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AN ANALYSIS OF THE
PRODUCT MANAGER SYSTEM OF ORGANIZATION

By

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B.S.F., Colorado State University, 1965

Presented in partial fulfillment of the requirements for the degree of


Master of Business Administration

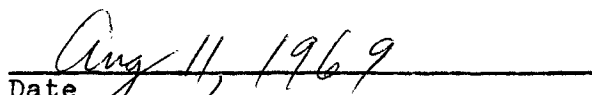
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CHAPTER I
INTRODUCTION

Contrary to popular belief, the product manager system should not always be used whenever a company's product line becomes too large for one individual to manage effectively. Because existing concepts of the product manager system are misunderstood and/or misused, the purpose of this paper is to provide a model for the implementation and evaluation of the product manager system and the individuals within that system.

Importance of the Study

There is a constant evolutionary aspect found in dynamic business management, best illustrated by the changes in the marketing concept. The trend of marketing thought has shifted from a "let the buyer come to us" firm-oriented concept to that of a "take the product to the buyer" customer oriented concept. This shift in thinking has given rise to the now-present marketing concept which entails getting the product to the customer as expeditiously and efficiently as economically possible. William Stanton in his book, Fundamentals of Marketing,¹ defines management as "a total system of interacting business activities designed to plan, price, promote and to distribute want-satisfying products and services to present and potential customers." With this thinking, dynamic managements

¹William J. Stanton, Fundamentals of Marketing (New York: McGraw-Hill Book Co., 1964), p. 5.

have progressed from the traditional functional form of organization to more exciting and interesting forms and concepts of organization such as decentralization and product managerism.

The product manager concept, although dating back to the time of the general store, is a relatively new concept as far as implementation by present-day firms is concerned.² In many instances a specialization of thought and responsibility is needed in order to explore all the marketing ramifications concerned with a product.³ The product manager system is one method of organization which will control the greatest number of factors critical to the final marketing result.

Because of the increasing awareness of customer needs and the increasing desire to serve these needs, many top managements have looked to the product manager system as the answer to their marketing problems. As a result of this wide implementation of the concept, the effects of the implementations have ranged from very satisfactory to very unsatisfactory. The product manager system of marketing organization is an important and effective management tool if it is understood and implemented properly. It is necessary that a company be able to assess correctly its situation and understand

²National Industrial Conference Board, "Experiences in Marketing Management No. 8," The Product Manager System (New York: National Industrial Conference Board, Inc., 1965), p. 5.

³R. H. Jacobs, "The Effective Use of the Product Manager," The Marketing Job. Edited by Elizabeth Marting. (New York: American Management Association, Inc., 1961), p. 231.

the concept and its ramifications in order to realize the full benefits of the product manager system.

Methodology of Preparation

This study is designed to offer a guide to the analysis and evaluation of a specific system of marketing management and organization. There is a specific set of criteria for the implementation of the product manager system and this will be described. The system concept that will be used will be that of a particular organizational structure of marketing management incorporating all the interrelated factors contributing to the marketing of a product.

A progression of thought, from a definition of terms through the proper implementation and evaluation of the product manager system, was followed. Situations of successful and unsuccessful implementations were analyzed to understand the reasons for the individual results. This afforded a more thorough understanding of the concept and the realization of the importance of the understanding and proper implementation of the system.

Secondary research was used for the study. The library at the University of Montana was used as the primary source of information. The source material consists of articles and special reports in trade and business journals and newspapers, text books, and reports of the American Marketing Association. Reports and bulletins of the American Management Association are also utilized. It was felt that primary research would not be necessary since it would have entailed a duplication of effort in compiling company case reports and individuals' thoughts.

Terms and Definitions

Just as there is no one system of management, there is no one product manager system. There are variations of each. However, to differentiate the general approaches to product marketing, the indefinite article "the" precedes the term "product manager system" when used in this study. Keeping in mind, also, the fact that most firms are now customer-oriented and imbued with the new marketing concept, when the term "product-orientation" is used it is not to mean that the firm is oriented to itself. The term "product-orientation" means only that a company's marketing organization is oriented toward getting a specific product to a broad market or group of markets. In contrast, "market orientation" is when the company's marketing organization is oriented toward getting a group of products to a specific market. The difference lies in the marketing circumstances that make one approach more effective than the other.⁴ The planning and controlling emphasis is on a specific product in the first approach and on a specific market in the second approach.⁵ A product-management orientation should be used for a company to realize: (1) better customer servicing; (2) volume maximization of each product or product line; (3) faster meeting of, or bettering of, competitors' efforts in each product category; and/or (4) the best chances of attaining the largest market share and penetration.

⁴ Charles B. Ames, "Payoff from Product Management," Harvard Business Review, XLI (November-December, 1963), p. 142.

⁵ National Industrial Conference Board, op. cit., p. 142.

A market-management orientation should be used when a company: (1) sells to large buying units of a market, such as to chain stores and large corporations, and (2) sells one or a combination of products to a specific market segment.⁶

The systems concept aids the integration of both internal and external factors into a workable totality.⁷ A system can be defined as "an array of components designed to accomplish a particular objective according to plan."⁸ The systems concept of marketing is based on the total integration and coordination of marketing activity with production to achieve product profitability. William Lazer defines a marketing system as being comprised "of a group of marketing elements and operations which are interrelated and connected and can be delineated conceptually or physically."⁹ In this respect, product management is a system.

Product management is a system of organization in which long-term profitability of a product is desired in order to enhance the growth and profitability of the firm. The product manager system includes the planning and controlling of every phase of a product's life--from its inception to its withdrawal from the

⁶John M. Brion, Corporate Marketing Planning (New York: John Wiley and Sons, Inc., 1967), p. 465.

⁷Richard A. Johnson, Fremont E. Kast, and James E. Rosenzweig, The Theory and Management of Systems (New York: McGraw-Hill Book Co., 1967), p. 3.

⁸Ibid., p. 113.

⁹William Lazer, "The Systems Concept in the Evolution of Marketing Management Thought," Marketing Precision and Executive Action. Edited by Charles H. Hendersman (Chicago: American Marketing Association, 1962), p. 116.

market. This system is based on the idea that provision should be made for a highly competent individual who is held responsible, on a full-time basis, for the well-being of a product or product line.¹⁰ The product manager, then, coordinates all facets of operational and staff activities concerned with his product in order to achieve the objectives set for that product. Consequently, the product manager, a managerial specialist, is in a position to cut across organizational lines of authority and levels of hierarchy in order to shepherd his product.¹¹ By the fact that the product manager concept stresses the marketing effort for each product, it assures a continuous marketing effort for each product or product line.¹²

There are certain aspects of the product manager system which characterize its uniqueness as an organizational and managerial concept. Some of these aspects are:¹³

1. The position requires a combination management generalist and specialist. The product manager must not only be able to view his work as specifically concerned with one product (or product line), but he must also be able to have the total overall outlook required of a top management executive. This is required if he is to achieve

¹⁰National Industrial Conference Board, op. cit., p. 7.

¹¹David J. Luck and Theodore Nowack, "Product Management--Vision Unfulfilled?" Harvard Business Review, XLIII (May-June, 1965), p. 144.

¹²Karl A. Elling, Introduction to Modern Marketing (New York: Macmillan Co., 1969), p. 222.

¹³Gordon H. Evans, The Product Manager's Job, Research Study No. 69 (New York: American Management Association, Inc., 1964), p. 10.

the support with other departments which is necessary if he is to have a successful product.

2. The product manager is a manager in the true sense of the word since he achieves goals through the work of others. However, he is not a manager of people, but rather he is a manager of information and services affecting the well-being of the product for which he is responsible. His purpose is to sell himself and his services to top management. How well he does this selling--measured by how well he performs his duty of shepherding his product--should provide the basis for his evaluation.

3. Although the product manager is concerned with general, everyday operating details he is also concerned with those specific factors uniquely concerned with his product. His purpose is to guide his product through an organizational hierarchy in order that it may be profitably sold. When he spends the majority of his time on routine matters, the effectiveness of the system is lost.

Chapter Preview

Adoption of the product manager system has affected both the organization and management of marketing operations. The character of the position presents problems in that the functions and responsibilities of the product manager are generally carried out without him having line authority over most of the various company units

whose cooperation is essential to the success of the product.¹⁴

The following chapters are intended to provide an insight into the product manager system and guidelines for an effective and efficient implementation of the system. Chapter Two will describe when and how to use the product manager system. The criteria that have to be met prior to the implementation of the system will be described. In order that possible pitfalls may be avoided, factors that contribute to the failure of the system will be described. In addition, applicable organizational concepts will be discussed. Functions, qualifications, and training of the product manager will also be covered. The chapter will be concluded by a discussion of the evaluation and compensation of the product manager. Chapter Three will provide a resume of successful company variations of the system and Chapter Four will contain a summary and recommendations. An appendix will follow the text and will contain representative organization charts and job descriptions.

¹⁴ National Industrial Conference Board, op. cit., p. 2.

CHAPTER II

WHEN AND HOW TO USE THE PRODUCT MANAGER SYSTEM

Decisions have to be made concerning the method of organization that would best suit the company and serve its customers. When the decision is made to choose the product manager system, top management must decide on the method of setting up its organization, the duties, degree of responsibility and authority that will be delegated, and the types of relationships that the product manager will have with other departments.

