

The product management talent dilemma

Despite product managers' central roles in software organizations, they are often neglected from a talent-management perspective. Four levers can address this industry-wide challenge.

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Product management remains one of the most critical roles for any company for which software is a core growth driver. Amid the growing importance of data in decision making, an increased customer and design focus, and the evolution of software-development methodologies, the role of the product manager has evolved to influence every aspect of making a product successful. As a result, CEOs and technology leaders often identify the role of product manager as one of their top talent priorities. Paradoxically, results from the McKinsey Product Management Index reveal that companies are underinvesting in this crucial talent pool.

The McKinsey Product Management Index is a survey of product managers at leading software companies to understand the capabilities and enablers that create top-performing product managers (Exhibit 1). This research surfaced systemic gaps around software-talent management; in fact, fewer than half of the product managers feel prepared to play the roles expected of them or grow into future product leaders.

Product managers spend time across a range of critical areas and influence every part of the product

The McKinsey Product Management Index highlights the wide range of activities that demand the attention of product managers. The days and weeks of an average product manager are fragmented, which requires they be good at wearing multiple hats and prioritizing ruthlessly (Exhibit 2).

Modern product managers are involved in a wide range of decisions. For example, nearly 80 percent

of product managers actively participate in design activities, over 80 percent are involved in go-to-market decisions, and nearly half are involved in pricing decisions. Additionally, 60 percent of product managers have basic analytics skills that enable them to dive into metrics and draw insights without relying on analysts.

Talent management is a pervasive gap

Despite the central role that a product manager plays, the talent-management practices associated with this function are surprisingly underdeveloped. This gap is evident across the industry—at large software companies in Silicon Valley, early-stage tech companies, and incumbents in other industries that are becoming more software oriented.

As an example, only 35 percent of the product managers have clarity on what it would take to advance in their organizations, roughly the same number feel sufficiently coached and mentored and around 20 percent say that their companies have highly effective programs to identify and retain the best talent.

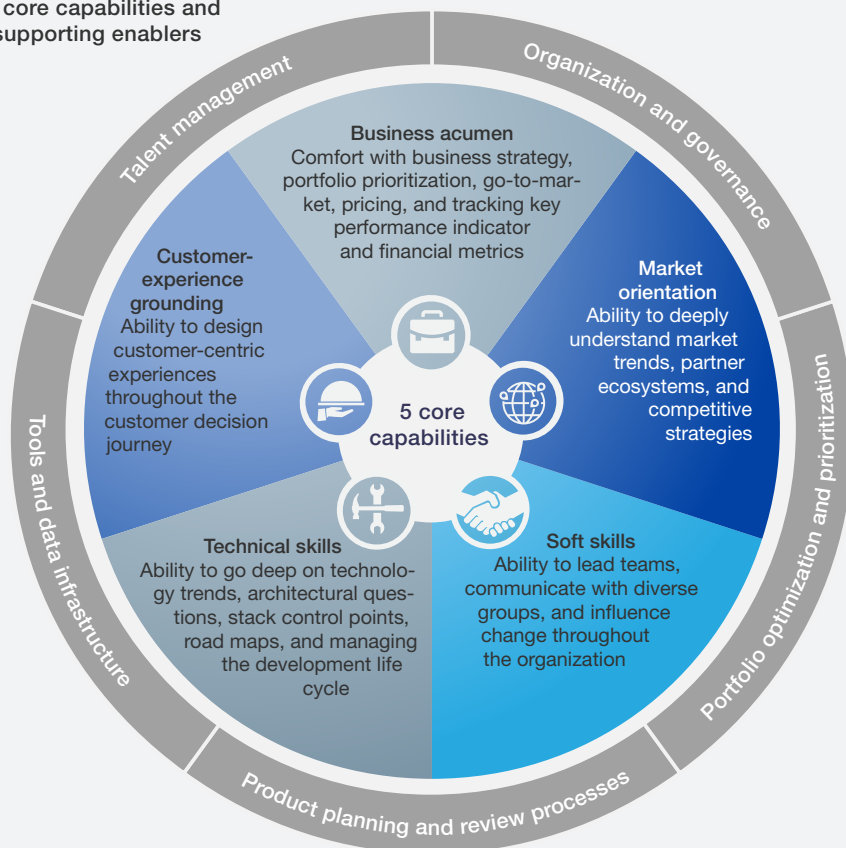
We observe several underlying drivers for this gap in talent development. First, there are limited roles that involve managing people and teams in the product organization, and unlike in engineering, companies have not consistently defined an expert track for product managers. This can prevent product managers from growing or feeling that their careers are progressing unless they are managing more people.

