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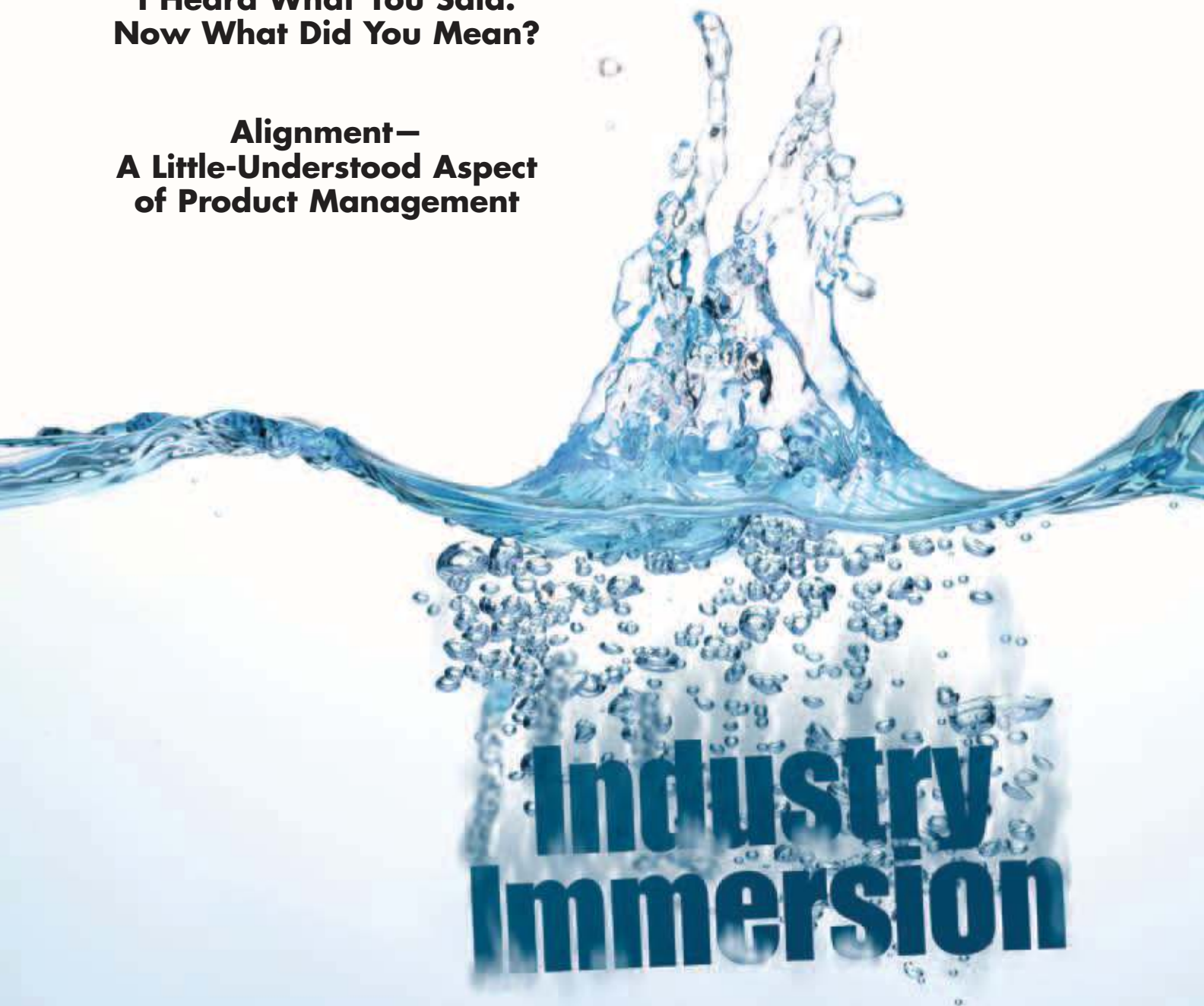
The Pragmatic Marketer™

Volume 7 Issue 3

2009

**I Heard What You Said.
Now What Did You Mean?**

**Alignment—
A Little-Understood Aspect
of Product Management**



**Industry
Immersion**

FREE eBook



The Strategic Role of Product Management

How a market-driven focus leads companies
to build products people want to buy

By Steve Johnson



This free e-book explains why product management can and should play a strategic role in a technology company. One which ensures products are created not just because they can be, or because someone thinks it is a good idea but because someone has listened to the market, identified an urgent and pervasive problem, and determined that people are willing to pay to solve it.

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About Pragmatic Marketing®

Pragmatic Marketing provides training seminars, onsite workshops, consulting services and an online resource center for technology product managers, product marketers and the executives who lead them.

Over 60,000 product management and marketing professionals at 4,500 companies in the United States, Australia, Canada, England, Finland, France, Germany, Hong Kong, India, Japan, Singapore and South Africa have been trained with the Pragmatic Marketing Framework, a practical, market-driven approach to creating and delivering technology products. More than 10,000 have become Pragmatic Marketing Certified, the world's leading product management certification program.

Creators of the best-selling book *Tuned In: Uncover the Extraordinary Opportunities That Lead to Business Breakthroughs*, Pragmatic Marketing has been recognized three times by *Inc.* magazine as one of America's fastest growing private companies (2000, 2007, 2008) and named a Comerica Bank Arizona Company to Watch in 2008.

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Inside this issue:

Volume 7 Issue 3 • 2009



6 Industry Immersion

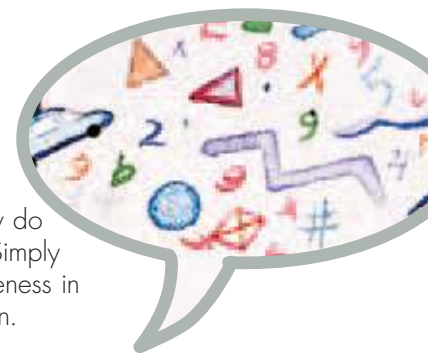
By Adam Bullied

An important part of being a product manager lies in understanding the industry where your product competes. Contrary to popular opinion, you don't actually require hands-on market experience to understand a market. What you really need is the determination to immerse yourself in it.

16 I Heard What You Said. Now What Did You Mean?

By Mike Nalls

Now that you've created the personas of your prospective buyers and positioned your products for them, how do you communicate your unique value? Simply put, your messaging must create awareness in your audiences and compel their action.



23 Ask the Expert

By Jim Foxworthy

How Do You Measure the Results of Product Management?



26 Alignment—A Little-Understood Aspect of Product Management

By Mike Taylor and Frank Tait

Knowing and understanding the customer is often called alignment. This article provides a foundation for the concept of alignment and relates it to several key components of the Pragmatic Marketing Framework™.

