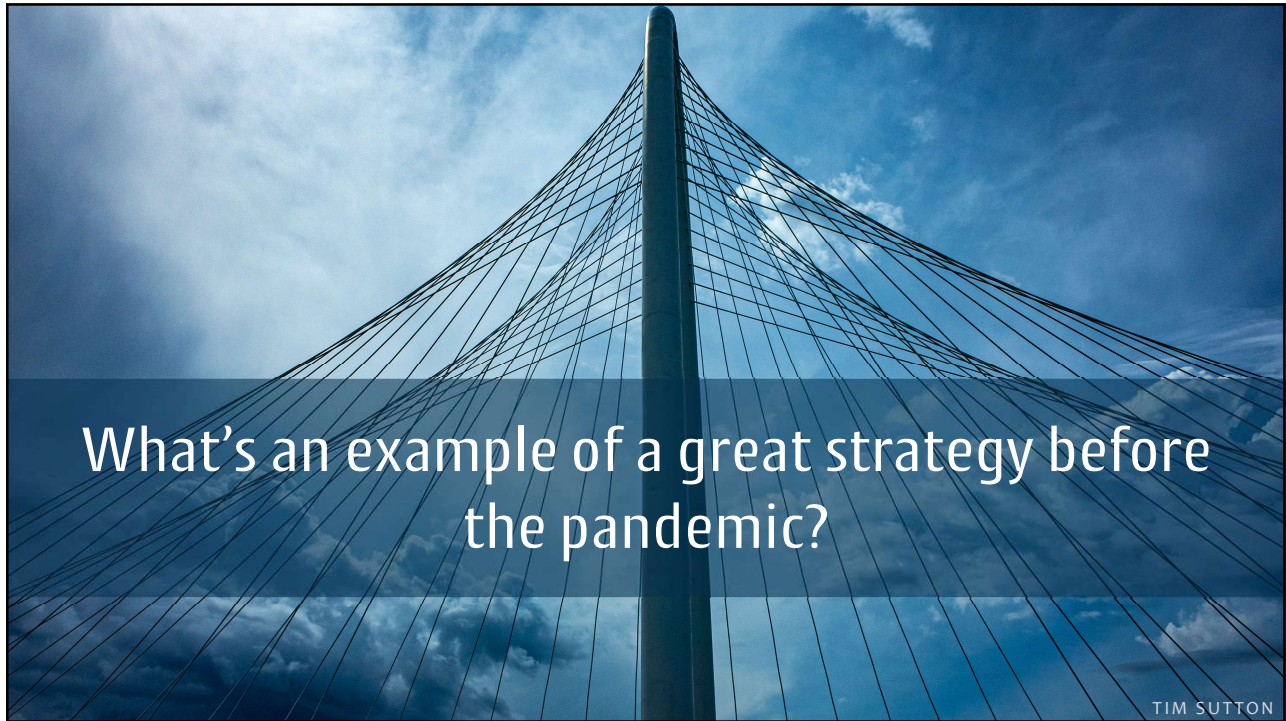
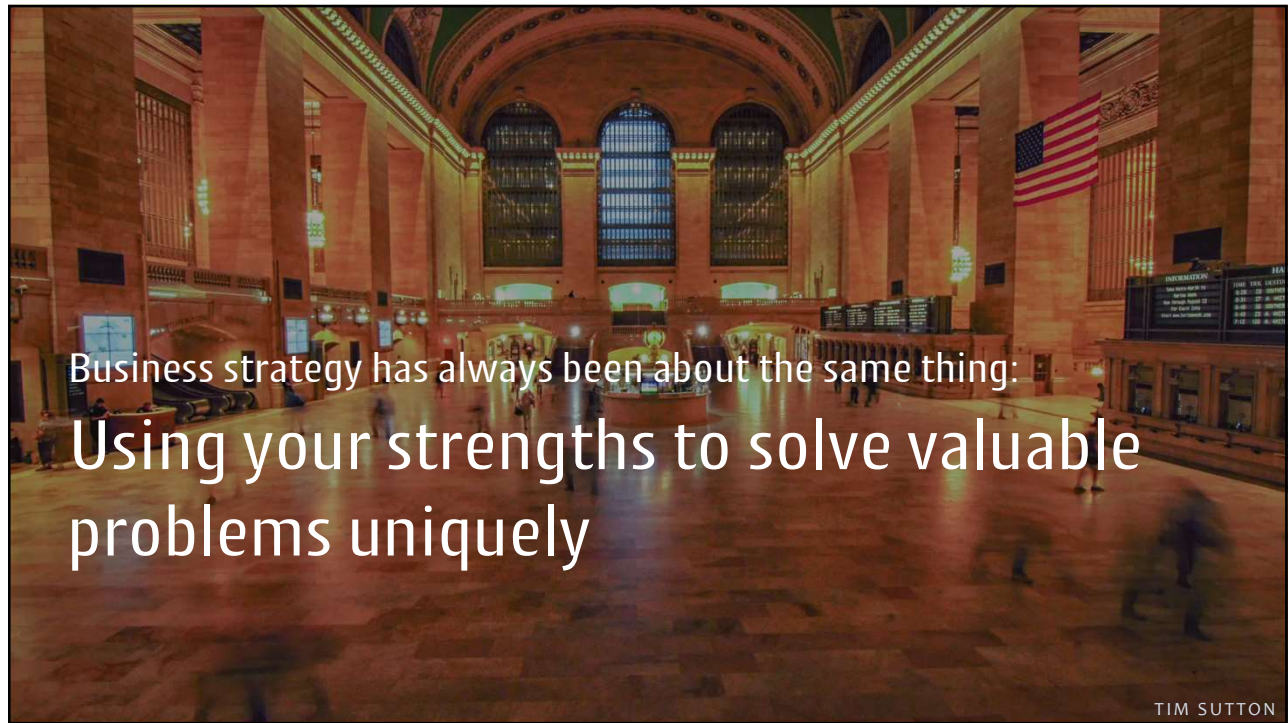




