The Pragmatic Marketer™

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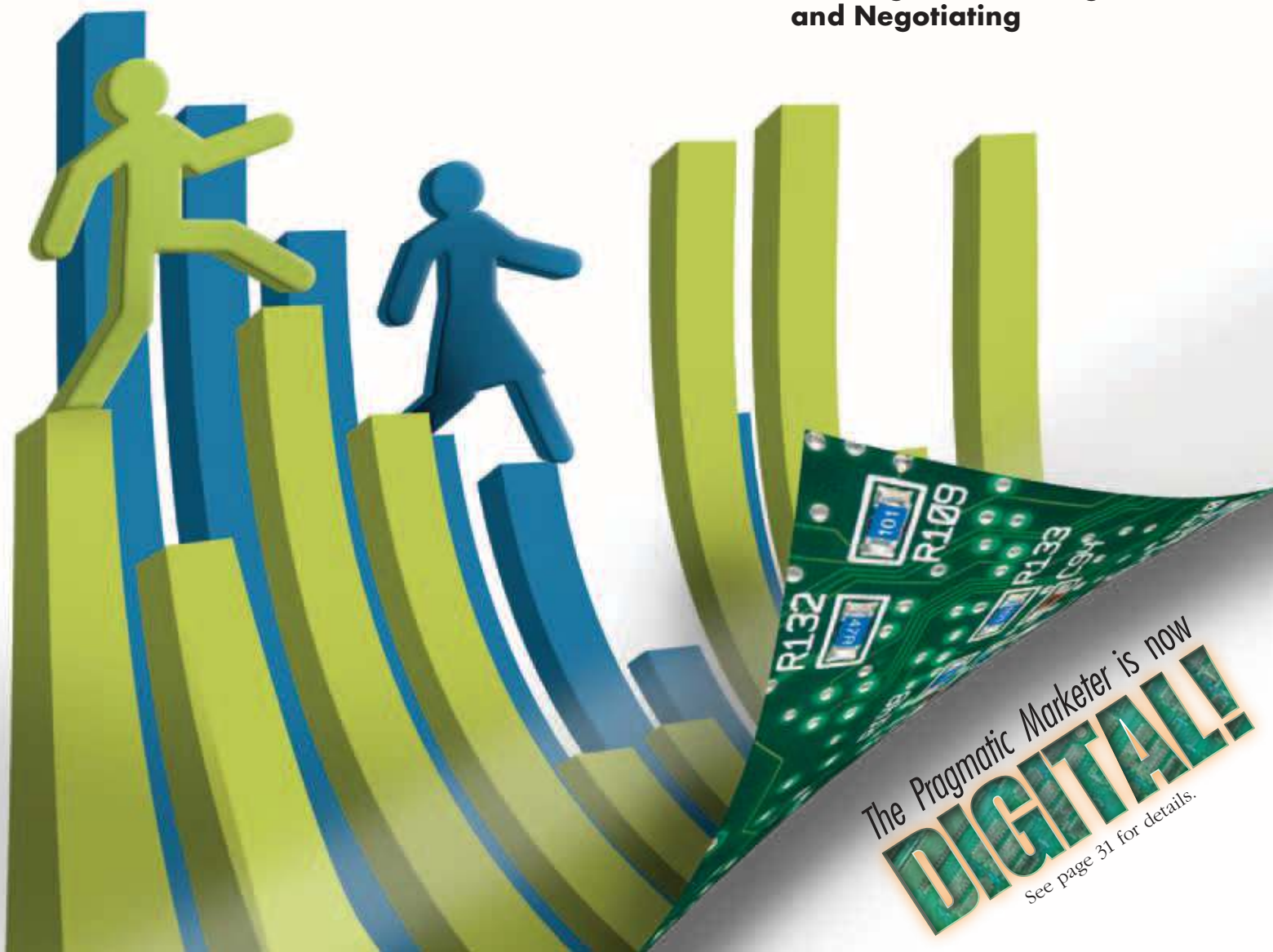
Pragmatic Marketing's 2008 Annual Product Management and Marketing Survey

Career Growth and the Product Manager

Practical Rules for Product Management (part 4 of 4)

Winning in a Down Economy: Are You Tuned in?

Changing Jobs in Product Management: Evaluating, Farming, Interviewing, and Negotiating

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About Pragmatic Marketing®

Pragmatic Marketing provides training seminars, onsite workshops, consulting services and an online community for product managers, marketers and business leaders at thousands of companies around the world.

50,000 product management and marketing professionals have learned the Pragmatic Marketing Framework, a common sense approach to finding unresolved problems, creating breakthrough experiences, and launching market resonators. Over 90% of alumni rate the training as essential or very useful to their careers.

Our Consulting Services provide 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 product management and marketing professionals. With 50,000 visitors per month, this dynamic resource center contains hundreds of articles, a job board, book reviews, instructional webinars, links to social networking groups and much more.

Visit www.PragmaticMarketing.com to learn more.

The Pragmatic Marketer is now

Last year, we surveyed new subscribers to *The Pragmatic Marketer* and found many wished for more flexible and innovative access to the content of our magazine. You said make it easy to search, save, and print articles, or forward to a friend. You want to download it to your Kindle to read on a future business trip.

We also receive requests to more easily reach international audiences. *The Pragmatic Marketer* has always been complimentary, but in order to keep it that way, mailing magazines outside of North America was cost prohibitive.

This feedback, combined with the evolution of the digital print industry (which can now provide a paper-like reading experience), finally set the stage to convert our paper magazine to a fully digital e-magazine.

Digital distribution offers many new and exciting ways to present our magazine—in ways traditional paper can't match. For example, we will be able to embed video and other interactive material within pages.

In addition to being eco-friendly, the high costs of printing and mailing the magazine can now be redirected to expand our efforts to improve your digital reading experience.

Even though we will no longer mail copies of the magazine, you will continue to receive the same quality content you have come to expect these last six years.

Going forward, subscribers will receive the latest digital issue of the magazine. If we already have your e-mail address, you don't need to re-subscribe. If we don't have your e-mail address and you would like to receive issues, please visit www.pragmaticmarketer.com to subscribe.

For those wishing to maintain their library of paper magazines, a copy can be purchased for a nominal fee at www.pragmaticmarketer.com.

On behalf of the staff at Pragmatic Marketing, I'd like to thank you for your support of the magazine as well as continued suggestions on future content and format. We look forward to a new year of exciting possibilities.

Kristyn Benmoussa

Kristyn Benmoussa
Editor-in-Chief, *The Pragmatic Marketer*

PRAGMATIC MARKETING'S
2008 ANNUAL
Product Management and Marketing Survey

Each year Pragmatic Marketing conducts a survey of product management and marketing professionals. Our objective is to provide information about compensation as well as the most common responsibilities for those performing product management and marketing activities.

We received over 1,100 responses to the survey, which was conducted during the period of November 3 through November 26, 2008 using **Vovici's EFM Feedback**.

When making decisions, remember this report is describing *typical* practices, not *best* practices. For best practices in product management and marketing, attend a Pragmatic Marketing seminar.

Profile of a product manager

The average product manager is 37 years old, has responsibility for three products and 89% claim to be "somewhat" or "very" technical.

Compensation

Average US product management compensation is $100,341 plus $12,467 annual bonus. 79% of product managers get a bonus.

Bonuses are based on:

- 64% company profit
- 24% product revenue
- 36% quarterly objectives
- Over 29% say the bonus does not motivate at all and only 16% say the bonus motivates a lot.

Geographic impact on compensation (US $)

Int'l Region	Maximum Salary	Maximum Bonus	Average Salary	Average Bonus	Minimum Salary	Minimum Bonus
Australia	$90,000	$20,000	$78,571	$10,400	$65,000	$2,000
Canada	145,000	85,000	88,719	14,792	50,000	1,000
Europe	182,000	30,000	90,429	10,704	18,000	2,000
USA	180,000	70,000	100,341	12,467	40,000	1,000

US regional impact on compensation

Region	Maximum Salary	Maximum Bonus	Average Salary	Average Bonus	Minimum Salary	Minimum Bonus
Midwest	$170,000	$30,000	$90,944	$10,453	$50,000	$1,000
Northeast	175,000	55,000	105,178	12,933	40,000	1,000
Pacific	180,000	70,000	107,105	14,026	41,000	1,000
Southeast	150,000	25,000	96,038	10,787	50,000	1,000
South	145,000	27,000	105,789	13,933	58,000	2,000
West	165,000	39,000	94,152	12,833	40,000	2,000

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

34% of product managers are **Women**

66% of product managers are **Men**

Gender **compensation** (US $)

Annual salary

Women
Men

	1 to 2	3 to 5	6 to 10	11 to 15	15+

Years of experience

Responsible for product **profit & loss**

- Product Marketing Manager
- CFO
- CEO
- Director
- VP
- Product Manager
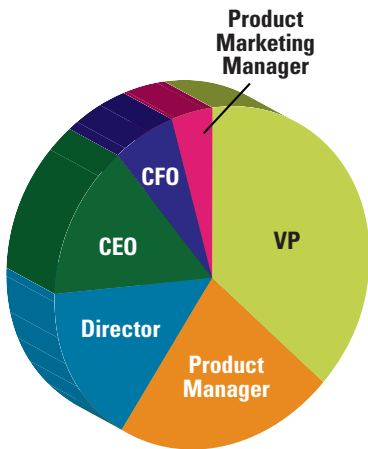
Responsible for **go-to-market** strategies

- Other
- CEO
- CMO
- Director
- VP
- Product Manager
- Product Marketing Manager

Software Development Methods

- Waterfall
- Scrum
- Other Agile
- Anything Goes "Cowboy Coding"

Current
Planned

0% 20% 40%

Organization

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

- 45% report to a director
- 29% report to a vice president
- 17% report to a manager
- 9% report to CxO

Reporting Department

- 23% CEO
- 19% Marketing
- 22% Product Management
- 11% Development or Engineering
- 7% Sales
- 4% Product Marketing

Product Management ratios within the company

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

- 0.63 Product marketing managers
- 0.75 Marketing Communications
- 3.5 Sales engineers (SE)
- 7.2 Salespeople
- 0.72 Development leads
- 5.5 Developers
- 1.0 Product architects and designers

Other ratios

- 3.6 developers per QA manager
- 3.6 salespeople per SE
- 22% Product Management
- 11% Development or Engineering
- 25% Other

Strategic activities

Activity	%
Distinctive competence	50.9%
Market research	68.3%
Market problems	67.9%
Market sizing	46.6%
Product performance	65.7%
Operational metrics	31.3%
Business case	65.4%
Pricing	49.6%
Buy, build, partner	46.7%
Product portfolio	51.0%
Positioning	67.5%
Sales process	22.8%
Market requirements	78.0%
Product roadmap	78.3%
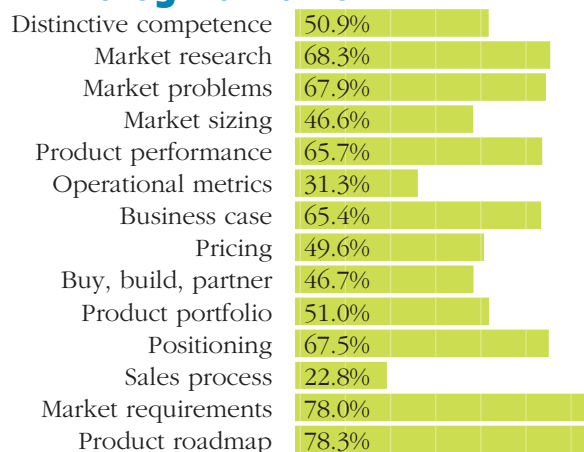
Percentage of respondents indicating they conduct these Pragmatic Marketing Framework activities.

