

Software Product Management

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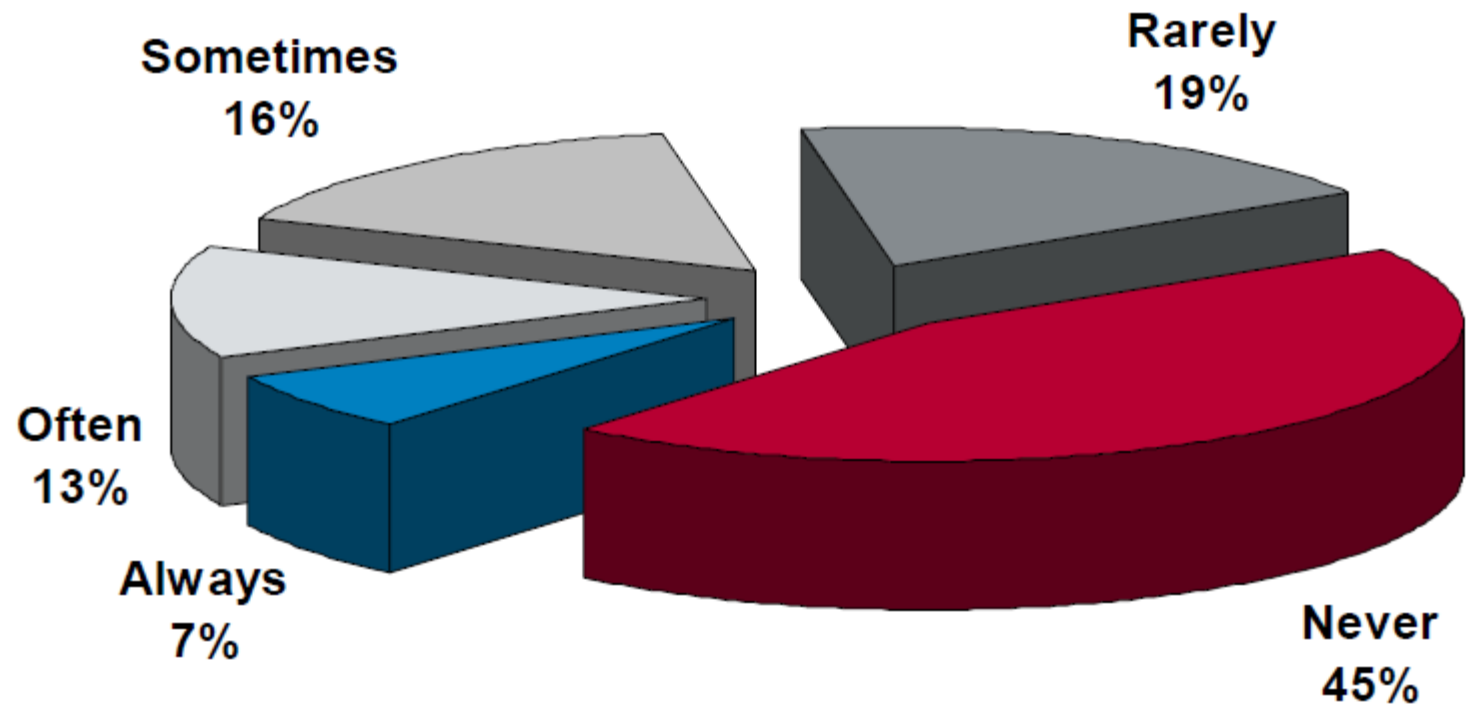
Club de Investigación Tecnológica

Agenda



- Welcome
- Delivering value and Background
- Dominant archetypes
- Product delivery strategies
- Market driven product definition
- SPM Importance
- SPM Focus
- Business canvas
- SPM definition
- Roles and responsibilities
- PM team model and responsibilities
- Performing product management
- Product delivery process (framework)
- Software product lines
- Software product manager vs project manager
- Product life cycle
- Statistics about product management
- Tips for success
- Reasons for quitting (PM)
- Professional entities of SPM
- Conclusions
- The product manager of the future
- Bibliography
- Questions and Answers

...Delivering Value



Quelle: Ebert 2012; Standish Group Study Reported in 2003 Chaos Report.

Strategic direction

Vision, mission, values, business goals

Strategy evaluation:

evaluation:

- Markets
- Products
- Assets
- Portfolio
- SWOT
- Resources
- Customers

Strategy planning:

planning:

- Positioning
(competition,
value add,
market-driving)
- Business model

Strategy implementation:

implementation:

- Portfolio
- Markets
- Products
- Projects
- Innovations
- Risks

Operational direction

People, competencies, resources, policies, processes, governance

SPM - Background

- It is perceived as a role assigned to one person. The PM acts as a “business manager of a product”
- Commonly located in the marketing department or sometimes in the engineering department
- Often product management is performed informally or in a non-standardized form
- Lack of best-practices or standard that has been globally adopted
- Delivering products is a normally a process that begins with a combination of innovation technology, and market sensing

The mini-CEO is the dominant archetype in Silicon Valley SPM



Technologist

Profile: Deeply technical

Focus: Technology solutions

Product: Back-end platforms or highly complex B2B products

May take technological risks on “cool ideas” that aren’t tied to a metric

VMware Amazon
Web Services



Generalist

Profile: Technical depth and business savvy

Focus: User delight

Product: B2C products or front end for B2B products

Measured by ability to drive end-user metrics

Facebook LinkedIn
Airbnb



Business-oriented

Profile: Business background

Focus: Maximizing specific business metrics

Product: B2C products that have another source for creative inputs

Salesforce Zynga
Chase

Amazon

Alphabet

Product Delivery Strategies

- Technology driven, proven low growth potential
- Sales driven, company is focused on maximizing short-term return on investment (a plethora of product variants)
- Market driven, The biggest reward is that a market-driven product helps establish market leadership and revenue-growth potential

Establishing a Market-Driven Product Definition

- Need
- Want
- Demand

- A competitive advantage is attainable
- The business model has to be clear and understandable
- The company possesses the required resources or competencies, or can readily acquire them to make the product successful

The market is big enough, the market need is strong enough, the market need is recognized by potential customers, and the projected business is sustainable over time.