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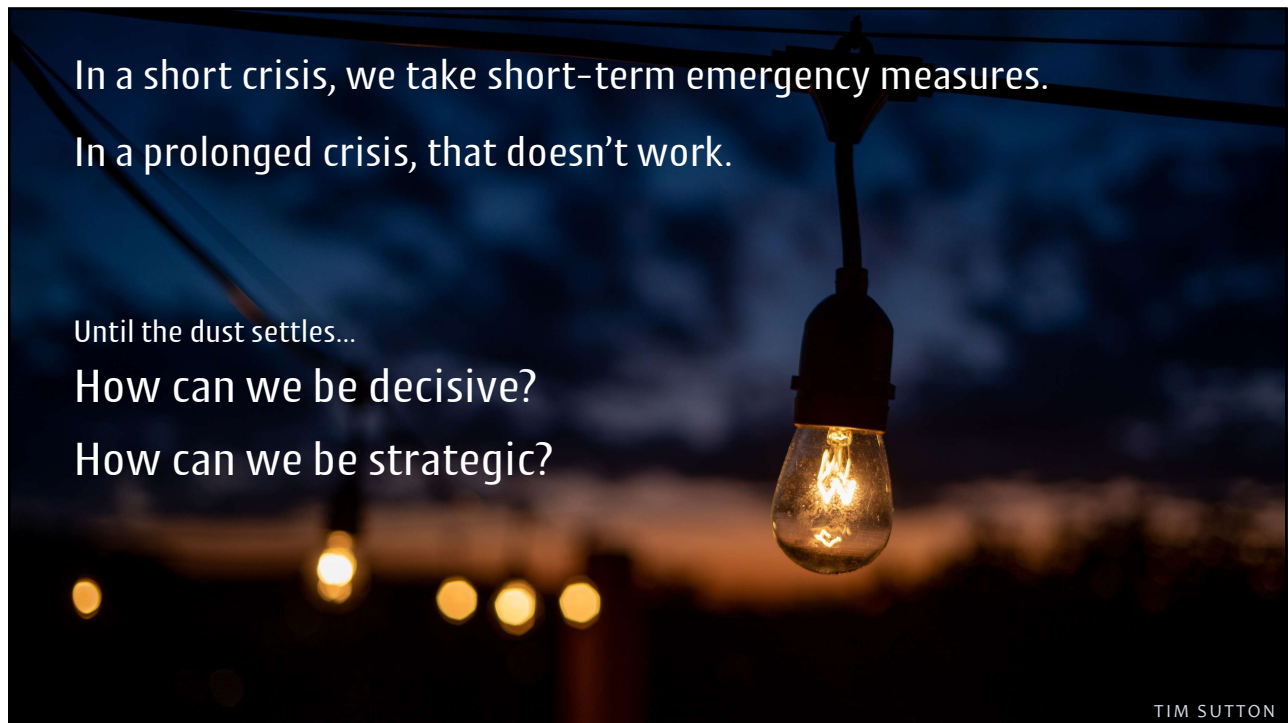
2



Business strategy has always been about the same thing:  
**Using your strengths to solve valuable  
problems uniquely**

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In a short crisis, we take short-term emergency measures.  
In a prolonged crisis, that doesn't work.

Until the dust settles...  
**How can we be decisive?**  
**How can we be strategic?**

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Even in good times, organizations  
can struggle with strategy

