The Art of Product Management

Lessons from a Silicon Valley Innovator

Rich Mironov

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To Marcia, source of all good things,
and Sasha, my Chief Analogy Officer
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Introduction

HENRY CHESBROUGH
Adjunct Professor and Executive Director,
Center for Open Innovation, Haas School of Business, UC Berkeley

There are lots of books (some of them quite good) on the importance of innovation for business success. I myself have written a few. Indeed, it’s hard to find anyone who has a bad word to say about innovation these days. As we head into choppy economic waters, though, it is not enough to know that innovation is important. We also need to understand what specifically needs to be done, and how best to get that done.

One area where innovation gets down to business, is in the arena of “product management”. This amorphous term is the label applied to some of the most important work that goes on in the innovation process when developing and introducing a new product (or, for that matter, managing an existing product). The product management function is responsible for uncovering and articulating the market’s need for a new product or service. At the same time, product managers work closely with engineering to discern the technical possibilities and challenges facing the new product. The product manager must dance between the technical organization inside, and the world of the customer outside. Done poorly, product management can waste time and money, and deliver a product that few people wish to buy. Done well, product management leads to products that people want, that work well in their intended use, and become profitable businesses for the company.
This is where my friend and colleague of long standing, Rich Mironov, comes in. Like me, he agrees that innovation is important. Like me, he has "been there", working in the trenches in a variety of product management functions across a range of Silicon Valley companies. His career spans nearly a quarter century (I barely lasted a decade before moving into academia). Rich’s experience and success have made him a thought leader among technology practitioners. While he has extensive experience, he also possesses a unique ability to reflect upon that experience to uncover more systematic insights into the sources of success and failure in developing products and launching startup companies. And while he is highly skilled in understanding technology, his deepest insights relate to the human heart - and how people (and their motivations) affect technology products and vice versa. I currently teach at the Haas School of Business at UC Berkeley, and Rich has been a frequent guest lecturer in both the MBA and the executive education classrooms there.

When you read this book, you’ll see the wisdom he has accumulated along with his considerable scar tissue. I promise you that there is nothing else out there quite like it.

I remember reading the first installment of what was then called Product Bytes, back in 2002. I became an immediate and enthusiastic fan. These pieces are short, to the point, with a light touch, that nonetheless lead to very important and actionable insights. Most of these insights were learned the hard way by Rich. But throughout this book, you’ll see that he never becomes cynical or disillusioned. Like me, he believes in his heart that we must innovate to continue to advance, though there will be plenty of
roadblocks and snafus along the way. With this book, Rich shares with you some of the lessons he has learned. Anyone wrestling with developing new products, or launching a new startup company, will find this an invaluable resource to return to again and again. I predict you'll laugh, perhaps cry, and emerge a little wiser each time you read from this book.
There are a lot of computer-related books on the market. But there are very few of them that actually teach you how to market software and hardware products and not repeat the mistakes of the past.

I’ve known Rich through several jobs over the past ten years, and now can be outed as his unofficial writing coach. I told him before he started his monthly newsletter, Product Bytes, that he needed to make sure that this was something he wanted to do. I suggested he write the first three issues, and if he still had something to say, then he was probably going to succeed at the effort. Ten years later, he is still going strong.

Good writing is often overlooked by product people, even though it can help you define your ultimate customer base, understand your product’s feature set, and explain why you need certain resources to tell your story and differentiate your products. Maybe I am more sensitive to bad writing than others – after all, I didn’t start out my career as a writer. Au contraire, I was a math and engineering major in college and it wasn’t until my mid-20s that I learned how to write. It was a hard-acquired skill, and one that requires daily practice if you are going to be good, let alone great, at it. I am lucky that I am able to make a living at my writing, and that there are still plenty of interesting products to test and write about after being in the IT industry for more than 25 years.
Anyway, enough about me. This book is well worth your time. It is chock full of practical advice, and should be a bible for computer product managers, even those that are already parents of small children and think they are good at that unpaid job.

