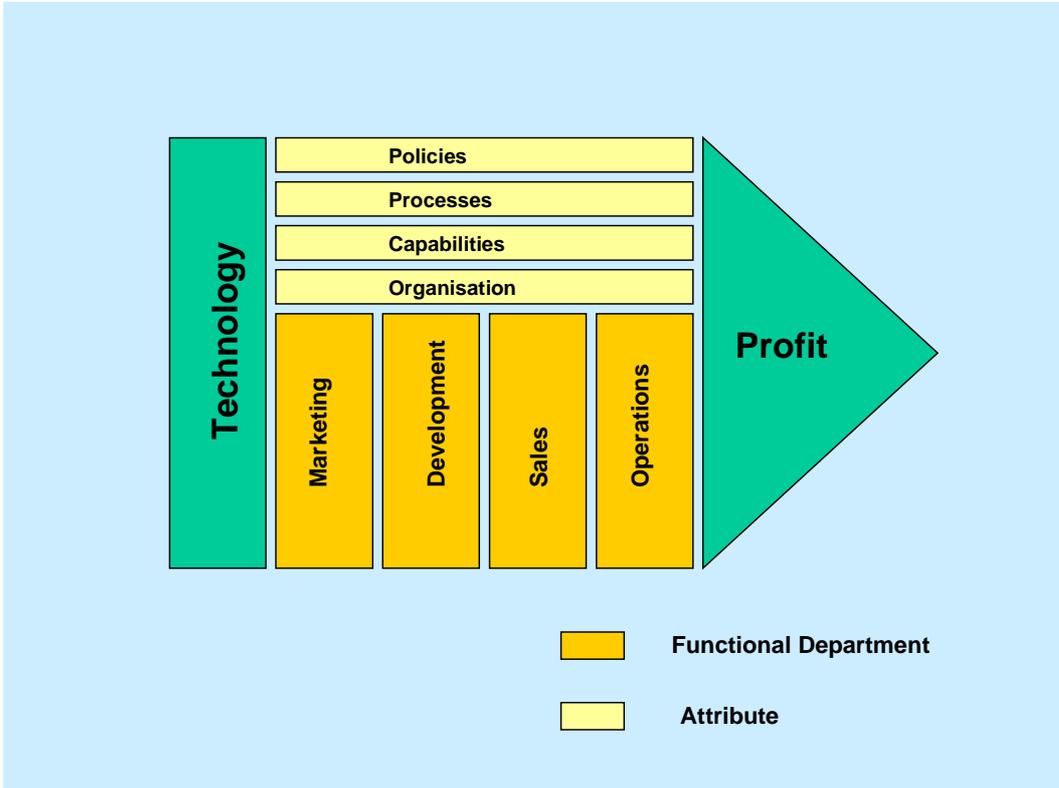


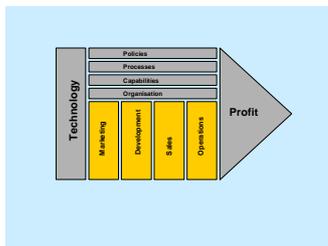
Managing a Model Software Company

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The role of marketing is an essential element in the successful management of a software company



The Functional Departments



The four functional departments are very different one from the other, yet each is vital to the well being of a software company.

Marketing

The Marketing Department should be the architect of the company's business. It defines the basic business model of the company and how the company's resources are going to be utilised to turn technology into profit. More especially it evaluates the market opportunities available and defines the type of products that will be needed to realise those opportunities. Marketing also frequently contains the resource for the process management to establish the synchronised delivery of the package of

product, services and intangible differentiators (the Whole Product) to the market. Marketing also covers the promotional, event management and P.R. activities of a company.

It will be useful to establish terms to describe these functions. We will use below:

- Product Marketing to describe the activities that lead to the definition of the Whole Product and decisions regarding the industry, segment and customer groupings to be targeted by the business.
- Product Management to describe the activities that 'process manage' the delivery of the Whole Product concept to initial launch and through its lifecycle.
- Program Management to describe advertising, marcoms, P.R., promotional and event management aspects of marketing.

These specific terms are often used interchangeably in the industry, press and literature. The distinction, while useful here is by no means universally adopted.

In a small organisation, if the individual has sufficient breadth, it may be reasonable to combine product marketing and product management into the same job. Program management being wholly undertaken under management or directly by the sales group.

In practice the boundary between marketing and the other departments is fluid. It tends to change over time as a company develops. Start-ups of technology led companies will have product marketing and product management in development (although they won't normally be called that). Both product marketing and product management personnel will often be found in sales departments.

A mature software organisation will however recognise the need to give objectivity, balance and some independence to the architect of its product and marketing strategy. Too close to sales - there is a danger of short term thinking; too close to development - there is the danger of trying to tell customers what to buy.

