

Methodology

Phase 2b: Assess Customer Unmet Needs

IAMC Toolkit

*Innovative Approaches for the Sound Management of
Chemicals and Chemical Waste*



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INDUSTRIAL DEVELOPMENT ORGANIZATION

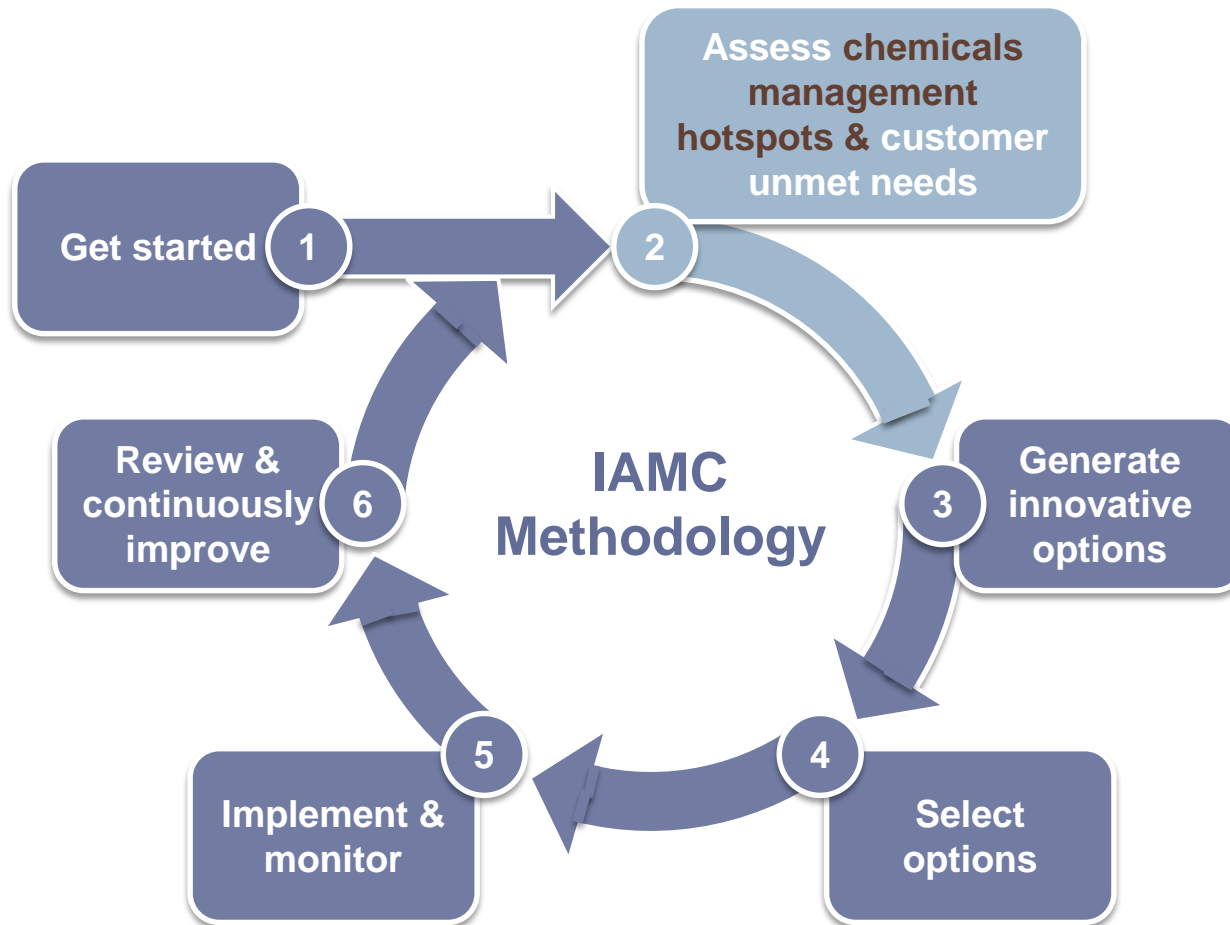


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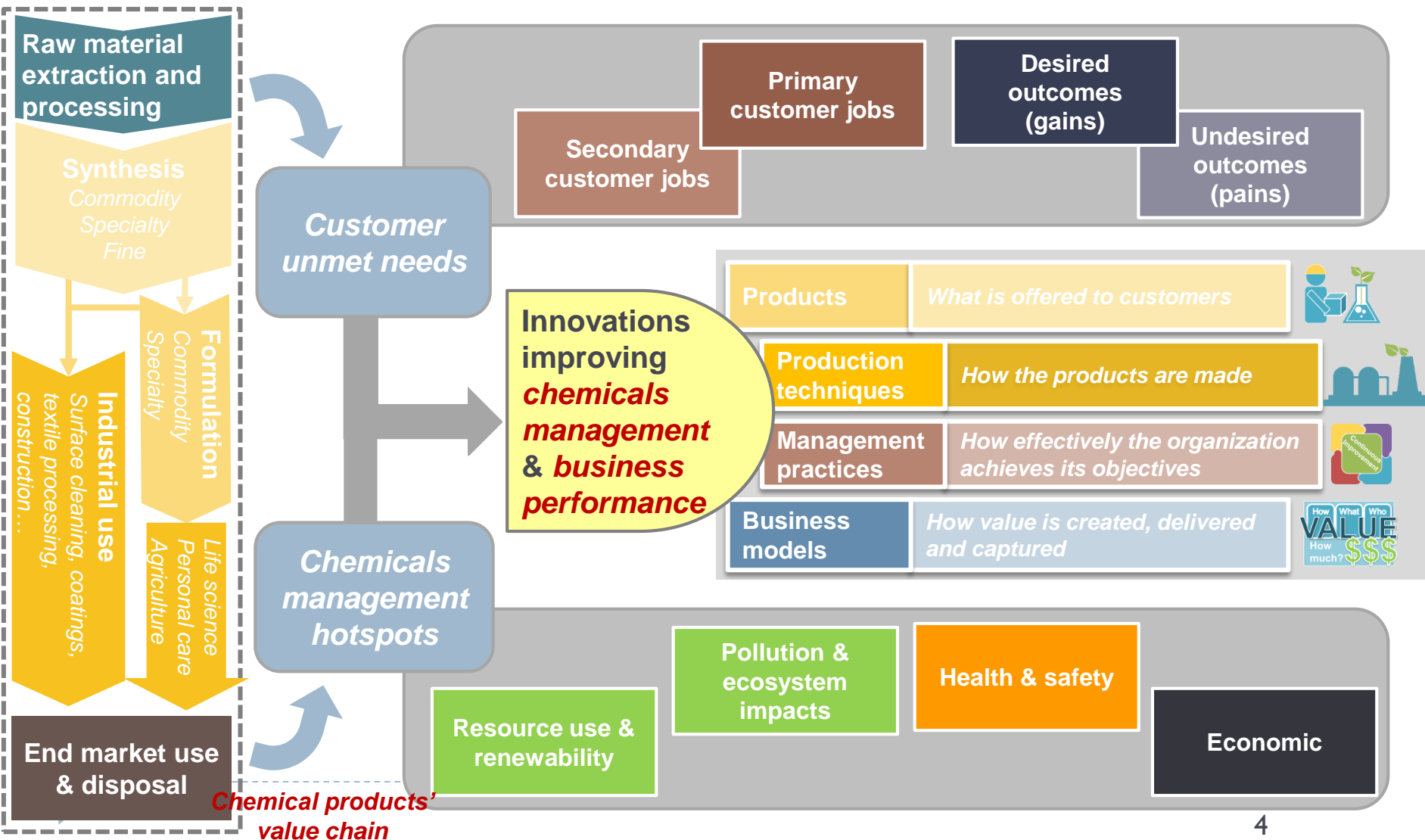
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5. Identify Customer Unmet Needs

Phase 2b: Assess Customer Unmet Needs

Source: ISSPPRO



Approach: Innovations Integrating Value Chain Unmet Needs and Chemicals Management Hotspots



Introduction: Using Customer Unmet Needs to Drive Innovation

Innovation comes from **integrating chemicals management hotspots with the unmet or underserviced needs** of direct and end market customers.

The company can use the unmet needs in the value chain to address chemicals management hotspots and increase business performance through targeted innovations. This section helps to identify the needs of the company's direct customers and end market customers.

