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Silicon Valley Product Management Association
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NEWS

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December 2007 Event Review

The New Marketing Conversation: Using Web 2.0 to Engage with Customers and Influencers

Moderated by Joel Postman, with panelists Brian Ziel, Brad Hunstable, Raul Mujica, and Steve Smith

By Susan Monroe

In December, an enthusiastic SVPMA audience joined moderator Joel Postman of Eastwick Communications and a panel of four Silicon Valley executives to learn first hand how Web 2.0 and marketing are converging to change the way businesses engage with their customers. On the panel were Brian Ziel, director of corporate communications at Seagate; Brad Hunstable, founder of Ustream.TV; Raul Mujica, vice president, marketing and products at Untangle; and Steve Smith, director, product marketing at Coghead.

Questions asked of the panel centered on Web 2.0 fundamentals, Web 2.0 in actual practice, blogging, and ethics. The panel's answers to these questions as well as contributions from the audience surfaced several major themes.

Web 2.0 is fundamentally game-changing.

The social media have uncorked the lamp, and the genie's

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Embracing Agile Development

by Greg Cohen

Back in 2000, at the height of the dotcom, I was working with a small IdeaLab! company in Silicon Valley. IdeaLab! had a philosophy of seeding a number of small projects, putting them out in the real world as quickly as possible to observe actual performance, and then iterating very fast. This meant parallelizing a number of tasks that would typically happen in serial, such as requirements gathering, requirements definition, UI design and testing, software development, and QA. This forced the team to rethink everything its members had ever learned about waterfall development.

We went from concept to beta in two months and started attracting real users, real distribution partners, and real advertisers for our nascent product (historical note: we had to sell advertising directly back then. Google AdSense didn't exist, and Yahoo! was the number one search engine.) From there we settled into a five week release cycle: three for development and two for QA. Although this may seem fast, it was still TOO SLOW. Requirements grew and priorities changed with each day of actual customer use and every partner sale.

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Inside this issue

TRANSFORMATIONAL LEADERSHIP

Balancing Innovation and Productivity

By Linda Prowse Fosler

For over 30 years I have had the good fortune to lead marketing and technical functions in a number of high technology companies. I have participated in some shinning successes and in some endeavors that failed to achieve their potential. In retrospect, it was management mistakes (my own included) rather then inherent flaws in products or business plans that kept potential high flyers sputtering along near the ground.

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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In my opinion the most serious of these mistakes is a destructive system I will term "***dis***innovation". NO management failing is more damaging to corporate profits and to the profit of the human spirit than this one. Disinnovation is that combination of practices, existent in all but the rarest of companies, that systematically stamps out creativity and its fruit, innovation. Disinovation can be prevented and can be corrected once it has occurred but management must take aggressive action.

First, let me distinguish between creativity and innovation. Creativity is the ability to view things in new ways or from a different perspective thus generating new possibilities out of known components. We have many examples in the legacy of our language that suggest this transformation, such as "***air***ship" and "***horseless*** carriage". On the other side of creativity is the process that transforms it in to tangible improvements to be experienced by humankind. It was creativity that enabled the first person to look at a ship in the sea and see instead an air-ship sailing through the sky but it took dirigible pioneers Jean-Pierre Blanchard and Henri Gifford with their metal, fabric, bolts and wood to innovate versions that could carry man aloft.

Businesses cry out desperately for both creativity and innovation. Creativity is the life blood of enterprises and innovation its arms and legs. These two forces are at the center of sustainable competitive differentiation. Given this, it is curious that most companies are managed and organized in such a way as to assure that they will get neither. What happens? To quote writer and management consultant Margaret J. Wheatley, "The things we fear most in organizations -- fluctuations, disturbances, imbalances -- are the primary sources of creativity".

What does it take to have stability, predictability, balance, ***plus*** creativity and innovation? What does it take to have it all? I look for, and try to bring to my clients, "transformational leadership". A transformational leader is one who has escaped his or her own conditioned tendencies and adopts instead a leadership style whose key objective is to combine the efforts of the largest number of people to obtain competitively differentiating innovation. To achieve this transformational leaders give people the freedom and the time to create. If there is no slack time in an individual's work

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life there will be very little creativity on the job. When 10 hours of work must be accomplished in 8 only known and proven methods will be used and the organization will be permanently locked in the past.

