[0:00]

Chad: Hi, Chad again, your host and founder of Product Innovation Educators, where I help product managers become product masters. Steve Nedvidek is a senior manager in innovation for Chick-fil-A. He is responsible for helping to build the innovation muscle within the organization and his primary duties are geared towards creating a culture of and a competency for innovation at Chick-fil-A. In this interview, we discuss the relationship between improv and innovation, three questions to increase organizational innovation, how Hatch, the Chick-fil-A innovation lab, is used, and design thinking influences at Chick-fil-A. Get the show notes and the transcript at www.theeverydayinnovator.com/070. Hope you enjoy the discussion!

[1:07]

Chad: Steve, thanks so much for joining the Everyday Innovator!

Steve: Thanks for having me, Chad. I really appreciate it.

Chad: So, as some listeners know, I did this kind of field trip with the family. It was a year-long RV trip from 2013-14, driving around the country. Part of the reason for doing that was obviously to build memories for the kids, but I was interviewing innovators along the way and just having a great time doing that. I got back home and I missed that experience and that's why this podcast actually started, so I could continue this interview experience. But I'll tell you, driving through 25 states, we visited every Chick-fil-A that we could. If it was lunch time or dinner time, that was one of our favorite destinations. We have very fond experiences with Chick-fil-A and we eat there probably way too much as it is, but you probably don't mind that.

Steve: I don't know that that's possible, Chad. I'm not sure that you can do that.

Chad: There was a week that we went every day for that week, and it's a weekly destination at least for us. Let's share a little bit, in your role influencing innovation at Chick-fil-A, what was your path to doing that? You've been there for a while; how did you go through the ranks to be involved in innovation?

Steve: Yeah, my tenure here at Chick-fil-A is about, I'll be celebrating 28 years this year, and so, I started off as an associate producer in the training video world utilizing some of my background in theatre and communications. I moved to marketing for about 16 years and wore a variety of different hats there, then when the innovation function began in 2010, I really started to focus on innovation as a discipline for Chick-fil-A, so I moved over and became part of a group that was focusing really on how do you build the innovation muscle at Chick-fil-A. I've been a part of that, the innovation dialogue, since then, and continue to work on, my primary job right now is how do you coach, train, and socialize innovation in the organization so that we stimulate progress as well as preserve the core of the business, which we do so well.

[3:18]

Chad: I'm curious about the theatre part, only because, it's not always the case and it certainly isn't my case, my background is engineering, but I do find people responsible for innovation roles, sometimes have this artistic flavor in their history. So what was your experience with theatre?

Steve: I have my master's in theatre from Wake Forest and I always wanted to use my creativity either in an advertising agency standpoint or somehow in the arts world, and when I joined Chick-fil-A, I was like, now how am I going to make this work? But I have parlayed that actually into a very nice career of spreading creativity in every seat that I have been able to be in here at Chick-fil-A and just asking the questions of "what if" versus "what is". For me, that's kind of that creativity component in my life, I've always been that way, ever since I was a kid, and it came out and it's come out in cartooning that I've done, and theatre that I've done, and writing that I've done, and now in innovation. Just a mixed bag of life experiences, but always kind of with a central theme, at least for me, of "what if" in the world versus "what is". It's been a great deal of fun.

Chad: I love you sharing that perspective. It's a great way to think about innovation, instead of being content with the way things are, what if they were different? On my, I guess it's my to-do list this year, I'm hoping I get to…I would like to join an improv group, just for the experience. I don't have any of that theatre experience at all. It's not my temperament, but I've done a fair bit of public speaking. This year I've done some specific training to help focus that and deal with just hopefully getting better, and I thought improv would help with that, as well as, it helps stimulate the mind to just think differently, right? I thought as an innovator, what a great thing to pick up.

Steve: We actually had an improv class in here last year, teaching people in the business world to be able to think quicker on their feet. Nobody thinks faster than an improv artist. I think that business people need to learn how to be flexible, to be nimble, to say "yes, and" to somebody else's idea, to not block, to just continue to move an idea forward. Improv is just a great way to get people trained to do that. Now, we didn't call it improv class, because people would have thought we had three heads, but we actually called it How to Think Faster and Work More Collaboratively. It wound up being an improv class and people showed up and we blew them away, they loved it. They were wondering when we can do the next class. Highly recommend it.

