

THIRD EDITION

THE
**PRODUCT
MANAGER'S
DESK
REFERENCE**

STEVEN HAINES



New York Chicago San Francisco Athens London Madrid
Mexico City Milan New Delhi Singapore Sydney Toronto

Copyright © 2021 by Steven Haines. All rights reserved. Printed in the United States of America. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

1 2 3 4 5 6 7 8 9 LCR 26 25 24 23 22 21

ISBN 978-1-260-46854-0
MHID 1-260-46854-2

e-ISBN 978-1-260-46855-7
e-MHID 1-260-46855-0

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that neither the author nor the publisher is engaged in rendering legal, accounting, securities trading, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

—*From a Declaration of Principles Jointly Adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations*

Library of Congress Cataloging-in-Publication Data

Names: Haines, Steven, author.

Title: The product manager's desk reference / Steven Haines.

Description: Third edition. | New York : McGraw Hill, 2021. | Includes bibliographical references and index.

Identifiers: LCCN 2020052149 (print) | LCCN 2020052150 (ebook) | ISBN 9781260468540 (hardback) | ISBN 9781260468557 (ebook)

Subjects: LCSH: Product management. | Marketing. | Product differentiation. | Business forecasting. | New products.

Classification: LCC HF5415.15 .H335 2021 (print) | LCC HF5415.15 (ebook) | DDC 658.5—dc23

LC record available at <https://lcn.loc.gov/2020052149>

LC ebook record available at <https://lcn.loc.gov/2020052150>

McGraw Hill books are available at special quantity discounts to use as premiums and sales promotions or for use in corporate training programs. To contact a representative, please visit the Contact Us pages at www.mhprofessional.com.

CONTENTS

Illustrations xix

Preface xxiii

Introduction xxix

MODULE 1

Foundations of Product Management

Introduction to Module 1 1

CHAPTER 1

What Is Product Management? 5

Question 1: What Is a Product? 6

Product Lines 7

Product Portfolios 8

Solutions, Bundles, and Systems 11

Product Elements and Modules 12

Platforms 13

Question 2: What Is Management? 14

What Does a Product Manager Really Do? 15

The Product Management Life Cycle Model 17

Question 3: What Is Product Management? 20

Product Management: A Holistic Activity 21

Summary: Why Product Management Matters 22

CHAPTER 2

The Product Master Plan 25

The Purpose of a Master Plan 26

Plans Change 27

The Format of the Product Master Plan 28

The Value of a Product Master Plan	29
An Insurance Policy for Consistent Communication	30
The Basic Construction of the Product Master Plan	31
Product Business Documents	31
Organizational Information	34
Product Business Information	35
Customer and Market Data	36
Financial Information	37
Resources and Tools	38
<i>A Personal Library</i>	39
A Product Management Library	39
Summary	40

CHAPTER 3

Leadership: Creating Influence **41**

You Are Always on Stage	44
Stay Calm, Even When Your Hair's on Fire	45
Transformation	45
Important Leadership Values	46
Leadership Behaviors and Mindset	48
Your Leadership Experiences	50
Evaluation and Personal Development	51
Summary	53

CHAPTER 4

Leveraging Teams to Get Things Done **55**

Product Teams vs. Project Teams	56
Agile Project Teams	58
Team Membership	59
<i>Teaming Is Not Always Easy</i>	60
Building Blocks of a Cross-Functional Product Team	63

Team Membership	64
Multicultural Product Team Issues	65
Distributed Development Teams	66
Product Team Responsibilities	67
Cross-Functional Product Team Membership	67
Clarifying Roles and Responsibilities	68
The Functional Support Plan	70
Team Membership Across the Life Cycle	71
Cross-Functional Teams in the Global Arena	72
Cross-Functional Team Leadership	75
Summary	75

CHAPTER 5

Problem-Solving, Decision-Making, and Prioritizing **77**

The Importance of Decision-Making	78
Decision-Making and Problem Solving	79
Saving Grace: a Case Study About Decision-Making	80
Decision-Making Techniques	84
<i>Combining Options</i>	84
<i>The Morphologic Box</i>	85
<i>The Decision Matrix</i>	86
<i>The Decision Tree</i>	88
Analysis Paralysis and Rational Ignorance	89
Gut-Feel Decision-Making	91
Business Intelligence	91
Summary	93

CHAPTER 6

Finance for the Product Manager: Keeping Score **95**

The Language of Business	96
The Basic Financial Statements	96

The Income Statement	97
The Balance Sheet	101
Cash Flow	105
Demystifying Discounted Cash Flow	106
Financial Planning for Product Managers	108
<i>Creating Business Cases for Product Investments</i>	109
<i>Assembling Forecasts</i>	109
<i>Testing Planning Assumptions Using Sensitivity Analysis</i>	110
<i>Deriving Product Cost Models</i>	110
<i>Establishing Pricing Models</i>	112
<i>Preparing Product Budgets</i>	113
Managing the Business	114
<i>Making Sure the Product Is Achieving Its Financial Goals</i>	114
<i>Financial Ratios</i>	117
<i>Last Words on Ratios</i>	118
<i>Maturity Assessment: Placing the Product on the Life Cycle Curve</i>	119
<i>Using Scorecards and Other Evaluative Tools</i>	120
Summary	121

MODULE 2

Building Insights and Driving Strategies by Making the Market Your Primary Focus

Introduction to Module 2	123
<i>Market Data Matters</i>	125
<i>Customer and Market Insights Are Vital</i>	125
<i>A Market Insights Development Process</i>	126

CHAPTER 7

The Playing Field and the Players: Analyzing the Industry and Competition **129**

Becoming the Expert	130
What Is an Industry?	131

Putting Industry Evolution into Perspective	134
Carrying Out Industry Research	135
Securing Additional Data	139
Competitive Environment	141
Competitive Positioning	142
Gaining an Edge: Performance Counts	142
Competitive Intelligence in Your Company	143
Competitive Intelligence in Your World	144
Ethics in Competitive Intelligence	145
With Whom Do You Compete?	146
Competitor SWOT	148
How Do They Do What They Do?	148
<i>Sizing Up the Competitive Landscape</i>	155
The Final Analysis	156
Summary	157

CHAPTER 8

Finding Markets to Conquer by Understanding Customer Needs and Market Segments	159
The Common Denominator in Segmentation: Customer Needs	160
How Markets Are Segmented	161
Market Segments Are Dynamic	163
Describing the Target Market	165
They Don't Know What They Don't Know	166
Planning and Carrying Out Customer Visits	169
Capturing the Voice of the Customer	173
Conducting Customer Interviews	176
Using Personas and Customer Narratives to Capture Needs	177
Capturing the Customer's Journey	179
Associating Customer Needs with Product Features	181
Summary	182

CHAPTER 9

**Preparing to Set Your Mileposts:
Forecasting for the Product Manager 183**

- Forecasting and Market Potential 184
- Forecasts Are Built on Beliefs About the Future 188
- Validating Assumptions and Applying Customer Preferences 189
- Forecasting Is a Cross-Functional Exercise 190
- Sales Forecasting 191
- Validating the Forecast 192
- Demand Planning 193
- Summary 194

CHAPTER 10

Product Strategy Formulation 195

- Strategy Is a Dynamic Continuum 196
- Strategizing Is Like Solving a Puzzle 197
- Cascading Strategies 198
- Dynamic Strategy for the Product Manager 200
- Strategy in Your World 200
- The Product Strategy Formulation Process 201
- Using the Product Strategy Formulation Process 203
 - Baselining the Business of the Product* 204
 - Organizing the Data* 205
 - External Data: Industry and Competition* 206
 - Customer Activity* 208
 - Organizational Capabilities and Financial Health* 208
 - Capturing Product Performance Data* 209
 - Life Cycle State* 212
 - The Marketing Mix* 214
 - Company Resources That Contribute to the Product's Business* 214
 - Synthesizing Data and Identifying Opportunities* 217

Your Product's Future	223
<i>Establishing Goals</i>	225
<i>Identifying Strategic Options</i>	225
Linking Your Strategy to a Roadmap	229
Did We Get There?	233
Summary	234

MODULE 3

The Start of the Product's Journey

Introduction to Module 3	237
Limits and Benefits of Processes	240
<i>Importance of the Right Cadence</i>	240
<i>Faster Is Not Always Better, but It Can't Hurt</i>	241
<i>Organization of the Chapters in This Module</i>	242

CHAPTER 11

Making a Molehill Out of a Mountain: Linear Product Planning and Prioritization	245
Linear Product Planning	246
What's the Big Idea?	247
Categorization of Product Ideas	249
Sorting Out Opportunities	250
"So What?": The Value Proposition for the Opportunity	253
Clarifying Your Identity with a Positioning Statement	257
Selection and Prioritization	258
Managing Rejected Opportunities	260
Securing Approval to Move to the Next Phase: The Concept Review	261
Is There Really a Business Here? Assessing Feasibility	262

