

# Karen Dillon

## Understanding the new "Jobs to be done" theory of innovation

### Speakers:

**Nick Skillicorn – Innovation and Creativity Expert and Host of Innovation & Creativity Summit**

Karen Dillon

### Expert Interview transcript:

**Nick Skillicorn:** Hello everyone and welcome to another expert interview at the innovation and creativity 2017, I'm very happy to have what looks like it's going to be a real highlight of the summit we have Karen Dillon with us today Karen was a former editor of The Harvard Business Review one of the most established magazines dealing with business and innovation on the planet and is also a co-author with Clayton Christiansen of a new book on innovation called competing against luck Karen it's wonderful having you here.

**Karen Dillon:** Thank you so much for having me.

**Nick Skillicorn:** Absolutely, so for people who don't know you and don't know your history could you just give us a quick insight into how you got involved in innovation

**Karen Dillon:** Sure so we're going to gearing and then later really latterly by writing about it I have been a long time business editor and journalist and I have along the way in my years at Harvard Business Review been fortunate to work with Clayton Christiansen on a few projects and he and I formed a writing partnership basically and he asked me to work on this book with him competing against luck and I just I wanted to because it felt to me like a really important missing piece, something I understood myself from having had many successful and many frustrating efforts at trying to innovate in the various publications that I have worked at over the year, so to me this felt like something really important to share with people and I was happy to work on that with Clay as well.

**Nick Skillicorn:** And as I mentioned you were the editor of The Harvard Business Review for many years and I personally read H.B.R. quite frequently to get other people's insights into how they're doing innovation at their own companies and the thought leadership behind it, but one thing I want to ask you is during your time there, did you see any sort of trend or evolution around the concept of innovation and what people were writing about

**Karen Dillon:** I think if you look back literally decades you'll find a common thread of frustration about innovation I mean nearly into the sixty's where companies are frustrated and CEO's are frustrated with their companies' efforts. So there have been waves of trends that think that we're going to be the next big thing and it's not that they're not helpful, I don't just think any of them have completely changed the game, the most recent one that people point to and think about and think about can solve their problems in data and analytics. Somewhere we must have the ability to scientifically get together all the bits of information to understand perfectly what customers want to buy, where, when and how and what circumstances and yet McKenzie did a survey just a couple years ago of leading global C.E.O's and the vast majority of them though they will tell you that innovation is a top priority, the vast majority of them will say they are unsatisfied with their companies innovation effort. It feels like it should be scientific process but that's not what's happening and it's not quite right yet for most companies, so it continues as it was in the sixty's to be a frustration that CEO's in organizations all around the world are still trying to fix.

**Nick Skillicorn:** Is that because you think there isn't really this common understanding of what innovation actually is.

**Karen Dillon:** I think there are a lot of process for it but yes I think at the core of it, people are improving understanding but they're not yet getting to what we call the cause of the mechanism, the real core of what causes what to happened, what causes anybody a customer to decide to purchase this over that and do you understand math's specifically, I think innovation will always be and feel very at in adverse.

**Nick Skillicorn:** Now one thing I'd like to ask your views on which is something that H.B.R published a lot on and Clayton Christensen did essentially brought to light for a lot of people is this theory of disruptive innovation because it's really one of the most popular concepts out there especially in Silicon Valley where every company mantra seems to be we're going to disrupt the market and become successful by it, what's your view on how people understand disruption versus what it's actually meant to show.

**Karen Dillon:** It's a great word and it's very powerful disruptive, feel like a rally cry and people like it to be their strategy, we're going to go out and disrupt the giant and there's a lot of appeal to the idea that kind of underdog can do that but what Clayton would say is that the theory of disruption is very specific and has been spend over review to generically use it once its, the theory is that we now we can predict in advance what the incumbent companies, giant big companies will do in the face of competition from a small upstart where the best simple example was this block buster network you know what did blockbuster do in the basic competition Netflix, Block buster ignored it and started trying to figure out ways to make more money by adding a layer in services for its existing

companies, no that almost always leads to that incumbent company falling off the cliff. So the theory of disruption actually predicts the behavior of the incumbent giant company doesn't tell you how it worked, the destructive company discovered to creative use to buying that and so for years for twenty years Clayton working on the compliment to the theory of disruption which is so how do you know what to invent or create so that it will be successful. There's a reason that her capital companies expect you know only three in ten or only two in ten to come back with returns because they do feel like its better as if you know you would only investment companies that were going to be successful disruptors. So Clay has spent two decades in search of what's the cost mechanism, who are getting that innovation right, understanding your customers, know how to get it right and that's what keeping and what we share is what we call the theory of jobs to be done.

