

ANTHALIA PRODUCT MANAGEMENT OBSERVATORY
EXTRACT REPORT
MARCH 2015

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ANTHALIA PRODUCT MANAGEMENT OBSERVATORY	MARCH 2015	1
I	Objectives, way of using and key findings of the study	4
	<i>I.1 Objectives of the survey</i>	4
	<i>I.2 Way of using the survey</i>	4
	<i>I.3 Key findings of the survey</i>	4
II	Methodology	6
	II.1 Survey operational mode	6
	II.2 Panel description	6
	II.3 Company regional criterion	6
	II.4 Company size criterion	8
	II.5 Company business criterion	9
	II.6 Product Management topics covered by the study	10
III	Product Management reporting line	11
	III.1 Product Management reporting line – full panel	11
	III.2 Product Management reporting line per companies’ regions	11
	III.3 Product Management reporting line per companies’ sizes	13
	III.4 Product Management reporting level per companies’ businesses	14
IV	Product Management tasks	15
	IV.1 Product Management tasks – full panel	15
	IV.2 Product Management tasks per regions	17
	IV.3 Product Management tasks per companies’ sizes	20
	IV.4 Product Management tasks per companies’ businesses	24
V	Product Management evaluation criteria	28
	V.1 Product Management evaluation criteria – full panel	28
	V.2 Product Management evaluation criteria per regions	29
	V.3 Product Management evaluation criteria per companies’ sizes	30
	V.4 Product Management evaluation criteria per companies’ businesses	32
VI	Product Management level of consideration	34
	VI.1 Product Management level of consideration – full panel	34
	VI.2 Product Management level of consideration per companies’ regions	35
	VI.3 Product Management level of consideration per companies’ sizes	36
	VI.4 Product Management level of consideration per companies’ businesses	37
VII	Product Management perceived staffing level	38

VII.1	Product Management perceived staffing level – full panel	38
VII.2	Product Management perceived staffing level per companies’ regions	39
VII.3	Product Management perceived staffing level per companies’ sizes	40
VII.4	Product Management perceived staffing level per companies’ businesses	41
VIII	Quantities of products handled per Product Manager	42
VIII.1	Quantities of products handled per Product Manager – full panel	42
VIII.2	Quantities of products handled per Product Manager per companies’ regions	42
VIII.3	Quantities of products handled per Product Manager per companies’ sizes	43
VIII.4	Quantities of products handled per Product Manager per companies’ businesses	44

I Objectives, way of using and key findings of the study

I.1 Objectives of the survey

This report presents the results of Anthalia's Product Management Observatory, a global survey about the Product Management activity conducted between October and December 2014 towards professionals who practice the job or who interact with it in their day-to-day work.

The objective of the study is to get an operational understanding of the Product Management function and to describe how it may change according to companies' geographies and cultures, sizes and businesses.

We aimed in particular here at validating our intuitive view that the job varies a lot according to the different configurations for companies Product Managers works in and to give benchmarks regarding how it actually changes according to those.

I.2 Way of using the survey

The result of this study may be used as a reliable industry benchmark by people working in the Product Management field (Product Managers, Head of Product Management, etc.) and by people who interact with them in order to create good and effective professional cooperation.

Thanks to the three analysis criteria (see II.3, II.4 and II.5) that we have used to do data analysis, professionals working in or interacting with Product Management in their operational activities will be able to map the findings of the analysis with their own situation find adapted insight and derive appropriate actions to improve their practice of the Product Management job or the way they interact with Product Managers.

Continental European and with English-speaking people will be able to benchmark their approaches to one another in order to improve the way they position and practice the job in the light of what is done in other culturally different countries.

Whatever the size of their company, very small, small, medium or large, professionals will find insight enabling them to adapt and dimension the Product Management activity and roles in accordance to the real day-to-day operational needs given the size of the company, and avoid usual Product Management over-engineering mistakes or on the contrary under-estimating failures.

