

March Event with Judy Kirkpatrick Product Management as a Service Organization

By Greg Cohen

Judy Kirkpatrick, VP Global Product Management eBay, presented at the March 3rd event of the SVPMA on *Product Management as a Service Organization*. Judy described the service mindset and how it fits in with eBay's business structure. She then provided a number of examples to illustrate how it works in practice.

Judy started her career as a sales person. It was in sales that she developed her passion for service and learned the value of listening to the customer. She then formed the product marketing team to launch Adobe Acrobat and is responsible for putting that product on the map. Her internet career started at high-tech book seller Fat-Brain, which was acquired by BarnesandNoble.com.

Before joining eBay, Judy worked at Palm tackling the challenge of selling Palms at the enterprise level.

Judy defines service as the contribution to the welfare of others. The product management group applies this to working with buyers and sellers to remove the friction from trade, set the product vision, and ensure that eBay's platform scales. Product Management serves three main groups, the US unit, the International Unit, and PayPal. The group works with their cross-functional partners to improve trust and safety, billing and collections, and customer support. Their mission is to *design and build the people's most efficient and abundant marketplace*.

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How to Write a Competitive Analysis

By Michael Knowles

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There are few documents that get the attention of product planners and marketers the way that a competitive analysis does. A good competitive analysis is a scouting report of the actual market terrain that your company must navigate in order to be successful. And there is no person better equipped to write one than a market-savvy technical writer.

To write a good competitive analysis, you must:

- Be objective.
- Conduct fearless and thorough research.
- Write well.

If you're like most successful technical writers I know, you have these skills already. So, how do you put these skills together to do the job?

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The Challenges Facing Women as Product Managers: An Interview with Katie Hingle, Adobe Licensing Manager

By Monish Pahwa



Katie Hingle, Adobe Licensing Manager

SVPMA is a non-profit association for Product Managers in Silicon Valley and around the San Francisco Bay area.

Our mission is

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- To create a safe network of peers
- To promote research and education in Product Management

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What do you consider to be the greatest factors in gaining parity in the workplace?

KH - Women have made great strides in rising to the top, Carly from HP for example. We have repeatedly shown that putting women in leadership roles pays off. At the same time, many companies can see the benefit of having diverse ideas. And diverse ideas come from inviting diverse people to participate in leading change.

What challenges do women, in leadership positions, face to this day?

KH - As a young girl, the message I received is that you have to do it all perfectly to be as good as a man. And certainly don't show any "weakness!" Let me generalize here that women have a tendency to take things more personally and thus they try to be perfect. Men are out there competing while women compare. It's a challenge for women to make a shift to playing ball without being afraid to lose, and it's something we all (men and women) can help change by raising the next generations in a different way.

"It's a challenge for women to make a shift to playing ball without being afraid to lose"

So, regardless of gender, what qualities are required to be successful as a Product Manager?

KH - It's important for me to do what I say I'm going to do, include the right people in decisions but don't die under analysis paralysis, change directions when necessary, i.e. the landscape or market has changed, be nimble and flexible. Hire great people.

To digress, how do you balance it all [professional and social commitments]?

KH - I value my time and make sure that I spend it wisely in all areas of my life. I have had many re-

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mind that life (time) is too valuable to waste. The most important asset I have that I can share is my time, and so I try to be conscious about how I'm spending it. When I do this, I am able to feel fulfilled in all areas of my life. And it helps me appreciate other people's time as well.

What is your vision for women in future leadership positions?

KH - In the next decade or so, there will have to be a shift to allow creative ways for leaders to be flexible with their time. The baby boomers will be retiring, and companies will need to backfill the talent drain. Today, many women are exiting the hectic pace to spend more time with their families. And some men are too! In order to backfill the talent, companies will have to change their practices. The most valuable asset companies have

is their people. And the most valuable asset for the people is their time. Leaders who are fulfilled in all aspects of their life will be better leaders and lead productive organizations. Both women and men will have to be creative in how to address this need and embodying the vision.

Katie's background:

Katie has a BA from Rutgers University in NJ, has lived abroad, and tried several careers. She moved to California in 1998 to work for Adobe Systems where she has been managing licensing programs for 6 years. She is married with one child and is happy to be in California. ☘

Monish is a double major at San Jose State University. A senior majoring in Marketing and Management Information Systems, Monish is looking to make a splash in the High Tech marketplace. Originally, from Mississippi, Monish now resides in Fremont, CA.

April Event with Jens Tellefsen Maximizing Product Sellability, Usability and Deployability

By Greg Cohen

Jens Tellefsen, VP of Product Strategy at Callidus Software, spoke at the April 2004 meeting of the SVPMA on Maximizing Product Sellability, Usability and Deployability. Jens reviewed how Callidus has developed its product and attacked different markets. Later, he led an engaging discussion on how to measure product success.

