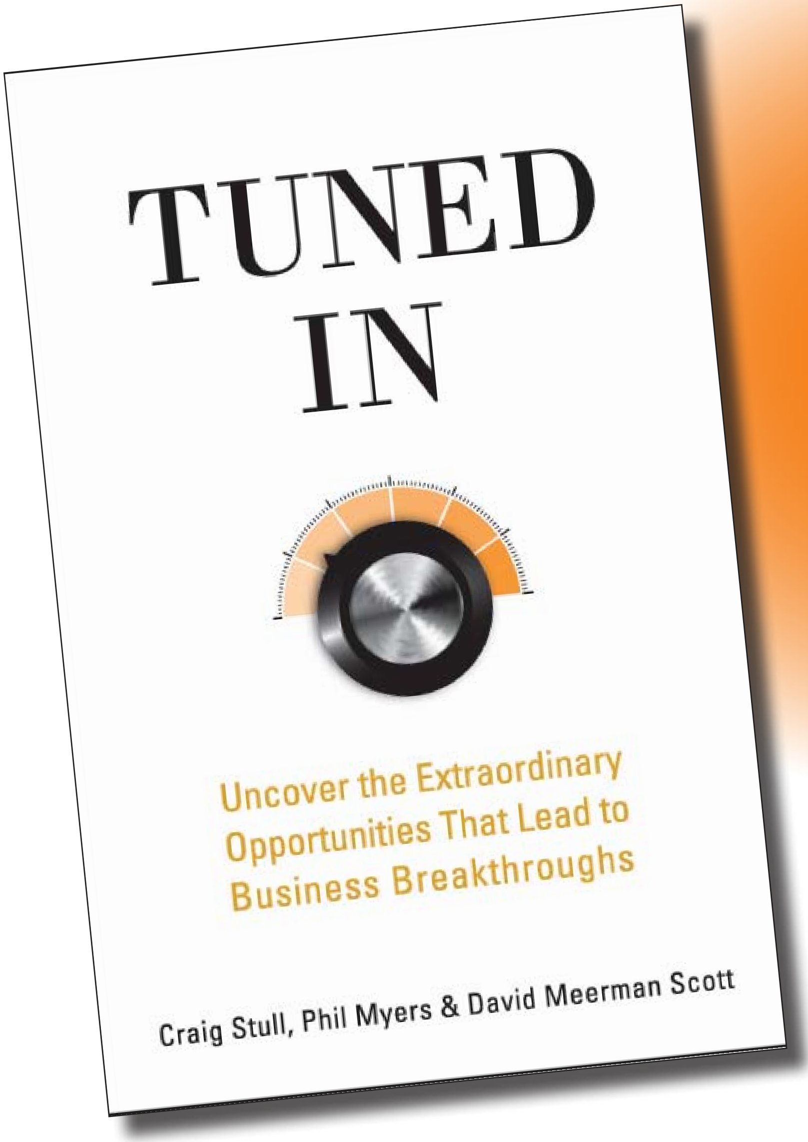
The journal for technology product management and marketing professionals • A Pragmatic Marketing® Publication

The Pragmatic Marketer™

Volume 6 Issue 2 2008



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The New Leader Development Dilemma and How to Fix It

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The Industry Standard for Technology Product Management and Marketing

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About Pragmatic Marketing®

Founded in 1993, Pragmatic Marketing provides training, consulting services and an online community for product managers, marketers and business leaders at thousands of technology companies.

We have trained more than 45,000 product management and marketing professionals using the Pragmatic Marketing Framework, a common sense approach to identifying market problems, building the right solution and creating effective go-to-market strategies. Over 90% of attendees rate the training as essential or very useful to their careers.

Our Consulting Services provide technology companies with implementation support and custom services designed to enhance the training received at Pragmatic Marketing's seminars or onsite workshops.

The online community at PragmaticMarketing.com is the first-choice destination for technology product management and marketing professionals. With more than 35,000 visitors per month, this dynamic resource center contains hundreds of articles, a job board, book reviews, instructional webinars, links to peer networking groups and much more.

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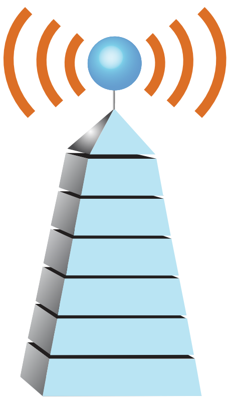

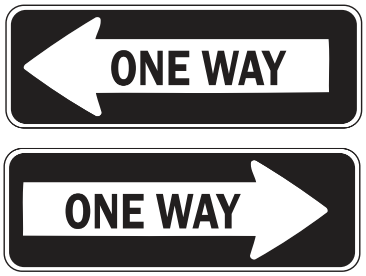

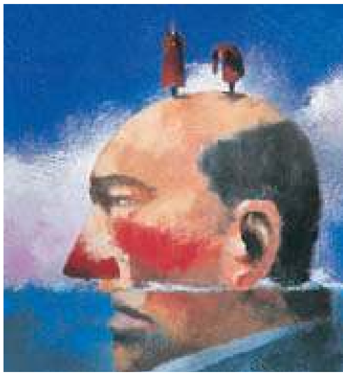

Excerpted from *Tuned In: Uncover the extraordinary opportunities that lead to business breakthroughs* by Craig Stull, Phil Myers, and David Meerman Scott. Used with permission. To be published by John Wiley & Sons, Inc., June 2008.
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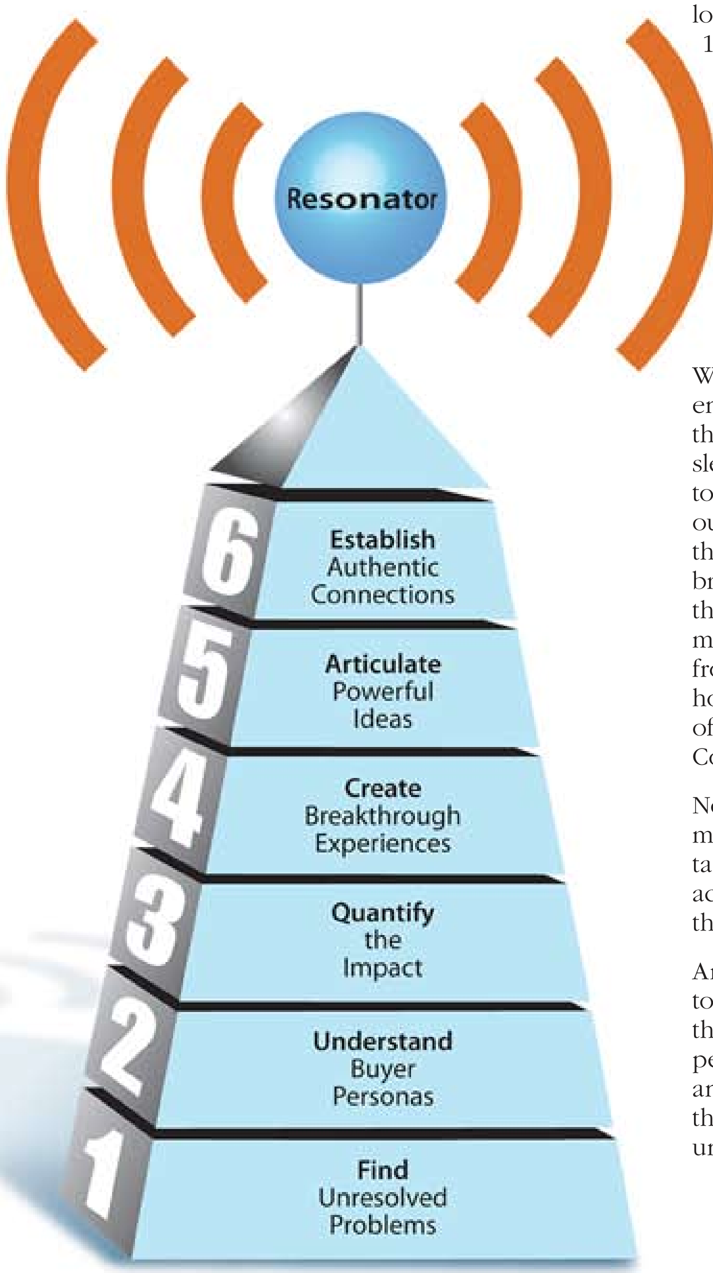
Chapter 1

Why Didn't We Think of That?

Products and services that resonate.



The Japanese salaryman works notoriously long hours. He's in the office until 10:00 or 11:00 p.m. and often goes out for drinks and maybe some *karaoke* singing with colleagues after that. But there's a problem. In the big cities such as Tokyo and Osaka, the last train leaves for the suburbs around midnight. So as a result of a long day and a few beers, when a Tokyo office worker gets on that last train, he often falls asleep.

Sometimes he misses his stop.

When the train pulls into the station at the end of the line, the conductors pass through the cars and find a surprising number of sleeping salarymen. They do what's necessary to wake up the wage warriors and push them out the train door. The dazed salarymen then make their way into the quiet night—briefcases in hand, neckties askew—and find themselves in a rice-growing country town many miles from the city. They're also far from their home stops, which passed by an hour before (perhaps as they were dreaming of that perfect rendition of "Take Me Home, Country Roads" at the *karaoke* bar).

Next train home? Not 'til first thing in the morning, still three or four hours away. A taxi? Several hundred bucks. Instead, our accidental travelers notice a hotel just across the street! And there are vacancies!

And so the blue-suited businessmen head toward their unexpected deliverance. When they arrive at the hotel, they're greeted and perhaps handed a toilet kit with toothbrush and razor. Best of all, they'll pay far less than they would have for taxi fare. A place to sleep until morning…problem solved.

Who would have thought to build a hotel at the end of a train line, far from anywhere important? Well, smart Japanese hotel owners tuned in to a previously ignored market problem that a well placed hotel could fix. They identified a particular buyer of hotel services (the overworked and exhausted salaryman), and they've built growing, profitable businesses around that niche—in the least likely places, like lonely towns many miles from the nearest big city. (Similar inns, such as Wellbe Hotels in Nagoya, have sprung up near stations in busy business centers and cater to those who miss that last train completely.)

