productmarketing.com™

Annual Product Manager Salary Survey Results

Ten Marketing Challenges that Can Make or Break Your Business
(and How to Address Them)

Datatel Leverages Market-Driven Methodology to Build Solutions that Customers Really Want

Welcome to productmarketing.com; the marketing journal for high-tech product managers

As Pragmatic Marketing® enters its 10th year, we have developed quite a following. Our process has been adopted by thousands of product managers representing hundreds of high-tech companies.

Two years ago, we rolled out our content website, www.productmarketing.com, to augment what we teach in our seminars. The site provides a method of keeping our alumni up to date on contemporary issues and allows us to share best practices with the high-tech community. The site and its associated e-newsletter are highly regarded throughout the industry for the insights that it provides.

This is the initial issue of our print journal, *productmarketing.com*. It extends our website exposure to a circulation of over 50,000. In each issue, we will address some of the most pressing issues product managers face daily. We will also profile companies that have achieved success in their implementation of technology marketing through case studies. Contributing writers from Pragmatic Marketing personnel, domain experts, and your peers in high-tech product marketing will provide the content.

We hope you enjoy this journal as much as our web offering and email newsletter. This first issue is a little "skinny" but watch us grow in the following issues. If you would like to contribute, we'd love to hear from you.

Craig Stull
President and CEO
Pragmatic Marketing, Inc.

About Pragmatic Marketing, Inc.

Based in Scottsdale, Arizona, Pragmatic Marketing, Inc. was formed in 1993 to provide product marketing training and consulting to high-tech firms by focusing on strategic, market-driven techniques. Pragmatic's training courses emphasize business-oriented definition of market problems, resulting in reduced risk and faster product delivery and adoption. Since its inception, Pragmatic Marketing has successfully graduated over 20,000 product managers and marketing professionals, and was named one of the Inc 500 fastest-growing companies of 2000. For more information about Pragmatic Marketing and its courses, please visit the website at http://www.pragmaticmarketing.com or call 480-515-1411.

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In This Issue

Annual Product Management Roles and Salary Survey 2002 Results

Each year Pragmatic Marketing® conducts a salary survey of product managers, marketing managers, and other marketing professionals. Our objective is to provide industry information about compensation as well as common responsibilities.

Despite a downturn in the economy, product managers continued to enjoy increases in salary and job responsibility in 2002. "Product managers' compensation increased an average of 5.5 percent in 2002," said Steve Johnson, Vice President at Pragmatic Marketing. Johnson is an instructor with more than 23 years of product management experience, and heads up Pragmatic's Annual Product Marketing Survey team.

"More product managers also are going on sales calls," Johnson added. "According to our survey, 47 percent of product managers went on sales calls in 2002 compared to 37 percent in 2001. This makes some sense as companies struggled to make their revenue projections. In this scenario, everyone is in sales. Unfortunately,

selling is about talking, not about listening, so these companies will find that they have no new products to sell this year. Mature companies have learned that product management is not sales support."

Profile of a Product Manager

- The average product manager is 35 years old

- 84% claim to be "somewhat" or "very" technical

- 92% have completed college; 51% have some MBA classes and 40% have completed a masters program

- 35% are female, 65% are male

- The typical product manager has responsibility for three products

$ 96,588.00

Eight Dollars and No Cen...

Average product management compensation was:

- $88,496 salary plus $8,092 annual bonus (78% of product managers get a bonus)

- Females: $84,663 base salary plus $7,548 bonus

- Males: $90,685 base salary plus $8,418 bonus

(All amounts are in $US)

Bonuses are based on:

- 59% company profit

- 27% product revenue

- 40% quarterly objectives (MBOs)

- More than 40% say the bonus does not motivate at all and only 11% say the bonus motivates a lot

Organization

The typical product manager reports to a director in the Marketing Department

- 49% report to a director

- 28% report to a VP

- 15% report to the CEO

- 27% are in the Marketing Department

- 10% are in the Product Management Department

- 10% are in Development or Engineering

- 7% are in a Sales Department

Product Management ratios within the company

How are product managers allocated relative to other departments? For each product manager, we find:

- 2.7 Products

- 0.7 Product Lines

- 1.0 Services

- 13.3 Developers

- 1.7 Development Leads

- 1.7 Sales Engineers/Pre-sales support

- 5.0 Sales people

Regional Impact on Compensation

Compensation (All amounts in US $)	Female			Male			Overall		
	Salary	Bonus	Total	Salary	Bonus	Total	Salary	Bonus	Total
Mid Atlantic	$ 92,400	$ 4,667	$ 97,067	$ 91,697	$ 9,429	$101,126	$ 91,860	$ 8,270	$100,131
Midwest	79,270	6,586	85,856	78,550	6,733	85,283	78,825	6,579	85,404
North East	84,596	8,325	92,921	95,548	9,000	104,548	91,258	8,722	99,980
Pacific Northwest	82,385	9,333	91,718	80,690	6,957	87,646	81,214	7,625	88,839
South	84,414	6,522	90,936	86,500	7,571	94,071	85,540	7,245	92,785
Southwest	83,769	8,706	92,475	89,553	10,500	100,053	87,493	9,878	97,371
West Coast	88,977	7,900	96,877	100,627	8,500	109,127	96,651	8,304	104,955
US Average	$ 84,663	$ 7,548	$ 92,211	$ 90,685	$ 8,418	$ 99,103	$ 88,496	$ 8,092	$ 96,588
Canada	$ 75,400	$ 8,200	$ 81,200	$ 72,450	$ 8,700	$ 81,150	$ 73,800	$ 8,530	$ 82,330

(All amounts are in $US)

- Product management is not sales support

- Give us access to customers and customer information

- Let product management manage the products (ie., quit interfering)

- Stop the rampant discounting

- Sell what we have (and stop selling product futures)

- Be more proactive and strategic rather than reactive in our operations

- Adequately training our sales people requires more time than just a one hour webcast. Could we please have some kind of sales training bootcamp?

