

Remote Demos: Choosing the approach that's right for your business

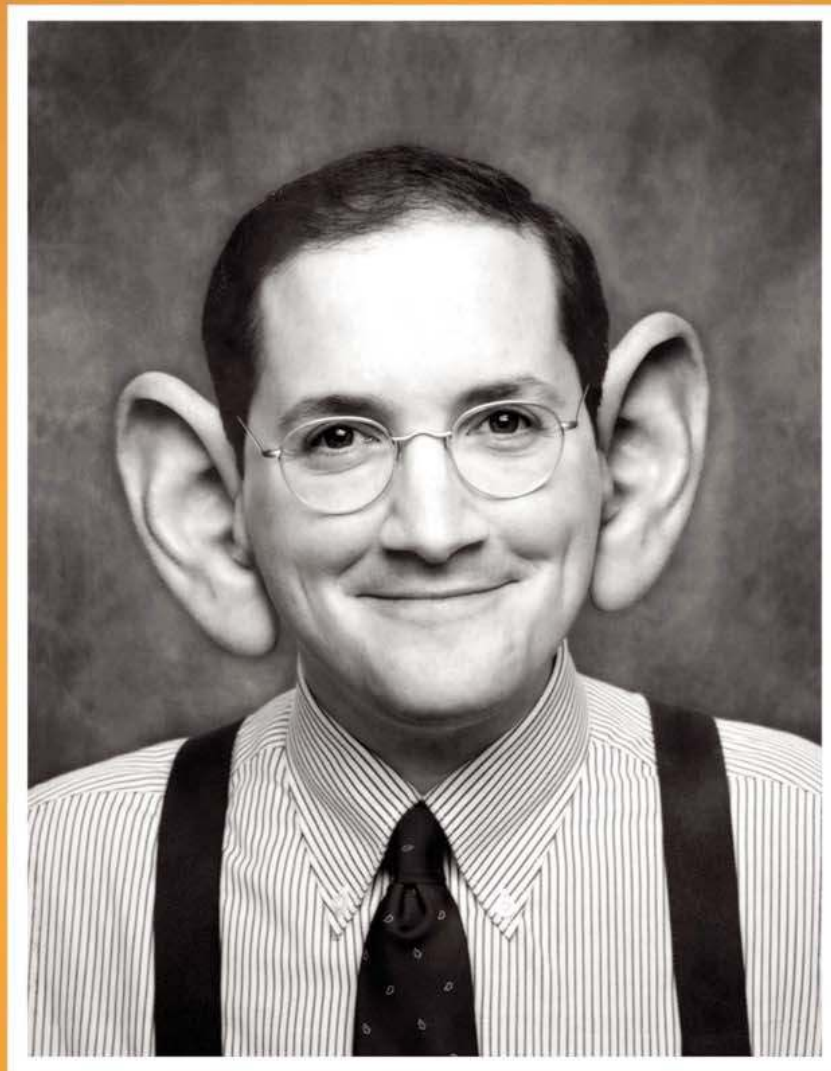
Getting Management to Buy-in on Positioning

How To Run Customer Focus Groups Successfully

**Two to Tango:
The art of
crafting,
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business
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**The Role of
Sales Engineer in
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REMOTE DEMOS:

Choosing the approach that's right for your business

By Tom Grubb

Two little words—product demo—can take on huge proportions in a company that sells software. How do you communicate the benefits and/or functionality of a software product to your target audience in a measurable, scalable, repeatable way? Too often, having a sufficient supply of demo “aces” that can demonstrate your offering is the limiting factor that inhibits a product from reaching its full market potential. Turnover, shorter product cycles, individual style/capability, and accessibility are just some of the factors that can lead to a shortfall in selling capacity to educate prospects and customers to the benefits of an offering.

Not long ago, face-to-face was the only way to demo a product. Now, the World Wide Web enables remote demos that challenge traditional thinking about the role demos play in the sales process. There are several alternatives to consider. The best solution depends on your needs. What are the various approaches/solutions, and when should you consider using one versus another?

Decide what you want to accomplish

Before you can determine the best solution for your demo needs, you must first give some thought to what you want to accomplish with product demos. This important step helps direct

your decisions and actions toward arriving at a measurable outcome. A good place to start is defining what action you want participants to take after the demo. Some examples are:

- Download and try the product
- Purchase on-line or via another sales channel
- Telephone a sales representative to further assess their needs
- Demo another product or service that may fit their needs
- Gather more information from your website

You may want to offer several alternatives, and prioritize them according to your most-to-least desired outcome. Demos can also serve to filter and rate a prospect, which in turn helps sustain an efficient sales process. As with any marketing activity, determine how you will measure and report results. Be sure to identify all individuals who have a stake in product demos, and include them in the decision process as appropriate to their role.

Assess your current demo portfolio

Consider your sales process as it is in its present state, and what role (if any) demos play in the process. How prominent a role product demos play in the sales process tends to be

greater where product complexity, sales cycle duration, and transaction size is higher. If you have not already done so, assess how effective your current demo is in achieving your goal. Vendor product demos, which occur earlier in the sales process, are different than product evaluations which typically occur further along in the sale cycle. Be sure to maintain a clear distinction between the two.

Demo medium evaluation criteria

I use the following set of attributes to help quantify the relative strengths of each demo approach:

- **Reach:** Capacity to reach one or more attendees
- **Scalability:** The cost and amount of effort required to increase the reach
- **Measurability:** Ability to gather feedback from attendees; quality and timeliness of data
- **Scheduling:** Ability to coordinate and schedule with prospective attendees
- **Cost:** Development and lifetime cost
- **Flexibility:** Effort and cost required to create and modify content
- **Effectiveness:** How well it achieved the goal



Tried and true: live, in-person

There's a popular school of thought that says in-person demos are the standard to which all other demo methods should be compared. While in-person demos are a useful basis for comparison, don't infer that live demos are always the best, or even a viable option for your demo needs.

On the plus side, in-person demos provide an opportunity to establish a personal relationship with prospects early in the sales process. Developing a good rapport at the outset opens minds and promotes better listening; it's a truism that most people are more likely to buy from people they like and trust. Also on the plus side, in-person demos enable real-time two-way communications between presenter and audience. This mechanism enables both parties to tailor the demo on-the-fly to achieve a higher degree of relevance. Live demos capitalize on the characteristic strengths of a presenter, able to show a product in its best light applying passion and enthusiasm. However, if the demo ace is having a bad demo day—which happens—he could cost your company a sale.

In the minus column, in-person demos have a limited reach—you can only demo to so many people at a time. Scalability is poor; you have to add more demo experts to extend your reach. As a marketer, I have both been the demo ace and I have sought the help of demo aces. It can be difficult, even impossible to secure firm commitments from demo aces that are in high demand. The cost to deploy a demo ace can add up quickly, too. Demo aces are usually responsible for

more than demos, so the time spent traveling, preparing for and delivering demos may come at the cost of other activities such as product management. It's difficult to measure the effectiveness of in-person demos. Post-presentation surveys can serve as a structured feedback mechanism; however personalities, politics and yes—egos—can distort results.

