THE PRODUCT MANAGEMENT AND MARKETING AUTHORITY

PRAGMATIC MARKETER

WINTER 2015

GROUNDHOG DAY

How to

Learn from our mistakes
Emerge from the shadows
Sunset products

GROUNDHOG ISSUE

GROUNDHOG DAY IS MY DAD'S FAVORITE HOLIDAY. It's been that way for as long as I can remember, far before the Bill Murray movie of the same name came out.

Growing up, I couldn't understand why he would pick such a random holiday to be his favorite. But then I noticed how every February 2nd he'd receive cards or calls from friends new and old. And it dawned on me: He picked it because he could own it.

His love of Groundhog Day was unique. Every year when Phil stuck out his head, whether he saw his shadow or not, people thought of my dad.

It was my first marketing lesson: Distinguish yourself from the crowd. And it's as valid today as it was back then. That's why this issue is dedicated to providing you tips and tools for differentiating your product, your company and your career.

Happy reading,

Rebecca Kalogeris
Editorial Director

PRAGMATIC MARKETER

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Since 1993, Pragmatic Marketing has conducted product management and marketing training for 8,000 companies on 6 continents. Our team of thought leaders produces blogs, webinars, podcasts and publications that product professionals around the world turn to for industry insights.

GROUNDHOG ISSUE

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DEPARTMENTS

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A 7-Step Agenda for Effective Retrospectives

BY PAULO CAROLI AND TAINÃ CAETANO

1 CONTEXT

Participants need to understand the meeting's focus. You can start with a pre-defined context or define it in real time with the participants.

Some sample contexts:

- In 14 days, our artifact should reach the main production stage.
- Feature XYZ exploded in production, bringing the servers down for two hours.
- We worked together in the past year, and we will work together for another year to come.
- This is a biweekly recurring scrum retrospective for the ABC team. We are on sprint 12 out of 30.

2 PRIME DIRECTIVE

In *Project Retrospectives: A Handbook for Team Reviews*, Norm Kerth introduces the prime directive, a statement intended to set the stage for the retrospective. It states: "Regardless of what we discover, we understand and truly believe that everyone did the best job he or she could, given what was known at the time, his or her skills and abilities, the resources available and the situation at hand." The statement is invaluable for setting the meeting tone.

3 ENERGIZER

The energizer, or icebreaker, is a good starter for any team meeting and is especially valuable for the early stages of team building. It's designed to warm up the team and promote group interaction. We recommend activities that focus on sharing information, such as names and hobbies. It will help create a friendly environment and make people more comfortable about participating in the activities that follow.

4 CHECK-IN

Check-in activities gauge the participants' frame of mind and how they feel about the given context. It is a good next step, as it can help people put aside their concerns and focus on the meeting. Check-ins are usually short activities; think of them as quick bites to tickle everyone's appetite for the main course while providing the moderator feedback about participant engagement. One example: Ask each participant to describe his or her feeling—regarding the meeting context—in one word on a sticky note. Group the notes on an open canvas and then ask if anyone wants to share more about their selected word.

5 MAIN COURSE

The main course is the core of a meeting that seeks to foster continuous improvement. This is where you gather data, check on the team's morale, talk about the positive stuff, recognize people and seek improvements. These activities drive the team to reflect about the given context, reinforce a shared vision and generate insights. The main course is also the time for team members to feel heard. Each comment is acknowledged and written down so it is visible to the entire team.

Teams that have regular retrospectives as recurring meetings may want to vary main-course activities to see different angles and perspectives and generate new insights.

Choose the main course wisely, with the participants and purpose in mind. This is the main activity of your meeting; the information you gather and discuss will set the tone for continuous improvement.

6 FILTERING

After the main course, you will have a lot of data in front of you. It's important to have well-defined criteria to decide what will be discussed given the meeting's limited time.

Define the filtering criteria with your team in advance. One example: Arrange notes by similarity and then discuss the identified clusters. Another possibility is to vote, and then focus on the most-voted topics. Whatever the approach, this will allow you to prioritize and keep your meeting on track.

7 NEXT STEPS

The meeting is almost over. The team had a great discussion and generated many insights. Perhaps the activities resulted in a few actionable items. This list of "next steps" is the last step in your meeting agenda. There are no formulas or specific activities for it. The whole group should talk openly about what's next for the team and what you will do with the findings from your meeting.

These seven steps will help you create a solid retrospective structure that keeps you and your team focused, ontrack and continuously improving your activities.

Get more activity ideas for effective retrospectives at www.FunRetrospectives.com.

About the Authors

Paulo Caroli is an agile coach at Thoughtworks and a frequent speaker and writer. He is co-author of *Fun Retrospectives*, offering ideas and activities for effective retrospectives. Find his latest writings and links to his latest books at www.caroli.org.

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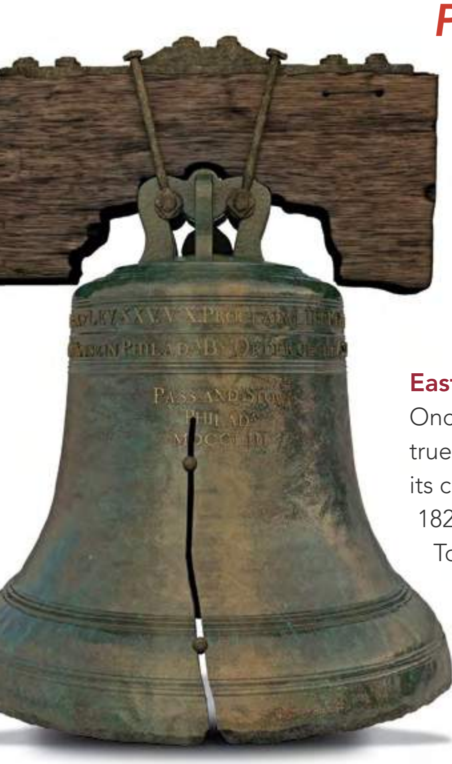
Travel Tips for Road Warriors

Phenomenal Philadelphia



The City of Brotherly Love—Philadelphia, for those of you who speak Greek—is ranked as one of the nation's most walkable and bikeable cities. It's also the second-largest city on the East Coast, the fifth largest city in the United States and was the first capital of the U.S. And if that isn't enough, it was home to Benjamin Franklin and Betsy Ross—and the temporary residence of George Washington before he moved south. Visitors will find plenty to love in this historical city with a contemporary twist.

Eastern State Penitentiary www.easternstate.org

Once the world's most famous and expensive prison, it was the first true "penitentiary," designed to inspire penitence in the hearts of its convicts, who included Willie Sutton and Al Capone. Built in 1829, more than 300 prisons worldwide copied its radial design. Today the museum offers public tours and a glimpse of the prison's past.

Fairmount Park www.discoverphl.com

Stroll along one of the 215 miles of recreational trails or gardens in one of the nation's largest urban green spaces—it covers more than 10 percent of the city's land. The 10,000-acre park system consists of 63 individual parks, 200 historic buildings and more public art than any other city.

The Philadelphia Zoo

www.philadelphiazoo.org

The 42-acre Victorian garden is home to more than 1,300 animals, many rare and endangered. Like many other Philadelphia landmarks, the zoo is an American first; the charter establishing the Zoological Society of Philadelphia was signed in 1859 and the zoo opened in 1874.

Independence National Park

www.phlvisitorcenter.com

No trip is complete without a visit to Independence National Park. One of the nation's most historic areas, it's home to the Liberty Bell and Independence Hall, where the Declaration of Independence was signed.

Independence Beer Garden

www.phlbeergarden.com

Need a break from exploring Independence National Park in the warmer months? Then visit this 20,000-square-foot beer garden overlooking the Liberty Bell. Choose from more than 40 taps of regional and domestic craft beers, snacks, sandwiches and salads.

The Junk Food Tour

www.thejunkfoodtour.com

Looking for something a little different? Learn about Philadelphia's history and culture on a motor coach tour that also lets you enjoy full portions of "gourmet junk food"—like Philly cheesesteaks—at their original landmark locations.

Reading Terminal Market

www.readingterminalmarket.org

Established in 1892, America's oldest farmers' market offers a taste of a wide range of cuisine, from soul food, Asian and Middle Eastern dishes to Philly cheesesteaks and Amish specialties. The market features more than 80 merchants, three of which are descendants of original stand holders. Be sure to visit on an empty stomach!

Benjamin Franklin Museum

www.visitphilly.com/museums

Philadelphia's famous founding father was a printer, scientist, diplomat and founder of civic institutions. The museum features personal artifacts, computer animations and interactive displays exploring aspects of Franklin's life.

City Tavern Restaurant

www.citytavern.com

Experience colonial dining—right down to tasting hearty 18-century entrées like turkey pot pie and chicken breast madeira—at this award-winning restaurant, established in 1773.

The Philadelphia Museum

www.philamuseum.org

Home to one of the country's largest art collections, the steps of this iconic building were featured in all six *Rocky* movies. There's even a statue of Rocky Balboa at the bottom of the stairs, providing a major photo opportunity. Once you've snapped your photo, head inside to peruse examples of Renaissance, American, Impressionist and Modern art.

PRAGMATIC MARKETING

B·OOM

Each month we highlight a different box of the Pragmatic Marketing Framework, providing you easy access to tools, tips and best practices to help you implement our philosophies in your company. Here's a look at this year's lineup.

Get the latest at www.pragmaticmarketing.com.

JANUARY Market Problems	**FEBRUARY** Sales & Buying Process	**MARCH** Roadmaps
APRIL Lead Generation	**MAY** Distinctive Competencies	**JUNE** Profitability
JULY Demos	**AUGUST** Channel Training	**SEPTEMBER** Use Scenarios
OCTOBER Positioning	**NOVEMBER** Customer Retention	**DECEMBER** Distribution Strategy

Ask the Experts:

What are the best questions to ask clients who recently purchased our solution?

Jon Gatrell, Instructor
Pragmatic Marketing

A GREAT WAY TO BETTER UNDERSTAND the buying and using criteria around your current solutions is to talk with new customers. You can ask them questions like:

- What first led you to buy our product?
- What other products were considered in your evaluation?
- What problems does our product solve for you?
- What do you like most about our product?
- What do you like least about our product?
- How can we improve our product?

But you can also broaden your focus to try and find new opportunities—whether it's new products, incremental offerings or solution bundles—with questions like:

- **How did your organization prioritize solving this problem over other problems in your business?** The responses will help you better understand buying drivers, the budget process, total elapsed timelines and buyer personas.
- **What do you think about our company?** The answers will help you identify the positive perceptions that exist—which you may want to amplify—and unearth less positive sentiments, which you may need to address.
- **What are some of the best products you've seen lately?** These answers will help you identify emerging competitors, potential acquisition options and potential partners.
- **As you think about the company as a whole—not just our current offering—what additional problems can we solve for you?** This question helps move the discussion beyond the constraints of current implementations or services to identify potential products you could develop or extend in your current portfolio.

