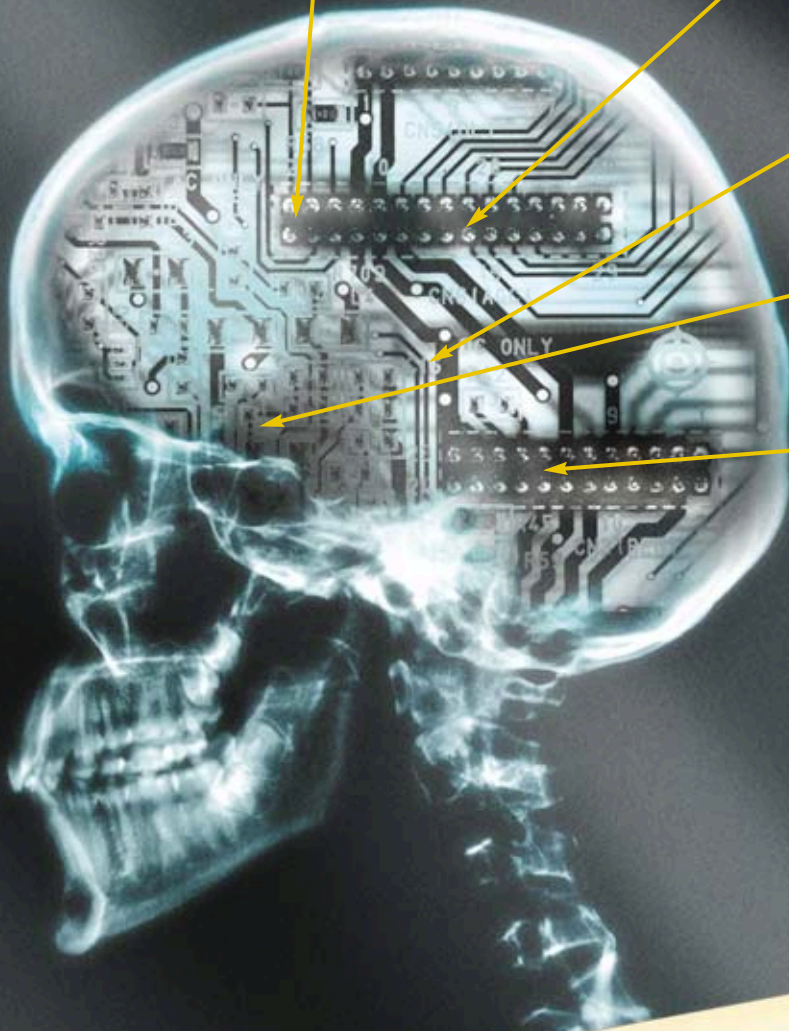# productmarketing.com™

Navigating Pathways to the Future:
Product roadmaps lead their readers in multiple directions

Software Product Management:
*If you can't define it,
you're doing a bad job at it*

Knowledge Transfer:
Starting it out right

Put Your Money
Where the Value Is

A Look at Clarity
in Positioning

Rethinking the Way You Do Business

In January 1977, a software company sales executive named Ed, took the risk of hiring me, a mainframe systems programmer, to be a software sales rep. Ed spent many hours teaching me how to stop being a nerd and start being a sales rep. We were both successful in selling software and Ed reached his goal of retiring at age forty.

On several occasions, I remember how Ed mused about how simple it would be to sell real estate. I can still visualize him waving his arms to show how a realtor would display a home. "On the right, we have the kitchen. On the left, the living room.", he would chuckle. It seemed that realtors all marched, lockstep, to the same tune.

In the decades that followed, I often wondered how much more successful a realtor would be if they ran their practice like a real business. What if a realtor built an infrastructure much like a small company all focused on supporting this single CEO/agent? And what if this renegade agent used the type of marketing practices that we teach at Pragmatic Marketing?

Well, I have my answer. His name is Russell Shaw and he is a realtor here in Phoenix. Russell is associated with a realty firm, but that's where the similarity with other realtors ends. He approaches marketing his services by understanding the problems that home sellers are faced with. If you think about it for a few moments, the list is pretty easy to articulate:

1. I want my home to sell fast.

2. I want to get as much money as I can.

3. I would like to avoid realtor's commissions if I can, but I hesitate to try selling it myself because of the risks involved.

4. If my realtor is not meeting my expectations, I don't want to be stuck with a long contract.

Russell offers a package of services he calls the "No Hassle Listing" (nohasslelisting.com). Using this system, you can list with him but you still have the option to sell it yourself and owe nothing (although you still have the option of him doing all the escrow work for a 1% fee).

He sees himself as being hired by you to do a job. If you aren't happy with the job he does, you can fire him at any time with no obligation. Odds are you will be happy because the average home he lists sells in just 26 days (versus 65 days for other realtors) and most sell for full price. Compare this positioning to any other realtor's message and the difference is night and day. Russell knocked out all of your problems.

He is no different than any other realtor but he generates so much business that he has a staff of ten supporting his sales including three listing specialists, two buyer specialists, two escrow managers, two administrators and, are you ready for this? A marketing manager!

Finally! A realtor who has analyzed all the problems that a potential client faces and has created the perfect solution to solve those problems. He even gives you a list of 14 questions to ask other realtors that will stop them in their tracks when compared to Russell's system. There's no reason we can't sell technology the same way.

And the results? Russell ranks 28th in the United States for the most homes sold. My buddy Ed would be proud!

Craig Stull
President and CEO
Pragmatic Marketing, Inc.

Russell Shaw
Associate Broker

About Pragmatic Marketing, Inc.

Pragmatic Marketing, Inc. was formed in 1993 to provide product marketing training and consulting to high-tech firms by focusing on strategic, market-driven techniques. Pragmatic's training courses emphasize business-oriented definition of market problems, resulting in reduced risk and faster product delivery and adoption. Since its inception, Pragmatic Marketing has successfully graduated over 25,000 product managers and marketing professionals. For more information, visit www.PragmaticMarketing.com or call 480-515-1411.

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Navigating Pathways to the Future

Product roadmaps lead their readers in multiple directions

By Peter Longini

Not only do product roadmaps fundamentally differ from one another in their appearance, scope, time span, and topic, they also differ in their audiences, their applications, and in their relationship to various company functions. Even so, extolling the value of product roadmaps has become a mantra of strategists and developers throughout the technology sector. At a recent invitation-only Pittsburgh Product Strategy Network Roundtable, a group of product strategists shared their benefits as well as their frustrations with the technique.

During the past ten years, roadmapping—the planning discipline involved in formulating tasks and timelines for product development and market launch—has become an integral part of the tool set for technology product management. Today, its value, both as a process and as a deliverable product, is uniformly acclaimed in the business community. It is only when the awkward question arises of exactly what a roadmap is and what its actual value may be, that the uniformity breaks down.

At a recent Pittsburgh Product Strategy Network invitational Roundtable, those divisions became clear as 20 experienced product strategists traded definitions, perceptions, advantages, and misgivings about roadmapping based on personal experience. The variations cited were exceeded only by the value each claimed to attach to the end result.

Map legends

Everyone affected by new technology has their own view of what a product roadmap ought to be, Innovation Works associate Jim Jen acknowledged during an opening presentation. Customers, investors, developers, sales teams, and other interested parties each have distinctive needs and business interests for knowing what the future holds. So there is no consistent format for roadmaps—they vary in essentially every dimension—and the processes by which those maps are formulated and revised vary as well.
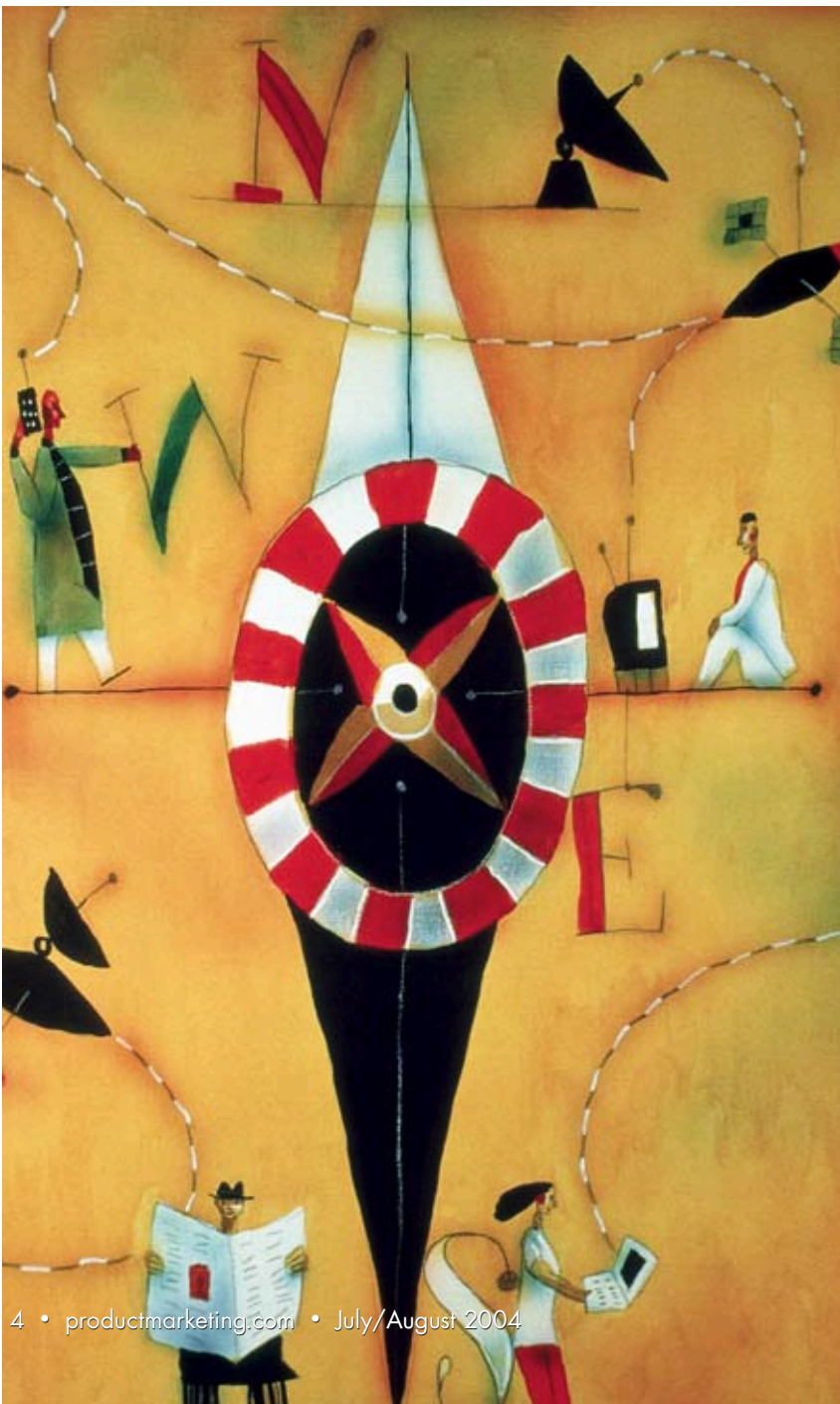
Even so, Jen pointed out, roadmaps are powerful business tools. For example, they help ensure that the right product gets delivered to the appropriate target market with the right value proposition. They help to build confidence among key constituents, both within and outside the organization, affecting the company and its products. And, by pulling key people together inside the producing company, they improve efficiency and help ensure alignment among different functional areas.

