

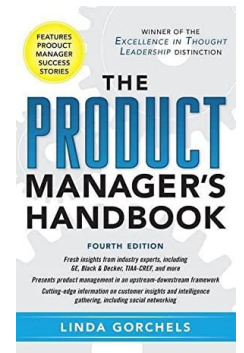


THE PRODUCT MANAGER'S HANDBOOK

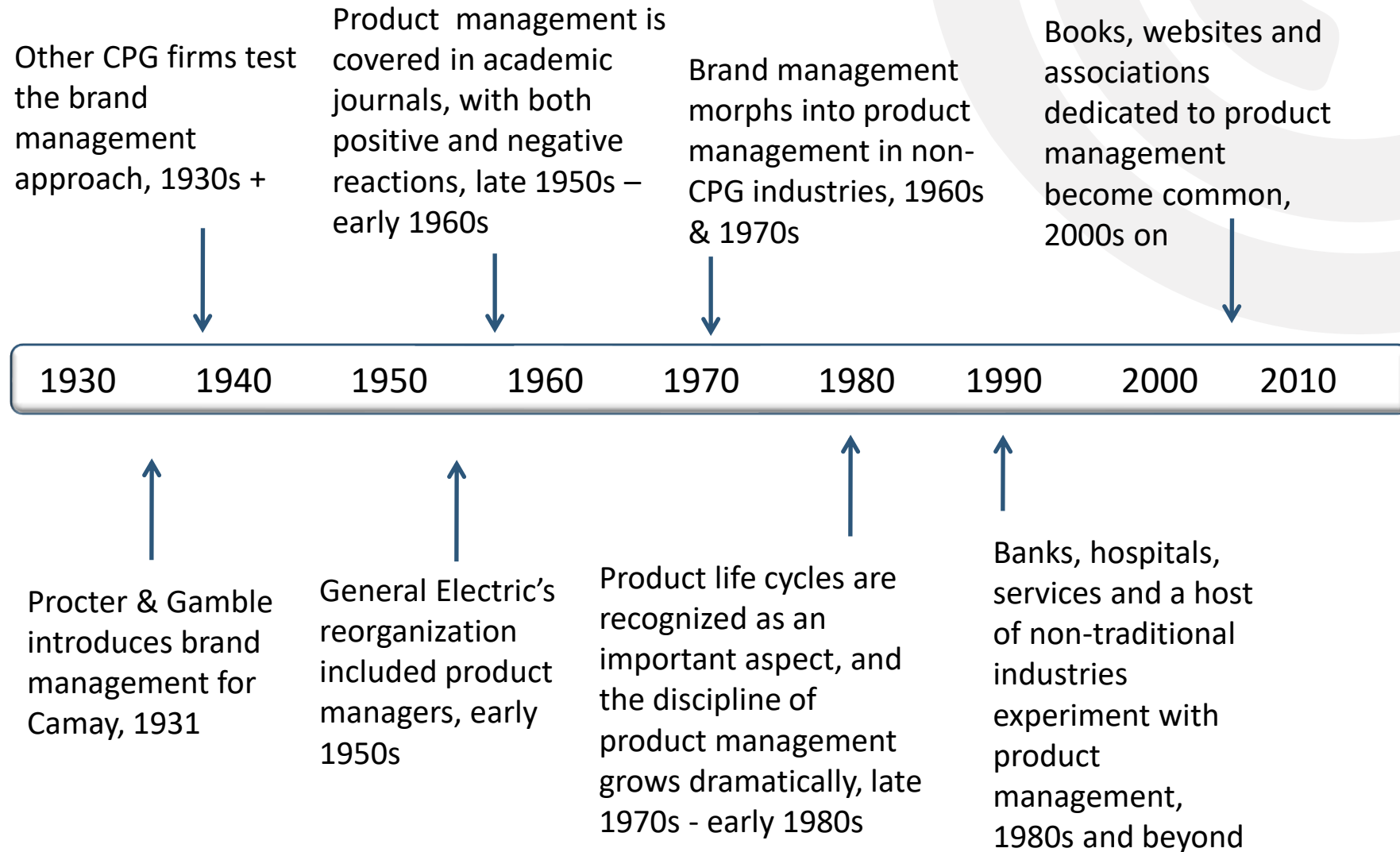
A COMPILATION OF ALL FIGURES
FROM

***“THE PRODUCT MANAGER’S
HANDBOOK”***

BY LINDA GORCHELS



PRODUCT MANAGEMENT TIMELINE



Let's start with the basics

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 ...

WHAT IS PRODUCT MANAGEMENT?

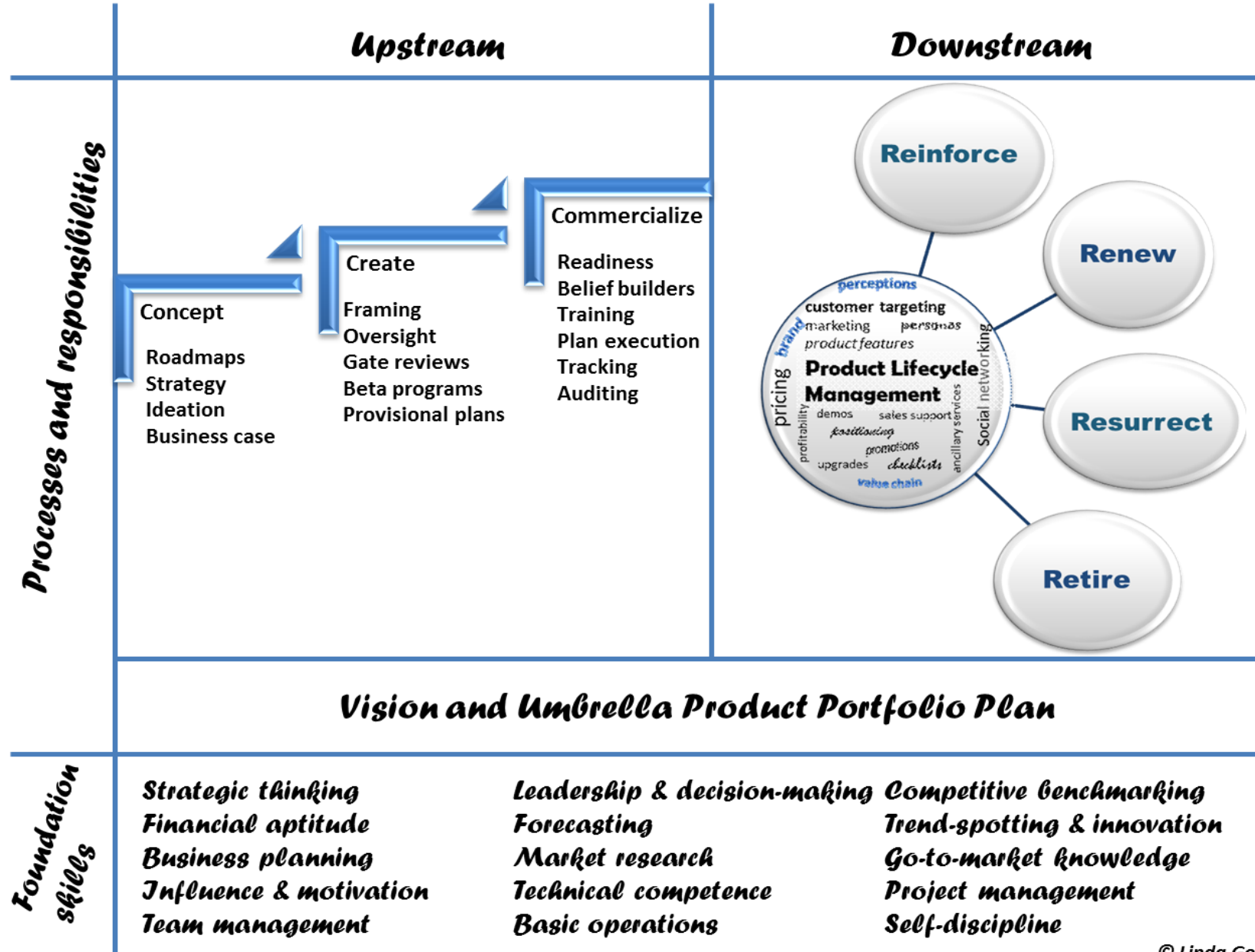
- It is the entrepreneurial management of a piece of business (product, service, product line, brand, segment, etc.) as a “virtual” company.
 - Product managers are generally accountable for this piece of business without having direct authority over the entities that “make it happen.”



*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.*



Product Management Framework



Chapter Two

LEADERSHIP & MANAGEMENT COMPETENCIES



PMS ARE LEADERS & MANAGERS

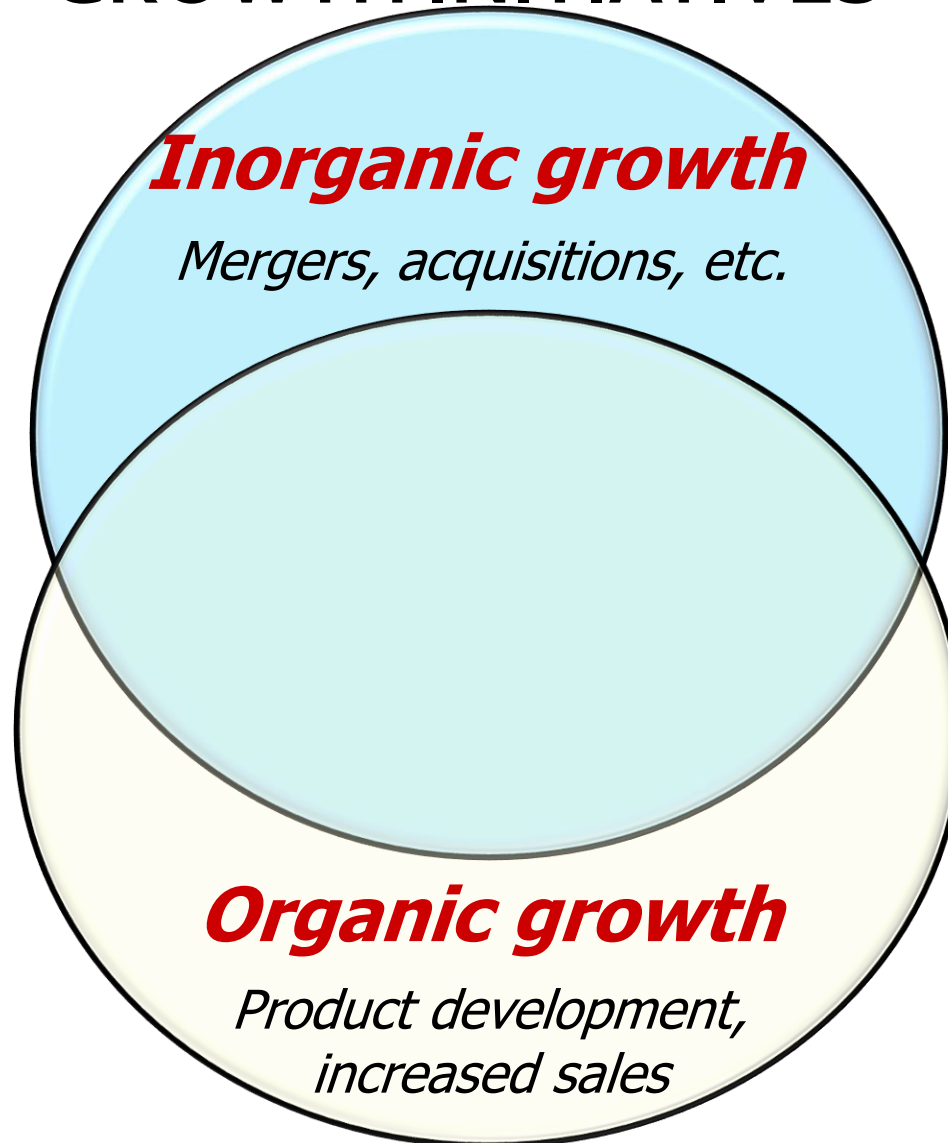
- “Leadership and management are two distinctive and complementary systems of action. Management is about coping with complexity. Leadership is about coping with change. Leadership complements management; it doesn’t replace it. Companies manage complexity by planning & budgeting, by controlling & problem 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

PM AS CHANGE AGENT



GROWTH INITIATIVES

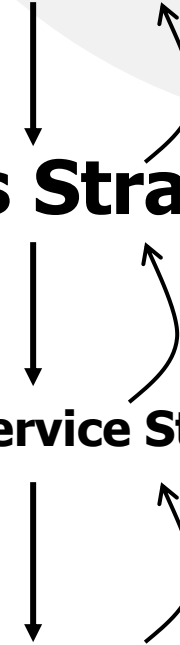


Corporate Strategies

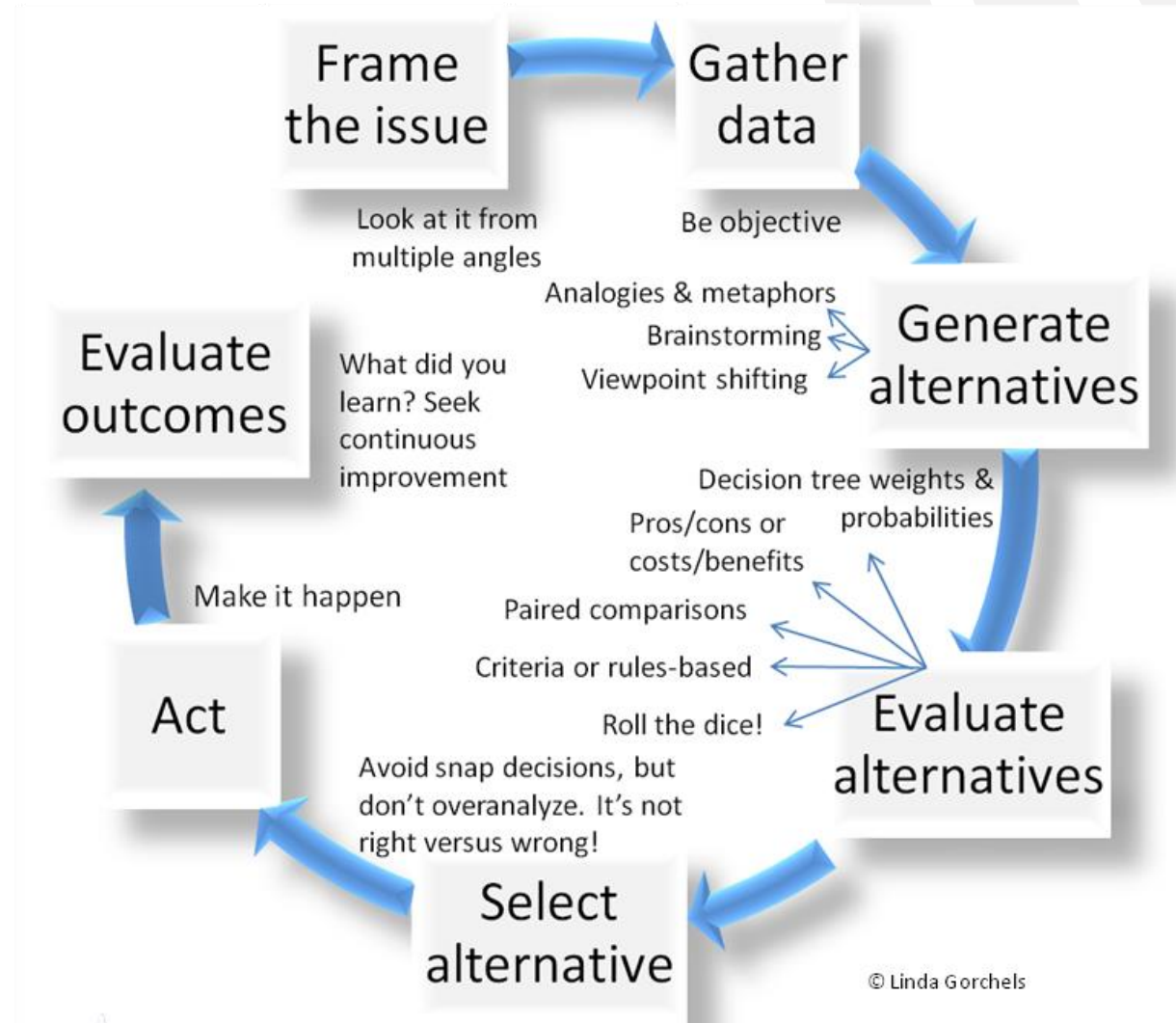
Business Strategies

Product/Service Strategies

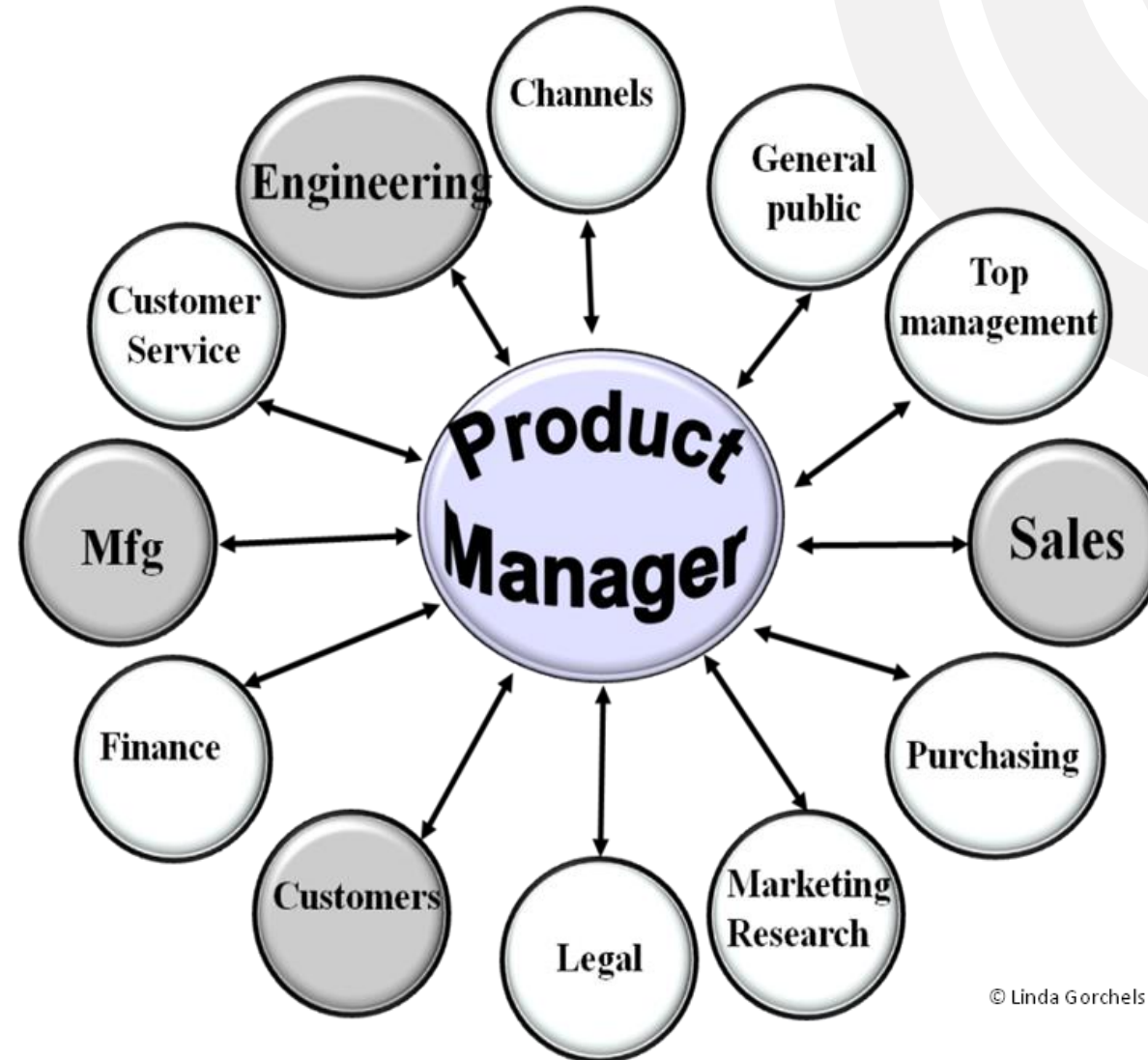
Field strategies



THE DECISION-MAKING PROCESS



PRODUCT MANAGER STAKEHOLDERS



© Linda Gorchels

EXPECT ROADBLOCKS



Chapter Three

BUSINESS COMPETENCIES



BASIC FINANCIAL CONCEPTS

- General cost classifications
 - Manufacturing costs
 - Nonmanufacturing costs
 - Allocated costs
- Contribution reporting
 - Direct costs (cost drivers)
 - Indirect costs
 - Relevant costs



WHAT ARE *RELEVANT* COSTS?