In my experience, once you start getting feedback, more questions easily pop up. Here's hoping these questions will encourage other ideas and new areas to explore. PM

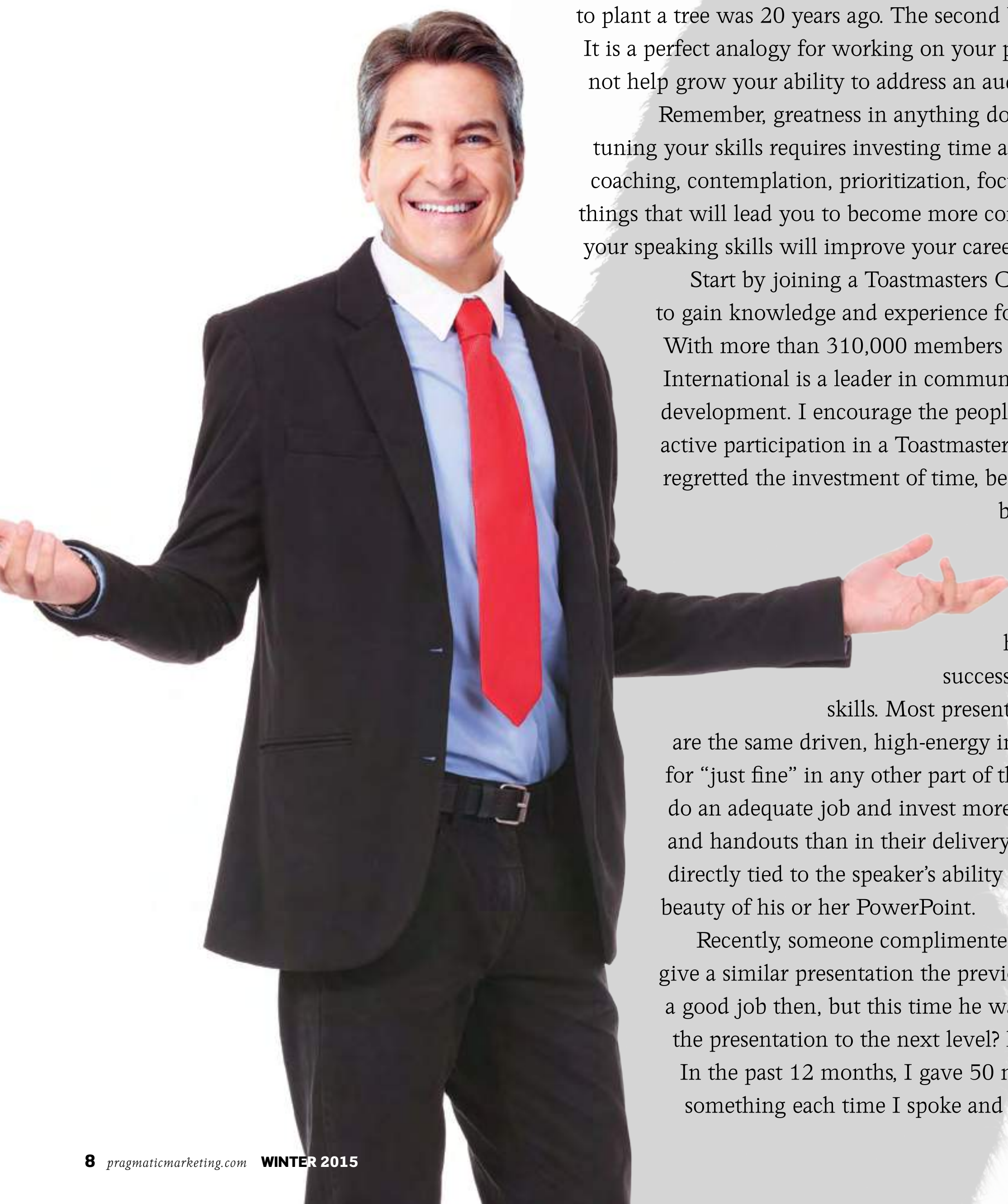
Do you have a question for our experts? *Send us an email at experts@pragmaticmarketing.com.*

GET NOTICED

BY THOM SINGER

IF YOU'VE EVER DREAMED OF EMERGING FROM THE SHADOWS and taking your place in the leadership spotlight, solid presentation skills are a must. Having weak presentation skills puts you at a distinct disadvantage with your competition. But when you clearly and concisely communicate your thoughts—regardless of what you do for a living—people will take notice and listen.

Public speaking is scary for most people. You worry about looking bad and shy away from taking center stage in meetings or at industry conferences. But without practice, you will never improve, and the people who control your future career opportunities will not notice you. As an old Chinese proverb states: "The best time to plant a tree was 20 years ago. The second best time to plant a tree is today." It is a perfect analogy for working on your presentation skills. Waiting will not help grow your ability to address an audience.



Remember, greatness in anything does not happen by accident. Fine-tuning your skills requires investing time and effort. Practice, dedication, coaching, contemplation, prioritization, focus and more practice are the only things that will lead you to become more confident on stage. And improving your speaking skills will improve your career prospects and odds of promotion.

Start by joining a Toastmasters Club. It's one of the best places to gain knowledge and experience for business-related speaking. With more than 310,000 members in 126 countries, Toastmasters International is a leader in communication and leadership development. I encourage the people I coach to invest two years of active participation in a Toastmasters Club. I never met anyone who regretted the investment of time, because the impact on their career becomes self-evident.

I find it surprising how little attention business professionals, even those who have achieved high levels of success, give to their public-speaking skills. Most presentations are fine, but the presenters are the same driven, high-energy individuals who would never settle for "just fine" in any other part of their lives. Most assume they will do an adequate job and invest more time in creating beautiful visuals and handouts than in their delivery. But a presentation's success is directly tied to the speaker's ability to communicate ideas, not to the beauty of his or her PowerPoint.

Recently, someone complimented a talk I gave. He had seen me give a similar presentation the previous year. He thought I had done a good job then, but this time he was "wowed." How had I taken the presentation to the next level? he asked. The answer is simple. In the past 12 months, I gave 50 more presentations. I learned something each time I spoke and never once winged it. Before each

7 TIPS FOR BETTER PRESENTATION SKILLS

presentation I invested several hours in preparing, not just my PowerPoint, but also the words that I planned to use and the way I planned to deliver them.

Each year, I also attend more than 100 presentations, which I treat as my speakers' college. No matter what the speaker's experience level, I always learn something from observing them on stage—not just about the subject, but about how to appear more polished.

Here are seven tips that I picked up along the way:

1 Always learn. Remember that public speaking is a skill. Do not fool yourself into thinking that talented speakers are born naturals. While some speakers are blessed with talent, most who can "wow" an audience have invested a lot of time crafting their oratory skills. Invest time to improve your speaking or stay off the stage (and concede future career opportunities to others).

2 Give to the audience. It's called "giving" a speech, so remember that every time you take the stage you are delivering a gift to the audience. Do not make the presentation solely about you or your company. Whenever you tell personal stories, make sure you share an underlying lesson with the audience and tie your words to actionable value points that people can use. Make the audience your priority and they will know you are doing this to help them (not yourself).

3 Release your personality. You are not an actor, so do not pretend to be something different than who you are inside. Be true. If you are not naturally funny, don't try to tell jokes. Open the kimono and let the audience see the real you. Make your stories reveal the good, the bad and the ugly about what makes you tick. Everyone has something to offer an audience; be clear in what you bring to the stage.

4 Keep it positive. Never spend too much time on your own problems or start your talk by apologizing for being unprepared. Speaking is not free therapy. People do not care about your fears or other hang-ups. They care about themselves. They are interested in what information and knowledge you can provide that will help them in their own jobs. If you share stories that show your failures, be sure you tie them to lessons learned.

5 Dress professionally. People will judge you by the clothes you wear. In today's casual society it's easy to forget the old rules of making a good impression by dressing for success. Ask how your audience will be dressed, then select clothing that is just a little nicer than what you expect them to wear. Too fancy and you will look and feel out of place, but too casual and you won't look professional.

6 Stay within your allotted time. Some speakers think that sharing important information gives them the right to run over time. But conferences have an agenda, and when the timing is off, everyone pays the price. If you speak for 10 extra minutes, you take away from other speakers' time or make everyone stay late. Running over the agreed-upon time makes you look like an amateur, not like a great speaker who shared extra information. Respect the schedule even if you have to leave out part of your presentation. It's better than droning on and on.

> **Never spend too much time on your own problems. Speaking is not free therapy.**

7 Share something unique and useful. Challenge the audience to think differently. A great speaker reveals new perspectives that matter to the audience. People remember speakers who choose creative topics and challenge the status quo.

In our highly competitive world, doing good work is not enough; you must also appear confident and prepared. When you develop your presentation skills, you improve your odds of stepping into the professional spotlight and finding career success. PM

ABOUT THE AUTHOR

Thom Singer is known as "The Conference Catalyst," a speaker who mixes meaningful content with a high-energy presentation style that results in audiences gaining new knowledge and taking action on what they have learned. Thom is also the host of the "Cool Things Entrepreneurs Do" podcast. Contact him at www.ThomSinger.com or (512) 970-0398.

MY JOURNEY INTO THE WONDERFUL WORLD OF PRODUCT

BY KYLE LEAVITT

NOTWITHSTANDING A FEW DELUSIONAL YEARS IN HIGH SCHOOL when I believed I was destined to become a grunge rock star, I was one of those kids who didn't really know what I wanted to be when I grew up. After graduating high school and spending a couple of years in Russia as a missionary, I entered college and opted for a general business degree at Arizona State University.

Four years later, I found myself interviewing for jobs in a variety of industries and still not really knowing what I wanted to do. Thus began my journey of finding a career passion via a process of elimination. I took the highest paying job offer I could find out of college: an assistant store manager in the retail industry. It didn't take long to figure out that wasn't the right place for me. I left after a year and took a job in sales, although I didn't expect that to be my final destination either. My lack of experience was pretty obvious. One of the other salespeople commented on my futile efforts, announcing to me and all of my surrounding cube mates that I "couldn't sell ice cream in the desert if my life depended on it." Looking back, I can't really disagree with his statement, although I did eventually become a top salesperson, and even worked my way into the company's management training program.

Just when I thought I was ready to put down roots, my techy brother introduced me to Infusionsoft, a small software startup. I became its first full-time salesperson in what seemed like a risky move at the time (and seems even more risky when I look back on it now). That was the beginning of what has turned into a 10-year, life-changing love affair with Infusionsoft. Today, I head up the company's product management, product marketing and product design teams. I'm still learning and growing as a vice president, but I can honestly say that I love my chosen career path and the company I work for. I feel like I was destined to do this. So how exactly did I get here and how does one go about pursuing a career in product?

CUTTING MY PRODUCT TEETH

Looking back on my career, it's clear I was learning how to be a product strategist long before I got into the product profession. It actually started back with my first phone sales job. I figured out that to have any degree of success I had to stop talking and start listening. My golden ticket was to listen intently to my sales prospects, identify and articulate their problems and provide a solution to eliminate their pain points. I also learned to focus my time and energy on prospects that fit the profile of how my other customers looked and acted. I began saying no to anyone who seemed likely to waste my time.

I continued to refine my selling skills at Infusionsoft and eventually became director of sales. My career shifted course again when my brother and I left Infusionsoft in early 2008 to pursue another dream: building a small business together. That was when I accidentally learned my next important product lesson.

My brother and I wanted to build an Infusionsoft add-

on software product to solve problems I'd become intimately acquainted with while speaking to prospects and customers at Infusionsoft. However, before we could focus 100 percent on building software, we had to figure out how to make enough money to keep the lights on. We started offering implementation and consulting services to help Infusionsoft customers and I became even more in tune with the market. The most important product lesson I learned as a business owner was how to run a profitable business. By necessity, I had to figure out how to position and price our offerings, fulfill orders, support and retain customers, all in a way that would drive revenue up faster than expenses. In retrospect, I don't know if there is any more relevant experience than being a business owner to teach someone how to be a product manager or product marketer.

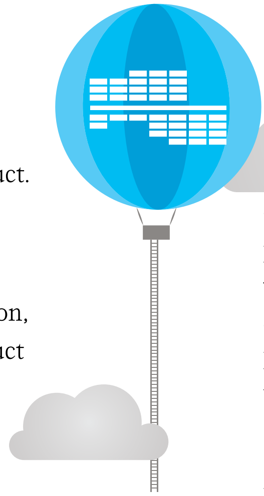
After building the business for a couple of years, we reached our goal: the software business was profitable. This allowed us to phase out our service offerings and focus fully on growing our software subscription base. We eventually garnered enough attention from Infusionsoft to become their first ever acquisition in late 2011.

THE GANGLY TEENAGE YEARS

When I returned to Infusionsoft, I had learned enough to know that the product department was the right place for me. I spent the next couple of years learning the more formal side of product management. I picked up industry terminology and refined my ability to think in a market-driven way by rubbing shoulders with other product people.

However, much of the unique product methodology Infusionsoft created wasn't documented or systematized. The lack of a strong product foundation, coupled with the company's fast growth and mounting list of demands, made it difficult to cut through the noise and maintain focus on the real needs of the market. I clearly remember the day I reviewed a detailed product roadmap. I counted more than 80 features that had been committed to, most of which could not be tied directly back to market research data and had not been sufficiently tested. I realized that our product teams were acting in a reactive mode. We were on the brink of wasting a lot of time and money by adding a bunch of low-impact product features.

Soon after, I attended my first Pragmatic Marketing training. The timing couldn't have been more perfect. All of my questions were answered and all of my past experiences converged with my new awareness. For the first time, I felt clear about what I needed to do to become a better product leader and what changes we needed to make to help level up our product teams. I even called my fiancée to tell her how excited I was about what I was learning, and that I felt like I had gained the clarity and tools to confidently run a product organization at a VP level (although I had no intention of becoming one at the time). In an ironic twist of fate, my boss called the next evening to say he'd made a change in leadership and wanted me to be the next VP of product. True story.



LEVELING UP

Armed with new knowledge and inspiration, my first order of business as the new product leader was to implement a more scalable and reliable product methodology. This came in the form of the newly learned Pragmatic Marketing Framework. It proved to be a stable foundation for the team to build on. In addition to providing a common language and shared set of templates and tools, the Pragmatic curriculum helped clarify individual and team roles and responsibilities, strengthened our process for making data-driven decisions and helped us prioritize our work and focus our time.

