



Competing Against Luck

The Story of Innovation and Customer Choice

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Rating

9 ⁹ Applicability
¹⁰ Innovation
⁸ Style

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Leadership & Management
Strategy

Sales & Marketing

Finance

Human Resources

IT, Production & Logistics

Career & Self-Development

Small Business

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Industries

Global Business

Concepts & Trends

Take-Aways

- The “Theory of Jobs to Be Done” says consumers “hire” and “fire” products based on whether they do the job that customers want to accomplish.
- A Job to Be Done is the individual progress that a consumer seeks in specific circumstances.
- Concentrating on the consumer’s Job to Be Done can focus your search for successful product innovation.
- The theory clarifies consumer behaviors that impel opportunities for innovation.
- For example, Amazon concentrates on three things that solve jobs for customers: a broad selection of merchandise, competitive prices and rapid delivery.
- Identifying a Job to Be Done requires describing the job in narrative detail.
- Innovation comes from understanding what people are struggling to accomplish.
- Data tabulations are less meaningful than narratives in pinpointing open niches.
- When consumers find ways to work around or compensate for jobs that have no great solutions, this behavior signals new product or service opportunities.
- Often the biggest competitor is not another product, but “nonconsumption” – people’s decisions not to buy anything to solve a job.

Relevance

What You Will Learn

In this summary, you will learn: 1) How the “Theory of Jobs to Be Done” guides companies toward successful product innovation, 2) How consumers’ decisions to “hire” and “fire” products demonstrate their need for innovative products or services, and 3) What risks arise from relying on data to identify innovation opportunities.

Review

The “Theory of Jobs to Be Done” unlocks the mystery of successful product innovation – a mystery often dismissed as luck. “Jobs Theory” holds that people don’t merely buy goods, they “hire” and “fire” products based on whether those products do the “job” that consumers need done. Companies practicing Jobs Theory know their understanding of consumer behavior helps predict successful innovation. Best-selling author and Harvard Business School professor Clayton M. Christensen and his co-authors Taddy Hall, Karen Dillon and David S. Duncan explain that the detailed observation of targeted customers – in their struggle to make progress – leads to a precise narrative that specifies the Job to Be Done. Such a narrative can serve all levels of an organization as a decision-making guide and a map of the need for an innovative product. *getAbstract* recommends this leap forward to professionals tackling product innovation and anxious to get it right.

Summary

“Every successful company achieves initial success, consciously or not, by performing a valuable job for a group of consumers.”

A job is “the progress that a person is trying to make in a particular circumstance.”

The “Theory of Jobs to Be Done”

According to the Theory of Jobs to Be Done, people do not merely buy products. They “hire” products to help them make personal progress toward a specific objective. Unless the purchase and use of a product helps the consumer make progress toward his or her goal, no amount of fidgeting with its features will translate to successful innovation. Identifying a Job to Be Done calls for a narrative description of a “job” or of the specific type of progress prospective customers seek.

On the surface discerning what exactly caused a customer to purchase one product over all other choices may be difficult. But if you look more closely, what customers hire – and equally importantly, what they “fire” – tells a story. That story is about the functional, emotional and social dimensions of their desire for progress – and what prevents them from getting there. The challenge is in becoming part sleuth and part documentary filmmaker by piecing together clues and observations to reveal what jobs customers are trying to get done. This construct can help product marketers clarify the processes that drive their consumers’ choices to buy and sell.

Ample anecdotal evidence supports the practical utility of “Jobs Theory.” Quantitative critics may wish to fall back on data, but data obscure “real stories of real people in real companies.” Data tell you how many, but they don’t tell you why. Telling these stories unveils a wealth of data. Observing real people in their moments of struggling to make progress can provide deep insights into their purchasing decisions.

Akio Morita, the founder of Sony, dismissed market research. Instead, he searched for intuitive inspiration by observing “how people live.” Sony suspended development of its Walkman cassette tape player when market research indicated that consumers wouldn’t buy it because it was a tape player that didn’t record. Morita ignored the research, trusted his

“Jobs Theory changes not only what you optimize your processes to do, but also how you measure their success.”

“How often do you hear a success dismissed as simply the right product at the right time? We can do better than that.”

“Customers don’t buy products or services; they pull them into their lives to make progress.”

“Competitive advantage is built not just by understanding customers’ jobs, but by creating the experiences that consumers seek both in purchasing and using the product or service.”

beliefs and resumed development. Sony sold more than 330 million units and the Walkman inaugurated the worldwide proliferation of personal music-playing devices.

