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Extreme Product Management

How to deliver products people want to buy
in an agile development environment



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Inside this issue:

Volume 4 Issue 4 • 2006

4 Extreme Product Management: How to deliver products people want to buy in an agile development environment

Extreme Product Management (XPM) is using the minimum process and creating the minimum artifacts to deliver products people want to buy. Read which activities are necessary to have a viable approach to XPM.



16 Fresh Or From The Can? Why The Better Product Still Struggles In The Marketplace

Learn how to incorporate the fundamental tenet of human nature into your product planning and marketing to increase adoption and sales.



21 Book Reviews

Death by Meeting

The Five Dysfunctions of a Team

22 A Framework for Creating Effective Product Presentations

Product and marketing managers must provide a constant and up-to-date flow of information to the sales team, customers, and partners about the products they manage in order to facilitate the sales process. Unfortunately, it is not possible to create one generic presentation to address all situations. This article provides a framework for creating effective product presentations with emphasis on presentations to customers.

28 Investment in Customer Advisory Programs Helps Build Business

Read about three customer-focused companies who have been listening and collaborating with their customers to keep up with evolving needs and staying one step ahead of competition.



Extreme Product Management

How to deliver products people want to buy in an agile development environment

By Barbara Nelson and Stacey Mentzel

Definition of Extreme Product Management (XPM):

XPM is using the minimum process and creating the minimum artifacts to deliver products people want to buy.

Writing this article feels like a development project. We are buried in the details. We each have hundreds of user stories in our heads on 3x5 cards. Some are related, others are not. Some are from personal experiences, others are from interviews and discussions with product managers. We could take an agile approach and just start writing content for each card. That's basically what we've done. But so far, it isn't readable by anyone but us. To further complicate things, we are writing this article together, have not seen each other in a few years, have only spoken a couple of times, and live on opposite sides of the country. In order to turn those user stories into a coherent article, we need some organization. We use FreeMind, a mind-mapping tool. Before you know it, we have almost as many nodes in FreeMind as we have user stories.

This article needs Extreme Product Management (XPM)!

Minimally, XPM needs to define:

- What problem are we trying to solve?
- For whom are we trying to solve the problem?
- How pervasive and valuable is solving the problem?
- What is our vision of the solution?
- What context do we need to communicate to drive the solution?
- Can we solve it in its entirety or can we take a phased approach?

An overriding principle is that the solution has to be practical. As we implement, we move from more general to more specific. Here goes.

What problem are we trying to solve?

One of the biggest challenges today for product managers is clarifying the role of Product Management. In software companies, this is especially challenging as Development teams are adopting more agile or iterative development methodologies to meet the increased demands to develop more code faster. Where does Product Management end and Development begin?

The strategic role of Product Management is president of the product. Running the product as a business. Taking a market-driven approach to product management. Making decisions about the product to increase adoption across the market, delight customers, and ultimately deliver profitable products. Even if your product is "free," it should contribute to profits somewhere in the company. This is what we mean by Extreme Product Management. Staying focused on the point. What is the single overriding point of what we do?

But instead of being "president of the product," product managers often feel like "janitor of the product." Cleaning up after everyone instead of leading the team. Picking out icons, writing error messages, answering 30 questions a day because the developers don't want written requirements.

Product managers say:

"My developers are using Extreme Programming and it is creating chaos."

"My developers want me available every minute of the day to answer their questions. I have no time to visit customers."

"I'm being asked to rewrite our user stories to fit the sprint."

"The developers are delivering code every two weeks, but it doesn't seem like we are making any progress towards delivering a useful product."

"My developers are being told to watch out for the product manager. What is my role in agile development?"

"It seems like agile development is the unionization of the developers. Resource allocation is done based on a 40-hour work week. Why am I putting in 60-70 hours a week to make this work?"

"How can I market a product when I have no idea what will be in it or when it will be available?"

In fairness, we also have to listen to the developers and why agile methodologies have sprung up in the first place.



Angst. Frustration. Conflict. Mistrust.

Let's get back to basics here. What is the real problem? On the surface, the problem seems to be that Product Management and Development are each trying to wrestle control from the other. Product Management is frustrated at what appears to be a lack of commitment from Development. Development is frustrated because Product Management won't commit to what they want and keep changing their minds. Even customers don't know what they want.

Developers say:

"Product managers keep changing their mind. The churn is killing us."

"We're being asked to stop what we're doing to respond to the deal of the day. We'd get something done if you'd just let us finish what you already asked us to do."

"I have no idea what the product manager is asking for. Flexible and scalable are not requirements!"

"If the vision is going to change every quarter, what good is the vision?"

"Market Requirements Documents are so eighties. We're agile." [Translation: "We don't need no stinkin' requirements!"]

"How can I estimate how long something is going to take when I have no idea what I'm being asked to do?"

"We're tired of getting beaten up by management for not meeting our dates. How can we be blamed when the target keeps moving?"

"It's about time we took back control. Product managers don't know what they want."

Stop!

The real point of all of this is to **build products people want to buy**. Ultimately, we're on the same side. Ultimately, we all want successful products that help us all make lots of money.

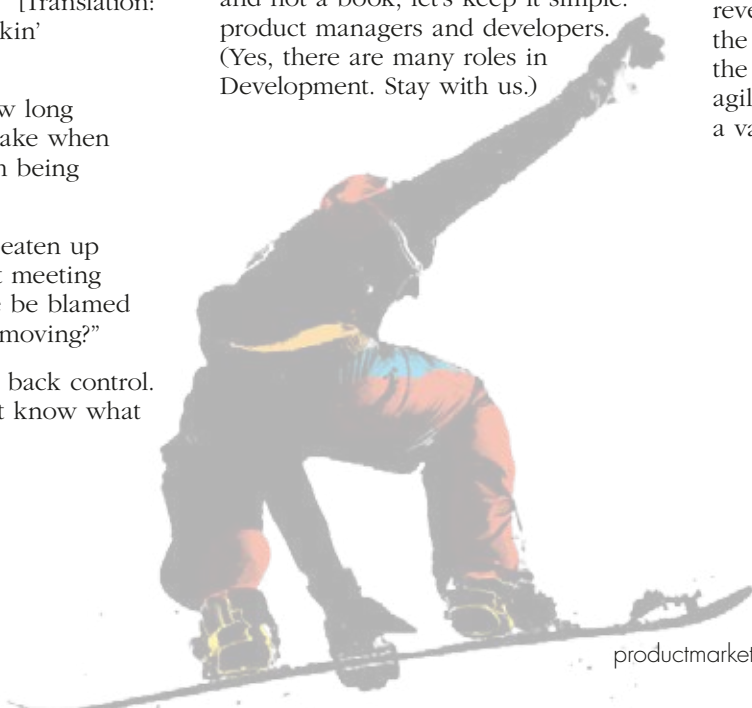
For whom are we trying to solve the problem?

There are a number of players or "personas" in this situation. But to bound this problem to fit into an article and not a book, let's keep it simple: product managers and developers. (Yes, there are many roles in Development. Stay with us.)

How pervasive and valuable is solving the problem?

Every week in the Pragmatic Marketing® product management seminars, a show of hands often yields 30-40% of the students struggle with what their role is in agile development. XP and other agile development methodologies have been enthusiastically adopted by multitudes of development teams in an attempt to address the problems of developing software. (On the surface, to someone not involved in software development, building products doesn't look that hard. What's the big deal? It's just code! And yet a Google™ search of "software development challenges" yields 179 MILLION hits!)

If agile methods by themselves were solving the problem of **building products people want to buy**, we wouldn't need to write this article. We'd say, "Be agile!" But over and over again we hear that agile has helped deliver **something** sooner, but without some planning and overall vision, what is being delivered (let's call it user stories) may not actually help us sell more software. We have decomposed the giant, complicated the project into such minute pieces in order to deliver **something**, that we can't market the product because it never seems to be done. And we can't predict when it will be done so we can project (and deliver) revenue. Ask any product manager in the middle of the quagmire if clarifying the product management role in an agile development environment is a valuable problem to solve. →



What is our vision of the solution?

