SVPMA.ORG NEWS
Silicon Valley Product Management Association

May/June 2005 Volume 4, Issue 3

April Event with Doug Stark

Running Successful User Surveys: Surprises and Lessons Learned

By Greg Cohen

Doug Stark, Senior Director of Product Management at Medefinance spoke at the April 6, 2005 meeting of the SVPMA. Mr. Stark spoke about *Running Successful User Surveys: Surprises and Lessons Learned.* The speaker shared his recent experience conducting a user survey for his company in a presentation that was both candid and insightful.

Medefinance provides hosted analytics to hospitals to assist them in improving their financial performance. When Doug joined the company, he found that executive stakeholders were giving feedback, but very little information was being provided from actual users, thus, the genesis of a user survey. Doug considered outsourcing the survey, but found it would take three to four months to complete. Instead, he opted to conduct the survey himself to finish it in eight weeks and ahead of the upcoming user group meeting. The speaker commented that he would still consider outsourcing future surveys.

Working from the ground up, Doug researched surveys. He learned that he could expect a 25% - 30% response rate and needed a minimum sample size of 50 respondents. He set the goals for the survey and then led a cross-functional team to

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Inside this issue

Who Needs Product Management

By Barbara Nelson

Product management is a well-understood role in virtually every industry except technology. In the last ten years, the product management role has expanded its influence in technology companies yet we continue to hear the question, “Who needs product management?”

Companies that have not seen the value of product management go through a series of expansions and layoffs. They hire and fire and hire and fire Product Management. These same companies are the ones that seem to have a similar roller-coaster ride in revenue and profit. Product management is a job that can even out the ups-and-downs and can help push a company to the next level of performance.

The evolution of a technology company

We’ve all seen a typical technology evolution. An entrepreneurial founder creates a utility that she needs to simplify her daily job. Explaining it to another, that person asks if it’s for sale. Based on the enthusiasm of a few friends, she convinces her husband that there is an opportunity here and starts a company. She becomes a vendor. She quickly hires someone to sell the product while she

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Working with Difficult Engineering Teams, Part II

By Brian Lawley

In the last issue of the SVPMA newsletter, we started the first part in a series about working with difficult engineering teams. As we mentioned in the previous article some of the engineering teams that you'll work with as a Product Management professional will be very professional and a pleasure to work with. When you work with a team like this Product Management can be very rewarding, and you can really make an impact on the marketplace. On the other hand, there will be other teams that present more of a challenge, and thus we continue with our article on "Games Engineers Play".

Game #3 Changing Feature Definitions
Imagine this - you deliver a great MRD that clearly spells out the market needs and required features for your product. You sit down with your team and talk it through and they deliver a functional spec and schedule that appear to meet what you need. Part of the spec calls out one or two of the features by name (XYZ) that you specified in the MRD as being high priority (i.e. would not ship the product without them), and the team agrees that these are critical and must be in the release.

Things are going fine until you see the first version working version of the product. The feature that you had clearly agreed on is there, but it doesn't deliver anywhere near what you intended at all. You bring this up with the team get the response that "we thought that's what you meant by XYZ". To you it was so obvious what you meant that you didn't go into great detail in the MRD or discussions. But nonetheless there was a disconnect and now you have a product that may not be viable or that may need to miss its schedule to meet market needs.

This situation is one reason why it is critical to deliver a well-written MRD that spells out in as much detail as necessary exactly what your customers need. One technique that will help you to do this is to create a brief glossary of terms as part of your MRD and review it with the team. Scan your MRD for any features or terms that might have any ambiguity, write down a precise definition of exactly what they mean and then review it with the appropriate engineers.

Game #4 Features, Schedule, Performance: Pick Two
One of the engineering managers I used to work with had this statement taped on his office window. Frankly, I don't blame him - in the company we worked for his priorities for the product would be constantly shifted - one week he would be asked to add significant new functionality, then the next week management would insist on pulling in the schedule.

The challenge here is if a statement like this is presented to you as a Product Manager in absolute terms. The fact is that each one of these elements can be broken down into smaller, more manageable chunks and handled accordingly. For example, performance improvements can be focused on the top five most common tasks that customers perform, rather than sweeping performance improvements across the whole product. And a good engineering team can always work with you creatively to see if there is a slightly reduced feature set or a shift of team resources to make the feature set and schedule stay on track.

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Game #5 Using The MRD Process To Stall For Time
Occasionally you'll run across a team that asks for multiple rounds of clarification on the MRD you have delivered. They may ask for an extreme amount of detail or they may delay meetings and push the process out accordingly to buy themselves time.

