

The journal for technology product management and marketing professionals • A Pragmatic Marketing® Publication

The Pragmatic Marketer™

Volume 8 Issue 2

2010

Is Your Product Launch Doomed?

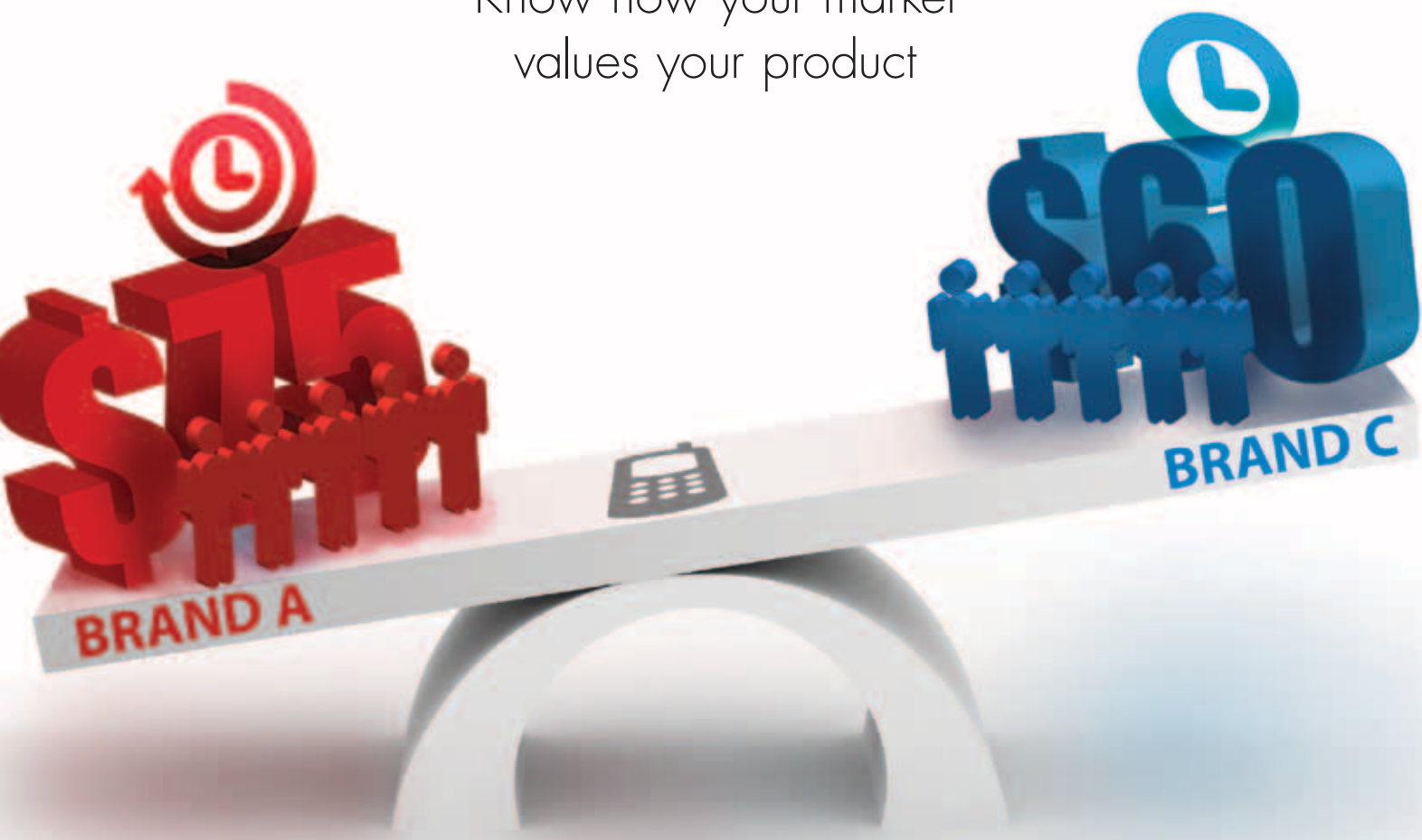
**Measurement-Driven Product Management:
Measure only what matters most**

Defining and Designing Technology for People

**Don't Let the Sun Go Down:
Techniques for sunseting or retiring products and features**

Conjoint Analysis 101:

Know how your market
values your product



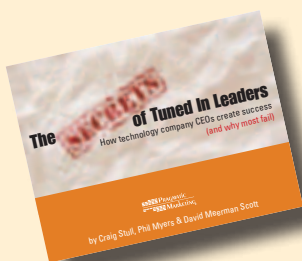


Executive Briefing

The proven way to create effective product management and marketing teams.

- Review key concepts of the Pragmatic Marketing Framework, the worldwide standard for product management and marketing.
- Learn techniques leaders can use to accelerate adoption.
- Designed specifically for senior management.

Pragmatic Marketing Framework



Get a free e-book at
PragmaticMarketing.com/secrets



© 1993-2010 Pragmatic Marketing

PragmaticMarketing.com/seminars

Call (800) 816-7861 to conduct this seminar at your office



Interested in contributing an article?
Visit PragmaticMarketing.com/submit

No part of this publication may be reproduced, stored in any retrieval system, or transmitted, in any form or by any means, electronic, mechanical photocopying, recording or otherwise, without the prior written permission of the publisher.

Other product and/or company names mentioned in this journal may be trademarks or registered trademarks of their respective companies and are the sole property of their respective owners. *The Pragmatic Marketer*, a Pragmatic Marketing publication, shall not be liable regardless of the cause, for any errors, inaccuracies, omissions, or other defects in, or untimeliness or unauthenticity of, the information contained within this magazine. Pragmatic Marketing makes no representations, warranties, or guarantees as to the results obtained from the use of this information and shall not be liable for any third-party claims or losses of any kind, including lost profits, and punitive damages.

The Pragmatic Marketer is a trademark of Pragmatic Marketing, Inc.

Printed in the U.S.A.

All rights reserved.

ISSN 1938-9752 (Print)

ISSN 1938-9760 (Online)

About Pragmatic Marketing®

Creator of the world's most popular product management and marketing seminars, Pragmatic Marketing has trained more than 60,000 technology product management and marketing professionals at 5,000 companies in 23 countries. As the thought-leader in the industry, the company produces blogs, webinars, podcasts, and publications read by more than 100,000 every year.

Pragmatic Marketing has been honored four times by Inc. magazine as one of the fastest growing private companies in America (2000, 2007, 2008, 2009), and in 2008 named a Comerica Bank Arizona Company to Watch.

Visit PragmaticMarketing.com to learn more.

Inside this issue:

Volume 8 Issue 2 • 2010

4 Conjoint Analysis 101: Know how your market values your product

By Brett Jarvis

How do you know what the market wants? What market segments exist? What those segments prefer? What will they pay? In short, how do you know what trade-offs to make? By using conjoint analysis, understand the trade-offs you should make by understanding the trade-offs your market will make.

12 Is Your Product Launch Doomed?

By Dave Daniels

The process of introducing a product to market is a serious undertaking. Here are ten easily identifiable signs that help forecast if a product launch may be in trouble.

18 Measurement-Driven Product Management: Measure only what matters most

By Mike Smart

If you are a vice president, director or team leader for a product management function, one of the biggest challenges you face today is how to demonstrate the team is making a significant contribution to top line or bottom line targets. If you can't measure your team's effectiveness, or if you are focused on the wrong metrics, your headcount and budget allocation could be at risk.

24 Defining and Designing Technology for People

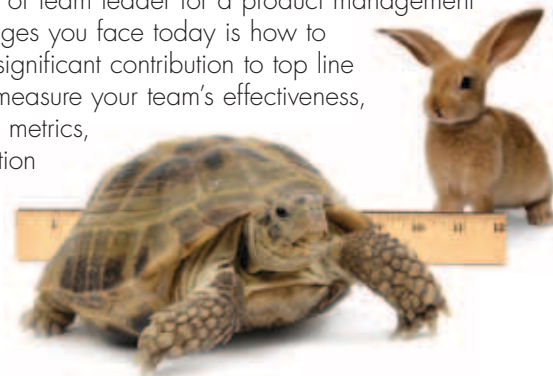
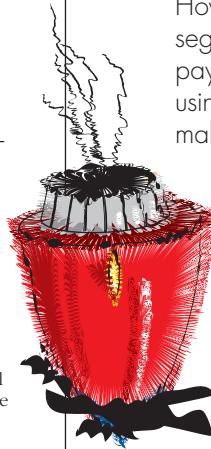
By Sean Van Tyne

We can only design solutions for people when we have a deep, detailed knowledge of those people's needs. We build upon our prior knowledge and experience to design and develop better products. Each new generation of solutions improve based on market and customer feedback.

28 Don't Let the Sun Go Down: Techniques for sunseting or retiring products and features

By Steve Johnson

Sunseting is the process of pulling a product or feature from the market when the cost of development and maintenance exceeds profit. It's a business decision that should be easy to make. Understand the factors to consider when discontinuing product.



Conjoint Analysis 101:

Know how your market values your product

By Brett Jarvis



Product management is all about trade-offs. Whether the objective is increased market share, profit margin or revenue, every product manager makes trade-offs—quality vs. cost, time to market vs. breadth of features, richness of the offering vs. ease of use, etc.

So, how do you know what the market wants? What market segments exist? What those segments prefer? What will they pay? In short, how do you know what trade-offs to make? The answer is to get the market to make the trade-offs for you. Not the entire market, of course, just a representative sample of the market.

By using conjoint analysis, you, as a product manager, can do just that: understand the trade-offs you should make by understanding the trade-offs your market will make. Then, apply your increased market insight to your revenue, profit or share objective.

