

Driving Growth Through Innovation

by Debra Black

The lights went out on Robert B. Tucker, but there was more than enough energy in the room to power his presentation on June 12.

"Mine the future.

We can't just passively have a relationship with trends. Get in the swimming pool with trends, and mix it up and be creative

Exploit change."

— Robert Tucker

"Isn't this a great metaphor?" said the president of Innovation Resource. "I'm energized; I'm away from the notes. Someone once told me, 'It's not a matter of *if* your PowerPoint is not going to be available to you, it's a matter of *when*.'"

Tucker, the author of *Driving Growth Through Innovation*, enthusiastically showed members of the Retail Consortium for Management Education (RCME) how "Innovation Vanguard companies" fundamentally reinvented their innovation processes to succeed in today's quickly changing markets.

"I want you to be dissatisfied with the level of growth your company is achieving," he said. "As a leader, you are either inventing the future, or you are managing the past."

Tucker outlined six key strategies to systematize your approach to innovation.

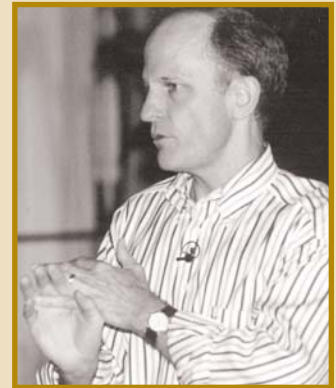
Open to Opportunity

Where are the ideas going to come from that are going to fuel your company's growth? Entire

companies have been created as a result of happy accidents. Most of the top inventions of the previous century have major elements of serendipity, said Tucker, and involved the right person, right place, right time and most importantly, the *right attitude*. A lab scientist working to develop an ulcer drug inadvertently licked his fingers. He wasn't trying to come up with a substitute for sugar, but the result was NutraSweet, now a \$5 billion a year product. Doctors at Pfizer were developing a drug for people with heart conditions, and a happy accident resulted in Viagra. FedEx started out as a company that refurbished the upholstery in executive jets, but grew as customers needed to charter jets to ship their airfreight.

"Not all innovations are equal," said Tucker. He introduced a nine-box grid that defined three types of innovation opportunities—product, process, and strategy. Each type of innovation opportunity extends from incremental to substantial to breakthrough status.

Most organizations are comfortable staying in the area of incremental innovation. "A lot of companies just want to play it safe," he says. "WalMart's logistics system was a process breakthrough bar none in retailing," but strategy innovation is the hot area of



Robert Tucker, author of *Driving Growth Through Innovation*.

innovation today, and Tucker pointed to Old Navy and Dell as examples.

Assault Your Assumptions

Thinking "there's got to be a better way" is an innovative moment, says Tucker. "What you are doing in that moment is assaulting your assumptions—the basis of all progress. There is somebody assaulting assumptions in your sector of retail today. Is it going to be you, or is it going to be them?"

RCME participants considered breakthrough ideas and analyzed common benefits. They found that successful products such as Gatorade, Post-its, Chrysler's minivan, and Gillette's Sensor razor attempt to make life easier and more convenient, and often go against conventional wisdom.

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They provide a superior solution to the customer's problems, a unique value proposition.

Mine the Future

Pay attention to the regulatory, lifestyle, social, and economic changes going on in your market environment. Take them apart and analyze them for opportunities.

"Mine the future. We can't just passively have a relationship with trends. Get in the swimming pool with trends, and mix it up and be creative," said Tucker. Then he whispered, "Exploit change."



Eric Ueno, Muffett Moore, and Jim Shanahan, (Gymboree) review strategies offered by Tucker.

Shell Chemical has a six-member Game Changer Unit that solicits ideas from employees around the world. "We want your ideas," they say. "If you stumble upon a happy accident, here's our e-mail address."

The future of retailing and of "anybody who sells anything" is in discovering unarticulated needs, said Tucker. Whirlpool

watched people do laundry and asked questions and came up with a great new product called Neptune.

