

# **Under the Buzz**

## **Back to Basics in e-Business**

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*Under the Buzz* is an electronic "newsletter" authored by Philip Lay, managing director at the Chasm Group, a Silicon Valley strategy consulting firm. It is published each month, and delivered free to subscribers via email. It is also posted on the Chasm Group website at:

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[http://www.chasmgroup.com/underthebuzz\\_archives.htm](http://www.chasmgroup.com/underthebuzz_archives.htm).

### **In this month's issue:**

#### **1. John Cleese on How to Sell Solutions - Why Intelligence Increases When We Think Less**

*In a hilarious speech met with thunderous applause at a software-company Sales Kickoff Meeting in San Francisco last week, the writer and star of satirical comedies such as the Monty Python TV/movie series, the farcical Fawlty Towers TV series, and movies such as "A Fish Called Wanda", the British humorist recommended that sales teams adopt a different way of thinking when interacting consultatively with customers in order to uncover their real requirements.*

#### **2. Making the Yin & Yang of Product Management & Product Marketing Work Effectively** (with particular reference to the challenge of crossing the Chasm into the Bowling Alley)

*In an article titled "What is the right marketing resource emphasis for Enterprise software companies?" published in January's issue, I wrote about the way in which the role of marketing evolves throughout the technology adoption process. In this month's article, my intention is to outline the job profiles of product managers, and product marketers, two vital, interdependent roles for companies needing to cross the chasm successfully – whether for the first time ever, or the first time in a while.*

#### **3. Reader's Letter on the ASP vs. License Model Debate**

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### **Errata ...**

In the article titled "*In High-Tech, Companies are Ephemeral but People Stick Around*", I quoted my colleague Geoffrey Moore as stating that, among a list of the top 25 tech companies 25 years ago, "only IBM is still around". There followed a list including Software AG and Cincom, two enterprise software companies that are still very much alive (\*). Although we think it is clear from the quoted text that Geoffrey was speaking off the cuff, we wish to publish this retraction regarding their inclusion in the list; indeed, it is not the intention or habit of this publication to cause embarrassment to any individual or organization. (\*) *In fact, a Software AG spokesperson informed us that the company has 3,000 employees and sales of \$589m. euros.*

### **Dilbert - on Downsizing in the Downturn ...**

Boss to Dilbert and colleagues: "*The good news is that half of you will get huge raises.*"

Employees look startled - boss goes on: "*The bad news is that half of you will be downsized tomorrow.*"

Dilbert to boss: "*Is it the same people?*"

Boss: "*Yeah, we ran the numbers.*"

- Dilbert cartoon by Scott Adams published on 02.15.03

## 1. John Cleese on How to Sell Solutions - Why Intelligence Increases When We Think Less

*“Sleep faster, we need the pillows!”*

- Polish proverb quoted by John Cleese

At a sales kickoff conference in San Francisco last week, British humorist John Cleese was met with a standing ovation as he took the stage to talk about the role of creative thinking in the relatively forgotten art (in high-tech anyway) of consultative - or ‘solution’ - selling. Among various sources of data to support his assertions on this topic, Cleese cited research from several years ago by a Professor McKinnon of Berkeley, revealing that there were two predominant traits associated with creative thinking: (a) a playful, childlike curiosity about everything around you, and (b) the willingness to ponder over a problem, based upon an intrinsic fascination with the problem at hand. Edward de Bono, the eminent British philosopher and writer, was also quoted for his theory about lateral thinking – i.e., the need to look at challenging problems from more than one angle, even angles that inspire seemingly absurd ideas, in order to shake free the eventual solution.

