

# One Knight in Product - E167 - Eisha Armstrong

📅 Thu, May 11, 2023 1:38PM ⏱ 39:28

## SUMMARY KEYWORDS

product, organisations, book, services, work, customer, build, company, fear, saas, business, revenue, productize, absolutely, leaders, market, client, idea, consulting, requires

## SPEAKERS

Jason Knight, Eisha Armstrong

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Jason Knight 00:00

Digital transformation, two words that send a chills up the spine of many a product manager and business leader. It all just sounds a bit hard. But is it worth it? Tonight? Well find out. But before we get started, this episode is sponsored by skip level. If you're a non technical founder or product manager who dreads conversations with the development team checkout script level, an on demand training programme that helps professionals and teams become more technical in just five weeks, or without learning how to code, you can learn the knowledge and skills you need to better communicate with devs and become more competent in your day to day role with the skip level programme. So head over to [one.night.in/product.com/skiplevel](https://one.night.in/product.com/skiplevel) to find out more, make sure to use referral code to support this podcast. You can check the show notes for more details. All right. So if you're embarking on your own product automation journey, or maybe you've already started and it's gotten a bit wrong already, you're probably feeling the fear. That's okay. Fear is natural. But how can we embrace that fear and turn it to our own advantage? If you want to find out how to avoid the seven deadly mistakes of productization stick with us.



Jason Knight 01:16

So my guest tonight is Eisha Armstrong. Eisha's a renowned author, consultant and former comfort shoe seller who thinks it's important to take risks, I should put our money where our mouth is by recently climbing Mount Kilimanjaro with her son, hopefully in sturdy shoes. And she used to sell that as a yoga instructor. She's trying to get company leaders to take deep breaths and adopt the crane pose so they can focus on the benefits of digital transformation to clear their minds of the temptation of going back to professional service engagements. Hi, Eisha. How are you tonight?



Eisha Armstrong 01:42

I'm entertained. Jason. That's a fantastic intro. Thank you.



Jason Knight 01:48

I like to entertain, what can I say? I'm the clown of Product Management. Right. So first things first, my first trick, aside from being an author, you are the co founder and the chair of Vectoris, which I hope I'm saying right?



Eisha Armstrong 02:00

You are yes,



Jason Knight 02:01

... whose mission is and I quote to help companies build forward thinking products and cultures to positively impact the world we live in. But what sort of stuff? Are you working on day to day specifically?



Eisha Armstrong 02:11

Yeah, so day to day we are working with leaders at primarily B2B professional services firms who want to scale. And we're teaching them how to do that, helping them identify great ideas, and ultimately how to develop products out of those ideas.



Jason Knight 02:30

So you say professional services, are we literally talking about a bunch of agencies that are trying to digitise, if we can even use that word? Or are you also talking about some of those companies out there that kind of? They're kind of product companies, but not really they're kind of stumbled into it. They've got a bit of a product offering, but they've also got quite a lot of services underpinning it like do you cover both of those? Or is it very much the agency side?



Eisha Armstrong 02:51

Yeah, it's mostly the agency side. But that would include like management consulting firms, Information Services, firms, law firms, accounting firms. We've worked with architectural engineering firms, but primarily those organisations that do their work using arms and legs.



Jason Knight 03:12

Those pesky arms and legs. But apparently, the name is a combination of two ideals that you and your co founder had for starting a company Vector, something that possesses magnitude and direction, and Eris, the Greek goddess of chaos and discord. So I do have to ask, is that like one ideal each? And if it is, who was the chaotic one?

 Eisha Armstrong 03:32

Probably I was the chaotic one. But I mean, as you know, it's it's hard to change organisations, and there can be a lot of chaos and discord. So we certainly want to help our clients minimise that.

