

June Event with Matthew Holloway, SAP
Design Thinking: How To Transform Your Organization

By Srinu Namineni

Matthew Holloway, Vice President and Co-Head of SAP's Design Services Team, spoke at the June 2006 SVPMA meeting on how SAP is employing *design thinking* to radically transform itself.

He started by saying that *design* is all about meeting the needs of users, reducing the complexity and providing users with a rewarding experience. Design thinking is about incorporating design mindset throughout the organization. By focusing the whole organization on end-user needs and experience, design thinking provides sustainable, defensible differentiation and competitive advantage.

Traditionally, the UCD (User Centered Design) team is the only group in an organization concerned about design. As the rest of the organization is not involved in the user centered design, their impact has been typically limited to incremental functional design improvements. To create breakthrough innovations, design thinking must be embraced by every one in the organization, not just the design group.

To enable such radical transformation, two years ago, SAP formed a Design Services Team. This team consists of knowledge management experts, product managers, user research specialists and technical developers. They primarily act as agents of organizational change to accelerate the

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Top 10 Principles of Great Sales Messaging

By Michael Canon, Silver Bullet Group

Sales Messaging – the stated reasons you give people to buy from your firm – is the foundation on which all your sales and marketing efforts rest. Sadly, most companies lack a definition for their sales messaging, let alone a methodology for developing and deploying it. The results are billions of dollars wasted annually on ineffective marketing collateral and millions of dollars more are lost in lower revenue, higher sales costs and missed bonuses.

“80 to 90 percent of marketing collateral is considered useless by sales,” according to the AMA’s CMM Forum

Here is your chance to break from the pack and enhance your competitive advantage. Use these top 10 principles to create a definition for great sales messaging that will enable your company to win more orders, increase market share and improve margins.

1. **Specific to One Offering.** Sales messaging is about selling one offering --a complete product or service. If you sell a number of products and services bundled together, then you can think of this as one offering. If the products or services are sold on a standalone basis, then you must have sales messaging for each offering.
2. **Target Each Buyer.** There are a number of buyer types to consider, including the prospect, customer, channel

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Letter from the President

With Summer in full swing the Board of Directors has been busy. In June we had our quarterly Social Networking event, held at Left at Albuquerque. The food was great, the drinks were flowing and everyone had a chance to get to know each other during a fun speed networking event.

In July we have an excellent workshop: Best Practices for Global Launch Success, held by Karina Jensen. This will be a very informative and useful workshop. Don't miss it!

In August Michael Sippey, VP of Product for SixApart will be speaking. If you aren't familiar with SixApart, they are one of the world's leading blogging companies, making TypePad, Moveable Type and LiveJournal. If you read blogs chances are it was built using their software and services. Come hear about how they bring great new products to market in a rapidly changing space.

Hope you all have a great Summer!

Brian Lawley
President, SVPMA

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Upcoming SVPMA Speaker Events :

- July 15th, 2006 - Quarterly workshop - **Best Practices For Global Launch Success**
- August 2nd, 2006 - **SixApart** - **Michael Sippey**
- Quarterly Networking Event- Details coming soon.

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Thanks to these great SVPMA volunteers!

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Interested in volunteering?

Contact Sharon Grimshaw, Director of Volunteers
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Getting The Most Out Of Focus Groups

(cont'd from the May/June newsletter)

By Erica Baccus

Insight #3: Researchers can be most effective when they understand the client's beliefs. Trust your researcher with the "hidden agendas".

The more the researcher knows the more capable they are "in the room."

D. The next step is screener development which seems very pedestrian and clerical but is extremely critical to the success of the project. As the client you need to be able to provide a profile of the kind of person you want included in the focus group discussion AND the kind of person you do not want in the discussion. I always advise our clients that we should be as stringent as possible on the screener. If we get the wrong person in the room, you are wasting your money.