**Nick Skillicorn:** And this is something you are covering the new book which I just happen to have here as well competing against luck, so can you tell us about what you mean by competing against luck in this concept of jobs to be done.

**Karen Dillon:** Sure, so I talk about the kind of feeling that innovation is so frustrating, a mess might get close, you might not, a lot of companies have budgets and some of it was just try things you hope one of them hit, that isn't really a good enough innovation strategy, that is depending on luck. You think you don't have to rely on luck, you compete against those who are relying on luck if you understand the control mechanism and in a really simple way what we think that is, the reason people make the choices to buy or bring a product or service into their life one over the other or nothing at all is not because they want that product or even how great the features and benefits are of that product, it's because they're trying to solve a frustration challenge in their life, they are trying to make progress with something they are struggling with, we call that a job, they have a job they're trying to accomplish and they hired something to do the job for them and that may sound like just a simple language change but we need something very specific with job and I think when you think about that your product or innovation jobs, It will make a big difference n what matters, we think there's a very important not just functional but does this product or service do, also there's a social component what does make me feel about the people around me and how I'm seeing and there's an emotional component, how does this make me feel what am I trying to accomplish, a job is about making progress in specific circumstances not just generically with social much more functional components and those are all very important to getting the job done and getting hired for the job.

**Nick Skillicorn:** And so I think a lot of people right now are listening to you and it seems a bit abstract, I think what might be useful is can you give us an example of how a company might use this concept of this overarching theory and actually translate it into the way they produce new innovations.

**Karen Dillon:** Sure, I will give a really simple example that struck me as really profound because it completely mirrored something that was in my whole life. There is a place we talk about in the book of a construction company that was trying to sell like condominium units immigrated area in what

was effectively a downturn and is not now but a few years ago and you know they were building beautiful units and they had lots of people coming in and they were price competitively and they kept having focus groups and asking what can we do to improve this, they were not selling a lot of condos and they were really stuck, they get people in what would you like to see, the whole checklist of things, granite countertops, chrome appliances, they built chrome appliances and now I'm just thinking of all the features and benefits any company would think of in adding to this product, they made these condos really nice but people still come look, they weren't buying. So instead of doing focus groups for prospective buyers, they changed and put on what we'll call and they ask people who had actually made the purchase, tell me about how you got to the decision to decide to buy this condo and everybody had a different story and there wasn't a clear demographic of geographic or even a psychographic but this one weird clue kept coming up a lot of people talked about when they figured out what to do with their dining room table, then they were finally free to move. They were thinking that's a strange thing, who cares of mostly they're older people, they were old dining room tables that go to charity probably but then they click with the dining room table isn't about the function at eating and having space to eat in a beautiful ground and we can host in a different way, the dining room table for those people deciding to move was symbolic of family and tradition in the home that family had lived in, so getting rid of the dining room table is a really big deal, it was kind of conservative your family behind so that kind of developer we thought everything when they have that inside, where people are buying homes where helping them, so when you think about selling helping you live, for instance buying a home, you're not going to necessarily add more bells and whistles if you're going to think about all the social emotional pieces that come with that, what they did is they made the second bedroom twenty percent smaller so technically you could get a dining room table and if you wanted to they also could create (unheard word) for two years on a certain ground so that you didn't have to make all the decisions before you moved in, keeping the exact works, in cards, the notes from grandma that could come with you if you want that to get that stuff and take your time and then they offer free movie services, they raise the prices of the condo which more than pay for the movie services or the storage and they increase sales by twenty five percent in the down market, those things were not about making the condo units better, it was about helping people with the job of help me live my life and emotional, social context with really important and I think that's a simple way of thinking about the job that doesn't involve having each of the technology, it's about having better understanding of what kind of people make the choice, what anxiety come into play at that same time.

**Nick Skillicorn:** I think that's a beautiful fascinating example because as you mentioned it's not about making a product better per say in the traditional sense of improving the list of features that already exist and when I'm talking with clients about innovation and asking them how they approach innovation, quite often they list out they want to see improvement every year in performance and cost, in material usage but it's always taking the current product and making it better by some criteria which already exist there and what you're suggesting is you flip the concept on its head and it's not about the product itself, it's about what the people buying the product get from it.

