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# THE DUAL MANAGEMENT OF INNOVATION BY THE DECATHLON GROUP. A DISTINCTIVE STRATEGIC SYSTEM ON THE SPORT GOODS MARKET

Hillairet Dieter; Richard Guillaume & Bouchet Patrick

## Introduction:

Sports market is a global market which has been growing at an annual average rate of about 2 to 3% for over a decade (Ohl & Tribou, 2004). Due to strong competition, brands are very dynamic (Chantelat, 2008). They constantly seek better positioning and new ways of gaining market shares (Bouchet & Hillairet, 2008). In order to do this, these brands put more and more emphasis on innovation (Hillairet, 2005). Following decades of domination by the major international brands and a permanent status quo between manufacturers on one side (i.e. Nike, Adidas,...) and specialized retailers on the other (i.e. in France, Decathlon, Intersport, GO Sport, Sport '2000...), since the late 1990s, the industry has undergone a significant change. Its structure has been transformed; new balances and new actors' statuses have appeared. Sports goods manufacturers become retailers by developing their own stores networks (i.e. Quiksilver, Lacoste ...), and retailers become sports goods manufacturers through the creation of sub-brands under their control. Especially dynamic, these retailers create brand models that compete with the manufacturers, and through innovation they are able to provide consumers with technical and high-performance goods at affordable prices. But how do these companies, whose basic trade is distribution, manage to generate innovations considered as difficult and expensive? How did their R&D departments become so competitive? Is their innovation and ideas management system the key of their success? In this paper we are going to examine the case of Europe's leading company in this sector, the Decathlon Group 2, which has a constellation of own brands named "passionbrands". We will show how, starting from a vertical growth strategy, the Decathlon Group developed by creating new specialized brands and by launching a 'federator' innovation process as well as an R&D activity divided by sectors, not as a retailer owner of sub-brands, but as a manufacturer owner of ambitious and powerful autonomous brands. This strategy led to a dual system of innovation management, and finally, to a form of "variable geometry" management. This original organization finds its explanation in the fact that, beside its principal activity of retailer of sports articles, from now on, Decathlon Group has chosen to embark on a manufacturer's strategy with the announced ambition to make its very innovating *passion-brands* count in the eyes of the consumers.

## The vertical growth strategy of the Decathlon group: building a portfolio of powerful and innovative own brands

In contrast to an external growth scheme based on the creation of a portfolio of strong brands by purchase / acquisition as most companies usually do on many markets (Ries & Ries, 2000; Aaker & Joachimsthaler, 2001; Lewi, 2005; Kapferer, 1997, 2006...), the Decathlon Group has invented a model of business growth based primarily on the development of a portfolio made

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<sup>ii</sup> We make a point of thanking the people who evaluated the first version of this article and have improved it by their relevant remarks and suggestions. According to the customary formula, the remarks made involve us only as authors.

2. Since 2007, the Decathlon Group changed name. It became Oxylane Group. By convenience of language, in this paper, we will keep the original name which made all the success of the French company.

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up of new own brands 3. At the same time, the group has developed, its own R&D department, an original management system of knowledge and innovations. In this way, the Decathlon Group is different from its main competitors such as Intersport and Go Sport which have not chosen to design and manufacture their own innovative and strong sub-brands. The latter has many own brands, but they are not built on characteristics related to technical performance or innovation (Lebrun, 2006). Today, the Decathlon Group has embarked on an upstream 4 vertical expansion without seeking to enhance the attractiveness of its sales outlets. By creating specialized brands that directly compete with international sports brands, the group seeks to control the market from the top (making faster, better control of prices...), while maintaining its position as a leading French specialized retailer. As is usually the case with all big international companies, this strategy asserts its wish to “control” the whole upstream-downstream value chain to ensure better profitability (Aaker, 1996). However, when one retailer “controls” the whole channel, we notice an impoverishment of its offer along with a decrease in the number of referrals due to better coverage of its profitable brands. In its stores that focus on “in-house” goods produced by “passion-brands”, the Decathlon Group retains much better margins. And, in order to make their conquest of the market successful, each new passion brand is given an autonomy variable from one brand to another in terms of R&D, budgets, and human resources. With a 2007 sales turnover of 4,476 Md€, including 56.60% realized outside of France, with more than 400 stores and more than 40,000 employees on the payroll, the Decathlon Group is a company which is involved in a true strategy of “expansion intrapreneuriale” whose mainstay is the constitution of a portfolio of new brands, not only able to launch new lines of products on the market but also able to durably transform a whole market segment. In 2008, these new sport brands were: Quechua, Kipsta, Domyos, Geologic, Aptonia, Inesis, Wedze, Tribord, Kalenji, b’Twin, Géonaute, Fouganza, Artengo and Oxelo. Each one of them is positioned on a precise sporting branch of industry: b’Twin, for example, is specialized in mountain bikes and road bikes; Wedze in boardsport on snow, and Kalenji in walking, running and cross-country running. Together, these “passion-brands” make the Decathlon group one of the first ten world’s manufacturers of the sector behind Quiksilver, Nike, Adidas, Timberland, Columbia, Salomon, The North Face and Patagonia. By giving an autonomous operation and R&D (variable depending on the case) to each “passion-brand”, the group’s ambition is to acquire specialized brands capable of lasting shine on the international scene. Each one focuses its resources on a number of priorities and rationalizes the human and material resources needed to launch innovative goods. As a result, in 2008, no fewer than 12 new goods were rewarded with several design prizes (IF Design Award; Reddot Design Award & Design Observer). If the whole competitive advantage of Decathlon was based, until now, on the attractive prices of its sub-brands (but to the detriment of the performance of the products), the group’s new objective is a rapid rise in technical performance through its innovative “passion-brands” with the aim to match exactly the expectations of sports enthusiasts. Even premium products are being studied, whereas they were previously reserved for specialized and old brands like Eagle, Lafuma (outdoor) or Helly Hansen (sailing & boating). “The Decathlon example is interesting to follow for it shows that companies can pass from one policy to another. For twenty years, the company has been following a single brand policy which, given the success of the scheme, has created an unexpected effect: the brand is almost ‘soviet’. Everyone wears Decathlon goods and the brand has become a sign of standardization.