When to Use the System

The need for a decentralized form of marketing management is accentuated by the fact that no one person can master the marketing detail required to realize the success of several dozen product lines. It is more and more apparent that the marketing manager cannot adequately manage all his products effectively. The responsibility for these various products must then be delegated to a number of lesser executives, competent in marketing and able to handle one or more related products.¹⁵

If the marketing manager reorganizes on a functional basis, he will still have to coordinate the same marketing activities with each product. Top management, before selecting the form

¹⁵"The Man With Too Many Hats," Business Week, No. 1864 (May 22, 1965), 44.

of marketing organization and management to use, must consider the economic and organizational ramifications of implementing the system, the type of products it is marketing, and the type and needs of the customers to whom it is marketing. Although the product manager system, illustrated in Figure 1, is seemingly the long-awaited problem "cure-all," it is applicable only in certain instances--not just when a company's product line becomes too large for one individual to manage effectively.¹⁶ The implementation of the product manager system is most appropriate when a company has a number of different products that have to be produced and marketed through centralized operations. With the product manager system, the responsibility for each product, or group of products, is delegated to the individual product managers who have to coordinate the operational activities concerned with the success of each product. The marketing manager is then able to effectively coordinate the activities of his product, or group product, managers.¹⁷

In some cases it is better for a company to set up separate and self-sustaining divisions for each major or product group. It is the preferred organizational approach when each product represents a distinct business which is large enough to support

¹⁶Ames, op. cit., p. 143.

¹⁷Clarence E. Elridge, "The Role of the Product Manager," Printers' Ink, Vol. 294 (April 28, 1967), p. 40.

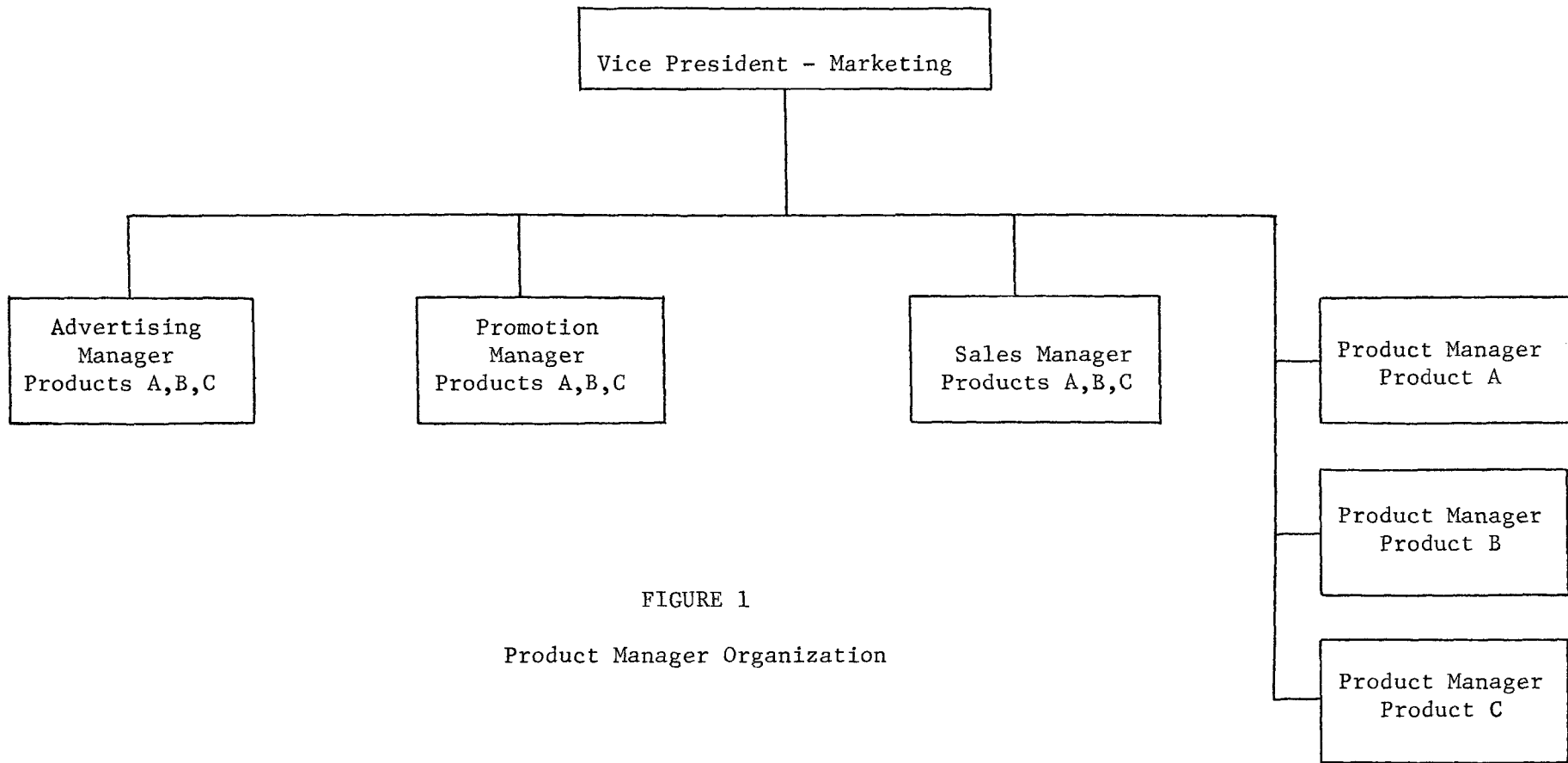


FIGURE 1
Product Manager Organization

its own manufacturing and marketing operations. This method of organization is illustrated in Figure 2 in a simplified form.¹⁸

In other instances it would be better to set up separate product marketing groups, keeping the manufacturing operations centralized (see Figure 3).¹⁹ It is most appropriate when complete divisionalization is not feasible but when the marketing requirements are such that there are significant differences for each product, such as in sales promotions and packaging.²⁰

These two alternatives to the product manager system should also be explored by top management prior to its decision concerning the form of marketing organization it desires. However, product divisions or separate product marketing groups do not make economic sense when the product's business is small.

The product manager system would best apply when multiproduct companies have markets common to all products and when it is practical to have centralized manufacturing and marketing operations. In these cases the product manager system provides a means of ensuring individual attention and guidance for all products without separating them from the line operations essential to their success.

¹⁸ Ames, op. cit., p. 145.

¹⁹ Ibid.

²⁰ Ibid., p. 143.

FIGURE 2

Division Manager System

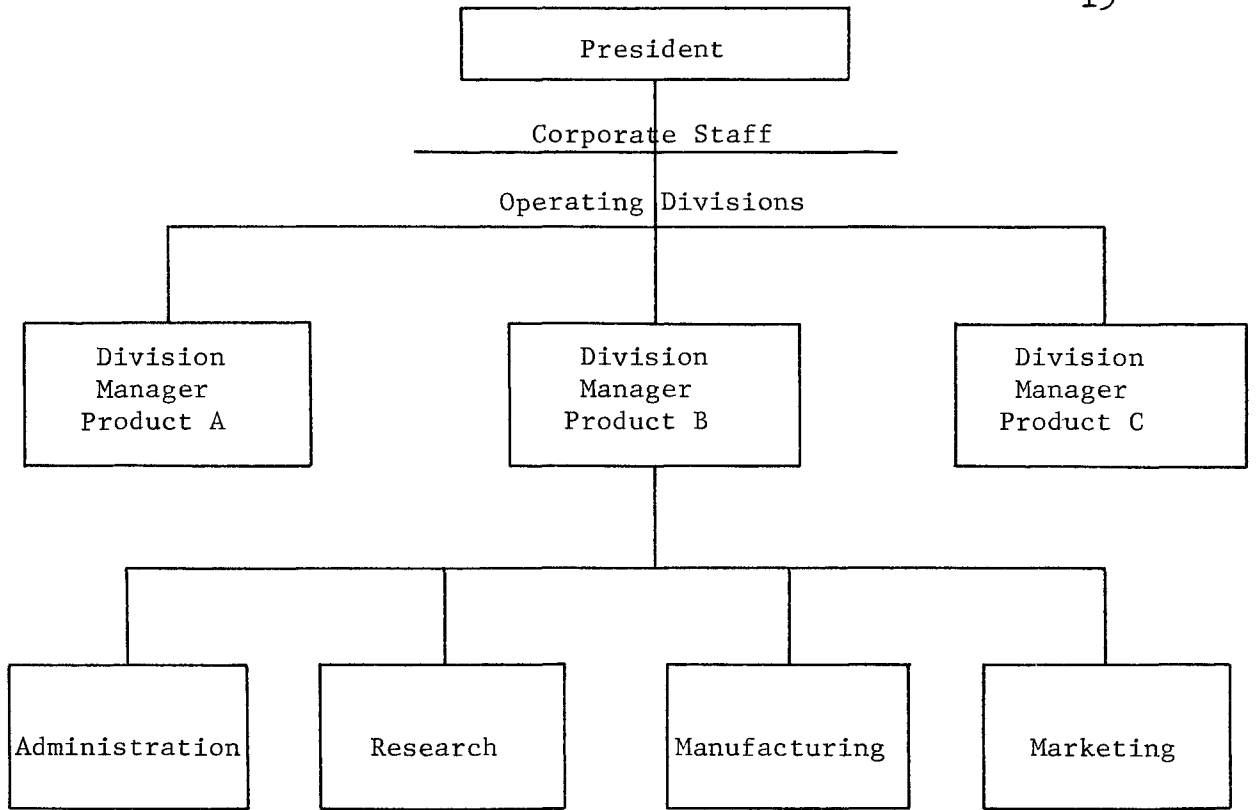
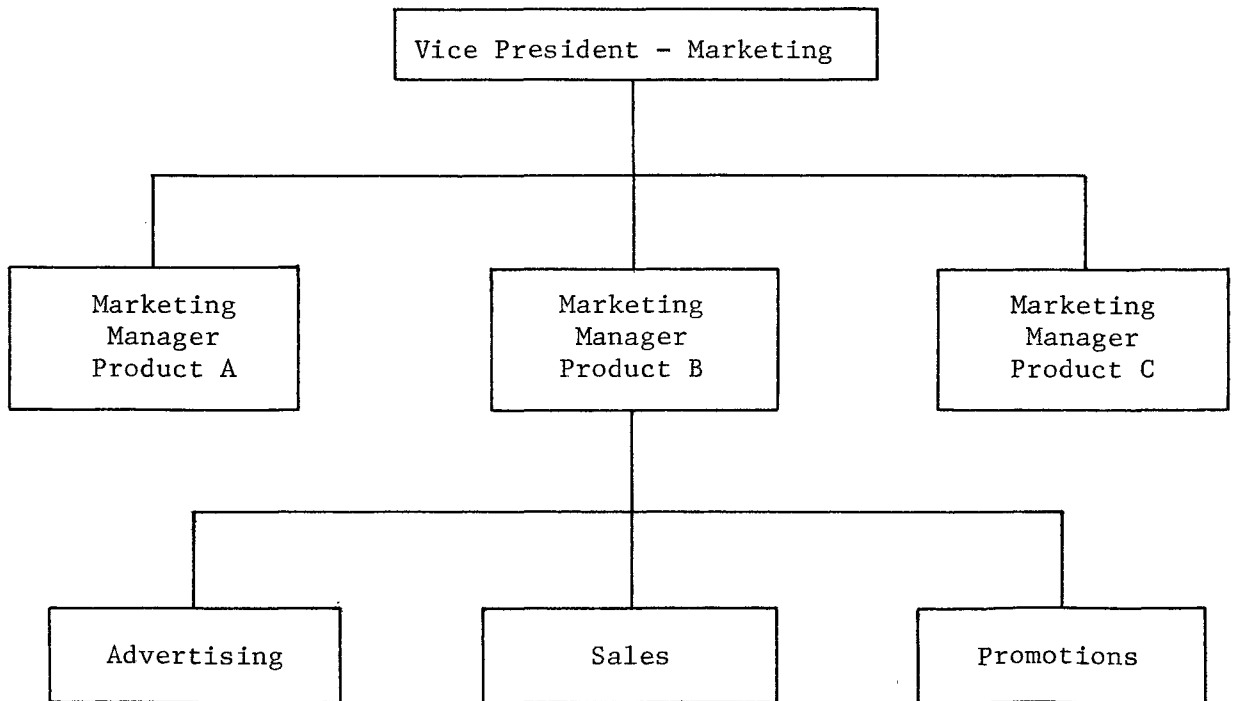


