



[FLEX your software.]

Price. Package. Protect. Update.

The nature of software is evolving. As the leader in Software Value Management solutions, Macrovision's FLEXnet platform is uniquely qualified to help you maximize the value of your software through every phase of its lifecycle.

macrovision®



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

President and CEO

Craig Stull
Pragmatic Marketing, Inc.

Managing Editor

Kristyn Benmoussa

Contributing Writers

Ed Crowley
Peter Longini
Barbara Nelson
Adele Revella
David Meerman Scott
Kristin Zhivago

No part of this publication may be reproduced, stored in any retrieval system, or transmitted, in any form or by any means, electronic, mechanical photocopying, recording or otherwise, without the prior written permission of the publisher.

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

To be removed from the mail list, visit www.pragmaticmarketing.com/unsubscribe/ or send an email to info@PragmaticMarketing.com

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

Other product and/or company names mentioned in this journal may be trademarks or registered trademarks of their respective companies and are the sole property of their respective owners. productmarketing.com™, a Pragmatic Marketing, Inc. publication, shall not be liable regardless of the cause, for any errors, inaccuracies, omissions, or other defects in, or untimeliness or unauthenticity of, the information contained within this magazine. Pragmatic Marketing makes no representations or warranties as to the results obtained from the use of this information. Pragmatic Marketing does not warranty or guarantee the results obtained from the use of this information and shall not be liable for any third-party claims or losses of any kind, including lost profits, and punitive damages.

productmarketing.com is a trademark of Pragmatic Marketing, Inc.

Printed in the U.S.A.

All rights reserved.

About Pragmatic Marketing, Inc.

Pragmatic Marketing, Inc. was formed in 1993 to provide product marketing training and consulting to technology 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 30,000 product managers and marketing professionals. For more information, visit www.PragmaticMarketing.com or call 480-515-1411.

Inside this issue:

July/August 2005

Volume 3 Issue 4

4 The Higher They Go, the Stupidier They Get

Working on things that don't make sense is the single biggest source of job dissatisfaction. Directives from top management shouldn't end with employees going back to their desks, heads down, grumbling all the way. So why do intelligent, well-meaning managers make stupid decisions?

10 Don't Confuse Sales Support with Marketing: A Case for Buyer Persona Profiling

As technology marketers, do you measure time spent on marketing vs. sales support? Marketers are so focused on sales that marketing is an afterthought. Few marketing tools respond to the buyer's real questions. This article provides valuable information about identifying and staying focused on buyer persona profiles.

16 Product Management: For Adults Only

It takes a certain maturity to professionalize technology product commercialization. Learn from a company's abrupt growing-up experiences including sharp about-faces in the marketplace and misunderstandings within its own workforce.

24 Product Strategy Doesn't Just Happen!

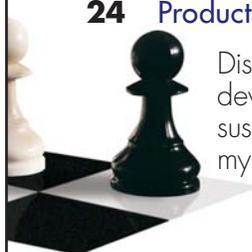
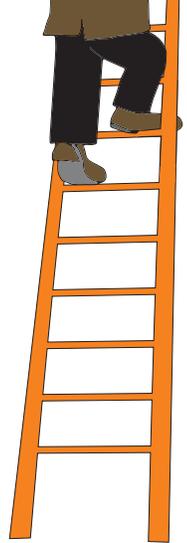
Discover the need for developing a process to drive the development of your product strategy in order to achieve sustained growth. Explore both the key aspects and myths of successful product strategy processes.

27 You Want to Start a Company. Where Do You Begin?

Find a problem, solve the problem, tell the world you solved the problem, and sell it—take these four key tips from Intuit® and learn how to be market-driven.

28 The Egoless Company

Award winning companies vary on many dimensions, but they all share a focus on products and services that solve customer problems instead of what's important for the company.

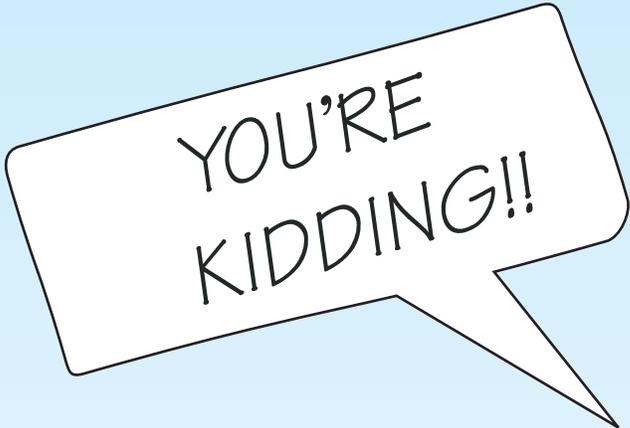




The Higher

“What?!?!? He said that? You’re kidding. You’re not kidding? He actually said we have to do that? Starting tomorrow? Does he realize what he’s asking? Oh, of course not. What an idiot! That means I’m going to have to drop everything I’ve been working on for three weeks and start running full speed in the other direction! I can’t believe it.”

This conversation, which takes place in millions of hallways across the world each business day, ends with everyone going back to their desks, carrying their cups of coffee, heads down, grumbling all the way. Because of something a manager or manager’s manager said, employees are going to be working on something that doesn’t make sense, something that will mess up everything else they’re working on, something that will probably inconvenience customers—or, worse, make customers shake their heads in disgust and go find a company who has a clue about what they need and how they want to buy.



They Go, the Stupider They Get

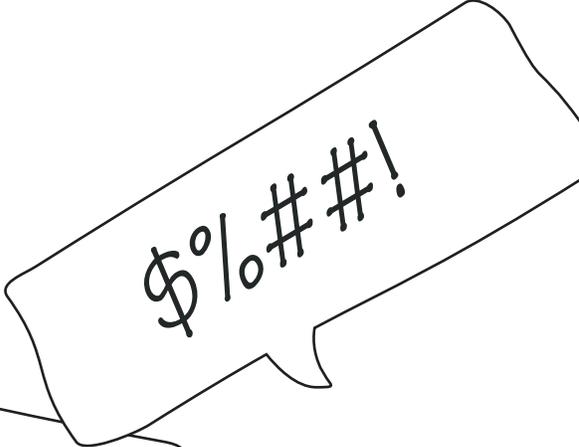
By Kristin Zhiwago

Working on things that don't make sense—things that will hurt the company because they won't help the customer—is, by far, one of the biggest problem in business today. It's an epidemic, and nobody talks about it.

Scott Adams, the creator of Dilbert, owes a lot of his popularity to the sad fact that the stupidity of Dilbert's boss rings true for a lot of workers. Every minute an employee spends working on something that doesn't make sense is a wasted minute. You could even call it a "negative" minute, because 1) the job that should be getting done isn't getting done and 2) the employee's respect for the boss, and his belief in the company's future, has slipped down another notch.

Working on things that don't make sense is the single biggest source of job dissatisfaction. Who wants to work on something that is obviously going to fail? Who wants to fight traffic, spend 8 to 15 hours in a windowless office, answer another 200 emails, and sit through at least 5 boring meetings every day, just to do something stupid?

Employees are the happiest when they're working on something that is going to succeed. Something that they think customers will like, something that competitors can't do or won't do, something that "fits" with the company's set of promises (which is, as I explain in my book, a company's true brand). Something that makes them proud to be associated with a company that is doing the right thing.



Are these top managers really stupid? Nope. The thousands of people I've worked with in top management were not stupid. They were intelligent and dedicated.

But these same intelligent, well-meaning people make stupid decisions. Why?

Because:

1. They aren't personally talking to customers.
2. Their employees don't tell them the whole truth.
3. They have to answer to their own "bosses" who are also illogical.

Let's take these one at a time.

They aren't personally talking to customers.

Lou Gerstner is one of the best examples of a customer-centric CEO. If you're in management, and you haven't read his book, *Who Says Elephants Can't Dance?* you're missing a great read—and insight into what made him so successful. Before he came to IBM®, he was an IBM customer, and a consultant to large companies. He knew the traps that CEOs can fall into. As a customer, he was fully aware of the stupid mistakes that managers make.

When he first started his job as the CEO of IBM, instead of calling a bunch of meetings with employees and analysts to discuss His Grand Strategy, he horrified college professors and reporters by saying that the last thing IBM needed at that point was another "vision." Worse, he spent the bulk of his first three months visiting customers. He continued to spend about 40% of

his time talking to customers during his tenure at IBM. How many CEOs can say they do that?

And I'm not talking about spending time with big-ticket prospects, closing the deal. When the CEO is acting as the company's Top Salesperson, the customers he's talking to will be just as cagey and close-mouthed as they are with their regular salesperson. The CEO won't learn anything useful in that situation.

What I am saying is that the CEO has to randomly call customers on a regular basis—not to sell them, but to interview them.

He needs to find out what drives them crazy. He needs to know, personally, what they really want. He needs to understand how they want to buy—the questions they need answered, how they need those questions answered, and in what order.

He needs to hear them tell him, in their own words, what they wish his company would do for them that it isn't doing now. What would they pay good money for? What makes sense to them?

If you're the CEO, all you have to do is pick up the phone and call. Start asking open-ended questions.

"How's business? What's driving you crazy right now? How do you feel about our product? Our service? What could we be doing better? Who else did you look at before you bought—and what did you think of them? How did they sell to you? Was there anything about our sales process we could improve? What promise do you wish companies like ours would keep?"

These simple questions elicit the kinds of answers that can drive logical, market-conquering strategies.

