



Committed to Success

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Product Management and Strategy

Early stage decisions towards long-term success

Profit optimization is the primary goal of every enterprise. Although the firm's management should pursue long-term strategies from the very launch of operations, it is often hard to dedicate the limited resources of a start-up company to this complex task. Unfortunately, there are no lump-sum solutions to strategic handling since it requires detailed planning, consistent execution and on-line monitoring, all of which have to be customized to the company's profile and current market situation.

It is also true that start-ups are restricted in terms of product range and the company's existence often depends on a one-shot opportunity to release its product. Under these conditions it is critical to make sure that the developed product will have a fighting chance on the marketplace. Suitable marketing approaches and decisive product management are therefore the key elements determining over the success or failure of a young enterprise from the very beginning.

Once product management has been assigned a high priority on the daily schedule, one should start the planning stage with market research. The goal is to systematically analyze the target market for the company's products in order to obtain market-related information:

- Quantitative (or objective) data provides information on market volumes. It includes customer demographics, market segmentation, demand analysis, evaluation of competitors and distribution channels.
- Qualitative (or subjective) data summarizes customer's emotions, motives and attitude towards the product. While these factors are not easily quantified, they do guide the decision making process of the customer to a large extent.

Data is gathered through analysis of existing market condition as well as by long-term study of ongoing market trends. Typical instruments for this purpose are opinion polls and observation of consumer behavior. The latter provides unbiased information on market yield data, without running the risk of manipulated results due to an inaptly conducted survey. A competent and well-designed opinion poll, on the other hand, will identify future market trends, provide exceptional commercial value, and give the company the necessary competitive edge.



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Another option for testing product compatibility with the market's demands is conducting field and lab studies. Either approach will target specific customers or market segments under unattended or controlled environment conditions. Although this will be just a simulation of the product on the marketplace, it should be carefully designed to be as realistic as possible. Only then will the results deliver credible marketing data before the final product is released.

Finally, the selection of tools for the marketing research effort should be made with the properties of the product in mind. Positioning of a new dietary supplement, for instance, will involve opinion polls and lab or field studies for end consumers in order to strengthen the company's negotiation position versus brokers and vendors. In a different case, a company developing ELISA test systems would be well advised to start by identifying prospective direct buyers such as research institutions and pharmaceutical companies, but also other start-ups, medical laboratories or even large clinics. In addition, a carefully arranged cooperation with a bioinformatics company would round up the offer to a comprehensive analysis kit, substantially increase final sales value and create a clear advantage over competing products.

A serious marketing team will leverage the company's business with more than just raw market data. It will process analysis results, develop accessible presentations for internal and external usage, determine trends and make reliable prognoses. The seemingly large initial investment will pay itself off by saving the company substantial amounts of money and work time, which would have been otherwise erroneously invested in the development of products without the consideration of actual market needs.

Failure to provide returning and new investors with strong incentives towards the end of the initial venture capital funded period of three to five years will inevitably lead to the shutdown of operations. Consistently conducted product management and solid marketing data will render tremendous support for the cause of the enterprise in the refinancing phase. It is therefore strategically essential for the company's success to initiate market research as early as possible in order to prevail in the highly competitive biotech or pharmaceutical industries.