SyncDev™

A Systematic Method to Sell, Design, Build.

WHITE PAPER | January 2008

INSIDE:

- Successful companies reverse the traditional development process (*design, build, sell*) and develop their products while they develop their customers (*sell, design, build*).

- SyncDev is a proven complement to existing development processes.

- SyncDev is the single most powerful way to accelerate user adoption, cut time to money, and reduce risk.

SyncDev™

Sell, Design, Build, Sell

Get an idea. Make it tangible. Test sell it to important prospects. Find problems.
Fix them. Repeat as necessary.

When **Boeing** rolled out its 787 Dreamliner in July 2007, it hadn't flown yet and wouldn't carry passengers for a year. Yet Boeing already had orders for over 900 airplanes at $150 million each. That's the fastest sales ramp up in history and a record-setting $150 billion backlog.

Mentor Graphics' four founders quit their jobs to pioneer CAD software. With an idea and no customers, they hit the road visiting prospects and presented a design using just a grease pen on blank overheads. *"That's good, but what about…,"* their first prospect asked. They incorporated the feedback in real-time and repeated this technique at 27 accounts over the next three months until they didn't have to change a thing. They returned home, built the product, a $400 million company, and a new industry.

■ *Successful companies reverse the traditional development process and develop their products as they develop their customers.*

The common thread is that these companies developed their products as they developed their customers. They reversed the traditional development process: *design, build, sell* with *sell, design, build.*

It's rare to find companies who effectively sell as they develop, but the results are impressive when they do:

1. **More money** sooner.
2. **Less risk** and investment.
3. **Smooth profitable growth**.

Sell, design, build might sound like common sense, but it is not common practice. It is hard to do. It requires a new way of working with customers. Companies often don't know how to start. They get lost along the way. Or they do it wrong.

Mentor Graphics knows this. After a good start, they tripped and fell permanently behind. As founder Jerry Langeler said, "We were unconsciously competent. We didn't know to keep using our blank overheads.[1]"

When the investment is large and expectations are high, risk is high. That doesn't mean avoid risk. It means use a process that is robust enough to handle it. **Boeing** bets their company on each new airplane. That's why they have *sold, designed, and built* for over fifty years. It's how they achieved a perfect record.

TODAY'S TRADITIONAL DEVELOPMENT PROCESS IS FLAWED

Sailors say "I didn't know I was off course until I ran aground." So, when in the voyage did the ship become doomed? Was it when the admiral picked a bad destination, when the captain plotted the wrong course, or when the crew drifted off course?

Traditional development shares the same three causes of failure. The roots of failure are planted early and originate with what is supposed to assure success, the product development process.

The process calls for collecting requirements and writing a Market Requirements Document (MRD) and Product Requirements Document (PRD). These, determine schedules and budgets. Together, they set the destination and course.
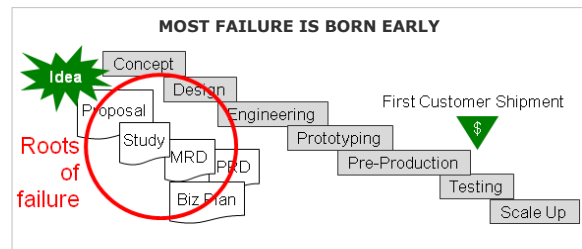
The problem is that this isn't sufficient to guarantee a successful voyage.

- **PROBLEM #1: Having the wrong destination.** Though the MRD and PRD are required documents, are based on customer input, and appear complete, they often define the wrong product or market destination or both. Or they provide too little detail to plot a good course.

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[1] Harvard Business Review. *The Vision Trap,* Jerry Langeler

- **PROBLEM #2: Stage-gate reviews won't detect a faulty course.** A ship's captain knows he is off course 99 percent of the time so he uses a compass and landmarks to constantly adjust. But teams don't use such outside checkpoints — *customers* — as they sail through development. Instead, they watch schedule and budget, something akin to watching the fullness of the sail instead of watching for rocks. Teams are in a fog, from their first customer meetings all the way through to beta or market launch, blind to the need to adjust the product, value propositions, or even the target customer. Then, too late to change, they run aground at market launch.