3. Even if, recently, the company also took the way of the external growth : indeed, the group bought, in 2008, the company Simond, a French brand specialized in the manufacture of ice axes, cramps and snap climbing hooks belonging to Wichard, the world specialist in fittings for pleasure boats.

4. The term “integration” does not seem, in the species, the right term; the term “expansion” seems more suitable.

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With the strong reactivity that characterizes it, the company decided to change policy overnight and, from now on, to grow under specialized own brands anywhere in the world” (Kapferer, 2006, p. 185). Finally, the Decathlon Group follows the strategy of a big company willing to increase its market share by seeking to enter high margin segments (Michel & Salha, 2005), although it was rather forced to do so. Indeed, the solution of sports specialized superstores – invented by Decathlon and successful either in France or in Europe - is a failure in countries where consumer patterns are different. Not to mention that, on some markets, particularly in the United States, there are situations of quasi-monopoly on behalf of local retailers (barrier at the entry) which cancel any thought of expansion of a newcomer, even a big one. Therefore, to become a producer instead of being only a retailer, has not only been an economic necessity but also a quasi-obligation in order to develop. On a market where the technicality of the products and the technological progress are powerful consumption levers, the competitive success of specialized brands will inevitably require the development of an innovation and creativity management system particularly productive and efficient. To take up this challenge, the Decathlon Group has implemented pioneering strategies that are likely to outdo the strategies of leading brands with much higher marketing, communication and sponsorship budgets. For example, if the “passion-brand” Tribord or Quechua develops today a policy of new products similar to that of international sport brands, it also chooses a widening spectrum of customers with sectional positionings, ranging from the *first price* ranges (the X-basic swimming goggles of Tribord are sold 3 €) to virtually *premium* ranges. This rise reflects a new step in the development of the group brands. At the same time, it is a challenge to offer consumer goods that are, on one hand, at the best quality-price ratio, and on the other hand, the result of advanced studies in the field of ergonomics, design, biomechanics, physiology or choice of materials. In order to obtain, for each of its “passion-brands”, products as technically advanced as those of the best sports brands, the Decathlon Group must seek for the excellence in its R&D activities, particularly in the innovation process.

#### **A federative innovation process and a R&D activity divided into sectors**

Within the framework of many and various approaches, much authors have been interested in innovation processes : from the viewpoints of economic changes and progress (Schumpeter, 1939; Freeman, 1990; Kline & Rosenberg, 1986; Dosi, 1982; Amendola & Gaffard, 1988, etc.), of social and organizational changes (Rothwell, 1994; Chandler 1990; Callon, 1994, etc.), or from the sociological and managerial viewpoint (Crozier & Friedberg, 1977; Mintzberg, 1982; Akrich, Callon & Latour, 1988; Alter 2000, etc.). But whatever currents and theoretical origins, the innovation process shows nevertheless a dual permanent feature. First, it is an integral part of the goods launched on the market, and thus, implicitly, of their success (or unsuccess) with users. Then, chronologically, the process is always the same: gestation, development and diffusion. If, in the sports industry, the issue of the diffusion of innovation has been approached under the technological angle, in particular through the diffusion of new materials (Desbordes, 1998), on the other hand, the issue of the production of ideas, of creativity and procedures, more generally the upstream part of the innovation process, has never been studied with specific depth (Hillairet, 2006). Thus, our study will focus on the R&D of the Decathlon Group, especially on how innovative ideas are created and managed. According to us, the analysis of the innovation management in this company is part of the prospects of Akrich, Callon & Latour (1988) to make progress in the art of managing innovations: understanding the mechanisms by which innovations succeed or fail to develop principles that serve as guide to action. To a great extent, the success of the Decathlon Group innovations and “passion-brands” depends, first of all, on an excellent understanding

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and coordination between the various components of the company involved, but also on an atypical innovative projects management system. With regard to the emergence and implementation of innovative ideas, whether at the individual or the organization level, the genesis of new solutions has always to go through a succession of identifiable informal and cognitive steps (Deschamps & Ranganath Nayak, 1997) that widely participate in the mechanisms of creativity (Moles & Caude, 1970; Prost, 1995). This progression in the upstream part of the innovation process is indeed the core of the discovery step (Ait El-Hadj, 1989) and of the R&D in medium to large organizations, but also the core of the business project in smaller structures (Burgelman & Sayles, 1986). If this progression depends on the knowhow, the perception, the value systems of the company and on the quality of its innovative behaviour, it also depends greatly on the ability to innovate of the people involved in new goods development projects (Robinson & Stern, 2000). Indeed, the steps of creativity that structure the start of any innovative project are largely determined by the creative skills and behaviours of consumers (Kao, 1989; Amabile, 1988). On the other hand, if it is no longer necessary to prove the role and the importance of the creativity management in the success of innovations (Heunks, 1998; Fitzgerald, 2000; Brabandère, 1998), does this creativity management constitute a competence factor in the success of a company? In the case of the Decathlon Group, some indicators appear to be moving in that direction. In companies, innovation is driven by a proactive management of ideas that would include three distinct steps: first of all, a step of *fertilization*, then a step of *sowing of the new ideas*, and lastly, a step of *incubation* (Deschamps & Ranganath Nayak, 1997). The innovation process implemented within the Decathlon Group follows this modelling. It also divides into three great steps: the *upstream step (a)*, the *project step (b)* and the *marketing and communication step (c)*.

