



How To Build A Customer-Led Product Team

A GUIDE TO BEING USER-ORIENTED AND PUTTING THE CUSTOMER FIRST

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Every product team likes to say that they're customer-driven.

Their company's mission is all about putting the customer first, and their office is decorated with “customers rule everything around me” posters. It's easy to pay lip service to being customer-led — but being user-oriented is much harder in practice.

It doesn't matter what your decor says — truly building around the customer is a function of how your product teams are structured. To create products that users love, you have to examine and reshuffle your team from the bottom up. By identifying what your current team organization prioritizes, you know what needs to be reoriented to shift your group's focus to customer needs.

It takes structural change to connect your team with customers. Organized to know exactly what buyers want, your team can iterate their products faster and better.

The Cliff of Customer Experience for Product Teams Today

Every team wants to create products that their customers love — but that's a daunting task.

You have to balance a multitude of customer inputs across devices, channels, and platforms and implement them into your product development. At the same time, you have to ensure that the product will meet profitable business benchmarks — you can't offer a reliably outstanding user experience if the product isn't sustainable.

How your team meets this challenge all depends on your organization. There are typically two different types of product team structures:

- **Business-Led Teams:** Product decisions are driven by KPIs to grow revenue and profits.
- **Product-Led Teams:** Product decisions are driven by customer inputs to create a superior user experience.

These two types all reflect valuable priorities: monetizing and customer satisfaction. But exclusively focusing on a single one limits your product's potential. You might have a product

concept, for example, that reflects what customers want but isn't financially feasible. Alternatively, your team might have a product idea that seems profitable based on past products' revenue, yet doesn't align with what customers want in user research.

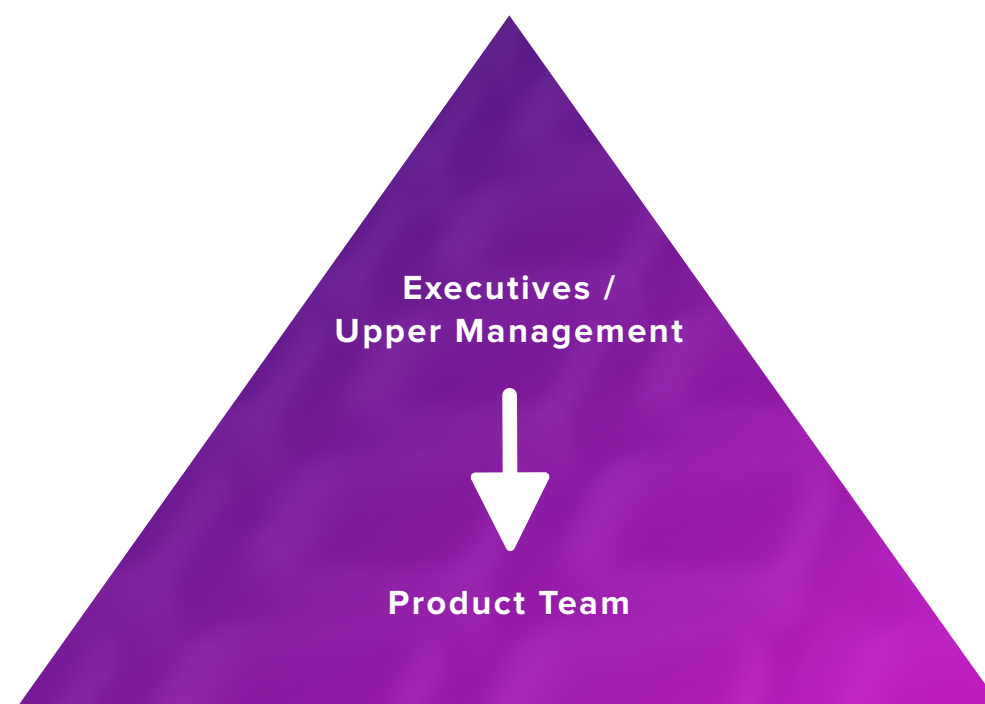
The key is to balance both priorities as a customer-led team. Aligning users' needs with business goals allows teams to build profitable, customer-oriented products. Serving both interests, companies can sustain their business and continuously provide users with products they love.

To balance both business-driven and user-driven interests, your team has to be restructured. We'll walk through how each team type can be adjusted to prioritize both areas. With business and user interests all considered, [your team](#) will be set up to create products that are both customer-centric and profitable.

Business-Led Teams

Generating revenue is critical for product teams. It doesn't matter how cool or exciting your product concept is — if the product itself leads to losses, it's not worth developing.

Business-led product teams understand this well. They have a tactical, earnings-driven mindset that often sets their products up for success. By using Key Performance Indicators (KPIs), these product teams can focus on growing the revenue and profits of their products. With top-down decision-making, upper management at the company controls and approves product development so it's always aligned with the company's goals.



This business-driven perspective, however, can also lead products to their downfall. By focusing on KPIs and putting product-decision making in the hands of senior company leadership, business-led teams can be slow to discover and implement the best ways to improve their customers' product experiences.

The business-led development process

Think of your favorite brands — Nike, H&M, IKEA. Given their scale, these companies are all likely home to business-led product teams.

Business-led teams operate in companies that have many products, yet aren't engineering-focused. With non-technical products, these companies rely on KPIs to measure their company's progress. Focusing on these metrics keeps product development aligned with the business' larger revenue-based goals.

The model works by integrating upper management with product development. Project managers report their team's progress to the company's upper management, who ultimately decides the overall goals and trajectory for each product. With this oversight, the senior leadership can keep the company's strategy and products unified and consistent for customers.

This upper management typically includes the CEO and other executive team members of a company. Many other internal stakeholders, such as the board of directors or investors, can also be involved in decision-making with business-led products. If an individual plays a major role in the company's long-term success, whether through their job or investments, they're usually offered a seat at the product decision-making table.

Risk is minimized by making product decisions with KPIs. By prioritizing performance metrics, the upper management can objectively measure what's worked in the past to decide how to move forward in the future.

Prioritizing metrics and top-down decision making, here's what a product development workflow might look like in a business-led organization:

1 RESEARCH

A Product Manager (PM) researches a problem to understand the challenges the customer is facing and how a product might resolve those issues.

2 PITCH

With research completed, the PM outlines a plan for developing a product to show to upper management. Senior leadership holds the decision-making power — if the product seems problematic or unlikely to sell, upper management won't approve the plan.

3 SPEC

Assuming the product plan is approved, the PM will work with developers and designers on their team to write a product spec, the document that outlines what will be required of the team to build this product.