If you don't interview customers personally on a regular basis, you will fall victim to Agenda-itis. Everyone has an agenda. Maybe they really do want to help the customer (there are more of these people, by the way, than most managers assume). Maybe they're trying to please or impress someone else—a manager, a spouse, or even their mother-in-law. Maybe they're trying to do what only one customer wants (the main failing of sales-driven companies). And some, sadly, are just greedy and selfish, doing whatever pleases them.

When the CEO doesn't talk to at least several customers a month, she's going to do what makes sense to her based on what she hears from non-customers. Her main source of information will be her employees. That's a big mistake. Because...

Their employees don't tell them the whole truth.

Here's a simple example. Let's look at a guy named Bill. Bill is in charge of a project. He's done the best he can with something he was asked to do, but it's not as good as he wanted it to be.

When Bill's boss asks how it's going, Bill says, "Good. We'll be able to meet the deadline." What Bill doesn't say is that he isn't happy with how things are going, that some of the people who are supposed to be cooperating aren't cooperating.

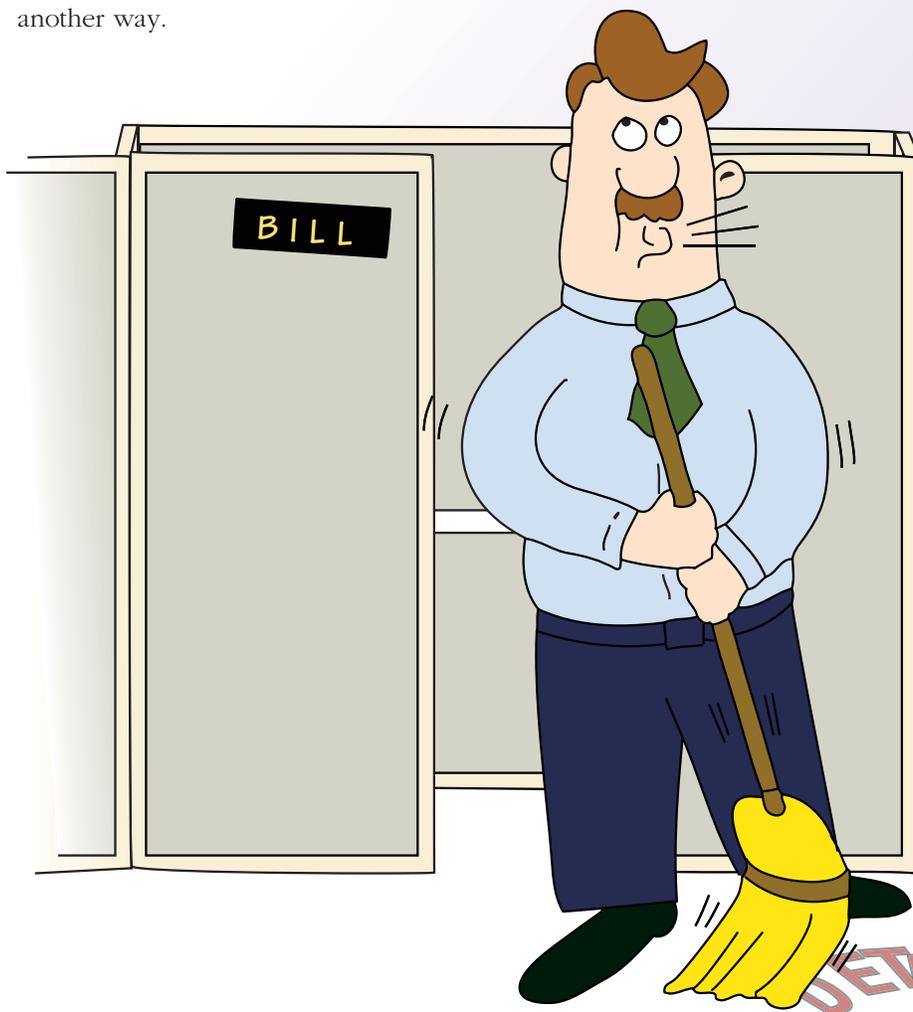
Why isn't Bill telling his boss the whole truth? Here are just some of the possible reasons:

1. He doesn't want someone else to get into trouble.
2. He doesn't want to look like a whiner.
3. He is fighting a political battle with someone and he believes he is going to win. He doesn't want to say anything about it until it's obvious that he has to escalate.
4. He's afraid of being labeled a snitch, so he doesn't say anything about the people who are resisting.
5. He figures if he can't get the right people on board, he'll find another way.

6. It is taking longer than he thought to get certain information.
7. It is taking longer than expected to do some aspect of the project, but he thinks he'll be able to finish it if he can just get some uninterrupted time. Riiiiight. In fact, his day is filled with meetings and interruptions, so he never gets around to focusing on the big stuff.
8. He believes that someone is doing their part, when in fact their part either isn't being done or it is being done incorrectly. He will probably discover this when it's too late.

9. As the job is nearing completion, something changed—something that will have a major effect on the job. Bill doesn't know about the change. Or, he knows about it but figures he can work around it. Or, worse, he knows about it and decides to ignore it because he can't figure out how to incorporate the change into what he is doing.
10. Bill screwed up somehow and is desperately trying to figure out how to make it right (or cover it up). Meanwhile, he isn't about to say anything about it to his boss.
11. The technology, employee, outside vendor, system, or process that Bill wanted to use for his project didn't work out. He is scrambling behind the scenes to find an alternative.
12. He's an eternal optimist, and in spite of all the obvious signs to the contrary, he believes the project will "turn out OK."

We're up to reason #12 already and the list certainly isn't complete. Obviously, employees have many, many reasons to avoid telling their bosses the whole truth. →



Bill doesn't tell his boss the whole truth, Bill's boss doesn't tell his boss the whole truth, and so on up the line until the story makes it to the CEO. The larger the company, the less truth is left in the story by the time it reaches the top. Plus, as everyone in the chain leaves out some of the truth, they add a little more fiction. By the time the CEO hears the story, it bears little resemblance to reality.

The CEO then makes a carefully considered decision, based on this filtered and embellished information, and delivers a decree.

Bill gets the memo and thinks, "What an idiot!"

CEOs who depend entirely on their employees (or their kiss-up vendors) for the truth will always make stupid decisions. Smart CEOs make a point of looking elsewhere for the truth. They talk to customers on a regular basis, as we've already mentioned. This is the single most important thing a CEO can do. A customer will say, "Well, I called customer service to solve my problem, but I was put on hold for 25 minutes, and then the rep couldn't solve the problem. So last week, when it was time to upgrade, I bought your competitor's product. And frankly, I've told others how terrible your service is."

What did the customer service manager tell the CEO? "We're working on improving the phone system."

Many CEOs think they get the truth when they challenge these vague statements. "What do you mean, you're working on it? What's wrong? What are you doing?"

This leads to some answers, but the CEO will never hear this: "Well, the average hold time is 24.6 minutes, the system seems to cut off every 4th caller after they press '4,' and we don't have answers to 37% of the questions we're asked."

Instead, he'll hear: "We need to hire more reps to decrease the hold time, which is a little higher than I'd like. And we are testing the system because every so often it drops a call."

It's obvious that the CEO who gets this information is going to make stupid decisions, no matter how smart he might be. And he won't realize how much business he's losing because he's not getting the whole truth. Only his customers can paint that picture for him. Meanwhile, his competitors will be having a field day exploiting his vulnerabilities.

If he does interview customers and gets the truth, he has to decide what to do. Another barrier that will keep him from making the right decision: the stupid "bosses" he has to answer to. Which brings us to Reason #3.

They have to answer to their own bosses, who are also illogical.

Every CEO has a boss. In fact, every CEO has several bosses. At the very least, CEOs have to answer to the government. Regulations must be followed. Anyone who has tried to do his or her own taxes, or change something simple in their own town, knows that government regulations are neither simple nor logical. What makes sense to customers and to the companies that serve them may not have anything to do with what a CEO has to do to comply with government regulations, even if those regulations were created to protect consumers.

CEOs also answer to investors. In private companies, investors include family and friends, business associates, and venture capitalists. Each person has an agenda, which usually has little to do with what the customers want.

Maybe the venture capitalists want to get to an IPO as fast as possible. Maybe they want to "flip" the company—grow it and sell it—in the shortest amount of time. Maybe a relative or friend, who is advising the CEO, has been successful working in another company or industry, and wants to apply the lessons she learned in that previous situation to the current situation—even if those lessons are inapplicable.

In public companies, the stockholders, analysts, and press put pressure on the CEO. The CEO makes promises that he is expected to keep. When the numbers come out, if they're different than what the analysts expect, the stock price will suffer. This has a direct effect on the CEO's own net worth, which puts more pressure on the CEO. All of these brush fires can consume a CEO's working day, and still have nothing to do with what customers really want.



CEOs who have to answer to illogical demands placed on them by their “bosses” often fail to communicate that they are being forced into it by a poor policy. They don’t want their bosses to find out they said negative things about the policy to their employees. They also don’t like to admit that someone else is pulling their chain.

But by protecting themselves, they are creating havoc and dissension in the ranks. Better to say, “Look, I don’t like this either, but I honestly haven’t come up with a better alternative. We have to work through this right now, as efficiently as we can.”

This approach makes the employee feel he or she is part of the solution, rather than a victim of the problem. Employees who feel they are “in the know” are far more effective and motivated than those who feel they

are treated like mushrooms (kept in the dark and fed BS all day). They also tend to sympathize with the CEO and even defend her because they understand what the real problem is. This is far different than the employee who says to a customer, “Yeah, I know that’s stupid. But what can I do? This is a direct order right from the top.”

