



Tom Kelley:

First up... oh, it's a collaborative presentation about a collaborative project that included Chris Bower, who's manager of retail strategies for Saturn, and Udaya Patnaik, a principal at Jump Associates. Chris Bower has been with Saturn since the early days of that innovative brand, and has worked for the company, it's taken him not only to Detroit, but also to the UK and Germany. And in case anybody's wondering, you know, they don't sell Saturns in Germany. In case anybody is wondering whether the language barrier caused him any problem during these three years in Germany, Chris would reassure you that on the contrary, it worked to his advantage. He got along so well with his German teacher, Claudia, that they are now living happily ever after with their two children in greater metropolitan Detroit. So a strategic move going to Germany for Chris. And on this particular Saturn project, Chris teamed up with his co-presenter, Udaya Patnaik, who co-founded the design-strategy firm Jump Associates, with his brother Dev Patnaik in 1998. Before starting Jump Associates in the Silicon Valley, Udaya was deeply involved in community development in the Pacific Northwest, and with an interesting and eclectic background, Udaya also studied environmental engineering at Stanford University. So if anybody's looking to discuss wastewater treatment plants at the party tonight, I'm sure Udaya will be happy to join in. But the topic this morning is reinventing car retailing. So please welcome Chris Bower and Udaya Patnaik.

[Applause]

Udaya Patnaik:

Good morning. How about a little louder, good morning.

[audience: Good morning]

How are you all doing? Welcome, and thank you to AIGA for allowing us the opportunity to talk with you today. My name's Udaya Patnaik, and I'm one of the co-founders of Jump. And I'm really fortunate to be presenting today with a friend for a long time, since the beginning of the project certainly, Chris Bower of Saturn. Chris?

Chris Bower:

Thanks Udaya. First of all, I got to say that if you were ever wondering about my motives for marrying my German teacher, my German's not very good, so it wasn't for the German lessons by any means. I just want to say for a second that, I just want to say for a second how honored I am to be here, and I really got to pinch myself. 'Cause I got to tell you, as a guy who graduated from University of Michigan, mechanical engineering, and then got an MBA in finance from Chicago, I never really expected that I'd be talking in front of a bunch of design professionals. But I find this great, and I'm allowed the opportunity to really get in touch with my design side, if you will. So it is a bit intimidating for me, as I certainly don't know the design language. I'm the car guy. So that game you played, when you're like which one of these objects doesn't belong in this picture, I always felt like I was that object. So I don't know the language, as a lot of the other speakers may speak to you, and so I didn't know what to say. But I just wanted to -- I'm just gonna tell the story the way I know how to tell it, and in my language. And I'm gonna leave it up to you to hopefully find something relevant in that. And if you don't find something relevant, I hope you find something interesting. And if you

don't find something interesting, just please don't snore. So with that, I'm gonna go ahead and get started, and give you a little background.

Saturn, the company started in 1985, really, and our first product came out in October of 1990. And the whole challenge of Saturn was can American car companies compete with the Japanese, 'cause we were losing horribly. And in order to do that, we knew we had to look at a white sheet of paper, and say we got to look at everything, how you build, design, manufacture, everything, market, and look at it differently. And so this idea of being a different kind of company, a different kind of car is what we were all about. From unique labor agreements to mini-patents in manufacturing and vehicle design, all the way down to the marketing and the retail experience is what we're talking about today. So Saturn has always been built on this idea of innovation, and just thinking a little differently than the rest, certainly within the car industry. Now today's talk is about the retail experience aspect of Saturn, that's what we're gonna focus on. And before we get started on what we did, I want to ground you in where we started in the early '90s with the Saturn experience. And I thought the best way to do that is to show a commercial from the early days of Saturn, which I think expresses and captures the essence of the Saturn experience, much better than I could in words. So if you could roll tape, that'd be great.