The transformational leader makes sure that both the formal and informal reward systems positively reinforce cooperative experimentation. Without this people will work primarily alone, islands of productivity perhaps but not of creativity. The transformational leader expects people to make and expose mistakes as part of creativity and innovation. And last, the transformational leader requires that innovation be eventually subjected to analysis, planning and review. The transformational leader writes it all down and makes a plan.

Transformational leaders think about their organizations differently. They recognize and practice the following truths:

1. ***Spirit*** - Organizations are both spiritual and material in nature. The transformational leader harnesses the awesome power of peoples' sprits and then adds adequate material assets to the mix to achieve innovative results.

2. ***Vision*** - The transformational leader plants the seeds of creativity and innovation by painting a vivid vision of the organization's purpose.

3. ***Creativity and innovation*** - These twin elements of sustainable competitive differentiation are recognized as the most important assets of the company. They are allowed, fostered, rewarded and eventually harnessed into plans that can be reviewed and managed.

4. ***Lowest level decision making*** - Decisions must be prompt and always be made by those closest to the action. When decisions are removed from the point of action and knowledge quality is lost and cost is increased.

5. ***Culture of change*** - Transformational leaders respond creatively to current conditions. They do not rely on yesterday's successful response in the face of new challenges. "Because that's the way we have always done it" is the death rattle of enterprise.

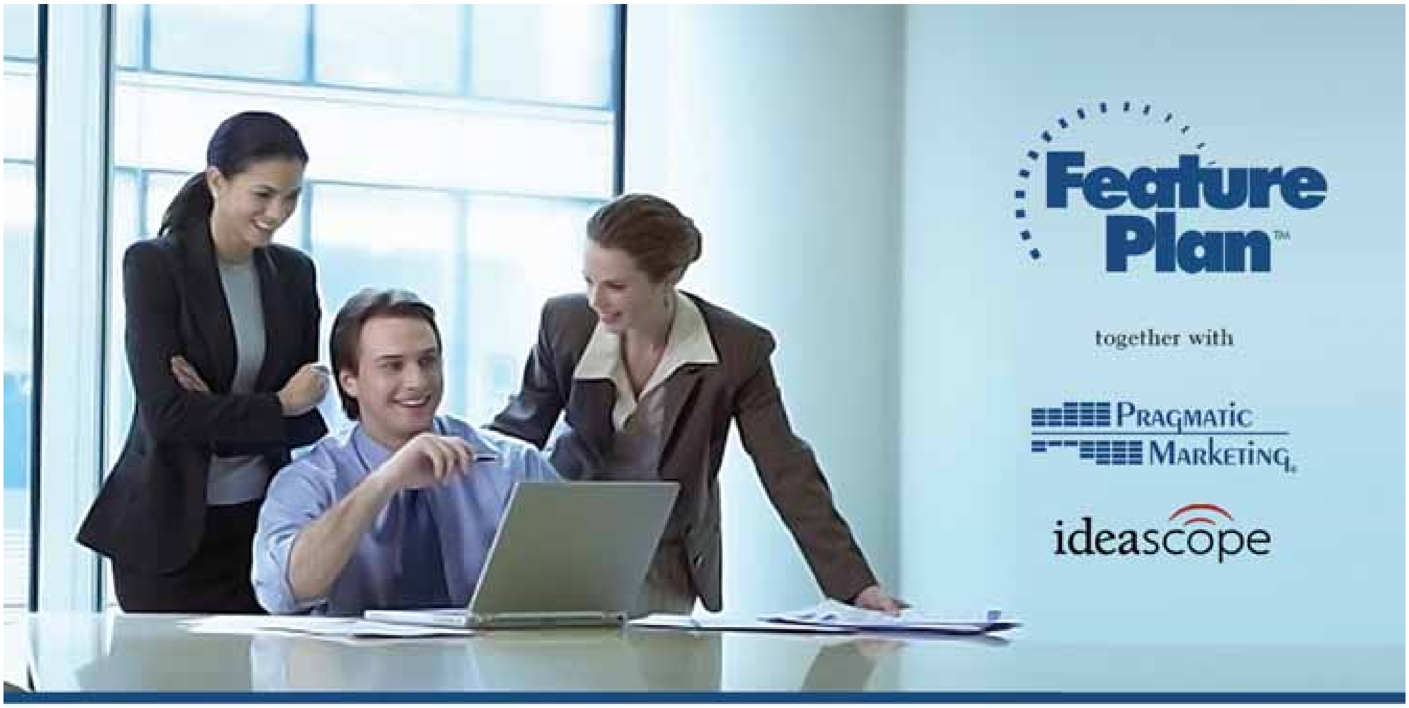
6. ***Wholeness through diversity*** - Diverse talents and personalities must be combined to make a whole. Leaders who hire only "certain types" (usually much like themselves) multiply not only their strengths but also their weaknesses.