Clarifying Roles, Responsibilities, and Deliverables	263
Marketing	264
Product Development/Engineering/IT	264
Finance	264
Customer Service	265
Sales/Account Management	265
Operations	265
Supply Chain	266
Legal/Regulatory/Compliance	266
The Business Case	266
Characteristics of Strong Business Cases	267
Activities and Sequencing	268
Business Case Structure	269
Section 1: Framing	269
Section 2: Customer Context and Problems	269
Section 3: Industry and Competitive Environment	270
Section 4: Overall Market Context	270
Section 5: Product or Solution	270
Section 6: Forecast and Pricing	271
Section 7: Scenario Planning	272
Section 8: Financial Analysis	272
Section 9: Operations and Integration	273
Section 10: Go to Market/Launch	274
Section 11: Risk Assessment	274
Section 12: Review and Recommendation	275
Make Versus Buy	276
Carrying Out a Make Versus Buy Analysis: An Example	276
The Decision Matrix for the Feasibility Phase	278
Summary	279

CHAPTER 12

**Appearances Are Everything:
Defining and Designing the Product 281**

- Product Definition Documents 282
- The PRD Outline and Template 285
- Managing Requirements 285
 - Eliciting Requirements* 288
 - Defining Requirements* 291
 - Organizing Documents* 295
 - Managing Requirements from Beginning to End* 295
- Prioritizing Requirements 297
- Inspections and Peer Reviews 298
- Requirements Management and the Product Life Cycle 300
- The Evolving Product Design 300
- The Product Definition Phase Review 302
- Summary 304

CHAPTER 13

Product Planning and Prioritizing in the Digital World 305

- Perspective 306
- Customers First 310
 - Designs and Prototypes* 313
 - Customer Value Drivers* 316
 - Verification of Strategic Fit and Prioritization of Features* 318
 - Staging Features for Development and Release Planning* 320
- Summary 325

CHAPTER 14

Execution and Oversight During Product Development 327

- The Product Manager's Role During Development 328
- Truth Mixed with Humility 330

Product Managers Must Understand Execution and Mitigate Conflicts	331
Surfacing Conflicts and Realities with “How” Questions	331
Linear Product Development	332
Managing Project Plans Helps Manage Risk	336
Progress Validation Is Essential	337
Product Testing	338
The Beta Test	340
Product Documentation	341
Managing Change and Scope: Trade-Offs and Prioritization	343
Iterative Product Development	346
<i>Priming the Pump</i>	348
<i>Kanban</i>	351
Product Managers Versus Product Owners	353
Connecting the Processes	354
Summary	355

CHAPTER 15

To Market, to Market: Launching and Releasing Products 357

Launch Benchmarking Outcomes	358
Putting the Launch into Perspective	360
The Launch Plan	361
Launch Execution	364
Executive Champions Need to Lead Important Product Launches	366
Confirm the Market Window	366
Review Market and Beta Tests—or Conduct Them If Necessary	368
Prerelease/Early Adopter Reviews	369
Product Availability Ratings	369
Provide Adequate Sales Training	370
Sales Goals and Compensation	371

Ensure Readiness of Marketing Collateral, Website, and Promotional Programs	371
Leverage Digital Marketing	373
Arrange Coverage by Industry or Market Analysts	373
Make Sure Distribution Channels Are Able to Sell and Deliver the Product	374
Ensure Readiness of Operational Systems	376
Preparing for the Internal Launch	377
Launch Metrics Must Be Assembled and Ready to Track	377
Risk Management	378
Be Willing to Recommend Go or No-Go for Launch	379
The Announcement	380
Summary	381

MODULE 4

Continuing the Journey: Post-Launch Performance Management

Introduction to Module 4	383
--------------------------	-----

CHAPTER 16

Auditing Results After the Launch	387
--	------------

After the Launch	388
Using an Impartial Auditor	389
<i>Market Window Compliance</i>	390
<i>Executive Sponsorship</i>	391
<i>Business Case Synchronization</i>	392
<i>Adequacy and Timing of Marketing Material</i>	393
<i>Adequacy of Sales Training</i>	394
<i>Reviewing Operational Readiness</i>	394
<i>Conformance to Launch Metrics</i>	395

Make Sure to Capture Lessons Learned 397

Win–Loss Audits 397

Internal Win–Loss Auditing 398

External Win–Loss Auditing 399

Assembling a Report 400

Summary 400

CHAPTER 17

Post-Launch Performance Management 401

Running the Business 403

The Importance of Measuring Performance 404

Creating a Data-Driven Fact Base 405

Data and Metrics 406

Market Metrics 407

Financial Metrics 409

Sales, Service, and Operations Metrics 410

Evaluation: What’s Happening Now with the Product? 413

Assessing the Impact of Your Cross-Functional Product Team 413

Identifying the Life Cycle State of the Product 416

Evaluating Financial and Business Data Using Product Scorecards 420

Using a Product Dashboard and a Product Health Report 428

Pricing and Product Performance 430

Updating Your Product Roadmap 431

Summary 432

CHAPTER 18

Product Portfolio Management 433

Dispelling Some Myths About Product Portfolio Management 434

What Is Life Cycle Product Portfolio Management? 436

A Portfolio Reference Model 437

The Ideal Work Structure for Product Portfolio Management 438

The Cross-Functional Product Review Board 439

A Life Cycle Product Portfolio Model	440
Methodology	444
Further Analysis: Current Products	444
Create Your Own Product Portfolio Model	447
Portfolio Decision-Making	448
Availability of Data Is Critical	449
Summary	450

CHAPTER 19

Enough's Enough! Discontinuing the Product **451**

Barriers to Discontinuation	452
The Discontinuation Decision	453
Product Discontinuation Documentation	453
The Cross-Functional Team	454
Other Types of "Discontinuation"	457
The Discontinuation Notice	458
Summary	460

Index	463
--------------	------------

MODULE

FOUNDATIONS OF PRODUCT MANAGEMENT

INTRODUCTION TO MODULE 1

Most people live in a house of some kind. Every house has a foundation and a set of systems that sustain it, creating an environment in which people can comfortably live. Product management, as you will learn, is not a job title or something that other people do. It's an element of a company's entire business model. In order to build the "house" of product management, a solid foundation is needed, as well as a working knowledge of the integrated systems that support product management. Therefore, Module 1 is about building this foundation.

Whether you are a new product manager, an experienced product manager, a product leader, or someone considering a career in product management, the topics covered in this module will give you a strong appreciation for what you need to know about product management. Furthermore, by fully grasping the importance of these foundational elements, people who

perform other business functions will gain an important appreciation for the role of the product manager, and how each person can support the product and the product manager. After all, as you'll learn, everyone ultimately shares responsibility for the success of the product. Here's a quick synopsis of the chapters included in this module:

Chapter 1—What Is Product Management? describes product management by breaking down the expression *product management* into its two basic components, namely *products* and *management*. The two pieces are then rejoined to provide you with a view of the value of product management in an organization. Furthermore, the chapter helps you understand the vital role played by the product manager in the organization.

Chapter 2—The Product Master Plan gives you the wherewithal to create your official plan of record for the product. This plan sets up a long-lived yet dynamic repository for all product documentation while serving as a communication vehicle and a learning mechanism for all members of a cross-functional product team.

Chapter 3—Leadership: Creating Influence provides you with the context for understanding the human dimension of your job. Most product managers don't have people from other business functions reporting to them. However, product managers are responsible for the success of their products. This chapter explores the people side of product management and provides helpful ideas to create a collaborative working environment—one in which all functional contributions can be successfully melded together, guided by the “vision” of the product manager in the creation and management of successful products.

Chapter 4—Leveraging Teams to Get Things Done picks up cues from the previous chapter and melds them into the primary work structure used to plan and carry out the work of the product as a business. First, it draws the distinction between a product team and a project team. Then, it provides you with the mechanics involved in clarifying roles and responsibilities so that the right team members get the work done. In the end, the cross-functional product team is the “board of directors” for the product and is accountable for optimizing the product's performance in the market.

Chapter 5—Problem Solving, Decision-Making, and Prioritizing. The theme “what’s next” appears many times throughout this book because it’s exactly what product managers face every day. Across a product’s life cycle, the product manager will be faced with situations arising day by day and hour by hour that require the assimilation of data, analytics, thought, and an action, namely, a decision. This chapter focuses on the product manager’s challenge of assessing these situations and making the best decision possible on behalf of the product, the product team, and the company.

Chapter 6—Finance for the Product Manager: Keeping Score is the last chapter that rounds out the foundational areas upon which product managers must rely to plan and run their businesses. You won’t get an MBA in finance here, but you’ll get a solid dose of financial terminology. You will also learn the financial tools and methods used to plan and manage products across the life cycle.

With this in mind, let’s start building the foundation!

1

CHAPTER

WHAT IS PRODUCT MANAGEMENT?

Executive Summary

- Product management is the “holistic business management of the product” from the time it is conceived as an idea to the time it is discontinued and withdrawn from the market.
- Product managers play a central role in product management. They are business managers. With the *mindset* of a general manager or CEO for the product’s business, they lead a cross-functional team to achieve the product’s strategic intent.
- Organizations can achieve greater levels of efficiency if everyone uses a common vocabulary when referring to practices, processes, and documents.

The Introduction indicates that product management is the pivot point of successful business. As I mentioned, the role of product management as a *functional discipline* in a company is poorly understood, and its associated practices are inconsistently applied. Before offering a remedy for this

situation, I will first explain precisely what I mean by product management. First, I will break down each of these words, *product* and *management*, and analyze their meaning. Then, I will define product management from a holistic perspective.

You will master the “how” much more quickly when you comprehend the overall context of the discipline of product management. Just like the assembly-disassembly demonstrations that apprentice mechanics are shown before learning to repair an engine, this chapter offers a rapid, break-down-and-reassemble orientation to product management. Three questions must be answered to completely define product management:

1. What is a product?
2. What is management?
3. What is product management?

In this chapter, each of these questions will be explored in turn.

