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NEWS

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It's Time PM Became Lean

By Greg Cohen

I think it is time for us product management professionals to take a good look at ourselves and ask how we are measuring-up as a discipline. Further, we need to ask how we are going to evolve to address the business challenges over this next decade. As I look into my crystal ball, I think the 2010's will be the decade that we as a profession move from adolescence to adulthood (the alternative being to cease to be relevant.)

There have been a lot of changes over the years, from the advent of the Internet, ever cheapening bandwidth and processing power, the ability distribute products with little transaction costs, and hosted services where we can gather usage metrics and push updates on our schedule. But if I had to pick one change, Agile development (including test driven development and continual integration) stands out to me as the most significant innovation for product management that has occurred during my career. I truly admire our development peers who have worked for the past fifteen plus years to realize these improved methods for building software. Yet, as beneficial as Agile development has been to our ability to create successful products, it has also left many of us facing the reality that we are now the bottleneck.

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January Event Review: "The Art of Pitching for Product Managers and Entrepreneurs" Panel Discussion Moderated by Bill Hunt, CTO, IncentAlign

By Dan Galatin

A panel discussion on pitching ideas to venture capitalists and executives was held at the SVPMA meeting on January 6. Bill Hunt of IncentAlign moderated a wide-ranging discussion among three panelists that included plenty of audience participation. The panelists were:

- Tom Buiocchi, CEO of Data Robotics
- Will Bunker, co-founder of Match.com
- Avery Lyford, managing director, Signal Lake Ventures

The panelists pointed out that there are similarities between pitching to executives and VCs but also sig-

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Maximize Product Profitability as the Market Matures

By Lee Shaeffer

An important role for the product manager (or for the product marketing manager, if that function is separate) is to obtain the maximum profit from a product during its lifecycle. There are many standard practices in maintaining a product when it is in the market: pricing adjustments, advertising and promotion, increasing penetration within the existing customer base, finding new customer segments, etc. A common practice is to release a follow-on product, often a feature enhanced/cost reduced "mid-life kicker" to keep the product competitive in the marketplace. These are all good and often necessary activities, but a commonly underexploited opportunity is to enhance the product by bundling complementary products and services in order to create and enhance the complete solution for the customer, not just the product itself.

As the market matures, the product itself becomes more of a commodity as competition intensifies and the focus shifts from "product" to "solution". The solution, in turn, includes the product plus additional goods and services that: Increase the ease and convenience of purchase. Consider that many people buy from Amazon.com because it is easy to fin d the item of interest, evaluate the item by reading reviews from other customers and than making a purchase with the click of a mouse - all within several minutes without leaving one's desk. As your market matures and becomes more competitive, are you making it easier for customers to buy your product?

- Tailor the product to specific industries and applications. ACT! is a contact and customer relationship management application, and much of its appeal is due to its network of Value Added Resellers that customize the application for specific uses. The vendor of ACT! enabled this extensive customization by nurturing a community of resellers and consultants, and the customer gets the solution he/she needs.
- Makes deployment of the solution faster and easier. In addition to tailoring the product into an industry/application specific solution as stated above, this is achieved through better documentation, training and support. Ease of deployment becomes increasing important when the market matures into the "late majority" phase, where the desired benefit is cost savings (often to keep pace with the "early majority" competitors who are already using the solution), and the customer wants minimal disruption to his/her operations. In the case of consumers, the psychology of most of the late majority is that they are interested in using the product quickly and do not want to experiment and endure a substantial learning curve.

DHL provides an interesting example of making the product more industry/application specific as the market matures. In its case, the "product" is logistics, the

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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

To learn more about SVPMA, go to
http://www.svpma.org
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transportation of documents and goods. It started by transporting documents and later packages, and now it has a variety of specific solutions. For Life Sciences and Healthcare, it provides temperature controlled environments. For industrial projects involving large, heavy objects, it provides specialized shipping containers and delivery to the exact point of installation. For retail, it can not only deliver goods to loading dock but all the way to the individual shelves. In all, it has specialized solutions for over a dozen specific industries.

What does all this mean to the Product Manager? As the market goes through its lifecycle of launch/growth/maturity/decline, the expectations and needs of customers evolve, and so too must the marketing mix. More specifically, as the market matures it becomes more highly segmented, and each segment increasingly requires a solution tailored to its specific industry and application. A product manager should therefore:

- Periodically revise the market segmentation. In general, the existing segments will become more differentiated from each other, and new sub-segments will emerge from the existing segments. (In other words, what appears as a single homogeneous segment in an embryonic market will become a series of segments in a mature market, each with its own requirement.)

