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The  
**5 - Step**  
Innovation Process

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That will  
**Transform**  
Your Business

How to consistently deliver breakthrough products.

# To be great at innovation, you need a great innovation process.

Unfortunately, for most companies, innovation remains a flawed business process, yielding failure rates that are consistently over 80%.

A recent survey found that over 90% of executives are disappointed with their innovation performance.

## The question is: Why?

What is the root cause of this failure that's keeping you stuck in the land of status quo?



80%+

of new products fail

# Innovation is the process of solving unmet customer needs.

But it fails because there is no agreement as to what a need actually is.

Companies struggle to predictably create winning products because they fail to define their customers' needs—and the outcomes they desire—with the rigor, precision, and discipline required to discover, prioritize and capitalize on opportunities for growth.

As a result, product and marketing managers still struggle to reach agreement on:

- What the customer's needs are
- Which of these needs are unmet—and to what degree

They also struggle to discover segments of customers with unique sets of underserved outcomes.

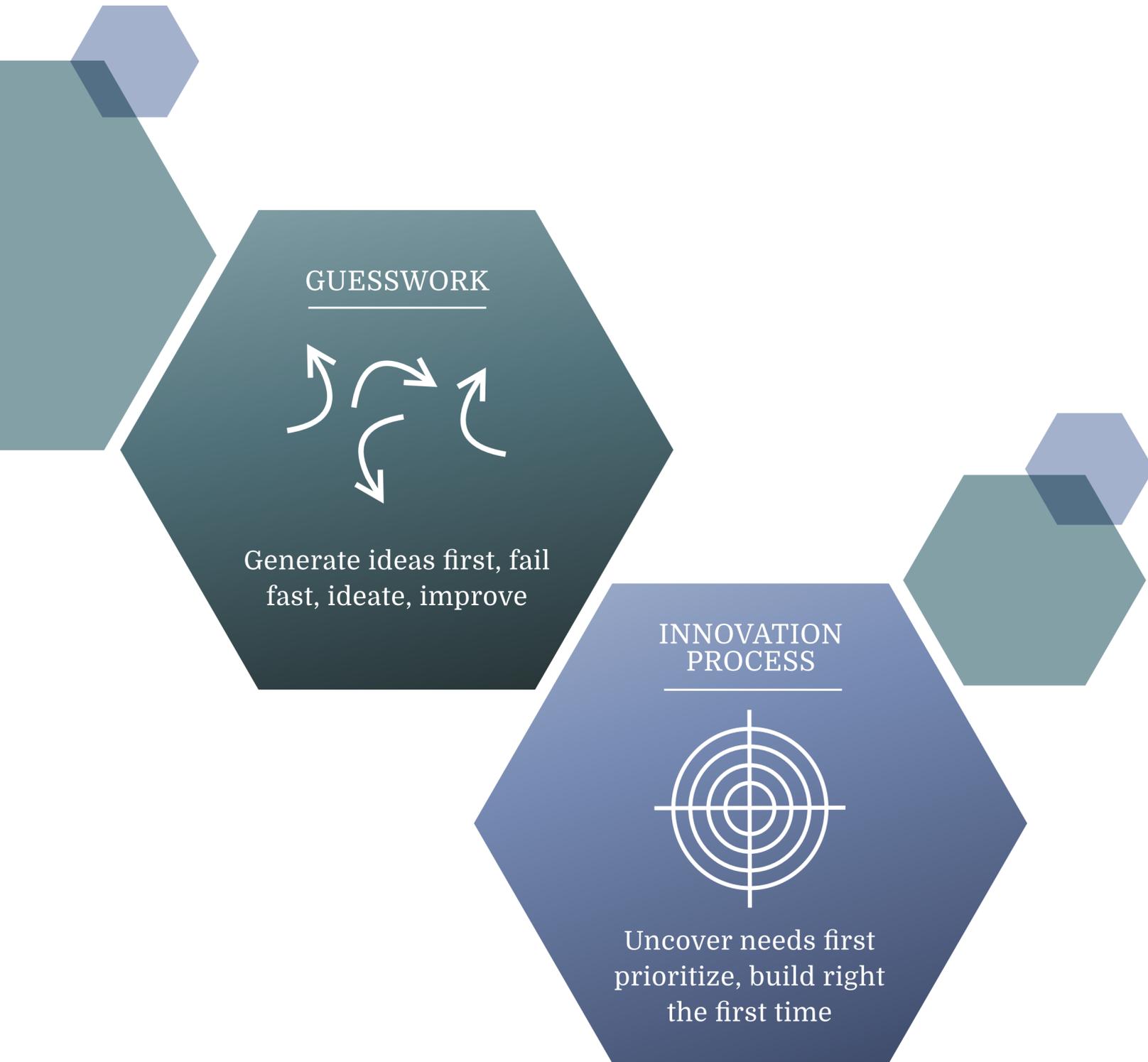
## GAIN CLARITY BY DEFINING CUSTOMER NEEDS AS DESIRED OUTCOMES

When customers buy a product service, they're trying to get a job done. They expect to achieve certain outcomes along the way as they complete that job. These are called desired outcomes. Customer needs become fully knowable and quantifiable when you define them as your customers' desired outcomes.

