The Strategic Role of
PRODUCT MANAGEMENT

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

By Pragmatic Marketing

PRAGMATIC MARKETING®

About Pragmatic Marketing

Pragmatic Marketing's training is based on the fundamental belief that a company's products need to be grounded in a strategy that is driven by the market. We combine this core principle with a team of instructors who have real-world experience leading high tech product teams, to deliver training seminars that are informative, entertaining, and impactful.

Our courses cover everything technology companies need to be successfully marketdriven, from understanding market problems and personas, to creating effective requirements and go-to-market strategies. To find out how you or your company can join the growing international community of more than 85,000 product management and marketing professionals trained by Pragmatic Marketing, visit www.pragmaticmarketing.com.

Why are we Pragmatic Marketing?

People sometimes ask why the company is named Pragmatic Marketing. "Isn't that an oxymoron?" they ask.

The "pragmatic" moniker makes sense: we offer practical, no-nonsense solutions to the problems facing technology product managers. It's the term "marketing" that throws people.
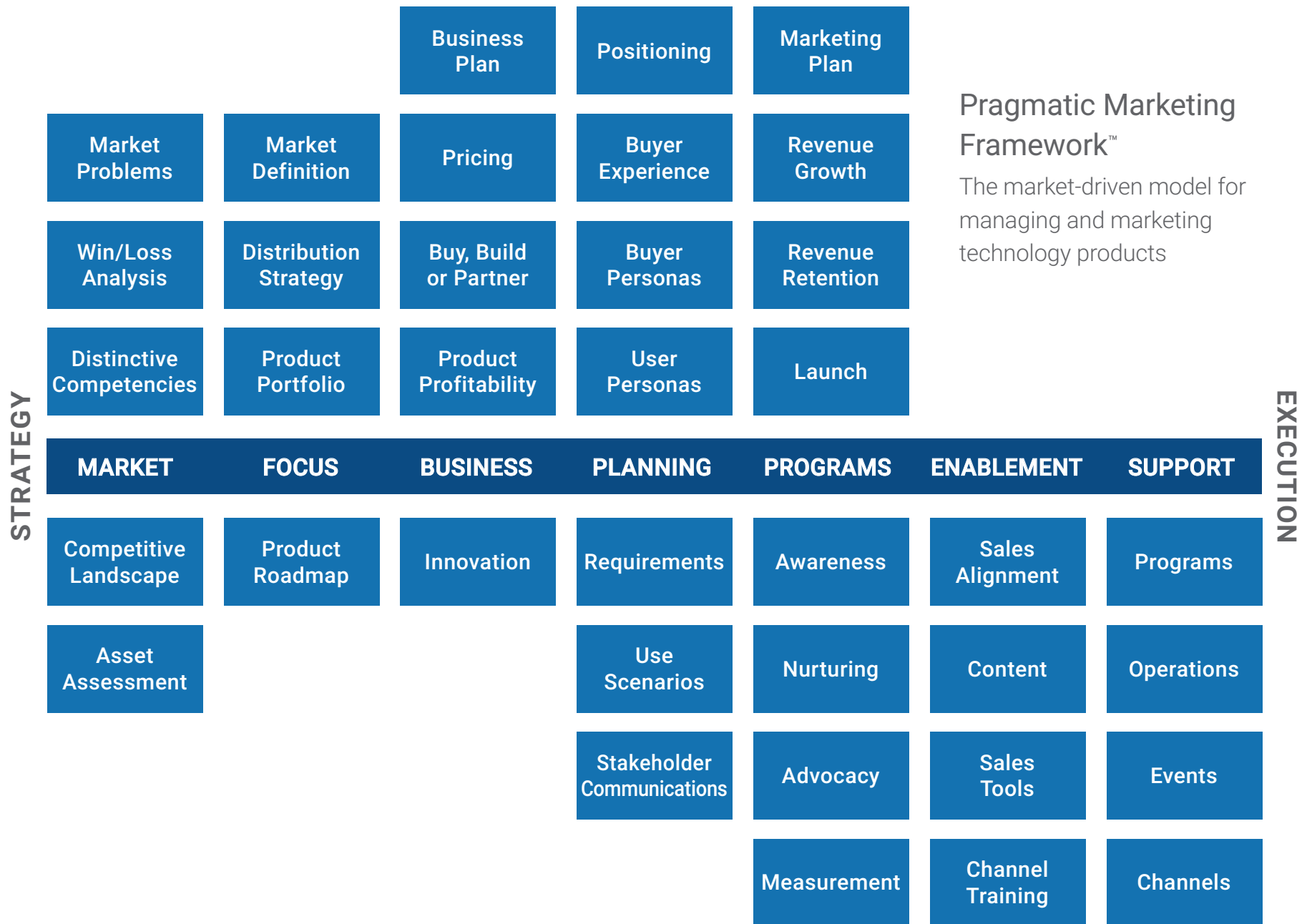Technology businesses use two definitions of marketing:
1) the market experts and business leaders for the product
— or —
2) the t-shirt and coffee mug department

As quoted in this e-book, Peter Drucker defines marketing as "to know and understand the customer so well that the product or service fits him." We use this classical definition of marketing.

PRAGMATIC MARKETING®

The Pragmatic Marketing Framework™

STRATEGY ← → **EXECUTION**

		Business Plan	Positioning	Marketing Plan		
Market Problems	Market Definition	Pricing	Buyer Experience	Revenue Growth		
Win/Loss Analysis	Distribution Strategy	Buy, Build or Partner	Buyer Personas	Revenue Retention		
Distinctive Competencies	Product Portfolio	Product Profitability	User Personas	Launch		
MARKET	**FOCUS**	**BUSINESS**	**PLANNING**	**PROGRAMS**	**ENABLEMENT**	**SUPPORT**
Competitive Landscape	Product Roadmap	Innovation	Requirements	Awareness	Sales Alignment	Programs
Asset Assessment			Use Scenarios	Nurturing	Content	Operations
			Stakeholder Communications	Advocacy	Sales Tools	Events
				Measurement	Channel Training	Channels

Pragmatic Marketing Framework™

The market-driven model for managing and marketing technology products

With over 85,000 alumni of our courses, we are frequently asked to speak and write about the strategic role of product management in technology companies. This eBook is a concise summary of why product management is probably the most important role in an organization. We hope it helps you and your company deliver more successful products to market.

<div align="right">– Pragmatic Marketing</div>

Please feel free to post this on your company's intranet, your blog or email it to whomever you believe would benefit from reading it.

Product management is a well-understood role in virtually every industry except technology. In the last ten years, the product management role has expanded its influence in technology companies yet we continue to hear the question, "Who needs product management?"

The role of product management spans many activities from strategic to tactical—some very technical, others less so. The strategic role of product management is to be messenger of the market, delivering information to the departments that need market facts to make decisions. This is why it is not surprising that 8% of product managers report directly to the CEO, acting as his or her representative at the product level.*

Companies that do not see the value of product management go through a series of expansions and layoffs. They hire and fire and hire and fire the product management group. These same companies are the ones that seem to have a similar roller-coaster ride in revenue and profit. However, over the years we have seen extensive evidence that product management is a role that can even out the ups-and-downs and can help push a company to the next level of performance.

