

Product Manager's Desk Reference (3e)

Abstract – Chapter 11

Making a Molehill Out of a Mountain: Linear Product Planning and Prioritization

Executive Summary

1. Ideas for new products and enhancements come from a variety of sources, including intensive market analysis, observation, and even structured ideation activities.
2. There are always going to be more ideas than there are resources to commercialize them. Not all ideas will make good business sense, so a solid Business Case is needed.
3. Clear goals and strategies and solid customer and market insights provide the fuel to effectively plan and prioritize your work.

A phase gate process is a business management technique in which a proposal for a new product or service is divided into distinct stages, or phases, separated by *decision points*, or gates. It comprises the Concept phase, in which a vast number of ideas for new products or product enhancements are narrowed down, the Feasibility phase, in which selected ideas are evaluated, and the Definition phase, in which product definition documentation is finalized. This chapter reviews the Concept and Feasibility phases.

A product idea (or opportunity – as derived from the strategy formulation process) can be categorized as a minor enhancement to a product, such as a new feature or attribute; a major enhancement to a product, or a grouping of features or attributes; a brand-new product; a new or upgraded product platform; or a breakthrough product where nothing exists in the category. Sources for generating product or service development ideas include competitive reactions, anticipated competitive actions, industry trends, regulatory mandates, legal requirements, customer complaints, strategic imperatives, executive initiatives, customer suggestions, sales team and other stakeholder ideas, and ideation exercises, such as brainstorming and role playing.

In evaluating the potential success of a product idea, or opportunity, product managers and their teams must confirm the target customer for the product and grasp what that customer needs and values most and verifies that the idea can help the company succeed (competitively). This is expressed in a *value proposition and positioning statement*. A value proposition and positioning statement outlines the targeted market segment and customers; the need states, motivations, or problems of the customer targets; characteristics or trends associated with the industry or sector; and how the product will achieve competitive advantage. Decision criteria in selecting product ideas with the most potential for success should focus on the strategic fit of the product with the company and product line, a validated customer value proposition, and verified positioning for competitive advantage. A decision matrix is a helpful tool to help characterize each opportunity so that the best ideas can be selected for further evaluation.

In the Feasibility phase, a cross-functional product team conducts more detailed research to decide if there is a realistic (product) business worthy of pursuit. The most important document is the Business Case as a detailed justification for the investment. The Business Case and supporting documentation are developed to assess whether the new product or enhancement has enough business, market, and financial merit, and whether it can be operationally implemented and supported. Forecasts, as discussed in Chapter 9, are incorporated into any Business Case.