[Cue commercial. Background music]

>> Stock number nine six –
>> Julie, we've been expecting you. I'll let Todd know that you're here, okay?
>> Todd.
>> Julie.
>> Hi Todd.
>> Good to see you.
>> Good seeing you.
[Laughter]
>> I have the owner's manual.
>> What do you say we go see your car?
>> Is that my car?
>> Everybody, this is Julie, and this is her first new car.
[Applause]
>> I don't know what to say.
>> Just say cheese.
[Applause]

Chris Bower:

So I think that does a really good job of capturing the essence of what the experience is about. As any of you who've purchased a car knows, it's no fun going to a car dealer. It's typically a negative experience. It's a very positive experience at Saturn, it's focused on people, and it's a very honest, and open, and trustworthy experience, as well, where nothing's hidden. And it's demonstrated by the hallmark some people may have heard of, "no hassle, no haggle," very open about price. And that kind of talks about what the brand's about, "no hassle, no haggle." We also did innovation within the retail store, as well, with things like the cutaway car. We had this new product, a lot of new design innovations, and we actually had a car that

was cut open, and you could actually look at it in the dealership. So we had a lot of innovation going on in the retail space at that time. And we were successful. We got a lot of awards, our sales were great. J.D. Power recognized us year in and year out as having one of the best retail experiences in the industry, and we were recognized for that. So it was very successful.

Now I just want to touch on some of the foundational things that allow us to do that, some unique things about Saturn, and that is their partnership with their dealers, or as we call them, retailers. They're involved in every strategic decision that Saturn makes about the brand. And that's important for two things. One, is it gives us the right input from our retail partners. And two, these are the folks that have to implement what we come up with. And if they're not buying in from the beginning, then it becomes very hard to implement. And so we rely heavily on what we call our franchise operations team, the FOT, to help us make strategic decisions. Well I think this map is self-explanatory, but the foundation to make all the retailers work together is this idea of marketer approach, and it's a very unique way, the design of our distribution system is very unique in the auto industry that we give retailers geography rights. And so they're not competing with another Saturn retailer. Typically in the car business you have for example a Chevy dealer here, and down the street you have another Chevy dealer, so they compete against each other, there's no cooperation, and that's what forces the negotiating tactics going on, as well. So market-area approach, we don't talk about it a lot, but that's the key foundation to what makes everything work at Saturn, from a retailer experience standpoint, so I thought it was important enough to mention.

So we were very successful, and people may say, "Well then why did you feel like you had to do something, why did you feel like you had to change?" I just want to talk about some of the things, dynamics that were happening in the market with us that led us to work with Jump on a new experience. First of all, this is our original product. We were a single car, early '90s. I won't get into a design debate with you about whether that's a good design or not. But it was, it was very successful. But we were one car. Now fast forward to 2006, and here's our portfolio. So we go from one vehicle to five, and hopefully you would agree that the design has stepped up quite a bit since then. So the brand is evolving, it's going a bit more upscale. Also because of our portfolio, we're drawing in new people, different demographics, different income levels, with different expectations. And we want also our retail experience to match the newer design level of our product, because your brand has to be consistent no matter where a customer touches your brand. Another thing is our competition. Obviously they don't sit and wait and let us move forward. They started to imitate us, they started to focus on the retail experience more than they had in the past, and they were copying a lot of things that we did. On the left is a Mini dealership, on the right is a Lexus dealership. Something you wouldn't see back in 1990, but their competition was doing a lot of what we were doing, including the "no hassle, no haggle" pricing philosophy. So our competition was catching up. Additionally, retail in general was changing, the expectations about retail in general. This is Cabela's, some of you may or may not be familiar with this. It's popular in states like Michigan where hunting deer is a family event.

[audience laughter]

And we -- this is about outdoors. And so the retail experience is becoming much more experiential, and the products are placed in a context that's more relevant to the customer.

