

ALIGNING SALES, MARKETING, & PRODUCT

A White Paper



ZIGZAG Marketing

Product Management Training for Software Companies

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5 Keys to Aligning Sales, Marketing and Product ...And Why You Should Care

How competitive is a basketball team without a point guard? How many games can a football team win without a game plan or a playbook? No one would dream of leading a team without these essential elements — and yet in many software companies today, this very situation is the modus operandi.

Too many software companies are aggrieved by the misalignment of product direction, marketing messages, and what the sales force is actually selling. The consequences paralyze software companies to the point that every decision every day becomes a showstopper for some part of the organization. It kills a deal. It changes product development midstream. It makes a customer furious. It forces employees to burn unnecessary cycles. It's the reason many software companies die a premature death.

How can a software company get out of this death spiral? Here are five keys that can help reverse the trend and save your company from impending doom:

1. Clearly define and quantify your target markets
2. Understand the C-level pains of your target customers
3. Field a well-balanced product delivery team
4. Create a product roadmap
5. Execute targeted lead generation programs

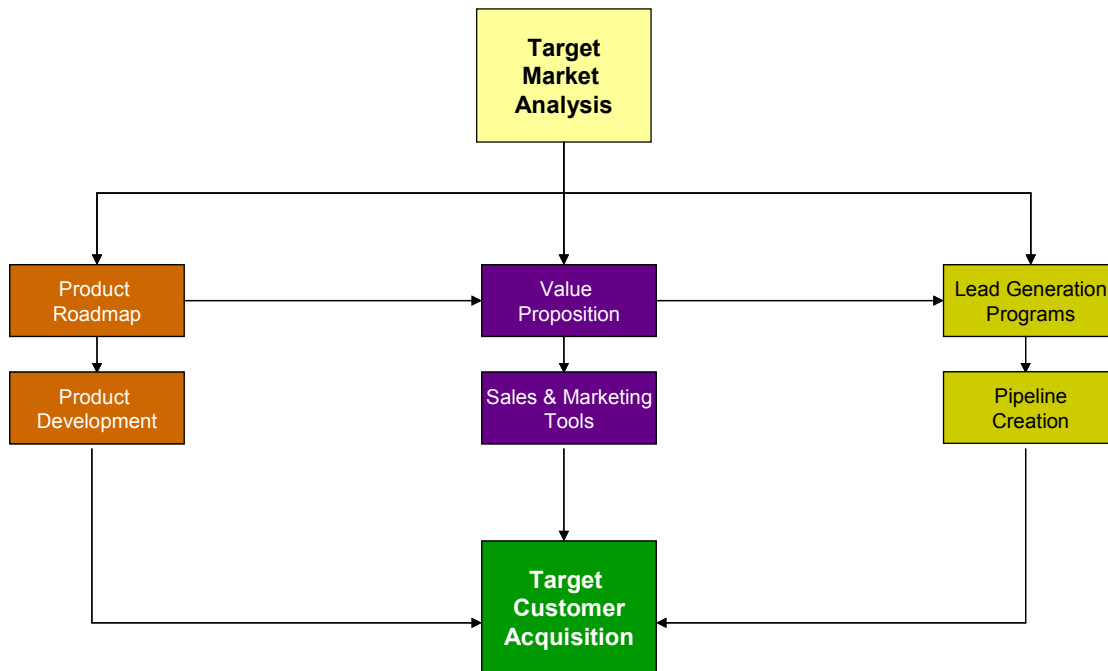
1. Clearly Define Target Markets

It's all about focus and it's the most important driver to every decision in your company.

By focusing on a few well defined market segments and understanding the top-of-mind C-level challenges of each, you can create a compelling and relevant value proposition and generate quality leads to keep the sales team moving in the same direction as the product. It's the quickest way to diffuse “deal-driven” product plans and the nasty consequences that ripple throughout the organization as the pipeline changes.

