

PRODUCT MANAGEMENT

PRODUCT MARKETING

DATA SCIENCE

the Pragmatic

FALL 2019



LEADER OF THE PACK

How a Well-Planned Relaunch Raised
Intel from Underdog to Top Dog

STORYTELLING FOR
EFFECTIVE PRODUCT
LIFE-CYCLE MANAGEMENT

SCALING FASTER
WITH PRODUCT-LED
GROWTH

MAKING THE CASE FOR
USAGE DATA IN THE PRODUCT
DEVELOPMENT LIFE CYCLE

WELCOME

YOU NEITHER REQUIRE NOR WANT the same things now that you did when you were a teenager, let alone a toddler (with the possible exception of Kraft Macaroni & Cheese). Your tastes have evolved, the world has changed and, most important, the problems you face are different.

The same thing is true with our products. Different stages of a product's life cycle require different investments and different focuses. At the same time, you must balance the changes in your product with the changes in the market and its needs. And while these changes to our product and market aren't always obvious, it's critical that we as product people dig in and constantly take stock of where we stand.

That's why the life cycle of products is the focus of many of the articles in this issue of *The Pragmatic*. These pieces have been particularly interesting here at headquarters, as we've been having many parallel internal conversations.

How do we evolve with the market? How do we keep providing the same great level of education in both our training and our content in a way that resonates with today's product and data teams—all while solving the problems they face?

For us, the answer has taken many forms. We're addressing new topics through our acquisition of a data science portfolio. We're offering new tools and case studies in our product courses. And let's not forget the new delivery methods we're developing in the form of online learning and community options.

Every company's evolution will look different. It might include the sunsetting of a product, which Mike Smart talks about in his article, "End of Life: A Product Management Journey." Or, if you're lucky, a hugely successful repositioning that will keep an existing product on the shelf, as it did for Intel in Etienne Fiset and Stéphanie Labrecque's cover article, "Leader of the Pack."

At the end of the day, there is no one-size-fits-all right answer. The important thing is to keep asking yourself and your organization, "where is my product in its life cycle, and what do we need to do differently because of where it is?" Hopefully the articles in this month's issue help you do just that.

Happy reading,



Rebecca Kalogeris
PMC-VII
Editorial Director

Do you have thoughts on how the magazine should evolve? Or ideas for topics we should cover? Reach out to us at editor@pragmaticinstitute.com.

the Pragmatic

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Founded in 1993, Pragmatic Institute is the world's leading authority on product management, product marketing and data science. The company's courses—taught by accomplished product professionals with real-world experience—are based on a proven framework for creating market- and data-driven products people want to buy. With more than 150,000 alumni around the world, Pragmatic Institute has created one of the largest and most prestigious product communities in the world.



COVER STORY

LEADER OF THE PACK

How a Well-Planned Relaunch Raised Intel from Underdog to Top Dog

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Learn the three pillars Intel stood on to relaunch an existing product and take down its fiercest competitor.



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A Pragmatic Peek

News and insights to inform your thinking

September 2019 was filled with key product and data conferences that featured high-profile thought leaders. Live events are important to product professionals, as nearly 20% of respondents to *The Pragmatic's* 2019 readership survey indicated that they prefer in-person conferences for accessing information and staying current with the latest news and trends. Pragmatic Institute was on the ground at these inspiring and thought-provoking events, with instructors leading discussions and other staff members onsite to meet and connect with today's professionals.

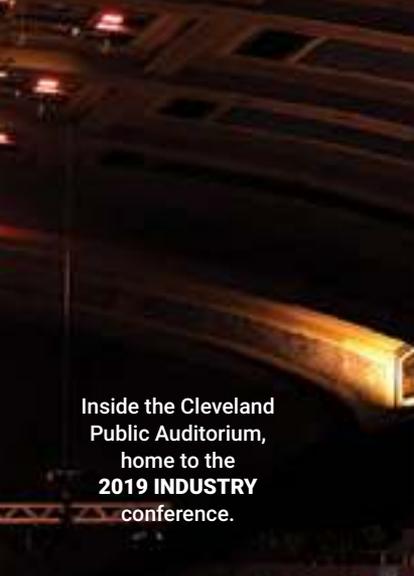


PHOTO CREDIT: MORGAN SIDES, 2019.



Rob Schroll, Ph.D., a data science instructor with Pragmatic Institute, presented a session on deep learning with TensorFlow at the O'Reilly Artificial Intelligence Conference in San Jose, Calif.





Inside the Cleveland Public Auditorium, home to the 2019 INDUSTRY conference.



Historic buildings fill the downtown Cleveland area.



Andrea Ozias (right), editor of *The Pragmatic*, was on the ground in Cleveland to recruit guests for "Pragmatic Live," Pragmatic Institute's weekly podcast.



Amy Graham, product instructor, and Steve Johnson, vice president of product at Pragmatic Institute, hosted half-day workshops before the INDUSTRY conference.



Hundreds of attendees came to the Product Marketing World Summit in San Francisco. Dave Daniels, a product instructor with Pragmatic Institute, served as one of the event's hosts.



PHOTO CREDIT: PRODUCT MARKETING WORLD, 2019.

Maya Grossman, strategic adviser of product marketing at Google, shared everything she did and learned in her first year at a startup at the Product Marketing World Summit.

DID YOU KNOW?

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Every two days, we generate as much data as all of humanity did up to 2003. What is your company doing with that information? Leverage all of your available data and improve your business decision-making with real, hard data. Our two-day course, *The Business of Data Science*, will show you how to harness the power of data science and machine learning to drive your products and your organization into the future.



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-  Successfully deploy data projects and build data science teams.



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THE FUTURE OF BUSINESS



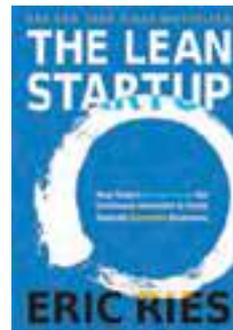
What's your favorite product-focused read?



Six Thinking Hats

By Edward De Bono

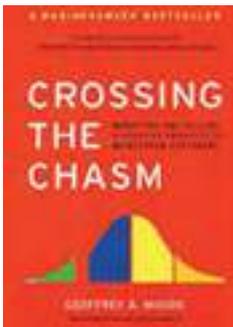
"As product leaders, we need to draw on and understand different and sometimes limited perspectives to form our complete point of view and strategy for our product(s). This book teaches you how to think from different points of view to do that."
— Cindy Cruzado



The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses

By Eric Ries

"It's a great template for integrating market learning and validation with continuous deployment of value."
— Paul Young



Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers

By Geoffrey A. Moore

"This book is a classic and still one of my go-to's. It's a roadmap for product scale—one of the toughest things to do in product leadership."
— Diane Pierson



Tuned In: Uncover the Extraordinary Opportunities that Lead to Business Breakthroughs

By Craig Stull, Phil Myers & David Meerman Scott

"It so clearly demonstrates how the market holds the key to winning products."
— Rich Nutinsky

MORE TITLES FOR YOUR READING LIST

Loonshots: How to Nurture the Crazy Ideas that Win Wars, Cure Diseases and Transform Industries

By Safi Bahcall

Recommended by Bill Gates, Daniel Kahneman and Tim Ferriss, this book highlights a new way of thinking about the mysteries of group behavior that challenges what we know about nurturing radical breakthroughs.

Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant

By W. Chan Kim and Renée Mauborgne

Based on a study of 150 strategic moves spanning more than a hundred years and 30 industries, the authors argue that lasting success comes from creating "blue oceans," or untapped new market spaces ripe for growth.



Do you have a question for our experts? Send us an email at experts@pragmaticinstitute.com.



LEADER OF THE PACK

How a Well-Planned
Relaunch Raised Intel
from Underdog to Top Dog

BY ETIENNE FISET AND STÉPHANIE LABRECQUE

IN HIS *NEW YORK TIMES* BEST-SELLER, *Measure What Matters: How Google, Bono and the Gates Foundation Rock the World with OKRs*, legendary tech investor John Doerr featured the story of Intel escaping a near-death situation in the early 1980s.

Already rich in details thanks to Doerr's professional background (he worked at Intel from 1975 to 1980), the story is further informed by Bill Davidow, then-vice president of Intel's microcomputer systems division. Davidow had a first-row seat during the crisis: Former Intel CEO Andy Grove chose him to lead the operation that would get Intel out of its slump and pave the way for Intel's explosive growth, as it went on to secure deals with multiple large clients—including IBM.

Though Davidow had already dedicated an entire chapter to this story in his 1986 book, *Marketing High Technology*, Doerr shared new, behind-the-scenes information that is of significant interest to tech innovators looking to thrive in today's complex business world.

OPERATION CRUSH

Intel's 8086 16-bit microprocessor chip was introduced in 1978 and, according to Davidow, "quickly gained the top position in the market." The chip captured the lead from older, less capable products supplied by Texas Instruments and National Semiconductor. However, it took two years to achieve wide use and, during this time, Motorola produced a competing product—the 68000—that was faster and easier to program. Clients noticed the difference and were eager to switch from Intel to Motorola.

Motorola was much bigger than Intel and had more than enough resources to push Intel back and grab the lion's share of the market. Intel was in troubled waters. Several of Intel's multimillion-dollar businesses depended on the success of the 8086, according to Davidow. If it failed to secure its market share, not only was the microprocessor division at risk, so was Intel as a whole. This fight-for-survival situation led to the creation of a special operation at Intel: Operation Crush.

Unwilling to settle for incremental gains, Intel's management team decided to set an incredibly high goal: 2,000 design wins over the course of the following year. This correlated to one new sale every month for every salesperson. The sales team was dumbfounded.

Doerr recalled the reaction to the news: "Management was asking our field reps to triple their numbers for a chip so unpopular that longtime customers were hanging up on them. The salesforce was beaten down and defeated, and now it stared up at Mount Everest."

Little did he expect, though, that by the end of the year Intel would surpass this goal, bringing in 2,300 design wins and recapturing 85% of the 16-bit microprocessor market. And all of this would be achieved without creating—not even modifying—a single product.

At its core, Operation Crush was a massive relaunch campaign of Intel's existing product line. A thoughtful read of Doerr's and Davidow's books reveals that the campaign's success was built on three fundamental elements. Each pillar promises as much

to present-day tech innovators looking to bring new products to market as it did to Intel in the 1980s—and potentially even more, considering today's increasingly competitive market.

PILLAR 1: Implement an OKR Framework

"As my dad used to say, no one becomes an astronaut by accident." —Keith Ferrazzi, author and entrepreneur

What are your top-level goals? Have you broken them down into smaller, measurable pieces with a fixed deadline? Those are the central questions Doerr asks in *Measure What Matters*. For years, he has evangelized for objectives and key results (OKRs)—a framework for defining and tracking objectives. From startup founders to CEOs of large corporations, many have been inspired to adopt the methodology. Today, the list of OKR believers includes Amazon, Google, Juniper Networks, VMware and more.



We had been playing to competitors' strengths, and it was time to start selling our own."

An OKR framework has four superpowers, according to Doerr:

- Focus and commit to priorities
- Track for accountability
- Align and connect for teamwork
- Stretch for amazing (doing more than we thought possible)

Although OKRs may seem simple, their implementation comes with some risk. To this end, Doerr provides useful guidelines and examples to help management teams implement the framework.

Both Doerr and Davidow are adamant that Operation Crush would have failed without OKRs; they were the secret sauce that allowed Intel, then a billion-dollar company, to get thousands of employees to change course and work in an entirely new direction in (almost) perfect synchronicity—all in a two-week timeframe. “Intel Corporate Objective” is an example of Operation Crush’s corporate OKR for the second quarter of 1980, as provided in Doerr’s book.

In five short, declarative sentences, Intel stated its top-level objective and called out core tasks for four major departments, incorporating deadlines and measurable targets where appropriate. Department managers had no escape from Operation Crush’s OKRs.

In terms of Doerr’s aforementioned list of superpowers, it’s easy to see how the OKR framework brought focus, alignment and accountability to the team. In the end, OKRs gave Intel’s cargo ship the agility of a laser sailboat.

PILLAR 2: Change Positioning and Messaging

“I would rather be different than better.” –Bill Davidow

Examining Intel’s OKR list, we notice that the second key result, “repackage the entire 8086 family of products,” is the only one that has neither a deadline nor a measurable goal. It’s also a bit of a mystery. What exactly does it mean to repackage? Doerr and Davidow both provided ample explanation. In fact, if there was one key result they insisted on as they described Operation Crush, it was this.

Intel knew that Motorola’s 68000 was a better device. The company also knew that if it kept the discussions happening at the microprocessor level, they would lose. This forced Intel’s management team to spend significant time and resources to find a way to change the 8086 product’s position and message—to repackage it.

Davidow recalled hiring Silicon Valley’s top marketing consultant at the time to help drive this process. Out of intense strategic sessions came a realization: While Intel looked bad from a pure microprocessor standpoint, it had several advantages over Motorola from a system-level standpoint, including a broad product family, better system-level performance and a better-trained technical salesforce. The net result for customers, the team asserted, was a reduced risk of integration problems, faster time to market and a more efficient engineering team. The team was on solid ground to create a new narrative.

Positioning and Messaging Evolution

	PRE-CRUSH	POST-CRUSH
PRODUCT PROMOTED ▶	■ Device	■ Solution
MESSAGE FOCUS ▶	■ Short term	■ Long term
KEY FEATURES ▶	■ Device speed, Instruction-set quality	■ System-level performance, product family, technical support
BENEFITS ▶	■ Ease of use	■ Time to market, ease of integration, team efficiency
TARGET CUSTOMER ▶	■ End users (programmers)	■ Decision makers (CEOs)

Intel Corporate Objective

Establish the 8086 as the highest-performance 16-bit microprocessor family as measured by:

1

Develop and publish five benchmarks showing superior 8086 family performance (Applications)

2

Repackage the entire 8086 family of products (Marketing)

3

Get the 8MHz part into production (Engineering, Manufacturing)

4

Sample the arithmetic coprocessor no later than June 15 (Engineering)

Source: Doerr, John. *Measure What Matters: How Google, Bono and the Gates Foundation Rock the World with OKRs*. London: Portfolio—Penguin Books, 2018.

Intel not only changed its positioning and messaging, it also changed to whom it promoted its new message—the company stopped selling to programmers and started selling to CEOs. This was an essential element to Operation Crush’s success, as most programmers had little interest in the new features and benefits Intel was about to offer.

What mattered then continues to matter today: Repositioning a product for a higher-level audience is a powerful, strategic move for technology innovators to capture new growth. In fact, redefining the industry buyer group is one of the six paths to growth in another *New York Times* bestseller, *Blue Ocean Shift* by W. Chan Kim and Renée Mauborgne.

One caveat to remember is that successful repositioning requires properly segmenting the market. “In actual practice, a marketing department that talks to enough customers will gather sufficient data to define enough markets to guarantee confusion and paralyze any management team,” Davidow wrote. The solution, he insisted, is to “identify the dominant characteristics in a customer population.”

Clearly establishing Intel’s differentiator, this breakthrough system-level positioning formed the basis of a new message and value proposition that the company relentlessly marketed over the following months. “We had been playing to competitors’ strengths, and it was time to start selling our own,” Davidow wrote. This was the turning point for the Intel team, and they never looked back.

PILLAR 3: Align Campaign Blueprint with Buyer’s Journey

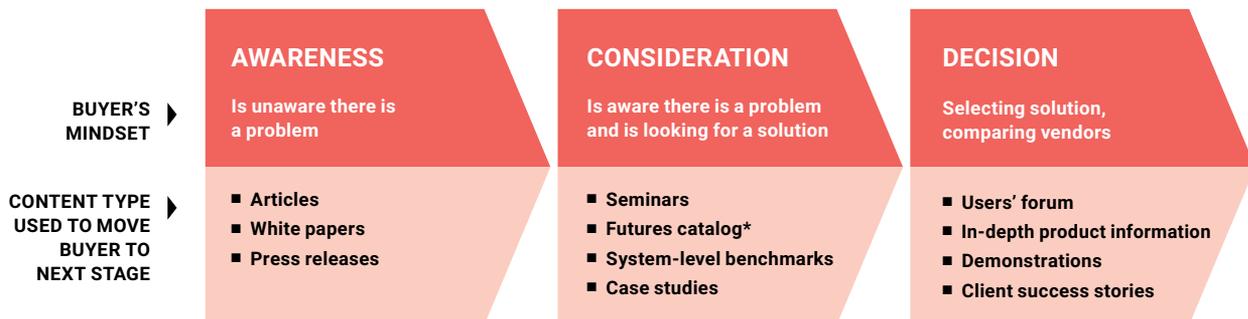
“People don’t want to buy a quarter-inch drill; they want a quarter-inch hole.” –Theodore Levitt

Equipped with a new value proposition, it was time for Intel’s management team to organize the company to deliver the message. Whereas the repositioning and messaging effort required a lot of thinking and brain power, this last pillar is about taking massive action. The guiding map to ensure all actions are aligned with one another is called a campaign blueprint.

This step is thoroughly described in Davidow’s book, wherein he strongly advocates for a systematic approach to marketing campaigns. This is in stark contrast to the collection of disjointed activities he witnessed at other high-tech companies. Rather than random acts of marketing, Davidow favors an approach that relies on systems that are subject to quality control.

