

# MIKE WITTENSTEIN

AND THE STORYMINERS® TEAM

The Value of Introducing a

*store of the future*

and a

*playbook*

for Sponsors + Leaders



Retail + Store of the Future + Customer Experience + Service Design

## *synopsis*

Doing things the same ways for the same reasons won't get retailers ahead, but creating a Store of the Future initiative will. Instead of letting change happen, retailers should invoke change on themselves by purposefully designing their futures—their store of the future—replete with the detail needed to make their ideas real. This Storyminers white paper outlines the characteristics, benefits, and new business capabilities that creating a Store of the Future Initiative brings. It also includes a playbook, implementation notes for sponsors/leaders, and simple ways to get started.

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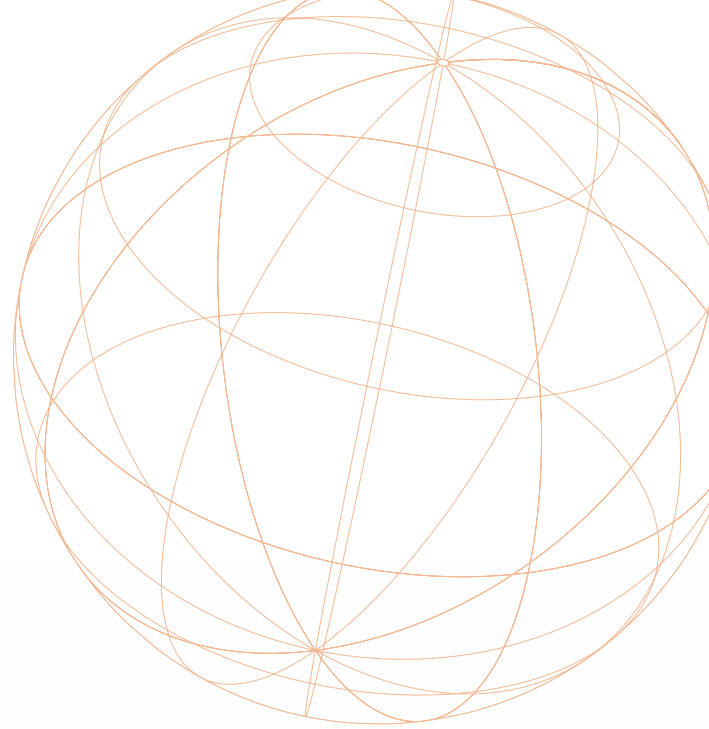


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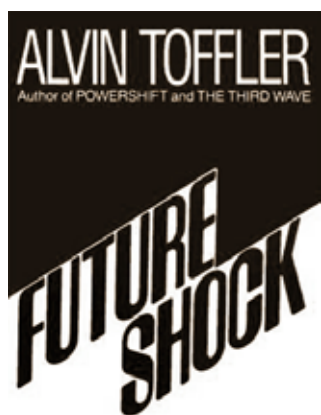
# *future shock > present shock > future solution*

## *future shock*

In his 1970 book, *Future Shock*, Alvin Toffler wrote,

*“The illiterate of the future will not be the person who cannot read, it will be the person who does not know how to learn.”*

Things are changing more rapidly than Toffler could have imagined 45 years ago, consumer preferences among them. The tendency on the part of many retailers to avoid change due to fear and perceived risk is no longer a viable position.



The future is here! But many things continue to be done the same old way. Major retailers who haven't prepared effectively for the future are shuttering stores at unforeseen rates (e.g. RadioShack, A&F, B&N, JCP). Rather than acting proactively, change-resisters operate in panic mode. These retailers are

experiencing a version of Toffler's *Future Shock* today—

## **present shock.**

Instead of reacting to unexpected changes in the marketplace with a fire-fighting approach to cost-cutting, retailers should consider using change to their advantage to increase top line opportunities and reduce costs at the same time.

## *a store of the future is the solution...*

for Present Shock, a protective measure against Future Shock and a method for developing a clear, compelling, tangible vision of the total future retail experience for customers and employees.

