

Assessing Product Opportunities

4 Perspectives to Help You Shape Your Solution

Assessing new opportunities for a product or service is one of the top strategic activities that a Product Manager can do within a company. These opportunities can be in the form of entirely new products, or more likely, enhancements to existing products. They can come from external feature requests, internal stakeholders, or from “out of the blue”. Since the product manager is the “business owner” of the product, there are multiple perspectives he/she needs to assume to be able to make the best decisions for the market and the company regarding these opportunities.

This article provides a discussion of four major perspectives the product manager should take when considering opportunities: Customer, Market, Solution, and Company. Each perspective will be discussed here, with subsequent articles diving deeper into specific perspectives.



Four Perspectives for Assessing Product Opportunities

Customer Perspective

What problem are you trying to solve? The Customer Perspective is the fundamental driver behind the whether the product or service will see success in the marketplace. Without an identified need, the customers will not see the benefits provided and not derive value from the product. When looking from the Customer Perspective, the product manager needs to be able to think like the customer as if he/she were wearing their shoes and answer the following questions:

1. Who am I and what do I do?
2. What goal am I trying to accomplish?
3. What's wrong with current solutions?
4. What is the ideal solution?
5. How important is it to me to solve?

The product manager needs to know the potential customer well enough to be able to discuss the drivers for why they would be willing to pay for your solution. This requires understanding of

who the customer (the buyer(s)) is, what they are trying to accomplish and what drives them. Next is the assessment of the why they are dissatisfied with current solutions, either the status quo method or existing competitive products. Understanding what the ideal solution would achieve if it existed identifies how large a gap there is and also defines the success bar for your product. Finally, it is imperative that the importance factor to the customer is understood as it is possible to identify large gaps in current capabilities compared with the ideal, but if it is experienced infrequently or the consequences for the customer are low, the motivation to pay for a solution may also be low.

Market Perspective

What is the macro environment for this opportunity? The Market Perspective frames the likelihood of success for the opportunity concept. When looking from this perspective, the product manager needs to objectively step outside the company and specific customers and understand if this makes sense from a general business viewpoint. The following questions regarding the opportunity help guide this assessment:

1. What industry trends support this opportunity?
2. What is the potential target market and its size and growth?
3. What is the competitive environment?
4. Where in the lifecycle is this product?
5. Is this an attractive opportunity?

The product manager needs to be following both market and technology trends well enough to understand what is needed for success. This includes having a broad perspective on the growing or declining market activities and associated technologies that may be driving them. It requires extrapolating from the Customer Perspective to a defined market segment to be able to size the opportunity and focus the solution. It requires understanding all of the alternatives the customer has to satisfy the needs and goals so as to be able to differentiate the solution effectively. It requires an understanding of the lifecycle of the product to determine whether the full value chain exists and the primary motivations of the buyers. The final question answers whether the market dynamics support this being an attractive investment for the company.

Solution Perspective

What solution addresses the opportunity or need? The Solution Perspective is where the product manager is in problem solving mode with others in the organization. It is here that the innovation opportunities occur and provides the basis for the entire development and launch phases for the product or service. The key questions to answer from this perspective are:

1. What is the cause(s) of gap between the customer's desired and ideal solutions?
2. Which alternative solution is the most viable and attractive?
3. What is the Whole Product required to meet customer expectations?
4. What is the value prop and positioning?
5. What is the business model and potential pricing?

It is here that the importance of the Customer Perspective clearly comes into play in understanding what they (the buyer(s)) want to achieve and what's keeping them from doing it. It is also here that the derived solution can go off the tracks by not truly addressing the need. The most attractive solution will be comprised of the minimum feature set required to deliver the maximum value, coupled to an appropriate business model, and deliverable with all of necessary value chain components required to meet customer expectations. This is traded off against

what is reasonably possible and viable for the company to deliver with high level estimates. Note that the feature set selection is still focused on the needs of buyers at this point, and who may be different than the actual users for business products. The Whole Product solution refers to the pieces of the value chain beyond the core product required to ensure the product success, especially in an early market. Finally, the envisioned solution can be tested back with the potential customers through early mockups to validate that the value prop and positioning deliver on a compelling solution to the market opportunity.

Company Perspective

Why should we proceed to build this solution? Finally, the product manager must put the company hat on and assess if this is truly a good opportunity to be pursued. Some key questions to answer are:

1. Does it align to our business objectives?
2. Does it align with our capabilities?
3. Why & how would we win?
4. Is this the right time to invest?
5. How do we make money (and other measurable metrics)?

The product manager must decide if the opportunity and solution is driving current business objectives and how. Does building it align with current technical, operational and channel capabilities and resource availability and if not, how will this be offset? Most important is defining the key success factors for the company and why you'll be successful against the current alternatives and competition. A difficult assessment is whether the timing is right, both from a market and technology readiness. Are you too early or too late? Finally, some form of financial analysis should be performed to determine that you can actually make money (though, of course, it always comes out positive) and also identify short term measurable business objectives to assess early progress. Potential outcomes of this analysis can be to invest, perform further study on high risk items, or kill it.

Current Product Analysis

Fairly often, the opportunities available for an existing product are not merely adding more functionality and extensions, but in improving the business results of the product. In this case, an alternate or complementary set of questions can be asked to assess potential areas of focus:

1. Is the product meeting its adoption and usage expectations?
2. Is the product meeting its retention or upsell expectations?
3. Is the product meeting its customer satisfaction or referral expectations?
4. Is the product meeting its cost and profitability expectations?
5. Is the product competitive in the market place?

When the product results are not to expectations, the immediate knee-jerk response can often be “needs more features” or “needs more marketing”. These can actually be the least of the problem. The first place to start is back at the Customer Perspective: is there a clear problem being addressed for the potential customer (buyer). Next stop is the Market Perspective: Is the target market appropriately segmented and is there a compelling value proposition and positioning against competitors? Step 3 would be the Solution Perspective: is it usable and does it perform the complete job expected by the customer? This analysis goes beyond the initial view of the buyers and begins to look at the actual implementation for the users. Finally, the

Company Perspective: have we identified the correct success factors needed to win and effectively executed on them?

If there were analysis and planning gaps in not covering all of the necessary perspectives from the beginning, it is likely that holes exist in the product strategy. These holes may or may not be easily filled, but perhaps you will come to an understanding of the results and be able to make better informed decisions as to how to move forward.

Summary

The product manager needs to be able to assess the need and viability of a product from totally different perspectives in order to develop a complete, compelling, and competitive solution in the market place. They also need to meet the company business objectives. The ability to effectively take Customer, Market, Solution, and Company perspectives will enable the product manager to have a much higher probability of success.