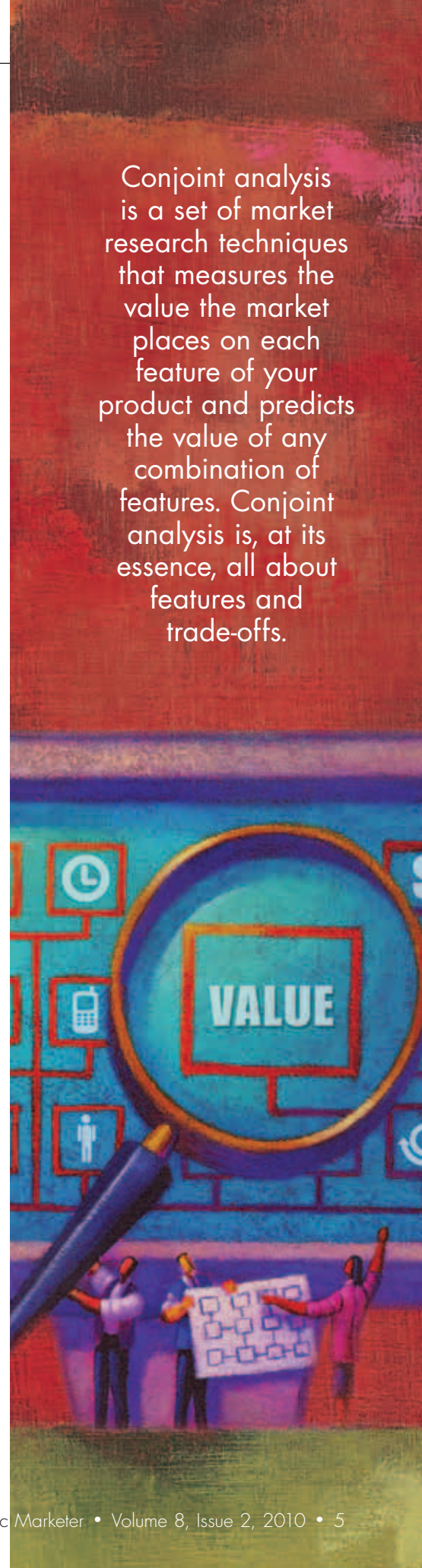
Is conjoint analysis right for me?

Conjoint analysis has been successfully applied in many industries, such as Air Travel, Smart Phones, Computers, Financial Services, Health Care, Real Estate, and Electronics. If your job includes configuring a defined set of features for a product or service and the consumer's purchase decision will be "rational," conjoint analysis can help. If, on the other hand, your consumer's purchase decision will be "impulse" or "image," conjoint is not the right tool for you. If you're a technology product manager, conjoint analysis is right up your alley.

Because conjoint analysis helps you understand your market's preferences, you can apply it to a variety of difficult aspects of the job, including product development, competitive positioning, pricing, product line analysis, segmentation and resource allocation. "How should we price our new product to maximize adoption?" "What features should we include in our next release to take market share from our competition?" "If we expand our product line, will overall revenue grow, or will we suffer too much cannibalization?" "For which value-added features is the market willing to pay?"

For example, a technology company was feeling pressure from a lower cost alternative and debated lowering its own prices. Then, the results of a conjoint analysis showed the market valued their products differently from the competitors. They chose not to lower prices, but to slightly reconfigure their offering. As a result, the business grew and realized substantial profits that they otherwise would have never seen. Not every situation is as dramatic as that, of course, but a conjoint analysis done right is impactful. →

Conjoint analysis is a set of market research techniques that measures the value the market places on each feature of your product and predicts the value of any combination of features. Conjoint analysis is, at its essence, all about features and trade-offs.



What exactly is conjoint analysis?

Conjoint analysis is a set of market research techniques that measures the value the market places on each feature of your product and predicts the value of any combination of features. Conjoint analysis is, at its essence, all about features and trade-offs. With conjoint analysis, you:

1. Ask questions that force respondents to make trade-offs among features
2. Determine the value they place on each feature based on the trade-offs they make
3. Simulate how the market reacts to various feature trade-offs you are considering

To demonstrate conjoint analysis in action, let's consider cell phone plans. These plans have various feature types, which in the language of conjoint analysis are called attributes. Let's focus on Brand, Price, Minutes, Rollover Options, and Call Options. In reality, plans can be more complicated and conjoint analysis can keep up with the complexities, but let's keep the example simple. Each of the attributes listed above has different levels. The levels of the Brand attribute might be AT&T, T-Mobile, Verizon, etc., but here we will refer to possible Brands as Brand A, Brand B, etc.

Attributes	Levels
Brand	Brand A, Brand B, Brand C, Brand D
Price	\$60/month, \$75/month, \$100/month
Minutes	800; 1,000; 1,400; 2,000
Rollover Options	No rollover of unused minutes Unused minutes rollover for 1 month Unused minutes rollover for 1 year
Call Options	No free calling based on contacts Free calling to top 5 contacts Free calling to top 10 contacts

Attributes must be something you can categorize, but they don't have to be numeric. Note that the attributes include brand, price, and various product features. Through conjoint analysis, you gain insights into the value of your brand and the value of product features, and determine price sensitivity.

Survey the market

Conjoint analysis survey questions could take a variety of forms, depending on your study objective, but the most common type of question would be:

Which of the following cell phone plans do you prefer?

Brand A	Brand B	Brand C
1,400 minutes	1,000 minutes	800 minutes
Unused minutes rollover for 1 month	No rollover of unused minutes	Unused minutes rollover for 1 year
No free calling based on contacts	Free calling to top 5 contacts	Free calling to top 10 contacts
Costs \$100/month	Costs \$75/month	Costs \$60/month

The survey would present multiple questions of this type, varying the levels and, therefore, the trade-offs the respondent needs to make.

Derive values for each of the levels

From responses to these questions, conjoint analysis uncovers the underlying value for each level, depending on how often a level was included in the product selected. The relative value of the levels is what is relevant, in other words, how the value of one level compares to the value of another.

For example, the values for the levels of the Call Options attribute and the Rollover Options attribute for one respondent might be:

Call Options	Value	Rollover Options	Value
Free calling to top 10 contacts	50	Unused minutes rollover for 1 year	100
Free calling to top 5 contacts	20	Unused minutes rollover for 1 month	30
No free calling based on contacts	0	No rollover of unused minutes	0

You can see in this example, given the levels tested (which is an important caveat), the Rollover Options attribute (with values ranging from 0 to 100) was more important to the respondent than the Call Options attribute (with values ranging from 0 to 50). These values can be calculated for individuals as well as for the overall market, which means you can use conjoint analysis to segment your market based on respondent characteristics, needs and preferences. Each of the level values is called a part-worth, because they represent the worth of any given part of the product. →

Predict preference for various products

Once you see the part-worths, you understand what trade-offs to make so a product will be more desirable to the market. This predictive capability is where the real power of conjoint analysis is evident. For example, given a set of part-worths, you might have the following scenario:

Brand A	30	Brand C	0
\$75/month	40	\$60/month	70
1,000 minutes	55	1,000 minutes	55
Unused minutes rollover for 1 month	30	No rollover of unused minutes	0
Free calling to top 5 contacts	20	Free calling to top 5 contacts	20
Total	175	Total	145

The total value of the Brand A product is 30 more than the Brand C product. This consumer would be more likely to select the Brand A product. But, if the Brand C call option was changed from “Free calling to top 5 contacts” (part-worth of 20) to “Free calling to top 10 contacts” (part-worth of 50), the overall value of each product would be the same and the consumer would be equally likely to select either product. The overall value of a product is referred to as its total utility.

Simulate competitive markets

Now that each attribute level has an associated part-worth, we can create any number of competitive scenarios by mixing and matching the levels and increasing or decreasing the number of products. The result of any conjoint analysis study is a simulation model that allows you to simulate, for example, what share of the market will prefer your product versus your competitors’ products. For example, you might see results like this:

Brand A	Brand B	Brand C
\$60/month	\$75/month	\$75/month
1,000 minutes	1,400 minutes	1,000 minutes
Unused minutes rollover for 1 year	Unused minutes rollover for 1 month	Unused minutes rollover for 1 year
Free calling to top 5 contacts	Free calling to top 10 contacts	No free calling based on contacts
40% share	35% share	25% share

These shares, totaling 100%, are called “shares of preference,” because they refer to the share of the market that prefers each product, if everything else were equal. They are not market shares, because they don’t take into account a variety of other factors, such as sales and marketing efforts, distribution channels, product lifecycle phase, etc.

Simulating shares of preference is powerful. And, there’s no limit to the simulations you can run. So, for example, if your competitor changes its product, you can run simulations to help determine your response. If you are contemplating adding a new product, you can predict whether that will be beneficial and from which product in the existing market your new product will grab the most share. These are simple but potent examples of the many different ways that conjoint analysis may be used.

To get a complete picture of the competitive landscape, include all competitors, and to ensure the predictive capability of the approach over time, think carefully at the start about the attributes and levels you will include in the study.

That said, because it allows endless scenarios to be tested in a competitive landscape, share of preference allows for powerful “what if” analysis. It ultimately provides the insights you need to make the trade-offs you are faced with every day as a product manager. The insights gained regarding how you might change your position in the market, respond to competitive threats, grow revenue, penetrate specific segments, etc. can have a dramatic impact on the success of your product.

Analyze purchase likelihood

Even if your product is so new it has no competition and will create its own market, conjoint analysis provides powerful insights. In addition to market simulations and shares of preference, conjoint analysis also analyzes your product's purchase likelihood. Purchase likelihood analysis uses the total utility of a product to determine a percentage indicating the relative likelihood that the product will be purchased, given various combinations of features and pricing.