**Karen Dillon:** Yes all that improvement can be channeled towards doing the job better but that's not necessarily channeled toward cooler or better, in a constant tension with technology and technology group than that the people think can be made from all those perspectives, it doesn't mean it does the job better and in fact if you lay down the product or service with too many issues that don't address the job, you just confuse the consumer and you're not the clear trace of them anymore and you actually rescued some ways by making it so much better from your prospective, you are just confusing them about what they are not used to of their job and they may turn elsewhere for a solution

**Nick Skillicorn:** So you mentioned the way you get these insights to figure out what the jobs to be done actually are. The focus groups just didn't seem to work very well as a method of getting that insight would you suggest that's generally the case

**Karen Dillon:** I mean we say it's certainly two people but it's not we don't think it's the one that will get it the cost of mechanism and I think people relying on it, its personal when you bring people and the you ask them all kinds of things about what they care about and what matters to them, you know how many of you questioners care about the environment, everything I want to ask you is about the environment right hands up, now five opens all your cabinets, would that tell me that was Gerald, that cleaning products I don't know how ever it may sound that you're apparently we think that you can only really understand the job, you are watching the person or talking with someone in context of the struggle what they're trying to achieve and usually or typically after they've made a choice, the people can understand and accept the choice rather than what they might like to think of themselves as doing and asking themselves as doing so. Yes focus groups again a tool not one we think we get of the cause of mechanism which we think as though the .....

**Nick Skillicorn:** So the million dollar question is what sort of advice do you have on finding out the cause of mechanism and what do you mean by the cause of mechanism at a fundamental level

**Karen Dillon:** It's what literally trigger you to decide to buy something or not we might all like to say that we care about certain things and we want some things but really what's going on deep inside, where there are all the factors that you may not even be able to articulate about your behavior that will help us identify what is making a choice in the moment of truth, we actually think there are two critical moments by the way, the moment we higher, the big hire we call it and the little higher when you actually start to use it, they are both important and it's sort of easier to get people on the big higher and much more important to get them routinely a little higher you're going to be successful. But it's sort of no matter what you would tell people or even tell yourself that some kind of internal acumen going on with all those components, we know if someone is really clerical, the anxiety, switching away from a product or service that you're kind of comfortable with even if it's imperfect is really strong so if a new product or service is kind of better or a little bit better that's not good enough, that's not going to lure people away with that huge anxiety there, barrier getting away from

the thing that they're already kind of wedded to all its imperfection. So you're looking for a new kind of diagram, all the things that are going on in that moment of choice that you could take advantage of as an innovator so that you can try to have a better solution to it. We are very clear that there's no one way to do this but there are lots of things that you can do to get closer to understanding your customer's job to be done. They're basically looking for struggles, you know what are they struggling with, what are they struggling to accomplish and putting up with imperfect solutions because there is nothing better on the market. We know that in general if your solution to a job to be done is not significantly better to be existing in alternatives, you're probably not going to lean people over, so saying you're twenty percent faster unless that's a huge advantage to people doing it and that's probably not going to be it but when you see people who are going to crazy workarounds to try to make something else work or literally doing without not taking a product or service into their lives at all, rather than accept one of those inferior solutions, then you might never find an opportunity that might be very fertile for you to develop a better solution to their job to be done.

**Nick Skillicorn:** It's something that I deal with when I'm talking to people as well. One of the main questions companies face is why aren't customers reacting the way that we expect them to when we are offering them a better product and one of the things I talk about is perceived value because perceived value is all from the perception of the customer and then not just looking at the one offering from this one company, there's everything else out there in the markets and as you say there's things that they're already using where there might be a performance improvement if they want to start from scratch again but a lot of people have this sort of imbedded view of what the competition's already offering or what they were already using themselves.

**Karen Dillon:** There's something I've heard keenly when we were doing interviews for the book and in my own experience about frustrated and it's generally frustrating, we just have to better educate our customers on what we are offering and that's the only problem here, that's the only reason I mean growing really quickly it, I think if you have to work hard to educate your customers on why your product is better, you have already lost, there's something that Clay call a purpose brand and that's the gold standard you want to be associating your brand, your product or service to be associated with the job to be done so that customers don't even think towards around one of the solution latest, they automatically hire you. Google right everybody go and quick search for information Google is the focus group, that's what you want the moment your customers start having to value compare and shop their products and services you are already the best for it because you are about now the one they will default to, we believe that if you identify the job to be done well and you saw that better than anybody else by a mile, you can actually charge premium prices, you have sustained competitive advantage and you can charge premium prices. It's really a win if you get it right in the beginning and you sustain for a long time.

