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# How changing the company's focus from sales-led to product-led helps the business scale and deliver a better product

Bachelor's thesis

Supervisors: Jekaterina Tšukrejeva Master's degree

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TALLINNA TEHNIKAÜLIKOOL
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# Kuidas ettevõtte fookuse muutmine müügipõhiselt tootepõhisele aitab ettevõttel kasvada ja pakkuda paremat toodet

Bakalaureusetöö

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# Author's declaration of originality

I hereby certify that I am the sole author of this thesis. All the used materials, references to the literature and the work of others have been referred to. This thesis has not been presented for examination anywhere else.

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# Abstract

The goal of the paper was to analyse and implement solutions which help a sales-led company turn into a product-led one. The product-led mindset is something which enables companies to build products based on the needs and problems of customers and the key is building a product which can require and retain those customers on its own.

For this the author analysed together with the company's product advisor what can be done and assisted on making the process for product development which would enable the shift towards a product-led company and took care of the day-to-day tasks which would make the processes stay.

The metrics for success were largely based on the analysis of the company's ways before and after the change and the analysis of business metrics.

This thesis is written in english and is 48 pages long, including eight chapters, nine figures and five tables.

# Annotatsioon

## Kuidas ettevõtte fookuse muutmine müügipõhiselt tootepõhisele aitab ettevõttel kasvada ja pakkuda paremat toodet

Töö eesmärgiks oli analüüsida ja juurutada lahendusi, mis aitavad müügipõhisel tehnoloogia ettevõttel muutuda tootepõhiseks. Tootepõhise ettevõtte eelised peituvad selles, et toote väärtuspakkumine on piisavalt põhjalikult läbi mõeldud, et kliendid registeeruvad iseseisvalt ja saavad ise oma probleemi lahendamisega hakkama. Kui nendest praktikatest aktiivselt kinni pidada on võimalik luua toode, mis tekitab konstantse klientide voolu ja ka hoiab neid ise toote juures.

Selleks analüüsis autor koos ettevõtte toote nõustajaga, mida saaks teha ja oli osa tootearenduse protsesside koostamisel, mis võimaldas liikumist tootepõhisema ettevõtte poole ning hoolitses igapäevaste tööülesannete eest, et implementeeritud muutused püsiks.

Mõõdikud põhinesid suures osas analüüsil ettevõtte tegevus viiside kohta enne ja pärast muudatust ning ärimõõdikute analüüsil.

Lõputöö on kirjutatud inglise keeles ning sisaldab teksti 48 leheküljel, kaheksa peatükki, üheksa joonist ja viis tabelit.

# List of abbreviations and terms

| | |
|---|---|
| SaaS | Software as a service (SaaS) allows users to connect to and use cloud-based apps over the Internet. [1] |
| MRR | Monthly Recurring Revenue is a measure predictable monthly revenue steam from subscriptions to your services or product. [2] |
| Runway | Is the period of time left before the company runs out of money. |
| aDoc | Avokaado's actionable document format, which may include several documents under one aDoc and is collaborated internally and externally in a browser. |
| MVP | A minimum viable product (MVP) is a development technique in which a new product or website is developed with sufficient features to satisfy early adopters. [3] |
| Bugs | In computer technology, a bug is a coding error in a computer program. [4] |
| CEO | A chief executive officer (CEO) is the highest-ranking executive in a company. [5] |
| DoD | DoD is practise known to Scrum in which success criteria is set for the feature released to know if it has brought value expected or not. [6] |
| OKRs | Objectives and Key Results is a framework for setting goals and adding the tasks needed to be done to accomplish them. [7] |
| Roadmap | A product roadmap is a plan of action for how a product or solution will evolve over time. [8] |
| KPIs | As with OKRs they are set for the whole company and can effectively filter our possible changes or problems along the way. [19] |
| S.M.A.R.T goals | S.M.A.R.T framework can be defined by a focus on specific, measurable, achievable goals that have a particular time frame. [21] |

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# 1. Introduction

Avokaado is a SaaS platform which provides contract management software for law firms, legal departments, human resource teams and more. Essential for any team who has a contract, document or some type of paper that could be standardised and automated for quick drafting and collaboration.

The author joined the Avokaado team in August of 2020, altogether she has had different roles inside the company from website designer to marketer to developer. In November of 2021, she was put in the position of product manager. She is to assist Avokaado's product advisor with planning out processes and what ways to help the product to achieve its goals so that the business can grow.

## 1.1. Problem

Avokaado has a traditional sales-led approach meaning it has a marketing plan which generates leads to the sales funnel from which a sales development representative sends the qualified leads to salespeople. This traditional strategy does not focus on users or creating virality and ends up creating a very specific product for a specific customer. [9] The problem Avokaado created for themselves is trying to expand the specific solution to different sectors i.e., from law firms to healthcare to fintech, trying to solve different use cases without changing the strategy. With the sales-led strategy the sales team does the market research and chooses the features to be built for the company to sell. If this is done from the sole point of selling and that focus has not been kept on one specific client profile or the future of the company, then it creates a product with many capabilities but with high complexity and other issues. This combined with insufficient resources, the speed in which features are delivered and no clear process for development has created a platform that instabile in its workability, has unrecorded dependencies, missing consistency and is complicated to use. From the business side, this raises the churn percentage among users which means the company must keep acquiring new user just to keep the monthly recurring revenue stable. In addition to this, Avokaado could suffer a burnout if they carry on catering new specific use cases with current resources.

## 1.2. The goal

The goal of this paper is to implement the product-led strategy practises at Avokaado and analyse how it contributes to the company's and product's growth. A product-led company's product is a product which acquires, activates, and retains customers on its own. [9] This is only enabled by a work environment for the product team in which they can fully contribute to the growth of the business and help achieve its goals. To make this happen a clear strategy and vision are created for the product and what problem it is meant to solve. This enables a clear understanding for the product team on which direction to work towards and how to build a product that can scale. In addition, this helps the team to prioritise and plan the features promised to clients.

## 1.3. The work's structure

This paper starts with the history of Avokaado, how the product came to be and how the development of the product has changed throughout time. The paper continues by covering the practices of product development, sales-led versus product-led and what methods were used to change the way of work for the company. To understand how these new practices and mindset have changed the company and business the author analyses Q1 of 2022 against the year 2021 and in addition reviews the company's state before and after the changes.

# 2. Avokaado History

In this chapter the author gives insight on Avokaado's history and way of work before the change were in the processes.

## 2.1. The history of the MVP launched in 2016

Avokaado product started as a solution for small- and medium-sized enterprises. The minimum viable product (MVP) was a platform where you can draft a document which has been automated and sign it right there. An automation document is a document were all the variables that are to be filled are linked to a questionnaire so that during drafting of the document you only must answer questions to get a viable contract. The document templates that were used were either created and automated by the lawyers working in Avokaado or they were automated by the clients themselves. Avokaado had a simple interface where they could create those templates. This was the first product which was put out in 2016 and continued to exist for the coming years under the domain avokaado.com.

