



LEADERSHIP & PRODUCT STRATEGY

By John Carter

DEFINITION(S) OF STRATEGY

There are many definitions...

- Best allocation of finite resources
- Definition and pursuit of long range objectives

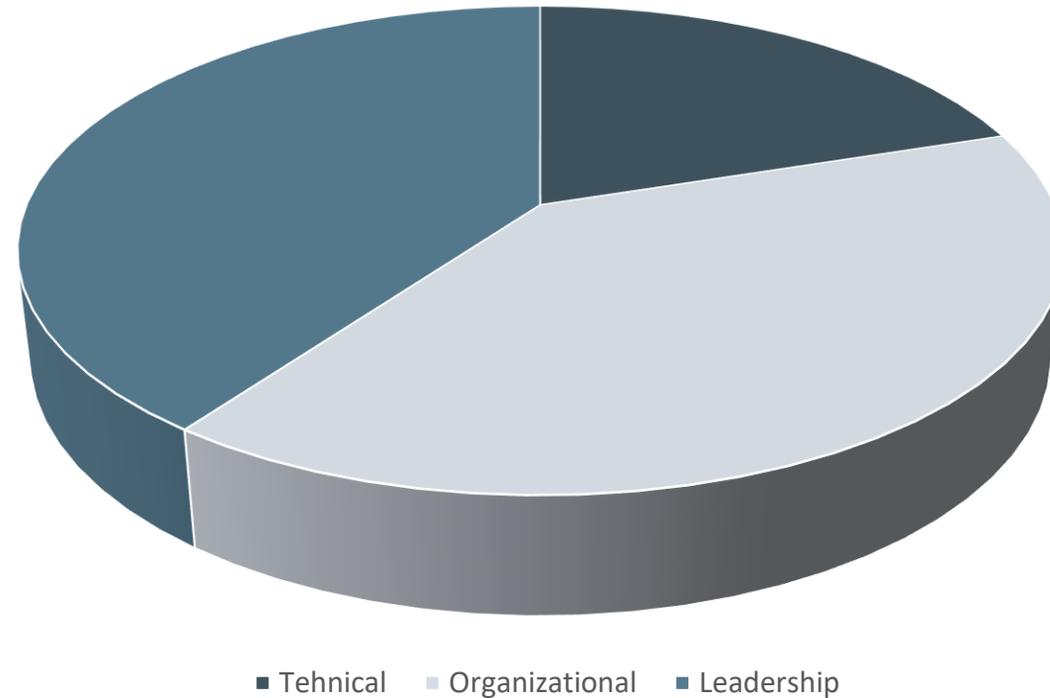
But my favorite is...

- Finding holes and filling them



PRODUCT MANAGEMENT SUCCESS IN PORTFOLIO MANAGEMENT

Relative Importance of Skill Types



The focus of this presentation will be on the technical and organizational skills

IS STRATEGY OVERRATED?

- Yes and no
- Yes - You must have a defined competitive strategy
- Where strategy falls down is in two places
- And two places that ABSOLUTELY KILL IT
 - **Communication** “it is too secret”
 - **Execution** “real life gets in the way”

PRODUCT ROADMAPS VERSUS CORPORATE STRATEGY – THEY CASCADE

Corporate Strategy

- Valuation metrics, Financial metrics, M&A vs. Organic growth

Portfolio Management

- Investment decisions and risk tolerance

Product Management

- Execution of Portfolios and Corporate strategy optimizing the internal resources

ROADMAPS AND ENTERPRISE SOFTWARE

Roadmaps as a management tool

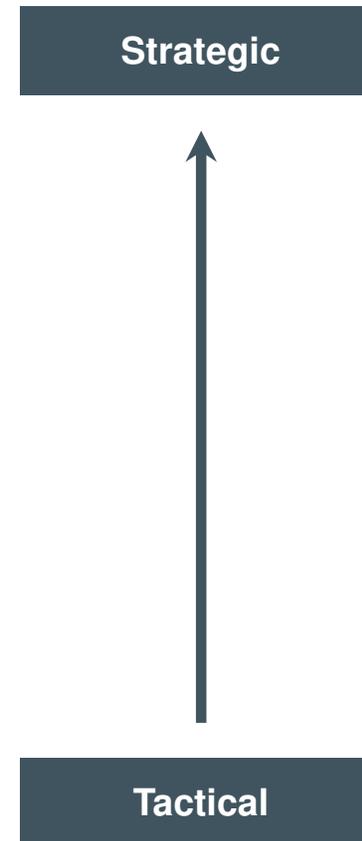
- Our focus
- Primary benefits are here
- Done first

Roadmaps as a selling tool

- Not a focus
- Needs care and disclaimers (Revenue Recognition)
- Not a substitute for listening to customers!

INPUTS TO STRATEGY PORTFOLIO MANAGEMENT APPROACH

- 1 *Understand Customer Needs*
- 2 *Understand Market Trends*
- 3 *Identify promising Technologies*
- 4 Develop Landscapes that help you innovate and prioritize
- 5 Develop Roadmaps that guide your teams
- 6 Develop Technology Roadmaps to focus efforts to drive supporting activities that deliver the products
- 7 Fund
- 8 Monitor



PRODUCT MANAGERS
SHOULD BE
ALLOCATING MORE
TIME UPSTREAM

EFFECTIVE PORTFOLIO MANAGEMENT FOR PRODUCT MANAGERS

Navigating Politics & Changes in Organization (Organizational Skills)

- Attitude Influence Diagrams
- Circle Dot Diagrams
- Technology Allocation Audits

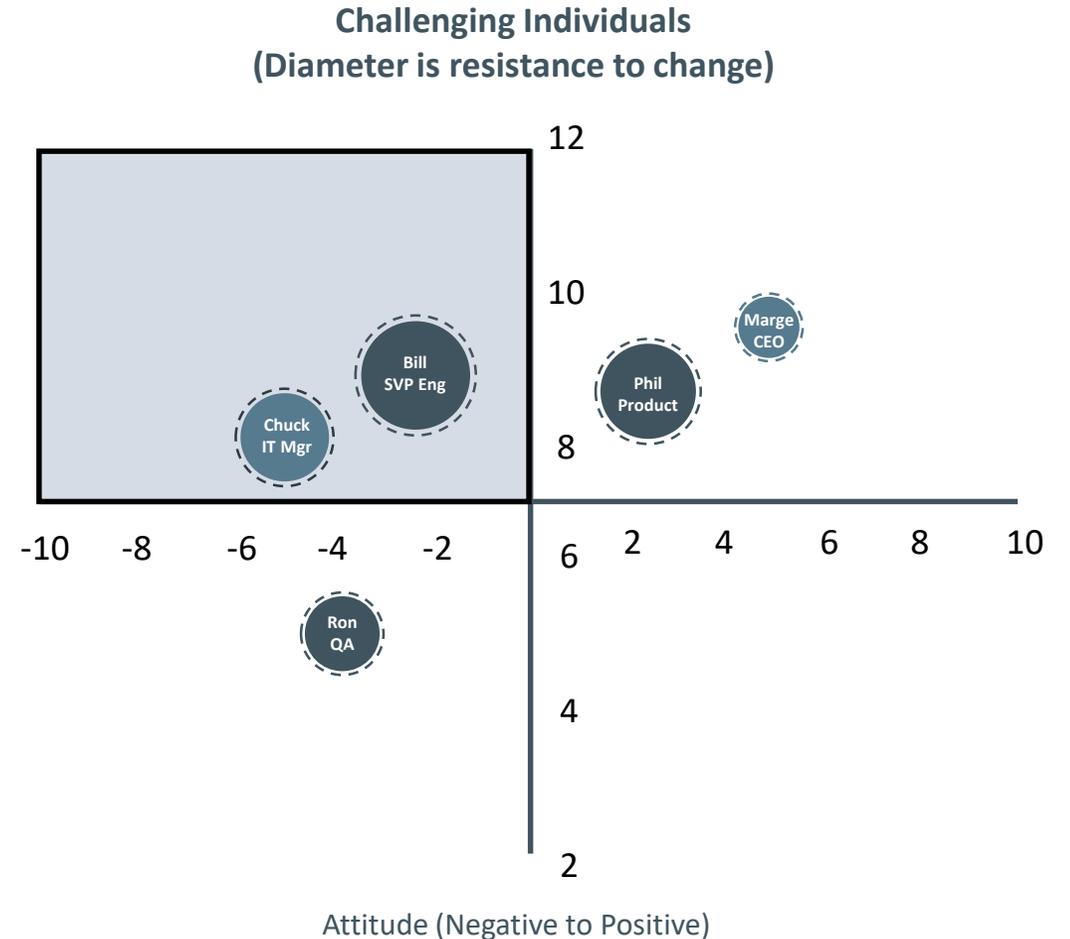
Best Practices (Technical Skills)

