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Critical Steps for Tech Product Managers: Managing Innovation and Evolution

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Initiatives: Product Life Cycle Management

Product teams are often caught between the pressures to innovate new capabilities for new markets and the need to evolve products to support existing customers. Product managers must strike a balance between innovating and evolving to maintain product success.

Overview

Key Challenges

- Product managers are tasked with balancing investment in innovation and evolution, but many of the data points — in terms of understanding the current state of this investment — either will be missing or will be fragmented.
- Although stakeholders expect some form of balanced approach to managing innovation and evolution, product managers will often struggle to track and trace the type of work through the process.
- Stakeholders often lack the understanding that investment in innovation or evolution is a zero-sum game, which will often result in expectations that product managers simply cannot meet.

Recommendations

Technology product managers charged with managing the life cycle of their products or product lines must:

- Identify product improvement efforts as either innovative or evolutionary by classifying current work in progress within their product management tools.

- Create an effective balance of innovative and evolutionary efforts by building an explicit model that allocates and tracks the amount of effort spent on each type of work over time.
- Inform executives and stakeholders of the risks of allocating too much emphasis on innovation or evolution by providing them with detailed risk analysis and ROI reports.

Introduction

The market for technology products is one that is constantly changing and evolving. Stakeholders and executives place a lot of emphasis on efforts to innovate by introducing new capabilities and expanding into new markets. However, some effort must be focused on maintaining and evolving existing functionality to support the existing customer base. This results in a situation where product managers find themselves pulled in both directions at the same time. Failure to achieve this balance will result in a product that is constantly "shooting for the stars," but the product will not have the necessary day-to-day revenue to maintain operations.

Balancing innovation and evolution is a zero-sum game:

- Focusing too strongly on innovation will often make existing customers feel neglected and can result in degrading customer experience over time.
- Focusing too strongly on evolution will often result in stagnation of the product, opening up the company to challenges from up-and-coming competitors that provide fresh solutions to new or existing problems.

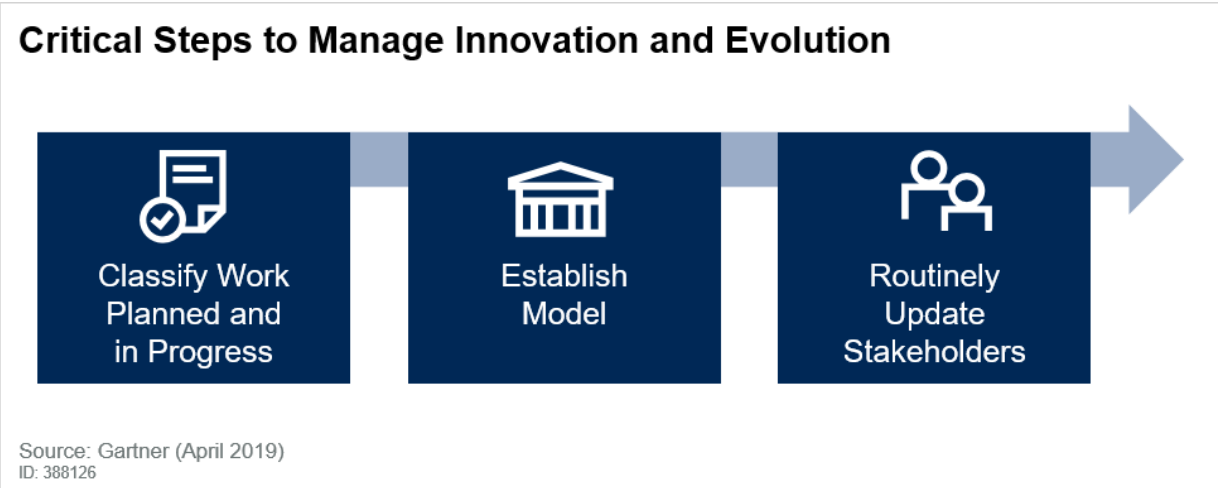
Understanding the mix of innovation and evolution is critical to product and strategic planning, and it is often up to product managers to explain this to their stakeholders and executives.

> Innovative work is that which introduces new capabilities, is designed for new markets or customers, or is to be implemented in addition to existing functionality. Evolutionary work is that which builds on or improves existing capabilities, is designed to satisfy existing customers and target markets, and which exists in complement to current functionality.

Product managers can perform three critical steps to ensure that they maintain a healthy balance of innovation and evolution, as well as balance investments in new functions and markets with the ongoing satisfaction of existing customers.

Figure 1 outlines the critical steps that product managers must take to manage innovation and evolution.