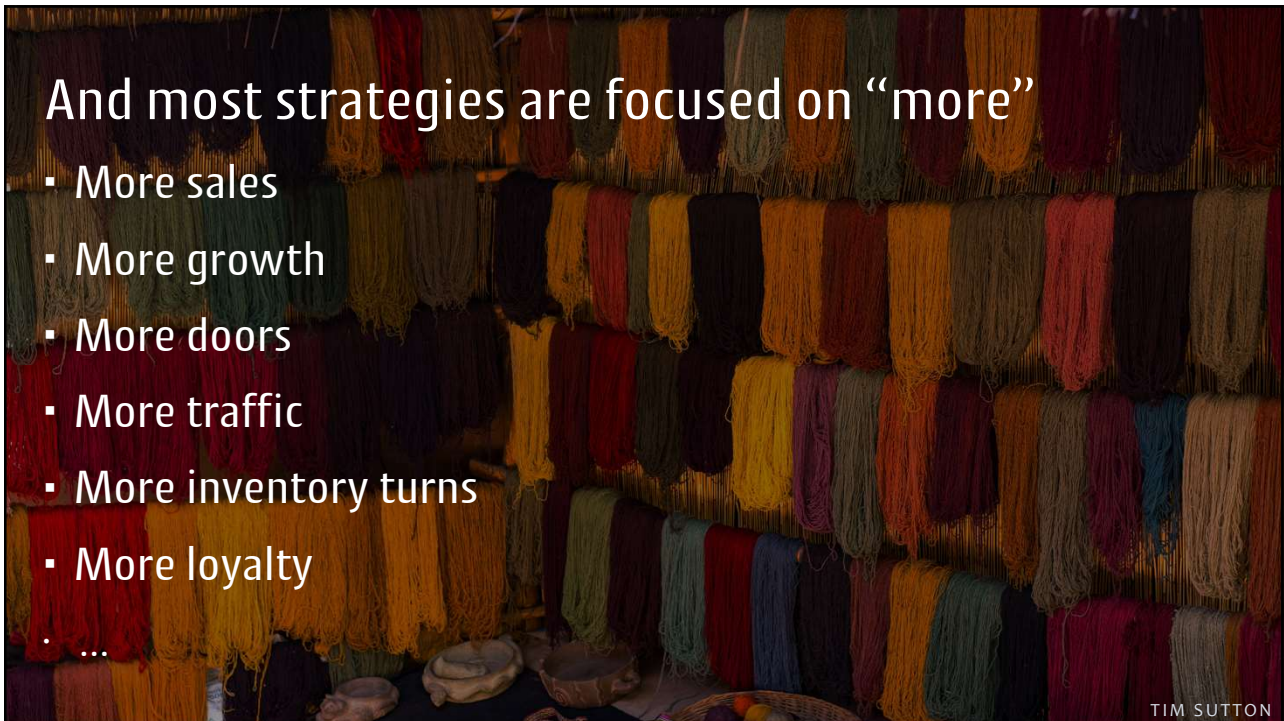


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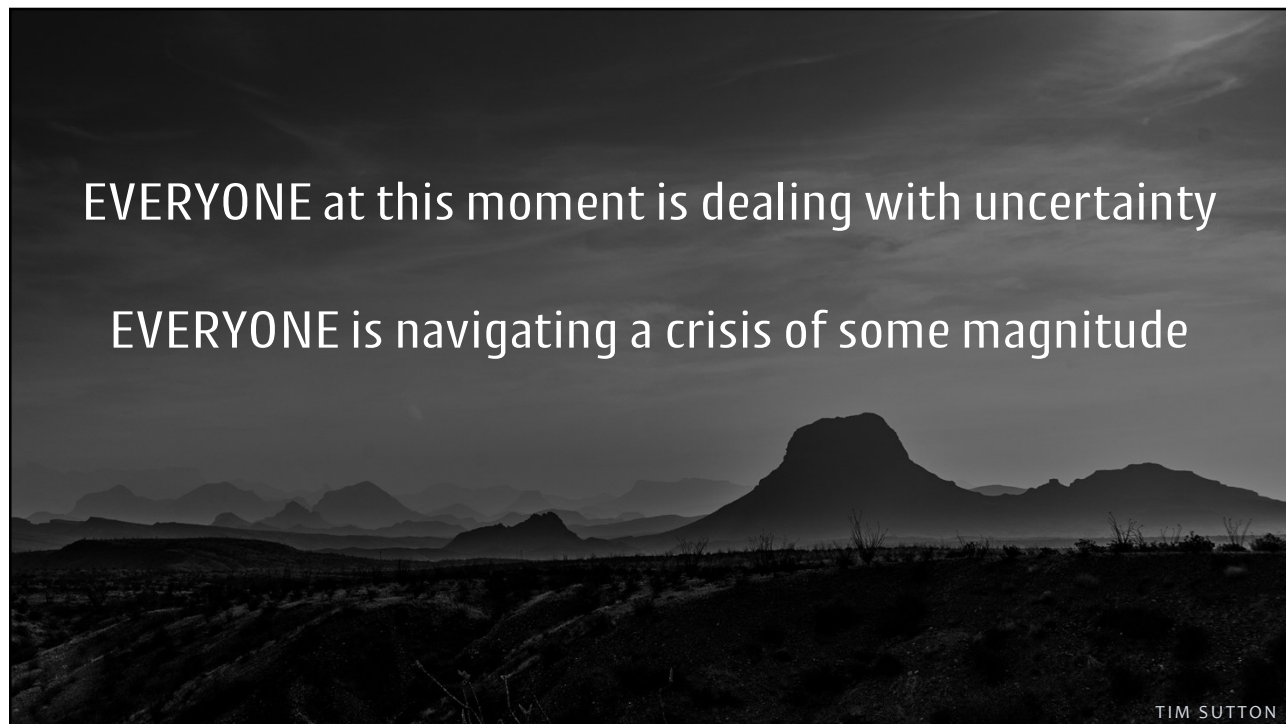
And most strategies are focused on “more”

- More sales
- More growth
- More doors
- More traffic
- More inventory turns
- More loyalty

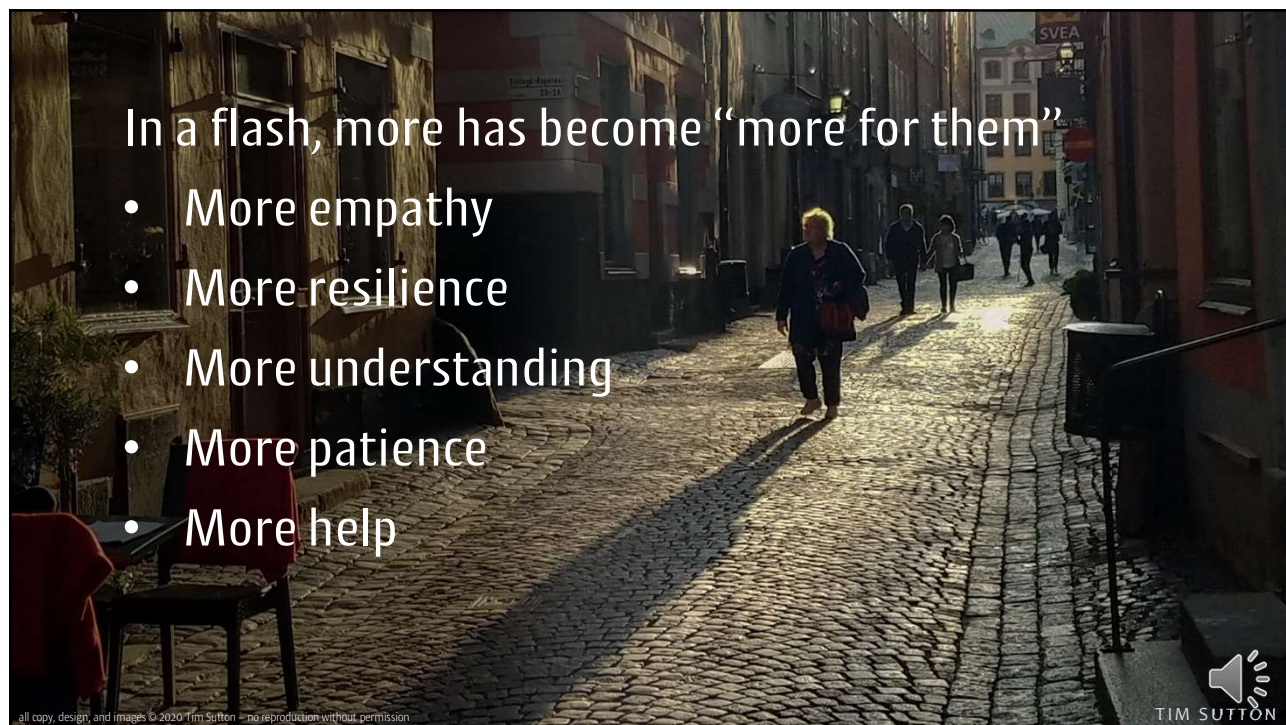
• ...



