

## CASE STUDY

# Shinola Radically Expands Its Adaptive Learning Experience to Enable Retail Growth

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## Overview

Shinola was founded in 2011 in Detroit, Michigan, as a watch manufacturer. Since then, the company has expanded its operations, building and selling a range of goods designed and assembled in Detroit and other U.S. locations at nearly 30 stores throughout the United States. This growth has occurred despite struggles in the retail industry, which Shinola has overcome by creating a shopping experience consumers want to be a part of.

To create this consistently rewarding experience, Shinola must train a rapidly growing workforce, providing the right learning experiences to develop highly skilled and knowledgeable employees who are conversant in the finer elements of a wide range of products. To expand and improve its training to match its growth, the company had to move beyond its traditional paper-based, one-on-one training methodologies in favor of a new learning platform that enables scalability, independent learning, and accountability.

## In This Case Study

- ✓ The story of Shinola's growth and business challenges
- ✓ How Shinola transformed its learning to match a change in business strategy, including the introduction of Shinola University
- ✓ How Shinola uses adaptive learning to train its employees





## Company Overview

Shinola's founders launched their watch design and assembly business in Detroit, Michigan. Shinola chose the Motor City because of its storied place in American manufacturing, and for its local talent pool skilled in fine craftsmanship. As the Shinola website explains:




*Shinola is founded in the belief that products should be well-made and built to last. Across a growing number of categories, Shinola stands for skill at scale, the preservation of craft, and the beauty of industry.<sup>1</sup>*

Because of its success in the watch market, Shinola has expanded its product focus, now designing and producing a slate of other handmade goods, including headphones, turntables, wallets, and messenger bags. Shinola watches range in price from \$475 to as much as \$2,250 for the limited-edition dive watch, the Lake Erie Monster.

The company's merchandise can be purchased through its online business (Shinola.com) and across the country in both small boutiques and a variety of large retail outlets. Shinola also owns and operates 31 of its own stores, including flagship locations in Detroit and New York City, as well as stores in San Francisco, Chicago, Denver, Miami, Toronto, London, and beyond (see Figure 1).

<sup>1</sup> "Shinola - Official Site," shinola.com, n.d., [www.shinola.com/](http://www.shinola.com/).

**Figure 1: Shinola at a Glance**

	<b>Year Founded:</b> 2011
	<b>Retail stores:</b> 31
	<b>Employees:</b> 600
	<b>Headquarters:</b> Detroit, Michigan

Source: *Shinola*, 2018.

## Business Environment and Challenges

Shinola launched as a business in 2011, just two years after the end of the Great Recession, and faced the slow economic growth that continued through 2015.<sup>2</sup> Even though the economy is in full recovery mode as of early 2018, retail companies continue to grapple with changing consumer behaviors, online retailers, mobile shopping, and more.<sup>3</sup> Iconic retail brands are declaring bankruptcy at a record pace, abandoning marquee storefront locations and seeing stock prices sink to all-time lows.<sup>4</sup>

Despite these hurdles, Shinola has found success with a multifaceted retail strategy that leverages its story as an American manufacturer of high-end products combined with a compelling consumer experience. The company continues to offer its products at other high-end stores (known as a wholesale strategy), but it is within its own stores where Shinola is finding enormous success and growth—as well as some significant challenges.

One major challenge has been creating a consistent and rewarding shopping experience, which is highly dependent on the training of store-based employees. Training began to mean more than equipping employees with product specs, as they also needed to learn about the culture, stories, and merchandise know-how that reflect the brand.

The shift put the onus on in-store managers to drive peer-to-peer knowledge with associates, which left executives at headquarters worried about inconsistencies across retail locations and from shift to shift. Managers, for their part, have many obligations, and taking an employee off the floor for one-to-one training meant stores could be understaffed at critical times. Exacerbating the challenge is the fact that Shinola continues to roll out new products; thus, the need for learning never ends. Beyond products, the company also continues to expand its retail presence, which requires training more employees.

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**KEY POINT:** Shinola needed a way to scale and improve its training to match the growth of knowledge, products, and storefronts.

<sup>2</sup> "The Great Recession Is Still With Us," *The Atlantic* / Annie Lowrey, December 1, 2017, [www.theatlantic.com/business/archive/2017/12/great-recession-still-with-us/547268](http://www.theatlantic.com/business/archive/2017/12/great-recession-still-with-us/547268).

<sup>3</sup> "Retail Funk: Stores Face Biggest Challenges Since Recession," *The Denver Post* / Anne D'Innocenzio, May 10, 2017, [www.denverpost.com/2017/05/10/retail-funk-stores-face-big-challenges](http://www.denverpost.com/2017/05/10/retail-funk-stores-face-big-challenges).

