

LEARNING MADE EASY



Product Management

for
dummies[®]
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Create a winning strategy for your product

Gather customer and market feedback to maximize revenue

Prioritize requirements to engineer teams effectively

Brian Lawley

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280Group



Product Management

by Brian Lawley and Pamela Schure

for
dummies[®]
A Wiley Brand

Product Management For Dummies®

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Introduction

Product management is a critical strategic driver in a company. It can make a huge impact in terms of whether products, as well as the entire company, succeed or fail in both the short and long term. It's the only role in a company that grasps all aspects of the business, including customers, the market, competition, trends, strategy, business models, and more. As such, great product management makes great companies.

While writing *Product Management For Dummies*, we tapped into our combined 60 years of hands-on product management experience. We also took advantage of the methodology and learning we've discovered working with tens of thousands of clients and individual product managers over the past 20 years in the product management consulting and training business. The resulting book, we hope, will allow you to discover and apply great product management concepts to your business and products to create massive success.

Product management has grown tremendously in importance in the corporate world in the past 10 years, as have the resources available to learn about it. As authors, we can sincerely say that we wish there had been a book like this when we were just starting in the profession. We had to learn much of what is in this book by trial and error. We owe a great debt to our mentors and the organizations we've had the privilege of working for.

If you're looking for the link to the downloadable Product Management LifeCycle Toolkit, jump to the "Beyond the Book" section later in this Introduction. We wish you tremendous success in delivering products that truly delight your customers!

About This Book

Product management as a topic is vast. The breadth of knowledge you need to be an effective product manager is very complex. The best answer to a question that arises is "It depends." As such, covering concepts from all angles was a challenge. We have done our best to provide a well-rounded look at the product management profession.



TIP

One of the beauties of a product management career is that you can make how you perform your job unique to who you are. Rather than envisioning this book as a prescriptive set of rules, imagine it as a starting point in your own career. Understand why a concept is important and then pretend you are playing a jazz score. You find yourself improvising actions while keeping the end goal in mind. This is the true fascination of this work: It is endlessly different while retaining core principles.

Product Management For Dummies is intended for all product management audiences: new product managers, those who are looking to enter the field, and businesspeople and entrepreneurs who want to apply product management best practices in their companies. We give you guidelines as to what you should be doing given your situation at any particular time; share when you're likely to be thrown off track; and provide handy lists, tables, and figures for reference. For those with more experience in product management, the book no doubt has some concepts you've never experienced and can serve as a good refresher on other things you have picked up along the way. Because product managers are by and large self-taught, for certain topics, you can at least take comfort in that you're on the right track. We also hope that you can use the book to review, enhance, and extend the excellent work you're already doing. With more information and preparation, you'll have more confidence in reining in a difficult situation and the ability to keep the project and your product headed in a good direction.

Here are a few conventions we use throughout the book:

- » Info in the shaded sidebars or marked with Technical Stuff icons is text you can skip if you're short on time. It's good information, but it's nonessential to the main concept.
- » We often use the term *product* to refer to both products and services even though a *product* is typically an actual physical good and a *service* refers to the work done by individuals and companies for customers. In any case, the basic concepts of product management are all highly applicable to products, services, and hybrid offerings.
- » *Product marketing* is a term that you may have heard interchangeably or in conjunction with *product management*. Its focus is typically responsible for making sure that the marketing, messaging, pricing, and other critical marketing success factors are in place.

Some companies have a dedicated product management group. Some companies have a dedicated product marketing group, and some companies have both product management and product marketing groups. And some companies have groups

(called either of these terms) where the individuals perform all of the responsibilities for both.

In this book, we refer to both product management and product marketing using the term *product management* only. In this context it covers all activities in a product's life from conception of the initial idea to when the product is retired. The only exception occurs when we're discussing the difference between these roles.

Foolish Assumptions

In writing this book, we made a few assumptions about you. We assume that you have some business knowledge but not necessarily any particular technical knowledge of a subject or product area. We assume that if you need to have this technical knowledge, you have acquired or will acquire it elsewhere (and we let you know when you'll likely need to get outside information).

In an ideal world, product managers would all be deep technical experts and have MBAs and business backgrounds. However, that isn't the real world. We assume that as you grow as a product manager, you'll develop your own philosophy of product management, create your own versions of our tools, and innovate and share with others in the profession. Ultimately, you may aspire to help grow the next generation of product managers, resulting in more great products available in the world.

