AI PRODUCT MANAGEMENT 2 · DETAILED COURSE

Business, Finance and Product Commercialisation

How products make money and how a PM builds a financial case, sets price and takes the product to market.

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CHAPTER 09

Business, Finance and Product Commercialisation

How products make money and how a PM builds a financial case, sets price and takes the product to market.

Business Fundamentals

Revenue, cost, profit, cash flow, margins and how value flows through a company.

A business earns revenue and pays costs to make profit. Cash flow timing matters as much as profit, because a growing business can still run out of cash. Product decisions change revenue, cost and cash, so PMs need this vocabulary.

Business Model Canvas

Nine blocks describing customers, value, channels, revenue, resources, activities, partners and costs.

The canvas has nine blocks: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partners and cost structure. It helps check that the parts of a business fit together.

Revenue Models

Subscription, transaction fee, advertising, licensing, usage-based, marketplace commission and services.

Common models include subscription, transaction fee, advertising, licensing, usage-based pricing, marketplace commission and services. Each model shapes what the product should optimise for.

Subscription Business Models

Recurring fees for continued access, optimising retention, expansion and predictable revenue.

Customers pay a recurring fee for continued access. Revenue is predictable, but retention becomes the main lever. Improving onboarding and value delivery matters as much as acquisition.

Freemium Models

A free tier drives adoption and conversion to paid; works when marginal cost is low and upgrade triggers are clear.

A free tier drives adoption and conversion to paid plans. It works when the cost of serving free users is low and the upgrade trigger is clear, such as a limit that users hit when they are already getting value.

Usage-Based Pricing

Customers pay according to consumption, aligning price with value but making revenue less predictable.

Customers pay according to consumption, such as API calls or messages sent. The price matches value, but revenue is less predictable, so forecasting and customer budgets need extra attention.

Product Pricing Strategy

Setting price using cost, competitors and value to the customer, with packaging and tiers that fit segments.

Pricing uses cost, competitor prices and the value to the customer. Packaging into tiers fits different segments. Test price changes on new customers first, because changing prices for existing customers creates churn risk.

Monetisation Strategies

The mechanisms by which a product earns revenue and when in the user journey they appear.

These are the mechanisms by which a product earns money and when in the journey they appear. A paywall shown before any value is delivered often reduces activation.

Financial Modelling

A spreadsheet model of revenue, costs and cash under stated assumptions, with scenarios.

A financial model is a spreadsheet of revenue, costs and cash under stated assumptions. Build best, base and worst scenarios and state which assumptions matter most, so the model supports decisions rather than hiding risk.

Unit Economics

Profit or loss per unit (customer or transaction) after variable costs, such as CAC, LTV and payback period.

Unit economics measures profit or loss per customer or transaction after variable costs. Key measures are CAC, LTV and payback period. Healthy unit economics mean each customer pays back acquisition cost within an acceptable time.

ROI and ROE

Return on investment is gain relative to cost; return on equity is net income relative to shareholder equity.

ROI is the gain from an investment divided by its cost. ROE is net income divided by shareholder equity. For product work, ROI is the more common tool to compare investment options.

Cost-Benefit Analysis

Comparing total expected costs and benefits, in money terms, to decide.

This compares total expected costs and benefits in money terms, including time saved and risk reduced. Quantify benefits conservatively and show the assumptions, so the comparison is credible.

Break-Even Analysis

The volume at which revenue equals total cost; fixed cost divided by contribution margin per unit.

Break-even is the volume at which revenue equals total cost. It equals fixed costs divided by contribution margin per unit. It shows how many customers a new product must win to stop losing money.

Profitability Analysis

Assessing margins by product, segment or channel to see where money is made.

Profitability analysis looks at margins by product, segment or channel to see where money is made or lost. A profitable product line can hide an unprofitable segment that drives support costs.

Business Case Development

A structured argument for an investment: problem, options, costs, benefits, risks and recommendation.

A business case argues for an investment: problem, options, costs, benefits, risks and a recommendation. Lead with the decision requested. Include the cost of doing nothing.

Budget Planning

Allocating funds to teams and initiatives, tracking against plan and forecasting.