* Pragmatic Marketing's Annual Survey

A story...

Your founder, a brilliant technician, started the company years ago when he quit his day job to market his idea full time. He created a product that he just knew other people needed. And he was right. Pretty soon he delivered enough of the product and hired his best friend from college as VP of Sales. And the company grew.

But before long, the VP of Sales complained, "We're an engineering-led company. We need to become customer-driven." And that sounded fine.

Except… every new contract seemed to require custom work. You signed a dozen clients in a dozen market segments and the latest customer's voice always dominated the product plans. You concluded that "customer-driven" meant "driven by the latest customer" and that couldn't be right.

When a board member declared, "We've become a sales-led company. We really need to start being marketing-driven," you hired a brand specialist away from a consumer product company to be your VP of Marketing. As part of a re-branding initiative, she designed a new corporate logo with a new color scheme for the web site, new collateral, and an updated trade show booth. Everyone got new company icons on their clothing. Except… you spent millions without any change in revenue. Apparently, branding wasn't the answer!

Soon the CFO whispered to the founder, "Don't you think it's time we started controlling costs?" So the company became cost-driven and started cutting all the luxuries out of the business, like travel, technical support, bonuses, and award dinners. And Marketing!

The CFO asked, "What do those marketing people do anyway?" And since no one had a good answer, the CFO deleted the marketing budget and fired all the marketing people.

At this point, when Finance goes too far, the founder steps back in to focus on his roots—the technology— and the cycle begins again. The VP of Development says, "Customers don't know what they want." The VP of Sales says, "I can sell anything." The VP of Marketing says, "We just have to establish a brand." The VP of Finance says, "We have to control spending."

The focus goes from technology to revenue to branding to cost-containment, over and over again.

This story is all too familiar to those watching the technology industry. And we're seeing it in biotech and life sciences, too. What the president needs is someone to be in the market, on his behalf, just as he used to be.

What's missing from this cycle is the voice of the market: your current and potential customers.

Stop listening to each other. Listen to the market.

The way to break the cycle of dysfunction is to stop listening to each other and start listening to the market. Listening to the market means first observing problems and then solving them. In other words, a company must be **market-driven**.

I'm convinced that developers, engineers, and executives want to be market-driven. They just don't want to be driven by marketing departments. There's a big difference between listening to the market and listening to the marketing department. After all, marketing people don't buy our product. Nor do many of them understand the product, causing some marketing people to get the respect they deserve—which is none.

Companies that are not market-driven believe the role of Marketing is to create the need for their products. You can see this in their behavior. Marketing is where t-shirts and coffee mugs come from. Marketing is the department that runs advertising. Marketing is the department that generates leads. Most of all, Marketing supports the sales effort. But mature companies realize the aim of marketing is to make selling superfluous. Marketing defines products based on what the market wants to buy.

This is the essence of being market-driven—being driven by the needs of the market rather than the capabilities of the company. Being market-driven means identifying what dishes to serve based on what patrons want to eat rather than what foodstuffs are in the pantry. A market-driven company defines itself by the customers it wishes to serve rather than the capabilities it wishes to sell.

Because the term "marketing" is so often equated with "marketing communications," let's refer to this market-driven role as *product management.*

Instead of talking about the company and its products, the successful product manager talks about customers and their problems. A product manager is the voice of the market full of customers.

You need product management if you want low-risk, repeatable, market-driven products and services. It is vastly easier to identify market problems and solve them with technology than it is to find buyers for your existing technology.

To those who have seen the impact of strong product management on an organization, asking "Who needs product management?" is like asking "Who needs profit?" A company president explained it this way, "Product Management is my trick to a turnaround. If I can get Product Management focused on identifying market problems and representing the customers to the company, then the company can be saved."

Product Management identifies a market problem, quantifies the opportunity to make sure it's big enough to generate profit, and then articulates the problem to the rest of the organization.

Product Management communicates the market opportunity to the executive team with business rationale for pursuing the opportunity including financial forecasts and risk assessment. Product Management communicates the problem to Development in the form of market requirements. Product Management communicates to Marketing Communications using positioning documents, one for each type of buyer. Product Management empowers the sales effort by defining a sales process, supported by the requisite sales tools so the customer can choose the right products and options.

If you don't want to be market-driven, you don't need product management. Some companies will continue to believe customers don't know their problems. Some companies believe they have a role in furthering the science and building the "next great thing." These companies don't need product management—they need project management, someone to manage the budgets and schedules. But these companies also need to reexamine their objectives. Don't expect short-term revenues if your company is focused on long-term research—the "R" in Research and Development. Product management can guide you in the "D" in R&D—the development of technology into problem-solving products.

"Marketing is too important to be left to the marketing department."

— *David Packard*

Recently, a Director of Marketing asked me to talk with her management. She told me her executives "just don't get marketing." Then she started reminding me about the importance of awareness and "buzz" and exposures… and I realized that I agreed with her management: she doesn't "get" marketing either. She wasn't talking about marketing; she was talking about promotion.

"There will always, one can assume, be need for some selling.
But the aim of marketing is to make selling superfluous.
The aim of marketing is to know and understand the customer
so well that the product or service fits him and sells itself."

— *Peter Drucker*

Promotion isn't Marketing

The real problem facing technology companies (and e-commerce and life sciences, okay, well almost everybody) is that they're not doing marketing; they're only doing promotion.

I'm not saying that promotion is a waste of time or money or talent. Indeed, I have worked with many fine promotional professionals. But, promotion isn't marketing; promotion is marketing communications.

Peter Drucker makes it clear marketing isn't a product promotion strategy; it's a product definition strategy, that "marketing" is creating a product that sells itself, creating a product people want to buy; creating an environment that encourages people to buy.

Over the years however, industries and agencies and marketing experts have worn away the original meaning of marketing and cheapened it. Marketing now means many things to many people but apparently not what Drucker meant. For most people nowadays, marketing means t-shirts, coffee mugs, trinkets, tradeshow trash, and tchotchkes.

I attend many marketing conferences and invariably find that I'm the only one in attendance who seems to be talking about creating products; everyone else is talking about promotion. At one such marketing conference, an attendee in the front row asked every single speaker, "How does what you've talked about generate awareness and leads?" He didn't know what to ask me because I hadn't once used any of the marketing keywords: awareness, leads, campaigns, programs, spin, or buzz. Apparently to him I was a product guy and not a marketing guy. But promotion isn't marketing.

Sales isn't Marketing

Many people equate marketing with sales. And many salespeople do, too. Some salespeople are so embarrassed by their profession that they've taken a new title: marketing rep. Look at the number of business cards that do not reference sales but some other moniker instead. Do you get paid a commission on your personal sales of a product? If yes, then you're a sales rep.

Many believe that salespeople are the best source for product ideas. After all, they're talking to customers all the time! But *talking* is the key word. They are talking to the customer about the existing products, not listening for what products they should build next. Yes, salespeople are a valuable source of product information but not the only source.