Cleese gave strong emphasis to the notion of “pondering” over a problem, rather than rushing to a decision, stating that to do so for many people in today’s world feels quite counter-cultural to how we are all taught to rationalize and reach decisions. In fact, he said, as often as not people are made to feel guilty about not being decisive when they are uncomfortable reaching decisions on fuzzy or complex problems. But in many cases, people need time to flush out what’s bothering them. At other times, forcing oneself to remember facts can be frustrating. By way of example, Cleese referred to the difficulties we experience when something is on the tip of our tongue; each time we attempt to put words to the memory that is escaping us, it is harder to recall. Then, once we have given up and gone on to something else, the elusive thought or memory suddenly hits us. He then talked about the problems that just can’t be solved at the time we want to solve them, because they are complex and our gut doesn’t feel right about reaching a conclusion too quickly – these are what he referred to as ‘problems to sleep on’.

Pursuing this theme of having to think in a different way in order to deal with tough-to-understand problems brought Cleese to a new source, this time a book by a little-known British author, Guy Claxton, called *“Hare Brain, Tortoise Mind”*, the subtitle of which is “Why intelligence increases when you think *less*”. Cleese then described the difference between ‘Hare-Brained’ and ‘Tortoise-Minded’ thinking, as defined by Claxton in his book. Below is my attempt to summarize what he was getting at:

<b>The <u>Hare Brain</u> is more suitable for dealing with ...</b>	Attributes	<b>The <u>Tortoise Mind</u> is more suitable for dealing with ...</b>
<b>Clearly defined problems, where ...</b>	Nature of the problem	<b>Complex, undefined problems, where ...</b>
<b>Information is fairly complete</b>	Information required to enable a decision	<b>Information is patchy, subjective, or incomplete</b>
<b>Agreed set of assumptions</b>	Assumptions	<b>Assumptions seem subjective, need validation</b>
<b>Direct, incremental steps to the final decision</b>	Path to the solution	<b>Standard approaches do not <i>feel</i> suitable or sufficient to enable a solution</b>
<b>A math problem, requiring logical thinking</b>	Comparable situation <small>Source: Guy Claxton – “Hare Brain Tortoise Mind”</small>	<b>A matter of the heart or gut, requiring ‘lateral thinking’</b>

After asking the audience to accompany him through a series of lateral thinking tests to illustrate that linear thinking and standard assumptions would be unlikely to lead to a correct answer, Cleese made a case for all managers and professionals, particularly those who deal with the task of uncovering the problems customers are experiencing – i.e., sales professionals –, to allow their *tortoise mind* to operate in balance with their *hare brain*, saying “the Tortoise Mind won’t come out to play if it feels any kind of pressure. In fact, the Tortoise Mind requires space and time in which to function.” He used the metaphor of the ‘Do Not Disturb’ sign in hotels, claiming that everyone needs to learn to place a virtual ‘Do not Disturb’ sign whenever they encounter difficult-to-solve problems, and thus need time to ponder for a while on their alternatives.

My own thoughts about the timeliness of this theme for sales and consulting professionals, as well as managers and executives everywhere, is that there is indeed far too much validation of ‘objective (Hare-Brain) thinking’ as a default approach to all situations. In the case of salespeople visiting a busy executive for the first time and hoping to unlock their thoughts on painful issues, if they don’t manage to establish empathy, by asking thoughtful instead of rote questions, they have little or no chance of getting any useful information or insights. As we commented in last month’s article **“What to do to gain credibility with IT executives”** ([Under the Buzz, Vol.4, Nbr.1, http://www.chasmgroup.com/underthebuzz\\_archives.htm](http://www.chasmgroup.com/underthebuzz_archives.htm) ), executives in large customer organizations today are tired of being asked the “*what keeps you awake at night?*” question by vendor executives and sales reps anxious to elicit a sound-bite regarding their ‘needs’, especially when it is clear that the question is being asked by someone who has not take the trouble to do their basic homework on the company’s business.

