

THE PRODUCT MANAGEMENT AND MARKETING AUTHORITY

PRAGMATIC MARKETPLACE

SPRING 2018



A MATTER OF SIZE

**4 Things Enterprise
and Startup
Companies Can Learn
From Each Other**

**Product Portfolio
Management:
Success at Scale**

**How to Build
Invincible
Companies**

**Pitch to Win:
How to Get Funding
(or Approval) to Build
Your Great Idea**

WELCOME

AS A PARENT, THERE ARE MANY LESSONS I want to teach my child: the importance of self-confidence, the enjoyment of a good book, the construction of the perfect pun. But I didn't realize how many lessons I would also learn.

In just eight years, my daughter has taught me plenty: there is always someone watching and learning from my behavior, everything is better when you do it while listening to music, and, despite all scientific evidence to the contrary, it's possible to survive solely on chicken nuggets and donuts.

A similar construct exists in the business world. Established enterprise companies can teach today's startups plenty of lessons, including where the potholes are and the best ways to navigate around them. And as the new kids on the block, startups can teach enterprise companies a thing or two about speed, adaptability and innovation.

We thought it would be fun to explore this topic—what startups can learn from large enterprises and vice versa—in this issue of *Pragmatic Marketer*. And to help us do just that we've got a variety of great contributors, from Martin Eriksson (founder of Mind the Product) and Alex Osterwalder (inventor of the lean business canvas), to Diane Pierson (Pragmatic Marketing instructor and startup founder) and Jeff Pruitt (GM of Tallwave Capital and serial startup supporter). And that's just the lineup of our features section!

I hope this issue provides you with great large concepts to ponder as well as quick tips to implement immediately. And as always, if you've got a comment, suggestion or story that you'd like to share, reach out to us at editor@pragmaticmarketing.com.

Happy reading,



Rebecca Kalogeris
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Since 1993, Pragmatic Marketing has conducted product management and marketing training for 8,000 companies on six continents. Our team of thought leaders produces blogs, webinars, podcasts and publications that product professionals around the world turn to for industry insights.



A MATTER OF SIZE

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Bogomil Balkansky

Vice President, Cloud Recruiting Solutions, Google



Q: How did you get your start in product?

A: At Cornell University, I declared an economics major, but my first two economics classes bored me. However, as part of the general requirements, I took calculus and I loved it, so I ended up becoming a math major. Honestly, I never saw myself as a career mathematician, because the only thing you can do is earn a Ph.D. and become a professor. But high-level math is all about abstract thinking and problem-solving, and that is helpful in any job.

When I finished my undergrad degree, I worked as a management consultant at McKinsey & Company for three and a half years. Then I attended business school from 1998 to 2000, during the crest of the dotcom wave. You could call it lemming mentality, but, like many people who attended Stanford's business school at that time, I ended up in technology. My first tech job was as a product manager at a startup that closed its doors during the 2001 recession. That was my baptism by fire in product management. At the time I was very green; I didn't know what I was doing, but that's how I got started.

I really learned the craft in my next job at Siebel Systems, where I had a chance to work for a great manager, Kamal Shah. I consider working for Kamal at Siebel as my alma mater in product management and product marketing. I spent three and a half years at Siebel and then went to VMware, where I had the unique opportunity to build the product marketing team from scratch.

“ [Pragmatic] training had a lasting impact; it gave our team a shared vocabulary and tools.”

Q: What are your tips for building better product teams?

A: From 2005 to 2013, I led product marketing at VMware. I had the luxury of recruiting some of my team members and working with them for an extended period. This allowed me to teach them the craft the way I understood it and the way I wanted the team to run. In 2010, I also took over the product management team. At that point, my team had grown to more than 100 people. But as my team expanded through reorgs and mergers and acquisitions, I had not recruited or coached most of the people I led.

The result was an inconsistency in the quality of work and methodology, leading to inconsistent results. To be effective, our team needed to get on the same page about what we

were doing and how we were doing it. We needed a common vocabulary and tools for how to approach our work. When I shared my frustrations with members of the team, somebody said, “Hey, if that's your goal, let's bring in some external help.”

In 2011, we piloted Pragmatic Marketing training with approximately 10 people. I sat in and liked it. Over the next year, we ran everybody in product management and product marketing through the class.

The training had a lasting impact; it gave our team a shared vocabulary and tools. We learned the importance of developing personas and being clear about who we were building products for and who we were marketing those product to.

Q: Are you working on any passion projects?

A: My side passion is to help develop the entrepreneurship ecosystem in Bulgaria, where I'm originally from. I'm involved with an initiative called the Bulgarian Entrepreneurship Center. We have been brainstorming about how to have an impact on the technology community in Bulgaria, where the skills in product marketing, product management and sales are essentially nonexistent. Bulgaria has a vibrant technology startup scene, and a lot of large software companies have major research and development centers there, including VMware and SAP.

But there is a natural path for some people who have worked for large companies for a while. They have their own ideas and get tired of working for a large company. So they split off and try to do something on their own. What I consistently observe with these startups is that the founders are engineers who are capable technology and product people, but really don't know much about how to bring a product to market.

I'm connected with some of the incubators and early-stage VC firms. I'm also on the board of one of these startups and an advisor to quite a few. Because of my positive experience with Pragmatic Marketing back when I was at VMware, I suggested that we hold a Pragmatic Marketing *Foundations* course for some of these tech startups, to see how they like it and whether it's appropriate for them. If it is, we'll make it a regular thing. And if it's not, at least we tried. This is what led me to help organize Pragmatic Marketing training for a group of maybe 20 companies in March.

I still need to digest all the feedback from our first training event, but the reaction has been very positive so far. People saw it as absolutely helpful. They wrote that there was an appetite to take some of the other classes. People basically told me, “This is very timely, it's very helpful.” **DM**



TRAVEL TIPS FOR ROAD WARRIORS

Bewitching Berlin

Germany's capital—located on the banks of the rivers Spree and Havel—offers a fascinating mix of grit and glamour. Classic emblems, like gates and bridges, sit next to colorful graffiti-covered walls and modern architecture. One of Europe's most popular tourist destinations, Berlin has roots that reach back to the 1200s.



Gemäldegalerie | smb.museum/en

Masterpieces are the norm in this important collection of European paintings that spans the 13th to the 18th centuries. You can peruse 1,250 works by the masters (think Botticelli, Rubens, Rembrandt, Vermeer and many more).

BRLO Brwhouse | brlo.de/en

BRLO (old Slavic for "Berlin") caters to "beer culture, the culinary arts, crazy ideas and one-of-a-kind individuals." Composed of 38 old shipping containers, it features a huge outdoor beer garden and a chef whose background is in fine dining.

Friedrichstadt-Palast | palast.berlin/en

Plenty of places in Berlin recapture the spirit of a 1920s cabaret show, but this venue deserves special mention for its incredible dimensions—a stage floor of 2,854 meters makes it the largest theater stage in the world—and glitzy, glamorous shows.



Costumes by Jean Paul Gaultier | Photo: Sven Darmer

Museum Island

museumsinsel-berlin.de/en

What could be more intriguing than five museums surrounded by large gardens on a tiny island in the River Spree? Each museum represents a different aspect of German history and art, with collections that range from prehistory and antiquity to 19th-century art.

Kaufhaus des Westens

kadewe.de/en

Affectionately known as KaDeWe, Germany's most famous shopping destination has offered eight floors of international designer goods and exclusive brands since 1907. Don't miss the immense food hall on the sixth floor, where confectioners and bakers work their magic.

German Technology Museum

sdtb.de/museum-of-technology/623

Technophiles won't want to miss one of Europe's largest technological museums, featuring an extensive railway collection, aircraft and computer exhibits.

Brandenburg Gate

visitberlin.de/en/brandenburg-gate

One of Berlin's most iconic sights, this historical city gate came to symbolize the Cold War division between East and West, and more recently, a reunified Germany.

Charlottenburg Palace | spsg.de/en

Berlin's answer to Versailles, this palace could easily consume your entire day. There's plenty to see, including the baroque old palace and garden and the rococo new wing.



Street Food auf Achse

visitberlin.de/en

Each Sunday a cornucopia of food trucks appears in the courtyard of the Kulturbrauerei, formerly a brewery and now a sprawling cultural complex. Don't miss the currywurst, a traditional German street food made from sliced sausage doused in ketchup and sprinkled with curry powder.

Tiergarten

berlin.de/en/attractions-and-sights

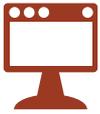
Originally a 16th-century royal hunting ground, the city's largest, most popular park is an urban escape laced with monuments and a rose garden.

Powering Up With Pricing

Pragmatic Marketing's 2018 Product Management and Marketing Survey dug deep into how technology companies today are pricing their products. Did they have firm pricing strategies in place, or were they leaving it all up to chance?

THE PRICING JOURNEY

Product Type



Software only
65%



Hardware only
5%



Hardware and software
13%



Service
17%

Don't have the data to make a decision; lose a turn

When was the price first put on the product?

Not until right before (or after) release
45%

Before development started building it
25%

Choose Your Strategy

Respondent selected the pricing methodology that most closely represented the one they used.



COMPETITION PRICING

(copying a competitor's price)

17%



COST-PLUS PRICING

(charging a desired margin above our costs)

21%



VALUE-BASED PRICING

(charging what the customers are willing to pay)

61%



Before designing the solution
18%

Before putting it on the roadmap
12%

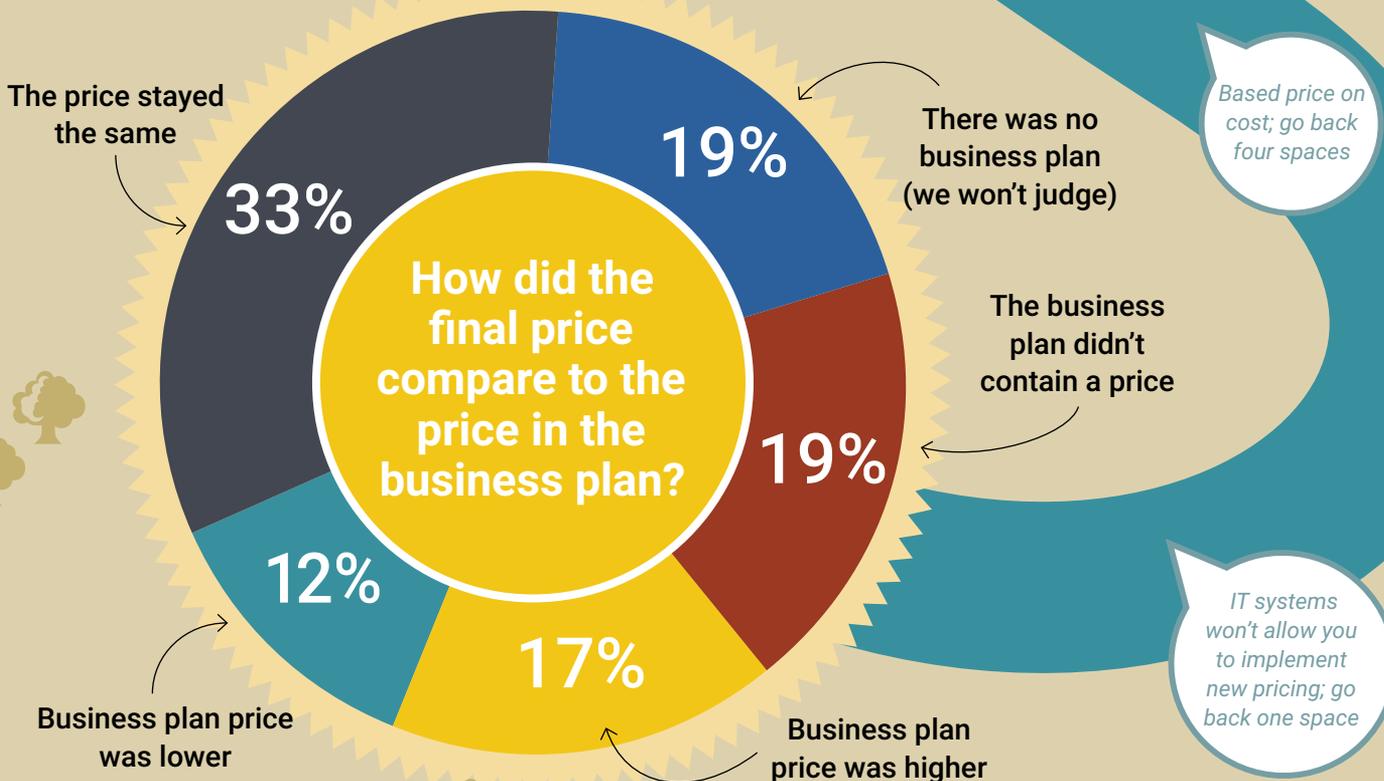
"But we've always done pricing this way" monster appears; lose a turn (but not all hope)

Competitors raise prices; zoom ahead two spaces

Who set the final price before going to market?



