THE STUDY OF PRODUCT TEAM PERFORMANCE 2014

Presented by
Actuation Consulting, LLC.

Actuation Consulting
Propel forward.

EXECUTIVE SUMMARY

Five Key Performance Drivers

Actuation Consulting conducted the third annual global study of product teams with the goal of continuously improving our understanding of why some product teams excel while others struggle. We also sought to expand our knowledge of the factors that drive or influence the best outcomes.

This survey is unique in that it receives support from a constellation of industry associations and market players – groups that generally don't collaborate on such endeavors.

We designed the 2014 study to further explore the dynamics of high-performing product teams by pursuing four interconnected threads. The first thread delves into demographic information, helping us understand respondent profiles, spans of responsibility, size of company and market segment served.

The second thread, role clarification, reveals how actively respondents are involved in product development, what role they play and to whom they report.

The third thread allows us to examine today's product development processes as well as perceptions of which methods actually increase a product's profitability.

In the fourth and final thread, we more deeply explore the last several years' findings and the key factors that distinguish high performance teams from all others. This year's questions focus on the use of industry best practices, return on investment (ROI) and its application, the product team's relationship with the sales and marketing organizations and how well the product team understands and aligns its efforts to the sales cycle.

For consistency, we used the same methodology as last year's study. e-Focus Groups® conducted the survey on our behalf with the support of six professional associations and companies. Participants were allowed nearly 90 days to complete the survey, and after the survey closed, we provided results to our statistician who conducted regression analysis.

Through this statistical analysis, we identified five factors that contribute to the success of high-performing teams:

- **Nurturing a Positive Environment for the Product Team:** We discovered five subfactors that together foster a positive product team environment.

- **Acknowledging the Critical Relationship between Product and Project Management:** The handoff between these two functions can determine the success or failure of a product.

- **Optimizing the Product Team's Relationship with the Sales Organization:** We identified two underlying elements that optimize the relationship between sales and the product team.

- **Understanding the Sales Cycle:** The favorable impact that cascades from the product team's understanding and alignment with their product's sales cycle cannot be over estimated.

- **Enhancing the Relationship with Marketing:** Understand the importance and value of role clarity between the marketing organization and the product team.

In addition to these statistically significant factors, we also continued to build upon the last several years' exploration of the most popular product development methodologies currently in use. We retained the methodologies question – with a minor revision – to help us better understand the methods product teams are using to produce their products. This information will allow us to continue to evaluate and monitor changes in adoption and practice.

This year we utilized conditional logic on a highly selective basis. For example, we employed it to better understand the use of ROI and the expected payback timeframes. We also continued to probe product profitability and its association with specific product development methodologies.

METHODOLOGY

Survey Development

Actuation Consulting commissioned qualitative marketing research firm e-FocusGroups® to conduct the survey.

Actuation Consulting, in partnership with the contributing authors, defined the themes and content and drafted survey questions. e-FocusGroups developed the web-based survey tool, collected and aggregated responses, and provided a high-level analysis of responses. Upon completion of the study, survey data was passed to a professional statistician for rigorous analysis.

Professionals with the following titles were invited to complete the survey:

- Brand manager
- Business analyst
- Development manager
- Engineer
- Product manager
- Product marketing manager
- Product owner
- Program manager
- Project manager
- User experience professional

In the invitation, all respondents were assured that they and their responses would be anonymous.

The survey was sponsored by Actuation Consulting.

Additional promotional partners include:

- Boston Product Management Association (BPMA)
- Chicago Product Management Association (ChiPMA)
- International Project Management Association (IPMA)
- Orange County Product Managers (OCPM)
- Product Development and Management Association (PDMA)
- Planbox

RESPONDENT PROFILE

Our respondents identify themselves as either decision makers or product team members who play a central role in their company's product development initiatives. Nearly all (98%) say they play an active role in creating or enhancing products or services within their organizations.

Nearly half (48.54%) of survey respondents indicated they are product managers or product owners. Business analysts, project managers and program managers make up another 22.33% of respondents (Figure 1).

98%
of respondents play an active role in creating or enhancing products or services.

Figure 1
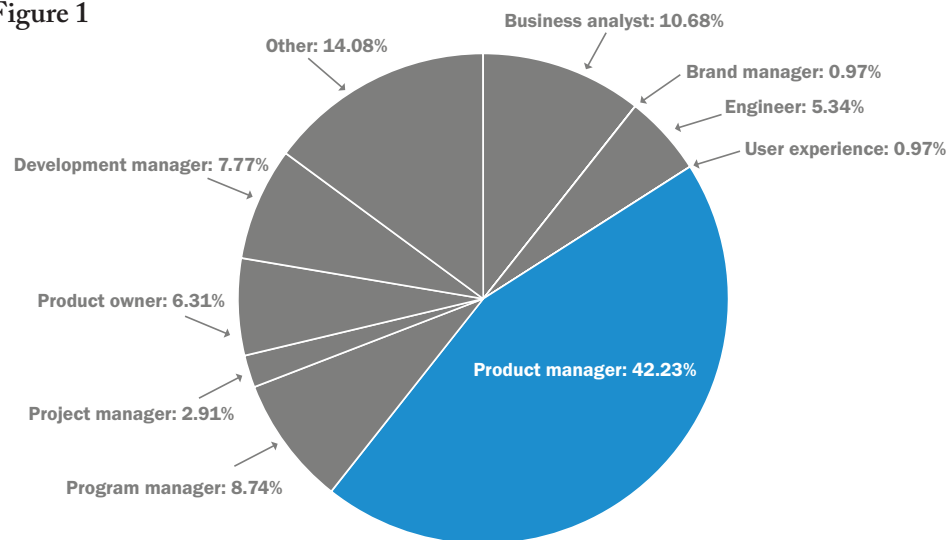
Other consists of product strategists, directors, Agile coaches, marketers, product marketing managers, executive owners, partners, vice presidents of product, system administrators, and CEOs.

