




Product Manager Boot Camp

Linda Gorchels

In the beginning . . .





Our journey over the next two days ...

1. Get your bearings
2. Survive common pitfalls
3. Enable goal attainment
4. Create a product growth portfolio
5. Sustain growth across life cycles

1. Get your bearings



Let's start with the basics

The background features several overlapping newspaper job advertisements for 'Print/Mail Co. in ME'. The ads are for various roles including 'DENTAL RECEIPTS', 'GENERAL ACCOUNTING', 'ACCOUNTING', 'IMMEDIATE', and 'DIATE'. Each ad lists requirements such as '2 positions', 'Macintosh', 'General Accounting', 'data-entry', 'Full benefits', 'W95 exp.', and 'Fax resume w/ salary req. to: 770-555-1234'. A large yellow sticky note is placed over the center of the collage.

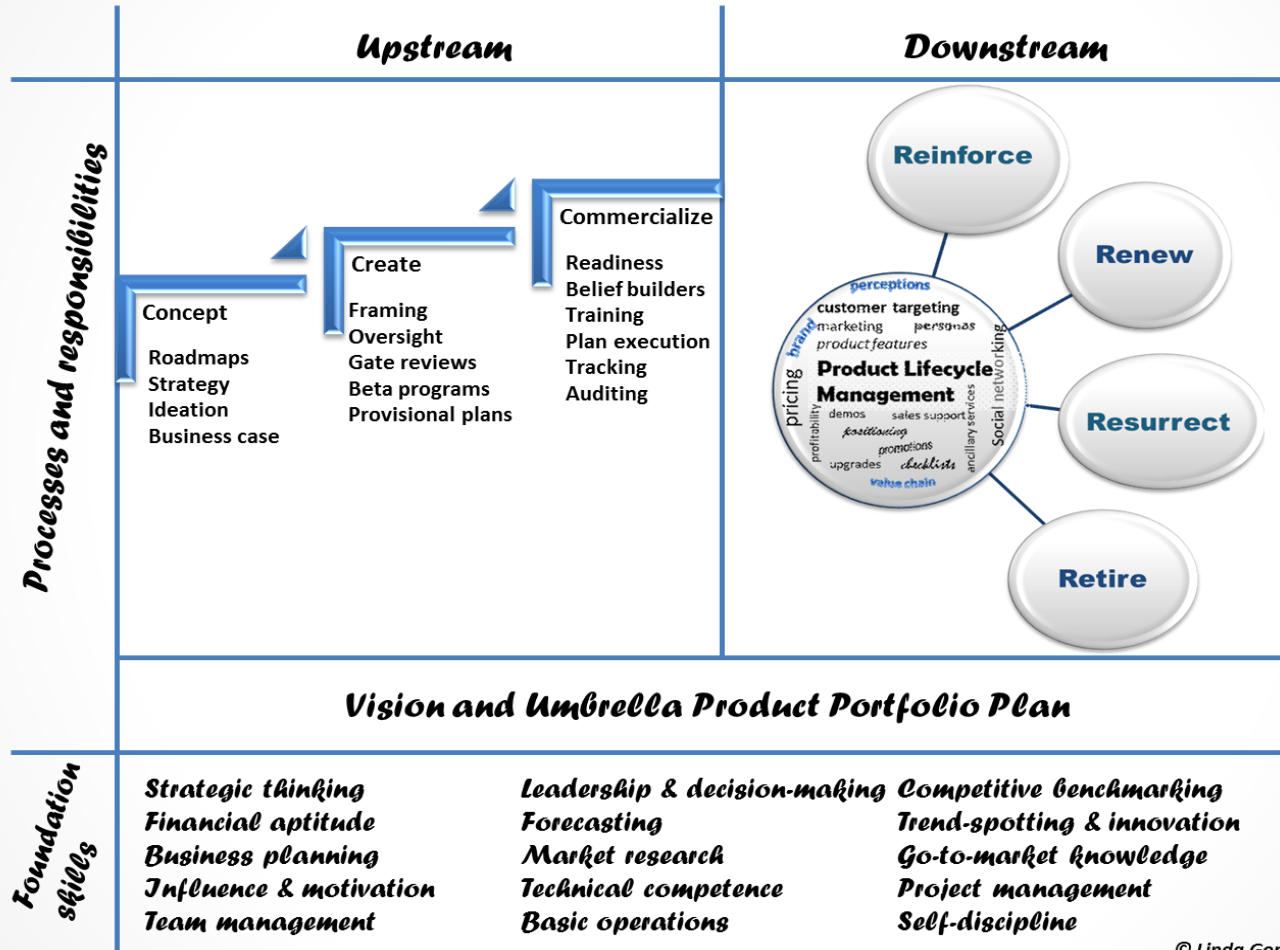
HELP WANTED

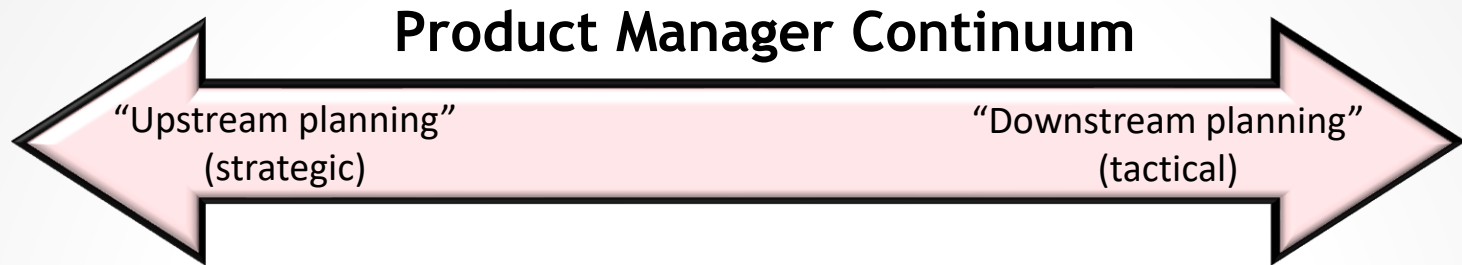
Business Strategist

Visionary with a passion for implementation. Must be both entrepreneurial and corporate-minded. Requires focus, but with adaptability, not allowing fire-fighting to overtake strategy. Can work with people from all levels and cultures. Responsible for financial success of products with minimal authority. Experience required. Superhero cape with a red **S** optional.

E-mail inquiries to ...