- Customer Enabled Innovation (CEI)
- Scorecards
- Use Cases

ORGANIZATIONAL SKILL #1 ELIMINATE ORGANIZATIONAL OBSTACLES

How To Eliminate Obstacles

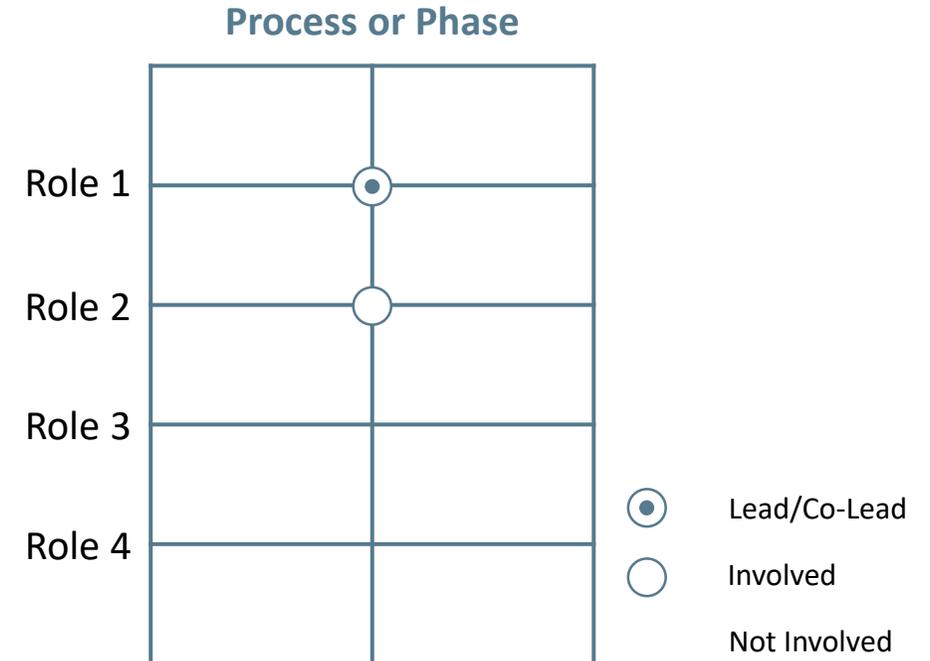
- Identify key individuals that may impact success
- Plot each individual on the diagram
- Horizontal axis shows the degree of support: positive or negative
- Vertical axis shows the degree of influence: high or low
- Develop action plan for each person in the upper left quadrant
 - Talk directly, have peer influence, have superior influence, etc.



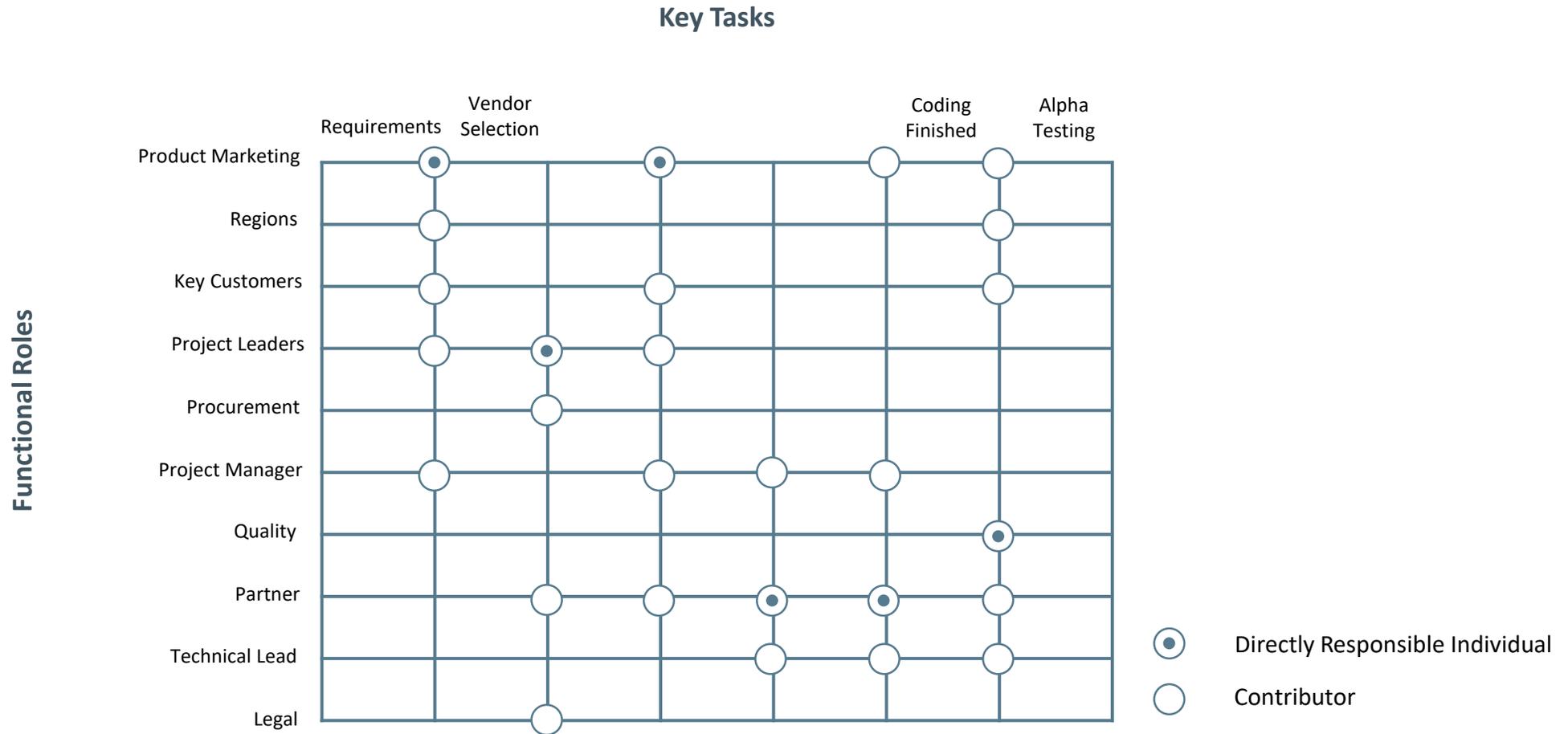
ORGANIZATIONAL SKILL #2 CIRCLE-DOT ROLE RESPONSIBILITY MATRIX

This diagram summarizes involvement for Product Management

- Rows indicate function or role
- Columns indicate phase of Product Management
- This chart summarizes the situation in most cases