4 DEVELOPMENT

Once the spec is complete, the PM, designers, and developers work together to build and iterate on the product. Throughout this development stage, the PM reports back to upper management on the progress of the product.

5 FINALIZE

As the product development finishes, upper management forms insights using the product's KPIs to decide whether it should be launched.

With this workflow, the business-led product team focuses on stability and profitability. These guiding principles usually lead teams to launch successful products that their buyers love — but not always.

Impact on customer experience and product development

By focusing on KPIs and risk-aversion, you can gradually build a product that supports your company's larger goals. Instead of making quick, unfounded product decisions, a business-led mindset helps you make steady, incremental progress and align product development with the organization's goals.

Building around the company's goals, however, doesn't always mean you're being customer-centric. You can't quickly adapt your product to customer needs because you have to wait for approvals from upper management. Your product development is also disconnected from customers because you're primarily building around what management wants, rather than what customers need.

Impacting the customer experience and product development, the business-led team model comes with a few pros and cons.

PROS

- Focusing on KPIs gives you greater control over business outcomes. By tracking performance metrics, you can see which elements of your product actually lead to greater revenue for your company.
- Building on what drives revenue often serves your returning customers. By focusing on what's worked for your business in the past, you're expanding on what most customers already enjoy and love.
- Centralizing product decision-making under upper management makes it easier to develop a unified product experience. With a single vision, as opposed to several divisional views, employees can confidently execute the product strategy.

CONS

- KPIs aren't always the best indicator of what consumers want, especially in the long-term. By only focusing on business goals, you miss the customer's perspective and can easily create a product that no one wants to buy.
- Having so many internal stakeholders involved in the decision-making process slows down development. An idea for a product in business-led teams has to get approved by so many parties before it can be implemented, so the customer has to wait longer for a solution.
- With the same stakeholders working on multiple products, it's tough to know who's accountable for specific issues and pinpoint solutions to product issues.

The business-led team knows how to measure KPIs and identify the best ways to monetize a product. But no matter how many metrics they track, this team type can easily miss what the customer wants. Structured around business objectives instead of customers, business-led teams can mistakenly build a product that users don't want to buy.



Blockbuster Business-Led Example

Blockbuster is the quintessential example of business-led product development.

Ten years ago, you couldn't drive through a suburb without seeing the chain somewhere. Blockbuster was the king of video rental stores throughout the 1990s and 2000s — until it was dethroned by Netflix and shut down in 2014.

Blockbuster's ultimate downfall can be attributed to its business-led product decisionmaking.



"The board, which were heavily retail-focused, saw embracing online as a threat to Blockbuster's future as they thought it would cannibalize the high street sales."

— Bryn Owen, ex-Blockbuster UK CMO

The company judged their product and company based on its past strong performance in stores, assuming customers' preferences wouldn't drastically change over time.

Their overwhelming business-driven decision-making is especially clear in Blockbuster's rejection of Netflix. Reed Hastings, the CEO of Netflix, met with Blockbuster's executives in 2000 to offer the company a buyout deal: purchase Netflix for \$50 million and Netflix would manage a DVD delivery service for Blockbuster.

Netflix was turned away by Blockbuster, but they probably aren't too bothered by this rejection today. Netflix is now worth [\\$100 billion](#), while Blockbuster was forced to shut its doors in 2014.

Saying no to Netflix was clearly a big mistake in retrospect. But at the time, Blockbuster had business-driven reasoning to justify the rejection. In 2000, Netflix had only 292,000 subscribers and relied on the U.S. Postal Service to deliver its DVDs.

	Year Ended December 31,				
	1998	1999	2000	2001	2002
Other Data (Unaudited):					
Number of subscribers at end of period	NA	107	292	456	857

(in thousands, except subscriber acquisition cost)



The company was losing money.

	Year Ended December 31,		
	2000	2001	2002
Revenues:			
Subscription	100.0 %	97.8 %	98.7 %
Sales	—	2.2	1.3
Total revenues	100.0	100.0	100.0
Cost of revenues:			
Subscription	69.3	64.7	50.4
Sales	—	1.1	0.7
Total cost of revenues	69.3	65.8	51.1
Gross profit	30.7	34.2	48.9
Operating expenses:			
Fulfillment	28.5	17.7	12.7
Technology and development	46.9	23.4	9.6
Marketing	71.7	27.7	23.4
General and administrative	19.5	6.1	4.4
Restructuring charges	—	0.9	—
Stock-based compensation	24.5	7.5	6.4
Total operating expenses	191.1	83.3	56.5
Operating loss	(160.4)	(49.1)	(7.6)
Other income (expense):			
Interest and other income	4.6	0.6	1.1
Interest and other expense	(4.0)	(2.4)	(7.8)
Net loss	(159.8)%	(50.9)%	(14.3)%



Blockbuster's performance, on the other hand, was incredibly strong. In 2000, Blockbuster dominated the movie rental competition with thousands of locations and millions of customers.

Blockbuster tried to save itself by offering online movie rentals in 2004 but, at that point, it was too late. The company filed for bankruptcy in 2010 and was forced to shut down in 2014.

By focusing only on their business performance, Blockbuster missed the consumer perspective — that consumers found online rentals more convenient. With customerdriven product decision-making, Blockbuster could have saved itself by hopping on the online rentals train.

Worksheet Questions

Have a business-led product team and want to make it more customer-oriented? Here are a few questions and suggestions to consider when restructuring your team.

1 HOW OFTEN DOES YOUR PRODUCT TEAM SPEAK OR INTERACT WITH CUSTOMERS ABOUT THEIR PRODUCT USAGE?

It doesn't matter if you're a product manager or an engineer — as a product team member, you should be communicating with customers at least once a week. By regularly hearing first-hand accounts of users' experiences with your product, you're able to quickly make improvements that benefit users. Schedule times in your team members' calendars to handle customer service every week so that you don't let this task slip.

2 DO YOU LAUNCH A PRODUCT FEATURE WITHOUT A/B TESTING?

As a business-led team, product decisions might be made by executives and other internal stakeholders without A/B testing. But these individuals, no matter how powerful they are, aren't mind readers — they can't tell you what users enjoy and don't enjoy as accurately as A/B test results. In addition to considering internal feedback, product decisions should also be backed by experimentation.

3 HOW FREQUENTLY DO YOU ITERATE ON YOUR PRODUCT?

Iteration isn't just a means for fixing bugs. Teams should iterate on the entire product — its UX, its features — to improve customer satisfaction. Positive test results are rare, so you have to iterate frequently to actually gain insights on improving the product for users. Check out our [guide](#) on building an experimentation culture to encourage your product team to test more often.