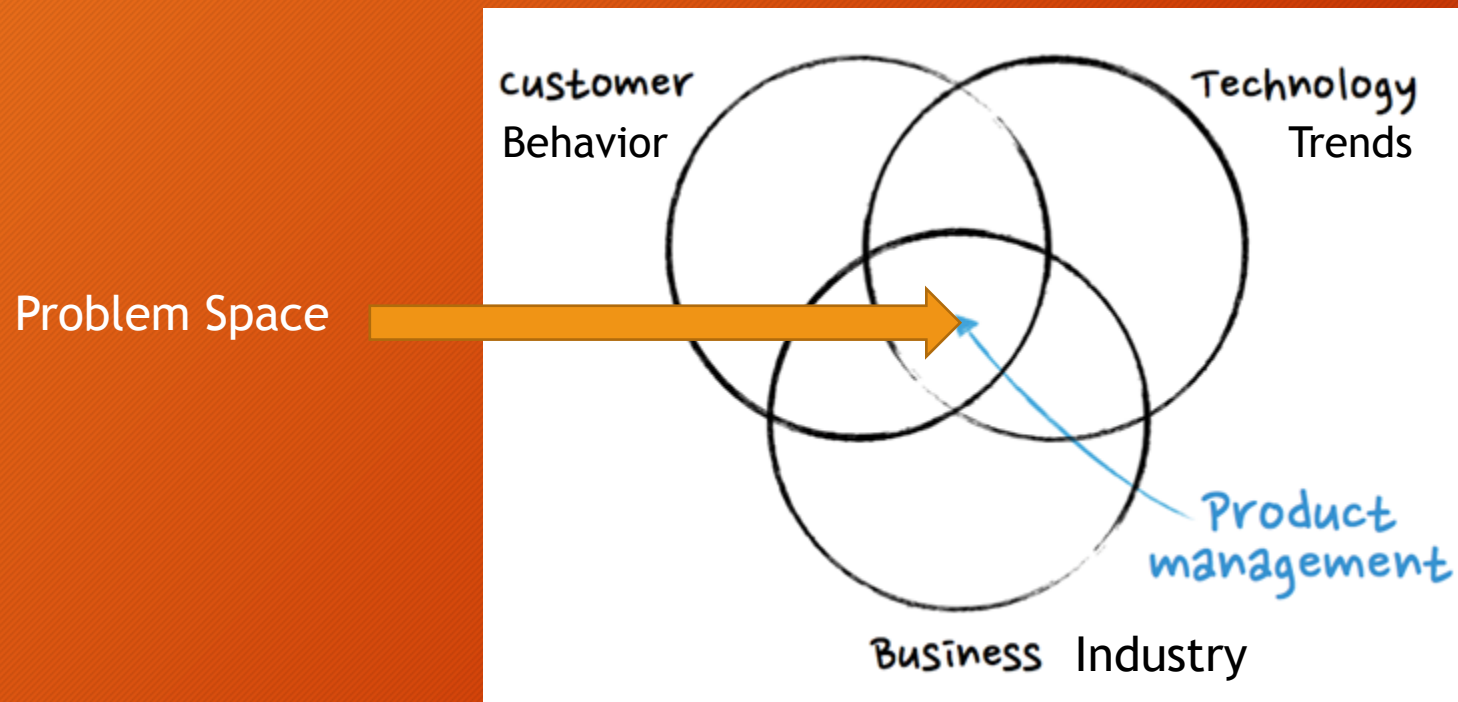
SPM - Importance

- More lasting impact on the product concept and its roadmap
- Understanding that product value is always determined by the customer, not by the company or its technology
- Ensure a clear alignment with the business strategy, objectives and goals avoiding deviations
- SPM done consistently well can greatly increase the probability of product success and profitability

1. Begin with the end in mind
2. Drive your product like a „Mini-CEO“
3. Lead the core team
4. Understand markets and customers
5. Create needs
6. Deliver value
7. Optimize top line and bottom line
8. Manage innovation
9. Institutionalize clear and lean processes
10. Never be satisfied

SPM - Focus

Product success hinges on understanding customer behavior and the business aspects of the industry in order to build value into a product.





1. KEY PARTNERS

Who are your key helpers?



2. KEY ACTIVITIES

What do you do?



3. VALUE PROPOSITIONS

How do you help?



4. CUSTOMER RELATIONSHIPS

How do you maintain contact with clients?



5. CUSTOMER SEGMENTS

Whom do you help?



6. KEY RESOURCES

Who are you and what kind of value you possess?



7. CHANNELS

How do the customers know you and how the channels are integrated with customer routines?



8. COST

What kind of costs are existing in the business model?



9. REVENUE STREAMS

For what value are our customers really willing to pay?

Business Model Canvas (A. Osterwalder, Y. Pigneur (2010))

© ISPMA 2016

SPM EL Product Strategy V.1.1

SPM - Definition

- PM is an occupational domain that is based on general management techniques that are focused on two disciplines: product planning and product marketing activities.
- The product planning and product marketing disciplines focus on the users' and buyers' needs.
- Product planning is the ongoing process of identifying and articulating market requirements that define a product's winning feature set.
- Product marketing is an outbound activity aimed at generating product awareness, differentiation, and demand.

