SVPMA
Silicon Valley Product Management Association
networking • training • career acceleration

NEWS

January/February 2005 Volume 5, Issue 1

December Event with Ray Martin

Product Management Through the Ups and Downs of a Cyclical Industry

By Greg Cohen

Ray Martin of Asyst Technologies spoke at the December 2005 SVPMA event on "Product Management Through the Ups and Downs of a Cyclical Industry." Mr. Martin discussed the challenges he has faced in his 20 plus years in the highly cyclic semiconductor industry. Further, he offered strategies to mitigate risk and profit from each wave.

Many cycles, such as night and day, are predictable. The semiconductor industry, especially chips and equipment, have their cycles linked to the consumer and business demand for electronics. Because of this, one can track these leading indicators, like the book to bill ratio for chip companies, and anticipate changes in demand. The behaviors are very predictable. Once the chip maker experiences an overstock, the first reaction is to halt spending on capital equipment. Then as time passes, Moore's law catches up and the chip maker is forced to do a tech buy (e.g. 300mm wafer equipment). The manufacturer then proves out the technology at which point it makes the capacity buy and starts cranking out new chips. Then the cycle repeats.

Of course even with the best planning, there are always rogue waves, such as the Asian financial crisis, that can shorten the good times or prolong the bad times. These are nearly impossible to predict. But plans can still be adapted to mitigate their disruptive influence.

In cyclical industries, you have to be ruthless in managing the product portfolio: choose the best prospects and take "the pets to the pound." You must also put in the effort to forecast well. Other advice included, diversifying into more

(Continued on page 4)

Inside this issue

Ten Steps to Global Launch Success

(part 2 of 2)

By Karina Jensen

It's the night before the worldwide launch and you're wondering if you're ready to go global. A timely and successful launch can make a big difference in worldwide revenue, especially in the first, few months following a product introduction. A successful global launch increases market awareness, organizational efficiency, and sales results worldwide. This requires effective planning, communication, and education. In preparing for your launch, consider a global readiness check list to review key needs prior to the worldwide announcement.

(continued from the November/December newsletter)

5. Communicate across functions and cultures

When communicating around the world, you'll need to ensure that you can align teams and manage time zones effectively. In order to maximize awareness, interest, and participation in the global launch, it's important to develop a communication strategy that will engage team members in the Americas, EMEA, and APAC. A communications strategy needs to address when communication takes place, to whom it should be

(Continued on page 6)

Letter from the President

As we move into 2006, the SVPMA Board has been working to further grow the Association and provide valuable ways for our members to network, move their careers forward and increase the skill set and knowledge. Over this next year we'll have some phenomenal speakers at the monthly events from companies like SAP, Intuit, Yahoo and more. We'll also be holding regular quarterly workshops on specific topics. The last one, "Great Demo," held in December, was very successful, and we'll be following it up in March with the topic of "How to Assess Market Size". Additionally, we will now be holding quarterly social events to allow members to network in a more casual environment and get to know each other.

We are looking for several volunteers to help us with much of the work that needs to get done. Even if you can only commit a few hours a month, I encourage you to get involved. The people that you get to know and the reward of helping the organization is something that will pay off for you in your career for years to come.

We are always open to suggestions and ideas for speakers, topics and workshops, so please let us know what you want to see SVPMA doing for your membership.

Here's to a GREAT 2006!

Brian Lawley
President, SVPMA

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

Our mission is

- 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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To learn more about the SVPMA go to http://www.svpma.org

Or email to newsletter@svpma.org

Mark your Calendars!

Upcoming Event Speakers and Workshops:

- February 1st, 2006 - Niti Agrawal, Stage4Solutions
- March 1st, 2006 - Brent Lang, Vocera
- March 2006 - Workshop - Assessing the Size of a Market Opportunity

For more details please go to www.svpma.org

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How to Run a Successful Beta Program: Part 3

By Brian Lawley

So far in this series of articles, we have covered setting appropriate goals that are concrete and measurable for your beta programs as well as recruiting participants. In this issue we'll cover expected participation levels and beta agreements.

At this point you've created a compelling recruiting program and need to contact customers to get them to participate. Just how many customers do you need to contact in order to get an adequate number that agree to be part of the program? More importantly, how many will actually end up testing the product and doing what they have promised?