Product-Led Teams

Today, it's trendy to be a product-led company. These businesses have an obsessive focus on building a product with a superior customer experience. Product-led companies like Tesla and Facebook have become massive, billion-dollar businesses — and it's thanks to the strength of their product.

With this mindset, teams improve their product's customer experience with user-based iteration. Based on inputs from customers, product-led teams decide what features and aspects should be changed and improved. Every product development stage revolves around users' wants, so the team is always working towards a better customer experience.

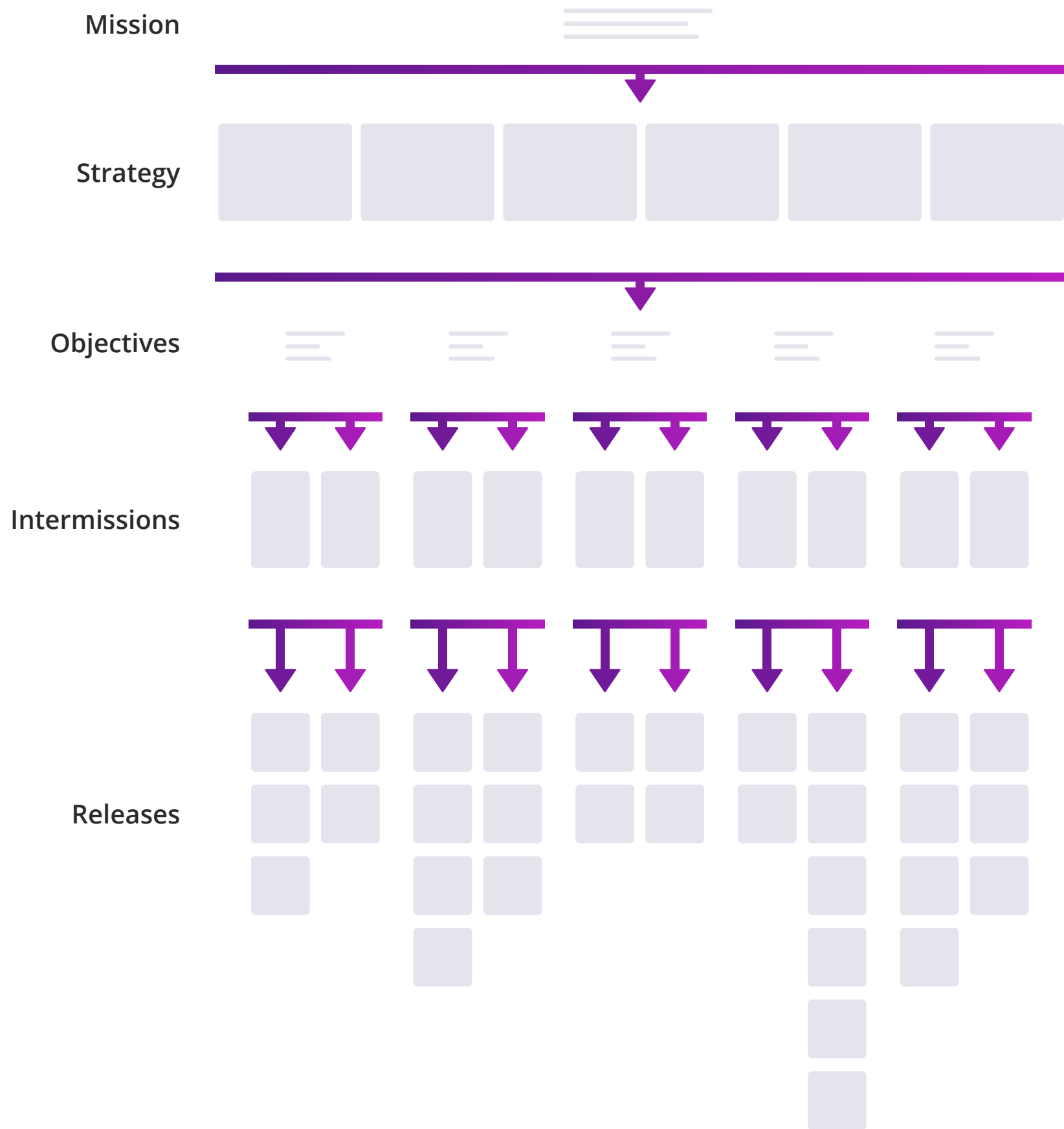
Prioritizing users' feedback enables teams to build products that customers are interested in — but it doesn't guarantee maximum sales. What the buyer wants isn't always what drives the most revenue. Consequently, teams that mostly focus on customer inputs can miss out on opportunities to monetize their product.

The product-led development process

Product-led teams are common at startups that don't have a fully established product. Eager to define their business further, these companies adopt the product-led mindset to quickly iterate and adapt their product according to customer inputs.

Teams at these companies improve their products with quantitative customer data — analytics and metrics from user testing and product usage — and qualitative customer data, such as surveys and customer support conversations.

The product development process begins with picking the right problem to solve and defining goals through user research. Once a roadmap is set, the plan is divided into team objectives with smaller releases that can be iterated upon.



Product-led PMs keep teams focused on customers by adding user research to every stage of the development process. Relying on this research throughout development lets the PM and their team feel confident in their product decisions.

ENG + DESIGN TEAM



PRODUCT MANAGER



CUSTOMERS



[Source](#)

With this user research focus, here's what a product development workflow might look like for a product-led team:

1 FEEDBACK

The PM uses customer interviews, research, and user behavior data to discover and define the problem that the product is solving.

2 PRIORITIZATION

The PM presents their product idea to senior product leadership. Product leaders could say no to the idea but, usually, they just offer suggestions about how this product should be improved and help users even more. The PM will incorporate the feedback into the existing product roadmap and prioritize the identified needs.

3 SPEC

Using product leaders' feedback and their user research, the PM works with engineers and designers on their team to write a product spec, the document that outlines what will be required of the team to build this product.

4 DEVELOPMENT

The PM works with designers and engineers to build designs and prototypes of the product, which are tested with users. The PM uses these test results to determine further iterations.

5 FINALIZE

Towards the end of the development process, the PM runs beta versions of the product to get detailed feedback from users. The PM uses this input to finalize the product with designers and engineers before launching it.

With this workflow, a product-led team is always driven by their users. The PM integrates customer inputs throughout product development so the team has the insights they need to build products that customers love. But to monetize their product, these teams need to consider more than users' feedback.

Impact on customer experience and product development

In many ways, customer-driven product development is a win for both users and businesses. When a product-led team listens to their customers, they can build products that people actually want. In return, they enjoy a large number of sales from all of the customers who are eager to use their product.