- All of our lives would be easier if sales reps would take the time to learn the tools and processes that have been created to assist them

- Allow marketing more access to customers

- Back off and let marketing do its job

- Be less tool focused and more solution focused!

- Be more daring

- Be customer oriented not only shareholder oriented

- Be more accessible

- Read what we publish

- Be realistic about delivery dates, and revenue forecasts

To read all the comments, go to www.productmarketing.com

Other job responsibilities

- 69% researching market needs

- 55% preparing business case

- 77% writing requirements

- 48% writing specifications

- 86% monitoring development projects

Impacts on productivity

- Product managers receive 63 emails a day and send about 30

- On average, we're going to 12 internal meetings each week

- But 38% are going to 15 meetings or more each week and 20% attend more than 20 meetings!

Working with requirements

The majority of product managers are researching market needs, writing requirements, and monitoring development projects.

- 69% researching market needs

- 55% preparing business case

- 77% writing requirements

- 48% writing specifications

- 86% monitoring development projects

Working with Marcom and Sales

Product managers still spend a lot of time providing technical content for Marcom and Sales.

- 57% writing promotional copy

- 49% proofing promotional communications

- 58% training sales people

- 47% going on sales calls

- 23% performing win/loss analysis

pm.c

Purple Cow
by Seth Godin

Is your product a purple cow? Or just yet another boring black and white one? Is your value proposition "more bland than the leading product?" If so, you need to read *Purple Cow*. Excerpted in "Fast Company," the book sold out its first printing in three weeks. Godin's writing style is friendly and populated with clear examples from companies you'll recognize. He invites us to create remarkable products to delight a specific market— people who will love the product and tell their friends. Learn more at http://apurplecow.com/ (Note the "a" in the link. Purplecow.com is another unrelated but zany website.)

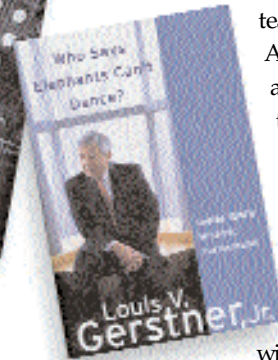## The Inmates Are Running the Asylum *by Alan Cooper*

Written for software executives and managers, this book reveals the inner workings of a development project and shows why we struggle to create marketable products in a meaningful timeframe. Of particular interest to product managers is the discussion about user personas and use cases. These are applicable to both development requirements as well as positioning to the target user-buyers, by helping us focus on particular users and uses instead of the generic.

Who Says Elephants Can't Dance? Inside IBM's Historic Turnaround
by Louis V. Gerstner, Jr.

IBM has redefined itself as a force in the industry by focusing on the customer. Again. And it took a customer to show them how. Lou Gerstner describes the doldrums facing IBM during the 90s, when the press and the industry had written them off, and how the management team brought IBM back. An excellent read for anyone who has been in the business for a while, particularly in the enterprise space. It is also an excellent book about how to run a business. Almost every page has a nugget of wisdom for running a better technology-based business.

Ask the Expert

I moved from product management to product marketing about a year ago. Before that I was a technical writer. I think I made a big mistake. They asked me to do this job because I could write, but everything I'm supposed to create is fluff. At least there were a lot of hard problems to solve when I was in product management. This job has no credibility or integrity. Should I go back to product management?

Please stay where you are. Your company wants you to bring the strategy to marketing programs. Start by making sure you really know the buying needs and words used by each type of buyer you want to influence. Then you'll have the data and instincts to decide which marketing programs and messages will resonate with your audiences. Your first instinct is correct—most collateral is a waste of everyone's time, both the writer and the reader's. If you know the people you're talking to, you won't have to guess whether you're reaching them.

Management wants you to show them how to measure the return they are getting on their investment in marketing programs. Work with your stakeholders to agree on success measures for every program, and don't use the number of leads as a metric. You want to show how your programs measurably impact the three goals your stakeholders value, i.e. revenue, brand awareness and customer retention. Don't spend another dime on any program that doesn't have a stakeholder-approved success measure that you can relate to one of these goals.

You also need to spend time with your sales people to define a repeatable sales process. Make sure that each of your channels has the tools it needs to overcome objections and influence all types of buyers at each stage in the cycle. Don't be surprised to find out that most of the material in your collateral closet is irrelevant. Reallocate the dollars and resources you're wasting on fluff and you'll have time and money to spare.

Adele Revella
Instructor, Effective Marketing Programs™

Adele brings more than 20 years of high-tech marketing experience to the development and delivery of Effective Marketing Programs. Over the past decade, Adele led Product Management and Marcom teams in her role as Vice President of Marketing. Adele launched her own successful company that provided high-tech companies with positioning consulting and public relations services.

email your questions to
ask@productmarketing.com

High-Tech Product Marketing Training

Learn what every product manager needs to know

Build market-driven products by listening to the market

The Practical Product Management™ course fully explores the role of technical product management, providing tools and processes to help get products to market more efficiently. This comprehensive course offers real-world product management techniques— using software and hardware case studies from enterprise-level to desktop products and services.

