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# *the* **NEW YOU BUSINESS**

## How to compete on personal transformations

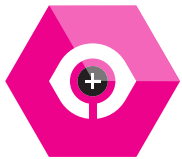






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#### ABOUT THE ART

The floral designer Lewis Miller creates guerrilla flower installations around New York in an effort to spark joy throughout the city. More than 90 of these arrangements are documented in Miller's book, *Flower Flash* (Monacelli Press, 2021).

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**THE END GOAL OF**  
people who go to  
fitness centers  
isn't access to  
the equipment or  
trainers; it is to get

in shape. The overriding reason people go to their doctor or check into a hospital is not to obtain drug prescriptions, a medical examination, or therapeutic procedures; it is to get well. And students' primary motive for going to college is not to buy a lot of books, have their papers and exams graded by professors, or even have the classroom and all-around college experience; it is to gain skills or expertise and pursue a career.

But all too often fitness centers, medical providers, colleges, and organizations in many other industries seek to distinguish themselves only on the quality, convenience, and experience of what they sell. It's not that those things aren't important. But they matter only as means to the

ends that people seek. Too many organizations lose sight of this truth. Even when they do promote what they sell in relation to customers' aspirations, they rarely design solutions that allow people to realize them. Instead, individuals must cobble together what they think they need to achieve their goals—for example, a trainer, a particular diet, and a support network to lose weight.

Even though we're all filled with hopes, aims, and ambitions, significant change is incredibly hard to accomplish on our own. Enterprises should recognize the economic opportunity offered by the *transformation* business, in which they partner with consumers to improve some fundamental aspect of their lives—to achieve a "new you."

## How Transformations Are Unique

Creating economic value from transformations requires first a full understanding of what it means to be in the transformation business. It entails:

**Selling a distinct economic offering.** As two of us (Joe Pine and Jim Gilmore) describe in "Welcome to the Experience Economy" (HBR, July–August 1998), companies (and economies) create more and more value as they shift from selling commodities to manufacturing goods to delivering services to staging experiences. Transformations extend this progression to the fifth level, where companies help customers achieve major change.

#### IDEA IN BRIEF

##### THE MISSED OPPORTUNITY

*Companies rarely design complete solutions to help consumers improve some fundamental aspect of their lives, forcing them to cobble together what they think they need to achieve their goals.*

##### THE ROOT CAUSE

*All too often companies focus on the quality, convenience, or experience of their offerings and don't see their role as becoming full-fledged partners with consumers in their transformation journeys.*

##### THE SOLUTION

*Create a transformation business by ascertaining the customer's "jobs to be done," understanding what success looks like at every point in the journey, identifying barriers, and translating this knowledge into an offering.*

Previous page: Raymond Meier. All other images: Irini Arakas Greenbaum





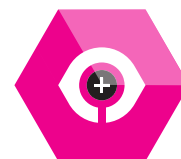


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●● True transformations require complete solutions. But most companies leave  
●● the actual change customers seek to their own efforts.

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**Focusing on the customer's success.** The goods, services, and even experiences a company offers matter only in how they help customers achieve their desired results. Each customer's definition of success must therefore be the North Star that guides what a company does if it wants to compete on transformations.

**Having a solutions mindset.** True transformations require complete solutions. But most companies provide only a small part of what customers need—exercise equipment to become more fit, a sleep app to slumber restfully, a spa retreat to reconnect with one's spouse—and largely leave the actual change customers seek to their own efforts. As a result, customers often fail. By contrast, companies that compete by providing transformations offer everything—on their own or in partnership with others—that customers need to succeed.

That outcome depends on a commitment from each customer to achieve an aim on which he or she and the company agree. This is the approach of Profile by Sanford, a franchiser unit of Sanford Health of Sioux Falls, South Dakota, which guides people to achieve weight loss through a customized, keto-based health and nutrition regimen of six meal occasions a day. (Disclosure: One of us, Jim Gilmore, spoke at an annual Profile franchisee conference for a onetime fee and then became a Profile member and lost 50 pounds in a year. He has no current involvement with the company.) A Profile coach first discusses activity and lifestyle issues in a 90-minute exploratory session with each prospective customer and then explains annual membership pricing. If the person wants to move forward, the coach asks him or her to raise a hand and recite a pledge. Only then does the coach take body and weight measurements and, with the customer, set an initial goal. Interestingly, the pledge does not involve a promise from the customer to lose a set amount of weight; rather, it asks for a commitment to the process, which will involve talking with the coach via phone, streaming chat, or face-to-face for 30 minutes each week for a full year.

