

Competing Against Luck Notes

Chapter 1 - The Milk Shake Dilemma

- A company was trying to boost its milkshake sales through a product innovation (as opposed to solely through marketing - as marketing improvements can always be made independently and thus aren't a 'sustainable' innovation). They invested a lot of money surveying people and trying to develop the best recipe.
- All of this product improvement yielded no sales improvement, which seems paradoxical
- So they tried looking at the problem from a different perspective: *What job had the 'buyers' hired the milkshake to do?*
- In order to answer that they gathered some data and interestingly found that most milkshakes were sold before 9am at fast food restaurants and it was usually the only item they purchased and it was always to-go
- After additional customer surveys it became clear that all of the customers had long, boring commutes in their car
- They found that for many a milkshake beat out other items (easy to eat because it can be drank, plenty of calories, tastes good, lasts a while, etc)
- So by understanding the job of a product they were able to better understand what needed to be done to truly improve their products and thus sales
- Note that the same product can serve many jobs as during other times of the day people 'hire' milkshakes to do other jobs. For example it could be a guilty pleasure after a long day at work, which would be serving a separate job.
- Thus the question of 'how do we sell more milkshakes' can't be seen from one-size-fits-all product-improvement perspective. It needs to be viewed through the unit of 'jobs'
- Consider butter and margarine. People think they are direct competitors. But from the perspective of 'jobs' that may not be the case. Rarely do people need to just buy a 'yellow, thick fat'. They need something to lubricate a pan with, etc. But olive oil could be a candidate then. So this 'binary' view is a bit myopic. It'd be better to think of the product as having a 'resume' and people then evaluating it for the various jobs they may need
- Most company's product metrics are not 'jobs' focused (i.e. customer happiness). Focusing on such metrics allows for consistent small growth, but not sudden large growth

Chapter 2 - Progress, Not Products

- Try to make improvements by addressing causation - not correlation factors (although they should help investigate)

- The book focuses on 'Jobs Theory' - main tenant being that customers don't just buy products or services - they pull them into their lives to make progress. In this sense the progress is the 'job' that the customer is 'hiring' the product/service to do
- Note that every 'job' inherently has a context (the context in which the progress is meant to / can occur)
- Most 'jobs' have multiple dimensions (social, functional, emotional)
- Note that 'jobs' are stronger term than 'need'
- Think of 'jobs' as 'stories' not 'statistics' (why over what)
- One useful thought experiment to practice this is to pretend you are filming a mini-doc of a person struggling to make progress in a specific circumstance
 - What progress is the person trying to achieve?
 - What are the circumstances of the struggle?
 - What obstacles are getting in the way of progress?
 - Are consumers making progress through some compensating type of behavior that could be an area for opportunity?
 - How would they define 'quality' in terms of a better solution and what trade offs can be made?
- An example of this thinking - Netflix doesn't compete with Hulu. It competes with anything anyone does to relax

Chapter 3 - Jobs in the Wild

- SNHU (college) applied Jobs Theory to realize that they had 2 different sets of customer wanting it to serve two jobs.
- One was typical 18 year olds that wanted it to serve the job of the 'coming of age' experience (they weren't as interested in 'functional' dimensions). Another was adult (30ish) that needed to go back to school.
- A good example of how this job would be served and treated differently between the two is financial aid.
- By thinking of these two separate jobs they realized they had to essentially serve two products (a physical and online) with different features (speedy financial aid and highly-specific functional questions vs broad assurances and detailed 'life' pictures).

Chapter 4 - Job Hunting

- A good way to better identify the 'job' is by analyzing customer interviews/ segments and their 'customer journey'. Looking for trends can exploit hidden jobs.
- For example, consider a company that was selling down-sized, yet moderately luxurious homes to retirees and older people. The company constantly tried to improve their offering with cool features and what not but it didn't work. During interviews there was no correlating factor. Oddly though a lot of perspective customers complained about the complicated process of moving

out with their dining room table - which led to a realization that what held people back from buying wasn't what the new home had to offer - but the emotional journey of parting with 'their old life'. Examples of improvements that could be made that did work was moving assistance and home browsing relative to existing furniture dimensions.

- Methods for 'finding' potential 'jobs':
 - Find them in smaller, every-day life activities.
 - Look for opportunities in 'nonconsumption' (when a consumer can't find a solution for a 'job' and opts to do 'nothing' instead)
 - Look for areas where people use workarounds and compensating behaviors
 - Look for things that people don't want to do
 - Look for people using existing products in 'novel' ways. A good example of this is arm and hammer expanding from just a baking soda product to a line of products that address jobs (litter, deodorize, bake, etc).
- It is important to understand the context in all of these circumstances - best handled by direct embedding in the situation (empathetic reasoning) - consider all dimensions (emotional and social too)
 - Consider PG launching diapers in China and realizing people didn't care about price so much as function (i.e. - the children sleep better or something - that's the real job to be done)

Chapter 5 - How to Hear What Your Customers Don't Say

- There are two concepts - Big Hire's and Little Hire's. One makes a big hire when they actually purchase the product and another little hire when they actually use it. There are important insights into reviewing this potential disconnect.
- It's also helpful to understand that in order for your product to be 'hired' another product or compensating behavior must be 'fired'
- In order for something to be 'fired' the customer must be 'pushed' enough to actually trigger the customer to do something. Second, the customer must also overcome the feeling of leaving a habit and the anxiety of choosing something new. So it's not enough to do the job well - it must also help the person transition. After all loss aversion is twice as strong as the allure of gains.
- A ripe job has to be of sufficient magnitude for one to want to change their behavior - but the pull of the new has to be much greater than the sum of the inertia of the old and anxiety about the new
- This can be done by building the customer story / journey out - that is far more important than just focusing on the product as it's more descriptive of the actual reality and provides causatory relationships instead of just correlatory
- Going through a customer journey with an actual customer is extremely

helpful. You aren't seeking answers - just a story to start pulling them from. Like filming a documentary.

