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Competing Against Luck

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Professor Clay Christensen reveals how his business theory has affected his home life

Welcome to the inaugural episode of Skydeck, the Harvard Business School alumni podcast. I'm Dan Morrell, editor of the HBS Alumni Bulletin, and I'll be your host. We're very lucky to start our new podcast off with an alum who also taught many of our alums, Professor Clay Christensen, member of the MBA class of 1979, and a 1992 DBA grad. In addition to his teaching, Professor Christensen has written several influential business books, including The Innovator's Dilemma, which introduces the theory of disruptive innovation, and it has really become a part of the modern business canon. And he has a new book coming out next month, Competing Against Luck, which argues that understanding customers' motivations, what quote unquote, "role" consumers are buying a product to fill, can help managers take the guesswork out of innovation. In this episode of Skydeck, I talk to Professor Christensen about the theory at the heart of his new book, and how it has affected not only how he thinks about business, but how he thinks about his family.

We're talking about your book today, *Competing Against Luck*, and you note in the book that you've been working on the theory of jobs to be done for two decades now.

That's right.

Tell me a little bit about how your thinking has evolved in that time.

I came here and did an MBA in 1979. I left. Then I consulted for a while, and then I started a company with several MIT professors. And then I came back to academia after I was out for 10 years. And I had to get a doctorate in order to join the faculty here. And I brought with me a couple of big questions. And one of them is, I wonder why success is so hard to sustain. Most companies, which at one point were widely regarded as unassailably successful-- a decade or two later, you find them in the middle of the pack, or often at the bottom of the heap. Why is it that success is so hard to sustain? And that was a puzzle. And the result of that was a project that resulted in the theory called disruption.

And then, there was a second puzzle. And that is, I wonder if innovation is intrinsically a crapshoot because everybody-- every company and every project, when you started out, you don't plan to fail. You always are expecting that it's going to be successful. And whose numbers you use, it doesn't really matter, but the probability that you'll be successful is somewhere between 10% and 30%. And why is that? If it truly is a crapshoot, then it means that you just have to throw the dice a lot in order to, you know.

But then the other option would be, maybe it's not a crapshoot intrinsically. We just don't teach people how to innovate in a way that will predictably yield the results that we need. And so, we started to pursue that issue about 20 years ago. And it took a long time, because there wasn't anybody that we could find who plausibly had a solution to the problem. And so we had to inch our way towards this, and it took longer than we thought.

Why don't we talk about the IKEA example, and how that's a good illustration for this theory in action?





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So, I wondered-- why do you see IKEAs popping up around the world? And you've seen them pop up over the last 50 years. And the man who organized IKEA is the third richest guy in the world. And yet, IKEA has no competitors. They have no competitors. There are other retailers that sell furniture, but nobody has emulated the job to be done that Ikea has.

And the job that they're organized to do occurred in the life of our-- we have five kids. The third one, Michael, unfortunately decided that he would get his PhD at Stanford. And so, a couple of days after he arrived there, he called us and said, mom and dad, I found the apartment. I need to furnish my apartment tomorrow. And Mike found himself needing-- he had a job that he had to do, that is, I have to furnish my apartment tomorrow. And around the world, when people find themselves needing to get that job done, the word IKEA pops into their mind. Because it's organized around a job to be done. And in order to deliver the job to be done, you have to organize in a very different way than if you're just selling furniture. And hence, a company that is selling sub-par furniture to the low end of humanity, people we call college students. Nobody can copy them. And it's an illustration of how, if you understand the job, success is very predictable. And you don't have competitors, which is something everybody goes to school hoping will happen to them.

That's a good example, because you talk throughout this book that the jobs that managers should be targeting, it's more about stories than it is about statistics. Does that mean, though, as a manager that things like ethnographies would be more important? Or is it just the filter that we're using to look at some of the statistics?

Boy, that's a great question. Absolutely it means that stories matter and ethnography matters. And we learned a lot of stuff over the two decades that passed, as we were trying to understand this better. But one of the things we realized, is that God doesn't create data in heaven, and then give it as a gift to mankind. Every piece of data was created by a person at some point. And the data that they create intrinsically includes some of the things that happened, and they don't include other things that happen. But data can include all of the phenomena. Because of that, data itself can be very misleading. And in order to know what really was going on, you have to just get out and very carefully watch what happens in your life and what happens in other people's lives. Why are they doing things that they're doing? And what wasn't in the data that might give us clues about what people are trying to accomplish? Every job has three dimensions to it. There's a functional dimension. But there's a social, emotional job to be done. And the mix of functional, social, and emotional elements-- that mix changes by the job. But once we understand the job, then I need to ask the next question, which is-- all right, so if that's the job, what are all of the experiences in purchase and use that I need to provide to you so that these experiences will sum up to nailing the job perfectly? And when I have to decide whether I'm going to hire Target to get this job done, or IKEA to get the job done, the way I decide who to hire depends on these experiences that these two candidates offer to me. And then, once I understand what the experiences are that I need to provide, so that's the level at which we differentiate our product versus the competitors, are the experiences. And once I understand that, then I can ask the next question, which is-- so if we need to provide these experiences, then how do I need to integrate and what do I need to integrate so that we can provide these experiences to get the job done? And that tells me how I get the customer, not just what I need to do, but how to do it, as I understand what do we need to integrate. And it's for me been just a very, very useful thing to think my way through. What causes customers to decide to buy or not buy my product is-- what is their job, and can I deliver on that job better than the competitors because I understand the experiences we need to provide, and how I need to provide them. And if we had a few days, we could just go through companies that did or did not use this jobs to be done. And you can explain very clearly why they have a mediocre position in the market, or why they are very successful.

You've been thinking about this for 20 years now, this theory. Has it affected the way you think about your profession, your relationship with students, your home life?