Build products people want to buy.

This can be achieved any number of ways. Two guys in a garage. An agile team of 5-10 people. 18 teams across continents producing 62 products which have a high level of interdependence. In fact, to build products people want to buy, we may need different methods for different situations and different types of projects. XPM doesn't dictate the method (that's right), but must plug into whichever method has been adopted (this is the hard part). An extreme product manager is the evangelist on the team that keeps the team focused on the overall vision.

XPM is a response to Extreme Programming and agile development. Without XPM in an agile environment, we run the risk of building the wrong product. We might actually delight the one customer we involved in our agile process, but we might not be able to sell the product to anyone else.

XPM is needed when you are trying to build products the **market** wants. The "market" is more than one installation that you will sell over and over again. It implies **many**. When you are building products for a single project, you need customers directly involved in the process. Extreme Programming accounts for that by requiring the customer to be onsite with the developers. But when you are building products for many customers, you need a representative of the "many" (the

market). This is a product manager. This isn't to say that we won't have user-centered design and real users also involved. (The number one attribute of successful products is user involvement.) But when you're building a product for the market, the product manager needs to make sure we know **which** users are important for us to work with. Who are the representative users? And to make the product commercially viable, the product manager guides the team to solve problems **worth** solving.

Are "market-driven" and "agile development" mutually exclusive? If Development has taken the agile reins, does this preclude Product Management playing a strategic role?

By the way, if you are not building products for the market, you don't even need product managers. Let me repeat that.

If you aren't building products for the market, you don't need product managers. What you need are **project** managers and if you are deal-driven, you need sales engineers. One of the problems with so many development and requirements methodologies is that they are for one-time projects, not building products for the market.

James Shore who was the tenth person to sign the Agile Manifesto (www.agilemanifesto.org) after it was originally written, says "Product managers are critical to success." On February 14, 2006, he wrote a blog entry (www.jamesshore.com/Blog/Product-Managers-Are-Critical.html) detailing why a product manager is critical to successful software development. He values agile. He values Product Management. Product Management and agile development are not mutually exclusive!

To be an extreme product manager:

- Know the market.
- Find valuable problems to solve.
- Articulate the vision and strategy to keep everyone aligned.
- Provide just enough detail to the team but keep the backlog of problems prioritized and ready to deploy as each iteration begins.
- Encourage the development group to innovate within the boundaries of market segments, personas, goals, and problems to solve.

If someone isn't doing this, who is? Are the inmates really running the asylum?

What context do we need to communicate to drive the solution?

We need to clarify terminology.
We need to define activities.
We need to clarify roles.
We need to communicate context to drive the solution.

Terminology

Let's start with two development approaches (to keep it simple). Waterfall and agile.

- **Waterfall.** In a waterfall model, Development is seen as a waterfall that steadily flows downward through the phases of implementation.

Requirements

Functional Specifications

Detailed Design

Development

Test

We finish one phase before beginning the next. Consequently, it is very difficult to go back to a prior phase once we've begun the next. Waterfall is theoretically less risky because more planning takes place up front. Less rework is needed if the design is well thought out. Estimates and schedules are more predictable. The disadvantage of a traditional waterfall is that all of the work in a phase must be completed before starting the next. It requires more formal documents (Market Requirements, Business Requirements, Product Requirements, Functional Specifications, Detailed Design, Test Specifications, and so forth). Creating and maintaining documents is time consuming and with a waterfall approach it is more difficult to be flexible to changes in the market. It also takes a long time to have working code to show customers for feedback. By then, it is usually too late to make significant changes without significantly impacting the cost and schedule.

- **Agile.** In an agile environment, the phases are smaller, iterative "chunks" rather than finishing an entire phase before moving on. It is a cyclical path through the process rather than linear, involving customers early on to get better clarity to end-user requirements. Requirements might be communicated through use scenarios or user stories. Prototypes, experiments, and conversations with customers provide feedback throughout development. Spiral, Iterative, Extreme Programming (XP) and Scrum are all forms of agile development. Each has its own nuances and principles. A major advantage of an agile method is quicker delivery of functionality which allows earlier feedback from customers. It also allows more flexibility when requirements or priorities change. A disadvantage is difficulty getting estimates and schedules of when the entire product will be complete. It is easier to get lost in the small details when the entire product is broken down into its subatomic pieces in order to fit the work into small sprints or iterations.

Any development methodology can work and any development methodology can fail. If we don't get all members of the team going in the same direction with the same vision it doesn't matter what approach you have. XPM is an approach to articulate the vision and direction and to foster the team spirit to **build products people want to buy.**

Agile development is often just programming without requirements. It is Development's response to poor product management. Without knowing market requirements, developers propose fast, small iterations to put in front of a customer for quick verification before proceeding. The promise of agile development is better product delivered faster, but if there is no clear vision of what the overall product is, it is unlikely that the right product will be built. We need to understand the whole before we start decomposing it into its actionable tasks. If we don't know what is shipping and when, we can't market the product.

Does it have to be only one way or another? Waterfall versus agile? What about a third alternative?

- **Agile waterfall.** With a solid roadmap in place and stable market requirements, we should be able to review and complete market and functional requirements at the start of a project. Then, Development can iterate through implementation and testing while Product Management is preparing for the next release cycle. Since Development reaches a point where the entire release is designed, they can set a good target date and free Product Management to focus on promotions and the next big thing.

The agile waterfall model would consist of small, quick iterations plus a multi-year product roadmap. This gives Development a series of small successes and allows the company the ability to forecast delivery. It combines the best of both worlds: the flexibility of agile development, and the planning cycles needed to maintain exciting, innovative, revenue-driving long-term vision.

Alistair Cockburn, one of the original authors of the Agile Manifesto says, "Different projects have different needs."

Sure, if your project only needs 3-6 people, just put them into a room together. But if you have 45 or 100 people, that won't work. If you have to pass Food & Drug Administration process scrutiny, you can't get away with this. If you are going to shoot me to Mars in a rocket, I'll ask you not to try it.

- As the number of people involved grows, so does the need to coordinate communications.
- As the potential for damage increases, so increases the need for public scrutiny, and so decreases the tolerance for personal stylistic variations.
- Some projects depend on time-to-market and can tolerate defects (web browsers being an example), while other projects aim for traceability or legal liability protection."

(continued on page 10) ➔

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			Business Case	Positioning	Marketing Plan	
	Distinctive Competence	Market Sizing	Pricing	Sales Process	Customer Acquisition	
	Market Research	Product Performance	Buy, Build or Partner	Market Requirements	Customer Retention	
	Market Problems	Operational Metrics	Product Portfolio	Product Roadmap	Launch Plan	
STRATEGIC	Market Analysis	Quantitative Analysis	Product Strategy	Product Planning	Program Strategy	Sales Readiness
	Technology Assessment	Win/Loss Analysis	Innovation	User Personas	Buyer Personas	Channel Training
	Competitive Analysis			Use Scenarios	Success Stories	Collateral & Sales Tools
				Release Milestones	Thought Leaders	White Papers
					Lead Generation	Competitive Write-Up
						Presentations & Demos
						"Special" Calls
						Event Support
						Answer Desk

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	Market Analysis	Quantitative Analysis	Product Strategy	Product Planning	Program Strategy	Sales Readiness	
	Channel Support						
	Technology Assessment	Win/Loss Analysis	Innovation	User Personas	Buyer Personas	Channel Training	Presentations & Demos
	Competitive Analysis			Use Scenarios	Success Stories	Collateral & Sales Tools	"Special" Calls
				Release Milestones	Thought Leaders	White Papers	Event Support
					Lead Generation	Competitive Write-Up	Answer Desk

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- 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

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Activities

Here's the work that needs to get done:

1. Problem definition
2. Analysis and design
3. Build and test

These are the necessary phases to building good software, regardless of the development methodology used. Depending on which approach we use, the level of written documents and the scope of what is done will change. With waterfall, we will do a lot of work in each phase before moving to the next phase. The written documents will be more detailed. With agile, there is less written documentation and the scope for each phase is smaller.

