A Case for Modernizing Product Planning

Many product professionals know the ugly truth that lies at the heart of product development today; too often, once a product appears on the market, a business will discover, usually after it's too late to do anything about it, that they "missed the target" and delivered the wrong product. After-the-fact investigations reveal everything from an overlooked idea, to having mismatched resources to priorities, to discovering an inability to respond quickly enough to opportunity or threat. Companies feel the hit or miss of products in their bottom lines. Some of the many culprits for businesses include:

- Failing to meet market requirements
  Having over-confidence with decisions without objective proof
- Being influenced by opinion vs. 'real' market knowledge

Over the last decade, demands on product planning have changed resulting in increased complexity, including:

- Workforce globalization with multi-region product teams
- Product componentization
- Mass customization of products for specific, niche markets
- Solution-oriented offerings that bundle multiple products and services together
- Development adoption of Agile and Lean methodologies requiring product planning shift to more focused management of priorities and backlog

> "14% of companies surveyed believe they have an effective process for capturing new ideas"
>
> *Accenture - "Innovation: a Priority Growth in the Aftermath of the Downturn" - Nov 2009*

> "Over 80% of corporate executives are unhappy with their company's innovations, which is driven both by lack of customer relevance and speed to market."
>
> *Accenture Innovation Survey, 2009*

Responsibility for functional product issues has always been handled by product development; market performance of the product is handled during the product planning phase. Every business, in one way or another, performs some type of product planning exercise. In small businesses, this type of work occurs within the development group. In larger more complex businesses, a dedicated team that runs parallel to the development organization staffed with product managers or business analysts typically handles this work. In either case, the objective is essentially to focus development on a set of priorities that will result in an optimal market outcome be that improved revenue, profit, market share etc. But too often, sometimes despite herculean efforts, this does not happen.

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WHAT EFFECTIVE PLANNING SHOULD DO

When product teams get it right, effective product planning can mean the difference between success and failure in the market. Product planning should essentially define "what to build " — those items that will deliver the desired business outcome — while product development focuses *"how to build it."*

Product planning tries to achieve its goals by setting a product's direction and vision and establishing priorities for product development. It strives to consider the overall business strategy as well as stakeholder and customer desires resulting from requirements gathering. It also handles status updates and roadmap communications throughout the business.

Product planning, by its nature, is both a highly collaborative and iterative activity. In larger more complex businesses, developing a plan can involve the effort of hundreds of people who must iteratively reconcile different inputs and perspectives: financial; resources; corporate strategy; existing commitments; sales needs etc. They work together to analyze a large field of possible features and distill out a set of priorities that support the business' overall objectives and match the available development and financial capacity.

"50% of all new products fail"

AMR-Gartner Survey, 2009
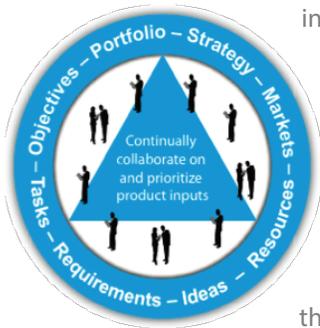
Then after a plan is signed off, the product managers must continually monitor the execution of the plan, as modifications are a regular occurrence.

Sometimes development may not get as far as they originally estimated because of unforeseen challenges. New information may arise that requires a shift in strategy or a financial setback that requires cutting back on resources. Situations like these can require significant rework of the plan to establish a new set of priorities.

When product planning is done well, the product moves forward in ways that are meaningful to the market and also achieve the business' objectives, even with changes and shifts to the plan. The most promising opportunities are identified early and incorporated into the plan based on market impact. Resources are allocated according to priorities. Market changes, not internal preferences, are taken into account. The business can respond to any change in a timely manner with minimal disruption. So what happens that inhibits successful outcomes?

INFORMATION MANAGEMENT - THE HEART OF PRODUCT PLANNING

For larger businesses, supporting all of the activities in product planning requires that the team manage a great deal of information coming from a variety of sources. At the top, the product owner or Chief Product Officer ("CPO") works to define and drive a set of requirements that will advance the product in a strategic direction. For individual practitioners, work centers on collecting and cataloging ideas from customers and partners, specifying and ranking requirements and mapping them to resources and schedules. Coordinating this type of work across multiple teams and departments falls to mid-managers, who also must reconcile the "top-down" strategic plans with the "bottoms- up" day-to-day activities that are already in process.

All of these roles rely on the same base of information: objectives, requirements, activities, resources, schedules and more, but with a perspective and scope that is particular to each of their roles. Their work results in a vast and complex web of interconnected relationships between the many pieces of information, relationships that must be continually managed as time goes on.