We're fascinated with success stories like these—buyer experiences that resonate because they perfectly address market problems that people are prepared to pay money to solve. We've identified the patterns of success (and failure), and in these pages we'll introduce you to dozens of products and services that resonate with their markets. We'll also tell you about some that don't, and we'll explain why not. Most importantly, we'll teach you the Tuned In Process so you can replicate the winners' success in your own organization.

Tuned In shows you how to find overlooked marketplace problems that, if solved, bring in customers who willingly buy your products and services without being coerced.

Tuned In—the process

In the book, we will share the Tuned In Process, a six-step method for creating a *resonator*: a product or service that so perfectly solves problems for buyers that it sells itself. Starbucks, American Idol, and Google are resonators. Were these products and services created by people smarter, luckier, or born with more talent than the rest of us? *No.* We'll show you that real success in the marketplace is not based on creativity or clever marketing. Anyone can create products and services that resonate. All you need to do is stop *guessing* what people need and start spending your time building real and deep connections to what your buyers value most. We'll show you how to apply the Tuned In Process to find unsolved problems in your marketplace and how you can create breakthrough experiences for which people are eager to spend money.

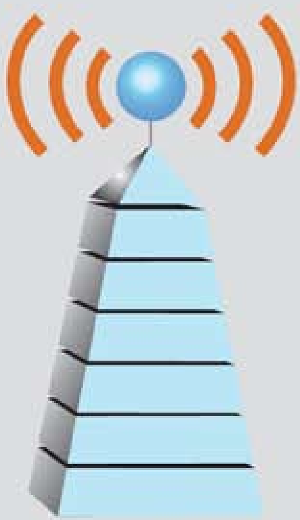
As we introduce the Tuned In Process, we'll use dozens of examples of companies that have tuned in to their markets and created resonators. We've studied the introduction of thousands of products, including those from large, well-known companies such as Ford Motor Company, Microsoft, and GE; breakout bestsellers from Apple, Red Bull, and Google; and niche offerings from players you may never have heard of, such as National Community Church, GoPro, and Zipcar.

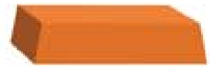
We'll explore what it takes to transform your organization by cultivating a tuned in culture and how to become and remain a market leader.

What's fascinating about the tuned in approach is that it works amazingly well for all kinds of organizations. We've identified nonprofits, business-to-business enterprises, e-commerce companies, independent consultants, churches, and even dentists and lawyers who have created resonators and built growing and profitable businesses. Although they serve a wide variety of markets, these different types of organizations all have the same potential to discover resonators. By being tuned in, they can listen intently, embrace buyer needs passionately, and work diligently to create the best possible customer experience. ➔

Any organization—companies large and small, nonprofits, government agencies, entrepreneurs and independent professionals, even churches, authors, and rock bands—can benefit from getting tuned in, because they'll start to create the products and services that people want to buy.

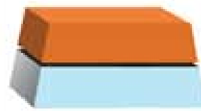
The Tuned In Process includes six steps





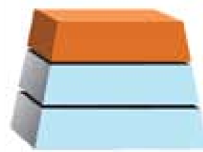
STEP 1: Find Unresolved Problems

How do we know what markets and products on which to focus?



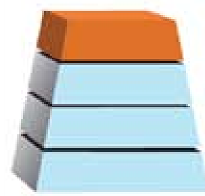
Step 2: Understand Buyer Personas

How do we identify who will buy our offering?



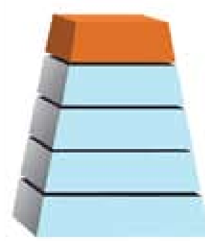
Step 3: Quantify the Impact

How do we know if we have a potential winner?



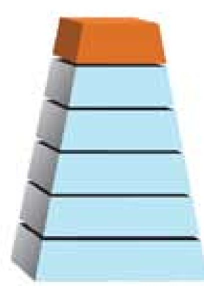
Step 4: Create Breakthrough Experiences

How do we build a competitive advantage?



Step 5: Articulate Powerful Ideas

How do we establish memorable concepts that speak to the problems buyers have?



Step 6: Establish Authentic Connections

How do we tell our buyers that we've solved their problems so they buy from us?

The realtor who resonates

In our experience, real estate agents lack differentiation—other than the company names on their business cards and the kind of cars they drive to ferry clients from house to house. Other than these characteristics, realtors seem interchangeable, don't they? When you go to list a home, a realtor says, "Sign here. We take 6% commission, and I'll need an exclusive agreement… By the way, how soon can you have the house clean so I can show it?" And like most salespeople, many realtors immediately talk discounting by asking, "What's the lowest price you would sell the home for?" By being insular and not understanding the true problems faced by people who want to sell their homes, the typical real estate agent focuses on the wrong things.

We've often mused about how much more successful realtors would be if they tuned in to their marketplaces. What if a realtor spent time understanding market problems first? Could he or she then build a breakthrough product experience *in what most people say is a commodity business*? After all, real estate listing services are all pretty much the same, right? What if this renegade agent also used the Tuned In Process to establish authentic connections with buyers—would they earn more business as a result? Could real estate services resonate and create a platform to build a thriving and profitable business? Could someone break out of the pack?

Well, we have our answer, or rather, our agent. His name is Russell Shaw, and he has been a realtor in the Phoenix area for 30 years. Shaw is associated with a realty firm, but that's where his similarity with other realtors ends. He approaches building and marketing his services by being tuned in. Shaw built his business, the Russell Shaw Group, by first understanding the problems that sellers face:

- "I want my home to sell *fast*."
- "I want to *get as much money* for my house as I can."
- "I would like to *avoid realtor's commissions* if I can, but I hesitate to try selling my home myself because of the risks involved."
- "If my realtor is not meeting my expectations, I *don't want to be stuck with a long-term contract*."

Shaw's breakthrough product experience is the "No Hassle Listing." Using Shaw's service, sellers list with him for a reasonable 4% fee, but still have the option to sell their homes themselves and owe him nothing (although they can still use Russell Shaw Group to help with the escrow work for a 1% fee if they wish).

"Our objectives are to get you the most money in the least time and with the fewest hassles," Shaw says. "We want to provide the best service in the industry. Period. We want to make you so satisfied you listed your home with us that you will gladly refer us to your friends."

Shaw articulates his idea by stating that he is "applying for a job" with you. If you aren't happy with the job he does, you can fire him at any time with no obligations or costly consequences. But odds are that you will be happy, because the average home listed with Russell Shaw Group, even during the slow 2007 housing market, sells in less than 30 days (versus 108 days for other realtors in the area), and most of Shaw's listings sell for the full price. If you've ever sold a home, you'll likely agree with us that this idea is a resonator.

Shaw spent two years identifying and refining his ideas about which problems resonate with home sellers. He tuned in. Shaw even gives potential clients a list of 14 questions to ask his competitors, questions that show the No Hassle Listing system is in a class by itself. Shaw generates so much business from it that he requires a support staff of 16 people, including six listing/buying specialists, two transaction managers, seven administrators, and even a marketing manager!

Finally, a realtor who understands the problems sellers face and has a solution for them! While the average realtor sells eight to 12 homes a year, and "top" realtors sell 22 to 30 homes a year, Shaw sold a remarkable 418 homes in 2006.

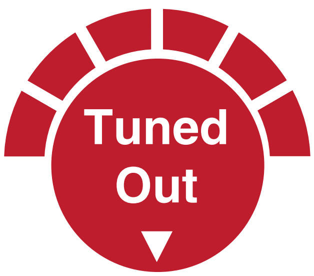
"Many agents think their most important job is satisfying the customer," Shaw says. "I don't think that's true. I believe that satisfying the customer is simply the minimum requirement for staying in business. My staff and I work constantly to improve our systems, processes, and services to go well beyond the standard level of 'service' provided by most agents."

Would you recommend *your* realtor to your friends?

We're convinced that if tuned in people like Shaw can build a resonator in a crowded and long-established market like real estate, you can too.

Getting tuned in

How hard is it to get connected to a market and create a product or service that people want to buy? Based on our decades of experience working with thousands of companies, we're here to tell you that *getting tuned in is not difficult.* But creating a resonator does require a new way of thinking about how you build products and services and how you introduce them to the marketplace. Most organizations are *tuned out.* In fact, we see all kinds of organizations make the same common mistakes again and again.



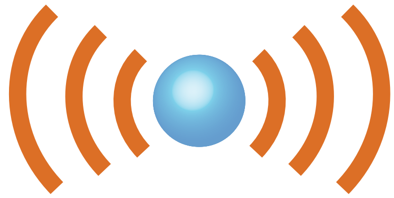
Here are a few common mistakes that cause products and services to fail:

- **Guessing**—Assuming *company insiders* know more than buyers do about what they want to buy
- **Assuming**—Basing products and services on what *current customers* request rather than on an understanding of unsolved problems that potential customers will pay money to fix
- **Telling**—Trying to *create a need* in the market by relying on expensive advertising or an army of salespeople

We've developed the Tuned In Process to allow companies to create success again and again. We see these same principles at work in a wide range of successful product experiences, such as business-to-business technology products, fast food chains, and professional services firms. We know for certain that if you apply the six steps of the Tuned In Process to your own business (no matter what you sell), you will have a much better chance at success.

The resonator

"1,000 Songs in Your Pocket"
"When It Absolutely, Positively Has To Be There Overnight"



The process for replicating success starts with getting tuned in to potential customers. Understanding your market and your buyers through in-depth interviewing is by far the most effective way to discover *unresolved market problems* that people will pay money to solve. Meeting with potential buyers on their own turf (in their homes or workplaces or even on the street) is the starting point for identifying a resonator: a breakthrough product or service that buyers immediately understand has value to them, even if they have never heard of your company or its products before. The iPod is a resonator. When it launched, FedEx was a huge resonator, and it still is.

