

Developing a Strong Product Management Team: The CEO's Role

By Greg Geracie

CEOs play a critical role in the success or failure of nascent product management teams. How actively involved the CEO will be is often dictated by the available talent, the company's stage of growth and its organizational objectives. The success or failure of the company depends greatly on the CEO's ability to appropriately manage this transition.

An Evolving Role

CEOs in early-stage companies are often very actively engaged in product development and decision-making.

These organizations are very flat, with limited resources and under pressure to bring a scalable product or service to market quickly to generate revenue. At this stage, it is likely that the CEO is the product manager or works very closely with the core team that is engaging with customers, overseeing the construction of the roadmap for the initial product and developing the go-to-market plan.

During the transitional phase from early-stage to middle-market growth, the company is becoming increasingly market-centric and starting to see the value of flexible process deploy-

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September Event Review: "How to Create a \$100M Business and Out-Innovate Your Competition" with Steve Blank, Serial Entrepreneur and Professor

By Dan Galatin

Steve Blank, an entrepreneur and professor at U.C. Berkeley, Stanford University, and the Columbia University/Berkeley Joint Executive MBA program, presented at the September 1st meeting of the SVPMA.

The publicized title of Mr. Blank's talk was somewhat different from the "actual" title: "Why Product Managers Need Sneakers." The presentation was about how and why the role of product managers at startups is completely different from the role of product managers at larger companies.

Mr. Blank defined a startup as a temporary organization that is searching for a scalable and repeatable business model. Silicon Valley startups usually start looking for unknown customers with unknown features. They typically need venture capital. Their goal is to eventually exit the startup phase and become a

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Presenting and Petrified: Making Anxiety Work for You©

By Mayla Clark

Picture yourself facing 200 of your most influential colleagues. Among them is your boss. And his boss. If that isn't terrifying enough, you're being videotaped so people in remote sites around the world can benefit from your cutting edge knowledge and brilliant insights.

Are you stressed? Is *petrified* an understatement? Can you imagine a sleepless night and churning stomach

before you go on view for all to see? Does a day job flipping hamburgers suddenly sound more appealing than the track you're on?

Presenting to large and small audiences is an everyday affair for the product manager. You are called upon to address your peers, the executive staff, the sales team, your development team, customers, analysts, investors, and large audiences at trade events and webinars. It is expected that you will speak in a manner that is clear, concise, precise, persuasive—and confident.

How do you boost your confidence?

As you prepare to speak in front of any important audience, consider these questions:

Where are you directing your energy?

Nervousness results from our bodies doing precisely what they were designed to do—produce adrenaline. Unfortunately, this hormone causes our hands to shake, hearts to pound, and mouths to feel like the Sahara Desert. Not the best way to come across as creative, quick-thinking, and spontaneous professionals. To counter these reactions, we need to relax our muscles so oxygen-rich blood flows to the brain, not to our shaking knees.

How do you relax your muscles and let go of debilitating tension?

- **Breathe**—Inhale and exhale deeply, even in front of an audience. Comfortably fill your lungs with air and let all the tension flow from your body as you exhale. Yes, it works!
- **Move around**—One way to regain control over your own tension is to move. Use the space in the front of the room. Walk toward people or move to the screen to reference a slide. You will channel your energy into something positive and add interest for the audience. Note: pacing back and forth is NOT the same thing.
- **Connect with your eyes**—When presenting in front of a live audience, if you stare at your notes, the floor, or your slides, you miss valuable clues that may indicate a need to adjust your presentation. Look at each person, or sections of the room, for a few seconds to build rapport and dis-

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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

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play trustworthiness. Note: have a trusted colleague check you out. We sometimes think we are making sustained eye contact when we're actually just glancing around the room.

- **Pause**—Have you heard speakers who hardly take a breath and fill every second with words? It's as if all they want to do is finish and leave. Yet the most confident and compelling speakers aren't afraid to pause for emphasis or to gather their thoughts. You can add impact by pausing before you begin to speak, ask a question, or deliver the punch line in a story. You will add authority to your presence and help your voice relax.