Product marketing activities are analyzed in detail with tips for how to be effective at the strategic elements and how to manage multiple tactical activities. This seminar is a challenging program that emphasizes strategic product marketing and market-driven management. Every concept is designed to be actionable as soon as you return to the office.

The third day of the course drills down into the often-difficult process of articulating product requirements. Using concepts from the prior two days, students learn a straightforward method for creating product plans that product managers can write, developers readily embrace, and that result in solutions that the market wants to buy.

Practical Product Management™

Course designed for:

Product Managers or Marketing Managers and Directors; Marcom Specialists and Product Developers. You should attend if you manage or contribute to aspects of product marketing and management.

Days 1 – 2

I. Strategic Role of Product Management

- What is marketing?
- Definition of the role of product management
- Contrasting product management and product marketing
- Assigning ownership of responsibilities
- Identifying the "first steps" with gap analysis

II. Market Analysis

- Distinctive competence
- Market research
- Prospect problems
- Technology assessment
- Competitive review

III. Quantitative Analysis

- Market sizing
- Sales analysis
- Product profitability
- Win/loss analysis

IV. Strategic Planning

- Business case
- Buy, build, or partner?
- Pricing
- Thought leaders
- Innovation

V. Product Planning

- Product Definition
- Positioning
- Sales process
- Roll-out process

VI. Case Study

VII. Delineating Responsibilities

- Communicating market facts to Development, Marketing Communications, and Sales
- Drawing the line between product management and the other departments

Day 3 (For those who write requirements)

VIII. Building the Market Requirements Document (MRD)

- Writing requirements
- Implementing use-case scenarios
- Programming for the "persona"
- Determining product feature sets
- Creating the MRD

IX. Analyzing Business and Technology Drivers

- Reviewing specifications
- Prioritizing the product feature set
- Creating the Business Case

X. Getting (and Keeping) Commitments

- Product contract
- Getting the product team in sync
- Getting executive support
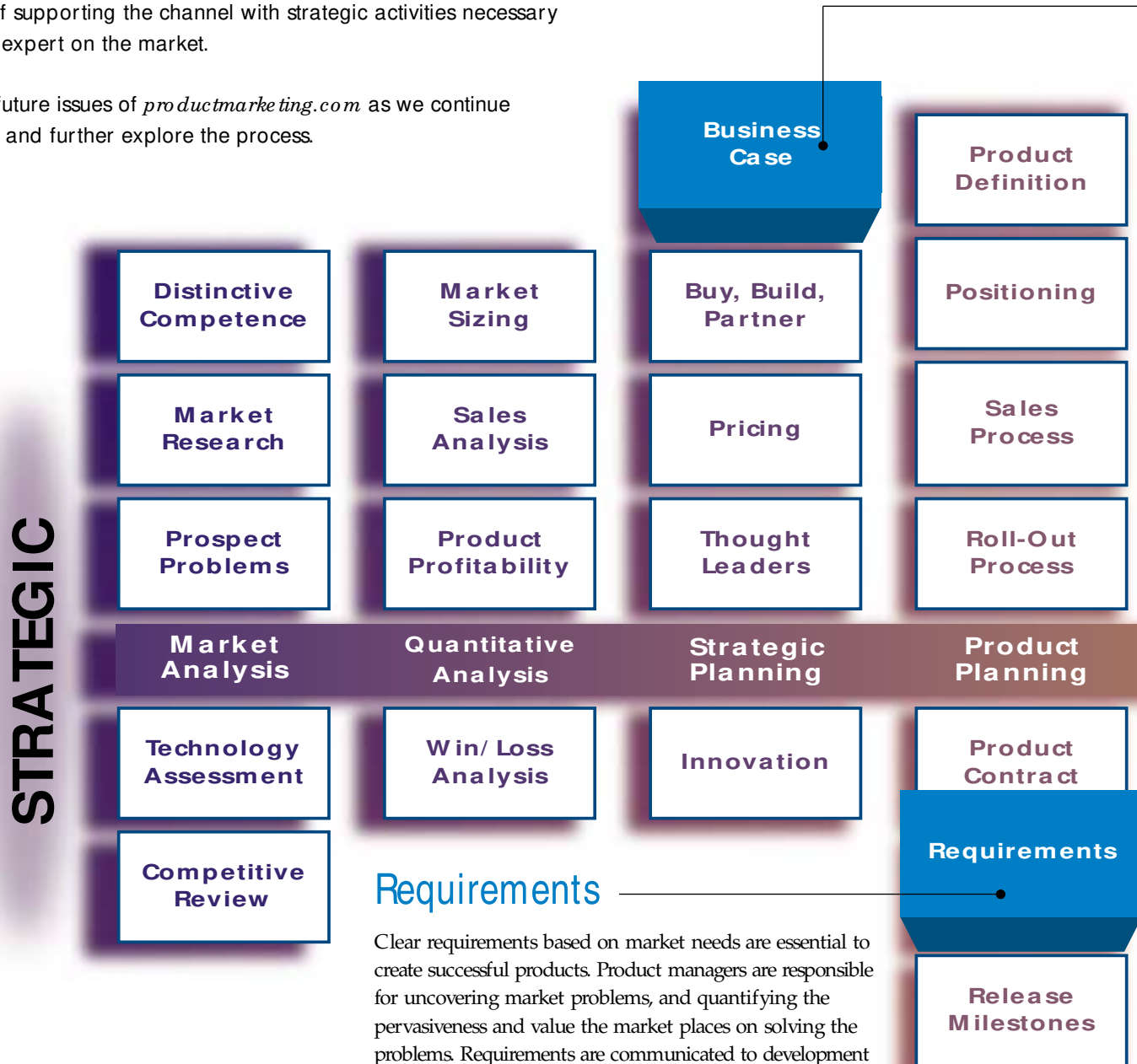- Communicating the plan in the company and in the market

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

PRAGMATIC Marketing

The Pragmatic Marketing® Process

Practical Product Management™ introduces a process that gives product managers the tools to deliver market-driven products that people want to buy. It focuses on the practical aspects of juggling daily tactical demands of supporting the channel with strategic activities necessary to become expert on the market.

