



# **Growth and Innovation at BEST BUY: Making it Work Inside the Box**

**Richard Rommel**

**SVP, New Business Solutions Group**

**October 12, 2010**





# Consider This....

- ▶ **47% of Americans work for companies employing 500+ people.**
- ▶ **In a recent Boston Consulting Group survey, over 66% of CEOs surveyed listed innovation as one of their top 3 priorities.**

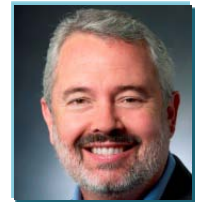
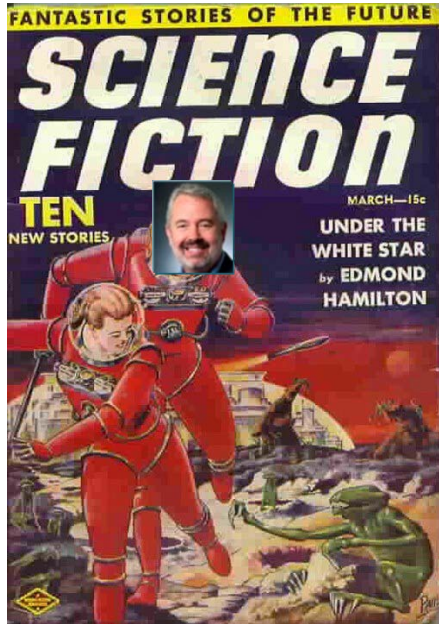




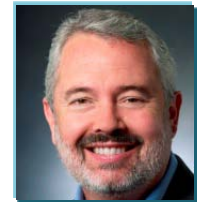
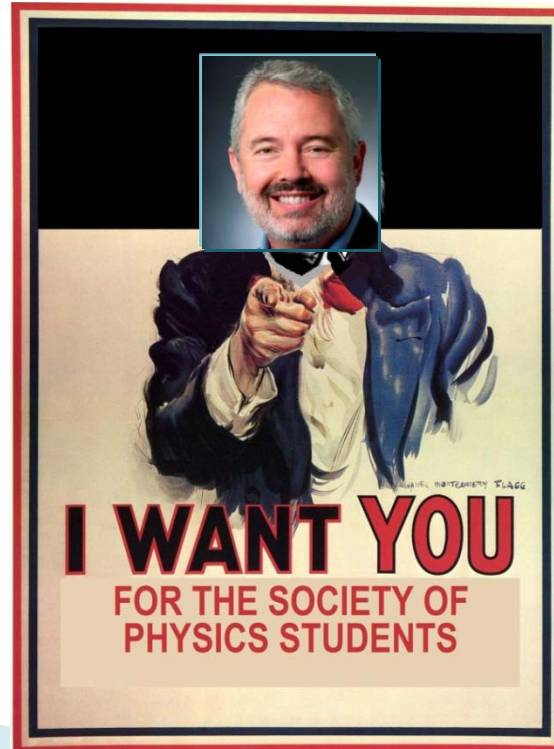
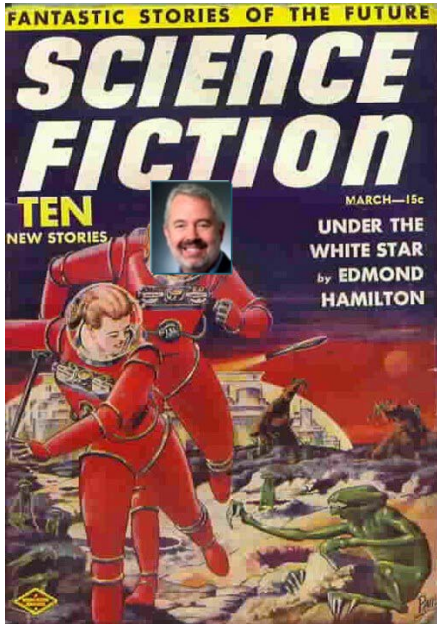
**As you consider your job choice following graduation how will you assess a company's ability to innovate?**



