Certified Product Manager

ISPMA Foundation Level

EU2.2 Business Aspects

EU2.2 Content

1. Business measures
2. Performance management
3. Risk management
4. Business planning
5. Costing
6. Business Case
7. Pricing

EU2.2 Educational Objectives

EO2.2.1 Understand the business aspects and their interdependences.

EO2.2.2 Understand the business model concept and the business model canvas.

EO2.2.3 Understand business cases.

EU2.2 Business aspects

Strategic Management	Product Strategy	Product Planning	Development	Marketing	Sales and Distribution	Service and Support
Corporate Strategy	Positioning and definition	Product Life Cycle Management	Engineering Management	Marketing Planning	Sales Planning	Service Planning and Preparation
Portfolio Management	Delivery model Service Strategy	Roadmapping	Project Management	Customer Analysis	Channel Preparation	Service Provisioning
Innovation Management	Sourcing	Release planning	Project Requirements Engineering	Opportunity Management	CRM	Technical Support
Resource Management	Business Case and Costing	Product Requirements Engineering	User Experience Design	Marketing Mix Optimization	Operational Sales	Marketing Support
Market Analysis	Pricing		Quality Management	Product Launches	Operational Distribution	Sales Support
Product Analysis	Ecosystem Management			Operational Marketing		
	Legal and IPR Management					
	Performance and Risk Management					
Participation	***Core***		***Orchestration***			

Business Model Canvas

Key Partners

Who are our suppliers and service providers?

Activities

What do we do with our resources?

Resources

What goods, services, and infrastructure do we use?

Value Proposition

What problems need to be solved?

What product does it best?

Customer relationships

How do we interact with our customers?

Channels

How do our customers find, buy and use the product?

Customer segments

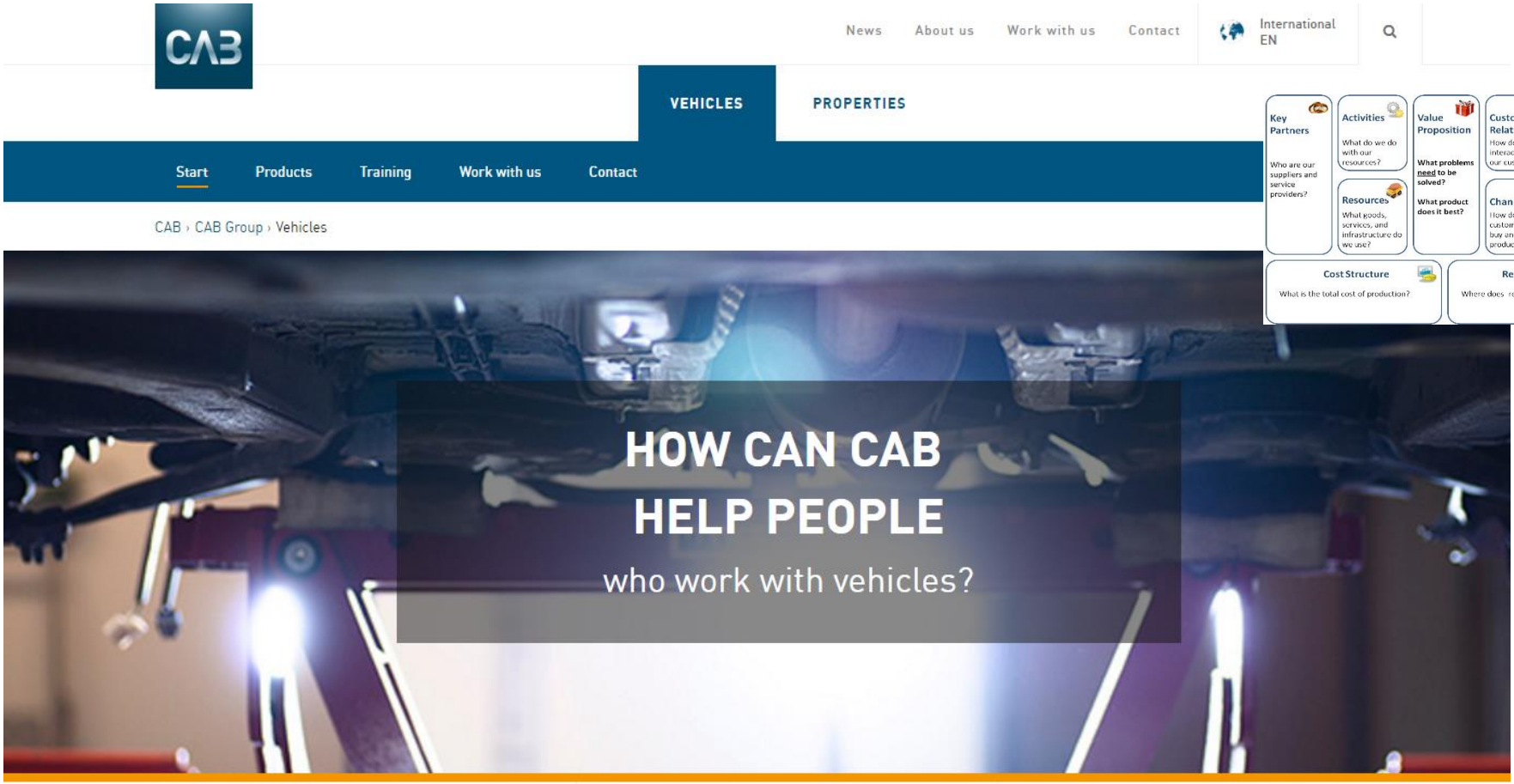
Who are our users and who are our paying customers?