Fortify Your Idea Factory

Encourage your employees as well as your customers to be innovative. Create a systematic program for innovation that gives people credit and incentives for coming forth with ideas.

Tucker encouraged RCME members to uncover barriers to innovation in their organizations, and to consciously identify their own personal process for managing ideas. For example, what's your most creative time of the day?

In conversations with innovative people, Tucker found each had a process they were enthusiastic about describing. One senior executive of a \$200 million company said, "I owe my success and the growth of this company to taking one 24-hour down day a month." Bill Gates takes two weeks every year to read, and *think*.

"If you want to reinvent your innovation process, be serious about it. Think about some of these new methods that are coming up. They invigorate your team, your organization, and your senior management."

Cultivate the Culture

Many retail organizations are still visionary driven, said Tucker. However, many of the founders with the original vision are now retiring. "So it's left to the next generation of management, and that's why we need a process."

Cultivating the culture—an organization's values, beliefs, and behaviors—is necessary to move an idea along.

"You're a very special person in your organization. Your company would not have asked you to come to this seminar if they didn't consider you to be something of a scout—someone who just might bring back a happy accident," said Tucker. Mavericks should be supported.

Build the Buy-In

Think about the visionary who started your organization. That person had to become a great salesperson to carry forth their vision. It's not enough to have a great idea, said Tucker. You've got to be willing to bring people along.

He offered tips for selling new ideas, including making everyone an idea evangelist and keeping the focus on what's in it for the customer. "You've got to build converts one at a time," he said. ■

Retail Consortium for Management Education (RCME)

The Institute's series of programs offered through the Retail Consortium for Management Education (RCME) focuses on seminars that are designed to bring leading edge concepts that are important to senior management. Through the seminars, RCME members have access to powerful speakers and pertinent programs that get to the heart of current leadership and management concerns in their organizations. For more information, please visit RMI Web site at: www.scu.edu/rmi/rcme or call Cynthia Gamage at 408.554.4961.

Brashear Enjoys Dynamic Nature of Retail

Editor's note: I contacted Mark Brashear '83 and asked him to share his insights into the retail industry. Brashear is the first RMI graduate to sit on the RMI Advisory Board, which consists of senior executives who run retailing and retailing-related companies.—Denise Bertuccelli, '06



Mark Brashear, RMI Alum '83, President of Façonnable, a subsidiary of Nordstrom (based in Nice, France).

1. What made you choose this profession?

I chose the retail industry more by chance than by design. I knew that I wanted a career in a field that I enjoyed. After considering banking, investment management, and retail, I ultimately selected retail because of the dynamic nature of the business and the challenge of running a

business appealed to me more than a larger salary or company car.

2. Was there a certain aspect of this field that particularly sparked your interest, or was there a mentor or family member who led you into the retail industry, or was it something entirely different?

My roommate at SCU during my sophomore year first opened the door to the field of retail as a career possibility. His father was a VP of sales promotion at Meier and Frank in Oregon at the time. One Easter break we drove to Oregon and I got to see where his father worked, along with a couple of their stores. That was probably my first impression where I thought this field might be a good choice for me.

3. How did you get started in retail, and where has it taken you along your career path?

I entered the RMI at SCU in its second year of existence. After taking the required courses, I began my summer

internship at Macy's. This was a good experience for me. Upon graduating from SCU, I began working the next day as a department manager of Men's Sportswear in the Valley Fair store. I ultimately spent about three years with Macy's before leaving to go to work for Nordstrom. For the past 19 years I have been an employee of Nordstrom, where I have held a variety of roles, including: salesperson, department manager, buyer, store manager, merchandise manager, VP of strategy and finance, general manager and now I serve as the president of a division of Nordstrom running the Façonnable brand.

4. How would you define your role in this company?

Describing my current role is not easy. Essentially, I am accountable for the development of the Façonnable brand, both within and outside Nordstrom. I consider myself the chief "steward" of Façonnable, where our priority is enhancing the brand through building quality products that offer excellent value for the quality.