We threw our feature-bloated roadmap into the garbage and returned to the market to find answers.

We threw our feature-bloated roadmap into the garbage and returned to our market research data to find the answers. We organized our roadmap into a set of problems and prioritized the list based on what the data told us. Most importantly, we started saying “no.” I have developed a deep appreciation and understanding for what Steve Jobs meant when he said:

> *“People think focus means saying yes to the thing you’ve got to focus on. But that’s not what it means at all. It means saying no to the hundred other good ideas that there are. You have to pick carefully. I’m actually as proud of the things we haven’t done as the things we have done. Innovation is saying no to 1,000 things.”*

In summary, we’ve made the necessary changes to focus our efforts and work more efficiently than ever before, and the results have been remarkable. The product development team has produced solutions that are making a real impact. Today, Infusionsoft’s market-leading sales and marketing software helps thousands of small businesses across the globe. Customer acquisition costs and churn are down while revenue, NPS and lifetime customer value are up. Partners have also expressed renewed confidence in our team. At our recent annual partner event, a prominent partner exclaimed that “Infusionsoft has its mojo back!” Even our CEO and other executive leaders have noted the difference and made a point to communicate internally that product has raised the bar and is leading the way.

There were other changes that contributed to our success over the last year, particularly having the right leaders in place and the right support at the executive level. But to say that implementing the Pragmatic Marketing Framework and curriculum was a key to leveling our product team up—and helping me to be more successful as a product leader—would be a massive understatement.

FINAL THOUGHTS

Recently, I participated in a review of one of my favorite Pragmatic Marketing courses. Every time I attend a course it helps me get regrounded and refocused on what is important. I’m so passionate about the principles of Pragmatic Marketing that the first order of business for every new employee in my product department is to get Pragmatic Marketing Certified. I know this will not only give them the right foundation to make a real impact in product, but also get them into the trenches and contributing more quickly.

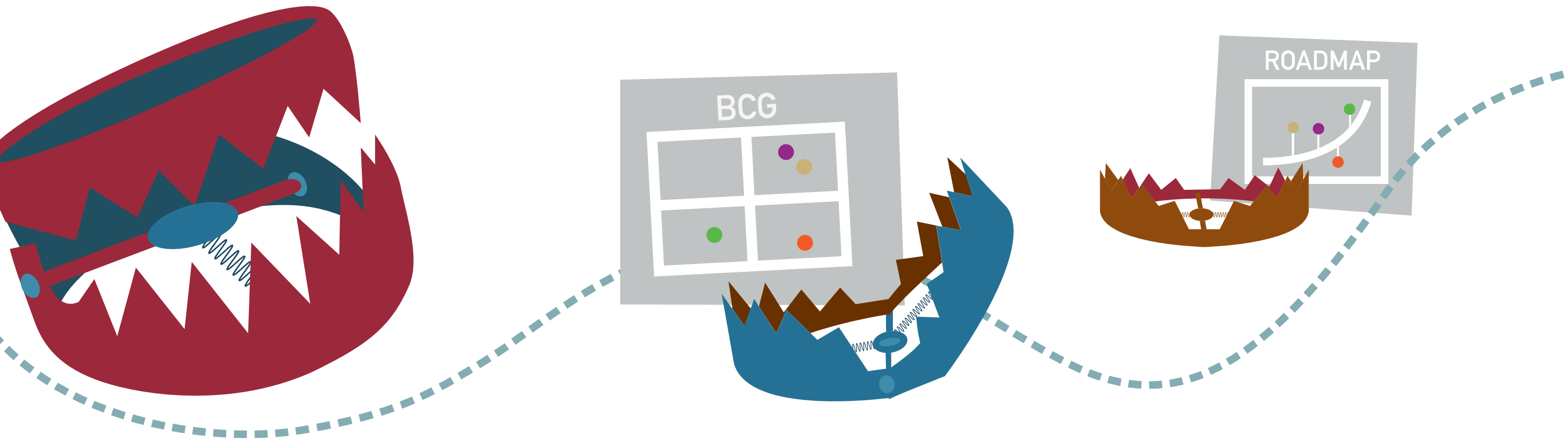
When I think about how I found my love for product creation and got into the product profession, it’s pretty clear that it was not a pre-planned or deliberate path. In many ways it seems to have happened by accident. Having talked to quite a few people in the product profession, I’ve learned that my story is really not that unique. The fact is that most people who end up in this industry didn’t grow up dreaming about becoming a product manager or product marketer.

That said, I’m grateful to have found the wonderful world of product. I feel fortunate to have an opportunity to make a real impact on the people around me, and serve the small business community with products and services that can have a massive impact in their lives. It’s great to smile every morning on the drive to the office knowing that I work with great people and am doing something that I love … even if I arrived here through a series of chance events, absent any deliberate long-term planning. PM

ABOUT THE AUTHOR

Kyle Leavitt is a SaaS product leader who brings a market-driven approach to building products and services that solve real problems for small businesses. As vice president of product at Infusionsoft, Kyle has clarified the product vision and focused the department around building to the unique strengths of the product, leveraging partnerships and integrations, and accelerating platform and technology investments for the future. Previously, Kyle was director of sales, helping to lead Infusionsoft to 900 percent revenue growth from 2005 to 2008. As president and co-founder of Infused Systems he created CustomerHub, rejoining Infusionsoft in 2011 when it acquired his company. Reach Kyle at kyle.leavitt@infusionsoft.com or follow him on Twitter at @kyleleavitt.

PRACTICAL PORTFOLIO MANAGE



MANY PRODUCT TEAMS AND COMPANIES FLY blind when it comes to managing and making resource decisions about existing and new products. We surveyed almost 400 product managers and found:

- Almost 87 percent don't use portfolio management methods in planning
- More than half have too many products and inadequate funds for growth
- Nearly 25 percent are unable to kill off unsuccessful products

What product managers need is a practical approach to assess and manage their product portfolios that includes both analytics and planning. Analytics requires companies to assess their current state and determine where they are. Planning requires companies to determine where they're going, how to invest resources for the best results, what their pipeline looks like and how to achieve portfolio goals. Planning also helps companies decide what to do about the products that aren't going to make it. The objective of both is to determine the optimal allocation of money and resources to deliver products that help meet a company's strategic goals.

GETTING STARTED

Visual tools are important for identifying ways companies can grow their product pipeline and plan for the future. They can help companies determine how to align their capabilities with their investment, what's happening in the market and how their products are doing today.

First, choose a growth-share strategy matrix such as the Boston Consulting Group (BCG) chart. The purpose is to plot products based on relative market share versus the growth of the respective market. The BCG matrix is divided into four quadrants. The lower left represents cash cows, products that have dominant market share in a relatively slow growth market. The lower right represents dogs or loss leaders. As a rule, these products have a relatively small market share in a slow growth market. They don't contribute much to the business and typically businesses want to divest them. The top two quadrants represent high growth markets. They're divided into stars, which have a dominant market share, and question marks, which are products that are just entering a fast-growth market. Identifying where company products fit on the chart provides a good sense of where to invest aggressively to maintain or grow market share and where to harvest product revenue from to actively fund high-growth markets.

Also, incorporate time-based visual charts, including roadmaps and capacity charts that illustrate how changes in investment, market condition, etc. will impact the portfolio. Because there's a lot of uncertainty involved in creating product portfolios, it's important to manage that uncertainty by identifying ways to grow the portfolio over time. These visual tools help identify what is and isn't in your product pipeline to plan for the future.

Lastly, apply R-W-W analysis to test assumptions. The ultimate goal is to produce a portfolio with products prioritized for resources and funding by asking:

MENT

BY
MIKE SMART
AND NILS DAVIS

- *Is it real?* Is the opportunity for the product linked to a market problem that is urgent and pervasive? Is there market value in solving the problem?
- *Is it winnable?* Does the company (and product) have a decisive advantage with distribution, channel and overall go-to-market execution?
- *Is it worth it?* Is this the best strategic fit for the company? Are there other products or product opportunities in the portfolio that are a better use of resources and money?

As with any risk-based assessment activity, it's counter-productive to look for perfect answers. Don't look for certainty beyond a confidence level of 80 to 85 percent. The goal is to eliminate flawed assumptions and avoid obvious miscalculations.

PORTFOLIO MANAGEMENT AND ACQUISITIONS

Inorganic company growth through acquisition is a reality for most companies. It's also an important way to achieve many of the product organization's goals. For some companies, acquisitions are one of the best ways to advance technologically. Not only do they bring in necessary new technology, they're often directly accretive in terms of market share,

HOW TO AVOID REPEATING YOUR MISTAKES

LINCHPIN TECHNOLOGY* WAS A MIDSIZE business-to-business software company focused on network-based applications and solutions. For seven years, the company grew almost exclusively through acquisitions, adding more than 21 different products to its portfolio.

Several of Linchpin's products were the de facto solution in their segments, but as the products matured, profits and market share declined. Although there were many expectations and promises for synergy between new product lines and existing products, a series of acquisitions did nothing to promote a synergistic product portfolio. In 2013, the company was purchased and became private, and the new CEO launched an initiative to assess the product portfolio.

Using the BCG matrix, available market data on the competition's market share and growth rates for the segment, the product team placed Linchpin's top five products in the applicable quadrants. They factored in other inputs such as each product's relative contribution to Linchpin's overall revenue, and indicated upward or downward trends for all products. The exercise, which combined quantitative and qualitative data, provided the leadership team with a fresh perspective on the portfolio's health.

One product was a significant cash cow. The product's relative size—and its significant contribution to current revenue—proved there was a funding source for new opportunities. Products previously thought to be stars, or big contributors to revenue, were actually less healthy, and the forecast for future growth wasn't positive. One product, placed in the loss-leader quadrant, was a candidate for immediate retirement. Surprisingly, no new product opportunities—or question marks—were in the pipeline to take advantage of the available funds from the cash cow.

Linchpin was in an emergency situation and needed to find an opportunity or an acquisition target to replace several unhealthy products and change the negative outlook. The exercise pinpointed a portfolio with too many unhealthy products and a lack of product pipeline. It created a sense of urgency that encouraged stakeholders to aggressively balance the portfolio and align the product direction with the needs of the business.

The product team shifted its focus to:

- Implement a process to retire underperforming products
- Launch an initiative to target new product opportunities
- Manage risk and uncertainty within the current products

Senior leadership continued to evaluate the portfolio's overall health by reviewing updates to the growth-share strategy chart and tracking progress and delivery through product roadmaps reviews, project reviews and release plans.

The moral of the story: Linchpin was like many product companies and most product portfolios. It included too many products and there were too few high-value products in the pipeline. The portfolio wasn't balanced across risk and value, it didn't align with the organization's strategy, and it didn't deliver the value it should. By strategically reviewing its portfolio, Linchpin was able to introduce a much-improved version of its technology to the market.

** Linchpin Technology is the pseudonym for an actual company.*

product revenue and profitability. However, the success rate for acquisitions isn't great, especially in the technology sector.

Here's what typically happens:

- The board of directors advises the executive team to look for a target company or product line to accelerate growth
- The executive team engages a firm to source potential acquisition targets
- The product team is aware but uninvolved
- The executive team selects a target and proceeds to due diligence
- Due diligence is completed and the deal closes
- Product management is asked to integrate the new products into the portfolio

But addressing portfolio fit after the acquisition is too late. Portfolio management should be looked at during targeting, due diligence and post-deal phases. By adopting a portfolio management approach and getting the product team involved in all three phases, companies can mitigate risk and uncertainty and reduce post-deal integration effort and costs.

Asking—and answering—the following questions at the right stage can help increase the success rate of acquisitions:

Be ready and willing to kill products that don't fit the company's business strategy.

Targeting

- What product gaps or vulnerabilities does the acquisition address?
- How compatible is the selected target with our product strategy?
- Does the target product suite have a similar value proposition or similar go-to-market strategy?

Due Diligence

- What level of product integration is necessary to achieve acquisition goals and objectives?
- Does the combined portfolio offer efficiencies that result in higher combined profits?
- Can the unique architectures coexist as new customers are added to both platforms?

Post Deal

- What new positioning must be created to solidify the new customer base?
- What critical roadmap elements will stretch the product team?
- What is the new priority for investing in products going forward?

MAKING IT WORK

Practical portfolio management is a strategic, high-impact activity with potential results in the short and long term. It requires insight based on reliable market evidence and intuition. It requires rigorous quantitative and qualitative analysis, as well as strategic planning and execution that factors in things like growth through acquisition. Finally, it requires collaborative, iterative work from the entire product team to balance the different pieces of information and data, along with the uncertainty and risk.