Nearly 70% of respondents to this year's survey report to a director, vice president or company officer. Another 22% report to a manager (Figure 2).

The largest group of respondents (39.80%) report working for companies with annual revenues of less than $50 million. The remaining respondents are divided into three groups representing companies that annually earn: more than $2 billion (24.38%), $500 million to $2 billion (14.43%) and $50 to $499 million (21.39%).

Finally, the vast majority of respondents report working in companies with a technology (47.56%), services (20.89%) or consumer products (11.56%) focus.

Figure 2
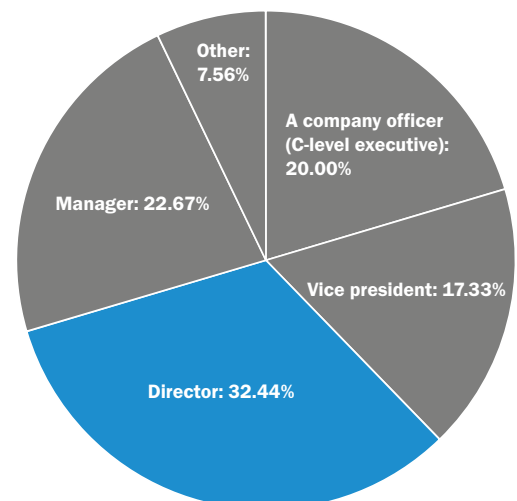
Other includes executive owners, board of directors, senior/ executive vice presidents, product managers, and consultants.

FINDINGS

A Closer Look at Top Factors Contributing to Team Success in 2014

Over the past several years, our annual study of product team performance has continued to unearth key factors that differentiate high performance product teams from their less successful counterparts. In 2012, we identified five factors that – if done well – were shown to statistically elevate a product team's performance. In 2013, we drilled down on key 2012 findings, continuing our investigation and identifying additional performance drivers. (See page 20 for a review of earlier results.) This year, further investigations brought forth new findings worthy of careful consideration.

◆ FACTOR ONE: NURTURING A POSITIVE ENVIRONMENT FOR THE PRODUCT TEAM

The first new factor identified in the 2014 data analysis indicates that fostering a positive product team environment is critical to enabling high performance. Product team members brought to light five subfactors essential to fostering a healthy environment.

The need for a common goal or purpose that unites the team is the first subfactor. Data reveal that teams linked by a common purpose consistently outperform their less focused peers. High performance teams align to a common goal in order to minimize friction and allow their purpose to fuel their progress. Teams that don't perform as well typically do not share this unity of purpose.

Effective line management is the second subfactor. Product team members greatly appreciate the support of strong line managers who remove obstacles to success and serve as a source of counsel. In fact, out of all of the elements that contribute to a positive, high-performing team environment, effective line management ranked as the most statistically significant. This finding further reinforces the importance of engaged management, even in the age of Agile's self-organizing teams.

The availability of strong engineers and the recognition of their importance to the product team is the third subfactor. Teams with capable engineers who are aligned to the team's mission are not only more likely to perform at a high level, but also contribute to a positive team environment.

It turns out that engineers are not the only functional role identified as important in the regression analysis. Talented

> Product team members brought to light five subfactors essential to fostering a healthy environment.

user experience professionals also play a statistically significant role. Teams with a skilled user experience professional are more likely to perform effectively, contribute to a better work environment and ultimately develop a better product. We expect the growth of the user experience profession will continue as more product teams realize the value of these professionals and incorporate this role into the team structure.

Finally, product team members indicate the presence of a strong project manager or scrum master who keeps the team on track is essential to success and greatly improves the work environment. Project managers and scrum masters often serve as a team's unifier, helping to orchestrate deliverables and create a synchronous environment. This alignment of efforts enables teams to not only perform better, but also do so in an environment that enables team members to optimize their individual contributions.

Taken together, these five subfactors, ranging from unity of purpose to well-orchestrated work tasks, are all statistically significant and essential to creating a positive work environment for product teams.

◆ FACTOR TWO: ACKNOWLEDGING THE CRITICAL ROLE OF PROJECT MANAGEMENT

Analysis of this year's data illustrates the importance of project managers and scrum masters. This will not come as a shock to those who have read past studies, as their importance has surfaced repeatedly over the years. Interestingly, the project management profession has been evolving alongside the emergence of Agile methodologies, such as Scrum, which has forced a degree of professional self-reflection on the role of the project management profession in an Agile product team environment. The authors have read a large number of blog posts articulating this self-reflection and we have spoken with those who believe the value of project management is on a gradual decline. Respondents to our survey, however, do not support this diminished importance in the project manager's role.

This study and numerous others show how the Agile development revolution has brought important improvements in the ability to deliver products; however, the prediction of leaderless teams self-organizing to deliver products continues to be elusive. In practice, we have seen the role of the project manager dramatically change to emphasize the orchestration of cross-functional interaction rather than tracking the progress of product team members.

A resounding 42% of respondents view the project manager role as essential to the successful delivery of products. Another 18% of survey responders state that project managers are important – although not essential. Only 3% of respondents believe the role holds no importance on today's product team.

According to our study, not only do product teams value the role of the project manager, but they point to the hand off between the project manager and the product manager as the single most problematic transition point in a project. In fact, the regression analysis clearly demonstrates that a poor handoff between these two parties virtually guarantees a negative outcome at the end of the product development process.

> Regression analysis clearly shows that a poor handoff between a project manager and a product manager virtually guarantees a negative outcome at the end of the product development process.

◆ FACTOR THREE: OPTIMIZING THE PRODUCT TEAM'S RELATIONSHIP WITH THE SALES ORGANIZATION

Most product teams work hard to develop an effective relationship with the sales organization, but not all succeed. In fact, only 9% of teams report being completely aligned with the sales team. Yet the majority of product teams (64%) state they are doing a good job of staying in sync with the sales organization citing only occasional friction. But approximately 24% of product teams report significant friction and an unfortunate 3% report a state of constant discord.