Because purchase likelihood is single-product focused and does not take into account the competition, it is particularly helpful when launching a product that is completely new to the marketplace. Purchase likelihood is often appropriate for micro-level product design as well, when major product decisions are already made, and the focus is on getting the details right.



Brett Jarvis is the former Global Director of Product Management for Oracle's Advanced Customer Services business. He currently provides marketing strategy consulting for Sawtooth Technologies

Consulting Group. Learn more about Sawtooth Technologies at www.sawtooth.com or follow them on Twitter at twitter.com/sawtoothconsult. Contact Brett at bjarvis@sawtooth.com

What's the best way to move forward?

There is software to help you design, conduct and analyze a conjoint analysis study yourself. But there are also nuances and important decisions to make in each step of the process. For example, there are different conjoint methodologies, each with its own approach to data collection. The one that is appropriate for you depends on the objectives of your study.

Unless you're going to personally do a conjoint study at least a few times a year, it's likely that you will want to engage someone with experience in the field to help you navigate these nuances. Although surprising to many, the person you engage for your study need *not* be an expert in *your* field. You are that. They need only be expert in applying conjoint analysis to real business issues.

Just remember, the next time you're making trade-offs as a product manager, use conjoint analysis to get your market to make the trade-offs for you. **TPM**



Are your product management and marketing teams overloaded with tactical activities, spending too much time supporting Development and Sales rather than focusing on strategic issues?

The Pragmatic Marketing Framework™



© 1993-2010 Pragmatic Marketing

Seminars

Living in an Agile World™

Strategies for product management when Development goes agile.

Practical Product Management®

Principles of the *Pragmatic Marketing Framework*, the industry standard for managing and marketing technology products.

Pragmatic Roadmapping™

Techniques to plan, consolidate and communicate product strategy to multiple audiences.

Requirements That Work™

Methods for creating straightforward product plans that product managers can write and developers embrace.

Effective Product Marketing™

Repeatable, go-to-market process to design, execute, and measure high-impact marketing programs.

New Rules of Marketing™

Reach buyers directly, with information they want to read and search engines reward with high rankings.

Product Launch Essentials™

Assess organizational readiness and define team responsibilities for a successful product launch.

Executive Briefings

Designed specifically for senior management, *Executive Briefings* discuss how to organize Product Management and Marketing departments for optimal effectiveness and accountability.



In addition to the extensive published schedule, training can be conducted onsite at your office, saving travel time and costs for attendees, and allowing a much more focused discussion on internal, critical issues.

Pragmatic Marketing's seminars have been attended by more than 60,000 product management and marketing professionals.

Is Your Product Launch Doomed?

By Dave Daniels

Products don't sell themselves!

The process of introducing a product to market is a serious undertaking. Unfortunately for many companies it's merely an afterthought; a set of deliverables created from a checklist at the end of product development. When the level of effort and resources applied to the creation of the product dwarfs that of the launch, it's no wonder product launches fail to achieve the sales velocity anticipated.

So how do you forecast if a product launch may be in trouble? Here are 10 easily identifiable signs your launch is about to become a disaster.



Step 1: There are no goals for the product launch

Launch goals are the cornerstone of a successful product launch, yet many companies fail to establish launch goals. CEOs have an expectation of what success looks like and believe the rest of the organization understands these expectations. But often they aren't translated into meaningful goals, and are not understood by the people tasked with planning and executing the launch.

For the sales team, goals are clearly understood. They have a quota and get rewarded for meeting that quota. The marketing team's contribution to the goal is less clear. Sales leads are one measure of performance but connecting this measurement to a sales goal is often problematic. For example, getting agreement on a common definition of a lead.

The target for Sales seems clear but will the revenue come from existing customers or new buyers?

This question may seem benign to the sales team, but it's fundamental to the marketing team as they devise strategies and tactics to support the sales goal. When the connection between the sales goal and what the marketing team does becomes unclear, the marketing team often retreats into areas they can control and manage. For example, focusing on deliverables like collateral, web content and sales tools. In effect becoming reactionary to the sales team's requests rather than taking a leadership role.

ACTION

Establish launch goals with the executive team as early as possible and communicate them in meaningful ways throughout the organization.

Step 2: The launch strategy is based on a set of deliverables

A launch checklist is not a launch strategy. It usually gets created after a failed launch. Expected deliverables are missing, the sales team isn't trained, the systems for booking and delivering the sale are overlooked, and on and on...

To prevent this problem from happening again, someone is assigned to go around the organization and ask each functional area what they want for a successful launch. The problem is everyone defines "successful" differently, particularly if the launch goals are unclear. The result is a bloated wish list of activities with questionable value, often growing with each successive launch.

The CEO of a software company, frustrated with poor results from an important product launch, decides it's time for action. Her reputation with the board of directors is on the line because the promised results were not realized. To ensure the next launch won't be an issue, she creates a Project Management Office (PMO) to oversee future launches.

The head of the PMO is a highly regarded project manager who addresses the problem by interviewing every department in the company. Fresh from the recent failure, everyone is more than eager to participate. The result is a "thorough" checklist and a master project plan template.

Confident the problem is solved, the PMO proceeds to oversee the next launch. Based on the checklist, the launch team knows what's expected and which deliverables they are responsible for completing. This time the launch is delayed by several months while each item on the checklist is completed to the satisfaction of the PMO. Sadly, the revenue results were no better than the last launch.

An effective product launch checklist is developed only after establishing launch goals and then choosing the best strategy to support them. The checklist will change from launch to launch, adjusting to accommodate the strategy. Products early in their lifecycle, which are undergoing significant change, will see a more dynamic process than a mature product with an established customer base undergoing only incremental updates.

ACTION

Once launch goals are established, formulate the launch strategy and then define the deliverables.

Step 3: The launch plan contains unrealistic timeframes and expectations

Optimism is wonderful but it can blind teams to the realities of constraints and capabilities within an organization. It's wise to evaluate the organization within the context of the product being launched to identify readiness gaps. This is more than just getting the product ready. It means the entire organization is ready to market, sell, deliver and support at a level that can achieve the launch goals.

Widget Tech was planning to introduce a new product to market. The product was a departure from the typical products Widget Tech developed and would be sold to a new set of buyers. The company was excited about the new potential for revenue growth. However, the launch was a fiasco and it became apparent the launch goals were unrealistic and the change was too much for the sales channel to absorb within the time allocated.

The key is to assess the organization objectively and not color the assessment with personal bias. This readiness assessment should provide management with a realistic picture of the risks and provide a plan to address them. In some cases it will become evident the launch goals are too aggressive and will need to be adjusted.

ACTION

Evaluate launch goals against the organization's ability to execute. Then develop an action plan to fill the readiness gaps.



Step 4: Sales enablement training is based on product features

Sales enablement training is one of the most critical components of a successful launch. Unfortunately most training is packed with information about the product emphasizing the newest features, the schedule of the marketing programs, an overview of sales tools, and a product demo.

This type of training lacks any insight or information to help individual salespeople achieve their sales quota. Successful salespeople solve problems for their buyers, they don't sell features. Inevitably some of the product features your buyers find most valuable are not necessarily the newest ones or the ones you think are important or cool!

Salespeople need to know what problem the product solves, which buyers have the problem, what criteria they use to make a buying decision, and how to have a conversation with those buyers in a way that results in a purchase.

ACTION

Become an expert on how and why your buyers buy.

Step 5: Significant effort is spent creating collateral and sales tools for people who never read it

Ninety percent of sales tools are never used by salespeople, yet marketing teams keep producing them. They also include a staggering amount of gobbledygook. Does it really matter to your buyer that you're "the leading provider" of anything or that your software is "robust"? Maybe; but it depends on the buyer, not your ego.

Part of the problem occurs as a result of blindly following a launch checklist which serves as a proxy for a launch strategy. Marketing Communications becomes a factory producing a collection of marketing materials that's a wishlist from the sales team.

But, solidly anchored in launch goals, a clear strategy, and a deep understanding of buyers, Marketing Communications has the context to build the collateral and sales tools that influence buyers throughout the buying process.

Note: in this context, collateral is designed for prospects and customers, sales tools are created for the sales team.

ACTION

Focus on gaining a deep understanding of your buyers, then build collateral and sales tools to influence them through the buying process.

Step 6: No single person is responsible for driving product launch results

Many business-to-business (B2B) organizations have just one window of opportunity to launch each year. Accountability for driving results is fundamental to the success of a launch, but too often central accountability is assumed to be in place when it's really distributed among several individuals.

Development does their part and throws it over the wall to Marketing. Marketing does their part and throws it over the wall to Sales. When the launch fails, those in one group will confidently state they made a solid contribution and blame the others.

A successful launch takes more than merely coordinating the completion of tasks among departments. It takes an individual who can drive results throughout the organization. A launch owner provides a single point of accountability, ensuring product launch planning and execution has the high priority it deserves.

Getting involved as early as possible, a launch owner can collaborate with the management team to establish launch goals and the strategy needed to achieve them. With goals defined, a launch owner can assemble and lead the most appropriate cross-functional launch team. Regardless of their current job title, the launch owner needs strong leadership skills and the confidence that management will support them.

ACTION

Assign the responsibility for achieving the launch goals to a launch owner, and provide them with the flexibility and resources to make it happen.



Step 7: The launch plan is based on hunches, not market evidence

Hunches may be great for gambling but not for a successful product launch. Hunches are guesses based on “gut feeling” not market evidence.

Your hunch says you can steal customers away from your primary competitor. It's exhilarating to do this, but would you bet the success of your launch on this strategy? You might, if you have market evidence the competitor is in a weak position, or is failing to provide adequate service to their customers.

