

# 24 Fundamental Practices for Highly Effective Product Management/Product Marketing Teams

A Highly Effective Product Management/Product Marketing Team is a key contributor to the success of any company. They can make a difference that directly impacts your company's profitability, competitiveness and growth. But still, too many companies make mistakes in the market that a highly effective Product Management/Product Marketing team could help avoid. The following describes a set of foundational practices that all Product Management/Product Marketing teams should be implementing in their pursuit of becoming highly effective.

## The Path to Product & Market Success

*The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.*<sup>1</sup>

Peter Drucker

The success of any company is dependent upon its ability to consistently deliver commercially successful products/services to the market. The proven approach for achieving this success is by creating and delivering market-driven products and services. To do this, companies must consistently do the following:

- Identify a Compelling Market Opportunity – identify a problem that is significant enough that many buyers are willing to pay money to solve it.
- Deliver a Compelling Solution – deliver a competitive solution in a timely manner that solves the market problem.
- Build a Compelling Market Development Strategy – create market messages and conduct appropriate marketing activities that resonate with the buyers in the target market, motivating them to solve their problem by purchasing the products/services.

The concept is simple, but the practice is quite challenging. Let's take a look at the 24 fundamental practices that successful companies do on a consistent basis.

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<sup>1</sup> Management: Task, Responsibilities, Practices – By Peter Drucker, Originally Published 1973.

## The Compelling Marketer Model for Product & Market Success™

There are 24 Fundamental Practices for Product Management/Product Marketing that, when effectively implemented, ensure that companies have a consistent and repeatable methodology for delivering market-driven products and services that lead to commercial success. The framework for these 24 Fundamental Practices is shown below and is discussed throughout the rest of this white paper.



## Identify a Compelling Market Opportunity

The first goal is to identify a compelling market opportunity. At the end of this, you want to construct and justify a business case and evaluate that business case against other opportunities within your company. There are seven best practices to achieve that.

- 1) **Articulate Business Strategy:** A company needs a well-defined business strategy to effectively guide the direction of the company and to make strategic decisions around products and markets. Without a clear business strategy, how do you know if an opportunity is a good fit for your corporation? Key elements of a well-defined business strategy include:
  - A clear and succinct Vision & Mission;
  - Definition of core competencies, target markets, company positioning & brand promise;
  - Identification of competitive advantages.
  
- 2) **Validate the Market Problem:** Before pursuing a new market opportunity (new product, new vertical market, new geographic market), you should validate that you are solving a compelling market problem. That means that there are many buyers with a problem big enough that they are willing to pay to solve it. The key elements of market problem validation include:
  - Look for market evidence that a problem exists;
  - Form a hypothesis on what the problem is and which market segment(s) have this problem;
  - Conduct primary research where you speak to many potential customers to really understand their problems and to understand what their needs are;
  - Conduct secondary research to identify key business trends and drivers and to ascertain potential market size and growth;
  - Iterate as necessary until the market problem is well understood and validated.
  
- 3) **Validate the Product Concept:** Once you have validated that a compelling market problem exists, you now need to create a product concept and validate that the concept solves the market problem. To validate a product concept, you do not need to actually build the product, but you need to communicate the vision of the solution sufficiently in order that potential buyers can visualize how the product will solve the market problem. The key elements of product concept validation include:
  - Create a product concept that maps to your core competencies and business strategy;
  - Create a mockup of the product so that potential clients can visualize the usage of the product. A mockup could be a presentation, story board, wire frames, non-functional prototype, etc;
  - Present the product concept to potential users and receive feedback on the ability of the product to solve the market problem;
  - Iterate as necessary until the product concept is validated as useful in solving the market problem.