To achieve this aim, the Toolkit user will learn how to:

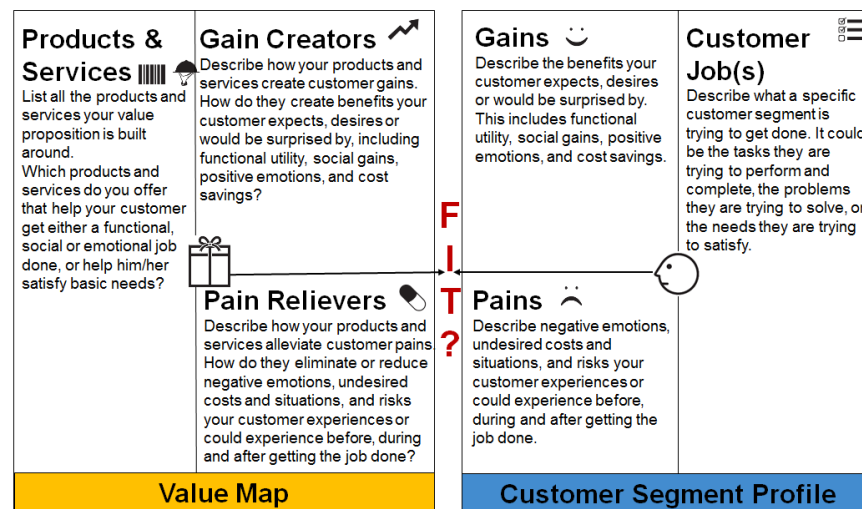
1. Determine important **jobs to be done** for specific customer segments
2. Determine **desired and undesired outcomes** (pains and gains) for the company and its customers
3. Assess the **fit** between the company's product offerings and its customers' outcomes
4. Generate unmet needs to drive innovation and create value
 - The jobs and outcomes that are under-serviced or not being met are called **unmet needs**.

Introduction to Customer Jobs to be Done and Expected Outcomes (Gains and Pains)

The approaches **jobs to be done (JTBD)** and **customer outcomes** were developed and made popular by several consultants including Clay Christensen and Anthony Ulwick.

Osterwalder et al. combined JTBD and customer outcomes (pains and gains) into a **customer profile** that can be used to **evaluate the fit of products (goods and services)** offered by companies to their customers.

This is called the **Value Proposition Canvas**. The Value Proposition Canvas can be used to identify customer unmet needs which is used in the Methodology to drive innovation to improve chemicals management hotspots



Source: adapted from businessmodelalchemist.com

Phase 2b: Assess Customer Unmet Needs

▶ **Key Tasks**

- ▶ Characterize customer segments to be used for the JTBD analysis
- ▶ Assess customer jobs to be done and prioritize most important ones
- ▶ Assess desired and undesired outcomes (pains and gains) for customers and suppliers and prioritize most important ones
- ▶ Use the Value Proposition Canvas to assess product offering fit and identify unmet needs to prioritize to drive the innovation process.

▶ **Deliverables**

- ▶ Summary of key customer jobs and desired and undesired outcomes
- ▶ Summary table of customer unmet needs

Assess Customer Unmet Needs

▶ Key tasks

- ▶ Characterize customer segments
- ▶ Assess customer jobs
- ▶ Assess desired and undesired outcomes for customers and suppliers
- ▶ Identify customer unmet needs

▶ Supporting tools

- ▶ Customer segment template
- ▶ Customer jobs template
- ▶ Outcome expectations template
- ▶ Unmet needs template

▶ Deliverables

- ▶ Summary of key customer jobs and desired and undesired outcomes
- ▶ Summary table of customer unmet needs

Characterize Customer Segments



Characterize Customer Segments

Customer outcome-driven innovation requires understanding the direct customer and end market customer.

Fill in the following table to help better understand the value chain.