## 2. Making the Yin & Yang of Product Management & Product Marketing Work Effectively (with particular reference to the challenge of crossing the Chasm into the Bowling Alley)

*This symbol below (Yin-Yang) represents the ancient Chinese understanding of how things work. The outer circle represents “everything”, while the black and white shapes within the circle represent the interaction of two energies, called “yin” (black) and “yang” (white), which cause everything to happen. They are not completely black or white, just as things in life are not completely black or white, and they cannot exist without each other. While “yin” would be dark, passive, downward, cold, contracting, and weak, “yang” would be bright, active, upward, hot, expanding, and strong. The shape of the yin and yang sections of the symbol, actually gives you a sense of the continual movement of these two energies, yin to yang and yang to yin, causing everything to happen: just as things expand and contract, and temperature changes from hot to cold.*



### Prologue

Expanding on last month’s topic in the article titled **“What’s the right marketing resource for enterprise software companies?”** I want to explore in more detail the roles of product management - the ‘yin’ - and product marketing - the ‘yang’ -, that are arguably the two most vital functions for a young software company to build sustainable and growing market acceptance, become a ‘player’ in its category, and thence, hopefully, a market leader in its main product category(ies).

As readers of Geoffrey Moore’s books are accustomed to hearing - and as subscribers to this publication read on a frequent basis – the organic process that we describe as the Technology Adoption Life Cycle throws up a fearsome barrier towards the end of the Early Market stage, when the early-adopting combination of technology enthusiasts and visionary executives turn their gaze from the current ‘new thing’ to the ‘new new thing’ (to coin a phrase from Michael Lewis’ 1999 book of the same name). This barrier is known as the Chasm – *aka* the Abyss, the Gaping Hole, and other equally scary epithets – and it appears between the initial stage of brief meteoric demand from these relatively few ‘risk-takers’, and the hoped-for next stage: sustained,

increasing demand from the mass of pragmatic and conservative 'risk-avoiders' who form the bulk of the potential market for any new category of offerings. During this unexpected bump in the road, vendors are suddenly brought down to earth by the discovery that, despite the enthusiasm they might have generated among the visionary few, they do not (yet) have a sustainable market for their product among the majority of potential customers.

*The crushing reality, which they are usually slow to (want to) get used to, is that they will now need to employ a completely new set of disciplines to make it to the next stage, which is the Bowling Alley.* In contrast with the custom-project stage, when each project is a one-off and experimentation is par for the course, the Bowling Alley demands ruthless focus on one target customer set with a severe business problem in common, for which they are desperate for a solution, and pay whatever it takes within reason to get it.

### **Relevance of 'Yin-Yang' Theme for Product Management and Product Marketing**

Thus, one of the two most crucial disciplines companies must develop quickly in order to serve these market requirements is to *identify the single most suitable target market segment for their proposed solution*. For this to occur effectively, the job of *product marketing* (the yang) needs to take over from the evangelical project marketing skillset that made the company successful during the early market stage. The other crucial discipline to implement at this time is to package their technology into complete, repeatable solutions suitable for a number of customers to adopt, with minimal customization. For this to occur successfully, the job of *product management* (the yin) must take over from the 'custom-project' skillset that may have enabled the company to close and implement a number of one-off, largely custom, projects for visionary customers.

For young companies that are confronting this challenge for the first time, the Chasm experience can be traumatic and even fatal, especially in brutal 'survival' times like these. Worse still, among the many sins committed during the internet bubble was the unceremonious burial of many enterprise software 'best practices' from pre-1995 days – including institutionalized product marketing and product marketing expertise. (To be fair about this, there are a number of established software companies that continue to handle these two tasks competently. Usually, they are recognized players, such as Oracle, SAP, Peoplesoft, SAS, Cognos, and many others).

For mature companies that have been in business through at least one more-or-less complete technology adoption life cycle (five to seven years – or more - for most product categories) the challenge may actually be just as harsh, though not necessarily fatal. Among other reasons, they may simply have become accustomed to the thought that will never have to cross the chasm again. For both sets of companies, there is a two-fold challenge to overcome before they can successfully negotiate the chasm-crossing expedition: (i) get real quickly, instead of wasting time denying they are confronting the chasm (once again), and (ii) (re-)learn what it takes to get across the chasm successfully, including specifically instituting the appropriate job descriptions and choosing the right people to perform them. Among all the clients I have worked with during the past five years or so – including some sizeable, well-established organizations - I cannot think of a single company that has truly installed these two parallel and complementary capabilities as effectively as they need to, in particular for the rigors of chasm crossing.

