

Competing Against Luck

THE STORY *of* INNOVATION
and CUSTOMER CHOICE

CLAYTON M.
CHRISTENSEN

Taddy Hall, Karen Dillon,
and David S. Duncan

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The foremost authority on innovation and growth presents a path-breaking book every company needs to transform innovation from a game of chance to one in which they develop products and services customers not only want to buy, but are willing to pay premium prices for.

How do companies know how to grow? How can they create products that they are sure customers want to buy? Can innovation be more than a game of hit and miss? Harvard Business School professor Clayton Christensen and his co-authors Taddy Hall, Karen Dillon, and David S. Duncan, have the answer. A generation ago, Christensen revolutionized business with his groundbreaking theory of disruptive innovation. Now, he goes further, offering powerful new insights.

After years of research, Christensen and his co-authors have come to one critical conclusion: our long held maxim--that understanding the customer is the crux of innovation--is wrong. Customers don't buy products or services; they "hire" them to do a job. Understanding customers does not drive innovation success, he argues. Understanding customer jobs does. The "Jobs to Be Done" approach can be seen in some of the world's most respected companies and fast-growing startups, including Amazon, Intuit, Uber, Airbnb, and Chobani yogurt, to name just a few. But this book is not about celebrating these successes--it's about predicting new ones.

Christensen contends that by understanding what causes customers to "hire" a product or service, any business can improve its innovation track record, creating products that customers not only want to hire, but that they'll pay premium prices to bring into their lives. Jobs theory offers new hope for growth to companies frustrated by their hit and miss efforts.

This book carefully lays down Christensen's provocative framework, providing a comprehensive explanation of the theory and why it is predictive, how to use it in the real world--and, most importantly, how not to squander the insights it provides.

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Choice Clayton M. Christensen , Karen Dillon , Taddy Hall , David S. Duncan

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Matt Diephouse says

Wow. Another perspective-changing book from Clayton Christensen.

In *The Innovator's Dilemma*, Clayton Christensen answered why successful firms fail. In *Competing Against Luck*, he tries to answer why firms are successful. His research has led him to the *Job To Be Done* theory: customers *hire* products to for jobs in their life.

Take the milkshake. Surveying the average milkshake drinker won't lead you to many insights. Different customers will want different things. But thinking about the *job* that customers hire milkshakes for might lead you to insights. Parents might hire the milkshake to connect with their kids, e.g., which might lead you to offer a smaller size so they can hire that job more often.

One of the key insights that Christensen offers is that competition isn't just against other, similar products—it's against other things that fill the job. So in the job of connecting with your kids, a milkshake might compete against a game of catch or a new toy.

Reading this, I felt like it really explained my experience in company's trying to develop products. When companies understand the job that customers hire it to do, then products flow naturally. When companies compete on specs alone, they flounder.

Ethan says

From our beloved professor who came up with the Innovator's Dilemma, Christensen's now back with a book 20 years later. The title "Competing Against Luck" does not really describe what the book is about. This is Christensen's own perspective on Needfinding as most of us know already today, by breaking it down into atomic pieces called "Jobs [by users/customers] to be Done". He drills in the same concept repeatedly to the reader chapter after chapter applied to different contexts. For those who already familiar with the needfinding process, this might seem repetitive, although the many examples at the industry/business wide level might be useful, for the unacquainted, this is a great lens to view why certain products exist.

One nugget from his own observations of the struggle of public schools to improve is that they fail to realize this: "We concluded that school is not a job that children are trying to do. School is one of the things that children might hire to do the job. But the job is that children need to feel successful—every day. And they need friends—every day. Sure, I could hire school to do these jobs. But I could drop out of school and hire a gang to feel successful and have friends. Or I could drop out of school, get a minimum wage job to earn some money, and buy a car—and cruise around the neighborhood with my friends." As a result, alternative schools such as Khan academy and Alt School have been set up with the explicit goal of helping children feel successful at school are succeeding at fulfilling this "job" ..