 Jason Knight 03:46

So you're not causing chaos you're trying to reduce the chaos is the long and short of it, which is good. I guess that's probably the right way. So, you spent a long time at Corporate Executive Board in a variety of roles. I'm presuming that was alongside a couple of my previous guests on the podcast, Matt Dixon, and Brent Adamson, who are another couple of authors from the CEB stables, so there's obviously something in the water there. But then you went on into media, in EW Scripps. And then after that, you decided, right, that's it, I need to go and start my own thing up, go out start vectors, go and start helping companies digitally transform, productize, and all of the stuff that you talked about in your book, and that we'll be talking about tonight. But why did you want to strike out on your own? Because we chatted just before this, about how that's quite a tricky thing to do. It's a hard thing to solve. It's a hard. It's a hard job, and you've decided to go and do that and make that your living. So what was it about that problem that made you really passionate to go and start something up to go and solve it?

 Eisha Armstrong 04:44

Oh, that's such a good question, Jason. Yeah, I mean, certainly it is a leap of faith to leave a stable corporate job and start something from nothing. I was very lucky in that I had a co founder, so I wasn't doing it alone. And a woman that I've worked with in the past, and we worked very well together and our skills complement each other. I was also at the right stage of my career. So early 40s, at the point where I had a pretty good professional network and reputation, that could help accelerate the start of a business, but also young enough, where I felt like I still had enough runway to grow the business. And it had been a dream of mine for many years. And it was one of those things that I was just waiting for the right time, the right customer problem to solve. And then the nudge, to take that leap of faith.

 Jason Knight 05:38

That's interesting is very similar origin story, superhero or villain, I'm not sure what we are, but very similar origin story to, to me moving into consulting as well, like, again, getting to that similar age and deciding that it was time to kind of break out and use that network. But I don't know about you. But when I did that, I felt there were quite a lot of problems, I could focus on ourselves. So was this kind of digital transformation or productizing, a calling for you? Or did you kind of work out a lot of different things that you could do, and then focus on this based on what you saw?

 Eisha Armstrong 06:08

Yeah, so to be fully transparent, we drink our own champagne. And we did market research

year, so to be fully transparent, we drink our own champagne. And we did market research, the summer that we launched the business, it was one of our primary hypotheses because I was already been approached and asked to do consulting in the area. It built off my previous both of my previous roles, both at CEB and at Scripps. And we did market research. So we went out, we talked to potential buyers, ideal clients tested several very different ideas. And this is where we saw the most market demand. So we went with it.



Jason Knight 06:45

Okay. But as part of striking out on your own, or with your co founder, you wrote a book. And that was the book that kind of introduced us to each other the books called productize. And that's a book that I read a little while back a few weeks ago now, actually on a plane to Greece, which sounds much more glamorous than it actually was. But the fact that I managed to plough through that book on the plane really shows two things. One of which is that the book was relatively short. That's something I really appreciate these days with all these books out there that take like 10 pages to tell one page is worth the story. But also shows me that we should show the listeners it kind of kept me gripped from start to finish, it was something that kind of kept my attention for that entire flight, primarily because I've worked in companies just as you described in the book. So I guess the question is, what was it that made you want to specific? I mean, I can understand, for example, going into consulting, but what made you want to start writing a book and get your book out at the same time as doing that?



Eisha Armstrong 07:39

Yeah. Well, as you noted, I started my career at Corporate Executive Board as a research analyst, writing books for executives, like chief financial officers on how to implement Sarbanes Oxley and things like that. So it's a skill set I have I know how to do research and distil it in a way that's easy for people to understand. We prior to me starting the book had done about a year of content marketing, primarily through blog posts. So that was good, because I had content to start from. And I also had an indication from the market on what topics were they most interested in. So that kind of year of content marketing that we did prior really became the foundation for the book.



Jason Knight 08:25

So it sounds like it was a pretty easy right then after that, then or did you have some kind of stumbles along the way?



Eisha Armstrong 08:32

It's really hard, especially when you're trying to run a business. And that was in the beginning of COVID. So I was also trying to homeschool two children and not lose my mind. But I couldn't go anywhere. I had to cancel all my vacations. So it was at least something to do when I wasn't homeschooling, and consulting and trying to find toilet paper for my family.



Jason Knight 08:50



Jason Knight 08:58

I remember those days fondly, to get your kids to proofread the book as well.



Eisha Armstrong 09:02

I did not, no! Yeah, that probably would have been a bad idea. So I didn't do that.