The weekly conversations ensure that customers understand the sundry journey maps, nutrition charts, and portion guidelines and also the progress-tracking app furnished to assist them in shopping for and preparing each meal. Over time, they also offer coaches an opportunity to introduce

behavior-change topics such as fostering more exercise (park farther from a destination than normal, for example), adding variety to meal preparations (Profile mixes can make either puddings or shakes), and using tricks to promote new habits (substitute spiralized zucchini for starchy noodles). Instead of dumping all its know-how on customers up front, the company doles out weekly insights from its ever-increasing portfolio of pointers to ensure that customers succeed.

Researchers at Profile by Sanford cite studies suggesting that their approach is more effective than others. A study published in the *American Journal of Health Behavior* by Heontae Kim and five coauthors (two of whom were Sanford employees) found that the more often individuals had one-on-one meetings with their coaches, the more weight they lost; the nearly 8,800 participants lost more than 8% of their weight, on average. Separate research suggests two things: structured nutrition plans that provide participants with support are superior to those that offer only reduced-calorie diets, and personal coaching is more effective than recorded lessons. For example, a study published in *BMJ Open Diabetes Research & Care* focused on Omada, a competitor whose program involves only recorded lessons. It found that individuals in Omada's program lost, on average, 5% of their body weight over 16 weeks and 4.7% over 12 months. A separate study, published in the *International Journal of Environmental Research and Public Health*, found that Profile customers had lost an average of 8.1% of their weight three months into the program and 8.2% over 12 months.

## Defining a Successful Transformation

Drawing on our work in understanding customer needs and how to design innovative offerings and meaningful experiences, we have created a three-step process for learning what customers in general or specific sets of customers would consider to be a successful transformation. Armed with this knowledge, a company can design a transformation offering.





**Ascertain the jobs to be done.** Executives must understand what customers want to achieve—their *jobs to be done*. Those jobs fall into four categories.

*Functional* jobs represent a goal or a task the customer is trying to accomplish (such as prepare a meal) or a problem the customer needs to resolve (such as relieve joint pain). Some functional jobs center on specific tasks and yield to specific solutions. But others entail individual change: going from sick to healthy, unskilled to skilled, indebted to debt-free, and so on.

*Emotional* jobs address the feelings (empowerment, being appreciated) that people want to heighten or diminish in any given moment or future circumstance.

*Social* jobs concern how an individual wants to be perceived (attractive, professional) or relate to others (with encouragement or empathy).

*Aspirational* jobs sit at the highest level of what motivates people. They involve becoming who an individual wants to be: loved, living life to the fullest, financially secure, successful careerwise, and so on. Aspirational jobs may encompass a lifelong journey; they are often not well understood and, as a result, left unaddressed by companies.

Businesses can use several methods to understand customers' jobs to be done, including interviews, observation, and ethnography. Data alone won't uncover what motivates people, what goals they have, or what problems they want resolved.

Even when customers express their desires only in terms of functional jobs, an adept interviewer will seek to understand the emotional, social, and aspirational jobs lurking beneath the surface. The Toyota Production System's technique of asking "5 whys" is especially useful in uncovering aspirations. When asked why she is getting an MBA, for example, a student may talk of various skills she wants to develop. But when asked about her motivation for developing those skills, she may reply that she wants to find a better job, which, in turn, might be because she wants to feel proud, be perceived as competent, or become a corporate leader.

**Define success along the way.** Companies must spend time interacting with customers to understand what success looks like at every point along the transformation journey. A company should consider what new understanding, decisions, and tasks are required for an individual to prepare, make progress, and sustain the desired results. Success at





each stage typically involves getting things done in a timely manner without issues and with a positive outcome. To gain insights for a specific journey, it's useful to ask questions about each stage, such as: "What would you like to see happen quickly? What problems or inconsistencies would you like to avoid? What does success look like?" (To learn how to uncover opportunities for innovation across the stages of getting a job done, see "The Customer-Centered Innovation Map," HBR, May 2008.)

For example, patient interviews conducted by one of us (Lance Bettencourt) on behalf of a start-up telemedicine provider revealed that success during the journey from being sick to being well generally meant that patients did not feel rushed during a visit, had a thorough understanding of their diagnosis, got effective recommendations for their personal situation, were clear about what actions they needed to take to get better, and could afford a recommended treatment. Failure to address those interim outcomes often leads to follow-up care that would otherwise have been unnecessary.

