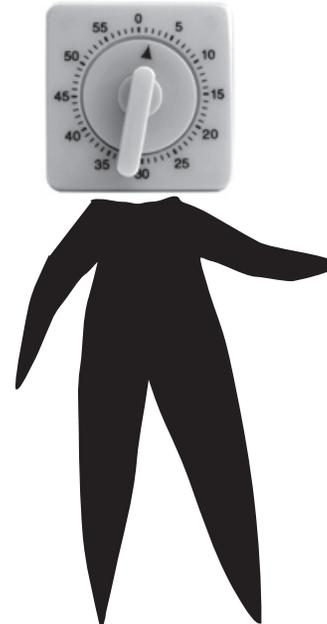
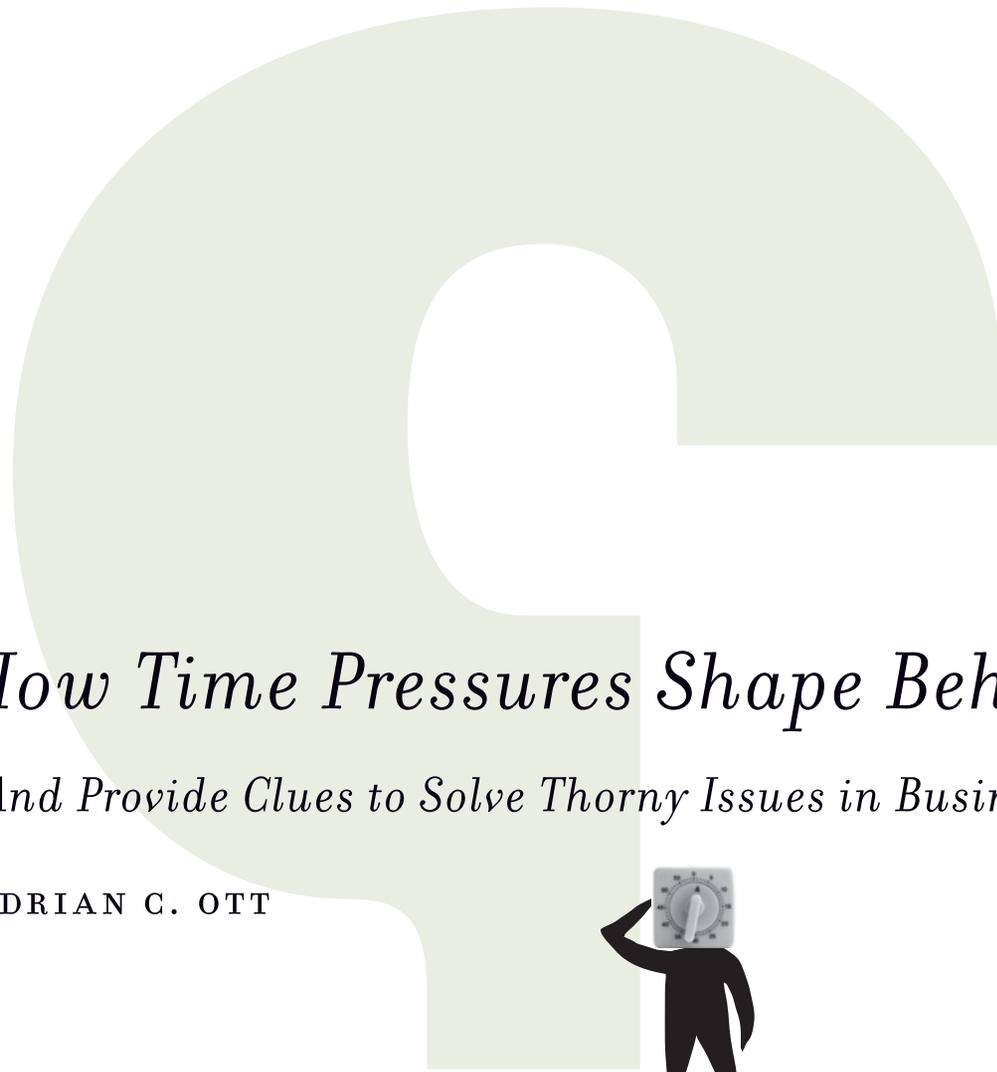