Consider the case of mobile communications. Initially it was an undifferentiated market - anyone who wanted a cell phone. It then segmented into business and consumer, and within each different rate plans emerged. Now that the market has matured, Verizon Wireless offers tailored solutions for more than a dozen vertical industries ranging from construction to utilities. In many cases, the solution includes an industry-specific application, hardware that supports that application and tailored pricing plans.

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Upcoming Events:

- April 7th - Kimberly Wiefling, Founder and President, Wiefling Consulting
- May 5th - Barbara Nelson, Instructor, Pragmatic Marketing
- June 2nd - Dan Olsen, CEO & Founder, YourVersion

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- Determine the complete solution that is required for each of these market segments. As the Product Manager talks to customers and prospects as part of understanding their needs, he/she should be targeting customers within different segments and probing to learn the requirements for the solution, not just the product.
- Parse the solution requirements into requirements for the core product, complementary products and optional products that the company offers, products that can be made available through partners and/or third parties and sales/distribution channels.
- Proactively seek out and engage the individuals and departments who can deliver on the various solution components. This is a team effort, since the responsibility for other products, the third party/partner program and sales/distribution channel management are usually held by other individuals who are typically within other departments. It will not be easy, since the product manager must compete for limited resources and the different departments may not be aligned politically. This is where the product manager's leadership and persuasion skills will be tested. (Persuasion works best, of course, when accompanied by a compelling business case backed by market data.)

The "Value Chain" consists of the various departments and functions within a company acting in harmony to deliver value to the customer. The "extended value chain" includes suppliers, channels, partners and third party vendors combining forces to deliver value. Directly or indirectly mobilizing the various departments and external vendors to collectively deliver complete solutions to various customer segments is therefore an important responsibility for a product manager seeking to maximize revenue as the market matures. A well orchestrated extended value chain is also, of course, a strong competitive differentiator.

Mobilizing the extended value chain to deliver complete solutions is a much more complex task than generating requirements for the next generation of the actual product. Is the extra complexity worth it? Consider:

- As a market matures, the core product becomes more of a commodity. Adding new features and enhancing performance eventually reaches a point of diminishing returns.
- In a mature market, the customer buys solutions and not products.The competitive differentiation of a solution often is an augmentation to the "actual" product in the form of ease of purchase or an industry/application specific template. These augmentations often can be added at relatively low cost and little/no drain on scarce development resources.

(The AIPMM product model defines the "actual" product as the combination of goods and services that delivers the "core" customer benefits. The actual product is then augmented with additional goods and services such as delivery and support. A "solution" would therefore include the actual product and the augmentations.) For example, as the market for the iPhone has matured, the key selling proposition has evolved from the attributes of device itself (product-centric) to "there's an app for that" (solution-centric).Where are these apps coming from? Mostly third parties. (As one who once worked for Apple Computer, I believe strongly that Apple has "cracked the code" when it comes to energizing the third party development community for mutual gain.)

- A common metric for evaluating a product manager is a measure of the success of the product(s) under management. As the market matures, a savvy product manager will recognize the need to shift focus seek to shift focus accordingly to solutions from products, as a way of maximizing his/her own success.

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Of course, thinking about engaging the extended value chain to produce solutions tailored to various market segments will seem to be a major stretch for a product manager who already has too many products under management and who is struggling to keep his head above water. Hopefully that product manager can capitalize on opportunities to move incrementally in that direction and that the product manager's boss can help create those opportunities. Hopefully, too, many of you have the bandwidth to pursue this course of action more aggressively. The rewards are worth the effort. ⌘

