STEVEN HAINES

MANAGING PRODUCT MANAGEMENT

EMPOWERING YOUR ORGANIZATION TO PRODUCE COMPETITIVE PRODUCTS AND BRANDS

"This easy-to-read, practical book is a natural extension of Steven Haines's passion for enabling businesses to make sustainable improvements to their products, services, and organizations. It is an essential resource for any leader wishing to develop, cultivate, and sustain a world-class Product Management organization."

—C. Melissa Connolly, Director,
Six Sigma Programs, Baker Hughes

"There is perhaps no more important job in the modern enterprise than Product Management and none harder to get right—for the product manager, for her colleagues around the corporation, and for her leadership. Mr. Haines offers up wise, practical, and indispensable advice on how to do just that."

—Richard Bravman, Chairman, Intelleflex Corporation,
and former CEO, Symbol Technologies, Inc.

"A must-read for anyone that needs to hire, lead, and inspire exceptional product managers."

—Jeremey Donovan, Group Vice President, Marketing, Gartner Inc.

"When we introduced the Product Management role in our organization, Steven's first book, *The Product Manager's Desk Reference*, became essential reading. Steven's latest book, *Managing Product Management*, is the icing on the cake in helping us design, integrate, and evaluate the Product Management function. The two books have been a winning combination for us toward building profitable portfolios and a successful business design."

—Paul Eichenberg, Vice President, Corporate Development
and Strategic Planning, Magna Powertrain, Inc.

"Steven has done it again! As I had when I read *The Product Manager's Desk Reference*, I found myself repeatedly reaching for a pen while I read *Managing Product Management*. The margins are now covered by my notes! Steven's insight into the role of Product Management, along with the examples he provides, makes it 'real.' Truly a must-read for anyone striving to transform a Product Management organization."

—Laurie Haseley, Vice President,
Credit Union Market Strategy, CUNA Mutual Group

MANAGING
PRODUCT
MANAGEMENT

EMPOWERING YOUR ORGANIZATION TO
PRODUCE COMPETITIVE PRODUCTS AND BRANDS

STEVEN HAINES

Mc
Graw
Hill

I dedicate this book to three important people in my life who serve as my inspiration:

To my wife, Debra. There is no other human being on the planet who demonstrates more of a zest for life and an uncanny knack to connect with people; she inspires me to believe in possibilities by always asking the simple question, "Why not?"

To my daughter, Alex. Although Alex is not a product manager or a corporate leader, she inspires me because she is passionate, creative, determined, and undeterred by adversity.

To my mom. When I was 17, she sat with me and inspired me to be a better writer, especially when I had to dissect *A Portrait of the Artist as a Young Man*; and she's still a brilliant editor, beyond what she may even acknowledge herself.

This page intentionally left blank

CONTENTS

This page intentionally left blank

PROLOGUE

The longest journey begins with the first step.

About a year before I started writing this book, my editor at McGraw-Hill urged me to write a supplement to my first book, *The Product Manager's Desk Reference* (PMDR), since that book had surpassed everyone's expectations. The PMDR established *the* definitive body of knowledge for Product Management. In fact, it has become a standard reference for product managers, Product Management leaders, marketers, and others who help create, develop, launch, and manage products and services.

After considering his suggestion, I admitted to my editor that I could not visualize what I'd want to write about in a supplement. And for me, visualization is critical to anything I undertake.

Sometime later, after delivering an organizational diagnostic presentation to a client, I wondered whether the executive team of that client firm would actually follow through on the recommendations since there was so much work to do. In a parallel thought stream, I wondered about how other firms achieved success in their transformations. Thoughts about them led me to think about other client firms and the struggles they also faced. For instance, our transformational recommendations for some companies included work that would better align roles between Product Management and other areas. However, several of those firms had achieved only mixed success because there was resistance from leaders in other functions.

To clarify these concerns, I consulted with other leaders and started a project to assess the present state of Product Management by assembling some definitive, formalized data. To make it more relevant to those for whom it would have the most significance, the research would be performed from the vantage points of senior leaders, and it would reach across a vast and varied landscape of organizations, industries, and geographies. I wanted

to know what these leaders thought about many aspects of their own organizations regarding structure, strategy, market insight development, innovation, and portfolio management.

With that goal in mind, I decided to create a survey, and in my usual overzealous style, I came up with no less than 211 questions! Furthermore, I wanted answers to all of them, not only for my research but also because I thought, "What leader wouldn't want to know the answers?"

It mushroomed into a monumental task: I had to ask, cajole, and plead with people to spend a precious hour or two of their time on my survey and then to spend more time on the phone with me. Some told me, "If you weren't the person asking me to take this survey, I would have given up!" Thankfully, they all came through. What I learned resulted in a 34-page report (in a small font) entitled *The State of Product Management*. But that was just the beginning. Now that I had some research, what should I do with the information garnered? (This sort of situation reminds me I'm still a product manager at heart—because I am compelled to ask the "What's next?" question.)

The next questions were, "How do we tell people about it?" And "What do I want them to do with it?" I decided to set up a meeting, and I determined it should be a *big* meeting. How about gathering a few dozen executives in a room to talk about Product Management? It would not be a gripe session about what was *wrong*. I wanted to create a forum of senior leaders who could talk about what was *right*. As a result, 51 leaders (of very estimable and distinguished companies) gathered in a meeting room in New York City, in mid-May 2010, for the first ever Product Management Leadership Summit.

The guiding principle of the meeting was that a group of people who share a common interest in high-performance Product Management would discuss their ideas and concerns. First on the agenda: My team and I presented a short summary of important findings from our research. Then five senior leaders of eminent companies representing differing industries presented their showcase examples. These examples were aligned with the various segments of the research project. After each presentation segment, a highly interactive discussion followed. As I led the wrap-up discussion at the end of the summit, I asked for a show of hands: "How many people feel that we would all benefit from a senior leadership community that would focus on Product Management excellence?" All the participants raised their hands.

About a month after the summit, my editor from McGraw-Hill came to my office. Once again he wanted to discuss a possible supplement. Instead, I talked to him about my research and diagnostic work and about the insights I had gained from the summit. I also told him I had decided we needed to work more with senior leaders to help them in organizational planning and design with respect to the function and practice of Product Management. After all, leaders are responsible for the results of Product Management's endeavors—and they are the ones who know if they are succeeding or falling short.

The editor asked me, "How would you do that?" I replied that I wasn't sure, but maybe he could find an answer by reading my 34-page research report. He did read it. A week later he asked me to create an outline for a book that would expand on the results of the report. A few weeks after I sent him the finished outline, he asked me to write a brief paragraph on each chapter. It took me a month because once I started to delve into the issues, I couldn't limit my ideas to only one paragraph; the paragraphs ended up as two or three pages for each. And so the journey for this book began.

In the following months, my firm carried out another research project. This one focused on issues associated with organizational design and effectiveness as they related to Product Management. These efforts led to the formation of the Product Management Executive Board (PMEB). The mission of the PMEB is to create a community of senior leaders whose common desire is to effectively ingrain a *durable, repeatable, flexible, and scalable Product Management structure* within their firms, while sharing what they've learned along the way. The PMEB will carry out annual benchmark research projects that track trends in Product Management organizational design and effectiveness. The plan is that PMEB members also will participate by having annual assessments made in their own organizations. By doing so, they can not only compare their performance year over year but they can also track their position with respect to other member firms.