- **PROBLEM #3: Teams are part-time and incomplete***.* Unlike a ship's crew who has a single focus on reaching their destination safely, development teams are matrixed, working on several voyages simultaneously, often remotely. They are physically and functionally siloed making teamwork and communication slow and error prone.

SyncDev fixes these problems. It builds important customers into the development process, providing real world checkpoints in time to adjust. Teams work in close quarters, literally a minivan, when they travel.

A PRODUCT IS A BUSINESS. MANAGE IT LIKE ONE.

■ *SyncDev is a systematic method to apply sell, design, build to your development process. It includes a business process, tools and training.*

SyncDev is a customer development system that complements your product development process. It synchronizes the development of your team, product, and customers by test-selling your product as you develop it.

SyncDev is a systematic method to apply *sell, design, build* to you development process. It includes a four-step business process upon a foundation of training and collaboration tools.

With SyncDev, your key prospects are engaged in a structured test-selling and product definition process at the earliest stages of development to:

1. **Accelerate user adoption**. Secure early customers and focus on full-scale product adoption, satisfaction, and sales.

2. **Cut time to money**. Accelerate funding, revenue, and liquidity by building the product right the first time around.

3. **Reduce risk**. Reduce the chasm between product development and a robust sales ramp.
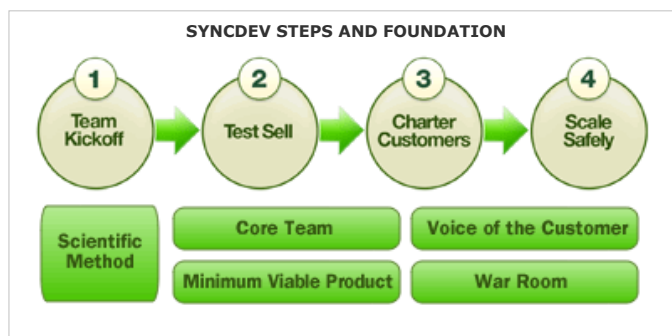
SyncDev is a proven, scalable, and global business system developed over 20 years with more than 200 companies, including market leaders like **Adobe, Advent, Autodesk,** and **Freescale**.

GETTING STARTED WITH SYNCDEV

■ *The SyncDev 3P's (Prospect, Pitch, Product) determine 80% of a successful business case.*

A typical scenario in technology development is that you get a 1) product idea. You think about 2) who will buy it. You 3) describe it to someone. You imagine 4) how much money you'll make and 5) the risks. SyncDev focuses you on optimizing the first three, which determine by 80%, the fourth and fifth:

1. **PROSPECT**: Who exactly is the right customer, the name on the building, the business unit, the decision making team, and the channel?

2. **PITCH**: What are the right value propositions, uses, and responses to typical objections?

3. **PRODUCT**: What is the right product, including the Minimum Viable Product™, that which results in the highest ROI divided by risk?

There are other variables, but if these "3Ps" aren't right, optimizing the others won't matter much. For instance, lowering the price of a product that people don't want won't make you much money.

How much success you achieve, how much money you'll make, how much risk you'll endure is your business case. It depends mostly on your 3P strategy.

Strategy *you* decide. The business case you don't decide. It is what results from your strategy.

Therefore, as you alter your strategy, evaluate your business case. Is it better or worse than before? The SyncDev Business Case Analyzer helps you evaluate it based on 14 major factors that will determine your success.

For example, what grade would you give your product according to "Market is large enough" (#4), "Competition is tolerable" (#5) and "Product fits the market" (#6)?

Once you decide where your business case is at risk (i.e. your lowest grades), use SyncDev to optimize your strategic variables and maximize the business case by reducing the risks.

Anyone with an MBA can recite a dozen or so strategic variables (customer, product, channel, etc.). That's Business 101. A few people can accurately answer what variables matter most. But few indeed know how to set them properly. That is what SyncDev helps *you* do.

■ *Define a solid business case with the SyncDev Business Case Analyzer.*

BUSINESS CASE ANALYZER
Is it worth it? Will we win?

