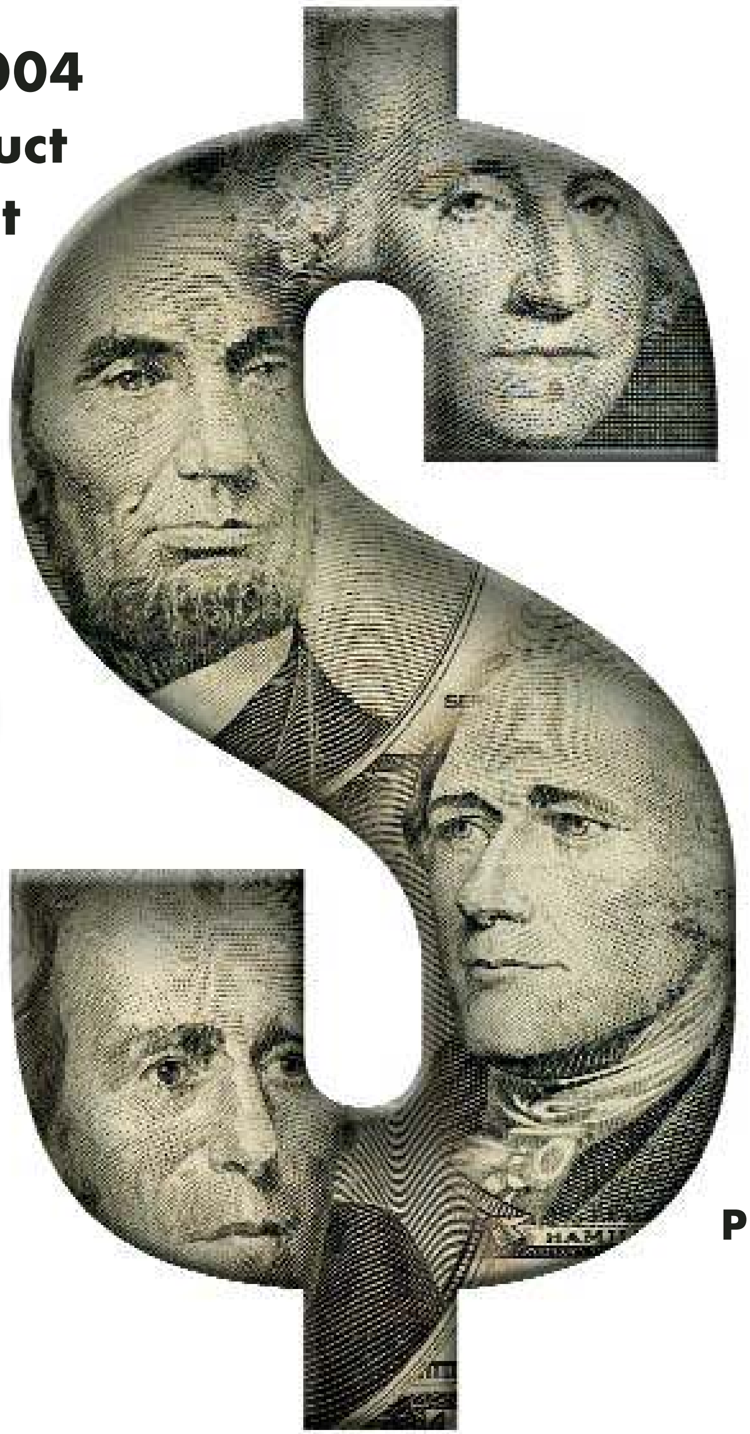
The Marketing Journal for High-Tech Product Managers • A Pragmatic Marketing® Publication

productmarketing.com™

Volume 3 Issue 1 Jan/Feb 2005

2004 Annual Product Management Salary Survey



2 0 0 4

Clean, Cutting-edge UI Design Cuts McAfee's Support Calls by 90%

Product Managers and Marketers: Who Does What

Migrating From a Product Manager to an Entrepreneur

productmarketing.com™

16035 N. 80th Street, Suite F
Scottsdale, AZ 85260

President and CEO
Craig Stull
Pragmatic Marketing, Inc.

Managing Editor
Kristyn Benmoussa

Contributing Writers
Bruce Hadley
Steve Johnson
Gopan Madathil
Kristin Zhivago

productmarketing.com™ is available free of charge to qualified subscribers. For subscription or back issues call (480) 515-1411; or visit www.pragmaticmarketing.com/resources/subscribe.asp

To be removed from mail list, send email to: info@PragmaticMarketing.com

For advertising rates, call (480) 515-1411.

About Pragmatic Marketing, Inc.

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 25,000 product managers and marketing professionals. For more information, visit www.PragmaticMarketing.com or call 480-515-1411.

Inside this issue:

Jan/Feb 2005 Volume 3 Issue 1

2 0 0 4

Annual Product Management SALARY SURVEY

By Steve Johnson

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

500 product management and marketing professionals responded to the survey. The survey was conducted during the period of November 8-18, 2004, using WebSurveyor.

Profile of a product manager

- The average product manager is 36 years old
- 85% claim to be "somewhat" or "very" technical
- 90% have completed college, 49% have some MBA classes
- 38% have completed a masters program
- 25% are female, 75% are male
- The typical product manager has responsibility for three products

Organization

The typical product manager reports to a director in the marketing department.

- 45% report to a director
- 32% report to a VP
- 23% report directly to the CEO
- 25% are in the marketing department
- 17% are in the product management department
- 13% are in Development or Engineering
- 8% are in a sales department

Impacts on productivity

- Product managers receive 60 emails a day and send about 28.
- Product managers spend roughly two days a week in internal meetings (14 meetings/week).
- But 48% are going to 15 meetings or more each week, and 29% attend 19 or more meetings!

Working with requirements

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

- 70% researching market needs
- 58% preparing business case
- 23% performing win/loss analysis
- 81% monitoring development projects
- 83% writing requirements
- 53% writing specifications

Working with Marketing Communications and Sales

Product managers also spend time providing technical content for Marcom and Sales.

- 48% writing promotional copy
- 40% approving promotional materials
- 18% working with press and analysts
- 56% training sales people
- 45% going on sales calls

Compensation

Average US product management compensation is $90,545 salary plus $11,810 annual bonus (78% of product managers get a bonus)

Our bonuses are based on:

- 60% company profit
- 30% product revenue
- 38% quarterly objectives (MBOs)

Almost 35% say the bonus does not motivate at all and only 9% say the bonus motivates a lot.

Compensation for 2003

Results from last year's survey showed a product manager's average salary was $91,650 plus $11,363 annual bonus.

Product management ratios within the company

How are product managers allocated relative to other departments?

For each product manager, we find:

- 3.0 products
- 6.5 developers
- 0.9 Development leads
- 0.9 product architects
- 4.7 sales people
- 1.9 sales engineers (SE)/ pre-sales support (2.5 sales people per SE)

Product management technology environment

Product managers use a fairly standard computing setup, usually a laptop running Microsoft® Office with these operating system characteristics:

- Windows® XP (64%) or Windows® 2000 Professional (26%)
- Internet Explorer (93%) [Note: Mozilla Firefox represented 7.5% in 4Q04]
- 1024 x 768 screen resolution or better (85%)
- Java™ with cookies enabled (96%)
- Plug-ins installed:
  - Shockwave Flash (98%)
  - Java plug-in (83%)
  - Adobe® Acrobat® [PDF] (78%)

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. Contact Steve at sjohnson@PragmaticMarketing.com

Regional impact on compensation

Female

US Region (1)	Salary	Bonus	Total
Northeast	$88,533	$17,556	$106,089
Midwest	78,000	10,909	88,909
South	82,800	9,538	92,338
Southwest	90,667	17,000	107,667
West	92,286	6,857	99,143
Pacific	85,900	8,846	94,746
Avg. US Regions	**$84,790**	**$10,891**	**$95,681**
Canada (2)(3)	$55,833	$5,500	$61,333

Male

US Region (1)	Salary	Bonus	Total
Northeast	$95,354	$13,125	$108,479
Midwest	85,484	9,739	95,223
South	89,150	9,529	98,679
Southwest	91,091	18,438	109,528
West	86,250	12,400	98,650
Pacific	101,288	12,300	113,588
Avg. US Regions	**$92,665**	**$12,139**	**$104,805**
Canada (2)(3)	$72,833	$8,850	$81,683