Roadmaps are also dynamic—subject to revision in light of experience. In a previous assignment with a Silicon Valley software vendor, Jen recalled the evolution of the product roadmap in which release dates for various features of the product migrated from one quarter to another in response to market interest, technology sequencing, and development effort. But there were lessons learned. For example, customer experience with adoption and use would alter the priorities reflected in the roadmap; roadmaps which focused solely on development could lead to a trap affecting the product's service aspects, and too much selling based on the roadmap alone could be symptomatic of serious problems in the field.

The key, Jen noted, is for the roadmap to pass several litmus tests. For example, is the roadmap consistent with the company's overall business and product objectives such as market penetration, new segment entry, servicing current customers, and reducing business costs? Is there a clear basis for prioritizing the sequence of steps? Is the product actually delivering in terms of the company's business objectives, value propositions, and user experience? And who, exactly, is the roadmap's audience and how well is it communicating to them?

Side roads

"A product roadmap can't realistically go out much more than three or four years because the markets change," Cellomics' product marketing director Judy Mascucci noted. "But it should align with what do you want to be when you grow up. Your vision isn't to be a perfect company next year; your vision is to be a perfect company in 20 years. This is what we think it will look like in five years and in ten years," she said.

"When you lay out the roadmap, it relieves some of the short-term pressures to build it all now," Jim Jen replied. "If you don't have a roadmap, people are going to ask why a particular feature isn't going to be in the next version. If you show them the plan, and they say they really want that particular feature, you can ask them: what would they want to trade off?"

Focusing on the problem rather than the solution can also be advanced by roadmaps. "A lot of stakeholders jump right to the application model they want," Jim Taylor, director of platform strategy with Strategic Management Group observed. "Try to elevate the discussion. Instead of saying 'I need that report module,' it would be more edifying to say 'I really need to identify the contract price variance. How are we going to do that?'"

But who, exactly, should that conversation take place with? According to IBM's program director Mark Sherman, a lot of people find a key application for roadmaps is communication with customers. But to Judy Mascucci, a company's sales force, despite its frequent customer contact, should not be part of the conversation at all. Why? Because in those conversations, they may incline toward selling something the company later decides not to develop.

It is fundamentally a question of how confident the company is in delivering the product envisioned on its roadmap, she noted, and the answer varies. "We actually launched something last September that will be delivered in June because we had very high confidence we'd be able to add it to the existing product," she said. "But there are other things where we don't want anything in public until we are more confident that it would actually become a product."

Jim Taylor's company, SMG, shares its roadmaps with industry analysts, and in rare cases, with specific partners or clients. But those conversations only occur at the company's most senior levels. Internally, however, it's a different story. "For me, it's been a powerful tool because we have an organization that's been through a merger. And with clashing cultures of old and new, it helps everybody say 'no, no, no; this is what we're doing.' It's a powerful internal communication tool."

Likewise, Mark Collins, senior product manager for Cellomics, acknowledged that in the past, his company had used roadmaps to solicit feedback from key customers, but only on select portions of the roadmap.

"The customer probably has a roadmap of his own," Union Switch & Signal's Brian Cornish observed. "If what you're showing doesn't at least go in the same direction as theirs, you may not be able to support them going forward."

"In three or five years, a roadmap really becomes a positioning tool," Rich Haverlack noted. "Think of it in terms of where your competition is going to be at that point in time and where your customers are going to be."

➤

The voyage

Perhaps symbolically, all of IBM's roadmaps climb sharply up and to the right along their timeline. "But it's not necessarily the document itself that's interesting," according to Mark Sherman, "The journey is more interesting than the destination. It's the process by which you got that document: Am I serving the right market? Am I delivering at the right time? What are my tradeoffs? Is that where we'd like to go? What questions do I want answered in order to build a product roadmap? Features vs. usability? Market needs vs. what I need to accomplish internally? Have I done the segment selection appropriately so I know that when I build a roadmap, I'm going to the right place? What's the relative priority of various streams of revenue?

"A product roadmap can't realistically go out much more than three or four years because the markets change. But it should align with what do you want to be when you grow up."

Judy Mascucci
Cellomics marketing director

What's my market competitive position? What are the gaps in features, functions and usability so I can close those gaps? What themes do I have associated with different phases of the journey? What time frame should I be talking about as I carry out this thought process?"

Another benefit, according to Jim Taylor, is that a roadmap can help you avoid revisiting decisions you've already made—second guessing yourself can paralyze an organization. But to Cathy Brennan, IngMar Medical's product manager, it's a matter of using scarce resources more efficiently. "When you have one person that wears multiple hats, you need to make sure he's focused on what really needs to happen for this next release, not the one he'd really like to work on," she said.

However don't expect too much from a roadmap, Don DeLauder, Medrad's director of product innovation, cautioned. "The map is not the territory. They are just maps. There are a bunch of different roads to get someplace. You create this map and maybe it's a way to get there, maybe it's not. You should also do a competitors roadmap and predict what their roadmaps are; you might be able to say 'hey, these guys are going to be here in 2006 or whatever, and what are we doing?'."

At Medrad, in addition to product roadmaps, a separate type of roadmapping process has emerged during the past two years, according to DeLauder. "Technology roadmaps that tell us, outside of our own products, what's going on in the world of technology that could be interesting. We predict which ones are going to be viable and in what time frame. Then we take those technologies and use them as opportunities to satisfy certain predicted market needs.

"Five or six years ago, our roadmapping was simply sales forecasting: how much of that product is going to be selling in five years? Now, roadmapping has evolved to: where are the markets headed? And what are we going to do about that?" DeLauder said. "The world of technology can leverage opportunities for you. That's how we started down the path of doing technology roadmapping."

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Software product management:

By Bob Weinstein, SoftwareCEO

Most software companies, and technology companies in general, don't understand product management. The result is wasted time, money and creativity.

But the companies that know how to harness the talents of skilled product managers reap big rewards, namely successful products, higher revenues, motivated employees and, last but not least, smiling CEOs.

Is it easy to get your product-management act together? The answer is no, but Steve Johnson can tell us how to do it. Johnson is an instructor at Pragmatic Marketing, a product-marketing training company in Scottsdale, Ariz., and also webmaster of productmarketing.com, a Web site housing a compendium of free information for technology product managers.

Since 1993, Johnson's mission has been to preach the product manager's gospel. He does it by running seminars and making presentations to software companies throughout the United States, writing articles and giving interviews.

He was kind enough to take some time out of his frenetic schedule to give us a couple of hours to explain the importance of product managers and how software companies are screwing up by not capitalizing on their value and talents.

So, what is a product manager? What are companies doing wrong? How can they get their product-management act together? Johnson answers these basic questions and many more.

An ill-defined job

During the lean and mean recession, product managers found themselves lost within their organizations' sales and marketing departments. "Companies didn't have a clear grasp of what the job was," says Johnson. "In many companies the job was loosely described as anything it takes to make a product successful.

"Or, the product manager job was an arm of sales support. As organizations grew, product managers often became demo boys or demo girls," says Johnson. "Companies had no idea how to get product management and product marketing on the same page."

The typical company is accidentally market-driven

Rather than creating a product to solve a problem, they're betting on creating a need. Johnson calls that "possible, but stupid thinking." Sharper Image exemplifies that kind of thinking.

"Visit a Sharper Image and you'll find a lot of people standing around looking at all this stuff and saying, 'Wow, isn't that neat,'" says Johnson, "but nobody is buying anything because no one needs the gadgets. The company makes all of its money around Christmas, when customers are buying gifts for family and friends simply because they're cool-looking, not because they meet a need or solve a problem."