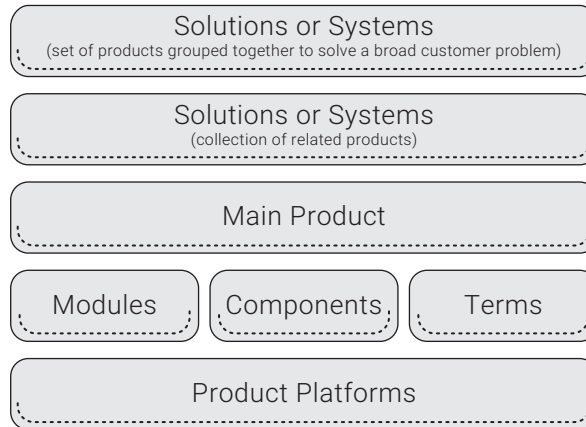
QUESTION 1: WHAT IS A PRODUCT?

A product is anything that’s sold. Products are bundles of attributes that help a person (customer or user) do something. A product “functions” or “works” in some way, enabled through features, technologies, and so on. A product can either be tangible, as in the case of physical goods, or intangible, as in the case of those associated with service benefits. A product can also be software that drives an application (as in a mobile device, or something that helps a large enterprise)—or any combination. Webster’s online dictionary indicates, “A product is something that is produced.”

These definitions are a good start, but there is much more to the story. Within a business context, a product is not always a single, stand-alone item; instead, within most companies, there is a taxonomy of products and services. A product may be part of another product or product line, packaged with a group of products, or offered as a solution or system to meet broad sets of customer needs. Products and product lines are usually part of a larger product portfolio—either in a single firm, in a business unit, or in a division of a larger company. Alternatively, products can be broken down into product components, modules, or terms (as in a credit card or insurance policy). Products may be built upon product platforms or product architectures. In order to visualize this taxonomy, consider the model shown in Figure 1.1.

FIGURE 1.1

The Product Taxonomy



It goes without saying that products are created by businesses and sold to customers. As I'll explain in a later chapter, customers can work inside of a company as in a business-to-business, or B2B, model. Some companies sell products directly to consumers as in a retail store or online in a business-to-consumer, or B2C, model. Businesses can also sell products to other businesses that then sell to consumers (business-to-business-to-consumer, or B2B2C). Some of these products are merely resold to end customers, while others are sold as parts of products.

Think of how an automobile parts manufacturer sells parts to an automobile company. The auto company is like an assembly business; in most cases, it doesn't even manufacture any of the parts. Auto companies sell to dealers (other businesses), who ultimately sell to consumers or other businesses.

Product Lines

Frequently, companies collect a number of related products into *product lines*. Very few companies carry isolated, one-off products. A product line, depicted in Figure 1.2, is a grouping of products geared toward similar markets or solving a particular type of customer problem. Typically, products within a line serve similar markets or can be produced via similar methods. In effect, a product line is a small product portfolio. For example, BMW Group has several different automobile product lines: the Mini brand, the

Rolls-Royce brand, and the BMW automobile brand. The BMW Automobile Division has several cars in its product line. These product lines are depicted in Figure 1.3.

FIGURE 1.2

Product Line Hierarchy

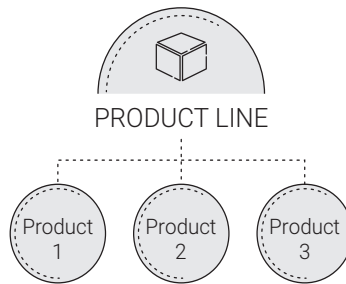
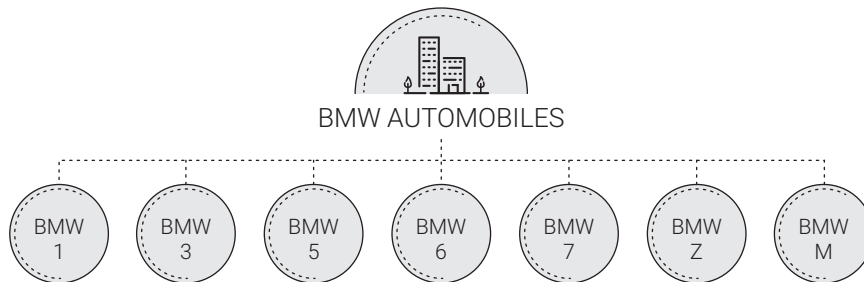


FIGURE 1.3

BMW Automobile Product Lines (source: www.bmw.com)



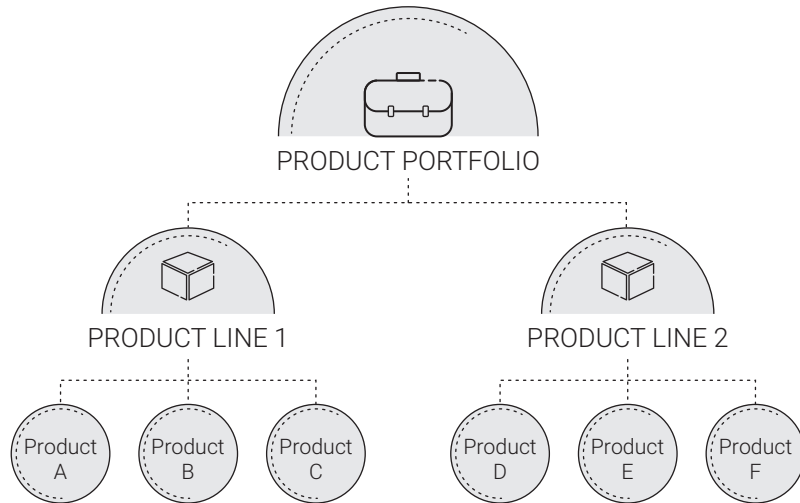
Product Portfolios

A product portfolio is the set of all products, product lines, or other groupings within a business unit or business division. Portfolios can include existing products, which may be at various phases of their own life cycles, as well as incoming products (those anticipated, actually in development, or in the launch phases). In smaller organizations, a single product or product

line may in fact comprise the entire portfolio. A visual example of this type of product portfolio is shown in Figure 1.4.

FIGURE 1.4

General Product Portfolio Structure



In most firms, several products and product lines are grouped together to make up a product portfolio. Common approaches to organizing product portfolios include the following:

1. *The markets on which the products focus.* For example, a medical device firm may group a set of product lines—hearing aids, reading glasses, and motorized wheelchairs—into a “seniors” portfolio.
2. *Types of products produced.* In this case, a toy company might have a bicycle portfolio made up of three lines: tricycles, mountain bikes, and BMX bikes.
3. *Broad functional themes.* This structure is used by many technology firms that want to create tight linkages across the organization to minimize duplication and encourage collaboration. For example, a firm could be organized into three main areas: hardware, software, and professional services.

4. *Types of materials or development methods used.* An example of this organizational approach could be a cookware company that divides its product lines according to the type of metal used: cast iron, copper, and aluminum.

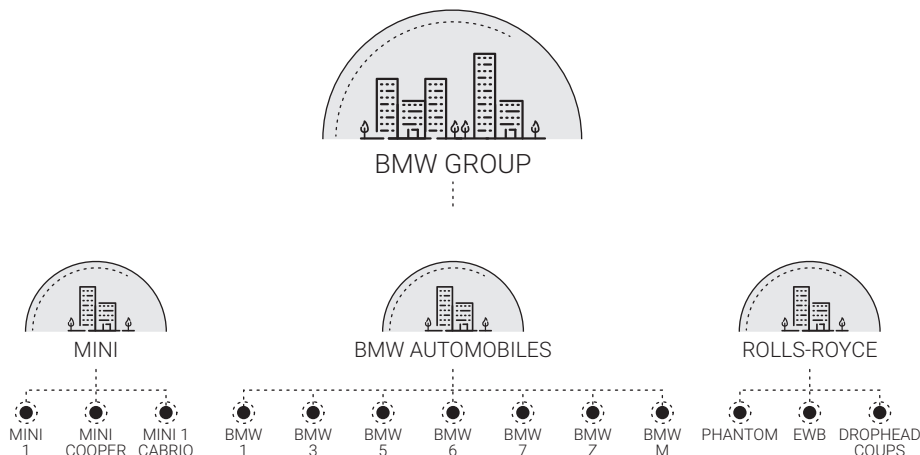
The choice of organizing principle for a product portfolio will vary widely from company to company. In some instances, one product line may be assigned to two different portfolios at the same time. For example, a major computer equipment vendor has a secure server product that sits both in the security portfolio and the multiprocessor computing portfolio. Ideally, this would not be the case, but in some instances this kind of dual assignment makes sense.

Product portfolio management and the related activities of portfolio optimization and balance are an important part of the strategic planning and strategic management of an organization, whether that organization is a company, business unit, division, or product line. The topic of product portfolio management is covered in more detail in Chapter 18.

Extending the previous example, Figure 1.5 shows BMW Group's portfolio of automobile lines. BMW Group also has a financial services division, a motorcycle division, and a retail division. All of those divisions comprise the entire BMW Group portfolio.

