

### Executive Summary

1. All strategies for a product must answer three vital questions: How has the product performed thus far? What is its envisioned market position? What can be done to achieve that vision?
2. When product managers can depict their long-range vision for their products, they fortify their own positions as central business figures and can more effectively bring together cross-functional teams.
3. Integrating the cross-functional product team into the strategy formulation process produces more effective, realistic strategies.

A product strategy defines what is going to be done and how it's going to be done. It should be adaptable and focus on gaining a competitive advantage or achieving a desired market position, establishing a plan of action that encompasses a future time frame, addressing an entire chain of events or actions, and recognizing that conditions change.

A strategy for a particular product is part of a cascade of strategies: the overall corporate strategy, which establishes the company's goals in terms of market dominance, financial objectives, and corporate identity positions, such as culture, values, mission, and overarching goals; the divisional or business unit strategy, which addresses more specific goals related to particular markets, industries, technologies, or segments and covers financial objectives, including divisional budgeting; and ending with the product line or individual product strategy.

The product strategy formulation process involves evaluating the past and present and baselining the business of the product (that is, looking at current relevant market, financial, and business data), synthesizing the data and uncovering opportunities, and shaping a vision and pathway to the product's future. Collecting data involves acquiring external data about the product's industry and competitors; obtaining customer activity data; capturing data about how the organization evolved in terms of capabilities and resources, as well as its underlying financial health; and securing data about the product's market, financial, and operational results.

The baseline analysis should also include data on the life cycle state of the product, how other marketing mix elements—price, promotion, and place (or distribution channel[s])—have contributed to the product's overall business outcomes, and the impact of other company resources and capabilities on the product's business. Synthesizing or knitting together the data collected allows the product manager to examine the product's strengths, weaknesses, opportunities, and threats (SWOT). In considering the product's future, the product manager needs to establish goals and consider strategic options in terms of such things as market focus, needed resources, roadmap elements, marketing mix elements, and life cycle and operational performance indicators.