FIGURE 3

Marketing Manager Organization



Advantages and Disadvantages of the System

Perhaps the greatest advantage of the product manager system is that it provides an overall approach for management of the product as it relates to the company and its market. This has fostered another advantage: providing sufficient attention to the planning, developing, and marketing of each product.²¹ The system offers a concentration of management for each product through a centralization of planning and responsibility in one individual. This results in more accurate planning and more efficient management through greater coordination and control among the various operational and staff units. Improved efficiency has increased both the market share and the profitability of products.²² Another advantage of the system is that it hastens the pinpointing of trouble and potential trouble areas. The product manager is able to either correct the problem or revise a portion of the marketing plan. There is also a greater awareness of individual product costs, profits, and rates of return. Another advantage is that because of the type of overall general knowledge and experience required of a competent product manager, the method provides a very good training position for the generalist found in higher management positions.²³

²¹National Industrial Conference Board, op. cit., p. 13.

²²"Why Modern Marketing Needs the Product Manager," Printers' Ink, Vol. 273 (October 14, 1960), 25-26.

²³Evans, op. cit., p. 19.

One of the biggest disadvantages of the system is its ease of misuse through a lack of comprehension of the organizational (and political) ramifications.²⁴ Because the position cannot be classified as either a line or staff position, the inability to, or in some cases, the undesirability of delegating authority commensurate with responsibility, is another major disadvantage and may create problems. In many cases this results in a misunderstood and/or undefined product responsibility. Over-marketing is another disadvantage which results when the product manager buries himself in detail and becomes lost within the confines of concern with a specific product. With the tendency to over-market a product, the advertising is generally over-researched. This can lead to a draining of originality and persuasiveness in view of the expected future life of the product and competitors' tactics.²⁵ Occasionally top management thinks that a large quantity of managers can overcome the inefficiencies of management. These disadvantages can be avoided if proper care is taken in the implementation of the system.

Factors Contributing to Failures

The many instances where this concept has been and is practiced successfully attest to its being a sound concept and in many cases

²⁴Luck and Nowack, op. cit., p. 152.

²⁵Edgar M. Griswold, "Product Management from the Agency Point of View," Marketing Precision and Executive Action. Edited by Charles H. Hindersman (Chicago: American Marketing Association, 1962), p. 385.

an indispensable tool of management. It is only when this management tool is misapplied and misused that it fails. One of the major factors contributing to the failure of the system is a lack of knowledge concerning the concept of the system and its function. When proven product managers were hired from their jobs to implement the system elsewhere it worked only occasionally.²⁶ This might be described as the cookbook or "off-the-shelf" approach.

In the "off-the-shelf" approach product managers are simply appointed on the basis of what someone understood worked at another company. Little, or no, attempt is made to think through the specific requirements of the company or its markets or to recognize and understand the built-in difficulties of the position such as the lack of line authority commensurate with responsibility.²⁷ When the concept of the system is not fully understood there is little attempt at clearly enumerating the delegation of responsibilities and relationships necessary for the effective implementation of the system.

Another chance for failure is when top management expects too much too soon from the system. Here the chances of making the system successful are quite remote since even reasonable success will not be sufficient. An opposite factor contributing to failure, or at least low results, is when management expects too little, leading to a downgrading of the degree of importance

²⁶"Has the Product Manager Failed, or the Folly of Imitation," Sales Management, XCVIII (January 1, 1967), 30.

²⁷Ames, op. cit., p. 144.

of the position and a lowering of the qualifications required for the position. Instead of enjoying the services of a product manager, the company has, in effect, a glorified clerk and information gatherer.²⁸

In some cases the assignment of the wrong type of individual is made. The applicant must have imaginative and yet practical approaches to marketing. He needs to have the personal skills and dynamism to get his ideas accepted without having the line authority to command their acceptance. One of the more important assets required of a product manager is a background and experience in all those functions critical to the success of his product. Another factor contributing to the failure of the system is the fact that often top management does not delegate authority commensurate with responsibility. Although the product manager is generally fully responsible for his product, at times he also lacks any real decision-making authority regarding the activities (operational or staff) concerned with his product. A major complaint of advertising agencies is that too often a product manager has the authority to say "no" and not to say "yes." The delegation of decision-making (not command-making) authority should be considered a freeing--not a surrender--of top management to spend time on other more important items.²⁹ A final factor that should be recognized is the fact that the product manager position violates a

²⁸Elridge, op. cit., pp. 40-41.

²⁹Yvonne Seadin Roscow, "Product Managers: Just What Do They Do?" Printers' Ink, Vol. 293 (October 28, 1966), 20.

proven management precept--that authority should always be commensurate with responsibility. The position is an intra-organizational position with no real claim to either staff or line authority. The system will fail if it is neither applied properly nor fully supported by top management.

Functions of the Product Manager

Product managers are both generalists and specialists. They are expected to have a sense of totality--a merging of the product into the company's scheme of activities. In this sense they are generalists because they have to be responsible for all aspects of their products' business. They are specialists in that they have to become totally involved with their product and become the expert on that particular product.³⁰

Raymond C. Tower, director of marketing, Inorganic Chemicals Division, FMC Corporation, has said that the job of the product manager is essentially "to develop, recommend and implement plans, programs and policies that will assure the proper short- and long-term sale of the product."³¹

The description of the duties of the product manager can be categorized into the three primary functions of management. These are: planning, organizing, and controlling.³²

³⁰"The Brand Manager: Who is he, What is he Doing, What is his advertising role?" Advertising Age, XL (January 6, 1969), 45.

³¹National Industrial Conference Board, op. cit., p. 6.

³²Ralph C. Davis, The Fundamentals of Top Management (New York: Harper and Brothers, 1951), p. 22.

Planning involves providing guidelines for decision-making and strategic action. It is the foreseeing of desired objectives, anticipation of problems, and development of solutions. It involves the development of the scheduling of the use of time, resources, and effort. Since product management is an integrative concept, the planning associated with it should be an integrative activity which should attempt to maximize the effectiveness and profitability of the total system.³³ Organizing is the function that deals with the creation and/or provision of the prerequisite conditions and relationships necessary for an effective and meaningful execution of the plan and achievement of objectives.³⁴ The controlling function entails reporting and budgeting for the appraisal of management and product performance. It is also the purpose of controlling to regulate activities and information concerned with the success of a product. This allows for corrective action and the foreseeing of possible future problem areas. Ralph C. Davis places the functions of coordinating and directing under the primary function of control. These functions are mainly concerned with the regulations and constraint of activities in the pursuit of the company's objectives.³⁵ Coordinating is a vital element of control. Coordinating provides for the accomplishment of the best job possible in the most effective manner, in the least amount of time, with the harmonization of employee goals with the goals of the company.

³³ Johnson, Kast and Rosenzweig, op. cit., pp. 26-27.

³⁴ Davis, op. cit., p. 23.

³⁵ Ibid., p. 154.