There are only two ways to use salespeople in a company: there's selling and there's "not their job." When we ask salespeople for guidance on events or product features, we're asking them to stop selling and start focusing on "not their job." Assessing marketing programs or product feature sets or proposed services or pricing are all "not selling" and therefore "not their job." We invite salespeople to help us because they know more about the market than the people at corporate. But the VP of Sales does not pay salespeople to be strategic. She pays them to sell the product. If salespeople want to be involved in these activities, they should transfer to Product Management; I'm sure there'll be an opening soon.

In the classic 4P's (product, promotion, price, place), salespeople are the last P, not the first. We want them to be thinking weeks ahead, not years ahead. We want them selling what is on the price list now, not planning what we ought to have. Selling isn't marketing; it's selling!

Instead, we should rely on Product Management to focus on next year and the year after, to be thinking many moves ahead in the roadmap instead of only on the current release. Product managers must be thought-leaders in their marketplace.
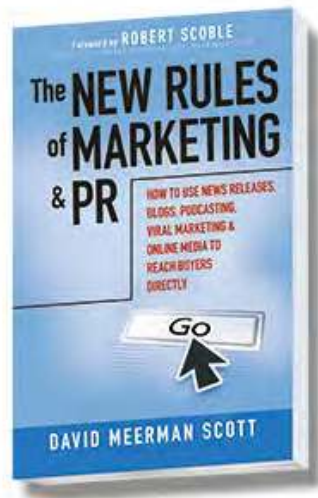
Marketing Rep

PR and advertising aren't Marketing

In the old days, public relations and advertising were the biggest parts of a marketing budget. Back then, these two promotional techniques (buying your way in with advertising or begging your way in through media gatekeepers) were pretty much the only way to reach customers, so PR and advertising became synonymous with marketing. But PR and advertising are promotion techniques. They are two ways—and fairly ineffective ones at that—to communicate the message to the market.

John Wanamaker, considered the father of modern advertising, quipped, "Half the money I spend on advertising is wasted, and the trouble is, I don't know which half." Is marketing the same as advertising? Marketing directors and ad agencies apparently think so. So do PR firms. Advertising and PR are the old way of marketing. They're still trying to get your message into publications no one reads.

Marketing has come to mean communicating our message. But who is defining and delivering the basis of our message? That is, who is defining the product? Marketing communications is about promoting our message; it's about how to communicate. Where is what to communicate?

Marketing is knowing what to build and for whom by understanding your buyers and creating great content they *want* to consume, branding your company as the expert—and frankly, the rest is easy.

In *The New Rules of Marketing & PR*, David Meerman Scott says that old-style marketing firms buy exposure with advertising or beg for exposure with public relations. Now these same firms are trying to make sense of the new media—video, webinars, podcasts—but with the old mindset. For them, marketing is media, not message.

The marketing mix isn't Marketing

Remember Father Guido Sarducci from the early years of Saturday Night Live? He offered a Five Minute College that taught everything that the typical college graduate remembers ten years after leaving college. For instance,

Economics? "Supply and demand." That's it. Business is, "you buy something, and you sell it for more."

In my meetings with executives, I ask, "What is marketing?" and I usually get a Father Guido Sarducci answer: "It's the 4Ps." But then, the executives can't remember any of the Ps so they start calling out any words that start with the letter "P."

What we learned about marketing in college doesn't seem to apply any longer. We learned the 4P's or the marketing mix. Over the years, people added more and more words that start with the letter P to the marketing mix. Pricing. Positioning. People. Personas. PowerPoint. Prayer.

Pricing!

PEOPLE!

PowerPoint!

Prayer!

Positioning!

What's missing is the problem

Problem

The first and most important consideration for any business is the market problem. It's the problem that drives the product decisions, the message for positioning, and the key elements of selling—the placement strategy. Having identified the problem, the other Ps of the marketing mix become obvious.

Product

The product we build should address a well-understood market problem. What did Drucker say? "The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself." That is, the product should come from a deep understanding of the market of customers.

Your company founder understood this, perhaps inadvertently. That is, he created a solution to a problem he encountered in his daily life. He built a product he felt sure others would value. And apparently he was right, as your company was a success. But the problem was the second product wasn't quite as good as the first and the third was a complete disaster. What happened to the president's innate understanding of the market? Well, he left the market; he became a president. For the last few years, he's been more focused on hiring and firing and financing and cash flow and compliance and signage and all the other things that fill a president's day.

But when was the last time he was in the customer's chair? When did he last write some code? Balance indexes in a database? Backup a file? What does the president know about the real world anymore? And his new hobby is cropping up at work, too. Now that he's sailing his boat or flying his plane, he wants to include nautical or aviation metaphors into the products and promotions.

Engineers tend to be perennial inventors. They've always got a great idea of a new feature, a new product, or a new technology. And it's natural.

In an IEEE paper, Albert Ehrenfried declared, "Too many products are developed to satisfy the desires, urges, and hunches of people within the company, rather than to meet the specific needs of the market external to the company. Products grow out of the desire to tinker, or because an engineer sees a purely technical challenge."*

Sound familiar? Ehrenfried wrote this paper in 1955—over fifty years ago. The technology world hasn't changed very much after all. Yet one CTO said to us, "you just don't understand innovation. We're solving problems that people don't even have."

Umm. How's that working for you?

* Source: Albert D. Ehrenfried, "Market Development—the Neglected Companion of Product Development," IEEE Western Electronic Show and Convention (WESCON) (San Francisco: August 24-26, 1955).

The best engineers and developers are problem-solvers. If we start the marketing mix with the market problem, inventors can—and will—focus on solving real problems.

With a problem-solving product in hand, the promotion becomes interesting... and fun. Just go ask people if they have the problem, explain how you solve it, and show them you are the best company to do so. It's that easy.

Promotion

A hallmark of great marketing is thought leadership. Smart companies communicate with their marketplace not by talking incessantly about how great their products and services are, but instead create useful content that shows people they understand the issues and problems facing buyers. This thought leadership-based content can take many offline forms such as speaking engagements, byline articles and appearances on radio and TV. On the web, thought leadership could be an e-book (like this one), a well written blog or a YouTube video.

Do you remember the introduction of Hotmail? There was a problem in the industry: it was hard to access your personal e-mail account from within the company firewall and besides, company e-mail wasn't really confidential so you couldn't easily send your resume to a potential employer from your current employer's e-mail account. Hotmail gave you free, private e-mail… and each message you sent to your friends came with your implicit endorsement. Nobody had to generate "buzz" for it; Hotmail became an overnight success because it solved a problem and had the necessary promotion built right into each message. Did they have to create the need? Nope. They didn't promote the product at all; they just gave it to a few hundred customers who told two friends who told two friends, and so on and so on…

When Google's Gmail became available, I was fairly unimpressed. Ugh, yet another mail program. And I knew I wouldn't like a mail program that didn't have folders! Or so I thought. Once I had a few hundred messages, I realized folders are irrelevant if you can search quickly. I don't need folders in Gmail because Google can actually find messages—faster than I can file them into folders. The reason we need folders in Microsoft Outlook is that you can't find anything using the search tools provided by Microsoft (happily, you can use Google Desktop Search to find the Outlook messages that Microsoft can't find).