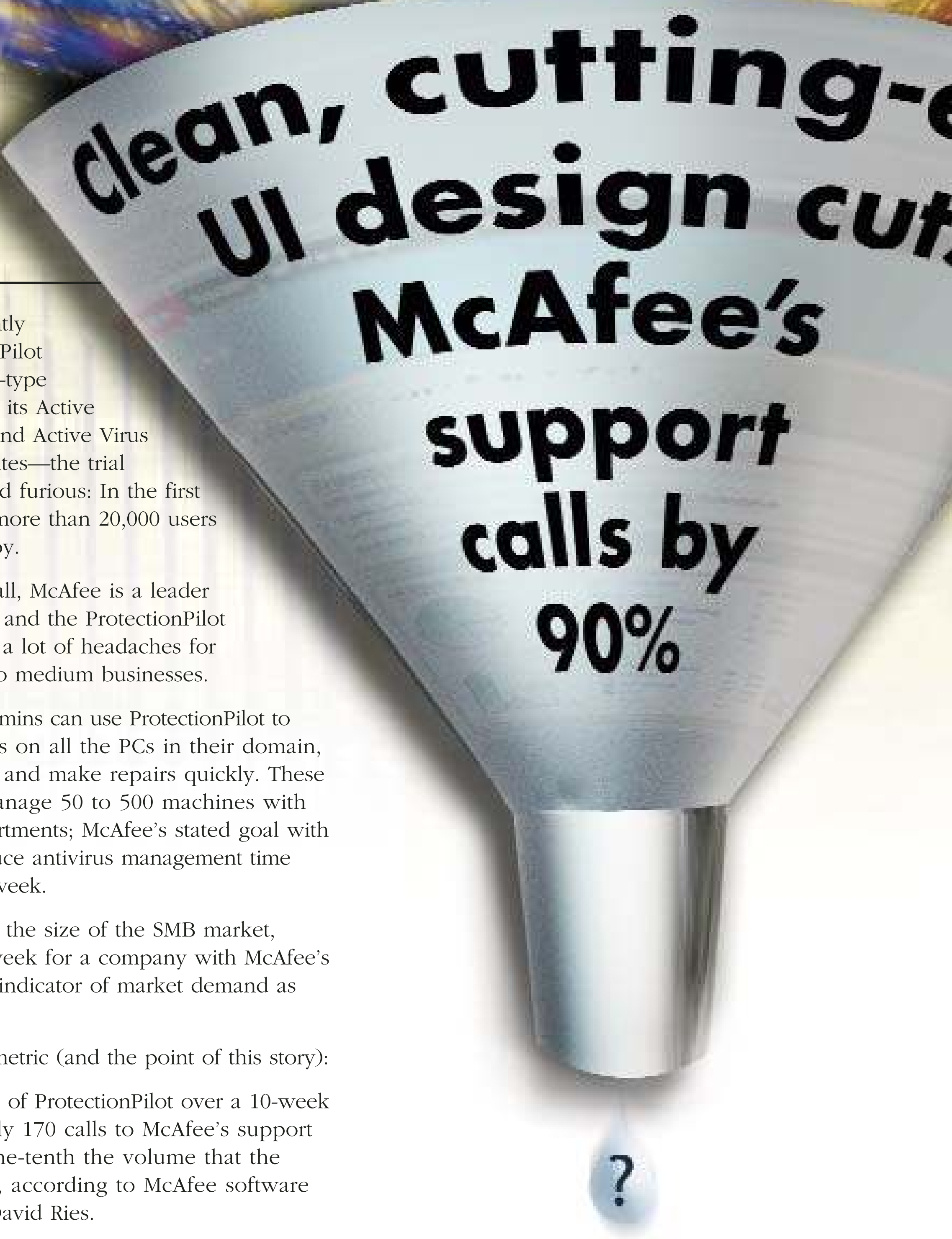
Overall

US Region (1)	Salary	Bonus	Total
Northeast	$93,730	$14,098	$107,828
Midwest	82,936	10,118	93,054
South	87,033	9,532	96,565
Southwest	91,040	18,278	109,318
West	87,472	10,857	98,329
Pacific	97,014	11,453	108,467
Avg. US Regions	**$90,545**	**$11,810**	**$102,355**
Canada (2)(3)	$70,000	$8,292	$78,292

(1) Northeast (CT, DE, MA, ME, NH, NJ, NY, PA, RI, VT);
Midwest (IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI);
South (AL, FL, GA, KY, MD, MS, NC, SC, TN, VA, WV)
Southwest (AR, LA, OK, TX);
West (AZ, CO, ID, MT, NM, NV, UT, WY);
Pacific (Alaska, CA, Hawaii, OR, WA)

(2) Canadian amounts requested in US dollars.

(3) Note: Only 17% of Canadian product managers are women.



By Bruce Hadley, SoftwareCEO

When McAfee Inc. recently introduced its ProtectionPilot software—a “dashboard”-type management console for its Active VirusScan SMB Edition and Active Virus Defense SMB Edition suites—the trial downloads were fast and furious: In the first 10 weeks after release, more than 20,000 users went online to get a copy.

No surprise there; after all, McAfee is a leader in anti-virus technology, and the ProtectionPilot tool promised to relieve a lot of headaches for administrators of small to medium businesses.

In a nutshell, these sysadmins can use ProtectionPilot to manage antivirus settings on all the PCs in their domain, and to detect intrusions and make repairs quickly. These target users typically manage 50 to 500 machines with tiny, maxed-out IT departments; McAfee’s stated goal with ProtectionPilot is to reduce antivirus management time to one hour or less per week.

Given that ambition and the size of the SMB market, 2,000+ downloads per week for a company with McAfee’s presence is as much an indicator of market demand as it is marketing smarts.

But here’s the amazing metric (and the point of this story):

Those 20,000 downloads of ProtectionPilot over a 10-week time span generated only 170 calls to McAfee’s support lines—approximately one-tenth the volume that the company would expect, according to McAfee software development manager David Ries.

And, roughly a third of those support calls were actually pre-sales questions, Ries says, from people who wanted more information about what the product could do; they didn’t need technical help.

OK, let's let this sink if for a moment:

You've just introduced version one-dot-oh of a brand-new software product. You put it up on your site for its production field trials—i.e., this is the first time it will be used by "unschooled" users—those who have no prior exposure to it.

If you're a normal software company with a normal product, you beef up your tech support resources: Your tech reps, SEs, QA people, and developers are all put on call to deal with the anticipated onslaught of calls from frustrated users who can't figure out how to use your software (as well as those who refuse to read manuals, FAQs, and help files).

As you watch the downloads spool off at the rate of 2,000 per week, you should expect—if your experience is anything like McAfee's with its enterprise products—to get about 100 support calls from each week's downloads.

20,000 downloads of ProtectionPilot over a 10-week time span generated only 170 calls to McAfee's support lines—approximately one-tenth the volume that the company would expect... And, roughly a third of those support calls were actually pre-sales questions.

Instead, you get just 10 support calls per week—just two per business day. You can send those extra tech reps home, and let the SEs get back to selling, the QA people back to testing, and the developers back to developing.

For most B2B software vendors, this would be a very happy outcome indeed. Consumer tools are accustomed to lighter support loads, but ISVs targeting business markets—especially in the rarefied world of network management—don't often get off this easy.

So, how'd McAfee do it? How did they maintain hot sales activity and yet reduce their initial support load by 90 percent?

Two words: user interface.

This was no lucky accident, of course; McAfee made user interface (UI) design a prime directive of ProtectionPilot very early on.

"We knew that the sweet spot [for ProtectionPilot] is the sysadmin who's managing 250 machines," Ries says. "These guys have a lot of different jobs, and they don't have a large staff; they generally have one IT guy who doesn't have a lot of time.

"At the outset, we had two big concerns: We designed ProtectionPilot so that the person using it would need to spend less than an hour a week maintaining his organization's antivirus protection.

"Second, because of the large number of users, we wanted to keep our support calls low. No matter how trivial, every support call has some costs associated with it. Installation should be easy, and initial use should be intuitive."

The bottom line, as far as Ries is concerned, is straightforward: Focusing on the design of the product had a significant impact on the cost of supporting the product.

Of course, there's a very positive sales benefit to this, too: ProtectionPilot's UI design has already generated favorable reviews in the U.S. and Europe, with ease of use a common theme.

"By focusing on the user's experience, we were able to deliver a favorable user experience," Ries says.

Well, that sounds easy, right?

Hardly. Here are 23 detailed tips we gleaned from McAfee and their external UI design team; if you can master this list, you've got a great chance at selling more software and spending less to support it.

UI tip #1:

Start the UI design before you build the product. An early focus on user experience meant that McAfee included users at a very early stage in product development. This may sound obvious, but it's surprisingly difficult for most software developers; products are typically kept under wraps until there's a beta release.

Big mistake, Ries says; you need to get that user feedback before you build anything real. "Early in the development stage we developed a mockup or prototype of the product," he says. "It had some live links to make it look and feel like a real product.

"We came up with a set of essential tasks—the list of things that the product had to do—and then did the prototyping in-house and figured out the workflow."

But it wasn't real; it was a sketch, or, to use Ries' example, a storyboard. "Rather than shooting a whole movie and showing it to people to see if they like it, we put together a storyboard. That prototyping was very, very important. All the prototyping was done in HTML, which meant you could run it in a browser.

"We created a facade, like a movie-set western town. A lot of the things that users saw were not real: For example, you might see a picture of a report—we flung a jpeg of a log file out there—rather than an actual report.

"The point is to get something out there quickly. It's really hard to jettison a week's worth of development work; but if you've just whacked together a picture, your team is not emotionally attached to it."

UI tip #2:

Understand your software from a user's standpoint. Of course, you can't prototype anything—at least not well—until you understand what it is the user will be able to accomplish with your software.

"You have to have a very clear understanding of what the product is supposed to do, from a task perspective rather than features," Ries says. "You're really talking about workflow here.

"For example, the feature is that I can run a report. But at the end of the day, users don't care about running reports, they just want to be able to make a decision—and the report answers what that decision is supposed to be.

"For example, we dropped reporting as a feature in the small business product, and instead created an active dashboard. So yes, it generates reports, but not in the same way that most people think about reports."

When you're prototyping, the UI consideration is about user accomplishment, not product features, says McAfee engineering director Mark Wyman: "What is the end-user trying to accomplish by interacting with your product?"