We often help our clients think of criteria that needs to qualify the perfect respondent. Beyond the typical firmographics and demographics, consider the following:

- Are there attitudes that would disqualify a participant?
- Must the person report to a certain level of management? Titles are so insufficient these days.
- Are there certain levels of experience with a product desired?
- Have you described the necessary involvement in the purchase process appropriately?
- Have you ensured the person is a decision-maker or influencer?

Insight #4: The screener is the foundation of ensuring successful focus groups.

E. The fun part of the project (aside from actually conducting the research) is creating the Discussion Guide. This is not a script. It is the outline of topics for discussion and associated exercises.

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May 2006 Event With Michael Cannon

The Best Way to Increase Your Sales: 4 Proven Steps to Implement the Most Compelling Answers to Why Your Prospects Should Buy Now!

By Greg Cohen

Michael Cannon, Founder of the Silver Bullet Group, spoke at the May 2006 SVPMA meeting on “The Best Way to Increase Your Sales: 4 Proven Steps to Implement the Most Compelling Answers to Why Your Prospects Should Buy Now!” He first defined the different types of messaging and then stepped the audience through four simple steps to develop and implement persuasive sales messaging.

At the top level, messaging is the information a company uses to position itself, its products, and its services in the mind of people that it wants to influence. There are five major types of messaging: Company, Brand, Value Proposition, Product, and Sales. Of the five, sales messaging is persuasive and answers the buyers primary buying questions for each product or service being considered at the correct point in the product life cycle and sales cycle. Thus, sales messaging evolves as a product and market for that product matures. Sales messaging is product or offering specific and specific to the different buyers in a sales cycle.

One good test that the speaker suggested doing is to map out when and where each piece of marketing collateral is used in the sales process. Often pieces are not even used. Also, if your sales team says they use a piece as a leave behind, it is not an important element of the sales process.

In contrast to sales messaging, Company, Product, and Value Prop messaging are descriptive. Brand messaging is often a tag line, and its goal is to build awareness so that when a buyer is looking to solve a problem your company addresses, you are considered.

Sales messaging succinctly addresses three main points:

Why should I buy this product?

The goal here is to create a funded buying event. This is particularly true for new markets. You need to create demand by convincing the buyer why they should give up their current method of solving the problem. Once the funded buying event occurs you must then answer why they should buy from you.

In a mature market, the funded buying event most likely exists. You do not need to tell the buyer why they need your product, but must address why they should buy your solution over your competitor’s product.

Why should I buy it now?

At the end of the day, you are competing for budget against other projects. The “why buy now” question cannot be easily messaged. Each account will have different competing projects. The sales team must answer this through Return on Investment (ROI) discussions that make the compelling case for your solution over competing projects.

Why should I meet or talk with you

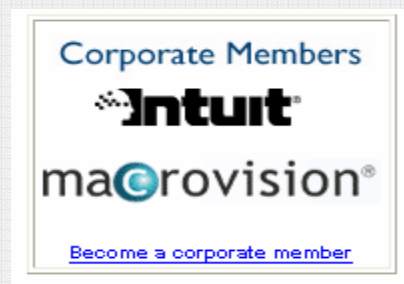
This is the start of the sales funnel and the goal is to help the prospect decide if they could benefit from your expertise. Instead of going into a sales pitch of what the product is, open persuasively with “We have helped Company X increase revenue by 30% while reducing sales expenses by 15%. I thought you might want to evaluate our solution and see if it would work for you. Would you like to meet to discuss this in greater detail?”

Mr. Cannon stepped the audience through a couple of exercises to uncover how ones product helps the customer and then to develop the sales message. The first method uses informational interviews that most product managers should be comfortable conducting. The second is to follow what the speaker calls the “Impact to Value” chain. You write down three problems that your prospect has with their current solution and then for each of the three problems, answer what problem that problem creates. And do this eight times. For example, 1) the client service rep can’t find the answer in a timely fashion, so 2) the customer must remain on hold, so 3) the customer becomes frustrated, so . . . etc. By the time you get eight levels deep, you will likely be at a high level issue such as lower profitability or higher costs. But in doing this exercise you will find sales messages for users (the initial few levels), managers (the middle levels), and CXOs (the last couple of levels.)