Budget planning allocates funds to teams and initiatives, tracks spending against plan and forecasts the rest of the year. Keep a reserve for unexpected work, such as an urgent compliance change.

Go-to-Market Strategy

Who you sell to, with what message and price, through which channels, and how you measure launch.

The GTM strategy defines who the product is for, the message, the price, the channels and how success will be measured after launch. It connects product decisions with sales and marketing.

Product Launch Strategy

A staged plan for readiness, beta, announcement, enablement and post-launch monitoring.

A launch plan covers readiness checks, a beta with selected users, announcement, sales enablement, support preparation and post-launch monitoring. The launch date should follow the readiness checklist, not the other way round.

Product Adoption

Moving customers from awareness to trial to regular use through onboarding and value moments.

Adoption moves customers from awareness to trial to regular use. Onboarding, first success and reminders at the right moments drive adoption more than announcements.

Customer Acquisition

Channels and tactics to attract customers efficiently: content, paid, partners, sales and referrals.

Acquisition channels include content, paid media, partners, sales and referrals. Compare channels by cost, quality of customers and payback. A channel that brings many customers who never activate is expensive.

Customer Retention Strategy

Keeping customers through onboarding, ongoing value, support, community and proactive outreach.

Retention comes from onboarding, ongoing value, support, community and proactive outreach to users who show declining engagement. Retention improvements often pay back faster than new acquisition.

Product Growth Strategy

Loops and levers across acquisition, activation, retention, revenue and referral.

Growth strategy identifies loops and levers across acquisition, activation, retention, revenue and referral. Choose the lever with the largest gap in the funnel and test changes against it.

Product-Led Sales

Using product usage signals to identify and convert qualified accounts, blending self-serve with sales.

Product usage signals identify accounts ready to buy. Sales then engages those accounts with context from the product. It blends self-serve adoption with human sales for larger deals.

Enterprise Product Commercialisation

Selling to large organisations: security reviews, procurement, pilots, integration and long sales cycles.

Selling to large organisations involves security reviews, procurement, pilots, integration and long sales cycles. Plan these steps into the product roadmap, such as single sign-on and audit logs, because they often decide the deal.

Summary of terms

Term	Meaning
Business Fundamentals	Revenue, cost, profit, cash flow, margins and how value flows through a company.
Business Model Canvas	Nine blocks describing customers, value, channels, revenue, resources, activities, partners and costs.
Revenue Models	Subscription, transaction fee, advertising, licensing, usage-based, marketplace commission and services.
Subscription Business Models	Recurring fees for continued access, optimising retention, expansion and predictable revenue.
Freemium Models	A free tier drives adoption and conversion to paid; works when marginal cost is low and upgrade triggers are clear.
Usage-Based Pricing	Customers pay according to consumption, aligning price with value but making revenue less predictable.
Product Pricing Strategy	Setting price using cost, competitors and value to the customer, with packaging and tiers that fit segments.

Monetisation Strategies	The mechanisms by which a product earns revenue and when in the user journey they appear.
Financial Modelling	A spreadsheet model of revenue, costs and cash under stated assumptions, with scenarios.
Unit Economics	Profit or loss per unit (customer or transaction) after variable costs, such as CAC, LTV and payback period.
ROI and ROE	Return on investment is gain relative to cost; return on equity is net income relative to shareholder equity.
Cost-Benefit Analysis	Comparing total expected costs and benefits, in money terms, to decide.
Break-Even Analysis	The volume at which revenue equals total cost; fixed cost divided by contribution margin per unit.
Profitability Analysis	Assessing margins by product, segment or channel to see where money is made.
Business Case Development	A structured argument for an investment: problem, options, costs, benefits, risks and recommendation.
Budget Planning	Allocating funds to teams and initiatives, tracking against plan and forecasting.
Go-to-Market Strategy	Who you sell to, with what message and price, through which channels, and how you measure launch.
Product Launch Strategy	A staged plan for readiness, beta, announcement, enablement and post-launch monitoring.
Product Adoption	Moving customers from awareness to trial to regular use through onboarding and value moments.
Customer Acquisition	Channels and tactics to attract customers efficiently: content, paid, partners, sales and referrals.
Customer Retention Strategy	Keeping customers through onboarding, ongoing value, support, community and proactive outreach.
Product Growth Strategy	Loops and levers across acquisition, activation, retention, revenue and referral.
Product-Led Sales	Using product usage signals to identify and convert qualified accounts, blending self-serve with sales.
Enterprise Product Commercialisation	Selling to large organisations: security reviews, procurement, pilots, integration and long sales cycles.