CEOs don’t have to be stupid. They can know what is really going on, just by making a few phone calls to customers every week. They can make decisions that make sense to customers. They can tell employees—and their investors—why they’re making those decisions, and how those decisions will help customers. They can know when something has gone wrong, as soon as it starts going wrong, and take action before the situation gets out of hand.

Want to separate yourself from stupid CEOs? Call your customers. **pm.c**

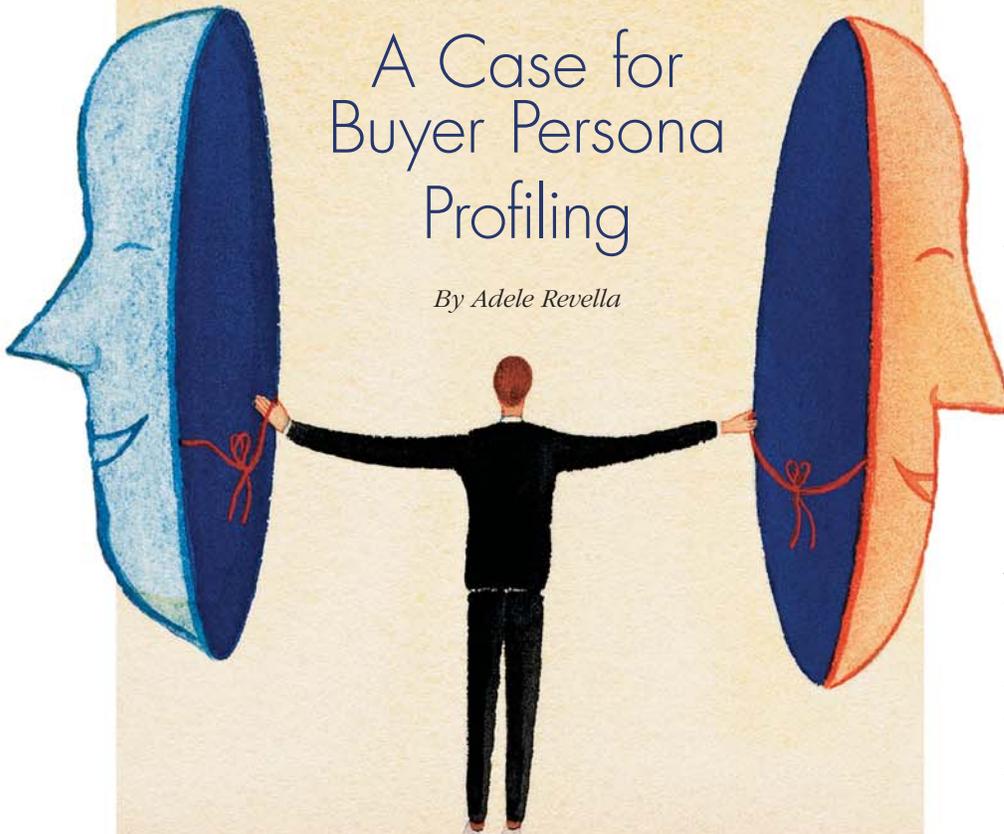


Kristin Zhivago is a “revenue coach” for company owners and CEOs. She is president of Zhivago Marketing Partners, Inc. www.zhivago.com, author of Rivers of Revenue, and author of the Revenue Journal blog. She can be reached at kristin@zhivago.com

Don't Confuse Sales Support with Marketing:

A Case for Buyer Persona Profiling

By Adele Revella



According to Pragmatic Marketing's 2004 product management survey, technology marketers spend more than half of their time on sales support, a statistic that reflects an alarming state of confusion about the role of marketing in our industry. Yet the functions of Sales and Marketing are easily distinguished; Marketing focuses on a market full of opportunities, while Sales focuses on individual opportunities.

So why are marketers so focused on sales?

There are many answers to this question, but they all net out to the fact that marketing has not been a well-respected function in our industry. This excerpt from a June 2005 CMO Magazine article ("The Ultimate Bug Fix") describes the historical perspective on marketing at Microsoft®:

During Microsoft's climb to the top of the software industry, rapid-fire product cycles often happened without much front-end input from the folks in marketing. Engineers would develop new software, pack it with bells and whistles, decide on an acceptable number of bugs and toss it over to marketing for a press release and a launch event.

This problem isn't unique to Microsoft, they have identified a problem that is epidemic in an industry built with an emphasis on engineering and sales—marketing is an afterthought, just a tactical

cog in a production process that results in various events, data sheets and press releases. Marketing is simply there to announce that Engineering has developed this wonderful product (great news!) and the customers are supposed to line up to buy whatever we have built.

If the marketing role is so narrowly defined, who could argue with the logic of using these resources to help close sales?

There is strong evidence that this is all about to change, and now Microsoft CEO Steve Ballmer has gone public with a commitment to “be excellent in marketing execution.” My sense is that the technology industry is finally growing up and that we are beginning to realize what other mature industries have long understood—marketing superiority delivers a sustainable, defensible competitive advantage to those who master it.

It won't be easy to develop the skills and cultural changes that will enable this new role. Microsoft estimates that they are currently “halfway through what may ultimately be a 10-year journey” to reinvent their marketing organization. Where are you in the process? What area of focus would produce the most benefits in the shortest amount of time? Here's one worth considering—how could Marketing support Sales without doing individual sales support?

Measure the time spent on marketing vs. sales support

The first step toward any change is to realize that your current actions, however well intended, aren't getting you where you want to go. It should be easy to see that the time you devote

to a single prospect opportunity (clearly a sales role) steals time that could have been used to influence an entire market about the value of your solutions (a reasonable description of the Marketing job). This is not to say that sales support is not important; if sales aren't closed your company will not survive. We are only asking you to recognize that sales support is not marketing, and to clearly identify which role you are truly fulfilling.

Think about the last time you spent days on a presentation, demo or reference story that helped one sales person work on one deal. Now contrast that to the function of Marketing, which should be developing programs that influence all buyers in a specific role in one of your targeted markets.

Which job is really yours: influencing the attitudes that drive a single customer to choose your solution (sales support), or influencing the attitudes that drive a market to choose your solution (marketing)? Keep track of your time in each of these categories, for just a week or two, and see where you are investing your time.

Consider what keeps you stuck in sales support

There are many reasons that Marketing spends its time on sales support, but these are the three I hear most often:

1. Sales people won't look for the answers in the tools we've provided, they just pick up the phone and call me (“code” for “sales people are lazy”).
2. The sales people don't understand our products (they don't take the time to learn, see reason #1).

3. Or one of my favorites; Sales can't close the business without me (sales people get all the respect, hopefully some of it will accrue to my benefit if I help with the deal).

I'm not denying that sales people want to find the quickest way to get the deal closed, and that most of them would be happy to have you do the work for them. But one of the reasons that Sales is so dependent on marketing people for help with individual deals is that the standard marketing collaterals are of little or no help during the sales cycle. Your materials simply do not communicate answers to the questions the buyers are asking.

If you have accompanied a salesperson on a few calls, you know something about the questions that a buyer brings up during those meetings. Pretend to be one of those buyers and take a fresh look at your collateral or one of your “standard” presentations. Now consider:

- Would you read (or listen) to this?
- Is it easy to find the answers to the questions that will help you make a decision?
- Is there something about this solution that is compelling and distinct from the competitors' offerings?
- Finally, do you believe the vendor statements are proof-points well presented and convincing?

The fact is that very few marketing tools respond to the real questions that a buyer wants answered as they move through the various stages of the decision process. Is it any wonder that Sales asks you to customize something for each prospect situation? →

Identify the need for buyer persona profiles

If you don't know the people you want to influence, you are not communicating. That's why the best sales people know that the first meeting with the prospect is not the time to talk about their solution or show a presentation. This first meeting is their best—perhaps only—chance to really understand that prospect's most urgent problems. An experienced sales rep is skilled at asking questions, learning about the prospect's concerns and uncovering the metrics that your buyer's management or stakeholders use to measure success.

The second meeting is your salesperson's chance to present your company's products or services as the solution to the problems the prospect described. If your sales rep can't connect your products to this business situation and success metrics, your sales rep may not get another meeting, much less win the business.

This is when the typical sales-support request arrives on your desk. The sales representative asks you to prepare a special presentation, demo, reference story, or worse, to accompany him on the next sales call. The knowledge inside your head is needed to connect the product to this prospect's view of the problem. The standard marketing tools either describe every conceivable product benefit or they are so vague that they are useless for this situation.

Now consider a different scenario. You have a buyer persona profile for each of the job functions that have the most impact on the purchase decision for your solutions. The profile includes the words that buyer would use to describe their most urgent problems and the way that buyer wants to measure the success of the investment. Your personas are built by job title, by industry, and by size of company—a few of the characteristics that typically affect the buyer persona details.

Armed with this insight into the target audience, you anticipated the needs of the salesperson and built marketing collaterals, presentations and other tools that connect the company's solutions to the problems that are most pervasive and urgent for each of your targeted buyer personas. The necessary information is not trapped in your head; it is easily accessible in the marketing materials. Now the customizations needed for any particular prospect situation involve a few adjustments, not a complete rewrite.