Marketing activities

Activity	%
Defining marketing plan	37.6%
Managing marketing programs	25.5%
Measuring marketing program ROI	17.9%
Market messages	52.5%
Awareness plan	26.0%
Customer acquisition plan	20.3%
Customer retention plan	18.8%
Launch plan	57.7%
Buyer personas	34.8%
Success stories	34.8%
Thought leaders	28.1%
Lead generation	16.9%
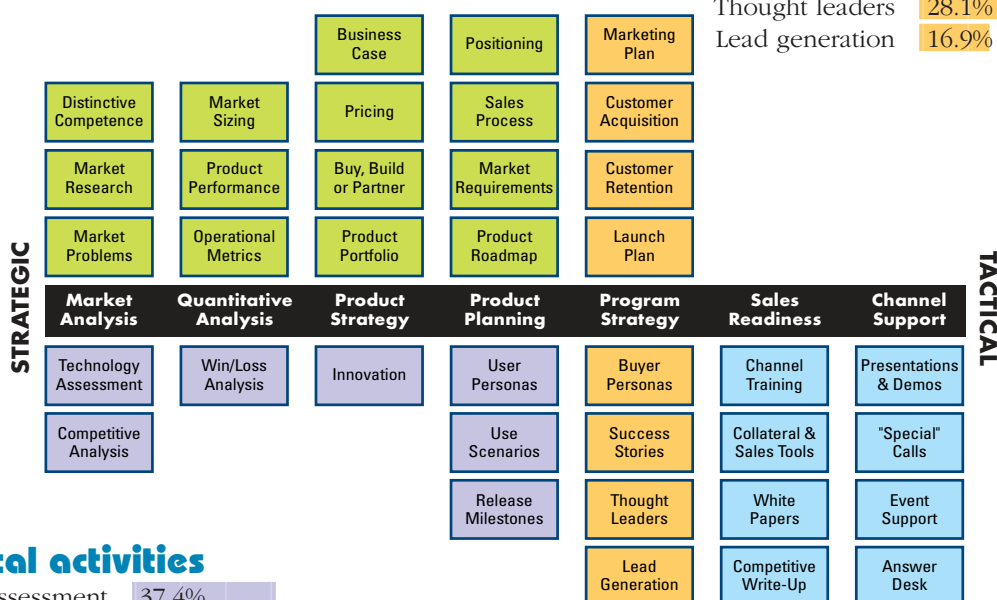
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Technical activities

Activity	%
Technology assessment	37.4%
Competitive analysis	75.0%
Win/loss analysis	36.5%
Innovation	42.1%
User personas	56.0%
Use scenarios	64.9%
Monitoring release milestones	59.6%
Product contract	30.0%

Sales activities

Activity	%
Providing sales channel training	55.0%
Creating collateral and sales tools	58.4%
Writing white papers	44.6%
Writing competitive checklists	45.2%
Creating presentations and demos	67.0%
Going on sales calls	39.9%
Staffing seminar and trade show events	46.9%
Answering sales questions via email or phone	67.3%

Impacts on **productivity**

Product managers receive 50 emails a day and send about 25. Product managers typically work 50 hour weeks.

Product managers spend approximately two days a week in internal meetings (15 meetings per week). But 55% go to 15 or more meetings each week, and 35% attend 20 or more meetings!

Percentage of respondents indicating they conduct these activities.

Product Management VS. Product Marketing
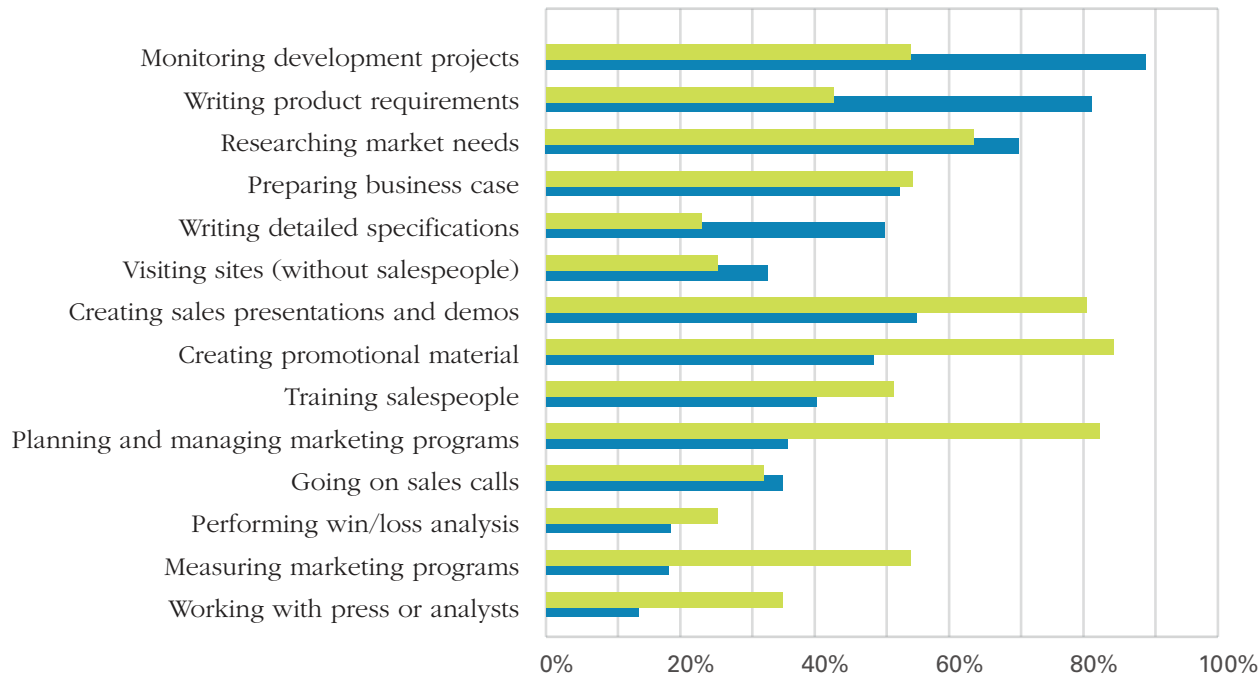
We asked, "How has your job **changed**?"

- Introduction of Agile has made it very difficult to fulfill traditional product management roles. Product managers have been turned into product owners with project management and dev management responsibilities. I know it does not have to be that way, but that is what has happened at the company. Results: "Inside-Out" products and pricing.

- More competition between people; more jockeying for position. It's the eighties all over again... swimming with sharks.

- Product management has increasingly become the clean-up crew. We take the messy promises that sales and executives have made to big customers and figure out how to deliver them in a professional manner that might benefit other customers as well.

- I have more experience so I'm more dangerous.

- The product I have been evangelizing for three years finally received development resources and we launched in May. It has generated over $1 million in its first five months.

- Added responsibilities, more outsourcing of services, flattening of company (decrease in workforce).

- As we re-tool our service delivery model, I have been given the "privilege" of more operational responsibility to find the right processes to support our products.

- Change is the name of the game. What hasn't changed?

- Development changed to Agile/Scrum, required Product Management to spend much more time as Product Owner.

- Drastically—our company has gone from being VERY development driven to being more customer/business led.

- Fewer people to do more work.

- I got more responsibility, the company is reacting to my suggestions and I receive support for new ideas.

- I transitioned from Product Marketing to Product Management. Because I was so used to multi-tasking, I am the only person on the team that manages more than one product.

- Less strategic and more tactical due to resource constraints on overall business.

- More chaotic, if that's even possible.

- Much more fast moving and changing. Clients are more savvy.

- Yes—my responsibilities have increased 10 fold without an increase in pay. I've gone from managing a small group of products to an entire division as well as our technology offerings AND managing all of our releases.

→

If you could say **one thing** to your company president without fear of reprisal, **what would you say?**

We received nearly 650 responses to this annual survey question. And boy, did you have something to say!

It's clear many of you are looking to your company president for focus.

- Focus and stop micromanaging.

- Focus on 1 or 2 market segments.

- Focus on distinct competence.

- Focus on real customer needs.

- Focus on the critical few business items, fund them, and gain the support of the entire organization around them.

- Focus on the market and we will not get swept away by the economic downturn.

- Focus on the targeted, defined market we're in. Not on other markets where no distinctive competence exists.

- Focus on winning products only.

- Focus. Listen to the market, and allow product management to focus externally. Fix the operational barriers that force product managers to focus internally.

- Focus. We are too small to be trying to do all of the things we are doing.

Many of you want your president to lead, articulate a vision and set strategy for the organization.

- Our market space provides great potential but you need to clarify your market vision and better communicate your business goals to your staff.

- Give the company a vision and a strategic path for everyone to follow—get out of the old ways of doing things and start looking at new approaches to tackle problems. Look at our prospects, not just our customers for product innovations.

- Give this company direction. Give this company a plan that all employees are on the same page with.

- Give us a clearly defined business strategy and stick with it. Then communicate it to the entire organization. Support the new function of Product Management by respecting the process.

- Please provide us guidance on what basis you expect us to compete for the next 24 months.

- Please give us direction and a vision, rather than linger while you're waiting to retire.

Then there are the "stop" messages...

- Stop changing company strategy every two weeks. It makes it impossible to develop and maintain a product roadmap that we have any chance of sticking to.

- Stop changing priorities—let's finish the products we've started and get them right.

- Stop chasing the last great deal and focus on maintaining long-term viability.

- Stop micromanaging.

- Stop reorganizing all the time.

And the "let me" messages...

- Let me do my job!

- Let me do product management instead of sales support and you might be amazed at what we could accomplish!

