



RTech Council Conference Call | July 14, 2020

Attendees |

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Peer Discussion | Learning from Failures

- Pivoting
  - We created a new offering meant to open up communal industry challenges to open innovation solutions. The program required a lot of man hours to bring to life and to create a pilot challenge. We ultimately decided to kill the program, realizing that our real expertise was in finding and raising problem – but not the place to fundamentally solve the problem. In the end, we were able to pivot and rethink some of the ways we approach problems for communities.
  - Operating tech companies are not set up for success, which makes the wins even more glorious. A group of failures for me boil down to being too passionate about our own ideas and then arguing passionately for pushing it out at scale – but, if you make a mistake at scale its more painful. I've learned to embrace the 'test and learn' culture as well as customer feedback to decide to un-emotionally to cut and run if the feedback and results do not align with the goals. I try to no longer chase the shiny object myself!
- Resources/Accountability & Communication
  - We had an initiative that took 1.5 years longer than projected concerning our website becoming more adaptive. We didn't have the resources to handle this ourselves at the time, but there were concerns with how the current platform would perform under updates to google analytics, so we decided to use a third-party contractor. We carefully constructed a contract with the third-party including deliverable, etc., they delivered a beautiful prototype that wouldn't perform under load and outsourced all the architecture – which we normally would want to do in house. After a year of not being able to get the project done externally, we were finally able to staff the project with a team internally to get it done. Lesson learned, there are certain basics that you should never violate and will be painful lessons to weather. We now will not start projects until we have the right staffing and resources to be able to complete the project.
    - Working with contractors is unavoidable, but we need to be able to have internal teams closely managing since third parties lack the internal knowledge of the company.
    - Teams running contracted projects need to have accountability over the vendor that they are bringing in. We need to be able to maintain control over the project, within our resources.



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- One challenge that remains is getting the right folks to the table and addressing the people who think just throwing more money at the problem and contractor will fix it. Outsourcing is not always the answer.
- We did a robotics pilot in a DC and had our metrics in place with the provider. We went over what challenges there would be, including adapting the software to fit the needs of the DC. I can remember having a 6<sup>th</sup> sense that it just wasn't going to work out but neglected having the conversation with my supply chain counterpart, who coincidentally was having the same concerns. The pilot was unsuccessful. We realized too late, that we could have avoided the investment and problems, but instead went ahead with piloting because on paper we thought we had everything lined-up. I've learned that I need to keep more open lines of communication and address concerns when they come up, instead of waiting to see.
- Centralized vs. Decentralized Innovation
  - A recurring theme that I have dealt with is to "sign up for change" where everyone wants to move fast – everyone likes the idea of going faster. Some organizations are more receptive to things breaking along the way and learning from it, but others are looking for scape goats. I always take note of who will be disappointed and how much their work would be disrupted if a project doesn't work. I then build a partnership with that person and make sure we are bringing them on board through the process. I also like to make sure the company is going to be able to live with the results, even if they it is not 100% what was wanted.
    - The sooner you pull in external partners, the more effective the partnership and project will be.
    - We tend to want to keep projects to ourselves until we feel its ready to be presented, but sometimes that leads to others feeling like they were left in the dark and had no say – it's a constant balance between also hearing that others don't have time to be involved.
  - We are constantly adapting our mentality of how we approach innovation. We used to be very centralized and I created a maturity matrix for the company and presented to senior leaders, but we ran into challenges among leaders who felt they didn't have a say in the priorities presented. We shifted our model to decentralize and say innovation is everyone's job which has worked better to bring it across the business – but, but there is a greater need even still to make innovation a dedicated practice so that it is not getting cut or forgotten. We've learned that plan need to shift, and the same approach may not work forever.
    - Our team is decentralized, but we do have some capabilities that can be put into action very quickly throughout the company. Those projects all have regular checkpoints to ensure ROI and growth.
- Defining the Problem
  - We had a big push from leadership to put out an app/new innovation, they wanted something to talk about certain things throughout the year; but it gave the teams an opportunity to take our video and make it available for non-network



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audience. We thought we did all the right things to get teams together and market it for a new audience, but we missed the mark on underestimating the content and products that are right for a new audience. Our business strategy wasn't really adapted for an app, so it was very similar to what we were already doing and lacked the deep connection to the audience it was meant for. Our lesson is that the content and product need to be right, even if the functionality works great. We need to make sure we are defining the right problem at the onset of the project and not jumping to quickly into development.

- This was a tough failure, but we acquired a company that was built around social shopping and spent a lot of time to trying to make it work for everyone, before shutting it down. It was a lot of money spent on the acquisition that did grow its audience but did not grow revenue equally. Similarly, we had an in-house activewear brand that we spent a lot of time trying to build a following for, but then had to shut down. Some issues may have been around senior leadership changes, which can always add a challenging aspect to innovation projects. But ultimately, there was a lot of time and energy spent, but not a lot of return at the end of the day. I am now a big advocate of knowing up front, what are the goals that we want to achieve and what are we hoping to gain, before we make the investment.
  - We need to make sure that we have the right criteria for making the project and defining the success. I also see that sometimes projects are cut too quickly before the dust can even settle.
- Managing Teams
  - While working at a technology startup as the CEO (not the founder), I had to decide which employees to keep. This was before teleworking was more accepted and it was thought that working across time-zones and apart would make it difficult to innovate rapidly. Many of the company's original employees lived in a different country than where the organization would be operating moving forward. I decided to move one of the original workers (he and his family relocated) to the U.S. to run the product team and it became culturally divisive. He refused to work collaboratively with other teams and pointed fingers. Ultimately, I decided that this employee was not working out, but I took too long to make this decision. I soon found out that this employee was close with the founder and was discussing, falsely, my leadership with him. Ultimately, when I finally decided this employee was not working out it resulted in my firing. The personal lesson learned was that you cannot continue to accept others' failures at the expense of the business. It can always be difficult personally, but these things happen and not every team member will work out.