

THE PRODUCT MANAGEMENT AND MARKETING AUTHORITY

# PRAGMATIC MARKETER

WINTER 2014



GLOBAL  
STRATEGY

**BREAK  
THROUGH  
BOUNDARIES**

**DON'T GET  
LOST IN  
TRANSLATION**

**PRICE YOUR  
PRODUCT FOR  
THE WORLD**

**T**echnology continues to enhance our real-time communications across the globe. And as the world seemingly gets smaller, the opportunities get bigger. In the United States alone, exports rose to their highest level on record last November. And China also reported record trade figures last year.

This issue of *Pragmatic Marketer* takes a look at how to make the most of globalization since, as Adi Kabazo puts it in his article, "While commercializing, marketing and supporting technology products in multiple regions can be a dream come true, it can also be an extremely daunting challenge."

From translation efforts to pricing to development, this issue features insights for going global that we hope you'll reach for time and again.

We strive to be a go-to resource for product management and marketing professionals. If there's anything you'd like to see in an upcoming issue, please reach out to [editor@pragmaticmarketing.com](mailto:editor@pragmaticmarketing.com).

Sincerely,



**Craig Stull**  
Founder/CEO



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THE PRODUCT MANAGEMENT  
AND MARKETING AUTHORITY

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# GLOBAL STRATEGY

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## Q&amp;A



**Alexandre Lourenço** is an assistant professor at Católica-Lisbon with more than 20 years of experience as a product manager, director of marketing and lecturer in higher education. This Q&A with *Pragmatic Marketer* takes a look at his "Product Management in Portugal" research, based on interviews with 35 product managers.

## WHAT BACKGROUNDS DO PRODUCT MANAGEMENT PROFESSIONALS IN PORTUGAL TEND TO HAVE?

The analyzed product managers had an average of 11 years professional activity. They were with their companies for 7 years, but were in their current product roles about 4 years. About 47 percent had previous training in economics and management, 43 percent had marketing backgrounds, 39 percent came from commercial fields and 23 percent trained in engineering and other areas. The average age was 34-years old.

## HOW MANY PRODUCTS DO THEY SUPPORT?

We analyzed the companies the product managers worked at, in addition to the data they provided. The companies averaged 21 brands and 12 product managers each, or nearly two brands per person. There are, however, some significant exceptions, such as the pharmaceutical sector, where as many as 18 brands per manager could be found. Or single-brand companies, with about 20 managers to a single brand. At the companies we analyzed, the average number of products by brand was 20. It should be noted, however, that this high average stems mainly from electronics and office supply companies.

From their own perspectives, the product managers reported an average of five brands each.

## WHAT ARE THEIR RESPONSIBILITIES AND ACTIVITIES?

The product managers here are generally responsible for strategic product planning. Apart from the product plans, which are typically done once a year, they also spend much of their time in communication and publicity activities. In listing their specific objectives, they mentioned 1) defining product strategy and

knowing how to communicate it, 2) exceeding the expectations of internal and external customers and 3) being the "parent" of the products.

Time management is also important, as they receive an average of 65 emails per day and send approximately 50. They also have two hours of meetings daily and travel three times a month.

Most said they have a high degree of autonomy, to the extent they can make many decisions. However, most also said that the maximum value for approval is relatively low, averaging €4,548 (roughly \$6,229 U.S. dollars).

## HOW ARE THEY EVALUATED?

The vast majority are assessed on qualitative factors (91 percent), but a significant number are evaluated for compliance with planned sales volume (89 percent), results (83 percent), fulfillment of budget (83 percent) and deadlines (83 percent). Market share is, in comparative terms, less frequently used as a factor for evaluating the work of a product manager (69 percent).

## WHAT ARE SOME OF THE CHALLENGES PRODUCT MANAGEMENT PROFESSIONALS IN PORTUGAL FACE?

Time management and prioritization were concerns listed by 25 percent of respondents, followed by relationships with other areas of the company (23 percent). Despite the autonomy many reported, a lack of decision-making power and dependence on others were listed by 9 percent of respondents.

Both constant change in the market and small budgets were also challenges faced by 9 percent of respondents.

These challenges mean that the role requires highly skilled individuals, but the good news is that the role is also in high demand.

*For a look at how product professionals fare in the United States and other countries, please see Pragmatic Marketing's 14th Annual Product Management and Marketing Survey at [www.pragmaticmarketing.com/survey](http://www.pragmaticmarketing.com/survey).*

**They have  
a high  
degree of  
autonomy.**

# Box of the Month: Win/Loss Analysis

Every month, we're highlighting a different box of the Pragmatic Marketing Framework™ with tips, resources and tools to help you ramp up your efforts around those activities. We kicked off our efforts in February, with a focus on win/loss analysis. Here are eight rules of successful post-decision interviews to get you up to speed.



- 1 Conduct equal interviews between wins and losses.
- 2 Conduct interviews within three months of the final decision.
- 3 Ensure a non-sales environment.
- 4 If a non-sales environment can't be achieved, outsource to an unbiased outside party.
- 5 Compile, compare and present quarterly findings.
- 6 Use a metric-based and structured template.
- 7 Make the post-decision interview non-discretionary.
- 8 Understand that perception is reality.

The full article, "The Eight Rules of Successful Win/Loss Analysis" by Roger W. Allison, can be found on [www.pragmaticmarketing.com](http://www.pragmaticmarketing.com). And follow @pragmaticmktng on Twitter to get the latest tools and tips tied to each box of the month.

## Travel Tips for Road Warriors

### Traveling to China?

There's more to do in China than visit the Great Wall. As a country nearly equal in size to the United States but with four times the population, it has a little something for everyone. Here are just a few of the sights to see in the "middle kingdom."

#### Mount Emei

[whc.unesco.org/en/list/779](http://whc.unesco.org/en/list/779)

In addition to being a scenic mountain with evergreen forests, it is home to many awe-inspiring Buddhist temples and statues. Beware of thieving monkeys, however. Tibetan macaques are wild here and are known to lift food out of backpacks.

#### Suzhou

[www.classicsuzhou.com](http://www.classicsuzhou.com)

Suzhou, a city on the Yangtze River, is known as Venice of the East. After a day of taking in the gardens and canals here, you're bound to work up an appetite. Local delicacies include squirrel-shaped Mandarin fish, cracking eel paste and watermelon chicken.



**Words of Warning**  
*The Szechwan pepper, a popular Chinese seasoning, can lead to a tingling numbness in the mouth and talking awfully funny, as one Pragmatic Marketing instructor discovered.*

#### Zhangbi Underground Castle

[en.vhotel.org/Attractions-1941.html](http://en.vhotel.org/Attractions-1941.html)

Who says you have to stay above ground? This ancient underground fortress below Zhangbi village is a complex network of tunnels and booby traps built 1,500 years ago as a military hideout.

#### Chengdu Research Base of Giant Panda Breeding

[www.panda.org.cn](http://www.panda.org.cn)

Cuddle a panda cub, learn about giant panda conservation efforts and observe hundreds of pandas eating, playing and doing what pandas do at this scenic and educational destination.

# WHAT KEEPS THEM UP AT NIGHT?

This year's Pragmatic Marketing survey explored what types of problems product teams were facing around the globe.

Percentages are respondents who stated that they experienced these problems "always" or "frequently."

**35%**

Miss launch dates



**31%**

Marketing team does not deliver an adequate supply of qualified leads



**28%**

Delivered features aren't being used by customers



**47%**

Have requests from salespeople to customize sales tools on an account-by-account basis



**27%**

Must commit to adding features to a product in order to close a deal



**24%**

Salespeople consciously avoid selling certain products in the portfolio



**24%**

Have product launches that do not meet the expectations of management



**29%**

Drop important features from each new release



**39%**

Have difficulty adding innovative features because customers demand support of old features



**24%**

Sales pipeline is below forecast



See the complete 2014 Product Management and Marketing Survey here: [pragmaticmarketing.com/survey](http://pragmaticmarketing.com/survey)

## Ask the Experts:

**Our product team is co-located with development, but our target market is in another country. How can we increase international market knowledge and understanding, when we are far away from the market we're serving?**

**F**IRST, LOCATING PRODUCT MANAGEMENT geographically near development always has a positive impact, but I would not recommend this at the expense of having product management geographically near your target markets. So while this is certainly an expensive approach, my first suggestion is that your product managers should be based near your markets and travel periodically to your development center for release planning meetings.

Many years ago, I consulted for a U.S.-based client with a development team in Bangalore, India. They had many attributes that made offshore development more likely



Jim Foxworthy, President  
Pragmatic Marketing

to succeed. Their founders were from India, but they had spent their early adult years as students at U.S. universities. They had U.S.-based venture capital and a U.S. target market segment. The combination gave them an intimate understanding of both U.S. and Indian business cultures. In addition, they

had a dedicated video link between their U.S. offices and their Bangalore offices, and even had representatives from both teams working odd-hour shifts so they could have face-to-face meetings via this video feed.

Yet after several failed attempts, they realized that both product managers and

business analysts needed to be based in the same country as their target market. The ability to have direct market contact along with sensitivity to cultural differences was critical to success. As a consequence, the business analysts went on client visits along with product managers, and provided development with fairly detailed specifications of what to build.

Second, if you cannot absorb the expense of my first suggestion, telephone interviews would be a relatively inexpensive alternative to direct face-to-face visits. Granted, product management would need to make those calls outside of typical business hours for some countries. But they would not have to maintain this alternate schedule every day. They could schedule telephone interviews via email, and then coordinate the scheduling of those interviews so that more than one happen the same day. Perhaps two or three days a month could be dedicated to actually making these calls, and they could work more typical business hours for their country the remainder of the time they work.

Regardless of which method you choose, direct contact between product management and members of the target market is critical. Skipping this step adds enormous risk to your business and reduces the likelihood of success for your investments. **PM**

**Do you have a question for our experts?** Send us an email at [experts@pragmaticmarketing.com](mailto:experts@pragmaticmarketing.com).



“Ahem.”



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# BREAKING THROUGH BOUNDARIES

**D** EVELOPING PRODUCTS FROM CONCEPT THROUGH TO LAUNCH and international market adoption can be among our most rewarding achievements. But while commercializing, marketing and supporting technology products in multiple regions can be a dream come true, it can also be an extremely daunting challenge.

A growth strategy that includes eventual international expansion requires planning. Every industry has examples of companies that, when finally pursuing new global markets, were constrained by strategic shortcomings, product design limitations or insufficient resources. The challenges that come with the internationalization of a product can significantly impact time to market, inflate product development costs and diminish a product's perceived value. And anything that hinders your ability to access new markets in a timely fashion will evolve into increased competitive risk—especially if your competitors planned better. Here are some considerations that can help lay the foundation for your product to catapult onto the international scene, even if such expansion plans are not yet on your roadmap.

## THINK GLOBAL, ACT LOCAL

Often underestimated, if not completely ignored until late in the process, the structural differences and cultural nuances of various target markets can easily become the Achilles' heel of even the most promising products.

"Think global, act local" was originally coined as a phrase for environmental stewardship—but it can also be used to represent the need for local adaptations when taking products to the global market. Japanese economists created the less-known but more apt term, "glocalization," which entails the need to adapt to the particularities of local markets. But no matter how you refer to it, there are some key things to consider when it comes to these differences.

