



RETHINKING INNOVATION

HOW THE 'JOBS-TO-BE-DONE' APPROACH DELIVERS DRAMATICALLY BETTER RESULTS



A recent survey by McKinsey found that 84% of executives worldwide consider innovation to be extremely important to their growth strategies, while 94% are dissatisfied with their innovation performance. Additionally, very few of them know how to improve the situation. Innovation is still largely a “hit or miss” endeavor that is costing companies billions of dollars each year. But it doesn’t have to be that way. The jobs-to-be-done (JTBD) innovation approach promises to remedy this situation.

Most companies don’t lack creativity or ideas; they lack focus. They lack clarity about where the best opportunities lie. It’s hard to differentiate, innovate, and grow in a predictable manner if you don’t know where to focus. It becomes a guessing game that leads to high failure rates, wasted time and resources, opportunity costs, and even reputation damage.

Study after study has shown that the key to successful innovation is having a clear understanding of customers’ unmet needs to guide the innovation process. It’s estimated that as much as 90% of new product failures are attributable to an inadequate understanding of customer needs¹. Why is it so hard for companies to understand what their customers want?

WHAT MOST COMPANIES (AND CONSULTANTS) GET WRONG

The number one reason why companies fail to adequately understand their customers’ needs is widespread confusion about what a “customer need” really is. People regularly confuse *needs* with *solutions*. For example, many people will point out that “No one could have told us they wanted an iPhone, or microwave,” or other new-to-the-world innovations. This is presented as proof that customers cannot tell us what they need or want. The problem with this line of reasoning is that iPhones and microwaves are *solutions*, not needs. While customers cannot tell us what the best product solution should be, they can tell us what they *want to accomplish*, i.e., their needs.

In most markets, customers don’t have the expertise to tell us what product solution would best satisfy their needs. That’s like asking patients to tell the doctor what treatment plan would best remedy their condition.

In a recent McKinsey survey of global executives:

84% agreed that innovation is extremely important to growth strategy

94% are dissatisfied with their innovation performance

Very few know how to improve the situation

Obviously, most patients are not qualified to do that; it's the doctor's responsibility. But patients can say what they want to accomplish with the doctor's help, such as heal a wound, clear up a rash, or relieve a pain. A good doctor asks questions to discover the patient's symptoms and the cause of their condition. Obtaining this information is essential for developing an effective treatment plan. Failing to conduct a diagnosis before implementing a treatment plan would be considered medical malpractice. Yet, as Harvard Business School professor Clayton Christensen has said, many companies routinely commit *marketing malpractice* by launching new offerings before they understand what their target customers are trying to get done².

OVERVIEW OF THE JOBS-TO-BE-DONE APPROACH

"The jobs-to-be-done approach captivates people. They see the output and go, 'Wow - this is really different! This is a different way of thinking.' There's actually some science and a unique skill set that goes into this that delivers information you can't get just having casual conversations with customers."

Jeff Baker, Head of Customer Insights, Category Management, and Strategy, Valvoline

The late great Harvard Business School professor, Theodore Levitt, used to tell his M.B.A. students: "People don't want to buy a ¼ inch drill; they want a ¼ inch hole!" This quote reveals the difference between a customer need and a solution. The "drill" is a solution. The solution could be a pick, a punch, a laser, or some yet-to-be-invented tool, but none of them is a customer need. The job of "making a ¼ inch hole" is the customer need. (Or, even more accurately, "making a ¼ inch hole" is just one step in a higher-level job such as "hang a picture" or "install a cabinet.") Customer needs are separate and distinct from solutions and, if we can keep this distinction in mind, we can turn innovation and growth into a predictable business process that consistently delivers results.

The JTBD approach has evolved from Levitt's insight (that customer needs are separate and distinct from solutions) into a robust front-end innovation process. It complements other best practices such as design thinking and lean startup and increases success rates 2 - 3 times³. JTBD is based on the insight that people buy products and services to get 'jobs' done. When we have a job to be done, we look around for a product or service to 'hire' to help us do it. A job is a task, objective, or goal to be accomplished, or a problem to be prevented or resolved. Jobs can be functional, emotional, or social; all three dimensions are important. Companies that excel at innovation understand the jobs their customers are trying to get done and help them get those jobs done better.