Product Management Framework





Strategic product line planning

New product development

Product life cycle management

Annual marketing planning

Advertising & promotions

Sales support

← *Product planner* →

support

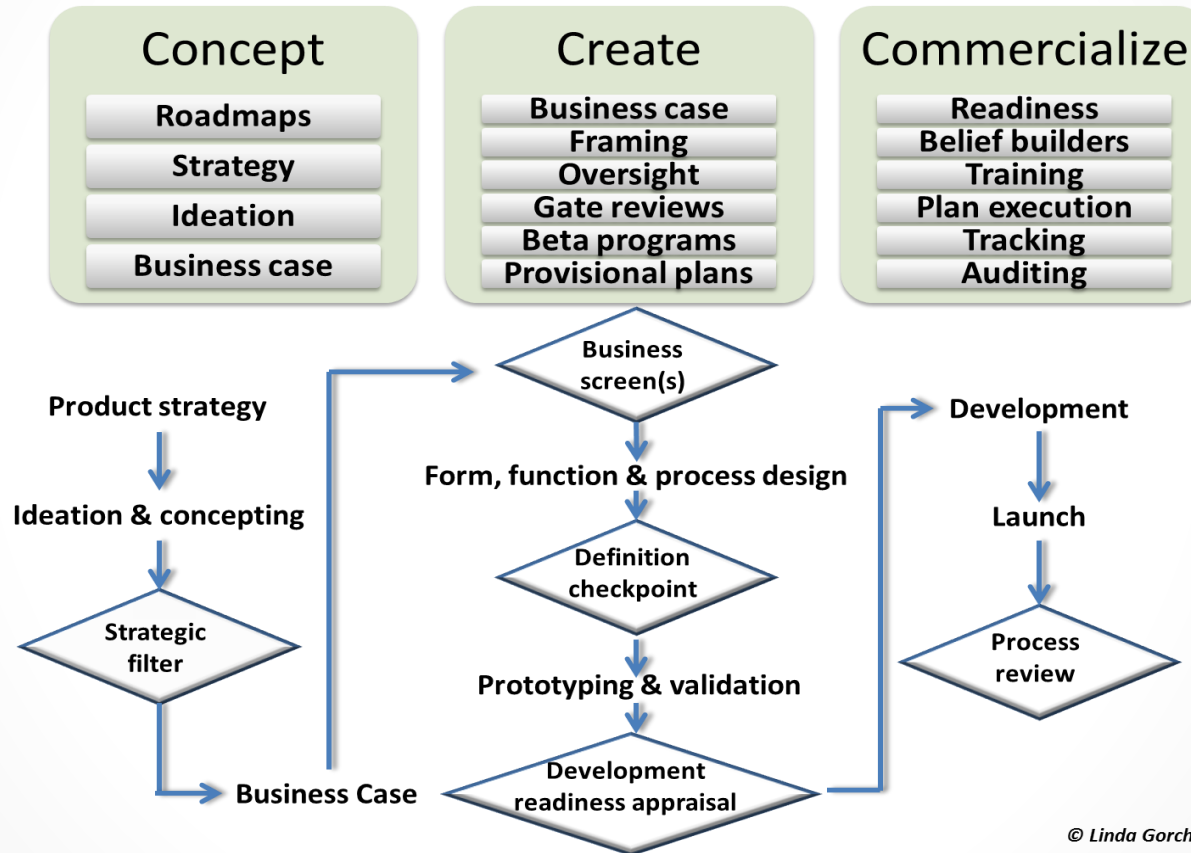
← *Tactical products manager* →

Product

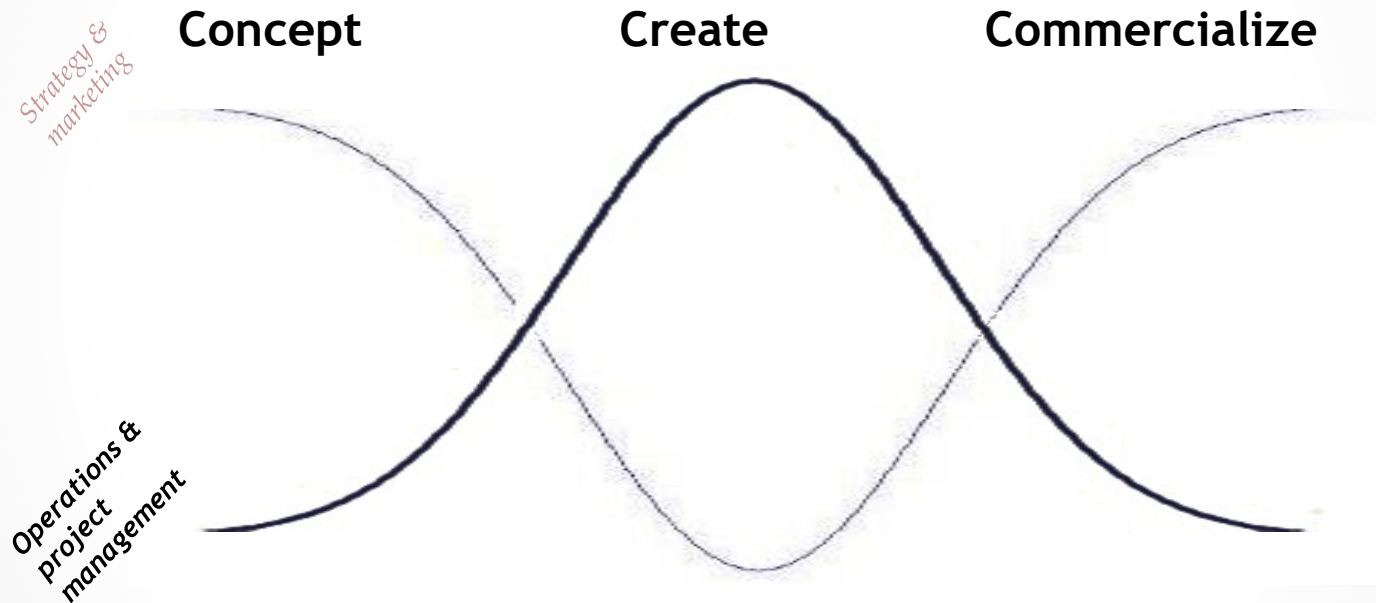
← *Product marketing manager* →

← *Product manager* →

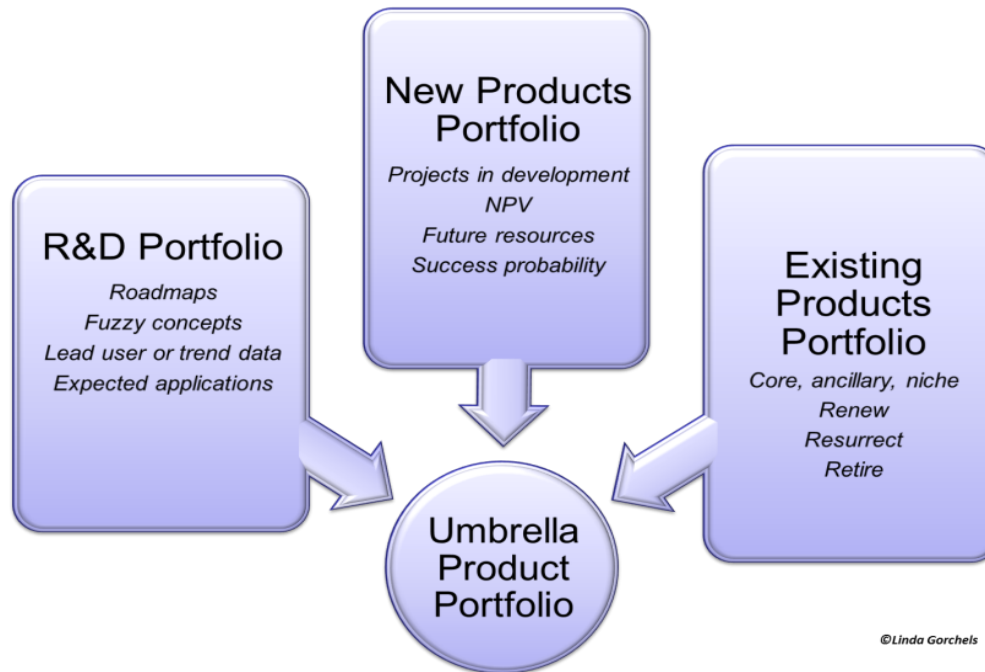
The 3C Framework



Time commitment changes

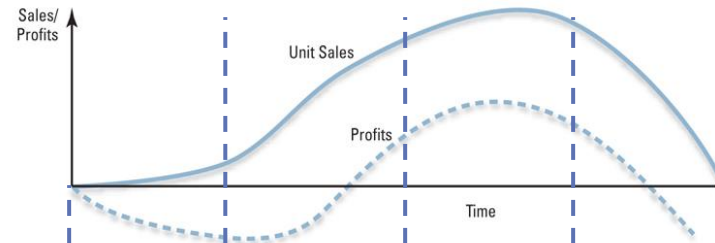


Consider product portfolios



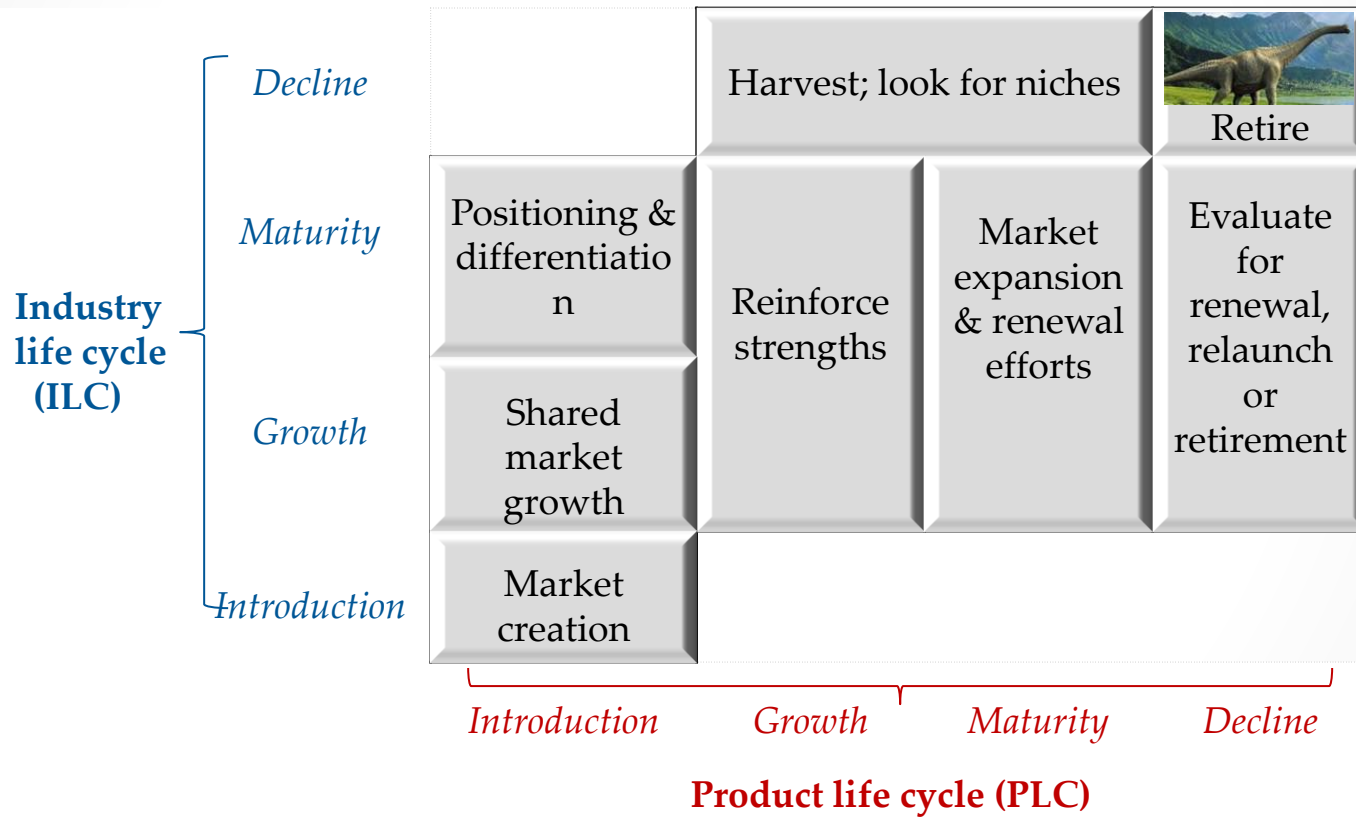
Stages of the Industry Life Cycle

*The value is not as a
predictive tool but
rather as an insight
tool.*



Stage Factor	Introduction	Growth	Maturity	Decline
Generic strategies	Differentiation	Differentiation	Differentiation Overall cost leadership	Overall cost leadership Focus
Market growth rate	Low	Very large	Low to moderate	Negative
Number of segments	Very few	Some	Many	Few
Intensity of competition	Low	Increasing	Very intense	Changing
Emphasis on product design	Very high	High	Low to moderate	Low
Emphasis on process design	Low	Low to moderate	High	Low
Major functional area(s) of concern	Research and development	Sales and marketing	Production	General management and finance
Overall objective	Increase market awareness	Create consumer demand	Defend market share and extend product life cycles	Consolidate, maintain, harvest, or exit

Adjust strategies for ILC/PLC link



So, what exactly is product management?



What is the best
metaphor for a product
manager?



Entrepreneur?



Quarterback?



Virtual CEO?

Product management is ...

... the entrepreneurial management of a piece of business (product, service, product line, brand, segment, etc.) as a “virtual” company.



Product managers
are generally
accountable for this
piece of business
without having
direct authority over
the entities that
“make it happen.”



*The product manager's job is to
oversee all aspects
of a product or service line
so as to create
a strong value proposition
and deliver
superior customer satisfaction
while simultaneously providing
long-term value
for the company.*

“The best personal advice [I can give product managers] is always be empathetic. That’s great advice for being a successful brand manager because it ensures that you always view things through the eyes of the customer.”