**Distribution and support.** The first such contextual consideration is the structure of the target market's distribution and support channels and the value they are expected to add. While the development of sales channels may not necessarily be your responsibility, the difference in the partner ecosystem (OEMs, value-add resellers, system integrators, distributors, support providers, etc.) can have an impact on the ability to customize the product,

# IGH

BY ADI KABAZO



## Key considerations for international expansion of your product

integrate it with other offerings, change packaging or implement different pricing.

**Cultural differences.** Each market introduces a set of nuances that can apply to nearly everything, including product design, packaging, perception of value, pace of adoption and the actual use of the product. These local interpretations can range from product-quality perception issues (e.g., a Taiwanese early adopter client may be eager to test a prerelease version, but a partner in Japan may find software defects in a beta version quite insulting) to differences in the process for adopting new solutions (the decision-making process can differ greatly between a German medium-sized business and one in the United States). Having participated in the take-to-market efforts of new software products in various parts of the globe, I have experienced both the success of a product that fit the purchasing flexibility of small manufacturing clients in Germany and the extraneous efforts required to save face after a “buggy” service pack was sent to a reseller in Japan.

Without an advanced degree in social anthropology or direct exposure to target markets, how can the product professionals tasked with crafting requirements gain insight into those issues? One approach is to tap into the diversity in

your own workforce or social circles. Products and services that are geared for the global market would naturally benefit from others who have gained international experience or been exposed to other cultures. So if it seems premature for you to gauge the voice of the customer from a market you have yet to serve, why not grab a coffee with the team member who just joined your company after living in France for 3 years?

Another option to get such valuable cultural insight on the path to world domination can be through partners, new or existing. Since a scalable international expansion requires the cultivation and support of channel partners anyway, why not gain valuable regional input from them early in a product’s lifecycle? These partners have a vested interest in your success.

**Watching your language.** Localization is often top of mind when thinking of international markets, but is not always a low-hanging fruit. Whether your product is hardware, software or a combination of the two, the labeling and user-interface elements (both inputs and outputs) are directly affected. You are well advised to decouple language from the product design—thus extending your flexibility to add new languages and modify the presentation as needed.

Many of you may have come across products that require

extensive development and quality-assurance efforts to adapt them to languages such as Chinese, Japanese or Korean. Only two decades ago, the norm for many technology companies was to focus on the United States as a primary growth market and add Asia later. I worked quite closely with a dedicated team of Japanese software engineers who painstakingly adapted and tested our product for close to a year before it was ready for that market. Nowadays, with major growth markets in Asia, software products designed for internationalization are typically developed to incorporate Asian languages from the start through double-byte support.

Supporting bidirectional text in languages such as Arabic, Farsi and Hebrew—which are written right to left (RTL)—is not a trivial undertaking either. And the potential rewards from these markets cannot always justify the engineering (development and testing) investment required. Such cases may benefit from early exploration of that market to find a partner or marquee customer who is willing to fund these hard-to-justify development efforts.

A third example of why language should be planned for is the amount of characters that words or phrases in a language require, the “real-estate” needs of that language. If you haven’t been exposed to this issue before, consider extra room in your user-interface design (and for software, sufficiently long strings and database tables) for French and German text.

While Esperanto may still be the aspired-for politically neutral language and English is still the most common business language, one cannot assume that English words are accepted as standard by even the most technical or forward-thinking audiences. Language is a matter of cultural and national pride and should not be underestimated. There are numerous examples of companies that named or marketed products in ways that didn’t translate well. In Belgium, “every car has a high-quality body” from Ford translated to “every car has a high-quality corpse,” for example.

One quick and cost-effective means to vet your product design and avoid a potential branding gaffe during early phases of the product is to tap into the diversity of cultural and language skills in your organization. Seek the observation of your colleagues on how your product would (or should) appear in their languages. While imperfect, it should be

sufficient to buy you some time until your product is ready for your chosen localization service provider to translate—or if you so choose, your regional partners.

The following may be one of the better kept and often ignored secrets in the technology product domain, but the return on investment is guaranteed. Whether your organization creates technical product documentation (e.g., user manuals) parallel to product design or waits until the product is near completion, you will benefit greatly from the expertise of technical writers (even on a contract basis) who are proficient in authoring content in a concise and structured manner. This would not only provide artifacts that are easier to translate, but also potentially save money as localization vendors charge by the word. Bonus points should go to

technical writing professionals with experience authoring in advanced tools that could support the use of translation memory systems (leveraging XML standards). This could significantly increase speed to market and reduce costs when you pursue new languages or need to revise existing documentation. Looking for double bonus points? Seek writers who are experienced writing with Simplified English, a limited and standardized subset of English.

**Pricing for profit.** It’s been said before that product pricing is part

science and part art. And it is all the more nebulous in an international context where the stated price or packaging of a product might differ regionally due to structural and cultural nuances or currency fluctuations.

One strategy is to segregate some of the markets by creating a local edition of the product that is not only tailored to (and potentially optimized for) that market, but is priced differently. This will allow you (or your resellers) to charge a premium in markets where investments made in the effort to adjust the product need to be recouped or where perception of value is highly correlated with price.

**Standards, regulations and hidden barriers.** Depending on the type of product and its applications, new-market entry will likely require adherence to a new and potentially unanticipated layer of standards and regulations. You should perform preliminary scanning of the target market for such hidden elements and avoid surprises that may handicap you later.

## Language is a matter of cultural and national pride and should not be underestimated.



The myriad standards and regulations can potentially span every conceivable area of your product, including:

- **Required interfaces with other systems**—compatibility, inputs, outputs
- **User interface and interaction requirements**—expected and popular operating systems, browsers and smartphones to support or comply with disability requirements
- **Documentation guidelines**—availability in multiple official languages or dialects, safety instructions
- **Material content due to environmental or human rights reasons**—restriction of hazardous substances and conflict minerals
- **Security and handling of data**—encryption, privacy, transaction logging

You should also consider security, privacy or trade issues that stem from product support or manufacturing in certain regions, especially when your products serve government, health and financial industries that are particularly sensitive to such issues (e.g., European and Canadian clients are especially sensitive to the U.S. Patriot Act and related surveillance). Technology originating or supported from certain countries also may be deemed untrustworthy or subject to scrutiny. So while you may find it compelling to develop software or provide technical support from certain regions, some customers may consider these a deal breaker. For example, in separate decisions last year the U.S. and Australian governments banned Chinese-made computer technologies from being selected by government agencies. The manufacturing of goods in regions that have questionable labor standards also could have an effect, as with Apple's scandal involving supplier Foxconn's excessively long work weeks.

Potential channel partners in the market may again be an invaluable source for such insights. Another tactic, although it doesn't guarantee a complete picture, is to review competing products and what they have implemented (and may have addressed through their product literature) on this front.

### PLAN FOR FLEXIBILITY

For some product categories, such as packaged enterprise software, customers expect the ability to tailor the product or

service to their needs without jeopardizing product quality or future compatibility. Such flexibility is usually represented as a fundamental set of requirements. The same approach would be invaluable when applied to internationalization, allowing for the product to be adapted to a particular market without requiring a completely separate assembly line (or in software, the "forking" of your code base).

At the risk of stating the obvious, this would include provisions in the product design for labeling, support for regional settings (such as units of measurement and date formats) or the adjustment of a software system's user interface. Other areas of flexibility could include product branding and allowing for white-label rebranding or integration into other products and services fronted by your channel or OEM partners in the region.

The more flexibility is built into a product, the more opportunity is given for international partners to do some of the heavy lifting and tailor the product for their market—by creating interfaces, prefabricating configurations (e.g., templates and kits) or even creating documentation and training materials. The benefits of such forward thinking are clear, not only in terms of speed to market and scalability of your business, but also because it presents your partners with opportunities to create sustainable value add and remain engaged and committed to your product and your organization. The strategic value of such flexibility is bountiful.

### FINDING YOUR WAY

There is no error-free GPS for taking a product to the international market. Hopefully this article—based on close to two decades of experience (good, bad and yes, ugly too) in developing, delivering and supporting technology products in several continents—has shed light on how to navigate an efficient path for your product to go places. Bon voyage! [PAM](#)

### About the Author

**Adi Kabazo** leads product marketing for Cloud Services at TELUS from one of the most culturally diverse places on the planet: Vancouver, Canada. His experience in developing, commercializing and supporting technology products and services across industries spans two decades and multiple continents. He regularly contributes to his local product management community, mentors MBA students from the Sauder School of Business (his alma mater) and is among the founders of ProductCamp Vancouver. For his professional profile and contact details, please see <http://ca.linkedin.com/in/kabazo/>.

# ANOTHER DAY, ANOTHER DOLLAR (OR EURO)

BY MARK STIVING

## Factors to consider when pricing international products

**Y**OU'VE DONE THE HARD WORK OF CREATING A GREAT PRODUCT. You even analyzed your customers' willingness to pay. After much research and debate, you've determined the best pricing strategy and have chosen a price. That's hard enough to get right.

Now you need to price your product for international markets. That gets even more complex because of two characteristics of international business: currency fluctuations and a different willingness to pay in different regions.

### CURRENCY CONUNDRUM

Imagine that you're able to find the optimal prices for your products in both U.S. dollars and euros. You're cruising along happily when suddenly the exchange rate between dollars and euros changes. For example, in January 2002, a euro was worth \$0.90. By the end of 2007, the value had increased 63 percent to \$1.47.

Consider ACME corporation, a U.S.-based company that only makes one product and sells it for \$100. They do their accounting in dollars. Their financial reports are in dollars. Actually, they think in dollars.

ACME wants to sell the same product at the same price in Europe, but now they have to think about currencies. They have two basic choices: Sell in dollars or in euros.

They could simply force all European customers to pay \$100. This pushes the impact of all currency fluctuation effects onto the customers. A European would have to pay 111 euros to purchase ACME's product in 2002 and only

68 euros in 2007 for the same item—all because of the currency fluctuation.

Beware though, ACME's European competitors do business in euros, so their competitors' customers are not affected by currency fluctuations. Hence, changes in relative currency valuation also change the competitive landscape.

If we truly believe in value-based pricing (which we do), then our pricing goal should be to charge what the customer is willing to pay. Willingness to pay doesn't change just because currencies fluctuate relative to each other.

So to maximize profits, ACME would want to price its product in euros relative to the competitors there. How much more or less value does ACME's product offer vs. competitors? That will help ACME calculate how much to charge relative to the competition.

It's still not this simple though. ACME also has to worry about other international competitors. What if another U.S.-based company is the main competitor? Then, ACME will want to watch how that competitor does pricing and respond appropriately. If the competitor sells only in dollars, then ACME may be able to as well.

Practically speaking though, it is very challenging to manage prices in every possible currency. Many international companies choose three or four main currencies and create price lists for each of them.

The best practice is to use outside-in thinking. Put ourselves in the shoes of our customers, understand what

decisions they are making and then set prices so we are more likely to win. This typically means pricing in local currency.

### WHAT WOULD THEY PAY?

One of the major headaches of international pricing is that different regions can have different willingness to pay. This can be caused by several factors, but one common reason is different competitors.