Build a product people want to buy, and show you're on top of their problems, and they'll dig it. The new rules of marketing are basically the same as the old rules of marketing: have something to talk about and people will listen.

Just go ask people if they have the problem...
and then show how you solve it. It's that easy.

Place

Have you ever been in Sales? It's hard to live with your house payment on the line every month. It's particularly hard when you don't really believe that your product has value.

Incredibly, many salespeople don't believe that their product has any value to the client. How sad is that?

The really sad part is many technology products don't actually have value. They solve problems that people don't have. Or they solve the problem incompletely. So I guess I understand why salespeople feel they have to sell product futures and make promises that the product can't keep.

But we can place some of the blame for our product failures on salespeople themselves. Maybe if they didn't distract the company with "deal of the day," the developers could actually finish 100% of the functionality needed by a specific market segment. Yet even if the company has indeed created the ideal product set for a well-defined market segment, the sales team often sells the product into another segment. After all, for some in sales, anyone who calls back is a qualified prospect.

I don't truly blame the sales guys—they do what they do. However, I do blame sales management. The VP of Sales (or if not the VP, then the CEO) should reject deals that are not in the segment.

The real problem is this: the company engaged a sales group before they had clarity on the problem they were solving, before they had a complete product, and before they had the promotions in place to support a repeatable sales process. They built an incomplete product and hired salespeople to push it. They hoped the sales team could generate short-term revenues without interfering with long-term viability and they lost.

Hope is not a strategy!

The truth is we shouldn't engage a sales team until we have a repeatable sales process for all the buyer personas in a well-defined market segment. Place is the fourth P, not the first.

Summarizing, product management is a game of the future. Product managers who know the market, identify and quantify problems in a market segment. They assess the risk and financials so the company can run as a business. They communicate this knowledge to the departments in the company that need the information, allowing products and services to be built which solve a known problem and expand the customer base profitability. And they show their expertise to the outside world by engaging the market with smart ideas.
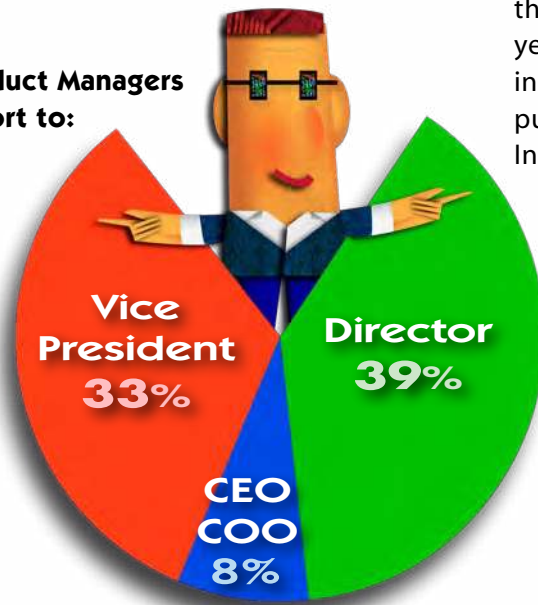
Companies fail when employing market without marketing, when worrying more about promotion than problem, when focusing more on selling than solving. That is, failure is likely when delivering products without market knowledge.

We should rely on product management to focus on next year and the year after. To be thinking many moves ahead in the roadmap instead of only on the current release.

Product Managers report to:

Vice President **33%**

Director **39%**

CEO COO **8%**

Many CEOs realize product management brings process and business savvy to the creation and delivery of products. Perhaps that's why we've seen a shift over the years of where product managers report in the organization. Many organizations put the job within another department. In *Pragmatic Marketing's Annual Survey*:

- 36% are in Product Management

- 21% are in Marketing

- 12% are in Development or Engineering

- 6% are in Sales

Reporting Department for Product Managers

- 2008
- 2001
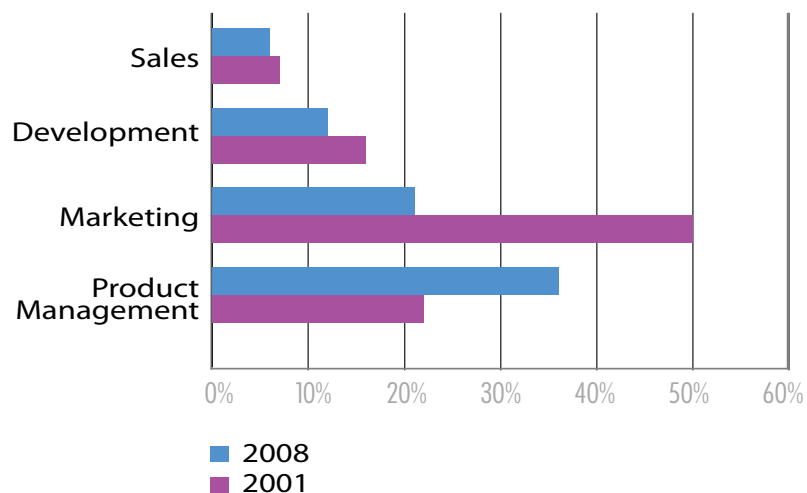
Traditional consumer product companies have always considered product management to be a marketing role, which is why it seems to make sense to put product management there. And it does make sense—if the marketing department is defining and delivering products and not just promoting them. Alas, as we explored earlier, many technology companies consider the term "marketing" to be synonymous with "marketing communications." So if the Marketing department is only about delivering products but not defining them, product managers should be elsewhere.

For technology companies, particularly those with enterprise or B2B products, the product management job is very technical. This is why we see many product managers reporting to Development or Engineering. However, we've seen a shift away from this in recent years, from 19% in 2001 to 12% in 2008. The problem appears to be that technical product managers spend so much time writing requirements that they don't have time to visit the market to better understand the problems their products are designed to solve. They spend so much time building products that they're not equipped to help deliver them to the market.

Very few product managers find themselves in a Sales (or Sales & Marketing) department. From 10% in 2001, the percentage of product managers in Sales has slipped to 6% in 2008. It seems clear that product managers in Sales will spend all of their time supporting sales people with demos and presentations. The product manager becomes the sales engineer.

In effect, subordinating product management relegates it to a support role for the primary goal of the department. Vice Presidents and department heads have a natural inclination to support their primary department's role. The VP of Development, primarily responsible for delivering products, tends to use product managers as project managers and Development gofers. The VP of Marketing owns collateral, sales tools, lead generation, and awareness programs. So this VP often uses product managers as content providers to Marketing Communications. And the VP of Sales, focused on new sales revenue, uses product managers to achieve that goal; product managers become "demo boys and demo girls" who support sales people one deal at a time.

In *Management Challenges for the 21st Century*, Peter Drucker tells us that organization charts really don't fix problems; process and personnel problems are never solved by a re-org. The truth is, it doesn't matter where product management reports. What matters is how the head of the organization holds product management accountable. In other words, what does "success" look like for a product manager?