5. What is your educational background and how has it played into your position in this company?

I graduated from SCU with a degree in finance and the RMI certificate. Both my major and the retail certificate have assisted me along the career path. It has been valuable having the financial understanding of business, while also having some additional perspective on the retail industry in general.

6. What does a normal day entail for you?

There is no normal day for me, which is a large part of the appeal of my career. This element keeps me charged for each new day.

7. What would you say are the highlights of your day?

Typical highlights include reviewing good business results, teaching people how to be better leaders, and orchestrating a team of folks to work toward common goals.

8. What made you choose to work for this company versus the many other retailers out there?

While at SCU, I had read a bit about Nordstrom. This company was new to the northern California market when I graduated from college. After enjoying the shopping experience as well as talking with employees, I felt that this company was a good cultural match for my personality and character.

9. Which qualities or characteristics are important in order to hold your position?

Honesty, trust, servant leadership, confidence, conviction, and loyalty.

10. What are the qualities of retail you enjoy the most?

The dynamic nature of the industry, the youthful energy that is essential to survive, the competitive sense of the business, and the gratification from achieving good results.

11. What would you say to someone who was interested in a similar profession or field?

Trust your instincts. Go where you feel good. When you like something, you tend to work harder to succeed at it.

12. What would you say has been the highlight of working in retail, and why?

There have been several highlights for me, but I would say that the personal growth I've experienced along with the development of several folks whom I have had the opportunity to mentor along the way. ■

Retail Speakers on Campus

Ron Johnson, Senior Vice President of Retail at Apple

by *Dzung Duong '04*

On Oct. 15, Ron Johnson, senior vice president of retail at Apple, shared some of his experiences in the retail world with Professor



Ron Johnson, senior vice president of retail for Apple Inc., visited Prof. Dale Achabal's senior seminar class.

Dale Achabal's senior seminar class. Johnson has been in the retail industry for 21 years and told students, "It is a fun career for me and I care about it. It's a career where you can marry your interests with your job and have fun."

Johnson started off his career in retail as a cashier at Mervyn's, a division of the Target Corporation. Within five years he was responsible for buying and managing inventory in a wide range of areas, including Women's and Men's Apparel, Jewelry, Accessories and Cosmetics. Soon after leaving his

position at Mervyn's, Johnson became vice president of merchandising for Target Stores. In this position, Johnson played a key role in developing new initiatives for branding, marketing, and merchandising. Taking what he had learned from his experience with Target Corporation, Johnson moved on with his career and joined Apple in January of 2000.

At the time he joined Apple, a retail sector was essentially non-existent. A somewhat complicated and lengthy process was required for consumers to buy their computers. With a department dedicated to public distribution, Johnson helped to introduce the commercial retail world to a completely new alternative to the traditional personal computer. Apple's marketing strategy was to place these stores in locations with a high volume of traffic. According to Johnson, shopping malls are ideal environments, and grand openings of these stores net

between three to four thousand shoppers and average about a thousand a day. For those who have visited or at least passed any of these stores, it is quite obvious that they all are designed in the same fashion. With clean, black and white designs, Apple intends to create an environment that promotes a buying attitude. This strategy has succeeded, with a tripling of Apple's market share from four years ago.

As the first retailer that Apple hired, Johnson successfully implemented Apple's retail strategy and is responsible for its overall performance and execution. The first two Apple stores that Johnson launched and directed are in McLean, Virginia and Glendale, California. Today, there are over 70 Apple retail stores in the United States. There are high prospects to open up more Apple stores within the next year, as the company starts to go international. ■

More Retail Speakers on Campus



left Marell Jandacka, RMI Alum '00, associate sourcing manager for furniture in Pottery Barn Teens at Williams-Sonoma, Inc. presenting in Fr. Donnelly's International Business class at SCU.

below Students in SCU's International Business class listen to Marell Jandacka discuss her current working experiences at Williams-Sonoma, Inc.



Karen Snyder, vice president/store manager of Macy's at Oakridge Mall presenting in Prof. Gail Kirby's Marketing 181 (Principles of Marketing) class.