The product manager has the unrestricted responsibility for insuring the success of his product. He is a planner and controller. As such his job is to serve as a central point for planning and coordinating all the activities related to the growth and profitability of his product. He controls in that he initiates and directs all current plans and activities concerning his product. He is a current and creative planner, applying thought and originality not only to current, or short-term needs, but also to future market needs as much as five or ten years into the future.³⁶

The product manager should approach the planning function with an integrative marketing plan. If he is to have a successful product he must include all areas and aspects concerned with getting the product to the customer. Goals and objectives and the strategy set forth to realize those objectives must be established.³⁷ The goals and objectives must be realistic as well as imaginative and opportunistic and must be communicated clearly to all those with whom the product manager must work. The marketing plan for the product must be accepted by those management personnel whose departments are instrumental in the success of the product. This will tend to preclude any future problems of product control.

Good product planning includes setting the amount to be manufactured, choosing the package characteristics, and developing a pricing policy and advertising strategy. It requires flexibility

³⁶ Ames, op. cit., p. 144.

³⁷ Elmer E. Waters, "Industrial Product Manager...Consumer Brand Manager: A Study in Contrast," Industrial Marketing, LIV (January, 1969), 49.

on the part of the product manager--he must have a cache of possible ideas and strategies.³⁸ As part of his planning, the product manager should thoroughly evaluate his product and its environment. This entails the evaluation of each and every factor concerned with getting the product to the ultimate buyer. He must evaluate objectively for it is in this phase--the environment review phase--that problems, both present and potential, can be spotted and their solutions planned.³⁹ Upon completion of his environment review, the product manager develops his various programs such as advertising and sales promotions. These plans should include all activities and personnel connected with the product. Since he has no direct line authority, the product manager must not only prepare good plans but he must also sell them to the people with whom he is working. Thus, the plans must be well thought out and the rationale must be clearly explained if he is to get the cooperation essential to the success of his product.

Through the marketing plan the product manager provides for manufacturing, sales, and research time and effort to be spent on his product. Although there is strong competition between product managers for the time of the operational and staff units the fight for the salesmen's time is perhaps the strongest. It is here that each product manager attempts to make sure that the field sales

³⁸Martin Zober, Marketing Management (New York: John Wiley and Sons, Inc., 1964), p. 36.

³⁹National Industrial Conference Board, op. cit., p. 22.

force devotes enough time and effort to his product. When all the marketing plans are submitted, the time is allotted according to need by the marketing executive in collaboration with the heads of the various operational and staff units concerned.⁴⁰

When the product manager proposes that a new product be introduced or an old product be renovated, it is necessary that he provide top management with a detailed analysis of the situation. The plan should be a complete financial and operational plan covering all phases of the product's life. The operational portion should include manufacturing and sales forecasts, pre-production requirements, short- and long-term objectives and a strategy with which to implement the plan. The financial portion of the plan should include budget programs for cost control. Price levels and discount schedules commensurate with the type of product and the length of its life cycle should also be included. The product manager should also present an estimate of needed capital, an estimate of the payback period, an estimate of return on investment computed by the discounted cash flow method, and an estimate of the product's life cycle.⁴¹

When the marketing plan is accepted it is the responsibility of all concerned to see that its constructs are carried out. The product manager now turns to his second managerial function-- that of control and coordination. One of the more important aids

⁴⁰National Industrial Conference Board, op. cit., p. 35.

⁴¹James D. Wilkinson, "Profit Performance Concepts and the Product Manager," Management Services, V (July, 1968), 18.

at this time is the periodic product audit. The audit is the method by which the product manager controls his product. The major purpose of the audit is to measure and evaluate projected, or budgeted, items against actual data, for example, actual sales against projected sales and actual expenses against budgeted expenses.⁴² Plans and objectives are also compared with actual results. This not only provides an evaluation of the product but an evaluation of the product manager as well. A competitor audit should also be performed in which the packaging, advertising market position, and pricing policies can be compared with those of the manager's product.

Applicable Concepts of Organization Theory

The product manager system is a unique organizational system which integrates various separate operational and staff resources such as manufacturing, finance, and sales into a total workable system. The system provides for management of product flow and information which crisscrosses instead of following the traditional line and staff organization chart. Actually the idea of placing the product manager in either a line or staff position is incorrect. He has no line authority, nor is he of support staff.⁴³ The product manager might be better classed not as a supervisory manager but as a prescriptive manager.⁴⁴

⁴²Evans, op. cit., p. 40.

⁴³Roscow, op. cit., p. 16.

⁴⁴Luck and Nowack, op. cit., p. 148.

The responsibility, authority, and scope of the position should be tailored according to each company's needs and the needs of the products and markets. Whatever organizational relationships are established, the product manager should not be forced into a set mold of line-staff relationships. There are, however, certain general organizational concepts that should be adhered to. In order to apply these effectively, top management must determine what its objectives are and the best policies to reach those objectives.

Five important organizational concepts that should be followed in order to realize an effective product manager system are:

(1) proper scope of the position, (2) provision for adequate resource aid, (3) proper decision-making hierarchy, (4) statement of definite authority, and (5) statement of definite responsibility.⁴⁵

The proper scope of the position must not only be held by top management and the product manager, but must also be held by those operational and staff managers with whom the product manager must work. The product manager is (or will become) the "expert" on his product. He must also be able to get work done through others. As a result, the position must be given the status, responsibility and authority commensurate with what is expected. The scope of the job should include the responsibility for recommending products, investments, product planning and scheduling, and distribution and price policies.

⁴⁵Luck and Nowack, op. cit., pp. 147-149.

A second organization concept is concerned with providing the product manager with the type and amount of resources necessary to do his job. Although he may not have a large personal staff, the product manager should be able to obtain information and aid from such staff units as accounting, finance, and sales. It is quite necessary that he receive current, all-inclusive reports advising him on the type and amount of expenses and investments at each phase of the product's life in order to determine the amount of profitability and to control expenses. This information is then used to evaluate the product's profit and expense performance, pricing policies, manufacturing and quality control changes, and the timing of product addition and deletion.⁴⁶ The sales office is utilized for more than just selling the product. Information concerning the salability of the product is also needed in order to determine market performance and trends. A growth in product lines should be accompanied by a corresponding increase in the growth of other areas such as sales. In many instances the sales force is not increased and is consequently overwhelmed by a flood of new products.⁴⁷

The concept of establishing a decision-making hierarchy of authority is also important. The simplest organizational line of decision-making authority and the amount of decision-making authority delegated to each individual should be clearly defined. This provides a clearly defined procedure for resolving differences

⁴⁶Michael Schiff, "Reporting for More Profitable Product Management," Journal of Accountancy, CXV (May, 1963), 66.

⁴⁷"For Many Companies Product Managers Are Like Peanuts," Sales Management, IXC (July 1, 1967), 52.

of opinion between the product manager and those with whom he is working. It also minimizes a loss of communications and a distortion of planning. In most instances the best placement of the product manager is either one or, at the most, two steps below the senior marketing executive.⁴⁸ In the same respect, the decision-making authority should be properly apportioned between the marketing director and the product manager, according to the type of decisions to be made. This not only hastens the decision-making process and allows the marketing director to obtain full control of the program but it also lends credence and implied authority to the position.⁴⁹

The fourth major concept is concerned with making a definite, clear-cut statement of the delineation of authority. The limits of authority should be clearly defined and understood by all working relationships. The product manager should be given managerial authority. This should be clearly understood to mean prescriptive--not supervisory--authority. He must have the prescriptive authority to plan and establish product objectives, devise and control product programs and strategy, and make decisions concerning his product. He must also be able to ask for and receive enough resource assistance to perform his job efficiently.⁵⁰ He must not have supervisory authority over individuals in the staff and line groups with which he is working. The product manager should be able to get work done through the operational and staff

⁴⁸"The Man With Too Many Hats," op. cit., p. 44.

⁴⁹Elridge, op. cit., p. 45.

⁵⁰Luck and Nowack, op. cit., p. 148.

managerial personnel. He should retain the right of decision-making authority with these managers and their departments' activities which are related to his product. Although he should not have authority over field salesmen, he should have decision-making authority (based on sales information) concerning sales policies affecting his product. One of the primary rights of managerial authority is that of making decisions. If as Ralph C. Davis claims: "The right of decision is basically the right to plan,"⁵¹ then the right to plan should likewise be accompanied by the right to make decisions. By his planning and controlling of his product (or product line) the product manager is by necessity affecting the activities of others in the organization. He must be given proper status and authority to see that his programs are carried out. Otherwise he should not be held accountable for his responsibility.

It is, however, broad management support that is the product manager's mainstay. If he has this support he is able to function properly and effectively without needing clear-cut authority in all situations. If he does not have the support of top management then he may as well resign from an ineffective position. As Mr. Robert Pierson, marketing vice-president in the Pheem Manufacturing Company has said: "Management must be cognizant at all times of the need to give the product manager function its full and active support."⁵²

⁵¹Davis, op. cit., p. 282.

⁵²National Industrial Conference Board, op. cit., p. 51.

The fifth organizational concept that is applicable to the product manager system is that of making a clear-cut statement and assignment of specific responsibility. This must be delegated and clearly established. There is a great need to determine what the specific responsibilities will be. The working relations with other operational and staff units also need to be clearly established. Periodic meetings between operational and staff officials are necessary to plan and establish the allocation of special responsibilities.⁵³

Although he was writing about the number of individuals one person could effectively manage, Gerald G. Fisch's "span of management" concept is also applicable to the product manager system. Fisch has broadly categorized management into four levels--super managers, general managers, middle managers, and supervisory managers.⁵⁴ The product manager position in most firms would fall at the middle manager level. It is at this level that the manager is involved with the coordination of a number of specialized operational and staff groups.