The product team must:

- Be ready and willing to retire favorite products that don't meet the needs of the market or the business
- Be ready and willing to kill—or at least defer—products that have potential but don't fit the company's business strategy or business model
- Rebalance money and resources with objective metrics
- Understand that there are no right answers
- Accept the fact that high levels of precision are not possible
- Start here and start now

Creating a high-value, high-impact portfolio will maximize the return on a company's innovation investments and maintain its competitive position. It will also achieve the efficient and effective allocation of resources while forging a link between project selection and business strategy. PM

ABOUT THE AUTHORS

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SUNSETTING A PRODUCT

BY KRISTIN RUNYAN

I THINK PRODUCT MANAGEMENT IS THE MOST FUN JOB in the world. You get to be strategic and tactical; lead and follow; listen and be heard. In more than 20 years of product management fun, one of my favorite—and most used—phrases remains: "We are responsible for everything, but own nothing." It's your responsibility to influence people across the organization to buy into—and support—your vision.

It's invigorating to build something new that has the potential to alter a customer's experience, make his or her life better, improve efficiencies or entertain. But what if the task at hand is less sexy, less exciting and less noble? Like sunsetting a product. How can you rally the troops around the battle cry "let's shut this baby down?" It's a challenging task that requires using the tools you've accumulated for product launches in a slightly different way.

If you're looking for inspiration, review the numbers. New products often produce tens of thousands of dollars in revenue in the beginning. However, sunsetting a product can save the company millions and have a substantial impact on the bottom line.

Product management and marketing are often tightly linked, and sunsetting is one area where the partnership is essential.

COLLECT DATA

If ever there's a project that should NOT be executed based on gut feel, this is it. You can't sunset a product without upsetting some aspects of your business, so it's not something to take lightly. The first and most important thing to do is to collect data to ensure that you make a prudent decision.

Gather solid data from the company's financial and CRM systems to answer the following questions:

- How many customers are impacted?
- How important are they?
- What other products have they purchased?
- What prices are they paying?
- What is their lifetime value?

I've worked on several sunsetting projects and this stage always provides interesting data to inform our direction. For example, I worked for a business-to-business telecommunications company that inherited a residential customer base in an acquisition. They didn't want to be in the residential business and discussed sunsetting the residential product. However, the data told us that this customer base paid far above market rates for their services. Our margin analysis indicated that this was an extremely profitable business and we should avoid taking any action that might cause churn. Once we presented this information to senior management, they quietly closed the sunsetting project.

In another instance, the same company acquired another product offering that wasn't strategically aligned with the business goals. We decommissioned this product because when we analyzed the customer base, there wasn't any overlap with our target customers.

CONSIDER ALTERNATIVES

Once you understand the affected customers, you can determine the available alternatives.

- Are you providing a migration path for existing customers? Do you have another product for them to migrate to?
- Is this customer base valuable? Could you package and sell the product offering and the customers to a third party?
- What is the competitive landscape? Will your competition use this effort against you with existing customers and prospects? Is there a competitor you want to encourage the customers to engage with?

It's important to think through the different options. It can be risky to turn off a service without offering existing customers any option but to find another provider. However, it might be the right move. If you want to keep the customers, but need them to migrate to a new product or platform, provide adequate short-term incentives to make it worth their effort. There is no single right answer because each product, company and customer base will be slightly different.

UNDERSTAND THE MARGIN

Most product managers have a handle on the revenue for their product, but the strong ones also have a deep appreciation of the margin. Taking both revenue and cost into consideration is critical in decision making. Of course, you must understand the revenue that will be eliminated by sunsetting a product and that typically comes as part of the customer analysis. But it can be trickier to get a clear understanding of the costs.

Senior management often views non-strategic products as a messy footnote to the annual report; they just want them gone. But good product managers will provide disciplined, data-driven recommendations. After all, many legacy products cost little or nothing to maintain.

Consider a scenario where you have software in one code base and subsequently release the next generation of the product in a more up-to-date, flexible software language. Customers who continue to use the old software may be irritating because they're just one more thing to think about. But if no new development occurs on the legacy product, no (or very few) resources are dedicated to maintenance and service calls are limited, then sunsetting the product may not be the right approach. Whatever decision you make should be based on data, not guesswork or assumptions.

CREATE A COMMUNICATION PLAN

If you are considering sunsetting a product or platform, you need to think about how to communicate this both internally and externally. You create detailed plans to get the word out about exciting new products or features and you need to be equally deliberate in your sunsetting communication strategy.

The easiest way to create a plan is simply to grab a calendar, pinpoint the desired date of the decommissioning and work backwards. You may need to overcommunicate to ensure that customers receive and digest your message. Always use words that are clear and action-oriented. By understanding the available communication vehicles, you can carefully consider how to strategize. For example, if you rely on bill inserts as your primary mode of communication, factor the billing cycle into your calendar. It's also important that your systems have the ability to differentiate customers of the product targeted for sunsetting. That way you can avoid informing the entire customer base about something that doesn't affect them.

INVOLVE MARKETING

Product management and marketing are often tightly linked, and sunsetting is one area where the partnership is essential. Marketing must participate in—or own—the messaging and communication plan. This includes editing the messaging, engaging different communication channels and even revising existing marketing campaigns to minimize any negativity related to the sunsetting project. Everything customers see or read about the product decision contributes to their overall perception of the brand, so product management and marketing need to work together closely to make the experience the best it can be.

INFORM ALL CUSTOMER TOUCHPOINTS

When a decision is made to sunset a product, everyone who interacts with customers should be fully informed. At a minimum, this means sales, account management and customer service. If account managers are assigned to the affected customers, they should deliver the message personally—even face-to-face—if possible. Being considerate of the customers' needs and timelines will go a long way towards making this a minor inconvenience versus a major upheaval.

You must leverage all of the customer touchpoints within your organization to help soften the blow and share the correct information. Just like affected customers, internal groups should be informed multiple times in multiple ways. Depending on the size and scope of the decommissioning, you might organize town hall meetings, company

announcements, customer services scripts, FAQs and other artifacts to ensure that everyone is on the same page. You don't want an already inconvenienced customer to talk to someone who is ill-informed.

CONSIDER PRICING AND OTHER FINANCIALS

At a macro level, the financial impact may be easy to understand. But other financial considerations, such as refunds, incentives and pricing, should also be discussed and analyzed to drive the desired outcomes of a sunsetting project.

If you're truly turning off a service or going dark, consider whether existing customers will require refunds. If customers prepay, you will need to review contractual obligations, notice periods and financial true-ups. The potential impact of refunds may even dictate the sunsetting strategy in order to minimize payouts.

For example, if you charge customers annually for the following year, you might research the month with the highest number of renewals and base the decommissioning date on that information to minimize refunds. If the sunsetting is a complex effort, it might require a rolling approach where customers are moved off of the product or platform as their contracts expire. Although this could take up to a year to complete, in certain circumstances it might make the most sense.

If you want to encourage customers to move from one product to another, offering incentives could be the right approach. These could be anything from discounted professional services to waived monthly service fees or a credit toward future services. A good product manager should have a deep understanding of the customer base and what drives them to action. For example, in some instances, customers may be keenly aware of the enhanced feature set and want to move to the new platform. However, they simply don't have the time or resources to execute the actual migration. In this case, an incentive to help with the migration could be what's needed to get them to move.

Pricing is an important consideration if you're encouraging customers to move off a legacy platform onto something newer. It may seem advantageous to offer the new product for free or to deeply discount it to drive the desired behavior. But remember, you have to live with whatever pricing schema you present, so it's important that you make careful, prudent decisions.

At one company, we learned this lesson the hard way. Because the company wanted to sunset product A, they offered customers product B free of charge. It was a low-cost service, and other services more than made up the margin. It seemed like a good decision, and many clients took advantage of the free offer. Fast-forward several years, and the company prepared to sunset product B and move customers to product C, a feature-rich product with a number of value-added components. Because of the previous migration, customers expected product C to be free, too. The company struggled to enforce the value-driven pricing model associated with product C. Without careful, deliberate pricing, a decision to expedite one migration can cause larger problems the next time around.

By sunsetting a product, you're freeing up resources and capital to work on the important, value-driven initiatives of the future.

If you're charged with sunsetting a product, reflect on the positives before you start groaning. By sunsetting a product, you're freeing up resources and capital to work on the important, value-driven initiatives of the future. It's like cleaning out your drawers: You get rid of older items that no longer make you look good to make room for new, innovative things that will take you to the next level.

To create energy and priority around the sunsetting effort, focus on data to ensure the decision is made without bias. Create a thoughtful and comprehensive communication plan that will help customers appreciate your actions, rather than resent them. Finally, be mindful and forward-thinking about pricing, refunds and incentives to ensure that the bottom line is appropriately cared for—both today and in the future. PM

ABOUT THE AUTHOR

Kristin Runyan is a product management professional with more than 20 years of experience in telecom, enterprise software and benefits administration. She is co-author of *Introduction to Agile Methods*, a textbook released in 2014, and is working on another book. Kristin is Pragmatic Marketing Certified. She is also a certified Scrum Master (CSM), Scrum Product Owner (CSPO) and Project Management Professional (PMP). In addition, she is a 2011 winner of the Women of Innovation award from the Technology Association of Iowa. Kristin earned her undergraduate degree at Texas Christian University and her MBA at Saint Louis University. Follow Kristin on Twitter at @KristinRunyan and read her blog at www.runyanconsulting.com.

STORY FROM THE TRENCHES

TALK TO THE MARKET BEFORE SUNSETTING

BY CRAIG STULL

Craig Stull
Founder, Pragmatic Marketing

BEFORE SUNSETTING A PRODUCT, it's important to talk to the market to make sure you understand the impact sunsetting will have on that product's customers. How do they use the product? What alternatives exist, and what do they think of those alternatives? Then you can use that customer data to determine how and when to sunset the product.

I learned this firsthand when I was vice president of marketing for a company in the mid-1980s. My company, which owned a production-control product, acquired a smaller company with a security product that we wanted. In addition to its security product, the company owned a production-control product that competed with ours. Their product had 200 users and sold for $20,000; our product had 2,000 users and sold for $50,000. Based on this information alone, my company's leadership decided to kill the newly acquired product and allow those users to upgrade to our product for $15,000. There was just one problem: The two products had about as much in common as a Hummer and a Prius. They appealed to two entirely different markets.

When we announced we would kill the newly acquired product, the 200 users called an emergency national users group meeting in Kansas City. These customers believed in their product and were willing to drop everything to fly to a meeting. This was a crisis for them: They were being told that a product they relied on would no longer be available. Our company agreed to attend, and I was the emissary.

The audience politely listened to me as I explained our position. Then they pointed out why what my company was doing was inappropriate. These customers had researched our product before choosing the other one. They didn't want our product in the first place and they certainly didn't want it for an additional $15,000.

One customer—a representative from Johnson & Johnson—starkly compared our poor handling of the situation to their handling of the Tylenol crisis, which garnered positive media coverage and was viewed as a success.

During a break, I called my company president. I knew I couldn't go back into that room unless we did something to appease the situation. Otherwise, we'd lose control of the story to the media. He agreed to continue to support the product indefinitely. When I returned to the room and said "Good news, we're going to support the program indefinitely," they cheered like it was the Super Bowl. No one questioned what "indefinitely" meant.

The customers left happy and talked to the media. And the media saw us as an example of a company that did right by the customers. It ended up as a public relations win. But we could have prevented the entire thing if we'd talked to the users first. We could have sampled some of the customers and asked what they thought would be an appropriate way to handle the situation. We could have mitigated the impact of sunsetting that product by remembering that outside-in always trumps inside-out. PM

An MVP Is Not the Smallest Collection of Features

How to effectively apply lean startup principles to startup products

BY SHARDUL MEHTA

AS PRODUCT PEOPLE IN THE NON-STARTUP world familiarize themselves with lean startup concepts, there's a lot of discussion and confusion about what is and isn't a minimum viable product (MVP). Worse, many execs and CEOs have latched on to the term without really understanding it—using it as a buzzword and as a synonym for a completed V1.0 that is ready to be sold to all customers.

If you're using MVP to mean "first market launch" or "first customer ship," it means you're back to the old waterfall, project-driven approach to development. If that's your approach, okay. Just don't confuse what you're delivering with an MVP.

On the flip side, many folks in the enterprise world, including product professionals, are overthinking the term. They think of MVP as simply the smallest collection of features to satisfy customers. The problem with that approach is it assumes we know ahead of time exactly what will satisfy customers. But the odds are that when it comes to a startup product, we don't—even if we've served those customers for years with other offerings.