UI tip #3:

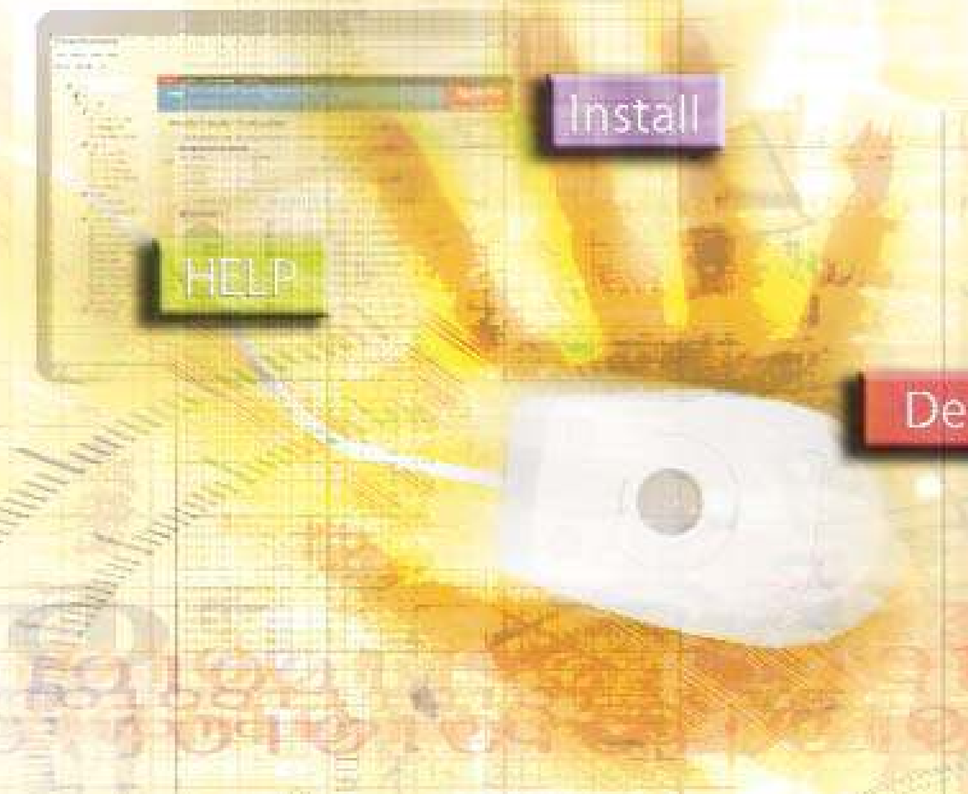
Get feedback through task-oriented use. The whole point of UI design is usability. If that sounds like another "Well, duh," humor us for a moment.

Most developers, when (and if) they include users, look for feature feedback. You want to know what needs to be in the software, what can wait for the next release, and how you stack up against the competition.

Trouble is, that sort of quest does nothing to improve your software's usability. You need to stay focused, Ries says, on real and specific tasks that your users will need to perform.

"We sent the mockup to real IT administrators and asked them to play around with it," he says. A week later, we asked them to answer some questions—not about functionality of the product, but strictly about the tasks they had to perform.

"For example, we asked them if they could figure out, via the ProtectionPilot prototype, how many machines are up to date, and which ones were not up to date. Could they tell us how they'd perform an on-demand update?"



Another example: The McAfee team asked users how they knew when a new virus threat was out there in the world. The answer: Either it gets detected by their anti-virus software, or they saw a report on CNN, or they "heard it from a buddy."

That kind of feedback told the McAfee team that it would be desirable to deliver more data to them via ProtectionPilot—to make the software an answer to their information needs.

McAfee works hard to protect the good relationship it has with this elite group of users. "We are really careful to use their time wisely," says Pam Conrad, project manager for mile7, the Portland, Ore.-based design and research consultancy that worked with McAfee.

"Our calls with the users are generally weekly, and we send them information at least two days in advance. If we're trying to test something specific, we'll give them an agenda for the upcoming call, and backup information if needed."

In addition to the small group meetings, McAfee and mile7 also do one-on-one calls. "We'll often break out and do calls with individuals," Conrad says.

"If there's a particular scenario we want to test, we'll send them the scenario, then use MeetingPlace so that we can actually observe what they're doing as they go through the scenario, and talk to them as they're doing it. We try to keep these calls to about half an hour, but they often take longer."

UI tip #4:

Segment the process into logical chunks. The McAfee team created four very specific phases within its 14-week ProtectionPilot development; the goal was to map UI feedback from users very specifically to the product's development maturity.

"The way you plan the iterations is key," says McAfee engineering director Mark Wyman. "You want to get the UI nailed first, and then fill in behind it."

"In each iteration we dropped to our customers, we had a specific focus and specific questions for the user," says Ries, "which helped us determine whether we'd successfully passed each milestone.

"Over the span of the development, we gave them four drops of the product to try out in their environment. In a couple cases where we got negative feedback, we knew what we had to tweak."

McAfee's segmentation for ProtectionPilot went like this:

Phase 1: In the first phase, when users were looking at a mockup, the questions to be answered were more broad: Does it look like it is going to work? Do we have the scope of the product right?

"This was about the general scope of the product—the implied functionality that it provided," Ries says. "For example, you have a help button that shows you're going to have help, even if that only brings up a picture."

Phase 2: In phase two, McAfee wanted to measure users' first exposure to the product: Can you install it and get it running?

"At this point we had a real installer, and you could accomplish the core tasks, with live code," Ries says, "but some of the things we showed you were still pictures."

Phase 3: In phase three, the task-oriented questions drove toward product usability: Are there enough options and settings? Does it work for you?

"Here we allowed user customization and changes," Ries says. "You could modify properties, you could add real machines and tasks, but a lot of the things weren't operational like error messages and boundary conditions.

"At this point, we were still a little fuzzy on performance timing issues; we were still tweaking the product."

Phase 4: The final phase was wrap-up and reality check: Does it look like it's complete? Are the terminology, styles, colors, and layout all consistent and easy to understand?

"In final drop, we pushed to a UI freeze so that we could do our localization and translation work," Ries says. "ProtectionPilot was released simultaneously in five languages."

This final phase and UI lock occurred three months before the software's production release. "We weren't fuzzy at this point; it was all there," Ries says.

"This stage was all about finding bugs, rather than validating the UI. We could focus on performance and defects; it became a QA process rather than 'What do you think about our product?'"

Even with the best-laid plans, not everything works out perfectly. Ries says the final drop of ProtectionPilot came two days before Christmas, "so the product didn't get a lot of testing until post-Super Bowl." ➔

UI tip #5:

Never shut the product down. Despite the structure of a four-phase development plan, McAfee wanted maximum feedback; therefore, they made sure ProtectionPilot prototypes were available to anyone, anytime.

"We kept the product running and operational the whole time," Ries says. "We demo'd it to everybody who walked by. Everybody could demo it, and everybody was encouraged to. By playing with it so much, we got used to how the product felt.

UI tip #6:

Let user demand defend against code creep. "Our team strove to understand what is necessary versus what's desirable," Ries says. "Everything you add in to the product affects documentation, support, and code.

"With every feature, you have to make a design decision. We tried to make reasonable and good assumptions about setting limits; we actively eliminated options, and then validated those options with the users.

"We ran into lots of features that are good ideas, but they were clipped until we can get enough evidence that there's enough demand. There are always next versions that we can use to include them."

> "Too many developers confuse what is possible with what is needed. You've got UI products out there with 200 different settings; as a user, you're not sure what to touch. It's like sitting in the cockpit of a 747."
>
> *David Ries*
> *development manager*
> *McAfee Inc.*

UI tip #7:

More is nearly always less. Related to the problem of code or feature creep is the tendency among software developers to put every possible option into the UI—a common mistake, says Ries.

"Too many developers confuse what is possible with what is needed," he says. "You've got UI products out there with 200 different settings; as a user, you're not sure what to touch. It's like sitting in the cockpit of a 747.

"It's difficult, because some users will always request more. I think you have to decide what you want the product to do, and take a stand. Among the products I've used that don't work well, most made the assumption that if they gave me more options I'd be happier.

"It's really hard to get rid of something once it's in. Yes, occasionally you're going to get the gold-plated feature—but you have to ask around, and be sure to include marketing and sales when you're making these decisions."

Part of the reason for jam-packed UIs nowadays, says Ted Olson, mile7's creative director, is the newfound freedom developers find in Web-based apps.

"People are coming out of that MSDN world, and what happens in the transition to the browser world is that pretty much anything goes, as long as you're staying in two dimensions. Given that freedom of the Web and the ability to throw out the yoke of the MSDN guidelines, there's a tendency to overdo—to overpopulate the page.

"With some clients—not McAfee—we'll go in to design a set of icons, and they'll want an icon for every single thing. We try to reduce the set of nouns to the lowest common denominator.

"We try to build very limited libraries and deploy them with care and augment them with simple descriptive text, so that the icon becomes a way-finding point and the text becomes much more descriptive—for example, title text or text on the page.

"Even though we look at industry standards, we can still make them your icons. McAfee, for example, had a color palette, and we worked hard to play to that. We based their icons on a blue cast, so that we had a nice contrast to their corporate red."

Good UI design isn't just about icons, of course; it's about the entire "canvas," the screenful of information you present every time your software starts up. In many cases, it's more like an assault than an assist.

"We try to come back and think about ways to segment this vast array of information, to see if there's a way to put a Next button in there," Olson says. "For example, wizards are a good way to chunk or simplify—though they're not even really wizards anymore, because they're not so formalized and mechanical.

"If there's a process, the UI needs to break it into steps. Say you have to choose a rate plan for your cell phone: You have to tell me about your habits and your usage; what can I do along the way to help you, and to also build my brand, but not in a shameless way? What can I do to help ensure that you do not fail?

"A successful user interface is all about speed, accuracy, and customer satisfaction. What's hard to measure is what's pleasant about an experience. We can measure speed and accuracy quantitatively, using short test scenarios that are observed across the desk or in usability labs.

"Satisfaction is harder. You can ask those questions with multiple or graded choices, but for me it's all about listening—listening really carefully for the hints, and listening in the hallways as things are being designed."