POLL RESULTS

Is there agreement on your product team as to what a customer "need" is?





## Take the guesswork out of innovation.

You need a clear, prioritized list of your customer's desired outcomes to effectively evaluate your ideas.

Without a system for evaluating which ideas are best, you're forced to guess at which solutions will win in the marketplace.

Not surprisingly, people often guess wrong.

Companies cope by adopting techniques like pivoting and failing fast—costing them resources, money, and time to market.

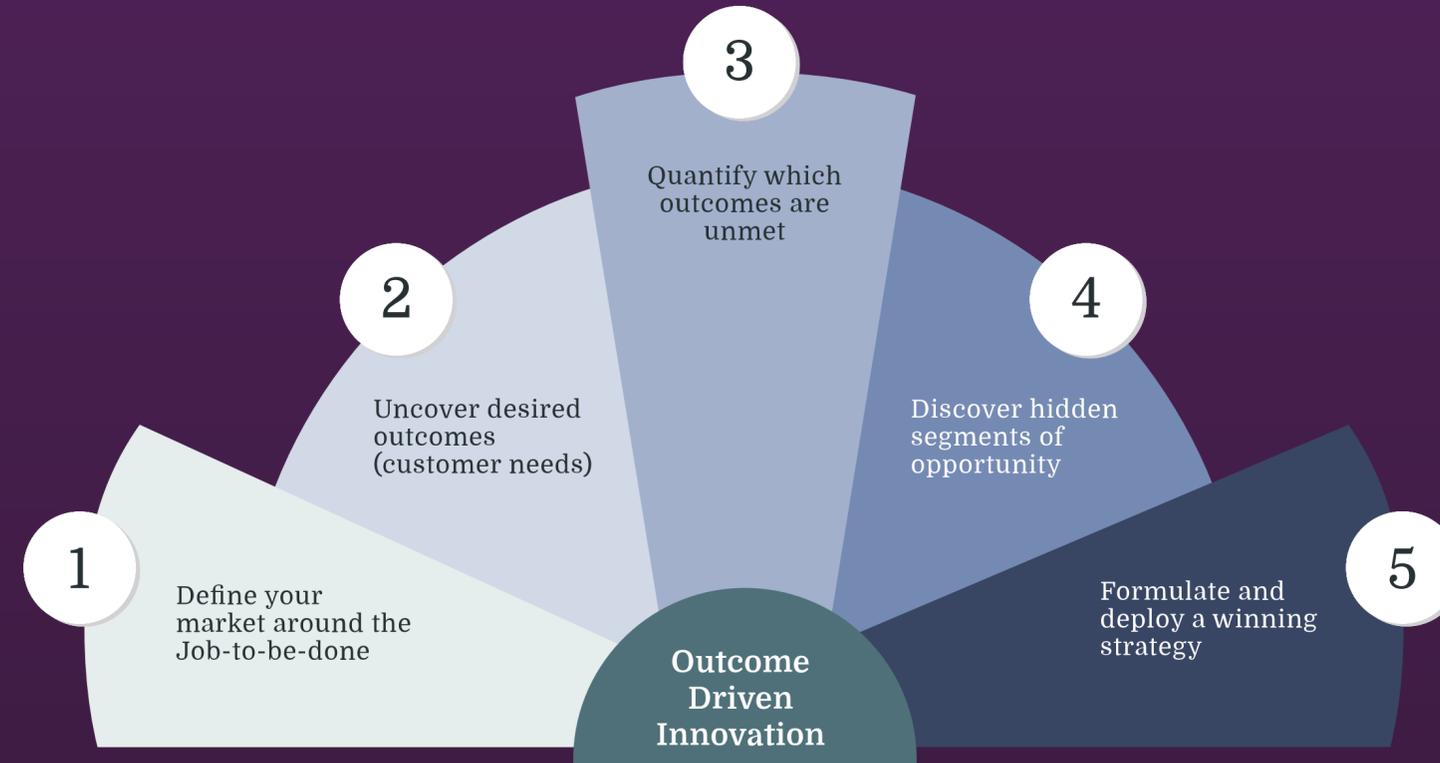
**The problem with innovation is clear:**

**Without knowing precisely what target you are trying to hit, your chances of actually hitting it are slim.**

When you focus on quantifying the outcomes customers desire as they complete their job, you suddenly have a **clear target for value creation.**

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Over the past 30 years, we created and battle tested a 5-step innovation process that does just that—it's called **Outcome-Driven Innovation.**