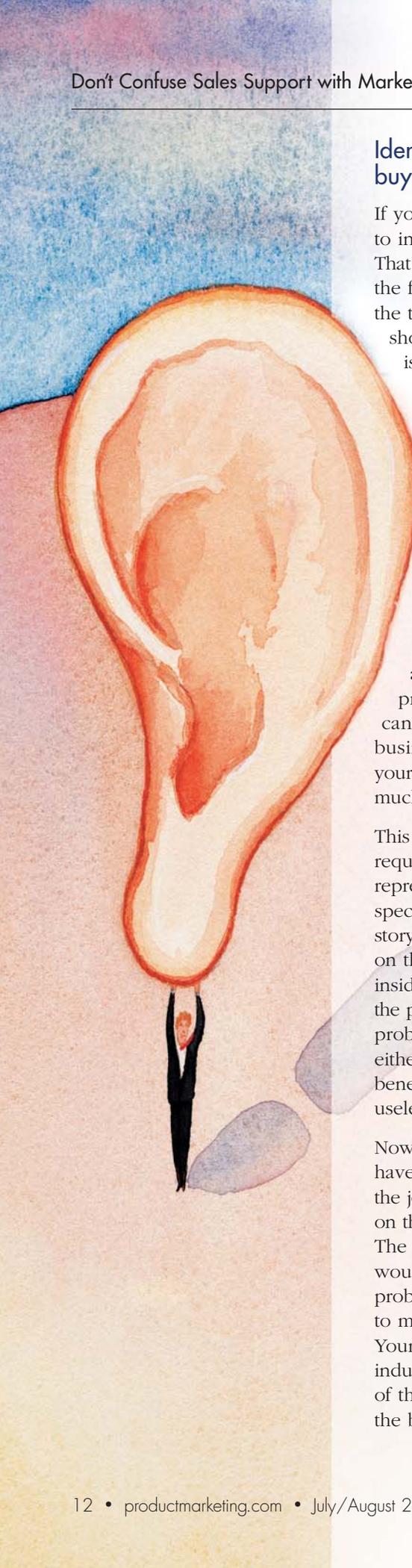
What is a buyer persona?

A persona is a short biography of the typical customer; not just a job description but a person description. It comments on the buyer's background, daily activities, and how they deal with their current set of problems. The more experience you have in your market, the more obvious the personas become.

We acknowledge that the idea of "profiling" is politically incorrect, but we also know that marketers who understand buyer personas find it easy to create well-targeted messages. The marketing materials developed from the persona perspective, and not a product point-of-view, are likely to communicate answers to the same problems that your sales rep will discover in his first few meetings with an individual buyer.

Here is an example of a buyer persona built by a company that sells software to corporations of all sizes, with a historical emphasis on large enterprises. This company's marketing was very product-focused until they built this profile for a small business owner and realized that his needs were very different.

This guy is an entrepreneur, he thinks differently than corporate managers. He is spending his own money, not some unknown shareholders'. He wants to know how he can make more money now, how this will have an immediate impact on his business. He doesn't have to go through a complex process to make a decision—if he sees an opportunity; he



wants it to work immediately. He wants to know exactly how much it will cost and when he can see the results.

This guy is very involved in the day-to-day operations of the business, so he doesn't have time to attend out-of-town conferences. He has one local networking group that he meets for an occasional breakfast, and he often asks his associates to recommend solutions for his problems. The nature of his business gives him access to the Internet, so he will also search online for new products.

This profile went on to identify the most urgent problems for the small business person, with an emphasis on those that this company's solution could address. It defined the kinds of groups the business owner attends, and the keywords he uses during his online search for solutions. This company realized that their messaging was built for their larger enterprise buyers and that they were not delivering their messages in the places this persona was visiting.

Getting started on buyer persona profiles

So who can help you to understand your buyers? We tell product managers to visit customers and *non-customers* on a regular basis. If they've been following our advice (and not buried with sales support or development projects) they have good data about the most urgent problems facing your target buyers. You will want to focus on the information they collected from *non-customers*, as these are the people your sales people need to influence.

Your product managers should define both "user" and "buyer" personas. *User* personas profile those people who actually use, or represent the interests of the users, of your solution. *Buyer* personas include any other people in the company who influence the purchase decision.

It may be useful to think of your buyer personas in three categories. Economic buyers are those who concern themselves with the cost of the investment—"C"-level buyers such as the CFO are usually in this category. Technology buyers are focused on the technical details, such as integration or conversion challenges. User buyers are those who evaluate the aspects of the product that are relevant on a day-to-day basis. User buyers may be the people who will actually use the system, or they may be managers responsible for the satisfaction of a user community.

It is not necessary to profile everyone who uses or knows about your solution in the target market. Start by understanding the sales process and only focus on those who will play an active part. These are the people that your marketing programs will need to influence.

If Product Management is only visiting current customers, or if they aren't getting out into the market at all, you will need to find another way to get this information. Many people want to engage a research company or to rely on third-party information such as analyst reports. You can and should use these resources, but there is no substitute for the first-hand intelligence gained from listening to the market yourself. Start with the data that others developed, then use it to open conversations with your target audience so that you can hear what they say and how they say it. At trade shows and conferences, attend the sessions, mingle with the attendees, and use these interactions to hone your perceptions and deepen your insights.

You should also subscribe to and read the periodicals, newsletters and online forums that influence your target audience. Pay attention to the trends and concerns most frequently cited as you read what your buyers read. Then record any interactions on a profile worksheet, listing the top five pain points. Soon you will begin to see a pattern—this is the time to start to create your persona profile. It is also a good idea to save specific quotes that reflect the words that your buyer uses.

Stay focused on the value of persona profiles

Consider the value you could deliver if the collateral or series of web pages you had planned to develop for a product could be focused on specific buyer types. The buyer could merely turn to the page appropriate to his or her role rather than attempt to glean what they need from a jumble of messages.

Before you write anything intended for an external audience, read the buyer's persona profile and see if what you are saying is what your audience really wants to hear.

Your company has a lot of product experts, but who is the buyer persona expert? The answer is probably "no one." So each sales interaction initiates a request for another custom marketing piece and sales support continues to dominate the time and resources that could have been invested in market development.

As you develop your marketing programs and strategies with a focus on buyer personas, you will be supporting Sales, but you won't be doing sales support. Your efforts will apply to a market full of opportunities, which is what real marketing is all about.

pm.c



Adele Revella brings more than 20 years of technology marketing experience to the development and delivery of Effective Marketing Programs™, the Pragmatic Marketing seminar focused on go-to-market strategy, execution and measurement. You can contact Adele at arevella@PragmaticMarketing.com



*Nancy Cody
Vice President
Financial Technology Services Product Management
Metavante Corporation*

“At Metavante, our number one priority is client satisfaction and client loyalty. Pragmatic Marketing® is giving us the tools to implement a market-driven framework that focuses our priorities in the right place...on our customers.”

*–Nancy Cody
Vice President
Financial Technology Services Product Management
Metavante Corporation*

If you are trying to leverage your investment in product management and marketing, the first place to start is with a proven methodology. Pragmatic Marketing has always focused on the unique challenges of managing and marketing technology products.

The Pragmatic Framework has been fine-tuned by 30,000 attendees over 11 years and has been proven to create technology products that customers want to buy. Pragmatic delivers on the promise in its name—presenting a practical course of action that really works.



The Industry Standard in Technology Product Management and Marketing Education

Visit www.PragmaticMarketing.com to learn more.

Product Management:

FOR ADULTS

It takes a certain maturity to professionalize technology product commercialization.

Goodwill and good intentions simply aren't enough for a technology company to succeed in implementing a product management function or to reliably target its development resources on the most promising market segments. For Vocollect, a rapidly growing producer of hardware and software for shop-floor computer interface, transitioning to professionally managed product commercialization from a seat-of-the-pants model took place only after several abrupt growing up experiences including sharp about-faces in the marketplace and misunderstandings within its own workforce. Company co-founder and Board Chairman Roger Byford explains.

By Peter Longini

Compared to most leading-edge technology companies, Pittsburgh, PA-based Vocollect, Inc. is a venerable institution. Founded in 1987 by three veterans of the nearby Westinghouse Corporate Research Center, the company was formed to exploit what had by then become the stuff of urban legend—the prodigious ability of Westinghouse scientists to produce great inventions coupled with the chronic inability of Westinghouse commercial managers to exploit those inventions in the emerging technology marketplace.

In the case of Vocollect's founders, that technology involved voice-directed computer interfaces for applications where the user's need for continuous hands-on and eyes-on contact with the work environment made more conventional methods of user interface clumsy, error-prone, and even dangerous. By replacing clipboards, handheld scanners, portable keyboards, and other mobile record-keeping systems with a voice-based command system linked to remote computers, Vocollect's technology enabled workers to make significant increases in their speed, accuracy, and productivity.



But over time, even though the system's core technologies evolved in a more or less linear fashion, its marketplace applications did not. Board Chairman Roger Byford, one of the company's three original founders, recalls one pivotal re-orientation. "The initial target market for the company was for folks inspecting manufactured products, particularly automobiles," he said. But while its products worked well, Vocollect's business model did not. "In the mid-90's, we shifted our focus to the distribution market where the typical application is someone who is essentially running around a warehouse, picking product off the shelves, building pallets or putting products into totes, and getting it to the door to be shipped. But instead of doing that with a paper list, for example, they're being talked through the process by the unit on their belt."

Transitions

Today, Vocollect employs more than 250 in the U.S. and Europe who serve over 75,000 workers in hundreds of

companies on five continents in the warehousing, manufacturing, beverage distribution, and forest product industries. But the company's transition into those markets came at a time when it employed only about 20 people. "The concept of product management was foreign to us at that stage in the company's evolution," he said. "When a company's very small, everybody wears a lot of hats. And to have somebody who's permanently wearing a hat that says 'Product Manager' on it is probably a little premature at that stage."

Over time, however, the concept became less foreign. "As the company began to grow, it became clear that we needed to put in place a formal way of managing our product beyond just having the techies say, 'Oh, boy! That looks like something we could build!'," he said. "There was a growing realization that the world for us was getting more complex. We wanted to turn product development projects faster. We had more going on. And we had a need to be thinking a lot harder

about how we were managing our product life cycles. We had about 50 people at that time."