UI tip #8:

Use your UI to give the user a sense of context. A common failure of most software UIs is that the user is unable to derive any sense of context, Olson says.

"They don't know where they are in the product or the process. You'll find this in software installation scripts as well as day-to-day use.

"What was great about ProtectionPilot is that we were able to give them a dashboard upfront. When you open that product, your initial screen is a dashboard of network health, and from there you can decide what you want to do. There's always this 'home' screen.

"It sounds simple, but there's a lot of rigor we bring to these products. Once you determine that there's a lead screen that we all want to go back to, we try to add value to that screen.

"If you just stop at a user's cubicle and peek over the wall, what screen do you want to see?" In other words, what one screen will best convey the function and purpose—and value—of your software? A good UI ensures that you answer that question correctly.

UI tip #9:

Don't offer direction, and never assume. To keep UI design valid, it's important that users' experience is as close to reality as possible. Most customers won't have you at their side the first time they use your software, so your early tests should reflect that fact. In other words: observe, don't direct.

"The most helpful thing you can do is to not interfere with their process," Conrad says. "That's where you'll understand what their issues are.

"Hearing them struggle, watching them try different things—those are important. We will say, 'What are you thinking?' so that we can understand why something is not clear to them.

"We may give them a hint to try to guide them, rather than specific instruction. For example, let's say they're looking at a page with a bunch of information, and some of the links are hot, and their task is to drill down. They're looking around the page and can't find the right links; we might say, 'Where would you look for information related to that?'"

UI tip #10:

Resist the urge to make a quick fix. What you do with this information is key, says Conrad. There's a tendency to "fix" user confusion with a simple pointer or a quick software update, and that may be exactly the wrong answer.

"Sometimes they'll be having a problem with a particular piece of the application, and rather than issue a quick fix, you need to step back and think about whether that's the right way to display the information or have the product function.

"Users will say that if you did this a different way, that would fix the problem—but you need the ability to not just listen to what they say, but to rethink how you're presenting the information.

"You can't assume anything. You can't assume that the users are going to think like you do, and you can't assume that a simple fix is the right fix.

"Part of the role we play is that we're not so close to the product. We're part of the team, but we don't bring the same agenda. A good UI engineer is very good at not bringing his or her own assumptions to the table; they can really look at things with a clean slate."

Here's another example:

"We were testing the landing page of a software product," Conrad says. "Clearly, users were having issues. They kept giving feedback on how we could rearrange the page or use different wording to make the page better.

"It would have been easy to make changes they suggested. However, the real message was that the users were looking for a level of information that just wasn't on the page.

"What they really needed on the landing page—but couldn't or didn't articulate—was a summary of top-level information. We made this change to the UI and tested it with the users. Result: problem solved!"

(Continued on page 14 ➔)

Jim Davis, Senior Vice President & Chief Marketing Officer, SAS Institute, Inc.

UI tip #11:

Treat UI as an ongoing program, not a one-off. At McAfee, they call it their Joint Development Program—abbreviated to "JDP" in internal usage.

McAfee budgets time and development personnel to manage the JDP and react to user feedback, and they involve their external UI design team every step of the way.

"McAfee's JDP is so crucial, because we get to test all along the way," says Olson. "It gives us the platform for iterative testing from the concept right through to the pixel-based design.

"By the time we're at the graphic design stage, we're designing task-based usage scenarios, so we're able to observe them using the actual or a mocked-up product, and we can gather all that feedback and roll that up into the design. This is not a one shot, it's a consistent program.

"They pull a JDP call together, and they get people from Helsinki, Toronto, Beaverton, all at one time. They have their high-stakes users in this process, people who live and breathe using these products.

"Yes, they're fans of McAfee, but you know these people: They're IT, and they'll drop your stuff like a hot rock if a security product fails and a virus crashes 300 computers.

> "As long as the user group selected for a usability test is a good sample of the product's user base, the tests will provide valuable data,"
>
> *Pam Conrad*
> *project manager*
> *mile7*

UI tip #12:

Get a manageable but representative group. What's the right number of users to include in your equivalent of McAfee's JDP? "The best sample is going to be larger, but it has to be manageable," Olson says.

"Someone has to set up those calls, keep the JDP people happy, and walk around with the clipboard. "I think four to five at any one time is about all you can reasonably handle and still get valuable input.

"You need people who are willing to be vocal, and you need a variety across the spectrum of companies you're trying to hit; you want a mix of experts of newbies."

But if you're looking for the widest possible input, why not go to many more users?

"Well, first of all there's the matter of expense," says Conrad. "As long as you're careful about whom you're getting and you really know your audience profile, I think you can get a really good representative sampling with 12 to 20.

"As long as the user group selected for a usability test is a good sample of the product's user base, the tests will provide valuable data."

"You're testing user performance. Typically, there isn't that much variation in user performance. So, working with 12 to 20 users will provide the necessary UI feedback.

"This is different from market research, which is typically opinion-focused; that requires polling much larger numbers of people because there can be such a wide range of opinions."

UI tip #13:

Choose active, willing, and unbiased users. For the ProtectionPilot development program, McAfee went to a dozen users. "We involved them very early, before we started writing code, and we kept them actively involved," Ries says.

In addition to the time spent playing with the prototypes, users were asked to take part in an hour-long phone call once a week over a 12 to 14-week cycle.

"We worked with our sales organization to create a profile of the kind of company we were looking for. We wanted people who were actively managing antivirus, but not using our existing software; we didn't want to bias the results with those who were using our enterprise tool."

And, practicality demands that you try to find some users who are nearby. "We also wanted a couple who were local, so we could easily observe them using the tool," Ries says.

Still, McAfee's fan base is strong enough that geographic proximity isn't always required.

"We have customers who'll pay their way to get here for a local meeting," says Wyman. "We'll put them up once they get here, but it's their travel dime. They'll come because it's important to them."

One note of warning: Although your marketing department will likely cooperate with your efforts to identify key users, your sales folks may be protective of their more sensitive accounts; a bit of diplomacy may be needed to ensure them that you're not going to disrupt sales relationships.

And, be sensitive to their own demands and deadlines: You'd be wise to not ask for sales' help at the end of the quarter when they're facing do-or-die quotas.

UI tip #14:

Reward your early adopters by acknowledging their role. If you choose the right users for your UI testing, it isn't likely you'll have to bribe them or shower them with gifts; they're there because they want a say in the future of your software.

"The most important thing was that we treated them as part of the development team," Ries says. "What they got was the ability to work directly with the designers and to influence what they got in the final product. They wanted to control the end result."

McAfee's test users got a free copy of the software, but most were already entitled to it anyway as part of their existing licenses. In addition, the JDP participants did get a plaque at the end of the development period—but it was almost an afterthought, Ries says.

Here's an interesting measure of the success of McAfee's program: At the end of the ProtectionPilot program, all users were asked if they'd be willing to participate in the next JDP; they unanimously answered yes.

UI tip #15:

Get your developers (and yourself) into the right mindset. Good UI design starts with a mindset adjustment, Ries says, and your entire development team has to be on board. "The trick is to really identify with the user," says Ries.

A common failure among ISVs is believing that because a UI is intuitive to your programmers it is therefore intuitive to your users.

"For example, the word 'abort' means something to developers, but it doesn't fly with users," Ries says. "If you ask the programmer if something makes sense in his product, he will say that of course it does."

But, that over-reliance on programmers causes a lot of problems, even among software companies that think they're doing the right thing. As Ries says, nobody intentionally builds software that's hard to use.

"You have to break the typical mindset of features and technology," he says. "If you take those things out of your vocabulary, and focus on the user's ability to complete tasks, it makes it a little easier."

This means you'll have to watch your own team as well as your users. "We looking at the people who are interacting with the customers," Wyman says. "Rarely, we'll have to move a developer out of the way, but we do monitor that."

UI tip #16:

Do-it-yourself design is nearly always a bad idea. For UI design issues, McAfee sought outside expertise. "We worked with design consultants who really are the pros as to colors, interface—how you present things in a coherent way," Ries says.

"They didn't just implement the concept; they showed us a lot of ways we could improve it." It's a big—and common—mistake to confuse programmers with artists, Ries says.

"Your programmers can maybe draw bitmaps, but that doesn't mean they're very good," he says. There's a huge difference between a professional graphic artist and a programmer who happens to know how to draw.

"A professional really does make a huge difference in the quality of a finished product. It's like the difference between a BMW and a Hyundai: Fit and finish count, and it affects sales as well as usability.

"A product that is comfortable and enjoyable to use gets used more. If you want to stand out, use pros. It will cost you more to not use them."

UI tip #17:

Make the designers a part of the development team. "McAfee is such a good example of what's good about the process," Olson says. "If there's one overriding theme, it's the relationship of the design firm not only to the client but also to their customers.

"We've helped them to understand the iterative design process; it's not about prima donna designers going away and designing in a black box and coming back with gorgeous designs.

"McAfee brings their very steep, deep, amazing industry knowledge and passion—they're just so into it that you can just feel the hum of energy when you walk in there.

"We bring a fresh set of objective eyes. We come in and ask why; we're not just sitting there taking direction. In a sense, we help craft the product. I don't want to take too much credit there, but there is a balance of experience that plays well.

"We become an extension of their team. We have access, up and down the team, from managers to the programmers who are tapping out the HTML for the skins.

"We don't have to fool around with all the barriers that are usually associated with a big company like McAfee. On our way in to see David, we're solving problems in the hallways.

"We started with them doing small things—just doing icons. We've now done 17 or 18 projects with them, and over time we've developed trust. Trust happens over time, and over delivery."