THE JOURNEY WE ARE ABOUT TO TAKE

We are awash with comments in books, articles, and many consultants' websites telling the readers how complex the business world is. When I read

these observations, I feel that the writers are belaboring the obvious. The more *important* discussions should be focused on:

- What do we do to support shrinking staffs and expanding markets?
- How do we adjust our organizational strengths and make intelligent adjustments to our staffing models to support our strategic imperatives?

The key to unlocking the door to this challenge is to do a more exacting and in-depth job of diagnosing our Product Management structures and then taking purposeful steps to allow us to fortify this function. The Product Management function is, in many cases, poorly understood within companies, and it is improperly and inconsistently placed on the organization chart.

Ideally, Product Management should be the heart and soul of an organization, instead of merely an adjunct. When it operates properly, this function can represent a unified source of competitive advantage and provide greater motivation to people who must work together, and in harmony, to produce competitive, innovative products and brands.

MOVING FROM ORGANIZATIONAL ADOLESCENCE TO ORGANIZATIONAL MATURITY

When my daughter was an adolescent, going through her transformative times (need I say more?), in a fit of upset, I had to admit that parenting didn't come with a manual. I am fallible. We are all doing the best we can. That's where I think we are in our organizational evolution with respect to Product Management. Many firms are doing a great job and have reached Product Management adulthood. However, many, many more need to move the needle. And I'd like to help all who want to do so.

I wrote this book for organizational leaders because, as my research has shown me, it is the leaders who are best equipped to inspire, catalyze, and motivate people to move in the right direction. My desire is to provide you with the information necessary to make the substance of Product Manage-

ment more meaningful, thus improving your Product Management assets and adding more value to your companies.

SMALL STEPS ON THE JOURNEY

There may be areas where you find some significant challenges for you and your organization. You may be concerned that you will encounter resistance from people who lead major functions like engineering or manufacturing or operations. However, we can at least make a start. I want this book to equip you with the ideas and the tools you'll need to help you along your own journey. Even if you take only one small step or attempt only a gradual change, you may find that there are some rewards for doing so. And one step can lead to another because, as they say, "Nothing succeeds like success."

This page intentionally left blank

INTRODUCTION

WHY PRODUCT MANAGEMENT MATTERS TO YOUR COMPANY

In the business climate of the twenty-first century, companies must hone their operations to become more strategic, agile competitors. I firmly believe that the best approach to achieving this goal is through an enhanced utilization of the function of Product Management. My definition of this function is this: *Product Management is the systemic, holistic business management of products and services.*

With this simple definition, in the nine chapters of this book, I will provide a complete holistic guide to the improvement of Product Management in your company.

During the many years I have carried out practical research and worked with clients, I have learned that there are broad variances in how companies utilize Product Management. To give credit where credit is due: *Approximately one-quarter of the companies studied have done and continue to do a stellar job in managing Product Management!* These firms serve as the true benchmarks; they are enviable examples. If you are with one of these best-in-class companies, it might seem I am preaching to the converted. In that case, please use this book as a source of validation or reference.

Another third of the companies studied have begun to assemble the pieces of what I call the "Product Management puzzle": they are making some progress, but they are aware that they have some work to do.

That leaves the remainder of firms that have yet to begin their Product Management journey. The ancient saying "The longest journey begins with the first step" would seem to be apt. Whether you are in the segment of those who have yet to take that first step or you are among those who have already begun this journey, it is my hope that you will find this book to be a valuable and worthwhile source of material you can use.

I am greatly concerned about the degree to which the key skills and competencies of product managers have been allowed to erode. This erosion undermines the core capabilities of an organization, and thus, its competitive edge. To rectify this situation, it falls to the senior leaders to strengthen the Product Management function of their organization.

Most of you have an extensive background of corporate experiences and perspectives, all of which have contributed to your own unique understanding of Product Management and organizational dynamics. You have witnessed the effects of new strategies, leadership changes, organizational realignments, and other structural adjustments. Therefore, you know that many corporate changes and reorganizations are fraught with challenges and unfulfilled expectations. In such cases, the changes have detrimental impacts that include the following:

- *A domino effect that leads to more changes:* This compounds the challenges for employees (including product managers) as they struggle to understand their roles and responsibilities to carry out their work.
- *A static effect that leaves day-to-day work activities largely unchanged, due to fewer available resources:* As a result, many product managers and others tend to see radically increased workloads.
- *A degradation of continuous learning, coupled with a lack of acknowledgement of past mistakes:* By not fully understanding and appreciating how an organization arrived at its present state, current executive leadership teams may repeat mistakes they could have learned from.

In the face of all this, I believe senior leaders can be a force for positive change, by properly aligning and strengthening the function of Product Management of the organization.

PRODUCT MANAGEMENT IS A VITAL *FUNCTION*

Although the Product Management function is included on the organization chart in many companies, the roles and expectations relegated to product

managers tend to vary widely. From my experience in the field, I've found that companies often confuse the functions of Product Development, Project Management, and Product Management.

Organizational structures also differ. In some companies, product managers work directly in the business functions; in other organizations, they work in geographic regions. How you perceive Product Management is likely affected by the procedures you're most familiar with. No matter how you view it, the important thing to keep in mind is that within the organization, *Product Management is a function*, not a job title.

When Product Management isn't properly chartered, aligned, or scoped, you may encounter many challenges in the process of integrating the discipline of Product Management into an organization as a core capability. Therefore, organizational models need to be altered to best support the function of Product Management and the capabilities of product managers.

THIS IS A BOOK FOR SENIOR LEADERS AND MANAGERS

I believe this book will be of particular interest to senior leaders and managers in every type of organization, regardless of size, structure, industry, or geography. The reason is that it presents and explains *the most important best practices that impact the effectiveness of Product Management*—including those that affect the creation and management of products and portfolios.

Since I'm part realist and part idealist, I will explain my ideal vision of vibrant organizational models; then I will show you how, in practical ways, these models can be fortified when you enhance the capabilities of those who perform Product Management. Doing so helps to ensure that the products, services, and portfolios will provide the desired competitive advantage.

HOW THIS BOOK IS POSITIONED

There are a multitude of truly first-rate resources available to senior leaders. These resources provide focused insight into singular topics such as organizational design and development, business process improvement, business transformation, corporate maturity models, business excellence,

and change management. Although each of these resources is excellent in its own right, *no single resource provides a comprehensive discussion about the vital role Product Management can play in corporate transformation.* This book is intended to fill that void.

Since the launch of my company, Sequent Learning Networks, I have been in continuous collaboration with hundreds of companies and thousands of people. This cast of thousands includes executives, managers, and individual contributors; and most of them work in Product Management and marketing organizations. Aside from giving me a position in which to conduct business, this situation has provided me with a genuine—and unique—learning laboratory in which a wide scope of ongoing practical research takes place.