The reason for this is that, in addition to needing to learn how to institutionalize the *yin* and *yang* of product management and product marketing, companies need to add a vital twist to both in order to be successful in landing on the beachhead on the other side of the chasm. Thus the main purpose of this article is to define the Whole Product Management and Whole Product Marketing roles in order to help the company – whatever software company – to do the near-impossible and leave behind (or cross over) the dreaded chasm of frustrated demand creation, to enter the bowling alley where sustained demand becomes a new reality, and demand fulfillment soon becomes the main market development dynamic. Now I must address two key priorities:

- 1) Redefine the basic descriptions of the Product Marketing Manager (PMM) and Product Manager (PM) positions for all stages beyond the chasm, including the Bowling Alley, the Tornado, and Main Street;
- 2) Further, define the specific job description and responsibilities of the Target Market Segment Manager and the Whole Product Manager for the duration of the critical Chasm-crossing expedition.

### **Definition of roles from *Crossing The Chasm***

Here's what Geoffrey Moore wrote about these two functions in '*Crossing the Chasm*' over a decade ago about the jobs of product manager and product marketing manager::

*"A product manager is a member of either the marketing organization or the development organization, who is responsible for ensuring that a product gets created, tested, and shipped on schedule and meeting specification. It is a highly internally focused job, bridging the marketing and development organizations, and requiring a high degree of technical competence and project management experience."*

*"A product marketing manager is always a member of the marketing organization, never of the development group, and is responsible for bringing the product to the marketplace and to the distribution organization. This includes all of the elements on the crossing-the-chasm agenda, from target-customer identification through pricing. It is a highly externally focused job."*

### **The Paradox of *Outside-In* and *Inside-Out* Focus**

In contrast with occasional misconceptions that I have witnessed in some enterprise software organizations, the product manager is not just an internally-focused function; indeed, they must obtain their understanding of customer requirements from direct contact with customers and prospects out in the marketplace. Thus they must look **from the outside in**, and set out to answer the question: *"Can we build what our target customers are asking for? What's involved in this? Should we package this in three separate general release stages, or so we need to release a customer-specific version? To what degree does this feature and capability set enable the customer to solve their immediate vs. longer-term problems?"* Based on what they discover, they then need to influence engineering to produce what's needed in successive product releases, and to manage the testing and release process itself.

In the opposite direction, the product marketing manager looks **from the inside out**, trying to answer the question: *"How will what we build and deliver solve a critical problem for our customers? For what level of executive or departmental management are we solving problems? How critical is the problem we are trying to help them solve? How can they pay for the solution we are bringing to the table?"* Thus the PMM operates in the opposite direction to that of the PM, starting by assessing the technological capabilities and business know-how that their company has brought to bear in producing a sufficient offering to attract early-market visionaries to make investments in custom projects that contain the company's raw product at their core. With this accumulation of knowledge at their disposal, the PMM conducts a search for a target market segment consisting of potential customers who have the most pressing need for a combination of the company's (and its partners') capabilities to solve a mission-critical problem that is posing an increasing threat to the survival of their organization.

Regarding the need to keep these two disciplines separately in two distinct functions, here is what Geoffrey Moore goes on to say in '*Crossing the Chasm*': *"Not all software organizations separate product managers from product marketing management, but they should. Combining the jobs almost always results in one or the other simply not getting done. And the type of people that are good at one are rarely good at the other."*

Clearly, these two job functions must intersect frequently and decisively, otherwise the company could end up – as many software companies actually experience in reality – producing a quite different offering compared to what its customers have been expecting. This is where the yin-yang inter-dependency of each role begins to count. In order for there to exist mutual trust in each other's processes and perspective, these two positions should if possible be filled by equally savvy and experienced individuals. This is because the organization will depend to a significant degree on their ability to make the right compromises when push comes to shove regarding the functionality and services that need to be delivered in phase one of the implementation, versus what can be reliably delivered in phase two, and so on. In the absence of a balance between these two disciplines, one of two possible consequences will occur: (a) over-promising by sales or product marketing, resulting in under-delivery by engineering and product management; (b) the converse, though perhaps less serious, sin: under-promising and over-delivering.