6



7



8



First law of strategy:

No matter the circumstances - we own our outcome

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We've **lost sales**

We've **lost traffic**

We're **letting employees go**

We're **struggling to renegotiate** fixed costs

We have **captive inventory** with a short shelf life

We have a **massively disrupted supply chain**

We're facing **uncertain delays** for anything non-essential

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They're afraid of losing loved ones  
They've afraid of losing their job or income  
They are anxious about financial security  
Their sense of mobility and independence  
have been radically reduced  
Their operating radius has collapsed from  
continents to blocks  
They're cooped up with people they may not  
even like

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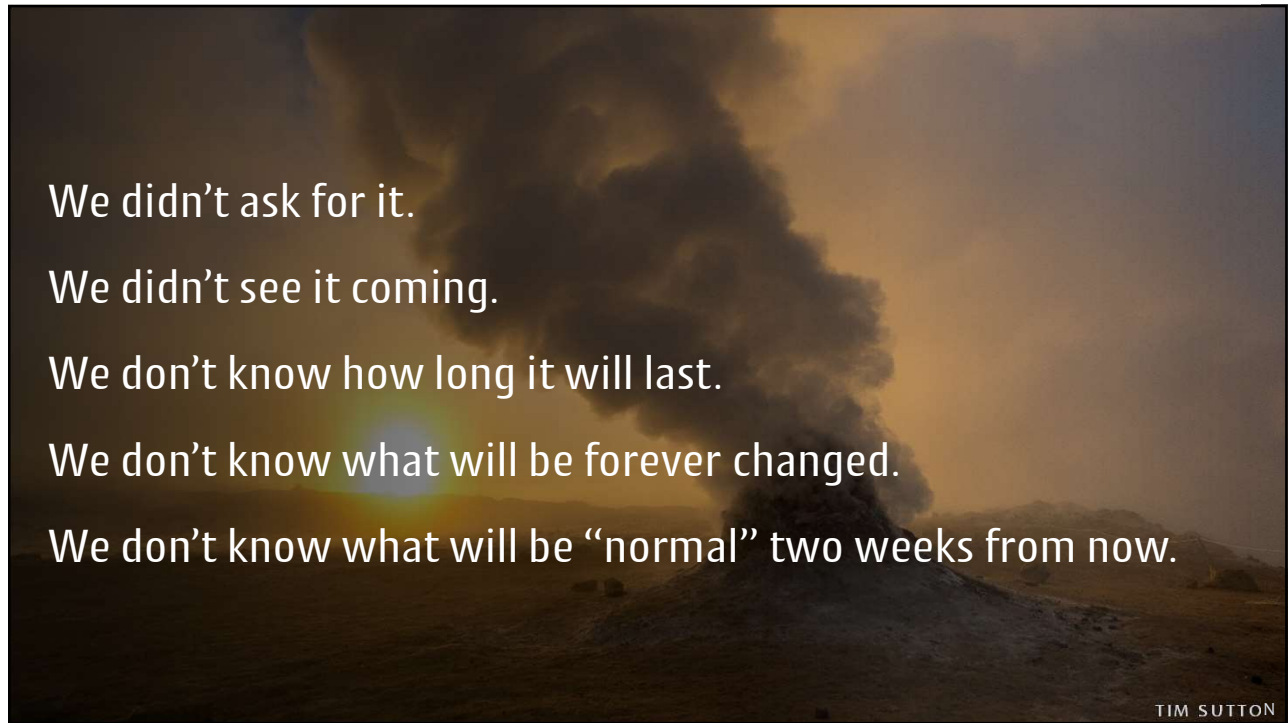


Second law of strategy:

a strategy is never about “what THEY have to do”  
it’s always about “what WE have to do”

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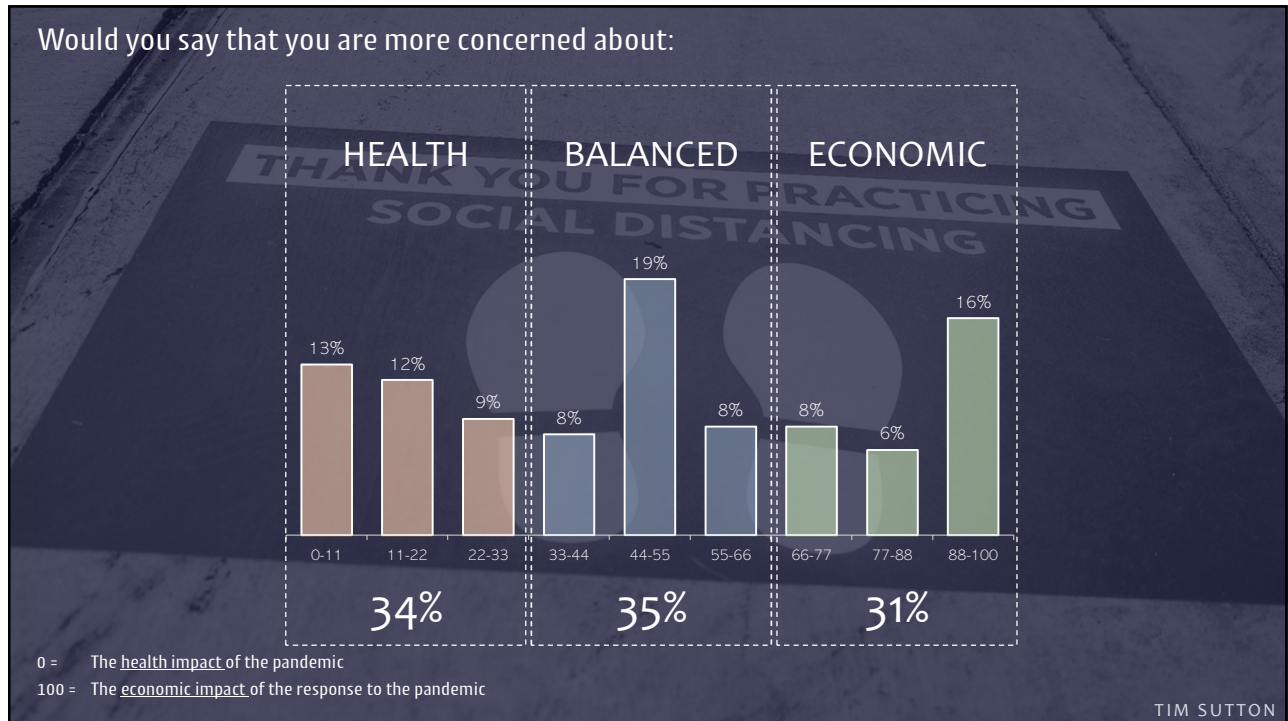
12