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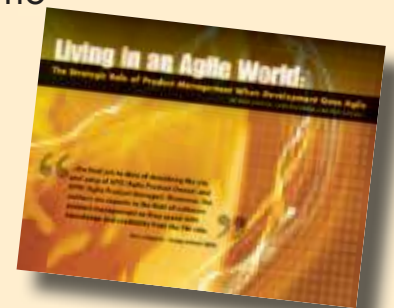
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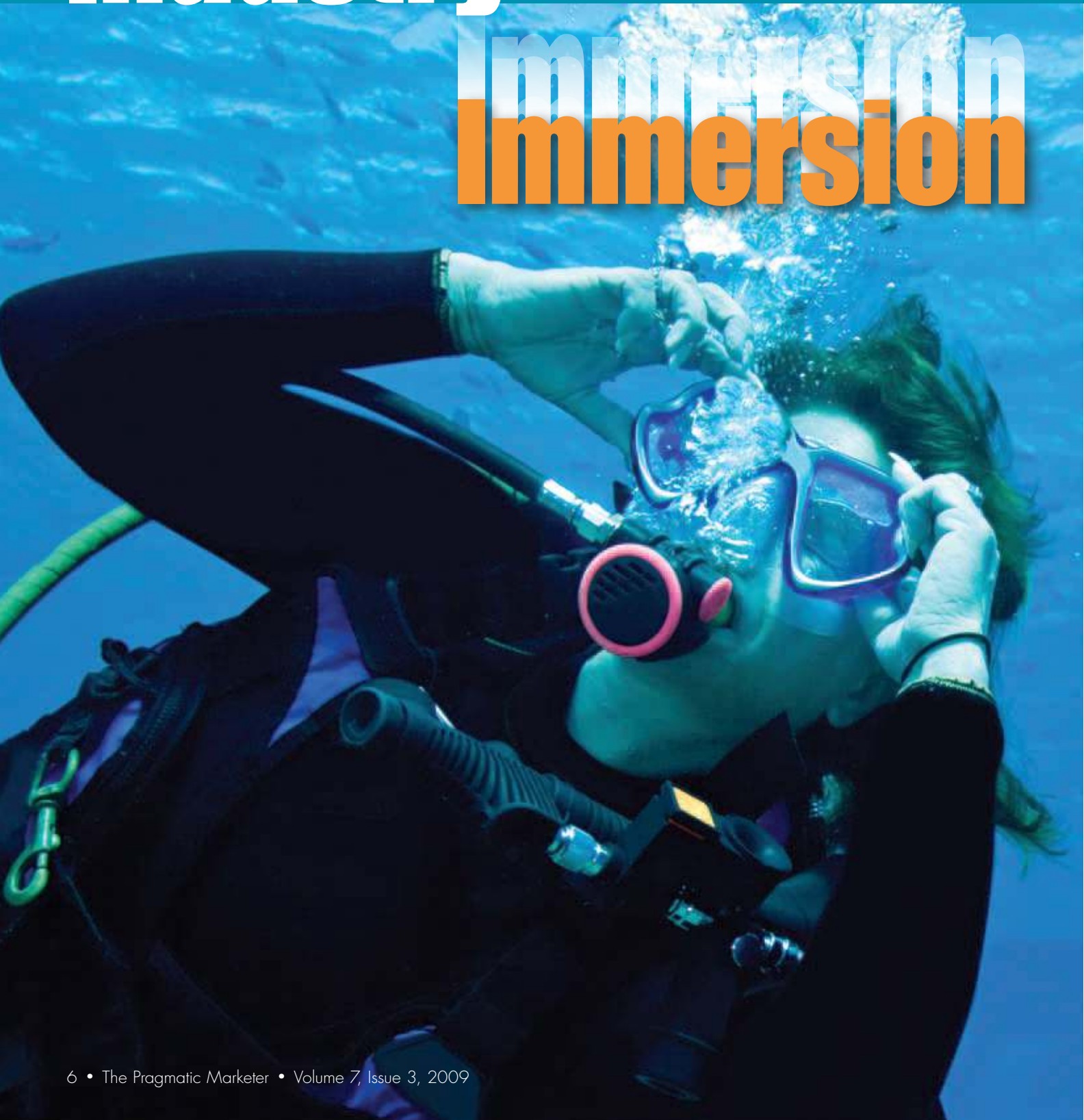
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Industry

By Adam Bullied

Immersion



Wikipedia defines “industry” as the aggregate of manufacturing or technically productive enterprises in a particular field, often named after its principal product. Many people get this confused with domain experience, which (in my view) comes from having worked within a specific industry for several years. This article explains how to take on the role of product manager in an industry where you have limited experience. Essentially, success means immersing yourself in that industry.

An important part of being a product manager lies in understanding the industry where your product competes. Contrary to popular opinion, you don’t actually require hands-on market experience to understand a market. What you really need is the determination to immerse yourself in it.

Simply put, when you don’t have actual experience in a market, you first need to understand the customers within that space. This understanding is achieved by reading everything you can, viewing every video you can, and constantly talking to everyone you can. Until you get it. Until you really understand the industry.

I’ve immersed myself in four new market spaces in my career. Here are some examples of the sources I study—regularly and intensely—for the first three or four months:

- Analyst reports
- Web searches
- Blogs
- Competitive data and analysis
- Twitter
- Web analytics
- Sales data
- Client/user interviews and discussions
- Internal feedback



Analyst reports

Many analysts spend their time living within specific industries. Consider industry analyst firms such as Forrester, Canalys, Gartner, and IDC. All are great organizations, and most will release some excerpts of their analysis via press releases and free reports.

Unfortunately, accessing complete reports is a very expensive way to get the knowledge you need. And many times, the information they present is not compatible with what your own research shows.

It's not that I don't trust analysts—because I do. For the most part, they put hard work and time into their reports. But remember: They aren't the ones out there competing in your market, selling your product, trying to close deals with your customers. If they say one thing, and you find the opposite, believe your own research first. Chances are, you're right.

Web searches

Researching by way of Google, Yahoo!, and other search engines can be time consuming. But it can also yield interesting results and information you may not find elsewhere.

Web searches are critical to understanding your market, customers, and competition. Does a competitor have a blog? A user forum? Do they

use Twitter? What are other sites saying about them? These are the types of questions you can often answer by way of a few hours spent with a search engine.

Blogs

Finding blogs written by folks that are passionate about your industry can be an invaluable source of information. And those writers might turn out to be some of your best community members or even customers. Strike up a relationship with them as best you can, and see if they will take part in your product surveys and betas, answer basic questions, and more.

There are numerous blog search engines available. The two favorite I've had success with are Google Blog Search and Icerocket. I recommend continuously crafting fresh searches for new information (posted in the last week or month—depending on the posting volume and your eagerness for information), as well as subscribing to the RSS feeds for those results.

Think about other ways to leverage blog searches. You can use blogs not only to find information about an industry or your own company and products, but they can help you gather details about your competitors, as well.



Competitive data and analysis

Competitive analysis is one of the best ways to gather information about the industry in which your product competes, as well as about specific competitors. This is especially important when you are responsible for creating entry barriers against them, rolling out effective competitive pricing strategies, and even taking business away from them.

Remember, this competitive analysis does not have to be complex when you are just starting to immerse yourself in a new industry. Here are some helpful pointers that have gotten me through gathering competitive knowledge in the past:

- Do a feature-by-feature breakdown (simple spreadsheet).
- Determine how you might position your product against a competitor.
- Complete a very basic SWOT analysis (Strengths, Weaknesses, Opportunities, Threats).
- Gather pricing details to figure out how you stack up.
- Collect any marketing materials you can (sell sheets, case studies, and other collateral).

The key to competitive analysis is to select three to five companies, get management agreement on that group, and go from there. You will end up using this information in concert with all of the other data you gather, so don't spend many weeks analyzing five or more competitors.

Twitter

Your mileage will definitely vary with Twitter. As a relatively new business tool, many organizations will not have a deep enough presence to matter to you. For example, if you are managing a steel product, you might not get the same Twitter data as if you are managing a new iPhone app.

If you find Twitter produces meaningful results, however, consider setting up search queries for each of your competitors and their products (and, in turn, subscribe to associated RSS feeds, so you don't have to remember to search manually).

If you are working for a public company, you should also consider StockTwits, which provide alerts about stock prices and news. For example, if you are a product manager for Dell, you might want to set up a query for tweets mentioning Apple.



Before Immersion Begins

Before immersing yourself in any industry, there are a few things you must first understand. Here are three of the most important.