Additionally, the leadership development model for product management—that is, the behaviors and

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Exhibit 1 Five core capabilities, supported by an effective operating model, create the conditions for top-performing product managers.

The 5 core capabilities and their supporting enablers



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mind-sets that product managers are expected to display at various levels—is often poorly articulated. As a result, the only way to measure product managers is on the success of their product. Product managers tell us that they believe career progression at their companies is a matter of being in the right place at the right time to become part of a hit product rather than of doing the right things.

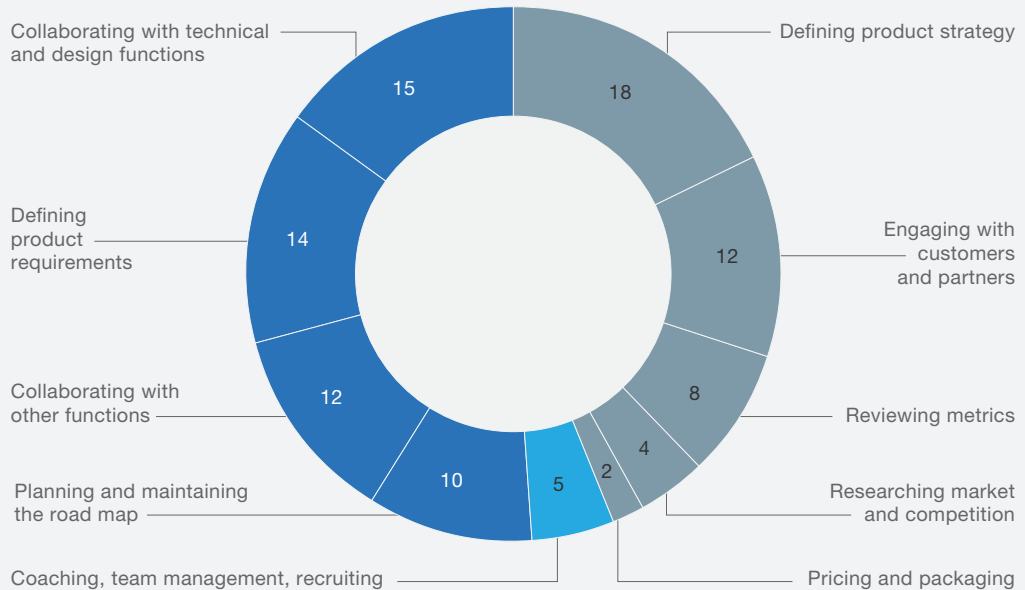
What is more, product management primarily requires learning on the job, but few software companies have put in place mechanisms to support

this learning. Product managers often start in other functions, such as engineering, design, or marketing, and bring a specific set of skills from their previous roles. But this transitioning talent needs support to wear the multiple hats required of product managers.

Compounding the issue is the fact that product managers make up a small talent pool at most companies and hence often end up lower on the agenda of HR leaders.

Exhibit 2 Product managers must easily change gears and ruthlessly prioritize to support a vast number and range of activities.

Typical time spent by product managers,
average % of time spent on each activity across respondents



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Several elements can help companies build a world-class product management talent program

There are four key levers to pull to build a world-class program for product management talent.