We didn't ask for it.  
 We didn't see it coming.  
 We don't know how long it will last.  
 We don't know what will be forever changed.  
 We don't know what will be "normal" two weeks from now.

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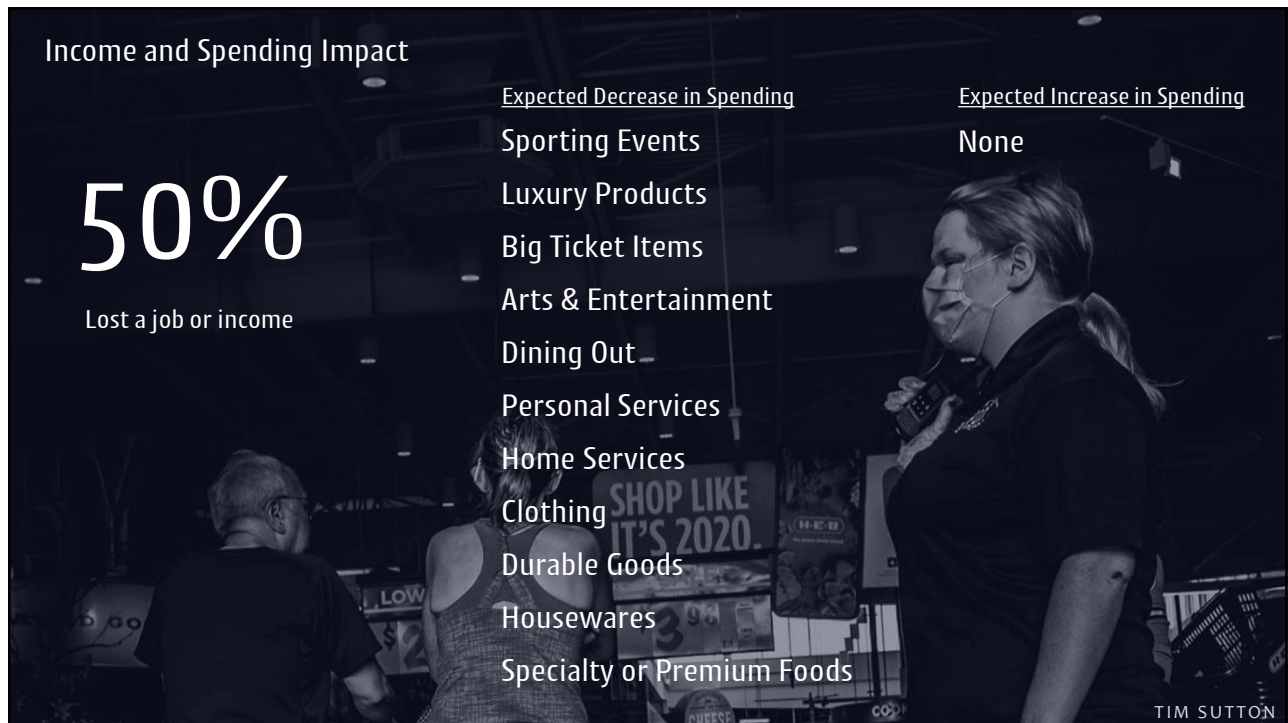


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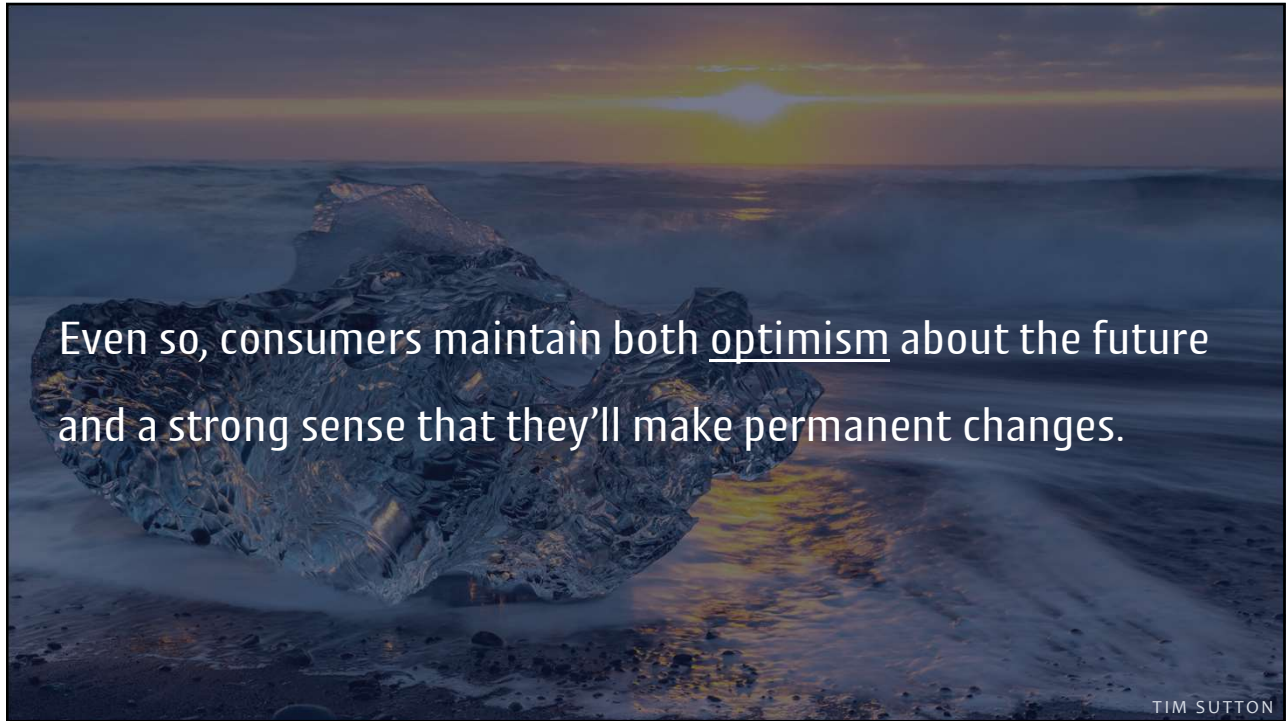