Mark Rothwell,
VP-Marketing, Dean Clinic

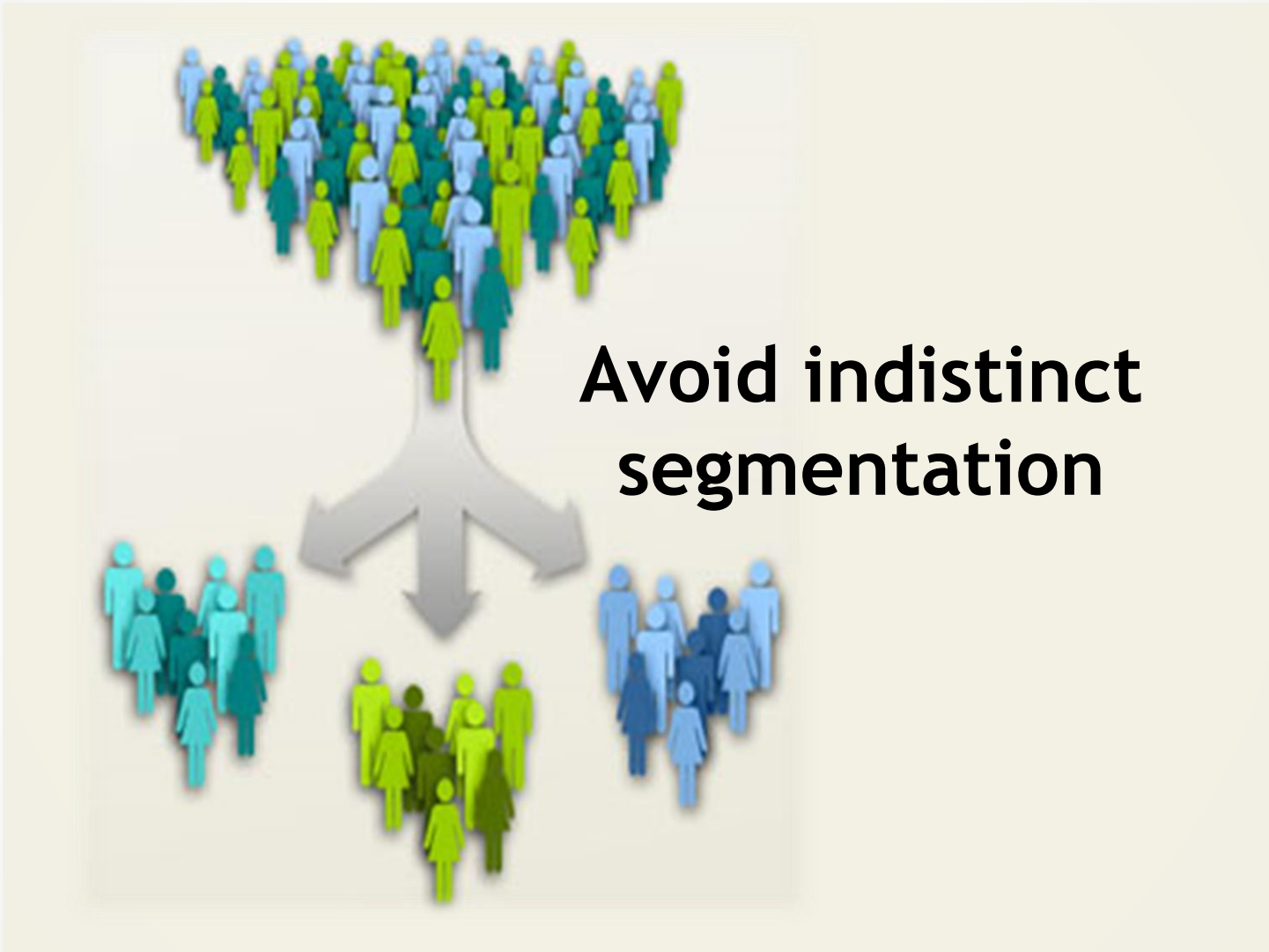


2. Survive common pitfalls

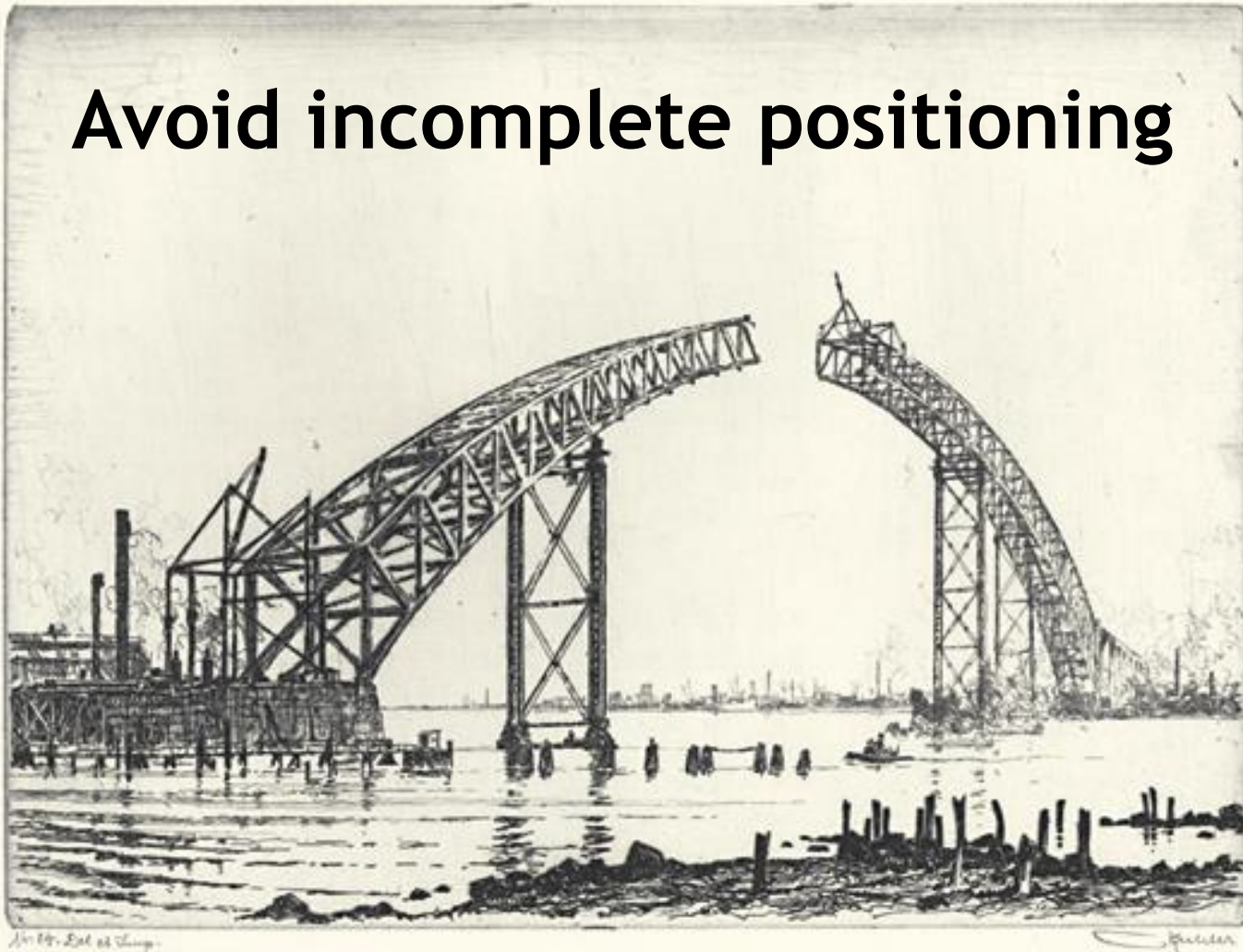




Avoid tunnel vision



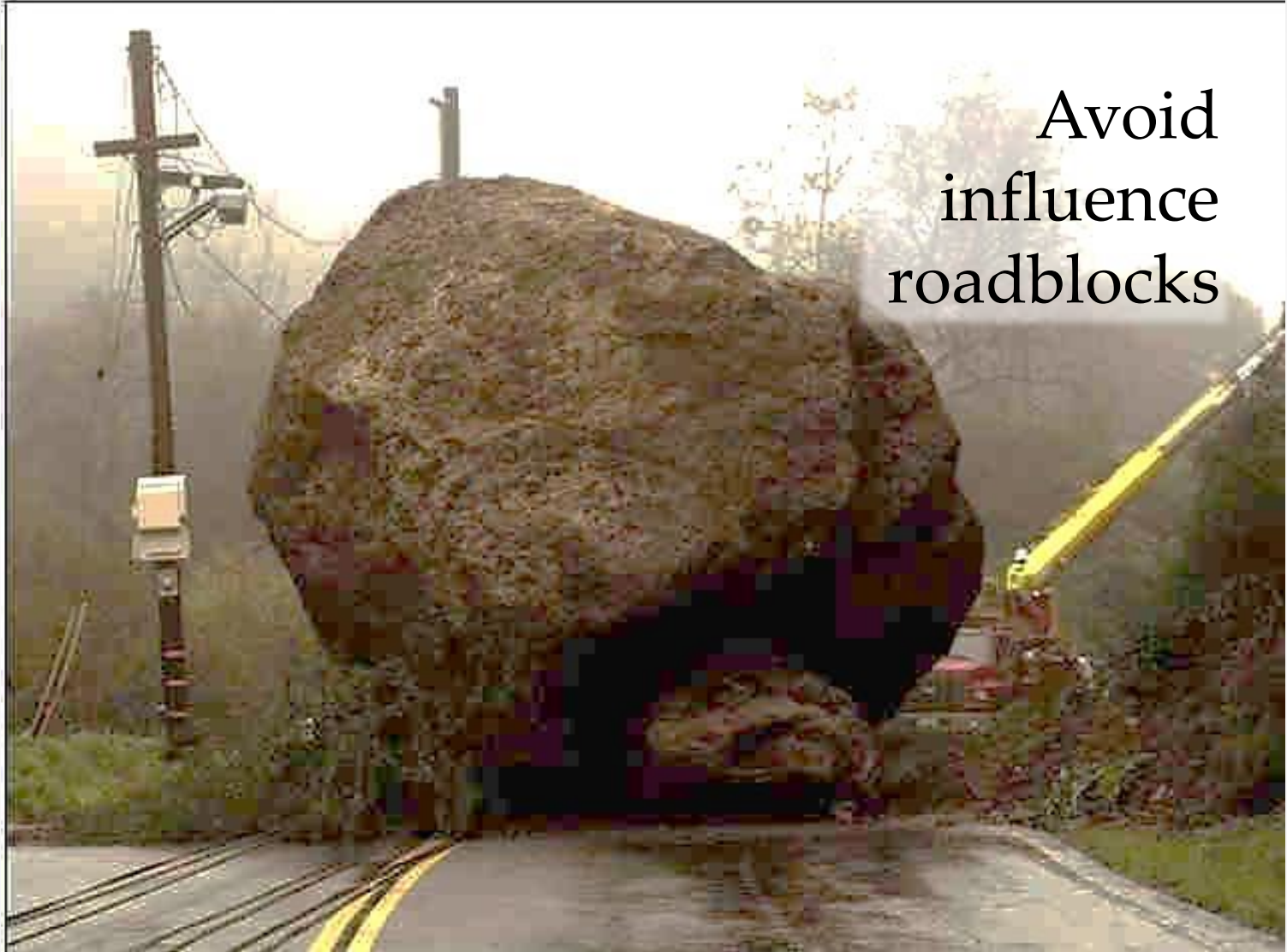
Avoid incomplete positioning



**Avoid
fuzzy
finance**



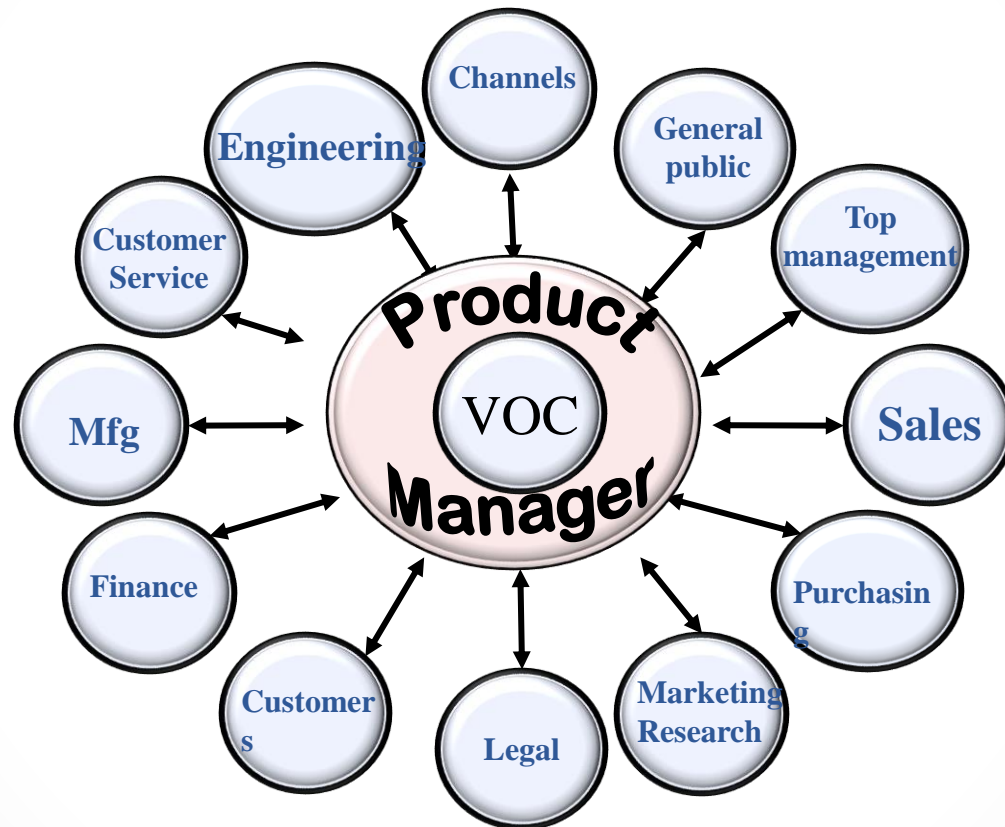
Avoid
influence
roadblocks



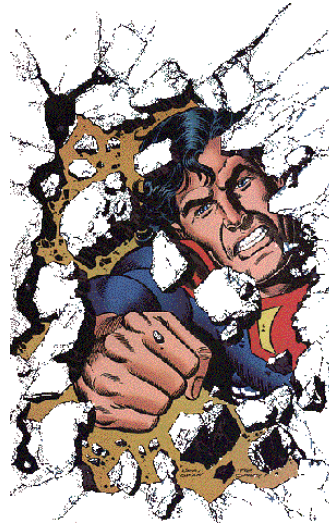
How do product managers work?

- Product managers accomplish most of their work through other people in a matrix arrangement.
- The various functions become “resources” for the product manager.
- The product manager becomes the central repository for information on how the product/service is used, who the core and growth customers are, what the competitive issues are, and other traditional business issues.

Potential influence roadblocks



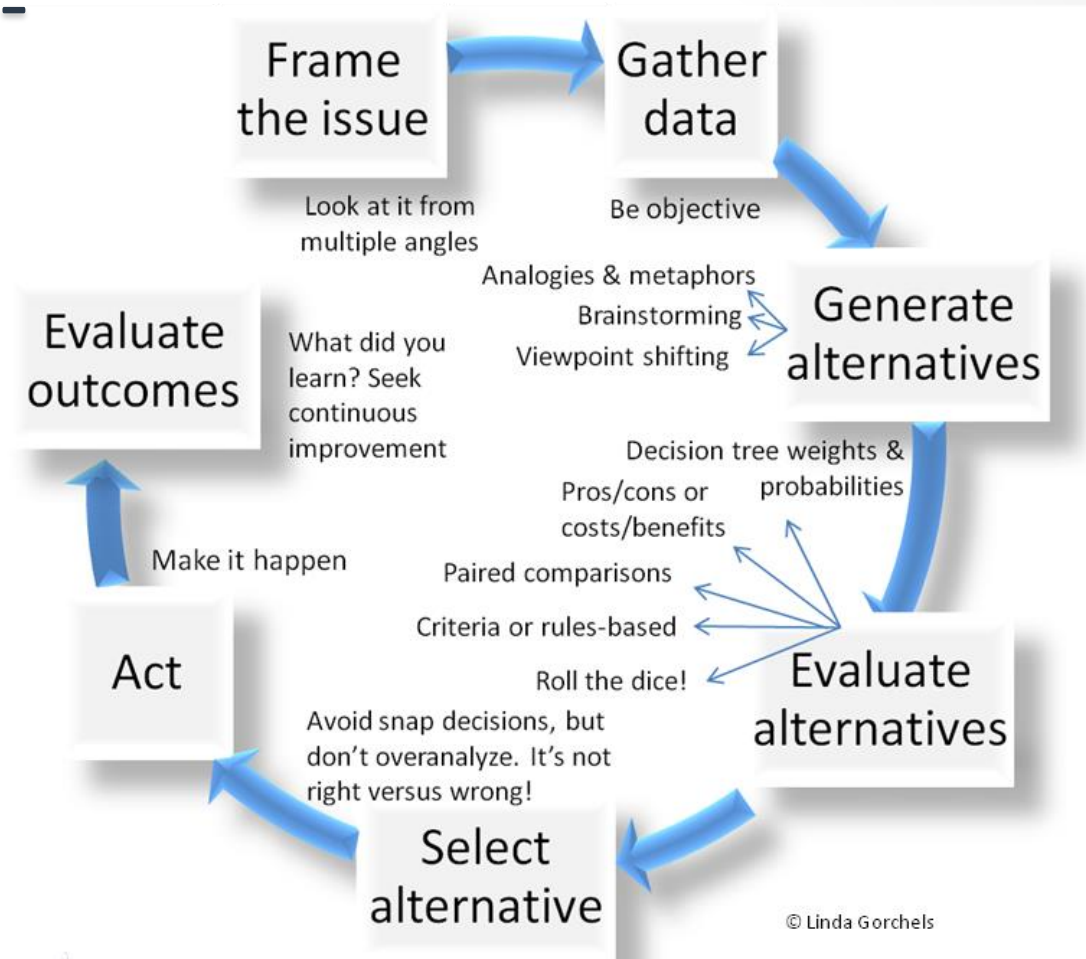
Need to break through the walls





**Avoid
fire
fighting**

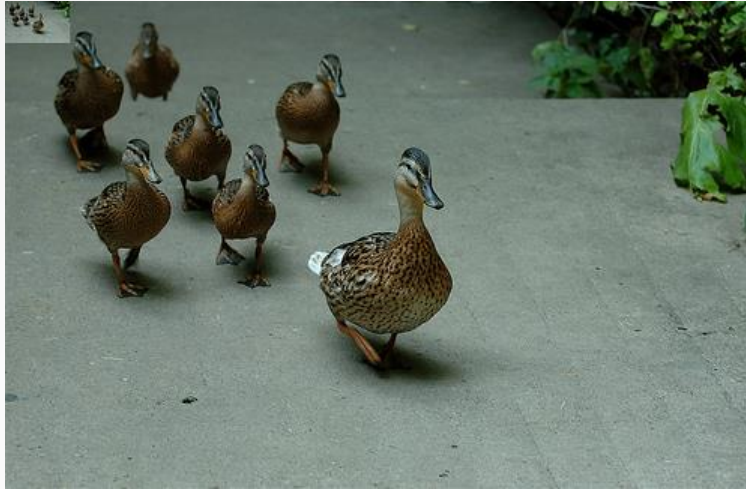
The decision-making process



3. Enable goal attainment

Use influence and persuasion
to accomplish your goals:
leadership and management





Product managers are leaders and managers