Relevant costs are

- Costs that can be eliminated (in whole or in part) by choosing one alternative over another.
- Avoidable costs are relevant costs.

Unavoidable costs (almost never relevant) include:

- ✓ Sunk costs.
- ✓ Future costs that **do not differ** across the alternatives.

Contribution Reporting

Define the relevant costs directly related to the product or product manager.

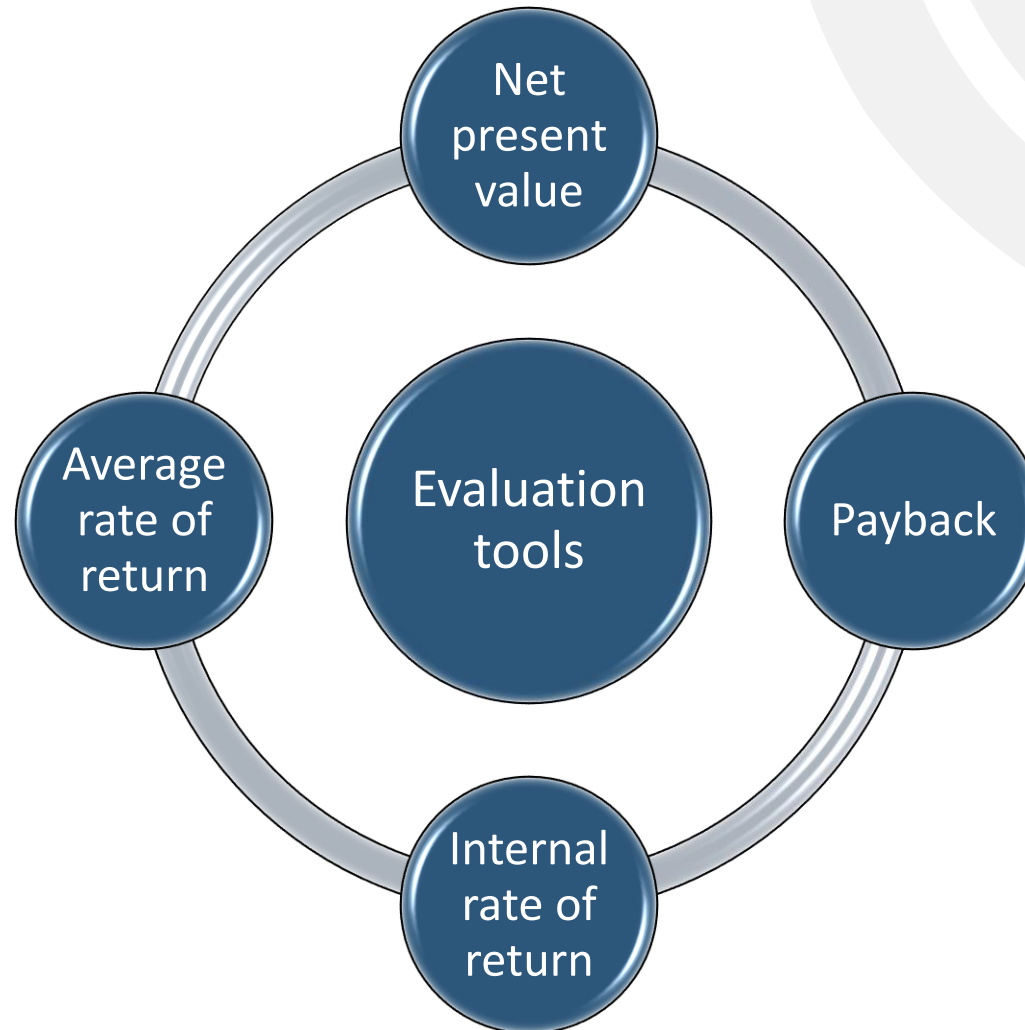
	Units of Contribution Analysis		
	Total Company	Product Manager 1	Product Manager 2
Sales	\$ 900,000	\$500,000	\$400,000
Less variable expenses			
cost of goods sold	400,000	270,000	130,000
other variable expenses	<u>100,000</u>	<u>70,000</u>	<u>30,000</u>
Total variable expenses	<u>500,000</u>	<u>340,000</u>	<u>160,000</u>
Contribution margin	400,000	160,000	240,000
less direct fixed expenses	<u>150,000</u>	<u>80,000</u>	<u>70,000</u>
Product manager margins	<u>250,000</u>	<u>\$ 80,000</u>	<u>\$ 170,000</u>
less common fixed expenses	<u>160,000</u>		
Net income	<u>\$ 90,000</u>		
	Product Manager 2	Standard Model	Custom Model
Sales	\$400,000	\$150,000	\$250,000
Less variable expenses			
cost of goods sold	130,000	50,000	80,000
other variable expenses	<u>30,000</u>	<u>20,000</u>	<u>10,000</u>
Total variable expenses	<u>160,000</u>	<u>70,000</u>	<u>90,000</u>
Contribution margin	240,000	80,000	160,000
less direct fixed expenses	<u>30,000</u>	<u>10,000</u>	<u>20,000</u>
Product margins	<u>210,000</u>	<u>\$ 70,000</u>	<u>\$ 140,000</u>
less common fixed expenses	<u>40,000</u>		
Net income	<u>\$ 170,000</u>		
	Custom Model	Contractors	Residential
Sales	\$250,000	\$180,000	\$70,000
Less variable expenses			
cost of goods sold	80,000	60,000	20,000
other variable expenses	<u>10,000</u>	<u>3,000</u>	<u>7,000</u>
Total variable expenses	<u>90,000</u>	<u>63,000</u>	<u>27,000</u>
Contribution margin	160,000	117,000	43,000
less direct fixed expenses	<u>10,000</u>	<u>7,000</u>	<u>3,000</u>
Customer segment margins	<u>150,000</u>	<u>\$ 110,000</u>	<u>\$ 40,000</u>
less common fixed expenses	<u>10,000</u>		
Net income	<u>\$ 140,000</u>		

UPSTREAM ISSUES

- Investment decisions
 - Timing and present values of cash inflows and outflows
- Price analysis for new products
 - Estimated economic value modeling



NEW PRODUCT INVESTMENTS



ECONOMIC VALUE MODELING

Example:

Reference price

Value of added benefits

Monetary savings

Longer life

Lower failure rates

Labor savings

Total savings

Monetary costs

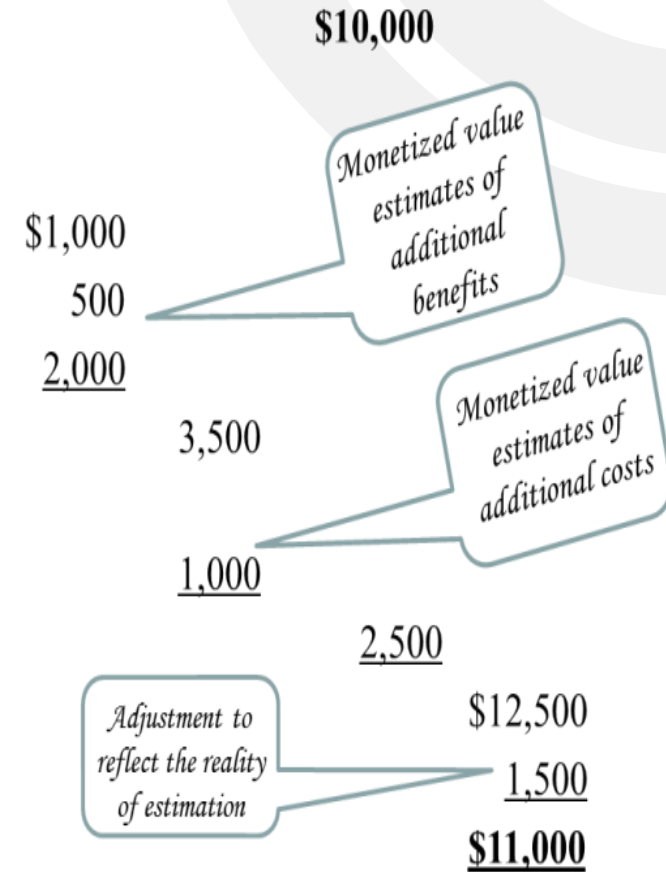
Switchover costs

Net savings

Economic value to the customer

Incentive to switch

Your price

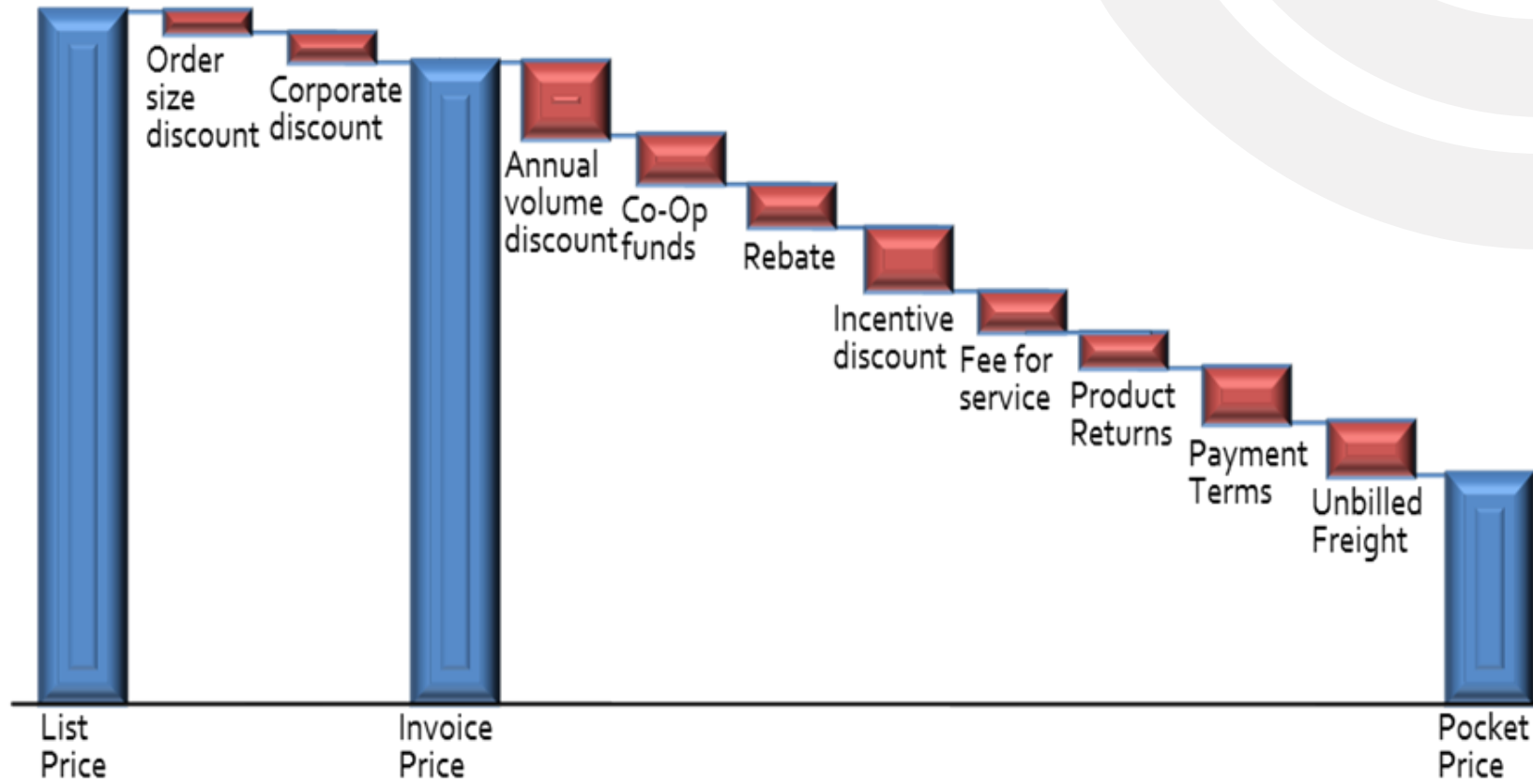


DOWNSTREAM ISSUES

- Relevant costs
 - Direct costs for services, customers, product changes
 - What costs do product managers “control?”
- Profit leakage
 - The pocket price waterfall