Data that can be found about the first product that was launched are the number of customers and the number of documents created. There were around 3506 users and there were around 7000 documents drafted.

The creation of Avokaado was done by a third-party software solution provider. The process of development was long and thought out. The lead of the product from Avokaado's side was the CEO who would provide the ideas and directions to go in the product which would then be taken apart and discussed in the development planning meetings and turned into features to be built on the platform with the help of the leads from the third-party software provider.

During the first product's deployments there were releases every time there was something new to release, which could be between every 4-6 months. For bugs, there would have been a release made when they came up which would have been about once a month. During this time the company offering the software development services was substantial enough to monitor the releases and do the required testing of the features before the release.

## 2.2. The history of the Avokaado product used today

After a few years of the launch of the first product, Avokaado acquired an important client with whom they were to level up the automation capabilities of Avokaado. This pushed the company's direction from the focus on small and medium-sized businesses to law firms. It instigated the creation of a new product next to the avokaado.com solution. This new product is the Avokaado which is used today. The automation got the major focus and was advanced to a complex builder in which user could build a contract of a create complexity.

After the focus on automation quieted down other parts of the product started to emerge. During a hackathon, the Dashboard feature was built from which a user could see how many documents were in what stages – drafting, needing an approval, needing to be signed and done.

Slowly new clients started to emerge with different use cases. In-house legal teams started to utilise Avokaado. Human resource teams found it a great tool to carry out their document drafting with new employees or to make contract amendments with current ones. This spiked an advancement into document management features for the platform like folder sharing and other.

From there on the product moved more and more in different directions. More focus was added to the document workflow feature of the product which is the experience of drafting the document together with sharing it out to be viewed, edited, approved, and/or signed. This part of the feature is now classified as the aDoc which entails the whole drafting experience of a contract.

In 2020 the first product was closed, and the focus was turned to the more developed version. Inside the new product, there was also a divide made. There would be two solutions available. One is the self-signup platform where users can sign up, find templates they need in the Avokaado store and draft them as they please. The other would be the custom workspace solution offered to enterprise clients who would need additional features unavailable in the self-signup side of the product.

### 2.2.1. Product development processes after the transition

After the focus took a turn to automation another third-party development company was brought in. It was a one-man company that started to provide the development services for building the automation side of Avokaado. During this time there was a very little process in place due to the size of the team. The shift caused a weight change to the Avokaado's side to take care of the feature description, development focus setting, testing, and confirming launches.

The new focus of the product started to grow in many different directions at once. This meant a lot of use cases were onboarded and with them new features delivered, as quickly as possible. This started building the backlog of the product with requests from new clients. The building in a lot of different directions caused instability within the product. Bugs started to occur more often and new features were not always compatible with the rest of the system. Due to the lack of a bigger strategy and plan, the speed of developing new features rose but not a lot of room was left for maintenances.

When the new product was started, deployments were made when something was ready. This could have been around once a month depending on the size of the feature. For bugs there was also a release made every time something was discovered. These tasks were tracked in Trello but other than that no real process was in place for it. The task creation, management and testing were done by Avokaado only. There was not a lot of documentation made of new features, that meant that there is no way of 100% verifying if the feature works as it should and where the future perspectives of each new feature could be.

Features were released with a focus on the problem at hand, but they were not aligned due to a bigger vision and strategy either not being there or not thought about during feature building. It was easier to take the feedback either as is and deliver the corresponding request or leave it to the backlog.

### 2.2.2. Company data after the transition

The newer products' data can be found in more detail from the Funderbeam platform. There are also data points saved throughout the years.

In 2018 the platform had around 233 users with 10 law firms using the platform for managing their workflows. There were 2118 contracts drafted on the platform.

The Funderbeam data starts from Q4 of 2020 with a total number of companies using Avokaado being 672, user amount 1100 and documents created on the platform is 8400. In Q1 2021 there are first mentions of revenue, MRR and runway. The data from Q1 2021 through Q4 2021 is presented in a table below:

Table 1 Avokaado business data before Q1 2022

| Period | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 |
|---|---|---|---|---|
| Revenue (EUR) | 34.5k | 48.7k | 110.3k | 111.1k |
| Runway (Months) | 10 | 7 | 6 | 7 |
| MRR | 13.0k | 16.9k | 27.9k | 30.1k |
| Total companies | 892 | 1.2k | 1.4k | 1.7k |
| Total company users | 1.4k | 1.8k | 2.3k | 2.6k |
| Total aDocs | 29.8k | 108.0k | 194.7k | 244.0k |
| Templates created | 939 | 1.0k | 1.2k | 1.3k |

# 3. Product development approaches

Software development starts with identifying the needs and problems of a certain segment of potential clients and continues with mapping of the possible functionalities and/or services the software could provide for that segment. The second phase of product development is analysing the requirements of what it takes to get the solution done. In the next phase is the design phase in which the developers and architects of the product team compose a more detailed overview of what is to be done to create the solution as required. Then the development and implementation are done, which is followed by testing. The final step is deployment and maintenance. Maintaining the release means monitoring the product and doing deployments when bugs or other issues are discovered. [10]

This process is understood and practised by most software companies. The difference in the growth capabilities of a product is in the details, starting with the problems and needs, how well are they explored and to what extent the solution is experimented with. Followed by setting of success metrics for features that are released and what is the meaning of a successful release. Which derives from the vision and goals set by management and having product expansion be aligned and analysed from the perspective of if it feeds the long-term goals.

The author will now analyse the different business methodologies that set these details for software companies.

## 3.1. Sales-led

The sales-led companies build their product largely based on what the sales team finds to be reasonable and needed. They target decision makers and executives, instead of the end users which takes away the need for customer engagement due to the actual customer not being the buyer. This strategy works best if the targeted client is an enterprise level business. [11]

The benefits of a sales-led approach are that you most likely know exactly what type of a client you wish to acquire and can offer them a high-value solution fast. In a sales-led company the sales team is well informed of the product and can speed up customer

onboarding and understand the customer better. In addition, the customers in this approach are usually enterprises who need a specific solution. [11]

Issues can arise when the sales team starts taking on new feature ideas based on a sale but do not analyse the feature from the perspective of the current customers nor the perspective of the direction of growth for the company. This can make sense when the company is starting off, small or a start-up that needs to close a first big client to get revenue to continue work but this mindset must change with time. This is because it is not realistic to keep it up with each new possible client that is in the sales pipeline. This leads the product to play catch-up on promises and deliver too soon before the feature is fully ready just to keep a client. [7]

