

FOUNDER'S GUIDE TO HIRING A PRODUCT LEADER



THE EMERGENCE OF PRODUCT MANAGEMENT

Over the past decade, both founders and investors have increasingly recognised the pivotal role of product management within organisations. Serving as a critical bridge between external customers and internal technology teams, the product management function is entrusted with overseeing the entire lifecycle of a product. A skilled product professional seamlessly navigates through product strategy, market research, planning, prioritisation, development, launch, marketing, customer success, support, and collaboration with sales. Finding a Product leader capable of spanning this spectrum is a challenging yet indispensable task for technology businesses, and it's not easy.

But there's room for optimism! A competent VP Product or CPO should possess the ability to efficiently prioritise, providing a guiding hand through the intricate landscape of product management. Businesses, however, must strategically align their current and future priorities with the specific stage and scale of their operations.

For those companies that have recently achieved product-market fit (PMF) and find themselves in the early stages of generating revenue with a modest customer base, the emphasis lies on the hands-on delivery of day-to-day product operations and crafting a strategic roadmap. In contrast, businesses at a later stage prioritise operational efficiency across product delivery and strategy. This involves delving into in-depth market research to analyse future growth targets and expansion into new geographies and tangential markets, as well as starting to cultivate analyst relations and greater external awareness.

In this dynamic landscape, the “flavour” or “shape” of a Product Leader can vary based on these distinct priorities. The ability to adapt and lead effectively across these multifaceted dimensions is what distinguishes an exceptional Product leader in the ever-evolving technology sector.

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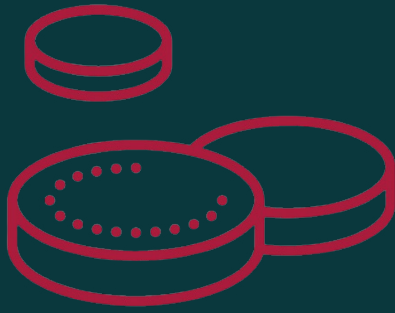
STAGE COMMENSURATE PRODUCT LEADERS

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While there is no hard and fast rule to dictate the successful process of hiring a Product leader, we often advise founders to think about bringing in stage commensurate individuals, but what does this mean? The following can help to broadly define what sort of product leader you are looking to hire:

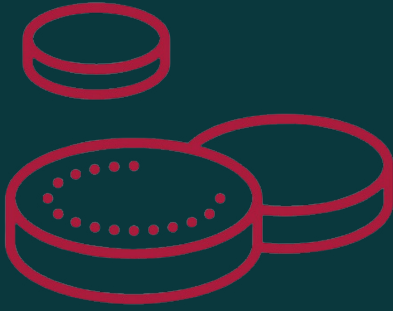
1-20 Person Business – Product Manager

In the early stages of a business with 1-20 people, the product leader is immersed in the nitty-gritty of product management. Their role is characterised by translating the Founders vision into a coherent programmes of work to build the product. It is hands-on, collaborating closely with the broader team, and rapidly adapting to the dynamic start-up environment.

As a key driver behind the product's initial creation, the product leader here focuses on laying the groundwork for a successful launch, responding quickly to user feedback, and ensuring the product aligns with market needs that emerge. They are an extension of the Founder's vision and their role is to help translate this vision into a short-term roadmap. These are typically the 0-1 Persona's – product leaders who can take a project from ideation through to minimum viable product (MVP). They excel in moving a project forward by testing assumptions, gathering input from the market, and crafting a product that meets a confirmed need of the market or customer.

20-50 Person Business – Product Director

As the business expands to 20-50 people, the role of the product leader evolves into a more strategic position. The business will be on the path to finding product-market fit with a single product offering, and the role of the Product Director will be to continue to iterate and evolve to create repeatable processes which can scale.



This evolution requires a nuanced approach to product strategy, emphasising alignment with broader business objectives, and collaboration with other departments such as marketing and sales becomes essential. The product leader now plays a pivotal role in iteratively enhancing existing products while laying the groundwork for scalable growth. They continue to execute the vision of the Founder whilst coupling this vision with tangible customer insight to ensure that the company is building something that customers actually want and will use. Even if the company has still not quite reached product-market fit at this stage, having a strong Product leader, acting either as an individual contributor or with a small team around them, can make the path to product-market fit faster and smoother.

