

BOOK CLUB SYNOPSIS

**Competing Against Luck:
The Story of Innovation and Customer Choice**

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CONTENTS

Introduction | 3

Chapter 1 :: The Milkshake Dilemma | 5

Chapter 2 :: Progress, Not Products | 9

Chapter 3 :: Jobs in the Wild | 13

Chapter 4 :: Job Hunting | 16

Chapter 5 :: How to Hear What Your Customers Don't Say | 20

Chapter 6 :: Building Your Résumé | 24

Chapter 7 :: Integrating Around a Job | 27

Chapter 8 :: Keeping Your Eye on the Job | 31

Chapter 9 :: The Jobs-Focused Organization | 33

Chapter 10 :: Final Observations About the Theory of Jobs | 37

About | 42

***Competing Against Luck:
The Story of Innovation and Customer Choice***

As companies seek new growth opportunities, innovation remains both a top priority and a top frustration. The vast majority of innovations fall far short of ambitions, and companies around the world are discouraged by their hit-or-miss efforts. But it is possible to transform innovation from a game of chance to a predictable and profitable success if companies start asking the right questions. In *Competing Against Luck: The Story of Innovation and Customer Choice*, author and professor Clayton M. Christensen debunks the long-held maxim that understanding the customer is the key to innovation and instead proposes a new framework. Companies have never known more about their customers than they do today, yet few understand what causes their customers to make the choices they do regarding products and services. Relying on studies and stories from some of the world's most respected business leaders and highly successful startups, Christensen illustrates that companies have the ability to make innovation a reliable engine for growth if their efforts are based on a clear understanding of causality.

The following is a chapter-by-chapter synopsis that is designed to help you dive quickly into the content of the book. We hope that this will allow you to extract the greatest insights from it in the most efficient manner possible and help you find the sections of the book that will be of most value to you.

About the Author

Clayton M. Christensen is the Kim B. Clark Professor at Harvard Business School and a world-renowned innovation strategy and growth expert. He is the best-selling author of 11 books, a five-time recipient of the McKinsey Award for *Harvard Business Review's* best article and the co-founder of four companies, including the innovation consulting firm Innosight.

01

CHAPTER ONE

THE MILKSHAKE DILEMMA

Why is innovation so hard to predict—and sustain? Maybe we haven't been asking the right questions.

In the first three-chapter section of his book, author Clayton M. Christensen lays out his introduction to “Jobs Theory.”

Why is success so hard to sustain? The question nagged at Christensen for years as he worked closely with companies in trouble, first as a consultant for Boston Consulting Group, and then as the CEO of his own company, CPS Technologies.

He saw firsthand how a lot of smart people were unable to fix the problems of once-great companies—like Digital Equipment Corporation. DEC was once considered one of the most admired companies in the world, with pundits praising the brilliant management team; but when the company began to fail in 1988, those same managers were slammed as inept. That “stupid manager” hypothesis didn’t hold up, Christensen mused, considering that almost every other minicomputer company in the world collapsed in unison.

When he returned to Harvard Business School for his doctorate, he wondered: Did it all come down to luck? “Was the creation of new successful products and businesses intrinsically a crap shoot?”

No, he concluded after diving into research. He found that even top managers who did the right things and followed the best advice

could still lead companies to the pinnacle of their fields ... and then off a cliff. New innovations could succeed wildly and disrupt an industry, sure, but the theory of disruptive innovation doesn't tell managers how to innovate to grow consistently.

Christensen's Theory of Jobs to Be Done answers those core questions, and it provides "clear guidance for companies looking to grow through innovation. At its heart, Jobs Theory explains why customers pull certain products and services into their lives: they do this to resolve highly important, unsatisfied jobs that arise."

Jobs Theory explains why some innovations are successful and others are not. It provides a guide for innovation, frames competition in a way that allows for differentiation and advantage, provides a common language for firms to understand customer behavior, and enables leaders to articulate the company's mission and unify culture around customers.

Consider the milkshake. In the mid-1990s, two Detroit consultants visited Christensen at his Harvard Business School office to discuss how to sell more milkshakes at a fast-food chain. The chain had spent months collecting data from customers about their preferences by peppering them with questions: What would make you buy more milkshakes? Should we make them cheaper? Chunkier? More chocolaty?

Even when customers could articulate what they thought they wanted, the responses didn't create a road map for the chain to take action. The company tried all sorts of things—and months later, exactly nothing happened. There was zero change in milkshake sales.

So Christensen proposed looking at the problem another way: "What job arises in people's lives that causes them to come to this restaurant to 'hire' a milkshake?"

The chain's team stood in front of the restaurant for 18 hours a day to track trends and ask customers why they ordered milkshakes. Surprisingly, it turned out a lot of milkshakes were sold before 9 a.m.

to customers who came into the restaurant alone. They often ordered *only* a milkshake and then got back into their cars.

After much probing, the chain figured out customers needed something to keep their early-morning commutes interesting. Milkshakes did the job better than other foodstuffs: They keep customers full for longer than bananas, they're more flavorful than bagels, and they aren't messy like doughnuts.

Now that the chain understood the job, Christensen notes, they could tweak the offering to make the milkshake a more attractive hire: chunks of fruit or chocolate create a "surprise" in each sip, making the commute more interesting. Moving the milkshake dispenser to the front of the store and adding a card-swipe option to the machine would let commuters dash in and out quickly.

