



Outcome Driven Innovation

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A worrying statistic about the home power tools market is that most people use such tools (electric drills, saw, etc.) for a very small percentage of time – typically less than 5%. This situation arises because the real problem they faced when making the purchase was not ‘I need a power tool’ but rather ‘I need a hole in the wall to hang a picture/ fix shelves/attach a light, etc.’ In other words the solution they have chose is only one (rather expensive) route to getting a particular job done. Thinking about that job rather than jumping to one particular solution can open p many different innovation opportunities – for example a service business based on a skilled craftsman with the appropriate tools providing exactly the size and shaped hole needed. (He would be one of the few people who did have high utilization of his expensive power tools!)

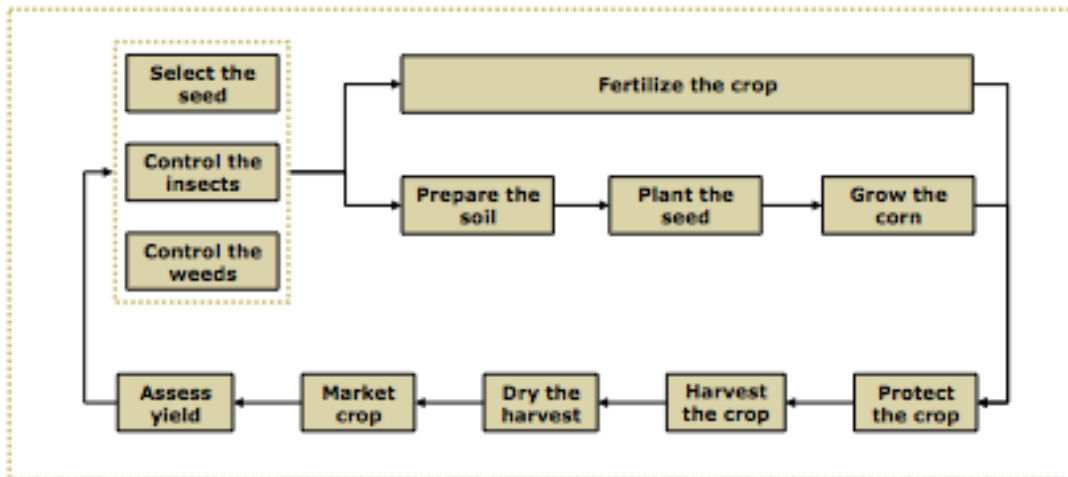
This approach – of identifying the ‘jobs to be done’ – is at the heart of outcome driven innovation (ODI). The ideas was originally developed by [Anthony W. Ulwick](#) and forms the basis of a number of methodologies aimed at uncovering innovation opportunities and disrupting existing markets. The core of the approach is described in Ulwick’s 2005 book *What Customers Want: Using Outcome-Driven Innovation to Create Breakthrough Products and Services*

It is an extension of ‘voice of the customer’ (VOC) techniques and requires building an understanding from the customer outwards rather than making assumptions or listening to market research data. ODI can help identify important but poorly served jobs which need to be done and also overs-served markets where the solutions in place exceed what is really wanted. The focus is on accurate targeting according to specific needs.

ODI has its roots in six-sigma thinking where manufacturing engineers measure and control specific metrics to ensure a predictable process output. The goal is to understand the metrics customers use to measure success when getting a job done and to create products and services that help them get the job done faster, more predictably and with higher efficiency or throughput.

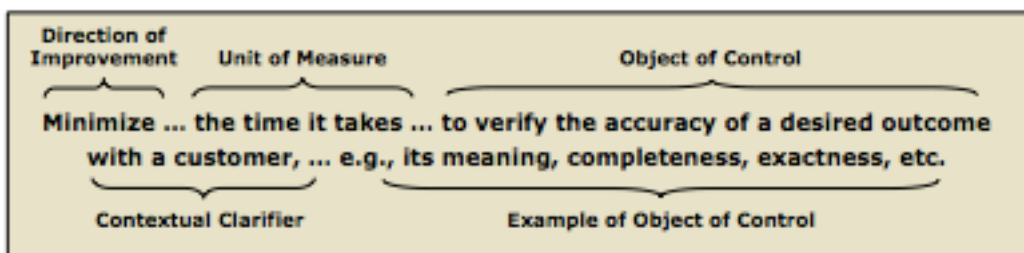
The research behind ODI suggests that customers typically use between 50 and 150 metrics, called outcomes, to judge how successfully they are able to execute any job-to-be-done. For example in looking at the ‘job’ of listening to music people can identify a number of important metrics – like being able to find desired songs quickly, avoiding choosing unwanted versions of a song, and quickly changing the order in which they listen to songs.

ODI begins by engaging customers in a conversation about what they want done – what are the key stages and what would constitute successful accomplishment? They use an approach called ‘job mapping’ which is an application of ‘process mapping’ (see the Toolbox on the Portal for more information on that). For example a high level job map for farming corn would look like this:



Each of these stages ('jobs') could be broken down further and the desired and essential metrics which a farmer uses could be identified. For example in selecting seed they might want outcomes like minimising the cost, maximising the yield, getting best disease resistance, etc. In presenting this example Ulwick identifies 156 'jobs to be done' – all of which represent opportunities for innovation if they can be handled effectively since they would satisfy or delight the customer. Of course rather than a single solution for each job there may be ways of combining them to met and satisfy most of the needs and to do so better than competing offerings.

