Best PM Practices in B2B Business

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A foreword by SC Moatti

The business-to-business (B2B) market is booming. In 2020, global B2B e-commerce was valued at over $6 trillion, and is expected to grow at nearly 20% annually for the next several years. What an opportunity!

B2B is an issue that is near and dear to our Products That Count network of 300,000 product managers and leaders. Again and again, we hear from PMs how B2B involves special opportunities, but also specific challenges.

That's why I am so excited to now bring you an eBook addressing those issues.

This eBook is all about best practices for PMs in the B2B space. First we look at how to measure products in a B2B environment, including the most effective KPIs. Next we discuss the biggest challenges faced by PMs in a B2B environment, which is unique from the business-to-customer (B2C) world but shares some overlap. Finally, we share best practices on coaching product teams to engage with customers, which might involve developing some unexpected relationships.

If you are now, will be, or have been involved in a B2B business, this eBook is for you. I hope these insights help you navigate the exciting and expanding world of B2B products.

By the way, I love hearing from product leaders about how they are using Products That Count resources in their companies. So drop me an email or ping us on social media to let us know how this eBook has helped you lead your B2B product team!

About SC Moatti

Products That Count, Founder

SC Moatti is the managing partner of Mighty Capital, a Silicon Valley venture capital firm, and Products That Count, the most influential Product Acceleration Platform. Previously, she built products at Facebook, Nokia and Electronic Arts, used by billions. She also serves on boards of both public and private companies, including mobile technology giant Opera Software. A16z General Partner Andrew Chen called SC "a genius at making mobile products people love."

What are the best KPIs to track when building great products in a B2B environment? What are some of the key KPIs your team should measure their success against?

When we talk about building great products in any environment, it is always important to use good measurement tools. Choosing the right KPIs (key performance indicators) for your products depends greatly on your B2B business model. In a traditional sort of enterprise sales model, KPIs will be related to revenue, like **retention**, **tiers**, and **upgrading**. In a software-as-a-service or "freemium" model, metrics will be more related to the conversion funnel, including KPIs like **time to close** or **cost to land a lead**.

Product engagement metrics are also important, even though they might seem more directly relevant to B2C environments. Product leaders in a B2B environment cannot ignore this set of KPIs, since engagement metrics can also lead to higher revenue. Such metrics include **engagement by feature**, as well as **NPS**, or net promoter score. This can tell you the percentage of customers who are recommending your product versus those who are not recommending it, or worse, who might even be detractors. Further, when dealing with vendors, B2B businesses can look at OKRs (objective and key results) or service level agreements to make sure vendors are meeting deadlines and helping to increase revenue and conversion rates.

KPIs are only as good as the data inputs. These can be a challenge in a B2B context.

While B2C tends to have a lot of customers and a lot of interactions, resulting in plenty of data through experiments like A/B testing and product insights, B2B tends to have fewer and bigger customers. In many cases this has meant less reliance on data in a B2B environment, but product leaders are trying to change that. A main question is, how do we get the data necessary to track the KPIs we need to measure product success?

Many product leaders find that the KPIs they need are not readily available in their companies, requiring them to spend time building out those capabilities before taking the next step of measuring them on a sustained basis over time.

"We all want to rely on the data," says American Express Product VP, Penelope Madry. "We need to ensure that we have the tools in place to capture the data. And sometimes that requires teams to prioritize implementing those tools. Making sure that is a priority across the team is important."

Culture is an important first step in aligning behind

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Penelope Madry
Product VP,
American Express

this priority. Product leaders need to instill a data-informed or metrics-driven mindset within the organization. When decision makers are in the habit of referencing the data, and data is involved in various cross-functional conversations between product, engineering, and design, it then becomes easier to build the necessary infrastructure.

> **With the right culture and mindset in place, PMs can do what they do best: focus on solving problems.**

By focusing on problems, not solutions, we are forced to ask questions, and the need for data naturally follows. Once the gaps in knowledge have been identified, it becomes clear what investments need to be made in instrumentation or tooling.

One caveat worth noting is that data can be qualitative as well as quantitative. In fact, in B2B situations with a smaller customer pool, qualitative data may prove most valuable. In this case, PMs must have open lines of communication with the customer, asking questions like:

- **Why did you choose us?**
- **Why did you sign up?**
- **What problem are you trying to solve in your organization?**
- **How are we helping you?**

Recording direct quotes from customers provides highly useful information that PMs can present to the leadership team to help direct prioritization.