Similarly, professionals will also find insight related to the business type they operate in and identify the specificities of the Product Management job according to whether they work in hardware, software, systems or services companies. Here again, the data analysis made in this report will help to derive the appropriate conclusion taking into account their type of business.

I.3 Key findings of the survey

The following elements are the major and most stunning findings that appeared during the analysis. They are given here with their interpretation and references to the corresponding paragraphs of the survey.

Product Management's influence and responsibilities are extremely high in English-speaking countries and much higher there than in Continental European countries (see Product Management Reporting level according to companies' regions – III.2).

Product Management's influence and responsibilities are extremely high in hardware companies and quite limited in Systems and Services businesses (see Product Management Reporting level according to companies' businesses – III.4).

Product Management's the top three missions are Feature Specifications, Roadmapping and Market Analysis (see Product Management tasks – full panel – IV.1).

Product Management's most important missions are more clearly established in English-speaking countries than they are in Continental European countries (see Product Management tasks per regions – IV.2).

Product Management's most important missions are by far less understood in Services companies than they are in other businesses (see Product Management tasks per companies' businesses – IV.4).

Product Management's top 4 evaluation criteria are Market understanding, Products ROI, Customer satisfaction and Customer understanding (Product Management evaluation criteria – full panel – V.1).

Product Management's level of consideration within companies are neither a question of geography/culture nor a question of company size ; it is most probably linked to the companies' businesses since it is much better considered in Software and Systems businesses than it is in hardware businesses (see VI.2, IV.3, IV.4).

Product Management's staffing level is perceived as lower in the Small to medium sizes companies than in the other sizes companies (see Product Management perceived staffing level per companies' sizes – VII.3).

Product Management's staffing level is perceived as much lower in the Hardware businesses companies than it is in Software, Systems and Services companies (see Product Management perceived staffing level per companies' businesses – VII.4).

Product Managers usually **deal with 1 to 3 products** (see Quantities of products handled per Product Manager – full panel – VIII.1).

Product Managers working in Hardware companies usually **handle more than 5 products**, an exception compared to other sectors (see Quantities of products handled per Product Manager per companies' businesses – VIII.4).

II Methodology

II.1 Survey operational mode

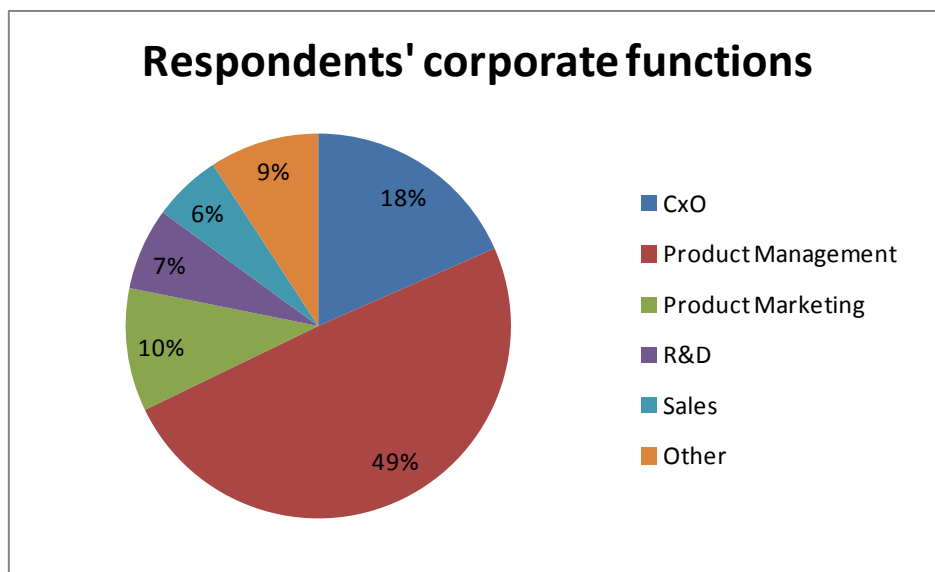
The Anthalia's Product Management Observatory has consisted in an on-line questionnaire to which 91 people have responded between October and December 2014.