<sup>4</sup> "What in the World Is Causing the Retail Meltdown of 2017?" *The Atlantic* / Derek Thompson, April 17, 2017, [www.theatlantic.com/business/archive/2017/04/retail-meltdown-of-2017/522384](http://www.theatlantic.com/business/archive/2017/04/retail-meltdown-of-2017/522384).



## Brand Training Environment at Shinola

Shinola's brand training team is responsible for training Shinola retail employees, wholesale partners, specialty accounts, and headquarters-based employees. Reporting to the chief operating officer, the small team includes a head of brand training, a training operations manager, a training data analyst, a training media coordinator, and a retail experience team that consists of a retail training manager, a retail experience coordinator, and a brand ambassador. Together, the branding team is responsible for ensuring the company's unique and high-value brand is continuously and efficiently delivered to customers through compelling in-store experiences.

## Shinola Transforms Training

During the summer of 2013, the company opened two Shinola stores: one in Detroit and the other in the Tribeca neighborhood of New York City. The company's creative director conceived the stores more as showrooms where guests would browse, rather than traditional point-of-sale retail outlets. Following the overall trend in retail, the assumption was that most consumers would purchase products at Shinola's retail partners: traditional high-end shopping outlets with strong brand recognition.

However, within a week of opening the two stores, Shinola's business and learning strategy rapidly changed. Consumers were pouring into the stores at a pace executives had not predicted. In Detroit, more than 2,000 people visited the store in the first few days, and the store achieved annual sales targets within one week. The story was similar at the New York City location.

The success of the flagship stores spurred Shinola to open more of these locations. Throughout the next four years, Shinola opened 29 new stores—including 11 in 2017—and as of spring 2018, the company has plans for additional locations. Shinola was making a name for itself and a reputation for making high-quality, well-designed products. Even former presidents Clinton<sup>5</sup> and Obama<sup>6</sup> became avid and vocal fans of the company's Runwell watches.

As Shinola moved to expand its retail presence and keep pace with its growth and reputation, the company's brand training team had to transform how it trains employees, shifting from providing PDF product-information sheets to creating engaging content that could be deployed at retail locations around the country.

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5 "The Watch That's Good Enough for Presidents and First Gentlemen," *Esquire* / Stephen Watson, July 27, 2016, [www.esquire.com/style/news/a47086/shinola-runwell-bill-clinton](http://www.esquire.com/style/news/a47086/shinola-runwell-bill-clinton).

6 "Here's What You Need to Know About President Obama's Badass Shinola Watch," *Esquire* / Matt Miller, January 21, 2016, [www.esquire.com/style/mens-accessories/news/a41395/president-obama-shinola-watch](http://www.esquire.com/style/mens-accessories/news/a41395/president-obama-shinola-watch).

*We had to teach people on the history of the brand, how to engage with guests, and help them learn about the amazing features of our products. And we wanted to create something that reflected how our employees wanted to learn, and that meant moving away from just reading information to delivering great content in ways that were both exciting and engaging. We aimed to do this through videos, podcasts, and the incorporation of more interactive content—so we needed to find an appropriate platform to accommodate.*

—Shinola Head of Brand Training

Shinola's brand training team established three critical requirements to transform learning at the organization:

1. **Scalability.** The team needed a solution that could rapidly scale up to match the growth of the business but that did not require the training team to dramatically scale up in the number of team members. This meant identifying a technology-based platform instead of hiring full-time or contract trainers.
2. **Independent learning.** Even with the PDFs, employees had to read materials on a computer in the back of the store, and this limited when and where employees were learning.
3. **Accountability.** Simply putting material online and checking it off a list was not enough. Shinola's chief operating officer and its president both wanted a way to ensure employees would thoroughly understand and retain what they were learning.

## Embracing Adaptive Learning

The brand training team at Shinola had originally planned to build its own learning platform and began some early work on an in-house solution. But in 2016, team members were introduced to a company called Area9 Learning. With its online learning technology platform, Area9 uses adaptive learning to constantly assess whether learners comprehend what they are learning. The system then asks learners to rate their confidence level in the knowledge they've acquired.

If, for example, a learner answers a question correctly, but also rates his or her confidence level as low, this could signal the learner guessed, got lucky, or is still fuzzy on why he or she answered the question correctly. In this case, the platform can serve up additional content and information to cement the learning. Adaptive learning also means measurement of skills, something that satisfied Shinola's demand for accountability. And Area9's cloud-based platform works on mobile devices, laptops, or desktop computers, satisfying Shinola's scalability requirement and need for anytime-anywhere independent learning.