Know the problem

At the very least, you need a basic understanding of the problem you are trying to solve. This seems simple, and you may be thinking, “Of course, I know that.” But there are many circumstances where you actually don’t—and where the company for which you are working doesn’t either. For example:

- The company is angel-backed. Many times, angel investors will seek out great people and back them—assuming that smart folks will eventually figure out the path to success.
- The company is VC-backed and pushing the business to do things that may not make sense, but could result in revenue.
- You may in fact have been hired to identify and define a market problem.
- The company is in transition, and senior management is currently working to identify market problems to which their technology applies.

If you are in a situation where no one seems to care about the problem you’re trying to solve, you need to fight to address that fundamental requirement—or find something else to do. Product managers have no business being at a company where solving a market problem doesn’t matter.

Another flag is a company that attempts to solve too many market problems. A cliché applies here: Just because you can

do something, doesn’t mean you should. Start-ups with a “cool” technology patent often stumble on that cliché. They can always think of lots of things their technology could do that no one else can.

Understand market needs

One of the hardest lessons organizations must learn, and adhere to, is a simple one: If you don’t know exactly for whom you are building a product and what they do, you are already lost.

As the product manager, if you can’t clearly identify your market segments, why they would use or buy your product (i.e., the problem you are solving), and what makes you unique, you have some work to do.

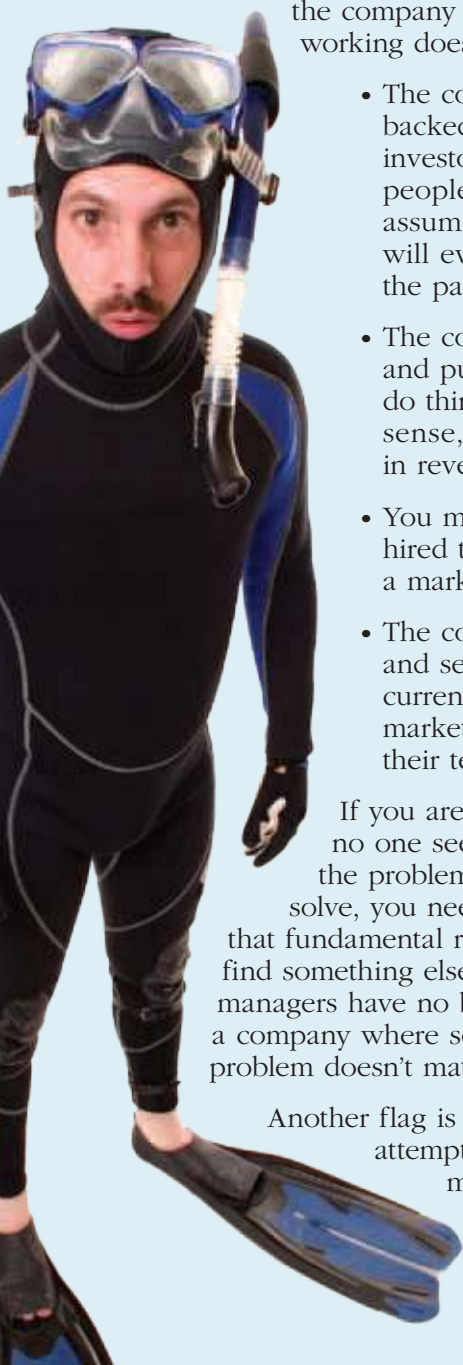
Logically, after answering the question about the problem you are solving, the next natural question to ask is “for whom?” It’s crucial that be answered upfront because it can have core product impact. For example, you may be building CRM software—but that product is going to look drastically different if the CRM software is meant for investment bankers as opposed to vacuum salesmen.

Stay focused

The rules of probability favor companies that are laser-focused on a specific solution for a specific market rather than those that do everything under the sun.

What’s your answer to this question: If one of your clients offered you \$10,000 to paint his house over the weekend, would you take it? Yes, this is an extreme case. But it makes the simple point that in order to understand your industry and take your product to the next level, you have to be comfortable (and your investors/backers have to be comfortable) with leaving money on the table.

If that’s not the case at your company, I recommend you try to shift that philosophy, if you can. If you are unsuccessful, you will need to make the choice about whether or not you want to continue to work in that type of environment.



Web analytics

If your product isn't currently aggregating web analytics, first find out why not, and then start doing it. The easiest way to begin is by using a packaged tool, such as Google Analytics or Omniture—which provide a plethora of information about your web traffic.

With these tools, you can't realistically sort through *all* of the information they provide. Instead, work with your senior management team to establish Key Performance Indicators (KPIs). KPIs are crucial to help you understand why your product might be up in web search rankings—but, more importantly, why it might be down.

Best of all, web analytics can help you figure out how you are performing against your competitors. Services like Compete provide a basic comparative picture. And Google Analytics offers complete industry benchmarking, so you can compare and contrast your product's performance (albeit anonymously) with others in the same industry.

Analytics are an important part of the industry immersion puzzle—but they aren't the only answer. You can easily develop a nasty habit of relying too much on analytics. Remember, there are lies, damn lies, and statistics. Keep a solid perspective, and always ask qualitative questions before acting on analytical data—“Why?” and “What does that really mean for our users?”

Sales data

Ah, sales data. This element of industry immersion is so faceted that it's difficult to cover all of the important elements. But here are two keys that can help you build insight:

- Sales pipeline
- Win/loss analysis

Sales pipeline. In order to successfully grasp the industry and your business, you absolutely must have a sense of your sales pipeline. What's coming in, and when is that estimated to happen? If that information is not readily available, spend time talking to each rep in your organization. They are on the front lines and can provide valuable insights.

There is a caveat, however—especially for new product managers. Salespeople really only care about one thing: the next deal in their pipeline. And that is the way it should be. If you have sales reps who *don't* care about where the next dollars are coming from, you may want to re-evaluate your position there.

That being said, you can glean great information from your discussions with salespeople—especially about competitors and the purchasing decisions and buying cycles of your customers.

Win/loss analysis. Many experts have written plenty about this topic, so I won't attempt to cover it in detail here. I will say this: Chances are, if you are the first product manager in your company, win/loss analysis has probably never been done. Win/loss is best done by Product Management to remain objective, but it's often a volume concern. You must sell the sales manager on getting the reps to use basic win/loss information—they should want it since it can provide insight for them too. Of course, a rep will always want to protect their ego as the reason for losses might have something to do with the sales process, not the product.

Keep whatever they provide to a very basic level. The product manager can spot trends and decide what areas to follow-up on in more detail.

To get started, work with your sales VP or director. In this case, less is often more—don't start out asking reps to waste their time completing a 45-minute survey after each deal closes. It will likely never get done.

Implement a brief survey (ideally within your CRM) that can be completed quickly (four to five minutes, tops) and without too much effort.

When analyzing win/loss data, you are primarily looking for answers to the “Why?” questions (especially about losses) and to gain some quick, actionable insights. Both will typically appear in short order. And when they don't, you should use client interviews to gather more information.



Client/user interviews and discussions

Once you have immersed yourself in the market and have a solid handle on the problem your product solves, it's time to start reaching out to clients.

By building a relationship with your sales team, you should be able to tag along on some calls or visits. This gives you a chance both to support your reps and to ask some important questions.

Ideally, you want to quickly develop a knack for seeing things from the user's point of view. The faster you can do that, the better off you will be. Of course, it's also important to recognize the limitations here, as well. Primarily, users don't know what they want.

They can tell you what's good for them—and, more often, what's bad. You can flat-out ask what they think stinks; I've gotten some great responses out of that question, and it can immediately put people at ease.

But know that you have to combine what customers say with all of your other data to begin drawing responsible and accurate conclusions and crafting a roadmap and necessary plans. You have to think about what a user says and abstract the key points. They will never tell you, "It would be great if you could re-architect

this feature so that it works like this...." But they will say things like, "I hate the way this feature works, and it drives me crazy."