But solutions aren't one-size-fits-all, he warns. The job of a milkshake is different for afternoon customers like parents who are looking to give their kids a little treat after a long day of saying "no" to all sorts of requests. The afternoon shake is competing with a trip to the toy store, not with a bagel. So maybe the afternoon milkshake should come in half-sizes so parents don't feel as bad about potentially spoiling their child's dinner.

Jobs Theory, Christensen argues, explains the success of ride-sharing service Uber: It's an attractive hire for an unsatisfied job in customers' lives, which makes it strong, despite resistance from regulatory bodies.

Jobs Theory also explains the failure of businesses like Unilever's margarine sector: Christensen posed the theory to company executives in an educational meeting, urging them to consider what jobs customers hire margarine to do. (Moisten bread? Act as a cooking agent to prevent food from burning while cooking?) But the execs "were not moved" by Christensen's theory, and he argues the company continued seeing its margarine through the lens of competing with other spreads. Years later, butter began to overtake margarine, and Unilever eventually said it planned to spin its spreads business into a standalone company before replacing its

head of the margarine group. Meanwhile, olive oil has become one of the fastest growing markets in the food industry.

So, it's key for companies to understand the job of their product. But once they understand the job, they "need to translate those insights into a blueprint to guide the development of products and services that customers will love."

02

CHAPTER TWO

PROGRESS, NOT PRODUCTS

The Theory of Jobs to Be Done explained: To elevate innovation from sheer luck to predictable, you have to understand the progress a consumer is trying to make in particular circumstances.

In this chapter, Christensen breaks down Jobs Theory even further, detailing on a granular level the questions organizations should ask to “discover” the job of a product. He also explains the scenarios in which Jobs Theory *doesn't* work.

He posits that every well-defined job contains three facets: progress; circumstance; and functional, social and emotional complexity.

- **Progress:** Christensen defines a “job” as “the progress that a person is trying to make in a particular circumstance.” A job isn’t necessarily always a “problem,” but it is always movement toward a particular goal. This is key to understanding why customers make the choices they do.
- **Circumstance:** This “is intrinsic to the definition of a job. A job can only be defined—and a successful solution created—relative to the *specific context* in which it arises.”

Depending on the situation, there are dozens of questions that could be important to ask when determining the circumstance of a job: questions like “Where are you?” or “What will you be doing next?” Circumstance can also extend to contextual factors like life stage (“Are you going through a midlife crisis? Nearing retirement?”) or family and financial

status. (“Do you have young children or elderly parents to take care of? Are you underwater in debt?”)

- **Functional, social and emotional complexity:** Christensen warns against focusing innovations solely on functional or practical need, as is common. “[I]n reality, consumers’ social and emotional needs can far outweigh any functional desires.” For example, a parent seeking child care may be willing to drive to a day care center farther away from home because the safety of the child is more important than convenience.

Those facets make up Jobs to Be Done, which, Christensen adds, “are ongoing and recurring. They’re seldom ‘events.’” But other items, like needs and trends, can masquerade as jobs.

WHAT ISN’T A JOB

“A well-defined job offers a kind of innovation blueprint,” Christensen explains. Jobs are not needs like “I need to eat” or “I need to save for retirement.” Those needs are indeed important—but they’re extremely general, and they don’t provide much if any direction for innovators to satisfy them. They don’t take into account the complex facets above.

One key example of a need and not a job: the Segway. Despite media frenzy around the two-wheeled, self-balancing device, it didn’t change transportation forever. In fact, “the Segway was, by most measures, a flop. It had been conceived around the need of more efficient personal transportation. But whose need? When? Why?” Ultimately, “[t]he Segway was a cool invention, but it didn’t solve a Job to Be Done that a lot of people shared.” That’s why we see them occasionally in malls or on city tours, not in every driveway.

By contrast, Airbnb—the relatively new startup that allows people to rent someone else’s room or entire home—recognized that it wasn’t competing with hotels. The founder could barely afford his San Francisco rent; meanwhile, all of the city’s hotels were sold out for a conference, and he had space in his apartment for three air

mattresses. The circumstances of “hiring” Airbnb are very different from the circumstances of hiring a hotel. It doesn’t compete with Best Western; it competes with staying with friends or with not making the trip at all.

So, “a well-defined job is multilayered and complex.” Jobs are not created but discovered. How can companies understand the real reason why their customers choose their products or a competitor’s? How can managers take the lessons in this chapter and translate them into the right questions to ask?

Christensen offers a thought experiment: “[I]magine you are filming a mini documentary of a person struggling to make progress in a specific context.” The documentary should capture five essential elements:

1. What progress is that person trying to achieve?
2. What are the circumstances of the struggle?
3. What obstacles are getting in the way of the person making that progress?
4. Are consumers making do with imperfect solutions through some kind of compensating behavior?
5. How would they define what “quality” means for a better solution, and what tradeoffs are they willing to make?

The details in the answers provide rich context and meaning that lay out the complexity of the job. “Jobs Theory is an integration tool.”

But Christensen warns that Jobs Theory is not “the answer for every question. The nature of the problem at hand will dictate if it’s the best theory to understand what’s causing what. That’s true of every theory.”

“Jobs Theory is not useful if there is no real struggle for a consumer or the existing solutions are good enough.” It’s also not useful in

scenarios like commodities trading, in which decisions are made based on mathematical analyses. “In the world of innovation, many companies are stuck in a world of creating ‘epicycles’: elaborate approximations, estimations, and extrapolations.” But all the data in the world won’t help if a company doesn’t understand why customers make their choices.

