

FUTURE READY

INTRODUCING MAJID AL FUTTAIM'S INNOVATION CENTRE OF EXCELLENCE

LEADING BY EXAMPLE: SUSTAINABILITY THOUGHT LEADERSHIP SERIES



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LEADING THE WAY

“ At Majid Al Futtaim, we understand the power of innovation and the vital role that it will play in our future. The world and our business are changing at a rapid rate, and we must be ready for whatever comes our way, that is why we are investing in our Innovation Centre of Excellence. We believe that by nurturing our employees' skills and business knowledge, we can create innovative business solutions that will enable us to navigate the uncertain times ahead. As we are leading by example, I hope our approach to a formalised innovation process proves a useful tool for those at the beginning of their innovation journey. This is how we can *Dare Today to Change Tomorrow.*”



Ibrahim Al-Zu'bi
Chief Sustainability Officer
Majid Al Futtaim



OUR STRATEGY

In 2018, we launched our Company-wide sustainability strategy, *Dare Today, Change Tomorrow*. Our bold strategy will transform the way we do business and embed sustainability thinking in everything we do. The strategy also sets 11 ambitious Sustainable Business Commitments across three strategic focus areas: Transforming Lives, Rethinking Resources and Empowering Our People.

OUR SUSTAINABLE BUSINESS COMMITMENT.....

All Operating Companies must invest in an innovation centre of excellence to drive improvement in sustainability performance across Majid Al Futtaim's omni-channel platform



DISRUPTIVE TECHNOLOGY

WE ARE ALIGNING WITH.....



DIGITAL DISRUPTION, INNOVATION AND BUSINESS

Technology is emerging and changing at a faster rate than ever before. Digital disruption, alongside other global trends is altering how we live our lives, both at home and at work, influencing how we consume and generally see the world.

With changes continuing to accelerate, and technology being integrated into virtually every industry, businesses are facing a vast array of both risks and opportunities, in which navigating the right direction can be exceptionally challenging. With 80% of executives thinking that their current business models are at risk of disruption in the near future¹, the need for action is clear. In order for businesses to make the right decisions, they must make provisions to foresee future disruptive markets. One solution to support with this is through the creation of a dedicated innovation programme within the company.

Corporate innovation is imperative for any company looking to proactively combat disruption to their business model, products, operations and customer experience in the future. An innovation programme can allow an organisation to introduce new processes or improve existing practices which can lead to finding new opportunities, optimising current systems and generating long-term value. Numerous routes can be taken, from internal approaches such as advancing employees' innovative ideas or alternatively, external resources such as investing in the start-up's ecosystem. One thing is for sure, businesses who don't act are putting themselves at risk in the future.

A BUSINESS FOR TOMORROW

In response to technological innovation along with other trends such as health and wellbeing, and the low carbon economy, Majid Al Futtaim wants to foster a workplace that incentivises, empowers and rewards employees, using the skills and knowledge of the inner workings of the business to create and share innovative business solutions. That is why, across each of Majid Al Futtaim's Operating Companies, we are creating an Innovation Centre of Excellence – a space, physical and virtual, where innovation is encouraged and where employees can think about the threats and opportunities that global megatrends such as technological disruption, low carbon economy, health and wellness imperatives, transparency and social value and overall land resource and scarcity pose to the business. In turn we hope that employees will then be able to develop innovative business ideas and solutions, helping future proof our business.

To ensure that we can accelerate the rate and pace of innovation within the business, Majid Al Futtaim established a Sustainable Business Commitment in 2018 to accelerate innovation across the business.

Majid Al Futtaim has committed to invest in an Innovation Centre of Excellence which will drive improvement in sustainability performance across Majid Al Futtaim's omnichannel platform. This commitment, part of the Transforming Lives pillar of the *Dare Today, Change Tomorrow* sustainability strategy, will see us working to transform the lives of the communities we serve, to provide a healthy, fulfilling and sustainable way of life whilst ensuring that innovation can help our business thrive, and in turn continue to have a positive effect on the communities that we operate in.