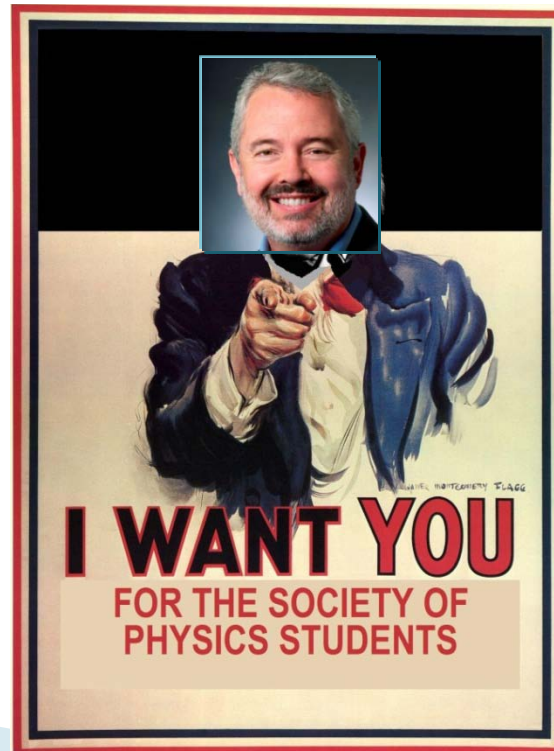
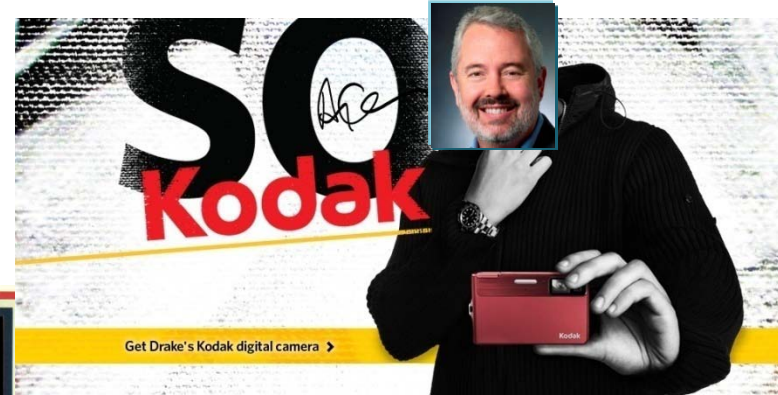
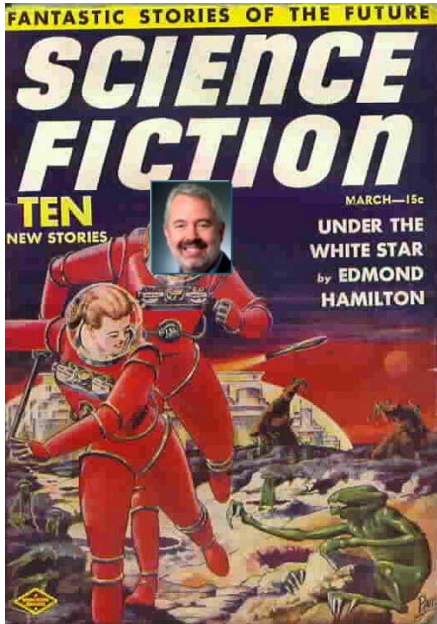
# My Journey