The response rate you'll get in terms of participation and actual usage for a beta program will vary widely based on a number of factors, including:

- Popularity of the product
- Whether the product is completely new and unproven
- Who your company is (well-known or unheard of)
- How personal and compelling your recruiting approach is
- How stringent you are at selecting customers that fit your profile
- Whether or not your product will affect mission-critical systems at the customer
- How much time and effort you are asking the customer to put in

To give you an idea of the range of actual participation you might expect I'll use numbers from beta programs that I have run over the years.

For an existing (vs. brand new) product that is very popular, low-risk to install and use and doesn't take a lot of time and effort you might be able to get away with contacting only 25 people initially. Out of those 20 would likely fit your criteria (if you were targeted in your initial contacts), and 15 might sign up. Of these you can expect 8-10 to actually use the product enough to give you some valid beta feedback. (roughly 30% of the initial number contacted)

(Continued on page 7)

November 2005
Product Management in Turbulent Times

Daniel Callahan, Senior Director of Corporate Access and Channel Services at iPass, spoke at the November meeting of the SVPMA. Mr. Callahan shared his lessons learned from being a product manager Director in one of the most turbulent industries of recent time - internet access. The presentation was filled with great strategies for dealing with changing demand, changing supply, changing economics, and customer expectations. If you missed the event, you can find the presentation in the SVPMA event archives (http://www.svpma.org/archives.html).⌘

December 2005
Great Demo!

Peter Cohan delivered a high energy workshop entitled "Great Demo!" to a sold out crowd at the SVPMA's December workshop. Peter is the Founder of The Second Derivative (http://www.secondderivative.com), which is a consulting and training company that helps software organizations achieve their sales and marketing objectives by dramatically improving the success rates of their demos. If you missed the workshop, you can find the presentation in the SVPMA event archives (http://www.svpma.org/archives.html) or you can purchase Peter's book *Great Demo! : How to Create and Execute Stunning Software Demonstrations* now in its second release.⌘

(Continued from page 1)

stable or even counter cyclical industries and proactively managing headcount.

Other, less visible strategies are design simple processes that survive turmoil and employee churn. Lastly, outsource intelligently.

Mr. Martin counseled that every cycle presents an opportunity to unseat the incumbent. Two things need to happen: first, you need to be prepared and second, the incumbent needs to trip-up. The speaker gave an example when he was third in a deal. The client had a policy of dual sourcing all equipment. When vendor one and vendor two announced a merger, it opened up the opportunity for Ray's product. Later, he was even able to climb into the number one position as the primary supplier.

Ray Martin demonstrated the challenges of product management in highly cyclical industries. Further, he demonstrated methods to mitigate risk, allocate resources judiciously, and capitalize upon the cycles that disrupt so many other companies. Ray jokingly added that the best advice he could give was "keep your resume up to date!"⌘

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, business analytics, and contract management

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Lessons I Learned in Silicon Valley, *Part I.* What can you learn from them?

By Stan DeVaughn

The first couple of years I was at Apple, I worked for a legendary marketing guy not named "Steve". This was way back when Mr. Jobs was a *minor* celebrity.

My boss back then, the late, great Fred Hoar, used to say that a lot of marketing people had this in common with politicians, prostitutes and ugly buildings: If they could survive long enough, they would achieve respectability.

I don't know that I've achieved that honor, but I've been around the track in the Valley enough times to have made my share of mistakes. And I can vouch for the old saying that you learn more from failure than from success. Still, if given the choice, never hesitate to choose the latter.

It's my good fortune to have been closely associated with the rise of the famous trinity of technologies in the last 25 years: personal computing and networking in the '80s and early '90s, and the rise of the Internet in the late '90s and into the new millennium.

I learned a lot at Apple – how to do things as well as how *not* to do them. In the latter category, I was heavily involved in the marketing and PR for the ill-fated LISA computer, if you remember back that far. On the other extreme I got the chance to do groundwork for the launch of Macintosh.

Of course, that credential may have been diluted over the years. I mean, I can't believe how many people I've met who claim association with the Mac intro. There are more of them around today than there were people at Apple in 1983. Sort of like the French Resistance during WWII.

