Stanford eCorner

Savor the Surprises

Scott Cook, *Intuit*

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Intuit's Scott Cook illustrates the importance of welcoming unexpected results by describing how the company's foray into small-business bookkeeping was delayed by years because the company failed to ask why customers repeatedly responded in surveys that they used its personal-finance software at work.
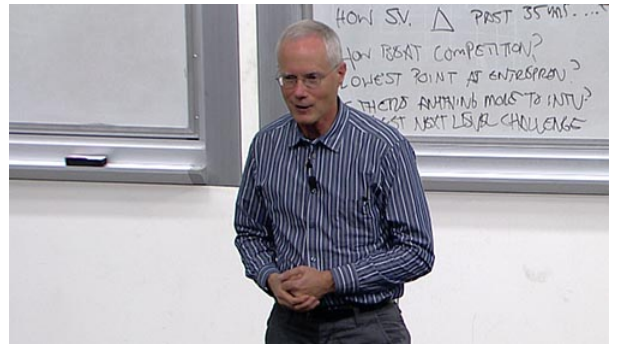
Transcript

Surprises will happen. Don't ignore them. Savor them. I didn't know this at the time, but we found it by accident. So we built Quicken and then we went out to find out who was using it-- age, demographics, income, gender, that sort of stuff. And one question on the survey was where do you use it? And half the people said they used it in an office. That's weird. We built a home product. They're probably just taking their bills into the office because they don't have a computer at home. I mean this was 1984 at this point.

But every subsequent follow-up survey showed the same thing. Half the people used it in an office but they're using a home product. It made no sense. We ignored it. I ignored it. Then like five years later, you know, it bugged me. Why are people answering this question wrong? So we called them up. Said, what you doing? And then we went to see them to watch what they're doing. It turns out most of them weren't doing homework in the office. They were keeping business books for a small company.

And we said why? Why are you using a home product? Why aren't you using-- there's accounting software out there that you get as cheap as $39 for a full fledged accounting software. The market leader sold it $59. Excuse me $49. $39 and $49 were the two prices. Why aren't you using that stuff? And then we learned something we never imagined. We'll do a little survey here. How many people here have taken an accounting class? Raise your hand. Who here loved that? Just really loved it? Keep your hand up. So those of you who put your hands down, you what's called normal. Accounting is this weird arcane system invented 500 years ago with a whole different language of debits and credits and journals and ledgers that normal people don't understand.

And when you look at the composition of the staff in a business of five people or 10 or 12, they don't have room for a CPA that knows accounting. The books are kept by some unfortunate clerk or office manager or owner's spouse. And 90% of cases, these are the people think the general ledger, which is an accounting term, was a World War II hero. So when we said hey, we'll keep a record of your expenses and it works just like your checkbook, these people said, ah, I know that. So we said, well, what? We've learned the big thing. The key problem that had not been solved by the accounting software industry was to make the product usable and understandable by non-accountants. And yet the majority of users were non-accountants. Note to self-- those companies had never studied their users. They'd never figured this out on their own. In fact, the dominant theory if you talked to any expert, any accountant, was the only way to keep books in a business was double entry accounting, formal accounting.

That's what we believed. But only the incontrovertible evidence of this surprise, when we savored this surprise, we found out something else was true different from our own beliefs.