But being so user-centric can also hurt your product development. By making product decisions solely based on the PM's interpretation of customer inputs, you ignore other critical factors — like sales and marketing concerns — that impact your product's revenue.

Affecting customer satisfaction and product development, the product-led team model comes with a few pros and cons.

PROS

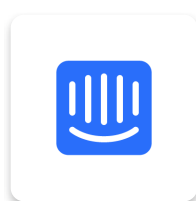
- Product-led teams can build great products because they can respond nimbly to customer needs with their focus on user inputs.
- With a single person (the PM) leading product development, it's easy to stay on track and create a cohesive product.
- Product-led teams are able to iterate quickly because they have so many user inputs at hand.

CONS

- Product-led teams may be unable to apply customer inputs to product development when user feedback is contradictory with other customer inputs or the overall product vision.

- Product-led teams can be misled financially by prioritizing customer inputs. User feedback may lead to costly product decisions or be too narrow and not apply to the majority of customers, leading to lower sales.
- Product-led teams can be misled by user data. Selective data with a small group of test users can be a false sign of increased engagement. Even when engagement has increased, teams should still question whether that feature fits within the larger scope of the product.

The product-led team can gather and implement customer inputs to build products that users love. But buyers' feedback is just a fraction of what's needed to monetize a product — other stakeholders within a company, such as sales and marketing teams, and business metrics like KPIs should also inform product decisions to ensure that they're financially sound.



Intercom Product-Led Example

Intercom, a customer messaging app, thrives on its product-led perspective. With 20,000 customers, the enterprise startup focuses on its users by linking their customer service department to product development.



“The customer support team helps us figure out what has to be addressed. They tag conversations with customers and they make feature requests. They summarize what our customers are telling us”

— Paul Adams, VP of Product at Intercom

These customer inputs are implemented throughout product development thanks to Intercom's PMs. Like PMs on other product-led teams, [PMs at Intercom](#) are given quite a bit of responsibility to implement customer inputs throughout product development.

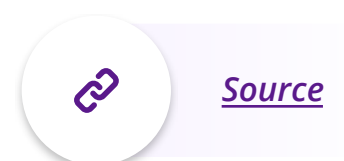
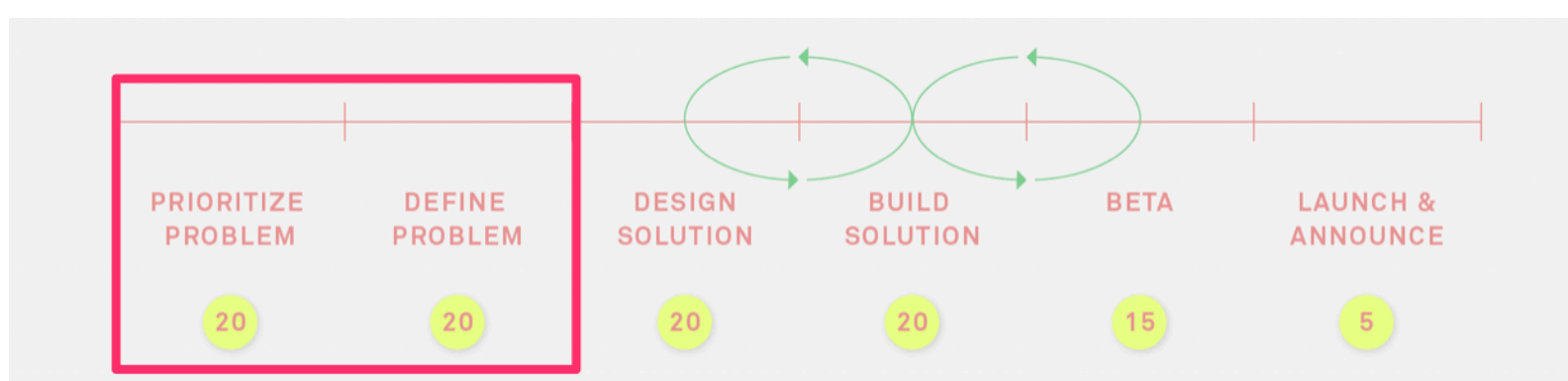
They're accountable for making sure:

- The analysis of the product problem is correct.
- The product's performance is measured
- The product doesn't go out with too many bugs.
- The product actually solves the problem

In fulfilling each responsibility, the PMs prioritize users. With this focus, Intercom's product development is built around scaling customer inputs from the research stage to deployment.

User research is also easily implemented at Intercom with the company's focus on "defining the problem." According to Adams, [40%](#) of product development at the company is dedicated to just understanding what the product is trying to solve for users.

This preliminary problem stage is driven by user research. PMs and their teams use recorded customer conversations from the Support team and have their own conversations with customers to understand what users are looking for in a product.



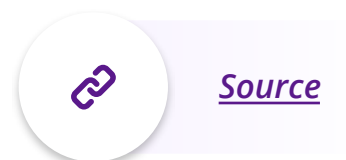
Being product-led, Intercom has mastered the art of figuring out what their clients want — but sometimes their focus is so customer-centric that it hurts their sales strategy.

Feature	Description	Starts at
Acquire (LIVE CHAT)	Chat with visitors to your website in real-time, capture them as leads, and convert them to customers.	\$49 per month
Engage (MARKETING AUTOMATION)	Send targeted email, push, and in-app messages to onboard new users, announce new features, and re-engage people who slip away.	\$49 per month
Learn (CUSTOMER FEEDBACK)	Get feedback from the right customers with targeted in-app and email messages. Start conversations, and get feedback at scale.	\$49 per month
Support (CUSTOMER SUPPORT)	Let customers ask for help from inside your app or by email. Collaborate in a team inbox and send timely, personalized responses.	\$49 per month

Back in 2015, Intercom structured their product in a way that accommodated every user's need they had come across. A person could choose however many of the four functional plan types they wanted, based on their business' needs.

Within each type, the customer selected how many people would be using the plan in their company and whether they wanted the Basic or Pro option.