To recapture a competitive edge, retailers must look beyond their own field to model themselves after innovators in other professions such as successful start-up software companies. Continuous innovation, a key activity of such companies, is imperative for retailers to prepare for and be able to confront the future.

Retailers' ability to meet changing consumers' preferences with relevant projects and services needs to evolve. Retailers must learn to make the connections between virtual and in-store shopping seamless. Harnessing the potential of mobile, dynamic signage, context-aware and presence-sensing applications, big data, iBeacons, and personalization to name a few, is critical to success.. It is imperative that they develop the capabilities to anticipate and innovate. This is what a Store of the Future delivers.



*Photo courtesy of Estimote*

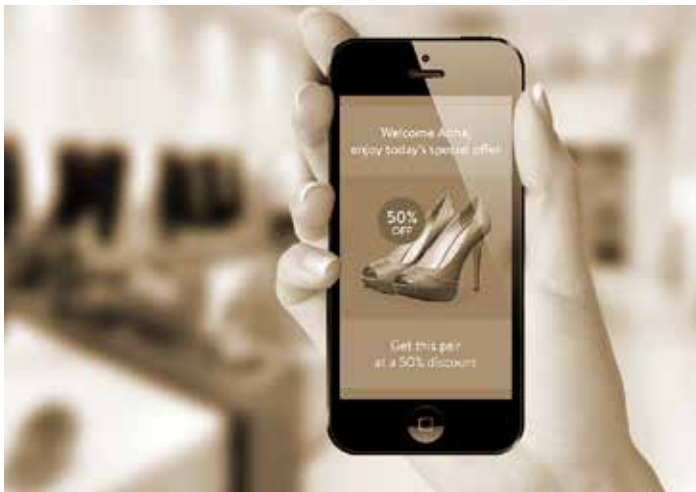
# *a store of the future is the solution*

## *a store of the future strategy...*

is based on an understanding of the competitive and technical trends in your retail niche. It describes a set of well-coordinated elements designed to define a retailer's future vision clearly, then make it real. It necessarily comprises each aspect of the retail environment, then integrates them into a singular experience that customers will notice, remember and share.

These include:

- *Retail Design*
- *Technology*
- *Customer Experience*
- *Employee Experience*
- *Economic Model*
- *Architecture*
- *Interaction Design*
- *Graphics*
- *Visual Merchandising*
- *Training*
- *Process + Operations*



## *a store of the future initiative...*

is a fast-track project that blends innovation, service and experience design, technology, culture, and rapid prototyping to focus a retailer's attention on what matters most to its customers. Early insights based on the customer's perspective help the business make the internal modifications to become best at delivering the new kinds of value customers seek (e.g. low-effort, real-time communication and fulfillment, personalization, intuitive services and interfaces, no mistakes, experiential delight). Unlike other methods for optimizing a business and its operations, a Store of the Future Strategy focuses solution-finding on ways that simultaneously touch customers' hearts, engage employees, and improve shareholder returns. It can also help affect any necessary culture change within the retailer's operations and introduce a revised business design that enables permanent adoption.

Many retailers (and, increasingly, new entrants to retail) are initiating Store of the Future strategies and projects not just to design new spaces for their stores but to envision totally new future experiences, including powerful technology elements, that attract new customers while letting the company experiment with new directions for their brands. eBay and PayPal have experimented with demo/design center stores. Warby Parker is adding brick-and-mortar to its primarily on-line play, pop-stores are becoming more popular for in-market concept testing.)

Making a Store of the Future a priority means you will be in good company. PayPal, eBay, Chick-fil-A, Chrysler, Sony, IBM, McDonald's, Prada and many others have successfully built Store of the Future teams from their staff and select consultants, designers, technologists, and suppliers, to create retail concepts, design centers and flagship stores that outperform their competitors. Nordstrom, for example, has a 'floating lab' that puts a cross-disciplinary team into one of its departments for a week--their job is to conceive and prototype at least one practical innovation.