Marcin Zaremba says

Ksi??ka dobrze podsumowywuje teori? Jobs To Be Done, któr? Clayton stworzy? jako odpowied? na (tak?e jego) teori? disruptive innovation.

Je?li znasz dotychczasow? twórczo?? autora to ta ksi??ka b?dzie zebraniem w jednym miejscu wszystkich wniosków i aplikacji JTBD o których pisa?.

Je?li nie znasz JTBD to musisz przeczyta?, ?eby zrozumie? sk?d wiedzie?, ?e robi si? w?a?ciw? rzecz dla swoich klientów. Ma?o idei by?o dla mnie tak warto?ciowych biznesowo jak w?a?nie JTBD

Raymond Hofmann says

More than 10'000 business books are published each year and most of them are rubbish. But every year there are also some gems. And among the gems there's usually a few candidates for the business book hall of fame. True greats that hold timeless wisdom - content that will be relevant for many, many years to come.

Competing against Luck by Clayton Christensen, Taddy Hall, Karen Dillon and David S. Duncan is one of them. It's a book about innovation and customer choice.

Innovation is the lifeblood of our economy. If companies don't innovate they don't grow and they don't create jobs.

Large scale failure to innovate is a problem and it's at the heart of what we're seeing in developed economies today - almost zero growth and stubbornly high unemployment rates pushed up by one jobless recovery after another.

I'm strongly convinced that the problem is a microeconomic, not a macroeconomic one. That's why all the government stimulus programs and central banks opening the money supply floodgates have proven largely ineffective. If anything, the resulting abundance of money, zero or even negative interest rates and skyrocketing government debt are more likely to have negative effects on growth and jobs. But that would be for another post.

No, the root cause can be found at the level of the individual enterprise that fails to innovate. Two main factors are at play.

The first is what Clayton Christensen in some of his earlier work called the Capitalist's Dilemma, which makes it perfectly rational for managers to eliminate jobs, rather than to invest in innovation that creates jobs.

The second is that innovation in most companies is still painfully hit and miss. Essentially, we rely on luck. And it shows. According to a recent McKinsey poll, 84% of global executives declared that innovation is extremely important to their growth strategies, yet an incredible 94% were unsatisfied with their own innovation performance.

How can that be? It seems we've largely been asking the wrong questions. We've been pre-occupied with product features, performance attributes, customer segments - and correlation (as in "this customer looks like

that one”, “68% of customers prefer version A over version B”). Big Data has fueled this approach even more. Yet correlation isn’t causation. None of that data tells us why customers make the choices they make. A simple example from the book’s introduction: Clay is 64 years old, six feet eight tall, has shoe size 16, is married and has four children who all went to college. He lives in a Boston suburb and drives a Honda minivan to work. But none of that caused him to buy the New York Times today.

Here’s where Jobs Theory, the central theory of this book, steps in. It’s all focused on the underlying causal mechanisms of customers’ choices. The fundamental question to ask is “what causes a customer to purchase and use a particular product or service?” The big idea is that customers “hire” products or services for a job they need to get done, i.e., to make progress in their lives in particular circumstances.

A great example is Uber, which perfectly nails a job to be done. One that is about much more than simply taking you from point A to point B. It also removes the hassle of hailing a cab on a busy street corner. You just tap a button on your phone, then relax and wait to be picked up, knowing exactly whether it will take 3 or 7 minutes. You also don’t have to worry whether you’ve got enough cash or whether the cab will accept credit cards. And since you know who’s picking you up and drivers are rated, it also eases your anxieties of getting into a cab alone. The Uber example nicely illustrates that jobs do not only have functional, but also social and emotional dimensions.

The book is full of other great examples. Amazon, Netflix, Intuit, SNHU, ING Direct, Medtronic, IKEA, CVS Minute-Clinics and Airbnb or only some of the insightful case studies featured. What’s more, even seemingly dull products like milk shakes or mattresses offer revelations when looked at through a jobs lens.