Live via web/web conferencing

The nearest to in-person demos are live demos delivered over the web. In this form, the audience watches the demo on a computer while listening to the presenter via telephone or computer. There are several approaches and a wide array of offerings that include application service providers such as WebEx™, do-it-yourself hosting, even free tools that come with Microsoft® Windows®. A full analysis of the offerings is beyond the scope of this article, therefore the discussion that follows applies conceptually to live, web-based demos.

First, dispel any notion that live web demos are equivalent to in-person demos. Some vendors and users would probably disagree, but in my opinion, live web-based demos are simply not as effective a medium as being there for establishing a personal relationship with prospects. The big advantage live web-based demos have over in-person demos is that they overcome the barriers of time and distance thus enabling broad reach—hundreds, even thousands of attendees can be reached concurrently at a lower cost than traveling to deliver an in-person demo. Keep in mind that the quality of the demo experience for the viewer tends to diminish as audience size grows.

You'll have to experiment to find the optimal target audience size. Advertising that an expert will be available, live, at a predetermined day and time to conduct a demo may have the beneficial effect of increasing attendance and/or the quality of attendees. Live web-based demos afford measurement that is equivalent or superior to in-person demos. The web offers an effective means to solicit, gather, and analyze attendee feedback in a timely fashion. Schedule automation helps you manage the complexities of driving attendance and coordinating demo resources.

Like live in-person demos, live web demos rely on accessibility and availability of demo experts. Because travel is not required, though, the problem is not as severe as with face-to-face demos. Still, I have experienced first-hand the challenge of scheduling demo experts. Last-minute presenter no-shows can leave attendees (understandably) less enthusiastic about your product.

Record/replay via the web

Demos can be recorded, edited, and played back via the web. Here too, there are several approaches and offerings including building and hosting your own demo using tools such as Camtasia® and Macromedia® Flash™, and ASP solutions such as WebEx Presentation Studio among others.

The big advantages web-based record/playback has over in-person and live web-based demos are its broad reach and superior scalability. Once captured in digital form, the constraint imposed by live demos that require access to demo experts is removed.



	In-person demo	Live web demo (one-on-one)	Live web demo (one-to-many)	Recorded web demo
Complex sales process (long duration, high-ticket price, many individuals involved, relationship selling)	Either could work		Consideration for early in the sales cycle for pre-qualify	Consideration for early in the sales cycle for pre-qualify
High transaction volume sales (online purchasing typical)			Consider	Best bet
Demo experts are difficult or impossible to secure and/or schedule				Best bet
% of target audience does not have ready access to high bandwidth	Best bet	Either could work		
Large number of product offerings			Consider	Best bet
Demo content changes frequently		Either could work		Best bet
Under time pressure to solve demo problem quickly	Good bet			Good bet
Budgets are tight				Good bet
Consistent, repeatable measure is a high priority				Best bet
Non-technical telemarketing process in place				Best bet

Thus, the limiting factor to scaling a demo shifts from demo ace availability to technology infrastructure capacity such as bandwidth or server configuration. Another big advantage to record/playback is on-demand capability; viewers can request demo sessions at their convenience, thus improving your ability to reach an audience. Record/playback also enables you to create demos that portray precisely what you want, the way you want, every time. Keep in mind that production value counts; be sure to align production quality with your target audience expectations.

Record/playback demos require time, effort and expense to create, edit, and maintain. High-production quality and rich media sophistication cost more and takes longer to develop. The risk that viewers will encounter technical problems during a demo can skyrocket with the use of audio, screen capture, and streaming video. My own experience investigating how best to overcome the various technical barriers to delivering an effective, measurable record/playback demo led me to an ASP offering called Demos-on-Demand, from Point Marketing (www.pointmarketing.net).

I supplied the demo ace, they supplied the studio along with expertise and equipment to capture and recreate his demo via web with film footage of the expert paired with screen capture. They also provided the back-end infrastructure to reliably host the demo, which included measurement and reporting of each demo recipient's experience. Because their approach relies on capturing extemporaneous delivery with minimal scripting and editing, I was spared the effort of attempting to synthesize that which came naturally to the demo ace—a great demo.

Recommendations

There are many options when it comes to remote demos. The one that is right for you depends on your goal. In-person demos will likely continue to play a role in your demo portfolio for some time, however if you haven't yet considered remote web-based demos, you should. Invest the time up front to define goals, map your goals to the alternatives, and keep an eye on the demo technology landscape for new developments.

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Getting Management to **Buy-in** on Positioning

By Lawson Abinanti

When members of your executive management team communicate with key-market influencers, are they delivering the right message? Or winging it? Are your product people muttering that management doesn't listen to them—or worse? **Ouch!**



Did I hit a sensitive nerve? If the message that key influencers hear from top management is different from the one going out in the rest of your marketing communications, you've got a problem and a half. Not only is confusion inevitable, but your brass is not going to enjoy being put in an awkward spot.

The best way to solve this problem is to make sure it doesn't happen. Adopt a positioning process that includes executive management approval of your message strategies.

Building consensus from the top down

Lack of consensus about the marketing message is one of the most common problems I've experienced in my B2B software career. A company president will tell you his or her sales and marketing teams just don't get it. If only they'd listen to the president. Ask the VP of sales and the VP of marketing why someone should care about the company's products, and you'll get two different stories. The top sales person has another great pitch, and so it goes. Sales and marketing efforts are diluted, and far less effective than they could be. That's why management approval of your message strategies is such a critical step in successful positioning.

The ideal positioning process involves some members of the executive management team throughout the process, not just the VP of marketing.

But inviting them to get involved in the positioning process is often an exercise in futility. They are either too busy, or don't understand the importance of effective positioning, and simply won't make the time to participate. Make them understand that getting your positioning and message strategy right is about as important as getting the product right. Then make sure everyone in the organization understands the importance of positioning and agrees on what it should be. It's a Law of Nature (well, human nature anyway): approval by top management is a great consensus builder, however it's not a guarantee that everyone will fall in line.

Get your story straight

Several years ago when I became director of product marketing for an international ERP software company, it became immediately apparent that I had stepped into a hornet's nest. Several members of the executive management had their own "great" stories about the company, and its products. Corporate marketing had another story. The market had its own version.

None of the stories were terribly compelling. My mission was to significantly improve the marketing effort from the ground up, starting with Product Marketing. The first step I took was to hire a consultant who taught our product managers how to

position their products using a proven methodology. The methodology was easy to learn, and the product teams were quickly in the midst of positioning their products—a process that took several months because they had many other pressing items on their agenda.

As an aside, a typical positioning exercise can vary in length from several days to several months depending on factors such as time available, focus, and how well you understand your competition and your customers. The latter will determine the amount of time spent on market research. In our case, we sold through a channel, so customer access was a challenge. This slowed the process because we couldn't contact customers directly; we had to go through the country manager and the VAR before we could talk to the customer.

PowerPoint for the powerful

The final step in our positioning process was a presentation to members of the executive management team. They could approve the message strategy, suggest modifications, request that we do more field-testing, or send us back to the drawing board.

