

Planning Software Products That Sell

Monthly Software Product Management Tips

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PLANNING SOFTWARE PRODUCTS THAT SELL



Monthly Software Product Management Tips

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Improving Product Innovation Performance

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How Aggressive Do You Need to Be?

PRODUCT ENGINE MATURITY PLANNING

Does your company need to focus on improving the throughput of your product innovation engine? Is it time to push for real action? (As opposed to seeking mere "assent". See box at right.)

When considering that question the "map" below, a part of our [Product Engine Assessment service](#), may help provide insight.

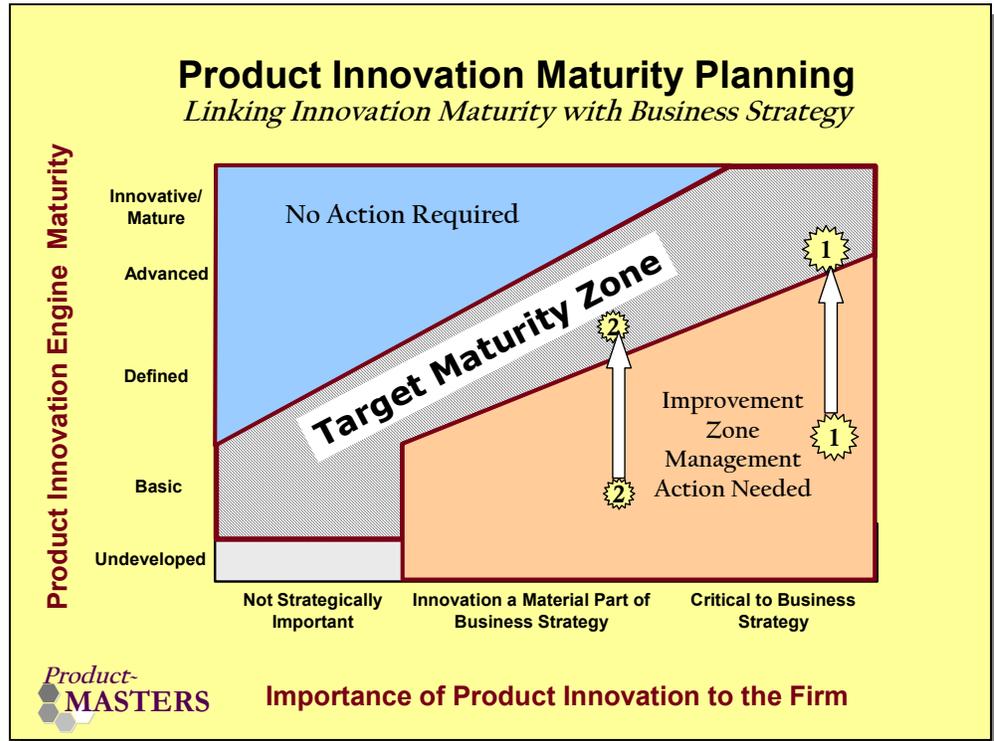
"You can get assent to almost any proposition so long as you are not going to do anything about it."
John Jay Chapman (1862-1933)

The vertical axis aggregates the maturity of your engine in a variety of key areas into a single rating. (At Product-MASTERS our innovation assessment uses a four step process to thoroughly evaluate your vertical component.)

The horizontal component relates to the importance of product innovation to your firm's business strategy.

The goal is to operate in the cross hatched area - the Target Maturity Zone.

The rare companies that fall in the blue area have established a product engine that is more robust than is required by their business strategy. These companies should focus elsewhere when looking to strengthen internal competencies.



Companies that fall in the red area often fall into two camps. First (circle 1) is the company for whom product innovation is central to how they will compete. They require the highest level of maturity in their engine.

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Second is the company that, while not needing to excel at product innovation, currently has real deficiencies which are a material part of a corporate death spiral.

The deficiencies of both companies need to be addressed. The prescriptions and rate of necessary changes will vary.

One approach to generating a sustained effort for improvement is via the **Product-MASTERS Collaborative**... so... read on....

2004 Product-MASTERS Collaborative

APPLICATIONS BEING TAKEN

Have you ever attended a generic product development seminar or conference -- and left wishing it allowed you to examine issues from the perspective of a software company -- not a toothpaste company?

Ever struck up a productive conversation with another software executive - only to find that the plane landed and, despite your exchange of business cards, the well intended follow-up meeting just never happened?

Our consulting activities (like the [Innovation Engine Assessment](#)) are designed to rapidly identify barriers to improved product innovation performance and to help you eliminate them.