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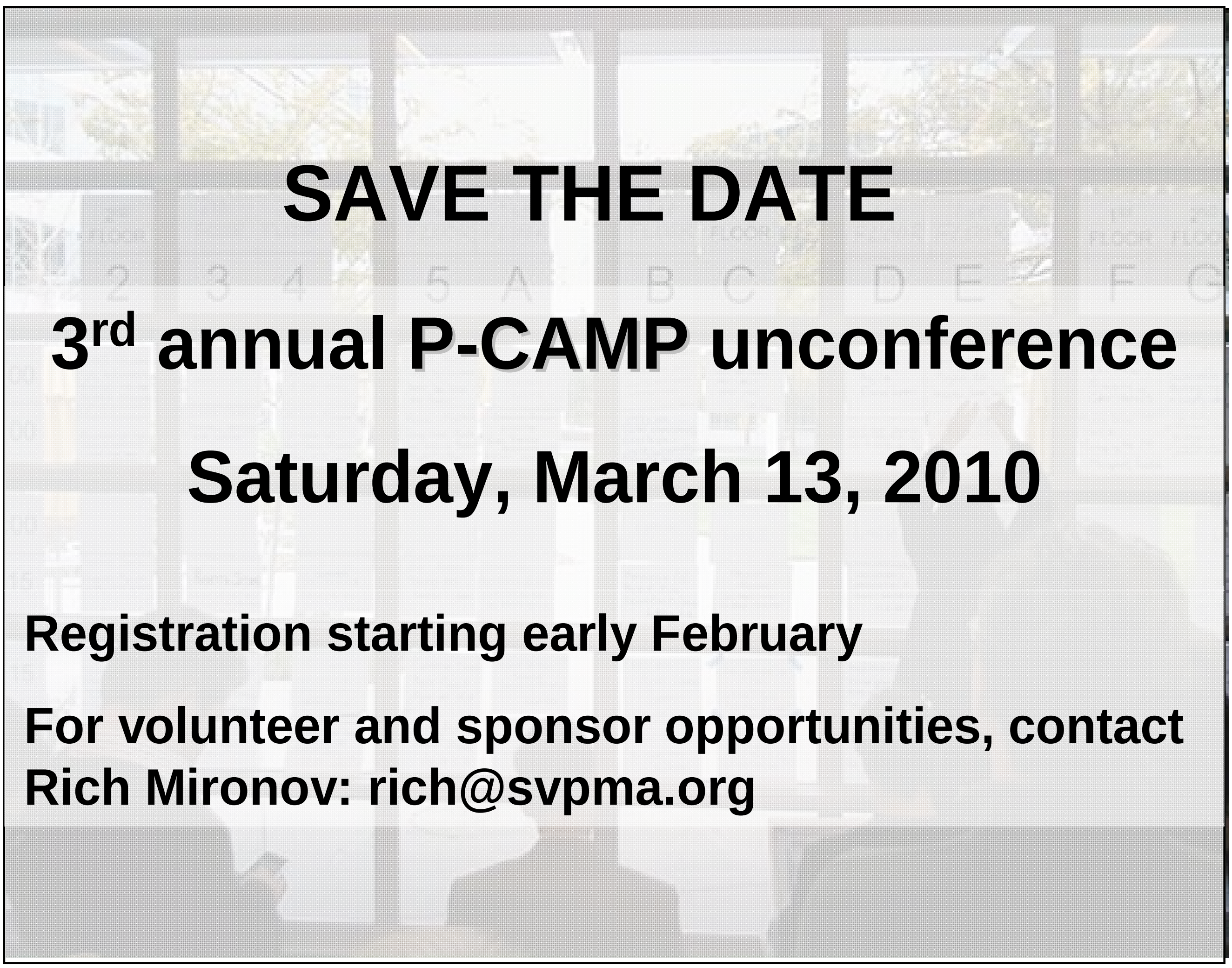

February Event Review: What every Product Manager should know about Intellectual Property: Patents, Copyrights, and Trademarks with Varun A. Shah, Patent Attorney. Hickman Palermo Truong & Becker

By Keith Rayner

Summary

Patents, copyrights and trademarks are all terms we are familiar with, but this whirlwind presentation contained a wealth of information. It became apparent that there are many surprises in store for the layman in these areas, and that the devil is indeed in the detail. To put a different spin on a well-worn adage, it seems anyone attempting to move ahead on their own in filing patents likely has a fool for an attorney. To give a sense for the complexities of the issues, I'll list some snippets that I found illuminating and let you work through the presentation deck at your leisure for more details, or of course talk to Shah!

So to begin with, what intellectual property can you protect on a particular product? Using a wristwatch as a familiar item, you can protect the trademark, actual design, as well as the internal software, the point being to protect the inventor and designer's investment and prevent others benefiting from those efforts without appropriate license fees.