Sometimes you can uncover some real gems based on these client interviews and conversations. But typically, you have to analyze the data you get from the discussion and extrapolate from there.

Internal feedback

Get your senior management and key stakeholders involved—early and often. Ask for feedback from everyone in your company. In many cases, you will have access to folks that have a ton of experience in the industry you are trying to learn and understand.

As product managers, however, we know that internal "data" is really a set of opinions. And as the instructors at Pragmatic Marketing like to say: "Your opinion, although interesting, is irrelevant."

Leverage the experience and knowledge of your colleagues and compare it to all of the other data you have gathered to create a robust picture of your customer, product, and market problems.

By building a relationship with your sales team, you should be able to tag along on some calls or visits. This gives you a chance both to support your reps and to ask some important questions.



Some final observations

At this point, you are probably wondering, "What next?" The answer is to put together a market analysis document and step through it with your manager or executive team. Capturing your research on paper helps ensure you have clarity and understanding.

Setting a deadline to present your findings to your peers, direct reports, executives, and others in the organization can spur you to craft a set of recommendations that are highly relevant and helpful to the entire product or product line.

What's most important is to combine the results from all of your industry immersion tactics to get the best result. Not all of these sources may be available to you, of course, and your mileage may vary depending on your organization and the industry itself.

But to ensure you are working with a full set of information, you constantly have to ask "Why?" and seek additional data to help you understand. But don't forget to make decisions and move ahead. Research is relevant and necessary—but, ultimately, you have to build and ship product.

TPM



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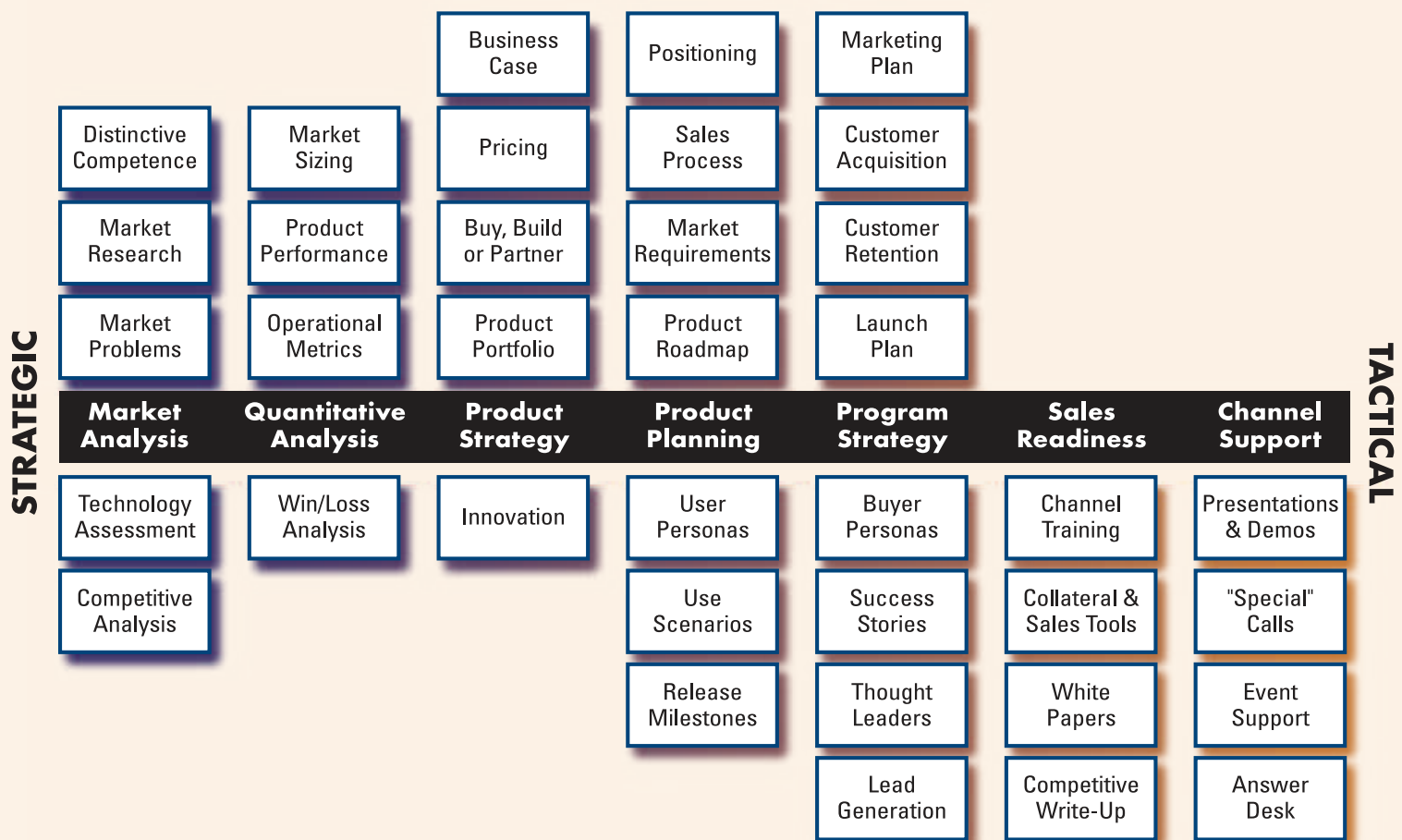
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The Pragmatic Marketing Framework™



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I Heard What You Said. **Now What Did You Mean**

By Mike Nalls

Now that you've created the personas of your prospective buyers and positioned your products for them, how do you communicate your unique value? Simply put, your messaging must create awareness in your audiences and compel their action.







Have you had the opportunity to sit through a presentation, read a document, or watch a video produced by your company that was full of information—yet, you came away wondering what it was all about?

What is messaging and why bother?

Have you had the opportunity to sit through a presentation, read a document, or watch a video produced by your company that was full of information—yet, you came away wondering what it was all about?

By creating persona-based, differentiated messaging, you can communicate more effectively with your prospects, give your agency clear guidance, and save a lot of time on presentations, web design, collateral, and webcasts. Best of all, you can get some of the arguments out of the way early.

Where do you start?

Here are a few steps to help you begin to develop differentiated messaging:

- Collect your persona research for understanding the target audience. You may have established several personas that are involved in the process of purchasing your products. They represent the individuals who interact with your company. Identify the most influential personas that represent your prospective buyers.
- Use your positioning document for background about customer problems, your points of differentiation, and the business benefits you offer. Your positioning document is extremely valuable to establish market drivers, competitive situation, and the results someone can expect from using your solution. It's a key resource to develop sales tools down the road.
- Use your “marketecture” to explain your offering to the buyers in their terms. Giving your prospects a picture they can understand helps you communicate with them. Use a diagram to provide a glimpse of your solution in a digestible form.
- Show where you fit within the business or environment context. Research and gather the various sources of evidence, proof, and examples that support your claims. Evidence should be quoted from an external source that can be verified, as opposed to internal data that can't be found by your prospects.
- Finally, organize your thoughts into the key problems you can address for your audience types.

Identify your audience, purpose, and focus

When considering the target audience, prioritize the most influential personas. If you are addressing large groups, classify them by organization within a company. Think about how their needs converge in order to group or separate them. You may address many personas, but they often have enough in common to target their key needs.

Consider the reasons you are targeting them. Informing, persuading, educating, or entertaining can all be valid reasons if they help move a prospect along the path to your offer. A combination of these tactics can work in parallel or serially to help the prospect understand your benefits to them. It may sound obvious, but conducting marketing activity without knowing what you want your audience to do is a waste of time.