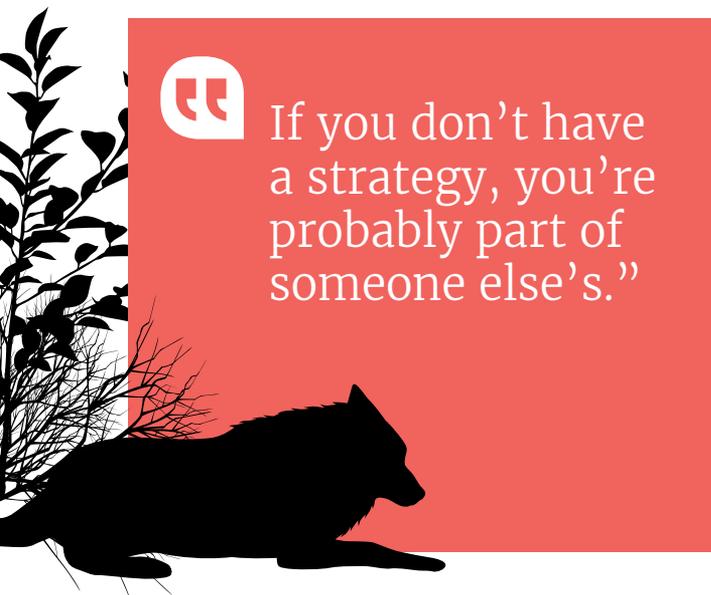
Inherent to this approach is the need to break down the path leading to a sale. The result, often referred to now as the “buyer’s journey,” is a description of the key learning elements clients need to evolve in their journey from suspects to prospects to qualified prospects and, finally, to clients. For most technology innovators, the buyer’s journey can be broken into three main stages: awareness, consideration and decision. Rather than trying to take a shortcut and go straight to the sale, “Operation Crush Campaign Blueprint” shows how the company aligned with each stage of the buyer’s journey.

Operation Crush Campaign Blueprint



*The Futures catalog was a catalog of Intel's future products. Remember that this is pre-internet, so early access to such information was highly valuable to buyers at the time.

“The sheer complexity of technology products is often a trap,” according to Davidow. “Time and again a high-tech company will try to tell its customers everything about its complicated product in a single promotion. The resulting copy is impenetrable, the headlines are long and arcane, and the graphics are incomprehensible. It is always easier to tell a lot about a product than to tell just a little. But simplicity is the key.”



Even though they were proud of their new product and eager to let the market know about it, Intel knew that most customers would not care about their new datasheets and demos—at first. To get there, Intel had to warm them up.

To achieve this, Intel first directed prospective customers to their awareness-level content. The goal was to make them realize they had a problem and recommend seminars to learn about Intel’s top-level solution. After the seminar, prospects went through a qualification process and then were offered the opportunity to attend a users’ forum during which more in-depth information was provided. Only then were they exposed to demonstrations and product-focused technical information.

Like a trail of breadcrumbs, this alignment of content to the buying process allowed Intel to gradually build trust and guide buyers on their journey from prospect to client.

MOTOROLA’S BILLION-DOLLAR MISTAKE

As with all principles, these pillars aren’t only applicable to major corporations and product relaunches. Tech companies of all sizes regularly apply these principles to launch new products, whether they’re medical devices,

industrial systems, telecommunications equipment or consumer electronics. Regardless of the industry or product, the principles remain the same—it’s their implementation that varies.

In the case of Intel versus Motorola, the result was far from inevitable. Motorola could have used these same pillars to its own advantage. “(Motorola) had the opportunity to consolidate its victory, yet instead it fell into the trap of confronting our strengths head-on,” Davidow explained. “(The company) could have been different, but it chose to be the same.”

Rather than defending against Intel’s strategy by calling it out as an act of desperation, Motorola legitimized Intel’s efforts by going toe-to-toe—but with an inferior imitation.

“Had Motorola chosen to remain aloof from our challenge, I think Intel would have been in deep trouble,” Davidow wrote. And this is a great reminder that if you don’t have a strategy, you’re probably part of someone else’s. **IP**

About the Authors

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AUTHOR’S NOTE: B2B marketers looking to perform an in-depth self-diagnosis of their product launch readiness can access a free online Product Launch Scorecard (inspirastrategies.com/scorecard). This scorecard provides a readiness score to help B2B companies make good use of their financial resources and spend time working on the right things for their product launch: multiplying product-launch results without increasing expenses.



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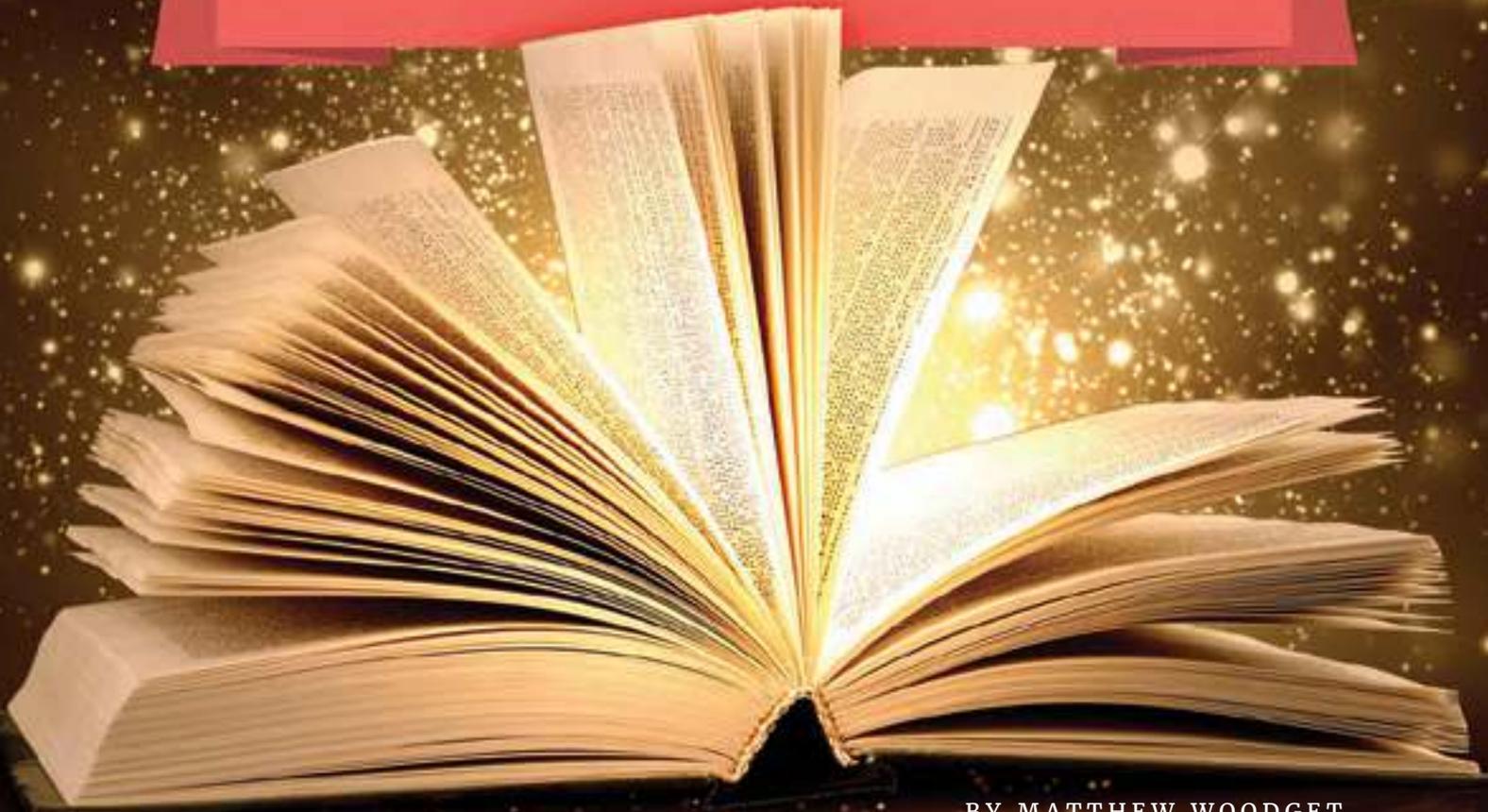
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- Look Before You Launch: How to Tell a Launch from a Release

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STORYTELLING

for Effective PRODUCT LIFE-CYCLE MANAGEMENT



BY MATTHEW WOODGET

As a product manager, you know what it's like to operate in a randomized mode. Every day you're pulled in multiple directions and asked to meet tactical needs and demands from all corners of the business. And when deals are on the line, every request is urgent.

Every time you're asked to address these demands, it interrupts your ability to be intentional, thoughtful and measured in the

management of a product's life cycle. It's a lot of pressure, and it's often difficult to handle. Furthermore, in an environment of constant organizational demands, it's challenging to effectively communicate with stakeholders. Continual changes and moving targets make it hard to share updates and progress while also focusing on the strategic work you need to do to keep the wheels moving.

You can overcome this, though, by harnessing storytelling for product-related communication to free valuable time for your high-priority responsibilities.

THE CHALLENGES

To do your job effectively, you must uncover your customers' known and unknown wants and needs so you can join them on their journey, and then shape it for the better. When you can anticipate



The best way to shape an organization's internal and external dialogue is by telling stories that articulate the transformation you seek.”

your buyers' needs—when you understand their stories—you can shape your products and the entire customer experience to delight them. You're also able to tell stories to your customers that make sense.

Knowing how to get to know the customer is rarely a product manager's greatest challenge. Rather, internal demands for white papers, datasheets, sales presentations and more rob you of valuable customer research time. Saying “no” to requests from skeptical leaders and vociferous salespeople can be hard, and you may not know how to shape the dialogue within your organization to explain your priorities.

This uncertainty and pressure cause stress that forces many product professionals to flee the organization for greener pastures—80% of respondents to Pragmatic Institute's 2019 *Annual Product Management and Product Marketing Survey* have only been in their current role for four years or fewer. Of course, even when product managers move to a new company, many of them fall into the same cycle all over again.

A focused, productive product manager is critical to an organization's overall health. Just like airplane safety videos instructing you to put your own oxygen mask on before helping others, you must address your own needs and priorities if you hope to help your organization grow and best serve its customers.

Storytelling can help. The best way to shape an organization's internal and external dialogue is by telling stories that articulate the transformation you seek to bring to your customers. Do this, and you'll spark a transformation within the company's culture.

FROM RANDOM TO STRATEGIC

Despite the constant stream of demands levied on you, you can't do it all. You can't launch, manage and sunset products *and* conduct thoughtful customer research and analysis *and* handle every single request from your colleagues. But you *can* do something.

When you make a small, upfront time investment to prioritize, you can identify and attack the most important tasks from each of these buckets. With a clear strategy and plan—in this case, a story framework to streamline your communications and messaging—you ultimately become more efficient and productive.

Consider the world-renowned Louvre museum in Paris, which boasts more than 300,000 works of art and historical artifacts. By some estimates it would take 100-plus nonstop days at just 30 seconds each to see everything. No one can do it all. However, those who take time to do even a little research on the stories of time periods, artifacts or artists they want to see have a much more enjoyable experience than those who just stop by and randomly look around.

Like a time-crunched tourist, you need to approach product life-cycle management with a plan. Embrace the concepts of agile project management so you can take your whole team on a shared journey, working together to craft compelling, engaging narratives and stories around your organization's products.

There's no way around it; you need to demand that time and space to craft intentional actions that will make your job easier and more efficient. The good news is, you can position your request in a way that resonates with your colleagues.

THE 3 D'S OF STORYTELLING

I often rely on a storytelling framework I call the 3 D's. Applicable to practically any narrative, the 3 D's help you determine the structure, sequence and content of your story.

- **Desire:** This is the thing—tangible or abstract—that your story's hero wants most. It's an explicit, expressed desire to obtain or achieve something. It is known to the hero, and you demonstrate empathy and understanding by highlighting it in your story.
- **Difficulty:** Every story has an obstacle or challenge your hero must overcome to get to where they want to be. It can be anything—a set of circumstances, a lack of skills, a specific person—and it stands between your hero and his or her desire.
- **Denouement:** French for “conclusion” or “unraveling the knot,” denouement often is used in reference to novels, plays and films. In your stories, the denouement should provide a clear solution to the hero's difficulty. What transformation do they go through? Who or what helps them along the way? Ultimately, this part of the story should paint a picture of your hero's life cycle once they've achieved their desired outcome.

For product professionals, this is about putting your customer at the center of the story. The 3 D's relate to what customers want (desire), what stands in their way (difficulty) and how your products can unpick the knot to help them reach their goals (denouement). By creating an easy-to-read, one- or two-page product life-cycle narrative, you,

- Build a bridge between customers and individual team members, providing the visibility, access and empathy required to meet customers' needs
- Position yourself as a curator of both internal and external requests—a matchmaker of ideas and stories who helps everyone see, feel and experience a new normal that you want to create for customers
- Ensure that every stakeholder takes ownership and responsibility for their role as a supporting cast member in the customer's story

A product life-cycle narrative is an organization's contract with itself. It's a repeatable, scalable template

that provides order and routine to your team's various life-cycle management tasks. And you can create your own product life-cycle narrative in just three steps.

STEP 1: IDENTIFY THE GUIDES FOR YOUR HERO/CUSTOMER

Every good story has a wise, intelligent character who plays a pivotal role in guiding the hero toward their desired end state. Obi-Wan Kenobi initiated Luke Skywalker's Jedi training. High-tech KITT helped Michael Knight fight crime. Rafiki showed Simba his destiny of reclaiming the Pride Lands. Your company's products or services help its heroes—your customers—solve their problems and achieve their goals.

It's important to clearly define these guide roles within your pool of product life-cycle stakeholders. Determine who should be involved, when they are involved and how they are involved. This is a good opportunity to use the RACI model.

The RACI Model

R	RESPONSIBLE: Completes work or makes final decisions
A	ACCOUNTABLE: Ensures that the task is completed correctly and thoroughly by the Responsible individual
C	CONSULTED: Informs the Responsible individual's work by providing input based on their expertise and, oftentimes, a two-way dialogue with other stakeholders
I	INFORMED: Receives updates from other project stakeholders about progress because they are affected by the project's outcome—though they are not directly involved with the completion of the project

After identifying each guide/stakeholder's role, write down their individual 3 D's within their role. Consider what these guides want (desire), the challenges of their roles (difficulty), and your shared solution and outcomes (denouement).

STEP 2: CRAFT THE STORY OF YOUR PROJECT

Create a narrative around your stakeholders' involvement as the customer's guide in their product journey. It shows your team members when and how they fit into not only your work, but the larger product life cycle.

When creating the narrative, repeat the same key words and terminology to reinforce your point and your

stakeholders' learning. Leverage your customer personas to focus each story and keep them all relatable.

Alfred Hitchcock said, "A good story is life with all the dull parts taken out." Heed these words by including anecdotes and quotes from successful internal or external stories that keep your stakeholders focused on the bigger picture. Clearly define the steps in the process and clarify your stakeholders' opportunity to provide input. Finally, keep the story brief (one or two pages), but make sure it covers the beginning, middle and end of your hero's transformation—the 3 D's.



A good story is life with all the dull parts taken out."

STEP 3: INVITE STAKEHOLDERS ON THE JOURNEY

Use the stories you've created to take your stakeholders on a journey through the project, remembering to walk them through the 3 D's. Be transparent with data-driven decisions and share the "why" of market stories. As you tell your stories, get feedback from stakeholders, listen to questions and weave answers into your work.

As you capture feedback from your customer heroes, commit to prioritizing future requests based on the stories the market tells you. Share these stories internally to ensure you and your stakeholders are on the same page and share the same vision of success. When this happens, you'll be able to celebrate wins together and collaborate more efficiently and effectively on future product life cycles.

BECOME A CHAMPION

Regardless of the product, you can't design and manage a life cycle without giving yourself the time and space to understand the stories involved. How can we shape a customer's story if we don't first understand the story they're living in today? As product professionals, we must listen to our stakeholder's stories, understand them and then respond. If we don't, the ideas and communication we share won't be rooted in reality and won't resonate with our stakeholders' true experiences.

It's our responsibility to set the guardrails for

this journey. When we respect our customers' and stakeholders' desires and difficulties, we become laser-focused on the process and outcomes that matter most. We connect with the real world and real customers to drive transformation.

When you share your product life-cycle narrative within your organization, use the moment to paint a vision for a future state in which the customer's voice is heard, data is used, and the team's intelligence is harnessed and respected. When you take this approach, you become a linchpin in your organization—a champion for your stakeholders, your customers and the market. You also create space to plan and be intentional while still having time to create those important deliverables the organization needs.

Your stories will also help you identify when requests don't fit into your narratives. This will serve as your north star when choosing priorities, and it will empower you to say "no" when something doesn't advance the shared team journey.

It takes time and intention to step back, identify and tell stories that communicate the market and organization's intent. Moreover, it's challenging to do all of this while also attending to everything required to effectively launch a new product, service an existing one and sunset another. However, if we don't take the time, we'll always be tackling task after task for siloed departments that don't have a shared "why." If we can't be intentional, we can't take care of ourselves enough to do our jobs well. 📌

About the Author

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Making the Case for

USAGE DATA *in the*

PRODUCT DEVELOPMENT LIFE CYCLE

BY KEITH FENECH

THE PACE OF PRODUCT DEVELOPMENT requires you to work faster and smarter. Senior product management professionals often rely on their experience and gut instincts to make quick decisions, but that's not the most compelling way to convince management about the direction of your roadmap.