A few years ago, Fred joined the faculty of the graduate school of business over at Santa Clara University and asked me to guest-lecture to several of his classes. I came away impressed by the quality of the students but also reminded that business school can never completely prepare you for the realities of business. In school, after all, you get the lesson first and then you take the test. In business, everyday, you get tested first – and *then* you're taught the lesson.

So what lessons have I learned? More importantly, what can they teach you? I'll boil down what I told Fred's classes. Here, and in the next issue, are some things I learned via trial and error, and by watching really brilliant people do some really stupid things.

10. Graduate from "Mar-com"

Hey, nothing against marketing communications. I've spent a good chunk of my career there. After all, "marketing" is all about "communicating", right? The problem is that the marcom function is not the *signature* function of marketing. Too many of us behave as though it was. It limits us. It gives credence to those outside of marketing who want to circumscribe and subordinate the

(Continued on page 8)

(Continued from page 1)

communicated, and what will be communicated during the launch process. A successful internal communication strategy should engage cross-functional and cross-regional team members through the use of regular and consistent communications. This includes vehicles such as weekly launch meetings, regional launch calls, and email updates.

6. Test your message and image
There are many global marketing mistakes that have been made by well-intentioned global strategists who assumed similarity rather than difference. In Taiwan, the translation of the Pepsi slogan "Come alive with the Pepsi Generation" was presented as "Pepsi will bring your ancestors back from the dead." Nike offended Muslims when the "flaming air" logo for its Nike Air sneakers looked too similar to the Arabic form of God's name "Allah". Microsoft offended customers in Latin American markets when a Spanish language version of XP Windows asked users to select their gender between “not specified”, “male”, or “bitch” (for example, “hembra” means woman in Venezuela while it means “bitch” in Nicaragua). To avoid embarrassing and costly mistakes, ensure that you work with a recognized translation service and review the final copy and image with your country marketing manager for context and relevance.

7. Internationalize customer communications
One way to leverage resources and reduce localization costs is to internationalize communications. This simply means that key international messages are incorporated into global communication vehicles created at headquarters in order to benefit international offices and local markets. The international message supports local marketing efforts by country managers. It also positions the company as a global player. This includes references to a worldwide rollout and product availability in key geographic markets in the worldwide announcement. References to country-specific success stories and the use of analogies and examples that will be understood by an international audience also need to be considered.

8. Ensure timely and localized deliverables
Since increasing global market reach is a growing priority, US companies are starting to pay more attention to local marketing needs. A global marketing strategy that succeeds in avoiding local customer rejection needs to focus on localized products and marketing tools. A product needs to address local requirements for design features, packaging, and pricing among others. Marketing positioning and messaging needs to consider the language, tone, and imagery. Internal teams need to select and design culturally appropriate communication vehicles determined by language, terminology, design, color, style, format, and delivery.

Timing is a critical component for ensuring effective support and execution on announcement day and post-launch. Many companies make the mistake of prioritizing US-centric and English language products and communication tools, with localized products and material delivered weeks (and sometimes months) after the global launch date. In order to provide the local marketing and sales teams with the means to succeed, ensure that translated and localized tools meet an early production timeline to guarantee delivery prior to launch.

9. Deliver effective support tools to ensure global readiness
In order to achieve global readiness at launch, marketing and sales teams need to be aligned in every corner of the globe. Sales team members need to be engaged early in the launch planning process in order to achieve launch objectives for sales readiness, sales tool development, and customer engagement. An inventory of sales tools should be reviewed and selected for relevance and value in supporting local marketing initiatives. An important and often overlooked opportunity involves the development of international customer references and local success stories. Active use of quotes and testimonials from international customers helps the country teams accelerate sales and positions the company as a global player.

10. Enable local sales teams through training
You're getting ready to launch and your sales team needs to speak the same language. How do you ensure the same message in different countries? When ensuring sales readiness globally, it's important to develop awareness, understanding, and knowledge. This can be accomplished by targeting local training needs and resources. When planning for local sales readiness, don’t forget to secure time and availability from product managers, trainers, and thought leaders who can travel to the regions. In addition to field communication and support tools, a series of education activities need to reach all members of the worldwide sales force. Rapid e-learning sessions followed by live training for each region should ensure that sales teams are ready to go at launch.

