippa, Partner | Chief Strategy Officer: "In my experience, the best way to counter those inherent pressures is through the appropriate corporate culture and attitudes, built upon proper trust and delegation (to the team responsible for the PMF), a genuine openness to making mistakes, and learning and adapting from them in an agile manner. It's also critical to deploy a recognition system that rewards both the most effective outcomes and also the best learnings from errors. Such a culture must come all the way from top leadership and be fully embedded and frequently reinforced across the whole company."

Mahmoud Abdelaziz, Founder & CEO: *"It always starts from the customer/user side, so one of the biggest challenges/mistakes is not listening to the customer/user from day 1 and not focusing on his/her pain to be filled by the new product."*

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UNDERSTANDING COVID-19'S IMPACT ON PRODUCT-MARKET FIT

The pandemic has accelerated the expectation to adapt product-market fit quicker to meet the demand of the digitization of products.

According to experts, one of the lessons from the impact of Covid-19 on markets is that markets will always evolve and adapt to current human circumstances, and PMFs have totally shifted and changed with the pandemic. Digital interactions have emerged as the winner from the pandemic, and that allowed entire markets to emerge on the basis of this fact.

Motti Elbaz, Chief Marketing Officer: *"During the Corona period, processes that should have taken five years in market education were shortened to 5 weeks. Everyone has become accustomed to consuming digital services in a moment and at all ages. Consumers expect the company to think digitally. Consumers expect to buy the product and receive service and support for it completely online and without the help of a representative. Many companies are not there yet, even though the vast majority of customers of all ages are already there."*

Jennifer Frigault: *"Prior to the pandemic, companies would take months to launch a new feature, quietly testing, dipping their toe in the market, etc. We didn't have that luxury during the pandemic, and consumers wouldn't allow it. I think the lesson is that we can fail fast at times and be transparent to consumers about what we are trying to solve or provide for them and bring them along in the journey. If the idea is good and the company is genuine and transparent, I think consumers will be more willing to try."*

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ASSESSING PMF STATE: WHY CONSTANTLY MONITORING AND ADJUSTING MARKET FIT IS ESSENTIAL FOR SUCCESS

We asked experts to share insights on how companies can correctly (and in an unbiased manner) determine their - or their competitors' - current PMF state.

The experts revealed that surveys and interviews are one way to understand how consumers are interacting with competitors and your own PMF state, but they are inherently biased. You'll be asking questions based on existing assumptions or setting out to prove or disprove a hypothesis. They advised that there is a need to constantly monitor and potentially adjust product market fit based on your product analysis and the metrics that companies follow. What was true last year may not be true anymore.

Josh Tilley, Strategy Director: *"You need to fully understand how consumers are really using your or competitor's products and services - observing and not interfering. And using an external moderator can be key to removing bias too. Once you have highlighted the key trends and insights, these can then be sized to understand the prevalence in survey work."*

Matthias Schlegel, Product Manager: *"While qualitative customer feedback is for sure absolutely crucial, I would look at numbers for a first indication of where my product stands in terms of PMF: Comparing your growth rate with the growth rates of your competition and the overall market growth rate should quickly give you an idea of how big of an issue PMF is to your product. From there on, direct or indirect customer engagement is a great way to determine appropriate measures."*

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PRODUCT MARKET FIT:
TOOLS, BEST PRACTICES, AND SOLUTIONS

Regarding the best practices, tools, and solutions companies use to ensure PMF, panelists acknowledged that it all comes down to the customer and the customer's problem. They advised organizations to understand their customer base and market using VOC (Voice of Customer), A/B testing, Surveys, and more - and launch fast and fail fast if needed.

THE TOP TOOLS EVERY PMF NEEDS

Based on the panel discussion, customer insights, VOC, and market analysis are the preferred tools in the belt when working with PMF. Listening to your customers is key. Other useful tools are A/B tests, MVP, and prototype work, preferably in co-creation with the market.