FIGURE 1.5

BMW Group Automobile Portfolio (source: www.bmwgroup.com)



Solutions, Bundles, and Systems

Related products and services will sometimes be grouped into solutions, bundles, or systems. Solutions are fairly intricate because they solve complex problems, often have a high degree of integration, and usually require customization for a specific customer type or industry application. An organization that focuses on solutions should be structured to support solutions-based sales, marketing, delivery, and postdeployment services.

Companies that effectively organize for a solutions or systems business may utilize a solutions marketing group or even a professional services unit. These people can stay “close to the market” or be intimately involved with a particular customer. Optimally, this enables the discovery of opportunities that bring together the needed products, technologies, and services, whether sourced internally or externally. There is typically a large consultative aspect of every solution sale.

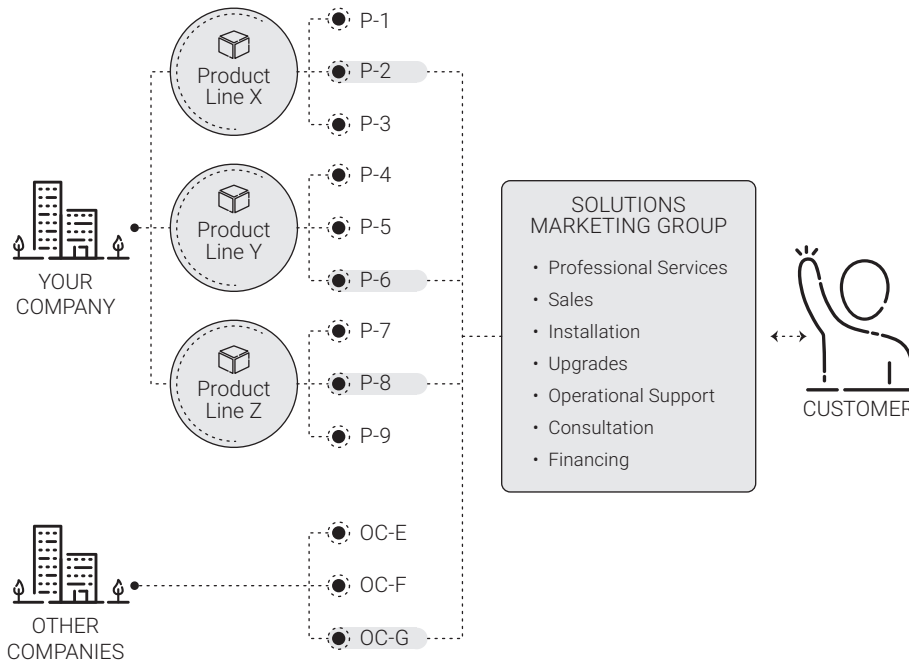
The term *solution* is sometimes used inappropriately. In principle, *every product should be a solution to some problem*. If you assume that every product is really a benefit-filled solution, then every company is really in the solutions business. However, in reality, grouping products together when they don’t solve a customer’s problem from start to finish is merely the act of *bundling*. If a company wishes to sell a bundled solution, customers will eventually discover a weakness in one or more of the components and look for another way to solve their problems. There is a quick and easy way to determine whether a given solution is actually a bundle. In a B2B setting, if procurement people can pick the offer apart to shop the individual components, it is a bundle.

Bundling can, at times, represent an appropriate strategy, but bundles held out to be complete, seamless solutions might create excess overhead for the organization. Companies should avoid adding overhead with a solution that doesn’t increase profit or add value for the customer. Bundles do not generally contribute much to product profitability, so they may be more trouble than they are worth.

Figure 1.6 provides a conceptual snapshot of a solution in a B2B environment. In this case, several internal product lines and a product from an external company are assembled, to which value-added programs are supplied, such as consulting and operational support. The package adds value for customers because it offers the full range of problem resolution, including diagnosis, solution recommendations, implementation, and integration. The components of this solution cannot be shopped separately, so it is a genuine solution.

FIGURE 1.6

How Solutions Are Structured



Product Elements and Modules

Another key distinction in the definition of products is the idea of product elements or modules. For tangible products, these are product components that may be treated as “black boxes” inside the product. For example, if an appliance company buys electric motors from another firm in order to manufacture appliances, then the motor is a product element. If the motor is mounted in a larger housing with a wiring harness, then that could be called a “power module” or some equivalent expression indicating that it is a subassembly as a part of the product.

If another division supplies a product with a complex part at a suitable price, it may not be worthwhile to break down the part into individual components. For example, when developing software, modules of the code could be sourced elsewhere and then linked together later. There are also *intangible* modules, which might include features or terms. A bank’s credit

card line, for instance, may treat features, terms, or conditions as product elements. Whatever these modules, elements, or subassemblies are, they are building blocks of a product that may require individual product management oversight of their definition, design, and integration with a larger product or solution.

Platforms

The last piece of the product puzzle that needs to be defined is the product platform. The platform represents the underlying foundations, technology frameworks, base architectures, and interfaces upon which products are built. The platform provides commonality so that a higher degree of standardization can be achieved across a portfolio. This standardization contributes to larger economies of scale and greater flexibility in designing products so that the company can meet the needs of different market segments or customers.

It's common knowledge that, either because of competitive necessity, design flexibility, or needed scale economies, automakers have embraced the platform concept. They are now rationalizing their platforms in search of greater efficiency as they expand globally. The degree to which firms share parts and other product elements or modules (e.g., motors for electric windows, speedometers, and other components) across their platforms is phenomenal.

Many firms with both hardware and software platforms have figured out how to master parallel development. Once the hardware platforms are developed (e.g., Apple iPhone), software updates are easier to deploy. Consider how iTunes serves as a backbone for that platform as software updates are made across multiple devices.

In their book *The Power of Product Platforms*, Marc Meyer and Alvin Lehnerd state: "Product platforms must be managed. If a platform is not rejuvenated, its derivative products will become *dated* and will fail customers in terms of function and value. If a company's platforms are renewed periodically . . . redesigned to incorporate new functions, components, and materials, the product family will remain robust through successive generations." They go on to say, "Robust product platforms do not happen by accident. They are the result of a unique methodology and of strategies for designing, developing, and revitalizing them over time."

Platform usage can be problematic for some large companies that have grown through mergers and acquisitions. Issues can arise when platforms are so complex (and old) that they are difficult to merge into a unified platform.

Large banks, for example, may have many different platforms for processing credit card transactions or for managing deposits. If you contact a large banking company's call center, you may be asked about the state or region in which you live, so the representative knows which system to access.

QUESTION 2: WHAT IS MANAGEMENT?

Thus far, I've focused on products: I defined the different kinds of products and product offshoots, whether they are product lines, product elements and modules, platforms, solutions, or the product portfolio.

The second major part of this discourse on product management focuses on the art of management itself. The word *management* derives from Latin: *manu agere*, or "to lead by the hand." In most books about management, definitions generally include the usual cycle of business elements:

- Setting goals
- Directing human and financial resources
- Assessing outcomes
- Reassessing and/or resetting goals

In product management, the person in charge is the product manager. However, considering the multifaceted definition of *product* established earlier, it is not safe to assume a one-to-one relationship between product and product manager. While that model may hold true at some organizations, a product manager can be partly or wholly responsible for all or part of a product platform or architecture, a module or series of modules, a single product, a product line (a small product portfolio), or several product lines (a larger portfolio).

What Is a Product Manager?

The product manager is a business manager, appointed to think and behave in much the same way as a CEO or general manager might. Much has been debated about this definition. To be clear, product managers are *not* CEOs because they do not hold that kind of positional authority. However, consider the mindset of a CEO or a general manager. I'll discuss this further in Chapter 3, "Leadership: Creating Influence."

What Does a Product Manager Really Do?

It is an accepted principle that product managers bear responsibility for everything under their purview (e.g., the range of operation, authority, control, or concern). This is an awesome level of responsibility and assumes the product manager has a number of distinct competencies. Although these competencies cannot be perfectly honed down to a finite number of abilities and expectations, there are some specific practices (things you need to do) that, when done well, will not only get your job done properly but also earn you credibility and enhance your stature—and contribute greatly to your success as a business leader. I'll expand on many of these topics throughout the book, but I want to summarize these important characteristics here:

- *Segmenting markets, identifying target customers, and garnering customer insights.* There is no business without customers, and it's up to the product manager to understand who customers are, what they do, and why. Product managers must be able to characterize customers into logical groups (segments) of people with similar needs, or by other means (as in demographics, geography, etc.). By understanding these breakdowns, they're able to identify trends, preferences, and behaviors so that needs or problems can be uncovered. Products address and solve needs, so if the customer is mistargeted and not properly identified, the product will likely fail.
- *Assessing the industry and competition.* You may be able to characterize customers and segments, but your competitors are doing the same thing. If they find a way to solve a problem or address a need that's better than your product, or they have a more unique message or a more appealing design or user interface, they'll win and you'll lose. No one wants to lose, so product managers must track goings-on with competitors and assess how their products compare to the competition. Furthermore, the industries (sectors, verticals, etc.) within which your company (and competitors) operate have their own characteristics—which must also be tracked and analyzed. Without these bearings, as well as relevant customer insights, you'll quickly fall behind.
- *Formulating product strategies.* Establishing a vision for the product and crafting a path to the future rests with the product manager. Product managers must always align the strategies for the product

with those of the company in which they work, and interlock as needed across the constellation of products within the company's portfolio of products.

