

Product Management Guide

What is Product Management?

This question is also frequently asked by experienced entrepreneurs. One reason for this is that product management covers a broad spectrum of tasks. In fact, the function means quite different things in different organizations.

The most concise answer we have found to the question “What is product management?” is:

Product management is the strategic control of the development, market launch, and ongoing support and improvement of a company’s products.

This is, of course, an abstract explanation of the function. So, what exactly is product management and what are its tasks?

Table of Contents

1.	Product Management Definition	2
2.	Product Management vs. Project Management	3
3.	Product Management Strategy	4
4.	Product Manager	5
5.	Product Management Process	8
6.	Conclusion	13

1. Product Management Definition

Product management comprises the planning, management, and control of the products and services to be marketed. It coordinates marketing, sales, production, and product management with customer requirements.

Product management is a fundamental strategic factor in a company. It is the organizational function of a company that deals with the life cycle of a product. This includes the development of new products, planning, production, pricing, marketing, and market launch of the products.

It is the only function in an organization that understands all aspects of the business, including customers, market, competition, trends, strategy, business models, and much more.

Product management can greatly influence the success or failure of products and the company, both in the short and long term. So great product management makes great companies.

The daily tasks of product management include a variety of strategic and tactical tasks.

- **Research:** Conduct research to gain knowledge about the company's market, customers, users, and competition.
- **Strategy:** Translating the knowledge gained into a high-level strategic plan for the product, including goals and objectives, a product overview and, perhaps, a rough timeline.
- **Communication:** Develop a strategic work plan using a product roadmap and present it to key stakeholders in the organization.
- **Coordination:** Assuming you have the green light to proceed with the plan, coordinate with the relevant teams to begin executing the plan.
- **Learn and Act:** Finally, after creating, testing, and introducing the product to the market, learn through data analysis and user feedback. Work with the relevant teams to incorporate the learnings into future iterations of the product.

2. Product Management vs. Project Management

It is common for product managers and project managers to be confused, even in industries such as software, where both are active. But the tasks are very different.

Product managers are at the interface between company goals, customer needs, and the teams that develop the solutions to fulfill these needs and goals.

It is an external and internal, upward, and downward management function that spans technical, operational, and business areas.

Project managers have the task of getting things done.

Their involvement in a project may not start until things are already set, but once in their hands, they play an essential role in the implementation of the projects.

From scheduling and resource allocation to budget management and quality control, they play an important role in defining the plan and ensuring it runs smoothly.

But there are some similarities between these two functions that go beyond the shared acronym. Both are cross-functional and relate to different groups in the organization and their stakeholders.

Both also face the challenge of responsibility without authority, as they rarely manage their subordinates directly. And neither can fulfill their tasks without communicating and coordinating effectively.

The way they share information, including the timing, format, and tools they use, has a significant impact on their overall efficiency.

And both can benefit from using roadmaps to overcome this challenge.

3. Product Management Strategy

Product management is a strategic function. It tasks product managers with determining the overall reason for a product – the “why?” of the product. They are also responsible for communicating the product goals and plans to the rest of the company. They must ensure that everyone involved is working towards a common corporate goal.

Product management covers a wide range of ongoing strategic tasks.

Product managers should not be responsible for the fundamental details of the development process.

Innovative companies separate this function and transfer the tactical elements to project managers, e.g., scheduling and workload management.

This division allows the product manager to focus on the overarching product management strategy. This is a plan that guides the product development process by focusing on customers' needs and the overall goals and vision of the company.

The key elements of a product management strategy are listed below:

Customers: Product managers must know who their target customers are, what they want or need, and how to deliver products to them.

Competition: Product managers need to create a product that is different and unique compared to similar products offered by competitors.

Profitability: Product managers need to consider how new product offerings or product lines can generate profits and help achieve the company's objectives.

Macro-environment: Product managers must address how the macro-environment influences the needs and behavior of the target audience.

4. Product Manager

Product managers are cross-functional executives who coordinate all the tasks required to bring a product from concept to market. They plan the development of the product or product line and implement a strategy for its successful realization. To this end, they analyze market demand, customer requirements and competitor's offerings.

The strategy a product manager uses depends on the organization and the target customer.

To develop an effective strategy, they consider who their target audience is, how the new product fits into the current market and how it can help achieve the company's overall goals.