II.2 Panel description

This 91-person respondent panel represents an international audience of professionals who know well the activity. We contacted them either specifically because of their particular function or via LinkedIn groups about Product Management.

With this approach, we were able to guarantee that the qualification of our respondents made their responses eligible to our study. In the very seldom cases where responses were not relevant we simply filtered out the totality of the responses given by the panelist. We were happy enough to get more than 95% eligible answers.

The following chart gives the repartition of the eligible respondents per corporate function. It is interesting to notice that 52% of our panel works in his company's Product Management division directly and that 20% of our panel respondents have CxO position in their companies. The remaining 28% work either as marketers, engineers, sales people, or in the operation department. All of them work in direct link with Product Management.

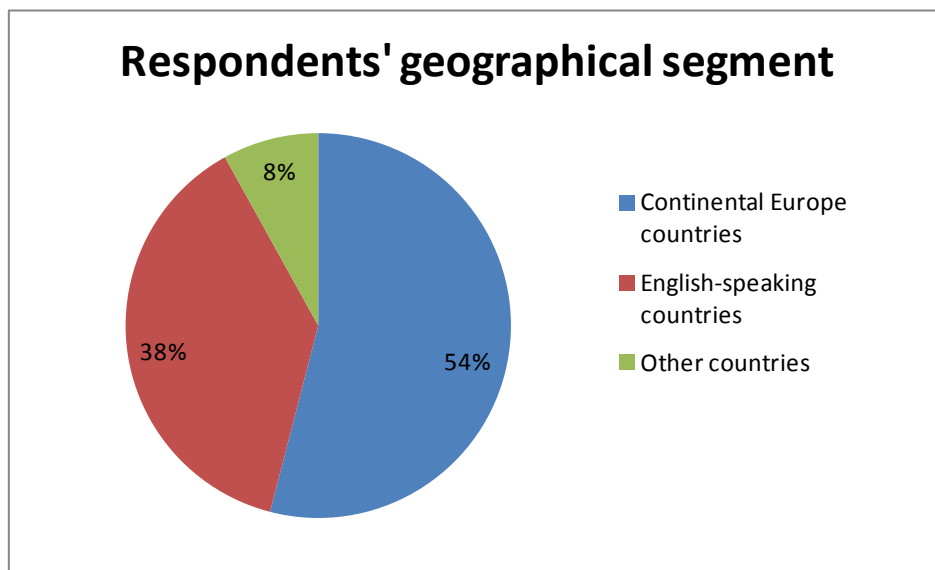


II.3 Company regional criterion

In order to identify the potential gaps between different cultural ways of doing product management, we have used the location of the respondent in order to build regional segments. The regional segments were designed according to the geography but also the culture of the country of the respondent.

The most relevant criteria happens to be a mix of geography and cultural language with two preponderant segments, English-speaking countries and Continental European countries, and a third segment containing the rest of the respondents' countries, the "Other" segment.

It has to be noted that the later is less representative due to a little amount of respondents and presented in the report for complementary information or trend rather than for conclusive assertions.