## 3.2. Visionary-led/Founder-led

The visionary-led companies are such companies in which there is one person at the front building out the product strategy and roadmap. Although this can accelerate the product into success the issue is with keeping it there. Because if you have only one person who knows where you are going and if that person leaves then the whole product could fumble. [7] Good examples of these visionary leaders are Steve Jobs and Elon Musk because a big part of it is also the fame of the visionary. [12]

## 3.3. Technology-led

The technology-led companies let the newest and most innovative ideas in technology lead the way. The problem here is that the most interesting new idea can sound like a good direction but if it is not solving any problems or resolving needs then the company would not get a return on the product and the features, which they have built. [7]

## 3.4. Product-led

Product-led companies are companies where the product is the key behind driving up the client count. Meaning that the success of the product is understood to be directly linked to the growth of the company. A product-led organization is a company that works around outcomes and not outputs. [7] Examples of these types of companies are Netflix, Dropbox or Slack. They have a free version via which they can onboard, they have a very short way to receive value and continue to stay for it. This is only possible if the product is

thought out and offers a very simple solution for the user to solve their problem. The customer acquisition costs are lower since less actions are needed from the company's side to find the customer. What is drive up is the customer retentions costs and the focus must be on the product so that it is everything it should be. [11]

# 4. Practises for changing the company's focus to product-led

Our source for new practices largely came from the book „Escaping the build trap: How Effective Product Management Creates Real Value" by Melissa Perri. The book covers how companies end up in the build trap and what they can do to stop focusing on shipping features and instead focus on the value those features could give.

The book brings up three interesting phrases "known knowns", "exploring the known unknowns" and "reducing the universe of unknown unknowns". "Known knowns" are facts which are supported by data or specific requirements made by clients. The "Known unknowns" are assumptions to be tested, information that can be pursued and problems that can be explored. The goal with "Known unknowns" is to turn them into facts. The "Unknown unknowns" are the things we do not know due to not having asked enough of the right questions or getting the knowledge we need. These things clarify when you gather data, interview your clients, and do your research. In software development it is important to be discovering the known unknowns, anyone can work based on facts or get led by bias to make decisions. Where the real value lies to be found is in analysing data and finding the right questions to ask. [7]

To know which known unknowns to discover a company needs to have a strategy for the product, this is commonly mistaken for a plan for the whole team but instead, it should be a framework in which the team can operate and create their plans and tasks and make their own decisions. What the strategy enables is having the big picture view instead of one piece of the puzzle. This gives the company a clear understanding if their work is contributing to the set goals and based on that change tactics or kill ideas. "When a company thinks only about the feature-level model. It loses track of the outcomes those features should produce. This is what lands you in the build trap". [7]

Some details block companies from carrying out their strategy in a successful way. These blocks are the gaps that are between results, plans, and actions. The book divides them into three:

The Knowledge Gap – the difference between what we would like to know and what we know. [13] The knowledge gap happens when we want to know the details and specifics before we even are certain about what problem we are solving.

The Alignment Gap – the difference between what we want people to do and what they do. [13] This happens when the companies don't align the reason, we do what we do through the ranks of the company and then leave the decision making to those layers. Meaning they get to decide how they can make things happen.

The Effects Gap – the difference between what we expect our actions to achieve and what they achieve. [13] This is what happens when companies do not see results and try to expedite the matters. This creates more reactive team-leading which causes misalignment in the strategy and throughout the company ranks.

Another important step with the strategy is the deployment of that strategy. The book breaks strategy deployment into different parts which are illustrated well by the chart shown in the book:

**Strategy Deployment**

| | | |
|---|---|---|
| Vision | What do we want to be in 5-10 years? Value for customers, position in market, what our business looks like | CEO/Senior leadership |
| Strategic intent | What business **challenges** are standing in our way of reaching our vision? | Senior leadership Business leads |
| Product initiative | What **problems** can we address to tackle the challenge from a product perspective? | Product leadership team |
| Options | What are the different **ways** I can address those problems to reach my goals? | Product dev teams |

Figure 1 The strategy deployment levels by Melissa Perri

In its essence, the strategy deployment is a translation of the strategy into actions. [14] The key is setting the right level of goals and objectives throughout the company and in its teams. There are a few examples of strategy deployment frameworks of which Avokaado chose OKRs. OKRs is a framework and ongoing discipline that seeks to ensure employees work together and focus their efforts to make measurable contributions that drive the company forward. [15] The vision and strategic intent levels are at the company level. The product initiative and options are at the product or service level of the company. [7]

The strategy's architecture consists of two things the company vision and strategic intents. The company vision sets the direction of the company and is the guide for everyone to follow. It gives a framework around which to expand on your product. Because the vision is a long term set intent, then we need something that can adapt to the process when the company matures and grows naturally with time. For that, we have strategic intent. Strategic intents communicate the current areas of focus for the company and help realize the vision. Although strategic intents are a shorter period of focus than the company vision it still takes a long time to reach them, the magnitude of one to several years. Intents in turn must be linked to certain goals so that the company operations can take concrete actions. There should not be too many intents as that can have a negative effect. For example, for a small company one intent is good and for a large one three would be enough. They should be high level and business-focused like "Expand to the enterprise business". From there it trickles down to creating product initiatives from the intents which are aligned with the product visions. Product initiatives explain how business goals are met by solving the problems with the product, they are the how? The product vision is the reason you are building that product and the value you can provide with it to the client. To ensure that the product vision is correct you must experiment around solving problems for the users. Then validate the solution which you can build into a product to scale and maintain it. The vision statement should cover the problem users are trying to solve and how our product helps them to solve the problem. [7]

With all the right mindsets and goals in place, it goes into the process of product management. Building a feature should be broken down like this:

1. Problem Exploration

2. Solution Exploration

3. Solution Optimization

First the problem exploration, which means getting into the details and understanding the problem. This is enabled by data, metrics, and customers' feedback. It is important not to get lost in analysing the data but also to do user research, observations, surveys, and use different user feedback tools. In the problem exploration what we are essentially doing is generative research to find the problem we wish to solve. It is important not to get carried

away by the solution ideas and wanting to implement them. At that moment it is important to do a check over of if it solves the problem or is just an exciting idea. [7]

After validating the problem, it is time to explore the solutions. This is the part where you experiment by building a solution to learn what the actual outcome is and if it resolves the problem. To validate the solution, you create an MVP but not mistake for an as quick as possible development to be released but it should be thought through the solution with the minimum amount of effort to learn. To provide a solution which would bring back important information to the team it is important to ask the question "What do we need to learn next?". If you work through your solution and validate them then you mitigate the risk of the new solution bringing up a new problem or causing issues with other parts of the product. [7]

To optimize your solution, you can use story mapping and North Star documents. The North Star document explains the product for the whole team. It covers the problem that they are solving, the purpose of the solution, solution metrics that matter for it to be a success and the outcomes it will result in. It creates a context for the team. Where story mapping comes in is when we need an action plan. Story mapping helps everyone to break down their work and align the workaround goals. It allows us to think through all factors needed to deliver a successful solution. [7]

