



PRODUCT PORTFOLIO STRATEGY

How It Drives a Chain Reaction of Success
Across Product Management, Product
Marketing, Sales & Customer Success

WHITE PAPER



**PRODUCT
MANAGEMENT**
UNIVERSITY

INTRODUCTION

In any team sport, the ultimate goal is to outscore every opponent and win the game. Every position on the team has a role in helping the team score or preventing opponents from scoring, but they have to work together in a coordinated fashion to execute the game plans.

Your product portfolio follows the same philosophy. First and foremost, the ultimate goal is to deliver solutions that make customers quantifiably better at certain things that have strategic value to their business. Then, you have to deliver those solutions to the market in a way that drives profitable growth for your own organization.

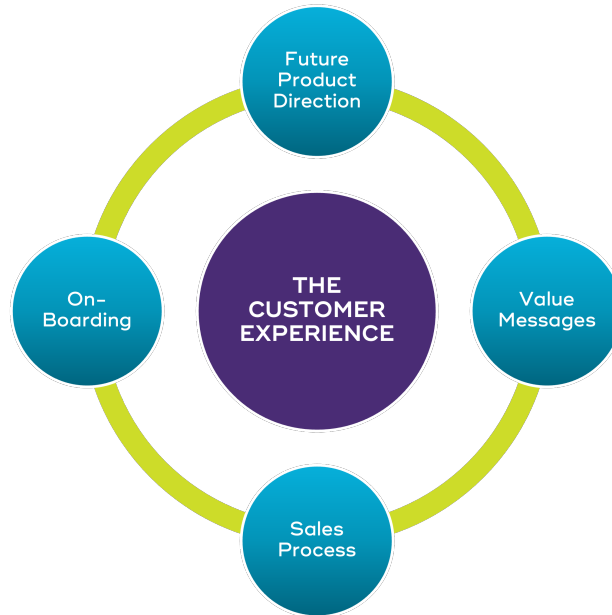
In pursuit of those goals, each product in your portfolio has a defined role, and it has to work in a coordinated fashion with the other products to meet those goals.

But imagine this. What if each player on a sports team played with the intent of racking up the best individual statistics in each game? That means players on the same team have put individual goals ahead of team wins. Essentially, they're competing with one another. Winning games becomes secondary.

If this scenario is analogous to how your company does product management, product marketing, sales and customer on-boarding, it could be time to take a step back and rethink your approach to product strategy.

Portfolio Strategy From the Customer Experience Perspective

Think about your portfolio strategy from the customer's purview.

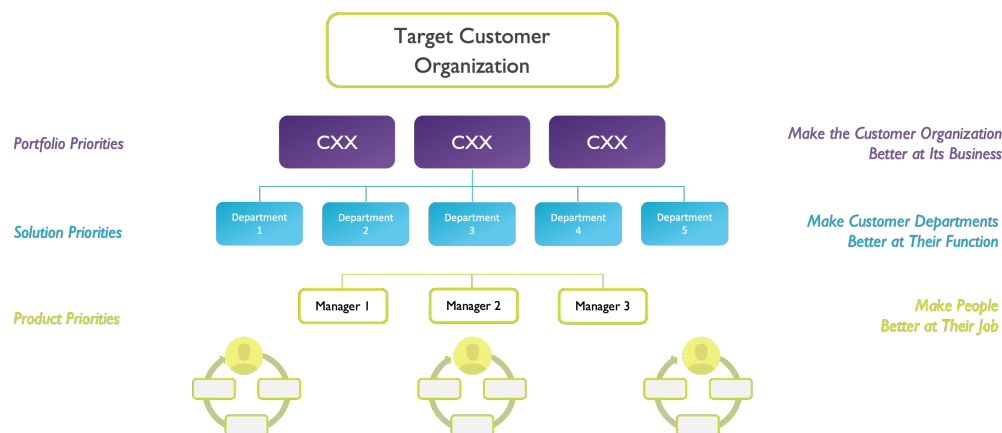


- **Future Product Direction:** What's the customer experience when you're communicating product direction? Are you only communicating what you're doing to each product, or are you communicating your vision for helping your target customers meet their strategic and operational goals and the role each product plays in that vision?
- **Marketing Messages:** How does the market interpret the positioning of each product, especially when there are a lot of products? Is there a common value theme that ties all products to customer outcomes with strategic value, or is the messaging for every product marching to its own drummer?
- **Value Selling:** What's the buyer's perception of your value during the sales process, especially when multiple products are involved? A vision for their success or a variety of fragmented features and benefits for each product?
- **On-boarding:** What's the customer experience during the on-boarding process? Are you showing them how the product works, or how to use the product to get specific outcomes that have measurable value to their business?