Today, using a stage-gate development process, Vocollect has formalized its product development function. At its earliest stage, a screening committee largely made up of product managers, evaluates the concept to determine whether the idea merits the resources needed to turn it into a prototype suitable for beta testing and evaluation by the company's customers and development partners. Throughout the remaining stages, project teams whose makeup varies with the nature of the project, are led by a steering committee which always includes the product manager as well as the project manager and an executive sponsor. The company also maintains a marketing and business development organization whose mission is to grow Vocollect's indirect channels and outbound marketing efforts. →

Just below the CEO

But it wasn't until 2001, when both the company's current CEO and its Marketing Vice President were recruited to join after years with a highly successful maker of industrial printers, that Vocollect's current model of product management began taking shape. "I think it's a fairly traditional model," Byford observed. But then, with what may be the understatement emblematic of his native Britain, he noted that Vocollect's model may not be all that traditional after all. "We recently put Product Management and Product Development under the same roof, in Product Operations, instead of having them reporting through separate chains all the way up to the CEO," he said. "The intention was to further improve the communications across the Product Management and Product Development boundary.

"In the traditional structure, you have Product Management reporting up through Marketing," he noted. "Product Development reports up through Engineering, and the two don't meet until you get to the boss's office. That's probably not the optimal structure. The ideal thing to do, I hope, is what we've done fairly recently, which is to look for somebody who can run both the

functions of Product Management and Product Development. In our case, or in the case of a company our size, we do that one level below the CEO's office."

Why? "There are inevitably conflicts between Product Management and Product Development; you would expect that as part of the process. But you surely don't want to have to take too many of those issues as far as the CEO level," he said. "Giving one individual full responsibility for doing that—both creating and then implementing the product life cycle—is a good thing.

Absolute clarity

Regardless of the reporting arrangements, successfully adding a formal Product Management function to an already up and running enterprise requires high levels of tact, diplomacy, and clarity of communications. That doesn't always happen. "One of the things we learned was that as with adding other functions to a growing organization, it's important to be as clear as possible about understanding what the new role is and does, not only for the person or persons who are going to fill that role, but for all the people who have contact with that function," Byford said.

"Almost inevitably, somebody or some group of bodies, is going to be giving up a piece of what they do today—whether formally or informally. And we certainly found from experience that not being absolutely clear about what you're doing and why and how you're not losing a piece of your job, can be a mistake. 'Your job is growing, so this piece is going to be more than enough to keep you busy. But take this other piece and give it to somebody else,'" Byford said, paraphrasing a line manager's speech.

"Getting that straightened out ahead of time is valuable. However, we added the Product Management function early enough that we didn't do as good a job of that as we could have done—defining new roles and making sure everybody understood what a product manager was and what they did, and defining how the interfaces should work between the various parties."

Today, Vocollect's product management group includes ten full-time employees, organized primarily along product lines. "You have a division of responsibilities within that single function, and therefore more specialization, so you have the need to make sure you're creating mechanisms that generate communication sideways within that function as well as across to the other functions," he said.

“We tend to have a product manager and a less senior product specialist in each segment. So those roles differ somewhat in scope of authority. It’s a little more complicated here because almost all of our products interact. So that requires strong communication across product managers as well as everywhere else. And in some development projects, we may have multiple product managers involved in a single development project. Because more than one product line, as we currently have them defined, may be affected by a single project.”

When to flex

As a corporation, Vocollect likes to develop leadership from within its own staff, according to Byford. About half of the company’s product management staff is home grown. “But there has to be some body of experience, or else you’re going to be grubbing around in the dark way too much,” he said. Beyond that, however, are certain qualities of character that anyone considered for the position has to have.

The most important? “An ability to lead without having the line authority to do so,” he answered. “The product manager has no direct line responsibility over most folks on the product development team. Nor typically does the project manager. Those two have

to be able to work very effectively together. And they have to be able to influence the rest of the team on the project and convey their convictions. There’s a blend of flexibility and knowing when not to flex—when to insist—and having the ability to insist when necessary without getting people all riled up,” Byford noted.

“The function that Product Management can clearly perform is to make sure a company’s product development efforts are not only well-intentioned, but well-directed,” he said. “For a company like ours, and I suspect for any rapidly growing high technology company, the investment in product development is huge—about 15 percent of revenue in our case. If you’re not making sufficient use of that large bucket of dollars, you’re not likely to be able to stay ahead of the competition. Products that miss the mark, or are not what the customer is really looking for, that don’t address the competitive issues, that don’t get launched effectively into the marketplace—can result in a huge waste of time and effort.” 



Peter Longini is the Managing Editor of Inside Product Strategy™ published by the Pittsburgh Product Strategy Network

(www.productstrategynetwork.org). The PPSN is a not-for-profit organization serving technology and life sciences product commercialization managers in the Pittsburgh region. Contact Peter at plongini@productstrategynetwork.org

Copyright © 2005 Pittsburgh Product Strategy Network. All rights reserved.

“Products that miss the mark, or are not what the customer is really looking for, that don’t address the competitive issues, that don’t get launched effectively into the marketplace—can result in a huge waste of time and effort.”

*Roger Byford
Company co-founder and Board Chairman
Vocollect, Inc.*

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 your Product Marketing function need more structure and process?

Is your marketing plan just a revised list of last year's tactics?

Do you want better workflow between Product Management, Product Marketing, Industry Marketing and Marketing Communications?

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

Is your message and program strategy based on a clear understanding of buyer problems and the reasons they should prefer your solution?

Do you know how to effectively measure all of your programs?

Have you been asked to create a marketing plan, without any guidance on what should be in a marketing plan?

Distinctive
Competence

Market
Sizing

Market
Research

Product
Performance

Market
Problems

Operational
Metrics

**Market
Analysis**

**Quantitative
Analysis**

Technology
Assessment

Win/Loss
Analysis

Competitive
Analysis

© 1993 - 2003 Pragmatic Marketing, Inc.

Practical Product Management®

Complete Curriculum for Technology Product Managers

Business Case	Positioning	Marketing Plan
Pricing	Sales Process	Awareness Plan
Buy, Build or Partner	Market Requirements	Customer Acquisition
Thought Leaders	Product Roadmap	Customer Retention

Product Strategy	Product Planning	Program Strategy	Sales Readiness	Channel Support
Innovation	User Personas	Buyer Personas	Collateral & Sales Tools	Channel Training
	Product Contract	Market Messages	Presentations & Demos	"Special" Calls
	Release Milestones	Launch Plan	White Papers	Event Support
	Requirements That Work™	Lead Generation	Competitive Write-Up	Answer Desk

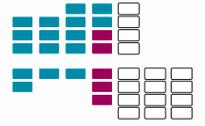
Effective Marketing Programs™

Pragmatic Marketing seminars introduce a framework that gives *technology* marketers the tools necessary to deliver market-driven products that people want to buy. We focus on all practical aspects of juggling daily tactical demands with strategic activities necessary to become an expert on the market.



The Industry Standard in Technology Product Management and Marketing Education

Visit www.PragmaticMarketing.com to learn more.



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.



*The Industry Standard in
Technology Product Management
and Marketing Education*

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

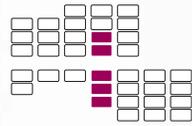
X. Getting (and Keeping) Commitments

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

Still not sure Practical Product Management is for you?

**Attend a FREE ½-day session.
See back cover for details.**

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)

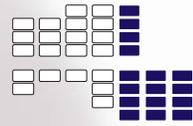
IV. Analyzing Business and Technology Drivers

- 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 explores the roles and processes that align outbound marketing with strategic business and sales goals. This two-day workshop is filled with practical tools for product marketing, industry marketing and marketing communications managers who are tired of wasting time on tactical “list” marketing.

I. Roles and Responsibilities

- Differentiate the roles of product management and outbound marketing
- Distinguish sales support from marketing
- Overview of strategic outbound marketing process
- Workflow between product management, product marketing, industry marketing and marketing communications

II. Target Audiences

- Build useful audience profiles
- Influence the buying process
- Create high-impact market messages
- Select the right programs for your audiences

III. The Strategic Program Plans

- Develop clear market strategies
- Create the right budget
- Relate plan elements to company and sales goals
- Build the business case for marketing investments

IV. Align with Sales

- Respond to endless tactical requests
- Collateral and tools that impact buying decisions
- Measure and improve sales tool productivity

V. Goal-Oriented Program Execution

- Manage lead quality and throughput
- Integrate programs by target audience
- Build and measure positioning awareness
- Influence customer retention
- Measure progress, with or without CRM

VI. Start Immediately

- Prioritize next steps
- Apply the process to current programs
- Continuously measure and improve

or call (800) 816-7861 to register

Product Strategy Doesn't Just Happen!

By Ed Crowley

What is a successful product strategy? A successful product strategy is the use of a firm's product-related resources in such a way as to maximize growth and profitability opportunities. Sounds easy doesn't it? In reality, developing the product strategy is one of the toughest challenges that companies face.

Product strategy development

There are several challenges in developing and executing product strategy. The major challenges include:

- The product strategy consists of both a planning (defining the strategy) and execution (developing the products) phase. If either planning or execution is flawed, the product strategy is likely to fail;
- The development and execution of the product strategy takes place within a complex market environment and success can be heavily influenced by external variables (the competition, the economy, and even regulation); and,

- Developing a realistic product strategy involves multiple functions within the company, and close collaboration between these functions. These functions often have conflicting objectives (for example: Development wants to meet schedule while reducing cost, however, Marketing may want to add features which will increase product cost and increase schedule risk).