Cost structures

What is the total cost of production?

Revenue models

Where does revenue come from?



WORKSHOPS

Products and services for all workshops in the damage repair process.

INSURANCE COMPANIES

Products and services for insurance companies handling vehicle damage.

CAR MANUFACTORS

Products and services that create the conditions for car manufacturers.

We conduct detailed time studies for the entire repair process

CABAS is based on the actual time studies we are continually conducting at car workshops. From the time the car rolls into the workshop until the time the repair is completed, we study every aspect of the process carefully: method, action, tools and times for each work stage. We even measure the times for collecting spare parts, reading instructions and arranging tools. All the collected data is then analysed to create a statistically assured basis for our formulas in MYSBY, the actual tool for calculating the operation times for repairs.

New models are examined in the finest detail

MYSBY is continually updated when new car models, new materials, new tools or new methods are introduced. We study, measure and analyse actual damage repairs in order to obtain reliable information about how long it takes to replace various components. We also calculate paint surfaces and painting times for all spare parts that may need to be painted in conjunction with a repair.

Unique database

The unique aspect of CABAS is the extensive database. This contains the statistically assured operation times, painting times, complete spare parts lists including article numbers and prices, as well as rotating 3D images of the spare parts, which make spare part selection easier for the workshops. CABAS now contains around 21,000 car models, approximately 470,000 spare parts, almost 10,000,000 operation times and just over 48,000 paint surfaces.

CABAS provides you with the overall repair cost as well as all important documents.

CABAS specifies which spare parts and actions are affected by the repair. In this way you are provided with the total repair cost as well as all the documents that both the workshop and the insurance companies need in one and the same system.

A common communication platform

CABAS is also a communication platform, and after the calculation has been performed and the damage photographed, this documentation is sent directly from the workshop to the insurance company. This rapid, smooth communication between workshop and insurance company facilitates and speeds up the processing of the damage. Everyone benefits from this: the workshop can quickly start work on the repair, the insurance can quickly regulate the damage and the vehicle owner gets their vehicle back as quickly as possible.

Streamlining with VTR Query

By specifying the vehicle's registration number in the CABAS calculation, the CABAS calculation can be updated automatically with information from the Road and Traffic Registry (VTR). This saves time and streamlines administration, as the workshop does not have to find out the information and fill it in manually in the CABAS calculation.