UI tip #18:

Don't let technology overpower usability. "A common mistake in the PC world is allowing technology to take the lead," says Conrad, "forgetting that the person still needs to be able to use it.

"If it's not easy to navigate, not easy to understand, there's going to be a disconnect there. One of the things we see is that instructions are not clear or incomplete. Is there some line that tells you what to do? Is the UI clear enough that you know what to do on a certain page? Is everything laid out in a way that matches the way people think?

"We're often brought in when engineers have done a great job on functionality, but looking at the page and knowing what to do is a whole different ballgame. We take that page and translate it into something that's easy for the user to understand. Ideally, it is a very iterative process—all the way from the front end and conceptual design, defining what the product is and what it's supposed to do.

"If there's ever a clash, it will most likely come from engineering—they don't always see the value of the UI. They see things in terms of functionality. As far as they're concerned, 'Look, the users can do all this stuff, because we've built the functionality into the software.'

"They know the product so well, they don't understand how others would have problems. We try to win them over by showing respect for what they've done, and when we put our designs up, we highlight their good work."

UI tip #19:

Bring the engineers into the UI calls. "The other part of this is that if you have a JDP program like McAfee's, get the engineers involved in those calls," Conrad says.

"You want to get the users excited about the functionality, while at the same time letting the engineers understand where the users have problems. Sitting in on usability calls is one of the best educations they can get. Lots of time things will come out in those calls that no one has ever questioned—users just get stuck.

UI tip #20:

Find an internal UI champion. "McAfee has an internal champion in David Levine," says Conrad. "He has this amazing ability to sit in meetings and interpret what engineers are saying, what users are saying, and what the UI people are saying.

"We do a certain amount of that, but he's internal, and he's there everyday. Having a person like that—someone who understands UI but can also speak the engineers' language—he's really been key in making this work. Incredibly articulate guy.

> "To hold fees down, bring the pros in early, get some good advice about what this thing is going to look like, and find a way to phase your designers into the project."
>
> *Ted Olson, creative director mile7*

UI tip #21:

Contain costs by including the designers early. Expert assistance on UI design will typically cost from $10,000 to $50,000 for a single software product, depending on the depth of usability and testing you want.

But the surest way to drive up the cost, Olson says, is to wait to ask for help at the last minute. "A lot of the time we get called in to do triage," he says, "which wasn't the case with McAfee. There we got called in early, and that's why it worked so well.

"To hold fees down, bring the pros in early, get some good advice about what this thing is going to look like, and find a way to phase your designers into the project.

"You don't want us on the floor all the time; you want us where we can do the most good. If your development team has already taken it way down the line, well, there's a natural reluctance on the part of the software engineer to concede on points.

If you've ever been around a software development shop, you can understand this: When they're facing mountains of work, and someone comes along and says, 'You know, I really wish this was blue,' you feel like murdering the guy."

UI tip #22:

For the best UI examples, look to consumer software. "Consumer products tend to have better UIs, in part because it's a lower common denominator," Conrad says. "You're forced to, because of the broad audience."

However, good UI design isn't just about dumbing things down, says Conrad. "Because products are task-focused, the UI should be driven by the needs of the specific user audience.

"Good UI design is all about understanding users and the tasks they need to accomplish. Given this, a software UI that might be effective for one user base might not be effective if applied to a product targeted at a different user base."

OK, so where should you look for good examples? In addition to McAfee's products, Conrad likes Adobe: "With Adobe's Creative Suite, moving between products feels seamless. Other designers I've talked to concur: Adobe understands the needs of graphic designers."

UI tip #23:

How to tell if your UI might need work. If you think your software's UI design might need help, there are a few simple things you can do, says Conrad:

Check your tech support call logs. Are there common themes and complaints? In general, are you getting too many calls? Talk with your users. Talk with prospects. What do they say? Can they accomplish the tasks you put to them? Consider usability testing—the real stuff, with outside experts in a controlled and objective environment. True, this last option isn't as cheap as the first two, but if your experience is anything like McAfee's, it could be an investment with fast and significant payback.

A veteran of three startups, SoftwareCEO Inc. founder Bruce Hadley spent 20 years in software marketing, sales, and operations. One of those companies went public, and the other two were sold to much larger software firms. Before founding SoftwareCEO, an online resource for software executives and entrepreneurs, he was editor of one of the industry's leading news and research publications.

Problems. Solved.

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?

Solutions.

PRACTICAL PRODUCT MANAGEMENT™

Build Market-Driven Products by Listening to the Market

Pragmatic Marketing has always focused on the unique challenges of marketing *technology* products and services.

The framework we teach, refined and perfected over 20 years, shows specific processes to find and develop profitable opportunities, plan market-focused products and create winning promotional and sales campaigns. Each seminar offers immediate actionable ideas, templates and tools.

Practical Product Management is for product managers and those who manage or contribute to aspects of product marketing and management. This two-day seminar fully explores the role of technical product management, providing tools and a framework to help get products to market more efficiently.

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
- 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"
- Determining product feature sets
- Creating the Market Requirements Document (MRD)

IV. Analyzing Business and Technology Drivers

- Reviewing specifications
- Prioritizing the product feature set

V. 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

EFFECTIVE MARKETING PROGRAMS™

Effective Marketing Programs is a two-day seminar designed for those responsible for planning or execution of programs and tools that build market share in high-tech markets. This course explains how the most successful high-tech companies plan, execute, and measure marketing programs and sales tools.

I. Roles and Responsibilities

- The Pragmatic Marketing® Framework
- The Effective Marketing Programs Process
- Role definitions & skills assessment

II. Buyer Personas

- 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

Pragmatic Marketing®

The Industry Standard in Technology Product Management and Marketing Education

or call (800) 816-7861 to register

Product Managers and Marketers: Who Does What

By Kristin Zhivago

Recently a reader asked us to define the product manager's role in an organization, and explain how that role relates to marketing. Here goes.

The classic product manager

Brian is a product manager for WhizzinWireless, a company that produces wireless appliances. His product is the WW-240, a wireless modem on a PC card. He acts as the business manager for the product, and is the ultimate owner of the product's success.

The WW-240 came into being because Brian had been a product manager for a related product, a slower modem that was being eclipsed by competitors' faster models. Sales were slipping. Brian's conversations with customers, and his monitoring of the market, told him that WhizzinWireless needed to come out with a faster model, soon. He didn't think he'd have much trouble selling the idea to his managers, because they could see that sales were slipping too, but they weren't sure which of the two emerging standards they should embrace. They wondered which one would end up being most popular with customers.

Brian had done a lot of research. He understood the pros and cons of the two new competing standards. He attended industry conferences and talked to vendors and customers. His customer interviews convinced him that signal strength was very important to customers, even more important than transmission speed, at least for the next year or two.

"That gives us sufficient time to develop and sell enough of these modems to make it worth our while," he thought. So he decided to go with the standard that would result in the strongest signal. But he also pushed his company's engineers, to see if they could come up with a way to speed up the data transmission rates for the new WW-240. "Best of both worlds," he kept saying to them. "That's what I want the theme to be. I want to be able to tell people that we can give them superior signal strength and faster data transmission."

His engineers worked on the problem until they found a way to speed up the transmission. They worked up a prototype and were satisfied that a production version was feasible. Brian was ecstatic.

While he had been working with the engineers, he was building his business plan. It included detailed descriptions of the needs of his target customers, current and possible competitors, anticipated sales levels, and the costs of creating, marketing, distributing, and supporting the product. To make sure he was estimating the correct budget amount for each activity, Brian held meetings with the head of each group. He also developed a pricing strategy, which included the price they'd charge to service providers and the retail price.

When he met with the company's marketing VP, Sandra, they spent a lot of time talking about the various ways they could market the product and the materials they would need to support the sales process. They discussed the possibility of a having service providers offer an upgrade or rebate program. They both knew, from their earlier experience selling their other wireless modems, that they'd have to market to wireless service providers and end customers. They'd also have to provide marketing and sales materials for the service providers who agreed to sell the modem. However, they decided that initially they would not sell the product in retail stores, as they didn't think they could get the budget to support the retail channel until the product had reached a certain level of success.

Brian and Sandra agreed on the amount of money they'd devote to marketing. In the first three quarters, they would spend 10% of projected sales, then the amount would drop each quarter by 1%, because they expected that sales would rise and their marketing efforts would become less expensive after the initial launch. Eventually the percentage of sales devoted to marketing would stabilize at five percent.

They didn't talk much about the specifics of the campaign theme. Sandra knew that Brian wanted to use "best of both worlds," which she felt was OK as a tagline, for now. Her own conversations with potential customers would lead her to a more specific and relevant theme when she developed the campaign. Her main concern, at this point, was the budget. She wanted to make sure she understood what Brian was hoping to accomplish and that she'd have enough resources to meet those goals.

Once Brian was sure that the engineers would be able to keep his "best of both worlds" promise, he finalized his business plan and presented it to his managers. He had been briefing them all along on what he was hoping to accomplish, but his presentation was the formal request for funding beyond the relatively small amount of development money they'd already advanced.

His managers asked him a lot of questions during his presentation. Would they be able to create the product in time to take advantage of the current market opportunity? How easy would it be for an aggressive competitor to imitate the speed scheme that Brian's engineers had developed? And if a competitor did manage to match their speed, what did Brian plan to do in response? Why was he putting off retail sales? Why did he think they had to spend so much marketing money at the beginning of the product's lifecycle? And on and on.

The meeting lasted two and a half hours. Brian answered all their questions successfully, with some assistance from the engineering manager and Sandra. A few days later, Brian received approval to proceed. ➛

Sandra's turn

The product development phase wasn't going to take more than a couple of months because so many aspects of the WW-240 modem had already been worked out on previous WhizzinWireless products. That meant that Marketing needed to get started right away.