THE POCKET PRICE WATERFALL

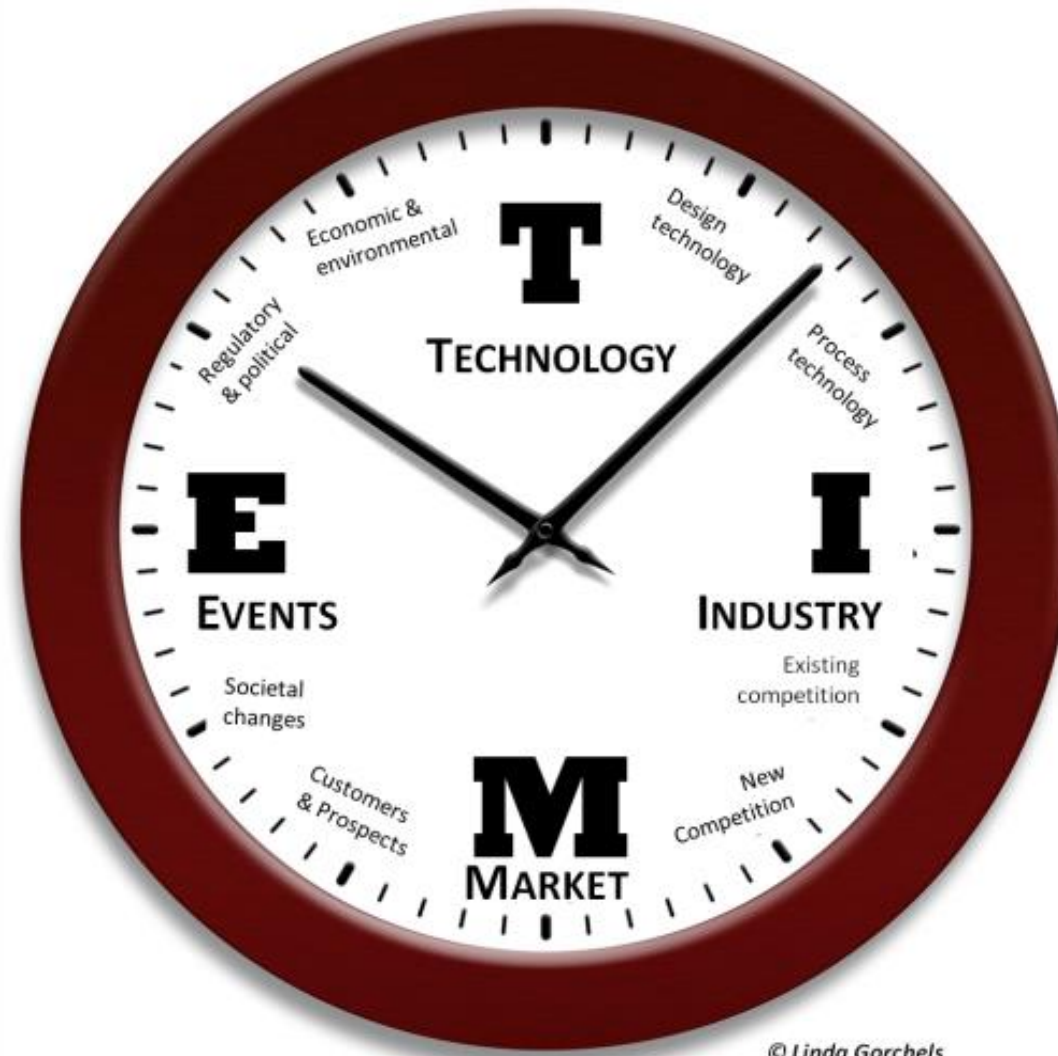


Chapter Four

INTELLIGENCE GATHERING



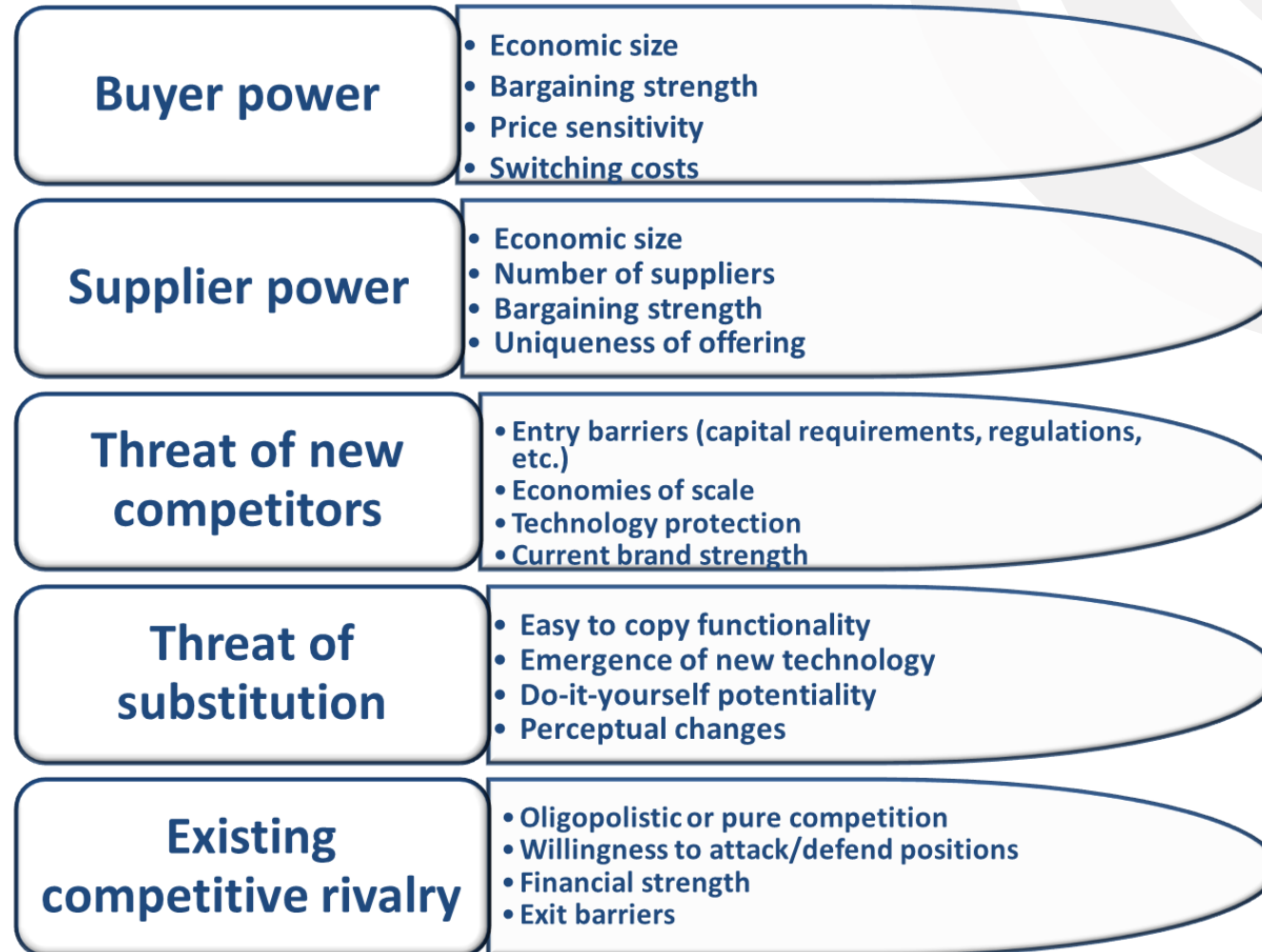
EXTERNAL INTELLIGENCE CATEGORIES



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PORTER'S INDUSTRY ANALYSIS



WHAT IS THE COMPETITION FOR ...

- Bicycles?
- Google?
- Facebook?
- A summer vacation?
 - Credit cards?
 - Pain medicine?
 - Books?

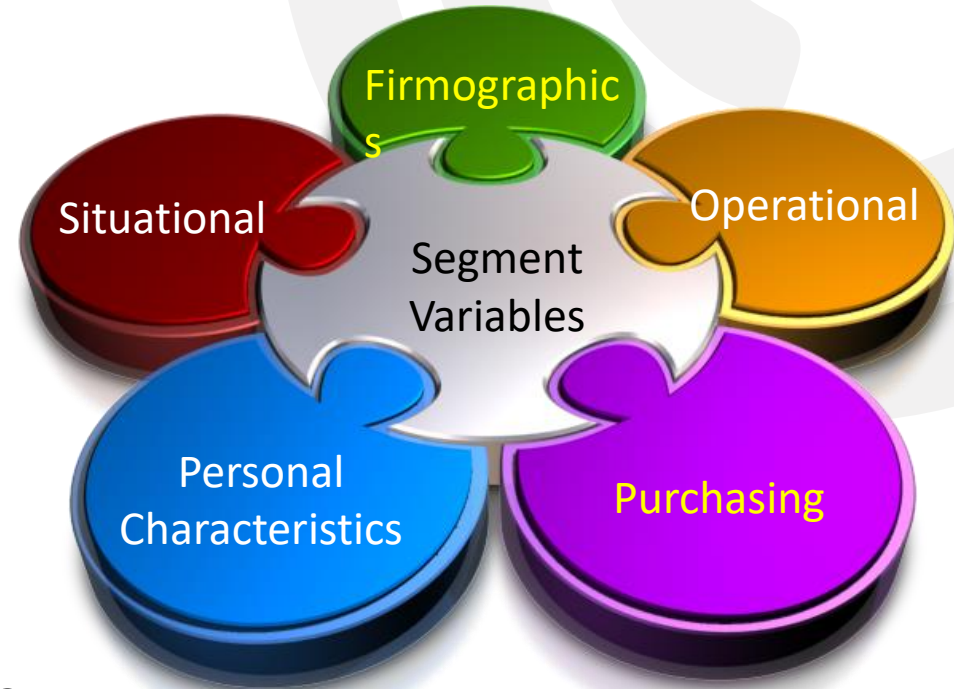


CATEGORIES OF COMPETITION

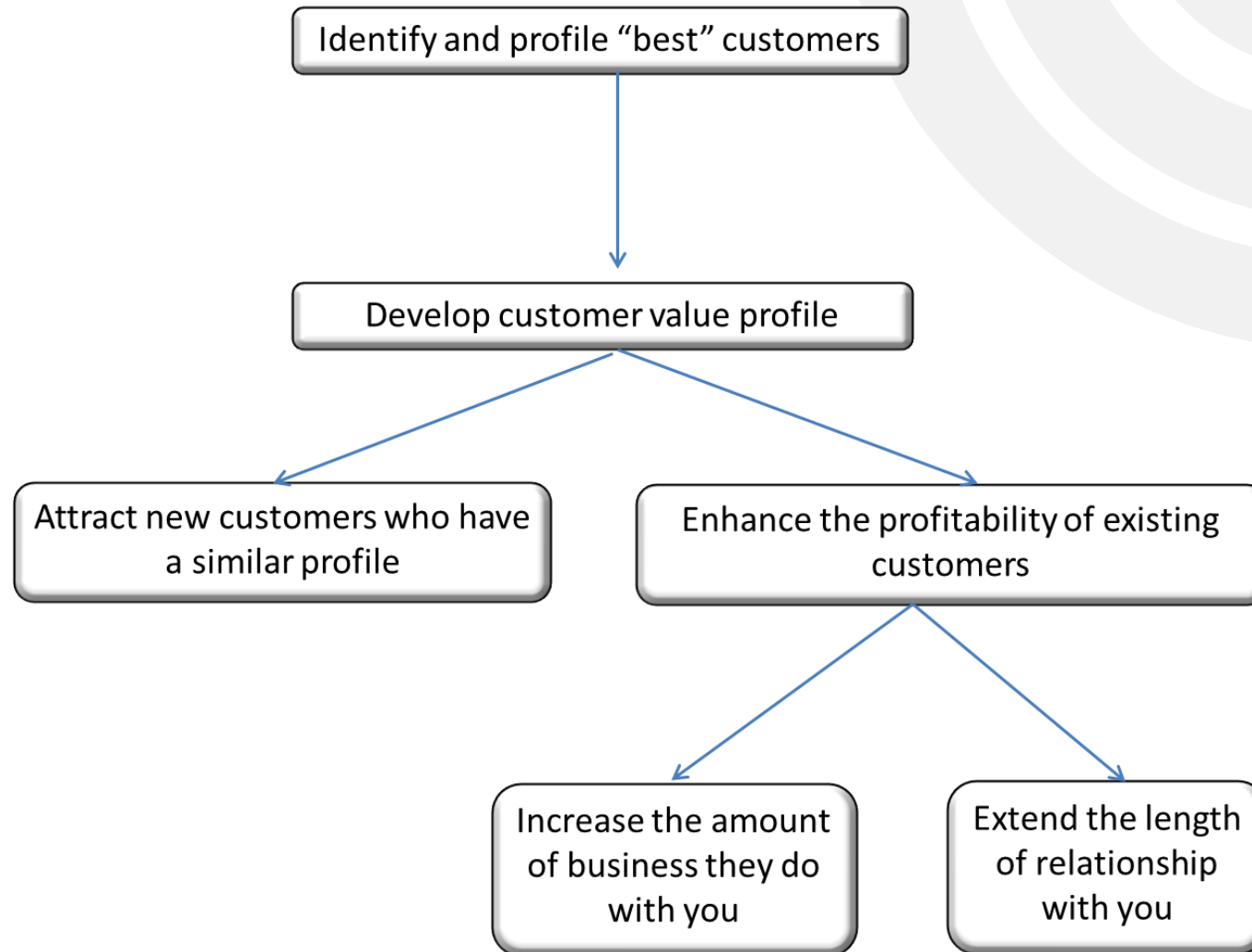
Type of competition	Identify who they are	Future Impacts	Implications
Directly competing products	List competitors and specific product features	What percent of competition does this represent both today and in the future? For which customers?	How can you establish differential advantage against these products?
Category	Describe the category and the companies and products within the category	What percent of competition does this represent both today and in the future? For which customers?	How can you position your offering as best in category?
Substitutes	Describe the actual “need” the products and services provide with their functionality	What percent of competition does this represent both today and in the future? For which customers?	How can you influence the perceived risk of customers shifting to substitutes?
Budget	Highlight potential resistance of customers to spend money on your type of product or need	What percent of competition does this represent both today and in the future? For which customers?	How can you encourage shifting of budgetary expenditures to your product?
Organizational	Explain the “augmented” product provided by competing companies	What percent of competition does this represent both today and in the future? For which customers?	How can you develop collaborative efforts to better position your company over competing companies?

B2B MARKET SEGMENTATION

- **Firmographics**
 - Size, location, NAICS
- **Operational**
 - Capabilities, user/nonuser
- **Purchasing**
 - Centralized/decentralized
- **Personal characteristics**
 - Demographics, psychographics
- **Situational factors**
 - Urgency, order size



CUSTOMER EQUITY FLOW CHART

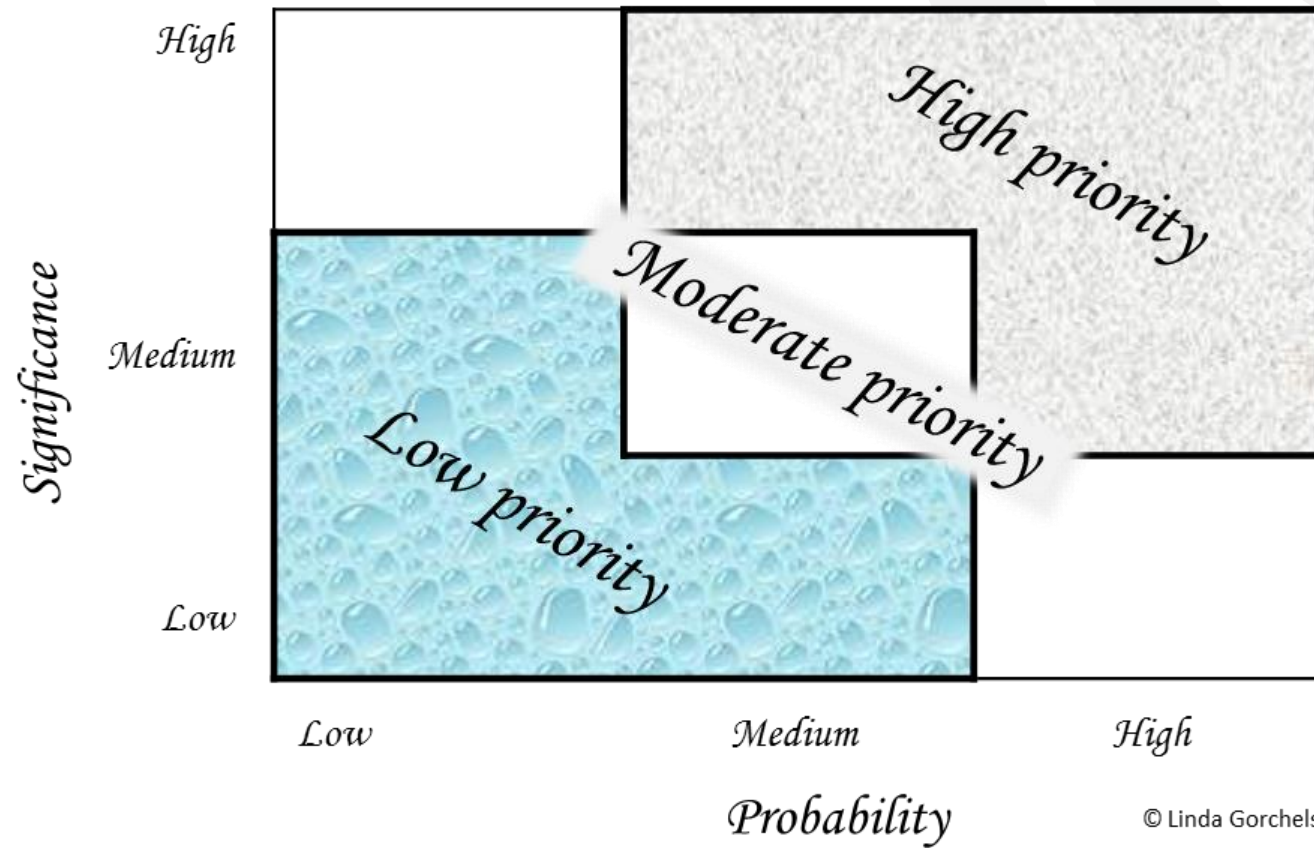


REVENUES COME FROM CUSTOMERS!

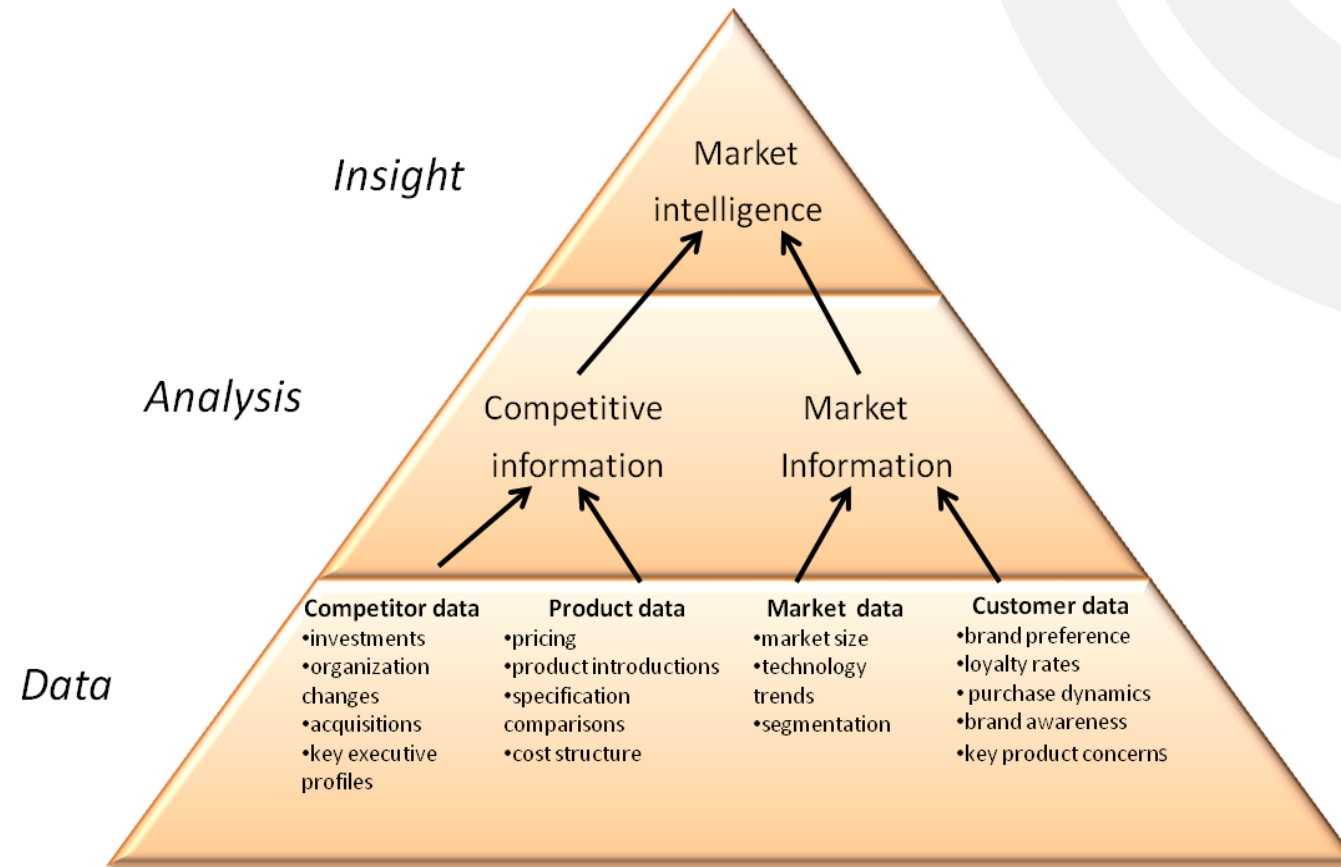
Attracting and keeping the highest-value customers is the cornerstone of a successful business program.