Trademarks

Simply put your logo on a product, create recognition of your logo in a geographic region, and you have a trademark within that geographic region. In the best of cases trademarks represent the goodwill and brand that has been built up by a company and a product, and can accumulate enormous value. So it's important to protect that equity and stop others benefiting from your goodwill and putting your logo on their product. If you haven't registered the trademark, then there are territorial limitations and your rights may not be clear regarding similar usage by other parties. Registering the trademark gives "constructive notice" to potential infringers as a deterrent, provides nationwide protection (for US patents), and makes it easier to defend infringement. It also provides protection from imports, as the trademark may be enforced at the border. And, like diamonds, trademarks may last forever.

Copyright

Copyright applies to creative expression that's published in a fixed medium. By default, an exclusive right is granted to the author of an original artwork such as a book, article, or artwork. Unauthorized wholesale copying of a work is prohibited. In contrast to trademarks, copyright lasts for 75 years after death of the author.

But in the internet age there is boundless information available on the web. And once something has been published on the web, then it's in the public domain, right? Well, no, even without that copyright notice on the bottom of a document, the content probably still belongs exclusively to the author. Just because it's in a public space doesn't mean it's been explicitly donated to the public domain for public use by the author.

Nevertheless, some "fair use" of the work is permitted. Publication of abstracts of a text for criticism is permitted, and showing a small snippet of a movie is allowed on the basis that seeing that clip doesn't necessarily reduce demand for seeing the entire movie. But it does get a bit fuzzy in many areas, for example reuse of music where the extent of copying, and degree of commercialization determine the need for licensing fees.

However, pure information cannot be copyrighted. For example, you can't copyright the contents of a telephone directory, as it's simply a list of telephone numbers, with no artistic expression or selectivity involved. Likewise, formulas cannot be copyrighted. Software can be copyrighted (like the text of a book), but actually there's not much point, as the software code itself can be edited and modified while preserving functionality. Far better to seek a patent for algorithms and computer processes.

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Surprisingly, two people can have copyright on the same artwork if they created it independently. Great minds sometimes do think precisely alike, apparently.

Patents

This is where it gets really tricky.

You can patent a whole range of things: any process, product, product features, algorithms, computer software etc. etc., as long as the invention is new, useful and non-obvious. Filing a patent primarily gives you the right to exclude others from making, using, selling, offering for sale, or importing into the U.S. the claimed invention. This has defensive uses in case someone tries to sue you for infringement on their patent, and offensive uses for facilitating licensing or sue other infringers.

However patents are not automatic. You don't need a working model for a filing, but in the US you must file within one year of public disclosure of the invention. The claim can be back-dated to the date of conception, termed "swearing back", as long as you have a record of the invention timeline. But if you don't file in a timely manner, the invention falls into the public domain.

Interestingly, most patents filed are incremental in nature. There's an initial filing of a patent set, with design patents lasting for 14 years, utility patents for 20 years. But then a continuous building on selected elements is possible to extend patents into market areas that are most fruitful, as well as extending their useful life. Related to this, an important role for the attorney is to prevent competing patents using work-arounds or designing around existing patents. For instance, can a process with steps A,B,C, and E considered to be an entirely different process from one containing steps A, B, C, and D, or is it built on top of an existing patented component? Initial comprehensive filing to correctly specify individual components that are basic building blocks, or defining a broader range of variations might be tactics used to provide stronger protection down the line. This strategic view of the patent process is where expert opinion can really provide value in effective patenting.

Conclusion

There are a lot of landmines and gray areas for the uninitiated, and the presentation just scratched the surface and hinted at the complexities. For entrepreneurs, intellectual property is very often the life-blood of their company. Getting the whole process right from the start is essential to be able to protect and build upon that investment, so seek out someone knowledgeable to guide you down the right path! ⌘

Resources

- Hickman Palermo Truong & Becker, LLP: Intellectual Property Law (http://www.hptb-law.com)
- United States Patent & Trademark Office (http://www.uspto.gov)

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nificant differences. While you might have an existing team relationship with an executive, there is no such relationship with a VC whom you are asking for new funding. (Although Mr. Lyford pointed out that a current investor has a much different incentive to help make sure you succeed.) A VC has one singular interest in mind, as Mr. Buiocchi put it: "How do I make money on this?" A conversation with executives is usually more complicated, and the decision to go forward involves more factors to consider. In both cases, however, you need to know the audience and what they are trying to achieve; at the end of the day it's a selling effort.