Version: ◀ May 11, 2007 (Dylan) ⬇ / New Edit

Factors ⓘ Quick Help	Yes				No
	A	B	C	D	F
1. Target customer is clear					
2. Need is compelling					
3. Lifetime value is high					
4. Market is large enough					
5. Competition is tolerable					
6. Product fits the market					
7. Advantage is sustainable					
8. Distribution is available					
9. Sales costs are reasonable					
10. Margins are adequate					
11. Product is feasible					
12. Risks are tolerable					
13. Business fits company					
14. Mountain of evidence					

Business Case Grade: **D**

THE SYNCDEV FOUR STEPS

■ *Validate your hypothesis using the SyncDev Four Steps.*

Start SyncDev when you have an idea and you know it is 80 percent feasible by any measure. It is technically and financially feasible. You have enough people to start. The schedule is feasible. Then follow the SyncDev Four Steps, synchronized to your development Gantt.

① Team Kickoff

Hit the ground running.

In the movie *Top Gun,* Tom Cruise and another pilot catapult off an aircraft carrier and race to intercept Russian jet fighters. It's fast and emotional. SyncDev is like that, catapulting your team from their office into customers' offices in just three weeks. It starts in a two-day kickoff meeting. You hypothesize your target markets, important prospects by name, and titles of those on their Decision Making Team™. Important prospects are those who typify the customers who in three years will generate 80% of your revenue. Don't mistake this with going to your largest customers today, possibly a fatal flaw if your product is disruptive.

Next, set a schedule for the first wave of six meetings in two weeks. Create a first-draft, question-based, full-disclosure, test-sell presentation using the SyncDev "Pitch template". The morning of the second day, start calling important prospects to set up meetings.

② Test Sell

Thirty accounts in three months.

A typical SyncDev project is test selling to 30 customers in five waves of six meetings, one wave every three weeks. Meetings last two or three hours, followed by debriefings. Between meetings you adjust the pitch. The team keeps their evenings free to fix problems with the pitch and product demonstration and to prepare for meetings the next morning.

Conducting SyncDev meetings with ten or twelve people, half your team and half the customer's team, is not easy. Most people are new to each other, even if you're meeting with current customers for an improved product. The assimilation of data at the end of each wave is where the demand for skill and art exceeds the science of procedure. To aid this there is a forty-four page booklet, the bible of SyncDev, the *Wave Meeting Guide,* that provides:
1) customer rules of engagement to avoid false positives, 2) debrief and account-grading criteria, and 3) assimilation procedures.

WAVE MEETING GUIDE

SyncDev™

Wave Meeting™ Guide

Just-in-Time Tips

Draft Wave Guide V9.7.Doc

③ Charter Customers
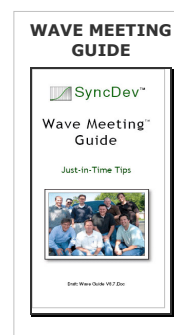
Make sure enough important customers will buy.

From the pool of 30 prospects, select 15 to be charter customers with whom you will conduct site surveys, workflow analysis, design reviews, pricing and proposal reviews, usability and beta tests, initial installation, and scale up. They are the source of early revenue and credibility.

④ Scale Safely

As evidence mounts that you have nailed your strategy, then scale.

Over the course of design reviews, proposals, and testing with each charter customer, you will see if their adoption, satisfaction, and large orders follow. If you're frequently surprised with bad news, don't put your scaling money at risk. When the news turns good, begin putting production, marketing, sales, channels, service in place.

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THE SYNCDEV FOUNDATION OF TOOLS AND TRAINING

■ *SyncDev is built upon a foundation of training and collaboration tools*

The SyncDev Four Steps is built upon a foundation of principles, procedures, tools, and training.

Scientifc Method — Avoid false positives.

PROBLEM: The single most dangerous information in a company is a false positive! It says keep doing what you're doing and you'll be fine when you won't be.

SOLUTION: Test selling applies the principles of the scientific method to product development. It requires hypotheses and tight logic. But it has the added feature of evoking emotion — fear, embarrassment, pride, and hope — which when congruent with fact propels the team to act quickly and report accurately.