One final thought about how to fill the product management position when the company's product category has reached the end of the early market stage and is ready to cross the chasm: more often than not, it makes a lot of sense for companies to put a new face in this role, in order to establish a clean break in the allegiances the organization feels toward its ongoing commitments to early-market custom projects that are still in the later stages of their implementation. My recommendation here is that the company consider having these existing commitments handled by the professional services organization, in cooperation with a few dedicated engineering resources that are tasked with completing the various custom-project deliverables.

### **Organizational Barriers to Crossing the Chasm into the Bowling Alley**

In the early market (adoption stage #1), R&D and services sponsors the innovation initiative. Jumping to the tornado (adoption stage #3), once mass demand has taken off, sales leads the charge, with R&D, marketing, and finance closely behind. On Main Street (stage #4), marketing and finance are the two functions that get what they want. But it is during the adoption stage that is by far the most challenging to young and mature companies alike – the Chasm to Bowling Alley period – that we observe the harsh reality that no single functional area is willing – or authorized – to stand up and sponsor the bowling alley expedition on their own account. Of all the functions, one might think that marketing would see the benefit of focusing on a single target customer set with a specific business problem to solve, but you would be disappointed, because in fact marketing experiences a special level of discomfort in providing what sales needs in this painful stage. For this reason, *we have long observed that the chasm-crossing expedition must at all costs be a cross-functional exercise*, with both 'PM' roles ready to migrate to new roles once they have crossed the chasm.

In fact, to echo the reasoning of Malcolm Gladwell in his book *"The Tipping Point"*, the Chasm-to-Bowling-Alley transition is where the tipping point occurs – and it really happens at two distinct times: firstly, when the critical mass of customers in target segment #1 have decided to adopt and the remaining potential customers begin to fall in line; then (much more elusively) when a second and third target segment start adopting en masse, as they sense that the company's product is right for them and looks like being one of the two or three leading offers in the increasingly investable emerging category. For this magic to occur successfully, the PM and PMM must play new roles in the ad-hoc cross-functional team that is put together to drive the target segment initiative.

### **How the Product Management and Product Marketing Jobs Morph into New Roles**

In *Crossing the Chasm*, Moore refers to two special temporary job designations for crossing the chasm into the bowling alley: (1) the Target Market Segment Manager, and (2) the Whole Product Manager. Furthermore, he states that the former position is a transitional role towards the permanent role of industry (or solutions) marketing for the target segment going forward, while the latter role provides an optional transition towards a definitive product marketing role,

potentially with responsibility across all target segments. Thus Moore outlines these two parallel job transitions:

Moore's original recommendation in Crossing the Chasm (1991):

<i>Transitional position</i>	→	<i>Permanent position</i>
Target market segment manager	→	Industry marketing manager for the target segment
Whole product manager	→	Product marketing manager for various target segments

### **Responsibilities of Target Market Segment Manager and Whole Product Manager**

Thus the target market segment manager should be the ideal 'project lead' for the company's chasm-crossing go-to-market initiative, and the whole product manager is responsible for arguably the most critical deliverable of the five go-to-market launch 'programs' – i.e, the development of the whole product solution that will address the target customers' critical business problem. These whole product deliverables include (a) the company's core product(s) - the core app –, (b) the complementary hardware and software products, and (c) complementary services, including pre-/post-sales. Below is the general structure of a go-to-market strategy project, detailing the respective responsibilities of the TMSM and WPM in their ad-hoc roles:

**Go-to-market strategy** (defined by executive team or other cross-functional group containing each functional constituency – R&D, services, marketing, sales, finance/operations, HR, etc.):

- Target customer (segment and job title)
- Compelling reason to buy
- Whole product
- Partners & allies
- Sales/distribution
- Pricing model
- Competitive alternatives
- Positioning statement
- Next target market