[6:14]

Chad: I bet if you open that up to people outside, I might take a field trip to Atlanta and join in sometime. It would be good fun.

Steve: We can consider that.

Chad: You share a characteristic that I've found common with a few people that are involved in leading the innovation efforts in large organizations. Again, not always the case, but many of the people I talk to in this role have this long history with the company. You said you've been there 28 years. How do you think that has helped you in your role as someone responsible for innovation throughout the organization?

Steve: Well, I think longevity in an organization really, it's really all about perspective. You get to a certain point in your career where yes, you can contribute to the well-being of the organization by the skills and talents that you bring into the work, but what you have that most people don't have, at a certain point, is perspective. You get a chance to remember the stories of the past, where people tried things and failed, you get a chance to see and remember and have been a part of the successes, you get a chance to experience a lot of the different things that you don't think about at the time, as being

significant, but once you begin to look back, you realize how significant they were, and even being in Truett Cathy's office, who is the founder of Chick-fil-A, just being in his office for one-on-one to have a conversation with him, is now like gold, because he's gone. Very few of us had a chance to do that, so for me, I think that innovation and taking new ground and going forward is of course extremely important, but if you don't understand from where you've come, you have an opportunity to make some really critical errors in the new ground that you seek to take. It always surprises me how people want to have, want to think about new things and pursue the new, without asking the question, wait a second, have we ever looked at that before? And the answer nine times out of ten is, yes, and now maybe it's time to look at it again, and that's fine, let's go for it, but what did you learn? If you don't have context and the history of what did you learn, you're going to make a really crummy innovator.

Chad: Yeah, it provides perspective. Also, I think you would have a first-hand knowledge of what the organization is capable of and have gained influence along the way, with people, to help make change happen.

Steve: That's exactly right.

[8:56]

Chad: Now I want to get into specifics about the steps that you've taken to really influence innovation there. What are some of those actions that you can share with us?

Steve: Well, Chad, one of the first things that we had to do when we began the discipline of innovation at Chick-fil-A was to really find out where the head of the organization was, in terms of what were people comfortable with? We just had to ask questions, we had to understand where the organization was. It's one thing to introduce a topic like innovation into the organization, but you have to understand what's your audience feeling at that particular time. So one of the first things we did was go back and ask questions. We sent out a survey and asked three very important questions to the organization. We asked what innovation was, to see if there was any kind of common language. We asked do we have a culture of innovation, and we asked why or why not. That really gave us a great scorecard on the topic and where we felt like we needed to spend our resources. The answers were different answers for the first one, what innovation is, because everybody had different definitions, so we had not common definition and therefore no common process for innovation and how we were going to teach this to people. Most people felt like we had an organization that was a continuous improvement organization, not an innovation organization, which is fine, we have been over time, very, very good at executing with excellence, but not necessarily taking new ground. Part of the reason that we didn't was people didn't know how. Part of the reason that we didn't was because people didn't have time. Part of the reason we didn't was because people were afraid. They were afraid of failure. What would happen if you fail? And so, we had to overcome all those in a systemic way. We had to do classes on what innovation means, why it's important, what it means. We still teach those, every month. We had to create classes on so what's the process for innovation? How does Chick-fil-A approach it? We teach those every month. We had to create an environment where outside voices were talking about things like being okay to embrace risk, trying new things, from a variety of different organizations outside of Chick-fil-A, so we created a very robust lunch & learn program, where we've got outside voices constantly coming in and talking to people. We went to d.school (Institute of Design at Stanford) and took a look at d.school and

took a look at what they're doing and created basically our own version of that here at our environment in Hatch. Hatch is the place where I work on the Chick-fil-A campus. It's a two-day innovation immersion, so we break people up into teams and have them tackle problems and we just had to one by one overcome those hurdles in order to slowly create competency and create culture change. That's at least where we started.

[12:03]

Chad: And those are three big important questions to ask: what is innovation, do we have a culture of innovation, and why or why not. A couple things I want to ask you about. Let's start with the fear of failure. Addressing that isn't something you can really teach people. We can't have a workshop that says, hey, it's okay to fail, and why that is. It's really structural changes where people see that there aren't negative consequence to failing, but there are actually positive consequences because it means you learn something. What did you guys do to actually make that happen, to make that culture change?