Roles & Responsibilities



Project Management <ul style="list-style-type: none">• Organizing• Managing• Scheduling• Issue mgmt• Release mgmt Process	Product Management <ul style="list-style-type: none">• Requirements• Positioning• Packaging• Availability• Business Planning Strategy	Product Marketing <ul style="list-style-type: none">• Positioning• Pricing• Promotion• Programs• Prospecting Awareness	Sales Engineering <ul style="list-style-type: none">• Demos• Problem solving• Technology• Pre-Sales• Tactical Revenue
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Product Management Team Model

**Sales
Engineer**
*Advocacy
Expert*

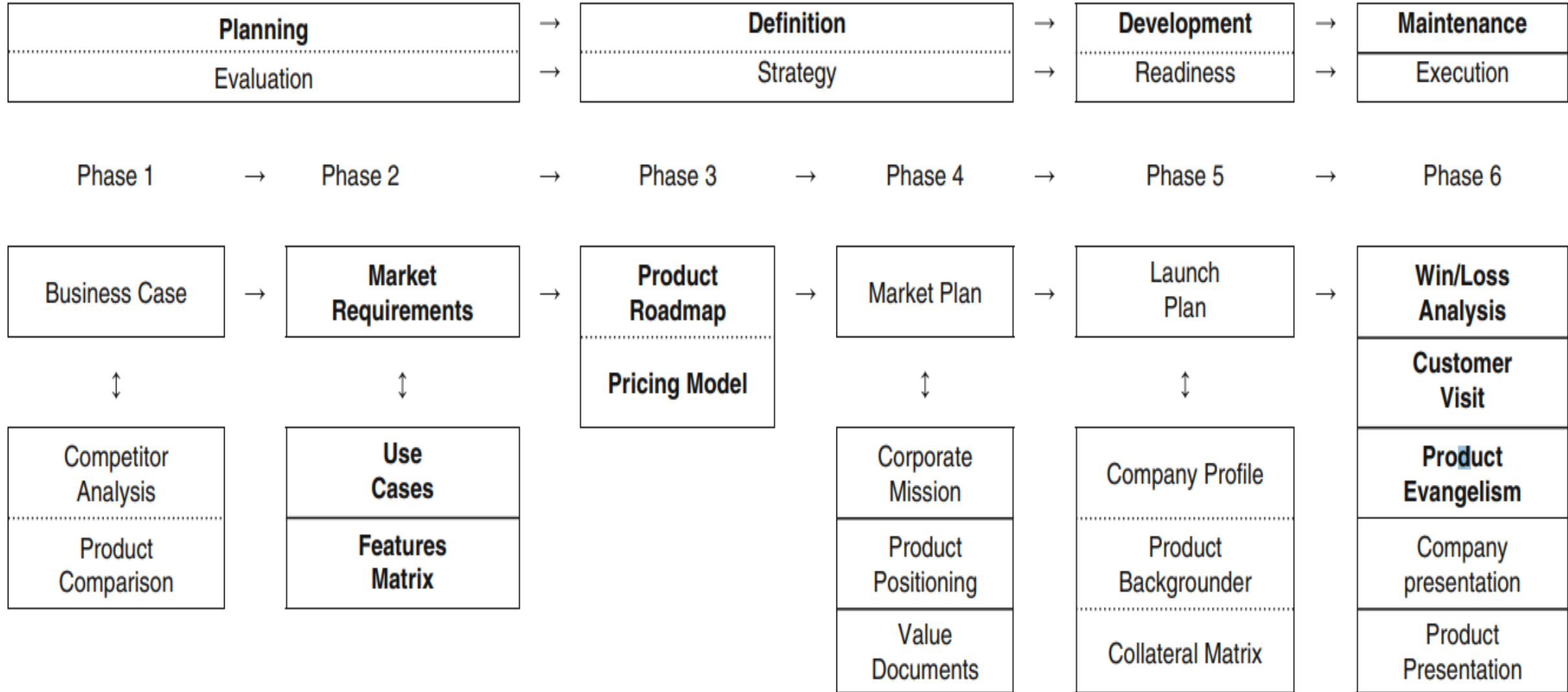
**Product
Planner**
*Market
Expert*



**MarCom
Manager**
*Media
Expert*

**Product
Marketer**
*Marketing
Expert*

PMTK Flow Model



- **Product Planning**
- **Product Marketing**

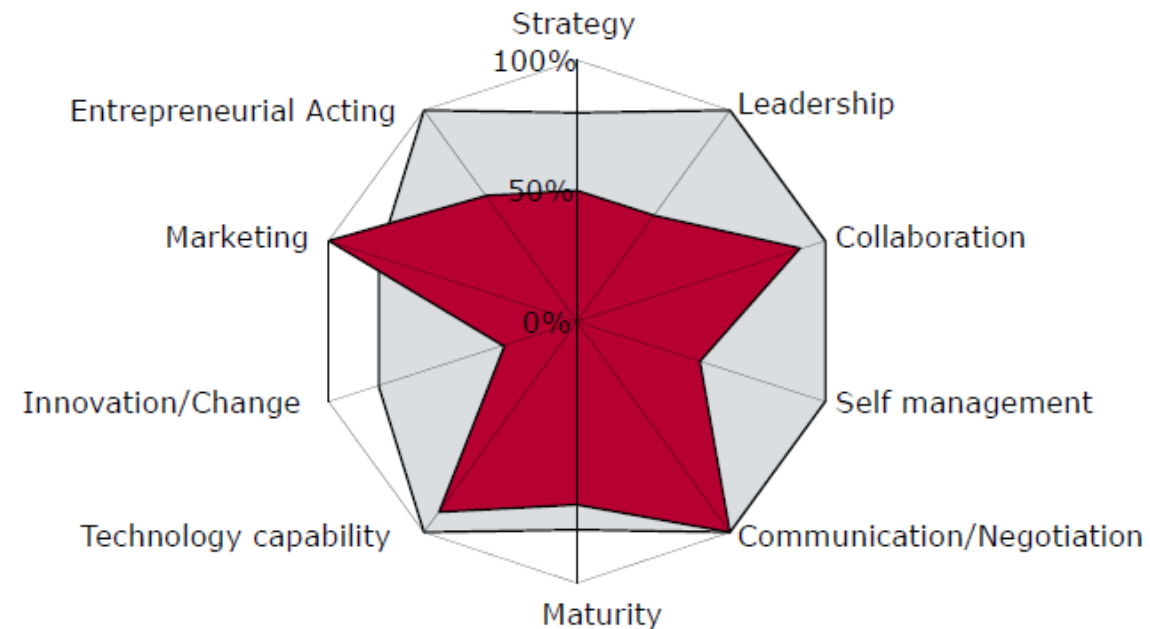
Product Management Team Model

Role	Responsibility	Goal	Expertise
Product planner (strategic role)	Identify and articulate market requirements	Satisfied product buyers and users	Market expert
Product marketer (strategic role)	Generate awareness, differentiation and demand	Satisfied sales force	Marketing expert
Sales engineer (tactical role)	Outbound product-centric activities, i.e., pre-sale support and product demos	Customer knowledge of product value and functionality	Advocacy expert