Development

The Development Department has responsibility for interpreting the requirements of the Marketing Department and creating the company's products. Typically this will involve a range of activities, from design and programming through to writing manuals, quality testing and making the localisation 'tool-kits' to enable subsequent translation of a product.

Development should also work closely with Marketing to derive the Product Plan, and with Sales to run the support and maintenance programmes.

Sales

The Sales Department takes responsibility for selling the product. This not only involves the relatively obvious aspects of lead generation and processing, interacting with potential customers and closing deals, but generally also delivering the Whole Product concept to the customer. This implies the delivery of the product, services associated with it, installation, training, post sales support and all the aspects of value that have motivated the customer to buy.

As noted above, the sales group will contain field marketing activities - the implementation of marketing programs designed locally or in the marketing department and the local side of program management - organising sales events, setting up demonstrations and trade shows. Marketing communications, advertising

and promotion will almost always have a resource requirement at the point of delivery, managed under the sales group.

Formulating bids and responding to tenders is frequently a collaborative effort between sales and marketing - a result of the strategic nature of some of the resource commitments, timescales and tendency of the big procurements to be specifying technologies that are not off the shelf. Sales must handle the activity to get invited to tender.

Sales may also take responsibility for other 'customer facing' activities, including processing the orders, and collecting payment.

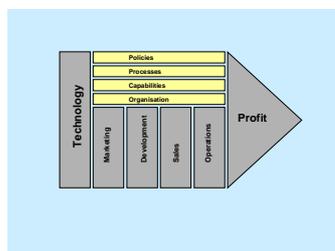
Sales are the eyes and ears of the company in that they spend much of their time very close to the customer interface. They are well placed to input into Marketing what the client base is thinking about the product. It is the job of product marketing to collect this input and, where and when appropriate, factor it in to a product definition for new products or future updates of an existing product. There may be specified marketing personnel in the sales unit who's job it is to pre-digest this information, to manage user group's and key customer collaborators (the beta test community).

Operations

Operations is the term we use for all activities of the software firm not spoken for in the three departments above. As a base it will contain Finance, Human Resources and IT systems. It may include activities such as Sales Order Processing, Production and Shipping, Post Sales Support, etc., if these are not included in the sales function as postulated above. This might be a result of perhaps there being greater abilities in process management in operations and a shortage of management resource in sales.

For a smaller company or an overseas branch operation, the decision as to whether to incorporate all customer facing activities under Sales probably rests on the characteristics of the sale process, management depth and resource and the focus of priorities. It is not unusual to find Sales, Marketing and Operations combined under a regional manager (a sales function) in a remote territory with a separation of the functions in the head office.

Attributes



The attributes of the software business "are the binding forces of the company". The purpose, nature and manner of working that enable the departments to harness the potential of the technology to the opportunity to effectively make the business.

We need to look primarily at the functional characteristics of the marketing department and its inter-relation with the other departments. It is outside our scope to enter into a detailed discussion of all the attributes and their impact on the business other than in the general sense of the linkages of the business and the important aspect of interlock described below. After a discussion of these specific

concepts we shall consider in the final section the strategic and operational activities of the departments which we have described above.

Linkages: How the departments work together

The concept of 'linkage' or how the departments work with each other is as important a part of the description of the functional dynamics of a business as the departments themselves. When problems arise, it is frequently as a result of a failure in linkage. For this reason it is important to clearly define how departments should interact and be monitored in their smooth running - this will be legislated for in the business by its organisation, policies, processes and by the creation and maintenance of adequate capabilities - what we collectively refer to as the attributes of the business. The role of marketing that will be described in the following section is at the very core of management of the effective linkage of functional departments. As may be deduced from our description of the role of the product manager, his whole activity is largely concerned with the resolution of potential conflicts and to put in place effective linkage.

Interlock

From recognition of the potential problems arising out of the effective management of linkages comes the preventative concept of 'interlock'. A term we use to describe the effective collaboration of and agreement between all departments to achieve a corporate objective. Knowing the potential for problems exists; we use interlock to put it clearly on the management agenda.

Simply, interlock is a defined process. It is the process by which Product Marketing are given the responsibility to achieve formal agreement of Development, Sales and Operations evidenced by the head of the departments formally 'signing-off' on key policy and strategic documents that they have achieved consensus on their application.

To achieve this the responsibility to achieve interlock should be written into the departments' activity description, mission statement or charter and appropriate individuals have it in their job specification. For each major activity one department and an individual in that department be tasked with driving the interlock and each participating department be given the task to conduct themselves and the efforts of their department so that interlock can be achieved.

To use an example:

Development has its own resource plan and priorities.

Sales has a revenue goal to meet and a fixed number of salesmen.

Marketing believes customers will need a new generation of products next year.

No evidence of interlock.

We nominate a Product Marketing Manager to define the products to be promoted and obtain agreement of the Development Department to produce it and the Sales Department to sell the appropriate quantity on a defined pricing model into a selected market. - We have interlock when all three sign-up to the Product Plan and Specification (including delivery dates), Marketing Plans and Revenue Goals for the product(s).

