

# **HIRING FOR POTENTIAL:** PRODUCT MANAGERS

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SEPTEMBER 2021



# Introduction

The global demand for product managers has increased sharply as more companies onboard product talent to help them achieve post-pandemic new growth opportunities. According to our [Hiring Trends in Singapore report](#) back in March 2021, technology and product roles have had a whopping 372% increase since a year ago. From e-commerce companies to tech start-ups, it seems that the demand for product managers across every sector shows no signs of decreasing any time soon.

Regionally, the competition to hire product talent has been intense due to competition from large companies such as Shopee, Lazada, and Grab. In the first quarter since the pandemic, these companies saw a nearly [200% increase in job openings](#). With more tech companies like TikTok, Tencent, and Zoom entering the Southeast Asian region, the competition for product managers in this talent-scarce marketplace will only increase in the future. According to a report released by [venture capital firm Monk's Hill Ventures](#), these tech companies are more likely to pay above-market rates for tech talent. In some cases, they may even write blank checks for high performers.

With leading tech companies offering high salary packages and amazing benefits to attract candidates in the talent-scarce market, startups will face more challenges than ever before in hiring product managers. To avoid competing with large companies for the same talent, it might be time for startups to look into newer approaches to hiring product managers.

## Methodology

We looked at over 550 candidate profiles to uncover how the major technology firms in Southeast Asia (Shopee, Lazada, Grab and Gojek) have been hiring project managers based on their prior job roles.

The job roles are grouped into the following: management associate, consulting/strategy, business analyst/intelligence, operations, software engineering, business development/account management/sales, marketing, others, fresh graduates and project managers. The heatmap on the right shows the breakdown of the prior job roles of first-time\* product managers and experienced\*\* product managers.

**\*First-time product managers:** Product managers who did not hold any product management roles prior to joining Shopee, Lazada, Grab or Gojek as a product manager

**\*\*Experienced PMs:** Product managers who had product management roles prior to joining Shopee, Lazada, Grab or Gojek as a product manager

**Prior job: Breakdown of first-time product managers**

	Shopee	Lazada	Grab	Gojek
Management Associate				
Consulting /Strategy				
Business Analyst/Intelligence				
Operations				
Software Engineering				
Business Development/Account Management/Sales				
Marketing				
Others				
Fresh Graduate				
Project Manager				

**Prior job: Breakdown of experienced product managers**

	Shopee	Lazada	Grab	Gojek
Management Associate				
Consulting /Strategy				
Business Analyst/Intelligence				
Operations				
Software Engineering				
Business Development/Account Management/Sales				
Marketing				
Others				
Fresh Graduate				
Product/Project Manager				

**Legend:**



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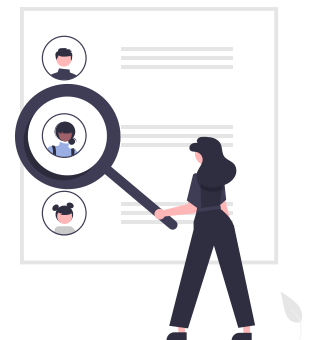
# Challenges hiring product managers in the talent-scarce landscape

## 01

### Talent scarcity in product management

Being a relatively new discipline that only started to gain popularity in the last decade, there are not many experienced product managers in the current talent marketplace. As more organisations seek to digitise their business, products and services to meet the changing needs of the world, we will be facing a greater talent shortage. In addition, as the role of product managers becomes more complex and rigorous, the competition for the top-tier product talent with both industry and domain experience will only intensify in the coming years.

According to our survey, only 60% of the experienced product management hires have prior product management experience. The remaining 40% come from other roles such as analyst, consulting, software engineering among others. This further highlights the insufficiency of experienced product management professionals in the current talent marketplace.



## 02

### Intense competition due to better compensation and benefits

As large tech companies increase their compensation and offer better benefits, startups will only face increasing challenges when it comes to onboarding product talent. According to The Southeast Asia Tech Talent Compensation Report by Monk's Hill Ventures, while Product Manager roles at early to mid-stage startups in Singapore range from \$6,000 - 11,000 per month, ranges for later-stage startups and big tech companies can be up to 3 times more, with the range from \$15,000 - \$19,000 per month.

To successfully navigate the highly competitive product management hiring landscape, startups will need to reassess and rethink their approach to hiring product talent.