MarCom manager (tactical role)	Conception and copywriting of all collateral material	Consistent image and positioning in the target market	Media expert
Director of products (strategic role)	Balancing corporate goals with long-term market trends and opportunities	Successful formulation and execution of the product and market strategies	Strategy and process expert

Performing Product Management

- The PM is a title assigned to a person who performs a single role or a combination of the four roles (startups, small companies)
- As the company grows, the roles are delegated to other individuals who specialize in the role assigned to them (medium, large and very large companies)
- Being professional means being focused on a particular domain or discipline.
- Product planning is the ongoing process of identifying and articulating market requirements from which the product's feature set is ultimately defined.

Product Manager Sample Competence Profile



Product Definition Team Members Roles (Summary Table)

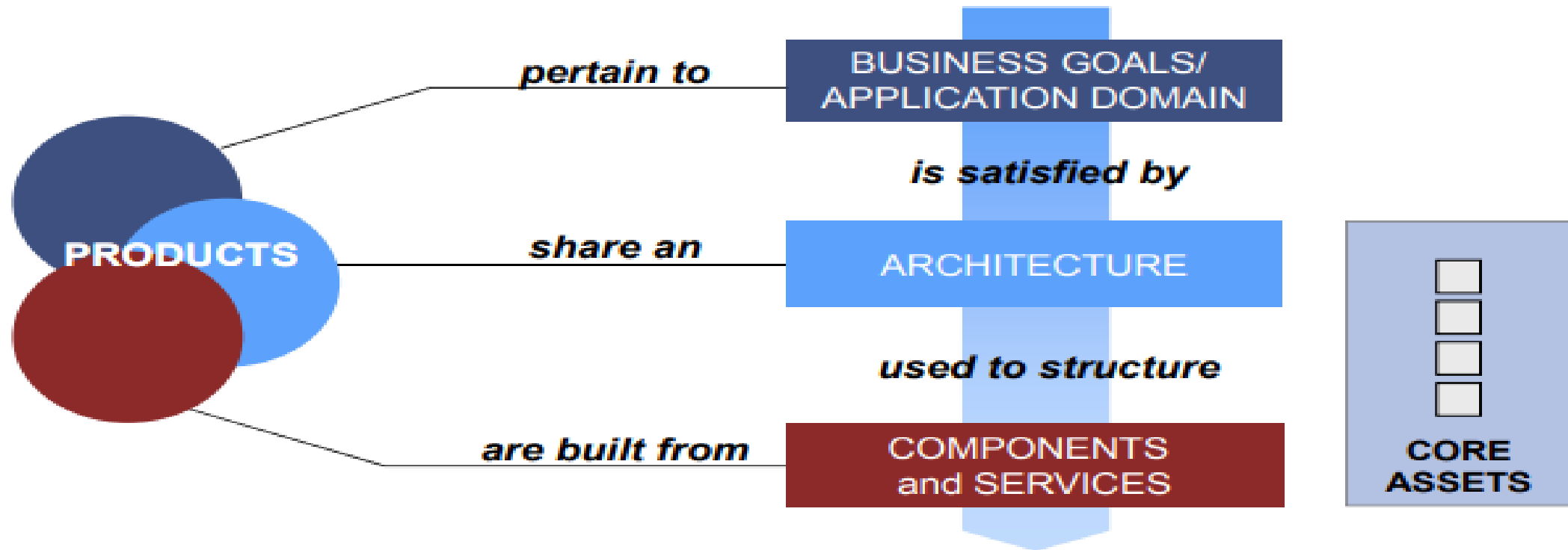
Role	Responsibility	Product Frame	Deliverable	Expertise
Product planner (strategic role)	Articulate market problem	Market requirements	MRD <i>("What to solve?")</i>	Market expert
Product architect (tactical role)	Devise functional solution	Product features (via Product Requirements)	PRD <i>("How to solve?")</i>	Product expert
Lead developer (technical role)	Design product implementation	Product attributes and specifications	Tech. Spec. <i>("How to build?")</i>	Technology expert

