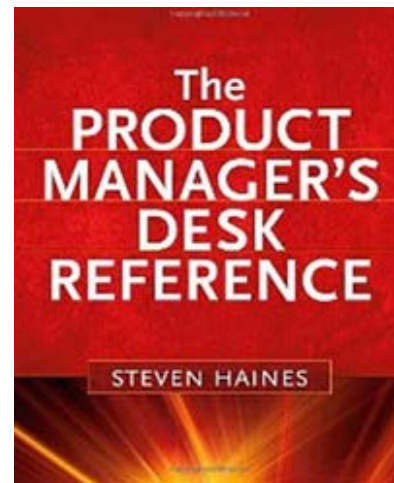


# THE PRODUCT MANAGER'S DESK REFERENCE

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## **ADVANCE PRAISE FOR THE PRODUCT MANAGER'S DESK REFERENCE**

"The Product Manager's Desk Reference is an encyclopedic reference tool for product managers everywhere. The material is presented in an accessible, logical format with numerous useful templates and outlines. This book should be a prominent addition to every practicing manager's library."

—LINDA GORCHELS, DIRECTOR, EXECUTIVE MARKETING, UW-MADISON EXECUTIVE EDUCATION

"This book very accurately addresses the challenges I have faced during my time in product management. I only wish such a complete resource as The Product Manager's Desk Reference had been available to guide me throughout my career. I believe that from now on, this book will stand as an important reference point for all product management teams."

—MARK ELLIOTT, VICE PRESIDENT PRODUCT MANAGEMENT, SMITHS DETECTION

"This book is the quintessential, comprehensive body of work on product management. It deserves a spot not only on the desk of every product manager, but within reach of every person involved in the creation, sales or support of a product."

—THERESE PADILLA, PRESIDENT, ASSOCIATION OF INTERNATIONAL PRODUCT AND MARKETING MANAGEMENT

"Haines strikes the perfect balance between theory and practice, combining actionable, practical advice from his extensive professional experience with just the right amount of background for why product managers need to care about the underlying principles. This is an invaluable reference."

—TOM SVRCEK, PH.D., MANAGING DIRECTOR, CORPORATE EXECUTIVE BOARD

"A very readable, well-written book that contains significant insights and provides practical wisdom on the profession of product management. An excellent guide for any product manager or marketing professional."

—JIM DOELL, VICE PRESIDENT OF MARKETING, TREMCO, INC.

"The Product Manager's Desk Reference reflects Steven's considerable experience and passion for product management. This book is a comprehensive work that is much more than a text book. Each section draws on Steven's personal experience and includes insights into the 'why' and 'how'—questions that are critical to the successful practice of product management."

—BILL SHANNON, VICE PRESIDENT—GMS PRODUCT LINE MANAGEMENT, PITNEY BOWES GLOBAL MAILING SYSTEMS

"A great tool for every product manager..."

—DAVID P. HILL, GENERAL MANAGER (AMERICAS), CHOMERICS DIVISION OF PARKER HANNIFEN CORPORATION

"A great reference tool for both new and experienced product managers as well as product management executives."

—JULIA BAILEY, DIRECTOR, PRODUCT MANAGEMENT, MARITZ

"The Product Manager's Desk Reference is an essential resource for anyone in the product management field. Steven Haines covers this multifaceted topic in a systematic manner that makes the book easy to navigate. His groundbreaking proposal that Product Management become a formal discipline is an accurate reflection of the acute need for these skills in the business community. The book will help anyone raise their 'Product Management Experience Quotient' and make them more effective in their job. It is a true reference book with useful templates and samples. I keep it near my desk for easy access."

—DAN O'DAY, SENIOR DIRECTOR PRODUCT MANAGEMENT, THOMSON REUTERS

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# Introduction: The Accidental Profession

I teach Product Management classes all over the world. At the start of every workshop, I ask if anyone has a degree in Product Management. Virtually all of the time, there is no response. In the classroom, students represent a wide variety of backgrounds and college majors: Marketing, Finance, Physics, Engineering, Computer Science, English, Philosophy, Psychology, Graphic Arts—but no diplomas in Product Management. However, when asked how many have “Product Manager” as their job title, most participants raise a hand.