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Even so, consumers maintain both optimism about the future and a strong sense that they'll make permanent changes.

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Optimism

75%

Are more appreciative than sad

27%

Are very optimistic about the future

<12 mos

expected time to return to stability

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**Expected permanent changes**

<u>Online Activity</u>	<u>Other Behavior</u>	<p><b>8%</b> expect no changes</p>
Shopping for non-groceries	Increase Savings	
Curbside Pickup	Reduce Travel	
News Consumption	Reduce Consumer Debt	
Social Media	More Time at Home	
eLearning	Stock up to Prepare	
Shopping for Groceries	Fewer Public Events	
	Support Local Businesses	

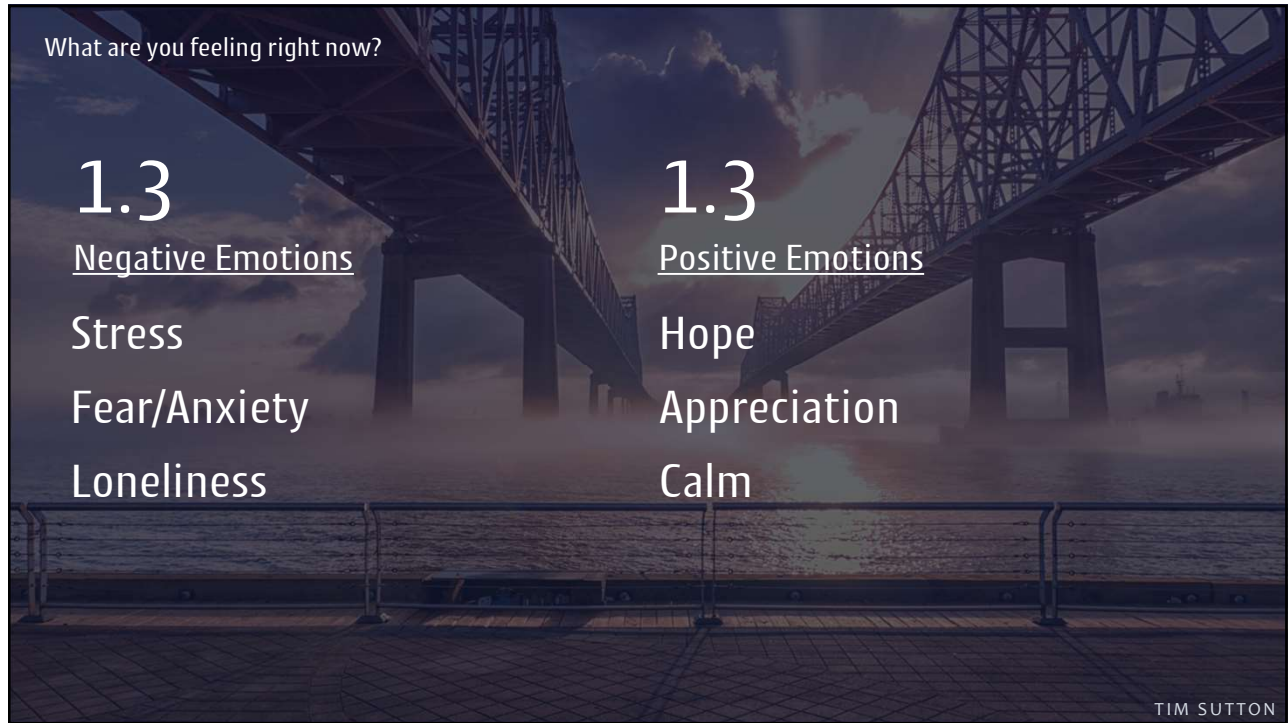
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<u>Miss the most</u>	<u>Appreciate the most</u>	<p><b>4%</b> Appreciate nothing</p>
Getting Together	Spending Time with Family	
Shopping Normally	Spending Less Money	
Eating Out	Cooking More at Home	
Sense of Safety	Time to Read/Watch	
	Time for Rest and Self Care	
	Everyday Heroes	