### **Methodological elements of research**

On the methodological level, this study about the innovation management within the Decathlon Group is initially based on studies about the sports industry innovations (Desbordes, 1998, 2001, 2002; Chantelat, 1992; Hillairet 1999, 2005, 2006), about the sports markets and industry (Wolsey & Abrams, 2001; Ohl & Tribou, 2004; Mullin & al, 2000; Scully 1995; Stotlar, 2000) and about the sports brands (Bouchet & Hillairet, 2008). Then, it is based on the expertise on the new products marketed by the Decathlon Group “passion-brands” since 2004. A thorough analysis of articles taken from professional reviews (particularly directed towards the industrial design and the sports articles market) usefully supplemented the knowledge of the company’s innovation management. Lastly, this study is based on a research carried out by Richard & Abdourazakou (2008) who interviewed the Director of the innovation of the Decathlon Group “passion-brands”, Irwin Wouts. On this last aspect, the interview as collection method of primary data was chosen because of its absence of formalism. According to the authors, this method, not very directive, seemed more adapted to an executive officer unfamiliar with more sophisticated techniques. By letting the interviewee structure his answer, it is relatively easy to understand its logic before rationalization *a posteriori*. Moreover, the choice of the interview procedure makes it possible to establish a trust relationship with the interviewee so that he can speak more easily about the innovations developed by its company.

- a. The *upstream step* called *internal step of vision*, aims to identify opportunities for new targets (customers and market segments), new sales approaches (i.e. the launch of a national campaign of advertising spots for the Wed’ze skis and snowboards, the Quechua Forclaz Light polar, the Kalenji Deefuz T-shirt or the b’Twin bicycles) and new marketing approaches (i.e. the launch of websites such as [www.prêtpartez.decathlon.com](http://www.prêtpartez.decathlon.com) where consumers have the opportunity to try more than 200 sports outfits for girls and boys on virtual models). In the company, this upstream step finds its concretization in 2-days creativity workshops gathering designers, R&D engineers

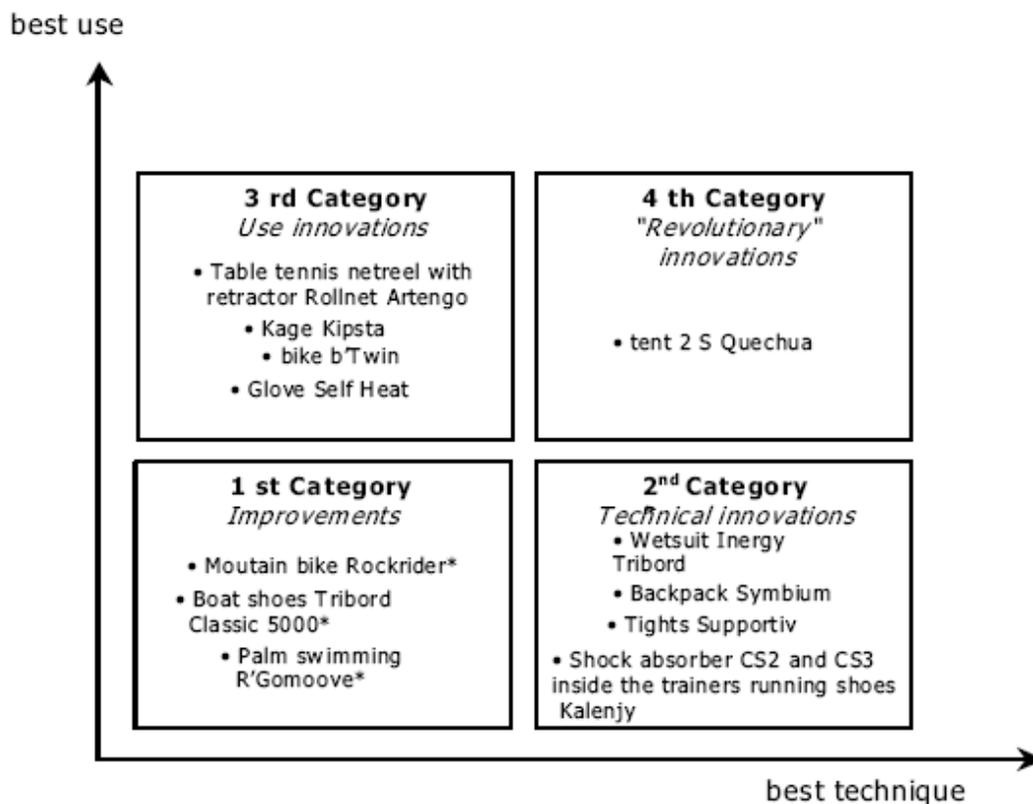
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and people in charge of marketing. Each workshop gives birth to 200 to 300 ideas of products or improvements (a few of which only will be taken into account). According to Irwin Wouts, director of innovation of the Decathlon Group “passion-brands”, this step allows to “set relevant targets and high potential for innovation”. In this process, the definition of the need according to a specific and latent use is essential to start the development of a new good. The listening of the customers, the feedbacks coming from the shops and the observation of sportsmen in the field, are the missions assigned to the product manager who will have to draw up the specifications. Then, in collaboration with advanced research and designers, the process engineers and the components engineers of Decathlon take over to establish the technical specifications (functional definition, materials, assembly processes, etc.).