So retail in general is changing. And at its core, that's what Saturn does. We're a retailer, and we just happen to retail cars. But I look at it as just retail. And finally, the Internet was changing a lot, as well. So you saw the commercial, like Julie, it was more of a, "We will protect you from these big, bad dealers out there," it's more of a nurturing thing. Well now people can go online. They don't have to go to the dealership to get information. It used to be you'd go, and you'd go, you want to go shop for a car, you go to ten dealerships, get your information. Now you go online, get your information, and now you visit two or three dealerships. So now instead of being nurtured, customers are coming in more empowered, and we have to embrace that, and design things to embellish the empowerment that customers have. So the Internet was a big impact on how consumers shop. And that led us to needing a change, and so we partnered with Udaya and his team from Jump, and I'll let him take us through that.

Udaya Patnaik:

Thanks, Chris. So at that point we chartered a project to actually reinvent what car buying was all about. Saturn had already reinvented what car buying was about the first time they came out, now we needed to reinvent it one more time. What that actually looked like is actually going in and studying what great retail experiences were all about, piecing them apart, and figuring out what actually made them tick. So we were talking to places like Whole Foods, places like the Apple store, and the Mini store on the automotive side, as well as places like Lush and Zingerman's, and Patagonia, and Cabela's, to really help figure out what is making great retail experiences, what can we learn from it, and how can we start to apply that to the Saturn context. What that involved is actually going and observing people as they went through each of these different experiences, going and actually shopping the stores ourselves, playing out different scenarios, going into home-improvement stores and actually pretending like we were doing DIY projects, so we could figure out what their relationship between the guest and the consultants or salespeople were, and try to understand what those interactions were all about. That... it also involved looking at the specific products, and how they actually arranged them, how they showcased them, how they invited people to get hands-on with the different products there, as well as being able to have conversations and do problem-solving inside the store itself. And what it led to is a couple of different realizations. The biggest being that a great retail experience is like a play. And like a play, it has a lot of different parts to it, and what we needed to was really understand what those different parts were, and how the play for Saturn could end up looking. So like any play, it has a bunch of different parts to it. It has a cast, there are costumes, there's a set to it, there's some props, and, of course, there's a script. So all of the different parts of the play come together to be able to actually create a great experience that people can be a part of.

When we talk about cast, we're talking about people who are the salespeople, the managers in the store, anybody who's sort of customer-facing. When we talk about costumes, we're talking about everything from having uniforms, or dress codes in place. Sometimes they involve name tags or accessories that people might have. When we talk about sets, in a normal here we were talking about the large things that convey that you're actually in a home or that you're in the outdoors or what have you. Well the sets were equally important in retail, as well, and the best ones were the ones that used furnishings and lighting, and signs and materials, and architecture, all together to be able to create that great physical experience that people walked into, not just the mental experience of it. The set then actually was interacting with a lot of the props that were there. And the biggest props obviously were the

products, the things that people actually put out onto the shelves and showcased for customers to be able to actually look at. But it also involved the demos that happened inside the store, or the kiosks that might exist there, paperwork that they would distribute as a customer, or brochures that you might pick up. All of those were props that the salespeople used in the experience. And finally the concept of a script, the idea that there's a sequence of certain events that has to happen in a play, and people expect certain behaviors, they expect certain actions, and they expect certain dialog to actually take place. And what we found more than anything else is that it's very, very difficult to just say, "this is the new script, everyone's got to actually follow this." But we found actually that you could take all those different parts and pieces together, and actually start to reinforce an overall story. And if you really wanted to make those changes to the script, you could make changes to the other parts, and the script would actually follow.

So we ended up talking about what are the changes that we can make in the cast, costumes, sets and props to be able to actually enable a script change in the end. So what did that actually look like. Well, you can take as a variety of things some design inspiration, and an example of this is a store called Lush. It's British, and you can see a lot of it actually in the U.S. as well. They're a store that sells banal personal-care products like soap, but their retail experience is anything but banal. And if you go in there, you will see things like soaps that are arranged like cupcakes on a plate there, or you'll see soaps that are arranged, or personal-care items that are arranged, like fruits on a platter, or things that you might find at a market. And it leverages a lot about how Lush thinks about its business, and how -- the experience that it wants to give. From a design inspiration standpoint, what it does is it takes the ideas of saying, "How can we convey a sense of naturalness, how can we convey a sense of freshness?" And what they do is they take and borrow from a lot of the cues of a farmer's market, the idea that you had these handmade painted signs there, the idea of arrangement, the actual color in the design of the products themselves. All working together to help reinforce this constant message about naturalness and freshness. They don't have to sell soap like that, but they are able to actually borrow from the farmer's market themes and design inspiration, and be able to incorporate that into their retail experience, which makes their retail experience even better.