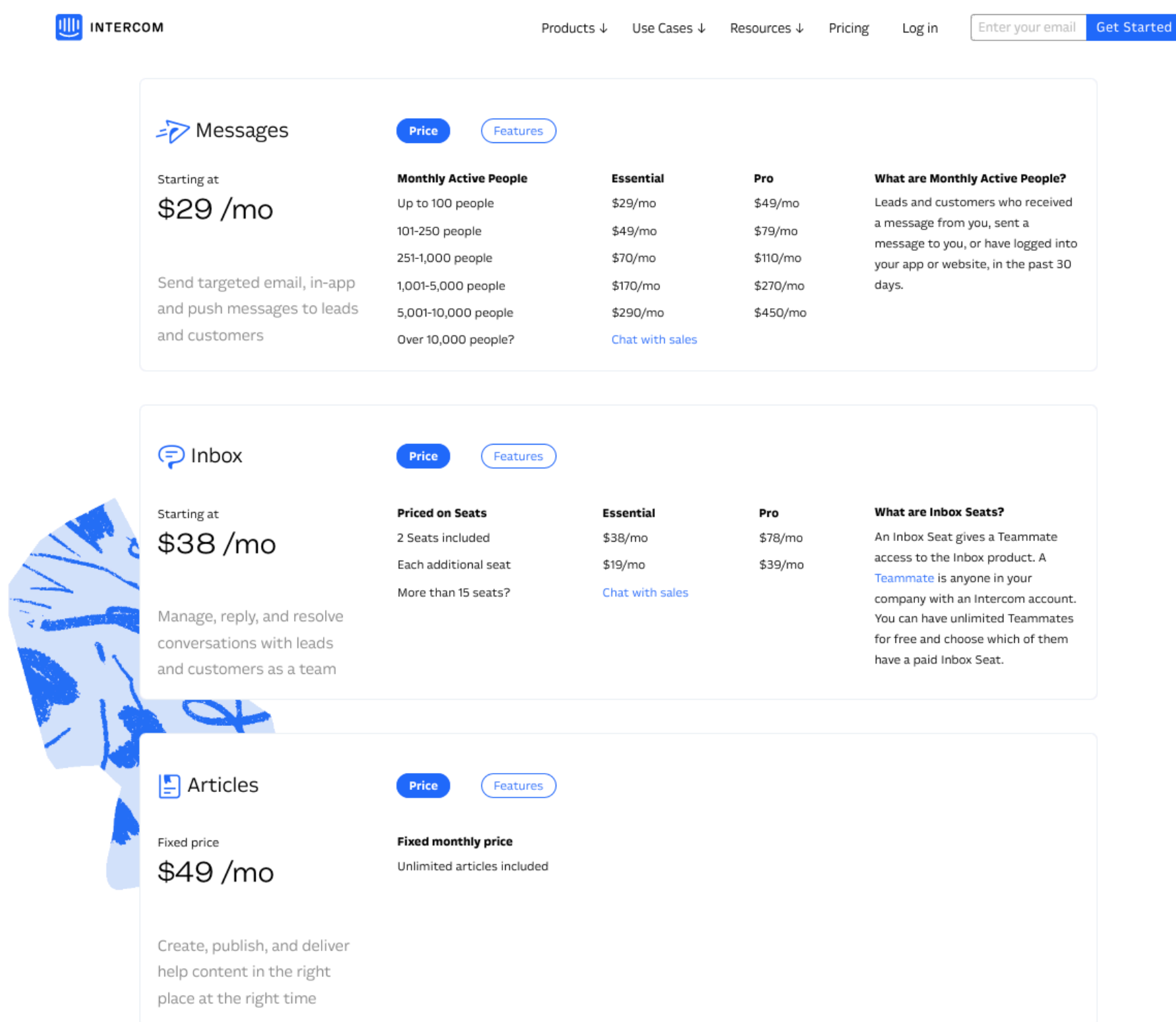
PLAN	
<input checked="" type="radio"/> Basic	<input type="radio"/> Pro
Receive messages from website visitors Respond and chat to visitors in real-time Continue conversations by email if visitors leave	Receive messages from website visitors Respond and chat to visitors in real-time Continue conversations by email if visitors leave
Manage conversations in a team inbox Assign conversations to teams or teammates Use Notes and Mentions to collaborate with your team View lead profiles with activity & conversation history	Manage conversations in a team inbox Assign conversations to teams or teammates Use Notes and Mentions to collaborate with your team View lead profiles with activity & conversation history
Capture leads and track their activity Automatically convert lead profiles to user profiles when they sign up Capture visitors' email addresses	Capture leads and track their activity Automatically convert lead profiles to user profiles when they sign up Capture visitors' email addresses
	Start targeted chats with auto messages Create rules that trigger messages based on visitor behavior Assign replies to auto messages to specific teams or teammates
	View live reports with Acquire Insights See how many conversations are started, and when Understand how your visitor auto messages are performing See how you compare against benchmark data
	Other Pro features Integrate with Salesforce Manage teammate permissions Unbranded Messenger



Intercom wanted to show customers everything that was available across the product — but from a sales perspective, this product structure was more harmful than helpful.

Users were being presented with over 80 product variations between the four types, user amount levels, and the Basic or Pro selection. With this many options, users faced feature analysis paralysis. Unable to make a decision, the user wouldn't make a purchase, lowering Intercom's sales.

Instead of focusing so heavily on customer inputs, Intercom could have improved their product structure by consulting with their sales teams. These employees could have quantified the company's buyers' personas to find similarities in willingness to pay so plans could be bundled and simplified.



INTERCOM Products ↓ Use Cases ↓ Resources ↓ Pricing Log in Enter your email Get Started

Messages

Starting at **\$29 /mo**

Send targeted email, in-app and push messages to leads and customers

Monthly Active People	Essential	Pro
Up to 100 people	\$29/mo	\$49/mo
101-250 people	\$49/mo	\$79/mo
251-1,000 people	\$70/mo	\$110/mo
1,001-5,000 people	\$170/mo	\$270/mo
5,001-10,000 people	\$290/mo	\$450/mo
Over 10,000 people?	Chat with sales	

What are Monthly Active People?
Leads and customers who received a message from you, sent a message to you, or have logged into your app or website, in the past 30 days.

Inbox

Starting at **\$38 /mo**

Manage, reply, and resolve conversations with leads and customers as a team

Priced on Seats	Essential	Pro
2 Seats included	\$38/mo	\$78/mo
Each additional seat	\$19/mo	\$39/mo
More than 15 seats?	Chat with sales	

What are Inbox Seats?
An Inbox Seat gives a Teammate access to the Inbox product. A [Teammate](#) is anyone in your company with an Intercom account. You can have unlimited Teammates for free and choose which of them have a paid Inbox Seat.

Articles

Fixed price **\$49 /mo**

Create, publish, and deliver help content in the right place at the right time

Fixed monthly price
Unlimited articles included

Today, Intercom's product structure seems improved and informed by both product-led and business-led perspectives.

Users' wants are met as the product is still highly customizable — two of the three plan types are varied by the number of users and the Basic or Pro option. At the same time, there are far fewer options, so the pricing is less confusing for users. With more simplicity, customers are less likely to face analysis paralysis and are able to make a purchase.