Jason Knight 09:08

Well, sometimes it's good to have a hostile audience. So I've heard. I wouldn't know anything about that. But who should read the book? I mean, aside from not your kids. I mean, there are many cases where people hear the words digital transformation. And again, productization they think of big lumbering, multinationals, corporates, all these people trapped in the innovators dilemma like completely unable to move because they're so slow and tied up and held down by the gravity of all the past decisions that have gotten to where they are. So is this book aimed primarily at those types of company? Or was there something in it love for the smaller companies that are maybe smaller versions of that?



Eisha Armstrong 09:46

Yeah, that's a great question. I mean, when I wrote it, I was writing it for the CEO or chief operating officer of a mid sized professional services firm. But what I've discovered is that it resonates with solopreneurs, who've started, you know, hung out a shingle, as well as large fortune 500 companies. And that was kind of a unanticipated finding that I had after the book was published that it would have a broader audience than what I initially suspected.



Jason Knight 10:17

What's the most surprising person or type of person that you're aware of that's read the book.



Eisha Armstrong 10:22

So I was approached, I can't name the company, of course, by a fortune 10 company that is well known for innovation, digital innovation, and they had a internal consulting groups who would go out to their different businesses, especially they're growing through acquisition, and consult with them on how to integrate into the new company's culture. And they wanted to productize those internal consulting services, and we're using my book to help them figure out how to do that.



Jason Knight 10:55

Oh, excellent. Well, we'll keep an eye on the news. And hopefully, one day we'll find out who they were. But I do think it's interesting because, again, we talked about this just before we started recording this idea of, of course, the service companies, the complete kind of agency

mindset, people that are out there, just selling arms and legs, just as you described it, versus the kind of half service half product. And I'm certainly aware of companies that have almost stumbled into being a SaaS company. But never did it really that well. They just kind of almost started building bits of SaaS solution for individuals, yeah, as part of their service engagements and then start to kind of look at them and go, Hmm, yeah, no, that looks like something you could sell to other people. But they never do any of the work to actually get that into a state where they can actually sell it to other people. So I guess what I'd say and maybe kind of be interested in your opinion on this is like whether this is something that the product teams in those organisations could benefit from, or if this is something that really kind of focuses on that leadership layer, like the transformation that needs to happen on a company level, what do you think it's something that can help teams as well?

E

Eisha Armstrong 11:55

Oh, no, it definitely can help teams. And it's interesting, because that skill set that you're talking about, which I described as commercialization, is usually not one that the teams that built the initial SaaS solution for our client have. So they may suspect that there's a market opportunity, but they don't know how to validate it, they may suspect that it should be priced or packaged a certain way? Or would they need to add these features in order to make it more commercially viable? But again, they don't know how to validate that? Or how to go to market with it? Is it something they're going to sell to existing consulting clients? Or is it something that they're going to target a completely new market, and so therefore, need a new sales and marketing channel to do so like those skill sets usually don't exist. So this may give them enough information to then identify where they need to go get new capabilities?



Jason Knight 12:50

Absolutely. Well, let's talk about transformation then. So in the book, you talk about the journey from customised services all the way over on the left. So very human powered, everything's different. Everything's custom for each individual client engagement through to productize services. So kind of that but a little bit more automated and tech powered, I guess, through to buy once product. So yeah, just buy it once, and you never come back through to the promised land of recurring subscription models and getting your SaaS... getting your SaaS on. And some founders might sit there thinking, hey, it's kind of over here on the left, we're all right. We're doing what we can. We're chasing revenue, we're getting money where we see it, why should we consider moving over to the right hand side? So I guess the question is, why should they?

E

Eisha Armstrong 13:34

Yeah, there are a number of reasons. So one, you mentioned, it's easier to scale, which means you can grow. So if growth is something you'd like, and if you're just running a lifestyle business, maybe you don't care about that. But if you do want to grow, it's easier to grow, if you don't have to add as much headcount, the same rate. And that's something that productization gives, you know, the margins are typically better. So there's upfront investment that's required. But then once you build the product, typically the cost to maintain it is lower. So the margins are better. So you can make more net income, the end of the day, if you want to sell your business at some point or exit productize businesses, product businesses command

much higher valuations than bespoke services businesses do. And then there's also the labour market. So I continue to hear from a lot of leaders that they just can't find the right people, they can't keep their best people. And if you productize you're less dependent on the need to add headcount, which can help navigate a difficult labour market.