How did the final price compare to the price in the business plan?



Based price on cost; go back four spaces

IT systems won't allow you to implement new pricing; go back one space

Everything you need to turn **ideas** into **revenue**.



Pragmatic Marketing offers a complete curriculum designed to help you build and market products that resonate. Our courses provide real-world insights, actionable best practices and proven tools that will maximize your impact.

So, whether you're charged with deciding what to put on the shelf, or how to make it fly off the shelf, we have a course (or two or three) for you.



Q: What is the best way to influence peers who don't report to me?

A:

AS A PRODUCT LEADER, IT'S IMPORTANT TO LEARN how to influence without authority. To be effective, it's essential that your peers regard you as a credible messenger of the market. Have you spent time understanding the market so that you are the best product pro you can be? Do you understand market problems and the personas who have those problems? Do you conduct NIHITO visits and validate feedback? If you haven't invested time to be that person, start now. That includes brushing up on your soft skills so that you can confidently share what you've learned with your organization.

As you do this, it's important to understand the motivation of the teams you work with, so be sure to listen and absorb their different points of view. Make people feel like they have been heard. As you listen, acknowledge their ideas. Ask clarifying questions to understand their point of view. This demonstrates not only that you care about your products and customers, but also that you know you may not have all the facts.



Cindy Cruzado, Instructor
Pragmatic Marketing

Try to find common ground and validate their input; otherwise, they may sense that their opinion doesn't matter. If that happens, you've lost your ability to influence them.

Take time to explain how the tactics and activities you are sharing tie to the corporate vision. Be sure to use data to support your reasoning. As you share this information, it will become readily apparent if someone doesn't understand that vision.

Spending time with customers isn't the only thing you should focus on. You should also focus on your peers. Spend time outside the office with the people you work with and need to influence. Go to lunch or coffee. Help them realize you are an authentic person who cares about the success of the entire team and the product. This will establish a more collaborative environment during meetings and encourage buy-in from your peers.

As you become the messenger of your market and hone your soft skills, remember that your actions always speak louder than words. If you really want to influence peers, roll up your sleeves and work alongside them. [LMM](#)



Take time to explain how the tactics and activities you are sharing tie to the corporate vision.



Do you have a question for our experts?

Send us an email at experts@pragmaticmarketing.com.

THINGS

ENTERPRISE AND STARTUP COMPANIES CAN LEARN FROM EACH OTHER

BY JEFF PRUITT



YOU MIGHT BE ALL IN WITH THE STARTUP MENTALITY, thinking every company should be as lean, nimble and scrappy as the young companies that wildly pursue a dream. Or you might land on the other end of the spectrum, valuing the predictability of the more calculated moves towards growth and innovation of large brands.

But what if you didn't have to choose one over the other? For many organizations, success resides between the two. Industry Goliaths can stand to borrow a chapter or two from the lean, scrappy startup book, and startups can benefit from the lessons learned by behemoths who've walked the path before them.

Having seen both sides of the equation, here are the lessons I believe the smaller fries can teach the big guys and vice versa.

1 ENTERPRISE COMPANIES: ALWAYS QUESTION

Most young companies have mastered the art of questioning processes and systems, continually looking for ways to tighten efficiencies or introduce innovation. Because they're doing everything for the first time, they tend not to hold themselves back with a "This is the way we've always done it" mentality.

It's important to examine whether something can be done more effectively or if opportunities are going unnoticed. This is where it's easy to operate with blinders on, particularly when employees and customers seem happy, processes and systems are working as they should, and profit margins are healthy. Incidentally, this is also when many large, stalwart brands have been sidelined by disruptive startups who found a better, more efficient way to solve customers' problems and fulfill their needs.

Talk to customers, employees, partners and vendors on a regular basis; always evaluate the business you're in and what customer problem you're solving. If Blockbuster had realized it was in the home entertainment business rather than in video rentals, it might still be around today.

2 STARTUPS: GET (AND STAY) ANCHORED
There is a fine line between constant pivoting to stay relevant and making course corrections to ensure you're aligning with your North Star. This is where startups can benefit from thinking like the industry giants.

Many startups are adamant about their core values and what drives them to succeed. But their founders can easily fall into the trap of pivoting whenever they sense a new opportunity or are itching to try out a new idea. Although pivoting sometimes works, doing it too often without enough thought can be detrimental.

Achieving scale requires a clear focus and developing the processes and systems to support your team in upholding that focus. This is where many enterprise businesses thrive. They set clear goals, don't waste time over-pivoting, and define their North Star, or core purpose, working relentlessly to reach it. Brands that experience major growth and longevity understand the importance of staying true to that core purpose. While they may occasionally pivot and spin off new offerings, they make sure their bread-and-butter business remains intact as the company's central focus.

Creating a system of checks and balances helps identify when an action serves or detracts from your core purpose. Before implementing that new technology, overhauling an operational process, or shifting gears into a new market, be sure to test it against your core purpose. Does it move you closer to fulfilling your purpose or divert your focus?

3 ENTERPRISE COMPANIES: EMPHASIZE CULTURE
With massive growth, it can be easy to let culture slip. If you have multiple locations or separate departments, each can take on its own culture, departing from your initial intention. Keep in mind, too, that having no culture is a culture in itself. If you aren't intentionally communicating and nurturing your culture, employees will create one for you.

Startups tend to have smaller teams that operate out of more intimate spaces, making it easier to foster a tight-knit culture. The energy is often tangible and contagious. While larger teams take extra effort, culture is absolutely key for retaining employees and customers, achieving goals and fulfilling your purpose.

While there is no singular tried-and-true tactic in this area, you can start by hiring for culture first, and base assessments and decisions on a set of core values that are most important to your brand. This will ensure that each team member buys into your vision and shares guiding principles with the rest of the company.

Team building should be ongoing at both the company and departmental levels, with departments encouraged to have their own get-togethers and traditions. Weaving recognition into the fabric of your culture ensures that your people feel valued on an individual basis. It's important to

create a platform for colleagues to recognize one another in meaningful ways and for leadership to recognize their teams. As fun as perks are (free lunches, foosball tables, nap rooms, etc.), a commitment to core values and an environment that champions collaboration, accountability and celebrating wins is what will ultimately bind your company together.

4 STARTUPS: LOOK THE PART
Startups often get in the game to solve a big, audacious problem and make the world a better place. But with all the good they strive to do, branding can get relegated to the back burner.

In many cases, branding and messaging are treated as nice-to-haves, and aspects like your brand story, and voice and tone are shelved until, at best, all the product specs are hammered out, or, at worst, you start turning a profit and can afford to hire someone to develop them. Thinking like the big brands provides an identity and something for customers to connect to—and could actually become your key differentiator.

For example, Slack and MailChimp aren't inherently innovative—messaging apps and email platforms already existed—but they won over customers through the experience they delivered. And they did it through their branding and messaging—the microcopy woven through various touchpoints. It's the quippy messages that appear while you wait for Slack to load and Slackbot's friendly reminders. It's the "Huzzah" and high five when you've scheduled an email campaign in

MailChimp. While you may initially overlook these micro moments, they work together to create the experience you have when you engage with these companies. It's also what makes them memorable.

As you build your product, think about the voice and tone of your brand. How can you work it into what you're building, since that is what will capture the hearts of customers and make your brand "sticky."

There's much to learn from both sides of the spectrum, but you'll notice a common thread: It starts with clarity of your core purpose and intimately knowing the stakeholders you serve—customers, employees, partners, etc. Whether you're seasoned in business or just launching into the market, starting from that place will help avoid common pitfalls that crush businesses large and small. [IPM](#)

Culture is absolutely key for retaining employees and customers, achieving goals and fulfilling your purpose.

 **About the Author**
Jeffrey Pruitt is the founder, CEO and partner at Tallwave, where he leads the strategic direction and innovation. He is also the founder and GM of Tallwave Capital, an early-stage venture fund that invests in innovative technology companies. Jeff serves as an executive leader for The Idea Enterprise at Arizona State University, and regularly writes about innovation and digital transformation for *Inc.* He was named a *Most Admired Leader* by the *Phoenix Business Journal* and *Business Leader of the Year* by the Arizona Technology Council. He also led Tallwave to earn a *Best Places to Work* award.

PRODUCT PORTFOLIO MANAGEMENT:

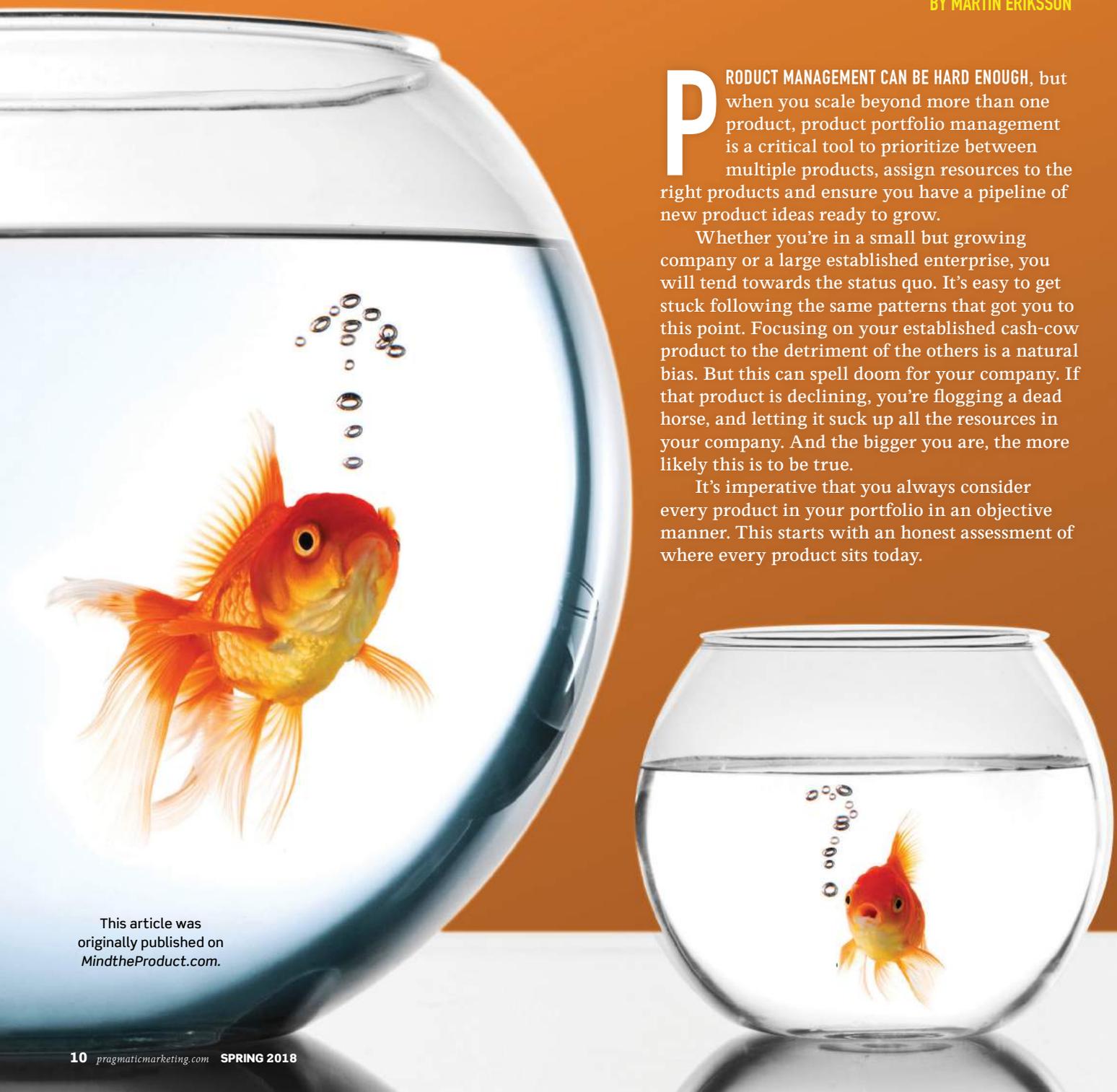
SUCCESS *at* SCALE

BY MARTIN ERIKSSON

PRODUCT MANAGEMENT CAN BE HARD ENOUGH, but when you scale beyond more than one product, product portfolio management is a critical tool to prioritize between multiple products, assign resources to the right products and ensure you have a pipeline of new product ideas ready to grow.