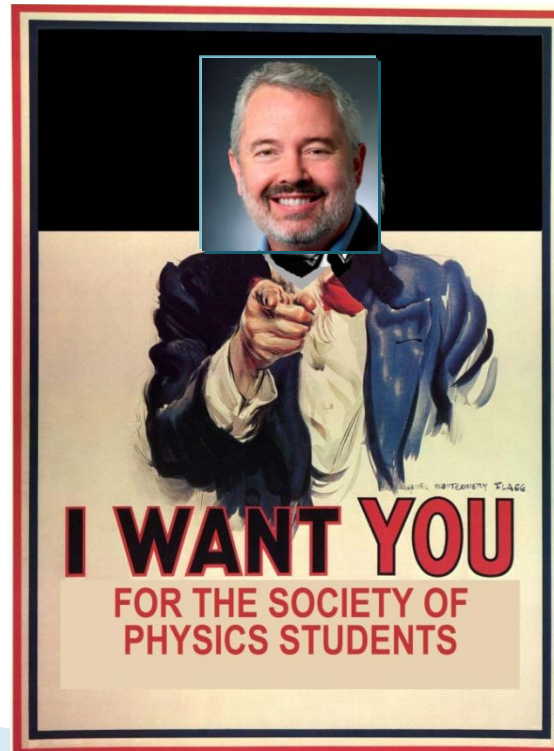
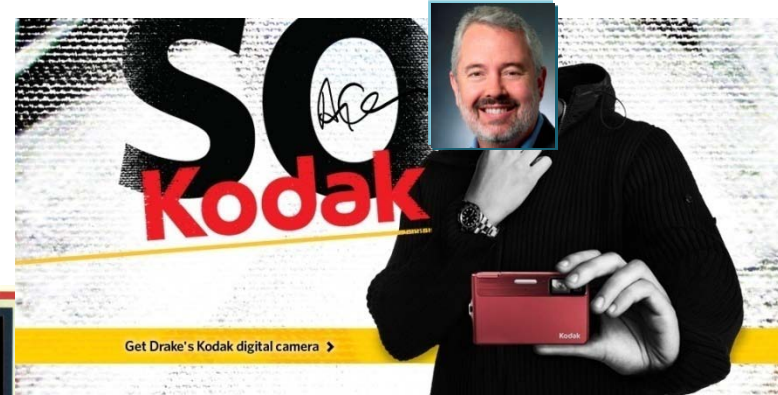
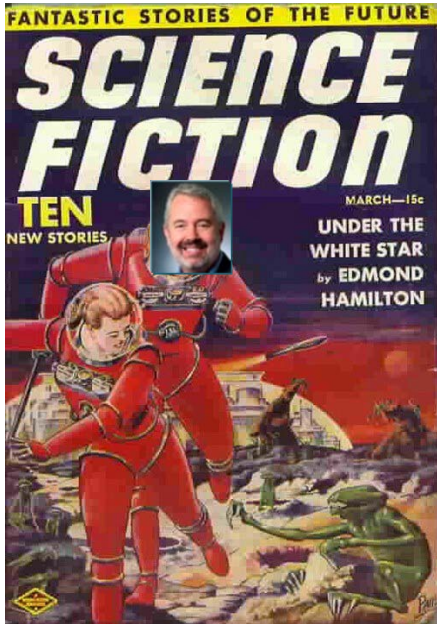
# My Journey