It is important not to forget yourself in the testing and experimenting as well because it can make the solution into too much of a niche product. For this to not happen each stage must be well understood so that you would not get lost in the experimenting. [7]

A big part of understanding where an issue can lie is metrics. They enable us to detect trends and anticipate problems with their probable solutions in effective cost control, quality improvements, time and risk reduction. [16] When should you act on something and to understand which direction you should move towards? The trap with metrics is that it is easy to get lost in the wrong metrics. Vanity metrics are the information easiest to access but rarely tell us something. For example, user signups, page visits or other that is a nice to have metric to show off but does not cause us to change our behaviour or focus. Luckily it is quite easy to turn these metrics into valuable ones. This is done by adding a time component for example. It is important to provide context to your data so that they become meaningful facts and figures which can provide us with the help we

need to set our directions and make decisions. Regardless of the metric framework used it is important to have many metrics and to not just track the product but also track the goals and initiatives set so that we do not fixate on one side of the story. It is the combination of data that keeps us on the clear from falling into the build trap. [7]

Another part that plays an important role in keeping companies out of the build trap after composing and releasing their MVP for example is the Definition of Done. DoD is practise known to Scrum in which success criteria is set for the feature released to know if it has brought value expected or not. [6] From these definitions the product team has a much clearer understanding if new iterations need to be made, the problem revaluated or if a rollback needs to be done. [7]

Consistent communication of progress throughout the company in the form of outcomes is key to keeping the management from overriding work. This is because leaders tend to micromanage the moment, they do not see the progress they wish for and with that they unintentionally close the freedom to explore and resort back to old ways of managing. Different types of meetings can be held to keep the management informed of the work. [7]

Another important tool is the roadmap. It is a way of describing how the product is going to meet the objectives set for it and when. [17] They should be the means of explaining the strategy and describing the current stage of the product to the company. They should be updated constantly as it is a tool for the sales team to enable their work. For this, there should be a terminology set that the whole company understands so that everyone would understand the roadmap at the same level. [7]

To support employees to hold onto the processes and to stand up for their work the company's reward system and mindset must not work against them. If the product team is only congratulated based on their outputs, then there will be no need for expanding to greater lengths of understanding the real problems. In addition, even if they are not judging based on outcomes, they may still lack the willingness to try new things. Product teams need to feel safe enough to start exploring options, testing, learning, and failing. The ultimate way for risk mitigation is the room to test that can be done inside certain boundaries, but it still must be available. This whole shift of being product-led is only

possible if the mind sifts change happens on the organizational level. That is what enables the product-led way of work, to stay and not be lost when times get tough. [7]

There are six questions to ask if you wish to determine if your company is product-led:

1. Who came up with the last features or product you built? For this, the answer should be the team. If it was a management level person, then it shows a clear sign of the team not having ownership of what they are building and cannot communicate the why. With smaller companies, there can be of course exceptions to this but still, this should be an indicator of a possible overruling mindset.

2. What was the last product you decided to kill? Here if the answer is that no products or features have ever been killed then it shows signs of not being a product-led company.

3. When was the last time you talked to your customers? Here again, if the answer is that there is no real communication with them due to fear or management rules then it shows that the company is not led by product.

4. What is your goal? Here the product manager should be able to express the goal clearly and it should not be output centric. Unless all parts of the company know the why they do what they do then you can most likely find an ill fit and unclear strategy and vision upfront.

5. What are you currently working on? Here the answer should be problem solving based. Means what problems are they currently solving the features and solutions they are shipping.

6. What are your product managers like? Here you would like to hear that they are well respected. Product managers must be well versed with their teams and have a two-way relationship at that. A good product manager should never be the lone wolf at the front calling the shots or catering to the most vocal client at hand.

## 5. Deeper analysis of Avokaado's issue

A good starting point for this chapter is the questions presented in the chapter 3.1.:

1. Who came up with the last features or product you built? Either a client or a person from the management team.

2. What was the last product you decided to kill? This has not directly happened; some features have died down with time, but nothing has been directly killed off.

3. When was the last time you talked to your customers? This happens regularly as the customer success team is in constant contact with clients. In addition, the platform has the Intercom message box set up for clients to reach out when they are experiencing difficulties.

4. What is your goal? A bit unclear on this point, a lot of different parts of the product need to be catered to and the main goal is to retain clients.

5. What are you currently working on? A little bit of everything, from bugs to different parts of the product.

6. What are your product managers like? Avokaado has never had a one clear product manager, it has always been a person who has a focus on some other part but is appointed to that role as well. This means that throughout time they have all been a bit different but most of all they have been able to carry out their tasks with limited resources and time.

The problem of Avokaado is that they have been trying to be more product-led but have kept the flow of work as a sales-led company.

The signs that there have been steps towards the direction of product-led are the pricing strategy change in 2020 where a self-serve product has been created with a free trial and a freemium pricing option which would enable to provide the user the primary problem they wish to solve. The issue here has been that users find it hard to solve their problems because there are too many steps to take to receive the value they need. The free trial offer has brought in a lot of signups but there has been little to no conversion to a paid plan.

The free trial offer has turned into more of a sales funnel where the sales team can find possible prospects but so far nothing more.

The sales team has onboarded many different use cases with different problems to solve which has instigated a lot of different features to be built. A focus on possible future growth from these features has been kept in mind whilst developing but not deeply enough to offer the maximum value from those features to clients. This can be seen by the high level of feature requests that keep coming in weekly from sales and customer success. Depending on the period around 5 feature requests are made in a week. With around 30 clients using a custom workspace, meaning they have their own workspace, that shows that even when clients are onboarded, they do not receive the full value they wish from the current product. In addition, the amount of bug reports is on average around 6 a week of which get documented - many of them being usability issues or users expecting a feature to work in a different way than it's been built.

As growth was the goal Avokaado started to move towards features that could help deliver value to other business units in small and medium companies in addition to also providing a solution for law firms and legal departments. The focus in the direction of human resource teams, sales teams and possibly others. Although a valid direction was taken the strategy and vision were not well set. Strategy should be a framework with which the rest of the team can align their activities. Now as Avokaado has had a smaller team to work with the hierarchy between who decides what is not set, due to many people deciding things on many levels but with time and team growth that has not change much. What strategy largely meant was a plan for the whole team instead of the framework. In addition, that plan changed in short periods of time. At one time the focus being on small and medium sized businesses the other on start-ups and so forth.

Another issue has been that features are developed either too quickly or have not been followed through to the end due to gaps that are between results, plans, and actions. These gaps can be divided into three as mentioned before– the knowledge gap, the alignment gap, and the effects gap. For Avokaado the two relevant gaps are the knowledge and effects gaps.