So the obvious question is, “If you’re all product managers, but you can’t get a degree in it, how did you get the job?” The answers often sound something like this:

- “My boss asked me if I wanted to do the job, and I thought it would be a good experience.”
- “I thought it would be interesting.”
- “I was in development, and since I knew the product, they thought I’d do well here.”
- “I was in Sales, and since I understood the product, I thought this was the next logical step.”
- “It sounded like such a neat job.”
- “I did Marketing before, so this was a good fit for me.”

Welcome to the accidental profession.

## **EVERYONE COMES FROM SOMEWHERE ELSE**

You may have backed into Product Management from another field or business discipline. And you may be feeling overwhelmed as you try to figure out how to get an amorphous collection of urgent, important things done, right away. Dozens of distractions pull you in all directions, some important, some not, yet it seems essential to address each detail effectively. Things happen so fast you cannot structure them, cannot build in your mind's eye a clear picture of how things should be coming together. Everyone is placing tremendous expectations on you; chances are you have no idea how to meet some of the key expectations, nor are you even aware of all of them.

People in charge of products and services tend to manage them within the context of their own discipline (Engineering, Marketing, etc.). Faced with decision points, they simply choose the priorities that seem urgent to themselves or their management. When specialists from other areas plunge into the job, without adequate knowledge and support structures, they may end up operating a lot like Lewis and Clark. They become strangers in a strange land, guided by natives who speak strange languages and don't understand the importance or priorities of Product Management.

Adding to this confusion, Product Management has no well-defined framework and is often treated as a transient discipline in many companies. Consider a few obvious symptoms:

- No two companies seem to manage products the same way.
- Product managers report to different functions in different companies.
- Organizations and policies do not seem to line up in ways that support strong Product Management.
- Executives split important processes between too many departments, creating inefficient methods.
- A high percentage of typical product "practices" are either nonexistent, unnecessary, or made unnecessarily difficult because they are not based on proven, best-in-class methods.
- Most companies have neither a formal structure nor standardized internal Product Management professional development programs.

As a result, product managers unwittingly spend too much time on things that don't matter. Exceptional opportunities are missed, while mismatched, unwanted products seem to linger inexplicably in the marketplace.

The source of these troubles is not your lack of ability, nor is it your company's gross oversight. Individuals and companies struggle with Product Management because there has not yet been a codified body of knowledge available to the Product Management practitioner. Universities teach core business functions, and you should not underestimate the value of a solid business foundation. Every business discipline has its place, including a unique library of excellent books that make for a formidable education. Everyone should build that foundation, because it gives you a list of *what* to do. Absent from the curriculum, however, is an overall framework or "anatomical structure" to look at Product Management

holistically—and there is no holistic framework within which to manage and grow your career.

## **A GRAY'S ANATOMY OF BUSINESS**

I have written this book to remedy that situation and help transform a largely accidental profession into a successful, productive, and recognized discipline. There is a standard body of knowledge for Product Management, including a strong, holistic viewpoint of profession and career, along with a set of specific, learnable skills. My passionate goal—which this book reflects—is to provide that body of knowledge, and in the process, transform Product Management from an artificial, poorly defined slot in an organizational chart into its true and correct role: the pivot point for successful enterprise.

Think of this book as a *Gray's Anatomy* of business—a three-dimensional, in situ picture of how everything works when it's running right. Like the human body, business is a dynamic, living entity. It consists of overlapping, interlocked systems and functions that influence each other in very complex ways. Business generally responds slowly to corrective action, and doesn't always respond predictably or consistently. Relationships between the players and the pieces are dynamic and situational, influenced by a fluid array of team decisions that address constantly changing circumstances. Business is not exactly a web, a mind-map, a flowchart, or a notebook full of checklists.