As companies grow larger and become more mature, the company president needs someone thinking about the products we ought to be offering and new markets we could serve. In other words, the company needs someone thinking about the future of the product. We already have people focused on product, promotion, and place. Who—if anyone—is identifying market problems for the next round of products? Who is the VP of Market Problems? And what result does the company president want from Product Management?

Marketing Communications

Product Management

Development

Sales
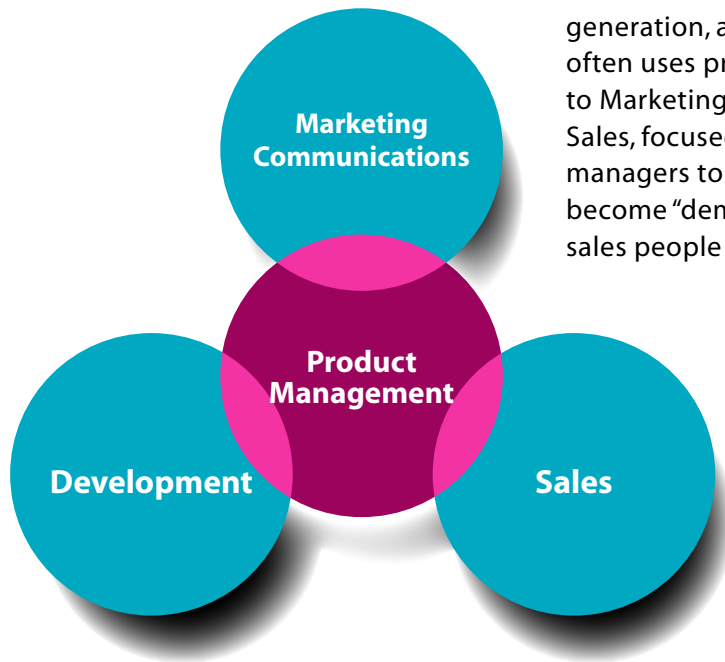
Increasingly we see companies creating a VP of Product Management, a department at the same level in the company as the other major departments. This VP focuses the product management group on the business of the product. The product management group interviews existing and potential customers, articulates and quantifies market problems in the business case and market requirements, defines standard procedures for product delivery and launch, supports the creation of collateral and sales tools by Marketing Communications, and trains the sales teams on the market and product. Product Management looks at the needs of the entire business and the entire market.

Recognizing that existing and future products need different levels of attention, some companies split the product management job into smaller bits: one group is responsible for next year's products while another group provides sales and marketing support for existing products. These companies often add a product marketing component to the marketing communications effort, supporting them with market information and product content. As we grow ever larger, the product marketing role expands further: we still need a group defining our go-to-market strategy and providing content to Marketing Communications, but now we also need more marketing assistance in the field. So field marketing is born: product marketing people in the sales regions who create specific programs for all of the sales people in a given geographic area.

In summary, product management needs to focus on market problems. Subordinating the role to other departments usually forces product management to support the primary needs of that department, to the detriment of spending time looking forward beyond the next cycle of activity. In a Product Management department focus can remain on market problems and future opportunities.

We tend to meet any new situation by reorganizing, and what a wonderful method it can be for creating the illusion of progress.

—*Petronius Arbiter, 210 B.C.*

Some product managers have a natural affinity for working with Development, others for Sales and Marketing Communications, and others prefer to work on business issues. Finding these three orientations in one person is an almost impossible task. Instead, perhaps we should find three different people with these skills and have them work as a team.

The Pragmatic Marketing Framework™

Roles and responsibilities defined

Strategy

Pragmatic Marketing Framework™

The market-driven model for managing and marketing technology products

Marketing

STRATEGY

Technical

EXECUTION

			Business Plan	Positioning	Marketing Plan
Market Problems	Market Definition	Pricing	Buyer Experience	Revenue Growth
Win/Loss Analysis	Distribution Strategy	Buy, Build or Partner	Buyer Personas	Revenue Retention
Distinctive Competencies	Product Portfolio	Product Profitability	User Personas	Launch

MARKET	FOCUS	BUSINESS	PLANNING	PROGRAMS	ENABLEMENT	SUPPORT
Competitive Landscape	Product Roadmap	Innovation	Requirements	Awareness	Sales Alignment	Programs
Asset Assessment			Use Scenarios	Nurturing	Content	Operations
			Stakeholder Communications	Advocacy	Sales Tools	Events
				Measurement	Channel Training	Channels

© 1993-2018 Pragmatic Marketing, Inc.

Defining and organizing product management can be a complicated issue. For many companies, the "product management triad" may be an ideal solution.

How do you organize product management when there are multiple people involved with varying skill sets? How many product managers do you need? What are their roles in the company? Is product management a support role or a strategic one? How do you use the various product management titles such as product manager, product marketing manager, program manager, or product owner. Titles are poorly understood and defined differently by many organizations. Every year, participants in Pragmatic Marketing's Annual Product Management and Marketing Survey identify over 100 different titles for those conducting product management activities.

An ideal solution for many companies is the "product management triad."

Some product managers have a natural affinity for working with Development, others for Sales and Marketing, and others prefer to work on business issues. Finding these three orientations in one person is a very difficult task. Instead, perhaps we should find three different people with these skills and have them work as a team.

The product management triad includes a strategist, a technologist, and a marketer.

Start with a business-oriented senior product manager responsible for product strategy. Make this person a director of products or product line manager (PLM). Now add a technology-oriented technical product manager (TPM) and a marketing-oriented product marketing manager (PMM).

One company had nine product managers and nine products, one product manager per product. Yet the salespeople hated some of the product managers and loved others. The ones the salespeople loved were hated by developers. Applying the triad, they created three product lines with a product line manager for each and then assigned a TPM and PMM to each product line.

Now, for each product line there is one person concentrating on product strategy and the business of the product line, while another works with Development to build the best product, and another takes the product message to the channel by working with Marketing Communications and the sales team.

Warning: Some companies attempt to put these three people in three different departments. They put the PLM into Sales to do business development; they put the TPM in Development and the PMM in Marketing Communications. This always fails. To work as a team, they must actually be a team. Having the TPM and PMM report to the same person, the PLM, minimizes conflict and overlap, giving the team a common objective. It has the added benefit of giving a new director the chance to learn to be a good manager of two people before getting five or ten people to manage.

Product management teams provide career paths from entry-level positions to director, all within the product line.

On the following pages are some job descriptions to consider.
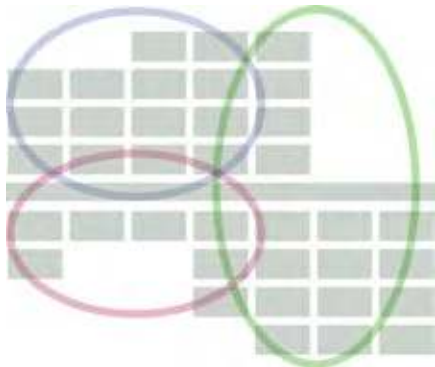
Director, Product Strategy

The director of product strategy has a business-orientation and is responsible for the development and implementation of the strategic plan for a specific product family. They maintain close relationships with the market (customers, evaluators, and potentials) for awareness of market needs. This includes identification of appropriate markets and development of effective marketing strategies and tactics for reaching them. This person is involved through all stages of a product family's lifecycle.