- *Integrating and synchronizing.* Across the life cycle, the work output of many people performing a wide range of functions must be orchestrated to achieve a common goal (the completion of a new product, the upgrade of a current product, or any initiative to improve the product's business or market performance). In order to deliver results and positive outcomes, product managers must be able to see the big picture; they must also be able to "connect the dots" among all aspects of the product's business.
- *Influencing others.* There is a distinct difference between managing and leading. Managing implies explicit authority over individuals. Leadership, on the other hand, means you must convince those individuals to follow your vision. Influence today also extends across formal and informal social networks, both within and outside your company. Who you are, what you say, the positions you take, and the degree to which you engender trust fall under the umbrella of influence.
- *Leading cross-functional product teams.* Product managers cannot have their eyes on everything about the product that's important. Thus, they need the help of many people, including those who bring specialized expertise from diverse areas and functions. Utilizing these skills and perspectives is critical to the product's success. The product manager organizes and leads a cross-functional *product* team composed of people who can perform the tasks necessary to achieve success for the product. In addition to leading the team, the product manager must be able to facilitate discussions and debate, mediate conflict, and nurture a collaborative, "functional" cross-functional team that can ultimately act as the board of directors for the product.
- *Solving problems and making decisions.* Product managers must continually strive to make better, data-driven, informed decisions in near real time at every point across the product's life cycle. They must establish fact patterns and trails of evidence, very much the way lawyers do, to drive decisions and influence others.
- *Using financial tools to prepare plans or budgets and analyze variances.* Planning for product profitability (using forecasting

techniques, pricing strategies, etc.) and assessing the financial and business contributions of current products is one of the most important dimensions of your job. Companies invest money in products, and these products are expected to yield a positive return to the business. Product managers should be expected to fulfill the responsibility of planning for profitability; therefore, they (and their teams) need a solid understanding of the financials.

The Product Management Life Cycle Model

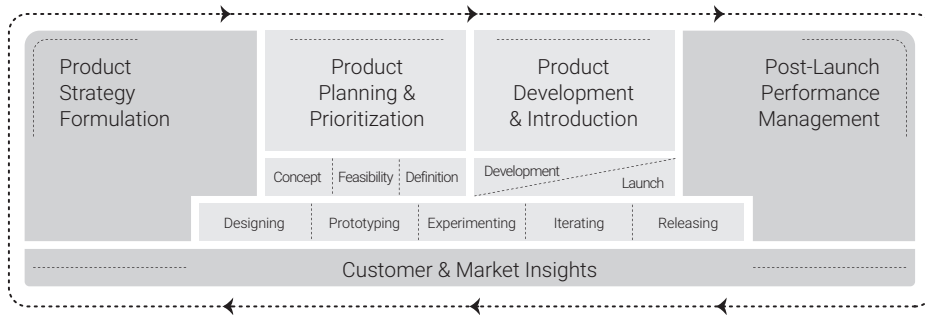
These key points cover the general breadth of responsibility for any product manager. However, not all product managers do all of the same things at the same time. First, your skills and experiences will shape your perspective and even the credibility you earn with your peers and other leaders. Second, like any practitioner, it takes practice—a lot of practice—to achieve excellence. I often say, “You can’t make an appointment with experience,” so you have to be alert to what’s expected, and be able to throttle the right action at the right time. That’s a tall order for anyone who aspires to be promoted into higher levels of business or product leadership. With this in mind, I want to explain why the Product Management Life Cycle Model is so important, and how you can use it to create a blueprint for managing your product (or products) as well as your own professional development strategy.

The Product Management Life Cycle Model (Figure 1.7) is a representation of a product’s business from beginning to end. It provides a holistic view of what’s involved in the business management of a product. Out of necessity, *the model is a linear, progressive, and static depiction of something that is actually three-dimensional, recursive, and dynamic*—but for most purposes, it’s a useful approximation. I say this because many people refer to a “product management process” as if it’s one set of things to do. It’s not. Instead, think of it as a meta-level grouping of processes and subprocesses, as represented by broad areas of work. These include:

1. Customer and Market Insights
2. Product Strategy Formulation
3. Product Planning and Prioritization
4. Product Development and Introduction
5. Post-Launch Performance Management

FIGURE 1.7

The Product Management Life Cycle Model



Here's a way to think about the issue of a linear versus dynamic perspective you'll need to adopt. Let's say you've assessed your customers and feel certain that the needs you uncovered are valid, and then you shape your strategy around them. From this, you might begin working on some user stories or requirements, and perhaps even create a rough prototype or drawing. Taking it further, if you share your work with customers to secure their opinion, or uncover that a competitor is already doing similar work, would you make a different decision about what to invest, or even how to adjust your strategy? If you rigidly adhere to your strategy despite new information, your product will likely hit a dead end. Therefore, you might just need to tweak your strategy and consider other options. Hence, you're going back and forth, almost like you're editing a book. *The Product Management Life Cycle Model represents a way to think about all the moving parts of your product business and reveals the overarching instrumentation you need to assess customers and markets, formulate strategies, shape your product investments, develop and release your products, and manage them once they're in the market.* Now, I'll summarize the main "areas of work" in the model, which will set up the context for what's to be discussed in detail in later chapters.

Customer and Market Insights involves researching, understanding, and generating conclusions and insights. Notice that this "box" runs as an undercurrent to everything else in the model! This is important to comprehend because markets are dynamic, and your decisions about what you do and what you don't do are informed by how you assess what's going on and pivot as needed, regardless of where you are in the life cycle of a product's business.

Here, you're tracking customer needs and preferences, soliciting input on possible designs, assessing industry trends, and figuring out what your competitors are up to. Your job in this area is to ensure that you and your team are alert to these dynamics and act accordingly.

Product Strategy Formulation refers to the work done to assess the business (past and present), synthesize a vast trove of business, financial, and market data, and cast (or recast) a vision for the future of the product's business. From the vision, goals or targets are determined and investments aligned around initiatives that contribute to the firm's future success.

Product Planning and Prioritization serves as a backdrop for decision-making. It characterizes assessments made by product managers and their teams to figure out what to work on and why. Product managers leverage tools such as business case, product requirements, user stories, and other tools to plan futures and features.

Product Development and Introduction covers the involvement of product managers in overseeing the development of any new or enhanced product. It involves ongoing prioritization of features or feature backlogs and scope management. It also covers the ongoing verification of work being undertaken by development, including customer validation and product testing. It also covers work done to establish release or launch cadences to ensure that products are available to customers as planned.

Post-Launch Performance Management refers to the ongoing strategic and tactical optimization of the product's business, as well as resultant contributions to the firm, for products that are in-market. In this area of work, attention is paid to data collection, assessment of performance metrics, and situating the product on the life cycle curve. Product health reports and other tools enable product managers and their teams to determine how to track performance and consider ways to optimize the product's business. These might cover improvements to the product, enhancements to the customer or user experience, and adjustments of prices, advertising, and even channels from which products are secured by customers. In this area, a premium is placed on team leadership and the collaborative skills of product managers in the encouragement of efficient, rapid communication among team members.

As a reminder, you can download the latest version of the model when you visit sequentlearning.com/community.

QUESTION 3: WHAT IS PRODUCT MANAGEMENT?

Neil Hosler McElroy was an executive at Procter & Gamble in 1931 when he wrote a memo that set the foundation for the role of the product manager. (He served as president of P&G from 1948 to 1957.) While he used the term “brand men” at the time (that title would certainly not be appropriate in our modern age), he was prescient in his belief that these people should be able to do the following:

- “. . . Study the territory personally at first hand—both dealers and consumers—in order to find out the trouble.
- “. . . Develop a plan that can be applied to this local sore spot . . . not simply to work out the plan but also to be sure that the amount of money proposed can be expected to produce results at a reasonable cost per case. . . .
- “Prepare sales helps and all other necessary material for carrying out the plan. . . .”
- “Keep whatever records are necessary, . . . to determine whether the plan has produced the expected results. . . .
- “Experiment with and recommend wrapper revisions.”

In a nutshell, McElroy wanted to improve the oversight of Procter & Gamble’s ever-expanding consumer products business. The concept of product management and its myriad interpretations has permeated the core of product and service companies around the world. It has long been a challenge for businesses to unify the disparate activities performed by people in different business functions under the umbrella of product management.

So what is product management? Based on the answers to the first two key questions, *Product management is the business management of products, product lines, or portfolios, holistically, for maximum value creation, across their life cycles.* Managing products is akin to managing small businesses within bigger businesses. Sometimes an organization has one product; sometimes it has several. You will see references to the expression “product as a business” quite often throughout this book.

Product management is, at its core, a model for a business organization. There's no better way of looking at this than through the lenses of the Product Management Life Cycle Model that I described earlier.

In essence, product management alters the genetics of the organization up and down as well as across business functions. Firms that employ this model focus on the identification of customer needs, segment trends, and other market movements. This market-first, outside-in viewpoint will increase the likelihood of producing better business results and optimizing the value of the product portfolio. As mentioned earlier, implicit in this view is the fact that the business benefits when products are treated like investments in a portfolio of businesses (products), allowing for a more granular approach to strategic product planning. With this approach, the products become the building blocks of the organization.

As I wrote in my book *Managing Product Management*, "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." Does this statement imply that product management supports the entire organization? No, not at all. Product management is genetic; it touches and influences all the organic supporting structures—all the business functions. Think of the human body: product management is in the genetic material; it's in the skeleton; it's in the circulatory system, the neural network, and, of course, the command and control center—the brain.