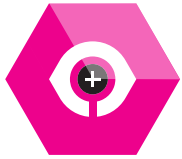
This situation is ripe for a transformation offering, especially among older or disadvantaged patients with chronic conditions. Such an offering might include advocates to

help patients get answers to all their questions, an app that guides and motivates patients to fulfill their essential role in recovery, telemedicine for follow-up issues, medical staffers trained to support patients' functional *and* emotional needs, and payments tied to successful treatment outcomes.

**Identify the barriers.** Once a company knows what success means for a customer, the final step is identifying the barriers that stand in the way and figuring out how to assist in overcoming them. These barriers exist in three primary domains: resources (available offerings, time, budget), customer readiness (skills, motivation, clarity), and context (when and where things are done).

Conversations with customers can help identify the barriers. A dieter may be giving in to late-night temptation; a student may lack study skills; a patient may not have the time, inclination, or resources to stick with the prescribed therapy. Customers can be asked questions such as: In what ways do current offerings fall short? Where do you lack knowledge or motivation? What keeps you from making desired progress? But companies shouldn't stop there. They should also consult their internal experts, who have spent time with customers to understand what hinders





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success, and external specialists, who have studied particular challenges such as diabetics' struggles to keep their disease under control. These sources can also help identify deficiencies in the goods, services, and experiences currently available to customers.

## A Case Study: TrueConnect

Let's look at how the financial benefit provider TrueConnect learned to help people with poor credit scores obtain loans that they could afford to repay. When such individuals encounter financial difficulty from unexpected medical bills, an auto accident, or even a broken appliance, often their only recourse is to obtain high-interest loans from payday lenders or vehicle title loan providers that ultimately land them in an even worse situation: They take on debt at a higher interest rate than they can repay, making them more vulnerable to another crisis.

Conversations that TrueConnect's founders had with people with low credit scores generated insights into their jobs to be done, the pain points they experienced, and the barriers they encountered in trying to access funds when facing a financial shortfall. Often their credit history made it impossible for them to obtain loans from traditional financial institutions. And even when those institutions were willing to lend, they rarely provided the funds quickly enough. Would-be borrowers thus fell even further behind in paying their bills or sought funds from predatory lenders. The founders' interviews also revealed that the jobs to be done transcended onetime access to funds; for example, customers also wanted to avoid future financial trouble or to increase their credit score over time.

These insights and other research helped TrueConnect identify characteristics that a responsible alternative to payday loans must have, such as being available without regard to a credit score and being easy to repay in full. The company built a business model that provides a streamlined way for individuals whose household incomes fall in the bottom 30% to apply for and access loans through their



employers. (The loans are provided by Sunrise Banks, a certified B corporation.) Many of its customers, however, are higher-income individuals with poor credit.

Employees fill out an application online and thus never have to face the embarrassment of explaining their circumstances to another person. TrueConnect's system approves loans in less than a second once the enrolled company has verified the applicant's employment via a fully automated process.

But this is not a one-and-done exercise. TrueConnect helps ensure that borrowers stay out of financial trouble by limiting loan amounts to 8% of what an employee earns annually; offering an annual interest rate of 19.99% with no credit check and a rate as low as 3.99% with a credit check; charging no fees; and using automatic payroll deductions to simplify repayment. By comparison, the interest rates on payday loans range from 200% to higher than 600%.





Transformations aren't produced in a factory or placed on a shelf in a store; they are achieved in partnership with the person being transformed.

To help customers along their journey to what the company calls “financial wellness,” TrueConnect partners with coaches across the country to offer free counseling on topics such as creating and sticking to a budget, prioritizing expenditures, reducing debt, and establishing good credit.

Launched in 2013, TrueConnect now helps provide loans through more than 1,200 employers, ranging from large enterprises to small nonprofits. Employees who have used it are satisfied: It has a high average Net Promoter Score (which is calculated by subtracting the percentage of customers who say they are unlikely to recommend your offering to others from the percentage of those who say they are likely to do so) of 76.

## Designing the Offering

Once a company has ascertained the jobs to be done, defined success at every stage in the journey, and identified the barriers that must be overcome, it can translate this knowledge into a transformation offering by utilizing some or all of five approaches.

**I** **Integrate solutions.** Transformations involve journeys that cut across many offerings, so companies must integrate the goods, services, and experiences required to help customers achieve success. A company needn't provide all of them itself; it can partner with others. The development of an integrated care model for mental health services at Texas Christian University (TCU) illustrates the value of both approaches. (One of us, Lance Bettencourt, is employed at TCU.)

