# Value Proposition and Jobs to be Done

## A guide/workbook for health and fitness club operators

**Robert Sawhney**
**CEO APAC, Global Chief Strategy Officer**

# JTBD FRAMEWORK AND GUIDANCE

Harvard Business School marketing professor Theodore Levitt said, "People don't want to buy a quarter-inch drill. They want a quarter-inch hole!" Clayton Christensen said, "People buy products and services to get a job done." In his most recent book he says, "Customers don't buy products; they pull them into their life to make progress."

Jobs describe the things your customers are trying to get done in their work or in their life. A customer job could be the tasks they are trying to perform and complete, the problems they are trying to solve, or the needs they are trying to satisfy. Make sure you take the customer's perspective when investigating jobs. What you think of as important from your perspective might not be a job customers are actually trying to get done. Distinguish between three main types of customer jobs to be done and supporting jobs:

- **Functional jobs** When your customers try to perform or complete a specific task or solve a specific problem, for example, mow the lawn, eat healthy as a consumer, write a report, or help clients as a professional.
- **Social jobs** When your customers want to look good or gain power or status. These jobs describe how customers want to be perceived by others, for example, look trendy as a consumer or be perceived as competent as a professional.
- **Personal/emotional jobs** When your customers seek a specific emotional state, such as feeling good or secure, for example, seeking peace of mind regarding one's investments as a consumer or achieving the feeling of job security at one's workplace.
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**The Matrix:**
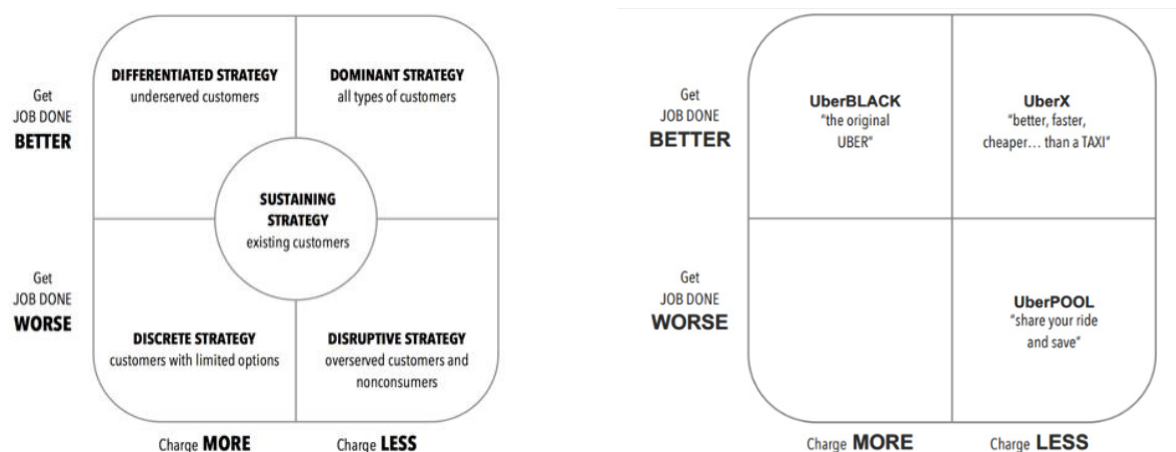


For years, Motorola had been using a vertical industry classification to segment the radio market—e.g., utilities, public services, etc.—and often recognized the inconsistencies in customer behavior within and across these segments. Intuitively, they knew another segmentation structure existed, but were unable to define it. The

application of outcome-based segmentation methodology enabled Motorola to discover the existence of three unique and previously unknown segments. One segment, which comprised 40% of the market, "hired" radio products to communicate privately, so as to not be overheard and to communicate discreetly or covertly, i.e., without being noticed by others. A second segment (28%) "hired" radio products so they could communicate with clear, unambiguous and uninterrupted communications when faced with dangerous, even life-threatening situations. The third segment (32%) "hired" radio products to communicate with teams and groups, coordinating activities and performing administrative tasks (Tony Ulwick, Strategyn).

