February Event with Martin Cagan

The Top 12 Product Management Mistakes — And How to Avoid Them

By Greg Cohen

Martin Cagan, managing partner of the Silicon Valley Product Group, spoke to a sell out crowd at the February 2, 2005 meeting of the SVPMA. Mr. Cagan reviewed *The Top 12 Product Management Mistakes – And How to Avoid Them*. Marty created this list from his own experience as VP of Product Management of eBay, AOL, and Netscape. He even admitted to the crowd that he has committed each of these mistakes himself, sometimes more than once.

1. Confusing Customer Requirements with Product Requirements

Customers do not give you product requirements. Often customers do not even know what they want. They do not know what is possible, and they do not know other customers trying to solve the same problem. Speak with customers to uncover problems, but it is product management's job to define the solution.

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Working with Difficult Engineering Teams

By Brian Lawley

I've had the pleasure of working with some truly world-class engineering teams over the course of my career. Many of them created breakthrough new products and were dedicated to building what customers really wanted. And many of them have been very rewarding to work with as a team - they understood the value of Product Management and bringing the voice of the customer into the process, and they were committed to working together to bring products to market with the highest probability of success.

Of course, some of the engineers I've worked with haven't been of this same mindset and were quite difficult to work with. Oftentimes in the past they had bad experiences with Product Managers or Marketing people who weren't straightforward with them (or were simple incompetent and didn't know what they were doing), and as a result they either didn't see the value added or weren't willing to trust and take a team approach. (Ironically many of the best engineering teams with the most brilliant engineers often end up with this attitude, becoming "Primadonnas" as a result of management telling them that they are the most critical asset of the company).

Five Keys to a Successful Product Demo

By John Mansour

In short, a good demo is all about solutions to business problems. A bad demo is a product feature presentation. The bottom line - your prospects are far more likely to buy something they can relate to. So how do you show your product in a way prospects can relate to?

The most important thing to remember is your product is like a foreign language to your prospects. They'll never be comfortable with it until they learn it and use it on a regular basis. Since the **"try and buy"** sales model won't be the norm anytime soon, the challenge lies in making your prospects comfortable with a foreign language in an hour or two. Below are five keys to support your cause.

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

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- To provide a forum to share day-to-day experiences and insights in Product Management
- To create a safe network of peers
- To promote research and education in Product Management

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1. Preparation

Going into a demo unprepared usually means you fumble around the system to set up data and create scenarios on the fly, all of which make your product look extremely complicated. Whether you're doing a high level demo or a detailed demo, you should always prepare a script beforehand that emulates "a day in the life of" the key users. Before the demo, get an understanding of the current business processes and the problems or issues with how they're done currently. Set up the appropriate data beforehand to support the scenarios you'll demonstrate and prepare a very succinct script that addresses the problems uncovered during your meeting, then practice, practice, practice. Your product will appear simple and straightforward and you'll limit your demo to only the subjects that are relevant to each prospect.

2. Simplicity

K.I.S.S. applies to the fullest extent when giving a demo. No matter how simple you think your product is, it will appear very complicated to anyone seeing it for the first or second time. Don't worry about showing every cool feature. Simplicity means your prospects understand how your product benefits them. Before you begin each demo, summarize the key issues you plan to address and stick to showing solutions to those issues if possible. The worst that can happen - you get invited back for an additional demo, allowing you to further understand what it will take to win the sale.

3. Business Dialogue vs. Product Features

The best demos are 70% - 80% business dialogue and 20% - 30% product features. For example, a great one hour demo would consist of the following:

- Address 4 - 6 critical business problems the prospect has deemed most important

- For each problem spend 7- 8 minutes reiterating your understanding of the problem and get confirmation, then spend 2-3 minutes showing only the key features necessary to illustrate the solution

4. Rhythm

Hold the interest of your audience by giving them information in small doses. Toggle between your slides and your product by discussing one issue at a time then showing the product solution. Get closure and move to the next scenario. In a face-to-face setting make use of flip charts to chalk-talk various points. Walk around as you talk. Altogether, your presentation will be more animated and your audience more relaxed and engaged. When conducting demos via web and audio conference, stand while you're speaking. Your body language is reflected in your voice. You'll come across far more passionate.