50-100 Person Business – Senior Director of Product/VP Product

In a mid-sized business of 50-100 people, the product leader takes on the responsibility of managing a burgeoning team of product managers. The focus expands beyond individual products to encompass a more holistic approach to market analysis and competitive intelligence. The product leader is instrumental in defining the long-term product strategy, introducing formalised processes to streamline product management, and contributing to the overall organisational strategy. This stage marks a transition towards a more structured and mature product management approach.

100-200 Person Business – VP Product/Chief Product Officer

As the business passes the 100 person mark, the product leader's responsibilities typically extend to executive leadership. Scalability becomes a key priority, and the product leader focuses on efficiently scaling the team while implementing structured, scalable processes to accommodate the growing complexity of the product portfolio. Collaboration with executive leaders becomes more strategic, and the VP Product/CPO contributes significantly to shaping the company's overall strategy and takes on more (or sole) ownership of the product strategy, allowing the Founder to focus on the broader growth agenda and investment opportunities moving forward.

200+ Person Business –Chief Product Officer

In a large business with 200 or more people, the product leader's role becomes highly strategic, with a primary focus on integrating the product strategy with the broader company strategy. The CPO is instrumental in driving innovation, overseeing a diverse and extensive product management team, and engaging with the Board and other key stakeholders.

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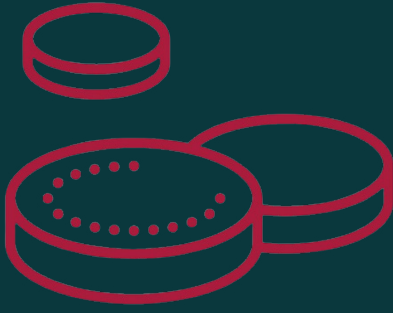
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Strategic decision-making and the ability to navigate complex organisational structures become paramount in ensuring the sustained success and growth of the company's product offerings. They should now have full ownership of product strategy and roadmap, with no day-to-day input from the Founder, reporting on product metrics to the Founder/Board.

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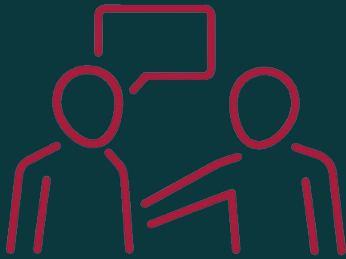
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Nomenclature from one company to the next varies and a mistake we often see is either hiring a CPO too early or calling a VP level candidate the CPO. There is a crucial difference between a VP Product and a CPO, namely hands-on leadership, and this manifests itself quickly if it is not addressed at the beginning of any recruitment process.

A VP Product is typically responsible for overseeing day-to-day activities of the product management team and is focused on executing product strategy, coordinating with cross-functional teams, and ensuring that product development stays on track to meet objectives. They are often deeply involved in tactical decision-making, collaborating closely with engineering, design, and marketing teams to deliver products according to the established roadmap and working closely with sales teams to ensure they are aligned with the product roadmap and not turning the business into sales led product growth.

A CPO assumes a more strategic role in an organisation, and is responsible for owning, shaping and driving overall product vision and strategy, aligning the product roadmap with the company's long-term goals, evaluating market trends, and identifying opportunities for innovation. They play a crucial role in influencing high-level business decisions, often working closely with the CEO and other C-level executives ensuring the product portfolio aligns with the company strategy. While the VP Product is more focused on day-to-day operations, the CPO takes a broader and more strategic approach.

The hiring of an external product leader requires some finesse. It is important to recognise where you are on the journey – as outlined above, there are different “shapes” of product leader and so over-hiring too early can be detrimental. Bringing in a heavyweight CPO too early, who is too strategic and not deep enough into the day-to-day operations can be counter-productive and lead to friction with the broader team and ultimately lost time/opportunity.