Whether you're in a small but growing company or a large established enterprise, you will tend towards the status quo. It's easy to get stuck following the same patterns that got you to this point. Focusing on your established cash-cow product to the detriment of the others is a natural bias. But this can spell doom for your company. If that product is declining, you're flogging a dead horse, and letting it suck up all the resources in your company. And the bigger you are, the more likely this is to be true.

It's imperative that you always consider every product in your portfolio in an objective manner. This starts with an honest assessment of where every product sits today.



This article was originally published on MindtheProduct.com.

MAP YOUR PRODUCT PORTFOLIO

Product portfolio management starts with gaining clarity by mapping out all your products, so you know what stage each one is at. Whether you call it the product life cycle, stage gates or “explore, exploit, sustain, retire,” it’s about classifying all your products into groups so that you can compare like with like and ensure they get the appropriate level of resource investment.

The Product Portfolio Management Life Cycle

Most products follow a natural life cycle, from introduction through growth, to a (hopefully long) period of sustained maturity, followed by an inevitable declining sunset period.

Introduction

In the beginning, there was an idea.

This is where all your new products live, where you’re exploring new ideas and focused on customer development to understand which ideas might be valuable enough to actually build on.

It can be valuable to further split this into two groups. First, **new product ideas**, where you focus only on customer research. Then, once you have a validated customer problem, **product testing**, where you start building MVPs (or RATs) in order to test solutions to those problems and find product/market fit.

Growth

Once you’ve achieved product/market fit, it’s time to accelerate the growth of that product. Only now do you invest heavily, assign marketing resources, and start to build business and scaling plans.

Maturity

In maturity, it’s all about sustaining an established business, so the focus shifts again to optimization and finding efficiencies of scale and operations.

Decline

Eventually, all products start to decline. Some take days to hit this point, some take years; there is no hard-and-fast rule. If you’re doing your job right, you can extend the time before this period, but it will come eventually. The key is to have enough of a pipeline of new product ideas coming up behind it that you disrupt yourself, rather than letting a competitor or new entrant do so. You must also recognize this stage early enough that you can start reassigning resources away from the declining product to one of your growing products. There’s no point in rearranging the deck chairs on a sinking ship.

Remember: Product portfolio management is not a linear process. Not every product will make the full journey through the life cycle; they can fail and drop out at any point in the journey.

It doesn’t matter how many steps you have in your life cycle, just that you think about your products in portfolio management terms. Having more steps in your process can allow for more granular stage gates and, most important, more granular resource allocation.

At Telenor (the Norwegian state telco with 30,000+

employees across 12 countries) they have five steps, covering new product ideas through to established businesses. They also have fun names that help excite people about the process:

1. **Stars**—customer problems
2. **Bottle Rocket**—validated problem statement
3. **Satellite**—business plan
4. **Space Shuttle**—self-sustaining growing business
5. **Space Station**—established business

And at the *Financial Times*, they separate their product life cycle process into six steps:

IDEA	Articulate your customer problem, market opportunity, business need or something we don’t know but want to.	DAYS
EXPERIMENT	Obtain evidence that there is a real customer/business need that is strong enough to invest in a solution.	WEEKS
BUILD	Build the minimum solution that meets the customer need to validate the market demand.	MONTHS
GROW	Scale the validated business model to generate business outcomes (revenue, reach, return, etc.).	YEARS
SUSTAIN	Seek to maintain business outcomes while minimizing costs, optimizing efficiencies.	YEARS
RETIRE	Product might have no growth potential, strategic benefit or be technologically obsolete. Move out of portfolio or support existing base with no new investment.	YEARS

WHY PRODUCT PORTFOLIO MANAGEMENT IS SO VALUABLE

Product portfolio management is a critical tool for managing multiple products; it allows you to objectively consider each product in your portfolio and then plan accordingly. Here are a few of the things that make it so valuable.

It encourages new ideas. In the first stage there will be a lot of ideas that fail, but that’s okay. By staging your resource allocation, you can ensure that only validated ideas progress from research to product development, and that only validated products progress to the growth and marketing stages.

It focuses on learning. The early stages should only be measured on knowledge gained. It’s only once you have launched a product to the market and gained traction that you even think about measuring on revenue and users.

And throughout every stage, everything you learn—every assumption, every failed idea, every test—should be stored in a central database. This allows others to access your hard-won knowledge, springboarding them to the next piece of learning they need to make their own product better.

It frees up resources. Product ideas don’t need developers, but growing products do. And, at some point, the resources being used by a declining product can be reassigned to ensure the growth of the next big idea. Resources are assigned when and where appropriate; you don’t need marketing if you’re still validating the problem.

It reduces risk at every stage. Just like a VC, you’re never investing everything up front; you’re only investing as much as the idea or product needs to get to the next stage, answer the

next question or validate the next assumption.

It is a great sanity check on your strategy. Once you map all your products and ideas against this product portfolio management life cycle, you'll quickly see if you're spending enough time and resources on the front end of the process, generating new ideas and new products. Is your execution matching your strategy?

There's a built-in tension between the mindsets of explore and exploit. Most organizations and product teams are excellent at exploiting a known product, market and business model. However, it's a very different approach to exploring new opportunities, which is why making room for the latter in your organization is so important.

PRODUCT PORTFOLIO GOVERNANCE

To oversee this process, and make sure successful ideas get the funding and resources they need, you must have some form of governance. Now I know we all get the fear when we hear the word "governance." Chances are, we're picturing a bunch of suits sitting around a boardroom table checking their spreadsheets and opining on our ideas, because traditionally these decisions would be made purely on business plans. But we all know that these business plans are being made up just to get the desired investment, and then they're forgotten when the new idea inevitably doesn't deliver on its promise. In many organizations this is why product boards and the traditional oversight of product portfolios have failed.

Whether you call it an investment board, an innovation board or a product council, there are a few key things you need for successful product portfolio management oversight.

To generate the necessary cross-functional buy-in to this process, the council must have representation not only from product, UX and engineering, but also from sales, marketing and support. It needs senior representation too, ideally the CEO, to ensure effective decision-making.

The product council's decisions must be grounded in knowledge and tied to the stage-gate process so that they can focus on validated knowledge and remove opinion and bias from the oversight process. Their decisions are not about whether they *like* the idea, but whether the idea has amassed enough customer validation to progress to the next stage.

Success at scale
requires effective
resource allocation
across products.



Finally, the product council is there to ask questions, not to remove autonomy from individual product teams. The product council's job is to ensure that those teams are moving in the right direction, asking the right questions and sticking to the customer development approach as they develop their product ideas. They are not there to provide answers, like deciding what to build or telling teams how to build it.

But the product council is not just there to make resource allocations. The council is also a great way to ensure alignment between teams. XING in Germany has this fantastic concept of *Auftragsklärung*, which is a template for how they pitch, discuss and monitor their product ideas. Each team prepares a giant poster as their pitch for resources. They maintain it as they learn new things and challenge their assumptions, regularly presenting their posters to each other, and then posting them in their office so passers-by can understand what everyone is working on at a glance.

As part of that alignment role, the council is also the keeper of the institutional knowledge—that database of ideas and research—and is responsible for making sure not only that the organization *learns* from what works and what doesn't, but also that it then *records* and *disseminates* that knowledge back out into the organization. No new product idea, assumption or test is complete until it has also been documented for others to learn from.

SUCCESS AT SCALE

Success at scale requires effective resource allocation across products at wildly varying stages of product development, from research-only to high-growth marketing and scaling, so it's important to set up your product organization to embrace this variability and ensure you spend time exploring new opportunities while exploiting your existing products.

Adopting a product-portfolio management approach based on the product life cycle and grounded in customer development lets you consider all the products in your portfolio in a holistic manner. This means you can focus on learning about your customer, balance explore and exploit mindsets, and deploy your resources where they're most needed. [PM](#)



About the Author

Martin Eriksson has over 20 years of product management experience across Europe and the U.S., building products and product teams in startups such as Allt om Stockholm, Huddle and Covestor, and global brands, including Monster and the *Financial Times*. He is founder of ProductTank and co-founder of Mind the Product—the world's largest product management community—with meetups in 150+ cities globally and annual conferences in London and San Francisco. Martin is co-author of *Product Leadership: How Top Product Managers Launch Great Products and Build Successful Teams* and an executive-in-residence at EQT, one of Europe's largest private equity and venture capital funds.

How to build

INVINCIBLE COMPANIES

It's more important than ever for companies to focus on inventing the future. Companies have to start giving more power and prestige to growth innovation, or risk becoming irrelevant.

This article was originally published in *Indian Management Magazine*.

BY ALEX OSTERWALDER & YVES PIGNEUR

OVER THE PAST 16 YEARS, WE HAVE been dedicated to a single mission: how to help companies continuously reinvent themselves. We created some of the tools and methods to deal with this challenge.

The crucial question we are helping to answer: How can C-suite leadership teams harmonize the demands of public markets and activist investors to cut costs; buy back shares and simultaneously reinvent their organization; and unleash entrepreneurial talent and position it for future growth?

We believe there are three crucial areas that every company needs to consider to

remain relevant and prosperous.

First, companies have to develop truly ambidextrous organizational structures where the innovation arm is given equal power alongside the existing business.

Second, this innovation arm needs its own culture, processes, skills, metrics and incentives to explore potentially new business models and value propositions.

Third, companies need to better manage their portfolio of existing businesses and new opportunities—maintaining and protecting the current business, while cultivating the business models of tomorrow.

Simply creating new products and technologies won't save your company from being disrupted.

Let's explore deeper into each area and discuss why it matters to companies today.

1 EVERY ORGANIZATION NEEDS A CHIEF ENTREPRENEUR EQUIPPED WITH POWER

Companies that pursue real growth innovation need to give the activity real leadership with real power. This is a whole new organizational chart of people and skills led at the top by a chief entrepreneur.

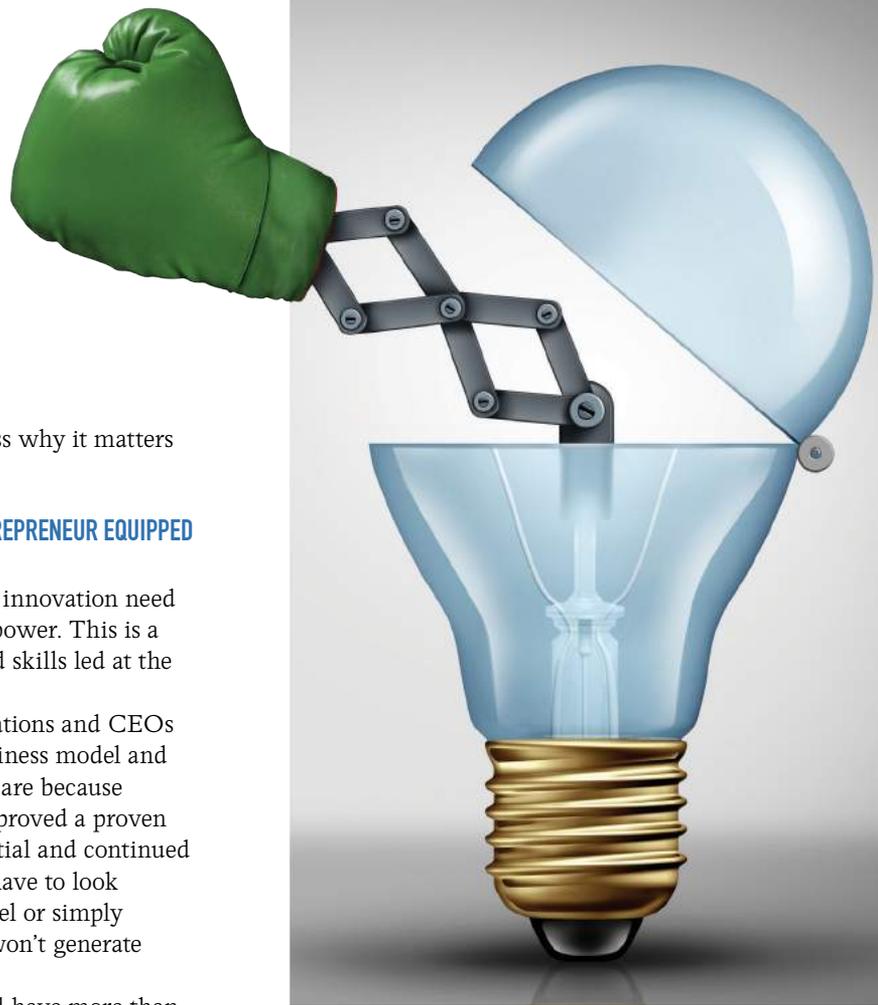
This doesn't discredit the success corporations and CEOs have generated from finding a successful business model and improving it over time. They are where they are because they successfully scaled and continuously improved a proven business model. However, to achieve substantial and continued growth in the 21st century, companies will have to look beyond improving the existing business model or simply launching new products. These actions just won't generate enough growth anymore.