Through various corporate assessments and diagnostics performed, I have found common characteristics and weak areas in Product Management implementations—namely, these:

- Product Management is deeply misunderstood, grossly marginalized, and vastly underutilized. For example, some companies create independent, deal-driven organizations in geographic regions. This structure does not provide fertile ground for product innovation. In such an environment, product managers are the fragile glue that works tirelessly to keep this function performing to meet the needs of the business.
- *Product* Management is treated like *project* management. This is common in industries with mature product portfolios, in firms with IT- or software-based products, and others. In this model, individuals with the title of "product manager" handle inbound requests from Sales and outside customers. In such circumstances, these product managers are forced by the circumstances to focus on the prioritization of features and other requests based mainly on available resources or customers' insistence that their requests are the most important. I refer to this as an *Insource-Outsource Model* because development is effectively "outsourced" using internal resources. Such a model prevents the product portfolio from being optimized.
- Product Management is considered to be another organizational silo. This model is best described as an impenetrable "City of

Silos" where functional agendas trump rational holistic business decision making. Furthermore, independent sanctions of diverse, incompatible goals typically result in ill-conceived activities and poor decision making. This can lead to products that do not contribute to the firm's bottom line.

- In many cases, senior leaders expect a product to come to market at breakneck speed. Some expectations are unrealistic. In the past few years, I have witnessed the spread of rapid, technical product development techniques used to meet the perceived need for speed. This is especially prevalent in firms with technology products or large technology infrastructures. Unfortunately, such methods outpace the actual work that is required to defend strategic product line investments. This means corporate gears spin at different speeds. As a result, products (complete or incomplete) are made available to the marketplace before they can be operationally absorbed or effectively sold. This model also undermines good business decision making and results in poor portfolio performance.

By learning to recognize these and other related issues, leaders can effectively discern the common denominators that impact product portfolios. Application of this knowledge to the Product Management organization will help the company become a more active competitor in chosen markets.

WHO SHOULD CARE ABOUT PRODUCT MANAGEMENT?

Leaders in all functions need to understand the purpose and importance of the Product Management function. They also need to know how much it can contribute to the ways a company creates and sustains profitable products and portfolios. Who's included? It's a long list, but at minimum, it consists of leaders and managers in the following areas:

- The C Suite
- Product Strategy
- Product Management

- Innovation and Discovery
- Research and Development
- Engineering
- Information Technology
- Marketing
- Product Marketing
- Human Resources Management
- Organizational Development and Effectiveness
- Finance
- Legal
- Compliance
- Manufacturing and Production
- Supply Chain

At first glance, this probably looks like everyone in the company. Yes, you're right! I truly believe leaders who work in *each of these functional areas of the company* will benefit from a clear understanding of Product Management, as presented and discussed in this book.

THE MAIN PLAYERS IN THE PRODUCT MANAGEMENT SANDBOX

In a typical organization, there are many different job titles and levels used within the Product Management function. Since this can be confusing, I will use the term *product manager* as a general term for those people who typically carry out all aspects of Product Management work.

Although I may simplify things by using a single title, your company probably segments the population of product managers in a variety of ways. These would include the product managers' perceived levels of competence and experience, as well as the maturity of the products. In Chapter 5, I will discuss the benefits of segmenting the population of product managers and guidelines to help you improve your staffing strategy. In the meantime, it is appropriate to restate my position that Product Management *does not refer to a job title*. Product Management *refers to the business management of products and services in a systemic and holistic manner.*

HOW THIS BOOK IS ORGANIZED

This book is written in a linear fashion and organized into four modules and nine chapters that together can help you create or fortify a robust, successful Product Management organization. This allows me to present Product Management as a dynamic, interconnected living system that reaches into every branch of the organization. As you read the material, it is vital for you to keep in mind that *the function of Product Management is not necessarily a linear set of actions and work flows. Rather, it is a dynamic system that depends on the work of various people and many interconnected processes across the lives of many products and portfolios.*

The book provides a variety of helpful tools, suggestions, and guidelines. Many are shown as lists, tables, or templates. As you read the material, and as you identify with areas that are unique to your own situation, you may feel that there is just too much to do, or you may feel overwhelmed by the enormity of it all. To avoid these frustrations, keep in mind that the complete implementation of Product Management is not something accomplished in a day, a month, or even a year. Think about how you consider a variety of strategies for your product lines and, based on a set of decision criteria, how you prioritize each move. I suggest a similar approach to Product Management—that is, move forward in gradual steps. Try to break down your opportunities for improvement into small pieces. That way, you can accrue a few solid victories that will effectively help you plant and cultivate Product Management roots that will survive for the long term.

MODULE I. CONTEXT

You cannot set any type of strategy in place if you don't understand the road you've traveled and how you got to where you are. This module serves to provide a broad perspective on the path that an organization may have taken and what its current state actually looks like. Knowing where you are and how you got there will allow you to plot an astute path forward that puts Product Management in a much more advantageous position within the organization.

Chapter 1. Reinventing the Wheel—for the Last Time

In today's business environment, most firms reorganize with some degree of regularity. Many of these organizational changes fail to consider the impact on the function of Product Management. This is mainly because *there is no universal approach to the function and purpose of Product Management*.

While it is true that people in the organization are actually managing various aspects of the product's business, this work is not being performed consistently. This lack of consistency makes it difficult to attain predictable results. When there is a lack of consistency and predictability in any organization, it may be a challenge to establish the proper strategic focus and direction. Unfortunately, many senior leaders who assume their new roles do not look at prior transformational efforts, and they may repeat the mistakes of the past.

In this chapter, I suggest how to evaluate prior transformative efforts, and I describe how you can better situate Product Management in the firm. I describe my rationale for making this happen, and I offer important suggestions for you to consider so that you don't have to reinvent the wheel when it comes to Product Management.

**Chapter 2. Designing an Organizational Strategy
for Product Management**

Although companies strive to be more efficient and operate more effectively, transformative efforts for the organization should strongly consider the impact of those efforts on Product Management and the optimal organizational structure for Product Management. This chapter suggests that leaders create the structure of Product Management in much the same manner as they formulate strategies.

A Baseline Competency Model and a Reference Model for Product Management must be agreed upon and implemented consistently. This will yield a fair measurement of the knowledge, skills, and experience of the product managers. Organizational gaps can be analyzed against the standardized model, and relevant options can be considered for the future direction of Product Management. *The importance of measuring against a consistent model cannot be overemphasized*. This is one part of the formula that creates a standard foundation for effective Product Management. Furthermore, this foundation, when put into place, helps Product Management to survive future

transformative reorganizations. Otherwise, you're just starting from scratch every time the organization chart is redrawn.

MODULE II. CLARIFY

It is impossible to secure a vision for the future if you don't have clarity around the potential in front of you. For Product Management to take root and to thrive in any organization, leaders need to provide a central theme for Product Management that addresses how Product Management should fit within the organization, regardless of corporate architecture. The chapters in this module can help your organization attain a clarity of purpose so that you can fulfill the vision for Product Management as a corporate function.

Chapter 3. Everyone Is in the Product Management Sandbox

The basic precept for this chapter is that everyone in the organization is, to some extent, involved in Product Management. While each function contributes in varying degrees, everyone contributes to the overall success of the firm. Unfortunately, people who work in different functions do not always operate with this mindset because they feel their particular functions are more important than others. Such a functional "silo mindset" is unproductive.

   This chapter focuses on getting everyone into the Product Management sandbox. It achieves this through the use of a common definition and Reference Model for Product Management (established in Chapter 2). It also sets the stage to ensure that product managers can establish their credentials as dependable businesspeople. Finally, it will put a stake in the ground for everyone across the organization who should understand the processes, tools, and documents used to plan, develop, launch, and manage products and portfolios.

