

Strategyn's Jobs-to-be-Done Story

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Introduction

Early in my career as a product engineer, I experienced the ultimate professional disappointment: for 18 months I put my heart and soul into creating a product that failed in the marketplace.

It was 1984, and I was part of the IBM PCjr development team. We were working on a product that was supposed to revolutionize home computing. In advance of its release, the *Washington Post* wrote, “the PCjr will quickly become the standard by which all other home computers are measured.” So you can imagine my surprise when, the day after we introduced the PCjr, I woke up to read the headlines in the *Wall Street Journal* declaring, “**PCjr is a flop.**”

I was shocked! As we learned over the next few months, they were right. It was a flop, an embarrassment that cost IBM over a billion dollars and put a blemish on its reputation.

The **humiliation of failure** had a profound effect on me. I was determined to never let that happen again. In the weeks that followed I wondered how the *Wall Street Journal* had been able to see this correctly, and so quickly. It occurred to me that if we knew what metrics they (and potential customers) were going to use to judge the value of our product well before we introduced it, we would have the opportunity to design our product to address those metrics and achieve a positive result.

This set me on a mission: *I wanted to figure out a way to **identify the metrics** that customers use to **judge the value** of newly released products early on in the product planning process.*

Over the next five years, I studied and tried out many new tools that looked promising, including voice of the customer, quality function deployment (QFD), TRIZ, Six Sigma, and conjoint analysis. I studied everything that was written about these tools and used them in my product planning activities. I conducted hundreds of customer interviews and dozens of quantitative studies. I also worked with IBM statisticians to learn how to best apply conjoint, factor, and cluster analysis to segment markets in a meaningful way. I worked as an internal IBM consultant, using what I learned to help different internal teams formulate market and product strategies. IBM management was very supportive throughout this process, which is something I appreciate to this day.

It was in North Sydney, Australia, with an IBM team in 1990 when I had a mental breakthrough. Six Sigma thinking seeks to improve the quality of the output of a process by identifying and removing the causes of defects. It uses a set of quality management methods, mainly empirical, statistical methods, to address process deficiencies. It occurred to me that we could apply *Six Sigma and process control principles to innovation* if we studied the process that people were trying to execute when they were using a product or service, rather than studying the product itself. Once we made the process the subject of our investigation, we'd be able to break it down into process steps, study each step in detail, and attach metrics to each step that we could measure and control in the design of a product.

I was so excited about this prospect that I struggled to sleep for days. As I thought about it more, I realized that to make this work I would have to figure out **how to uncover the metrics that customers use to measure success** and value as they go about executing these processes.

Validating The Process

In October 1991, I left IBM and founded The Total Quality Group. The goal of this one-man consultancy was to apply my newly envisioned process, which I called CD-MAP (to denote the concept of *customer-driven maps*), to product strategy and planning initiatives.

One of my first clients was **Cordis Corporation**, a company that was trying to reinvent its line of angioplasty balloon products. I interviewed interventional cardiologists to break down and analyze the process they went through to “restore blood flow in a blocked artery.” Through this qualitative research effort, I carefully constructed 75 uniquely defined customer need statements that I called desired outcomes. The statements described the metrics that interventional cardiologists were using to judge and measure their success as they tried to restore blood flow in an artery. With these customer-defined metrics in hand, I conducted quantitative research to discover which of those outcomes were underserved—important to the interventional cardiologists, but not well satisfied. I discovered several.

I then facilitated a series of strategy sessions to help the Cordis team use these insights to create a new product line. By mid-1993, the company launched 19 new products, all of which became number 1 or 2 in the market.

Cordis’ market share increased from 1 percent to more than 20 percent, and its stock price more than quadrupled. Needless to say, I was thrilled: this was validation that my method worked. Tying customer-defined metrics to the underlying process the customer was trying to execute was the key to success.

Advancing The Process

I engaged in dozens of innovation initiatives over the next several years, achieving similar results with companies such as Motorola, Pratt & Whitney, Medtronic, AIG, Allied Signal and Telectronics. Making process refinements with every application, I learned how to apply the process in multiple industries and for hardware, software, and service offerings. The process became very robust as I continued to rid it of inefficiencies and variability and established a strict set of rules for defining desired outcome statements. As the decade progressed, I decided to rename the company and offering to communicate its focus on strategy and innovation, and in 1999, the company became **Strategyn** and the data-driven process became **Outcome-Driven Innovation® (ODI)**.

Also in 1999 I was granted my first patent on the ODI process. It was the first of 12 patents I would eventually receive regarding my strategy and innovation process.