Joe Parsons, Product Manager: *"Extensive VOC work is the best tool in my PMF tool belt. I perform VOC through phone calls, emails, external surveys, and in-person interviews. In my opinion, the in-person interviews are the most useful and provide the best feedback."*

Jimmé Peters, Marketing & Communications Executive: *"Ongoing testing and listening of your broad customer base is so important. There is the A/B testing option for new product messaging, user feedback, suggestions for upgrades, etc."*

Ahmad Yousu*f, Fintech | Health IT | Product Management: "The Product-Market Fit Pyramid is an actionable model that defines product-market fit using five key components. In this hierarchical model, each component is a layer of the pyramid and is directly related to the levels above and below it. From bottom to top, the five layers of the Product-Market Fit Pyramid are: your target customer, your customer's underserved needs, your value proposition, your feature set, and your user experience (UX).*

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THE BEST PRACTICES TO DRIVE PRODUCT-MARKET FIT

The best practices startups and larger companies should employ to ensure PMF must center around the customer. Customer surveys, mapping the customer journey, job-to-be-done etc., are some of the top strategies product teams can adopt to understand and acknowledge customers' problems and provide the right solutions.

Joe Parsons, Product Manager: *"Our stance on product-market fit is that surveying and talking with customers about the work they are accomplishing or wanting to accomplish with your product and developing a product that fits the needs, price, look and feel of the majority is the best practice."*

Michael Fruhling: *"When we understand the customers' journey to achieve the jobs they want done and obstacles they face in doing so, we can define relevant problems to focus on. However, switching behavior (relative to existing alternatives) is not just about solving problems or even solving them better than what the customer is currently using.*

It can also be about providing a much more compelling offer that overcomes inertia and will drive switching behavior. The best marketers develop and test offers that will generate switching behavior and encourage ongoing usage without holding customers 'hostage' via onerous contracts."

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ENVISIONING THE FUTURE STATE:
IMPLEMENTING INSIGHTS & LEARNINGS

We wanted panelists to share their perspectives on some of the learnings larger entities and companies can utilize from the start-up world and newer, more agile companies and vice-versa.

The narrative is that startups are lean, more hungry, and much more dependent on success since not having PMF could cause the end of the venture, whereas corporate companies spend more time investigating, planning, and executing - this enables repeatability and market acceptance.

THE POWER OF STARTUP CULTURE:
HOW THE CORPORATE WORLD CAN LEARN FROM THE NIMBLE AND HUNGRY

Fail fast, launch fast, and rapid go to market are some of the learnings from the start-up world.

Experts indicated that the biggest learning that a larger company should take from a start-up is to be flexible. Start-ups know that to succeed, they must make a product that fits the biggest part of the market and maintain that product in an ever-changing world. Being flexible, agile, and quick at keeping up with the changes in the market is most important. But take into account that customers of mature organizations have different expectations than startup customers

Jonathan Ralton, Senior Product Manager / Team Lead, Digital Enablement: *"Failing fast is a huge lesson from the startup world that it seems larger companies either forget or never adopt."*

Mahmoud Abdelaziz, Founder & CEO: *"The recommendation is to go to the market as fast as possible. Talk to your customer or user and get feedback from them. Then, build a POC or MVP and make them try it as an early adopter."*

Tara Hodgkins, Product Manager: *"Product teams in larger companies can see success by continuing to keep things simple. We may be solving complex, multi-million dollar issues, but if we continue to understand the foundation of both our product and company - we will be better equipped to execute solving the business problem."*

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WHAT STARTUPS CAN LEARN FROM LARGE COMPANIES

According to panelists, larger organizations seem to be more consistent and more willing to invest time in documentation and emphasizing knowledge capture and reuse. Smaller/more lean organizations often rely on the flow of knowledge to happen through personal interactions--figure out who might know what you need and go talk to them directly. There could be a balance where there is a bit more intention and formality around knowledge management in fast-running product organizations in startups.

Reva Minkoff, Founder and President of Digital4Startups Inc.: "Some larger companies have systems and procedures that startups could use -- having documented procedures doesn't have to inhibit innovation and can make it easier to move fast and release. Having project management tools and systems can help projects and innovations move from one team to another. Having procedures documented can also help with longevity and knowledge transfer - especially if there is turnover."

Marco Ruffa, Digital Transformation Director @ PINKO Head of Luxury market @ Luxochain, Innovation designer & data-driven creative consultant: "Startups tend to be accurate and super fit to market despite the cost in product development or market delivery.

ORGANIZATION AND CULTURE MATTERS

Culture and organizational design play a vital role. Experts noted that when dealing with an uncertain business environment, companies need to both have a culture that allows them to learn and iterate quickly and the tools and processes that make that possible.

