

RTech Council Conference Call | March 25, 2021

Attendees |

[See Link](#)

RILA Updates |

- **7 Imperatives for the Industry**
 - Joint report between RILA and McKinsey - <https://www.rila.org/retail-speaks> - highly encourage you to check it out.
- **Tech Policy Update**
 - Tech Platforms continue to face significant scrutiny in Congress – earlier today that House Energy and Commerce Committee held a hearing with the CEOs of Facebook, Google, and Twitter to discuss disinformation and extremism on social media platforms. In addition, both the House and Senate Judiciary Committees continue to hold hearings discussing possible antitrust reform proposals to address the anticompetitive business practices of dominant tech platforms. With the appointment of Tim Wu to the White House and Lina Kahn's nomination to the FTC – both the Executive and Legislative Branches are teeing up real action this Congress. On the privacy side, while federal legislation remains bogged down - we are seeing significant state action with Virginia being the 2nd state after California to pass comprehensive privacy legislation.

Presentation Topic | Strategy: Sustainable Innovation ft. Lowe's

- Speaker | [Josh Shabtai](#), Senior Director of Ecosystem and Lowe's Innovation Labs

Lowe's Innovation Labs – Founded in 2014

- We operate to accelerate the experiences of our customers expect today, while considering how we can develop the capabilities that will power tomorrow.
- Expectations shifted from strictly disruptive innovation, to expanding the purview to delivering value that can scale today and put pressure on technology teams to go after more ambitious projects. The Innovation Labs are designed to push the company in new ways, and each have a specific focus to help make that happen.
 - We have 3 labs to deliver on these goals:
 - Creative Technology – looking at technology not initially designed for retail.
 - Ecosystem (Josh's Team) – about partnership development and strategy, we lead co-innovation projects & storytelling for the brand.
 - Development – project management and core development
 - Each lab has its own goals related to how their agenda is set up (ex. IP oriented goals, vs. Stage of lifecycle goals)
 - If I had to start again, I would always choose to go with a multichannel approach like this that offers unique goals and checks and balance based on the horizon of

innovation, while ensuring that there is always a focus on the core business. We are lucky that we have a large team and resources to be able to allow for this type of structure – but the split gives more opportunity to not only focus on near term projects, but also creative long-term goals.

- **Retailer 1:** This structure would be a challenge for us, since our team is much smaller, and we need direct ROIs to be able to pursue projects.
- Accountability and Transparency drive everything, they are core to how our team operates. We don't move forward with projects unless we have senior VP level sign-on and support for the project. We are fortunate to have an executive team that is willing to bet on us and work with us.
 - We tend to create a culture of under-promising (but aim to over-deliver), to assist in managing the proper expectation and scope of any given project.
 - **Retailer 2:** We've found under-promising to be a challenging mindset to lead with and instead have coined the term "**Learning Agenda**" to show people how we are getting there & how we are going to get to the ROI. The idea of a Learning Agenda has allowed to better set the stage for ideas and concepts that may be new to stakeholders who are key to supporting an innovation project.
 - **Josh:** We agree that when there is a bit of success, people outside of the core team get over-hyped and we need to control expectations so that things don't get rolled-out too quickly and not live up to unrealistic expectations.
 - **Retailer 3:** We haven't quite figured out the "handshake" or the handoff of projects amongst teams just yet. Our innovation team is still new and we're figuring out a 2.0 plan for this.
 - We always talk about what type of innovation are we comfortable doing? For example, incremental innovation around our website and personalization – so the handoff seems to depend on what type of innovation you are working/what does short-term mean to you.
 - **Retailer 4:** We think of the determination being "Run the Business" (incremental) core teams can handle or "Change the Business" (new developments) usually have a different mindset and culture within an innovation team.
- Leadership Team and Communicating direction of work – we're lucky that our new leadership, Marvin Ellison, is a pro at keeping people focused and engaged. Lowe's has become more data-driven and results oriented. That has driven us to be very clear about what is unknown – this helps to mitigate risk & embrace ambiguity (aka we just don't know if it's going to work). We are deliberate in how we walk people through what we do and expect of a new project.

- **Retailer 3:** Our team sets guardrails – we don't want to be the ones who look at application development, we aim make sure we are looking at the future and things that other IT teams are not focused on. We provided guidance on curbside last year because it was needed and we had bandwidth, but generally we are more on the experimentation side for projects that potentially get picked up by other teams. We're very focused on differentiated guest experiences.
 - Set intentional balance between push vs. pull; near-term vs. long-term
- **Retailer 1:** We allocate a different amount of funding for different buckets of projects
 - We have the mindset that if it's going forward it better work, but that is something we hope to change in the coming years to allow more space for creative thinking
- **Retailer 5:** The challenge we face is what can we do in the near term that can help us get where we need to be in the next 3-5 years, but we always feel like we are usually chasing our tails and would like to get to a point where we can have simultaneous long vs. short terms goals and funding.