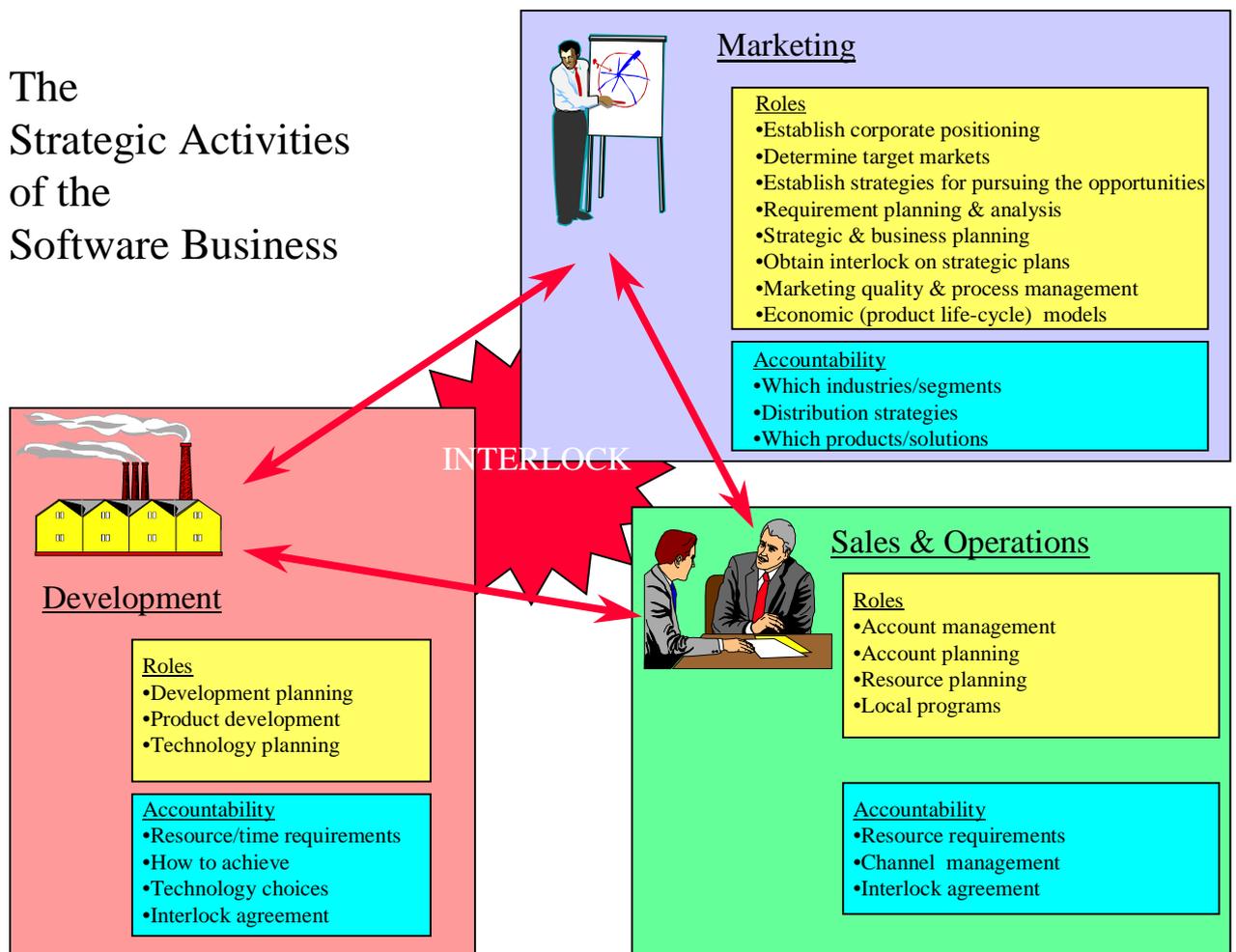
A small business may be of a size that everyone informally knows what is happening. A formal interlock process may be unnecessary. As the business grows and sales discover that essential, simple functionality has been omitted from a product yet development have expended 20% of their effort on some exciting technology that has

no incremental user value whatsoever - then it may be too late. Interlock management is one of the many simple pieces of process a software business needs to enable it to grow from the 'successful-entrepreneurial' phase to the truly successful.

Strategic and Operational Activities of the Functional Departments

To bring together the concepts described in the previous sections, we conclude this section by describing diagrammatically the relevant activities of a model software business. To simplify the presentation, we assume an organisation in which all customer-facing activities of operations (post sales support, etc) are conducted in the sales department. This allows us to exclude from the diagram the activities of Finance, Human Resources and the other operational functions - who's task in this model would be to support, measure and monitor the development, sales and marketing groups.

The Strategic Activities of the Software Business



The Operational Activities of the Software Business