Doing Jobs That Customers Need Done

Jobs Theory defines a job as the progress a person tries to make in particular circumstances. Buyers integrate products into their daily lives to accomplish specific jobs. A job has not only functional dimensions, but critical social and emotional dimensions as well. Grasping the full dimensions of a job requires identifying the buyer’s struggle to make progress, its situational context, the obstacles impeding that progress and the definition of “quality” in a good solution.

Airbnb identified a Job to Be Done by listing homes and rooms available for short-term rental. At its inception, Airbnb wasn’t competing with mainstream hotels. It was competing with being unable to go somewhere at all or with staying on a friend’s couch. With this Jobs-focused perspective on the market, Chip Conley, head of global hospitality and strategy at Airbnb, said that 40% of Airbnb users would have stayed with family or not traveled if Airbnb were unavailable.

Optimal Level of Abstraction

Jobs Theory can be useful if companies define a targeted job at an optimal level of abstraction. Don’t rely on a loose definition of a job when applying Jobs Theory. Outlining a Job to Be Done takes nouns and verbs, so you can’t describe a supposed job with adjectives and adverbs. And, a simple consumer preference for certain product features isn’t a job.

Consider the decision to buy a milk shake during your morning commute to work. Just preferring specific product features, like flavor or container size, does not qualify as a Job to Be Done. More abstractly, the milk shake purchase performs a larger job: for some people, it makes driving to work more enjoyable and precludes getting hungry during a morning meeting. Buying or “hiring” the milk shake to do this job means “firing” the diverse set of alternatives to a milk shake, whether a chocolate bar, bagel, doughnut, cup of coffee or banana. When the milkshake does the job best, people will hire it.

Multidimensional Jobs

To ensure that a new product will succeed, companies should address each dimension of the job the product does, including its social and emotional facets, and should deliver customer experiences that fulfill expectations and make it hard for competitors to imitate. Fully defined jobs are complex, but that gives Jobs Theory practitioners an advantage. Their mission is “perfectly satisfying someone’s job,” not just inventing a new product or feature.

Focusing on the underlying job the customer wants done is the best guide for innovation. This means companies should jettison pet in-house solutions that fall short of helping customers make personal progress. By understanding the specific circumstances in which consumers make purchases, companies can gain fresh insights.

Margarine and Jobs Theory

For example, would margarine be more prevalent in American kitchens today if Unilever, the leading margarine producer, had focused less single-mindedly on how margarine competes with butter as a flavoring agent. Seen through a jobs’ lens, margarine also competes with olive oil as a flavoring agent, with mayonnaise as a spread and with Teflon as a product that keeps food from sticking to pans.

“Even great companies veer off course in nailing the job for their customers and focus instead on nailing the job for themselves.”

“Data has the same agenda as the person who created it, wittingly or unwittingly.”

“Stories are hidden when they are parsed and distilled into numbers. When stories are told, they are rich in data.”

“With all theory building, you have to be open to finding things that the theory can’t explain – anomalies – and use them as an opportunity to strengthen it.”

Big companies too often rely on internal research about products and customers to guide their decision making. They should find out what job their customers are hiring a product to do – and then make sure the product responds to that job very well. In the case of Unilever, by the mid-2000s, US households buying butter outnumbered those buying margarine. The so-called “yellow fats business” has not recovered from medical worries about trans fats in margarine. In 2014, Unilever disposed of its weak “spreads” business as a stand-alone firm, rather than retain a margarine-based subsidiary that slowed company growth. Unilever might have found an innovative solution to declining margarine sales if its marketers had identified the jobs customers want margarine to accomplish.

A common presumption holds that successful innovation arises from good luck. But companies can create successful innovations without leaving it to chance. Jobs Theory can create a shared language for understanding the “causal mechanisms of human behavior.” Successful innovations are based on such an understanding.

Discovering Customer Jobs

Corporate mission statements are often too vague to guide employees’ decision making. But an identified Job to Be Done defines “a clear job spec” so detailed it can guide daily decision making companywide. Jobs Theory practitioners can discover jobs that are being done poorly or not done at all. They learn to see opportunities in “nonconsumption,” discover work-arounds for flawed solutions and monitor products customers use in unusual ways.