In mid-2016, in collaboration with Area9, the Shinola brand training team began building its platform, Shinola University. The partners created several collaborative and productive iterations, constantly fine-tuning the platform to meet Shinola's needs. The digital learning platform was formally launched in early 2017.

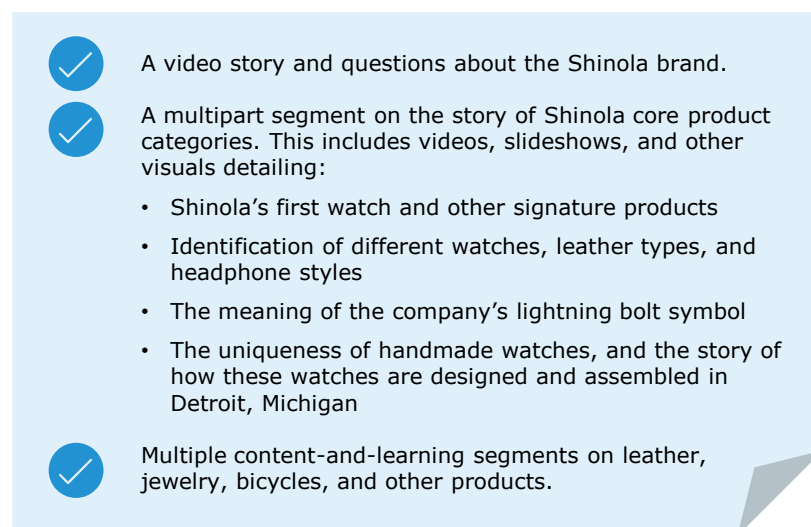
## Launching Shinola University

Just as with brick-and-mortar schools, Shinola University is divided into four levels of increasing difficulty and sophistication: freshman, sophomore, junior, and senior. Each level, including the freshman level detailed later in this case study, takes approximately one month to complete and consists of multiple components.

## Online Adaptive Learning

To start, each Shinola store associate accesses Shinola University through a store desktop computer or tablet. This allows for flexibility to participate in the training either while in the back of house or on the floor (and because the content is online, an employee could even access the content at home). The online component for the freshman section takes approximately 16 hours to complete (although some students finish in less time) over the course of multiple days. The training content includes the foundational elements of working at Shinola and is followed by questions to test knowledge. See Figure 2 for some examples of content and knowledge testing.

**Figure 2: Examples of Content and Knowledge Testing**



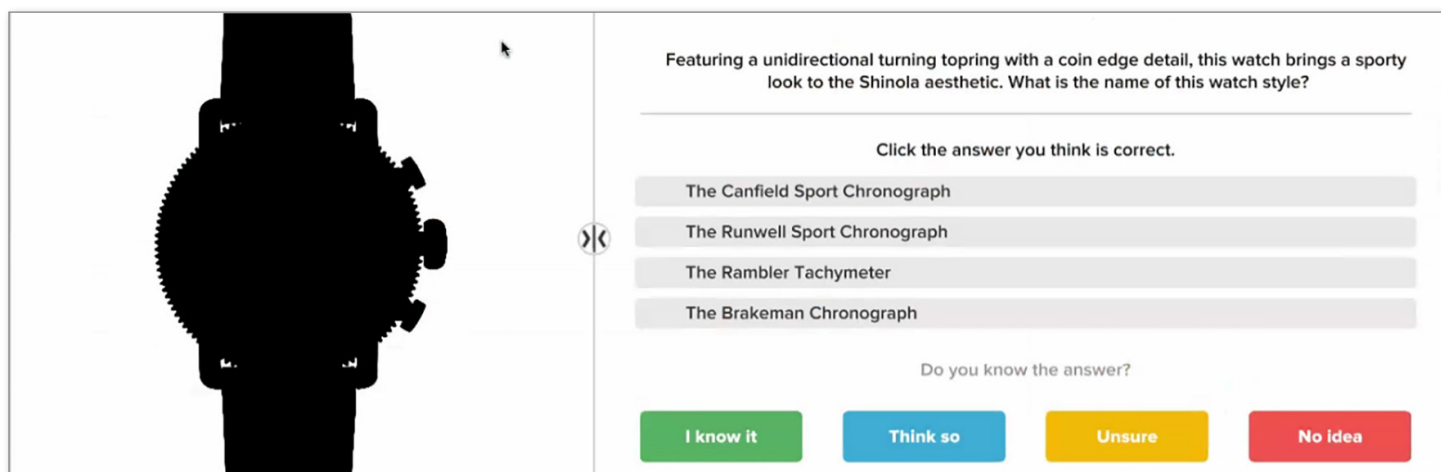
- ✓ A video story and questions about the Shinola brand.
- ✓ A multipart segment on the story of Shinola core product categories. This includes videos, slideshows, and other visuals detailing:
  - Shinola's first watch and other signature products
  - Identification of different watches, leather types, and headphone styles
  - The meaning of the company's lightning bolt symbol
  - The uniqueness of handmade watches, and the story of how these watches are designed and assembled in Detroit, Michigan
- ✓ Multiple content-and-learning segments on leather, jewelry, bicycles, and other products.