Jason Knight 14:42

Absolutely. I guess it also reduces key resource risks as well because you're not sitting there dependent on a certain number of specialists to keep doing stuff. I think he talks about that in the book as well actually. But some of that starts to feel like it could be a mindset problem more than just a nuts and bolts getting stuff done thing right. So some people they might like the sound of someone So if you just said like the bigger multiples the scalable SaaS not able to hire loads of people to get stuff done, but on the other hand, instinctively, they don't really want to do that, because that's not how they know how to work. And that's something that we, of course, just touched upon just now as well. And I remember speaking to a guest on this podcast a while back, who said that, in some cases, to move away from that kind of services mindset, to embrace product thinking, you might have to replace the entire executive team, because all of their instincts kind of different, and they're never going to get away from that revenue chasing, of course, we can do it custom build world or services or quasi products. So do you think that that's true? Or that it's actually possible for dyed in the wool, very traditional thinking leaders to change after they've started the company?



Eisha Armstrong 15:43

Yeah. So I mean, those two binary choices have to fire everyone. Change everyone. It's usually in the middle. Yeah. So I, I think, in my experience, there's often some turnover, and new people that have to be brought in, you just can't, you can't build that mindset fast enough across the organisation. And some people will resist either because of fear, or because of fear or because of fear. And so they, they probably need to leave the organisation. But yeah, some turnover is inevitable, and bringing in new skills, certainly helps accelerate the change.



Jason Knight 16:22

So how many times have you seen, like the entire leadership team turnover versus just bits of it? Or was it more down the ladder, so to speak, that people may be like the leaders are all in but the people in the rest of the organisation that there's some turnover down there that you expect as well?



Eisha Armstrong 16:38

Yeah, I'm, I'm clicking through examples in my head, and I can't think of one where the entire leadership team has turned over. Again, you know, most of the organisations that we work with are not completely sunsetting their services business. So they're still you know, they may be selling products bundled with services, or alongside services, they may be spinning off a product into a new company. So there's, they're still in business need for people with, you know, quote, unquote, Legacy skills. And those people can find a place in the organisation.

Even when I've worked with organisations that have sunset, their services business and become just a product company. There's still customer relationships that need to be maintained. They're subject matter expertise that's needed. So I've never seen an example where every, every leader turns over.



Jason Knight 17:29

But let's assume that they are all in the leadership team all in the company, more or less is all in. And then you start talking in the book about the seven deadly prioritisation mistakes. So maybe you think a little bit of Brad Pitt and his little box. So let's talk about some of the things that we might find in that box. In this context, some of the mistakes that people make when they're going in for this, and some of the ways that hopefully they can avoid making them. So first off, you talk a lot about focusing on processes before people. And your solution to this is to create a product friendly culture. Now, I'm assuming that this doesn't mean ping pong tables and beverages. So what do leaders need to do to create that product friendly culture?



Eisha Armstrong 18:11

Yeah, so the first thing they need to do is, name the fears that are holding them back from changing their behaviour. That's why I said, you know, the people that do turnover are the ones that are gripped by fear. Yeah, so this requires risk. This requires upfront investment. This requires taking a test and learn mindset, which means putting things out when they're in beta. This requires running the risk of cannibalising revenue, there are a lot of different risks associated with this strategy. And so to get comfortable with those requires coming face to face with that fear. And that's really at the root of a product friendly culture. It's one that has found a way to navigate that fear.



Jason Knight 18:53

Absolutely. But I'm thinking now, as you were saying that the idea about this culture kind of underpinning everything. And some of the things you even spoke about as examples of that culture, things that you then call out, very specifically in the book and some of the things that we'll talk about in a minute, then that makes me think that maybe this is like a sequential thing, or could be a sequential thing. Now you gotta get one thing right before you go on to the next one. And of course, we all want to move fast and get things right quickly. But is there an element of sequential ality if that's even a word about this stuff? Or do you think that you can tackle multiple of these things at the same time?