Whether you're just getting started or have millions of users, understanding how your products are being used helps you prioritize development, meet customer requirements and build consensus with stakeholders throughout the product life cycle.

Software usage analytics offer a detailed tracking and analysis of how users interact with applications. These analytics provide insights about when and how to improve the user experience, prioritize feature enhancements, measure user adoption, track compliance and provide real-time user help. Software providers and application developers are leaning on these analytics to understand users' behaviors, and Gartner predicts that, by 2021, 75% of software providers will rely on these insights to inform product management decisions and measure customer health.

Collecting and analyzing software usage data helps experienced product professionals validate their instincts. For junior team members, it offers the opportunity to test their hypotheses so they can make faster, more efficient decisions at all stages of the development cycle.

DESIGN AND IMPLEMENTATION STAGES

Defining minimum requirements usually is a joint decision between product management and engineering. In the absence of data, these decisions often are driven by the HiPPO—the highest-paid person's opinion. On the other hand, gathering basic statistics can lead to big wins.

Building information modeling software vendor Solibri discovered this when it began collecting information on the characteristics of users' computer environments (e.g., memory, processor speed, screen resolution).

Just six weeks into capturing product usage data—including detailed

The Value of Quantitative and Qualitative Data

Quantitative and qualitative data enable product teams to answer several key questions.

- Are my users actively using a feature or can we sunset it?
- Which versions, platforms, languages or architectures are my users on and what are the implications for the roadmap?
- Where should I focus my quality-assurance efforts?
- How should I prioritize bug fixes?
- What issues are my beta users coming across but not telling me about?
- Which features are most actively used (or not used) after release?
- Are customers using the features they told us they couldn't live without?



anonymous system configuration information—Solibri discovered that its customer base was using more powerful computers than it previously believed. That meant developers could implement features that required more robust hardware—they knew their customers’ hardware environments greatly surpassed the existing minimum requirements.

Similarly, the product team at a healthcare practice management software provider was struggling to manage a feature written in legacy code with obsolete tools. Whenever engineering upgraded the user interface, the feature would break—costing already-scarce time and resources. The product team wanted to drop the feature, but decision makers were reluctant to do so for fear of alienating existing customers. The product team didn’t have reliable information about how many customers still used the feature, so it kept delaying the decision to abandon it—while maintenance costs and frustrations continued to grow.

By tracking software events, the company quantified the number of unique users who actively engaged with the legacy feature—and discovered that only a few still did. Product management could now support a decision to sunset the feature with accurate, reliable data that demonstrated a minimal customer impact. The company also used this data to drive a customer success campaign to engage with those legacy users and educate them on newer functionality to meet their specific needs.

RELEASE STAGE

Prioritizing resources is a constant challenge—especially when you’re facing a particularly loud complaint about broken functionality. Are other users experiencing the same bug? Is it limited to a specific environment or is it affecting your entire user base? Software usage data enables product teams to be proactive. Instead of waiting for users to report bugs, exception and stack trace reports help product professionals react more quickly and efficiently, squashing bugs before more customers experience them.

Beta programs also can benefit from usage analytics. Product teams can measure beta users’ activity and whether specific functionality is being adequately tested. If your product launch depends on the success of three new features, they must be properly vetted. Are beta users not

finding the new features (suggesting a possible user interface/user experience issue)? Are they abandoning the features before completion of the expected path of steps (suggesting a workflow issue or an actual bug)?

By combining usage data with in-app messaging, product teams can send targeted messages to segments of beta users to educate them on new features with videos or web-based tutorials. They can ask for immediate feedback on a specific experience or offer next steps for evaluation once the desired usage threshold is achieved.

Prioritization also involves knowing where *not* to focus. “We had an acute problem,” said Toby Martin, CEO at Extensis, a developer of software and services for creative professionals and B2B workgroups. “We’ve been around since long before any runtime intelligence was available, and we really didn’t know what was happening with customers who’d been with us for many years or even decades. We had no data to support our intuitive sense of how they used our applications.”

Historically, and out of fear of the unknown, Extensis had supported every different browser flavor and operating system. Then the company introduced analytics.

“With software usage analytics, we know exactly what customer environments actually exist,” Martin said. “Since we can now direct my QA resources more effectively, we’ve been able to decrease waste on edge cases and configurations that are rarely used.” For the company, this has already translated to savings of \$10,000 to \$20,000 per release in QA time alone.

“As we shifted toward agile methodologies, we required a more quantitative way to echo the customer’s voice in development,” he said. “We wanted to prioritize features more effectively and understand more about our use cases—both to improve existing solutions and to drive entirely new ones.”

POST-RELEASE STAGE

After you collect data on product usage, you can start to ask deeper questions: What are users doing with the product? How are they engaging with it? What kinds of users are they?

CNC Software wanted to overhaul the user interface for its Mastercam CAD/CAM software product, which had been in place for nearly 10 years. Understanding how to organize and logically group the software’s 1,200 features was critical. Analyzing usage data identified which features



The best time to plant a tree was 20 years ago, the second-best time is now.”



were most often used, which went together and which to promote. It even broke feature adoption down by geography, making it possible to identify usage patterns for each of the 19 languages it supports as well as collaborate with its global reseller network to optimize adoption.

With these insights, the company was able to cut the time to develop the new user interface in half—all while freeing up time and resources to focus on other areas of the product. CNC organized the features in a way that made sense for the way users worked. For example, the company knew that job-planning functions were used a lot at the beginning of a month, and that inventory happened at the end of the month. With a more logical and intuitive interface, the software was easier to learn and use.

Likewise, with the ability to collect and analyze usage data, product teams can inform future feature development, validate decisions and drive user engagement. When it came to building enhancements for TechSmith's flagship screen capture and editing tool, Snagit, there was skepticism about spending time and resources to enhance nascent video functionality in the software.

By analyzing the functionality, the product team was able to see that a significant and growing number of customers leveraged the video features. This insight helped convince the company to add webcam support in Snagit 13 and continue to build more robust video features.

TechSmith also wanted to ensure users recognized the value of the upgrade and quickly adopted it. The company believed the video enhancements would appeal to customers who used related functionality in the previous version. With anonymous usage data, TechSmith was able to identify specific profiles of use and push targeted in-app messages about the new functionality. For example, users would see an in-app banner with an embedded thumbnail video. When they clicked the video, they'd see Snagit's strategy lead, Daniel Foster, offering a customized call to action based on how the upgrade should be purchased.

THE BEST TIME TO PLANT A TREE

The Chinese proverb which says "the best time to plant a tree was 20 years ago, the second-best time is now" certainly applies to usage data. It's easy to be overwhelmed by data and enter analysis paralysis, but even when you plant your usage-analytics tree today, it can still yield fruit quickly.

As Solibri's decision to implement features requiring more robust hardware shows, even bringing six weeks of data usage into your product development life-cycle decision making can make a difference. And there are even more quick wins product teams can achieve to affect decisions throughout the product development life cycle

- Quantify the variations and frequency of different display settings in your install base to help your user interface and user experience teams optimize their designs

- Identify geographies where your applications are being used to prioritize where localization efforts make the most sense
- Monitor adoption rates across all OS platforms and versions to better plan and time the development of new features that leverage functionality of the latest OS
- Measure daily engagement and installation activity to assess whether it's where you expect it to be so you can work better with cross-functional stakeholders to ensure success

From there, product teams can leverage usage data and analytics to dig deeper into engagement and ask more nuanced questions that bring additional insight and authority throughout the product life cycle. Whether you're a seasoned product professional or just getting started, bringing data into the product development life cycle will help you deliver the products your customer want—and will actually use. 📊

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A PRODUCT
MANAGEMENT
JOURNEY

END F L I F

BY
MIKE
SMART

WE RECENTLY ACQUIRED a company with a product that significantly overlaps our core solution. Based on the projected growth and typical customer profile, our board has asked that we identify a single platform product and sunset the other offering. However, we need to make a recommendation in 30 days, and we must keep churn at or below 10% through the entire process.”

.....► **SCENARIOS LIKE THIS ARE** increasingly disrupting product life cycles, introducing a new flavor of product end of life (EOL)—particularly in modern enterprise software companies. In small- and mid-market enterprise software companies, a dramatic increase in M&A activity is accelerating product EOL scenarios, with the blending of two or more companies serving as a catalyst. Product professionals in established companies like SAP, Microsoft or Adobe are being affected by shifts to subscription business models and SaaS or SaaS-only product portfolios.

All evidence suggests the beginning of a new way to manage a product portfolio that will shift our thinking about when it's time to EOL a product as well as how long the process should take. Consider that

- Outside influences on the product life cycle are accelerating the EOL decision
- Decisions aren't routine; they will have a dramatic effect on the current product portfolio and near-term financial results
- EOL decisions must be made with great precision in a short time period

E Product EOL has become a strategic tool to shift the business model or drive higher annual recurring revenue (ARR) and lifetime customer value (LCV). Product professionals are increasingly being asked by leadership to contribute to the decision and the direction of the product portfolio, and EOLing and consolidating products plays a big part.

There is plenty of information and support on how to organize the EOL phase of the product life cycle. However, most information assumes a decision has been made, usually by senior leadership, and the product management role is focused on the execution steps. But with the way things are changing around us, our thinking about end of life could use a refresher.

WHAT'S CHANGED

Most enterprise software companies have moved or plan to move to a SaaS-only portfolio and subscription business model, resulting in more downstream risks than ever. A decision to EOL a product must be balanced against the entire portfolio. What does this mean?

Most SaaS-based products are wired together—we have found the holy grail of connection and integration. If your product is even moderately successful, it's a significant part of the portfolio, probably integrated

with ancillary offerings, and it drives cross-sell and up-sell opportunities. This connection helps improve your company's annual customer value (ACV), in many cases without driving up your customer acquisition cost (CAC).

For many of your customers, your product has exceeded expectations, and this value premium has been realized because your solution easily plugs into their workflow and connects with other critical applications. A product EOL decision can significantly affect and disrupt your best or highest-value customers.

A decision to EOL a product based on the result of an M&A or shift in strategy can trigger an unexpected spike in churn. Understanding customer sentiment, above and beyond general loyalty scores and net promoter score (NPS) is essential to the process. Even in the best organizations, the overwhelming flow of customer feedback may obscure our vision when it comes to assessing the risk factors among our highest-value customers. Depending on the product maturity stage and aggregate value of current customers, an EOL decision that isn't tightly coupled to market data can't be a good decision.

Furthermore, there is an awareness of these new realities of the business model shift, but they aren't second nature to the organization. As such, it stands to reason that events that occur infrequently, such as EOL, can put the organization at risk due to lack of oversight or lack of clearly defined roles and responsibilities.

Product portfolios are complicated, and the internal competition for development resources and marketing spend is fierce. Product managers and product owners *potentially* have the greatest insight into the effect that broad, sweeping product decisions, such as sunseting, will have on other products in the portfolio as well as on high-value customers. Again, product managers and product owners *potentially* have the greatest insight. But if product management isn't plugged into the market or the use cases of high-value customers, their insights will be challenged by other influencers in the organization.

EOL STRATEGY

Nearly 25% of product managers are unable to wind down dud projects, according to a survey conducted by Egress Solutions, and 56% have too many products to adequately fund for growth.

A software company's product EOL strategy is a critical element of its growth strategy. Its ability to prune nonstrategic or poor-performing solutions is the most effective way to create a tighter focus and free critical resources that can positively affect top-line growth and a company's new product-development engine.

Going forward, consider adding EOL planning as early as the product-concept phase. Given market dynamics, there's a chance that the successful product you launched could need an EOL plan—or at least a major pivot—while it's still your product. Also, consider the factors that will affect the life of your product, as that provides an opportunity to think about new ways to design and build software.

For example, built-in migration capabilities that minimize the burden of moving users from Windows 8 to Windows 10 represented how Microsoft focused its emphasis on a decades-old problem when upgrading their OS platform. While it took years for the company to address the issue, it's an example of a vendor reducing customer disruption and frustration—and it's had a positive effect on retention, satisfaction, loyalty and churn.

EOL PRODUCT ASSESSMENT

If you're responsible for evaluating and driving the EOL process for your product, you have a lot on your plate. The scope of the product assessment can be daunting. It also requires support from other departments beyond the product or technology side of the business. Your team will need support from customer success, professional services, sales, marketing, finance and legal, as well as development and quality assurance. Today more than ever, this is a time-critical initiative. Perhaps the product has issues, sales are lagging, profitability seems unattainable, the investment to scale the platform is overwhelming—or perhaps the product is no longer aligned with the overall business direction.

In a product launch, it's challenging to get this group of stakeholders to divide their time and work together, but there's a natural excitement that draws the team together. Ending a product is different, but it still requires the same level of energy and commitment from the team. Engaging the team and having the members commit to the task of preparing to sunset a product is best done by sharing the long view—this is part of product management's strategic process.

To determine if EOL is the right answer, it is important to reach a definitive decision based on market evidence, customer



Remember that ending a product doesn't always have to mean stopping support for it.”



data and financial analysis. Consider key pieces of information that will help you hit this goal:

- **Assess the company's key assumptions:** Validate assumptions by interviewing high-value customers as well as detractors (win/loss analysis)
- **Evaluate your closest competitors:** Be willing to examine more than just the product; evaluate your competitors' go-to-market strategy, channel partners, marketing programs and so on
- **Dive deep on key metrics:** Work with other team members to identify customer ranking based on monthly recurring revenue (MRR), CAC and LCV, then correlate this with customer loyalty scores (if you find a repeatable pattern of happy and profitable customers, you have potentially identified the issue—and it might not be the product)
- **Build a new financial model:** Partnering with your finance team, build a financial model with new inputs that adjust for the cost of acquisition, support and the level of R&D needed, then determine whether this strengthens the product's contribution to the bottom line
- **Examine alternatives to pricing:** Look for different aspects of monetization to make the product stickier
- **Conduct a thorough funnel analysis:** Identify where products are getting stuck or where they're falling out of the sales process and determine what can be done to improve the marketing qualified lead (MQL) to sales accepted lead (SAL) ratio
- **Streamline where possible:** Determine whether the sales model can be streamlined and whether you can reduce the number of outstanding sales days
- **Connect with the sales team:** Interview the top sales team members and listen to their likes and dislikes about selling the offering

Once you've gathered this data, meet with the team and dig in. If possible, white-board the analysis in real time. Solicit input and draw out the conclusions at each phase of this assessment. Also, encourage the team to respect the data presented, but also challenge assumptions and opinions.

The financial analysis is the straightforward element in this process, so, if you can, save that work for last. Depending on your company's culture, this may not be easy to do. But, where possible, spend ample time getting into your customers' point of view—they ultimately bear the burden of this decision.

After the analysis and assessment are complete, drive the team to a definitive conclusion and a specific recommendation with actions. This will be challenging, and you may not reach consensus. In the end, respect for the decision and a commitment to follow through are critical. Finally, to the best of your ability, control the communication and the spin. This means sending a message out to key stakeholders in the organization as soon as possible.

Remember that ending a product doesn't always have to mean stopping support for it. You can explore creative options and still preserve the value customers receive from your solutions. Maintaining the customer base as well as a positive relationship is sometimes more important than just EOL.

Options to Consider



Before the team decides to EOL a product, it may be worthwhile to consider other possible options.

Put the product on a limited release and limited support plan, then get customers to agree to a support premium for additional services.

Depending on the customer segment, identify a customer consortium that's willing to either fully or partially fund the continuation of the product. Your company could be hired to develop selected features and continue offering support for the solution.

Find a friendly buyer for the solution. Your technology, integration or marketing partners could be strong options.

There's no escaping the fact that ending a product will most likely result in some customer churn or customer dissatisfaction. However, if you stay true to the reason you decided to EOL—to invest in other parts of the business to make it stronger and execute against that promise—then most customers will benefit from the decision.

THE EOL PLAYBOOK

While some product professionals prefer checklists, playbooks provide a complete picture of a proven practice. Great playbooks include the activities on a checklist, in addition to purpose, roles and responsibilities, success metrics, a definition of "done," and common mistakes to avoid. Companies like Semantic and Veritas use EOL policies and playbooks to embed a standard practice and establish compliance guidelines.

Roadmaps are another practice I encourage during the EOL phase of the product life cycle. Though sunsetting may be disappointing to the product team, this phase of the product life cycle requires the same level of strategy



Provide a path for customers to end their reliance on a product.”

and planning as the launch phase. EOLing a product is complicated and requires near-flawless execution. A detailed sequencing of activities is required—along with a good deal of planning and the alignment of a range of stakeholders.

Using a standard process like a playbook and an EOL roadmap is useful, as it removes the uncertainty for those engaged in the process, especially support teams that will form the first line of communication to customers. The goal is to provide a path for customers to end their reliance on a product that helps them do their job while minimizing the impact on their business operation.

Ideally, your company has an alternative in its product portfolio and a strong migration plan (including support) to ease their pain. Even if that’s the case, you’ll need a playbook and a roadmap to keep you, the wind-down team and your customers on track.