Are you "for real?"

In everyday conversations, we use stories, humor, and examples to make a point. That's obvious, but when we stand up in front of an audience we often think we should be The Expert. While I'm not suggesting being unprepared, I am saying that people connect with you more easily if you become "one of them." You will

also feel more relaxed if you talk about your own foibles or use humor. In this way you can make even dry technical material more engaging and illuminating.

One of my favorite one-liners about nervousness is: *"The human brain is a wonderful thing. It operates from the moment you're born until the moment you get up to make a speech."* This gets a chuckle every time, which relaxes me and connects with people's fear of forgetting what to say. The laughter puts everyone at ease and establishes common ground.

Give yourself permission to be yourself in front of others. You can tell a humorous story, relate a personal example, or use an inspiring quote—anything that makes you feel alive, energized, and fully invested in everything you say and do.

Are you prepared?

This may sound like the usual advice of "Preparation. Preparation. Preparation." It is, but with a twist. Of

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course you need to know your material. But you also need to think carefully about how it fits for your listeners. How much detail do they want? Do they like to listen for two minutes and then ask rapid-fire questions?

One product manager I worked with almost failed to secure additional resources important to the success of his product. The product manager discussed with me how this near miss was too close for comfort. He had met with an executive level decision maker to discuss concerns about a new product release. After meandering around with mostly irrelevant details, he finally got to the business point: if we don't significantly improve the user interface, we're going to alienate one of our biggest customers and risk losing a considerable chunk of future revenue. Feedback from his manager? "You finally convinced me but I had to poke around to get your core message. Next time, come to me with a strategic statement that is crisp, compelling, and well thought out." Preparation means knowing your material, having confidence in your message, and understanding your listeners.

Have you gotten lost "in the weeds?"

A young engineer attended one of my classes recently and said he toiled for three weeks to prepare a five-minute presentation for the executive staff. Three weeks! Looking back on it he realized that he wasn't expected to explain every microscopic detail. In fact, he ran out of time before getting halfway through his talk.

Studies show that people remember very little of what they hear. While you may include lots of details, you only need to make two or three main points to be successful. By boiling down your subject to a few key points, you'll be able to naturally draw on past experiences and knowledge without getting **lost in the weeds**. Prepare a strong opening, deliver a few key points with supporting sub-points and illustrations, and wrap up with a concise conclusion. Make your talk relevant. Get to the point. Keep it brief.

Is it about you or them?

When I ask people why they fear public speaking, they often say: "What if I forget everything? What if the audience thinks I don't know what I'm talking about? What if they get bored and leave? What if they nail me with difficult questions?" Of course these are legitimate concerns. However, the best way to deal with normal or adverse circumstances is to focus away

from yourself and concentrate 100% on your listeners.

Right now you may be thinking, "Yeah, right. *With my heart pounding, how am I supposed to tune-in to my audience when I can hardly breathe?*" One "secret" in successful presenting is surprisingly simple: Focus on giving your audience something of value – **to them** – and you won't get distracted by your own discomfort. A colleague says he imagines handing out \$100 bills each time he makes a point. He says that giving a "gift" is rarely stressful, so this way of thinking makes him less self-conscious and far more effective with the audience.

Show your audience how what you're saying will make their work easier, cut costs, help them sell more, improve service, or raise morale.

Turn the focus back on them by using terms such as:

"Have you thought about....?"

"What would happen if your best customer...?"

"For your situation the real payoff is....."

"The most important thing for you to consider....."

Once you're face-to-face with your listeners, it's not about you—it's about what value you can deliver to THEM on their terms.