In the end, the key aspects of your offering that will appeal to your buyers should be your focus. It's too easy to be distracted by product features. Here are a few tips:

- Put yourself in your prospects' shoes, and try to understand the results they can expect from your solution.
- Keep the focus narrow enough to give sufficient detail, yet broad enough to be useful.
- Don't make prospects figure out how your features are their benefits.
- Keep an open mind about what a solution might mean to a prospect. It can often go beyond a single product to a combination of products and services or to information that helps them solve a particular problem.

Outline the problems you address

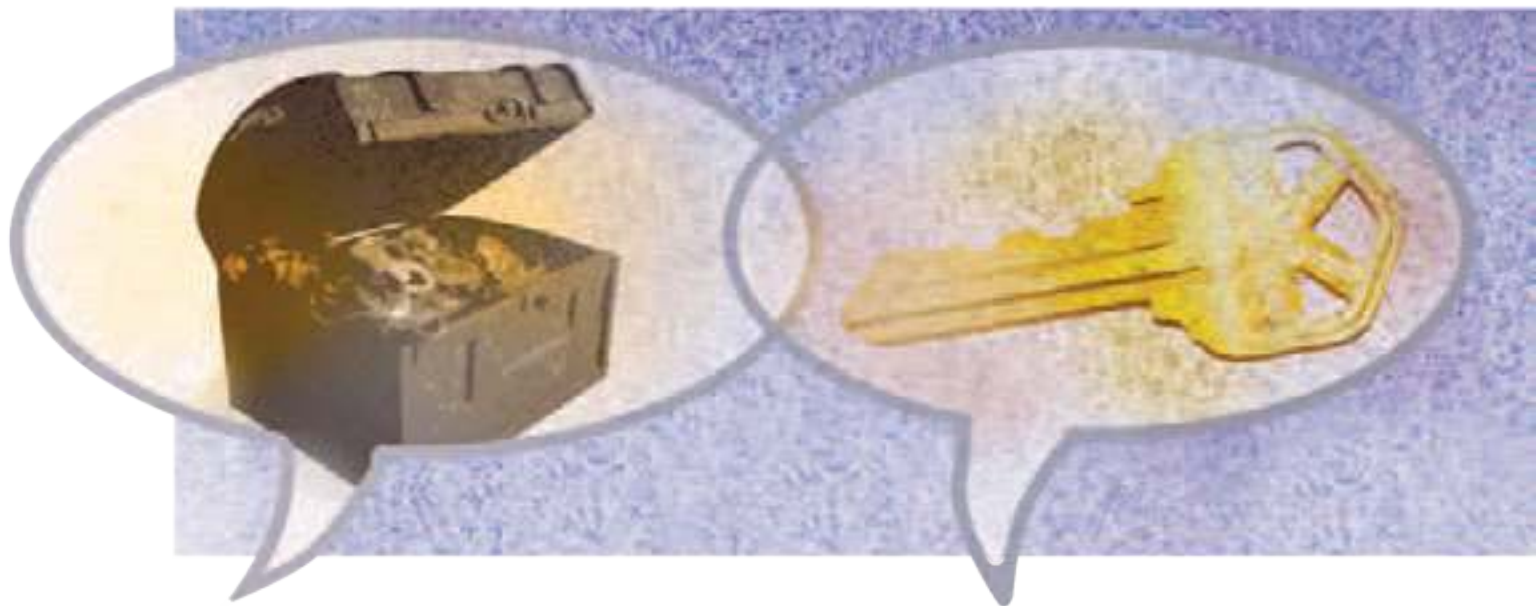
Using your personas, positioning, and evidence as a basis, organize the key problems you address for each of the most influential buyer personas:

- Describe the value to their business if they buy from you, emphasizing results in their terms. Use time, money, risk avoidance, and people metrics to quantify the benefits they can expect.



- Now contrast the alternative choices—whether that is a competitor or an internal option. For example, “Unlike Company X or Product Y, we solve a problem, address a need, or improve a situation faster, cheaper, safer, or simpler.” Use all of the “first, best, only” differentiation you can claim. You may not think of your offering as the market leader, but if you look at how you are different, ride a key trend, or solve a unique need, your differentiation may become more clear.
- Test yourself by asking how your offering is the only one to provide a relevant benefit, and fine-tune the result so you are unique.
- Finally, identify the evidence you have (or need) to prove your claims, and make sure it's current. Reports and benchmarks more than a year old can make a prospect wonder who the current leader may be or what the results might be with a more recent product release. If it's important enough, run a new test, perform an audit, or conduct an assessment to establish your credibility.





Write the value proposition

Always advocate for the audience. In other words, describe what's in it for them. They're looking for some kind of result—not just features or facts. Begin with the benefits to them, not a description of your offering. Quantify the results in their terms.

Be clear about the problem you are solving, how your offering can help them, what advantages you bring, and how you will change their current situation. Most importantly, write a value proposition for each of your target buyers.

Consider three key points when writing your value proposition:

- **Try a storytelling approach to articulate your value.** For example, “Trends in our industry have prompted an urgent need resulting in positive outcomes. Based on our experience and research in this area, we have successfully demonstrated a range of improvements.” Or, “For buyers seeking the best, we offer the only solution for _____” —filling in the blank with your industry, the prospects value drivers, desired outcome, and your advantages.
- **Value propositions that are short and to the point communicate best.** Work in your points of differentiation to establish how you are unique. Quantify your claims whenever possible. When you are fortunate enough to have several strong points from which to choose, summarize the most impactful results.
- **Consider alternate value propositions** with advantages that appeal to different industries and speak in their language.