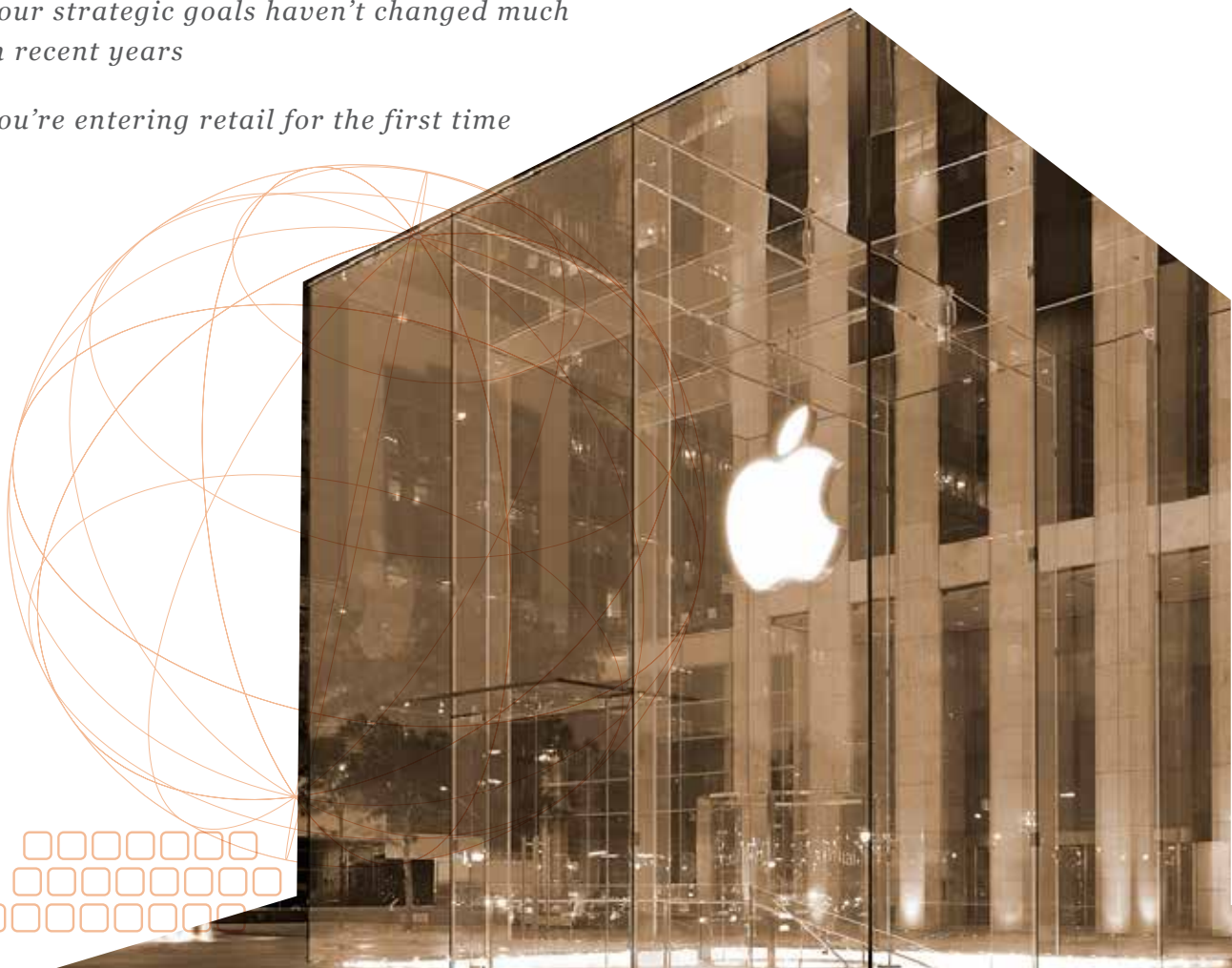
A Store of the Future Initiative not only results in customer wows and rededicated employees, but in valuable and practical new business innovations as well.