Roles

A key success factor to move through the phases is defining who does what. Unless one person is doing everything, you have to divide up the work. With two guys in a garage, one person might define the problem, and the other might analyze, design and build. Maybe the first guy tests. But each knows which part to do because they talk it through. It might alternate from task to task, but whenever there is more than one person, role definition and communication are essential.

Whoa, whoa, whoa! Who has this many roles? It's hard enough getting a product manager and a product designer added to the team. Let's get back to simplification. Back to what needs to be done. Let's assign the following roles.

1. Problem definition → Product manager
2. Analysis and design → Product designer
3. Build and test → Developer and Quality Assurance

To deliver products people want to buy, we also need to involve the “customer”—possibly at every step. Product managers should ensure the validation is done with representative customers. Many agile methodologies require the customer to be onsite with the developers. Getting representative customers onsite may not be practical so product managers often play this role. But even product managers cannot be onsite all the time if they are to have time to actually visit the market.

The inputs and outputs might be written, might be communicated face-to-face, or a combination of both. It depends on how “agile” you are. It depends on whether members of the team are in the same location. But keep in mind, while the developers may not need written documentation in order to develop, others might—Support, Training, Professional Services, Operations, and customers. In an agile environment where user stories communicate requirements, you might need a user story articulating the need for the documentation. →

Here are some possible roles:

- Product manager
- Project manager
- Program manager
- Product designer
- Systems engineer
- Product architect
- Systems architect
- User interface specialist
- Interaction designer
- Usability expert
- Business analyst
- Lead developer
- QA lead
- Developer
- QA engineer
- Release manager
- Executive sponsor

Step	Inputs	Outputs ¹	Role	Validate
Problem definition	<ul style="list-style-type: none"> • Call reports • Enhancement requests • Competitive analysis • Win/loss • Support incidents • Defects 	<ul style="list-style-type: none"> • Overall vision of the solution • Market segments • Personas • Goals • Problems • Use Scenarios • Requirements 	Product Manager	<ul style="list-style-type: none"> • Which segments to pursue • Problems worth solving • Understand problems and use scenarios • Priorities
Analysis & design	<ul style="list-style-type: none"> • Vision • Segments • Personas • Goals • Problems • Use scenarios • Requirements 	<ul style="list-style-type: none"> • Functional specifications • Prototypes • Interactive design • User interface • Flow diagrams • Technical specifications 	<ul style="list-style-type: none"> • Product Designer • Other related design roles 	<ul style="list-style-type: none"> • Prototypes • Usability • User interactions • User interface • Specifications
Build & test	<ul style="list-style-type: none"> • Functional specifications • Prototypes • Interactive design • User interface • Flow diagrams • Technical specifications 	<ul style="list-style-type: none"> • Code • Tests 	<ul style="list-style-type: none"> • Developer • Quality Assurance 	<ul style="list-style-type: none"> • Product meets specifications • Specifications meet requirements • Requirements solve problems • Use scenarios can be met

¹ For more information on personas, goals, use scenarios, and requirements, read "Writing the Market Requirements Document" on www.productmarketing.com

Can we solve it in its entirety or can we take a phased approach?

As with anything we're trying to do, get back to the problem. Prioritize the problems and start working your way through them in a phased approach. These are complex problems. Even if we could fit the entire solution into an article, implementing it will not happen in one day, or one week, or one month. It takes time (and iterations). People are involved.

Back to the problems we articulated earlier in this article:

Challenges	Look for Root Cause	Approach
<p>PM: "My developers are using Extreme Programming and it is creating chaos."</p>	<ul style="list-style-type: none">• Why are they using Extreme Programming?• What are the specific problems?	<p>Do some problem discovery to break this down into manageable "chunks." What are the specific situations (use scenarios or user stories) associated with the chaos?</p>
<p>PM: "My developers want me available every minute of the day to answer their questions. I have no time to visit customers."</p> <p>Dev: "Market Requirements Documents are so eighties. We're agile." [Translation: "We don't need no stinkin' requirements!"]</p>	<ul style="list-style-type: none">• Do they understand the customer's domain?• Are representative customers available to answer questions?• Is there a product designer on the team?• Are you playing the role of product designer?• Why do they resist written artifacts? Does it take more or less time with no artifacts?• What types of questions do you commonly get?• What level of detail are you getting pulled into?• Do you trust Development to bypass you for the answers?• Does Development trust you?	<p>Provide market context with personas, goals, problems, use scenarios, and requirements.</p> <p>If the developers refuse to read artifacts, then at the beginning of an iteration or sprint do a white board presentation to give context to the team.</p> <p>Who are you building for (personas), which goals are we addressing, what are the problems they have that if solved would allow them to achieve their goals, and what are the scenarios (user stories) they will be implementing?</p> <p>Look for ways to transfer knowledge in a repeatable way whenever you can. (If the artifacts provide valuable context, maybe the Developers would be more willing to read them.)</p> <p>To build trust, work with the other members of the team on a personal, individual basis.</p>
<p>PM: "I'm being asked to rewrite our user stories to fit the sprint."</p> <p>Dev: "I have no idea what the product manager is asking for. Flexible and scalable are not requirements!"</p>	<ul style="list-style-type: none">• Why?• Is the story too big because there are multiple stories in it?• Is the story too high level?• Are you being asked to put a complex (yet legitimate) story into subatomic "tasks" so they fit the iteration?	<p>If a user story is legitimately bigger than an iteration, recommend it span multiple iterations. It isn't usable by a customer until the whole story is complete.</p> <p>Suggest a product designer break the story into multiple tasks that could potentially be built over multiple iterations. Breaking it into the implementation tasks is not product management.</p>

PM: "The developers are delivering code every two weeks, but it doesn't seem like we are making any progress towards delivering a useful product."

Dev: "Product managers keep changing their mind. The churn is killing us."

PM: "My developers are being told to watch out for the product manager. What is my role in agile development?"

PM: "It seems like agile development is the unionization of the developers. Resource allocation is done based on a 40-hour work week. Why am I putting in 60-70 hours a week to make this work?"

Dev: "It's about time we took back control. Product managers don't know what they want."

PM: "How can I market a product when I have no idea what will be in it or when it will be available?"

Dev: "We're being asked to stop what we're doing to respond to the deal of the day. We'd get something done if you'd just let us finish what you already asked us to do. How can I estimate how long something is going to take when I have no idea what I'm being asked to do? If the vision is going to change every quarter, what good is the vision? We're tired of getting beaten up by management for not meeting our dates. How can we be blamed when the target keeps moving?"

- What is in an iteration?
- How is the work prioritized?
- Are smaller, lower priority items being added because the larger items don't fit an iteration?
- Is the cumulative effect of many lower priority items impacting the ability to deliver useful functionality?

- Do you know your overall role in the company?
- Are you more like the janitor or the president of the product?
- What are all of the roles in the development process?
- Who plays each role?
- Do both Product Management and Development understand each other's methodologies?

- Is this true?
- If this is true, and if Development is not delivering enough value with this philosophy, won't it eventually catch up?
- Are you in the right job?
- Are you in the right company?

- What is preventing the team from estimating completion of key milestones?
- Do things change too much for Development to commit to a schedule and then deliver on it?
- Does the team understand the impact of not knowing?
- Does the team need a brief primer on both inbound and outbound activities of Product Management?
- Does the team know the revenue implications of not knowing?

Prioritize, prioritize, prioritize!

Be involved in iteration planning and iteration reviews. Communicate market facts, not opinions. To influence without authority you need credibility.

Educate each other on your methodologies: roles, responsibilities, terminology, goals.
Do a gap analysis of the Pragmatic Marketing Framework of the Product Management role.
Define roles and responsibilities between Product Management and the other team members.

Do your job and let go of the things over which you have no control. Life is too short.

Minimize "deal of the day" churn on Product Development.