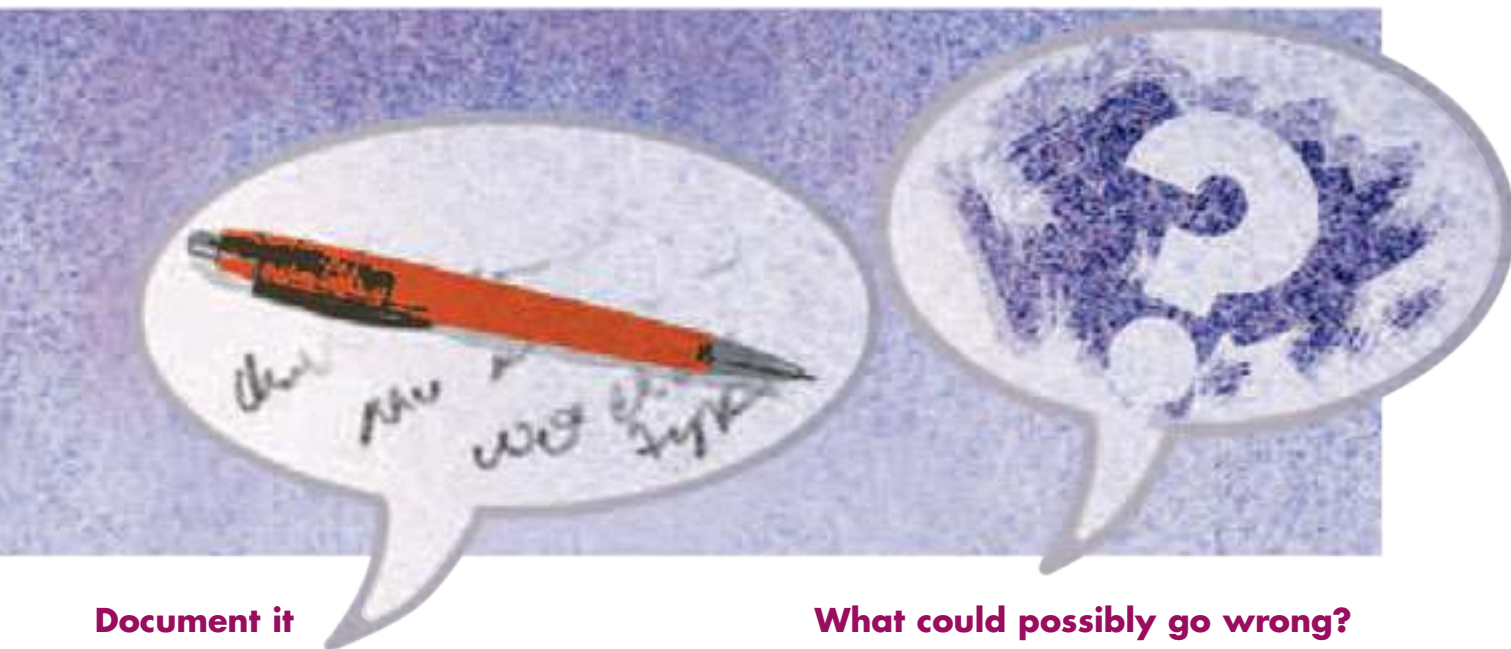
Summarize the key points

Extract key thoughts and one-liners from your messaging. These become the headlines your audience will remember, your speakers will use, and your agency will rally behind. You might even find some nuggets you didn't originally expect.

Document all your evidence: the sources, analyst quotes, customer stories, and benchmarks. Delete the things that are too old or can't be proven, while highlighting any claims that still require proof. With this list, you've got a solid foundation for your messaging that can be worked into presentations or turned into additional offers.

Explain concisely the next steps you want the prospect to take. Is it to download a whitepaper, demo your software, subscribe to your newsletter, or be contacted? Know your end game from the start. Often the next steps will mirror your sales cycle.

Now tie your offers (whitepapers, videos, calculators) to each persona. In this way, your value proposition becomes more credible and relevant, because the evidence is unique and the offers make more sense to a prospect.



Document it

Writing it all down provides a valuable reference and resource for many people in your organization. Having one handy source for messaging eliminates searching for the material when you need it and helps prevent the tendency to rewrite things every time an organization changes.

When there is nothing in writing to review, messaging has a way of becoming an opinion, instead of an agreement.

Structure your document into an outline for a story:

- Begin with the target audience, their business drivers, and trends in their market.
- Move into the problems they are trying to solve in order to set up your solution.
- State your solution in plain language.
- Establish the value proposition that logically flows from problem to solution.
- Spell out your key messages and your differences, and back them up with the evidence you've collected.
- Finally, wrap up with the next steps you expect the prospect to take based upon the story you've told.

What could possibly go wrong?

It's too hard, too complicated. No one else could do it, so how can you? Often something else is more urgent, like getting the website up quickly to meet the product launch date.

Whether it's done at the beginning or throughout the process, you're still going to have to identify the audiences you are addressing, what they care about, why your solution is better, and how you want your prospects to act.

The effort can get very messy and tense when it's conducted close to an event or launch, where deadlines are tight. Common issues involve focusing on the wrong personas or adopting a one-size-fits-all approach, where you have one message for everyone. Congratulations! You have messaging, but it's not relevant to anyone in particular. Or you are delivering a technical message to an economic buyer.

Other problems include emphasizing technology first, using your internal jargon, and listing features instead of benefits, which can leave it up to your prospects to figure out what you do for them. The more they have to think, the greater chance they will think something other than what you had in mind.

Generic, overly complicated, or "kitchen-sink" style messages have a similar effect: It's all there, but it becomes difficult to understand. Avoid unproven claims or contradictions and ambiguity that will confuse your prospects.



Possible uses—what's in it for you?

Gaining agreement in advance about audience, value proposition, key messages, evidence, and actions provides a number of benefits:

- It becomes the structure for customer presentations, which cuts down on reviews and revisions.
- Audience-oriented messaging is the source for online targeting and website organization. It is frequently used to create webcasts covering the top problems and your solution for each persona.
- You can use messaging to provide agency direction, drive field execution, and identify industry priorities in segmentation efforts.
- It provides a strong foundation to provide internal speaker guidance, create your elevator pitch, and develop marketing plans.
- Best of all, it cuts down on internal arguments, external mixed messages, missed deadlines, and compromised launch schedules.

Messaging in the real world

At my company, we recently had a major software product announcement where the availability of clear messaging had a significant impact on the team's ability to execute.

In the last few weeks prior to launch, all of the supporting teams had hit a wall. The web team didn't have a launch banner headline, but they had plenty of technical content. The PR team had a press release, but it was missing the lead to the story. Sales needed positioning to complete a training module. Other supporting agencies were on hold pending key messages to start their work.

The impact went on and on, including executive presentations, analyst briefings, collateral production, even extending to bloggers who were waiting for the party line.

What broke the logjam was a messaging document containing positioning, key messages, evidence, and value proposition. From that point, each team could move forward with its work.

Even worse than the pressures of last-minute messaging are the consequences of no messaging. Without consistent messaging, each team will often make up its own story—resulting in conflicting information getting out in the market. When that happens, a competitor with a clear message has an opportunity to override you. The vendor with conflicting stories typically gets overlooked.

It's what you mean that counts

Strong messaging starts with the personas that give you a feel for your target audiences. And positioning outlines your differentiated value for them.

Value that is stated in the audience's terms is meaningful. It becomes impactful when combined with your unique offer.

The result is a message that can be spoken by your executives, field organization, and partners. Use it to structure all of your marketing efforts and materials.

Remember: It's not so much what you say as what you *mean* that gets results.

TPM



Mike Nalls markets software for Sun Microsystems, where he communicates the value of market-leading products to businesses, developers, and IT departments worldwide. This marketing team has taken an extremely broad portfolio of technologies and organized them into field campaigns for their audiences and industries. As a result, there is a story to tell in language a prospect will act on, creating demand for Sun's software. Email Mike at michael.nalls@sun.com, or read his blog at <http://blogs.sun.com/point/>

Ask the Expert

I am interviewing for a Product Management position, and the interviewer asked me how one can measure the results of product management to determine how well it is doing. Can you recommend any resources for me?

This is an excellent question, one I found myself considering from both the interviewer and interviewee point of view. But I will respond with the latter, since you are the one who asked!

The measurement of product management results can be seen in both “leading” and “lagging” indicators. Lagging indicators are the more classic business metrics, such as revenue growth, increased customer satisfaction, or even product level profitability. But those metrics involve many more people than the product manager, and take time before they are evident.

So as a VP, I prefer to look at leading indicators of product management success. Metrics such as number/frequency of face-to-face visits with the market, followed by the creation of Buyer and User Personas, drafts of Problem Statements, and eventually statistically valid market evidence that describes those Problem Statements by their pervasiveness and urgency. All that input (Personas with Problems that

have Market Evidence) goes into the creation of artifacts. Business Cases, Positioning Documents, Requirements Documents —you get the idea.

So, how do I know when a product manager is doing well? First and foremost I can see that they are outside the building interacting with real members of the market. What they learn gets cranked into documents which in turn empower other groups within the company, like Development, Sales and Marketing Communications. And that is how we get to greater revenue, higher customer satisfaction and product level profit.

Best of luck in your job search.



Jim Foxworthy is an industry veteran with more than 30 years in the computer industry. Prior to joining

Pragmatic Marketing, Jim was president of a consulting firm focused exclusively on implementations of the Pragmatic Marketing Framework. Contact Jim at jfoxworthy@pragmaticmarketing.com

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ALIGNMENT

A Little-Understood Aspect of Product Management

By Mike Taylor and Frank Tait

Peter Drucker said it best: *"The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself."*

What Drucker describes in terms of knowing and understanding the customer is often called alignment. This article provides a foundation for the concept of alignment and relates it to several key components of the Pragmatic Marketing Framework™.