For example:

- Uber understands that people don't want to hail a cab; they want to get to a different location with ease. Airbnb understands that people don't want to rent a room; they want to stay in unique spaces and connect with members of the communities they visit. These insights, along with digital technology, have enabled both companies to help customers get their jobs done better than other options. And notably, these companies are delivering their innovative solutions with no investment in traditional hard assets like cars and real estate.

THE MARKET VALUATION OF AIRBNB IS ABOUT TO SURPASS MARRIOTT:



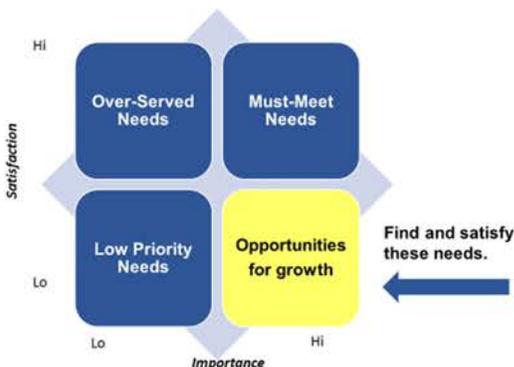
Valuations as of June 9th, 2017.

- Nike understands that people don't want to buy athletic shoes and apparel; they want to become better athletes and feel like one. This has enabled Nike to drive growth with offerings that have nothing to do with shoes and apparel, but have everything to do with helping customers improve their athletic performance and feel better about themselves.
- People don't want to buy your products or mine; they want to get something done, have an experience, and feel a certain way. Every successful company is successful because it has figured out how to help its customers get their jobs done better than other alternatives.

As Tony Ulwick, CEO and Founder of Strategyn, has pointed out, for the purpose of innovation, a market should be defined as “a group of people who are trying to get the same job done,” not according to the products they use. For example, we know that Chief Financial Officers want to close their books in a timely manner. Some may hire accountants, others will buy software, and still others hire book-keepers to accomplish this but, regardless of the solutions they use, the market is “CFOs who want to close their books in a timely manner.” This focus enables companies to create new value by helping customers get a job done better. It also reveals a broader market than the narrower category definitions used by most companies. This is only possible because customer jobs (needs) are separate and distinct from solutions.

Because customer jobs are separate and distinct from solutions, a comprehensive set of customers' jobs can be obtained in any given market regardless of what product solution people currently use. Once the target customers' jobs have been obtained, a web-based survey is deployed to a representative sample of target customers. Customers rate each job statement for its *importance to get done*, and the customers' satisfaction *getting it done* with their current solution. The more important a job is, and the less satisfied customers are with their ability to get it done, the greater the opportunity for innovation and growth it presents. Figure 1 illustrates how opportunities can be identified and ranked in any market with clarity and precision. This enables companies to identify the best opportunities in a market (important unsatisfied needs) and avoid wasting time and money pursuing needs that are unimportant or already satisfied. Instead of generating hundreds of dubious ideas and trying to determine which are viable through a process of rapid prototyping, companies can now identify the best opportunities in the market upfront and focus their attention on developing great solution ideas to address the known opportunities.

The Reveal Growth Process™



Great strategies and innovations are created by identifying big market opportunities and then applying unique company capabilities, thereby delivering superior value to customers. The jobs-to-be-done approach enables companies to do this systematically. It provides teams with the focus they need to apply their creativity and expertise to the issues that customers care about most.

HOW THE JTBD APPROACH COMPLEMENTS OTHER METHODS

Current innovation practices such as design thinking and lean startup encourage companies to start prototyping as soon as possible in order to identify and/or validate customer needs. In many cases, this is a mistake because launching a prototype to identify or validate customer needs conflates two “experiments” and can unwittingly render both ineffective. Such experiments are flawed because they attempt to find and

validate customers' unmet needs while also testing the efficacy of a solution to address the unvalidated needs. This makes it difficult to determine why a prototype fails to capture interest from a target market.

For example, if your product is not received well by customers, is it because the customer needs that you thought were important are really not important? Or is it because the customer needs that you thought were unsatisfied are already satisfied by current products? Or is it because your solution is simply not effective at addressing the customers important unsatisfied needs? The only way to find out – and take appropriate action – is to talk with customers to discover what they are trying to get done, feel, and experience, and *you don't need a prototype to do that*. World class innovators verify the job to be done before experimenting on solutions.