Figure 1. Critical Steps to Manage Innovation and Evolution



Analysis

Classify Planned and In-Progress Work as Innovative or Evolutionary

The first step toward managing innovation and evolution is simply to understand how the organization is currently invested, or planning to invest, in such efforts. In many organizations, this information has not yet been centralized, so product managers must mine information from a variety of systems, collect and collate the relevant data, and then classify it to show current investment levels.

To paint a clear picture of current investment, product managers must collect information about both planned work and work currently in progress. This means diving into tools used by the development team, the product marketing team and possibly even the sales team — in addition to the tools used by the product management team. Without the most complete picture of what work is planned and is in progress, any resulting analysis will be misleading.

Once the locations of this information are understood, product managers must collect, collate and size the work planned or currently in progress. Assigning a size to each work component is critical, as information in the planning stages will likely not have been fully broken down for execution, while information on the work in progress will likely be extremely granular.

If product managers count only the work items, the results will be skewed toward the work in progress, as there are generally more work items at that phase than in prior phases. Sizing the work allows product managers to properly weight the influence of the work items in reporting. After sizing each collected component of work, product managers must then assign a binary classification of innovative or evolutionary to that work component.

All of these steps are done with an eye toward the final deliverable — a report of the current state of investment in innovation and evolution.

Product managers working to understand this balance need to consider that what they find will likely not match executive and stakeholder expectations. Reviewing the actual data against the presumptions that others may have made can be an eye-opening and controversial experience. Creating an opportunity for a conversation is the goal of this effort — understanding the present so that plans may be changed or adjusted for the future.

To classify work planned and in progress, as innovative or evolutionary, product managers must:

- Assess the tools available to them to engage in such classification, including leveraging development tracking systems and any roadmap planning software used by the organization.
- Perform an audit of current work that is either in progress or planned for the near future, and break this work down into a percentage of investment between innovation and evolution.
- Share the results of this audit with stakeholders and executives to establish a baseline understanding of current and planned investments.

Establish an Explicit Model to Allocate and Report on Mix of Innovation and Evolution

To take the efforts of managing innovation and evolution to the next level, product managers must do more than merely an ad hoc analysis of investment. They must establish an explicit model that provides traceability and transparency into the investment mix, and integrate this model into their product planning and execution processes.

Tracing and tracking this information through the product process from beginning to end may be a challenge, as product information may pass through many different systems — from inception to delivery. However, it is essential that information regarding innovation and evolution be tracked at every level of abstraction. Failure to do so may result in not only work that becomes “hidden,” but also reporting that gives a false sense of certainty.

> **The act of classifying work as innovative or evolutionary must be integrated as an essential component of the product process, and any work entering the process — at any level — must have some form of traceability in this regard.**

This information must be easy to collect and collate for reporting purposes, and it must be able to be tracked over time as planned work becomes work in progress. Product managers need to ensure that the expected or intended split is maintained as work becomes more well-defined and acted on.

To establish a model for tracking and reporting on the allocation of effort between innovation and evolution, product managers must:

- Identify the most appropriate tools and methods that will permit them to tag and track work as either innovative or evolutionary.
- Implement a tagging and tracking process that classifies all work — from planning to execution — as either innovative or evolutionary.

Routinely Update Stakeholders About Risk and ROI of Current Product Investments

Product managers must not only collect and report on this information, but also actively evangelize the data and the value it brings to the organization. This strategy requires more than merely a recap of the collected data; however, product managers who want to keep their stakeholders engaged must add value to the raw data by presenting the risks and potential ROI that it represents. The information must be properly contextualized, so that the impacts that they suggest can trigger the proper response and discussions where needed.

A two-prong approach should be taken to ensure that the information is not only distributed, but also discussed:

- First, communication should be done in a "push" model — by sending such reports and analysis out via email or other means that will deliver the information directly to the stakeholder.
- Second, the product manager must ensure that there is a live, in-person meeting in which this analysis is discussed. This could be a stand-alone meeting dedicated solely to this topic, or it could be an additional topic of discussion during another regularly scheduled synchronization meeting between product management and stakeholders. Such meetings should occur on a regular basis, no less than once per quarter — to ensure that the investment balance remains within acceptable variance of goals.

To routinely update stakeholders about the risk and ROI of current investments, product managers must:

- Regularly assess the data collected from the product development process, and critically assess the risks that the current picture poses, as well as assess the probable ROI it represents.

- Distribute reports containing current and future investment information to stakeholders on a recurring basis.
- Establish a regular, recurring meeting (at least quarterly) of key stakeholders and executives that includes the review of investment based on a split between innovation and evolution.

Acronym Key and Glossary Terms

TSP	technology and service provider

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