The knowledge gap happens when we want to know the details and specifics before we even are certain about what problem we are solving. Which has been apparent in the

current feature development process. Although with not all features but with most there is evidence of a lack of exploring the "Known unknowns" the assumptions we have of the solution but not having done enough tests or research we cannot call them the "known knowns" as they are not facts and solving issues like that cause the knowledge gap and thus create a situation where work has been done but due to misalignment we end up not carrying out whatever strategy we have successfully.

This affects the business because the clients usually stumble upon a new issue that was perhaps the root of their request and thus still feel that they have not received the value they were promised.

The effects gap is what happens when companies do not see results and try to expedite the results of some sort to feel a sense of growth. This tends to happen when some feature developments take too long or the planning of them does, then the matters would be expedited for the sake of delivering that feature.

What was also lacking was the problem and solution exploration mentioned in the book. The new features for the new use cases came from the new clients and the company's management team. Features which were developed were not monitored afterwards and new clients after time had to either get used to the product or hope that their features would be delivered at one time or another. The reason those processes have been lacking is due to the team missing a focus/strategy on the development level which to align the new feature requests by.

As the development resources were scares there was also no correct assessment of the scope of work to be done to deliver the new feature. Due to time constraints the were done as fast as possible and that caused the product or some part of it to crash. This meant that every new request from a client broke dependencies between other features and created additional maintenance work for the developers.

An issue that fed the instability of the platform and lack of value for clients was that the new feature requests were not documented enough. This created gaps in the work of developers as they missed some business logics due to it. In addition, it complicated the testing process and left no historical data of how this feature is meant to work.

As she points out in her book Avokaado also has had the mindset of measuring success by the outputs of features rather than the outcomes those features create. Instead, the metrics which the company should rely on for success are the user ones. On one side are the product usage metrics and on the other there should be interviews and feedback surveys. Avokaado has had a simple setup in Mixpanel where it can be seen when users have done certain actions. Mixpanel is an event-based tracking solution gives product teams the ability to gain insights into how to best acquire, convert, and retain their users across web and mobile platforms. [18]

What has been missing totally is the net promoter score (NPS) which would reflect how likely it would be that Avokaado clients would recommend the software to others. Combined with this data Avokaado could get a much better overview if they are delivering value for the clients.

One more thing which has not been well set is the roadmap. A tool from the product which could assist in getting out of sales-led product development. A roadmap is a map of all the features to come at a certain time.

## 5.1. Changes that have been taken on in Avokaado

In November 2021 there was a change in the development team. With the new product advisor appointed the development of the product would take a turn towards product-centric development. The author was appointed as the product manager who is to assist the product advisor in implementing the changes and managing the development team. The work started by mapping our objectives and key results (OKRs). This is all based on a strategy and vision set by the management team.

The vision set by management regarding where they would like to be in the coming five to ten years. What would be the value Avokaado offers, what would the business look like and the position on the market. From this the new vision of Avokaado was born – aDoc is a new type of document that exists purely in the cloud, but can still be shared, emailed, and stored locally while being updated automatically when opened.

For Avokaado, an aDoc is a document which can consist of an automated questionnaire, any type of additional document wished to be uploaded which then the user can edit as

they wish, add collaborators to, or send out for approval and/or signing. Reports can create of these aDocs based on metadata.

To start moving in the direction of the product getting to that aDoc solution Objectives and Key Results (ORKs) were mapped by the management team. The table about the objectives is added as an appendix. It is the Appendix 2 which is not subject to public disclosure.

From this, they expand on what are the key results that can help Avokaado achieve these objectives. The table about the key results is added as an appendix. It is the Appendix 3 which is not subject to public disclosure.

For achieving these key results, they created initiatives. The table about the initiatives is added as an appendix. It is the Appendix 4 which is not subject to public disclosure.

For each key result there is a person responsible for it moving forward and together with the team that responsible person has they create the proper initiatives which can help them achieve these key results.

The direction and vision of the product are now led by the product advisor. He plans out the product initiatives and puts together the roadmap. Together with the author, the product manager, and head developer the options in which ways the initiatives could be met are set and the product manager takes care of sprint planning, task management, testing, and releasing.

To start having a grasp of the bugs and features requests that came from current clients Coda was taken on as a tool for collecting them. In Coda, the product advisor set up a form to submit bugs and then a separate form for reporting features. To go through them he arranged a weekly meeting where the product team would go through all the recent findings with the author being the lead. The author would make sure to advocate for the insights of customer success, the clients and from the perspective of initiatives set for the product.

This structure was created to tackle tasks making their way into development without a bigger analysis. With this process the development team could assess if it makes sense to take on, does it align with the initiatives and essential carry out the problem exploration.

If a bug is accepted, it is sent straight to Jira to be groomed and assigned by the author. If a feature request is accepted, it is groomed, and a product requirements document is drafted by the author or the product advisor. In this document, a solutions exploration & optimisation is done. That requirement document will entail the user problem, selected solution, user story of how that solution works, and the design and metrics that show that this feature is a success.

Also, a rework of the Mixpanel setup was done which allows a clearer overview of what users do and enables us to create user reports which give us insight into the user actions about new features.

The product team has created a knowledge hub in Confluence, a product of Jira, which is a tool where teams can collaborate and draft many different types of documents. There the author wrote out the way of work for developers, and branch management and released information about each release we conduct. Our product advisor wrote out our QA process, sprint planning flow and how the sprint related meetings should be conducted, the way tasks should be created for Jira and the product requirements document structure.

The author carries out stand-ups twice a week with the developers to keep the team aligned on the work they do and to go over everyone's blocks in their work. The management team carries out a OKRs meeting once a week to track goals.

# 6. Methods

Here the author expands on methods used to help analyse the success of the changes made.

## 6.1. Interviews

The author used a type of personal interviews called depth interviews with the company's CEO and the company's head developer to understand the path to the current time. Depth interviews are one-to-one encounters in which the interviewer makes use of an unstructured or semi-structured set of questions to guide the discussion. [19] This method was chosen due to the unstructured part of it enabling to have freedom discussion space to talk freely and gather more information. At the same time having a basis of same questions for both parties.

## 6.2. Analysis

One of the books which talks about a framework for making the change to a product-led approach also offers questions which should give a clear understanding if the company is a product-led one. The author used these questions to analyse Avokaado's way of work before and after implementing changes to give information on the successes of implementing the product-led approach. This method suggested in the book called „Escaping the build trap: How Effective Product Management Creates Real Value" by Melissa Perri.

## 6.3. Method for tracking goals

There are multiple methods for tracking goals and the success of goal setting. Avokaado chose the ORKs framework but the author will expand on a few popular frameworks and why OKRs were chosen from them.