# *a store of the future is more than a store*

## *who needs it?*

There are many reasons for starting a Store of the Future Initiative—many of them resulting in more than a new physical store design. Some of the reasons include:

- *You want to do something brand new*
- *Performance is slipping and the cause(s) are unknown*
- *Your business is in distress (and you want it to return to a position of leadership)*
- *Your strategic goals haven't changed much in recent years*
- *You're entering retail for the first time*
- *The retail model you operate under is stale and shareholders and/or franchisees are getting restless*
- *Your competitor's stock values are higher than your own and stockholders are selling off*
- *The tactics that used to grow sales don't seem to work any longer*
- *Anticipating customers' needs has become more important, yet more difficult*



# *a store of the future is more than a store (continued)*

## *the benefits*

A Store of the Future Initiative contains both tangible and intangible elements. While the physical outcome is a new store, the concept extends well beyond that. Because people shop everywhere continuously, not just in stores, a Store of the Future initiative also entails designing mobile apps, interactive interfaces, digital display content, back-office operations, training, and supporting technology of the business that allow innovative retail experiences to come to life at full scale.

Blending the structural and human aspects together helps break down the barriers that stand between having cool ideas and getting them to market.

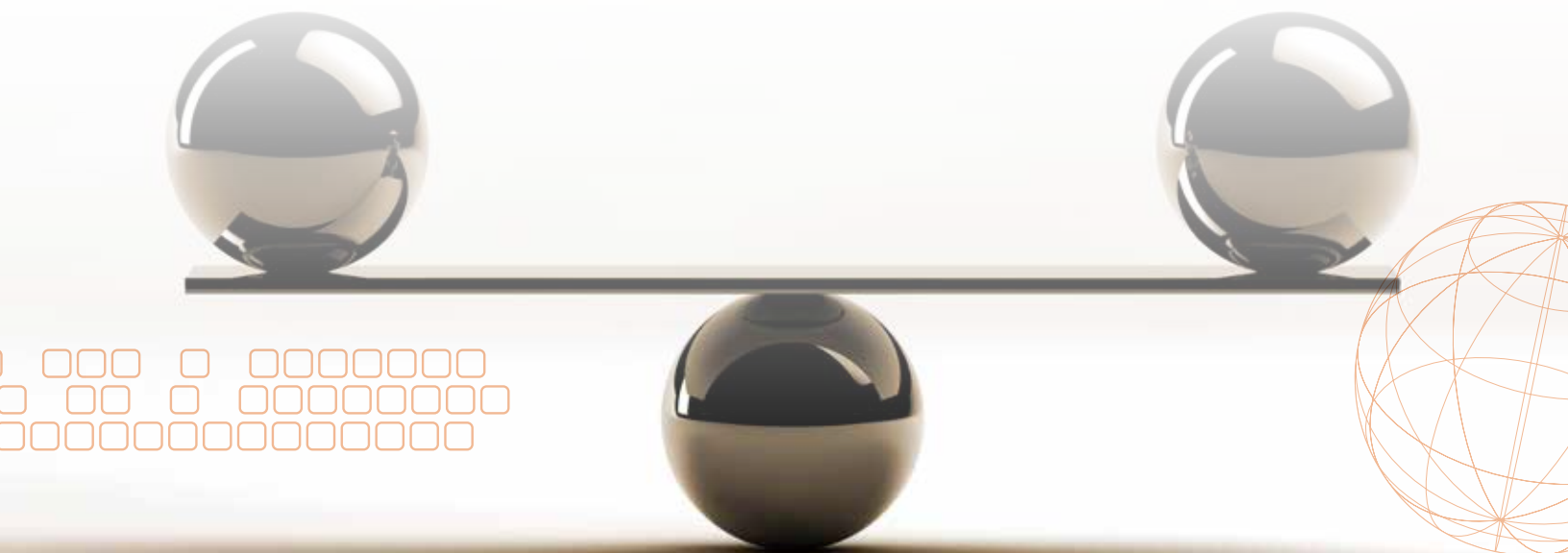
Think of the physical elements as Version 1.0. The actual retail space is the physical manifestation of a Store of the Future Initiative.

