Increase Supply Chain Value, Part 2 — Use a Jobs-to-Be-Done Playbook to Discover What Customers Value

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Translating the voice of the customer insights into competitive advantage can seem more of an art than a science. CSCOs can use these four steps to apply the proven concept of jobs to be done (JTBD) to increase innovation success in translating unmet customer needs into supply chain designs.

Overview

Key Findings

- Most supply chains lack a formalized understanding of the customer supply chain needs required to improve customer experience (CX).

- Simply asking commercial teams and customers what they want often provides vague answers around price, speed and reliability, providing little guidance on how to differentiate supply chain service between customers.

- Incomplete or vague customer insights are hard to translate into supply chain designs and services that help gain competitive advantage and encourage growth.

- CSCOs need a reliable, predictable system that will help them to continually foster innovation based on customer insights.

Recommendations

CSCOs who want to display strong strategic leadership to develop a customer-centric supply chain with competitive advantage should:

- Prioritize supply chain CX focus areas by building a JTBD playbook to identify, quantify and create better solutions for unmet (underserved or overserved) customer desired outcomes.
Introduction

Gartner’s 2020 Supply Chain Disruption Management and Impact Survey reveals that only 43% of supply chains have a formalized understanding of customer requirements.¹ As discussed in part 1 of this series (Increase Supply Chain Value, Part 1 — Improve Innovation With Jobs to Be Done), a jobs to be done (JTBD) playbook can be utilized for internal customers (e.g., finance, human resources, employees, sales, marketing) or external customers (e.g., who places an order, who pays, who uses). Based on the use of JTBD for products, following the approach requires a project team of as few as six people. Use the results to influence decision makers by providing a shared understanding of customers’ desired outcomes with a prioritization based on statistically valid data.

Consumers do not want a two-day lead time, their mission as a shopper is to have a present for their child’s birthday party. This insight highlights an opportunity for available-to-promise capabilities and “gift wrapping as a service” offers from supply chain.

JTBD theory builds on the idea that, rather than buying products, customers are hiring a company to help get a “job” done. That job — not the product or the customer — is the unit of analysis to discover needs. Jobs may be wholly solved by supply chain or supply chain may be one part of how the company meets the need.
Combined with other CX activities, JTBD helps address four common challenges to creating customer insights (see Figure 1). The framing of JTBD around a “job” as well as specific approaches used when seeking and analyzing insights lead to more successful outcomes. With a more stable target and more specific insights, holistic solutions can improve existing experiences and drive disruptive innovation. For more information, see Infographic: Customer Experience Management Framework.

Figure 1: JTBD Approaches Address Common Challenges in Understanding the Customer

JTBD Approaches Address Common Challenges in Understanding the Customer

Three Pillars of Customer Experience Management

- Understand the Customer
- Set Customer Experience Strategy
- Coordinate CX Across the Enterprise

Common Challenges

- Vulnerable to disruption
- Hard to action customer insights
- Innovation fails
- No competitive differentiation

“Jobs-to-Be-Done” Solution

- Stable “Job” target until perfectly solved
- Unambiguous, predictive, stable need statements
- Quantified importance versus satisfaction by need
- Focus needs identified — overserved and underserved

Playbook Adapted from Strategyn Outcome-Driven Innovation

- Analyze the job-to-be-done for an internal or external customer
- Interview less than a dozen customers about the job
- Survey 300 to thousands periodically
- Create solutions for segments based on customer needs

Source: Gartner
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Analysis
Build a JTBD Playbook to Prioritize Supply Chain Customer Experience

Focus

JTBD techniques will not just be done once. Begin by building a standard playbook that outlines effective use of JTBD within the supply chain, and then continuously improve it. Utilize existing frameworks used for new product launches and innovation to inform your playbook. This approach reveals surprising insights to create a shared understanding of customers’ desired outcomes with a prioritization based on statistically valid data. It will focus you on opportunities for disruptive innovation and lasting competitive advantage, rather than just incremental innovation and solutions that are not differentiated from competitors.