Jobs Theory doesn’t put the customer at the center of the innovation universe; it’s the customer’s *Job to Be Done*. “It may seem like a small distinction, but it matters a great deal. In fact, it changes everything.”

03

CHAPTER THREE

JOBS IN THE WILD

Jobs Theory transforms how you define the business you're in, the size and shape of the market in which you compete, and who your competitors are.

In this chapter, Christensen details case studies explaining how specific organizations applied Jobs Theory.

SOUTHERN NEW HAMPSHIRE UNIVERSITY: ONE SIZE DOESN'T FIT ALL AND COMPETING WITH NOTHING

Remember the morning and afternoon milkshakes at the fast-food chain in Chapter 1? Organizations can fall into the trap of one-size-fits-all solutions that end up satisfying no one if they don't take the time and care to understand the real jobs their customers hire them to do.

When Paul LeBlanc became president of Southern New Hampshire University in 2003, “the seventy-year-old college was a relatively unknown second-tier institution. Originally founded as an accounting and secretarial school, it had become a mishmash of specialties—culinary arts, business, and justice programs—with just a few thousand students.” Across the country, colleges similar to SNHU were merging or closing altogether, and the onset of the recession five years later made things even worse.

LeBlanc attended a HBS working group session with Christensen (who has served on SNHU's board of directors in the past), in which

they discussed the milkshake story and Jobs Theory. The session resonated with LeBlanc, who explains that SNHU, like most higher-education institutions, effectively treated all students the same way. The marketing and outreach were generic, aimed at “typical” graduating high school students seeking a solid education for a reasonable price. It was the milkshake problem redux: One-size-fits-all ultimately fits no one.

After the session with Christensen, LeBlanc and SNHU asked: What job were students actually hiring the school to do? There were two answers, it turned out.

It was hard to see much potential for growth when it came to the population of prospective students graduating from high school and facing the reality of being away from home for the first time. But SNHU also had an online academic program, and—despite being “a sleepy operation on a nondescript corner of the main campus,” as LeBlanc said—it had managed to attract a steady stream of students looking to complete their degrees after giving up the attempt earlier in their lives.

The 30-year-old with two kids who wants to finish his accounting degree is in a very different circumstance than the 18-year-old looking to “hire” SNHU for a coming-of-age experience.

In looking at these nontraditional students through a Jobs Theory lens, LeBlanc and the school realized the students needed “higher education to provide just four things: convenience, customer service, credentials, and speedy completion times.” And SNHU’s online program wasn’t just competing with other distance-learning schools. It was also competing with *nothing*: “[P]eople choosing to do nothing to further their education at that stage of life.”

SNHU changed “pretty much everything” as a result:

- The online program was no longer a second-class citizen; in fact, it became a core focus. Its entire recruitment and administration team was moved off campus, where it could “grow unfettered by the physical and structural limitations of traditional university policies and procedures.”

- Decisions about a prospective student’s financial aid award and previous course credits are now “resolved within days—instead of weeks or even months.”
- Once students do enroll in the online program, the school now connects each one with a personal advisor who stays in constant contact and notices red flags—like a poor performance on a unit test—even before a student might.

The changes made a massive difference: “[B]y the beginning of 2016, SNHU was closing in on \$450 million in revenues—a 55 percent compounded annual growth rate for the past five years.” The school is routinely lauded by *U.S. News & World Report* as a top innovator in higher education, and *Fast Company* named SNHU one of the most innovative organizations in the world, full stop.

QUICKBOOKS AND MINI PEANUT BUTTER CUPS

Christensen discusses other case studies in this chapter, including consultancy Franklin Covey, which realized its job is to help HR and learning professionals’ work “to matter—and to be *acknowledged to matter*—in implementing their companies’ most important priorities.” Intuit developed its small-business accounting software QuickBooks after figuring out its customers were hiring its *personal* financial software product Quicken to do the job of managing their business accounting in an efficient manner they could trust.

Jobs Theory bears out even on a broad consumer-product basis, Christensen argues. Nielsen releases an annual list of Breakthrough Innovation Reports, using data it gains from tracking more than 20,000 new product launches from 2012 to 2016. In that period, Nielsen found only 92 of those products sold more than \$50 million in their first year and sustained sales in year two.

“On the surface the list of breakthrough winners might seem random—International Delight Iced Coffee, Hershey’s Reese’s Minis, and Tidy Cat Lightweight, to name just a few—but they have one thing in common: Every single one of them nailed a poorly performed Job to Be Done.”

04

CHAPTER FOUR

JOB HUNTING

So where are all these jobs just waiting to be discovered—and where do you find them? The solution lies not in the tools you’re using, but in what you are looking for and how you piece your observations together.

In the second three-chapter section of the book, Christensen explains the hard work—and payoff—of applying Jobs Theory. How can a company go “job hunting,” so to speak, and uncover an innovation opportunity?

He offers a sampling of ideas: “seeing jobs in your own life, finding opportunity in ‘nonconsumption,’ identifying workarounds, zoning in things you don’t want to do, and spotting unusual uses of products. Innovation is less about producing something new and more about enabling something new and important for customers.”

A decade ago, consultant Bob Moesta—one of the people who worked on the milkshake project in Chapter 1—was tasked with boosting sales for new homes and condos for a midsize Detroit-area builder. The company had been targeting downsizers like retirees or divorced single parents. The market was increasingly difficult, as the area felt the real estate pinch long before the rest of the country, and the unemployment rate was almost three times the national average.