- Let me in on decision making more.

- Let me own P&L of my product with the ability to add resource if a business case exists and my products will be more profitable.

- Let product management do our job. Stop micromanaging and dictating the technology we use—it is too costly to always be the first adopter of a new technology and expect to offer a high-quality product to our customers.

- Let product management do their job.

- Let product managers do their job as Pragmatic Marketing defines the role. Don't commit to any dates without a moderate level of definition and scoping. Clearly define roles & responsibilities.

- Let us product managers help you.

It is not all negative, a number of you praised the president and clearly work for the "good ones."

- Thank you for building a company built to last through any economy.

- Thank you for supporting a Product Management process!

- He is a leader and knows the company from top to bottom!

- He is extremely thankful for the jobs we all do and he expresses it often!

- He trusts his people to be effective, challenges them to succeed, and empowers them to make decisions.

- I think he really does care about the company and the people. It's not just something he tells customers and prospects.

On the other hand, some of you work for the "bad ones."

• Would be nice if there were less lies in our PR.

• You are not the market.

• Resign. You offer no vision, you create poor morale, and you get in the way more than not.

• Please stop selling things that we have not built yet.

• Please listen to the customer!

• Please leave!

• Just because it has the word "product" in it doesn't mean you can dump it on Product Management.

• Do you realize you are paying a lot for me to sit around and demo to unqualified prospects? How can that be profitable?

And finally...

• Could we please have someone assigned to this weekly two hour planning meeting to track decisions & deliverables?

• There are some customer "requirements" which violate the laws of physics. I think there is a theorem in differential equations that proves we cannot optimize simultaneously for two or more factors.

• Great guy, but a bit of a cowboy.

• Stand up to the Corporate Blockheads who are destroying our ability to be successful!   TPM

Steve Johnson is a recognized thought-leader on the strategic role of product management and marketing. Broadly published and a frequent keynote speaker, Steve has been a Pragmatic Marketing instructor for more than 10 years and has personally trained thousands of product managers and hundreds of company senior executive teams on strategies for creating products people want to buy. Steve is the author of the Product Marketing blog. Contact Steve at sjohnson@pragmaticmarketing.com

Find more survey results

at

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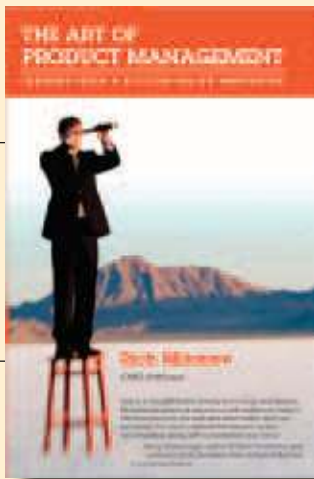
Book Review
The Art of Product Management

Who is as comfortable with tech support reps as with executives? Who knows both customers and non-customers? Who is confident in dealing with Finance, Sales, Marketing? That's right. Product Management. If you've been a product manager—or want to be one—you'll enjoy *The Art of Product Management* by Rich Mironov. The book explores myriad topics of interest to product managers including roadmaps, the value of technical support, growing product managers into executives, understanding customers, supporting sales systematically, pricing and packaging. Logically organized into articles in related topic areas, each article explores a single issue from all sides and offers recommendations. You could just start from the front and read each article, or find the topic related to today's thorny issue and jump straight there.

Rich Mironov clearly has experience in technology companies because he touches on areas no professor or theorists ever touch, such as customer support, software licensing, and field testing. For example, here's Mironov on the under-appreciated, under-staffed support group:

In my experience, making Support a strategic asset takes a combination of organizational planning, good tools, and product management support. Tech Support sounds like something your company should outsource but you may instead drive off your customers. Get Support the organizational and strategic help it needs.

Elsewhere, Mironov makes clear a point I have been making for years:

Product managers who don't love their products should change product lines or companies— or careers.

Indeed! If you don't love your product, you won't do a good job. Product management isn't factory work. Product management is both art and science. It's templates and processes and meetings and product knowledge but it's also intuition, an inquisitive nature, insight beyond customer words to customer problems, and a love for technical solutions. Mironov looks at each issue procedurally and philosophically, often turning the issue on its head.

Most of all, he invites product managers to think like executives instead of like gofers. Rich knows the best product managers are future CEOs; he provides tips on how to look at your product—and your product management—from a business point of view:

Executives are paid to make decisions: a productive day must include at least one decision. Meetings, emails, discussions, forecast reviews and brainstorming are secondary to making decisions that drive action. It's easy to be distracted by the minutiae of business, or by analysis paralysis.

There aren't many decent product management books. *Crossing the Chasm* by Geoffrey Moore is a good business strategy book and marketing primer; *Inspired: How To Create Products Customers Love* by Marty Cagan does a good job as an introduction to product management; of course, *Tuned In* by my colleagues at Pragmatic Marketing illustrates the incredible results that come from listening to your market. I'll add *The Art of Product Management* by Rich Mironov to the product manager's required reading lists. TPM

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Career Growth and the Product Manager

By Art Petty

I wear my respect on my sleeve for the many dedicated product management professionals who work in what I believe is one of the most difficult and critical roles in today's fast-moving technology and B2B organizations. Product managers shoulder a tremendous responsibility to guide organizational resources, facilitate strategic choices, and lead execution initiatives—often with little or no formal authority. If corporate roles were Olympic athletes, product managers would be the decathletes.

While admittedly biased (based on my years as a product manager and as a leader of product managers), I firmly believe these talented and well-rounded business professionals represent some of the most valuable assets in a firm's talent pool. Few positions outside of the role of product manager demand mastery of a broad spectrum of leadership, communication, and management skills as prerequisites for success.

From understanding the "voice of the customer"…to assessing and recommending strategic choices… to building the relationships and systems needed to drive execution across organizational silos, the product manager is truly an executive-in-training.

Of course, not every product manager is destined for (or even desires) a role in executive leadership. And many who are interested, fail to properly develop the critical soft skills needed to grow into and succeed as one of a firm's top leaders. The most effective product managers and mentors of product managers recognize the importance of mastering the portfolio of informal leadership skills, and they constantly focus on creating and participating in developmental experiences that help those skills emerge.

Here's my short list of skills which product managers should develop if they want to crack the ranks of senior leadership.

Leadership

Today's emerging leadership model is moving away from the command-and-control style many baby boomers grew up with, and towards a role that emphasizes flexibility and adaptability.

The new model for leading focuses on creating the right environment for teams and individuals to succeed, and it places a priority on the continual development of talent through coaching and mentoring. Early on, the successful product manager recognizes these leadership tasks as "table stakes" for success and works to strengthen his or her skills at every opportunity.

Developing leadership skills is an intangible task many attempt to accomplish by attending training courses, reading books, and observing other successful leaders. And, while these are useful steps to help an individual develop context for the true role of a leader, they are never substitutes for the experience gained through live-fire developmental activities.

As a wise and experienced professional once told me, "Leadership is a profession with a body of knowledge waiting to be discovered." Books and classes are important and valuable, as long as the insights and approaches are leveraged to solve real problems for customers and organizations.

➡

In supporting the development of product managers, I encourage an approach that emphasizes the application of key leadership skills in diverse and challenging situations. Developing informal leadership skills by shepherding a new product to market is a formative experience for a product manager.

This situation emphasizes the development of critical business planning, communication, negotiation, and execution skills. By the same token, managing an initiative to assess and create strategies for product offerings that are struggling helps develop critical-thinking and decision-making skills in the face of tough circumstances.

While not wanting to invite the "product-manager-as-project-manager" debate, I encourage product managers to recognize that execution inside an organization takes place through projects, and I advise them to gain experience developing and leading project teams.

The experience of working to develop high-performance project teams teaches the product manager the importance of focusing on creating an effective working environment. Additionally, the time spent dealing with the many headaches and people-issues that often bedevil projects is invaluable training in the reality of how challenging it is to drive results by leading without formal authority.

The practicing product manger or the product manager's mentor must focus on an approach that emphasizes the development of key leadership skills and the application of these skills in a series of diverse leadership situations.

Ideally, any leadership development program for product managers will emphasize gaining experience in leading informally, leading horizontally, and managing upwards. A constant focus on testing the product manager in new situations accelerates the personal learning and development critical to the emerging leader.

Strategic thinking

Like leaders, strategists aren't born; in most cases, they are forged over time via the development of critical analytical skills. Few positions in a firm have the potential to contribute more to strategic thinking and development than that of the product manager.

I was fortunate enough to enjoy early career mentors that challenged me to constantly think outside of my product and outside of my company…to look at the big picture…to tune in to my various audiences…and to develop and test strategic hypotheses while growing the business. This is a very different way of thinking than the typical "What are the top 10 features I can jam into my next release?" Too many product managers don't learn to look beyond their narrow scope (product, market segment). Worse yet, too many don't grasp the importance of their role as a strategist in the overall firm's plans.

The product-manager-as-strategist understands he or she must invest in looking at the big picture of market forces, customers, and competitors— and comparing this view to a company's strategic priorities and capabilities. The effective product manager internalizes the philosophies espoused in Pragmatic Marketing's

Tuned In book, by seeking to uncover unresolved client problems and then developing the programs and experiences that fill those needs and delights customers in ways that competitors cannot readily emulate.

Perhaps the most difficult obstacle for the product-manager-as-strategist to overcome is the ability to look critically at his or her own struggling product offerings and conclude that, in some circumstances, the problems are not solved by investing more money, creating more features, or working on the next release.

I know a product manager has evolved to an important intellectual level when he or she has the courage to confront a failing initiative with a strategy other than "spend more" or "develop more." I'm particularly excited when the new proposal is clearly grounded in the "voice of the customer" and takes into account the prevailing and expected market forces.

If you are a senior leader or mentor, it is important to encourage your product managers to think critically and to consider the external environment in formulating their plans—as well as to involve them in strategic planning activities. Ensure your interactions are heavily weighted toward asking strategic questions versus offering answers. Your own example will teach product managers on your team to think holistically about strategy when formulating plans.

If you are a product manager seeking to grow your career, learn the art of asking questions, and invest ample time in the market—observing customers and looking for unresolved problems. And most important, recognize that the sun does not rise and set with the products you manage. Rather, your goal is to uncover unique opportunities to create value for your customers. The true solution may be something that doesn't remotely resemble the offerings you are managing today.

Communications skills and the art of diplomacy

Great product managers learn to speak the language of executives. They recognize every encounter—regardless of with whom they are meeting—is an opportunity to build trust by understanding needs, creating shared perspectives, and building reasons for people and teams to move forward.