The other morning as I traveled the highway toward one of my clients I found myself singing in the car. My heart was light; I was looking forward to the next few hours of planning a "go to market" strategy with the CEO. I had a number of creative ideas that I could hardly wait to share. I knew they would spur his creativity and that together we would make great progress. Then I started thinking about the "other" client. The one I would see in the afternoon. I stopped singing and began wondering where on the pain scale this engineering review would fall? Would the CEO again rage at the missed schedules, dump another bunch of processes, reviews and reports on the team in an attempt to "get things under control"? Would we hear another lecture about how the competition was beating us because the team was not working hard enough?

Would I ever get through to this guy?

Be a transformational leader. If you want astronomical success harness the spirit, creativity and innovation of your people and they will create miracles. Add a light weight, repeatable, process to manage and review innovation and like an airship your people will carry the company aloft and far beyond the rest. ⌘

Linda Prowse Fosler is the founder of Linda Prowse Fosler & Associates, which provides consulting and interim management to startups and mature organizations. She can be reached at prowsefosler@gmail.com.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Four Critical Success Factors for Your Products

By Brian Lawley

Just build a great product and you'll take the market by storm, right? That's the myth perpetuated in Silicon Valley, and it's a difficult lesson that many entrepreneurs and even seasoned companies end up learning the hard way. Sure, some products seem to have everything magically fall into place and succeed. But the majority of successful products have good planning and execution ***combined*** with a great product.

In this article I'll discuss four of the critical success factors to consider for your products. These factors are based on the observations I've made during my twenty year career in Product Management and Product Marketing and working with dozens of companies in my consulting practice. I've also written about them in-depth in my new book, Expert Product Management.

The first factor for success is building a well-thought out, prioritized product roadmap. Product roadmaps often can mean the difference between success and failure when delivering and marketing products. Done correctly they can guide the engineering and strategic planning efforts of a company. They can help your company and partners plan and execute more effectively to maximize your marketing efforts and revenues. They can help win and keep large customers and partners. They can communicate to press and analysts your vision and where you are headed, giving you added credibility. And they can be a very effective tool for helping to raise your next round of funding.

A product roadmap communicates what the priorities are for the product. This includes what features are being developed, when the different releases will be delivered and what the long-term vision is. Without having a prioritized roadmap in place even if you do have a successful release of a product you risk losing focus and delivering the wrong features in the next version.

You would be amazed at how many companies we talk to that have no roadmaps in place and no process for gathering and prioritizing product requirements. As a result most Product Roadmaps are created "On-the-fly" and under pressure when sales or the company management makes a last-minute request. Because they aren't well thought out they don't have the impact they should. And they can be a source of much trouble if you aren't careful because people will view them as being a firm commitment about your plans. The bottom line is that if you learn how to gather requirements, prioritize them and create roadmaps you have a much higher likelihood of success. Note: there is a free feature prioritization matrix on www.280group.com in the resources section that can help you with this.