ORGANIZATIONAL SKILL #2 CIRCLE-DOT ROLE RESPONSIBILITY MATRIX



ORGANIZATIONAL SKILL #3 TECHNOLOGY AND SKILL AUDIT

This may not seem like Product Management's job, but it needs to get done

PM to determine "Ideal" allocation of funding

The Directors of Development (or CTO) to perform "Actual" staff and skill audits

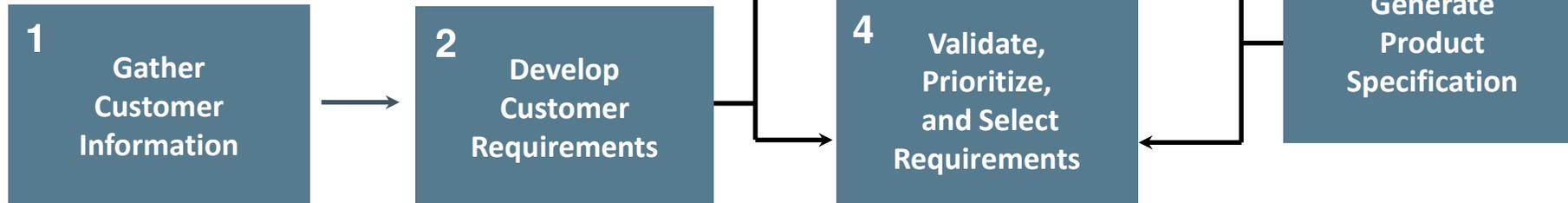
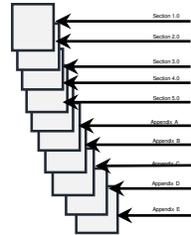
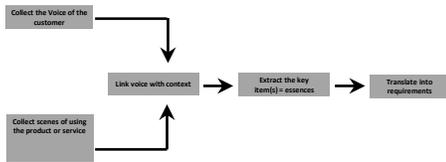
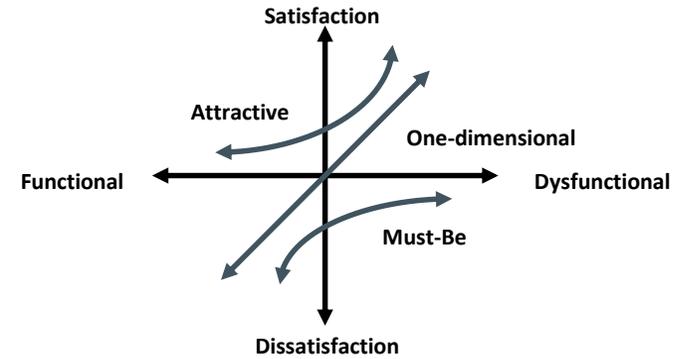
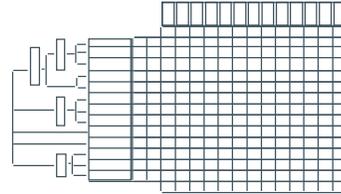
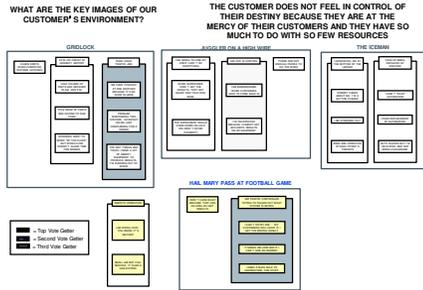
- Advanced Development
- Breakthrough/Platform products (Clean Sheet Designs)
- Derivative products
- Incremental/Sustaining/Bug Fixes

The PM should perform a Technology Audit with the Architects in R&D (or CTO)

- These can be inputs to Technical Roadmaps & Product Competitor Landscapes

The PM to work with Engineering to close gaps in skills and technologies

TECHNICAL SKILL #1 CUSTOMER ENABLED INNOVATION



TECHNICAL SKILL #2 WHY USE CASES ARE SO IMPORTANT

Product definition is EVERYTHING

- It drives differentiation – hence growth
- It drives margins – hence profits
- It drives shareholder value!

Done poorly it drives frustration, delay, and loss of share

One of the best techniques for product definition is Use Cases

- It drives engineering to be more creative
- Why? CONTEXT!
- Use Use Cases, or User Stories when possible



TECHNICAL SKILL #3 PRODUCT DEFINITION SCORECARD

Product Definition Self Assessment	MEAN	Standard Deviation
Understanding of users' needs	2.8	0.9
Strategic alignment/charter consistency	3.7	0.9
Competitive analysis	2.9	1.5
Product positioning	2.8	0.7
Technical risk assessment	4.3	0.5
Priority decision criteria list	3.9	0.6
Regulation compliance	3.8	1.0
Product channel issues	4.6	0.7
Upper management project endorsements	4.2	0.7
Total support from the organization	4.3	0.6
	3.7	

Mean below 3, SD above 1: indicative of significant risk

Reference: Wilson, Edith, "Product Definition: Assorted Techniques and Their Marketplace Impact," IEEE International Engineering Management Conference

TECHNICAL SKILL #3 PRODUCT DEFINITION SCORECARD

The team senses that the product definition is not based on true Voice of the Customer and the inputs from Solutions Marketing are short term.

Sometimes critical details, which would help the team to accomplish the design more efficiently, are missing.

PM to use “Product Definition Scorecard” technique to highlight gaps

- Individual team members fill out scorecard, PM analyzes responses
- If any area is below a “3’ (indicating the area is too vague)
- If the standard deviation is above “1” (indicating lack of consensus)

The Project Manager/Leader and the PM should work out a plan of action to improve those areas

This improvement in definition should be baked into the project schedule

The project is “Out of Bounds” if can’t complete remediation in time

- Adequate Product Definition is essential for a quality project

EXERCISE – TECHNICAL & ORGANIZATIONAL SKILLS

Review the material presented

Define some of the key challenges in the current portfolio process (3-5)

- Make a list on a Flip Chart on left hand side

Suggest which skills might be used to help remove or reduce the key challenges (1 per each challenge)

- List a skill from the material (or other) to remediate the challenge

Challenge	Skill/Best Practice
Roles aren't clear	Circle-Dot
Challenge #2	Skill X
Challenge #3	Skill Y

INNOVATION: CUSTOMER IN VERSUS TECHNOLOGY OUT

Customer In

- Development of Platforms
- Searching for Innovation
- Using best practices (CEI, Follow Me Home)

Technology Out

- When do you innovate independently?
- Continuously!

Case study

- Bose's Noise Canceling Headphones

INPUTS TO STRATEGY PORTFOLIO MANAGEMENT APPROACH

- 1 *Understand Customer Needs*
- 2 *Understand Market Trends*
- 3 *Identify promising Technologies*
- 4 Develop Landscapes that help you innovate and prioritize
- 5 Develop Roadmaps that guide your teams
- 6 Develop Technology Roadmaps to focus efforts to drive supporting activities that deliver the products
- 7 Fund
- 8 Monitor