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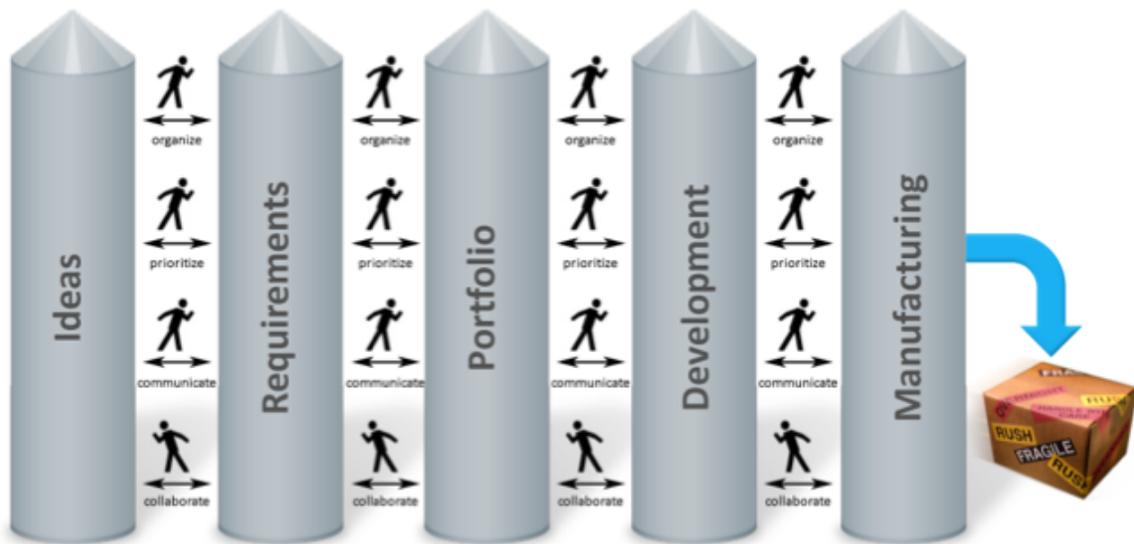
Product teams are spending effort and time connecting information silos.

Despite the fact that businesses must continually manage a complex and ever-growing product information "***hair- ball***", when it comes to their information management practices, most businesses take a piece-meal approach. Spreadsheets, documents and "***task specific***" software are the tools used to collect, organize and communicate information. However, because these tools are only able to represent a portion of the information under management, the product team ends up spending time reconciling the information between tools. The simple truth is that the use of point tools and in-house solutions, for product planning, limits the team's ability to effectively collaborate, prioritize and strategize because it forces them to use their time managing and continually reconciling multiple information "***silos***".

This may be workable for small businesses with simple products, but too often, becomes quite difficult in the face of any complexity. When the situation gets out of control, "***requirements hell***" can ensue. Priorities get lost, errors are introduced and individuals spend increasingly more time "***getting on the same page***" as information is transmitted (or not) from spreadsheet to tool to spreadsheet. Symptoms include:

- Inability to set and maintain priorities
- Disconnection between strategy and the operational plans
- Inability to respond to changing conditions
- Decisions not being made based on objective market data
- Lack of visibility into the state of the project

"46% of all R&D Dollars is spent on cancelled or failed products"

Robert Cooper, Winning at New Products

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WHAT IS NEEDED?

First, realize that information management is at the heart of product planning — This simple fact is almost universally overlooked by product planning leaders and it shows up in lack of discipline around information management practices and a "laissez-faire" approach to tool use. Other information-oriented areas within any business, like finance and sales, spend large sums to keep their information under control. Successful products are the lifeblood of any business, so why don't they invest in the same way to improve the information management that lies at the heart of product planning?

Secondly, focus on solutions that unite information not create silos — For most businesses today, product planning is still carried out using spreadsheets, in-house solutions and software tools that silo data. This forces a business' product team to expend great effort keeping information connected in order to establish, maintain and control priorities. This "business as usual" approach can work when there is little complexity in product planning, however, when organizational, business or market complexities increase, and the team continues using these old methods and practices to manage multiple silos of disconnected information, it quickly becomes problematic.

CONCLUSION

The difference between successful and failed products in the market can often be traced back to the fallout of complexity including but not limited to:

- Undiscovered or lost requirements
- Failure to determine and maintain priorities
- Inability to respond to competitive threats or opportunities
- Mismanagement of precious, engineering capacity

The root cause of these most often lies in the way the business captures, prioritizes, and communicates information within product planning. Improving information management practices can make all the difference in a product's outcome. An approach that unifies information and keeps it current and accessible for teams across the organization makes for effective collaboration, increased visibility and better control of priorities even in the face of ongoing change. All of these can significantly improve executive decision-making and team productivity, which in turn, can reduce time-to-market and increase product/market fit, ultimately improving a product's performance in the market.

"Innovation management breakdown is the 2nd cause of growth stalls"

Harvard Business Review - "When Growth Stalls" - March 2008

What is required is not better, faster "tasked-based" software tools and in-house solutions but a whole new approach to plan products, with better information management practices that undergird that approach – modernizing product planning.

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The e-paper was published by Accept Software who strives to modernize product planning by providing companies, with complex product planning challenges, a software solution for aligning their products to the best market opportunities. For more information, visit www.accept360.com or call us at 512-201-8222

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