So we took the play idea, and then we said, "Well, what's the design inspiration that really needs to exist for us?" And we tried to figure out what are some design principles that would be appropriate. And we came up with five different design principles that would be most relevant for what the Saturn retail experience was gonna be all about. The idea of relevance, that it needed to be resonant with what people really need, and what they're going through in a car-buying experience. It needed to be transparent, that people needed to be able to not have a barrier between them and the thing that they're actually trying to experience. A sense of empowerment, that the decision-making was left in their hands, that it wasn't something where a typical auto experience or automotive-buying experience would force people to actually go and play by the dealer's script. This would be in the hands of the people shopping for a car, all of you. Simplicity, the idea that things did not need to be overly complicated. We wanted to be able to strip away all the stuff that made it complicated, and say this is the approach that is much more easier to understand. And finally, engaging. We found over and over again that we needed to be able to actually get to those points where people were being very integrated and involved in the experience, that it wasn't something that they were sitting back on, or having a lot of information thrown at them. We wanted

people to be able to participate in it. And if you take all these different design principles together, you see a few different things. The great retail experiences that we looked at had all these experiences. The automotive experiences by and large lacked all these different principles. And finally, if you look at Saturn, the brand was very well positioned to actually take advantage and leverage all these different principles. So lacking in the automotive space, appearing in great retail experiences, and definitely fit with the Saturn brand -- all different parts of why these design principles really made sense.

But just to give... these might not have really captured everything, and so we captured in terms of a design inspiration for Saturn, and that's specifically talking about the idea of an interactive museum. A place where you know, you can go, just unlike the Smithsonian or the Museum of Natural History, something that's a little more like one of those hands-on museums, where you go and you do science experiments, and you learn everything that's going on there. And you become very much in touch with what's there, it's an experience for the entire family, and something that's accessible and engaging, while still fun and educational for a lot of people. And so we want to use that as our design inspiration going forward. That led us to actually then think about what the new Saturn experience was gonna be all about. Chris?

Chris Bower:

Thanks, Udaya. So as we're sitting there in Detroit, and we get this information from Jump, we're working through this, and now it's kind of like, "That's great, now what? How do you actually apply this?" So want to show you how these ideas of the principles, the design principles, the inspiration translates into the physical space that we call our new showroom. This is an old design, the current, well, the previous design for our Saturn showroom, it's a very typical car. We want a design to do two things for us. We wanted it to elevate the brand, 'cause I showed you the vehicles before, so we have a new sense of style, and our showrooms need to match that, cause these products are gonna be in that showroom. And second, design had to support this process that we want customers to go through. So we had two very important functions for us, as we took these ideas and actually put them into physical pieces in the showroom. So this is just a comparison of what it was, and this is panoramic of the newer design. And just want to comment on a few things here. Hopefully it comes across as a bit more contemporary than the previous one. But want to say also that Saturn is about warmth, as well, so we had to keep some wood tones in there to kind of get a balance of contemporary, yet warm and inviting. The first thing we wanted to have happen is customers to come in and say, "Wait, I'm gonna stop for a second, this doesn't look like a normal dealership. I may have to shop this place differently." There may be a different script to buying a car, which is good, because the typical script for buying a car is very negative. So we wanted people to stop and look at this, and say, "Oh gotta understand."