5. Differentiation

Whether you're competing with another vendor or an in-house solution, unique differentiation is what ultimately drives the buying decision. Your unique point of differentiation should be expressly stated at the beginning of each demo. As each business scenario is covered, tie each point solution back to your unique differentiation, making it the common thread throughout your demo. If you say it enough people believe it!

In summary, the art of a great product demonstration is making a very complex product seem very simple. Approach each demo as if your audience understands minimal English. Your simplicity may be your competitive advantage.   ⌘

*John Mansour is the founder and CEO of ZIGZAG Marketing, Inc. In 2001 John packaged 15 years of high-tech industry experience into a 10-step **"How To"** methodology focused on the execution phases of planning, developing, and marketing high-tech products. To read more articles by Mr. Mansour, goto: http:// www.zigzagmarketing.com/newsletters.asp*

January Event with Allen Blue
V0 to V1: Product Management Imperativesin the Early Stage
By Greg Cohen

Allen Blue, VP of Product, at Linked in, spoke to a packed room at the January 5, 2004 meeting of the SVPMA. Mr. Blue talked about *V0 to V1: Product Management Imperatives in the Early Stage*, recounting his learnings from creating the LinkedIn service. The speaker divided the talk into six sections: what is LinkedIn, an MRD for the early stage, decision making, iteration and learning, staffing and organization, and the MRD after V1.

LinkedIn is now 18 months old. It took six months for the organization to grow from four to eight people and 12 months to grow from eight to 30. LinkedIn is a business tool to assist people in contacting with other professional through their connections. The reasons for using the tool are many. You might be looking for investments, or you might be an investor, you might be looking for a job or looking to hire, or you might be looking for an expert for an article or consultation. Typically, people use their networks as the need arises. They start with their close circle of contacts and work their way out until they find the person for whom they are looking. LinkedIn reverses this process. By using LinkedIn, your network has been deployed in advance of the need and you can use it to find the end person and then track back to understand your connection to them. This way, you know exactly which colleague to speak with to receive an introduction.

During "start-up" mode, there were four guiding values that drove the MRD:

1. The development process has to advance the company's value
2. Time to market is critical
3. Remain flexible in order to:
    a) respond to competitive pressure
    b) shift as learning occurs
4. Minimize development cost – maintain a shoestring budget

Although for professional use, LinkedIn is a consumer product and the product must be able to grow itself virally. This dictates that the business assets will come in a fixed order and led to the mantra:

Growth —> Usage —> Revenue. Thus, if there were not a lot of people on the network, searches would not be successful and usage would not be achieved. Thus, any attempt to grow the assets in a different order would fail. In practice, this led to a couple of practical decisions. The ability for someone to upload their address book from Outlook was added to the product because this supported growth. Advertising was postponed, because it did not contribute to the growth phase, and many page views are required to generate significant advertising revenue.

The release process was developed for quick cycles with tightly focused releases, using a modified version of extreme programming. Each release has built in measurements to guide it success and additional time reserved to tune the new features. Further, because only one thing could be worked on at a time, some user groups or market segments had to be left behind.

Mr. Blue characterizes the time moving from V0 to V1 as one of innovation in which the company is working toward developing a complete product. The releases after V1 are focused on iteration. He also cautioned that if your early adopters are not typical of your target user, you must discount early adopter feedback. Lastly, the speaker advised to hire generalists as Product Managers because the organization is going to change as it grows.

As LinkedIn has matured, the values that guide the MRD have evolved as well. Requirements are judged against:

1. Moving into the "main stream" and being able to serve many user bases at once.
2. Support parallel development (i.e. not longer limited to working on one project at a time)
3. Balance cost control with revenue

Creating the first version of a product requires its own discipline and has its own challenges. Allen Blue imparted some great advice on how to think through the product management decisions at the early stage. ⌘

2. Confusing Innovation with Value

A product team will build something because it can. Engineers care deeply about technical challenge and learning new things. Innovation must be in support of a customer value. But when the engineering team is exposed to a clear vision and can see the customer's problem directly, they often come-up with break through products that solve real customer pains. The goal is to combine what is possible with what is desirable.