The Method: The easiest way to define your target markets is by vertical industry segment and size. The data you want is the exact number of companies in each market segment you define. For example, “Transportation Services with revenue between \$100 million – \$500 million,” or “Commercial banks with more than 10,000 employees.” This data is inexpensive and can be purchased from companies such as Dun & Bradstreet, and Hoovers.

The Benefit: By defining vertical markets in this fashion and applying growth rates, penetration rates, and replacement rates, you can calculate the actual number of companies buying a product like yours in any given year and use this analysis to drive license revenue goals based on the size and productivity of the sales force.



2. Understand C-level Pains of Target Customers

Software companies find it extremely difficult to get themselves out of the product and technology mindset and into the “business issue” mindset . The CEOs at your prospect companies are not lying awake at night thinking about *“more flexible web-enabled systems that streamline processes to maximize profits and minimize costs.”*

Examples of C-level Issues:

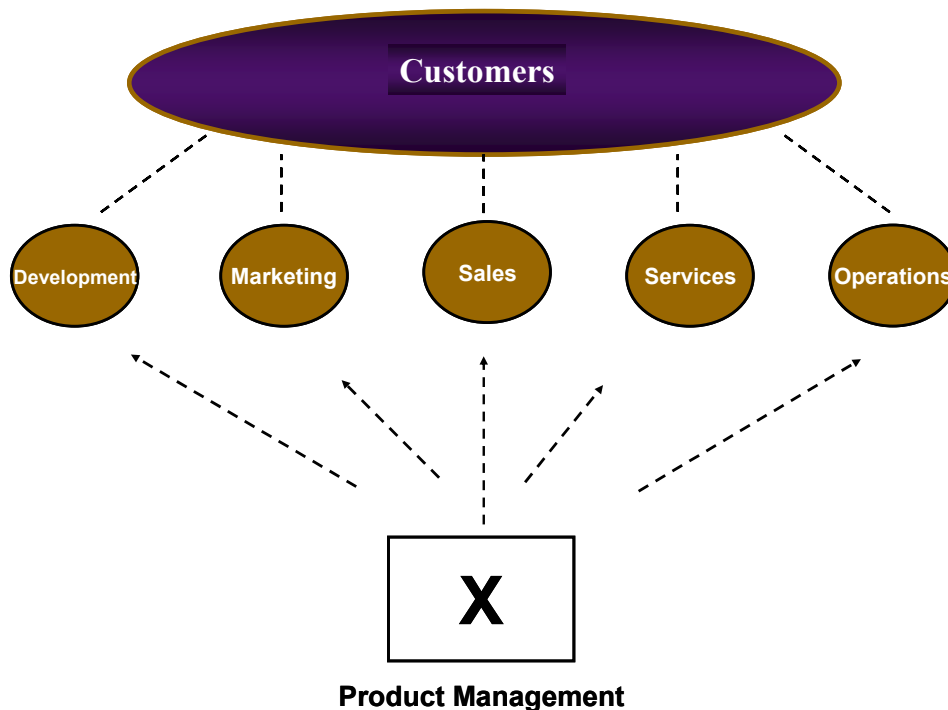
- *“Consolidation among the largest oil companies has taken away much of the tier one market and our product is not built for small to medium companies.”*
- *“Technology is rapidly changing how people watch TV. The cable TV industry is struggling to keep pace with alternatives.”*
- *Our product has become a commodity. We need to change the rules of the game to drive new growth.”*

If the CEO’s are thinking about these issues, so are the people who report to the CEO and their direct reports on down the line.

By understanding pains at this level, it becomes much easier to align your product strategy and hence your value proposition with the top-of mind pains of your target customers. Result: new customers and higher sales, because your prospects see their biggest problems associated with your products in the form of a compelling value message and a quantifiable solution.