# My Journey



# My Journey





The

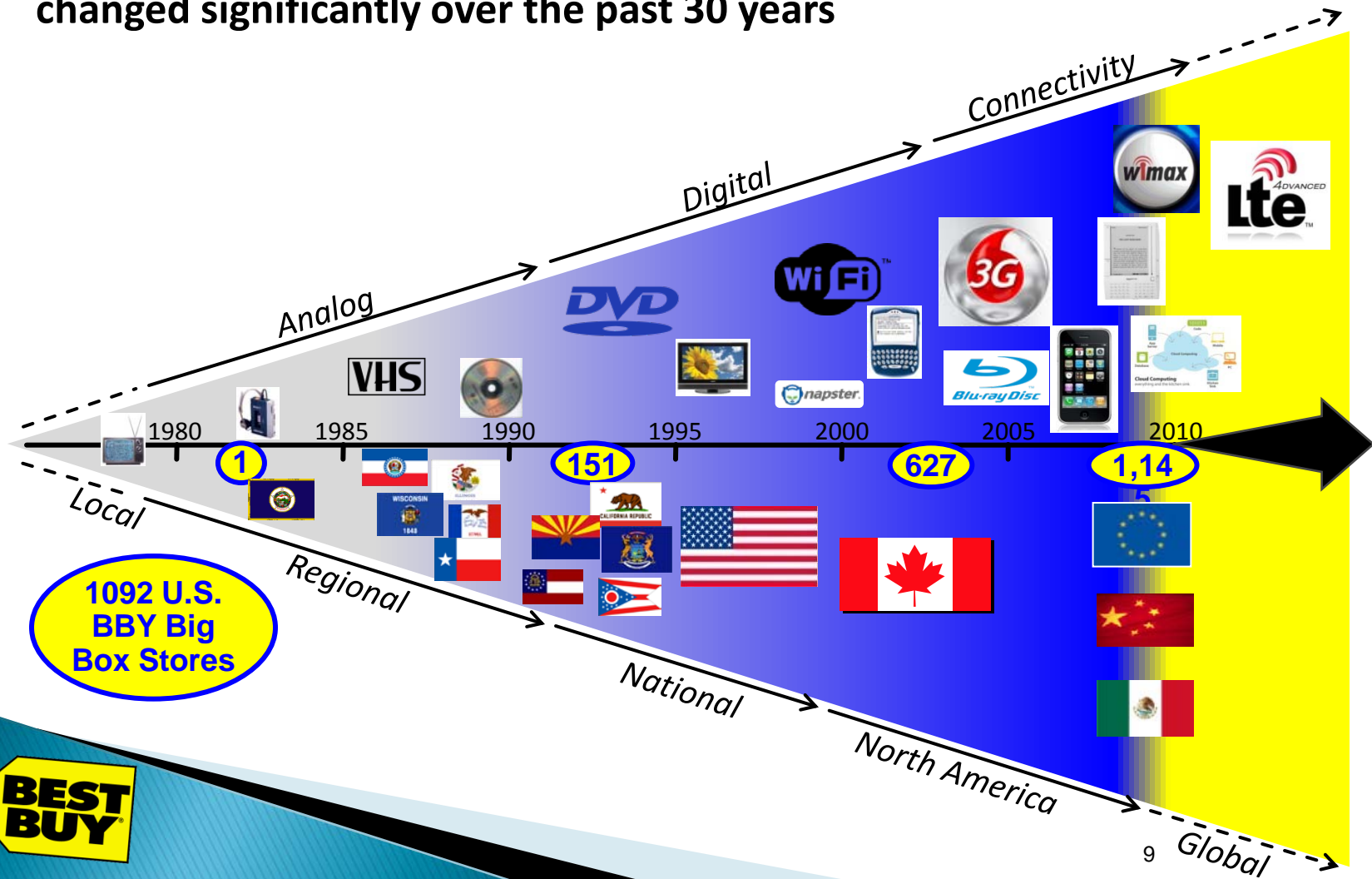


Story



# Evolution of Best Buy

Best Buy, along with the consumer electronics industry, has changed significantly over the past 30 years