## An example

**Trend/Challenge:** Struggling to attract the 80% and 50% of new members cancel within 6 months – why? Lack of motivation, do not enjoy exercise...
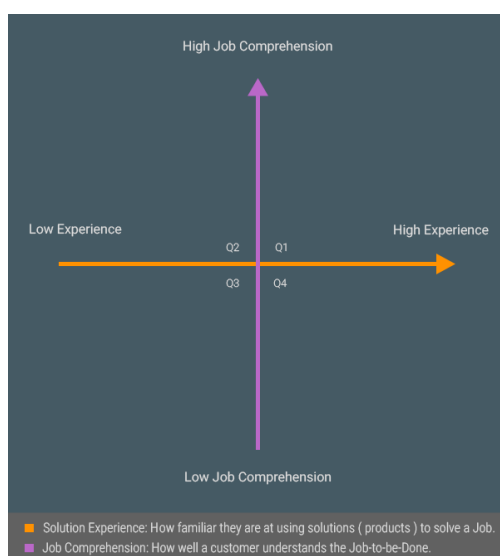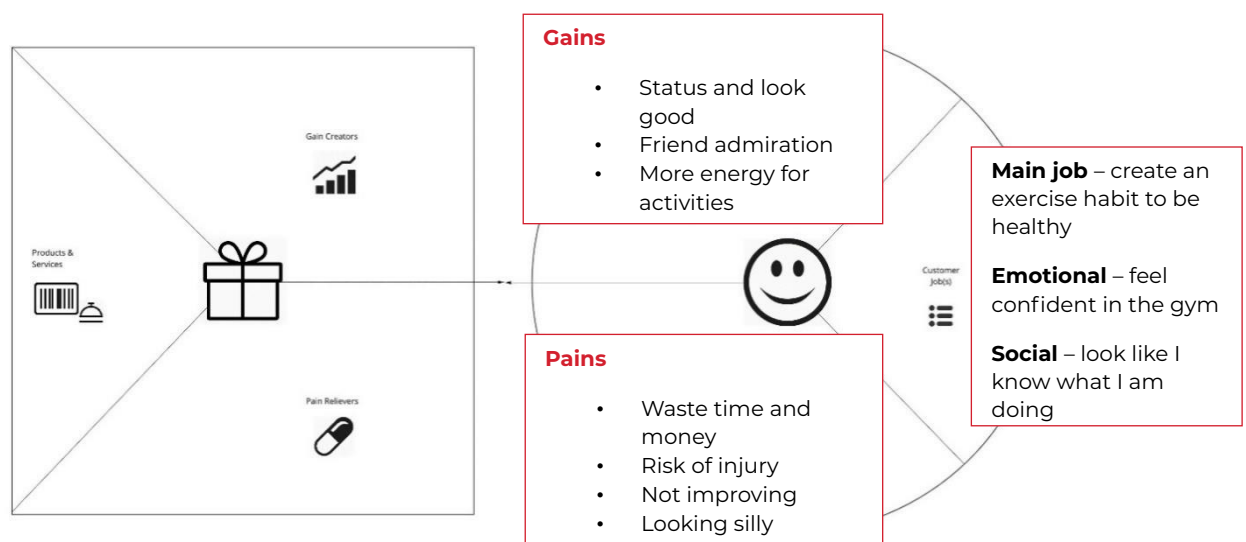




'Distinguish between helping people be better at using your product vs onboarding as helping people be better at what your product lets people do' Ryan Singer

*(Source: https://jtbd.info/design-for-switching-create-better-onboarding-experiences-306c6d5b412a)*
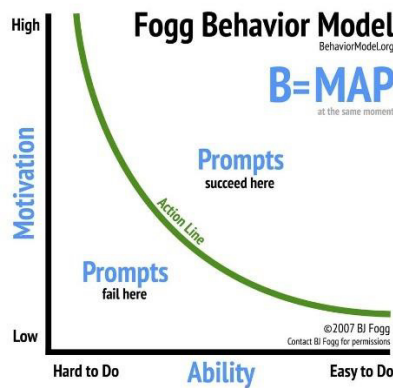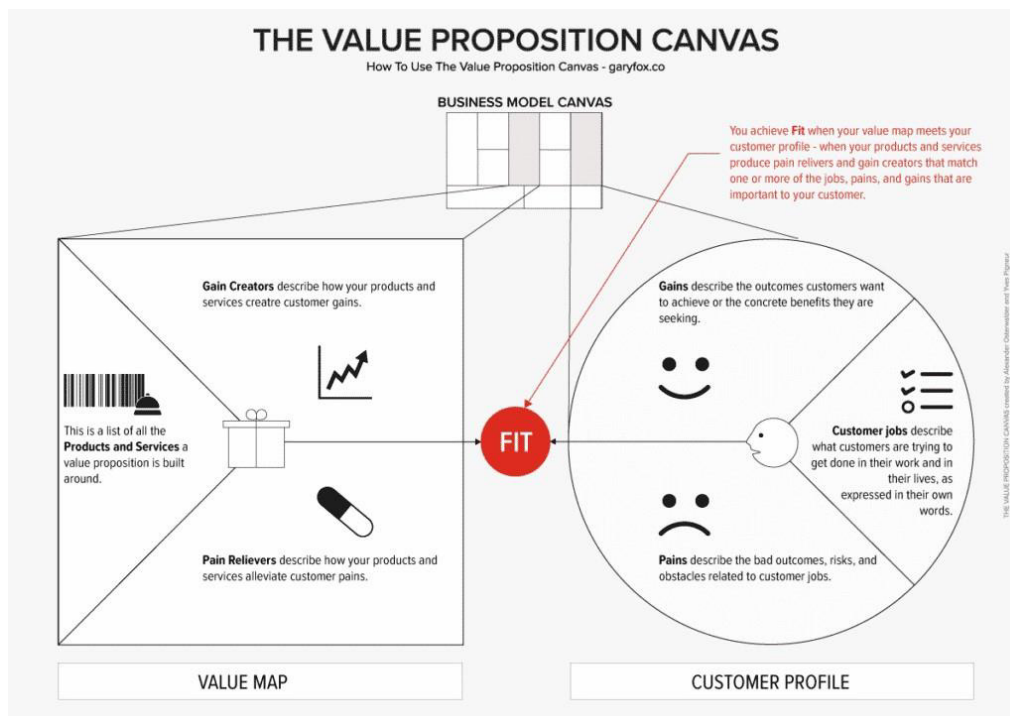
Motivation – think how you can demonstrate the benefits of your solution tangibly (leverage other theories such as SDT)