Just as Fisch can analyze three factors to help determine the optimum span of people management, so the marketing executive can analyze similar factors to determine the span of product management for each product manager.⁵⁵ The first factor to be

⁵³Evans, op. cit., p. 61.

⁵⁴Gerald G. Fisch, "Stretching the Span of Management," Harvard Business Review, XLI (September-October, 1963), 75.

⁵⁵Ibid., p. 78.

considered is the business situation. This includes the determination of how large a product's present business is and how large it is expected to become, the determination of a product's market position in relation to its competitors and its position in its life cycle, the profitability of the product, and the degree of product diversity encountered by each product manager. The effectiveness and stability of top management, operational, and staff management is the second factor to be considered. This includes the determination of the effectiveness of planning and control and the degree of delegation of authority with responsibility. The number of organizational levels for decision-making and the amount of readily available information that can be put to use are two more important aspects of the management factor. The scale of compensation in relation to responsibility and effectiveness is another aspect to be considered. The third factor is concerned with the managerial capabilities of the management and supervisory personnel--their experiences, personalities, and work capacity characteristics.

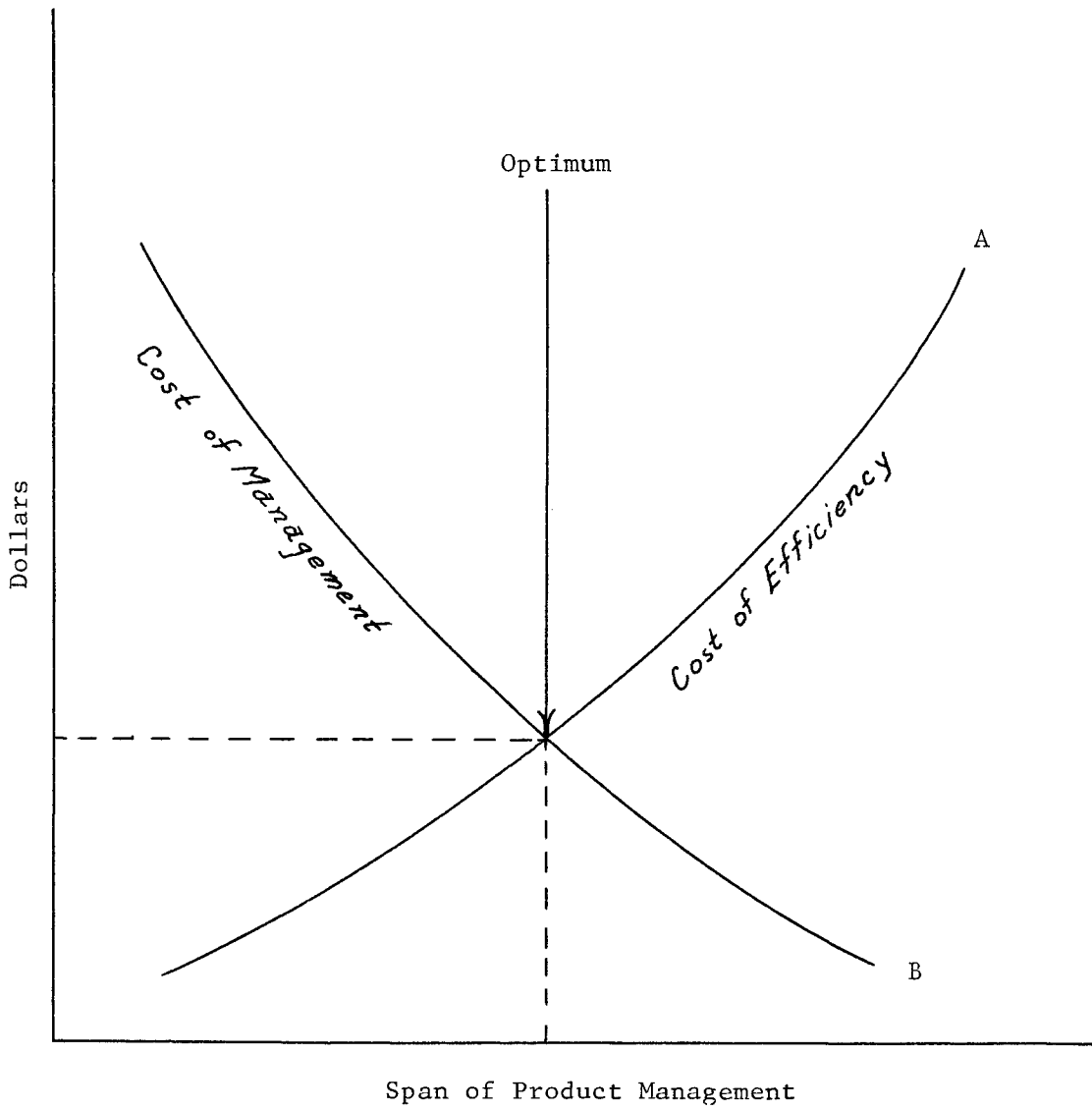
Depending on the answers to these questions, a product manager may be responsible for from one to a number of products. Generally, if he is responsible for more than one product, the products are related in one or more facets of their development, production, and/or marketing. Ideally a graph can be drawn to illustrate the optimum number of products to be managed by a product manager (see Figure 4).⁵⁶ Curve "A" is the increase in

⁵⁶Fisch, op. cit., p. 79.

the cost for product management effectiveness as the span of products to be managed increases. Curve "B" is the decrease in the cost of management (in numbers of managers) as the span of management increases. As the number (span) of products to be managed by each product manager increases, the cost of individual product managers will decrease because less managers will be needed. However, as the span of product management increases the cost of maintaining the effectiveness of the product management will also increase, because the broader the responsibility, the more immediate staff the product manager will need. Although the size of the staff would not double with each additional product, nevertheless, it must increase to maintain the degree of effectiveness desired.

The factors mentioned above should be analyzed to determine which one is the most important in limiting the span of product management. Generally, the span of product management is just the opposite of the span of people management. While the number of positions individually managed increases with a greater amount of diversification, the number of products individually managed will generally decrease (have more--not less--product managers) with an increase in product diversification. The average number of products managed by one individual was determined in a survey conducted by the American Management Association. The survey covered ten consumer product firms and ten industrial product firms. The average for a consumer product manager was 1.4 products

FIGURE 4
Optimum Span of Product Management



and the average for an industrial product manager (including product size and design varieties) was 10.2 products.⁵⁷ Overall, then, the success of the system depends largely on how well the product manager is able to develop and maintain the complex working relationships with other executives whose activities are essential for the success of his product.

Selection and Training of Product Managers

Although the types of problems the product manager is expected to encounter will vary with the product and type of industry with which he is dealing, the basic considerations of his qualifications are essentially the same. The amount and type of on-the-job training, however, will vary depending more on the individual's past experiences than on either the product or industry characteristics.

Generally, the attributes of a successful product manager include: (1) administrative skill and capabilities--the capacity to follow through and be followed through, (2) product and market knowledge, (3) an orderly mind with a factual approach, (4) creativeness in programs, planning, and management, (5) a personality that embodies such characteristics as leadership, persuasiveness, and understanding, and (6) a company-wide, industry-wide perspective.⁵⁸

The prospective product manager should be reasonably familiar with a number of varied disciplines. This is not only essential

⁵⁷"Why Modern Marketing Needs the Product Manager," op. cit., p. 29.

⁵⁸National Industrial Conference Board, op. cit., pp. 58-60.

to his doing a good job but it is also essential to his acceptance by those upon whose work his product depends. If an applicant's experience was predominantly in one area, most companies would prefer the area to be sales. Sales with an advertising background is even better. A background in marketing is generally a second choice. Generally, an industrial products company, like Reynolds Metals, requires a heavy background concerning a specific product. Consequently this type of company attempts to find a product manager with a manufacturing and/or technical degree.⁵⁹

The status and demands of the position demand that the product manager not be a trainee. The product manager must have marketing experience. He should know the fundamentals of marketing and how marketing fits into the company's overall program. He should be a generalist in that his background should include a knowledge of sales promotion, economics, market research, and advertising. He does not need to be a specialist in any area except those most directly concerned with his product, and then only in accord with the product's requirements.⁶⁰

The product manager should have a proven marketing experience. As a result, and in order that he may have the type of experience necessary to do a good job, Procter and Gamble usually selects its potential product managers from college campuses. These individuals join the company as staff assistants to work on "basics"

⁵⁹National Industrial Conference Board, op. cit., pp. 55-56.

⁶⁰Elridge, op. cit., p. 41.

for about six months. They then go into the field with the sales force for up to one year. Upon their return, they are usually made assistant product managers. Four to five years later, if the individual is successful, he becomes a product manager.⁶¹

When an individual is given the job of product manager, he should not be "dropped" into the position and left to fend for himself. He should be introduced to the methodology and procedures of his new employer. Many times it would be wise to give the new product manager a specific set of "get acquainted" assignments (specific task assignments) in order to help him acquaint himself with the company and the position.⁶²

Many times the new (and sometimes old) product manager is experience-weak in a particular facet of his background. This area should be strengthened in order to have more efficient managers. One of the best methods to build up experience-weak areas is on-the-job training under competent individuals. Management should encourage these individuals to set up training manuals as guides to future managers.⁶³ The length of training is dependent on the willingness to learn on the part of the trainee and the calibre of training on the part of the trainer. In order to be able to assume the responsibility and authority that goes with the position, an individual should be prepared to spend, on the average, at least five years in preparing for the job of product manager.

⁶¹"Has the Product Manager Failed, or the Folly of Imitation," op. cit., p. 31.

