

Product Development vs. Services

Challenges for Project Manager

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There are thousands of project managers in IT product development and services firms. However, there are similarities and differences in responsibilities of these managers in product development and service firms. This article explains those similarities and dissimilarities. The kind of people responsibilities the project managers have in these two types of firms is explained.

There are project managers in both IT product development firms and services organizations. Usually, the project managers in product development firms report to program manager and in services firms they report to business manager or delivery manager. In this article, we will have a look at the similarities and differences between the project managers' responsibilities in product development firms and services firms. Who is superior and who is not? What are the major common responsibilities of these managers? What are the major individual or specific responsibilities of project managers in product development and services firms? Which is challenging? Which has more responsibilities? Which needs stronger technical skills? Which needs business enhancement skills?

Project Manager in Product Development Firms

The project manager in product development firms is responsible for requirements, product development, testing and release of the product. Here, the project manager is responsible for the requirements freeze. He may have to gather requirements from specifications and standards from international bodies like Object Management Group (OMG) or International Organization for Standardization (ISO). Also customer inputs can be considered by the project manager. However, the project manager or the product manager is wholly responsible for the requirements' gathering and freeze. The project manager performs all these activities with the help of team members. However, he is responsible for the product releases. Usually, the project manager in product development firms has developers, testers, configuration management experts and release engineers in his team. With the help of all these engineers, the project manager makes periodic releases of the product.

Some variations are there in the IT industry. In some product development companies, every team will have one manager, viz., a project manager for product development

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team, a test manager (or QA manager) for product testing team, a release manager for release team (packaging) and a configuration manager for configuration management team. The coordination among development project manager, test manager, configuration manager and release manager has to be good to deliver the product on time with acceptable quality. All the managers report to the program manager who launches the product or product line in the market.

In product development firms, the development project manager may have less customer interaction when compared to those in services firms as the marketing team interacts with the customer during initial stages. Once the deal is made, the support team gets into touch with the customer. If the support team cannot handle customer's technical issue, they will forward it to development or engineering project manager.

Project Manager in Services Firms

The project managers in services firms are responsible for the delivery of the service to the customer. Here, the project manager prepares the proposals as well to bid for the projects. Usually, the customer gives the requirements in services firms. The project manager in services firms gets sign off from the customer for the requirements freeze. Once, sign off is over the project manager goes further along with his team to analysis, design, develop, test and deploy. Usually, the team with the project manager delivers all the required deliverables to the customer.

The project manager updates the project status to the customer through weekly status reports, telephonic and video conferences. In some cases, the high level project planning is also done and given by the customer to the offshore project manager for execution. The offshore teams make daily telephonic calls with the customer.

In services firms, the project manager reports to the delivery manager or delivery head. In services firms, the project manager's job also includes getting more work/business from the customers based on the newly suggested enhancement requests so that more billing can be extracted from the customer. Hence, the project managers in services firms need business enhancement skills as well. Usually, these service firms maintain free pools expecting the future projects. There are managers for these free pools as well. They work as resource managers by supplying the human resources to the needed projects.

Similarities in Responsibilities

There are many similarities among the project managers in product development and services firms. In both the firms, the project manager is responsible for analysis, design, develop, test and release the product with the help of his team members. He is responsible for recruiting, developing and managing the team members. The project manager is responsible for communications management and conflict resolution in both the firms.

The project manager is responsible for initiating, planning, executing, monitoring and controlling and closing the project in both the firms. In both products and services firms, the project manager is responsible for scope management, time management, cost management, quality management and risk management. In both these firms, if some work is outsourced to third party, the project manager is responsible for procurement management.

In both the firms, the project managers update the project status to the senior management and other stakeholders. Stakeholder management is part of their job. Identification of stakeholders will be done by the project managers in both the firms.

Differences in Responsibilities

There are differences in responsibilities of the project managers in product development firms and services firms. They are mentioned in the following table:

Table: Product Development Firms vs. Services Firms	
Product Development Firms	Services Firms
The project or product manager is responsible for requirements.	Customer gives the requirements. The project manager is responsible for getting sign-off.
Less customer interaction.	More customer interaction.
Strong technical skills are required.	Average technical skills, domain knowledge are required.
Good people manager with more motivational skills is required.	Good people manager who knows to recruit and release a team member from the team.
Reports to program manager.	Reports to delivery manager/head or business manager.
May be single site or multi site.	Works in onsite/offshore model.
Project manager prepares the project plan.	High level project plan may be provided by the customer.
Project manager is involved in product strategy and product road map.	Project manager may not involve the product strategy because it is driven by the customer.
Major releases are driven by the company and patches may be driven by the customer requests. Many customers may influence here.	Releases are driven by the customer.