Part of Rich’s message is that the product is really secondary to the people who work at the company. One of the reasons why Dilbert still continues to resonate with high-tech workers is that there are so many bad managers, or managers who don’t understand how to mentor and develop their staff.

The whirl of Web 2.0 and social networks have made this problem worse, rather than better. LinkedIn and Facebook have made it easier to move to another job and stay in touch with your former colleagues – I just heard from someone that I worked with 25 years and countless number of job changes ago. Email has become second nature. It is easier to surround ourselves with screens rather than get out of our cubicles and have some face time with a coworker.

If we have learned anything from the dot-bomb bust years at the beginning of this decade, it is that companies need to pay more attention to the marketing of their products. We are no longer in an era of “build-it-and-they-will-download”. Take some time to review Rich’s precepts, and see if you can do a better job of parenting your products.

David is an international authority on network and Internet technologies. He has written extensively on the topic for 20 years for a wide variety of print publications and websites, such as The New York Times, TechTarget.com, PC Week/eWeek, Internet.com, Network World, InfoWorld, Computerworld, Small Business Computing, Communications Week, Windows Sources, c|net and news.com, Web Review, Tom’s Hardware, EEtimes, and many others. He is the author of two books: Internet Messaging (Prentice Hall, 1998) which he co-authored with Marshall T. Rose and Home Networking Survival Guide (McGrawHill/Osborne, 2001).
I'm a repeat offender at technology start-ups. That includes being “the product guy” at four very early stage companies, and consulting to product and technical teams at more than two dozen other companies.

A MOMENT IN TIME

In September 2001, I left a VP Marketing/Product Management job at my third start-up. This was a very difficult time: throughout Silicon Valley, you could hear the whoosh of the first Internet Bubble deflating. All that year, high-concept start-ups were being padlocked faster than movers could haul away Aeron chairs. The Twin Towers had just come down, and irrational exuberance was in very short supply. I was an unattached product guy, and didn’t see any intriguing start-ups worthy of an emotional commitment. Suddenly, I was a product management consultant.
After two decades in Silicon Valley technical and product roles, I was able to tap my personal network for lots of interesting projects. It was immediately clear, though, that very few people knew what technology product managers really do, and why they are critical to Silicon Valley’s success. Even savvy entrepreneurs and Engineering VPs had trouble recognizing the symptoms of inadequate product management. Shockingly, most of my product management peers were also unable to explain their value clearly enough to get the respect they deserved.

In dozens of breakfasts and lunches, I tried and failed to describe the essence of product managers: the honest brokers who balance customer needs with engineering realities, market requirements with financial goals. We were the handful of matrixed product champions and driver-drivers who push great things out the door. Truth-tellers in the executive suite. It became clear to me that the product management story is best told as a series of vignettes.

Out of this swirl, Product Bytes was born. My goal was to find a thousand words each month that captured one small part of the product management challenge. And it caught on. Product managers added themselves to the distribution list\(^1\) because they recognized themselves in these monthly stories. Engineering and management folks signed up to learn a little more about the strange animals they work with.

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\(^1\) This was before RSS had been widely adopted.
This book compiles some of my most popular columns from 2002 to 2008. It includes thoughts on building and maintaining product organizations, understanding how customers think, ideas for how to price new products, and ways to motivate people who don’t work for you. (Typically, no one works for a product manager.) Collected into a single volume, it paints a picture of a typical interrupt-driven day.

So what is a product manager? As you’ll see, that’s a difficult question to answer briefly. My closest analogy is to parenting: the product manager is responsible for the long-term development and health of a product, and is constantly faced with co-workers (or customers or partners or company executives) who want short cuts to good results. Every parent knows that kids need time to grow and develop – and rushing them doesn’t usually help. I’ve recapped “Parenting and the Art of Product Management” thousands of times, and still believe that “we’re not really parents [or product managers] until we’ve gotten some poop on our hands and laughed about it.”