Source: *Shinola*, 2018.

Each learning element asks questions designed to measure technical accuracy and, importantly, confidence with the material. For example, at the freshman level, associates are first introduced to Shinola's multiple watch styles. Later in the freshman content, Shinola revisits this information, but in a new way, asking associates to identify case styles based on silhouettes alone. Associates are asked to select one of four watch styles, and then rate their level of confidence with the correct answer on a scale ranging from "I know it" to "No idea" (see Figure 3).

**KEY POINT:** Each learning element asks questions designed to measure technical accuracy and, importantly, confidence with the material.

**Figure 3:** Learning Content for Watch Styles



Featuring a unidirectional turning top ring with a coin edge detail, this watch brings a sporty look to the Shinola aesthetic. What is the name of this watch style?

Click the answer you think is correct.

- The Canfield Sport Chronograph
- The Runwell Sport Chronograph
- The Rambler Tachymeter
- The Brakeman Chronograph

Do you know the answer?

I know it Think so Unsure No idea

Source: Shinola, 2018.

## Intervention and Feedback in Real Time

Based on associates' responses, the Shinola University platform performs multiple functions. If an associate answers the question correctly and confidently—"I know it"—then he or she may proceed. This is what Shinola's brand training team calls "correct and aware."

If, on the other hand, an associate answers the question incorrectly but with high confidence (incorrect and unaware), or incorrectly with low confidence (incorrect and aware), the platform dynamically and automatically adjusts the teaching approach to correct these problems. If learners perform particularly badly, the platform raises red flags with the training team. The team can respond in multiple ways. If the issue seems to be related to a particular individual (and not a problem with the question), then a manager can be alerted to help the associate. The Area9 platform also provides an automatic second review of the content corresponding to the question in real time. The training team can also follow up directly with the trainee via phone to address the issue or with a manager if an in-person interaction is more appropriate. The training team also issues lists of the most challenging learning objectives to individual stores to address recurring themes and visits the stores in person to support additional learning.

Within the questions, associates can also send real-time feedback via the platform to the training team. This enables the team to intervene immediately on challenging issues, both helping associates understand the content and improving the modules if necessary.

There have been instances, for example, when the questions themselves have proved problematic. The silhouette question in Figure 3 was created because of associates' difficulty in rapidly identifying watches through detailed pictures of the watches. The training team suspected it was overwhelming associates with too much visual information, which associates confirmed by submitting challenges (feedback) within Shinola University. After responding to several of these challenges over a short time period, the training team knew it needed to adapt, so it created the silhouette to focus the learning on common components and features, rather than individual watch dials. When they did, the number of associates who were "correct and aware" rose to more than 80 percent.

### Real-World Learning

Shinola's training team knew that to truly cement ideas from the online platform, they would have to be paired with real-world, manager-led learning. Each online level of Shinola University is accompanied by a checklist of in-store activities. To complete the freshman curriculum, associates must also be able to work with specific products in the store environment and have a manager approve his or her progress. This includes:

- Replacing a watch strap
- Sizing a bracelet
- Selling a wallet
- Adjusting and resetting a chronograph
- Performing simple maintenance on a bicycle
- Playing a record on a turntable

### Monthly Updates

In addition to the four levels of training in Shinola University, the brand training team sends monthly updates on new features and products. This may include videos, visuals, and other material. For example, when Shinola introduced a new woman's watch, named after pioneering female drag racer Shirley Muldowney, the team also created a podcast for store associates to learn about the watch, its inner workings, and its inspiration.

### Rewarding Development

The brand training team rewards advancement through Shinola University in several ways: graduates receive diplomas and a lapel pin in the shape of Shinola's iconic bolt logo. The team is also experimenting with knowledge competitions and, in the future, winners may receive rewards such as gift cards, Shinola merchandise, or discounts.

**KEY POINT:** Shinola's training team knew that to truly cement ideas from the online platform, they would have to be paired with real-world, manager-led learning.