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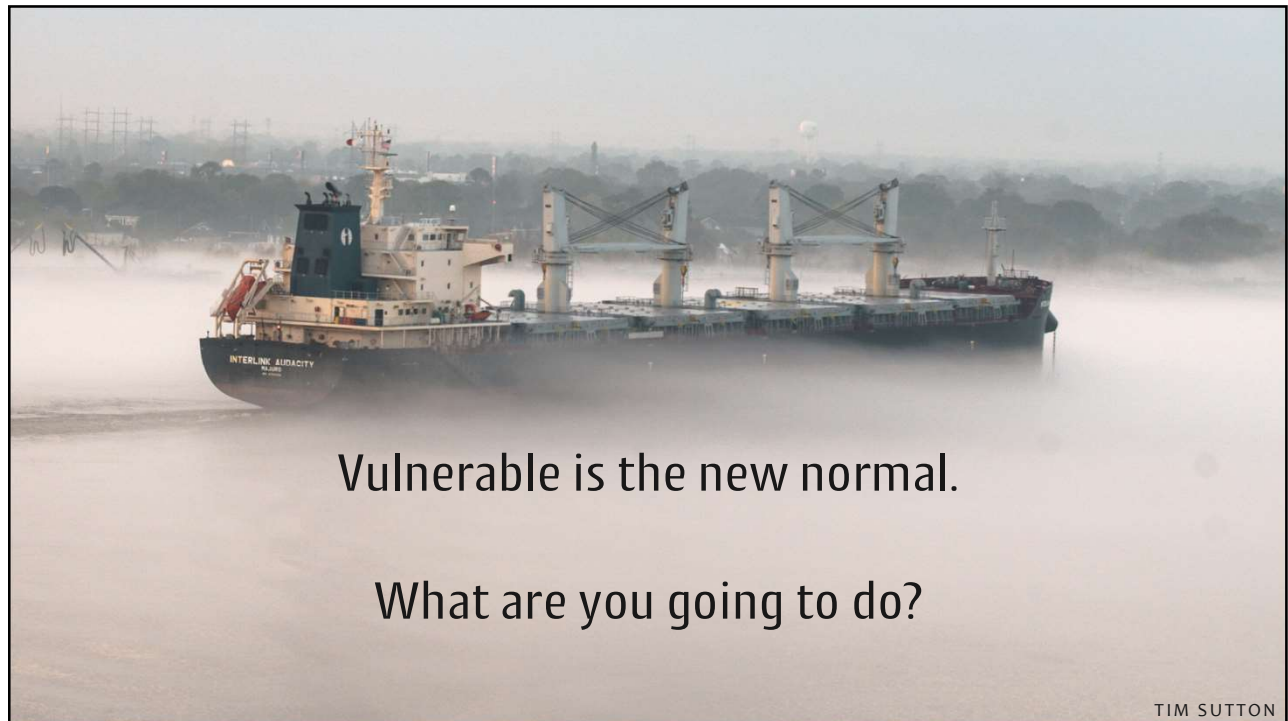
What are you feeling right now?

**1.3**  
Negative Emotions  
Stress  
Fear/Anxiety  
Loneliness

**1.3**  
Positive Emotions  
Hope  
Appreciation  
Calm

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Vulnerable is the new normal.

What are you going to do?

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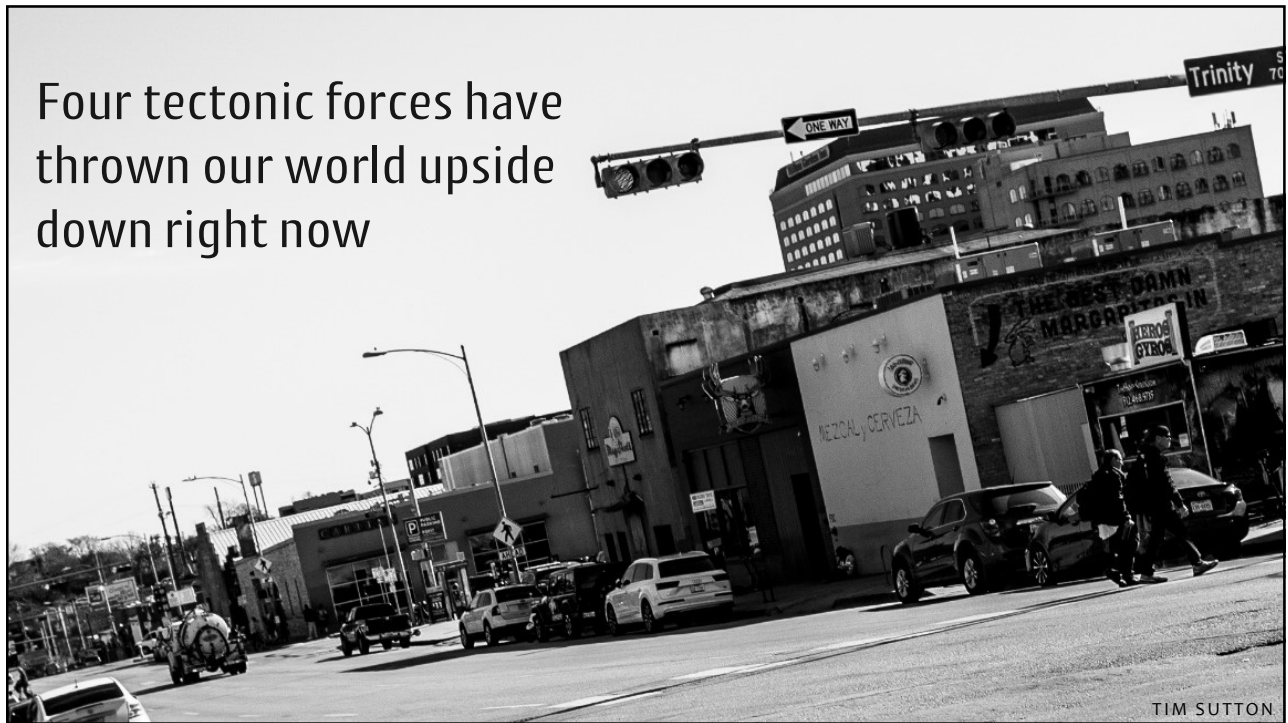
22



History has shown that those who think and act the most calmly, clearly, and critically and take appropriate actions come out stronger

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Four tectonic forces have thrown our world upside down right now