MVP constitutes an entirely different way of thinking about our approach to new product development. Instead of being about product delivery, it's about delivering product. It's not about delivery for the sake of delivery—to hit some magical release date or arbitrarily set internal milestone. It is about getting product into your customers' hands, learning from their feedback and iterating on that learning while continuing to drive value. As such, an MVP is about validated learning. It puts customers' problems, not our solution, squarely at the center.

Reality check: Customers don't care about your solution; they care about their problems. To play on a Pragmatic Marketing phrase, "Your solution, while interesting, is irrelevant."

So if we're going to use the term MVP, it's important to understand what it really means. Fortunately, all it takes to do that is to go back to the source.

MVP is a term coined by Eric Ries as part of his lean startup methodology, which lays out a framework for pursuing a startup in particular, and product innovation more generally. This means we need to understand the methodology of lean startup to have the right context for using terms like MVP.

Ries lays out a definition for what an MVP is:

> *"The minimum viable product is that version of a new product which allows a team to collect the maximum amount of validated learning about customers with the least effort."*

He goes on to explain exactly what he means:

"MVP, despite the name, is not about creating minimal products ... In fact, MVP is quite annoying, because it imposes extra overhead. We have to manage to learn something from our first product iteration. In a lot of cases, this requires a lot of energy invested in talking to customers or metrics and analytics. Second, the definition's use of the words maximum and minimum means it is decidedly not formulaic. It requires judgment to figure out, for any given context, what MVP makes sense."

Let's break this down.

1. An MVP is a product. This means it must be something delivered to customers that they can use. There's a lot that's been written about creating landing pages, mockups, prototypes, doing smoke tests, etc., as forms of MVPs. While these are undoubtedly worthwhile efforts to gain valuable learnings, they are not products. A product must attempt to deliver real value to customers.

2. An MVP is viable. This means it must try to tangibly solve real-world and urgent problems faced by your target customers. It's not about figuring out the smallest collection of features. It's about making sure we've understood our customers' top problems and figuring out how to deliver a solution to those problems in a way that early customers are willing to "pay" for. If we can't viably solve early customers' primary problems, everything else is moot. That is why an MVP is about validated learning.

3. An MVP is the minimum version of your product vision. In his blog post "A Landing Page Is NOT A Minimum Viable Product," Ramli John provides some fascinating examples of MVPs using email, blogging, video and plain old hustle—including Groupon, which actually started as a blog. If our MVP is actual code, it most definitely does not mean it is a half-baked or buggy product. The "minimum" is that it needs to solve early customers' top problems from day one, building only those features at first and putting everything else in the backlog until we've achieved product/market fit. It also means being very deliberate about finding those "earlyvangelists" that Steve Blank always talks about.

Ultimately, the key here is "maximum amount of validated learning." This means being systematic about identifying our riskiest assumptions, formulating "testable falsifiable hypotheses" around these and using our MVP to prove or disprove our hypotheses.

Lean Startup Realities

One of the biggest challenges product innovators face in defining an MVP is getting buy-in from internal stakeholders. Somehow, you have to make everyone feel a part of the process without having your MVP destroyed by feature bloat right at the definition stage.

The way I've done it is by fusing lean startup methods with product management practices—specifically by leveraging a process every product manager knows: roadmap prioritization. In his "Roadmapping 301" presentation, Bruce McCarthy talks about *The Five Pillars of Roadmaps*, the first three of which are:

1. Setting strategic goals
2. Objective prioritization
3. Shuttle diplomacy

These same pillars can be used for defining an MVP and getting stakeholder buy-in.

Setting Strategic Goals

The first step is to capture your product strategy. Although business cases, business plans and market requirements documents have their place, we need a way to quickly capture product ideas in a structured manner that is easy to share with others. I iterated from Alex Osterwalder's Business Model Canvas and Ash Maurya's Lean Canvas to create what I call the Product Canvas. It allows you to capture the key elements of any particular product or product strategy in a single page or snapshot.

What's great about the Product Canvas is that because it's a single page, you can quickly jot down the basics of any product strategy or business model. It's easy to share and more likely to get read than a PowerPoint deck or a Word doc. The single page also forces brevity: There isn't a lot of space for a laundry list of features. You will need to distill your idea to its most essential building blocks.

Here are the key components of the Product Canvas:

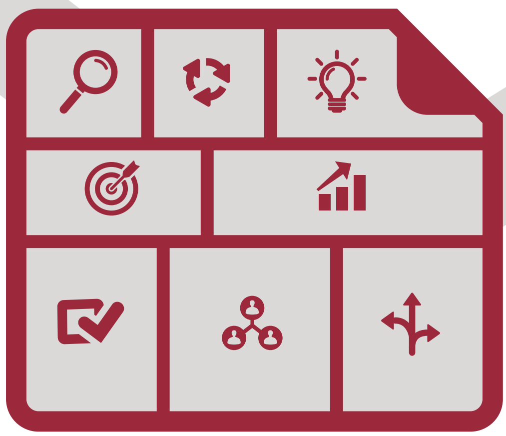
1. Customer segment. Who is the target customer of our proposed product? It could be the company's entire customer base, a segment, or a new market or vertical.

> **1a. Early adopters.** This section is designed to help explicitly avoid the temptation to think a new product idea is applicable to all customers. Identifying early adopters is critical to establishing early traction for any new product.

2. Problem. Limit this to the top three problems we're addressing for our target segment.

> **2a. Existing alternatives.** How is the customer solving this problem today? This includes both direct and indirect competitors.

3. Unique value proposition (UVP). What is the promise we're making to our customers? This is the elevator pitch that clearly states how we're uniquely solving our customers' primary problems.



The Product Canvas allows you to document your vision in a simple, portable and sharable way.

4. Solution. What are the most essential features of our solution that will deliver on our UVP? Limit it to the top three elements of the proposed solution.

5. Channels. How will we acquire, retain and sell more to customers? What is the marketing and sales strategy?

6. Revenue streams/business value. How will we make money? What's our pricing strategy? If this is not a revenue-generating product, what other business value is it providing? Is it improving customer satisfaction, customer lifetime value or market positioning? Competitive differentiation? Operational efficiencies?

7. Key metrics or success factors. What are the most important metrics that will tell us we're successful? Sign-ups? Conversions? Referrals? These are the metrics that are driving our business value.

8. Unfair advantage. The UVP tells our customers how we uniquely solve their problem. Unfair advantage is about how our product or business model gives us a sustainable advantage. Do we have a patent? Benefit from economies of scale? A distribution network or brand value that can't be easily copied or bought?

9. Key resources. What are the most critical resources we need? These could be platforms, systems, business processes or even partners.

10. Cost structure. What are the key cost drivers? Customer acquisition? Account management? Hiring and talent development? This is also a good place to capture a back-of-the-envelope break-even calculation.

The Product Canvas allows you to document your vision in a simple, portable and sharable way. The trick is to be concise. The intent isn't to capture every nuance of the customers' problems or detailed requirements. Just stick to the top three to five problems and the top three to five key elements of your solution. This forces sharpness not only in your thinking, but also in your communication with stakeholders. This, in turn, encourages more constructive feedback, which is what you really need at this stage.

Objective Prioritization

You've probably received a lot of internal input on features for your product. Most have probably been articulated as "must-haves" for one reason or another. Of course, you know that most of them are probably not really needed at this early stage, certainly not for an MVP.

To quote from the book *Getting Real* by 37signals: "Make features work hard to be implemented. Each feature must prove itself." For an MVP, each feature must be tied to tangibly solving a top customer problem.

McCarthy discusses using a scorecard system to objectively prioritize features for product roadmapping—in particular, assigning a value metric for a feature's contribution toward the product's business goals, and balancing it against a level-of-effort (LOE) metric. The exercise can easily be done in a spreadsheet. A similar approach can be used to prioritize the features for your MVP.

1. Rank each problem documented in your Product Canvas. Ranking should be in terms of your understanding of what is the customer's top-most problem to be solved, followed by the second, etc.

2. Map solution elements to problems. These may not necessarily be one-to-one, as sometimes multiple elements of your solution may work together to solve a particular customer problem.

3. For each solution element, identify if it's a must-have for your MVP. Solution elements meant to solve customer problem #1 are automatically must-haves. The trick is in making the determination for the remaining problem/solution mixes.

4. Identify all features for each solution element. If you already have a list of feature ideas, this becomes more of a mapping exercise. The net result is every feature idea will be mapped directly back to a specific problem, which is awesome.

5. Mark each feature as "In MVP" or not. Be ruthless in asking if a feature really, really needs to be part of the MVP. This includes specific features under a "must-have" solution element, as not every one may need to be "In MVP."

6. T-shirt size the level of effort for each feature. Just large/medium/small at this point. A quick conversation with your engineering lead can give you this.

As with roadmap prioritization, this entire exercise can also be done via a simple spreadsheet. The beauty of this exercise is that it brings into sharp focus a particular feature's contribution toward solving customers' primary problems. And an MVP must attempt to do exactly that.

Shuttle Diplomacy

Managing stakeholders is probably the most important part of any product development process. You need to get buy-in from your key stakeholders on your product strategy and have it "stick over time."

McCarthy advocates using shuttle diplomacy, which means having a series of ongoing conversations with your key stakeholders in which you ensure they're feeling heard while also being transparent about sharing the results of your customer and product development efforts. To quote McCarthy, when you practice shuttle diplomacy:

> *"A magical thing happens. 'Your' plan becomes their plan too. This makes [review and approval] more of a formality, because everyone has had a hand in putting together the plan."*

To be clear, you're not looking for decision by committee. As the product owner, you still need to take a leadership role in making or facilitating decision making. But a key part of leadership is actively working to bring others along by encouraging input and providing visibility.

Lean startup purists may find this nauseating, but that ignores the realities of getting things done in the corporate world. As Henry Chesbrough, known as the father of open innovation, wrote: "You have to fight—and win—on two fronts (both outside and inside), in order to succeed in corporate venturing." This means innovators "must work to retain support over time as conflicts arise (which they will)."

As I've shown, savvy product managers can fuse lean startup principles with tried-and-true product management practices with powerful results. With respect to an MVP, it's important to remember it's not about the smallest collection of features that can be delivered, but rather about validated learning, and then quickly iterating on that learning to gain market traction for your new product. Then use your practical product management skills of strategic goal-setting, objective prioritization and shuttle diplomacy to gain and maintain traction internally. PM

About the Author

Shardul Mehta is vice president of product at Diamond Mind. He has founded two startups, and launched innovative new products across a number of industries for startups and Fortune 100 organizations. He is active in helping product management and startup communities, having founded ProductCamp DC and served as a mentor at Lean Startup Machine and Startup Mason at George Mason University. He is a frequent speaker and blogs at www.streetsmartproductmanager.com.

How to Succeed in Technology

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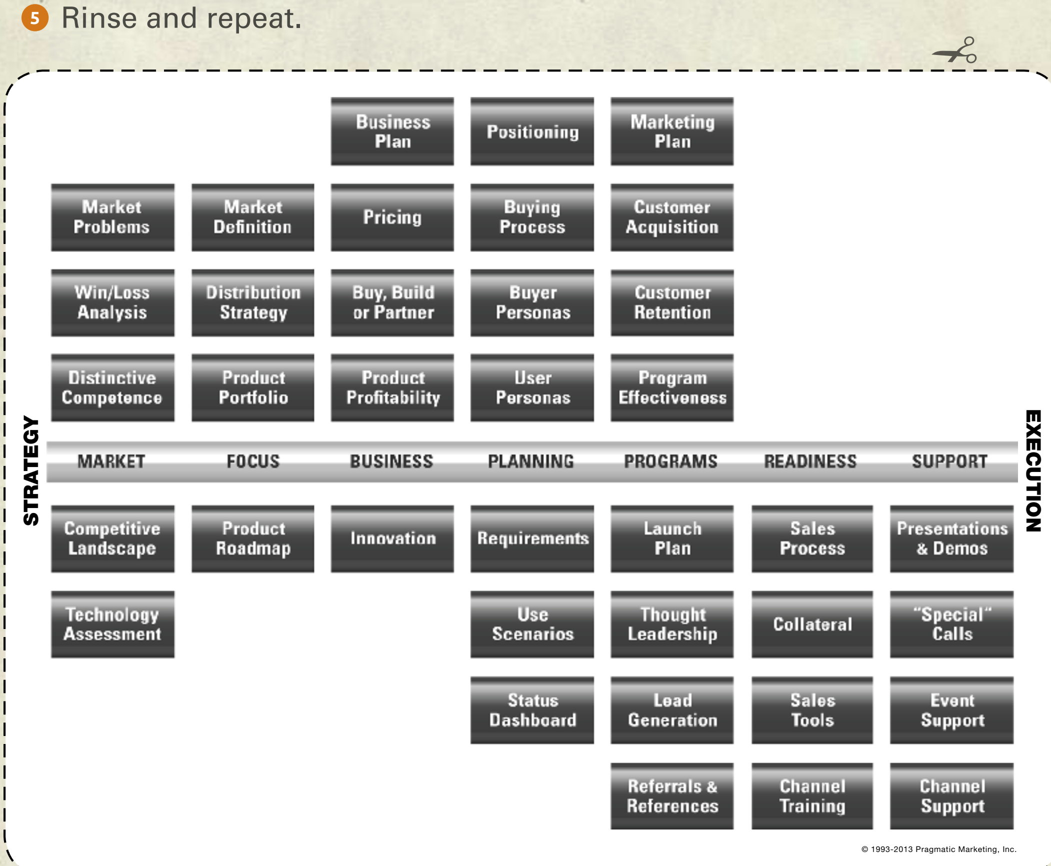
1. Cut out framework, avoiding pesky paper cuts.
2. Post conspicuously throughout office.
3. Follow framework faithfully with peers.
4. Reap the benefits of being market driven.
5. Rinse and repeat.