This ensures that new products not only have a lasting effect on the company, but also for its customers.

These are the main tasks of a product manager:

- Conduct market research to understand customers and competitors.
- Develop strategies for new products that consider company objectives, customer needs, and external influences.
- Plan product timelines that indicate when a product reaches each stage of development, from inception to completion.
- Create a product vision and communicate strategies and plans to key stakeholders, including investors, the product development team and company executives.
- Maintain a product roadmap and ensure it is followed or updated as needed.
- Coordinate product development process with relevant teams.
- Interpret customer feedback, perform data analysis to improve future product management strategies, and convey findings to relevant teams.

To be an effective product manager, the product manager needs a range of skills, including the following:

- **Communication:** This skill includes general and function-specific writing skills, interpersonal conversation, public speaking, and active listening.
- **Technical skills:** Effective product management requires the product manager to help his/her team understand technology trends and technical challenges.

- **Leadership:** Product managers are responsible for providing guidance, promoting collaboration, and facilitating communication among the various departments involved.
- **Problem Solving:** Product managers apply logical and analytical thinking when solving various problems related to product development.
- **Creativity:** Product managers must creatively contemplate strategies, tasks, or problems to guide their teams in developing innovative products.

Product managers work with a variety of people and departments, collectively referred to as stakeholders. The most important stakeholders are described below and how product management helps them to achieve their goals through the product manager.

Project Management

Companies rely on project managers to keep the product development process on track. Project managers coordinate the tasks of different departments and schedule simultaneous activities to get the product to market in the shortest possible time.

Marketing

Marketing's role includes generating customer demand, helping product marketing and sales respond to competitive moves, handling public relations, planning events, and creating material to support the sales force and channel.

Sales

The overall objective of the sales function is to facilitate the sales process. A sales process is one in which customers conclude that they should buy your product, and then do so.

Product development

Product development, or as it is sometimes called Engineering, is the organization that creates the product. Many specialties fall under this heading, including the following categories: user experience, software developers, hardware engineers, quality assurance.

Finance

This department will be very focused on balancing the books and making sure the company earns more than it spends. It will collaborate on development costs, revenues and profits, pricing, and, sometimes, forecasting.

Operations

This team streamlines the sequences of tasks to deliver products and services. They must be convinced to put a process in place, as simple as possible, so that customers can easily buy the product.

Service and Support

This team provides the after-sales support that keeps customers satisfied as they use your product. You need to talk to them to discover customer problems and educate them about new products and changes to existing ones.

5. Product Management Process

There is no “one right” way to manage a product.

Processes evolve and adapt to the organization, the stage of the product lifecycle, and the personal preferences of product team members and managers. However, a certain consensus of best practice has emerged within the discipline.

While strict adherence is not required, and there is not the same fanaticism as when discussing Agile, the basic principles are widely accepted.

5.1 Define the problem

It starts with identifying a problem that is of high value to the customer. Next, people or organizations try to do something and cannot.

Or, if they can, it is costly, time-consuming, resource-intensive, ineffective, or only plain unpleasant.

Whether it is getting a person or item from A to B, finding the perfect gift, reaching the right audience, entertaining people, or any other goal, what is currently out there is not enough. People want something better or something they do not have. People have a problem.

Product management transforms these abstract complaints, wishes, and desires into a problem in search of a solution.

Solving this problem and relieving the pain is the trigger and motivation for everything that follows. Without a clearly formulated goal that relates directly to this pain point, there is little hope of the product gaining traction or permanence.

5.2 Quantifying the opportunity

There are many problems and pain points, but not all of them are worth solving. This is the time for product managers to transform their customer-centric vision into a business vision.

To justify the investment in the development of a new product or solution, product management must answer the following questions and be able to build a business case based on the answers found:

- What is the total addressable market?
- Is the problem serious enough for people to consider alternative solutions?
- Are they willing to pay for an alternative solution (or is there another way to monetize the solution)?

Once product management has assessed the potential market, it can attempt to develop it if there is a sufficiently large and attractive opportunity.

5.3 Investigate possible solutions

When product management has a goal in mind, they can thoroughly research how to solve customer's problems and complaints. They should cast a wide net of possible solutions and not rule anything out too quickly.