The second factor is planning and executing successful beta programs to ensure that real-world customers adequately test your products prior to their release. This ensures that you can be confident the product will deliver a good customer experience when it becomes available. If you don't run a thorough beta program you run the risk of your product having serious problems. If you release a poor-quality product customers may never forgive you, and you may not be able to recover from it.

Beta programs also give you the crucial customer testimonials and references to add credibility when you release the product. By having multiple customers

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The SVPMA represents over 800 talented product management and marketing professionals!

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who are willing to endorse your product at launch you dramatically increase your chances of success and of getting press coverage.

Most beta programs fail because companies drastically underestimate the amount of time and resources they take. A good beta program needs to run for several weeks, allowing customers enough time to install and use the product, provide feedback, upgrade to new versions with bug fixes and use the final candidate software for a few days to ensure no other problems are found. Additionally, a thorough beta program requires a dedicated person working on it at least half time for several months to create the plan and execute it. Setting goals, locating the right participants for the program, distributing the beta product, gathering ongoing feedback, solving problems that arise and communicating with the beta customers is a very significant amount of work. If you don't have the resources to dedicate to it hire a contractor – that way you won't get to the end of the beta program and wonder whether or not the product is really ready to ship.

The third factor for success is planning and running a successful product launch. This process needs to begin three to four months prior to the availability of the product. You'll need that much time to write the launch plan, determine the budget, get the positioning and pricing finalized, decide on all of the activities and create all of the deliverables (press kit, white papers, testimonials, brochures, marketing materials, marketing & partner programs, etc.). In order to get effective press coverage that runs concurrent with product availability you need to go on a press tour two and half to three months prior to the product shipping to give the long lead time publications such as magazines time to plan for coverage. And to run any kind of marketing programs you'll need several weeks to pull together the details and execute them.

Many companies are so focused on getting the product ready to "ship" that they put off planning for the launch and doing the work until it is too late. We constantly get calls from clients that tell us they have already shipped or are shipping a fantastic new product

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in a few weeks but don't have the launch activities in progress. The result is that the product becomes available but it doesn't sell nearly as well as it could have and the company doesn't meet its revenue projections.

Along with a lack of planning and execution many companies, particularly startups, are unrealistic about what kind of budget it takes to create significant awareness and demand for their products. For example, one client of ours hired us to run a product launch for them. They had spent approximately a million and a half dollars developing their product, and were forecasting ten million dollars in revenues the first year. When we asked them what they had budgeted for the launch and marketing they indicated they wanted to spend about twenty five thousand dollars. We had to break the news to them that with this budget they were not likely to generate anywhere near that much revenue. Occasionally there is a product that is so amazing that a company is able to get away with doing little or no marketing. But for the other 99.9% of the products you need to be real about what you need to spend. After all, if you have risked a million and a half dollars building the product it doesn't make much sense to try to launch it on a shoestring.

One way to do a reality check on your launch budget is to use a Return on Investment (ROI) calculator (there is a free one at www.280group.com in the resources section). The ROI calculator lets you enter in the cost for each marketing program you are going to do and then lets you set the assumptions about how many leads it will generate, how many of those will become prospects and then how many you will close the sale for. From there you can use the profit per sale to get an idea of the ROI for each program and how you want to allocate your budget.

The fourth and final success factor that I'll discuss in this article is planning and executing an effective product review program. Getting great reviews for your product can be the difference between selling a million units and only selling a few. That's because reviews carry far more weight and credibility than any of the marketing materials your company creates. They are an unbiased (most of the time) reference point that potential customers will rely on to make critical decisions. Other than positive word of mouth through acquaintances very few other factors are as important as getting positive reviews for your products.

On the flip side, if you receive a terrible product review it may stall or entirely kill products sales. One or two bad reviews and your competitors may steal the whole market from you. And because it is almost impossible to get a publication to reverse their opinion after a bad review is published (or to alert readers to the fact that they have done so), you have to live with the results for a long time.

Companies tend to end up with bad reviews (or no reviews) because putting together a dedicated program for getting excellent reviews is either an afterthought or because they assign it to a junior person or someone who doesn't have the time to manage it. The result is that when the bad review appears the company panics and then tries to manage the crisis.