I believe that most individuals involved in the New Product Development (NPD) process will agree to these challenges. However, my next statement may not find as much agreement. I believe that without a process for managing the product strategy, 99% of all product strategies are doomed to failure! And without a successful product strategy, most businesses will ultimately fail.

What do I mean by a "process for managing the product strategy"? In its simplest form, this process is a repeatable, measurable methodology for defining and managing the company's product strategy and product portfolio. Firms will often have a "product roadmap" which undergoes annual reviews among a few key executives during which time resources are allocated and priorities are set. However, having a roadmap does not constitute a product strategy process.

A product strategy process must be measurable, have definable checkpoints, and must involve all of the stakeholders in the process. In addition, it must have mechanisms for incorporating the external factors (competitor strategies, new product announcements, market trends, and market forecasts—the “marketing intelligence” function) and internal factors (funding, human/development resources, access to technology, and paths to market) which will impact the success of the product strategy.

Product strategy traits

It's very important to recognize that “one size doesn't fit all” when it comes to product strategy. Depending on the competitive intensity within your industry, the intellectual property landscape, and your internal resources, your product strategy process may be very simple or it may be very complex. The product strategy process must be crafted to suit the needs and abilities of your specific organization. However, I believe that most successful product strategy processes share several common traits:

- They have a method for incorporating external market information early in the process as a basis for setting basic product strategy priorities. Good product strategy processes are not formed in a vacuum. They incorporate a keen understanding of the market needs, market dynamics, and market trends.

- They encourage collaboration among corporate functions including Development, Marketing, Supply Chain/Manufacturing, and Finance. This implies that the process is well known, and understood by all functions. Additionally, there must be a method for resolving disagreements and conflicting priorities in a constructive manner.
- Someone “owns” the product strategy process and holds final responsibility for ensuring the strategy is complete, and that all parties are in agreement to the final product strategy. I have seen this work successfully when either development, marketing, or corporate strategy groups are the “owners” of the product strategy. The key issue is to ensure there is an “owner” who is responsible for gaining consensus and publishing and maintaining the product strategy.
- Successful processes are followed religiously and are gates/foundations to other corporate processes. While the strategy itself may change during the year based on internal or external factors, the product strategy process happens every year according to a pre-defined time table. Other key deliverables (such as the annual budget) depend on the completion of this product strategy definition before they can occur.

Product strategy myths

When developing a product strategy process, it's important to avoid falling into the trap of believing common myths regarding the product strategy process, including:

Myth 1
Product strategy is only for large multi-national companies with massive budgets and “armies” of internal resources!

Unless you have a product/service which doesn't have any competition (and never will have), you need a product strategy process—regardless of the size of your company. You must be constantly adapting your portfolio to achieve or sustain a competitive advantage.

Myth 2
I have a product roadmap—therefore, I have a product strategy process.

Wrong! While a product roadmap is a valuable deliverable from the product strategy process, much of the value of the product strategy process comes from assessing the market on a regular basis, collaborating with the different functions to develop the “best” strategy, and rigorously validating and revalidating your assumptions about the market. You can have a roadmap without having an effective product strategy process. →



Myth 3

Our company _____ (*founder, visionary, development guru... you fill in the blank*) knows exactly what products we need so he/she can define the product strategy without the need for a product strategy process.

This is one of the easiest and most dangerous myths. Regardless of how intelligent this individual is, they are not infallible. And, as time goes on, the original founder, visionary, etc., often becomes less effective and more subject to being blindsided by “disruptive” competitors because they have a significant tendency to focus on those customers/products/services that made them successful in the first place.

Myth 4

An outside consultant cannot help with our process because they don't know our company/industry.

Okay, many consultants probably deserve the rap they get for bringing in a “cookie cutter” approach to solving each business' issue without really understanding the firm's business or industry. The truth is no consultant will ever know your company as well as you do. However, they can bring a keen understanding of the market and a different set of eyes for a fresh perspective (note, I didn't say unbiased. Let's face it, everyone brings their own set of biases to the table). Most importantly, they can assist in developing the process itself because of their ability to assess how your current process (or lack thereof) is working without having a stake in the “turf wars” often found inside companies. A good consultant will focus on what you want to achieve with your process (as opposed to selling you a “canned” approach) and will take ownership in ensuring the process is a success.

Myth 5

A good product strategy process will use X software or X number of steps (*refer back to Myth 4 and the bad rap some consultants have*).

A good product strategy process does not have to be complex, or have a certain number of steps, or use a certain piece of software. A good product strategy process will “fit” your organization, your organization's culture, and will deliver measurable results. This means that one size doesn't fit all and your process will need to be designed to fit the unique aspects of your firm.

The goal for any business is to drive profitable, sustained growth over the long term. Meeting this goal requires a product strategy process, regardless of your company size. Keep in mind that this article addresses the issues facing a “manufacturing products” firm, but similar challenges face the services company, too, although some of the dynamics are different.



Ed Crowley is a Sr. Marketing Manager for Lexmark International. In addition to his duties at Lexmark, Mr. Crowley has founded the Photizo Group (www.photizogroup.com) as a consulting resource for clients who are focused on driving sustained business growth. Mr. Crowley has over 20 years experience in the high tech marketing field including positions with Lexmark International, Texas Instruments, IntelliQuest, and VTEL. You can contact Ed at eacrowley@photizogroup.com

You Want to Start a Company. Where Do You Begin?

Find a problem, solve the problem, tell the world you solved the problem, and sell it.

If you're market-driven, find a pervasive problem people are willing to pay to solve, don't over-engineer the solution beyond what people are willing to pay, tell a well-defined set of prospective customers, and sell it profitably.

Even Intuit®, a multi-billion dollar software company, started with only two guys: Scott Cook, who cut his teeth at Proctor & Gamble® and Tom Proulx, a Stanford engineering student. Intuit is one of the most market-driven companies I know.

The idea for Quicken®, the first product, came to Cook when his wife was complaining about balancing her checkbook. But he didn't rush out and build a product.

Find a problem

Cook used firsthand customer data to support his intuition. Before writing the first line of code, he called people to find out whether they disliked dealing with personal finances. He randomly called people in two communities representing upscale consumers likely to buy PCs. He hired his sister-in-law to call hundreds more to get a deeper understanding.

As Intuit grew, they institutionalized first-hand customer research. In 1989, six years after Intuit was founded, they created "Follow Me Home." People throughout the company regularly watched consumers use the products in their natural habitats. The motto, "We Are Not Our Customers" was bred into the company culture.

Solve the problem

Intuit designed a system that looked the way people do it manually. Quicken was the first product to use the checkbook metaphor. The user interface emulated what consumers were familiar with and didn't ask them to change their orientation.

Intuit didn't lead with technology. Cook saw the potential of the exploding PC market, but didn't try to "create a need." The technology was not an end, but a way to improve customers' lives by managing the tedious task of managing personal finance. They beat the competition by having a much deeper understanding of the problem through direct customer research. In fact, there were 46 competitors when they launched Quicken. Cook and Proulx used to joke about having 47th mover advantage. But the competitors didn't understand the fundamental problem and created hard-to-use products, focused on features, not customers. Intuit understood that their main competitor was a pencil, not other software.

In order to beat a pencil, the goal was that a PC novice would be able to write a check within 15 minutes of opening the package. The goal was achieved.

Tell the world

With Cook's solid grounding in consumer marketing, he knew he needed to not only build the right product, but that he needed good marketing. It didn't happen overnight (they almost ran out of money before succeeding). He knew it was critical to focus on consumers' problems ("End Financial Hassles"). Intuit used testimonials, direct-marketing (magazine and TV ads), and engaged press and industry analysts to help spread the word. Marketing tested everything from response rates to observing how customers reacted to packaging in the stores.

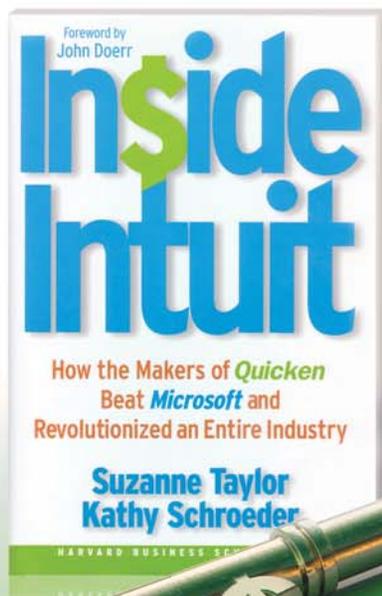
Intuit knew "we build it, they will come" would fail. They invested in marketing from the beginning.

Sell it

In order to reach critical mass, Cook knew he had to leverage distribution channels. He forged strategic alliances with banks to distribute the product to their customers. He knew the retail channel was a critical component, but until customers began requesting the product, the stores wouldn't carry the title. In order to successfully sell, the marketing efforts had to go hand-in-hand.

