

Product Management Organization

INTRODUCTION:

The purpose of this document is to explain the proposed Product Management function within the MIACOMET organization, as well as define changes in procedures in how products will be managed from conception to obsolescence using a PRODUCT MANAGEMENT driven organizational structure.

The purpose of adding a new Product Management function is to implement a structural design which maximizes the quality of product development, efficiency of schedules and expenditures, profitability, and market competitiveness. An acceptable design must clearly specify each functions responsibility, authority and accountability. It must provide guidelines and procedures that enable managers to make quick quality decisions, respond to market changes, and improve productivity and employees' quality of work life.

THE DEVELOPMENT PROCESS AND ROLE OF PRODUCT MANAGEMENT

Product development is a dynamic, innovative, and cyclical process. It minimally consists of four stages: product conception, planning, implementation, and production. Four primary functions, consisting of Development, Test, Documentation, and Marketing, must interact intensely and cooperatively through the four stages. Among the four functions, Development emerges to be the most resource intensive function and holding the primary responsibility of producing the product. The other three functions often focus their activities on Developments performance in achieving the desired outcome. The functions of production, manufacturing and support play key roles as the software nears completion as is being readied for introduction to the market.

The role of product management, and specifically the Product Manager in the product development process is not to manage Development, or any of the other functions in the process, rather the Product Managers role is to manage the process and assure that all the functions are actively involved in each product development effort. While Development must be ultimately responsible for the software produced, the Product Manager is responsible for making sure that Marketing has provided appropriate inputs to make sure the product fits the target market, that Test is assuring product quality through procedures that mirror intended uses for the software, and that Documentation is producing manuals and support materials that are accurate, complete, and useful for the intended end-users. In essence the Product Manager is a mini-general manager that makes sure the process works and that the right product is being brought to market on-time and within budget.

THE MARKETING PROCESS AND ROLE OF PRODUCT MANAGEMENT

Like the product management process the product marketing process is dynamic, cyclical, and innovative. The product marketing process minimally consists of four stages that are repeated annually for new and existing products: market definition, planning, coordination, and implementation. The product marketing function works across all the functional efforts in order to properly launch a new product into the marketplace and keep up on-going promotional efforts to maximize sales. The primary functions in this process are: Marketing, Sales, Development and Support.

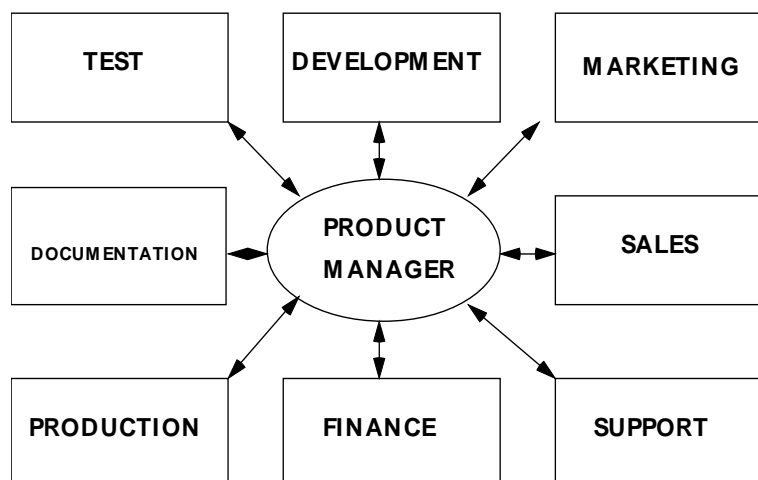
The role of the Product Manager in the product marketing process is not to manage or control Marketing, but rather to assure that the process is working and that all the functions are working together cooperatively to launch and promote the product with the highest impact possible within budgetary and market constraints.

VALUE OF PRODUCT MANAGEMENT

The primary benefits of product management is focus and ownership. A Product Manager is dedicated to the job of making his/her product or product line successful and through this success make the company more profitable. Because the Product Manager is focused on a specific product, or a related grouping of products, they can work across all the functional groups within the corporation to assure that they are meeting their responsibilities to the product or product line.

The second major benefit is ownership. The product manager "owns" the success or failure of their product(s). They must know more about their products than any other person in the company, and understand all aspects of what is being done to improve the product, status of schedules, budget expenditures, marketing programs in-process and planned, technical problems, etc. The Product Manager reports on the status of the product to management. By having this ownership the product manager must be effective in working across all functional areas and be effective at getting the different functions to work together to solve problems and meet deadlines so that "their" product(s) succeed and thrive.