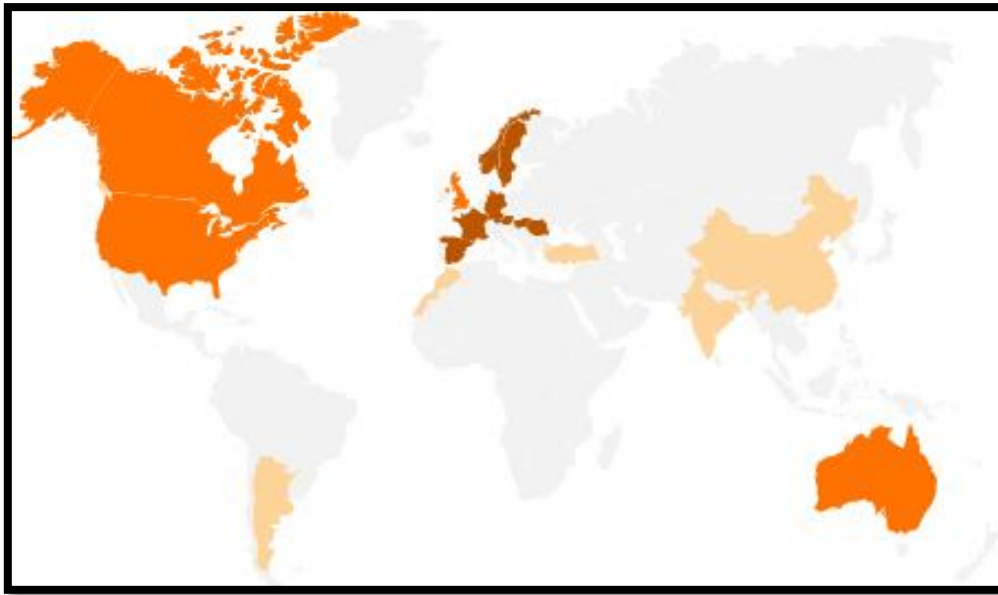


It has to be noticed that France represents an important part of the panel with 38 persons out of 91 (i.e. 42%) and that the United States of America represents the second largest part of the panel with 28 people (29%). Thus, France and the United States of America are over represented in their respective segments.

As a consequence, the conclusion of the report and especially the “Continental European” versus “English-speaking” analysis may be used as a solid guideline to French managers willing to benchmark themselves with American practices.

The exhaustive list of respondents per segment is presented in the table here below.

English-speaking Countries		Continental European countries		Rest of the world (other)	
Country	Repondent	Country	Repondent	Country	Repondent
Australia	1	Austria	1	Argentina	1
Canada	3	Belgium	2	China	1
UK	6	France	39	India	1
USA	26	Germany	1	Israel	2
		Hungary	1	Morocco	1
		Nordics	1	Turkey	1
		Romania	1		
		Sweden	2		



Geographical repartition of the respondents

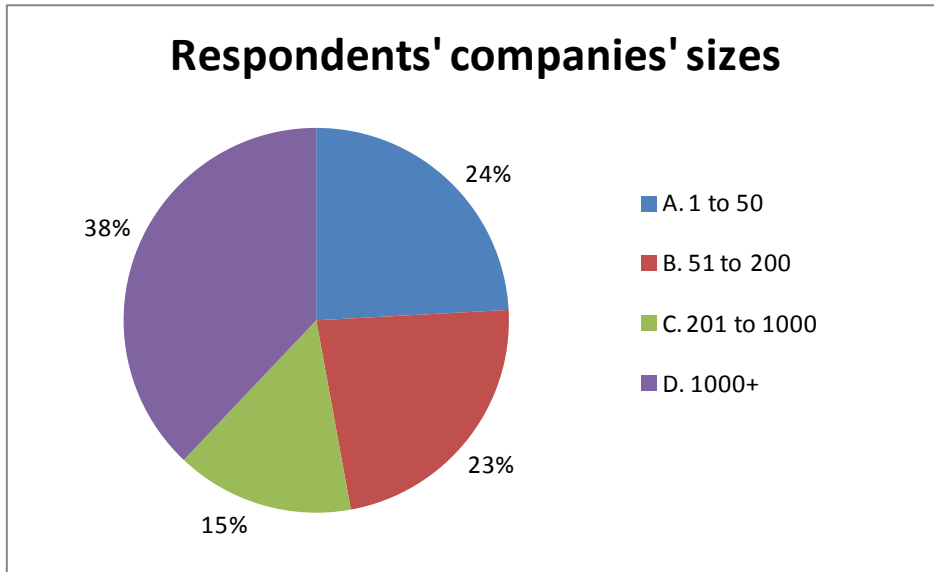
II.4 Company size criterion

Another objective of the study is to understand the variations of the Product Management function according to the size of the company (which often refers to its maturity / development, especially in high-tech environment).