OUR DISRUPTIVE TECHNOLOGY VISION

To utilise the latest technological advancements and disruptive innovations to meet our sustainability goals quicker and deliver a greater impact than is currently thought possible.

TURNING IDEAS INTO SOLUTIONS

To create a formalised approach to innovation, first we must understand what innovation means in the commercial sense. According to the Business Dictionary:

“**“** Innovation is the process of translating an idea or invention into a good or service that creates value or for which customers will pay. To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources and includes all processes by which new ideas are generated and converted into useful products. In business, innovation often results when ideas are applied by the company to further satisfy the needs and expectations of the customers.”⁸

82 %

of organisations run innovation in exactly the same way as they would go about achieving any other new initiatives or projects for incremental performance gain in operations⁷

Top 4 Innovation Challenges:

- fostering an internal culture of experimentation and innovation (57%)
- juggling competing internal agendas and goals (56%)⁶
- overcoming the middle management “permafrost” layer (45%)⁶
- moving forward despite deferred commitment and delayed action (33%)⁶

93%

of business executives believe that organic growth with the help of innovation will contribute to greater revenue growth²

54%

of innovating organisations have trouble bridging the gap between innovation strategy and the larger business strategy⁵

84%

of executives considered their future success to be very or extremely dependent on innovation⁴

57%

of corporate innovation leaders face the challenge of encouraging an internal culture of experimentation and innovation³



CAN INNOVATION ADD VALUE TO ORGANISATIONS?

A formalised approach to innovation provides the opportunity for businesses to truly explore ways that innovation can directly help and improve how the company is operating. Through the platform, employees are able to develop ideas that address both the opportunities and threats that key global mega trends, particularly digital disruption, pose to industry and, more specifically, a business's commercial strategy. Not only does this provide the business with greater resilience, but also means that staff are better educated on the issues that pose a risk in the future. Alongside this, other benefits include:



It represents a new method for developing solutions.

The rapid growth of technology creates new opportunities to lower the barriers for solution-building among co-creators.

The projects generated through a formalised approach are made more efficiently, and sustainably than if delivered from a top-down approach and in turn have greater support from employees as they have been more involved in the creation process.



It promotes greater diversity of skills, which can lead to greater success stories.

A formalised approach to innovation invites the participation of a variety of departments and colleagues at all levels to agree on what are the biggest risks and opportunities that could affect the business and which need to be addressed to future proof its business model and brand.

By doing so, solutions would come in the form of creating viable products, processes and services that meet the needs of customers' ever-changing expectations.



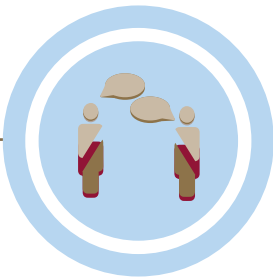
It creates an environment to maximise collaboration.

A formalised approach to innovation provides a space for various stakeholders to both brainstorm independently and work together enabling a person-to-person collaboration like brainstorming sessions, workshops, and training.

By doing so, stakeholders can join in collective problem identification and solving and are able to look at problems from alternative perspectives.

WHY KEY PRINCIPLES ARE KEY FOR IDEA GENERATION

Innovation is not something that comes naturally to all. In order for a formalised approach to succeed, businesses must seek to foster the development and implementation of innovative ideas that staff will bring to its attention whilst also ensuring that certain values are upheld. For an innovation approach to truly be successful, the ideas must be transferable and accessible to everyone. To ensure that this happens, four principles can be taken into consideration at the time of idea conception:



OPENNESS AND FAIRNESS

- Innovation must always have the end user and purpose at heart. Being open about ideas and sharing information when suitable are important components to ensure innovation is truly fit for purpose.



BUILT ON EXPERIENCE

- Build upon previous experience and business learnings in stakeholders' needs and preferences. This will vary greatly from company to company depending on the markets, products, services and processes already in place.