Brian and Sandra met to plan the rollout and to agree on next steps. "The first thing I need to do is talk to some of the potential customers you've already talked to, and customers who have bought our other modems," Sandra said. "I want to hear how they would describe your 'best of both worlds' concept. I want to make sure we use their words to describe the benefit of the product, not just words we've come up with."

Brian wasn't offended, but he still felt that "best of both worlds" was a great campaign theme, since he'd thought of it himself and he had been living with it for months. However, he'd been through this process with Sandra before, and she had always surprised him—pleasantly—with a customer-focused approach that improved on his ideas.

Sandra conducted her interviews and learned that customers had heard about the new standards, and were actively seeking modems that provided a stronger signal. They didn't talk about it as signal strength, however. They talked about how, because the signal was stronger, it was "always available," so that when they were inside office buildings or on the road they could keep working. Speed was important, too, but they thought of speed in terms of how long it took to download a large file or a stack of emails.

Sandra took her findings back to Brian. "I don't suppose we could promise that they will always be able to download their files, no matter where they are—in a tunnel or deep within an office building...?"

"No, the only way we could make that promise is if we went everywhere in the country with a modem and tested," Brian answered. They both knew that was impractical.

Sandra thought for a minute. "Maybe we don't have to go everywhere," she said. "Why not pick several usually difficult places—like the underground tunnels at New York Penn Station, the middle of the biggest building on the Boeing campus, and some remote, out-of-the-way place, like Block Island—and say something like, 'Penn Station. A 4-megabyte file in two seconds flat—with no interruptions.' Then in the ad, and on our website, in brochures, banner ads, emails, you name it—we could have a comparison table that shows how long it took for the competitor's modem to get the same file and how many times the signal was dropped. A pretty straightforward campaign. We'd run it in business pubs and sites, and provide sales materials for the service providers that used the same theme."

Brian smiled. "That's why I'm a product manager and you're the marketing VP," he said.

Sandra smiled back, as she wrote down the idea in her notebook. But then she smiled even more broadly.

"I've got another approach...here's the headline: 'You'll never get dumped at Penn Station.' You could show someone with their laptop open, but they wouldn't be looking at it...they'd be staring at the ceiling of the train, as if they'd just lost the signal again. It could be a bit off-the-wall, something to run in Wired."

"Sounds great. I like the idea of something offbeat, just to draw some attention to the product. Plus, it never hurts to be slightly hip."

They talked further about how these themes would play out in other campaign vehicles, until Sandra had almost enough material to build her marketing plan. She still needed to talk to the VP of sales, to discuss how marketing efforts would support the sales process. Once she and the sales VP had agreed on the strategy, she started building the marketing plan.

She spent the next week and a half on the plan. It started with an executive summary, then a definition of the various audiences, the campaign theme, the vehicles she was going to use and the costs associated with them, the role that the company's website would play in the marketing and selling of the product, and finally an explanation of how she was going to track the results of all of the marketing efforts for the product.

When she finished the plan, she sent a copy to Brian and the sales VP asking for their input. They only had minor suggestions; she incorporated them into her plan, built a presentation based on the plan, and set up a meeting to present the plan to the CEO and top management.

As with Brian's meeting, they had a lot of questions. This time Brian helped Sandra answer several of them. But overall, the meeting went well, and Sandra was given permission to proceed.

Over the next few months, Sandra produced her marketing and selling materials, being careful to test concepts and marketing pieces on actual potential customers. Because she had done her research up front, however, she didn't have to make any major changes.

Sandra had the sales materials ready first, because the salespeople were already making appointments with the major service providers. The ads for print publications were ready six weeks before launch date, but she didn't place them until they secured their first contract with a service provider, which happened about three and a half weeks before launch day. That gave her enough time to place ads in weekly and bi-weekly publications. She had also been working with key editors, giving them the beta product to test, a month or so before the launch. The feedback from editors had been positive so far.

Sandra wanted to make good use of search engine marketing. She and Brian decided to run search engine ads aimed at the end-users of the product. When end-users clicked on one of the ads, they'd be taken to a special landing page that described the product thoroughly and then provided links to service provider sites, so they could complete the sale. Sandra made sure that the service provider Web managers were ready to receive the leads, with their own landing pages, and that they had a method for keeping track of the leads coming from the WW-240 campaign.

When the launch date came, Sandra's team sent the press release over the wire, and to the editors she'd been working with. They also sent an email blast to existing customers. They activated the new Web pages on their website, and started the search engine campaign. Two days before launch, they sent out a mailing to all of the people who had bought modems from WhizzinWireless in the past.

Over the next few months, the marketing team was very busy supporting the new service providers that the WhizzinWireless sales force had signed up. Four months after launch, they had contracts with five service providers. When the biggest contract came through on a Friday afternoon, Sandra went into Brian's office and gave him a high five.

The campaign was a resounding success. By the end of the first year, WW-240 had gained a 15% market share, and was making life miserable for competitors. Each week, Sandra continued to work closely with Brian, coming up with campaign ideas, building more sales support materials, and helping Brian analyze customer response to the product.

Brian made sure Sandra had all the facts she needed about the product, and continued to adjust his business plan and recommendations as he got more customer feedback. He helped the technical team prioritize their upgrade projects and started to develop an idea for a new accessory for the WW-240 that would help increase sales overall.

And so ends our tale of Brian, the product manager, and Sandra, the marketing VP.

Let's look at the responsibilities of each person as they launched the WW-240.

Brian, the product manager:

- Researched the customer need for the product
- Evaluated the competitive situation
- Determined how the product would be sold to service providers and customers, and developed a support plan
- Set prices for the product
- Directed the development process so the product will meet customer needs
- Worked with Sales, Support, and Manufacturing to make sure they could meet customer needs
- Worked with Sandra on the marketing plan, providing information and participating in discussions
- After the launch, gathered intelligence about how the product was being received by customers, kept supplying Marketing with data, and conceptualized new products they could develop and sell.

Sandra, the marketing VP:

- Developed marketing strategy with the product manager
- Interviewed customers to find out which words they used to describe the problem that WW-240 was able to solve
- Met with the sales team to ascertain the sales process and needs
- Developed the campaign concepts
- Created the marketing plan, which included an executive summary, audience description, campaign themes, vehicles, and budgets
- Directed staff in the implementation of the marketing effort, which included PR, email, website pages, printed materials, print ads and search engine advertising
- Measured the results of the campaign and made adjustments based on leads generated and sales made
- Directed her staff to support the selling and marketing efforts of the service providers who were selling the WW-240 to end customers.

Who does what?

Product managers define the product and build the business plan, then manage the implementation of the plan. Marketing managers take the information provided by the product manager, gather their own customer input, create marketing plans, implement the campaigns, and measure the results.

Kristin is the editor of the Revenue Journal, a newsletter for CEOs, and Marketing Technology, an online ezine for marketing leaders. Learn more at http://www.zhivago.com

Migrating From a Product Manager to an Entrepreneur

By Gopan Madathil

Most product managers love their job. Being the "virtual CEO" of a product and directly responsible for its success is an incredibly satisfying experience. It's no wonder that many entrepreneurs and CEOs have adorned the title of product manager at some point in their career. Working as a product manager for an established product line hones your ability to look at the big picture, but there are other key factors you should consider as you dream of building the next Yahoo™ or eBay™ on your own.

Even incredibly smart individuals who are first-time entrepreneurs often underestimate what it really means to build a successful technology startup. There is no perfect formula. Most of us already know "cool products" don't necessarily make great sustainable businesses. Product managers are fortunate to have access to potential customers and should test the market or validate concepts before building a technology startup. If you decide to take the plunge, here's a top-ten checklist of things to consider first. ➔

1. Define the problem

Does the proposed product meet viable new product criteria? This is the most important thing that you need to consider. As a product manager, you may have worked on introducing newer releases or "extensions" to your product family rather than starting from scratch. As an entrepreneur, you will look for the "yet-unsolved" problem that needs to be addressed. Ask yourself:

- What critical and yet-to-be solved business problem are you trying to solve?
- Is there an alternate solution to the problem?
- Do you have existing competitors?
- What's the business driver for the new product being developed?

2. Market opportunity

Most product marketing managers do assess market opportunity for their products on a periodic basis. If you're a technical product manager and have never performed a market opportunity analysis, consider getting some assistance. The purpose of this exercise is to further define the markets (and segments) that your product will address. It will also help you arrive at the total potential product opportunity, which is one of many important metrics that venture capitalists (VCs) look for. Conducting a market opportunity analysis will help you with forecasting sales for your product. If you are developing a product that has a broader appeal (across multiple target market segments), analyze where you can gain the most immediate impact. Having initial traction and customer adoption of your product in a particular market segment not only validates your business model, but also helps investors understand the pain your product is solving.

One word of caution—avoid using broad market projections that are forecasted by analyst firms. If your product is actually part of a broader market segment defined by the analysts, then perform necessary due-diligence so you know your "piece of pie." Also, if you're seeking venture funding then market size becomes even more crucial. As John Kunhart of American River Ventures puts it, "To achieve a VC-type return, companies need to have the potential grow to $50 – 100M in revenue in a few short years. In order for companies to grow big enough, fast enough, the Total Available Market (TAM) should be as big as $1 billion or more." Most VCs look for the same thing in a potential company—an experienced management team, a large and growing addressable market, potential for superior gross margins and high exit-multiples.