One of the teams I worked with kept the process going for a good two months before I caught on. In reality they were actually doing quite a bit of background work on other projects and stalling for time before they would have to deliver a spec and be pressed to commit to a schedule.

Of course, when the schedule was published they then pointed to my group and said that if the MRD had been delivered on time the schedule could have been pulled in, but now there was nothing they could do given the realities of how long the development would take.

In retrospect, to avoid this situation I would have insisted that the team make getting to the MRD signoff and spec/schedule agreement their highest priority. Setting milestones for delivery of the MRD and spec and setting the expectation in the company that they would be met would have helped control the process, and I could have put up some red flags if they were not meeting their side of the commitments.

Next issue, we'll wrap up this series on working with difficult engineering teams. If you've got a tip or idea that has worked for you send it to us and we'll include it in the article. ⌘

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.

March Event with Raj Karamchedu

The Craft of Thinking: Crossing the Divide Between Engineering and Marketing

By Greg Cohen

Raj Karamchedu, Senior Product Marketing Manager at Silicon Image, spoke at the March 2, 2005 meeting of the SVPMA. Mr. Karamchedu presented on the *The Craft of Thinking: Crossing the Divide Between Engineering and Marketing.* The speaker started with a simple premise that "most execution failures occur due to a breakdown in marketing vs. engineering interaction" and that the breakdown is due to a failure in thinking. He then explored how thinking is a "craft" that is not intuitive and must be learned.

The goal of marketing is to define the right product, get a design win, and deliver the product on time. Most companies are set-up around a linear process to achieve this goal: define the PRD, divide the work into tasks, track budget and progress, verify product, and enter production. Conflict occurs when the market changes during design and development and, the market is always changing. Being able to adapt to change is critical. Further, within the semiconductor industry in which the speaker works, delays to market means loss of pricing power and margin.

There is also a difference between a marketer's and engineer's view of cost. One cost for the marketer means reducing the opportunity cost for the customer to choose his or her product over competitors. Thus adding a feature to one's product is good, because it reduces the cost that the customer must forgo if they were to select another company's offering. In contrast, for the engineer, cost is purely budgetary and measurable. To the engineer, adding features increases the cost and is, therefore, bad.

So what is a marketer to do? First off, educate the engineering team on the market. Share with engineering the value chain and who gets what margin. This way engineering understands the market value being created, not just how good the product is. Then repeat yourself many times. You are delivering to the engineering team real outside info. Through this, you gain trust and credibility. Further, you must be able to write in multiple contexts to relate to those around you. In particular, you must focus your language around Technological Context, Customer System Context, and Economic Context. Further, execution manifests itself in the forward movement between the three preceding contexts. Most importantly, everyone must understand the big picture.

In closing, Mr. Karamchedu stated that you must ask yourself: "What actions can initiate the forward movement?" and relate those actions to the contexts of the company. ⌘

Greg Cohen is a Senior Product Manager at Instill Corporation and on the board of the Silicon Valley Product Management Association. He has over seven years in software and application services specifically with spend analysis, contract management, and e-commerce.

Want to Move Your Career Forward? Get involved!

One of the best ways to get your next great job offer or put your career on the fast track is to increase your visibility, reputation and professional network by volunteering.

The SVPMA is looking for a few key volunteers to assist in coordinating and marketing events. If you are a self starter and want to help us put on the best product management events in Silicon Valley contact us and find out how you can get involved. Email: greg@svpma.org

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handles all the technical work. Over time, she grows the company, hiring more developers and some technical support people and a documentation writer and a marketing specialist. But she continues in the role of technical leader. After the huge success of the first product, she envisions other products that people surely must need. But the second product isn't very successful and the third is a disaster.

The problem, of course, is that she no longer knows or understands her target market. Having become a president, she is no longer working in the domain and doesn't really understand the environment of the market. Instead of managing databases or warehouses or assets, she's now managing hiring and firing and financing. With her new income, she's buying toys that she could never before afford and she's really focused on her new set of interests. Because the new products haven't been successful, she challenges her executives to find new ways to generate revenue. First the new head of Development takes control. Since they only control the feature set, developers build "cool" technology leveraging the latest tools. But these products don't sell either. Now the VP of Sales takes control and we increase our sales reach, adding remote offices, paying large commissions, and having offsite meetings in exotic locales to attract the best sales people. Revenue increases a bit but not enough to offset the costs. Then someone reads a book on branding so we hire a VP of Marketing to "get our name out there" and to "generate some buzz." After watching all these departments spend money like crazy, the VP of Finance steps in to bring some order from the chaos. Since Finance can't increase revenue, they focus on cutting costs, cutting all the excessive spending of the other departments. When Finance goes too far, the founder steps back in and focuses on her roots—the technology—and the cycle begins again. The VP of Development says, "Customers don't know what they want." The VP of Sales says, "I can sell anything." The VP of Marketing says, "We just have to establish a brand." The VP of Finance says, "We have to control spending." Our focus goes from technology to revenue to branding to cost-containment, over and over again.