Customers in region one make a decision between you and competitor A, while those in region two choose between you and competitor B. If competitor B charges a high price, you can probably get away with a higher price in region two.

This makes sense, right up until a customer in region one buys at the low price and resells in region two. Or until customers in region two get upset when they see the prices available in region one. Or a global company has to buy at two different prices, depending on the location of the branch purchasing.

These are all challenging problems and there is no single best solution. Ideally, you charge different prices in different regions and are able to keep the offerings and even the knowledge of the offerings separated from other regions. Yet the ideal rarely works. This means you need to make a trade-off.

How much pain will leaked prices or price information cause you? If a ton, you will want to lean toward normalized pricing. If not very much, you probably want to offer differentiated pricing.

If you choose to attempt price consistency across regions, you have to put up with the aforementioned currency fluctuations. When currencies in two different regions fluctuate relative to the dollar at different rates, it will put

stress on your price normalization.

If you choose to use different prices for different regions, then you need to decide who has the pricing authority within each region. Do you set all prices from a central location or do you allow the regional offices to set the prices? Usually, a hybrid structure works well with the central location having the authority and the regional group providing the local market knowledge.

One thing is certain, pricing internationally is much more complex than pricing domestically. The two biggest pricing decisions each international company needs to make are:

- 1) Which currency should we sell in?
- 2) Should we segment pricing based on geography?

Some of the answers to these questions are better than others. Do the research, so you can set your international prices and pricing strategies based on the landscape of where you do business. **PM**

### About the Author

**Mark Stiving** is an instructor at Pragmatic Marketing with more than 20 years of experience in business startup, development, management, turnaround and sales and design engineering. He has helped companies create and implement new pricing strategies to capture more from the value they create, and has consulted with Cisco, Procter & Gamble, Grimes Aerospace, Rogers Corporation and many small businesses and entrepreneurial ventures. He has led pricing initiatives as director of pricing at Maxim Integrated and as a member of technical staff at National Semiconductor. Mark also has served as president of both Home Director Inc. and Destiny Networks Inc. and as an assistant professor of marketing at The Ohio State University. Mark also is the author of "Impact Pricing: Your Blueprint to Driving Profits" (Entrepreneur Press, 2011).



## TALE OF TWO COMPANIES

Microsoft and Starbucks are both U.S. corporations that also sell in China, but they face two very different situations.

For Microsoft, the Chinese market for software tends to be soft. Piracy is rampant. Hence Microsoft sells its Windows 8 software in China at about half the U.S. price. On the other hand, Starbucks sells

lattes in China for about a third more than most U.S. outlets. It can get away with this since coffee is a rapidly growing drink in China with limited competition, and Starbucks carries the cache of a branded luxury experience.

Microsoft charges less in China; Starbucks charges more. This demonstrates that no single



rule can be applied to international pricing. Willingness to pay in China, like everywhere, depends on the circumstances and the culture.



# NOT LOST IN TRANSLATION

Ten key factors for successfully  
translating for global audiences

BY MEYTAL MARKMAN



**S**CALING YOUR SOFTWARE TO BE USER FRIENDLY for a global audience is a big deal. If you've got a website, you have to consider translating your content and localization. And if you sell from that site, you have to think about currency conversion, international shipping and customer service.

The list of things to consider will vary a bit depending on your specific business needs, but here are 10 high-impact, high-visibility places to focus your attention when translating your applications and your website:

**1. TRANSLATORS.** To state the obvious, you need someone to translate your content. Depending on your budget, this can be done by a free or open-source translation engine, a third-party company or internal resources. Approach this thinking not just about your initial full-content translation, but about the ongoing relationship you'll need to maintain for adding new text and new languages and making edits. If you choose to use an external resource, do everything you can to get industry contacts or internal staff with knowledge of the language to review your translations. It is very likely that someone with knowledge of your business will be able to tweak some translations to make them more appropriate and user-friendly for your international clients.

**2. DICTIONARY.** Build a dictionary, and not just any dictionary, but an industry- or business-specific dictionary with relevant translations for your business that you can grow and maintain. If you use a third-party translation service, they can likely "learn" what the best fitting translations are after they get feedback from you or your users and update the dictionary. Having uncommon or business-specific terms available for translators to search against will help improve the quality of your translations dramatically.

**3. SOFTWARE.** Software to manage software is not a foreign concept, and it is essential for managing enterprise-level translations. You likely have multiple file/token formats to manage across your applications. Multiply that by the number of languages you're translating into, and now multiply that by the number of people and teams that will be touching this text/code on its way from your translator to your production build. You need a clean and easy way to manage text updates. This software can be a simple tool that you build in house or it can be a piece of third-party

software. But the ability for your development team and your translators to be able to see source-translation text side by side is essential to a smooth translation process. This can also be incorporated as part of your dictionary. For example, you could look up a word or sentence, find the translation and edit the translation, all in one place.

**4. EFFICIENCY.** You know what's embarrassing? Seeing the same phrase translated three different ways. Don't let this happen to you. Identify strings and words that are the same across pages and make sure they use the same translation where contextually appropriate.

This last part is important as not all words are translated the same way depending on context (like "orange" as a color vs. "orange" as a fruit). This is especially useful if you're using tokens for your translations as you will be able to reuse the same token across multiple pages. The benefit here is that you only have to update the token one time to get your updates done. Think of it like an external CSS style sheet to manage your text, English included.

**5. CONTEXT.** Where does this sentence appear? Context is not only vital for the sake of efficiency, it's necessary for your quality assurance (QA) team to test your translations. This is something to build or note in your translation management system. I can't tell you how many times someone has sent me a string of text to get translated, and I have to ask: Where did you see that? Help your developers and your QA team by building up context cues alongside your translations. This will save time, money and aggravation.

**6. SYSTEMS.** Consider implications of multi-system interactions when it comes to translating content. Do you have functionality that allows users to upload or download files? Think about file format (UTF-8 vs. ANSI, for example) so that non-English characters are supported. How about cross-system



**BUILD AN  
INDUSTRY- OR  
BUSINESS-  
SPECIFIC  
DICTIONARY.**



data? Do you have data stored in another system that needs to be translated or localized (like numeric values or column headers in reports)? Make sure these systems are integrated as part of your translation strategy.

**7. DATABASE.** I'll bet you a dollar (or perhaps a yen) that there is content in your database that will need to be translated.

List and menu content can often originate from a table rather than sit directly in the code, and this text is likely to be missed in a content sweep of your site. Look at your database now and identify what text is going to need translation. Furthermore, look at how that text will be displayed once it has been translated. If you display text in alphabetical order, will it maintain alphabetical order in the new language or will it remain in alphabetical order based on English translation? Look at these issues now and build time into your process to address them before you launch.

**8. IMAGES.** It is likely that somewhere along the way someone created buttons or other images on your site that have text in them. Audit your site, identify these images and prepare to switch over to an HTML & CSS approach. Tokenize the text so that it falls in to your new translation process, just like any other text content for translation. This will save you lots of time as you scale to other languages or if you need to update translations for any reason. If you simply must have images, then invest some time in refactoring your code so that images can be swapped without needing a code change. You can define image naming conventions, server storage routes, file size and format. Then write your code so that the appropriate images are displayed, depending on browser locale. The only thing left to do is upload images to the server. No code change is needed.

**9. COMMUNICATION.** If you have any emails, newsletters or other communications that go out to your clients, make sure they are translated to provide a good end-to-end experience. Take special note of system-generated messages, alerts or automatic emails as these are easy to overlook initially. As an added bonus for clients, consider building in a communication

language preference field, so they can choose what language they want to receive your emails in.

**10. PROCESS.** Not to be overlooked or undervalued, being able to keep track of upcoming translations, pending translations, released translations and bugs is hugely important and will save you a lot of time. For agile software development, working a kanban board into your process will help you

quickly see what stage translations are in (pending, in progress, ready for development, ready for testing or released). If you have a translation management system, consider adding alerts for when translation updates are made so that you can prepare updated text for your next available sprint and release.



## REFACTOR YOUR CODE SO THAT IMAGES CAN BE SWAPPED WITHOUT NEEDING A CODE CHANGE.

### A NOTE ON LOCALIZATION

I know it's not technically about translations, but I am sneaking this in because it's so fundamental. In addition to displaying translated text content to users, make sure that elements such as date, time, currency and number formats are flexible in their formatting and display. For example:

01/10/2013. Is this January 10th or October 1st? Is 1.000 "one point zero, zero, zero," or is

it "one thousand"? You get the idea.

Before you launch your newly translated and localized application, you should provide information to prepare users for changes to the way they see things. This is especially relevant when your delivery method is browser- or IP-based and users are automatically shown a new language or format based on their browser settings.

If you think about these localization efforts and the 10 key factors outlined in this article before you get started, you'll be in a strong position to ensure your efforts don't get lost in translation. [PM](#)

### About the Author

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# FROM SHORE TO



**C**orporations often build offshore development teams as either an extension of their domestic teams or to serve as core groups. This means that product management teams often have to overcome a unique set of problems to communicate requirements across the miles.

One of the fundamental tenets of product management is that you should communicate market requirements without being specific about the implementation. But there are significant challenges to this when working with offshore teams:

**Lack of business context.** Something as fundamental as a work order might not be commonly used in the host country, and often teams have no real, practical grasp of the driving forces behind the users' goals.

**Language barriers.** Due to limited face-to-face interactions, written communication is critical, but it is susceptible to misunderstanding resulting in rework and project delays.

**Culture.** Teams residing in countries with centralized authoritarian systems and/or collectivistic cultures tend to resist development methodologies that don't rely on discrete instructions and finite deliverables (e.g., Agile) and have a strong preference for rigid requirement documents and deliverables (e.g., Waterfall).

**Size.** To compensate for potential skill challenges and hedge for personnel turnover, teams are typically larger. Getting all these team members on the same page—especially without face-to-face interaction and while overcoming time zone differences—requires a great amount of effort and coordination.

## AVOIDING THE PRESCRIPTIVE REQUIREMENT DOCUMENTS TRAP

A hybrid framework, combining some of the elements of both Agile and Waterfall methodologies, can be instrumental in achieving success in early-stage offshore teams—before any measure of maturity has been developed (which typically occurs at 3-5 years for highly technical, niche products). This allows the organization to develop core competencies in

critical areas early on, while also enabling the team to ramp up productivity in a reasonable time. Later, more traditional Agile methods can be gradually introduced, adopting elements of each method that best fit needs, circumstances and skillsets. (For example, you could develop market requirements documents using Agile methodology elements such as high-level requirements, context scenarios and personas. And you could develop other artifacts such as project plans, system requirement documents and test plans using more Waterfall-like processes and methods.)

Here are some critical factors to successfully integrating offshore teams:

**Delegate a liaison.** This person—commonly referred to as a business analyst, team liaison or product owner—should serve as the main point of contact between local product management and the remote team. It is unlikely that this would be an independent role, but this individual will be an invaluable resource that can work directly with product management to help develop requirement documents, answer questions from developers and perform quality assurance—escalating only issues and questions that cannot be resolved independently. This resource will develop system-requirement documents in collaboration with product managers or engineering managers, based on the market requirements document developed by product management.