So what have you learned about starting a company? Find a problem, solve a problem, tell the world, and sell it.

pm.c



Barbara Nelson is an instructor for Pragmatic Marketing. She has 21 years in the software industry, including VP of Product Marketing for a leading provider of business and accounting applications. Contact Barbara at bnelson@PragmaticMarketing.com

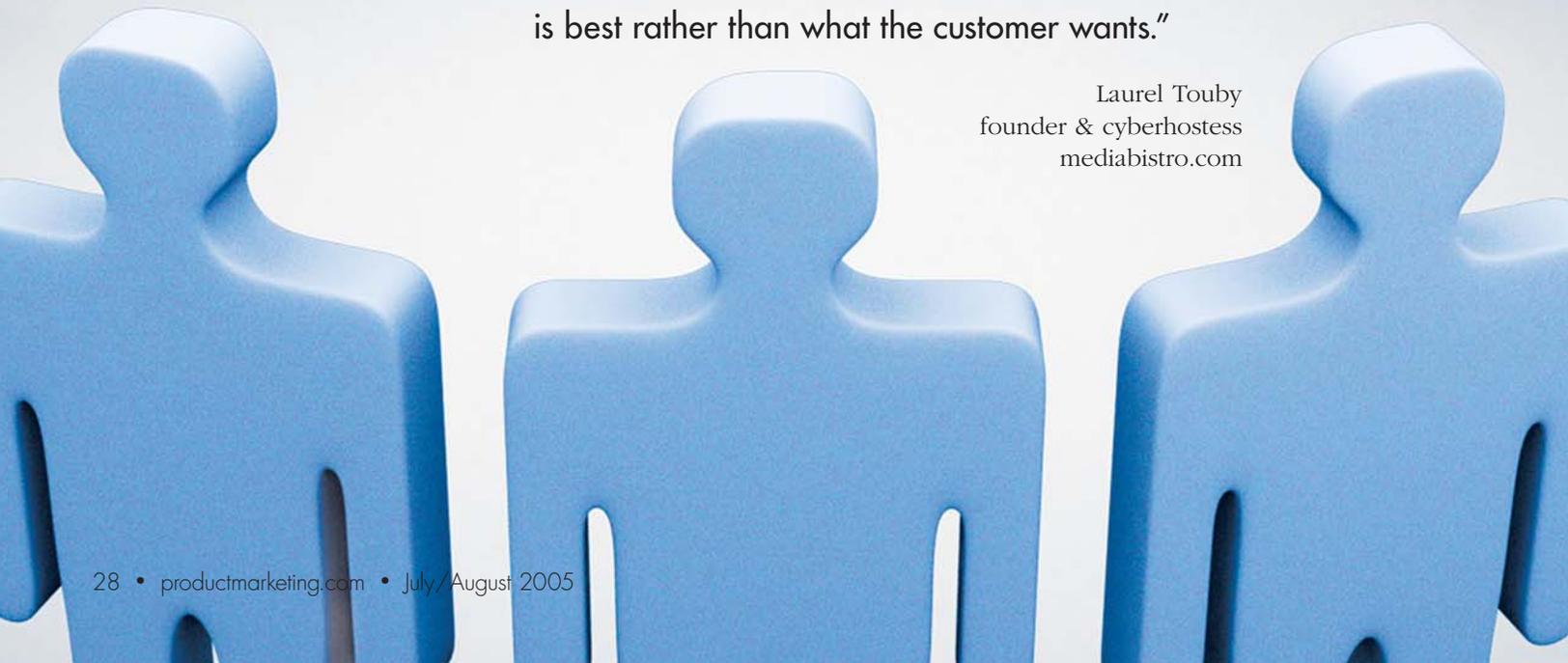
The Egoless Company

By David Meerman Scott



"We focus on what's important for our customers, not what's important for the company. We're an egoless company rather than an egocentric company. The egocentric one puts out what the company thinks is best rather than what the customer wants."

Laurel Touby
founder & cyberhostess
mediabistro.com



As a judge in several of the categories of the 20th annual Codie Awards, sponsored by the Software & Information Industry Association (SIIA), I recently completed the daunting task of sifting through many interesting companies, services, and products to find those that should be recognized for this year's awards. As I looked at the brash upstarts and well-established companies competing for this year's recognition, I kept thinking: Wow, so many are worthy of a place. The variety of organizations amazes me.

Established in 1986, the Codie Awards is the longest-running awards program in the software and information industry. The program acknowledges the industry's most innovative products and services through a combination of journalist and peer review. After working on this and other awards programs and "best of" lists over several years, I can see that the winning companies vary on many dimensions, but they all share a focus on products and services that solve customer problems.

It's not about you, it's about your buyer

Recently I had the pleasure of interviewing Laurel Touby, founder & cyberhostess of mediabistro.com. In a wide ranging discussion about how she's built her successful company, Touby described her approach in such a succinct way that I repeat her words here: "We focus on what's important for our customers, not what's important for the company," Touby says. "We're an egoless company rather than an egocentric company. The egocentric one puts out what the company thinks is best rather than what the customer wants."

So what can product marketers do to create an egoless company? The process starts with marketers who work extensively with the market to understand their problems. Too often, companies design and market their products in a vacuum, cobbling together a set of features and functionality because they can or because it would be cool. Without input from the target market buyer, an offering is doomed to mediocrity at best.

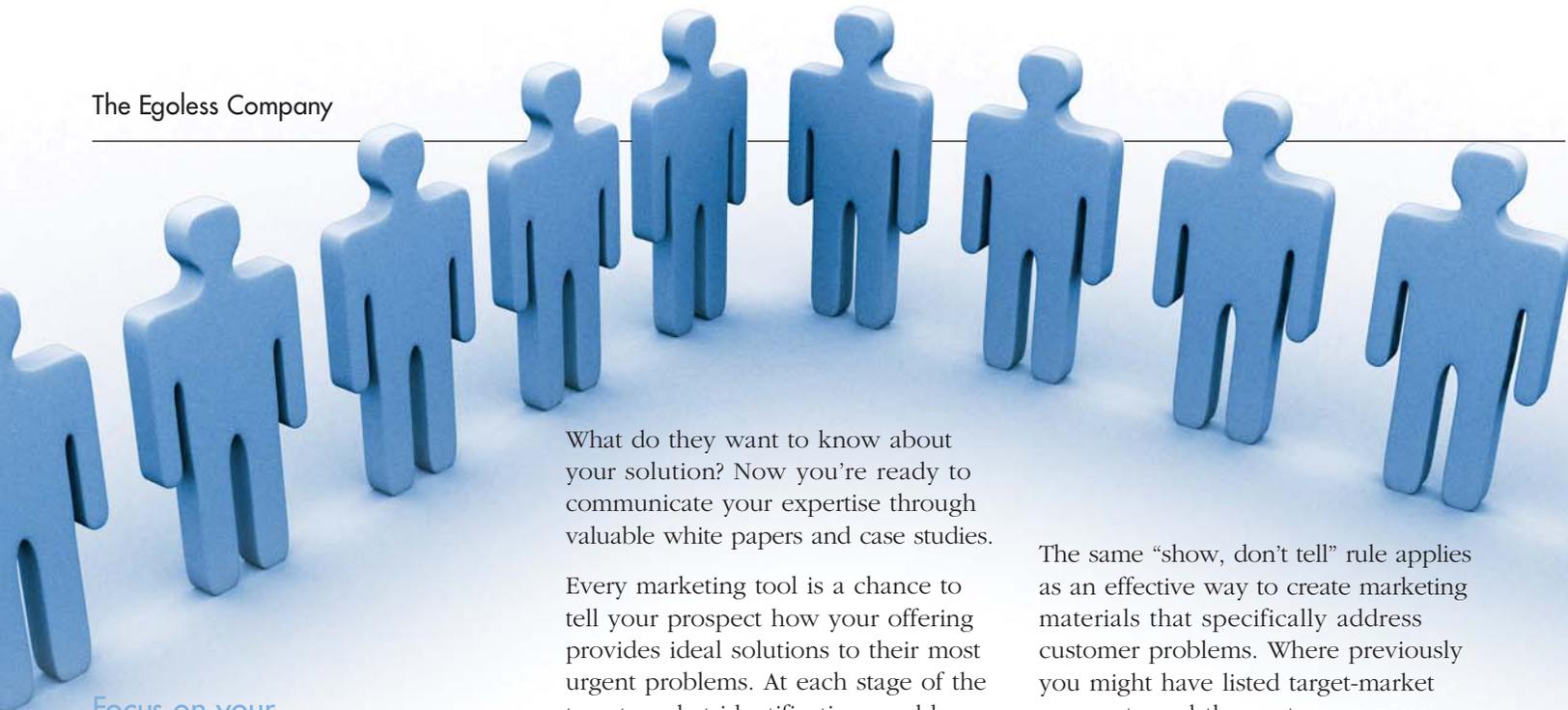
A critically important aspect of an egoless company is designing a user interface around the way people think. A UI should be intuitive and easy to use. As part of the Codie Award process,

I tried out several applications for the first time. Two in particular stood out because of egoless UI design. In each case, I downloaded the application and started to use the product without reading any documentation or instructions. The UI was organized around me and my problems. When I wanted to use a particular functionality, the buttons were where I'd expect them to be and did what I wanted. Product managers at those companies managed to organize their offerings in the way that I think.

The egoless company pays close attention to its marketing and sales approach. A quick look at a company's marketing materials, its website, and press releases, can be very telling. Is the focus on the problems customers face? Or do the materials simply describe product offerings from the company's perspective? Here's a simple test offered by MarketingSherpa.com to answer this question for your company: Count the number of times you see the words "We," "Us," "Our," or your company's name on your website or a direct mail piece. Then count the number of times you see "You," "Your," or the job title of your prospects. Which count wins the contest? If it's the former, MarketingSherpa says you've got a copywriting problem. But I'd go further to say that this is a symptom of the egocentric company.

A similar comparison can be applied to press releases. Are they written about the customer problems solved? Or simply about what the product purports to do? Extend the test to the company's sales professionals and their approach: Are they so busy selling the merits of your offerings that they forget to find out the buyer's needs first? The old saying, "you've got two ears and one mouth and they should be used in that proportion," doubles as a sales ego test.





