



CRACK THE MOST SIGNIFICANT CHALLENGE IN BUSINESS

FROM  
**CUSTOMER**  
TO  
**USER**

CHAPTER 1: INTRO

from the book by JACOB JOHANSEN

*Chapter 1: Introduction*

# ***CRACKING THE MOST SIGNIFICANT CHALLENGE IN BUSINESS***

*Lead from reality instead of  
a politically correct, stakeholder  
compliant version of the truth.*



***This manifesto  
will enable you  
to transform and run  
your business  
from the outside in.***

All businesses continuously face a multitude of challenges. This book is about how to crack the most significant of them all: applying and maintaining a constant outside-in perspective in everything you do.

There are fundamentally two different perspectives on business. Your perspective may start from your reality, your needs and your worldview. As such your perspective is inside-out. Or your perspective starts from outside your organisation, independent from your company and untainted by your organisation and free from its habits. You see business through the eyes of an outsider. Your perspective is outside-in.

Throughout my career, I have yet to meet a business leader who disagrees with the apparent advantages of looking at their company through the outsider's eyes. Nobody has argued that running a business from a strict inside-out perspective is best. Yet, I have met few who are capable of leading and innovating their products and organisations from the outside-in.

There are three reasons why applying and maintaining an outside-in perspective is the most significant challenge in business.

1. Because of the contradiction between serving the market's needs and serving the interest of the organisation and its employees, an inside-out perspective corrupts organisations, clouds and distorts knowledge and insights, impedes rational decision-making, contaminates human relations and confuses the direction of the business.



2. Having an inside-out perspective is the root cause of almost any other challenge your company may be facing because organisational priorities and internal day-to-day firefighting take precedence over most external tasks. Changing the perspective to outside-in enables you to identify superior solutions and the best initiatives to grow your company through changes and challenging times.

3. Seeing and judging ourselves as outsiders is one of the hardest things to do. Most of us can agree to the logical benefit of an outside-in perspective. Yet, we still fail to apply it beyond two-day workshops or those Chardonnay-infused off-the-grid moments of truth where we declare everything that would be changed in our company *if we just had our way*.

### Exposing the naked emperor

Like the boy in the fairy-tale ‘The Emperor’s New Clothes’ who exposes the king’s nakedness, adopting an outside-in perspective enables you to lead your business from bare reality instead of a politically correct, stakeholder compliant version of the truth.

The outside-in perspective is detached from politics, is unsentimental and without constraints or sympathies. It is guilt-free and brutally honest, and its benefits are numerous.

Adopting an outside-in perspective enables you to:

- innovate products and services that fulfil the needs of the market instead of servicing the convenience of your production line or organisation.
- shape your organisation to meet external needs rather than adapt to stakeholder demands and habitual behaviour.

- eliminate qualified guessing from strategy development and daily decision making.
- continually develop the collective competence of the co-workers to match the now.
- direct technology to support the growth of your business instead of having technology lead you.

And these are just *a few* of the benefits of changing perspective from inside-out to outside-in.

### Born outside-in

It’s sadly ironic that nearly every company is born with an outside-in focus but loses it somewhere along the way. The more successful a company becomes, and the faster it grows, the sooner its perspective shifts from outside-in to inside-out.

Very few start-ups are founded without a vision of bridging a gap in the market, filling a void, providing something that is missing or fulfilling a need. Of course, most start-ups are also established because the founders wish to get rich and become successful and the subject of admiration. Still, in general, start-ups have an idea that they believe will benefit people outside the business.

Take Apple. When Steve Jobs founded the company, it aimed to make computing intuitive – to create computers for the people instead of the few who were particularly skilled. Jobs wanted to confront the IT giants by developing products so simple to use that it would take almost no training or even a manual to get started. He revolted against the norms of the IT industry. In Ridley Scott’s ‘1984’ – one of the most famous TV commercials

ever – a young woman, symbolising Apple Macintosh, smashes a video screen where a Big Brother-esque figure addresses a brainwashed group of people.

The symbolism is thick and impossible to miss. The voice-over announces: “On January 24, Apple Computer will introduce Macintosh. And you’ll see why 1984 won’t be like ‘1984’.”

Apple was not just another computer – it was a company that set out to provide what was missing. It was built on an outside-in perspective. The history of Apple and its charismatic founder, Steve Jobs, is well documented in books and films. But few have described how the outside-in view upon which Apple was founded started to crumble and ultimately disappeared.