“Leadership and management are two distinctive and complementary systems of action. **Management is about coping with complexity. Leadership is about coping with change.** Leadership complements management; it doesn’t replace it. Companies manage complexity by planning & budgeting, by controlling & problem solving. By contrast, leading an organization begins by setting direction, aligning people to the direction, and inspiring people to achieve a vision.”

- John P. Kotter



*“If your actions
inspire others to
dream more, learn
more, do more and
become more, you
are a leader.”*

John Quincy Adams
6th president of the United States

Subject	Leader	Manager
Essence	Change	Stability
Focus	Leading people	Managing work
Have	Followers	Subordinates
Horizon	Long-term	Short-term
Seeks	Vision	Objectives
Approach	Sets direction	Plans detail
Decision	Facilitates	Makes
Power	Personal charisma	Formal authority
Appeal to	Heart	Head
Energy	Passion	Control
Culture	Shapes	Enacts
Dynamic	Proactive	Reactive
Persuasion	Sell	Tell
Style	Transformational	Transactional
Exchange	Excitement for work	Money for work
Likes	Striving	Action
Wants	Achievement	Results
Risk	Takes	Minimizes
Rules	Breaks	Makes
Conflict	Uses	Avoids
Direction	New roads	Existing roads
Truth	Seeks	Establishes
Concern	What is right	Being right

Source: ChangingMinds.org website

Gaining Interdepartmental Cooperation

KEY QUESTION:

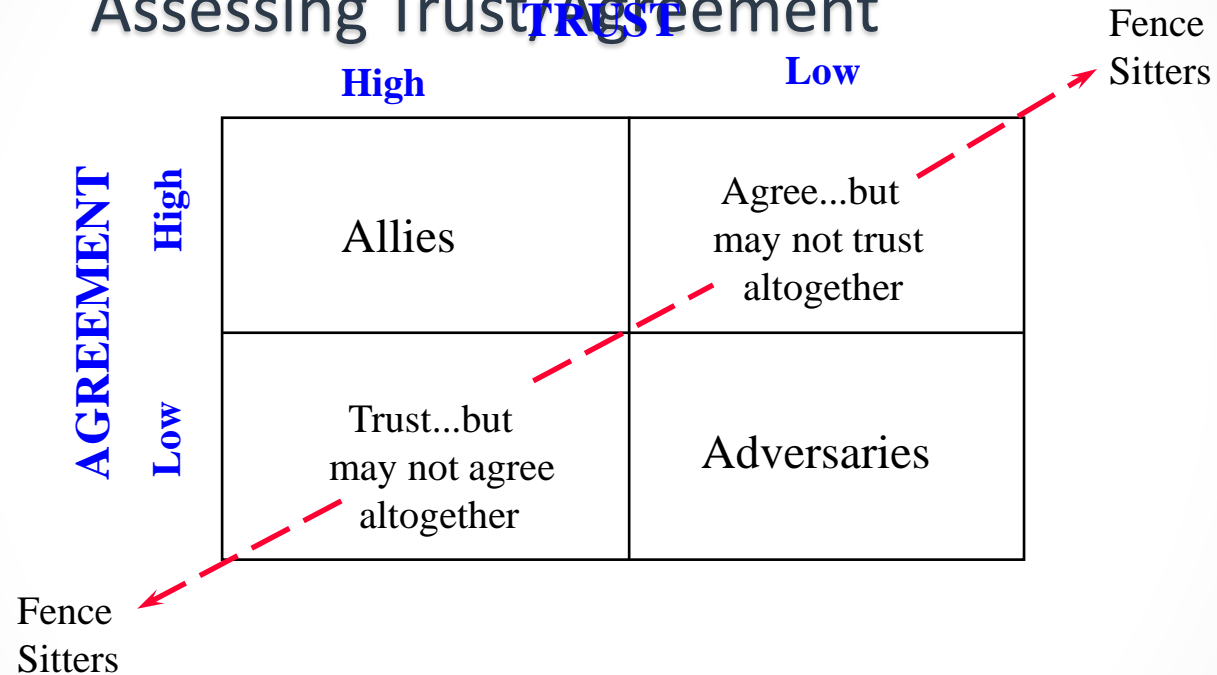
How can we increase the chances that our strategy will be implemented successfully?