The director of product strategy must:

• Discover and validate market problems (both existing and future customers)

• Seek new market opportunities by leveraging the company's distinctive competence

• Define and size market segments

• Conduct win/loss analysis

• Determine the optimum distribution strategy

• Provide oversight of strategy, technical, and marketing aspects of all products in the portfolio

• Analyze product profitability and sales success

• Create and maintain the business plan including pricing

• Determine buy/build/partner decisions

• Position the product for all markets and all buyer types

• Document the typical buying process

• Approve final marketing and go-to-market plans
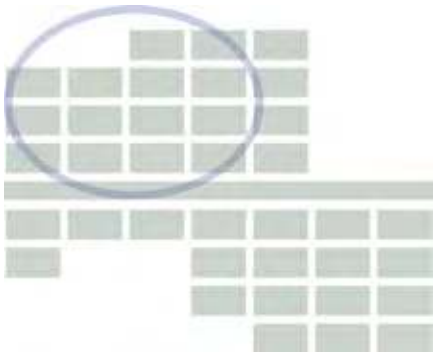
Technical Product Manager

The technical product manager is responsible for defining market requirements and packaging the features into product releases. This position involves close interaction with development leads, product architects, and key customers. A strong technical background is required. Job duties include gathering requirements from existing and potential customers as well as recent evaluators, writing market requirements documents or Agile product backlogs, and monitoring the implementation of each product project.

The technical product manager must:

• Conduct technology assessment

• Analyze the competitive landscape

• Maintain the product portfolio roadmap

• Monitor and incorporating industry innovations

• Define user personas for individual products

• Write product requirements and use scenarios

• Maintain a status dashboard for all portfolio products
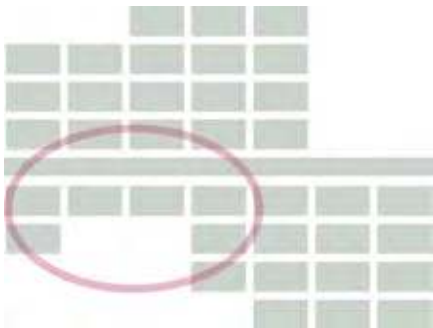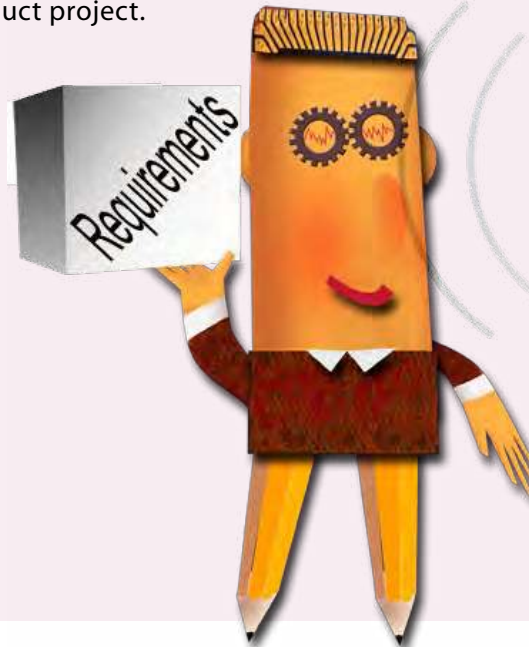
Product Marketing Manager

The product marketing manager provides product line support for program strategy, operational readiness and on-going sales support. This position requires close interaction with Marketing Communications and sales management. Strong communication skills are a must. Duties include converting technical positioning into key market messages and launching the products into market.

The product marketing manager must:

• Define buyer personas and determine market messages

• Create the marketing plan including methods for customer acquisition as well as customer retention

• Measure effectiveness of product marketing programs

• Maintain product launch plans

• Deliver thought-leading content via events, blogs, ebooks, and other outlets

• Identify best opportunities for lead generation

• Create standard presentations and demo scripts

• Identify product references for industry and customer referrals

• Align sales tools and the ideal sales process to the typical buying process

• Facilitate channel training including competitive threats and related industry news
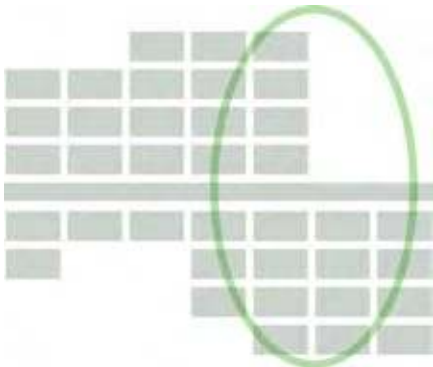
Consider also having a role for your base technology or architecture for issues that span product lines. The "architecture" can own acquisitions, third-party partnerships, and common tools needed across all product lines.

Take inventory of the skills of each of the product managers. Create an organization chart of one triad per product line with no names assigned. Now try to move the business-oriented staff (usually your senior product managers) to the PLM positions, development-oriented product managers to TPM and sales-oriented ones to PMM. The remaining holes in your org chart represent your new hiring profiles.

Finally, a note on execution vs. ownership.

The three positions are shown with overlapping lines. This is deliberate. Execution of these tasks must be collaborative to succeed. For example, Win/Loss Analysis is an excellent data source for Positioning and the Buying Process. Your PLM and PMM ought to perform win/loss visits together to ensure you gain the most value.

But do not confuse execution with ownership. Ownership of a task equates to accountability. As the executive leader of a team structured this way, it is the PLM who is held accountable for win/loss analysis.