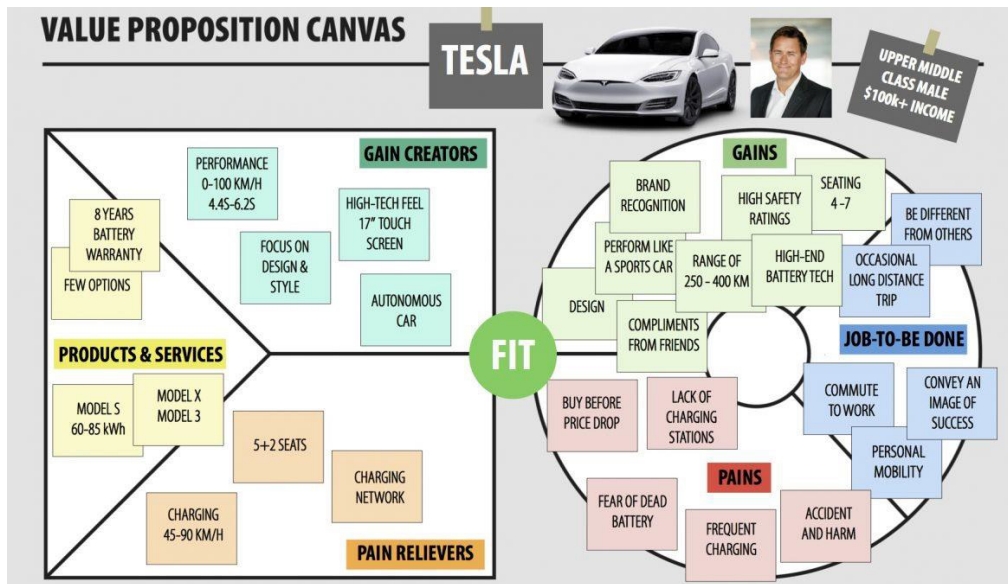Ability – help them solve the job better. Give them knowledge

Prompts – triggers and clear call to action. When and how – BeSci?

## Value Proposition Canvas and Guidelines

VALUE PROPOSITION CANVAS — TESLA — UPPER MIDDLE CLASS MALE $100k+ INCOME

**GAIN CREATORS**
- PERFORMANCE 0-100 KM/H 4.4S-6.2S
- HIGH-TECH FEEL 17" TOUCH SCREEN
- FOCUS ON DESIGN & STYLE
- AUTONOMOUS CAR

**PRODUCTS & SERVICES**
- 8 YEARS BATTERY WARRANTY
- FEW OPTIONS
- MODEL S 60-85 kWh
- MODEL X MODEL 3
- 5+2 SEATS
- CHARGING 45-90 KM/H
- CHARGING NETWORK

**PAIN RELIEVERS**

**FIT**

**GAINS**
- BRAND RECOGNITION
- HIGH SAFETY RATINGS
- SEATING 4-7
- BE DIFFERENT FROM OTHERS
- PERFORM LIKE A SPORTS CAR
- RANGE OF 250 – 400 KM
- HIGH-END BATTERY TECH
- OCCASIONAL LONG DISTANCE TRIP
- DESIGN
- COMPLIMENTS FROM FRIENDS