- 4) **Build Profitable Business Model:** Your business model must answer the question of how will you make a profit by selling this solution. The key elements you must evaluate and define include:
- Define a Delivery Model that matches to the market problem and market need;
  - Determine cost to sell & deliver your solution;
  - Develop your pricing strategy;
  - Define how this results in a profit.
- 5) **Assess Competitive Landscape:** Before pursuing a new market opportunity, you also want to know which competitors exist and what they are offering. A good competitive analysis will evaluate the competitive strengths and weaknesses of the top 3 to 5 competitors and will include the following key elements:
- Current offerings, target markets, strategy & positioning;
  - Competitive strengths & weaknesses;
  - Market share;
  - An identification of substitutes & potential new entrants.
- 6) **Justify the Market Opportunity:** Before pursuing a new market opportunity, you need to summarize your work and justify the investment in the business opportunity by showing that it is a profitable opportunity for your company (The Business Case). The key elements of a well written Business Case include:
- Description of Market Need & Opportunity;
  - Company fit - does it fit your business strategy;
  - Definition of Product Concept;
  - Market Strategy;
  - Market size, revenue potential;
  - Investments required;
  - Risks & impacts;
  - Profit potential.
- 7) **Prioritize Market Opportunities:** In most cases, a company has multiple opportunities to pursue, all which have a valid and profitable business case. These can include new products, new vertical markets, new geographical markets, etc. Rarely can a company pursue all of these opportunities, so they must prioritize these opportunities based upon how they support their corporate objectives and then decide on which ones to invest in. Key elements of prioritizing and selecting the best investment opportunities include:
- Define ranking criteria for all opportunities;
  - Determine available budget to invest in new opportunities;
  - Assign executive team to review and make decision;
  - Manage trade-offs of budget and opportunity.

## Deliver a Compelling Solution

The second goal is to deliver a compelling solution that addresses the compelling market problem. Without a clear process for defining and building the solution, the resulting solution will quite likely miss the mark. There are six best practices to make sure you get the right solution.

**8) Define Clear Product Vision & Strategy:** One you have identified a compelling market opportunity, understand the problems that you need to solve for the target buyers and users and have defined a product concept, you need to establish how you are going to compete in the market and then create a long-term vision and plan for the solution that supports that strategy. This helps you communicate the vision internally and to the market place. Key elements of a good product vision and strategy include:

- Description of the market (trends, opportunity, needs, competition);
- Definition of how product competes (positioning, value proposition, differentiation);
- Mapping of product strategy to business strategy;
- Definition of the product (or product line) vision and growth strategy;
- High level roadmap.

**9) Solicit Market Requirements:** You must solicit market requirements on a continual basis as the market needs evolve. You must continue to focus on problems that your target market needs to solve and not on features/functions. That is, you can't define the solution until you know what problem you are solving. The keys to doing successful solicitation of market requirements include:

- Solicit needs from all buyer and user types;
- Solicit from all internal stakeholders (those that sell, implement and support the solution);
- Use various methods, to include: Advisory councils, customer visits, user groups, sales feedback, focus groups, observation, etc.;
- Define a process for how market feedback is validated and prioritized;
- Do this on a regular basis.

**10) Clearly Specify the Solution:** To ensure you get a solution that meets the market needs and is competitive, you need to clearly specify the solution so that engineering/development/manufacturing delivers the right solution. Key elements of a well specified solution include the following documents:

- Market Requirements Document (MRD) - describes the market needs, without defining the solution;
- User Personas - describes profiles of the typical users;
- Problem Scenarios - describes situations/context of persona's need(s);
- Product Requirements Document (PRD) - defines the functionality of the solution necessary to meet the market needs/requirements.

**11) Manage Scope & Schedule:** In order to deliver the right solution capabilities on schedule, you must manage the trade-off between all capabilities that you want to develop for the solution and the amount of time it takes. The key to this is prioritizing requirements and then negotiating the release plan with engineering/development/manufacturing so that you get a suitable solution in a practical time frame. The key elements to successfully negotiate and achieve a good release plan include:

- Definition of minimum feature set necessary to deliver value to meet the market need (often called the minimum viable product);
- Estimation of how soon you need a solution to meet the market need (based upon market trends & competitive threats);
- Criteria to prioritize requirements;
- A repeatable process to negotiate scope v. schedule;
- A process for managing scope changes;
- Clear ownership of scope decisions (typically a product manager).