You would have to be schizophrenic, and have more than 24 hours in the day, to be world-class at both jobs. In order to excel at both, you need a powerful person skilled at execution who focuses on the present, and a powerful person skilled at entrepreneurship who focuses on inventing the future. You need to create an innovation engine that will function alongside your current business. This ambidextrous culture is how you will survive in the 21st century.

Over a decade ago, O'Reilly and Tushman described why companies need to be ambidextrous (executing existing business models while creating new ones). Yet in spite of facing continuous disruption, only a few companies (like Amazon) have truly ambidextrous strategies that focus on world-class execution, operational excellence and strategic growth innovation simultaneously. In fact, Amazon's entire organization and organizational culture is designed to be ambidextrous.

Rare are companies that deal with the rapid shifts in channels, customer aggregation, pricing, technology, etc., by creating new business models (Amazon Web Services, Netflix Studios, etc.). Most continue to execute their existing business models or make small extensions to them. In the U.S. in particular, existing companies are afraid of a proxy fight with activist investors who focus on traditional cost-cutting and share buy-back programs to please their investors.

The organizational structures that characterize established companies today are unlikely to produce new growth. At most companies, "the core" still dominates innovation. Business units with established business models and value propositions



tend to dictate the innovation agenda. They favor short-term gains through incremental and sustaining innovation over growth and transformative innovation where new value propositions or business models are uncovered, especially if it undercuts the core business.

We like to say that business models and value propositions expire like a yogurt in the fridge. The reality is that business models are expiring faster than ever before. The likelihood of a CEO managing a single business model through his or her tenure no longer exists. You have to also invent the future, which will require systematically and continuously inventing new business models. You not only have to be world-class at executing and improving your current business model, but you also have to be world-class at searching and inventing new business models for the future.

2 INNOVATION CULTURE: DIFFERENT METRICS, SKILLS, PROCESSES AND INCENTIVES

Although an innovation culture is difficult to achieve, we believe that companies can intentionally design an innovation culture that unearths and builds new growth engines, reduces the risk of experimentation and increases ROI on R&D. To make that happen, you have to recognize that your innovation culture requires different skills, processes and incentives than your execution culture. We developed a tool with XPLANE founder Dave Gray called the Culture Map to help companies capture, discuss and manage company culture.

The tool allows teams and leadership to ask: What are the concrete results we want to create? Let's say you want your company to reduce innovation risk, get a higher return on any R&D being performed and build new growth engines. On a managerial level, you probably want to retain your talented teams and build a company that's designed for the future.

Think about the impact that leadership, culture and processes, as well as organizational design have on your company. Ask the team: What causes and influences our behaviors? What are you as a leader saying or doing to enable these behaviors? How are people rewarded for their behaviors (both positive and negative)? What are the unwritten rules? It could be the requirement of business plans well before you're ready to execute; a lack of knowledge or training when designing, running and managing business experiments; or it could be that your process is linear rather than agile.

Another example: Leadership can provide support throughout the company to give legitimacy and power to intrapreneurs responsible for managing the search for new value propositions and business models, and they can allocate sought-after resources. By championing methodologies like design thinking, or tools like the business model canvas and value proposition canvas, leadership can enable the right process and skills development for teams to design, run and manage agile business experiments.

Traditional R&D is what large organizations believe to be a remedy for disruption. But like we pointed out above, simply creating new products and technologies won't save your company from being disrupted. When you look at the greatest companies around today, how much do you think they spend on R&D? Big sums. Now, how much of that money goes into figuring out the right value propositions or business models and bringing them to market the right way? Probably very little or none.

In fact, good innovation doesn't necessarily have to be tied to a product or technology if the value proposition creates value for your customers and your business model creates value for the company. Good business model innovation starts with your culture.

3

MANAGE A PORTFOLIO OF MATURE AND EMERGING BUSINESSES

Finally, companies need a new and integrated approach to managing a dynamic portfolio of established and emerging businesses. They have to protect established business models from disruption as long as possible, while simultaneously cultivating the business models of tomorrow.

We have prototyped a tool called the Business Portfolio Map to help organizations measure and assess if the existing portfolio is healthy; if the business is prone to disruption; and ultimately, to help companies make better investment decisions.

Every portfolio starts with a look at managing and improving the businesses you already have, including assessing two areas.

Profitability: How much profit do the existing business models generate?

Disruption risk: How protected is your business model, and how likely is it to be disrupted? Models at risk may be established businesses, but prone to disruption for technology,

market or regulatory changes.

As you manage the present, you must also look toward the future for new areas of growth, while assessing two different areas.

1. Expected profitability: How big can an idea for a new business become? What's the potential? How big is the size of the new market, revenue potential, pricing, etc? Equally important here is to judge how robust a business model is (in terms of recurring revenues, long-term growth, scalability, protection from competition, etc.).

2. Innovation risk: Here you evaluate how much you de-risked a good-looking business initiative. These ideas may have no evidence and may be risky to invest in. The more you are confident an initiative will work based on tests and the resulting evidence, the more you may choose to invest time and resources into it. This is where the Lean Startup—founded and conceived by Steve Blank, then popularized by Eric Ries—has great potential to help large companies tackle the challenges that come with de-risking innovation. We have been involved with the process from the beginning.

It is important to point out that the invention of new businesses is a search process. Finding and validating a new growth engine is an iterative process, contrary to managing an existing business.

Amazon is an example we frequently cite of a company that intentionally manages a diverse portfolio of existing and promising new business models. The company continues to produce growth with its existing businesses (e-commerce, AWS, logistics, etc.), while juggling a portfolio of potential future growth engines that may become big profit generators one day (Alexa, Echo, Dash Button, Prime Air, Amazon Fresh, Mayday Button, etc.).

Building an invincible organization with the traits we've listed above is something investors should be demanding: It helps companies better allocate capital and put people with the right skills at the right stage of development. But of course, it also means you have to keep investing in new ideas and businesses. This is going to be a difficult journey. The truth is, there's never going to be a right time to start. If you don't want to end up like Kodak, Nokia or BlackBerry, then you have to start now. [PM](#)

About the Authors

Alex Osterwalder is an entrepreneur, speaker and business model innovator. He is the co-founder of Strategyzer.com, and co-author of *Business Model Generation and Value Proposition Design*, which sold more than 1 million copies in 37 languages. Alex is also co-creator of the Business Model Canvas, a strategic management tool to visualize, challenge and (re-)invent business models. He is a frequent keynote speaker at Fortune 500 companies and has led guest lectures in top universities around the world. Follow him on Twitter @AlexOsterwalder.

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PITCH TO WIN

BY
DIANE PIERSON

How to Get Funding (or Approval) to Build Your Great Idea

PITCHING INVESTORS REQUIRES MORE THAN A GREAT IDEA.

Whether you want seed funding for your startup or budget allocation inside a large corporation, you'll need to go beyond the technology. Each scenario has unique risks and rewards, but solid preparation will put you on the winning track.

WHERE TO BEGIN?

First, understand what you're getting into. Seed and Series A funding thresholds are not what they were a decade or two ago. If you want to fund a startup, you not only need a great idea, but also a proven track record of revenue—at least enough to sustain the founders.

Inside a large corporation there are no hard-and-fast rules to what your CEO will find attractive. In my experience at mature \$1 billion organizations, nothing less than a \$50 million top-line revenue opportunity would raise an eyebrow at the executive level. Inside any established company a reasonable (although, full disclosure, unsubstantiated) rule of thumb would be anything that could bring in an additional 5 percent top-line revenue growth within three years.

That said, the appetite for funding changes over time and vertical to vertical. So, do some research into your specific area of opportunity and determine exactly what you'll need to achieve before gaining the interest of investors or your execs. The best way to find out? Ask the people who hold the money.

TIP 1 Research the funding thresholds you're dealing with—know if your idea is big enough to get investors interested.

TELL YOUR STORY

Once you know what it will take to get their interest, get them excited about the opportunity.

Even executives and investors born in the tech world or working in a

specific vertical don't know everything about everything, not to mention those in finance, legal and other cash-wielding positions. Be prepared to describe the problem you solve in plain language, and explain what it means to the market. Focus on the *what* and not the *how* to spark interest.

With external investors, introduce yourself and help them understand what makes you qualified to grow this idea. Tell them about yourself and your credentials, how you came up with the idea and how you plan to take it to market. Startup investors also want to know whether you have plans beyond the one product idea. Can you deliver not just a product, but a business?

TIP 2 Create a plain-language narrative that focuses on the problem you solve, not the technology that you'll build.

If you're pitching an idea internally, you need to spend more time emphasizing how the idea helps the organization move toward its strategic goals. They know you; now you have to prove your knowledge of your company and how it intends to grow.

HIGHLIGHT THE OVERRIDING BENEFIT

What is it about your idea that makes it stand out? Why would an investor put money into this opportunity versus another? It's critical that your idea offer some unique benefit to the market—and therefore the investor. Is it an exclusive solution to a problem (rare), or does it solve a problem in an entirely different way?

TIP 3 Be specific about how you crush the possible competition, or exactly why your idea is unique. These differences have to be ones that the market is willing to pay you to solve.

How will you crush the existing competition? Netflix crushed existing behemoth Blockbuster by delivering the same product—games, movies and old TV shows on DVDs—through a different channel (mail delivery versus in-store rental), and by offering subscription rather than by-the-day pricing.

Do market research and spend time to make sure you've solved a problem the market is willing to *pay* you to solve. "Cool" doesn't bring out wallets.



FIND AN ADVOCATE

Whether you pitch internally or externally, a powerful, knowledgeable advocate is vital. If you're pitching a startup to angel or seed investors, find an insider willing to vet your pitch. When I started a small consumer-products business, I reached out to a former boss who'd been a COO responsible for creating the business case for rounds of funding within multiple startups. His critique of my first effort was painful to hear, but invaluable. He also put me in touch with the right investors for the product I was building and continued to help with advice and connections.

Internally, seek advice from someone who is involved in making budget decisions—finance is a great place to start. Or get your chief counsel to dig into your proposal before you pitch it to other company executives. And of course, you want your department on board.

TIP 4 Get internal advocates and decision-makers on board ahead of time.

When I was the vice president of product and marketing at a smaller company, a young product marketing manager came up with an idea that would make it easier for our transactional customers to buy from us. Essentially, it was a change in the buying workflow.

But he didn't just come to me with his idea. First, he went to people he knew needed to be involved in the actual production of the product.

He started with the head of customer service and asked, "Could you do this?" The customer service director said, "We can't do what you ask, but if IT can build a plug-in to make our customer information more secure, we can do this other thing to create an easier path for our transactional customers to buy from us." They sat down and figured that out beforehand. Then they went to IT and got a commitment on what it would take to build. They worked with finance to put the numbers together. They also got legal's blessing on the security level.

By the time they invited me and our CFO to talk about their proposal, the legwork was done and we all agreed that it made sense. And when we took it to the CEO, she also bought into the idea.

The product marketing manager and head of customer service did a great job advocating for their idea. They created a path to the revenue. They understood the obstacles, they got finance involved with the costs, and they showed us the benefits. It just couldn't have been any easier. They were able to demonstrate that within five years their idea would generate \$5 million in revenue, which made sense to the company and aligned with its goals.

MAKE THE ASK

Ask for the money, and show them how you will use it. If you're looking for later funding rounds for a startup, you will likely work with an accelerator program or private equity or legal team. Be specific about what you're asking for, how you'll use it and how you'll measure success.

While people argue that a formal presentation isn't

necessary, I disagree. The 10-slide deck—no longer—is a classic benchmark that works. An added bonus: creating a succinct presentation that gets their attention requires you to focus. And while internal stakeholders may already know who you are, if you share a specific, well-crafted PowerPoint, it won't fail to make a good impression.

TIP 5 Ask for the money, show how you'll spend it and what success looks like.

Regardless of whether your pitch is internal or external, be excited, be passionate and be clear. Then back up your enthusiasm with numbers and a solid plan. Never let your exuberance get in the way of a clear-eyed assessment of risks, costs and competition. You need to be a hard-headed business person and an evangelical advocate. Tell your story to get them hooked, then pitch the data to get them to commit. **PM**

About the Author

Diane Pierson has more than 20 years of experience delivering product management and marketing results in the data/analytics, professional software, publishing and digital marketing industries. Prior to joining Pragmatic Marketing as an instructor, she delivered more than \$100 million in revenue to companies, including Dun & Bradstreet, LexisNexis, InfoGroup and Copyright Clearance Center. In addition to holding multiple vice president and general management roles, she started a consultancy specializing in go-to-market strategy and organizational alignment. She brings a results-focused understanding and executive mindset to her role at Pragmatic Marketing. Contact her at dpierson@pragmaticmarketing.com.