The Anatomy of a Resonator:

- The perfect solution to a specific problem
- A product or service that people want to buy without being coerced
- An offering that establishes a real and direct connection to what your market values most
- An idea that people immediately understand has value to them, even if they have never heard of your company or its products and services

When you see a powerful, smartly articulated idea for a product or service that solves a problem for you, such as the iPod ("1,000 Songs in Your Pocket") or FedEx ("When It Absolutely, Positively Has to Be There Overnight"), you immediately grasp its meaning. *It resonates.* These words aren't mere taglines or slogans dreamed up by an agency and peddled with expensive advertising. You can learn to systematically develop powerful ideas like these by studying the Tuned In Process.

Tuned in organizations are much more likely to create resonators. The culture of tuned in companies incorporates focused, "outside-in" thinking, instead of the typical inside-out orientation. In other words, the tuned in company constantly listens to, observes, and understands the problems that buyers ("outsiders") are willing to pay money to solve instead of holding endless meetings of company "insiders"—all trying to guess what people want. The tuned in organization is always looking for more opportunities to create resonators.

The tuned in organization

The most successful organizations are tuned in to their markets. Leaders at these companies largely ignore the competition. Instead, they focus their energies on the problems that buyers are willing to spend money to solve. The concept applies to any business, product, or service:

- *Tuned in companies*—large and small, established and upstart—resonate when they create products people want to buy. Nintendo's Wii revolutionized the gaming industry when it created a fun, simple, interactive experience that enabled groups of friends and families to play virtual sports, action, and war games without any previous experience with video games.
- The *tuned in entrepreneur* solves real problems in the market rather than creating some widget because he or she thinks it's cool. Richard Branson, a serial entrepreneur, has developed 350 companies over a 30-year career through his Virgin brands, each aligned to solve a discrete market problem that he and his team identified.

- The *tuned in professional services firm* (lawyers, doctors, accountants) doesn't just create a "me-too" practice and stick the same old advertisement in the Yellow Pages. Instead, these firms leverage the new rules of marketing to build an online audience. Search for anything related to Kansas and family law and you'll find Grant D. Griffiths at the top of the list. Griffiths takes a thought-leadership approach to marketing his firm; and, consequently, he makes connections that bring him several new potential customers a week…free.

- The *tuned in nonprofit* understands people's motivation for contributing money and time to a cause. Habitat for Humanity has experienced more than a decade of consistent growth in donations of time and money, due in a large part to its creative strategies for partnering with local community, church, youth, and government organizations. Habitat for Humanity has built more than 200,000 homes.

- The *tuned in politician* understands voter problems and the reasons why people vote for a particular candidate. Barack Obama's campaign raised more than $31 million in its initial phases (top among all U.S. presidential candidates in the early part of 2007) with a platform centered on a powerful idea, "*The Audacity of Hope*." At this writing, the election is still a long way off, and Obama is not the frontrunner. But his upstart candidacy clearly resonates with many voters.

- The *tuned in church* connects to people's spiritual and emotional needs with services that resonate across traditional and non-traditional mediums. Joel Osteen now counts more than 42,000 weekly attendees at his services, and millions more through his TV and online communications. His book, *Your Best Life Now,* has sold more than 2.5 million copies.

- The *tuned in entertainer, rock band, or motivational speaker* understands the tastes or needs of his potential audience. Jon Stewart tuned in to young TV viewers and resurrected a fake news program that attracted a strong and committed daily audience on an obscure cable channel. His humor and creative representation of current events resonated across age groups, building a strong following in his time slot.

- We'd argue that the *tuned in job seeker* creates a better picture of themselves as a candidate for employment when they talk about solving an employer's problems rather than embellishing their own credentials.

Is ***Tuned In*** for you?

At this point, we suspect that you're saying to yourself something such as "Hey, that's obvious!" or "It sounds easy." We frequently hear these sorts of reactions when we present these ideas live in our speeches and seminars. If that's what you're thinking, you're right! One of the beautiful things about getting tuned in is that it's easy to understand how to do it. In fact, many successful business leaders had been applying these principles successfully long before we began teaching the process or writing it down in this book.

But hold on!

You're probably also thinking: "If it's so easy to understand and it makes so much sense, why don't more companies get tuned in?" As it turns out, numerous organizational pitfalls can get in the way. We meet with companies all the time whose executives struggle to answer some very basic questions:

- What business are we in?
- What businesses are we *not* in?
- Who are our buyers?
- What's unique about what we offer?
- What's our positioning strategy?
- How can we compete?
- Why do the other guys seem to win more often?
- How can we turn a profit?

When we hit these walls with business leaders, we ask ourselves why. How could they not have any answers to these fundamental questions? What we've come to realize is that most business professionals just aren't tuned in.

Rather than focusing on buyers and their problems, the organizations that struggle to resonate in their marketplace are the ones that develop offerings from the inside out.

Instead of going out into the marketplace to try to understand people's problems and then bringing this information back to the company, *tuned out* companies try to develop products exclusively within their own walls, based solely on what they already know. Then they try all sorts of gimmicks and buy expensive advertising to take the dissonant ideas out into the market. This inside-out approach (what we call being tuned out) is much more likely to lead to failure—and to struggles with answering questions like those above. TPM

Craig Stull is founder and CEO of Pragmatic Marketing, Inc., and author of the industry-standard Pragmatic Marketing Framework, which has been used to train 45,000 entrepreneurs, executives, marketers, and product managers.

Phil Myers is President of Pragmatic Marketing, Inc. During his business career, he has led three technology start-ups through initial public offerings and launched seven products to market that became category leaders.

David Meerman Scott is the author of The New Rules of Marketing & PR, *a frequent keynote speaker, and the developer of Pragmatic Marketing's New Rules of Marketing seminar.*

Why us? Why now?

Authors of *Tuned In: Uncover the extraordinary opportunities that lead to business breakthroughs*
(L to R) Craig Stull, Phil Myers, and David Meerman Scott

The authors recently spoke with Kristyn Benmoussa, Editor-in-Chief of *The Pragmatic Marketer*, to discuss the background for the *Tuned In* book.

Q. Where did the idea for *Tuned In* come from?

The three of us had been independently studying what made some companies, products and/or marketing campaigns resonate while others made us ask "who hit the stupid button on that one?". And our clients had been telling us for years that they wanted an overview of the process we teach, but in an easy-to-digest package to share with the whole organization. We realized that we had discovered a market problem—a need for a book like this one—and that we had the collective knowledge to solve it.

Q. Why are there three authors?

Because we couldn't fit four names on the cover? Seriously, the truth is, together we could build the "whole solution" where independently we were only focused on one aspect of the problem. One of the really interesting things we began to understand clearly from the research was that the three dimensions of leadership, product management, and marketing all suffered from the same challenges. And that the concept of "tuning in" was the platform solution that allowed each to excel.

Q. What research went into *Tuned In*?

We knew a lot of things when we started the project. We had independent research telling us that market-driven companies were 31% more profitable, spent twice as much on research as they did on development, and had 20% higher customer satisfaction rates. We wanted to dig deeper though so we dug into the seven yearly surveys Pragmatic Marketing has conducted since 2000, personally interviewed more than 100 CEO's and organizational leaders, and ran a quantitative analysis across 2,700 respondents. The objective was to identify and correlate the winning DNA behind successful businesses, leaders, products and marketing campaigns. We learned exactly why some of their products and services fail while others succeed.

Q. What is the essence of what you uncovered?

That getting tuned in isn't just a nice-to-have ingredient, it's a got-to-have for success. We found that it works for individuals in their jobs, organizations in their plans for growth and for virtually any key strategy decisions such as how to choose which product to invest in. The Tuned In Process identifies six steps that are simple in their own right but so powerful in combination that they form an actionable roadmap for creating products, services, or ideas that resonate right out the gate and, maybe even more importantly, sustain value over time.

You can read more from Craig, Phil and David on their blog at **www.TunedInblog.com**

Q. Who should read *Tuned In*?

Tuned In is for everyone who markets a product or service, from product managers to marketers to leaders. Size of business or opportunity is irrelevant. We found single employee entrepreneurs, doctors, lawyers, politicians, authors, entertainers, even rock stars who applied the process to succeed. Non-profits and for-profit businesses. Million dollar businesses to multi-billion dollar conglomerates. High fliers to turnarounds. The foundation applies universally. We developed the book to provide a common baseline for success in any situation.

Q. How easy was it to determine who was tuned in and who was tuned out?

Easier than we initially thought. You simply observe what they do and where they spend their time. Tuned in companies know exactly who they are—they've discovered what their market values most and they operate in a world of clarity. They spend time on things that really matter and ignore those that don't. Surprisingly, tuned in companies spend very little time worrying about competition. Tuned out individuals and companies are just the opposite. They self-justify, self-rationalize and spend lots of time internally thrashing around identity-oriented questions like "what business are we really in?"

Q. What was the biggest surprise in the book research?

For us, that experiences matter so much. Going in, we suspected that a major accelerator to the Tuned In Process was focusing on finding problems vs. finding breakthroughs. But, the value of building a complete customer experience and focusing on all the touch points to ensure that they resonate and connect was pretty enlightening. When we found a minister in Washington DC who created the fastest-growing church by transforming the Sunday experience and each day of the week, we had a real "aha! moment." It's not the product, it's the experience that is your competitive edge.

Q. Is there anything you'll do differently at Pragmatic Marketing now that you've written the book?

Yes. Lots of things. One of the really compelling aspects of the Tuned In concept is that it isn't a Six Sigma rating system that takes you years to measure and a decade to perfect. It's a daily index. We do some things really well at Pragmatic Marketing otherwise we wouldn't have had such success. But, we can tell you with certainty that we'll move much more rapidly to continuously improve the experience we offer our customers so that adopting the Pragmatic Marketing methodology is not an infrequent training exercise but an everyday support system that enables our customers to be at their absolute best at being tuned in. TPM

Are your product management and marketing teams overloaded with tactical activities, spending too much time supporting Development and Sales rather than focusing on the strategic issues of the organization?

