



Home Depot Looks to the Future

PLUS:

INSIDE TARGET'S COLAB | PFIZER ON DESIGN THINKING
CAN INNOVATORS AND OPERATORS GET ALONG?

Home Depot's
Brandon Kearns,
immersed in a
virtual remodel.

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Brandon Kearns of Home Depot takes the Google Daydream VR Viewer (\$80) for a spin. Photograph by Tim Redman



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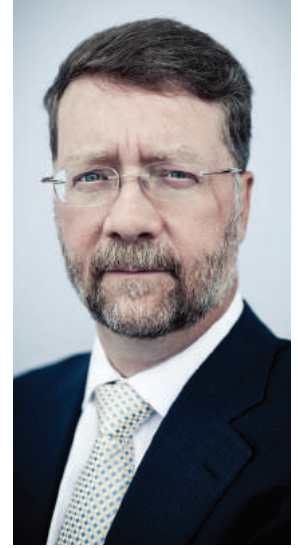
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Scott Kirsner, Nora Neustadt, and Donna Amrhein of Innovation Leader.

Have you figured out the perfect way to collaborate with various business units at your company?

Our feature story in this issue explores different ways that R&D and innovation teams interact with business units—what works, and what doesn't. That subject will also be the focus of our Q1 research report, out in early February.

In this issue of the magazine, you can also find a summary of our 2016 research report on how large companies are developing their strategies for connected products and services (a/k/a the Internet of Things), produced in collaboration with our partners at Altitude, the design and innovation firm. Innovation Leader members can download the complete 21-page PDF from our site, as well as the results of our recent survey on what R&D, strategy, and innovation execs earn, and how their bonuses are structured.

Stories and photo essays in the following pages take you inside several new innovation labs, including Home Depot's Technology Center in Atlanta, Target's Food + Future coLAB in Cambridge, Mass., Procter & Gamble's Clay Street Studio in Cincinnati, Ohio, and Cardinal Health's Fuse facility not far away in Dublin, Ohio.

We love to cover people and initiatives that are generating real change inside big organizations. If you have ideas for us, drop me a note at the address below

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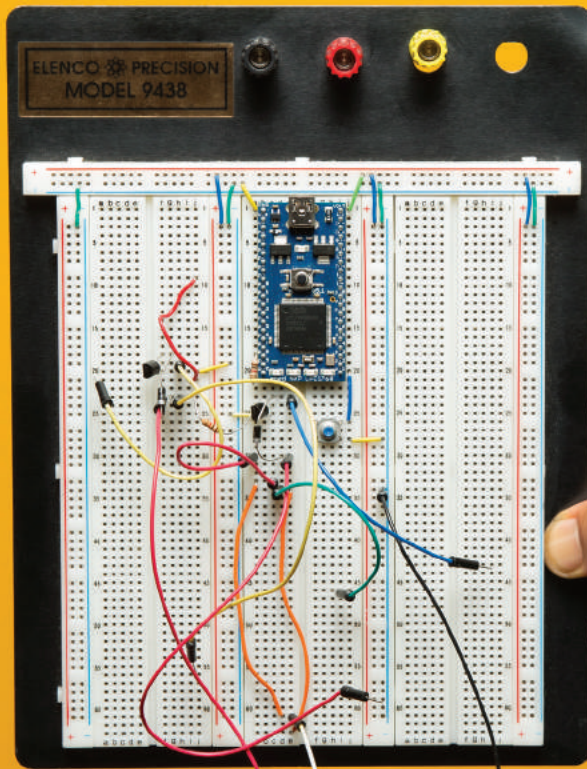
BIG



HOW HOME DEPOT IS ATTRACTING NEW TALENT IN ATLANTA

STORY BY STEPHEN ELLISON

PHOTOGRAPH BY TIM REDMAN



ON

CAMPUS

The Home Depot
Atlanta

When Home Depot opened a new innovation center next to the campus of Georgia Tech in early 2015, it had three objectives: connect with engineering students who might eventually consider joining the company; explore technologies with the potential to impact retail; and host brainstorming sessions with employees from throughout the business. ¶ “It’s an innovation center outside of the shadow of our corporate office,” says **Anthony Gregorio, who oversees the facility. “It allows us to do quite a bit without being influenced by the rest of the organization.” ¶ We spoke to Gregorio, a Senior Manager, and his boss, IT Director Martin Key, about what the \$88 billion retailer is doing in the new lab, and why it chose the Tech Square area, bustling with startups as well as other large companies like AT&T, ThyssenKrupp, and Coca-Cola Enterprises. →**



Brandon Kearns and Anthony Gregorio. Kearns joined Home Depot after attending a coding bootcamp; Gregorio after interning with the retailer.





The Home Depot lab is part of Atlanta's thriving Tech Square neighborhood.

CAMPUS CONNECTIONS

A big part of the lab's location and partnership strategy with the university is to tap into Georgia Tech's co-op program, where students gain work experience to complement their education. A select group of 25 students works alongside Home Depot associates at the lab, testing and developing new technologies. And while not all of the students may be interested in long-term careers with Home Depot, Key admits, the program seeks to establish a pipeline for talent.

"From my perspective, part of my role is actively going out on campus and doing recruiting, trying to integrate as much as I

can with the campus, the different colleges, different majors, different professors and potentially the different student groups ... to find the right people and solve the needs we're looking to solve," explains Key.

