

Episode 35: Empowered Product Teams

Shruti

Thank you, Marty, for joining us. It's very exciting to have you on our podcast. And we are talking today about Empowered, which is, I believe, the second book in the Silicon Valley product group series. I was curious what inspired you to write this book?

Marty

Well, funny enough, what inspired us to write Empowered was actually Inspired, the other book, the first book, because Inspired is really my favorite topic. It's all about product discovery and how teams work. But one of the things that happened with Inspired was it spread way beyond the little bubble that I had worked in before, and it went out to all these companies, and people reached out to me, especially a lot of CEOs, a lot of head of products, a lot of technology, and they said, "Well, it's not our teams that's the problem. It's the leadership is not set up that way."

And a lot of the people on the team said the same thing. And I realized that it's not really enough to share the practices of the teams. You have to share the practices of the leaders to enable those teams. And that was really the motivation for Empowered, realizing I had not written about those topics, and we needed to. So, that was the motivation. And that's one of the nice things about Empowered is it's really brought... Because really, the leverage is with the leadership. They're the ones that need to be onboard. The teams are rarely the problem. It's the leaders that need to get with the program.

Shruti

Why empowered, as in, why do you think that the team should care about it? Why should the product leaders care about it? What do you think an empowered team looks like?

Marty

Well, at one level, one level, it's because wouldn't you like to be valued and rewarded like the best companies in the world? That's the financial argument. And that's the, it's all really we do. And in Inspired and in Empowered, is we write about the techniques of the best companies. As long as those companies continue to perform better than everybody else when it comes to innovation, it's like the one answer is, well, don't you want to work like that too?

To me, the more motivating answer is look at how much happier the people are that work in those companies. Look at how much more they contribute to their teams and their companies. Look at how much better they take care of their customers. Most people I know, honestly, whether they're an individual contributor, like a product manager or an engineer, or they're a leader, they really do want to do something meaningful. They want to help. They want to use their brain. They want to use what they learned in school. That's what Empowered is about. It's about letting you take advantage of the talents of your team. Like Netflix says, "Pushing decisions down to the team because they're the ones best positioned to actually come up with the best solutions."

Shruti

Yeah, that's great. It's great you mentioned that. I know in your book also you talk about how empowerment is all about pushing decisions down in your team. Going back to how product leaders are not really sometimes onboard with this, I'm curious, what do you think product leaders should do to facilitate it?

Marty

Well, there's no question, a lot of product leaders, some of them, ideologically, they prefer command and control, but most of them don't really. It's just that that's all they know. Literally, that's the only system they've ever seen. They have never worked at one of these companies before. They spent their entire career in companies or in cultures that it's all top down, command and control. CEO makes their decisions, the stakeholders make decisions, and at the end of that chain is a bunch of developers to implement features. So, that's all they know. And what I saw, what the book, Empowered, is about is trying to help them learn that there really is another way. And it is not an accident that the best companies use that other way. And that why don't you at the very least just give it a try? Just give it a try. You don't have to bet your company on it. Just let a team give it a try, and here's how you can help.

Shruti

Yeah, that's great. And I know you provide a lot of great insights around that topic. One of the things you mentioned is how coaching and hiring is such a key part of what product leaders should be doing. And you described that a lot in the book. Can you share your thoughts on that and why you think it's so important?

Marty

Well, yeah, because fundamentally, let's say, one of those leaders does want to at least give it a try. There are really two schools of thought out there for how you scale a product organization. And one is with process. And the belief there is the leaders say, "Look, we've got all these people, we bring new people in all the time. We need a process. They need to follow a process." Another school of thought says, "No, you

need to teach them to think. Everybody's going to face different situations. Product is not a recipe."

Instead, what we need to do is teach them to think. We need to share the first principles. We need to share the strategic context. How do you do that? Coaching. That's why another one of those things, it's not an accident. I argue that the best companies have coaching as the foundation of the role of a manager. And on the other hand, in these other companies, coaching isn't even listed as a top 10 thing. It's not a thing for them. What they do is they send their people to some form of process training, and they think that that's going to work.

Shruti

Very interesting.

Marty

It's just bad. It's just bad across the board. That's not how product is done, not in a real product company.