Our regression analysis identifies two primary subfactors that will make or break the relationship between the product and sales teams. The first centers on the product team's expectation that the sales team will make reasonable requests aligning with the product team's goals and initiatives. In this case, the underlying assumption is that the product team has clear goals and initiatives, and these have been effectively communicated to the sales organization. This subfactor also presupposes the sales organization structures its requests of the product team in a way that does not stray too far from the centerline. Data reflect that almost three-quarters of sales and product teams are effectively striking this balance.

The second statistically significant element in optimizing the relationship between sales and product team centers on the product team consistently providing sales with the necessary materials to meet their needs. These materials include product roadmaps, meaningful collateral and timely product development and launches. Product teams able to effectively manage these expectations enjoy the benefits of a strong working relationship with the sales team. This not only results in smoother working relationships, but also better input to the product development cycle and releases optimized for the sales cycle.

> Regression analysis illustrates that role clarity between the product team and the marketing team is vital to achieving high performance.

◆ FACTOR FOUR: UNDERSTANDING THE SALES CYCLE

While the data show the majority of product teams have managed to strike a strong relationship with their organization's sales team, with only occasional friction, there does appear to be a problem when it comes to the product team's knowledge of their product's sales cycle. Our analysis indicates fully 23% of product teams don't know the sales cycle for their product. Another 43% acknowledge that they struggle to stay in sync with the sales cycle. Only a third of product teams indicate that they are completely in sync with their product's sales cycle.

Astonishingly, 66% of product teams do not have a strong grip on their product's sales cycle, how the product is being sold and under what conditions. Knowledge of a product's sales cycle is vital and can contribute to more effective roadmap planning, improved collateral and more effective training – not only for the sales team, but for other functions as well.

This widespread lack of understanding of the sales cycle suggests the majority of product teams are too internally focused on product development activities without the appropriate context to understand external factors that can make the product team's efforts more effective and yield a better return. While this internal orientation is understandable for junior employees and internally facing team members such as engineers, the reality is that product teams have team members who must be externally focused. These include positions such a product managers, line managers and project managers who should possess knowledge of the sales cycle and be able to share it with core team members.

Clearly, more needs to be done to increase the product team's awareness of their product's sales cycle in order to increase the overall effectiveness of the team as well as the organization's ability to efficiently generate revenue.

◆ FACTOR FIVE: ENHANCING THE RELATIONSHIP WITH MARKETING

The relationship between many product teams and their marketing counterparts is, in a word, rocky. This is particularly true when you take a closer look at the overlap between marketing and product management that occurs in many organizations. While not all organizations have a product marketing function, those that do often lack delineation between where product management ends and marketing begins.

This year's regression analysis indicates that if the product team and the marketing team are to have a healthy relationship, a clearly defined set of roles and responsibilities is essential. Specifically, there needs to be crystal clear role delineation between the product manager and the product marketer.

Only 33% of product teams indicate that they have a strong working partnership with marketing throughout the product development lifecycle. The rest experience problems ranging from duplicative efforts to outright hostility between these functional partners.

The impact this lack of role clarity has on an organization can be quite significant and can jeopardize critical activities such as product launch. Organizations need to invest additional time and energy toward delineating these two critical roles and responsibilities all the way down to the responsibility assignment matrix (RACI) level. Role clarity is absolutely necessary to ensure that not only the product manager and marketer understand their roles and spans of responsibility, but also that the entire team understands how these parties will work together effectively.

Our regression analysis illustrates that role clarity between these two parties is vital to achieving high performance.

CONCLUSION

Although this year's study clearly reveals five additional factors that drive high performance, the one common theme across them all is that high performing teams get it right when it comes to people and effective interactions.

From strong engineers to great line managers, from the handoff between product management and project management to the relationship between the product team and sales and marketing, implementing the right processes and mechanics remains vitally important. That being said, executives need to continue to focus on hiring and retaining great people and creating a workplace climate that fosters superior working relationships. This year's study illustrates that these core elements remain the foundation of high performance teams.

SURVEY RESULTS

PRODUCT TEAM DYNAMIC

By tallying the responses to our survey, it is clear that an overwhelming number of respondents – more than 3/4 – work primarily on products for external customers. When asked about the products worked on, the responses were far more evenly divided. Though work teams reporting to be primarily enhancing existing products garnered slightly more responses (55.56%), close to half of respondents (44.44%) reported that they were working primarily on the development of new products.

Figure 3. Is the product you primarily work on intended for internal or external customers?

Internal: 19.47%

External: 80.53%
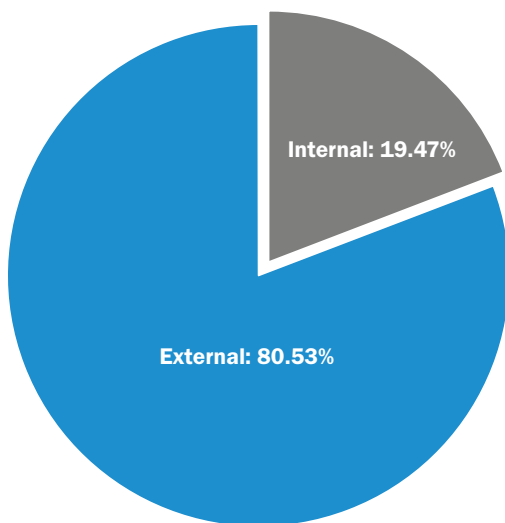
Figure 4. Is the product you are primarily working on a new product or are you enhancing an existing product?