This story is all too familiar to those watching the technology space. And we're seeing it in biotech and life sciences, too. What the president needs is someone to be in the market, on her behalf, just as she used to be. What's missing from this cycle is the customer. The customer with problems that we can solve. And one who values our distinctive competence.

Why is there air?

To those who have seen the impact of strong product management on an organization, asking "Who needs product management?" is like asking "Who needs profit?" A president at a company in Florida explained it this way, "Product management is my trick to a turnaround. If I can get Product Management focused on identifying market problems and representing the customers to the company, then the company can be saved."

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To break the viscous cycle of being driven by one VP or another, product management brings the customer into the equation. Instead of talking about our company and our products, the successful product manager talks about our customers and their problems. A product manager is the voice of the customer. The product manager is also the business leader for a product, looking across all departments.

"There will always, one can assume, be need for some selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him, and sells itself."—Peter Drucker

This is the essence of being market driven—being driven by the needs of the market rather than the capabilities of the company. Being market driven means identifying what dishes to serve based on what patrons want to eat rather than what foodstuffs are in the pantry. A market-driven company defines itself by the customers it wishes to serve rather than the capabilities it wishes to sell.

Companies that are not market driven believe the role of Marketing is to create the need for our products. You can see this in their behavior. Marketing is where t-shirts and coffee mugs come from. Marketing is the department that runs advertising. Marketing is the department that generates leads. Most of all, Marketing supports the sales effort. But mature companies realize that the aim of marketing is to make selling superfluous. Marketing defines our products based on what the market wants to buy.

What is product management?

Because the term "marketing" is so often equated with "marketing communications," let's refer to this market-driven role as product management.

You need product management if you want low-risk, repeatable, market-driven products and services. It is vastly easier to identify market problems and solve them with technology than it is to find buyers for your existing technology.

Product Management identifies a market problem, quantifies the opportunity to make sure it's big enough to generate profit, and then articulates the problem to the rest of the company. We communicate the market opportunity to the executive team with business rationale for pursuing the opportunity including financial forecasts and risk assessment. We communicate the problem to Development in the form of market requirements; we communicate to Marketing Communications using positioning documents, one for each type of buyer; we support the sales effort by defining a sales process supported by the requisite sales tools so that the customer can choose the right products and options.

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If you don't want to be market-driven, you don't need product management. Some companies will continue to believe that customers don't know their problems. Some companies believe that they have a role in furthering the science and building the "next great thing." These companies don't need product management—they only need project management, someone to manage the budgets and schedules. But these companies also need to reexamine their objectives. Science projects cannot be made into products in the short-term. Don't expect revenues if your company is focused on the "R" in Research and Development. Product management can guide you in the "D" in R&D—the development of technology into problem-solving products.

Strategic sales?

There are two ways of using sales people in a company: there's selling and there's "not their job." When we invite sales people for guidance on events or product features, we're asking them to stop selling and start focusing on "not their job." Assessing marketing programs or product feature sets or proposed services or pricing are all "not selling" and therefore "not their job." We invite sales people to help us because they know more about the market than the people at corporate do. But the VP of Sales does not pay sales people to be strategic. She pays them to sell the product. If sales people want to be involved in these activities, they should transfer into Product Management; I'm sure there'll be an opening soon.

In the classic 4Ps (product, promotion, price, place), sales people are the last P, not the first. We want them to be thinking weeks ahead, not years ahead. We want them selling what we have on the price list now, not planning what we ought to have.

Instead, we should rely on Product Management to focus on next year and the year after. To be thinking many moves ahead in the roadmap instead of only on the current release.

Product management is a game of the future. Product managers who know the market can identify and quantify problems in a market segment. They can assess the risk and the financials so we can run the company like a business. They can communicate this knowledge to the departments in the company that need the information so that we can build products and services that actually solve a known market problem—so that we can expand our customer base profitably.

Product management is the key to running your business like a business instead of a hobby. ⌘

Barbara Nelson is an instructor for Pragmatic Marketing. She has 21 years in the software industry, including Vice President of Product Marketing for a leading provider of business and accounting applications for the middle market. Before her decade of product management and product marketing experience, she worked closely with customers in several capacities, which taught her the importance of listening to the customer and solving critical business issues. Contact Barbara at bnelson@PragmaticMarketing.com

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craft the questions. Doug had wanted to limit the survey to 25 questions, but ultimately settled on a four page survey with 35 total questions.