We've got different spaces, we actually turned the showroom inside out. Typically you have cars in the middle and you have these office cubes on the outside. We put the cars on the outside, define spaced the vehicles, and we have this space in the middle for the customer and the consultant to have their interactions. The pillars you see next to the vehicles, a lot of times dealers struggle with where to put cars, and they just jam them in there and it looks bad. An inspiration from a museum is that, like works of art, you have your piece of art, then you have an object there talking about that piece of art. So that would be an example of design inspiration from an interactive museum. Again, we're not trying to create an

interactive museum, but the emotions and feelings you get from an interactive museum are the things we try to replicate at Saturn. A few more photos. This is the welcome desk. Again, one of the challenges of a normal car dealership, you walk in and it's just an open space, you don't know what to do. You stand there, you look around, does someone approach me, not approach me, where do I go? So the welcome desk, obviously you go straight there. And they ask you what do you want to accomplish today. And no matter what you say, that's great, we can do that. And that's not necessarily typical in the car business. So the welcome desk to orient you, and to help you get accomplished what you want to get accomplished that day. Now this piece is the consultant desk, and it may look simple, but there's a lot of design thought that really supports the processes that we're talking about. Again, typically you have the cubes, and what happens is as a customer you go in there, and typically it's the consultant's desk, their space, they've got their pictures, they've got whatever, so it's their space. So all of a sudden, it's very clear where the control is or where the power is. And one of our design principles is empowerment, and so we wanted to change that.

And so a couple things here. Number one, there are chairs on both sides. So you can't determine which side is the dominant one, there is no dominant side. Cause normally you'd have two chairs and one chair, and it'd be clear that the consultant goes over here and you go over here. It's up to the customer if they want to sit next to them, sit across from them, doesn't matter. Another thing that we did purposefully, not to make it consultant's space, is there's no drawers on that desk. And that was actually feedback from when we had retailers involved in the design early on. They said if you don't want to make that consultant's space, don't put any drawers on it. So there's no drawers on this space, so they can't turn it into their desk, which they'll naturally progress to. So we really wanted to make that the customer's space, as well. The design is, a customer can go in there, and they can go online, and they can work on their own if they like, or they can work with a consultant. And that idea of transparency is, with the screen and the keyboard, they're all on swivels and turns. So if you, when you get your tickets for a plane, the person's typing on those keys forever, going "What the hell is going on? Give me my ticket." Well this, you can turn the screen and say, "There's what I'm doing, there's nothing hidden here." And actually here, you can do it if you like. So this idea of empowerment and transparency is really reflected in the design of this space, as well. It doesn't look like your typical consultant space in a car dealership. This really hits on the idea of engaging, when you start to use design principles like engaging to design your product that you have in the showroom.

Most car dealers have a place where you can see exterior colors and interior fabrics. Well this one is the same thing, however, the exterior strips on the top are magnetic. Customer can go in, take them off, take multiple with them, go to their car, lay them on top of the car, do them in different light. You can do the same thing with the interior swatches down there. So it's the same thing, exterior colors, interior fabrics and colors, but now it's a more engaging experience, more hands on, and that's what we were going after as part of this play, is to have a more engaging experience. And this is a good example of when you have that type of design criteria you get products like this, instead of the traditional car dealership where you just have something on a wall very static. This provides another look from the backside of another engaging thing. There's nothing on the photo there, but if you look, that screen, that's actually a touch screen that they can put accessories on their vehicle. So again, a very engaging experience, they're in control, and putting accessories on cars makes that vehicle very relevant to you. We use this piece as, most showrooms can't hold five cars, so this piece

would show you the whole portfolio. In addition, the important thing about the design is with these chairs. You see these chairs here. Typically in a car dealer you have a separate service area. So you have your showroom, you come in for service, you go sit back in the corner with the bun, coffee, and the half eaten donut, and "Oprah" on, right? You know the routine, and it's like ah. Well a customer is a customer, and we want you to come be part of the brand. So we -- the design is not to really have a separate customer waiting area, but come out and sit here, be a part of the brand, whether you're a sales customer or a service customer, it doesn't matter. You are a customer, and we want you to experience the brand, and touch the brand, and not quarantine you off in this place.