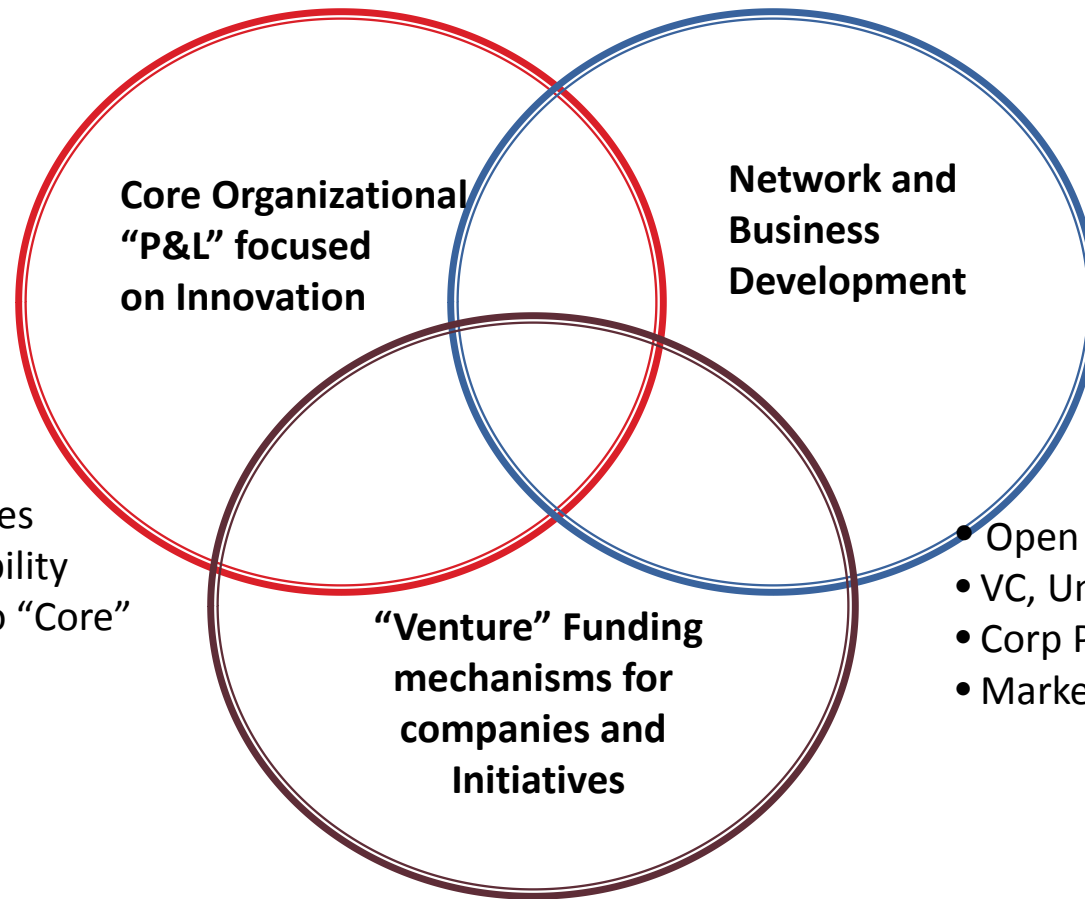
# Innovation at Best Buy

## Part I

### Constructs



# Organizational Pieces of an Innovative Organization



- Own's new businesses
- organizational capability
- tight integration into "Core"
- etc

- Open Innovation Driven
- VC, University relationships
- Corp Partnerships
- Market Making behavior

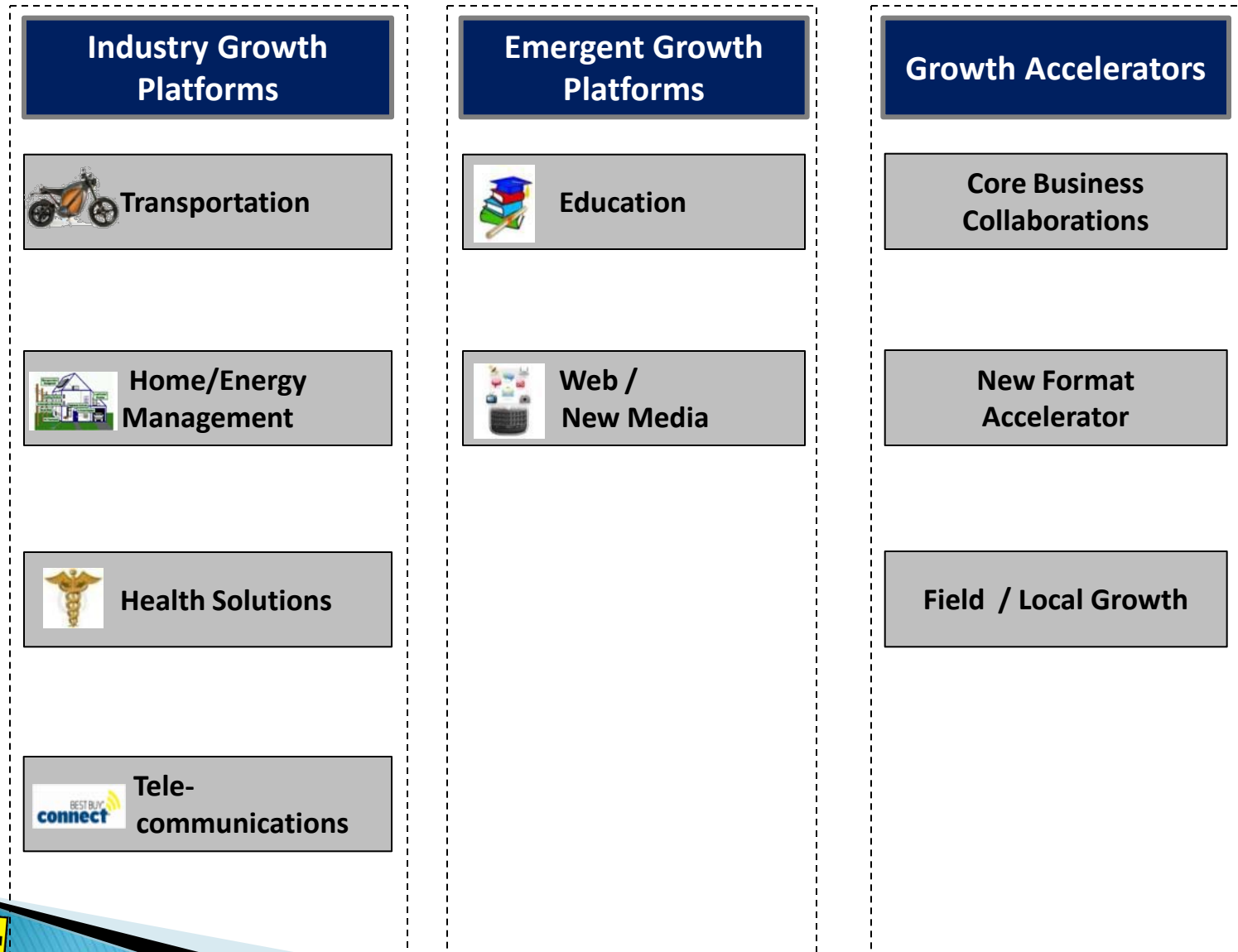
- Minor investments in newco's
- Initiative funding
- M&A
- Efficient (fast) decision making