Consider how most successful pharmaceutical companies execute the scientific method when developing a new drug. They identify a problem within the population that they believe their competencies can address, a problem that is known to be important and unsatisfied, and has a large enough market to justify their investment. Then, and only then, do they turn to developing and experimenting on drug formulas to see what works. The jobs-to-be-done approach makes it possible for all companies to execute the same rigorous scientific approach to innovation. It gives product designers the focus they need to apply their creativity and expertise to the issues customers care about most. "Failing faster" becomes a more robust validated learning process because each experiment tests only the solution's efficacy, so companies can determine why a prototype isn't performing well.

It's worth noting that one of the reasons for Thomas Edison's phenomenal success was his commitment to executing innovation "needs-first." Edison made it a point of validating his target customers' important unsatisfied needs before spending time and money inventing solutions⁴. His famous quote, "I haven't failed. I've just found 10,000 ways that won't work." referred to his experiments on solutions that *targeted already known opportunities*.

"Anything that won't sell, I don't want to invent. Its sale is proof of utility, and utility is success."

Thomas Edison

WHEN JOBS-TO-BE-DONE IS MOST APPROPRIATE

The JTBD *thinking* is helpful for every leader because it:

- Helps companies shift their focus from what they do to what their customers want to get done
- Explains why people buy what they do
- Guides product teams to develop products and features customers want
- Enables marketing teams to create messaging and positioning that connects

The benefits from applying JTBD thinking can be quite significant.

“One of the most important things that came out of our work with Urko, that enabled us to create new services and revenue, was a shift in our mentality from focusing on what we know how to do to what the client is trying to get done. Instead of saying “Here’s the audit report,” now we ask, “What is the client trying to get done with the audit report and how can we provide good business advice along with that work product?”

Darci Congrove, Managing Director, GBQ Partners

To determine if an investment in JTBD research is warranted depends on two factors: how well you understand the opportunities in your market and how serious the consequences of failure would be if you get it wrong. Leaders must discern the difference between what is truly known about the customers’ needs and what is simply believed to be true (what is the evidence?). The more complicated your customers’ needs are, and the more severe the consequences of failure would be, the more important it is to clarify your target customers’ JTBD upfront to guide the growth strategy and innovation process.

SUMMARY

Innovation will remain a hit-or-miss endeavor until companies learn how to execute it in two steps:

- 1) First, identify the target customers’ unmet needs (jobs to be done), then
- 2) Develop solutions that satisfy those unmet needs better than other options

The JTBD approach enables companies to reliably execute both steps and thereby engineer the elusive “product/market fit” that every innovator and entrepreneur seeks. It enables companies to:

- Dramatically increase new product success rates
- Clarify where to focus and what to do to create unique value
- Prevent wasting time and money developing ideas that customers don’t want
- Increase the effectiveness of all downstream activities – idea generation, competitive analysis, messaging and positioning, sales, etc.
- Establish competitive advantage
- Drive revenue growth

The best creativity trigger is a well-defined customer need.

LEARN MORE

Additional insights on innovation and growth strategy:

- [A Better Way to Formulate ‘Blue Ocean’ Strategies](#)
- [The One Thing You Must Do to Remain Flexible in Disruptive Times](#)
- [Why ‘Failing Faster’ is Often Folly](#)

ABOUT THE AUTHOR



Urko Wood is founder and president of Reveal Growth Consultants which helps clients differentiate, innovate and grow using the jobs-to-be-done innovation approach. For nearly seven years prior to starting Reveal, Urko was a Strategy Advisor at Strategyn, the pioneer and leader of the jobs-to-be-done approach. Some of his clients have included Battelle Memorial, Becton Dickinson, Cintas, General Motors, Herman Miller, Ingersoll Rand, Microsoft, Morgan Stanley, and NetJets. He can be reached at uw@revealgrowth.com.

Footnotes:

- 1 – *Nail It Then Scale It*, by S. Furr and P. Ahlstrom, Self-published, 2011, pp. 26.
- 2 – *Marketing Malpractice: The Cause and the Cure*, by Christensen, Cook, and Hall, Harvard Business Review, December, 2005.
- 3 – Ask us for the studies that document this.
- 4 – *Ideas-first or Needs-first: What Would Edison Say?*, by Sarah Caldicott Miller, White Paper, 2009. Also see "[Are You Making Something Usable? Does Anyone Care? \(Part 3\)](#)", an interview with Urko Wood in *Forbes*. (See interview and 2nd comment entered by Sarah Miller Caldicott, January 21, 2013).

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