Strategic



Tactical

PRODUCT MANAGERS
SHOULD BE
ALLOCATING MORE
TIME UPSTREAM

MAPS ARE REPRESENTATIONS



Roadmap

Roadmap

- Snapshot, with a purpose of comparison, for making decisions

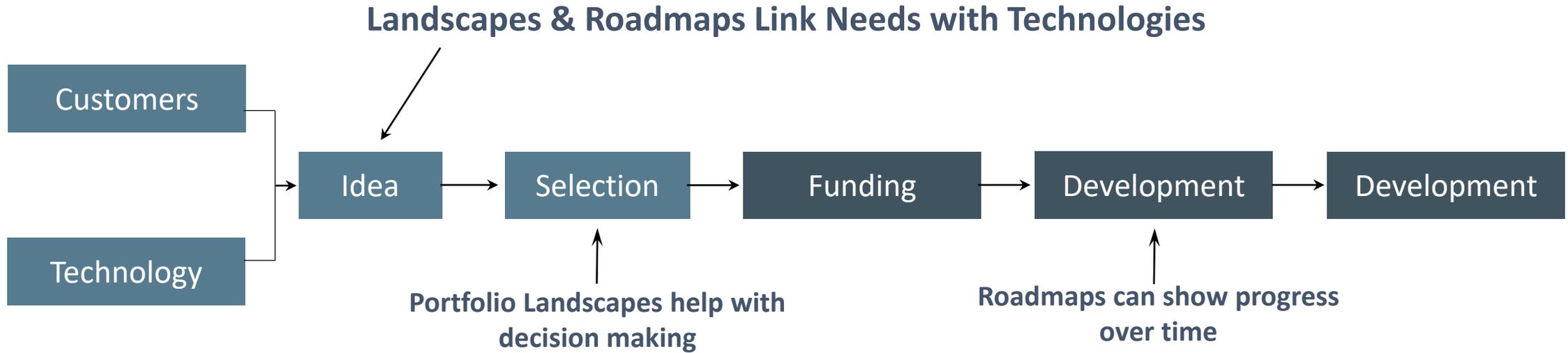


Landscape

Roadmap

- Progression, with a time based dimension, showing evolution

ROADMAPS AND INNOVATION



Product Managers need to move to the left – to become more strategic

Working on the right things	Doing things right
-----------------------------	--------------------

PRODUCT STRATEGY STATIC → TRENDS

Landscape Maps - Static

Growth Share

Risk Portfolio

Process Portfolio

Product Competitor

Analyze the present first



Roadmaps → Trends

Product

Platform

Pricing

Technology

Predict the future second

LANDSCAPE TYPES

Graphical representations of products, product families and competitors as a snapshot

Common Diagrams

Strategic Landscape

Representation of various tradeoffs between business areas based on different attributes

Product Portfolio Landscapes

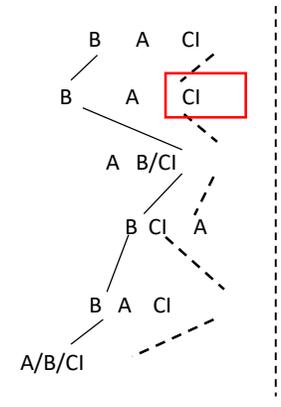
Describes the relationship between products based on different attributes

Pricing Ladder

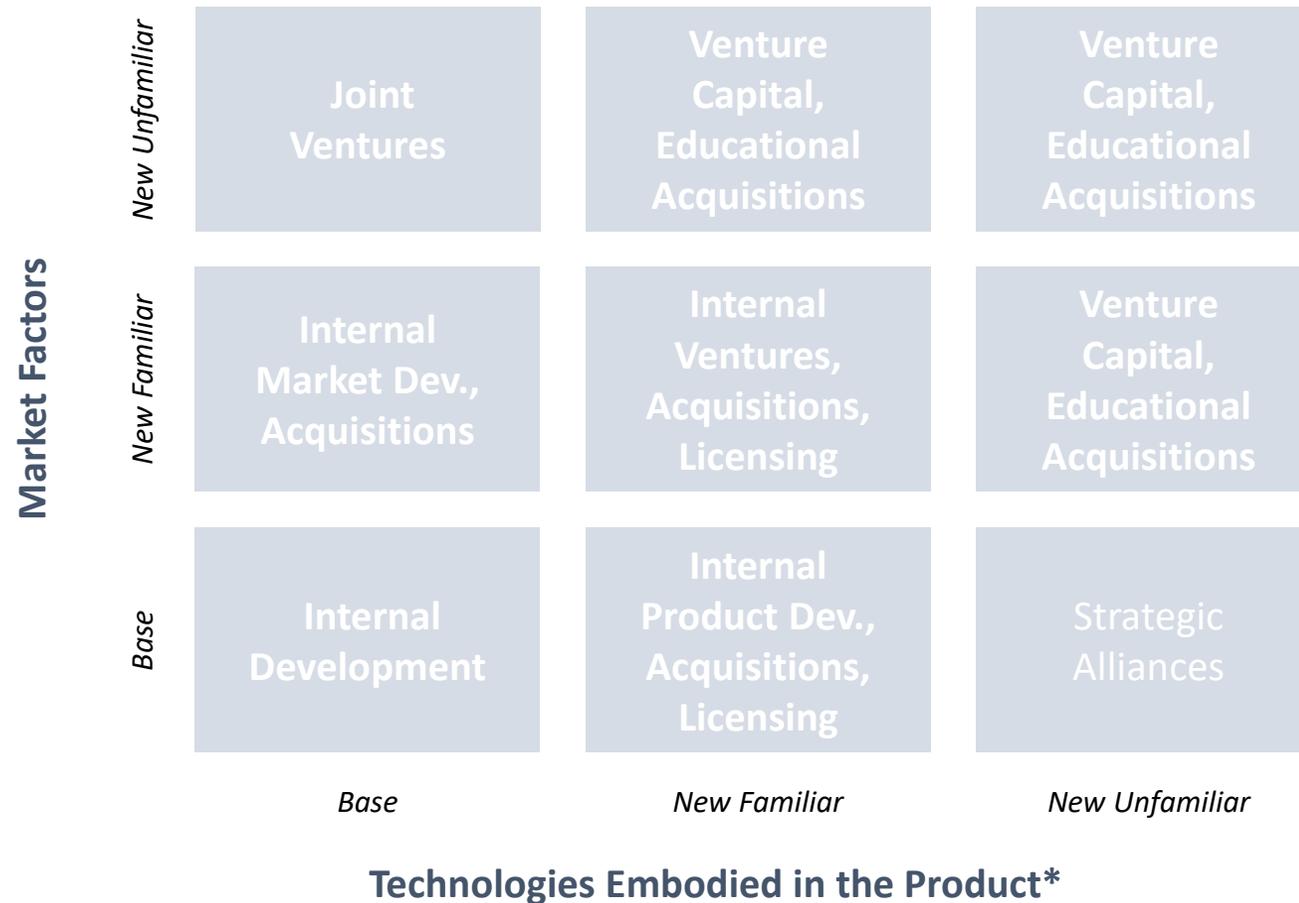
Describes the pricing of product variants at various cost points, often indicating price ranges of maximum sales or margins

PRODUCT/COMPETITOR LANDSCAPE MAP

Performance Characteristic	Importance	Industry Leverage	Sweeteners	Fats and substitutes	Shelf life enhancers	Flavorings	Formulation	mixing	++	--
Flavour	1	M	+	++	+	++	+	+		
Appearance	2	L	+	+	++	0	++	+		
Fat Content	3	H	0	++	0	0	0	0		
Texture/ Mouthfeel	4	H	+	++	+	++	+	+		
Price	5	M	0	+	+	+	++	++		
Calories	6	L	++	+	0	0	0	0		
Competitor Profile	Constar Inc.		l	⌘	⌘	i	i	⌘	10% share	
	A		⌘	l	l	l	⌘	l	30% share	
	B		⌘	⌘	l	l	l	⌘	40% share	
Relative Maturity			G	E	G	G	M	G		

