

Product en Price Management

samenvatting



quickprinter
Koningstraat 13
2000 Antwerpen
www.quickprinter.be

Online samenvattingen kopen via

www.quickprintershop.be

Like us on Facebook!



www.facebook.com/quickprintershop

PRODUCT AND PRICE MANAGEMENT

SESSION 1: CHAPTER 2: LEADERSHIP AND MANAGEMENT COMPETENCIES

1. DEFINE PM AND THE TASKS, ROLES, AND RESPONSIBILITIES OF PMS.

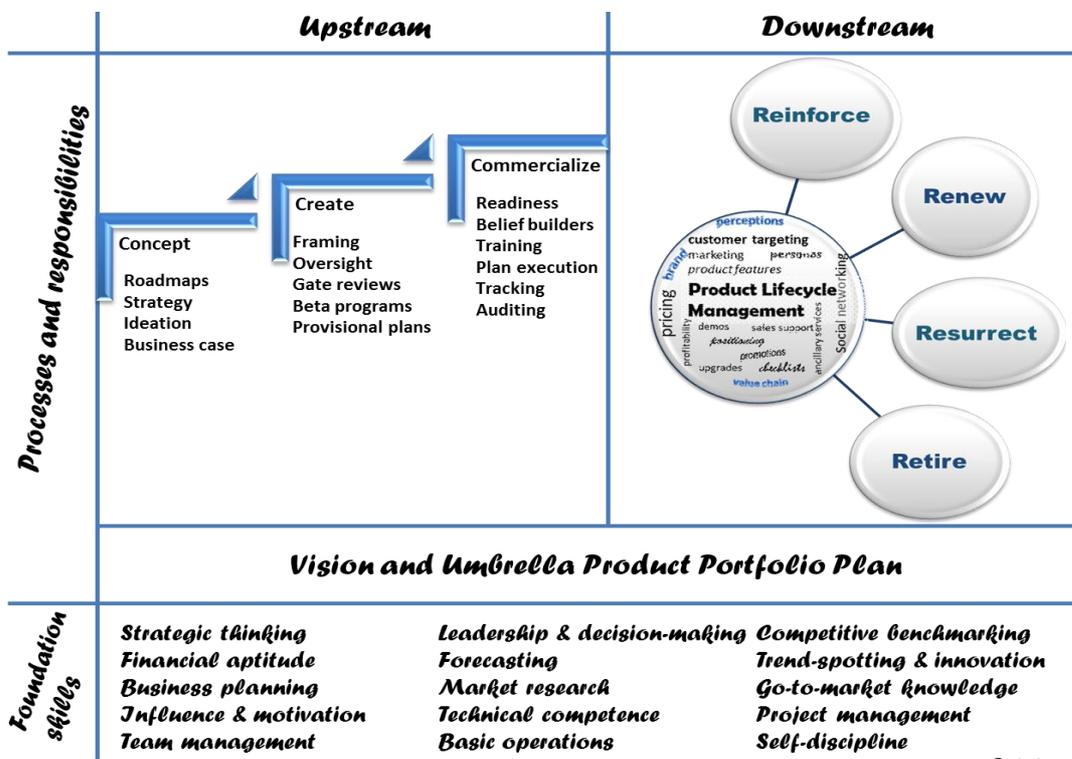
Product management is the entrepreneurial management of a piece of business (product, service, product line, brand, segment, etc.) as a 'virtual' company.

Product managers are generally accountable for this piece of business without having direct authority over the entities that 'make it happen'. There are two fundamentally different classifications of product management functions:

- *Upstream functions* deal with the strategies of product road maps and new product development efforts, upstream PMS are responsible for global product strategy and launch.
- *Downstream functions* deal with ongoing life-cycle management, downstream PMs handle the marketing and sales support necessary to manage the profitable sales of products after launch and beyond.

The product manager's job is to oversee all aspects of a product or service line to create and deliver superior customer satisfaction while simultaneously providing long-term value for the company.

THE PROJECT MANAGEMENT FRAMEWORK



© Linda Gorchels

2. PROVIDE A DETAILED DESCRIPTION OF THE SKILLS REQUIRED FOR PM JOBS.

- *Analytical skills*: analyze historical figures of sales, finance etc. and translate his numbers into information
- *Forward thinking*: plan for the upcoming
- *Forward driving*: have your vision for the future and have your team working on that
- *Financial skills*: impact of product decisions on asset utilization, cash flow, inventory etc.
- *Empathic*: be able to see things through the eyes of your customers
- *Communication*: tailor your listening and talking to the person / function / circumstance and be able to influence through effective communication
- Customer design based thinking
- Technical understanding will help you know what's possible and what's not