This is a reference written from the practitioner's perspective, for practitioners. Anchored by a standardized "Product Management Life Cycle Model," this business "anatomy" book explains in detail:

- How to choose and justify which products to build
- How to plan for their profitable creation and deployment
- How to develop and launch them
- How to manage them once they enter the market
- How and when to gracefully retire them and replace them with new products

To sum up, this book is designed to help you take the right actions, done the right way, at the right stage of the product's life cycle.

Along with these critical activities, a detailed primer on many of the fundamental business skills is needed to successfully execute these methods. Rounding out the collection is a broad range of best practices and examples, coordinated with a large library of templates and exercises in the back of the book.

Like a physician's handbook, this book is structured for dual use, as both a ready reference for decision making and for sequential self-education. Like doctors, product managers benefit greatly from a handy reference library of protocols that can be skillfully applied to various levels of risk. Considered as a holistic discipline, however, the art of Product Management has four fundamental pillars or "knowings" you must develop:

1. **Knowing where you are:** To proceed productively, you must be able to answer the question, "Where am I now?" As a product manager, you need to assess your

- current career situation as well as the situation with your product. All journeys have a starting point.
2. Knowing where you want to go and knowing how to compare your vision to your current environment. You must be visionary, or at least learn how to cultivate and sustain a vision for what your product will bring to the marketplace. How far away is the vision? What needs to change? How should I react to the pressures of an environment that is pushing me to take some path that does not lead to my vision?
  3. Knowing how to get to where you want to be, by having a large repertoire of processes, practices, and documents—that is, “know how”—that you know *when* to dynamically apply to situations you’ve never seen before, but whose shadows you recognize through experience.
  4. Knowing how to use these skills with a centered, settled, quiet confidence that you will reach the right goals, predictably and repeatedly.

Studied sequentially, *The Product Manager's Desk Reference* is intended to help you to incrementally cultivate these four pillars. Within this framework, Product Management can be relatively straightforward and much *more* predictable.

## HOW YOU SHOULD USE THIS BOOK

The material contained herein makes it *easier* to choose correct responses and make decisions, with much greater accuracy and effectiveness than simply “winging it.” Ultimately, the situations you encounter may vary widely from one hour to the next. How you read this book really depends on your own experience. Read from cover to cover, it gives a good general orientation to Product Management. But also, based on your particular needs, you can:

- Use this book as a reference or “toolkit” to deal with specific situations for your product
- Use it as a method to map your progression through your Product Management career
- Use it as a way to link the “what you do” with the work that has to get done in each specific phase of the Product Management Life Cycle Model
- Use it as a cross-reference to link practices to documents
- Use it as a glossary of common terms, so everyone on your team speaks the same language

Use it as all of these, and more. With a clear head and the right tools, it’s possible to associate real causes with real effects, so that you manipulate the *right* causes to gain the *desired* effects.

One of the key goals of this book is your growth and development as a product manager. In order to facilitate that growth, I have provided material at the end of most of the chapters, describing work you can do and experiences you can seek that will improve your knowledge, skills, and professional effectiveness. These are listed under the heading “Raising Your Product Management Experience Quotient (PMEQ).” These suggestions,

keyed to the chapter contents, may be helpful in advancing your understanding or gaining an “edge” in your Product Management career.

## **DRAWN FROM EXTENSIVE BENCHMARKING AND EXPERIENCE**

When I was getting my MBA, I used to get frustrated because the professors were preaching, not teaching. Distorted, low-probability case studies supported out-of-context views. Individual components of good product strategy, such as positioning, were touted as the single key to great results. I already had some business experience, and was actively working at the time, so it was clear to me that there was plenty of data, but very little relevant information.

I pictured myself in an entrepreneurial setting, managing my own business. I said to myself, “If it were my money, what would I do?” As I moved forward in my career, the vision of a predictable set of methods was never far from my mind. Every time I solved a problem, the solution was captured in my private little notebook in my mind. Some of these are reflected in interesting stories I’ll share with you as you read the book.