“Christmas of the Heart” at Santa Clara University

by Erica Paul '05

Delta Sigma Pi is Santa Clara University's professional business fraternity. A national organization open to both men and women, it was founded in 1907 and is centered on fostering the study of business, networking of its members, and contributing to the local community. Santa Clara's Gamma Xi chapter was founded in 1950 and recently

reactivated in 2001 by several business school students. I pledged in the fall of 2002, and since then have been heavily involved in the fraternity's activities.



Erica Paul '05 and Vanessa Difuntorum '05 organized the Christmas of the Heart event.

In May of 2003, I was one of the numerous nationwide recipients of a leadership workshop scholarship. The workshop, held at the

fraternity's headquarters in Oxford, Ohio, focused on how to become leaders on campus and in our communities. When I returned to Santa Clara, I presented an idea I had formulated in the workshop to the newly-elected Chapter President Vanessa Difuntorum: A community craft fair that could raise money for local Santa Clara families during the Christmas season. My vision for a “Christmas of the Heart” quickly excited the other brothers, and when fall quarter started, so did the work.

Michael Mason, Vanessa Difuntorum, and I stepped forward as event co-chairs. Our first order of business was to

secure the Benson Memorial Center for the event dates: Saturday and Sunday, Nov. 15 and 16. We worked closely with Benson staff to make sure the event logistics went off without a hitch. As a team we were able to recruit over 35 vendors by canvassing local farmers' markets, art and wine festivals, and too many Oktoberfests to list. In addition, we sent out over 200 letters to local businesses outlining our charity event. We received an amazing outpouring of support from the local business community, with over a thousand dollars' worth of donations and gift certificates that were used to give event goers a chance to win in several raffles and silent auctions. Fraternity members went before the student senate with a proposal for funding, a portion of which was granted, helping to cover event costs.

Promoting the event turned out to be the most work: Gamma Xi brothers mobilized and posted thousands of flyers around campus, local shopping malls, and area businesses. Press releases sent out to dozens of local radio stations and newspapers helped ensure our event information got out to the public at large. E-mails were sent out to the student body, as well as University faculty and staff. Several business professors not only provided us with valuable advice, but also helped us secure a sponsorship from the business school.

With over \$5,000 in funds raised from the event, Gamma Xi chapter held numerous community outreach programs. In a visit to the Lucile Packard Children's Hospital, members made Christmas ornaments with the young patients, and handed out over 200 Christmas teddy bears. At the local Next Door Solutions Women's and Children's Crisis Center's Christmas Boutique program, a variety of toys, clothing, and other items were donated. Through a joint effort with the business school's Retail Management Institute, a local family from Catholic Charities was adopted and provided with numerous Christmas presents and dinner on Christmas Eve.

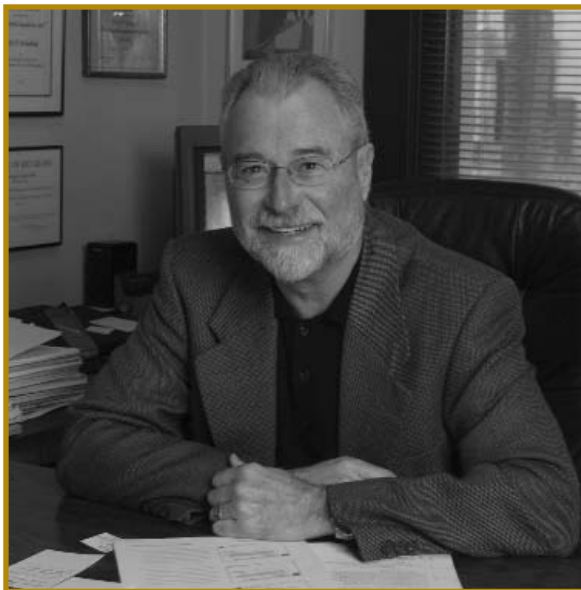
All of this was made possible by the countless hours contributed by the fraternity members and pledges, volunteers, professors, and community members and businesses. The Second Annual Christmas of the Heart Craft Fair will be held next year, Nov. 7, 8, and 9 in the Benson Center. Our chapter is committed to working on this event year-round, to ensure it's an even bigger success next year. We thank all the people who were able to enjoy and attend this event and look forward to seeing you next year.