Each product manager's presentation consisted of 12 to 15 PowerPoint® slides that summarized the research that led to the proposed message strategy—a concise positioning statement (12 words or less) and three



supporting benefit statements that unfolded the story in more detail. In addition, members of the management team were provided with a three- to five-page document that summarized the research that supported the proposed positioning.

Presenting...the three C's

In presenting the research, the product managers' demonstrated their in-depth understanding of the three C's:

- Customer—What are the target market's most pressing problems? What keeps decision-makers awake at night?
- Competition—How do our competitors position themselves? Is there any unclaimed space we can claim? Or a fulcrum where we can apply our unique leverage?
- Channel—Are there any problems, unique challenges or special needs of our channel? The channel also provided valuable information for our message development including details of the purchase process and cycles, demographics, sales strategies and customer concerns.

The presentations gave senior management reason to believe the product managers when they explained the positioning process. First, it provided answers to three fundamental questions we had asked in the beginning:

1. What problem does this product solve?
2. How are people solving the problem today?
3. Why is our product a better solution?

An assessment of the competition followed with an analysis of their advertisements, websites and other marketing materials. This analysis resulted in a positioning statement for each competitor. They were placed on a quadrant, or perception map. Management could then see positioning opportunities not claimed by others—the territories still open for us to claim.

Finally, the product managers explained the last step they took in the positioning process by answering the following questions about their products:

1. What is it? (feature and product category)
2. What does it do? (advantage and product description)
3. What does it deliver? (product benefit)

Often, this seems so basic that nobody bothers to do the spadework needed to dig down below the obvious to the true foundation that builds a solid, unassailable positioning. What the product delivers—the key benefit attuned to the needs of the customer—is typically very close to the right position. At this point, the product managers introduced their proposed positioning statements and support points. An evaluation followed assessing each positioning statement. Was it unique, believable and usable? Was it concise enough to be remembered? Did it have meaning to the target market, and could it be used in a variety of marketing situations?

Make them earn your advocacy

During the positioning process, I worked closely with each product team, which was led by the product manager. In addition to being a coach, my challenge to the product managers was that I had to support and approve the management presentation. They had to convince me before they got to go to the brass. We both understood that this was intended to be more than dress rehearsal. I needed to be a strong advocate to stand with the product manager when the inevitable criticisms would come from the management team.

Conviction is an important result of a successful positioning exercise. It comes from following a process, knowing you have gathered the critical facts, getting extensive input and feedback, and being willing to discover an even better position at any time in the process. Even at the end. It is belief...with an open mind.

Without conviction, your proposed positioning is dead on arrival, or not long after executive management tears into it. That's why having a process or methodology is so important. It gives you confidence that you've explored and converged on the right position, because you can easily explain its rationale. And you already know the answer to that awkward question, "What is this better than...?" Rather than just picking an idea—perhaps the latest fad position, like "insight,"—you've finished a discovery process, weighed the evidence and come to a logical conclusion.

The management presentations were challenging and fun. Almost every question, comment or objection was answered by referring back to the facts gathered and summarized in the

presentation. The product team also had the opportunity to tap into the knowledge and experience of the management team. The process had also psychologically prepared the product managers. Just as they were never afraid to defend their positions, they were also prepared to discover a better position, if one appeared. Preparation had typically been so thorough, and the product managers so sure of their work that almost all the work was approved in a single meeting.

Of course, some went more smoothly than others. One in particular stood out. We could always count on the VP of sales to challenge our work. In this case, he was particularly vociferous, tossing one challenge after the other for more than 45 minutes. Each challenge was handled adeptly by the product manager, and finally, the VP of sales gave in. The product manager got her approval. As she left, she walked by the VP, patted him on the shoulder, as if to say, "Good try. It's been fun."

All together now...

There's no doubt that following this process, the VP of sales and the entire management team were highly aware of the positioning of her product and

the others presented that day. And I think it is safe to say that if they needed to talk about a product, do a presentation, or discuss new product features with analysts or the media, they knew where to start—with the product managers, their positioning statements and their message strategies.

Members of the management team communicate regularly with important market influencers, including financial analysts, industry analysts and media, all of whom need to hear the same coherent message—a concise, compelling reason for why they should invest, recommend or write about your company, its products and services.

By gaining management's participation in the process and ultimately their buy-in, you solve one of the biggest problems in successfully positioning your products, services and the company. Management is primed to deliver the approved message strategies instead of inventing their own. Everyone stays on message for maximum

marketing and sales effectiveness—as well as for consensus, direction and peace within the company.

The process can be daunting at times, but the outcome—delivering a consistent, focused message—is the easiest way to improve your overall marketing effectiveness. Try it.

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*Alan Armstrong, Director of Strategy
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“Pragmatic is about
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tools to get ahead.”

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How To Run Customer Focus Groups Successfully

By Basil Harris, Jr.

You know how good it feels when someone asks to hear your opinion on a subject that's important to you. Your customers are no different.

Despite claims and ad campaigns to the contrary, many companies are doing a poor job of establishing productive dialogues with their customers. A simple but effective way to help remedy this is to run regular customer focus groups.

A focus group is a face-to-face meeting with a sampling of your users aimed at helping you learn more about who they are and what they need from you. Just as importantly, it gives them an opportunity to find out more about you.

Focus groups can work wonders towards helping you create realistic, customer-centered plans and strategies. They are also a powerful tool for building stronger, more profitable relationships with your best customers.

So what does it take to organize and run a successful customer focus group?

Recipe for success

Focus groups can be relatively easy to set up and manage, and will more than pay you back for the investment you make in them.

Well-run focus groups engage and enfranchise your customers in the ongoing success of your business. They enable rich dialogues on critical subjects with people who most often have the best information. And they send a strong signal to your customers that you are interested in their success as well as your own.

A recipe that includes the following ingredients will almost guarantee a successful focus group outcome.

Integrate into your overall customer care strategy

Customer focus groups don't stand alone. They're just a piece of a larger customer care strategy, which includes such other elements as user groups, listening sessions, executive visits, sales promotions, customer events and newsletters, and product announcement webinars.

In fact, planning a focus group should include strategizing with other customer-facing parts of your organization to ensure that topics, event timing, messages, customer selection, etc. are consistent with—and leverage—other customer initiatives.

The goal is for customers to view all communications and programs from you as part of a consistent, well-thought-through plan aimed at enriching their relationship with you.

Establish clear objectives and well-defined outcomes

Running a focus group without first establishing clear, measurable objectives is like shooting in the dark. Make sure you know up front why you're doing the event and specifically what you want to get out of it.

For example, you might want to test the soundness of a new product or services strategy and end up with strong endorsements from at least 80% of participants. Similarly, you'll count the event as successful if at least 40% of participants indicate a serious intention to buy.



Establishing objectives up front gives your event a clear focus, helps keep your discussions on track, and ensures that you achieve your desired outcomes.

Create a "win/win" both for you and your customers

Always ask yourself, "Why would customers want to invest valuable time and resources meeting with us, and what tangible benefits will they receive?"

Unless customers believe they've gotten clear value out of the experience, they won't come again. Examples of customer benefits can include:

- An early look at, and influence over, product strategy and direction
- An opportunity to interact with peers
- Direct access to your company's senior management
- Access to special promotional programs
- Reimbursement of focus group travel expenses

Creating a "win/win" for both sides ensures continued participation and a rich and varied flow of useful information.



