

Interview & Update: BTA Hub Australia/New Zealand Innovating for the “Fresh Food People”

Retail business is unpredictable, volatile, yet exciting. The old days of “bricks and mortar” retail business models are threatened by mobile and social technologies. In the Australia/New Zealand region, retail giant Woolworths Limited and Queensland University of Technology (QUT) have joined forces to address some of the most important challenges for the retail business. Business Transformation Academy (BTA) representative Niz Safrudin asks Prof. Dr. Jan Recker, the Woolworths Chair of Retail Innovation and Professor for Information Systems at QUT, about transforming retail practices at Woolworths with evidence-based innovation.

Innovation is a staple ingredient for Woolworths Limited’s competitive advantage. With an appetite for quirky concepts, its supermarket division has seen Woolworths’ bread-and-butter business experiment with a range of customer-engagement tactics: from having Andy Warhol’s limited edition design of Campbell soup in store to its Happy Feaster Campaign (outdoor displays on pedestrian walks and bus stops which waft the scent of freshly

baked hot cross buns at the push of a button). Woolworths is constantly amusing its patrons. Most do not realize, however, that the supermarket business has a low profit margin and relies heavily on high-volume transactions. Efficiency and precision are key for Woolworths to sustain its fun-loving trade. Prof. Jan Recker explains the scientific rigor that rules behind the scenes where he leads his research team in the field of evidence-based innovation.

Prof. Dr. Jan Recker is Woolworths Chair of Retail Innovation and Professor for Information Systems at Queensland University of Technology



BTA: How does evidence-based innovation help Woolworths' retail business when innovation per se implies novel and typically uncertain outcomes?

Jan Recker: Innovation is by nature an unstructured decision-making problem coined by great risks. What is a good innovation idea? Which will be successful? Which innovation option is truly innovative, and which will be a waste of money? Which idea should be implemented? With our research, we are applying evidence-based, scientific facts into these decision processes, in turn helping Woolworths' decision-makers understand different innovation options and get a better understanding of risks as well as benefits of different innovations. So, in essence, we are doing research to provide facts that limit the risks of innovating.

BTA: In your role as Chair of Retail Innovation at Woolworths, what kind of research is being conducted to demonstrate the effectiveness of evidence-based innovation practices?

Jan: Our research takes us into all areas of the retail business – forecasting sales, producing better products (literally, making better bread rolls in the bakeries), improving the supply chain – and helping the

organization improve communication and collaboration across the employee base which is spread across 3,000 stores in a country that is larger than Europe. In turn, much of our research is about gathering data from systems, surveying employees, visiting stores, and talking to employees – just on a very large scale, where our database of evidence often exceeds several gigabytes of information.

BTA: What can other companies learn from Woolworths' success of evidence-based innovation practices?

Jan: Many organizations tend to believe that they cannot produce innovative ideas. We have learned two things: First, innovative ideas are everywhere, and in most cases you have too many of them, rather than not enough. Second, more emphasis needs to be placed on the later stages of the innovation process: What happens to an idea? How do I make an idea a commercial success? Our collaboration is showing that this process can benefit significantly from the insertion of scientific principles: independent observation, replicable methods, empirical evidence – and novel conceptualizations. And there is no reason to believe that these principles will only work in retail. ▲

Update on Research in This Hub

The prolonged duration of business transformations, coupled with the complexities of large-scale programs in long-established enterprises, presents a challenge for senior management: to use the right capabilities at the right time.

This challenge motivated researchers Niz Safrudin and Jan Recker to investigate what triggers those capabilities in business transformations¹. Lead author Niz Safrudin presented the research-in-progress at the Pacific Asia Conference of Information Systems on June 20, 2013 in Korea. Their research-in-progress identifies that:

1. the triggers occur at two levels, the strategic and the program management level
2. the triggers have an impact on the business or on the transformation initiative.

The next research step is to analyze the consequences of using transactional versus transformational capabilities in response to those triggers.

Reference

- 1 Safrudin, N., Recker, J. (2013). Identifying the Triggers for Management Services in Business Transformation Management. Paper presented at the Pacific Asia Conference of Information Systems (PACIS2013), Jeju Island, South Korea. Available from: <http://eprints.qut.edu.au/60913>.