# A business to create new businesses



# A Venture Capital Model investing in new Initiatives



# A New Business Process to discover, incubate, and scale businesses

## Ideas

### *Creativity Focus*

- Raw possibilities
- Key objectives include:
  - Initial filter against growth strategies and portfolios

## Concepts

### *Scoping Focus*

- Develop and refine business concept
- Key objectives include:
  - Theory of value for the customer and Best Buy
  - Hypotheses for experimentation
  - Initial discussions and evaluation of potential partners

## Experiments

### *Learning Focus*

- Testing of business concept with focus on what we can learn and velocity of learning
- Key objectives include:
  - Refine and validate hypotheses and assumptions
  - Determine scalability of opportunity and / or interest in scale

## Ventures

### *Scaling Focus*

- Late-stage testing of business concept
- Key objectives:
  - Validate and optimize business (P&L) model
  - Validate operating model alternatives

## Business(es)

### *Optimizing Focus*

- Bringing business concept to market in finalized form
- Key objectives:
  - Organization support for New Business transition and sustain

Partnerships /  
Networks





# **Innovation at Best Buy**

## **Part II**

### **Behavior & “Hustle”**



# Attributes of a 'Hustler'

- ▶ Hustlers are Adaptable
- ▶ Hustlers are Curious
- ▶ Hustlers are Courageous
- ▶ Hustlers Listen and Learn
- ▶ Hustlers Overcome Obstacles
- ▶ Hustlers are Persistent
- ▶ Hustlers Move Fast
- ▶ Hustlers Build Relationships



Good things happen to those who hustle.

- Anais Nin



# Adaptability

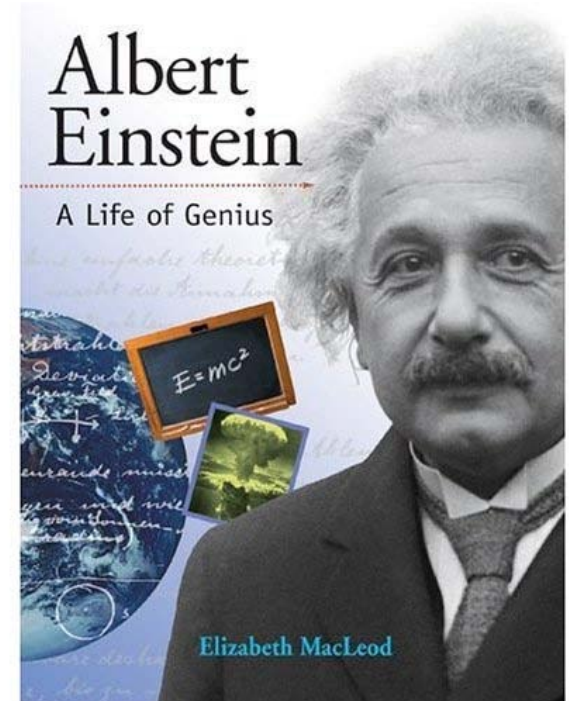


“I don’t see much sense in that,” said Rabbit.