TREND PRIORITIZATION



COMBINE DATA INTO FORESIGHT



Source: Adapted from Ed Crowley, "Market Intelligence versus marketing research, *Quirk's Marketing Research Review*, December 2004, p. 64+.

Chapter Five

PLANNING FRAMEWORKS



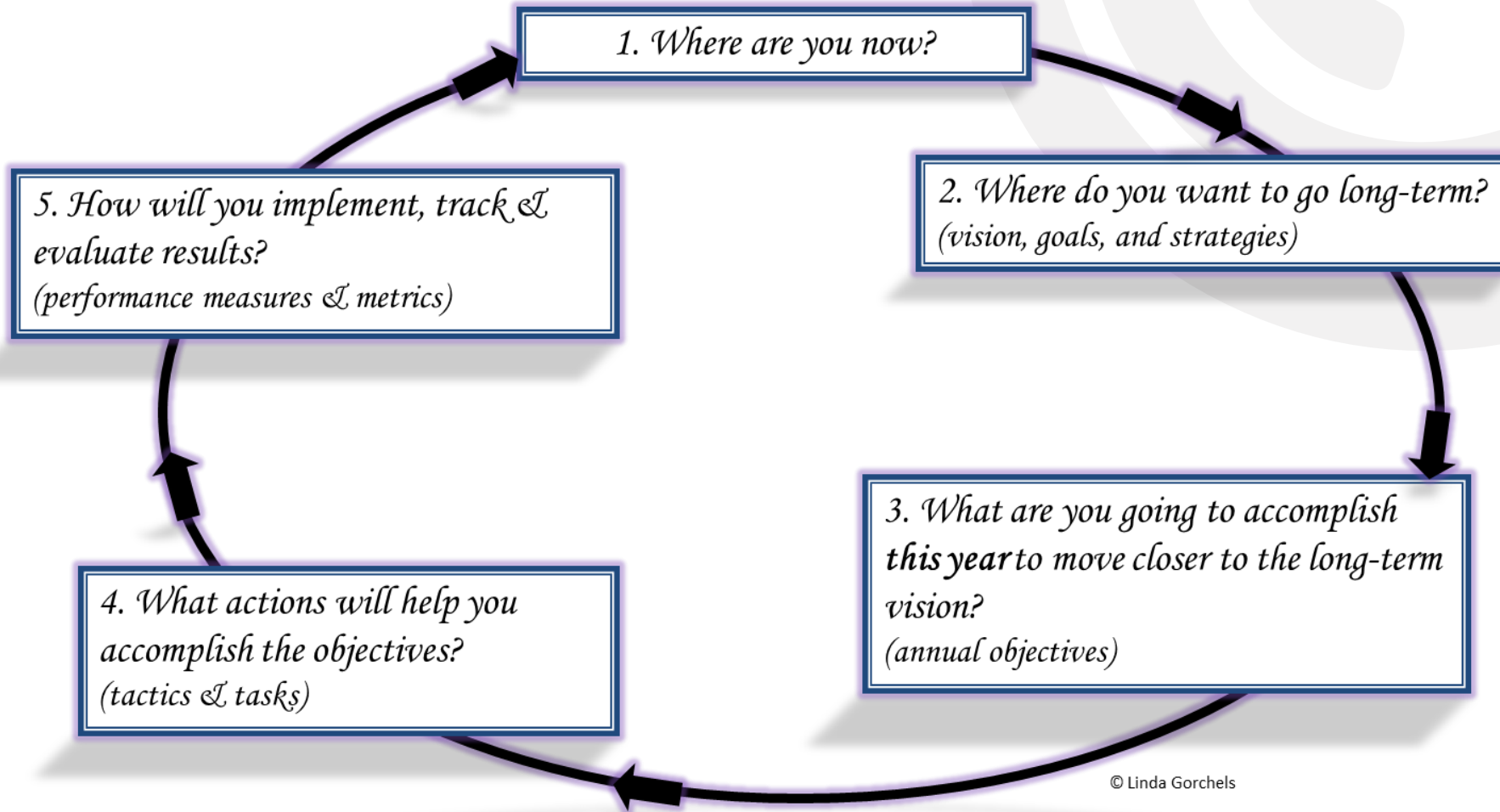


IS YOUR PLANNING BASED ON ...

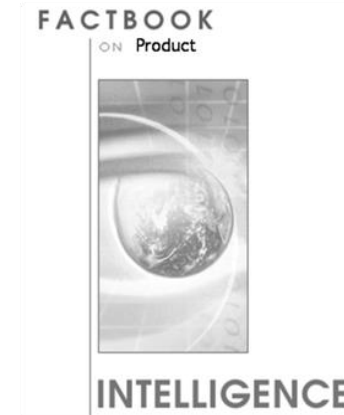
FACT OR FAD?



A PLANNING FRAMEWORK



Fact Book on Product Intelligence



Compile & organize external data & trends

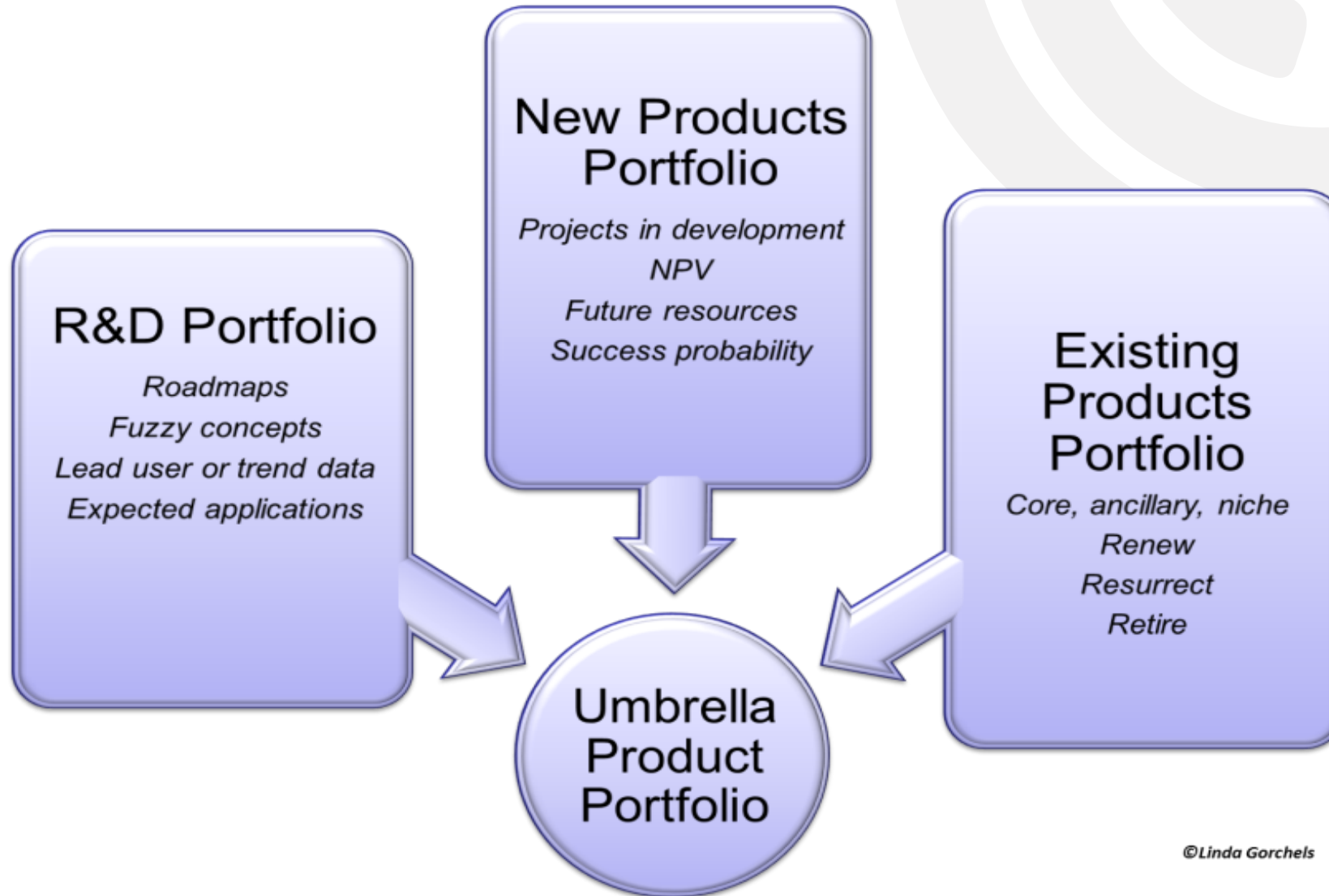
- Technology inputs and processes
- Industry structure and key performance issues
- Competitive profiles & strategies *(including possible substitutes)*
- Segment size, growth rates, psychographics and demographics
- Trends, events and externalities affecting the product line

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, 4R status)*
- Marketing metrics *(awareness, plan effectiveness)*

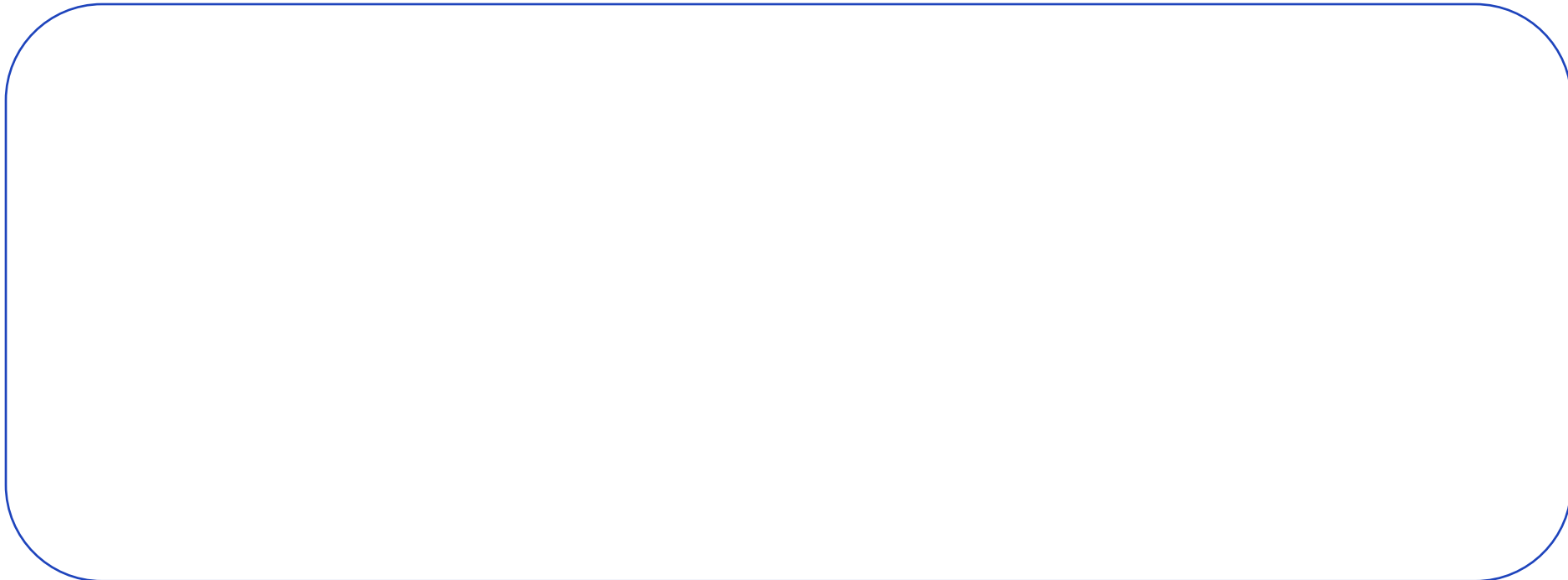
Update goals, portfolios, roadmaps, strategies

DEFINE A LONG-TERM PORTFOLIO



DEVELOP YOUR OWN PRODUCT VISION STATEMENT

- Think of the product vision statement as similar to the opening paragraph of a future annual report. There is no template. Every vision statement is unique to the specific product situation.
- Write a draft vision statement below.



CREATE STRONG OBJECTIVES

Specific

Measurable

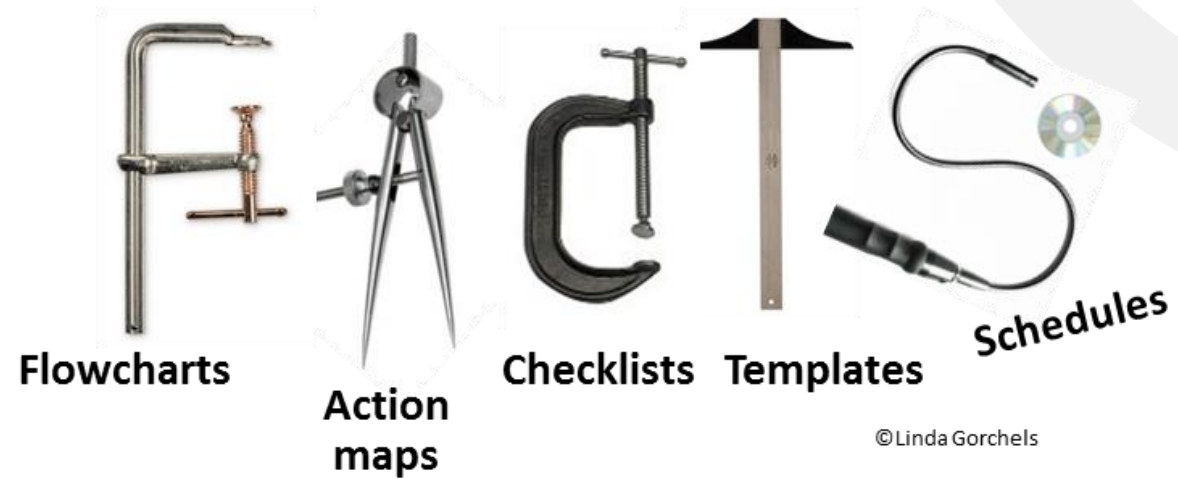
Attainable

Results-oriented

Time-bound



FACTS TOOLS FOR PLANNING



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TYPICAL PLAN COMPONENTS

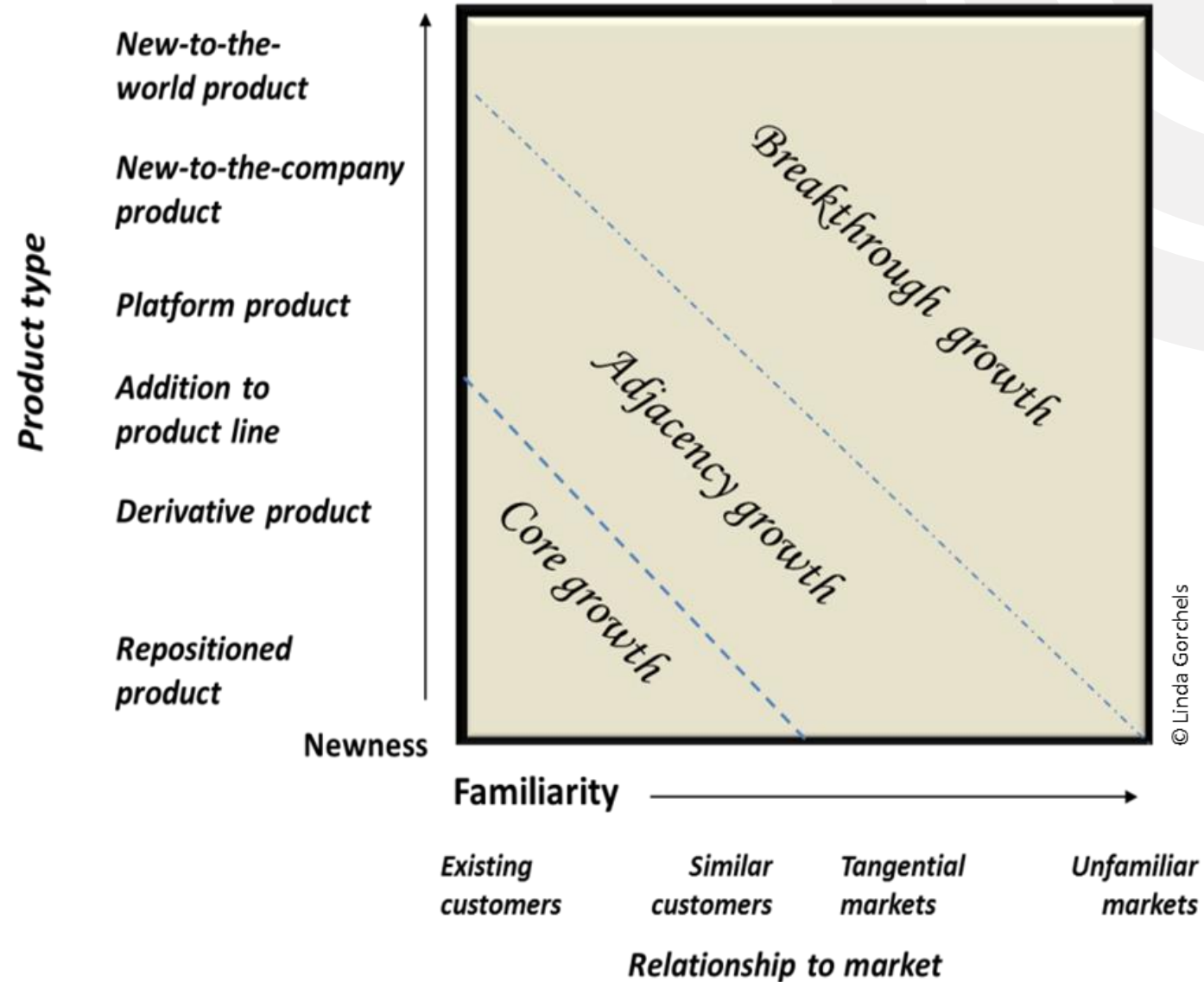
Category	Description
Vision statement	Concisely define the future direction of your product portfolio and how this particular plan fits in. Link to corporate goals and visions as necessary.
Goals or objectives	State the long-term goals or short-term objectives in the SMART format. Add composite profit projections and augment with target market profiles and positioning – unless they are addressed more specifically by product later in the plan.
Internal review	Summarize high level product performance history, as well as product and company strengths and weaknesses relevant for this plan. If specific templates or checklists ensure compliance with company goals, include that here.
External review	Summarize high level components of the TIME analysis relevant for this plan. Include your insights as to what these mean for your product portfolio.
Product innovation	Describe key product development activities, projects and initiatives that fit within the planning cycle, including any launch initiatives. Highlight forecasts, market profiles, competitive benchmarks and “reasons to believe.”
Lifecycle management	Describe efforts for reinforcing, renewing, relaunching or retiring products during this planning cycle. Attach forecasts, market profiles and positioning by product or product category as appropriate. Include rationale and assumptions.
Resource requirements	Explain what support (people, time, money, operations, competencies, etc.) will be required to realize this plan.
Stakeholder involvement	Specify the functions who will necessarily contribute to the execution of the plan and what their roles will be. This should include both internal partners (such as R&D and marketing) as well as external partners (channel, supply chain, lead users and others).
Appendices	Include financials (P&L), supporting research, and continuation of ongoing activities from prior plans.