Chapter 4. Solving the Puzzle of the Product Management Organization

Product Management is a holistic business methodology that can be compared to the structure of a human body. The analogy suggests a vibrant living entity that is composed of overlapping, interlocking systems and functions that influence each other in very complex ways. Relationships between the "players" in the body are dynamic and situational, and they are motivated by a fluid array of decisions that arise from changing circumstances. As a result, these interactions and decisions are driven by finely tuned protocols

and methods. This chapter lays out the pieces of this systemic organizational puzzle, enabling leaders to fortify the structure of Product Management within the organization.

MODULE III. CULTIVATE

With the proper context set and a clear vision in place, it's time to make sure that you have the right people on staff. Once you get them on staff, you have to cultivate and shape them for success. This module introduces business leaders to usable methods, tools, and techniques that can be easily adopted in any organization.

**Chapter 5. Clarifying the Role of the Product Manager
to Improve Staffing Strategies**

Whether a company flourishes, merely survives, or fails depends on the effectiveness of its overall staffing strategy. This is especially true for product managers. With this perspective, the case for the sustainability of Product Management is closely coupled with how a firm hires, situates, and enables product managers to excel as strategy-minded, critical thinking business managers.

An efficacious staff of product managers can equip the firm with great potential to achieve competitive advantage. This chapter helps leaders understand how to clarify the role of the product managers based on the most common set of competencies required for the job. The methods set forth in this chapter serve to guide leaders to select, hire, and deploy product managers in the most optimal ways.

Chapter 6. Cultivating and Shaping Product Managers

Jim Collins, a noted contemporary author, suggests in his book *Good to Great* that a company cannot ascend to greatness without the right people in the right jobs at the right times. Therefore, companies that consistently classify and evaluate product managers will ensure that, in fact, they have the right product managers in the right jobs. This is *vital* if the managers are to fulfill the responsibilities and commitments that have been envisioned by their leaders.

Chapter 6 provides comprehensive guidelines that include several key ideas to help leaders establish job levels and progression plans using a unique Product Manager Scorecard. It also provides suggestions to help product

managers think more holistically about their products and to use performance management techniques. The chapter concludes with suggestions and methods that help leaders create targeted development programs for product managers. Readers will learn that, in the final analysis, companies that cultivate and shape product managers can expect better human performance and better business results—in other words, better yields.

MODULE IV. CONTINUITY

Effective organizational strategies have to be implemented, verified, and sustained. This module provides the building blocks to ensure that Product Management can become an embedded, long-lived structure in the organization.

Chapter 7. Building a Knowledge-Based Community of Practice for Product Management

Many companies realize that some sort of community is needed to draw people together. In fact, they utilize electronic repositories for posting templates, procedures, and documents. However, posting documents and information on shared or central websites may be popular, but there's no really good substitute for face-to-face interactions and communication. Such interactions serve to draw product managers and others together to collaborate and share knowledge and experience. Doing so can fortify and improve their competencies and thus the organization's competitive capability. The value derived from the formation of this type of community cannot be overestimated.

However, deciding to build community is one thing. *Continuing and sustaining the community is another*. Community building in Product Management is at best a work in progress. My hope is that this chapter will call out the need to pivot in your thinking about this important topic and provide some powerful recommendations.

Chapter 8. Designing and Sponsoring Cross-Functional Product Teams

A cross-functional *product team* is totally *different* from a cross-functional *project team*. The cross-functional product team is actually a microcosm of an executive leadership team, and it consists of members delegated from each of the relevant functional organizations that represent their primary function's interests.

The cross-functional product team's purpose is to steer a product line or small portfolio and deliver agreed-upon business results. In companies where this structure is already loosely in place, it most likely needs to be bolstered. Thus, in these companies the cross-functional product team needs to be formally chartered, more deeply ingrained, and *more widely used*.

This chapter offers suggestions to help leaders agree on the cross-functional product team's work structure, as embodied in a well-thought-out set of guidelines. This chapter also describes the benefits of utilizing this team configuration within the organization, and it suggests ways to implement this powerful method.

Chapter 9. Embedding a Governing Model for Sustaining Product Management

Performed correctly, Product Management will serve as a *unifying function that spans all functions*. Unlike the functions of Finance or Human Resources Management, a firmly entrenched and chartered Product Management function must have a direct stake in guiding and directing the corporation's product portfolios. Therefore, Product Management itself must be governed—and governed in a sustainable way—for the long term.

This chapter introduces a governance model for Product Management. The model provides a structure such that policies and procedures, processes and methods, protocols, and general rules of engagement are clearly spelled out and flexibly adopted. Understand that I do not advocate for heavy-handed governance. Rather, this model reveals important benefits to senior leaders, of a durable governing model that embeds Product Management into the firm's DNA.

MY PERSONAL VISION (A MISSION STATEMENT)

My own personal aspirations for this book are quite ambitious. I want to inspire senior leaders to care more about the optimal utilization of Product Management than they do now. I want to impel senior leaders to nurture and develop this vital structure as part of a strategic corporate framework that is robust, durable, sustainable, interconnected, and easily governable. My vision extends to the creation of a community of senior leaders who work

collectively, across industries and around the world, to fortify the practices and methods used for Product Management.

During the writing of this book, I surveyed and interviewed more than 120 senior leaders of product organizations. Each survey and interview revealed remarkable insights that are woven throughout the fabric of this book. My commitment was to ensure that their identities would not be uncovered due to the sensitive nature of what they revealed. However, you will also find embedded within the book a series of *spotlight case studies* that are written by senior leaders of noted companies who have a story to share about their own Product Management journey. These companies are FedEx Services, Thomas & Betts, TD Canada Trust, and JetBlue Airways.

Overall, what I hope, deep in my heart, is to propel Product Management to having a recognized "seat at the table." This in turn, will allow Product Management to lead in a way that makes visible, recognized contributions to the firm in the form of a robust portfolio of products that sustain and profit the firm for the long term.

I hope you will join me on this exciting journey!

This page intentionally left blank

MODULE

CONTEXT

All companies strive to be better and more efficient. As business leaders seek greater efficiencies, they make adjustments to the firm's structure. In other words, they reorganize.

Reorganizations are now so commonplace that it seems they are expected to take place once or twice a year. A well-thought-out realignment is a reflection of solid leadership, but often the ideal structure is not easily attained. There are many issues that result from reorganizations, issues I have come to understand quite thoroughly. For instance, when leaders move in and out of the organization, they rarely consult past records of justifications that were made during previous organizational transformations. Therefore, newer leaders may not have a sufficient appreciation for the paths already taken. In addition, an unintended side-effect of some organizational adjustments is a distinct lack of clarity about the roles of those people who work in various business functions.

Imagine a football game during which the coaches and players are changed in the middle of the game, but there is no hand-off of the play plans or role assignments to the new "staff." It seems unthinkable in sports. However, this "unthinkable change in midgame" does happen in many organizations.

No matter how well leaders think through these organizational realignments, many do not give a whole lot of consideration to the impacts on the Product Management processes or on the people who plan, manage, and market the firm's products and services—the product managers.

It is a well-known fact of strategy formulation that you cannot plot your path forward if you don't know the road you've traveled. Once you know the paths already taken and you've acknowledged what's been learned along the way, it's easier to motivate and inspire others to go forward. The same is true for Product Management.