Become an alignment coordinator

In many cases, product managers can also be considered alignment coordinators between our companies and our markets. In that capacity, we foster alignment in two ways:

- **Internal alignment** across our departmental functions and managerial teams, required to craft endorsed, winning business cases that help us secure funding and resources to build and maintain products and services
- **External alignment** between our internal perspective and the external markets, based on accurate understanding of market needs and proper positioning that addresses segment needs, so we can meet and exceed sales targets and deliver return on investment in the business case

The marketer's dilemma is to understand and optimize the degree of alignment in three ways: within the organization...within the market...and between the two.

And you wondered why your job was so challenging.

Alignment management

We instinctively recognize the word “alignment,” but what is alignment management and how do we optimize it?

There are four categories of thought which drive alignment:

- Goals (**G**)
- Unintended Consequences (**U**)
- Barriers (**B**)
- Assumptions (**A**)

In most companies, building a business case focuses first on defining **G** and determining how to achieve those goals—the tangible, physical actions on the line from **A** to **G**. This is the fun, advancing, innovative conversation—where no one can be wrong. Unfortunately, differing perspectives about **A** and hidden problems in **B** and **U** silently restrain progress.

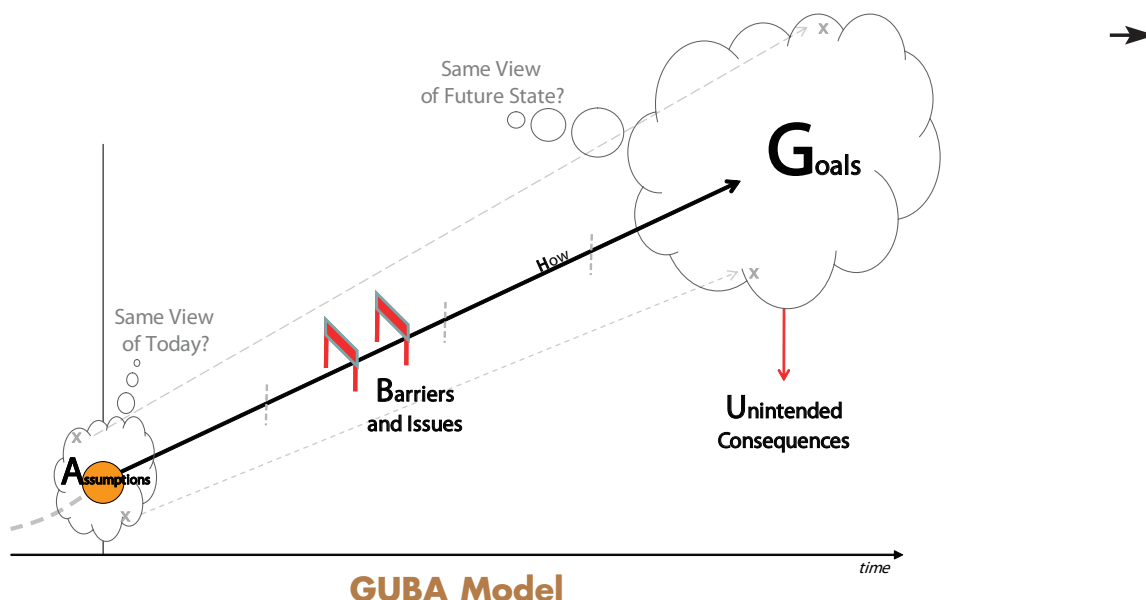
As product managers, we instinctively focus on taking action to produce our desired outcomes (**G**), and fail to adequately consider the negative unintended consequences (**U**). We later explain **U** away as “not my fault.”

Too much optimism and not enough realism in the design phase often stifles the ability to acknowledge issues and barriers (**B**), thereby reducing commitment to the project and hurting your ability-to-execute.

The drive to be action-oriented—to get to **G**—and impatience to “waste time” discussing the current state beyond a few headlines, means that **A** also receives short-shrift. Yet the underlying assumptions (**A**) are the first principles for any strategy, plan, or decision.

Simply put, when the initial planning meetings are over, the leaders spend too much time advocating the value of **G** and don't balance this with sufficient inquiry into others' views of **A**, **U**, and **B**.

As a result, when leaders see symptoms of misalignment, they treat it by trying to “compress the **G** cloud” (scope compression); when, in fact, the root to misalignment is at the beginning—when differing views of **A** are not sufficiently aired.



Alignment is not binary

In most business cultures, alignment is considered a yes/no state, we're either aligned or we aren't. In fact, on a scale of 0 to 100, where 100 is complete alignment, every group measured has been between 44 and 83.

On average, a group has 40 underlying assumptions (**A**) about a topic, yet only 7 are initially agreed to by all. As many are divergent, and the remaining 28 suffer incomplete agreement. As our views of G, U and B are derived from A, no wonder we have so much struggle getting the best result when we haven't fully baselined the conversation.

Of the 66 ways a group will, on average, define success (**G**), only 15 enjoy natural agreement; the remaining 51 require time and effort to resolve the misalignments.

The other side of this coin is that while a group might readily identify their 66 aspirations and desires, they also foresee 61 restraints to being successful (**U** and **B**). Rather than understanding these at the outset, these "negative" conversations surface during decision-making and implementation.

Optimizing alignment

The product manager's goal is to understand the degree of alignment present for each initiative, reinforce the alignments, and resolve the misalignments in order to rapidly converge on actions that will enjoy the greatest endorsement, internally and in the market.

As an example, consider the case of a global IT outsourcing firm and one of its major clients. The outsourcer was four years into a seven-year contract with the client, and wanted to optimize alignment around the definition of success for the remainder of the contract period. The conversation centered on how to produce and measure that success. Collaborating with their client, the outsourcer developed a new "success scorecard."

What's most interesting is that two-thirds of the items on the new success scorecard were not part of their original Service Level Agreement. But they were made a priority for the balance of the contract.

This alignment initiative demonstrated a healthy, collaborative partnership between the outsourcer and the client and greatly increased the likelihood that the contract would be renewed.

Using alignment to understand the market

Most product managers allocate customers and prospective customers into segments that identify what members of that set want and how they will act relative to our product. When we realize that we're trying to optimize alignment to produce coordinated action, we can bring in the four elements of the GUBA model.

Once we understand the model's individual people, organizations, and our traditional demographic segments, we can then leverage collective intelligence to completely redesign our segments.

By using alignment algorithms, it is possible to identify those who share a common set of desired outcomes to advance from a common starting point but with similar concerns over the barriers to attaining those outcomes. This is a unique "action cluster," where the members come from more than one of the product manager's pre-defined segments.

We can do three things with these new action clusters:

- Map existing features and potential enhancements to their common **G** state, and use a collaborative design process to have the people in this cluster participate in the design of the mitigating actions and innovations to remove the barriers (**U** and **B**) to using the product or service.



- Assess the ROI of implementing these solutions and satisfying the desired outcomes of each action cluster separately, confident that our decisions are driven from data about the thinking that drives their action.
- Choose to invest in optimizing our alignment to a specific action cluster and uniquely craft our positioning statement and messaging to each action cluster—confident that we are addressing the four categories of thought that drive their actions.

Using alignment to break roadblocks

Of course, product managers often encounter unforeseen roadblocks as they attempt to do their jobs. Here's a real-world example of how we leveraged collaboration and alignment to overcome those challenges.

Six government clients wanted to join together with a software company to upgrade a client-server product to Web 2.0. By law, they could not sign the same agreement. They kept hitting roadblock after roadblock. The roadblocks were a symptom of the misalignments.