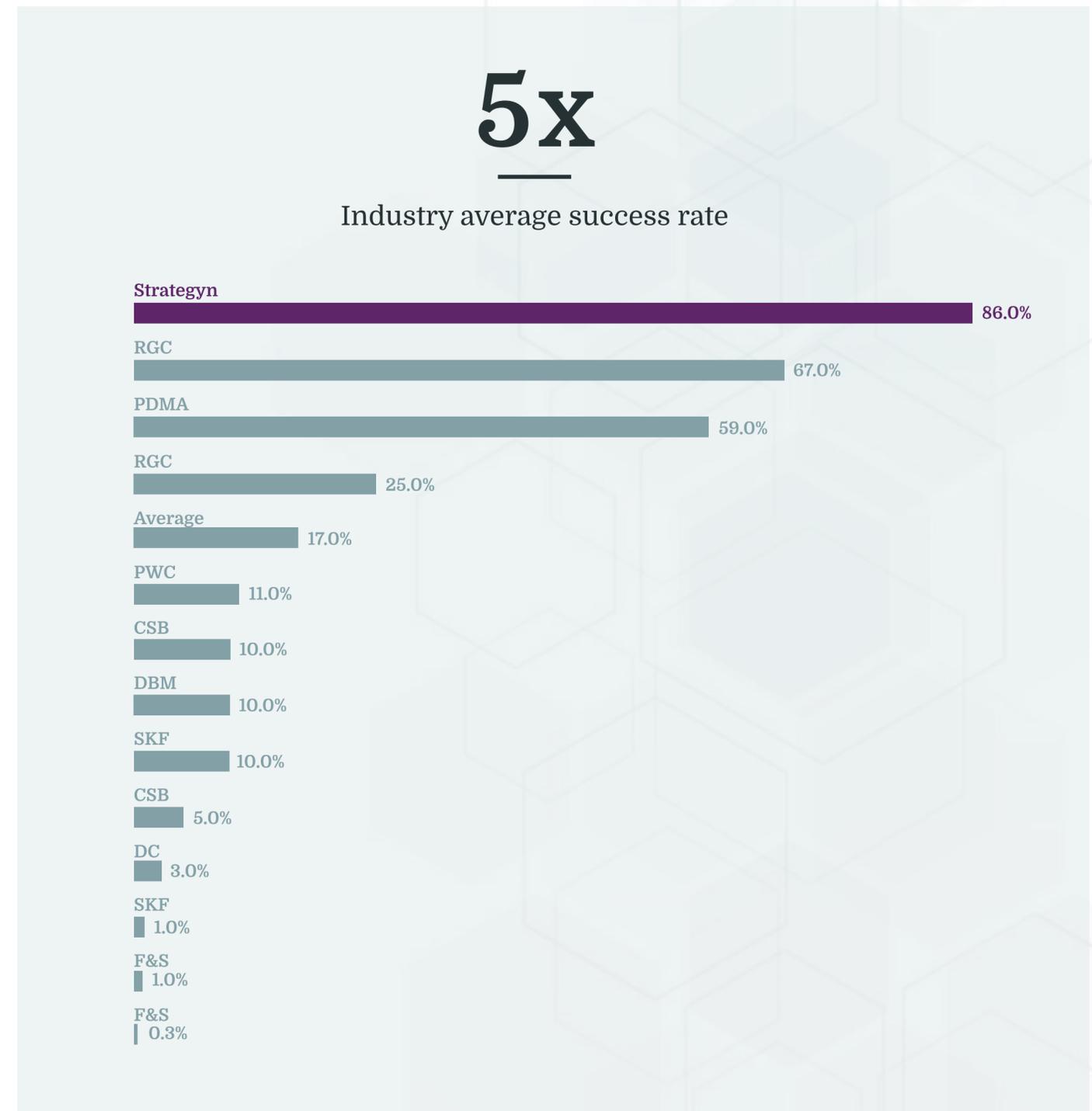
# 5 steps of the Outcome-Driven Innovation process

ODI informs companies how to create products and services that customers will want to buy—and predict which new products will succeed.

The Outcome-Driven Innovation process is comprised of five steps:

1. Define your market around the job-to-be-done
2. Uncover desired outcomes
3. Quantify which outcomes are unmet
4. Discover hidden segments of opportunity
5. Formulate and deploy a winning strategy

We've completed hundreds of successful projects for Fortune 500 companies around the world using this 5-step process.



## Step 1.

# Define your market around the job-to-be-done

Companies often define the markets they serve around the technology in their product offerings—a technology that one-day will become obsolete. Clearly, this approach is misdirected, but it's one that has been repeated by hundreds of companies over the decades.

A market, which is the target of everything a company does, should not be defined around something so unstable that it may only remain valid until the next product iteration.

After all, **where are Blockbuster and Kodak today?**

Your market should be defined around something that is stable for decades, making long-term strategic investments more attractive and providing your company with a vision for the future.

For this reason, ODI defines a market around the job-to-be-done.



