

## **Product Management and Project Management - Two Functions, Two Vital Roles**

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For the past few years, the business world has suffered from 'growing pains' and the corporate community is certainly enduring its share of turbulence and disorder. Among the many causative issues, mergers and downsizing are creating conflicts over strategies, roles and responsibilities, and corporate culture clashes. The current shift to outsourcing of important business functions like Product Development and Customer Service is another area of concern.

To bring some order to this organizational chaos, we will explore the vital roles of two of the most critical business functions that, in the words of Rodney Dangerfield, 'get no respect.' These essential fields are **Product Management and Project Management**.

In most organizations, these functions are symbiotic, yet their purposes are distinctly individual and different. Moreover, the perceptions of those who fill roles in these areas are often confused about goals, methods and responsibilities. Even the terms 'product management' and 'project management' are used interchangeably despite their discrete purposes.

In this article, we will describe how each function should operate within the framework of the organization. Then we will compare and contrast them so that you will have a clearer idea of what each job involves, where it fits, who performs each job, how they interrelate and why every one of these jobs is important to the success of the firm.

That said, we need a set of definitions to work with to clarify the terminology. First we will describe the terms Product and Project; then we'll define the differing roles of Product Manager and Project Manager.

A **Product** includes any tangible or intangible item or service, or bundles of goods and services offered for sale. Products have a life cycle. They are conceived, developed, introduced to and managed in the market, over a period of time.

A **Project** is a series of activities and tasks which contribute to the creation or support of a product or service. Projects are organized within a systematic framework, utilizing appointed or allocated resources. The tasks are subject to dependencies (e.g. upon the performance of others) and risks (e.g. upon factors that can go wrong). The delivery of a product signals the conclusion of these project activities and tasks. Projects also have a life cycle. They have a start point and an end point.

**Product Managers** are individuals appointed to be product or product line 'mini-business' owners. They are the leaders of cross-functional product teams. These teams are formed to optimize the product's market position and financial return over its life cycle and their performance should be consistent with division and corporate strategies. (source: Sequent Learning Networks.)

**Project Managers** are individuals responsible for planning, monitoring and controlling all aspects of a project. They must motivate and synchronize the assigned resources to achieve the goals of the project, while coping with the constraints of time, cost and consistent quality. Project Managers manage projects from start to finish. Here is the most important distinction between products and projects. Products represent the essence of the business - how it thrives, grows and brings revenue to the firm. Projects

are the vehicles used to derive, deliver and support products, and any other business elements related to them.

For example: a bank's offering of a new credit card. The credit card is the product. However, in order to get into the credit card business, several projects have to be undertaken. Shown below (within each of the functional areas) are some of these project types.

#### Marketing projects

- Conducting a market research project to determine the market segments to pursue
- Design the credit card - a design team is assembled to hire a design company and oversee the creation of the physical card and some of the advertising themes

#### IT and systems projects

- Order taking systems
- Transaction processing projects
- Complaint handling and management

#### Product launch projects

- Creating and managing advertising and public relations programs for print media and television
- Writing and designing inserts for direct mail campaigns

### **Underlying Methodologies of Projects**

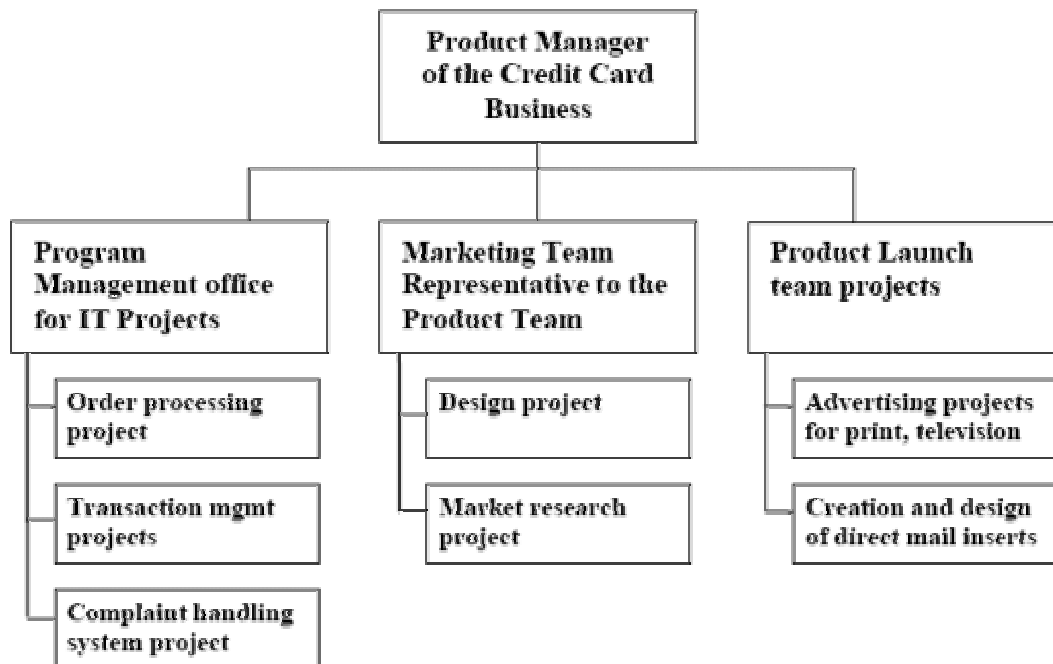
All projects use a standard methodology, which includes project initiation, project planning, the execution of work, monitoring of performance against the plan, and project completion or closeout. A typical project life cycle appears as follows: Products are also managed using a fairly systematic methodology. These steps are shown below and then diagrammed for greater clarity.