The recent award-winning HBO miniseries, *John Adams* (based on David McCullough's biography of the same name), shows the mercurial and aggressive Adams nearly destroying any chance to earn France's support for the American Revolutionary War with his demands for immediate action. His style and tactics nearly destroy the hard-won credibility that Benjamin Franklin earned over the several years he spent developing a mutually agreeable reason to oppose the British.

As a product manager, you may very well understand the "right" direction and believe that those who don't share your opinion are blind to the obvious. Recognizing no two humans look at the same picture and see the same thing is an important first step in understanding the need for you to develop your diplomatic skills.

Another wise person in my life once advised, "Seek first to understand and then to be understood." This simple statement underscores a powerful philosophy product managers (and all leaders) should apply in their day-to-day communications.

In today's world, developing a communication style that creates interest and fosters respect is essential for success. Diplomatic skills to manage upwards, to manage across, and to manage the generations and the various cultures via distributed teams are skills that help the product manager quickly move beyond a mid-level role.

Tying it all together

It is remarkably easy to get caught up in the pursuit of day-to-day business and the "urgent-unimportant," and forget that every day is a chance to advance your career.

If you are fortunate enough to have a great mentor, consider yourself lucky. Pay attention to that mentor; listen and learn. If you don't have a valued mentor or coach, it is incumbent upon you to take the initiative to create the experiences necessary for you to develop and fine-tune the leadership, strategic, and communication skills you need to advance your career.

Simply put, the role of product manager offers a unique foundation on which to build a successful career; the time to begin preparing is now. TPM

Art Petty is a leader, strategist, and team-builder with more than 22 years of experience directing the growth, global expansion, and rise to market leadership of global organizations in technology, services, and manufacturing.

Art is the founder and principal at Strategy & Management-Innovations, LLC, a leadership development and strategy consulting practice, as well as the co-author of the 2007 book, Practical Lessons in Leadership—A Guidebook for Aspiring and Experienced Leaders.

Art writes the popular management blog, Management Excellence at www.artpetty.com and serves as an adjunct faculty member teaching management, quality, and project management in the MBA program at DePaul University's Kellstadt Graduate School of Business. Contact Art at art.petty@artpetty.com

PRACTICAL RULES FOR

By Maureen Rogers

Some rules just aren't meant to be broken

(Part IV of IV)

Editor's Note: In Volume 6 Issue 5, Maureen Rogers applied her own interpretations and personal experiences of Pragmatic Marketing's 20 rules for product management success in Part III of her series of articles on this topic. In Part IV, she concludes the series with Rules 16-20.

Pragmatic Marketing's Practical Product Management seminar not only teaches product managers about the renowned Pragmatic Marketing Framework, it offers attendees 20 rules for product management success. In this final article about rules that just aren't meant to be broken, we present Rules 16-20—which are all about positioning, naming, sales tools, and the power of the market-driven product manager. Read on.

RULE #16

Positioning should be complete before you start developing.

Anyone who has spent more than a few days in technology product management, product marketing, or development is familiar with that scariest of creatures: The Continuously Morphing Set of Requirements.

Everyone can be guilty of feeding this particular beast by coming up with a last-minute feature request. Even if you have stellar positioning, you still might have light bulbs go off in your head right up until the second the product is supposed to ship. But if you have solid positioning completed *before* product development begins, you should face no major surprises, because you will already have considered:

- Who exactly will be using this product?
- How many different constituencies are there (worker-bees, managers, partners, customers of your customer, etc.)?
- For what specific purpose will each of these groups be using the product?
- What does each of these groups need in order to truly adopt the product?
- What does each of these groups need in order to derive maximum benefit from the product?
- How will the product be deployed?
- How will the product be sold?
- What does each channel need to effectively sell the product?
- Who will be implementing this product?
- What do they need to easily deploy it?
- Who will be supporting this product?
- What do they need to effectively support the product?
- Where will this product be available?
- Are there any regional/country differences to consider?
- Etc.

Product Management

This list might seem "duh-simple," but you'd be surprised at the "must-have" requirements that show up at the last minute if you haven't answered them.

If you haven't thought about your sales force, you may forget to mention to the developers that you need a web-accessible demo. That decision to market overseas may have significant implications. You may not have considered the possibility that management doesn't want to use the product every day, but still wants to see high-level information on a dashboard.

The more precisely you've defined your positioning, the less likely you are to have any last-minute surprises—or even post-last-minute surprises, when you've launched the product, only to find it comes up short for any number of reasons. Reasons that you could have easily avoided if only you'd answered all the questions!

RULE #17

You need a positioning document for each type of buyer.

In the dawn of technology marketing, we spoke "techinese," emphasizing features and often forgetting the benefits.

Then someone uttered those immortal words, "People don't buy features; they buy benefits." So we were off to the races with benefits statements.

Unfortunately, all benefits statements started to sound alike: Use our product to save time and money, increase productivity, and grow your revenues. You could read these benefits statements and come away with no idea whatsoever whether someone was trying to sell you a mainframe or a spreadsheet.

This all came about because, as marketers, we often fail to think through exactly who our buyers are—especially in terms of all the various constituencies who might be involved in a purchase decision.

We jumped from thinking only about the techies and their need to know the gritty product details, to thinking only about the illustrious "C-level" exec who just wants to know the ROI.

With individual positioning work, you'll have the essential messages you need to communicate about your product and its value to *all* of your audiences.

- For the **technology buyer**, go heavy on the features and technical details. By the time they're looking at your product, these buyers have often already made the decision to buy something. They need to know what differentiates your product from the pack. Sure, they want to know how your features translate into benefits, but mostly, they want to know how it works, what it's made of, and what it's going to take to implement and support. When they're thinking benefits, they're probably looking for what they need in order to sell up the chain in their organization.

- **End users** mostly want to know what your product does for them, how it's going to change the way they work, and how easy it's going to be for them to learn to use. And just like misery, end users love company: They want to know who else is using your product.

- **Managers** may not need all the details that the tech buyer and end user do, but they still need info on how your product is going to make life better for their people *and* for them. It's at this level that the positioning starts shifting gears from being predominantly feature-oriented to a bit more benefits-oriented.

- For the **executive/economic buyer**, your positioning moves squarely into the benefits camp. But you still need to ensure that the positioning communicates what the product is and does, since even the most hands-off execs need to know whether they're okaying the purchase of accounting software or a storage drive.

- Don't forget **vertical** positioning, either. Most industries have their own peculiarities and lingo.

Having these positioning documents on hand saves you a lot of effort when you're creating sales tools, collateral, and program material. You'll know what to say, and you'll make sure you're saying the right thing to the right people.

➡

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

Market Analysis	Quantitative Analysis	Product Strategy	Product Planning	Program Strategy	Sales Readiness	Channel Support
		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		
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

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The Pragmatic Marketing Framework is the standard for product managers and marketers at thousands of companies. Since 1993, more than 50,000 people have been trained using this market-driven approach to creating and launching 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 you a repeatable method for writing clear requirements your team will read and use. It discusses techniques for prioritizing and organizing market requirements and clarifies the roles for team members.

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.

New Rules of Marketing shows how to harness the power of online marketing using blogs, viral marketing, podcasts, video, search engine marketing and thought-leadership to reach buyers directly.

In addition to the extensive published schedule, training can be conducted onsite at your office allowing a more focused discussion for your specific goals.

achieve market-driven success

With guidance from Pragmatic Marketing experts:

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.

Accelerate your product plan. Uncover the market problems your product can solve in its next release.

Optimize your go-to-market programs. Understand recent wins & losses, and learn how evaluators review your offering to create compelling marketing messages in the language of your buyers.

participate in a thought-leading community

For more than 50,000 visitors per month, *PragmaticMarketing.com* is a dynamic, growing resource center with hundreds of articles, tips and techniques, expert blogs, a job board, book reviews, informative webinars, links to peer networking groups and much more.

Visit www.PragmaticMarketing.com or call (800) 816-7861

PRAGMATIC MARKETING®

RULE #18

Name the product *after* positioning is finished.

Given that you want your product name to resonate in some way, this is a good rule of thumb.

With your positioning complete, you realize which attributes of your product are the most compelling, so you can craft a product name that speaks to those attributes. Is your product all things to all people? Are you most psyched about how environmentally friendly it is? How about "Green Thang"? (Okay, that's terrible, but you get the point.)

Whatever product name you choose, keep in mind product naming isn't nearly as important or essential for technology products as it is for consumer products. You brush with Crest toothpaste, not P&G.

Many B2B technology products are referred to by the company name, not by the specific product name (for example, many people say "Oracle" when asked what database they use). So you don't always have to spend a lot of money and effort coming up with perfect names, when what you really want to do is promote your company name as your brand. Sure, there are exceptions—Microsoft Office, Outlook, Word, Excel, and PowerPoint come to mind—but what matters most is your company name.

Another thing to consider—and I'd recommend this for anybody who thinks they're ever going to have more than one product to name: Create an overall naming architecture and set of guidelines. Maybe all products will start with

the Company Name, followed by a straightforward expression of what the product is or does:

- Acme Accounting Software

- Acme HR Software

Maybe it's Company Name, followed by something that combines an element of what the product is, as well as an associated attribute.

- Acme Accounting Excellence

- Acme HR Excellence

Or vice versa:

- Acme Excellence for Accounting

- Acme Excellence for HR

While you're at it, figure out how you're going to handle versioning, "special editions," and any other rules you want observed (for example, don't use two of the same vooweels together in the same word).

If you've got all this codified ahead of time, people will spend a lot less time agonizing over names.

RULE #19

Provide collateral, tools, and programs to support each step in the sales cycle.

Early in the sales cycle, a prospect needs to know the basics about your product and company—enough to help establish interest (theirs) and credibility (yours). Period. Dangle a case study in front of them. If they bite, great! You've moved them a little further along.

Thinly veiled sales pitches can go out in the second wave. But you might want to reserve a really meaty whitepaper—one that digs into industry and/or technology trends and downplays the product stuff—for someone who's demonstrated serious interest. (If you have such a whitepaper, you probably paid plenty for it and should use it judiciously—this goodie is worth something. Serious prospects only!)

Nitty-gritty product info should be available to the serious tech buyer. Within reason, you'll have a lot of this material on your website as downloads, but you might want to reserve highly detailed information for prospects that are fairly far along in the sales cycle—and have the salesperson send it, or make it available via special download.

As you move forward in the sales cycle, you'll want to introduce tools and collateral that help the ROI cause, provide customer testimonials, explain implementation, etc. At this point, prospects have a need to know and need to use.

For heaven's sake, don't send out the whiz-bang PowerPoint until you're scheduled to walk through it in a virtual meeting (maybe not even then). You can always email the file to the prospect after the presentation.