At that point, the solution was almost a year behind schedule, and it seemed that the contract situation might require an additional six to nine months to get this long-overdue product upgrade off the ground.

To breakthrough this roadblock, we brought together 28 key stakeholders to participate in resolving this problem. The participants came from all areas: IT, functional user departments, senior management, product management, product engineering, sales, client services, customer support, and finance.

Within 30 days, the group had collaborated to identify the key areas of alignment and misalignment—and held four focused conference calls to address the key areas of misalignment.

As a group, they collaboratively changed the product requirements, build schedule, service and training plans, and key contract provisions. By the end of the quarter, contracts were signed and the product upgrade was underway.

Conversation and collaboration

How do we foster alignment and create *coordinated action* among our internal teams and our markets? Simply put, we need to balance advocacy with inquiry. Conversation is the alignment coordinator's primary tool, and it becomes the foundation for collaboration.

In their 2007 report on *The Impact of Collaboration on Business Performance*, Frost and Sullivan cite “that collaboration is twice as significant as a company's aggressiveness in pursuing new market opportunities (strategic orientation) and five times as significant as the external market environment (market turbulence).”

When people collaborate, they are assembling a “database of opinion,” which they then use as the basis for their future actions. The outcome is the combination of their internal thinking and their interpretation of the conversations among others about the topics most relevant to them.

One of the keys to collaboration is the concept of safety. People are only willing to share their thinking where they perceive that it is safe to do so. Your model for conversation and collaboration must provide for data gathering where the identity of the person sharing their thinking is kept confidential, internally and externally.



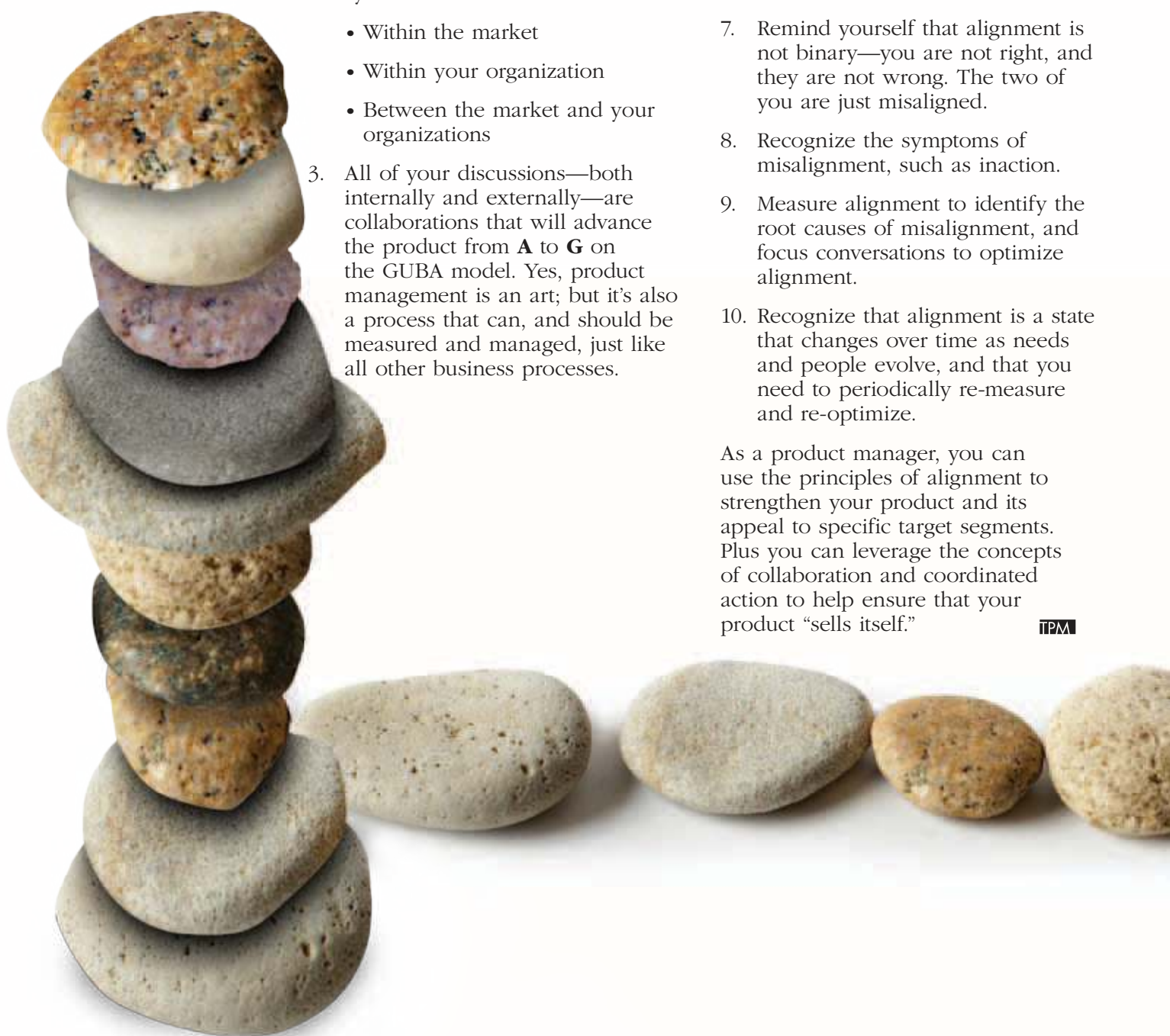
So what does this mean to you as a product manager?

Here are ten key takeaways that we hope will open your eyes to a whole new way of looking at the role of product managers:

1. Recognize that “Alignment Coordinator” is part of your role as a product manager.
2. Recognize that there are three core alignments you are attempting to optimize and synchronize:
 - Within the market
 - Within your organization
 - Between the market and your organizations
3. All of your discussions—both internally and externally—are collaborations that will advance the product from **A** to **G** on the GUBA model. Yes, product management is an art; but it's also a process that can, and should be measured and managed, just like all other business processes.
4. Discussions of new product creation, enhancement, retirement, market adoption, and penetration are all GUBA-based collaborative dialogues.
5. The core to the answer is first understanding **A**—shared assumptions.
6. Great impact can come from better balancing advocacy (the value of the action) with inquiry (the barriers to action, the reasons for inaction).
7. Remind yourself that alignment is not binary—you are not right, and they are not wrong. The two of you are just misaligned.
8. Recognize the symptoms of misalignment, such as inaction.
9. Measure alignment to identify the root causes of misalignment, and focus conversations to optimize alignment.
10. Recognize that alignment is a state that changes over time as needs and people evolve, and that you need to periodically re-measure and re-optimize.

As a product manager, you can use the principles of alignment to strengthen your product and its appeal to specific target segments. Plus you can leverage the concepts of collaboration and coordinated action to help ensure that your product “sells itself.”

TPM





Michael Taylor is co-founder and CEO of SchellingPoint—enabling multi-party groups to design and execute sustained growth and change initiatives through

Alignment Optimization. Specializing in the process of alignment management, Mike has guest lectured on Alignment Dynamics at Wharton and Cornell.

Prior to forming SchellingPoint, Mike was CEO of an Indian IT firm after building SCT Manufacturing & Distribution Systems with five colleagues from Andersen Consulting, where Mike was a Director in the Products Industry, specializing in enterprise software applications. Contact Mike at mtaylor@schellingpoint.com



Frank Tait is an early adopter of Pragmatic Marketing and SchellingPoint. Previously Frank was President of MAXIMUS Justice Solutions and held senior

marketing and sales management roles at DecisionOne and SCT. Frank received the 2003 ITSMA Gold Award for increasing Sales Effectiveness by employing Pragmatic Marketing principles in Sales. Contact Frank at ftait@schellingpoint.com

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