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Great Product Management is about Process not Content

Note: This article is adapted from the forthcoming book “The Product Rocket: Launching New Products to Out-of-this-World Success”

The best product managers with whom I have worked are the ones who employ the processes needed to create successful products using their organization’s resources. These individuals are not necessarily the content experts but they are able to use repeatable processes and their institutions’ expertise to create success.

The processes important to product management are:

1. Strategic Thinking
2. Research
3. Marketing
4. Business & Financial Analysis

Strategic Thinking

There is no “product management” specialty. The product management role is not like a design engineer in R&D or a logistics manager in Operations who have relatively narrow portions of the entire product life cycle from concept to customer. To be effective, a PM (product manager) must take a panoramic and long-range view of their product line and of the market to determine the best path forward. She must also be able to communicate, convince and lead the company through the morass of processes and approvals required to get to market.

In addition to the strategy of a single product, the PM must also be able to interleave the strategies of individual product lines into a web-like arrangement of products that fill their markets’ needs at all applicable levels for today, for the tomorrows, and for the next few years.

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Not only is the market or customer side of this vital, but so is the supply side. The PM must be aware of, and orchestrate and integrate the inputs from multiple suppliers and their schedules to maintain a multi-generational product “web”. We do not have the luxury of focusing solely on one portion of the product offering while ignoring the impact of others on the total product structure. The web must be maintained while evolving through the years. If one of the “webbings” break, then a cascade effect can take place much like the 1970’s style lawn chairs with the aluminum frames and 3” nylon webs weaved to make a strong, comfortable sitting area. If one of the webs broke, you might end up on the ground quickly if the remaining ones failed under the increased load.

Research and Data Analysis

The market analysis a product manager must conduct involves identifying and evaluating reliable sources of data to determine the current state of the market and to indicate what the future of this market may look like. In addition to using “hard” data in the form of facts, figures, and specifications, a good market analysis also contains anecdotal and qualitative information gathered from customer interviews, and from the experiences you and your colleagues have had with similar products in applications that represent the needs of your customers.

Analyzing markets is one of the important, foundational processes used by great product managers during the product development process. As the product manager or leader of the development project, you must know into which market or markets your product should and will be sold in order to create a successful product to address these markets’ needs.

Competitive Research

The competitive analysis process first determines to whom you should compare your products. These are the real competitors. The next step is to determine how well the current products perform against the standards set by these firms. Everyone else should be monitored but should not have a major impact to business decisions.

This is a brief process used in determining which companies should be in the list of “real” competitors.

1. Who are your peer companies?
 - Size
 - Products offered

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- Customers served
 - Methods of sale and distribution
2. Which of the competitors listed above are ahead of you in market share or technical sophistication? Below you?
 3. What trends do you see in these competitors?
 4. Who do your key customers prefer in addition to you?
 - Why?
 - How often?

Once you have determined which firms are your true competitors, it is time to analyze them and determine how well they compete against you, and why. The information from this analysis can be used as the input to the product strategy process.

More in-depth than the tired and typical SWOT analysis, the questions that follow will provide clarity and insights into the competitive landscape.

1. What is their 3 to 5 year history as a whole?
 - Revenue
 - Profit
 - Market share
2. Market share comparison to you, like products, similar market?
3. What is their size and scope?
4. Is their market and market share growing?
5. Are they taking share from you?
6. In what segments do you compete with them?
7. Analyze their key personnel
8. What alliances do they have in your common industry?
9. How do they see our value and competitive advantage?
10. Who are their customers?
11. How is their relationship with their customers?
12. How is their relationship with our customers?
13. How important is the division we are discussing to their entire company?
14. What could they do that would significantly shift the market from us to them?

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Compile this data on 3 to 5 competitors whom you believe are most important and compare them to your business and then rank them in terms of importance to your business. Monitor these key competitors on a quarterly basis and compare their changes to your own.

Marketing

The goal of a product marketing campaign is to draw customers to your product and company so they are positioned to make purchases. The core component of any effective marketing campaign is a well defined value proposition and market need the product fills. While the PM may not be the creative genius developing the final campaign, she is the “genius” behind the customer profile(s), value propositions, and applicable market needs for those profiles. She is this “genius” because she did the market research and analysis when the product was conceived. The PM must guide the creative team with messaging and application data so an outstanding program can be developed.