Think of the subsequent improvements to operations, technology, and future improvements to the customer experience as version 2.0, version 3.0, and so on. Retailers can use their Store of the Future Initiatives to smooth out operations (especially cross-channel experiences) before customers use them, resulting in lower effort and seamless experiences. Store of the Future Initiatives provide a safe haven that's necessary to change the way the a company works from the inside out.

## *the characteristics*

A store of the future initiative can also introduce valuable new elements into your business culture.

- *Focused on tomorrow:* It includes a detailed picture of the complete experience a retailer plans to offer customers, employees and shareholders by a carefully selected future date.





## *a store of the future is more than a store (continued)*

- **Modular:** Individual elements are prototyped within a special place where the ‘old rules’ of doing business don’t have to apply. This creates room for new thinking—and leads to new ways of getting things done. Within a pilot location, new ideas are tested and documented, then, once ready, they are properly packaged for export to existing stores. This approach accelerates the adoption rate while simultaneously lowering risks and costs.
- **Real:** The first half of the work uses experience design tools to turn forward-thinking ideas into feasible designs that can be adopted successfully in the field. The other half uses business and service design tools to win successful adoption in the field.
- **Collaborative:** Integrating the different thought processes of programmers, designers, operations specialists and financial analysts leads to a store of the future design that can become an example of and catalyst for positive change across the business.
- **Continuous:** This kind of initiative progresses even after the new store’s doors open. A Store of the Future’s greatest ongoing value is its ability to function as an “innovation factory” that keeps the new ideas flowing. A Store of the Future is best thought of as a treasured company asset.
- **An Effort Employees Want to Support:** Innovative companies should be inspiring companies. Store of the Future projects energize employees and encourage companies to respond to customers’ needs more quickly and with consistently on-brand delivery.
- **Customer-Centric.** The vision for a Store of the Future strategy leads to a clear understanding of customers’ changing desires and preferences and helps align strategy with execution.
- **A New Retail Business Design.** A Store of the Future project yields a retail design and delivers valuable context and practical details that retailers can use to define not just how they will look, but how the operational details will work. The innovations become clues that customers will notice.

### *the business*

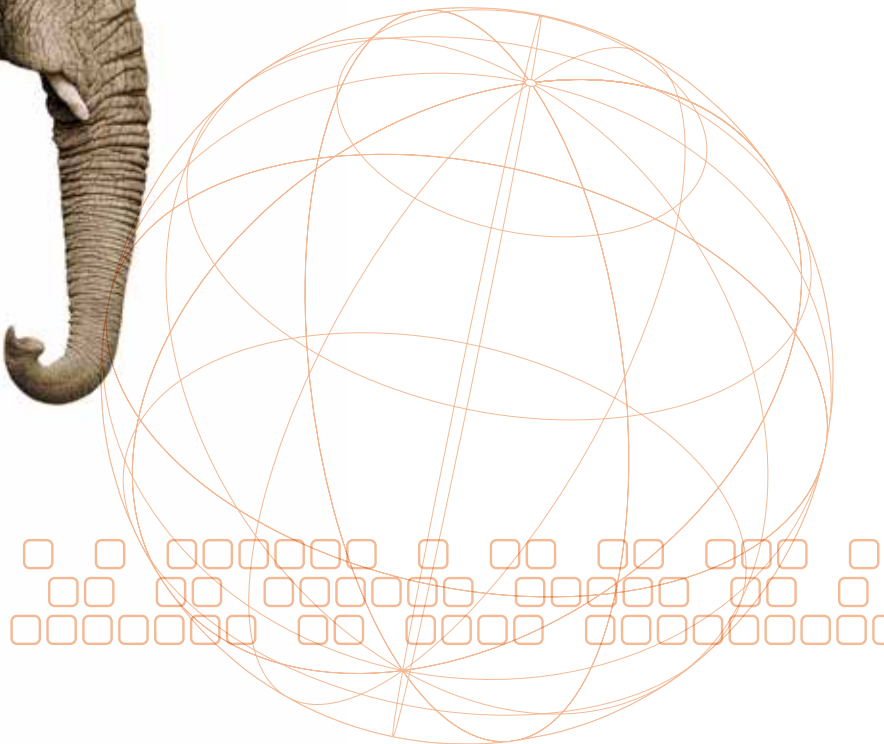
A Store Of The Future initiative makes it easier to run and adjust the business. Users of Store of the Future approaches often report their businesses become:

- **More Agile:** A customer-focused business design makes the business more agile, more resilient, and more responsive.