If you can't define it, you're doing a bad job at it

Product-management conundrum

Product management is in limbo, according to Johnson. "We seem to be in the middle of development, marketing communications and sales channels. The lines between these departments are very unclear for most companies.

"In some companies product management works very closely with or is part of product development. Unfortunately, the closer we get to development, the further we get from the customer and sales channels. We start getting into designing product, doing usability studies, managing beta programs and getting into the technical side of the product, to the detriment of our exposure to the sales cycle."

More confusing still, in other companies product management is heavily involved in the marketing-communications department, Johnson adds. "Frequently marcom doesn't really know anything about our products. All they know how to do are programs, trade shows and Web sites. They rely on product management for content."

Marcom complicates the picture

"Often, product management is pulled into being the content provider for marcom," says Johnson. "In the past few years, product managers have been spending a great deal of time supporting the sales effort—going on special calls, explaining the product roadmap and being the technical encyclopedia on the product to the sales force."

Let's get our jobs straight: How to work with development and marcom

It's very easy to develop bad habits and to micromanage, Johnson warns. "Just as product management should bring market problems to development to solve, we should bring channel problems to marcom to solve.

"Instead of telling marcom what to do, we need to articulate the problems the channel is encountering and ask marcom to use their brilliance to solve channel problems.

"Do you need a Web page, or does a brochure make more sense? Should we go to this show or that one? These are all questions marcom can answer."

Marcom will waste your time if you're not careful

A few years ago, Johnson's marcom managers decided that a press tour was in order. He sat down with them to discuss the positioning of Pragmatic Marketing's new story.

"The next day, my marketing specialist brought me the presentation she had created from our meeting," says Johnson. "She had about 40 slides plus speaker notes. She knew I planned to talk about adoption of the product category in the general market, so she pulled estimates from Gartner Research to illustrate the point.

"If your marcom people cannot duplicate this feat, you need new marcom people."

Integrated marketing is a complete campaign, with brochures, mailers, advertising and Web-site updates

"Effective marcom people bring the entire campaign, with concepts, benchmarks, expected results and target lists, Johnson explains. "They get one approval for the entire campaign instead of one approval per individual piece."

Be clear about departmental functions

It can't be stressed enough: "Marcom is the specialist in communication, and product management is the expert in the market—but not in market communications," says Johnson.

How should product managers support sales channels?

Johnson's golden rule: "Product management helps sales channels; sales engineering helps individual

salespeople." Product managers should create sales tools and marketing programs that assist all salespeople, along with creating new products for the channel to sell, according to Johnson.

"Product management supports sales channels; sales engineering supports individual sales efforts," he adds. "In fact, many companies would be better served hiring fewer product managers and more sales engineers."

Sales engineers cement technical sales

"Sometimes called 'systems engineers,' 'pre-sales support' or 'field consultants,'" Johnson explains, "SEs act as the 'technical encyclopedia' during the sale, representing the technical aspects of how the product solves specific customer problems.

"They perform technical presentations for the product. They own the demonstration script for the product. With adequate staffing of trained SEs, product management should not go on sales calls and customer demos."

Create buyer-user personas

Buyers and users are two different animals, and it's the smart product manager who knows it. "Our developers are at the far edge of technology adoption," says Johnson. "With product management creating a definition or a biography of users who buy and use our product, we have a clearer view that we, the company, may not truly represent our buyers.

"This is why it's important to have a user-buyer persona. For most technology companies, users don't buy the product and buyers don't use the product. The CIO or the IT manager may do the buying and then dump it on the user.

"How many company employees get to choose their laptops? It's more like, 'Welcome aboard, here is your laptop, here is Microsoft Office. We bought it for you on your behalf, and we didn't ask your requirements.

"Microsoft estimates that only 20 percent of the functionality of their products is ever used. It's because of this buyer-user dynamic."

You can't know enough about your customers, Johnson asserts. It sounds obvious, but you'd be surprised how many companies give lip service to that essential business commandment.

"A proven way to validate that your product direction is in sync with your customers' technology and business plans is by putting together a customer advisory board (CAB), which is a representative group of customers that meets periodically to offer advice on the product and company direction."

How to put a CAB together

"Schedule meetings twice a year at your company or a nearby hotel so that as many employees can attend as appropriate," says Johnson.

"An annual user group meeting is an ideal forum for holding smaller advisory councils, since the customers are already there.

"Three or four vendor employees, led by product management, can facilitate the meeting. Development leads, and product architects are also involved; they'll be amazed at how real people perceive the products.

"Salespeople usually want to be on-hand if their customers are invited. Try to get the company president or general manager to stop by and kick off the team building. It makes for a great start."

CAB tip #1: Start by introducing company personnel and customers. Ask that the customers not only introduce themselves, but tell a little bit about how they are using your product.

CAB tip #2: Present each adviser's strategic technology plan. Ask each adviser to present three or four slides about where his or her company is headed strategically, perhaps as it relates to your product, including planned shifts in technology, projected changes in employee headcount and any new business initiatives that may have an effect.

CAB tip #3: Discuss current challenges. Before you start talking about your strategy, take the time to listen! What challenges are your customers facing when dealing with your product and company?

CAB tip #4: Present an overview of the product line. Don't assume that your customers know about your current product line. Give a brief overview of the features and benefits of your current products. Customers may learn that you have solutions to their problems.

CAB tip #5: Outline the roadmap of product plans. The objective is to get your customers' feedback on the product plans. Ideally you want to give as much information as possible and include a demonstration of a prototype, if feasible, to maximize the feedback you will get.

CAB tip #6: Open the floor to discussion. A good facilitator can make an open discussion very productive; without a facilitator, this often turns into a complaining session. Have a list of items for discussion, such as features ideas, new products suggestions and new technologies that your customers are using in conjunction with your products.

CAB tip #7: Organize breakout sessions to get feedback in smaller groups. There may be certain discussion areas that are more interesting to some than to others. By using more focused sessions you can get more detailed feedback.

CAB tip #8: Review the main points from the day. Ask what they liked and disliked about the session. Solicit suggestions for improvement.

Warning: Avoid making commitments in a customer advisory meeting

"This is an input session, not a decision-making body," adds Johnson. "And it's not a good idea to continue to hold additional meetings if you haven't delivered on the designs revealed in past meetings."

There is no such thing as a typical product manager

Each year, Pragmatic Marketing conducts a survey of product managers, marketing managers and other marketing professionals. Last year the survey was mailed to 5,000 marketing professionals. Here are some of the results, which provide a confusing picture of the average product manager's job:

Product managers work in the following departments:

- 23 percent are in the marketing department
- 15 percent are in the product-management department
- 15 percent are in development or engineering
- 10 percent are in the sales department

Reporting relationships

- 43 percent report to a director
- 30 percent to a VP
- 27 percent report directly to the CEO

Working requirements

The majority of product managers are researching market needs, writing requirements and monitoring development projects.

- 72 percent research market needs
- 55 percent prepare business cases
- 24 percent perform win/loss analyses
- 85 percent monitor development projects
- 79 percent write requirements
- 50 percent write specifications

How product managers spend their time

- The average product manager receives 65 e-mails a day and sends about 33
- The average product manager spends roughly two days a week in internal meetings (14 meetings per week)
- 30 percent attend 15 meetings or more each week, and 25 percent attend 19 or more meetings

What companies should do

"They must start thinking about product management in a strategic way so it's separate from communications, development and sales," answers Johnson. "Technology companies should start looking at a product horizontally through an organization."

"To accomplish that, they must get their business acts together. Fifty percent of companies have product plans, according to the Pragmatic Marketing survey. It's incredible to think that every other product has a product plan. That means 50 percent of software companies wing it, they do what feels good, or they run their companies as if they were hobbies."

The envelope, please: Product management defined

"Product management's primary role is to define and quantify products in the market and then deliver the information to development in the form of requirements," explains Johnson. "Then development has a clear problem to solve.

"In my experience, developers and engineers are inherent problem-solvers. Yet marketing, product management and sales executives have become features-speakers. They'll come to a meeting and say, 'Here is the problem in the market; we need the features.'

Or, 'Our competitor has the features; we need them too.' So development builds the product, then it's taken to marcom who tells us it's scalable. And then it's on to the salespeople who find a way to translate the features into benefits. And they're all spinning wheels and going nowhere because they are missing the root problem."

Successful startups that get it, understand the marketplace

The good news is that the first product of many start-ups Johnson has encountered is a brilliant idea because it is grounded in the reality of the market. "Typically, the president has created a product to solve a problem in a real job," he says.

But startups that blow it, guess

Conversely, "many products fail because the president has created something really cool he thinks other people need," Johnson adds. But the products languishes or dies, and the company goes nowhere—or folds because the president is making weak assumptions about customer needs or thinks he can create a problem."

Product managers' most important function is strategic rather than tactical

"Organizations that thoroughly understand their market support product management's strategic efforts rather than supporting their tactical tasks," says Johnson.

What should the job description of the ideal product manager look like?

"Broadly, product managers must be able to build products from existing ideas and help develop new ideas based on industry experience and contact with customers and prospects," says Johnson.

Additionally, they should have some or all of the following qualifications:

Unique blend of business and technical savvy

That's a "big-picture vision and the drive to make that vision a reality," says Johnson.

"Product managers must enjoy spending time in the market talking to customers. They have to understand customers' problems in order to find innovative solutions for the broader market."

Ability to communicate with all areas of the company

"It means working with an engineering counterpart to define product-release requirements," says Johnson, "and with marketing communications to define the go-to-market strategy and help them understand the product positioning, key results and target customer.