“No,” said Pooh humbly, “there isn’t. But there was going to be when I began it. It’s just that something happened to it along the way.”

# Curiosity

“Intellectual growth should commence at birth and cease only at death.”





# Courage

**“If you're not failing every now and again, it's a sign you're not doing anything very innovative.”**

- Woody Allen





# Listen and Learn

Learning and innovation  
go hand in hand.

- William Pollard



# Overcome Obstacles

If you had a crop of tomatoes and you were worried that aphids might eat them, would you kill your tomatoes plants because they were vulnerable and might meet this barrier? In this metaphor, you have your ideas and innovations (the tomato plants) and your obstacle (insects).

People often misunderstand obstacles as absolute killers of ideas. Instead think of obstacles as challenges and determine ways to work through them.





# Persistence

**"The research on new product success and failure indicates that it takes fifty-eight new product ideas to deliver a single successful new product."**

- Randy Komisar,  
co-author of *Getting to Plan B*





*....moves fast*



# Build Relationships



# Innovation at Best Buy

## Part III

### What it looks like...

(3 Examples)



# INNOVATION 101



# INNOVATION 201

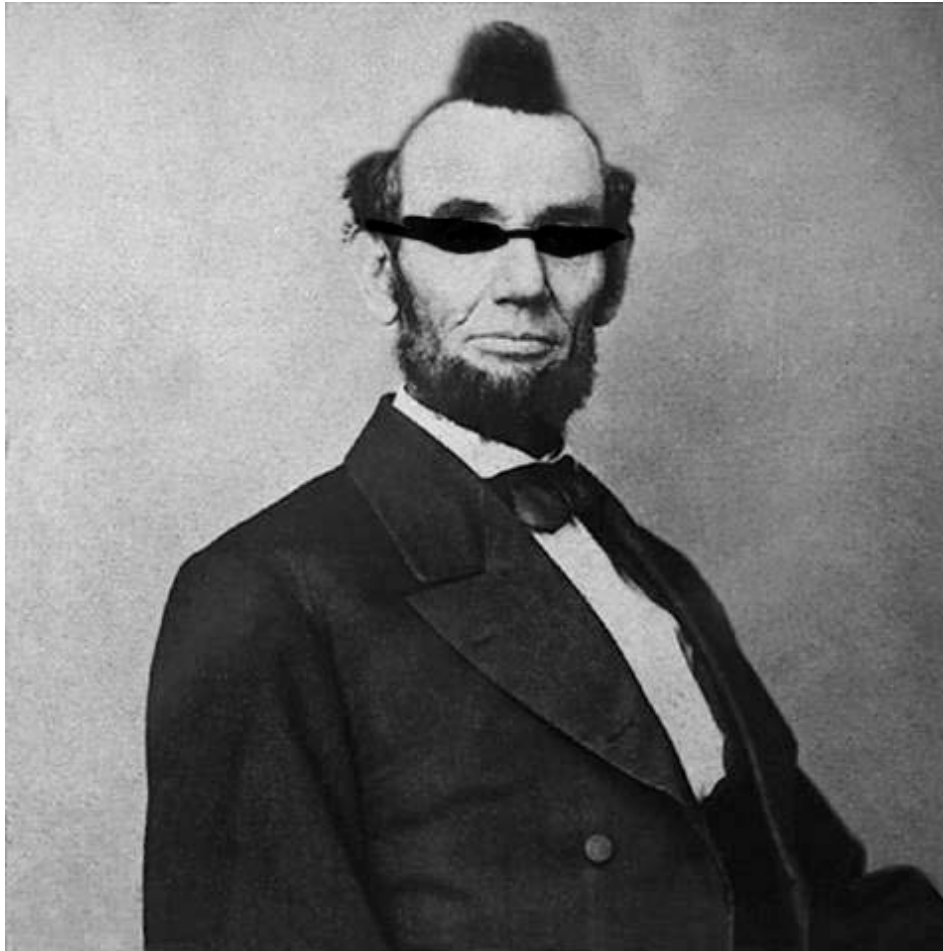
this is



# INNOVATION 301



**“Things may come to those who wait...but only the things left by those who hustle.”**



- Abraham Lincoln

**Does this change how  
you'd identify an  
Innovative company?**



# Q&A