The theory and many great examples are covered in section 1 of the book. This on its own makes the book worth reading.

What makes it truly great, however, is the practical guidance in the remainder of the book. This is something I often miss in business books. They may introduce a neat idea but often lack any insights into what it means to practically apply it. And since management is a practice, that makes such books largely useless.

Section 2 is all about how we discover jobs to be done. Yes, that’s right: jobs are discovered, not created. And the secret lies not in the tools you use, but in what you’re looking for. For instance, you might look for frustrating experiences, workarounds, “nonconsumption” or unusual usage of a product. It all has to do with developing a deep understanding of your customers and the progress they’re trying to make in their lives. Often times they cannot describe what they really want, but every “hire” of a product or service (and every “fire” as well) tells a story. It is your job to uncover and document that story - and as you piece the information together, the opportunity for innovation begins to emerge. It’s important we never forget that new products don’t succeed because of the features and functionality they offer but because of the experiences they enable.

Again, the section is packed with examples covering such diverse fields as adult incontinence, bank accounts, girl’s dolls or paying a visit to the doctor.

As if that were not enough, the authors also investigate implications for the wider organisational context, something that particularly excites me as an organisation designer. After all, what good are wonderful methods if your organisation’s design makes it virtually impossible for them to be applied in practice?

That’s what section 3 is all about. Competitive advantage comes from unique processes and how an organisation integrates across functions to perform the customer’s job. But in most cases nobody is in charge

of understanding - and ensuring that the company is delivering on - the job of a customer. Make sure your next reorganisation integrates everyone around a customer's job!

But of course it goes further than that: Jobs Theory not only changes what you optimize your processes to do, but also how you measure their success. Internal performance metrics need to make way for externally relevant customer-benefit metrics. Process optimization is no longer about efficiency only, but also about becoming better at performing the customer's job.

So ask yourself: how do you make sure that the customer's job guides all critical decisions in product development, marketing, operations and customer service? Are all the different functions involved in nailing a customer's job perfectly aligned or are they in conflict?

And how do you make sure you never lose sight of why customers hired you in the first place? This last one is of particular importance, because as soon as a new product is out in the market, organisations generate oceans of operational data about the product itself, the customer, productivity of people and facilities as well as benchmarking data about the competition. It is then very easy to fall into the trap of managing for these numbers. Up to the point where the company solves a job for itself - and no longer that of its customers.

As you might have guessed by now, I love this book. It addresses a critical problem from which companies and our economies are suffering. It does so with an incredible focus on practically making a difference, not just on outlining a neat theory. It goes to great lengths to help us apply the theory.

Despite it's practicality, what you won't find in the book are simple checklists, tools and recipes that promise quick success. And that's a good thing. It accounts for the inherent complexity of our world and pays tribute to the fact that successful innovation is and remains hard work. The book's strength lies in that it teaches us how to think about innovation, which is infinitely more powerful than what to think (which even if true in one particular case is utterly useless or even dangerous in a different context).

Peter Drucker said long ago that "the only valid purpose of a company is to create a customer". This book is a great guide to turn that profound insight into action. It is still hard work, but when it comes to innovation, you no longer have to rely on luck. You can leave that to your competition.

Otis Chandler says

Brandi recommends

Ralf Kruse says

The book gave me a lot of insights on what job stories are about. Really like on how the author takes us on the journey to see on how this concept can be applied and make a difference.

Found the book highly inspiring.

So far the best book I read on this topic.

Dave says

Jobs Theory (fully the Theory of Jobs to be Done) is framed around the central construct of a 'Job' that a product or service is 'hired' to do or 'fired' for not doing. Clayton Christensen and co-authors argue that successful innovation is not dictated by luck; it's predicated on a company's ability to uncover, define, and organize to deliver on a Job to be Done (implicitly or explicitly).

The core idea of a Job to be Done is intuitive: people don't want *products*, they want to make progress in their life. They don't want a drill, they want a quarter inch hole. But there's a bit more nuance: the Job is only exists in a specific context (circumstances), and the Job must be fulfilled at functional, social, and emotional levels. See also: Don Norman's three levels of cognitive processing.