**JOB-TO-BE DONE**
- COMMUTE TO WORK
- CONVEY AN IMAGE OF SUCCESS
- PERSONAL MOBILITY

**PAINS**
- BUY BEFORE PRICE DROP
- LACK OF CHARGING STATIONS
- FEAR OF DEAD BATTERY
- FREQUENT CHARGING
- ACCIDENT AND HARM

## Business Model Canvas and Guidelines



The Business Model Canvas

| Key Partners | Key Activities | Value Propositions | Customer Relationships | Customer Segments |
| --- | --- | --- | --- | --- |
| | Key Resources | | Channels | |

Cost Structure | Revenue Streams

- Customer Segments are the groups of people and/or organizations a company or organization aims to reach and create value for with a dedicated value proposition.
- Value Propositions are based on a bundle of products and services that create value for a customer segment.

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- Channels describe how a value proposition is communicated and delivered to a customer segment through communication, distribution, and sales channels.
- Customer Relationships outline what type of relationship is established and maintained with each customer segment, and they explain how customers are acquired and retained.
- Revenue Streams result from a value proposition successfully offered to a customer segment. It is how an organization captures value with a price that customers are willing to pay. [5]
- Key Resources are the most important assets required to offer and deliver the previously described elements.
- Key Activities are the most important activities an organization needs to perform well.
- Key Partnerships shows the network of suppliers and partners that bring in external resources and activities.
- Cost Structure describes all costs incurred to operate a business model.
- Profit is calculated by subtracting the total of all costs in the cost structure from the total of all revenue streams

## Value Proposition Example – based on your context: an operator
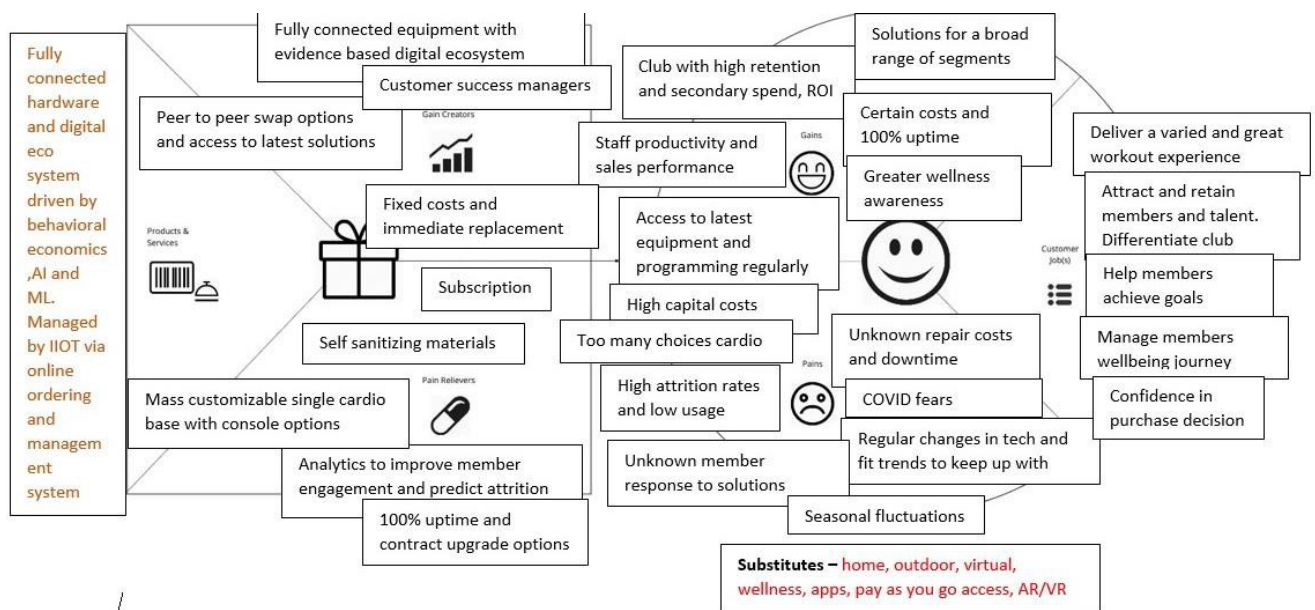


*Source: Sawhney, R (2023) Value Proposition Canvas focused on a B2B Buyer. Future Business Model Innovation, Whitepaper)*