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Elevating Product leadership to the Executive Leadership Team holds strategic importance for several reasons:

Strategic Influence:

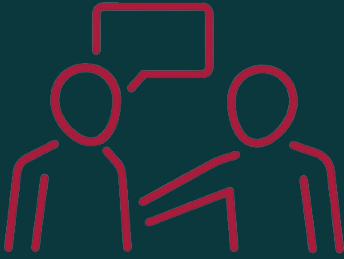
Ensures that product strategy has a direct impact on the overall business strategy. This facilitates strategic alignment between product and the company's overarching goals. The VP Product / CPO should bring valuable insights and advocate for initiatives that drive business growth.

Cross-Functional Collaboration:

The Executive Leadership Team often consists of leaders from functional areas such as sales, marketing, operations and customer success. Elevating the VP Product / CPO ensures that product considerations are integrated into cross-functional decision-making processes. This should foster collaboration between different departments, ensuring that product perspectives are well-represented in strategic discussions. It also ensures Product has an equal voice in the business and optically this is more attractive when candidates are considering an opportunity.

Better Decision-Making:

Enables more streamlined decision-making processes related to product development. It should provide swift and informed responses to market changes, emerging trends, and customer feedback. This agility is crucial in dynamic industries where quick adaptation can be a competitive advantage.



Innovation and Growth:

Having the product leader on the Executive Leadership Team signals a commitment to innovation and growth. The product function should set a consistent vision for the business providing a pivotal role in driving the introduction of new offerings, entering new markets, and ensuring the company remains competitive.

In summary, elevating Product to the Executive Leadership Team can lead to better business alignment. It enables better cross-functional collaboration, enhances a better customer focus (because of closer collaboration with sales and marketing at a strategic level) across the business and enables quick cadence for decision making. The move also provides a platform for visibility and accountability for the product platform and a sense of connectivity for the function tied to the critical success for the business. All enhancing the company's ability to navigate market complexities and positioning itself for growth and success.

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The emergence of the product function and elevation of product to the top table is still a relatively new trend. As software has evolved over the past 10-15 years, with a focus on digital transformation and SaaS offerings, there has been a shift in software businesses to modernise their mindset and philosophies leading to the emergence of some exceptional, modern product leaders. However, finding a Product leader who has scaled a modern SaaS product from inception to successful scale (beyond ~\$100m), in Europe is still alarmingly rare.

As such, finding someone with a track record of successful, tenured product leadership is not as prevalent as someone with 15+ years in other functions, such as sales or marketing. Founders therefore need to be prepared to be brave when making this crucial hire. It is important for Founders to bring in “stage commensurate” leadership into the organisation. They need to demonstrate how they can take the product (and therefore business) through to the next strategic milestone, and ideally beyond! In a recent study we have compiled – Beginning to a Billion – we discovered that the average tenure for a VP Product in a scale-up software business is 2.7 years and so hiring for today rather than tomorrow can be a key mantra here.

While Europe is home to substantial talent pools, there is a dearth of seasoned senior product leaders. Recognising this challenge, engaging with a proficient search firm is indispensable for Founders aiming to secure top-tier product leadership. The collaborative partnership with a reputable search firm is paramount and it is why Erevena have built a market leading position recruiting senior Product leaders for investor backed businesses. For our clients it serves as a strategic partnership and we work to identify, attract, and hire the most qualified and experienced product leaders, as well as helping our clients to



navigate some of the challenges in bringing in the right product leader to your business. Our experts at Erevena have spent the past 15 years building an enviable network of world-class product leaders in Europe and North America. We know who they are and where they are and with our reputation we have great access, with the ability to connect with the right talent. We are expertly positioned to advise founders on what type of product leader they need at their stage of growth and we have had the pleasure to successfully partner with some of Europe and North America's most exciting investor backed SaaS businesses over the past decade.

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Grant has successfully completed assignments across multiple functions with particular expertise and success in placing senior Product and Revenue leaders into high growth, modern B2B SaaS businesses. Recent product hires for clients include Pipedrive (acquired for \$1.5B by Vista), Manta (Bessemer and SAP.IO) Matillion (Battery Ventures), Personio (Accel, Index, Lightspeed Ventures), Shippeo (Battery Ventures), Quinyx and Taxdoo (Accel and Visionaries Club).



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