LEADERSHIP NEEDED:
Agility and Practical Innovation During Times of Crisis and Disruption

May 13, 2020
Christopher Caine
*President, CGE*

Christopher G. Caine is President of the Center for Global Enterprise, a New York based non-profit organization dedicated to the study of the contemporary corporation in the era of global economic integration. He is also President & CEO of Mercator XXI, LLC ([www.mercatorxxi.com](http://www.mercatorxxi.com)), a professional services firm helping clients engage the global economy. Prior to April 2009, Mr. Caine was employed by IBM Corporation for 25 years. For thirteen years he had corporate responsibility for global public policy issues that impacted IBM in his role as Vice President, Governmental Programs.

George Bailey
*Executive Director & Chief Research Officer, DSCI*

George Bailey is the Executive Director & Chief Research Officer of CGE’s Digital Supply Chain Institute (DSCI). He is on the Advisory Board of Lockheed Martin and the American Productivity and Quality Center. He is also the Executive Professor of Digital Innovation at Pepperdine University and the Chairman of the Jackson Hole Ocean Sailing Team. Previously, George was the CEO of DIVA Networks, an Internet applications development firm, was the Chief Transformation Officer for Sony, ran several business as part of the IBM senior leadership team, and managed PwC's strategic change consulting unit.
# Collaboratory Objectives

<table>
<thead>
<tr>
<th>Outline</th>
<th>Describe</th>
<th>Develop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outline overall impact of the Coronavirus (or other mega disruption) on global supply chains, and overall business</td>
<td>Describe leadership actions being taken across companies on the supply chain</td>
<td>Develop action items and a transformation framework that you can take back to work and execute on Thursday</td>
</tr>
</tbody>
</table>
Collaboratory 90-minutes plan

10:30 AM
CGE/DSCI: Observations and recommendations
Christopher Caine, President, CGE
George Bailey, Executive Director & CRO, DSCI

11:00 AM
Breakout: Action item planning
Two breakout teams

11:30 AM
Team 1: report on required leadership actions
Team 2: report on required leadership actions

11:45 AM
Call to action

12 Noon
End of session
Unprecedented change

- 97% reduction in airline seats
- Multiple trillion $ government programs
- A nearly 26% gain in food and beverage store sales
- Global market cap in Jan 2020 was around ~$90 trillion and lost around ~$6 trillion in Feb and Mar 2020
Companies are focused on the present, but preparing for the future

- Huge uncertainty on the health impact of opening up economies, but resolve to go back to work
- Demand remains repressed and recovery difficult to predict
- Unemployment figures are estimated to be the highest that they have been since the Great Depression
2020: Supply Chain becomes a buzz word

• Coronavirus (COVID-19) wreaks havoc on the world’s supply chains and people take notice!
• Industries have significant supply chain challenges
  • Pharma example: China is the main supply source for USA 95% of ibuprofen, 91% of hydrocortisone, 70% of acetaminophen, 80% of antibiotics*
• Some misunderstand what a ”supply chain” really is.....
• Some believe “global” is risky and uncontrollable
• Leading companies know that the supply chain is THE core process
• Never waste a good crisis: Companies are preparing supply chains for the new normal

Supply Chain Leadership Actions

1. **Recover the customer and business**
   - Manage cash flow, Invest in future
   - Financials

2. **Build Resiliency**
   - Set alternate suppliers, Diversify locations, Develop agility
   - Tough

3. **Set DSC Strategy**
   - Determine New Customer, routes to market, on-line strategy, supply chain benefits
   - Horizon

4. **Location, Location, Location**
   - Assess supply chain risk, past needs, current requirements, future of New Customer
   - Near Shore

5. **Align people**
   - Reduce expense, Build skills, Customer focused, Healthy/energized
   - Heroes
Digital Supply Chain

A Digital Supply Chain (DSC) is a customer-centric platform model that captures and maximizes utilization of real-time data coming from a variety of sources. It enables demand stimulation, matching, sensing, and management to optimize performance and minimize risk.
Customer and Algorithm Council-Driven Data Model
CEO Mandate: Executing the Digital Supply Chain Framework
Group work

• Two teams
• Thirty minutes of discussion and action planning
  • Identify two section items for each section of “Supply Chain Leadership Actions Framework”
• 7-minutes report back
• There will be a winner
  • Clearest examples of leadership actions
  • Most “implementable”
  • Best vision for the future
• Complete the slide, which you will see in a moment, and make it real!
Supply Chain Leadership Actions Framework

**Recover the customer and business**
- Manage cash flow
- Customer and revenue retention
- Renegotiating terms/contracts – minimum order factor
- Priorities the customers based on revenue
- Simplify SKUs
- **Financials**

**Build Resiliency**
- Redundant sourcing strategy
- Diversity
- Buy parts sources
- Negotiating with tier 1-2-3 suppliers
  - **Tough**

**Set DSC Strategy**
- Robust demand data
- Make a data trade
- Start with customers
- Ration of online vs offline business – Integration of both
- Integration of chatbots
  - **Horizon**

**Location, Location, Location**
- Hybrid footprint of businesses
- Proportionality of hybrid footprint across globe
- Near shore strategy – keeping cost same
- New Customer
- Streamline processes
- Definition of location for critical touch points
- **Near Shore**

**Align people**
- Encourage skills development
- Digital tools adoption
- Communicate change in processes
- Hygiene and health skills
- Data-based decision making
- **Heroes**
Report Back
Summary, Take-aways, Call-to-Action
Thank You