More specifically....

What can you as a product manager do to manage yourself...and others...more effectively?

Gaining Interdepartmental Cooperation

Assessing Trust/Agreement



Gaining Interdepartmental Cooperation

Guidelines

Dealing with Allies, Adversaries and Fence-Sitters:

- Allies -- Keep informed of Vision, Agenda
- Fence-Sitters --
 - High Trust - Low Agreement*
 - Communicate Vision - Address Concerns
 - Low Trust - High Agreement*
 - Build Trust - Confirm Agreement
- Adversaries -- Confront differences openly; work to resolve them

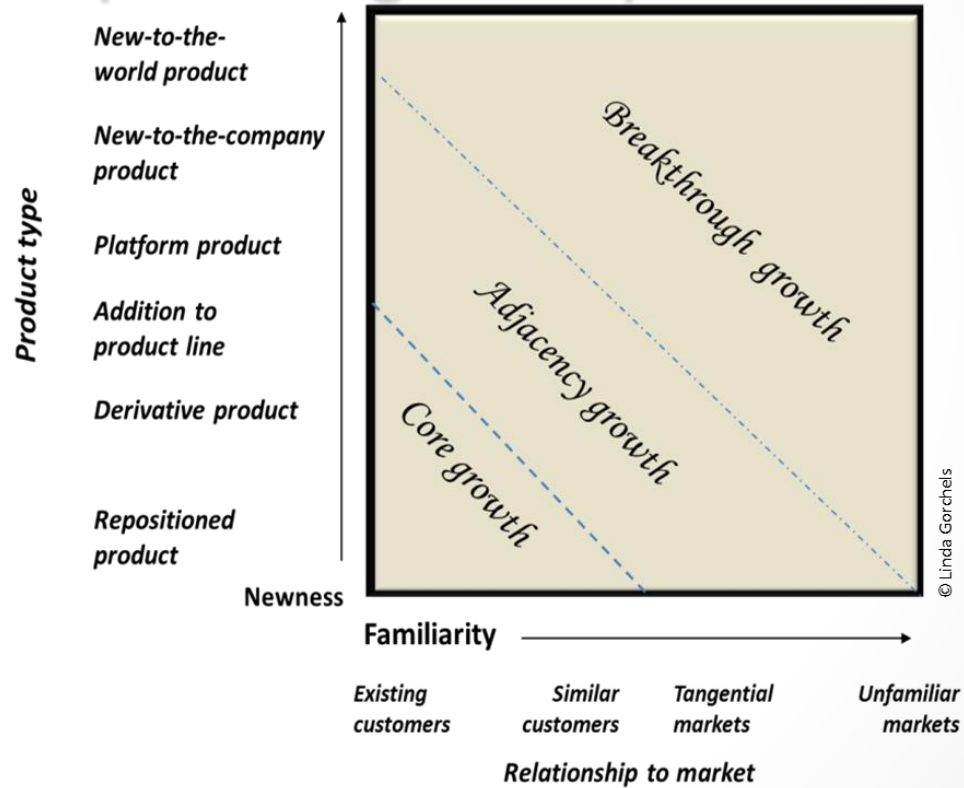
“...a key measure of the effectiveness of product managers is their ability to attract, mobilize, and motivate the resources to optimize their product. This requires an ability to (1) craft and sell compelling business cases; (2) negotiate, collaborate, and execute on plans; and (3) demonstrate leadership to gain followership.”

Brad Rogers
Director of Process Excellence
TIAA-CREF



4. Create a product growth portfolio

Arenas for
product
growth



Can I achieve my goals
& have a sustainable
advantage with
existing customers and
products?

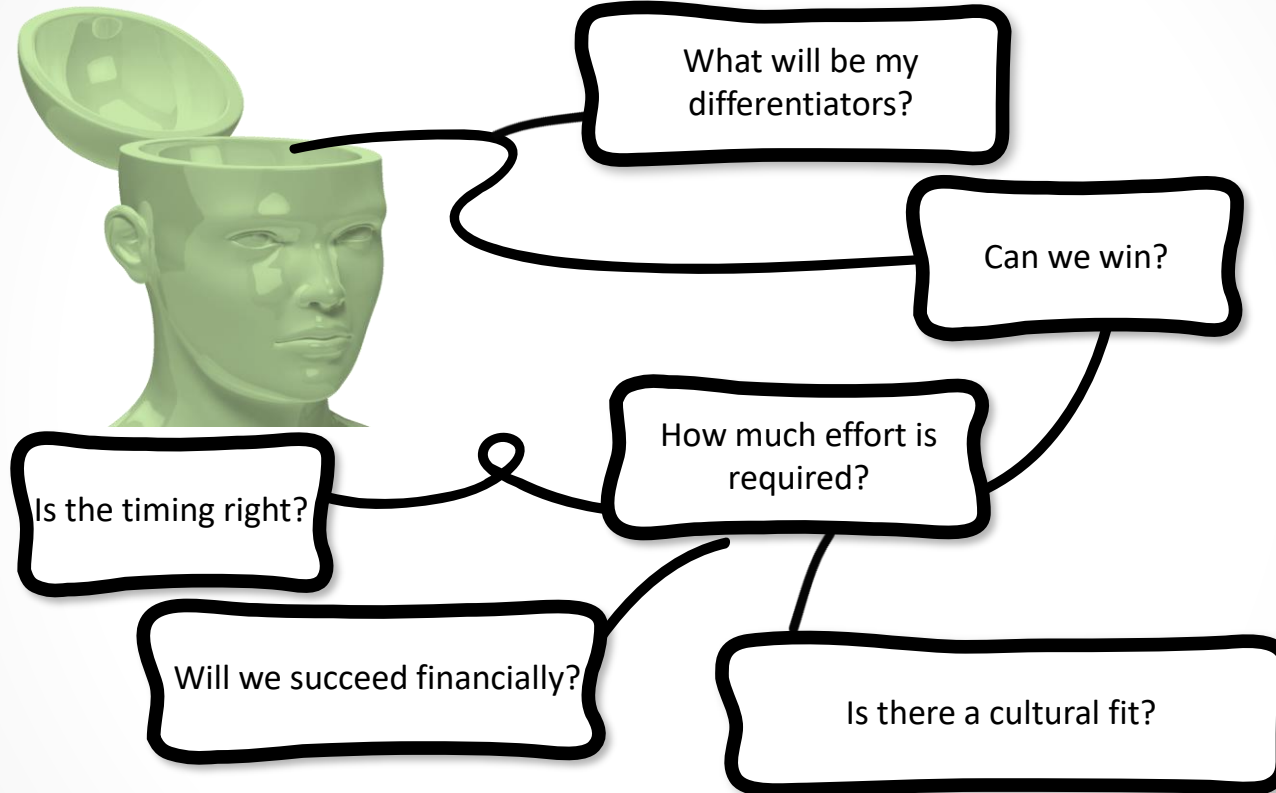
Might externalities
force a change?
When?

Will I need to move
into adjacencies or
new markets?
With new products?
How new?

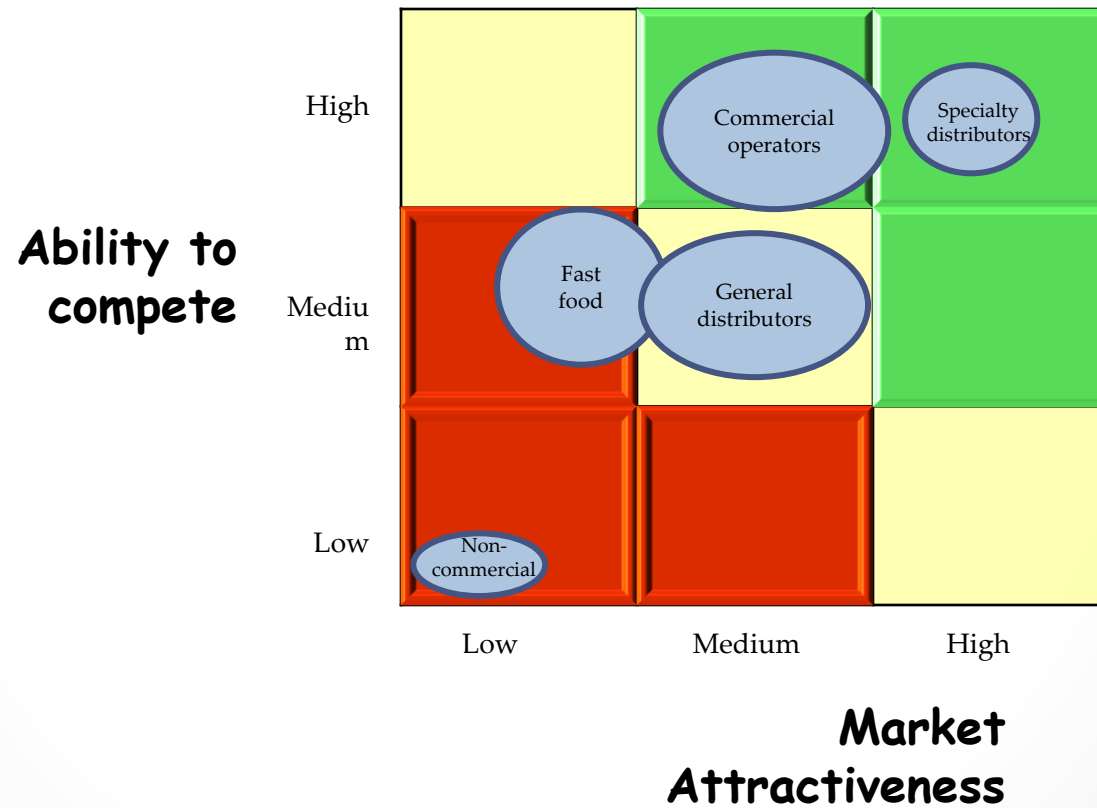
How can I build a
portfolio of core,
adjacency, and
breakthrough
growth?