Chapter Six

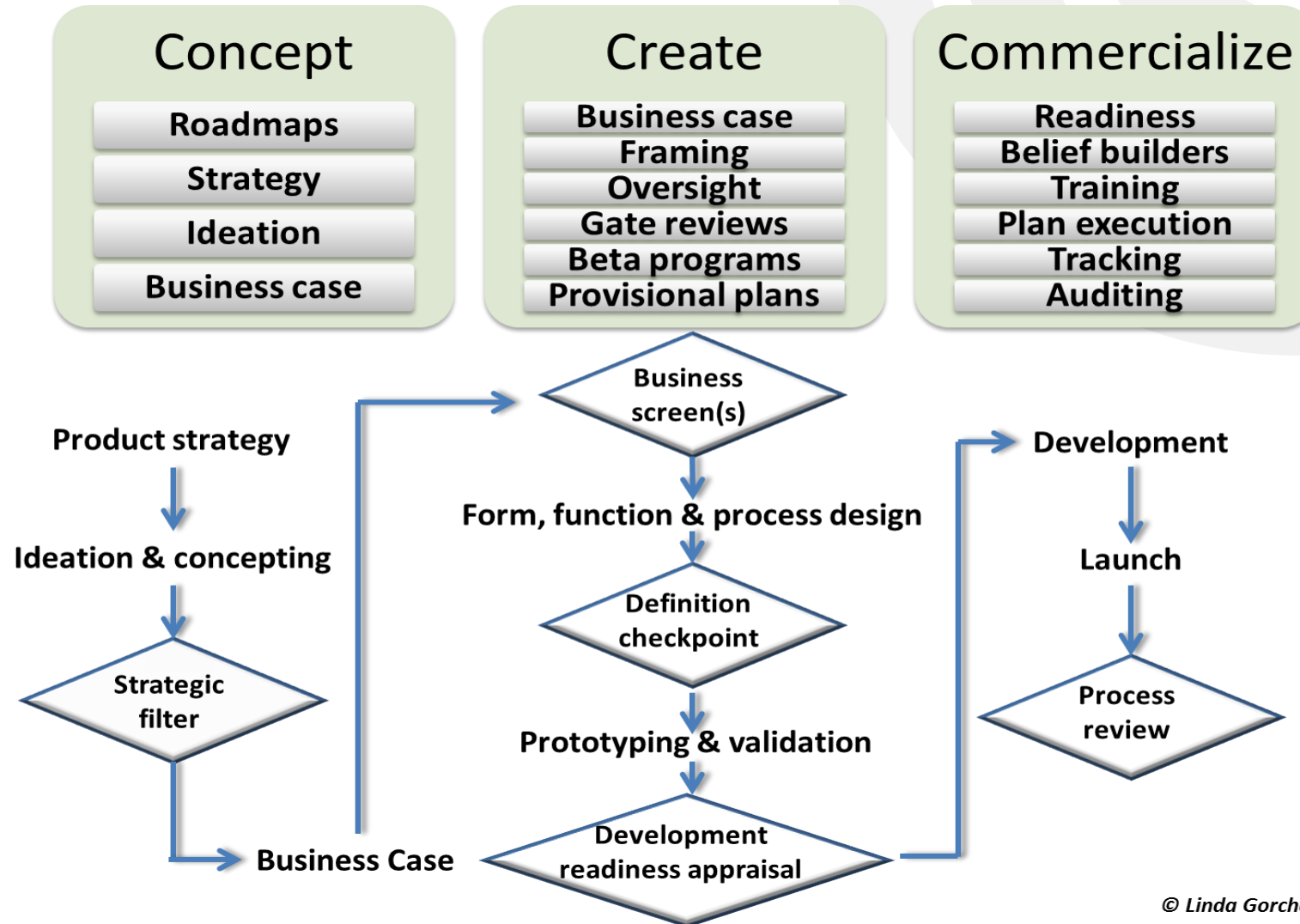
ROADMAPS, INNOVATION AND THE FUZZY FRONT END



TIME HORIZONS FOR PRODUCT GROWTH



THE 3C FRAMEWORK

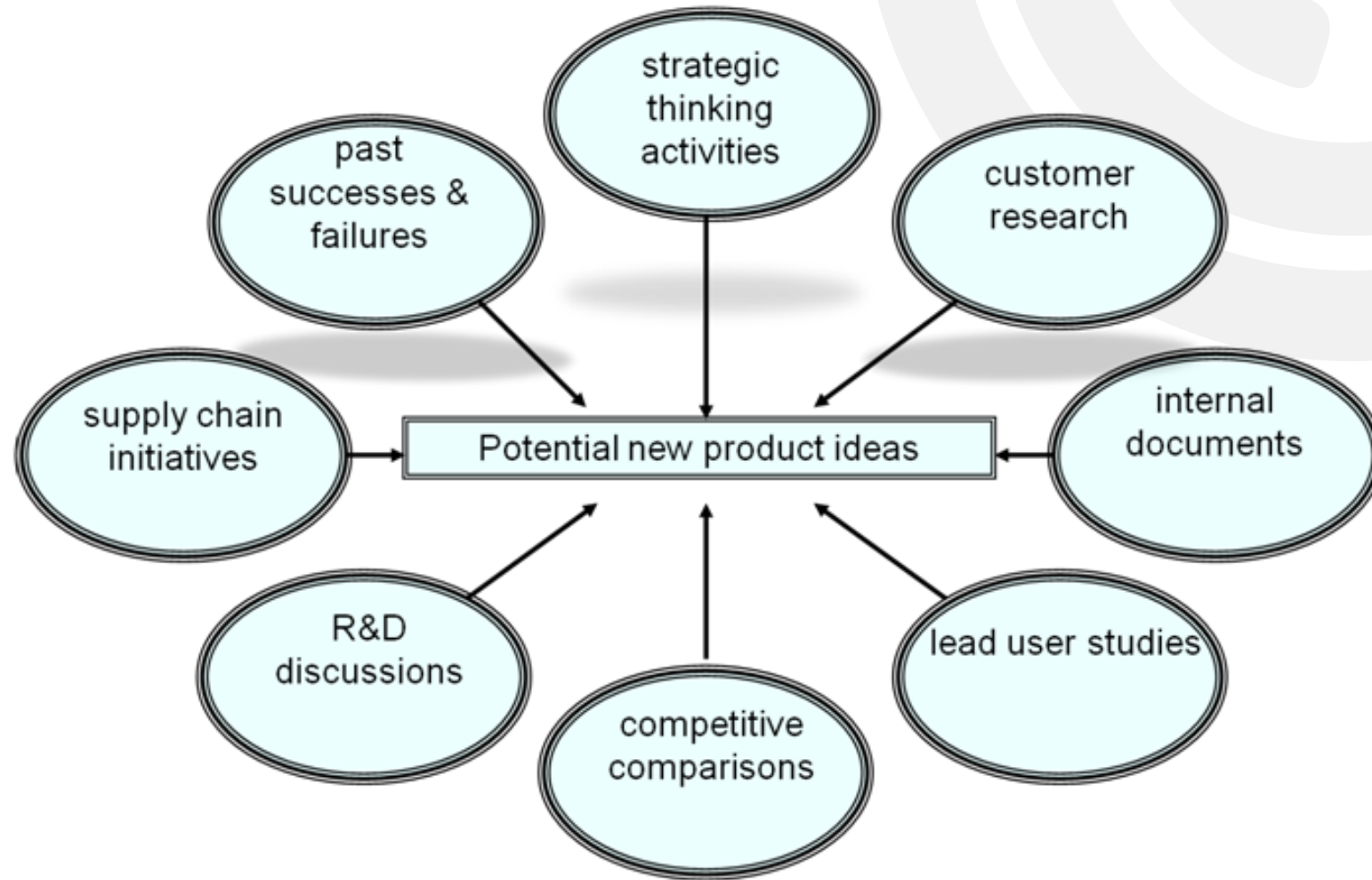


Open innovation concepts

Co-development	Working with outside partners in development
Collaborative innovation	Networks, alliances, consortia
Joint venture	Formal legal arrangement
Open innovation	Leveraging external sources of technology & innovation
Open-source models	Informally structured collaborations

Source: M. Docherty, “*Primer on Open Innovation*, **PDMA Visions**, April 2006, p. 13.)

SOURCES OF PRODUCT IDEAS



IDEA PRUNING

Use an idea funnel approach



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Avoid idea **tunnel**

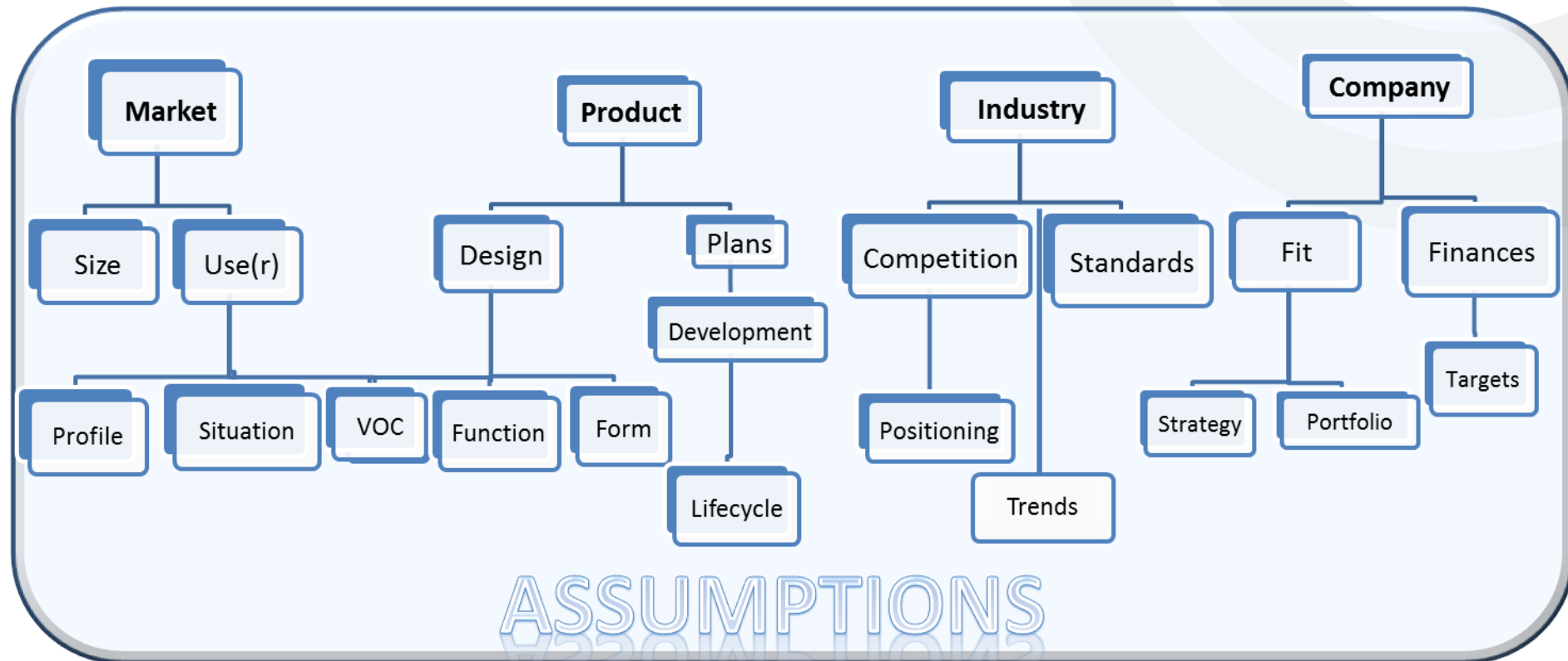


Chapter Seven

CREATING – AND GETTING APPROVAL FOR – BUSINESS CASES



BUSINESS CASE COMPONENTS



Use value modeling for new products

Economic Value Analysis

Build the business case

- Define differences in segment sizes, forecasts, and elasticities
- Prepare segment break-even analyses using internal cost data

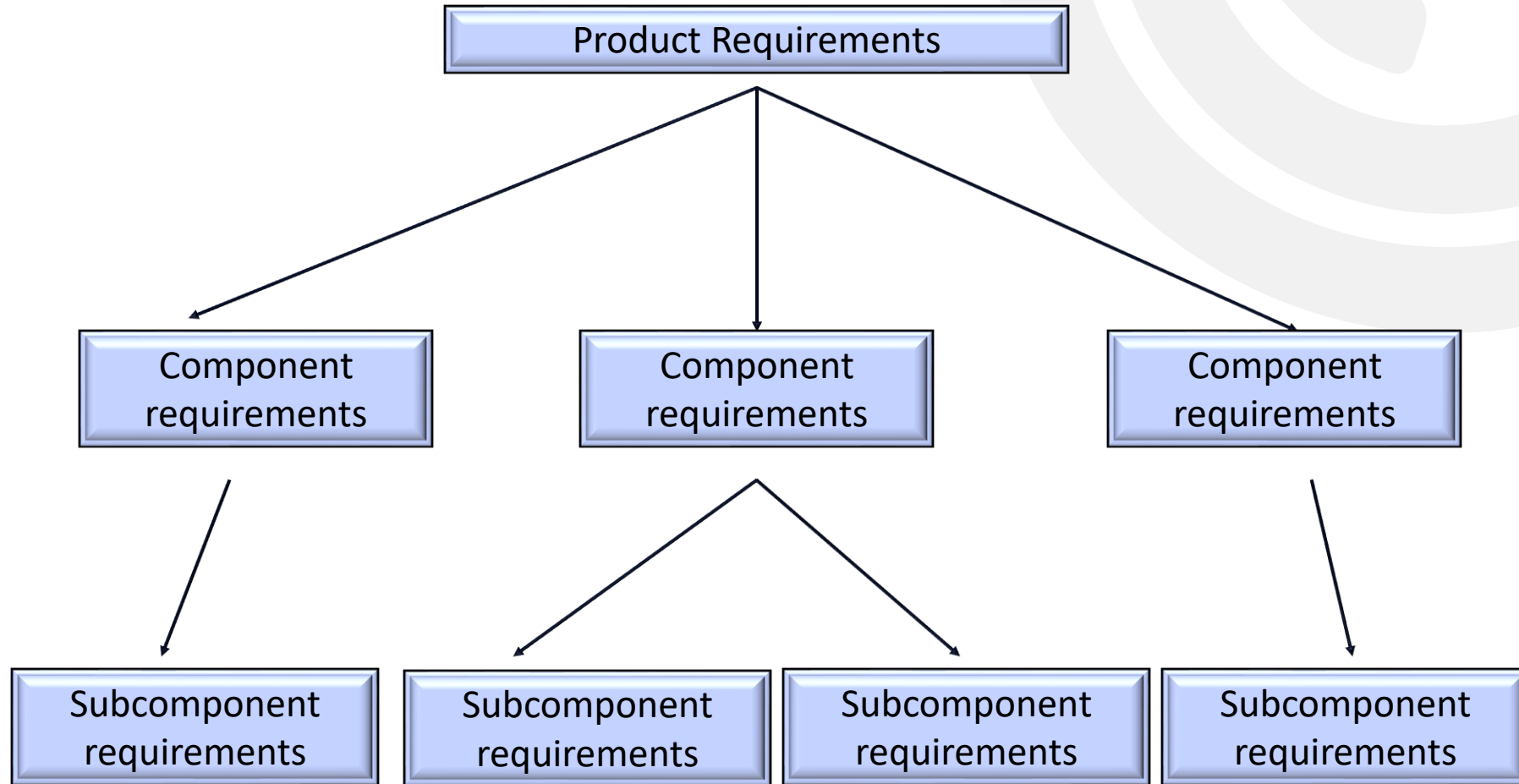
Monitor value shifts

- Update at gate reviews
- Create a provisional marketing plan

Example

Comparison (reference) cost		\$10,000
Monetary savings		
Longer life	\$1,000	
Lower failure rates	500	
Labor savings	<u>2,000</u>	
Total savings		\$3,500
Monetary costs		
Switchover costs		<u>\$1,000</u>
Net savings		<u>\$2,500</u>
Economic value to customer		\$12,500
Incentive to switch		<u>1,500</u>
Your plan-to price		<u>\$11,000</u>