**A MARKET =  
A GROUP OF PEOPLE +  
THE JOB THEY ARE TRYING TO GET DONE**

### MARKET EXAMPLES:



[Caregivers] who are trying to [care for seniors in their home]



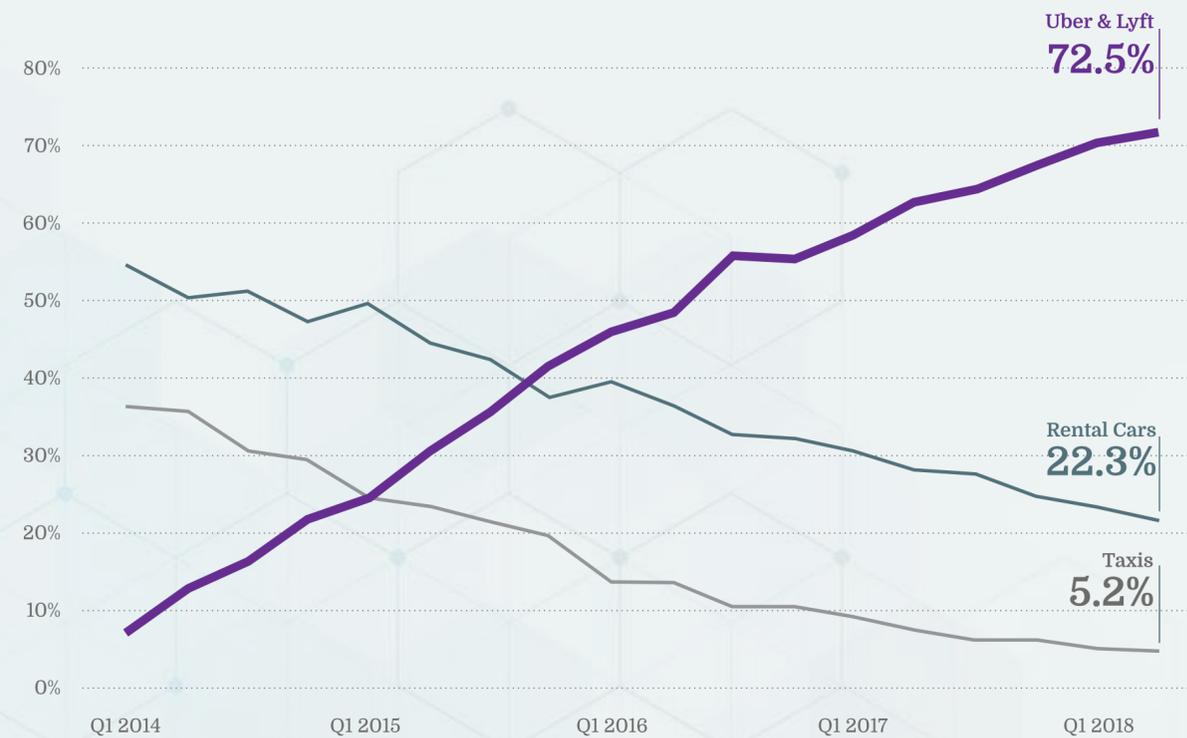
[Consumers] who are trying to [manage daily cash flow]



[Music enthusiasts] who are trying to [listen to music]



## Uber & Lyft Crush Taxis and Rental Cars % of Ground Transportation Travel Reimbursements



Source of data: Certify

## Rental car businesses largely got it wrong.

These companies have the product built right into the brand names: Hertz Car Rental, Enterprise Rent-a-Car.

But **renting a car is not the job that the customer is trying to get done—the job is to get to a destination without your own transportation.**

Uber and Lyft understood this job. It's even spelled out in Uber's Mission Statement:

"Transportation as reliable as running water, everywhere for everyone."

They innovated to solve for it in new and better ways, and are now starting to own the market. Meanwhile, Hertz has filed for bankruptcy.

Now, if Hertz or Enterprise had focused on the job of getting to a destination without your own transportation, they would have constantly been looking for new solutions to get this job done. And when Uber and Lyft came out, they may have bought these companies rather than competed with them.

## Step 2.

# Uncover desired outcomes

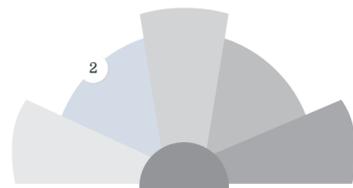
There is a common myth that customers don't know what they want. The truth is that while customers may not know what solutions they want, they most certainly know their needs related to getting a job done.

And customers want to get their jobs done perfectly.

For any given job, customers have many measures of success—often 100 or more. Each one of these desired outcomes describes how it's possible to get the job done better along a specific dimension, such as:

- Speed
- Predictability
- Efficiency
- Output
- Throughput
- Waste

**When you define customer needs as desired outcomes, you can finally understand all of your customer's needs.**



## TRANSLATING CUSTOMER NEEDS INTO DESIRED OUTCOMES

By studying what the customer is trying to accomplish, it becomes possible to capture a new type of customer need; the metrics people use to measure the successful execution of the job—the customer's desired outcomes.