## Business Model Canvas – 2 views: current and future



**Key Partners**
- Component and parts manufacturers
- Tool and machinery suppliers

**Key Activities**
- Manufacturing and selling
- Product development

**Key Resources**
- Factories and manufacturing specialists
- Brand and patents

**Value Proposition**
- High quality, reliable strength and cardio equipment with entertainment options

**Customer Relationships**
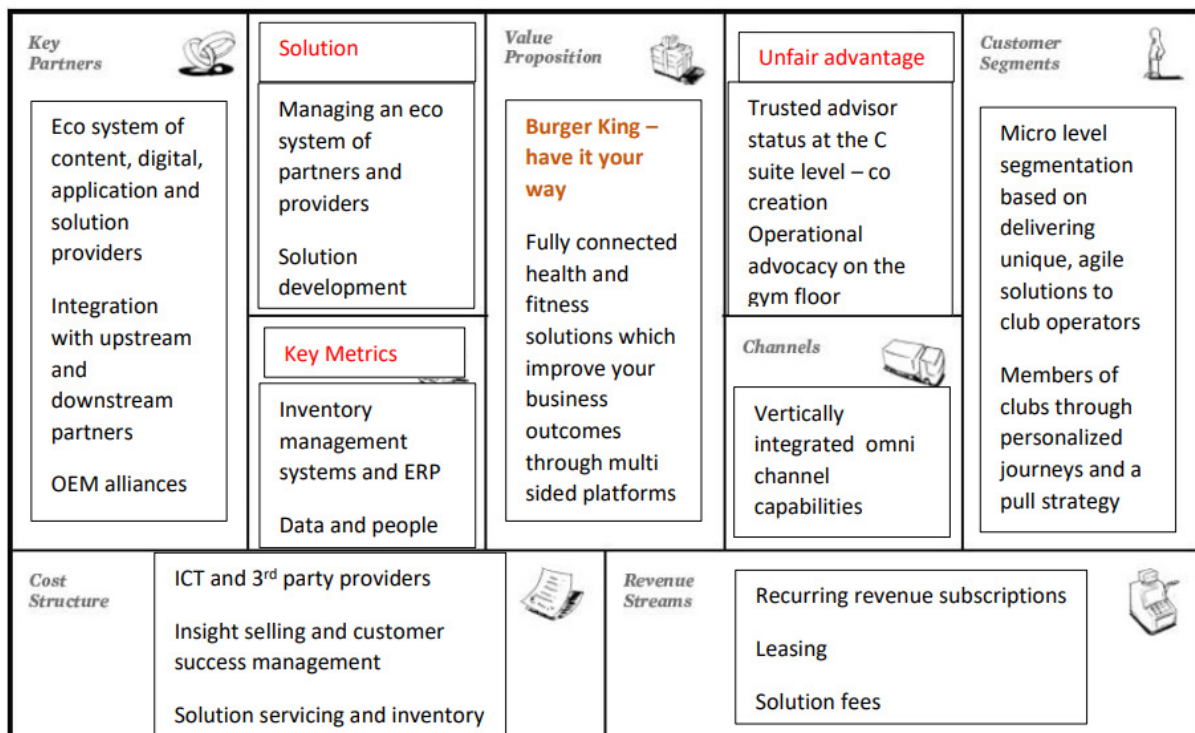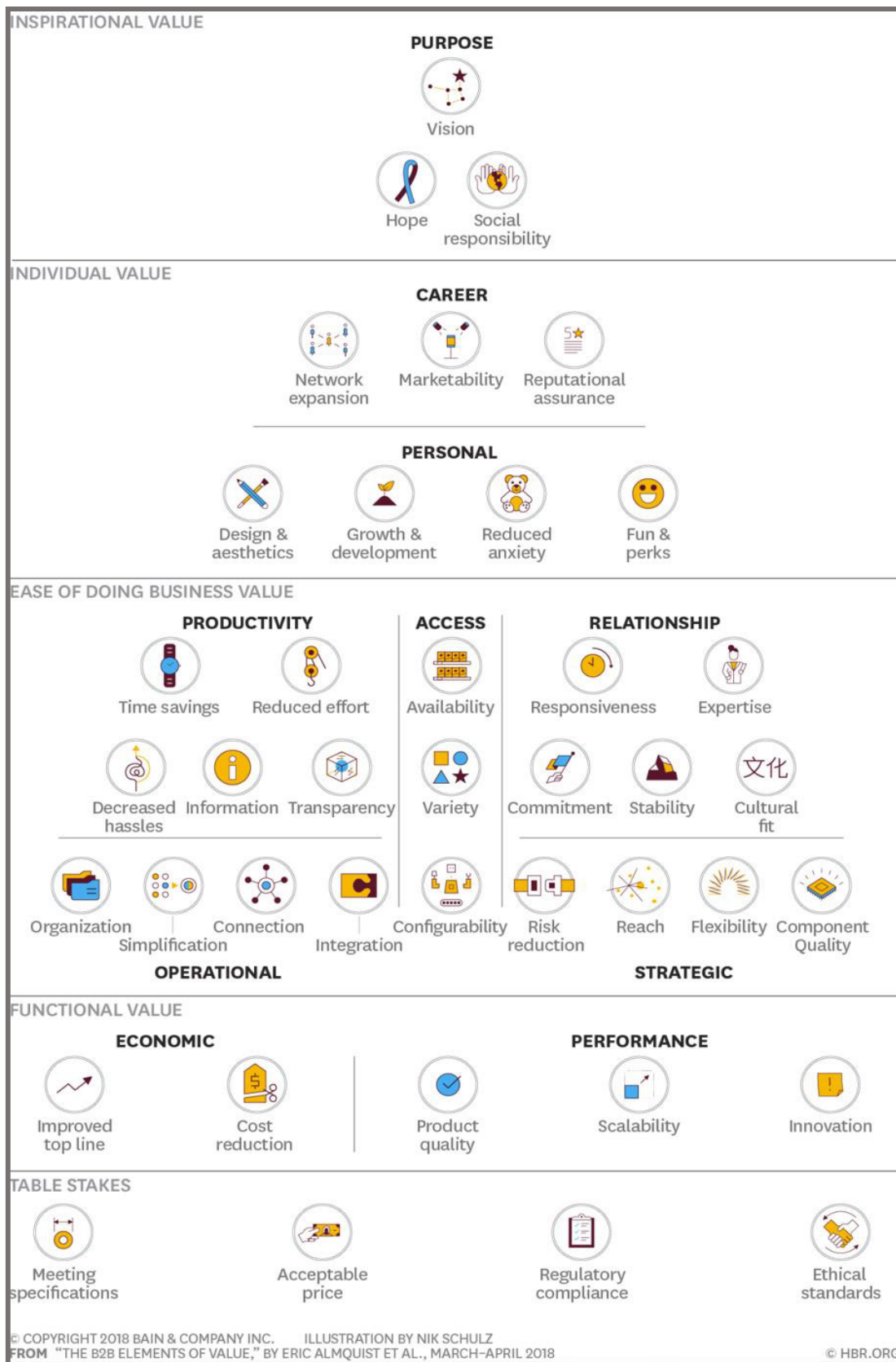- Direct and via distributors/dealers
- Sales relationship

