

# How Will You Measure Your Life?

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Chapter 1: Just Because You Have Feathers...

## **The Difference Between What to Think and How to Think**

When I finished the mini-mill story, Andy said, “I get it. What it means for Intel is...” and then went on to articulate what would become the company’s strategy for going to the bottom of the market to launch the lower-priced Celeron processor.

I’ve thought about that exchange a million times since. If I had tried to tell Andy Grove what he should think about the microprocessor business, he would have eviscerated my argument. He’s forgotten more than I will ever know about his business.

But instead of telling him *what* to think, I taught him *how* to think. He then reached a bold decision about what to do, on his own.

## **I Don’t Have an Opinion, the Theory Has an Opinion**

That meeting with Andy changed the way I answer questions. When people ask me something, I now rarely answer directly. Instead, I run the question through a theory in my own mind, so I know what the theory says is likely to be the result of one course of action, compared to another. I’ll then explain how it applies to their question. To be sure they understand it, I’ll describe to them how the process in the model worked its way through an industry or situation different from their own, to help them visualize how it works. People, typically, then say, “Okay, I get it.” They’ll then answer their question with more insight than I could possibly have.

That’s a hallmark of good theory: it dispenses its advice in “if-then” statements.

Section 1: Finding Happiness in Your Career

Chapter 2: What Makes Us Tick

## **A Better Theory of Motivation**

Herzberg notes the common assumption that job satisfaction is one big continuous spectrum - starting with very happy on one end and reaching all the way down to absolutely miserable on the other - is not actually the way the mind works. Instead, satisfaction and dissatisfaction are separate, independent measures. This means, for example, that it’s possible to love your job and hate it at the same time.

Let me explain. This theory distinguishes between two different types of factors: hygiene factors and motivation factors.

On one side of the equation, there are the elements of work that, if not done right, will cause us to be dissatisfied. These are called *hygiene factors*. Hygiene factors are things like status, compensation, job security, work conditions, company policies, and supervisory practices.

*Compensation is a hygiene factor, not a motivator.*

This is an important insight from Herzberg’s research: if you instantly improve the hygiene factors of your job, you’re not going to suddenly love it. At best, you just won’t *hate* it anymore. The opposite of *job dissatisfaction* isn’t *job satisfaction*, but rather an *absence of job dissatisfaction*. They’re not the same thing at all.

## **The Balance of Motivators and Hygiene Factors**

So, what are the things that will truly, deeply satisfy us, the factors that will cause us to love our jobs? These are what Herzberg’s research calls *motivators*. Motivation factors include challenging work, recognition, responsibility, and personal growth. Feelings that you are making a meaningful contribution to work arise from *intrinsic* conditions of the work itself. Motivation is much less about external prodding or stimulation, and much more about what’s inside of you, and inside of your work.

## **If You Find a Job You Love...**

\_\_\_ I used to think that if you cared for other people, you need to study sociology or something like it. But when I compared what I imagined was happening in Diana’s home after the different days in our labs, I concluded, if you want to help other people, *be a manager*. If done well, management is among the most noble of professions. You are in a position where you have eight or ten hours every day from every person who works for you. You have the opportunity to frame each person’s work so that, at the end of every day, your employees will go home feeling like Diana felt on her good day: living a life filled with motivators. I realized that if the theory of

motivation applies to me, then I need to be sure that those who work for me have the motivators, too.

We should always remember that beyond a certain point, hygiene factors such as money, status, compensation, and job security are much more a by-product of being happy with a job rather than the cause of it. Realizing this frees us to focus on the things that really matter.

Is this work meaningful to me? Is this job going to give me a chance to develop? Am I going to learn new things? Will I have an opportunity for recognition and achievement? Am I going to be given responsibility? These are the things that will truly motivate you. Once you get this right, the more measurable aspects of your job will fade in importance.

Chapter 3: The Balance of Calculation and Serendipity

### **Honda Takes America... By Accident**

Honda's experience in building a new motorcycle business in America highlights the process by which every strategy is formulated and subsequently evolves. As Professor Henry Mintzberg taught, options for your strategy spring from two very different sources. The first source is anticipated opportunities - the opportunities that you can see and choose to pursue. In Honda's case, it was the big-bike market in the United States. When you put in place a plan focused on these anticipated opportunities, you are pursuing a *deliberate* strategy. The second source of options is unanticipated - usually a cocktail of problems and opportunities that emerges while you are trying to implement the deliberate plan or strategy that you have decided upon.