Anxiety can help you prepare and deliver a better presentation. The trick is to take control so you don't crumble in front of an important audience. Focus on your listeners. Move around. Use humor and stories to bring your material—and you—alive. If you understand what's causing your stress and use a few key strategies to manage it, speaking in public will become an invigorating and rewarding experience for you. ☘

Mayla Clark has helped thousands of accomplished professionals communicate more skillfully. Her presentation classes and private coaching sessions offer practical knowledge and skills, targeted practice using video, and honest feedback geared to meet your unique needs - no "cookie-cutter" approach. Her courses include "Presenting with Impact" for more advanced speakers and "Communicating Effectively with PowerPoint." Her clients include Cisco Systems, eBay, Echelon, Intuit, NetApp, Plantronics, Rambus, Santa Clara and Stanford Universities, Sun Microsystems (now Oracle) and Yahoo. Website: www.maylclark.com You can reach Mayla at mayla@maylclark.com

October Event Review: “Web Reputations: Putting Social Media to Work in Your Products and Product Management Processes” with Randy Farmer, Social Media Strategist

By Tej Ravindra

At SVPMA’s October meeting, Randy Farmer discussed in detail the concept and methodology of web reputation systems. He is probably most famous for his role creating one of the first graphical online MMOGs, Lucas film’s graphical MUD Habitat, with Chip Morningstar. Farmer was co-founder of the Internet startup Electric Communities, and later involved in the design of Yahoo! 360. He recently co-authored a book for O’Reilly and Yahoo! Press: Building Web Reputation Systems.

If you have used the internet for ecommerce, for social networking, gaming, or anything more involved than just email, chances are you have used a web reputation system. When you click “like” on a friend’s status or you rate a favorite video on YouTube, you are actually becoming an intricate part of a simple yet complex blend of human psychology, social network and implicit value signaling landscape.

Reputation systems have existed in one form or another much before the internet. When you ask for a restaurant recommendation or provide a character reference, you are essentially using a shortcut to aid one or all of the following.

1. Make better decisions
2. Save time
3. Make a value judgment about a person or a thing

If reputation systems are so deeply ingrained in our daily lives, then its value becomes further compounded in the anonymous world of consumer internet.

Why is this relevant to us as product managers?

With the growth of consumer facing applications, online gaming and ecommerce, most people need a reliable and effective way of making value judgments about the various products and people they encounter in the “Wild West” of the internet.

It is reasonable to expect that:

- a. Either your product may be judged using such a system, OR
- b. You may want to incorporate such a system within your own consumer facing software

Given this reality, product managers will benefit from understanding existing frameworks and the do’s and don’ts of web reputation systems. Randy Farmer shared the following insights based on his extensive experience building and evaluating web reputation systems.

Here are some common misconceptions about web reputation systems:

“It’s the People, Dummy”: Our natural inclination is to think of reputation in terms of “people” but reputation can be acquired by things as well. When you ask for a restaurant recommendation, what you are talking about is the reputation of the restaurant to aid your decision making. *Key takeaway: Reputation is information used to make a value judgment about an object*

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or a person.

“One Reputation to Rule Them All”: Contrary to popular belief, reputation cannot be accurate if it’s looked at as an independent entity. It needs to always be context based. This fundamental rule creates the difference between reputation and the concept of “Karma”. Randy defines **“Karma”** for the web reputation ecosystem as the following....

- User reputation within a context
- Useful for building trust between users, and between a user and the site
- Can be an incentive for participation and contributions
- Contextual and has limited utility globally

An example is your credit score should only be used as an assessment of your credit worthiness. If it is used outside of this context (For Ex: To judge if you will make a good employee) it can misrepresent your capabilities or even be discriminatory! *Key takeaway: Reputation is always in context.*

“All I Need is Five Stars”: Who has not bumped into the omnipresent 5-star rating system? Randy points out that this system can be biased toward higher ratings as only people who like something enough would care enough to rate it. This bias defeats the purpose of the ratings. Ex: 90% of the ratings that all YouTube videos got were 4 stars or better. YouTube recently replaced its 5 star rating system with the “Like” & “Dislike” button. Again, a like button does not mean that you even need a dislike button as it could reintroduce the bias toward the like button as mentioned already. *Key takeaway: Let the Context Determine the Input. Be Sparing — Ask for Only What You Need.*

