Question: Effective innovation leadership within retail organizations requires specific core disciplines and key strategies in order to succeed. *How well are you and your team doing when it comes to making your innovation initiative a success?*

Leading Innovation™

in RETAIL

These scenarios represent real-world opportunities for applying the strategies contained in the workshop *Leading Innovation™*
Introduction

You are Vice President of a successful grocery chain with 900 stores called Food Co. There has been increasing margin pressure on grocery stores in the last 5 years. In response, many of your competitors are offering higher margin prepared food. Your CEO has a different vision. She wants to be a leader in food and nutrition services for busy customers. She is ready to invest in a new concept called “Healthy and Fast” that provides customers the ability to:

• Create an online profile of the types of food they like

• Get advice and recommendations on food choices that fit their lifestyle (online and call center)

• Have the ability to pre-bundle a non-perishable set of items they regularly buy on 24 hours notice (saving them time going up and down the aisles). When you come in the door, your cart is already 80% full.

• Use a wireless scanner to eliminate the need for checkout lanes

She wants to pilot the program in a handful of stores, and then consider building dedicated stores around the new concept. You’ve been pulled out of your operating role and asked to lead the innovation effort. You have been given a small space in the company office to use for your team.
Current Food Co Departments

Food Co is organized around functional departments. For your innovation initiative, you'll need to determine:

- Is it best to share a staff member with the functional department where they are assigned? This will be the lowest cost option, but it will also highly limit the type of work they can do. Generally speaking, shared staff members can do more of the type of work they normally do, they can’t do very different work effectively.

- Is it best to have a dedicated staff member represent a functional area? This will have an impact on your budget, but it also allows you to do things differently than the performance engine. For critical areas where you need to do things differently, dedicated staff members could be the difference between success and failure.

- Are the needs of the innovation initiative so different that hiring an outside expert is the best option? This is more expensive because there are recruiting and hiring costs, and may require a higher salary. There also could be culture/integration issues.

It’s up to you to recommend how to best staff your team. You will not need to represent every functional area shown here, and you may add others not listed.

Departments

- Brand Marketing
- Purchasing
- Store Operations
- Store Technology Group
- Online Technology Group
- Human Resources
- Warehouse and Distribution
- Store Design
- Real Estate and Construction
- Customer Service
- Finance
- Accounting

You have a budget that allows for 1 external hire and 3 to 4 dedicated team members. Don’t forget to add an innovation leader to the team if you feel the role should be dedicated.
Your CEO has asked you to prepare a presentation for how you would execute an innovation project based on the new idea. Specific items to include:

**How does this concept fit into your organization?**
What are the skills and assets you are good at that you can leverage? What are skills or assets that are new and will have to be introduced?

**How do you build your team?**
How much of your budget do you spend on people, and how is it allocated between shared, dedicated and external resources? Present your ideal team.

**Describe the culture you want to create with your team. How is that different from Food Co’s operating culture?**
Describe the culture and principles you want to instill in your team.

**What conflicts do you anticipate with the operating arm of Food Co?**
The General Manager is a tough operator who has no patience for inefficiency. Describe 4-5 specific conflicts you anticipate and your plan for mitigation.

**What is the major hypothesis you’ll be testing?**
What commitment will you make to your CEO, in terms of “If we do [x], we should see [y]”. Describe your plan to test your hypothesis, including the top 4-5 items you want to test. What order would you use to test the individual items?

**If the CEO asked you to propose your performance appraisal criteria, what would they be?**
Propose 4 to 5 performance evaluation criteria that you want to include in your performance review.

**Assignment: Prepare your recommendation to the CEO.**
Solution Template

How does this concept fit into your current organization? What are the skills and assets you are good at that you can leverage?

What are skills or assets that are new and will have to be introduced?

Team

Use this template to determine the budget for your team.