It's easy to stack the deck towards your product getting great reviews if you plan ahead and spend the time and effort to do it right. Provide the reviewer with everything they need (a reviewer's guide, white papers on the technology, a foolproof demo, FAQs, screen shots, photos, customer references, etc.). Make it as easy as possible for them to have a great experience. Build a relationship with them and be ultra-responsive if they have questions or issues. If you do they just may cut you some slack if they have a problem and not include it in the final article.

That sums up the four critical factors for making your products more successful. If you'd like to learn more about any of these four factors visit www.280group.com to access free white papers, templates, training materials and toolkits. Or you can purchase a copy of Expert Product Management on Amazon.com. ⌘

Brian Lawley is the President and Founder of the 280 Group, a Product Management services firm that provides consulting, contractors, training and templates. He is also President of the Silicon Valley Product Management Association. Brian is the author of the book "Expert Product Management: Advanced Techniques, Tips & Strategies for Product Management & Product Marketing." He is also the editor of the Product Management 2.0 newsletter and blog and writes articles for a variety of other publications.

How to Avoid the Common Pitfalls of International Expansion

By Bob Nordan

International expansion has a strong allure for U.S. companies but may result in failure if pursued for the wrong reasons. Here are the most common pitfalls of international expansion and how to avoid them.

Many U.S. companies who are facing revenue struggles at home are being lured by the bright lights of international expansion and the vision of vast untapped markets of consumers or business buyers overseas. For many companies and the people who run them, this venture is their first foray into the great unknown. Unfortunately, many will make the same mistakes and suffer the same consequences as those who have gone before—international markets are strewn with failed (first) attempts. Here are some of the reasons businesses didn't succeed in their efforts to expand internationally:

Expansion for the wrong reason
The first mistake companies make is in choosing the wrong reason to expand internationally. Going abroad simply because the domestic market has little or no growth is a bad reason.

According to a survey of 3,700 U.S. senior executives sponsored by SAP, one third said they planned to expand their customer base by exploring new international markets. Specific targets for this expansion are Brazil, China, India and Russia. As seen below, the allure is strong, but must be approached with caution.

- In 2006, 239,000 U.S. companies made export sales, recording $1.4 trillion in sales abroad
- More than 70% of the world's purchasing power exists outside the US
- 95% of the world's consumers live outside the US
- 96% of exporters are small and medium-sized firms, but as a group comprise less than one-third of the total value of goods exported from the U.S. to Europe*

These statistics paint a picture of opportunity and some companies have been very successful in exploiting them. However, don't rush in.

The urgency of expansion plans is driven by the perennial American executive to reap the first-mover advantage. This desire to be first in a market can blind otherwise cautious leaders to the pitfalls and missteps that line the path of a global business strategy. Consider some of the other common mistakes:

False assumptions about the nature of the international market
Companies who have products and services that are successful in the U.S. often assume that the appeal in international markets will be just as great and that this "under-served" market will be a bonanza requiring a small investment in sales and marketing. The painful lesson that many companies learn at great cost is that their product or service doesn't fit the market, or even more commonly, that the pricing is way out of line with what customer are willing to pay. Adequate and objective market research can help avoid this pitfall. Be certain you know how your product or service differentiates itself from the competition and how you will reach a critical mass through a clearly defined channel marketing strategy.

Underestimating the operating costs in an international market
Failure to account for all of the costs of operating in the new market can cripple an otherwise successful marketing and sales effort. Local expenses may include higher taxes such as a value-added tax (VAT), additional fees and assessments that are uncharacteristic of business overhead in the U.S. Many times these unaccounted-for expenses deplete the anticipated profit margins based on domestic sales and marketing models.

It is critical to engage the services of knowledgeable and experienced people in the local market who can help you understand the real cost of doing business locally and steer you past dangerous miscalculations about the true financial opportunity.

Exporting your domestic operations to the local market
Don't entrust the management of an international operation solely to U.S. expatriates. While they understand the company and the product, they don't understand the local practices and culture and don't have the relationships. The best strategy is to have a local general manager with a support staff that could be seeded

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with U.S. expatriates.