**Expand user goals and requirement descriptions.** These need to be significantly more elaborate than typical requirements to provide enough context. Succinctness is not always a virtue in this scenario.

Don't say: "2.2.5.3 Sorting: Unless otherwise stated on the system requirements document, tables should default to sort by newest to oldest data."

Say: "2.2.5.3 Sorting: Unless otherwise stated on the system requirements document, tables should have the sorting function enabled on each column. The sorting default should be newest to oldest based on the date column."



## Put safeguards in place for better communication with offshore teams.

BY MAGDA E. RAMOS

To a native English speaker, the first paragraph has the same meaning as the second. The phrase “sorting a table” (while grammatically vague) can only mean that the columns within can be sorted, and the only way that sorting can occur is if that function is enabled. These are the types of stylistic shortcuts we usually take when writing internal documentation. But for a non-native speaker, drawing all these implicit conclusions is very confusing—in part, because the syntax of their native language is very different.

**Create personas that represent both external users and internal stakeholders.** The advantage of this approach is that it overcomes internal resistance to deliverables. (Why do we need this? We should defer this feature.) Internal deliverables like building a sales demo are typically not directly correlated to personas. Under this framework, however, describing an internal stakeholder that won’t use the end product but has a stake in a specific project or product goal is extremely beneficial. Not only does it indirectly provide additional context to a requirement, but it also explains the business and cultural environment for the developers and the whole offshore team.

Let’s consider this example for the fictional Stark Corporation:

*Context Scenario for John, Sales Representative persona.* Several times a year, John presents the ProActivities portal demo to potential customers. He has noticed that it contains outdated dashboard samples. His other option would be to show another customer’s data directly from the production portal, which would not be acceptable because the data is confidential. The demo site cannot be accessed half of the time, because the client cannot provide him with a network connection, the demo site is down or something else in his laptop operating system has changed causing problems with the browser. He just wishes he could demo the portal offline, so that he would know what to expect and

avoid any unwarranted negative perception of Acme’s solutions.

*Requirement.* Develop a subset of the online dashboard using a technology that conveys the look and feel of a multimedia, rich Internet application.

*Group.* Develop exciting online/offline dashboards and offline demos using BIP/Flash.

Although various external end-user personas and context scenarios existed (not shown in the illustration) to support the requirement, this scenario supports the notion that a set of features that allows offline dashboard interaction is needed and reinforces that a mature look and feel is critical, since it affects the sales cycle. (Note: It could be argued that in an Agile paradigm, even the mention of “Flash” falls into prescriptive territory. But as we are explaining in this article, depending on the offshore team maturity, some exceptions to this stance are pertinent and beneficial.)

Using various channels of communication is more critical when verbal communication is infrequent and work is done in different time zones. The expanded use of personas and user stories and the designation of an offshore resource as a main liaison will go a long way to building a process with built-in redundancy to traditional communication methods such as prescheduled conference calls and on-site visits. These will serve as safeguards that make it less likely that minor miscommunications derail your project. **PM**

### About the Author

**Magda Ramos** has been in the product management and innovation fields for more than 10 years, working with high-tech startups and Fortune 100 companies such as Emerson, AMD, Motorola and Optio Software. She has a bachelor’s degree in electrical engineering and a master’s in business administration from Georgia State University. She currently leads business intelligence and mobile solutions for the retail industry at Emerson Retail Solutions.

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# The Next Stage for Stage-Gate

A look at the next generation of idea-to-launch systems

BY ROBERT G. COOPER

Stage-Gate®, an idea-to-launch (I2L) system for driving new products to market quickly and effectively, is employed by about three-quarters of product developers in America, most Fortune 500 firms and many other leading firms internationally, according to the Product Development and Management Association. A Stage-Gate system is a conceptual and operational roadmap for moving a new product from idea to launch. It divides the effort into distinct stages, separated by management decision gates (gatekeeping).

When I created Stage-Gate three decades ago, the goal was to improve success rates of new products (estimated to be about 50 percent or less) and shorten the time to market (more than half of new products were late to market). Firms logically saw a stage-and-gate system as the answer, and for many it was. Yet as the creator, I am often asked what's next. For years, I've not had an answer.

Now I'm seeing new approaches emerging from progressive companies that represent a new generation of I2L methodologies. In some cases, it's an evolution of Stage-Gate to a better, faster model; in other firms, it's closer to a revolution, moving to a very different system. As companies struggle to become more innovative with their products and services, there is anything but unanimity as to what the next-generation I2L system should be. This article looks at what leading firms are doing to move beyond their current I2L methodology and tries to integrate these practices into a next-generation system.



**Widely Used, But Not Perfect**

The original Stage-Gate system was based on an in-depth study of successful “intrapreneurs” at major corporations, who drove successful new products to market. Their practices and the lessons they learned provided the foundation for that early model. Over the years, Stage-Gate has evolved, incorporated new practices and has had a positive impact on the conception, development and launch of many new products.

But there was also criticism of the process and of the way some companies implemented the system. It has been accused of being too linear, too rigid and too planned to handle more innovative or dynamic projects. And it’s been said that it’s not adaptive enough, does not encourage experimentation and is not context-based (one size should not fit all). The system is also reportedly too controlling, financially-based and bureaucratic, loaded with checklists and too much non-value-added work.

Some authors have argued that most of the criticism is due to poor implementation, and some of the deficiencies have been corrected in more recent evolutions of Stage-Gate. Issues do remain, however, and thus a handful of leading firms are rethinking and reinventing their I2L gating systems. Through my ongoing efforts to benchmark best practices, presentations at the annual Stage-Gate Innovation Summit and personal interactions with leading firms, I’ve constructed an overview of the next generation I2L system.

**Triple A System**

At first glance, the practices and recommendations of firms creating new I2L systems look a lot like the traditional process: There are still stages where work gets done, and there are still gates where decisions are made. But the details of the process and its function are quite different. What emerges is a more agile, vibrant, dynamic and flexible gating process that is leaner, faster and more adaptive—and is both context- and risk-based.

This is what I call the “Triple A” system, because it is adaptive, agile and accelerated (see Exhibit 1).

**A1-Adaptive and flexible.** The next-generation I2L system is adaptive, because things change all too quickly these days. A new-product project starts out based on a set of assumptions and some facts about what the customer wants or needs. Then partway through development, new revelations—perhaps from an insightful salesperson or an astute product manager—suggest that the original product concept is flawed and changes must be made. Unstable specs and scope creep are among the biggest causes of products being late to market, with project teams chasing moving goalposts.

Building in adaptivity via spiral development deals with this “fluid information” dilemma. Spiral development incorporates getting something in front of customers or users early, cheaply and often with a series of build-test-feedback-and-revise iterations (see Exhibit 2, page 22). The notion here is that for many new products, particularly more innovative ones, customers can’t tell you what they want or need until they see it. So get something out there fast and often in the form of a “virtual product,” a “protocept” (something between a concept and a working prototype), rapid prototype, or a crude working model that the customer can see, touch and respond to. Thus the product might be less than 50-percent defined when it enters development, but it evolves as it adapts to new information and moves through development and testing. Often

**EXHIBIT 1**

**A1: Adaptive & Flexible**

- Spiral development: a series of build-test-feedback-revise iterations
- Context based, one size does not fit all
- Risk-based contingency
- Different criteria for go and gates integrated with portfolio management

**A2: Agile**

- Time-boxed sprints with physical deliverables
- Agile development integrated with Stage-Gate
- Nimble and lean

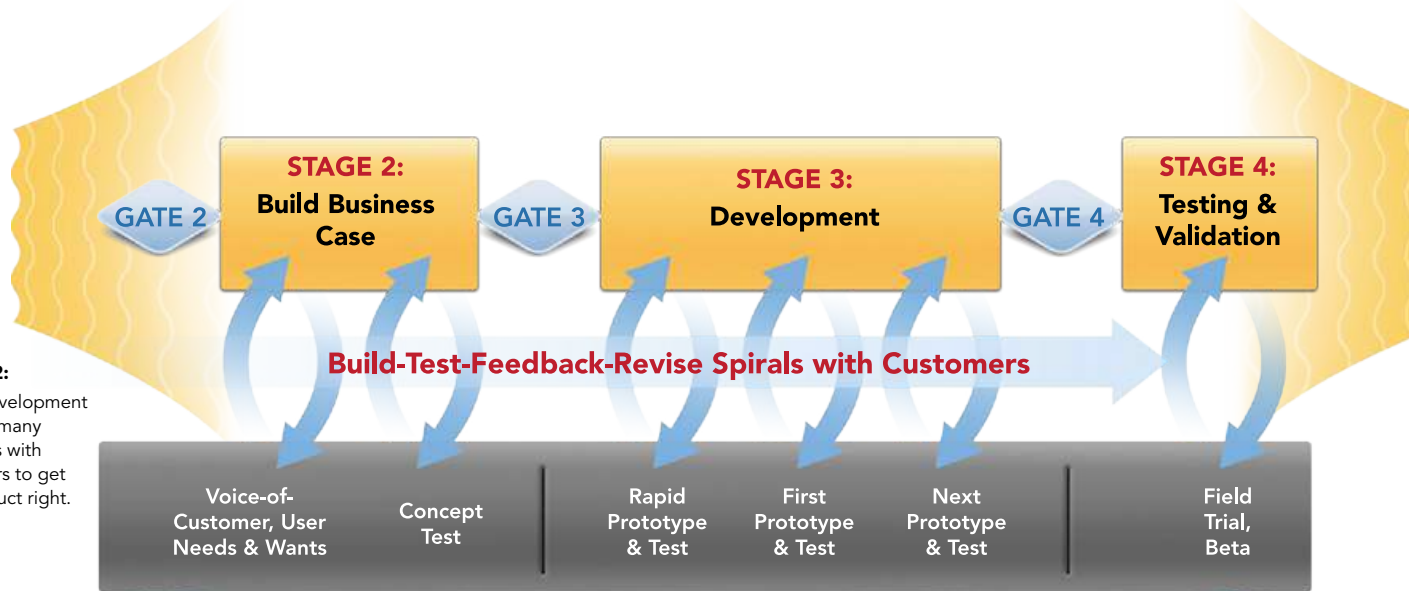
**A3: Accelerated**

- Overlapping stages and concurrent activities
- Properly resourced projects with dedicated cross-functional teams
- Homework and early scoping done well; define the requirements
- An automated I2L system with robust IT



**Exhibit 2:**

Spiral development features many iterations with customers to get the product right.



there are major changes in direction—strategic pivots—as customers respond in unexpected ways to what is presented as the product takes shape. This approach was one of the keys to success in product development for Apple’s Steve Jobs, because he was a firm believer that customers don’t know what they want “until we show it to them.” So he did—early and often—and customer reaction signaled significant changes in direction in the product’s design.

The new I2L system is also flexible, with actions for each stage and deliverables to each gate being unique to each product, based on context: the nature of the market and the needs of the specific development project. This is the opposite of the traditional standard operating procedure and one-size-fits-all approaches to product development, which prescribe standardized actions, tasks and deliverables for all projects by stage. There are also fast-track versions of the process for lower-risk projects, such as a Stage-Gate Lite for product modifications and renovations; a Stage-Gate XPress for very small changes, often the result of a single customer request; and Stage-Gate-TD for technology or platform development projects.