### **The Product Management Anatomy**

Beyond a simple body of protocols, Product Management should be afforded an independent identity, similar to Accounting or Marketing. I strive to create that identity by offering a body of standardized knowledge that positions Product Management as an essential element of the organization’s structure.

Many modern companies view Product Management in the same light that our ancestors viewed the practice of medicine. Think of Galen, the Greek physician who essentially organized modern medicine around 2,000 years ago. His story serves as a powerful example of what can be accomplished with an unswerving combination of passion and professionalism.

Galen was very much ahead of his time, successfully performing brain surgery and removing cataracts, feats unduplicated by medical practitioners until the twentieth century. His prodigious success seems to indicate exceptional natural ability, but by his own admission, he was an ordinary man who simply had an extraordinary passion for his profession. He did do one thing, however, that most of his contemporaries failed to do: he took good notes.

When Galen found something that worked, he finessed it until he understood it, and then wrote it down and added it to his protocol library. He recorded everything and anything he learned, and organized it into repeatable diagnoses, treatments, and standardized methods. His studies were so intense that he reportedly kept 20 or 30 scribes extremely busy while he worked. His knowledge of preparing medicines was so advanced that the Galenic Formulary is still a bastion of modern pharmacy.

Of course, even with this broad collection of protocols, modern medicine is hardly a checklist-driven activity. Doctors use protocol mainly to quickly eliminate the predictable

from the diagnostic process, leaving the mind free to focus on new and as-yet-unsolved problems. As with medicine, the practice of entrepreneurship is not 100% predictable, either. Like the physician, the primary function of the product manager is to choose the correct response to rapidly changing, complicated conditions, or in the best circumstances, to be able to anticipate and lead change.

Also like the physician, the product manager can proactively drive more predictable, positive and repeatable results with a set of protocols that provide a standard response for at least *some* situations. This doesn't imply that there is a process for every activity or a pat answer to every problem. Business, like life, is at its core about response-ability, and the brain of this living system called "business"—or, at least, the creative side of the brain—is the product manager. However, the better you are able to recognize patterns and address them with validated methods, the more mindshare you can apply to unpredictable situations, and thus the better the business results, period.

## A Career in Progress

Someone once said that if you don't know where you're going, you'll probably end up somewhere else. *Product manager* was nowhere on my list of career ideas. As a solid business generalist with strong leanings toward finance, operations, and marketing—an undergraduate degree in management science, a minor in organizational behavior, and an MBA in corporate finance—I had a host of jobs:

- I was a management trainee for a wholesale plumbing supply company, learning every job in the house. From picking pipe-fittings and selling toilets, to sizing boilers and doing the books, I did it all.
- I was a cost analyst for a defense contractor, learning project management from the ground up, because that's what you do when your company works for the government.
- I worked as a budget manager for a women's clothing manufacturer, discovering ways to deal with suppliers, offshore manufacturing and the quirks of a fast-moving fashion-oriented business.
- I joined finance and operations at a medical device manufacturer, soaking up manufacturing techniques, medical science, distribution management, reporting, Product Management, supply chain management, marketing and a lot of other things.

None of these jobs, though interesting, made my list of jobs I'd like to have as my life's work. I didn't have a strategic direction; I didn't have a career coach; I didn't have a clue.

Eventually, I went to work at AT&T Bell Laboratories in business operations and finance. About three years into my career there, I encountered an unusual opportunity. Slated for a double promotion, my second-level boss asked me what I wanted to do. After more than a decade of work experience, there's nothing like finally hearing the question, "What do you want to do when you grow up?" I gave something of a vague answer, explaining that one day I wanted to be a general manager of a division of a larger company. Her concise,

immediate response shocked me: “Oh. You want to be a product manager.” That sounded too much like marketing, so I deferred. In spite of my skittishness, she insisted it was the right thing to do, so I enrolled in a week-long workshop in 1988, and that was that: I was hooked. Product Management really did turn out to be everything I ever wanted.