## Example

# Why it works

By studying what the customer is trying to accomplish, it becomes possible to capture a new type of customer need; the metrics people use to measure the successful execution of the job—the customer's desired outcomes.

Remove an anatomical structure surgically

1

Establish initial access

1. Minimize the time it takes to gain access through the dermal layers
2. Minimize the time it takes to gain access through fascial layers
3. Minimize the time it takes to gain access through fat layers
4. Minimize the time it takes to gain access through muscle layers
5. Minimize the likelihood of damaging non-targeted structures when making initial access, e.g., organs, neurovascular structures, etc.
6. Minimize the time it takes to stop any bleeding that occurs when gaining access
7. Minimize the likelihood that bleeding disrupts access to the targeted structure, e.g., from muscle, small vessels, etc.

2

Gain visual access to the target structure

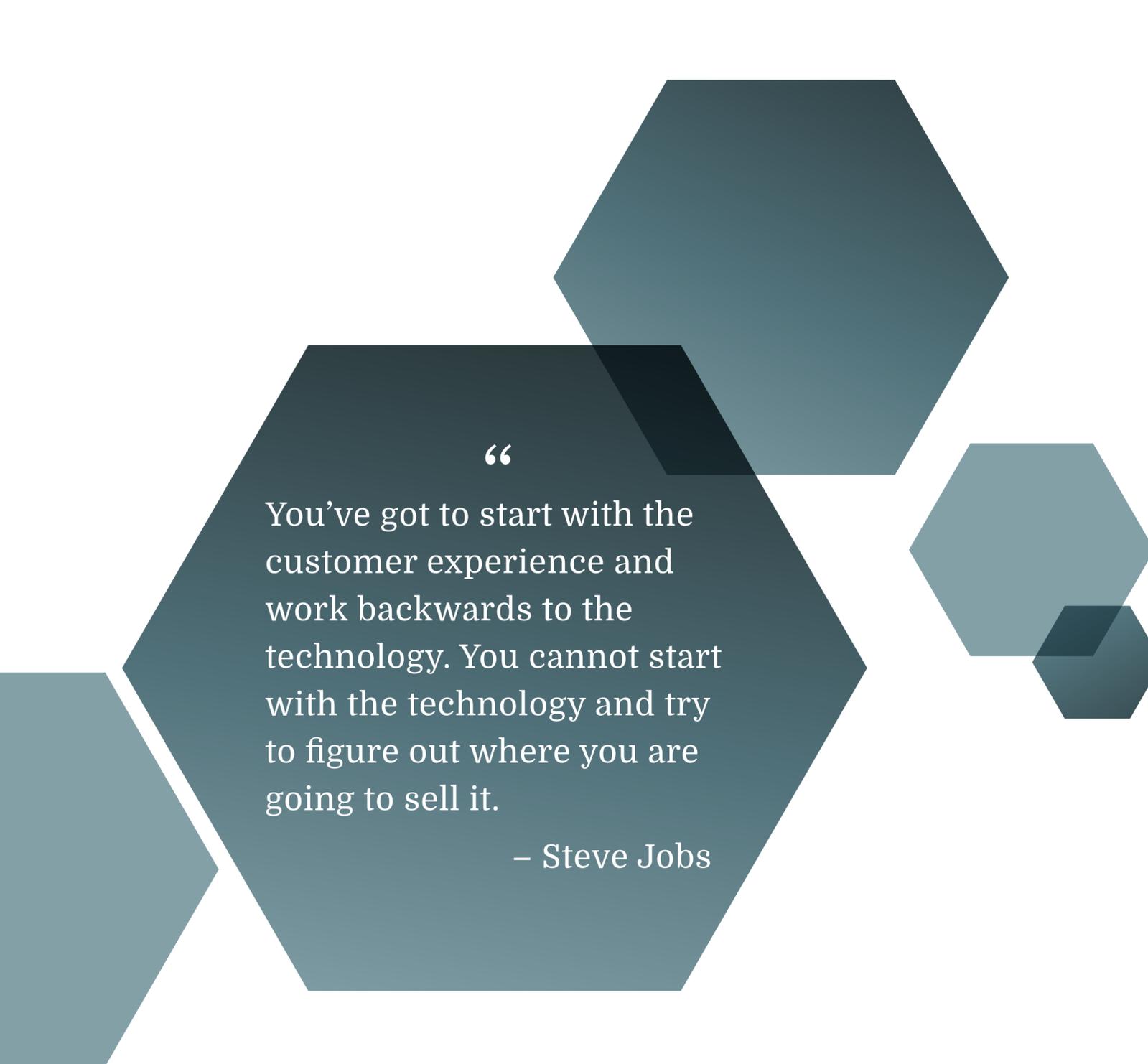
8. Minimize the time it takes to mobilize structures bound by adhesions that block access to the targeted structure
9. Minimize the likelihood of damaging structures when separating them from adhesions
10. Minimize the time it takes to move an adjacent structure out of the visual field
11. Minimize the likelihood of damaging structures adjacent to each other when separating them
12. Minimize the likelihood of impairing the function of another structure while gaining access to the target structure, e.g., organ function, blood flow, etc.
13. Minimize the time it takes to clear byproducts of establishing access from the surgical field,
14. Minimize the likelihood of damaging tissues when gaining access to the target structure, e.g., blood vessels, organs, muscle, etc.
15. Minimize the time it takes to verify the location of the target structure
16. Minimize the time it takes to determine if an abnormality is present in tissues around the target structure, e.g., tumor, metastatic disease, restricted blood flow, etc.