## *a store of the future is more than a store (continued)*

- **Simpler:** Working out the ‘bugs’ during prototyping means that when ideas go full-scale, their adoption happens more easily and at lower cost.
- **More Customer-Centric:** Focusing the business on creating more value for customers makes it more future-proof and valuable.
- **Easier to Adjust:** When multiple experiments occur simultaneously, the business gets better at making details of the customer experience design work better with each other. The results become additive.
- **Better at What’s New:** A Store of the Future Initiative helps retailers get better at first-of-a-kind projects. (Pursuing ‘best practices’ can only deliver a second-place finish.)
- **Better Aligned:** A coordinated picture of the future experience that customers will want, employees will endorse, and shareholders will support lifts the return on the innovation investment and adds value to the retail brand.



# playbook

**Future Initiative.** Know that among successful Store of the Future Initiatives, it's typical for an equal amount of time and effort to be spent on readying the organization as on developing the new store experience.

## *define the initiative*

Declare boundaries, learning and performance objectives and set the team requirements.

## *find a sponsor*

Likely candidates include a combination of marketing and operations leaders, the CFO, and even the CEO/President.

## *select a location*

You can start with a whiteboard in the stockroom or an on-line project management service to organize your ideas and track assignments. With additional resources, you may be able to employ more space where teams can meet, and use more tools to create prototypes that customers can 'test.'

## *design your dashboard*

Many people with oversight responsibilities will want to know how you're doing, what you're spending, and what they're getting from the investment. Showing them a dashboard from day one tells them you're conscientious about supplying hard business data, not just 'playing in the lab.'

## *pick your team*

Make sure to include collaboratively minded people who don't think like you do! The most enlightening design sessions and breakthrough ideas occur when individuals from different departments with the challenge to overcome organizational barriers work together.

## *know what you already know*

Take stock of existing research. Organize it and identify overlaps, gaps, gems and conflicts.

## *stage the necessary conversations*

Include customers, key stakeholders, front-line personnel, and those whose cooperation is essential for success. Giving everyone the opportunity to help shape the final design represents a powerful force. However, decisions should never be made by compromise. That's bad design.

## *begin designing the experience*

Start the process from the future. First, learn and detail the experience your customers want most to have. Then, work your way back into your organization, building the capabilities needed to deliver that experience well. Extremely well.

# playbook (continued)

## check costs

As designs emerge, estimate their (hard and soft) costs. Also estimate the value created for employees, the organization, and the customer. Remember that money is not the only currency!

## check the tech

Technology can do practically anything designers think of. However, existing technology platforms might not be able to support the best ideas at an affordable cost. Balance is required. Roadmaps (of desired future features) are helpful to best schedule technology enablement efforts.

## assess APIs

Application Programming Interfaces (APIs) are the 'hooks' within an Enterprise Application Architecture that let different programs 'talk' to each other. It's faster and less expensive to adopt designs that use existing APIs. However, in the long-term diluting great ideas because they can't be done with today's technology, reduces growth options. Knowing sooner which applications are capable of sharing what kind of information eases the design process and reduces the chance for disappointment.

## training matters

If people in a retailer's organization don't know what's expected of them, how can they be expected to perform? Consider the effort required to adjust behaviors (and incentives) and have a plan for the people side of things before declaring your intentions.

## prototype, repeat. prototype, repeat.

Start with low-resolution/low-investment pictures, storyboards, and whiteboard diagrams to check the core ideas. Graduate to paper screens and cardboard structures to check the feel and feasibility—with the team and with real customers. Once you discover what customers respond to best—and how to deliver it—it's time to move from design to build.

