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PDMA-NL Spotlight

Dutch affiliate holds seminar on industrial product management and innovation

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Even though industrial products may be invisible to the consumer, they frequently form the foundation of manufactured products—providing a competitive advantage to the manufacturer. Last fall, PDMA's Netherlands affiliate, PDMA-NL, held a seminar focused on helping industrial product managers understand and share what helps drive successful product management in their highly complex and competitive environment.

— Tricia Sutton, PMP, NPDP, Visions Chapter and Affiliate Spotlight Editor

The Netherlands affiliate of PDMA, PDMA-NL, held a seminar on industrial product management and innovation on October 30, 2008. The seminar offered participants an attractive mix of guest speakers and interactive group sessions. The event was the 12th seminar of PDMA-NL, and it took place at the Engineering and Research Center of SKF, located in Nieuwegein, the Netherlands. SKF, a Swedish company founded in 1907, is the world's largest manufacturer of bearings. The company is also a manufacturer of seals, lubrication systems, and other products. Today, the company employs approximately 40,000 people in approximately 100 manufacturing sites that span 70 countries.^{1,2}

Seventy participants convened for an afternoon and evening of talks and discussions on the subject of industrial product management and innovation. The host and organizing committee prepared an entertaining and insightful event that struck an excellent balance between presentations, networking, action, and discussion.

Product management in industrial engineering

The program began with a tour of SKF facilities that opened participants' eyes to the great complexity of industrial product engineering. Edward Holweg, Director of Product and Systems Development of the Automotive Division of SKF, gave a plenary presentation on how SKF integrates commercial and technical aspects into its product development

process. Using a case study, Holweg told participants of a pitfall that SKF faced years ago, when the company developed a perfectly engineered solution for which customers were not willing to pay.



Strong product management would have avoided this pitfall.

The second speaker was Filtrix's product manager Frank van Heusden. Filtrix is a startup that was recently acquired by Norit, a leading supplier to the water and beverage industries. Van Heusden's presentation addressed several practical issues that he confronted when Filtrix transformed from an entrepreneurial venture into part of a larger corporation. His experience provided valuable insight into an organization's search for the optimal setup of product management.

Seminar combines presentations with interaction

After enjoying dinner and networking, it was time for participants to become involved. Participants were divided into groups of seven and each group was assigned a facilitator. Each group was then given a unique set of questions on industrial product management, which 10 PDMA-NL members had prepared in a "think tank" session before the event. Groups then shared their results in plenary presentations, concentrating on four themes: (1) the objectives that a business gives to its product manager, (2) the actual execution of tasks and roles by a product manager, (3) the personal traits of a product manager, and (4) the product manager's position in the organization. (See box on page 28.)

Describing good industrial product management

All groups kicked off their discussions with the objective of product management, as put forward by one of the attendees of the think tank, Kees van Grieken: "Product management aims to realize business success by actively managing the total life cycle of a product, product family, or service—from its conception as an idea, up to its withdrawal from the marketplace—thereby making optimal use of the available resources." Van Grieken is a former manager of product management at Priva, a manufacturer of climate control equipment and technology.

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Participants generally agreed on this objective of product management, but as one group pointed out, it raises questions about the authority and responsibilities of the product manager. A product

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manager, according to the second group, is not only responsible for product profits in the short term, but also must achieve maximum profitability over the total life cycle. As the one responsible for the product's business plan, the product manager oversees the development and execution of

product strategy as well as the regular evaluation of the plan against continuously updated market information. The product manager's authority is primarily based on budgetary resources that allow him or her to direct research and development (R&D) and marketing and sales efforts—both during a product's development and after its market introduction.

The broad responsibility of the product manager leads to a great diversity of activities. The product manager orchestrates both commercial and technical activities and decisions throughout a product's life. On the market side, his or her activities range from collecting customer needs to price-setting; on the product side, activities range from clearly defining the specifications of a new product to assessing the cost benefits of larger-scale production. One group divided these activities into three categories: communication, market, and product. It became clear that the communication aspect of product management is pivotal to the execution of product management. The product manager is truly a spider in a web—relentlessly communicating with customers, R&D staff, marketers, sales people, senior management, and many others in order to align interests and ideas. In industrial value chains, the benefits of open innovation have meant that product development alliances with suppliers and customers, among others, have gained importance and therefore have intensified communication challenges for the product manager.