Andre Felippa, Partner | Chief Strategy Officer: "A leaner, more agile organization cannot perform well without proper tools and platforms (even more so in our current hybrid working environment). Tools alone won't do it, and organizations without tools won't excel -- but there's one more critical element: the right culture and mindset. I've seen companies shuffle their organization, change job scopes, turn teams into agile squads, and, without changing their culture from top to bottom, they have eventually failed in their product market fit endeavor. By culture or mindset, I mean safeguarding the PMF team's autonomy and their 'right' to make mistakes and learn fast from them. So, it's actually a tripod: organization + tools + culture = PMF agility."

Motti Elbaz, Chief Marketing Officer: *"Organizations should allow employees to express their opinion honestly without fear."*

Reva Minkoff, Founder and President of Digital4Startups Inc.: *"When dealing with an uncertain business environment, companies need to both have a culture that allows them to learn and iterate quickly and the tools and processes that make that possible. We've seen companies of all different sizes not be able to pivot quickly enough because the company culture didn't allow for it -- they were too slow-moving, required too many decision-makers to buy in (or wouldn't make a decision at all), or refused to change or be open to change. At the same time, the right tools and processes can enable a company to move quickly once they have the buy-in -- and to have a process that allows for that."*

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PRODUCT MARKET FIT:
VIABLE APPROACHES & ACTIONABLE OUTPUTS

We wanted panelists to help us understand to which degree the 'startup approach' can be used and is appreciated by the customers of the corporate companies. And to which degree the 'corporate approach' can be used by bootstrapped and resource-limited startups.

Experts advised that, in general, startups are more customer-centric and closer to their key users and stakeholders, and corporates are better in process, documentation, and investigation. Both must manage customer expectations when they apply each other's approaches and methods.

INTRODUCING THE "STARTUP APPROACH" TO PRODUCT MANAGEMENT FOR MATURE PRODUCTS

Panelists agreed that the startup approach can be applied to existing mature products simply by adopting an agile test and learn approach within product teams at large companies. They argued that there's no reason that large corporations can't also utilize scrums, prototypes, and MVPs -- the teams just need to be set up for success; and those things need to be permissible within the team and company culture, even if it's just within that division. In fact, large companies can utilize that to their advantage by fostering places where innovation and testing is welcome and encouraged, even if that's not within their core product.

Thiru Damodharan MBA, Marketing Insights & Innovation: *"Build generalists within large corporate companies instead of having one person focusing on a single delivery mechanism. When you're in the start-up environment, leaders and team members generally wear many hats and are intimately acquainted with each aspect of the business. Corporations can emulate this broad knowledge approach by rotating different team members through the innovation team for a period of time."*

Marco Ruffa, Digital Transformation Director: *"In a few words: by leveraging the startup approach (even if I prefer to use the word mindset), the relationship between product organization and customers will be extremely accelerated."*

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APPLYING THE "CORPORATE APPROACH" TO STARTUP PRODUCT DEVELOPMENT

Corporates have time and resources to conduct longer user projects, market analysis, etc., - generating more data for data-driven decisions. Startups are under a lot more time pressure, are typically working with less people power, and are trying to fail faster to get to a viable solution. The 'corporate approach' elements can still be leveraged in certain situations by constrained startup organizations.

For example, when you're failing quickly and more often to get to that viable option, they don't have to start over again completely with research--those user group feedback learnings and the research that was done can remain valuable when trying the next option. This can happen when there is better knowledge transfer and documentation to make sure that value is reusable--especially with limited resources. The more value that can be squeezed out of what already has been done, can benefit over the long term.
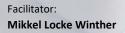
Josh Tilley, Strategy Director: *"Something I've thought a lot about lately is codification - formalizing the processes which are integral to corporate entities and using them to create efficiencies in startups with limited resources. See this as a way not to strangle the energy out of young and emerging businesses but as a way of making the mundane and process-driven elements be delivered as quickly and efficiently as possible and allowing your best people to focus on the jobs where their energy, creativity, and drive can make the biggest difference. Use your people to add value, not get lost in the weeds of processes."*

Samar Hamdy, Co-Founder & CBO: *"Documentation can be handled through wise management that ensures deliverables in both business and code levels. It comes through practice and adding it as a part of each task to each member of the team."*

Mahmoud Abdelaziz, Founder & CEO: *"'Corporate approach' is perfect for startups that have products dealing with sensitive types of data in sensitive sectors like fintech, insurtech, and healthtech areas. In addition to putting the regulator as part of the product stakeholders from day one."*

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METHODOLOGY

The International Software Product Management Association (ISPMA®) leveraged the Currnt technology and its ecosystem to find the right experts and engage them in robust dialogue over the course of several weeks.