Gregorio, himself a former Home Depot intern, has also been building relationships with Atlanta-area coding bootcamps like The Iron Yard, General Assembly, and Digital-Crafts. "We've been able to influence the curriculum, and fill them in on what technologies are important to us. There's no point in a bootcamp focusing in on technology X when we really need technology Y," Gregorio says. He attends "demo days" when graduates of the programs show off the projects they've





built; offers tours of the innovation center “to take them through our development methodology,” as well as making the transition from a bootcamp to working for Home Depot; and speaks at bootcamp programs or conducts mock job interviews with bootcamp participants. (Brandon Kearns, who works with Gregorio on the innovation center crew, graduated from General Assembly’s 12-week web development program.)

Proximity to other Fortune 500 companies in the Tech Square neighborhood has its benefits, too. “When you look at the type of company we are, we don’t necessarily invent technology, but we invent ways to use technology that’s out there,” says Key. “So the

more integrated we are with other businesses the better.” The innovation center also hosts meetups and events that bring in entrepreneurs and software developers from outside Home Depot.

TECHNOLOGIES CHANGING THE RETAIL BUSINESS

Key says that the second focus for the center is to track emerging technologies like 3D printing, virtual and augmented reality, or wearable devices: “Part of what I have to do is figure out what’s worth focusing on and what’s not quite ready yet,” he says.



**“We’ve been able to influence the curriculum, and fill them
There’s no point in a bootcamp focu**

ANTHONY GREGORIO (LEFT), WITH INNOVATION CENTER CREWMATE BRANDON KEARNS

A man with a large, dark, curly afro and a beard is wearing a grey VR headset. He is smiling broadly, showing his teeth. He is wearing a green sweater over a white collared shirt. The background is a solid, bright orange color.

**in on what technologies are important to us.
sing in on technology X when we really need technology Y.”**



Banners from Atlanta-area colleges hang behind a group of interns.

One set of technologies Key is exploring are those that will give in-store associates more face time with customers. “Obviously, the more time they can spend with customers the better,” Key says. “That, we believe, is our differentiating factor between a standard dot-com and a brick and mortar. Some of our projects that are coming closer to fruition use advanced analytics to help minimize the time associates are tasking—or optimizing the tasks they do.” (Those tasks don’t involve being available to customers.)

Another theme the center is exploring is virtual reality and augmented reality. The problem: How does Home Depot enable its customers, whenever or wherever they want, to get the full experience of the product they’re shopping for, or the entire home renovation they’re planning? Visualizing a new cabinet in a kitchen, or a fully rehabbed guest bedroom, may not involve devices like Oculus Rift virtual reality goggles or Microsoft’s HoloLens, Key says. It could involve dropping a smartphone into a special viewing device, or displaying a 3D environment on a tablet. Another possibility is planning out store design itself without actually moving shelves or merchandise.

Gregorio also says that his team tracks all sorts of new software development tools, frameworks, and languages that may prove useful to programmers throughout Home Depot. They also pay attention to new devices that customers might carry into stores, or that might help associates work more efficiently. Key says, “There are multiple devices that come out every day—the new watches, and new devices within the tablet space that have new functionality—so we’re kind of looking at those to determine if we can provide a better experience for our customers as well as our associates.”

TIES TO THE BUSINESS

Most days, employees from the business units visit the innovation center, or its staffers drop in at the nearby headquarters (known as the Store Support Center) or the Marietta Technology Center. “We’ll do ideation sessions around a problem, and work together to figure out what will add the most value while managing complexity,” Gregorio says. “We deal with [user] personas to figure out what we’re trying to work toward, and



eventually begin to decide the features for a minimum viable product.”

Key explains that the center’s environment has proven conducive to new kinds of discussions between technologists and business unit leaders. “Just having the right atmosphere, the right environment, the right stimuli around allows them to look at their day-to-day work in a very different way,” he says.

Everything that is built at the innovation center is a proof-of-concept; the road to getting things to market runs through Home Depot’s business units. They chime in on what they think can deliver the most value, or conduct tests with internal users or end customers.

The team at the innovation center also devotes time and energy to communicating the work it does broadly throughout Home Depot, with a special focus on colleagues in the IT division. “We do events, similar to TED talks, where we’ll talk through emerging technologies or development tools that we see as viable and valuable,” Gregorio says. They also produce video overviews of their work, and keep in touch with colleagues using a dedicated channel on Slack, an internal messaging system.

GOVERNANCE AND IMPACT

When it comes to prioritizing projects and ideas that come out of the innovation center, “that’s where we use the executive steering committee within our group of IT leaders to really weigh in where one might have a high priority over another,” Key explains. “Typically, I like to make sure we have a good balance across all the different business units.” Key says he reports weekly to the company’s Chief Information Officer, as well as his senior VPs and VPs.

When the team looks at potential projects, it tries to balance long-term projects that could pay off big in the future with small, quick-hit projects that allow the lab “to go prove our value,” Key says.

But he and Gregorio acknowledge that, in Gregorio’s words, “an innovation center is only successful if it’s answering the needs of the business units for green field thinking, and dealing with their problems. The key here is the connection between the students, the innovation center team, the business teams, and our enterprise architecture teams. The more you bring them together, the more success you’re going to have.” ●

A whiteboard of Post-it Notes tracks project assignments and progress.