SPECIFY ALL REQUIREMENTS



MARKET REQUIREMENTS DEVELOPMENT

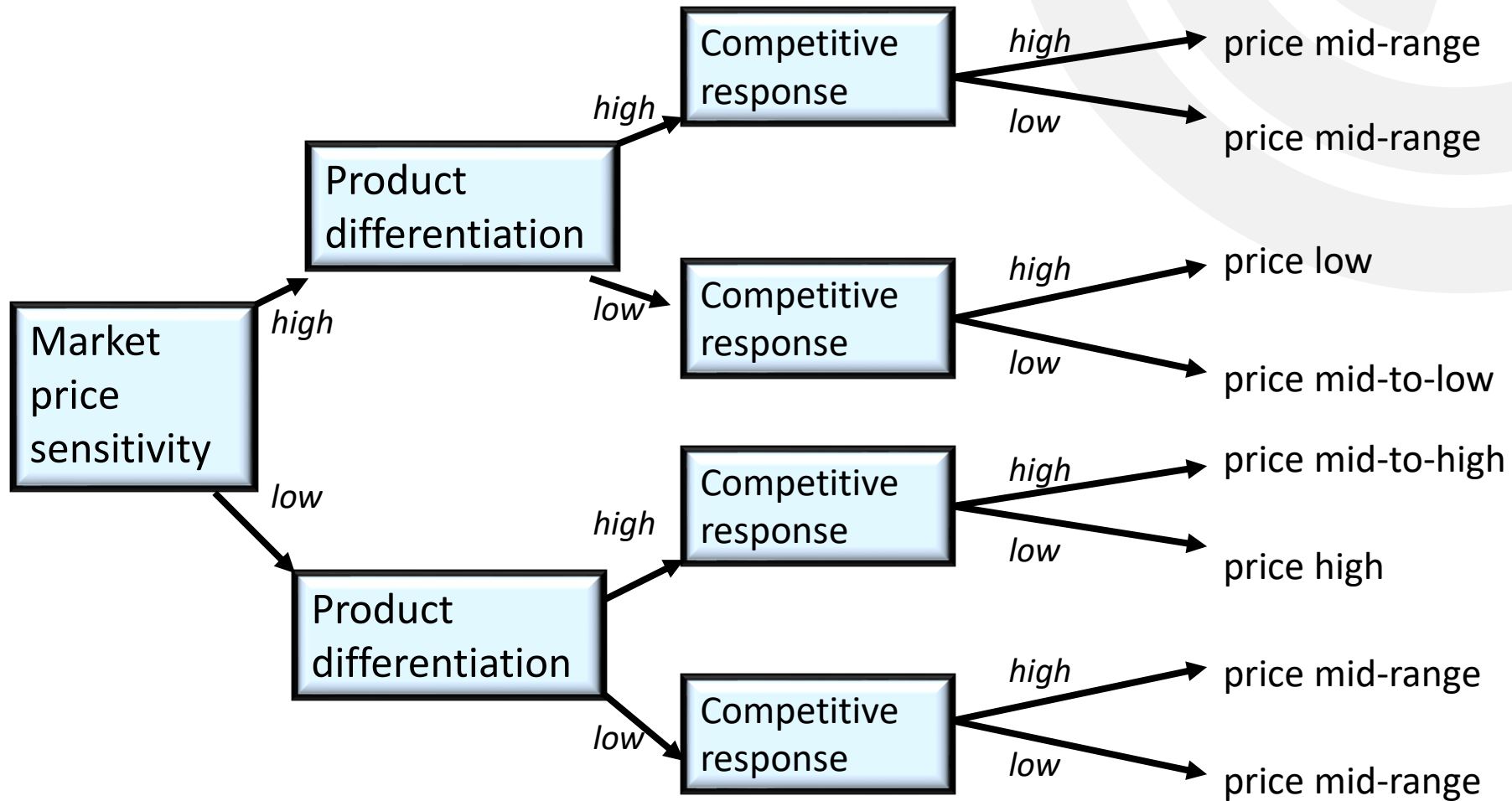
Note that the importance column should suggest what benefits (functionality) are required, nice to have, or in some cases, critical to avoid.

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 prices	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

Adapted and (added to) from Kent Ulrich and Steven Eppinger, Product Design and Development (New York: McGraw-Hill, 1995): pp. 54-65,

NEW PRODUCT PRICING DECISION TREE

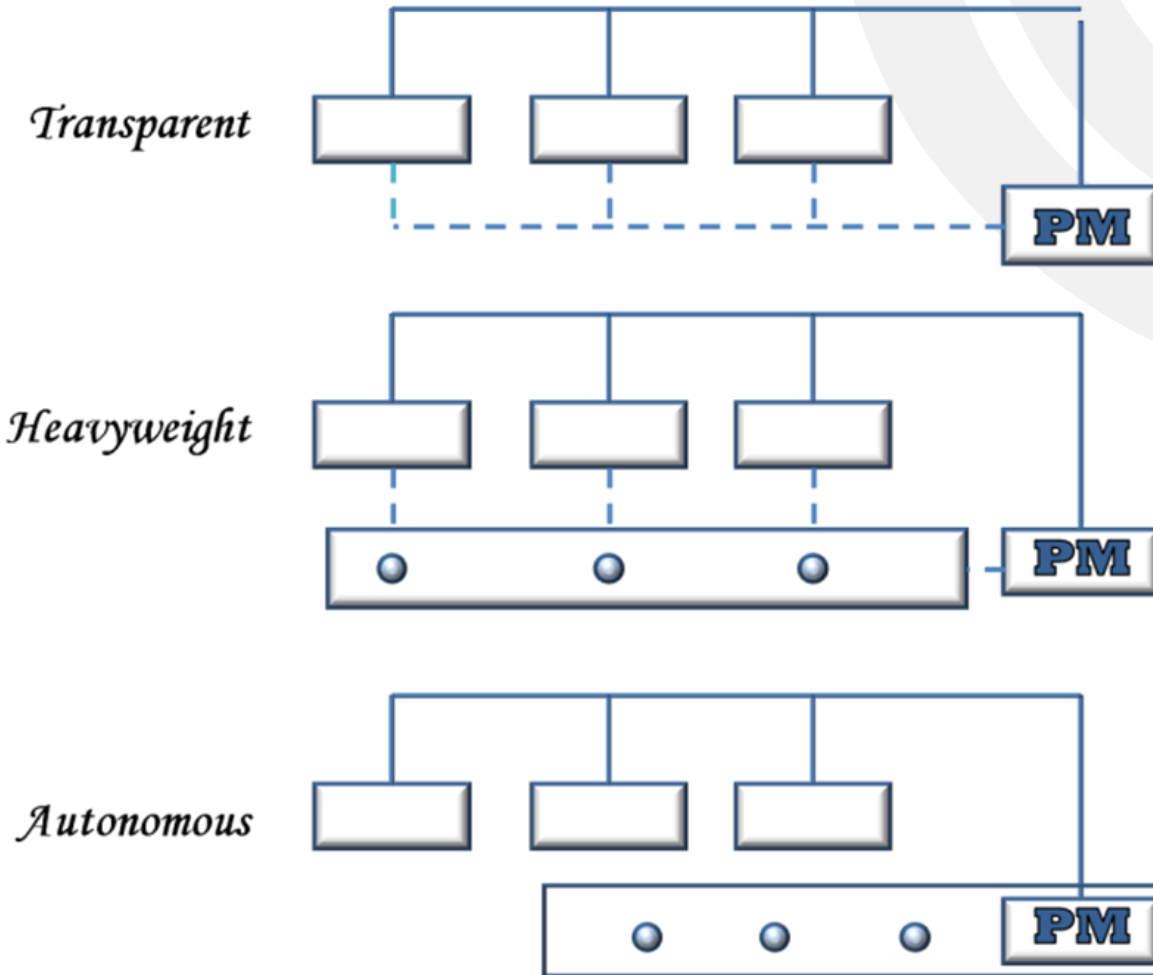


Chapter Eight

OVERSEEING THE NEW PRODUCT PROJECTS



NEW PRODUCT MATRIX STRUCTURES



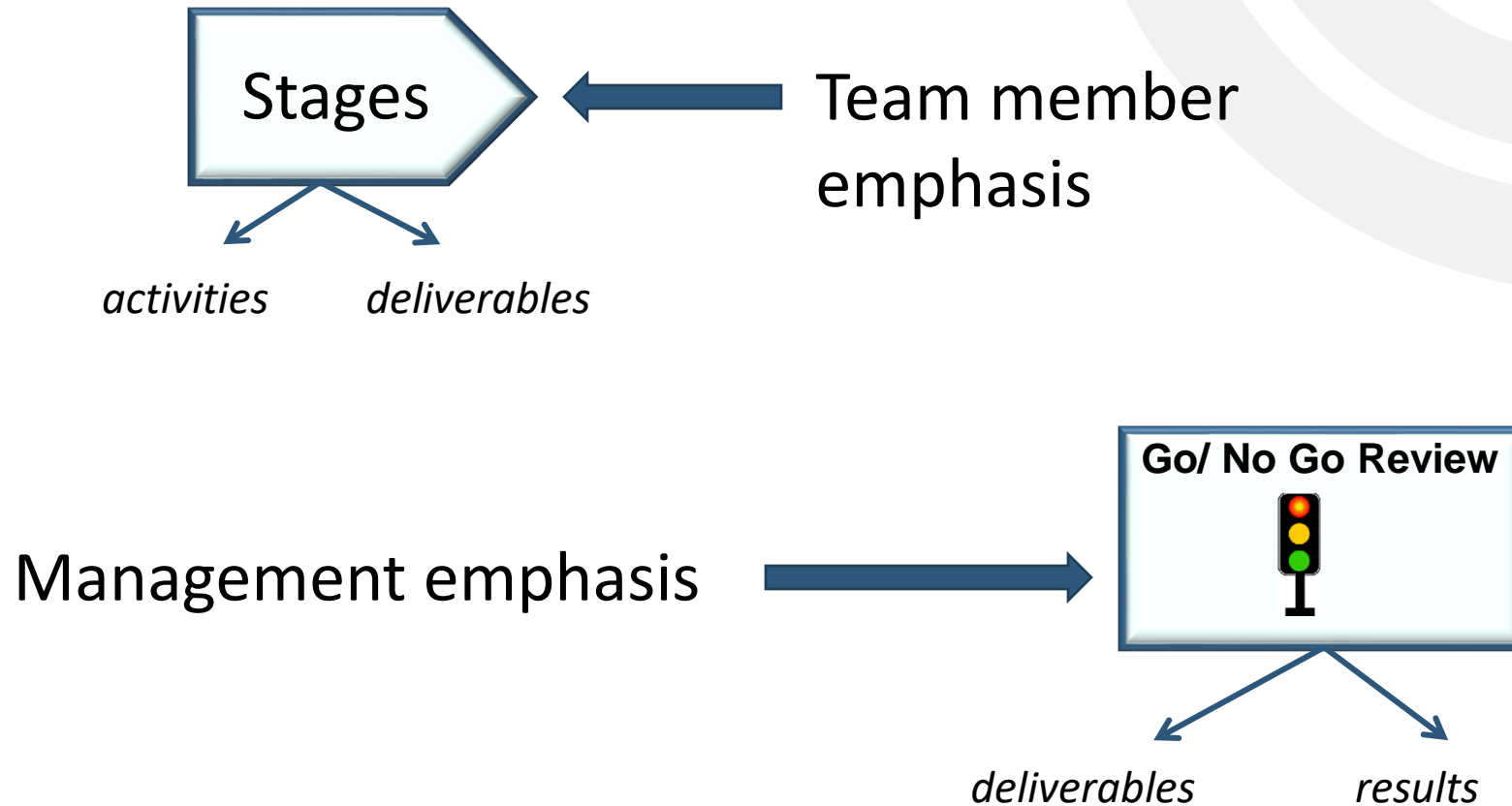


TEAM DECISIONS & PROCESSES

- Who should be the team leader and why
- Functional vs. co-location
- Amount of time devoted to project
- Establish mission and roadmap
- Integrate knowledge, project & risk management
- Avoid motivational mistakes



DIFFERING VIEWS OF STAGE-GATE



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)

WHAT TO DO ABOUT IT....

- Better upfront definition
- Establish a “contract”
- Discipline in follow-through
- Attempt “design around” changes



Chapter Nine

FORMULATING AND EXECUTING LAUNCH PLANS



PRE-LAUNCH CHECKLIST

	Who?	Due date	Contingencies
Product reality check <ul style="list-style-type: none">- does it fulfill the original idea?- does it still fit the market?- is there competitive superiority?			
Packaging <ul style="list-style-type: none">- will it facilitate storage, use, transport and convenience?- does it provide customer-friendly information?			
Regulatory approvals & standards <ul style="list-style-type: none">- have all country, governmental and industry approvals been obtained?- can you demonstrate compliance and efficacy?			
Systems readiness <ul style="list-style-type: none">- is IT ready for ordering and billing?- are preliminary production runs complete?			
Service & tech support <ul style="list-style-type: none">- is infrastructure in place?- warranty programs ready?- service programs defined?- spare parts, loaners, upgrade tools?			
Logistics <ul style="list-style-type: none">- process map for physical movement to customer's location			
Marketing decisions <ul style="list-style-type: none">- pricing policies by market- roll-out sequence planned- marketing communications on track			
Marketing support <ul style="list-style-type: none">- sales & customer service training set- kick-off events and activities planned- collateral material ready			

PREPARATORY LAUNCH DOCUMENTS



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NEW PRODUCT STRATEGY OUTLINE

A. New-product objectives

- a. sales volume*
- b. market penetration*

B. Background summary

- a. total industry sales volume and trends*
- b. major competitors and analysis*
- c. market segment and potential*

C. Product overview

- a. market requirements & specs*
- b. brand name*
- c. why is this better?*
- d. ideal customer profile*
- e. positioning*

D. Entry strategy

- a. timing*
- b. roll-out strategy*

E. Company preparations

- a. internal announcements*
- b. sales force tools*
- c. customer service training*
- d. field seminars*
- e. policy statements*

F. Marketing plan

- a. target market*
- b. sales incentives*
- c. channel incentives*
- d. base price & discounts*
- e. special promotions*
- f. advertising*

G. Resource requirements

- a. training tools & costs*
- b. demos and tools*
- c. launch events*
- d. miscellaneous*

Chapter Ten

LIFECYCLE MANAGEMENT



Downstream product lifecycle management



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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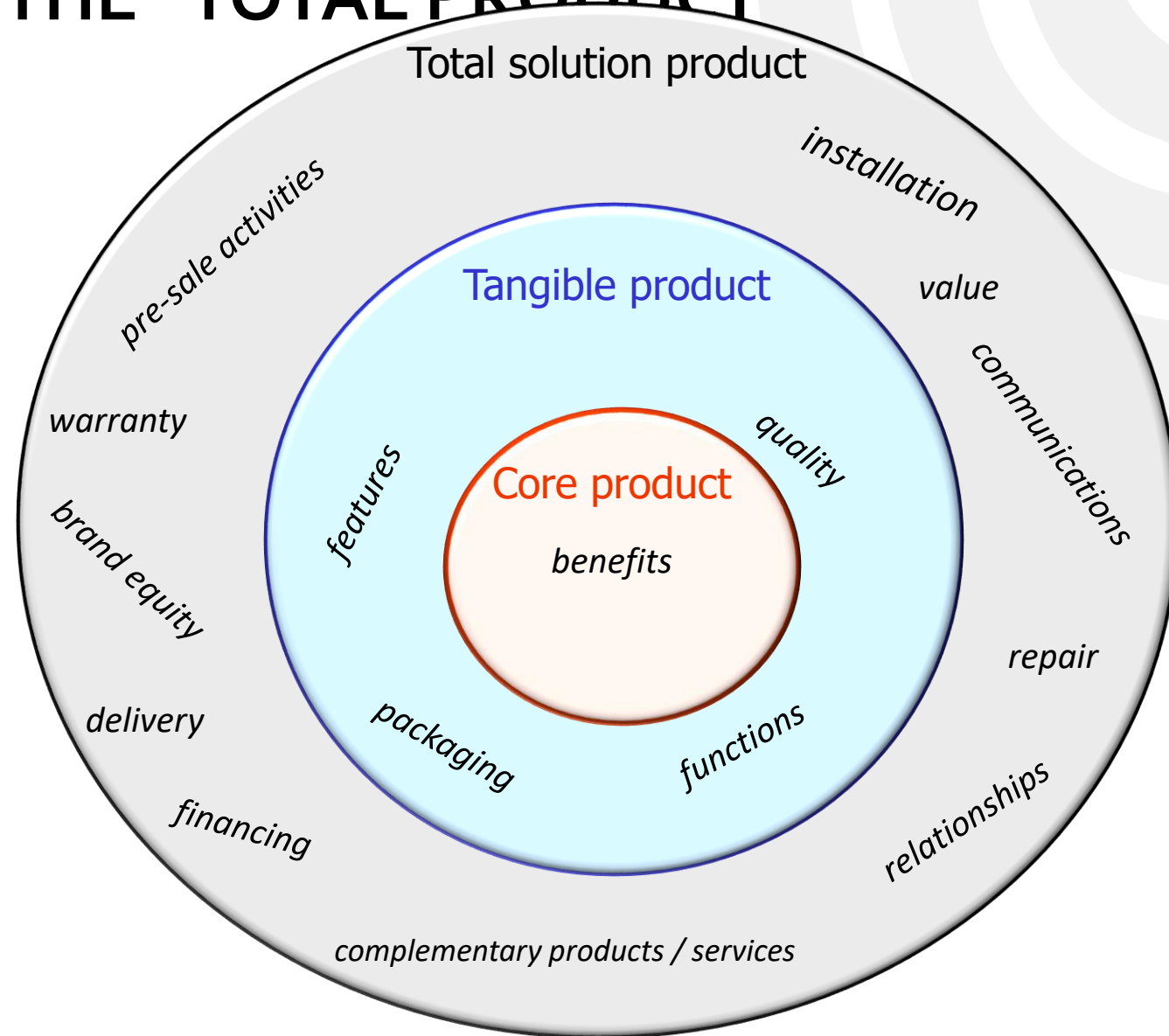
EVALUATE DIFFERENTIATION

		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.