Steve: Well, I mean, that's a continual battle, based upon people's wiring. We have, again, 1500 people on staff, and many of them are very responsibility minded, most of us are maximizers. What that tends to do, if you're not careful, is create a perfectionist mindset, where it's got to be perfect, and when we can't go with a just an 80% solution, we have to test it and bake it and bake it and bake it until, you know, it's perfect. We need to understand that good today is better than perfect tomorrow. That's a role modeling thing, that's a storytelling thing, that's a reward and recognition thing, and we try to put things into place, or put events into place, teaching into place, programs into place, that kind of, that support that idea, that it's really okay. You can say it all day long, but until you actually begin to recognize it and reward it within the organization, then people start to go, oh wait, you're serious. Yeah, we are serious.

Chad: I think two of those things that are really good tools, you mentioned rewards and storytelling. Lifting up the stories of failures that resulted in learning, that kind of influences the culture, and using rewards, and I've seen this done in organizations that I was with once, that…and this was a big failure, right…it wasn't the kind of innovation failure that we want in terms of learning and failing fast sort of thing. But we all worked really hard and there was a failure. The manager of that effort was recognized and rewarded in a very tangible way that everyone in the company knew, because it was recognition of the hard work, even though we didn't get the outcome we wanted.

Steve: It's brilliant. And those are the kind of things that you have to do and sometimes you can't push those things from the top down, you have to push them departmentally. Like water, you're going to where the seams are. You are going to where you can find traction. What we find at least here in our environment is there's an awful lot of traction with innovation, design thinking mindset with the younger group that's come in. Sixty percent of our workforce has been here for 5 years or less, and so some of those old stories about failing, they don't know. So we have to do the campfire thing, where you sit around and you tell those stories, in fact we've got a lunch & learn coming up later this year, about times that we failed. Those are going to be stories that most people don't know, but you have to tell those. You have to be the kind of leader that does reward that experimentation. Nobody's going to sink the business on an idea, nobody wants to sink the business on an idea, but you make failure cheap,

you make it fast, you make it safe, and people can embrace it. The organization realizes that you're not really losing that much when you have a failure, that it's okay, and you learn a ton. A ton.

[15:47]

Chad: That is a design thinking kind of attitude that you said that people are coming in with and that you are teaching and you mentioned d.school that you went to, which is Stanford's design thinking school that provides executive ed and other training too. An important practice in design thinking, which goes back to the improv that we were talking about before, is that, "yes, and" kind of response to ideas. Doing quick iterations, running experiments, getting feedback from users, and just being very user-centered.

Steve: That's exactly right. Sometimes that's hard to do in a restaurant because you have real customers who are paying real money to get real products. One of the things that we've been able to work on in the last five years is, how do we create simulations and prototypes in a protected space, protected environment, where we can move things along, and within our campus, now it used to happen in this building here in Hatch, 80,000 square feet of safety net, we outgrew it. We actually created another building across the street that has all of our simulations, prototypes in it, and people are trying things, we bring in customers, we fail, we iterate, we try new things, and we can spin pretty quickly in those kind of environments. When people watch that happen, in essence, go back to theatre training. You're rehearsing.

Chad: You're practicing in a safe space.

Steve: Yeah, you're practicing. You stop and you give notes, and you start again.

Chad: Let me ask you about Hatch a little bit, and dive into what that thing is. 2016 is the year of the corporate innovation lab or incubator and they've really ramped up from last year to this year. A lot of large companies have adopted this sort of practice. You created Hatch in 2012?

Steve: We opened it on 12-12-12.

Chad: Good date!

Steve: Yes. We decided after many months of just kind of trying to figure out when we were going to put a stake in the ground, 12-12-12 was either going to be the opening of Hatch or the end of the world according to the Mayans, so we just drove a stake in the ground. We had a large opening for it, a lot of different things that we did…instead of a ribbon-cutting, we had an egg-dropping. We dropped eggs filled with paint onto the concrete to symbolize messiness, to symbolize this was a different way of working, it was a different environment. At 12:12 in the afternoon on 12-12-12, we threw eggs, again filled with paint, against canvases to create a large canvas to again symbolize creativity and collaboration that innovation requires. It's a different mindset, it's a different world. It's an unclean world, it's a messy world, it's a vast world. We had to demonstrate to the organization that we're serious about it, but also, this is kind of a different place and requires different thinking and requires different skills, and it's not something to be afraid of. We all have to work together to make it happen. So, yeah, Hatch is an awesome environment for different thinking here on the Chick-fil-A campus.