Likewise, start-ups are radically different than established companies in ways that can be difficult to describe to non-participants. Folks at tiny companies are more invested in the day-to-day survival of their organizations (and not just in terms of pre-IPO stock). One of my earliest pieces on this difference was “Thoroughbreds and Explorers”, which highlights the hungry and creative generalists that start-ups need. Over the years, I’ve returned to start-ups many times – both as the first “product guy” and as a consultant – for a hit of that pure entrepreneurial spirit.
Pushing that analogy a bit further, I’m deeply appreciative of the pioneering spirit of entrepreneurs and technologists worldwide. Software development’s unofficial headquarters is still here in Silicon Valley, but with branch offices in Bangalore and Ramat Gan and Shanghai and Prague and Kiev and many other places. I’m lucky to be part of a far-flung but tightly networked community of product managers who speak the same language, and share a love of great solutions.

By the way, during 2008 we’ve finally seen some important software development trends going mainstream, especially Agile and Software-as-a-Service. There are some early discussions of these throughout the book, in their original pre-buzz-word form. Since Product Bytes is an ongoing conversation, you’ll be reading more from me about Agile in 2009, so I hope that you’ll join the discussion at www.ProductBytes.com and www.Enthiosys.com.

So. Enough about my last release. Let me tell you about my next release...

Rich Mironov
**Joining a start-up is like falling in love.** Product managers at start-ups need to be passionate about their products/services, spending every minute of their days cajoling their teams to create wonderful products (inward-looking) or telling the world how wonderful those products will be (outward-looking). This is hard, repetitive, and often thankless. For me, it's never been as simple as work-for-pay. Product managers who don't love their products should change product lines or companies - or careers.

On the departure side, leaving a startup is like ending a serious romance. Whether you leave voluntarily or not, you may find yourself emotionally bruised and not quite ready to love again. More determined to be a little choosier when picking your next start-up. Each time I've walked out the door, I've tried to take some time to consult, write, teach, and mourn just a tiny bit. That's eventually followed by dozens of meetings with entrepreneurs at new companies ("speed dating") and the occasional interim executive role ("going steady").

In any case, product managers are an odd mix of enthusiasm and persistence, unfounded hope and grim financial realities. Their emotional cycles start to line up with product release plans. Sane people look at this role and shake their heads in disbelief. I hope that you recognize yourself in the following pages.
Parenting and the Art of Product Management

Over the years, I’ve told variations of this story many times: being a product manager is a lot like being a parent. We love our products, make multi-year commitments to their development, hide their shortcomings, and look out for their best long-term interests while other organizations live in the moment. We groom our products for good mergers later in life — and may be heartbroken by market indifference or eventual end-of-life.

Not everyone wants to raise children or enterprise software. Consider the following observations before volunteering for high-tech parenthood…

BOOK LEARNING IS NO SUBSTITUTE FOR EXPERIENCE

Parents-to-be are often deluged with “how to” books offering sage advice. These offer helpful vignettes about feeding, sleeping, discipline, and how to get strained peas out of your hair. The reality of children is impossible to distill into a book, though. Stated more colorfully, we’re not really parents until we’ve gotten some poop on our hands and laughed about it.

Likewise there are lots of articles about pricing strategy, positioning, market segmentation, and how to prioritize an endless feature request list. (Present company included.) When the time
comes, though, your situation is always unique. You’ll eventually have to recommend a pricing model and defend it, so get started. Be humble, but don’t apologize for a less-than-perfect first effort.

If you’re lucky enough to find a mentor, ask for the war stories. “What didn’t work and why? How is this product like yours? What templates can I borrow?” Except in the largest companies that maintain very strong processes, book learning is over-rated.