Now from an exterior standpoint, the sign on the left and the sign on the right, the sign on the left is the old one, the sign on the right's the new one. So obviously it's a more contemporary-looking sign, using lighting for some more dramatic effect. The other's exterior. This is the old exterior of our stores, and this is the new exterior. So the basic fundamental store stayed the same for cost reasons, but we were able to get quite a dramatic-looking difference here, going for a more contemporary look, the other one was more tubular, industrial. We use light for dramatic effect from the road. People drive by, they see the light. That light actually changes colors over time, and to get this sense of dynamic that we wanted to get into the brand. And so when customers drive by, they can see the color, one color, and then drive by again and see a different color. What we really wanted to show with the sign and exterior, because our product was changing, is customers know hey, something's different at Saturn, something's changing. So when they drive by they see that, hmm, what's changing, what's different? So we really wanted to use these as visual cues for the customer to say something's different at Saturn.

Now these are a couple of examples. Not all of the stuff we did with Jump translates into physical things. A lot it's process, as well. And if you think of the design principles of empowerment, simplicity, easy to do business with. Things like "test drive it home" we do. We'll bring the car to you, bring it to your office, makes it much easier for you, more empowered, more relevant to have it, drive the vehicle on your own streets, and be able to try the things in your garage on your vehicle. And to the right, we've always just celebrated the delivery, like in the commercial with taking pictures. We wanted to contemporize that a bit with more upscale, so in many cases we'll unveil the vehicle to the customer when they take delivery. A lot of dealers don't think customers like to celebrate their delivery, but it is a great point, and most customers do, a lot of people say "No, no, don't do it," but they really, most of them do enjoy that. You're all thinking "Ugh, never do that with me," but people do like that.

Udaya Patnaik:

So let's talk about how do you take all that strategy and then turn it into action. We had a highly cooperative process to actually come up not only with a strategy, but those specific ideas, many of which you saw right there. We're gonna talk about how you actually turn that into action, and I'll bring back this picture of the FOT, the franchise operations team. As Chris mentioned, it's a close partnership between Saturn and the entire dealership network, the retailer network. And the idea is that they actually, they are actually brought into all the decision-making.

Chris is probably too humble to say this, but I think one of the greatest successes of this project is on the implementation side of it. You can all have great ideas, but unless it actually hits the ground and can actually be implemented and acted on, I think it starts to have limited effect. And the Saturn team was amazing about being able to recognize internally that the things that they needed to do were really actually, be able to turn that into action. So what did it look like to them? Specifically they said it's not just about internal stakeholders, it's also about really getting the entire ecosystem, all the different partners involved. Second thing is that they actually kept the involvement going by actually having milestones along the way. So showing the franchise operations team, showing them architectural renderings, and saying this is what the thing actually looked like. And then actually doing a full mockup of a Saturn facility at the retailer conference down in Dallas, so that people were able to walk into an area that was actually exactly like what a new retailer space would look like, just mocked up for them to all get bought into it. And then finally, actually rolling it out in terms of a entire space, a new retail facility in Danbury, Connecticut, and bring all the dealers to that place to say this is what it looks like in real space, so that people can really get hands-on and tangible with it. And that level of selling through, as Chris likes to say, the ideas were really interesting, and the strategy's really interesting, but it's not the -- that's not the hard part. Implementation, that's the real hard part. What it started to mean for the Saturn retailers also is that you had a variety of different small and large things. So that, like, everybody did not need to actually plunk down a massive investment to make these kinds of changes to their retail space. There were certainly gonna be people who actually, like, did a brand-new retail area, or entire retail store. But there were also small improvements, like the drop cloth over the car, that actually allowed dealers who weren't gonna do a massive redesign to still be able to participate, and still be able to get buy-in into the project, and into the overall experience. Which is really a big selling point for dealers, to know that they can have different levels of investment, and buy in appropriately.