Product Delivery Process

- Is a company-wide project aimed at ensuring deliverables from all contributing corporate functions, in the interest of bringing a product to market.
- The product delivery process, often called a product program and managed by a program manager, is an umbrella term that contains many corporate sub-processes, among them three key sub-processes which are the product planning process, the product definition process and the product development process

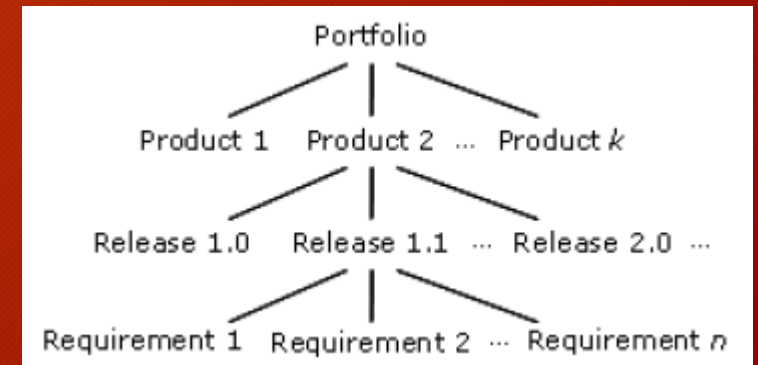
Strategic Management	Product Strategy	Product Planning	Development	Marketing	Sales and Distribution	Service and Support
Corporate Strategy	Positioning and Product Definition	Product Life-Cycle Management	Engineering Management	Marketing Planning	Sales Planning	Service Planning and Preparation
Portfolio Management	Delivery model and Service Strategy	Roadmapping	Project Management	Customer Analysis	Channel Preparation	Service Provisioning
Innovation Management	Sourcing	Release Planning	Project Requirements Engineering	Opportunity Management	Customer Relationship Management	Technical Support
Resource Management	Business Case and Costing	Product Requirements Engineering	User Experience Design	Marketing Mix Optimization	Operational Sales	Marketing Support
Market Analysis	Pricing		Quality Management	Product Launches	Operational Distribution	Sales Support
Product Analysis	Ecosystem Management			Operational Marketing		
	Legal and IPR Management					
	Performance and Risk Management					
Participation	Core SPM		Orchestration			

Software Product Lines

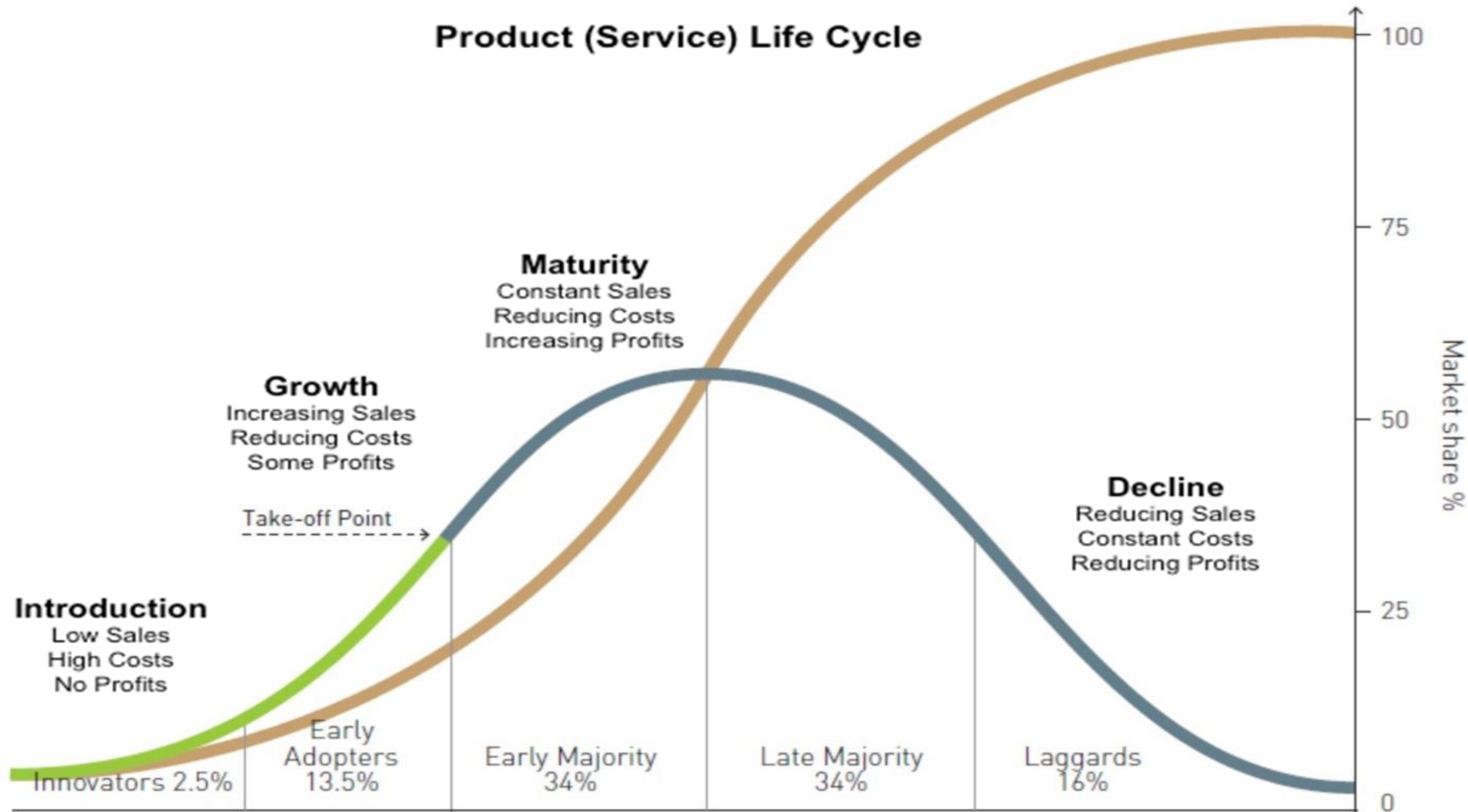


Software Product Manager vs Project Manager

- Software Product Manager is the manager responsible for
 - a) the fit of the product with the market,
 - b) the customer satisfaction and
 - c) the internal business goals related to the product.
- Software Project Manager is the manager responsible for
 - a) delivering the product in time,
 - b) meeting product quality and
 - c) developing the product within budget.