How Time Pressures Shape Behavior

(And Provide Clues to Solve Thorny Issues in Business, Health, and Society)

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The Diabetes Paradox

According to reports by the World Health Organization (WHO) and the U.S. Center for Disease Control, diabetes has reached epidemic proportions. As recently as two decades ago, this disease was not well known and afflicted a small segment of the population. Today, this illness affects more than 171 million people worldwide and nearly 8% of the U.S. population.

Patients with diabetes are unable to regulate glucose (sugar) in the blood. Caring for the most common form of the disease, Type 2, involves active daily management by the patient. The patient periodically performs a test using a glucose meter to monitor blood sugar levels, takes medication, exercises, and eats a proper diet. Although the effects of this chronic disease are not typically experienced on a daily basis, long-term consequences of not actively managing the disease are serious and can include loss of limb, blindness, coma or, in some cases, death.

Poor management not only has dire impacts on the individual, but on business and society as well. We all know that rising health care costs are a concern. For businesses who fund employee health care plans, United Healthcare estimated in 2009 that that diabetic healthcare costs can average more than \$22,000 per year. That is more than five times the average cost for a full time employee according to U.S. labor statistics.

This situation presented a perplexing puzzle to Eric Compton, Founder of Johnson & Johnson's SymCare Group. Despite patient access to medical care, he and his team observed that many diabetics in the U.S. were still not in control of their situation. According to Mr. Compton, in one research sample that included a ninety-day view of U.S. patient activity, half were not meeting their metabolic targets—that's 50% of patients!

After reviewing this situation, Compton—a former packaged goods industry veteran trained in classic marketing methods—decided that entirely new approaches were required to tackle this difficult problem.

He and his team needed think differently about the diabetic patient in order define new product concepts to serve them. Instead of traditional management questions such as *“How do we improve our product?”* they asked *“What is preventing diabetics from staying on track?”* and *“How can we design an offering that helps patients maintain their regimen?”*

The J&J Symcare team’s approach to this problem is what I call a Time-Value Economic (Time-onomic) approach. This approach defines how time pressures affect a person’s situation and decisions. Under Time-onomics, people make choices between competing time alternatives or are constrained to their own status quo via habits and routines. Defining how human behavior is shaped by conflicting time pressures and the context of their situation presents clues on how to address thorny issues such as those faced by diabetic patients.

Determining the factors that drive decision-making, and applying such mindsets to complex problems enables innovators, program developers, and marketers to apply a new lens to understand how time shapes human behavior. This approach goes well beyond defining new product or service attributes. It offers a fresh mindset that demonstrates that human behavior is not just shaped by psychological wants and needs, but is also shaped by the situation. No matter whether you are a business, government entity, or non-profit organization, understanding the Time-onomic forces that shape behavior and define a situation provides clues to solve some of our most challenging issues in business, health, and society.

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Shifting to New Customer Mindsets

Over the the last several decades, innovators and marketers have utilized a number of methods to define products and services for customers. This has evolved roughly along the following path:

- 1. Product-Centric View:** focus on the product or service
- 2. Classic Marketing Centric:** focus on human wants and needs
- 3. Time-Value Centric:** focus on the situation that shapes human behavior

Let's explore this evolution in more detail:

Product-Centric View

Perhaps one of the oldest, (but still frequently used methods), is a product-centric view. This method defines what a customer needs based on adding features to a product or service. I still see this approach frequently in the high technology industry where engineers strive to add the latest bell or whistle to their software or gadget. We also tend to see this with government programs. The product or service is the center of gravity. Customer research, if performed at all, focuses on whether product or service functionality meets or exceeds customer expectation, with little regard for external factors or other offerings in the environment. It is as if the product or service is consumed in a vacuum.