Watch for future issues of *productmarketing.com* as we continue to highlight and further explore the process.

STRATEGIC	Market Analysis	Quantitative Analysis	Strategic Planning	Product Planning
			Business Case	Product Definition
	Distinctive Competence	Market Sizing	Buy, Build, Partner	Positioning
	Market Research	Sales Analysis	Pricing	Sales Process
	Prospect Problems	Product Profitability	Thought Leaders	Roll-Out Process
	Technology Assessment	Win/Loss Analysis	Innovation	Product Contract
	Competitive Review			Requirements
				Release Milestones

Requirements

Clear requirements based on market needs are essential to create successful products. Product managers are responsible for uncovering market problems, and quantifying the pervasiveness and value the market places on solving the problems. Requirements are communicated to development through a Market Requirements Document (MRD).

Too often, product managers deliver the MRD to development only to hear, "This doesn't have enough detail. I don't know what to build." The product manager then spells out exactly what he wants. The developer says, "Don't tell me how to build it! Stay out of design." Product managers frequently struggle to provide the right kind of detail to Development. When they go too far into the design process, they also don't have time to spend in the market becoming experts about what the market needs and wants to buy.

If you're struggling with requirements, attend day three of Pragmatic Marketing's "Practical Product Management™" seminar and learn how to provide the right detail in your MRD.

A model for successful product management

Business Case

A business case is an assessment of a market opportunity based on a known pervasive problem that can be solved profitably. In the post dot bomb era, it is becoming more imperative to evaluate business opportunities based on potential profitability, not just the cool factor. Most companies are in business to make money—not just to pursue a hobby.

To build a business case, it takes market expertise—what problems exist, are they urgent enough to warrant attention, will people want to pay to solve them, how pervasive are they? Is the market segment large enough for us to make money? Creating a concise, compelling business case that gets approved requires a process.

If you are being asked to create a business case to senior management to justify a new product or major upgrade, do you know what to do? If not, attend Pragmatic Marketing's "Analyzing Market Opportunities" seminar and learn how to create a business case that gets approved.

Advertising

Press

Speaking Engagements

Lead Generation

TACTICAL

Lead Generation

Successful lead generation requires a strategy that nurtures every qualified lead until the prospect becomes a satisfied customer. The product marketing manager who has a clear understanding of each type of target prospect, their attitudes, motivations, and business problems, is the only person qualified to develop this plan. Marcom delivers the programs and sales people close the sale, but the success or failure of lead generation programs depends on the product marketing manager.

The most prevalent point of failure for lead generation plans occurs during the hand-off from Marketing to Sales. Sales will only work leads that they regard as "hot." Marketing must protect the company's investment in, and relationship with, all qualified leads. So the program must include a plan to manage all demographically qualified prospects until they are ready for sales involvement. Plans that rely on sales people to convert "cool" leads to customers are doomed to fail.

Want to learn more? Attend Pragmatic Marketing's "Effective Marketing Programs" seminar to learn the skills and processes that successful companies use to produce measurable gains in revenue, positioning awareness, and customer retention.

Promotional Communications	Sales Tools	Channel Support
Presentation	White Papers	"Special" Calls
Demonstration	Cost Justification	Seminars & Tradeshows
Printed Collateral	News Flash	Corporate Visit
Electronic Collateral	Competitive Write-Up	Phone Support

Ten Marketing Challenges that Can Make or Break Your Business...

and How to Address Them

by Steve Unger

Does this sound like your company?

- We're having trouble planning the next product because we're so busy supporting the product we just launched.

- Our marketing folks are spending so much time working with Development they don't have enough time to support Sales.

- Our sales reps don't have enough qualified leads and spend too much time cold calling.

- It takes us too long to close a deal. How can we speed up our sales process?

- How do we decide on the features for the next product?

- Should we delay launching the new product to get more features?

- We've grown to a size that our old way of doing things just isn't working anymore.

- How do we make our company more market- and customer-driven?

- Are we getting the most out of our investment in marketing?

- How should we organize our Marketing group?

These points are the classic dilemmas many companies face. A successful company is one that identifies and assesses key issues. Analyzing your selling process and marketing ROI helps control costs. Product planning in conjunction with growth and change are also challenges and strategies that can make or break your business.

Rate your company with our survey to help you target your challenges, issues and strategies.

Rate from 0 to 10
    0 = no progress
   10 = outstanding progress

☐ We have a clearly defined sales model outlining the activities and time required for each selling step.

☐ We use our sales model to track each opportunity as it moves through the sales pipeline.

☐ Our Marketing group effectively supports Development, Sales, and the executive team.

☐ Our Marketing group does a great job of supporting our current products.

☐ Our Marketing group does a great job of planning enhanced and new products in a timely manner.