EOL FINAL EPISODE

The EOL phase of the product life cycle is as important to the continued success of a company’s product strategy as the ideation, growth and harvest phases. For product managers, working on end-of-life initiatives provides a great opportunity. Gaining insights from seeing a product reach its natural end of life after a long run in the market is fulfilling. 📌

About the Author

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EOL Playbook Summary

EOL PRODUCT ASSESSMENT

- Gain executive alignment and buy-in
- Gather product market data input from customers, industry analysts, competition
- Complete customer segment analysis; examine ACV, MRR, CAC, sales forecast
- Recommend specific action(s)

EOL PRODUCT ANNOUNCEMENT

- Devise communications plan
- Inform product team and key stakeholders
- Communicate to key accounts with sales and customer support
- Communicate directly to analysts
- Announce the EOL timeline

END OF SALE

- End sales compensation plan
- Announce end-of-sale date
- Remove products and SKUs from catalog
- End marketing programs

END OF SOFTWARE MAINTENANCE

- Announce end-of-maintenance date to customers
- Wind down and reassign development and quality assurance teams
- Wind down and reassign Tier 2 support team
- Announce end-of-support date to customers

END OF SUPPORT

- Notify current customers last date of support
- Wind down and reassign Tier 1 support team
- Acknowledge product team and support team



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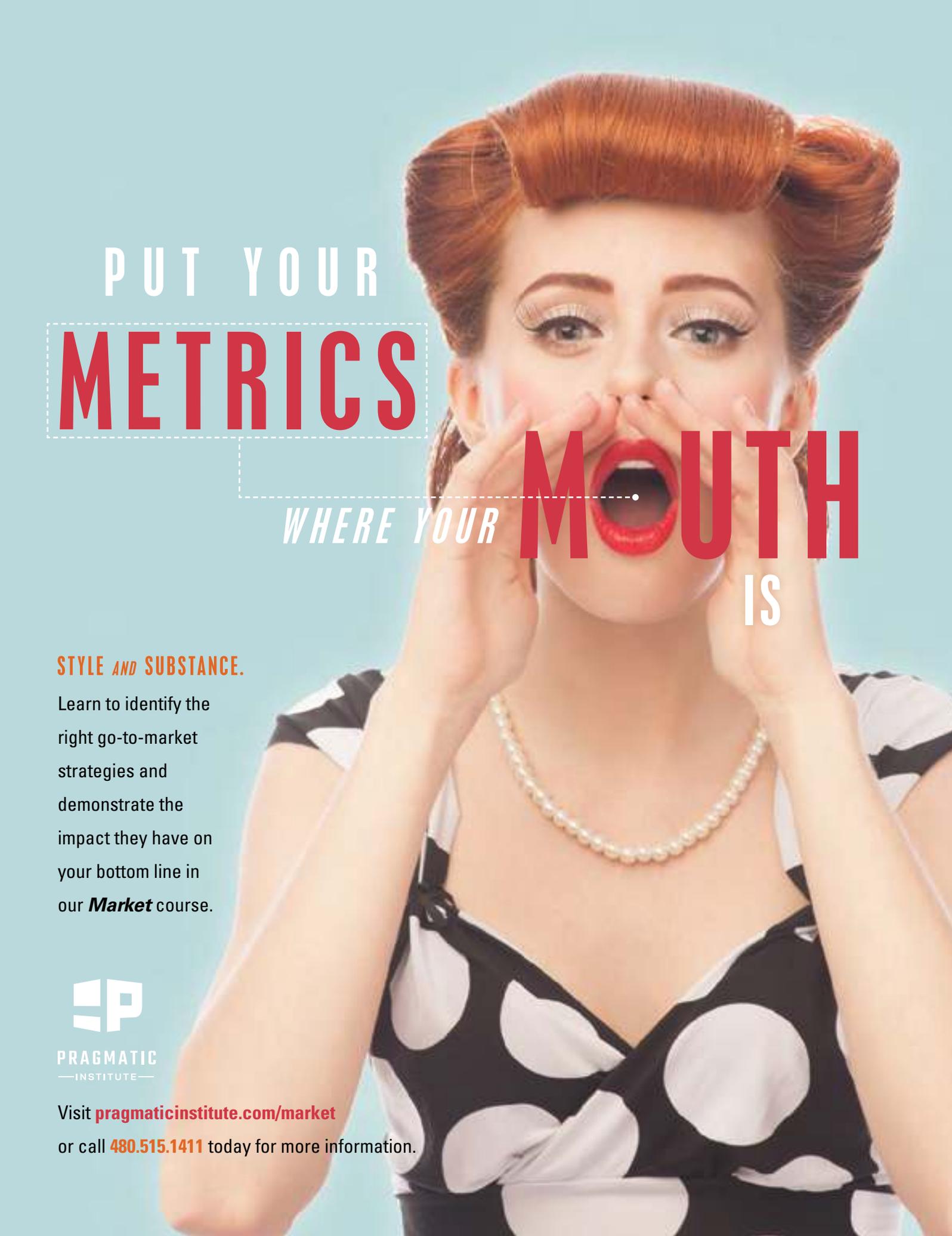
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MAJOR TECHNOLOGY CHANGES, big data, agile development and the rise of the cloud have changed the way our customers buy, deploy and interact with our products. And our products have changed, too. Rather than being just a collection of features packaged into something, they're pulling extra duty as sales channels, communication mediums and tools for educating customers. They're also the primary drivers of our users' perceptions about our companies.

Welcome to the product-led growth movement: an age of leveraging the in-application experience and our product data to do a better job of converting, retaining and upselling customers. But product-led growth isn't just about using products to acquire and develop customers. It's not just freemium. It doesn't only work in simple sales, when the user and buyer are the same person. And it's not a replacement for sales and marketing teams.

To understand the emergence and importance of the product-led growth movement, you first need to understand how we got to where we are today—in the middle of a lot of changes. Consider three of the biggest disruptions companies and consumers experience today:

- **Recurring revenue:** everything (it seems) is purchased by subscription, and customers must be resold and converted over and over
- **Changing buyers:** enterprise software budgets have shifted to lines of business directly and new workforce participants are digital natives
- **Changing expectations:** design thinking and consumer interfaces have changed expectations from all users—including business users—and the UI/UX of past applications is no longer acceptable in any circumstance; there's no patience for bad experiences

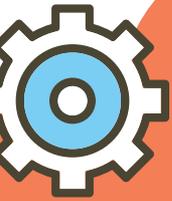
We're entering an age that I like to call product love. For a clear understanding of what's changed, let's look at the traditional customer journey, which is a fairly linear progression.



(big sticking point for traditional software)



WTH



There are only a couple of critical conversion points in this traditional journey: a marketing conversion that gets to the “try” stage, a sales conversion that gets through “buy” and a successful implementation. And product teams have had no direct responsibility for any of those.

But the journey is no longer linear. Instead, it’s cyclical. Evaluation and trial, adoption and use, delight and advocacy, renewal and expansion. All your customers are subscription customers who re-buy your software annually, quarterly or maybe even monthly. It’s not just the “buy” stage that repeats, it’s the whole progression. Customers must be made aware of the product’s value, educated about capabilities and convinced to buy—repeatedly.

This shift in the customer journey has everything to do with product because most parts of this journey take place in the product application. The value-add activities that other teams perform are moving into the product. Self-service trials and freemium offerings are taking the place of the traditional POC, and marketing teams are working against goals for product-qualified leads. Customers get very far into—and sometimes all the way through—the sales process without directly interacting with a single salesperson.

In a much broader way than ever before, it’s all about the user experience. Companies differentiate based on core product functionality, as well as on the customer

experience—the cumulative value-adding activities that surround the product. As these two pieces come together, product becomes a competitive battleground and every role has a stake in the product experience. Ultimately, this leads to an opportunity (really a necessity) to address how your product leads (or doesn’t lead) to growth. There are three critical areas on which to direct your focus.

CONVERSION: OPTIMIZING THE TRIAL EXPERIENCE

In the trial experience, you have a limited window to show customers enough value to convince them to convert, which poses challenges for how to educate them. To solve for this, companies can be tempted to show as much as possible, but this isn’t necessarily the best approach.

Instead, look for patterns. Which usage patterns correlate with successful trials? Are there three or four features common to these trials? After you’ve identified these types of patterns, build models of successful trials that reflect what users are (or aren’t) doing during the trial experience. Then onboard and educate users in ways that highlight what you want them to do.

Ultimately, you want to develop and highlight the fastest path to value for trial users. If you do this, you are likely to see significant increases in trial conversions, thus leading to paying customers. Note that this process might be very different from the onboarding experience you use



If you track product usage properly, you know what customers do inside your product.

for new paying customers, and that's all right. For trials and freemium customers, the focus often needs to be different.

Another point of friction I see is a lengthy trial process with heavy set-up requirements. It requires a lot of sales and sales engineering effort and often significantly prolongs the sales cycle. You can improve this by moving as much education and training into the application as possible. Also, leverage sandbox environments to bypass extensive setup requirements. Both efforts will reduce sales cycle times significantly.

RETENTION: AN OPPORTUNITY TO IMPROVE

This may seem obvious, but customers who don't use your product won't continue to pay for it. Sure, they may for a month or two, but eventually they'll churn.

You can't fix what you don't know is broken. You first need to know if, how and when your customers are using your product. Without this knowledge, you can't identify and fix engagement issues. Track product usage, analyze the data, use in-app messaging to drive users to adopt high-value features and have an escalation policy in place for customers whose usage patterns identify them as high-risk.

Another area to look at is onboarding, as the effectiveness of your onboarding process is the biggest predictor of future churn. The better the experience, the better your overall retention. If you're going to invest in retention, start by building an effective, targeted and customized onboarding experience. Ideally, it's segmented based on important criteria, such as user role, product plan level or jobs your customers are trying to accomplish.

EXPANSION: USING YOUR PRODUCT

The easiest way to increase revenue is by selling more to existing customers. But one challenge many of us have is reaching the right customers in up-sell or cross-sell campaigns. We want to target efficiently, and we want to avoid spamming existing customers with offers that don't interest them. Using product data to better target sales outreach and personalize marketing campaigns makes up-selling and cross-selling easier.

In-app offers targeted to customers based on usage patterns is one solution. For example, create segments based on usage patterns that correlate with a high probability of an upgrade conversion, then use those segments to target the right candidates.

If you track product usage properly, you know what customers do inside your product. Use that in your up-sell and cross-sell campaign messaging. For example, "We see you use our NPS features extensively. Did you know that in our professional version you can look at your NPS based on the segments you define? We have found that financial industry customers like you get great value from this because of X, Y and Z."

Finally, salespeople can use product data to prioritize customer outreach. If you build usage pattern models, you can stack-rank customers by their likelihood of buying an upgraded or add-on package. Share this list with sales and they will significantly increase close rates while ensuring the sales team only spends time with less qualified opportunities if they have it to spare.

DRIVING PRODUCT-LED GROWTH

While there are general principles related to product-led growth that you should understand and apply in all cases, other factors (your company, product, individual situation) will determine what works best for you. Ultimately, though, your customers' experience coupled with your own product data is what will lead to success in converting, retaining and upselling your customers.

About the Author

Eric Boduch is co-founder of Pendo. He can be reached at eric@pendo.io. Follow him on Twitter @eboduch or connect with him on LinkedIn at [linkedin.com/in/eric-boduch-a1b61](https://www.linkedin.com/in/eric-boduch-a1b61).



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UNDERSTANDING YOUR BUYERS

Listen to Their Stories, Dig into Their Decision

BY ALAN ARMSTRONG

PIA, A PRODUCT MANAGER AT a B2B SaaS company (let's call it Flyer), was facing a lot of noise about pricing.

The sales team was complaining that the product was hard to sell because it was expensive and missing a key feature. Customers were churning at an accelerating rate. Senior leaders were murmuring about canceling Pia's product altogether.

Pia knew her team of developers could be pulled at any minute and, if that happened, all her plans for new features and packaging would fly out the window. She had to get to the heart of the pain her customers were feeling.

She dug in and examined the customer data she had available: user analytics, event reports, reason codes in the CRM, stories relayed by the sales and customer success teams. But none of it brought her closer to the truth.

Analytics data revealed what had happened, not why. The CRM reasons were too simple. The sales team provided anecdotes rather than evidence. And really, Pia realized, it was unfair to expect sales reps to know exactly why they lost deals. Relying on their interpretations might shed some light but, at worst, their "findings" could be actively misleading.

Everyone had their own opinion ... but Pia didn't want opinions. She wanted facts.

Have you been in Pia's shoes? How do you, as a product professional, get insights into your customers and their buying decisions throughout the product life cycle? I've long been passionate about understanding buyers by listening to their stories. And yes, that means picking up the phone and having actual conversations!

EDITOR'S NOTE:

Alan Armstrong unexpectedly passed away on Aug. 16, 2019. A LinkedIn tribute to Alan from his staff emphasized his passion for placing the customer at the center: "Alan saw buyers as heroes of their own journey, and his spirit of inquiry brought dignity to their stories and decisions. His legacy will live on as we enrich our ability to listen and understand each other's stories." Pragmatic Institute extends its deepest sympathies to Alan's family—both at home and at Eigenworks.



For product managers, listening to buyers gives you authority for influencing the product roadmap. Those conversations with customers are critical all the way through the product life cycle, from launch and growth to maturity and decline. The more conversations you have, the more reliable the insights.

But here's the challenge: When you conduct a lot of buyer interviews, how can you see themes and patterns in all that text? It's easy to understand the themes of a single interview, but it's a lot harder to understand themes across 20 interviews.

However, understanding story data in aggregate can give you a way to organize your buyer stories and insights. To illustrate, let's go back to Pia, whose story is based on how Eigenworks analyzes buyer decisions.

STEP 1: CONSIDER QUOTES, IDENTIFY THEMES

Pia called several of her customers and talked to them about price. Yes, it took time, but the conversations were informative, and people appreciated her interest. They said they valued the opportunity to talk through their decision making and have their voices heard.

Pia then took the text of those interviews and applied a structure to it. This allowed her to isolate key themes and insights for cross-comparison.

STEP 2: IDENTIFY ONE NUGGET OF INSIGHT

Next, Pia wrote a succinct headline for each quote and a longer caption to explain it. She called this grouping of headline-caption-quotes a "nugget." Each nugget represented a core insight into the buyer's decision.

STEP 3: CODE THE NUGGETS

Once she had her nuggets, Pia assessed the emotional value of the quotes and tagged them as a "rant" (strongly negative), "rave" (strongly positive) or "positive," "negative" or "neutral."

Next, Pia looked at what buyers wanted to achieve by using her product. She identified a set of decision forces that reflected these goals and influenced decisions.

STEP 1

"Their pricing system caused this huge issue where I blew through my budget faster than planned and needed to go back to finance to ask for more money. I didn't see any way that I could keep track of my usage from within the product. That was a deal-breaker."

UNCLEAR PRICING

"I still have no idea how their pricing works. I think you get a certain budget, like a virtual currency, that you use up as you go, but I had now clue how to keep track of what I was spending."

UNCLEAR PRICING

"My sense is that Flyer is quite a bit higher in terms of price for equivalent measurements than Airship. But, certainly, you are getting a lot more functionality out of it, so I recognize the value equation there."

BETTER VALUE THAN COMPETITOR (AIRSHIP)

"Financially, we've already made a pretty big investment with Airship over the past five-plus years. You know, you'd think they'd throw us a bit of a bone here. But I didn't see it. So, maybe they were just a little overconfident in that space."

AIRSHIP DID NOT DISCOUNT

STEP 2

HEADLINE Unclear pricing model led to confusion and accidental overspending

CAPTION Bob felt that the usage-based pricing could have been made clearer during the purchasing process. Although he liked the budget estimator, he worried that he had made a miscalculation and was already running over their yearly budget.

BUYER QUOTE "Their pricing system caused this huge issue where I blew through my budget faster than planned and needed to go back to finance to ask for more money. I didn't see any way that I could keep track of my usage from within the product. That was a deal-breaker."