Suppose your marketing team is planning to exhibit at a tradeshow to announce your new product. If your launch goal is to build sales velocity, how would you know if this is the right tactic? You would if there is market evidence enough buyers of the kind you need will be in attendance.

Market evidence helps mitigate the risk that a hunch will be wrong. It helps make sound business decisions and develop a launch strategy based on market facts rather than intuition.

With an initiative as important as a product launch there is no room for guessing.

ACTION

Make launch planning decisions based on market evidence not guesses.

Step 8: The launch plan mimics your competitor

Just because one organization chooses a particular launch tactic doesn't mean it will work for another. What may seem like an easy option is to mimic your competitor. However, there are too many factors in play to guarantee the same tactic will have equivalent outcomes. Mimicking a competitor also assumes they are smarter than you.

Choosing to mimic a competitor is the result of inexperience or a limited launch planning window. It's easier to copy something that appears to be successful than it is to develop a sound plan based on your own capabilities. Mimicking a competitor can lead to lost market opportunity, misdirection of resources, and loss of focus.

The context competitors use for a given launch could be completely different than the context of your product launch. Due to strong brand equity, companies like Apple can choose tactics that will work brilliantly for them, but may spell disaster for your company.

ACTION

An intimate knowledge of buyers and the buying process provides the best guidance for the most effective launch tactics.

Step 9: Existing customers are not adequately considered in the launch plan

It's staggering how many organizations fail to recognize the impact a new version of a product can have on existing customers. They're so focused on acquiring new business, they forget about the current customer base—the ones they've worked so hard to acquire and nurture.

A new customer has an understanding that getting from where they are today to fully deploying your product will likely take some work on their part. However, existing customers don't share this expectation. They've already made the investment and feel a transition to a new version of the product should be relatively painless. They trust you will take care of them.

Your product has been very successful and gained market share. To grow revenue, you've discovered an opportunity in an adjacent market segment. But in order to enter this new segment, radical changes must be made to support critical capabilities expected by this new market. However, the cost of supporting two products is prohibitive so you merge the two sets of capabilities into one product.

The launch of the updated product attracts customers in the new segment but existing customers won't migrate to the new version. The impact on their business is just too great.

When the pain of migrating to a new version of a product (from the same vendor) is perceived to be equal or greater than the migration to a competitor's product, customers will often evaluate competitive offerings. At best they may delay. At worst they switch to the competitor. This could spell disaster for your product launch.

ACTION

Ensure the migration to a new version of your product is smooth and straightforward for current customers.



Step 10: The launch team isn't a team

Have you ever been responsible for a product launch and felt like you were the only one doing the work?

Product launch is a team sport involving a range of expertise. No single individual can possibly know all the details, especially in large organizations. This necessitates the creation of a cross-functional launch team, where individuals can contribute their unique perspectives and experience.

The value of successful cross-functional teams is well documented, increasing exponentially with the size of an organization. However, so does the complexity of driving results.

Breakdown occurs when the launch team isn't really a team at all. It's a collection of individuals from various parts of the organization impacted by the launch, but whose management doesn't encourage or reward their participation in the team. Sound familiar? Why would a launch team member put in the hard work to make the launch successful if it's not deemed important by their manager?

The launch team consists of three distinct roles. The launch owner is responsible for organizing and driving the launch team. The launch team members are ambassadors from their respective functional areas. An executive sponsor helps break down barriers, serve as a mentor and acts as political muscle.

ACTION

Make participation in a cross-functional launch team a priority and reward the contribution.



Dave Daniels is an instructor for Pragmatic Marketing with more than 25 years of experience. He specializes in product marketing and product launch, with an emphasis on effective go-to-market strategies and execution. His extensive background includes development, sales, product management and product marketing, with a global perspective of the entire product launch process. He speaks at many industry events about launch best-practices and writes the Launch Clinic blog. Contact Dave at ddaniels@pragmaticmarketing.com

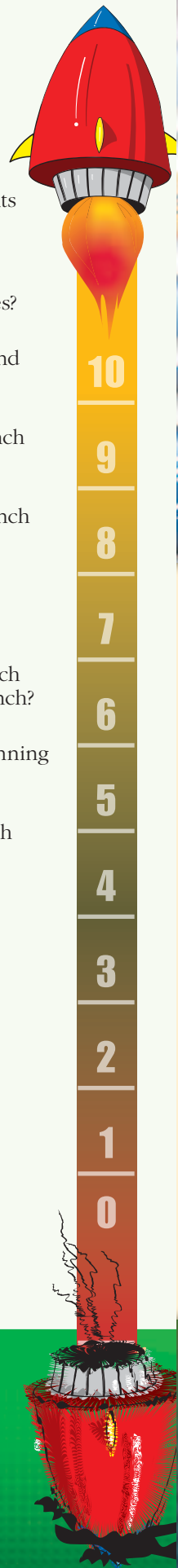
Are you ready to launch?

Yes	No	I Don't Know	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Were you happy with the results of your last product launch?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Is your team clear about their launch roles and responsibilities?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Are launch goals established and communicated to your team?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Do you have a designated launch owner?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Is the approach to product launch a team effort?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Does your launch team follow a proven launch process?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Do you consider different launch strategies for each product launch?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Do you collaborate launch planning among functional areas?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Is your team learning from each launch experience?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Do you identify and address readiness gaps before launch?

Each "yes" gets you closer to a successful product launch. Each "no" or "I don't know" gets you further away from sales velocity.

If your company is like many others, you will have the opportunity to launch only once this year, make it the priority it deserves!

TPM





Product Launch Essentials™

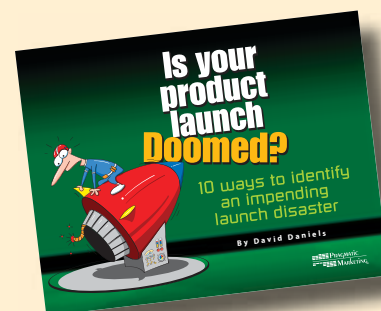
Plan and execute a successful product launch

Are your product launch efforts focused on deliverables rather than results?

Launching a product is more than following a simple checklist. A successful product launch is the culmination of many, carefully planned steps by a focused, coordinated team. Even good products can fail because of organizational issues, misunderstanding of roles and responsibilities, and a lack of a strategic approach to guide efforts.

- Learn a repeatable product launch process to shorten the launch planning cycle, get the resources needed, and know what to expect at every step.
- Understand the seven product launch strategies your team can use to maximize sales velocity.
- Measure product launch progress with indicators that identify unforeseen issues before they become big problems.

**Get a free e-book at
PragmaticMarketing.com/launch**



Download a complete agenda and register at **PragmaticMarketing.com/seminars**

Call **(800) 816-7861** to conduct this seminar at your office





Measurement-Driven Product Management

Measure only what matters most

By Mike Smart

“The problem with most measurements is that too many companies have trained their employees to measure the wrong things.”

*Craig Stull, Phil Myers and David Meerman Scott
in Tuned In*

In a rapidly changing business climate the allocation of resources and budgets are closely tied to a department's ability to get short term results. If you are a vice president, director or team leader for a product management function, one of the biggest challenges you face today is how to demonstrate the team is making a significant contribution to top line or bottom line targets. The pressure on budgets and resources from executives has forced a tighter link between current investments and near term results.

If you can't measure your team's effectiveness, or if you are focused on the wrong metrics, your headcount and budget allocation could be at risk.

In the 2008 best-selling book, *Tuned-In: Uncover the Opportunities That Lead to Business Breakthroughs* by Craig Stull, Phil Myers and David Meerman Scott; the authors point out that many companies force employees to measure and track the wrong thing which leads to out of synch or “tuned-out” behaviors.

In this economy, the best way a product management team can establish its value to the corporation is by using a reliable set of outcome-oriented measurements that demonstrate both performance of the product(s) and effectiveness

of the role. The stakes are high! A product management function that demonstrates a direct contribution to the company's income statement and uses objective measurements to gauge their effectiveness and value to the company will have more influence shaping the product strategy and the roadmap.

The fact there is increased emphasis on measurements, metrics and alignment with corporate goals during this business cycle is not a surprise. What is intriguing is the number of product management leaders acknowledging this focus will continue after growth returns to the industry. This is in part because CEO's need better risk mitigation and are demanding more predictability in all aspects of the business.

At a recent ProductCamp industry event, a session on “Metrics-driven product management” was filled with product management team leaders, directors and VP's. All of the attendees expressed serious concern about the need to establish better linkages between the activities of product management with broader company results such as revenue, product margin and profits. Very few challenged the sole use of these conventional corporate measurements as the gauge for product management effectiveness.

Success in building high performance teams begins with using measurements that give visibility about the overall effectiveness and efficiency of the team. The key is finding the right measurements.

What are the best measurements to monitor the effectiveness of product management teams? What are the best practices measuring the health of products? How to demonstrate value and alignment with larger corporate goals?

“If you can't measure it you can't manage it.”

*The Balanced Scorecard by
Robert Kaplan and David Norton*

Measurements and metrics

The use of measurements and metrics seems like a straightforward distinction but deserves some discussion. These terms are often used interchangeably, yet have very different applications. A more formal definition of the terms “measurement” and “metric” gives us a common language to move forward.

Metric: A measuring system that quantifies a trend, dynamic, or characteristic. Metrics encourage objectivity. They make it possible to compare; they facilitate understanding. Think benchmarks statistics and predictive indicators.

Measurement: A way of monitoring and tracking the progress of strategic objectives. Measurements can be leading indicators of performance or lagging indicators. Common measurements such as product revenue, profits, product margin and product adoption rate are often referred to as key performance indicators or KPI's.