“Competition is Always Good”: Creating a competitive environment to engage users can sometimes be counterproductive. Randy shared a strong example to demonstrate how “gamification”¹ of a dating website led to endangering the key idea behind the website: Dating. User behavior on the dating website quickly changed from cordial to combative and the dating website quickly turned into more of a competitive gaming website where users were more interested in improving their “rating” rather than “dating”. *Key*

takeaway: Competition is fine if the context calls for it. Don’t assume competition where there is none.

“Negative Karma will Out the Bad Guys”: The online game “Sims” used a published negative incentive system for players who abused the system and harassed other players. However, this did not work as intended as the “bad guys” just created a new or a separate account and continued their “virtual shake-down” of the other players. A better example is the Yahoo! Answers community content moderation system which used the community to rate answers and report the bad eggs. By using an internal (unpublished) mechanism to rate “trustworthiness” of community users who rate or hide content on Yahoo! Answers, and empowering users to remove or hide bad answers, Yahoo! ended up pushing the content abusers out. Yahoo! Answers saw a 200X improvement in the time taken to remove bad content and reduced their customer care costs to less than 1% of the original content moderation costs. *Key takeaway: Public Karma is Positive Karma. Secret Karma can out the Bad Guys.*

In conclusion, Randy highlighted that product managers can determine the best model for their product’s web reputation system based on the varying needs of the product and its users. Web reputation systems can provide effective solutions to problems of scale, quality, engagement and moderation for websites and online communities. Choosing the right reputation model can have a profound impact on your product’s success! More details can be found at <http://buildingreputation.com>. ☞

¹Gamification is the use of [game play](#) mechanics[1] for non-game consumer technology applications (also known as “funware”)[2], particularly consumer-oriented web and mobile sites, in order to encourage people to adopt the applications and encourage them to engage in desired behaviors in connection with the applications.

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and



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ment. The CEO is now spending less time actively involved in the day-to-day management of the product lines. Remnants of the core team that built the original products will still likely be a part of the organization, but the danger now is that too much knowledge is concentrated in too few hands, creating business risks. Now, managing risk, growing revenue, ensuring appropriate access to capital and scaling the business tend to dominate the CEO's attention.

It is at this juncture, as the CEO's time gets more compressed, that organizations begin the process of funding product management's creation. The CEO often acts as the champion for the new function with the board and important internal constituents, and takes an active role in identifying the right person to lead the new group. Based on their experience, the CEO often gives strong consideration to the product management teams, structure and location (corporate or virtual), domain expertise (subject matter expert versus proven generalist) and the methodology that will be followed.

As the company continues to grow, it specializes and broadens product management responsibilities to:

- institutionalize knowledge
- focus on the strategic direction of the products
- enable development plan prioritization and execution
- manage information collection and dissemination across the organization

- coordinate cross-functional collaboration
- contribute to the company's messaging and revenue-generation efforts.

Staying Engaged

In companies with seasoned CEOs, the product management function is created proactively, if possible before encountering significant scaling issues. In other situations, often triggered by a change in executive leadership, a merger or acquisition — or in a turnaround scenario — it is done when there is a dawning realization that the core team doesn't have the prerequisite experience or underlying skill set to drive this stage of growth.

In more established middle-market companies, there are often other factors that conspire to keep the CEO from becoming as engaged with the product management team as they might like. Regardless of the circumstances, CEO involvement is extremely important to fostering the development of a strong product pipeline and balancing the organizational complexities that arise.

An emergent product management organization's cross-functional nature creates natural tensions between different areas of the company, for example between product management and sales. Other tensions arise as

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the product management team becomes more established within the company.

The tasks that the new team is responsible for were likely being done, to some degree, by other functional aspects of the company in its earlier stages of growth.