KNOW THE "TOTAL PRODUCT"



POSITIONING STATEMENT EXAMPLE

To small businesses,



*relevant market
segments*

Desk-Mite is the brand of



brand

interactive desktop organizer



frame of reference

that

offers more flexibility



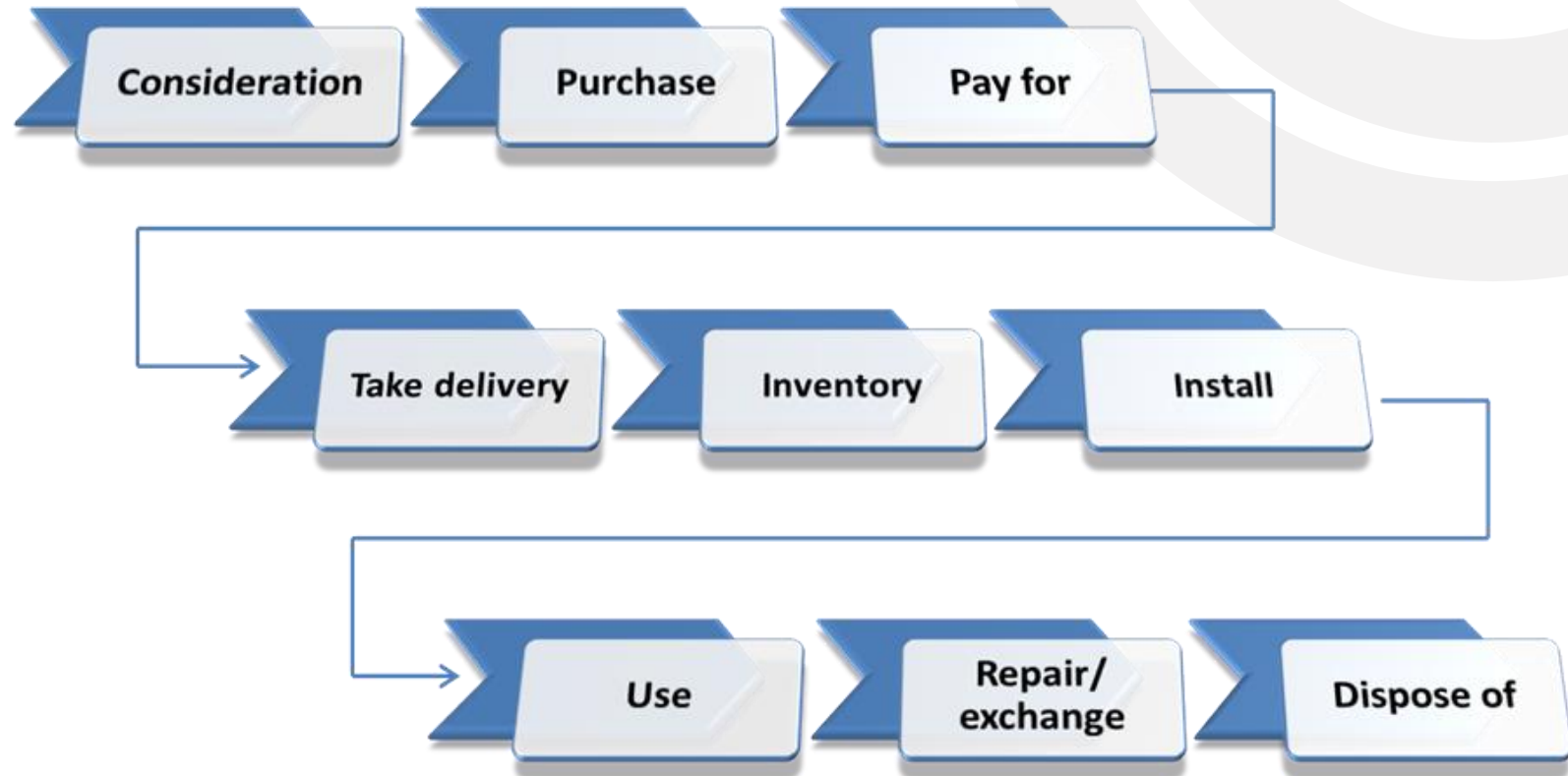
point of differentiation

**due to its ability to interface with computers, office machines
and telecommunications equipment.**

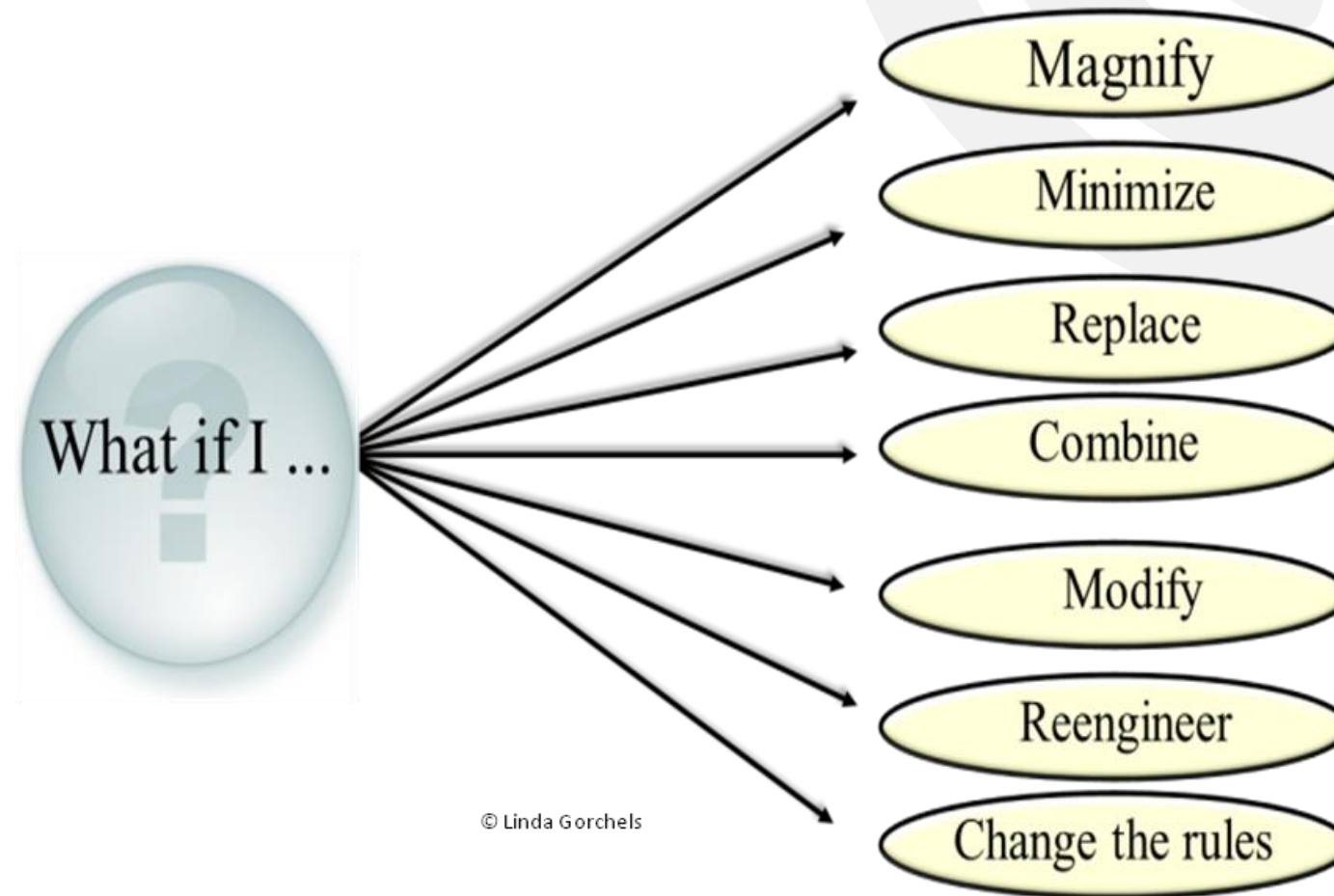


competency or feature that is the source of the competitive edge

CUSTOMER VALUE CHAIN



RENEWAL THOUGHT STARTERS

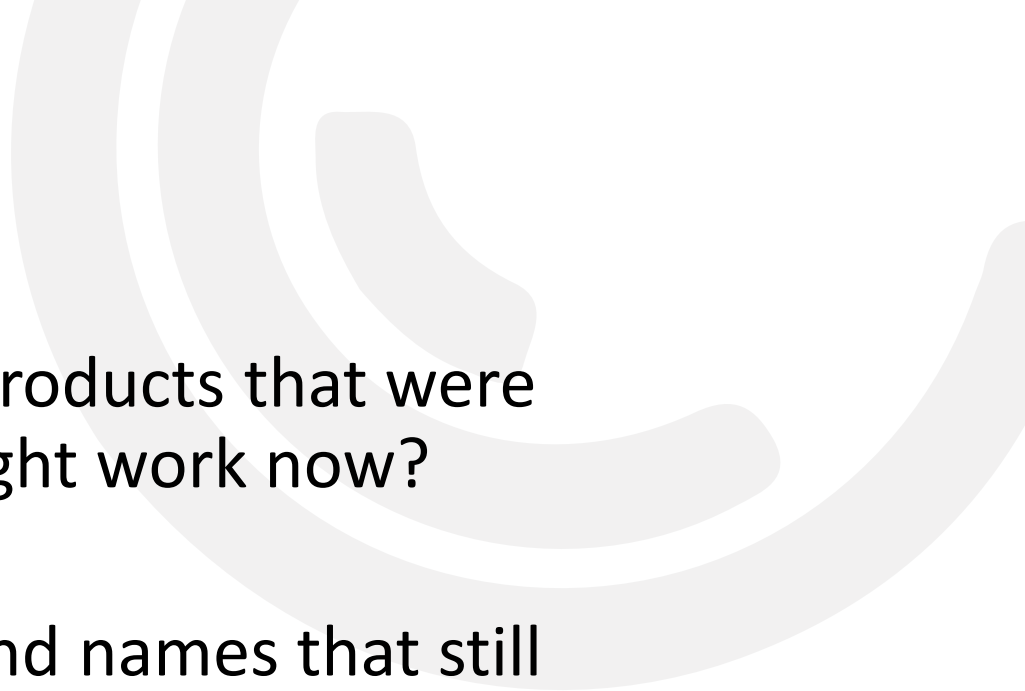


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TAKE A LOOK AT THE PAST

- 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?
- 




WHAT ABOUT RETIREMENT?

- 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
 - Raise price to reduce customer demand
 - Lower price to reduce inventory

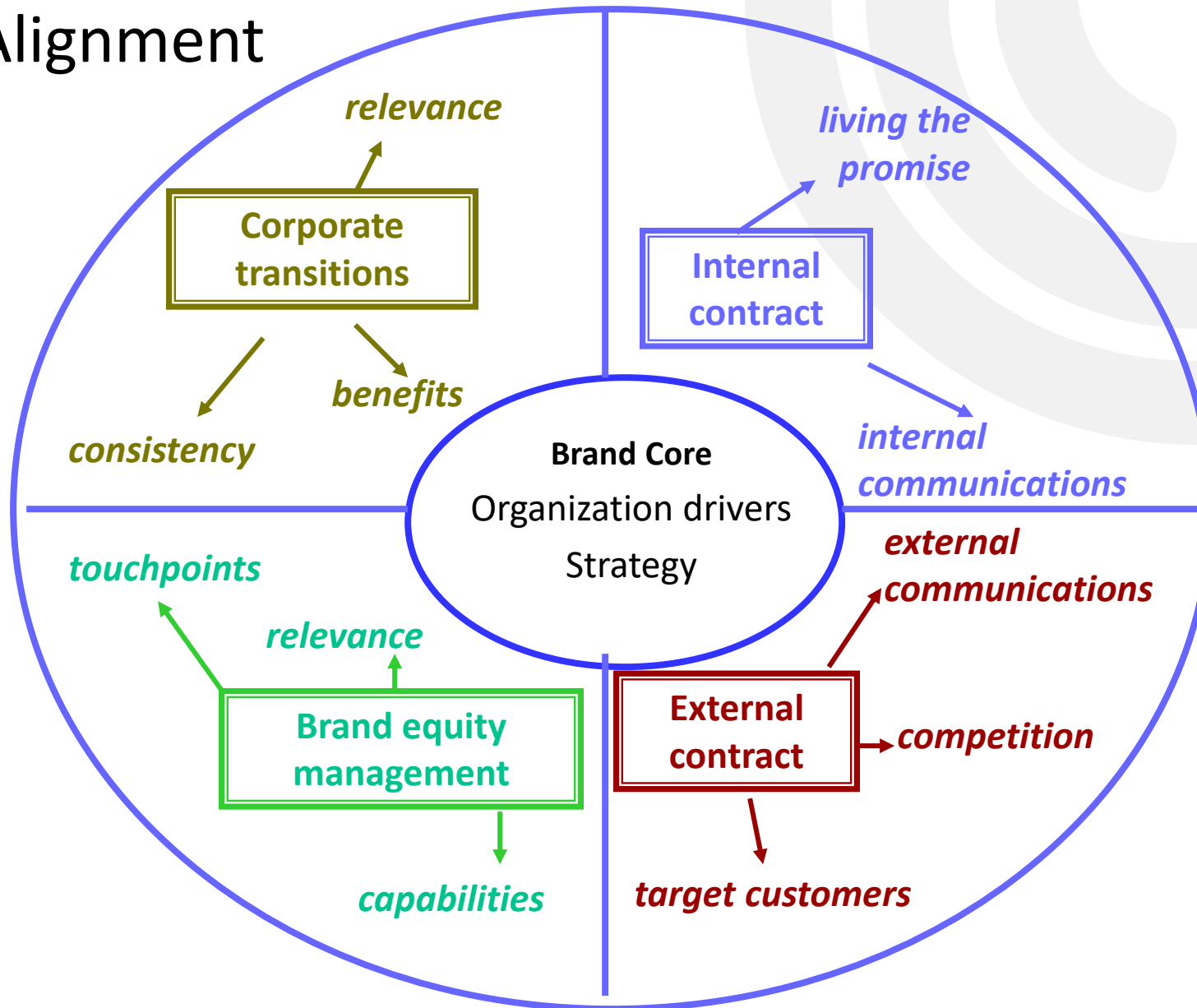


Chapter Eleven

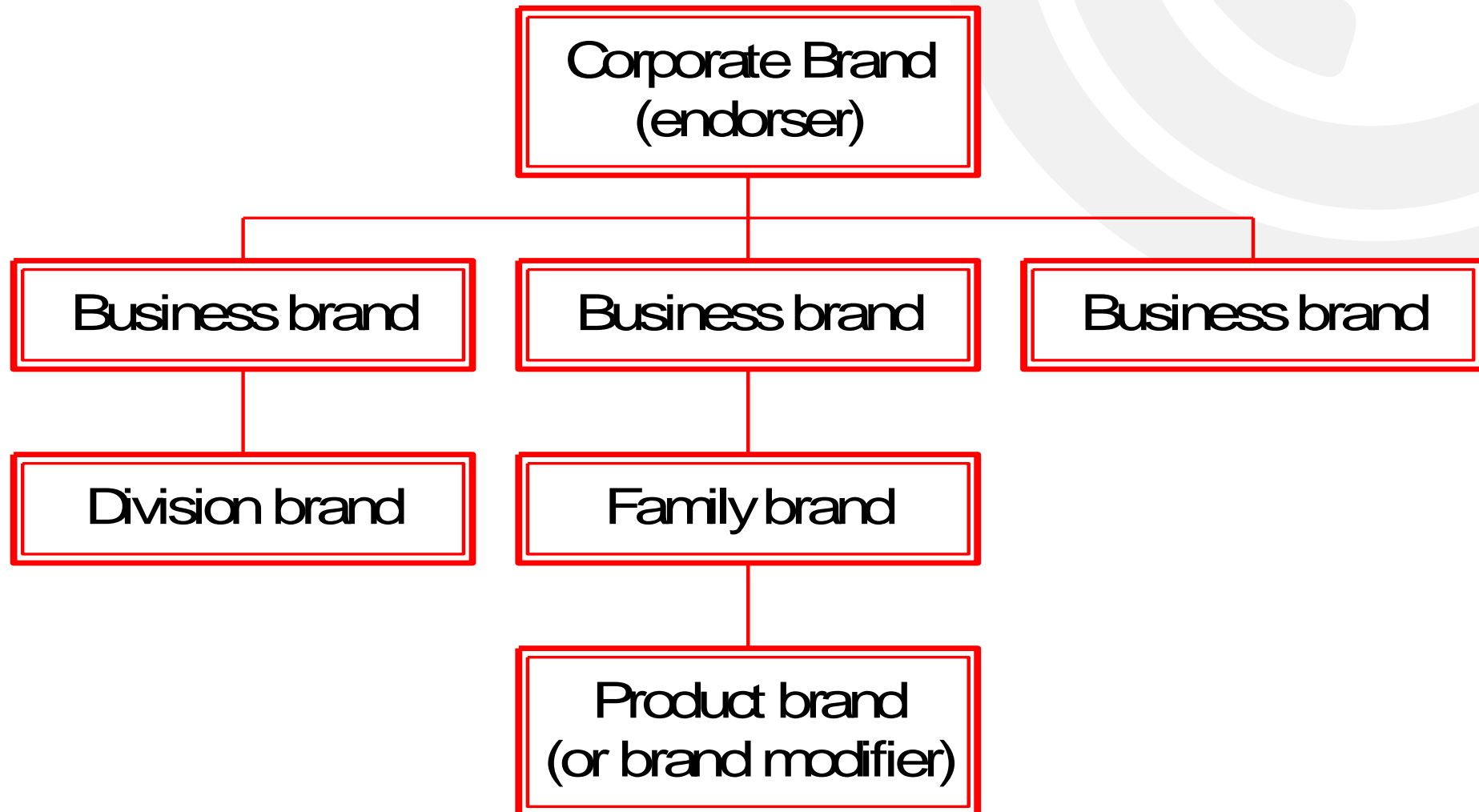
MANAGING BRAND EQUITY



Corporate Brand Alignment



BRAND ARCHITECTURE





**A STRONG BRAND ALLOWS
SUFFICIENT FLEXIBILITY
(DEPTH) TO HELP REALIZE
A CORPORATE VISION.**



FUNDAMENTAL BRAND ISSUES

Brand Issue	Description	Product Manager Concerns
Image	Customer's perception	Define rational and emotional cues
Equity	Relevance and importance	Define why customers should <i>care</i>
Positioning	Image vis-à-vis the competition	Define your differential advantage
Management	Ongoing strategies	Define future plans