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What *Final Fantasy II* Teaches Us About Product Management

BY JOE PETERSON

EVERYTHING I NEED TO KNOW about product management I learned from playing *Final Fantasy II* (the SNES game). The game has three basic acts:

Act 1: Realize You're Evil
Act 2: Become the Good Guy
Act 3: Conquer

At the start of the game, our hero finds himself in an uneasy position: He's a member of a group he opposes. When he voices his concerns, he's stripped of his high-ranking position and unknowingly sent on a mission to murder an entire village. Once he discovers the mission's true intent, he rejects his circumstances and, ultimately, chooses a more positive path.

Our potential hero faces enormous challenges. On his path to becoming a good guy, monsters try to kill him and his love interest becomes deathly ill. Throughout these adventures, he assembles a team to assist him on his journey. Ultimately, our hero earns the status of Paladin, a knight who can perform magic, and he becomes the man he aspires to be. Before becoming a Paladin, our hero was a good fighter, but his newfound status allows him to do much more. He has evolved from a one-trick pony into the game's most valuable player, someone who can actually conquer the game.

Like the *Final Fantasy II* storyline, many product managers have three acts.

> **Ask stupid questions; you'll be stupid for a shorter period of time.**

Act 1: Realize You're Evil

How are product managers evil? Ok, maybe that's a little dramatic, but still, too many product managers:

- expand scope
- write lousy requirements
- schedule too many meetings
- just send emails all day
- waste time
- can't make a decision without looping in eight bosses

No matter where we are in our careers, we need to remind ourselves daily of these potential flaws so we can diligently defend against them. Yet, we're human and will make mistakes that can be costly. The only way to advance our careers is to prevent ourselves from allowing our weaknesses, misconceptions and pride from hurting or killing the products we work on.

Act 2: Become the Good Guy

Once we realize we're evil, we can begin the process of becoming good. To become one of the good guys, we must exist in a state of constant learning and self-growth. We must learn to be humble in order to achieve success.

What's all involved in becoming the good guy? I wish I knew because I'm struggling with this myself. However, I can offer the following tips:

1. Be open to criticism and to new ways to improve.
2. Learn as much as you can. How do different systems talk to each other? What are they built on? What are the database table names? What is metadata? What is json? Learn the lingo. Ask stupid questions; you'll be stupid for a shorter period of time.
3. Find ways to feel more confident. Do something to help cope with stress and increase your passion for your role. Exercise regularly; get to know your team. This also goes hand in hand with the second point. Once you know how things work you'll have more confidence.
4. Stay humble. Don't let pride get in the way of what's best for the project or team. If needed, be the scrum master or schedule meetings. Be persistent and focus on getting the project done.
5. Communicate everything. Does it look like the date will slip? Do you need a resource? Was a bug discovered? Tell stakeholders, preferably in a face-to-face conversation, and explain why. When delivering the news, don't just say "we are missing our date" or "we found a bug." Always present a solution or plan that still allows you to meet your goal. Your manager will change the path if he or she disagrees.

Throughout the game, our hero faces multiple distractions but also understands the ultimate goals that lie ahead. This should be true in life, too. Sometimes unavoidable tasks pop up. It's important to take care of them without getting frustrated or losing sight of our ultimate product goals.

Act 3: Conquer

In Final Fantasy II, the main character becomes a knight who can also do magic. In real life, we are businesspeople who can work with development. Our wizards are developers and testers and perhaps others on our team.

When we fully conquer the role, we represent the business to customers throughout product development and launch. We understand the business we work for and are responsible for the backlog the development team works with. We make decisions and know who to reach out to when those decisions are above or beyond us. We are willing and able to do whatever is needed to get our product launched successfully and on time.

Eventually, we will discover that we've reached a certain point where we've mastered our craft and are ready for anything thrown our way. We've gained the respect of our colleagues and our team. With a little bit of magic and a lot of might, we'll be one of the most important members on the team. Until then, we need to stay focused and keep growing. PM

About the Author

Joe Peterson is a product manager at Rakuten Marketing's Affiliate channel. He's been with Rakuten Marketing since October 2013 and has nearly 10 years product management experience. In his spare time Joe enjoys Crossfit and spending time with his family. Contact Joe by email at joseph.peterson@rakuten.com or follow him on Twitter at @poejeterson.

Keeping a Globally Dispersed Sales Force Current with Quick Learning Modules

BY LINDA JACKSON

AS COMPANIES EXTEND THEIR REACH into new global markets, it's not uncommon for sales teams to be distributed across multiple regions. At the same time, many companies are increasing the cadence of product and service updates. Sales reps can easily feel out of touch, stuck working with support materials that become immediately outdated with each new release.

Luckily, marketers can break this cycle of lagging information by drawing on technological advancements and learning science best practices. Quick learning modules (QLMs) are a great way to share company updates and increase the likelihood that sales reps will retain the information you provide. Before we dig into their global use, it helps to understand the basics.

What are QLMs?

QLMs are quick-to-consume e-learning modules on specific topics. Rarely more than 15 minutes long, each module should be something a sales rep can digest while standing in line at Starbucks. Ideally, they work seamlessly on any device (phone, tablet, PC) and they can support a number of content elements including video, audio, text and images. That way they can be configured to provide your sales force with the fresh information they need in an easy-to-use format.

Why use QLMs?

More traditional methods of deploying updates such as in-person product training, lengthy sales playbooks or one-time web-based training typically take longer to produce—with greater cost—and have been shown to be relatively ineffective. In fact, according to molecular biologist John Medina, most people forget up to 90 percent of what they learn in traditional training within three days. But, breaking things down into short, easy-to-digest snippets and spacing learning events at expanding intervals enhances long-term memory. In addition, incorporating video, audio and tactile exercises into your training programs can boost memory retention by 65 percent.

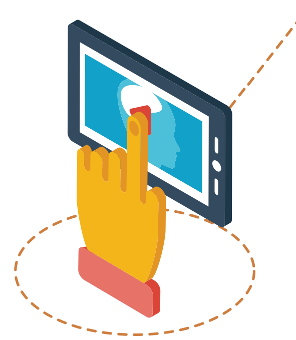
> **Incorporating video, audio and tactile exercises into your training programs can boost memory retention by 65 percent.**

Deploying important updates in discrete chunks of information—like QLMs—can significantly increase learning retention, while saving the development costs of a traditional training rollout. Plus, QLMs are faster to create, and reps are more likely to complete the sessions.

How do I know what to focus on when creating a QLM?

Isolating what really needs to be communicated in a training program can be an interesting critical thinking exercise; it's often not what you think. To shine a light on the key elements to address, ask yourself "What do people already know and how can we build on that?" For example, if your product announcement is four updated settings on a single UI screen, then that's all you need to explain to your reps. You don't need to recreate training on the whole system. Save your company development time and money by creating a short tutorial that covers what that screen looked like before, what it looks like now and why the four updates are important.

Even if the content is inherently complex, users don't need to be told the entire story to get their job done. Instead, think about how to break up the story into short pieces that also provide enough of a hook to hang other materials on. For example, a QLM for the sales team might reference the four UI updates but not discuss them in detail, keeping the main focus on addressing common objections during the purchase process.



Does it make sense to use QLMs in a big rollout?

Focused QLMs are a great way to follow up on specific key elements of a more traditional, comprehensive training program. For example, Cisco often uses QLMs as reinforcement for internal events, such as kickoff meetings that announce security enhancements. These QLMs help employees remember what was discussed at the meeting by providing a short recap on the important topics covered.

Do QLMs fit into agile development and other fast-paced environments?

QLMs are quick to develop and allow marketers to apply a little bit of the agile strategy to their training program development. Because they are short, the review cycles are usually less complicated and can often be completed in a matter of days or weeks. This makes them perfect for SaaS companies and other organizations that work in short sprints.

QLMs are relatively inexpensive to update. Rather than revise the entire training program, you can simply update the modules that were affected by the change. This way you can incorporate updates as needed and avoid creating training programs that are out of date before they're even published. Once the updates are available, your sales reps can complete the QLMs one at a time or all at once, depending on their schedule.

QLMs succeed because reps aren't forced to sit through redundant training sessions.

Are QLMs mobile device-friendly?

Gartner estimates that more than 54 million employees are currently involved in some form of remote work. Unfortunately, most traditional e-learning courses aren't easily accessible via mobile devices. The good news is that because QLMs are typically created using HTML 5, they are mobile-friendly by nature. For example, if you develop your QLM as video on demand—or VOD—you can simply upload the module to Vimeo or YouTube, or convert it to an MP4 and share the link. Sales reps can then access it remotely at will.

There are also several tools on the market, such as MobilePaks, that make these modules interactive and boost engagement through widgets like knowledge checks and flash cards. These can be great to use while sitting in a waiting room or riding public transportation.

QLMs for the Global Audience

Labor markets around the world have become increasingly integrated and this globalization is expected to continue. It can be challenging to communicate with a diverse staff, but QLMs can help. By using templates and shells, QLMs are easy and cost-effective to translate into multiple languages.

In addition, by using a QLM as a "gateway" to more detailed support information that is stored elsewhere online, you can limit the word count of that QLM, thus keeping localization costs down. For example, VIA worked with a company that trained its staff on the corporate standards for records retention. Instead of including the entire policy in the QLM, we included a link to it so the company could easily update it on the website as needed. When the time came to localize the QLM, that streamlining helped the client contain costs.

Some other localization tricks to keep in mind:

1) Make sure it's not too U.S.-centric. Avoid slang or idiomatic expressions. Use images or concepts that can be adapted to multiple cultures and beliefs.

2) Be clear, concise and consistent. Write the source content to a sixth- to eighth-grade level. Use an active voice, and eliminate the verb "to be" as much as possible.

3) Make room for onscreen and audio text expansion. Text often expands or contracts when it is translated, so avoid embedding text in images. To make room for longer narration, edit the audio into individual files that track to each slide.

4) Keep narrators to a minimum. The more voiceover actors that you use for narration, the more time-consuming and expensive it will be to translate.

Created correctly, QLMs are an effective way to share learning programs with sales reps scattered across the globe. Not only can QLMs provide a dispersed workforce with the most up-to-date information available, but they can help individual members feel more unified. PM

About the Author

Linda Jackson is the lead instructional designer at VIA, Inc. and has more than 19 years of training and technical-writing experience supporting enterprise-level global rollouts for a variety of companies including Nike, Intel and Daimler. Contact Linda at ljackson@vialearning.com.

The Truth About Affiliate Revenue

BY ROBERT GLAZER

ON THE SURFACE, AN AFFILIATE PROGRAM seems like a straightforward pay-for-performance setup. You simply kick back part of a sale to the third-party website that drove a customer to your site. No risk; all reward.

In fact, it feels so much like a traditional sales commission structure that it's hard not to interpret it that way. However, the definition of affiliate revenue can be misleading and result in commission payments that are out of line with the value created.

The Face Value of Affiliate Marketing

Affiliate revenue—as measured by both tracking platforms and networks—simply means that an affiliate has a marker somewhere in the transaction click stream, not that the revenue is exclusive to the affiliate channel. In other words, in addition to the affiliate channel, many other channels or touchpoints may get credit for the same revenue (e.g., social, search, display, etc.) before or after the affiliate interaction.

Unfortunately, many stakeholders—including third-party agencies, networks and in-house affiliate managers—advocate that this face-value affiliate revenue is the best measure of program success. As a result, they tend to rely on affiliate partners that overlap with other channels instead of those who create real, incremental demand.

Here's a taste of how this usually plays out for the merchant: Let's say a customer adds an item to the cart, then opens a new browser window to look for a coupon for that item. The customer clicks around a few sites, lands on a coupon offer from an affiliate site and decides to buy the product—but the coupon code displayed by the partner has expired.