## Key Findings:

# Five core skill sets of a good product manager

Looking at companies like Shopee, Grab, Lazada and Gojek, we noticed similar key trends across their hiring practices of product managers. The following are some of the key insights we have drawn:

- 1) Candidates with an analytical background are the most sought-after in product management
- 2) Experience in stakeholder management and alignment is crucial
- 3) Preference for generalists, rather than specialists
- 4) They are builders
- 5) Having a technical background is advantageous

## Key findings #1

# Candidates with an analytical background are the most sought-after in product management

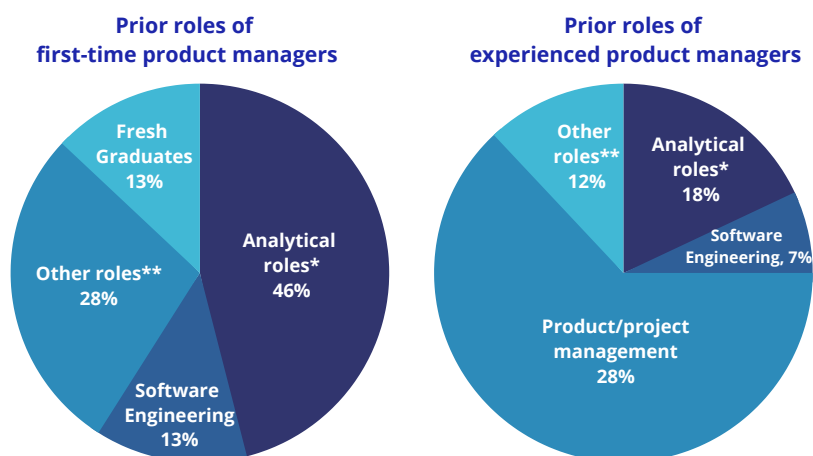


Figure 1: Breakdown of prior roles of product managers

Having analytical skills is no longer a “nice-to-have”, but a core requirement in product management. In a role where decision-making and strategic thinking are their key responsibilities, product managers need to be able to think critically to make decisions that bring value to their business and organisation.

Across Shopee, Lazada, Grab and Gojek, more than 45% of the first-time product managers hired came from an analytical background, coming from roles such as business analyst, consulting and strategy, and management associate roles (Figure 1). Additionally, even among experienced product management hires, more than 30% come from analyst and strategy roles. Coming from a role that demands well-developed analytical skills, critical and logical thinking, these candidates will be able to adapt well to the analytical nature of product management. The candidates may also have worked on projects adjacent to the responsibilities of a product manager, such as product

growth, pricing strategies, competitors analysis. With plenty of transferable skill sets and experiences, candidates from these analytical backgrounds are popular among the four tech companies in our survey.

Along with their critical thinking, the candidate's ability to use data to make business, product and strategy decisions also makes these candidates highly sought after in product management. Being able to utilise data to make decisions is a critical skill in this discipline, as data is widely used in product management. From conducting market research and product viability to developing strategies and product development, a good product manager will know how to use data at every stage of the process. Data is also the key language across the organisation, in which metrics and KPIs are used to communicate across the C-suite and different teams. Data is also commonly used to feedback to the engineering and data-science teams during product iterations.

\*Analytical roles include business analyst, consulting and strategy, and management associate roles

\*\*Other roles include: Marketing, sales and business development, project management and operations

## Key findings #2

# Experience in stakeholder management and alignment is crucial

Stakeholder management and alignment is one of the most essential skills of a product manager. Being at the intersection of business, engineering, and design, product managers work with many different stakeholders daily. Their success largely depends on their ability to manage and align different stakeholders - from negotiating with the C-suite, motivating the products team, to convincing customers.

In our survey, the majority of the product managers came from an analyst or strategy background. For first-time product managers, more than 45% and for experienced product managers, 30% had an analyst or strategy background.

Candidates who came from these analytical or strategy backgrounds tend to have experience managing and aligning many different stakeholders - ranging from their own organisation's employees, board members, to external stakeholders like customers. This ability to foster connection, trust, confidence and buy-in for the success of their organisation's key initiatives make candidates from these backgrounds highly valuable in the field of product management.



Heinrich Wendel, Chief Technology/Product Officer and Cofounder of iPrice:

"There are two essential skills that a product manager needs to perform well in the role. First, it would be **analytical skills**. I would look for graduates of economics, actuarial and perhaps engineering. They could also have job experience in consulting and business analyst roles. Second, **communication skills**. They will have to be able to speak different "languages" in order to understand and translate the needs of a diverse group of stakeholders ie customers, tech team as well as management"

## Key findings #3

# Preference for generalists, rather than specialists

No two days are ever the same for a product manager - one day, they might be working on analysing user feedback today, the next day, they might be communicating with the engineering team on how to build a new feature. With the diverse range of skill sets needed (see Figure 2), a good product manager will need to be a generalist who has a broad understanding of different areas - from understanding users, market-fit, product development, business analysis, to having technical knowledge - to be able to work effectively with different teams.