When meeting in person, some people like to distribute presentation copies beforehand; others like to distribute them after the fact. I'm for giving them out after the fact, preferring to turn a presentation, wherever possible, into a two-way conversation, rather than a slide read-along. And make sure that the slides are annotated, so that someone who wasn't at the presentation is not reading a page that says only:

- It's big.

- It's wonderful.

- You'll like it.

With notes, they can read the fine print and understand what point you're trying to make.

Whether you work at a small or large company, there's always the temptation to shoot out all the collateral at once. *Take one of everything! Don't we have a lot of neat stuff for you?* And now, of course, we have a tendency to put all that stuff up on the website and let prospects download whatever they want. Unfortunately, those prospects could get overwhelmed and/or not read much of anything. So, it's really best to reserve some bits of information that your salespeople can send out at different points in the cycle (following a roadmap for what-goes-where-when that you provided).

Similarly, your marketing programs—tradeshows, seminars, webinars, direct marketing, blogs—should be used for different purposes and at different times in the cycle. But don't forget, many programs can serve multiple purposes: If you're going to a tradeshow, you're probably trolling for leads, but don't forget that it's a good opportunity to set up face-time with customers who'll also be attending.

B2B technology sales don't tend to occur as one-shot events. They take time. And during that time, you want to make sure that you have something more to say or do than have your sales folks on the phone asking, "Have you made your decision yet?"

RULE #20

The market-driven product manager should be the final authority on what goes into the product.

While this should be the most obvious of rules—after all, someone *has* to be the final authority on product requirements—the operative term here is *market-driven*.

Take it from someone who's been both a product manager and a market-driven product manager, there's a world of difference between the two.

The plain-old product manager serves a very valuable function, making sure that the requirements are nailed down; keeping a product release on track; knowing at any given time just where things stand with development, QA, documentation, packaging, manufacturing, production, training, marketing, support, sales, etc. The product manager knows who the customers are—and who they aren't. The product manager gets to buy all those bubble-gum cigars for launch date—"It's a product!"

Sounds pretty good, no?

But here's where life is not so good for the non-market-driven product manager: He or she may have made sure the requirements were nailed down, but they're not likely the one who actually did the nailing.

Absent strong awareness of the market—the kind that comes from knowing your customers, industry, product domain, competition, and business and technology environments—a product manager will almost invariably give in to the loud-mouth/know-it-all brigade—developer, salesperson, or anyone else who is willing to voice a strong opinion (informed or not).

The product manager in this scenario is really a glorified project manager—the keeper of the Gantt charts, spreadsheets, and schedules—but not the person who truly "owns" the product. That is, until the product meets with some market resistance. Then, you can best believe heads will swivel toward the product manager, eyes will turn, fingers will point. "How did we let the product go out the door without X, which everybody seems to want? Why did we waste all that time and money on making sure the product did Y, which nobody seems to want?"

Sure, this can happen even when the product manager *is* market-driven. Anyone can make a mistake.

But that scenario is far less likely for the market-driven product manager, who will have either made sure the product does X or understand why it doesn't; who will know why Y went into the product and what you need to do to ensure it's not a waste of time.

The product manager should be the final authority—but that will happen only when he or she has *earned* the authority by being able to show the world—especially those loud-mouths/know-it-alls—what being market-driven is all about. TPM

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Winning in a Down Economy

Are You Tuned In?

By Phil Myers

"A pessimist sees the difficulty in every opportunity; an optimist sees an opportunity in every difficulty."

- Winston Churchill

We live in interesting times. The panic on Wall Street rippled quickly from the investment community into executive suites and down the line to each and every employee. Everyone is talking about how to react. What are the impacts to our nation? Our economy? Our business? Us?

How should you react? We've seen the full gambit in our travels. The visionaries are seeking refuge in denial and waging their bet on the "next big thing." The conservatives are taking quick and decisive action to re-align costs to ensure survival. The pragmatists are shouting from the rooftops to focus on the things people have been buying for years. It seems virtually everyone has an opinion on what to do next. Unfortunately, we've found most opinions are irrelevant, and the noisiest are often dangerous!

Ignored is the most important question leaders should be asking their teams: *What actions can we take today that will make our company a better one to do business with in this economy?*

What are pragmatic leaders doing?

The first step to winning is to realize the rules of the game have changed… possibly forever. We're not in control anymore!

We wrote the *Tuned In* book to provide leaders, product managers, and marketers a timeless guide for how to create a business that resonates. Given the shift in market conditions, we wondered how well the principles we espouse would weather the storm of a down economy.

So, for the past sixty days, we've circled back to the thousands of companies and hundreds of senior executives we interview each year. We wanted to find out what was real, what was fear, and what was bravado. So our interviews focused on identifying the specific action plans leaders are creating.

Our research verified (once again) the value of being tuned in to your market. Companies who are struggling right now have fallen into the trap of chasing outcomes and guessing at what their business will become in 2009. The actions they've taken have largely been tactical, with a focus on cost reduction—giving executives no greater or lesser peace of mind about their prospects going forward.

On the other hand, *Tuned In* businesses took a much more strategic approach to the problem:

They're busy identifying the strategy they can execute that will best align their business to the market for the next two years—where uncertainty is a given and cash flow liquidity a must.

Right now, leaders of these companies are behaving differently than those not Tuned In. They put little stock in the past and even less in the future. They're focused on aligning their strategies and execution for improved performance today. They know from experience great companies and products can be built in a down economy.

One need only look to the last 10 years to realize companies such as Google, Amazon, eBay, and Salesforce.com all emerged as leaders during the last downturn. And companies such as IBM rode an e-business services strategy to a new wave of growth.

Today's pragmatic leaders are aligning their companies to replicate those kinds of successes. Their action plans are simple and enlightening—channeling the culture of the company and the investment of their time into six missions:

1. Discover reality—How well are we aligned to the current market?

2. Find the bright lights—What's working and why?

3. Pursue relevance—How do we make good decisions about where to invest?

4. Narrow the focus—How do we build a competitive edge?

5. Simplify execution—How we can make it easier to do business with us?

6. Rally stakeholders—How can we build a strong network of supporters?

Like the six steps to getting "tuned in," these actions are designed to create a "Down Economy Resonator"—a product or service that so perfectly solves a problem buyers have today, that it seems to sell itself.

1. Discover reality

How well are we aligned to the current market?

The first step to tuning in to your Down Economy Resonator is to get out of denial and into discovering, embracing, and dealing with reality. The market has changed. Deal with it.

Making decisions without a complete and accurate view of the world you will be living in for the next several months or years is crazy! Yet, that's exactly what many companies will do in the coming months. They'll guess, assume, and then tell the world they've made changes to keep them healthy through this downturn—when, in reality, they have no idea whether or not they really are healthy enough.

Pragmatic leaders are asking their organizations to go immediately back to square one and get tuned in to their markets. No assumptions, no sacred cows. Get real, and find out what's meaningful:

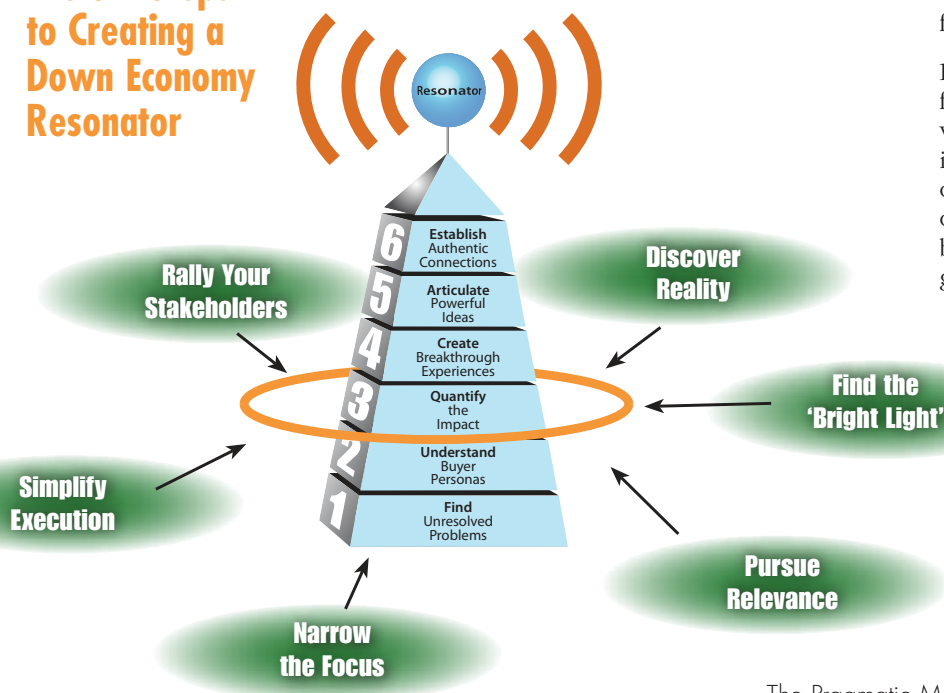• Does the market still care about what we do (the same, more, or less) than they did 90 days ago?

• What are buyers' plans for investment next year in our market segment?

• Do we understand how buyers make decisions today?

• How well aligned is our ability to execute:

– Is our cash flow strong enough to last?

– Are our products relevant to today's market problems?

– Is our business model flexible enough to adapt to change?

• What bad thing would happen if we shut our doors and went away?

These are not easy questions to ask, and the answers may be even harder to hear. In Pragmatic Marketing's seminars, attendees are challenged to break out of the mode of assuming things and start listening…*really listening*…to what their buyers are saying.

That's particularly important now, because not all businesses came into this down economy with the same assets and financial strength—so a dose of reality is needed. Those with strong cash positions, relevant market segments, and a flexible business model are well aligned and can be more aggressive. Those starting from weakness in one or more of these factors have limited options.

Discovering reality is a critical first step to building a platform to win. It instills confidence because it identifies your future business opportunities. They may be the same or different than you envisioned them before the downturn. That's neither a good nor a bad thing—just a reality.

The Six Steps to Creating a Down Economy Resonator

Resonator

Rally Your Stakeholders

Discover Reality

Simplify Execution

Find the 'Bright Light'

Narrow the Focus

Pursue Relevance

6 Establish Authentic Connections
5 Articulate Powerful Ideas
4 Create Breakthrough Experiences
3 Quantify the Impact
2 Understand Buyer Personas
1 Find Unresolved Problems

2. Find the "bright lights"

What's working and why?

Pragmatic leaders separate themselves from the pack in market sensing. They seem to understand buyers better than they know themselves and anticipate the actions those buyers will take. Their gift lies in identifying buying patterns and using an innate ability to filter through the useless to focus on the things that matter most. How do they gain these insights?