☐ We plan for and track the measurable results for all our marketing programs.

☐ Our Marketing group is organized in a way that works for our company—"all the bases are covered."

☐ We collect ample input from customers and prospects—including win/loss reports.

☐ We periodically review our Marketing function to determine where we should invest.

☐ We have a formal requirements database and product features are based on specific customer requirements.

☐ TOTAL

Calculate your total score and find out where you stand:

0 – 50 points: You are just at the starting line; lack of marketing is significantly impeding your results.

50 – 80 points: You have some marketing basics in place, but would greatly benefit from a more comprehensive approach.

80 points: Your marketing effort is stronger than most, and has the potential to be a major competitive advantage.

➤

Challenge 2

Our Marketing team spends so much time working with Development, they don't have enough time to support Sales.

Issue: This issue is a corollary to the first challenge. A close working relationship between Marketing and Development sometimes leaves little room for Marketing to support Sales.

Strategy: Again, the answer may come in structuring product planning as an on-going "evergreen" process. Often some Marketing staff must have their roles and objectives defined to explicitly favor sales support.

The Classic Dilemma

Marketing has an obligation and need to support both Development and Sales. However, the simultaneous demand and contention for limited marketing resources may cause one or the other to lose out. Creative thinking is required to assure that the needs of all parties are met.

Challenge 1

We're having trouble planning the next product because we're so busy supporting the product we just launched.

Issue: Let's face it, product launches are exciting. Months of energy have gone into creating a product that will (hopefully) enable Sales to make a breakthrough. Marketing is 120% absorbed in launch activities and training the sales force. The problem is that Development engineers are waiting to work on the next product and they need new product requirements NOW!

Strategy: The answer lies in having a requirements definition process that is on-going and produces an "evergreen" requirements database. You may also need to have one headcount dedicated at least half-time to key activities in product planning.

Success Story

A software company in Palo Alto, CA assigned one of their four product managers to work primarily on product planning. This "product planner" supported the other product managers in planning activities while they continued to support the sales force. In this way Development had the input and direction they required, and Sales received needed support. Also, the product managers were less stressed and had greater job satisfaction.

The Selling Process

Identifying and understanding your target customer and documenting the selling process are critical success factors. Proceeding without this information is like taking a long road trip without having a map.

Challenge 3

Our sales reps don't have enough qualified leads and spend too much time cold calling.

Issue: Sales productivity is an issue for many companies.

Strategy: The first step is to identify your target customer—their characteristics and needs. This includes identifying the economic and technical decision makers as well as the influencers. At that point you can assess the key filtering questions. It may be possible to shift identifying and pre-qualifying "suspects" to lower level staff or outsourcing to a telemarketing company.

Challenge 4

It takes us too long to close a deal. How can we speed up our sales process?

Issue: Does this sound like your company? The sales cycle goes on and on. There are last minute problems and surprises. We waste time on prospects who just aren't that serious.

Strategy: To speed the sales process you need first to have thought through and documented your "sales model." What are the step-by-step actions required to bring this sale to a successful conclusion? How long should each step take? This will allow you to track each opportunity in the sales pipeline and will also help weed out the "lookers" from the "buyers" early on.

Success Story

An enterprise software company in Boston with a six month sales cycle analyzed their selling process and determined that getting a prospect to commit to a paid pilot project early in the sales cycle weeded out the "lookers" from the "buyers." Also, the time to close was reduced by a month.

Product Planning

As the saying goes, "Quality. Cost. Schedule. You can have any two of the three!" Defining a new offering and getting it out the door is an exciting and challenging balancing act. The key is to do your homework in advance and then make skillful trade-offs.

Challenge 5

How do we decide on the features for the next product?

Issue: So many requirements. So little time. Not enough dollars to invest. And, each product has a life and momentum of its own. Are we designing for ourselves or our customers?

Strategy: The features for future products ideally flow from a process. It begins with defining the overall objectives of the business, identifying market opportunities, and determining customer requirements. In the long-term, your company can succeed or fail to the degree that product planning supports a well-considered business strategy that truly meets customer needs. Maintaining an "evergreen" requirements database helps ease the burden at the beginning of the planning cycle.

Challenge 6

Should we delay launching the new product to get more features?

Issue: The promised delivery date gets closer. Commitments to customers have—rightly or wrongly—been made. Sales is screaming for the new product, but only if it has the feature(s) they require. Keeping the Developers and Test people tied up adds to the cost.

Strategy: Here is where "creativity" comes into play. In general it is better to keep the train on track. If necessary to meet customer commitments, look for options for an "early" or "pilot" release to selected customers. Also look for opportunities to schedule rapid follow-on releases to enable sales ahead of the delivery of the required functionality.
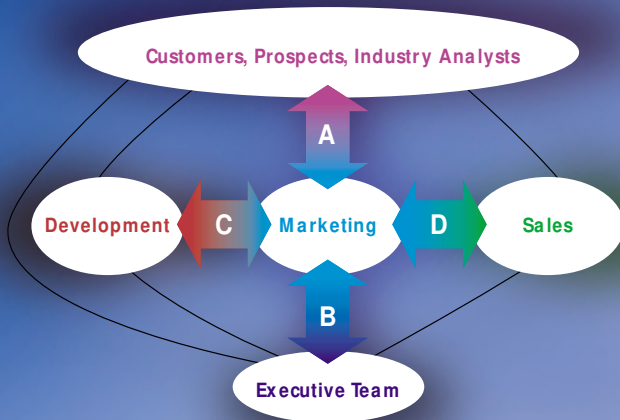
Success Story

A San Francisco software company analyzed which operating system was used the most by its customers. The company gave priority to delivering the new release on that platform. Releases for the other operating systems followed each month thereafter until the new release was available on all supported operating systems. The release was delivered on the promised schedule and customers were satisfied.