Additionally, product managers must be the internal and external evangelists for a company's products, occasionally working with the sales channel and valuable customers."
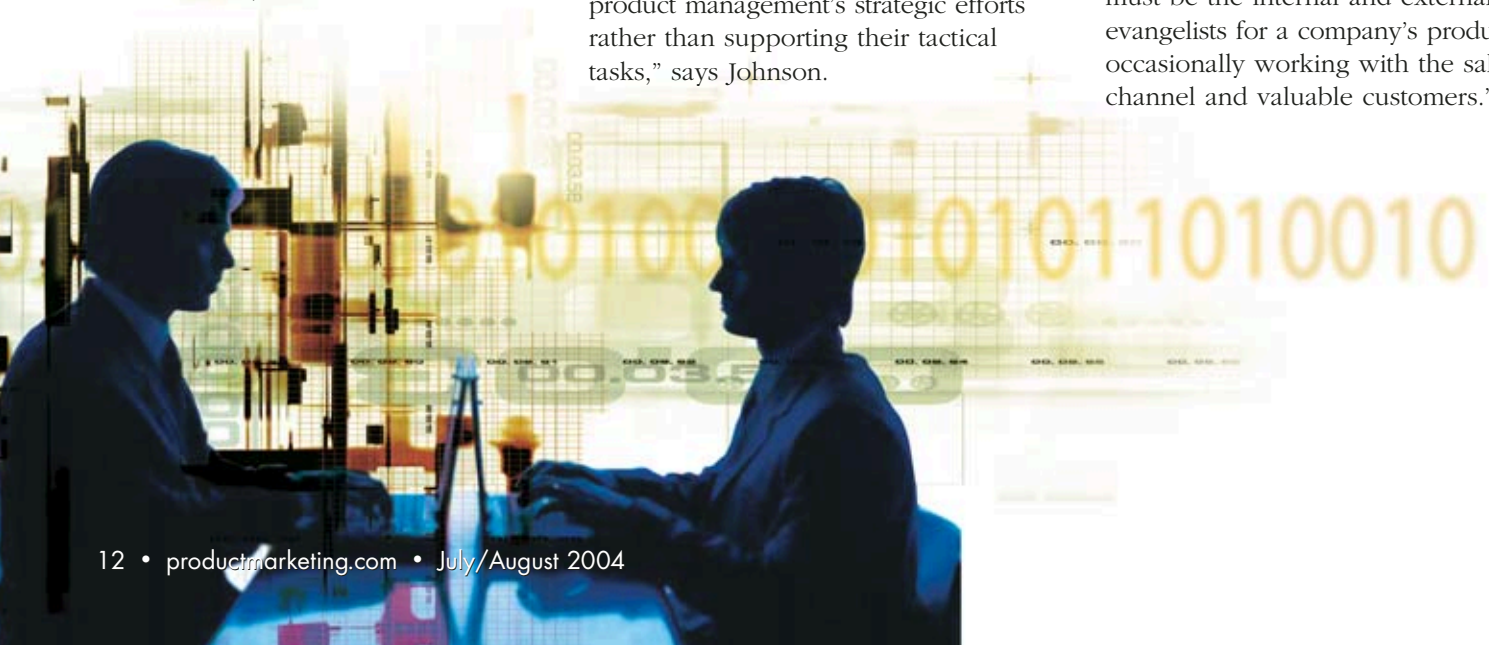
What are a product manager's most important responsibilities?

Johnson lists the top four:

- To manage the entire product-line life cycle from strategic planning to tactical activities.

- To specify market requirements for current and future products by conducting market research supported by frequent visits to customers and non-customers.

- To drive a solution set across development teams (primarily development/engineering and marking communications) through market requirements, product contract and positioning.

- To analyze potential partner relationships for the product.

What are the ideal job requirements for a product manager?

- 3-plus years of software-marketing product-management experience

- Understands technology

- Computer-science or engineering degree or work experience a strong plus

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Bob Weinstein writes Tech Watch, a weekly technology/career column, published in daily newspapers throughout the U.S. He's written 12 books, his articles have been published in the Boston Globe, The New York Times, The Washington Post, Chicago Sun-Times and the St. Louis Post-Dispatch, to name a few. And his technology coverage has appeared on Web sites, SoftwareCEO, TechRepublic, brainbuzz, gantthead, and ASPstreet.

softwareCEO.com ℠
PAGE ONE FOR SOFTWARE EXECUTIVES

Summing up, Johnson winds down with 10 rules for successful product managers to live by. Some stress earlier points; others are more food for thought.

Product managers' rule #1:
The best product managers follow the Pragmatic Marketing maxim: Your opinion, while interesting, is irrelevant. Always use market facts to decide the best course of action.

Product managers' rule #2:
Product management is a not a "natural" fit for everyone. A good product manager has a technical background with business savvy. Software engineers and programmers, for example, can make a smooth transition to product management because they're starting off with a strong technical background. But technical smarts alone won't cut it.

Product managers' rule #3:
In "Crossing the Chasm," Geoff Moore says that product management is a senior, business-oriented role and typically fails because we staff it with junior, technically oriented people.

Product managers' rule #4:
Credibility comes from being able to manage the business of the product. Otherwise, product management gets relegated to a technical support role.

Product managers' rule #5:
Product management is about delivering what the market needs. Good product managers spend more time in front of customers and potential customers; they spend less time on sales calls and in their corporate offices.

Product managers' rule #6:
Product management is not necessarily about delivering what the customer asks for. The best products solve the customer's problems and no more. A product manager has to observe and understand what the customer needs in order to solve the problem, rather than building the features the customer requests. "The old guys at Home Depot do this well," says Johnson. "They don't ask you what you want to buy; they ask you to describe your project so that they can tell what you need to buy."

Product managers' rule #7:
Mature companies value product management and enjoy shorter time to market. According to a survey Pragmatic Marketing conducted with softwareminds.com, companies that consider product-management business critical cut their time to market in half. This results from more focus on the product and less last-minute reaction to sales demands du jour.

Product managers' rule #8:
Product management usually fails when organized in the development or engineering team. Technical managers do not consider product management a value-add to their teams and relegate them to project management and scheduling.

Product managers' rule #9:
Similarly, product management fails in sales departments. Naturally, sales management considers product management a sales resource and allocates 110 percent of its time for supporting salespeople.

Product managers' rule #10:
It seems counterintuitive, but product managers who spend a lot of time supporting salespeople find that they are not valued by their companies. Invariably, the product managers who have been laid off are the ones who are closer to sales.

Phil Myers, President and CEO, Cyclone Commerce

"To make marketing a strategic
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for ten years and it works."

– Phil Myers
President and CEO
Cyclone Commerce

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KNOWLEDGE

by Jacques Murphy

When a new version of the product is in the works, and the product manager and the rest of the team is making the checklist of everything that needs completing for the product launch, it's easy to remember some things. Usually documentation and online help get done on time, as do press releases, maybe some sales training, and perhaps updates to collateral. But there's one important thing that companies forget to build into their plan time and time again: knowledge transfer.

It seems like a basic thing that after a whole lot of work is done to build great capabilities into the software, there will be an organized and thorough effort to roll out an understanding of those new capabilities to the entire organization. Yet I have rarely seen this to be the case.

It's as if Development was focusing on existing and future external customers as the only customer, when a major group of customers are those people at your company who serve its external customers: trainers, consultants, custom programmers, customer care reps, and sales engineers.

Read on for tips on putting together an effective knowledge transfer effort for each new release of your software.

Effective knowledge transfer benefits from combining the elements below in a way that works best for your company.

Selecting the right trainers

Most, if not all, of the individuals who will be explaining the new capabilities will come from the Development department. While some of the more technical explanations may require engineers or coders, if the documentation function is integrated into Development, use the documentation writers as the best candidates for clearly explaining new features in a way that a non-technical audience can understand.

You may need to punctuate the explanations with descriptions by engineers, and have engineers on hand to field more technical questions.

Of course, if the knowledge transfer session is aimed at technical architects and programmers, you'll need a programmer to explain much of the material at the right level for the audience.

It may be helpful to back up a technically-qualified presenter with a second person who can jump in

with clarifications for those moments when the point is not getting across and the explanations could stand a little simplifying.

Materials that are just right

The knowledge transfer doesn't have to have extensive training materials to back it up. That's the job of the training department, and comes later. But it does benefit from some formal materials, perhaps a written outline or a few slides.

The main purpose of the materials is to help the audience keep track of the subjects you are covering and the progress of the knowledge transfer session.

The right delivery

The idea of conducting solid knowledge transfer inevitably begins to fall down when you start to consider the costs of travel and hotel accommodations to get people together in the same room for standup training. It's too bad that people seldom do the math and realize that the boost in productivity is well worth the expense, but that's life.

If you are not able to bring people from two or three locations for standup training, as a fallback plan you can send a trainer, or two, to those two or three locations. However, that's often seen as too costly as well.

This is where webcasts can be particularly cost-effective. They can reach people in scattered locations without a need for training facilities.

If webcast technology is not available, remote training can take the form of a conference call, but backed up in that case by some good written materials that everyone uses together.

Repetition

It can be hard to schedule sessions so that everyone can attend. You may be better off holding a series of sessions, scheduled at a regular time, such as every Monday afternoon. This helps people remember to attend and helps make sure that everyone who needs training gets a chance to attend.

TRANSFER: *Starting It Out Right*

The right focus

Knowledge transfer is a pretty all-encompassing term. There's a lot of knowledge you need to transfer from Development to all the other areas of your company. You want to focus the effort.