Not that it was easy. Instantly, I became a product manager, taking over the Japanese version of a “made for U.S.” office telephone system. There were many problems, but the biggest one was my lack of product knowledge. My bosses expected that I would rapidly get up to speed, get to know all the players, learn the technology and discover many other things that I didn’t even know existed. I entered the job as a senior manager, when a lower-level job, with closer guidance, would have been more appropriate.

Someone else once said, “You haven’t failed if you learned something new.” Aside from my suspicion that the person who said that never tried anything big, I did learn a lot:

- To be a product manager, you have to start near the bottom, just like an apprentice serves under a master carpenter. No matter how much you think you know about business, you need to get the basics down, including products, people, systems and methods.
- You can’t learn, even at the bottom of the ladder, if you don’t have coaching and mentoring. The smartest move I made as a product manager was reaching out to people and asking for help and I asked a *lot*.
- Companies need a formal structure for professional development of product managers, modeled after their leadership development programs for high-potential employees, but few have them.

An office-mate once asked, “How do you know what to do?” I replied, “I just do what needs to get done.”

My next Product Management job was difficult for other reasons. I had a new boss who knew Profit-and-Loss, but didn’t understand Product Management. The result was a thankless cycle of doing what I thought was right, circumventing instructions and then secretly finding ways to fix business and customer problems. It wasn’t quite as bad as being without a paddle, but since I had to come up with my own methods, it felt a lot like guiding an unbalanced canoe upstream in a drenching storm. Sooner or later, I worried, I would capsize, and then I’d have to swim for it—unless I put everything I had into getting things done.

In the end, though, I not only managed to keep the boat upright, I even garnered a “far exceeds” rating, luckily based on the results and not how I got there:

- I delivered a product on time, earning \$5 million in revenue at a net profit of 50%.
- My solution had a compelling value proposition, filling a previously unmet need for a clearly identified market.
- Most of all, though, I used lessons learned from falling on my face many times over the years, because my common sense approach often challenged conventional wisdom.

Considering my first *real* taste of product leadership, it was obvious that, while the school of hard knocks hadn't necessarily been kind to me, at least it had been talkative, and I had somehow managed to take a pretty good set of notes.

## **SEPARATING THE BEST FROM THE REST**

In 1993, while still working at AT&T, I was assigned to a Product Management excellence task force, chartered to understand how other companies managed their products. Via practical research, we were to investigate how different companies in different industries carried out strategic planning, product planning, product development and introduction; how they managed existing products; and how they managed portfolios of products. Bill Ausura, who was later my collaborator when I started Sequent Learning Networks, led the team.

With Bell Laboratories on our badges, we had internationally recognized stature that opened doors. Thirty-six companies were benchmarked throughout the mid 1990s. The interviews were qualitative, based on Product Management practices used across the entire life cycle. We really wanted to find out what companies did to create and manage successful products, product lines and portfolios. The interviews were informative, exhaustive, and eye opening. As we worked through the responses, we started to see patterns that correlated specific activities with product success. Success was never guaranteed, but companies who applied certain methods were more likely to have successful products.

Here are some of the patterns we discovered during this benchmarking investigation:

1. Product and market success in these companies is linked to a keen focus on carefully chosen markets. In some cases, this focus may be obsessive. (more later).
2. Management *clearly* communicates their over-arching strategic intent up and down the organization. This contributes to a reduction in organizational ambiguity and most importantly, better alignment of product portfolio and product line investment decisions.
3. These companies consistently use standardized product platforms. Organizations that use platforming as a part of their strategies benefit from improved economies of scale from reuse of common architectures, technologies and even components.
4. Regular rationalization of product portfolios contributes toward more efficient allocation of investments to the most appropriate, strategically important product lines. Significant go/no-go project investments are made at the divisional or corporate leadership team levels based on portfolio strategies.
5. Organization around products, not projects, using empowered, cross-functional product teams to run "mini-businesses" inside of these larger enterprises. When these teams are in place longer, they tend to perform better and achieve better results than teams that are more transient. In the best performing teams, Marketing is always seen as a strong member. Furthermore, teams, not processes, are the glue that holds these organizations together.