Primarily enhancing an existing product: 55.56%

Primarily a new product: 44.44%
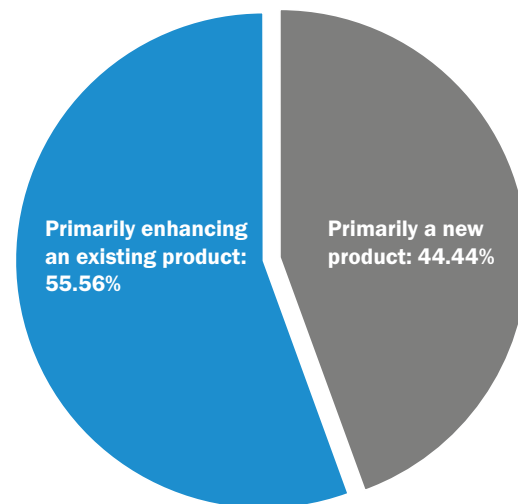
Table 1. Which of the following best describes the effectiveness of your product team?

Survey Answer	Percentage Response
We deliver value consistently on scope, schedule and cost.	32.68%
We deliver value but lack consistency.	52.68%
We are hit or miss.	10.24%
We miss more than we hit.	4.40%

Most product teams surveyed believe strongly in the value their team delivers. Nearly a third said they deliver value consistently on scope, schedule and cost. However, over half of those surveyed, who also believe they deliver value, acknowledge that their team lacks consistency in its delivery. Another 10% of survey responders hold that their effectiveness is hit or miss at best and just over 4% indicated that their product teams misfire more often than they hit the mark with deliverables.

Table 2. How would you rate your product team's cross-functional collaboration, trust and communication?

Survey Answer	Percentage Response
We function as a seamless team regardless of the challenges we face.	10.24%
Overall we are pretty united but we have occasional issues .	66.34%
Our collaboration, trust and communication are subpar.	21.95%
We don't function as a team, we work as individuals without a common purpose.	1.47%

While slightly more than three quarters of respondents (76.58%) indicated either their work team is pretty united with occasional issues (66.34%) or that their members function as a seamless team regardless of the challenge (10.24%), it is significant that nearly a fourth of respondents reported dysfunction on their teams. A full 21.95% acknowledged that collaboration, trust and communication were subpar between team members and 1.47% were willing to admit that their team doesn't function as a team at all, but rather works as individuals lacking a common purpose.

Table 3. Which of the following factors contribute to a positive environment for your product team?

Survey Answer	Percentage Response
A common goal/purpose drives the team	25.51%
Effective product management	20.89%
Skilled engineers	15.79%
An effective project manager or scrum master keeping the team on target	14.97%
Strong user experience professional	10.03%
Our company has invested in team-building/organizational development	5.43%
Effective line managers	4.93%
Other	1.13%
None. We don't have a positive environment	1.32%

Four survey answers garnered an overwhelming three quarters of all responses to this survey question. The factors that product teams believe contributed most to their team's positive environment are: common goal/purpose (25.51%), effective product management (20.89%), skilled engineers (15.79%) and an effective project manager/scrum master (14.97%).

22%
acknowledged that collaboration, trust and communication were subpar between team members.

BEST PRACTICES

Table 4. How effective is your product team in identifying and incorporating industry best practices?

Survey Answer	Percentage Response
Our organization invests significant resources in keeping us in tune with industry best practices and our culture allows us to experiment with new ideas.	21.83%
Our team passively monitors industry best practices and occasionally infuses them in team activities.	52.79%
We are too busy doing work to monitor and incorporate industry best practices.	23.35%
Industry best practices are too intangible for us to invest time to monitor.	2.03%

According to the responses, over half of the teams surveyed passively keep an eye on what is going on in their industry and occasionally introduce innovative new ideas into team activities. Nearly one quarter of those surveyed feel they are too busy managing their workload to devote any time to keeping up with new developments in their industry let alone incorporate new practices into their workflow.

Barely a fifth of respondents indicated their organizations actively monitor emerging best practices in their industries and encourage experimentation with new ideas. Just over 2% of responders hold that best practices are too far afield from their day-to-day challenges and pay no attention to new ways of approaching challenges in their industry.

Unfortunately the data show that continuous improvement is not central to the product team's DNA. An overwhelming 78.17% of respondents are not committed to actively identifying ways to be more effective.

Nearly one quarter of those surveyed feel they are too busy managing their workload to devote any time to keeping up with new developments in their industry let alone incorporate new practices into their workflow.
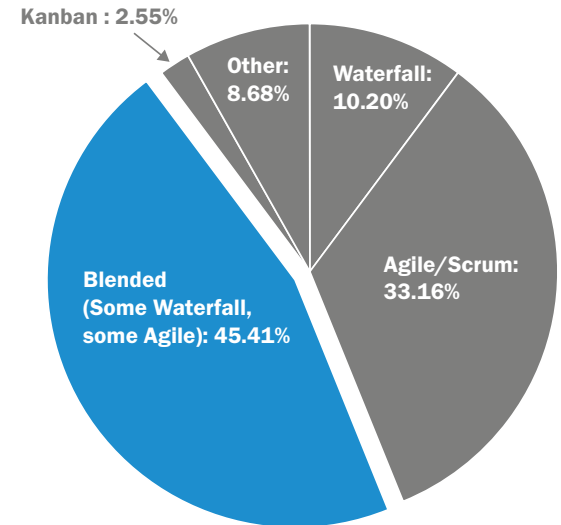
DEVELOPMENT METHODOLOGIES

Survey responders indicate that by far the most popular methodology used in product development is a blended approach combining some aspects of Waterfall and some of Agile. The blended approach accounted for nearly half of all survey responses (45.41%). The second most popular methodology is Agile/Scrum, which is used in companies employing 33.16% of our respondents. Nearly 11% of responders indicated their companies utilize Kanban (2.55%) or another methodology (8.68%). Only a tenth (10.20%) are utilizing Waterfall.