**12) Ensure Whole Product Readiness:** In order to make your solution fully usable and to solve the complete market problem for the “majority market”, you need to ensure the Whole Product is ready. The Whole Product, being the total effective solution in the eyes of the buyer/user, may be more than just the core product that you're developing and producing and you often need to provide supplementary services or have partners provide complementary products or services to deliver the full solution. The key elements of the Whole Product that need to be ready at launch include:

- Core Product (the solution that you are developing, delivering);
- Packaging – documentation, training, implementation & support services and other internal infrastructure to make the solution deliverable and supportable;
- Augmentation & Infrastructure – typically 3rd party tools, applications, systems and infrastructure that augment the offering and make it more usable and competitive.

**13) Test Market Readiness:** Before launching your product/service to market, you should test the product's ability to solve the market problem by conducting market testing. This typically includes testing of product functionality by market users but can also serve as an opportunity to test your marketing strategy and tactics. The key elements of test market readiness include:

- Test that the product functions as planned within the planned usage environment;
- Test that product solves the buyers' and users' problem(s);
- Test the market strategy, including messages, channel, marketing tools, marketing techniques.

## Build a Compelling Market Development Strategy

You've identified a compelling marketing opportunity and delivered a compelling solution that solves the market problem, but you now must inform your target market that you can help them solve their problem. You do this by building a compelling market development strategy. There are seven best practices for building an effective market strategy that leads to effective marketing and sales execution.

**14) Define Targeted Market Development Plan:** In launching a new product or entering a new market, you must focus your market development efforts on the market segment(s) that offers you the best opportunity for success and create market messages that resonate with those buyers. Once defined, this Market Development Plan guides the rest of your marketing and sales activities and must be clearly communicated to the rest of the company. A well-defined market development plan will include the following key elements:

- Well defined target market segments;
- Description of buyer, influencer and user personas for those segments and their challenges/goals/needs (that your product can solve);
- Clear messages to communicate to each target persona. These are based upon your positioning and should include the Value Proposition (what benefit your solution delivers to the target persona) and the Differentiation (why should they buy your solution “v. others”).

**15) Establish Effective Channel Strategy:** Your channel strategy is defining the best way to reach your target market. This is dependent upon how your customers want to buy your products/services and your overall business model. Key elements that must be evaluated and defined include:

- Decision on the best sales model to use – Direct, Indirect (channel partners);
- The required profile/skills of your sales team or channel partner;
- How you manage potential channel conflict;
- The sales methodology to adopt and use to train your sales team (or channel);
- The right sales tools to support your sales strategy.

**16) Align & Create Marketing/Sales Tools:** You need to ensure that your marketing & sales tools support and align with your market & channel strategy and that your tools help buyers reach the buying decision. When evaluating this, you should consider the following key elements:

- Which marketing/sales tools are required for:
  - Different market segments;
  - Different buyer, influencers and user personas in each market;
  - To help move them through the buying process based upon their needs & concerns at each stage of the buying process.



**17) Create & Manage Launch Plan:** A Launch Plan is a defined set of activities to ensure that all key elements of the solution and company are ready for the launch and that you have defined marketing and sales activities that will make an initial impact on sales. Failing to execute a proper launch can severely impede the future success of the product and damage the reputation of your company. The key areas you must address and manage in the launch plan include:

- Product Readiness (ensure whole product is ready);
- Marketing & Channel Readiness (market plan established, marketing/sales tools ready and sales channel enabled);
- Company Readiness (all infrastructure, support, production capability, etc);
- Launch strategy (defined marketing & sales activities to achieve initial sales).

**18) Enable Channel (Sales Enablement):** To ensure that your sales channel can effectively sell to your target market, you must prepare them via a sales enablement process. This makes sure that the sales channel is selling to the right buyers, uncovering needs your solution can solve and communicating the right messages. Key components of sales enablement includes:

- Effective sales tools (Executive level presentation, product backgrounder, needs discovery guide, message driven demo, etc.) that enable the sales team to identify needs and communicate the key messages;
- Process to enable (train) and test the knowledge (certification) of your sales channel.