Shruti

It's fascinating to think about it in this way and not just from a process perspective. It's very interesting. Curious, you mentioned about how strategic context should be given in order for the team to think clearly, and it's so important to do that. In a fast-moving environment, sometimes, it can be so challenging. What are your thoughts about this, and how can product leaders give more strategic context to their teams?

Marty

Yeah. Well, the thing to realize is that first of all, this is a total non-issue with tiny startups. It's one of the reasons that I love small startups. Basically, the company is a single product team. That's it. So, everybody knows what we're doing and why. But if you've worked in a true startup, that doesn't last very long. Either you're terrible and you're out of money, and then, everybody goes and finds another job, or you're good and you grow. You get to product market fit, and you grow. And pretty soon, you wake up in the morning, and you've got 15 product teams, or 50 product teams, or 100 product teams. Now, it's a much different situation. We are all there to contribute to the larger whole.

But one of the worst things to happen, and usually, it's a clear sign that things are in serious trouble, if anybody on any of those product teams says, "I don't even understand what the big picture is. I don't see what we're working on actually helps the company. I don't see how it helps the customer." A lot of people will tell you that

that's a clear sign that the leaders have not been sharing the strategic context. Because we want all 25 product teams to head in the same direction. We want every single engineer to know how what they're working on today is going to make the lives better for our customers. They need to be able to know that, and that's strategic context. That's things like the product vision, product strategy, the overall team topology, and the problems each team is working on.

There's a bunch of fun books out by leaders of great product companies today. One of them is called No Rules Rules by... It's the Netflix story and by Reed Hastings. And Reed says something in there that was really, I was impressed with. I had never heard this particular thing before. Overall, the book is making the argument for truly empowered teams, really setting the dial high on very empowered teams. But he says, "Look, every once in a while, a team or a person makes a really bad decision, which happens everywhere." Just all the time, somebody makes a bad decision. And his first reaction, of course, is how could we have hired this idiot? Why do we have this person? But then, he says, "It's not likely. We are pretty good about hiring here." And they are at Netflix, they're pretty good.

So, the chances are it's not that the person is clueless. And he realizes what's probably going on is that I as the leader have a piece of context that person doesn't. And I need to figure out what that is because we need to start sharing it. So, he'll seek that person out, he'll sit down and say, "Hey, I saw you made this decision, and I really wanted to understand why did you make that decision? What was your thinking?" And as soon as the person articulates, "Well, look, here's why. This is what we were told to do. Here's our situation." And it's like, "Well, okay, I see what it is. We have this whole partnership, or we have this whole strategic initiative, or whatever, and I have not shared that." That has not made it to this person. Clearly, that's really a fault of the leadership team.

So, they start realizing, we need to talk more about this so that then, the people can make a better choice. That's the flip side of the coin of pushing decisions down to the teams. You have to give them the context in order to make good choices. It's still a great trade-off because the teams are the ones working with the enabling technology every day. So, they're the ones in the best position to see the best, most innovative solutions. They're also working with users every single week, so they know. All you just need to provide them the context. It's not enough to actually empower them. You have to provide them the context too.

Shruti

Yeah, that makes so much sense. And I know related to that, as you mentioned, giving the product vision and setting the product strategy, one of the inputs to that is also coming, sharing, creating, using insights for that. And one of the things you

mentioned in your book is how great product companies shared insights and enable that, create that environment. What are your recommendations or tips on creating an environment which basically is creating a culture which seeks and shares insights?

Marty

Good. Yeah, this is goes by lots of names. This is what product discovery is all about. This is an experimentation culture, however you want to refer to it. But the idea here is you really, if your company depends on continuous innovation, then we live by insights. Now, insights are just learnings. You learn things. In product discovery, it's all about every day learning things. What we don't talk about a lot is most of those learnings are not very exciting. Most of the learning is our current prototype is still not very good. That's the learning. You're not going to put out a press release saying, "Our latest prototype is still not very good." However, once in a while, the team not only figures out that it's not very good yet, but they actually get an insight as to what would make it better, really better.