That's why this module is entitled "Context"—the idea being to help you put many of the past and current Product Management organizational issues on the table for evaluation. When you can more completely understand these perspectives, the senior executive leadership team in your organization may not have to keep reinventing the wheel and will be able to construct a more durable organizational strategy built around Product Management. Therefore, the two chapters in this module are aptly named:

> *Chapter 1. Reinventing the Wheel—for the Last Time:* This chapter provides suggestions that allow you to appraise prior transformative efforts and discusses how to properly situate Product Management in the firm.

> *Chapter 2. Designing an Organizational Strategy for Product Management:* This chapter builds on the first so that you can incorporate Product Management into the firm's organizational strategy. It also provides suggestions to help establish a constant and definitive Product Management structure that acts as the stable underpinning of the company.

CHAPTER 1

REINVENTING THE WHEEL—
FOR THE LAST TIME

EXECUTIVE SUMMARY

- A *universal approach* to the function of Product Management can serve as a powerful organizational model.
- An assessment of the impact of prior transformational efforts offers vital clues that help effective Product Management take root in an organization.
- Every organizational adjustment must take into account the impact on the firm's ability to plan, develop, launch, and manage products and product lines.

If your actions inspire others to dream more, learn more, do more, and become more, you are a leader.

—ANDREW JACKSON,
SEVENTH PRESIDENT OF THE UNITED STATES

Years ago, when I worked as a product manager in large corporations, they seemed to reorganize every six months. I could always count on getting a new boss every year—and once, I had three bosses in two years. Each new manager had new methods and ideas—and quirks—to contend with. Each reorganization brought new leadership teams who complained about past leadership teams—and promised things would be *different* under *their* management.

We product managers found it hard to get our minds around the changes because what senior leaders showed us on their PowerPoint slides had no relevance to the work that we, as product managers, were actually doing! While their new strategies cascaded and evolved, we still had to wrestle with the ever-present, day-to-day tactical and product-related issues of our product manager duties. There was a huge disconnect. To our teams, it seemed like the senior leaders worked in one place, while the rest of us worked somewhere else, and the leaders were totally oblivious to our everyday challenges.

In time, some aspects of the organization would begin to morph. However, there was little resemblance between the resulting structures laid out by one senior leadership team to the next. I believe one cause of the problem was that they couldn't adequately describe their desired end state (read: "couldn't communicate their vision"). Further, they failed to anticipate, with enough detail or clarity, how the changes would impact the function of Product Management and the role of the product managers. The result? Product managers and the managers of the product managers could not effectively adapt behaviors and actions to achieve the hoped-for results.

I began to suspect that most of the leaders couldn't imagine how and where each piece of the "organizational puzzle" was supposed to fit into the whole picture. To me, this situation was comparable to doing a jigsaw puzzle where the disparate pieces could not be properly arranged because there was no illustration on the box to show the finished puzzle.

I see all such issues as a *phenomenon of dysfunctional change.* The dilemma has been the subject of books, research projects, and consultant engagements for decades. What's more, the function and structure of Product Management has suffered greatly as a result of these many dysfunctional changes. *Note:* This also applies to brand management, market segment management, or product category management, if you're in industries with these embedded structures.

Based on all my experience in this field, I believe the cause of this dysfunctional change phenomenon is that there is *no universal approach to the function and purpose of Product Management*. It's not that Product Management is not being carried out. In fact, it is being performed everywhere—but in myriad different ways. With so much variation in *how* Product Management is performed and with *no paradigms for improvement*, there can be negative impacts on the organization, such as role confusion and poor interpretation

or misalignment of key business processes. All in all, these dysfunctions act like heavy boat anchors, dragging down corporate efficiency.

PRODUCT MANAGEMENT: A VITAL ELEMENT OF ANY ORGANIZATION

No one before has actually put a stake in the ground to recommend the establishment of a transformational framework for Product Management. In my first book, *The Product Manager's Desk Reference*, I set forth the body of knowledge clarifying the basic elements needed for doing the work involved in Product Management. Based on that foundation, and on what I have since learned from the years I've spent in research and benchmarking, I feel strongly that *now* is the time to focus attention on the creation of a *solid organizational structure to enable better Product Management*. It is the logical next step.

Every time a reorganization takes place and a new management is in charge, companies have to "reinvent" how Product Management is performed. To prove my point: At a client firm, the leader of Organizational Development was charged with guiding the firm's Product Management transformation. However, that action was delayed because, as the leader explained: "We have to put things on hold until our new chief marketing officer (CMO) arrives—we're not sure of her philosophy about Product Management."

I want to change the state of the art. I believe that in the current business world, when a reorganization occurs with a new management in place, *companies shouldn't have to reinvent the wheel once again* to deal with the Product Management function.

For the balance of this chapter, I will discuss my observations about some past transformational efforts and their impact on Product Management, and I'll comment on what I've learned from them.

APPRAISING PRIOR TRANSFORMATIVE EFFORTS

If we are going to work out how to *reinvent the wheel for the last time*, the first thing to do is appraise some Product Management situations involved in past reorganizations (or transformations). Think of it this way: When you

want to craft a strategy for the future (e.g., an organizational strategy), you should have a good picture, first, of where you were and, second, how you got to where you are. As I explain the details of my appraisals, I will note some significant factors for you to consider. As you will see, these notes will contribute greatly to the areas of work I lay out as the book unfolds.

The appraisal process starts by asking six basic questions. It's not rocket science, and I'm not trying to oversimplify their importance. I have personally encountered so many of these situations in my research and in my work with clients that I believe it's a good idea to resurface these fundamentals. As you read the questions and some of the brief anecdotes, you may find you can identify with some of them. In turn, your ability to ask and answer these questions may prove to be of help as you think about options for organizational design and change. First, I'll list the questions, and then I'll expound upon on each one.

1. What prompted the reorganization in the first place, and what was the vision for the new organizational structure as it related to Product Management?
2. How did the envisioned transformation impact the Product Management population?
3. How much time was allowed for the Product Management transformation to take place?
4. How well did senior leaders communicate their vision and the path forward, especially to the product managers and other stakeholders?
5. How clearly did management explain the roles, responsibilities, and future rules for cross-functional engagement?
6. What measurements and milestones were established for the initiative, and what evidence was sought to validate that those objectives were being met?

Question 1. What prompted the reorganization in the first place, and what was the vision for the new organizational structure as it related to Product Management?

A few years ago, I worked with a division of a major media firm that published textbooks for the primary and secondary public education sectors. I

was called in because they were reorganizing the company. In our meetings, I asked the senior leaders, "What prompted this reorganization?" They said their leaders were getting too many complaints from people on the curriculum teams of many school districts and state education departments. Apparently, a lot of salespeople were bombarding these curriculum planners with their sales pitches. The administrators were suffering cutbacks, and they didn't have the bandwidth to deal with so many salespeople.

The CEO and his team decided to restructure the firm and organize it into product groups. Since they believed their imperative was to be more focused on their products, they created an organizational structure with product lines based on the various academic subjects (math, English, and so on). The CEO appointed a leader to be the executive vice president (EVP) of Products, and four VPs of Product Management were appointed as head of each subject (product) area. The EVP of Product Management was to serve as the portfolio leader for the product line areas.