Practice exercise: Build a small model of revenue, CAC, LTV and payback for a subscription product with best, base and worst cases.

Self-check

1. Explain Business Fundamentals in two sentences to a non-technical stakeholder, then say what you would measure for it.
2. Explain Break-Even Analysis in two sentences to a non-technical stakeholder, then say what you would measure for it.
3. Explain Enterprise Product Commercialisation in two sentences to a non-technical stakeholder, then say what you would measure for it.

Related SkillNavora material

- AI Product Management (original programme) : The programme you already have: PM Master Handbook, PRD and BRD templates, interview prep.
- Interactive PM Handbook : 23 modules: product core, AI tools lab, frameworks, case studies and interview prep.
- AI Tutor : Ask questions on any topic.
- Study Library : Every lesson, class and PDF by programme.

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ORIGINAL CONTENT

Original AI Product Management content

The AI Product Management programme already on SkillNavora, included unchanged so the full course is in one place.

Quick links Study Library (all material) Learning sites for PM AI builder tools (how-to) Webhooks & Playwright MCP Webhook URLs and keys (start here) AI Skills Academy AI Skills Map Context engineering (PDF) AI skills & templates (PDF) Orchestration (PDF) PRD library (120 ideas) AI PRD Writer AI PM Toolkit AI Evals (PDF) Browser automation (PDF) AI second brain (PDF) PM handbook Top 100 PM questions AI product sense Q&A (86) PM practice test Practice Lab Tool tutorials AI Agents & MCP for PMs

PRD documents

PRD library: template, framing guide and 120 PRD ideas

Learn how top PMs frame a PRD, download the free template, and turn any of 120 ideas across 15 industries into a full PRD with AI.

Open the PRD library ✨ AI PRD Writer PRD template (Word) AI Evals for PMs (PDF)

Context window

Context window: what a model can see at once

The context window is the most tokens a model can consider in one request. It covers your prompt, any documents you paste, the conversation so far and the reply. Anything outside it is invisible to the model. For PMs: a longer window fits more material but costs more and can slow responses; put the most important facts near the instructions; use retrieval (RAG) rather than pasting whole libraries; and test answers on long inputs, where quality can drop.

Context engineering course Context windows in the AI PM 2 course

Tokens and context in the Grokbot course

AI-First Product Management

Resources for Product Managers

The PM Master Handbook, AI and product tools with their official websites, interview practice, a frameworks cheat sheet, a PRD template and free courses.

Open the PM handbook library: all 68 PDFs ↗ PM Glossary Handbook Tokens, Pricing and Tokenization Vibe Coding addendum

PM Master Handbook by SkillNavora
23 modules and 620+ pages: 12 Product Core modules, an 11-class AI Tools Lab, frameworks, case studies, projects and interview prep.

Open the interactive handbook ↗ Complete handbook PDF (620+ pages, 23 MB) ↗

Product Core modules

1Fundamentals of Product Management*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
2Product Strategy and Strategic Thinking*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
3Problem Discovery and Market Research*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
4Problem Framing and Prioritization*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
5UX and Design Collaboration*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
6Effective Communication and Stakeholder Management*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
7Product Analytics and Metrics*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
8Product Launch, Growth, and Monetization*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
9Tech 101 and System Design for PMs*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
10LLMs, RAGs, and AI Foundations*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
11Vibe Coding for Product Managers*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides
12Agentic AI and AI Systems*Handbook chapter, detailed PDF, handbook and class slides*PDF Detailed PDF Handbook Class Slides

AI Tools Lab

13AI Tools Landscape and Your Starter StackPDF ↗ 14Claude for Daily PM WorkPDF ↗ 15Claude Code: Basic to AdvancedPDF ↗ 16Lovable: Basic to AdvancedPDF ↗ 17Replit and Other AI App BuildersPDF ↗ 18Figma and AI Design ToolsPDF ↗ 19Notion, PRD Tools and AI DocumentationPDF ↗ 20Automation with Zapier, Make and n8nPDF ↗ 21AI Chatbots for BusinessPDF ↗ 22Voice Agents for BusinessesPDF ↗ 23Learning Paths, Courses and CommunitiesPDF ↗