<u>Direct customer segment 1:</u> <State segment name>	Description: e.g. market, position in value chain, their customers Goals: What are the goals of the customer segment? Values: What do customers value more than price (e.g. quality and functional performance, reliability of supply, innovation improving the customers' quality/reliability, etc.). Differentiation: How is this customer segment different from others?
<u>End market customer segment 1:</u> <State segment name>	Description: e.g. market, position in value chain, their customers Goals: What are the goals of the customer segment? Values: What do customers value more than price (e.g. quality and functional performance, reliability of supply, innovation improving the customers' quality/reliability, etc.). Differentiation: How is this customer segment different from others?



Characterize Customer Jobs

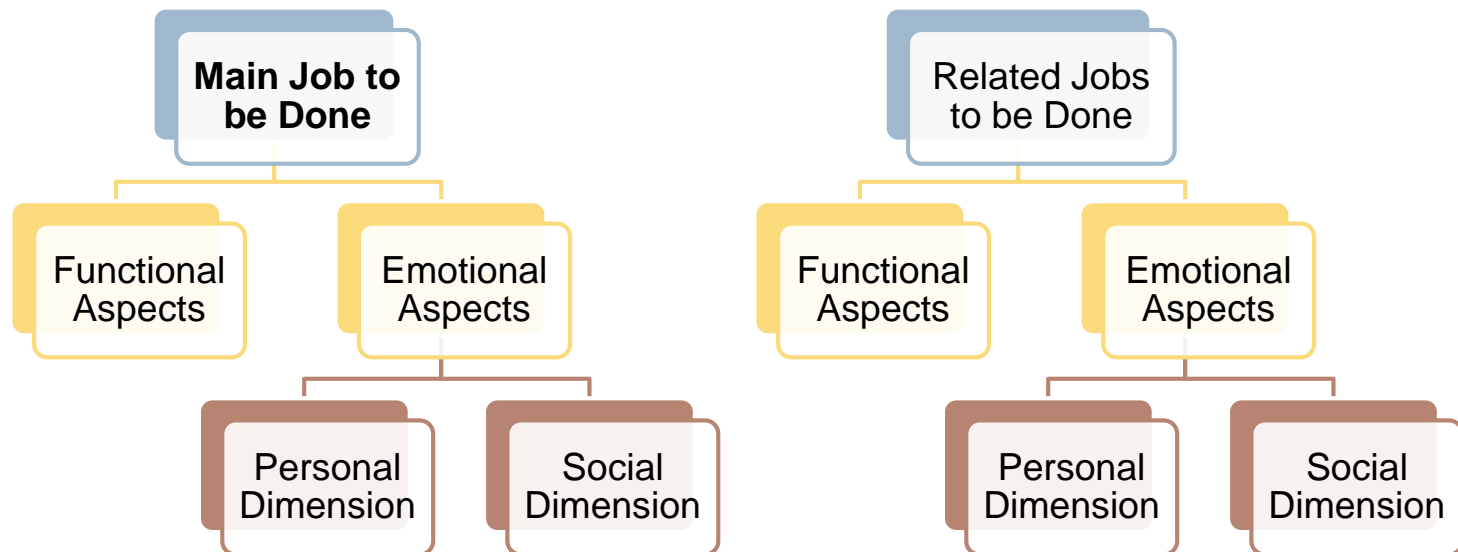
Characterize Customer Jobs to be Done (1): Background information on Customer Jobs

A key customer job is not a product, service or a specific solution.

It's the reason why customers buy goods, services and solutions.

Customer jobs are typically stable over time, however your product offerings to provide solutions to these jobs should change over time, always increasing value.

There are two types of jobs to be done: the '*main jobs*' and '*related job*', each having functional and emotional aspects (which could have a personal and social dimension)



Characterize Customer Jobs to be Done (2):

Identify key customer jobs by asking the following questions:

- What **functional jobs** is the company helping its direct customers and/or end markets get done (e.g. solve a specific problem)? What are primary jobs and what are secondary jobs?
- Are there **additional social or emotional** jobs that direct or end market customers need help getting done (e.g. improving reputation as an innovative or sustainable company)?
- How do jobs differ between the direct customers and the end market customers?

Determine Jobs to be Done

Use the following steps to identify jobs to be done for each direct customer segment

1. List customer jobs to be done for your direct customers and end market:
 - Think about important steps in **preparing** for the job, **doing** the job, **monitoring and concluding** the job.
 - The main jobs should already have been mapped when mapping the product's life cycle in phase 2a 'Assess chemical management hotspots'.
2. For each customer job, indicate the current solution.