The Role of Marketing

Marketing is the "man in the middle"—mediating between customers, prospects, Sales, Development, and the executive team. As such, Marketing is pulled in multiple directions. Marketing is the critical intersection between Development, Sales, customers, and the executive team.

How Marketing impacts your organization

A. Marketing touches customers, prospects, and industry thought leaders via press releases, magazine articles, briefings, brochures, trade shows, customer councils, advisory boards, and lead generation programs. In addition to performing market research, Marketing also conducts or commissions win/loss interviews and gathers input from customers and prospects on feature requirements via interviews, surveys, and focus groups.

B. Drawing on the information gathered both externally and internally, Marketing supports the executive team in developing business strategy by identifying market opportunities and generating and executing marketing strategies and plans that support attainment of business objectives.

C. Marketing works with Development to define requirements, plan products, and bring products to market. Marketing must assure the delivery of a reliable and "complete" product that includes documentation, training, and support. If relevant, Marketing also addresses upgrade, migration and "end-of-life" planning.

D. Marketing trains the sales force on new products, manages the HQ visits of customers, prospects, and industry analysts, performs win/loss analyses, and gathers input on customer and prospect requirements.

Growth and Change

Your company grows, the market changes, and you are challenged to turn the resulting process breakdowns into breakthroughs.

Challenge 7

We've grown to a size that our old way of doing things just isn't working anymore.

Issue: Everyone knows that a company's culture changes as a company grows. People are brought in who have worked at various other companies. Along with them come expectations about how things "should" be done. Communication and "checks and balances" become more structured and formal. What worked before doesn't anymore. People get stretched to the breaking point. And, the associated breakdowns in business process can be most unpleasant.

Strategy: Identify the breakdown in business process and treat it as a positive opportunity to mature the organization. Also, look for opportunities to leverage inexpensive Web-based knowledge sharing technologies to foster information exchange.

Challenge 8

How should we organize our Marketing group?

Issue: There are a variety of related questions. Should Product Planning be part of the Development function? Should Product Management be separate from Product Marketing? Should a Product Manager handle more than one product? If so, how many products can a Product Manager handle? Should we have "cradle-to-grave" product management?

Strategy: There is no one "right" answer to such questions. Each organizational structure has advantages and challenges.

In general it is wise to remember that there are in-bound and out-bound aspects to marketing. In-bound covers requirement definition and working with Development to bring a product into being. Out-bound covers the launch, training, and support activities required to bring a product out into the world. Balancing the demands of these functions is a challenge facing every Marketing organization.

Also, it is important to remember that marketing is a multi-faceted function. Marketing comes in a variety of flavors—market research and analysis, product management, product marketing, field marketing, channel marketing, industry marketing, partner marketing, and marketing communications.

There are a variety of options: In some companies some Product Management activities are handled in Development or some Field Marketing activities are handled in Sales. Or Partner marketing may be handled in Business Development. Some companies form product or product line teams. A flexible distribution of responsibilities is fine as long as all the bases are covered and it works for your organization.

Success Story

The Marketing group of a start-up company was totally overloaded with product delivery. There were no Marketing resources to devote to lead generation. So the Sales department generated prospect lists based on criteria formulated jointly with Marketing, and then implemented a telemarketing program to pre-qualify prospects. Leads were generated, and the prospects' current and projected buying plans were documented in the summary report—providing valuable input to Marketing.

Marketing ROI

You are likely to miss the target if your marketing programs are not aimed at identifying and addressing the true needs of customers and prospects in a manner that produces measurable results.

Challenge 9

Are we getting the most out of our investment in marketing?

Issue: Investment in marketing is sometimes viewed as "discretionary"—at least more discretionary than other line items on the budget. Yet there are core marketing activities that must be performed or a company won't survive. Beyond this minimum, however, there are any number of worthwhile possibilities. How do you choose?

Strategy: In any given year, marketing programs should directly reflect the overall business objectives for that year. Make sure marketing programs are targeted to achieve measurable results. It is also useful to conduct an annual 360 degree "marketing audit" to systematically evaluate how well you are doing in various areas of marketing and where there would be the "biggest bang for the buck" of investment.

Challenge 10

How do we make our company more market- and customer-driven?

Issue: Many technology companies tend to be engineering- or sales-driven based on their history and the expertise of their founders. In one extreme, the company may only pay lip service to customer input, feeling that they know best and must "lead" their customers. In the other extreme, the company may impulsively react to customer input in a knee jerk response. Both extremes are counter-productive.

Strategy: Customer contact needs to be built into the planning process at all levels. Executives, Development, Marketing, and Sales need ongoing customer contact. Ideally requirements should be linked to the expressed needs of prospects and customers. Win/loss reports can provide highly valuable customer/prospect feedback.

Success Story

A software firm was being "spun out" from its corporate parent. It was critical to reassure and retain existing customers. The company sponsored 500 subscriptions to Fortune Magazine for the senior executives of its customers. Four times in the course of the year the magazine was delivered with a special outer cover carrying the company's message. A relatively small software company that could never afford to advertise in Fortune appeared to be doing just that. An end-of-year survey showed a high degree of recipient recognition and awareness, and customers remained loyal.