In late 1999, I had the distinct pleasure of introducing **Outcome-Driven Innovation** and our research and segmentation techniques to Harvard Business School professor **Clayton Christensen**. We met in his Harvard office on several occasions in the 5 years that followed. I introduced Clay to ODI and showed him examples of how the process was executed and the results it delivered our clients.

Clay was quick to key in on the fact that the focus of our approach was not on the customer or the product, but rather on the underlying process the customer was trying to execute, or, as he eventually came to call it, *the “job” the customer was trying to get done*.

Clay was kind enough to cite Strategyn and me as originators of these practices in his 2003 book, *The Innovator’s Solution*, in which he popularized the idea that people “hire” products to get a “job” done. To this day, Clay continues to be a proponent of Jobs Theory and a key contributor to its development.

Clay also introduced me to Mark Johnson and Matt Eyring, who I enjoyed working with on a number of joint activities in the early days of Innosight. I was honored that an offer was made to me to join Innosight as a partner in 2004, although I respectfully declined the offer. While Innosight’s focus on disruptive innovation was exciting, my focus on jobs-to-be-done theory and ODI remained my top priority.

In 2002, *Harvard Business Review* (HBR) published my article called ***Turn Customer Input into Innovation***, which described Outcome-Driven Innovation and its successful application at Cordis. The success of that article helped our team to grow Strategyn as a business and inspired me to write a book on Outcome-Driven Innovation called ***What Customers Want: Using Outcome-Driven Innovation to Create Breakthrough Products***. Released in 2005, this seminal book explained in detail how ODI transforms Jobs Theory into an effective innovation practice. Since that time I have had the honor of writing other articles that were published in *HBR* and *MIT/Sloan Management Review*.

The most rewarding part of my journey has resulted from being a hands-on ODI **practitioner**. That is my passion. I have led and continue to lead hundreds of innovation engagements with inspiring people in the world's most admired companies. Every week I have the privilege of learning from top thinkers in companies across a wide range of industries. In 2016, the Strategyn team and I have worked with companies such as B. Braun, HD Supply, Minitab, Twitter, Panasonic, Kawasaki, WL Gore, Momentive, The Medicines Company, Roche, Bayer, P&G, Medtronic, Oracle, Johnson & Johnson, Arm & Hammer, Harte Hanks, DePuy, Terumo, CA Technologies, and Pulte Group. I am a practitioner at heart.

Years of hands-on experience applying ODI have been the key to continued process improvement and our advancement of Jobs Theory. To this day my team and I have ongoing ODI best practice reviews to share our collective knowledge and improve our thinking, tools and practices. **Our goal remains the same—to transform innovation from an art to a science.**

In the September, 2016 *Harvard Business Review* article, *Know Your Customers' Jobs to be Done*, **Clayton Christensen** states, "Innovation can be far more predictable—and far more profitable—if you start by identifying the jobs that customers are struggling to get done".

Strategyn has collected data through formal research that supports Christensen's conclusion and shows just how much more predictable innovation becomes when using Jobs Theory and ODI.

To obtain this data, we engaged a Harvard Business School trained independent researcher to study the success rates of traditional innovation methods vs. our own innovation process, **Outcome-Driven Innovation**.

The results of that study showed that while the success rates of traditional innovation processes average **17 percent**, the success rate of Outcome-Driven Innovation is **86 percent**.

This means that 86 percent of the products and services launched by our clients using ODI were a success. This data validates Christensen's claim that the innovation process is more predictable if you start with a focus on the Job-to-be-Done. In fact, it is **five-times more predictable**. The reason for the success of ODI is simple: a company can dramatically increase its chances for success at innovation if it knows precisely what metrics customers use to measure success and value when getting a job done.

Here are the details of the study.

Jobs Theory & ODI Improves Innovation Success Rates

In order to accurately determine the success rate for traditional innovation processes, the researcher found success rate reports from 12 different sources, including the Harvard Business Review, the consulting firm Frost & Sullivan, the professional services firm PricewaterhouseCoopers, the Product Development Management Association (PDMA), the Corporate Strategy Board and others.

- **Frost & Sullivan** reported (i) that *only one in 300 new products* significantly impacts a company's growth and (ii) that **only 1% of new products recoup their product development costs**.
- The **Corporate Strategy Board** reported that over the past four decades, of the 172 companies that spent time in the Fortune 50, **only 5% sustained a growth rate greater than the growth rate of the gross domestic product**.
- PricewaterhouseCoopers reported that only **11% of all venture investments get to any capital liquidity**.
- **R.G. Cooper** reported that new products succeed **25%** of the time.
- The **Product Development Management Association (PDMA)** claims that new products succeed **59%** of the time.

The 12 sources studied and the innovation success rates they cited are summarized in Table 1.0.