Boy, it has had a huge impact on those two parts of my life. So, for my students, actually, most of them don't hire the Harvard Business School to learn. They have to learn something in order to get a job. But the job is what they're trying to get done. It's



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not knowledge. And we wish that they come here to sit at the feet of the professors and carefully make notes, and-- you know. But this is just an experience that we need to provide to them as they're trying to get the real job done, which is-- you know. And another job they have to do is, they need to feel confident in themselves that they can take complicated problems and solve them. And they don't know what job they're going to have yet in their lives, but they know that whatever it is, they need to be confident in their ability to wrestle through problems to solve them. In order to get those two jobs done in the context of an MBA, it's actually quite hard, because we're organized to give them knowledge and we don't equip them to do these other jobs well. And then when I come home, what job do my children hire me to do? I think about that every day because there's a meta job, almost, that arises in children's lives. And that is, they need to feel successful. Every day, they need to feel successful. And in order to feel that they've been successful, we can't, just as parents, do everything for them. We can't travel them from soccer practice to ballet lessons, to music lessons, to all of these things. Those aren't things that our children are trying to get done, you know? We, as the parents, want them to compete with all of the other people in suburbia to do whatever. But if our children-- the job is, they need to feel successful every day. Actually, I need to help them have experiences where they fail. Because only if they experience failure can they experience success. And I think a lot of us in my generation think that, oh, well, I just have to be sure that they always succeed. And if they have problems with their homework, I'll sit down with them and help them get 100% every time. This has caused me to think very differently about being a parent. And in a similar way, it's clear that before we started to do this book, that I looked at Christine, my wife, and I decided I knew what she needed. And then I did things for my wife that were what I thought she needed. And I would try to buy things that she liked, and she'd be excited about. And she was always polite, but rarely excited. And when I decided, in writing a book, Clayton, it's-- it's wrong if you think you should understand the customer. And my wife is a very complicated woman, and I couldn't understand her 38 years ago when we got married, and I understand far less about her today than I did then. Wonderful woman, but I can't understand her. But it doesn't matter. If I understand the jobs that arise in Christine's life, for which she might want to hire a husband to get the job done, and I just focus on the job, then whenever these jobs arise in Christine's life, she'll say, oh, I have a husband I could hire to do this job. And I do it well. I can be a great husband even though I can't understand her. She's a marvelous woman.

This gives me hope for my marriage.

Yeah, that's right.

I want to go back to something you said about children, and ensuring that they have an opportunity to fail. What does that look like in practice? How do you do that as a parent?

I never-- I think this is true -- I have never mowed the lawn without my son or daughter hanging on to the handle, feeling like they're helping me push it, but they're hanging on. Do you know what I mean? Or-- I don't think I've ever been hammered a nail all the way through without having one of my kids come and hammer it in. And at the beginning, I start it so that it doesn't flip off, but then I asked them, could you just nail this for me? And they failed. And they can't get the lawnmower to the end of the roll. And then, I asked them to do the whole lawn. And it's hard, and they can't get around the rocks, and, you know. But little by little, I have to ask them to do more and more complicated things. And by pushing them in those directions, at the end, even they do a crummy product, they put their hands on their hips and say, I did it myself. And that's what you have to look forward to, is-- you can't wait until they do a perfect job, because they will never be perfect. You have to help them and give them the opportunity to come short every time, because it builds the confidence that they can accomplish complicated problems.

What is the time like that you have for your creative process? What does that look like? When you're thinking about this book, or you're thinking about ideas in general, where do you write them? Where do you do this?



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The problem with my life is-- to the degree that I've been successful in my career, the result is that, ostensibly, you have even less time, because there are even more people asking you to do more things. And so, it's not that I can set aside time to be creative. My life has to be creative. I have always needed to be asking questions when I lived my life that allows me to see things that otherwise I wouldn't have seen. And so, when I'm checking things out in the supermarket, I see people left and right get a cart, and I don't have to follow them around. They surround me. As I'm trying to find what I need, I try to look at what's on the minds-- what you see in their faces that gives me a sense of what job they're trying to get done while they're there. And then they get what they need, and they get in the checkout line, and all of a sudden, the job changes. Because no longer are they looking for things, they just want to get checked out fast. And the experience of checking out quickly and accurately shapes their experience with the whole supermarket. No longer are they bugged down by-- I couldn't find this, or they couldn't find that. All of a sudden, they just want to get out of there. And so, I have a lot of interesting ideas for how to take that minute and make it be productive, because I'm surrounded by people who are just bothered that it takes so long. I don't know if this is useful to you.

It sounds like the answer is-- where's the creative process happen for you? It happens almost everywhere. I mean, it's in the supermarket, you seeing how consumers interact with products on a daily basis.

Yeah, absolutely right. Absolutely right. And when you see people at IKEA, in the same cart, they've got a piece of art, and silverware, and you say, why are they doing-- things that you just wouldn't have ever found on the same cart before. And then you realize, oh, here's a job that arose in their lives. And this one company has organized things to hire in a very different way than any other. In a similar way, a former student of ours was the person who founded what is now known as the Minute Clinic that is operated by CVS Pharmacy. And the idea occurred when he was sitting in the pediatrician's waiting room on a Friday afternoon with a daughter who clearly was sick, and he waited for two hours. And he knew what was wrong, and that is she had strep throat. And this is the fifth of five kids. And they've seen strep throats before, and they just needed a prescription. And they knew exactly what the prescription needed to be, but they had to wait for the doctor to certify that the parent's diagnosis was correct. And the last thing in the world they wanted to do was to see the doctor. And you see the insight that-- I don't want to do this, occurs when you observe what's going on around you. And there are negative jobs to be done, as well as positive jobs to be done.

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