The speaker looked at a number of survey tools on the market and found Survey Monkey best met the needs: it was easy to use, low cost, and simple to brand. What Survey Monkey lacked was strong analytics for post survey examination. Doug completed much of the advanced analysis offline.

In order to get a good response rate, Doug sought verbal approval from all executive stakeholders at the target companies. He then sent the survey with a cover email from Medefinance's CEO to convey its importance. After one week, Medefinance had received responses from 25% of the group. A reminder email drove an additional 10% of users to respond for a total response rate of 35%. One lesson learned was to include an expected response date in the invitation.

The questions were a combination of quantitative and qualitative. The qualitative answers provided supporting detail for the quantitative responses, especially outliers. One of the most valuable questions turned out to be "Please describe how Medefinance can improve the service they provide?"

Doug shared key learnings with the company as they emerged, which made it easier to build consensus around the action plan. The speaker emphasized the need to take action on the data, and further, to take action in a timely fashion. You want the user to see the impact of sharing their opinion so they will continue to participate in future user research. ⌘

Greg Cohen is a Senior Product Manager at Instill Corporation and on the board of the Silicon Valley Product Management Association. He has over seven years in software and application services specifically with spend analysis, contract management, and e-commerce.

BOOK REVIEW

It's Not About the Technology: Developing the Craft of Thinking for a High Technology Corporation

Review by Greg Cohen

It's Not About the Technology: Developing the Craft of Thinking for a High Technology Corporation is the first book by Raj Karamchedu, who was the featured speaker at SVPMA's March 2005 meeting. The author was inspired to write after a series of semiconductor startup experiences. During these periods, Mr. Karamchedu observed that great technology companies stay grounded through the mindset of a few key individuals who can resist the urge to develop technology for technology's sake and instead focus on solving the real world business problems.

The book is divided into four main parts.

Part I, *The Thinking,* immediately establishes that the most important determinant of success at high tech companies is the quality of interaction between marketing and engineering. It delves into how engineers and marketers each perceive the problem, or the "contexts" of each discipline, and how a customer selects a product. One of the main points is that customers relate (to products) before they differentiate, which the author then ties into the quality of referral. Every product refers to its own utility. But if the product does not refer to something that already has meaning to us (i.e. something to which we can relate,) we will not understand its usage. The author provides the example of a cell phone with a camera. Whether it is used for a call or to take a picture depends on the user's context or need at a particular time. Likewise, the phone might be used as a paper weight given the right conditions. Referral and context are central to achieving differentiation in the customer's mind.

In Part II, *The Forward Movement Latent in Execution*, the author further develops the context framework, diving deeper into the marketing context and the context of execution. The marketing context covers the notions of opportunity cost, economic value, and differentiation. Execution breaks into three contexts: the customer context, the technological context, and the economic context. From this, the circle of execution emerges, which connects the three execution contexts. This circle is composed of defining the product correctly, achieving a design win, and getting the product to market on time. Part III then explores the framework of the three contexts: customer, technological, and economic, as applied to a semiconductor company.

The final section, Part IV - *The Craft and the Mindset*, is the culmination of the previous three and especially relevant to product management. This section contains a great discussion on the difference between requirements, the what, with the specification, the how. Mr. Karamchedu also draws an important distinction between self-requiring and value-building requirements. Returning to the example of the cell phone, the minimum requirement is that the phone can connect to other phones over the air. This is the self-requiring feature. Without it, no one would purchase the device, nor could it exist in the marketplace. The built in camera, however, is a value-building feature. This feature is not necessary for the phone to make and receive calls, but does differentiate the device in the mind of the consumer. Overtime, value-building features become self-requiring, and new value-building feature must be introduced.

It's not about Technology is not a typical business text. It is more of a discourse that explores the mindset that results in successful technology innovation. The author spends considerable time defining his terms and building the vocabulary of mindsets and contexts. His goal is to create a general framework that can be applied across industries. The writing is informal. Mr. Karamchedu uses "we," "us," and "our" throughout, sometimes to be inclusive of the reader ("so we have come to the final chapter of our book,") and other times exclusive "So we said . . ." or "It is our firm opinion." In the end, this book is an inquiry into the craft of thinking and a thought provoking read. ⌘

Greg Cohen is a Senior Product Manager at Instill Corporation and on the board of the Silicon Valley Product Management Association. He has over seven years in software and application services specifically with spend analysis, contract management, and e-commerce.