Other than candidates with analyst or strategy backgrounds, fresh graduates are also popular among hiring managers, making up 12% of the total first-time product managers hired. While they have little to no industry experience, fresh graduates who can display that they have the traits of a generalist - perhaps through their varied school curricular activities or projects - also tend to be hired as product managers.

Additionally, in the increasingly complex world we live in, generalists tend to be able to better navigate challenging issues through their innovative and new ways of thinking.

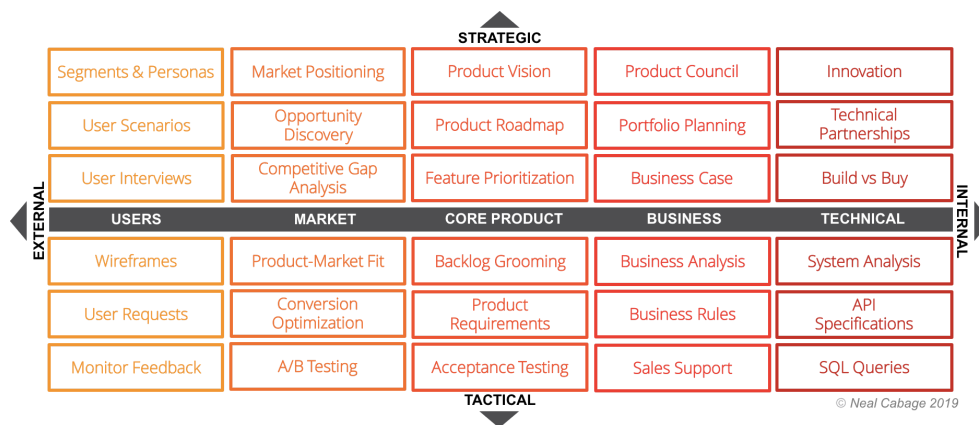


Figure 2: Full spectrum of product management skills by Neal Cabage

According to David Epstein, author of 'Range: Why Generalists Triumph in a Specialized World', people who have a broad “range” of skills (i.e. generalists) tend to be better problem-solvers.

With more adaptable, abstract and creative ways of thinking, generalists tend to be more adept at solving our current world's issues and problems.

## Key findings #4

### They are builders

Beyond having the core skill sets mentioned above such as analytical and critical thinking, stakeholder management, product managers should also be a “builder”

#### So, what is a “builder”?



**talabat**

According to Yi Wei, Chief Product Officer at Talabat, a builder is someone who is always curious, creative and always looking to improve and make something better.

**Curiosity:** This is the one universal trait that every good product manager will have. A curious product manager would be intellectually curious, and have a deep and persistent desire to know and constantly ask “why?”. They would have the desire to fully understand a problem from all angles and be relentlessly driven to always ask questions and gather as much information as they can to solve a problem. It is this curiosity that will drive a product manager to learn how all the different angles - from technology, regulations, competitors to societal trends - can affect their product. Thinking of the product from multiple points of view will

allow for a more well-thought-through and developed product.

**Creativity:** Being able to think of out-of-the-box solutions to customer problems helps to introduce new solutions, ideas, products, and processes; leading to breakthroughs in product ideas. According to the [World Economic Forum](#) (WEF), creativity will be the third-most-important skill for employees by 2020, behind complex problem-solving and critical thinking. The report by WEF mentions that with new products, technologies, and new ways of working, workers will need to be more creative to be able to benefit from these changes. As product management is a role that is responsible for an organisation's innovation, having creativity is important.

**Drive to always make something better:** Having the drive for continuous improvement is critical in product management. To maximize customer success, product quality and business profitability, product managers will need to continuously iterate to improve on the best product. In addition, to stay relevant and ahead in the market and competition, having a drive to constantly make something better is critical.



## Key findings #5

# Having a technical background is advantageous

In a world where products and services are becoming increasingly digitised, hiring candidates with a technical background can be incredibly helpful to the team.

Among the companies surveyed, 13% of first-time product managers hired come from software engineering. Having a technical background is advantageous as these candidates will not only be able to translate the business needs to a product feature that needs to be developed or modified but are also able to more effectively communicate technical feedback to the engineering team.