All actions of the body work together, holistically, toward a single goal: homeostasis, or balance. Therefore, everyone in the organization is (virtually, if not literally) in product management in some way or another, and everyone needs to understand the roles, responsibilities, commitment, and deliverables that make the business, like a body, work properly.

Product Management: A Holistic Activity

All aspects involved in the life of a product, as depicted by the Product Management Life Cycle Model, do not have clean edges. Some areas within the model blend into others; all are connected. Best practices, such as those associated with customer and market insights, are active across the entire life cycle. Tools and techniques morph as well, and even best-in-class documents tied to a particular point in time have elements that touch everything,

from beginning to end, so that they become living, breathing documents. In fact, product management creates a business that's alive and vibrant! *Product management is really the interconnected living system of business.*

While the Product Management Life Cycle Model does help establish a clear line of sight, creating fantastic products is not a linear or easy process. Any real business and market environment is dynamic, with many important things active at the same time. Decisions made now affect future elements of the life cycle; a seemingly small change in any given moment can make a world of difference later. Learning along the way that changes what's undertaken at any point in time can be echoed across the entire life cycle.

There are times when certain actions or pieces become more important, times when other parts are dynamic, and even times when one or more elements of the product environment must absolutely be static and stable. The product manager simultaneously manages each of these pieces separately yet also manages all of these pieces together, holistically, in harmony. And that is the ultimate definition of product management.

SUMMARY: WHY PRODUCT MANAGEMENT MATTERS

In my book *Managing Product Management*, I placed great emphasis on the fact that product management should not be considered a passing fad, something nice to have, or the strategic imperative of the year. In the modern world, businesses compete on a global scale, and competitive forces are relentless. About a quarter of the firms that I study do an exemplary job of product management, and about one-third are headed in the right direction. The remainder of firms have a lot of work to do to properly implement product management practices.

While product management is on the organization chart in many companies, the roles and expectations of product managers tend to vary widely. In my experience, a lot of the confusion in this area stems from people trying to figure out product management on their own. They develop an approach based on their own operational or functional paradigms, which very often leads to inconsistent, ineffective business operations.

When product management isn't properly chartered, aligned, or scoped, people have to work harder to achieve the same goals. Therefore, product management must be established in organizations as a core capability, and organizational models must be altered to support the function of product management and to effectively utilize the capabilities of product managers.

With this in mind, here is why product management matters:

- Product management provides a framework for consistency in the use and governance of key business practices across the organization.
- Product management is uniquely situated as the only “horizontal” business function that serves to integrate and synchronize the work of others across the organization.
- Product management serves to align cross-functional leaders around the business of the product, not their own functional agendas. In other words, product management breaks down functional silos!
- Product management, and the use of the Product Management Life Cycle Model, sets the stage for continuous improvement of all business practices that support or enable product management and the work of product managers.

2

CHAPTER

THE PRODUCT MASTER PLAN

Executive Summary

- All product managers need a unified “plan of record” for the product or product line for which they are responsible. This plan of record should be housed in a central repository and easily accessed by all team members.
- A Product Master Plan is the centerpiece meta-document that houses all product data, information, and documentation.
- The Product Master Plan is the true repository for those who work in organizations where people may come and go while the product lives on.

One of the questions I often pose to participants in workshops or to product managers during diagnostic interviews is this: “When you started your job as a product manager, what resources were available to you to help you get your bearings and to find out what was going on with the product you inherited?” The usual answer is that there was little, or nothing, “on the shelf.”

The purpose of this chapter is to furnish you with a useful tool and introduce you to a methodology. It will help you learn which documents and

information you need in order to efficiently manage your product. It also emphasizes the importance of having a single place to keep your documents, templates, and other pertinent product business information. Ultimately these will become historical records for future product managers who may inherit your product.

THE PURPOSE OF A MASTER PLAN

When a state, municipal government, or university wants to establish a plan for facilities, human resources, equipment, thoroughfares, housing, or other elements of its infrastructure, “crisis mode” planning really cannot hold up. Devising a grand vision for a new community center, a major park, or a larger police force will not make it happen. What is needed is a complete strategy—one that covers near-term tactical plans plus long-term plans that often stretch decades into the future. Regardless of how well the strategy is conceived, every well-run municipality has a rigorous system or method to capture these plans and documents. This document repository and its archives serve as a plan of record for current and future activities. This collection of plans and information for a municipality, government, or institution is called the Master Plan. For the product manager, it is called the Product Master Plan. The content of the Product Master Plan serves as a mirror into the past, a bookmark for the product as it is currently situated, and as a roadmap to the future.

This plan of record is particularly important because so much is always going on. If you’re busy implementing year two of a five-year plan, it’s easy to forget that year three is coming and there are things to do ahead of time. Unless you keep good records, it is also easy to forget that you already solved a year-four problem back in year one, and, therefore, not to budget for it again.

Note that *the Product Master Plan is not the strategy*. Many government development programs have a life span far beyond that of a single individual or administration, but the strategies may change with each election. So how do these projects and programs ever get completed? Obviously, long-range programs get completed because the previous administration not only did its homework but also captured that homework in a repository for the next officials to inherit. The content of that repository is what makes up their Master Plan.

At the end of an implementation cycle (which could be a fiscal year), the Master Plan is updated, filed, and archived—never discarded. It needs

to be available so that future generations of employees, residents, students, or historians—or anyone for that matter—can look back to see how the organization, institution, or municipality evolved over time. They can use it as a learning mechanism or as a way to communicate. They may even come back to it to implement some phases or activities that were never completed due to budget limitations, turnover, or unexpected changes in priorities.

Most organizations have some formal plan of record. Publicly traded companies should have one because they are not only accountable to their shareholders but also obligated to fulfill corporate governance guidelines. These larger plans are usually an amalgam of the more strategic and tactical plans, as well as outcomes that guide the organization through a given fiscal period. Product Master Plans may also include the “official” visible plans used to communicate to shareholders, stakeholders, and other entities that have a vested interest in the success of the company, even if they don’t contribute directly to the day-to-day operation of the firm.

Plans Change

The Product Master Plan is a living, evolving collection of information. It can include plans, documents, and other artifacts relevant to the product’s business. Let’s face facts: plans are just that—plans. They change as new information and new events enter the picture. When changes take place (strategies shift, customers change, etc.), the Product Master Plan is simply updated to accommodate new information.

Although plans may change, a well-thought-out plan is generally less likely to be overcome by events than is a top-down plan that responds only to the most necessary elements of corporate planning. For example, a company requires forecasts and budgets. If that’s all some managers provide, they stand a much greater chance of being viewed as “unsuccessful” by the boss compared with those who have a robust Product Master Plan that includes the best supporting documentation they can put forward. And if they have a plan of record that’s at least fairly comprehensive, they are light-years ahead of peers who have no plan of record at all.

This is very significant for your career and for the success of your product. When you are the “go-to” person with the “well-oiled product machine” that’s “highly visible,” you may reduce the chances that you or your product will face catastrophic cutbacks. But even if you aren’t able to fight off a

workforce reduction, documentation has value for your professional stature as a product manager—and for your own integrity and reputation.

When organizations eliminate experienced professionals, they lose mentors and coaches who take with them many years of experience and organizational learning. Virtual teams, turnover, and other factors contribute to the need for stronger documentation. This sometimes conflicts with observations I've made where leaders urge less documentation in exchange for speedier product development. At the end of the day, *if you want to be recognized as a committed, professional product manager, you must take, keep, and share good notes*—which means a strong, well-documented Product Master Plan.

THE FORMAT OF THE PRODUCT MASTER PLAN

The Product Master Plan is not a long deck of presentation slides. When I work with clients' product teams, I often ask them to produce documents like Marketing Plans, Business Cases, Product Strategies, and so on. These are typically requested as formal written documents and are ideally agreed upon by leaders of the various business functions that have a vested interest. Over the years, I've asked various stakeholders to provide evidence of specific documents. At times people have been unable to produce any such artifacts. Other times, they offer something incomplete or provide a reflection on the work of various people that lacks a cohesive story line and appropriate context.

You cannot capture critical product management thought processes, arguments, strategic thought, and other important data in a presentation deck. Yet because everyone is in a rush to get jobs done, slides become the default. Oftentimes, there's a lack of backup data.

A product manager in a large pharmaceutical company once expressed the following (paraphrased) lament:

I came into this job after three years in the field (sales). It took me six months to figure out what was going on and another six months to be productive. . . . I just didn't know whether I was doing the right things right or the wrong things right. . . . There's no one to learn from because everyone has the same issue. . . . I can't wait to finish this and get back into the field.

The Product Master Plan represents the “must-have” platform to establish plans of record for a product organization and the cross-functional team driving product success.

THE VALUE OF A PRODUCT MASTER PLAN

An appropriate (proper and sufficient) amount of documentation for the planning, development, and management of a product is critical to the product team’s success. Notice the word *appropriate*; it is an important distinction. Having the appropriate amount of documentation helps to capture the product’s business goals, clarifies roles and responsibilities, and serves as an archive for the product across the life cycle. A Product Master Plan is the perfect holding document—the meta-archive or master control plan for any product.

While the product manager should have a broad degree of control over the repository, all team stakeholders must be familiar with the content of the Product Master Plan. Depending on the organization, key members of the cross-functional team should have access to the latest revisions of key documents, templates, processes, or other information and be notified of updates. However, there may be some exceptions. For instance, there may be personal workspaces and/or collaborative areas where permissions are granted only to some team members. Or, there may be other areas where confidential information is kept with limited access. It’s up to you, your team, and management which areas are visible or available.