- b. The *project step* is characterized, first, by a strong creative Spirit order to find innovative ideas that are achievable within a reasonable price. This second step incorporates all Decathlon R&D activity such as scientific research programs and design and ergonomics studies. If these studies are conclusive, the head of the prototyping industry will make a first prototype that is subjected to “torture tests” in a laboratory then to the “testers club”, a panel of customers, high-level athletes and people from the company staff (the “decathletes”). Chosen for their skills, their level of expertise and their critical mind, they have to monitor the quality and safety of the future product. The final prototype will be made after intensive use tests and the final technical specifications will be established. Then, the various offices of production, in France and abroad, will take over. The mass production of the products will be carried out by a Decathlon subcontractor who will be responsible for the supply of components, the quality of the series produced, the delivery in due time to the different logistic platforms of the group, and so on.
  - c. The *marketing and communication step* is the third step of the Decathlon innovation process. It encompasses both the implantation of the goods in stores (merchandising) and the definition of a media plan to be implemented. Depending on the nature of the projects, the importance of these three stages may be variable. While some projects will be inspired by the creativity of specialists and goods experts of the Decathlon Group, others, on the other hand, will be triggered by opportunities given by the observation of the markets and changing practices. According to P. Freychat, the Decathlon R&D Director, if we look at the very successful innovations of these last ten years (*Flex* concept, backpack *Symbium*, bra *Topping Bra*, *Self Heat* gloves, *Supportive* tights...), inspiration comes mainly from the observation of the use and simplification of the use like the *b'Twin* bicycle or the *2 seconds* tent. Besides, the categorization of innovations invented by Decathlon is based, along with the goal of technical improvement, on this desire to simplify the use (*figure 1*). Eventually, the process varies according to the nature of the project and its actual intentionalities. But in any case, the project managers of the Decathlon Group try to “feed” the process both in quantitative (more plans for new goods are put in parallel to create a positive collective emulation) and qualitative modes (generation of many ideas with high growth potential 5). Many ideas come from the field of action. Staying in touch with places of practice, listening permanently to the sportsmen, setting a particularly dense network of technological and scientific observers and partners eventually determine a rather high threshold of creativity. Among the competitors, this creativity can be stimulated in different ways.
5. Beyond the R&D units, in order to encourage the emergence of the greatest number of ideas of innovations and new products, the Decathlon Group has created an annual contest, the *Innovation Award*, for its 40.000 employees.

At Nike for example, ideas and opportunities to develop new goods germinate in the “*Innovation Kitchen*”. It is in this unique place, located on the Nike campus, that were born most of the ideas underlying the biggest commercial successessuch as Michael Johnson’s golden spikes, Cathy Freeman’s wetsuit, or all Air Jordan models produced since 2001. The concentration of the whole of Nike’s creativity in an only place is the natural outcome of the increasing business of the U.S. sports giant (basketball, football, athletics, horseback, etc.), the direct effect of which is to reduce the resources allocated to design new goods. If tens of millions dollars have been spent for the “*Innovation Kitchen*” since the beginning, approximately 90% of ideas that are experimented are never taking shape. At Nike, one prefers having a great deal of ideas in order to retain only the best ones. The resources invested in innovation and R&D by the American firm have no equivalent in the world.

Figure 1 – Representing the Decathlon Group innovation categories



Within the Decathlon Group, the categorization model of innovations is based on the positioning of each new good according to two criteria which are a better use (vertical axis) and a better technique (horizontal axis). Category 1 innovations being the weakest in terms of impact on the use and technical rupture, they are primarily improvements. With this category, we are no more in the field of the incremental improvement. On the other hand, category 4 innovations are the one the technology of which manages to modify the sportsmen’s behaviours greatly and on a long-term basis. The concepts are very innovative even “revolutionary”.

\* The categorization of Decathlon’s innovations comes from an evaluation carried out by the authors of the paper.

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Since its creation in 1976, the Decathlon Group has bet on a selective innovation in order to offer high-performance sports items thanks to the competence of its Research Center. But, unlike some major sports brands, the innovation culture of the Decathlon Group does not only focus on the material and technological dimension (processes, materials...). On the contrary, since 1997, the group has developed a tool, the Decathlon Research Center, the objective of which is to study the human body in motion. The studies made there are used to improve health, safety, comfort and pleasure of people practising a sport. In total, nearly 300 engineers and researchers work in the field of engineering and innovation. For more efficiency, the R&D Research Center is structured on the mode of concentric radiation. The first circle consists of a hard core of about thirty full-time specialists in three areas: anthropometry, biomechanics and thermic physiology. These three fields cover roughly 80% of the Decathlon Group R&D. Around this core, there are three additional circles. Firstly, a team of a dozen PhDs working on specialized topics during the time of their thesis (3 years, in general). Secondly, a team of students coming from engineering schools and from the university (2nd cycle – master) works on projects during six months. Finally, the third circle of skills consists of forty partner institutions: university laboratories, engineering schools, technical centres (i.e. the Technical Center of Leather and Footwear: physiotherapists, podiatrists, doctors...). The innovation process efficiency will get most of its substance out of this perfect union between these various circles of skills. Around this concentric and centralized operation of R&D on all major projects and technological development programs, the Decathlon Group has established a “decentralized” research activity (whose importance is variable depending on the case) at the level of “passion-brands” that have obtained a certain autonomy in this matter. Thus, Quechua or Tribord have acquired knowledge and skills allowing them to run the development of new goods by themselves, the first one in the field of water sports, the second one in the field of mountain sports. They have their own R&D engineers, designers, stylists, technicians. In the end, a sprawling and collaborative R&D has been built within the group. One can even speak of a “subsidiary” of the engineering with delegation of projects and programs. Each “passion-brand” has developed an expertise in its field with a strong sectoral expertise (snow skiing, fitness, running, riding...) that it may share, if necessary, with other R&D centres of the group. Ultimately, each brand has an engineering department to develop new goods concepts, whereas the Decathlon Research Center is in charge of basic research related to the human body. From now on, all the Decathlon Group innovations are the product of this original structure and some very promising ideas. Beyond its expertise in analysis of the movement and the athletes’ body on one hand and in the design of sports goods on the other hand, the Decathlon R&D privileges a form of permanent and systematic creativity which leads to a great intellectual flexibility and a deep broadmindedness. With regard to Quechua, for example, there is somebody whose job is to develop innovation and run projects. This person has a certain ability to get used to changes, to breaks and to risk-taking. Through the creation of this job, the Decathlon Group gives itself the means to develop the winning combination of ideas production / opportunities for projects with high development potential. The organization of R&D, especially creativity, allows a permanent permeability to the outside world. “We regularly meet inventors and we are open to all proposals” says Irwin Wouts. Besides, it is not uncommon that proposals for new goods and ideas coming from outside have greater weight.