But, what type of measurements to use and how can they be used to accurately express performance and ultimately give management the ability to predict results?

There are three types of measurement that are necessary to create reliable performance indicators; rearview, operational and activity-based. All key to developing an effective product management organization. But the

degree to which a company adopts a measurement driven approach to drive the business depends on the company culture.

Rearview measurements

Pragmatic Marketing's 2009-2010 Annual Product Management and Marketing Survey shows performance in classical financial measurements such as product revenue, product margin and profitability are most commonly used to determine the success of product management. These measurements are “rearview” because they are lagging indicators; meaning they cannot drive the performance of people, processes or products. Product management teams that focus solely on these measurements usually struggle to establish clear value to the company's goals.

Why do so many companies rely on rearview measurements to assess the effectiveness of product management? Because those measurements are easy to assign and consistent with the high level focus of the executive.

These rearview measurements are the natural tools of top-down goal setting. It is common for CEO's to push these MBO's (management by objective) down to product management. There is value in using rearview measurements; primarily to identify historical profit leaks such as:

- Product revenue growth
- Profitability
- Cost of sales
- Product margin

Rearview or financial measurements are part of the common language for companies. Product Management will be ultimately judged by the financial success of the product, but there are consequences with putting too much emphasis on these measurements.

- We learn too late what is working well and what is not
- Focus on rearview measurements can drive product managers to the wrong behavior
- Product managers are held accountable for outcomes they have little or no control in achieving

A solid understanding of the key financial indicators for products is important but it's not enough to ensure a successful product or an effective team. →



Operational measurements

Operational measurements are the “measurements behind the measurements.” These are leading indicators for most organizations, because they can drive and create outstanding financial results. Ideally VP’s and directors of product management interpret the company strategy and align with key financial measurements by emphasizing relevant operational measurements. These can be the key ingredients of a high performing product management team. Clear and relevant operational measurements enable better focus on the team and increase the probability of product and market breakthroughs. If we understand the relationship between specific operational measurement and the financial measurement, they bring more predictability to the company’s financial results.

Establishing and using operational measurements to evaluate the effectiveness of product management and the health of the product is critical because it bridges the gap between company strategy and execution.

A company’s operational measurements are how high-level goals become grounded. They become “the vital few” for the product management team.

Relevant operational measurements include:

- **Market sensing**—knowledge of market problems among customers, evaluators and potentials
- **Speed-to-market**—putting the right product in the right market segment faster than a competitor
- **Product adoption**—driving the uptake rate in a market at a lower cost and shorter time than a competitor
- **Product launch**—improving the response rate from target buyers with fewer impressions
- **Customer satisfaction**—increasing the “willing to recommend” percentage of existing customers

A crucial step is to translate the rearview or financial measurements into the appropriate operational measurements. The leader of the product management team must be fluent in both the financial and operational measurement paradigms.

Operational Driver	Financial Outcome
Speed-to-market	Increase product revenue
Product adoption	Increase product margin
Product launch	Lower cost of sales

Above, we see that linking these measurements gives the product management team more context and better insight into their contribution to the company goal. It also gives product management leaders concrete and objective measurement to track interim results and key milestones.

As an example, speed-to-market is a metric that can be tracked in several ways. How fast did we reach the market with new product releases compared to last year? How many times did we beat the competition to market with comparable product releases? Where do we rank within our industry segment? Over time we learn what effect improving this measurement has on increasing revenue. Every team member should understand these relationships and how their projects and key activities affect the outcome of the operational drivers.





Financial outcomes Performance Activities

Activity-based measurements

The next step in developing predictable measurements is linking activities, performance drivers and final outcomes.

Activity-based measurements are the execution side of the measurements fulcrum. While operational measurements are leading indicators to financial results, activity-based measurements are the tactical tasks that lead to the desired operational outcome. Using these allows team leaders to identify the crucial activities that drive the desired outcomes. Activity-based measurements reduce ambiguity and establish accountability for all team members.

Activity-based measurements that a product manager should be held accountable for are:

- Onsite market interviews
- Assessing impact to customers for existing or future products
- Positioning to buyer personas

The table below illustrates how to close the gap between specific activities, operational drivers and financial results.

Properly conducted onsite interviews across the total addressable market enable discovery of un-met needs or market problems. Validation of these market problems through surveys demonstrates what percentage of the market has these problems and the value of solving them. The data from these activities gives product managers the facts to define the next release and a high degree of confidence that the proposed solution is the right product for the right target segment. This product development approach is fast and more efficient.

Establishing strong links between activity-based measurements and operational measurements may not be easy, but is critical in establishing the value of product management and to build credibility within the organization. The key is to develop reasonable correlation and monitor the accuracy of these relationships over time.



Activity-Based Targets

On-site interviews

Assessing impact to customer

Positioning to buyer personas

Operational Driver

Speed-to-market

Product Adoption

Product Launch

Financial Outcome

Increase product revenue

Increase product margin

Lower cost of sales



Here is an example of how a team could establish strong links between activity-based measurements and operational outcomes.

The annual operational goal for the product management team is to improve speed-to-market by beating competitor A to the market. What activity-based measurements must the team leader assign to each product manager to ensure this goal is achieved by the end of the year?

Consider these:

- *Conduct Strength, Weakness, Opportunity and Threat (SWOT) analysis against Competitor A*
- *Complete customer impact assessment of Competitor A's products vs. ours*
- *On-site customer visits to validate Competitor A's perceived product gaps*
- *Complete Market Requirements Document (MRD) with Competitor A as key theme*
- *Deliver 100% of something ahead of Competitor A*

One caution to the team leader—make sure the sum of these activities is greater than or equal to one or more of the team goals. This linking can provide the ability to benchmark and propose metrics that have predictive value.

The key to success with this approach is to continuously review data and trends to ensure the measurement remains relevant.

Best Practice Measurements

Share of hearts, minds and markets

Most product management leaders would benefit from the ability to rigorously assess existing projects and new opportunities, identifying potential risks. This approach would guide investment and allow VP's and directors to evaluate outcomes and reinvest to maximize contribution. The enhanced visibility would enable product management leaders to defend the allocation of resources with measurements that are tightly linked to the company's income statement.

As a leader of a product management team, what should you measure?

Initially two things: product performance and product management effectiveness.

These are different but equally critical dimensions of the product management process. Team leaders must monitor people, process and market success for the product lifecycle. To be successful, all three must be continually assessed.

Must be relevant

The most important outcome from Product Management are financial results, but product management leaders must translate the financial results into performance drivers that lead to the income statement outcome. Until a clear linkage between actions and outcomes is established the measurements are theoretical.

When it comes to setting targets for individual product managers there are best practices to follow.

Look for connections between operational measurements and activity-based measurements that may not seem obvious at first. Question your current assumptions about the business and what really drives product performance.

Require transparency

Initiating a performance measurement program is a commitment to changing the way a team operates. The biggest change is a commitment to complete transparency.

In some companies, Product Management has accountability for the operational goals—each of these are translated into product specific objectives and measurements. The product management leaders must defend key measurements and performance at the product line level.

Must impact financial results

In a down economy, CEO's are pressured to emphasize near term results and near term execution that impact the income statement. Product management leaders must be aware of potential shifting priorities and if your key measurements are trending badly, early intervention is critical.

The team leader using this measurement system must have a dashboard view of products, projects, processes and people. This is the only way to focus on what matters most and to continuously refine key measurements. It also allows the team leader take action based on insights gained or emerging trends.

However, the proper use of measurements must go beyond driving short-term financial results. The real potential is in changing the way Product Management thinks about its role and value to the organization.



Ultimate goal

“Every metric, whether it is used..., to evaluate future strategies, or simply to take stock, will affect actions and decisions.”

*From “Metrics: You are what you measure”
European Management Journal*

The long term benefit of Product Management becoming measurement-driven is higher team performance, improved predictability and increased credibility. The ultimate benefit is developing the ability to reliably create outstanding products and market breakthroughs.

Can Product Management operate with this high level of maturity, using a reliable measurements and metrics system with more predictable results in a company?

This “holy grail” of product management performance is doable, but often many cultural and process gaps must be addressed first. An organization fosters a measurement-driven culture by reinforcing other aspects of the process, such as tightly coupling rewards, recognition, compensation and promotion to attainment of operational results. Does yours?

TPM



Mike Smart is an independent consultant working with private equity firms to increase the value of their portfolio companies by implementing product management and product marketing best practices. He has a passion for identifying key metrics that drive company performance.

Mike brings more than 25 years of industry experience in a variety of leadership roles. These include Senior Vice President of Operations, VP of Product Management & Development, VP of Product Management and VP of Sales.

Most recently, Mike was an instructor and consultant with Pragmatic Marketing where he worked with medium and large enterprise software companies to teach and implement the Pragmatic Marketing framework.