In working with job maps ODI tries to generate 'desired outcome statements' which all have the same structure and crucially put some focus on the process of uncovering customer needs. The generic structure of DOS is:



This approach can be enhanced by key question sets – for example:

- What makes step x in the job map slow? – leads to outcome specifications around time
- What makes it unreliable? – leads to outcome specifications about stability and reproducibility
- What makes it expensive? – leads to outcomes around cost reduction, etc.

This picture is refined through other interviews and observation; the goal is to understand what matters and the context in which that thinking by customers is taking place. It generates a rich opportunity description from which innovation can be identified.

One important challenge thrown down by Ulwick is the idea of hidden or latent needs. He argues that it is not a case of customers not knowing what they need but rather of getting them to be clear about the *outcomes* which they want, and which they do have a clear understanding of. As he puts it ‘... *customers may not be able to articulate a solution, but they can certainly articulate what outcomes they want to achieve*’.

In particular he develops an algorithm to help clarify not only what people want but also the relative weight they give to finding a solution to the job they need to get done. In interviews and surveys data is collected on customer attitudes to the outcomes map and for each outcome they are asked about importance and satisfaction.

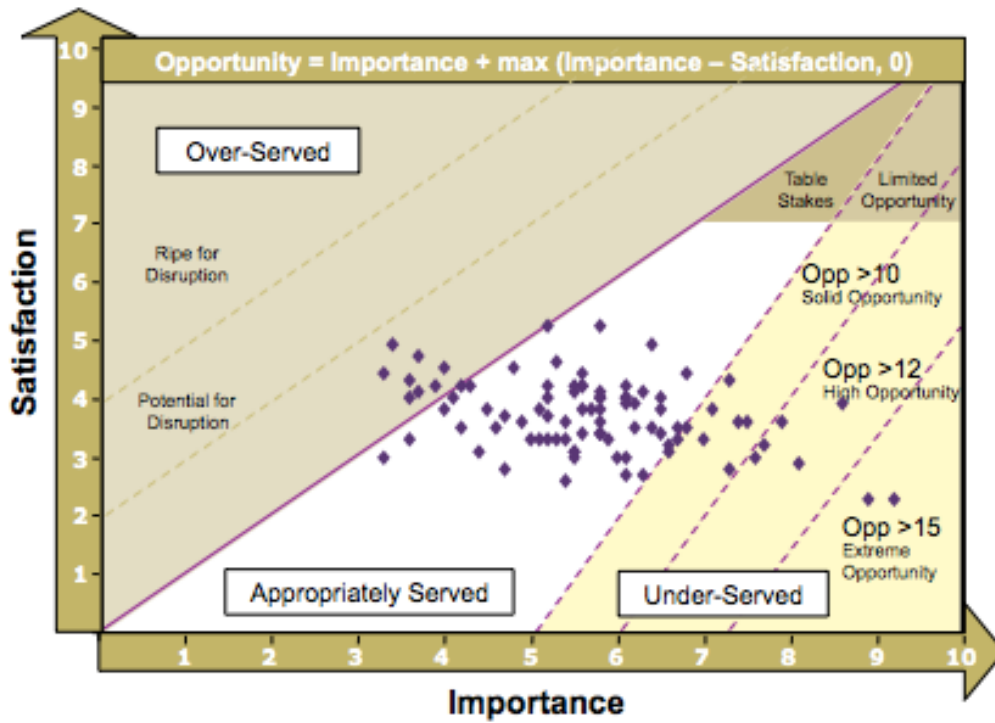
How important is it that you are able to....?	Not Important At All	Somewhat Important	Important	Very Important	Extremely Important
Increase the percent of plants that emerge at the same time	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
Minimize the time it takes the plant to absorb nutrients once they are planted	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
How satisfied are you with your ability to....?	Not Satisfied At All	Somewhat Satisfied	Satisfied	Very Satisfied	Extremely Satisfied
Increase the percent of plants that emerge at the same time	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
Minimize the time it takes the plant to absorb nutrients once they are planted	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅

This "opportunity algorithm" measures and ranks innovation opportunities, giving twice as much weight to importance as to satisfaction. The formula is:

$$\text{Importance} + (\text{Importance} - \text{Satisfaction}) = \text{Opportunity.}$$

Customers use a 1-to-10 scale to quantify the importance of each desired outcome and the degree to which it is currently satisfied. The rankings are inserted into the formula to form the overall innovation opportunity score that highlights the outcomes with the highest “importance” scores and lowest “satisfaction” scores.^[5]

This approach allows entrepreneurs to build an opportunity landscape on which they can identify potential innovation directions by looking for over-served or under-served markets. (There are important links here to Clayton Christensen’s theory of disruptive innovation which is very much about identifying such areas and then developing solutions in those contexts).



There is more information on Ulwick's website:

<https://strategyn.com/outcome-driven-innovation-process/>

and a video of him explaining the origins of the approach here:

<https://www.youtube.com/watch?v=ffkBjObrmgk>