They ignore everything but the bright lights.

The data you've collected will contain a lot of bad news. Buyers are locking down budgets, cutting staff, and freezing investments in all non-revenue-generating purchases. Your sales might be down, and the future outlook might look uncertain. Progress on new products or initiatives might have stalled completely with evaluators. It can get depressing.

Pragmatic leaders absorb these data points, but they also possess two characteristics that push them past all of the obstacles they encounter:

1. They know from experience there is always a plan available for success, so they keep digging until they find it.

2. They focus more on what's working than what isn't.

The bright light is the set of data that shows a positive trend. Perhaps it's the services business you hadn't considered. Or, a particular area of your website where visitor traffic has grown significantly. Maybe a channel of distribution, geography, or product line is outperforming the rest of your business. Or, maybe an external trend has emerged that lines up to a competency you have, but have not yet exploited. Find it, and your foundation just grew stronger.

3. Pursue relevance

How do we make good decisions about where to invest?

Relevancy is your compass in a down economy. Pragmatic leaders know from experience that customers will embrace suppliers of products and services that solve important problems they have right now. Not last year's problems and certainly not things that might offer an ROI in 2010. Solutions that help them cut costs without abandoning strategic initiatives are highly relevant right now.

Relevance combines a match for a real market problem, a distinctive competence you own, and a high-impact ROI. These measures can't be faked, they must be real.

The mistake many companies make in these cycles is to reposition themselves to be something they are not. A product that takes six months to implement is not a cost-saving, productivity aid. A service for which you have no credentials nor a successful track record is not a recession buster.

You can't be something you aren't—even if it's important to have that characteristic. One need only look to the recent presidential election and John McCain's attempt to co-opt "change" as part of his platform. Wasn't him. Didn't hunt.

So how do you know where you *are* relevant? Pragmatic leaders use precision-based questioning to uncover the winners. They want to clearly determine how much value can be added to the business, so they dig in to question:

• What specific market problem is creating this new demand? Why?

• What's causing any changes that have surfaced in service-level requirements recently?

• Why are we winning, and why are we losing? Have the reasons changed in the last 90 days? What specifically is different?

• Are there new needs that have surfaced as more critical buying criteria?

• What solution would change the way our customers do business?

The relevancy filter is designed to identify the reasons behind the bright lights you have found. The ones with real meaningful data behind them are the potential resonators.

4. Narrow the focus

How do we build a competitive edge?

Value is your profit compass through this downturn. The strategy that works for Pragmatic leaders is not to focus on major changes or big breakthroughs, but rather pragmatic, incremental steps from where they are today. What customers will value is the same thing you value… something that creates immediate value. Once these leaders assess the relevance of what they have versus what is needed today, they shift their strategy to identify those components of a solution that provide the highest incremental impact, and then they develop and launch those accelerators.

The focus of targeted value creation requires taking a step back and assessing what your buyers really need. The questions pragmatic leaders are asking are much the same as they've always been, but with much more of a tactical focus on the constraints under which their buyers now live. The roadmaps they're creating include these five ingredients:

• Addresses a #1, #2, or #3 market problem

• Emphasizes solutions that provide measurable incremental value to core customers

• Invests only in areas where they own a distinctive competence*

• Utilizes resources and capabilities that are proven and available today

• Provides positive profit/cash flow throughout the two-year horizon

"Getting serious about value" is the catalyst for creating Down Economy Resonators. Finding the simple things that will make your customers and prospects appreciate you more—because you have understood the problem completely—makes your business healthier overnight.

*Distinctive competence is your unique ability to deliver a solution.

5. Simplify execution

How can we make it easier to do business with us?

How easy is it to do business with your organization? Most of us think we're a kind, gentle business that customers love—but, honestly, do we really know?

A significant component of your plan should be to assess each of your business practices and identify a handful of ways to tune them in to today's market. In a down economy, decision-making by consumers and businesses tends to have a very short fuse. Difficult selling cycles or systems that seem to align to better serve you rather than buyers are often fatal.

The culture of a tuned in business is not just built around finding and solving problems with great products, it embraces the complete customer experience and consistently seeks to create service-oriented breakthroughs that make it easy for buyers to discover, buy, use, and activate relevant support. The key to success is to become a "servant-based" company, creating more reasons to buy. Here are some examples:

- Make the discovery process enlightening through free, thought-leadership content that helps buyers better analyze which solutions make sense.

- Make the buying process incremental by offering simpler, low-cost, entry-level solutions that allow customers to take a go-slow approach.

- Provide lots of productivity aids and flexible purchase options that enable cost-conscious buyers to defer payments.

- Increase the level of support services that surround a complex product sale (think Best Buy's Geek Squad).

Eliminate the things that make sense to you but not the customer (such as the silly surcharge fees airlines require for basic services). Buyers no longer tolerate these transgressions.

They're consolidating their reduced purchasing power to companies and businesses they trust. Gaining trust through a keen and intense eye on maximizing your service impact is critical for three reasons: It maximizes value to your customers, reduces their risk of purchasing, and increases long-term loyalty.

6. Rally your stakeholders

How can we build a strong network of supporters?

Pragmatic leaders know they cannot win this battle alone. That's why they look at their organization as a network that includes employees, customers, partners, service providers, communities, and the shareholders that support them. Their goal is to create an army around them to help.

A big part of their success comes from the power of their network and a willingness to open the communication lines. Companies who go quiet or ignore disenfranchised stakeholders run a substantial risk of adding a barrier to execution in this environment. Pragmatic leaders do the opposite—getting out in front of each issue, and using it as an opportunity to create positive PR for their business at a time when it's needed most. The secrets to success include being:

- real about the situation in which you find your business

- open about the need for help

- clear about your strategies even when it includes bad news for a key constituency

Pragmatic leaders communicate status frequently through all forums available—utilizing traditional and new forms of social media to get their messages distributed. While they may not master the communication discipline, they respect its value and work diligently to ensure it's not a one-time event, but rather an ongoing process that supports the health of their organization.

→

Want to Lead in a Down Economy?

Follow these Ten Rules

You can create a winning path for your organization in the toughest of markets. In fact, if you follow the ten rules that pragmatic leaders use, you'll not only survive, you'll thrive:

1. Be authentic in everything you do

2. Find time to observe and listen

3. Be both agile and pragmatic in decision-making

4. Create roadmaps based on what people want to buy

5. Start new conversations with your customers (and aim higher)

6. Leverage your social network

7. Activate your best experts as a service

8. Look for (and celebrate) quick wins

9. Create a continuous feedback loop

10. Communicate a consistent plan (often)

If you stay calm and focused on this foundation, your next 90 days will be game-changing.

Get everyone on the same page

The consolidation of all discovery, analysis, and assessment needs to be packaged into a new roadmap that triggers an organizational change cycle. Focus teams on looking at a full portfolio solution and creating a strategic plan that leverages their distinctive competence.

In a down economy, the bar needs to be even higher—focused on an organizational alignment that spans five areas and bridges the organizational gaps that often exist:

- **People**—aligned to their roles and responsibilities

- **Problems**—prioritized based on current market demands

- **Products**—that are market-relevant and leverage your distinctive competence

- **Personas**—that identify what your target buyers value and how they make decisions

- **Performance metrics**—that measure your overall effectiveness and efficiency

With crystal clarity, Pragmatic leaders are organizing their companies around these areas to ensure alignment to the things that matter most. They've come up with a remarkably similar timeline for developing these new roadmaps—two years. Yes, that timeframe is somewhat subjective, but also very tuned in. Why? Because it's long enough to ensure that everyone understands the depth of the challenge ahead; yet, it's short enough to not seem insurmountable. And, it's far enough into the future to embrace strategic thinking.
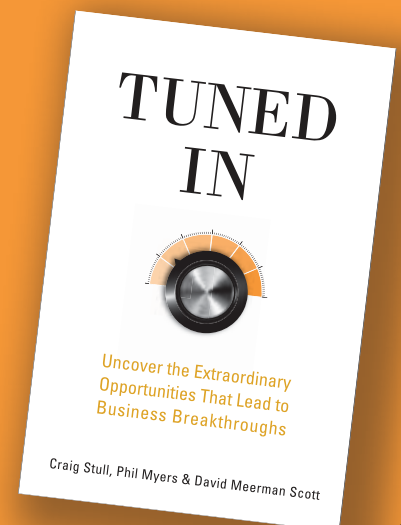
Pragmatic leaders have discovered that the value of going through a road-mapping exercise is they can make investment decisions that are more disciplined and simple to filter. Typically, they require only an analysis of two factors: *How does the investment align to the top priorities of our strategy? And what is the most profitable way to implement it?* **TPM**