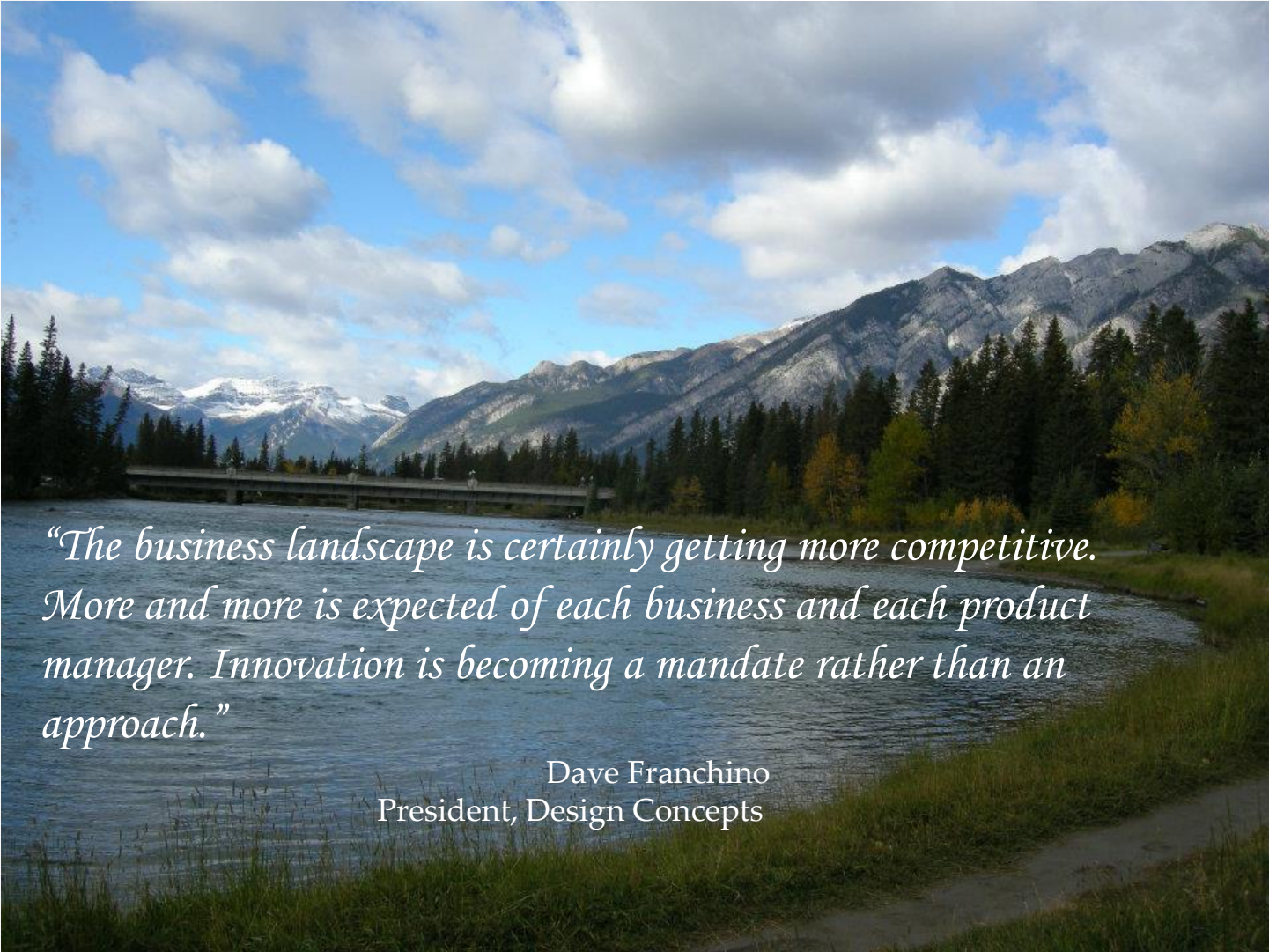


For each arena, consider ...



Another look at market attractiveness



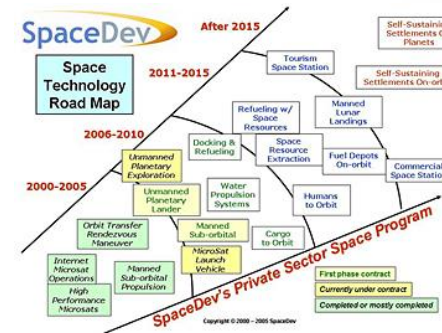


“The business landscape is certainly getting more competitive. More and more is expected of each business and each product manager. Innovation is becoming a mandate rather than an approach.”

Dave Franchino
President, Design Concepts

Roadmap basics

- A product roadmap is the business plan for the product owner
 - containing probable scenarios based on current expectations, forecasts & assumptions
 - to aid in managing a product line's growth
- A roadmap is not a project plan, but rather a strategy, business planning and communication tool.

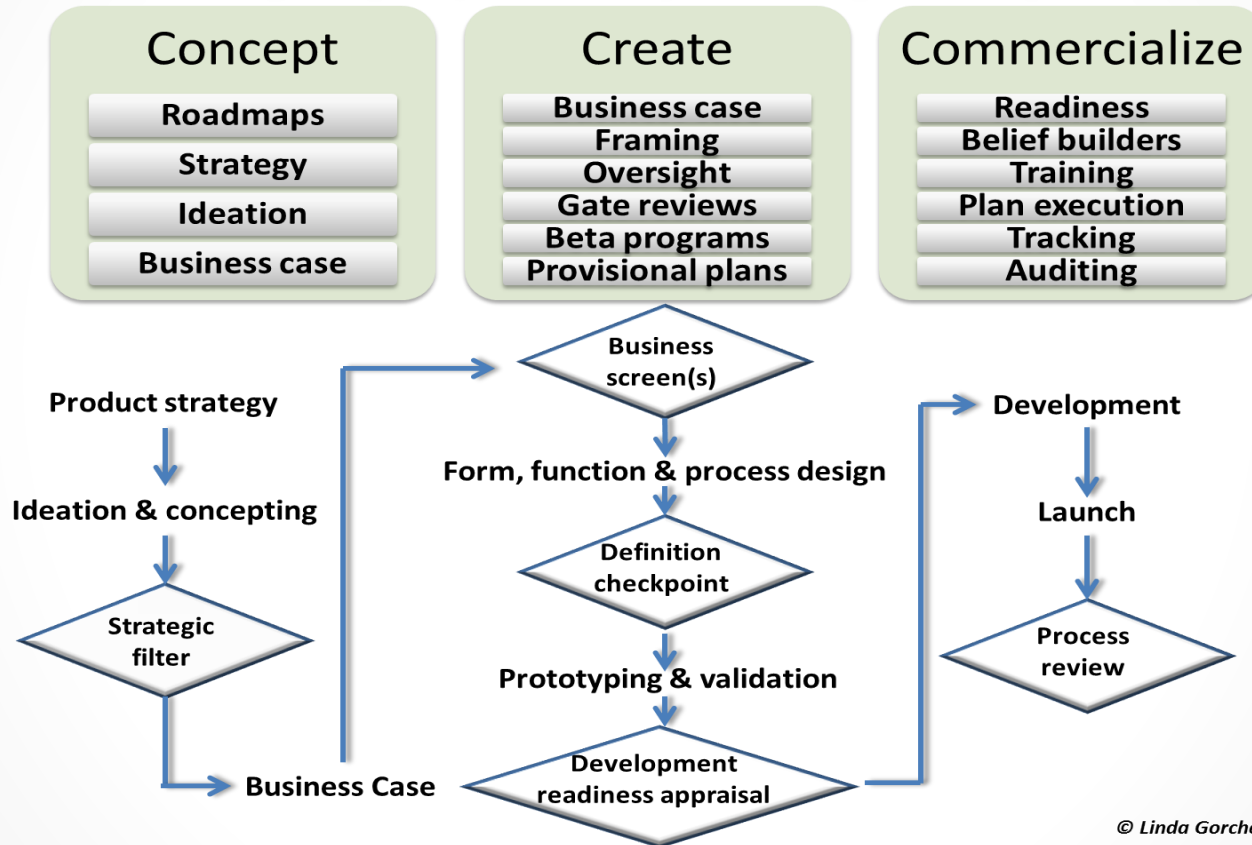


Add pipeline management

- Pipeline management refers to a balanced spacing (and trade-offs) of new product projects across the process.
 - Do you have an ongoing pipeline of new products? Does it “fit” your culture?
 - Are there different projects at different stages of development – with different time horizons?



The 3C Framework



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Forecasting comparisons

	Forecasting existing products	Forecasting new products
Data	History	Assumptions
Analytics	Statistical	Judgmental
Forecast	Point	Range
Plan	Certainties	Contingencies
Measurement	Accuracy	Meaningfulness

Source: Kenneth Kahn, "Solving the Problems of New Product Forecasting," *Business Horizons*, Sept-Oct, 2014.

A business case is:

A structured proposal for an investment (product, business, or process change) that functions as decision-support for decision-makers. Even though it needs structure, it should not be



Source: Marty J. Schmidt, *The Business Case Guide*, (Solution Matrix Ltd., 2002), page 1

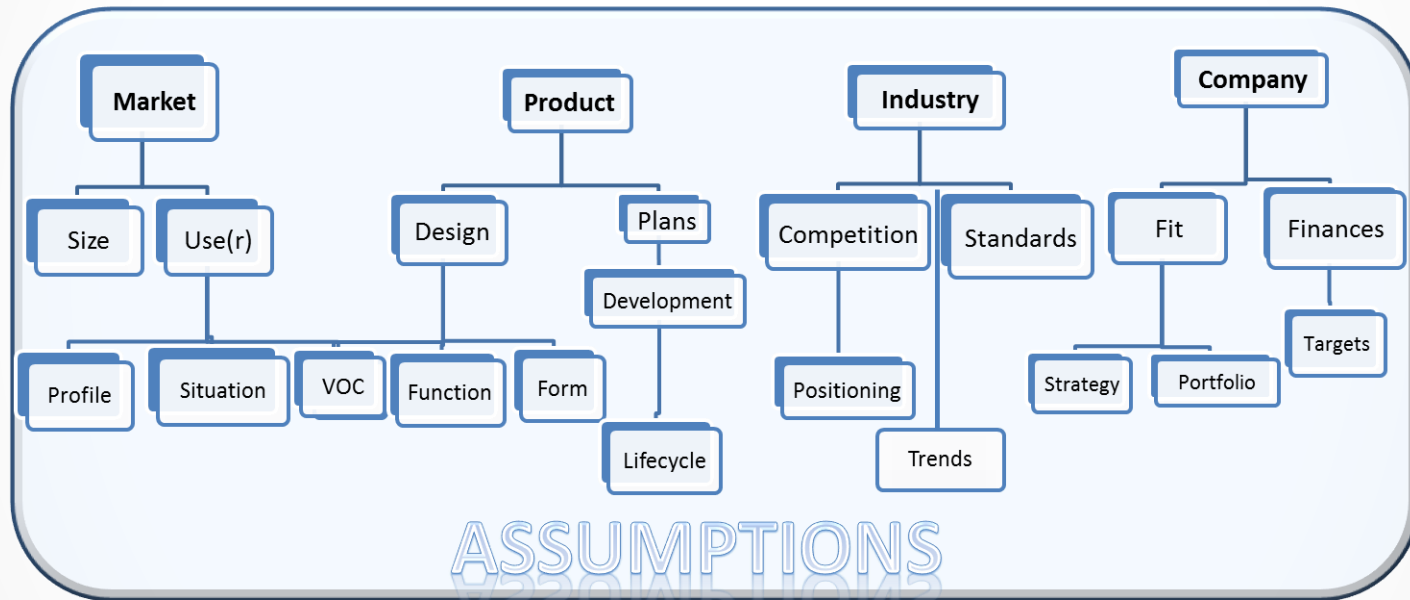
Think holistically about customer & product requirements

Note that the importance column should suggest what benefits (functionality) are required, nice to have, or in some cases, critical to avoid.