Look into using local suppliers. Continuing to rely on your U.S. supply chain instead of a local one could be a major setback. You really miss out on the opportunity to take advantage of being local. And when you extend that supply chain across a border, not only do you increase the cost of maintaining it, but you also increase the cost of managing it.

Deciding to become a global company too late
A "purpose-built" global company has an infrastructure that more easily supports global operations. Companies with a domestic mentality using a "bolt-on" approach to global expansion will have a more difficult time appearing and behaving like a global company.

Having a global vision early sets a management expectation that cascades throughout the organization. It impacts organization, staffing and business strategies from the very beginning which is far more advantageous than having to retool the organization and dislodge entrenched interests in the status quo.

Failing to get expert advice
Few entrepreneurs possess all of the knowledge and skills required to lead their companies into a global expansion. There are many experts who have been there before and can provide the advice and guidance to help avoid the many missteps and pitfalls awaiting the unacquainted. Expert advice is not cheap, but it pales in comparison to the costs, missed opportunities and damage to the corporate psyche and reputation caused by failed first attempts or other errant initiatives.

Most importantly, the company leadership must have a clear understanding of why they want to grow internationally. Their vision of global success must be tempered with the recognition that international business is not simply an expansion of their domestic operations beyond America's shores. It is very much a different business with additional requirements, considerations and cautions than they have known before.

For international expansion, be cautious, be clear, be patient. ⌘

* U.S. Trade statistics from the Department of Commerce 2006.

Bob Nordan is a Senior Consultant for Next Step, recognized as the go-to consulting partner for domestic and international company growth. Next Step maximizes results for companies of all stages—whether they are launching-to-market, diversifying or globalizing their business or sustaining long-term profitability. To contact the Next Step team email us at ops@nextstepgrowth.com or call (650) 361 1902. On the Web at www.nextstepgrowth.com.

Getting The Most Out of Focus Groups - Part 2

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."

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 firmagraphics 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.

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.

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

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Focus Groups *(Continued from page 11)*

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.

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 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.

Web 2.0 *(Continued from page 1)*

out—often with unpredictable results. (As anyone viewing the YouTube viral video "Will it blend?" can attest.) Steve Smith noted that the technology underlying Web 2.0 has been around for a while, but the key is what businesses are doing with it. Raul Mujica agreed, observing that companies are trying to be where customers want them to be—essentially interacting with them on their terms. To paraphrase Regis McKenna, companies are no longer marketing *to* customers. Instead, bolstered by a vast amount of community-produced information, their customers are *choosing* them.

Having a blog may be cool (but it's not enough).

Starting a blog is a great first step. Knowing how to manage it is vital. According to Brian Ziel, blogging may create internal enthusiasm, but it also raises issues, such as what to do and how to do it, that attract lawyers and breed policies. Then there's the question of whether to rely on natural viral growth or "seed" a blog with manufactured opinions—a decision that can backfire. Steve Smith commented that a savvy PR firm can be invaluable in helping a company develop the right strategy for courting influential bloggers. Brian Hunstable capped the discussion by reminding the audience that unless a blog is both personal and engaging, it just isn't enough.

We know—at least we're pretty sure—that Web 2.0 is working for us.

Panelists generally agreed that attempting to quantify the effectiveness of Web 2.0 with standard business metrics such as ROI, was an "inexact science." Typically, their companies rely on increases in newsletter subscriptions, site traffic, software downloads and activations, and tracking cookies to determine whether Web 2.0 coverage is working for them.

Bottom line, the panel agreed that, done right, Web 2.0 offers unparalleled opportunities for interacting with an increasingly demanding and sophisticated customer base. This fast-moving, real-time, democratized marketing environment offers opportunities for success in which, as Raul Mujica put it, "You just gotta believe." ⌘

Susan Monroe is principal of Written Right, a boutique that specializes in creating content of all types for technology companies. A resident of the "upper" Silicon Valley, she has written about everything from embedded systems to e-discovery solutions. She's not yet on Facebook, but she is working on her blog.