First, articulate the product management leadership development model for the organization. This should include a concrete, actionable description of what the organization wants and expects from its product managers. It should reflect the organization's strategy and priorities and is not the same as the conventional list of competencies used to assess employees. For example, competency models are often expressed as innate traits, qualities, or values that product managers should have, such as "is decisive," whereas

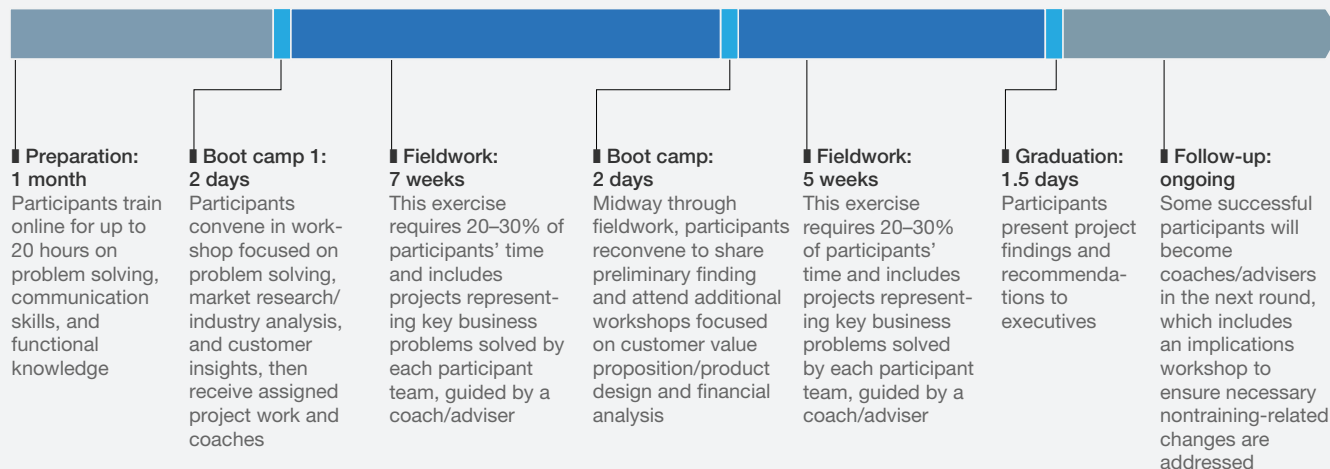
a leadership model is expressed as concrete descriptions of desired behaviors, such as "acts to reach timely closure on decisions." The leadership model should also articulate what it looks like to make different transitions in the organization. For example, how do the behaviors and mind-sets differ for an established, principal product manager from one who is transitioning to a director of product.

Second, provide the product managers with organizational enablers for ongoing growth and apprenticeship. There are many ways to do this, including rotational programs, regular cadence of product reviews (with focus on coaching and knowledge sharing rather than inspection), walking in the shoes of other functions (taking support calls

Exhibit 3

Training for product managers is most effective when learning is grounded in daily activities.

Sample curriculum for 20–25 product managers at the academy



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or doing customer demonstrations, for example), conducting skip-level one-on-one sessions, providing formal mentorship programs, giving regular growth-based feedback, and so on.

Third, leverage a field-and-forum approach to design an end-to-end learning journey. There are several principles and approaches for learning programs that we have discovered through our work with technology companies. The first is that product managers, like most adults, learn best by doing rather than by watching videos or sitting in classrooms. Additionally, product managers learn most effectively through activities that are grounded in their day-to-day context rather than through generic product management trainings. For example, we have run a product management academy program in which product managers take on ambitious projects and are coached through them on a weekly basis (Exhibit 3). It is important to note that these learning programs

must be tailored to the different transitions that are critical for the individual organization. Additionally, it is important to put hard metrics on the “soft stuff” by tracking key performance indicators for these programs that measure both participation and subsequent effectiveness.

Last, hiring should be a strategic priority for senior leadership. At best-in-class software companies, senior product managers often report spending 3 to 5 percent of their time (equivalent to a half day to a full day per month) on recruiting. Doing recruiting well includes getting three elements right:

1. identifying and articulating the organizations' unique value proposition for product managers
2. leveraging diverse sourcing channels (using online communities like Hacker News, sponsoring meet-ups, identifying internal talent

in other functions that are likely to produce product managers, and making “acqui-hires,” for example)

3. a recruiting process that is efficient, removes unconscious biases, and tests real-life skills (through cases, actual presentations on product ideas, analyses using real product data, interactions across functions to test the ability to work with engineering and design, for example)



Product management is one of the most critical talent pools for any company that is writing software

but often does not get the right level of attention. Having a world-class product management function requires a multipronged approach under a holistic talent-management program. We recommend that this be a joint priority of the chief HR officer and the head of product. ■

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