Potentially partner with leading consulting firms to apply the approach in combination with resources more familiar with supply chain internal to your company or from external partners such as Gartner. Clayton Christensen and Anthony Ulwick represent two of the leading approaches to JTBD with nuances in how they each go about it. The steps in this note are inspired by the five steps in Ulwick's Outcome-Driven Innovation® approach to provide a simple supply chain-oriented introduction to its power. ²

Step 1: Start From a Stable “Job” for a Customer Rather Than the Solution

Create a stable target by defining the scope of innovation as a market, such as a group of people with a job to be done. While products, sites, processes and technologies come and go, the job people are trying to get done is stable over time. Personas can help represent fictional characters with groups of common behaviors, goals and motivations. (See Supply Chain Customer Centricity Part 2: Leverage Personas and Journey Mapping to Understand and Design the CX.) For example, Schneider Electric’s supply chain uses a subset of 16 corporate personas to structure its CX activities.³

A stable target allows faster and better alignment to customer value, with examples of sustained competitive advantage for up to a decade.⁴ Rather than continually redefining the question, once a job is defined, the focus is on understanding current customer opinion related to that job. This allows rapid adoption of new approaches that get the job done better or with less cost.

To define a job, determine “who is trying to do what job and why?” It is critical that the job definition does not include the solution. Starting with a solution creates blind spots to opportunities that allow competitors to find disruptive innovations, creating advantages over you. Figure 2 shows how continuing to ask “why” helps get to a core job that will be stable over time.
Figure 2: Definitions of “Job” Should Not Include the Solution

**Definitions of “Job” Should Not Include the Solution**

- **This is a solution.** It describes how something is done.
- **This is the outcome.** It is why they asked for the solution.
- **This is the driver.** It is why the outcome was important.

<table>
<thead>
<tr>
<th>Original Request</th>
<th>Who is Trying to Do What</th>
<th>Why Are They Trying to Do That</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed next-day delivery</td>
<td>Parent to have a present for a child</td>
<td>Celebrate at a birthday party</td>
</tr>
<tr>
<td>Guaranteed next-day delivery</td>
<td>Business to recover from disruption</td>
<td>They are located in an area prone to hurricanes</td>
</tr>
<tr>
<td>Guaranteed next-day delivery</td>
<td>Field maintenance repairing a broken machine</td>
<td>To ensure planned surgeries occur</td>
</tr>
<tr>
<td>Consolidated delivery</td>
<td>Business or retailer starting up a new site</td>
<td>Have everything available for installation/construction</td>
</tr>
<tr>
<td>Small lot size orders</td>
<td>Warehouse minimizing excess and obsolete inventory</td>
<td>Cash crunch</td>
</tr>
</tbody>
</table>

**Understanding of Need**

Low → High

Source: Gartner
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**Step 2: Create Unambiguous, Predictive, Stable Need Statements to Solve For**

Asking customers what they want leads to vague, solutions-focused answers and many unarticulated needs that are hard to action. For the supply chain these needs are often lower cost, shorter lead time, more choice and reliable quality.

To avoid vague, solution-oriented customer responses, reframe the voice of the customer listening insights or generate new insights. Using as few as 12 interviews, stable and measurable innovation opportunities can be identified. Customer-desired outcomes are the measures of a customer successfully completing a job.

For any job, the 50 to 150 customer-desired outcomes will explicitly describe how to minimize execution time (efficiency) as well as the likelihood of bad things happening (undesirable outcomes) and increase desired outcomes.
A critical component of this JTBD approach is how insights gathered from interviews are structured. Interviews will focus on a particular job, such as operating in a hurricane-prone area or completing installation. A moderator seeks to understand what successfully completing that job entails. When a customer answers with a solution, the moderator translates that answer into a desired outcome statement and confirms that it accurately represents the customer’s need. 5

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**Desired outcome statements should start with a direction of improvement — minimize or increase. You will be asking customers to rate these statements and words like eliminate or decrease tend to introduce variability into how people rate statements.**

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For example, during a set of interviews by a medical device company, cardiologists said that they wanted an angioplasty balloon to be “smooth.” This is a solution. When asked what metrics they use to define smooth, the needs were recorded as “minimize the likelihood of dissecting a vessel” and “minimize the likelihood of inadvertently entering side vessels.” 6 A medical device supply chain performing similar interviews might record the requested solution of traceability as “minimize likelihood of using an expired product,” “minimize likelihood of regulatory compliance issues,” “minimize time to complete product recalls” or “minimize time to invoice a specific unit.” These more detailed statements provide a clear expression of what the customer is trying to achieve. Customers will always want to get better at these outcomes — they are stable, measurable and predictive of customer satisfaction with a product or interaction.