Worksheet questions

Have a product-led team and want it to become more balanced and business-oriented? Here are a few questions and suggestions to consider when restructuring your team.

- **Are customer inputs shared with other internal teams?** As a product team, it's easy to think that you should independently implement customer inputs since your roles — engineers, designers, PMs— are directly tied to the product. However, other departments, such as sales and marketing teams, have insights that are helpful in interpreting buyer feedback. If the marketing department, for example, knows that users are most interested in a specific feature, they can start brainstorming the best ways to promote the product to increase sales.
- **Do you back up customer input-based product decisions with KPIs?** Qualitative customer feedback is a critical insight when building a product, but it's also limited. Customers in support conversations or in surveys can only speak from their own experience, so you want to check their responses with performance metrics to see if it applies to other users, too. For example, one user might say that a feature is useless and should be deleted — but if your engagement rate on that feature is high, you know it's actually worth keeping.

Customer-Led Teams

A customer-led team is the hybrid dream. It takes the best qualities of both business-led and product-led teams to meet users' needs in a way that aligns with their company's goals.

Customer-led teams balance the interests of both types — the business-led motivation of profits and the product-led goal of creating a superior user experience. They continuously learn about customers via user research, such as usage analytics and surveys.

Complementing this research, they work with internal teams to figure out how they can meet their customers' needs in a way that serves their business' other interests, such as meeting sales quotas or lowering costs. In doing so, they align their users' interests with the overall goals of their organization.

The dual focus of customer-led teams ultimately serves the customer more than any other team type. Users are served in the short-term as their inputs are implemented in development to build great products. At the same time, users are served in the long-term because these companies, prioritizing business interests, are sustainable and can continually build great products.

The customer-led development process

Customer-led teams are common at later-stage startups and companies with a welldefined product. They're not obsessed with creating the ultimate user experience since they're already successful in the core concept of what they offer. Instead, they're more balanced in aligning their customers' needs with their business' goals.

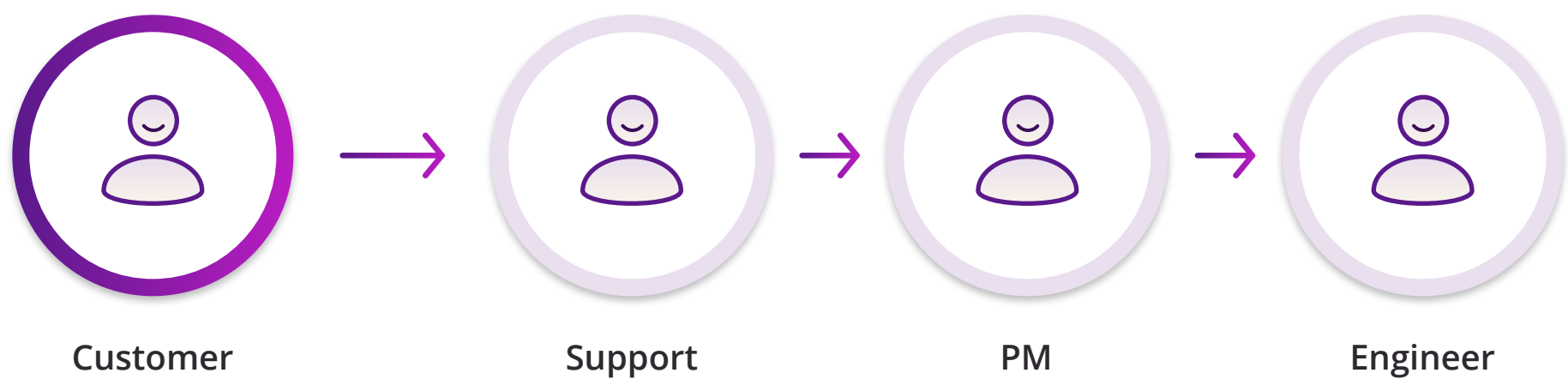
The customer-led development process works with user inputs being shared across the entire organization. The product team:

- Collects insights by working closely with customers. Customer-led product teams can make decisions from analyzing user surveys, research, NPS scores, and other customer-based resources.

- Collects and shares customer inputs with internal stakeholders outside of the product team. Discussing customer inputs with other departments allows customer-led teams to also consider business-led concerns in their product development.

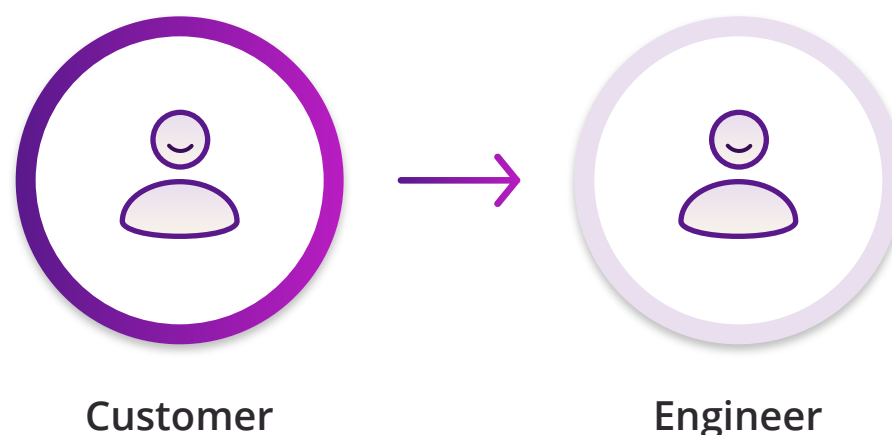
With the entire organization offering feedback on customer inputs, everyone — not just the product team — is involved in product development.

Product managers are the liaison between internal teams and the product team. They collect user-based insights from their own team and other departments to raise both customer success metrics and business metrics for internal teams. They each manage multiple teams of engineers, who are expected to speak directly with customers and improve the product continuously according to user needs.



1

Customer feedback, the traditional way



2

Customer feedback, the customer-driven way

Balancing user and business interests, here's what a product development workflow might look like in a customer-led team.

1 UNDERSTAND THE PROBLEM

The PM and product team use customer research to understand users' pain points. From there, they define the problem that the product needs to solve and how it might solve it.

2 COMPANY-WIDE DISCUSSION

The PM pitches the idea to product leadership and other company department heads. They provide feedback to the PM on how to create the best product experience for the user while still generating revenue.

3 SPEC

Using feedback and their user research, the PM works with engineers and designers on their team to write a product spec, the document that outlines what will be required of the team to build this product.