The unanticipated problems and opportunities then essentially fight the deliberate strategy for the attention, capital, and hearts of the management and employees. The company has to decide whether to stick with the original plan, modify it, or even replace it altogether with one of the alternatives that arises. The decision sometimes is an explicit decision.

This way, it is known as *emergent* strategy.

*Margin notes: LI US Degree! - Emergent vs. Deliberate*

### **Balancing Emergent and Deliberate**

\_\_\_ If you have found an outlet in your career that provides both the requisite hygiene factors and motivators, then a deliberate approach makes sense. Your aspirations should be clear, and you know from your present experience that they are worth striving for. Rather than worrying about adjusting to unexpected opportunities, your frame of mind should be focused on how best to achieve the goals you have deliberately set.

What's important is to get out there and try stuff until you learn where your talents, interests, and priorities begin to pay off. When you find out what really works for you, then it's time to flip from an emergent strategy to a deliberate one.

### **What Has to Prove True for This to Work?**

There's a tool that can help you test whether your deliberate strategy or a new emergent one will be a fruitful approach. It forces you to articulate what assumptions need to be proved true in order for the strategy to succeed. The academics who created this process, Ian MacMillan and Rita McGrath, called it "discovery-driven planning," but it might be easier to think about it as "What has to prove true for this to work?"

Instead, ask the project teams to compile a list of all the assumptions that have been made in those initial projections. Then ask them: "Which of these assumptions need to prove true in order for us to realistically expect that these numbers will materialize?" The assumptions on this list should be rank-ordered by importance and uncertainty. At the top of the list should be the assumptions that are most important and least certain, while the bottom of the list should be those that are least important and most certain.

### **Before You Take That Job**

This type of planning can help you consider job opportunities, too. We all want to be successful and happy in our careers. But it's all too easy to get too far down a path before you've realized that choices aren't working out as you hoped. This tool can help you avoid doing just that.

Before you take a job, carefully list what things others are going to need to do or to deliver in order for you to successfully achieve what *you* hope to do. Ask yourself: "What are the assumptions that have to prove true in order for me to be able to succeed in this assignment?" List them. Are they within your control?

Equally important, ask yourself what assumptions have to prove true for you to be *happy* in the choice you are contemplating. Are you basing your position on extrinsic or intrinsic motivators? Why do you think this is

going to be something you enjoy doing? What evidence do you have? Every time you consider a career move, keep thinking about the most important assumptions that have to prove true, and how you can swiftly and inexpensively test if they are valid. Make sure you are being realistic about the path ahead of you.

#### Chapter 4: Your Strategy Is Not What You Say It Is

But ultimately, this means nothing if you do not align those with where you actually expend your time, money, and energy.

In other words, how you allocate your resources is where the rubber meets the road.

Real strategy - in companies and in our lives - is created through hundreds of everyday decisions about where we spend our resources. As you're living your life from day to day, how do you make sure you're heading in the right direction? Watch where your resources flow. If they're not supporting the strategy you've decided upon, then you're not implementing that strategy at all.

#### **Getting the Measure of Success Wrong**

\_\_\_ In other words, Goodwin *thought* that he was giving clear instructions into the salesman's hear. But the compensation system was shouting the opposite instructions into his other ear.

#### **The Paradox of Resource Allocation**

It is a pervasive paradox - a problem that I've termed in my research as the *innovator's dilemma*.

The last component in the strategy process: resource allocation.

In the strategy process, resource allocation is where the rubber meets the road. The resource allocation process determines which deliberate and emergent initiatives get funded and implemented, and which are denied resources. Everything related to strategy inside a company is only *intent* until it gets to the resource allocation stage.

#### **The Dangers of Getting the Time Frame Wrong**

Many companies' decision-making systems are designed to steer investments to initiatives that offer the most tangible and immediate returns, so companies often favor these and shortchange investments in initiatives that are crucial to their long-term strategies.

In baseball terms, however, instead of exciting new "home run" products, its innovators often produce instead bunts and singles - year after year. Why?