1 Needs	2 Importance	3 Initial metrics	4 Competitor A	5 Competitor B	6 Revised Metrics
Lightweight	Must	Total mass in kg.	Competitor A will be lighter than concept	Equal	Need to reduce the mass
Can withstand rain and water contamination	Must	Time in spray chamber without water entry	Concept is better than A	Concept is better than B	Continue with initial metrics
Safe in a crash	Must	Bending strength of materials	Competitor A has superior bendability	Competitor B breaks sooner	Improve bending strength to match or surpass Competitor A
Easy to install	Should	Average time to assemble	Concept has quicker time than for A	Concept as quicker time than for B	Good performance as long as it does not add cost
Works with a variety of attachments	Should	List of attachments & sizes	Similar product line fit	Similar product line fit	Continue with initial metrics
Competitively priced	Must	Target cost range	On track to be competitively priced	On track to be higher priced	Maintain target cost range and determine how to help customers perceive value
Profile: Define the target users in demographic and psychographic terms. Include a statement on the impact of influencers on the purchase decision.					
Use Situation: Describe where and how target customers would use the product. Incorporate any insights from observation and design thinking activities.					
Non-functional requirements: List any aspects of the product that may be important design parameters (such as appearance or feel) that may be necessary parts of the product even if they do not provide functional benefits.					

Note that metrics deal more with functionality than with features

Business case components





“One of the greatest attributes of a strong product manager is the ability to periodically pause and consider whether there are logical inconsistencies in the plan or items completely forgotten.”

Kevin Booth
President, The Hines Group

What is scope creep?

- Scope creep is defined as adding features and functionality (project scope) without addressing the effects on time, costs, and resources, or without customer approval. (PMBOK)



Prepare launch during development

- Identify all stakeholders
- Determine information requirements of each
- Develop milestone activities chart
 - Equipment purchases
 - Packaging
 - Training programs
 - Distributor agreements
- Establish measurable outcomes for tracking
 - Awareness & trial
 - Sales effort
 - % distributors stocking product

Pre-launch checklist

	Who?	Due date	Contingencies
Product reality check - does it fulfill the original idea? - does it still fit the market? - is there competitive superiority?			
Packaging - will it facilitate storage, use, transport and convenience? - does it provide customer-friendly information?			
Regulatory approvals & standards - have all country, governmental and industry approvals been obtained? - can you demonstrate compliance and efficacy?			
Systems readiness - is IT ready for ordering and billing? - are preliminary production runs complete?			
Service & tech support - is infrastructure in place? - warranty programs ready? - service programs defined? - spare parts, loaners, upgrade tools?			
Logistics - process map for physical movement to customer's location			
Marketing decisions - pricing policies by market - roll-out sequence planned - marketing communications on track			
Marketing support - sales & customer service training set - kick-off events and activities planned - collateral material ready			

Build price/value into the launch

Risk reducers

- Beta test results
- Guarantees
- Free trials, demonstrations
- Belief builders such as testimonials, third party tests, marketing conversions

Training

- Ensure salespeople know the value proposition from the market perspective!



Launch is another project to manage

- **Who** is the primary market?
- **What** specifics do you need to provide?
- **When** should you plan your launch?
- **Where** should you launch the product?
- **Why** is your product better?
- **How** should you market your product?



Who is the primary market?



- New or existing customers
- Demographics
- [Psychographics](#)



What specifics must you provide?

- Attributes
- Brand
- Value



When should you plan your launch?



- Impact on product line
(inventory management and roll-overs)
- Competitive situation
(before, concurrent, after)
- Significant trade shows / events

Where should you plan your launch?

- Entry sequence
- Priority markets



Why is your product better?



- Source of competitive edge
- Make it visible



Develop a draft positioning statement

For **small business owners** who **wear many hats**,

relevant target customers

major need driver

Desk-Mite is the **interactive mobile organizer** that

product or brand

product category or frame of reference

offers clear time management tools.

statement of key benefit

Unlike **Time-Mite**, our product **offers more flexibility**

*competitive
alternative*

*primary
differentiation*

due to **our proprietary interface with all connectivity tools.**

competency or feature that is the source of the competitive differentiation

How will you market the product?



- Distribution strategy
- Field sales plan
- Pricing strategy
- Advertising strategy
- Product support

Support the direct sales effort

- Build trust
- Include sales in the marketing process
 - sales advisory committee
 - add to routing list
- Embrace the sales process of your firm
- Provide appropriate data, collateral and call assistance
 - Understand account-specific strategies



Develop strong collateral

Become the “trusted resource” for distributors, dealers and agents ...

- product description
- unique value propositions
- product benefits
- target customers
- competitive analysis
- cross-sell opportunities
- pricing
- contacts
- FAQs
- marketing material



“The product manager is the single point of accountability for every aspect of the product [project, and] ... will need to provide different information at different phases of the development process.”

Laura Farnham
VP, Johnson Controls



POST-LAUNCH REVIEWS



Measures to track

- Early launch
 - actual to planned activities
 - % resellers stocking product (if relevant)
 - # sales calls (per call reports)
 - awareness



Measures to track

- Post-launch
 - unit sales
 - returns
 - discounts
 - service calls
 - customer acceptance
 - competitive response
 - shareholder value



Control plan

- Determine frequency of tracking
- “Red alert” strategies or contingency plans



Potential Problem	Tracking	Contingency Plan
1. Salespeople fail to contact general-purpose market at a prescribed rate.	Track weekly call reports. The plan calls for at least 10 general-purpose calls per week per rep	If activity falls below this level for three weeks running, a remedial program of one-day district sales meetings will be held.
2. Salespeople may fail to understand how the new feature of the product relates to product usage in the general-purpose market.	Tracking will be done by having sales manager call one rep each day. Entire sales force will be covered in two months.	Clarification will be given to individual reps on the spot, but if first 10 calls suggest a widespread problem, special teleconference calls will be arranged to repeat the story to the whole sales force.
3. Potential customers are not making trial purchases of the product.	Track by instituting a series of 10 follow-up telephone calls a week to prospects who have received sales presentations. There must be 25 percent agreement and on product's main feature and trial orders from 30 percent of those prospects who agree on the feature.	Remedial plan provides for special follow-up telephone sales calls to all prospects by reps, offering a 50 percent discount on all first-time purchases.
4. Buyers make trial purchase but do not place quantity reorders.	Track another series of telephone survey calls, this time to those who placed an initial order. Sales forecast based on 50 percent of trial buyers reordering at least 10 more units within six months.	No remedial plan for now. If customer does not rebuy, there is some problem in product use. Since product is clearly better, we must know the nature of the misuse. Field calls on key accounts will be used to determine that problem, and appropriate action will follow.
5. Chief competitor may have the same new feature (for which we have no patent) ready to go and markets it.	This situation is essentially untrackable. Inquiry among our suppliers and media will help us learn quicker.	Remedial plan is to pull out all stops on promotion for 60 days. A make-or-break program. Full field selling on new item only, plus a 50 percent first-order discount and two special mailings. The other trackings listed above will be monitored even more closely.

Sample Control Plan

Source: C. Merle Crawford, *New Products Management*, 4e (Irwin), p. 317.

Red alert strategies

- Revise marketing strategy
 - reposition product
 - repackage product
 - bundle or unbundle product
 - change pricing
 - identify new markets
 - change sales channels
 - partner with another company



Red alert strategies (continued)

- Revise product
- Pull product temporarily
- Abandon product
- Sell the product or rights to product



Process review & follow-up

- After the product is launched, a final review is necessary
 - How effective was the *process*?
 - Would process improvements make the next launch better?
 - Is the product effective in terms of the objectives established for it?

“Good judgment comes from experience... and a lot of that comes from bad judgment.”



“A successful launch begins early in the development process with a well laid-out plan that has flexibility. So many great products never make it to market because they are launched improperly.”

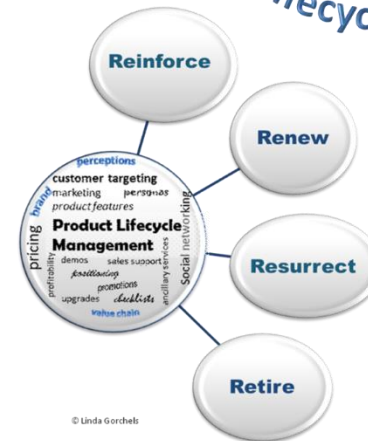


Elyse Kaye
Sr. Product Manager, HoMedics

5. Sustain growth across life cycles



Downstream product lifecycle management



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Lifecycle strategy choices

	Reinforce	Renew	Relaunch	Retire
% contribution to profits	high	mid to high	potential	low
Brand value	high	potentially high	potentially high	declining
Strategic fit	solid	can be grown	can be grown	declining
Growability	self-sustaining	growable	growable	unsustainable
Time-based potential	solid current	future growth potential	future growth potential	past performer
Strategy & resource commitment	maintain: focused and steady resources	grow: increase resource commitment	grow: burst of supporting resources	contract: reduce support

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Maintain “Product Fact Book”



Compile & organize external data & trends

- Segment size and growth rates
- Competitive profiles & strategies (*including possible substitutes*)

Evaluate past product performance against goal

- Financial metrics (*sales, profits*)
- Customer metrics (*satisfaction, repeat purchase, referrals, brand equity*)
- Product line metrics (*complementary value, life-cycle, depth & breadth, relevance to future goals, ABC status*)
- Marketing metrics (*awareness, plan effectiveness*)

Update goals, portfolios, roadmaps, strategies

*“Google is not a
synonym for research.”*

Dan Brown
American author



Segment of a Product Scorecard

Attribute	Notes		Evaluation		
			Strong	Moderate	Weak
Financial evaluation					
% change in units					
% change in revenue					
% change in profit					
% change in profit contribution					
% change in market share					
estimated future financial potential					
Brand strength and contributing value					
Strategic fit					
core to corporate mission					
core to customer solutions					
core to brand image					
cradle-to-cradle (LCA) assessment					

REINFORCE, protect, maintain

- Focus on existing areas of strong, differentiated customer value
- Strengthen communication of the value proposition