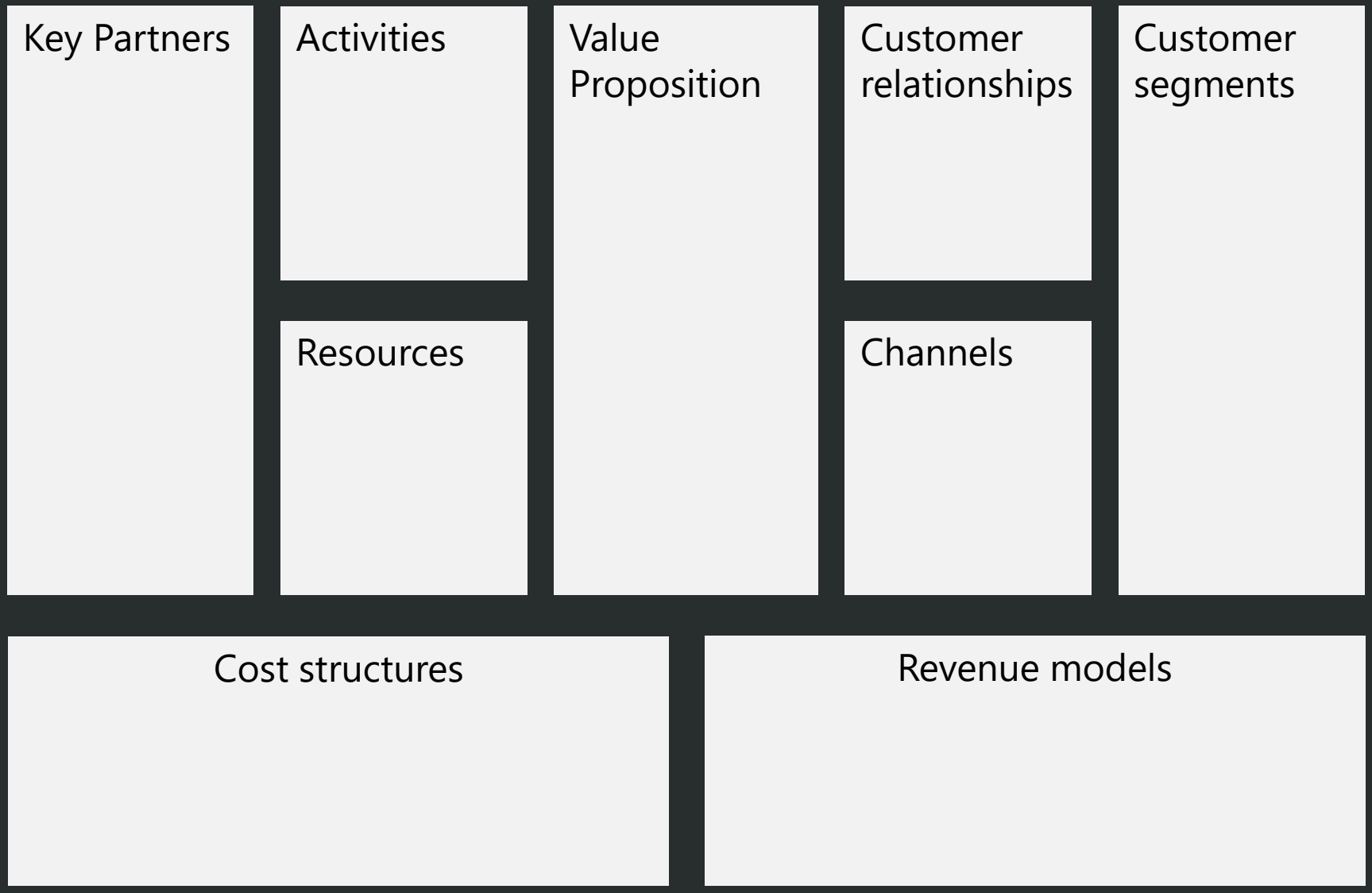
Streamlining with DMS Integration

By integrating the workshop's business system (DMS) with CABAS, the administrative work in the workshop can be streamlined. For example, the workshop can bring in work orders from the business system to the CABAS calculation and send out invoicing information from the CABAS calculation to the workshop's business system.

Around 23,000 users

At present, CABAS has around 23,000 users in the Nordic region.

Cab Group


Key Partners
Activities
Resources
Value Proposition
Customer relationships
Channels
Customer segments
Cost structures
Revenue models

Business Aspects

1. Business measures
2. Performance management
3. Risk management
4. Business planning
5. Costing
6. Business Case
7. Pricing

Business measures

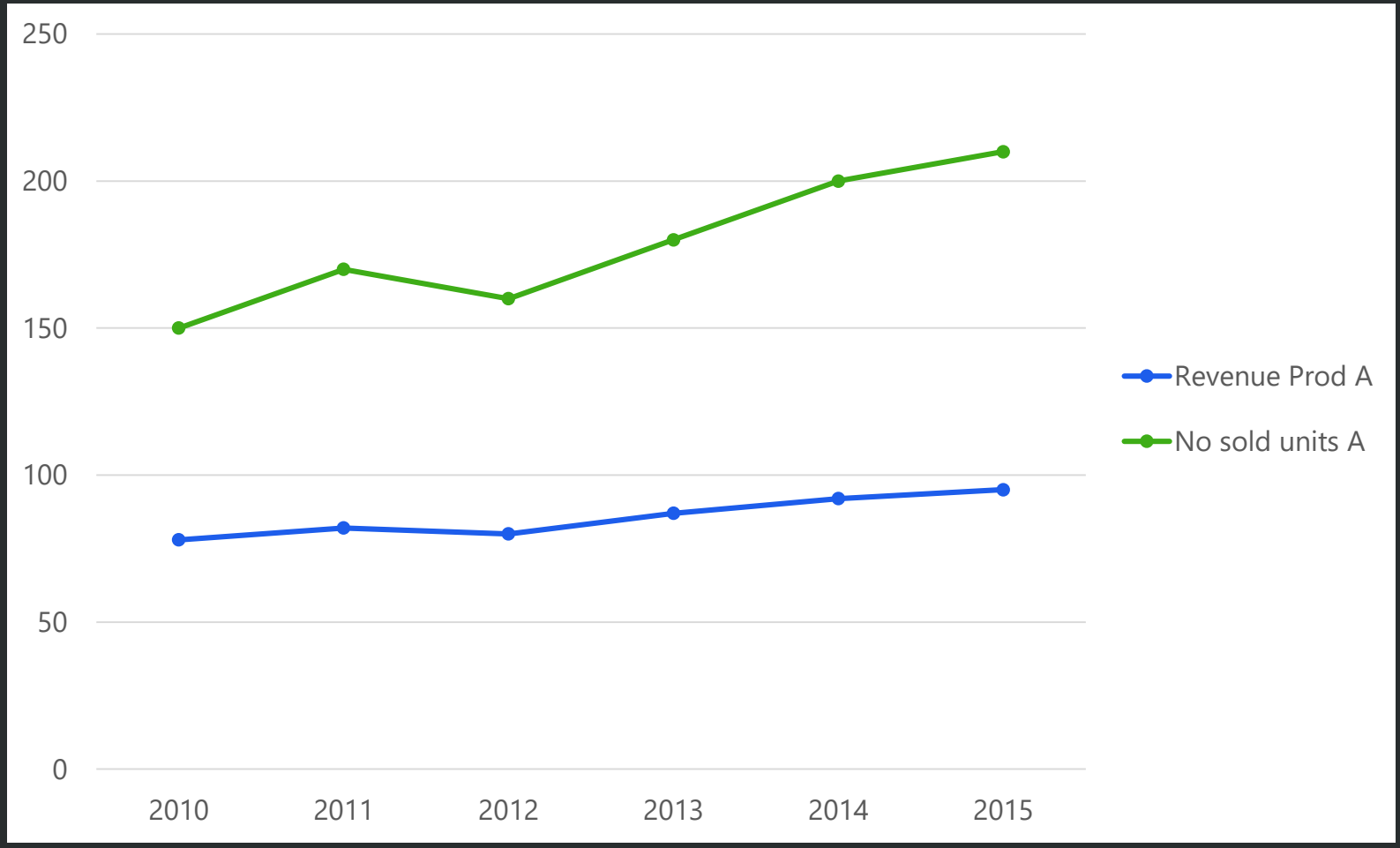
How do you measure the success of your product?