However, for those companies desiring to improve, but for whom a consulting intervention doesn't fit their budget or corporate culture, we offer participation in the Product-MASTERS Collaborative as an alternative.

The Collaborative is a blend of consulting, benchmarking and collaborative experience sharing. We coach each member company in developing an innovation improvement plan. Forums allow key issues common to explored among peers and the combination helps drive focus and action.

Applications are being taken for participation in the 2004 Collaborative. Membership will be limited to 8 to 10 non-competitive software companies willing to make a **serious commitment to improving the output of their product innovation engine.**

If you are interested contact us at 513-683-1911 or email by [clicking here](#). Include your name, company name and phone number.

Significant improvements have been made to the structure, administration, member benefits as compared to previous Collaboratives. We've taken the best of the past and augmented it with new structures for driving results.

More info is available [here](#).



Outcomes from a Product-MASTERS Forum: An Example

BARRIERS TO BUILDING THE CUSTOMER INTO THE PLANNING PROCESS

So how does improving happen as a member of the Collaborative?

ONE mechanism (there are many) is through participation in joint Forums with other Collaborative companies.

For example one past collaborative Forum was dedicated to the issue of "How to effectively do customer centered product definition."

First we explored:

“What is the problem/issue at your company relative to product development and listening to customers? Why is this so hard?.”

We heard the following (and more):

- ▶ Finding time
- ▶ Getting (internal) people to listen – and scrap pet ideas.
- ▶ Establishing a repeatable method you can trust
- ▶ Getting beneath the surface with customers
- ▶ Getting top management to understand we need something more robust than changing priorities based on the last major order.
- ▶ Retaining what we learned --info about customer needs unearthed by one project team that could be useful to another.

Sound familiar?



Warning Signs

Ineffective Product Definition

1. Partial products.
2. Poor positioning due to poor feature set.
Lack specific, describable customer targets.
3. Unfocused sales/Marcom campaigns,
4. Lack reference accounts/no repeat buyers.
5. Spec tennis – endless bickering about what the customer *really* wants.

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The Product Definition Problem

A DOZEN GOOD PRACTICES

After defining the problem Collaborative members got to work sharing/defining some good practices. Here are 12 of them.

OK... you already know some of them!
But, I bet the following list will contain at least two *new ideas* that just might be worth a spin -- and three more practices of which you're aware but *never got around to actually doing!*

1. **Start from Value** - Define the value proposition *before* you develop the product. Use this basic story to drive the theme for the release and to guide feature selection for a product which you know has a strong selling story. Use this to accelerate roll out/launch materials as well.
2. **Positioning Contracts** - Use product positioning contracts to commit and focus development and marketing on the essence of what will be sold to the customer.
3. **Chain of Control** - Carefully manage the chain of control of customer needs information to assure it's use. Remember: *What is asked... is as important as who is asked...is as important as when they are asked (under what circumstances)... is as important as who hears it (everybody reacts better to first hand experiences) ...is as important*

Ten Underlying Principles

We're all interested in new practices ... specific things we can do and try. More often the barriers to fluency and proficiency in an area like product definition can be traced to lack of commitment to underlying principles – the motherhood statements we all know but disregard to cut corners. Here are some product definition principles:

1. The sales channel, current customers and prospects usually value different things. All are important.
2. What they value today may not be what they will value in the future
3. The "customer" has many dimensions often with different values and needs. (purchasing decision maker, technical buyer, user; current customers and future/prospective customers).
4. In fast moving markets assume that late discovery of requirements is a fact of life. Try to get it right the first time... but build in flexibility to respond to late discovery of needs.
5. You need a consistent framework for defining products --how you will capture and process the voice of the customer. You can't make it up differently every time.
6. Customers have a vested interest in the success of your products & want you to succeed. They're willing to invest time and money in guiding product success.
7. Guessing about customer needs and priorities is fast and cheap. Guessing wrong is expensive.
8. It's what the customer does, not what he/she says that counts.
9. Only what the customer wants us to know gets indicated on a survey or an interview.
10. Developers are from Mars and Marketing is from Venus. Live with it.