The most advanced and flexible I2L versions bring even more to the table:

**They are unique.** Corning Glass uses this approach for critical and innovative projects, such as Gorilla Glass (used as the glass screen for Apple’s iPad), combining it with their original Stage-Gate 5-stage framework. Here, the team begins each stage of the project with a blank canvas, and defines the key risks and assumptions. Next, they map the information required to validate the assumptions or

mitigate those risks. This logically leads to a definition of the necessary deliverables for each gate (what information is required) and to a mapping of the important tasks to be done in that stage. The result is that each project is uniquely mapped out, quite the opposite of a standardized process.

**They build in flexible go/kill criteria.** There are no standard sets or universal criteria, such as net present value or payback period, for each gate and project type. Rather, different types of projects merit different types of criteria, often in the form of a scorecard. Scorecards are based on the theory of profiling: Certain project profiles (or characteristics) are strongly correlated with success. Thus scorecards, used at gates, consider factors such as competitive advantage, product differentiation, core competencies and market attractiveness to help executives rate and prioritize development projects. And there are different scorecards for different project types. For example, what makes a renovation project a good investment is quite different from what makes a platform development worthwhile.

So how are these diverse projects ranked and prioritized against each other? They aren’t. Strategic buckets are used for each different type of project, ranging from minor modifications to major innovations or platform developments. Then projects are ranked against each other within a bucket, but not between buckets. Senior management makes the strategic decision regarding optimal resource allocation across buckets. Thus this new generation Stage-Gate is very much integrated with portfolio management.



**A2-Agile.** The next-generation I2L system also incorporates elements of Agile development, the rapid development system deployed by the software industry based on the Agile Manifesto ([agilemanifesto.org](http://agilemanifesto.org)). Agile methods break the development process into 1-4 week “sprints,” followed by a team “scrum” meeting. Following each sprint, the project team delivers a working version of the product that can be demonstrated to stakeholders. While physical products are obviously different from software development and it may not be possible to deliver a working version of the product in a few weeks, the objective is much the same: Deliver something that can be demonstrated to stakeholders early and often.

Equally, these new I2L systems emphasize moving nimbly from milestone to milestone within stages. For example, at Corning Glass, the development and testing phases of the project are subdivided into discrete increments defined in a 60-90 day plan. Within these increments, there are many one-day meetings with senior management to review and move the project along. Management’s role is to mentor the team, instill a sense of urgency and provide whatever resources and help it takes to get the project done quickly.

The new I2L systems are also much leaner systems with all waste removed, no bureaucracy and no unnecessary activities anywhere in the system. This is consistent with yet another Agile principle: “Simplicity—the art of maximizing the amount of work not done—is essential.” Firms have applied the principles of Lean-Six-Sigma, focused on the value stream (much like in a manufacturing plant), and removed all work that adds no value, thereby accelerating the system and improving work efficiency. For example, the Ethicon Division of Johnson & Johnson revised its I2L process to eliminate bureaucracy using a Black-Belt Six-Sigma team, with paperwork and deliverables being reduced by orders of magnitude as a result. Additionally, smart firms have built in post-launch reviews—much like a post-game review in football—where, in addition to financial results, the steps and missteps of the project are reviewed and assessed with the objective of figuring out “how we can do the next project even better.” Continuous improvement of the I2L system is built in.

**A3-Accelerated.** The next-generation I2L system is focused on accelerating the development process.

Perhaps the most important improvement is that projects in the system are properly resourced and fully staffed by a dedicated cross-functional team for maximum speed to market. This requires integrating Stage-Gate with portfolio management and resource management, ensuring that the number of projects in the pipeline is consistent with the resources available.

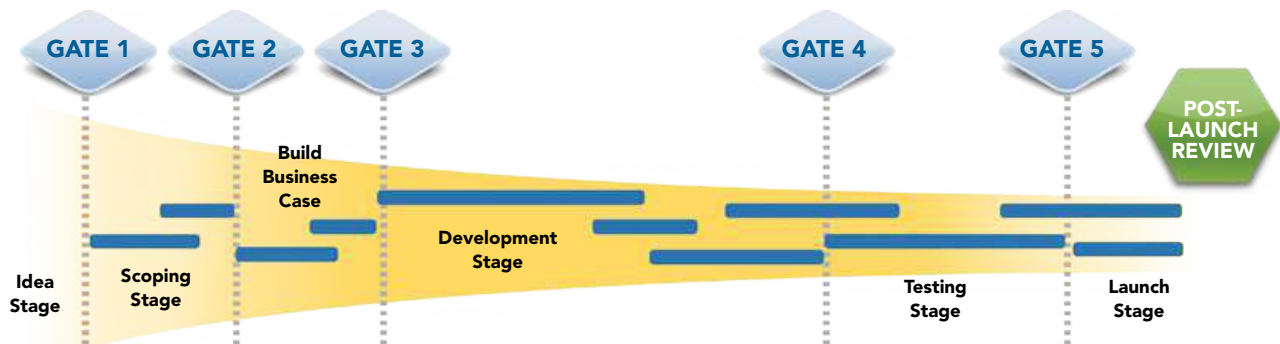
Additional ways that the new I2L system accelerates time to market include:

- **Concurrency.** In the new system, activities within stages (and even the stages) overlap. Indeed, the notion of a “stage,” where certain tasks must be completed before moving to the next stage, is less relevant in this new system. An example is ordering production equipment while the project is still in the testing stage, well before the formal “go-to-launch” decision is made. Yes, it’s risky, but overlapping the launch stage with testing may save months of time (see *Exhibit 3, page 24*).
- **Making the fuzzy front end less fuzzy.** There is more emphasis on removing the fuzzy front end, so that the project is clearly scoped and key unknowns, risks and uncertainties are identified as early as possible. For example, Procter & Gamble’s new Agile Innovation Management (AIM) system forces a very deliberate focus on the scoping of the project in their SIMPL (Simplified

**Get something out there fast and often in the form of a “virtual product or protocept.”**



**Exhibit 3:** Accelerate your new-product projects by overlapping activities and entire stages



Activities overlap within stages and between stages (across gates).

Initiative Management and Product Launch) stage-and-gate process. By identifying the risks early on and defining whether or not new technology might be required, many downstream problems can be averted and much time saved.

- **Robust IT.** A number of leading software suppliers have created IT systems in support of the I2L system, designed to reduce work, provide better communication and accelerate the process. Such tools include managing the project, pre-populating documents (such as business cases and launch plans), resource management and even idea capture and handling—and they are reputed to reduce time and project workload by as much as 30 percent.

Go/kill criteria are less financially focused, emphasizing more strategic and competitive factors. Organizationally, the next-generation system requires dedicated cross-functional project teams with the resources needed to move the project forward quickly—including dedicated people for important projects, not people spread over multiple projects and other tasks.

No company has yet implemented every element of the next-generation system described here. But some have come close. Private discussions with executives in these firms reveal dramatically positive results. So perhaps it's time to rethink your idea-to-launch system, borrow some of the methods outlined in this article and strive for a more adaptive, agile and accelerated stage-and-gate system. [PM](#)

Editor's Note: For a deeper look on this topic, read Robert G. Cooper's article in *Research Technology Management*, Jan 2014, published by the Industrial Research Institute, Washington, DC.

## Integrating the Evidence

The traditional Stage-Gate process is well-suited to known and traditional product development, which includes the majority of projects for most firms. But integrating these various improvements and changes—some evolutionary (such as fast-track versions) and some more revolutionary (such as the risk-based contingency model)—produces a framework for next-generation I2L systems.

The newer I2L process is designed for more innovative and bolder projects targeted at markets that are growing but less defined. It's adaptive and flexible, agile and accelerated. Gates are still part of the next-generation system, but they are less relevant than in the traditional process, and they are integrated with portfolio management and portfolio reviews.

## About the Author

**Robert G. Cooper** has spent more than 30 years studying the practices and pitfalls of 3,000+ new-product projects in hundreds of companies. His contributions include the Stage-Gate Idea-to-Launch Process, now implemented by almost 80 percent of North American companies. He has published more than 120 academic articles and 11 books, including the best-selling "Winning at New Products" (Basic Books, 2011). He is a Professor Emeritus of Marketing and Technology Management at the Michael G. DeGroote School of Business at McMaster University in Ontario, Canada and Distinguished Research Fellow at the Institute for the Study of Business Markets at Penn State University in Pennsylvania. He can be reached at [robertcooper675@gmail.com](mailto:robertcooper675@gmail.com).

# The UX Drinking Game

Five ways product management drives the user-experience department to drink

BY PATRICK NEEMAN



**B**eing a user-experience designer can get frustrating—enough to drive a person to drink. In 2011, I decided to share some of my frustrations with the role by creating a website, [www.uxdrinkinggame.com](http://www.uxdrinkinggame.com). People soon began submitting their own frustrations, and the site currently has a list of more than 1,000 of them—most of which are funny, but also sadly true.

Having worked in both product management and UX design myself, I found it interesting that so many pertain to the struggles of the two roles working together. This article is devoted to five of those reasons, and how we can work together more effectively and stay sober.

**If someone says the project is so important that we aren't following process, drink.** Understanding the user experience is a process that should be practiced when any product is built. Whether it is practiced well is another issue. When I explain the process to people, I call it “see

ball, hit ball, run.” We follow a number of defined steps that allow us to succeed. Here is an example:

## A Typical User Experience Process



UX designers need to understand who the users are, and the resulting personas, user journeys and user stories. Then we take that research and build a design around it. After that, we build prototypes so we can set what we're building in front of people. Then we do usability testing. And we repeat that process every two weeks.

**Tip:** Product management should ask UX designers to

## The disconnect between product management and UX designers works both ways, and it all comes down to understanding the customer.



explain their process. In addition to helping determine if the designers know what they're talking about, you can incorporate those processes into the larger product management process. Most designers will be glad to explain, and it builds trust—a key component to understanding each other.

**If someone tells you that the target audience is everyone, drink.**

There is no possible way to design for everybody. Understanding users is very important, and knowing who you are designing for should be the first step of every project.

For example, there's a perception that Apple designs for everybody, but it actually designs for a very-targeted audience: people who aren't necessarily early adopters, enjoy clean-looking products and value ease of use. The company even hires

people that fit that audience, so they really understand the user and incorporate internal focus groups and usability testing.

In one of my previous roles, our target audience was recruiters and we went to great lengths to understand them.

We visited many of the company's customers and looked at their desks. We saw them printing resumes and putting Post-it notes on the resumes to keep track of and highlight areas about candidates. We were able to design a user experience that mimicked the notes, but without the mess or potential for getting lost.

That would never have happened if product management or UX wasn't able to see the customers in their environment.

**Tip:** Sit down with the designer and explain who they're designing for. Develop concise personas to

force constraints that really narrow the audience. Want bonus points? Bring the designer on customer visits.

**If someone says buttons should be orange and green because they test the best, drink.**

One of the absolutes about UX is that there are no absolutes. Things that test well for one audience don't test well for another. For example, everyone talks about how you should have information "above the fold" on your website. However, an entertainment company increased traffic when it forced users below the fold. So you need to test everything—and then always be testing.