In summary, sales messaging is used to close orders. It is used by the sales team and answers “why” rather than “what” or “how.” Further, improving sales messaging is one of the most cost effective ways to increase sales.☞

Greg Cohen is the Director of Business Development and Principal Consultant at the 280 Group and on the board of the Silicon Valley Product Management Association. He has over nine years of product management and marketing experience with a focus on application services specifically with spend analysis, business analytics, and contract management.

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Creating Compelling Product Roadmaps (part 1)

By Brian Lawley

Product Roadmaps can mean the difference between success and failure when delivering and marketing products. They can be one of the most effective tools in a Product Management professional's arsenal. Done correctly they can help win and keep large customers and partners, and can guide the engineering and strategic planning efforts of a company. Unfortunately, most Product Roadmaps are created "On The Fly" and under pressure when sales or the company management makes a last-minute request. As a result they don't have the impact they should, and can be a source of much trouble if you aren't careful.

As a Product Management professional who is responsible for the overall success of your product, it is important that you create a product roadmap that is compelling, can drive the strategy for your company and development efforts and can provide your partners, press, analysts and customers with a clear idea of where you are headed. This article will include some of the tips and best practices that I have found to be helpful in creating product roadmaps during my twenty year career in Product Management.

Why a Product Roadmap?

There are many different reasons for developing product roadmaps. It could be that your sales force is losing a large deal and they need to reassure a customer of your future directions. Or it could be that you are briefing the press or analysts and want to reassure them of where you are headed. It might be that you need an internal roadmap to guide engineering efforts and assign resources according to well-thought-out priorities. Or you may need a roadmap to get your company's next round of funding.

There are wide variations in terms of definitions and uses for roadmaps. The first step is to decide what type you need and what it will be used for.

Types of Roadmaps

There are five types of roadmaps that are the most commonly used: Market and Strategy, Visionary, Technology, Platform and Product (Internal & External). Each type is good for specific uses, and you may also choose to combine them to create a bigger picture story.

Market & Strategy

Market & strategy roadmaps paint a picture of which markets you will be going after and how you plan to develop the products for each segment. For example, in year one you may want to enter healthcare by partnering with another company. Or you may want to enter the financial market in year two by

building products in-house or acquiring products.

Visionary

Visionary roadmaps paint a big picture of trends in the industry and society in general. By showing the trends you can then show how your products fit into the bigger picture and how you are taking advantage of the momentum happening in the market.

Technology

Technology roadmaps show what trends are happening in the overall industry in terms of technology, and then allow you to map your company's products and releases to them. They are an excellent way to show how your company is taking advantage of up-and-coming new opportunities created by technology.

Platform

Platform roadmaps are used by companies that have an overall platform strategy that relies on partners working closely with them. Examples of platforms includes Windows, the Palm OS, Google, MacOS and many others. In a platform roadmap you show what will be happening with the core platform software as well as what the platform company will be delivering in terms of their own products and the development tools that partners will need to use to support the platform.

Product (Internal & External)

Product roadmaps are used to show when product releases will be available, what their overall theme or main features are and what secondary features will also be included. Internal roadmaps can be used for driving development priorities, communicating to upper management and other departments and for use in obtaining funding for the company. External roadmaps are used for communicating to customers, partners, press and analysts. External roadmaps should be based on the corresponding internal roadmaps, but should be much more vague.☹

Next issue's article we will discuss an eight step process for creating product roadmaps.

Brian Lawley is the President of SVPMA and the 280 Group, which provides Marketing and Product Management Consulting and Contractors to help companies define, launch and market breakthrough new products. The 280 Group sells the Product Roadmap Toolkit, which includes a narrated seminar, 75 roadmap templates and prioritization matrices . For more information got to www.280group.com.

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partner, industry analyst and investor. There are also buyer roles like User, Technical and Financial. It's important to identify buyers by offering, by title and by role so that the sales messaging resonates with each buyer's interests and perspective.