Classic Marketing Centric

As we all know, a product-centric view has its limitations and has given way for many companies and marketers to a “needs” and “wants” view of customers. This is often considered by many executives as a “customer-centric” viewpoint and has been the cornerstone of 20th century marketing practice.

Certainly wants and needs are important, but to truly understand peoples' behavior today, we need much more than that. My view is that a truly customer-centric approach encompasses more than just wants and needs (objectives). Such analysis provides an incomplete picture of the issues. For example: a diabetic may *want* to care for his disease—in fact, *needs* to care for himself for health reasons—but *cannot* maintain his regimen because of his situation. He has other demands on his time, such as work and family, that distract him from maintaining consistent attention to the issue.

Talk to anyone, from CEOs to soccer moms, and you will realize that people are time-starved and stressed. Today's customers suffer not only information overload, but product overload. My research on U.S. time-use statistics demonstrates that people spend less than 3% of their waking hours considering new products and services. This amount of time spent researching and buying has not changed since the 1960s! Yet walk into any grocery store today and the shelves and aisles are bulging with “fresher,” “whiter,” “new and improved” goods. The Internet adds to this product deluge with more websites, blogs, and social networks than ever, all begging for attention.

Brain research on mice reported in the journal *Science* by Nuno Sousa and his colleagues at the University of Minho in Portugal has shown that the more stressed mice become, the habit centers of the brain thrive while the centers that drive goal-directed behaviors shrunk. This, combined with our fast-paced society, suggests that trying to move people out of a well-worn groove of behavior has become more challenging than ever. Wants and needs do not take such contemporary, but critically defining, behaviors into account.

The amount of dollars lost each year by businesses and governments on failed products and services is enormous. Although nothing guarantees success with consumers, many failures can be attributed to an organizational “blind spot” on the Time-onomic impacts of the offer relative to other options.

Time-Value Centric: A Fresh Approach

Understanding the context from a Time-Value Centric perspective provides a better understanding of the opportunities and barriers to adoption. Altering behavior and winning adoption of a new way of doing things—whether it is a new product, service, health regimen, or government program—requires providing value that exceeds a threshold of willingness and ability to change. For example, improving a government program by adding new features to drive behavior may fall on deaf ears if people are engaged with other tasks and are either too busy to see it, or do not see sufficient value relative to the status quo to adopt it.

Traditional methods of improving a program (product or service) are only part of the equation. In some ways it is putting the cart before the horse. Evaluating how that program (product or service) stacks up relative to competing time alternatives matters more. Measures that address and mitigate barriers such as reducing the time and hassle to switch to a new offering and methods to stick with a new program through incentives, timely information, and usability make the change more favorable and attractive to the user. Such activities will meet with more success in the end.

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Key Time-Value Elements

So what exactly is a Time-Value Centric approach? Although there are many facets, it usually involves one or more of the following key elements:

Time-Relevant Value: Timing is extremely important in today's culture. When we want it, we want it now. Although technology contributes to information overload and stress, the impact of technology has a positive side as well. Mobile and digital technology assists by bringing items to a user at the right time and place. By continually residing with the user, mobile technologies insert into people's lives in ways that were not possible in the past.

Consider the diabetic patient we discussed earlier. Using a fresh customer mindset resulted in Johnson & Johnson's development of the inTouch™ Diabetes Personalized Health Solution, an integrated mobile program that reports glucose readings from a wireless glucose meter and offers a rich personalized environment of health and diet resources, reminders, and incentives surrounding the patient to promote healthy habits. Although it is too early to tell whether the offering has a measurable impact on patient metabolic levels (the inTouch™ solution has only been available on the market since late 2009), the anecdotal data from patients shows promise. One 47-year-old male that has had Type 2 diabetes for five years and travels almost every week reports, "This program helps me manage my diabetes when I am on the road."