In addition to more formal testing, I do a lot of guerrilla testing on people that fit the target audience within my company. I ask them what they think of a product and then follow up with questions about what works. This provides good, quick feedback without leaving the building.

You can also do guerrilla testing externally. For one usability test, we set up camp in a coffee shop with a "free coffee" sign. People were attracted by the free coffee and most of them matched the specific target audience we were trying to reach. In return for the coffee, they spent 15 minutes giving us incredible feedback. LinkedIn is another source. Look through your contacts to match personas, and then set up short Skype interviews with them.

**Tip:** Test early, test often and always be testing. Words, interactions and product direction all need to be shown to customers as early and often as possible, because customer feedback is king. The more you test, the more you can

course correct to build a better product.

**If someone says requirements aren't needed to do wireframes, drink.** (Or, if product management asks you to write requirements, drink.) UX designers often get hired into environments where they don't understand the domain at all. They look to product management to be the domain experts and provide answers toward understanding the user. If product management doesn't understand the market, then it presents a hurdle for designing the application.

Product management might start with a user story that says something like "user must be able to log in." But there are so many other variables involved. How do they want to log in? Did they want to save a login? How long does that take to expire? Each of those requirements is something that should be discussed to add more detail to the user story and ensure everyone is on the same page. I once worked for an ecommerce site, where one of the personas was a grandparent who used it only once a year—making it difficult to remember the password. So that was an important consideration in developing requirements.

For another product I managed, I knew that 40 percent of my audience wasn't based in the United States. We didn't have a resource to localize the application, so that requirement helped us determine that the whole application should be text based so users could copy and paste into a translator. Having that market knowledge in all of those situations changed the whole experience, because we were able to support those users.

As a UX designer, I interview product management like I would a user in that domain to better understand what they need.

**Tip:** Explain the requirement and the market opportunity to the designer. And write in user stories, because they're concise and easy to prioritize. Focus on the "why" the user needs something as opposed to "what" they need, and let the UX designers focus on "what" and "how."

**If product management is doing wireframes, drink.** The product management role changes drastically from company to company. But you usually don't manage anybody; you manage a product. So the job is to evangelize, sell and lead by delegating tasks to people with the expertise to do it. For example, do most

organizations think it's okay to let product managers code?

If you have a designer, let them design. That's what they do best. Designers aren't thinking of just that feature, but also how it fits within the system and that is more than the product manager may be aware of. Designers can take the design to the 80-percent level and collaborate over the final 20 percent, which is what really matters.

**Tip:** With 40 to 50 hours a week to work on a product, it comes down to prioritization. Doing wireframes means less time talking to customers and figuring out market opportunities. Product managers should be able to ideate, but also understand where their time is best spent.

### Build Trust and Collaborate

The disconnect between product management and UX designers works both ways, and it all comes down to understanding the customer. The core competency of product managers should be understanding the audience and being able to communicate about them. Without that, it can be difficult for UX designers to trust that they're going to communicate the right product to build. Likewise, if a UX designer doesn't work to understand the user, how can product management trust them? [PM](#)

### About the Author

**Patrick Neeman** is the director of product design at Apttio, an IT spend management platform. Prior to that he was director of user experience at Jobvite, a social recruiting and applicant tracking platform.

Previous experience includes working as a social media and user experience consultant for Microsoft, building a 25-person user experience team at a consultancy, working on the prelaunch team at Orbitz, and the successful launch of several startup sites. And yes, he has also been a product manager. He runs the UX Drinking Game at [www.uxdrinkinggame.com](http://www.uxdrinkinggame.com) and has a blog at [www.usabilitycounts.com](http://www.usabilitycounts.com). He can be reached at [pat@usabilitycounts.com](mailto:pat@usabilitycounts.com).

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# The Charitable Solution

How giving back can benefit your company

BY LYONESS INTERNATIONAL

About 10 years ago, the Maine Innkeepers Association (MEIA) was struggling with very low numbers during the month of May. Instead of offering coupons or pushing more advertising, however, the MEIA decided on a different route: sponsoring a charity.

MEIA now keeps a running list of Maine inns that will give customers half off select room rates between late April and late May for donating \$35 to Habitat for Humanity. The campaign has been going strong for more than a decade and in 2010 alone, more than 350 reservations were made through the campaign. The \$13,500 raised was enough for the local Habitat program to finish the interiors of six homes.

It's partnerships like this that can help businesses and charities alike through rocky times. And when customers learn that their purchases are having a

positive and charitable impact on their local community, they're far more inclined to do business with that company. In fact, according to a recent 25-year Cone Communications/Duke University study on cause-related marketing:

- 79 percent of consumers surveyed were likely to switch from one brand to another of equal quality and price if the new brand was affiliated with a charity (up from 66 percent in 1993).
- Of those surveyed, 38 percent stated that they bought a charity-associated product in the past year (up from 20 percent in 1993).

It's a win-win situation, but it's also a partnership that can bite you back—and hard—if you don't do the proper research.

## Find Potential Charity Partners

According to the Foundation Center, there are more than 1.5 million charities in the United States alone—and they cover an ever-increasing range of outreach programs. From collecting pajamas for shelter children in Las Vegas to building portable water purifiers for villages in Africa, there are a lot to choose from. Aligning common goals is a great place to start. A dog daycare would naturally

do well partnering with the local chapter of the American Society for the

Prevention of Cruelty to Animals and a boutique grocery store would fit well with the Global Hunger Project.



To identify charities with goals most in line with your company's mission statement, try one of these dedicated search engines:

**CharityWatch.org.** Founded in 1992 by the American Institute of Philanthropy, CharityWatch.org provides a watchdog service that not only lists certified and valid nonprofits, it also looks into how efficiently the funds donated to each of these charities are being spent. As stated on its website, its goals are: To research and evaluate the efficiency, accountability and governance of nonprofit organizations; to educate the public about the importance of wise giving; and to inform the public of wasteful or unethical practices of nonprofits and provide recognition to highly effective and ethical charities.

**CharityNavigator.org.** Founded as a "guide to intelligent giving" in 2001, CharityNavigator.org provides ratings on a charity's financial health as well as its accountability and transparency. Its database contains more than 6,000 of "America's best-known and some lesser-known, but worthy, charities."

**BBB.org.** The Better Business Bureau may have a stronger reputation as the watchdog of America's businesses, but it also has a strong and well-maintained list of certified, valid nonprofits through the BBB Wise Giving Alliance. Along with providing help for charities who wish to attain the BBB charity seal status, it also allows people to inquire about charities not on its approved list and to file complaints.

In addition to checking those resources, you should examine a potential charity's business structure. Unfortunately, for every honest and conscientious charity there is, there are far more crooks trying to scam you and your customers out of every cent they can. To ensure that your final charity candidates are on the up and up, examine the following questions:

**What does an Internet search reveal?** This may be a no-brainer, but doing a search on your charity candidates can dig up important information such as comments, reviews and reports from objective third parties.

**Are they willing to discuss programs and results?** Good charities will not only be happy to discuss their

programs, they will also go over the real impact of their efforts—especially if your company is looking at a long-term commitment. Setting up a face-to-face meeting with a charity representative to go over the important paperwork, as well as current impacts and long range plans, can help you make that final decision.

**Does the charity have a clear mission statement?** If the mission statement is muddled up by iffy statements such as "could result in" or "possibly impact," or if there is little evidence of services producing clearly effective results, then it might not be the best candidate for your company.

**Have others backed the charity?** This might be a tough one for newly developed charities, but valid feedback from other companies and from the people the charity has helped can give you a good idea of its impact.

**What is their financial growth?** As a charity grows, the cost of infrastructure will naturally grow with it. While the ideal distribution of funding is 75 percent to programs and services and 25 percent to administrative fees and fundraising, a healthy charity should also show a revenue stream that is at least equal to the rate of inflation. One way to check on this is to request the charity's most recent IRS Form 990. This will provide information on what

the nonprofit's finances are, where they're being spent and, perhaps most importantly of all, if the organization is willing to give you that information in the first place.

**Do the charities you are considering really do what they say?** This is another reason to request the charity's 990 form and look under "Statement of Program Service Accomplishments" to see where the bulk of funding is being allocated.

**Do they have a 501(c)(3)?** This tax-exempt status is a bear to achieve, but it shows the charity you're considering has gone through the rigorous and extremely long process of verification under the Internal Revenue Code.

### If You Can't Find One, Start One

For some companies, creating a charity instead of supporting a current one simply becomes the best approach. Our company, Lyoness, fosters rewarding and mutually beneficial relationships between shoppers and merchants throughout the world. Its community is



characterized by cultural diversity and innovation and is where everyone can “live together with a mutual commitment to aiding others and preserving the environment.” That part of the corporate identity led to the creation of the Lyoness Child & Family Foundation, which has helped more than 6,000 children and families through more than 30 projects in 18 different countries since its establishment in 2008. Our Greenfinity Foundation, which began in 2011, is currently working on eight international projects, from providing sustainable power to impoverished Kenyan farmers to establishing educational forestry programs in lower Austria.

But you don't have to be an international player to start your own charity. Take Beau's All Natural Brewing Company, a Canadian brewery that recently raised more than \$75,000 during its annual Oktoberfest for local organizations including the area's agricultural society, United Way and the local junior ice hockey team.

And then there's the Mortgage Capital Group Inc. in Crystal Lake, Ill., which started a charity called the Uplift Foundation, a program that helps local real estate companies and employees support nonprofits by donating a portion of each mortgage deal to the foundation.

Even online entrepreneurs are getting in on the action. Since starting her online business in 2010, 16-year-old Asya Gonzalez, founder of the 1940s-inspired clothing store

Stinky Feet Gurlz, has started a foundation for fighting the worldwide sex slave industry called She's Worth It.

Starting your own charity can be challenging but worthwhile. You know exactly where every cent is being spent and how much of an impact it's having on your cause. Before you start looking for the right forms to fill out, however, consider the following questions:

**Do you have the time?** Not only is a charitable organization a full-time investment, you also have the prelegwork of filling out grant applications, applying for 501(c)(3) status, developing fundraisers, setting up programs, writing out a business plan, setting up a website and starting social outreach.

**Do you have the funding?** Even though the point of starting a charity is to make money for your cause, you need a base amount for legal costs, creating logos, kicking off promotions and more to get your charity off the ground.

**Do you have the help?** You'll need dedicated associates who are passionate about your cause and willing to put in the hard work and hours necessary to launch, maintain and grow the program.

### Get Back What You Put In

Regardless of whether you decide to go with an established charity or to start your own, the rewards are the same: Your company will benefit from the association, the charity will grow because of you and your customers, and you'll know that part of your daily efforts are supporting a cause that you're passionate about. So what's holding you back? **PM**

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### About the Author

**Lyoness**, an internationally operating company, runs three business models: a shopping community, a loyalty program and network marketing. Visit [www.lyoness-cff.org](http://www.lyoness-cff.org) if you would like to assist the Lyoness Child & Family Foundation.