In late 2019 Eric Wood, a psychologist who was then the new director of TCU's Counseling & Mental Health Center, recognized that short-term counseling, consisting of perhaps four to eight sessions over the course of a semester, was all that the university mental-health model was designed to provide. Even that, he told us, was challenging for his small staff of seven full-time therapists (including himself), given the growing needs of TCU's nearly 11,000

students. So Wood decided to create a comprehensive collaborative care model (CCCM), which integrates essential resources from both inside and outside the university; it enabled 48% more students to receive therapy in 2020 than in 2019.

TCU now partners with a local outpatient behavioral-health treatment center that opened offices on the TCU campus. This arrangement ensures that students have easy access to the care they need for significant mental-health issues that may last a year or longer, such as depression, suicidal inclinations, substance abuse, and eating disorders. It permits TCU's staff to focus on providing short-term therapy to students with more-common problems such as coping with anxiety and working through relationship difficulties.

CCCM also integrates other sources of support that exist within the university. A student suffering from a lack of friends, for example, is often better served by the Division of Student Affairs, which can connect the student with appropriate activities and clubs. And TCU now has more than 20 peer support communities focused on grief, substance abuse, anxiety, body image, and more. The early results that Wood shared with us indicate that students in those communities are less likely to need additional counseling.

**2** **Engage each customer as an essential partner.** Transformations aren't produced in a factory or placed on a shelf in a store; they are achieved in partnership with the person being transformed. Accordingly, a company must determine what expectations, know-how, and motivation customers need at every stage of their individual journeys. The answers translate into solutions designed to guide the journey, equip customers thoroughly for their role in a transformation, and strengthen their resolve to persist in the face of difficulty. “Guide” is precisely the right word, for in the end, customers must change themselves; the company can only create the optimal conditions.

A company that excels at this is Noom, another enterprise that helps customers lose weight. Started in 2008, Noom originally provided fitness equipment, but it realized that true change required more than useful tools. In 2014 it hired Andreas Michaelides as its chief of psychology to help rethink its offering.





Transformation business models will be much harder to imitate than those that offer only goods, services, or experiences. And they promise to generate a handsome reward.

Michaelides now describes Noom as a behavior-change company. He told us in an interview that lifelong change requires starting with the “why” behind an individual’s weight-loss goals, which may be to set a positive example for one’s children, to have more energy, or to avoid a chronic illness. Articulating the why and repeatedly reminding customers of this bigger reason helps keep them motivated over time and get them back on track after inevitable failures such as binge eating in response to a personal setback.

Noom seeks to empower individuals to lose weight and keep it off by changing both their thought processes and their behaviors in two ways: through daily lessons on topics such as how to think about food and how to form healthy habits and through coaching by people Noom has rigorously trained in various concepts of psychology. Noom’s app and its coaches, most of whom are full-time employees, share content with customers pertinent to each person’s circumstances, struggles, and stage in the journey. Noom’s website features 29 studies published in peer-reviewed scientific journals that have demonstrated the effectiveness of its program. In one study, for example, 78% of users reported weight loss while using the app. In another, 64% of users who completed a 24-week program lost more than 5% of their body weight with an average weight loss of 7.5%.

Over time, as “Noomers” internalize the know-how and build up the resolve needed to achieve and sustain meaningful behavior change, they rely less and less on coaching. Looking to the future, Noom plans to use its approach to treat other conditions, such as sleep deprivation, stress and anxiety, uncontrolled diabetes, and hypertension.

3

**Provide customized support.** Transformation journeys are individual experiences; success often depends on customized support and guidance according to each

person’s unique situation, preferences, motivation, and skills. Companies rely on various means to provide such assistance at scale. Georgia State University’s success in raising its graduation rates is a case in point.

In 2003 Georgia State had an overall graduation rate of only 32%; the rates for Black and Hispanic students were 29% and 22%, respectively. By taking several actions to get

students the support they needed, the school had by 2011 increased the overall rate to 48%, the rate for Black students to 52%, and the rate for Hispanic students to 48%.

The actions included introducing orientation sessions to provide students with essential information and skills for succeeding in a particular major; fostering “learning communities” by having students who had elected the same major take classes in blocks; having undergraduates who succeeded in lower-level courses one semester become tutors in the same courses in subsequent semesters; and restructuring introductory math courses so that students spend most of their time in a computer lab, where they get individual feedback and learn at a pace that fits their needs.