The template below can be used as a starting point.

Direct customer job	Current solution	End market job	Current solution
....

Rate and Prioritize Customer Jobs

- Once the primary and related customer jobs of direct and end market customers are defined, they are to be **rated** and the highest rated jobs should be **prioritized** for driving innovation in chemicals management and are further analysed in the next step.
- To determine priority, each job to be done should be rated (e.g. scale 1 to 10) according to:
 - **Importance**: How important are they to the customers?
 - **Satisfaction**: How satisfied are customers with current solutions (product offerings)?
- The rating can be assigned based on company information or it can be obtained from customers using surveys based on a Likert scale.

Customer Job Map: Determine How Customers are Completing their Jobs (Advanced)

To get a better and more detailed understanding of the Jobs to be Done, map the customer jobs to understand their criteria for hiring specific solutions. Each job can be mapped into the following categories:

- **Define** the planning and objective setting required before proceeding with the job
- **Locate** inputs and items required for the customer to achieve the job
- **Prepare and organize** the required inputs for the job
- **Confirm and verify** everything is ready to proceed
- **Execute** the job and monitor the process
- **Modify** the process (in real time or in future job cycles)
- **Conclude** the steps for the customer to finish the job

Assess Desired and Undesired Outcomes



Assess Customer Outcome Expectations

Customers hire solutions that best help them complete their primary and related jobs while providing more desired outcomes (gains) and minimizing undesired outcomes (pains).

Providers of solutions also want to maximize desired outcomes (gains) and minimize undesired outcomes (pains) for themselves.

For the **high priority jobs** identified in the previous steps:

1. List the job's expected outcomes – desired and undesired – for both the customer and the company
2. Prioritize expected outcome



List the Job's Outcome Expectations (1)

Try to **understand the *criteria* the customer would use to decide which solution to choose**. Such criteria could include cost, time, quality, availability, ease of use, maintainability, dependability, reliability, etc.

For **undesired outcomes (pains)**, consider the following:

- What are possible negative outcomes for the customers or problems faced when doing their key jobs?
- What are the main risks and obstacles related to doing their key jobs?
- What keeps the customers awake at night?

For **desired outcomes (gains)**, consider the following:

- What positive outcomes do the customers expect and require?
- What benefits (expected, desired, unexpected) are customers looking for (e.g. are they expecting high quality the most)?

List the Job's Outcome Expectations (2)

Summarize the desired and undesired outcomes for both the customer, end market and the company by collecting the information in the following table.

	Customer	End customer	Company (solution provider)
Undesired (pains)			
Desired (gains)			

Create Outcome Statements (Advanced Option)

Using outcome statements to drive your innovation activities will result in more targeted and value-oriented solutions.

An outcome statement consists of the following items:

- Direction of action (maximize, reduce, etc.)
- Unit of measurement (cost, time, conversion, amount, defects, etc.)
- Object that you are affecting
- Context of the circumstances

Outcome Statements: Example of Cleaning Clothes at a Hotel Chain

The following simple example, involving an equipment supplier providing washing machines to hotel chains, shows how to formulate outcome statements which can drive innovation to provide value for customers and the company.

Job to be done: cleaning clothes in institutions

Example customer (hotel chain) outcomes:

- Minimize the use of resources (water, energy, detergent) in cleaning clothes.
- Increase the likelihood of stain removal
- Minimize the amount of pollution in wastewater and meet legal requirements
- Reduce the consumption of hazardous and non-biodegradable chemicals
- Minimize the labour time to clean clothes and increase the overall productivity
- Maximize the likelihood of being recognized as a green business

Example provider (e.g. washing machine supplier) outcomes:

- Minimize the cost of developing and providing solutions
- Increase customer loyalty from using solutions
- Minimize impact on the environment resulting from production
- Maximize the likelihood of repeat customers



Rate and Prioritize Outcome Expectations

Once the outcome expectations of the customer, end market and service provider are defined, they are to be **rated** and the highest rated jobs should be **prioritized** for driving innovation in chemicals management.