Business measures

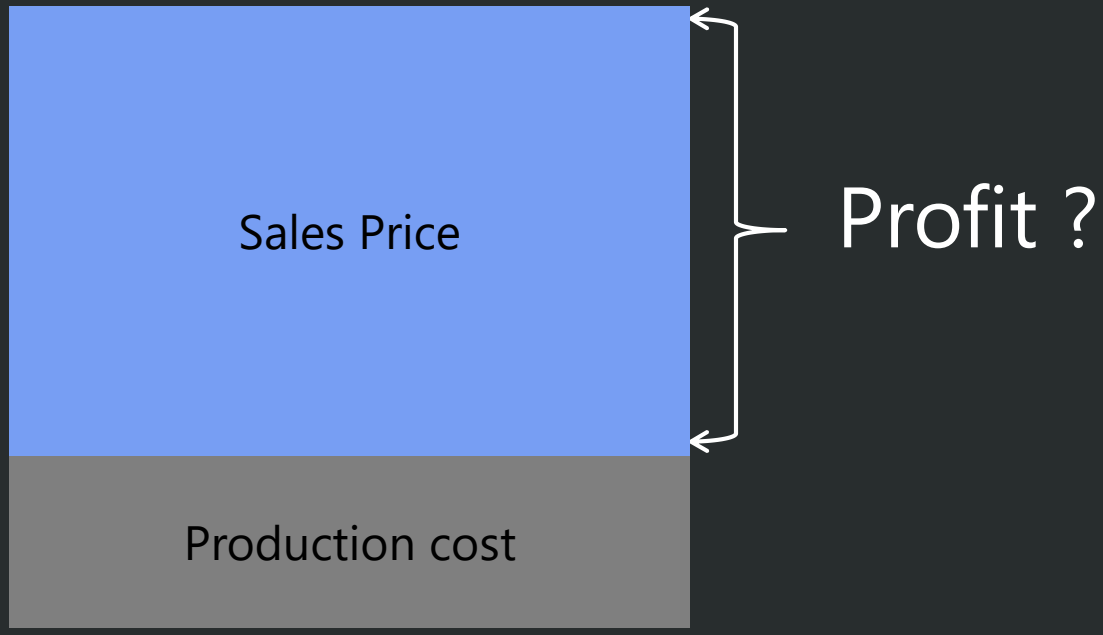
Measurement candidates:

Profit
Revenue
Market share
No of active customers
No of installed licenses
Conversion rates
Cost/Budget
Customer satisfaction
Customer perceived value
Competitor gap
Innovativeness