One important note about this concept: Decisions are multifaceted and rarely boil down to a single factor. Many forces push and pull at your customers as they decide to buy, renew or churn. For example, your buyer might be moved by forces such as

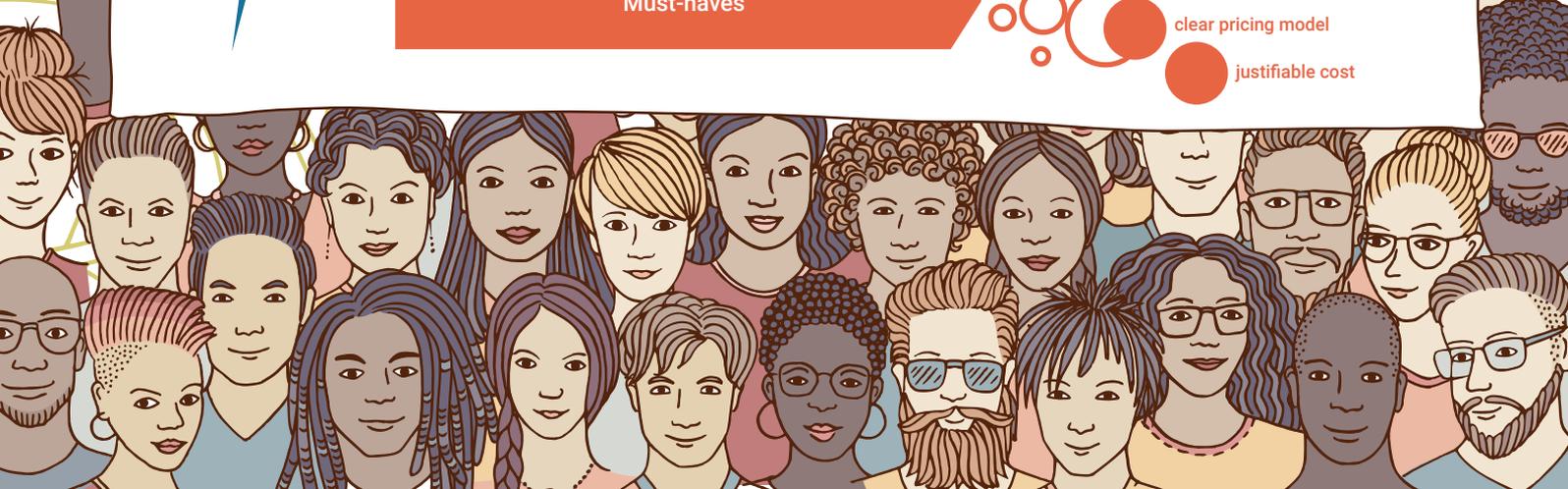
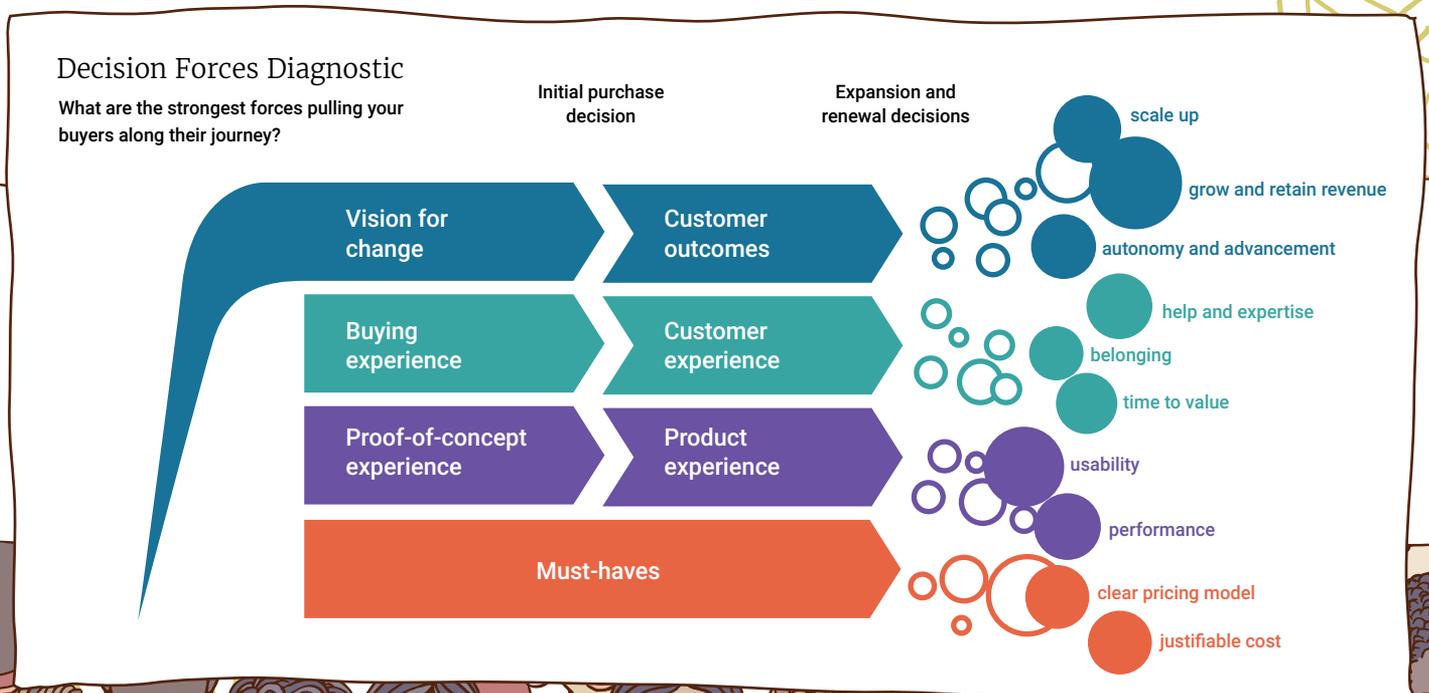
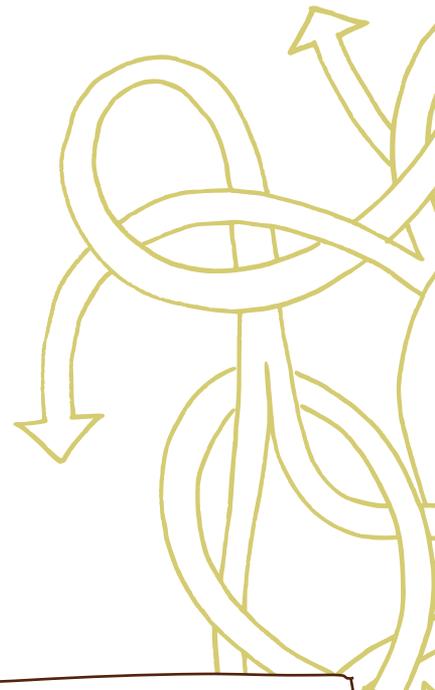
- I want to scale up
- I want personal advancement
- I want great product performance
- I want to retain revenue
- I want to improve our time-to-value
- I want great customer service
- I want a justifiable total cost

Pia coded each nugget according to one or more forces, then assessed the strength of the force in each case. How important was it for the buyer? She coded importance, too.

STEP 4: GROUP BY STAGE OF THE BUYER'S JOURNEY

Pia considered where the forces came into play. She started grouping them by stage of the buyer's journey—before and after the buying decision. She also grouped them by categories like customer outcomes, customer experience and product experience.

The resulting Decision Forces Diagnostic gave her a bird's-eye view of buyer decisions and the forces that push and pull at them along the way. Each force played out all through the journey. For example, the help and expertise offered by the vendor was a force that affected the buying experience as well as the customer experience.



STEP 5: SLICE AND DICE THE DATA

Finally, Pia placed the coded nuggets into a database and began slicing and dicing. When she filtered the information in the database by “price,” a surprising insight emerged.

There were six positive comments and six negative comments all related to price. Pia opened the cells of the positive comments and saw that customers considered the total cost fair. She then opened the negative comments and saw that people wanted to budget predictably, but were frustrated by the uncertainty of the pricing model.

Pia realized that customers weren’t upset by the total cost—some explicitly said it was fair! Her customers were unhappy with the pricing model, which was usage-based rather than flat-fee based. Heavy usage caused a few customers to unexpectedly blow through their budgets and, naturally, they were upset. Pia was able to take this finding to her senior team.

That’s the value of talking to buyers and diagnosing their decisions. When you start looking at all the forces that push and pull at a decision, you get a new lens on what’s important to your buyers. In Pia’s case, it was an unexpected finding about pricing model vs. total cost.

Having found the heart of her customers’ pain, Pia could effect change across her company. Her decision analysis spurred changes in several areas

Pivot 1

Pricing model is an issue, but not total cost

		Sentiment					Total
		rave	positive	negative	rant	neutral	
Functional areas	Product	—	16	7	—	2	25
	Sales	4	4	6	—	2	16
	Financial/Commer...	—	6	6	2	—	14
	Marketing	—	2	—	—	—	2
	Brand	—	2	—	—	—	2
	Total	4	24	13	2	2	45

- Product realized the product was mispackaged—several discrete solutions were bundled, thus causing pricing stress. The product team looked at how it could break apart the solutions into individually lower-priced components.
- The customer success team began talking to customers to help them manage their spend. They helped customers focus on the most valuable features and turn everything else off.
- Design improved the budgeting tool by including a notification feature for usage





START WITH A CONVERSATION

Pia’s journey through this process is loosely based on my own experience. Years ago, as a newly minted product manager, I was called into a meeting where everyone was asked to justify their spend. I had a team of 12 developers and a lot of exciting ideas for pricing and packaging. But the next day, my staff was cut to three.

Soon after, I attended Pragmatic Institute’s training and learned about win/loss analysis. I got on the phone with customers and brought this information to the next meeting with the senior team. Right away, I got my developers back and, over time, I was able to demonstrate the merit of my pricing and packaging ideas. This happened because I brought customer data to the table. I could tell user stories. It was powerful stuff! You can do this too. Talk to your buyers—they have so much to tell you. 

About the Author

Alan Armstrong was founder and CEO of Eigenworks. See a LinkedIn tribute to Alan at [linkedin.com/company/eigenworks-inc](https://www.linkedin.com/company/eigenworks-inc).



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- Discover Your Distinctive Competencies with Buyer Interviews

What You Can Do Tomorrow

Talk to your customers. Yes, pick up the phone! You won’t solve customers’ problems by relying solely on user data. You need to have real conversations.

- Isolate a market segment to interview, as this will make your results more cohesive.
- Break interviews into nuggets of insight. Remember that a nugget is a fundamental component of insight that consists, in our practice, of a headline, a caption and a buyer quote.
- Filter your nuggets into categories like “sentiment” (did the buyer rant, rave or express neutral feelings?) and “strength” (was this an important factor in the decision?).
- Assemble nuggets into a data structure that works for you. We use a platform called AirTable, but you could also just use a spreadsheet. Keep it simple.
- Use your database to slice and dice for granular views. For example, you could search for all of the raves related to your wins against Competitor X.
- Continually refine your database—it’s your catalog of evidence.
- Bring the evidence forward within your company to influence decisions and build a culture centered on the voice of your buyers.

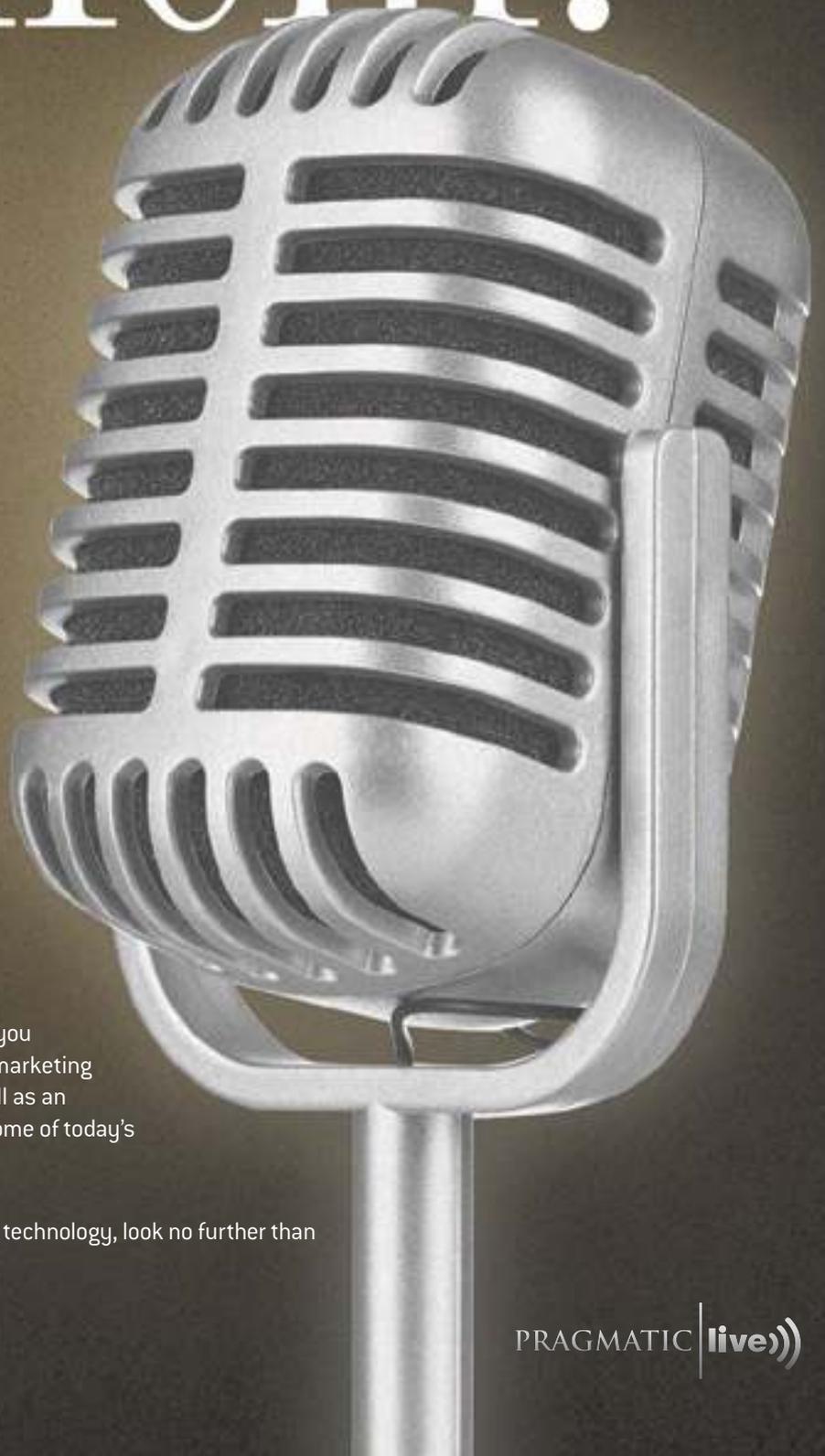
- ✓ I have value conversations with the market.
- ✓ I clarify roles and responsibilities using the Pragmatic Framework.
- ✓ I build better products based on my understanding of market problems.

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DELIVERING A WINNING

PRODUCT DEMO

BY
RYAN
SORLEY

PRODUCT DEMOS PLAY AN important and often vital role in the sales cycle. A great demo helps your company win the deal, while a poorly executed one may not only mean you forfeit the deal—it also could lead your buyer to rule out your company in the future.

DoubleCheck Research, an independent win/loss analysis firm, has conducted thousands of in-depth interviews and online surveys with buyers to uncover the specific reasons why they chose—or didn't choose—a particular vendor and its product. You might be surprised at how often buyers single out their demo experience for praise or criticism. Based on the insights we collected, there are four key areas for delivering a well-received product demo.



PREPARATION: KNOW YOUR AUDIENCE

Oftentimes, lack of preparation before a demo is what ultimately prevents the best first impression. There are several actions you can take beforehand to better ensure success.

Understand Buyer Needs

Frequently, an exchange is missing with the buyer to find out what they want and need in advance of the demo. Stakeholders often are more than willing to provide this information and walk through which functionality they expect to see featured and addressed.

Solve this with a phone call to elicit the buyer's pre-demo advice or with a brief pre-demo survey. If you choose the survey route, request your primary contact's permission to send the survey to each demo participant. If buyers devote time to either or both activities, make sure the demo meets the needs identified during the call or in the survey responses.

Buyers who have already issued an RFP or RFI expect that a vendor's team has carefully read that document and closely aligned the demo to its requirements.

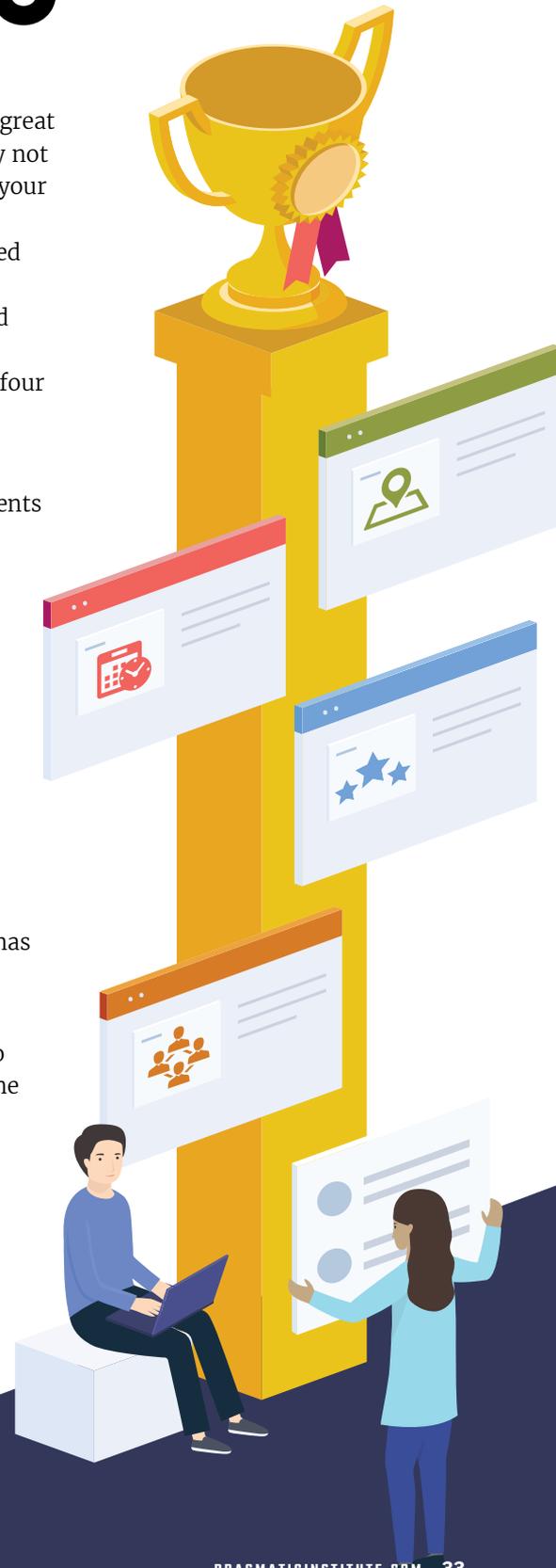
Identify Demo Attendees

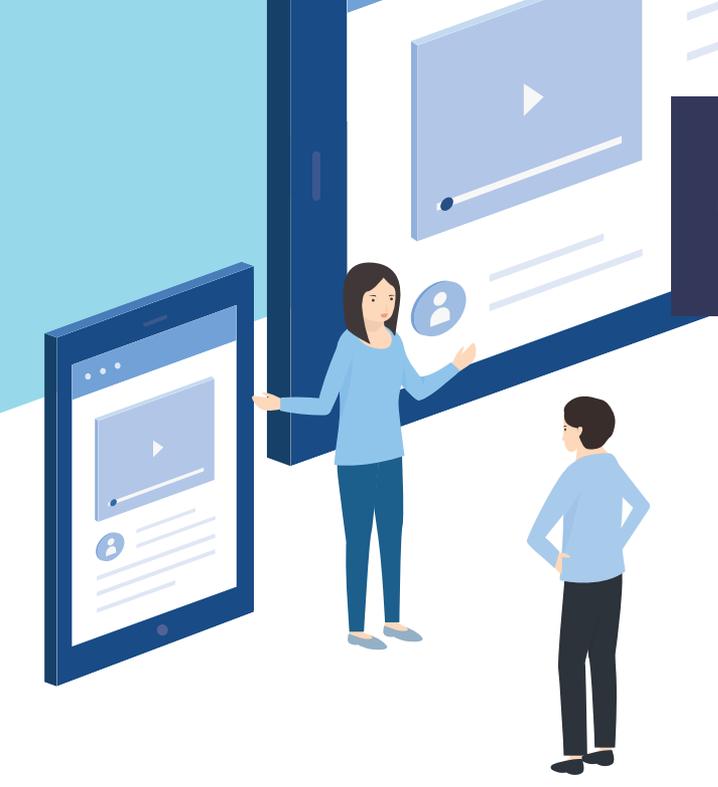
Work with buyer stakeholders and use third-party data sources like LinkedIn to identify each demo attendee's current responsibilities, as well as their role in the product evaluation. In some cases, the demo may be the only time that a buyer's senior leadership team—which controls the budget—is directly involved in the evaluation. This makes delivering a powerful demo that showcases the value of your product particularly important.