Table 1.0: Traditional Innovation Success Rates

Source	Rate
Frost & Sullivan, "Growth Process Toolkit: New Product Development," 2008.	0.3%
Frost & Sullivan, "Growth Process Toolkit: New Product Development," 2008.	1%
Andrew Campbell and Robert Park, "Stop Kissing Frogs," <i>Harvard Business Review</i> , July–August 2004.	1%
Dr. John Sviokla, "The Calculus of Commerce," DiamondCluster International, Inc. 2004.	3%
Corporate Strategy Board, "Stall Points," 1998. Cited in Clayton Christensen and Michael Raynor, "The Innovator's Solution," page 5, <i>Harvard Business School Press</i> , 2003.	5%
Andrew Campbell and Robert Park, "Stop Kissing Frogs," <i>Harvard Business Review</i> , July–August 2004.	10%
Kevin J. Clancy and Randy L. Stone, "Don't Blame the Metrics," <i>Harvard Business Review</i> , June 2005.	10%
Corporate Strategy Board, "Overcoming Stall Points," 2006.	10%
PricewaterhouseCoopers, "Shaking the Money-Tree," slide 33, U.S. Venture Liquidity 2001–2007, Q3 2008.	11%
Average	17%
Dr. Robert G. Cooper, "Doing it Right," Product Development Institute Inc., 2006.	25%
Abbie Griffin, "Drivers of New Product Success," Product Development & Management Association, 1997.	59%
Dr. Robert G. Cooper, "Doing it Right," Product Development Institute Inc., 2006.	67%
Strategyn	86%

In order to study the success rate of our Outcome-Driven Innovation methodology, the researcher conducted interviews with representatives of 43 Strategyn clients that had used ODI to launch a product or service or to engage in an operational or marketing innovation initiative. No incentives were offered to those who participated, and to encourage candor, anonymity was assured.

The researcher asked companies to judge the success of the ODI initiative they undertook based on their choice of one of four success metrics: revenue, market share, customer satisfaction, or return on investment. The company representative was re-contacted to confirm agreement with the categorizations (i.e., successful or unsuccessful, the success metrics used, etc.).

Of 21 projects that made use of the ODI methodology and resulted in product launches, 18 were rated successes by the sponsoring company—an 86% success rate.

Five of these product launches received industry awards. I'll describe some of these projects as case studies for success later in this book.

Table 2.0: ODI Study in Brief

Strategyn clients interviewed	43
ODI-based products entered into development	49
Pending launch	28
Launched	21
Declared a success after launch	18
Success Rate	86%

The 21 launches were categorized as follows: new product (10), new service (1), product enhancement (4), service enhancement (4), and operational enhancement (2). For the three product launches that were considered unsuccessful, the sponsoring companies indicated that they did a poor job of executing the commercialization of the product.

ODI Track Record Details

Company	Industry	What was launched	Success Criteria	Case Study	Award	Success
Company A	Medical devices	New product	Revenue	✓		✓
Company B	Hardware	New product	Market share	✓	✓	✓
Company C	Software	New product	Revenue			
Company D	Financial services	New product	Customer satisfaction			✓
Company E	Industrial	New product	Revenue			✓
Company F	Medical devices	New product	Revenue	✓		✓
Company F	Medical devices	New product	Customer satisfaction	✓	✓	✓
Company G	Software	New product	Revenue	✓	✓	✓
Company H	Consumer electronics	New product	Revenue	✓		
Company I	Hardware	New product	Market share		✓	✓
Company J	Manufacturing	New service	Customer satisfaction			✓
Company F	Medical devices	Product enhancement	Revenue			✓
Company F	Medical devices	Product enhancement	Revenue			
Company K	Software	Product enhancement	Revenue	✓		✓
Company K	Software	Product enhancement	Revenue			✓
Company L	Medical services	Service enhancement	Customer satisfaction	✓	✓	✓
Company M	Business services	Service enhancement	Customer satisfaction			✓
Company N	Financial services	Service enhancement	Customer satisfaction			✓
Company O	Emergency services	Service enhancement	Revenue			✓
Company P	Aviation	Operational enhancement	ROI			✓
Company P	Aviation	Operational enhancement	ROI			✓
Subtotals				8	5	18
Total						21
Success Rate						86%

About



Anthony W. Ulwick

Anthony W. Ulwick is the founder and CEO of Strategyn, an innovation consulting firm based in San Francisco, California. He is the author of *What Customers Want* (McGraw-Hill, 2005), “Turn Customer Input into Innovation” (Harvard Business Review, January 2002), “The Customer-Centered Innovation Map” (Harvard Business Review, May 2008), and “Giving Customers a Fair Hearing” (MIT Sloan Management Review, Spring 2008). He can be contacted at ulwick@strategyn.com.

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