At another senior leadership meeting, I talked frankly about the phases of transformation and the work required. The leader of one operational area asked, "How long should this transformation take?" My answer was, "Plan on spending two or three years to achieve the end state, . . . and plan on some midcourse corrections along the way." I added the caveat that some companies could take longer.

As the project got underway, we interviewed many people in the product organization. After our data analysis, we held another meeting with the leadership team. Our proposal was that we select a pilot group of higher-potential types (who showed some ability) and run them through a basic Product Management workshop. This step would serve as a point of discovery because we believed it would show these pilot participants the scope of the work for which they would ultimately be responsible. I also recommended a go-slow approach because there was a lot of work needed to define the extent and reach of the required changes. We also wanted to develop a more detailed plan that would take into account staffing, processes, methods, tools, and other "infrastructure" areas to align before proceeding.

A few years after this organizational transformation, I had occasion to follow up with the same EVP of Product Management. She told me that once they really began peeling back the layers, they came to understand just how sales driven the company really was. This helped them to more purposefully

implement Product Management. What's most important to note is that the transformation did take two to three years.

What you can take away from this anecdote is this: Even if you know the *theoretical* constructs for the organizational change, there are always unexpected *reality* problems and experiences that arise during the time of change. The "blessing in disguise" is that these events can help you realign your expectations and reset your vision for future adjustments in the Product Management function. Some of the other lessons learned are outlined below (a few of these items are referred to in other areas of the book):

1. Throughout any corporate transition, you must retain a clear vision of how Product Management will be embedded into the organization's structure. Further, you will need just as clear a vision about how Product Management should operate when it is set in place. As you encounter unanticipated challenges, it is important to remember that if you can stay true to that vision, it will help you achieve the end state originally envisioned, even though it may take several years.

2. The corporate culture is an important construct that must be considered when the future shape of the Product Management organization is envisioned.

3. Roles and responsibilities must be clearly spelled out in order to minimize confusion. To this end, functional leaders need to understand and buy into their roles instead of clinging to the "life rafts" of their current or past professional paradigms.

4. Longer-term planning is important. Senior leaders must analyze and work out all the details of how the pieces of the organizational puzzle will fit together and how the organization will function at least a year or more into the future.

Question 2. How did the envisioned transformation impact the Product Management population?

A divisional president of one of my client firms lamented about how his company, typically number 2 or 3 in the company's chosen markets, had been losing market share. The company's plan of action, based on the prior year's reorganization, had diverted centralized control of many of its business

units to Sales and Marketing functions in international geographic centers. The rationale was that when Sales and Marketing people were closer to the local markets, they would influence the creation of localized, higher-value solutions. In turn, that would improve customer relationships, deliver better products, and reverse the erosion in market share overall.

In this firm, a high degree of domain understanding was required to support the products. The product line managers (PLMs) were, without a doubt, experts in their respective domains. Their level of business acumen needed some improvement, but I firmly believed this was still doable.

However, there were some issues with the reorganization. As explained to me, the people in the local geographies did not possess a sufficient level of domain expertise (though they believed they did). As a result, they were feeding back product requirements that were not validated, were often unclear, or in some cases, were not at all feasible. Further, no one was scrutinizing all of the requests across those geographies to rationalize the requirements. The pipeline of requests overwhelmed the product line managers, and they were drinking from the proverbial fire hose. To make matters worse, product development resources were cut due to other economic factors.

The PLMs were being squeezed from all sides. First, there was the increased flow of unsubstantiated demand; second, there were limited development resources; third, senior leaders were pushing the PLMs to take a more decisive role in leading these dysfunctional constituencies—not just at corporate headquarters but in the geographic regions as well. But the money for travel was seriously limited. Also, Sales and Marketing leaders who worked in the geographies advised the PLMs that they could no longer reach out to customers directly. Instead, the beleaguered home team was supposed to depend on the available local resources in order to gain context and achieve insights. It's not surprising that the PLMs felt totally disempowered and just succumbed to the structure.

We discovered an *additional factor* that created a lot more problems. When the PLMs (understandably!) weren't able to deliver on regional requests, people in the regions created their own solutions by reaching out to local vendors—who, in some instances, were actually competitors! Moreover, many leaders in the regions were hiring local product managers. Since each region held its own P&L and was solely accountable for results, these regional leaders had virtual carte blanche. Thus, they could do whatever they wanted, without regard for global product portfolio decisions or the impact on the entire company. As if

that weren't enough, the senior leaders did not have a formal product portfolio council that actively rationalized market insights and other data in order to direct product portfolio investments more efficiently.

After I interviewed about three dozen PLMs and some of the senior leaders, it became clear to me that the envisioned transformation wasn't properly elucidated to all major stakeholders. Maybe the senior leaders *believed* their organizational strategy was clearly explained, but the actual communications did not lay out enough details to ensure that the changes were easily understood by the PLMs and the other key stakeholders.

We traced back to the root causes of these misconceptions. What we found was that the leaders who embarked on this plan did not fully realize what such a complex reorganization really entailed. They failed to consider all the interconnected systemic interfaces and all the cross-organizational impacts that should have been more carefully taken into account.

Here are some of the points I took away:

1. Any reorganization that impacts planning, execution, and management of products must be completely understood by all major constituencies in the firm in order for positive, realistic outcomes to be achieved.
2. Close connections between product managers and customers are mandatory. This is also important in order to validate needs and requests, and it is especially important when a high degree of domain expertise is needed.
3. Methods need to be instituted that *rationalize requirements across disparate inputs.* Whether sales and marketing types are in local markets or in a centralized (geographic) location, the myriad inbound requests call for a *robust product portfolio process* to effectively allocate funds across product lines and to aid in decision making.

Question 3. How much time was allowed for the Project Management transformation to take place?

Many leaders seem to expect that the metamorphosis will take place within a couple of quarters. Without equivocation, I can safely say that if you believe

this is all the time you can allow for the effort, or if you think longer-term vision is not possible or effective, then it might be wise to consider other options. To focus in on the issue of the time needed for successful change, let me share a story with you about a company that did a spectacular job with its Product Management transformation. Yes, there can be bright spots!

Several years ago, I began to work with a European-based multinational firm in the transportation services sector. We carried out a number of interviews and assessments and provided recommendations for a multiphase series of changes to the structure of Product Management. These changes included, among others, adjusting staffing models and process changes.

Despite many organizational changes in the intervening years, the company's leadership team stayed true to the Product Management organizational development program.

This firm first established a *Product Management Council of Executives* who focused on the governing model, established the core competencies needed, and firmly embedded the new product development process within the organization. They then catalyzed and improved cross-functional and cross-organizational communication through the use of specific key performance indicators. This increased transparency, enhanced product quality, and improved launch performance. Along with these, they reinforced the roles and responsibilities of the product managers and built a *vibrant community of practice*.

What's interesting about this case is that there were a variety of pivot points during this transformation. There were some economic cycle changes, some leadership changes, and some acquisitions and other growth pains during this period of time. I will be talking about most of these areas throughout this book, but for now there is an important takeaway from this story: *This transformation took over five years to achieve!* At a recent Product Management Leadership Summit,* one of the senior leaders who presided over the entire transformation presented a description of the process. At the end of the summit, every attendee sought to talk to this speaker and each expressed his or her overwhelming interest in this firm's success!