Prioritize, prioritize, prioritize.

Define what the minimum viable product or deliverables are to successfully drive revenue. Use a product roadmap to articulate high level phases of implementation.

Keep revenue and profit targets visible to Development.

Summary

Here are the minimum activities to have a viable approach to Extreme Product Management. The rest can come later.

- **Build trust.** (Beer and fajitas is a practical way to get started.) Share methodologies. Learn each other's terminology, processes, artifacts, principles, and goals.
- **Communicate the vision.** Who are you building the product for, why would they want to buy it, and what key problems will you solve? Speak in market facts, not opinions.
- **Clarify roles.** Do a gap analysis of the Product Management role using the Pragmatic Marketing Framework. Identify roles and responsibilities on the Development project. Who does what?
- **Prioritize the work.** XPM is a market-driven approach. To participate in what is being built, you need to have a quantified, prioritized list of problems to solve. Feed this to Development in the form of personas, goals, problems, use scenarios, and requirements. Work together on the scheduling challenges to fit the work into agile, iterative pieces, but don't get dragged into the subatomic level.

pm.c

About the authors:

We both have been product managers who have worked with many, diverse development teams. We've worked on entirely new technology, and very mature offerings. We have worked with no roadmap, no defined destination—and product lines with clearly defined strategy. We have both been honored to have worked with engineers dedicated, motivated, and driven to succeed.



Barbara Nelson is an instructor for Pragmatic Marketing. She has 21 years in the software industry, including VP of Product Marketing for a leading provider of business and accounting applications.

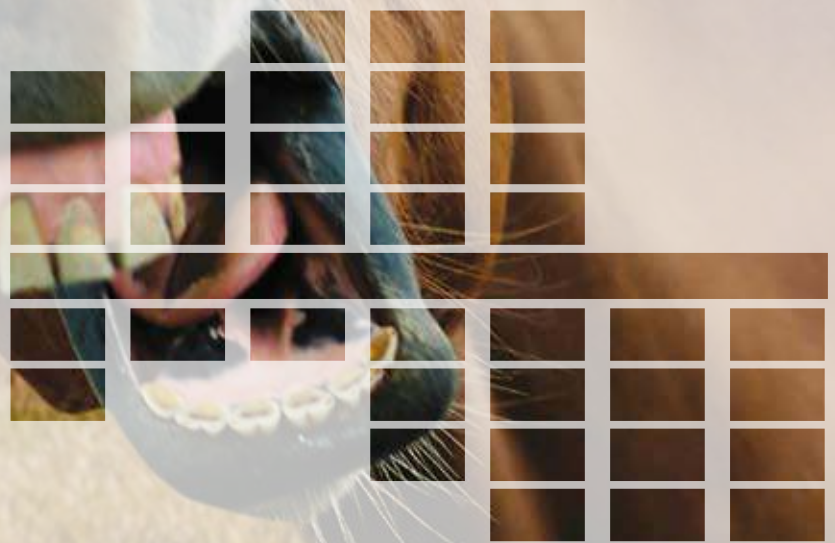
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[Where do you collect your market information?]



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Fresh Or From The Can?

Why The Better Product Still

Imagine developing a product that encapsulated the best practices from the best minds in the business. A product that could increase your customer's revenue by anywhere from \$50,000 to \$250,000 annually for only a few hundred dollars a month?

And best of all, it only took a couple of additional steps to use and could save time in the long run.

Given that type of ROI and rave reviews from early adopters, I figured marketing and selling the product would be a "no brainer." So envisioning myself semi-retired and swirling Mai Tais on the Mexican Riviera, I signed on the dotted line, taking equity and deferred compensation in lieu of salary.

Two years later, my bank account is now a blank account—but while certainly not wealthier, I'm much wiser. So what happened? Why didn't a "proven" product with a great ROI spread like wildfire—and instead just smoldered? There are many reasons, but the biggest reason was that the product required extra work to receive the extra benefits—and most people won't do extra work no matter how big the potential future benefit is.

In this article, I'll explain how you can incorporate that fundamental tenet of human nature into your product planning and marketing to increase adoption and sales.

The problem: The road to hell is paved with good intentions

We all agree exercise is good. In fact, it's critical to our health, yet the majority of us don't exercise enough or at all. Why? Because for most of us, it requires taking additional time and effort.

However, given the right support structures, e.g. a personal trainer, childcare to watch the kids, etc., the probabilities of adopting and maintaining an exercise ritual will increase dramatically. And soon, what was considered the "extreme" becomes the norm.



Struggles In The Marketplace *By Kevin Mireles*

So what does this have to do with software?

Simple, no matter how good a new product is, if it requires the user to change their routine, it may meet resistance. And if you expect the user to take extra steps to get the extra benefit, then you must expect a large percentage of users will be unwilling to do the extra work, no matter how big the end gain. And even if they want to change, many won't unless you provide additional, and often seemingly irrelevant, services. So it's critical to incorporate this knowledge into the business plan, product design, marketing and implementation process in order to increase your probabilities of success.

Technology adoption

Technology moves blindingly fast. Adoption is another story altogether.

Every product manager is familiar with the product adoption lifecycle and "crossing the chasm." While the steps are the same regardless of the product, what varies dramatically is the timeframe. And since time is money, the most important thing to figure out is how to shorten the adoption lifecycle.

The **Technology Acceptance Model** (TAM) is a great first step to understand why people adopt (or not) new software. Wikipedia® states:

"The **Technology Acceptance Model** (TAM) is an information systems theory (http://en.wikipedia.org/wiki/Information_systems) that models how users come to accept and use a technology. The model

suggests that when users are presented with a new software package, a number of factors influence their decision about how and when they will use it, notably:

- **Perceived usefulness** (PU)
This was defined by Fred Davis as 'the degree to which a person believes that using a particular system would enhance his or her job performance.'
- **Perceived ease-of-use** (EOU)
Davis defined this as 'the degree to which a person believes that using a particular system would be free from effort' [Davis, 1989, *MIS Quarterly*, 13(3)]."

In other words, what's the benefit and how easy is it to use? Traditionally, ease-of-use has always played second fiddle to more features, but per the TAM, ease of use is just as critical to adoption as usefulness—so the first lesson is keep it simple.

In fact, less is often more from a user's perspective. While some will want all sorts of "cool" features, most people just want to get their job done quicker and more easily.

The second is that best practices can take decades to adopt. Invariably, best practices means doing things right, which usually requires more work up front, and since most of us are busy and are used to doing things the way we've always done them, consistently following best practices is a challenge at best.

For example, CRM/sales-force automation systems promise all sorts of benefits to the sales person and organization, but it has taken two decades and billions of dollars in failed

implementations to get to a state where most sales people are comfortable with them and willing to enter their sales information into the system.

Management systems in the collision shop market are another example. Despite the proven benefits of using a management system, reducing cycle time, increasing productivity, profits, etc., it's taken nearly two decades to achieve a 50% penetration rate.

Why? Because mass adoption has required dramatic economic and cultural/generational changes in the industry. The best practices encapsulated in the management systems had to move from the extreme into the mainstream. And for the most part, that meant people literally changing jobs and bringing the new tools and ideas with them. In many cases, those new ideas and tools were rejected. But over time as more and more people were exposed to the new technologies and ideas, and a new generation of employees never knew that there was another way to do business, management systems have become standard equipment in the majority of the better shops.

On the other hand, think about the Web. In many cases it simplifies and eliminates the need to physically search for something, e.g. when was the last time you went to the library for a research project? As a result, the adoption curve has been incredibly dramatic.

So remember, if your solution requires significant extra work for extra benefits, know that the adoption lifecycle will most likely be long and arduous. Do anything possible to simplify the workflow and/or be absolutely indispensable. →

Understand the market

How often have you heard or said, "How can we go wrong, it's a virtually untapped \$X billion market?"

I know I'm guilty of that and have personally paid the price. The real question is, what percentage of the market is realistically likely to adopt your product? And are you automating the exceptions or the norm?