**Go-to-market launch programs** (executed by cross-functional go-to-market launch team, each with specific responsibilities in the five programs below):

- **Strategy validation interviews – headed up by target market segment manager**
- **Whole product development – headed up by whole product manager**
- Marcom planning – headed up by marketing programs
- Field engagement – headed up by sales
- **Resource alignment – headed up by target market segment manager, or HR/finance**

### **Overall team coordination: Target market segment manager**

The normal timeframe in which the go-to-market launch team operates is anywhere from 30 to 120 days, depending on the complexity of their task in getting the complete act ready for market. In literal terms, it is not necessary for the whole product to be deliverable at launch date, because it is unlikely that there will be a signed contract at this time – though it is important to know for sure by launch date that the whole product (or at least phase 1 of a possible three-phase implementation rollout) will be deliverable within one sales cycle after launch date:

<i>Launch Date</i>	→	<i>First customer order</i>
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Month 1 → Month 3 or 4  
Whole product defined, gaps addressed → First phase of whole product deliverable

Special offer for Under the Buzz readers: *If you have people in either of these roles and would like to give them some in-depth exposure to these and other concepts related to the technology adoption life cycle, I invite you to check out a program that we are conducting in conjunction with Santa Clara University's Executive Development Center. The program is titled "Dynamics of Technology Market Development" and will be held March 3-4, 2003 at SCU. The program is taught by my colleague Mark Cavender, Managing Director of The Chasm Group, in conjunction with Tysoon Tyebjee, Ph.D., of SCU's business school faculty. Readers of Under the Buzz are entitled to a 20% discount on the program fee. For more information visit [http://business.scu.edu/edc/2003dynamics\\_of\\_technology\\_market\\_development.htm](http://business.scu.edu/edc/2003dynamics_of_technology_market_development.htm).*

### **A Reader's Challenge on Last Month's 'Snippet' on ASP vs. License Models ...**

Reader Ron Ariana, an executive with Big Machines, a product configuration and order entry management software company based in Deerfield, Illinois, wrote saying:

*"In your snippet #4 below, Mr. Conway and Mr. Benioff seem to argue the point of whether ASP (software rental) is better than software licensing and want to tie the discussion to whether or not the solution is integrated to other systems. In fact, you yourself seem to reinforce this notion in saying that both models may coexist, but the determining factor being whether or not integration is required.*

*Maybe I just don't get it, but here at BigMachines we license our solutions either under a subscription basis or perpetual model; and offer it either in a hosted or non-hosted environment - either way with the necessary integration to other systems (CAD, ERP, CRM, etc.). What we do is provide industrial manufacturers a breakthrough Lean Front-End solution to their businesses. As such, we must integrate to other systems.*

*In fact, this ability to tie together multiple, disparate back-end systems while creating a "unified face" to the channel is a huge benefit to our customers. Particularly in industrial manufacturing, many companies have grown through the M&A route, along the way putting together a variety of companies with many legacy systems. The vision is to leverage similar product lines, market opportunities, and channels - in other words, driving their companies from the front-end. The reality is they are hampered from the day the acquisition is complete by cumbersome back-end systems, broken and manual processes on their front-ends, and channel confusion due to different pricing structures, catalog offerings, etc. BigMachines provides a Lean Front-End solution to match the huge advantages of lean back-end manufacturing."*

Here is my response:

*"Many thanks for your 'challenge' to the point about integration being a possible deciding issue against ASP-delivered software. The main point I wanted to make is that, for per-user ASP software that individuals users and/or departments can pick up the phone to order, the need for integration to legacy corporate system is likely to be a deal-breaker - unless of course, the company has already built the integration in and has authorized ongoing deployments of the same ASP software. Another issue is the preference of the Benioff-type approach that really wants to sell to users rather than IT."*

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*Under the Buzz* offers a monthly commentary on e-business. The goal is to provide provocative and accurate insights into the latest events and thinking shaping this rapidly evolving technology sector. *Under the Buzz* also provides commentary on strategies for building sustainable competitive differentiation and maximizing market valuations. © 2003, Philip Lay

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