First, focus in terms of number. If you want participants to have the chance to productively ask questions, limit the number in one session to about ten people.

You may be required to focus in terms of the total number of people at the company who attend. If you can only have one or two sessions, you may have to choose one or two representatives from each department. It will be their job to roll out the knowledge to the rest of their department.

You can also focus these sessions in terms of time. You're better off with multiple sessions that are only one to two hours, because people can only focus for so long, particularly if training is via webcast.

Focus your presentation in terms of topics covered. While it would be great to cover everything that is new, break sessions into manageable sets of topics, organized by theme, rather than providing a long laundry list of features.

Finally, if you have various audiences—Training and Support, Marketing, Professional Services—focus in terms of technical level. Try to provide a business-oriented session for those on the business side. Save the technical detail for a session focused on technical attendees.

Don't forget documentation

Much effort has been invested in the documentation and online help. Just like you would train attendees in the new capabilities, train them in what the manual and online help contains.

Give them a good orientation of the types of explanations and how to find them. The aim here is to show everyone how they can help themselves.

The goal is an introduction

A knowledge transfer session is not intended to be an exhaustive and exhausting training session in everything you ever need to know about the software. It's intended as an introduction to what's new, an orientation to the new capabilities. If you could aim for one goal, it would be to have everyone leave the session knowing what they need to learn more completely on their own, as opposed to feeling like they learned it all completely. The bulk of the learning effort is still up to the attendees, after the session.

Encourage follow-up within the department

After the session, it's time for members of individual departments to work together to learn the material in more depth. It may be that only a couple people within the department attended the session. Each department must complete its learning on its own, focusing on the aspects that are most important to it.

Handoff to the right people: training

Members of Development who provide the training are not required to be the best trainers. This is not the end of the training required. It's just the initial handoff of knowledge to other departments.

While it sounds like a no-brainer to include the trainers in the knowledge transfer, I've seen times where that didn't happen. One of the first goals of knowledge transfer should be to train the trainers. These professionals understand how to impart information to individuals at different levels of business and technical expertise. They can develop more elaborate training including certification for everyone in the company who needs it.

Question and answer

People who are not in the habit of training others—who are often the ones tasked with the knowledge transfer—have a tendency to hurry through the material and leave no room for questions. It's important to cover the topics at a pace that allows for questions, with pauses and prompts to encourage participants to speak up when they don't understand.

The right measurement

Nothing tells you how well Development did at imparting information like a pop quiz. And nothing gets people to pay careful attention during knowledge transfer like hearing that a quiz will be given at the end of the session. So whether it's a surprise or it comes with advance warning, quizzing the participants is very useful.

A quiz makes for a good ending to a good start, your knowledge transfer.

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Jacques Murphy has over 15 years of experience in the software industry. He writes an email newsletter called PRODUCT MANAGEMENT CHALLENGES that focuses on increasing software product momentum in terms of development, marketing, sales, and profitability in order to improve the product's competitive position. To regularly receive helpful tips for software product management, send an email to jacquesm@epix.net with "subscribe" in the subject line.

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STRATEGIC	Market Analysis	Quantitative Analysis	Product Strategy	Product Planning
			Business Case	Positioning
	Distinctive Competence	Market Sizing	Pricing	Sales Process
	Market Research	Product Performance	Buy, Build or Partner	Market Requirements
	Market Problems	Operational Metrics	Thought Leaders	Product Roadmap
	Market Analysis	**Quantitative Analysis**	**Product Strategy**	**Product Planning**
	Technology Assessment	Win/Loss Analysis	Innovation	User Personas
	Competitive Analysis			Product Contract
				Release Milestones

Practical Product Management™

Requirements That Work™

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Do you understand the relationship between product management and product marketing?

Does it seem that product managers are overloaded with tactical activities?

Are you getting the most out of your investment in Product Management and Product Marketing?

Does your Product Management function need more structure and process?

Are product managers spending too much time supporting Sales? Development? Marketing Communications?

Do your product managers and product marketing managers understand their roles?

Are your product managers trailing the other departments instead of leading them by six or more months?

Are requirements a moving target?

Do your product managers rely on the sales channel for product requirements, positioning, name, or pricing?

Are your Market Requirements Documents not providing enough detail to Development so they know what to build?

Do your product managers wander into design in the Market Requirements Document rather than provide the market facts that Development needs?

Are you struggling to keep control during the product planning process?

Is there agreement between Product Management and Development on what to do?

Does Marketing need a consistent process to build and deliver market messages that influence each of our target buyers and markets?

Do you need a process for selecting and designing programs that produce strategic results?

Is Marketing disconnected from the sales process—generating leads and sales tools that go nowhere?

Can you accurately measure marketing's contribution to the company's goals for revenue growth, customer retention and positioning awareness?

Do the people who plan and implement go-to-market activities need to know how their individual roles fit together?

TACTICAL

Marketing Plan
Awareness Plan
Customer Acquisition
Customer Retention

Program Strategy	**Sales Readiness**	**Channel Support**
Buyer Personas	Collateral & Sales Tools	Channel Training
Market Messages	Presentations & Demos	"Special" Calls
Launch Plan	White Papers	Event Support
Lead Generation	Competitive Write-Up	Answer Desk

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- What is marketing?
- Definition of the role of product management
- Contrasting product management and product marketing
- Assigning ownership of responsibilities
- Identifying the "first steps" with gap analysis

II. Market Analysis
- Distinctive competence
- Market research
- Market problems
- Technology assessment
- Competitive analysis

III. Quantitative Analysis
- Market sizing
- Product performance
- Operational metrics
- Win/loss analysis

IV. Product Strategy
- Business case
- Pricing
- Buy, build, or partner?
- Thought leaders
- Innovation

V. Product Planning
- Positioning
- Sales process

VI. Case Study

VII. Delineating Responsibilities
- Communicating market facts to Development, Marcom, and Sales
- Drawing the line between Product Management and the other departments

DAY 3 Requirements That Work™
(For those who write requirements)

VIII. Building the Market Requirements Document (MRD)
- Writing requirements
- Implementing use-case scenarios
- Programming for the "persona"
- Determining product feature sets
- Creating the MRD

IX. Analyzing Business and Technology Drivers
- Reviewing specifications
- Prioritizing the product feature set

X. Getting (and Keeping) Commitments
- Product contract
- Getting the product team in sync
- Getting executive support
- Communicating the plan in the company and in the market

Requirements That Work™

Requirements That Work is an intensive one-day course that introduces a straight forward method for creating product plans that product managers can write, developers readily embrace, and that produce solutions the market wants to buy.

I. Defining Roles and Methodology
- Understand the source of conflict between Development and Marketing
- Define clear roles and responsibilities
- Introduce a product planning methodology

II. Gathering Input
- Channels of input to product planning
- Organizing product ideas
- Quantifying market needs

III. Building the Market Requirements Document
- Writing requirements
- Implementing use-case scenarios
- Programming for the "persona"
- Determining product feature sets
- Creating the Market Requirements Document (MRD)

IV. Analyzing Business and Technology Drivers
- Reviewing specifications
- Prioritizing the product feature set

V. Getting (and Keeping) Commitments
- Product contract
- Getting the product team in sync
- Getting executive support
- Communicating the plan in the company and in the market

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I. Roles and Responsibilities
- The Pragmatic Marketing® Framework
- The Effective Marketing Programs Process
- Role definitions & skills assessment

II. Buyer Personas
- Positioning by type of buyer
- Creating buyer personas
- The sales channel persona

III. The Strategic Programs Plan
- The business case for marketing programs
- Supporting sales goals
- Metrics that engender management support
- Building the right marketing budget

IV. High ROI Sales Tools
- Writing useful, high-impact collateral
- How to generate success stories
- Real thought leadership in whitepapers
- Building a strategic website

V. Goal-Oriented Program Execution
- Controlling lead quality and throughput
- When to use online marketing
- Measure results without CRM
- Program priorities for each goal

VI. Start Where You Are
- Prioritizing next steps
- Start with existing programs
- Setting measurable goals

Put Your Money

By Scott Santucci

Where The Value Is

Why has market development gotten so hard?

At executive staff meetings, it is not uncommon to hear CEO's say any or all of the following:

- "Branding is nice, but I need revenue."

- "We have to manage to costs, let's cut Marketing's budget again."

- "What are we getting for our marketing investment? Let's spend more on sales instead."

- "What is Marketing doing to help generate sales?"

Let's face it; today it's all about ROI.

Sales are lagging, and although the economy appears to be recovering, your company still has monthly expenses it has to meet. All investments are getting scrutinized.

Marketing is being asked to participate in the sales process to a degree not seen in the past ten years. Although typically lacking significant sales experience, vice presidents of Marketing are being held accountable for revenue targets.

This has led to four categories of frustrations among marketing executives:

1. Difficulty securing required budget

In the current financial environment, the budget for Marketing is being treated like a discretionary expenditure rather than a critical business function. Existing budget items are being slashed, and getting new funds approved requires an expected return—something most marketing organizations cannot demonstrate.

While many departments are doing a good job of measuring expense-related metrics, they are hard pressed to produce evidence that shows objective relationships between marketing investments and revenue. Not able to defend budget requests, marketing executives are now faced with doing their daily tasks (brand building, PR, collateral development, etc.) with the increased demands of assisting Sales…all with a smaller budget.

2. Lack of results from traditionally successful vehicles

In addition to increased budget scrutiny, marketing vehicles that were the "old standbys" in the past are no longer viable, or are uncertain. There is a lot of confusion about the best way to spend marketing resources. According to a recent study of pre-IPO technology companies by Launch Pad, (a California-based incubator) advertising, trade shows, direct marketing, and promotional investments are falling out of favor; while public relations, corporate web sites, and collateral are considered the most effective investments. It is interesting that the tools which are passive, less predictable, and least likely to generate new leads, are the areas considered most effective.