Icons Used in This Book

Throughout this book, you find icons that alert you to information that you need to know:



REMEMBER

Product management definitions vary widely. This icon calls out key terms and concepts that you'd be wise to file away.



TECHNICAL
STUFF

This icon means we're providing some technical information that may or may not interest you. You can skip this paragraph if you want without missing any important information.



TIP

The Tip icon flags quick tricks to make your job easier and ideas to help you apply the techniques and approaches discussed. If there's an easier way to get through your workload, this is where you'll find it.



WARNING

You can easily run into trouble in product management. This icon marks hidden traps and difficult situations.

Beyond the Book

Downloading the Product Management LifeCycle Toolkit: In addition to the great content in the book you're reading right now, the 280 Group has included with your purchase a single-user license for the Product Management LifeCycle Toolkit at no extra charge. This collection of templates and tools goes along with the book and allows you to produce more effective documents more quickly. In addition, there are completed sample versions of these documents that you can use as a guideline for how to actually complete them. Go to www.280group.com/toolkit and use the coupon code PMDUMMIES to get your complimentary copy.

Also available online are some quick answers to some basic product management elements. To view this book's Cheat Sheet, simply go to www.dummies.com and search for "Product Management For Dummies Cheat Sheet" in the Search box.

Where to Go from Here

If you are new to product management or investigating it for the first time, the best place to start is in Part 1 of the book. Read it from start to finish.

If you already have some experience in product management, we still recommend starting at Part 1 to refresh what you have learned and to find information that may be new to you. If you are facing immediate challenges, find the chapter that most closely addresses your issue.

1 Getting Started with Product Management

IN THIS PART. . .

Discover what product management is all about and what critical role it takes in delivering successful products to market.

Find out about the wide range of job functions you'll be working with and bring to your team.

Understand the complete process of bringing a product to market.

Determine what information you need to compile to keep a product on track to achieve market success.

- » Grasping the vital part the product manager plays in product success
- » Previewing typical product management responsibilities

Chapter **1**

Welcome to the World of Product Management

As a product manager, you have one of the most rewarding, challenging, interesting, difficult, and important jobs in the business industry. You get to step up and be a product leader for everyone on your team and throughout your company while learning how to influence and lead usually without any formal authority or people reporting to you directly. You get to be responsible for every aspect of the product offering and for the overall success and failure of your product. This position provides one of the best training grounds for moving onward and upward into roles like vice president, general manager, and CEO. And if you're lucky and choose carefully, you get to work with some pretty talented engineering and development teams to create products that delight your customers, make a huge difference in your customers' lives, and help achieve profits and strategic objectives that propel your company to success.

Understanding the Need for Product Management

The corporate world has recently gained a deep understanding about why product management is the best choice for driving products strategically to ensure companies' customers are delighted and their businesses are growing. According to Aegis Resources companies that empower product managers are shown to be 50 percent faster to market. And in a 2013 CBS News *MoneyWatch* article, product management was listed as the fourth most important role in corporations, behind only the CEO, general managers, and senior executives. You're part of a select and important crowd.

The benefits of having a great product management organization are hard to ignore:

- » Delivering products that better meet customer needs
- » Increasing revenues and profitability
- » Creating delighted customers who generate positive word-of-mouth referrals
- » Capturing and owning markets long-term as a result of solid product strategy which drives overall company efforts

These are just a few of the benefits. No other group in the company understands all aspects of the business the way that product managers do, and thus they become the central point of responsibility for product success or failure.

YOU'RE IN GOOD COMPANY

Many CEOs started in product management as their training ground. Some notable examples include Marissa Mayer (who started at Google, moved into product management, and became CEO of Yahoo!), Steve Ballmer (who started as a product manager at Proctor & Gamble and became CEO of Microsoft), and Scott Cook (who started as a product and brand manager at Proctor & Gamble and later founded Intuit, the maker of Quicken, Mint, QuickBooks, and Turbo Tax). In fact, the last seven CEOs at Proctor & Gamble started as product managers or brand managers, as they are known in the packaged goods industry.

Recognizing the Critical Role of Project Management

Companies with great product management have a much higher degree of success. But what is product management? The following sections shed some light on what a product manager actually does.

Defining product management

You can think of *product management* as the function in a company that is ultimately responsible for making sure that every product the company offers to the market is as successful as possible both short-term tactically and long-term strategically. In other words, the buck stops here. You, as a product manager, must own everything about product success. Product managers rarely, if ever, have any formal authority or people reporting to them, so they must lead and influence in subtle yet effective ways.