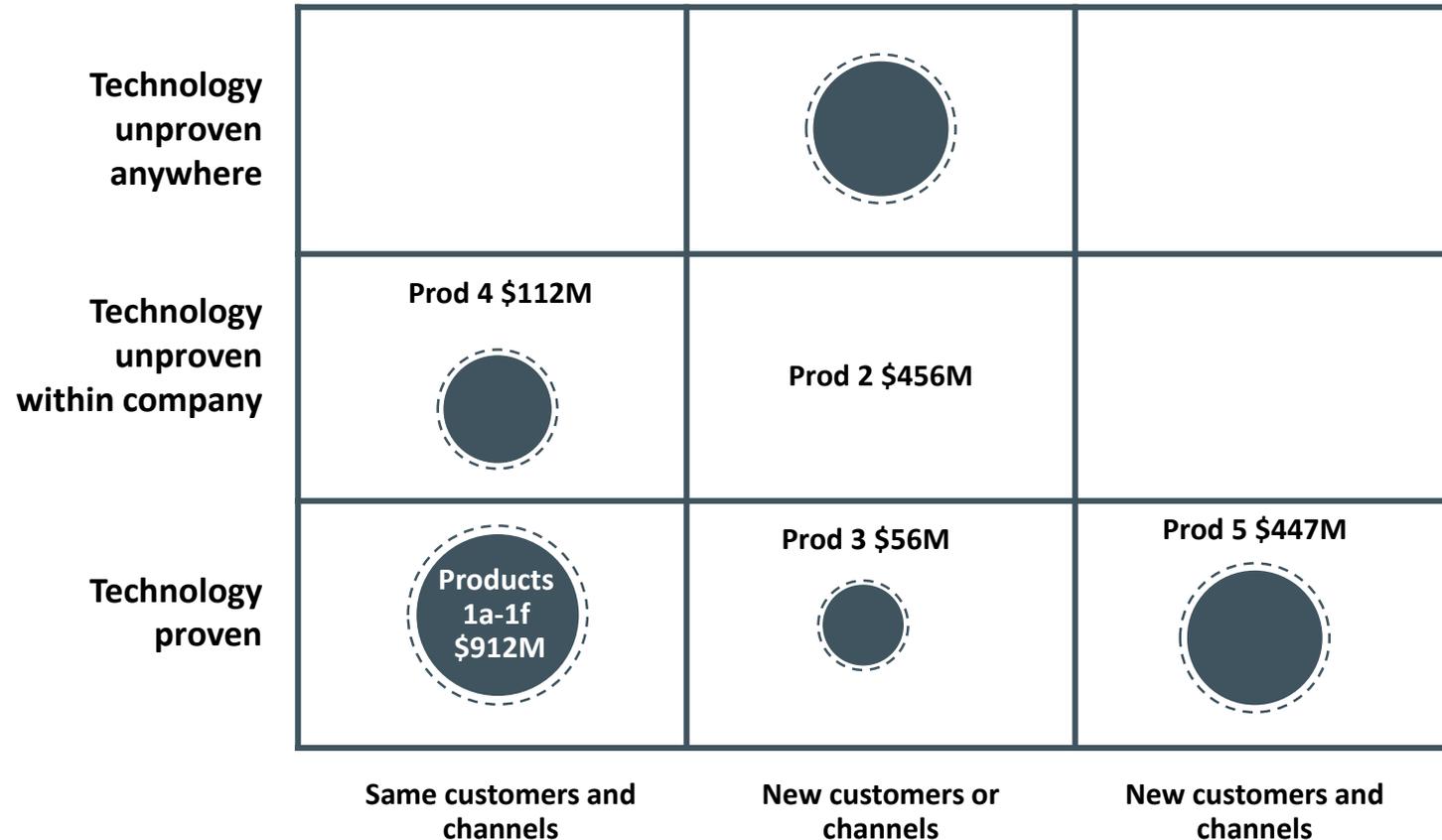


MAKE/BUY LANDSCAPE MAP



*Source: Edward B. Roberts, Charles A. Berry, "Entering New Businesses: Selecting Strategies for Success," Sloan Management

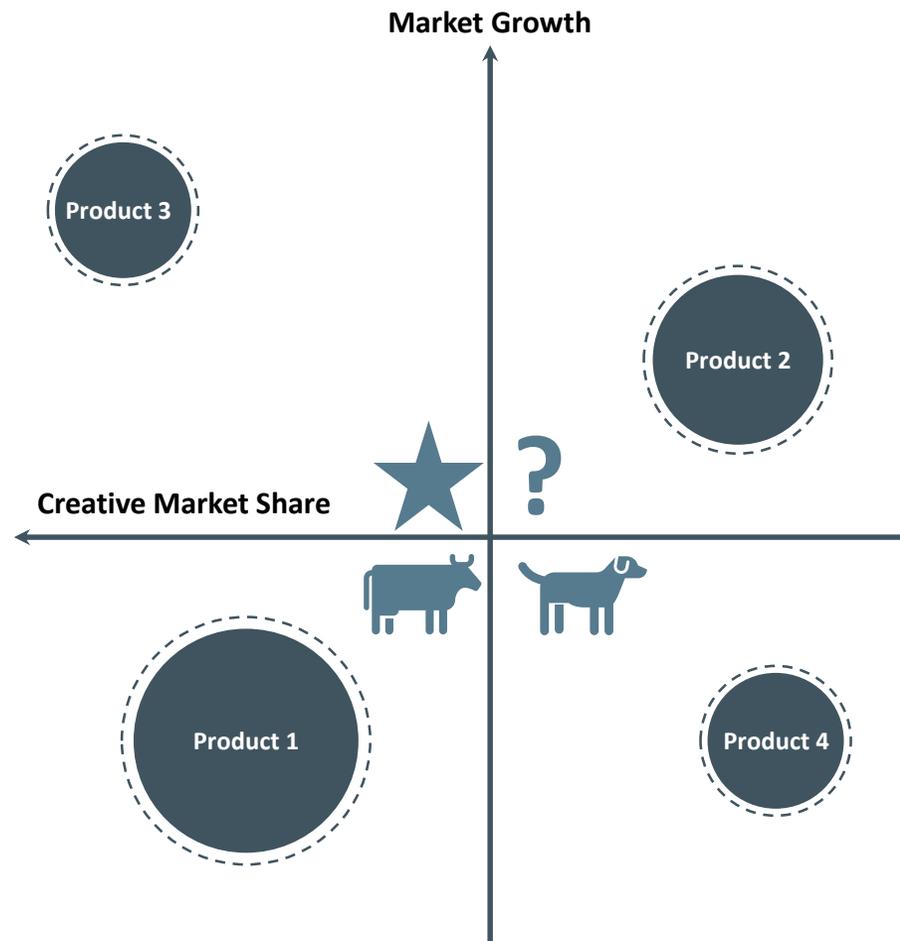
MARKET & TECHNOLOGY RISK



Note: the area of each circle is proportional to the magnitude of revenues

Reference: Rebecca Henderson, MIT, talk to International Association for Product Development, Workshop #16: "Technology Strategy at Corning - A Case Study," Peachtree City, GA

BCG GROWTH SHARE MATRIX



ROADMAP TYPES

Roadmaps describe the relationships between value elements (products or services) – amongst each other or over time

Common Roadmaps

Technology Roadmap

Emphasizes the trajectory of various ingredient technologies over time and how they intersect with products

