



WHITE PAPER

MARKET STRATEGY & PORTFOLIO PLANNING

Why it Leads to Better Execution
in Product Management & Marketing

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The concept of managing and marketing a portfolio of products is based on two simple concepts:

1. A group of products can deliver exponentially greater value together than each product is capable of delivering individually.
2. Portfolio investment priorities (both marketing and R&D) are dictated by market segments that present the best opportunities for the organization to meet its revenue, profitability and growth goals.

Consider it from your target customers' points of view. Will they take the time to figure out how to get the most value from your vast array of products and services relative to their industry? Absolutely not! So why manage and market products in a manner that's completely opposed to the way in which your target customers buy and use them?

As it relates to B2B product management and product marketing, execution on both fronts will improve exponentially in a portfolio management structure because each product has a defined role in forming higher value solutions that cater to specific market segments. All product initiatives are then executed with much clearer purpose because they're all tied to a single set of strategic priorities for the organization.

With few exceptions, **product silos are the "root of all evil"** as it relates to execution in product management and product marketing, especially when multiple products target the same markets because there are just too many moving parts and priorities, all going in different directions without a common agenda beyond revenue or margin goals.

One Market Strategy & Portfolio Plan vs. Many Product Strategies & Product Plans

When multiple products target the same markets, there is no need for every product team to individually evaluate the same markets, competitors and win/loss ratios. There's no need for every product to have its own isolated strategy, roadmap, market requirements and business requirements. And there's a lot less need for every product to be marketed and sold as a point solution, especially if your target customers receive exponentially greater value from using multiple products and services together. Collectively, the redundancies and competing agendas spread an organization's resources so thin that no significant advances are ever made in any one area of competency.

In a portfolio management structure, **market segments rule!** Each product in the portfolio plays a defined role in forming high value solutions for the market segments most conducive to meeting the organization's goals and objectives. R&D and marketing resources are allocated accordingly.

The bottom line? **Simplify!** Create one market strategy for the organization and a single, comprehensive portfolio plan to support it. Define high value solutions to support the market strategy and define the role each product plays in forming those solutions, then create them. Position the strategic value of the portfolio to each market segment and execute marketing programs to drive demand. It's not that difficult.

Evaluating Markets – The Lynchpin in Forming a Sustainable Market Strategy

All breakdowns in planning and execution begin the moment there's more than one perspective on any given market segment. And it's typical in most organizations for each product manager to evaluate the same market segments for his or her products, resulting in many differing viewpoints of the same markets. Add in perspectives from R&D, sales and corporate marketing, and the situation becomes even more convoluted.

The one fundamental that must be established for organizations to position themselves for sustainable growth: A single view of each market segment that all disciplines subscribe to.

In a portfolio management structure each market segment has a designated owner. All segment owners use the same quantitative and qualitative methods to create a single perspective that's socialized across all disciplines to drive a single consensus viewpoint of each market segment.

Assuming segment owners do their homework thoroughly, it's difficult for anyone to who doesn't put forth the same level of effort to substantiate a differing point of view. *Cha-ching!* You now have a rock solid foundation for creating the market strategy because everyone sees the same markets the same way.

The Corporate Market Strategy

In many organizations, the market strategy is little more than a rollup of each department's tactical plans that promise a contribution to the organization's revenue and margin goals. Big problem! The result is a host of agendas, each with its own priorities and resource requirements. Let the games begin! What follows is a mass competition for resources that inhibits execution on all fronts.

A strategy that follows this logic is nothing more than a house of cards because there is no synchronization of priorities across disciplines, each discipline has only a few stakeholders and everyone can easily make a case for their priorities to leapfrog the others. It fosters an environment where **the best lobbyist wins!** Hence the constant lobbying that changes strategic priorities on every whim. Poor execution shouldn't be a mystery in this type of environment.

In a portfolio management structure, a corporate market strategy first and foremost identifies and prioritizes **named market segments** that are most conducive to the organization meeting its short and long-term goals relative to the value of its portfolio. Priorities are defined as follows:

Short Term Priorities

Market segments with the highest priority in the short term are those that will generate the most revenue from the existing product portfolio.

Long Term Priorities

Market segments with the highest priority in the long term are those that offer the best growth potential relative to your current core competencies going forward.

A market strategy that ties corporate goals to named market segments (which then dictate product development and marketing priorities) has substantial strength because everyone is a stakeholder with a well-defined role in the execution. "Strategy du-jour syndrome" is much less of an issue in a portfolio

management structure because it carries far greater risk for all stakeholders to change it on a whim, especially when compensation plans are tied directly to departmental execution.

The Portfolio Plan

The clear definition of market segment priorities greatly simplifies execution in product management and product marketing because product development and marketing initiatives can be planned holistically at the portfolio level and resource allocations on both fronts follow the initiatives tied to the highest priority market segments. As a result, execution on both fronts happens with a much clearer purpose.

The Portfolio Product Plan

Product planning is a *two-tiered* exercise in a portfolio management structure.

The *first tier* is to define high value solutions that align with the strategic spending priorities of your top priority market segments. Those solutions are usually comprised of multiple products where each product plays a vital role. The product requirements necessary to create those solutions dictate the highest priority features that go into each product. So once again, product managers aren't forced to compete for resources because all products involved in creating the highest priority solutions get the necessary resources.

The *second tier* of product planning goes to product specific enhancements that require a significant investment, are strategic to the organization, and/or necessary to maintain products, but not specific to any market segments or solutions, e.g., technology upgrades.

As a rule, product planning is much less onerous in a portfolio management structure because it's not necessary for each product to have its own strategy, roadmap and long term product plan because the market and portfolio strategy dictate the role each product will play in the grand scheme of things. With very few exceptions, the solutions with the greatest strategic impact always take precedence over incremental product enhancements. *Execution of portfolio plans however, still boils down to execution of design and development at the product level.*

The Portfolio Marketing Plan

As it relates to execution in product marketing, the portfolio approach makes better use of resources because they're focused on key market segment initiatives that encompass the entire portfolio instead of a plethora of individual product initiatives aimed at any and all markets.

Similar to product planning, portfolio marketing is also a two-tiered approach where the first tier is market segment specific and positions the strategic value of the organization to each market segment by leveraging the value of the entire portfolio. To that end, each product does not require a separate marketing plan or resource budget, except for major new offerings.

The second tier of portfolio marketing is more horizontal but continues the solution theme in a way that's relevant to all market segments. This tier provides a level of detail on specific solutions, or products if warranted, that further substantiates the strategic positioning for each segment.

Ultimately, marketing teams are more focused in a portfolio management structure because resources are focused primarily on communicating high value solutions to the top priority market segments versus spreading the wealth of resources to pacify each product team.

Overall, a portfolio product management structure makes it much easier to drive an organization to a single strategy with one set of priorities that align all disciplines. It doesn't take rocket science to figure out that execution on all fronts will improve dramatically if everyone is aligned to the same agenda and contributing to a common set of initiatives that support that agenda.

As it relates to product management and product marketing, execution is greatly simplified because a portfolio management structure calls for one strategy and one set of priorities that dictate all product initiatives. Each discipline can then execute with much clearer purpose at the product level because priorities are clearly defined and far more difficult to change on a whim.

[Contact Proficientz](#) to see how our product portfolio management framework can help you meet your short and long term goals with less hassle. One agenda and one set of priorities that stick! That's product portfolio management.

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