ALLOWING TIME TO CRAWL, THEN WALK

Most babies can’t sing or pole vault or read Sanskrit. And we don’t expect them to. We encourage their first steps, applaud “chopsticks,” sign them up for fingerpainting or swimming lessons. We try to uncover their secret talents. We know that they will make lots of mistakes. In fact, we’ve signed up for decades of bruised knees, failed science projects, dreadful school plays and disastrous first dates.

Technical products also grow up. It’s a rare for anything to be complete in its first release, and even rarer for you to anticipate the right audience for your new baby. The first year (or two) are spent bumping into markets, fixing bugs, talking with customers, and discovering unexpected niches for your brainchild.

(Microsoft has certainly taught us not to expect any product to be usable before version 3.1.)

Part of your responsibility as a PM is to protect and nurture your baby. Set appropriate expectations for beta customers. Have a developmental roadmap that shows when more features will arrive. Try to read product reviews calmly. Don’t throw the soft-
ware out with the bug report. If you’re not proud of your wunderkind, then no one will be.

IN IT FOR THE LONG TERM

As parents, we’re committed to deferred gratification and multi-year planning. We show our faith in the future by moving into good school districts, saving for college, and insisting that geometry is worth learning. Part of our job is to make some long-term plans and thoughtfully trade off the present for the future. Children want immediate gratification, so we have to make some choices for them.

As a product manager, you’re in similar territory. Faced with an infinitely long list of feature requests, you must help developers stick to the important items and minimize “feature creep.” Sketching out the next half-dozen releases can comfort pouting customers who want everything right away.

A good friend with a 7-year-old reminded me that preparing dinner once for your child can be fun, but making the 2,550th dinner is heroic.

It’s also impossible to make every decision perfectly. In an uncertain world with limited time, we must pick a few issues worthy of serious thought. Should we skip her to the next grade? Does he feel feverish to you? Are the twins old enough for hockey? Raising kids is a real-time sport, so many choices have to be made with neither data nor analysis. Arguing carrots versus peas as the dinner vegetable rarely makes my list.

When you put on your product hat (or apron), you’ll need to focus your thinking time on what’s truly important. At the top of
your menu is a business model built around customer requirements, pricing and competition. Even though this will never be completed to your satisfaction, you’ll eventually have to serve it. Dithering won’t get food on the table or software out the door. (Sometimes the potatoes may taste a little odd.)

**SETTING LIMITS IS IMPORTANT (AND DIFFICULT)**
Modeling the right kinds of behavior – at the right stages of development – is an art and a science. We want to set ground rules first, then build on them as our children grow. **No hitting. Keep your clothes on in public. We’ll read one story before bedtime. Don’t touch the steering wheel.** Life is complicated, though, and every rule has its exception. Lots of parents wrestle with one-time exceptions that instantly reset boundaries. [Remember “you can stay up a half hour later tonight, but tomorrow night you have to be in bed by 8:30PM” and “if you really don’t feel well enough to go to school today…”?] Creating clear policies and deciding when to break them is nerve-wracking.

Product managers face this daily dilemma with sales teams (who bring in the revenue that pays our salaries). Moments after we’ve carefully defined precisely what we sell and how it’s priced, we’re approached with requests for special discounts or unique packaging or custom features. No exception ever stays a secret, however: other customers and resellers **always** find out about one-time deals, so exceptions are really new policies. Yet life demands flexibility. Our role is to set reasonable thresholds and stay open-minded. ("For deals over $100,000 or in these two new markets..."
Waffling on your policies has longer-term costs. Sales teams and customers learn to “game” your system, describing their special situations to fit your new rules. You’re also encouraging them to bring you other kinds of exceptions on the hopes that you’ll relax other limits. (“Here’s why this deal is strategic…”) Every parent knows: never let your teenager realize that everything is negotiable.