Eisha Armstrong 19:26

Yeah, so I think it's four they have to be done in parallel and there are different stages of maturity. So an organisation that is very immature but starting on this journey will need to address culture issues. And when I say culture, it's not just your values, but it's the people that work structure, the governance, the incentives, all the things that help culture come to life. They will need to start identifying customer problems and better understanding market segments. They will need to have access to development, product development capabilities,

they will need to be able to go to market in a product way. So usually when we're working with organisations, we're not talking about those sequentially. We're trying to identify what stage of maturity are they, and then talking about what needs to change, and all of those different categories.



Jason Knight 20:23

Make sense. But let's talk about the next error that they could make, which is starting too big or too perfectly, the kind of all or nothing mentality spending so long building the perfect thing, just like you kind of touched on just now, because you don't think your customers are going to accept anything else. So how can leaders get comfortable enough to avoid making that mistake? Yeah, aside from not being afraid.



Eisha Armstrong 20:45

So and this is actually the topic of my next book,



Jason Knight 20:48

Ah, there you go, exclusive!



Eisha Armstrong 20:51

Right? How to overcome these fears. But what we have found works really well is to get clear that we need to put our scientist's hat on, as Adam Grant, the renowned Wharton Organisational Psychologist talks about and experiment and look at our product releases not just as a way to sell something, but as a way to collect information that tests our assumptions. And sometimes this does require bringing in new people. But often, it just requires running very frequent experiments and letting people see the power of those experiments in terms of the data that you're able to collect.



Jason Knight 21:31

Yeah, but that's really interesting, because I certainly remember times in my career, when it felt very much like every single initiative that we worked on had to be like a homerun, like, we couldn't experiment at all, like we had to succeed with every single thing. And that's obviously something that flies against everything that you've just said, but I guess what I've struggled myself in certain points in my career do is actually tried to interrupt that and try and persuade people that actually, that's a good thing to do. Like, are there any ways that you've managed to get into people's or interrupt people's biases, I guess, to make them actually comfortable to do that?



Eisha Armstrong 22:07

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Yeah, I think demonstrating how much credibility you gain with your customers or your clients, when you're transparent that what you're doing is an experiment. And that your product is indeed in beta. I mean, most people know what that means. That means it's buggy. But it also means that they have an opportunity to shape the way it's going to look in the future, and CO develop it with you. And I think once because what most people fear is that, oh, the client is going to judge this, and they're never going to work with us again. And it's going to make me look like unprofessional, or, or whatever. But if you're just honest with people, I'm running an experiment, I've got a couple ideas I want to run by you, I really value your input. And then organisations see that and then they see people get excited because we're all trained as consumers to submit Feature Ideas and know that version 1.1 is followed by version 1.2, which is followed by version 1.3. Like most people are trained now that that's how product development happens. We just have to port that practice over to our services environment transparently to get the same result.



Jason Knight 23:23

No, absolutely. Well, next up, we've got a big one, favouring existing business over new products. Now anyone that's worked in a transforming organisation has seen this. They've been sitting there, desperately trying to deliver their roadmap was constantly being sent on side quests. As soon as anyone asks for anything. And some people might look at that and go, Well, hey, it's all revenue. Right? So how can we turn that revenue down? How can we prioritise something that's a bit of a longer payoff, even though it sounds like the right idea, because actually, this is cash in the bank right now we got targets and quotas to hit. So how can we get through to people that always prioritising what's straight in front of them isn't always the right idea?



Eisha Armstrong 24:01

Well, you can show them financial models. So that's one way to do it. But I won't work with an organisation that won't either make it somebody's full time job, or devote significant resources to their product to zation strategy, because they won't be successful. And there are multiple ways that you can get the capital to do that. But if you're unwilling to put some something at risk and devote some resources to it, it's it's a fool's errand to start down this, this, this road. And you know, that capital could come from a client coming to you with a great idea. And you're like, Oh, I think we could turn this into a product. Do you want to co develop that with us? And they're partially funding the product build. It could mean getting outside investment and it could be funding through existing cash flow, but there has to be some commitment upfront resources and In order for this to be successful.