### 6.3.1. KPIs

In its essence KPIs serve the same purpose as OKRs, to help see if and how the strategic goals set for the company are being met. As with OKRs they are set for the whole company and can effectively filter our possible changes or problems along the way. [19]

What sets KPIs apart is that they are a top-down exercise with goals being handed down the ranks. Only a few managers participate in the meetings where KPIs are composed, there is little to none transparency and communication exchange between the people who set the goals and the people who carry them out. KPIs make more sense if the people carring out the tasks have strict rules do their work, for example like in manufacturing, and would not benefit from participating in those talks. Also, KPIs cannot be adjusted with time according to the needs of the employees or changes in the market as they do reviews usually every six to twelve months. [19]

### 6.3.2. S.M.A.R.T goals

S.M.A.R.T framework can be defined by a focus on specific, measurable, achievable goals that have a particular time frame. This goal tracking framework has been around for a long time. The goals that are set are usually short term and focus on one thing. [21]

The SMART framework gets tricky when the work environment is a dynamic or a uncertain one. The difficulty lies in the level of detail set in the goals because in a constantly changing industries like technology it is difficult to keep up with demand, technology, business models and competitors are changing. [22]

### 6.3.3. OKRs

Objectives and Key Results are a framework which allows companies to track their progress by completing initiative that are set for reaching the goals. [7] It is a bottom-up structure where many levels of management can have a say in the results set for them. [19]

The Objective is the goal we wish to accomplish, and it answers the question "What do we want to do?". It is a well-worded statement which defines a goal which is time-bound, preferably done in a quarter. [15]

The Key Result is a statement that measures the achievement of an objective. It answers the question "How will we know if we've met our objective?". Key results are to be quantitative, they are to be measurable numbers which can be tracked. [15]

Assign each key result an owner on the team. While the key result belongs to the whole team, the owner is responsible for tracking the team's progress on it. Review your

objectives and key results and ask whether they're ambitious enough. Balance setting achievable goals with creating enough of a challenge to keep the team motivated. [19]

It is also important to measure how well the key result were met. Avokaado uses the scoring from 0% to 100%. 0% being the lowest grade, 30% marking some action taken but essential a failed status, over 70% shows that the team came close to archiving the result and 100 being the highest grade and marking that the result was fully met.

The author will use the OKRs set for Q1 2022 to analyse the company's ability to achieve them. As the key results are set with product-led approach mindset then they show how well the Avokaado team has been able achieve the goals of a product-led company.

# 7. Analysis of Avokaado's progress

A good starting point for this chapter is the questions presented in the chapter 3.1.:

1. Who came up with the last features or product you built? It has been the development team, by analysing the feature and bug requests they have decided on the features to be worked on.
2. What was the last product you decided to kill? Currently no kill off has happened.
3. When was the last time you talked to your customers? This has not changed as well, the last has been recently due to the continues contact with clients.
4. What is your goal? To solve the problem of having a contract editing possible for all levels at any given stage in Avokaado.
5. What are you currently working on? Solving the problems of questionnaire monitoring. Clients send documents out for filling and those other parties tend to edit fields they are not supposed to, and those edits could be missed by document owner when moving onto approving and/or signing.
6. What are your product managers like? Present and active in supporting the development team.

The setting of strategy and processes has enabled the development team to manage on their own and has created a space on where we can think about newest features and future perspectives from the perspective of how we can help meet the goals set for the company. The new process of having bug reporting and feature requests in Coda has provided a good overview of the product's weak points and an overview of what features need to be bettered from the perspective of clients.

What has caused a setback are the promises made to clients and the breaking of habits of making those promises to new ones. The new feature requests are constantly being added to at the same time as we have a debt to our old clients. This has caused issues with the roadmap as it's been overweighed by whoever is currently the most important client to please. This has caused a hit for the business side as the roadmap is an important tool for customer success to give answers to client requests and for sales to know what is to come, what to promote and what needs can be met soon. As we offer many custom solutions which require the additional work of our development team the reactive way of work has still stayed and causes strain on the developers.

The development for the better has been that all-new features that do make it through getting full requirement documentation made by the product manager or advisor. This has created a more stable development and release process because the document enables a clear understanding from the development team to manage what is being released and how it should work. In addition, releases are much better documented and thus sales and customer success know what is coming.

There has not been a big change from the perspective of clients as we still see instability in the product and feature requests being set to be done in the future.

There is a long way to go because new processes do not break old habits. Like tracking the features after they are released and seeing if new iterations are needed and keeping account of the roadmap and keeping a solid focus on the end goal.

Currently the numbers show a decrease in some aspects. It is clear that the changes have not had an immediate affect and the Avokaado does need the changes implemented to move in a more growing direction.

## 7.1. Comparison of data

The author has gathered the same data points about Avokaado as there have been presented before. The table below shows the Q1 2022 business data.

Table 2 Avokaado business data Q1 2022

| Period | Q1 2022 |
|---|---|
| Revenue (EUR) | 130.5k |
| Runway (Months) | 4 |
| MRR | 29.8k |
| Total companies | 1660 |
| Total company users | 2607 |
| Total aDocs | 239658 |
| Templates created | 1259 |

The author put the business data from previous periods and Q1 of 2022 into table to show the changes throughout the period of time.
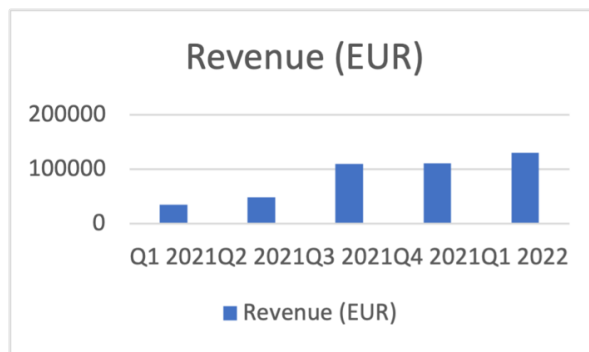


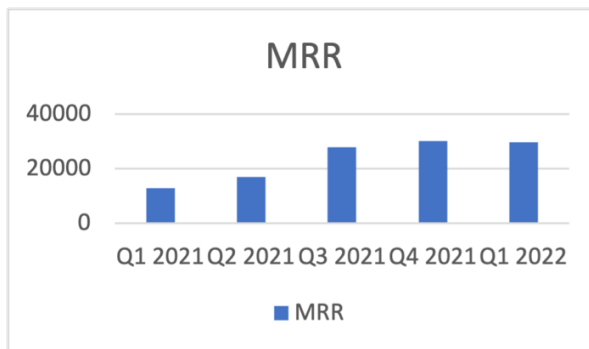Figure 2 Q1 2021 - Q1 2022 Avokaado Revenue (EUR).



Figure 3 Q1 2021 - Q1 2022 Avokaado MRR.



Figure 4 Q1 2021 - Q1 2022 Avokaado Runway (Months).