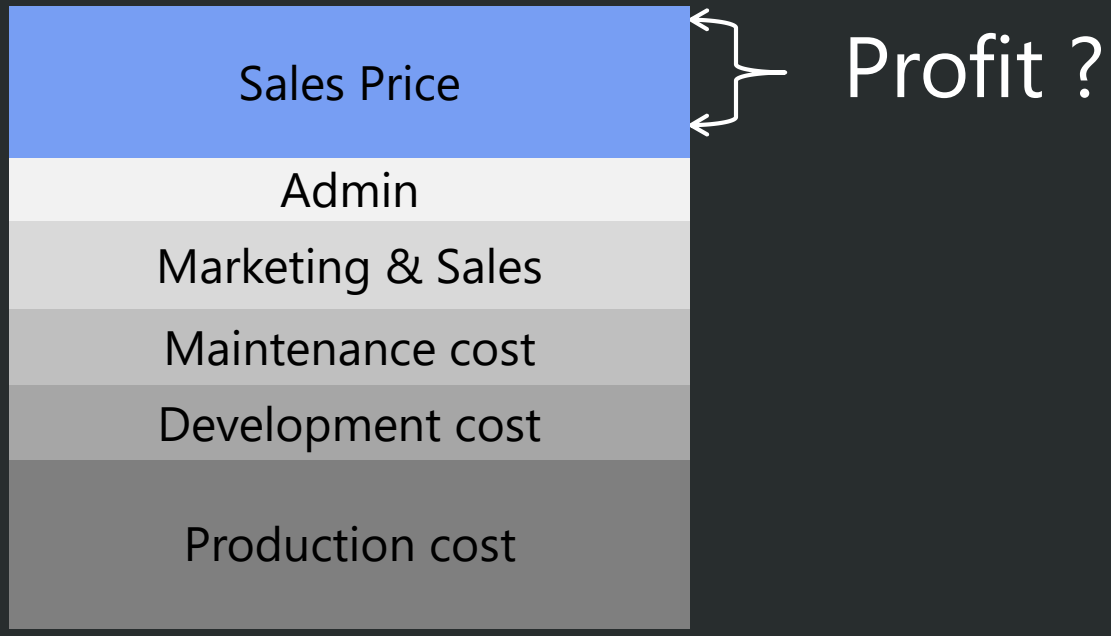
Business measures
- Revenue per product



Business measures
- Product profit margin



Business measures



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Performance management - Score card

	Strategic goals	Success factors	Key numbers
Customers			
Products & Services			
Processes			
Financial			
Partner relations			

Performance management
– Market perspective

How do you avoid losing customers to competitors providing a similar product/service?

Performance management
– Market perspective

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One way to avoid **churn** is to use mass marketing to persuade your customers that your offer is somehow better (differentiation).

Performance management
– Market perspective

How do you avoid losing customers to competitors providing a similar product/service?

One way to avoid **churn** is to use mass marketing to persuade your customers that your offer is somehow better (differentiation).

Churn is expensive! You lose the invested acquisition cost and the revenue that customer would have provided you.

$$Cost\ per\ Gross\ Addition = \frac{Cost\ of\ Equipment + Selling\ Expenses - Equipment\ Revenue}{\#\ of\ New\ Subscribers\ for\ the\ Period}$$

Conversion rate is measured in churn

Performance management
- Possible measures

- Profit
- Revenue
- Market share
- No of active customers
- No of installed licenses
- Conversion rates
- Cost/budget
- Customer satisfaction
- Customer perceived value
- Competitor gap
- Innovativeness
- …

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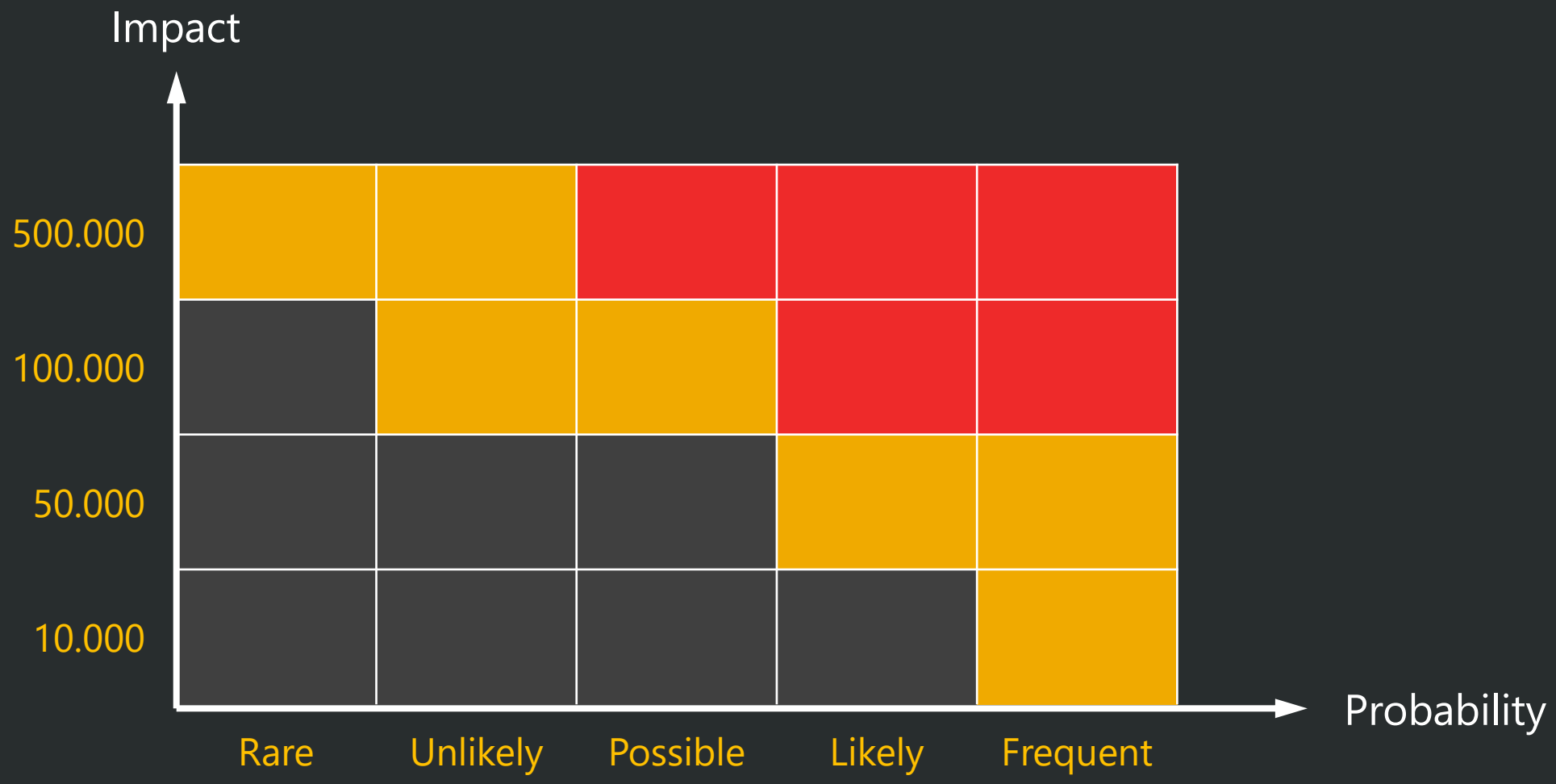
Risk management
- Identify risks