4 SPEEDY ITERATION

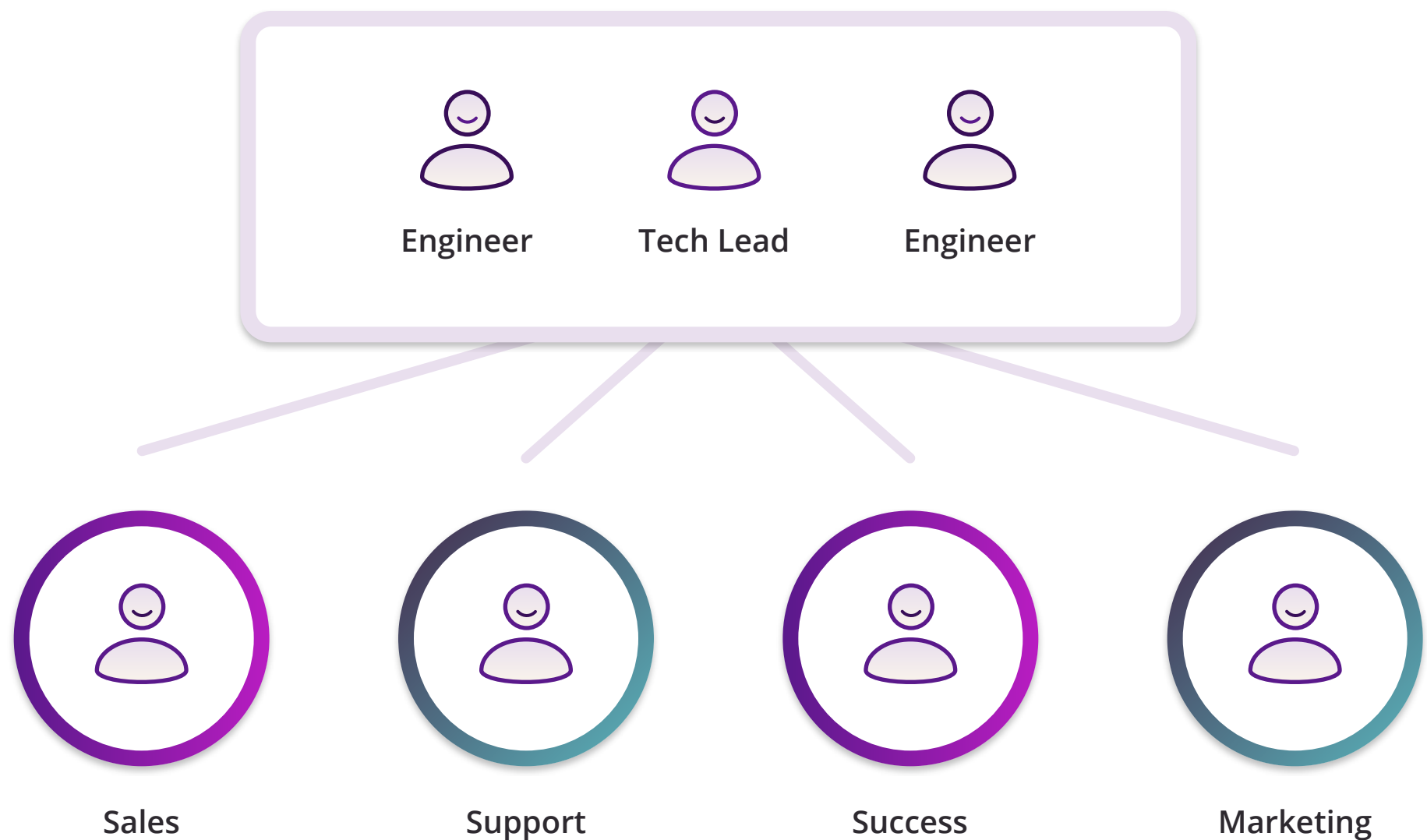
The PM gets early designs and prototypes in front of users to collect feedback, as well as connecting the product team with other internal teams to get input on development.

5 REPRIORITIZATION

Throughout all of development, but particularly towards the end, the PM reevaluates a team's progress to ensure that the work is always aligned with the business' goals and leading to key results by consulting with internal teams about their goals as they relate to the product.

6 FINALIZE

Towards the end of the development process, the PM runs beta versions of the product to get detailed feedback from users. The PM uses this input to finalize the product with designers, engineers, and other internal teams before launching it.



The engineering team connects with customers to decide how the product should be iterated on to solve its designated problem and how bugs should be fixed.

Involving the entire company, the customer-led workflow is extensive, yet worth it. Considering customer inputs from all perspectives, not just the product team's view, takes time. But at the cost of slightly slowing down development, the PM and their team can build a product that not only serves users' interests but also drives revenue and profits for the company.

Impact on customer experience and product development

Customer-led teams enjoy the pros of both business-led and product-led teams, as well as their own unique benefits.

By collaborating with their entire company, customer-led teams can employ both usercentric and business-focused insights in product development. This knowledge enables them to build products that keep customers happy while still generating revenue.

Handling so much feedback in the customer-led model comes with challenges. Checking in with internal teams takes more time than just consulting within the product team, like a product-led company. With the customer-led model, it can also be difficult to determine which interests need to be prioritized with so many competing perspectives.

Impacting both customer satisfaction and product-led development, the customer-led team model comes with a few pros and cons.

PROS

- Working closely with customers and other teams allow customer-led teams to flexibly prioritize product development according to immediate customer needs.
- Customer-led teams have the insights to build products that satisfy demand by focusing on and implementing user research in development.
- Customer-led teams have control over their business outcomes because they communicate with internal teams to ensure that development is aligned with the company's larger goals.

CONS

- The customer-led process is slowed down by needing to communicate with multiple internal teams, not just the product team, about development. It takes time for the PM to gather, interpret, and implement all of this input.
- It can be challenging to discuss product development with the entire organization involved. Every member has their own special interests, and it's often tough to recognize and appreciate every perspective in product development.
- The customer-led model can make it difficult to create a cohesive product. With so much feedback to consider, it can be difficult for the PM to stay on track and maintain a unified product vision.

Though the customer-led model can lead to disruption in product development, this mindset is ultimately the most reliable and powerful way to serve your customers. Being customer-led, a product team has the customer inputs they need to build a product that users love and the business insights they need to sustain their company's growth and continually serve their customers.



Airbnb Customer-Led Example

At a \$31 billion valuation, Airbnb can attribute much of its success to its customer-led product development. Product teams at the company consider both customer inputs and business-driven interests to make key product decisions.