as how it is remembered/ retained/applied

4. **How is Benefit Evaluated** - Make sure every product requirement explicitly defines who benefits from it; what the benefit is and how the "benefitee" will judge the amount of the benefit.
5. **Listening Training** - Provide training to product professionals (developers, product managers, quality etc.) on methods for capturing the voice of the customer and how to interview effectively.
6. **Make Them Real** - Put pictures of real customers in conference rooms, particularly in development areas, to reinforce the need to consider their needs and to remind all who pays the bills.
7. **Track Discovery Effort** - Monitor how much effort is spent in up-front planning, customer research and product definition as a % of development effort. Monitor who is being talked to. Make sure it isn't always the same customer the same type of customer or same style of user.
8. **Find Visionaries** - Consciously explore ways to find customers who are visionary. Invest 5-10% of your listening budget in establishing a specific dialogue with "lead users" – those who have explicitly modified your product or exhibit an advanced need in another area.
9. **Time to Prototype** - For every project include a "time to prototype" metric. You will find that as you shorten the time required to be able to demonstrate a prototype to customers, the project's market success will improve.
10. **Time to Referencability** - Since the success of a product is largely dependent upon rapidly ramping up sales, and sales ramp up is accelerated by strong reference accounts, measure product development teams (particularly for new applications) not on time to market but "time to referencability." In other words product release isn't the goal line. Achievement of three strong product production references is.
11. **Track Listening Posts** -Define all the opportunities you have as a company to collect info on customer needs. Make sure they each is listening post" is open and effectively collecting and funneling info to product management at max efficiency.
12. **Idea Sources** -Track the sources of product feature ideas and determine which have been most valuable and how to increase the value of each.



Joint customer contact by technical and marketing groups helps keep everyone pointing in the

"We asked our customers what they wanted, and it turned out they wanted a lot of great food for free." - "Jack", president, Jack-in-the-Box, in a TV ad

Tidbits

SOME SMALL POINTS

A few quick thoughts that we find relevant to product management, product development and driving organizational change.

▶ Tired of management fads that generate lots of attention and die out in a short time. Ever wonder what the root cause of this is? The article "[Life Cycle of a Silver Bullet](#)" provides some interesting insight.

▶ I recently discovered an interesting brainstorming tool. A trial version of [THE BRAIN](#) can be downloaded for free. It's a system for linking files, documents and web pages across applications and network boundaries. The idea is to graphically link thoughts and ideas to other thoughts and ideas. Your view of the thought network graphically reconfigures as you navigate your thought web.

▶ Considering using a blog to augment customer newsletters or as part of a customer support strategy. [This article](#) provides a good intro. And [here is another good intro](#).

Social Software

GETTING CONNECTED... YOU'RE INVITED

Some say that "[Social Software](#)" will be the killer app of the web. Others disagree.

One interesting manifestation of this trend is a tool called [LinkedIn](#). ("Find the people you need through the people you trust") (There are others.. "Friendster" comes to mind.) It's basically a way to build a professional electronic network for finding clients, getting in touch with experts; exploring job opportunities; finding potential employees and linking your colleagues with others. You can also read about this idea [here](#).



I've participated in this network for about four weeks. In that time my network (people connected within 4 degrees) has grown to over 4000 people and I've made some very useful professional contacts.

There is no spam. (Contacts are screened by the person to whom you're connected.)

Currently participation is free though the model is to charge for services at some future point. By then I'll know if it's worthwhile. While not all the pundits in the blogosphere agree, I've found no material downside to participating.

Since it's much more valuable to join someone else's network (you inherit many of their contacts) I'm happy to have you join mine. (We both win.)

[If you'd like to participate send me an email](#) and I'll send you an invitation.

Remember the time to build your network is before you need it. No matter how solid your situation --you may be only one bad quarter away from dusting off your resume.

UPCOMING PRODUCT DEVELOPMENT & INNOVATION RELATED CONFERENCES

1. [The New Workplace: Leveraging Organizational Productivity](#) - New York City, NY - Jul 21-23 2003
2. [Integrating Six Sigma in Product Development](#) - San Diego Bay, CA - Aug 27-29 2003
3. [Mastering Innovation Management](#) - New York City, NY - Sept 15-16 2003
4. [Innovation Convergence 2003: Smart Thinking in Challenging Times](#) - Minneapolis, MN - Sept 21-23 2003
5. [The Business of Product Development](#)
Sponsored by PDMA October 5-7
Boston MA \$1595-2035 per person
6. [Quantifying Innovation, Portfolio Value and Resource Capacity](#)
November 3-6
Chicago IL. \$1595 per person

A Couple of Tips

To make your participation in social networks more valuable consider the following:

▶ It will be *5-10 times more valuable* to you if you actively solicit your friends associates to join as well since their associates (those two degrees away) will make your best contacts. Joining without actively building a network is a bit like tacking your business card to a bulletin board in a restaurant.

▶ Don't limit your invitations to your professional only contacts.