[19:04]

Chad: So it's a physical space, I think you shared 80,000 square feet, I take it it's a space where most employees don't actually have offices or spend their time working in it, but people come into it? How do you use it, and tell us about that.

Steve: Yeah. Right now, Chick-fil-A is growing so much and building so many new restaurants, and capacity is certainly an issue for us. Not just in our restaurants, but here on the corporate campus. Sharing of space, working mobile, trying to get more out of less, so we're redoing portions of Hatch right now, to bring in people from different departments. The training folks are coming over here next week. We're eliminating offices altogether. We're having shared spaces. We want Hatch to continue to be a magnet, though. Of people from all across the organization who just want a place to kind of come and collaborate or touch down, to think, to dream, to pull up a chair and pull up a white board and start white boarding the future of what their ideas or thinking…to not be able to reserve space, but just show up and start to grab a rolling table and everything's on wheels over here, so we try to make it all very flexible and open to everybody. Think about the way that the library used to be when you were in college.

Chad: You mean the one that actually had books in it?

Steve: The one that actually had books in it, yeah. Where you used to go and do work? Maybe it was your place to get away? That, but in the 21st century and on steroids, is kind of what we're looking for Hatch to be in its next iteration.

[21:54]

Chad: And my library had study rooms, study spaces, and…

Steve: And the big tables where people could gather around together and work on problems, that's a fairly decent analogy for what we're trying to create.

Chad: So definitely a collaboration area for people, product teams to come in and brainstorm and think through some new ideas. Do you also have prototyping facilities, you know, to prototype a service or an actual product? I assume at some point that comes to a kitchen since you develop food.

Steve: We have, on the corporate campus, we have three separate buildings that all have some kind of innovation work going on in them. We have an innovation kitchen that is housed in a particular building that works nothing on product development and because of their needs with equipment and process type of arrangements, they have to have very defined space that looks, touches, feels, like a cheffing area, so you have to do that. Hatch doesn't really have a ton of areas like that. We've got some simulation kitchens, but not the kind of place you can go and actually create products on an ongoing basis. So we have that one space. We have another space where there's a lot of foam-core prototyping going on, for restaurants. There was a Buzzfeed article that came out recently that showed some of our colleagues building a foam core drive-through. We brought in Nissan Leaf electric cars to go through it on the inside of this other large warehouse, and we teach in this area here in this Hatch building it's more of the socialization, the lunch & learns, the larger format types of approaches, of facilitated meetings, where we're doing understand, imagine, innovation work, versus prototyping. We no longer

do prototyping in this facility. We have pushed that all to the other facility to do foam core service modeled prototyping, that sort of thing. So three buildings.

Chad: And lots of innovation work going on, which leads me to want to ask you about some of your favorite examples of actual innovation, new products, new services.

[23:15]