Select participants carefully

Choose participants for your focus group carefully and according to the objectives you have set. If, for example, your aim is to discuss and refine your company's pricing strategy, be sure to include participants who know your current pricing structure, and also who understand the value your products and services deliver for the money.

Similarly, think through the dynamics of the group you're assembling—who the personalities are, what perspectives each brings to the discussion, what issues they are likely to raise, and so on—and balance the mix accordingly. Tailor your invitee list to your requirements to ensure the right level of discussion and the best opportunity for meaningful results.

Next, work with your sales and services organizations to put together an appropriate invitee list. As mentioned, ensure that you're not working at cross purposes with other customer care activities and that you are selecting customers that Sales may want to form a closer relationship with.

Finally, make sure your company's senior management is represented at the meeting. Not only do they need

to hear and support directly what customers are saying, but customers appreciate the executive involvement.

Develop a dynamic meeting format

Customers need to know that their participation is helping to shape the company's direction in some way. Successful focus groups not only solicit ideas and encourage alternatives, they can also funnel the best thinking of the group into the company's actual planning process.

So the format you choose must include spaces where you solicit participant input and are willing to act on their best ideas. Build such spaces into your presentation, flagging issues and possible alternatives that participants can directly influence.

When customers see actual results from their efforts, they have a stronger stake in your success and are encouraged to participate in the future.

Sweat the details

Focus group planning doesn't need to be elaborate. Keep your agenda simple, but be sure to execute all elements well. Choose a moderator who can drive the agenda and keep the discussion on track. Also be sure someone is recording minutes, including major decisions and follow-up actions.



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A simple half-day agenda might look like this:

8:00 – 8:30

Sign-in and light breakfast

8:30 – 8:45

Meeting objectives

8:45 – 10:00

Company presentation (remember: build in questions for customers)

10:00 – 11:15

Customer feedback; response to questions

11:15 – 11:45

Summary of conclusions, wrap-up, next steps

It's important that participants know what you're planning to do with the information they provided, what outcomes they can expect to see and when. Don't end the meeting without making sure you've addressed all of these things.

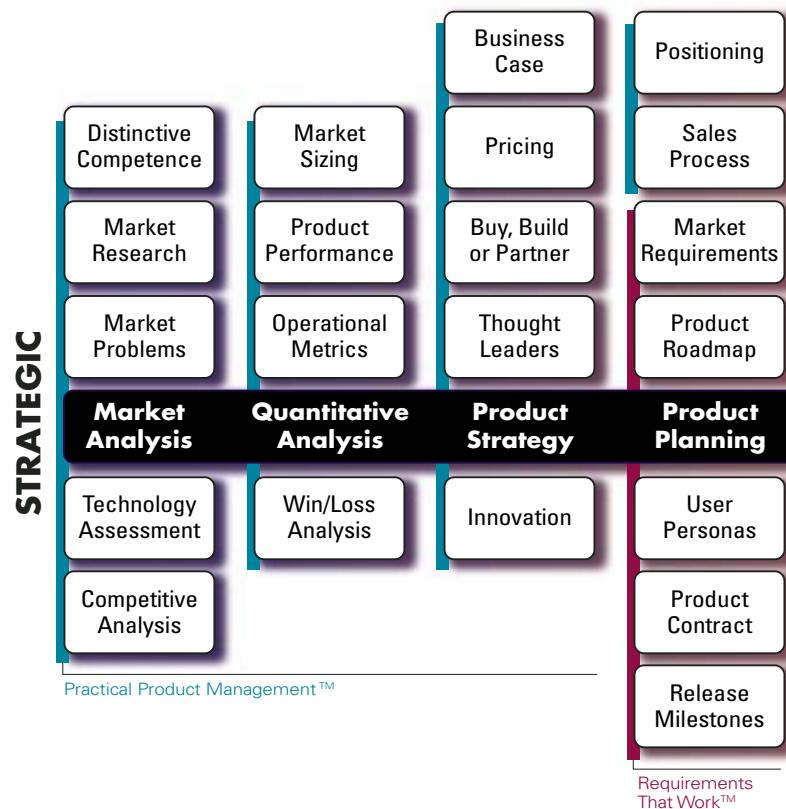
Publish results

Finally and perhaps most importantly, make sure you communicate back to participants the actions you have taken, or will take, as a result of their input. Doing so will keep them engaged in the process, enfranchised in the outcomes that result, and even more involved in the success of your business.



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Do you understand the relationship between product management and product marketing?

Does it seem that product managers are overloaded with tactical activities?

Are you getting the most out of your investment in Product Management and Product Marketing?

Does your Product Management function need more structure and process?

Are product managers spending too much time supporting Sales? Development? Marketing Communications?

Do your product managers and product marketing managers understand their roles?

Are your product managers trailing the other departments instead of leading them by six or more months?

Are requirements a moving target?

Do your product managers rely on the sales channel for product requirements, positioning, name, or pricing?

Are your Market Requirements Documents not providing enough detail to Development so they know what to build?

Do your product managers wander into design in the Market Requirements Document rather than provide the market facts that Development needs?

Are you struggling to keep control during the product planning process?

Is there agreement between Product Management and Development on what to do?

Does Marketing need a consistent process to build and deliver market messages that influence each of our target buyers and markets?

Do you need a process for selecting and designing programs that produce strategic results?

Is Marketing disconnected from the sales process—generating leads and sales tools that go nowhere?

Can you accurately measure marketing's contribution to the company's goals for revenue growth, customer retention and positioning awareness?

Do the people who plan and implement go-to-market activities need to know how their individual roles fit together?

Marketing Plan

Awareness Plan

Customer Acquisition

Customer Retention

Program Strategy

Sales Readiness

Channel Support

Buyer Personas

Collateral & Sales Tools

Channel Training

Market Messages

Presentations & Demos

"Special" Calls

Launch Plan

White Papers

Event Support

Lead Generation

Competitive Write-Up

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TACTICAL

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- 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
- Market problems
- Technology assessment
- Competitive analysis

III. Quantitative Analysis

- Market sizing
- Product performance
- Operational metrics
- Win/loss analysis

IV. Product Strategy

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

V. Product Planning

- Positioning
- Sales process

VI. Case Study

VII. Delineating Responsibilities

- Communicating market facts to Development, Marcom, and Sales
- Drawing the line between Product Management and the other departments

DAY 3 Requirements That Work™

(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

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

Requirements That Work™

Requirements That Work is an intensive one-day course that introduces a straightforward method for creating product plans that product managers can write, developers readily embrace, and that produce solutions the market wants to buy.