While Apple was still outside-in driven, it launched iconic products like the Macintosh computer, the iPod and the iPhone. The source of new ideas started to dry out at some point, and soon Apple launched one, only incrementally improved, product after another. The era of exciting, ground-breaking new products that addressed unfulfilled needs is now in the past. Instead, Apple gives you yet another iPhone, infinitesimally better than the one you already have.

Apple has become driven from the inside out. Instead of focusing on fulfilling people’s needs, they now innovate from an internal viewpoint dominated by revenue optimisation and operational convenience. That has led to less exciting products for people outside the (admittedly rather large) crowd of dedicated fans who’ll buy anything carrying the famous fruit logo.

Apple’s transformation from an outside-in to an inside-out driven company peaked right after the launch of the iPhone 4. Soon owners started to complain the phone was not working correctly. There was clearly a technical issue with the antenna, but when journalists asked, Apple resorted to corporate-speak and refused to admit they could be at fault. Users would have to live with a “fact of life” or buy “one of the many covers available” to solve the problem, Apple wrote.

Steve Jobs at least expressed it bluntly and in a very inside-out way: “Just avoid holding it in that way.”

The irony couldn’t have been greater. Jobs had created a product he liked, never mind what people said about it. The guru of outside-in driven rebellion against corporate arrogance and inside-out logic had become precisely what he had set out to halt: a self-righteous corporate aristocrat, dictating that people counter what seemed like logical behaviour and telling them to adapt to the will of a company. He did so for one simple reason: It made life easier – for Steve Jobs.

It’s bold to criticise Apple. After all, the company still ranks among the world’s most valuable businesses. But the fact is Apple has not launched one genuinely innovative and ground-breaking new product since that iPhone 4. Instead, their shift to an inside-out perspective has damaged the innovation leadership position they used to hold. Services and products that would have been logical extensions to Apple’s portfolio are now developed by companies like Tesla, Netflix, Tencent and Xiaomi.

Apple, like so many other companies before it and after, lost touch with the users. It started to invent and grow from its organisation's internal needs instead of the needs of the people it set out to support. Today Apple deliberately makes sure it's difficult for people to leave their orbit instead of enticing them to stay with fresh, dazzling propositions.

Being driven from the outside-in is the natural starting point. Still, we tend to lose it as we grow, like a child's artistic and creative talent that flourishes from a young age only to crumble and disappear almost entirely as the child grows older.

Applying and maintaining the outside-in perspective is notoriously tricky to most.

This manifesto is all about making it simple.

Through many years of working in and consulting for businesses, I have realised that cracking the most formidable challenge in business – applying and maintaining an outside-in perspective – is not that complex. It's straightforward, and it all starts with a simple shift in focus away from customers only to a broader group of people called 'users'.

I have identified several principles that I call 'Radical User Centricity' through my work. These are principles that will enable you to transform your organisation from inside-out to outside-in.

### **This is not a business-book business book**

Although this book is about business, it is not a business book in the usual sense. Traditional business literature is made by people

who decide to write a book. They identify what they consider to be the root causes of well-known businesses' success or failure, give it a catchy title, and dress it up as a new business strategy.

The traditional business book is built on the assumption that past actions and ideas will continue to be successful in the future. To put it bluntly, the underlying premise is that tomorrow will be just like today. The method of a traditional business book is to cherry-pick five or ten companies that have delivered remarkable results in the past, interview their visionary CEOs, extract what they have said and done, condense it into a lesson, and then proceed to tell you to do the same to build your success.

The problem is, of course, that these lessons never work. They won't do if you want to build a company by copying others' successes, and they won't even work within your company when you try to disseminate so-called 'best practices'. The lessons won't work because a company became successful because they did something different from everyone else at the time. Logically, the same lesson is unlikely to work in the same way more than once.

Empirically, it doesn't make sense either. There is little proof that you can build a successful company by doing the same as everyone else. If that were the case, there should be no end to the list of Apples, Googles and Coca-Colas. Supposing that our many hours spent reading about disruption, agility, exponential organisations, cultural codes, rules of engagement and winning habits were instructive, we should have seen a tsunami of companies with those attributes in real life. That is, of course, not what we are seeing.

Copying past successes in the hope of a prosperous future for your business is not unlike saying that because most CEOs are white, middle-aged men, you'd better hire one of those if you want your company to be successful.

I'll serve it to you straight: To create success, you have to do something better or differently than others.

The principles of Radical User Centricity are a compass for future guidance to do just that. I firmly believe that tomorrow will not be like today, and this is not, therefore, your classic business read of five to ten case stories and one conclusion.