⁶²Ames, op. cit., pp. 150-151.

⁶³Luck and Nowack, op. cit., p. 152.

Evaluation and Compensation of the Product Manager

Since the product manager seldom exercises line authority or clear-cut budgetary control over many of the activities affecting costs, and consequently the profit of his product, it is highly questionable that he should be held totally responsible for the profitability of his product. The evaluation should be essentially on a qualitative and not a quantitative basis. Usually in the "better managed" companies the traditional concept of using profitability as a basis for evaluation is of secondary importance.⁶⁴ This is not to say that a company should not use product profitability as a basis for evaluation. It is only to remind management that the product manager should not be held solely responsible for his product's profitability. When the product manager is held accountable for every phase of his product's life--from inception to removal from market--the operational and staff managers with whom he is working should also be held accountable for profits. As in the case of the Mennen Company, the responsibility for product profitability is shared. Once the sales manager accepts the marketing plan he becomes a part of the plan and is jointly responsible with the product manager for the sales performance. The manufacturing manager is held responsible for inferior quality and excess production costs.⁶⁵

⁶⁴"The Man With Too Many Hats," op. cit., p. 44.

⁶⁵National Industrial Conference Board, op. cit., p. 30.

Functions are not self-performing--they still have to be performed by someone. The product manager should be evaluated on how well he performs the managerial duties delegated to him in relation to his authority. Just as the performance of each product should be measured against stated objectives and not less relevant standards such as historical performance (which should be used when initially setting the objectives), the product manager's performance should be measured against such criteria as market performance, sales trends, judgement, and quality of product planning. Performance should be measured in areas of responsibility commensurate with the delegated authority in each area. Variances from standards should be recognized, analyzed, and proper adjustment should be made.⁶⁶ Other questions that should be asked in order to objectively evaluate the product manager are:⁶⁷

1. How aware is he of market conditions and requirements in order that he may accurately interpret the changing needs of his product's business?
2. How complete and imaginative are his product plans? Do they include concrete programs for effecting required improvements in the product's business?
3. Does he follow-up and, if necessary, modify his plans to see that the company's and product's objectives are achieved?

⁶⁶Wilkinson, op. cit., p. 19.

⁶⁷Ames, op. cit., p. 152.

4. How is he regarded by his fellow executives concerning the degree of knowledgibility about his product? Do his fellow executives look to him for ideas concerning what they should do to meet the product's needs?

Evaluation and compensation of the product manager should be commensurate with the responsibility and authority delegated to him. In a survey of twenty-eight industrial companies by C. Welles Fendrich, Jr., fifteen companies used a straight salary for compensating their product managers while thirteen others used some form of bonus criteria plus salary. The bonus was usually tied to sales or profit performance or both.⁶⁸ The results of another small survey indicate that the compensation package for consumer product managers generally consists of three items: the base salary, an incentive bonus, and a stock program. Although many companies presently do not use a stock program, an increasing number are adding it to their compensation package in order to attract and retain good product managers. The results of this same survey show that base salaries generally range from \$18,000 to \$28,000, while the total compensation ranges from \$20,475 to \$40,000. On an average, the compensation package is about \$21,000 for the product manager. Available stock programs range from good to practically worthless. Bonuses are either guaranteed,

⁶⁸ C. Welles Fendrich, Jr., The Industrial Product Management System (New York: American Management Association, Inc., 1966), p. 6.

contractual, or based on an evaluative program. The best method would be to develop a compensation program equitably based on an evaluative program.⁶⁹

⁶⁹"What's a Brand Manager Worth?" Advertising Age, XL (March 10, 1969), p. 59.

CHAPTER III

COMPANY VARIATIONS OF THE PRODUCT MANAGER SYSTEM

Several different approaches to the product manager system do exist depending on individual company's needs and orientations. Perhaps the most obvious differences are found in the job titles. These titles include brand manager, product marketing manager, product planning manager, and product specialist. In many cases the title belies the significance and placement of the position within a company.

Variations of the system are necessary to solve special marketing circumstances. General Electric, Raytheon, and I.B.M. have two or more product lines each with different kinds of customers, for example, industrial and consumer, and retail and wholesale. These differences require salesmen to have too much breadth of knowledge. Consequently separate forces of salesmen have been established for each product line. Management has in effect, allocated blocks of salesmen's time to the specific product lines. This has made possible low enough product coverage that a salesman can now remain technically informed about those products he sells. In this respect there is a built-in provision for close attention to specific products at the sales level.⁷⁰

⁷⁰Evans, op. cit., p. 64.

At the Pillsbury Company, the product manager--or brand manager as he is called there--is the mainstay of the marketing program. The company feels, with its customer-orientation, that the brand manager system is the best way to serve its customers. The brand manager at Pillsbury is totally accountable (other than for actual manufacturing) for the actions of his brand. This responsibility includes pricing, research, devising of competitive strategies, budgets, advertising and sales promotion programs, and the execution of plans.⁷¹ Some companies such as Colgate-Palmolive, Chesebrough Ponds, and General Foods have instituted departments for new product development and planning. The product is advanced to the stage of commercialization and then turned over to the proper product manager.⁷²

The area of product pricing perhaps illustrates the widest range of responsibility and authority. At the A. O. Smith Company the product manager develops, recommends, and appraises the selling prices and terms. He does this while accounting for his competitors' prices. His decisions are subject to approval at a higher level. At the FMC Corporation the product manager is not allowed to establish and maintain prices. He is only to report on the acceptability of the prices by the customers. The product manager at the Stewart-Warner Company is responsible for the preparation

⁷¹Robert J. Keith, "The Marketing Revolution," Journal of Marketing, XXIV (January, 1960), 37.

⁷²Evans, op. cit., pp. 66-68.

of a detailed cost estimate for a project by the accounting department--under his supervision. He then uses this cost estimate for establishing his prices.⁷³

The product manager at the Rheem Manufacturing Company has thirty-one jobs to perform. These include twelve major sales jobs, four research and development jobs, four product service jobs, four manufacturing jobs and seven advertising and promotion activities. This product manager is in complete charge of modifying existing products and developing new products in his line. This includes acting as a consultant on new products and innovations and acting as the formal communications channel for product problems and needs. In addition to his base salary he receives a quarterly incentive bonus based on total sales dollars and on product profitability measured by its return on investment.⁷⁴

Kimberly-Clark Corporation has seven product managers. Six handle one brand each while one is in charge of two brands. Their work is supervised by a group product manager who then reports to the marketing services manager who reports to the senior vice president and general manager (See Exhibit A 1 in Appendix A). Each product manager is responsible for drawing up complete marketing plans for his product. He works directly with the advertising agency as the advertising manager for his product. Consequently, he spends the majority (three-quarters) of his time on advertising

⁷³National Industrial Conference Board, op. cit., p. 28.

⁷⁴T. M. Rohan, "Product Managers Push Sales," Iron Age, XCI (March 28, 1963), pp. 51-52.

and sales promotion campaigns. The product manager has no staff of his own but may draw on the resources of other operational and staff groups in order to facilitate his work. He has been delegated the responsibility for recommending marketing objectives, planning market strategy, drawing-up proposed budgets, initiating new products and projects, and coordinating all operational work concerned with the manufacturing, the financing and the marketing of the product. He must constantly evaluate performance and recommend changes and maintain open lines of communications. This product manager has definite responsibility for the profitability of his line but has no price-making authority and no profit accountability.⁷⁵

The length of the list of unsuccessful attempts at the implementation of the product manager system is unknown. What is known and suspected is that many attempts have failed and managements have declined to admit their mistakes. According to David North, management consultant and president of David North and Associates, Inc., "There are a number of firms that have all but dropped the system, retaining only the title to avoid admitting that they made the wrong decision in choosing to implement the system."⁷⁶ One of the biggest causes for failure is not fully understanding the concept of the system. There is one case in which the successful owner of three mutually competitive mail

⁷⁵"Why Modern Marketing Needs the Product Manager," op. cit., p. 26.

⁷⁶"Has the Product Manager Failed, or the Folly of Imitation," op. cit., p. 29.

order companies inquired into the product manager system. Subsequently three product managers were hired. They were supposed to be product managers but the president-owner placed himself between the new executives and those with whom they were supposed to work. As a result the president-owner was more overworked than before, since he was kept running between executives and meetings. This man did not understand the system before he implemented it and he did not sell the concept to his organization prior to its implementation. Later he disbanded the system.⁷⁷ One of the basic premises of the system is that proper responsibility and authority must be delegated to the product manager. If this is not done, management will have an extremely expensive data gatherer and paper shuffler.

⁷⁷David North, "Brand Manager: Deadend?" Marketing Communications, Vol. 297 (February, 1969), 57-58.

CHAPTER IV

SUMMARY AND RECOMMENDATIONS

The product manager system was created to meet a specific need and it should only be used when that need arises. The product manager system is most appropriate when a company has a number of varied products which have to be manufactured and marketed through centralized operations. It is used to ensure that all phases of product-related activities receive balanced attention and that the specialized efforts concerning the product are coordinated. The job of product planning and controlling (mainly coordinating) has been delegated to the product manager. It is his responsibility to guide the product from its inception to its withdrawal from the market. This delegation of responsibility has freed top management of the time consuming burden of coordinating product-related activities and has enabled management to use more of its time for other business activities.

The individual who is to be the product manager must know his job, be widely respected, and have a diversity of experience. He must be able to convince others that his reasoning is sound and he must be able to generate an effective and healthy working relationship with co-executives. The position affords an excellent opportunity for gaining the breadth and depth of experience required of top management positions.