---

* The Product Management Leadership Summit is carried out several times in the period of a year and is organized by the Product Management Executive Board (www.productmanagementexecboard.com).

This company was successful in its transformational endeavor because of several factors:

1. Each step along the way had relevant, achievable, and realistic objectives.
2. All objectives were clearly stated and effectively shared across the organization. Thus, everyone could "digest" the changes as envisioned by the leadership team, and each person involved could see the benefits of the evolving structure.
3. Despite the fact that the leaders had to make several adjustments along the way, they stayed true to objectives of their Product Management evolution plan.

Question 4. How well did senior leaders communicate their vision and the path forward, especially to the product managers and other stakeholders?

Some years ago, I worked with a communications firm based in North America. The company was under extreme competitive pressure, margins were eroding, and it was being acquired by a larger firm. Senior leaders told me that a population of 50 product managers needed to change some of their behaviors in order to turn the business around. The senior vice president of Product Management complained to me that the product managers were not performing their jobs in a manner consistent with his own beliefs and expectations. He also indicated that the product managers were not taking steps to differentiate their products in the market (which, as you know, can be difficult when the products are seen as commodities!). He wanted all the product managers to lead, innovate, and deliver results, yet he did not realize that many were ill equipped to do so.

In this environment, the product managers were relegated to acting more like project managers. The products were mainly mature, and staff members were running on fumes in their efforts to keep up with immediate customer requests while they tried to respond to competitive threats. It's no surprise that the senior vice president was frustrated since, aside from the unrealistic expectations of his people, he was trying to plan the Product Management organizational evolution entirely on his own.

Before I agreed to deliver a workshop for the product managers in his

group, I coached him about the messages he should deliver. He agreed to work under my tutelage and adopt the strategy necessary to deliver the message.

However, at the outset of our first workshop, he forgot what he was to communicate. He also wandered off topic as he emphasized all the competitive pressures the company was experiencing. Finally, he made a very strong statement to the participants (in his "training will cover it" mode) saying, "You are in charge of your products. I want you to participate fully because afterward, you will all be empowered." He added that he was expecting good things to come, wished them luck, and left the room.

The people in the workshop looked far from encouraged. One of the directors I had worked with on some structural aspects of the program actually put his hands over his eyes in despair. There were several lessons to be learned from this experience.

1. Communication is a cornerstone for successful Product Management transformation. The changes to come should be clearly explained and should convey the rationale for these changes, the steps to be taken, and the outcomes that will be produced. Merely stating that product managers will be taking on new responsibilities or that their roles may be redefined is not enough; it will surely engender unsatisfactory reactions. Communication to and with the product managers must never lag or be overlooked; it should be crafted carefully such that the product managers know what is expected, how they are supported, and how they will be evaluated.

2. Product managers and their teams deserve to know that a cohesive, supportive executive leadership team stands behind them and has a plan of action that can be digested by both product managers and their managers.

3. Along with this implicit transparency, leaders need to earn the respect of the product managers through their own actions.

4. Product managers need to feel connected to the bigger picture. They are not "orphans" in the organization, and if senior leaders do not shepherd their cause, product managers will not be able to take their rightful roles as stewards of the products for which they are responsible.

Question 5. How clearly did management explain the roles, responsibilities, and future rules for cross-functional engagement?

I have carried out many organizational diagnostic projects and competency assessments over a number of years. At the end of these projects, I always provide additional recommendations, guidelines, and suggestions to ensure that the processes and work flows are in place. These key competency areas (such as Developing Market Insights, Strategic Planning, Performance Management, and so on) must be supported and should be linked upward to explicit organizational objectives. I also provide these companies with guidance in aligning work activities and deliverables that, again, should be clearly defined both horizontally and vertically within the organization.

While working with a software and technology client, I learned some valuable lessons about the ability of leaders to assimilate and buy into a series of Product Management organizational change recommendations. The assessments and associated diagnostics made note of many areas for potential improvements, and it became obvious that one area needed the utmost priority.

That challenge was to fortify the abilities of product managers so they could better articulate clear, actionable strategies for their products and product lines. This would enable the collaborative efforts from Product Management, Marketing, and Finance to take place. Certain general precepts were decided upon to facilitate application of these situations and capabilities.

We recommended the following: The Marketing role would be responsible for carrying out research and deriving customer insights; the Finance role would be held responsible for producing historical data and analyzing future state scenarios for the product lines; and the role of Product Management would be to coordinate and synchronize the "gears" to align with future-state product line visions and ultimate objectives. These are fairly common connections that "functional" (as opposed to "dysfunctional") organizations would usually carry out.

However, in this instance, what was recommended could not be realized. The reason these stumbling blocks existed in the organization was quite obvious. The company operated in a "silo-ized" mode. The work was done within "silos" without regard for the customer or the user of information. Despite the stated objectives about changes to Product Management, the leaders from each discrete function favored their own agendas. For exam-

ple: Even though senior leaders acknowledged that specific hand-offs were required, the work products from key functions were not synchronized around a common set of goals. Because management did not align the functions, clarify the roles, and ensure that the assigned people could actually carry out the work, nothing could really change. In fact, this misalignment resulted in more role confusion and in duplication of efforts.

The important lessons from this experience included these:

1. Leaders of Product Management and leaders in all the other key business functions need to have an agreed-upon and unified plan of action to describe expected outcomes, clarify the roles of stakeholders, and guide the work of all constituencies.
2. The CEO's position should be to serve as the corporation's guide and role model. If a CEO does *not* build a shared view that agrees on what the function of Product Management should be, then every business line and portfolio group will resort to creating versions of the Product Management function that are based on their own previously understood paradigms—or even their *own* versions of the function.

Question 6. What measurements and milestones were established for the initiative, and what evidence was sought to validate that those objectives were being met?

Change initiatives involving Product Management are too often allotted *too little time than would actually be required* to mature and deliver results. What's more, many of these initiatives fail to include accurate milestones and thresholds and at which points to evaluate the various aspects of such change initiatives.

This was exemplified when we worked with a large software company. At an all-hands meeting, the CEO set forth a *one-year plan* for a Product Management transformation. The proposed strategy was that the company's product managers would become more market focused. They would then be better equipped to hunt for opportunities in adjacent markets. As a result, innovation would be stimulated. However, there was another angle to this firm's venture. The company sought to make substantive changes such that it could achieve CMMI Level 3 maturity within the subsequent three years.

In case you're not familiar with the abbreviation CMMI, it stands for Capa-

bility Maturity Model Integration, and it was created by the Software Engineering Institute at Carnegie Mellon University. To sum up its purpose, this is a process improvement methodology. A CMMI maturity level of 3 is achieved when processes are managed with a high degree of predictable consistency.

What was particularly problematic was that the firm's 150 product managers were unaware of how the CMMI work program factored into their own jobs. The vital linkage between the grand plan, the timing, and the actual work involved made most product managers feel a lack of confidence in their own senior leaders.