SUSTAINABLE

- Ensuring that innovation takes a long-term view and is not just feasible but also sustainable for the business in the future. This can also mean using experts and future trends such as zero carbon, urbanisation, circular economy and health and wellbeing, to help shape your innovation direction.



SCALABLE

- An idea must be able to work for the whole operating stream not just one team; otherwise, there is no business benefit overall in the long term. Ensuring that innovative ideas can be scaled whilst also taking onboard local and regional issues is therefore extremely important.

INNOVATING FOR THE FUTURE

To date, numerous organisations have understood the value of investing in innovation and are reaping the benefits as a result. Such companies have taken the concept and developed a process which suits their company needs and culture to help encourage new ideas and innovation which align to the overall business objectives.



LENLEASE - THE LAB

Lendlease, a multinational construction, property and infrastructure company, has created a dedicated space, 'The Lab', in its head office in Sydney to assist employees to think about innovation and develop their ideas. Lendlease chose to create a physical space due to its business objective being to create great places, and so the natural extension was for employee ideas to come from great places as well. The lab provides employees with a safe space for discussion along with the resources to develop concepts e.g. virtual reality and 3D printer, and finally a dedicated place to test out ideas and building prototypes. To date, The Lab has seen them develop a sustainable water solution for master planned communities and they continue to work alongside a number of external partners to further develop innovative concepts.



WAITROSE & PARTNERS- IDEA SPOTLIGHT

Waitrose, a chain of British supermarkets, which forms the food retail division of Britain's largest employee-owned retailer, the John Lewis Partnership, created a new incubator programme set up to identify and develop technological innovations that offer the potential to create a unique customer experience. Experimentation has been placed at the centre when designing the initiative with the company aiming to collaborate with customers at each stage of the projects from product development to embedding an interactive and exploratory culture which understands that failing is an important part of the learning process.



CHALHOUB - IBTIKAR

Chalhoub, a real estate operator and leading partner for luxury beauty, fashion and gifts in the Middle East has assigned a Chief Transformation Officer who acts as a permanent Head of Innovation and oversees their innovation lab, The Greenhouse. Part of The Greenhouse is its in-house incubator for Chalhoub employees - Ibtikar. The Greenhouse hosts speaker series, talks, workshops, and hackathons to promote innovation and entrepreneurship amongst Chalhoub employees whilst also providing the opportunity for employees to test out their ideas with the support of experts and mentors.



JLL UK HACKATHON

JLL UK, a commercial real estate services firm, ran a hackathon to get employees engaged in innovation. Staff were encouraged to submit ideas to try and help solve a problem in the business and were supported through "Lunch & Learn" sessions with innovation experts and discussions with key clients on issues they face. The best three ideas were then selected by leaders of innovation Working Groups to be pitched in a 'dragons den' style panel made up of UK Board and a proptech investor. In order to prepare for their pitch, applicants received training and support on commercialisation, marketing and design. The winning idea then went on to be developed by the company into a proof of concept with 2018's winner being a chatbox solution for staff to help in the first instance, with cross-selling.

INNOVATION AT MAJID AL FUTTAIM

At Majid Al Futtaim, we have the opportunity to inspire, encourage, foster, and support innovative ideas throughout our Operating Companies. With over 43,000 members of staff spanning 15 countries and over 100 nationalities, our people hold the key to our business success now and in the future. With innovation being a material sustainability issue to Majid Al Futtaim, the steps we take to ensure that it is integrated into how we do business is vital. Ensuring that our employees are not only inspired but empowered to *Dare Today, Change Tomorrow* – which is at the core of our sustainability strategy, is therefore imperative.

We have already taken steps to encourage innovation within our workplaces, across our Operating Companies and business units and encouraging employees at all levels to be involved, whether they are senior managers or store assistants. Providing everyone with the opportunity to share ideas means new thinking and truly different innovative concepts can come to light, and we hope that these will help support our business in the years to come.