It is important that the allocation of key responsibilities is crystal clear. CEOs also must ensure that:

- planned product management methodologies are well understood throughout the company
- objective performance metrics are developed
- new product management teams establish a baseline to measure future success against.

Whether championing the establishment of the function or leading through the growing pains that result from the function's successful implementation, CEOs play a critical role in nurturing the development of new product management teams as they act as the strategic fulcrum balancing the company's short-and long-term priorities.

Whether the CEO is a founder navigating the com-

pany through early-stage growth to a thriving middle-market company or a leader brought in to transform the organization, managing this transition is a key indicator of future organizational success. ☘

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large company that can execute on a repeatable process. Most startup founders don't have the same temperament as professional large-company executives and eventually depart at the behest of venture funders. Startup founders thrive on chaos but do not excel in leading large-scale repeatable processes.

Because of the differences between a startup and a large company, the role of product managers is radically different between the two. The scalable business model that a startup exists to develop must be discovered by the founders, not by product managers. Founders, not product managers, must be out of the office discovering what customers need, because only a founder can change the company strategy.

Almost all successful startups must "pivot" or change their strategy until they find a working business model. Founders can't determine how to pivot by staying in the office.

There are several other important differences between the priorities at a startup and at a larger, established company.

- At a large company, the board is concerned about the bottom line and financial execution.
- At a startup, the role of the board is to help define metrics that will determine success. (Examples at an Internet startup might include customer acquisition cost, viral coefficient and so forth).
- At a large company, sales is led by senior executives who are adept at networking and building organizations that can sell based on an established process.
- By contrast, first orders at startups are taken by founders.
- Similarly, at a large company, product management is an established process involving the development of MRDs, competitive analysis and feature specs.

- At a startup, there can be no waterfall process – it's all about developing hypotheses and building the minimum feature set.

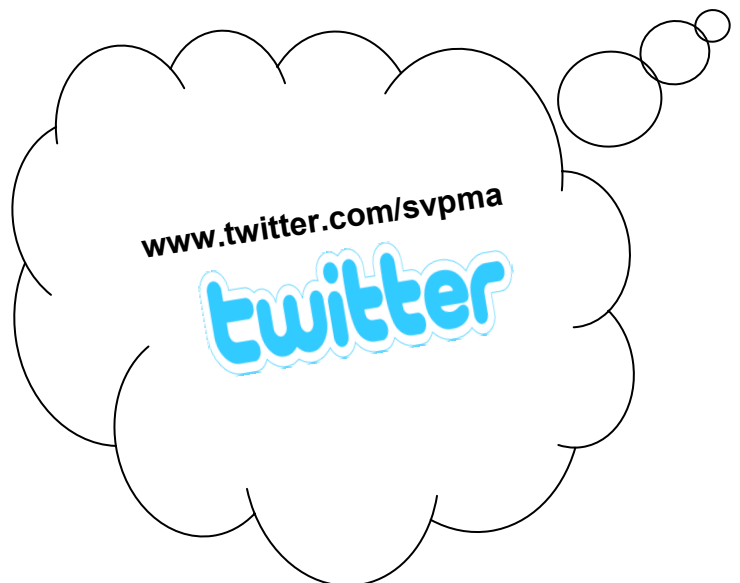
In short, an established company is all about planning around a known business model. A startup is all about unknowns, and the business model is found through iteration.

Product managers can contribute a great deal of value to a startup by keeping track of the dynamic, changing business model the company is attempting to develop (as opposed to a static business plan). The search for the business model is customer development; the implementation of the model is agile development. Together, these processes comprise a "lean startup."

Most startups fail because of a lack of customers rather than a failure in the product. Product managers can help "teach" the founders how to get out of the building and test hypotheses about customer problems and the products that might solve them.

Generally, successful startups iterate as quickly as possible by developing a minimum feature set and obtaining "near instantaneous" customer feedback. ☘

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