For many, the core ideas behind Jobs Theory—and necessary skills of practice—are new. Researchers should be familiar with needfinding and synthesizing goals at emotional, functional, and social levels; both are analogous to uncovering a Job. Designers should be familiar with defining end-to-end service experiences, depicting how customers will make progress on their Job in specific circumstances of use. Business leaders and consultants will be familiar with the work of aligning larger teams around a specific purpose, the Job to be Done, and implementing process and structure oriented around the customer's needs, rather than an internal (and limiting) capability or functional point of view.

Competing Against Luck unifies these themes of research, design, execution and alignment in a broad business context: innovation. It presents the case that a Jobs to be Done orientation allows businesses to remove luck from the equation with a causal understanding of why attempts to innovate will succeed or not. Design is never discussed explicitly, but Jobs Theory, rooted in business outcomes, is a strong new hook for designers to orchestrate and define what a company will deliver, and why.

From a designer's perspective, there is danger in the implicit argument that innovation, of any form, is good as long as it succeeds. Jobs Theory can be used as a framework for successful innovation, but the book never discusses or attends to the larger and long-term consequences of innovation, be it in "yellow fats" category, the transportation industry, or for companies that produce new-and-innovative packagings of flavored sugar water.

Eugene says

the most recent book by prof. Clayton M. Christensen dedicated to the theory of "job to be done" which provides the framework of discovering true underlying needs of your customer. So you may build the organization around the customer's real underlying needs and instead of focusing on just features.

The book goes from Milkshake experiment to building the culture of the organization so everyone would know customer's needs instead of just knowing the product, the ways companies measuring important data points (and how they do know what to measure), and finally the book discusses the criticism around this theory. I appreciate the simple language of the book along with explanations around well known goods and services: milkshake and banana, Ikea furniture, mattresses etc.

In short: go out of the building, watch and understand what your customer truly need (she may say about one thing but really "hire" another one), focus and measure things which will allow to stay focused on base

characteristics (like Amazon's "vast selection, cheap prices, fast delivery"), create processes and culture.

Maciek Wiktorowski says

If you are looking for a book that might inspire you for thinking differently about your products or services, this is a book for you. It explains the Jobs to be Done Theory (JTBD Theory), that learns us how to think about the products/services not from a perspective of the product/service itself, but from the perspective of the job that the customer is trying to accomplish with using the product/service.

For decades managers were taught to think about target groups, thinking about the customers en masse. Christensen's approach forces to zoom in and take into account the context of each customer. In some cases, a single customer can use the same product/service to accomplish different jobs. Once you understand the full context of the customer you can address product/service itself, but also the processes around.

The book is full of examples from different industries: restaurants, retail, education, software, automotive - everyone should get an inspiration. Each chapter ends with questions that you can ask to review your own product strategy.

Adrian S says

Having been active in Computer Science my whole life (since high school), I was always exposed to an endless stream of conversations around the subject of "startups" and "innovation", that after a few years becomes repetitive and very hard to take seriously.

I think this book helped rehabilitate the two words in my mind, and managed to express in simple and clear terms, via "The Theory of Jobs", what the difference is between "wantrepreneurism" and products that people can't resist paying for.

Bharath Ramakrishnan says

While I have read about Clayton Christensen's theory on disruption and also his work, this is his first book that I read. After wanting to read his work for long, I have finally got to it.

The book discusses how innovation need not be about luck. There is a way to innovate and most companies can find. This is where "Jobs Theory" comes in – innovation is not about asking the customer what they want or the problems they face, more importantly it works when you understand what job the customer is trying to get done and considering hiring your product for. The book starts off with a simple example of a milkshake people buy in the morning and drink while they are driving. It helps them pass the time with its thick consistency, other than being filling. Milkshakes in the afternoon would serve an entirely different purpose.