## Business Impact

As of early 2018, most employees had already completed all four levels of the curriculum. In addition, the team has achieved its target rate of 80 percent of associates being correct and aware when it comes to product and company knowledge. The brand training team has engaged directly with any associates who fall below this mark, and has enlisted managers to help intervene. The team also plans to begin using the platform to measure employee satisfaction, engagement, and retention, and how those factors relate to performance at Shinola University. Says Shinola's training data analyst:

*We are not quite at the point of having enough data to draw concrete correlation between associates' performance and sales performance, but that is where we are headed. We will be able to compare learning levels to sales effectiveness among associates, from store to store or region to region.*

The back end of the Shinola University platform also gives the brand training team a set of dashboards and indicators to measure individual, team, and store success. Among the many available reports, the team's data analyst can assess how much time individuals spent on different learning elements and their proficiency levels (see Figure 4). By reducing time spent, and increasing completion and retention rates, the company can ensure employees spend more time with guests on the retail floor.

**Figure 4: Report Sample for Shinola University**

Student	Overall Time	Shinola Brand Story	Time Spent	Watches Story	Time Spent	Leather Story	Time Spent	Audio Story	Time Spent	Correct & aware	Correct & unaware	Incorrect & aware	Incorrect & unaware
User 1	0:40:20	100%	0:05:12	100%	0:16:39	100%	0:03:40	100%	0:14:49	90%	2%	2%	6%
User 2	0:35:24	100%	0:03:53	100%	0:13:55	100%	0:09:16	100%	0:08:20	68%	1%	1%	30%
User 3	0:02:52	67%	0:02:52	0%	0:00:00	0%	0:00:00	0%	0:00:00	76%	2%	6%	16%
User 4	0:08:42	100%	0:04:49	33%	0:03:53	0%	0:00:00	0%	0:00:00	80%	3%	4%	13%
User 6	0:16:49	100%	0:04:52	100%	0:08:14	100%	0:03:43	0%	0:00:00	78%	1%	4%	18%
User 7	0:26:10	100%	0:06:30	100%	0:06:59	100%	0:08:36	100%	0:04:05	87%	3%	2%	8%
Overall	3:22:13	94%		72.2%		67%		50%		80%	2%	3%	15%

Source: Shinola, 2018.

## Lessons Learned

- **Measure for confidence, not just competence.** A key facet of adaptive learning at Shinola is determining whether associates feel confident that they have thoroughly acquired the knowledge—not just whether they answered correctly. Low confidence with the right answer, for example, can mean an employee is simply guessing. This signals that employees still need help with key concepts, which can include additional online content or in-person help from a manager.
- **Change the learning if employees are not getting it.** When the brand training team members see that associates are failing in particular topic areas—based on real-time data—they do not blame the employees, but develop new ways of presenting important information.
- **Be responsive.** The training team responds to individual challenges from associates either by email or through a phone call to further understand any issue and correct it quickly and thoroughly.
- **Make it real.** The key to cementing Shinola University's online learning is to pair it with real-world applications. For example, associates start to learn about different watch styles at Shinola University, but they must be able to physically adjust, reset, and sell product on the retail floor as part of their curriculum.

## Next Steps

The second phase of the Shinola University implementation will focus on teaching associates how to motivate consumers to engage with them, which the brand training team believes is just as important as product knowledge. Specifically, the brand training team is considering how to equip associates with skills in reading consumer behavior and non-verbal language.

*We look at this as a two-step process. The first part was focused on product knowledge—do our associates know what they need to know? The second part is about the retail experience, and that is less about the product and more about the people and making connections with our guests. One way we plan to do this is to build out more realistic selling scenarios, covering a variety of guests with different buying patterns, that we will be able to deliver through tablets and one-on-one interaction with store managers on the floor. This will allow us to further marry the concepts of online learning, real-time feedback, real-world experience, and instant manager coaching.*

—Shinola Training Operations Manager

## Conclusion

Today, many organizations are transforming how they deliver and share content with their employees. This includes everything from sharing online videos and news articles to creating customized online modules.

At Shinola, the brand training team wanted to create and control its own content, make it easily accessible, and, critically, ensure store associates understood and would retain the information they were receiving. The team partnered with an outside solution provider, Area9 Learning, to create and launch an online platform called Shinola University. More than just measuring correct and incorrect answers, the platform can assess associates' levels of confidence with the material and provide additional content and training if employees are struggling in certain areas, while the brand training team can regularly update and supplement content when it sees areas of opportunity.

This two-pronged approach—more content for associates who are struggling along with constantly improving content for problem areas—ensures that Shinola's employees have the skills, knowledge, and know-how to engage with guests in the store. ■

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