

Tolpagorni Product Management AB

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Part 3 of 4

## Leveraging the Agile Speed with great Product Management

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## Abstract

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Agile speeds up development. But will the increased speed directly result in a revenue increase? Will you be able to push out releases as quickly as they are developed? How do you make you make sure you speed up the elicitation of requirements?

Speeding up the R&D doesn't automatically mean that we increase the sales. We have seen to many examples where the increased output from R&D hasn't generated any sales increase and in the worst case scenario reduced revenues....

Introducing Agile only as an R&D way of working will just take you to the entry doors of Agile Success.

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## The speed of Agile

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### **The process speed**

The agile methodology promises and delivers increased R&D speed. For the first time in IT history we have met companies where the R&D is no longer the bottleneck for generating new business.

How come we have found the speed? The lean principle of reducing waste has played an enormous role. All activities that are not necessary are eliminated. The R&D has been empowered to take decisions.

By demanding the presence of the voice of the customer in the continuous meetings represented by the product owner is another way of speeding things up. The processes in general are oriented towards speed.

### **The true speed generator – the developers' empowerment**

But let's face it part of the speed comes from involvement and engagement of the R&D. For the last twenty years all organizations have been blaming R&D for delays and bugs in the software. I have come across very few projects where the organizations were satisfied with the R&D work. The complaints have varied from sarcasm in the cafeteria, jokes in the hallways, written warnings to project management, broken contracts and legal actions.

Can you imagine taking risks and making decision if you under such circumstances? No, the old way of working where the organization continuously kept on blaming the developers decreased the speed significantly. In the agile world the developers are empowered, we recognize that developers have great ideas and are not just a black box.

### **Is Product Management becoming the Agile brake**

But just because the development went agile does it mean that the customer contracts went agile? No! Very few clients in the Business to Business (B2B) arena have signed such contracts.

So, we still have a waterfall-sales and an agile R&D. Where is the translation from waterfall to agile being done? In most organization this transformation is found in the product management group.

So what we see in many cases is that the blame is being or will be thrown at the product manager. In addition to this we have built an organization where the workload for the product managers have increased due to the agile way of working.

In all too many organization the speed of Agile is not leveraged, due to the shortcomings of the product management set up.

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### The new responsibility of the Product Management

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The R&D is empowered in the agile organization taking over some of the Product management work. The product manager must use the time wisely to support the R&D in making the right decisions on and also to work with your product success formula and aim right.

Compare the waterfall way of working with going from London to Rome by riding a moped with taking the new Agile Yamaha VMAX (1679 cc). You as a product manager are the driver. The skills needed to steer and avoid crashes are immensely different between a moped and the VMAX. Learning to ride the Yamaha will give you speed and joy. But if you carry on in the same way of making decisions and driving you will crash.

The Product Management must be sized to fit the Agile way of working and also learn new skills to succeed.

To avoid slowing down the Agile speed a change is needed. We have found five areas where the process needs drastic improvements:

- Go to market – Launch
- Product Strategy usage –Aligning the work
- Generating the backlog for success – elicitation and ideation
- Building Product Management team

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### Go To market

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We worked with one company that suddenly realized that R&D was no longer the bottle neck. The customers and the sales had been complaining on the speed of getting new updates and fixing bugs. Due to Agile the development speed tripled. Now, they just had to be satisfied, right? NO!

The sales and marketing weren't able to handle all the information on the new features and fixes. The customers got confused when continuously finding new functions. The manuals were not updated (not that anybody ever looked up them, but still...). The support organization suddenly got more and more requests.

To solve the situation the sales and marketing were forced to get more training and information in the continuous development. Clients got happier, sales got more skilled, but the CEO was angry. The sales towards new customers decreased. Sales were too busy handling the existing customers. Marketing spent time informing customers, the helpdesk cost increased.

But worst of all was that many cool new features were introduced without new price plans were introduced.

Nobody had in their wildest dreams thought that an increased speed in development would result in lower profits.

To solve the above situation and similar situation you need to change some key areas:

**Principle 1:**

Just because it is developed doesn't mean it should be launched.

*Every launch every change has a cost. Often a hidden cost.*

**Principle 2:**

Separate updates with new value functions.

*Functions that goes beyond the existing contracts and obligations needs pricing. They need to be sold separately. While other functions and bug fixes need no commercial process to be implemented.*

**Principle tree:**

Define targets applications or target segments

*Allow some sprints only to focus on new customers and not the existing clients. Sometimes we need to listen to the new revenue stream not just the old.*

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## Product Strategy Alining the work

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In an agile setting the multiple individuals or groups are working in parallel. Compared with a waterfall model where decisions are taken in sequences. In the agile setting the coordination between sales, marketing, partner development, R&D, accounting, and management needs an increased coordination.

