

A person is seen from the side, focused on a laptop screen. In the background, other people are seated at a table in a meeting room, with a whiteboard and a glass of water visible. The entire scene is overlaid with a semi-transparent blue filter.

Product Discontinuation Guideline and Template

*A guide to use with the nine-step Product
Discontinuation template tutorial*

Product Discontinuation Template and Guide

End of life, sunset, exit, and discontinuation are terms used to describe the time in the product's life when it is no longer viable in the market because it no longer fills a need or because it has been replaced by another product from your company or from a competitor. As every product needs to be managed across the active phases of its life cycle, so does its discontinuation and eventual withdrawal from the market. This template is designed to help you recognize those market signals and guide you through the product discontinuation and market withdrawal process. The accompanying video tutorial explains how to use this template and the rationale behind each of the nine sections.

In the space below, the nine steps that can represent slides in a presentation deck that can be used to document your work, present to your leaders, and be preserved in a repository or archive. It's also a good idea to use what's learned to teach others in your organization about product discontinuation. This is important because discontinuation can be complex, and many people do not have the requisite experience to plan and carry out this work. One further note. For documents like this, all the needed work to be completed in the nine steps should ultimately help you and your team to create an Executive Summary. While Executive Summaries go first in the presentation, they are completed when all the work is done, and may be all that's needed to share with leaders as you carry out this important work.



As you begin your team's journey, you may wish to identify the key players who will help with the Product Discontinuation Plan (PDP). You'll need to secure the support of their managers to make sure that the plan's goals can be articulated and carried out.

Team Member Name	Role	Function	Deliverable

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Section 1: Background and History

This introductory section provides a narrative whose subject is the product's since it was conceived. Whether you have the original business case or not, you and the team need to paint a portrait of goings-on with the product's business. Sections 2, 3, and 4 will provide additional data to inform what goes in this section. You are guided to provide as much business context as possible and then edit as you continue your research. Use the first template with items to investigate as your guide, and then the second one to insert your actual product information.

Area to cover	Items to investigate
How did the product come to life?	<ul style="list-style-type: none">• A void in the market?• A breakthrough technology?• A unique innovation
What was contained in the original business case?	<ul style="list-style-type: none">• Business and market environment• Forecasts and projections• Product description
Other information that puts the business of the product in perspective	<ul style="list-style-type: none">• Company strategy• Competitive challenge• CEO directive

Area to cover	Insert your information here, or on a separate page
How did the product come to life?	
What was contained in the original business case?	
Other information that puts the business of the product in perspective.	

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Section 2: Customer Needs and Preferences

Your company's market segmentation models and target customer profiles sets the stage for any product's business. However, the actual customers who shop for, buy, or use your product may have evolved over the life cycle. Your team should be able to describe past and current customers, their overall value drivers and benefits sought, as well as how their needs and motivations evolved over time. Use the first template for clues, and then use the one right below to fill in with your product's information.

Segments and Customers	Items to Investigate
Market segments your company pursued and why	<ul style="list-style-type: none">• Geographic• Demographic• Firmographic
Who were, and are the customers of the product now?	<ul style="list-style-type: none">• Users• Influencers• Decision makers
Customer needs and preferences	<ul style="list-style-type: none">• Segment trends over time• How customers in any segment meet their needs for the functionality• Past vs. current customer journeys• Past vs. current customer / user experiences

Segments and Customers	Insert your information here, or on a separate page
Market segments your company pursued and why	
Who were, and are the customers of the product now?	
Customer needs and preferences	

Use this space to record any ideas or notes that might summarize what you learned.

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Section 3: Industry and Competitive Environment

The industries or sectors in which you operate provide important clues to market attractiveness, or how markets evolve. In any sector where your product is sold, you'll want to portray trends in the political, regulatory, economic, social, and technical domains.

From a competitive standpoint, you'll need to analyze and portray the situation with competitor companies, as well as competitive products.

Use the first template to guide your investigation, and then use the one right below to fill in with your product's information.

Industry and Competition	Items to Investigate
Industry, sector(s), or vertical(s)	<ul style="list-style-type: none">• How have any of the sectors changed (political, regulatory, economic, social, technology)• Trends, activity, patterns
Competitor companies	<ul style="list-style-type: none">• Size, geography, market position• Financial strength compared to your company• Market share, customers they serve• Strengths, weaknesses, and vulnerabilities
Competitor products	<ul style="list-style-type: none">• Functionality, features, user experience• Performance, design, style• Strengths, weaknesses, and vulnerabilities

Industry and Competition	Insert your information here, or on a separate page
Industry, sector(s), or vertical(s)	
Competitor companies	
Competitor products	

Use this space to record any ideas or notes that might summarize what you learned.

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Section 4: Market Summary

In this section, provide a general summary of what’s going on in your marketplace, told as a short story. The market environment is shaped by the industry in which the product is sold, the competitors that are confronted, and the customers who *should* be the focus of marketing activities.