The biggest mistake that Mr. Bunker sees entrepreneurs make is to become defensive or even argumentative about objections rather than being willing to have an honest discussion about them. As a simple logistical measure, you should present an agenda slide in order to control the flow of the meeting. When the audience interrupts with questions, you should try to address them quickly and then get the briefing back on track. You should try to already have answers to possible objections, because the audience is likely to say "no" if they can find a reason to. As a general matter of presentation format, you should tell the audience what you are going to tell them, tell it to them, and then recap by summarizing what you told them. The most important slide explains how much money you want, what you're going to do with it, and the ROI the audience is going to get for it. Schedules may change by the time you show up for the pitch, so you should calibrate the presentation to how much time is actually available. The presentation should be concise: sometimes a presentation with no slides at all, or with a compelling product demonstration, can stand out and have extra impact.

It's critical to know your audience. It may be a good idea to show up a little early to gauge what's going on at the office that day. Make sure that the investor is in your industry space. VCs who come from a financial background are going to care more about the numbers than VCs who come from an operational role. Research web sites and resources such as LinkedIn for background information on VCs and their firm.

Practice is key to getting better at pitching. For example, you can participate in Toastmasters, record yourself on video, or participate in executive briefings at your company. Ultimately, it may be more effective to team up with a great presenter than to try to do it yourself if business presentations aren't your strong suit. The purpose of the first meeting with a VC is to be selected for the next round of pitches. The audience appreciated that this is only one of several similarities between effective pitching and effective job interviewing. ⌘

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When development cycles were six to nine months or more, product management had plenty of time to figure out what to build next. Due to the long queue time to get any new feature realized, there was usually a large backlog of worthy projects. We are now much more nimble. We can exploit emergent opportunities, accelerate our learning, and adapt our plans quickly. Deciding what to build and gathering the necessary requirements has moved from being a periodic activity to a continual process. How do we catch-up to the increased demands on our time? I can tell you, the answer is NOT to hire more product managers. Instead, we must learn how to work more efficiently and match the productivity gains that the development community has made in the last decade and a half.

I believe many of the answers are to be found in the body of work called "Lean." Lean was pioneered by Toyota but has been widely applied to service industries, healthcare, and, most importantly for us, product development. There is even a growing movement specific to software development. Lean starts with identifying customer value, something which we as product managers are pretty good at, and then looks to "flow" value to the customer. It is therefore focused on cycle time (e.g. how long does it take us to go from idea to market demand?), reducing queues, and shrinking batch sizes. It employs work in progress (WIP) constraints to balance cycle times and throughput through the system. This smoothes the work load and prevents backups and large variability in the time to complete tasks.

In contrast to Lean principles, Product Management has traditionally been a large batch processing job. For example, we write lengthy PRDs that represent months of work for the development team. We then study how these large releases do in the marketplace and gather many more requirements to fill our next product requirements volume. Instead we need to think about creating a Product Framework and then providing detailed requirements in small increments as engineering capacity becomes available.

Another major element is identifying inefficiencies, known as waste or "muda" in Japanese, that can be reduced or minimized. Waiting is considered one form of waste. Thus creating a large PRD that is not worked on for weeks or months is waste. A few other types of waste include specifying a requirement that is deferred from the release, a developed feature that is never used, and a product that is developed and tested but not released to the customer. This last one sometimes causes confusion. Think of it this way, if you have developed a product but not deployed it to your customers, you have inventory. You have effectively tied up your company's money in the creation of this product, and it is not creating a single cent of value for your customers or your business.

This is why I say "It is time Product Management became Lean." We need to learn to work more efficiently, and I mean 100% more or better. We need to experiment and adjust our methods. We further need process measures, such as cycle time, WIP, and throughput, so we can understand what works and tune our output to match development and other downstream processes. Lastly, we must realize we are breaking new ground. To succeed will require an open mind, a willingness to experiment and adjust, and lastly the courage to persevere. I look forward to an exciting decade of change and improvement for the product management professional. ⌘

Greg Cohen is a Senior Principle Consultant at the 280 Group, former President of the SVPMA, and author of "Agile Excellence™ for Product Managers". The learn more about the book go to www.agile-excellence.com. To be part of the conversation on Lean Product Management, join the newly formed " leanpm" Yahoo! group.