Jason Knight 25:02

Yeah, I think that thing about co-building is an interesting one, because kind of segues into the next point actually are not solving an urgent and expensive problem, which is another area that you call out. And the thing that really resonates there is this idea that it's absolutely fine for, for example, a client or a customer to come to you and say, look, I've got a problem that wants to be solved. And maybe that problem is so generic that that's actually something that lots of people want to have solved. But at the same time, it's also perfectly possible for that customer

or client to be the only person in the world that has that problem, or the only person in the world that has that problem that they care about enough to actually spend money on it. And I've certainly been in situations in the past where I kind of felt like no one actually wanted the SAS solution, they were quite fine not having that SaaS solution. And you know, no matter how good you made it, like the vague proposition just wasn't attractive enough. So are there techniques that you've used to break that cycle where, again, you're getting to that point where you're building something for no one rather than actually building something that lots of people care about?

E

Eisha Armstrong 26:04

Yeah, and this is, you know, borrowing pages from Lean product and design thinking, where you go out and rapidly test, validate problems and test concepts. And the great thing is that depending on who you think has this problem, what market segment, you could even do this overnight using tools like usertesting.com, or things like that. So there are ways to quickly go out to audiences that look alike, the market segment that you hypothesise has this problem and find out? Do they indeed have this problem? How are they solving the problem? What might they pay to solve the problem? What might they pay for your concept? Are they willing to be a beta user, all sorts of things that you can do very, very quickly, within a matter of weeks, not months?



Jason Knight 26:58

Well, though, an interesting thing that occurs to me there is, of course, if you've been an agency, very service minded, you may well have gone out and got quite a lot of different types of customer from a variety of different segments. And if you roll those all into one, you may end up finding that you don't really have like a proper ICP, or customer profile or anything like that, you've basically just got a collection of quite disconnected people that you've kind of just downloaded custom work for. And then the difficulty you can have is that then you try to work something out that actually fits that a disparate set of people. Now, obviously, the one way to look at that as well, we just don't work for some of those customers anymore. But that's never that popular when it comes to you know, because there's revenue there, right, and potential opportunities there. So how narrow do you have to get when you're going down this productizing journey and building a SaaS platform out of your services business? Like, is it possible to go too wide too quickly? Or I guess, to flip that around? Is it essential to narrow down to a really tight segment to start with?

E

Eisha Armstrong 27:58

Yeah, I love the adage, the more narrow the niche is, the greater the riches.



Jason Knight 28:06

In American though, because there's a niche over right niche

E

Eisha Armstrong 28:09

And niches. Yeah, but it's true. And, again, this is this is teaching organisations to think about market segments are to think about personas, which is fun to do. But it's necessary because you have to identify a segment that is large enough that you can make money selling your product. But it's also narrow enough that it's very easy to identify and message directly to their urgent and expensive problem. And they don't have to do mental gymnastics to imagine how they might benefit from your solution.



Jason Knight 28:47

No, absolutely. Now, we already talked about designing and developing a vacuum in an earlier point. So we've kind of got two for one on that one. But the next issue that you call out is starving products due to fear of cannibalization of higher priced services. No idea, I guess that goes back to the idea that you can just make a quick buck off of whatever work comes up, whatever the margin, by just not automating or productizing some stuff and keeping it all kind of hands and legs, as we kind of talked about earlier. And of course, if they automate it away, they might then end up having to go and get some more customers because the amount of money that they've got from the individual customers has gone down. Obviously, the margins higher and finding customers can be quite hard, right? Especially if you've not done some of that segmentation that we just talked about. So do you think it's ever right in this world to protect services revenue at the expense of that recurring SaaS revenue? Or should we always choose the latter when given the choice?

E

Eisha Armstrong 29:39

Yeah, no, again I don't like the binary!



Jason Knight 29:42

I love binaries because it gives you it gives you something to push back on.