In the book the "Tipping Point" the author notes that while actor Kevin Bacon is linked to anyone who has ever acted in a film by an average of 2.83 steps that places him only in 669th place among all actors. The most connected is Rod Steiger. Why? For one he's older but more importantly he's been in a *vast variety of film types...* therefore putting him in touch with many more people of various sub-cultures.

So... invite Aunt Harriet... you never know who she may be connected to! (Perhaps Kevin Bacon.)

Quote of the Month

DILBERT AND CORE COMPETENCY

As we begin a new client assignment we invariably ask: "When it comes to product development and innovation what is your company's unique ability?"

Our hope is to find some crisp answer that describes the company's understanding of what their products need and how they assure it's there. Answers like the following might make us happy:

"Our ability to select projects that fit our strategy"

"Discovering unmet needs in the XYZ marketplace "

"Helping our sales folks understand how to find the people that can benefit from our product."

"Rapidly improving upon the value story of a competitor's product."

Unfortunately we **always** (never fails) get the following answer: "Well...its our people. We've got some of the best people around here at Snickelfritz Software."

This invariably leads us to a reply based on a quote from a Dilbert cartoon:

Manager: "Our policy is to employ only the best technical professionals."

Dilbert: Question. Isn't it also our policy to base salaries on industry averages?"

Trust me. Your company probably does not have markedly better people than your competitors – particularly if you don't pay noticeably better.

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Therefore if you want to develop an advantage you have to actually work at it. In order to establish a Product Innovation Engine that provides products with a competitive advantage you need to:

1. Understand what you're good at. (Caution: this may involve thinking and serious introspection!)
2. Make sure what you're good at is what you *need* to be good at.

This latter point is linked to your business strategy and the core attributes of your brand. Many companies are good at things that are no longer (or never were) central to their business focus.

Rating Product Innovation Competency Areas

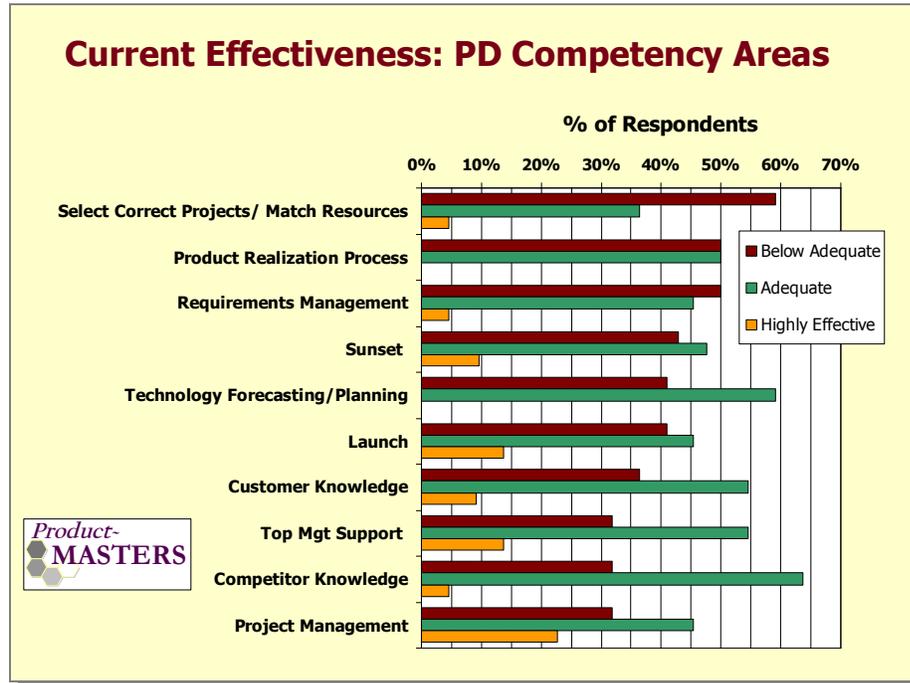
PAST PRODUCT-MASTERS DATA

Our new format means that more of you can *actually see the graphics* that adorn the pages of this fine publication.

As a result we thought it would be valuable to republish some past data.

The chart below, previously presented in a newsletter about 6 months ago, is taken from a recent Product-MASTERS survey. It shows participant ratings of ten key areas of Product innovation competency in terms of what percentage of respondents rated their ability in each area as highly effective, adequate and below adequate.

Not surprisingly selecting correct projects and matching those projects with available resources rated as the least effective area for most respondents.



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About the Author



A certified new product Development professional, Joseph Kormos is a consultant and facilitator who works with software and other technology companies to strengthen their internal capabilities in the areas of product management, product strategy, voice of the customer and innovation practices.

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