Product Manager's Role



THE ROLE OF PRODUCT MANAGER

The Product Manager will report to the President or VP Operations/Mktg. They have authority and accountability for the product's revenue, market share, competitive position, and expenditures. This includes pricing and customer positioning as key success factors within the guidelines established by the product area strategy. Product Managers budget and track product line expenditures by other departments. The Product Manager has responsibility for the budget for their product(s), but have no direct reports to implement a project. Thus, the Product Manager must accomplish all objectives and goals for their product using the resources of other functions within the company.

A Product Manager is the chief strategist and champion of his/her product (within the product area). The Product Manager is explicitly responsible for identifying and implementing key success factors for a product throughout the product life cycle. He/she is authorized to address the strategy of a new product line or its update. This will include taking product line ideas and developing a business case, working with sales to make revenue projections, working with Development, Documentation, Test, and Marketing to define the product and associated projects.

Product Managers will monitor the progress of product development and marketing through all stages. It is within their authority to oversee changes that have an impact on competitive position of the product in the market and respond accordingly. They work closely with the Project Managers in Development through the duration of software development.

The Product Manager's role and responsibilities can be summarized as follows:

- Is the central repository and available source for all data concerning his/her product.
- Makes data available to others/Upper Management.
- Can integrate all data to detect and report or correct problems.
- Is responsible to have all current information.
- Has access to upper management to report product problems -- can "Raise the Flag". Management must COMMIT to be available to PM, to listen and respond.
- Sets and documents product business and marketing strategy.
- Responsible for budget and is accountable for product P&L.
- Coordinates and chairs product teams, develops and maintains schedules.

ROLES AND RESPONSIBILITIES WITHIN THE NEW ORGANIZATION

The roles and responsibilities of existing functional managers and positions within the organization essentially remain the same after the addition of a product management function. What is NEW is the addition of the role of Product Manager and changes in the methodology and procedures in how products are managed from development stages through sales, and finally to obsolescence. The only significant functional change in the existing organization will come in the marketing department. In the new organization the marketing function is now focused on improving the sales of products through effectively launching new products into the market and improving existing product sales through marketing programs that address both channel sales and corporate sales requirements. The responsibility

of working with development to help define new markets, product feature set requirements, and product positioning is transferred to the product management function, although Product Marketing will be very much involved in providing inputs into the process.

Role of Marketing Manager

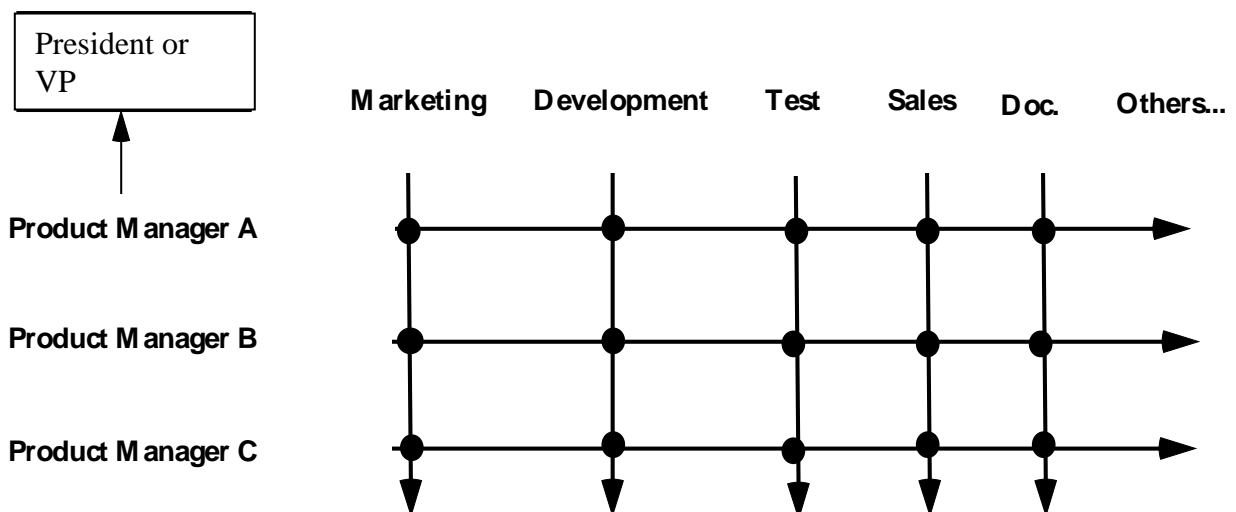
The Marketing Manager (in the Marketing Communications function) will be responsible for developing, presenting and the overall implementation of marketing plans for the launch and in-market support of the products. Product Managers will present product positioning, pricing, name, revenue objectives, and Advertising and Promotion (A&P) budget and key success factors to a Marketing Manager. The Marketing Manager will develop a marketing plan, establish market mix components and seek the explicit approval of the Product Manager and Division Manager. Once a marketing plan has been approved, the Marketing Manager will work within the Marketing team to execute.