Contact Mike at msmart@egrss.com

Stay current with industry best practices



Visit the online community at PragmaticMarketing.com

- Review 10 years of **Annual Product Management and Marketing Survey** results
- Attend a **webinar** by one of today's industry thought-leaders
- Read **hundreds of articles** on product management, marketing and leadership strategies
- Read **blogs** from Pragmatic Marketing thought-leaders and other industry experts
- Stay connected with your industry peers by joining a local **Product Management Association**
- Read **profiles of companies** who have achieved success using the Pragmatic Marketing Framework™
- Participate in **online networking** with LinkedIn and Facebook groups
- View a list of **recommended books and software tools** for product managers and marketers

 **PRAGMATIC**
MARKETING®

Defining and Designing Technology for People

By Sean Van Tyne

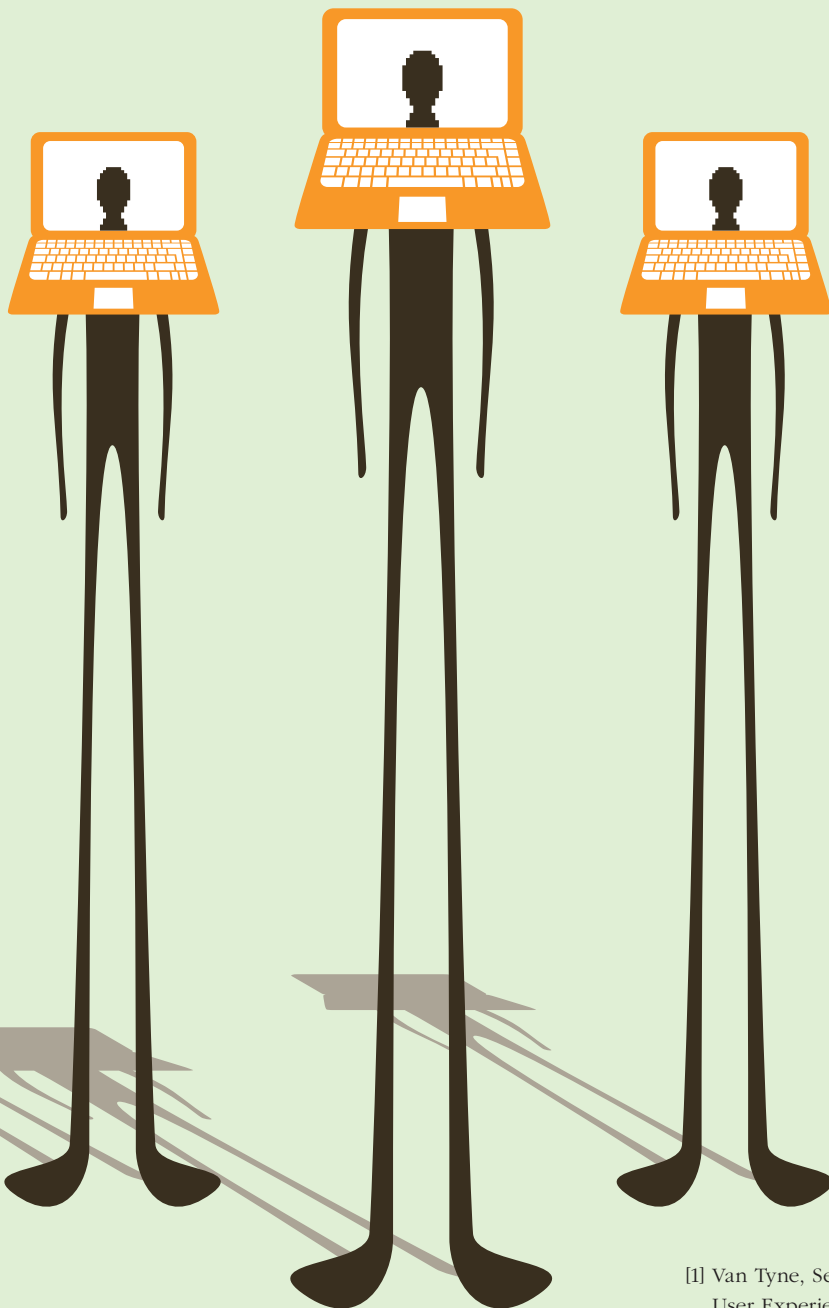
We can only design solutions for people when we have a deep, detailed knowledge of those people's needs. We build upon our prior knowledge and experience to design and develop better products. Each new generation of solutions improve based on market and customer feedback.

Ignore customer suggestions

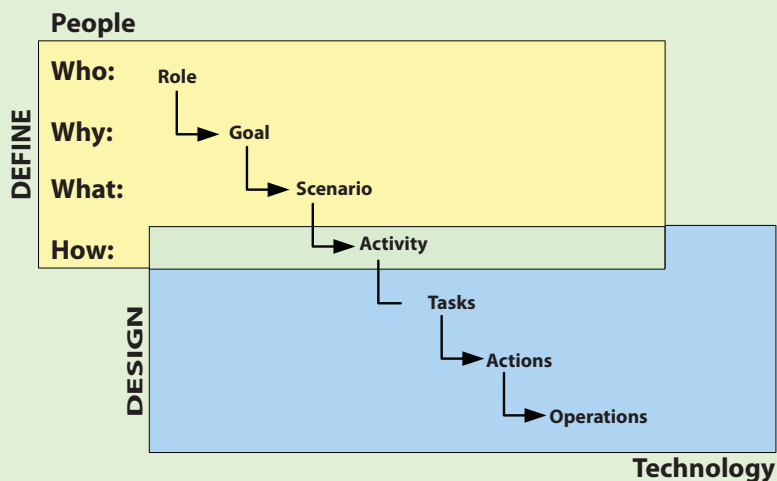
Sometimes the best way to satisfy a customer's need is to ignore their suggestions. "Customers have ideas about incremental improvements to their workflow, but if we develop something that is truly innovative, our ideas probably won't make sense to existing customers."¹ Sometimes when we solve a market problem, our solution may completely eliminate existing workflows, activities, and tasks with a better process. In many cases, customers only know their way of doing things while we have a broader perspective across many customers' processes and a deeper understanding of technology capabilities. An individual customer does not have our aggregated view of the larger market problem across multiple customers and a deep understanding of technology.

Listening to our customers' suggestions may lead to incremental improvement instead of real innovative market solutions but ignoring them all together can produce even worse consequences! It is by going out and *observing* our customers using our solution that we see how they interact with our products in their environment. There are many things people never verbally communicate because they are unconsciously doing them or they do not see them as important. For example, they may have created special information "cheat sheets" they need to do their job. I have observed numerous customers' end-users who have a spreadsheet on their network to manage information that could be incorporated into the product and completely change the way they accomplish activities. Most customers do not have the deep understanding of technology capabilities. And, from their perspective, we are, quite frankly, one of many vendors to them—just a part of their overall process—and they think of our products and solutions in this context.

A deep understanding of our customers' needs is still required to make great solutions. But it also requires a deep understanding of technology, tools, and of the *reasons* for our customers' activities.



[1] Van Tyne, Sean, "Easy to Use for Whom: Defining the Customer and User Experience for Enterprise Software." *Pragmatic Marketing, Volume 5, Issue 3, 2007*



Understand customer activities

Dr. Donald Norman has suggested a hierarchical structure of activities, tasks, actions, and operation² to better understand our customers' interactions with solutions. In this model, activities are comprised of tasks, which are comprised of actions, and actions are made up of operations. This "activity-centered" philosophy is focused on the *activity*—not the person. If a customers' suggestion fails to fit the design model, it should be discarded. Too many companies, proud of *listening* to their customers, will include requested features that do not really solve the bigger market problems. Only by *observing* our customers activities—interactions with our products—do we really understand customer's needs.

Successful product designers understand their customers' activities to determine how the solution will best operate. Understanding the tasks of the activities helps understand the customers' intentions. Focus on activities our customers perform rather than their requests. Systems that support the activities must, of necessity, support the people who perform them. Successful products are those that

fit gracefully into the requirements of the underlying activity, supporting them in a manner understandable by their target customer. Understand the activity, and the solution is understandable.

Define who, why, what, and how: roles, goals, scenarios, and activities

The product manager must have a concise vision for the product they can clearly articulate to the product designers. Put the customers and users activities in context of the market problem the solution is solving. Markets are "made up" of segments. We must be able to define our market segmentations in terms of their needs in context of the problems we are solving for them. Both demographic and psychographics help to develop segmentation profiles.³ Consider the strengths and weaknesses of the competitors' solution compared to your solution along with how the various customers' goals, process workflows, activities, and tasks are similar and different. Remember that innovation sometimes means looking at a solution in other

markets and adapting it to our own. The solution's vision provides the direction for the product's design.

The product team must follow the vision and not be afraid to ignore findings. Yes, listen to customers, but know when the findings support the vision. Vet assumptions, validate design concepts with customers, and evaluate the solution with customers' end-users. Review market segmentation demographic data and interview stakeholders, customers, and users, in order to gain insight into their goals. A *goal* is a result one is attempting to achieve. Observe the customers and users using the solution in their environment and develop diagrams of the various customers' workflows and note where the goals and underlining activities are similar and different.

Group your customer and user by similar roles based on their goals and the type of activities they perform. A *role* is a set of connected behaviors. Usually people with the same role have similar job-related responsibilities, duties, and goals.

Once the various roles and goals are understood, think through the scenarios needed to realize the goals. *Scenarios* describe a user's interaction with the solution. Scenarios are useful to Product Management to define business cases and useful for Product Design to define user interface design.

Determine what activities are needed to complete the goals by roles. An *activity* is a specific behavior or grouping of tasks. Develop a diagram that illustrates the activities. An activity diagram shows activities and actions to describe workflows.



[2] Norman, Don, "Human-Centered Design Considered Harmful," http://jnd.org/dn.mss/human-centered_design_considered_harmful.html

[3] Bean, Jeofrey and Van Tyne, Sean, Market Aligned User Experience Seminar, October 5, 2008, Del Mar Doubletree, San Diego, CA

Design activities, tasks, actions, and operations

Product designers have tools they use to define activities, tasks, actions, and operations such as activity diagrams, wireframes, and prototypes.

Activity diagrams divide the activities into tasks needed to complete the user's objective. A task is a unit of work. The task itself may be a single step in the process or multiple steps or sub-tasks that make up the task. Activity diagrams, sometimes called process flow diagrams, divide the scenario tasks as needed to convey what the user needs to do to complete their goal.