Value proposition rules

Be different

Be relevant

Be energizing

Be real

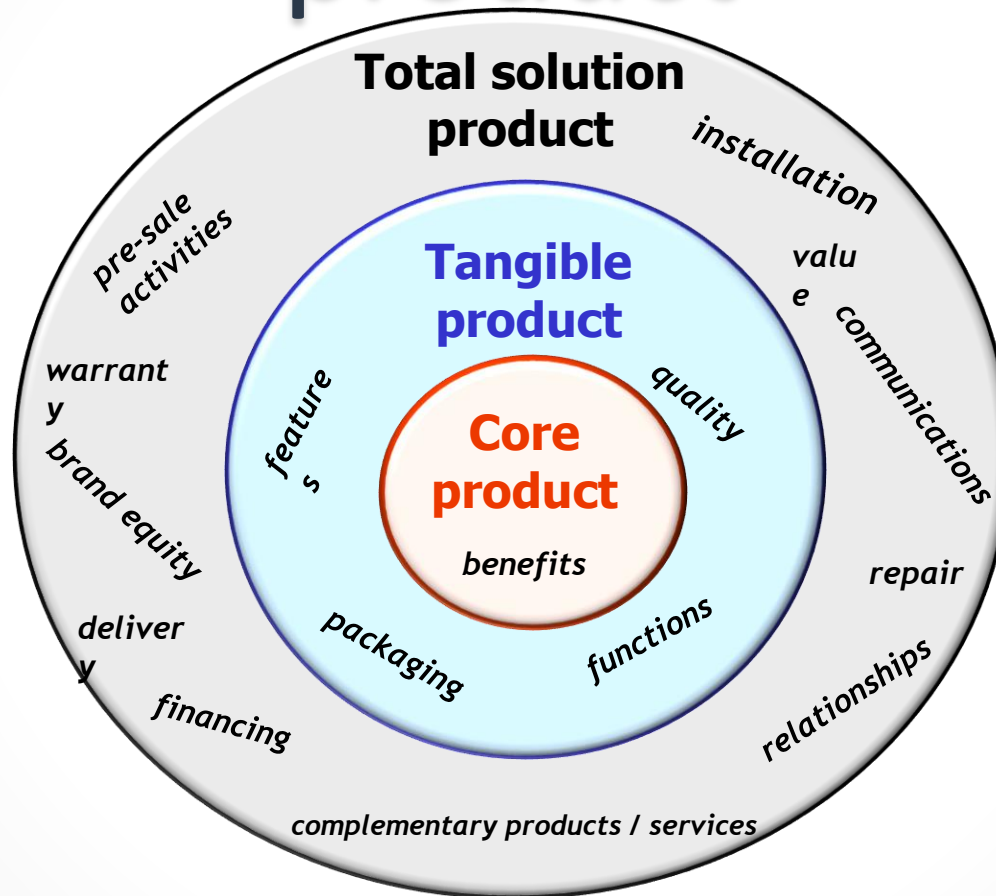


RENEW, overhaul, retread, upgrade

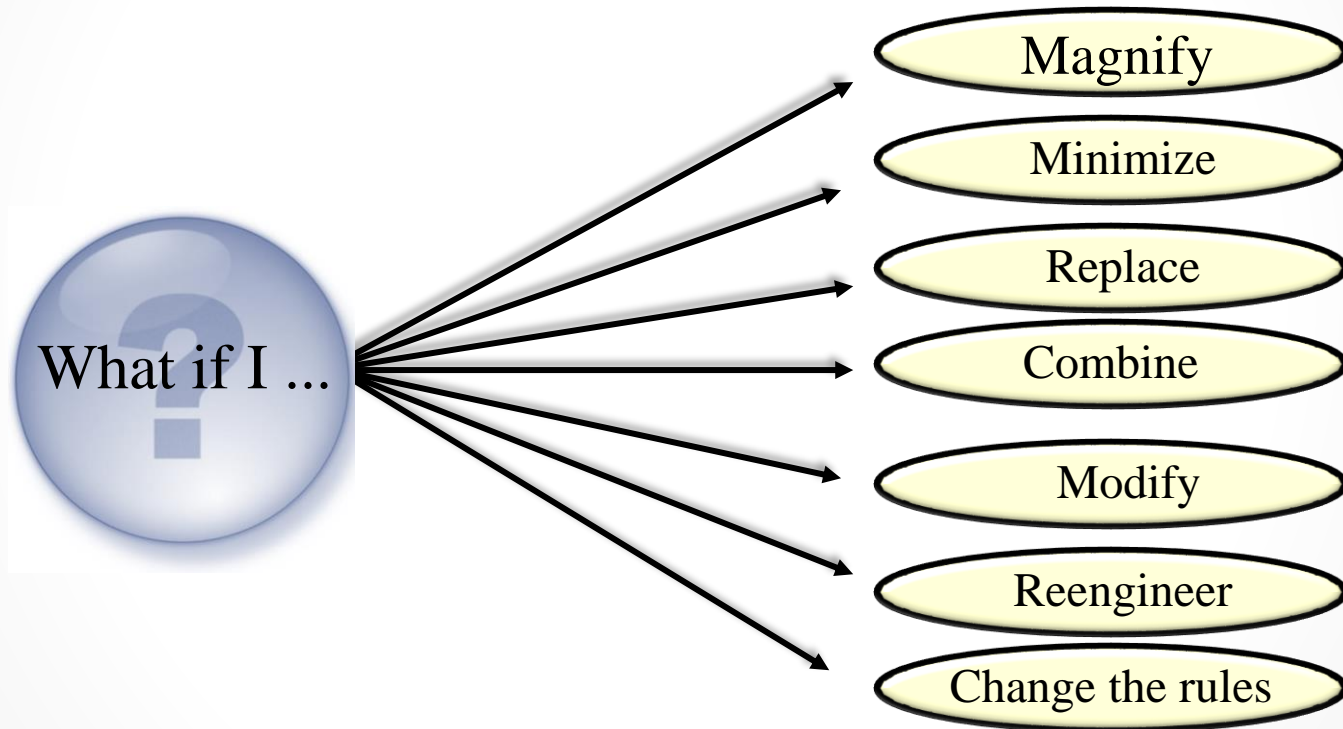
- Reevaluate your target customer strategy
- Modify the product or the total solution to establish new value



Know the “total product”



Rethink your product offering



Evaluate differentiation

		Differentiation		
		<i>Standard</i>	<i>Slightly different</i>	<i>Significantly different</i>
Attitudes	<i>Positive</i>	Expected	Satisfier	Exciter
		←	Neutral	→
	<i>Negative</i>	Accepted	Dissatisfier	Enrager

Adapted from Ian C. MacMillan and Rita Gunther McGrath, "Discover Your Products' Hidden Potential," Harvard Business Review, May-June 1996.

Pricing toolkit starter

Price variation category	Example tools		
Incentive pricing	Rebate Coupon Promotional pricing Sales Price match guarantee	Package pricing Penetration pricing Every-day-low-pricing Order-size discounts Cumulative volume discounts	Product mix discount Step (or block) discount Deductibles Preferential terms Buy one, get one free
Ownership variations	Leasing/renting Licensing	Layaway Metering	
Pay now, benefit later	Membership Subscription Retainer	Pre-payment Lock-in pricing	
Buy now, pay later	Financing programs Credit		
Consumption pricing	Peak and off-peak Metering/hourly rates Price-per-project	Usage Two-part pricing	
Product line variations	Versioning Private label Good-better-best	Portfolio pricing Bundling A la carte/menu pricing	Free offers Life-cycle pricing Loss leaders
One-size-fits all	Flat rate / fixed fee All-you-can-eat		
Real-time price variations	Negotiation Dynamic demand	Competitive bid pricing Auction pricing	
Customer engagement	Loyalty pricing Guaranteed rate Priority access Location-based Goal attainment	Yield management No haggle pricing Protection pricing Enhanced warranties Bartering	Customer segmentation Price assurance Minimum order size Psychological pricing
Non-standard revenue generation	Market expansion Sponsorships/advertising fees Controlling price leakage		

Ask yourself ...

- Am I selling **what** target customers want to buy?
 - *portfolio? solution?*
 - *capabilities vs. usability?*
- Am I selling **the way** they want to buy?
 - *locational convenience*
- Am I communicating in the **customer's own words** with relevant benefits?

Are these words customers would use?

“XYZ Company’s solution is a comprehensive, integrated, and strategic customer care solution consisting of products and services that provide analytical capabilities, channel integration, process and sales improvement, and subject matter expertise to the industry.”

RELAUNCH, resurrect, revive

- Are there old concepts or products that were ahead of their time and might work now? Can you resurrect them?
- Are there discontinued brand names that still have value for customers?
- Can you repurpose a component, subcomponent, or complete product to create new value?



RETIRE, sunset, liquidate, rationalize

- Retiring products is part of product line rationalization.
- The definition of *rationalize* is to “weed out unwanted or unnecessary things”
- *Rationalization* refers to making changes to a product mix (including retirement) to increase its profitability



Create a rationalization process

- Monitor profitability trends
- Develop criteria for ongoing evaluation
 - Consider product *line* impacts
 - Sales volume, revenue, profitability
 - Part commonality
 - Functionality
 - Customer need/competitive advantage
- Decide which products to retain, to renew or to retire (also called sunsetting)

Retirement (sunsetting) strategies

- Combine functionalities into one product
- Improve speed and quality of support services without cost increases
- Test various bundling approaches
- Consider niche markets
- Sell rights to another company
- Eliminate product
 - Lower price to reduce inventory
 - Raise price to reduce customer demand



“...make lifecycle planning the core of what you do. Most product managers treat lifecycle management as an event rather than a process. Every decision a product manager makes has a lifecycle impact. ... When lifecycle management and planning is at the center of a product manager’s planning process, product-line decisions from new products, to enhancements, to end-of-life are much clearer and easier to understand.”

Greg DiCillo

President, Life Cycle Strategies, LLC



Key points

As a product manager, you are an entrepreneurial business strategist. To increase your success quotient:

- Practice world-class market intelligence
- Define primary target markets and product *fit*
- Align positioning with segment goals AND your brand
- Develop financial competencies
- Build strong cross-functional relations
- Discipline your planning skills to avoid fire fighting
 - Develop goals, portfolios, roadmaps
 - Regulate your portfolio and decide when to renew, resurrect or retire products





Linda M. Gorchels

Linda Gorchels, executive education faculty emeritus of the University of Wisconsin-Madison's business school has taught over 10,000 corporate executives from the United States and globally. As a former member of the international World Future Society, she provides insights into 21st Century trends that are important for companies to consider in their strategic planning efforts.

An award-winning author, Linda received the *Excellence in Thought Leadership* distinction from the Association of International Product Marketing and Management for *The Product Manager's Handbook* (now in its 4th edition). This work, plus her other books (*The Product Manager's Field Guide*, *The Manager's Guide to Distribution Channels* and *Business Model Renewal*), have been translated into multiple languages. The first two books in her new Product Manager ShortRead series are now available in Kindle and on-demand formats on Amazon.

Gorchels has provided on-site instruction for organizations such as Trane Commercial Systems, GE Medical, Siemens, Metso Automation, Nokia (in Beijing), J.F. Pearson (in Shanghai); conducted workshops in Poland and Hungary; and lectured in an MBA forum at Fudan University in Shanghai. You can reach her through her website (LindaGorchels.com), or through LinkedIn.