**Step 3: Identify Innovation Priorities by Quantifying Importance Versus Satisfaction by Need Statement**

The 50 to 150 customer desired outcome statements represent a comprehensive view of all potential sources of value. Market surveys quantifying the importance and satisfaction provide a concrete way to prioritize focus. Over a three- to five-week period, a statistically-valid survey (300 to thousands) of customers rate the importance and satisfaction for each of the 50-to-150 outcomes identified. Satisfaction represents the degree to which solutions used today meet customer needs. This may be asked of your solutions specifically or across a portfolio of competitors.
Figure 3 shows how an opportunity algorithm can take this satisfaction and importance information, and then provide a stack rank of priorities with the best opportunity to create increased customer satisfaction and competitive advantage. For outcome B, the 5.4 shows that 54% of respondents ranked that item a 4 or 5 on importance and the 0.5 shows that 5% of customers rated it a 4 or 5 on satisfaction. Though it is the least important outcome on the list, the algorithm pushes up its priority due to the lack of satisfaction with current results.

**Figure 3: Prioritize Desired Outcomes Based on Customer Importance and Satisfaction Survey and Opportunity Algorithm**

<table>
<thead>
<tr>
<th>Customer Desired Outcome</th>
<th>Importance</th>
<th>Satisfaction</th>
<th>Opportunity Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome A</td>
<td>9.5</td>
<td>3.2</td>
<td>15.8 (Most important, medium satisfaction)</td>
</tr>
<tr>
<td>Outcome B</td>
<td>5.4</td>
<td>0.5</td>
<td>10.3 (Least important, worst satisfaction)</td>
</tr>
<tr>
<td>Outcome C</td>
<td>6.0</td>
<td>9.2</td>
<td>6.0 (Medium importance, well satisfied)</td>
</tr>
</tbody>
</table>

Having this fact-based view helps gain investment in areas that may not be intuitive to the business.

Arm & Hammer Animal Nutrition used a similar analysis to prioritize which of its dairy producers’ 165 desired outcomes were underserved. Arm & Hammer used this analysis to screen for acquisitions and explain the rationale for acquiring a small business that provided important niche solutions to dairy producers. 7
Periodic surveys help capture shifts in prioritization. While importance tends to be stable, significant events can shift it. For instance, infection control was always important in hospitals, but dramatically increased in importance in factories following COVID-19. When new solutions are introduced by you or competitors, satisfaction scores may shift. For instance, the satisfaction of online customers for last-minute needs with available solutions increased following Amazon’s introduction of same-day or two-hour delivery.

Step 4: Design Solutions for Segments of Unmet Needs

For any given job, between 5% and 80% of customers’ desired outcomes will be unmet.⁴

Finding better solutions for these needs is where JTBD insights translate into innovation and value. For specific supply chain activities, every outcome provided will fall into one of three categories shown in Figure 4:

- **Overserved**: Outcomes relatively unimportant with high satisfaction of effectiveness versus customer-desired outcomes. As a form of waste, these outcomes represent an opportunity to improve efficiency or disrupt approaches to the activities not valued. This is represented in the upper left corner of Figure 4.

- **Underserved**: Important outcomes with poor effectiveness and satisfaction where solutions do not meet or only partially meet expectations. As current gaps, these outcomes represent an untapped opportunity to increase value by adding new services or modifying existing services to match desired outcomes. This is represented in the lower right corner of Figure 4.

- **Aligned**: Approaches match the importance of outcomes. Focus on continuing to improve existing approaches. This is represented by the gray section of Figure 4.
Figure 4: Identify Overserved and Underserved Customer-Desired Outcomes

Traditional supply chain segmentation often tries to dedicate products or customers to segments — an identity-based segmentation. These segments might be based on priority (e.g., ABC or platinum, gold, silver), market, channel, specific customer, product line or some other business-defined construct. This method often fails to reveal significant opportunities for differentiation and competitive advantage.