If you know the risk you can find a way to minimize or avoid it!

Examples of risks

- Project risks
- Financial risks
- Business risks
- Production/Delivery risks
- Contractual risks
- …

Risk management
- Risk Evaluation tool



Risk management
- What is quality?

"The *non-inferiority* or *superiority* of something"

Wikipedia

Risk management
- What is quality?

"The *non-inferiority* or *superiority* of something"
Wikipedia

Relative to what?

Performance?

Competition?

Usability?

Safety?

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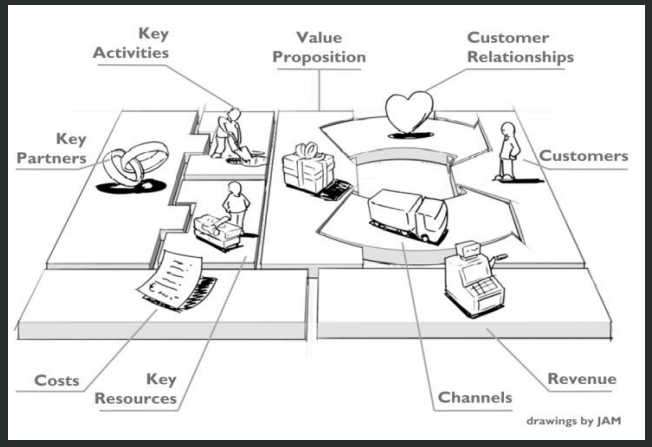
Business planning

Definition:

Forecasting the selected and relevant measures over the strategic timeframe.

- Sales funnel
- Marketing campaigns
- Installation capacity
- Trend in #downloads
- Production capacity
- …



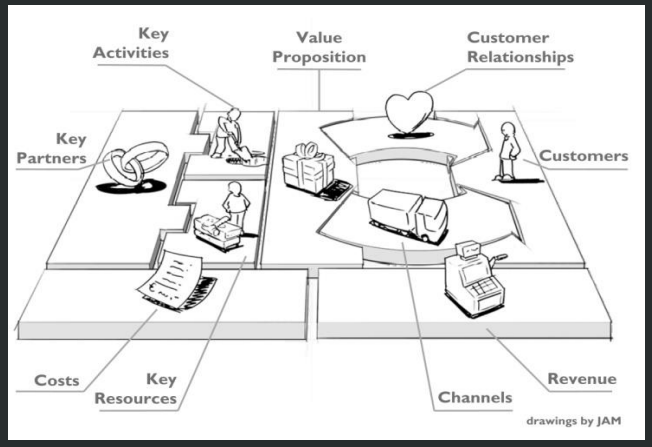
Business planning

Definition:

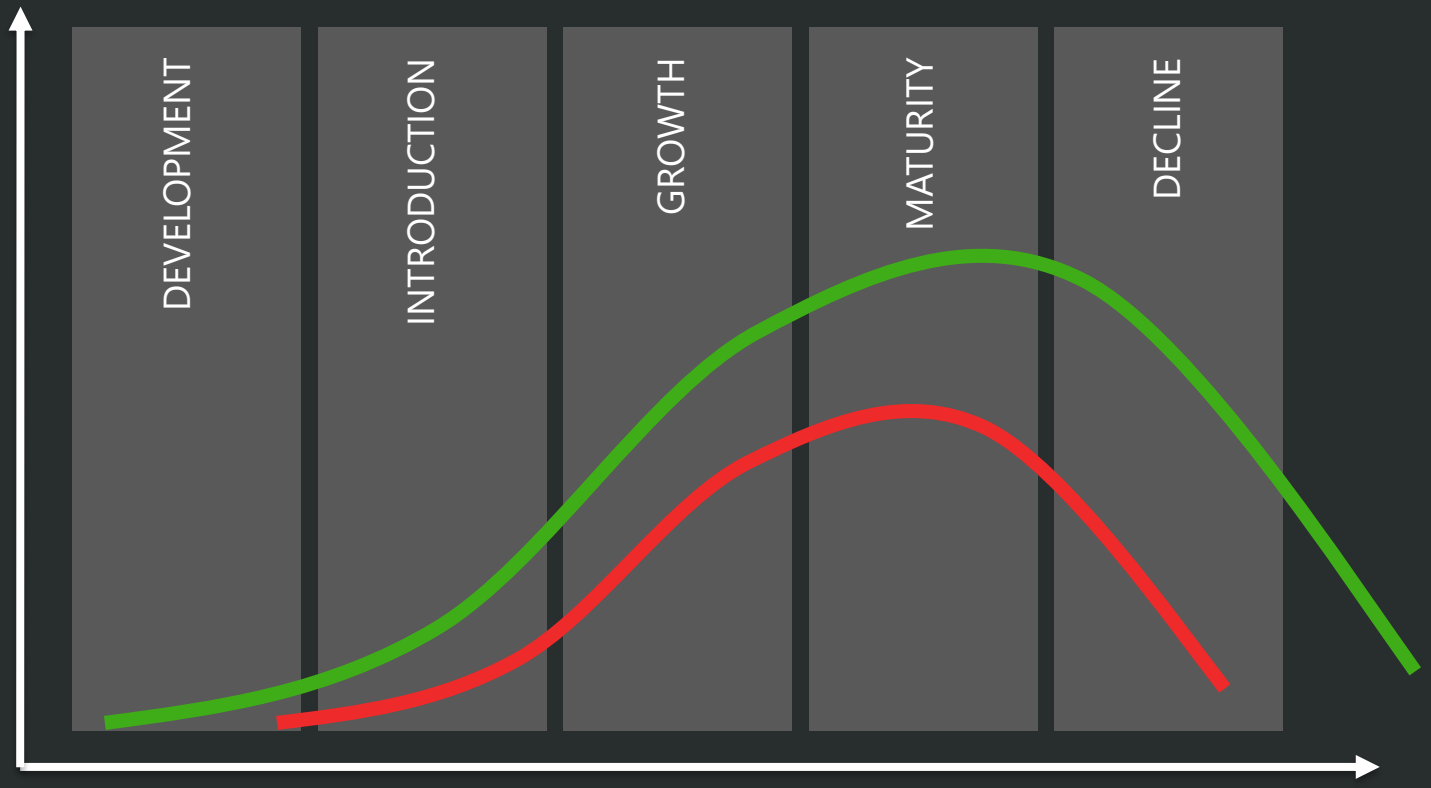
Forecasting the selected and relevant measures over the strategic timeframe.

Cornerstones in business planning

- Budget
- Resources
- Cash flow

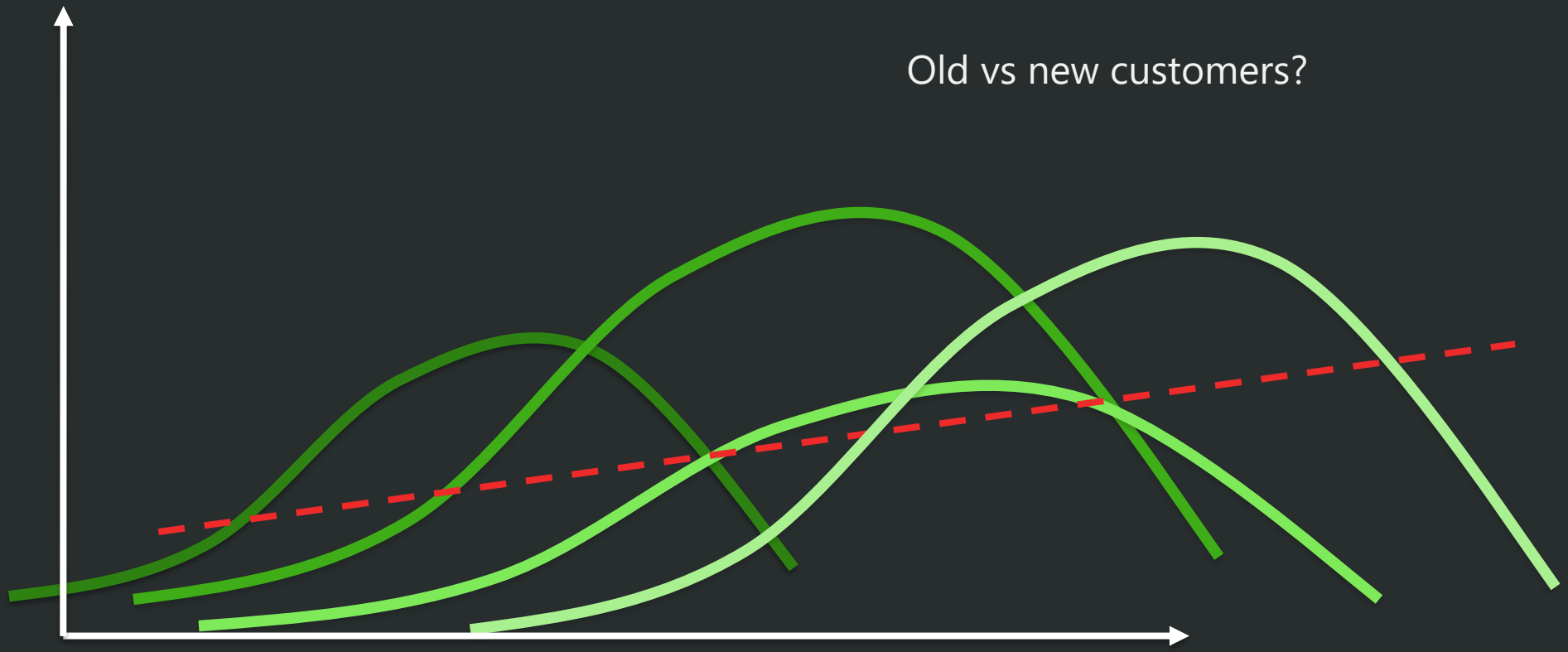


Business planning



- Faster Introduction — Start making money quicker and taking position
- Higher Acceptance — Faster growth and volume
- Increased Sales — Revitalized products