Serving as a strategic driver for business

In a company each functional group has expertise and strives to be the best it can possibly be at what it's responsible for. Engineers, also known as developers, build great solutions for customers. Marketing maximizes awareness and interest in products and services. The marketing folks ensure that the market knows the product differentiation and is enticed to consider purchasing. Sales is responsible for closing the sale with customers that are already enticed. Operations makes sure that the solution is delivered efficiently and at a low cost and that the company is operating as cost effectively as possible. Technical and customer support ensure the customer's problems, if any, are resolved.

The role of product management

So how does product management fit in? One way to think about it is that product management is in the center of all company departments, as shown in Figure 1-1, as well as external entities such as customers, press, analysts, and partners. Although each of the other groups understands its role in making the company successful, product management is the only group that has a holistic point of view and understands how all the pieces fit together.

Product Management: The Buck Stops Here

- Responsible for overall product success
- Central point for all aspects of the product
- Vision and strategy
- Whole product
- Road map/requirements
- Leading the team

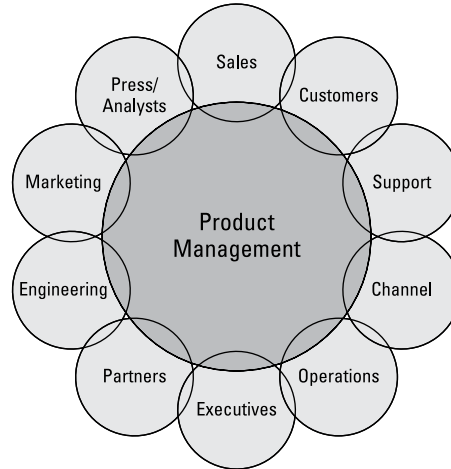


FIGURE 1-1:
The role of product management.

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Without great product management, no one can take responsibility for all aspects of customer success. After all, someone has to make sure that the short-term tactical work gets done to make the product successful. Someone also has to set out and drive the product strategy so that success is ensured longer-term. This is the role of product management (see Chapter 2 for more on what the product manager role covers).

Owning the whole product

When customers think about your product, they have a mental pro and con list that includes items that have nothing to do with product and feature benefits. Does it meet industry standards? Who will install it? Do I trust them? Who do I call if I have a problem with it after I buy it? Will they pick up the phone? Can I purchase it in a way that is convenient and familiar to me? Can I finance it? If the product lasts many years, who is going to support it for all that time? These additional aspects of your product are called the *augmented product*. You can see how the core product, actual product and augmented product are related to each other in Figure 1-2.

The augmented product is the additional parts of your overall solution that support the customer's experience with your product, such as warranty, support, purchase process, and many other factors beyond just the product and its features. A *product promise* is the implied guarantee of what kind of experience you're offering to customers through your marketing, sales, brand, and other activities. This concept is covered further in Chapter 10.

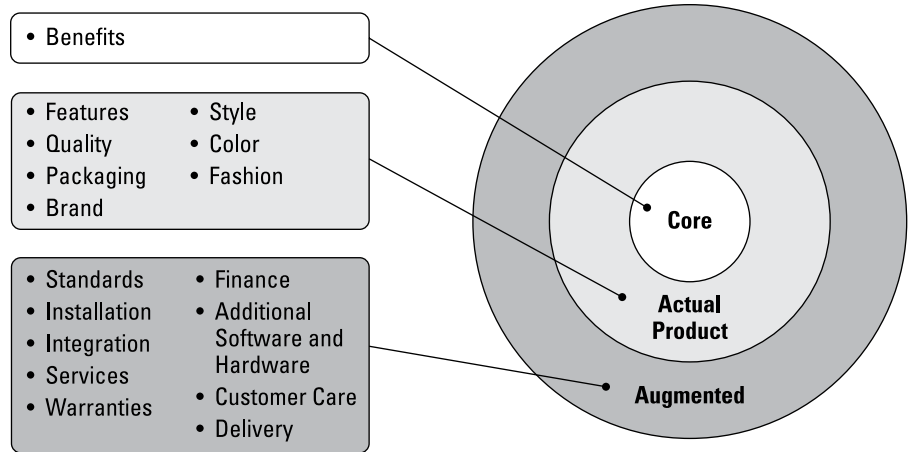


FIGURE 1-2:
The whole product offer.

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If you've ever purchased a product that seemed to have great features and everything else you needed, yet you were disappointed with support or some other aspect of the experience, then you've experienced a *broken product promise*.