Figure six clearly shows product methodology trends which we began tracking in 2012. What is most striking is the rate of growth in Agile methods from 2012 to 2013: adoption rates rose from 12.83% in 2012 to 30.25% in 2014. While Agile continues to gain share, the rate of growth increased less than 3% from 2013 to 2014. It is also interesting to note that blended methodologies are showing a similar pattern of change, though in the opposite direction. From its highpoint in 2012 of 52.50% our latest data shows slightly more than 45% of organizations continue to combine Agile and Waterfall methodologies. Waterfall continues its steady decline year after year, now accounting for just 10.20% of responses (2014). Lean was dropped from this year's survey as there was confusion between the lean methodology and "lean startup". In its place, we added Kanban. Time will tell what Kanban's adoption rate will be in 2015.

Overall, though, the data illustrates that Waterfall has yet to hit its floor and both Agile and blended adoption rates appear to be flattening out.

Figure 5. Which of the following methodologies best describe the way your organization develops products?
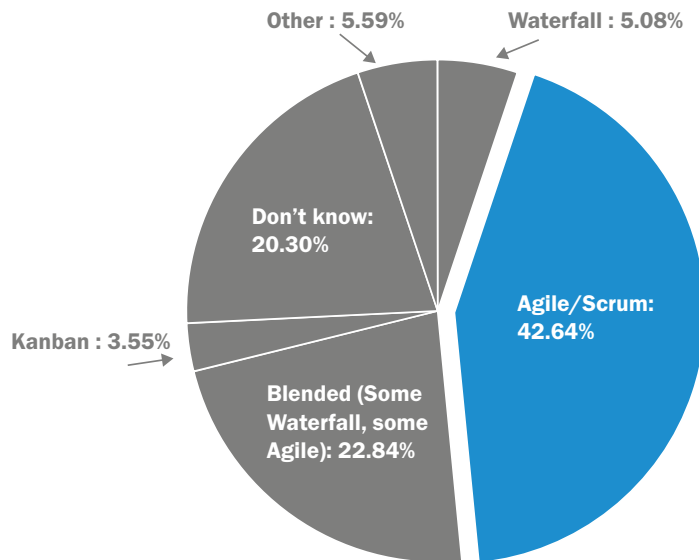
Figure 6. Product development methodology adoption rates from 2012 to 2014.
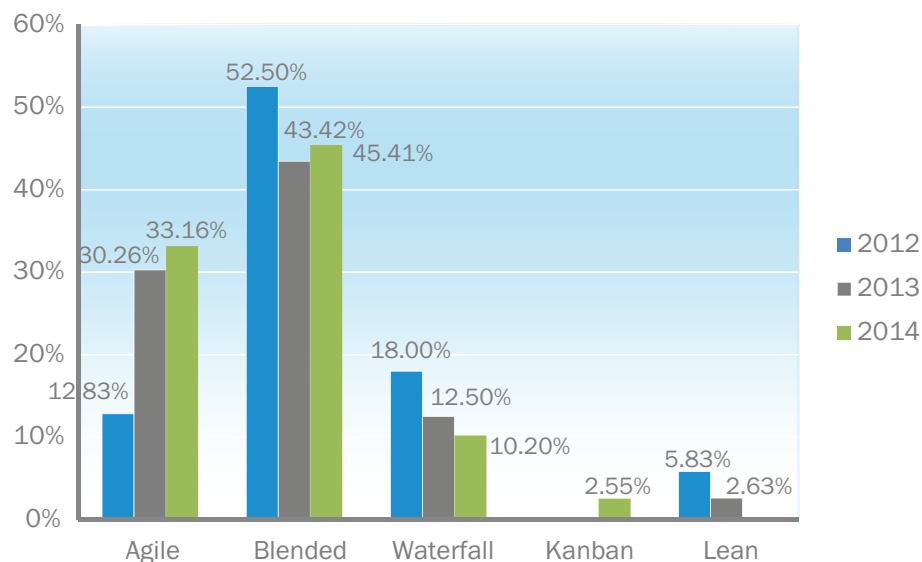
Figure 6. Which of the following methodologies do you associate with increasing your product's profitability?

By far the methodology receiving the greatest credit for increasing product profitability is Agile/Scrum – a methodology named by 42.64% of respondents.

A blended method including both Waterfall and Agile was the second most frequently given response, with 22.84% of responses, about half of the Agile/Scrum response total. A full 20% of respondents could not identify which methodology would most likely increase their product's profitability. The remaining three answer options received nearly equal responses at Other (5.59%), Waterfall (5.08%) and Kanban (3.55%).

Table 5. Regardless of methodology utilized, how effective is your product team at producing actionable requirements and delivering them to your development team?

Survey Answer	Percentage Response
Requirements are consistently at the right level of detail and actionable.	14.86%
Requirements are usually at the right level of detail and actionable.	51.43%
We struggle to produce adequately detailed and actionable requirements.	28.57%
Our requirements are never at the right level of detail and actionable.	5.14%

Regardless of methodology used, nearly two-thirds of survey responders indicated requirements either are usually (51.43%) or are consistently (14.86%) at the right level of detail and actionable. However, for a third, requirements are subpar: 28.57% of responses reveal product teams that are struggling to produce adequately detailed and actionable requirements to the development team. Another 5.14% acknowledge that their requirements are never actionable nor at the right level of detail required.
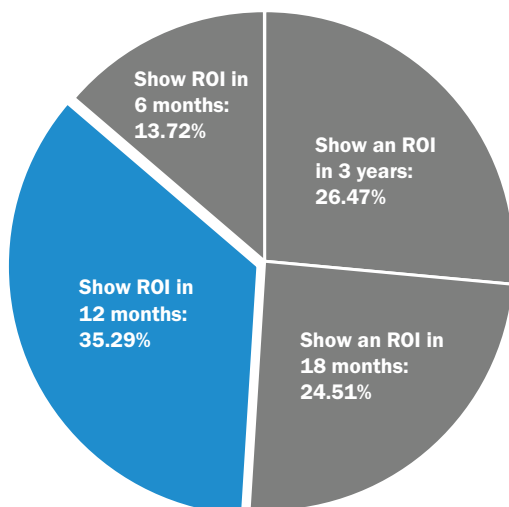
RETURN ON INVESTMENT (ROI)

Table 6. Is ROI a metric your company actively uses to determine the relative success of your product's profitability?