A single-source, up-to-date Product Master Plan is the best way to ensure consistent knowledge across the cross-functional team and beyond because the product manager, as primary steward of the Product Master Plan, should be responsible for dissemination of its contents and any changes that are made.

In addition to the earlier arguments, some of the key benefits of a Product Master Plan are as follows:

- It’s the perfect communication platform among cross-functional product team members because it serves as a standard way to capture their commitments, both to the team and to each other.
- It is the ideal archive for major product-related documents such as strategies, Business Cases, Marketing Plans, financial documents, and project plans.

- It can be constantly updated so that any team member can quickly sort out the current state of the product, which is especially useful for existing products.
- It is a learning mechanism for new product managers and other team members.
- It is a great continuity tool. Accumulated wisdom shouldn't be ignored. Families and tribes have practices, rules, and traditions that pass from generation to generation, sometimes for centuries. Cultures have memes, and societies have laws, myths, legends, and superstitions. All of these, however silly or apocryphal they may seem, transmit at least a little wisdom and a lot of continuity. With enough care, the Product Master Plan can act as this "tribal knowledge" from one "generation" of product managers to the next.
- It is a perfect tool to build a "community of practice" among product managers in your firm because it contains information about process usage and performance management and inspires organizational learning in general.

The value of the Product Master Plan cannot be overemphasized. The Product Master Plan can be, and should be, the nucleus of document, process, and other information related to the product's business. It is so fundamental to capturing the work efforts of a product team that it usually serves as the actual glue of the cross-functional product team.

AN INSURANCE POLICY FOR CONSISTENT COMMUNICATION

Document confusion is one of the key sources of inefficiency in organizations. While the documents mentioned in this book are named generically, each organization should create and maintain a consistent document library and applicable vocabulary. Each company or industry may have a standard nomenclature for some of these documents. Most of the documents held within the Product Master Plan are representative of the plans and activities being carried out by product managers or other cross-functional team members. There are some standard document names, including Business Case, Product Strategy, and Launch Plan. Other documents may be referred to by a dozen different names. To achieve the goal of having a common set

of documents, you need to use each document's name consistently, making absolutely sure it is properly described so that anyone can understand it.

THE BASIC CONSTRUCTION OF THE PRODUCT MASTER PLAN

The diagram shown as Figure 2.1 can be used like a table of contents for a Product Master Plan. The Product Master Plan is divided into the following main sections:

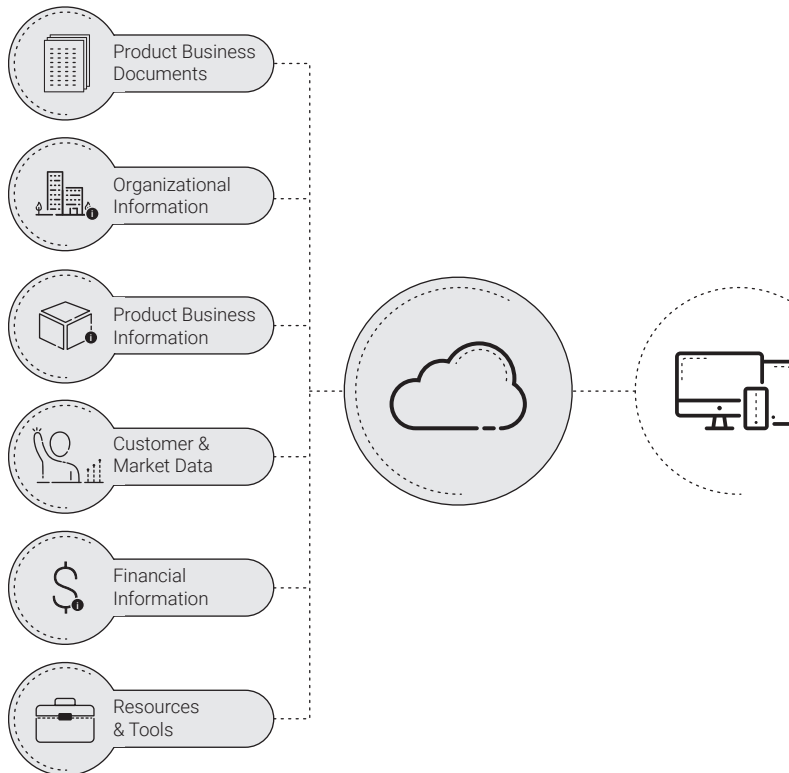
1. Product Business Documents
2. Organizational Information
3. Product Business Information
4. Customer and Market Data
5. Financial Information
6. Resources and Tools

A discussion of each of these major items follows. Aside from these, however, there are many items shown in Figure 2.1 that you should consider including in your Product Master Plan. I've also provided a table in Figure 2.2 to visualize the possible organization of the content. It's always a good idea to create easy-to-understand navigation in your Product Master Plan repository.

PRODUCT BUSINESS DOCUMENTS

This section lists and discusses the primary documents that most product managers will rely upon. There may be others that are used in your organization. I look at these main documents as fundamental to any product's business, regardless of life cycle state. You may find that there are many other product documents that are relevant to your company; be sure to include them too. In later chapters, these documents are discussed in more detail, including how each should be constructed.

- *Product Strategies and Roadmaps.* Strategic plans and resultant product roadmaps represent the combined efforts of the cross-functional team to chart a path forward for products in the market. Successful organizations create, carry out, and modify their strategies on an ongoing basis.

FIGURE 2.1**The Product Master Plan**

- **Business Cases.** The Business Case is the document used to clarify and justify investments for new products, product enhancements, and new market expansion. If these documents are not archived, future product managers and interested others will never know the Business Case history for the product. To put it simply, they won't know what you were thinking and why—especially if they are trying to assess a product's performance years into the future—when you aren't there to explain.
- **Product Definition Documents.** All products have their foundations in solving customer problems and meeting customers' needs. Product Requirements Documents (PRDs) or libraries of epics and user stories need to be organized for easy access, reference, and updates. In some software development environments, you might want to maintain a

FIGURE 2.2

Summary Organization for the Master Plan

Product Business Documents	Organization Information	Product Business Information	Customer & Market Data	Financial Information	Resources & Tools
Product strategies & roadmaps	Product team contacts	Product descriptions	Segmentation models	Product scorecards and analyses	Templates & tools for product managers
Business cases	Organization charts	Product catalogs, codes, & price lists	Customer research (observations, surveys, UX)	Product P&L and related reports and analyses	Document guidelines
Product definition documents (PRDs, epics/user stories)	Team operating protocols and guidelines	Supporting systems	Industry and competitive data and analyses	Financial KPIs	Procedures & methods
Launch/release plans		Win-loss reports	Marketing materials and programs	Balance sheet items for the products	Job descriptions
Discontinuation documents		Post-launch audit reports		Financial budgets and forecasts for products	
Service and support plans		Decision reviews and meeting notes		Product costing	
Functional support plans					

repository of feature backlogs and other related information. Product design information such as visuals, blueprints, sketches, and the like should also be placed here. There may be other tools that are used by your company to house this tactical information. Notes and links to these other internal sites should be made available.

- **Product Launch or Release Plans.** Launch plans establish a product's path to market. A launch plan requires the alignment of many people who play important roles in the organization, such as sales, marketing, customer service, and operations. The launch plan links the strategy to specific "go-to-market" activities, processes, and events that will ensure the product achieves its desired strategic, business, and financial objectives. In some firms, as with your definition documents, you may have separate systems or tools for your releases, so ensure these links are kept up to date.

- *Product Discontinuation Plans.* Product managers invariably encounter products that have reached the end of their life cycle. For any product that must be brought to its conclusion, a Product Discontinuation Plan serves to guide the product team in the proper procedures and protocols to decommission the product and the infrastructure that supports the product.
- *Product service support plans and documentation.* The documents that customers or trainers may need for operating, installing, administering, maintaining, or using a product may include instruction manuals, online help guides, maintenance manuals, and operations manuals.
- *Functional Support Plans (FSPs).* FSPs represent the commitments by each business function to the cross-functional product team. They also serve as a primary mechanism for communicating among functional organizations and the product team. These plans describe the activities to be completed, the deliverables, schedules (project plans), resources, and budgets. They will be mentioned in a little more detail in Chapter 4 and in other places throughout this book.

ORGANIZATIONAL INFORMATION

Most people take organizational navigation for granted. However, I have learned through my research that most product managers spend an inordinate amount of time trying to learn their way around. If you are an experienced product manager and have worked in the same company for a couple of years, chances are you already know the back channels and the main players. However, if you leave your job, it will take your replacement months to figure things out. Having this information in your Product Master Plan will help successive generations of product managers from having to reinvent the wheel in this area. While reorganizations seem to be commonplace, it's a good idea to do your best to keep this information up to date in your Product Master Plan. Here are some of the items that are important to include:

Product team information and contacts. You may be working on or leading one or more cross-functional product teams. If so, you should compile a list of "who's who" in the organization. Mind you, it is vital that each Functional Support Plan should contain this important information. In addition, any other relevant information about the major players should be housed here.