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MARKET

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PRICE

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How We Run Our Conference Like a Product

BY MIKE BELSITO

IN 2014 I BELONGED TO A SMALL TEAM THAT HAD a vision: We wanted to create something that would benefit product people with a desire to learn from the best product minds around, connect with like-minded folks and be inspired to build better products. We formed Product Collective, a community for technology product people and the organizers of INDUSTRY: The Product Conference. Product Collective began as a side passion, but we soon realized that it would require a full-time focus if we were to achieve our goal of building a world-class product. Two years ago I dedicated myself full-time to Product Collective.

When I took the leap to dedicate myself full-time, friends' reactions were mixed. They were excited for me, for sure. They knew firsthand that a community like Product Collective and a conference like INDUSTRY were much-needed. But they were also a little disappointed—not in me, but for me.

"Mike, this is great and I'm happy for you," they'd start. "I know it will be successful, and I can't wait to be a part of it myself. But ... won't you *miss* being a product person?"

I admit, part of me was a little sad at first. I enjoyed my relatively newfound calling of being a software product person. After my small internet startup was acquired, I had worked for slightly larger startups, helping to lead





within their product management groups. And I *loved* it. I was passionate about learning from our customers and taking those data points back to the team to build products that could help those customers. It was fun to work alongside our software developers and designers, and it was just as fun talking about strategy and future vision with our executive team. I really *would* miss all of that.

I didn't let it stop me from pushing forward full-steam ahead, though. After two successful editions of INDUSTRY in 2015 and 2016, it became apparent that Product Collective and INDUSTRY *needed* to exist. Product management professionals were thirsty for knowledge, inspiration and connecting with other product people. Our team thought, "How better could we serve them if we dedicated ourselves full-time to this?"

Fast-forward to the present. I now realize something that I didn't before: I never stopped being a product person. It's true that INDUSTRY is not a SaaS or enterprise software platform. But we have intentionally used many of the same processes and techniques we used when we managed software products to manage INDUSTRY.



Get Out of the Office

During one software product management stint, a sign hung near my desk with a phrase that Steve Blank should probably trademark: "Get out of the office." It was a constant reminder to interface with customers as often as possible so that I could understand their pain points and translate that information into products that actually served them. I tried to take this to heart and get in front of customers in person, via video chat and over the phone whenever I could.

That habit hasn't gone away simply because the product I now manage is a conference. We frequently conduct attendee interviews throughout the year, both in person and via web conferencing.

Having real conversations with our customers—the conference attendees—has been eye-opening. For example, after INDUSTRY 2016, we had several conversations with attendees that focused on the connections that they made—or didn't make—with other attendees. In some instances, the post-event survey indicated that attendees were especially interested in meeting other product people. However, when I asked how many new connections attendees had made, the answer surprised me: very few.

"This wasn't really your fault, though," one attendee assured me. "I'm just not much of an extrovert."

Yet, it was our fault. If people came to INDUSTRY in part to build their network and they left without doing so, we had failed them. Our product didn't work the way it was supposed to.

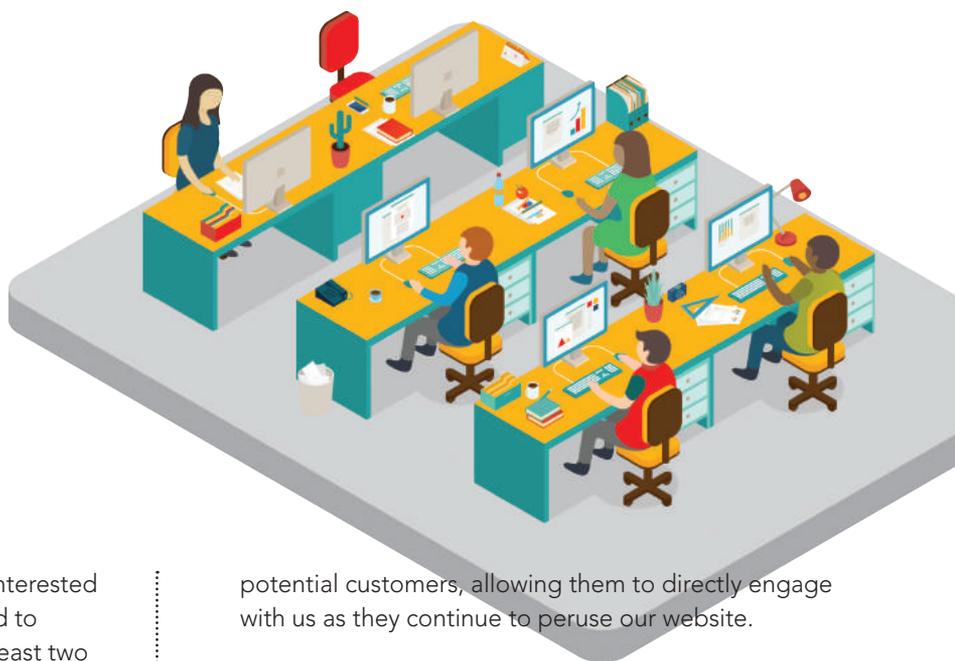


Introduce New Features and Sunset Old Ones

After hearing that feedback in 2016, we made sure that the same thing wouldn't happen in 2017 by introducing an unexpected new feature. About three weeks before INDUSTRY 2017, we emailed attendees and asked if they were interested in building their network by connecting with other attendees. If they were interested, we asked them to share the types of



As an online community, we understand the importance of providing helpful resources.



people they wanted to connect with, topics that interested them and the challenges they faced. We promised to evaluate their answers and connect them with at least two other attendees we thought they should meet.

We received hundreds of responses, demonstrating the need to proactively help attendees connect. We personally matched attendees and made introductions. It was a non-technical solution that served as a new feature to our non-technical product. When we surveyed and interviewed attendees after INDUSTRY 2017, we learned that it was one of the highest-rated value drivers of that conference.

We also eliminated underperforming features. The first time we introduced an all-access pass to attendees—a ticket that costs several hundred dollars more than a general admission pass—we felt a responsibility to build up the value. The all-access pass included such benefits as the ability to attend a half-day workshop, an exclusive post-INDUSTRY webinar and a selection of books.

Ultimately, the webinar wasn't well attended (despite the planning that went into it), and, while some attendees seemed to like the books, many simply left them behind. Yet, many attendees raved about the workshops and considered the main conference to be an extra bonus.

As a result, in 2017 we eliminated the webinar and focused on planning world-class workshops. Attendees didn't seem to mind. In fact, all-access-pass attendees were the most satisfied of any attendees.



Embrace Technology

Just because Product Collective's primary product is a conference that isn't rooted in technology doesn't mean that technology can't help us create a better customer experience. Here are a few of the ways we've leveraged technology to improve our product.

- Visitors to our conference website often have questions. But rather than asking them to switch their focus as they search for our email address, we want to keep them actively engaged. That's where a platform like Intercom comes in handy. Intercom provides a direct line to

potential customers, allowing them to directly engage with us as they continue to peruse our website.

- As a distributed team, it can be challenging to keep everyone connected with a shared understanding of our priorities. A platform like Slack ensures that we all stay in the loop, no matter our location. Product Collective also hosts an official Slack community that allows our 5,000 members to trade ideas, share best practices and access helpful resources.
- As an online community, we understand the importance of providing helpful resources—like weekly newsletters and semi-monthly webinars—that educate our audience. But it can be tough to know how much our audience is using and getting value from those resources. MailChimp and Google Analytics allow us to see how engaged users are with the different products we offer throughout the year.

When I decided to focus on INDUSTRY full-time, I realized my friends might have been right about one thing: I would have missed not being a product person anymore. But thankfully, I never had to stop. Although our product isn't technical, it has grown and developed precisely because we use product management best practices to create a better customer experience. **PM**



About the Author

Mike Belsito is co-founder of Product Collective, a community for product people and organizers of INDUSTRY: The Product Conference, a top-rated product management conference. Mike was named one of the Top 40 influencers in the field of product management in 2016 and 2017. He is a faculty member of Case Western Reserve University in the department of design and innovation, and co-host of a top product management podcast, Rocketship.FM. Prior to Product Collective, Mike spent 12 years in startup companies as an early employee, co-founder and executive. He is the author of *Startup Seed Funding for the Rest of Us*.



Context Is King

Data-Driven Customer Engagement

BY KEITH FENECH



MICROSOFT INTRODUCED CLIPPIT—A CHARACTER KNOWN INFAMOUSLY among its users as “Clippy”—in 1996, not long before the 100th birthday of the paper clip. This intelligent-user interface was the best-known iteration of Microsoft Office Assistant. Clippy hung in there until 2002 and finally vanished from the Office suite for good in 2007, but it remains immortalized in memes. Even Clippy’s designer admits to creating a character that “still annoys millions of people every day.”

Clippy’s failure suggests a misunderstanding of user needs. Instead of enhancing productivity, Clippy interrupted it, and gained a reputation as unhelpful, unwelcome and, to many users, downright unpleasant.

Clippy had a worthy goal: to increase engagement with Microsoft Office users while they were using the product. So why did it fail so spectacularly?

Clippy didn’t have *context*. It didn’t fully understand user behavior and modify its interaction accordingly. For example, when you typed “dear,” Clippy wanted to help you write a letter. It just didn’t understand that you may not have wanted to write a letter in the first place.

Since then, data collection and analysis have made it possible to better understand end-user behavior and activity

so that communication within a product can be optimized to drive and enhance user engagement. Compare Clippy with a more evolved form of data-driven in-application messaging, Amazon’s recommendation engine. Amazon’s algorithms pull together massive amounts of information on searches, purchases and more. And because the information Amazon shares is often helpful, users continue to engage with Amazon and its recommendations. This results in more purchases, more data collection and a greater ability for Amazon to further fine-tune its recommendations.

Today, software product managers can gain this insight and provide context through a powerful combination of software-usage analytics and in-application messaging. Successful user engagement is possible by driving dynamic messages that are contextually relevant and rooted in learnings from usage intelligence. By collecting data on feature and product usage, hardware and OS metrics and more, usage analytics provide the insight needed to set the context for in-application messaging: who to communicate with, when to reach out, what to say, and how to listen and process information.

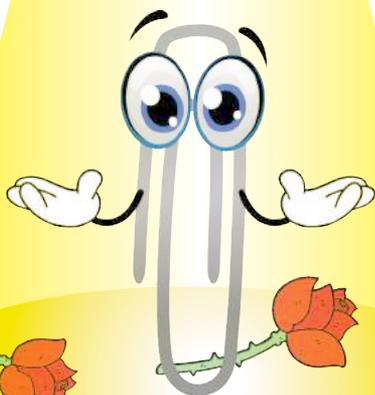
Improving User Experience and Product Adoption

Helping users solve problems and make their jobs easier is an enormous part of ensuring that they continue to use your products. In-application messaging, combined with usage analytics, can help you create specific sets of recommendations to guide and enhance user experiences. Context prevents the next Clippy.

Successful user engagement is possible by driving dynamic messages that are contextually relevant.



If Clippy were driven by usage analytics, it would know that you don't typically write letters and that typing the word "dear" should not trigger an offer to help you write a letter.



Consider the hypothetical onboarding process for a new version of your software. Customers have upgraded, but usage analytics reveal that many aren't leveraging the features your team envisioned as having the highest value. As a result, there's a real possibility that loyal users will start to doubt the value of your upgrade.

When you can filter and correlate usage data by days since installation, time spent in the application, OS metrics, hardware architecture and more, you gain insight into the onboarding challenges. By tracking how they are using (and not using) the application, you can understand why they have not accessed particular features or workflows. Armed with this information, you can drive deeper product engagement and satisfaction by leveraging in-app messaging to address why specific user segments aren't using certain features.

For example, if analytics reveal that users of the latest release are using the export feature and then exiting the software, they may be having trouble using the reporting function (or they may not be aware that it exists). By leveraging this insight, your team can create deeply targeted messaging for this user segment that might include a relevant video to guide them through the process. It could be triggered when a user accesses the export feature X times in Y days and display an in-application message: "Need help using reporting? This quick video will show you how." Increasing engagement at this stage can have ripple effects that include improved adoption and higher derived value from the software.

Improving and Accelerating Product Development

Usage analytics-driven, in-application messaging ensures that you understand the context and have the user's attention when they are engaged with your product. As a result, it can complement and enhance your product development strategies.