After studying their efforts for over a decade, I concluded that the reason is that Unilever (and many corporations like them) inadvertently *teach* their best employees to hit only bunts and singles. Its senior executives every year identify next-generation leaders (high-potential leaders, or "HPLs") from their worldwide operations. To train this cadre so that as senior executives they will be able to move around the globe from one assignment to the next with aplomb, they cycle the HPLs through assignments of eighteen months to two years in every functional group - finance, operations, sales, HR, marketing, and so on - in a sampling of products and markets.

As they finish each assignment, the quality of the work they have completed typically determines the prominence of the next assignment they receive. HPLs who log a series of successful assignments "earn" the best subsequent assignments, and are more likely to become the company's next senior executives.

#### **Allocation Resources Among Your "Businesses"**

Here is a way to frame the investments that we make in the strategy that comes our lives: we have resources - which include personal time, energy, talent, and wealth - and we are using them to try to grow several "businesses" in our personal lives.

They prioritized things that gave them immediate returns - such as a promotion, a raise, or a bonus - rather than the things that require long-term work, the things that you won't see a return on for decades, like raising good children.

#### Section 2: Finding Happiness in Your Relationships

In my experience, high-achievers focus a great deal on becoming the person they want to be at work - and far too little on the person they want to be at home.

#### Chapter 5: The Ticking Clock

#### **The Theory of Good and Bad Capital**

Professor Amar Bhidé showed in his *Origin and Evolution of New Business* that 93 percent of all companies that ultimately become successful had to abandon their original strategy - because the original plan proved not to be viable. In other words, successful companies don't succeed because they have the right strategy at the beginning; but rather, because they have money left over after the original strategy fails, so that they can pivot and try another approach. Most of those that fail, in contrast, spend all their money on their original strategy - which is usually wrong.

This is why capital that seeks growth before profits is bad capital.

### **The Risk of Sequencing Life Investments**

\_\_\_ Language dancing involves talking to the child about “what if,” and “do you remember,” and “wouldn't it be nice if” - questions that invite the child to think deeply about what is happening around him. And it has a profound effect long before a parent might actually expect a child to understand what is being asked.

Chapter 6: What Job Did You Hire That Milkshake For?

The same is true in our relationships: we go into them thinking about what we want rather than what is important to the other person.

### **The Job of Keeping Mom and Dad Happy**

Not long ago, an inventor approached a New Hampshire company called the Big Idea Group with an idea for a card game he had created. The chief executive of BIG, Mike Collins, didn't think the game would sell. But instead of sending the inventor packing, he asked him, “What caused you to develop this game?” Rather than justifying the game he developed, the inventor's answer identified a problem that arose repeatedly in his life; “I have three young children and a demanding job. By the time I get home from work and we finish dinner, it's eight o'clock and the kids need to go to bed. But we haven't had any fun together. What am I going to do? Set up Monopoly or Risk? I need some fun games that we can set up, play, and put away in fifteen minutes.” Aha! This job arose in this man's life at least five days a week.

Though Collins felt that the father's game was only mediocre, the valuable insight was the job itself. Millions of busy parents think about the same thing every evening. The identification of the job the inventor was trying to do led to a very successful line called “12 Minute Games.” It was only through living with a real problem that the dad had the insight to create a line of games that do a job important to millions of people.

### **Hiring School for a Job**

There is no way that we can motivate children to work harder in class by *convincing* them that they *should* do this. Rather, we need to offer children experiences in school that help them do these jobs - to feel successful and do it with friends.

Schools that have designed their curriculum so that students feel success every day see rates of dropping out and absenteeism fall to nearly zero. When structure to do the job of success, students eagerly master difficult material - because in doing so, they are getting the job done.

### **What Job Are You Being Hired For?**

Ironically, it is for this reason that many unhappy marriages are often built upon selflessness. But the selflessness is based on the partners giving each other things that they want to give, and which they have decided that their partner ought to want - as in, “honey, believe me, you are going to love this Iridium wireless telephone!”

I suspect that if we studied marriage from the job-to-be-done lens, we would find that the husbands and wives who are most loyal to each other are those who have figured out the jobs that their partner needs to be done - and then they do the job reliably and well.