3

Define the pathway to the target structure

17. Minimize the time it takes to identify anomalies in the anatomy, e.g., variations in attachments, size, etc.
18. Minimize the time it takes to identify the physical location of the critical non-targeted structures that exist along the pathway
19. Minimize the time it takes to confirm that the procedure plan is feasible, e.g., target structure can excised, adhesions will not prevent access to the target structure, etc.
20. Minimize the likelihood of damaging blood vessels along the pathway to the target structure
21. Minimize the time it takes to determine where non-targeted structures should be separated from the target structure, e.g., ducts, ligaments, pedicles, etc.

... and 50-125 more outcome statements quantified and prioritized



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You’ve got to start with the customer experience and work backwards to the technology. You cannot start with the technology and try to figure out where you are going to sell it.

– Steve Jobs

## Steve Jobs understood the importance of starting with the customer.

He famously said, “You’ve got to start with the customer experience and work backwards to the technology. You cannot start with the technology and try to figure out where you are going to sell it.”

With roots in six-sigma thinking, the outcome-driven approach to innovation allows companies to do exactly that.

In manufacturing, engineers measure and control specific metrics to ensure a predictable process output. When it comes to innovation, the goal is to understand the metrics customers use to measure success when getting a job done. With a complete set of desired outcomes in hand, you are able to evaluate a proposed solution to determine just how much better it will address the customer’s desired outcomes.

**Using this approach, you can quantify the potential value of a proposed solution.** This makes it possible to predict—in advance of the development process—what ideas will succeed in the market.

### Step 3.

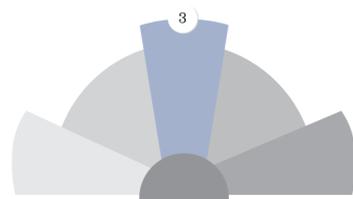
## Quantify which outcomes are unmet

Once there is agreement as to what a "need" is and what all the customer's desired outcomes are, the next step is to gain agreement on which outcomes are unmet.

The quantitative methods we created are designed to achieve the following goals:

- Discover opportunities to get the job done better (*underserved outcomes*)
- Discover opportunities to get the job done more cheaply (*overserved outcomes*)
- Quantify the degree to which each outcome is over/underserved
- Determine the strengths and weaknesses of competing solutions

**Knowing with statistical certainty which outcomes should be the focus of your value creation allows you to focus on exactly the right innovations** (while also reducing costs and ensuring efficient deployment of resources).



A desired outcome is **underserved** if it is important to the target population, but not satisfied by the solutions customers are using today.

A desired outcome is **overserved** if it is unimportant to the customer, yet very satisfied by the solutions customers are using today.



**BOSCH**

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It is highly unlikely that we would have focused on these outcomes, defined this feature set, or made the right trade-off decisions without having the benefit of Outcome-Driven analysis.



**OUTCOME**

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Minimize the likelihood that debris gets in the face when watching the blade track the line

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Minimize the likelihood that the blade guard snags material

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Minimize the likelihood that of inadvertently moving off the cut line/path

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Minimize the time it takes to make bevel adjustments

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Minimize the likelihood of snagging the cord on the material

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Minimize the cost of repairs due to cut cords

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Minimize the likelihood that debris is thrown up into the user's face when initiating the cut

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Minimize the time it takes to secure the saw when not in use

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Minimize the likelihood of dropping the saw when lowering it from a ladder/roof

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Minimize the likelihood of dropping a saw that is resting on a ladder/roof

**By understanding their customers unmet outcomes Bosch entered a competitive market with an award winning product.**

Imagine knowing with certainty the 14 most pressing needs of your customers.

That's exactly what happened with Bosch when they created the award winning cs20 circular saw.

In 2001, the Robert Bosch Tool Company decided to enter the circular saw market, which was considered mature and commoditized—nothing much had changed about circular saws in years. Unsurprisingly, the obvious customer needs were already covered.

But the Outcome-Driven Innovation process uncovered 14 highly underserved outcomes, including minimizing the likelihood that the blade guard snags material.