Now, we understand why this has not worked so far. Now, we understand, we have evidence, we've realized something important. Those kinds of insights, first of all, they're unpredictable. They could happen once a week, they could happen, who knows? They're just all over, and they can happen from all kinds of different people. Normally, the most of the insights come from the product teams doing their discovery work every day. But you want to coach and train your company so that when those insights are discovered, they immediately share them with their leaders. And they really want to do that for two reasons. The first reason is because maybe that leader knows another team that is also stuck on this, and that would help them. But more importantly, this insight might be important enough that it should go feed into the next iteration of the product strategy.

And in fact, this is what drives most product strategies, these insights that come from the teams. Now, there are many sources of insights, probably most teams' favorite today is the data. There's just so much great insights to be had in the data if you do the work, and you collect the data, and you analyze the data. Another one, and this has always been a great source of insights, is just talking to your customers. Just amazing. If you know what you're doing, you don't do a focus group where you ask them what you want, but you literally put your ideas in front of them, and see their response, and try to find all the reasons they wouldn't buy it, they wouldn't use it, incredible source of insights. Always has been, probably always will be, so that's a great source.

Another great source is the technology. The technology is moving constantly. And your engineers, that's part of their job. They're tracking the latest technologies and

they might say, "Hey, there's a new machine learning technique out there that looks like it could really help us. We should maybe look into that. We've wanted to solve this problem for a long time." The enabling technology's one. And then, another one is just industry learnings at large from other companies in your space, from other industries that have similarities. There's so much to learn that way. Those are probably the four. Those four sources are easily 90% of the sources of insights. You can get them anywhere though. And I always coach product leaders to be open to those insights coming from anywhere and everywhere. You want your door to virtually always be open to anybody that thinks they have one of these insights, to explain something important, or to see a real opportunity. So, insights are really what power our product strategy, and that product strategy is updated constant, at least once a quarter.

Shruti

Yeah, makes sense. And it's very interesting how you mentioned that good product teams do this. I was curious, once product vision and product strategies define, I know you talk about various team topologies, and some team topologies work better in certain circumstances. What should the product leaders think about in terms of whether their current team topology is working or not, in terms of empowering their teams? How do they know it's working or not?

Marty

That, question, if you were to talk to the best product leaders in the world, they'll tell you that's one of the hardest things they deal with. This is a hard question for everybody. It's actually a lot easier to know a topology is bad than to know it's good. You know it's bad when your engineers, your product teams are constantly complaining that just to do even a simple thing requires all this act of Congress. You have to get all kinds of coordination, and you need project managers involved. You've got eight other teams you need to work with, all these dependencies. And they're thinking, oh my gosh, when we were smaller, I could have just done this in about an hour and be done. And here, it's just this bureaucracy. That's a sign. We talk about a good team topology is highly aligned, but loosely coupled. That's a sign of not being loosely coupled is that they are so interdependent.

Now, the reason it's such a hard problem is because there is no perfect topology. Whatever you optimize for is good for something and not for others. What we're really trying to do is come up with the best set of choices that works well for us. As long as the team topology, number one, it needs to be able to execute on our product vision. So, your product vision has all these needs, capabilities you have to build. You need to make sure you have teams working on them. You also have to meet the needs of the business along the way. Topology's trying to balance all of these things.

Shruti

Yeah, that makes sense. I know you talk about when once the team topology is defined, how giving work, if you will, assigning work to the teams is also such a critical part where you talk about how team objectives help with that. But you also say that sometimes, it has not worked in companies. Can you share your thoughts on why it has not worked and how product leadership can help make it work effectively?

Marty

Well, I bet what you're referring to is, I have said many times that OKRs are often a failure at companies.

Shruti

Right.

Marty

OKRs, first of all, OKR is just a simple little technique, and it's really not about the technique. You can be a great product company, empowering your teams without using the OKR technique. The reason it's such a problem is that a lot of companies adopted the technique because it is a simple technique, but they aren't set up as empowered teams. They're set up as feature teams. And they don't realize that that's a complete mismatch. OKRs were created for empowered teams, came out of literally Andy Grove, who this company was a great example of this, created it as a way to assign work to empowered product teams. If you just try to layer that on top of feature teams and roadmaps, the easiest way to see this is if you literally are giving your team problems in OKRs and giving them solutions in the form of roadmaps, what do you think they're going to pay attention to?