**Nick Skillicorn:** On the case studies I love the one about the construction company but if you got another case study covered in the book about a company that was struggling and then changed the way they looked at the innovation challenge



**Karen Dillon:** We have lots I recommend to people but one of my favorites is a college here, a university in the United States called Southern New Hampshire university, SNHU some of your viewers and international listeners may have heard of it may not but it's a typical American University it's been around and let us say for almost a hundred years, small in New Hampshire small campus and it was really struggling, it was at a stage where similar colleges here in America were starting to go bankrupt or really be in deep financial difficulty and it was in a similar situation where they didn't see where the growth was going to come from, they knew exactly who their competitors were, the same that has been held down for decades and decades, the local universities and it was really hard to think how we are going to do better, how are we going to grow if we are not to simply raising our prices, raising tuition and then have this kind of click moment where they realize they have this tiny little online division, they called it distance learning that they had literally almost ignored it was often a far campus and students could sign up and take classes from their homes and where ever they were and then they started to process what's the job to be done for those students versus the students on campus and it turns out they didn't have to think about too much, it became very clear that most students who are coming to campus are a team so they are coming for it for experience, they want a climbing wall, they want to have the opportunities with their professors and talk about meaning of life and it's a really a massive experience. The students who were doing that distance learning had a completely different job to be done and all the things that you would put in place to support a coming at that age student meant nothing to the distance learners, the distance learners by a large are people who are coming back to education after an earlier attempt at some point o their life, might be in their thirties, they might be at their computer taking a class or some home work that might be eleven o'clock at night, they have all the coverage they need now that job to be done for them was I want a better job or I want credentials that will get me to a better place because I want a better life. So when you put on the list of jobs to be done for that group of customers, that's a totally different group of generic coming of age. Once you realize that Southern Hampton University change many many things so that they could completely focus on the job or distant learners for example when you had the old days and that's maybe ten years ago, if you wrote away for information from someone you have in the university and you were a distance learner, you might get a letter in two weeks and some information if you wanted to find out if it's financially available for you then you base the record of the new permission to release your records and then it would take a month or two months or three months to find out if you qualify, at that point you probably are applying for a different job you know that help me get a better job is not competing with all the other universities in America it's competing with anything else, we have to understand that. So they change everything so that they had rapid response, they had different rules and regulations perhaps it was interacting with professors they figured out a way to get all the answers for financial aids and basic information literally they respond to an email within I think it's ten minutes and then within twenty four hours you get answers and that stuff, they describe it as a schematic from a nuclear diagram but all of the parts from their historic processes that had changed so that they would fit that distance learner wants to ensure that it's one of the most financially considered member in that successful university of the past five or ten years, it's a really big success story ad that's for the college you never heard of that was on a sleepy New Hampshire campus with absolutely having difficulty surviving and is now growing a huge double digit revenue rates and then Obama mentioned that it is one of the most biggest innovations success stories of

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education a few years ago it's been terrific success story simply by rethinking about the job to be done.

**Nick Skillicorn:** Again I love that quote and I've got a copy of the book as you saw earlier I'm going to go through it and figure out some of the other case studies for myself but I'd like to go back to one of the things you talked about earlier and one of the things that we talked about before we started recording the session which is helping companies figure out who they're actually competing against because partially it's about convincing a customer that your job to be done, that your offering will fix the job they have to be done but what about the situations where the customer has multiple very very different ways that they can address these jobs

**Karen Dillon:** Well that's a good question to ask yourself is to start who are we really competing with and if your answers are quickly all companies and organizations were products and services that are exactly in the same category with you and that's the only way to track your progress is gaining market share against companies like you, you probably don't have a clearly identified job to be done and then you're in trouble. If you start to put on the plans and jobs to be done then think really holistically about what are people hiring us to do, it should change your competitive landscape dramatically and that does change wanting you to improve your product or service so you can market and talk about it, how do you do it, quick example in what universe are all of these products competing, Sony play station, in my (unheard words) or the sole cycle going to the gym.

**Nick Skillicorn:** I would guess in a young woman who has free time

**Karen Dillon:** Is anything and I was making this up but anything to help me relax after a day at work networks in there and that's something that we seeing, a better network, it's very clear about, net worth, you just can ask the question about the catalyst about a year ago, I think it was I had some kind of a seminar and John said how are you competing with Amazon, how are you feeling and his answer was we are competing with anything you do to relax, we're competing with the value of money and that made me accept this competition, it's not that you're obviously going to go with and position yourself next in line in the line store but I you realize what a person is trying to accomplish when they click on that place or they open a bottom line, you think about what you do and add and how you can innovate to better way better than you think you're just competing against the Amazon, Amazon currently might just be fighting over the selection of lower bills, if you realize there's a bottle of wine you're going to make sure it's really easy to ask to quit something upon your T.V. screen and the quality is good and then it doesn't take a long time for it to scale up, all those different things that things that would make it so apparent and don't just going to ..... If you think through the words of job to be done, you will value and prioritize different things in your innovation than you would if you're simply thinking about competing against companies in your exact same category.