**SOUND BYTE**

Great product managers develop an emotional relationship with their products. Like first-time parents, they learn to nurture their products, plan for the future, and make decisions every day with limited experience. **Don’t be afraid to commit.** Once you’ve cleaned up a few dirty MRDs and sent your firstborn off to revenue, there are many more products at your company hoping to be adopted.
Early Selling: Thoroughbreds and Explorers

Start-up selling is different from selling established products. It includes navigating new product waters and locating islands of early adopters—and calls for different skills than classic quarter-driven account selling. Knowing which you need is critical. (I’ve seen organizations repeatedly hire the wrong sales force, with terrible results.)

I divide sales teams into thoroughbreds (race horses) and explorers. **Thoroughbreds** outrun the competition along smooth paths by selling well-understood products. **Explorers** hike rough terrain to discover early customers. It’s important to know the lay of the land when picking your team.

So, which of these two sounds more like your situation?

- **Surveying the territory:** So far, your first three customers have three unique uses for your product. They have nothing in common except demands for free consulting. You need to invent a market map, define the competitive landscape, and position your product.

  or

- **Starting the quarterly quota race:** You’ve closed a few dozen deals, have a good description of target customers, and are building a consistent sales process. You can sort mainstream
opportunities from dead-end tributaries. Boosting deal size and shortening sales cycle are key goals.

Clearly, the first organization needs to discover a market and find repeatable product solutions. The second organization wants to run ahead of the competition, arriving first to dominate its marketplace. Now, let’s match these organizations against their broad choices for sales teams.

THOROUGHBREDS

Top sales people at established companies already think of themselves as thoroughbreds. I agree. So what can we learn about salespeople from racehorses?

- Without them, racing wouldn’t exist.
- They are very expensive, but the best earn millions.
- They are great at what they do: running like the wind for 1 and 1/4 miles. They don’t plough or blaze trails.
- They need controlled conditions. Champions don’t run on rocky, uneven, badly maintained tracks.
- They need a big support staff.
- If you have too many thoroughbreds or too few races, they have to run against each other.

Likewise, top sales people with established companies get top-tier comp packages and live for the end-of-quarter adrenaline rush. They are always well groomed (and wear expensive shoes). Most expect the supporting team to provide a complete selling environment: leads, collateral, awareness, pricing, competitive knockoffs, demo units, pre-sales consulting. You’d love to hire a
winner with specific experience on your terrain (e.g. mid-market CRM for automotive). And in the President’s Circle, they hold up the trophy on behalf of the whole team.

**Warning:** don’t fill a stable with top sales people before you can afford them. You’ll need a repeatable sales process and receptive market to pay for the oats.

**EXPLORERS**

So, some companies are not ready for herds of thoroughbreds. They don’t know the right customer segments or killer application. Perhaps some vertical markets will turn out to be quicksand, and others rich with hidden minerals. These companies need a few sales explorers to map the customer terrain and find a path to success.

When Lewis & Clark set out in 1804 to explore the Western US, they had no map. Thomas Jefferson provided start-up capital and staffing, but no guidance *en route*. What can we learn about selling from this?

- *Lewis & Clark had a mission, but changed tactics and paths frequently.*
- *Getting lost was expected. Discovery was hard to schedule.*
- *They carried everything with them. Solutions were custom-crafted with no help from Washington.*
- *The long, unpredictable journey favored a mix of skills, backgrounds and outlook.*
- *This was a long-term commitment. Replacing team members was not easy.*
Early-stage sales champions have to help find the destination en route. Many discover customer opportunities that Marketing missed. They are comfortable with muddy boots, uncertain sales cycles and changes in product message. Explorers sort prospects early to keep focused on the few with real potential. In partnership with Marketing and Engineering, they keep reconfiguring the available product.

Since the destination isn’t yet clear, most explorers have broad industry experience. Someone who’s sold Manufacturing ERP as well as channel-driven SME networking gear (or hospital systems or security services...) is a great asset. There’s time later to find market-specific stallions.

**SOUND BYTE**

Consider the maturity of your market when choosing early-stage sales people. Changing explorers into thoroughbreds is difficult, and the reverse nearly impossible.