Time to market, efficient processes, and knowledgeable teams are at the core of global launch and market success. When reviewing your global readiness check list, ensure that you have the capabilities to secure timely delivery through strategic planning, effective communications, operational efficiency, and globally responsive teams. Can you create a global launch plan and roadmap for both global and local needs? Can you communicate effectively with teams across functions and cultures? And can you educate teams to connect with local and global customer needs? It's important to leverage internal resources while increasing understanding and participation within your organization. Make global launch readiness your competitive advantage and you’ll enjoy increased marketing and sales results around the world. ⌘

Karina Jensen learned the importance of global readiness from her career in international marketing and sales. She’s the principal and founder of Global Minds Network, a consulting firm dedicated to global readiness and launch success for professionals, teams, and organizations.

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(Continued from page 3)

On the flip side, for a brand new unknown product from an unknown startup that has a high risk and time commitment for installation, you might contact 100 customers initially, find 40 that are interested, have 20 sign up and in the end have 5-8 that are actually active. (roughly 5-8% of the initial number contacted).

Once you've got the companies agreeing to participate you'll want to have them sign a beta agreement. It doesn't have to be a formal agreement (though in bigger companies you'll be forced to use an actual contract), but it should clearly state what the commitments and expectations are. Make it as simple as possible and include details such as length of program, incentives and rewards for participation, responsibilities of participants, expected amount of usage and support that will be provided. Getting participants to actually sign an agreement makes their commitment much more real, and you will have a higher probability that they will actually use the product and provide feedback.

In the next article we'll cover how to kick off and run the program successfully as well as schedules and timelines. ⌘

Brian Lawley is the President of the 280 Group, which provides Marketing and Product Management Consulting and Contractors to help companies define, launch and market breakthrough new products. For more information see www.280group.com.

(Continued from page 5)

function. Being defined solely by logos, literature, trademarks and tradeshows keeps us in a box. Break out of the box by being better informed than anybody else about the *totality* of your business. Call it holistic marketing, if you want. The point is to know your company, your customers and your category better than anybody else in the company. Start by knowing the company's business plan and business/ profitability model the way your CEO and CFO know it. Start thinking like a general manager first, and a marketing manager second. Why? Because real marketing is nothing less than *general management*. This is the secret. Know where your profits come from. Know about how your product is priced and how the numbers work. And know exactly how your customers define the problem your product allegedly solves for them. Feel their pain. Marketing isn't just about "knowing" your customer. It's about knowing how to attract new ones every day by giving them reasons to buy your stuff at prices that keep you in business. See? General management!

9. Nothing is as good – or as bad – as Sales says it is

I love sales people. Always have. They make the world go around. The challenge for you as a marketer, however, is to interpret the raw emotions of people in the field who, let's face it, tend to get emotional. This is the way it's supposed to be. Listen between the lines of what they're telling you when they complain about not getting enough "support". The point is to be a *partner* of Sales, not a sub-contractor. Repeat this mantra: *Sales is not my client. We are partners. We are allies in the war against competitors*. Sales people must be free to manage accounts, solve customer problems and close business. Especially to close business, which is time-intensive and nerve-wracking. To accomplish this, they must spend their precious time selling, not marketing. To the extent that they're doing *your* job, e.g., trying to uncover new business on their own without your navigational skills and knowledge of the market, they're not doing theirs. And this is where tension starts to build and sales people begin to feel unloved and unappreciated. Remember that there is a huge difference between "accounts" and "customers". You are the customer expert. Sales people are "account" experts. You are the navigator. It is your job to show them the shortest distance to the good hunting grounds, and keep them away from the dry holes. Share all the customer data you can with them, but always on a quid-pro-quo basis: what they can tell you can enlarge your understanding and help you help them. Equally important, avoid no-win confrontations and battles. But when you do have to go to the mat, hold your own. Don't cave when you know you're on solid ground. They need you.