The answer to each of these questions starts with your portfolio strategy, not your plans for each product. It starts with a vision for making customers measurably better at specific things that are valuable and/or strategic to their business followed by the role each product plays in executing that vision.

The Foundation: A Top-Down View of Your Target Customers

Imagine your portfolio strategy graphically. It should mirror a typical customer org chart, at least for the areas of the customer organization that are relevant to your products.



To put it into context, here's a simple example.

Let's say you have a platform or a suite of products that address the customer's human capital management function (formerly known as HR).

Strategically speaking, many organizations starting with the CEO, want to hire and retain great people that are passionate about the mission of the organization.

Every product in your HCM suite plays a role in the equation.

- Payroll may no longer be ubiquitous as organizations get more creative in how they want or need to pay people.
- HR & Benefits play a role in terms of creating a desirable workplace culture.
- Recruiting plays an obvious role.
- Employee engagement plays an obvious role.
- Training & development plays a role in further developing people's skills and establishing upward career paths.
- Etc.

At any point in time, the priorities of what you build, market, sell and deliver will change based on the HCM functions that have a bigger impact strategically for the customer.

In other words, if engagement is hypothetically the highest priority for the market over the next 12 months, it probably means you invest more resources across the board in employee engagement solutions versus payroll, training or recruiting.

It's a portfolio level decision that's driven by the customer's strategic priorities. It keeps every product team and every discipline from establishing different priorities and competing with one another because they all see your target customers through a common lens.

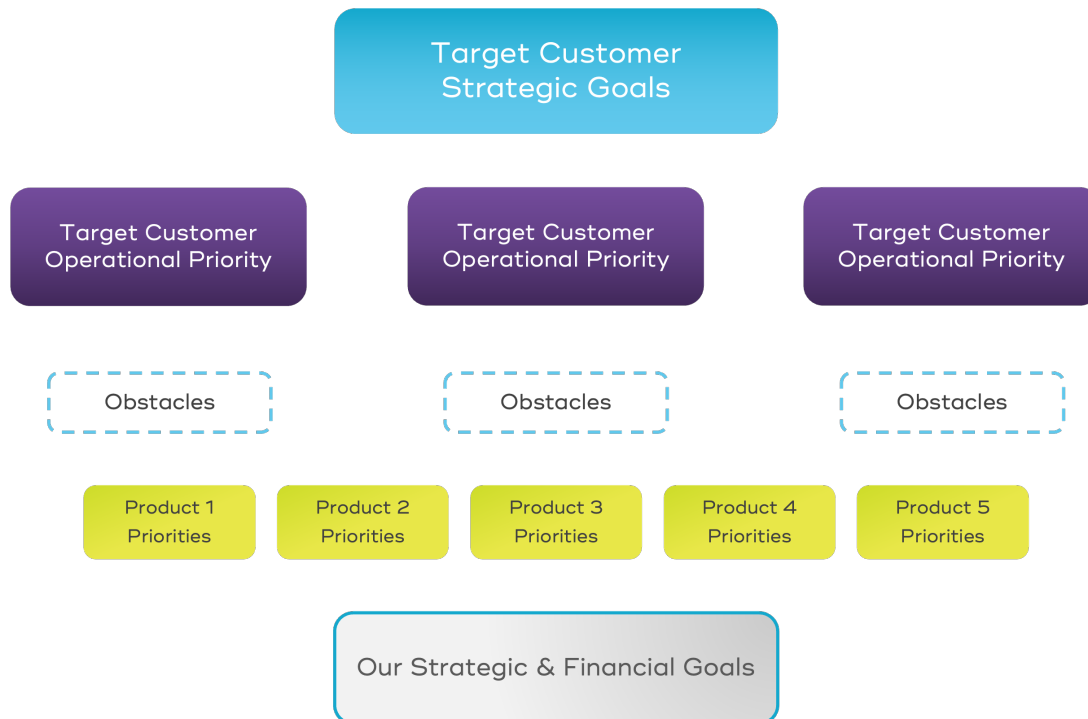
Inside-Out Product Strategy

Here's the biggest mistake most organizations make with product strategy. They start with their own goals instead of the customer's. It makes everything more difficult because there are too many right answers for meeting your own organization's strategic and financial goals.



Outside-In Portfolio Strategy

When the customer's goals are the starting point, priorities across products, marketing, sales and customer success teams get exponentially easier because there isn't much debate on WHAT your target customers are trying to accomplish, WHY those outcomes are important and the obstacles standing in their way.