## complete the prototypes

Build models, animations, and structures to fine-tune the designs and understand the implications of developing solutions for scale.

## know when

Once you know what you can build and how to make it work, develop realistic timelines and communicate them widely. No surprises. No disappointments.





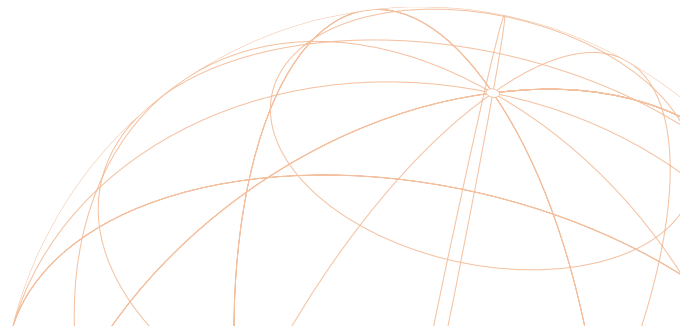
# notes for sponsors + leaders

*when you adopt a store of the future initiative, expect to be able to do new things in new ways.*

- *Address the future on your own terms rather than being subject to someone else's.*
- *Revise your experience design multiple times before launch, then launch with a more mature model.*
- *Get everybody on the same page. Sort out operational issues before doors open. That saves time, cost, stress, and reputation.*
- *Test new technologies to make sure they fit before paying for them.*
- *Learn which behaviors work best and which to implement first.*
- *Identify cross-channel or omni-channel issues early so they can be resolved quickly and inexpensively.*
- *Introduce a clearer and easier-to-follow business design to make it easier for team members to align their efforts with each other.*
- *Present a crystal-clear picture of how things work from the customers' and the employees' perspectives.*

However, there are some things to be mindful of when implementing a Store of the Future Initiative. By pre-planning for the following items, your project will avoid some pitfalls and have a more successful outcome:

- *Stay focused. It's imperative to maintain a strong focus on the future throughout and beyond the process.*
- *Start measuring the right things quickly. Without a pre-determined set of metrics, it's very difficult to know when you're making progress.*
- *Keep the end user in (constant) sight. Without a customer, a Store of the Future Initiative would be a mere theoretical exercise.*
- *Recognize the importance of garnering support for your ideas from other members of your team.*
- *Be sure you have everybody on board and invested in the project for maximum results.*
- *Have a system of accountability in place before you start your project to prevent problems later.*







## *notes for sponsors + leaders (continued)*

### *if you want to successfully introduce a store of the future, be sure to design for adoption*

Once an idea has been born, it is only halfway to creating value in the market. The idea must be fully adopted inside the company and among customers to ‘win.’

Successful adoption happens by design and uses the same tools as experience and service design.

Design thinking is the cornerstone of ‘future’ work. It includes business design, service design, and experience design among other disciplines. Done properly, design thinking both uncovers the new ideas behind the bold promises that will differentiate your retail brand and details the necessary new capabilities and experience clues your business requires to deliver on them.

While ideas that create value for customers are typically discovered when peering from the outside in, making the changes that allow the new experience to emerge (and be sustained) happen by concentrating on adjusting internal processes to align with customer expectations—from the inside out.

When designing for adoption, the retail sales associates, cost analysts, buyers, merchandisers, and other specialists are your ‘customers.’ The challenge is to find out what each role requires for each entity to

willingly make the changes that allow the innovation to flourish inside their part of the business. It’s the leader’s responsibility to communicate the importance of the change and to make decisions that remove barriers, align metrics, and encourage experimentation at the individual role level.

Successful adoption requires everyone in the retailer’s organization to get on the same page. This means sharing the same language, developing a willingness to adjust priorities, manifesting a positive attitude around experimentation (especially when it doesn’t work), and adopting an attitude of flexibility.

### *introducing a store of the future to your brand*

Within three months it is possible to develop a small, but well-defined project that begins to yield benefits. Within six months, you can start to solve real operational issues, have one or more clear pictures of what your future design direction might be and even have a decent amount of detail of the store design, the operations, the economics and the technology.