Work-arounds, or consumer behaviors that compensate for the shortcomings of unsatisfactory products, provide clues that an opportunity to innovate is at hand. Unusual uses of a product are another harbinger of opportunity, as Church & Dwight, the maker of Arm & Hammer baking soda, found. Consumers used baking soda as a personal deodorant, a laundry additive, a toothpaste, and a deodorizer for refrigerators and kitty litter boxes. Now Church & Dwight markets the brand in a variety of products, including a toothpaste, deodorant, air freshener, and a cleanser for carpets and showers. This generates millions of dollars of revenue atop its baking soda business. Similarly, NyQuil is a decades-old treatment for the common cold. Buyers also use it as a sleep aid, a pattern of unexpected use that led to the introduction of ZzzQuil, a related brand that induces sleep without the cold-symptom medications in NyQuil.

Sometimes firms win more customers by grasping the full scope of their competition. Southern New Hampshire University (SNHU) found that it was competing not just against other colleges, but also against the choice not to attend college – nonconsumption. SNHU then developed online degree programs and marketed them to a largely overlooked niche: adult students trying to make academic progress while working and raising families.

By fiscal 2016, its sharp focus on helping busy adults made SNHU into a fast-growing school with \$535 million in annual revenue. SNHU used the language of the Theory of Jobs to Be Done in designing marketing materials aimed at helping older learners bypass obstacles to getting degrees and achieve the progress they want. Among other initiatives, its staffers responded by phone to potential students’ financial aid inquiries within 10 minutes and resolved financial aid queries within days, not weeks or months.

Uncovering Obstacles to Sales

Finding unsolved customer jobs involves observing everyday life and assembling a narrative that details the Job to Be Done. When you’re searching for Jobs, narrative details that identify the real struggle people are having are meaningful.

“Jobs Theory focuses you on helping your customers do their jobs.”

“If a consumer doesn’t see his job in your product, it’s already game over.”

“We don’t ‘create’ jobs, we discover them.”

A construction company asked consultant Bob Moesta to help improve sales of its Detroit-area condos amid a slumping mid-2000s real estate market. The company targeted homeowners downsizing to smaller residences due to divorce, their children’s departure or other circumstances. The company suspected that unfavorable locations, bad weather, poorly performing salespeople, a possible recession, slow holiday traffic and competitive offerings were hurting their sales.

The company could not distinguish serious buyers from uncommitted shoppers, so Moesta interviewed scores of condo buyers to determine their motives. Post-purchase interviews unveiled a common concern: What would buyers do with their outsized, traditional dining tables? Giving up that embodiment of family history blocked the progress that buyers sought by downsizing.

Moesta grasped the multilayered Job to Be Done: His company was not just building condos; it was “moving lives.” The company responded with redesigns that enlarged the dining rooms by shrinking second bedrooms. The company arranged moving companies for buyers and gave them up to two years of free storage. The result was a 25% business growth in 2007, a time when sales dropped 49% in the rest of the Detroit-area condo market.

What Are “Negative Jobs”?

Negative jobs are tasks consumers would rather avoid. A busy parent whose child has a sore throat raises this Job to Be Done: “I don’t want to see the doctor.” Rick Krieger, a graduate of Harvard Business School, addressed this negative job by developing QuickMedx. This predecessor of MinuteClinics in CVS drugstores offers treatment of routine ailments. CVS drug stores in 33 states have more than 1,000 MinuteClinic locations.

American Girl and Amazon

Merely improving a product will translate to unsuccessful innovation unless the firm delivers the experiences people want when they buy and use the product.

Pleasant Rowland didn’t do any research when she started the firm that became the American Girl doll company. Rowland conceived of American Girl dolls as a way for mothers and daughters to enjoy discussions about past generations of women and the challenges they faced. These high-quality dolls are racially and ethnically diverse. Historically accurate storybooks portray the dolls as girls from different places or historic periods. They express feelings their preteen owners may share. American Girl dolls command premium prices because buyers are purchasing both a well-made doll and a rich emotional experience.

Jobs Theory affects how companies design processes and measure success. For instance, Amazon concentrates on three things that solve jobs for customers: a broad selection of merchandise, competitive prices and rapid delivery. Amazon integrates this mission in its processes by prioritizing delivery times over shipment times to measure performance.

About the Authors

Harvard Business School professor **Clayton M. Christensen**’s nine books include *The Innovator’s Dilemma*. He and co-author **Karen Dillon**, former *Harvard Business Review*, also co-wrote the bestseller *How Will You Measure Your Life?* **Taddy Hall** is a principal with the Cambridge Group. **David S. Duncan** is a senior partner at Innosight.