For more information, e-mail Erica Paul or visit www.ChristmasoftheHeart.org

Achabal among most influential in retail IT

Dale Achabal, director of SCUs Retail Management Institute and associate dean of the Leavey School of Business, recently was recognized among the 50 most influential people in retail information technology by the industry publication *Executive Technology*. Achabal is the only academic included in the list, according to Adam Breen, editor/senior writer of *Santa Clara Magazine*.

The *Executive Technology Magazine* wrote: Dale Achabal is a true pillar in retail IT due to his countless presentations and research papers on retailing and marketing over the decades. Dale focuses on multi-channel retailing, retail decision support systems, and marketing analytics. In addition to being a professor at Santa Clara University, Dale also does consulting work for retailers and is on the board of several IT companies in the Silicon Valley. Dale is also a member of the National Retail Federation's CIO Council.



Dale D. Achabal, Ph.D., director of RMI and associate dean of the Leavey School of Business.

Calendar of Events

January 5

Winter Quarter begins

January 15

Information Session on Internships 2004 – RMI Juniors

January 28

Mervyn's Scholarship Grant Award Presentation

January 29

RMI Senior - Junior Mentoring Event
Discussion on 2003 Internships

February 24

Retail Studies Program - Internship Faire

March 1

Macy's Corporate Tour – San Francisco

March 11

RCME Executive Education Program Series: **Edith Weiner** - *Exploring major trends that will affect businesses in the forthcoming year, the counterintuitive "thinking techniques" needed in order to profit from trends, now and in the future.*

March 21 -26

TIAS Retail Executive Program – SCU

May 5

RMI Advisory Board Meeting
Location: Williams-Sonoma, Inc., San Francisco

May 26

RCME Executive Education Program Series: **Andy Billing and Elizabeth Gibson** –*Focusing on the methods and tools used to help one company achieve its success, including its own unique Change Scorecard, a powerful new tool for developing behavioral maps to help clearly define what "good" looks like.*

March 29

Spring Quarter begins

June 11

RMI Graduation Ceremony and Scholarship Awards

October

RCME Executive Education Program Series: To Be Announced

RSSA Annual Gift Giving Event *by Patricia Tran '04*

Every year the Community Outreach Committee of the Retail Studies Student Association (RSSA) plans a Christmas Gift Giving event to help families in our community who are less fortunate. The gifts are generally educational and recreational toys, and are purchased by individual RSSA members and by the RSSA as a group. All gifts are brought to the event and members spend time together wrapping the gifts.

This year, with coordination from Santa Clara Community Action Program (SCCAP), we were able to donate toys to the Community Homeless Alliance Ministry (CHAM) of San Jose at First Christian Church. SCCAP is associated with CHAM through various volunteer works such as cooking for the families and tutoring the children.

We were given \$300 from RSSA to shop for toys. Carin Posedel '04, Melissa Kline '04, Stella Palileo '04, Erica Paul '05, and I went toy shopping at the Wal-Mart in Milpitas, where we received a 10 percent discount off purchases from the store manager. Blair Thedinger from SCCAP provided us with a list of 22 children ranging from ages one to 14 years and we were able to buy all of them enjoyable, enlightening toys. On the day of the event, the RSSA students came together to enjoy food while wrapping all the gifts purchased at Wal-Mart plus the gifts individuals brought to the event. Toys filled up two long tables and the group wrapped everything in 30 minutes!

The event is considered yet another of the year's successes. I want to thank everyone who supported the Christmas Gift Giving event this year. Without the support from all of those involved, this could not have been as successful. The parents of these children were very excited about the toys, and extremely grateful for our contribution to them. Your time and dedication are much appreciated. ■



top Cynthia Gamage, associate director, and Vanessa Difuntorum '05 put finishing touches on gift wrapping.

bottom RMI students proudly show off wrapped gifts for local needy families.



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