The Pragmatic Marketing Framework

STRATEGIC

		Business Case	Positioning	Marketing Plan		
Distinctive Competence	Market Sizing	Pricing	Sales Process	Customer Acquisition		
Market Research	Product Performance	Buy, Build or Partner	Market Requirements	Customer Retention		
Market Problems	Operational Metrics	Product Portfolio	Product Roadmap	Launch Plan		
Market Analysis	**Quantitative Analysis**	**Product Strategy**	**Product Planning**	**Program Strategy**	**Sales Readiness**	**Channel Support**
Technology Assessment	Win/Loss Analysis	Innovation	User Personas	Buyer Personas	Channel Training	Presentations & Demos
Competitive Analysis			Use Scenarios	Success Stories	Collateral & Sales Tools	"Special" Calls
			Release Milestones	Thought Leaders	White Papers	Event Support
				Lead Generation	Competitive Write-Up	Answer Desk

TACTICAL

The Pragmatic Marketing Framework is the standard for product managers and marketers at thousands of companies. Since 1993, more than 45,000 people have been trained using this market-driven approach to creating and launching technology products.

learn industry best practices

Product Management training

Practical Product Management defines the strategic role of product management using the Pragmatic Marketing Framework (left). From how to identify market problems to delivering a successful product plan.

Requirements That Work shows how to create a Market Requirements Document (MRD) using personas, goals, and use cases that everyone on the product team can understand.

Pragmatic Roadmapping teaches techniques for developing, consolidating and communicating product plans, strategy and vision to multiple audiences—both inside and outside the company.

Product Marketing training

Effective Product Marketing teaches how to create successful go-to-market strategies using a structured, repeatable framework that supports an organization's goals for growth in revenue, market awareness and customer retention.

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Align your organization with the market. Identify gaps between your current state and best practice to enable your strategy and tactics to focus on market-driven success.

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To Startup or Not to Startup?

By Paul Young and John Milburn

WANTED: Product manager to work in exciting, fast-paced startup! Must be willing to accept longer hours for less pay. Ability to wrangle founder's gigantic ego a plus. Time management a must, but don't kid yourself—you'll never get it all done. Unlimited Mountain Dews are free, but the adrenaline rush from seeing your decisions make or break the company is priceless.

If you've entered a start-up company as a product manager… congratulations! You've taken a step that many people aren't willing to take. Most startups don't have a formal product management function until their later stages; the founder *is* the company's first product manager. By virtue of the founder being "in the market," he or she is both familiar with the problems of the target customer and passionate about solving them—often having firsthand experience with the problems. If the founder is wrong, the company fails. If he or she is right, the first generation of the product sees enough success to grow the company. Then the problems begin.

After starting a company, the founder is no longer *in* the market. The responsibilities of starting, funding, and running a company mean that there is no longer enough time to spend in the market. Soon the founder begins to make assumptions about what the market needs based on personal opinions or what he or she would like in the product. Worse, if the first-generation product was a major hit, the founder assumes that it was his or her own divine wisdom, and not the fact that solving a market problem created the early success.

If the company has the rare, wise founder who recognizes their personal limits of ability and time, he or she will introduce product management to the organization. More likely, the rest of the executive team or the board of directors recognizes that the current mode of defining and developing products is not sustainable.

At this point, you may hear about this great opportunity at a hot new startup. After a series of intense interviews, you decide to give up your product management role at "BigCo" to come to "LittleCo" and be a startup product manager.

What to expect

To a big-company product manager, working for a startup can look like a dream. Having a huge impact on the company's success or failure—coupled with the rush that comes from knowing that your ability to listen to the market guided the company to new heights—can make the red tape of a large company look boring and stodgy.

Ask product managers in **large companies** about their frustrations and challenges, and they complain about too many processes, too many checkpoints and people involved in decisions, poorly defined roles, too much to do, too much time spent on current "legacy" customers, too much focus on new "cool" technology, and no time for strategic planning. But, the grass isn't always greener in a startup.

Ask product managers in **start-up companies**, and they complain about the lack of defined processes, checkpoints, roles, their feeling of being buried—with too much hinging on their personal decisions, their lack of customers and a regular revenue stream, too much focus on new "cool" technology, and no time for strategic planning. Do you see a pattern?

Most expect that product management in a startup requires a greater time commitment than similar roles in other, more established companies. Undoubtedly, the personal and time demands of spending your or your investors' money—as well as working for maniacal executives—can take a toll on your personal life. I'll never forget coaching a Saturday morning youth baseball game and having to delay the game while I took an emergency call from my nervous CEO—*"No, this CANNOT wait an hour!"* In a large company, the investors usually don't have faces or names, and most of us find ways to creatively avoid or work around overly demanding bosses.

Challenges in a start-up environment

The Pragmatic Marketing Framework helps define the strategic role of product management. It is organized with strategic activities on the left, and it transitions to tactical ones on the right. In a start-up environment, the overall lack of resources typically pressures the product manager to spend an inordinate amount of time on the right, or tactical, side. There are rarely pre-sales engineers to delegate the presentations to; no intranet FAQs or RFP responses; no "canned" demos to generate technical interest; no go-to-market departments for launch activities and plans. The "buck stops here" with the product manager in a startup, and it can appear that product management in a startup is hopelessly mired in tactical activities.

Let's take a step back. What value does a product manager add to a start-up environment, and is that value primarily tactical?

In an established company, the role of product management is usually fairly well defined. In a startup, *you* must define what being a product manager means. Our experience is that this means regularly asking for forgiveness instead of permission. Time is your biggest enemy in a startup. Every second is precious, and you don't have time to convene meetings for minutiae.

At a large company, it may be enough to be a product *manager*, but in a startup you must be a product *leader*. Being a leader means that you have the confidence to invent a new way of doing things and to say "*This* is our new product management process." You are the only person who can define what product management means in a startup.

At a start-up company, your boss doesn't have the time to micromanage your activities, and you have to be a self-starter. Since startups attract smart, confident people—all of whom want to make an impact—the product manager who doesn't forcefully state his or her strategies and lead the product will be pushed into being tactical by default. To make this shift, you have to live "on the framework"—the Pragmatic Marketing Framework.

Pragmatic Marketing teaches the *what* of product management. In a start-up company, implementing the *how* is usually up to the product manager as well. In theory, executives, your boss, and your peers may understand the strategic value of product management. In practice, there are so many tactical activities that need to get done that product managers can easily find themselves buried just trying to "keep the lights on." In order to transition from the right side, or tactical side of the framework to the left, or strategic, product managers must think about the value they bring—relative to how the company came to be today.

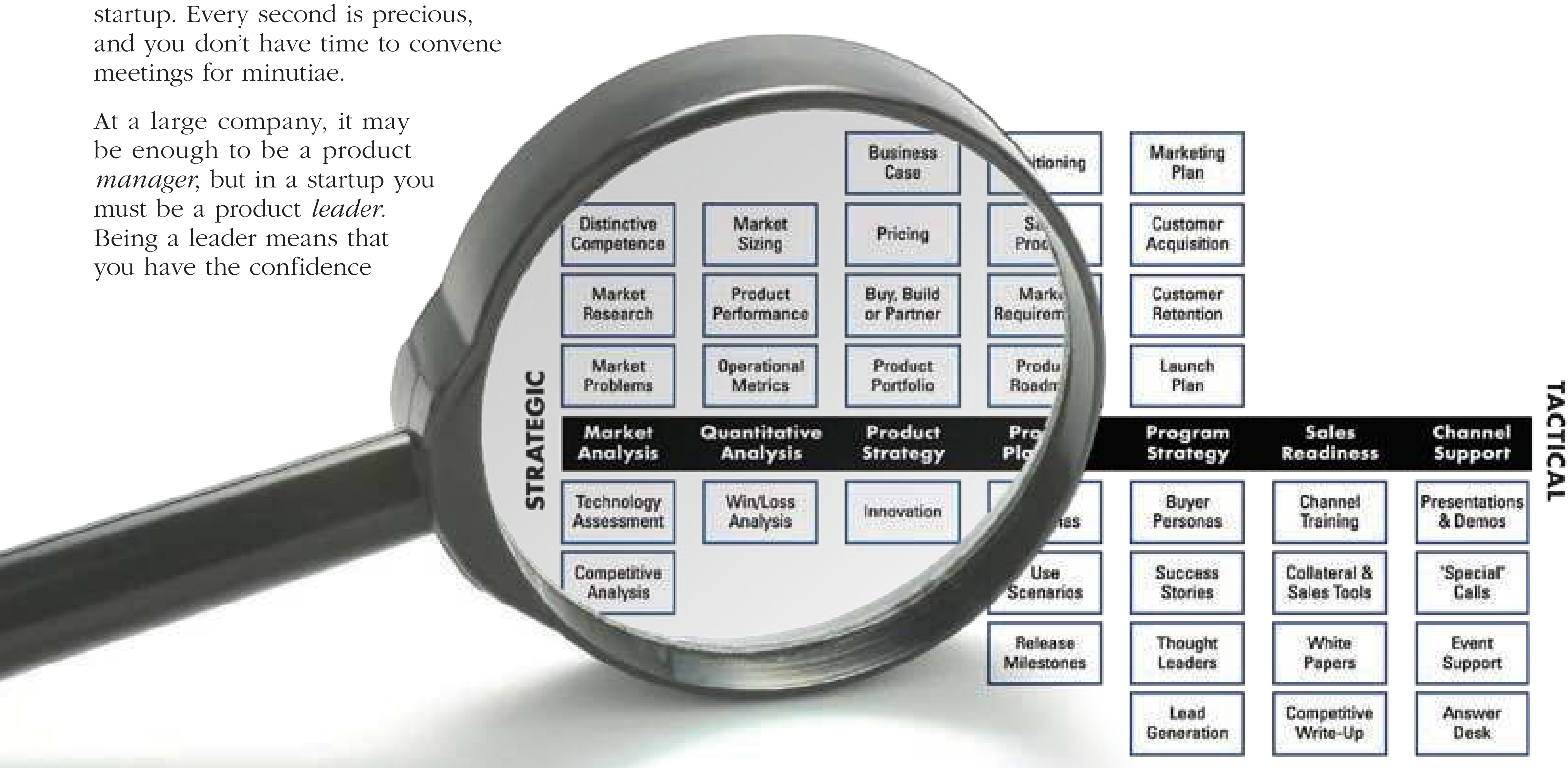
Focus on focusing

When the start-up company got its initial funding, on what facts did the investors base their decision to invest? From the left side of the Pragmatic Marketing Framework, of course!