3. Confusing Yourself with Your Customer

One of the dumbest phrases in the Valley, Mr. Cagan asserts is "we eat our own dog food." This means nothing. You are getting paid to use your own product. Your life revolves around your product. Your customer, however, has a life that is not centered around technology, Silicon Valley, or your product. Three types of testing can help ensure that your customer will actually want your product:

- Feasibility Testing – Engineering is comfortable with the path of the product, prototypes, etc.
- Usability Testing – The user can figure out how to use the product.
- Lovability Testing – People value and care about the features.

4. Confusing the customer with the user

The person who buys the product to solve a business problem has different needs than the user who is in front of the product every day. Therefore, the requirements should not just say "the user" but employ profiles or persona's to keep the design focused on the actual user. Further, you must satisfy all users in the value delivery, such as channel partners, systems integrators, etc.

5. Confusing Features with Benefits

Benefits speak to value and should not be confused with features. The speaker pointed to websites that say "register here," with no compelling reason why one should register. The reality is most products have a murky value proposition. Sometimes a product is just too expensive compared with the benefits. Other times, the messaging is too complicated. Your product must have a clear and simple value proposition that is understood by your target market.

6. Confusing Building Right Product with Building Product Right

This is the root cause of why so many crummy products exist. The high tech industry has figured out how to specify, build, and test a product. But it has not figured out how to build something useful. Mr. Cagan chose Danger's Sidekick II as an example. It is an amazing

device and easy to use. But it has one fatal flaw: it does not work. Danger agreed to an exclusive arrangement with T-Mobile for financial reasons. T-Mobile has a spotty network in the Bay Area, making the Sidekick II a great product unless you actually want to use it. When building a product, QA only checks that you built the product right; usability testing ensures you have built the right product.

7. Confusing Good Product with Good Business Model

This is easier said than done, but the best business model the speaker has ever seen is eBay. Google AdWords is a close second that seamlessly ties the product with the business model. Acquisitions pose a major challenge when companies have different business models.

8. Confusing Inspiring Features with Nice to Have Features

Most inspiring features are not "must haves." Companies and people are emotional and inspiring features tap into those feelings. Users should not have to tolerate your product, and the role of visual design should not be underestimated. Apple's Ipod perfectly exemplifies this. Developing an inspirational feature is often trial and error. When you are performing usability tests, look for an excited response from the user.

9. Confusing Adding Features with Improving Product

Sales is constantly telling you they need this feature, marketing likewise is asking for more to keep up with the competition. But adding features is rarely the answer for improving the product and can often be counterproductive. The more features, the more complex the product becomes and, thus, harder to use. The Ipod pre-

sents another perfect example. Apple has continued to make the product accessible to a broader audience by making it cheaper, simper, and smaller.

10. Confusing Impressive Specification with an Impressive Product

There is no correlation between the specification and product success. The specification makes the team feel good. It is easy to measure progress and track to a timeline. But this process assumes a perfect understanding of the requirements. The problem is you do not know if the product will work until near the end of the process when it is too late and costly to make changes. Validating the specification before the design phase is the key to avoiding this mistake. Use feasibility, usability, and lovability testing to perform this validation (refer to mistake 3 above.)

11. Confusing Complete Product with a Sellable Product

Even the best products will fail if the organization is not set-up to sell, distribute, and support the product. Once again acquisitions can often result in a product/sales channel or business channel mismatch. The organization must be able to deliver the whole product or solution. Without this, the product will not succeed.

12. Confusing Product Launch with Success

Launching a product, getting good reviews and even making sales is not the measure of success. Having a growing community of enthusiastic and loyal customers is what counts.   ⌘

If you would like to read more about this topic, download The Dirty Dozen Product Pitfalls by Martin Cagan from http://www.svproduct.com/index_files/articles.htm .

Since we all as Product Management professionals may end up working with less-than optimal engineering teams at some time, I thought I would write an article that covers some of the "Games Engineers Play". (i.e. the popular book "Games People Play"). Following are a few of my favorites - things that have happened to me and how I might deal with them differently now.