Survey Answer	Percentage Response
ROI is part of the DNA of our organization – it is the basis of everything we do.	16.75%
ROI is used to determine relative success, but we are not held accountable to it.	34.01%
We occasionally use ROI but primarily for new products only.	16.75%
We don't use ROI actively.	32.49%

While over half of companies in our study use ROI to measure a product's success, only a sixth are held accountable to ROI.

Only 16.75% of respondents said that ROI is the basis of everything that is done on the product team and is considered a key measurement in the organization. The highest response (34.01%) indicates that while ROI is used to gauge success against other products, the product team is not held accountable for the ROI. The second highest response reveals that 32.49% of companies represented in our study do not actively use ROI in judging their products' success. Finally, 16.75% reported they occasionally rely on ROI as a measurement, but this is confined only to new products.

Figure 7. For those organizations that do determine success by measuring ROI, how long is the timeline to demonstrate return on investment?

Results were fairly even for the top three responses to this survey question. A return on investment was expected in 12 months for 35.29% of the respondents. The second most frequently given answer was an expected three-year ROI, which garnered 26.47% response and coming in at 24.51% of response was the indication that ROI was expected within 18 months of launch. Almost 14% of respondents were expected to show a return on investment as soon as six months after launch.

TEAM RELATIONSHIPS

Product teams are most effective when product development activities are aligned with the sales cycle.

Figure 8. Is your product team both aware of and aligned to your product's sales cycle?

Don't know what the sales cycle is for our product: 23.40%

Completely in sync with our product's sales cycle: 33.33%

Struggle to stay in sync with our product's sales cycle: 43.27%

Exactly two-thirds (66.66%) of responses to this question reveal a striking need for greater alignment with product sales cycles. Nearly half (43.27%) admit to struggling to stay in sync with the sales cycle and nearly a fourth (23.40%) acknowledge they aren't aware of their product's sales cycle.

The only good news is that a third of responders indicated they are completely in sync with their product sales cycle, which should reward their companies with smoother running operations and increased revenue.

> The only good news is that a third of responders indicated they are completely in sync with their product sales cycle, which should reward their companies with smoother running operations and increased revenue.

When asked how they would describe the relationship between the sales organization and the product team, nearly three quarters of responders, 73.41%, indicated that they are either mostly aligned with the sales force with only an occasional bit of friction or completely aligned with little or no friction. Still, over a fourth of respondents were both lacking alignment and feeling a significant amount of friction (23.70%) or were in a constant state of friction with the sales force (2.89%).

For these companies, there is definitely significant opportunity for improvement in relations that have the potential to greatly benefit the bottom line.

Figure 9. How would you describe the relationship between the sales organization and the product team?

We are in a constant state of friction: 2.89%

Completely aligned with little or no friction: 9.25%

Lack alignment and have a significant amount of friction 23.70%

Mostly aligned with occasional friction: 64.16%
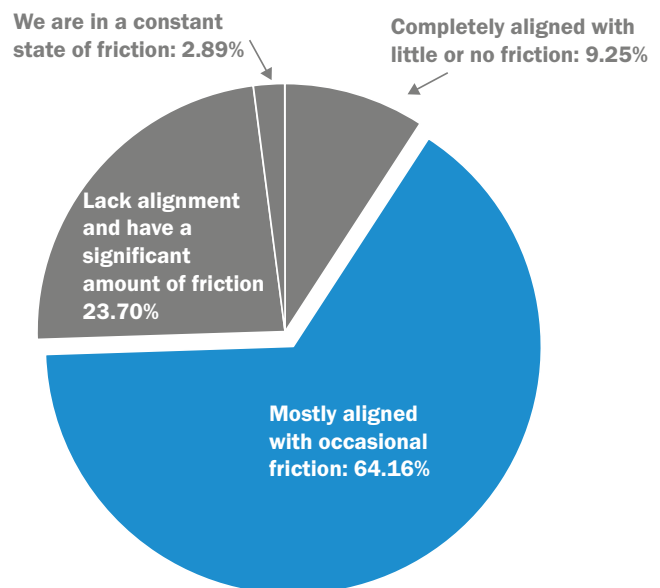
Table 7. What factors contribute to a healthy relationship between your sales organization and the product development team?

Survey Answer	Percentage Response
The product team consistently provides the necessary materials (roadmap, collateral, product delivery, etc.) to meet the needs of the sales team.	25.16%
There is strong executive leadership bridging the gap between the long-term goals of the product team and the immediate needs of the sales team.	24.20%
The sales team makes reasonable requests that align with the product team's objectives and enables us to get work done efficiently.	22.93%
Interpersonal conflict between members of the product team and the sales team is kept to a minimum.	16.56%
None of the above	7.65%
Other	3.50%

Responses were quite varied regarding factors contributing to a healthy relationship between sales and product development teams. Answers were fairly evenly divided between: The product team consistently provides necessary materials to meet the needs of the sales team (25.16%), There is strong executive leadership bridging the gap between the long-term goals of the product team and the immediate needs of the sales team (24.20%) and The sales team makes reasonable requests that align with product team objectives (22.93%). Respondents gave only slightly less weight to the idea that interpersonal conflict between members of the product team and sales team is kept to a minimum (16.56%).

Finally, a significant percentage of respondents (11.14%) either indicated that none of the suggested answers contributed to a healthy sales/product team relationship in their organizations (7.65%) or suggested that other factors were in play such as – our sales force IS the development team, there is no sales team, our product teams do not create things that benefit the sales team, etc. (3.50%).

Table 8. What is the nature of the relationship between the product team and product marketing or marketing?