For example, you've created a great new window-washing tool that can clean windows 50% faster and 200% better than a standard squeegee!

Every house in America has windows, so just imagine the incredible market! But how many Americans regularly clean their home windows? Not many. You really have two markets.

1. The window washers of the world: They already believe in the virtue of clean windows and regularly spend time cleaning them. For this group, you're subtracting from their work and therefore giving them the gift of time and delivering better results in the process.
2. The rest of us: I know I should probably clean my windows more often, but heck, they're going to get dirty anyway. (Yes, I'm married and drive my wife nuts with this kind of logic.) First, you have to persuade me of the value of sparkling clean windows and then you've got to convince me your product is the best for the job. And finally, you'll most likely need to cajole me into actually using the product since it will require "extra" work on my behalf.

And that was the problem we ran into with our product. For the 1% of the shops that regularly double-checked their work, the product both simplified and improved their processes.

For the other 99%, it was a much more challenging sales and implementation/adoption process. In some cases, the users took to it like fish to water and now can't imagine not having the product. But for a large percentage it took endless cajoling and hand holding, and then as soon as we left, they stopped using it.

Better versus good enough

Growing up, I thought whip cream only came out of a can. Then I tasted homemade. One creamy spoonful and I swore I'd never go back to the can.

Now, three kids later I still love fresh homemade whipped cream, but sadly 80% of the time I rely on the can because it's quick and easy and lasts forever in the fridge. I know my pie or hot fudge sundae would taste better with the "real" stuff, but I usually don't want to take the extra five or ten minutes to make it and clean up. Besides, my kids, the primary consumers, don't even notice the difference.

Even though the stuff that comes out of the can is clearly inferior to the homemade, I use it because it's good enough and requires virtually no effort to use. And, since it's a "should have" (some would even claim a nice-to have) I'll often skip the extra benefit altogether rather than take the extra time and effort.

The same is true with software. Users will often choose "sub-optimal" solutions because they're easier, or not use anything at all because they don't like the extra work—even if it makes the difference between just okay and great.

Product design

The most successful software combines extra benefits and eliminates steps. The spell checker in Microsoft® Office Word is a great example. Why? Because the product highlights the errors as I'm writing so I don't have to take the extra step to run the spell checker.

The lesson is to eliminate as many steps as possible and provide the tightest, most seamless integration possible that delivers benefits sooner than later. One of the most common errors is the creation of yet another application that the user has to launch.



This is especially true in the business intelligence/management reporting space. All too often, these companies expect the users to launch the application and then spend their time querying the system to get the value they paid for.

What typically happens is that the software sits unused like countless pieces of gym equipment gathering dust in homes across America. As one user remarked after we showed him our reporting software:

"I'm busy. I've got ten things I absolutely need to do. Twenty I really should do—and at the end of the day, I've only done three or four of them. So just email me a report that tells me what's on fire today and how to fix it. And if you can eventually tell me what's going to catch fire tomorrow and what I can do to prevent it, great! If not, I don't want it and I'm not going to use it."

Whenever possible, push the information directly into an existing application so the user doesn't have to actually do anything to receive the benefits, e.g. instead of forcing the user to launch a separate reporting application, deliver the reports right into their email.

Sometimes what people want is really a service rather than a product. So if you can convince people of the end value, but you can't get them to actually do the work required, you may have more success bundling it into a service. After all, isn't that why people hire window washers?

Piggyback marketing

Once you've built the product, focus your marketing and sales efforts on the most likely early adopters. The best way to do that is to find prospects that are already practicing what you preach. Otherwise, you're going to waste a lot of money and time on unqualified prospects who even if they buy your product may actually never use it.

I recently had this challenge with a client that has a really great product for analyzing open-ended feedback. The company believed we should try to convince everybody of the value of collecting customer feedback and then why open-ended comments were more valuable than closed-ended structured data. Under that scenario, a sales person would spend a lot of valuable time convincing a prospect why they should implement best practices in customer feedback—and then how our tool could improve the process. Talk about a long and arduous sales cycle!

My recommendation was that the company should identify companies that had already adopted best practices and focus their efforts on selling how the solution could simplify and improve what they're already doing. Instead of trying to create an entirely new initiative, the company could piggyback upon an existing corporate project that already has executive sponsorship, corporate buy in and committed resources.

So whenever possible, identify "hot" best practices methodologies that already have significant traction and integrate your product and marketing into that existing market. Now instead of competing for attention with Six Sigma® or NetPromoter, you're an enabler that can feed into the larger ecosystem.

It may take you years and decades to focus on marketing "best practices" to industry influencers and thought leaders in order to grow the potential market for your product.

Implementation

While it would be wonderful to only sell to incredibly motivated customers and users that don't need any assistance, the reality is that a large percentage of your customers will both be implementing your software and best practices for the first time.

It's not enough to train users how to use the software—you need to show them the value and get their buy in.

In fact, I learned a very painful but important lesson during my first product management job:

**The success of product/project =
the quality of the product or plan × the % buy in**

Unfortunately, I learned that lesson too late but it's always stuck with me and I have used that equation to good effect ever since.

If you're going to force change on an organization or users, here are a few suggestions:

- **Get the buy in at both the top and the bottom.** It's not enough to think that getting the CEO to buy in will lead to user buy in. If enough users squawk and the CEO begins viewing your product as too disruptive, the product will usually be ejected.
- **Start slowly.** Don't overwhelm the users with too much in the beginning. Help them get comfortable with the basics. It's important that they feel they're getting as much pain-free value as possible.
- **Move the cheese.** Talk is cheap, compensation is golden. If you want your users to do something different, compensate them for the perceived extra work. Nothing guarantees failure faster than when an employee is told to do one thing and rewarded for something entirely different.
- **Change the org chart.** New technologies require new processes and positions to leverage and support the new infrastructure.
- **Create standard operating procedures.** Work with the users to create new standard operating procedures that they agree to and can easily follow. Don't expect them to magically figure out how best to incorporate the new technology into their organization.
- **Be there.** People hire personal trainers because they know that particularly in the beginning, a little extra push and encouragement to overcome their inertia is needed. →

Empathy

I've worked in seven different verticals at four different companies, and I always hear the same complaint from product managers and engineers. "Our users aren't like other customers. They're technologically unsophisticated laggards."

As a result, I've come to the conclusion that our users aren't the ones who are different, we just happen to be in love with computers and our products. So every time I hear complaints about our users' IQ and how easy our product is to use, I ask, "Can you explain how to forward a phone call?"

In all my years, I've only met a handful of people who actually know how to forward a phone call. Most of us just tell the caller, "Uh, I'll try, but if I lose you, call his direct line." and then we press some buttons and hope the call went through.

So remember for product success, have empathy for your users and don't expect them to be as enthusiastic as you are about your product and willing to go the extra mile (or inch) to make it work.



Kevin Mireles helps online publishers and software companies develop and market new products. Kevin is a former reporter and publisher, who over the last 10 years has created a bilingual Spanish-English quarterly, led one of the earliest commercial Web services implementations and product managed hosted software solutions in the real estate, insurance, collision repair and maintenance verticals.

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The bottom line

Just because something is good for you, doesn't mean people will do it. Don't get blinded by the potential ROI of your product. Get out from behind your spreadsheet and start thinking like a typical user who's got a thousand things to do and just wants to get home to see their kids.

And remember:

- The Road to Hell is paved with good intentions which is why people often say one thing and do something entirely different.
- Understand whether you're automating an existing standard or enabling a yet-to-be-widely-adopted process to accurately identify the size of your market.
- Subtract, don't add to your user's work, otherwise you'll increase your implementation costs and reduce your adoption rate.
- Piggyback your marketing and sales efforts on existing methodologies and markets instead of trying to position your product as something entirely new.

- Change takes effort above and beyond just teaching people what buttons to press, so be prepared to provide professional services.
- Be empathetic. Try to imagine yourself in your customer's shoes and ask yourself, "How can I make their life easier?"