The builder felt the units were priced well, and they offered prospective buyers a slew of high-end touches like granite countertops and stainless steel appliances that they could choose

themselves. The sales team was well-staffed, and marketing had spent good money on ad campaigns.

But the units weren't moving. "Should we add bay windows? More bells and whistles?" the builder asked focus groups. "Sure," they said. So the architect scrambled to add bay windows. Still nothing. "It was easy to speculate about myriad reasons for poor sales," including bad weather or bad salespeople.

But Moesta came in and flipped the script. He wanted to learn what the few existing buyers had hired these condos to do, so he diligently conducted dozens of interviews. He concluded that "[t]here wasn't a clear demographic or even psychographic profile for one of the company's new-home buyer[s]" other than general downsizers.

"But the conversations revealed an unusual clue: the dining room table." The prospective buyers who window-shopped the units kept telling the builder that they wanted the large second bedroom and the breakfast bar, but "they were stressed about what to do with their existing dining room table." Prospective buyers kept saying as soon as they could figure out what to do with their dining room table, they were free to move. Moesta couldn't figure it out; often these were well-used, out-of-fashion tables seemingly destined for the junkyard.

"But as Moesta sat at his own dining room table with his family over Christmas, he suddenly understood. Every birthday was spent around that table. Every Christmas. ... Even the dings and scratches all had a story. The table represented family. The life they had built together."

It was a "wow moment" for Moesta. In thinking about moving, these prospective buyers faced the idea of discarding memories built over a lifetime. "I realized we were instead in the business of moving lives."

Armed with the knowledge of the Job to Be Done, the builder ordered the architect to make space for a classic dining room table by minimizing the size of the second bedroom. Additionally, the

company provided moving services, two years of storage and a sorting room on premises, all designed to reduce the anxiety of the move.

“Everything was designed to signal to buyers: we get you.” And buyers responded to that. By 2007, as the real estate market was cratering, with sales down 49 percent, Moesta and his team had grown the business by 25 percent.

WHERE ARE THE JOBS?

Recall the mini-documentary thought exercise in Chapter 2. “You’re trying to capture the story of customers in their moments of struggle or desire for progress.” Here are five ways to uncover jobs that fit the bill:

1. **Finding a job close to home.** Big data is great, but some of the world’s top innovations came about through sheer intuition. For example, Sony’s founder eschewed market research and asked teams to “carefully watch how people live, get an intuitive sense as to what they might want and then go with it.” The result: Sony ignored the market research that said customers would never buy a personal music device that couldn’t record audio. Instead, the company released the Walkman, which eventually sold more than 350 million units.
2. **Competing with nothing.** Consider the Southern New Hampshire University and Airbnb examples from previous chapters. Sometimes, customers opt to do nothing because they can’t find a solution that satisfies their job—and that means a huge opportunity, not a lack of a viable market.
3. **Workarounds and compensating behaviors.** Spot customers who are jury-rigging products or performing compensating behaviors to get a job done.
4. **Look for what people *don’t* want to do.** “Negative jobs” are ripe for innovation.

- 5. Unusual uses.** “You can learn a lot by observing how your customers use your products, especially when they use them in a way that is different from what your company has envisioned.” One example: Arm & Hammer baking soda began as a kitchen ingredient, but customers added it to laundry detergent, sprinkled it on the carpet and used it for all kinds of household tasks.

As discussed in Chapter 2, remember to think not only about the functional dimensions of a job but emotional and social facets, too. Addressing all three components is key.

05

CHAPTER FIVE

HOW TO HEAR WHAT YOUR CUSTOMERS DON'T SAY

Customers can't always articulate what they want—their motivations and decision-making are more complex than they can describe. Look at what they “hire” and “fire.”

So, the key is to understand on a deep level the customer's real Job to Be Done. But companies can't simply ask them; often, customers can't fully articulate what they want, and even when they say what they want, their actions may tell an entirely different story. “The challenge is in becoming part sleuth and part documentary filmmaker—piecing together clues and observations—to reveal the jobs customers are trying to get done.”

How does one discover those clues? Pleasant Rowland, the founder of the American Girl doll company, was urged to hold a focus group about what mothers of preteens thought of the idea: dolls, books and accessories based on historical periods. She listened as the mothers insisted their daughters would never want such a thing—and she ignored them, going on to sell American Girl to Mattel 13 years later for \$700 million.

Consider examples in your own life, too, Christensen suggests. If he asked you if you care about being environmentally friendly, you'd likely say yes; but if he opened up your cupboards, would your actual choices tell the same story? Many parents say they care about climate change, he explains, but they're thrilled to use the easy disposable diapers instead of cloth.

If what customers say is unreliable, the answer seems easy: Look at objective data about what customers actually do, right? But, Christensen argues, data about customer behavior focuses exclusively on the “Big Hire”—the moment a customer buys a product—and ignores the “Little Hires,” or the times when a customer actually uses the product.

“If a product really solves the job, there will be many moments of consumption. It will be hired again and again. But too often the data companies gather reflects only the Big Hire, not whether in reality it meets customers’ Jobs to Be Done.”

What’s more, a “customer’s decision-making process about what to fire and hire has begun long before she enters a store—and it’s complicated. There are always two opposing forces battling for dominance”:

- **The forces compelling change to a new solution:** The frustration or the problem to be solved “has to be substantial enough to cause [a customer] to want to take action.” Plus, the pull of the product or service to solve that problem must be strong, too.
- **The forces opposing change:** Many companies ignore two incredibly powerful forces: the habits of the present (“I’m used to doing it this way”) and the anxiety of choosing something new. (“What if it’s not better?”)