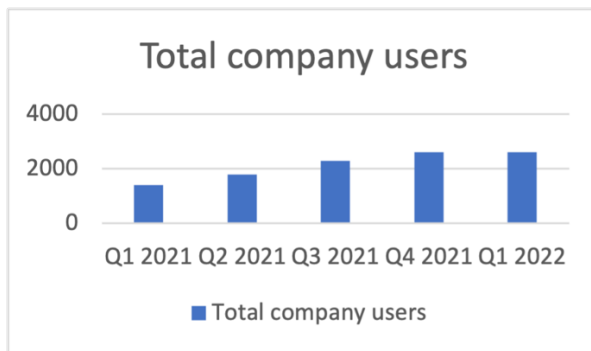Figure 5 Q1 2021 - Q1 2022 Avokaado company count growth.



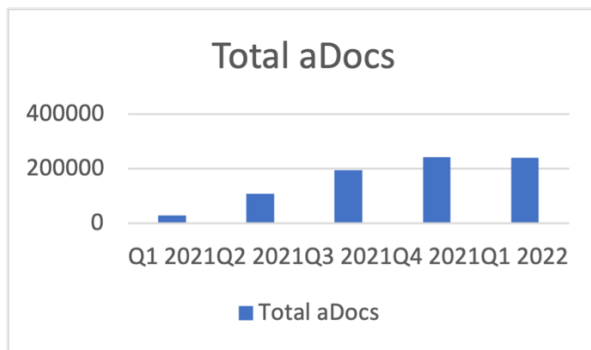Figure 6 Q1 2021 - Q1 2022 Avokaado user count growth.
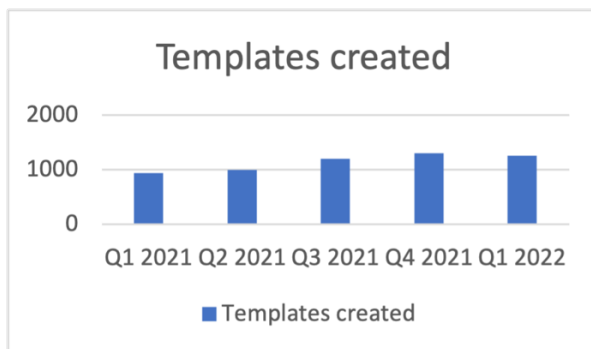


Figure 7 Q1 2021 - Q1 2022 aDocs created.



Figure 8 Q1 2021 - Q1 2022 templates created.

## 7.2. OKRs status check

The data about the key results progress is added as an appendix. It is the Appendix 5 which is not subject to public disclosure.

The author has also created a chart of the results and how are they divided between the progress levels after Q1 of 2022.
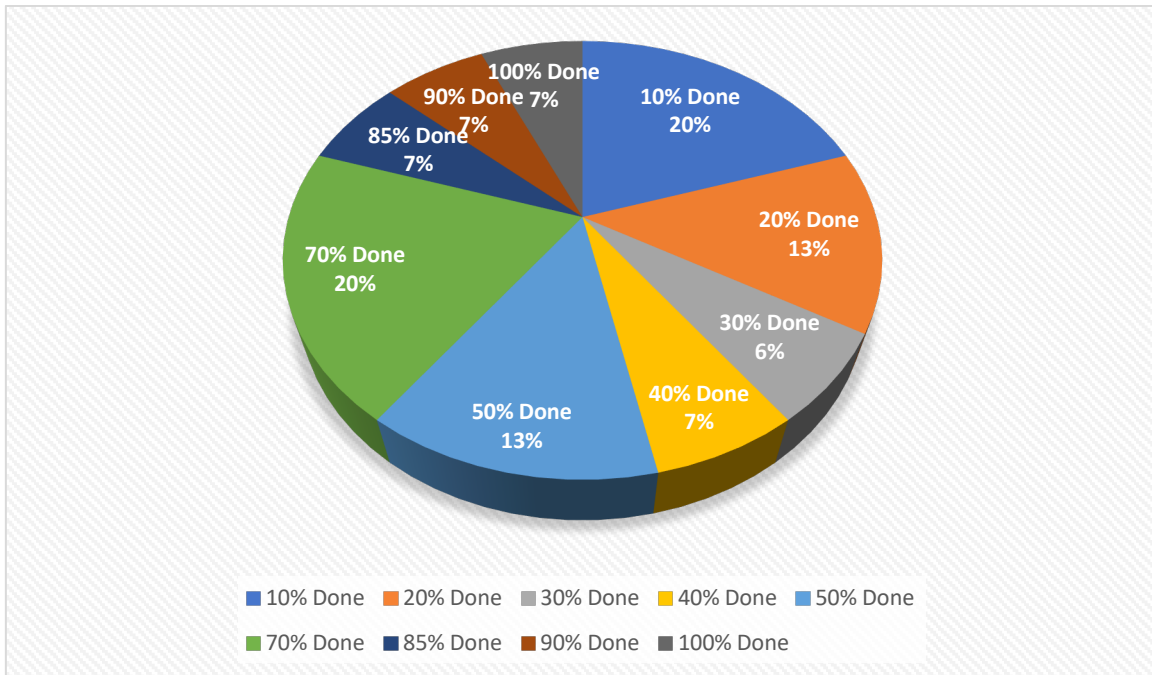


Figure 9 Amount key results with a specific progress rate.

## 7.3. Analysis on the implementation's success based on metrics

They key result progress analysis shows us that the 1/3 of the results were a success as they were done at least 70%. From the table in appendix 5 almost all teams had a key result filled successfully except for one, marketing. As the marketing and sales both had many below the success bar results then it can be said that the product does not yet bring in the value for them although changes have been made to be product-led.

The author created multiple charts of the different business metrics from Avokaado. From that we can see that a slight decline is in the MRR and product usage. In this case it accounts for one of the major clients losing their business on a use case where the solution was provided through Avokaado. At this time this can account for the loss but just goes

to show that there is a definite need for a change as now, after losing a specific use case the sales team must make up for the lost revenue and MRR on that part.

# 8. Summary

Avokaado has a very capable and sizable product that can enable a lot of actions for a user in the contract lifecycle management world. The issue with Avokaado's was that it has catered too long for incoming clients and not focused enough on a strong strategy which would carry them to bigger scalability options. The goal of the paper was to analyse what has been done so far and with what methods could Avokaado move from a sales-led business to product-led one. Avokaado took on a bigger rebuild of vision and strategy, set initiatives throughout teams to make the goals set happen, and processes were put in place in the product team to enable transparency and a clear vision for why they do the work they do.

The result was not the maximum hoped from the restructuring. Largely because Avokaado has a debt for current clients and is having a hard time shaking off the habit of closing without promising. This causes the product team to be still reactive instead of proactive. The win from this process change was transparency in the product vision, where the product is moving in the future and the processes ensured that new feature requests were either aligned and accepted or did not match the future vision and declined.

