

The Observant

INSTRUMENT 01 · THE RESEARCH SHEET · SIGHT

The Research Sheet

This is the one that asks what is actually true out there, before you decide what to do about it.

Most operators size up their industry by feeling, not by looking. This instrument replaces the feeling with a record: five real conversations, three real shifts, a named set of competitors, and an honest look at what you actually have to work with right now.

It stands on two ideas. Clayton Christensen argued that customers do not buy products, they hire them to make progress on a specific job, and the real competitor to a business is often not the obvious rival but whatever else the customer was using to get that job done, including doing nothing. Source: Clayton M. Christensen, Taddy Hall, Karen Dillon, David S. Duncan, "Know Your Customers' Jobs to Be Done," Harvard Business Review, September 2016.

Michael Porter gave a second, structural question a shape: whether the ground you are standing on is winnable at all, independent of how good you are at running your own business. Rivalry, buyer power, supplier power, threat of new entry, threat of substitution. Source: Michael Porter, Competitive Strategy: Techniques for Analyzing Industries and Competitors (Free Press, 1980).

Used together, they answer two different questions this sheet keeps separate on purpose. Christensen tells you what your customer actually needs. Porter tells you whether the terrain around that need is currently winnable at your size. Most operators only ever answer the first question, and wonder later why a good idea did not survive contact with a crowded market.

A WORKED EXAMPLE: MARIA'S CAFE

Maria runs a four-table cafe. Her five interviews turned up the same real job three times: a fast, honest breakfast before a shift starts, not a leisurely one. Her three shifts: a chain opened two blocks away, rent went up, and a food hall opened nearby with six breakfast stalls. Her honest self-inventory: no capital for a second location, a loyal but small regular base, herself as the only barista most mornings. The pocket she found was not on the menu. None of the six food hall stalls opened before 7am, and her block's shift workers started at 6.

You are done with this instrument when you can name, in one sentence, the one gap between what a real customer told you they need and what everyone else in your six-block radius already offers, and back it up with something a person actually said to you, not something you assumed they think.

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THE GROUND, PART ONE: FIVE CUSTOMER INTERVIEWS

Talk to five real customers, not five people who are polite to you. For each one, capture the job they hired you for, not the item they ordered.

CUSTOMER 1

What job did they hire you to do? (not what they bought, what problem it solved)

What were they doing before you, or instead of you, to solve that same job?

What would make them fire you and go back to that, or to someone else?

CUSTOMER 2

What job did they hire you to do? (not what they bought, what problem it solved)

What were they doing before you, or instead of you, to solve that same job?

What would make them fire you and go back to that, or to someone else?

CUSTOMER 3

What job did they hire you to do? (not what they bought, what problem it solved)

What were they doing before you, or instead of you, to solve that same job?

What would make them fire you and go back to that, or to someone else?

CUSTOMER 4

What job did they hire you to do? (not what they bought, what problem it solved)

What were they doing before you, or instead of you, to solve that same job?

What would make them fire you and go back to that, or to someone else?

CUSTOMER 5

What job did they hire you to do? (not what they bought, what problem it solved)

What were they doing before you, or instead of you, to solve that same job?

What would make them fire you and go back to that, or to someone else?

THE GROUND, PART TWO: THREE MARKET SHIFTS

What has changed in your actual neighborhood or category in the last two years. Not the whole industry nationally, your actual radius.

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THE STRUCTURE, PART ONE: THE PER-COMPETITOR GAP

Name three real competitors, not a category. For each, what they can do that you currently cannot, and what you can do that they currently cannot.

COMPETITOR (NAMED)	WHAT THEY DO THAT YOU DON'T	WHAT YOU DO THAT THEY DON'T

THE STRUCTURE, PART TWO: HONEST SELF-INVENTORY

Not what you wish you had. What you actually have right now: capital, team, location or format, and time. This is the scale the rest of the read has to be honest about.

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THE PROOF: THREE INSIGHTS

From everything above, what are the three things you now know that you did not know before you filled this out?

THE ONE GAP, YOUR POCKET

Is there a place, even a small one, inside your industry where the forces above do not fully apply to you yet? Name it in one sentence. If there isn't one yet, write that down too. Knowing that honestly is worth more than a comforting story that isn't true.

THE CHECK

THE NAMED-COMPETITOR TEST

If you cannot name your competitors, only describe a category ("other cafes," "the market"), you have not actually done the research yet. Go back to Part One.

THE POCKET TEST

If your one gap describes a feeling ("I offer better quality") instead of a structural opening ("nobody serves this need before 7am within six blocks"), it is not a pocket yet. It is a hope.

Where this instrument comes from: Clayton M. Christensen, Taddy Hall, Karen Dillon, David S. Duncan, "Know Your Customers' Jobs to Be Done," Harvard Business Review, September 2016. Michael Porter, Competitive Strategy: Techniques for Analyzing Industries and Competitors (Free Press, 1980). Companion reading: The Observant, Edition Five, "The Pocket the Giants Can't Reach."