Instead, this is a business manifesto. It is a set of opinions and ideas, a business philosophy, if you will, shaped by real-life experience from the frontline of business and from deep within the engine room of companies under transformation.

### **The structure of the manifesto**

The manifesto falls into three parts:

**Part 1** examines *why* change is needed. I guess that you won't find this part too disturbing. After all, you picked up a manifesto advocating radical change. If you were dead against doing things differently, chances are you would be reading another book right now.

**Part 2** introduces Radical User Centricity and explains *what* a simple shift from customer-only focus to user focus will initiate.

It may be harder to accept that you've been wrong to be focusing on customer satisfaction and that by doing so may have missed out on the true potential of your business.

The deeper you dive into Part 2, the more likely you will feel provoked – but please keep reading with an open mind. Rest assured that nothing in this manifesto is there for the simple sake of provocation.

Having given hundreds of keynote presentations, it is my experience that, for first-time listeners, Radical User Centricity's simplicity appears to be almost too good to be true. It's easy to understand, and it's logical and not too hard to do, so did you miss something? No. You've got it. It is that simple.

While most people I meet agree with the importance of change, they almost always think change is something someone else has to do. Change is excellent if it's not happening in my department and especially if it's not disrupting my role and my importance in the company. That's natural: Nobody wants to write themselves out of the equation. All change is difficult. I'm not pretending it isn't. But that doesn't make it less relevant or necessary.

**Part 3** explains *how* you can change and maintain a fresh perspective and always run your company from the outside in. It's a step-by-step guide on creating a radical user-centric start-up or changing an existing organisation from an inside-out to an outside-in perspective.

The route to outside-in is not always comfortable. But it's the only road there is. The prospect of inconvenience should not hold you off.

### **Who is the manifesto for?**

So, who did I plan this book for? In the beginning, no one. It was not my intention to write a book in the first place.

A few years ago, I enjoyed working as a strategy consultant with one of the world's largest retailers. Some months into the job, I presented my ideas to the global CEO, and I asked him whether he thought my findings were too disconnected. He looked surprised. They didn't seem disconnected at all, he said.

"The problem I have as a CEO is that I, too, become a cog in the machine, and, even if I wanted to, I can't see my business with the eye of the outsider. But if I don't, I risk failing in my business. What you have told me is how to change that. You ought to write a book."

So, I did.

The result – this manifesto – is not only for CEOs. I have presented these principles to thousands of people across the globe. I have been surprised that people from very different professional backgrounds and at all levels and parts of businesses have expressed their belief in Radical User Centricity's relevance.

Global C-suite members, leaders within HR, marketing, operations, purchasing, procurement, and logistics all got excited, as did corporate veterans, SME owners, start-up dreamers,

managers, and staff from public sector organisations. Even a diplomat.

So, here's what I promise:

- If you are a CEO, this manifesto will inspire you to initiate changes that will revolutionise your company.
- If you own a small business, you will discover new growth opportunities.
- If you are heading a start-up, the manifesto will guide you to getting it right from the start.
- Suppose you are at the frontline, servicing people at a counter in a store or the computer in an online service centre. In that case, you will find inspiration to do your job in a better, more satisfying way, setting your path for growth within the organisation.

Here's what to do first: Shift from an inside-out perspective to outside-in and transform your entire business to adapt to the users' needs continuously. You do this by stopping all talk about customers only and start caring deeply about the user. Centre your business around the user, and you will always know how to navigate. Embrace the unpredictability of the market, give it what it needs, and you will always find new growth opportunities.

Those are the fundamental premises – and promises – of this manifesto.



## Chapter 1:

### **CRACKING THE MOST SIGNIFICANT CHALLENGE IN BUSINESS**

#### **KEY TAKEAWAYS**

1. The most significant challenge in business is to apply and maintain an outside-in perspective. Doing so will enable obvious solutions to the vast majority of all other challenges.
2. Most companies are born outside-in but lose perspective as they grow.
3. Outside-in may feel like a contradiction to human nature yet applying the perspective of an outsider can be made easy.
4. Changing focus to users from customers only will initiate a journey that will shape your business for the future.
5. Shaping your business from case studies equals believing tomorrow will be like yesterday.
6. Radical User Centricity is not just a CEO tool. The principles can inspire anyone working with human interaction.

***Your inside-out  
perspective  
is the root cause  
of almost any  
challenge  
your business  
is facing.***