Steve: Well, it's funny, because it seems like when we started this, that everybody was waiting for the examples to pop up. We used to just tell people, be patient, because we're new at this as an organization, and we have a lot of things that are in front end and not a lot of things that are rolling out. So ultimately all the launches will begin. We created a launch wall, and we have plaques that are on the wall for all the different things that have been launching. That wall is getting filled up pretty fast now, five years later. I guess, since 12-12 when we started and 2010 as a discipline, so really, 6 years later, we've had all kind of things that are launching. One of the things that I am just amazed at, is every year, there tends to be something else, where you go, oh, that's the best one. Then the next year it happens again, you go, oh that's the best one, then the next year. So people are really getting in a great rhythm here of moving. So my favorite one right now, I won't vouch for next year, but my favorite one right now is what we just did in Manhattan with the opening of our first Chick-fil-A restaurant on the street on Avenue of the Americas in Manhattan. I want to say it's like 6th and 37th, you know, in there. We had not done business before in an urban location that was heavy, heavy pedestrian, where we had very specific space constraints, because we don't own the building. We didn't build it from the ground up, we have to go in and create something. So we had all kinds of different type of issues that we had to solve for. We'd never split a kitchen in half, to have one on one floor and another on another floor. What does that look like? How do you do that? How does our system work with that? What goes on floor A, what goes on floor B? How do you refrigerate garbage? We'd never had to contemplate that before. You have to work on that when you're in New York. All the garbage comes out at night and they take it to wherever they take it, but at night it all comes out and it's been refrigerated all day. The service model…what's the service model for getting huge amounts of folks through a queue, getting their orders, and getting them right. So all those things we had to solve for, and many, many others. So for the last two years, we've been building foam core prototypes, we've been working in Hatch, we've been working on service model stuff, we've been working on labor model stuff with army men. Putting our Chick-fil-A operators and franchisees into different scenarios where they're working on, develop the labor model for this, and we give them a bunch of army men and they're moving pieces around. What has happened as a result, in the opening in Manhattan, has just been unbelievable. The number of people that we're serving, the systems and processes that we've put into place that are actually working. I go into the restaurant and no lie, the hair on the back of my head is standing up, because I know what it took to get that to happen. I know how long it took to get that to happen. I saw it, at the very, very beginning, with the people that were working so hard and diligently on trying to make that happen, then to actually see customers be able to experience it. For now, Manhattan is my favorite story. Ask me next year, I'll probably give you another one.

[27:19]

Chad: There'll be another one, no doubt. A couple of key things you said there, just to highlight. One was to be patient. I've heard this from other people leading innovation charges in their company, too. This rebuilding of the culture to embrace innovation, it takes time. Now, 6 years later, you're seeing some fruit of all those efforts. But it is this snowball running down the hill that takes a while to get going and it starts building up some traction, then all of a sudden, lots of things are happening all at one time. And it's a good reminder for companies that are wanting to change the culture, you've got to take step by step actions that are predictable, but be patient for the outcome.

Steve: Well, and one thing, too, just to bounce off of that, or two things…

Chad: You can "yes, and" that any time you like…

Steve: Yes, I will "yes, and" that twice. Yes, and, the leader of the organization must, must, embrace an innovation mindset. It doesn't work from the ground up. It's got to be embraced also from the top down. The second "yes, and" is that sigmoid curve of innovation, where you start something and it begins to go down and looks like it's going to fail, until it begins to catch and then go up and you suddenly get success. You have to have enough guts to stick out what I call the dip. Because when the dip happens, and it will happen, you have to have enough guts to live through it. Now, it very well may be that in that particular dip, you have to recognize when you have to abandon. I get that. But at least for us, part of our culture is being willing to live with the uncomfortableness of something new. And work through that. So not just the leader of the organization that's willing to push innovation through the organization, but it's as an organization or as a department or as an individual being willing to go, this is a little messy and muddy right now. This isn't perfect right now. That's okay. There's a beyond this that will happen. I think that's part of that patience, too, is you have to be willing to survive the dip, because it's going to come.

Chad: And just push through. Thanks for sharing those two "yes, ands" about what it means to be patient through this process. Also, I noticed when you were talking about the Manhattan example, passion comes through in this, from you personally, from the hair standing up on the back of your neck, and having been through so many Chick-fil-A restaurants, there's just a passion that's part of the culture and one of my examples, and I can't even remember what town and what state we were in, but was just sharing a little bit about what we were doing, with the manager there, and that we'd been to all these Chick-fil-As and we're just really curious about the operation and she started telling us about it a little bit, and she goes, do you want to come back and take a tour of the kitchen? Oh, sure! We love field trips like this. And she took us through the kitchen and I didn't realize how fresh the chicken actually is, that it's breaded there in the restaurant, and we learned all these great new things about a restaurant we already loved. So many of our experiences would have that passion element of the employees. How do you think that has helped make this change of innovation possible, and do you think there is a connection there? Some influence?