In a portfolio strategy approach, product marketing, sales and customer success teams focus on showing prospects and customers how to get those outcomes with existing products. Product management's focus is on building new capabilities to eliminate the next biggest obstacles impeding those same outcomes.

The go-to-market side of the equation closes the loop with plans and tactics for taking those solutions to market and making customers successful in support of your own organization's strategic and financial goals.

If your strategic planning process begins with your own goals, by default, delivering measurable value to the market becomes secondary.

The #1 Culprit to Cross-Functional Alignment & Execution

The #1 culprit to misalignment across product teams, marketing, sales and customer success is **different views of the markets and customers**.

What's best for every product may not be the best or most valuable thing to your target customers, or your own organization for that matter.

Who's responsible for creating the top-down view of your target customers that drives all disciplines? Since everything in your organization revolves around products, it's product management.

Improving Product Management & Development Execution

It all starts here. As product management goes, so goes the rest of the organization.

Now, it's not like most product management teams have a common view of the customer that drives all product priorities. In fact, it's just the opposite.

Every product team usually sees the customer only as it relates to their own users. That means the priorities of every product team are formed in silos, which is why they're constantly competing for engineering and marketing resources and mindshare with sales.

There are three things product management can do to improve execution:

1. Establish a common top-down view of your target customers that clearly defines the following:
 - a. WHAT those customers are trying to accomplish from the top all the way down into the trenches (where your products play),
 - b. WHY those priorities are critical to the success of their business,
 - c. The biggest obstacles standing in the way at all levels, and WHY those obstacles exist.
2. Define the role each product plays in eliminating those obstacles and then choreograph individual product priorities according to areas that are most valuable to the customer.
3. Make sure all development and engineering teams understand the big-picture customer landscape before they hunker down on building new products and features.

Improving Product Marketing Execution

The chain reaction has started. If product management is operating as described above, by default, they've set product marketing up for success.

It works like this. In the process of establishing the top-down view of your target customers, product management has essentially created the positioning and value messaging platform for the portfolio as well as each of your existing products.

Now product marketing can build out the value story and tie everything neatly together with strategic messaging around the portfolio that's complemented by the value positioning of each product.

That gives your organization a complete value story that speaks to customer executives, senior managers and users. The dots between them are automatically connected regardless of where the value dialogue begins.

The next step for product marketing is to mobilize your value story across all marketing channels to drive demand and enable sales to carry it through the sales process.

Improving Sales Execution

The chain reaction of success is in full swing. Here's what changes for sales and it's going to make their job a lot easier.

With exception to those doing demos, salespeople will need less product knowledge to be more effective in front of prospects. Why?

They'll be more knowledgeable on the business of the customer (from the top down and bottom up) and can speak more eloquently to facilitate discovery meetings, presentations, conversations with decision-makers, contract negotiations, etc.

Product marketing will make sure they have the tools to do it!

Here's the thing that hasn't changed about sales since the beginning of time. People still buy from people they're comfortable with. In B2B, one of the biggest things that makes buyers most comfortable is the salesperson's ability to speak their language.

It's your sales team that differentiates you more than anything else. The sales enablement aspect of product marketing is paramount to success!

Improving Customer Success Execution

The chain reaction of success finally reaches the customer. After the sale closes, customer onboarding is on deck followed by account nurturing.

Customer onboarding teams are largely beholden to deliver whatever sales promised, which is often disconnected from your marketing messages, and even further disconnected from the actual capabilities of the product.

However, if product management is building specific customer outcomes with measurable value, product marketing is marketing those outcomes and sales is selling them, customer onboarding should bear a strong resemblance to what product management has already built. It'll never be exact, but close enough is a big win for everyone, including the customer!

The account nurturing side of customer success has the daunting task of making sure customers continue to get measurable value from existing and new solutions and then reminding them of that value when it comes time to renew.

Going all the way back to the starting point, if product management is building customer outcomes with quantifiable value and sales is selling them, customer success teams should have a much easier time onboarding customers and configuring products to deliver those outcomes. When it's time for customers to renew, customer success teams should have a much easier time in relative terms, retaining those customers.

CONCLUSION

You have an enormous opportunity to deliver greater strategic value to the market and simultaneously grow revenue, market share, wallet share and ultimately profitability.

The most difficult part of seizing that opportunity is creating a culture where everyone thinks first about the strategic priorities of target customers, **WHAT** they're doing specifically (workflows and job tasks) to execute on those priorities, and **WHY** those priorities are most important.

Once that culture is ingrained across your product management, product marketing, sales and customer success teams, it's a matter of determining which products are best equipped to eliminate the obstacles standing in the way of those priorities at every point in the continuum.

A common view of your target customers and a portfolio strategy centered on customer-outcomes is where it all starts!