SCIENTIFIC METHOD
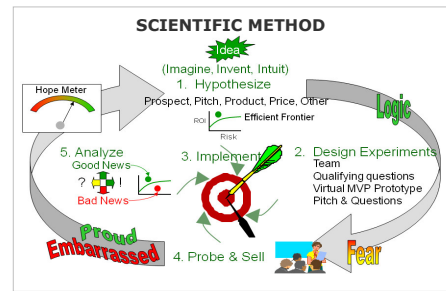
Core Team — A core cross-functional team is like a jury.

PROBLEM: Most product teams focus on features to the exclusion of target customer, value propositions, and price. They have widely varied experience.
They are matrixed, part time, and remote functionally and geographically from each other.

SOLUTION: The SyncDev team is strategically cross-functional, comprising all roles necessary for business success. It reports to business unit management. It's charged with making all decisions within a strategic envelop defined by them. A portion of the team is core. It meets with all customers and becomes the worldwide experts in their product by having a common experience with customers, hearing directly from each one, just as jurors hear all witnesses.
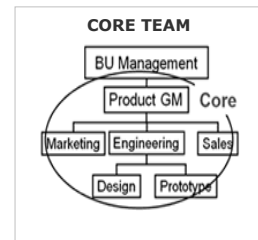
CORE TEAM

Voice of the Customer (VOC)

PROBLEM: When a core team meets with six customers in three days and spends 2-3 hours with each one, it quickly becomes overwhelmed with data (e.g. what they're doing today, how and with what tools, their biggest problems, objections to and justifications for buying your product, features requests, existing features that don't matter, etc.). Casual note taking is inadequate for capturing, organizing, and using it to improve the Product, Prospect, and Pitch.

SOLUTION: A SyncDev team captures what the customers says, not their interpretation of it with transcription-like note taking in the VOC Database™. This is relational data that can be analyzed after customer meetings with accounting-like precision.
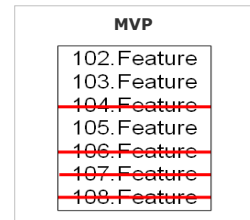
VOC-Tag Data

Good News	220
Objection	97
Implementation	13
Improvement	527
Justification	57
Key Learning	128

Minimum Viable Product (MVP)

PROBLEM: Teams often brag, "We added 800 new features." Some even consider feature count a badge of honor. Unfortunately adding features doesn't necessarily improve the business case. It may take longer, make the product less usable, and carry more risk.

SOLUTION: The MVP is the right-sized product for your company and your customer. It's big enough to cause adoption, satisfaction and sales, but not so big as to be bloated and risky. Technically, it's the product with maximum ROI divided by risk. The MVP is determined by revenue-weighting major features across your most relevant customers, not aggregating all requests for all features from all customers.

MVP

102. Feature
103. Feature
~~104. Feature~~
105. Feature
~~106. Feature~~
~~107. Feature~~
~~108. Feature~~

War Room — SyncDev software for consistency and efficiency.

PROBLEM: Many development teams have a physical "war room" in which to meet regularly, strategize, review data and make critical decisions. Today's complex development projects require extensive financial and customer data, rapid updates, and integration of strategic variables. A physical war room is hard to set up, static, and inadequate to update and analyze customer and product data

SOLUTION: The SyncDev system includes a virtual War Room that provides VOC software download, customer interaction templates, reporting tools, and planning and analysis templates and applets. Team members use it to collaborate on or off line, as a group interactively, or individually.

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SYNCDEV DELIVERS RESULTS

Most processes are long on paper and short on business results. SyncDev is the opposite.

BUSINESS RESULTS	DOCUMENTS	DATA FEEDS FOR
- Real customers early - Proven markets and customer-qualifying questions - Proven pitch, including responses to objections - Minimum Viable Product - Price points - Validated business case - Knowledgeable, market-proven, self-directed team - Reduced sales cost - Improved access to money and people - When applicable, fast failure	- Business case - Sales presentation - Validation prototype - Telephone & sales scripts - Competitive analysis - VOC data: - Customer qualifiers - New features - Customer problems - Purchase justifications - Objections & questions - Price - Management reports	- Business plan - MRD - PRD - Test plan - MarCom - Sales manual - Product roadmap

HIGH RETURN ON INVESTMENT AND FAR LESS RISK

■ *SyncDev takes you from a position of uncertainty to a position of near certainty with enumerated risk and returns that you can accept.*

SyncDev produces early customers and revenue on new and improved products. Per-product revenue increases range from low millions to high millions of dollars depending on your market size.