Customers "hire" a product from a vendor to get a job done. If they find that there are better ways to get the

job done, they will move away from the product. There are numerous examples through the book on how the "Jobs Theory" can be applied. The case studies are all extremely sound and do reinforce the theory. Thinking in terms of the outcome the customer wants is far more powerful than in terms of features and functions.

The material in the book is not entirely new and there are parallels with concepts such as design thinking and outcome based services. Yet the book deserves credit for simplifying the framework and presenting it in a form which can be put to use quickly. And the examples in the book all help to think of similar situations which might exist in other organisations.

Experience, which is such a big theme in product success today, however, finds far less coverage than I think it should in the book. Also it relies on customer behaviours being somewhat unchanging. A key question is whether a product can significantly cause customers to change their behaviours and look to get entirely new jobs done. I believe some products have done that.

This is an important book for business executives to read. It is thought provoking and scores by outlining the concept in simple language backed by exceptionally good case studies.

Harshdeep Singh says

Makes a good case for first principles. Why does someone use your product? What's the job they hire it for? Once you understand what they want to accomplish, you can figure out ways to help them to do it. There are some good insights on how "active" metrics can distort the world view with fake precision, and how processes and org structure can be a way to orient people around customers' "jobs to be done". It's a minor peeve but some case studies didn't add much to the message and could've been skipped.

Thomas says

Lots to digest here and I think I'll need a re-read to get everything out of it. Seems like a very useful and focused approach to understanding product development and innovation. Now I'm curious about applying these ideas to platform and service engineering. Going to be thinking about this one for a while, I'm sure.

Zahedul Amin says

Christenson, the innovation guru, adeptly promotes the concept of 'job theory' with lots of case studies, explaining the different facades of the theory. The book takes a deep dive into consumer psyche, while they make decisions for purchasing different goods and services. According to the author, innovation stems from fully deciphering the reasons why consumers end up 'hiring' a product or service. By fully understanding the jobs performed, entrepreneurs and executive can not only help in improving product features, but protect companies from impending disruptive innovation. Startups can also benefit by building evolutionary or revolutionary products, which would potentially upend existing market order. The concepts espoused are simple yet profound at the same time. The book has definitely helped clarify my thought process.

Austin says

In this book Christensen et al take aim at the long-held notion that luck need be a significant part of success, arguing that a proper understanding and application of the "Theory of Jobs" can dramatically de-risk new ventures. I'm folding their insights into the service offerings of my own business as an 'ethnography of demand' market research phase, but the book rightly argues that a clear 'job spec' expressed in verbs and nouns at the proper level of abstraction can act as an effective standard for the organization to rally around, resulting in several specific benefits: 1. distributed decision-making, 2. resource optimization, 3. inspiration, and 4. better measurement. And of course a sustainably successful enterprise!

Here are some of my favorite notes:

-- "There's no such thing as 'average' in the real world. And innovating toward 'average' is doomed to fail." pg. xix (e.g. air force's failed sizing of cockpits in 1950s for 'average height' vs. better solution of adjustable seats)

-- "Theories . . . teach me not what to think but rather how to think." pg. 26

--Commonly used, but highly insufficient, organizing principles in innovation are often: 1. product attributes, 2. customer characteristics, 3. trends, 4. competitive response.

--Netflix CEO Reed Hastings: "Really we compete with everything you do to relax . . . We compete with video games. We compete with drinking a bottle of wine . . . We compete with other video networks. Playing board games." pg. 37 Competing Against Luck

-- "When you are solving a customer's job, your products essentially become services. What matters is not the bundle of product attributes you rope together, but the experiences you enable to help your customers make the progress they want to make." pg. 64

-- "I have found that creating the right set of experiences around a clearly defined job--and then organizing the company around those experiences . . . almost inoculates you against disruption." pg. 124

-- "If you can't describe what you are doing as a process, then you don't know what you are doing." ~W. Edwards Deming, pg. 153

-- "All data is man-made." pg. 189. This has numerous implications, e.g. vanity of weighing quant over qual, or active over passive data.