Facilitator:
Mikkel Locke Winther

Product Leader, Strategist and executer... at ProductFIT DK, ISPMA Certified Product Manager;
20+ years with product management in the IT industry, dealing with complex technology solving complex issues. Includes software product management, hardware and cloud based SaaS. Working with diverse stakeholder groups and handling large international partner ecosystems, building relations to both large industrial partners and government institutions.

Panelists

Andre Felippa
Partner and Chief Strategy Officer at Adventures, a communications and branding startup. Formerly, Latam President, CMO and Marketing Vice President, across multiple industries and geographies. C-Level Advisor, Board Member and Certified Agile Coach. Over 30 years of international experience, with full P&L accountability.

Mahmoud Abdelaziz
Founder & CEO that comes from startups culture that developed different B2B digital products based on advanced technologies for difficult sectors like manufacturing and fintech. Experienced in product development phases including the marketing and sales to growth especially for B2B products.

Motti Elbaz
Chief Marketing Officer of Hot, the biggest telecom company in Israel and part of the global communications corporation company Altice which operates in a variety of countries including Europe and the US. Skilled marketing manager with 15 years of experience in global and local B2B and B2C technology, telecom and consumer products.

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Jennifer Frigault

Executive leader with over 20 years' experience in building and leading data strategy teams and projects at large scale companies, Champion for the use and management of data, analysis and testing to drive and measure company performance. Also, built and led teams comprised of business analysts, data governance, data science, qualitative and quantitative research, testing strategy.

Josh Tilley

Brand planning and strategy director based in London, and so specialise in that sweet spot between market, category and societal trends, product/service innovation, and the communication of that proposition.

Matthias Schlegel, Product Manager Product Manager for Autonomous Simulation and products.

Joe Parsons, Product Manager

I am a product manager of a line of construction equipment that is entering a newer market.

Jimmé Peters

Marketing & Communications Executive Responsible for assessing the customer audience, channel, stakeholders, and how to market each product accordingly to maximize margins and promote the brand is the key to staying ahead in the market.

Ahmad Yousuf

An up and upcoming Product Lead for a US based Fintech with experience working for multiple startups as a Business Analyst for the last ten years.

Michael Fruhling

Teaches Lean Startup (including Product Market Fit) to MBA students at The Ohio State University and also have applied Lean Startup principles in new product development consulting engagements with clients in FMCG space.

Jonathan Ralton

Senior Product Manager substantively involved in product-market fit motions on how to engage clients across our offerings and the methodologies utilize to describe the outcomes and value.

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Tara Hodgkins

Product Manager who works primarily with software that works in a fast moving "market" and ensuring that the team stays within our requirements, regulations, and rules.

Thiru Damodharan

Founder of a start-up and an experienced CTO with product marketing experience in various markets. Have been responsible for all product-related matters that includes product strategy, product vision, product innovation, product design, product development, project management and product marketing in fast-changing business environments.

Reva Minkoff

A three time startup founder and the owner of a digital marketing agency that focuses on working with startups, Worked with hundreds of companies to help them achieve and prove that they've achieved product market fit.

Marco Ruffa

A cofounder of a startup and digital transformation director who works on data management and monetisation willing to match behavioural analysis with customer intelligence generating prescriptive actionable insight. Aso involved as Head of Luxury in a startup dealing with Blockchain called Luxochain.

Samar Hamdy

A Co-Founder for a deep tech startup and I am leading all Marketing and Business activities related to our solutions.

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Product Market Fit (PMF) is a continuous challenge and objective across the product life cycle from the early startup stage to the maturity stage due to changes in the market and changes in and additions to the product. Startups and mature organizations (corporates) can learn from each other – with adaptations.

With the pandemic, products and PMF have been becoming more customer-driven, require more customer involvement and speed to meet the demand of the digitalization of products. There is a need to continuously monitor and potentially adjust product market fit based on product analysis and chosen metrics.

Learn More

If you have questions, contact us today.

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Conducted by:
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