#### **A dual management system of innovation and creativity**

If the technical nature of goods directs part of the sports brands innovation process, non-technological determinants, especially organizational and human capacity to carry out an innovation project, also play a leading part. They would even be the core of the success model of the Decathlon Group and its “passion-brands” (Richard & Abdourazakou, 2008). According to the *approach by resources* and the concept of “*core competencies*” (Hamel & Prahalad, 1995), it is possible to reconstruct *ex ante* an innovation approach. In modelling the *act* of the company, we bring out specific organizational skills

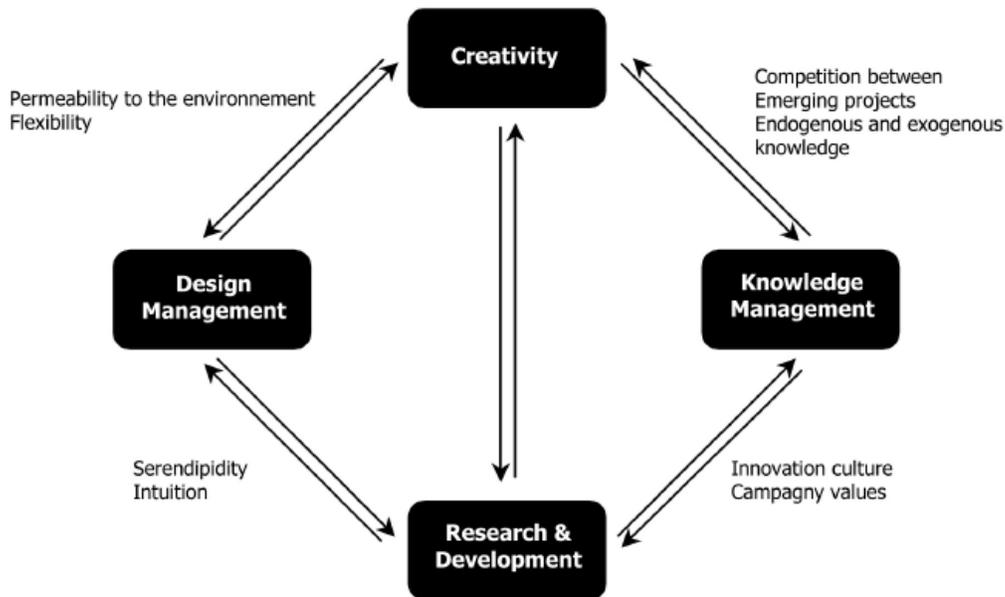
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(Métais, 1997). The concept of resources or strategic assets derives from the desire to accurately describe the full potential of a company. It allows us to identify the basic entities which make up the innovative potential of a firm (Dierickx & Cool, 1989; Peteraf, 1993; Wernerfelt, 1984). The resources significantly involved in the success of innovations must necessarily be used to create some customer value (Barney, 1991; Rindova & Fombrun, 1999). If they are tangible or inviolable assets belonging to the company (Wernerfelt, on 1984), they are more or less complex to build - or to acquire – and it sets their power of differentiation (Grant, 1991). In these terms, the innovation skills of a company will then be defined as being the capacity to carry out a task or an activity thanks to the good use of the *available resources*. However, resources and capacities should not be confused. If a resource is an observable asset which can be evaluated and exchanged just like a brand, a plot of land, a licence or a patent, a capacity is not observable (thus necessarily intangible). It can neither be evaluated nor partly exchanged but only as a whole (Makadoc, 2001). Competences of a company can be approached under the topic of distinctive competences (Selznick, 1957), that is in taking into consideration fields where the company in question excels. Consequently, an implicit bond appears between the resources and the competences (Hofer & Schendel, 1978), insofar as the latter are, ultimately, a convenient association of the whole entrepreneurial resources. In other words, the organisational capacity of a company would be determined by its aptitude for the deployment, the combination and the good coordination of its own resources, competences and knowledge (St- Amand & Fox, 2004). According to us, within the Decathlon Group, perfect alliance between the available resources and the existing competences build all the relevance of its management of innovation system. But, far from constituting a Cartesian and rigid model, this system takes, according to the different projects of development of the new goods, different original forms with sometimes fluctuating or surprising borders; however this does not a problem by virtue of the qualities of the management system! The commercially successful “passion- brands” goods are not exceptional. The exaltation of all the resources, competences and capacities of the group towards the concretization of top priority objectives – launching innovating goods that are, at any costs, commercial successes – will give a boost to each project. It should be said that the general direction of the group puts its staff under pressure: the R&D units are expected to concretize ten innovations or so per annum, not less! Ultimately, four guiding principles dictate the management innovation system implemented by the Decathlon Group (*figure 2*): *creativity, design management, knowledge management* and *R&D*. These four principles would seal the cohesion and the interdependence of all the productive and operational divisions of the group. It is a force of reduction and mutualisation which does not exist in the competitors’ groups. Incorporating, for example, design-management in the middle of the growth device of a company is a step that few companies have taken. Wrongly, by the way, because it not only allows modification of the visions of the company and improvements to its strategy (Cooper & Press, 1997) and its competitiveness (Trueman & Jobber, 1998), but above all, it allows the company better to assert its identity (Dumas & Mintzberg, 1989). Moreover, it favours a better coordination between the various functions of the company and it federates all the actors by making them work together on the creation projects (Stokholm, 2005) while improving overall innovation management (Borja & Mozotta, 2003). Lastly, very often, the design seems to be the first factor of commercial success of the new goods (Cooper & Kleinschmidt, 1987). Associated with healthy competition between “in-house” projects and strong values such as serendipity 6 and intuition, the four guiding organize the Decathlon Group favourably in its potential aptitude “to revolutionize” the various segments