Tasks analysis looks at tasks as outcomes that have actions. Actions usually result in some form of commitment. For example, selecting the "OK" button in a software interface or pressing a button on a device that results in a desired outcome. And an operation is the outcome of the user's action. The operation is the program initiated and yields the results of the user's intended goal.

Product Design develops prototypes to elicit customer feedback to validate the solutions activities, tasks, and actions meet their needs. Wireframes are a quick and easy way to prototype a design for feedback. Wireframes are a basic visual guide used to suggest the layout and placement of fundamental design elements in the interface design. They provide a visual reference for the structure of the screens, define the positioning of global and secondary levels of information hierarchy, and maintain design consistency. It is a way to visually represent the activities, tasks, and actions.

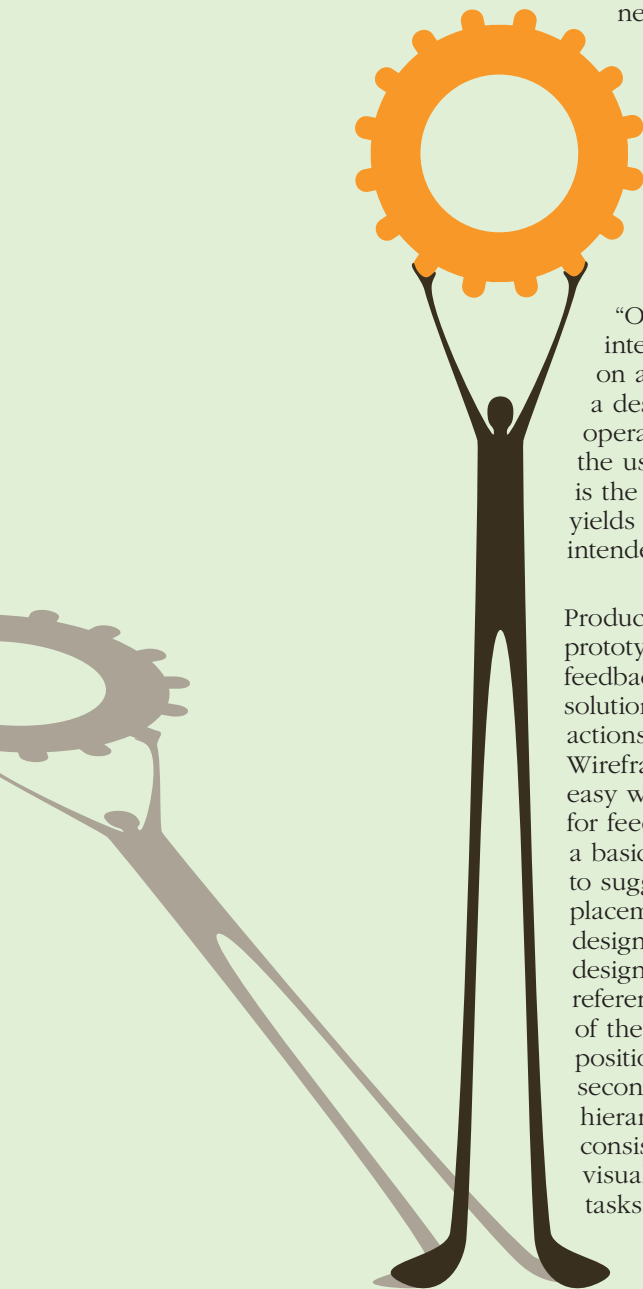
With wireframes, designers validate the general workflow navigation, information grouping, information hierarchy, terminology, labels, and general interactions in terms of activities and tasks that need to be complete to meet the customers' goals. Wireframes and lo-fidelity prototypes, in general, should be void of all color, fonts, icons, graphics, etc. to keep the focus on the overall workflow, activities, tasks, and general information design.

When solving problems for the broader market, these prototypes allow you to validate where various customers' workflow and content overlap and differ, and start thinking about the right design solution to support the differences in their workflow, activities, tasks, and content.

Once you're confident you understand various customers' workflow, activities, and tasks, it's time to develop visual design—color scheme, fonts, iconography, branding, and all graphic elements. Visual designers develop the visual design elements that support the company's brand and enhance the ease of task completion and efficiency.

Medium-fidelity prototypes are developed based on wireframes and visual design. These prototypes encompass screen flow and interaction. Interaction Design defines the behavior of how your customers and users interact with your solution. They focus on the tasks that need to be completed and the actions associated with the task and underline operation. Interaction design is focused on making products more useful, usable, and desirable.

Work with customers and users to conduct reviews of prototypes for feedback. Conduct usability evaluations to measure effectiveness, efficiency, and satisfaction. Be sure to measure task completion, time and task, and the emotional response to your solution.



Win in the marketplace

We can only design solutions for people when we have a deep, detailed knowledge of those people's needs. Just listening to our customers' suggestions only leads to incremental improvement instead of real innovative market solutions. It is by going out and observing customers using our products in their environment that we gain deep understanding of our customers' needs that is required to make great solutions.

Successful products fit gracefully into the requirements of the underlying activity, supporting them in a manner understandable by their target customer. Understand the activity, and the solution is understandable. With an activity-centered design, focused upon the activity rather than the person, ensures we develop innovative solutions that win our marketplace.

TPM



Sean Van Tyne is the User Experience Director for FICO where he provides leaderships for teams across the US, UK, and Asia. Prior to FICO, Sean was AVP of User

Experience for LPL Financial where he helped define new market segments and develop the product management, iterative design, and agile development plan. Prior to LPL, Sean was Director of User Experience for Mitchell International. Prior to Mitchell, Sean was Director of Product Design for Medibuy. Sean is the current President of UX SIG (www.uxsig.org); on the Executive Board of UXnet (www.uxnet.org); and advisor on numerous professional and corporate boards. Visit www.seanvantyne.com



Pragmatic Roadmapping™ online or onsite at your company

Align your product strategy with the market

Do you need a practical and repeatable way to communicate product plans, strategy and vision?

The online Pragmatic Roadmapping is a **complete one-day seminar**, presented in three parts you can watch all at once or spread over several days. Each session includes instructor-led, hands-on exercises to help you define, plan and complete your roadmap.

- Align and focus the organization around the market not just your products.
- Identify which projects to fund based on available resources and company strategy.
- Communicate the roadmap internally & externally with just the right detail for each audience.

Download a complete agenda and register at

PragmaticMarketing.com/seminars

Call **(800) 816-7861** to conduct this seminar at your office

 **PRAGMATIC
MARKETING®**

Don't Let the Sun Go Down

Techniques for sunseting or retiring products and features

By Steve Johnson



Most product management activities and processes are about creating, delivering, and maintaining products. But what about products at their end-of-life? Not much has been written on this topic so there aren't many resources available.

We often hear "I want to sunset product features, but a small handful of my customers are holding me hostage and I don't know how best to move forward."

Why should you sunset?

Sunsetting is the process of pulling a product from market. The term can also be applied to removing obsolete features from a product. Sunsetting involves making the business decision to remove the product or feature and then communicating the decision to customers and sales channel. Sunsetting a product removes the product from the sales channel; sunseting a feature removes the feature but keeps the product.

In either case, the primary reason for sunseting is that the cost of development and maintenance exceeds profit. There may be other reasons but in the end, sunseting is a business decision, not a technical decision. Look at the revenue from maintenance and the cost of maintenance. It should be a pretty easy decision.

Making the case

A quick estimate of product profitability shows whether the product makes good business sense. Determine how many people are staffed on the product in development and support. That'll give you a sense of the cost. Then get Finance to provide annual revenues for licenses and maintenance. Voila! You have a definition of profit.

Some companies continue to "support" obsolete products even though they have no developers or support staff that know anything about the product. You know that will bite you in the end. If your product isn't making profit, it's time to kill it.

Suppose you need to pull a feature? A SaaS or hosted solution should make this a snap! Not only can you easily pull the feature, the product itself can tell what features are being used. For the rest of us, a quick customer survey will probably do the job. Survey a few dozen customers—or maybe all of them—and ask if they use the feature. One question. Yes or No? Resist the temptation to extend the survey for some other marketing or sales objective because you don't want to burden a survey with too many questions.

And don't forget about web stats. Your web master can easily tell which operating systems and browsers are being used on your website. So if you want to discontinue support for an obsolete technology, you can quickly determine what percentage of your customers are affected.

You need to support your customers' environments but not one customer's environment; that is, you must support the environments of a statistically relevant set of customers. Most industries upgrade quickly while others continue to use old platforms. Your customers may need continued support for a platform long after the vendor has dropped support. Check the statistics on your customer-focused website to identify which operating systems are being used. Microsoft is very upfront about the lifecycle of their operating systems. Go to support.microsoft.com and search for "lifecycle" to see exactly when support will be discontinued for various products.

The tricky thing of course is knowing what is right for your product. Sure, nobody at your company uses obsolete technologies but do your customers? You might be surprised how many people don't upgrade their operating systems or browsers. They just use whatever came on their computers. Is that true for your customers? Find out before you assume that your developers' tech environment is similar to your customers'.

Factors to consider when sunsetting

A product or feature should be removed from the market when it's no longer profitable to maintain. There may be other considerations as well. To your colleagues outside the technical part of the organization, there seems no downside to keeping products around but keeping products past their prime confuses customers,

distracts developers, and annoys customer support. A trouble ticket related to a product on its last legs pulls time and attention from the company's core business. Customers will wonder whether to buy the old product or the new, and will certainly question why they are paying for maintenance on a product that you clearly are not maintaining. Sales and Marketing will care about the distraction when they realize that maintaining an old product comes at a cost of not producing or upgrading a new product.