New Procedures and Methods

As mentioned before development, test, production, sales, and support functions remain unchanged in meeting their departmental and functional goals and responsibilities. What changes in the new organization, with the addition of the new role of Product Manager, is the procedures and methods in how product planning occurs and how decisions and budgets are managed.

In an effort to improve communications and productivity in managing a products life cycle Product Teams will be organized. These Product Teams will have representatives from each major functional area in the company: Development, Product Marketing, Test, Support, Manufacturing, Finance/Accounting, Sales, Documentation and Training. The degree of participation and responsibilities from each functional group will change depending on where the product is in its life cycle. For instance, from concept development through six months prior to product launch the major

Product Management Organization



functions involved in product planning and decision making sessions will be Development, Test, and Documentation, with other functions providing inputs and support into the process. Once the product is close to launch then Support, Manufacturing, Product Marketing, and Training take on active roles in preparing for the launch of the new product. From just before product launch through the obsolescence of the product marketing and sales play their most active roles in maximizing sales. Throughout the product life cycle the role of Product Manager is constant as the position responsible for overall planning, management reporting, problem solving, and assuring that the product is right for the market. The Product Manager will chair Product Team meetings and be responsible for organization of these meetings and the communication of issues, problems, and decisions throughout the organization.

For Product Teams to function efficiently each functional representative at these meetings must be enabled by their managers (if they are not the managers of the function) to make decisions and accept commitments on behalf of their function. When actions items are assigned those at the meetings who accept them are responsible for meeting deadlines.

Conflict/Issue Resolution

Invariably whenever a team of people is involved in achieving a common goal, issues and conflict will arise. In the new organization, and within the Product Team structure, it is the Product Managers responsibility to identify problem areas and conflicts and resolve them. When product decisions must be made it is the Product Managers role as chair of these meetings to achieve consensus whenever possible, or to make the decision where consensus is not possible. It is also the Product Managers responsibility to determine when issues and conflicts require upper management attention so that the Product Team can resolve conflict quickly and operate smoothly. It is the right of each functional manager or Product Team representative to elevate issues to upper management whenever they feel the Product Manager has not appropriately resolved a conflict and issue. Overall, the success of any Product Team is measured by how well they can work together to effectively plan and execute new product ideas.

KEY PRODUCT PLANNING/MANAGEMENT DOCUMENTS and STEPS

In order to provide focus for Product Teams a few key documents will be required from each product team. These documents will provide a basis for defining new products and effectively document the work of the Product Team in defining and managing their product.

The Marketing Requirements Document

The Marketing Requirements Document (MRD) specifies and focuses on preliminary product and marketing objectives, strategies, and requirements and P&L projections. It defines the business opportunity and key success factors necessary to harvest that opportunity. It defines the required product name, schedule, positioning, pricing and distribution strategy. The goal of this document is to allow a funding judgment to be made quickly. The MRD is the responsibility of Product Management.

Contents:

- Basic description and important specifications required
- Preliminary product positioning
- Market size and competition
- Preliminary forecast
- Resources and schedule required

The PRODUCT Packaging Mock-Up “The Box”

In order to summarize the product, its benefits, and market appeal there is no better way than to design the package first before proceeding to further steps in the process of defining and approving products. The package mock-up must be of sufficiently high quality to accurately represent the final product as it is intended to be presented to the end-user buyer. The following should be represented or easily understood by the packaging:

- Category - Should be a category capable of selling over 100,000 units/year
- Audience - Must be related to category
- Price - Is it a premium or value priced product
- Why to Buy? - Unique claim and reason why customer should pay attention and ultimately buy the product.
- “Essence” - The symbol, image, endorsement or property license that will differentiate the product in the customers and channels mind.