Brand development template

Profile target customers	Portray customers in both objective and subjective terms
Define differentiation	Explain how you are different from the specified competition and why customers care
Define brand personality	List the rational and emotional components of your brand
Determine what customers believe you have promised	Describe what customers expect in terms of product & service performance, business support, quality, trustworthiness, etc.
Translate promises into standards of performance	Detail the training, support, and performance measures and define responsibility and authority
Evaluate depth & scope	Discuss brand architecture linking corporate issues with brand issues



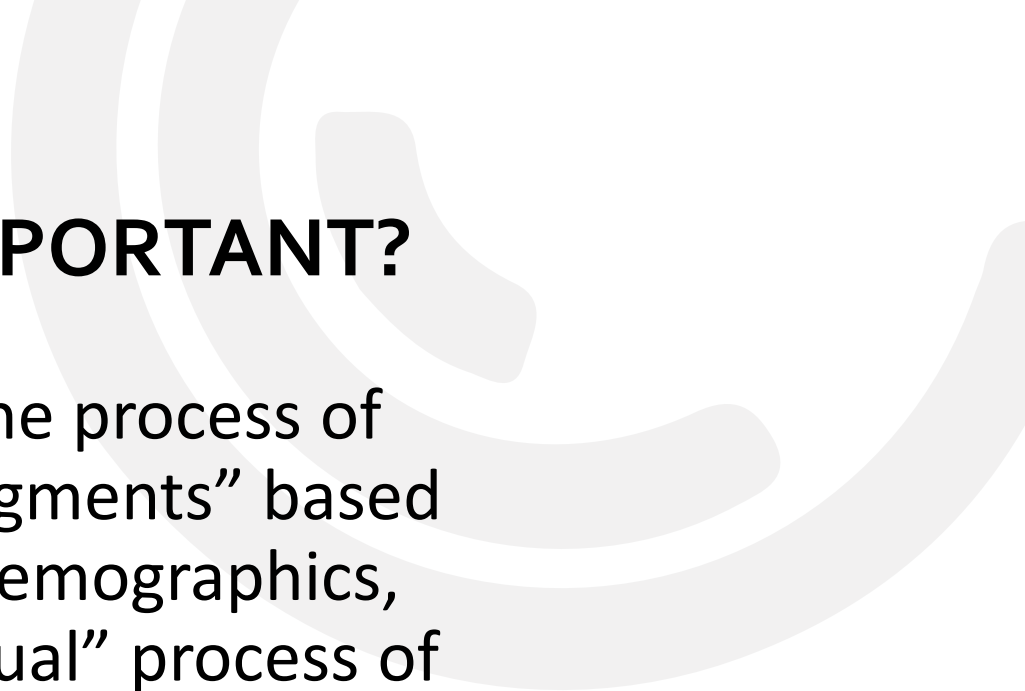
A STRONG BRAND IS A
DELIVERABLE
PROMISE OF SPECIFIC
CUSTOMER VALUE.





WHY IS POSITIONING IMPORTANT?

While segmentation is the process of identifying customer “segments” based on common needs or demographics, positioning is a “perceptual” process of making your product or service “stand out” from the competition.



POSITIONING APPROACHES

Positioning approach	Comments	Examples
<i>Price-value</i>	Establishes unique prestige or economy, and may facilitate a good-better-best strategy or product range	Toyota Lexus vs. Toyota Camry
<i>Usage</i>	Highlights product applications	Excedrin (<i>for migraines</i>)
<i>User-focused</i>	Can be directly related to segmentation	Callaway golf clubs (for “serious golfers”)
<i>Alternative</i>	An anti-category position (may sometimes be short-term as competition in the anti-category increases)	Organic Choice (<i>Scotts’ brand of organic fertilizer</i>)
<i>Secondary association</i>	Focuses on “borrowing” meaning from a location, person, or another product	BMW (<i>German engineering</i>) Affinity credit cards (<i>co-branded with an association, company, cause, etc.</i>)
<i>Attribute</i>	Emphasizes specific features or benefits	Nexium (<i>the purple pill</i>) Dell (<i>customization</i>) FedEx (<i>guaranteed delivery</i>) Tums (<i>with calcium</i>)

TIPS ON POSITIONING

DO

- Position from strength
- Reinforce the positioning through all marketing
- Be consistent

DON'T

- Try to be everything to everybody
- Position on price (unless you have cost advantage)
- Use different positions for the same target market
- Position on a promise you can't fulfill

CARDINAL RULES

Be different

Be relevant

Be real



Chapter Twelve

MARKETING STRATEGY AND GO-TO-MARKET EFFORTS



INTERNAL TO EXTERNAL VIEWPOINT

7 Ps

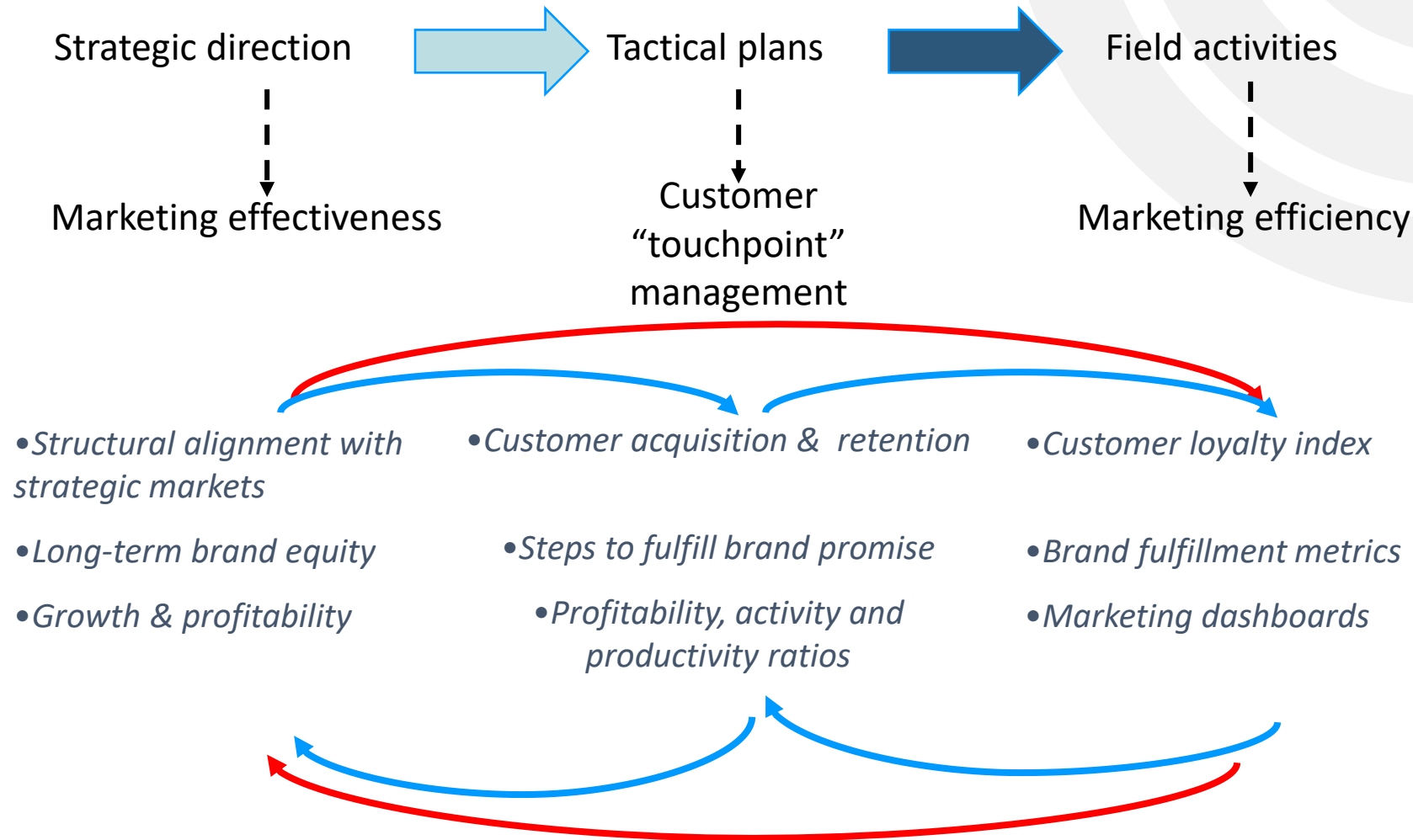
- Product
- Price
- Promotion
- Place
- Position
- People
- Proficiency



7 Cs

- Customer
- Cost
- Conversation
- Convenience
- Clarity
- Customer service
- Confidence

ALIGN STRUCTURES & MEASURES



CUSTOMER MESSAGE STRATEGY

Purchase complexity		Time focus	
		short-term / acquisition	long-term / retention
considered purchase		<ul style="list-style-type: none">• <i>become part of the “short list”</i>• <i>generate leads</i>• <i>sale (if buyer is ready)</i>• <i>Become a thought leader</i>	<ul style="list-style-type: none">• <i>nurture leads</i>• <i>develop relationships/tools</i>• <i>increase collaborations</i>• <i>repeat business</i>• <i>brand alignment (including corporate brand)</i>
simple decision		<ul style="list-style-type: none">• <i>encourage immediate purchase</i>• <i>generate awareness</i>	<ul style="list-style-type: none">• <i>trust, reliability</i>• <i>cross-sell, up-sell</i>• <i>advocacy</i>• <i>brand building (mostly on product brand)</i>



COMPARATIVE 1% CHANGES

	Original	1% price decrease (\$198)	1% volume decrease (4950 units)	1% CGS increase (\$121.20)	1% fixed cost increase (\$353,500)
Sales (5,000@ \$200)	\$1,000,000	\$990,000	\$990,000	\$1,000,000	\$1,000,000
CGS (5,000@ \$120)	<u>600,000</u>	<u>600,000</u>	<u>594,000</u>	<u>606,000</u>	<u>600,000</u>
Gross margin	400,000	390,000	396,000	394,000	400,000
Operating costs	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>353,500</u>
Net pretax income	<u>\$50,000</u>	<u>\$40,000</u>	<u>\$46,000</u>	<u>\$44,000</u>	<u>\$46,500</u>
% change in income		-20%	-8%	-12%	-7%

Manage the
pricing on your
higher-velocity
products more
actively.



PRICING TOOLKIT STARTER

Price variation category	Example tools		
<i>Incentive pricing</i>	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
<i>Ownership variations</i>	Leasing/renting Licensing	Layaway Metering	
<i>Pay now, benefit later</i>	Membership Subscription Retainer	Pre-payment Lock-in pricing	
<i>Buy now, pay later</i>	Financing programs Credit		
<i>Consumption pricing</i>	Peak and off-peak Metering/hourly rates Price-per-project	Usage Two-part pricing	
<i>Product line variations</i>	Versioning Private label Good-better-best	Portfolio pricing Bundling A la carte/menu pricing	Free offers Life-cycle pricing Loss leaders
<i>One-size-fits all</i>	Flat rate / fixed fee All-you-can-eat		
<i>Real-time price variations</i>	Negotiation Dynamic demand	Competitive bid pricing Auction pricing	
<i>Customer engagement</i>	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
<i>Non-standard revenue generation</i>	Market expansion Sponsorships/advertising fees Controlling price leakage		

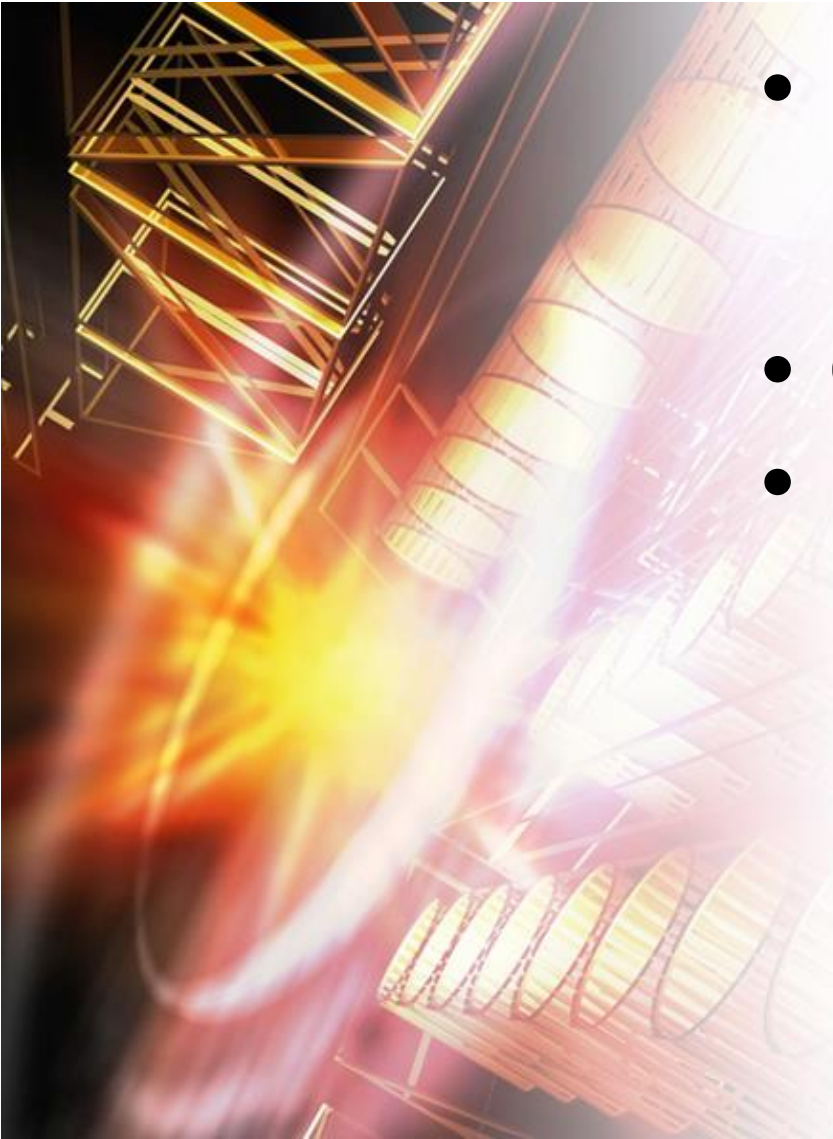


SUPPORT THE DIRECT SALES EFFORT

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



IMPROVE CHANNEL PERFORMANCE

- 
- Provide sales tools
 - list of goals questions
 - product-service literature
 - Conduct joint sales calls
 - Educate
 - business training
 - merchandising suggestions, POP displays, advertising basics, communications policies, newsletters



DEVELOP STRONG COLLATERAL

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

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



Evaluate performance

- Define metrics appropriate to your sales cycle
 - Sales revenue, units
 - Demos, proposals, etc. for longer cycles
- Ability to meet plan objectives
- Functions performed
 - Showroom, counter displays, events, etc.



Chapter Thirteen

ESTABLISHING A GLOBAL MINDSET



GLOBAL OPPORTUNITIES



DEVELOPMENT OF EFFECTIVE DISTRIBUTOR RELATIONSHIPS

- Identifying and qualifying candidates
- International distributor agreements
- Managing and motivating distributors
- Cultural considerations



IDENTIFYING AND QUALIFYING CANDIDATES



INTERNATIONAL DISTRIBUTION AGREEMENTS



CULTURAL CONSIDERATIONS



CULTURAL CONSIDERATIONS: GO AND SEE FOR YOURSELF!



Chapter Fourteen

GOAL AND PERFORMANCE ALIGNMENT



TRADITIONAL ORGANIZATIONAL STRUCTURE



STRUCTURE VARIATIONS

Product/Market Characteristics	Possible Organizational Structure
Many products going to a limited number of market segments. The products require focused attention to be fully successful.	Product management
Company sells to a variety of market segments with preferences for various product sets. The product might not require elaborate customization, but the "bundling" of products/services is unique to market segments.	Market or segment manager
The same situation as above, but there is also a need to develop some new products for various market segments.	Segment management with "special products" managers or project managers
The company sells to a few large customers with differing needs from the rest of the customer base.	Key account managers
New-product efforts are time-consuming and critical for the company, to the point where a special position is created exclusively to handle new products.	Product-development manager or new-products manager, possibly (although not necessarily) part of a technical department
Shift from regional and/or country organization to strategic alignment with common customers/ applications and distribution channels	Global business units focused on major product categories

COMPETENCY SCORECARD

Drive business results		Deliver results through people		Create strategies		Ensure market-driven direction		Guide product "fit" and function		Manage multiple priorities		Exhibit entrepreneurial traits	
Financial aptitude		Leadership		Ability to spot trends		Market analysis & segmentation		Technical know-how		Project management skills		Self-discipline	
Selling knowledge & skills		Influence & motivation		Product portfolio building		Competitive intelligence		New product development knowledge		Time management skills		Visionary	
Business planning		Team management		Long-term foresight		Go-to-market knowledge		Quality assurance		Organized		Risk tolerance	
Forecasting		Decision-making		Ability to deal with ambiguity		Customer champion		Product line fit		Ability to execute plans		Can-do attitude	
Process know-how		Perceptive		Partnerships		Brand and message fit		Prototype validation		Ability to say no when necessary		Results-oriented	
Total Weighted Scores													

Weight of the specific competency

 Rating of product manager on the specified competency

 Scores based on the sum of the weight x rating numbers

Skill level ratings:

1. **Deficient.** Product manager lacks some of the necessary experience, skills or abilities related to this competence.
2. **Basically Competent.** Product manager is able to perform these competencies on a fundamental level and understand the knowledge to be able to participate in decision-making.
3. **Proficient.** Product manager is able to perform these competencies on a fully operational level and understand them well enough to teach others, if necessary.
4. **Advanced.** Product manager is not only proficient in these competencies, but also pushes the competency to a higher level.