SyncDev reduces development time, risk, and cost by reducing the size of the product as measured by the effort to build it. It aligns your team early and enables them to get more done right the first time. Development savings per product using SyncDev ranges from hundreds of thousands to millions of dollars.

SyncDev results in:

1. **Success or fast failure**, over slow failure.
2. **Reduced development expenditure** by building the MVP instead of an oversized product.
3. **More and earlier revenue** from lighthouse customers who will scale sooner.
4. **Price upside**. Price increases fall to the bottom line, making optimizing the 3Ps priceless.
5. **Reduced cost of sales** by having the best prospects, pitch, product, and path to purchase.
6. **Repairing customer relationships** that you didn't even know were broken.

The cost of SyncDev is the out of pocket cost of a team traveling to meet with customers, a SyncDev coach, and SyncDev software. That ranges from $10,000 to $100,000 per product, depending on where customers are located relative to your team, and the amortization schedule of your software license.

PREREQUISITES TO START

SyncDev requires the buy-in of general, engineering, and sales management, in approximately that order. If any of them want it, no one will stop it. If functional middle managers want it but the General Manager doesn't, it won't happen. Other prerequisites include:

1. **Specific product.** You have a specific project, such as a new product, market, or acquisition target to which to apply SyncDev. A sponsor deems success likely whether by intuition, anecdotes, or studies.
2. **Feasible.** The product is deemed by any measure to be at least 80% feasible whether judged by the laws of physics or economics or by schedule or the timely availability of resources.
3. **Assume success**. Be ready to invest early in a full-time, cross-functional, core team because you believe the product will succeed. But use sound approval phase gates. Only one in five SyncDev products fail. When they do, they fail fast. Starting quickly by assuming success minimizes opportunity costs, often measured in tens of millions of dollars per product, though it does front load investment. But saving the cumulative opportunity costs of four products dwarfs the savings you *might* get, usually measured in hundreds of thousands of dollars, on the fifth product if you had invested slowly and were lucky enough to see early that it was doomed and cancel it.
4. **Approved**. A sponsor has approved the project for execution. Budget and staff are available.
5. **Eighty percent full-time core team**. A sponsor and executive team are available to serve as a product "board of managers". A core team of managers and specialists are available nearly full time. They're responsible for success and authorized to act (not just recommend) within a pre-approved envelope. The same team is available from concept to success. They aren't an interim study team.

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TYPICAL OBJECTIONS

Teams who are accustomed to the traditional development process (design, build, sell) often voice objections to SyncDev. Here are the most frequent objections and PMDI responses:

- ***"SyncDev is mostly for new products."*** Improved products are risky, too. They have a lot to lose. **WordStar**, the first popular word processor, had 10 million users. When they changed their user interface, customers left for **WordPerfect**. **Coca Cola** went after Pepsi drinkers with New Coke, a so-called improved product. It failed. Experienced teams on even mature products *frequently* bloat a lean product. They do the reverse too, removing customers' favorites and not adding features that customers want most. Companies spend most of their development dollars on improved products, making any systematic mistakes across even a small percent of improved products very expensive.

- ***"We already talk to our customers."*** Of course you do, but that's not a success metric. If you don't tangibly hypothesize and test sell specific ideas to a portfolio of customers you can't be sure that what you're building will work or work as well as it could.

- ***"Customers can't tell us what they want."*** Maybe, but they can tell you what they're doing today and what problems they're having. That leaves inventing a better way up to you. But since the end game is sales, users, or both, now is the time to start lining them up.

- ***"With all this SyncDev work, when do I do my day job?"*** SyncDev is your day job. But it does front load you with more tasks earlier. Probably, you didn't know that you could do so much market development while the product is still in development. That said, you are front loaded during the first ninety days of SyncDev. After that, the early rush of new work subsides to normal.

GETTING STARTED

Before or during your next development, call us to discuss how and when SyncDev might fit in. It's best to start SyncDev early in the development cycle, but it's almost always better to apply it late — even in mid or late cycle — than never. We'll help you assess the fit, ready the team, and kickoff with a fast start**.**

For more information, please visit www.syncdev.com.

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