Jens joined Callidus Software, Inc. in 2002 as Vice President of Product Strategy. Jens has more than 15 years of experience in enterprise software. Prior to Callidus, Jens held executive, director and management positions at Phiware, Pervado Systems, Trilogy Software, McKinsey & Company, among others. Tellefsen graduated from Princeton University with studies in Computer Science and Electrical Engineering.

Callidus Software is the leader in the Enterprise Incentive Management space: a market the company helped create. Their software facilitates the administration of complex incentive plans for sales forces, sales channels, and employees. The solution allows complex plans to be administered with less effort, reduced errors, and improved communication.

Callidus has succeeded in building up a diverse customer list through low cost verticalization. It starts by first developing a leveragable platform. This consists of an object model and an abstracted business logic layer, which is the core intellectual property. On top of this is layered a business process engine and a configurable UI. Because the UI is separate from the business process layer, industry templates can be designed for relatively little investment.

There are also a number of non-engineering ways to verticalize a solution. The first is creating industry specific messaging. The next is changing the packaging and demos. Only after the first two have been exhausted should one consider adding unique functionality for a vertical.

Many software companies find themselves in a catch-22 of never being able to create a solid foundation because they have branched their code for each new customer. Callidus was able to keep sight of the big picture. By focusing on the core, pre-selling new industries, and not trying to jump verticals too fast, Callidus has succeeded in developing a solid platform for growth. ☘

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eBay has three key levers for achieving growth:

- Acquisition – bring a new person to the site
- Activation – get that person to make their first purchase or sale
- Activity – increase that user’s velocity

One example of increasing activity is to allow multi-item checkout. This removes the aggravation of purchasing a few items and having to checkout multiple times. eBay also moved the “bid” button to the top of the screen next to the price, making it easier for users to place bids.

So what does it take to offer excellent service and how does eBay put this into practice? Judy recommends avoid failing the customer twice, basing decisions on what the customer wants and expects, and thinking and acting in terms of the entire customer experience. With this in mind, eBay releases an average of 14 improvements to the site every week. eBay calls this a train. The trains depart on a regular schedule basis. New features have seats on the train. A train has a fixed amount of development capacity. One seat currently equals 15 days of development. eBay supports about five million lines of code and rolls out 60,000 lines of new or updated code per train. They support 90 million registered

users from more than 200 countries. Every day, these users view more than 700 million pages and transact more than \$70 million of business. eBay’s quality is currently at greater than five sigma with only a few hundred open production bugs.

Projects start at the Business Unit level with a Business Requirements Document (BRD). Product Management translates the BRD into a scope request with high level requirements. The technology group then scopes the project. Next, the business unit manager develops the business justification (i.e. NPV) and works with the product council to get it approved. Once approved, product planning works with development to ensure that resources are available and the project is “booked” on a train. Product Management writes the PRD and then works with a User Experience and Design Manager to create the interface, graphics, and conduct usability testing: a couple of design principles include don’t make the user work and provide a well lit path. Development and architecture code the feature, and QA tests the feature. Finally, It is rolled out to the end user. Feedback is received, and NPV is assessed against the original target.

With an intense focus on serving their constituents and end customer, eBay’s product management group has assisted in the company’s meteoric growth and creating a product which customers can’t get enough. ☘

Looking for new opportunities in Product Management?

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A competitive analysis covers five key topics:

- Your company's competitors.
- Competitor product summaries.
- Competitor strengths and weaknesses.
- The strategies used by each competitor to achieve their objectives.
- The market outlook.

A List of Competitors

The analysis begins with a list of your company's competitors. Most of the time, such a list is comprised of what your company considers to be its chief competitors. However, there may be other companies that indirectly compete with yours, ones that offer products or services that are aiming for the same customer capital.

You will also want to include information on companies that may be entering your market in the coming year. Once you have compiled the list, you can highlight those companies that will be the greatest challenge.

Competitor Product Summary

Analyze the competition's products and services in terms of features, value, and targets. How do your competitor's sell their wares? How do *they* market them? Customer satisfaction surveys conducted by the trade press can help you tremendously. How do customers see your competition? Ask your sales force for information -- they can be your best source of information about your competitor's customers.

It's likewise important to include information on how competitors distribute and advertise their products. You will want to talk about product quality and, where possible, find out how they are staffed.

Competitor Strengths and Weaknesses

As you put together the list of competitor strengths and weaknesses, be objective. You'll do your company no good if you allow bias toward your own products and services to cloud your judgment. Try to see the competition's products as though *you* were the competitor. What makes their products so great? If they are growing rapidly, what is it about their product or service that's promoting that growth?

You can find this information in a variety of ways. Certainly there are numerous Internet resources you can use

-- the competitor's Web site is always a good start. The trade press is an invaluable resource, but don't do all your research through the Internet. Make some phone calls, talk to the journalists and consultants who are active in the industry. These people are a lot easier to find than you'd think, and they are often happy to share facts and opinions with you.

Competitor Strategies and Objectives

Observe how your competitors market themselves through press releases and advertising. Quarterly and annual reports reveal a great deal of information, too. But more than likely you'll have to do quite a lot of footwork to nail your competitors down.