To further grasp the concept of product promise, check out this example: Say your product is a car and your company doesn't have adequate infrastructure in place to ensure that customers can have it repaired locally. The market may love your car, but few potential customers may buy; they're too worried that if the car breaks they'll have to go hundreds of miles away to get it repaired. Do you as a product manager have full control over the company's strategy and execution for making sure local repair centers are readily available? No. But you do have the ability to influence the people in your company who are responsible for this strategy and to hold them accountable for delivering this part of the solution. You also have the ability to tell the company not to proceed with making the car available if any part of the whole product offering will stop it from succeeding. Head for Chapter 18 to learn more about influencing without authority.

Keeping the product promise

As a product manager, you need to be aware of your product promise and how the augmented product delivers in a way that customers expect. Your responsibility is to try to do whatever you can to influence the other parts of the company to resolve any disconnects between customer experience and the product promise. Table 1-1 can help you to clarify how your product delivers (or doesn't) what is promised.

TABLE 1-1**Delivering on Product Promise**

Question	Answer
What are the product's core benefits?	
What are key features that support the benefits?	
What does my brand represent to my customer?	
Outside of the intrinsic properties of my product, what else is involved in a customer's decision to choose my product?	
How do these augmented product elements add to or detract from my product?	
How can I influence this augmented product offering to better fit my product?	

Product Management in a Nutshell: Checking Out Your Day-to-Day Life

A product manager's job is varied and interesting; just look at Figure 1-1! In fact, there's much too much of it to do. The question really becomes, "What is important to do right now?" The following sections offer a glimpse into the daily duties of a product manager.

Managing a product during every phase of its life

In Chapter 3, we discuss the *Optimal Product Process*, which is a seven-phase model that describes everything that happens in product management, from coming up with a great idea to officially retiring the product. As your product goes through its life cycle, you can expect to do the following as a product manager:

- » Generate and prioritize great new ideas for products or features by collaborating with a team, researching the customer, and analyzing the market (Chapters 4, 5, 6, and 7).
- » After an idea is chosen, perform in-depth planning around concepts such as the market strategy (see Chapter 10), customer needs (Chapters 5 and 11), business case (Chapter 9), and other areas to ensure the plans are well thought out and support the strategic and financial goals of the company.
- » Communicate market needs to the engineering team and ensure that the product it's producing delivers in a way that solves the problems of your customers (Chapter 11).

- » Negotiate with engineering to ensure that changes made to the plans keep the product on track (Chapters 12 and 18).
- » Work with external customers to validate whether the product is ready to officially launch in the marketplace (see Chapter 13).
- » Plan and execute highly effective product launches that ensure the company can meet the revenue, profitability, and strategic objectives of the company (Chapter 14).
- » Maximize revenues and profitability after the product is available (Chapter 15).
- » Determine whether and when to retire or replace the product and plan and execute a successful end-of-life campaign (Chapter 16).

Don't worry; you'll have plenty to do.

Reaching in to your bag of tricks

As you perform all your daily tasks, you need to draw upon a range of skills. You have to get executives and other key team members to buy in and support your plans. You've got to learn to say no to feature and schedule requests that don't support your strategy and plans. You need to become perceived as the de facto leader of the team — the expert on the market and the voice of the customer. And you need to execute all of that with passion, persistence, and a drive to do everything possible to make sure your product succeeds.

Product managers succeed because they have skills in the following areas:

- » **Communication:** Product managers communicate when times are good and handle the tough situations as they come up.
- » **Influence:** Product managers use their communications skills and more to influence and negotiate with the many stakeholders they meet in their work.
- » **Analysis:** Product managers request, create, and absorb quantitative and qualitative data and communicate what it means effectively.
- » **Empathy:** Product managers have great empathy for their customers and all their stakeholders. They are interested in what makes people tick and how they can help others succeed.
- » **Forward driving and thinking:** Product managers can see into an ideal future and create almost tangible visions of what the world should look like once the rest of the world catches up to them. They want to bring others along with them in this amazing journey as they create valuable products and experiences.

NEVER STOP LEARNING

Although this book offers a boatload of information, you may want to consider some outside sources to further your skills and knowledge about product management. Consider attending an in-depth course that covers the entire product life cycle and allows you to practice what you've learned. Check out 280group.com for a schedule of our classes, such as Optimal Product Management and Product Marketing. If available, join your local product management association; you can find a nearby one online. Join the online Association of International Product Marketing and Management (www.aipmm.com), and attend and volunteer in a local product management meetup. Work to build your product management network.