*“The best way to predict the future is to invent it.”*

— Alan Kay

## getting started

A Store of the Future Strategy that becomes an initiative then becomes real can positively transform your brand. Its effects include helping you find new opportunities, determine or straighten your course, differentiate your brand, engage your employees, introduce technology, and build your capabilities in and between all channels.

Here are some thought starters to get you thinking about the best way forward.

*Just curious?*—Start with a reading list and use a web service to easily and securely share links, videos, white papers, etc. with your colleagues. Note what everyone likes and why, look for trends, and keep inviting people to the discussion. Soon, you’ll find like-minded colleagues—and some questions that demand answers.

*Trial Balloon*—If you want to know who at your company (and among your suppliers and partners) might be interested before you decide to formally begin something, consider hosting one or a series of on-site keynotes/workshops, on-line webinars, facilitated lunch-and-learn discussions, or a field trip to notice and compare others’ retail experiences. These are the kind of experiences that generate conversations and surface interest which you can use to gauge timeliness and find the ideas others will support.

*Build a Team--Do it thoughtfully*— Experience design work depends on getting everyone on the same page. If possible, encourage a diverse group of people from different operational areas and with varying tenures who possess superior collaboration

skills, clear communication and shared understanding across departments. Who you pick will determine your pool of future ambassadors, so pick people who can successfully represent the store of the future story to others in their areas.

*Identify the Opportunities*—Use voice of the customer research, surveys, 1:1 conversations, store walks, customer videos, call center logs, and anything else that reflects what goes on between the customer and the business to pinpoint complaints, bottlenecks, inefficiencies, and other problems. Consider this information a gift and use it to generate a starter set of ideas for further discussion. Assign a rank order based on potential costs, time, complexity, and level of effort required to complete each idea. Then, look at the ideas in sets to create leverage between them.

—For organizations that require a bottom line approach to project selection, emphasize all the benefits of customer experience and service design with an emphasis on: sales lift, cost savings, new capabilities, annuity-based revenue streams, followership, and, most importantly, value creation in measures that are meaningful to your customers.

*Each business has a unique personality and history, so remember that the best approach for your situation might be a combination of options—or something completely different. Storyminers is happy to help. Just call us!*



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Retail Design Institute™



*mike's experience spans two decades, more than 25 countries, and over 400 companies. mike was ibm's evisionary and launched their first customer experience practice.*

Mike Wittenstein leads **Storyminers**, a leading customer experience and service design consultancy founded in Atlanta in 2002 that works worldwide with retailers and other service brands. Mike has had the pleasure of working with and learning from Best Buy, Party City, Apple, Kinko's, Transitions, McDonald's, IBM, Holiday Inn, Wingate Inns, Air Canada, and many other game-changing brands. The Storyminers Team expands to include carefully selected companies and individuals who add their own distinct, value creating talents to client projects.

Mike found his passion for customer experience and service design at IBM where, as eVisionary, he founded the company's first experience design practice in 1999. Since then, he has been helping owners and leadership teams focus on the human element in addition to the bottom line. So far his and his clients efforts total more than \$1.5 billion in measurable impact.

He is a founding member of the Customer Experience Professionals Association and has been ranked one of the top influencers in the field by **Huffington Post** and

**MindTouch**. Professionally, he stays fresh through involvement with retail design, management consulting, and speaking communities.

Helping businesses navigate big changes with results that show on the bottom line has been a theme in Mike's work for 25 years, in 25 countries and with over 400 firms. Mike doesn't just run the firm and deliver keynotes and workshops. He enjoys working side-by-side with his clients and their teams as an experience designer, consultant, and coach. Mike completely understands how to help his clients find the balance between innovation and practicality. He builds high-performance teams and develops his clients' business design skills during assignments.

Mike attended Thunderbird for an advanced business degree and the University of Florida as an undergraduate. He studied in Brazil and in the former Soviet Union and speaks four languages.