Remember that a well-received demo reflects positively not only on your company and product, but also on the buyer stakeholder or stakeholders who chose to include your company in their evaluation. Conversely, a poor demo that misses the mark can embarrass the buyer stakeholder in front of their peers and managers.

Determine Attendees' Skill Sets

Before the demo, and particularly in software demos, find out the potential audience's overall





Determine the optimal content once you understand what the buyers want to see.



RESOURCES: ASSEMBLE THE BEST ASSETS

We frequently hear buyers discuss the importance of seeing the best possible mix of resources in product demos. These resources include the demo content as well as the human element—the demo team that is presenting and responding to questions.

Provide Optimal Content

You can determine the optimal content once you understand what the buyers want to see and who the attendees are. For example, if the buyer doesn't want a generic demonstration, make sure you deliver what's being requested. Ask ahead of time if the buyer is interested in your team positioning your product in terms of your entire portfolio, within your partner ecosystem or within the competitive landscape.

Bring Your 'A' Game and Your 'A' Team

Typically, the product demo is your first chance to introduce the buyer to both your product and your organization. The buyer may already be impressed by your team's response to the RFP or RFI, and they may appreciate the content you've already shared (i.e., white papers, third-party analyst reports). But the demo is where the rubber needs to meet the road—it may determine whether your product continues to the next round of evaluation.

Carefully consider the makeup of the team you'll have at the demo:

- Will you only draw upon the sales team, or will you bring in more technical people, such as sales engineers?
- Should you have a mix of junior- and senior-level staff?
- Who's going to lead the demo and who will field questions from the audience?

At the same time, some buyers have told us that they can be overwhelmed when a vendor brings a large team to a demo, and they're left wondering about the purpose of everyone who came.

Schedule time before the demo to bring your team together and ensure everyone is on the same page about this specific sales opportunity. Provide all team members

comfort level with the product being presented. This insight helps determine the level at which to demo the product

- If the audience is a mix of business and highly technical people, it may be worth running two demos, one that is a high-level view and another that is more granular and technical
- If this is a software demo and the first time the buyer is looking to invest in this type of product, your demo may need to address a few basic underlying concepts about the technology
- If this is a software demo and your audience already uses the software being demonstrated, consider drilling down into functionality and features
- If the buyer has previously used a competitor's product, highlight your product's key differentiators

Understand Your Buyer's Goals

Do your homework by asking the buyer about the goals and objectives of the product evaluation, as this provides a framework for the demo. For example, is the planned purchase intended to resolve one or more of the buyer's current pain points? Or is the intended purchase part of a larger acquisition?

It's also worthwhile to find out whether there's any bias among the likely demo audience. Uncover this by chatting with the buyer stakeholders and looking into your CRM records at any prior engagements. For example, if the buyer previously looked at your product and didn't choose it because of the price, then one focus for the demo could be the value proposition for the product and providing estimates on time to realize ROI.

with the information you have gathered about the buyer, including specific needs, the buyer's knowledge of the market and any prior experience with you or your competitor's products.

Also, ensure the entire team is aware of the demo attendees and their respective roles in the evaluation. We've heard from buyers several times that teams mistakenly pitch their demos at a known quantity—the buyer stakeholder they already know well. This might mean your team is overlooking the decision makers and budget holders who may be in attendance.

Present a United Front

If you plan to present with a partner, such as a systems integrator or design agency, connect your teams ahead of time. Discuss how you want to present the demo so that the buyer experiences a strong partnership. Seeing a strong collaboration gives the buyer confidence about how your company and your partner will likely work together post-sale. Again, you and your partner should pool your knowledge about the buyer so you can address their specific needs.

During the demo, buyers will pick up any perceived tension or disharmony either on your team or between your and your partner's teams. A buyer's takeaway from that experience is that it may be hard to work with a vendor that shows internal or external strife—especially at such an early stage.



Consider recording the demo for anyone who is unable to attend.



TIMING: WORK TO THE BUYER'S SCHEDULE, NOT YOURS

We often hear customers express frustrations around the timing of product demos, the duration of those demos and the lack of time for asking key questions. When you first engage with the buyer, ask their preference for having the team come onsite to present or conducting the demo online. If the answer is online, ensure that the technology you'll use is one the buyer is already familiar with or has time to learn. This way, you don't waste time resolving technical difficulties as the demo is about to get underway.

Budget Sufficient Time

Ideally, you're delivering a live, onsite demo of your product. When you're scheduling the demo, do so at a time that ensures all or as many stakeholders and end users as possible can participate. Consider recording the demo for anyone who is unable to attend.

Work with the buyer to develop a mutually agreed-upon agenda that reflects roughly how much time

should be spent on different sections. This agenda can vary significantly depending on the buyer audience's interest and skill set. For example, some buyer audiences might want you to devote a lot of time on helping them understand the value proposition and specific benefits of your product so that they, in turn, can communicate that information internally. Other audiences may require a highly technical demo focused on one or more specific pieces of functionality.

Spend Your Time Effectively

Delivering a demo can be highly stressful, so make sure the logistics work in your and your team's favor:

- If you're traveling a long distance to the buyer's site, avoid having your team fly in the morning of the demo
- Don't schedule back-to-back demos with different buyers on the same day
- Arrange with the buyer for your team to set up early so the demo starts on time
- Check in with your stakeholder contact in case there are any last-minute changes to the demo audience or any late-breaking issues or concerns that may surface during the presentation
- Delay formal introductions until after the demo if the room is packed with buyer stakeholders and decision makers
- Start the demo strong and limit introductory remarks about your company
- Encourage your team to pay attention to the buyer's reactions regarding the pace and focus of the demo
- Make the buyer audience feel comfortable about interrupting at any point to ask questions, so that the demo is more like a conversation rather than a presentation to a passive audience
- Agree in advance with your stakeholder that they—rather than your team—take the role of timekeeper so that the buyer can step in if it seems like the demo is being derailed by questions from the audience

Take Time to Listen

Prepare your team for the likely eventuality that all questions raised during the demo may not be immediately answered. For difficult questions, note the query and promise to respond to the audience member who asked. It's important that, post-demo, you provide that answer in a timely fashion.

If you're unsure about how to answer a question, provide a nuanced answer rather than a flat "yes" or "no." Buyers will note and remember if they've heard in the demo that your product includes or lacks a specific piece of functionality—and they will be annoyed later if they find out that what they were told is inaccurate.

The goal of every demo is for the buyer audience to walk away with a good sense of what your product does and how it can benefit the business. Don't rush off to another opportunity as soon as the demo ends, as some members of the buyer audience may want more time to talk through what they've seen. It also may be useful to have a quick debrief with your buyer stakeholder contact either later in the day or the following day to get feedback on what was shown and respond to any post-demo questions or issues.

Remember: The demo may be the only time you or your team interacts with some of the decision makers or end users involved in the evaluation. We often hear from buyers that, after scoring vendors on their demos, the next step in the evaluation is finalizing their vendor shortlist. Make sure your demo really counts.



CONTEXT: BE RELEVANT

There's no such thing as a "standard" buyer, so why would any buyer be interested in you presenting them with a standard, cookie-cutter product demo? Think about each buyer as a new job opportunity and your product demo as your organization's résumé. While you may have a standard, baseline résumé, chances are that you tailor it for each job you apply for. In some cases, the changes are small. In other instances, you may completely overhaul your résumé to make you a compelling candidate and the best fit for a specific role or company.

Craft a Highly Relevant Demo

When putting the demo together, identify up front any areas of misalignment between the buyer's needs and what your product delivers. Determine in advance how your organization can resolve such issues (e.g., through an existing or future partnership with a third-party vendor, via upcoming functionality on your product roadmap, by providing a customized solution). Then, when delivering the demo, you can be honest about those gaps and discuss potential resolutions.

In the feedback they've shared, buyers often praise teams that have taken the time to personalize the demo to the buyer's line of business and industry. This attention to detail indicates that you see the buyer as an individual entity whose needs and pain points are being addressed.

Personalization can take many forms, including providing examples during the demo that relate specifically to the buyer and/or its industry. It also can be a case of referencing your company's existing customers whose stories represent the best match with the buyer's own organization. Some buyers might like to see the entire story of how they implement, integrate, benefit and grow their use of your product.

Give Buyers Confidence

The best product demos are those that give the audience confidence that your company understands the buyer, its industry, its needs, its use cases and its future plans. Such demos also help establish that your team—and your company—has a deep knowledge of your own products, the current needs of the market you serve, and a strong sense of where the market is heading.



Buyers often praise teams that have taken the time to personalize the demo.

Buyers have shared examples of late entrants to an evaluation winning the deal over the former front-runner primarily because of a stellar product demo. Buyers also have mentioned that it was during the demo that the buyer audience realized additional benefits and/or use cases for a product they had not previously considered.

By contextualizing a demo to the needs of an individual buyer, you can confidently showcase your product and display your team's passion for both your product and for winning the buyer's business.

When you approach a product demo, do it with confidence and by putting yourself in your buyer's shoes. Ask yourself, "What does my audience most want and need to see from a functionality standpoint? What is likely to impress them versus what may potentially bore them?"

Remember: Even though a buyer may decide not to buy your product today, a great demo experience sows the seeds for future sales. This is especially true when you've used part of the demo to provide a compelling overview of your entire product portfolio and explain how various elements can fulfill your buyer's future needs.

About the Author

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FROM PASSIVE TO PASSIONATE



TURNING CUSTOMERS INTO FANS

BY DAVID MEERMAN SCOTT

YOU DON'T ALWAYS WANT to hear from the company that's trying to sell you something," Kati Quigley, senior director of marketing communications at Microsoft, told me. "You want to hear from your peers." She then shared how the tech giant empowers the members of its enormous partner community. Composed of 64,000 companies that build or sell their own Microsoft-based solutions, community members have been given a place to interact freely with one another without the heavy hand of the corporate office telling them what to do.

In fact, the partners themselves run an online partner community and have a powerful voice in the programming of Microsoft Inspire, a worldwide partner conference attended by some 25,000 people annually. The company also sponsors—but partners lead—hundreds of local and regional events around the world. When partners interact with each other, the true human connection they build reinforces their status as Microsoft fans.

Quigley reminds us that people are going to talk no matter what; it's the nature of the hyperconnected world we live in. We leave Yelp reviews or tweet—both positively and negatively—when we have strong emotional responses. And we pay the most attention to our peers.

EDITOR'S NOTE:

The following is adapted from co-author David Meerman Scott's upcoming book, *Fanocracy: How to Turn Fans into Customers and Customers into Fans*. It releases in January 2020. Register for Scott's Dec. 17 webinar at PragmaticInstitute.com/Live



While it's tempting to try to control the message, it's important to give partners the freedom to give both positive and negative comments. "When they do say something positive, it's authentic. It's something people pay attention to," Quigley said. "(Partners) truly are the ones doing the job every day, so they have a lot of credibility and a lot of understanding of what it's really like to be a Microsoft partner, what the challenges are and how they overcome them to find success."

Traditionally, marketing departments have been charged with being the voice of the customer; companies or agencies controlled the message. But if marketing professionals cling to that mindset, they will miss what matters most to their customers.

THE LONELY CHAOS OF THE DIGITAL AGE

The internet brings the promise of tremendously easy engagement with audiences around the world. Social networks like Facebook and content distribution channels like YouTube are free, simple to use and can reach every human on the planet who has an internet connection. It's no wonder that billions of people have gravitated to these outlets.

In the earliest days of social media, participating in these networks was like a viral cocktail party. We could meet with our friends and ask what they'd been up to. We could stay in touch after school or work. We posted, shared, liked and upvoted, and it was an enjoyable and effective way to stay in touch or reconnect with people we hadn't seen in a long time.

But today, it's another story altogether. The algorithms deployed by social networks like Facebook don't show us what we want to see because the technology favors profits for shareholders. The AI platforms that companies use to manage communications

result in tidal waves of spam email and social networks that display ads instead of messages from our friends.

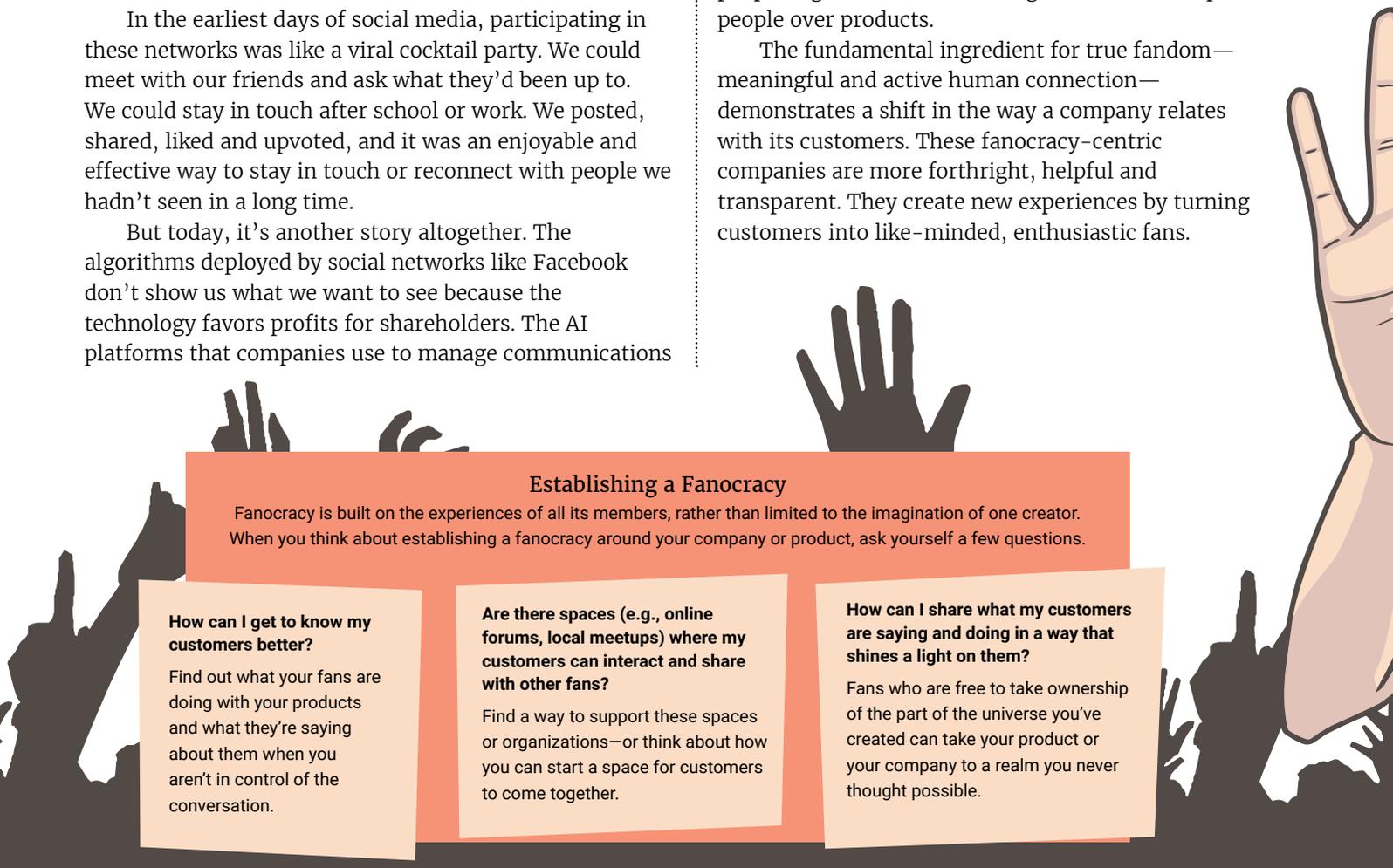
Too many organizations react to digital chaos by doubling down, trying to shout over or outdo each other. And the avalanche of email outreach, social posts and unwanted phone calls often increases when we become a customer. Upselling and renewals seem more important than making sure customers get what they need.