Chapter 6 - Building Your Resume

- American Girl dolls are a good example of selling an experience rather than a product meant to fulfill a job (build and relate to the dolls story - a validation thing; or take a broken toy to their 'hospital' at the store as an experience versus sending a broken toy back - even to packaging)
- This 'job building' process can be formalized through a 'job spec' from which other plans are based off of
- The three layers:
 - Uncovering the job
 - Creating the desired experiences
 - Integrating around the job
- IKEA is another good example of where the product is meaningless and they focus very directly on the job to be done (I want to furnish my apartment in one trip and now). They build on this with integrated experiences like a children's center and food in the middle. All of the products require the same tools.
- Products don't just do something - they overcome an obstacle to progress for a specific job
- A good example is Medtronic and navigating the pace-maker market in India. In order for them to become a hit they had to stop focusing on a killer product and instead improve the complicated customer experience of actually getting to the point of buying the pacemaker (think hospital aids, avoiding crowded GP's, etc)
- Uber did the same thing with Taxi's
- Likewise amazon with customer QA and picture reviews
- This all explains the emergence of more and more 'Purpose companies' (TurboTax, OpenTable, Uber, OnStar, LinkedIn, Match)

Chapter 7 - Integrating Around a Job

- Once a company has nailed a job, they should grow by expanding around that job - not a product. Integrate across functions and processes to achieve that job (not products)
- Much like how the Mayo Clinic has a personal consultant/guide for each patient to handle the coordinating
- This often means focusing on processes instead resources when evaluating a company. A good example of this is a consulting firm like McKinsey. The resource, the consultants, constantly turn over... So those aren't the 'secret sauce'. It's the processes that allow those resources to be so well used that are special. Perhaps this is so often missed because resources go on a balance sheet and processes do not

- One way to focus on this statistically is to seek customer benefit metrics rather than internal metrics (such as 'profit' or 'views'). A good example of this is some launches that long-term did poorly with Intuit because they required registration before using a trial
- Another good example of this is amazon's PR FAQ's
- A good way to achieve a good structure focused around processes is to focus on a modularity designed company where the resources are the implementations and the processes are the interfaces
- Another good example is OnStar's move from cool car features to selling peace of mind by analyzing customer calls
- There should be a job at companies for identifying and making sure this job is met

Chapter 8 - Keeping Your Eye on the Job

- "People don't hire a quarter-inch drill; they want a quarter-inch hole"
- Identifying such a job can be very valuable. Consider V8 juice. They always thought to compete against other juices and drinks. But upon further inspection they found people bought it to be healthy and get their vegetables. They'd actually make more money putting it in the aisle with vegetables. Since it's serving the job of 'eating your veggies', it's actually competing with vegetables even more directly.
- Fallacy of Active Versus Passive Data: Often companies can go down hill because before they exist there is no product data - so they are almost forced to define themselves by their product. After it's launched, active data starts to get produced. Organizationally this almost always results in focusing on the active data (which is product based) - leading to bad results. This akin to the idea that the railroad industry died because they thought they were in the railroad business, not the transportation business. The nature of active data is loud and clear and it often shouts over passive data - which can be dangerous as active data is often just a loose and incomplete abstraction of reality and the job.
- Fallacy of Surface Growth: When a company and it's product has launched and is successful it suddenly acquires a new means of income - existing customers. The act of selling to these existing customers is called 'surface growth'. This can also distract from the job and 'true growth'.
- Fallacy of Conforming Data: Stats may be objective - but the selection of the stats wasn't - and that often distances the stats from reality - further hindering the ability to stay focused on the 'job'. Data should just inform

Chapter 9 - The Jobs-Focused Organization

- By making sure the 'job' has a voice in an organization micromanagement can be avoided as everyone is on the same page as to the ultimate organizational goal. It provides a 'true north' for people to optimize their actions around.

- TurboTax made the same realization when they realized their goal of giving customers the feature they wanted was good - but it was not the right goal. People simply hired TurboTax to get their taxes done - period. They didn't want a complicated tool. They found people didn't want tools - they didn't want to even have to use them. Instead of micromanaging feature products based on that data, they could've had the more general job of identifying the job and not have needed that level of direction / micromanagement. Making the job clear would've helped with that.
- Large corporations can embrace this by dividing according to jobs and functioning as a 'network of start-ups'
- Consider having a more specific job-statement in addition to a mission-statement

Chapter 10 - Final Observations on the Theory of Jobs

- If a job is described in adjectives and adverbs then it is not a valid job. For example, 'convenience' is not a job. It needs to be defined more precisely.
- Likewise 'goals' are not job's either.
- A job shouldn't be so narrow so that only a small set of products could fit it. The job should not prescribe a product.
- A job is not a detailed technical specification
- A good litmus test is to make sure a variety of products could fit. You can 'abstract' up a level to make it easier
- Jobs theory has many other applications outside of business - such as personal life (what do the people around you 'hire' you to do?)
- Jobs theory can also be used to explain issues in infrastructure - such as why we can't improve schools in the U.S.