Products are managed using a fairly systematic methodology which includes the following steps (also diagrammed below for greater clarity):

1. The product is conceived from a series of ideas which originate from market or customer observations, competitive activities, customer suggestions, or new technology or market ideas
2. Many product ideas are then screened so that the firm can select the product or new product projects which fulfill the goals of the firm
3. Selected products or product projects are developed
4. Developed products are introduced to the market
5. Once the products are introduced, they are managed to optimize their overall performance, with attention paid to pricing, product content, packaging and design, advertising and promotion, distribution channels, etc.
6. As products move through their life cycles, new product ideas emerge, new market opportunities are uncovered, and thus, the cycle starts again.

A typical *product life cycle* looks like this:

All individual projects should have a project manager and roll-up to the product team. Some companies may actually have a separate program office where project resources are managed. However, in the final analysis, the product manager is responsible for the financial and market performance of the product. In some instances, the product manager can actually wear more than one hat, and be the project manager for several of the projects undertaken for the product team. In order to put this into some perspective, take a look at the chart below.



### Points of Origin

The actual practice of product management is interpreted in diverse ways across organizations, often the result of the functional orientation of the people who are in charge of the firm's products, brands, or categories. Why the disparity? One reason is that there is very little of the Product Management body of knowledge taught by institutions of higher learning. Another is that too often there are no standard internal Product Management training programs inside corporations. Universities teach core business functions like Marketing, Engineering, Accounting, etc., but few if any include Product Management in their core course offerings. Therefore, Product Managers are usually 'home-grown' and originate from those core functions (Marketing, Product Development, Finance, etc.) Few certifications exist in this protocol. One is offered by the Association of International Product Management and Marketing (AIPMM.com); the other is from the Product Development and Management Association (PDMA.org). The total number of certified practitioners from these two organizations is less than 1,000 worldwide.

On the other hand, Project Management has a standard Project Management Body of Knowledge (PMBOK) from the Project Management Institute (PMI). Their website contains the following definition: 'The 'Project Management Body of Knowledge' is an inclusive term that describes the sum of knowledge within the profession of project Management.' A unified body of knowledge means that an organization can be assured that if they employ certificated Project Managers who have completed specific training, those Project Managers will have the skills to manage projects according to a standard methodology.

### Common Realities

Product Managers and Project Managers share some common challenges. In most organizations, resources need to be secured from various business functions with agendas of their own. Functional organizations that are not aligned with corporate or divisional strategies may fail to commit those important resources, therefore jeopardizing product and project goals. Or when team members are provided, they often have other responsibilities. Since many people are reluctant to 'push back' for fear of confrontation or retaliation, team

members may over-commit, and then under-deliver. This, in turn exposes the projects and product programs to risks, which could include the missing of a market window or a specific customer commitment.

### **Common Characteristics**

Product Managers and Project Managers also share some common characteristics. They all need to have excellent organizational and interpersonal skills. They need to be relentless and persistent in the drive to achieve their teams' goals. Further, they need to possess qualities of leadership. Teams don't just 'rally 'round the cause; they rally around the vitality and inspiration of the person who represents the cause. Finally, they need appropriate systems and tools so that data can be synchronized across the business to offer visibility into the performance of projects, effectiveness of resources, and the consequent success of the products and services of the firm.

### **Summary**

Product management is re-emerging as a critical business function. Project management remains an important underpinning. If products represent the lifeblood of the firm, projects represent the skeletal structure. Both functions work in harmony in a cross-functional environment as they fulfill the goals of the organization. It is the responsibility of every member of the organization to understand these roles, and how vital they are to the survival of the business in fiercely competitive, ever-changing markets.