Survey Answer	Percentage Response
Strong working partnership throughout the product development lifecycle.	33.72%
Weak working partnership throughout the entire product development lifecycle.	18.60%
Product management is playing not only product manager but the product marketing role too.	20.94%
Partnership with product marketing or marketing once the product has been developed but little to no involvement with the product team prior to launch planning.	18.60%
We don't have product marketing or marketing involvement in the launch of our products.	8.14%

A third of respondents characterized the relationship between the product team and marketing as a strong working partnership throughout the product development lifecycle.

Additionally, 18.60% of respondents indicated that a weak working partnership exists with marketing throughout the entire product development lifecycle.

Another 18.60% of respondents revealed that while there is a relationship between the marketing and product development teams once the product is complete, there is little to no involvement or collaboration between the two teams prior to that point.

20.94% of respondents revealed that product managers are shouldering both responsibilities and nearly a tenth of respondents (8.14%) shared that product marketing has no involvement in the launch of new products.

Significantly, only one third of marketing organizations are actively engaged with product teams throughout the entire product development lifecycle. This represents a significant opportunity, and challenge, for organizations seeking to improve their performance.

Table 9. What factors contribute to the positive aspects of the product team's relationship with product marketing or marketing?

Survey Answer	Percentage Response
Both functions recognize the importance of working together closely and embrace the opportunity without executive involvement.	24.07%
Clearly defined roles and responsibilities between product management and product marketing/marketing.	22.03%
Active involvement by product marketing/marketing at all phases of the product development lifecycle.	21.69%
Executive involvement in ensuring product management and product marketing/marketing work together effectively.	18.64%
None of the above	10.17%
Other	3.40%

Answers were quite evenly divided on this question. The most frequently cited positive contributor was both functions recognizing the importance of working together closely and embracing the opportunity without executive involvement. The importance of having clearly defined roles and responsibilities was cited nearly as often (22.03%). Active involvement by product marketing at all phases of the product development cycle was cited only a half percent less often (21.69%). Not far behind at 18.64% of responses was executive involvement ensuring product marketing and product management teams work together effectively.

Figure 10. If your team has communication, handoff or transition issues that impacted team performance, are they between which of the following roles?
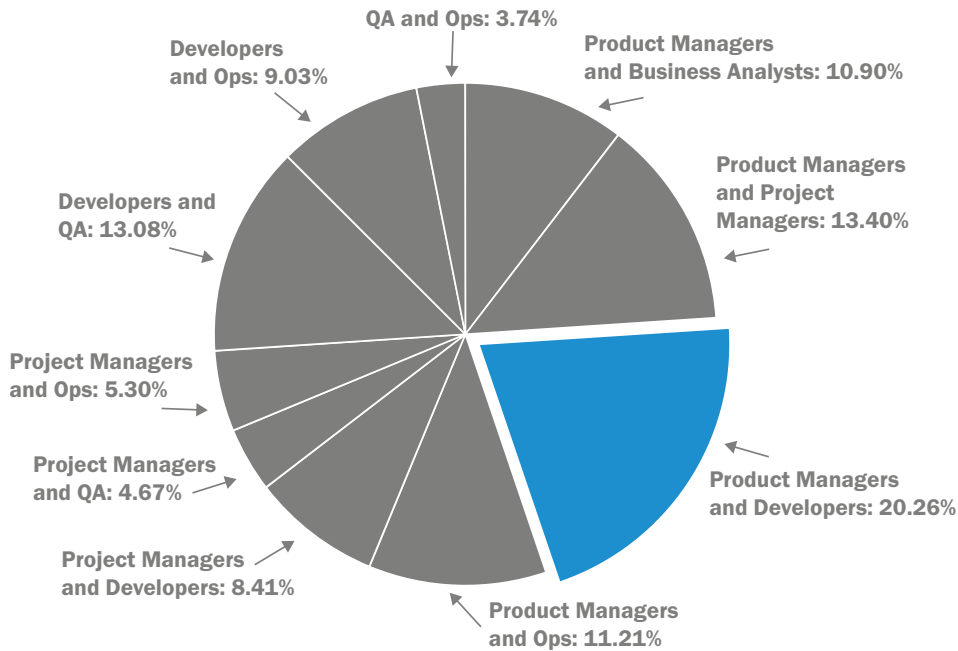
In last year's study, participants identified "poor handoffs and transitions" as a performance landmine for 20% of product teams. Approximately one fifth of the responses to this question (20.26%) point toward issues between product managers and developers. The other double-digit responses indicating potential problem areas were between:

• Product managers and project managers (13.40%)

• Developers and QA (13.08%)

• Product managers and ops (11.21%)

• Product managers and business analysts (10.90%)

Although not double digit response rates, the handoffs between developers and ops (9.03%) and project managers and developers (8.41%) were not far behind.

No team members are immune from communication, handoff and transition issues. The remaining responses were also nearly equally distributed between three answers: project managers and ops (5.30%), project managers and QA (4.67%) and QA and ops (3.74%).

ROLE OF THE PROJECT MANAGER

Table 10. The role of the project manager continues to evolve. Which of the following best describes your organization's view of project management?

Survey Answer	Percentage Response
This role is essential to the successful delivery of our product development activities	42.61%
This role is an important component but not essential to our effectiveness	18.18%
This role is no more important than any other role on the team	10.80%
This role is not important	3.41%
We do not have project managers	13.64%
One of the other team members plays this role but is not officially called the project manager	11.36%

While close to half of respondents (42.61%) consider the project manager role vital to successful completion of product development activities and another 18.18% hold that the role is important but not essential to team success, a considerable percentage of respondents hold the project manager role in less regard. A tenth (10.80%) believe the project manager role is no more important than any other role on the team and 3.41% of respondents believe the role holds no importance. Nearly 14% of respondents (13.64%) do not have project managers on their teams at all. Finally, 11.36% of respondents said that the project manager role is fulfilled by another team member, though this person is not referred to as the project manager.