[30:55]

Steve: I think there's a huge connection there. We can have all the passion in the world here at the support center. But the reality is that, and I would be so remiss to not mention that where the rubber meets the road, where the customer comes into the Chick-fil-A restaurant and the team members there, where the guest gets out of their car and walks into a Chick-fil-A restaurant, greeted by the team

member, greeted by the operator, those are the people where the passion is palpable. That's where it happens, that's where the magic is. Anything that we do here is just multiplied by the operator and the local franchisee who is able to execute and dream and work through and serve at a local level. That's what makes us Chick-fil-A. That's the secret sauce. It's that operator and that team member working at a local level, in a passionate way to serve, looking at all these things, trying to figure out how do I get more people through the drive-through? Trying to figure out, how do I create a queue line. Trying to figure out, what happens if I take ice dream and lemonade and put it together? Frosted lemonade! Frosted lemonade is a product that we released very recently and it was born out of our restaurants. Somebody brilliant at the restaurant said, hey, we've got these two things, what happens if you put them together? So, if not for the operator and the team member at the local level, everything that we do here would be for naught. It really would be. We can think very highly of what we do here, but the operators are the ones who execute it and so it's the backbone of what we do.

Chad: It's a good perspective and one that unfortunately too many companies don't have, is the importance of the front line that deals with the customer day in and day out.

Steve: I tell you what, yeah. Our guests have very high expectations when they go to one of our restaurants.

Chad: If you guys weren't so consistently good, we wouldn't have those expectations. You have raised the bar too many times!

Steve: Well, you know, we wish we could take credit for our operators selecting the right team members, but it's what they do, so I'm teasing about taking credit for it. The operators really are the ones, you know.

Chad: I realize this happens to be my opportunity which is spicy nuggets. I don't know if they're coming, but that's our two cents. We like the spicy sandwich, we love the nuggets, why can't we have spicy nuggets? Work on that one for us.

Steve: We'll pass that along. Absolutely.

Chad: It seems like a no-brainer. It could happen.

Steve: Why not.

Chad: As I always like to do toward the end of interviews, I love innovation quotes. I asked you to bring one for us. Could you share that and why you chose it?

Steve: Mine has been with me for a long, long time. It's not from a particularly well-known innovator, but it is from somebody who at least years ago was well known. I once saw this at an idea conference years and years ago and I saw it on a t-shirt and I had to buy it. It's a quote from Milton Berle, who is one of the fathers of television, classic comedian. The quote is phenomenal and to me it's just something that has always stuck in my mind, and that is, "If opportunity doesn't knock, build a door."

Chad: Love that. Find a way.

Steve: Find a way. So I'm in the business of helping people build doors.

Chad: To wrap up, for listeners that want to find out more about what Chick-fil-A is doing with innovation, how can they do that?

[35:11]

Steve: We had a very nice article that recently came out. Not an article, but portion of Nancy Duarte's new book. It's called Illuminate.

Chad: Just to provide context here for listeners, since I happen to know who she is, Nancy does a wonderful job helping individuals and companies figure out how to present ideas. She kind of started in the actual presentation space, like how does one do PowerPoints really well, or Keynotes really well, and then building around that, the communication elements and the brand elements to be effective in communicating.

Steve: That's exactly right. Nancy's a good friend, and she found out what we were doing here and was kind of enthralled with the way that we were shifting culture and she did a case study on the innovation piece of the socialization and the storytelling and the training that we were doing. It's a case study in her new book, Illuminate, which is on book shelves now everywhere. So if people want to learn a little more about the back story, that's a great place.

Chad: I will provide a link to that in the show notes of course. Steve, anything else you want to leave us with?

Steve: I just want to encourage people to not only be satisfied with where they are but to think about where they could be. There's so much in the world that needs to be solved, so much. Creativity, I believe, is a blessing, and I think that we all need to embrace that part of us, that is wired that way. Don't be afraid of it. Chase it when you need to chase it, and you really can help not just your organization grow, but you can really help inspire people. It can change lives. I'm very, very fortunate to have a role in an organization where I'm helping people to think differently, to create new solutions, to try new things, that can inspire the business to go forward. I love it.

Chad: It's a great story. Steve, thank you so much.

Steve: Thank you Chad. I appreciate it. Have a great day.

Chad: Thank you for listening. Do me a favor and tell someone involved in product management and innovation about this podcast. You'll find all the notes from this discussion with Steve at www.theeverydayinnovator.com/070. I hope you check it out. Keep innovating!