Interviews of journalists and consultants can be valuable. You will have to go to many different sources to get a complete picture. What about your competitors' customers? Good sales people will know who they are and can help you get this sort of information. It takes practice and a little shrewdness on your part to piece together a complete picture of strategies and objectives. Focus on the facts, be persistent, and trust your intuition to help you.

Market Outlook

What is the market for your company's product like now? Is it growing? If so, then there are likely quite a few customers left to go around. If on the other hand the market is flat, then the competition for customers is likely to be fierce. Your company will find itself scrambling to win market share. Is the market splintering -- is it breaking up into niches?

The outlook portion of your analysis may seem like prognostication, but it's really a measure of trends. By the time you've done most of your research, you'll have enough information to determine what the outlook really is.

Writing a competitive analysis can be a challenging and interesting piece of work. You'll learn a lot about your industry and in the process become a more valuable resource for your company or clients. ☘

Michael Knowles is editor and publisher of The WriteThinking Newsletter, <http://www.writethinking.net/>, a biweekly journal that helps professional communicators improve their writing and their businesses.

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BOOK REVIEW

The Strategies and Tactics of Pricing

Review by Greg Cohen

The Strategy and Tactics of Pricing: A Guide to Profitable Decision Making by Thomas T. Nagle and Reed K. Holden is one of those classic texts that I find myself referring to year after year. The book was first published in 1987, reissued a second time in 1995, and now updated for the third edition which came out in 2002. In just under four hundred pages, the authors address how to become a strategic pricer and use pricing to drive business strategy and success.

The four P's of marketing are Product, Promotion, Placement (*i.e.* distribution), and Price. The first three are a company's attempt to create value while *price* is how a company captures some of that value in the form of profit. The book starts with exposing the weakness of cost plus pricing (Product → Cost → Price → Value → Customer). Although easy to implement, it leads to **overpricing** in weak markets and **under-pricing** in strong markets, resulting in mediocre financial performance. Rather one should attack the problem the other way (Customer → Value → Price → Cost → Product), using value based pricing to guide the product development investment and then pricing more profitably throughout the life cycle of the product.

Similar to the four P's mentioned above, Pricing has the three C's: Costs, Customers, and Competition. Chapters two and three are devoted to understanding relevant costs, because these drive pricing decision. To simplify, this is the incremental or variable cost of each additional unit produced. One question to ask is whether costs go up or down with an increase in volume (e.g. one factory might require overtime or more equipment to produce an additional unit, while a different factory might have excess capacity and be able to save on materials by ordering larger quantities). Taking a couple of examples from industry, when fuel prices rise, if an airline is unable to pass the increase on to the consumer, management will often reduce the number of flights, which positively changes the mix between full paying and discount fare passengers. This non-intuitive strategy represents one method for dealing with an increase in costs. In contrast, a petroleum company must purchase a gallon of new gasoline for every gallon it sells to replenish its inventory. If the company does not raise prices immediately, rather waits until the less expensive inventory is de-

As a follow-on to Rich Mironov's April workshop on Strategic Pricing for New Products, Innovations, and Start-ups, this review is being reprinted. It originally appeared in the March/April 2003 SVPMA.ORG NEWS

pleted, it will experience reduced cash flow for every new gallon sold.

Knowing the true unit cost of a product or service enables the strategic pricer to calculate its contribution margin. Breakeven analysis stems from this and understanding whether selling more of a product at a lower price is more profitable than selling less for a higher amount. The analysis then drives many other sales and marketing strategies, such as sales commission and promotions.

Customers know that goods and services can usually be procured for less than a product's true worth. Value pricing, therefore, requires not just analyzing the value of the product or service to the customer but also examining the alternatives. Thus, a product's economic value is the value of the customer's best alternative plus whatever differentiates your company's product. In total, there are ten factors that influence the role of price in the purchase decision for a customer, which Nagel and Holden cover in detail.

The third C is Competition. The authors discuss strategies to manage competition without resorting to or matching price cuts. One company, when faced with a newcomer, instituted a distributor rebate program to reward those who matched their prior years purchase volume. The distributors now had a solid incentive to sell only the incumbents product, because carrying the newcomer's offering would jeopardize the rebate. A second example discusses how Anheuser-Busch increased its national advertising budget threefold when faced with extreme price competition from smaller regional brand breweries. Since it costs 30 percent more to purchase regional advertising, this became a very effective strategy that the competition could not cost effectively match.

Ultimately, cost, customer, and competitor analysis combine to provide the necessary information to create a coherent pricing strategy. Nagle and Holden spend the last quarter of the book delving into other pricing topics. These include pricing through the product and market lifecycle, the psychology of pricing, and the challenges of measuring price sensitivity.

The Strategy and Tactics of Pricing is an enjoyable read, which is a true accomplishment given the quantitative nature of the topic. The book holds the title of "the top selling book on pricing." After reading it, it is easy to understand why.

☞