We used 4 analysis segments:

Segment 1	Very small companies	1 to 50 employees
Segment 2	Small to medium size companies	51 to 200 employees
Segment 3	Medium+ companies	210 to 1000 employees
Segment 4	Large companies	more than 1000 employees

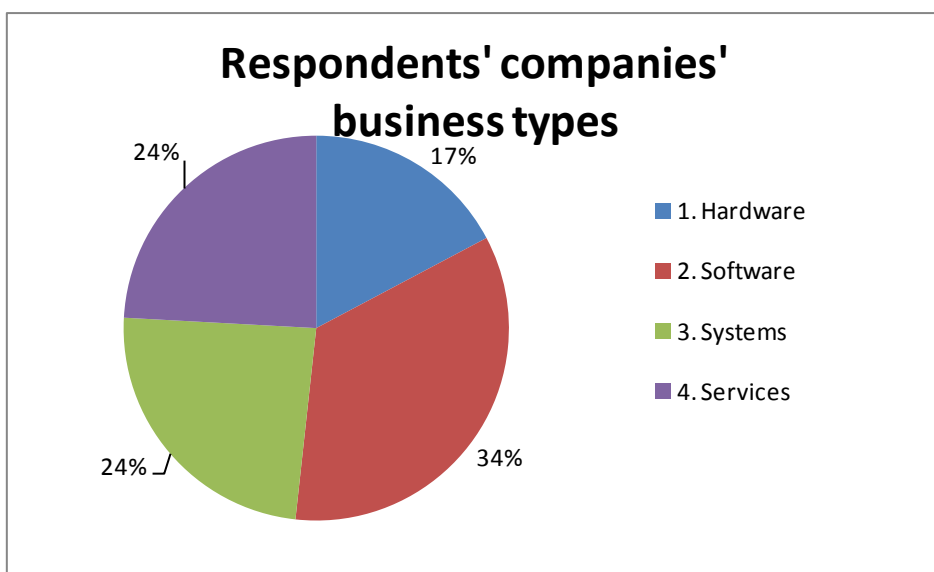
The chart here below represents the repartition of the panel per companies' sizes and shows that many of our respondents come from large companies, the 201-1000 employees segment being a little underweighted in our panel.



II.5 Company business criterion

The survey also aims at understanding the different implementations of the Product Management function according to the business the company is operating, making several classes according to what the offer of the company actually is. In high-tech environment business types may be organized as hardware, software, systems and services. We designed this criterion based on the declarations of our respondents (who were asked to select the business types that characterize their company's activity at best among these categories) and the analysis of the activity of the company. In case where multiple business types were possible, we kept the most important one given the company.

The chart here below represents the repartition of the panel per companies' business types and shows that the panel is quite balanced between the four selected types, with a little underweighting for hardware companies and a little overweighting for software companies.



II.6 Product Management topics covered by the study

The following list presents the three most important topics covered by the survey, presented in the order of the present report.

- **Product Management importance & influence** was estimated via the reporting level of the Product Management inside the company (General Management/CEO, R&D, Marketing, other).
- **Product Management job content** was estimated via the day-to-day activities Product Managers perform in their function: 18 tasks were suggested to the respondents as possible candidate for being part of the job.
- **Product Management evaluation mode** was estimated by suggesting 9 criteria to the respondents and asking them to choose the most relevant.

In addition, we asked our panel to tell us about the following points:

- **Product Management perceived level of consideration:** we have asked respondent to tell us how they felt Product Management is “considered” in their company and offered a multiple (4) choice response type ranging from very well considered to not considered at all; hence, this indicators reflects more a perception than a demonstrated fact.
- **Product Management staffing level:** we have asked respondent to tell us how they believe the Product Management team is “staffed” in their company and offered a multiple (4) choice response type ranging from very understaffed to overstaffed; hence again, this indicators reflects more a perception than a demonstrated fact.
- **The number of products** handled per Product Manager.