To determine priority, each **outcome statement** should be rated (e.g. scale 1 to 10) according to:

- Importance: How important are they to the customers?
- Satisfaction: To which extent do the current solutions (product offerings) fulfil the outcome statements?

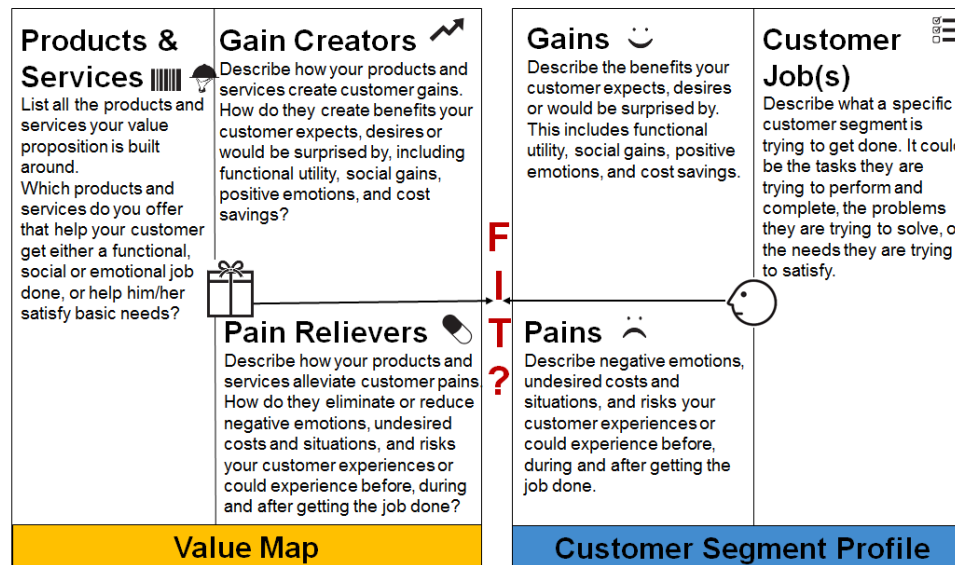
The rating can be assigned based on company information and estimates or can be obtained from customers using surveys based on a Likert scale or a similar approach. This can identify which outcome statements are over-served, served correctly or under-served, so corrective action can be undertaken.

Identify Customer Unmet Needs



Complete the Value Proposition Canvas and Assess the Fit

The Value Proposition Canvas (VPC) is used to characterize the **customer profile** (jobs to be done, pains and gains) and contrast them against the **product offerings** of the company.



The customer jobs, pains and gains that are not addressed or under-served by the company's product offerings are defined as **unmet needs**.

- For more information on how to complete the Value Proposition Canvas see:
<http://www.businessmodelgeneration.com/canvas/vpc>

Assess the Fit Between Customer Expected Outcomes and Current Product Offerings

Step 1: Fill out the **Customer Profile** with on the VPC with the customer jobs, pains and gains.

Step 2: Fill out the company's **Value Map**:

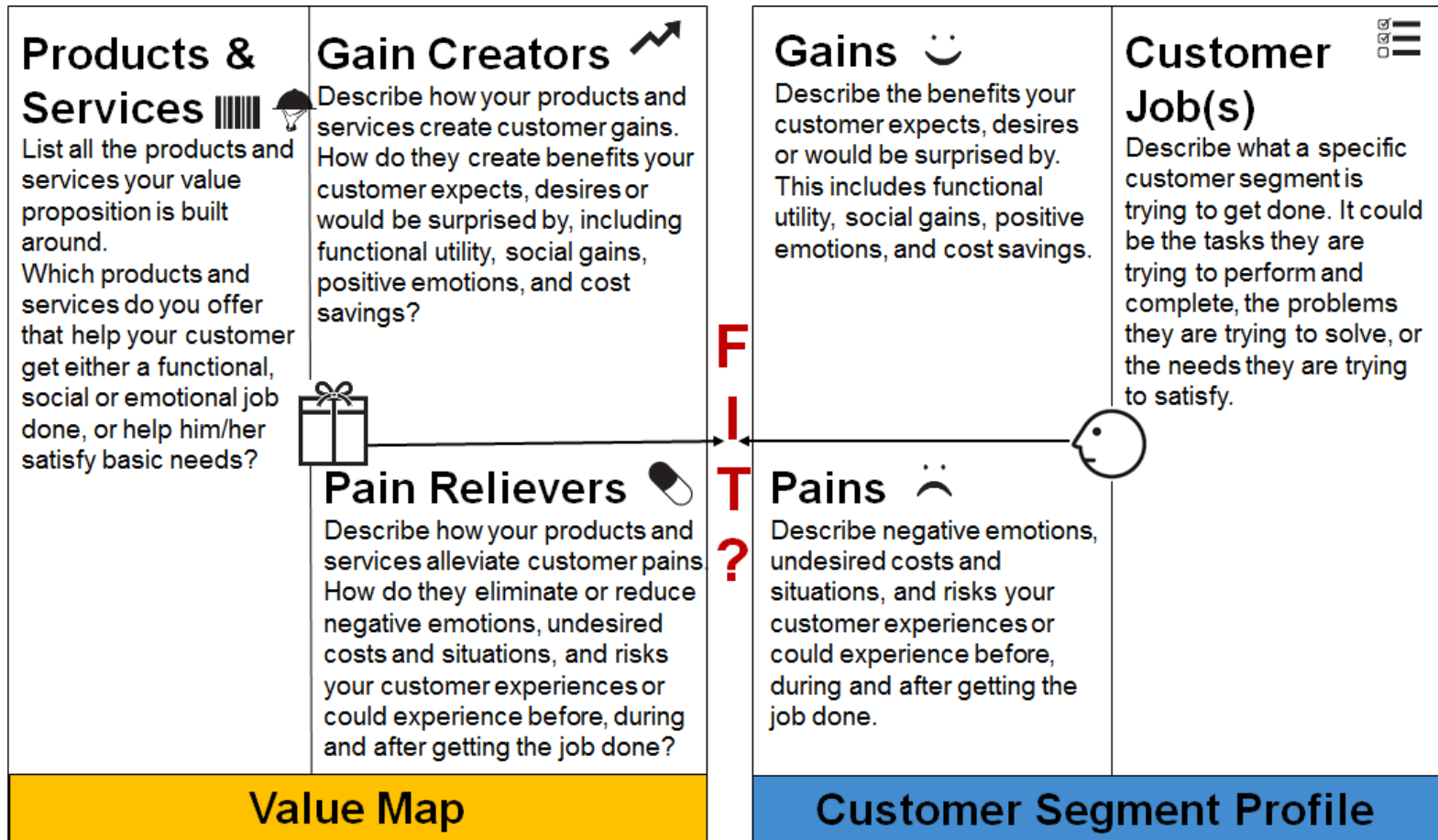
- **Products (goods and services):** what you offer to customers that is of value to them (which helps them do their jobs)
- **Pain relievers:** how your products reduce *undesired outcomes* (e.g. challenges, problems, obstacles or risks)
- **Gain creators:** how your products produce desired outcomes (expected or unexpected)

Step 3: Assess the fit. What jobs and outcomes does the company's product offering address well?

What jobs and outcomes are missing or underserved?

- ▶ These are the **unmet needs** to be used to drive innovation in improving chemicals management and creating value

Complete the Value Proposition Canvas and Assess the Fit



For more information on how to complete the Value Proposition Canvas see:
<http://www.businessmodelgeneration.com/canvas/vpc>