The product strategy is essential in making the coordination work. But we cannot expect all stakeholders to read a lengthy product strategy document. We need to find new ways to coordinate the work and communicate the strategy. We have successfully introduced the concept of *STRATEGIC ASSETS* as a way to solve this. In traditional methods the development specifications and the marketing plan ruled. In an Agile environment we can steer via *STRATEGIC ASSETS*.

The single biggest asset is the Product Vision. The high performing Product Managers has turned the communication of the product vision into an empowering exercise. It is not enough to write down the Product Vision in a word document, slide deck or in a SCRUM tool. Our heroes are the Product Managers who make films, publish the Product Vision on Facebook, create a story or even a work of art. The Product vision must be strong and heard to be used. Creating a Product vision is easy but communicating it and using it is hard. To make the Product Vision executable we need to support the product vision with additional Strategic Assets.

Below are some Strategic Assets that we have successfully implemented.

Strategic Asset	Description
<b>Personas</b>	Description of typical customers
<b>Driving forces</b>	What is driving the changes in the market space?
<b>Product Story</b>	Why are you developing the cool products? What is the rationale behind you becoming the market leader?

<b>User story</b>	Why will your customers be more successful than others?
<b>Target customers or Markets</b>	What target markets will we dominate and what target customers will we get
<b>Resonating Focus</b>	When your sales team leave the customer – what area will the customer discuss (tightly connected with your products core values)
<b>Value tree</b>	The core value with logic, allowing argumentation to be built

Table 1: Strategic Assets

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## Generating the backlog for success

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As the speed increases we must also generate more input? We must become faster in generating the *RIGHT* input. There are three main ways of doing this:

- 1. Defining and communicating your Strategic Assets especially target applications and segments**  
This means that we make sure that everyone is knowledgeable about the direction and especially where to look for input.
- 2. Developing your process**  
Develop your process in how to prioritize and allow requirements to be developed. The process of how you are grooming your backlog is of course important. It should stop all requirements that do not generate a great financial impact or that are instrumental for achieving the strategy.
- 3. Define Opportunity areas**  
Identifying areas of growth for different applications, segments or geographical areas.

We have found the third way with opportunity areas to be successful as a concept. It is an easy way of communicating the strategy. It will make sales start looking for customers in right arena and automatically you will start getting the relevant requirements from the relevant markets.

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## Building the product management team

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The Product management work load increases as we go agile. The risk that the Product management gets blamed for any mistakes can decrease speed.

- You need to enlarge the Product Management organization to fit in an agile environment.
- You need to build skills in an agile product management organization
- You need to build teams.

The workload and stress for a single product manager will be too large. Many agile organization have seen their critical product managers leave the organizations due to the poor way of working.

Let Product Management enable the Agile speed by adopting an agile way of working.

## References

### EXPERIENCE

The paper is written based on experience working with great companies like: Ericsson, Volvo, IBM, Würth, Scania, Elekta, Interspiro, ABB, Vendemore, Bisnode, Leica, Transmode, Netinsight, Memnon, ScandiNova, Polystar, Husqvarna, Mycronic, Ascom, Alfa Laval, and more.

### SOURCES of INSPIRATION and DISCUSSIONS

Roman Pichler (Agile Product management Author), Thomas Eisenmann (Professor at Harvard Business School), Marty Cagan (Product Management Practioner), Tony Gorsheck (Professor BTH), Eric Ries (Lean Start Up), Anthony Ulwick (CEO Strategyn), Christian Kowalkowski (Ass Professor Helsingfors Business School), Michael McGrath (the “M” of PRTM), Sjaak Brinkemper (Professor Utrecht University) and many great Product Managers.

### About Tolpagorni

Research and Knowledge are the key foundations of Tolpagorni. We take the lead in testing new strategies and in developing a framework of methods, tools and techniques for effective product management. We work closely with research organizations and we continuously build our skills framework through our ongoing projects. We also take an active part in building the Book of Knowledge (BoK) for the world’s leading organization for Software Product Management (ISPMA).

However, the most important thing for us is to make sure we deliver results to our customers. We understand that theory on its own will not deliver usable outcomes. We strive to apply our knowledge in a practical, hands-on approach so that our customers have tools and methods to use in their everyday work practice. This approach also develops the role of the Product Manager so that they add value to their business.

All of us who work at Tolpagorni know product management from the inside, because we have done it ourselves. We believe that the combination of theoretical research and “on-the-floor” pragmatism is what makes us excel in what we do.

If you want to learn more about Tolpagorni go to [www.tolpagorni.com](http://www.tolpagorni.com).

## Further reading

To read more on Product Management Excellence in Agile environments visit:

[www.agile-pm-lab.com](http://www.agile-pm-lab.com)