Game # 1: Redefining Alpha or Beta criteria at the last minute

This is one of the oldest tricks in the book. The team is approaching a critical milestone date for having the beta release ready. Management is breathing down their neck to get the product out and not slip the schedule. The team isn't going to make it, so what do they do? When the date comes they go ahead and declare they have reached beta anyway. At this point you may hear things from them like "We only have 3 fatal crashing errors left that need to be fixed" (as if this is a good thing) or "The two remaining features that we left out are really easy to implement, so we decided not to hold up beta and to just slip them in before the Golden Master final release" (as if a Beta release can be ready without being feature-complete).

Probably the most effective technique for heading this off at the pass is to make sure that in your MRD (or PRD) and testing plans you have specific criteria defining what Alpha and Beta are. Put this in writing and get it signed, and make sure that you remind the team about it every few weeks as the project moves forward.

Some of the criteria might include the following language:

- The following required features must be implemented and working (X, Y, Z)
- All fatal bugs that crash the user's system must be fixed
- Product Management, QA and Engineering must all agree that the software is ready for beta release and sign off on it
- The product must have been tested on the following systems before beta can be declared (X, Y, Z)
- N customers must have successfully run the software for N days at their sites and must agree that the software is ready to be declared beta
- Performance must meet the following criteria for specified tasks (X, Y, Z)

The list could go on, but you get the idea. Note: the closer you get to deadline dates, the more difficult creating this list and getting agreement will be.

Game # 2: Product Management gets to choose

This is actually a common sales and negotiation tactic, but Engineers can be masters at it too. It goes something like this. You are approaching the Golden Master date and the team has a ton of work remaining in order to make the release happen on schedule. Around this time you get called in by the lead engineer, Director orVP of Engineering. They explain to you that the release will make the date, but that they would like you to decide which is more important, having X or Y. X or Y in this case could be performance, key features, compatibility, full QA and testing, or a variety of other things. But the point is that you as the Product Manager get to make the call (of course what they are really asking for is your blessing that not everything will be there but customers will still find it acceptable.)

This is a difficult situation, especially if you have a team that you really work with well. You may have to sacrifice some of the hard won respect and close relationships you've worked to form with the engineers. After all, you are being put in a situation where you have to point out that they are not making their commitments (and they may be excellent engineers that you respect and enjoy working with).

The best defense in this situation is to calmly state that the release does not meet the agreed upon goals and that rather than choosing between 2 alternatives that are not at all viable for the market you need to see a plan that gets the release back on track. This probably won't go over well with your team or upper management, but someone has to stand up and be the voice of the customer. Thus is the life of a Product Manager.

Another way to deal with this situation is to turn it back around. Tell both the engineers and the management team that from your point of view there are really three choices: 1.) release a product that doesn't meet market needs 2.) miss the schedule or 3.) ask the engineers to come up with an alternative plan to remedy the situation. I've been amazed by how resourceful my teams have become when uppper management has indicated that they have to come up with a "Plan B". Remember, Engineers are master problem solvers, and they may come up with a completely new way to get the product back on track if you use this approach.

These are just a few examples. In next month's issue we'll cover some other common "Games Engineers Play" and what you as a Product Management professional can do to work around them.   ⌘

Brian Lawley runs the 280 Group, which provides hand-picked Marketing and Product Management Consultants and Contractors to help clients define, launch and market their products more effectively. Visit www.280group.com or call 408-832-1119 for more information.

BOOK REVIEW
Now, Discover Your Strengths by Marcus Buckingham
Review by Brian Lawley

.An acquaintance of mine named Jim Reekes (www.reekes.net) recently mentioned a book to me, and told me that it was a very powerful and useful tool for him. Jim is a very smart guy - a great strategist with a strong blend of technical, marketing and business insight. On Jim's recommendation I decided to read and review *Now, Discover your Strengths*.

Now, Discover Your Strengths provides a refreshing way of looking at managing your career and other parts of your life. The premise of the book is that truly successful people focus on what they are really good at, and minimize spending time doing the things that they aren't good at. While this may sound obvious at first blush, it is actually contrary to the messages we often hear. Many times we are told that in order to succeed we need to look at where we need to improve, that we should strengthen areas where it turns out we may have no desire, natural talent or aptitude for success.