In addition, depending on the technical complexity of the respective products of an organisation, the level of technical knowledge a product manager has to possess will also differ. For example, for an e-commerce company like Shopee, where data forms a

key component of their product, product managers have to be data-proficient in order to communicate well with the data science and engineering team to provide them with relevant information and feedback to build the product. According to an interview with Shopee's product manager by [Forbes](#), Chris, he mentions that as a product manager, he works especially closely with the Data Science and AI teams on the development, testing and deployment of AI-enabled analytics models as everything Shopee does is enabled by analytics and AI. His main point of contact in the Data Science team is the Data Science product manager, a person with expertise in AI methods and implementation as well as in business issues who is embedded in the Data Science team and reports up to the Shopee Product Management

## Case Study: Product management at Google

According to an article on [Business Insider](#), Google looks for product managers who have a strong mix of both technical understanding and business knowledge. Google also hires product managers who are "generalists", who showcase versatility rather than expertise in a specific niche.

Google's rationale for hiring generalists? They like to develop product teams that are flexible and can bring fresh ideas and perspectives to multiple products over time. In addition to looking out for generalists, Google also tends to look out for the following traits in their product managers: design centricity, analytical and strategic thinking, technically savvy, and cultural fit, or so-called "Googley," as they describe it.





# Looking beyond experience - Hiring for Potential

Understanding the potential challenges of hiring, and identifying the core attributes that make a good product manager is a great starting point. However, in the talent-scare landscape of product management, the next hurdle will be to find a candidate that displays the “Five Core Skill Sets” we mentioned above.

Companies need to start looking beyond the traditional “plug and play” hiring approach and look into new approaches to hiring. For startups with fewer resources, the traditional method of hiring will not be effective as this will mean that they are competing for the limited talent with larger companies. Using the same hiring approach as these big companies will only lead to longer hiring lead times, increased retention risks, and higher compensation rates. To effectively onboard the right talent for their product roles, startups should consider hiring for potential instead of experience.

## What is hiring for potential?

Hiring for potential means taking on candidates who may not have all the necessary skills and experience needed for the role, but possess the base traits needed to grow and develop into the role fast. In the field of product management, candidates who display the above “Five Core Skill Sets” tend to be able to grow and develop into a good product manager with the right cultural fit to a company; even more so than someone with experience has.

Identifying a candidate with potential is especially critical for startups, whereby the small teams usually means employees are performing multiple roles. Hiring for potential allows companies to hire candidates who display the ability to grow and develop into taking on potentially more complex and challenging tasks through their core key traits.

However, spotting these traits can be challenging, as opposed to judging the experience or technical competence of the candidate. The additional effort, though, can result in significant benefits to your company.



# How to hire for potential?

## 3 key factors startups can look out for

# 01

### Mastery

Hiring based on a candidate's mastery of key skills required for the role, i.e. skill-based hiring has been a rising trend among companies. In March this year, [LinkedIn](#) launched Skills Path, a skills-based hiring initiative aimed at connecting employers and job seekers by identifying the core skills for open roles and then matching qualified candidates to those roles. "We believe that by taking a skills-based approach to opportunity, we can remove barriers for candidates that might not have the degree or network, while also increasing the size of employer talent pools, often letting them pinpoint quality applicants for hard-to-fill roles," said LinkedIn VP of Product Hari Srinivasan

At ConnectOne, we have noticed that candidates who display mastery of the "Five Core Skill Sets" we mentioned above tend to show greater potential to be successful product managers. As the skill sets we mentioned are foundational and transferable, it makes them valuable across sectors and over time.

#### Tips on assessing a candidate's mastery:



- Define the key technical and soft skills required for the role
- Look out for the required skill through different ways such as past job experiences, online courses, involvement in various clubs and societies as well as side hustles and hobbies
- Use a mixture of behavioural and situational interview questions to test for the skill
- For more technical skills, using a case study or technical challenges can be a good way to assess the skill.

# 02

### Mindset

In a hyper-growth startup, where the environment tends to be fast-paced and highly ambiguous, we will need to look beyond the "Five Core Skill Sets", and also consider the mindset and attitude of the candidate. Candidates should show that they are able to thrive in a hyper-growth startup by displaying qualities such as creativity, collaboration, flexibility, comfort with ambiguity and independence.



#### Tips on assessing a candidate's mindset:

- Ask questions to test for comfort with ambiguity and independence, such as "Tell me about a task that you were assigned to perform where you had zero experience? Describe how you approached it and what challenges you faced?"

# 03

### Motivation

Last and most importantly, one of the most crucial factors for determining the potential of the candidate of being a good product manager boils down to motivation. Since hiring for potential means that the candidate does not have a product management background, it is critical to understand their key motivations in exploring a product management career.