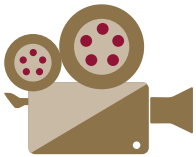




MAJID AL FUTTAIM – RETAIL

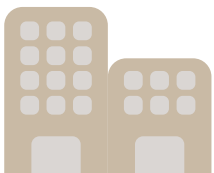
Majid Al Futtaim – Retail launched the ‘Retail OIC Annual Challenge’ (Observe, Innovate, Change) to generate country-specific innovation whilst also ensuring that the business remains fit-for-purpose and achieve operational excellence.

Set as a competition for all employees, the challenge sees staff submit their ideas online which are then reviewed by committees in each country. The shortlisted ideas are then sent to Corporate Head Office who then select the “top idea” per country. Those selected attend the Annual OIC Ceremony, where they pitch their idea to the ‘Retail Leadership team’ panel. The top three winning ideas receive a monetary prize along with seeing their ideas developed.



MAJID AL FUTTAIM – VENTURES

Majid Al Futtaim – Ventures run numerous initiatives to encourage employees to think about specific focus areas. One example was the ‘Speak Up Box’ where employees were encouraged to submit ideas around how to make fashion more sustainable. These ideas were then reviewed and analysed by the ‘Speak Up Committee’ with the winning entry receiving a monetary prize. Building on this idea, Majid Al Futtaim – Ventures launched an internal hub which will collect employees’ ideas as to how the business can be improved, allowing suggestions to be reviewed and when suitable, implemented to make a better business and working environment for all.



MAJID AL FUTTAIM – PROPERTIES

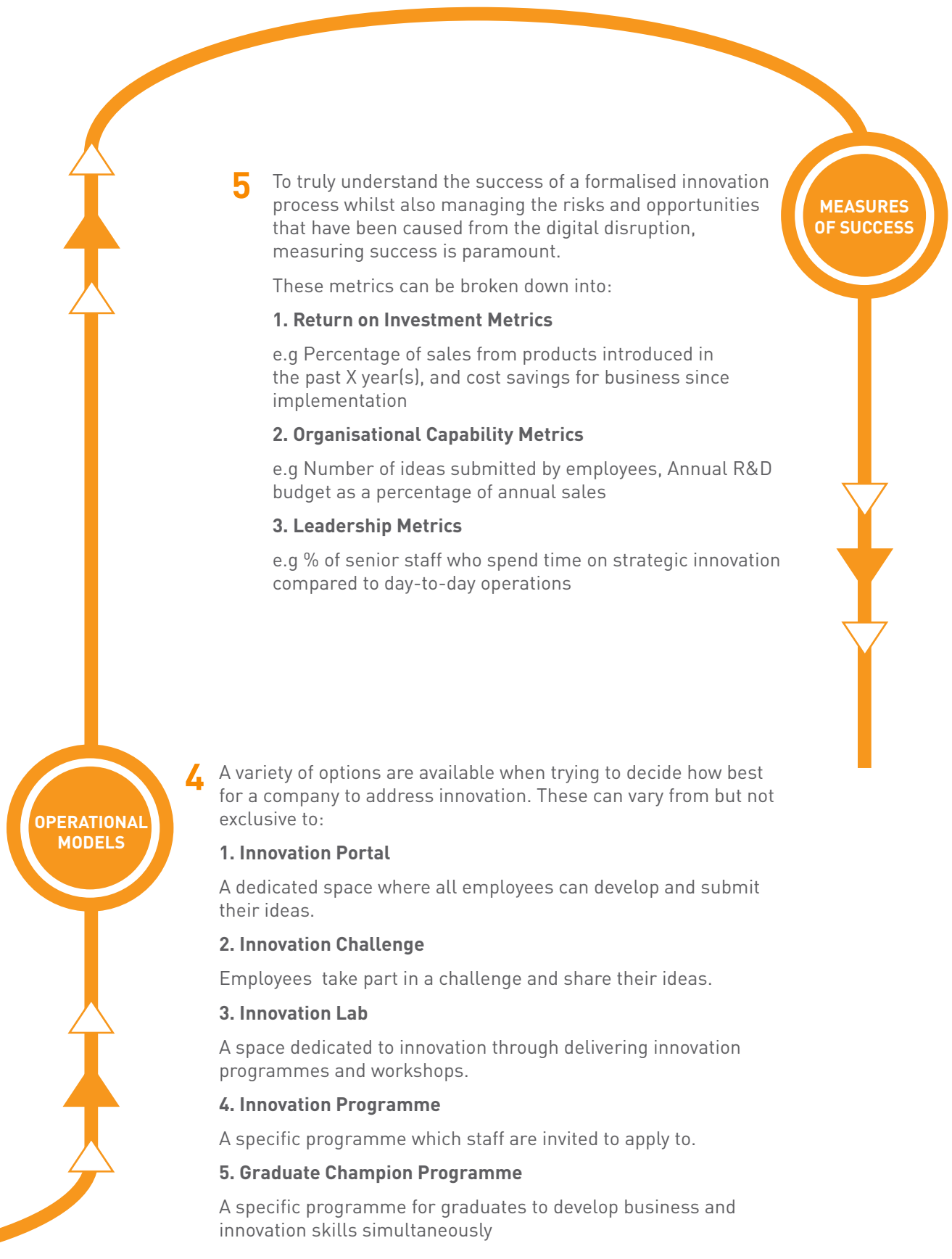
Majid Al Futtaim – Properties have multiple approaches to addressing innovation. The creation of an innovation group sees employees come together regularly to identify and discuss areas that should be prioritised and provides the opportunity for the group to brainstorm ideas and to try and resolve any issues. Currently the innovation group chosen focus area is Rethinking Resources – energy-water-waste which will see them work to identify new possibilities within the Operating Company where possible resource savings can be made.