3. Focus, focus, focus

After having spent a few years as a product manager, I learned that half of the time a product manager's job is about making decisions rather than actually performing the task. Having a team focused on developing a product or a release while being vulnerable to feature creep is nothing new to product managers, but *focus* is particularly more important for an early-stage business than it is for an established product or business. As a startup, you have a natural edge over larger competitors in being able to decide and execute with much better precision. Are you and your team really taking advantage of this strength? Or are you finding yourself in an ocean of endless product possibilities with no specific focus?

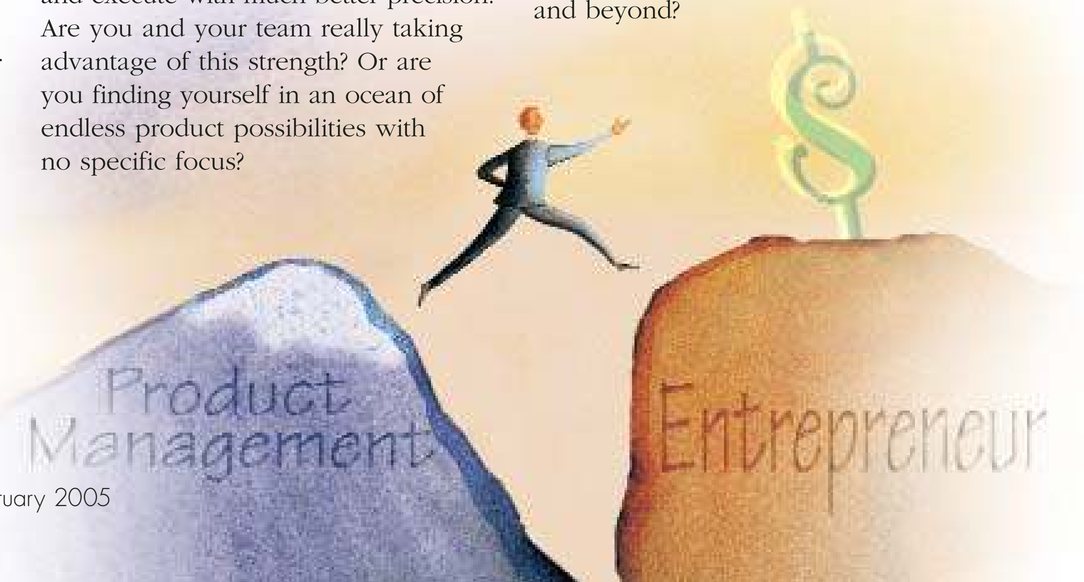
4. Sustainable advantage

Are you the world expert in your product niche? Remember, unless you're starting a services business, you must become the leader, or one of the top three vendors, in your marketplace. The business can't sustain itself otherwise. Continue to build mindshare and market share to grow your business. So, ask yourself:

- Can you become world expert in your product niche?
- What is your unique advantage in building a competitive edge?
- Are you creating any unfair advantage?

5. Force of will

Product managers working for larger established businesses are accustomed to having a team of talent at their disposal, adequate funding for product development, and the management team's blessing. While you may have been part of the process of shutting down product lines, as an entrepreneur, you must look beyond the common tactic embraced by established business—that of layoffs and product cancellations. You cannot afford to fail. Ask yourself if you have the force-of-will to make things happen regardless of the inevitable obstacles. Funding could take time and there could be substantial work to be done before you get funded. Or if you don't need external funding are you able to steer the organization through the initial customer shipment and beyond?



6. Know where you need help

Unlike being surrounded by a large pool of talent, you may find yourself with limited resources in the early stages. While you and your team have unique strengths and core expertise, you need to recognize your weaknesses. Knowing where the voids exist is an important step in asking for assistance. Once you know that, the next task is to identify someone who can help.

- Are you focusing on your core strengths and actively looking for other team members to strengthen your weaknesses?
- Are you spending time working on what is truly important? For example, if you're in charge of building the product, are you spending a significant amount of time negotiating legal contracts? If so, find someone else to do that for you.
- Do you need external expertise? Have you thought about putting together an external advisory board? Is there someone who can complement you in areas where you don't have the expertise?

7. Go-to-market strategy

More often than not, as product manager or product marketing manager, you have found yourself making a business justification internally within your organization. And the most commonly asked question was, "What is your go-to-market strategy?" For those who haven't been in this situation before, remember that this is your opportunity to tell your investors how you intend to acquire customers and build revenue for your business.

Trust me; "go-to-market strategy" is much more than a consultant buzzword. In simple terms, after identifying an unsolved need that people are willing to spend money to resolve, you must decide how you intend to go about acquiring customers. Assuming you have identified the price point, what's your strategy to acquire customers? Some of the other questions that you need to answer are:

- What is your sales model?
- Are you selling directly to the customer or through channels?
- Are there any barriers (e.g., language, cultural) selling into the particular market?
- How are you going to create awareness for your product?
- What kind of resources do you need to achieve your sales and marketing goals?

8. Money management

As a founder or founding CEO, you not only provide leadership to the team, you also have responsibility for making sure the business succeeds. In the run-up to getting the product out the door, you may have overlooked some immediate financial challenges. As you continue to build your business, do you:

- Have a limited bootstrapped budget? Are you making sure that money is spent wisely on the right things?
- Have enough money to last until you have achieved positive cash flow?
- Need to raise capital? Who's actually focused on raising capital?

9. More focus

You have succeeded thus far due to your unwavering focus in building the initial release product and successfully managing money. As you continue to grow, question whether each task contributes to or diminishes the organization's focus. Put each of your "new initiatives" through the "focus-microscope" and ensure you can continue to win in the marketplace. Make sure you spent your time, energy, and money on the right things.

10. Expanding beyond your first product

Sure, you are eager to broaden your organization's product portfolio as well as take advantage of the installed base. No sensible entrepreneur can resist the urge to grow the organization's revenues. So think about how you can broaden the market. Have you already expanded geographically beyond your initial target market? Are there areas adjacent to your core market segment, which are prime candidates for product expansion? Are there new vertical markets to conquer?

When introducing new products to the same customer base, ask yourself: If we were to literally give away the software for free, how many of our current customers would use it? If not, why not? Should you find that all or most customers would use the new product, then figure out how to get them to pay for it.

Final thoughts

You may have heard of this old adage: "Give a man a fish, you feed him for a day; Teach a man how to fish, you feed him for lifetime." The entrepreneur's version of the same adage should read like this, "Teach an entrepreneur how to fish, and look forward to the opening of a chain of seafood restaurants." Perhaps the statement underscores the importance of the vision and drive needed to become an entrepreneur.

Gopan Madathil is the Director of Product Marketing with Venturi Wireless, a venture-backed wireless software startup based in Silicon Valley. He is also the Founder of TechCoire, the largest network of technology entrepreneurs and executives based in Northern California. You can reach him at gopan@venturiwireless.com

Ask the Expert

I'm looking to "break into" product management–and have a degree in engineering, several years of product design experience, an MBA and several years of management consulting experience for a high-tech firm, but I have no direct "product manager" experience. I'd love to know if there is a "gateway" job or path that you could recommend.

Product management is often hard to break into. Potential employers want to hire someone who already knows their products and their markets, and they don't want to re-deploy an existing employee. The result, no one fits their impossible requirements. My best hire was a sales engineer (SE) who had some domain knowledge and the ability to learn our products and markets. He was stuck in his career; he couldn't get promoted internally because he was the company's best SE. This would be my advice to a hiring manager: to look for product managers within the company's SE ranks.

Most product managers come to the job via a technical job from within the company, usually sales engineering, professional services, development, sometimes tech support or documentation. Leveraging your technical skills, you could possibly get into the right company via the SE ranks or via professional services—or you might also be able to get into a company through user interface design or QA and then move into product management.

Don't kid yourself: product management in a technology company is a technical job. We have to be able to understand the choices that Development gives us and know when their designs are under- or over-engineered.

Of course, we also have to understand the domain and the company's target markets.

As for the next ladder, the "straight path" for product managers is to move into a product line management or director position over Product Management, then to VP of marketing with Product Management and Marketing Communications. The ultimate destination is COO. Product management gives one incredible experience across all organizations in the company. In fact, one statistic reported that almost half of the CEO/COOs in technology are former product managers.

There are some alternate career paths that we see. A move into:

- Sales, selling the products that we know so well
- Product Marketing, taking existing products to market
- Development management, often in the role of product architect, designing user interaction and leading development teams.
- Project management, defining standard procedures and templates for use on all products —creating a "playbook" for product managers so that new people don't have to create their own set of tools. Pragmatic Marketing® offers a base set of templates in our classes to assist in this effort.

The Pragmatic Marketing Framework identifies the activities that we see product managers doing. Using this framework for self-assessment, identify which activities you think you can do well and that you would enjoy doing. How well does your skill set fit the activities in the framework?

Chuck Yeager, the famous test pilot, admitted that he didn't really have a career plan; instead, he just took on jobs that he thought would be interesting and fun. Likewise in technology—as you move though the organization, see what types of work you really enjoy (and which ones you don't). And when you've found a job you love, keep doing it. If you love what you're doing, you'll never work a day in your life.

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. Contact Steve at sjohnson@PragmaticMarketing.com

[4 Reasons to Choose iLinc Web conferencing vs. WebEx or LiveMeeting]

1 **One-Time Licensing Fee.** Purchase and own your iLinc software and pay a one-time licensing fee – often less than your current annual subscription fee.

2 **20-50% Savings.** iLinc's flexible purchasing options can save you money, no matter what you're currently spending.

3 **32,000 Times More Secure.** iLinc's multi-layered security protects your data as it travels across the Internet.

4 **SwitchOn Value™ Program.** iLinc guarantees a reduction of your current cost including training and support for a seamless transition.