Processes brought stability for other teams because they could rely on deliverables and what was being worked on. No number of processes can fix bad habits but a deep understanding of why must process and why be implemented can teach us new and healthy ones. Avokaado has a long road ahead, but it has made a strong start in the right direction.

It has also become clear that Avokaado's product has a high complexity level for its usage. The customer success team has a lengthy onboarding session just to teach the new clients how to use the product. At the same time, the product requires a different approach to be built into a product which could deliver value faster and be more stable. This has brought the author to a conclusion that Avokaado might require a mixed solution of the sales-led and product-led approaches. As the product is complex and more for small and medium sized businesses currently then a sales-led approach must stay but they should continue to be mixed with the practises of a product-led one. This would enable the product to grow to a steadier place and a bigger source of value for its clients.

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# Appendix 2 – Avokaado's Objectives

Table 3 Avokaado Objectives

| Objectives | The descriptions of that goal and how its achieved |
|---|---|
| 1. Achieve a sustainable and diverse growth engine | We want to have a growth engine that is transparent and able to deliver more leads when more money is poured in. Exploring inbound VS outbound and experimenting with different channels are key factors for the success. We should also establish some basic tools (as CRM and analytics) |
| 2. Streamline transparent sales & onboarding processes | We need to simplify and streamline the process of onboarding new customers (or new users for the existing customers) to ensure we can grow and scale rapidly. This objective includes processes, tutorials, product features, infrastructure related issues and anything else that can help us to onboard more customers without significant increase in the headcount. |
| 3. Strengthen platform adoption in core features and verticals | To ensure our customers stay with us and get a real business value we need to measure our core features adoption and then redesign features to improve the adoption metric per feature. |
| 4. Implement a customer-focused product development cycle | Our main goal is to build the product that help our customers. To do this we need to re-focus our process from internal features generation to external (customer-faced). We need to gather requirements, requests and other feedback from our customers and design our features around those. |
| 5. Become an aDoc centric company | We want to challenge PDF dominance on the global scale by presenting our own, live & connected document format - aDoc. We should be focusing in 2022 on making it public and shifting our product from Workspace to aDoc. |

# Appendix 3 – Avokaado's Objectives and Key Results

Table 4 Objectives and their key results

| Objective | Key Results related to it |
|---|---|
| 1. Achieve a sustainable and diverse growth engine | 200 new leads are coming in CRM each month; Measure 100% of our funnel; 30% of leads are inbound; Test at least 3 new inbound acquisition channels; 50 calls per day per sales rep |
| 2. Strengthen platform adoption in core features and verticals | We are closing at least 10 new deals per month; Average ticket size is at least €5000 a year; Our next month forecasts are 80% precise; 30% of customers fully onboard in one week |
| 3. Become an aDoc centric company | Avokaado is integrated with at least 5 services; Core features adoption increased by 25%; Our platform is scalable & secure |
| 4. Implement a customer-focused product development cycle | We deploy at least 2 customer feature requests a month; All product activities are going through the new OKR based framework; 100% of customer support going through our support framework |

# Appendix 4 – Avokaado's Key Results and Initiative

Table 5 Key results and their initiatives

| Key Result | Unit | Initiative |
|---|---|---|
| 200 new leads are coming in CRM each month | Sales | Set up CRM system |
| Measure 100% of our funnel | Marketing | Inbound, Outbound |
| Test at least 3 new inbound acquisition channels | Marketing | Google ads, LinkedIn ads, Remarketing, Google Display |
| We are closing at least 10 new deals per month | Sales | Qualifying 10 deals per month; booking a minimum of 20 calls per month; get to 30 calls a day in the databox |
| 30% of customers fully onboard in one week | Success | Onboarding scenarios, add demo contracts or demo users, implement walk-through helper on top of the interface |
| Avokaado is integrated with at least 5 services | Product | Microsoft Word Plugin |
| Core features adoption increased by 25% | Product | Email notifications rework, New UI concept launch v1; New UI concept; Legal designer UI/UX concept |
| Our platform is scalable & secure | Product | Move all workspaces to Google Cloud Platform; automated workspace setup; SOC 2 certification; |
| We deploy at least 2 customer feature requests a month | Product | Implement feature request, review and scoring framework; Better preview while in drafting mode; deleting unnecessary documents from the application; Improve test input area while inserting longer text into the questionnaire |
| All product activities are going through the new OKR based framework | Product | Implement Coda OKR workspace; Implement regular check-in & alignment process; Re-design Jira process |
| 100% of customer support going through our support framework | Success | Establish customer support framework; FAQ/knowledge base |

# Appendix 5 – Avokaado's key results statuses at the end of Q1 2022

Table 6 Avokaado's key results status at the end of Q1 2022

| Key Result | Unit | Progress |
|---|---|---|
| 200 new leads are coming in CRM each month | Sales | 85% Done<br><br>Initiatives completed: Set up CRM system |
| Measure 100% of our funnel | Marketing | 50% Done<br><br>Initiatives incomplete: Inbound<br><br>Initiatives completed: Outbound |
| 30% of leads are inbound | Product | 10% Done |
| Test at least 3 new inbound acquisition channels | Marketing | 30% Done<br><br>Initiatives incomplete: Google ads, LinkedIn ads, Remarketing, Google Display |
| 50 calls per day per sales rep | Sales | 70% Done |
| We are closing at least 10 new deals per month | Sales | 10% Done<br><br>Initiatives incomplete: Qualifying 10 deals per month; booking a minimum of 20 calls per month; get to 30 calls a day in the databox |
| Average ticket size is at least 5000€ a year | Sales | 70% Done |
| Our next month forecasts are 80% precise | Sales | 10 % Done |
| 30% of customers fully onboard in one week | Success | 20% Done<br><br>Initiatives completed: Onboarding scenarios, add demo contracts or demo users, implement walk-through helper on top of the interface |
| Avokaado is integrated with at least 5 services | Product | 20% Done<br><br>Initiatives completed: Microsoft Word Plugin |
| Core features adoption increased by 25% | Product | 40% Done<br><br>Initiatives completed: Email notifications rework, New UI concept launch v1; New UI concept; Legal designer UI/UX concept |
| Our platform is scalable & secure | Product | 50% Done<br><br>Initiatives completed: Move all workspaces to Google Cloud Platform; SOC 2 certification |

| | | Initiatives incomplete: automated workspace setup |
|---|---|---|
| We deploy at least 2 customer feature requests a month | Product | 70% Done<br><br>Initiatives completed: Implement feature request, review and scoring framework; Better preview while in drafting mode; deleting unnecessary documents from the application; Improve test input area while inserting longer text into the questionnaire |
| All product activities are going through the new OKR based framework | Product | 100% Done<br><br>Initiatives completed: Implement Coda OKR workspace; Implement regular check-in & alignment process; Re-design Jira process |
| 100% of customer support going through our support framework | Success | 90% Done<br><br>Initiatives completed: Establish customer support framework; FAQ/knowledge base |