To successfully implement the system, management should thoroughly understand the rationale and ramifications of the system and should be sure that its choice offers the best means of fulfilling the needs of the company, the product, and the market. Proper attention should then be given to organizational fundamentals. Areas of responsibility and authority must be written and clearly understood. The product manager's position in the organization and his working relationships also have to be clearly defined. Management must comprehend the functions and duties of the position and must provide support and a climate conducive to the successful pursuit of the job. The organization chart and position guide must be left flexible to adapt the concept to the individual needs of the company. It is also necessary to develop position qualifications specifically related to the range of skills and experience required to handle the position. Management can not assume that simply by placing the title on a man that it gives him special powers to do the job. The job does not make the man, rather the man and the organization make the job.

Sound judgement concerning the training, evaluation, and compensation of the product manager is also needed. Training should reinforce the individual's strong points and reduce his weak points. It should also provide for replacements from within the company. Evaluation and compensation must be equitable and commensurate with delegated responsibility and authority.

Raymond J. Girvin, marketing manager of consumer products,
Scott Paper Company has said that,

". . . the number one reason why our particular
brand of the product manager system works
successfully is because the product manager
functions and operates in an atmosphere
thoroughly conducive to the development of
and belief in the total marketing concept."⁷⁸

⁷⁸National Industrial Conference Board, op. cit., p. 9.

APPENDIX A

SELECTED ORGANIZATION CHARTS

Exhibit A1.	Consumer Division, Kimberly-Clark Corporation.....	48
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Exhibit A3.	Sales Organization, Strapping and Stitching Department, Acme Steel Company.....	50

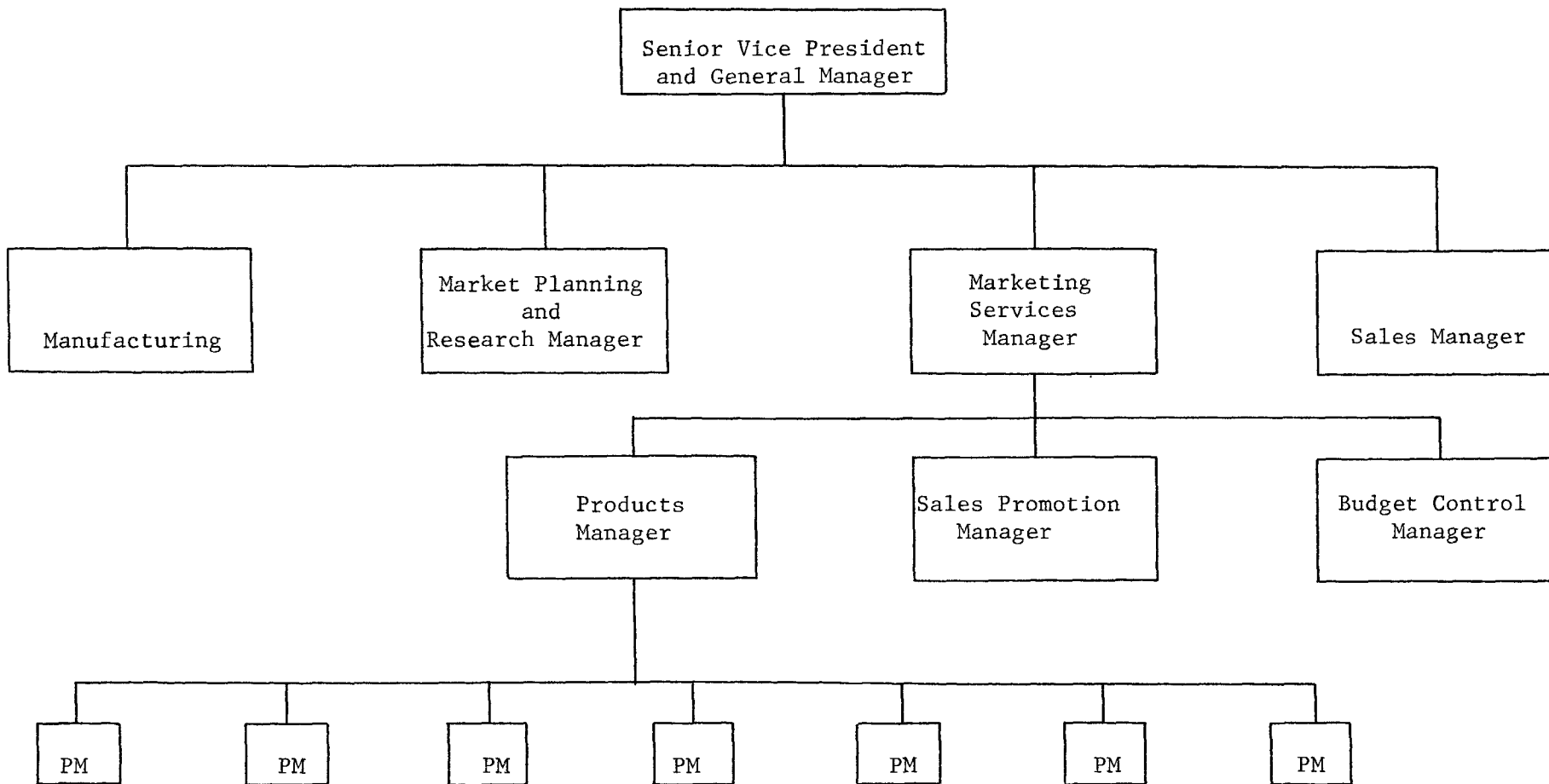


EXHIBIT A1*

Consumer Division, Kimberly-Clark Corporation

*Source: Printer's Ink. Vol. 273, No. 2 (October 14, 1960), p. 22.

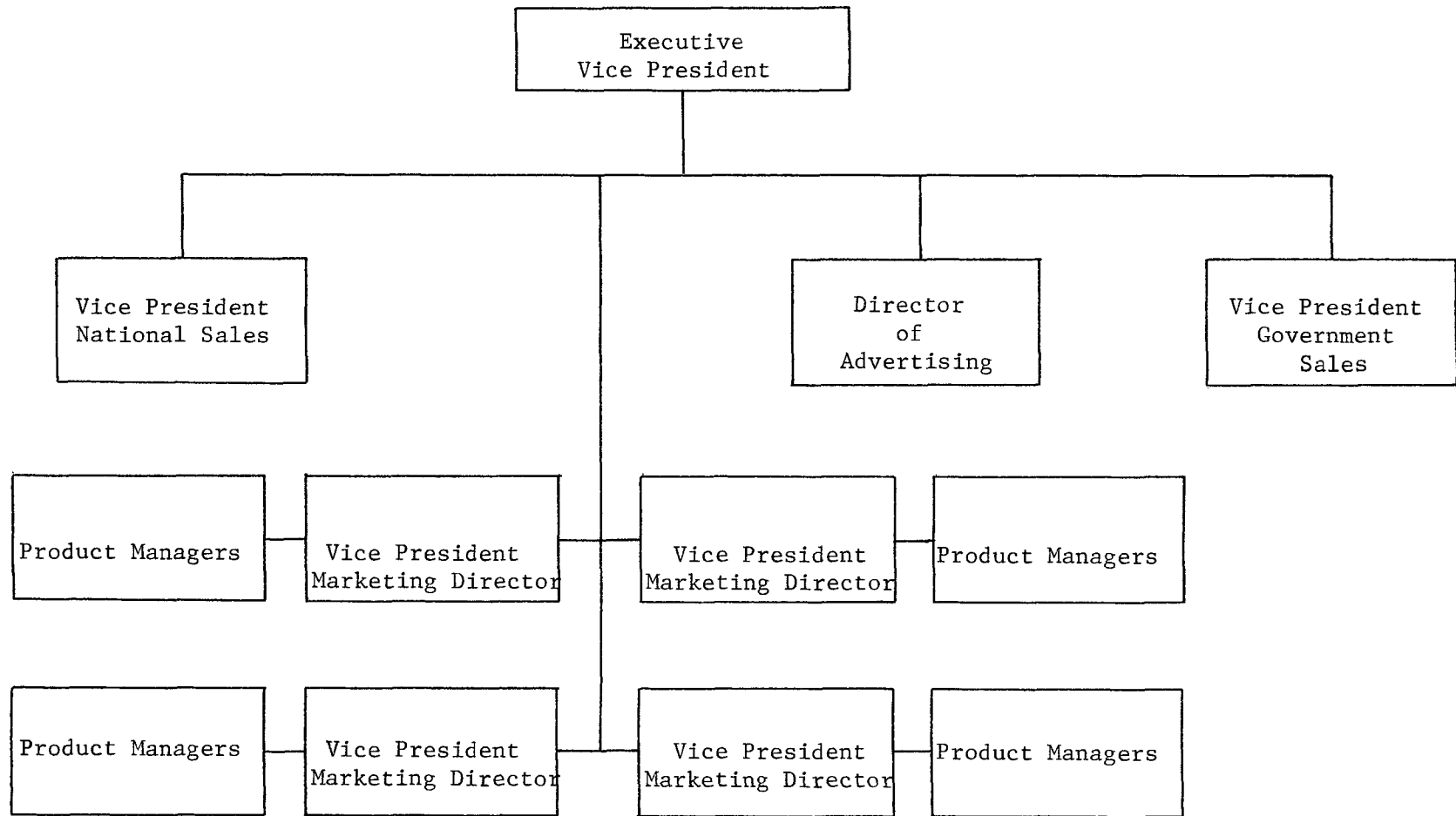


EXHIBIT A2*

Best Foods Division, Corn Products Sales Company

*Source: National Industrial Conf. Board Experiences in Marketing, No. 8, 1965, p. 108.