A LOOK BACK AT EARLIER FINDINGS

What We Learned from the 2012 Study

Each year as we have reviewed results from the annual Study of Product Team Performance, we have gained a clearer picture of what it takes to achieve success in this demanding arena.

In 2012, our first year to perform the study, results underscored the fact that product managers, project managers and business analysts don't always optimize their working relationships and this can have an adverse effect on product team performance.

Five Factors Set Up Teams For Success

By performing a regression analysis on the results of the 2012 survey – which overlaid respondents' rating of their organizations' overall success with survey data on operating techniques and methods, executive support, staffing, strategic alignment, team composition, and accountability practices – we identified five factors that greatly enhance team success:

1. Unwavering Executive Team Support

2. Strong Product Team Alignment with Strategy

3. Post-Product Development Focus and Accountability

4. Assigning Core Product Team Members Based on the Skills Needed

5. Bringing Product Team Members on Board Effectively

Statistics show product teams that successfully implement these five factors have a 67% chance of achieving high performance. Only 2% of teams that do not implement the five factors reach a similar level of performance excellence.

2012 Study Sponsors

What We Learned from the 2013 Study

Survey findings in 2013 built upon the strong base of knowledge established with the 2012 survey analysis. The goal of the research was to continue improving understanding of why some product teams excel while others struggle and, as in the 2012 study, clarify factors that influence positive outcomes.

Five Threads Interconnect in High-Performing Teams

The 2013 study took our explorations to a deeper level by exploring the dynamics of high-performing product team along five interconnected threads.

These five threads were:

1. The Importance of Aligning Corporate and Product Strategy

2. Business Unit Leader Engagement

3. Product Manager Role Definition

4. The Impact of Effectively Onboarding Product Team Members

5. The Importance of Product Launch

The 2013 study also identified the greatest obstacles to team success.

2013 Study Sponsors

MEET THE STUDY AUTHORS

Lead Author: Greg Geracie, President, Actuation Consulting

Greg Geracie is a recognized thought leader in the field of product management and the president of Actuation Consulting, a global provider of product management consulting, training and advisory services to some of the world's most well-known organizations. Actuation Consulting provides popular training courses for product managers and product teams and publishes The Study of Product Team Performance annually.

He is also the author of the global bestseller *Take Charge Product Management* and led the development of *The Guide to the Product Management and Marketing Body of Knowledge (PRODBOK)* as editor-in-chief with MIT professor Steven Eppinger. Greg is an adjunct professor at DePaul University's College of Computing and Digital Media where he teaches graduate and undergraduate courses on high-tech and digital product management.

Greg is a regular contributor to a wide variety of industry publications and a former board member of the Business Architecture Guild. As a Guild member, Greg actively contributed to the BIZBOK Guide. Greg has also been asked to contribute his product management expertise to a growing list of other professional bodies of knowledge, including the Institute of Electrical and Electronics Engineers (IEEE) first ITBOK and the latest BABOK Guide. Greg is currently a member of the IEEE Information Technology Committee.

You can learn more about Greg and Actuation Consulting at www.ActuationConsulting.com.

Contributing Authors

David Heidt, Principal, Enterprise Agility

David Heidt is the past President of the IIBA Chicagoland Chapter. As a consultant, David works with clients to drive program initiatives, process definition, organizational change, product and technology enhancements, performance metrics, and rapid solution development. In 2011, David, along with his team members at Sears Holding Corporation, were recipients of the 2011 PMI Distinguished Project Award. He is an adjunct-faculty member at DePaul University and the lead instructor within their Business Analysis and Business Process Management Certificate Programs. He holds certifications as a Certified Business Analysis Professional (CBAP) and a Certified Business Process Professional (CBPP). He is also a contributing author to the recently published *Guide to the Product Management and Marketing Body of Knowledge.*

Matt Jackson, President, Jackson Consulting

Matt specializes in high-risk projects as well as operational and project turnarounds for software companies. During his 15 years in practice, Matt has served clients such as Microsoft, Corbis, Casey Family Program, Thompson Healthcare, Precor, Vertafore and Amazon. In addition to his consulting work, he has written for Fawcett Technical publications and served as an expert reviewer of the Project Management section of *The Guide to the Product Management and Marketing Body of Knowledge.*

Ron Lichty, Principal, Ron Lichty Consulting

Ron Lichty advises companies and consults with software organizations on how to make their software development "hum." He often takes on the role of acting and interim Vice President of Engineering to untangle the knots in their software development processes. He frequently trains and coaches teams and managers in Agile, a development methodology about which he is an expert. Ron is also the co-author of the acclaimed Addison-Wesley book, *Managing the Unmanageable: Rules, Tools, and Insights for Managing Software People and Teams.*

Gary Pickens, Ph.D., Vice President & Chief Research Officer, Truven Health Analytics

Dr. Pickens is a researcher and consultant focusing on the use of data analytics to solve healthcare business, operational and clinical care problems. He also is project director for the Healthcare Cost and Utilization Project, funded by the Agency for Healthcare Research and Quality, under a contract with Truven Health Analytics. Prior to this, Pickens led the statistics and knowledge discovery group in the Center for Healthcare Analytics, a knowledge creation center for Truven Health Analytics. In that role, he developed statistical models for estimating cost and outcome benchmarks, modeling preventable complications of care, and forecasting demand for healthcare services.

About Actuation Consulting

Actuation Consulting's mission is to advance the profession of product management, and we've been working tirelessly toward this goal since our founding in 2007. Since then, we've become a global leader in product management consulting and training to organizations worldwide. Our consulting and professionally produced training programs combine our proven expertise in product management with the thought leadership that has made our books global bestsellers. We provide popular training courses for product managers and product teams and publish the worldwide Study of Product Team Performance annually. We have also authored the global bestseller *Take Charge Product Management* and led the development of *The Guide to the Product Management and Marketing Body of Knowledge (ProdBOK)*.

Visit us today at www.ActuationConsulting.com or call 800-935-9662 or 312-775-2373.