With these insights, Bosch was able to design their product strategy around very specific needs that were unmet by existing marketing solutions. And their ideation process only took a few hours.

**No more wasted time pivoting and failing fast.**

In 2004, Bosch successfully entered the North American market with what is today one of the top-selling and top-rated circular saws.

## Step 4.

# Discover hidden segments of opportunity

In nearly every market, certain people struggle more than others to get the job done because they encounter certain complexities that others do not encounter.

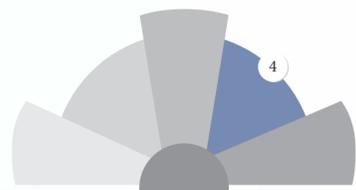
Knowing what those complexities are and which outcomes are underserved is the key to formulating an effective market and product strategy.

Using outcome-based segmentation, you can discover these hidden segments of opportunity.

They are "hidden" in the sense that they cannot be discovered by segmenting a market using demographic, psychographic, and behavioral or attitudinal customer data.

Nor can they be accurately described through the creation of personas or "compelling job stories" built around qualitative data and observation.

**Segmenting your markets into groups of people with unique sets of unmet needs allows you to pursue opportunities your competitors will fail to see.**



## Step 5.

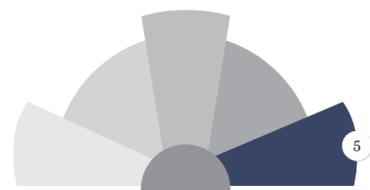
# Formulate and deploy a winning strategy

Your final step is to use all of the insights you've uncovered to build a winning growth strategy. A successful strategy should inform:

1. How to improve your existing products to satisfy the unmet needs in each outcome-based segment.
2. What new offerings to create to address remaining opportunities in the market.
3. What path you should take to create a solution that will eventually get the entire job done on a single platform.

**The Outcome-Driven Innovation process provides the insights you need to make all of these decisions efficiently and effectively**—so you can formulate the perfect

growth strategy.

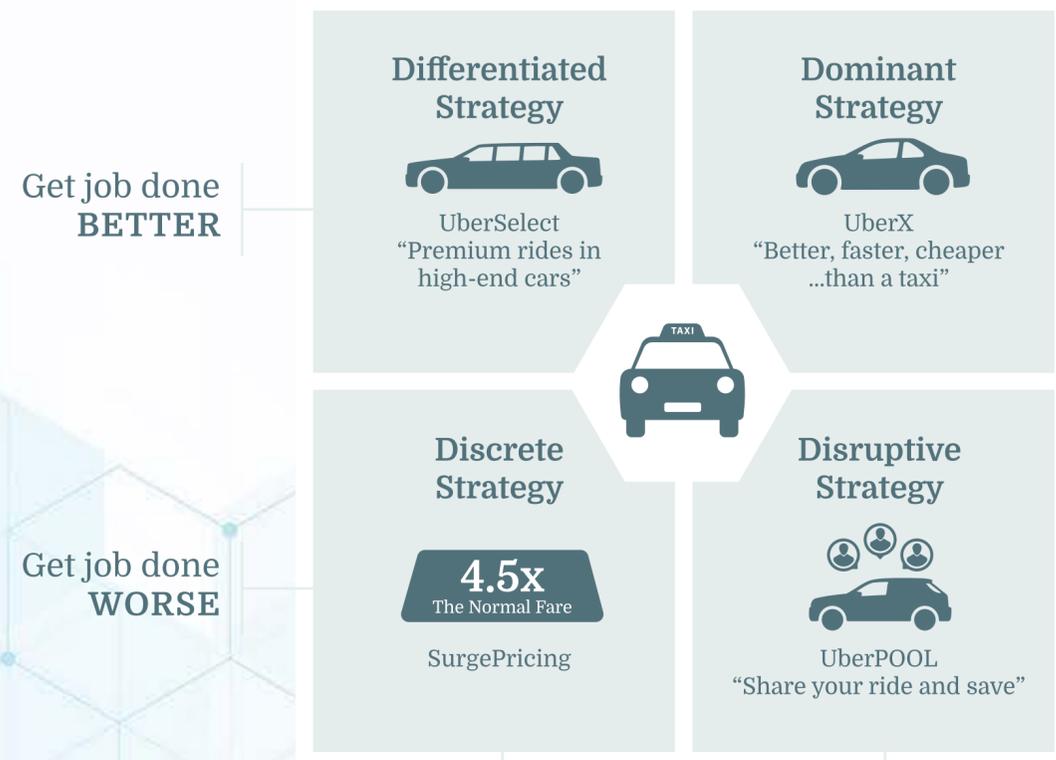


Get job done  
**BETTER**

Get job done  
**WORSE**



# Uber



## Uber used a portfolio strategy to transform the taxi business.

Rideshare company Uber's products have attacked the taxi business from all angles, pursuing multiple growth strategies at the same time.