With the constant demands for faster development cycles, beta testing has become central to accelerating product development and release. Usage analytics allow you to discover if users are struggling with a feature or workflow. This insight allows you to send contextually relevant messages at that exact point, creating a feedback loop to better understand positive and negative responses, and pinpoint behavior that led to the UX issues or broken flow. The loop is key to continually fine-tuning your product, responding in meaningful ways that address user expectations. With usage analytics solutions that feature in-app messaging, you can survey users in the moment to gain clarity on the validity of the developed features, the usefulness of those features as implemented, and any missing elements that were not delivered as expected.

Being Useful Versus Being Annoying

Integrating analytics with a real-time communication channel will help your product team make data-driven decisions based on customer needs and provide contextually relevant information to further engage those customers. Compare this to Clippy, which offered hard-coded responses based on anticipated use cases. If Clippy were driven by usage analytics, it would know that you don't typically write letters and that typing the word "dear" should not trigger an offer to help you write a letter—such a message would be out of context.

Ultimately, the value of an integrated usage analytics and in-application messaging strategy extends beyond its abilities to ease onboarding, increase adoption and lay the groundwork for upsell and cross-sell opportunities. It helps your team build products that resonate with your audience and increase loyalty from customers who view your team as a partner in advancing their business goals. **PM**

About the Author

Keith Fenech is vice president of software analytics at Revulytics and was the co-founder and CEO of Trackerbird Software Analytics before the company was acquired by Revulytics in 2016. Prior to founding Trackerbird, Keith held senior product roles at GFI Software, where he was responsible for the product roadmap and revenue growth for various security products in the company's portfolio. Keith also brings 10 years of IT consultancy experience in the SMB space. He has a master's in computer science from the University of Malta, specializing in high-performance computing. Contact Keith at kfenech@revulytics.com.



MAINTAINING MOMENTUM:

12 TIPS for Interim CAB Calls

BY ROB JENSEN

A SUCCESSFUL CUSTOMER ADVISORY BOARD (CAB) PROGRAM involves much more than yearly in-person meetings. In fact, one key to a strong CAB program is keeping the conversation going between face-to-face gatherings, so that meeting outcomes, action items and work streams will not lose momentum. More important, such engagements can reinforce the impact of member ideas and suggestions, and communicate progress implementing them.

Interim conference calls are important to conduct with CAB members during the months between in-person meetings. These virtual meetings—since they will inevitably include online presentation—are ideal for tying off loose ends from the previous meeting. These may include answering questions that require more investigation, providing strategic company updates since the last meeting (background on acquisitions, partnerships or other news) and updates on company actions taken because of member desires or suggestions.

While CAB program follow-up and company updates are good topics for interim calls, on their own they're not

enough to generate a substantive call agenda. There has to be some meat for the members to consider and discuss. This is an ideal opportunity, for example, to run by some fork-in-the-road strategic issue your company is grappling with. This could be a strategic item, such as investment in a new product or partnership; or something more product-focused,

such as prioritizing features on your development roadmap. Don't be afraid if you don't have all the answers or if plans are not fully formed. After all, CABs are ideal for collecting customer input into corporate issues, planning and challenges.

Remember, your CAB program is not just about you; you must provide topics that are of interest to all your members. This could include information about the latest security/data breaches, or new regulations and how this impacts them (and their customers) and what action they

should take for their mutual benefit.

While virtual meetings inevitably involve less time and effort to prepare for than face-to-face meetings, they should be well-managed to create the desired results and satisfy CAB member participants.

Your CAB program is not just about you; you must provide topics that are of interest to all your members.



Here are 12 tips for creating successful conference calls to keep the momentum going on customer engagement.

1 Plan for the call as you would a face-to-face meeting. Preparing for the virtual meeting should not be taken lightly; this is no time to slack off on preparations for an engaging meeting. It should be organized similarly to an in-person meeting, with a robust, member-driven agenda; a list of possible or desired outcomes; a line-up of engaging session leaders; review of all meeting materials; and expert facilitation to ensure all participants are heard during the call.

Similar to a face-to-face engagement, you will need to assign a scribe to capture meeting notes and create a detailed report that includes a summary of the material conveyed, member comments, feedback and desires, and resulting action items for the host company to review and prioritize.

2 Facilitate member-driven content. This conference call is not the time to fall back on presenting canned company PowerPoint presentations. Instead, virtual meeting agendas should naturally follow previous member engagements, continuing topics and discussions that may beg for updates or deeper dives not afforded at the in-person meeting. Member surveys taken at the conclusion of the latest in-person meeting can be a great source for uncovering additional desired content. Finally, CAB members can be interviewed or surveyed between meetings to determine whether there are new subjects they would like to address with fellow members.

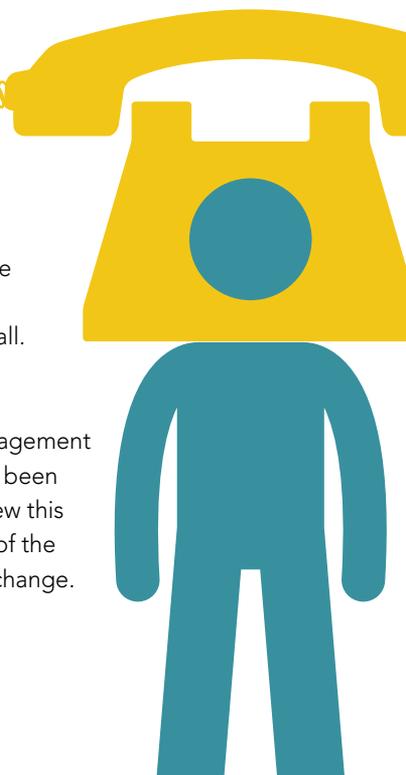
3 Review all current members. The interim call presents an ideal opportunity to present a full picture of your entire CAB membership. During the call, share an up-to-date list of all CAB members in your program—those who accepted the conference call invitation and those who were unable to participate for whatever reason. This will be even more important to new CAB members who may not have met the rest of the group yet.

4 Include participation guidelines. Share the same meeting participation ground rules that you would at an in-person meeting to ensure everyone knows how and when to contribute their feedback. In addition, including the Chatham House Rule (participants may use the information they receive but should not disclose the identity or affiliation of the speaker or any other participant) will establish that the call is a safe environment in which to present honest feedback.

Failure to convey call-participation guidelines may result in members feeling unsure of when or how they are supposed to jump in, or lead to minimal discussion. This can be a virtual-meeting killer. Make sure participants are encouraged to talk and participate.

5 Convey the CAB program timeline. Show your call participants where this conversation fits in the overall CAB program timeline, and when and where the next meeting will take place. This allows members to save the date on their calendars and ensures their attendance during the next meeting or call.

6 Communicate previous meeting reports and provide updates to action items. Speaking of previous meetings, it's a best-practice to refresh members on key findings of the most recent engagement and action items your company has committed to as a result. The previous meeting's report should have been circulated to the members already, and the interim conference call presents an ideal opportunity to review this briefly with the members. It's crucial to show updates and progress on the action items taken as a result of the last meeting. CAB members will love seeing that their insights and recommendations led to action and change. The reverse is also true: They will be disappointed if they don't see any impact from their input.





7 Convey the desired outcomes.

Let CAB members know what you hope to learn or accomplish on the call, then review this at the call's conclusion to let them know whether the desired outcome was achieved. Also, let members know that you will create a formal report of the virtual meeting to distribute afterward.

8 Keep a pipeline of topics.

In preparing for your virtual meeting, you are no doubt prioritizing topics of the utmost interest to members. But, if your program is managed well, you may actually have too many subjects to

discuss on a single call. Be sure to track topics you will not have time to address in a content "treasure box" and add new topics that are brought up on the call to cover in future engagements.

9 Watch your timing: not too long, not too short.

The length of your virtual meeting should be determined by the call agenda and driven by content. While it should not take all day, it should not take 30 minutes, either. Your content should contain enough meat to warrant a deep discussion and gather input from all participants. We find that a good call length is about two hours, plus or minus 30 minutes (depending on content and overall program maturity or progress).

10 Include customer speakers. As with face-to-face meetings, your call should not consist exclusively of speakers from your company sharing PowerPoints. Ask and encourage members to participate in the virtual meeting by providing updates or outcomes to recent challenges they may have described during the last meeting, especially those that support the current topic of discussion.

11 Send materials in advance. If virtual participants are viewing the meeting materials for the first time, they may not be able to review, digest, ponder and provide the immediate feedback you are looking for. In addition, they may want to review certain aspects (such as product feature

roadmaps) with other team members within their companies to collect a wider array of feedback, and communicate this during the virtual meeting.

Sending any pre-reading materials, such as news articles, whitepapers or reports, can help members better understand industry topics, dynamics or challenges, and prepare their perspectives on subjects. Sending meeting materials well in advance—at least a week—will give members an opportunity to review them and prepare feedback.

12 Ensure maximum participation. It is not impossible to get full member participation on a conference call, but it may take some follow-up. CAB managers might have to send multiple email invitations to those who don't respond to the initial invitation or follow up with a phone call. Even better, have their account manager—who owns the relationship—follow up.

Send calendar invitations to everyone with the participation info (conference call number) and place the full meeting presentation and other materials in the invitation. Don't make

members go back and hunt for this in their cluttered inboxes. Finally, have the CAB executive sponsor, or even the company CEO, send a reminder a couple days before the virtual meeting. Be sure to express the importance of the engagement and the relevance of the subject matter, and highlight key topics and why member participation is important. This should help ensure maximum participation and minimize last-minute drop-outs due to conflicts.

These interim conference calls are a crucial part of a robust CAB program.

As such, investing in the necessary steps

to create an engaging virtual meeting will not only make the discussion lively and insightful, but also ensure your program's momentum throughout the year. **PM**

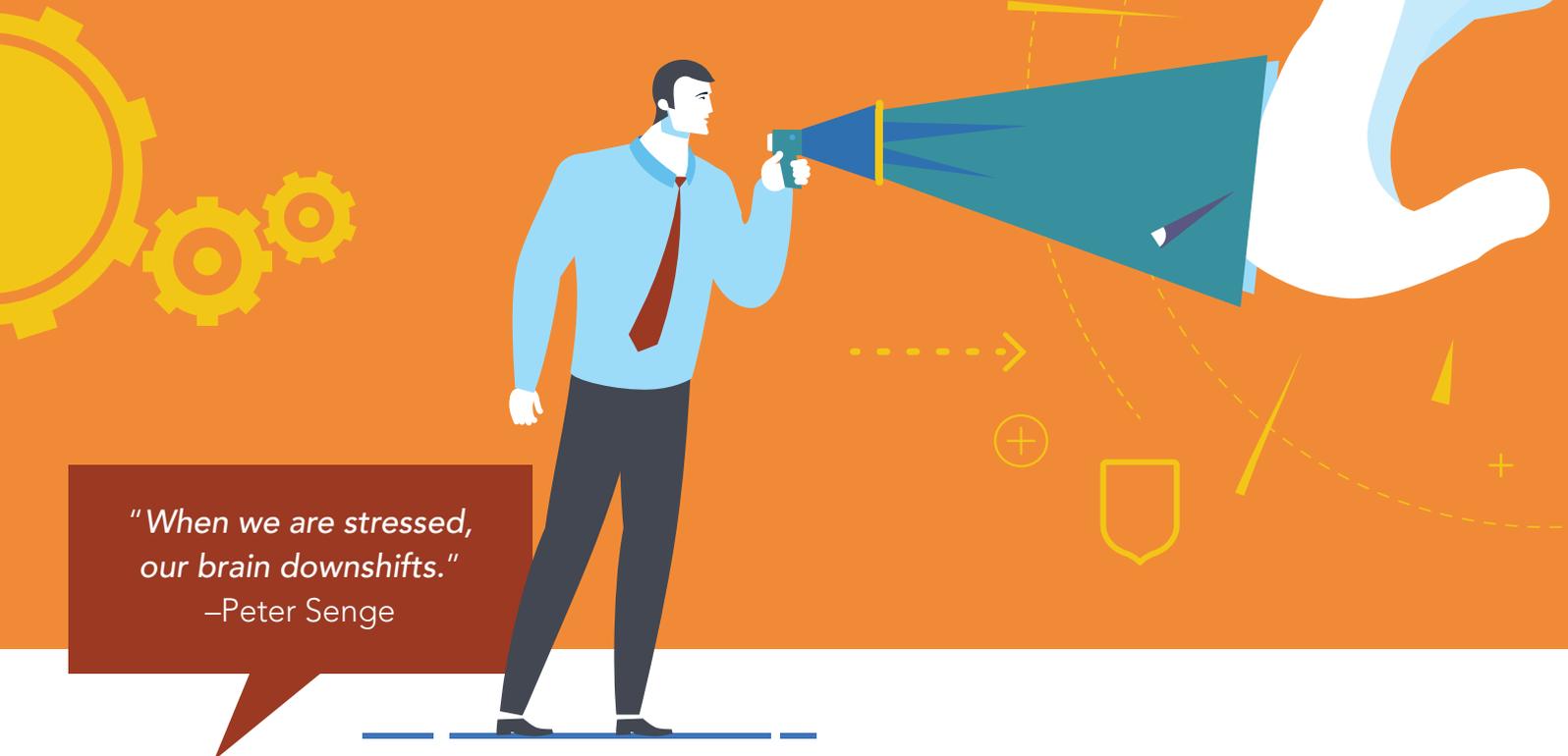
Encourage members to provide updates or outcomes to recent challenges.