What are some of the biggest challenges for product teams in a B2B environment?

In comparison with B2C, as we have already noted, product teams working in a B2B environment are often dealing with fewer clients and thus limited data. This means there is also more at stake per customer. **All of this adds up to a necessarily more qualitative approach for PMs in the B2B space.** According to Fidelity Investments Head of Product for Customer Journeys, Deba Sahoo, "Compared with B2C, in B2B it is much more of an art of figuring out the user research, feedback, and design."

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Deba Sahoo
Head of Product for Customer Journeys, Fidelity Investments

Along with that artform comes navigating your own company's internal hurdles. Some of the internal challenges in B2B, particularly at large companies, are related to implementation. Legacy systems with lots of inertia can complicate efforts to quickly develop innovative tools to meet your clients' needs.

Another source of friction can come from customers themselves. It could be that a customer expects that your system will somehow mold to the way they work, whereas it really should be the other way around: the customer has to change their processes to fit within your system. This type of demand can be challenging if the client is particularly large, opening the possibility of a single customer influencing the direction and priorities of B2B products.

Some PMs are building solutions for B2B that do not have direct links to monetization. For example, an API (Application Programming Interface) like Twilio might be plugged into a customer's system to improve communication capabilities, but may not be directly monetizable, or it may be hard to track its impact. In this situation, it is incumbent on PMs to demonstrate what percentage of revenue is actually dependent on products that aren't designed to make money directly.

A final but frequent concern for PMs in B2B is misalignment with the sales team. Best practices here involve product teams getting directly involved in the sales process, to shadow and understand the customer journey. This is important because while sales teams might prioritize stakeholder requests, product teams may have a better handle on what products and tools are actually working for customers. **By building strong partnerships across teams, and within organizations, you can increase the quality of stakeholder engagement.**

How can product leaders coach teams to engage with customers?

While we know it is important for PMs at B2B companies to engage with customers, it isn't always clear how teams can do that effectively. Here are some ways that you can push your team to get in front of customers, gather customer feedback, and incorporate the voice of the customer into B2B products:

1. Host regular user groups or forums, a valuable space for collecting user feedback
2. Run monthly usability tests as a way to institutionalize the voice of the customer, providing regular and transparent feedback available to all
3. Conduct win-loss analysis; after a loss, a third party firm can be hired to go talk to customers and understand why a deal was lost

B2B teams must also **navigate a customer terrain** in which decision makers are not always the same as the product users, requiring a different set of relationships and strategy. "In B2B products, there's often a decision maker who is completely different from the actual user," says Nest Wealth Product Lead, Urvi Chetta. "So your user retention could be high, because you have built the product for that user, but then you never get the product in the hands of the user because the decision maker wasn't able to see the value. So it's important to empathize with decision makers as well."

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Urvi Chetta
Product Lead, Nest Wealth

Product leaders must coach teams to have a broad spectrum when it comes to outreach, requiring relationship building with sales teams, decision makers, and the customers themselves.

With all these groups, there are different questions to ask, but above all PMs need to listen well. Conversations with customers can provide valuable feedback not just on what they want or what their requests are, but also on how things are working. Ask questions in a neutral way. What are your customers trying to do? What are the problems they have? Do they need solutions that you haven't thought of yet?

Once you have done the necessary outreach, product teams should aim to use this information in a holistic way to make better decisions in building an informed infrastructure over time.

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Empowers 300,000+ PMs via:

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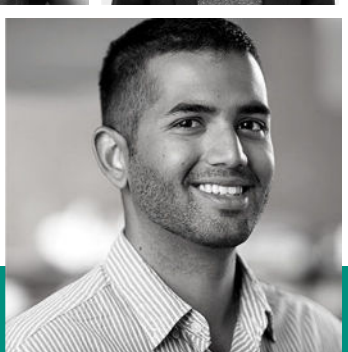
- Thousands of videos, podcasts and articles online
- Best practices from Netflix product VP, Box CPO and more
- A focus on answering the question, “What makes a great product?”
- Its commitment to inclusion and increasing diversity in product











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