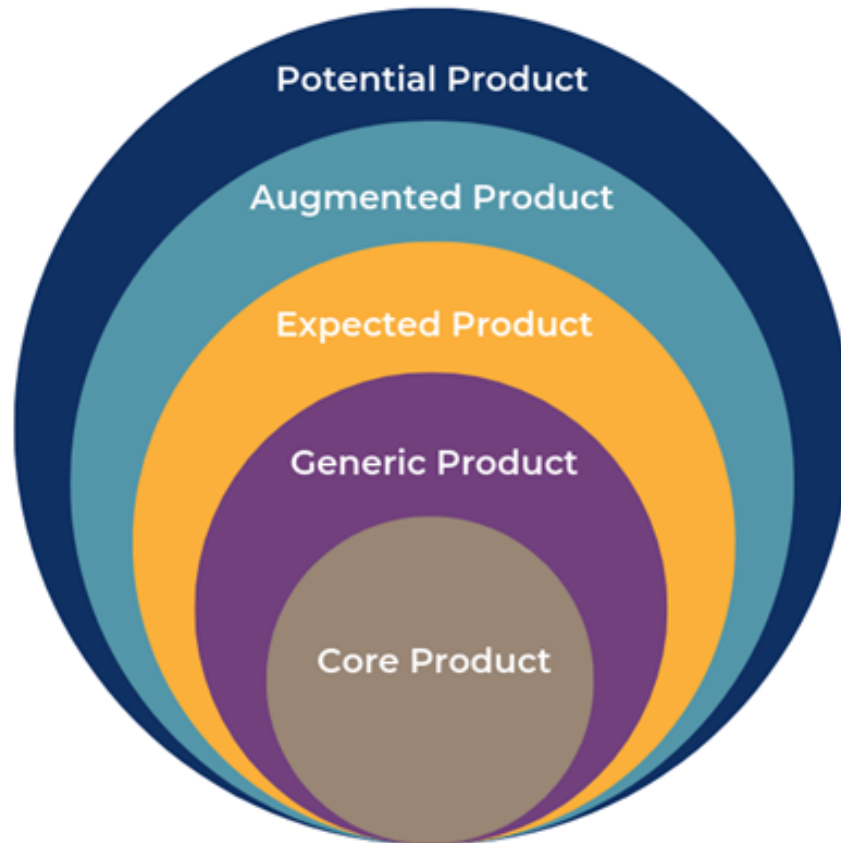


Product (Service) Life Cycle



5 Product Levels - Philip Kotler

Whole Product = Whole Experience



Potential Product
provides additional tangible and intangible features.

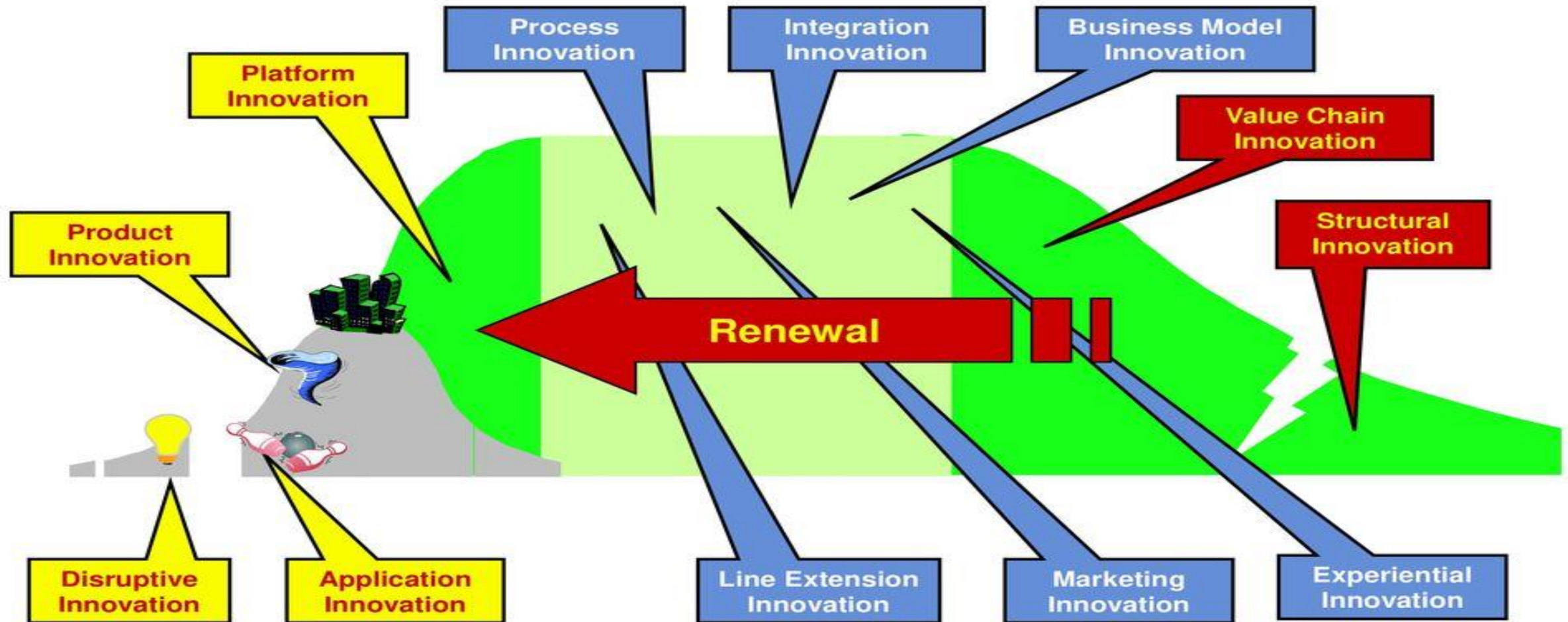
Augmented Product
gives more than physical product and sets it apart from competitors.