About the Author

Rob Jensen is vice president of marketing for Ignite Advisory Group (igniteag.com), a consultancy that helps B2B companies manage their customer and partner advisory board programs. Rob has more than 20 years of experience in marketing, communications and business development leadership positions with leading enterprise software and technology companies. Rob has successfully overseen groups that generate global awareness, increase lead generation and enable sales teams. In addition, he specializes in initiating, managing and facilitating customer and partner advisory board programs in the U.S. and abroad. Contact him at rob.jensen@igniteag.com.

HOW TO WIN WHEN YOU'RE UNDER



"When we are stressed, our brain downshifts."

—Peter Senge

AS YOU CLIMB THE CAREER LADDER, YOU WILL INEVITABLY encounter situations where a colleague disagrees with your ideas or approaches. For high-stakes topics involving strategy and investments, you're in competition with others for attention and resources, and not everyone wants you to win. When faced with a direct or passive-aggressive attack on your ideas and character, your response speaks volumes about your maturity and leadership to everyone involved. Learn to navigate these confrontations with diplomacy, grace and a good bit of psychology and you will go far.

You're Fighting Nature More Than You're Fighting Your Adversary

For all sorts of good reasons, humans are wired to quickly recognize dangerous situations and respond accordingly. Our brains shift precious resources away from the slower, smaller processing centers and trigger a flood of chemicals that prepare us for fight or flight. Drunk with adrenaline, we're apt to either lash out or look for the first exit by shrinking and withdrawing.

When faced with a confrontation during a meeting,

it's essential to interrupt the brain's natural process and effectively retain your wits. Dr. Mark Goulston, writing in *Just Listen*, suggests we run through a simple mantra that allows us to derail the amygdala hijack and maintain our presence of mind. I've adapted his fabulous ideas to use with my clients in these spontaneous, challenging conversations.

Keep Your Wits With a Real-Time Reboot

My mental reboot process goes something like this: Once it happens, acknowledge internally, "It's here." An appropriate "Oh ____" is fine as well. (I use "heck"—not sure what you were thinking!)

After responding to the shock, vocalize (internally) your acceptance: "Okay, I'm in it now."

From acceptance, assume ownership: "This is mine. I've got it."

From ownership, offer an idea or—to gain processing time—ask clarifying questions. "Here's what I'm hearing ... Is this right?"

The deliberate move from *recognition* to *acceptance* to *ownership* to *action* is often enough to regain or retain control of your logic center and stop the flood of chemicals that



ATTACK AT WORK

BY ART PETTY



might find you flying or fighting. Tagging on a question gives you more time to discover motive and think through options.

Some of my clients find it helpful to look away from the source of the verbal assault and focus on breathing while they reboot. It's also helpful to learn to simultaneously relax your body, and let your arms fall to your sides instead of folding them or waving them menacingly.

Your goal is to gain a few precious seconds and work your reboot process. Time is a funny thing in these settings. Everyone else is processing, and no one will think less of you for taking time to compose your thoughts.

Responding to a Confrontation

The following scenario is based on a real-life situation shared by a coaching client and several other people who were present.

Amy had just finished her presentation to top management on a new business investment idea for her division. Judging by the body language and heads nodding in the room, it had gone according to her plan. Everyone except her counterpart in another division, Rob, seemed to

be interested in the idea.

Everyone else was engaged, but Rob appeared to sit on his hands. He would not make eye contact with Amy, and his body language was closed and defensive.

The backstory: Rob and Amy had joined the firm at the same time and ended up on similar tracks until Amy's recent promotion to director level. Rob's response at the time was less than gracious. In his words, he had been "overlooked."

The questions the meeting participants asked were great, and it appeared as if Amy's pre-event message mapping work was paying off. But just as Amy thought the session would come to a successful close, Rob interjected: "Amy, I have a question. What makes you think the results from this idea will be any better than that disastrous program you and your team presided over last year?"

Amy was not expecting this type of a verbal attack, and for a split second, panic set in. She recognized the "challenge" from Rob and immediately went into her reboot. While Amy's instinct was to tense up and verbally rip Rob's head off for his aggressive tactic, she knew that her response would determine the fate of her proposal.



When faced with a spontaneous challenging conversation, your first order of business is to control your emotions.

Amy's internal reboot:

- "Oh crap!"
- "Okay, I'm here."
- "Breathe! Again!"
- "I've got this."
- "I'll use judo on this."

She also focused on relaxing her posture. Instead of glowering at Rob, she relaxed her facial muscles, made certain her arms were comfortably at her side, momentarily looked at the ceiling and then back at her audience, but not directly at Rob.

"Rob, thanks for raising this issue. As everyone recalls, we spent a good deal of time with this group looking at the challenges and risks we encountered with that project. It was humbling. However, the changes we made ... with some great input from your team, Rob, have helped us navigate even more difficult challenges since that time. The team is experienced, successful and eminently capable and prepared to succeed with this initiative."

The CEO jumped in with: "Rob, Amy's right. We learned our lessons, and it's time to put that project in our past. I can vouch for how well Amy's team has performed since that initiative."

The meeting adjourned after management gave Amy the go-ahead.

7 Lessons for Managing Confrontations

Here are seven key takeaways from Amy's example:

1. Amy recognized the emerging signs of a confrontation. She noted the body language and engagement of everyone in the room. And while assumptions can be wrong, she was at least mentally prepared to expect a reaction from Rob.
2. She ran through her reboot process in short order while those in the room were still processing Rob's aggressive questioning.
3. She turned breathing and body posture into allies to stave off the adrenaline surge.
4. Amy successfully fought off her urge to launch a forceful verbal counter-strike.
5. She neutralized Rob's verbal attack by using his energy against him. "Thanks, Rob ..." This simple, but powerful maneuver also allowed everyone in the room to relax a bit, garnering emotional support from the crowd. The group mirrored her own relaxed, comfortable state and maintained their logical thinking abilities.
6. Instead of excusing the problem, she honestly acknowledged it and highlighted the lessons learned.
7. Finally, instead of taking a final shot at Rob, she praised his (team's) help during the problem project he referenced.

Game over. Amy wins.

The Bottom Line for Now

Amy's handling of the situation was masterful. I'm almost embarrassed to admit how many times I didn't handle situations as effectively as my coaching client, Amy. Nonetheless, I have learned, and so can you. When faced with a spontaneous, challenging conversation, your first order of business is to control your emotions, fight off your instincts and then navigate forward, striving to use the attacker's energy to your advantage. **PM**



About the Author

Art Petty is a multi-decade software executive and leadership and management speaker, executive coach and author. After guiding multiple software firms to positions of market leadership as a senior strategy and marketing executive, Art is now a management team adviser and works with emerging leaders as an executive coach. He is also a keynote and workshop presenter and serves as a graduate management educator at DePaul University IL. Art is the author of four books: *Practical Lessons in Leadership*, *Leadership Caffeine: Ideas to Energize Your Professional Development*, *Leadership Caffeine for the Project Manager* and *A Bold Cup of Leadership Caffeine*. Contact Art at art.petty@artpetty.com.





LOVABILITY:

How to Build a Business That People Love and Be Happy Doing It

Lovability shares what Aha! co-founder and CEO Brian de Haaff knows from a career of founding successful technology companies and creating award-winning products: Love is the surprising emotion that product builders cannot afford to ignore. The national bestselling book also reveals the secret behind the phenomenal growth of Aha! and the engine that powers customer love—a set of principles named The Responsive Method.

The following is a preview of *Lovability*, made available exclusively to *Pragmatic Marketer* readers.

BY
BRIAN DE HAAFF

Redefining Product

In the era when digital, app-based, cloud-based and internet-based products dominate the marketplace, lots of companies are giving into the temptation to turn the customer experience over to technology. On the surface, this makes sense because it limits “costly” person-to-person interactions. That is a grave mistake. Customers want human interaction, and increasingly, they are making it a deal-breaker.

A 2016 Accenture Strategy report, “Digital Disconnect in Customer Engagement,” found that 83 percent of U.S. consumers prefer dealing with human beings over digital tools to solve customer-service issues. Twenty-three percent have left a service provider in the past year due to poor customer service, at an estimated cost of \$1.6 trillion. Not enough attention is being paid to managing all customer touch points.

In any business, but especially in technology, your product is not just the software or hardware that you ship or the basic service that you provide. It is not just the bits or even the tangible item that the clerk hands over the counter or that arrives at the customer's home. The product is the complete experience and the relationship you and the customer share. That creates loyalty, trust and love. That is your product. That is the Complete Product Experience (CPE).

It is time that we redefined what we mean when we talk about product. From the point of view of the executive, marketer or product manager, there are two versions of the word.

- Product: What the customer *thinks* they are paying for.
- CPE: The totality of what the customer really values and is expecting from a product over the long term.

Today's customer expects every touch point with the technology and the company that sells it to be a meaningful one that creates value. The software-as-a-service (SaaS) world offers a perfect example: software delivered via the cloud, as SaaS is not purchased but rented. Customers pay for it a month or a year at a time. If you understand that, you are more likely to think about delivering it like an ongoing service instead of a one-time sale. Remember, the last S in SaaS stands for service.

In that world, you do not just make a sale and walk away any more than you would if you rented a house to someone.

You form a relationship with the user of your service. If you want to create lasting value for that customer—and lasting value for your business—you must maintain a mutually beneficial relationship. That takes personal contact, responsiveness and attention to every stage of the CPE.

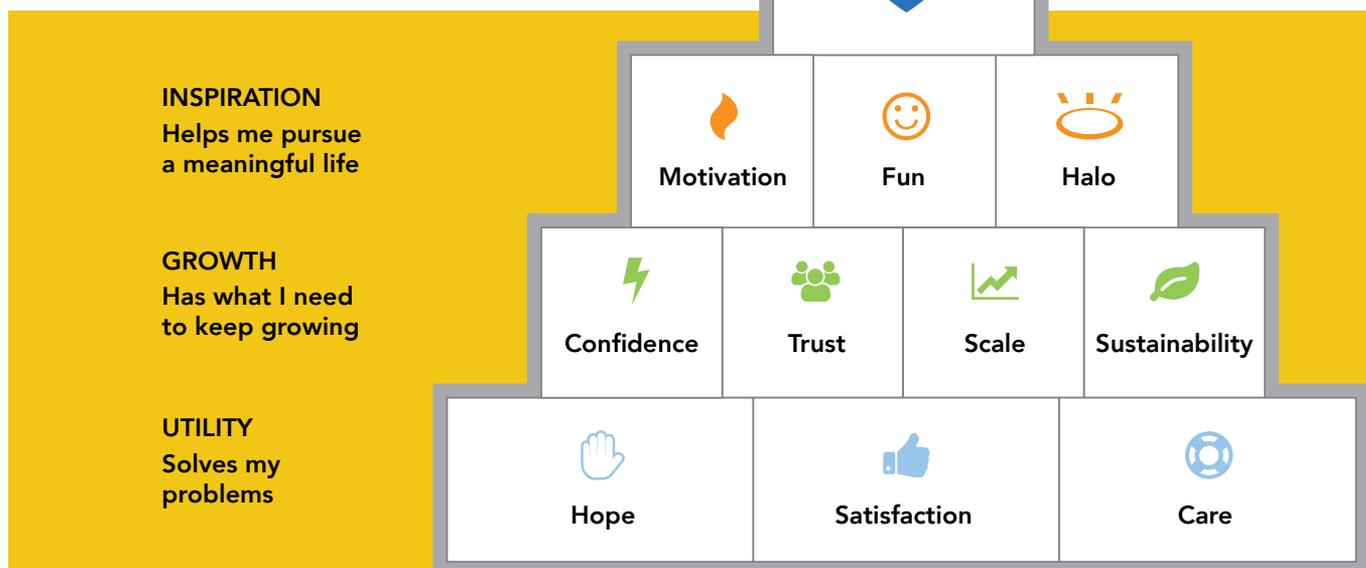
Building on Love

From the beginning, we wanted to build Aha! according to our own values. The home-run approach frequently leads to businesses that are miserable places for customers and employees alike. Obsessed with building valuation and pursuing the next round of funding, founders often delay focusing on the CPE, building customer value, or helping employees grow. Worse, by the time their ideas flourish and create value, founding team members own little or none of the company they started and have been replaced or moved on to pursue other opportunities.