The product manager's profile and position in the organization

Uniting all of these activities in one position requires someone with a unique set of personal characteristics and competencies. This profile was the focus of one of the discussion groups. According to this group, product managers are knowledgeable in

Four Themes for Discussion in Breakout Sessions

Participants discussed four primary themes during the breakout sessions at the seminar held by PDMA-NL on October 30, 2008, in Nieuwegein, the Netherlands

1. What are the objectives that a business gives to its product manager?

Does product management entail the total life cycle of a product, product family, or service?

2. What are the tasks and roles of a product manager?

Is the product manager responsible for profits or revenue? Which budgets does he or she control? What level of decision-making authority does the product manager have? In particular, what is the role of product management in establishing alliances, partnerships, and open innovation?

3. What personal traits and skills are required for a product manager?

Is the product manager entrepreneurial or analytical? A leader or a follower? How important is the product manager's educational and business background?

4. What should be the product manager's position in the organization?

Should product management be organized by brands or by products? Is it a commercial function, or one within production or R&D? At what level should the product manager be positioned—business unit level or corporate level?



An interactive breakout session provided an opportunity to apply knowledge. During the session, each group discussed questions prepared in advance by a “think tank” of affiliate members.



Seminar Marketing Materials

a wide range of functional areas without being specialists in any single one. They know their way around an organization as well as beyond it, and they must have in-depth knowledge of the

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value chain. The product manager has a strong focus on results and can easily distinguish the important from the insignificant. Above all, the product manager must be an excellent communicator with a personal drive: open to input from others, but also able to express ideas in a compelling

way. These traits make the product manager an effective integrator, with the ability to inspire the organization to focused action.

The product manager's organizational position logically follows from the effect of product management on the organization's competitive advantage. If product innovation is crucial for the company, the product manager should be placed at the level where key strategic decisions are made. In any case, the product manager should be independent of the sales and R&D functions. No matter how small the company, someone in the organization should have explicit responsibility for product management.

Active involvement inspires

In the concluding plenary session, it appeared that together the workshop's seven groups had painted a coherent picture of product management as a challenging function pivotal to the success of a



PDMA-NL members during the industrial product management plenary session

business. Based on feedback during the networking segment and the subsequent online evaluation, participants highly appreciated the interactive part of the seminar.

All in all, the active participation by the attendees, insightful presentations from guest speakers, and inspiring location at SKF proved a good combination for a successful seminar. **V**

Endnotes

1. SKF Group Headquarters, <http://www.skf.com> (accessed February 2009).
2. "SKF," Wikipedia, <http://en.wikipedia.org/wiki/SKF> (accessed February 2009).

PDMA Dutch Affiliate Focuses on the NPD Needs of Innovative Companies in the Netherlands

The Dutch affiliate, PDMA-NL, was founded in 2005 and has grown rapidly to 150 members. More than 50 percent of the members represent practitioners from companies present in the Netherlands, such as ABB, ASMI, Corus, Elsevier, Norit, Philips, Siemens, and Unilever—all of which highly value innovation.

PDMA-NL holds three seminars a year. Seminar content is usually prepared by a "think tank" consisting of about 10 affiliate members. The PDMA-NL also organizes three breakfast "master" classes per year. Participants in these classes convene from 8 to 10 a.m. for in-depth interactive sessions on a specific NPD topic. Recent topics included portfolio management and effectively presenting business cases.

In 2007, the affiliate published a book called "*Goed nieuws uit Nederland—vijftig inspirerende innovaties*" ("Good news from the Netherlands, fifty inspiring innovations"), featuring the lessons learned from the development of 50 new products and services that were launched by companies and organizations in the Netherlands. PDMA-NL will hold a daylong congress around the theme of innovation and export on June 16, 2009, on the High-Tech Campus in Eindhoven, the Netherlands.

For more information on PDMA-NL events, go to www.pdma.nl. The Dutch innovations book can be ordered online at www.managementboek.nl.