Christensen argues that innovators too often focus only on the forces pushing *for* change—they’re set on how to make their solution alluring—but they ignore altogether the forces blocking that change.

The online-only bank ING Direct understood this; the company “went to the extraordinary lengths” of opening brick-and-mortar cafés “to relieve customers’ anxiety about a virtual bank.” Customers can’t make transactions at the cafés, but they can use ATMs and speak with staff members—and, most importantly, they get the reassurance that ING is indeed a “real” bank.

To “map out these competing forces to get to the crux of your customers’ jobs,” Christensen suggests talking to customers “as if you’re capturing their struggle in order to storyboard it later.”

That’s what Airbnb did. Before launching, the company storyboarded 45 different emotional moments for hosts and guests. By laying out details of the situation—like who the hosts are and where they live, or whether the guests are greeted with soft music and a scented candle—the company is better able to understand the pushes and pulls involved in both the Big and Little Hires.

These little details are not arbitrary. “The moments of struggle, nagging tradeoffs, imperfect experiences, and frustrations in people’s lives—those are the *what* you’re looking for.” The *how* is “ground-level, granular, extended narratives with a *sample size of one*. Remember, the insights that lead to successful new products look more like a story than a statistic. They’re rich and complex.”

Christensen devotes the remainder of this chapter to an example of these rich details: an interview with a person who bought a mattress at Costco. This customer might be marked as an impulse buyer, and marketing decisions might be made around the theory that people buy mattresses on impulse.

But as Christensen shows in the interview transcript, the customer had, in fact, been thinking about the purchase for a year. The interviewer (Bob Moesta, the consultant mentioned in previous chapters) asked the customer to start explaining the circumstances of the customer’s struggle that led to his Costco purchase, following up frequently with incisive questions. “You said the weekend. Saturday or Sunday?” “Was your cart full at that point?” “Were you complaining to your wife about [the lack of sleep you were getting as a result of your mattress]?” “What was your wife doing at the time?”

In fits and starts, following a nonlinear path of questioning, a richly detailed story emerged: The customer bought his original mattress at Macy’s and ended up having buyer’s remorse within three years, thanks to neck and back pain, among other complaints. He traveled

37 weeks of the year for business last year and didn't have the pain while he was on the road. Going into a mattress store gives him anxiety because the high-pressure salespeople stress him out and the thought of germs on the floor sample mattresses makes him squeamish. He nearly bought a mattress via the daily-deals site Groupon to avoid the hassle. At Costco, he was able to feel the mattress by hand and ask his wife's opinion. "I know you're not sleeping, get it," the customer's wife said, and the customer reasoned that he could always return it to Costco easily if necessary. And so the deal was done.

Clearly, the Costco mattress purchase was not an impulse buy. "As incredible as it seems, because of the competing forces pushing and pulling his decision, it was easier for him to take that leap, never having [laid] on it, than it is to walk into the mattress store and lie down."

06

CHAPTER SIX

BUILDING YOUR RÉSUMÉ

Ensuring a product gets “hired” involves more than creating something with the right functionality—it requires enabling the right experiences for customers.

After a company has taken the pains detailed in the last chapter to fully understand the customer’s Job to Be Done, “the next step is to develop a solution that perfectly solves it.” And the solution must be as rich and complex as the job it purports to solve.

The specific details of both the job and the solution “are critically important to ensure a successful innovation.” Christensen breaks down both parts of this equation in a series of case studies throughout the chapter.

THE AMERICAN GIRL EXPERIENCE

He revisits the American Girl example from the previous chapter, citing an estimate that the company’s typical purchaser will spend more than \$600 in total. What makes them so special? It’s not the dolls themselves, Christensen argues, although they are well-made and come in a variety of ethnicities, among other features. While big companies like Walmart and Disney have tried to copy American Girl’s success by making similar dolls at a lower price, “to date, no one has made a dent.”

Why? “American Girl is able to command a premium price because it’s not really selling dolls. It’s selling an experience.” Christensen

and his wife personally even “splurge[d] on the dolls because we understood what they stood for ... connection and empowering self-belief—and the chance to savor childhood just a bit longer.”

These types of experiences make up a product’s “résumé,” explaining why it should be hired.

American Girl founder Pleasant Rowland and her team understood that, and they applied the theory to all parts of the customer experience—right down to the packaging. The dolls are packed in tissue paper, then placed in a sturdy box, and the box itself is wrapped with a belly band that adds two cents and 27 seconds to the packaging process.

Designers suggested to Rowland that the company simply print the doll’s name on the box to avoid the additional expense and time. “I said ‘you’re not getting it,’” Rowland says. “What has to happen to make this special to the child? I don’t want her to see some shrink-wrapped thing coming out of the box. The fact that she has to wait just a split second to get the band off and open the tissue under the lid makes it exciting to open the box. ... I just kept going back to my own childhood to the things that made me excited.”

American Girl is now “such a reliable growth engine” that the division accounts for 5 percent of Mattel’s total revenue and 25 percent of its profit. Competitors have been unable to unseat American Girl because “[t]hey thought it was a product,” Rowland says. “They never got the story part right.”

HOW TO CAPTURE THE RELEVANT DETAILS OF A JOB

American Girl has succeeded because it deeply understands both the requirements of the job and the complexity of the solution needed.