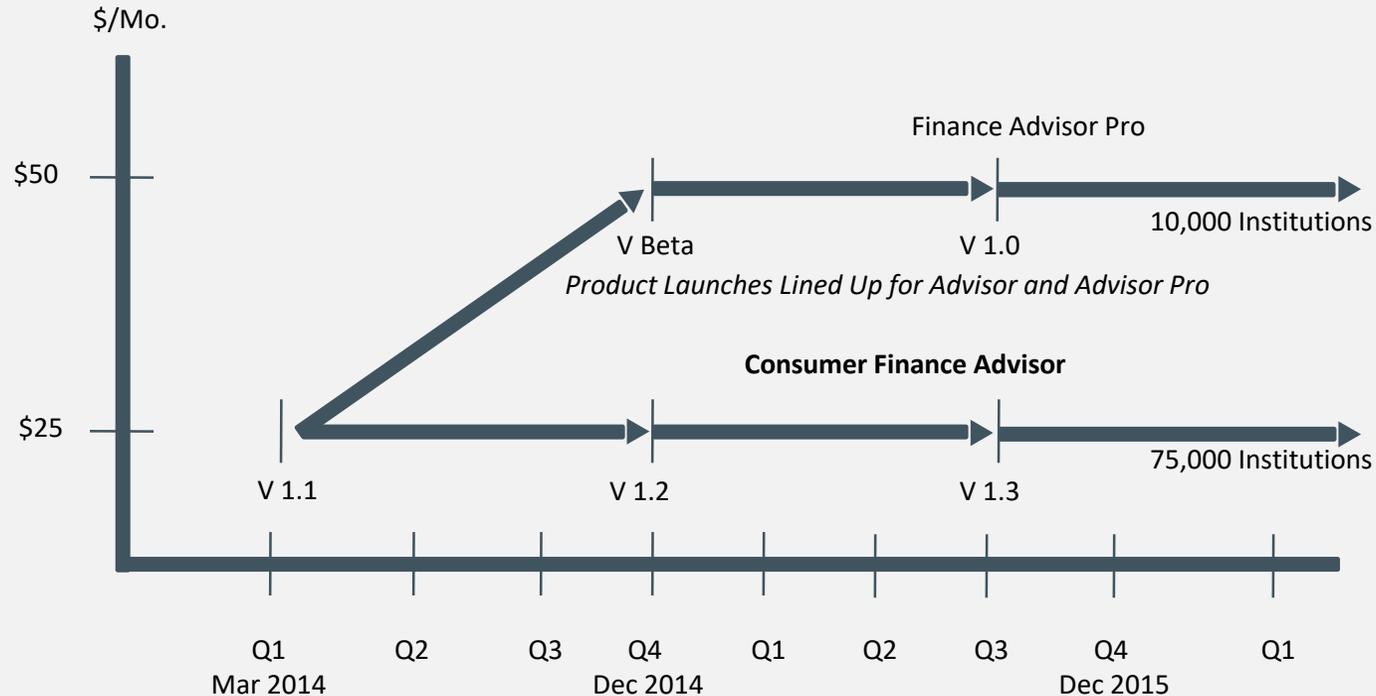
Product Roadmap

Emphasizes the trajectory of products and product families over time. Can show competitors and other divisional products too.