Chapter 8: The Schools of Experience

### **Planning Your Courses at the Schools of Experience**

After he retired, he discussed with my students how he'd managed his career. What he described was not all of the steps on his resume, but rather *why* he took them. Though he didn't use this language, he built his career by registering for specific courses in the schools of experience. Archibald had a clear goal in mind when he graduated from college - he wanted to become CEO of a successful company. But instead of setting out on what most people thought would be the “right,” prestigious stepping-stone jobs to get there, he asked himself: “What

are all the experiences and problems that I have to learn about and master so that what comes out at the other end is somebody who is ready and capable of becoming a successful CEO?"

That meant Archibald was prepared to make some unconventional moves in the early years of his career - moves his peers at business school might not have understood on the surface. Instead of taking jobs or assignments because they looked like a fast-track to the C-suite, he chose his options very deliberately for the experience they would provide. "I wouldn't ever make the decision based upon how much it paid or the prestige," he told my students "Instead, it was always: is it going to give me the experiences I need to wrestle with?"

### **Engineering Courses**

Our default instincts are so often just to support our children in a difficult moment. But if our children don't face difficult challenges, and sometimes fail along the way, they will not build the resilience they will need throughout their lives. People who hit their first significant career roadblock after years of nonstop achievement often fall apart.

The challenges your children face serve an important purpose: they will help them hone and develop the capabilities necessary to succeed throughout their lives. Coping with a difficult teacher, failing at a sport, learning to navigate the complex social structure of cliques in school - all those things become "courses" in the school of experience. We know that people who fail in their jobs often do so not because they are inherently incapable of succeeding, but because their experiences have not prepared them for the challenges of that job - in other words, they've taken the wrong "courses."

The natural tendency of many parents is to focus entirely on building your child's resume: good grades, sports successes, and so on. It would be a mistake, however, to neglect the courses your children need to equip them for the future. Once you have that figured out, work backward: find the right experiences to help them build the skills they'll need to succeed. It's one of the greatest gifts you can give them.

Chapter 9: The Invisible Hand Inside Your Family

### **This Is The Way Our Family Behaves**

Instead, we always tried to find ways for the kids to work together with us, and to make it fun. I would, for example, never work in the yard unless I had at least one - and often two - kids hanging on to the handle of the mower. For the longest time, they weren't really helping at all. Pushing a lawn mower with children hanging on, barely able to touch the ground, didn't make mowing easier. But that didn't matter. What really mattered was that it allowed us to define work for them as something that was a good thing. We did it together. It was fun, by definition. And I made sure that they knew they were helping Dad, helping the family.

Before long, this value became embedded in our family's culture; but it wasn't by magic or good luck. It was achieved by thoughtfully designing activities and doing simple things like mowing the lawn together. We tried to be consistent about it; we made sure the kids knew why we were doing it; and we always thanked them for it.

And if you don't? By the time many parents find themselves entering middle age with teenage children, they realize that they've allowed one of their most important jobs to slip past them. Left unchecked long enough, "once or twice" quickly becomes the culture. As these sets of behavior embed themselves in a family culture, they become very hard to change.

Section 3: Staying Out of Jail

Chapter 10: Just This Once...

### **You End Up Paying The Full Price Anyway**

\_\_\_\_Hence, the paradox: Why is it that the big, established companies that have so much capital find these initiatives to be so costly? And why do the small entrants with much less capital find them to be straightforward?

The answer is in the theory of marginal versus full costs. Every time an executive in an established company needs to make an investment decision, there are two alternatives on the menu. The first is the full cost of making something completely new. The second is to leverage what already exists, so that you only need to incur the marginal cost and revenue. Almost always, the marginal-cost argument overwhelms the full-cost. For the entrant, in contrast, there is no marginal-cost item on the menu. If it makes sense, then you do the full-cost alternative. Because they are new to the scene, in fact, the full cost *is* the marginal cost.

When there is competition, and this theory causes established companies to continue to use what they already have in place, they pay far more than the full cost - because the company loses its competitiveness.

As Henry Ford once put it, "If you need a machine and don't buy it, then you will ultimately find that you

have paid for it and don't have it."

Thinking on a marginal basis can be very, very dangerous.

**100 Percent of the Time Is Easier Than 98 Percent of the Time**