For the first half of the equation, companies should develop a “job spec” that “[includes] the functional, emotional, and social dimensions that define the desired progress, the tradeoffs the customer is willing to make, the full set of competing anxieties that must be overcome.”

This spec “becomes the blueprint that translates all the richness and complexity of the job into an actionable guide for innovation.”

HOW TO CAPTURE WHAT’S REQUIRED FOR A COMPLETE SOLUTION

Full solutions to jobs require not only a company’s product or service, but also “carefully designed experiences of purchase and use that overcome any obstacles a customer might face in hiring your solution and firing another.” So, Christensen argues, all solutions for jobs are really services—even for “product companies.”

THREE STEPS TO SUCCESS

1. **Uncovering the job.** As discussed earlier in the book, a job is the progress an individual seeks in a given circumstance.
2. **Creating the desired experiences.** Identify the experiences a service enables in each of the three core dimensions (i.e., functional, emotional and social, as previously discussed) to solve the job.
3. **Integrating around the job.** This means “[a]ligning [the company’s] internal processes with the job in order to provide the desired experiences.” When done correctly, this realignment makes it difficult for others in the market to copy and thus offers a competitive edge.

Companies that can successfully create solutions to jobs can, over time, transform their brand into a “purpose brand, one that customers automatically associate with the successful resolution of their most important jobs. A purpose brand provides ... a clear guide to your employees that can guide their decisions and behavior.”

A purpose brand is able to tell customers: “Look no further. Don’t even bother shopping for anything else. Just hire me and your job will be done.” And that’s the ultimate competitive advantage.

07

CHAPTER SEVEN

INTEGRATING AROUND A JOB

Organizations typically structure themselves around function, business units, etc., but true competitive advantage comes when companies build around a job.

In this final three-chapter section, Christensen explains how to organize a company based on the Job to Be Done.

It's clear that once a job has been identified, there is huge value in organizing a company's internal processes around that job, but it doesn't come easily to all firms. Most organizational processes are built around "improving efficiency or achieving a narrow outcome within a specific function. Business divisions are siloed from one another."

Reorganizing around the Job to Be Done, then, usually requires enacting deliberately defined processes and new mechanisms to coordinate those processes to work toward a job-centric goal.

THE MAYO CLINIC

Christensen offers as a case study his own experience at the Mayo Clinic, which he visited in 2015 for a nerve problem that stumped his doctor. Unlike most health care facilities, the Mayo Clinic puts someone in charge of the customer's process and experience.

This process person "took all the burden of figuring out who I needed to see, what data they'd need for that appointment, which

groups of specialists needed to talk to me together, and so on. She made it her problem to move me seamlessly through the day. ... Whatever anxieties I might have had navigating that visit—‘Will I see everyone today? Is it going to take two months for a follow up? Does my insurance cover this extra appointment?’ and so on—were eliminated.”

On the surface, the Mayo Clinic is organized around factors like doctors’ specialties. But the overarching organizational principle is “a *process* to get the right things in the right sequence to get the job done.”

TOYOTA SHOWS “THERE’S NO SECRET SAUCE”

“Processes are often hard to see—they’re a combination of both formal, defined, and documented steps and expectations and informal, habitual routines or ways of working that have evolved over time. But they matter profoundly.”

That’s why Toyota for years had an open-door policy, in which the automaker twice a month allowed competitors to tour every part of the manufacturing facility and even participate in a robust Q&A. “Nothing was off limits.”

A General Motors manager who attended one of the tours later told NPR “that he realized there were no special secrets to *see* on the manufacturing floors. ... ‘I think they recognized we were asking the wrong questions. We didn’t understand this bigger picture.’”

Resources can be easily measured, but “processes can’t be seen on a balance sheet. If a company has strong processes in place, managers have flexibility about which employees they put on which assignments—because the process will work regardless of who performs it.” That’s how McKinsey operates: The consultancy’s processes are so ingrained that its consultants can be plucked from any background and “plugged” into new situations “with confidence that they will deliver the needed results.”

SNHU AND METRICS OF SUCCESS

Similarly, metrics for success should be aligned with nailing the job the customer needs done. “Managers should ask what elements of the experience are the most critical to the customer, and define metrics that track [staffers’] performance against them.”

Christensen returns to the Southern New Hampshire University case as an example of adapting internal metrics. Before organizing around the Jobs to Be Done, SNHU “would have measured success in responding to prospective student inquires in terms of weeks. ‘How many packages got mailed out?’” And then the school would wait for interested students to take the initiative and reach out, at which point staffers would direct them to track down their past transcripts among other items. The onus was on the student.

But now, SNHU aims to call back potential applicants within 10 minutes. Staffers offer to track down transcripts. (SNHU eats the typical \$10 cost for that.) “Success is now measured in whether the university can come back to the prospect with transfer-credit determination and all other necessary information in a matter of days. But it’s far, far more successful because it’s focused around the prospective student’s Job to Be Done.”

HOW TO REALIGN

The task of realigning around a job-centric mission typically does not fall to one person. Traditional silos and structures are hard to break from, and that’s why large, top-down reorganizations typically are not successful.

When looking through the jobs lens, it matters less who reports to whom; the important thing is how different parts of the organization work together to deliver the service that successfully performs the Jobs to Be Done. It’s a “vital organizing principle.”

Overall, “the best way to move toward a more jobs-centric organization is to carefully set up and integrate the right processes, measure the right things, and over time embed jobs centrality in the culture.”