<i>Foundation skills</i>	<i>Strategic thinking</i>	<i>Leadership & decision-making</i>	<i>Competitive benchmarking</i>
	<i>Financial aptitude</i>	<i>Forecasting</i>	<i>Trend-spotting & innovation</i>
	<i>Business planning</i>	<i>Market research</i>	<i>Go-to-market knowledge</i>
	<i>Influence & motivation</i>	<i>Technical competence</i>	<i>Project management</i>
	<i>Team management</i>	<i>Basic operations</i>	<i>Self-discipline</i>

3. GIVE AN OVERVIEW OF PM'S MOST IMPORTANT STAKEHOLDERS AND HOW PMS INTERACT WITH THESE STAKEHOLDERS.

Product managers have to maintain cross-functional interactions with the following divisions:

- Sales
 - o Communicating with sales people
 - o Sales training
- Operations and Research and Development (R&D)
 - o New product development
 - o Strategic Interactions
- Customer and product support functions
- Finance
- Marketing Communications
- Marketing Research
- Customers

A. SALES

Concerning Sales, a product manager has got two tasks to fulfill.

- Communicate with salespeople

Sometimes, these contacts are requests for price adjustments or special deals that require product management approval or authorization. Salespeople should also be informed of any product or marketing change that affects their relationships or negotiations with customers before the information reaches their customers!

- Provide (a part of) sales training

This training can cover a variety of issues; sales skills, company data, product knowledge, and market and competitive intelligence. At the same time, both product managers and salespeople should understand the differences between key accounts, target accounts, and maintenance accounts:

- *Key accounts*: the 20% of customers who make up the bulk of gross profitability.
- *Target accounts*: customers who may be the competitor's key accounts or who are significant prospects for a new product or service.
- *Maintenance accounts*: existing small customers and possibly future strategic accounts.

Further, product managers need to define what information salespeople must obtain from customers in order for them to qualify needs. Product managers should raise questions about how prospects perform the function(s) provided by the product, what tolerances are required, what applications they would have for it now and in the future, and so on.

B. OPERATIONS AND RESEARCH AND DEVELOPMENT (R&D)

About Operations and Research and Development, a close working relationship between these two divisions is critical for both new product development and strategic interactions.

- New product development

Concerning new product development, the R&D department will need to assess technical feasibility. The role of the product manager is to represent the voice of the customer, balancing corporate return on investment (ROI), customer satisfaction, and manufacturing cost.

- Strategic interactions

The product manager may also be involved in strategy sessions with the operations function, beyond specific new product projects. During these sessions, the product manager will present marketplace problems and/or competitive moves that might trigger ideas for new products and focus the discussion on future capacity needs. The product manager must work continuously with operations to improve and enhance the product line. He is also frequently involved with operations on cost-reduction projects. They have to focus on ways of reducing costs that will not compromise the perceived value of a product.

C. CUSTOMER AND PRODUCT SUPPORT FUNCTIONS

The PM should

- gather/supply info from/to CSR (Customer Service Representative) on product performance/how to increase customer satisfaction
- establish service standards that are understood & attainable by CSR
- organize training to assure competitive differentiation
- handle warranties & complaint management

D. FINANCE

The PM needs to

- achieve a balance with Finance between product costs and the market price (i.e. perceived value by the customer)
- align the type of pricing with profitability in the long term and consider different market segments and product life-cycle decisions.

The PM relies on finance for

- line-item information to develop a budget/income statements and/or product balance sheets

E. MARKETING COMMUNICATIONS AND RESEARCH

Here, the product manager has to choose between an in-house versus an external agency. He has to ask himself questions like:

- What types of promotion need to be done?
- What type of data collection and analysis is needed?
- What is the size of the agency?
- ...

4. ELABORATE ON THE MOST IMPORTANT CHALLENGES FACED BY PMS. (VIDEO)

The two major challenges you never get right and are always working on

- LEADER
 - o Appreciation for what it is to lead, the great thing about PM is that you have a lot of responsibility but not a lot of authority
 - o No one reports to you and feels like they have to do
 - o PM can teach you a lot about being a successful leader
 - o You need to be able to convince people to work on your product idea, you first need to convince your people before you can convince the market, being able to inspire and motivate people to work hard and push for a launch is really hard and you got to have it to be a successful PM
 - o You got to be part of the team in order to get respect from your coworkers
- HOLISTIC
 - o Holistic thing, PM has the responsibility of the outcome, not just your effort but the final outcome counts, you are known for the products that succeed or fail in the market, not the effort you have put in it
 - o You are a little CEO, you need to consider all elements involved such as marketing, finance etc. but you don't have the authority, people often don't take you serious