In addition to packaging mock-up a sample product review (one page maximum) must be written in same style as a leading review publication third party format, including screen shots. Review will summarize the benefits and issues with the product and represent the vision of how the product is expected to be received and perceived by reviewers and customers.

The Functional Requirements Document

The Functional Requirements Document (FRD) defines the detailed functions of the product and the functional architecture. The FRD addresses all MRD issues and defines the preliminary functional and performance responses to all requirements listed. It specifies technical issues and risks. At the time the FRD is developed, the project schedule and requirements shown in the MRD are also further refined. This document is the primary responsibility of Development (Project Manager) and secondary responsibility of the Product Manager.

The Product Specifications Document

The Product Specifications document is prepared after approval of the MRD and FRD and describes in detail the operation of the product, including its user interface. The Product Specifications Document is the responsibility of Development.

The Project Plan

All critical specifications, schedules, costs and other plans are committed to by development in this document. This document compliments the Product Specifications Document by detailing the resources required to build the product and methods to be used.

Contents:

- Development plan and schedule
- Resources required and costs
- Major product specifications including performance
- Explicitly defines the planned contents, completed features, expected "buginess" and performance of the First Software Release.

The Marketing Plan

The Marketing Plan builds on top of the Marketing Requirements Document (MRD) developed early in the product life cycle. This document refines the marketing objectives and strategies for the product. The Marketing Plan also documents the product name, positioning, pricing, and distribution strategy. The key unique information in the Marketing Plan is a detailed unit and financial forecast along with the marketing materials and programs required to meet these forecasts. The Marketing Plan also address key market success factors and risks. The Marketing Plan is the responsibility of the Marketing Manager, and secondary responsibility of the Product Manager.

Content:

- Committed forecasts
- Final description, audiences, positioning, features and benefits
- Detailed competitive analysis
- Specific plans and schedules for:
 - merchandising and promotion
 - sales, training
 - advertising and PR
 - sales promotion
 - marketing programs
 - packaging
- Production information:
 - product package contents (Bill of Materials)
 - specifications and schedules for artwork release to Production
- Marketing resources required (dollars and manpower)
- Financial analysis (Profit and Loss with costs from all areas)
- Explicitly defines the Marketing Launch Materials required and committed to be provided at the time of product shipment.

THE NEW ORGANIZATION AT WORK

To succeed well in the changing and complex software, web, and peripherals development environment, MIACOMET must integrate two distinct features: state-of-the-art product development technology and quick product development process. We must innovate and introduce quality "customer satisfying" products quickly. Our product organization system must be designed to integrate these dual requisite conditions. The key issue is the joint integration and optimization of product quality and the schedule through Functional Departments.

A Brief Illustration:

Potential projects/product ideas are derived from market trends, customer feedback, technology breakthroughs, content and brand availability, and/or from other sources. These, hopefully market derived, ideas are brought to a product manager responsible for that area of the business to sponsor and a one page Proposal MRD is produced. This Proposal MRD is presented to management team at monthly review meetings and the project is either approved or rejected. If approved, then a budget will be approved to develop a Package Mock-Up and a Preliminary MRD and FRD will be produced and resubmitted to the management team for approval.

When a project is approved, the project begins its life. The President or VP of Operations/Marketing appoints a Product Manager who will be responsible for the product and they in turn begin work on the full MRD. When the MRD is approved the department heads assign representatives to the new Product Team. These representatives are responsible for the success of the product within their functions/ departments and are given the authority to commit resources on behalf of their functional area.

Product Managers monitor the project according to the budgeted schedule. They must take corrective action through the Project Manager in development when deviations from the project plan become apparent. Through the life of the project a system of checks and balances will provide assurance of successful completion. As the project moves through conception, planning, implementation, and production stages different issues and concerns become paramount. The intensity and level of activities and interdepartmental interaction change. The functional managers/ reps and Product Manager create the necessary tension for surfacing the necessary issues and concerns and finding solutions to them. The Product Manager ensures that critical issues are resolved cooperatively, insignificant issues do not block the progress, and unattended concerns are confronted and dealt with efficiently.

SUMMARY

A Product Management function has been added to improve focus and ownership for products. The addition of these procedures and methodologies has been added not to increase the amount of work required to bring products to market, but rather to focus energies and resources on developing the right products the first time so that MIACOMET can increase its success in markets that are critical to its growth and success.

By embracing this new role and function MIACOMET will improve its efficiency and effectiveness in delivering products that meet market and customer needs, and sustain success by always having someone focused and committed to the success of their product in the market.