And finally, while it's hard to be dispassionate about the benefits of fresh whipped cream, realize that for most people "fresh" from the can is good enough—and as a result "better" generally loses to "easier" in the marketplace.

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The Industry Standard in Technology Product Management and Marketing Education.

A Framework for Creating **Effective Product Presentations**

By Mark J. Tiedeman

A salesperson in your company calls you saying that she needs the latest product presentation as soon as possible for a meeting with a customer prospect. Another salesperson contacts you because he needs to provide a technically oriented audience at an existing customer site a detailed product update. Your CEO stops by and asks you to create a few product overview slides to include in his presentation to investors, analysts and the media. And you must not forget to keep updated the product presentations you use to train your company's sales and marketing teams and distribution partners. With such diverse demands, how do you create the most effective product presentation for each audience?

These are typical situations product and marketing managers encounter on a regular basis. They must provide a constant and up-to-date flow of information to the sales team, customers, and partners about the products they manage in order to facilitate the sales process, as well as to other external stakeholders, such as investors, analysts and the media, to communicate and enhance the perception of the company. Is it possible to create one generic presentation to address all situations? Unfortunately, the answer is "no." Too often, "canned" product presentations miss their mark instead of properly aligning with their purpose, audience and situation.

This article provides a framework for creating effective product presentations with emphasis on such presentations to customers.

What is the purpose of your presentation?

Clearly understanding a presentation's purpose is the most critical factor in developing a successful presentation. A given product presentation should have one of the following as its primary purpose with one or both of the others as possible secondary purposes:

- **Education** – all product presentations should be designed to provide useful information to the listener. Presentations vary by the amount and level of such information according to the needs of the audience and, for customers, where you are in the sales cycle.
- **Persuasion** – all product presentations have, as a goal, to enhance the value of the product as perceived by the listener. Depending on the circumstance, some presentations will be more overt than others in persuasion style. For example, even in situations where a customer wants “just the facts and no sales pitch,” there is the opportunity to present to the customer the facts (e.g. features, specifications, internal design/architecture) along with their benefits.
- **Training** – a special form of education concentrating on “what” and “how to.” For example, for a customer, the presentation may provide an overview of what a feature does and how to use it. For a salesperson or distribution partner, the presentation may explain how to position the product or a feature, both in terms of its application and how it compares to competitive offerings.

To further clarify the presentation's purpose, you should answer the following questions:

- What do you want your audience to take away from the presentation?
- What is the essence of your message? What are the top three to five points?
- What defines “success” for the presentation? What outcome do you want to achieve?
- If the product presentation is part of a larger set of presentations being given, where does the product presentation fit into the overall agenda and what are its relationships to the other presentations? ➔

Who is the audience for your presentation?

It is crucial to understand the audience of your presentation because it allows you to provide the right information in the right manner and at the appropriate level of detail necessary to achieve the purpose. (A common mistake in product presentations is in not properly calibrating the level of technical detail to the audience. The tendency is to provide too much detail and not emphasize enough of the product's applications and benefits.) In short, the audience is your customer and your job is to meet/exceed their expectations.

Product presentation audiences can be segmented as follows:

- Within your company: sales, sales engineer, customer support, marketing, product management
- Distribution or solution partner: sales, sales engineer, engineering, support, marketing, manager, executive

- Customer: purchasing, engineering, operations, support, manager, executive. Additionally, customers should be segmented, as appropriate, by market and/or application.

- Investors
- Industry and market analysts
- Media

Wherever possible, seek to understand your audience beyond these general categories and incorporate that knowledge into your presentation. Individuals with similar titles often have very different backgrounds and interests, and their companies have unique situations. Key questions to answer about your audience include:

- What are their primary interests and "hot buttons"?
- What do they want to get out of the presentation? What specific questions and topics do they want covered?

- What perceptions (positive and negative), if any, does the audience have regarding your company and products?
- What is their background?

Where are you in the sales cycle?

The goal of enhancing the value of the product as perceived by the customer means that you are always selling when giving presentations to customers. (As previously mentioned, there is a range of how overt you can and should be. This should be discussed in advance with your sales team.) As such, the presentation must fit into and support where you are in the sales cycle. The table below shows a simplified sales model consisting of four phases. Within each phase, the company has certain things it wishes to accomplish. In parallel, the customer is following a purchase cycle with its associated needs.

Simplified Sales Model

Sales Cycle Phase	Phase 1 Strategy and Prospect/Lead Identification	Phase 2 Qualification	Phase 3 Proposal	Phase 4 Service and Support
Company objectives/tasks	Trained sales team and partners to execute sales cycle.	Determine if prospect is good match for product. If qualified, get to proposal stage.	Provide all information necessary to help customer make purchase decision. Get the sale.	Help customer use product most effectively. Provide customer with information about upcoming product capabilities and uses.
Customer needs	Identify business problems and needs.	Determine if the company and its products can address problems/needs.	Due diligence before purchasing.	Find out how something works. Find out what is new and coming.

Questions to answer include:

- How does the presentation fit into the overall sales strategy?
- What has happened with this customer in the past and what do you want to have happen next and in the future with this customer?

Types of product presentations

Given the multiple stages of the sales cycle and the diversity of audiences, product presentations can be categorized as follows:

• Introductory

The Introductory product presentation is typical in the early stage of the sales cycle. Its purpose is to whet the customer's appetite to learn more about the product in a subsequent meeting where additional people (typically including decision-makers, stakeholders and influencers) will attend. As such, the Introductory product presentation only highlights the main product capabilities and attributes and focuses on their benefits and advantages to the customer. Specific questions the audience has at this stage are:

- Why do I need this product?
What is being offered?
- Why is this the best solution for my needs and problems?
What is the value proposition to me?
- What can the product do for me now? What can it do for me in the future?

• Comprehensive

The Comprehensive product presentation provides a complete and thorough overview of the product, its features, capabilities, uses, applications, benefits, and competitive position. Please note that "comprehensive" includes what is relevant to the audience and their problems, needs and situation. For example, a given product may serve multiple markets and some features may not be applicable to certain market segments.

• Deep Dive

The Deep Dive product presentation is specialized on one or a few topics that are of interest to a specific audience. A common example is a presentation about a product's system-level architecture or about the detailed operation and design of a feature to a highly technical audience. Deep Dive presentations are typically created in response to a customer request for specific information. It is very important to understand who the audience is for this presentation, what they want and expect, and why.

• Update

The Update product presentation answers the question: "What is new and different from last time?" Of course, "last time" varies by audience and can range from a few months to over a year. An Update presentation assumes that the audience already has familiarity with the product; however, if it has been awhile or there have been personnel changes, it may include a brief product summary at the start.

• Sales Training

The Sales Training product presentation encompasses the Comprehensive product presentation coupled with product positioning and competitive analysis. Its audience includes both the company's direct sales force and distribution partners. Training aimed at sales engineers will be more technical than training aimed at salespeople. Please note that as with customer presentations, sales presentations may include Deep Dive and Update types.



The table below summarizes the relationship between the types of product presentations and for which stage of the sales cycle they are most appropriate.

Sales Cycle Phase	Phase 1 Strategy and Prospect/Lead Identification	Phase 2 Qualification	Phase 3 Proposal	Phase 4 Service and Support
Typical Product	Sales Training	Introductory	Comprehensive Deep Dive Update—for long sales cycles	Deep Dive Update

Helpful hints

Of the scores of product presentations I have given, I found that I always customize each product presentation—sometimes only slightly—for several reasons. First, every customer is unique—their needs, wants and situation/environment. Not every customer is interested in all features or the same feature subset. Ultimately, you are there to solve their problems. Second, changes occur rapidly over a short time for both the product and company as well as for the customer, that necessitate presentation updates. For example, it is not unusual for a product's roadmap or competitive positioning to evolve over a few months necessitating product presentation updates. Third, I incorporate what worked and correct what did not work well from previous presentations. The good news is that by maintaining a “library” of product presentations, I can most often leverage previous materials rather than start from scratch.