TIPS

1. Know your product and your users, put yourself in the shoes of your users and use your product all the time
2. Don't just drop balls, motivate your people and follow through your ideas, keep going with your ideas
3. Collaboration and partnerships: a strong vibe with others you work with is really important

SESSION 2: CHAPTER 4: INTELLIGENCE GATHERING

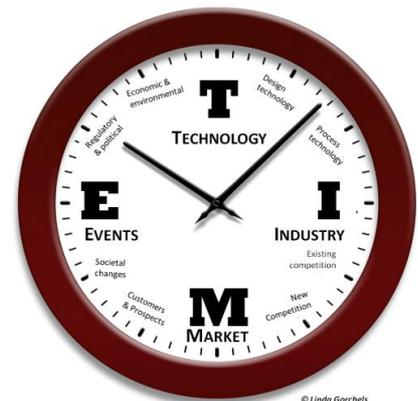
1. DIFFERENT TYPES OF INTELLIGENCE GATHERING AND THE ROLE THAT PMS CAN PLAY.

Intelligence gathering consists of two processes: the external intelligence gathering process and the internal - intelligence gathering process.

- *Internal*: knowledge of broad company competencies, costs and financials, internal politics et.
- *External*: four 'TIME' categories:

Clock symbolizes the fact that none of the information is static, and the dynamism of the changes and trends requires an ongoing intelligence.

- **Technology**: on two levels; new technology that can be the product, or technology that can be an external variable that becomes an enabler or plan-shifter. Technology trends provide both opportunities and threats.
- **Industry**: Regarding broad industry knowledge, most leadership training incorporates Porter's five forces analysis to evaluate the attractiveness of a particular industry. These forces include:
 - the power of buyers
 - the power of suppliers
 - the threat of new competitors
 - the threat of substitutes
 - the intensity of competitive pressure
- **Market**
 - Competitive intelligence
 - Market and customer intelligence
- **Events and trends**
 - Numerous externalities
 - Social trends, political events
 - Macroeconomic influences, environmental events
 - Regulatory compliance issues
 - ...
 - Establish trend analysis group
 - Create folders with fie articles, customer data, channel and sales insights



2. REFLECT UPON THE FRAMEWORKS, QUESTIONS, AND COMPETITIVE CATEGORIES THAT HAVE TO BE CONSIDERED IN TERMS OF "COMPETITIVE INTELLIGENCE".

Competitive intelligence (CI) is the process of collecting and analyzing an ongoing stream of information about the competitive environment for your product and the impact it has on a company's ability to compete. The competitive analysis can be seen as a summary of information.

Some questions considered as part of the analysis are:

1. To which competitors have you lost business, and from which have you gained business?

2. Where – in what regions, industries – is competition the strongest and why?
3. What are corporate competencies of the companies that own competing products?
4. What are the list prices of the competing products? What are the actual prices?
5. What is the market perception of the competing products? Awareness level? Customer loyalty?
6. Are there any specific product features that are 'best in class' against which your product should be benchmarked?
7. Are competing products a small percentage of their company's business, or are they the main products of the company?

There are two parts of competitive intelligence that need to be considered, and that can be seen as a framework:

- Establish a competitive intelligence process:
 1. Anticipate actions/reactions of specific competitors
 2. Learn from successes/failures from others
 3. Craft tools/approaches for sales force/communication people
- Who are the real competitors?
 1. It depends: different value propositions for different market or competitor combinations and the desired position
 2. Perceived competitors by customers: clue price sensitivity (it's all about perceptions!)
 3. Keep them manageable: not everybody can be your customer

There are different types or categories of competition as well:

- directly competing products
- category competition (= different products with the same functionality)
- substitutes competition
- budget competition
- organizational competition

3. REFLECT UPON THE FRAMEWORKS, QUESTIONS, AND COMPETITIVE CATEGORIES THAT HAVE TO BE CONSIDERED IN TERMS OF "CUSTOMER AND MARKET INTELLIGENCE".

Market and Customer Intelligence can be considered as the most important category of intelligence gathering. Here, you try to obtain information about market segments and customers. There are some basic questions about existing customers you have to start with:

- 1) Is there a group of heavy users of the product(s)?
- 2) Is the primary target growing, stable, or declining?
- 3) Under what circumstances do customers purchase products?
- 4) How and why is geographical coverage limited?
- 5) What percentage of customers are national accounts? And international?
- 6) Are most customers new or repeat buyers?
- 7) Are the customers the end users? If not, what information is available about the end user? 8) Are your customers progressive, traditional or passive?
- 9) How sensitive have customers been to past price changes?
- 10) Does the customer base consist of a few large customers or many small buyers?