We have discussed some of the most common (and critical) challenges in software product marketing—and proposed strategies to address them. The key is to be pragmatic and remain focused on identifying and addressing the true needs of customers and prospects.

1. **We're having trouble planning the next product because we're so busy supporting the product we just launched.**

   - Maintain an "evergreen" requirements database to support on-going requirements definition.

   - Dedicate headcount to product planning—at least one person half-time.

2. **Our marketing team spends so much time working with Development they don't have enough time to support Sales.**

   - Again, maintain an "evergreen" requirements database to support on-going requirements definition.

   - Dedicate some headcount to supporting the sales force.

3. **Our sales reps don't have enough qualified leads and spend too much time cold calling.**

   - Analyze your target prospects.

   - Identify key qualifying questions.

   - Transfer pre-qualification to lower-level staff or outsource it.

4. **It takes us too long to close a deal. How can we speed up our sales process?**

   - Define and document sales model.

   - Track sales pipeline by stage in sales model.

5. **How do we decide on the features for the next product?**

   - Have Marketing support the strategic business planning process.

   - Focus on "outside-in" product planning —based on the requirements of customers and prospect.

   - Draw on "evergreen" requirements database.

6. **Should we delay launching the new product to get more features?**

   - Keep the "train on the track" using launch phasing and pilot programs if necessary.

7. **We've grown to a size that our old way of doing things just isn't working anymore.**

   - Identify and treat problems as business process breakdowns rather than problems with people.

   - Leverage technology for knowledge sharing.

8. **How should we organize our Marketing group?**

   - Consider trade-offs for various structures; determine what fits for your company and is the "lesser of evils."

9. **Are we getting the most out of our investment in marketing?**

   - Conduct annual marketing audit.

   - Ensure that there are success metrics for every marketing program.

10. **How do we make our company more market- and customer-driven?**

    - Conduct or commission mandatory win/loss reports.

    - Support customer councils, advisory boards, and user groups.

    - Link new feature requirements back to specific customers and prospects.

    - Conduct or commission customer satisfaction surveys and focus groups.

Steve Unger is a marketing consultant living in Portland, Oregon. For the past 15 years, Steve has worked for large, small, and start-up companies and helped them successfully address the challenges described in this article. Contact Steve at srunger@aya.yale.edu

High-Tech Product Marketing Training

Plan and execute marketing programs that produce measurable results

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Course designed for:

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- Accountability
- Models for Effective Marketing Programs

II. Prospect Profiles
- Positioning by prospect type
- Prospect profiling
- Sales channel audiences

III. Program Goals and Priorities
- Goal-setting and projections
- Market maturity model
- Audience profiles
- Sales funnel and processes
- Lead management
- Marketing program assets

IV. The Strategic Programs Plan
- Impact of sales goals
- Consensus-building processes
- Launch plans
- Success measures
- Anticipating risks
- Matching outcomes to budgets

V. High ROI Sales Tools
- Strategic website development
- Success stories
- White papers
- ROI documents

VI. Goal-Oriented Program Execution
- Product launches
- Direct marketing
- Advertising and trade shows
- Web marketing
- Measurement techniques
- Press/analyst relations

VII. Begin Again with New Clarity
- Communicating program success
- The rewards of making "mistakes"
- Action plan and summary

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Case Studies

Datatel Leverages

Market-Driven Methodology

to Build Solutions that

Customers Really Want

For more than two decades, Datatel has focused exclusively on higher education—delivering integrated information management solutions that help colleges and universities streamline their administrative processes and improve service to their constituents. Datatel's innovative technology solutions are specifically designed to help clients save time and money. In recent years, with the higher education marketplace growing increasingly complex, the company recognized the importance of enhancing the capabilities of its own marketing organization to better support the interests of its expanding client base.

Toward that end, Jayne Edge, Vice President of Strategic Planning and Marketing, is sharply focused on leading her team from a tactical, operational perspective to a more strategic role in the company. "When product managers think strategically, when they are freed up from an overload of sales and technical support tasks, they become extremely valuable to the company," she says. "It's easy to get so entrenched in the day-to-day operational

to Datatel. That's an entirely different way of looking at things."

Customer-Centric Approach Drives Satisfaction and Product Uptake

Although there are only a handful of IT companies that serve the higher education market, competition is fierce, especially with higher education budgets continually being cut.

According to Liz Murphy, Vice President of Professional Services, "The market is commoditizing software, and service is becoming the distinguishing factor. At Datatel, we take a strong client-centric approach—understanding market needs from the very beginning and only spending time developing things that make sense for our customers. We constantly retool our software and service offerings to be even more aligned to the way a customer thinks. And that is driving our success."

The Pragmatic approach that Datatel has implemented is a powerful contributing factor to client satisfaction. "Our overall satisfaction measures are up 10 percentage points over last year," Murphy explains. "That's not an accident. We are building solutions that people care about, and we are keeping them current. Customers are saying, 'I really feel like you're listening to me.'" Product adoption rates have soared as well. A little more than a year ago, Datatel re-engineered and released a major new version of its flagship product, Colleague, and the company has seen unprecedented market uptake. "More than 97 percent of our clients are now on the current release of that product," says Murphy. "The Gartner Group tells us that there isn't a software firm in the world that can say that. If our product and our migration strategies hadn't been developed with the customer in mind, we would never have

that level of adoption. People want what we are building. That's the bottom line."