6. Serendipity (or fortuity) indicates the fact of finding, by chance or chance, something which one did not seek at the beginning.

of the sports markets where it is present. Compared with the innovations marketed for some time, this system of management seems, obviously, adapted to its policy of expansion and development.

Figure 2 – Four guiding principles of the Decathlon Group innovation management system (source: Richard & Abdourazakou, 2008)



Today, the really innovating companies are those which have abandoned technocratic rigidity and reconsidered their innovation management system by introducing freedom in it. It is them which, ultimately, created flexibility of thought and built a culture of innovation “on every floor” (Ramecourt & Pons, 2001). Transformed by the resources, this flexibility will become a main organisational capacity to innovate. It will be obtained, in particular, by creating disorder. Indeed, in a more and more codified, standardized and rigid world, this disorder is privileged by a growing number of companies in want of innovations (Alter, 2000). But disorder implies that the company also takes risks (sometimes great risks), the consequences of which are not well known. Besides, it is for this reason that disorder is normally banished from organizations. Is not disorder disorganization? It also implies that the company is continuously on the verge of losing control of everything. It is a border which belongs to the implicit knowledge of the leaders and which is always very delicate to assess in a reasoned way. For the innovating company, the difficulty is to know exactly the limit between the acceptable and the unacceptable, to approach it to the nearest point: to seek a balance between order and disorder. Whether in a stable or an unstable environment, the innovating company makes these two antagonistic forces coexist in its centre. The innovations would come mainly from the permanence of this status quo, and it seems that the Decathlon Group found it if we take into consideration the number of its new goods that have been commercially successful these last years. Let us quote for example the bicycle *b'Twin*, the skis *Wedze* or the swimming goggles *X-base*. While developing a competence, the Decathlon Group also developed an organisational capacity that is registered between the Cartesian rationality of a traditional management of innovating projects and the disorder characteristic of the

creativity which falls under a kind of creative brainstorming. Concretely, if the company wishes to do it, it can adopt a “conventional” step when it has the necessary competences to conclude the development of a new good. Then, the innovation management system will be fully directed and framed, leaving little space to chance and uncertainty. On the other hand, if some projects move away from the competences and capacities available in-house, the management system of innovation can aim to this *creative brainstorming*, so as to favour the permeability to environment in order to better stimulate all the inventive forces of the individuals. The Decathlon Group finally ensures these project-teams a form of creativity and of directed freedom that, in the course of time, are developed and improved. In these project-teams, a kind of beneficial collective emulation creates itself as well as a strong tendency to make emerge new ideas with huge potential. Thus, on one side, there is a prevalence for a *rational type* management system and on the other, for a *turbulent type* management system. Finally, even if there is a possible risk of scatter, “turbulence” gives birth to exceptional ideas which a traditional management of innovating projects could never have made emerge. But we have to be careful. If, at Decathlon Group, the production of ideas can be carried out in a disorganized way, there is always a supervising authority - the product manager is part of it - which will re-frame the project if it departs too much from the objectives set by the general direction. Two examples of recent innovations clarify the specificities of these two management systems at Decathlon Group (*table 1*).

*Table 1 – The two innovation and ideas management systems implemented by the Decathlon Group*