Feature Trend Roadmaps

Shows the trend of various attributes over time

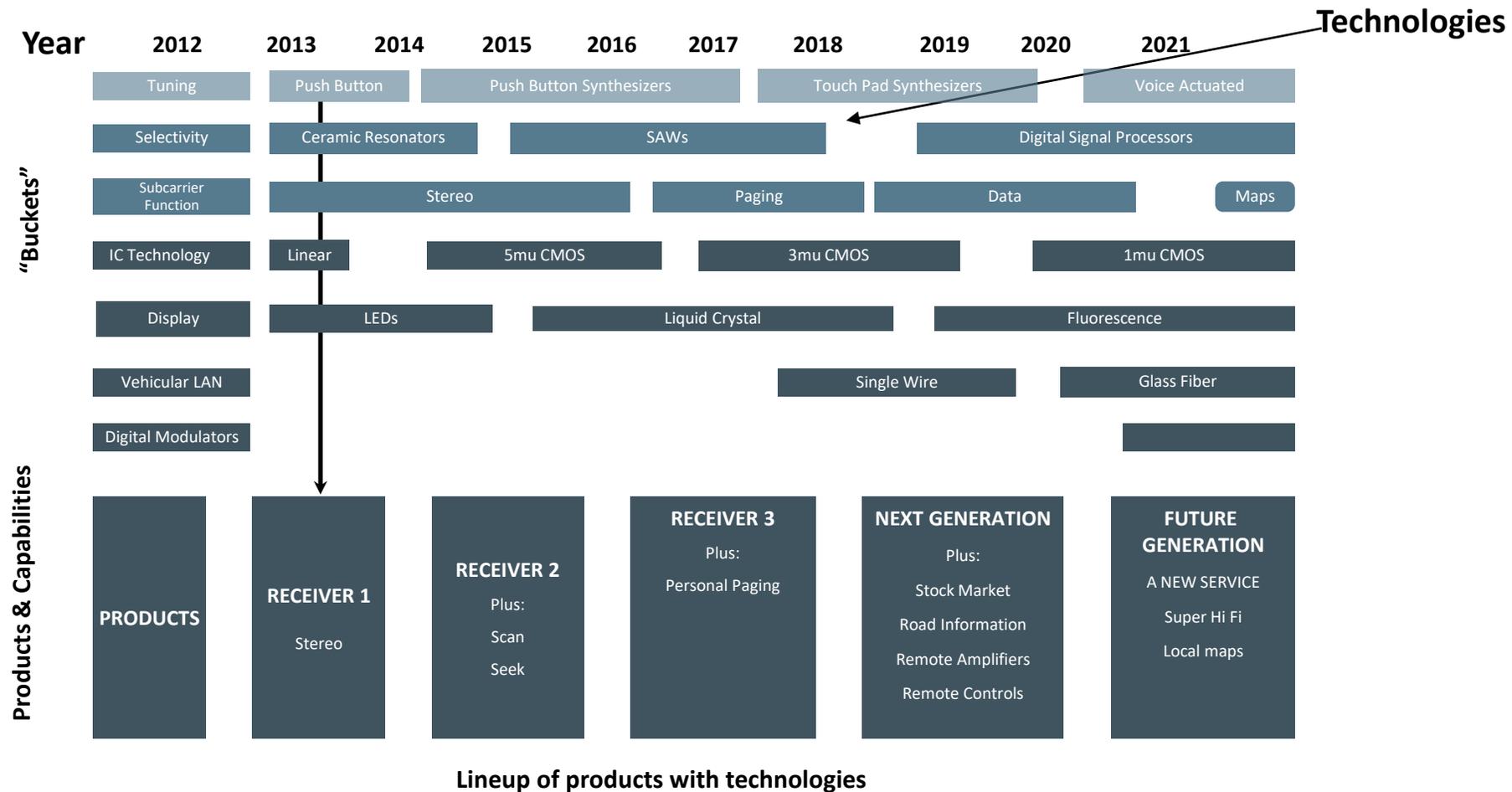
PRODUCT ROADMAP



Product Roadmap

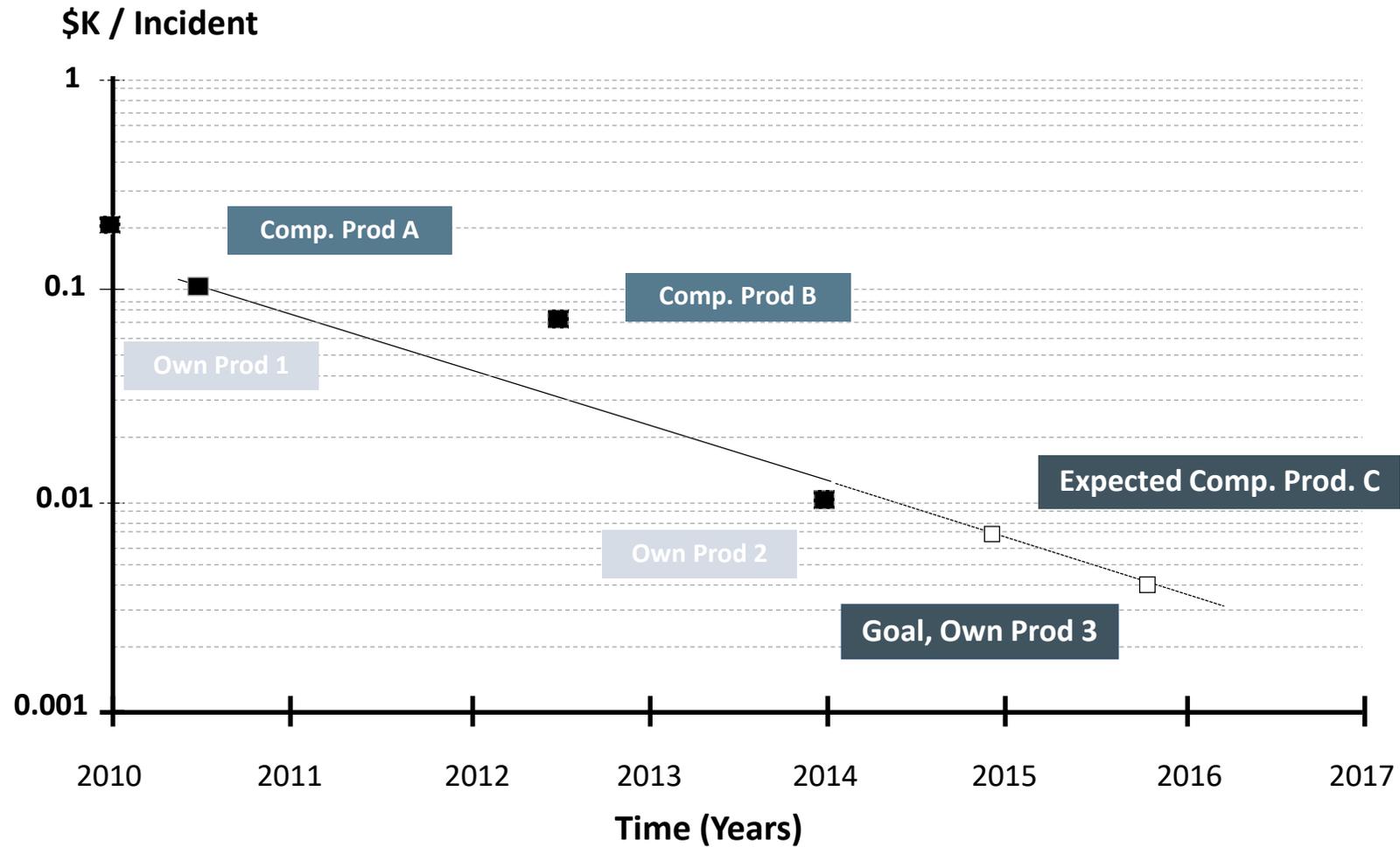
- Graph shows product plans over several years in quarters
- Vertical axis shows retail price in subscription costs per month
- Shows relationship between products, pricing and time with sales goals

TECHNOLOGY ROAD MAP MATRIX

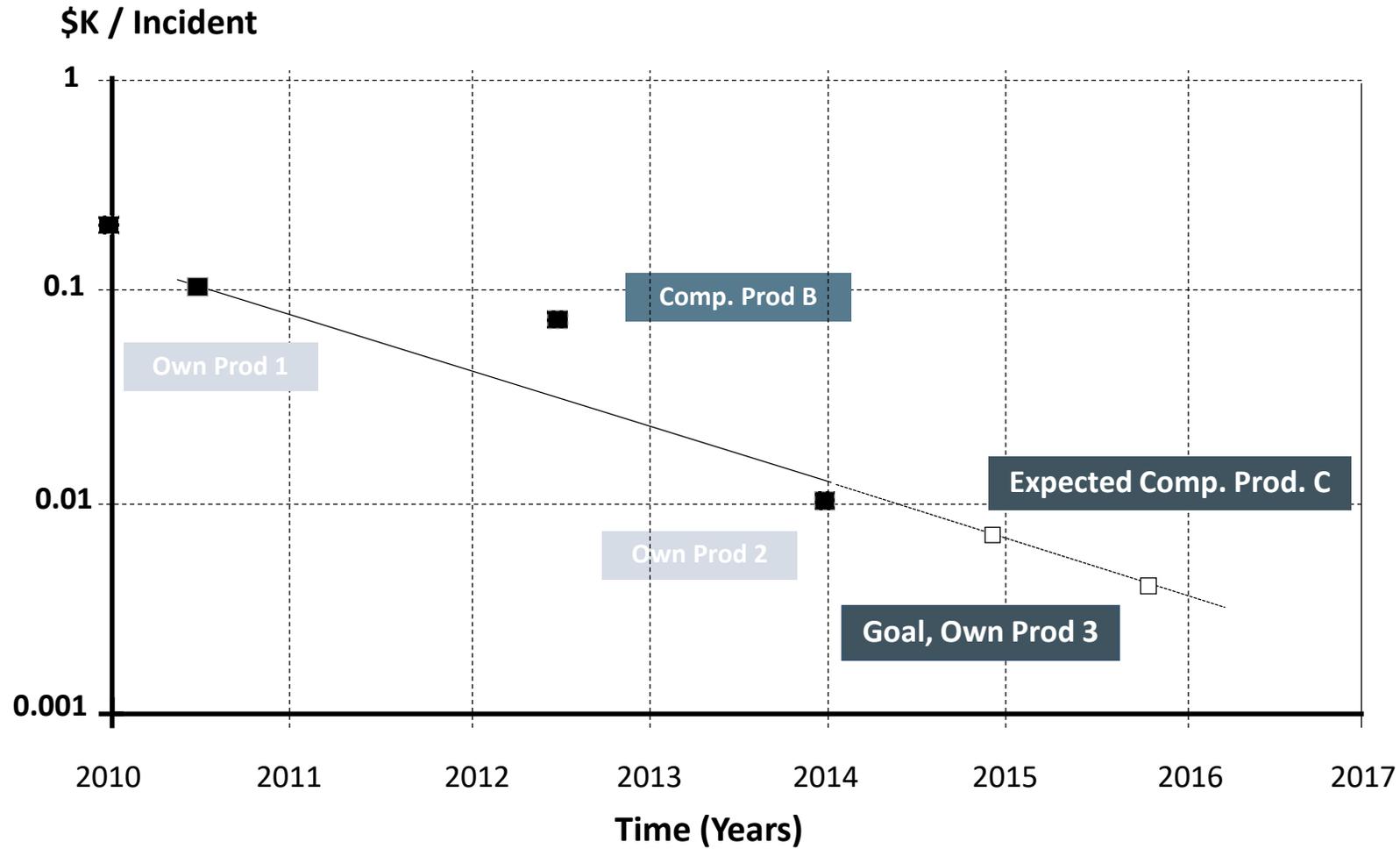


Reference: Willyard, Charles H. and Cheryl McClees, "Motorola's Technology Roadmap Process," Research Management