The result is a polarizing and cold digital world. Many people feel that the promise of online social connection isn't for them anymore—the romance is over. In a digital world in which our lives are increasingly cluttered and superficial, we're missing something tremendously powerful: genuine human connection.

THE POWER OF FAN-CENTRIC BUSINESS

When an organization or person honors fans and consciously fosters meaningful connections among them, this act of consciously bringing people together through a shared endeavor is called a fanocracy. Fandom is everywhere—and it's the key ingredient for any organization to be successful because fandom brings people together. We are moving into an era that prizes people over products.

The fundamental ingredient for true fandom—meaningful and active human connection—demonstrates a shift in the way a company relates with its customers. These fanocracy-centric companies are more forthright, helpful and transparent. They create new experiences by turning customers into like-minded, enthusiastic fans.



Establishing a Fanocracy

Fanocracy is built on the experiences of all its members, rather than limited to the imagination of one creator. When you think about establishing a fanocracy around your company or product, ask yourself a few questions.

How can I get to know my customers better?

Find out what your fans are doing with your products and what they're saying about them when you aren't in control of the conversation.

Are there spaces (e.g., online forums, local meetups) where my customers can interact and share with other fans?

Find a way to support these spaces or organizations—or think about how you can start a space for customers to come together.

How can I share what my customers are saying and doing in a way that shines a light on them?

Fans who are free to take ownership of the part of the universe you've created can take your product or your company to a realm you never thought possible.

GET CLOSER THAN USUAL TO YOUR CUSTOMERS

What is it about being around other people—like Microsoft does with its Microsoft Inspire conference and hundreds of regional-partner events—that drives connection? Why does physical proximity make a difference? Cultural anthropologist Edward T. Hall suggests that the significance of each level of proximity can be precisely predicted and managed to create optimal outcomes (Figure 1).

The most rewarding interactions in our lives occur in our social and personal spaces. Those people sitting near one another at a baseball game or in a Starbucks or in line for lunch are all well within each other's social space. As such, each person can feel the human connection in a positive, safe and unconscious way. The closer you get to other people, the more powerful the shared emotions.

The significance of proximity isn't a matter of convenience or utility; rather, it's the emotional significance of any given exchange. The closer you get, the more powerful the shared emotions. Proximity can lead you to a better understanding of how to attract and keep potential fans interested in your products.

Getting Closer to Your Customers

Being physically close to your customers or creating a physically close experience among customers isn't always easy, but it's worth considering in order to build an emotional connection with your company or product.

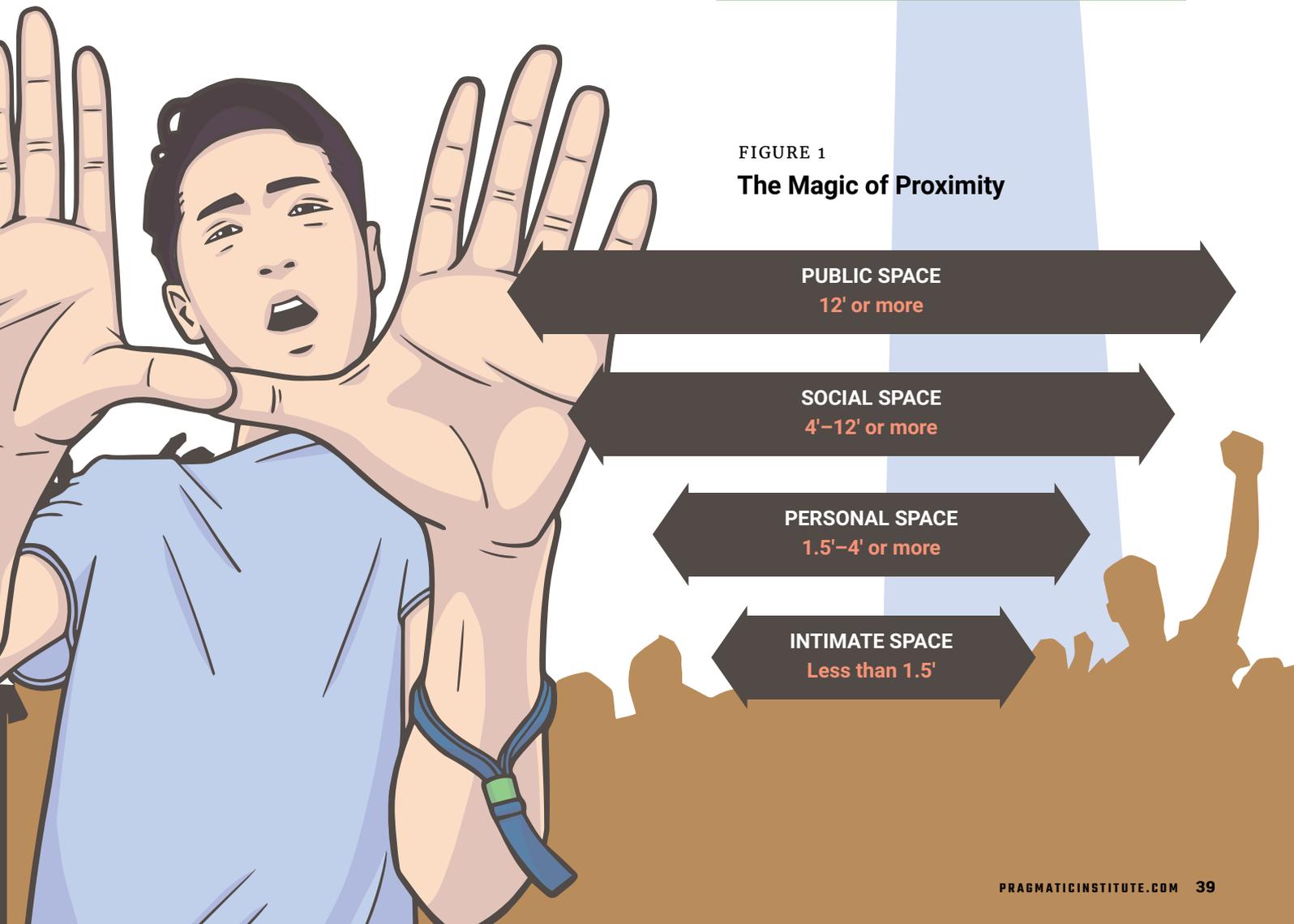
How can I get close to my customers?

When we are close to people we trust, a personal connection develops naturally.

How can I bring customers face-to-face with other customers and/or employees?

Consider hosting meetings, conferences or meet-and-greets. Perhaps offer a tour of your factory, research center or laboratory. Think about having executives embark on a tour to meet customers where they live and work.

FIGURE 1
The Magic of Proximity



MIRRORING AND YOUR FANS

How can businesses that can't possibly have a direct personal connection with every customer achieve similar success? Well, it turns out you can still use the power of connection in a virtual way. Our unconscious brain can respond to what we see as if it's our own experience—even if we see it on social media or in a film, or through a screen of mirror neurons.

Mirror neurons are a group of cells that not only activate when we perform an action (like biting an apple, smiling or getting near someone we enjoy), but also when we observe someone else performing the same action. When those around us are happy and smiling, our unconscious brain tells us we're happy and we often smile, too. When we're at a rock concert, our mirror neurons fire based on what the performer is doing on stage and what the other audience members are doing.

Mirroring helps explain both the positive and negative aspects of social media. We relate to people based on their Facebook and Instagram pictures. Our brain tells us we're close to our friends based on the photos or videos they share. And a critical aspect of understanding mirror neurons is to remember that this is how we're hardwired. It's not something we can turn on or choose to ignore.

A practical application of mirror neurons is the creation of a video channel to grow fans—something that many organizations have done successfully. HubSpot, a marketing, sales, customer service and CRM software company, is one example of successfully leveraged mirror neurons. Some 35,000 people subscribe to HubSpot Academy on YouTube and look forward to videos from a variety of hosts. Kyle Jepson, an inbound sales professor at the company, hosts one video on “10 Sales Tips in 60 Seconds” that has more than 120,000 views. People who watch the video feel like they know Jepson based on this video and others he's filmed—even though they've never met him in person.

Using Brains to Build an Emotional Connection

Understanding mirror neurons is like understanding a secret neuroscientific weapon. Regardless of whether they like it, people can't help but react in the way they do because their unconscious minds are at work. Pause to consider different ways to build an emotional connection.

How can I facilitate intimacy from a distance?

If you can't get physically close to customers, leverage video outlets and images to make current and potential customers feel like they know your company or your products.

How can I get the most mileage out of my efforts?

When your company uses video, make sure attention is paid during the editing process. When people are about an arm's distance away and are talking to the camera, viewers will mirror their bodies in kind—effectively holding a conversation with the person on the screen.

How can I humanize my company?

The more photos you post on your company's social networking sites of your employees interacting with customers, the better. Seeing employees face-to-face with customers will cause your audiences to mirror that they, too, are part of the conversation.

PUT PEOPLE FIRST

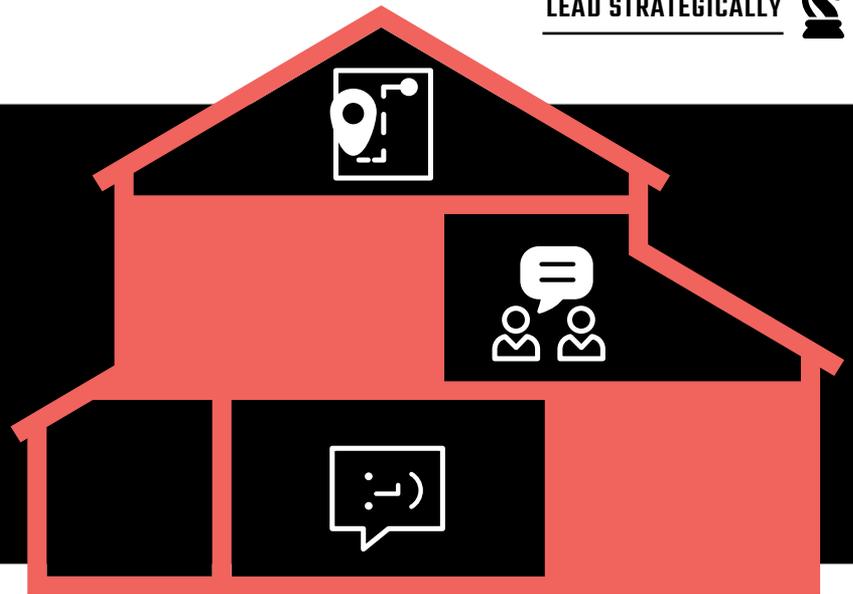
As marketing professionals, it's up to us to create ways to bring people together. To be successful, we must become masters of seeing things from our customers' points of view and understanding how they think differently than we do. It's a simple—yet powerful—concept that any organization can implement. **■**

About the Author

David Meerman Scott is an internationally acclaimed business strategist, entrepreneur, adviser to emerging companies and public speaker. In addition to *Fanocracy* (fanocracy.com), he is the author of 10 previous books, including *The New Rules of Marketing & PR*. He can be reached at david@freshspot.com. Follow him on Twitter at @dmsscott or connect with him on LinkedIn at linkedin.com/in/davidmeermanscott.



PUT YOUR HOUSE IN ORDER



How Product Managers and Product Marketers Build a Complete Product Experience, Together

BY BRIAN DE HAAFF

BUILDING AND MARKETING A PRODUCT is a lot like owning a house. Purchasing the home is just the beginning. There will always be lightbulbs to change, grass to mow and taxes to pay. And there will always be strategic improvements that could make your property more appealing to future buyers—from structural things like a new roof to aesthetic fixes like updated hardware.

Likewise, a product's life cycle requires constant attention and iteration. Your work doesn't begin and end when customers buy your product. It starts far before that and lasts much longer. For customers to choose your product (and your company) and remain loyal, product managers and product marketers are responsible for the complete product experience (CPE).

I first wrote about this concept in my book *Lovability*. The core idea behind the CPE is that your product includes every customer touchpoint, even if some of those touchpoints are invisible to them. It encompasses everything from how the product is marketed to interactions with the customer support team, the actual technology and the internal policies that govern your organization.

The best product teams think about the CPE during every stage of a product's life cycle. This mindset requires you to consider the pain customers feel before they even start looking for a solution and think about the value they get from your entire organization—not just the product itself—once they choose you. When you're working in this

kind of environment, every decision is evaluated against how it will affect your ability to deliver a CPE.

The two groups most critical to thinking holistically about the customer experience are obvious: product management and product marketing. The product manager is deeply invested in the product life cycle, from setting the strategic vision for what will be built to defining and prioritizing features. The product marketing

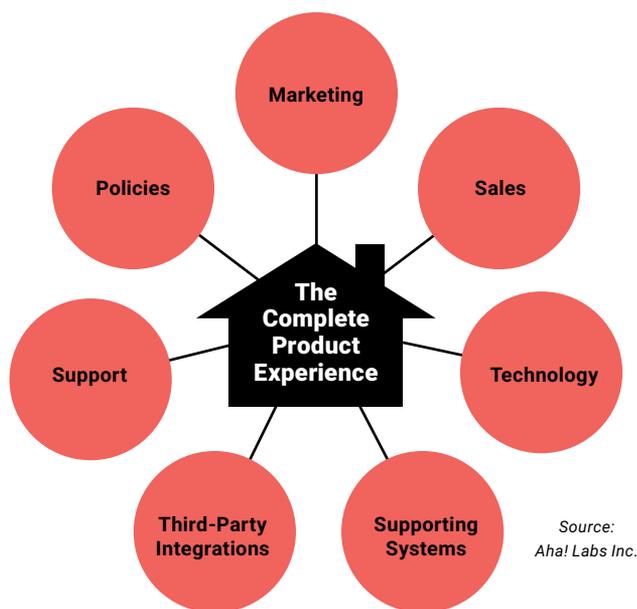
Work doesn't begin and end when customers buy your product. It starts far before that and lasts much longer.

manager is responsible for communicating the benefits of that product to internal teams and customers, from product training to leading go-to-market efforts. One ensures the product solves a real problem while the other explains why it is better than any other alternative.

So, what is the ideal working relationship between the two roles? How does the CPE fit in? I have seen it firsthand, both earlier in my career and now as co-founder and CEO of Aha!, where we speak with teams daily about product planning, best practices for building roadmaps and strategies for go-to-market success.

Most companies that get this right do it with a formal product team. This is a cross-functional group that represents the different functional areas you see in "The Complete Product Experience" graphic, excerpted from

Lovability. The product manager leads the product team, guiding conversations around the why, when and what of the product. The product marketing manager has a vital role in guiding the team as well. Together, the two can reorient and rally the organization around an integrated approach to product.



PLANNING

Goal-first planning ensures that everyone is aligned on delivering a CPE. When everyone in the organization understands what the high-level strategy is, it reduces friction. People can make decisions and evaluate requests more objectively against defined company goals. There is a “true north” for the team, which leads to consistency for customers.

The product manager sets and communicates the strategic vision for the product. Extensive research is conducted before the actual product roadmap can be built—including gathering ideas and input. The product marketing manager uses the product vision to define the go-to-market strategy. This is needed to deliver something new, such as the launch of a product, expansion into a new market or simply introducing enhanced functionality to an existing customer base.

COMMUNICATION

The product manager leads the product team communication, a cross-functional internal effort. The product marketing manager leads go-to-market and guides ongoing customer communications, coordinating with team members to prepare for the next launch and develop customer-facing marketing activity. There can be a tendency to see this communication as proactive and unidirectional but, really, the product manager and product marketing manager both are product experts and connectors. They are responsible

for soliciting and looking for patterns in conversations from teammates who might provide as-yet-untapped opportunities to improve the CPE.

Roadmaps are an important tool in steering those conversations. People understand the greater context for their work when provided with this visual representation of how the product plan will support overall business goals and a timeline for what and when the team delivers. Besides sharing each other’s roadmaps and discussing plans often, product managers and product marketing managers should create a shared calendar or Gantt view to quickly see how changes might affect the overall organization’s ability to sustain the CPE throughout the product life cycle.

FEEDBACK

The product manager focuses on what users want to achieve when using the product. The product marketing manager homes in on what people (both external and internal to the company) need to understand about the product before customers make a purchase and while they’re using it.

The product manager captures feedback from executives, teammates, partners and customers, then incorporates it into future releases. The product marketing manager may look for insights from prospective customers and current users through educational efforts—for example, product demos to internal teams and presentations to customers. Product marketing managers often are at the front of the effort to capture customer success stories as well. Product management and product marketing should share their learnings with each other so they can continuously improve what is being delivered.