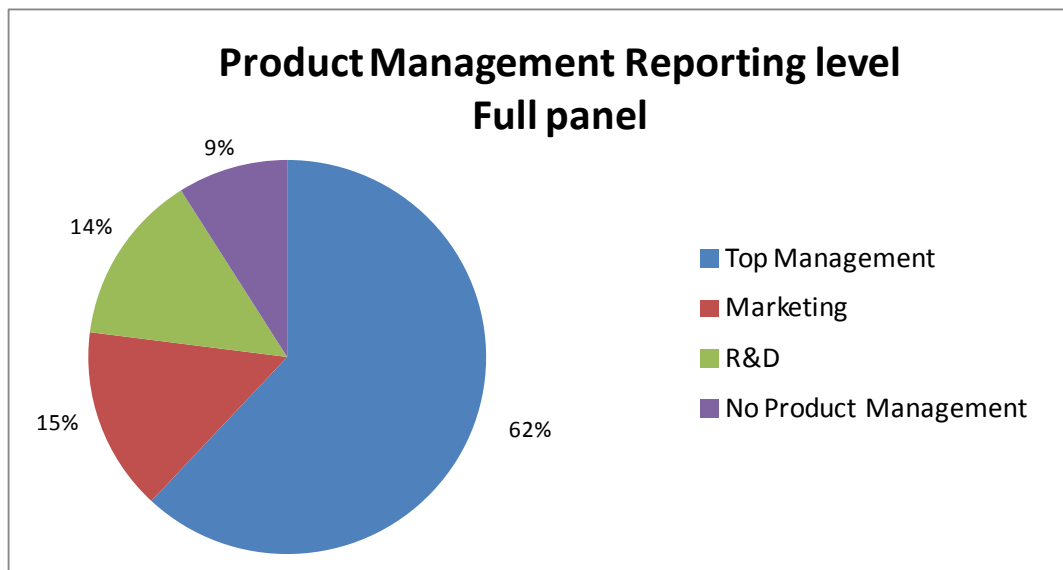
III Product Management reporting line

In order to evaluate how important the Product Management function is in companies, we asked our respondents what the reporting line are for their own Product Management department. The respondents were given four choices: reporting to Top Management, to Marketing, to R&D or a forth response, “does not exist on its own” (i.e. No Product Management).

The data were analyzed first at “full panel” level and then, by crossing responses with the criteria that specify the respondents’ segments.

III.1 Product Management reporting line – full panel

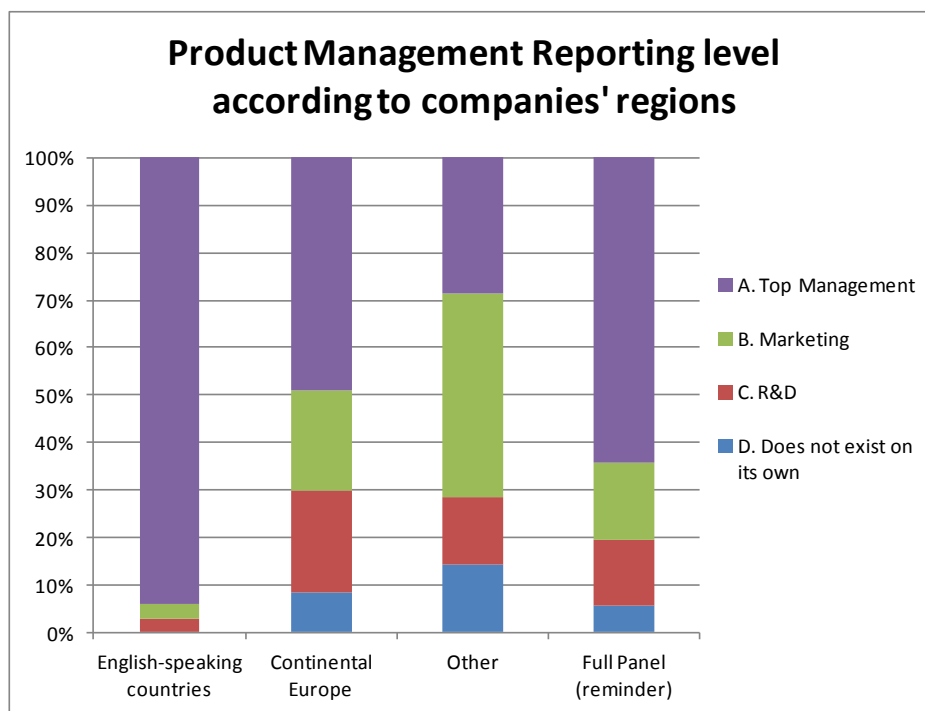
As shown on the following chart, 62% of the answers indicate that the Product Management function reports to the company’s top management. Reporting to the Marketing or the R&D also exist though in smaller proportions (respectively 15% and 14%) while 9% of respondent work in companies that have no dedicated Product Management team.