At a minimum, investors want to know answers to questions such as:

- What is your competitive differentiation and barriers to entry (Distinctive Competence)?
- What market problems will your company and its products solve (Market Problems)?
- How will you beat the competition (Competitive Analysis)?
- Do you have a business case (Business Case)?

As a result, some people may think that all of the strategy work is done, and now it's time for execution. Don't buy it; if the executives wanted tactical, they could have hired a sales engineer, technical support rep, or project manager for far less than they are paying for you. You, as the product manager are uniquely positioned by your dialogue with the market to spot the blind spots in the company's strategy and fill them with product or effective market positioning.



The Achilles' heel of every startup is what happens *after* the initial funding. Product managers are quickly pulled to the far right. There are sales people to train and provide with tools, websites to build, tradeshows to quarterback, datasheet, press releases and other collateral to proof, t-shirts and hors d'œuvres for the VIPs to order. What about lead generation or outbound marketing activities? Where are the whitepapers?

Where many product managers fail in this environment is when they get mired in the tactical activities and lack the strength or ability to return to the left. That is a strong statement—but, if you find yourself constantly stuck on the right side, it may be time for a heart–to-heart talk with yourself or your boss.

The position of product manager is a strategic one. And, if your activities are completely tactical, you are either not adding the right kind of value, or you are no longer a product manager—you are more like the *product janitor*. Even worse, you may be directly contributing to the company's problems by allowing everyone in the company to be less market-facing. Product and planning decisions that are based solely on right-hand information succeed on legacy and luck. To become tuned in, a product manager must have the internal fortitude to explain that the right side is a *necessary*, but *insufficient* plan for company success.

In a start-up company, product managers must play a dual, and oftentimes schizophrenic role—another aspect that is drastically different than that of a large company. Product managers must ensure that deals are being closed, so they wind up selling or in a sales support role. They are often the authors of contracts and are closely involved with negotiating discounts and other contract terms. But, while they are delivering on the tactics, they must work diligently to build a vision and direction for the entire company that will take them beyond the early wins and provide a sound basis for future growth.

Startup product managers must also learn to deal effectively with egomaniacs. While definitely not unique to young companies, startups have a tendency to attract Type A, aggressive personalities. Often, the confidence required to found a company and grow it into an organization large enough to require product management spills into general cockiness on the part of the founding team. Some startups even have different classes of employees—those who were there from the beginning and carry the war wounds of working inside the founder's garage, and the new guys who just don't understand (hint: You are the latter).

The lead technical person who has been there from the start will be the first to challenge you. "Who are you to tell us what to develop? Yeah, I'll read your fancy 'MRD' just as soon as I finish my impossibly long bug list (which means never)." This is a big issue for a new product manager. In theory, you wield great influence over the products and decisions that drive the company, but it won't ever matter if the people you need to help you aren't on board with you.

You must be aggressive, too, but choose your battles. Build relationships with the key players you need, such as the V.P. of Development, or you'll be finished before you start.

The risk/reward equation

Most people believe that working for a start-up company entails much greater personal risk than working for a large, established company. But, the financial or career risk is debatable; just ask anyone who's been laid off from a large company.

Venture capitalists will tell you that startups have a greater chance of success when the founders have made a significant personal financial stake—that spending their own money creates a higher level of commitment and desire to succeed. But, rarely are founders of today's start-up companies investing their life's savings or risking the security and futures of their families to start companies. Not that their investments aren't sizable, but as a percentage of their overall wealth, most founders have fall-back strategies. And if the venture fails, founders have little difficulty finding other companies to lead.

But let's go back to the product managers who weren't founders. Here again, living through a company that fails is not a "scarlet letter" against future positions. Many executives agree that product managers can learn more through failed companies than with successes. In fact, having a couple of failures can actually *enhance* your marketability for future positions–if you can demonstrate a learning effect that benefits your next role.

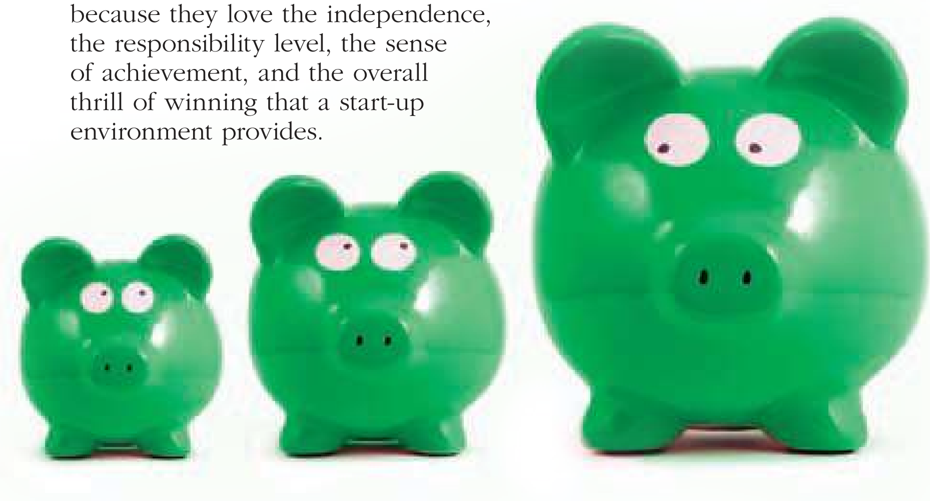
Startups are all about taking great risks for great rewards, so a start-up company typically rewards a more aggressive, risk-taking attitude to increase the odds of the investors getting a multiplier in return on their investment. The freedom to take product risks is more acceptable and visible in a startup. But, successful product managers in large companies are also risk-takers. The difference is that the exposure to failure is greater in a start-up environment since product failures in large companies are easier to absorb. ➔

Money and life

Can you make more money at a startup? Generally, no. Sure, we all know product managers who are financially set for life because of an IPO or acquisition they were lucky enough to have lived through. But, for every one wealthy professional, we can show you many more that did *not* make the big payday. Good companies fail. The stock can become so diluted that only the largest investors or the original founders make any significant return. Yet many of us are still plugging away, with the dream of a significant financial event in the future.

For professionals with similar education and experience, the overall financial package (benefits, insurance, and salary) is generally higher in a large company than in a startup. Even the founders and C-level executives can usually make more in a large company. But that is not the point. Startups give product managers the chance to step up to higher responsibility levels, perhaps as a director or manager, much more quickly than in large, established companies.

The ability to lead other product managers and make hard decisions is a key skill for which all product managers should strive if they aspire to lead an organization in the future. Most successful product managers at start-up companies will tell you that the compensation package is not why they are working so hard. Rather, it is because they love the independence, the responsibility level, the sense of achievement, and the overall thrill of winning that a start-up environment provides.



Work-life balance

Achieving a good work-life balance is something with which all product managers—regardless of company size, industry, or experience level—constantly struggle. In a startup, the pressure is on to achieve results at all costs. Often, this fosters a heightened sense of team, since everyone is in the same boat—sink or float. The money counter is always ticking, however, and most startups never achieve profitability.

That pressure can manifest itself in ever-more hours and ever-more encroachment into your personal time. As in any company, achieving a good work-life balance is a matter of good time management, prioritization, and boundary-setting abilities. Turn off the "crackberry" and have a quiet dinner with your significant other. Your email will still be there in a few hours, and your company should respect you for drawing a line in the sand. You *can* work in a startup and still have a life—we do it every day.

Should you work for a startup or a large company?

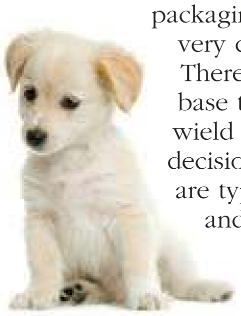
Look in a mirror. Analyze what you are good at and enjoy doing:

- Are you impatient? Or, to be even clearer, do you have maniacal impatience? If so, then a startup might be a great fit. In large companies, patience and long-term planning are more important to your overall survival and career growth.
- Aggressive behavior can be a huge plus in a startup. A Darwinian approach is often the only way to succeed and survive. Teaming and communication skills are of far greater importance than individual aggressiveness in large companies.

Paul Young is a product management professional with more than seven years of experience in hardware, software, and services product management and marketing. Currently, he serves as the Director of Product Management at a high-tech startup in Austin, Texas. In the past 18 months, he has instituted the Pragmatic Marketing Framework, using it to drive more than a dozen successful products and features to market. Paul has also held product management positions with NetSolve and Cisco Systems. You can read his blog at productbeautiful.com and can contact him at pt.young@gmail.com

- Are you driven by leading projects without a formal organization structure, or do you aspire to manage people and organizations? Both startups and large companies need good managers and leaders, but there are many more management opportunities in large companies than in startups.

- Can you blaze new trails, or do you like a well-worn and defined path? Pricing, packaging, and market segmentation are very difficult in a start-up environment. There is no track record or installed base to analyze, and sales people may wield much more power in product decisions. In large companies, there are typically well-defined practices and processes.



- Personal relationships in a startup are generally not as deep or long-lasting as in large companies. The social network in a startup is the drive to make the company successful—not in nurturing and supporting the team. In large companies, teamwork and overall teaming skills are key principles of behavior—and usually part of individual performance plans.