Your explanation should make it clear to management that the team understands the general direction of the market, and how this would influence your discontinuation decision. Specifically, include information such as the size, demographic makeup, and descriptors that make the market attractive or relevant as uncovered in Sections 2 and 3.

Recognize that this summary of the market environment also serves as proof that the team has a thorough understanding of the industry and competition. Discussion in this section should highlight how the product’s attributes have been shaped by the targeted customer’s needs, within the confines of the chosen market segments – and how needs and preferences have changed.

Two tables, as templates are provided for you to use so that you can record information. One focuses on segments and customers, the other on industry and competition. If you don’t have the most relevant, up-to-date data, you’ll want to make sure you have a plan to secure it so that the analysis is as accurate and believable as possible.

Use this section to record your insights, findings, and conclusions that will convince your management and your team that the market is no longer attractive for your product.

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Section 5: Financial and Business Performance

Financial and other business metrics can portray a story about a product's decline in the market. It reveals information about pricing trends, volumes, and product profitability. When combined with other key performance indicators (KPIs), and with the information about the market, a cohesive story can be encapsulated in a few key graphs.

The product life cycle curve is the ideal format to portray these patterns, and to correlate business information with financial performance. The main idea is to depict the product in decline, to explain the reasons, and to justify that there is no strategic or business reason to continue producing and/or selling the product. Use the table below as your guide, and then assemble the data, charts, and graphics in your Product Discontinuation Plan Presentation.

Financial and Business Performance	Items to Investigate
Financial history	<ul style="list-style-type: none">• Volumes over time• Prices over time• Total revenue over time• Gross margin over time• Original forecasts vs. actuals
Key performance indicators	<ul style="list-style-type: none">• Transactional volumes• Average prices paid per unit• Profit by customer• Inventory turns• Customer satisfaction• Market share trends• Clickstream data
The story behind the numbers and the business	<ul style="list-style-type: none">• Use charts or graphics• Summarize all information from all sections to this point and prepare a narrative

Record any notes about the business and financial results for the product based on your research and findings. Consider how this might fit into Section 1 (Background and History) and in the conclusions/recommendations you provide to management.

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Section 6: Discontinuation Options

In this section, you and the team decide what's possible based on your analysis and insights. You may wish to discuss these with management to make sure that the option you choose, can be easily expanded.

Typical discontinuation options include:

- Completely stop producing and selling
- Sell off IP to another company
- Withdraw from a market area
- Replace and migrate customers to a new product or platform

In this section, record the option you wish to pursue, and how that option would evolve so that you and the team could carry out the plan.

Record the option you select here, with a brief justification.

Then, create a one paragraph summary statement, as if you were going to produce a press release or a communique to your customers that highlights the overall discontinuation strategy. Use the following as a sample:

This announcement is to inform you that the production of the XYZ system has been curtailed and will be discontinued on April 30, 20xx. Orders for the _____ will be accepted until June 30, 20xx or until the inventory is depleted. Spare parts orders will also be accepted until the inventory is depleted. The XYZ system has been replaced by the ABC system. This system provides improved performance and throughput while saving time and operating expenses. Warranty claims will continue to be honored for a period of 12 months from the date of this announcement.

Record your summary statement in this space

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Section 8: Risks and Contingencies

As with any plan, it's difficult to predict everything with accuracy. You may have any number of situations arise which might delay or challenge your discontinuation strategy. The short list below highlights some of these areas. For this plan, you and your team should use the table below to identify any risks, and what mitigation plans you might put into place should that risk arise. It's also a good idea to speak with your managers to find out about any of their past experiences, so these can be factored in to the risk profile.

- A customer might take legal action
- Your team's project estimates could be inaccurate
- An unknown contractual commitment might surface
- Components in your product happen to be used in another product in your company

Risk Area	Mitigation

Section 9: Recommendation to Management and Presentation

Use this section to summarize the entire presentation into a few key bullet points, to be told as a story or narrative. Make sure to capture salient points and to reveal any issues that could emerge. Your job is to present a cohesive plan that will be guided in a collaborative manner to achieve the desired outcome; a product that is gracefully brought to an end, with informed customers and other stakeholders.

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Summary

The purpose of this template and guide is to provide you with a perspective on product discontinuation and a structure to discontinue a product. The initial decision to create a product is guided by a business case, which justifies the investment and describes how the product should perform in the market. As described in the video, just like a business case is used to invest, a formal method, along with clearly thought out documentation is required to disinvest. Just like a product launch is shown as a gradual ramp-up to the market, when a product is discontinued, there is a gradual ramp-down. This ramp-down allows customers to migrate to other replacement products or make other arrangements. It also allows you the opportunity to put whatever sustaining infrastructure in place to support the ramp-down, including the procurement of spare parts, service staff, or other extended support activities required to fulfill the company's obligations to customers and to ensure that the company's brand is fully protected.

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