**Nick Skillicorn:** I think I've got a similar example and I hope I'm not misquoting but I think it was Lego who's asked who is your biggest competition out there and they were expecting Mattel and Hasbro and the Transformers line of Soyuz and whoever was being asked that one of the execs they mentioned some of the other toy companies but they also mentioned the park, they mentioned television, they mentioned video games, they mentioned football and it's basically anything that involves the children having time to themselves to play or books to read. So it's a completely different way of thinking about how you propose your value offering and that's fundamentally what innovation is

**Karen Dillon:** That's perfect, that's a perfect example and for in that case in my current platform saying Karen I want the Lego I want ..... because I feel like it's way better than making it stream on the television and if you understand that's a job from probably the purchaser of the Lego's bid higher, who's hired is going to be the kid, you need to appeal to both of them, the kid has to.....Yeah that's exactly the great example and those are really important things to understand when you're putting together your offering that all of those things are competition and you can't just sweep that away because in the real world, people will make choices based on a real job not just based

**Nick Skillicorn:** I'll I'd like to quickly ask you about this big higher, little higher concept and the reason I do is in a lot of large companies you get top down decisions on what the people should be using on the ground and that sounds like an example of when the company introduces a new I.T. system or a new way of working the people who made the decision have one view on what it's going to be doing in a company but the people on the ground you unfortunately go in sort of large multibillion dollar companies where people are still sending spreadsheets to each other as the means of keeping accounts consolidated and all of these workarounds.

**Karen Dillon:** Its really true, it gets complicated when you have somebody making the purchasing decision that's different and then the users and you have to take all of those stake holders into your cart, you have to at least neutralize stake holders, you can't have negative because it will not be successful if the people on the ground don't really use it and we've seen lots of examples of this, Apple Would become the Apple I books, they wanted to they're going to school apple, anyway that is way better technology than a book and from a perspective it works you can argue that, there is so much more you can do with those but for the people making the purchasing decisions, it's stupid to buy phone books and bring them into the ..... and guess what, the IT guy who has to implement all of that stuff it's easier for him to have something that doesn't require him to worry about apps going off campus or our kids getting things like that, so chrome book seemed much better in American education systems than Apple even though the technology is generally considered to be far superior from Apple products it's because the people who make the decisions might understand that the technology is better but the people who have to use it the little higher and implement it, if it is overwhelming to them then I can use it and it will fail.

So yes you have to make sure both of those groups understand the value for both purchaser and user have to be a bit neutral or positive for it to be successful or you throw it right out of the gate

**Nick Skillicorn:** Karen I think this jobs to be done theory is going to be one of the highlights of the summit because it's only just come out, the book only came out very recently and so it's hot off the presses as far as a new way of thinking about innovation goes, we are coming up to the end of the interview unfortunately but one thing I'd like to ask you is if you've got one piece of advice, one tip, one actionable insight that people can actually try out to get more value out of their innovation programs what would you recommend they do.

**Karen Dillon:** I would recommend that you don't start, you start with something that you don't know everything even though you think you do, you think you understand the customer, if you think right now you can break down the jobs to be done, I am telling you from my experience you are probably wrong, you probably have brought all kinds of big conceptions to it until you talk to real people who have actually made the decision to purchase what product or service or someone else and really go into it with the most open mind possible, you're probably going to already have biased it to what you think the answer should be. I did it all the time as the other in our business you know I was sure I knew what leaders would buy but that's a lie and sometimes they succeeded and sometimes they didn't until you actually walk in the shoes of the person making the choice and really understand the full context, to get the emotional and social really important you never going to get it right so I would start by assuming you don't know and then start to act and talk to real people without bringing ..... into that conversation.

**Nick Skillicorn:** wonderful we're going to get links down to all o your resources below the video here as well, could you just quickly let people know if they go to your website there, what sort of things they can find.

**Karen Dillon:** It's just a little bit of information about this and other books that I have written and links to Amazon, etcetera to purchase the book and you can follow some blogs and interviews, this is a little more information on this idea and others just to get you started and will lead you to other things as well.

**Nick Skillicorn:** Karen, it's been absolutely wonderful having you here, thank you so much.