Once individual customer-desired outcomes have been categorized into underserved, overserved or aligned, grouping of related outcomes into needs-based segments will help target where to innovate. The power of the approach is that it identifies unique mixes of unmet needs that create large opportunities. An all-terrain vehicle manufacturer had a “good-better-best” product strategy where “best” included a more powerful engine and accessories. By following the outcome-driven innovation approach, the manufacturer identified a $150-million segment with a need for a product with more power to handle difficult terrain (best), but with fewer accessories that break (good).
A similar mix of unmet needs is often found in consumer products supply chain segmentations. Intuition begins that a grocery retailer with a low-cost strategy, like Aldi or Lidl, wants the lowest price and the least services. As the analysis progresses, they find that while the customer has a low-cost strategy, there are particular supply chain services where they have very specific needs, such as using customer-specific pallets or providing precision delivery. Many supply chains create a service menu summarizing hundreds of these types of individual value-added offers (see Tool: Template and Examples to Create a Supply Chain Differentiated Service Menu). By innovating additional services, supply chains segmenting on needs have improved customer satisfaction up to 50% for an individual segment. (See Part 1 — Enable Competitive Advantage With End-to-End Supply Chain Segmentation: Segment Based on Customer Order Needs.)

Discovering related unmet needs and solutions that have long been overlooked is part of the power of the JTBD approach. When looking to enter a new market, Bosch discovered an underserved segment of customers with 14 unmet needs. In a matter of hours, the product team conceptualized a new offering that would address all 14 needs without adding product cost. This allowed Bosch to gain share against its top competitors.

“It is highly unlikely that we would have focused on these outcomes, defined this feature set, or made the right trade-off decisions without having the benefit of outcome-driven analysis.”

— Randall Coe, Director of Product Development, Bosch

Similarly, during an end-to-end supply chain design aligned to customer needs, quick wins often come when an activity done in one part of the organization can be rapidly replicated to another. One pharmaceutical company identified an emergency fulfillment service used for patients with time sensitive treatments where small village pharmacies were not open on weekends. Leaders from other countries quickly realized there was an unmet need and added the same service in their countries.
Solving for a cluster of outcomes with clear trade-off information maximizes long-term results. When the end-to-end supply chain is designed back from clear desired outcomes and understanding of trade-offs, results can be significantly better. Across more than two dozen supply chains, common results were greater than 20% cost savings, 20% to 90% faster lead times and up to 50% customer satisfaction improvements for an individual archetype. (See Part 2 — Enable Competitive Advantage With End-to-End Supply Chain Segmentation: Align Operating Model to Customer Need Segments.)

Evidence

1 2020 Gartner Supply Chain Disruption Management and Impact Survey. This study was conducted to determine the types of disruptions that impact supply chains (positively or negatively), establish parameters that make a company fit or fragile when dealing with a disruption or turn, and identify the competitive and performance impacts of supply chain disruptions. The research was conducted online between 31 March 2020 and 18 May 2020. In total, 585 respondents were interviewed in their native languages across North America (n = 172; including the U.S. and Canada), Western Europe (n = 225; countries including the U.K., Germany and Spain), and APAC (n = 188; countries including Australia, Singapore and China).

Qualifying organizations operate in the manufacturing and retail industries and report anticipated enterprisewide annual revenue for fiscal year 2020 of at least $200 million (at least $500 million in the U.S.) or equivalent.

Qualified participants have a role tied to a supply chain function, and are in director or above roles. All respondents are involved in their company’s decisions regarding supply chain management processes, operations and strategies, either in a decision-making capacity or advisor to the decision makers.

The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested, and administered by Gartner’s Research Data and Analytics (RDA) team.

Disclaimer: Results of this study do not represent global findings or the market as a whole, but reflect sentiment of the respondents and companies surveyed.

La transformación digital de Schneider Electric también en la Experiencia Cliente [Schneider Electric’s digital transformation also in the Customer Experience], Schneider Electric.

Interview with Strategyn founder Anthony Ulwick.

Turn Customer Input Into Innovation, Harvard Business Review.

Service Innovation at Abbott Medical Optics, Strategyn.


Bosch Enters Competitive Market With an Award Winning Product, Strategyn.

Recommended by the Author

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Infographic: Customer Experience Management Framework
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How to Make Your Customer Personas Actionable Using Data-Driven Insights
Supply Chain Executive Report: Drive Customer Value Through Culture and Insights
Part 1 — Enable Competitive Advantage With End-to-End Supply Chain Segmentation: Segment Based on Customer Order Needs
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