

Market Requirements Document (MRD) - Great in Theory, Not So Great in Practice

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No one would argue the value of connecting product features to market needs, the primary objective of an MRD. Yet the reality of how MRD's are created and used may actually defeat their purpose.

If MRD's are supposed to reflect the needs of the market, they should be market specific not product specific. Product specific MRD's reinforce a product silo mentality that breeds multiple disparate views of the market, conflicting priorities across products and greater internal competition for resources, all of which result in a fragmented product driven organization instead of a market driven solutions organization.

A typical MRD pays good lip service to market needs but in reality, the contents present a very tactical view of the market (customers need more flexibility when doing...) followed by a plethora of product features and specifications. Why is this bad?

- Multiply this scenario by two or twenty product managers and the result is a host of incremental enhancements across all products that do nothing to grow your revenue or market share because collectively, they make zero impact on the business outcomes of your target customers.
- Multiply this scenario by two or twenty product managers and you still don't have a grasp on the overall market dynamics driving the top-down strategy and spending priorities of your target buyers. The result is a distorted strategy for your company. Worse yet, it manifests itself into fragmented marketing and sales messages because your value propositions are too product specific and don't reflect the current spending mindset of your buyers.
- MRD's as they are typically written are too dense and therefore serve poorly as a vehicle to transfer domain knowledge from product management/marketing to the front lines of your organization. It's the single biggest reason product managers, designers and developers spend an excessive amount of time supporting other functions, leaving too little time to focus on the next set of priorities.

A Market Centric Approach to MRD's

Instead of creating dense, product-centric MRD's that blend fragments of market information and customer problems with loads of detailed product requirements, separate the two. You'll end up with better vehicles for driving more impactful product solutions as well as transferring knowledge to the front lines of the organization for greater self-sufficiency in sales, marketing, services and support.

Create market specific MRD's that can provide your entire organization with a single view of each target market segment, their strategic spending priorities, the operational areas most impacted and the specific work processes affected as a result.

With this level of market and target customer insight, all product managers can work as a team to produce an aggregate product plan with priorities determined collectively across all products based on impact to the customer. All subsequent product requirements and functional specifications (product specific) tie back to much clearer objectives using this approach and result in solutions that have far greater impact on the business outcomes of your target customers.

For example, a spike in oil prices prompted a series of fuel conservation and new revenue initiatives for airlines that then dictated spending priorities in engineering, marketing, customer service, and many other operational departments. Those spending priorities impacted various activities and work processes in each department.

A host of product and service companies are still making big money from the airlines at a time when revenue is down because they fully understand the strategic impact oil prices have on operational issues and offer solutions that support fuel conservation initiatives, revenue growth initiatives or both.

The most obvious benefits that come from separating market and product information are as follows:

- A greater level of market insight better aligns your company as a whole to the market segments that are most conducive to growth
- Product management and product marketing are perceived more as market and business experts and subsequently have more influence on the strategic direction of the company
- Higher impact solutions warrant higher price points to grow revenue faster
- Product teams work more closely to create integrated solutions that make better use of resources instead of competing with one another
- The knowledge transfer process becomes more efficient because market and product content can more easily be repurposed into sales, marketing, service, support and customer artifacts. The result is better performance on the front lines and less distracted product teams with greater focus on the next set of priorities.

The bottom line: a market centric approach to MRD's ensures one view of the market, one strategy and one set of priorities across the company. It's the easiest way to reduce excess churn in determining both strategic and tactical priorities, product or otherwise. It's also highly conducive to solving bigger problems for your target customers - the easiest way to grow your own revenue and market share.

If your MRD's aren't producing much more than low-value incremental enhancements, contact ZIGZAG Marketing about a Product Management University - Portfolio Management or Requirements That Drive the Value Chain workshop and learn how to simultaneously create high impact solutions that grow revenue while improving the proficiency of sales, marketing, service and support.

No one makes it easier than ZIGZAG Marketing.