

# Change your strategy before it's too late

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Product Managers must know when they need to change their strategy—before doing what worked last year destroys their product.

We study the product lifecycle because it gives us guidance about when to change and how to change.

Introduction. Growth. Maturity. Decline. Each has its distinct challenges. Each has a distinct strategic theme for the product manager to develop.

## INTRODUCTION

The product manager's strategic theme for Introduction is: Make it real.

Get a first customer an innovator. Can you install it? Can you bill for it? Does it work? Can the service department repair it? Can the next customer order it? Can the sales force or channel sell it? What about the launch? There are a myriad of factors that have never been real before, and it's your job to make real now.

Fortunately, you're working with innovators for customers, newness junkies, for whom the product doesn't need to work perfectly. They're your best allies in helping you make it real.

## GROWTH

For Growth, the product manager has three themes: Make it bullet proof, make it scaleable, and get your share.

Make it bullet proof: The shift from innovator-allies to early adopter-consumers demands that you have your product act together. Not only must it work perfectly, you often have to augment the basic product with complementary products and extra service so that the early adopter-consumer can actually use and get value from your product.

Everett Rodgers in his wonderful book, *Diffusion of Innovation*, explains that the single most common reason for innovations to be rejected is that the population into which they are introduced does not know how to use the innovation. Whose job is it to educate the early adopter consumer? The product manager's.

Make it scalable: The growth stage progresses through the early adopters and on to the early majority. By this time you absolutely need to be scaleable. Becoming scaleable requires investment in processes, systems, etc. And you will never again have as strong a future stream of cash flows to justify the required investments. Do it now, and do it right.

Get your share: One last caution about a product in growth stage: Make sure you are getting your share. If your year over year revenue growth is 25%--you'll be a hero in any company. You as the

product manager should be first to know that the market is actually growing at 40% per year and that you are falling behind.

## MATURE

Most products are Mature. The vast majority of corporate revenue is generated by mature products. Hence it's vital that you put your best creative marketing efforts into the mature product manager's theme: Differentiate or die.

By the mature stage, competitors have had a chance to make incremental improvements so that product advantages have narrowed. If branding has not been well established, and you take away product advantages, what will competition be increasingly based on? You got it: price. No margins. No fun.....

So it's time to differentiate: branding is in order whether or not it's been established before. Segment the market. Offer each segment a little different set of desired benefits (often delivered through service augmentations). Consumer education comes in again as a popular differentiator in this stage as you position your product for success in each of perhaps several niches.

## DECLINE

The theme for Decline is decide: At no other stage do you have so many options: Raise the price and "milk" the remaining customers (the ones who don't have other good options). Lower the price or buy competitors to invest and dominate the declining business. (The remaining buggy whip manufacturers have a lucrative, although vastly smaller business than a century ago.) Shoot (decommission) the product. Create incentives to migrate customers from an old product to a new one. Revitalize the product with a "new and improved" version and start the product lifecycle all over.

Change is the imperative.

Hang on to the improvisation and experimentation of Introduction too long, and you'll miss the opportunities to invest in bulletproofing and scaling your product for Growth. Miss the turn into Maturity, and the loss of market share and margin will force you to play catch up as your competitors segment the market, differentiate their offering for each, and dominate the market, piece by piece. Wait too long to acknowledge Decline, and you'll miss some of the best strategies and be forced to react with the remaining options.

As the world's expert on your product, it's your job to know when to change your strategy, and how.