Does this model make sense for you?
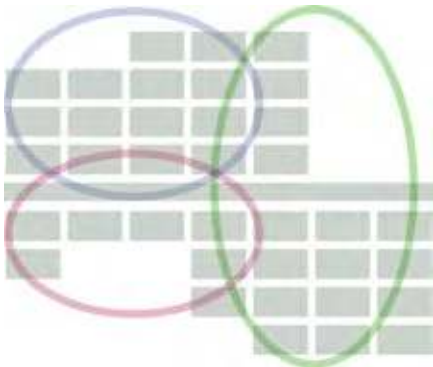
I am frequently asked who owns what in an organization with Product Management, Product Marketing and Marketing Communications.
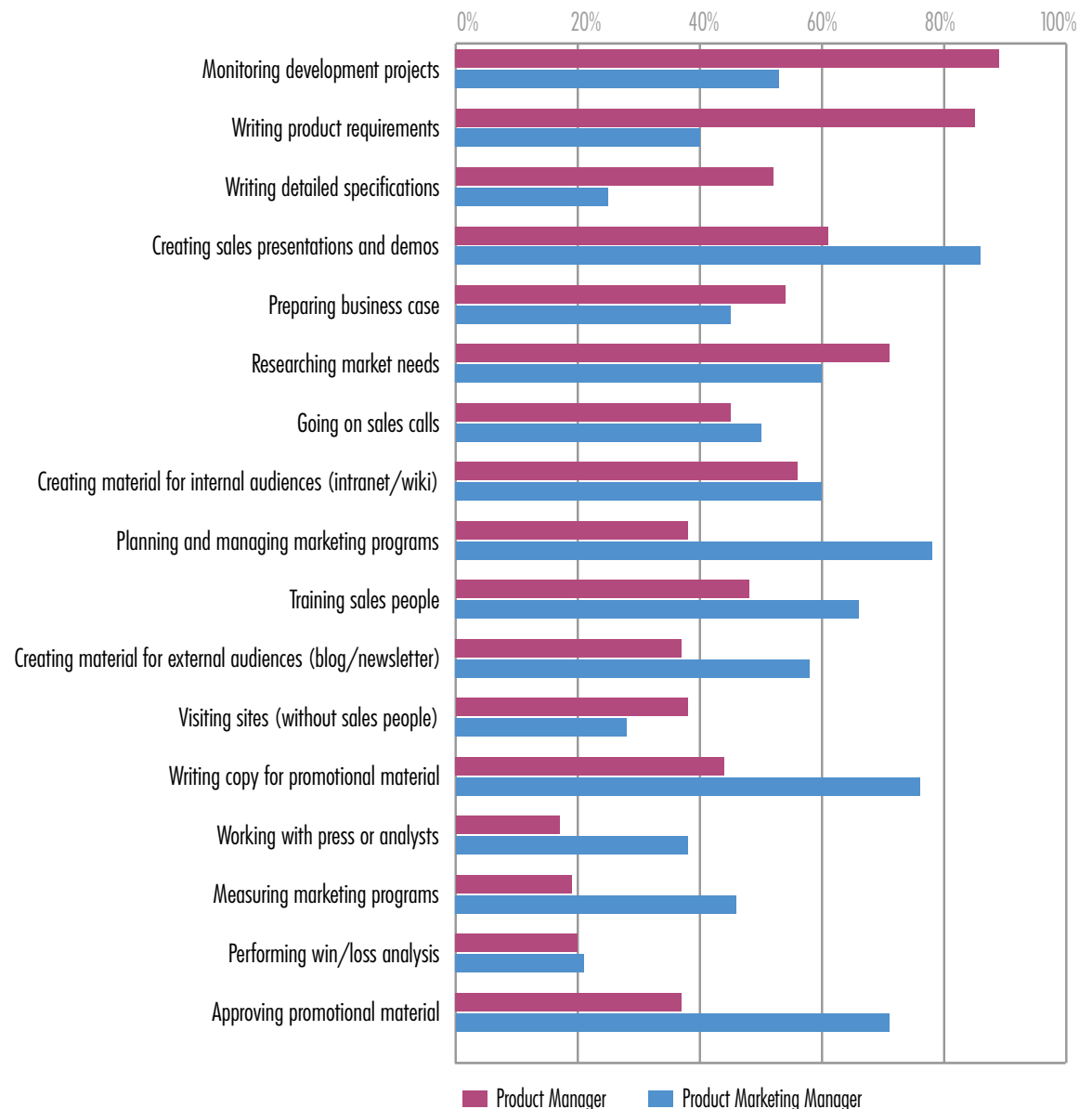
A typical e-mail reads:

> I am wondering how you have defined product manager and product marketing manager in your annual survey? One of our employees picked up your survey with the goal of identifying the delta between her compensation and market rates. I've gone back to look at the data on salary.com and found that her job definition matches better to product / brand manager than product marketing manager. She is more involved with outbound marketing as it pertains to field support rather than inbound marketing as it pertains to product definition. Can you give me insight into the survey definitions?

Titles really are a mess in our business. What one company calls a product manager, another calls a product marketing manager. Technology businesses have generally ignored the standard terms used in other industries. In our Annual Product Management and Marketing survey, we ask people's titles and reported incomes based on the titles without defining what we think they are. We also ask them to report responsibilities.

The survey results show product managers are more inclined to research the market and write requirements while product marketers typically plan go-to-market strategy and write collateral.

Product Management vs. Product Marketing Activities
Results from *Pragmatic Marketing's Annual Survey*

Horizontal bar chart with scale from 0% to 100%. Categories (top to bottom):
- Monitoring development projects
- Writing product requirements
- Writing detailed specifications
- Creating sales presentations and demos
- Preparing business case
- Researching market needs
- Going on sales calls
- Creating material for internal audiences (intranet/wiki)
- Planning and managing marketing programs
- Training sales people
- Creating material for external audiences (blog/newsletter)
- Visiting sites (without sales people)
- Writing copy for promotional material
- Working with press or analysts
- Measuring marketing programs
- Performing win/loss analysis
- Approving promotional material

Legend: ■ Product Manager   ■ Product Marketing Manager

Typically the title "product manager" is used to signify people who listen to the market and articulate the market problems in the form of requirements. And the title "product marketing manager" is usually assigned to those who take the resulting product to the market by defining a product marketing strategy. (I use the product manager title for both of these). Yet clearly, this delineation is not consistently applied. Product managers and product marketing managers are both equally involved in writing business cases and researching market needs.

In *Crossing the Chasm*, Geoff Moore defines (and recommends) two separate positions:

"A **product manager** is a member of either the marketing organization or the development organization who is responsible for ensuring that a product gets created, tested, and shipped on schedule and meets specifications. It is a highly internally focused job, bridging the marketing and development organizations, and requiring a high degree of technical competence and project management experience."

"A **product marketing manager** is always a member of the marketing organization, never of the development group, and is responsible for bringing the product to the marketplace and to the distribution organization… it is a highly externally focused job."

A product manager (PM) listens to the market

A product marketing manager (PMM) talks to the market
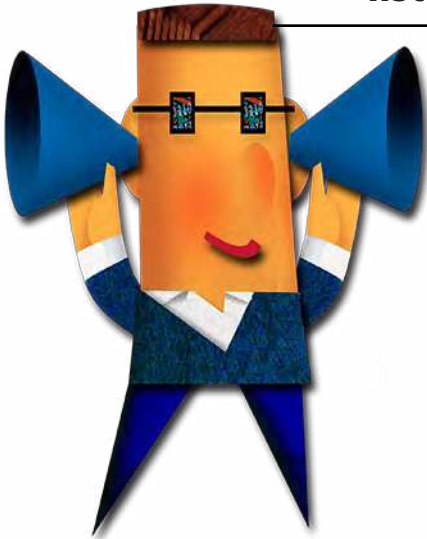
Moore goes on to say, "Not all organizations separate [the two positions], but they should… the type of people who are good at one are rarely good at the other."
But titles are meaningless; actions are meaningful. *Pragmatic Marketing courses* introduce the activities often associated with product management and product marketing. Some of these activities are intimately linked. In particular, distinctive competence and market problems drive both requirements and positioning. Virtually all other product-related activities stem from these two.