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# Use Compensation to Cultivate Your Culture

13 keys to ensuring variable compensation works for both companies and employees

BY CRAIG STULL

**D**uring uncertain economic times, companies often turn to variable-compensation programs to reward employee performance without increasing fixed costs. In fact, 81 percent of product professionals are incentivized with bonuses, according to *Pragmatic Marketing's 14th Annual Product Management and Marketing Survey*.

Implementing such programs can reduce risk, allow for scalability and help companies avoid awkward conversations about necessary pay cuts during tougher times. It can also encourage employees to feel more involved and engaged, especially when you incorporate these 13 tips for successfully developing a variable-compensation plan.

**1. Start with a target, and then devise a plan to get there.** Let's say you feel a position is worth \$100,000. Build your plan backward from that amount. Otherwise, you could exceed your budget or even pay too little. Do the math before sharing the plan and include black/gray/blue sky projections with the expected compensation associated with each.

**2. Compensate on what the employee can impact.** Some roles might feel their responsibilities are too far removed from affecting profit for a profit-sharing plan, for example. Think about what behaviors you are trying to drive

as an employer and what result the employee has influence over—then reward that behavior.

**3. Don't pay out until a chargeback is unlikely.** If you incentivize employees based on purchase orders, for example, you may have to take that reward back if the client cancels. Don't demoralize employees by waiting so long that chargebacks are impossible—but rather, until the chance of a chargeback is remote.

**4. Metrics should be easy to measure and reportable.** Those measurements also should be in real time and easily accessible for employees. For example, if you were basing compensation on number of leads and quality of leads, your employees should know how you measure those leads and have access to contemporary data.

**5. Make the plan easy to understand for both employees and management.** If additional compensation is based on a complex algebraic problem, misinterpretations can arise. Effectiveness can also be diluted if it's unclear what is truly being rewarded. Keep plans simple to explain.

**6. Strive for a plan that is easy to calculate and pay (preferably automated).** Keep in mind that your administrative expenses can add up if your plan is complex or based on manually input numbers.



**7. Don't create criteria that forces unnatural behaviors.** Avoid setting parameters that require behaviors outside the scope of a person's role or skillset. For example, if your sales team is compensated after payment is received, they might chase collections—and potentially harm client relationships. You should also avoid situations where reinforcing one behavior could be detrimental to another. In some organizations, bonuses are paid based on meeting budgets. But imagine if your company is invited to speak at a major conference, and your marketing department turns it down to achieve its travel budget goal. You've established a culture that is so focused on making budget, you've missed an opportunity.

**8. Apply accelerators when appropriate.** If your compensation is based on commission, you may consider tiers. For example, x percent on the first \$nn million in sales, and then (with your costs recovered) increased percentages in increments above that point. It can be a good motivator to help a company to reach goals, but the same rule applies as in tip number 2: The accelerator should be something they can directly influence.

**9. Consider non-cash incentives where appropriate.** Not all employees are motivated by money. Determine whether your employees are driven by improved career paths, work/life balance or some other incentive—and then reward accordingly. If your team hits a launch date, give them a surprise day off. Or offer to bring in training for career growth. Even a title change can commend their efforts in a specific area, without necessarily being tied to payment.

**10. Consider whether variable compensation truly makes sense.** Some employees might be more risk averse when it comes to variable compensation. Moving lower salary employees to variable compensation can create stress for the employees, and their families, while offering minimal benefit to the company.

**11. Compare compensation plans to industry norms whenever possible.** Websites like salary.com

and glassdoor.com can provide salary comps to help ensure you're not underpaying or overpaying for a role. Remember, your employees can do the same searches, so it's important to be in line with industry standards.

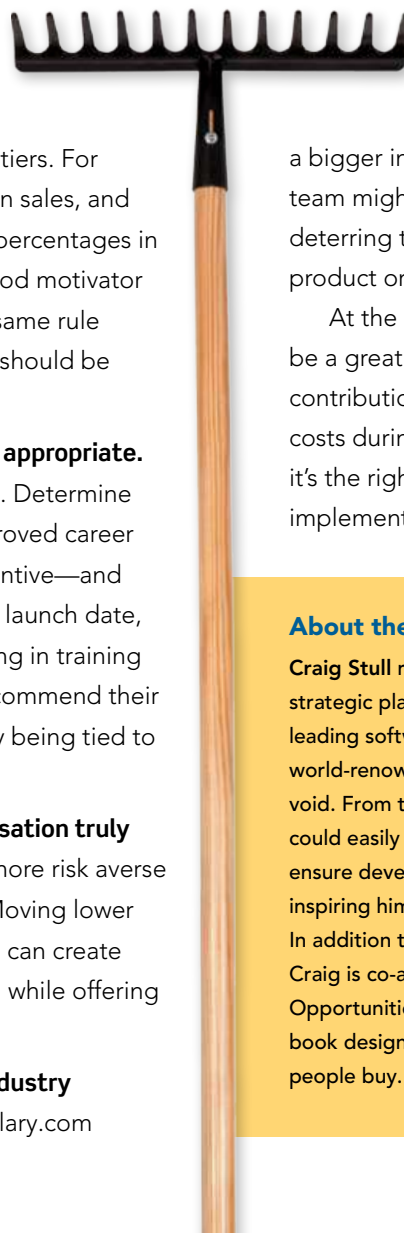
**12. Scrub your plan for holes.** No matter how great your employees are, some might look for the path of least resistance to increase their compensation. For example, if you compensate per order, someone might split one order into several different orders. Think of how the plan might be exploited, or how some might intentionally try to work around it.

**13. Scrub your plan for unintended consequences.** Avoid a case of "my team did what I asked—darn it." Not properly thinking through your plan could lead to consequences. If you gave

a bigger incentive for selling a particular product, your team might focus their attention there—potentially deterring those customers better suited for another product or causing inventory shortages.

At the end of the day, variable compensation can be a great solution to reward your employees for their contributions, while also lessening the burden of fixed costs during turbulent times—but you better be sure it's the right approach for your company and that you implement it correctly. [PM](#)

## Effectiveness can be diluted if it's unclear what is truly being rewarded.



### About the Author

**Craig Stull** realized the industry had a distinct need for more strategic planning in product management during his 20 years leading software product management groups. He created the world-renowned Pragmatic Marketing Framework™ to fill that void. From there, it quickly became clear that the Framework could easily be leveraged throughout the technology space to ensure development of more strategic, market-driven products—inspiring him to establish Pragmatic Marketing Inc. in 1993. In addition to serving as the CEO of Pragmatic Marketing, Craig is co-author of "Tuned In: Uncover the Extraordinary Opportunities That Lead to Business Breakthroughs," a book designed to help companies create "resonators" that people buy.

# Spark Game-Changing Innovation: Question Your Assumptions, Manage Your Jolts

BY PHIL MCKINNEY

**T**his article is, first, about looking at the core beliefs, your assumptions, and asking, “Why do I believe this, and is it still true today?” Second, it is about preparing for the challenges that these assumptions inevitably face from external forces I call “jolts.”

For now it's enough to know that a jolt is an unexpected event that comes along and rattles everything you know to be true about your business. It is usually a sudden and radical changing of the rules and can come from many sources, including competitors, government regulators, or sudden and unanticipated disasters. The best way to avoid these jolts is to actively use questions to drive innovation, rather than waiting to come up with a good idea when things have gotten out of your control.

If you constantly challenge your assumptions, you'll be more likely to prevent some jolts and to effectively handle the ones you can't avoid.

Individuals who feel comfortable need to be shaken out of their complacency to realize how narrow their vision is. The people who are uncertain about how to meet the changing realities of their business need to feel confident in their ability to do so, and to be reminded that they have the courage to try. But this requires an ability to step out of our own biases and to identify the “safe” assumptions and rules our industry operates under.

## What Are Your Assumptions?

Early on, I started down a path searching for specific questions that would challenge others to find opportunities for new ideas—questions I now call Killer Questions. The following questions are designed to help you discover the rules and assumptions under which your organization and industry operates. I want you to use them to start unraveling the assumptions you have about your business, your industry and your own role in the marketplace.

The key here is to be able to get the assumptions that run around in everyone's head out on paper. Only then can you shed the old constraints that held you back and look at new opportunities. By getting these assumptions out in the open, you have permission to challenge them in the context of new ideas.

### **Killer Question: What are the assumptions under which my industry operates?**

In order to move beyond your assumptions about





your industry, you need to first be able to identify them. This is harder than it seems; our assumptions are so ingrained in us that they appear less a personal belief and more of a universal truth. So, what are yours? What are the “rules” about how your industry is structured? How often do you reconsider what the rules are, what your customers like or don’t like, or what the rules are about how you operate?

For instance, when I did my rounds of meetings with potential editors and publishers for my book, “Beyond the Obvious,” I was asked again and again, “What are the ‘killer questions’ we should be asking ourselves? How do we change our industry in the face of new media?” My reply was to ask some basic questions.

What is a book? What does the book of tomorrow look like? How are we going to deliver these books to our readers? How are we going to apply the

lessons learned from the changes in the music industry?

The point is that publishers are experimenting with ways they can reshape what a book is, and how they sell it to readers. People clearly still want books, but they

don’t want to buy them and read them in the same ways they used to. Simply transferring content over to eBooks won’t satisfy readers for long.

#### Further Questions

- Why is your industry structured the way it is?
- What are the rules for how your industry interacts with customers, manufacturers, distributors, retailers, etc.?
- What would be the effect on your business if these assumptions changed?
- Which of these assumptions would radically alter your position in the industry if changed?

My dad worked his entire adult life at a company called Cincinnati Milacron. The company was founded in 1889 and started off as a little shop that made machine tools. Eventually they became the world’s largest manufacturer of machine tools.

In the 1970s, the Japanese came in and began to build machines that looked almost identical to the machines that Milacron was famous for. The Japanese were gaining a reputation for duplicating what existing US businesses were doing, but offering a significantly cheaper version of their products.<sup>1</sup> Now, this would be an alarming situation for any business, but Milacron’s management had confidence in the quality of their products. It had taken them a hundred years to refine and perfect what they built, and they were renowned for the features and functions of their machines. They felt certain that their new rivals would never be able to catch up and replicate their full feature set. And they were correct on that score; the Japanese versions of Milacron’s products never had the same capabilities.

What Milacron failed to account for was something that the Japanese understood: Their customers’ priorities had changed. They thought their trump card was their quality workmanship and rich feature set. They believed that if customers had to pay a premium for the features,

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they would. They didn't see that their customers were feeling pressed by cheap imports and the changing realities of the economy. Price was beginning to win in the battle between cost and features.

Fast-forward from 1970 to 1998. Cincinnati Milacron lost so much market share in the machine tool business that they sold off the machine tool division.

So, what went wrong? Cincinnati Milacron was a market leader.

However, their sense of history and pride in their work and reputation worked against them.

Their leadership assumed that they understood the rules of their industry and how a successful company operated.

They knew who their customers were and what they wanted, and they weren't going to waste time wondering if the Japanese had sensed a change in the marketplace that they themselves were ignoring. This certainty blinded them to the reality that their industry was indeed changing. Their customers were feeling the pinch of cheap foreign-made products that worked with lower-cost machines, and they couldn't afford Milacron's price premium.

### Further Questions

- Why is your organization organized the way it is?
- What are the rules your organization operates under?