I. Defining Roles and Methodology

- Understand the source of conflict between Development and Marketing
- Define clear roles and responsibilities
- Introduce a product planning methodology

II. Gathering Input

- Channels of input to product planning
- Organizing product ideas
- Quantifying market needs

III. Building the Market Requirements Document

- Writing requirements
- Implementing use-case scenarios
- Programming for the “persona”
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- The Effective Marketing Programs Process
- Role definitions & skills assessment

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- Positioning by type of buyer
- Creating buyer personas
- The sales channel persona

III. The Strategic Programs Plan

- The business case for marketing programs
- Supporting sales goals
- Metrics that engender management support
- Building the right marketing budget

IV. High ROI Sales Tools

- Writing useful, high-impact collateral
- How to generate success stories
- Real thought leadership in whitepapers
- Building a strategic website

V. Goal-Oriented Program Execution

- Controlling lead quality and throughput
- When to use online marketing
- Measure results without CRM
- Program priorities for each goal

VI. Start Where You Are

- Prioritizing next steps
- Start with existing programs
- Setting measurable goals

Two to Tango

By Atul Suri

The art of crafting, building and maintaining business partnerships

Introduction

"We had a terrific [first] meeting — this [potential] partnership is going to be great for growing our business."

— Senior Executive

As a product development manager, I am constantly hearing this from our executive management and wondering how to evaluate a winning partnership from one that looks promising but goes nowhere.

More and more, companies are placing an emphasis of pursuing growth strategies that involve strategic partnerships. Strategic partnering occurs when two or more organizations establish a relationship that combines their resources, capabilities, and core competencies for some business purpose. There are three main types of strategic partnerships: joint ventures, long-term partnerships, and strategic alliances. This article will focus only on strategic alliances.

Strategic alliances

In a strategic alliance, two or more organizations share resources, capabilities, or distinctive competencies to pursue some business purpose. Think in terms of a strategic alliance as a joint venture on steroids! These alliances may be aimed at world-market dominance within a product category. While the partners cooperate within the boundaries of the alliance relationship, they often compete fiercely in other parts of their businesses. This situation, called co-opetition, is defined as the cooperation with suppliers, customers and firms producing complementary or related products. It can lead to expansion of the market and the formation of new business relationships, perhaps even the creation of new forms of enterprise. Build versus buy decisions now have a new dimension—PARTNER!

This article explores these issues from my personal experience in working with over a dozen strategic, technology and content partners in the wireless industry. I should point out that my experiences stem from being in a startup situation, where the pressure to execute and get results is far greater, which has its impact on the quality of a partnership. Further, this article will develop frameworks for business-development executives to better qualify and quantify a new partnership.

After all, not all partnerships are successful.









Step 1: Qualify twice, partner once!

Famous words from a master craftsman: “Measure twice, cut once!” The same applies to the arena of partnership opportunities where the number of prospects to chase is larger than the ones that will ultimately result in a win-win combination.

Partnership opportunities can be identified both internally and externally. In a startup, there are a lot of companies added to the “partnership radar” via external well-wishers—VCs, board of directors, angel investors, family and friends. Typically these are the “you should check them out—there might be something there” kind of companies, where there is little or none of the product/market or technology qualification to see if there is a fit. Internally-generated partnership opportunities are a result of several analyses: industry value-chain, technology gap, and customer buying behavior. These targets, though more qualified, need to be examined under the microscope before the decision is made to partner.

The first step in qualifying a partner is to understand the value added according to the following McPc Matrix.

		Market Coverage	
		Existing	New
Product Components	Value Add	 Reaching Up	 Reaching Beyond
	Core	 Reaching In	 Reaching Out

There are two significant dimensions that capture the impact of a partnership. One relates to the effect of the partner on the overall product that is being offered to the market. The overall product consists of a core set of attributes and value adds (such as distribution, service). In this case, the partner can either add to the core of a product (technology partner) or offer value-added attributes to the product (distribution partner). The other dimension is the impact of the partner on the market coverage. Partners can either result in penetrating the existing markets or creating new markets (geography and end consumers).

It is very important, as part of the qualification process, to identify the quadrant in which the potential partner might exist.

- **Reaching in** to achieve greater market penetration by choosing a partner that adds significantly to the core bundle of benefits.
- **Reaching out** to tap new markets by choosing a partner that adds significantly to the core bundle of benefits, while bringing in a new customer base.
- **Reaching up** to achieve greater market penetration by choosing a partner that contributes a value-added function that, while not essential to the core functioning of the product, nevertheless significantly elevates the product’s availability, functionality and value.
- **Reaching beyond** by choosing a partner that brings both strong value-added functions and access to new customers.



“The secret of business is to know something nobody else knows.”

-Aristotle Onassis

Step 2: Know your chemistry

Forming a partnership is like dating—everything looks good from a distance, it's only when you get closer that you know if the date is the one!

I am going to start with the assumption that there exists a value proposition for both parties, hence the need to talk or discuss the partnership. But, the value proposition is not enough. Here are the next steps to test the waters.

Level of engagement

It is very important to get the key decision makers involved in the partnership in order to make things happen. Also, the partnership should touch people at all levels in the organization, because people like to be aware and feel like they have contributed to the forming of a new relation. It helps move the execution forward. Quite often, top-level management will decide something that is strategic and middle-level management is not motivated to execute since they were not in the loop.

Criticality of need

The best partnerships are those where the criticality of need is equally high. If there is a business case and value proposition, but not the same criticality of need, execution will suffer and the results will not be what you expected or projected them to be. In order for true win-win partnerships to develop and execute, the need has to be equally high.

Shared Vision

Take time to understand your partner's business and objectives for the future. Understand your customer. That's probably something that you have read a thousand other places, but it's true. Whether it is a new product or new market that is being developed as a result of this partnership, know what percentage of revenue is expected. That will set the expectations for the level of performance from this new relationship.

References

Take the time to talk with references of the company that you are about to engage with. It is very, very helpful. Understanding the current relationships is a great way to judge how the working relation will be, after the dust settles around the partnership. Another insider trick: attend events where you might find either the partner company or its references—it's amazing what you can learn by listening on the conference floor, especially after a few drinks!

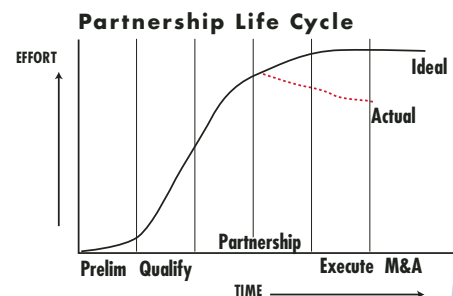
Step 3: The partnership life cycle

Partnerships, just like products, have a life cycle. The two axes chosen for this life cycle are: time and effort. Effort, in particular, captures all the resources that are devoted to making the partnership work and sustain it towards successful execution. As indicated by this life cycle, effort does not decrease after the partnership, but should be stepped up a notch and then consistently sustained at that higher level.

The partnership life cycle starts with preliminary identification of the prospects depending on the partnership being contemplated—product,

technology, distribution or other. After the list of prospects is drawn from both internal and external sources, there is a need to qualify them according to the McPc matrix.

If all is well, the partnership will get signed, but that is where the next phase starts—execution. Typically the euphoria of signing a partnership rarely carries forward the momentum, and execution suffers. This is because top-level management does not fully involve middle-level management, and hence there is a let-down effect which results in poor execution. Further, companies tend to underestimate the amount of resources that an additional partnership will consume—it is more than an extra account added to the portfolio for an account executive. The account manager needs to plan for building a virtual or matrix team that will spend time and effort to execute on the identified opportunity.