Advertising can be an excellent vehicle to promote brand, generate awareness, or promote visibility. However it is very difficult to show how your products solve a tangible problem and what the return might be. Participation at trade shows has been dropping since 1997, and with the current state of travel, this situation is not likely to improve soon. Direct marketing (mail or

teleconferencing) isn't generating the expected results, nor do many IT vendor marketing executives have much effective experience with these vehicles. New technologies such as webinars are promising, but bandwidth limitations are proving them to be more of a distraction than an effective marketing vehicle.

As the pressure mounts, executives are searching for marketing vehicles that produce results. However, despite their efforts, each path they pursue seems to be a dead end.

3. "Sales is from Mars, Marketing is from Venus"

Sales and Marketing professionals typically have very different perspectives on market development, and at times can feel like they are speaking different languages. This often results in Marketing having poor credibility with the sales force—making it difficult to get Sales to engage in, or cooperate with marketing programs. Even when Marketing tries to reach out and ask the sales force what they need to be more effective in their jobs, the results are often disappointing. Either Marketing has a hard time understanding what Sales needs (resulting in a frustrated sales force), or Sales will make vague requests ("I need a white paper") and then complain upon delivery that what was produced is not what they asked for (resulting in a frustrated marketing organization). And these problems are in the firms where Marketing and Sales are trying to work together. In many companies, Marketing thinks the sales organization cannot sell, and Sales thinks Marketing is a complete waste of money.

4. Sales is not following up on the hard fought leads generated

Considering the effort and resource it takes to generate leads, it can be extremely frustrating to watch how leads are often handled. In a recent Harvard study of marketing executives, they found that as much as 80% of all leads produced are never acted upon by Sales. This is usually a symptom of the "credibility issue" mentioned above—sales people assume that leads which come from Marketing are poorly qualified and will be a waste of their time. Considering typical conversion rates for the leads which ARE worked, it's nearly impossible to achieve any return on marketing investments in lead generation unless this problem is rectified.

To make matters worse, most marketing organizations do not know how many of the leads they produce are actually being followed up on by Sales. Once a lead is produced and handed over to Sales, it is often never heard from again. Without an effective lead tracking process, it will be very hard for a marketing organization to demonstrate its contribution to that (or any) sale.

To summarize, marketing budgets are under increasing scrutiny and executives are being asked to contribute more to the sales effort. But, the tried and true marketing vehicles that have been effective in the past are not delivering the same results. Marketing executives are struggling to identify the programs which will produce the best results. Yet, regardless of what they do, they can't make a positive impact on sales if they don't improve their credibility enough to get Sales to engage in the process.

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Understanding how Sales sells, and customers buy

Why does Marketing find itself facing the seemingly impossible task of contributing to the bottom line with fewer resources, less effective vehicles, and no support from Sales?

The problem can be broken into two basic categories:

1. A lack of understanding of the customers' buying process

There is a major disconnect between how large (Global 2000) companies buy IT products and services and the way they are marketed. To begin with, any vendor selection typically involves a variety of stakeholders. Depending upon the offering, these stakeholders may include: a selection committee, an executive sponsor, a project manager, architects (enterprise, software, and infrastructure), technical specialists, and end-users. Each one of these stakeholders will evaluate the merits of your offering from a different perspective, and against different criteria. Marketing materials should (but rarely do) help these various stakeholders evaluate your offering in their specific context (i.e., help a network specialist understand if/how the network will be impacted). Without the appropriate information, these stakeholders will demand more resource from the sales executive —or even worse, get information from other sources that threaten your influence in the buying decision.

In addition to identifying the people involved in the customer buying process, we must understand what aspects of your solution each will want to analyze. For example, companies often review the total cost of ownership (all the investment costs required to solve their problem with your solution along with the ongoing operational maintenance costs), how scalable your offering is, and how well it conforms to the companies existing architecture and infrastructure. Perhaps most important, if the money is not already in the budget, they will examine how critical the problem your offering addresses compares to other problems the company faces. This point is often overlooked, as most marketing materials are geared to a buyer who has already determined he needs what you are selling. Very often your competition will not be another provider of your solution, but a completely different way the company might use the money.

Another factor to consider is that organizations have different sensitivities at different stages of the buying process. Very early, the focus is on identifying the business problems associated with your offering. However, over time the focus will shift to issues such as price (what you charge), to identifying the "whole" solution (all the resources required to execute your offering), and to risk (what happens if…). Since prospects never go through all of these stages in a single meeting, tools should be designed to help your customers achieve the milestones necessary to advance to the next stage in their buying process.

All too often, the extent of marketing tools created to support all of these variables will include: a corporate brochure, a technical white paper, a product brochure, product specification sheet, and a product demo—all designed with an eye to a technical audience and focused on the features of your product. These deliverables fall short of meeting the organizational needs, and therefore the onus is placed on the sales rep and his/her champion within the account to articulate the benefits of your solution for that given organization.

2. Marketing's limited understanding of the sales process

A solid understanding of the sales process is critical for any marketing executive. Everything that Marketing does should support the range of ways in which the company engages with prospects. Consider brand development. Your sales force communicates your brand with the prospects they meet. As a whole, they have a greater influence over the perception of your company than Marketing does. Marketing cannot control the message, as each sales person has their own sales presentation, writes their own letters, and has their own conversations with customers. Additionally, as mentioned earlier, the success of many marketing programs requires the participation of the sales department.

The best way to establish credibility with the sales organization is to demonstrate a firm grasp of the sales cycle, and to predict the kinds
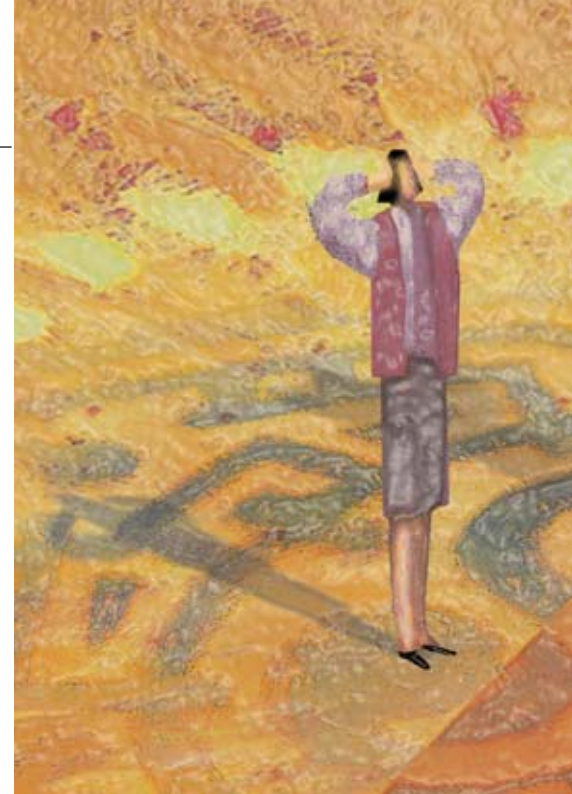
of resources that would be helpful at each individual stage. While sales people tend to focus on deliverables such as white papers, sales presentations, and product collateral sheets, there are a wide variety of tools and resources they require. These include: custom engagement tools, assessments, need creation and identification tools, internal selling tools, ROI calculators, prospecting vehicles, buying vision aides, follow up letters and e-mails, account profiling tools, objection handling statements, compelling data points, reference stories, business problem training, etc. It's nearly impossible for Marketing to identify which tools are needed, or even to understand what Sales is asking for when they make a request, without an understanding of the sales process.

Another common source of misunderstanding is the time sensitivity issue. Sales people would often prefer to get a "work in progress" they can tweak for a given account, than to wait for weeks while the final deliverable is polished and fine-tuned. As another example, many marketing

departments will wait until all leads from a given campaign are processed before turning them over to Sales. This can take up a month, during which time the prospects have likely forgotten why they were interested in the first place. In order to establish credibility, Marketing needs to demonstrate the level of urgency commonly associated with Sales.

Finally, on the topic of leads, the "worst case scenario" can often be when Marketing qualifies the wrong type of stakeholder as a lead. For example, a low-level technology person (no matter how interested they claim to be) is more likely to be a "tire kicker" and consume valuable company resources to educate them on your offering. A sales person would rather work with people with decision-making authority than waste valuable time with someone who is not in a position to buy.

Cultivate your prospects into clients, don't solicit them

Marketing has a tremendous opportunity to help their organizations develop more predictable, higher-value, and accelerated revenue streams. To do this, Marketing should develop structured and measurable programs, campaigns, and tools which add value to prospects while advancing the sales cycle.

Focusing on the buyer is the key differentiator between effective and wasteful campaigns. If a salesperson's role is to facilitate their customer's buying process, then Marketing's role is to help Sales engage new customers in buying discussions and to help keep existing prospects engaged. Focusing market development efforts on the customers buying process by design will do just that.

Too often, marketing materials go for the jugular. However, as discussed earlier, IT buyers go through a series

of phases and involve different people throughout the buying process. Therefore, break down their buying process into a series of steps and create the right materials and programs for each one. For example, a program to make decision-makers aware of their problems is dramatically different than one helping them figure out how to solve that problem. Both of these are required stages before a customer will buy a solution, yet most marketing programs assume they are past these stages and ready to select a product. All that does is make them feel "sold to" and confused—and confused prospects never buy.