For example, if a child gets an A in math and a C in writing on their report card, what are they told to do? Work harder on writing, right? Maybe they have no chance of becoming a great or even above-average writer. Instead they are destined to become a world-class mathematician. No matter how hard they work on writing they may end up with minimal improvement and maximum frustration.

Rather than focusing on areas of weakness, the book argues that you should focus on your absolute greatest areas of strength. For areas of weakness find workarounds - other people or resources that can help you get the critical work done without sacrificing the quality or your own enjoyment.

The book also includes an online test. To take the test you go to Strengthsfinder.com and enter in a code that comes with it. You then go through a fairly rigorous set of questions and are provided with a report that shows your top 5 strengths.

My report showed that I am a problem solver and that I am motivated by what is possible in the future. I found this to be right on target - much of my work as a consultant is with companies that are trying to create an exciting and meaningful change in the industry through new products, and I'm brought in to help them solve the problems they are facing.

The latter half of the book is about how to use the strengths approach to manage your team. Most of the good managers and leaders that I have known in my career end up doing this anyway, but I don't believe it is necessarily intentional. Spending some time thinking about this as a strategy can yield even better results.

Overall I recommend this book. However, there are two things that I think sell the book short and make it much less worthwhile than it might have been.

First, the code that is provided to do the Strengthsfinder online test is only valid once. This means you can't re-take the test, you can't loan the book to anyone else and you can't resell the book. I see this as a short-sighted tactic by the publishers and author to get corporate managers to buy multiple copies for their entire teams.

The second thing that the book didn't deliver was concrete suggestions for using my own personal strength report. I was surprised when immediately after I got my results the book shifted to "now here is how you use this as a manager". I was expecting to get some insights as to how to use the report for myself. On further investigation the website indicated that if I wanted to learn how to use the results I should sign up for their $99 newsletter.

Despite these two misrepresented product promises, I still recommend this book. It is an easy read and provides a refreshing way of looking at how to use the unique set of talents you have to pursue success. ⌘

Brian Lawley runs the 280 Group, which provides hand-picked Marketing and Product Management Consultants and Contractors to help clients define, launch and market their products more effectively. Visit www.280group.com or call 408-832-1119 for more information.

SVPMA Announces Three New Board Members

The SVPMA is excited to announce three new directors to the board. Michael Freier is now responsible for membership, Neeta Godhwani for marketing, and Brian Lawley for communications.

Mike was Director of Product Management at an early stage company focused on developing hardware/ software products and equipment for companies in the electronics manufacturing space. Earlier in his career, Mr. Freier has held positions in mechanical design, applications engineering and sales management. Mike graduated from the University of Massachusetts at Amherst with a B.S. in Mechanical Engineering.

Neeta has over 12 years of experience in product management and marketing. She currently works with Siemens Medical Solutions as a Product Manager within the Ultrasound Division. Prior to joining Siemens, she has worked with Genzyme Diagnostics, Hewlett Packard, Yodlee and geneticXchange. She has an MBA (Marketing & IT) from Santa Clara University and a BS in Biomedical Engineering from University of Bombay.

Brian Lawley is the President of the 280 Group (www.280group.com), a Marketing and Product Management services firm that provides hand-picked consultants and contractors to help companies define, launch and market breakthrough new products. 280 Group clients include Fortune 500 companies such as Adobe and Palm, as well as dozens of startups and mid-sized companies. Prior to consulting Brian was Director of Product Marketing and Product Management at Whistle Communications, where he helped create and launch the award-winning Whistle InterJet, an all-in-one Internet appliance for small businesses. Prior to Whistle Brian was Director of Java and C++ development tools at Symantec. He was also a Senior Product Manager for the MacOS Human Interface at Apple, was in charge of direct marketing, sales tools, and market research at Claris corporation, and was in charge of channel sales and marketing at Digidesign. Brian holds a Masters in Business from San Jose State University as well as a Bachelor's degree in Management Science and a minor in music technology from the University of California at San Diego.

Mike, Neeta, and Brian have already made significant contributions to the organization in the short time they have been on the board. Please introduce yourselves to them at the next meeting. ⌘