November 2007 Event Review with David Walker of iRise

"Simulation: A Multi-Media Approach to Application Definition"

by Susan Monroe

Ambiguity. Psychological inertia. Virtual worlds. What do they have to do with software requirements? Quite a lot, it turns out. During an entertaining and interactive presentation on November 7, David Walker, director, enterprise solutions and product evangelist at iRise, connected the dots and left the SVPMA audience with several important thoughts to ponder.

First, words are ambiguous. We're probably all familiar with the quote: "I know that you believe that you understand what you think I said, but I am not sure you realize that what you heard is not what I meant." In the context of requirements development, IT and business professionals—just like those who attempted to build the Tower of Babel—speak different in different tongues. Confusion over language vastly complicates the process of delivering successful applications.

With everyone on different pages, companies operate in a WYSIWYG world, where requirements problems too often become evident during customer acceptance testing. Customers, on the other hand, function on the principle of IKIWISI (I'll know it when I see it). This disconnect means that multi-million dollar software projects—where requirements consume a large chunk of the development budget—can come to naught.

Second, psychological inertia sets in. After a time-consuming requirements gathering process, where it can be hard to determine when to stop, it's all too easy to fall into the "we've always done it this way" trap. Companies may be better served by thinking in terms of defining business problems, rather than feeling driven to write multi-page, multi-pound software requirements documents. An orientation toward problem-solving tends to encourage a broader, more creative range of solutions.

Third, building the right requirements requires a compelling, collaborative environment. The popularity of virtual worlds like Second Life and World of Warcraft attests to the power of simulation in bringing people together and immersing them in an activity. In the world of application definition, simulation is built on kinesthetics that engage the senses, fidelity of business logic and data, and the ability to conduct rapid iterative testing. Simulation enables requirements to come alive, transcending the limitations of wireframes, screen shots, and paper prototyping.

The thrust of Walker's message was that the sooner users can test-drive an application the better. Simulation accelerates that opportunity. For those who are concerned that development teams may form too great an attachment to simulation's graphical fidelity, he counters that dealing with that attachment beats delivering an unworkable solution. ⌘

Susan Monroe is principal of Written Right (www.writtenright.net), a boutique that specializes in creating content of all types for technology companies. A resident of the "upper" Silicon Valley, she has written about everything from embedded systems to e-discovery solutions. She confesses that she still has not visited Sweden's embassy on Second Life but plans to get around to it soon. You can reach her at susan@writtenright.net.

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- February 6th, 2008 **- Barbara Nelson, Pragmatic Marketing**
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The team turned to an Agile development method known as Extreme Programming or XP for short. XP emerged as a method for custom development for IT shops in 1996 and was pioneered by Kent Beck. In its original form, developers sat near the actual users and there was no product manager acting as a go between. Although the name XP may evoke images of bungee jumping and other adrenaline junky sports, the term "extreme" was used because it combined a number of existing development techniques and thus carried them to an extreme.

The methodology has twelve practices, five of which were particularly relevant to me as a product manager.

1. **No requirements document** – In XP there are no lengthy requirements documents. Each requirement is placed on an index card as a story. The index card acts as a placeholder for a conversation between the product manager and the developer. XP does not actually state whether you should or should not write requirements documents and for more technical requirements, a separate document would be created. But the important aspect is the conversation, which drives a shared understanding of the requirements.

2. **Relative sizing** – On each index card, the developer would write the estimated time to complete the requirement. The estimate is measured in ideal engineering time, or the time it would take to code the requirement without any interruptions. After each week of development, we added up the estimates on the completed cards. This gave us a fast and accurate measure of actual throughput. We then assumed the following week's throughput would be the same as the previous week. Although you could certainly point out flaws in this method, it remained surprisingly accurate. It also had the benefit of normalizing engineering estimates from those engineers who were either too optimistic or too pessimistic. As long as the engineer consistently overestimated or underestimated, we could gain an understanding of the real time required after the first week of development.