3. **Answer Buyer's Primary Buying Questions.** Each buyer has different buying questions. For example: Prospects are asking, "Why should I buy your solution rather than a competitive option?" Customers are asking, "Why should I keep buying from you?" Channel Partners are asking, "Why should I distribute your product or service?" Each buyer's questions are different and thus require tailored answers.

4. **Support the Product and Sales Cycle.** In the early stages of a product life cycle, the most important buyer question to answer is "Why should I change what I currently do and buy a product or service like this?" The question has nothing to do with your company. It's about educating the buyer on why they should make a change. The primary goal is to create a funded buying event.

In the later stages of the product life cycle, when market demand is established, the primary buying question shifts to "Why should I buy your solution rather than a competitive option?" It's about competitive differentiation and educating the buyer on why they should buy your offering. The primary goal is to create an order for your company.

Great sales messaging supports each phase of the sales cycle

Like the product life cycle, the sales cycle has distinct phases. For example, let's say you're selling an early stage product. At the beginning of the sales cycle, the primary buying question to answer is "Why should I meet with you?" Once you have a meeting, the next phase in the sales cycle is answering, "Why should I change what I currently do and buy a product or service like this?" The final phase of the sales cycle is then answering, "Why should I buy your solution rather than a competitive option?" Great sales messaging supports each phase in both the product life cycle and sales cycle.

5. **Determine the Key Differentiation Factors.** There are 5 important differentiation points including Time, Money, Risk, Strategic, and Personal. The more of these differentiation points you appeal to, the more likely you are to attract and create buyers.

6. **Apply the Black and White Factor.** Numerous studies conclude that the brain comprehends best when presented with clear contrast between opposites.

Statements like: "We are one of the leading..." is not as compelling as "We are the leader in..." Use lots of sharply contrasting adjectives like Only, Fastest, Easiest, Best, etc. to create powerful sales messaging.

7. **Test Against the Me Too Factor.** In order to have truly effective sales messaging, especially for competitive differentiation, no other company should be able to make the same claims that you do. The buyer must perceive that your company is different from all the other competitive options and vendors.

8. **Organize into Three Points.** People remember things best when they are presented in groups of three. The brain works this way, so optimize your sales messaging for maximum effectiveness by incorporating this important principle.

9. **Summarize on One Page.** The answer to each buying question must be simplified to a one-page format for a few of reasons. Your sales reps cannot remember and articulate more than this and your buyers surely will not. In order to be effective, sales messaging must be delivered to the buyer in digestible amounts.

10. **Provide Proof Points.** Most buyers consider your sales messaging to be claims. To add more credibility to your key points, you must provide lots of evidence that your claims are true. The more evidence you have, the more believable your claims. The best way to validate that your claims and evidence are true is to use proof points such as customer testimonials, case studies, etc. The second best proof points include third-party organizations like International Organization for Standardization or Gartner Group, etc. The next best proof points are a demonstration or proof-of-concept.

Great sales messaging gives your company the foundation on which to create more meetings, buying events and orders for each of the products and services that you offer. Since most companies do not know what sales messaging is, and you do, you have a tremendous opportunity right now to gain a competitive advantage. This advantage has been proven to increase sales, reduce costs and improve margins.



About the Author: Michael Cannon is an internationally renowned sales and marketing effectiveness expert, best selling author and speaker on topics related to sales messaging and sales planning. For more information, visit www.silverbulletgroup.com

Recommended Resources

The *Top 10 Principles of Great Sales Messaging*, a 1-hour, on-demand training course with a 14-page workbook is available at www.top10principles.com and a 10-page eBriefing on how to implement great sales messaging is available at <http://www.silverbulletgroup.com/ebriefing>.

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First, you should include enough time for all team members to give your researcher the input needed to develop the guide. I ask our clients to just talk about what they want to know when they are all finished with the research.

Sometimes our clients will brainstorm over the phone or in an in person meeting and follow up with email questions they want answered.