With the customer as the design-point being the pre-requisite, there are five critical success factors to effective programmatic marketing campaigns:

1. **Have a finite, specific, and measurable purpose**

   As we've said, complex buying processes go through stages. Marketing should identify the typical stages their customers go through in making a buying decision, determine their customer's needs throughout the process, and establish specific objectives and milestones in each stage. This allows you to create the content your customers need to achieve each key milestone and advance their buying process. Additionally, it allows you to set up performance measurements, which will help you steadily improve each program, capture performance metrics, and communicate your results internally.

2. **Add value to your customers or prospects**

   Many sales methodologies and training programs teach sales people that their job is not only to communicate the company's value proposition to the prospect, but to also add value through the sales

process. However few sales people have the expertise to be able to be a "value add" on their own. Rather, it should be Marketing's role to provide tools which Sales can use to deliver value while interacting with prospects.

The most common way for Marketing to help Sales "be valuable" is to provide them resources for educating customers and prospects. If a sales rep can be seen as being thought-provoking—helping a prospect understand a complex issue and how it impacts their company—rather than "salesy", the rep will gain more credibility with that prospect and be in a better position to facilitate the buying process.

3. Enable sales people to uncover and diagnose business problems

Whether we care to admit it or not, people buy from people. Sales people play a key role in market development efforts. All of the emotional drivers learned in business school are secondary in a business-to-business sale. Organizations buy solutions to business problems. They do not buy software, consulting offerings, or services. They are investing in your firm to realize the benefits of your solution. The better you can equip your sales people to find business problems and bring them to your prospects'

attention, the shorter the sales cycle and the larger the average deal size.

4. Have tangible impact on moving accounts through stages of the sales pipeline

The sales funnel is the lifeline of any company and should be a focal point throughout the organization. Most marketing dollars are invested to create awareness or generate leads, and focus on filling the top of the funnel. However, these investments should be more balanced across all stages of the funnel because incremental improvements in each stage of the sales process can have multiplicative effects on revenue. For example, if you have a five stage sales process and you improve the percentage of opportunities that advance from each stage to the next by 5% points, you can more than double your revenue. Plus, marketing campaigns focused on supporting later stages in the

sales process serve to reduce the sales cycle time and increase close rate, which are much more likely to impact revenue than generating more low-quality leads.

5. Arm your advocates inside a prospective account to sell for you

It is estimated that up to 80% of the buying decisions about your offering are made without a representative from your company involved. With that much of the decision on the line, how are you equipping your internal champion to accurately represent the compelling business solution you are providing? Sales people, who present your offerings every day for a living, have a hard enough time incorporating all of the key selling points of your solution on each sales call. You must provide concise and topical materials that will help internal advocates make your offering relevant to that organization. **pm.c**

Scott Santucci is a leading expert in developing business development execution models for B2B companies to help improve their sales and marketing effectiveness. A former META Group executive, he founded BluePrint Marketing in 2002 where he has developed a business development framework based on unparallel access to G2000 technology buyers and the vendors who provide services to them. Santucci has worked with such organizations as: Unisys, Sungard, Bearing Point, and BMC. Contact Scott at scott.santucci@blueprintmarketing.com

A Look at Clarity in Positioning

By Steve Johnson

Positioning is a process that focuses on conveying product value to buyers, resulting in a family of documents which drive all outbound communications. Yet in recent years, it seems as if positioning has "devolved" into a document of vague superlatives that convey nothing as they attempt to trick the customer into buying the product. The best positioning clearly states how the product will solve specific customer problems.

The why of positioning

Agencies report that companies who have completed positioning documents will save 30% to 50% of their agency costs. Just as your local video store profits from late fees, the hidden costs of agency work come from all the re-work. Agencies often include an up-front cost allocated for discerning positioning from executive interviews. They interview the VP of Development and learn about company innovation; they interview the VP of Sales and learn about customer intimacy; they interview the company president and learn about stock performance; they interview the product managers and get product specifications. From these varying viewpoints, they attempt to write a campaign theme. On seeing the campaign, the executives say, "That's not it. I don't know what I want but I'll know it when I see it."

Does this sound familiar?

Positioning results in a series of well-crafted documents that focus on the buyer and how our solutions improve his life.

The trick to positioning is to understand the value of the product to the buyer. In other words, what problems can you solve for the buyer? Do you know the benefits your customers achieve with your products and services? Not sure? Ask.

Insincere positioning

> "The great enemy of clear language is insincerity."
> – *George Orwell, 1984*

Much of the writing we see in marketing materials seems obscure due to insincerity. It's as if the writer wants to fool the reader into thinking the product is more important than it is, or that the product solves problems better than the competitor's when it doesn't really. If your product is clearly inferior, you cannot fix it with positioning. A product must be adequate for the market need to succeed; no amount of marketing can overcome it. (I can hear some of you thinking about Microsoft®. Remember, Microsoft products are not inadequate; they are wonderfully adequate, and backed by strong marketing.)

For those who are stuck in writing jargon and buzzwords, Deloitte Consulting offers Bullfighter™, an add-in to Microsoft Office that rates your writing for its "bull." It's particularly handy as a non-partisan comment on the writing of others. Run your company and product messages through Bullfighter to see how much is content and how much is nonsense.

Many organizations create cute or clever taglines that don't convey meaning. But cute doesn't work in B2B (and maybe not in B2C either). What does General Electric Company (GE) expect us to think about their "Innovation at Work" tagline? Can we use GE products to be innovative while working? Are their products only good in the workplace? Or perhaps are they working to be innovative in the future? A Google™ search for this phrase generates over 5,000,000 pages. How meaningful is the phrase to consumers of GE products?

Does anyone believe an enterprise solution will "make your dreams come true"? A Google search for this phrase generates over 3,490,000 pages.

For what it's worth, I think that SAP does messaging pretty well: "The Best-Run Businesses Run SAP" and "Innovative Solutions to Innovate Business." The latter phrase results in fewer than 5000 Google hits, all related to SAP.

Solving problems versus speaking specs

As an industry, we wallow in technical jargon and assume that the reader can connect the specs to their problems. Or we hope that our sales people can connect the dots. How unfair to both buyer and seller! The positioning, and thus the marketing materials and sales tools, should explain the value and use specifications to support our promises (if necessary for the buyer).

Compare these two product descriptions posted on eBay® for the same product:

First the specification-oriented listing:

> "This is a trailer mounted z-boom model # is TMZ-34/19. This is a 2000 model Genie. This is a great value and innovation in the trailer

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mounted boom market. It is all electric, which is economical, it has 4 new batteries and new tires. It has a spare tire. The working height is 40 feet. 19 ft horizontal reach, articulating jib has 130 degree working range, Compact 34 inch width, 500 lb lift capacity, Large 8 in outrigger footpads,Junction box, shelf and tie down attachment points to accommodate generators up to 2500 W, Non-marking footpad covers, AC outlet in platform. It also has Surge Brakes, Parking Brake, Horn.

I am the original owner and this has only been used about 40-50 times It is in excellent working conditions. I own a sign shop and have used it when working on billboards. If you have any additional questions you can call me during the day or email me and I will get back to you. I will also be willing to meet someone within a 300 mile radius of [my hometown] if purchasing with either cash or cashiers check."

Now a problem-oriented listing (for the same product):

"This is a great lift because you don't have to maintain a gas or electric engine. You just hook it up to your vehicle and tow it into position, drop the four outriggers and up you go. Great for trimming trees, construction, or any job where you need a 40-foot reach!

This unit is a 1999 model that was factory refurbished (including new batteries) in 2002 and has been stored inside a hangar since then. It has been used about 10 hours since it was overhauled. The tires have about 300 miles on them including a new spare tire. It looks and operates like new.

This lift has a 500-pound capacity but is narrow enough to fit through many man doors. Plug it in, charge it up, and you are ready for a full day of power lifting!

You can pick it up or I am willing to tow the lift to one of the shipping firms in [town name] who can flat bed it to your location. All shipping arrangements and fees are the responsibility of the buyer.

For more details and specifications go to <link to manufacturer's product page>."

You don't have to look too closely to notice the specification and jargon in the specification-oriented listing versus the listing talking to the buyer in buyer language. The problem-oriented message left the specs out but provided a link to the manufacturer's spec page.

And the results? The specification-oriented description was listed for two weeks with no bids. The problem-oriented listing sold for the same price as the competitor's minimum bid in four days and three hours.

Focus on the buyer

Most technology companies use a template—and often a formula—for positioning. The best positioning is put in the context of solving a problem for a specific buyer. That means that there are multiple positioning documents, each conveying product value in terms that resonate with the specific buyer.

Start with the generic problem in the industry and the ideal generic solution (which is basically what your product does). Then provide a short primary message, 25 words that you want the buyer to remember, followed by a more detailed product description, again in terms of the buyer's need. Finally, describe the three to five features that are relevant to this buyer profile.

It takes many different people within an organization to make a purchasing decision for a complex product. Typically, we see a financial buyer, a technical buyer, and one or more user buyers. Each of these buyers has a different primary goal and sees product information through a different lens. The user buyers want to know how the features will make their daily job different and better. The financial buyer obviously wants to know how the product will save money for the company, while the technical buyer is primarily concerned with how the product will fit into the existing technology environment. Of course, all buyers want to be assured that the product will satisfy the needs of the users of the product.

How can we use one message to communicate to multiple buyers? Obviously we cannot. We'll need different articulations of our message that resonate with each buyer type.