Which is Challenging?

Now let us try to answer this question. The project manager's role in service firms is more inclined towards business. There may be low technical and more people management opportunities. The project manager's role in product development firms is more technical in nature. Hence, based on their interests one should choose product development or services firms. However, some exceptions may be there in both the cases.

Regarding Technical Skills

How much technical a project manager should be in both product development and services firms? One should possess the technical skills necessary for projects. One

should have high level design and architectural skills as an engineer manager. A project manager may not be as good as his developers; however, he should be able to understand the technical communication. As the project manager moves up the ladder there is less need for the technical skills and more need for the people and conceptual skills.

If the manager is technically strong, he will be able to guide the product strategy and technology strategy areas. He will be able to guide his team members so that he extracts the best/maximum from the team. This skill is a very powerful tool in winning the conflicting situations, and is preferred to any other power the project manager has.

Usually, in both product development firms and services firms, the project teams have technical leads and architects to take care of the technical aspects of the deliverables leaving the project manager to concentrate on the project and people management.

As the project manager moves up the ladder there is less need for the technical skills and more need for the people and conceptual skills

People Responsibilities

Usually, the managers in both product development firms and services firms have equal responsibilities with respect to managing human resources. The project managers in product development firms have the engineers as their direct subordinates. The project managers in both the firms have to recruit team members, develop and manage them. They set objectives to team members and measure their performance against the previously set objectives.

Definitely managers in product development firms should think long term. They need people who serve for long term and contribute to the product and the organization. The technical skills of the team members are also important while recruiting people into the product development firms.

The project managers in both the firms have to deal with the conflicts among team members. In fact in product development firms, the project manager has to retain the team members for long term, which is challenging. He needs to motivate the team members and tries to retain.

Future Direction for the Project Managers

The project managers in product development firms may become program managers in future, responsible for the delivery of related product line. Here, the program manager's role is cross functional in nature. The program manager has to have business, leadership and project management skills. He may have to interact with marketing, finance, human resources, engineering and design teams. The program manager is responsible for the launch of the product in the market. The next position for program manager is portfolio manager or Chief Technical Officer (CTO)/Chief Information Officer (CIO). The project manager in product development firms attends product strategy meetings and product road map meetings along with the marketing and product management teams.

In services firms, the project manager will grow to senior project manager or delivery manager position. These senior project managers and delivery managers report to business manager or vice-president (Global Delivery).

There are many opportunities in service firms for people management whereas, in product firms, the managerial roles are technical in nature. The senior management in product development firms has to be knowledgeable in its domains and the latest technologies. In services firms, the domain knowledge is sufficient for senior management. Having the technical skills may be an added advantage.

Once project managers are elevated to senior management roles, they need people and conceptual skills. All middle level and senior managers should have people management skills. However, the senior managers need more conceptual skills when compared with middle level managers.

Senior management in product development firms manages products and product lines. They are responsible for the entire launch of the product line into the market. Whereas, the senior management in services firms, manage multiple customer engagements. They may be managing multiple clients' offshore teams. Some managers are

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responsible for whole account and some are responsible for multiple accounts. Usually, the services firms have different verticals in their organizations. These verticals may be domain specific verticals. There will be heads for each vertical. An example for this is Wipro Technologies. Wipro has vertical heads such as head of telecom and head of global markets, BFSI, etc. The project and delivery managers report to these heads.❖

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Product Management vs. Project Management

Important points to keep in mind related to project management and product management:

- Just like every product needs a product manager, every project needs a project manager.
- Just because product managers think they can manage their own projects does not mean they should.
- The skills, talents, and traits involved in project management are very different from those involved in product management.
- Just like it is hard to find one single person who can fill the product management role and the product marketing role, it is hard to find one person who can be successful at both the product management and the project management role.
- Project management is not a stepping stone to product management, nor vice versa.
- Good project managers are just as valuable as good product managers.
- Finding a good project manager to manage your projects will help you be an even better product manager.
- The less time product managers spend on project management, the more time they will be able to spend on product management.
- To avoid conflicts between product management and project management, product managers, project managers, and project teams should all agree on shared goals and objectives as much as possible.

Source: www.goodproductmanager.com