In this instance, the coupon doesn't bring the customer to the merchant. But because the customer clicks on the coupon website, the transaction is attributed to that site as affiliate revenue, regardless of the fact it didn't make the original acquisition or that the coupon was neither used nor valid.

Without a solid attribution system, this misleading trail can skew data and make it seem like an affiliate is driving new revenue when it's actually piggybacking on the efforts of other online marketing channels.

How to Evaluate Your Affiliate Marketing Program

To receive the most accurate data from your affiliate revenue program, it's important to assess how each channel actually drives sales. These five steps can help you evaluate the effectiveness of your affiliate marketing program:

1. Analyze your affiliates' actions.
"To understand how your advertising dollars are impacting sales, you need to have full visibility into the customer journey across all paid, owned and earned channels," says Tijs van Santen, vice president of Impact Radius. "Only when you have this full visibility are you able to understand how each media partner and channel is contributing to a conversion."

To truly understand how an affiliate works, look at what the affiliate does and where its traffic comes from. For example, if the affiliate just posts coupon codes that aren't offers and relies on searches for a merchant's trademark plus the word "coupon," it might not add much value to your program.

To fight such actions, review your affiliates' tactics. Check to see whether they're using weighted URLs that contain trademarked terms, and whether they're stuffing their URLs and descriptions with phrases that have little correlation with the products they're advertising on your behalf. Are they relying on adware or plug-ins? These behaviors underscore an incompatibility that calls for coaching or ending the relationship.

2. Beware of conflicts of interest.

Many affiliate networks also create conflicts of interest by housing both affiliate management and program management. One of the primary responsibilities of a program manager is to police affiliate activity and watch for fraudulent or low-value activities. A good manager should either remove an affiliate from the program or reduce the commission if that affiliate doesn't provide incremental revenue.

However, if the affiliate network is paid a fee based on the number of sales generated and commissions paid, regardless of attribution considerations, its program managers will be conflicted about decisions regarding the program's best interests. Removing revenue or cutting commissions has the effect of reducing their companies' income and their own personal incentives from that fee stream.

"It's like having the same real estate broker represent both the buyer and the seller in a single transaction," says Brian Littleton, president and CEO of ShareASale. "Certainly, it could be done, but the opportunity for trouble is greatly increased."

Ask probing questions to verify that a potential affiliate network is interested in protecting your company's brand and value beyond a single affiliate transaction. What will they do in cases of fraud, terms and conditions violations or behaviors outside of your stated goals?

A better approach may be to manage your program using a dedicated in-house manager or specialized third-party firm that partners with the in-house team and provides an independent perspective. An in-house manager or a responsible third party will consider the brand first and foremost and a third-party program audit could be a great way to get started.

3. Watch for fraudulent activity or "cookie stuffing."

Be on the lookout for downright fraudulent affiliate behaviors. For example, an affiliate could place an essentially invisible 1 pixel by 1 pixel merchant banner on a page, setting a cookie for that merchant. If a user buys something from that merchant, the affiliate receives credit and a commission even though it had nothing to do with the acquisition.

The best way to prevent cookie stuffing is to create a code that detects affiliate cookies. JavaScript codes can be written to determine where affiliate URLs direct (or redirect) clicks. It

Be on the lookout for downright fraudulent affiliate behaviors.

also helps to review your affiliate terms and conditions. They should clearly spell out banned behaviors, including cookie stuffing. Finally, there are third-party tools, such as Forensiq, that can help with fraud detection.

4. Assess conversion rates.
Conversion rates speak volumes about the intent behind a customer's actions. It's up to you to determine whether the affiliate or the product is doing the heavy lifting for conversion rates.

For example, if a merchant's typical e-commerce conversion rate is 1 percent and an affiliate converts at 30 percent, there's a good chance customers coming from that affiliate are already committed to buy. In this instance, it's likely that the affiliate is intercepting customers who are already in the process of purchasing.

The same goes for new customer rates. If the affiliate channel has exactly the same new customer rate as the merchant's site, the affiliates likely aren't doing much customer acquisition. They're just playing the averages of people who already visit the site.

By creating a benchmark that represents your affiliates' typical conversion rate, you can quickly identify outliers taking advantage of customers who are already sold. Tracking trends over time and listing revenues next to conversion rates when you're assessing affiliates' metrics will also provide context to your numbers. Simply export data for your top 25 affiliates and review their conversion rates for any abnormalities.

5. Monitor your trademark.
Use a service to monitor your trademark. "Users also use branded search as a form of navigation," says David Naffziger, CEO of BrandVerity. "They will use a search like 'Amazon' as a shortcut to take them to Amazon.com. A low-value affiliate will show an ad to users who search for 'Amazon' that simply takes users directly to Amazon through its affiliate link or perhaps encourages the user to visit a coupon site first."

If affiliates buy Google Ads with your trademark in them (i.e., trademark bidding), they'll take revenue from the paid search channel and drive up your branded paid search costs.

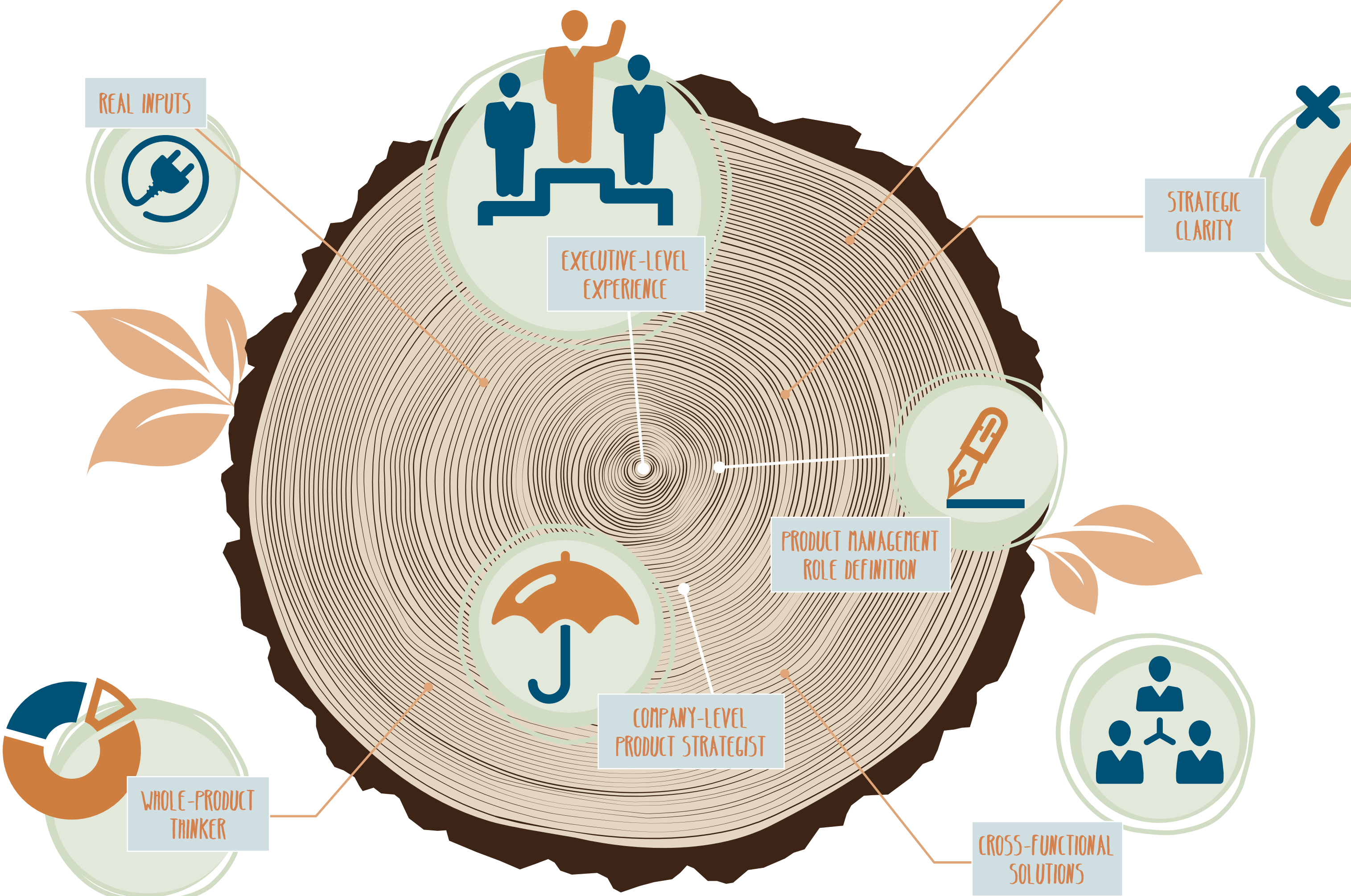
Affiliate revenue streams are more complicated than you might think, and it's important to never take your metrics at face value. Find out which affiliates drive new incremental sales, then reorganize your commission structure and affiliate marketing program accordingly. PM

About the Author

Robert Glazer, founder and managing director of Acceleration Partners, is a customer acquisition specialist with an exceptional track record in growing revenue and profits for fast-growing consumer products and services companies. His clients include adidas, eBay, Gymboree, The Honest Company, ModCloth, Reebok, Shutterfly, Target, Tiny Prints, Warby Parker, and zulily. Read more from Robert on Acceleration Partners' Digital Marketing Blog at www.accelerationpartners.com/blog.


READY.
SET.
SELL.

What We Need in a Vice President of Product Management



BY RICH MIRONOV

I THINK THAT THE NUMBER ONE HIRING CRITERION for a vice president of product management (VPPM) should be someone who's done it before—who has executive-level product leadership experience—but I'm often outvoted. In my experience, executives tend to favor subject experts or chief technology officers rather than candidates with specific experience leading product management teams.

It's obvious that chief financial officer candidates need to understand revenue recognition and cash-versus-accrual. Chief marketing officers must demonstrate a love of lead generation and market positioning. Engineering vice presidents need to have spent time building production code and earning the respect of their software craftsmen. Often, though, this doesn't carry over to VPPM openings.

Yet product management teams should scale with engineering. Depending on the company, 50 engineering folks might require three product managers, while 200 engineering folks might need seven to 10 product managers. And at this scale, someone needs to lead the product team and drive coherent results.

A strong VPPM will address company-wide issues and focus on aligning the strategy across organizations and products. The following are six important responsibilities of an effective VPPM.

MENTORSHIP OF PRODUCT MANAGERS

4 MISTAKES TO AVOID AS A NEW PRODUCT EXECUTIVE

Hired as the new vice president of product management? Here are four mistakes to avoid when you first arrive:

1 Don't recommend any product changes until you've been there at least two weeks and have listened carefully to a lot of folks.

You could arrive on day one and decree that your list of product changes is the new priority. Don't. Premature reprioritization may cost you credibility. What if:

- Your product management team is smart and has a similar list? They need your organizational clout to push for already-well-understood improvements, not another new list.
- You're not the typical user? This target audience is younger, female, exclusively on Android, international and constantly online. If that's you, then imagine the opposite. Your intuition and experience may not be relevant.
- There are non-trivial technical or legal issues to overcome? Don't assume your new company's only missing ingredient is personal heroism.
- There are already too many engineering projects underway? You may need to swing a cleaver, not another marketing requirements document.

2 Don't postpone talking directly with live customers or prospects (and don't stop once you've started).

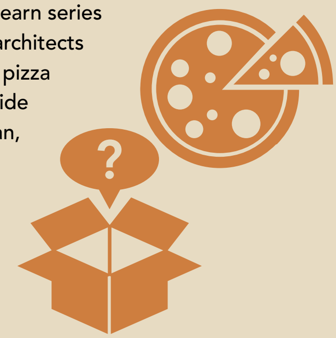
The CEO has an opinion, as does the head of QA, every engineer and random people who tweet about your company. But opinions lack rigor, consistency, business justification, judgment and strategic thought.

Get a list of real customers (users, prospects, beta testers, whatever) and start reaching out immediately. Try to talk with one customer a day, take good notes and share them widely. Note whether the customer is in the target audience, what they like and would change, and how/why they use your product. Spend five minutes on the phone and 10 minutes more to post a summary. In two or three weeks, you can say "I talked with 20 customers, and here's what I learned …" Suddenly, your list has the evidence to back it up.

3 Don't get written off as a technical lightweight.

Especially for computing infrastructure and B2B software companies, the engineering team demands product folks who can keep up technically. They have little patience for marketing types, buzzwords or mixing up compilers with composers. The development team will treat your feature requests with suspicion (or derision) if you don't know how the fiddly bits work.