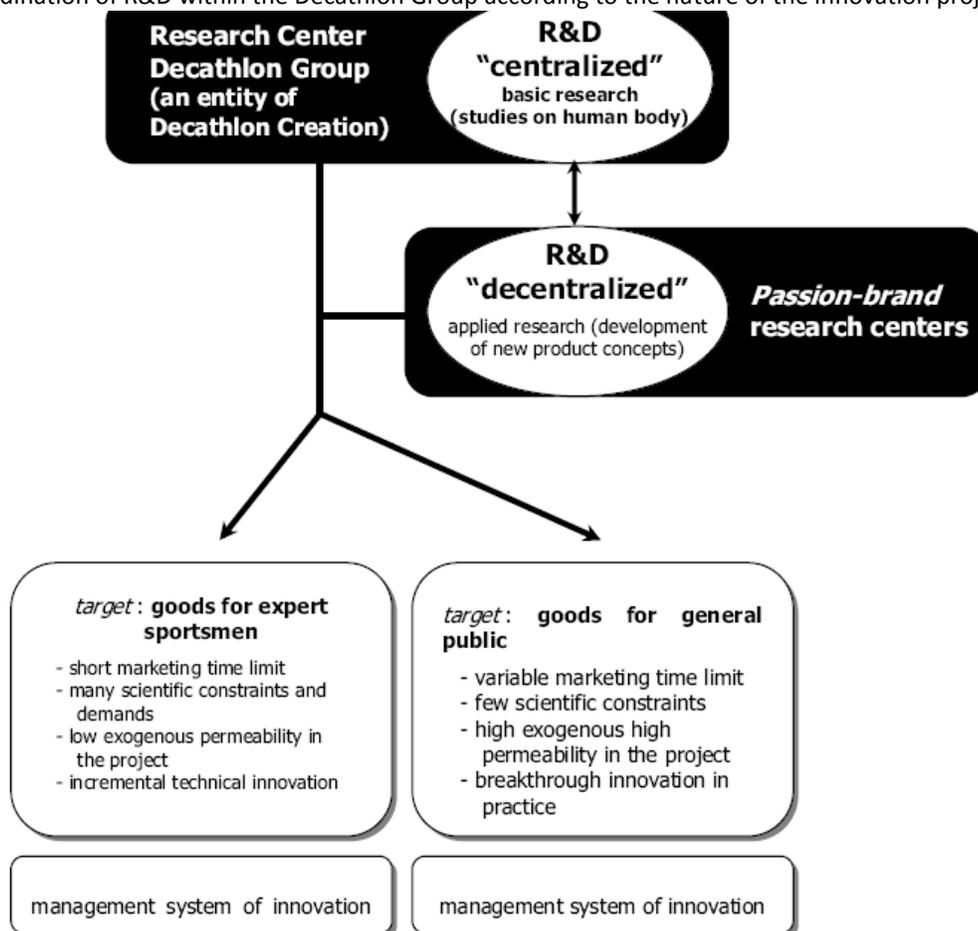
	<b>Innovation and ideas management of rational type</b>	<b>Innovation and ideas management of turbulent type</b>
Concerned product	The <i>Inergy Wetsuit</i> for surfers and body-boarders	The Tent <i>2 Seconds</i> A hiking self-unfolding tent
“Passion-brand”	Tribord	Quechua
Category Innovation (scale <i>Déathlon Group</i> )	Category 2 <i>Technological innovation</i>	Category 4 <i>Major innovation</i>
Source of innovation	Internal resources of the Company	External (an inventor) and internal (project manager) resources
1 <sup>st</sup> inspiration	Technical improvement	Simplification of use
Duration of the project	Less than 3 years	More than 10 years
Technical Partners (sports expertise)	Yes A body-board champion and a surf champion + French pole of surfing	No A tent manufacturer (a subcontractor known by Decathlon) located in Asia
Exogenous industrial partners	Yes Yamamoto (Japan) worldwide leader of neoprene	Yes
Internal competing project	Yes	Yes

Strategic Objectives	Place the Company in an existing market and gain a share of the market without stirring everything up	Create a new type (a new family) of self-unfolding product with a double roof
Creating a new application	No	Yes
Creating a new segment	No	Yes
Technical break	No	Yes
1 <sup>st</sup> interrogations	To have a maximum of elasticity and to limit freezing sensation at the top of the body « <i>La liberté totale de mouvement</i> » ("freedom of movement")	To adjust a self-unfolding concept with the same comfort and space as the tents of competing trademarks « <i>Lancé, c'est monté</i> » ("just throw it, it's ready")
Competition	Good products with powerful but too thick neoprene affecting the comfort and the gestures of the person practicing	Competing products instantaneously mounted but for other uses. Competing products having only a single roof. Competing products take time put up
Technical difficulties	Protect the person from cold while focusing on mobility (freedom of movement)	No satisfactory solution answering to the criteria <i>weight/space/assembly</i>
R&D / analysis, testing...	Internal and external knowledge and competences (researchers, designers, engineers... of the Decathlon Group) Research Center, athletes...)	Internal knowledge and competences (engineers, stylists, designers, marketers...)
Demonstration of technical feasibility	Prototypes tested by bodyboarding and surfing champions	Prototype : a toy-tent
Registration of a patent	Yes (worldwide)	Yes (worldwide)

Through these two examples of new products, we can say that the *rationalinnovation and ideas management system* is quite appropriate for the expert goods, those which are located on specialized markets and which are intended for the informed and demanding sportsmen. With the *Tribord Inergy* wetsuit, the project-team started from a scientific and very conventional R&D study on the elasticity of the skin to develop a wetsuit with the same properties. The study consisted in making tests with contact pads on a surfer's skin to know and model all its movements. Then, on the basis of acquired knowledge, the project-team sought to know which material would be the best for manufacture a wetsuit with high heating capacity and high elasticity (i.e identification of all types of neoprene in terms of stretch, tonicity, seam gluing, resistance...). In this project, the objective was to improve the surfer's tonicity while using the elasticity of the materials in order to amplify the surfer's movements, in particular when he must paddle with his arms to take speed. And in this project, it is the conjunction of several factors which led to an innovation allowing the development of a new type of wetsuit bringing more freedom of movement and better protection of the surfer from the cold. The Decathlon Group had the will to become a leader and to show a high level of technical skill in the field of neoprene wetsuits. Thus, in order to achieve this goal, it included talented sports advisers in the project-team and made thorough scientific studies in biomechanics, physiology and materials.