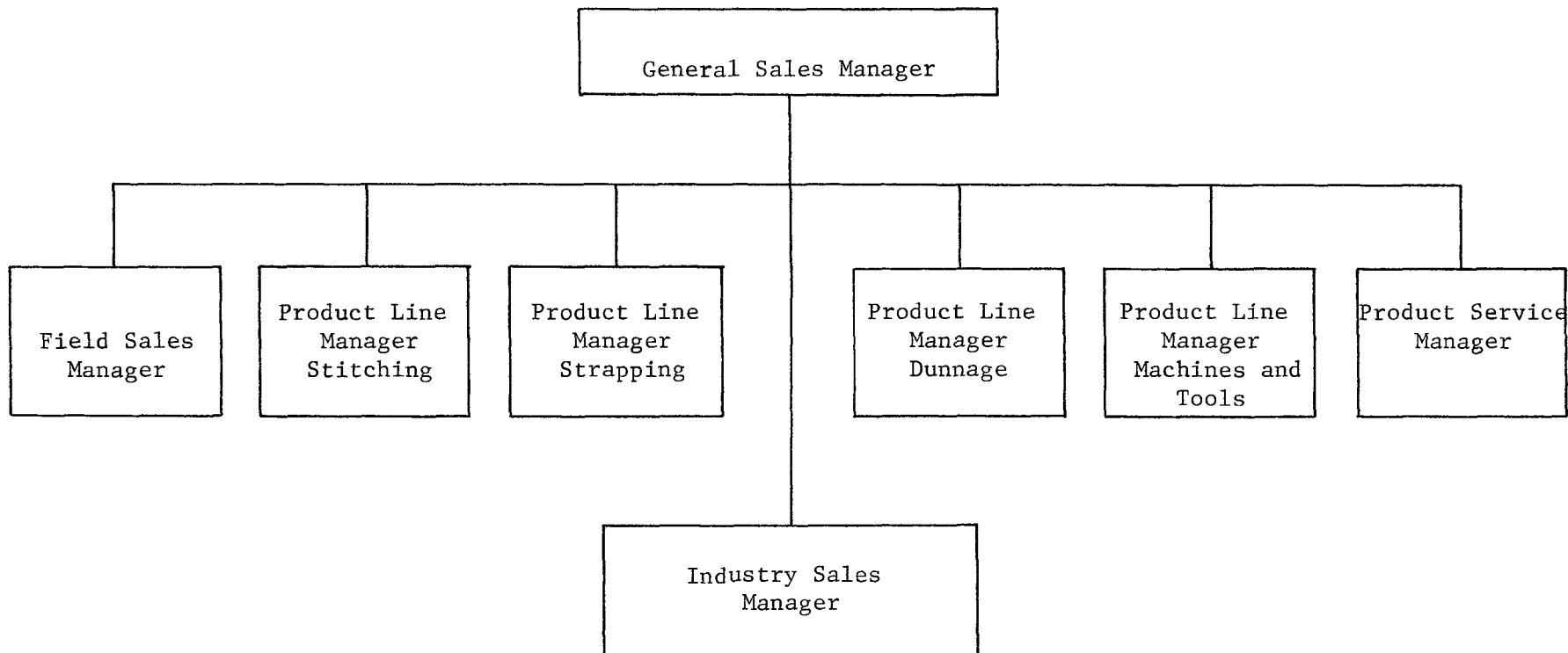


EXHIBIT A3*

Sales Organization, Strapping and Stitching Department
Acme Steel Company

*Source: National Industrial Conf. Board Experiences in Marketing, No. 8, 1965, p. 112.

APPENDIX B

SELECTED JOB DESCRIPTIONS

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EXHIBIT B1*

Schering Corporation

Title: Product Manager.

Reports to: Director of Marketing.

Function: Under the general supervision of a Marketing Manager or Director, plan and recommend programs and policies for the detailing, sampling, and promotion of assigned products to achieve maximum profit potential.

Scope of Responsibilities

1. Initiate product planning programs and policies including recommended estimates: detailing schedule; sampling and literature; promotional devices, deals, contests, and special prices.
2. Evaluate drug market and competitors' product strengths and weaknesses in order to recommend products which Schering could profitably market; develop introductory programs; submit recommendations as to form, dosage, strengths, and packaging and maintain detailed progress summary.
3. Follow in detail the status of established products, their market potential and standing, competitors' activities, and product profits position; this observation will culminate in recommendations for promotional policy changes or deletions.
4. Investigate product and package complaints and initiate appropriate corrective action.
5. Collect and evaluate the necessary information on which to base recommendations for pricing and estimating for new or established products. Participate in final pricing and estimating.
6. Carry out special programs and projects as assigned.

Supervises: Directly, one secretary.

Relationships:

Within the Company. Counsels with and assists Sales Promotion Manager, Merchandising Manager, and Field and Trade Promotion Manager to

coordinate execution of promotional plans and with the Production Services Manager to coordinate inventory and production planning. Confers with and assists Advertising Manager in coordinating execution of advertising program. Occasional contact with Medical, Pharmaceutical Research reviewing new products.

Outside the Company. As required, arrange for discussions of promotion programs and solicit cooperation and implementation of programs with retail and wholesale druggists and directors of trade associations.

Job Requirements: B.S. degree plus additional courses in marketing, market research, and sales. Six to ten years of progressive experience in selling, market research and analysis, sales promotion, and field experience desirable.

*Source: American Management Association Research Study No. 69, 1964, p. 101.

EXHIBIT B2*

Chemical Division, Olin Mathieson Chemical Corporation

Title: Product Manager--Pesticides

Reports to: Director of Sales.

Function: The Product Manager, Pesticides, is responsible for establishing and attaining product objectives; for collaborating with and assisting the Director of Sales, General Sales Manager, Manager--Wholesale Sales, and District Managers in establishing and attaining sales objectives; and for representing his marketing interests in all planning and activities that affect the profitability and/or marketability of those products.

Scope of Responsibilities

Consistent with Corporate and Division policies and procedures, and coordinating with other managers as appropriate, it is the responsibility of the Product Manager, Pesticides, to:

1. Sales. Assist the Director of Sales, Manager--Wholesale Sales, General Sales Manager, and the District Managers in developing sales objectives, marketing plans and programs for reaching agreed-upon goals, including action steps and time schedule. Included in the responsibility for sales are new market development of Terraclor and sales of Technical DDT.
2. Customer Service. Expedite activities of Production Department and outside vendors to insure that customer requirements as to delivery dates, quantities and quality are properly met.
3. Sales Promotion. Cooperate with Advertising and Sales Promotion Department to develop effective sales promotion, advertising and product publicity and to insure technical accuracy of advertising and label copy.
4. Training. Assist in training district pesticide product managers in technical phases of their job.
5. Budgets. Develop sales and operating budgets for pesticide products.

6. Pricing. In cooperation with Pricing Manager, determine prices of pesticide products.
7. North Little Rock Laboratory. Direct activities of the North Little Rock Laboratory, which is responsible for production formulas and quality control of six pesticide-formulating plants.
8. Costs. Analyze production costs at pesticide-formulating plants and recommend changes to improve unit costs. Also, distribution costs are included in responsibility. Maintain cost files on each raw material, container, formulated finished product, and outside purchase product. This information is supplied to Accounting Department for use as standard costs.

The "Common Responsibilities of Supervisory Positions" also apply to this position.

*Source: National Industrial Conf. Board Experiences in Marketing, No. 8, 1965, p. 83.

EXHIBIT B3*

Campbell Soup Company

Title: Product Marketing Manager

Reports to: Vice-President, Marketing

Scope of Responsibilities

1. Plan the Marketing programs for a specific group of Company products and supervise the execution of such plans.
2. Collaborate with the Sales Company in developing sales programs for increasing the sale of the products supervised.
3. Collaborate with the General Promotion Manager in the development of promotion plans and materials and assist in the execution of approved promotional plans.
4. Collaborate with the Manager - Market Research in the development of research projects for products supervised.
5. Supervise the preparation and development of advertising campaigns in collaboration with advertising agents.
6. Collaborate with the Director - Advertising in the scheduling of advertising for his assigned group of products.
7. Study competitive marketing campaigns and report new developments.
8. Recommend design changes and new designs for labels, packages and shipping cartons, and collaborate with the General Promotion Manager in the development of approved changes.
9. Collaborate with the Product Committee on marketing considerations for products supervised.

*Source: National Industrial Conf. Board Experiences in Marketing No. 8, 1965, p. 91.

EXHIBIT B4*

South Wind Division
Stewart-Warner Corporation

Title: Product Manager - Aircraft and Military Products

Reports to: General Manager

Scope of Responsibilities

Plan, direct and control the design, development and sale of aircraft and military products.

By the very nature of such a top executive's activities, there are instances and matters where responsibility is designated without commensurate and specific authority.

In those cases, it is clear that every reasonable effort is to be exercised to achieve the desired result or condition, including review with peers. Where the desired result or condition is not being achieved due to lack of concurrence or action by peers, a recommendation of action is to be made to the General Manager when the seriousness of the case warrants.

Unless an unsatisfactory situation is called to the attention of the General Manager and a specific recommendation of action is made, the responsibility for desired results rests with the top executive as designated.

Supervises:

Chief Draftsman
Director of Laboratories
Manager of Model Shop
Project Engineer - Aircraft Devices
Project Engineer - Military Devices
Chief Administrative Engineer
Line Sales Manager - Aircraft Products
Advertising Manager

Relationships:

Within the Company. Other Division Heads and Key employees.

Outside the Company. High-level customer engineering and purchasing personnel.

*Source: National Industrial Conf. Board Experiences in Marketing
No. 8, 1965, p. 95.

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