They're already committed to dates and deliverables on their roadmaps, so they're just going to ignore. That's why it's called OKR Theater. A lot of companies trying to use OKRs have no business using OKRs. And I know it's all because of that stupid video done by Google years ago, that with one of their leaders was saying, "Yeah, OKRs are easy. You should use them. We've been using them for years." All true. But what he didn't say is, "And the reason we use them is because we have empowered teams." He didn't say that. So, people saw that. A lot of CEOs saw that, said, "They make a ton of money. Maybe we should use that technique. It looks easy, and we'll make a ton of money." And of course, it doesn't happen. So, that's what's going on there. Now, if you are empowered teams, the point of a product strategy is to identify the most important problems to solve. And then, once it does that, you...

Marty

Is to identify the most important problems to solve. And then once it does that, you assign them to the teams. I just learned of another example of this just the other day, which everybody I think here could relate to, or at least those of you that like music. Spotify, which has been a great example of really everything I'm talking about. And a few years ago, their leaders got in front of the teams, the empowered teams, they call them squads, got in front of them and said, "Look, we do a really good job of helping you manage your music, but we do a very poor job of helping you discover new music." And they said, "This is a big problem. We need to solve this." And their product teams got to work on that problem. And they ended up doing some beautiful product discovery work.

It's a little confusing because the name of their feature they came up with, or their new capability is called Discover Weekly. And the idea is that they could generate playlists that are at least as good as the playlists that we create for ourselves. And that was the theory, that was the product idea. And they were able to do that. And what it does, I mean that's been out there live for a while now, and what it does is it helps people discover new music that they didn't even realize how much they'd like. So that's an example of the leaders doing their job. Notice they didn't tell them what to build, they didn't give them a roadmap of features. They didn't even know how this was going to be solved. They didn't even really know what way to approach this. But that's what they're set up for.

Their whole culture, their whole operating model is set up around consistent innovation. And the teams got to work and did their experiments and they got insights from the data and they did lots of tests. And they realized we can do this. Machine learning is very powerful right now. We have incredible data. Anybody who's used their service and played a bunch of songs, they have a lot of data on what we probably like to listen to. And so maybe they could generate playlists and they would be useful and it could get smarter over time. So that's what good product teams do.

Shrut

And I know you contrasted it with feature teams where instead some companies typically would have a roadmap or a top down approach as to what should be done, not just why it should be done.

Marty

Well, since we're on Spotify there.

Shruti:

Yeah.

Marty

Imagine it wasn't an empowered team company. That would never have happened what I just said. Instead, it wouldn't have been their head of product saying, "This is our problem we need to solve." There would've been a finance stakeholder saying, "Hey, we need way better reporting for our payment stuff." Would've been an HR person saying, "Oh, we need more stuff to onboard new employees." It would've been the VP of international saying, "We need better services for outside of Sweden," or wherever. And so each of those would've generated roadmaps. They would've thought about it. They would've got together in quarterly meetings and they would've said, "Well finance, we're paying the bills. We need 10% of the engineers."

And the international would say, "That's our growth opportunity. We need 20%." And they would've each generated features that would've gone onto a roadmap. And their feature teams would've been there to implement those features. Completely different. And I argue Spotify's not here. Because Spotify happened to pick one of the most difficult areas and competing against, among others, Apple and Amazon, two of the best product companies in the world. So they're no way they survive working as a feature team company in my opinion. There's no way to know that for sure. You can't run that test. But I believe firmly they would not be here if they had set up that way. And they knew better so they set up all around empowered teams and got to work.

Shruti

Yeah. And I know in your book you do talk about how sometimes this is all about trust, right? Also that the executors trusting the teams that are going to be empowered and product leaders also facilitating that this happens from the teams themselves. And I know you talk about how the role is to define a strategy and a problem and then for the product leaders and for the team to then go find the right solutions.

Marty

And you're right. I mean trust is at the foundation of all of this. If you talk to Netflix, it's all about trusting their people. You talk to Spotify, they literally have a principle which is trust is more important than control. And it's the same thing. I mean, this is one of those things you'll find at all the good places, that trust is necessary for teams to work. Trust between the members of the team, often referred to as psychological safety, and trust between the teams and the executives.