Phil Myers is co-author of the best-selling business book Tuned In. *During his business career, he has led three technology start-ups, managed two initial public offerings, and launched seven products to market that became category leaders. Contact Phil at pmyers@pragmaticmarketing.com*
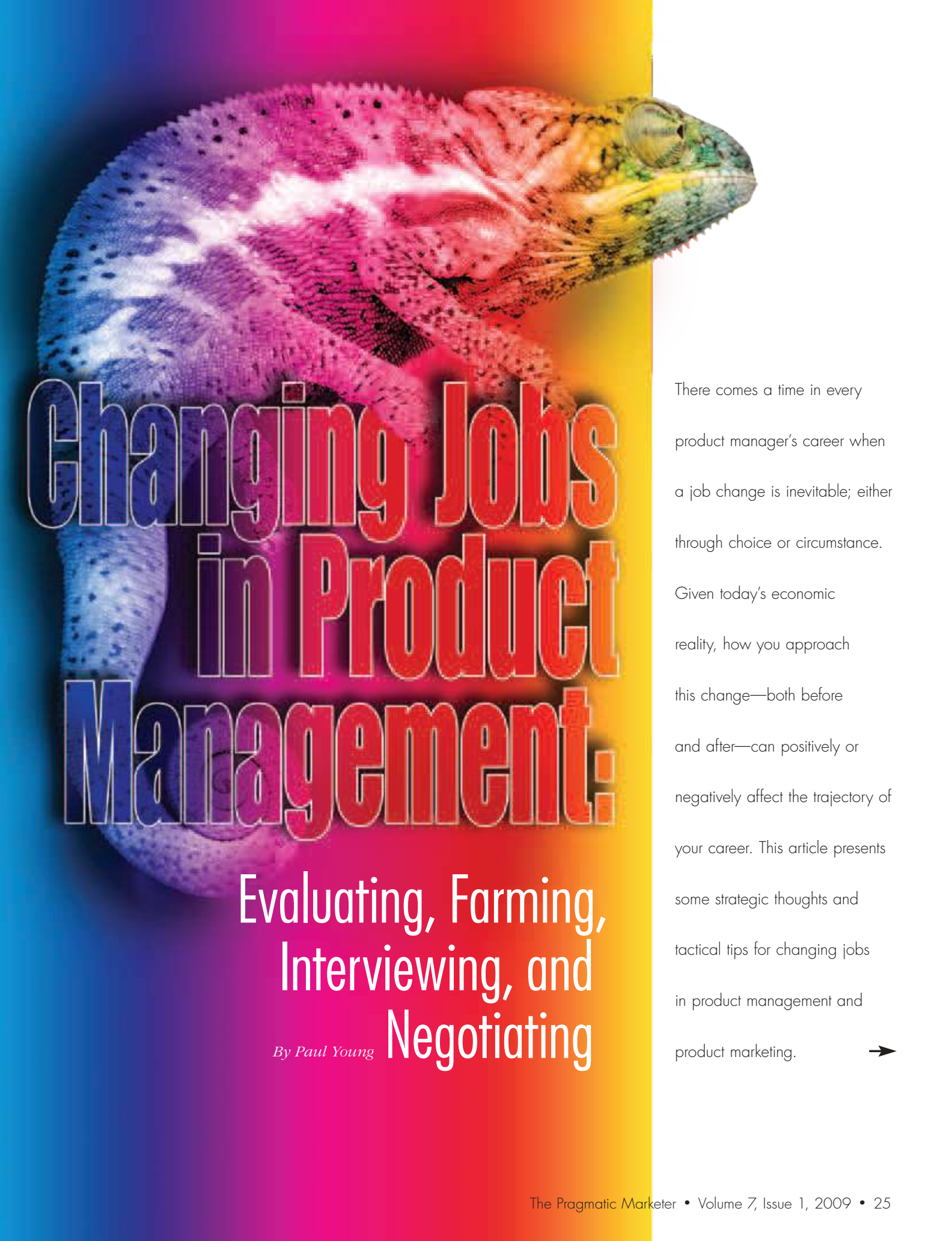
Changing Jobs in Product Management:

Evaluating, Farming, Interviewing, and Negotiating

By Paul Young

There comes a time in every product manager's career when a job change is inevitable; either through choice or circumstance. Given today's economic reality, how you approach this change—both before and after—can positively or negatively affect the trajectory of your career. This article presents some strategic thoughts and tactical tips for changing jobs in product management and product marketing. ➜

Before you begin: self-evaluation

Before any major career move, it's imperative to dispassionately evaluate your current situation. Ask yourself these questions:

• Do you see a path for career advancement at your current job? Why/why not?

• Is the company's future outlook positive? Why/why not?

• Are you personally happy or unhappy? Why/why not?

• Have you had or do you plan to have a major life-changing event (e.g., a new baby, marriage, divorce, or relocation)?

• Where do you want your career to be in three, five, ten, and twenty years? Does your current position align with those goals?

• Are your relationships with your peers and manager positive? Why/why not?

• Is your work-life balance appropriate? Why/why not?

• Is your compensation in line with the market for your role?

A realistic assessment of your current situation will tell you, whether or not you are prepared to move on to your next gig.

There is nothing wrong with standing pat (assuming that is an option); if you move before you're ready, you will likely take a job that isn't ideal for you. Remember your goal is to improve your situation. If the situation is forced on you, being prepared is the best, first step in finding a new opportunity.

To make a good evaluation of your current role, call on your mentors. The best mentors are previous managers and other senior colleagues you have come to trust. Be a "people collector," and ask respected colleagues to serve in a mentorship capacity to you in the future. Often, people are flattered to be asked. It doesn't mean you'll phone them tomorrow, but if you do, they are more likely to remember you and be willing to help.

On the flipside, don't ask everyone to be your mentor. Be choosy, and generally don't ask peers—only people senior to you. It should go without saying, but don't ask colleagues at your current company to mentor you until you're no longer part of the organization.

Farming your network

When it comes to your next career move, remember you should always be "farming." Farming is related to networking in that both require you to make a lot of connections.

But to be a good farmer, take your network to the next level. A farmer makes a good connection and nurtures it over time.

I set a quarterly event on my calendar to review my contacts and contact those I haven't talked with in awhile. Take them to lunch (your treat), listen to what they're up to, and find connections. Water these seeds regularly and your network will organically grow. Over time, your farming will pay off when your network blooms and spreads its seeds on your behalf. This will result in new second-order connections.

Second-order connections are contacts that people in your direct network have made on your behalf. These "trusted introductions" are the single, most powerful job-hunting tool available. LinkedIn is a great tool for this purpose. Every job I've had since LinkedIn's advent has come either through a direct introduction or through my leverage of a second-order connection from my network. The implied trust of an introduction from someone you trust gets you in the door and bypasses the resume stack sitting on the hiring manager's desk. In some cases, people will even create a new position for you that didn't exist, just because they like (and now trust) you.

When I decided I was ready to leave my last big company and go to a startup, I made a "hit list" of small companies in my area. I started with a list of 100 local, venture-funded startups. Then I selected the top 10 companies I wanted to target based on opinions I had already formed of each, their technology and product fit with my experiences, and their size.

Next, I went to LinkedIn and found I was indirectly connected to the VP of Marketing or the CEO at all of my targets. I emailed an introduction of
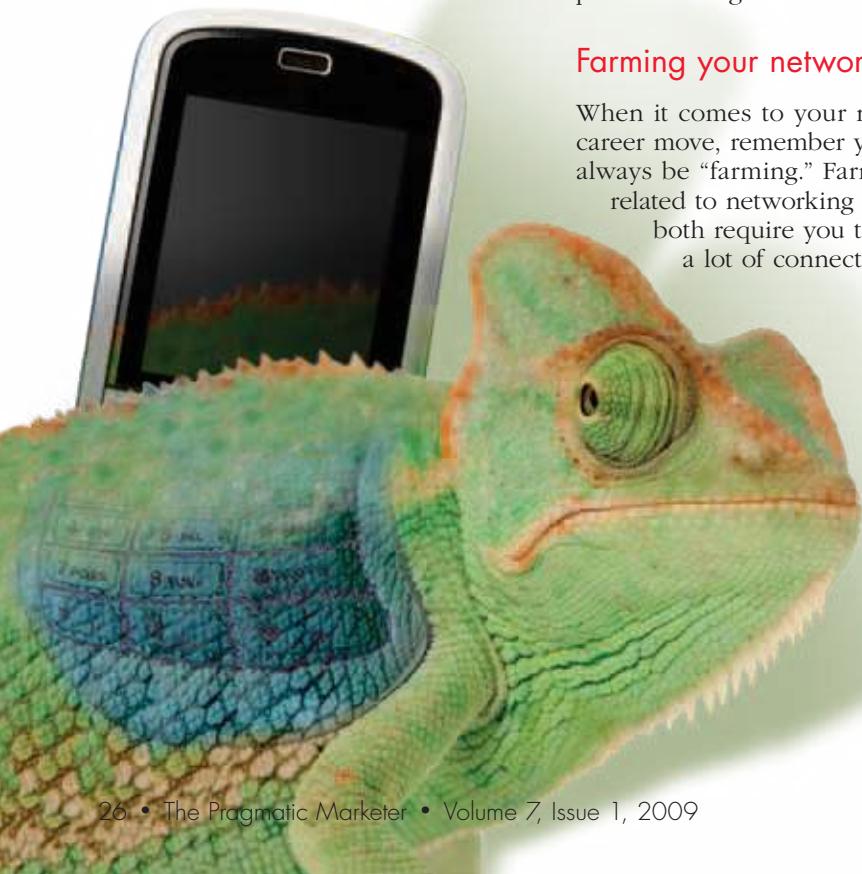
myself (a second-order connection via my connection) to all of them and offered to take them out to lunch or coffee to listen to what they were doing. The email is important—you don't want to sound desperate for a job, but you want to form a new connection and let them know you're out there if they are looking for talent with your skills.

Four of the ten executives replied, and I ended up meeting with three of them. I met the VP of Marketing of my top choice and formed a quick connection. As it turned out, they didn't have a product management team yet, and were beginning to recognize that their current mode of operations wasn't sustainable.

The VP said the company wasn't ready to hire anyone, but she would keep in touch. I pinged her about once per month after that. Four months later she called out of the blue and asked me to interview for a position—a role they created for me, based on my resume. They extended an offer and I accepted the following week.

Interviewing and evaluating an offer

The point of your search is to find job opportunities, but also to be found by potential employers. It is no secret that hiring managers and companies make much more lucrative offers to someone they believe they've proactively vetted.

I strongly encourage you to raise your online profile through creative marketing. Own your online brand—it's not about putting yourself out there to find a job; it's about being recognized as a "go-to" product management expert. Face-to-face events, such as ProductCamp, are great for showing your depth of expertise.

No one gets a formal request to interview right off the bat anymore. You'll get an email, probably from Human Resources (HR) or a recruiter, saying they found you online. If you have done your self-assessment, you will already know if this company is one of your targets and why. If you're interested, ask for an informal meeting with the hiring manager, which may be face-to-face or phone screen.

The phone screen (a.k.a. "the drool test")

I refer to phone screens as "drool tests." An employer likes what they see on your online bio, and they want to see if you're real or if you drool on yourself. Depending on the hiring manager, you'll get questions ranging from "give me your elevator pitch" to "Why are you leaving (or why did you leave)?"

Take care: Phone screens are meant to eliminate you from consideration, so your goal is a face-to-face meeting with the hiring manager—where you really get the goods on what they want and whether or not it is a match.

The first meeting

After the phone screen, you may have a follow-up meeting. The hiring manager is interested enough to meet you and will try to answer the following questions::

- Is this person worth bringing in to meet the team?

- Can I trust this person?

- How competent is he or she?

- Do we have chemistry? Hint: The questions *you* ask will impact this.

- How well does his or her skills mesh with my current team?

This meeting is pivotal. Use it to determine if you are right for the role and if the company is right for you. You should leave this meeting knowing:

- Is there a fit for me on a personal, role, and company level?

- Can I work for this person?

- Does this role interest me? Why/why not?

- Is this role going to further my career path?

These meetings usually involve a gentle give-and-take. And as you build a rapport with the person across the table, you can gradually move to harder-line questions. It's great to treat this as a customer interview, and ask lots of open-ended questions, such as:

- Can you describe your current process for product management?

- How do you define success for this role in 12 months?

- What is your biggest challenge today? Why?

- What is going to make your company win in this market? Why?