Requirements are written by those who understand the market. Market Requirements are comprised of the problems that are in the market. Notice the language: there are no *marketing* requirements; only *market* requirements. The market-driven product manager spends time out of the building gathering requirements rather than sitting in a cubicle imagining what the market will buy. By calling on various segments of the market, Product Management can articulate exactly the right product features to create a product that will sell.

Market requirements and positioning should be written by those who understand the market. Yet in a recent survey, many marketing communications people claimed responsibility for positioning, although none reported having any direct customer experience. Who best to write these than the product managers who have gathered requirements? Positioning defines the features in terms the buyer will understand, using language the buyer would use. Technical buyers need technical details. User buyers need information about how the product will improve their daily lives. Economic buyers want to know how the product will improve the bottom-line. Recently a development executive said to me, "All of our collateral should be written as if I was the reader." But does this executive represent the buyers? Doubtful. Instead, collateral must be written in the language of the reader (the buyers) not for employees of your company.

Product Management is the messenger of the market. Product Marketing and Marketing Communications should be involved in creating market messages but the market-savvy product manager should have final authority over the positioning.

Market requirements and positioning are owned by the person who best knows the market. Who is this in your company?

Product Management is the messenger of the market.

Just as new technologies are changing the rules for product promotion, so it is for product development. Agile development methods are sweeping into the vendor world. With emphasis on quick iterations and brevity in artifacts, the new approach to planning is a breath of fresh air.

There are some who say that Product Management is the enemy of agile; that product managers will try to impose structure, that Product Management will require detail where none is necessary. Fundamentally, some say that Product Management stands for everything that agile is not. How can Product Management contribute to agile?

What is agile?

The Agile Manifesto* reads:

We are uncovering better ways of developing software by doing it and helping others do it. Through this work we have come to value:

• **Individuals and interactions** over processes and tools

• **Working software** over comprehensive documentation

• **Customer collaboration** over contract negotiation

• **Responding to change** over following a plan

That is, while there is value in the items on the right, we value the items on the left more.

*_agilemanifesto.org_

People and results are good; process is merely a means to an end. Definitely! Who could disagree with this?

And yet.

Process and tools are safeguards for individuals and interactions. Comprehensive documentation is necessary to deliver and maintain working software. Negotiation is often how we codify customer expectations. A plan is a technique that allows us to respond to change.

I don't think agile advocates want the elimination of process, tools, and discipline. Instead, these activities should support individuals, interactions, and the delivery of working software.

Why agile?

I fear agile development isn't so much a new approach to programming as it is a response to bad management. In the past, too much effort was spent on documenting exactly what would be delivered before a line of code was actually written; too much energy was wasted getting precision on estimates long before those estimates could be considered reliable. Everyone in development knew these methods weren't working. But management didn't know or care. So developers became increasingly frustrated with the planning process. Management enforced dates no one believed; management required detailed documentation and schedules long before the details were known. No wonder developers were frustrated.

Long ago the world used to be agile. A customer would ask for a report and we'd show up with 132 character-wide grid paper to design the report. "Company name? Okay, 40 characters plus a space is 41. Invoice date? 6 characters plus 1 space. What else?"

Finance people and sales people and marketing people are making scheduling decisions for development projects they don't understand with inadequate information. Sounds like a recipe for disaster.

Then Development became a key part of business. And the head of development wanted to know how long you'd be working in Accounting because the manufacturing project needed your skills too. And customers wanted to know how much the report would cost before they committed to cross-department billing. And then HR wanted to know how many actual hours were spent in each area for internal billing of your time. These are all legitimate requests, aren't they?

Working as a developer in a business involves working as a business—which means resourcing and scheduling highly skilled workers.

Maybe the big problem agile is trying to address is not so much that management is bad; it's that management is early. They want to know too much too soon, long before the development team actually knows. They ask for estimates, get our guesses—and they are guesses—and then announce delivery dates for the project.

Management mandates rigor and precision before the scope of the work is truly understood. "How long would it take you to build something?" Well, depends on what something is, doesn't it? "Yes but give me a date anyway." Management over-commits development all the time.

Developers often see the product managers as senior management's police force. And to be honest, this is somewhat legitimate. Haven't many product managers imposed dates on projects they don't truly understand? Haven't many product managers enforced process and documentation beyond what is necessary?

So finance people and sales people and marketing people are making scheduling decisions for development projects they don't understand with inadequate information. Sounds like a recipe for disaster. And it is. Thus, agile was born!

Where does product management fit?

Product management is fundamentally about delivering successful products to a market of customers. This requires a deep understanding of market requirements. The problem is most development methods were designed for one-off projects rather than repeatable products. So where does product management fit in an agile development environment?

One of the key aspects of agile programming is an onsite customer. While this makes sense in a one-off environment when customer and developer are in the same building, it's unworkable in a vendor model. How do you have an onsite customer in a vendor model?

> **Answer:** *the product manager serves as the customer representative in planning and requirements definition.*

Building a repeatable product requires feedback from many customers, not just one. So someone needs to aggregate the requirements from many sources into a single coherent set of requirements.

> **Answer:** *the product manager defines the requirements and the product roadmap for a market of customers.*

Delivering a product to a market of customers requires synchronizing the software, hardware, services, documentation, marketing programs, and sales tools to present a complete product to the marketplace.

> **Answer:** *the product manager must integrate all schedules so we can deliver and support the product in the market.*

In agile programming—and frankly in any programming model—the effective product manager serves as representative of a market of customers.

Accelerating agile adoption

Product managers should support the ideals of agile development. We want some process but not too much. Smaller iterations give us more flexibility in adapting to change. Less time spent documenting leaves more time for programming. We want to assist development and the rest of the team in delivering a complete product to a market, creating a product that people want to buy.

Product management is a strategic role. Yet as experts in the product and the market, product managers are often pulled into tactical activities. Developers want product managers to prioritize requirements; marketing people want product managers to write copy; sales people want product managers for demo after demo. Product managers are so busy supporting the other departments they have no time remaining for actual product management. But just because the product manager is an expert in the product doesn't mean no one else needs product expertise.

Product managers bring a powerful combination of skills: product and technology expertise combined with market and domain knowledge as well as business savvy.

Marketing people know how to communicate; product managers know what to communicate.

Sales people know what one customer wants to buy; product managers must determine if the deal represents a single customer or a market full of customers.

Developers know what can be built; product managers know whether it should be built.

Many people are concerned with this release, this model, this deal, this customer. Who in your organization is focused on next year and the one after, the next product, the next market? Product management is a strategic role focused on what products and markets we can serve in the years to come.

Learn More About The Strategic Role of Product Management

If you want to learn how to implement a more strategic, market-driven focus in your company, check out the following.

Attend a *training course* or Pragmatic Marketing can *come to you*

Get a complimentary subscription to *The Pragmatic Marketer* digital magazine

Watch a *webinar*

Read *Tuned In* — the book from Pragmatic Marketing

Read *Pragmatic Marketing's blog*

www.PragmaticMarketing.com

01/01/13

The Strategic Role of Product Management ■ How a market-driven focus leads companies to build products people want to buy | 35