Uber has created a variety of products that address both underserved and overserved segments of customers, as well as those willing to pay more and those that would like to pay less.

For example, UberSelect offers "premium rides in high-end cars," getting the job done better, but at a higher cost. This differentiated strategy appeals to customers that were underserved by other solutions in the market (e.g. taxis).

The company makes use of surge pricing, however, to maximize revenue during times of peak usage. This discrete strategy gets the job done worse and charges more, which only appeals to underserved customers with limited options.

Uber's growth strategy has clearly made a mark on the market.

# Finally, predictable innovation— and predictable growth.

The goal of innovation is to devise solutions that address unmet customer needs.

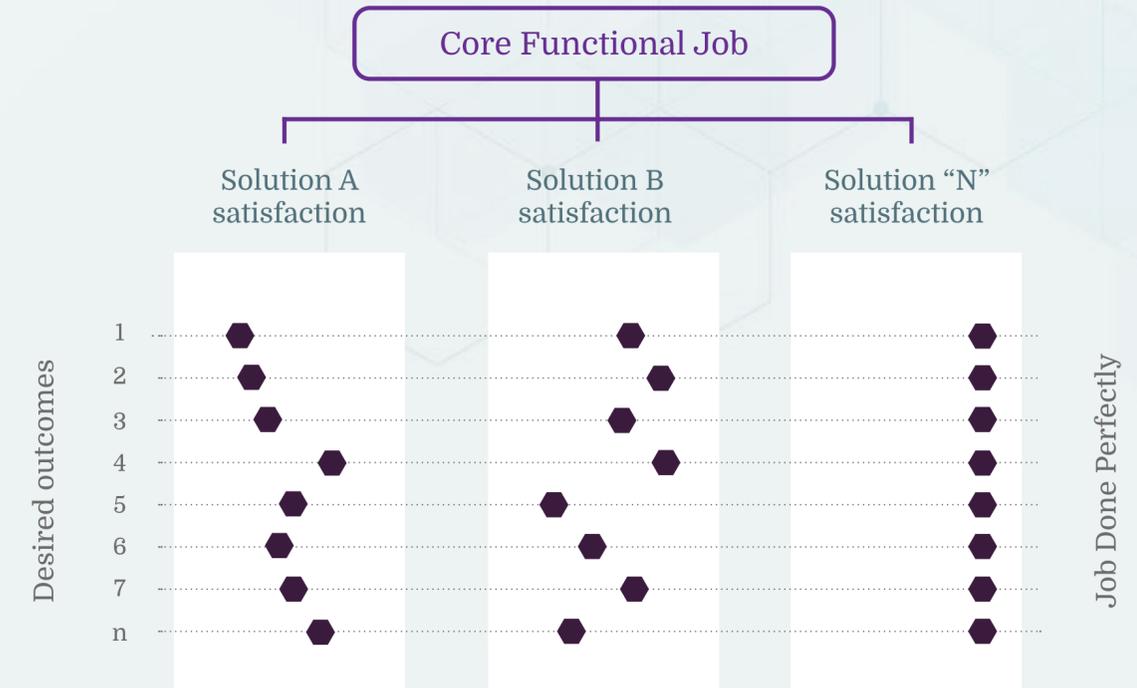
To be reliably successful at innovation, you therefore must know:

- All of your customers' needs
- Which needs are unmet
- Whether there are segments of customers with different unmet needs

Without these insights, innovation remains a game of chance. But with these ODI insights in hand, innovation becomes a highly strategic, predictable practice—and you can count on consistent success in the market.

## PROGRESS IS MEASURABLE OVER TIME

With knowledge of the job-to-be-done and the metrics customers use to measure the job's successful execution, customer progress becomes measurable.



**See how other top brands used this 5-step innovation process to uncover opportunities—and reliably drive significant growth.**



# It's time to kill the status quo

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Most people just accept that innovation is inherently unpredictable. But they're wrong. And there's a better way. Don't risk your product's potential with an outdated innovation methodology.

Whether you are trying to build an innovation capability on your team or looking for a partner to build your growth strategy we are here to help you take your organization to new heights.

Setup a 30 min consultation with one of our innovation experts.

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# About Strategyn

## Who are we?

Strategyn is a leading growth strategy and innovation consulting firm serving a world class blue-chip client base, private equity and VC firms, government agencies and start-ups. As the pioneers of Jobs-to-be-Done Theory and the Outcome-Driven Innovation® (ODI) process, we are uniquely qualified to help you create phenomenally successful products the first time and every time. Let us show you how.

## What do we do?

We help companies excel at innovation. As a growth strategy consulting firm, Strategyn helps companies reposition and reinvent underperforming products, create new breakthrough products, successfully discover and enter new markets, and prioritize R&D and M&A investment decisions.

As agents of change, we help companies adopt a new innovation mindset and a process that increases the return on innovation by 5X. We customize innovation programs to suit your needs.