III.2 Product Management reporting line per companies’ regions

When crossing the answers of the respondents with their geographical segment, we observe that the level of influence of the Product Management varies a lot according to the countries’ cultures. English-speaking countries are almost unanimous with Product Management teams very well positioned in direct reporting to the CEO while Continental European countries’ practices differ with a Product Management reporting to the Top Management only in half of the cases.

In English-speaking territories (USA, Canada, UK and Australia), 94% of the respondents mentioned that Product Management reports to top management. In Continental Europe, less than 50% of our panel told us the same (49%). And for the rest of the world, less than 30% are organized in this same way (29%).



In the English-speaking world, Product Management almost never reports to the Marketing. In the “Rest of the World” category, it does at 43% and in Continental Europe, at 21% only.

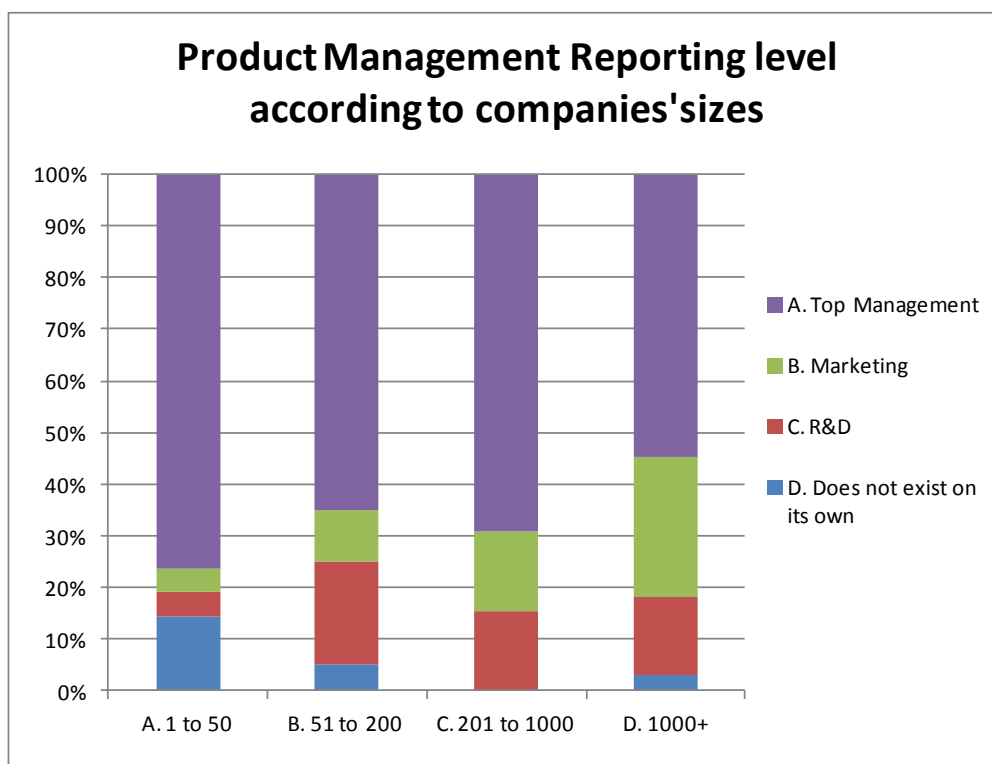
In English-speaking territories, Product Management reports to the R&D in only 3% of the answers whereas in Continental Europe, the figure is 21% and in the “rest of the world” category, 14%.