It is the researcher's job to let you know what kinds of questions are appropriate for qualitative research. Typically, yes/no questions are more suited for a quantitative survey. Closed-ended questions are also better for quantitative surveys but often can be changed to find out "why".

Next, the principle most often abused in qualitative research is, "Well, as long as we have them in the room, let's ask....."

Focus groups are so wonderful at gaining an in-depth understanding of the problem, but if you powder the group with lots and lots of disparate questions you lose the time to probe in-depth and you lose the focus of the discussion. Hence, you no longer have a focused group.

Lastly, we believe in using creative exercises to help the respondents articulate their thoughts and feelings. It is very difficult for someone to tell you what he thinks about company X. But, if you ask him to choose a photo of a shoe (from a library of photos) he most associates with that company, he can easily describe the important attributes of that company. For example, "I chose the wingtips for IBM because IBM is professional and stable and traditional." So, you will get the most out of your focus groups if your researcher can develop a discussion guide that creatively elicits opinions.

Insight #5. It is a good idea to let your researcher guide you in the development of the Discussion Guide. Try not to put too many constraints on the creativity yet try to remain focused in your areas of questioning.

F. The Report! This is the work part. This is what you paid the money for. This is when you know you are getting your ROI. We always present our reports –even if they are long distance and it has to be done over the phone. The presentation gets the team together to hear the results and provides an opportunity to discuss and debate the results of the research. The objective researcher is the

perfect person to interpret the results and ensure internal agendas do not color the results. Otherwise, the report sits on the shelf.

Insist on reports that are visual – that include Verbatim Quotations – that deliver the Key Insights up front. We always provide Recommendations based on conclusions from the research.

Hopefully, your report will be well –thought out, analytical and in-depth. Hopefully, your report will give you information you can act on. Hopefully, your report will consider the original objectives of the research as part of the analysis. Hopefully, you will use your report and so will your key executives. The report should be segmented into Ideas for Executives and Information for The Team. Ideas up front and details in the back.

Insight #6. Your report is critical. Do not give it short shrift. This is why you paid your money, flew to some city far away from home and ate M&Ms for several evenings in a row. ☹

Erica Baccus, president of Baccus Research, founded Baccus Research in 1996, a full service qualitative research company whose mission is to help clients get to the heart of their marketing issues and discover the feelings of their customers. With clients like IBM, Dell, Guess? And Tell Me Networks, Baccus Research is equally adept at helping high-tech, consumer and consumer electronics companies. Contact: 415 621 3241

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Email sgrimshaw@svpma.org

Book Review

Dealing With Darwin by Geoffrey Moore

Reviewed by Michael Shrivathsan

The Good: Excellent discussion of the need for innovation at companies of all sizes, plus detailed look into 14 types of innovation.

The Bad: Some terminology – such as “core” vs. “context” – may be a bit confusing.

The Bottom Line: If you liked *Crossing the Chasm*, make sure to check out this latest book by Moore.

Dealing with Darwin: How Great Companies Innovate at Every Phase of Their Evolution is the latest book by Geoffrey Moore, whom you might already know from his highly influential books *Crossing the Chasm* and *Inside the Tornado*.

While *Crossing the Chasm* and *Inside the Tornado* primarily focused on companies in ‘startup’ and ‘rapid growth’ stages of their lifecycle, this book focuses on the importance of innovation at all stages of a company’s lifecycle. As Moore uses Cisco Systems as the primary case study, a lot of ideas in this book are especially applicable to mature companies.

Cisco Systems Case Study

In fall of 2002, John Chambers, CEO of Cisco, invited Moore to study how Cisco continues to innovate as a mature enterprise and provided him unlimited access to Cisco’s management practices.

Moore subsequently participated in a series of key projects at Cisco, worked closely with the executives involved, and attended the key project meetings. The resulting collaborative case study forms “the heart” of this book, and results of the case study are intertwined throughout the book.