		Skill	
		High	Low
Will	High	Challenge	Coach
	Low	Compensate	Counsel Out

The challenge for the account manager is finding the right resource pool with the best combination of “will-skill” to get the execution done right. The “Will-Skill” matrix has successfully been used for sales force effectiveness-drivers and applies to building the right team for a particular partnership. The individuals with either a wiliness to execute or those with experience in delivering results are the best suited to be part of such a team. This is also illustrated by the “Will-Skill” matrix (adapted from an MBA program at UCLA).

Summary

The Argentine Tango is very artistic—looks extremely simple to the viewer but requires style and rhythm to master successfully. Learning the steps to the dance might still make the dancer look clumsy until they develop a feel for the music. The same holds true to crafting, building and maintaining a partnership. Following the techniques described in this article will make the business development manager more tactful, but being successful will also depend on their ability to pace the entire partnership. Just as in this dance form, it is important in a partnership to know how to lead, how to follow and how to navigate the partnership to be successful. Overall, remember that a partnership is for the long haul and so it should be developed for sustainability. According to a statistic on successful partnerships, their average duration is three and a half years—so spend the time upfront to make sure that the end is a memorable one.

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Atul Suri has over five years experience in product development, marketing and business development in the wireless industry. He has worked at startups and enjoys the challenge of bringing new hi-tech products with a time-to-market advantage. His focus is on developing a results-oriented framework for business development activities. You can contact Atul at suriatul@yahoo.com

Case study: To be or not to be!

HiTech.com—a technology partnership made in heaven!

In order to deliver our complete solution to wireless carriers, we needed to integrate some ingredient technology, in addition to our own. The performance of the ingredient technology helped narrow the field of potential partners to less than half a dozen.

Applying the McPc matrix:

Step 1: We choose a partner that was diagonally across (reaching beyond) from our position (reaching in). We felt that the value proposition would be the strongest for each partner in those respective quadrants.

Step 2: This step turned out to be quite easy. In the first meeting, there was a relationship between our VP of sales and theirs that went back several years. It did not take long to establish the criticality of need and to determine that moving forward to address the wireless opportunity would be in the best interest for all. Very soon after the initial discussions, product management people from both partners were put face-to-face to figure out how to make it work. This was a very healthy step in the right direction—now we had their true attention. Technical resources were assigned and roles and responsibilities identified with a roadmap for delivering the complete solution to the wireless carrier. During the product management process, the sales teams would frequently check in to keep the spirits alive and re-emphasize the unique opportunity and what it meant to both partners.

Step 3: Currently, the relationship is very successful, having met its target for delivering the solution to market. It is following the partnership life cycle—whether an acquisition will result only time can tell!



The Role of Sales Engineer in Technical Sales

By Steve Johnson

During training seminars, I am often asked to compare the role of the product manager with that of a sales engineer. People look at the Pragmatic Marketing® Framework and see boxes for channel support including going on “special calls,” providing seminar and trade show support, and so on. Aren’t these jobs for sales engineers?

How should a product manager support the sales channel?

Here’s the rule: Product Management helps sales *channels*, Sales Engineering helps individual sales *people*.

Product managers should create sales tools and marketing programs that assist all sales people, not to mention creating new products for the channel to sell. So, product management supports sales channels; sales engineering supports individual sales people. In fact, many companies would be better served hiring fewer product managers and more sales engineers. The sales channel needs an adequate number of skilled sales engineers. If they are not available or not respected, the sales channel will rely on Product Management to fill the gap.

Here’s the rule:

Product Management helps sales channels,
Sales Engineering helps individual sales people.

What is a product manager?

A product manager is responsible for the business of the product. Read more about this subject in my “Role of Product Management” article, featured in Volume 1, Issue 2, June 2003, of productmarketing.com.

A successful product manager:

- listens to the market;
- documents market requirements;
- articulates the product positioning;
- defines the process for getting the product to the market.

In no other industry do we see product (or brand) managers supporting individual sales efforts.

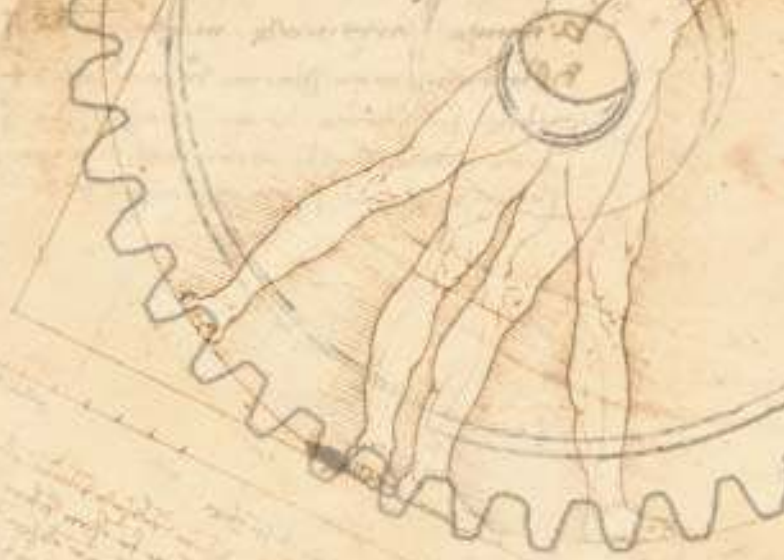
Yet... does this sound familiar?

Sales people want you:

- at initial customer meetings;
- to give the presentation and demo;
- to attend customer briefings at your corporate site.

What is a sales engineer?

Sales engineers (SEs) are the technical glue of a technical sale. Sometimes called “systems engineers,” “pre-sales support,” or “field consultants,” SEs act as the sales team’s technical



encyclopedia during the sale, representing the technical aspects of how the product solves specific customer problems. They perform technical presentations for the product. They own the demonstration script for the product. With adequate staffing of trained SEs, Product Management does **not** go on sales calls and customer demos.

Then why is it not working this way? We see three common problems with sales engineers in high-tech firms: SEs lack technical skills; there just aren't enough SEs; and the SE is wasted early in the call so a sales person needs a "bigger gun" for later sales calls. Let's examine each of these problems.

Problem:

Sales people cannot get an SE

Often, sales people ask for deal support from Product Management simply because there are not enough sales engineers to go around. Well-run sales channels typically have one SE for every two sales people; many have 1:1. Yet the companies that report product management providing excessive support of the sales channel usually have 5:1 or more. And guess what happens? In the absence of an adequate number of sales engineers, product management must step in (or gets dragged in!).

One expert in sales engineering observes that roughly 30% of SEs do all the work. These "best SEs" have won the respect of the sales people and are in constant demand. That leaves 70% that are on staff but are not being used. Imagine their frustration at seeing product managers on calls that rightfully should be theirs.

Solution:

Train the 70% to be effective. Companies normally train sales engineers in sales methodology by having them attend sales training classes with the sales reps. In other words, they are trained to be sales reps. But shouldn't they be trained in how to be good sales engineers? New (or under-utilized) sales engineers should have a mentor, a senior SE, who can show them the ropes and teach them the skills to be effective. How much more productive would the sales force be if there were three times as many engineers?