Business planning
– Portfolio perspective



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Costing planning methods

- Estimation methods
- Target costing

Costing

Estimation methods:

- Analogous Estimation
- Resource Cost Rates Estimation
- Bottom-up Estimation

Planning poker

Costing
- Planning Poker

Also called Scrum poker

- consensus-based technique for estimating
- mostly used to estimate effort or relative size of user stories

A variation of the Wideband Delphi method. It is most commonly used in agile software development.

Costing
- Target costing

A target cost is the maximum amount of cost that can be incurred on a product.

Costing
- Target costing

A target cost is the maximum amount of cost that can be incurred on a product.

With this cost level the firm can still earn the required profit margin.

- Based on the assumption that the product can be sold at a particular selling price

Business Case

1. Business measures
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Business Case
- The Egyptian travel

"Psst, - Special offer to you my friend! Don't tell anyone. This Finger was part of an old statue from the Hatshepsut temple"

"It is worth at least $2000, but you can buy it for $200"

"You get it so cheap because my mother is ill and I need the money for hospital bills, this week."

Business Case
- The Egyptian travel

"Welcome to the local artist shop of Luxor. We have artists creating paintings and sculptures inspired by the Pharaos. "

"The artists are all graduate students from Helwan University in Cairo. Some of them will become famous. Some of the today most well known Egyptian artists have the same education."

"The Price for this sculpture is $200 and can probably double its value in 5 years."

Business Case
- Criterias for a successful business case

- Credibility
  The case can be believed. It sounds realistic.
  Credible information needed to base the case on.

- Practical value
  Enables decision making and planning in confidence. It has a well defined value of interest for the investor.

- Accuracy
  It predicts a plausible outcome that is correctly calculated and presented.

- Defines success clearly
  What will the result be? Compare with business as usual or the alternative.

Business Case
- Exercise

What **topics** should be covered in a Business case?

Business Case
- Building blocks

1. Introduction & Overview
2. Assumption and Methods
3. Business results
4. Sensitivity and Risk Analysis
5. Conclusions and Recommendations

Business Case
- Building blocks

1. Introduction & Overview

- Title & Subtitle
- Authors & Recipients
- Date
- Executive summary
- Disclaimers
- Subject statement
- Purpose
- Situation

Structure and order

Business Case
- Building blocks

1. Introduction & Overview

- Title & Subtitle
- Authors & Recipients
- Date
- Executive summary
- Disclaimers
- Subject statement
- Purpose
- Situation

- Proposed Actions
- List of scenarios
- Business objectives
- Main components

Business Case
- Building blocks

1. Introduction & Overview

- Title & Subtitle
- Authors & Recipients
- Date
- Executive summary
- Disclaimers
- Subject statement
- Purpose
- Situation

- Who will use it
- What decisions are needed
- Decision support

"I present this to you because I want you to…"

Business Case
- Building blocks

1. Introduction & Overview

- Title & Subtitle
- Authors & Recipients
- Date
- Executive summary
- Disclaimers
- Subject statement
- Purpose
- Situation

- The story
- The business objectives
- The rationale

"I want to do this because…"

Business Case
- Building blocks

2. Assumption and Methods

- Financial Metrics
- Benefit Rationale
- Assumptions
- Scope and boundaries
- Cost model
- Data sources

Scenarios

And here are some models and the assumptions!

Business Case
- Building blocks

3. Business results

- Cash flow model
- Analysis of results
- Non Financial results

What will the revenue be?!

Business Case
- Building blocks

4.a Sensitivity

- Which assumptions are important in determining results?
- Which factors must be managed?

What if?

4.b Risk

- How likely are the projected results?
- How likely are other results?
- What factors must be watched?

Is it worth it?

Business Case
- Building blocks

5.a Conclusions

- Are the proposed actions beneficial
- Which scenario is to be chosen?
  - Why?
- What results are likely to follow?

What is your recommendation?

5.b Recommendations

- To optimize result
- To minimize risk

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Educational Objectives

EO2.2.1 Understand the business aspects and their interdependences

EO2.2.2 Understand the business model concept and the business model canvas

EO2.2.3 Understand business cases

Business Case
- Exercise, homework

- You are to create a business case for your new software application!
- You will present the BC next week to the Management Team for a go/no go decision!
  - In your BC – what subjects do you want to focus on and why?
  - What risks can you foresee in your project and how do you suggest to avoid them?

END