If you have the skills and attitude to work in a startup, don't be afraid to make the leap. Good product management skills will follow you. Regardless of where you ply your trade, if you understand what it means to be tuned in, if you remember that "your opinion, although interesting is irrelevant," and if you have a good sense of what you are good at and *like* to do, then you will succeed in any environment. TPM

John Milburn is an instructor with Pragmatic Marketing, where he teaches Practical Product Management, Requirements that Work, and Pragmatic Roadmapping, as well as on-site workshops. Throughout his 20+-year career, he has managed and announced over 40 hardware and software products, as well as launched a venture-backed start-up company, Lane15 Software. He has also held product management and general management positions at IBM, Dell, VTel, and Texas Instruments. You can see John featured on Pragmatic Marketing's online community (www.pragmaticmarketing.com) with written articles and webinars. Contact John at jmilburn@pragmaticmarketing.com

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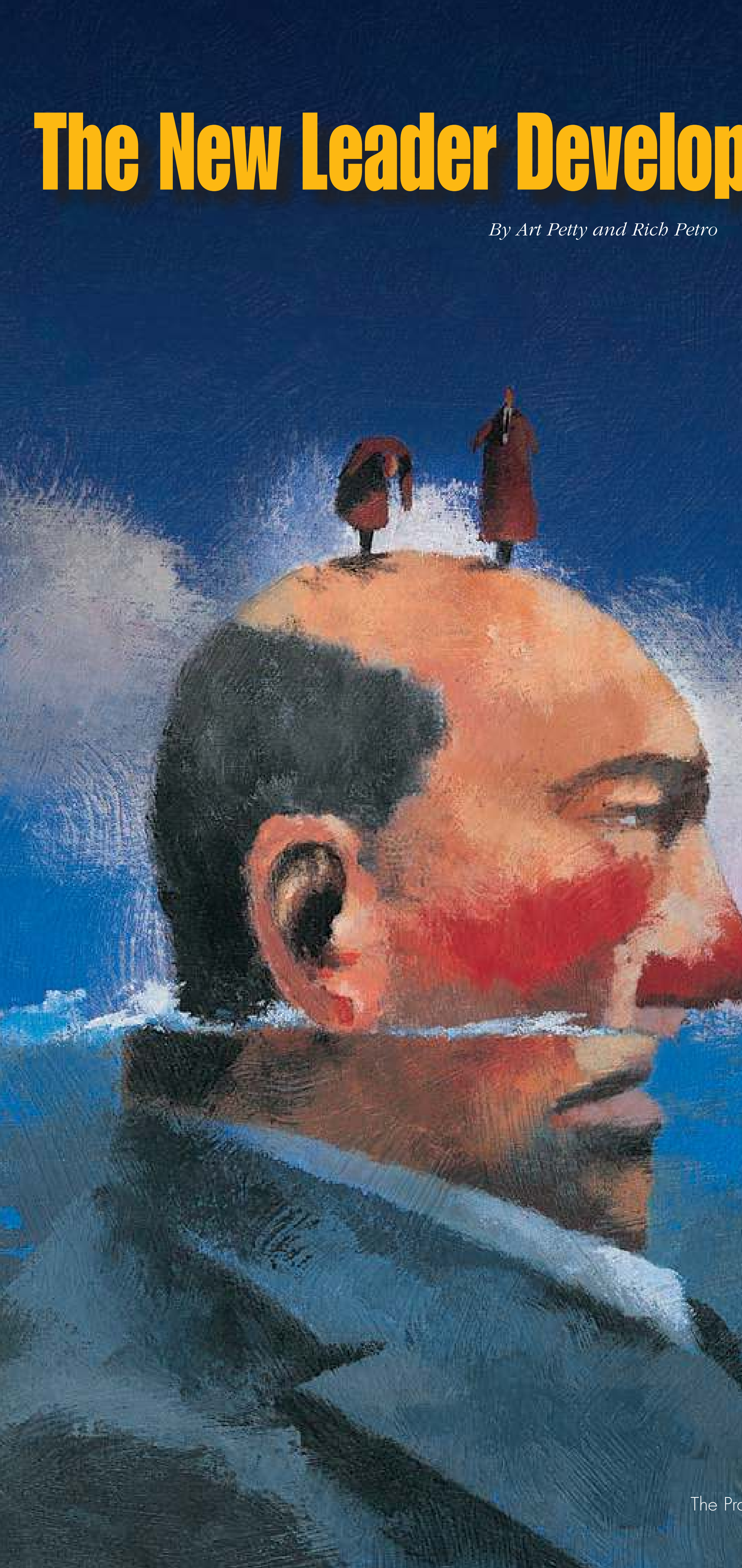
The New Leader Development Dilemma

By Art Petty and Rich Petro

And How to Fix It



There is a problem in your firm that is jeopardizing performance, reducing morale and potentially sending your top talent running for the doors. You are likely a contributor to this issue, and for the most part, neither you nor your peers are doing much about it. Ironically, this problem is easily cured through focus, time and attention, and once cured, promises to help you and your organization for years to come.

The problem—we promote our most valued performers into leadership roles without effectively educating them on the challenges of leadership and then we leave them alone to sink or swim in this most difficult of tasks. Time and again, well-intentioned managers look around at the talent available to strengthen their management ranks and they tap a high-performing individual contributor, a superstar soloist, on the shoulder for promotion to the promised land of management.

And, why not promote our best and brightest to lead? After all, these individuals proved themselves as individual contributors, managing projects or products, or serving customers. Their high level of performance in the past bodes well for their potential as a manager. Or does it?

The answer is, "maybe," or "it depends." Smart people that perform at high levels should be challenged and their career development supported. It is core to the leader's role to seek out talented individuals and provide them with opportunities to grow their experience and increase their contribution to the organization. The first stop on the fast track development process is usually a stint in people management, something the superstar soloist is eager to tackle as part of their development. The intentions are noble all of the way around, so what's wrong with this situation?

Like so many plans in business and in life, it is not the intentions that are flawed, but rather the execution. In our combined fifty plus years of leading and advising leaders, we have observed a common scenario play out hundreds of times across many companies and industries. Talented early-career professionals are thrust into the minefield of leadership without much more than a pat on the back and a hearty, "go get 'em tiger."

Otherwise competent, experienced leaders facilitate this process, perhaps losing track of the fact that leading is hard work and doubly so for the newly minted manager. They send their most valuable players out into the world to wander blindly through the difficult and awkward leadership start-up process, and then wonder when things go awry.

Instead of establishing a solid mentoring and monitoring program, the interaction between the two quickly reduces to task orientation or fire fighting, with "quality time" reserved for the annual performance review. The fact that this scenario is so clearly wrong, does not keep well-intentioned and capable executives from perpetuating this vicious cycle over and over again. The irony is, that the cure is low cost, easy to implement, and all parties from the new leader to the promoting manager and the broader organization stand to gain considerably from improving this process.

Leading effectively is hard work

Core to our theme is that leading effectively is hard work, and becoming a great leader requires time, experience and tremendous personal commitment. Rare is the person that steps out of an independent contributor role and is immediately competent at the task of leading.

The challenges of motivating, guiding, developing and supporting others are very different than the challenges that the soloist faces in managing their own work or even collaborating with others. The approaches to creating an effective working environment, building a culture of innovation or developing an operationally excellent team are generally learned over time and through considerable trial and error.

Given the complexities of moving through start-up to competence as a leader, we believe that a process that includes thoroughly educating the prospective new manager on the realities and challenges of leadership, and a focused program of mentoring and monitoring post-promotion with the promoting manager, will dramatically improve the success rate and performance of new leaders.

Leadership development is a two-person process

Given the frequency that we have observed really smart people (leaders and aspiring leaders) end up in this "new leader development dilemma," it would be easy to focus fault on the promoting manager for failing to properly screen and educate candidates pre-promotion, as well as for failure to provide the proper mentoring and guidance so critical to the effective start-up of the new manager. And while this blame is partially deserved by the promoting manager, the superstar soloist cum new manager is not without culpability in creating this dilemma.

The decision to pursue a leadership role is a significant choice and often made for all of the wrong reasons and in ignorance of the real role of a leader. Many early career professionals view "management" as the fast track, and the best way to quickly improve compensation, get a nice title on the business card and maybe even land an office with a door.

The combination of the aspiring manager focusing on the "allure of the visible," and the promoting manager not effectively pre-educating the candidate or providing the appropriate structure support post-promotion, is the double whammy that almost guarantees less than optimal results. This dilemma is only resolved through the focus and combined efforts of both parties.

The costs of perpetuating poor leadership development practices

Organizations and leaders that lack the rigor to pre-educate and then mentor and monitor their new management talent, incur significant and recurring costs, both opportunity and real. The true impact of mismanaging this process is only partially visible on the expense line through recruiting and training costs, while the most serious effects are as a result of the loss of experienced, high-potential knowledge workers and the resultant impact of these losses on long-term business performance.

Consider the following four stress points from mismanaging the new-leadership development process:

- Your high-potential talent is almost assured to flounder or fail, potentially risking their long-term involvement with the firm.
- The morale and performance of the broader team is adversely affected as the new leader operates unguided and makes frequent rookie mistakes.
- Teams under-perform as a result of mismanagement, jeopardizing the achievement of key objectives. Missed milestones, project misfires or quality problems are material issues to organizations, and poor management practices are always at the center of these problems.
- The future of the organization is jeopardized if a talent drain becomes epidemic. Your best people are the least likely to put up with shoddy management practices, and will most definitely seek greener pastures.

It is difficult to fathom many other scenarios that are more damaging to an organization's short and long-term success than mismanaging the talent pool. The costs of the above issues are well documented in the annals of business schools and writings, and the impact of missing deadlines, mistreating clients and generally operating with a disgruntled work force are obvious.

Ironically, the first steps to eradicating these problems are easily implemented, low cost and guaranteed to provide improved results. Once institutionalized, these positive new leader development practices promise to pay dividends far into the future!

Leadership screening

Part of your job is to ensure that the candidate does their homework.

We have all seen the disastrous results of a high-performing individual contributor moving into a leadership role only to fail. The sports world is rife with examples of former all stars moving into coaching positions and then falling flat on their faces. The skills that helped them electrify crowds as an individual performer are very different than the skills required for successful coaching. The gut wrenching part is that the failure is not from lack of effort or desire, but rather an issue of fit.