In Pragmatic Marketing's Practical Product Management™ seminar, we illustrate the differing viewpoints in positioning with a sales force automation product. A positioning document written for a salesperson should emphasize the features that reduce his paperwork while the document for the sales manager emphasizes the value of centralized territory data.

Company, family, product positioning

One company quadrupled sales of services just by positioning them using the same process. In fact, aren't services products just like software and hardware? Services should be defined as repeatable offerings that are consistently communicated, sold, and delivered—just like software.

Products and services, as well as families of products, all follow the same method. Within the company's

overall message, we articulate how the product, service, or product family solves problems for each type of buyer.

For example, I assume that Microsoft has positioning documents for Microsoft Word (product), Microsoft Office (product family), and Microsoft Corporation (company). It must be true, as each positioning message is so clearly consistent with the others.

Ideally, a product positioning must amplify the company positioning. It may not matter if you do product or company first, but the product positioning must support the company positioning. Every product should integrate with the company message—or the product should be spun off into a different company.

Positioning has two main benefits. The one obvious to all marketers is the consistency of message. Each marketing and sales piece communicates exactly the same message. A less obvious benefit, but perhaps the more important one, is that the positioning process forces Product Management to identify and spell out clear benefits for each type of buyer. Without a clear message, most products are doomed to failure.

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Steve Johnson is an expert in technology product management. He works for Pragmatic Marketing® as an instructor for the top-rated courses Practical Product Management™ and Requirements That Work™ as well as onsite courses. Steve is also a frequent presenter for various technology marketing forums throughout the United States and Europe, author of many articles on technology product management, and is the webmaster of http://productmarketing.com—a website devoted to technology product management. Contact Steve at sjohnson@PragmaticMarketing.com

The Strategic Role of Product Management™

As a high-tech executive, are you unclear about the strategic role of product management?

Does the role of product manager in your company need to be defined to the CEO so support can be given to strategic activities?

As a product manager, do you strive to lead the organization rather than react to it?

Free seminar!

This seminar is open to anyone currently employed in high-tech marketing, including senior management, product marketing managers, and product managers.

There is no fee to attend, but registration is required via our website.

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Seats are limited, so early registration is recommended. See available dates on back cover.

This half-day session is a subset of the Practical Product Management™ seminar and introduces the industry standard for high-tech marketing, the Pragmatic Marketing Framework. Refined over ten years and implemented by hundreds of technology companies, this framework shows how Product Management and Marketing personnel can move from tactical activities to quantifiable, strategic actions that deliver tremendous value to the company. This session includes immediate actionable ideas about how to best establish the role of Product Marketing/Management and define market-driven products that make customers want to buy.

PRAGMATIC MARKETING®

The Industry Standard in Technology Product Management Education

Market-Driven Focus a Driving Force Behind Kronos Workforce Management Solutions

In many businesses and manufacturing plants around the world, a time clock still hangs on the wall. Developed by Kronos Incorporated and launched in the late-1970's, those clocks represent breakthrough technology that automated the front-end process of collecting time and attendance information.

Today, after decades of ongoing innovation, Kronos has become a $397 million workforce management company, with a suite of human resources, payroll, scheduling, and time and labor solutions that improve the performance of people and business. Kronos' customer roster includes many of the world's most recognized organizations. Every day, 20 million people use a Kronos solution. Equally impressive, Kronos boasts almost a quarter-century of consistent revenue growth and nearly 70 consecutive quarters of profitability. This sustained record of success, through good economies and bad, speaks volumes—both about corporate leadership and the company's unrelenting ability to stay ahead of market demands.

"This is a company that has been able to reinvent itself several times," says Peggy Drew, Director of Timekeeping and Data Collection Product Management for Kronos. "We have a senior management team that is continually looking for new ways to innovate and solve important customer problems. We continue to build on more than 25 years of growth and success by creating innovative solutions to solve complex employee-related issues."

It's about time

That commitment to innovation is evidenced by the fact that Kronos invests nearly $50 million each year on research and development—with product direction driven largely by customer feedback. Responsibility for translating those customer needs into product requirements rests with the Engineering product management team.

According to Drew, "At Kronos, we have numerous product managers across the organization. There are Product Marketing Managers, Service Planning Product Managers, and Engineering Product Managers. Marketing defines the high-level market goals, and Engineering develops the product. Our Engineering product managers work hand-in-hand with Development to execute the vision."

Today, the relationship between Kronos product managers and developers is strong and steady, based on mutual respect and credibility. That solid working partnership has been built over the last several years. The driving force was strong product management and an emphasis on helping product managers create product plans that developers readily embrace and produce solutions the market wants to buy.

Product requirements document as art form

"Writing good product requirements is truly a skill," remarks Drew. "In fact, I'd say it's almost an art form. If we go back a few years, there was a bit of a disconnect between our developers and product managers. We realized our Engineering product managers needed to learn and implement best practices for developing a Product Requirements Document (PRD) that our developers could understand and use. Toward that end, we began sending our product managers to the Requirements that Work™ course from Pragmatic Marketing®."

The course helped Kronos establish clear roles for team members and adopt repeatable processes to create product plans that yield solutions that sell. The course drills into the details of articulating market requirements and helps extend Pragmatic Marketing's market-driven methodologies throughout the entire product team.

"We wanted to give our people guidance about how to write good requirements and better manage through influence, so that those requirements were accepted by the development team. A strong set of requirements is the foundation for the functional specifications, which in turn become the foundation for the Quality Assurance test plan. The requirements also drive the Performance test plan and help our cross-functional launch team consider how to get the field up to speed on new functionality. A good requirements document is the foundation from which product success springs."

Market-sensing makes good sense

When it comes to building a software product the market wants to buy, there's no substitute for domain knowledge. "Actual market data is the key to a good product manager's credibility," Drew emphasizes. "We need to be able to speak confidently about business problems and market needs. We need to establish our folks as the customer experts. That knowledge and credibility comes from the market-sensing we do day in and day out. We have invested considerable time in ensuring that our people visit customers. And we coordinate customer advisory boards for each of our product releases. We can say with confidence that we are customer focused."

She adds, "With this approach, our requirements are based on market facts versus opinion. With every requirement that we ship, we describe a real, live market-use case; we present a business case for why that particular requirement is necessary. As a result, we're sure that what we're building is ultimately what the market wants. Beyond that, we have a very strong team—one that can manage through influence, that can discuss a broad range of market needs, that can take what we have learned and extrapolate from there."

In building the business case for its products, the Kronos team has matured into persona-based development. "When we describe the market-use cases, we talk about the targeted personas for that particular release and what business problem it solves for a particular persona," Drew explains.

"It's typical for us to ask, 'What would Don Gormley think about it?' He is our Information Systems Manager persona. Now we are not concentrating or focusing product efforts on any one customer, but rather on an amalgamation of what is necessary to address a broader business need."

The proof is in the product

Learning about best practices for requirements definition is well and good; deploying them successfully is another thing altogether. Kronos has mastered both challenges.

"Within the latest release, we delivered a brand new scheduling product. The new solution was fully developed using this model for writing requirements," says Drew. "And the reception from the marketplace has been extraordinary. We have heard from customers and prospects alike who said, 'This is exactly what I need.' That enthusiastic endorsement reinforces the effectiveness of our methodology."

Drew concludes, "The most important takeaway from the Pragmatic Marketing courses was: The answer is not in the building. Their instructors have drilled into us that you have to keep a pulse of the market. We found synergy with the instructors because they understand our unique needs. When it comes to workforce management, people think of Kronos first. When it comes to strengthening our market-driven product development approach, we think of Pragmatic Marketing first."

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KRONOS

To feature the product management success at your company, contact editor@productmarketing.com

Calendar of Upcoming Pragmatic Marketing Seminars

Practical Product Management™

September 13 – 15*............................Santa Clara, CA
September 20 – 22*............................Boston, MA
September 27 – 29*............................Austin, TX
October 12 – 14*................................San Francisco, CA
October 25 – 27*................................Boston, MA
November 8 – 10*...............................San Francisco, CA
November 15 – 17*.............................Chapel Hill, NC
December 6 – 8*.................................Boston, MA
December 13 – 15*..............................San Francisco, CA

Introduces a framework that gives product managers the tools to deliver market-driven products that people want to buy. Focuses on the practical aspects of juggling daily tactical demands of supporting the channel with strategic activities necessary to become expert on the market.

* Requirements That Work, Day 3

Requirements That Work™

September 1..Toronto, Ontario
September 15 ....Santa Clara, CA
September 22 ....Boston, MA
September 29.....................................Austin, TX
October 14 ....San Francisco, CA
October 27..Boston, MA
November 10 ....San Francisco, CA
November 17.....................................Chapel Hill, NC
December 8 ....Boston, MA
December 15 ....San Francisco, CA

Provides a repeatable method for product planning resulting in a Market Requirements Document that others read and use. Establishes clear roles for product planning team members and teaches a process that creates an executable plan that delivers solutions that sell.

Effective Marketing Programs™

September 22 – 23 ....Boston, MA
October 14 – 15 ....San Francisco, CA
December 8 – 9..............Boston, MA
December 15 – 16........San Francisco, CA

Illustrates a practical process for delivering programs that measurably impact revenue, market positioning and customer retention. Product marketing and marcom professionals will clearly understand how they contribute to the company's strategic and tactical goals.

September

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December

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Requirements That Work, Day 3

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The Strategic Role of Product Management™

September 16 ....Santa Clara, CA
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A subset of the two-day Practical Product Management seminar, this session introduces the industry standard for high-tech marketing. Shows how Product Management and Marketing personnel can move from tactical to strategic activities.

Registration for this free seminar is required via our website:
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