PMs at Airbnb ensure that both quantitative and qualitative customer inputs are informing development at all stages. For early-stage development and new product development, [Airbnb teams](#) rely on user interviews to gain broader insights. In the later stages, usage data is helpful in identifying the smaller feature details that need to be adjusted to avoid roadblocks.

Along with considering customer inputs, product teams are pushed to consider business-driven interests as well. Every quarter, Jonathan Golden, Airbnb's former Director of Product, conducted [a review on each product team](#) to determine their impact on the entire business, not just their individual product goals.

Likewise, Airbnb pushes product teams to stay business-oriented by also focusing on stakeholders' requests in development.

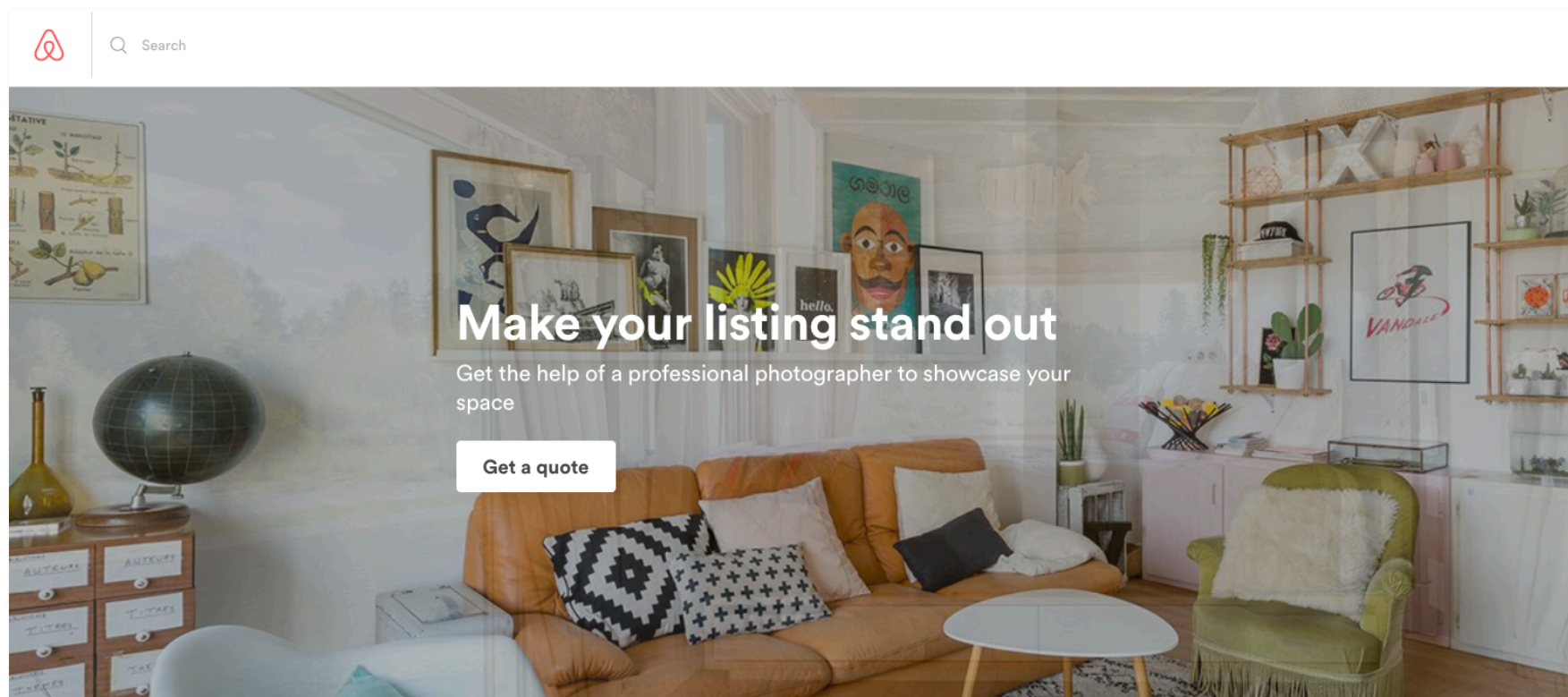


"For a platform team (example: payments), understanding the requirements of other product teams, Business Development and Financial Processing & Analysis is critical to your success."

— Jiaona Zhang, Product Lead at Airbnb

Airbnb's balance of user-based and business-driven interests can be clearly seen in the launch of Airbnb's photography program. In the summer of 2009, New York bookings were slumping, so the [founders booked spaces](#) with almost every host to understand the user experience and identify the main problems for customers. Seeing the bookings in person, they suspected the issue wasn't the actual accommodation — it was the low-quality photos that hosts were using in their booking pages.

To test their theory, the founders bought a high-quality camera and updated these listings with nicer photos. The upgrade led to [two to three times](#) as many New York bookings, doubling their weekly revenue. With their user-based insight confirmed by the improvement in revenue, Airbnb launched a program that links hosts to professional photographers for their listings.



Basing product decisions on both user and business-related concerns, Airbnb employs a customer-led mindset in development to launch product features that satisfy customers' needs and grow their business.

Worksheet questions

Want to adopt the customer-led model in your product team? Here are a few questions and suggestions to consider when restructuring your team.

- **How often is your product team talking to customers?** Direct communication with users shouldn't be the sole responsibility of Support. Your engineers and other product team members are the individuals who are closest to the product — putting them in closer contact with customers makes it easier and quicker for issues to be resolved.
- **What metrics are your product team held accountable for?** To be driven by both users and business interests, customer-led teams need to be held accountable for customer metrics, such as product usage goals, as well as success metrics for internal teams, such as generating a certain ROI on a product.

- **Do you have processes for involving the entire company, not just product teams, in product development?** You won't be able to gain insights from other company teams if you don't have an established system for consulting with each other about product development. Set up clear points in your product roadmap for when you should review development with other stakeholders, such as the marketing or sales teams.

The Key to Being Customer-led? Balance

User-oriented products aren't created with a single priority in mind — both the customers' and the business' interests are considered in development. With this balance, companies have both the user and revenue-based insights they need to sustain their business and continuously provide products that users love.

Shifting your product team to becoming customer-led requires restructuring. Making organizational adjustments with the worksheet questions we've provided can refocus your team, allowing it to align customers' needs with your business' larger goals.

About Taplytics

Taplytics is a customer experience company. We've created billions of user experiences and work with forward-thinking businesses around the world to bring digital moments to life. We believe that building magical experiences into each customer interaction is what makes today's brands successful.

Taplytics is proud to work with some of the world's largest and most well renowned brands like RBC, Chick-fil-A, and GrubHub in creating the most delightful customer experiences. For more information, please visit: <https://taplytics.com>.

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