Define Unmet Needs in the Value Chain

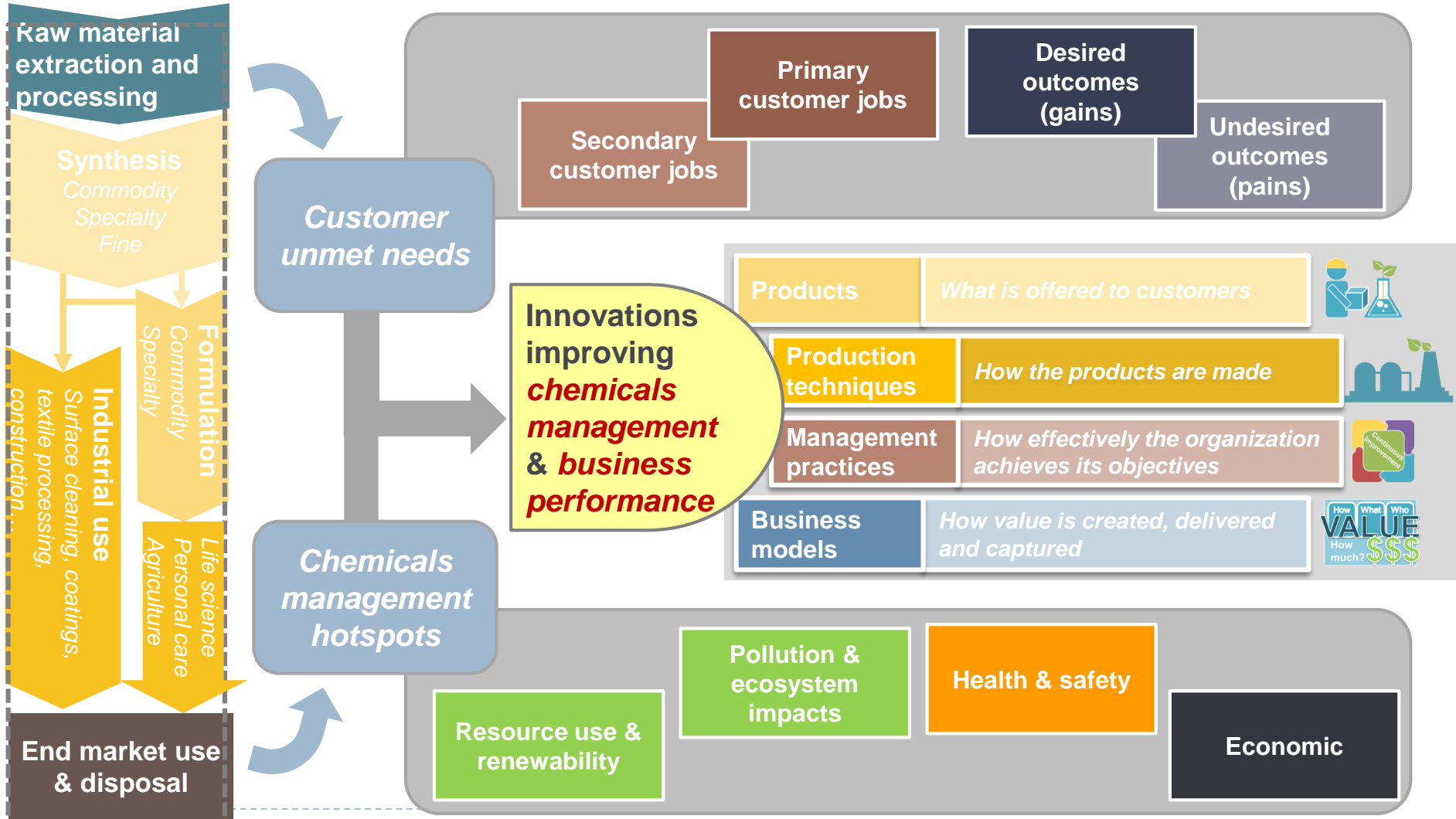
Unmet needs are customer and end market jobs, pains and gains that are not being met or fully satisfied by the current products offered or made available.

Summarize the unmet needs in the following table. The unmet needs will be combined with chemicals management hotspots to generate innovative options.

Unmet need	Unmet need characterization
Either a job, undesired or desired outcome	How is the unmet need currently being overcome? Why has the unmet need not yet been satisfied?
...	...
...	...



The Next Step: Integrating Customer Unmet Needs and Chemicals Management Hotspots



Where to Find More Information

The Innovator's Toolkit (2012) provides tools to understand the unmet and underserved needs of customers: <http://www.innovatorstoolkit.com/>

Strategyzer Value Proposition Canvas: helps to design products that customers want and provides an overview of how to help customers achieve desired outcomes: <http://www.businessmodelgeneration.com/canvas/vpc>

The 100% Open Innovation Toolkit provides an easy-to-use method to implement open innovation: <http://100open.com>



Sources



Sources

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- Silverstein, David; Samuel, Philip; DeCarlo, Neil. The Innovator's Toolkit, 2012.
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