Focus on your customer's problems

Technology marketers can learn a lot by emulating the publishing industry, which knows that their business is all about getting the readers' attention. Like a publisher, work first to understand the audience and then use that insight to decide how to satisfy your prospects' informational needs through effective marketing programs. Your online and offline marketing content is meant to drive action, which requires a focus on describing answers to your customer's most urgent problems. Too often, marketing and communications materials simply describe what an organization or a product does. While this might be valuable to a subset of your visitors, what people really want to see are the issues and problems they face, and then details on how yours is the best solution.

Your marketing is meant to be the beginning of a relationship that makes it easier to sell your products and services. That relationship begins when you work at understanding your target audience and figure out how they should be sliced into distinct buying segments. Once this exercise is complete, identify the situations in which each target audience may find themselves. What are their problems? What keeps them awake at night?

What do they want to know about your solution? Now you're ready to communicate your expertise through valuable white papers and case studies.

Every marketing tool is a chance to tell your prospect how your offering provides ideal solutions to their most urgent problems. At each stage of the target-market identification, problem articulation, and solution process, useful, well-organized marketing programs will lead your buyers through the sales cycle. Marketing is developing buyers who are ready to make a purchase or other commitment to your organization.

Show, don't tell

A particularly valuable way to create marketing that addresses your customers problems is to apply the "show, don't tell" rule. Novelists and actors use "show, don't tell" all the time; they use action rather than stultifying narrative to communicate. To make a reader feel that a character is happy, a novelist could tell us that the character is happy through narration or have that character use dialog to say: "I'm happy." While either one gets the point across, these approaches are not nearly as effective as words that show that the character is happy, such as: Her eyes sparkled and she danced a little jig.

The same "show, don't tell" rule applies as an effective way to create marketing materials that specifically address customer problems. Where previously you might have listed target-market segments and the customers your organization has in these categories, you could instead create a library of customer stories that demonstrate in real-world scenarios how organizations make use of your product. You could also include photos of the product in action. Marketing materials that show how your organization solves customer problems are vastly more effective than simply listing products, or writing all sorts of copy that tells how your product works.

Winning your company an award

Can you influence winning your company a Codie Award, getting named to "best of" lists, and garnering other prestigious industry recognition? Sure: just become an egoless company. Create a 100% focus on your customers (and buyers) throughout 2005, communicate it effectively throughout the year, and see what happens when the awards are announced in 2006.



David Meerman Scott is a writer, consultant, contributing editor at EContent Magazine, conference speaker and seminar leader. David's latest book *Cashing In With Content: How Innovative Marketers Use Digital Information to Turn Browsers Into Buyers* is a riff on using Web content to drive revenue and other action from website visitors. He is also the author of *Eyeball Wars: a novel of dot-com intrigue*. Contact him at www.davidmeermanscott.com

The Software 500 Marketing Perspectives Conference & Expo

REGISTER
ONLINE

www.smpevent.com

SOFTWARE Marketing Perspectives

CONFERENCE & EXPO

October 10-12, 2005
Hyatt Regency Cambridge
Cambridge, MA



Our Premier Co-Sponsors

Ryma Technology Solutions, developers of



Our Product Management Association Partners include:

Boston PMA www.bostonproducts.org ■ **Silicon Valley PMA** www.svpma.org ■ **Toronto PMA** www.tpma.ca
Vancouver PMA www.productmanagement.ca ■ **United Kingdom PMF** www.ukpmf.org.uk

New Go-to-Market Business Models in the Software & Services Industry

Increase your knowledge about high-tech product management and product marketing disciplines. Visionaries and experts in product management, market management, marketing communications and public relations will leave you with ideas to bring back to your company.

You will: ■ Network with other high-tech product and marketing managers
■ Discuss new business models for delivering software products and services
■ Share industry best practices

Conference Program Tracks

- Product Management
- Market Management
- Marketing Communications and Public Relations
- New Business Models: Software as a Service and as Outsourcing

Keynote Speakers include:

Larry Weber, CEO, Allied Communications Group, Interpublic, one of the industry's foremost visionaries in applying technology to marketing, is now focused on building a set of marketing services designed to meet the communication needs of 21st-century organizations.



Kristin Zhivago, Founder and President, Zhivago Marketing Partners, has clients from thriving start-ups to Fortune 500 firms including Dow Jones and IBM. Author of *Rivers of Revenue*.

Steve Johnson, Instructor, Pragmatic Marketing®, is an expert on product management and marketing in high-tech companies. He conducts Practical Product Management® and Requirements that Work™.

Session Speakers include:

Alan Armstrong has over a decade of experience in enterprise software products from design to development, and from product management to product marketing. He has had product management roles at Sybase, Sitraka, Quest and Wily Technology.

Andrew V. Fitzpatrick, Principal of Cambridge Consulting Solutions, has over 24 years of marketing, sales and business development experience in the computer and consumer products industries. He is a co-founder of Cambridge Consulting, which counts

among its clients Hewlett-Packard, Microsoft, Nokia, BEA Systems, Veritas, Cisco, Novell and RSA Security.

Jim Geisman, Founder and President of Marketshare, Inc. and Principal of the site www.Softwarepricing.com is an expert on software pricing. He will speak on

implications of software as a service subscription models on software pricing. Attendees will gain greater insights into how the SaaS model can be used and how to avoid some of the pricing implementation traps.

Robin Lowry, Vice President of Product Management with Ryma Technology Solutions, developers of FeaturePlan, has extensive experience in helping to build high performance product teams in new and emerging markets.

Seth Nesbitt, Director Regional Marketing, Amdocs, and head of the U.K. Product Management Assn., will speak on how to structure the product

marketing function and assigning responsibility for product requirements, analyzing competitors and product positioning. He will draw from work towards a masters degree from Oxford University.

Hugh Richards, Vice President of Products at Quadrus Financial, is responsible for strategic and tactical product management and customer and partner support for the firm's risk technology products. He brings over a decade of experience to the business.

David Meerman Scott, Principal of Freshspot Marketing LLC, is a writer and consultant in marketing high-tech products and services and author

of *Cashing in With Content* and *EyeBall Wars*. He plans to speak on how to shorten the sales cycle with marketing programs that deliver revenue faster.

Gopal Shenyoy, Manager, Product Definition, SolidWorks Corp., is responsible for understanding future requirements of customers. He plans to speak on how to understand market needs through customer visits.

EVENT BONUS

Take the Pragmatic Marketing Certification test. This 60-minute, 40-question proctored exam is offered free for the convenience of Practical Product Management alumni.

For more information and to register for the event, go to: www.smpevent.com

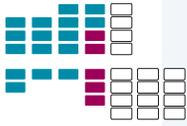
Upcoming Pragmatic Marketing Seminars

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

PRACTICAL PRODUCT MANAGEMENT®

REQUIREMENTS THAT WORK™

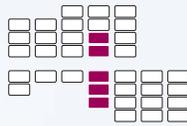
EFFECTIVE MARKETING PROGRAMS™



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.

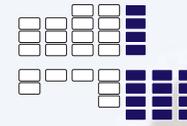
- Aug 1 - 2 (3)*..... San Francisco, CA
- Aug 8 - 9 (10)*..... Boston, MA
- Aug 15 - 16 (17)*..... Research Triangle Park, NC
- Aug 22 - 23 (24)*..... San Francisco, CA
- Sep 12 - 13 (14)*..... Boston, MA
- Sep 12 - 13 (14)*..... San Francisco, CA
- Sep 19 - 20 (21)*..... Vancouver, British Columbia, Canada
- Sep 26 - 27 (28)*..... Atlanta, GA
- Oct 3 - 4 (5)*..... San Francisco, CA
- Oct 17 - 18 (19)*..... Bedford, MA
- Oct 24 - 25 (26)*..... San Francisco, CA
- Nov 14 - 15 (16)*..... Bedford, MA
- Nov 14 - 15 (16)*..... San Francisco, CA

* Requirements That Work, Day 3



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.

- Aug 3..... San Francisco, CA
- Aug 10..... Boston, MA
- Aug 17..... Research Triangle Park, NC
- Aug 24..... San Francisco, CA
- Sep 14..... Boston, MA
- Sep 14..... San Francisco, CA
- Sep 21..... Vancouver, British Columbia, Canada
- Sep 28..... Atlanta, GA
- Oct 5..... San Francisco, CA
- Oct 19..... Bedford, MA
- Oct 26..... San Francisco, CA
- Nov 16..... Bedford, MA
- Nov 16..... San Francisco, CA



Delivers practical tools and processes for product marketing, industry marketing and marketing communications managers who want to improve their strategic contribution and align with the sales organizations. Learn how to develop, build and measure programs that are more than a revised list of last year's tactics.

- Aug 3 - 4..... San Francisco, CA
- Sep 14 - 15..... Boston, MA
- Oct 5 - 6..... San Francisco, CA
- Nov 16 - 17..... Boston, MA
- Dec 7 - 8..... San Francisco, CA
- Dec 14 - 15..... Boston, MA

August

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			

September

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	

October

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					

November

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		

The Industry Standard in Technology Product Management and Marketing Education



The Strategic Role of Product Management™

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

- Aug 18..... Research Triangle Park, NC
- Sep 15..... Boston, MA
- Sep 15..... San Francisco, CA
- Sep 22..... Vancouver, British Columbia, Canada
- Sep 29..... Atlanta, GA
- Nov 17..... Bedford, MA
- Dec 8..... San Francisco, CA

A subset of the two-day Practical Product Management seminar, this session introduces the industry standard for technology 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

PRSR STD
US POSTAGE
PAID
PHOENIX, AZ
PERMIT 995