3. Field A Well Balanced Product Delivery Team

No sports team at any level would field a partial team and expect to win. Why should software companies be any different? Second to defining your target markets, the balance of your product delivery team is the lynchpin of your success. Unbalanced software companies tend to build features and products without understanding the problems they are attempting to solve. The result of this “*ready-fire-aim*” approach is a few good features for everyone...but no great solution for anyone.



This issue is especially prevalent in small software companies where one person — say a product manager — is responsible for product plans, product requirements, functional specifications, user interface design, user testing, product rollouts, and demos. While the most super of product managers might be able to get through one release cycle and adequately handle this level of responsibility, it leaves a gaping hole in the lack of strategy, definition, and scope for the next release and the release after that and so on.

So without adding additional headcount, where do you get the necessary supporting cast? In smaller companies, it's most likely a reallocation of headcount from product development or engineering. Beyond product development, think of the following roles as the minimum necessary skilled positions that make up a balanced product delivery team.

- **Product Manager** – the business manager of the product line responsible for the overall business planning and direction of the product
- **Business Analyst** – the surrogate customer representing the user mind behind the product - responsible for detailed functional specifications, designing end-user interaction, and use case testing
- **Product Marketer** – the marketing manager for the product line responsible for rollout, sales and marketing tools, and promotional strategy and channels
- **Sales Support or Solution Engineer** – RFP’s and product demos
- **Solution Delivery Consultant** – responsible for implementing the product in a way that best suits the customer’s business process.

4. Create A Product Roadmap

It’s your game plan! Creating a product roadmap is relatively simple once you’ve clearly defined your target markets and understand their biggest challenges. A product roadmap is a simple matrix that illustrates major product deliverables for specified vertical markets across a defined timeline, say 24 months, and slots them according to *build, partner, or buy* categories. Update your roadmap once a year based on the foreseeable future — and be sure to communicate it across the organization to keep everyone focused.

The product roadmap serves as the guide to drive all parts of the organization in a common direction. It puts parameters around product and release plans, partner strategies, acquisitions, market messages, and all other execution phases of the business. And when things start to get off track as they so easily do, the product roadmap brings everyone back to a common focus.

Timeline Strategy	12 Months	24 Months
Vertical Markets	<i>Manufacturing</i>	<i>Utilities</i> <i>Energy</i>
Build	<i>Product Configuration</i>	<i>Work Orders</i>
Buy	<i>Planning & scheduling</i>	
Partner	<i>Business Intelligence</i>	<i>Billing</i>

5. Execute Targeted Lead Generation Programs

Targeted lead generation programs are the perfect complement to the previous 4 points because they “fence” the sales force into the same market space as your product and value proposition. Theoretically, sales should be able to “walk the walk and talk the talk” in your chosen verticals, giving you an edge over competitors who don’t.

Use Non Traditional Marketing

Trade shows and direct mail are incredibly expensive and have poor ROI’s in general. Online marketing is far more effective and much less expensive than traditional lead generation activities. Below are just a few examples. 93% of companies looking for a technology business solution begin their evaluation online.

- Online business directories – companies such as KnowledgeStorm provide directories specific to business technology buyers and sellers. Other more general directories are business.com and Google Ad words.
- Online technology newsletters published by industry experts offer inexpensive sponsorships to get your name in front of prospective customers
- Publish your own online newsletters with content that your subscribers find great value in reading. They’re viral and help grow your opt-in community.

Well defined target markets make lead generation programs easier to execute because you can use marketing channels specific to your target customers. A simple and clear value proposition based on customer business pain is the hook. A bad campaign to the right audience will yield better results than a good campaign to a bad audience.

In summary, if you want to compete and win your fair share of software deals, develop a game plan that clearly defines your target markets at a quantifiable level — and understand what business issues keep the CEOs of those target customers awake at night. Transform that knowledge into a value proposition that is clearly supported by all the current and future products and stick it in the face of your prospective customers in the form of lead generation activities. You’ll love the results!