Although mentioned earlier in this article, it is worth mentioning again: it is all too easy to focus too much on technology and features. Customers don't buy technology, they buy solutions. They buy what the technology can do for them. While some presentations are highly technical, such as the Deep Dive, it is important to never lose sight of what the technological and feature benefits are and what they all mean to the customer.

Giving a presentation is a golden opportunity to learn. Although the act of “presenting” connotes a one-way form of communication, you should always have as an objective to learn from your audience. I view presentations more as a dialogue and use two techniques to foster two-way communication. First, I like to have the customer talk or present *before* my presentation. Not only does this help to “break the ice” and establish a rhythm to the meeting, but I invariably learn things from the customer that I use later in my presentation (e.g. emphasizing a particular product benefit). Second, I will pause at certain points during the presentation and ask questions. This allows for feedback,

ensures that I clearly understand a customer's situation, and verifies such things as assumptions and priorities.

Always find out in advance how much time the meeting will take and how much time is allocated to your presentation. Armed with this knowledge, you should determine how much time you will need and, if necessary and possible, work to adjust the agenda accordingly. The amount of time you have to present determines how much material can be covered and how much detail you can go into. Remember to leave time for questions—both for the ones the audience may ask and for the ones you will ask. In my experience, this tends to consume more time than expected as discussions often ensue.

Product presentation topics

Following is a list of topics typically included in a technology product presentation. Which topics to include, their order and the level of detail depend on the situation. However, each section in the presentation should relate directly to the presentation's purpose and key messages. Additionally, a product demonstration may be incorporated as part of or as an addition to the presentation.

- Company overview and history
- Key presentation points
- Vision, value proposition and product differentiators
- Features
- Applications
- Product and feature configurations
- Pricing
- Competitive comparisons and positioning
- Roadmap
- Conclusion/next steps
- Backup slides



Conclusion

The effective product presentation framework requires knowing three things: purpose, audience, and the sales cycle phase you are in. By answering the detailed questions in this article associated with these things, you will be highly prepared to deliver that “killer” product presentation. The rest—product-related knowledge and presentation style—is up to you. **omc**



Mark Tiedeman has over 25 years in the high-tech telecommunications industry including 15 years in senior

product management and marketing roles. He has served as Vice President of Marketing at Copper Mountain Networks and at Tut Systems and is currently providing marketing and product management consulting services. You can contact Mark at samt1@cox.net

Book Reviews

Death by Meeting and *The Five Dysfunctions of a Team*

Patrick Lencioni has a message: conflict is good. And his books show us that the way to deal with internal conflict is with better meetings and better teams. He conveys his ideas in story form and you can't help but be drawn into his world.

In *Death by Meeting*, our hero is Casey McDaniel, the CEO of a software company who has disastrous meetings. McDaniel feels that meetings keep us from real work until his mentor shows him that meetings are work! The problem with meetings is not that we have too many; in fact, we have too few! The real problem with meetings is that we have the same one over and over again, yet we never resolve the issues that are driving the meetings.

If you've ever been in a never-ending meeting, you'll appreciate the wisdom of *Death by Meeting*.

In *The Five Dysfunctions of a Team*, another CEO at another software company is wrestling with the lack of cohesion among her senior executives. All of the VPs are completely focused on their departments. Each thinks the company would be fine if the other departments could get their acts together. The real problem is that they have different, and conflicting, objectives. The CEO shows how they can align their objectives and resolve conflicts in the spirit of teamwork.

I admit I found this book troublingly familiar. How many staff meetings in my past worked just like this? And did I behave like this character? Ouch! I expect most executives will find a kindred spirit in this fable.

Meetings can be good. Conflicts can be good. The focus of the team should be on our overall corporate objective. Lencioni's books show us the way.

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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™*. Contact Steve at sjohnson@PragmaticMarketing.com

Investment in Customer Advisory Programs Helps Build Business

By Sherri Dorfman

What do **Monster.com**, **Sovereign Bank** and **Harvard Pilgrim Health Care, Inc.** have in common? They all listen to their customers and act on this insight. They collaborate with their customers to keep up with their evolving needs, staying one step ahead of competition.

In fact, these three customer-focused companies have been running *Customer Advisory Programs* for several years. They have evolved their Customer Advisory Program based on the lessons they have learned and the changing needs of their business. All three companies involve their customers in planning and running the Advisory Council activities.

These companies benefit by making the right resource investments to build business with their customers.

Successful customer advisory program approaches

These veterans have definite opinions about what factors are required to make their Customer Advisory Programs successful. During recent interviews with senior management overseeing the program, they identified four key factors:

1. Carefully selecting program participants
2. Clearly setting expectations for the program
3. Engaging customers with company strategy
4. Delivering mutual benefit for the company and customer

Carefully selecting program participants

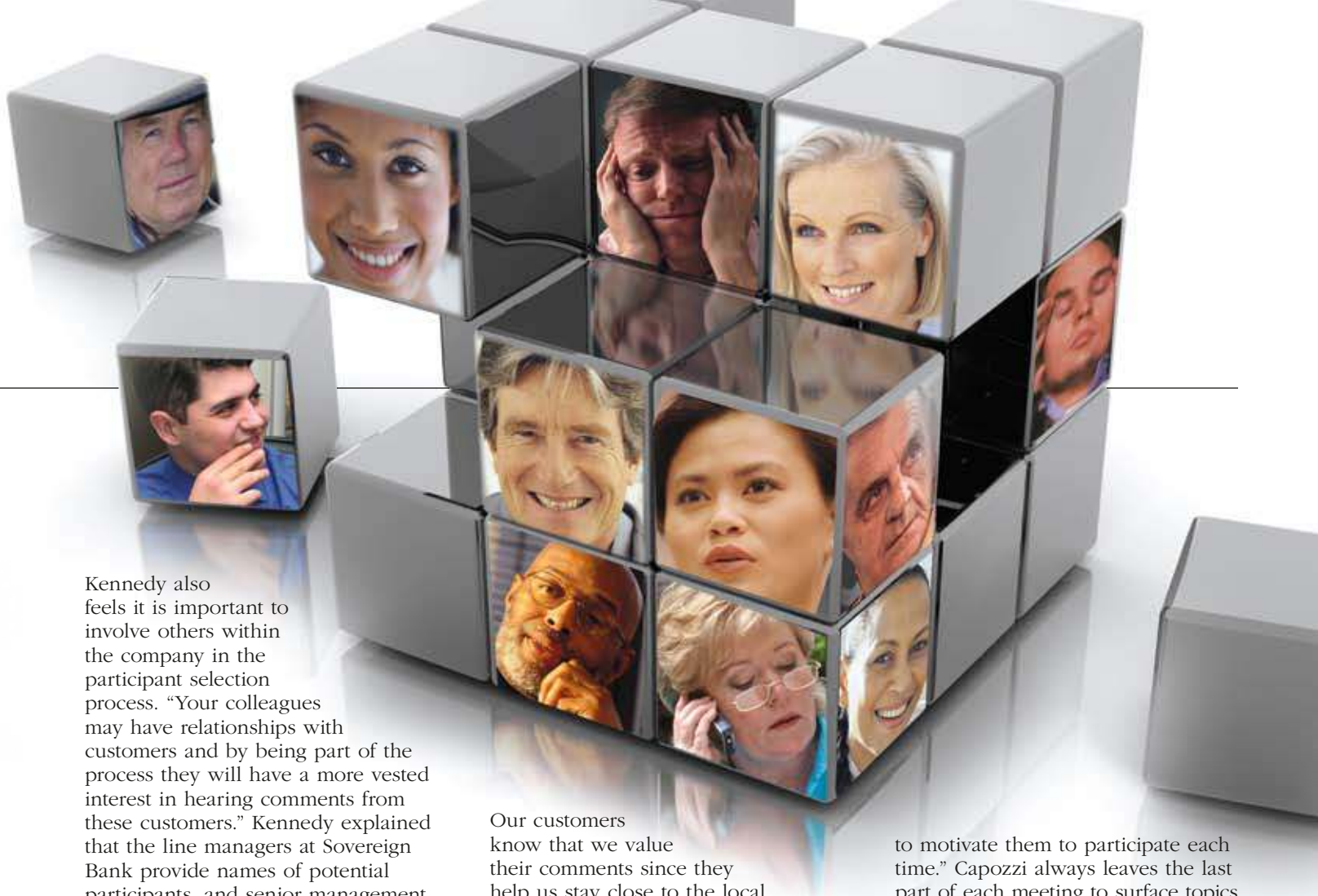
After defining program objectives, companies devise a target profile for selecting participants. One company may want to focus their program on marketing activities and elect to recruit product buyers. Another company interested in product development may decide to recruit users. There are many other considerations when hand-picking your customers for the program. The decision is based on your company's segmentation strategy. You may choose customers from specific segments, by industry, title, or geography.