Shruti

Yeah, that's fantastic. And I know part of building that trust is also the coaching and giving context. Is that right?

Marty

Absolutely.

Shruti

Yeah. Makes sense. So what would be your thoughts for the teams that are trying to empower, get into this transformation where they want to move from feature based teams to empowered teams, What would be your thoughts or suggestions on how they go about it?

Marty

Sure. Well, first of all, we should acknowledge most companies that try to go about that fail. That's well documented. It's a really common problem. Usually the companies spend millions of dollars, they hire a bunch of consultants and they get nowhere. It's just rearranging the deck chairs. Mostly because those consultants just bring in a big formal process and think that's going to fix anything. But it doesn't. So it's really important to be aware of all these traps trying to lure you in. But there are companies that have succeeded in really changing. And it's more useful to look at them. One of the big things you'll see is that it's very hard to make this change if the CEO is not on board. I mean really on board, not just lip service. And the reason for that is pretty straightforward. It's because it's not that hard to get the product teams to do what they need to do.

What's harder is getting stakeholders to go along with this different way of working. That's much harder because they're frankly used to being in control and pulling the strings and creating the roadmaps. And going forward, they're not out of the picture but they're now partners. And they don't all want to do that. So without the CEO really helping, doesn't really help. Now fundamentally though, once you've got that support from the leaders of the company, really boils down to three things really. The first is they need to change how they build if they're not doing this already. What that means is that they need to move to frequent, small, reliable, decoupled releases. Right now for most companies today, that's continuous deployment. But it doesn't have to be. But they do need to be able to release no less than once every two weeks. If they're not doing that consistently, each product team, they're not going to be able to take care of their customers the way they need to.

And that normally, they should have done that 20 years ago. If they're that old, they should have. But there are a lot of companies today that call themselves, they all call themselves agile. They all do. Yet they're not empowered and they release monthly or they release quarterly. This is important if you're trying to help a company transform, you got to call bullshit on that. You just got to say, "Look, that's not agile at all." All that is following a process. It's not what it means. And so because they really will need that. In order to take care of customers, you need consistent, reliable, small,

frequent release vehicles. So that's the first one. That's normally the easiest is some hard work in terms of test and release automation. But everybody should have been there by now. But a lot of companies are not.

The second is changing how you solve problems. This is the move from basically feature teams to product teams. This says no, instead of handing teams a roadmap of features and projects to build, we now need to give them problems to solve. And you now need to staff those teams to be product teams, not feature teams. The main difference there is they usually still have engineers and designers. The main difference is you need a real product manager. Not what a lot of people call a product manager. In a feature team, they're called product managers, but they're really project managers. They're really there to herd the cuts because all the real decisions have been made by the stakeholders. So that changes on a product team, a real empowered product team. Now the product manager is not a project manager, they're a maker.

They are helping to come up with the solutions in product discovery. They're explicitly responsible for value and viability. That means they have to know the customer, know the data, know the market, know the stakeholders, the business. And that's a big job. The designers don't have that knowledge, the engineers don't have that knowledge. And you can't make decisions on what your solution should be without having that knowledge on the team.

Shruti

That's interesting.

Marty

So the biggest gap usually when a company moves from feature teams to product teams is they realize they don't have product managers. And a whole other orthogonal contributing factor is that a lot of those product managers are literally only been trained in product ownership, which is a tiny little piece of the job. And so that's a problem too, because the product owner is maybe five or 10% and it's an administrative part.

So a product owner being certified as a CSPO or PSPO is meaningless, just meaningless. You could do it, it's fine, but that is not teaching you to be a product manager. But unfortunately a lot of them, that's what they think they're learning when they get that certification. So you have to make sure you have teams staffed with the cross-functional set of skills you need. And then you need to give them the ability to solve the problem. And that's product discovery. It means them coming up with a solution to the problem that's valuable, usable, feasible, and viable. And once

they have confidence in evidence that they have, then it goes on a product backlog and the engineers deliver it and delivery the way we talked about in the first item. All right. So that's the second piece is changing how you solve problems.