E

Eisha Armstrong 29:47

Right, but life is in the grey. So the the answer to the question Is there are ways to mitigate the risk of cannibalization. So you can design complimentary products that complement your services like their maintenance products or their step on or add on products, you can design products that are geared toward a completely different market segment. So you know, because products usually have a lower price point, as you just mentioned. So less revenue, you can typically sell them to a market segment that is more price sensitive, perhaps, you know, a smaller customer has less budget, and just doesn't have the money to pay for bespoke custom services. So those are tactics that we coach organisations to use to try to mitigate the risk of cannibalization. But we also like to remind our clients that at the end of the day, if you don't cannibalise yourself, somebody else will and look at chat GPT, right. So I just... My heart goes out to anyone who is a copy editor or web writer or content creator right now looking at these new tools coming out and wondering like, are they even going to be in business five years from

now? I mean, I know there are lots of reasons why we may still need them. But that that is a real threat, I believe. And I think just you know, given the pace of technology, and even in today's macro environment, this the availability of funding that's still there. I think you're foolish to think that you can just avoid cannibalization?



Jason Knight 31:26

No, absolutely. Again, it goes back to the innovators dilemma, right? Like, if you don't disrupt yourself, then someone's gonna disrupt you instead, and probably not going to be as kind to you as you're going to be to yourself. Yes, but the last mistake is stopping at the MVP. And I think it's fair to say that something that doesn't just affect service companies transforming, that's something that affects product companies across the board. But in any case, the idea that you kind of crank out that basic version, perhaps even just to satisfy one customer, it does or doesn't satisfy them. But in any case, you're off now to work on the next thing to win that next deal when you just leave that old MVP back, they're not really satisfying anyone. So what should people do to not to not do that? Like, how can they avoid doing that? Because that temptation is always there, right? To just keep moving. We've got to innovate, we've got to innovate. We've got we've got to put new stuff out the salespeople need to sell stuff. So how can we break that cycle?



Eisha Armstrong 32:15

Yeah. So it starts with a great pro forma before you even decide whether or not to go down this product path. And that pro forma needs to include development costs to continue to iterate on it, and maintenance costs to make sure it doesn't break. And then you evaluate in total, you know, given the capital outlay that's going to be required, do we still want to go down this path of productizing, this this intellectual property, and again, I just see organisations not fully appreciate what follow on investments going to be required. It's not significant, but it's also not zero. And that needs to be accounted for. And you know that what I like to kind of say is a really over generalised rule of thumb is that the first year of a product, it's all about usage. So are we getting users the second year, you start looking at revenue, and then the third year, you start looking at profitability. Now, that varies dramatically, depending on the type of product. But what that means is that you shouldn't be expecting to be in the black until the end of year three.



Jason Knight 33:20

Oh, I can imagine there's some CEOs out there crushing their Styrofoam cups in horror, this particular moment. But I think yeah, absolutely, you're right that it's not just a click your fingers and it's done type job, right? Like this has got to be something that, that you work on and keep working on in this whole kind of concept that products are never finished, or I guess they're not finished until they're finished, as in, people stopped using them entirely. But in the book, you talk about the productized pathway, which I know people can go on your website, hopefully they can go and buy the book while they're at it. But you bought the solution down to three steps, thinking big, starting small, following urgent, expensive customer problems and being fearless. And obviously, we've talked a lot about many of those things in this interview tonight already, but I wanted to close by talking about that fear. And you mentioned it yourself, rather

than the fear, the fear, the fear, because, you know, I get it right change is really hard. And I'm aware of many founders that probably want to do some of this stuff. But at the same time, they're desperately trying to keep their business afloat the best way they know how they've got investors, they've got their own targets to hit, they've got all of this stuff that's on their mind. And sometimes they can sort of sit there and think this just sounds a bit much and maybe they don't know how they're maybe they're afraid, like as you say, and again, that can then percolate on to the company as well. So how can people in these transforming companies make peace with the fear that they feel that might be holding them back from making real change and transforming their companies?