6. Most companies assign primary product or product line profit-and-loss accountability to the product teams.
7. Most companies have some kind of phase-gate New Product Development (NPD) process and attempt to adapt it based on the type of project and the market conditions driving the project.
8. Funding for unplanned product opportunities is not made from annual budget money, but from a separate funding pool and vetted using the NPD process with funding and business justifications made using business cases.
9. Success is linked to strong product team leaders and team members who respect one another. They have clear roles and responsibilities underscored by the consistent use of a common business language for processes and documents. Furthermore, these companies hold these product teams accountable for the achievement of business results using a small, manageable number of business metrics controllable by the team, not by individual functions.

In terms of market focus, these organizations have a formal, centralized industry and competitive intelligence function.

- These organizations push (via subscription) clippings or abstracts of select industry or competitive activity to interested internal subscribers.
- They create forums for information sharing. Product groups or marketing groups gather from time to time, either at lunch sessions, all-hands meetings, or the like, and present market updates or reviews so that everyone knows what's going on.
- They make the competition the main enemy, which tends to reduce internal conflict and draw teams together.
- They make data available to the Product Management and marketing communities.
- They maintain communities of practice for product managers and marketers.
- Connection to key customers is critical, not only from sales, but Product Management, marketing and development. Customer knowledge goes hand in hand with market focus.
- These companies use anthropological and ethnographic (live contacts with customers) techniques to understand customers' businesses.

Companies that focus on the marketplace tend to have a better chance of gaining an outside-in view of the world. This helps them recognize the needs of unique segments and important trends that influence product and marketing strategies.

Within these best-in-class companies, organizational structures typically have product managers reporting to the marketing department. Informally, at the start of every one of my workshops, I ask, "Where do you report?" Anecdotally, approximately 70% of the time, people in Product Management report to marketing. About 20% of the time, they report to

product development (predominantly technology companies focusing on software and hardware) and the rest of the time, to the general manager, operations (COO), etc.

At this point, the material you are reading has been greatly expanded with thousands of new data points. Ever since my initial benchmarking experience, I have continued to gather this kind of corporate and employee performance data using what I call “*fitness and aptitude surveys*” for product management and marketing communities. I also carry out intensive employee and executive interviews, seeking out, capturing, and refining best-in-class activities and practices. In all my training classes, all my corporate contacts and through a host of professional associations such as the Product Development and Management Association (PDMA), I continue to extend and validate this collection of protocols for successful Product Management.

## **SAFE JOURNEYS**

Many years after my initial successes, I was explaining the situation to my daughter. She sagely observed, “Well, you didn’t have a you.” Precisely— I didn’t have a “me,” someone who had navigated the uncharted, rocky shoals of Product Management and survived, newly scrawled map in hand. It took a few more years for me to realize that I needed to share my discoveries, but eventually, I began to show others how to navigate this (sometimes treacherous) passage at the core of business and entrepreneurship. And now, I would like to do the same for you.

As a product manager, you are the quarterback and on every single play, there are dozens of variables to consider: field conditions, defensive formations, distance from the goal line and so on. In your repertoire, there is a virtual mountain of information, from the playbook to scouting reports to last minute instructions from the coach. Considering all these things, though, the final score and the ultimate result depend largely on your individual vision, competencies and experience. If you have the right tools, correct information and an appreciation for excellent workmanship, you can achieve superior results. And in the process, you can transform an unclear job assignment into a highly visible, well-respected career. The *caveat* is that it requires a long-term commitment.

Like Ulysses, if you burn your ships behind you (but not your bridges) and dedicate yourself to success as a product manager, it’s amazing how quickly you can develop the magic touch. So if you are dedicated to success, here begins your work toward becoming a virtuoso of Product Management. Once again, welcome to the accidental profession. Here’s wishing you fulfilling, productive, profitable journeys.