But this alignment isn't a one-time exercise. Solving for the job will likely change over time, so these processes need to be flexible in order for the organization to “continuously adapt and improve the experiences [they] deliver.”

08

CHAPTER EIGHT

KEEPING YOUR EYE ON THE JOB

Even great companies can veer off course in nailing the job for their customers, instead focusing on nailing a job for themselves. That's because they fall into believing three core fallacies about the data they generate about their products.

“The origin story of most companies typically involves an entrepreneur identifying an important and highly unsatisfied job and developing a creative way to solve it.” That’s how the ideas for Netflix, Airbnb, IKEA and other relatively recent successes came about—and the entrepreneur in a sense acts as both the CEO and the target customer in that moment.

So, Christensen argues, many companies at their inception are jobs-centric. But as they grow up, they may lose focus on the job that inspired that inception.

Christensen paraphrases Harvard marketing professor Ted Levitt’s theory: “People don’t want to buy a quarter-inch drill. They want a quarter-inch hole.” And famed management consultant Peter Drucker warned that customers rarely buy what a company thinks it’s selling.

The key point at the heart of these insights: There is “often a profound disconnect between the company and the customer.”

How do companies rooted in jobs-focused missions lose their way? Christensen blames three fallacies related to data interpretation.

1. Fallacy of Active Versus Passive Data

“Instead of staying cognizant of and focused on the type of data that characterizes the rich complexity of the job (passive data), growing companies start to generate operations-related data (active data), which can seduce managers with its apparent objectivity and rigor but which is far removed from the true picture of the job.”

2. Fallacy of Surface Growth

Over time, companies begin to make big investments in their customer relationships. But they turn customer-service calls, for example, into sales calls; the rep upsells the customer, pushing them into buying new products. On a larger scale, the company focuses on solving a broader set of customers’ jobs. That all translates into surface growth that may not last, rather than “staying focused on solving the core job better.”

3. Fallacy of Nonconforming Data

Data is hailed as a savior, but the tricky thing is that it “has an annoying way of conforming itself to support whatever point of view we want it to support.” Managers tend to focus on “generating data that conforms to their preexisting notions of the way they want things to be.”

Awareness of these fallacies is the first step in avoiding them, but constant, ongoing vigilance and intervention is required to prevent them from limiting innovation as a company grows.

09

CHAPTER NINE

THE JOBS-FOCUSED ORGANIZATION

A well-articulated job provides a kind of “commander’s intent,” allowing all employees to understand and be motivated by contributing to processes that help customers solve Jobs to Be Done.

When a company understands the core Jobs to Be Done that it solves for its customers, that understanding can become a rallying cry that aligns both individuals and the organization at large. Christensen calls it “an enduring innovation North Star.”

But most companies’ mission statements are generic and vague, so they don’t provide the required blueprint. “There’s nothing wrong with having a mission statement,” Christensen says, but it doesn’t have the capacity to guide organizations on an everyday basis.

A clear job spec does. It serves as “a focal point for employees to make the right decisions without being told specifically what to do each time.” The jobs focus “provides a language of integration” that allows teams across the organization to work together, with no translation required.

“Absent a specific directive, employees know how to balance the tradeoffs that necessarily come with any new initiative. What’s most important? What can’t we compromise on? What’s the ultimate goal,” and my role in achieving it?

The job spec provides a compass of sorts, which is especially important when unforeseen scenarios arise.

Christensen offers General Motors' OnStar service, which provides emergency assistance and navigation, among other motorist aids, as a case study. When Hurricanes Katrina and Rita hit in 2005, Jobs Theory helped the OnStar team quickly figure out how to solve their customers' Jobs to Be Done.

Katrina hit first, in August 2005, and it was OnStar's first experience with a major natural disaster. The OnStar call center was flooded with calls from customers, some of whom called in a panic asking for directions—only to be told they would need to upgrade to a plan with real-time navigation included.

By the time Rita was approaching, shortly after Katrina hit, it was clear to OnStar that these were crisis events, not individual subscriber problems. Extreme weather events are easy ways to convince customers to upgrade their service, but that “didn't feel right to the people delivering the services—it wasn't consistent with the job they were being hired to do.”

“So the employee in charge of that part of the OnStar business simply made a decision to immediately offer anybody calling from a crisis area all the services that OnStar offered, without requiring any upgrades to her current plan. It was so clearly the right decision, [OnStar founding CEO Chet] Huber says, ‘it was about a 15 second conversation in my office. I can't imagine many organizations in which that would be possible.’”

Implementing that decision wasn't easy from a technical perspective. The team had to “MacGyver” solutions on the fly, which included creating a system that would detect whether a caller was in the affected area and automatically divert them to a specialized call-center team ready to share emergency information like evacuation routes.

“Making that happen was not simple. But the difficulty of the challenge never undermined the clarity of its purpose. ... As Huber sees it, the Job to Be Done served as a compass.”

Christensen refers back to Southern New Hampshire University once again, sharing a story about a career-services advisory staffer who was working with a student who said she was running out of money. The student was a single mother without much of a support system, and she was in trouble. The advisor decided on her own to buy the student a \$200 gift card from a local grocery store.

In another SNHU example, a tech help-desk employee and an advisor were working with a student who was very ill. She was just a few credits shy of completing her degree, and the pair of staffers “took it upon themselves to present a case to the dean that the student had completed enough work to finish her degree. When they got approval, they personally flew to present her diploma to her while she was in the hospital.”