**Channels**
- Direct, distributors/dealers and e - commerce

**Customer Segments**
- Gross segmentation based on geography and industry (clubs consumer, and verticals)
- Usually owners, managers, and fitness directors

**Cost Structure**
- Manufacturing and assembly
- Sales and marketing
- Servicing

**Revenue Streams**
- Transactional sales
- Servicing and parts

*Source: Sawhney, R (2023) Existing Business Model of a Fitness Equipment Manufacturer. Future Business Model Innovation, Whitepaper)*



**Key Partners**
- Eco system of content, digital, application and solution providers
- Integration with upstream and downstream partners
- OEM alliances

**Solution**
- Managing an eco system of partners and providers
- Solution development

**Key Metrics**
- Inventory management systems and ERP
- Data and people

**Value Proposition**
- Burger King – have it your way
- Fully connected health and fitness solutions which improve your business outcomes through multi sided platforms

**Unfair advantage**
- Trusted advisor status at the C suite level – co creation Operational advocacy on the gym floor

**Channels**
- Vertically integrated omni channel capabilities

**Customer Segments**
- Micro level segmentation based on delivering unique, agile solutions to club operators
- Members of clubs through personalized journeys and a pull strategy

**Cost Structure**
- ICT and 3rd party providers
- Insight selling and customer success management
- Solution servicing and inventory

**Revenue Streams**
- Recurring revenue subscriptions
- Leasing
- Solution fees

*Source: Sawhney, R (2023) Future Business Model of a Fitness Equipment Manufacturer. Future Business Model Innovation, Whitepaper)*

## Types of B2B value



INSPIRATIONAL VALUE

**PURPOSE**

Vision

Hope   Social responsibility

INDIVIDUAL VALUE

**CAREER**

Network expansion   Marketability   Reputational assurance

**PERSONAL**

Design & aesthetics   Growth & development   Reduced anxiety   Fun & perks

EASE OF DOING BUSINESS VALUE

**PRODUCTIVITY**   **ACCESS**   **RELATIONSHIP**

Time savings   Reduced effort   Availability   Responsiveness   Expertise

Decreased hassles   Information   Transparency   Variety   Commitment   Stability   Cultural fit