Consider sponsoring a lunch-and-learn series for your product team, with software architects sharing their wisdom. You provide the pizza and learn what's inside the box alongside your product managers. Also, if you can, use your product intensively. Skim the technical docs, talk informally with the development team, sit in on a few support calls. And never let engineers see you wear a tie.



4 Don't promise delivery dates for anything—no matter how small—until you've gotten engineering's agreement.

No matter how simple a fix appears to be, assume it's difficult until your development partners agree otherwise. Nothing sinks your credibility faster—both externally and within engineering—than unilateral over promising.

Beware of customers and salespeople who relentlessly chase you down to plead for some improvement that "can't be more than a few lines of code." Listen and offer to investigate, but don't make any commitments out of ignorance or shame. Promise a response, get contact info and use this as another vehicle to learn your new product set. You can play the "I just arrived, I'm not sure, let me look into it" card for a little while.

If you use your first few weeks at a new company to discover what's really happening and what customers really need, you'll be ready to speak with clarity and authority.

1. Know what product management is, and sell that to peer organizations.

Individual product managers rarely have the luxury to define their jobs or push back random work dumped in their direction. Without someone to establish job boundaries, they end up doing a little of everything and not enough of their real value-add.

Product management should always include product strategy, release-level feature choices, economic rationale for every major effort and whole-product thinking. It might also include high-level bug triage and UI/UX review. However, it shouldn't include project management, primary customer support, routine website text editing or order entry.

2. Connect activities and deliverables to business outcomes.

Most line organizations focus on deliverables, not on business results or coherent product offerings. Output instead of outcomes. That makes it easy for product managers to get lost in the minutia: templates, process flows, presentations and release planning meetings. Internal customers notice timeliness more than coherent strategy. How often do we rush market analysis because our developers are idle or ship a product with poorly considered pricing? Prompt but purely tactical product management is just filling out forms.

The VPPM must politely (but relentlessly) push for strategic clarity and intended business results by asking irritatingly hard questions:

- Why are we starting development if we haven't validated this market segment?
- How do our assumptions change when we shift technical priorities, pricing or sales/distribution models?
- Why should customers want to buy if we're pushing features instead of customer benefits here?
- Can we use off-the-shelf software for that instead of building something ourselves?
- Does sales concur with our revenue projections?

3. Make sure there's a company-level product strategy.

Lots of companies have missing, muddled or misguided product strategies. They circulate multi-year dreams that lack specificity, filled with buzzwords instead of strategic choices. Someone has to push for coherent strategies and the difficult resource allocation decisions that strategies imply.

The VPPM doesn't have to invent or discover the strategy, but should push the company's best minds to collectively create one. In addition, the VPPM must aggressively defend a good strategy against random changes, fads and single-customer escalations. He or she must push to allocate technical resources strategically among products, not just based on last year's budget.

4. Drive real participation and input.

We all talk about wanting input from customers and stakeholders, but market input is often handled haphazardly, with poor feedback mechanisms. Every product manager has some unique wiki or spreadsheet for tracking requests and requirements. And sales is tired of asking for enhancements that never get built.

The VPPM has to unify and defend a robust input process, with a common mechanism and accessible list. More importantly, he or she has to point out that asking is not the same as getting. Most enhancement requests will never be fulfilled because no matter the size of the engineering team, customer and sales team demands always vastly outstrip technical resources. The backlog is infinite.

5. Build organizational support for good decision-making.

Functional organizations tend to have a narrow focus and think, well, functionally. Someone needs to encourage cross-functional solutions. Someone needs to be designated as the chief rationalist. It might be the vice president of marketing or chief operating officer, but often it's the VPPM.

6. Mentor product managers.

Ask great product managers how they learned their craft, and you'll hear about early mentors. Product management is hard, experiential and doesn't come out of books. We learn by watching and doing and stubbing our toes. We learn by getting coached through product strategies and economic decision-making. And we learn by seeing that collaboration among many smart people is better than being the smartest person in the room. That's why it's important for the VPPM to train up the next crop of directors.

A strong VPPM will drive better processes, encourage more cooperation and create coherent products. PM

About the Author

Rich Mironov coaches product executives, product management teams and agile development organizations. He is a tech executive and serial entrepreneur, the "product guy" at six startups, including as CEO and vice president of marketing/products. Rich has consulted to dozens of technology companies, founded the first ProductCamp and chaired the first product manager/product owner tracks at the Agile Alliance's annual conference. He wrote *The Art of Product Management (2008)*, a "best of" collection from his long-running Product Bytes blog. He earned a bachelor's degree in physics from Yale (with a thesis on dinosaur extinction theories), an MBA from Stanford, and guest lectures at business schools. Contact Rich at rich@mironov.com.

5 Ways to Become a Respected Product Leader in the C-Suite

BY JÖRG MALANG

WHAT DOES IT TAKE FOR AMBITIOUS PRODUCT LEADERS to become executives? Here are five things product team members can do to improve their odds of joining the C-suite.

1 Leave Your Comfort Zone

Depending on your background, your comfort zone might be engineering, design or something else. But to be taken seriously, you must be able to speak the language of executives.

When I was chief product officer at XING AG, I often felt uncomfortable when peers asked me to push business topics. I refused to talk about recruiting business or advertising because I believed I wouldn´t add enough value to the conversations. Every time the group of senior executives discussed those topics, I remained quiet. I only spoke up when the discussion focused on product and product strategy.

Later, I realized that my thoughts about business weren't so bad. By focusing solely on my function, I appeared less senior than I was and limited my sphere of influence. Avoid making the mistake I did; share your thoughts.

2 Care About Strategy

Challenge your company to plan for the future. If there isn't any planning yet, start working on it. Lead the process. Don't let go. In one of my previous companies, I was too willing to accept what was available. I focused on driving my product and managing my 50-person team. I missed an opportunity to drive strategic thinking and set the agenda for the overall company.

Only after a senior corporate director came on board did I realize the gaps in strategy that I had ignored. By then, I'd lost valuable time and my product strategy no longer fit into the larger context. It became impossible to explain how our product could serve the company's needs. Find out your company's plans and if none exist, create some.

3 Sell the Value that You Add

You do yourself a disservice when you fail to understand the value you bring to your job. I sold myself short on a consultancy project because I thought I wasn't mainstream enough. During the final presentation of my results, instead of talking about the points I truly believed in, I tried to translate my findings into business-speak. The result was a diluted message that left me disappointed in my delivery.

During the final feedback meeting, my client explained that his company had hired me because I wasn't mainstream. He helped me realize that I'd made a mistake trying to act like other consultants instead of focusing on my unconventional thinking and personal background. The same is true in how we present ourselves at work.

4 Stay Focused on Your Customers

A good CEO always appreciates hearing customer insights so it's important to view everything you do as a service to your customers, and position yourself as the voice of your users. When I worked at Nokia we debated a lot around product, but without really any focus on our users. When a new product manager—who grounded her work in user interviews—shared her insights during a presentation, that's who earned the vice president's respect. You can do the same.

5 Deliver More than Data

It's important to do things that are tangible and experiential, not just talk in data points. For example, an employee wanted to reduce the number of different types of gloves in use at his company. He tried various methods and reports without success. But when he placed the different glove models on a boardroom table, he was able to break through to the executives. They saw the gloves pile up and immediately approved the cost-cutting proposal. Remember to share the story, not just the data.

Entering the executive ranks requires you to shift your perspective, and not everyone is up for that. In fact, it's more than okay to continue focusing on delivering great products. But if you are aiming for the C-suite, these five tips can help you get there.

About the Author

Jörg Malang is a senior internet executive with a special focus on innovation and product strategy in the context of implementing business strategy. He is chief product officer at hotel.de AG in Nuremberg, Germany. Jörg holds an Executive MBA from HEC School of Management/HEC Paris. Follow Jörg on Twitter at @ProdMgmt_EMBA.

A PRAGMATIC APPROACH

Put this issue's ideas into action.

Find Your Voice

Invest more time in improving your communication skills, instead of creating beautiful slides.

Thom Singer

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Cut Through the Noise

Stay focused on real market needs; tie product features to market research data.

Kyle Leavitt

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Paint a Picture

Use visual tools to identify ways to grow your product pipeline and plan for the future.

Mike Smart and Nils Davis

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Don't Just Ride into the Sunset

Collect data and talk to customers before deciding to sunset a product.

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Put the V in MVP

If you can't solve customers' primary problems, everything else is moot.

Shardul Mehta

page 23

Be Humble

Don't let pride get in the way of what's best for the project or team; remain focused.

Joe Peterson

page 28

Isolate Your Focus

Create specific, targeted training modules that build on what salespeople already know.

Linda Jackson

page 30

Know Your Affiliates

Look closely at what each affiliate does and where its traffic comes from.

Robert Glazer

page 32

New VPs: Minimize Minutia

Ask hard questions that push for strategic clarity and intended business results.

Rich Mironov

page 38

Embrace Strategy

Know your company's plans. If none exist, create some.

Jörg Malang

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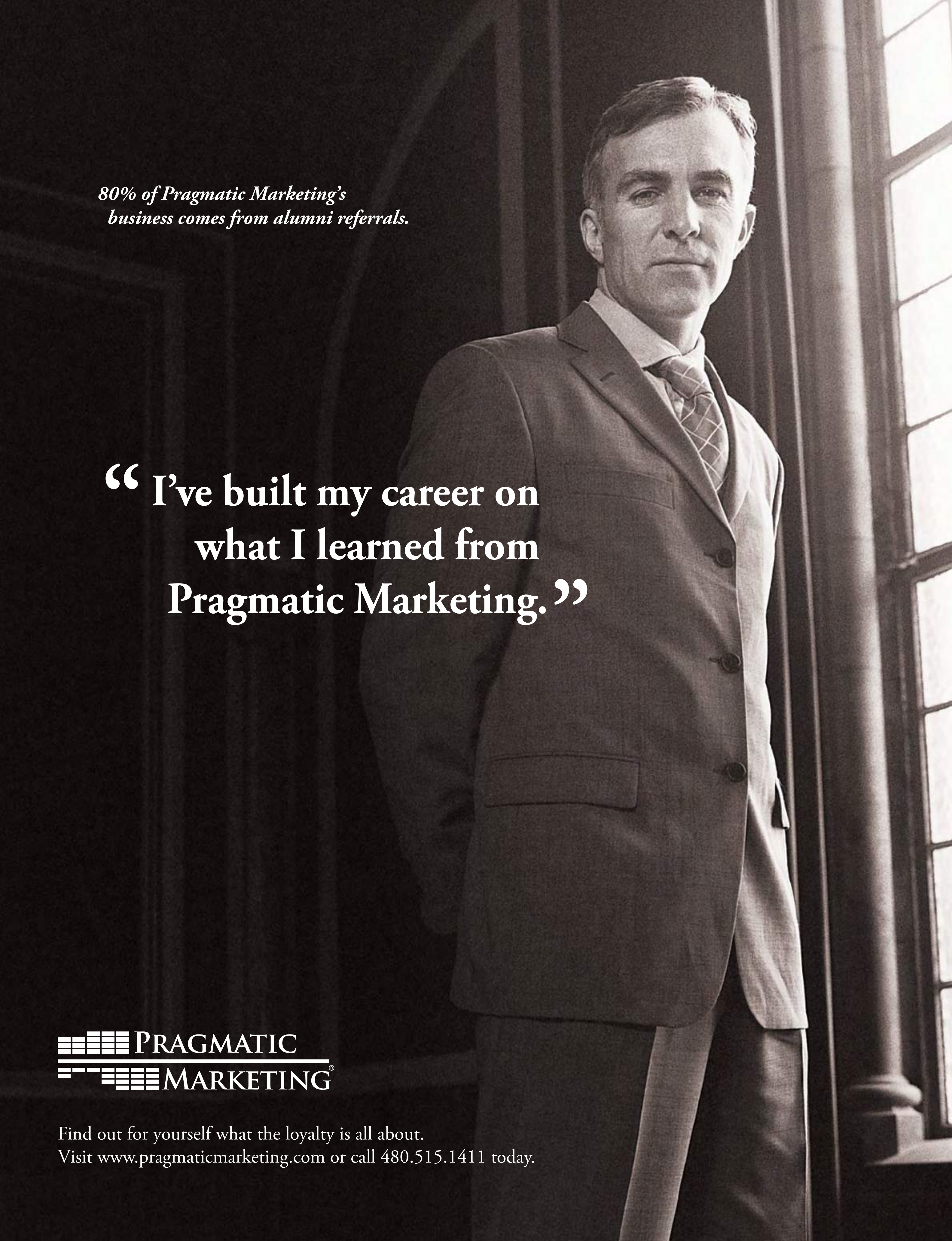
GROUNDHOG ISSUE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