The *turbulent innovation and ideas management* system is more suited to general public goods which require less technical training and scientific knowledge. The implications on the central R&D unit on one side (the Decathlon Creation Center) and the relocated units on the other side (“passion- brands” R&D Centers) is not the same either (figure 3). With the Quechua’s 2 seconds tent, the project-team rather “suffered” its project, because with no bill book and no precise idea of the solution to choose, it was dependent upon an external event. Regarding a concept much heavier and more complicated to develop (an igloo tent of the “umbrella” type), it is the fortuitous arrival of an inventor external to the company that stimulated the project and found an original and very innovating solution to put it back on the rails. One can say that this person (providentially) dropped in at the right time and rather by chance! “He arrived just in time because we were less working on this problem and because we were doing some research in this direction” says Irwin Wouts. However, it is because the project-team never focussed on a closed and unilateral research path that the opportunity (the arrival of new and exogenous ideas to the company) could be exploited judiciously and led to a *category 4* innovation. The conjunction of three determining factors made this project a reality. Firstly, there was a somewhat similar project which had incubated since the middle of the 1990s. Secondly, a market diagnosis had revealed the two principal problems of this type of product: a complex technical solution and a long assembly/disassembly time. Thirdly, an inventor suggested an alternative project at the right time. The inventor’s ideas have reactivated the original project which had difficulty to evolve/move because of a lack of in-house creativity.

Figure 3: Coordination of R&D within the Decathlon Group according to the nature of the innovation projects



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Compared to the two innovations presented previously, it seems that the R&D innovation process at Decathlon follows a “semi-chaotic/semi-organic” reasoning. At the beginning, nothing appears correctly structured, the ideas can fuse in all directions. On the other hand, once the green light of development is on, the company gives itself all the means to reach a satisfactory result, sometimes even exceeding all hopes (case of the 2 *seconds* tent). Today, this two-headed innovation and ideas management system applies to all the “passion-brands”. Therefore, the innovation process gains in efficiency and allows the company to increase the launching of new goods. Today, an innovation project would be successful thanks to movement, adaptation, back-ups, hesitations, opportunities caught at the right time and especially a good support for new ideas (Thiétart, 2000). In the Decathlon Group, it is the *dual organisation of the innovation process* which proves its competency in the development of new goods compared with the competition within the sector. It is a *distinctive competency* (Hamel & Prahalad, 1996). The innovation management is built around a very moving dynamics centred on the free will of the members of the company (Richard & Abdourazakou, 2008). All is set up so that the innovation and the creativity are developed without hierarchical or technical restraint. However, building a strategy of innovation around a model of turbulent type is risky. Hence this possibility, for the Decathlon Group, to go back, if necessary, to a rational type management system, much more conventional and less favourable. But this innovation management, however effective it is, should not hide the fact that, within the Decathlon Group, as within any company, a certain organisational “counter-productive” lethargy might exist. It may come from *a*) the inertia of people who are always busy and not readily available, *b*) the inertia of ideas because people must convince themselves of the relevance of new ideas, *c*) the difficulty in giving money to develop ideas that, at the beginning, are not perceived as a source of profit for the company.

### **Conclusion : Towards a management of innovation with "variable geometry"**

In their policy of innovation and growth, the Decathlon Group and their “passion-brands” gave themselves the freedom to choose between a stable and rational R&D activity that allows the minimization of risks, but often to the detriment of a research that may be long and costly (i.e. *Inergy wetsuit*), and an unstable and turbulent R&D activity which is potentially generating outstanding innovations having the capacity to modify an entire market segment (i.e. tent 2 *seconds*). In the first case, the chosen strategy, while acquiring a new know-how, rather seeks to strengthen a technical skill in a range of goods which requires investment in the field of technological and scientific research. In the second case, the chosen strategy is more like a prospective reasoning motivated by the desire to explore unknown horizons with the secret hope to succeed in finding outstanding innovations. Innovations that will become flagship or pervasive goods able not only to create new market niches, but also to launch new ranges of goods from the basic technical concept. Innovations resulting from the Decathlon Research Center R&D and the “passion-brands” R&D decentralized units follow different paths according to whether they are located in specialized niches (water boardsports for example) and intended for expert sportsmen (like bodyboarders and surfers) or located in non-specialized niches (like hiking and camping) intended for the general public (like vacationers and hikers). The creation of so different new goods is carried out according to distinct strategic models. Either it is through a *rational type* innovation management system rather in keeping with what is done in most of the innovating companies, or through a *turbulent type* innovation management system in which external competences and resources play a more or less important part directing the project towards very original solutions. The R&D of the Decathlon Research Center and the “passion-brands” R&D decentralized units authorize “variable geometry” flexibility of the group in the definition of the best ideas for new products. The organisational and strategic flexibility of this company appears atypical and distinctive today on the sports markets and even beyond! We consider that the Decathlon Group distinguishes itself from its principal competitors by

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a true strategic originality which will allow it rapidly to join the restricted circle of big world manufacturers of sports goods. It must be remembered that this company was created and has grown as a retailer. Today, it has got a portfolio of innovating brands which are not plain retailer brands any more, like those sold by competitors (i.e. Intersport in Europe, Go Sport in France, Authority Sport in the USA). Thus, we cannot say anymore that Decathlon is a distribution company. While developing in a vertical way within the sports industrial channel, it is from now on, a company that has diversified its activities and that is pursuing a double goal of 1) strengthening its position of European leader of the sports articles distribution (building of new stores), 2) becoming an industrial group, owner of renowned trademarks. On the other hand, after the invention of the first superstores specialized in sport, the Decathlon Group must now prove that its model of "passion-brands" is perennial and profitable.

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