E

Eisha Armstrong 34:41

Yeah, well, I think the first thing is just being honest about it. You know, our brains are wired for fear. And so it's a very natural human reaction to be afraid of change or risk or loss of personal worth or value, but it's also the enemy of growth. And what I love to ask clients when they talked about all the things that could go wrong, like, Yeah, but think of all the things that could go right. And what I tried to do in the book, and many other people do this as well is give readers tactics that help them de risk this leap. So that's why we say think big, but don't go out and write a seven figure check to a development shop, to build that SAS product until you have MVP the heck out of it. So start small, what is the what is the first hypothesis that you need to test that maybe you can do in five customer interviews? And then from there, what's the scotch tape and rubber band version that you can build before you invest again in automation? Okay, great. Now, what's the low code, no code version of this that you can build using somebody else's platform. Okay, wonderful. Now we've got real usage, perhaps even revenue now go write that check to the dev shop to do some custom coding. So talking about de risking the investment by taking those little steps, I think is very important.



Jason Knight 36:10

Absolutely.



Jason Knight 36:11

Speaking of fear, if you could lend me 10 seconds at a time, let's talk about the fear that non technical people have when talking to the people developing your shiny new product. If you feel that fear, check out skip level and on Demand training course that helps you become more technical in just five weeks, or without learning how to code. You can check the show notes for more details. All right, back to the interview.



Jason Knight 36:32

Do you think any company can change if they want to?

E

Eisha Armstrong 36:36

If they want to bad enough? But yeah, it's not easy. I mean, if it was easy, I wouldn't have

if they want to bad enough? But yeah, it's not easy. I mean, if it was easy, I wouldn't have written the book. And you and I wouldn't have the jobs that we have. I mean, it's why they bring in outside experts to tell them like you're not crazy. This is hard. But it's also not impossible.



Jason Knight 36:55

Absolutely well as at least 1.1, expert on this call, which is the most important thing. But obviously, I agree, I think it's it's really important, too. It kind of sounds almost pretentious in a way. But it's really important for people to, in my opinion, accept help when they need it. Use the the expertise that you talked about earlier, as well, these people are really good at stuff. And I think that we also have to call out that they've got the highest stake in the company. And most, this company doesn't exist without them. This was their idea. Like I can completely understand why people feel that they need to be protective about this thing. But at the same time, as you say, like getting people in to help you what you don't know, I think is really important. And the people that do that. And the people that are open minded enough seem to be the ones that actually have the best shot at actually getting somewhere with it. So I completely agree with all that. But where can people find you after this if they want to talk about productization? Or maybe if they want to talk about getting over their fears, or maybe even book a yoga lesson?



Eisha Armstrong 37:55

LinkedIn, I am on LinkedIn. Eisha Tierney Armstrong is my LinkedIn handle. And I and a team of people actually monitor my LinkedIn. So you will get a reply.



Jason Knight 38:08

You've got social media managers, and everything hiring those arms and legs, as we put it just to kind of keep your own services business up and running.



Eisha Armstrong 38:16

Totally.



Jason Knight 38:17

And of course, people can buy your book as well. Is there a website for that? Or is it just like all the other books,



Eisha Armstrong 38:22

it is on Amazon, like all of the other books, I think also the productize book.com vectrus.com. Just type in productizing Google, hopefully it's the top one to three. That pops up,



Jason Knight 38:38

Fingers crossed. Well, I'll make sure to link down into the show notes and hopefully get a few people heading your direction or talking to your team at least. Well, I could talk about this stuff for hours, obviously. But I'll give you a breather. Obviously he really appreciate you taking the time to talk. So really weighty issues. Hopefully we can stay in touch. But yeah, it's for now. Thanks for taking the time.



Eisha Armstrong 38:55

Well, thank you, Jason. This was such a great pleasure. Appreciate it.



Jason Knight 39:01

As always, thanks for listening. I hope you found the episode inspiring and insightful. If you did again, I can only encourage you to hop over to <https://www.oneknightinproduct.com>, check out some of my other fantastic guests, sign up to the mailing list or subscribe on your favourite podcast app and make sure you share your friends so you and they can never miss another episode again. I'll be back soon with another inspiring guest but as for now, thanks and good night.