Organization   Simplification   Connection   Integration   Configurability   Risk reduction   Reach   Flexibility   Component Quality

**OPERATIONAL**   **STRATEGIC**

FUNCTIONAL VALUE

**ECONOMIC**   **PERFORMANCE**

Improved top line   Cost reduction   Product quality   Scalability   Innovation

TABLE STAKES

Meeting specifications   Acceptable price   Regulatory compliance   Ethical standards

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FROM "THE B2B ELEMENTS OF VALUE," BY ERIC ALMQUIST ET AL., MARCH–APRIL 2018     © HBR.ORG

# How Twitter Applied the "Jobs to Be Done" Approach to Strategy

by

- David S. Duncan
  and
- Brian Hindo

At the outset of a conference call with securities analysts in July to discuss Twitter's second-quarter earnings, CEO Jack Dorsey laid out his company's strategy: "We intend to build an ecosystem of connected features and services focused on serving three core jobs: news, which is what's happening; discussion, conversation; and helping people get paid," he said.

The language Dorsey used — "three core jobs" — refers to a concept called "jobs to be done," which is an approach to defining a business from the perspective of what really matters to its customers.

Such strategic focus is essential for a company such as Twitter — which competes against a varied set of players ranging from Facebook and TikTok to the Wall Street Journal and the New York Times. And Twitter's results have been impressive. Its daily active user count has grown above 200 million, up from 126 million at year-end 2018. It is on pace to cross $4 billion in annual revenue in 2021, up from a little more than $3 billion in 2018. And as of September 20, Twitter shares had appreciated over the past five years by 170%, which compares to 185% for Facebook.

It wasn't always this way for Twitter. As it turns out, jobs to be done has been a key tool in Twitter's turnaround, which began in earnest after Jack Dorsey reassumed the CEO role in October 2015. At the time, the company was still evolving and its focus was unclear. Facebook was growing users at an astounding scale and pace, and Snapchat was the shiny, new social network set to take it on. In 2015, Twitter posted a net loss of $521 million on revenue of $2.2 billion, and its shares were trading below its IPO price of $26. As Dorsey described it later, at the Insight CEO Summit in August 2019, "We got overly reactive to everything our peers were doing. We didn't have a clear sense of what our purpose was, and that really hurt us a lot." (Disclosure: Twitter has not been a client of our firm, Insight, and he was an unpaid speaker at the 2019 CEO Summit.)

Dorsey and his team were grappling with one of the most profound questions every leader must answer: What business are we really in?

How an organization defines its business impacts nearly everything it does: what customers it serves, how it serves them, whom it competes against, what external forces it regards as relevant, how it interprets those forces, what strategies it contemplates and pursues, and how it innovates.

Yet too often this question is answered in ways that are overly constraining, myopic, and obscure what's really happening in the world around them. Even worse, the wrong frame of reference can result in completely missing emerging threats and opportunities. This often happens when an organization defines itself by the products it sells ("we are in the insurance business" or "we are in the car business") or by some other inward-looking characteristic such as its business model ("we are an online marketplace" or "we are in the rental business") or a capability ("we are a software development business").

What's needed is a way to define a business from the perspective of what's at the heart of any company's success: its ability to create value for customers. The "jobs to be done" approach provides such a solution.

A job can be a problem to solve (e.g., "repair my car," "soothe my sore throat") or a goal (e.g., "run a marathon," "get into college"). When jobs arise, people are motivated to seek products, services, or experiences to "hire" to perform those jobs, just like they might hire a person to do a job such as fixing a leaky pipe or babysitting the kids.

The idea can also be used to define strategic direction — and has particular value as a way of framing an organization's identity.

## How Twitter Applied the Approach

For Dorsey, jobs to be done provided a tool for strategic clarity at a critical time. "It cleared something up that was missing for me, which was how do we plan and build around a customer-centric framework that would focus the organization on why our customers are coming to us in the first place," he said. Upon his 2015 return to Twitter, Dorsey launched an effort to identify the jobs that people hired Twitter for and, importantly, which jobs it would focus on going forward. It involved three steps.

**1.** Understand the full set of jobs for which Twitter was already being "hired."

 The company obtained this information by gathering insights from customer interviews, observations of how people engaged with Twitter, and data gathered from website usage.

This generated a long list of quite specific jobs, which could then be aggregated into higher-level jobs to consider for strategic prioritization. For example, jobs such as "get real-time updates about a live sporting event," "learn more about a longstanding interest or hobby," or "be alerted to breaking news events" could all be grouped into the higher-level of job of "inform me."