Organization charts. While you may be able to keep everyone's name who works on the product team on a list, keeping an organization chart is something much more complex. Modern firms are in a constant state of flux, and sometimes the organization charts are just not kept up to date. Therefore, it's up to you to make sure you can, *through formal and informal means*, keep your charts in order so that you know how to navigate your company in the most expeditious manner possible. Be sure to include information about:

- Team players and their contact information
- Functional business leaders
- Production and/or development locations
- Regional sales offices

Product team protocols and guidelines. You cannot participate in or lead product teams unless you have some clear-cut rules and guidelines. These guidelines may establish roles and responsibilities for projects. They may also point out protocols used to evaluate data, produce documents, conduct reviews, and make decisions. Make sure your product team protocols and guidelines include:

- Guidelines for meeting attendance
- Rules for resolving conflicting priorities
- Methods to address risk
- Agreed-upon escalation paths when jeopardy conditions are encountered
- Comprehensive product team meeting information including a standard agenda for meetings, requirements for attendance, meeting notes, and action items

PRODUCT BUSINESS INFORMATION

Most companies have a lot of product business information. However, the challenge faced by many product managers is that the product's business information is not in one centralized repository; it's distributed all over the organization. Therefore, product managers should, in their effort to maintain some semblance of control, learn where the documents are, and understand how to harness them in their Product Master Plan. *Even if the documents are not immediately transportable to the Product Master Plan repository, it's reasonable to establish or publish linkages to other systems or repositories where that information is housed or maintained.* Here are some of the items

that should be included in the product business information section of the Product Master Plan:

- *Product/product line description(s).* This section includes actual documentation on product descriptions consistent with publicly available documents. It could include actual positioning statements, value propositions, or any content that clarifies the purpose of the product.
- *Product catalogs, product codes, and price lists.* All products are placed in some type of product catalog (electronic or physical or both), and each product has some type of code associated with it so that it can be ordered, billed, and serviced. Sometimes product catalogs are linked to the chart of accounts in the accounting system. Check with your CFO to see how the ordering system is synced with the accounting system.
- *Systems that support the product.* This could include information about support systems such as billing, supply chain, IT, and configuration. It also includes procedural notes (e.g., how to add a product code, or maintenance of product availability ratings related to market status or “order-ability”).
- *Win-loss analysis reports.* These analyses can offer team members insights into when business is won or lost, and why, with an eye toward improved win rates.
- *Post-launch audit reports.* After products are launched, outcomes will be evaluated against the objectives stated in the launch plans.
- *Product development program decision reviews.* Most firms have vigorous reviews of business cases and other strategic investments. It’s a good idea to save your notes.

CUSTOMER AND MARKET DATA

It is emphasized throughout this book that customer and market data and the insights gained should be stored for easy access. As research projects, customer visits, and other activities are carried out, it’s a good idea to make sure the methods, protocols, and outcomes are filed away and easy to retrieve. The most important market data might include:

- *Market segmentation models, customer personas, and comprehensive information about customer needs.* This section captures information

about desirable market areas (geographic or industry vertical breakdowns) and logical customer groups (demographics, behaviors, patterns of usage, etc.) on which the team focuses its efforts and why. It also contains documentation that describes timely information about customer needs within each segment or target area.

- *Customer research data, user experience (UX) research, customer visit or field reports, etc.* Across the product's life cycle, product managers will rely on a steady stream of customer data, analytics, and insights from customer visits or assessing user experiences. These are vital documents to form insights, track preferences, create or update customer "day in the life narratives," and produce new product requirements or user stories.
- *Industry and competitive data and analyses.* Any data related to the industry and competitors is kept in this section. It also contains information from analyst reports, formal competitor analyses, and even competitive product analysis such as "teardown" analysis, mystery shopping, and other techniques that capture the essence of competitor strategies and positioning. Industry or sector trend analysis is important in the creation or updating of market segmentation models and product strategy formulation.
- *Marketing materials and programs.* These documents or programs may or may not be included in Marketing Plans but could include PR programs, industry analyst interactions, and documented conversations. This section should contain documents such as sales guides, sales collateral, copies of advertisements, and so on.

FINANCIAL INFORMATION

- *Product performance data and scorecards.* It is critical to be able to keep track of the product's performance against stated formal plans and budgets. This includes financial performance, market performance, and operational performance with the requisite financial statements and other formal performance documents and scorecards. It also includes variance analyses that have been undertaken in order to spot anomalies and provide corrective action. These scorecards provide the proper historical context for the product's business and life cycle analytics.

- *Product profit and loss (P&L) reports and associated data and analytics.* Periodic statements (monthly, quarterly, and annually) are used to assess the product's financial contribution to the business. The product performance scorecards mentioned earlier require a constant feed of financial data as contained in product P&L statements. This includes unit volumes, prices charged, product costs, gross margin, expenses, and product profit contribution. There may be financial information that is correlated with other business data in key performance indicators used in product performance scorecards.
- *Financial KPIs.* Financial key performance indicators (KPIs) represent measurements that associate several data points that help product managers understand items like market share, average price per unit sold, and other items that provide information and guidance.
- *Balance sheet information.* The balance sheet is used to depict assets owned and liabilities incurred (more in Chapter 6). However, in the assets section, items such as inventory and facilities can be associated with the product's business and may warrant some attention in terms of overall product health.
- *Budgets and forecasts.* Spending plans (budgets) and forecasts are used to lay out the product's future for an upcoming period of time. These should be captured and versioned so that the appropriate tracking mechanisms can be utilized to determine the product's overall success. Budgets and forecasts are often part of the "planning" part of the P&L statement such that variance analyses can be undertaken.
- *Product costing.* In companies with tangible products, standard product costs (material, labor, and overhead) based on items like bills of materials and designs, must be monitored.

RESOURCES AND TOOLS

As you'll see, this book provides many templates and tools that you and your team can utilize. These templates and tools serve to guide your thought processes and to inspire a collaborative culture. As documents evolve, the Master Plan repository can be used to keep track of various versions and to keep these linked to important business processes.

What I have listed in the main sections are suggestions about things to include in the Product Master Plan; however, the primary goal is to keep the

lens focused on the product's business, its position in the market, and its evolution across the life cycle. Any documentation, agreements, or supporting data needed to do that should be included.

A Personal Library

Although the Product Master Plan may not be entrenched (or even utilized) in your organization, it certainly cannot hurt the reputation or results of any product manager to start and maintain one. A Product Master Plan, used as part of your personal library, can easily become a nucleus for change, especially if management correlates a higher level of product and cross-functional team success to its use. In that light, here are some useful ground rules I would like to reinforce about the Product Master Plan:

- The Product Master Plan should be located in a shared electronic repository, organized like a website, and should have an easy-to-navigate user interface and simple navigation.
- The entire team should know of its existence and its purpose and must know how to appropriately contribute content.
- The product manager or an appointed product management process owner should determine how versions will be maintained and how changes will be communicated to interested team members. With this, any team member should be able to contribute to its content, but other team members should understand what's being contributed, why a change is being made, and whether that particular contribution is relevant for them.

With those few rules observed, it's likely that a well-crafted, carefully maintained Product Master Plan will have a significant impact on the success of your product, the strength of your product team, and your career.

A Product Management Library

Everything I've discussed in this chapter has stressed the importance of using a Product Master Plan as the repository of everything relevant to the product or product line. Even if the Product Master Plan is not used routinely at your organization, it is still important to create a personal library. If, however, the Product Master Plan is a commonly utilized entity, where in the company are all the Product Master Plans stored? What about all of the

documents, templates, processes, methods, and other information used by product managers, product teams, and others?

All Product Master Plans and all product management documents, templates, process information, and tools belong in a central repository or *Product Management Library*. There are many excellent systems (software, tools, etc.) that can be used to create work areas and file structures where all of these documents can be stored and easily accessed by designated people.

It is very important that senior leaders, through their product management governance board (or equivalent group), appoint people to properly maintain the Product Management Library. These may include process owners or those responsible for standard documents and templates.

SUMMARY

As discussed at the outset of this chapter, the notion of the Master Plan is not new. It's been used as a way for municipalities, governments, and institutions to document their work programs and historical information for many years. The amalgam of plans, programs, and budgets acts as a focal point, even when administrations come and go. This is why the Product Master Plan is the perfect meta-document for product managers and the teams they lead. New product teams can start out with a fresh set of documents that can be built up over time and act as a reference to guide current and future work activities. Teams managing existing products can begin to build any retrospective documentation and can also contribute as the product's evolution is planned and carried out. Finally, all Product Master Plans and associated documentation belong in a Product Management Library. And as people and teams come and go, one Product Master Plan, housed in a visible Product Management Library, will always be present to act as a centerpiece of best-in-class product management.

ABOUT THE AUTHOR

Steven Haines is a world-renowned author, speaker, and thought leader in the areas of product management and business acumen. As the founder of Sequent Learning Networks (sequentlearning.com) and the Business Acumen Institute (business-acumen.com), he has trained tens of thousands of people who work in product management, product development, operations, HR, and other business functions. His industry-defining, action-oriented workshops have contributed to the transformation of mindsets, methods, and corporate competitiveness. His diagnostic instruments have helped leaders to establish data-driven organizational development strategies that deliver the ROI leaders need to demonstrate success. Steven's books include *The Product Manager's Desk Reference*, *The Product Manager's Survival Guide*, *Managing Product Management*, and *The Business Acumen Handbook*. In a nutshell, Steven is a passionate, dedicated business professional and deeply motivated to help his clients achieve greater levels of success. Steven is based in New York City and can be reached at sjhaines@business-acumen.com.