Majid Al Futtaim – Properties have also launched an innovation challenge for employees to share their ideas on how to improve the business.

MAJID AL FUTTAIM'S ROADMAP TO INNOVATION



The innovation roadmap below highlights the current best practice recommendations from around the world when creating a formalised innovation approach. Starting with business objectives and the principles through to the governance structure, chosen innovation programme and finally to ensuring that you are measuring the true success of the project. The roadmap can act as a starting point of ideas which can be cut and changed to create a suitable option tailored to your business model.



DRIVING CHANGE BEYOND MAJID AL FUTTAIM

We do not know what our world will look like in the coming years, with urbanisation rapidly increasing, the climate emergency altering weather patterns, vital resources depleting, and customers' demands around businesses shifting, but that doesn't mean that we can't be ready for whenever change may come our way. At Majid Al Futtaim, we are acutely aware of how our business must adapt for the future, and we know innovation will play a vital role in ensuring our success.

Each of our three Operating Companies have unique challenges that they must face. Majid Al Futtaim – Retail must look to use innovation to help build a circular economy, something only possible by working closely with the rest of the businesses' supply chain. In Majid Al Futtaim – Ventures, the use of technology to enhance our customers experience will be critical to ensure that we are able to continue providing exciting and cutting edge concepts for our stakeholders to enjoy. Finally, in Majid Al Futtaim – Properties, the focus will be on how we can fulfil our Net Positive Commitment for carbon and water in a business that is still expanding. Regardless of the specific issues each Operating Company faces, innovation will be key.

Through the different innovation initiatives that have been ran to date across Majid Al Futtaim, we have begun our journey to unlock solutions, and innovate new and exciting concepts that benefit our people and our business. It is through innovation that we hope to not only inspire employees but to also transform the lives of those who our business reaches by unlocking business opportunities as well as deliver environmental and societal benefits.

There is still a long way to go, but with the support of our sustainability strategy which has enabled us to identify key focus areas for innovation in the future, along with the support from all of Majid Al Futtaim's employees, we hope that we can continue to innovate and create great moments for everyone, every day far into the future.

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