We wanted to build something that real people with real needs would find value in and pay for. That was why we self-funded the company and never offered the service for free. Our only goal was to turn our vision into value for our customers, ourselves, and eventually for any employees we hired. Company valuation was not even part of our vocabulary.

That focus paid off fast. Through experience, customer devotion, hard work and some good fortune, we built a product that customers really wanted. And after a few months, we noticed a pattern. Again and again, customers

The 10 Building Blocks of Lovability





were using the word *love* to describe both our product and their experience when they needed help from us. Something extraordinary was happening—we were touching people, not just professionally but personally, inspiring an intense passion and loyalty that we had not expected. We named that quality *lovability*.

When we look back—not only at Aha! but at dozens of other business success stories—it is obvious that lovability is the only metric of success that really matters. If your customers love you, they will not only remain fiercely loyal but also will become your most powerful marketing asset. Lovability is the greatest predictor of business success. So, what is lovability?

Lovability is an inspirational state in which your CPE exceeds expectations to such an extent that your customers feel deep affection for what you provide them and actively work to contribute to your long-term success.

Lovability restores the customer to their proper place in the business hierarchy as the reason we are in business. It is the most important organizational metric because customer love runs downstream to create loyalty, retention, profitability and growth. Setting your target on lovability also simplifies decision-making. When faced with a choice, you simply ask, “Does this make our product and company more lovable?” If it does, proceed. If not, think twice.

Lovability From the Ground Up

There is no magic to lovability. Anyone with the right mindset can build a lovable product. But building it requires the basic skills, the intrinsic motivation and a purpose beyond mere growth.

Stay curious. To get to genuine lovability, keep digging and understand your customers’ real needs and motivations. You must get not just what they’re trying to do but the motivations behind their actions, and that means finding joy and meaning in helping them. It means loving them back.

Start with utility, especially when your potential customer has a lot of pain or frustration. It does not matter how much fun your product is to use if it doesn’t solve a problem and is not reliable. Aim for hope, satisfaction, care, confidence and trust. To have a chance to build something extraordinary, you must at least step to The Lovability Line.

The Lovability Line is the point where customers start judging your company less on rational criteria and more

on emotional ones. From here on, they become more emotionally invested in what you do and how you do it. It is up to you to sustain that love by adhering to your values and continuing to deliver an extraordinary CPE.

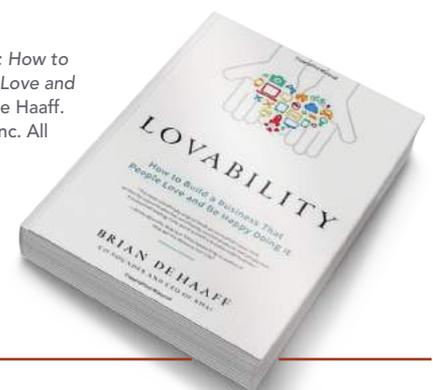
That leads us to the Law of Lovability: The more building blocks of lovability your product delivers, the greater the odds that your customers will find it lovable.

If a company consistently experiences eight to 10 of the building blocks, you are earning intense customer love and loyalty. Think: Apple, Minecraft, REI, Southwest Airlines and Tesla—brands with passionate, lifelong customers. Companies with five to seven building blocks can be loved, but the emotions will be volatile and changeable. This group includes companies like Facebook, Google, Salesforce, Slack and Zillow. With fewer than five building blocks, lovability is impossible.

No matter where your organization is on the scale, lovability is neither static nor guaranteed. It takes purpose, commitment and work to keep delivering a CPE and sustain that love. When you have it, you have earned it. [PM](#)

The product is the complete experience and the relationship you and the customer share.

Book excerpt from *Lovability: How to Build a Business That People Love and Be Happy Doing It* by Brian de Haaff. Copyright ©2017 Aha! Labs Inc. All rights reserved. Published by Greenleaf Book Group Press.



About the Author

Brian de Haaff seeks business and wilderness adventure. He has been the founder or early employee of six cloud-based software companies and is the CEO of Aha! — the world’s #1 product roadmap software — and the author of *Lovability*. His two previous startups were acquired by well-known public companies. Brian writes and speaks about product and company growth and the adventure of living a meaningful life. Learn more about Aha! at aha.io. You can follow Brian on LinkedIn at [linkedin.com/in/bdehaaff](https://www.linkedin.com/in/bdehaaff) or on Twitter at [@bdehaaff](https://twitter.com/bdehaaff).



LEADING A FUNDAMENTAL SHIFT:

A Market-Driven Approach to Growth

BY JOHN MILBURN AND JOHN WILSON



SINCE ITS INCEPTION IN THE LATE 1960s, VEDA became the authoritative credit-reference provider for Australia and New Zealand, enjoying an estimated 85 percent market share by 2010. If you're familiar with FICO, Experian, Transunion or Equifax, you have a good idea of Veda's business.

Initially, Veda was a consumer credit bureau business, focused on providing credit-checking services related to consumer-loan applications. However, over the past decade the company expanded its offerings to include identity verification, fraud detection, digital marketing, credit analytics, a market-leading suite of commercial-risk solutions and a growing range of B2C solutions.

When John Wilson joined Veda in 2010, he had just completed successful stints at companies like SunGard (now FIS Global) and KPMG. As executive general manager for products and market development, he helped steer the business growth from just under \$200 million (AUD) in annual revenues to approximately \$400 million (AUD) in seven years. He credits Pragmatic Marketing training, consulting and concepts as key ingredients to that success.

John became familiar with Pragmatic Marketing at his

previous companies and understood that establishing a market-driven orientation and repeatable planning process were critical to Veda's long-term growth. He had inherited a product team that seemed to be more focused on product execution than on business strategy. In other words, they were more focused on the lower right side of the Pragmatic Marketing Framework than the top left side of the framework—this is a problem I saw all too often when I was an instructor. He also found that product team members spent a lot of time in internal meetings—defining plans based on internal Veda opinions, responding to the latest bugs or reacting to the latest deals from sales. There was a lack of innovation and growth had stalled.

Veda's leadership team understood that meeting growth goals would require fundamental changes in product management metrics, skills and processes. However, implementing radical changes wasn't an option. Instead, the company had to maintain its current book of business while making a cross-organizational pivot, growing new business lines by solving new market problems. As John began working with us to chart a roadmap for implementing Pragmatic Marketing at Veda, he identified three critical factors to success:



- 1) All individual contributors and managers were required to become certified in the Pragmatic Marketing *Foundations*, *Focus* and *Build* courses to ensure that a common frame of reference and language would be established.
- 2) The executive staff—from the CEO down—needed to buy into the changes. It was important that executives encouraged consistent conversations, metrics and hiring decisions that would empower the teams to listen to the market and become more “outside-in” focused. Discussions needed to focus more on personas and their problems, rather than on products and their features.
- 3) Change would occur over time, requiring a long-term partnership with Pragmatic Marketing to create a repeatable approach and promote consistency.

Of course, as with all big change, there were bumps in the road. Some employees had a “this too shall pass” attitude, assuming that the Pragmatic Marketing concepts were yet one more “flavor of the year.” But John and the organization were fully invested in the training and the need for change. They did not tolerate naysayers. Despite the hurdles, by the end of his first two years, John had built a highly motivated, fully bought-in group. Market experience and

knowledge became the basis for promotions and rewards, while “market-driven excellence” became a common term heard around the halls. Product managers were encouraged to get out of the building and learn about their customers’ problems. Innovation focused on solving real market problems was encouraged and rewarded.

To keep the change alive, John believed that continual training was key and brought me out to Sydney every six months for three years. He worked with Pragmatic Marketing to develop training and consulting agendas that kept me busy during my visits, leading multiple sessions with the teams, from the CEO down.

This collaboration helped amplify John’s philosophy and delivered real changes to the business. For example, a more structured and accountable process for defining and launching products was implemented. KPIs were defined prior to launch and actively tracked throughout the product lifecycle. Win/loss calls became a standard practice, and product managers were encouraged to reach out to non-customers to identify new opportunities. Throughout the process, some unprofitable offerings were eliminated, others were repackaged and several innovative new offerings were launched.

Veda reaped some unexpected benefits from this approach. First, Veda successfully established new market-facing business lines that were centered around the problems that Veda could solve for specific market segments, rather than on the technology.

Next, the company adopted a P&G-type organizational structure, hiring general managers with strong product management experience to run business lines and holding them accountable for growing their businesses, either organically or inorganically.

Another unexpected benefit was the acceleration of new product growth and acquisitions. Employees began asking questions such as, “What is the market problem that this addresses?” and “Who is the real competitor and what is our strategy to win?” instead of “What features can we build?”

Early on, all product ideas went through John. But after implementing a more structured process, he no longer needed to be involved in concept meetings. Instead, he mandated and delegated a common business-planning process, encouraging the teams to work through the details on their own before vetting them with the executive team. In this way, John became actively involved in decisions only after business-level vetting by his teams. An added bonus: He went home on time more often.

Finally, John modified the Pragmatic Marketing templates to fit into Veda’s processes. Of particular value to his team were the distinctive competencies worksheet, business plan, positioning document and segmentation worksheet.

In 2013, Veda was listed on the Australia Stock Exchange in what was broadly regarded as “the IPO of the year.” Then in early 2016, the NYSE-listed company, Equifax acquired Veda for \$1.9 billion (US). The company’s market-focused culture and insights-guided technology were two key attributes that made Veda a valuable target for Equifax. Along the way, significant value was created for Veda’s stakeholders.

John managed his team throughout the transition and integration of Veda into Equifax. He now works with several Australia- and New Zealand-based technology companies to aid in their growth. **PM**

Market-facing business lines were centered around problems that Veda could solve for specific market segments, rather than on the technology.

About the Authors

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A PRAGMATIC APPROACH

Put this issue's ideas into action.

Always Question

Continually ask whether there are better, more efficient ways to solve customers' problems and fulfill their needs.

Jeff Pruitt

page **8**

Map Your Product Portfolio

Group similar products together, then compare like with like to ensure they get the correct resource investment.

Martin Eriksson

page **11**

Embrace Innovation

Create an ambidextrous strategy that simultaneously focuses on world-class execution, operational excellence and strategic growth innovation.

Alex Osterwalder and Yves Pigneur

page **14**

Pitch Your Story

Create a plain-language narrative that focuses on the problem you solve, not the technology you'll build.

Diane Pierson

page **16**

Watch the Numbers

Embrace analytics to identify the resources that most engage your customers.

Mike Belsito

page **22**

Engage Customers

Use data collection and analysis to understand user behavior and provide context for in-application messaging.

Keith Fenech

page **23**

Keep CABs Moving

Schedule virtual meetings between on-site board meetings to communicate progress and maintain the momentum.

Rob Jensen

page **26**

Thwart Your Enemies

Focus on breathing and relax your body if you're verbally challenged during a meeting.

Art Petty

page **29**

Be a Mensch

Interact with your customers to create loyalty, trust and love.

Brian de Haaff

page **32**

Create Accountability

Define KPIs prior to launch and actively track them throughout the product life cycle.

John Milburn and John Wilson

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UPCOMING COURSES

Foundations, Focus and Build

May 28-31	Vancouver, BC, Canada
Jun 5-7	Philadelphia, PA
Jun 5-8	Washington, D.C. (Dulles, VA)
Jun 12-14	Ann Arbor, MI
Jun 13-15	Munich, Germany
Jun 19-21	Boston (Downtown), MA
Jun 20-22	San Diego, CA
Jun 25-27	London, England, UK
Jun 25-28	San Francisco (Downtown), CA
Jul 10-12	Chicago, IL
Jul 10-12	Seattle, WA
Jul 16-18	Atlanta, GA
Jul 17-20	Toronto, ON, Canada
Jul 18-20	Sydney, Australia
Jul 24-26	New York, NY
Jul 24-26	San Jose, CA
Aug 21-23	Boston (Downtown), MA

Foundations, Market and Launch

Jun 5-8	Austin, TX
Jun 11-13	Toronto, ON, Canada
Jun 19-22	Chicago, IL
Jun 27-29	London, England, UK
Jul 9-11	Philadelphia, PA
Jul 9-12	San Diego, CA
Jul 17-19	Minneapolis, MN
Jul 23-26	Sydney, Australia
Aug 1-3	Atlanta, GA
Aug 7-10	Santa Clara (Silicon Valley), CA
Aug 21-24	Ann Arbor, MI

Foundations, Market and Price

Jun 5-8	Austin, TX
Jun 19-22	Chicago, IL
Jul 9-12	San Diego, CA
Jul 23-26	Sydney, Australia