Problem:

Sales people don't like the SEs

How often have you heard sales people requesting a specific SE or product manager because the others are "worthless"? In many cases, it's because the SE role has changed over recent years from product specialists to technical generalists. Many sales

people start using a particular SE and want to use them for all calls. They find that they work together well as a team, except the SE doesn't know all the products. As a result, they encourage the SE to learn the rest of the products. What was once a product specialist quickly becomes a technical generalist—someone who can explain and demonstrate technical products but doesn't have intimate knowledge of any specific products.

Solution:

Sales Engineers need to return to their technical roots with specific product expertise. The best way is to divide your products into logical product families, and assign SEs to work in only one product family. The SE manager should define a training plan that maps product demands to existing skills sets to ensure that adequate skills exist across all product lines. Rather than acting in a generic technology role, these SE product experts can "go deep" on a product or line of products while having a general understanding of all products.

Consider Microsoft®. They have different families of products: Windows® operating system, Office, Business Solutions, Servers, developer tools, Games and Xbox® video game system, and MSN® Internet Services. Can any



one SE support all of these? Of course not! So they would logically create an SE role specific to, say, Microsoft Office who can really make it fly. They might even assign certain SEs to become expert specifically on Microsoft Office Excel.

Problem: Sales people want the *best* SE

Sometimes product managers are forced to support an individual sales rep even when qualified SEs are available. Why? The rep wants a better title on the call to impress the evaluator for one reason or another. "You're so special I brought the product manager all the way out here." (I have yet to find a customer who actually cares. They just want someone who can show how the product solves their problem.) The perception is that sales engineers are standard resources while product managers are special resources.

Solution:

Create a special SE role to accommodate this problem. Create a new title for "product expert" or (if HR freaks out) just appoint one of the SEs to the role without the title. The product expert is dedicated to the success of the product in a specific channel or territory. Bring them into the inner circle of product planning by participating in product

teams as representatives of the channels. They will be in the planning loop and be exposed to the details that the channel often wants from the product managers.

Sales people are trying to sell *what is* on the price list today; Product Management *should be* defining what should be on the price list next year. Don't get me wrong: sales calls are a necessary evil for many product managers. And you might accidentally get some good information from going on a sales call. Yet, the truly valuable information can only be obtained when Product Management is listening (and not talking).

Learn more about listening to the market from Barbara Nelson's series of articles about market sensing featured in Volume 1, Issues 2 through 4 of productmarketing.com.

The company needs market information to make product decisions. Supporting the sales channel actually prevents many product managers from gathering relevant market information. We should create an environment that encourages sales engineering to support the sales tactics for today's product while Product Management defines the business strategy of the future product.

Sales engineers are a critical role in technology companies. But good SEs can be made great by combining mentoring with specific product experience. Rather than general technologists, they should be expert in one product or line of products. Without this expertise, Product Management serves the role of "best SE" while the sales engineers sit on the sidelines.

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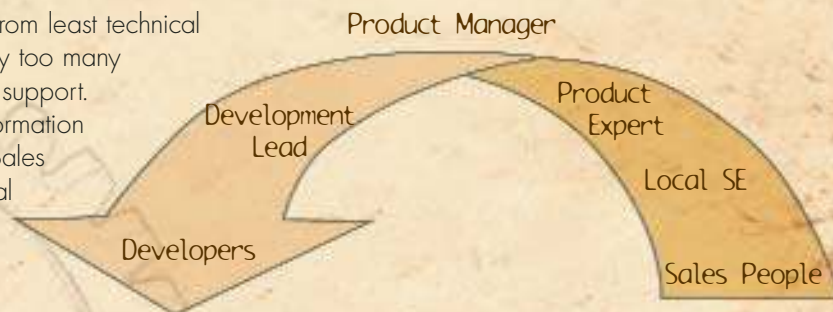
Steve Johnson is an expert in technology product management. He works for Pragmatic Marketing® as an instructor for the top-rated courses

Practical Product Management™ and Requirements That Work™ as well as onsite courses. Steve is also a frequent presenter for various technology marketing forums throughout the United States and Europe, author of many articles on technology product management, and is the webmaster of <http://productmarketing.com>—a website devoted to technology product management. Contact Steve at sjohnson@PragmaticMarketing.com

SEs are integral part of the chain of information

Developers are often distracted from developing because they're inundated with requests from the sales channel. Do your developers go on sales calls? (The correct answer is, "No.") While customer calls without a sales person are often valuable for better understanding of the domain, potential customer calls with a sales person are just another waste of a strategic resource on a tactical event.

Create a chain of information flow, moving from least technical to most technical, and back. There are simply too many individuals who want some type of product support. This hierarchy creates a scalable flow of information through the organization into the channels. Sales engineers and the product experts are critical links in the hierarchy.



Product Management at Nielsen Media: Tuned in to customer needs

"Who is watching TV?" and "What are they watching?" These age-old questions are answered by the NielsenTV ratings, which provide an audience estimate for just about every program seen on television. Nielsen Media Research is the company behind the ratings, measuring homes, TVs, programs, commercials, and people. Clients use Nielsen Media Research's television audience research information to make program decisions and to buy and sell more than \$60 billion of national and local television advertising in the U.S. each year.

Over the last several decades, television viewers and the media industry alike have changed dramatically—more TVs, changing audience demographics, new choices like cable and satellite, advances in technology and the measurement methodologies keeping track of it all. Today the heart of the Nielsen Media Research ratings service is an electronic measurement system called the Nielsen People Meter. Placed in a random sample of 5,100 households in the U.S., the meters collect national audience estimates for broadcast and cable networks, syndicated programs, and satellite distributors. Local ratings estimates are also produced for television stations and regional cable networks in major markets throughout the U.S.

The evolution from Nielsen's traditional household measurement to the People Meter—which collects specific characteristics for every person in the household—has created an explosion in the volumes and granularity of data Nielsen Media now offers its customers. Beyond the hardcopy ratings information, the company is also expanding and enhancing its suite of software tools that customers use to analyze the data and turn it into pertinent

information. Today, Nielsen boasts nearly 200 diverse product offerings, both data and software. For the national and local product management teams, that can add up to a monumental challenge.



The mandate: Forge stronger connections with customers

Two long-time media industry experts are meeting the product management challenge at Nielsen Media: Roy Worman, Senior Vice President of National Product Management, and Gary Finch, Vice President of Local Product Management. Each is tasked with keeping a finger on the pulse of customers and translating customer feedback and market information into effective product and service planning efforts. But it wasn't always that way. Over the last several years, Nielsen has reinvigorated product development and reinvented product management.

According to Worman, "In the late 1990s, we had a product planning and development function that was primarily a liaison between our Marketing department and IT infrastructure people. At that time, Marketing owned the relationship to the client. To handle rapidly changing market and customer dynamics, we realized we needed much stronger ties with our customers to understand their business better, as well as more discipline, structure, and process. Toward that end, we began morphing our product planning and development department into classic product management." →

Case Study

Finch adds, “The television business is very dynamic. We have many disparate customer sets, most with unique needs. As we began building and strengthening product management, we needed to know the answers to some core questions: How can we better meet the needs of our customers and better understand their business challenges? How should we develop software to meet those needs? How can we articulate the value that our products demonstrate in the marketplace? How can we ensure profitability for those products? As a fairly new organization at Nielsen, we realized many of our product managers needed skill sets to answer those questions and take product management to the next level. That’s where Pragmatic Marketing® came in.”