Dealing with Darwin – A Definition

As I started reading the book, the first question I had was “What exactly does Moore mean by *Dealing with Darwin*”? He must be a mind-reader as he answers the question early on in the book - which basically is:

- Business is becoming increasingly more competitive due to globalization, deregulation and commoditization

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- This causes free-market economics to operate by the same rules as “organic systems in nature”
- These rules include competition for scarce resources of customer purchases and “natural selection” resulting from customers choosing one vendor over another, and as a result
- To avoid becoming marginalized, companies must evolve their competence over time under increasing pressure to innovate

Dealing with this pressure to evolve is what Moore means by “Dealing with Darwin”.

Three Sections

The book is divided into three primary sections, the last two forming the core of the book.

- I. Foundational Models
- II. Managing Innovation, and
- III. Managing Inertia

I. Foundational Models

This section discusses a set of 3 frameworks that set the stage for understanding innovation. The three frameworks are:

a) Economics of innovation:

This framework discusses why innovation is valuable only when it helps your company to achieve differentiation that influences the purchase behavior of customers. Your company should focus on those types of innovation that create such differentiation in order to win the prizes of targeted revenue and profits.

b) Category dynamics:

As categories mature, customers reward different types of innovation. The market *always* rewards innovation – but in order to succeed your company must align the type of innovation with the category’s predominant dynamics.

c) Business architecture:

This framework discusses why it is critical that the tactics of innovation vary depending upon the *business architecture* of your company – whether your company’s business model is a *high-volume* (loosely translated into B2C – Business-to-Consumer) or a *high-complexity* (loosely translated into B2B – Business-to-Business) business model. Innovation works differently in these two business models.

II. Managing Innovation

In this section, Moore explains why “Just as nature’s ecosystems reward different strategies in different niches, markets reward different types of innovation in different segments”.

Moore covers the concept of “value disciplines” that Michael Treacy and Fred Wiersema introduced in their excellent book *The Discipline of Market Leaders*. By adding “category renewal” to their three value disciplines, Moore identifies four “Innovation Zones”:

- a) Product Leadership Zone:** This zone is for highly differentiated products or services. Usually characterized by premium prices.
- b) Customer Intimacy Zone:** This zone is for products or services focused on the customers’ experience, rather than differentiation. Usually characterized by customized products and services.
- c) Operational Excellence Zone:** This zone is for highly efficient value chain that delivers the product or service. Usually characterized by low prices.
- d) Category Renewal Zone:** This zone is for categories that have lost the ability to sustain future value creation.

He then proposes 14 types of innovation for these 4 innovation zones.

a) Product Leadership Zone:

1. Disruptive innovation: This type of innovation creates new market categories based on disruptive business models. *Example:* Apple iTunes

2. Application innovation: This type of innovation develops new markets for existing products by finding unexpected applications for them. *Example:* Use of fault-tolerant computers to run ATMs in banks.

3. Product innovation: This type of innovation creates differentiated products through features and functionality not found in current products. *Example:* Cell phones with built-in digital cameras.

4. Platform innovation: This type of innovation creates a platform – a simplifying layer that masks underlying complexities – that allows others to focus on new value propositions. *Example:* Qualcomm CDMA.

b) Customer Intimacy Zone:

5. Line-Extension innovation: This type of innovation creates new sub-categories to existing product lines. *Example:* Introducing SUV in automobiles category.

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adoption of design thinking across SAP. This team reports directly to the CEO. In addition, Hasso Platner, SAP's co-founder and chairman, is a chief sponsor for this team.

Matthew then outlined the following four step process advocated by their design services team for delivering innovative products:

Step 1 - Understand and Observe: Explore the problem space through fact finding and then assemble a 360° view. Scope project, define objectives and outcomes. Interview & observe end users in their work place. Take photographs and videos of the user environment and artifacts.

Step 2 - Synthesize: Create an immersive environment with all the data and artifacts gathered in one physical location. Brainstorm as a team to see patterns and generate insights. Reduce the solution space through decisions that balance desirability (user needs), viability (business needs) and feasibility (technical needs). At this stage, encourage wild ideas and explore various alternatives.