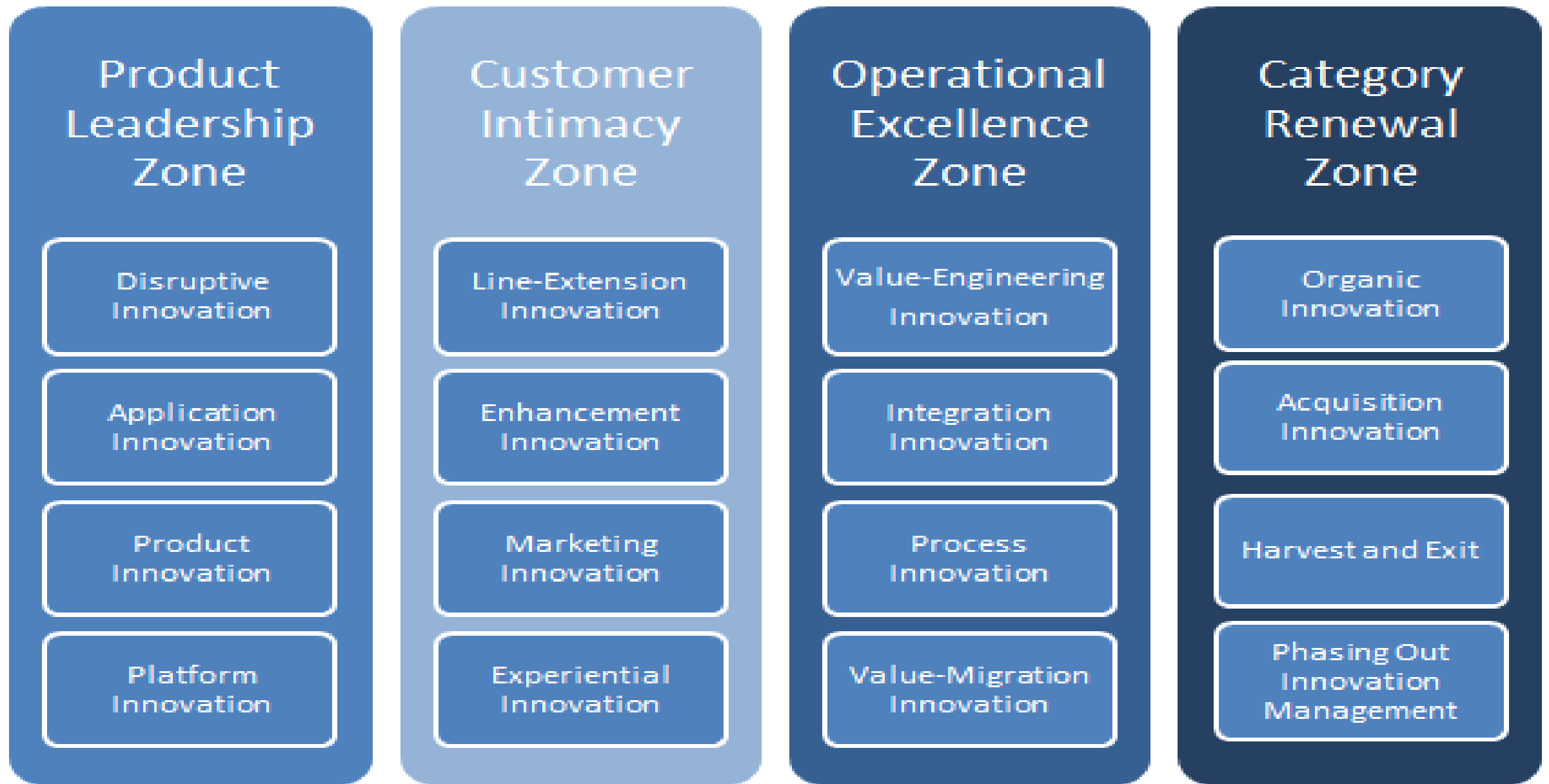
Expected Product
offers generic product plus other attributes customers want.

Generic Product
provides actual product with tangible qualities.

Core Product
fulfills basic benefit customers want.

