Product Development And 80% Solutions

Why New Products Should Never Shoot to Solve 100% of Any Problem

By Bob Norton

Why You Can't Be All Things To All People!

Ever notice how that last 10% of almost any job takes half the time or more? This is a simple fact of life in most tasks because the more detail you try to do the further you get up that exponential cost/time curve to perfection. Even painting your house perfectly is an unachievable and ridiculously expensive goal. In fact an excellent job will cost twice as much as a very good job, and that will cost twice as much as a "good" job, which will cost twice as much as an OK job. That means an excellent job can cost about sixteen times more (2 X 2 X 2 X 2 =16) than a good job! Think about that next time you get a fixed price quote! So you need to decide where you want to be on that quality curve which is also exponential. How close will you want to look at that paint job to feel good about it? How much will customers want to pay? This fact of life applies to most products and services in some way.

Unlike large companies, where thousands of people can be impacted immediately by a product, not to mention the brand, a startup with a new product demands some real risk taking, faster solutions and essentially a far less complete solution that is lots cheaper than any larger company can expect. And I don't mean 50% of what a large company might invest; I mean 10% or 20% for the same or better product for most customers!

Lets face it, if Microsoft waited until Windows 1.0 really worked they would not have released version 1.0 in 1989, they would have released Windows 95 SIX YEARS later when it was ALMOST stable, or even Windows 98 NINE years later when it really was stable and a decent product. Although this is slightly different, it makes the point that companies need to ship product to survive before it is up to the standard you would like. Customers can begin using it and will get a better second version quickly that fixes the most important things, but also allows them to move forward with their objective.

Every Product Must Ship With Some Problems

The fact is that no company can afford perfection and every product is shipped with some problems and/or missing features. This is not to say that product quality needs to suffer, I am not talking about quality. I am talking about solutions that cover 50%, 80% and 90% of the problem instead of 100% and have several defects. Although counterintuitive, this is not only acceptable, but very desirable in most cases.

The fact is that customers will generally only use 20% to 50% of a fully mature product and you need to figure out exactly what that is, and deliver just that, in a first release.

How you do this is more art than science, but it involves lots of customer research and a broad scope and understanding of the customers' day-to-day activities and priorities.

Too often the person doing Product Management either does not understand the technology well enough to understand its limits, and help in design, or does not understand the customer and market well enough to design the product. People that can understand both the market and the technology, and translate between the two, are the most valuable people in your organization. They can make or break the company by delivering the right product to the right markets. All too often, this responsibility is broadly spread across many people in an organization and no one takes full responsibility for it. This prevents quick iteration to the right product every time, as it is designed by a committee and never works well or fast. Someone must "own" the product vision and have a very high understanding of the market and technology. However, they must also integrate all feedback and have the business experience to prioritize taking into account all costs, not just development. This can cut product development costs by 50% to 80% all by itself by developing the right product (or subset of it) first time out. Believe me this can save millions in other costs while an early stage company is losing money every month.

Talk about partial and ugly, yet ultimately elegant and economic 80% solutions! I am sure some engineers initially wanted to build a custom transporter of some kind for the shuttle, but quickly realized this would not make sense. This 747 has done the job for years without and problem and cut enormous development costs to create a special vehicle to transport the shuttle.

Let's Talk About Why NOT Solving The Entire Problem Is A Good Thing!

Firstly, we must understand that any complete solution is the complete solution only to the exact problem in someone's own personal product vision, maybe even for a single company or client. For example, each software engineer in a team of 10 to 20 will set very different priorities on different features in the software. They may be right or

wrong, in fact some must be wrong, but all that really matters is what customers think and you will not really know that with high confidence until a first release is in the customers' hands.

The real product development sometimes begins only after there are customers using the product daily, with serious skin in the game that demands they provide real world feedback to you.

The other advantage of this approach is that you will narrow your target customer-base some and hence improve your ability to win those customers over any competitor. This better defines a niche where your sales force can be more effective at closing sales. If you discover that a particular vertical market or niche needs three features no one else has you can attack that market segment for early customers with lower costs and risks.

You Are Shooting At A Moving Target

The next point to consider is that the world, market and target customer are probably moving - this is quicksand moving beneath you and you only get to solid ground when you have a solid base of customers that are committed to your solution. Long development cycles mean that your product people are almost always getting out of touch with changes in the marketplace. Shorter development cycles and iterative work with customers avoids this problem. The rapid pace of change today makes it critical that design and development cycles be as short as possible. Less, is more – literally!.

If in fact it can cost two to ten times as much to solve an entire problem, can you really afford that when 80% of your customers only need 20% of the product? Of course not! You need to target that 20% functionality with the first release, get revenue flowing, and just as importantly, customer feedback flowing on new functionality priorities. When you have this, you are not pouring money down the proverbial product-development rabbit hole, but are targeting your spending to things you have proven customers need today.

The leverage in these methods is huge and can mean the difference between having cash to grow and not going anywhere. All this requires a very specifically designed product management process, which can mean the difference between becoming a $1 billion company and going out of business. No exaggeration! Really!

Discipline, Focus and A Narrow Objective, Without The Ego Getting In The Way Of Leveraging Off Of Other People's Previous Work Can Increase Results Five Fold!