It should quickly become apparent whether they are looking for someone with your skills and interests. Often, since Product Management and Product Marketing are confused terms, the hiring manager will ask which role you prefer. Be honest, and talk about why you prefer one over the other.

➔

This meeting will close with an indication of whether or not the hiring manager wants to proceed. If so, he or she will often want you to talk to other people, most likely arranged through the recruiter, at the company location in a more formal interview setting. If you get to that point, the interviewers are there to test the hiring managers' impressions from the first sit down. And you are more than likely not part of a large candidate pool.

If you are not interested in moving forward, be honest. Shake hands and thank the hiring manager for the opportunity to speak. Say that the position isn't a match with your skills but you might know some people you can refer (if you do). Move along and keep casting your net.

The compensation discussion

You'll notice we have not yet talked about compensation. Do not broach the topic. The recruiter will try everything to get you to talk compensation early, but you must, must, must *never* divulge this information.

Don't be bullied into revealing your current or historical compensation packages. Current compensation has zero influence on your future compensation and *even less* relevance on the value you will bring to a new company. The only reason the recruiter wants this information is to "pre-qualify" you—and either rule you out as too high (bad for you) or offer you less (also bad for you). The advantage of not revealing your compensation is that you can negotiate for what you are worth in the market, not what they think you might take based on your current situation. The key to maintaining or increasing your net worth is controlling the compensation discussion, which is done by the information you choose to reveal.

Here are some recruiter tricks to get you to reveal your current compensation plan; don't fall for them!

- Standard question: "Where are you now with regard to comp?"

- Blocking question: "Before we move any further, I'll need to get an idea of your compensation."

- Range question: "What is your compensation range?"

- Process question: "My database won't let me process your application without your current comp."

Always turn the question around: "I'm more focused on where I'd like to be than where I am. What is your range for this role?" Recruiters are used to this dance and will usually give you a ballpark range. If not, simply state "I'm competitively and fairly compensated in my current role, and I am sure that if and when we determine there is a mutual fit, we will be able to work out the compensation." Just remember, if you divulge your compensation, you are potentially giving up a lot of leverage.

At some point, compensation will come to a head and they will demand to know where you stand. It took me far too long in my career to realize I held the cards for this conversation, and I too easily gave up my comp. Remember: If they found you, if they talked to you, if they have their people meeting you—that means you offer them a skill they do not currently have, and you are a hot candidate. They're not going to let you go without a fight. If they do, you don't want them anyway!

Some people inflate their current salary when providing a number. I can't agree with that, but I do advise walking away. It's a tough conversation; but put it to them this way: "My current level of compensation has *no* bearing on the value I'm going to bring to you, and therefore is irrelevant. I'm more than happy to discuss where I feel I should be with regard to comp based

on the market and your stated range for this role." If HR still balks, write a courteous note to the hiring manager thanking them for the opportunity and that you don't feel moving forward would be productive. If the hiring manager cares about you as a candidate, they'll sort it out with HR.

In a recent job change, I delivered this message at least three times (verbally) after I wasn't satisfied with the offer, and each time I received a much more lucrative one. It's a game and regardless of the economic environment, you should still play to win!

The interview

There are a million interviewing resources online that I won't try to duplicate here other than to say be "old school." Wear the suit and tie, and present yourself as what you are: an executive. If you're good enough to be a competent product manager, then talking to your peers at another company should be a relief! It is much easier than talking to customers and discovering new problems, because these are "your people!"

In my most recent interview process, I had several multi-person "panel" interviews, in a small cramped room with just a table and a whiteboard. They were intense, but also very revealing—you can learn much about a culture through just a 30-minute discussion. By the end of each session, we had filled up the whiteboard with process diagrams, use case models, discussions of markets and segmentation, all the good stuff. My personal style is visual; but leverage your strengths to showcase where you shine.

A quick word on the "scenario" interview, which is becoming more in vogue. Here's an example of one such interview I recently had.

The hiring manager brought in two product managers and said:

> *I'm going to lay out a scenario for you, and I want you to describe what actions you would take as*

a product manager to make this product a success. You work as a product manager at a reputable company that decided they want to make a paid version of their free, open-source product. What do you do?

<gulp!>

These kinds of scenario interview questions are designed to test your adaptability to stress and your ability to think on your feet. Go back to basics and remember your Product Manager/Product Marketing Manager (PM/PMM) training. What makes a process successful or not? Start with the problem, and work from there.

After all of this is done, you will have blown everyone away, and they will thank you for your time. Go decompress.

Evaluating the offer

The hiring manager may call and congratulate you for making the cut, and let you know they will extend you an offer soon. Express your thanks, and wait for the email. When you get it, make sure it contains at least:

• Base compensation

• Bonus compensation

• Stock options or restricted stock (if applicable)

• Deferred compensation (401k, matching, etc.)

• Benefits info (health/dental plan, paycheck deduction, etc.)

• Personal time off

• Start date

Any offer without these is incomplete, and you should follow up to get the details. I like to use Microsoft Excel to model offers and determine how changes to bonus vs. base affect your take-home pay, and also the effect of the cost of health insurance. For example, you can get a bump in total compensation if you get a better health plan at a lower cost.

Negotiating the best compensation

This is the stage where you finally negotiate. The company has invested so much in you at this point that they will most likely not let you go; in fact, imagine the company's disappointment in hiring a world-class PM/PMM who *didn't* negotiate their salary. Use resources such as Pragmatic Marketing's Annual Product Management and Marketing Survey (see page 4 in this issue) to back your case. And remember those statistics are averages—you are above average or they wouldn't want to hire you. If they push back on going above your "average" curve, remind them of that fact. Be realistic, you're probably not going to get them to double the offer.

If you have equity in your current company, remember they don't know the value of your options or the valuation of your company, if privately held. That is a massive lever for you, so use it. Draw a five-year model showing a scenario where your compensation becomes increasingly aggressive based on equity and the fact you have more control over compensation increases in your current role than in some fuzzy future with them. The numbers need to make sense, but it's another arrow in your quiver if you need to reach for it.

Once you've weighed the hard factors around compensation, consider if all of your "soft factor" questions are answered. Are you comfortable with the work environment, people, and culture? You're good at your current job, and you'll need to spend time coming up to speed as the "new guy"—are you OK with that? Where are you with your family situation—will your significant other back you up during this vulnerable time in your career?

If you like your answers, accept the offer and set your start date.

Remember: To be successful in business and in life, you need to build more bridges than you burn, so it is important to know the unspoken rules about leaving jobs. While many people claim "it's *just* business," it is personal. Relationships matter so be professional as you leave your current position.

Regardless of the relationship you have with your current company, manager, or peers, it is critical to leave the "right way." It is a small world, and people have long memories. You want to be the person they remember for all of your good traits, not for storming out the door or for telling your boss to "take this job and…." Remember, these people are your future references and/or mentors, and you might run into them again in another role, or on the street, and want that to be a pleasant meeting.

Ideally, leave with the company in a position to succeed without you, because you've set them up with what they need. Your manager will appreciate your willingness to create a smooth handoff.

As you wind down your employment, be respectful. It's easy to become a "short timer," so don't balk at helping out with the tactical activities that will find their way to your door.

Be prepared

The company may choose to escort you to the door, collect your badge, and send you home. Laws vary, but in most of the U.S., the company has broad latitude to "walk" you at any time. It may not be personal—the company now sees you as a security risk, and you have access to sensitive, strategic and roadmap information the company probably does not want outside their walls.

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Building bridges

The most important part of the entire career-change process—and the part where you must spend real time and diligence getting right—is building bridges. We succeed and fail on our own merits, but the bridges we've built provide a means for people to mentor us when times are tough, avenues to find new opportunities in the future, and countless other benefits. In my measure, nothing is more critical.

The good news is that building and maintaining bridges to your network is not hard. A well-built bridge is solid and ready to be traveled in the future. The best way to build bridges is to follow the process described in this article, and then add a little extra touch.

That extra touch can be anything. At a minimum, it is a thoughtful, personalized, and hand-written thank-you note. In a recent career change, I wrote over 20 thank-you notes to various people with whom I worked.

Think about it—when was the last time one of your co-workers left the company and sent you a note thanking you for the opportunity to work together? It doesn't happen often enough, and these little touches go a long way toward making people remember you in a positive light. (Note: Be genuine. You aren't writing these notes *in order to be* remembered. You're writing them to thank people for what they did for you.)

The best thank-you notes are personal. My favorite tactic is to pull out a key detail of that person's work style you enjoyed, and recall a specific example of seeing him or her put it to use. For example, in a recent role, my CTO was passionate about our technology's potential, and I could recall several strategy sessions where he would enthrall a room full of executives with conversations about what "could be." In my note, I thanked him for the opportunity to work together, and told him I really enjoyed watching him in action, and I would strive to emulate his passion and ability to excite an audience as I developed my career—all true and accurate statements.

People like to hear they've made an impact on you, and you will make them feel good by calling out their most positive aspects. When you call on them again to be your mentor in the future, you will have the added advantage of knowing they think of you fondly, and they will be more likely to help you.

Treat your mentors who guided you through the job-hunting process as extra special cases. In addition to the thank-you note, send something that lets them know their advice was special to you. Go above and beyond —that is what builds bridges.

Starting

As you start your new role, be humble, but confident. They hired you for a reason, so don't be afraid to speak your mind. Sometimes a fresh perspective can inject new life into an organization; be that catalyst for change. If something seems obvious to you, it may be because the rest of the team has gotten so close to the forest they can't see the trees. Lead your team with humility.

Finally, don't forget to start the entire process over. Schedule at least yearly self-evaluations, and continue to farm your network. It is difficult during a new job ramp-up to keep tending the farm, but your contacts will reward you for keeping in touch.

Best of luck in your new role. **TPM**

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February 10 - 11 (12)*.........Denver (Littleton), CO
February 17 - 18 (19)*.........San Jose, CA
February 17 - 18 (19)*.........Tampa, FL
February 25 - 26 (27)*........Vancouver (Burnaby), BC, Canada
March 2 - 3 (4)*..................Minneapolis, MN
March 9 - 10 (11)*...............Reston, VA
March 16 - 17 (18)*.............Boston (Bedford), MA
March 16 - 17 (18)*.............San Francisco (Burlingame), CA
March 23 - 24 (25)*............Atlanta, GA
March 30 - 31 (1)*...............Philadelphia, PA
March 30 - 31 (1)*...............San Diego (Del Mar), CA

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February 19...................San Jose, CA
February 19...................Tampa, FL
February 27...................Vancouver (Burnaby), BC, Canada
March 4 ....Minneapolis, MN
March 11.......................Reston, VA
March 18 ....Boston (Bedford), MA
March 18 ....San Francisco (Burlingame), CA
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