Value Proposition

The value proposition can be defined as a specific promise of the (possibly unique) benefits offered to the target customers at a specified price. This message is the cornerstone of the entire product concept and to the marketing campaign. The project to develop the product should not have started until the value proposition is developed and validated.

Creating the value proposition for a new product is not nearly as daunting as most make it. Yet, product managers, marketing managers, and copywriters will spend days or weeks on the words in a short paragraph or even a single sentence that they believe will make or break the success of the product.

The difficulty that typically arises during the creation of the value proposition is caused by developing the product long before the value it is to provide is even thought about. The solution to ineffective value propositions and mediocre products is to create real value in the product based around the value proposition. This requires forethought to define the product value at the and not at the beginning go the project instead of at the end.

Messaging

It is possible for a group of developers to spend months or years on the development of a new product that performs exactly as intended only to have its profit potential squandered due to an insufficient and ineffective marketing program. This limited effectiveness can have two causes:

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1. poor messaging
2. poor marketing

There are four roles the messaging performs in the marketing of your business and products. They are:

1. Clearly defines the target market
2. Informs the target market of the product
3. Tells your market what the product does for them
4. Explains its position in the market and in your product line

There are two audience for your messages, Internal and External. While the messages are very similar, the level of detail within the internal message is much higher than the message for the external customer. The delivery method for these two audiences are also very different.

I've found that the external customer can be easier to convince and more willing to be convinced than your own sales force. There are many reasons for this but many of them can be combined into a single, simple notion:

They (sales) are tired of being sent, ill-prepared, to face the customer with an inferior product or service AND expected to exceed last week's, month's, year's sales number.

The question you should be asking at this point is, "If Doug is right, then how do I help create the best sales force FOR MY PRODUCT?" Here are some tips:

1. Salesmen want to know as much as possible about the product and its fit to the market so they will feel confident when approaching a customer.
2. They need to be knowledgeable about the new product so they will a credible source of information for customers and prospects.
3. They need the information in a variety of formats to satisfy:
 - Their learning preferences
 - The need for presentations to economic buyers
 - Technical questions from installers and technical teams
 - Business and commercial questions from the customers' purchasing departments
4. If your product is part of a larger solution, they want to know about the entire system and how the system and the product function together

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The amount of effort required to fully answer these questions in the formats and styles I recommend is significantly more than doing the bare minimum. However, doing the bare minimum is not a course of action I recommend if you want your product line to reach its potential.

Business and Financial Analysis

A product manager's role is a business role. This role is one that affects and is affected by all aspects of the business. Because of this, the great product manager must have the desire and ability to become competent in many aspects of business to be able to comprehend and contribute to all aspects of the business. Remember, the goal of a product manager is to increase the worth of the product line.

There are process reviews that can start immediately upon the release of a new product with the twin goals of improving business performance (ie revenue) and improving project performance. Some examples of these are:

- Product cost versus goal
- Part number or SKU count
- Adherence to schedule
- Effectiveness of inter-departmental cooperation

Use the findings of these forensic audits to improve your processes for the next round of product development and launch. Below is a list of results you can expect from these audits:

- Identification of "Margin & Profit Leaks"
- Decrease in organizational challenges
- Improved collaboration
- Identify opportunities for new revenue
- Reduce inventory
- Reduce sales closing time
- Improve revenue and profit

Action:

If you were to rank your performance in each of these areas, in which of these processes are you most effective and which the least effective? "Know thyself" is an age-old admonition that is as true today and ever.

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Conclusion

The processes presented here are required for a product manager to be even moderately successful. Great product managers know this and work hard to be great at each of them. They strive to implement them a bit better each time.

It is also worth noting that all of these processes are related to general business activities and not to a specific product or service. Product management, like general management, is a broad discipline encompassing most portions of the business. Getting better and better at content may make you a master in a narrow niche of content but that will not help you become a great product manager.

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