**19) Generate Awareness:** When launching a new product or going into a new market, you must create market awareness (“buzz”) around the need, why it’s important to solve that need and how to solve it. Awareness programs are often effectively done via speaking and writing engagements of various forms that establishes the market need and your company’s ability to solve the need. Typical key elements of awareness programs include:

- Product evangelism, such as speaking engagements at tradeshow, conferences & other trade events as well as webinars;
- Public relations to get 3rd party validation via trade journals, newspapers and other forms of the press;
- Analyst relations to share and validate your message with analysts and get them to speak & write about it;
- Proper marketing/sales tools to support this, such as white papers, presentations, press kits, blogging, etc.



**20) Feed & Manage Sales Funnel:** Starting with the launch of a new product, you must conduct market activities that continuously & effectively feed your sales funnel and manage the leads through the funnel until they result in sales. To accomplish this, key elements include:

- Demand generation strategies that move well qualified leads into the sales funnel (e.g., webinars, direct mail, telemarketing, advertising, trade shows, conferences, internet marketing, social media, etc.);
- Score, qualify and prioritize leads;
- Conduct marketing programs and sales activities that move them through the funnel until the sale is complete;
- Evaluate funnel metrics (conversion rates, time to sale, cost of leads, etc.) and identify opportunities to improve on these.

## **Process and Portfolio Management**

There are four more best practices that help you manage your product delivery process and the overall profitability of your portfolio of products/services. These include:

**21) Manage Product Life Cycle Profitability:** As products/services go through the product life cycle (introduction, growth, maturity, decline), market conditions and buyers change and each stage requires different strategies to maximize the profitability of the product and to extend the life cycle. Key elements of doing this include:

- Determining where the product is in the lifecycle;
- Analyzing the changing market conditions and buyer profiles/needs in each stage;
- Adjusting the product or product line to effectively compete in that stage;
- Adapting the market strategy to the buying motives for that stage of the life cycle.

**22) Optimize Product Portfolio Profitability:** As your company grows and evolves, you need a methodology to manage the product portfolio, helping you make decisions on where to and how to invest your limited resources in current & new products/services in order to maximize portfolio value. Key elements of doing this are:

- Using appropriate tools (e.g., BCG matrix, GE matrix, SWOT, etc.) to analyze the balance, alignment & competitiveness of your product portfolio;
- Using appropriate tools (e.g., prioritization, optimization, etc.) to determine which product investments will best support the business strategy, create balance and result in maximum portfolio value.

**23) Measure Success (Metrics):** The key to improving is being able to measure critical factors of your strategy and operations and to adjust and improve upon these. The key elements to do this include:

- Defining measurable metrics at both the strategic and operational level;
- Measuring and tracking metrics on a regular basis (weekly, monthly, quarterly, yearly, etc.), as is suitable for the metric;
- Determining where improvement is needed and make the appropriate corrective actions to your strategies and tactics.

**24) Manage Investment/Risk Decisions (Decision Checkpoints):** There are many activities that a company must accomplish to take a product from conception to launch. As it moves along the product delivery timeline, a company's investment and risk increases significantly. Decision checkpoints are placed at critical points of the process to evaluate if the company should make the next level of investment in a certain product/service, helping to ensure that the right opportunities receive the right level of investment. The key elements to do this include:

- At a minimum, major checkpoints should occur at the business case (before investing in product development) and before launching the product;
- As the product moves through its life cycle, you should have a checkpoints to make End-of-Life (EOL) decisions (e.g., retire or divest of the product);
- Each checkpoint should include a defined set of deliverables which will serve as a basis of the decision and the authority level for making the decision.

## Where Do You Go From Here?

We recommend that companies perform a regular audit of their Product Management & Product Marketing practices. To learn more about our Product & Market Management Excellence Services, please visit our website at:

<http://compellingpm.com/services/product-market-management-excellence/>

## Free Self-Assessment & Consulting Call

If you prefer CompellingPM offers a free online self-assessment, which includes a thirty minute consulting call to review your assessment and make recommendations.

To learn more about the Free Self-Assessment or any of the services offered by CompellingPM, please contact via our website at:

<http://compellingpm.com/about/contact-us>