Leading the Market by Solving Problems, Not Eliminating Symptoms

Anthony Humphreys is Datatel's Product Manager for Financial Aid and Government Relations. He sees another very clear reason for the company's success with the Pragmatic approach. "Prior to taking the Pragmatic Marketing courses, we were not looking at the real challenges of our customers. We were solving symptoms, not problems. We actually started at the end and said, 'The clients want these ten items fixed. If we do that, it will make everybody happy.' And we found out that doesn't necessarily make prospects happy. It makes current clients happy. While that's a good thing, it doesn't drive new sales or service through the channel," he says.

"With our strategic product management methodology, we're doing a much better job of providing a problem definition before we start building a solution. Our software development organization counts on us to set the strategic direction and vision of the product—to guide the team about what and when to build."

"If you are simply keeping up with current demand, you are actually falling behind in the long run. Our product managers are now focused on doing the right things at the right time."

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and product issues of the day that you forget to look up and out," she explains. "If you are simply keeping up with current demand, you are actually falling behind in the long run. Our product managers are now focused on doing the right things at the right time. They are the information brokers, gathering knowledge on the competitive environment, market trends, client needs and requirements, and how we're viewed in the marketplace. They are the market experts. They are sifting through opportunities to find that strategic initiative that will make a dramatic difference

Strategic marketing, messaging, positioning, understanding how to approach the marketplace— those differentiators are building strong competitive advantage for Datatel.

To formulate its strategic approach to marketing and customer service, Datatel turned to Pragmatic Marketing® for training and methodologies. In its product management seminars, Pragmatic offers a blueprint for strategic product marketing that focuses on communicating with target market segments in order to address high-value prospect problems.

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He continues, "Now the product management organization is spending time where we should —on strategic direction rather than being constantly pulled into sales and tech support. That allows me to focus on where the market is going rather than where it has been. As a result, Datatel is positioned to lead the market, not follow it. The tools Pragmatic has provided enable us to be much more future-focused."

A Pragmatic, Solutions Focus

That focus on the future is now driving Datatel to expand beyond being strictly a technology company to become a solutions provider. As the direction shifts towards delivering strong, innovative professional services

springboard. We are now using those principles to explore how we can broaden our product marketing to a complete solutions

messages are aligned so we can be more successful. One of our key strategic tactics for 2003 is to document a service development methodology, much as there is a product development methodology."

Pragmatic People Make a Difference

"From the ground up, we built our product management organization and job success profiles on the Pragmatic map," Murphy notes. "If you are trying to figure out how to manage a marketing organization, there isn't a clearer, more effective, more precise organizational framework to begin your efforts."

The Datatel team also respects the level of professionalism that the Pragmatic instructors bring to the table. "These are people who have done the job, who

know the obstacles," Murphy emphasizes. "We respect their caliber of experience, their approach, their attitude, and the quality of their programming. It's a very clear, modular methodology. You can ramp up for as much as you need at any given time— versus an all or nothing approach. Best of all, the logic of this approach resonates with the entire executive team."

Edge concurs, "Pragmatic Marketing has high standards for quality and best practices. They are professional, personable, knowledgeable, and flexible. It's not just that they have developed some rich materials and are great presenters. They have real-world experience. They have been in the trenches. And they relay those personal experiences in a fun and informative manner as part of their teaching."

"Pragmatic Marketing is the visionary in this field," Humphreys concludes. "No one else is focused on technology product management. Pragmatic came along, and they brought incredibly talented people with a fantastic combination of professionalism, industry knowledge, and humor. Simply put, they deliver expertise in a format that's actually interesting. You just can't go to one of their classes and not come away raving. It's the best money I've ever spent."

> "With our strategic product management methodology, we're doing a much better job of providing a problem definition before we start building a solution."

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packages that complement the software, the company is applying the Pragmatic methodology to marketing them as well.

"The Pragmatic approach is now ingrained in our culture at every level," says Edge. "Their framework positions us for growth. It's helped us to have that structure on which to build and use as a

view, applying them in the service arena as well. In fact, our product managers are really becoming solution managers."

Murphy adds, "My services team needs to have a better sense of where the market is headed, to be able to fine-tune their listening and probing skills, to understand what it is customers are looking for, to make sure that all of our

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High-Tech Product Marketing Training

Analyzing Market Opportunities™

Build a compelling business case for your high-tech product

Analyzing Market Opportunities™ is a two-day course that illustrates how to properly listen to customers and prospects, evaluate their input, determine market opportunities for any high-tech product—and build a compelling business case.

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Course designed for:

Those responsible for market analysis, quantitative analysis, strategic planning and business aspects of high-tech products.

I. Building Business Cases
- Why write business cases?
- Understanding the perspective of senior management
- Defining the essential elements of a business case
- How to get control of the situation as the CEO of your product

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- Gathering information from prospect interviews
- Effective primary and secondary research tools
- Essential competitor information and where to get it

III. Opportunity Validation
- Target market segmenting
- Market sizing
- Positioning into the competitive landscape
- Market Adoption Cycle™ assessment

IV. Planning & Analysis
- Essential information sent and received from Development, Marcom, Sales and other internal areas
- Building the pricing plan
- Creating tactical plans
- Building the financial model, human resource and risk assessments
- International considerations

V. Selling the Plan
- Writing and editing the business case
- Laying the groundwork with the key decision-makers
- Presentation approaches

VI. The Product (or Project) Termination Decision
- Early warning signs
- Gathering facts
- Reasons to keep or terminate products/projects
- Evaluating alternatives

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