#### Tips on assessing a candidate's motivation:

- How much research have they done?
- Have they spoken to any product managers
- Do they know what a product manager does?

# Developing your high potential hire: Steps startups can take

## 01

### Develop a training and mentoring program

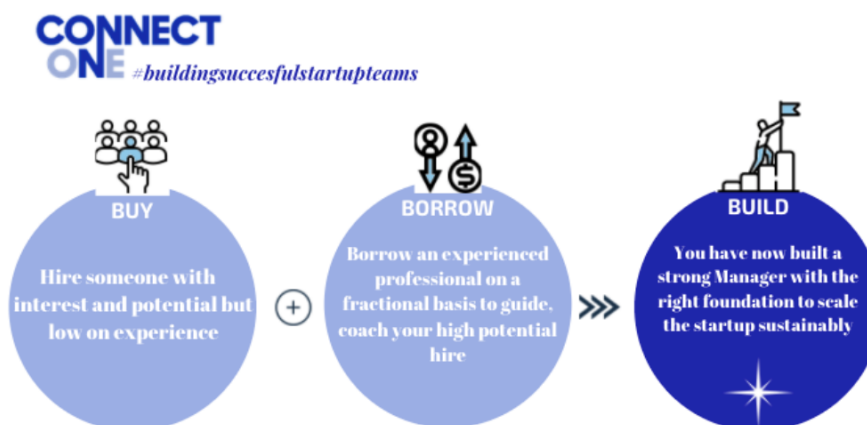
If there is an experienced product manager or head of product on the team, task them to come up with a structured training program to ensure the new hire is well-equipped with the knowledge and tools they need to get started on the new role. To ensure that the training program is carried out well, it is important to establish formal recognition and rewards to encourage employees to be involved in both the development and implementation of the training program. If there is no experienced product lead or manager, engaging in external development steps such as those mentioned in step 2 or step 3 might be more relevant.

## 02

### Hire experienced product managers to coach and work alongside

Engaging a part-time and experienced product manager to develop a product management blueprint that covers whatever key processes product managers will need to understand - from identifying customer pain points, task prioritisation and so on. Check out websites such as [Toptal](#), or reach out to fellow founders, or your startup's investors to find fractional product managers.

At ConnectOne, we summarise the hiring of an experienced professional to guide a high potential hire as the "Buy and Borrow" approach:



Having a flexible staffing arrangement through hiring part-time experienced professionals will allow startups to save on both time and cost. Additionally, with the dynamic nature of startups, this approach will allow startups to onboard the exact skills they need at that point in time, without making a long-term commitment.

## 03

### Get new hires to sign up for product management courses

Get new hires to sign up for product management courses. There are many options - from local onsite ones conducted in collaboration with universities to those done by private educators like [General Assembly](#), or online ones like [Reforge](#)



# Benefits of hiring for potential

While hiring for potential might mean that more time and resources are required, the benefits will make the investments worthwhile (provided the startup has the resources to upskill fast!).

## Benefits



### Higher cost-savings

As fresh graduates or candidates looking to make a career pivot have little to no experience in the role, the compensation rates will likely be lower.



### Increased speed of hiring

Given the talent scarcity, expanding the options to look at non-experienced hires may be a quicker and more viable option, as compared to sourcing for an experienced candidate.



### Longer retention

Nurturing and investing in new hires will help to retain them in the long-run. An added bonus is that these candidates would likely be more motivated and eager to learn too!



### More adaptable, fresh perspectives and ideas

Hiring candidates with no prior product management experiences would be able to provide a different approach to problem solving, allowing them to contribute to new and fresh perspectives.

## Summary

In the talent-scarce market of product management, hiring for potential allows startups to be able to onboard product talent without directly competing with larger companies. Through hiring high-potential candidates, and investing and nurturing these talent, they would be able to not only secure talented individuals but also grow their own loyal and capable product talent pools.

On top of hiring, having a well-developed training and upskilling programme is also critical in ensuring the success of both the candidate and the startup. For high potential candidates without prior product management experience, the training programme will help them learn and adapt seamlessly into the role.

For startups, having a well-developed training programme is key to attracting high potential candidates as learning and development are fast becoming strong value propositions when it comes to choosing a workplace. Startups who offer training, or mentoring programmes will find that they are able to not only attract but also retain their employees.

For companies without the resources to develop a training programme, using the “Buy and Borrow” framework would be a time-saving and cost-effective approach to scale the startup sustainably.