Chris Bower:

Okay, so in case Tom's wondering, we're near the end of the presentation, I can see the clock ticking, so I apologize. But results, obviously you know, what were the results of this. And for us, most importantly was what do the customers think of it. So we did do focus groups at our store in Saturn of Danbury, people who bought from Saturn, and the current design, old design, and people, competitive purchasers, as well. And just judging by, looking at the quotes, this really exemplifies the type of feedback we got, which was great so it told us we were on the mark. What we wanted the customer to experience and feel, it did hit with them. So we felt very good about that. And of course, as any company with people who look at the numbers wants to know is, "Well how did that improve your performance?" We did have an opportunity to look at Danbury for the eight-month period after the new store was in there. So for their year-over-year sales they were up 1.6%, and their geographic region that they were a part of was down 19% that same time period. So there's some positive results there from a sales standpoint as well, as well as the qualitative aspect of it, what the customers were saying about the design. So next steps. It's roll out. And this kind of... we were... this doesn't show where they all are right now, but this is the enrollments of where we tend to go with building the stores, or refreshing the existing stores. Most of the stores are doing the exterior piece first, before they're doing the interior, 'cause that's the biggest visual impact. And it is not cheap for retailers to invest in this by any means. So we hope over the next year, year and a half, that we get this coverage with the new design. And these types of projects, of

any car manufacturer, the implementation is measured in years, not months. It's a pretty big endeavor to do, and a lot of capital required. So with that, well thank you very much.

[Applause]

Tom Kelley:

Well, good. Thanks, guys. You know, clearly you know, a design led brand from the beginning, a brand that established itself based on the design experience at the retail setting. And great to see the renewal, that's the red clean effect, right? You're not resting on your laurels, and so that's a great story. So you know, I'm sure this is a, you know, this is a big project, and took quite a while, and you condensed it down into 25 minutes. I guess my first question is what'd you leave out? Specifically, you know, you described a kind of a smooth sailing kind of version of the story, and those of us who, you know, do this know there are bumps along the way, there are road blocks. Can you talk about challenges that came up, and what you did, or how you overcame them?

Chris Bower:

Certainly. And obviously a project of this size you're gonna have detractors. And it's not like from day one everyone's in love with it, and they're gonna say, "Oh let's just go forward." And there's gonna be people who really want to not see it happen. We actually had a retailer who we built, we tried the first version of the design in their store, and he wasn't real happy. And so rather than come talk to us, he called another retailer, flew her down on his dime, to say look at this, this is bad. And so to kind of get a groundswell of retailers to say, "Oh no, what are we doing?" Truth be told, there were some things we wanted to change. So what we did was we went, we flew down to his store at the retailer, met with the retailer and said, "Specifically what don't you like? Let's go through." Okay, this huge list, we said thank you. A lot of it was good input, we took that input to heart, we made the changes. And in the final design at Saturn of Danbury, when he came back around to give the final thumbs up, he gave us an A plus on that. So you're gonna have detractors, but the key is you got to pull them in and talk to them, and find out, "What is it you don't like? Just say you don't like it, what is it that's not right that I can make better?" And you're gonna know, well at least for us we knew that the first step, the first design level may not be what it ends up looking like, and in many cases for us it was a good thing.

Tom Kelley:

So were the dealers, or the retailers, did you show them before you were finished? I mean did you show them interim stages along the way?

Chris Bower:

We showed them along the way. But I always had this feeling, in my sense, I've always felt we had to be pushed on the edge. And if we had every retailer from the beginning say I love it, then we haven't pushed far enough. Because we feel like one of our competitive advantages is our retail network to do these things. And if we pushed our retail network, it's gonna be hard for other brands to duplicate it. So I really felt like I want detractors, because that tells me I'm pushing the envelope. But we did show them along the way.

Tom Kelley:

So in case anybody didn't notice, when I asked about obstacles along the way, the first example is really the group that's kind of outside your, you know, controls, you know, it's the, you have a two-step distribution channel. I'm really curious. There's this other thing that happens in all such projects, which is the internal team.