A STRONG FOUNDATION IS KEY

The importance of a strong product team cannot be stressed enough. Thinking holistically about your product and the entire customer experience is how you create lasting value for your customers and your business. If your organization is not taking this approach, make it a priority to collaborate closely on strategy, plans and timing. Regular meetings and open communication channels between product management and product marketing are key to delivering a winning CPE. Push yourself to move beyond focusing on the technical bits of features and design to cultivate a long-term, mutually beneficial relationship—one in which your customers love every interaction with your product and your company. **IP**

About the Author

Brian de Haaff is co-founder and CEO of Aha! and the author of *Lovability*. Follow him on Twitter @bdehaaff or connect with him on LinkedIn at [linkedin.com/in/bdehaaff](https://www.linkedin.com/in/bdehaaff).



BUSINESS PLANNING IS MIA

—and Product Professionals Need to Find It

BY JOHN MILBURN

TO ANYONE WHO HAS been a company founder or sat in a C-suite office, I ask you: How often have you been allowed to fund or run your business without some form of visionary business plan?

Effective product managers are accountable to their leadership and investors for documenting the business justification and projections for their products and services. In the past decade, we've all watched teams move from monolithic, waterfall development processes to lean and agile development. In the transition, they did away with antiquated MRDs, PRDs, PERT and Gantt charts, and detailed design specs. Most would agree these have been positive and necessary shifts.

However, in the zeal to lighten the documentation load, many teams have also done away with any form of business-planning documentation. They've thrown the baby out with the bathwater. And in the process, they've created a discontinuity in their end-to-end process by eliminating the documentation that:

- Documents the market problems to solve and why they are best positioned to solve them
- Explains the business reason for why they are developing the product
- Communicates the reason to team(s)
- Regularly tracks and updates projects for accuracy and completeness

Most agile teams I work with are getting better on the front end of their product planning process (gathering market data). They're also doing much better on the back end (building and delivering the product). However, there is a gap in the middle where, before, there was a bridge between market data and product data.

To emphasize the point, I recently saw a website that listed the tools product managers use. Product management activities were grouped into eight categories:

FRONT END

- Strategy and roadmapping
- Analytics
- Customer feedback

BACK END

- Design
- User experience testing
- Onboarding
- Collaboration
- Project/task management

What about the middle stuff?

The form that business planning documentation takes varies widely. The Lean and Business Model Canvas templates are succinct, single-page ways to document business planning data. Companies that have more structured funding processes—with multiple products and teams—often define short, four- to five-page presentation templates that summarize their plans. Online tools are emerging on the market to guide and track business planning data. And, though it's not a best

Without a business compass that directs the team in the right business direction, most product managers become technology-driven rather than market-driven.



practice, other companies still require large documents or presentation decks and follow arduous processes to fund and track projects.

Regardless of your company's culture or management style, product managers should strive to develop agile planning documentation that is manageable, predictable, complete and current. If you're wondering why high-quality, agile and dynamic business planning still matters in today's fast-paced technology development process, consider the following reasons.

SECURE YOUR INSTITUTIONAL KNOWLEDGE

Product managers have a vast amount of product and market knowledge that they carry in their heads, their inboxes and their Slack conversations. They understand market problems, personas, competitors and competitive strategies, risks and assumptions, portfolio fit, inter- and intra-product commitments and strategic, long-term vision.

What happens when product managers move on to other jobs or leave the company? That in-depth understanding usually leaves with them, creating a single point of failure. Who picks up the pieces, and how long does it take to rebuild this knowledge?

SECURE THE RESOURCES YOU NEED

There will always be contention between projects for the single source of development resources. Trade-offs and priority decisions must be made among products at the group level based on objective and common metrics. This often is one of the hardest parts of a manager's job—deciding which projects to fund and which to delay or kill.

Consistent business-planning documentation, which includes metrics such as ROI, profit, revenue, market share, portfolio fit, segmentation and current KPIs is necessary for making sound, management-level decisions.

SECURE YOUR POSITION

Company CEOs don't last long if they mislead their boards of directors about the current or projected state of the business. Similarly, product managers and their leadership owe it to their "board of directors" to truthfully assess the status, progress and direction of the business of their product. Product managers should be held accountable for communicating up and across the organization as market conditions or the product (time/scope/cost) changes. And gathering and communicating this data should not take days to complete.

SECURE YOUR REPUTATION AS A PRODUCT PROFESSIONAL

Without a business compass that directs the team in the right business direction, most product managers become technology driven rather than market driven. In this case, the product manager becomes the product expert who can communicate the schedule, product features, sprint plans, backlog status, user stories and epics. At the same time, they often can't answer simple, business-oriented questions like "What is the business impact if we cancel or delay this project?" or "Why is this project a better investment than another one?"

A product manager's job is diverse and, at times, complicated to define. Regardless of the company's development processes or the individual's exact title, product management has an obligation—and a responsibility—to document and manage the business value of their product. Business planning must remain a critical part of the role. **SP**

About the Author

John Milburn is CEO of Practical Growth Solutions. Prior to his current role, he was a Pragmatic Institute instructor for 10 years. From startups to Fortune 100 companies, Milburn has held executive and individual contributor roles in development, sales and product management. Email him at john.milburn@bizrex.cloud or connect with him on LinkedIn at [linkedin.com/in/johnmilburn](https://www.linkedin.com/in/johnmilburn).

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BY
MIKE
BELSITO

Lessons Learned from the Industry

JUST A FEW WEEKS AGO, the stage that once was graced by legendary acts like The Beatles, The Rolling Stones, B.B. King and The Jackson 5 became the platform for giants of the product industry.

John Zeratsky, Jason Fried, Jessica Tiwari, Nikita Miller and 20 other speakers led three days of thought-provoking presentations, workshops and fireside chats for a crowd of 1,200 product professionals at the fifth global edition of INDUSTRY: The Product Conference. The event even included a special fireside chat with Grammy/Academy/Emmy award-winning artist Common, which ended with a brief, impromptu freestyle performance.

While it's impossible to convey everything discussed, some common themes naturally emerged.

Remember Who You're Building Products For

Several speakers reminded us of the importance of not only having empathy for customers, but also making sure that we fully understand their needs and relate to them in a deeper way. Without this granular understanding, we risk building products that simply don't resonate or, worse, fail to meet customers' needs in the slightest.

UX designer and entrepreneur Sarah Doody said the best competitive advantage we have is how well we know the people for whom we're building products. The best product people know that what people say can be very different from what they do. Rather than rushing to build a solution, we first need to make sure we're properly validating our assumptions.

Common talked about the importance of pushing ourselves into different environments—even the uncomfortable ones—to relate to our customers. Learning from people in their own environments is important to truly understanding them. Otherwise, yes, we're creating for them—but without the proper context to know if what we build will resonate.

Manage Your Time, Don't Let It Manage You

Time is among our most critical resources. While it's true that we can't add hours to the day or week, some INDUSTRY speakers suggested we can become more thoughtful about the time we have. In doing so, we create more time for ourselves and our work.

John Zeratsky, co-author of *Make Time: How to Focus on What Matters Every Day*, implored attendees to be proactive about their time. Taking small steps and changing habits

By the Numbers

Growth of INDUSTRY'S global conference since its inception in 2015, making it one of the top product management conferences in the world.

480% ↑



Came to this year's event



38 Number of states represented



10 Number of countries represented



103 Number of companies that sent at least three attendees



40 Largest number of attendees that represented a single company



85%

Attendees who traveled from out of state for the event

42%

U.S. attendees from the Midwest

15.5%

U.S. attendees from the Northeast

27%

U.S. attendees from the South

15.5%

U.S. attendees from the West

can make a difference. For example, rather than letting your email inbox serve as a de facto to-do list that other people create for you, manage your schedule to answer and respond to emails only at certain blocks that you schedule for yourself. Then, schedule other blocks of time to do the work you're meant to do that day.

Jason Fried, CEO and co-founder of Basecamp, and Bob Moesta, CEO of The Rewired Group, hosted a fireside chat to discuss how Basecamp employees approach work, including a unique perspective on how projects are handled. For instance, there is no roadmap, and work is scoped no further than six weeks ahead. According to Fried, scoping work any further ahead is a waste of time because, even in six weeks' time, both the company's and customers' needs can change a great deal.

Basecamp views projects as not necessarily being made up of a series of equal tasks. Some projects include unexpected tasks that result in the overall project taking longer. Understanding where these unknowns are and addressing them from the outset moves projects along more quickly.

Product Is a Team Sport

We can't create products on our own. Our colleagues in UX design much of the product. Our engineering colleagues develop the software. Sales and marketing teams are on the front lines, ensuring that customers are aware of and purchasing our products. Many speakers at INDUSTRY talked about product's role among these other groups.

Elevate co-founder Claire Suellentrop

reminded us that our marketing colleagues can be our best friends—if we keep them informed and aligned. Think you know the right time to inform marketing about a product or feature that may need a relaunch? Plan to inform them a couple of months before that. Remember: The marketing team likely has other activities and projects you don't know about, and those projects may have multiple dependencies. Treat the marketing team like an extension of your product team with a regular



Treat the marketing team like an extension of your product team.”

communication schedule. This will lead to higher chances of a successful launch when the time comes to introduce your product to the world.

Jessica Tiwari, vice president of product management at Upwork, spoke about how to manage a distributed product team. Remote work can be incredibly rewarding for product managers, but it must be done right so everyone is satisfied. You must be armed with the right technology so that the team effectively and efficiently communicates and works together. Each company will have its own remote product stack, but for Upwork it includes JIRA/Confluence,

Google Hangouts, Google Suite, Miro, InVision and its own proprietary chat platform. Also, make sure you hire for the skill sets that fit well in a remote work culture. You can hire precisely skilled professionals, but they also must be self-disciplined, collaborative and flexible, and have a high degree of accountability.

A Look Ahead

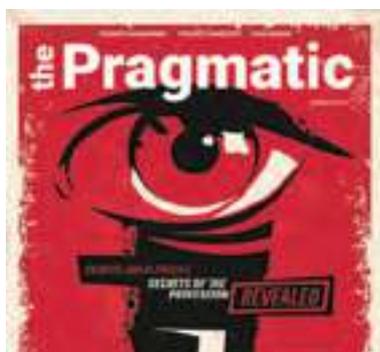
The 2019 global edition of INDUSTRY was the largest to date. For the team at Product Collective, 2020 is already on the horizon, with the European edition taking place March 9 to 11 in Dublin. We've already announced several speakers: legendary video game designer John Romero; Nordstrom/Verizon board member Shellye Archambeau Oji Udezue, vice president of product at Calendly; Gib Biddle, former vice president of product at Netflix; and more. To learn more, visit INDUSTRYConference.com. And if you'd like to get a flavor of what happens at these events, look for videos from many of the sessions at ProductCollective.com/videos. 🎧

About the Author

Mike Belsito is co-founder of Product Collective and co-organizer of INDUSTRY: The Product Conference, an adjunct professor of design and innovation at Case Western Reserve University, and co-host of the Rocketship.FM podcast. He can be reached at mike@productcollective.com, or connect with him on LinkedIn at [linkedin.com/in/mikebelsito](https://www.linkedin.com/in/mikebelsito).



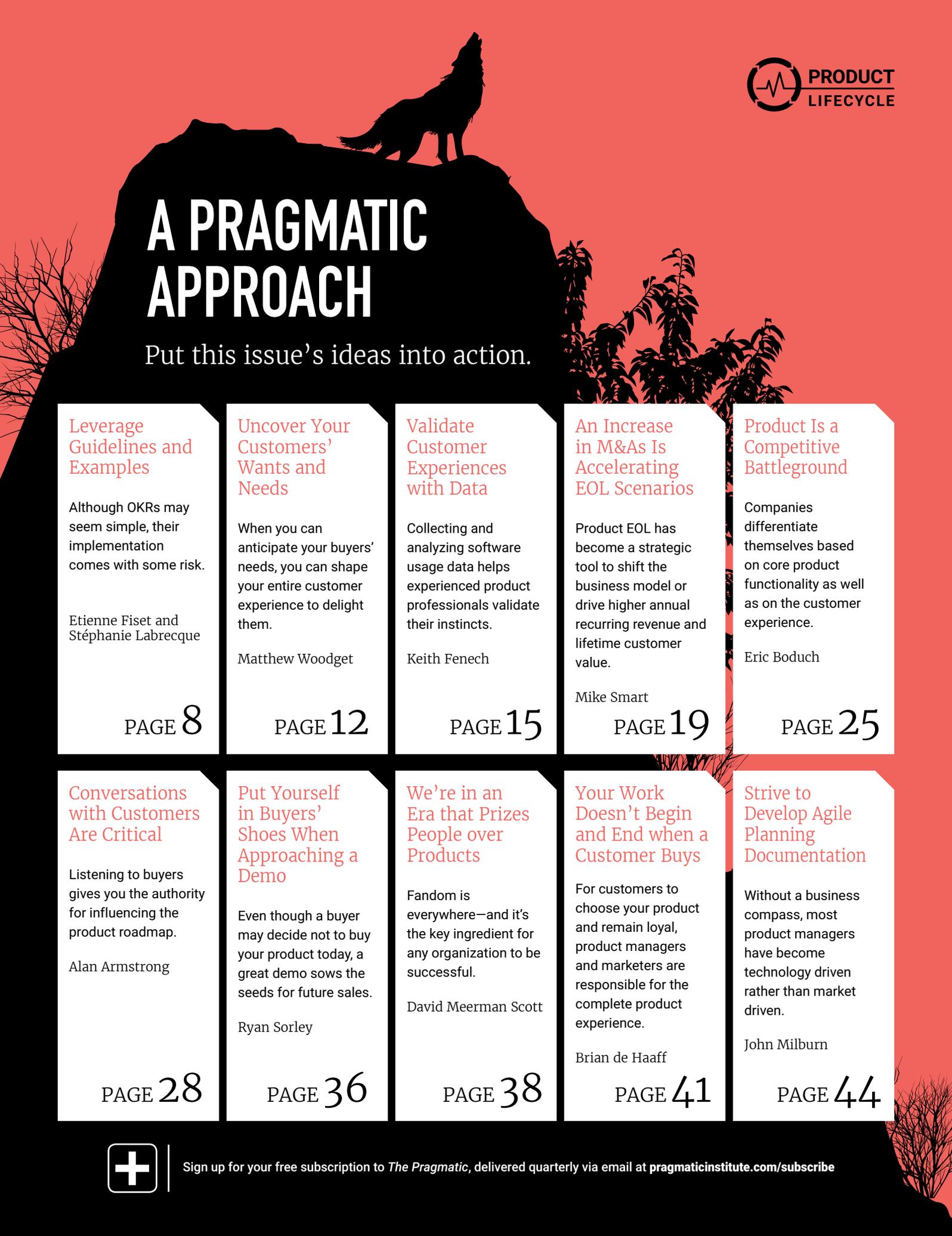
Listen to Belsito talk more about this event in the Nov. 22, 2019 PragmaticLive Podcast.



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A PRAGMATIC APPROACH

Put this issue's ideas into action.

Leverage Guidelines and Examples

Although OKRs may seem simple, their implementation comes with some risk.

Etienne Fiset and
Stéphanie Labrecque

PAGE 8

Uncover Your Customers' Wants and Needs

When you can anticipate your buyers' needs, you can shape your entire customer experience to delight them.

Matthew Woodget

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Validate Customer Experiences with Data

Collecting and analyzing software usage data helps experienced product professionals validate their instincts.

Keith Fenech

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An Increase in M&As Is Accelerating EOL Scenarios

Product EOL has become a strategic tool to shift the business model or drive higher annual recurring revenue and lifetime customer value.

Mike Smart

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Product Is a Competitive Battleground

Companies differentiate themselves based on core product functionality as well as on the customer experience.

Eric Boduch

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Conversations with Customers Are Critical

Listening to buyers gives you the authority for influencing the product roadmap.

Alan Armstrong

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Put Yourself in Buyers' Shoes When Approaching a Demo

Even though a buyer may decide not to buy your product today, a great demo sows the seeds for future sales.

Ryan Sorley

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We're in an Era that Prizes People over Products

Fandom is everywhere—and it's the key ingredient for any organization to be successful.

David Meerman Scott

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Your Work Doesn't Begin and End when a Customer Buys

For customers to choose your product and remain loyal, product managers and marketers are responsible for the complete product experience.

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Strive to Develop Agile Planning Documentation

Without a business compass, most product managers have become technology driven rather than market driven.

John Milburn

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Boston (Downtown), MA	Nov 18-20	New York, NY	Dec 16-18
Toronto, ON	Nov 19-22*	San Francisco, CA	Dec 16-18
Munich, Germany	Nov 26-29	Boston, MA	Jan 14-16
Vancouver, BC	Nov 26-29*	Ottawa, ON	Jan 14-16
Bangalore, India	Dec 2-5	Chicago, IL	Jan 21-23
London, England, UK	Dec 3-5	San Diego, CA	Jan 21-23
Austin, TX	Dec 4-6	Washington, D.C. (Dulles, VA)	Jan 21-23
Atlanta, GA	Dec 10-12	Seattle, WA	Jan 28-30

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Columbus, OH	Nov 5-8	Portland, OR	Jan 13-16
Atlanta, GA	Nov 12-15	London, England, UK	Jan 20-23
Philadelphia, PA	Nov 18-21	Austin, TX	Jan 27-30
San Francisco, CA	Nov 18-21	New York, NY	Jan 27-30

The Business of Data Science

New York, NY	Nov 12-13
London, England, UK	Nov 25-26
San Francisco, CA	Dec 3-4
Austin, TX	Dec 16-17
Seattle, WA	Jan 21-22

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