- Is the organization operating the same today as it did in the past?
- What are the assumptions about your customers, products and how you operate?

### THE JOLTS

If assumptions keep you safe, comfortable, and stagnant, then jolts are their counterpart. Jolts are the earthquakes and the tsunamis, metaphorical and occasionally literal, that you either don't or can't see coming. Jolts can be terrifying; one

**A big jolt will put a hole into how you do things, but also in how your competitors do things.**

day you wake up and a fundamental assumption about how you do business has crumbled away. Its absence can leave a hole in your understanding about what you do and how you do it. However, learning how to navigate the jolts is a key element in the innovation process. Look at it this way: A big jolt will put a hole into how you do things, but also in how your competitors do things. If you already have the "jolts happen" mind-set in place, you can leapfrog over your competitors who may be in numb denial about the unexpected

shift. This is an opportunity for you, and you need to recognize it and act fast.

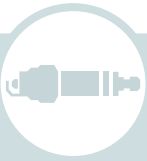
So, a key part of using the "killer questions" is to challenge your organization to prepare for unpredictable events that can seriously affect your business. It is also about opening your eyes to ways in which you can do something so unexpected, so jolting, that it throws off your competition, thereby giving you a competitive advantage.

There are two kinds of jolts that can affect you. The first is the unexpected jolt, and the second is the competitive jolt. Notice I said "affect," not "damage" or "harm." Jolts can be devastating if you are unprepared to deal with them, and the nature of a jolt means that you won't see it coming. But a meaningful jolt can open up major opportunities if you have the fast reflexes and confidence to respond to them in a proactive way.

**Killer Question: What are the unexpected jolts that could transform your business?**

What's the worst-case scenario for you or your company? What situation is so dire that you know it will never happen? Something so unrealistic that it seems pointless to prepare for it?

Consider the situation of Johnson & Johnson (J&J) in 1982, when seven people in the Chicago area, three from the same family, died after taking Tylenol capsules that had been tampered with by an unknown saboteur. Though an arrest was never made, a suspect was identified, and it seems likely the poisonings were part



## WARM-UP EXERCISES

In the same way that a runner warms up and stretches before a race, these exercises help wake you up, stretch your brain and recognize that you might have biases in place.

### Exercise 1: What is half of thirteen?

Write down your answer. Did you write down 6.5? Great, there's no denying that is a correct answer to the question. Now, did you stop there? If you did, you are in the majority. In this exercise, there is an assumption of what is meant by the word

# 13

“half.” The point is to ignore that “taught” answer—to ignore the assumptions—and to look beyond the obvious.

If you kept going, perhaps you wrote down Thir/teen. Or maybe you thought about how thirteen is written in Roman numerals—XIII. If you divided that in half visually it would be XI/II, or 11/2. Did you round up your answer and write 6/7? Thirteen is also a Fibonacci number, and 2.2 is in the middle of the sequence of numbers between zero and thirteen.

Once you start looking for alternative answers, there are tons of ways to respond to this question.

Some solutions are more logical than others, and some are purely whimsical. But the point of this exercise is to learn to see that there are answers that are beyond the obvious. We're not looking for logical and sensible answers. Instead what we're doing is learning different ways to look at the question. Come up with a list of your own answers. Have fun, and don't worry too much if your responses feel like a bit of a stretch.

This exercise is about realizing you have a language bias; you know what words mean, how they should be used and how to respond to them. But the reality is that many words can be subjective in either meaning or interpretation.

Do you ever make similar assumptions about words when you are communicating with your coworkers, customers, friends and family? Do they do it? How might this assumption get in the way of effective discovery and idea generation?

### Exercise 2: Why are manhole covers round?

I'm guessing that you've seen many manhole covers, perhaps noticed their surprisingly intricate and sometimes quite beautiful designs, but not given them much thought beyond that cursory glance. The basic principle of a manhole cover is the result of some simple but inspired design. A manhole cover works best if it is round. Why? What is it about the manhole cover's physical



appearance that is critical to its functionality? The answer is simple and based on geometry: There is only one shape that prevents a manhole cover falling through a manhole—a circle.

The manhole cover question is about realizing that you have a visual bias. It's easy to look at a familiar object like this and impose your own sense of order on it, depending on your particular interests or ways of processing information.

### Exercise 3: What's in a Bic?

For the final exercise, I pull an empty Bic ballpoint pen barrel out of my briefcase and hold it up in front of the group. I give them a minute to write down 10 possible uses for the pen.

I've gotten responses that range from a tracheotomy tube to a small-bore blow dart.

This exercise shows the natural evolution of taking an everyday object you never really think about and building upon it to create a whole new product. Building upon an existing idea doesn't minimize the importance or relevance of that original idea; it's simply part of the natural flow of innovation. Part of the pen exercise is helping people understand that nothing is ever really “new,” and that you shouldn't discount an idea because it's not 100-percent original.

The Bic pen test is also about historical bias. Once something has been assigned a certain property or function, or been identified as “doing X,” you assume that's what it does; a pen is a pen is a pen. But the potential uses for products evolve over time, and you don't want to miss a new application either for a product or the separate elements that go into a product.



**A meaningful jolt can open up major opportunities.**

of a poorly conceived extortion attempt against J&J. More than 31-million bottles of product had to be recalled, and at one point police officers were driving through residential streets in Chicago using bullhorns to instruct people to throw away their Tylenol.

J&J, like all drug companies at the time, did not protect their product from saboteurs because no one had ever tried to compromise their product before. The packaging could be opened and resealed, the capsules could be easily pulled apart, tampered with and reassembled. The Tylenol murders could have destroyed J&J, but they didn't. Why? Because J&J made bold moves and disregarded how things had been done in the past.

In the space of a few months, J&J had a new imperative: We must protect our products and our customers from tampering. They ordered a \$100-million recall and designed antitampering packaging that has since set the standard for the industry.

They also realized they needed to phase out the easily compromised capsules in

favor of caplets, though it took another scare in 1986 to pull the last capsules off the shelves.<sup>2</sup> Even so, for a company as large as J&J, this was swift action. So, what would be your Tylenol scare?

**Killer Question: How can I create a jolt that will give me a competitive advantage?**

Yahoo is a good example of a company who was blindsided by a competitor making a quantum leap in improving their core product. In the late '90s, Yahoo thought they had search in the bag.

They developed a search feature where websites were rated by people who individually curated and ranked pages. Sure, it was laborious, but it allowed for accurate search results.

Yahoo never seemed to put serious thought into what would happen if a rival came up with a much better search engine. We know what happened next. A couple of guys from Stanford came up with the idea of automated page-ranking rather than human organization, and Google was born.<sup>3</sup>

That's a big shift. Yahoo was essentially offering a very modern service (an Internet search engine) that was curated in a very traditional way (by humans). Google came along and said, "There is a better way to do this." They devised a system where the popularity of a page, and the number of links or views it garnered, decided what level of influence it had and where it fell in a search listing.

Yahoo was prepared for a competitor who could improve on their product, but they assumed they'd be dealing with an improvement of 5 or 10 percent. They were completely unprepared for a total change in how search results were gathered. Google then went on to develop an entirely new business model in terms of selling advertising, and the rest is history. Bear in mind that in 1999, Google was in negotiations to sell itself to Excite for less than a million dollars.<sup>4</sup> Things change





# Dealing with jolts isn't just about playing defense, it's also about using them to your advantage, or even creating jolts yourself.

fast, and knowing how to anticipate and (in some cases) create jolts can help you stay on top of unexpected changes. The question to think about is "what happens if our fundamental business changes, either for better or for worse?"

Take a few minutes and think about your personal history, and the history of your organization and industry. Have you ever experienced a jolt in either a negative or positive way? It's critical to understand that your business will be shaken by unexpected events, as well as by your competitors making sudden, "out-of-the-blue" advances in the products they offer their customers.

It's also imperative that you have the ability to recognize when the improbable is actually happening to you. We've all seen the horrific images of the Balinese (and now Japanese) tsunami and the unfortunate people standing transfixed on the beach, watching the water slowly get sucked out before it returned as a killer wave. It's easy for us to think "Run!" but the reality is that when you're standing there, looking at the water, it's much easier to believe "Nothing bad is happening, really, this is fine. Weird, but fine."

You have to be open to seeing the warning signs, the things that are saying, "This is your fifteen-minute warning; you need to run now." Keep your eyes open for the weak signals that let you know something unexpected is coming. Yahoo ignored the weak signals they were seeing, and they didn't do anything. Don't get

lulled by a seemingly slow change and tell yourself that you can handle it, because all of a sudden you could find yourself being washed away.

There is a risk to being number one in your market, because it can make you feel you have the right to finally relax; after all, you've gotten to the top of the mountain. The reality is that you are constantly being challenged by the person climbing up behind you. But if you aren't careful, you'll fall into the trap of simply trying to stay ahead of the number-two guy who's trying to catch up with you rather than focusing on moving forward on your own.

Remember, dealing with jolts isn't just about playing defense, it's also about using them to your advantage, or even creating jolts yourself if they will help you to disrupt your competitors and get ahead of them. Use the questions as a guide to list possible jolts, and devise ways that you would survive and even profit from them.

The first step toward innovation is shaking loose your assumptions about your organization and preparing

for the unexpected jolts that will inevitably come. Apply a critical eye to your own industry. The point isn't to decide that "up equals down" but to shake things up and open your eyes to opportunities you weren't even aware that you were missing. Now, bear in mind that assumptions have an upside, too. We assume certain things because waking up every morning wondering if the basic nuts and bolts of our lives still hold true would waste a whole lot of time and probably cause us some unneeded stress on a daily basis. So it's safe to assume you should follow the basic laws of civilized society. If you run a red light, you'll probably get a ticket.

That's a good assumption. There are "good assumptions" within the business world too, but I'm not going to list them for you; it's up to you to run these exercises and do your own filtering to determine what assumptions are beneficial to your work or not.

The point is to keep questioning your assumptions because even good assumptions may go bad. If you constantly ask yourself questions that

challenge you to evaluate what you do, how you do it and who you do it for, you will automatically be ahead of your competition.

### Further Questions

- What situation do you know will never happen to you or your business?
- What situation is so outside the realm of possibility that there is no need to prepare for it on any level?
- What would be the effect on your business if it did happen?
- How would you respond, and what would you do?

Now, I'm not really asking you to look into a crystal ball and guess the nature of the random jolts that may affect your future. I have zero interest in asking you to consider the possibility of random geological events disrupting your manufacturing or sales. What I am interested in is helping you open your eyes to possibilities that will shake up the "safe" way your organization operates today. There are huge challenges coming in the business world, and you need to accept that your business will be profoundly rattled by jolts that are so unexpected they have no name to describe them.

The takeaway is that you need to learn how to think and observe like an outsider and see the assumptions that others are missing. Ask yourself if your assumptions about you, your work and your organization are still valid given constant changes. Ask yourself, "Why am I making these assumptions? What happens if I no longer choose to believe that they apply?" Use the questions in this article to find all the areas of your business where you're missing opportunities to make big moves, both for your sake and for that of your organization. [PM](#)

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### Resources

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## Watch and Learn

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## Cue It Up

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## Know Your Audience

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