For example, let us say the company already has proprietary technology, intellectual property, or a particular area of expertise that gives it an advantage, in which case it is likely that potential solutions will utilize it in some way. However, this does not mean that product managers should start writing requirements and get the product development team involved. They will want to match these candidates with the target market first, although it is advisable to pass some of these ideas on to the technical team to ensure they are at least feasible.

Product management will often develop *Personas* to see if there is a genuine interest in the groups using one of the identified ideas.

Skipping this step and starting development immediately can be a fatal mistake or lead to significant delays.

While there are no guarantees, getting confirmation from potential customers that the idea is something they want, will use, and will pay for is a crucial step in the overall process and in achieving product-market fit.

5.4 Building an MVP

Once the attractiveness and feasibility of a particular solution has been confirmed, it is time for the product development team to get to work. First, the minimum feature set needs to be defined and then the team can create a working version of the product that can be tested with real users.

The Minimum Viable Product (MVP) will deliberately do without many extras, as the aim is to ensure that the basic functions meet the requirements of the market and to learn from this experience.

Further details can wait until later in the product life cycle, as it makes little sense to invest additional resources in an untested product.

MVPs can test product performance and the positioning of the overall message and value proposition together with product marketing. The key is to find out whether this nascent product is in demand on the market and whether it adequately fulfills the basic requirements.

5.5 Creating a feedback loop

While customer feedback is important throughout the life of a product, there is no time more critical than the presentation of the MVP.

This is where the product management team can learn what customers think, what they need, and what they dislike, as they are reacting to an actual product experience and not just theoretical ideas thrown around in a conversation.

Product management should make it easy for customers to give their feedback and invite them to do so frequently. However, it is equally important to process, summarize, and act on this feedback, and turn it into actionable ideas that are included in the roadmap or backlog portfolio.

And don't forget that product management must also establish a method for closing the loop with customers so that they know that their complaints and suggestions have been heard and, where appropriate, addressed.

5.6 Establishing the strategy

If the MVP is well received, it is time to invest in a product strategy. The team now knows that they have hit on something that can succeed. So, goals need to be set to improve the product, bring it to market, expand its reach, and align it with the company's overall strategy and desired outcomes.

The strategy should be based on reasonable, incremental progress towards achievable goals, with key performance indicators and other metrics established to evaluate success. These metrics should be aligned with the company's overall goals and complement what the company is already doing well (assuming it is not a startup).

Above all, the strategy is the point at which product management must ensure that the stakeholders align and agree.

If there is no solid, shared understanding of this fundamental element of the product, you are already laying the groundwork for future conflict and disagreement.

5.7 Driving execution

With a viable product concept, a scalable feedback management system and a solid strategy in place, it is now time to turn ideas into action. This means that you need to prioritize potential development projects and design the product roadmap.

Product management can use various prioritization frameworks to decide which development activities will help the product achieve its most important goals quickly and efficiently, and thus prepare the short-term work.

Of course, not everything can come first, so it is important to make these decisions. Once the initial priorities are set, product management can develop its roadmap.

This powerful tool allows stakeholders to get a picture of what is coming and why it is important to the strategy, especially if it is structured around themes and deliverables rather than specific functions and delivery dates.

6. Conclusion

Ultimately, our answer to the question “What is product management?” is that this function revolves around strategy. First, product managers develop the product strategy and communicate it convincingly. Then they ensure that all decisions regarding development, marketing, etc., reflect and support the strategy. A well-functioning product management function can deliver amazing products that customers understand, buy and use.

To become a good product manager, you need to focus on the product and marketing aspects of the business. Every day there are a variety of challenging and stimulating situations that product managers must face and find solutions for.

Are you ready to dive in and find out more?

About advisio

The advisio GmbH team consists of competent employees with many years of experience in the fields of business innovation and transformation, organizational project management, and governance of information and technology.

The use of frameworks and practices to innovate and transform organizations is one of our core competencies. Our specialists perform, upon request, advisory, consulting, and training services in business transformation, customer experience, business innovation, product management, value management, and change management. Together with its knowledge and experience, advisio accompanies its clients on their innovation and transformation journey for the digital era.

If you are not sure how to start the innovation and transformation process in your organization, advisio will help you determine it. Do not hesitate to make an appointment for a no-obligation consultation.

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