Get a Free Apple® iPod® Mini

Experience the difference by switching to iLinc.

Try iLinc Free for 15 days and see why smart companies such as Aetna, JPMorgan Chase, EDS and Xerox are using iLinc across their organizations.

Host 5 meetings during your trial and get 5 Free iTunes®. Buy 5 Licenses and get a Free Apple® iPod® mini.

Sign up Today

www.ilinc.com/productmarketing
or call 800-767-7259

iLinc™ WEB AND AUDIO CONFERENCING SOFTWARE FOR COLLABORATION

Best Practices Help Grow a Grocery Store Automation Business

> "Now we have confidence that we know exactly what to provide to Development. There in an incredible sense of freedom that comes from understanding what we needed to do—and, more importantly, what we *didn't* need to do."
>
> *Randy Brengle*
> *vice president of product marketing*
> *TCI Solutions*

The TCI Solutions story is short and sweet: the company builds software that helps supermarket operators increase their top and bottom lines. Today more than 400 chains count on TCI software to automate complex pricing strategies, streamline inventory management, and execute more consistently—from headquarters to store.

To compete in today's complex retail environment, grocers must be able to respond rapidly to market changes, connect with their customers, and improve their chain's overall image. And the product management team at TCI can help. This senior group of marketing experts has its finger on the pulse of the grocery retail market space and is guiding the company's flagship software solution, TCI Retail™, to a place of prominence.

The product management organization at TCI was formed over three years ago to help codify and simplify product management processes to build software with market-driven functionality. According to Randy Brengle, vice president of product marketing, "When the company was founded in 1983, we were, by necessity, development-driven for a long period of time. Later, as the market matured, we moved into being a sales-driven organization, where we were determining what a major customer or prospect wanted and building a product or feature set to suit. Now our business model is market-based—where product management determines market needs and drives the product to solve those pervasive problems."

Best practices simplify product management

When the product management group was first launched, however, the team initially struggled with creating a process to describe requirements for the software it wanted the development organization to build. "We were thrashing about a bit. We had no idea how to identify and define best practices and procedures for market-driven product management. We had trouble identifying and segregating

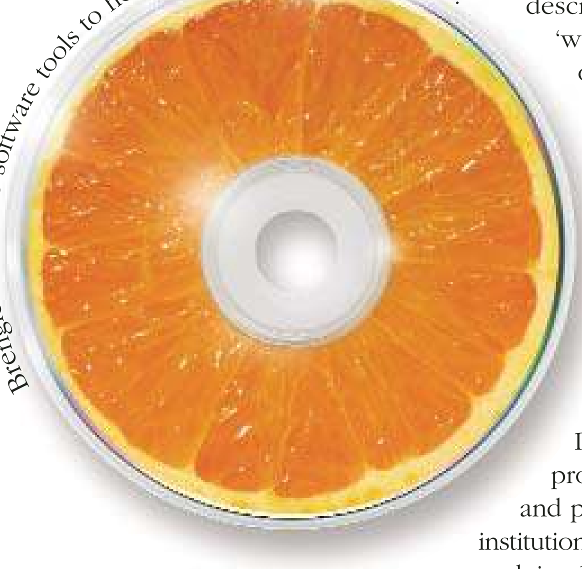
the roles and responsibilities—both within Marketing and for clean handoffs to Development."

TCI's team was not the first to wrestle with articulating the "who, what, when, and why" of product management. That's when they discovered Pragmatic Marketing® and its suite of high-tech product marketing seminars. "Our new senior vice president of marketing introduced us to the Pragmatic Marketing courses," Brengle remembers. "Two of us on the team initially attended the Practical Product Management™ class to evaluate. And we came back completely energized by what we saw and heard. Finally, somebody had verbalized all the things we had been trying to do—with a process that makes sense. From that point forward, the excitement caught on, and we drove the entire organization down this path."

The first step was to put the entire product management team through the Practical Product Management course, followed by the Requirements that Work™ course. Along the way, Brengle and the team made some eye-opening discoveries. "We discovered we were making product management too hard. We were trying to go down to a level of a functional specification: getting into the 'how.' The Pragmatic Marketing courses brought us back up to a higher level—the 'what' and the 'why.' Looking at their framework, we could easily see what was above the line, what was below the line, what we need to be doing, and what others in the marketing organization need to be doing. They put us exactly in line with what we needed to do to become more strategic and market-driven."

The results have been dramatic. "Now we have confidence that we know exactly what to provide to Development. There in an incredible sense of freedom that comes from understanding what we needed to do—and, more importantly, what we *didn't* need to do. The bottom line is, with everything we've learned from the courses, we've been able to +

Brengle looked to software tools to help institutionalize its practices.



start delivering meaningful requirements documents to our development organization that describe not the 'how' but the 'who, what, and why' of what we want them to build."

Creating a culture shift

TCI's product managers have spent considerable time laying out their Product Development Process—one that is rooted squarely on top of a Market Requirements Document, complete with problem statements and personas. "We have institutionalized our personas," explains Brengle. "Whenever I mention Tito, everybody in the organization knows I'm talking about a grocery store receiving clerk, including what he does, what's important to him, and what will make his day perfect. That knowledge is extremely helpful to those people who might not understand the grocery business as well as the product management staff does. Now our Development folks have the benefit of that knowledge, which puts a little context behind what they are trying to accomplish."

Slowly but surely, the TCI team is effecting a change in the mindset of the entire organization. They have hosted onsite Pragmatic Marketing seminars to which they've invited leaders from other organizations. "We are making the methodology a core part of our culture. We have mandated that this is a total company project. All our Professional Services people, our Support staff, Documentation, Quality Assurance, Development, Product Marketing, even the Finance side of the business are all in this process up to their elbows. The goal is to drive the company to be market-focused. Without Pragmatic, we wouldn't have been able to get to that. Today, we are able to justify decisions we make as a company based on the principles and disciplines we follow—whereas, before, there was a good deal of intuition as to what we were going to build."

FeaturePlan software helps put the methodology into practice

An innovative software package is helping the TCI product management team drive the Pragmatic Marketing methodology throughout the organization. Based on a recommendation by one of the Pragmatic instructors, Brengle looked to software tools to help institutionalize its practices. The answer came in the form of Ryma Technologies, Inc.® and its FeaturePlan™ software.

FeaturePlan is an automated, collaborative enterprise product management platform for the collection, organization, tracking, analysis, and distribution of detailed

TURN THIS INTO THIS.

When it comes to product marketing frameworks, Pragmatic Marketing® is in a class of its own. Easy to use, straightforward, and highly effective, Pragmatic brings an orderly, rational framework to the often-chaotic world of product management.

That's why we've created FeaturePlan™. We've taken the genius of Pragmatic and turned it into a powerful, automated Enterprise Product Management tool. It's Pragmatic for the desktop. And like Pragmatic, FeaturePlan is easy to use, straightforward and highly effective.

If you've bought into Pragmatic Marketing, then you've got to buy FeaturePlan.

Automate.

Collaborate.

Organize.

Manage.

Communicate.

That's FeaturePlan.

For more information about how FeaturePlan can help, call us today at:

1-866-796-2832

sales@rymatech.com

or visit our web site at: **www.featureplan.com**

FeaturePlan™

Upcoming Pragmatic Marketing Seminars

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

PRACTICAL PRODUCT MANAGEMENT™

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.

February 7 – 9*...........San Francisco, CA
February 23 – 25*.......Bedford, MA
March 7 – 9*..............San Francisco, CA
March 14 – 16*...........Toronto, Ontario, Canada
March 21 – 23*...........Garden Grove, CA
March 21 – 23*...........Bedford, MA
April 4 – 6*................San Francisco, CA
April 11 – 13*............Bedford, MA
May 2 – 4*..................San Francisco, CA
May 9 – 11*.................Minneapolis, MN
May 16 – 18* ....Bedford, MA

* Requirements That Work, Day 3

REQUIREMENTS THAT WORK™

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.

February 9 ....San Francisco, CA
February 25 ....Bedford, MA
March 9 ....San Francisco, CA
March 16 ....Toronto, Ontario, Canada
March 23 ....Garden Grove, CA
March 23 ....Bedford, MA
April 6..........................San Francisco, CA
April 13.......................Bedford, MA
May 4 ....San Francisco, CA
May 11 ....Minneapolis, MN
May 18........................Bedford, MA

EFFECTIVE MARKETING PROGRAMS™

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.

February 9 – 10..........San Francisco, CA
March 24 – 25 ....Cambridge, MA
April 6 – 7..................San Francisco, CA
May 18 – 19 ....Boston, MA

February

S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9*	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25*	26
27	28					

March

S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9*	10	11	12
13	14	15	16*	17	18	19
20	21	22	23*	24	25	26
27	28	29	30	31		

April

S	M	T	W	TH	F	S
					1	2
3	4	5	6*	7	8	9
10	11	12	13*	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May

S	M	T	W	TH	F	S
1	2	3	4*	5	6	7
8	9	10	11*	12	13	14
15	16	17	18*	19	20	21
22	23	24	25	26	27	28
29	30	31				

** Requirements That Work, Day 3*

The Industry Standard in Technology Product Management and Marketing Education

Free The Strategic Role of Product Management™

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

February 3.............Vienna, VA
March 17 ....Toronto, Ontario, Canada
March 24 ....Bedford, MA
April 8...................San Jose, CA
May 12 ....Minneapolis, MN
May 19 ....Bedford, MA

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.

productmarketing.com™
16035 N. 80th Street, Suite F
Scottsdale, AZ 85260

PRSRT STD
US POSTAGE
PAID
PHOENIX, AZ
PERMIT 995