Strategic fit

Beyond the profit factor, older products may not align with company strategy. If your company is embarking on a new strategic direction, older products will confuse the market and your own portfolio strategy.

Portfolio fit

It's a bad idea to have two products that appear to do the same thing. Look at your product portfolio across the company and ensure there is no confusion about capabilities. If you have two products in the same category, one of them should probably be retired.

Contractual commitments

Many product managers discover contractual commitments with customers that have to be worked out with your legal team. Most customers are reasonable; they understand that you're running a business. But understand what the contractual commitments are and discuss alternatives with your team. A great solution for many customers is a free upgrade to your current product in the category. Since many customers do not upgrade for financial reasons, you may find that the contractual commitments disappear if you can make upgrading free or at least inexpensive.

Market factors

Continuing to maintain old product impacts the market's perception of your company and portfolio. You probably don't want the reputation of being the company where "old technology goes to die."

Technology

Technology does become obsolete. It doesn't make sense for most companies to support OS/2, Windows 3.1, DOS 3.3, old versions of databases, platforms, browsers, and so on. Keeping the code around makes it cumbersome to maintain and often slow to use. Refactoring for the purpose of improving product performance is hampered by obsolete or unnecessary code.

Impact to customers

Change is often perceived as negative by many of your customers. Some, of course, have already upgraded and make every attempt to stay current. Others would rather stick with what works and not have to re-implement anything.

Any change has a customer impact so explore options to alleviate the stress and costs of change. Free upgrades from the old to new product, automated conversion of data and scripts to the new platform and assisted conversions using your professional services team are all methods to make it easy for a customer to change. Imagine if you had to format your hard drive and reinstall all your data every time Microsoft put out a service pack! That's what it feels like to your customers when they have to upgrade from version 6 to version 7.



Communication to customers

The real key to sunseting products is to get customers to understand why you're doing it and how it affects them. Explain the business decisions. Solicit their ideas on how to best make the transition. Explain their options for converting themselves with automation or with your assistance.

One trick is to do positioning. Those who have attended Pragmatic Marketing's Practical Product Management seminar know how to do this. You want to crystallize your thinking. Any time you plan to create a marketing program or sales tool, you start with positioning. So do a positioning document for the end of life, too.

This notification is usually done via letter or email to the buying contact in the client site.

Here's an example from FusionOne:

Several months ago, we informed users of our free FusionOne Basic service that we would no longer be supporting the free service, and urged users to upgrade to our fee-based FusionOne Plus service. Therefore, effective March 31, FusionOne will permanently discontinue the FusionOne Basic service. After that date, the Basic service will no longer be available, and any data stored on FusionOne servers will be permanently deleted. We will not be able to provide access to that data in any form after March 31. We strongly suggest that Basic service users retrieve and/or delete any data stored inside the FusionOne service prior to this date.

We encourage you to learn more about FusionOne's other service offerings for mobile phones: MightyPhone™ (www.mightyphone.com) and MightyBackup™ (www.mightybackup.com).

We sincerely appreciate your support and regret any inconvenience this necessary action causes you.

Most of all... be clear. Nobody likes ambiguity. You don't want them thinking "okay, what does this really mean?" Tell them your decision, tell them their options, and give them a switchover date.

Be sure you've got executive support for the decision. For some customers, sunseting a product will spark a phone call to their sales rep, asking for an exception. And the sales rep thinks he doing the customer and the company a favor by "saving" this client. You need to be able to say with assurity that the product is being discontinued. Period. No discussion.

Opening up the account

One negative aspect of discontinuing a product is that it invites the client to look for alternative products from other vendors. "After all, if I'm going to have to re-implement anyway, maybe I should look at some other products." Discuss with your sales management approaches that encourage customers to upgrade rather than switch.

However, if you're obsoleting a product and don't have an upgrade path within your own company, you'll need to recommend products your customer should consider, particularly those from your partners' portfolios. Again, a discussion with sales management goes a long way

in reducing the thrashing that occurs when a customer starts evaluating alternatives.

Un-launching the product

Okay. You've done the profitability analysis. You've decided how to communicate to the customers and help them move. Now you have to un-launch the product. Remember all the things you did to *launch* the product? Now we have to un-do it all. You've got to revise the web-site to say "This product has been discontinued" and send them to a product page for the replacement or alternative. You'll have to remove it from the price list. What else will you have to revise or remove? Look to your current launch plan for any product, walk-through each item and create an un-launch plan. This is probably one of those places where a team can see items a single person cannot.

Obsolete products confuse the customer and sales channels. Obsolete technologies become increasingly difficult—or impossible—to maintain. Most of all, obsolete products are not profitable. And they distract you and your team from focusing on the company's new initiatives. Help your customers switch from old to new. Put together a team, divvy up the areas of responsibility, and make it happen so you can get back to working on tomorrow's products instead of yesterday's.

TPM



Steve Johnson is a recognized thought-leader on the strategic role of product management and marketing. Broadly published and a frequent keynote speaker, Steve has been a Pragmatic Marketing instructor for more than 10 years and has personally trained thousands of product managers and hundreds of company senior executives on strategies for creating products people want to buy.

"A biting sense of humor," "credible" and "feels my pain as a product manager" are just some of the words attendees use to describe the experience of being taught by Steve. He is able to convey his experiences of living the life of a product manager in a unique and entertaining way.

Steve is a popular keynote speaker at forums throughout North America and author of many articles on technology product management. His ebook on product management has been downloaded thousands of times. He also blogs on the topic at productmarketing.com. Contact Steve at sjohnson@pragmaticmarketing.com



Training at Your Office

Sign up for the home team advantage

Want Pragmatic Marketing to come to you?

Benefits

- Ensure everyone learns at the same level from start to finish
- Focus on the material most relevant to your company
- More of your staff can attend
- Discuss proprietary issues in complete confidentiality
- Save money on travel expenses by having our instructor come to you

Team Development

- Your entire group will become more productive
- Everyone will use consistent methods and speak the same language
- The skills learned are practiced during the training session — all seminars are highly interactive and encourage participation

PragmaticMarketing.com/onsite

Call (800) 816-7861 to conduct a seminar at your office



Seminar Calendar

Call **(800) 816-7861** or go to **PragmaticMarketing.com** to register!

Practical Product Management®

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

May 11 - 12 (13)* San Francisco (Burlingame), CA
May 12 - 13 (14)* Tampa, FL
May 24 - 25 (26)* Minneapolis, MN
May 25 - 26 (27)* Toronto, ON, Canada
June 9 - 10 (11)* Vancouver, BC, Canada
June 14 - 15 (16)* Austin, TX
June 14 - 15 (16)* San Francisco (Burlingame), CA
June 21 - 22 (23)* Boston (Bedford), MA
June 28 - 29 (30)* Raleigh (Durham), NC
July 12 - 13 (14)* Indianapolis, IN
July 12 - 13 (14)* San Francisco (Burlingame), CA
July 19 - 20 (21)* Ottawa, ON, Canada
July 19 - 20 (21)* Portland, OR
July 26 - 27 (28)* Newark, NJ
August 9 - 10 (11)* Boston (Bedford), MA
August 9 - 10 (11)* Toronto, ON, Canada
August 16 - 17 (18)* San Diego, CA
August 23 - 24 (25)* Denver (Littleton), CO
September 13 - 14 (15)* Montreal, QB, Canada
September 27 - 28 (29)* Minneapolis, MN
September (TBD) Atlanta, GA
September (TBD) Baltimore, MD
September (TBD) San Francisco, CA

*Day 3 is *Requirements That Work*

A discount is available for groups of three or more.

**Don't see a date or location that works for you?
Let Pragmatic Marketing come to your company!
Call (800) 816-7861 for more information.**

Requirements That Work™

Provides a repeatable method for writing clear requirements your team will read and use. It discusses techniques for prioritizing and organizing market requirements and clarifies the roles for team members. This approach enables organizations to deliver solutions that sell.

May 13 San Francisco (Burlingame), CA
May 14 Tampa, FL
May 26 Minneapolis, MN
May 27 Toronto, ON, Canada
June 11 Vancouver, BC, Canada
June 16 Austin, TX
June 16 San Francisco (Burlingame), CA
June 23 Boston (Bedford), MA
June 30 Raleigh (Durham), NC
July 14 Indianapolis, IN
July 14 San Francisco (Burlingame), CA
July 21 Ottawa, ON, Canada
July 21 Portland, OR
July 28 Newark, NJ
August 11 Boston (Bedford), MA
August 11 Toronto, ON, Canada
August 18 San Diego, CA
August 25 Denver (Littleton), CO
September 15 Montreal, QB, Canada
September 29 Minneapolis, MN
September (TBD) Atlanta, GA
September (TBD) Baltimore, MD
September (TBD) San Francisco, CA

Living in an Agile World™

Shows how product management can ensure an Agile development team remains aligned to company strategy. From creating user stories grounded in market problems to managing a backlog prioritized with market evidence.

Effective Product Marketing™

Delivers practical tools and processes for product marketing, industry marketing and marketing communication managers who want to improve their strategic contribution and align with the sales organization. Learn how to build a repeatable process to develop, execute and measure go-to-market strategies that ensure product success.

June 28 - 29 Boston (Bedford), MA
August 16 - 17 San Francisco (Burlingame), CA
September (TBD) San Diego, CA

Product Launch Essentials™

Assess organizational readiness and define team responsibilities for a successful product launch.

June 30 Boston (Bedford), MA
August 18 San Francisco (Burlingame), CA
September (TBD) San Diego, CA

May 14 San Francisco (Burlingame), CA
August 12 Boston (Bedford), MA