As a manager, you must be keenly aware of the need for professionals to make thoughtful and informed career decisions. While it is never your role to make career path decisions for others, you can work to ensure that the aspiring leader understands the role they are considering and the demands that this role will place on them.

Our experience has sold us on the value of applying basic, grass roots practices in developing team members. While we all read about well-healed corporations with vast training and development programs, the fact is that most managers do not find themselves in those settings. In the absence of vast resources, good old-fashioned common sense can carry the day. A great way to help an associate considering a career in leadership is to challenge them to research and think through the answers to three fundamental questions:

- Are you familiar with the skills necessary to lead?
- Do you understand what it's like to live in a leader's shoes?
- Do you personally own the decision to pursue a leadership role?

The first two questions are really asking the individual to understand that the skills that electrified crowds in the past are different than the skills that will mold and motivate a team as a leader. A helpful starting place is to provide the aspiring manager the following two tables, which contrast the roles of individual contributor as well as the skills required for each role.

The tables and questions are what we refer to as "Dialogue Helper," useful for kicking off difficult discussions and driving focus to the right issues. It is essential for both parties: the aspiring leader and the promoting manager to talk with candor and open minds regarding the realities, challenges and rewards of leadership, and comparing and contrasting the roles is a useful starting point. ➔

Skill Contrasts

	Individual Contributor	Leader
Problem Solving	Like to cross problems off your list. Focus on solution and task completion. Tendency toward convergent thinking to identify solution sets.	Excited by problems and see them as opportunities. Divergent thinking prevails as a means to evaluate the possible "what ifs" which could provide quantum leaps.
Comfort with Ambiguity	Routines and procedures are generally structured, escalation process and rules of engagement predetermined.	Responsible for determining appropriate next steps in uncharted areas. What is or isn't allowed is significantly broader and often unclear.

Role Contrasts

	Individual Contributor	Leader
Accountability	Largely accountable for your own work, and to a lesser degree collaborating with others. You will be largely responsible for assuring your own skills stay applicable, competitive.	Emphasis on deliverables executed by others, emphasis on collaboration within your team and across teams. Ultimately, you are judged by how much you get out of others, and characteristics beyond pure output are also critical. Establishing an environment that is creative, collaborative and results-oriented is important. Developing others will also be a key requirement.
Working "lifestyle"	Work-related issues are more likely left at work. Infrequent demands on your time beyond 9-5. Stress is often centered on tangible things such as deliverables, deadlines and sometimes problem-solving.	Expect to take work home, to ball games, on vacation, etc. Stress often comes from less tangible, "what if" aspects of this role. Plan to have constant "contact capability" with your peers, manager and perhaps customers. The higher the level, the less likely the work is to revolve around the clock or calendar.

Another valuable discussion tool is The Leader's Charter™ reproduced below, which describes in general terms, the scope and responsibilities of a leader.

The Leader's Charter

Your primary role as a leader is to create an environment that facilitates high individual and team performance against company and industry standards, innovation in process, programs and approaches, collaboration where necessary for objective achievement and the development of your associates in roles that leverage their talents and interests and that challenge them to pursue new and greater accomplishments.

With apologies for the run-on sentence, this powerful description of a leader's role can serve as an education tool as well as the outline for a detailed discussion over what it means to lead and the mind-set and commitment that it takes to be successful. Additionally, the Charter goes beyond the contrasts of the two sides of the career ladder (solo performer or leader) and sheds lights on expectations for performance.

Who owns the decision to pursue a leadership role?

There is a bit more art to managing the process around the third leadership screening question and the "ownership" of the decision to pursue a leadership role. As an experienced leader, much like a parent, knowing when, where, and how much to push is a judgment call that varies from person to person and situation to situation. You want to encourage people who exhibit potential for leadership but you want to avoid imposing your desires or values on them.

As a leader or a parent, you understand how easy it is to influence the people around you. If you have encouraged your daughter to play tennis but she really prefers golf, you shouldn't force her to step on the court. Pushing her to be the number one singles player against her will, or promoting a highly competent and happy individual contributor to a management role for the wrong reasons are costly leadership mistakes. Ultimately, it is the leader's role to provide opportunities and insights on career options for their associates, leaving the decision of what choices to pursue to the individual.

Don't forget to leverage your Human Resources team

Finally, in order to help others with their career plans, you need to be aware of what opportunities are available in your firm. You should have comprehensive knowledge of career alternatives and likely development plans in your organization, and if you do not, schedule some quality time with your Human Resources executive. If your organization is young or has not formalized their philosophy and approach to developing their people, then take the initiative to work with some other managers and create a framework for this important topic. Not having a good answer on career path options for the talented professional sitting across the desk from you is simply not acceptable.

Your commitments to helping your charges understand their career choices as well as the implications of these choices (for example, the very different lives of leaders and individual contributors) are foundational to helping everyone make informed and effective decisions. The pre-promotion discussions are learning experiences for all parties, and essential to helping you and your talented associates avoid the new leadership development dilemma.

The work of building a leader begins after the promotion

Once all the parties have conducted their due diligence and decided to proceed with the promotion of a soloist to a first-time manager, the real work of leadership development begins. The promoting manager's close involvement at this stage is essential to the effective development of the new leader. An important first step for the promoting manager is to establish a "Leadership Development To-Do" list that includes the following:

- *Provide the new manager with a clear picture of the organization's strategies and objectives.*

  The new manager must have context for their role, and this can only be gained through a solid understanding of the organization's strategies, key objectives and the role that the new manager is expected to play in strategy execution.

  The objective for all managers should be to have their charges on the same page, and this discussion starts with what is going on in the market and how the firm sees themselves growing, innovating and beating the competition. Additionally, the new manager will quickly need to ensure that their team's activities are aligned with the firm's objectives, and an understanding of the strategies, objectives and market forces is essential to realizing this alignment.

- *Clarify the primary mission of the new manager*

  The grounding in strategy and objectives is fundamental knowledge required by the new manager, and a detailed understanding of their role in executing against these objectives is key to garnering quick results. The new manager needs to understand where they fit on the continuum of caretaker to change agent, and what autonomy they have for prosecuting their mission. The promoting and new managers must be on the same page for all parties to succeed, and this important context around mission is the responsibility of the promoting manager to describe and then to support.

- *Collaborate with the new manager on a 100-day start-up plan*

  While the context suggested in the first two items is critical knowledge for the new manager, what to do with it is equally important. We advise promoting managers to work with their newly minted leaders and formalize a 100-day start-up plan that includes issues ranging from introductions and getting to know the team to evaluating key staff members, adjusting priorities and introducing new processes or approaches. Inherent in this plan development is that the promoting manager understands clearly what they want from the function and where they want their new manager to invest their time.

  The 100-day action plan is essential to help the new leader understand what they should be doing and serves as a great opportunity for alignment between the two managers. At a minimum, progress against the plan as well as the relevance of the objectives and tasks on the plan should be reviewed every two weeks by both parties and updated accordingly.

- *Establish a detailed communications plan with the new manager*

  To ensure that the proper amount (and type) of guidance is provided the new leader, we encourage promoting managers to establish a communications plan that encompasses four types of interactions: operational, developmental, emergency and ad hoc.

  Regular weekly operations discussions provide the opportunity to review priorities (the 100-day plan), milestone achievement, problems and potential countermeasures. Developmental discussions should occur monthly and focus on the new leader's performance, lessons-learned, staff development and complex people/team issues.

  Emergency discussions are hopefully rare, and we simply recommend that there is an established protocol for the two on how to handle 911 topics. Implicit in a good 911 plan is the understanding of what an emergency is, and the agreement of the promoting manager that they will shift gears immediately and pay attention if the alarm rings.

  And finally, the promoting manager should seek out ample opportunities for "no agenda" or ad hoc discussions to "touch base" and casually see how things are going. Taken together, the discipline established through formal discussions on operations and development, access for emergencies and frequent unscheduled conversation, combine to ensure that the two managers stay in lock step with each other during the crucial start-up phase. Of course this communications structure works great for leaders and their experienced managers as well. ➔

Tying it all together

Creating a culture of effective leadership development doesn't require expensive consultants and large training budgets. It starts with recognition by the senior leadership that successful identification and development of their next generation of leaders is a priority objective in line with the firm's overall strategy.

The simple steps of educating prospective new managers on the realities and challenges of leading will work to minimize costly, mistaken promotions. Honest and open dialogue about the different skills required for success as an individual contributor or a leader, and discussing the expectations of a leader as described in the Leader's Charter, are powerful pre-promotion tools.

Once a decision has been made to proceed, the promoting manager must establish and commit to a discipline of education and communication to help the new leader through the start-up phase. The costs from failing at the development of new leaders are astronomical and the benefits from succeeding remarkable.

It is within your power to transform your organization's leadership development effectiveness, and your only investment will be your time. After all, you are a leader and time and attention are your most valuable currencies.

Take-away

If you take away one high-level observation from this article let it be this: practices are more powerful than programs. You may have internal or external programs at your disposal, but they are not a substitute for your active involvement in developing new leaders.

We have presented an outline for solving this profound and costly dilemma that requires just one known resource (yourself), no out-of-pocket expenses, and can be implemented immediately. Now it's up to you to do your part in breaking the back of the new leadership development dilemma in your firm! TPM

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Rich Petro, Leadership Practice Lead and Principal in the firm is an accomplished executive leader with nearly 25 years of human resources experience in settings varying from manufacturing to services to software, large and small organizations, and both private and public entities. Rich blends a comprehensive understanding of all facets of human resources with solid business acumen to develop unique, forward-thinking solutions to the most challenging problems. He has particularly strong skills in assessment, leadership development and succession planning and he sees these key areas as inextricably linked not only to each other, but to overall organizational success.

Rich is an accomplished speaker and presenter, and has personally developed many programs and seminars on topics that included compliance, leadership philosophy and applied skills. You can reach Rich at rich.petro@management-innovations.com

Art and Rich are the authors of *Practical Lessons in Leadership—A Guidebook for Aspiring and Experienced Leaders*, published in 2007.