<table>
<thead>
<tr>
<th>Department</th>
<th>Choose one:</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE: Marketing</td>
<td>DEDICATED</td>
</tr>
<tr>
<td>Brand Marketing</td>
<td>SHARED</td>
</tr>
<tr>
<td>Purchasing</td>
<td></td>
</tr>
<tr>
<td>Store Operations</td>
<td></td>
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<td></td>
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<tr>
<td>Accounting</td>
<td></td>
</tr>
<tr>
<td>Innovation Leader (“Mav”)</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
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<tr>
<td>Other:</td>
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<tr>
<td>Other:</td>
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</tr>
<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>TOTAL DEDICATED</td>
<td></td>
</tr>
</tbody>
</table>

Describe the culture you want to create with your team. How is that different from Food Co’s operating culture? Describe the culture and principles you want to instill in your team:
Case Scenarios in Leadership

What conflicts do you anticipate with the operating arm of Food Co?
The new General Manager (who replaced you) is a tough operator who has no patience for inefficiency. Describe 4-5 specific conflicts you anticipate and your plan for mitigation.

<table>
<thead>
<tr>
<th>Conflict</th>
<th>Plan to Mitigate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE: We will be using real estate in the store that is in short supply. Store operations will likely object.</td>
<td>Bring store operations into early discussions to help redesign the store to have minimal impact.</td>
</tr>
</tbody>
</table>

What is the major hypothesis you’ll be testing?
What commitment will you make to your CEO, in terms of “If we do [x], we should see [y]”?
Describe plan to test your hypothesis. Include the top 4-5 items you want to test, and how much of your budget will you spend to determine results? What order would you use to test the individual items?

<table>
<thead>
<tr>
<th>What we will test</th>
<th>How we will test it</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE: Will customers use the online tools to log in and create their own profile?</td>
<td>Conduct market research through customer interviews. Test with employees.</td>
</tr>
</tbody>
</table>

If the CEO asked you to propose your performance appraisal criteria, what would they be?
Propose 4 to 5 performance evaluation criteria that you want to include in your performance review.

<table>
<thead>
<tr>
<th>My Performance Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE: Did I make proper use of the resources assigned to the team?</td>
</tr>
</tbody>
</table>
Leading Innovation™ is based upon the largest and most extensive study ever, a 10-year privately funded research project with the singular goal of understanding what separates successful innovation initiatives from the rest. From Vijay Govindarajan and Chris Trimble, the best-selling authors of 10 Rules for Strategic Innovators, The Other Side of Innovation, and How Stella Saved the Farm, a business parable about making innovation happen.

Leading Innovation™ details Six Essential Principles to make innovation happen inside your organization. Workshop participants discover a straight-forward approach to executing an innovation initiative involving, in particular, a special kind of (dedicated) team and a special kind of (disciplinary) plan.

Who Should Participate?
- Innovation Leaders
- Members of the Team
- Mid Level Managers and Executives
- Supervising Executives
- CEOs and Chief Innovation Officers
- Performance Engine Leaders Supporting an Initiative
- Innovation Coaches and Facilitators

What are people saying?
- “The Inside Innovation workshop sets up participants for a thoughtful innovation process.” – Dr. Dennis Peterson, Superintendent, Minnetonka (MN) Public Schools
- “Very inspiring! The metaphor used engaged the mind. A training that makes you want to quickly go back to base and implement the skills learned. It should be a MUST attend for all Managers in the organization.” – Amina Usman, Senior Sales Manager (West), Sales & Distribution, MTN Group
- “Great workshop – entertaining and eye-opening”
  - Gan Chee Keong Toshiba Electronics (M) Sdn Bhd
- “I would highly recommend this workshop for anybody that has intent to start an innovation initiative.” – Loo Soon Kam TT Innovation Centre Sdn Bhd
- “Very experiential, no ‘bored’ moment during the workshop – it will make you want to go read the books!” – Lawrence Kang Motorola University
- “Good understanding of how innovation works. Excellent & exciting 2 days journey toward innovation for oneself and the organization a person works with.” – Abdul Halim Manaf Freescale Semiconductor (M) Sdn Bhd

About Our Knowledge Partners:

Chris Trimble - International best-selling author, Faculty at Tuck School of Business at Dartmouth, Innovation Execution expert for organizations including GE, IBM, Microsoft, Thomson Reuters, Fidelity, & New York Times Co., Won a Harvard Business Review McKinsey Award for his article “Stop the Innovation Wars”, coauthored with Vijay Govindarajan

Vijay Govindarajan - Placed #3 in the 2011 Thinkers50 Awards, Earl C. Daum 1924 Professor of International Business at the Tuck School of Business at Dartmouth, First Professor in Residence and Chief Innovation Consultant at General Electric, Critical acclaim as a leading management thinker by Outstanding Faculty, Business Week, Forbes, the London Times, and more.