COST TREND GRAPH ROADMAP



COST TREND GRAPH ROADMAP



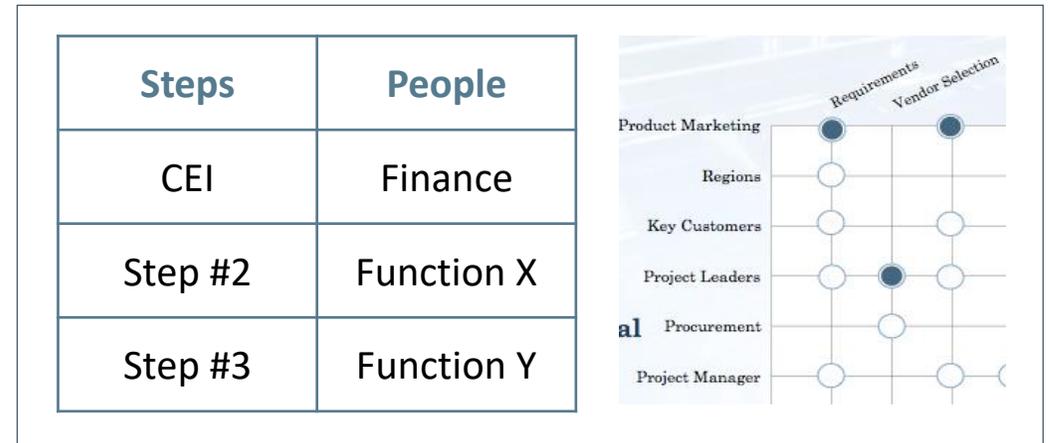
EXERCISE – PORTFOLIO & ROADMAP PROCESS

Define the To-Be Portfolio Process – Steps and People

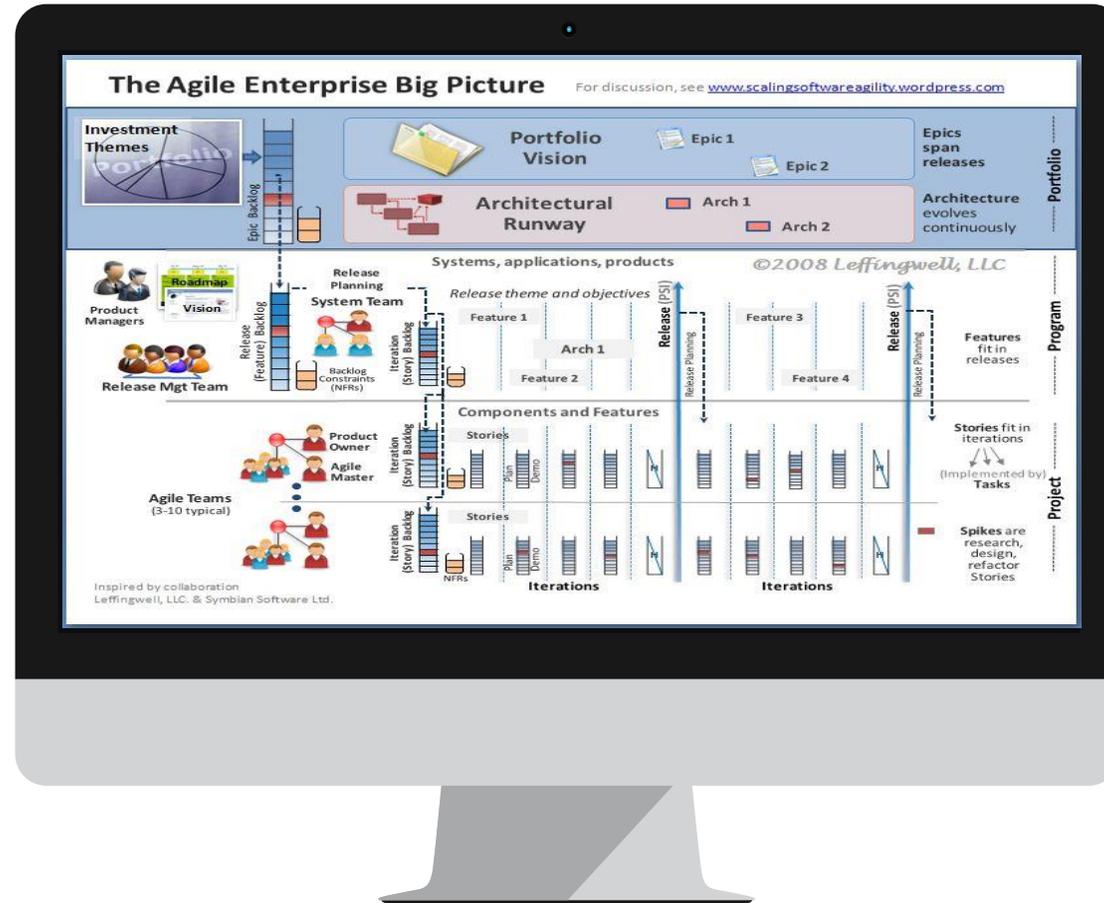
- Identify 5-10 Steps in the process
- Start from initial inputs, end with kicking off project and monitoring it
- List 4-8 key skills in Portfolio and Roadmap Process (don't like steps and skills yet)

Create a To-Be Portfolio Circle Dot Chart Process

- List key steps on left
- List key functions on top
- Indicate who leads and who is involved



TRANSLATING STRATEGY INTO AGILE PRODUCTS



CHOICE MODEL – WHEN TO USE?

1

What does your organization currently use?

2

What works best? What works worst?

3

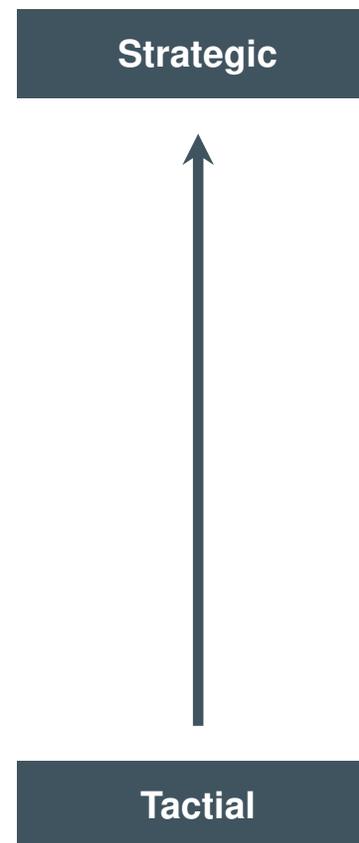
Do you do both Landscapes and Roadmaps?

4

From what we shared, which might be most useful?

INPUTS TO STRATEGY PORTFOLIO MANAGEMENT APPROACH

- 1 *Understand Customer Needs*
- 2 *Understand Market Trends*
- 3 *Identify promising Technologies*
- 4 Develop Landscapes that help you innovate and prioritize
- 5 Develop Roadmaps that guide your teams
- 6 Develop Technology Roadmaps to focus efforts to drive supporting activities that deliver the products
- 7 Fund
- 8 Monitor



PRODUCT MANAGERS
SHOULD BE
ALLOCATING MORE
TIME UPSTREAM

MAKING PORTFOLIO DECISIONS

Using Maps and Landscapes, summarize opportunities

Select and prioritize the opportunities

Turn the priorities into a short term product roadmap (next 6 quarters)

Turn on projects as soon as possible, dictated by the short term product roadmap

Then check when you start programs

Do they meet IRR (Internal Rate of Return) and Revenue Thresholds?

- Typically 33% IRR, 3-5% of Current Revenues

MONITORING PORTFOLIO DECISIONS

Before you are fully committed, ensure that you have sufficient resources & are not spread too thin

- Remember that you can do fewer projects faster with greater throughput if they are not bottlenecked

Then monitor the progress – are the projects making predicted progress?

- Are the resources properly allocated or starved?
- Is the development progressing – via Story Points or Earned Value?
- Use Leadership skills to resolve issues (first presentation)

CHECKLIST FOR A GOOD PORTFOLIO PROCESS

- ✓ Have you agreed on the Portfolio Management Process?
- ✓ Have you agreed on PM's Roles and Responsibilities?
- ✓ Does PM have the responsibility for Portfolio Management?
- ✓ Develop Landscapes that help you innovate and prioritize
- ✓ Are the Breakthrough/Platform products starting when the can/should?
- ✓ Are the resources allocated as they should?
- ✓ Have you migrated your time towards the more strategic actions?



TCGen Inc.
Menlo Park
CA, 94025

 jcarter@tcgen.com

 (650) 733-5310