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Implementation of any change framework is hard. As an executive or business unit leader, you know the steps involved and could probably do it yourself. But your goal is to drive profit, customer satisfaction or other corporate metrics, not change internal processes. You just don't have the time or resources to lead the effort, and be a coach to the entire team.

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- Product launch
- Customer satisfaction

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Engagement Details

A usual project begins with a knowledge exchange, in which members of your executive team review what it means to be truly market-driven and how your current organization is aligned to meet that goal. With an understanding of your current environment, Pragmatic Marketing can then suggest a course of action to achieve success that includes one or more of the following:

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- Acceleration of your product plan by uncovering market problems which can be used to develop the business case for new product development.
- Optimization of your go-to-market programs by analyzing your existing solutions to current market problems, and using this knowledge to drive marketing programs and sales effectiveness.
- Reinforcement of market-driven principles by delivering a series of tactical sessions focused on specific tasks from the Pragmatic Marketing Framework.

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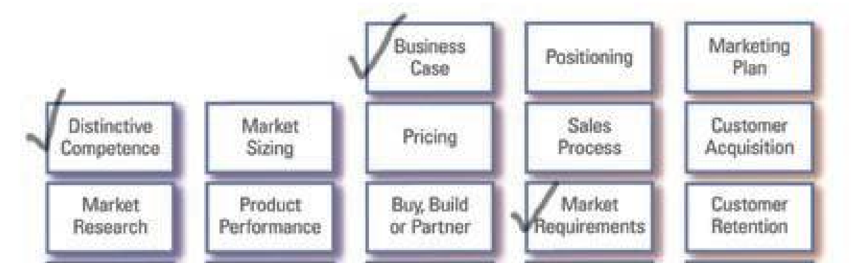
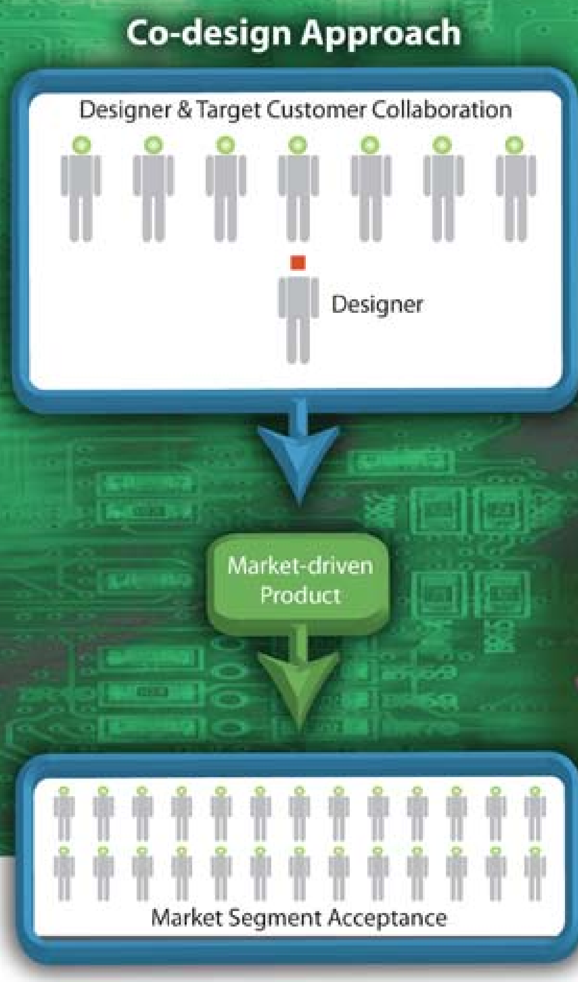



UTILIZING CO-DESIGN TO CREATE MARKET-DRIVEN PRODUCTS

By Patrick Howell



When it comes to creating new products, most are never influenced or validated by the actual people who buy and use them. All too often, products are conceived by designers in the following way:

> *"What a great idea! I don't know what market problem it solves or what market need it fills, but I know 'I' will like it."*

Designers are not typically users of a product, yet they often engineer a product with little or no end user involvement—and without understanding in advance how it will be received by the targeted audience. It's a risky proposition. Unfortunately, history suggests that most products designed in this way will be market failures.

To design a successful product, you must figure out who is going to use it and understand what problem it is solving. But let's take it one step further…for maximum success, products should be co-designed by the intended audience.

What is co-design?

Co-design is a participatory design practice following User-Centered Design (UCD). It involves targeted users—whether they are responsible for buying the product or simply using it—to create market-driven products that create more customer demand, user adoption, satisfaction, and, ultimately, product profitability.

By interacting, observing, and understanding what users need—and by bringing target users in from the outside to design products—co-design increases the likelihood of product management (and product!) success. Beyond that, by getting users involved to co-design the product early on, you can avoid the costly fixes later due to committing expensive resources and time without a user-centric design.

Before you begin a co-design project

There are three key points to consider before embarking on any co-design project:

1. Collaboration is king. Co-designed products are created with designers, customers, and/or users working together collaboratively. It is not just a process—it's a philosophy. The designer holds target users in high esteem and considers them experts in the product area because they ARE. Customers and users participate as equal members on the design team.

Answering key questions BEFORE a design workshop

Interviews, user observation, and user surveys will help you understand user goals and tasks. Unlike traditional interviews, these techniques consist of watching users do their work and interact with colleagues. Here's what to look for:

- Are users efficient?
- Do they have the information they need?
- What information is most relevant?
- What are the environmental conditions like?
- Are there environmental constraints?
- What is automated vs. manual?
- What is missing?
- Do they have physical constraints?
- What are their key job requirements?

The goal is to gather as much data as possible from these exercises to define the characteristics of your audience and what problem(s) your new design will solve.

2. Keep it in context. Through user research or contextual inquiry—the study of users in their environments—product managers are able to identify "problem opportunities" and verify them by observing and gathering field data from users in their daily context. This contextual knowledge serves as the initial input to create user personas, scenarios, and, eventually, a design solution. What's important to remember: The more time you spend understanding user context, the less time and money you will spend solving the problem.

3. Start by defining the "who." A product must be designed to enable users to achieve goals—effectively and efficiently making his/her tasks easier to perform with the product than without it. User personas (profiles) are created to baseline user needs, expectations, demographics, and target market segmentation. Clearly defining who will be using the product is the most critical step before co-design can begin.

Tips for planning an effective co-design workshop

Proper planning is essential to conduct a co-design workshop. Here are some tips that will help you achieve co-design success:

- Be prepared. Review all of your research and analysis to ensure thorough knowledge of the problem domain. How are users accomplishing things today? What are the issues? Create user scenarios that represent current workflows to utilize during the co-design session. Prepare an agenda with a clear understanding and purpose of each agenda item and the techniques you will use. Confirm attendees and ensure all participants are notified of dates and times.

- Choose participants carefully. Attendees at the co-design workshop should include:

  – A facilitator and also a separate note-taker to capture detailed field notes

  – A minimum of two target users and a maximum of eight

  – One developer (engineer) to gain insight, user context, and the buy-in of others

- Location, location, location. Reserve the right type of space—participants must be comfortable during the workshop. Plan to use flipcharts and Post-it notes to capture details and concepts. Make sure to have plenty of table space and a whiteboard. Bring a digital camera to capture whiteboard notes and concepts.

- Give your users a voice. Always remember to ensure you give users a voice in the co-design process. They know more than you do about their jobs, experience, use environments, needs, and wants. Understand that they are never wrong. Don't tell them what they should do. Don't lead them; they often will simply follow. Lastly, remember who will be buying the product after its release.

- Identify product champions. These customers/users are incredibly creative and provide fantastic product ideas and solutions. They will want to stay involved long-term.

Guiding a co-design workshop to optimize results

Having up to eight people in a working session at the same time can be challenging. Providing structure will keep the workshop focused and productive. Here are three steps to help you guide a successful co-design workshop:

Step 1
Get started

- Clearly communicate the agenda and then ask participants to introduce themselves. Next, provide a quick overview of what usability means; this will be an opportunity to get participants thinking about useable products and why they are participating as experts. Clearly communicate objectives and expectations, and identify what each participant expects as an outcome of the workshop.
- Referencing user scenario diagrams, discuss existing system and domain issues and validate the workflow. Be sure to capture refinements through diagramming to extract and structure the issues. It puts your participants' input into proper context. When finished, identify and document the usability goals that the design must meet. Does the product need to enable efficiency? Does it need to be easy to learn? How frequently will it be used?

Step 2
Let the co-design begin

- After goals have been defined and are visible to all participants, let the co-design exercise begin! Use some unfinished concepts or competing products as a catalyst, good and bad, to get the creative juices flowing. You will learn just as much from the bad ideas as you will from the good. Most importantly, your participants will be encouraged to contribute.
- Engage users for concepts, but never reject an idea. Simply put it on the back burner for future use or another need. When hearing suggestions, have that person illustrate or draw the concept rather than the facilitator. It will create a sense of ownership.
- Tape concepts and screens (if a software product) to the wall for all to see. Keep moving around the room to keep it interactive and exciting. The more fun participants are having, the better the design session.

Step 3
Test and validate

- The co-design process is iterative. After the session, the designer uses the output of the workshop as a design input. Users aren't off the hook yet! After a high-level prototype product has been developed, conduct a usability study to test the refined design. This form of testing is performed one-on-one between facilitator and user. Through structured usability testing of tasks, the effectiveness, efficiency, and satisfaction of the design can be measured without leading or influencing users.
- Target users will again give you valuable insight and feedback, which helps refine the design before expensive development begins. Depending on the complexity and size of the design effort, this step is often repeated to cover different features and/or design enhancements.

Back to the future

Before you release your product to market, create mechanisms to monitor what users and buyers think of your product. Build an online community experience that allows users and buyers of your product to share ideas with one another. Users will openly discuss popular features…and those that are not. You will literally get a glimpse into future improvements.

In addition, users may provide insight to unintended uses of the product. Either a new market opportunity or new feature ideas will surface. The best way to maintain the lifecycle of your product is to know what users will want in the future. TPM

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