Broad Universe of Innovation Types





Adapted from Geoffrey Moore's Clustering of Innovation Types

Surprising Stats About Product Management

- Interest in the term 'product manager' has doubled in the U.S. within 5 years
- 7% of Harvard Business School graduates took a job in product management

Surprising Stats About Product Management

- Less than a third of a product manager's time is spent on strategy
- 30% of product managers cite internal politics as their biggest challenge
- Only 5% of product managers know how to code

Surprising Stats About Product Management

- A fully optimized product manager could increase company profits by 34.2% (it is important to get the right tools, processes and people)

Good product management

- ➔ Accelerates market introduction by 20-30%
- ➔ Reduces defects and delays by up to 80%
- ➔ Improves customer satisfaction by 20%
- ➔ Reduces cost of rework and repeated agreements cycles

Sources: Ebert, C.: *The Impacts of Software Product Management*. *The Journal of Systems and Software*. 2007.
Cooper, R.G. et al: *Benchmarking Best NPD Practices: Research - Technology Management; Part I: Jan. 2004, pg. 31, Part II: May 2004, pg. 43; Part III: Nov. 2004, pg. 43*. Accessible via: www.apqc.org.

Surprising Stats About Product Management

- 60.3% of executive leaders only have a partial understanding of the value of a product manager brings to their business
- Almost half (60%) of PM's do not like their organization's product management process, and of organizations do not have a plan to improve it.
- 37.9% of product managers say their backlog is a mess.

Surprising Stats About Product Management

Product Manager Salaries

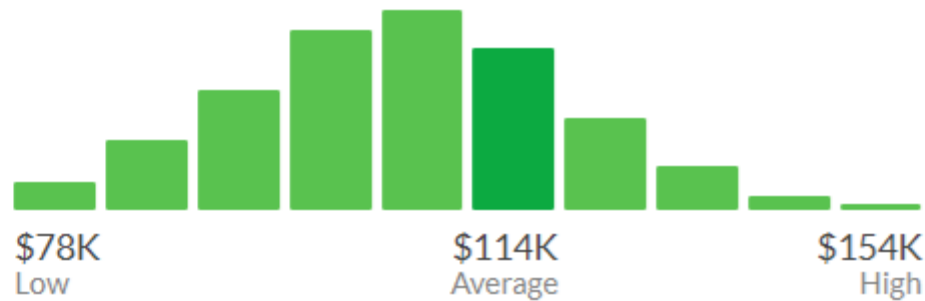
About This Data [?](#)

33,117 Salaries Updated Apr 10, 2019

Industries Company Sizes Years of Experience

Average Base Pay

\$113,886 /yr



Salaries for Related Job Titles

Director, Product Management	\$166K
Product Management	\$111K
Associate Product Manager	\$85K
Program Manager	\$88K
Project Manager	\$75K

Additional Cash Compensation [?](#)

Average \$11,949

Range \$3,797 - \$30,291

How much does a Product Manager make?

The national average salary for a Product Manager is \$113,886 in United States. Filter by location to see... [More](#)

Tips for Success

- **Watch the Competition...** What our competition is doing is a rich source of information that can help us better understand our customer's problem, but not too much.
- **Be a Thief.** Don't be afraid to take ideas from others and build on them. Your job is not to come up with all the best ideas, but to make sure you're implementing the best one for your customers.

Tips for Success

- **Listen to Customers...** Our job as product managers is to maniacally understand your customers' problems.
- **...but don't Listen to Customers.** We shouldn't listen to them about the solutions.
- **Don't Confuse Yourself with Your Customer.**
- **You do not own your product.**

Tips for Success

- **Speed Up.** Every time you put off a decision you are destroying value. (Agile, DevOps, New Releases)
- **Say No.** We have lots of competing priorities and stakeholders, but our job is not to make people happy - it's to solve our customers' problem.
- Always think in doing a world class work, quality and excellence since the very first time.
- Products are built differently (Products and their ecosystems are becoming more complex).

Tips for Success

- Standards, standards and more product standards.
- Right for me out of the box (User Experience is a MUST)
- User friendly (usability) and extremely beautiful user interfaces.
- Simple end user “power tools” (inquiries & reports, graphics, etc.).
- Reliability, security, appropriate performance, appropriate availability.

Tips for Success

- Avoid technical and functional debts.
- Allow secure product integration with third party solution.
- Upgrade third party frameworks, components or underlying infrastructure frequently.
- Get the right tools, smart people and implement rely on know working and tested working procedures.

700+ product managers reveal their biggest reasons for quitting a PM job

- Bad company management and leadership
- Dysfunctional processes
- Lack of challenge and growth opportunities
- Lack of clarity in your role
- Overwhelm by responsibilities
- Uncooperative team
- Uninspiring product

Professional Entities for Developing the Discipline of SPM

- International Product Management Association (ISPMA)
- The Association of International Product Marketing & Management (AIPMM)
- Boston Product Management Association (bpma)
- Product Management Association Los Angeles (pma.la)
- Product Development and Management Association (PDMA)
- Pragmatic Institute
- 280 Group (Product Management Training and Consulting)
- Etc...

Conclusions

- PM is a domain, not a role, which changes and evolves with the organization.
- The majority of activities within the product management domain can be divided into two distinct disciplines(functions), product planning and product marketing.
- Those involved in PM must be provided with clear job descriptions (roles, responsibilities and goals). PM is complex, no body of knowledge.
- The product manager role is one of the most cross-functional in the organization
- The product planner the prime goal is to have product buyers and users who are satisfied with the product. The product marketer's goal is to have a satisfied sales force.
- Managing the product life cycle is a key activity.

The Product Manager of the Future

- Over the next three to five years, we see the product-management role continuing to evolve toward a deeper focus on data (without losing empathy for users) and a greater influence on nonproduct decisions.
- Product managers of the future will be analytics gurus and less reliant on analysts for basic questions. They will be able to quickly spin up a Hadoop cluster on Amazon Web Services, pull usage data, analyze them, and draw insights. They will be adept at applying machine-learning concepts and tools that are specifically designed to augment the product manager's decision making.

McKinsey & Company

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Questions & Answers



Thank you!

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