**2.** Prioritize the jobs Twitter wanted to focus on.

 This was done via workshops in which company leaders evaluated the list of jobs by criteria such as how widely they were shared by customers, the expected value of solving them, and where Twitter had a compelling and differentiated solution. The result was alignment around three priority jobs for Twitter consumers: "inform me," "have a conversation," and "inform others." Similar work was done to identify the priority jobs of other Twitter stakeholders such as advertisers and the developer community.

**3.** <u>Communicate the results and use them to allocate resources.</u>

 Ultimately, priority jobs were communicated throughout the company. They also provided a powerful mechanism for focusing how resources were allocated. For example, once the strategic jobs were identified, all product groups and teams reviewed their existing product roadmaps and assessed, for each project, how it connected to one of the priority jobs. If it couldn't be connected, the product was taken off the roadmap. The jobs framework also helped move the organization from describing its strategy in terms of features to developing longer-term plans aimed at solving priority jobs to be done.

The framework was also applied at Dorsey's other company, Square, to help the financial services and mobile payments company redefine its business and figure out where it might look for growth. The initial approach it took was similar to that of Twitter: The company gleaned insights into the jobs to be done from customer interviews and observations of how business owners used Square solutions. For instance, Square's managers realized that its technology, which enabled small businesses to process credit cards, was a means to solving the broader job of "grow my business."

That realization opened up the team's eyes to other opportunities. For example, growth requires access to capital, and many small businesses have difficulty obtaining bank loans. Square responded by launching Square Capital (now called Square Loans), which leverages its deep understanding of its customers' financial health (derived from their transaction history) to provide them with direct access to capital.

## The Value of a Jobs Perspective

Defining an organization from the perspective of the customer jobs it exists to solve often leads to valuable new insights about the competitive environment, risks, and opportunities, while expanding the possibilities for growth and innovation. To illustrate this, consider the contrasting implications of a car company defining its business from a product perspective ("we are in the car business") versus a jobs perspective ("we are in the personal mobility business").

## What Business Are We In? Two Perspectives

Viewing a market through the "jobs to be done" lens produces a much broader picture of the competitive landscape.

| | **"We are in the car business"** | **"We are in the personal mobility business"** |
|---|---|---|
| **Primary Lens** | Products | Jobs to be done |
| **Competition** | Automakers | Automakers, ride-hailing (e.g., Uber, Lyft), rental cars, walking, biking, videoconferencing, home delivery services |
| **How we compete** | By making higher-performing cars with more features | By serving consumers' jobs to be done in novel and unexpected ways — through innovation in the core business (e.g., electrification, new-purchase experiences) or in new business lines (e.g., fleet services, micromobility) |
| **Market size** | Measured in total vehicle sales (cars, trucks, SUVs) | Measured in vehicle sales plus other mobility-related markets (e.g., ride-hailing, e-bikes, in-vehicle entertainment) — any intersection of jobs to be done and circumstances in which people or things need to be moved from A to B |
| **Innovation levers** | Advancing technology to create better-performing, more richly featured cars | Product innovation plus business model innovation such as new products and services, new user experiences, new financial models |
| **Trends to worry about** | Increased preferences for SUVs, advances in electric propulsion systems, rise of driver-assist features, autonomous car technology, consumer focus on connectivity, new distribution channels | All of the product-related trends plusincreased demand for personal mobility services (e.g., scooters), increased use of videoconferencing or telecommuting, advances in drone delivery technology, activities of nontraditional competitors (e.g., Google) |
| Source: Innosight | | © HBR.org |

Clearly, these two perspectives lead to very different conclusions about what's happening in the world, what developments merit attention, and what the strategic options are.

Beyond the clarity it provides, we've observed three primary benefits of the jobs-to-be-done approach:

## Expanding options for strategy and innovation.

Jobs provides a customer-centric lens for strategy development, clarifies who the real competition is, and opens up a range of new avenues for growth and innovation.

## Investing in what matters most.

When everyone in the organization understands and is oriented towards the jobs it exists to solve, employees at all levels are empowered to make better decisions in their day-to-day tasks.

## Aligning and inspiring the organization.

Clarifying the priority jobs your firm exists to solve helps all employees understand how the organization creates value in the world and realizes its purpose. It also plays an important alignment role by communicating strategic focus and ensuring this is a shared language and methodology for innovation, product development, and developing customer insights.

All organizations should reflect on the customer jobs they've solved up to the current moment and determine how this focus might need to change in the future. By doing so, they can chart a clear path forward.

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