Step 3 - Iterative design with prototypes: Create relevant prototypes quickly and iteratively and test them with users. Prototypes must evoke emotional response. Start with low-effort paper prototypes, mock-ups, wire frames to get generic feedback quickly. Develop high-effort prototypes with HTML, Flash or functional code to get specific feedback in later iterations.

Step 4 – Stay involved through out the Implementation: Deliver a prototype to the development team that communicates the design intent to both internal and external constituents. Collaboratively work with the development team to build the final design. Design services team must remain engaged and empowered throughout the development cycle to weigh-in on every significant engineering trade-off.

In summary, if your organization is seeking a sustainable competitive advantage, you should consider design thinking as a way to focus on your customers' needs and experiences. First, put together a multi-disciplinary design services team to act as agents of change. Next, get that team to be sponsored and supported by the topmost executives in your organization. Then, you'll be on your way to radically transform your organization with design thinking. ☘

As a Senior Marketing Manager, Srimi is involved in setting strategy and planning vertical offerings for the enterprise master data management software at IBM. He has over 15 years of industry experience in business intelligence, web applications and system management arenas.

He can be reached at snaminen@us.ibm.com.



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- 6) **Enhancement innovation:** This introduces innovation into finer and finer elements of detail, with little impact to underlying infrastructure. *Example:* Ice makers in refrigerators.
- 7) **Marketing innovation:** This type of innovation focuses on differentiating the interaction with prospective customers during the purchase process. *Example:* Single-vendor showcase stores – such as The Apple Store.
- 8) **Experiential innovation:** This type of innovation focuses on the experience of the offering. *Example:* Business hotels that remember your newspaper preference.

c) Operational Excellence Zone:

- 9) **Value-Engineering innovation:** This type of innovation extracts cost from materials and manufacturing without affecting the product. *Example:* Manufacturing of TV, PC, etc.
- 10) **Integration innovation:** This type of innovation reduces customer's cost of maintaining a complex operation integrating disparate elements into a single, centrally managed system. *Example:* Mutual funds.
- 11) **Process innovation:** This type of innovation focuses on extracting cost from business processes. *Example:* Wal-Mart's vendor-managed inventory process.
- 12) **Value-Migration innovation:** This type of innovation consists of redirecting the business model away from commodity and towards richer margins. *Example:* Focusing on razor blades instead of razors.

d) Category Renewal Zone:

- 13) **Organic innovation:** In this type of innovation, the company uses its internal resources to reposition itself into a growth category. *Example:* Kodak moving to digital cameras.
- 14) **Acquisition innovation:** In this type of innovation, the company addresses the problem of category renewal via mergers and acquisition. *Example:* BEA acquiring WebLogic to move from the Unix market to the Internet.

III. Managing Inertia

In this section, Moore defines two types of activities all companies engage in:

- a) **Core:** Activities of a company that contribute to differentiation which affects purchase decisions by customers.
- b) **Context:** All other activities of a company.

He proposes that in order to keep “innovating forever”, a company must extract resources from *context* activities and move those resources to *core* activities. This should not be done occasionally, but rather as part of day-to-day operations.

Moore offers seven steps to achieve this:

- 1) Conduct a core/context analysis of your current business
- 2) Conduct a resource-allocation analysis to complement your core/context analysis
- 3) Set a more ambitious agenda
- 4) Plan out your moves as a team
- 5) Focus on time to market
- 6) Get the gears moving
- 7) Keep the gears moving

These steps will help your company to move resources from *core* to *context* effectively and thus achieve “innovation forever”, which Moore says “is not an aspiration; it is a design specification. It is not a strategy; it is a requirement.”

A relatively quick read at 260 pages, *Dealing with Darwin* provides excellent mental models for thinking about, planning and executing innovation at all stages of your company's lifecycle. I strongly recommend this as an important addition to your collection of business books. ☞

Michael Shrivathsan is an expert in product management and product marketing of high-tech products with experience spanning two decades. His popular blog on product management can be read at www.pmgenius.com

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