8. Make your "main thing" the main thing

This is my own variation of the old Procter & Gamble philosophy which has stood the test of time. Your company does *one thing* better than anybody else. Not three, not ten, not 19. No matter what your chief technology officer believes, or what you CEO likes to think. The key ingredient of your product's "main thing" is the gotta-have-it attribute, as opposed to the gee-that's-nice-but-I-can-live-without-it-thank-you-very-much attribute. Which isn't an attribute at all. If you don't have a main thing, you should not be in business, and probably won't be for long. When you've identified your own main thing, keep it front and center in everything you do, say and convey about your company. Internally and externally. Make it central to your culture. Really, it's impossible to go overboard here. The cautionary tale for failing to identifying your main thing and keeping it the main thing: Carly Fiorina, formerly of Hewlett-Packard.

7. Budget from the bottom up

Failing to budget properly is the slippery slope for departments and careers. What I've learned, the hard way of course, is to set the budget of each marketing function based on the business impact you want from each one. See? You have to be familiar with the business plan. It's your compass *and* your map. And, at the risk of sounding corny, make each manager budget as if it was his or her own money they were spending! Next, punish adversarial "zero sum" attitudes within your department. It's a contagion. Don't tolerate it for a minute. Overall, establish revenue-minded, measurable programs that run quarterly, and revisit them every six months to see how they're delivering.

Budgets set from the top down practically guarantee the wrong number. Unfortunately, this is the typical process in many high-tech companies, especially in marketing. It guarantees that managers will spend all the money they get, rather than spending judiciously and treating the funds as investments. This gets back to the definition of marketing – if you're defined as the *navigational* function that identifies new customers, gives them reasons to buy ("reasons" broadly defined to include product features and design), then marketing will be more naturally perceived as an investment as well as an expense. You

(Continued on page 9)

(Continued from page 8)

invest in product development, people, and *marketing initiatives.* If, on the other hand, marketing is seen primarily as a service or support function, the money the company devotes to it suddenly becomes nothing more or less that an expense. Something to be reduced, or cut altogether.

Most everybody says they do bottoms-up budgeting, but they really don't. The big mistake I always made was in being guarded and maybe even too evasive with my staff about the kind of money we had to spend. This encourages some really strange reactions among some people as they start building all kinds of blue-sky, wish-list budgets.

This is waste of time, even though it can sometimes be an interesting exercise. You don't have time to waste.

One of the biggest time wasters are the adversarial battles that some personalities insist on having. Do not reward this behavior. Do not tolerate it.

Make your people work together on this. But most of all, make them WORK for their budget. It is, after all, an *iterative* process.

Remember that this is a lengthy process, as well. Count on up to five months. So get started early and get your people to think hard about how their individual contributions put something on the revenue line, **and further the business plan.**

We keep coming back to the business plan.

I've had most success setting up programs that run 90-days and get revisited every six months. Be sure they are tied, somehow some way, to revenue and can be measured that way. Awareness points in surveys, where you're trying to move the needle vis-à-vis a more established competitors, are nice, but revenue-minded programs take priority. Direct marketing that creates inquiries that mature into productive leads are a good example. You can track this stuff.

At Network Appliance, I had a direct-marketing mad scientist working for me who was obsessive about this stuff. It paid off and we were heroes to the field who were more than happy to see our budget grow. There was very little "sales vs. marketing" tension. At least not in inquiry-generation.

6. Organize from the top down

Here again, you're operating relative to the company business plan. It's now your template for the skills you need to bring into the mix. What business are you in and how do you intend to make money? When you're putting your organization together you must begin with a thorough understanding of your business model. Modify your organization plan as that model changes.

The point is to make your organization conform to the nature of your business. If you're in a high-unit volume business, you're likely going to devote more resources to the kind of direct marketing that generates the volume of inquiries from which you can evolve productive leads.

Telesales is also part of this scheme and your website**,** including a quality blog, is going to be a fundamental strategic weapon as well as a tactical tool. You'll probably deploy advertising to remind people of what your PR program is telling them.

If your model leans to a high-ticket system with a lot of after-sale support and consulting, chances are you're going to be more event-driven. You're likely going to be a new category where education plays a big role. You'll utilize seminars and probably set up a customer council. You'll deploy PR people to work with product evaluators.

The point here, at risk of sounding repetitive, is to be sure your organization is always in phase with…the Business Plan**.**

(To be continued next issue) ⌘

In the meantime, subscribe to my blog, http://thememarketinggene.blogspot.com for more tips, insights and news you can use. Or give me a call just to vent: 650-823-7469.