Business AI Stack (chapters 24 to 31)

24The business AI stack: tools and where to learn themPDF ↗ 25Next.js: customer-facing dashboardsPDF ↗ 26Zoho CRM: managing customers and leadsPDF ↗ 27WhatsApp Business Platform: customer messagingPDF ↗ 28Deployment with Vercel and AWSPDF ↗ 29Jira: tracking product and development workPDF ↗ 30Meta Business Suite, social media marketing and Google AdsPDF ↗ 31A one-page website that generates leadsPDF ↗

Complete AI tool guides (15)

1n8n: workflows, Gmail and an AI reply agentPDF ↗ 2Make: scenarios, routers and lead routingPDF ↗ 3Zapier: invoices from Gmail to Drive and a sheetPDF ↗ 4Webhooks: how apps talk in real timePDF ↗ 5Replit: one app for the web and a phonePDF ↗ 6Lovable: a job application trackerPDF ↗ 7Figma: components, auto layout and handoffPDF ↗ 8Claude Code: an AI coding agent in your projectPDF ↗ 9MCP: connecting AI assistants to your toolsPDF ↗ 10LLMs: how they work and how to call themPDF ↗ 11RAG: answers from your own documentsPDF ↗ 12AI agents: a job-search agent with approvalsPDF

↗ 13Agentic AI: planning, guardrails and teamsPDF ↗ 14Generative AI: uses, limits and a weekly reportPDF ↗ 15Other AI tools: choosing one per jobPDF ↗

Complete AI tool guides (one PDF, 30 pages) ↗

Libraries

★Framework Library*29 frameworks with worked examples and templates*PDF ↗ ★Case Study Library*12 product case studies*PDF ↗ ★Practical Projects and Portfolio*5 end-to-end portfolio projects*PDF ↗ ★Interview Handbook*100+ PM interview questions with model answers*PDF ↗ ★AI Tools Lab*Every AI tools class with step-by-step labs*PDF ↗

PM interview practice (free, on the original sites)

Hand-picked public question banks and guides from other PM communities. Each link opens the original page in a new tab.

PM frameworks cheat sheet

Framework	Use it to	How it works
RICE	Prioritise a backlog	Reach × Impact × Confidence ÷ Effort. Score each idea, then sanity-check the ranking.
Kano	Decide which features delight	Classify features as Must-be, Performance, Attractive, Indifferent or Reverse using a short survey.
MoSCoW	Scope a release	Must have, Should have, Could have, Won't have (this time).
Jobs-to-be-done	Understand motivation	When [situation], I want to [motivation], so I can [outcome].
AARRR (Pirate metrics)	Map the growth funnel	Acquisition, Activation, Retention, Referral, Revenue.
HEART	Measure user experience	Happiness, Engagement, Adoption, Retention, Task success, each with goals, signals and metrics.
North Star metric	Align the team	One metric that captures the value users get, supported by input metrics the team can move.
Five whys	Find the root cause	Ask 'why?' repeatedly until you reach a cause you can act on.
CIRCLES	Answer product design questions	Comprehend, Identify users, Report needs, Cut through prioritisation, List solutions, Evaluate trade-offs, Summarise.

PRD template

PRD: [Feature name] Owner: [Name] · Status: Draft · Last updated: [Date] 1. Problem Who has the problem, what it is, and the evidence (data, interviews, tickets). 2. Goal and success metrics Primary metric (with baseline and target), secondary metrics, guardrails. 3. Users and use cases Target segment, top 3 user stories: "As a [user], I want [action] so that [benefit]." 4. Solution What we'll build (link designs), what's out of scope, open questions. 5. AI behaviour (if applicable) Inputs, model, prompt/approach, what it must never do, human review, evaluation set and pass criteria, cost per request. 6. Launch plan Experiment design, rollout stages, support and comms, rollback criteria. 7. Risks and dependencies Technical, legal/privacy, operational; owners and mitigations.

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