Chris Bower:

Yeah.

Tom Kelley:

Right? Because you know, in my opinion, you know, in a setting like this, it takes a certain amount of career bravery to launch such a project, because there'll be detractors and devil's advocates, and people who say, "Look if it ain't broke, don't fix it."

Chris Bower:

Right.

Tom Kelley:

And so to the extent that you can, can you talk about your internal team, kind of building consensus and getting people to go along?

Chris Bower:

Yeah. Even internally you're gonna have people that don't really believe in it, and certainly you got to make sure you have leaders that do support it because -- to help push it through. I remember early on we were showing this to some eye-level leaders in the company. And gee, probably shouldn't say this, but it was kind of funny. Showing the pictures, and it was kind of like, "You're freaking me out man!" And at that point I said I got to make a decision, you know. There's a lot of risk here with the career and all that, so, but it felt like the right thing to do. And you're gonna have that. But you just got to, if you feel like it's the right thing to do, and there's no reward really without the risk, and if I hadn't taken the risk for example, I wouldn't be here with the privilege of speaking to you. And I feel this is quite an honor. So there is a lot of risk that you have to take, and, but life's no fun without it.

Udaya Patnaik:

I guess I'd also add one thing to that. That there's a, especially for somebody in your position Chris, because there's so much on the line, you guys actually had some great strategies for being able to work through that, which is two things, number one that you had a great executive sponsor. And the head of Saturn who was really passionate about the project, and ran a lot of high level cover for the project to make sure that things that were happening at the executive level didn't filter down and affect the team, so the team could continue to move forward. At the same point the team was doing a lot of run silent and run deep, meaning making sure that they were able to actually make progress on things, without having to call a lot of attention to themselves. And having both of those things really acting together really allowed the team to be able to I think gain more and more courage along the way.

Chris Bower:

And I just want to say too, that a good idea does not sell itself. Just because it's a good idea, doesn't mean it's gonna implement it. You need someone that's gonna do the sweat and just push it, and keep working it, and the basic stuff, setting up the meetings, following up on action items. One thing I learned is a good idea does not sell itself, you've got to push it.

Tom Kelley:

So what you described, which was really fun, was clearly the bricks and mortar side of Saturn retailing. Can you talk to us a little bit about what might have been happening in parallel in the online world?

Chris Bower:

Yeah. Certainly here we're focusing on the physical world, and as I eluded to before, it's not just the physical world that this inspired some activities in. Obviously the Internet's big, and we call that the new front door, the Internet, because we consider that our retail facility as well online. And we see eventually a merging of online and physical location, and the activities you do there. And so some of the things, and I'm glad you brought it up, this is some of the stuff we had to cut out. Is it, I don't know if it's possible to go to the slide. So just to give an example of some of the things that we're doing in the online world. One is live chat. So 24/7 online you can talk with a Saturn consultant online, Internet, any time you want.

Tom Kelley:

It's always her?

Chris Bower:

It's always her.

[audience laughter]

They all look like that.

Tom Kelley:

She must be very tired.

Chris Bower:

Exactly. Hey, we're in marketing, man. So live chat's one [inaudible] where we really try to help the customer who's shopping online. The other thing we're looking at doing, and we just started this pilot a week ago, is actually buying a car online. We started this in Columbus, Ohio. Now we don't necessarily think that people are gonna go buy online completely, but we wanted people to accomplish as much as they could online at their own pace. Talk about the idea of simplicity, easy to do business with, empowerment, you're in control. And so we're very eager to see what the results are, do customers want to do this online, and how do dealers react to it, as well. So we're really jumping into this, and we think this is where it's gonna be. We don't think it's replacing the physical store by any means, but I think it's, it complements it, and it's gonna merge together. So we're doing a lot of activity beyond just the physical space.

Tom Kelley:

Great. Well, thanks, guys.

Chris Bower:

Thank you very much.