3. **Release planning** – There is nothing easier than planning an XP release. I would just place the index cards in priority order. When a priority changed, I just reordered the cards. Since I also knew our throughput, thus how many units of work we could complete in a week, I knew exactly where the team would be at the end of our three week development cycle. Thus, I knew the requirements that would make the release and the ones which wouldn't. If I had to get a feature in, I could always extend the development cycle, but I resisted this temptation as it throws off the cadence of the team, and the next release was only three weeks away.

4. **Unit tests** – In XP, engineers are required to write the unit test for each requirement on which they are working before they write a single line of code. This forces the developer to think through the design and the boundary cases upfront and seek clarification where needed. It also lets the engineer know when his or her code is complete and produces a rich automated test suite. If a bug is found, it is added to the unit test and never reoccurs in production.

5. **Continuous integration** – The team checked in code daily and ran it against the unit test suite. On any day, we could push the release if needed. The release might not have all the features we wanted, but it was stable and could be put into production. It also meant that I could look at the working code anytime during the release cycle to confirm that the design met the requirement.

The net result was the team became dramatically more efficient. Our quality immediately went up, freeing the engineering team to focus on new development rather than bug fixes. Most astonishing, we were able to shrink our QA cycle from two weeks to four hours. We went from releasing every five weeks to every three weeks, a remarkable productivity and flexibility boost.

I found XP liberating as a product manager, which might seem like an unusual word to describe a development methodology. It meant we didn't have to know all the answers, and we could adapt to the changing market and corporate priorities with relative ease. In fact, with our three week release cycle, we were able to re-prioritize and adjust course 17 a times year. That's pretty amazing!

The engineers, who had previous experience with the methodology, liked XP too. They did not have to slog through 100 page documents and sit through tiresome meetings. Instead they spent more time programming and every piece of code they developed was deployed and used. Let's face it; there is nothing more demoralizing than having months of work thrown out because the priorities shifted. With XP that never happens.

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Still XP has its limits. In particular, it becomes challenging once you have more than 10 developers. Therefore, it is not appropriate for many situations. Fortunately Agile development, which took from XP and other lightweight methodologies, can work for larger projects.

Guidewire, located in San Mateo, CA, exemplifies how Agile can be leveraged across a large team and complicated product offering. The company develops a web-based claims management system for insurance carriers around the world. Guidewire's integrated suite of policy, claim, and billing applications is mission critical, encapsulates complex business rules and workflows, and is responsible for billions of dollars of claims. Furthermore, their customers cannot absorb frequent updates because that would require re-training and disruptive change.

Guidewire, therefore, releases to their customers once per year; but they develop around eight monthly "new feature" sprints plus four monthly QA and tuning sprints. To maintain flexibility over the annual release cycle, Guidewire commits no more than 70% of their development capacity upfront. Between each sprint, the company reprioritizes the annual release.

More impressively, Guidewire's 70 developers maintain 10 active branches of code. They pull from stable daily and push to stable approximately once per week. Each time an engineer checks in a new change list to a branch, a new build is generated and 30,000 automated tests are run against that build within 30 minutes. This allows the developers to receive immediate feedback on whether their check-in caused new problems. If there are no test breaks, the branch can then be pushed to stable.

By using Agile development, Guidewire enjoys fewer problems in QA, visibility into stable code, lowered maintenance costs, and the ability to reprioritize every four weeks. Further, the company has significantly lessened schedule and quality risks from late changes.

In summary, product managers realize three primary benefits from Agile development:

- **Flexibility** – You no longer have to predict the future. You can incorporate real time data into your planning, and you can reprioritize the release with each development cycle without disrupting the team and schedule. This is not to say you do not need to do your homework, but it accepts the fact that markets are dynamic. If you could predict them with 100% accuracy, you would have probably taken up day trading instead.
- **Visibility** – frequent builds of stable code allow you to see requirements as they are coded and even test them with constituents throughout the development cycle. Further, you can easily measure your progress over the release.
- **Quality** – unit testing ensures high quality code, prevents old bugs from reappearing, reduces maintenance, and lowers risk of late changes.

The benefits of Agile can make you exponentially more effective as a product manager, which is why I say "embrace Agile development." It is your best friend. ⌘

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