Monster's SVP of Strategy, Planning and Research, Marcel Legrand believes it is essential to recruit customers with similar business needs to participate in the program. "We started with one advisory

council three years ago. We found there were differences in the ways companies from various industries were using our online employment services. We have since launched two additional Councils for key niches in Healthcare and Staffing."

Harvard Pilgrim Health Care's Vin Capozzi, SVP of Sales and Marketing, stresses the importance of recruiting like-minded participants who feel comfortable contributing ideas alongside their peers. "We run different Customer Councils for Executives and for middle management," explains Capozzi. "The Executives have issues and concerns at a much more strategic level. They would not be interested in delving into the detail that we discuss in the middle management Advisory Council meetings."

Sovereign Bank's SVP of Community Development, New England Division, Tom Kennedy emphasized the need to set up different Customer Advisory Boards to align with company strategy. "We have six advisory boards organized by geography. Over four years ago, we started with one Advisory Board for Massachusetts and have since launched boards in three other states including Connecticut, New Hampshire and Rhode Island." Sovereign Bank purposely set up their program this way to align with their strategy to have decisions made at the local level. "We recruit customers and other community leaders who can bring in the political, economic and social issues. Together we discuss these issues and determine how we can meet their banking needs within this local landscape."



Kennedy also feels it is important to involve others within the company in the participant selection process. "Your colleagues may have relationships with customers and by being part of the process they will have a more vested interest in hearing comments from these customers." Kennedy explained that the line managers at Sovereign Bank provide names of potential participants, and senior management decides which customers would be the best additions to the Advisory Board Program.

Clearly setting expectations for the program

When designing the Customer Advisory Program, it is important to set the expectations and requirements for participation and then clearly communicate them in the program invitation. For example, do you expect the participants to do any homework or preparation (i.e. review company strategy presentations, complete a survey) before attending a Customer Advisory session? Will these customers need to attend a set number of face-to-face meetings to remain in the program? Will they be involved in any follow up conversations on the selected initiatives?

Sovereign Bank's Kennedy views their Advisory Board Program as a competitive advantage. "We are there to get feedback on our bank's strategy.

Our customers know that we value their comments since they help us stay close to the local market." These customers play an advisory and not a fiduciary role, according to Kennedy. "We make it clear that we are there to collect wisdom which will be reflected in management decisions." Kennedy stated that participants are required to attend a majority of the Board meetings in order to remain in the program.

Capozzi believes **Harvard Pilgrim Health Care's** Program has been successful because "our customers know that we are there to listen to their issues and ideas and to take action on them." Harvard Pilgrim also views their program as a competitive advantage since these customers have valuable insight to offer.

Capozzi involves these customers in creating the agenda for each Council meeting. "They choose topics that they want to discuss. This is not a dog and pony show... all about us. We need to select topics of interest to our customers

to motivate them to participate each time." Capozzi always leaves the last part of each meeting to surface topics for the next Advisory Council session.

Legrand explains that **Monster** "believes strongly in Customer Intimacy" and has built this program to stay close to the customer. "Our Council participants know their role in surfacing both issues and ideas. We involve our customers in setting the agenda and we also send them Monster's Business Review documents to read before the meeting. This way we can spend less time on the past and we can together focus on the future."

Monster is very clear about what they will and will not do with the suggestions that they are given by the customers in the program, explains Legrand. The initiatives that Monster decides to undertake are described in the Action Notes that are distributed to the participants. Council members have the option to sign up to further discuss one of these initiatives during a future conference call.



Engaging customers with company strategy

Why would customers agree to take time out of their busy schedules to think about your business? These program veterans have indicated that if customers feel part of the team and believe they are positively impacting the company's direction, they will look forward to participating in these sessions.

Harvard Pilgrim Health Care's

Capozzi wants to hear what is on the customer's mind. "They have a job to do and by participating in the Council, they are influencing what we offer them and how we work with them."

Capozzi motivates these customers to come to each session by demonstrating that Harvard Pilgrim is listening to them. "We have a flexible agenda and begin each session with an open discussion for up to an hour." Capozzi reviews with customers what has been done with their feedback from previous meetings. Within a week of the session, he has the meeting notes distributed to the program participants. This engenders a true sense of involvement in the setting of a company's business strategy.

Legrand also begins each **Monster** Council meeting by letting the customers discuss what is on their mind. "Our customers tell us what Monster does well and what we need to improve. With their comments, these customers have guided the development of new services in terms of what we offer and how they are presented."

At **Sovereign Bank** Advisory Board meetings, Kennedy builds the agenda from the previous meeting, covering important topics from the customer's perspective. "Our customers in the Council program play a role in confirming what we have heard from others. They are a good bellwether for us. Our customers provide input on programs, which meet their local needs. This is an important part of our company strategy," explains Kennedy.

Delivering mutual benefit for the company and the customer

When designing an Advisory Council Program, companies need to think about the benefits they can offer to their customers for their participation. All three companies interviewed do not offer cash compensation for program participation. Instead, they offer non-cash currencies that their customers value, such as the ability to influence company direction, a peek at new offerings, as well as networking with and learning from other colleagues. In return, the companies gain valuable insight into their proposed strategies and tactics, which helps them remain aligned with customer needs.

Capozzi states that **Harvard Pilgrim Health Care's** Council customers learn from each other. For example, "they learn how their peers have made decisions that they are considering such as the benefits of consolidating with one carrier." He also schedules time at the beginning of each session to let companies network with other businesses in the Council Program. "This gives them incentive to arrive on time since they want to speak with their peers. Finally, we try to make our meetings interactive and entertaining." Capozzi may show a video on a new program and ask them to vote on different ideas.

Legrand also mentioned that **Monster's** customers value time to network with other participants. "Our customers also see the benefit of contributing in the program since their success depends on Monster's success." Monster benefits from hearing about the unique needs of their healthcare and staffing customers. Their Advisory Council program serves as a sounding board for many new initiatives.



Kennedy believes that **Sovereign Bank's** Advisory Board members benefit by hearing about and discussing local initiatives, which are most relevant for their business. Sovereign Bank learns about how these local issues impact their customer's business and leverages this insight to shape company strategies.

Learning from the veterans

Whether you are developing a Customer Advisory program for the first time or refining an existing one, you can benefit from the approaches shared by Sovereign Bank, Monster and Harvard Pilgrim Health Care.

These veterans have gained insight and influence by involving their customers in planning, running and guiding their Customer Advisory Program. They are also flexible in the way they are evolving their programs to deliver mutual benefit to the company and customers. By listening closely to their customers, Sovereign Bank, Monster and Harvard Pilgrim Health Care motivate them to contribute their ideas and input to their company's direction, keeping these businesses one-step ahead of their competitors.

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Sherri Dorfman is the founder and Chief Customer Ambassador at Stepping Stone Partners, a consulting firm that helps companies make the right investments in products, services and programs that drive revenue. She offers a Customer Advisory Program Workshop to help companies get started by developing a Customer Advisory Program Plan. Contact Sherri at sdorfman@stepping-stone.net. Read more about Customer Advisory Programs at www.stepping-stone.net/cac.html

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