Another factor, unrelated to timing, was that due to the composition of the portfolio, the company's reorganization planning was unrealistic. The majority of the product lines were mature; therefore, the role envisioned for the product managers was *inconsistent* with the needs of the business of those mature products. Moreover, provisions had not been made for the work involved to identify new opportunities. Based on my experience with this firm and many others who had broad plans for a Product Management transformation, here is what I learned:

- The introduction of a maturity model like CMMI or any other Product Management reference model in an organization may overwhelm people if they do not understand how it impacts their jobs.
- Any company that contemplates a restructuring should take into account the composition of the product portfolio and the staffing model. Further, if leaders expect the same product managers presently responsible for mature products to also be responsible for new products and new product revenue, this change should call for a thorough organizational evaluation.

MOVING FROM APPRAISAL TO ACTION

I have shared some relevant anecdotes to illustrate the reasons this appraisal process is so important. Having read these accounts, many of you may think, "These stories merely point out commonsense business ideals. Besides, most

companies probably do these things as a matter of course." However, based on my experience with Product Management assessments and diagnostics, I believe it's always productive to revisit the foundations that will effectively guide organizational evolution.

From these six questions and illustrative anecdotes, I've distilled some important information for you to consider while you are laying the foundation for a more durable and long-lasting Product Management organization. These suggestions, outlined below, will also help to set the stage for what I will discuss in Chapter 2 (which deals with stable foundations), and they will also align with content in other chapters of the book.

1. Like any winning game plan, the organizational strategy for Product Management requires a clear vision for a desired end state, with a solid rationale, and a linkage to the overarching strategy for the organization. Though most senior leaders are usually adept at crafting vision statements, I believe you should have some additional ideas that can help you derive a clearer vision for the "function" of Product Management. This vision would have the following *fundamental* business elements:
   a. How market insights are to be derived
   b. How the company wishes to be competitively positioned in the market
   c. How all business functions (and associated roles) should align around clearly planned work flows and work processes
2. Since Product Management serves as a horizontal function, all senior leaders should be obliged to demonstrate, through their commitment and behavior, that they are working more closely and collectively on behalf of product portfolio strategies and that they are focusing less on the specific agendas of their own functions.
3. The initiative should be based on a reasonable, achievable, and managed timeline so that realistic thresholds can be set and met. It is also important to document exactly what is to happen, with whom, and when. Passing any decision milestone without adequate appraisal and analysis can lead to potholes in the organizational road map.
4. Set in place a *governance board* to guide the execution and sustenance of Product Management. This topic is so significant that I have

dedicated an entire chapter to it later in the book. For now, keep in mind that product leaders cannot lead and product managers cannot manage if there is no clarity around the objectives.

5. Since there may be changes to the company's business model, it is necessary that the day-to-day work activities of product managers, as well as those they work with, be well documented and understood. Doing so will ensure that current methods of operation and current work flows can be matched to future methods of operation and future work flows. Many of the disruptions in Product Management processes and work flows occur when these current and future methods are not fully understood or implemented. When I dissected Product Management at an industrial company, I found that product managers were preparing customer quotes and Operations people were writing requirements. You can imagine the conflicts that arose when the leaders realigned work activities that were out of the usual paradigms of those accustomed to doing those jobs.

6. Change management protocols should be carefully crafted. A large number of academics and consultants who have studied change initiatives believe that most employees don't like change because they don't know what's in it for them and how any change will impact their current or future jobs. Product managers are no different. In fact, because the roles and responsibilities of product managers tend to vary based on product line maturities, industry focus, and other variables, they may feel particularly vulnerable.

CARRYING OUT YOUR OWN APPRAISAL

As I suggested earlier in the chapter, you may want to review the six basic questions and appraise your organization's results from any prior programs. Consider conducting a brief appraisal exercise with your colleagues from other functions and/or your leadership team members. The exercise results may change how you think about your future direction. As you read other chapters in this book, you may come up with other ideas as well. You can refer to the table in Figure 1.1 to guide your work in this appraisal.

Figure 1.1 Questions for the Appraisal Process

	What Was the Desired or Envisioned Outcome?	How Did the Outcome Compare to the Desired Result, and Why?	What Do You Believe Was the Root Cause for the Variance against the Plan?	What Could You Have Done Differently?
1. What prompted the reorganization in the first place, and what was the vision for the new organizational structure as it related to Product Management?				
2. How did the envisioned transformation impact the Product Management population?				
3. How much time was allowed for the Product Management transformation to take place?				
4. How well did senior leaders communicate their vision and the path forward, especially to the product managers and other stakeholders?				
5. How clearly did management explain the roles, responsibilities, and future rules for cross-functional engagement?				
6. What measurements and milestones were established for the initiative, and what evidence was sought to validate that those objectives were being met?				

An appraisal of this sort can take on the characteristics of an operational audit. Don't be daunted by the term *audit*. An audit merely seeks to compare an actual situation with a formerly planned outcome.

What this audit seeks to uncover is this: What was the objective? What actually happened? Why? And so on. Again, refer to the six basic appraisal questions.

Review again how these questions are posed, and how the outcomes are listed in the *comparison of the outcome to the original plan*. It is quite possible that you will begin to uncover some of the key root causes of problems encountered, and you will be able to describe what you might have done differently. This may help you or your successors to realign as you continue your journey toward best-in-class Product Management.

As you list and evaluate some of the root causes of the troublesome areas, you may feel motivated to examine your thoughts and ask yourself some questions. I have prepared a few of these questions for you to consider.

By maintaining a record of what you discovered, you will likely avoid some the mistakes of the past. You may want to ask the following:

- Who developed the plan for the communications directed to the employees?
- How was the plan communicated? (Hopefully, not in e-mail!)
- What were the reactions of the product managers and their managers?
- Did you observe any objections or other behaviors that indicated to you that there might be serious negative reactions?
- What was the original timing for the program?
- Who were the leaders providing oversight of the program?
- Did all the people involved completely understand and agree on how the program was to be carried out and managed over the agreed-upon time frames?
- How were interim results to be tracked?
- How were remedial course corrections to be processed?
- Did you conduct any pre- and postprogram surveys to gauge employee satisfaction as it relates to the program?
- What altered behaviors did you observe?
- What failed to happen that you believe should have happened, and why?
- How did people in other functions participate?
- Given their current work and responsibilities, were the product managers and their managers equipped to make the transition?

SUMMARY

Improving the effectiveness of any organization remains a high priority for senior leaders.

On the positive side: Excellent efforts have been undertaken within various areas of many companies, and these have served to improve organizational performance. Many firms have improved processes and work flows. Others have admirably improved their strategic market posture. Still others have notably improved systems and methods to effectively drive corporate performance.

However, on the negative side: Many issues still remain that are perhaps rooted in the realm of Product Management. Why is this the case? The reason lies in the fact that there is no standardized plan or accommodation to situate Product Management within the organization.

One explanation is that Product Management is rarely at the top of the list for firms in relation to how they reorganize or adjust their focus and priorities from time to time. This happens despite the fact that, bottom line, *Product Management is the crucial mechanism through which products and portfolios are planned, developed, launched, and managed.*

Product Management should not be thought of as just one or more linear work flows. Rather, it is a critical organizational function that is composed of many functional participants, acting together as a unified whole. In a nutshell, Product Management at the product line or portfolio level is a microcosm for the macrocosm of the entire organization, much the way a General Management function serves to bring the disparate pieces of a company or a division together.

If leaders will make the decision to view Product Management in this way, they will be able to better integrate it into their organization's structure, design, and evolution. In turn, product managers and others who work together on behalf of the product line or product portfolio will be able to better align their efforts at being formidable competitors.