Third piece is really what it means to move from the project based model or the IT model it's called, to the product led model. And that means changing how you decide which problems to solve, which opportunities to pursue, means which threats to take seriously. This is all about product strategy. How are you making those decisions? But in a feature team organization, this is a non-issue. There really isn't a product strategy because the stakeholders each choose whatever they think is the most important thing for them. So nobody's really looking at this problem of, "Okay, for our customers, for our business, these are the most important things we need to do." But in a product company we do. So that's the skills to come up with product strategy. So those are the three sets of skills, changing how you build, changing how you solve problems, and changing how you decide which problems to solve. If you can do those three things, you have turned into what we mean as a strong product company.

The way I like to measure that too, by the way, is if you do these three things, the point of it all is so that you can now pursue opportunities successfully that you've never been able to pursue before. You'll be able to respond to threats that you've never been able to respond to before. So for example, during the pandemic, we saw certain companies flail and go under, and we saw other ones grow at unprecedented speed. The ones that were able to respond to the threats, well the threats and the opportunities, are thriving. The ones that couldn't, nature took them out. So this is why. And if your company can take advantage of these opportunities consistently, you're doing great.

Shruti

Yeah, so true. And also to your earlier point that the people are also happier is another one who for sure. So yeah, that was a really elaborate answer. Thank you for providing that more detailed answer. It was a great pleasure having you, Marty, Thank you so much for your insights.

Marty

Well thank you for inviting me.

Elizabeth

I wanted to ask Marty a little bit about here, you gave a really great answer about what is required for transformation to be really a product driven company. Is there an order that companies should do those, or do they have to do them all at once? I can

see a lot of companies say we want to get there, but that seems like chaos. How do I get through the chaos to that other side?

Marty

Yeah. So it was a really common question and it's a good question. So first of all, you can do them in that sequence, 1, 2, 3. And I have seen it, so that is true. What we usually recommend is a little different. What we recommend is, and of course the real factor here that I haven't talked about is the size of your company, just how big it is. Because if it's a very big company especially, or I even say medium to large, doing it all at once is usually not advised. And what we prefer are pilot teams. So we'll pick a small number of teams and then we'll do all three of those things for those small number of teams. And then when that goes well, it spreads that way. So that's another dimension.

There isn't any real reason why they have to be done in that order or anything. It's kind of natural, teams, they usually start with the engineers, they start with moving to frequent delivery and then they start looking at product discovery. And only then do they start looking at really getting more advanced with product strategy. But a lot of companies in transformation, they do all three of those simultaneously and then spread it from there.

Elizabeth

That's really great. The other thing that stuck out to me a little bit was talking about how the leaders in the company provide strategic direction. So you use the Netflix example, which I love in terms of him saying, "Well, I must have some piece of information that they don't know yet. I need to understand that." But it seems to me, like I run across so many CEOs or company leaders who articulate strategy in ways that don't feel actionable

Marty

Or don't feel empowering, I think is also common. They feel like they're just command and control.

Elizabeth

And the most obvious one is a company size related to revenue. "We want to be a 10 billion company." And it's like, "I don't know what the hell that means. That doesn't help me make a single decision." I don't think, right?

Marty

No, that's a business strategy statement, not really what we're talking about here.

Elizabeth

Yeah. So can you elaborate a little bit on how you would coach management to think about providing an effective strategic context if they're-

Marty

Yeah, absolutely. And actually your question helps me distinguish between the head of product and the head of the company, because those two are two huge roles that are pretty different roles. So the head of the company, and that might be a head of a business unit, like a general manager or could be the CEO, but it's very normal for the board and the C-suite to make business strategy decisions. They might say something like, "We're going to go international," or, "We have to figure out a way to double our revenue."

And that's business leadership. Now, product leadership is how should we do that? A normal company, more normal company, the product leader, they get these objectives, business objectives from the CEO, and then that product leader is responsible then for the product vision that will get us there, a product strategy that will deliver on the vision while meeting the needs of the business. So there's pretty clear roles and responsibilities there.

Elizabeth

Yeah. Excellent. Thank you.

Shruti

And your book is a great reference for product leaders for sure. It was a really good read. It was one book that was recommended by my manager, and I would do the same to any product leaders in my team as well.

Marty

Well, glad to hear it.