These individuals weren’t told to take these actions. But they understood the Job to Be Done, because it was core to the company’s culture. When the job has the main voice in the organization, “individual work streams have meaning and employees understand why their work matters.”

Organizations that are focused on a clear Job to Be Done enjoy four key benefits:

- **Distributed decision-making:** Employees throughout the organization are empowered to make good decisions that align with the job, and to be autonomous and innovative.
- **Resource optimization:** The jobs focus shines a light on which resources are aligned against what matters most and which are not, and enables them to be rebalanced accordingly.
- **Inspiration:** Solving a customer’s job is inherently inspiring to individuals in an organization, as it enables them to see how their work helps real people to make progress in their lives.
- **Better measurement:** With a focus on the job, people will naturally seek to measure and manage to more customer-centric metrics.

It can be difficult and time-consuming for leaders to articulate the Job to Be Done, and then to ingrain that into the culture. But the benefits are worth the work: “Once defined, your company’s statement of the job you exist to perform can be used as a guide for all leadership and corporate communications.” It’s core to how a company competes against luck.

10

CHAPTER TEN

FINAL OBSERVATIONS ABOUT THE THEORY OF JOBS

We've allowed ourselves to believe that successful innovation is the result of luck for far too long. It's time to topple that paradigm.

Christensen summarizes the previous nine chapters in the 10th, and he lists three goals for the final chapter:

- “First, I want to convey my enthusiasm for what the Theory of Jobs can accomplish for innovators, because it answers one of the most important questions that [has] bedeviled managers for decades: is innovation inherently a question of luck? Our answer is decidedly ‘No!’”
- “Second, I want to convey the boundaries of the theory—what it can explain, and what it cannot. This is critical. If the theory is applied beyond what the theory was designed to explain, it will lose its clarity and predictability.”
- “Third, I want to cultivate your curiosity—by showing you through illustration the depth and breadth of questions we can explore through the lenses of Job Theory.”

ON “THEORY”

Christensen explains how some readers may wrongfully believe “the word ‘theory’ connotes a series of equations or a formula”—that is, deductive research that begins with a “core proposition of causality” and searches for data to support or invalidate that proposition.

But other theories are built through inductive reasoning, and that's how the Theory of Jobs to Be Done came to be. Christensen couldn't start with a core proposition because he couldn't test it; failure in innovation is simply too common. Instead, "for two decades I have carefully and inductively observed what people who sold and bought things were trying to do, and tried to get answers to the question, 'Why?'"

Christensen knows some readers might criticize the book because "real stories of real people in real companies are not data of the sort that can be manipulated in a spreadsheet." But spreadsheets aren't necessarily the hallmark of a good theory; data reflects bias, and in fact, there is a complex story behind every number.

And "[w]hen the stories are told, they are *rich* in data. The insights from the right cases are deep. Numbers that were distilled from stories offer insights that are often shallow but broad."

THE BOUNDARIES OF THE THEORY

Christensen first speaks generally about the word "theory," explaining that theories don't emerge from minds fully formed; they evolve and improve with use. Anomalies that the theory can't explain are good things, because they force examination and improvement of the theory. And contrary to popular belief, anomalies don't necessarily disprove theories. "Rather, they point to something that the theory cannot yet explain."

For the Jobs Theory specifically, Christensen proposes "try[ing] to put boundaries around the word 'jobs' as we are using it. It is easy to slip into using 'jobs' to describe our attempts to understand a wide range of human motivations. But not everything that motivates us is a Job to Be Done."

As discussed at length earlier in the book, jobs take time and sometimes difficult work to understand properly. Christensen highlights two major problems to avoid when applying Jobs Theory—and tips for how to avoid those issues:

- First, a Job to Be Done should not be described in adjectives and adverbs. (Those might describe an experience but not a job.) A well-defined job is expressed in verbs and nouns. “We should aspire to be more honest” is a goal, not a job. “I need to ‘write’ books verbally, obviating the need to type by hand” is a well-defined job.
- Second, “defining a job at the right level of abstraction is critical to ensuring that the theory is useful. This can be more art than science, but there is a good rule of thumb: if the architecture of the system or product can only be met by products within the same product class, the concept of the Job to Be Done does not apply.”

To go back to the milkshake example back in Chapter 1, “I need to have a chocolate milkshake that is in a twelve-ounce disposable container” is not a job; it’s a need or a preference. All other possible candidates to do this job are other milkshake products.

Go one level of abstraction deeper to discover the job: “I need something that will keep me occupied with what’s happening on the road while I drive. And also, I’d like this to fill me up so that I’m not hungry during a 10:00 a.m. meeting.” The potential candidates for this job include bananas, bagels, doughnuts and more. The candidates are from different product categories, and that’s a good rule of thumb for determining the right level of abstraction.

Christensen delves into the depth and breadth of the theory’s applicability, explaining at a broad level how it may be used for happiness at home, public education, health care, and in our lives as they relate to politics and religion.

In conclusion, he explains the aim of the book is to help readers truly understand how innovation works: what causes it to happen. “If you know how innovation works—what truly causes innovation to succeed—your efforts don’t have to be left to fate.”

Entire industries like venture capital have been built around “the belief that innovation is essentially a game of playing the odds. But it’s time to topple that tired paradigm. I’ve spent twenty years gathering evidence that you can put your time, energy, and resources into creating products and services that you *can predict*, in advance, customers will be eager to hire.”

“Leave relying on luck to the other guys.”

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Inquiries
+1 404 816 5559