Real-world experience makes the difference

“At Nielsen, we often look to getting outside perspectives for best practices and disciplines,” says Worman. “For help with product management training, we scoured the market, discovered Pragmatic Marketing, and I went and previewed the seminar. I found the instructor not only to be amazingly entertaining, but also very informative. The material seemed to hit a chord, and I thought, ‘We can really apply some of the things they’re talking about.’ I felt the Practical Product Management™ course was comprehensive in a way that could teach our product management groups how to become more effective product managers.”

For Nielsen, the depth and breadth of product management knowledge conveyed in the Pragmatic Marketing courses has been invaluable. “Understanding how we collect the data, apply business rules, and publish our data is a very complex process,”

explains Finch. “It’s difficult to find talented professionals who understand the media business and have a strong product management background. So our approach to building the team is to leverage the domain knowledge of people in the business and teach them how to be good product managers. Pragmatic is a terrific fit for us, because there are very few courses in the marketplace today that address software product development. The instructors bring real-life experiences and analogies to show where things work and where they don’t work. That lends tremendous credibility to the class.”

Nielsen has embraced the Pragmatic Marketing methodology across the board, requiring all product planners and product managers throughout the company—in both the national and local markets—to attend the Practical Product Management seminar at least once. Many people, including Worman and Finch, have been to the course several times.

Keep your customers close and your prospects closer

When asked about the key takeaway from the seminar, Worman has a ready answer, “It’s the importance of putting the client at the center of the process. In the past, we were not as connected to our clients as we needed to be—or more importantly, to our prospects. In the end, clearly

understanding where the market is moving will determine your ultimate success; rather than basing decisions on a hunch. One of the sayings from the course that we really hooked onto was, ‘Your opinion, while interesting, is irrelevant.’ To me, that is profound. It’s about recognizing what’s happening in the market, when it’s happening. Now a lot of my people will say, ‘That’s one opinion, but what do the facts say?’ That’s a much more compelling argument.”

Finch agrees, “One of the key things we learned from the class is that a product manager is the voice for the marketplace. I encourage our product managers to be out listening to clients and industry groups to understand the changes and dynamics in the media business. We have to make sure that our data and software reflect and can handle those changes. The Pragmatic Marketing class also teaches product managers how to be good stewards of their products—everything from product profitability to writing good requirements and providing market feedback back to the developers.”

He continues, “Toward that end, we have also embraced the Requirements that Work™ class. We’re trying to do a much better job of identifying personas and the problem statements that our



The Strategic Role of Product Management™

clients face in using our products. That has been a very effective class to help us understand how we can produce better software. Across the board, we are consistently raising awareness for the responsibility a product manager has for his or her products and how to better address the needs of our clients."

Strategy, strategy, strategy

Both Finch and Worman agree that while the product management teams do a good job of tactically serving their products, they must get better on the strategic front. "We recently launched a product strategy group," says Finch. "We have a three-year plan, and we are taking a look at our client segmentation, doing a client needs analysis, and updating the competitive landscape. We are taking a hard look at our portfolio and examining the software products we have today and looking at future needs and revenue opportunities. I'm very proud of the strategy work we are doing now. We are trying to change the paradigm to be more proactive as we look at our products and listen to the market. We are working to get better at learning from our win-loss scenarios and closing the gaps."

Worman concludes, "The Pragmatic Marketing Framework has been instrumental in helping us become more strategic. The course laid a very solid foundation in terms of where we are—and where we need to go. We began to recognize that we were spending more time doing presentations and demos and whitepapers rather than the competitive analyses and business cases and the strategic things we really needed to do. I would highly recommend Pragmatic Marketing to anybody involved in product management. If there's anything the framework says to you, it's this: It's all about the client and being market-driven. That can't be said enough."



Nielsen
Media Research

To feature the product management success at your company, contact editor@productmarketing.com

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Seats are limited, so early registration is recommended. See available dates on back cover.

As a high-tech executive, are you unclear about the strategic role of product management?

Does the role of product manager in your company need to be defined to the CEO so support can be given to strategic activities?

As a product manager, do you strive to lead the organization rather than react to it?

This half-day session is a subset of the Practical Product Management™ seminar and introduces the industry standard for high-tech marketing, the Pragmatic Marketing Framework. Refined over ten years and implemented by hundreds of technology companies, this framework shows how Product Management and Marketing personnel can move from tactical activities to quantifiable, strategic actions that deliver tremendous value to the company. This session includes immediate actionable ideas about how to best establish the role of Product Marketing/Management and define market-driven products that make customers want to buy.

**PRAGMATIC
MARKETING®**

*The Industry Standard
in Technology Product
Management Education*

Calendar of Upcoming Pragmatic Marketing Seminars

Practical Product Management™

November 8 – 10*	San Francisco, CA
November 15 – 17*	Chapel Hill, NC
December 6 – 8*	Boston, MA
December 13 – 15*	San Francisco, CA
January 10 – 12*	San Francisco, CA
January 19 – 21*	Bedford, MA
January 31 – February 2*	Vienna, VA
February 7 – 9*	San Francisco, CA
February 23 – 25*	Bedford, MA

Introduces a framework that gives product managers the tools to deliver market-driven products that people want to buy. Focuses on the practical aspects of juggling daily tactical demands of supporting the channel with strategic activities necessary to become expert on the market.

* Requirements That Work, Day 3

Requirements That Work™

November 10	San Francisco, CA
November 17	Chapel Hill, NC
December 8	Boston, MA
December 15	San Francisco, CA
January 12	San Francisco, CA
January 21	Bedford, MA
February 2	Vienna, VA
February 9	San Francisco, CA
February 25	Bedford, MA

Provides a repeatable method for product planning resulting in a Market Requirements Document that others read and use. Establishes clear roles for product planning team members and teaches a process that creates an executable plan that delivers solutions that sell.

Effective Marketing Programs™

December 8 – 9	Boston, MA
December 15 – 16	San Francisco, CA
January 24 – 25	Boston, MA
February 9 – 10	San Francisco, CA

Illustrates a practical process for delivering programs that measurably impact revenue, market positioning and customer retention. Product marketing and marcom professionals will clearly understand how they contribute to the company's strategic and tactical goals.

November

S	M	T	W	TH	F	S
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14	15	16	17*	18	19	20
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December

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January

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February

S	M	T	W	TH	F	S
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27	28					

* Requirements That Work, Day 3

Free

The Strategic Role of Product Management™

November 18	Chapel Hill, NC
January 14	Santa Clara, CA
February 3	Vienna, VA

A subset of the two-day Practical Product Management seminar, this session introduces the industry standard for high-tech marketing. Shows how Product Management and Marketing personnel can move from tactical to strategic activities.

Registration for this free seminar is required via our website:
www.PragmaticMarketing.com

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

productmarketing.com™

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