None of our English-speaking respondent answered that there was no Product Management division in his/her company (0%). In Continental Europe, 9% of our panel said so and in the rest of the world, 14%.

Our interpretation is that the Product Management is much more strategic in English-speaking world than it is in Continental European countries, where in many situations, the Product Management is not considered as a proper Product strategy function.

To a certain extent, this may explain the traditional difficulties European countries face when it comes to market their innovative products compared with the Anglo-Saxon approach where the product strategy is considered as part of the product management mixing both technical and marketing aspects.

III.3 Product Management reporting line per companies' sizes



This graph helps us understand the relationship between the size of the company - in numbers of employees - and the reporting process. In 14% of the small companies (1 to 50 people), the Product Management department does not exist on its own. This figure is much smaller to inexistent in bigger companies.

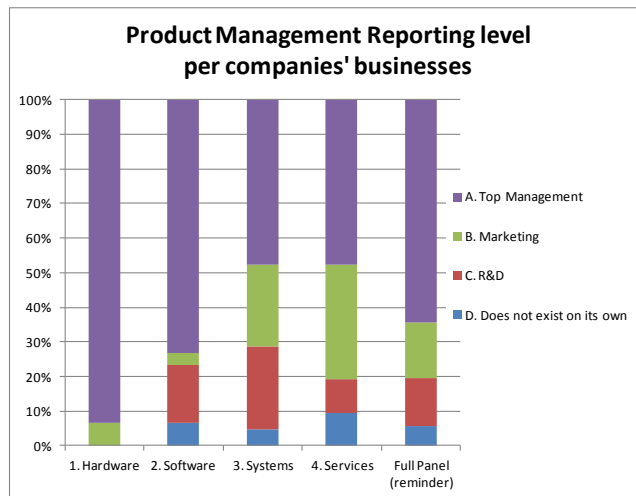
Yet, an interesting trend is that in the biggest companies (1000+ people), reporting to the Marketing department is quite important: 27%. It is less important in smaller companies. In other words, the smaller the company, the less its Product Management division is likely to report to the Marketing department.

This can be explained because in such large companies, the top management cannot be reached easily or because the hierarchy is too complex and does not grant a direct access from product managers to top managers.

Another trend is that all companies mainly report to top management: in all the different companies' sizes, reporting to top management always scores higher than 50%. Among those which do not, they tend to report to the R&D department more than to the marketing department.

The outcome is that in most cases, Product Management reports to top management. Yet, when it is not so, the bigger the company, the most likely it is to report to the Marketing department. In most companies but very small ones, Product Management may also report to R&D, although there is no strict size logic on this particular point.

III.4 Product Management reporting level per companies' businesses



This graph helps us understand the relationship between the business of the company – hardware, software, systems or services - and the reporting process.

In Hardware companies, an overwhelming 93% of our panel said that they reported to Top Management, a huge figure compared with the other segments. In Software companies, this figure drops to 73% and the Product Management reports to R&D in 17% of the cases. Only 3% of respondent said Product Management reports to the Marketing, which is the lowest figure of the four segments.

In Systems business, the Product Management reports to the Top Management in 48% of the cases only, a quite low figure compared with Hardware and Software industries. It reports to the marketing in 24% of the cases and to the R&D in another 24% of the cases.

In Services business, the Product Management reports to the Top Management in 48% of the cases are comparables and in 33% cases to Marketing, the highest score. Product Management does not exist on its own in 10% of the cases.

Anthalia interpretation

In hardware businesses, the Product Management impacts are directly impacting the company bottom line and it is therefore not surprising to find it so close to the company head in terms of reporting. Software companies understand in their majority the strategic role of the Product Management even if some of them let the (traditionally strong) R&D take strategic decisions.

The more we go far from hardware and the more the Product Management reports to the Marketing, showing that Systems and Service companies tend to ask their Product Manager to handle more Got to market aspects than to think about their products and/or service offers, a trend that is confirmed when looking at the job content per businesses (IV.4).

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