But by then progress had stalled, and nearly 25% of undergraduates weren’t returning each year. Timothy Renick and Allison Calhoun-Brown—then the university vice president for student success and the associate vice president for student success, respectively—recognized that leveraging the school’s student advisory service was critical to further improving graduation rates. But the service’s dearth of professional advisers—one per 1,200 students—made that impossible without insight into which students would most benefit from support. Enter Navigate, a predictive analytics tool.

The tool analyzes indicators such as GPA, current major, and the number of prior majors declared to predict the likelihood that a student will graduate within six years. Advisers can then reach out to at-risk students to give them the personal support needed to address the barriers to getting a college degree—such as taking courses out of the recommended sequence or changing majors frequently. Also, when the tool identifies students who are on track to graduate but have a modest outstanding balance for tuition and fees, university staffers reach out to them to offer a microgrant (called a Panther Retention Grant) if they agree to meet with a financial counselor to plan how they will finance the rest of their education. These grants average \$900, and more than 86% of recipients go on to graduate.

By redesigning the student journey toward a college degree and leveraging technology, the school had increased its overall graduation rate to 56% by the fall of 2021. Graduation rates among Black, Hispanic, and low-income students over the past four years are at or above that overall rate.



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**Support the full range of jobs to be done.** In the nonprofit space, Resolve Solutions Incorporated (RSI) illustrates the importance of supporting all four

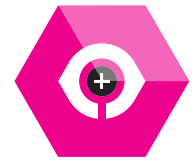
categories of jobs to be done. Founded by E. Sean Lanier, a retired U.S. Army major, RSI helps youths, especially those from underrepresented backgrounds, achieve their career aspirations. It is a resource hub for various programs that set them up for success and guide them through the phases of discovering who they want to be, getting into college, staying on track, and progressing in their chosen careers.

RSI specializes in helping kids get into an ROTC program at a high-quality college. Because an ROTC scholarship covers full tuition and fees, this addresses one of the top barriers to pursuing a particular career. The ROTC program and officer service prepare people to become leaders. As Lanier told us, a military career is not the goal; rather, “our game plan is to make sure that [students] graduate from college and have leadership skills. They’ll propel themselves from there.”

RSI works with each student to orchestrate his or her transformation journey. On a *functional* level, for example, it partners with Guaranteed 4.0, a business focused on learning skills to help participants improve their grades. On an *emotional* level, RSI recognizes that lack of confidence is a major barrier to success, especially for the primarily Black and Hispanic students it serves. So while the organization supports and encourages students and connects them to critical resources, it also makes sure they do the work. That might be as simple as reminding them when an application is due (but not doing it for them) or guiding them to groups such as the National Society of Black Engineers. As Lanier explains, “When a kid wakes up in the morning at school, they have to look themselves in the mirror and say, ‘Yep, I did this.’ They have to own it. If they own it, they’re going to be much more successful at it.”

On a *social* level, RSI understands that success depends on kids’ having several adults in their lives to support them. So it ensures that each student works with at least one mentor, often in his or her chosen career field. The mentors, who come from RSI’s vast network of volunteers, regularly meet with their mentees for years to guide, encourage, and occasionally prod them. On an *aspirational* level, they help the students create a plan, make good choices, access the right resources, and stay focused so that they can achieve their career ambitions.

At the Virginia Military Institute, for example, the success rate of RSI youths who get an ROTC scholarship and then go on to graduate from college and become commissioned officers is 81%—well above the national average



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of 52%. And RSI’s success rate of 70% at Historically Black Colleges and Universities is more than double the success rate at those institutions overall.

5

**Charge for outcomes.** A true transformation business goes beyond charging for the physical things (goods), company activities (services), and memorable events (experiences) on which it builds its offerings. It aligns its fees with what customers value: transformational outcomes.

One example is recent changes in state governments’ policy of paying for social outcomes. Massachusetts, for example, authorized its social service agencies in 2012 to enter into “pay for success” contracts. One agency stopped paying for the time employees spent in an English fluency class and instead started paying them when they had secured steady employment because of their demonstrated fluency. Another example is in U.S. health care. Fueled largely by pressure from payers, the movement to tie reimbursement to outcomes and patient satisfaction has been gaining steam in the past decade. Affected players include hospitals, clinicians, device makers, and drug companies.

**COMPETING ON TRANSFORMATIONS** makes a company responsible for working with customers to define the transformation each one seeks, identify the barriers to success, and orchestrate all the goods, services, and experiences needed to support them during their journeys. Such business models will be much harder to imitate than those that offer only goods, services, or experiences. And they promise to generate handsome rewards—not only profits but also the knowledge that the company has truly made a profound difference in its customers’ lives. © **HBR Reprint R2201D**



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