Such technologies offer new avenues to address user requirements and shape behavior. Although technology is not a mandatory element to a Time-Value centric approach, it serves as a catalyst to support new solutions that solve time-critical issues.

Tapping into Habits: Psychology Professor Wendy Wood and her colleagues found that up to 45% of behavior on any given day is routine and habitual. There is further evidence of this based on tests using mobile tracking devices on subjects at MIT's Media Lab. In one study, researchers at MIT found that up to 90% of a person's daily traffic pattern could be predicted with a mathematical algorithm!

If innovators and marketers can identify the elements of a habit, then offerings can be either inserted into an existing habit or they can create a new one around it. It has been reported that companies like Proctor & Gamble have been doing this without technology for years with some of their most successful brands. Mobile technology takes it a step further and enables new options, from mobile health to location-based applications that actually facilitate habit formation.

Triggers: What forces can prompt busy people to consider change? If a good portion of our day is routine and habitual, and stress is causing us to become even more routine, a strong trigger is needed to wake up users to action. We can be triggered by situations such as a colleague that has just bought a new car or an existing product that stopped working all of a sudden. What drives a situation from the depths of inattention and disregard to the forefront of our attention to a point where we decide that change is mandatory?

Time-Value Tradeoffs: We may want to do something, we may even need to do it, but is the trigger strong enough to promote action that it trumps remaining with the status quo? Is there sufficient value in the new situation that exceeds the threshold for change? We may be annoyed with the customer service at the bank or a telecom company, or we may know that our investment portfolio needs rebalancing, but is that strong enough to cross the threshold to take time and action to switch? A Time-Value Tradeoff is the mental equation that goes through people's minds when they evaluate the time and hassle to change.

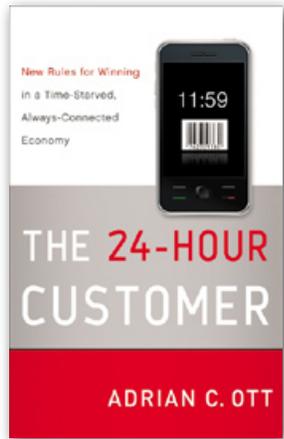
Consider how you feel when a colleague asks you to go to a meeting. The first question that you will likely ask, "Is this meeting worth my time?" This is a Time-Value Tradeoff in action. People ask, "How much time and hassle is it to switch?" and "What value will I receive once I exert the effort to change relative to what I am receiving now?"

Today, time isn't money. Time is more important than money. It's certainly more important than brand recognition, product features, authenticity, or most other factors that usually figure into a manager's product plans.

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Hope for the Future

Determining the Time-onomic forces that drive decision-making and applying Time-Value mindsets provides a more complete picture as to how competing time tradeoffs and context affect human decisions and drive behavior. This approach goes well beyond identifying psychological wants and needs, and demonstrates how behavior is defined by the situation. As we switch from the old product- and marketing-centric approaches to develop products with a more context- and time-value centric approach, we do more than just create products and sell them. This fresh mindset and approach offers clues to develop breakthrough offerings for business, government, and non-profits that improve human lives and contribute to society in meaningful ways. 



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Adrian C. Ott, CEO and founder of Exponential Edge, Inc., was called “one of Silicon Valley’s most respected (if not the most respected) strategists” by *Consulting Magazine*. For more than twenty years, she has worked with some of the most innovative Fortune 500 and start-up companies in the world to gain a market edge in today’s exponential economy. In addition to consulting, she chairs the Strategy & Growth Roundtable for the Harvard Business School Association of Northern California. Prior to founding Exponential Edge, she was an HP executive that was recognized in an annual report for “infusing HP with new revenue streams and new technologies and new business models.” She holds an MBA from the Harvard Business School and a B.S. from U.C. Berkeley.

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