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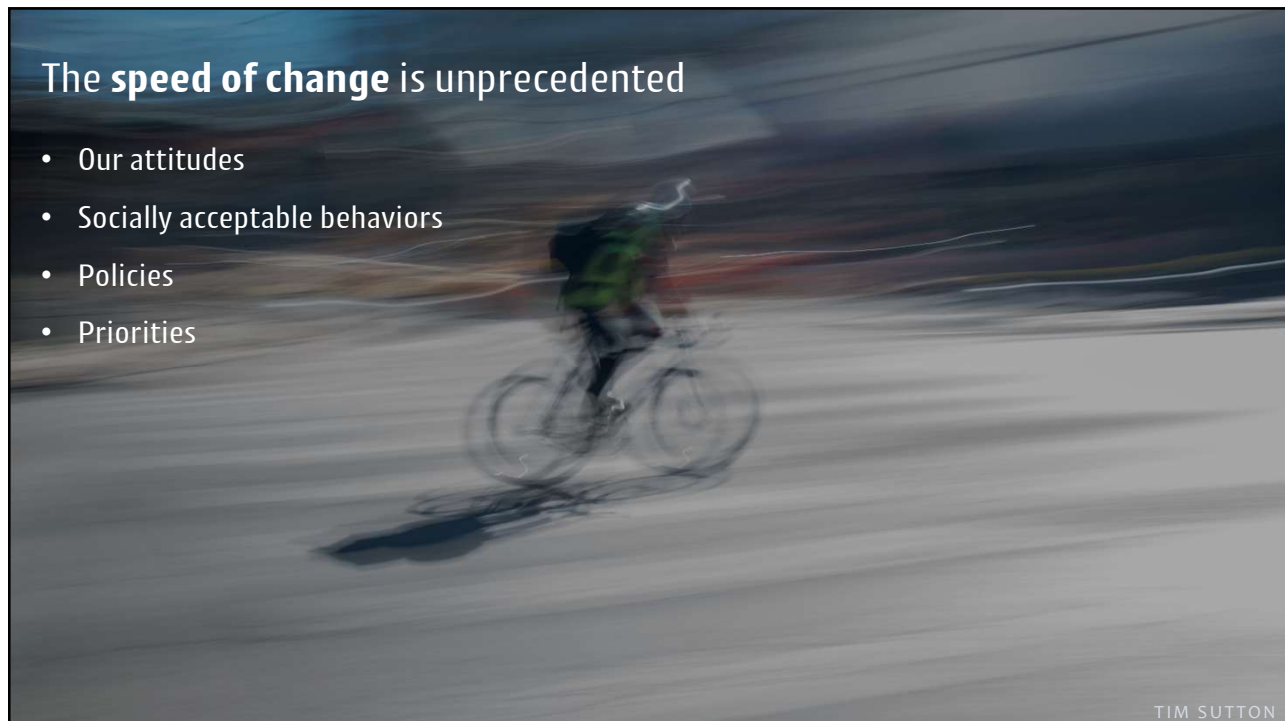


It's now more important to **look human** than look perfect

- We are embracing imperfection if it's honest and sincere
- We're openly acknowledge emotion even in business context
- Universally coping with uncertainty
- Now is not the time to look self-serving.
- Tone deaf is probably the biggest fail right now.

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The **speed of change** is unprecedented

- Our attitudes
- Socially acceptable behaviors
- Policies
- Priorities

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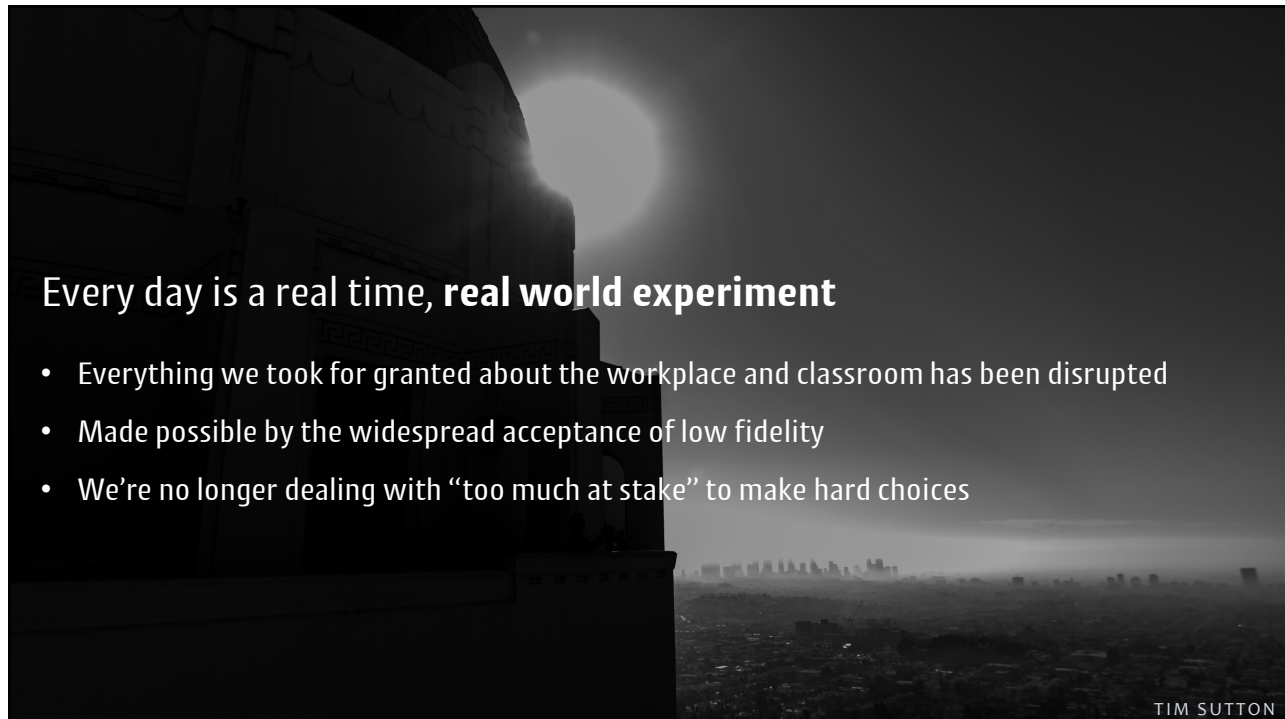


**We're also being forced to **slow down****

- We're no longer in an environment where we can impose our timeline
- Delays and postponements are pervasive
- We've pushed pause on the expectation of uninterrupted growth
- Isolation is giving us a chance to re-evaluate urgency

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**Every day is a real time, **real world experiment****

- Everything we took for granted about the workplace and classroom has been disrupted
- Made possible by the widespread acceptance of low fidelity
- We're no longer dealing with "too much at stake" to make hard choices

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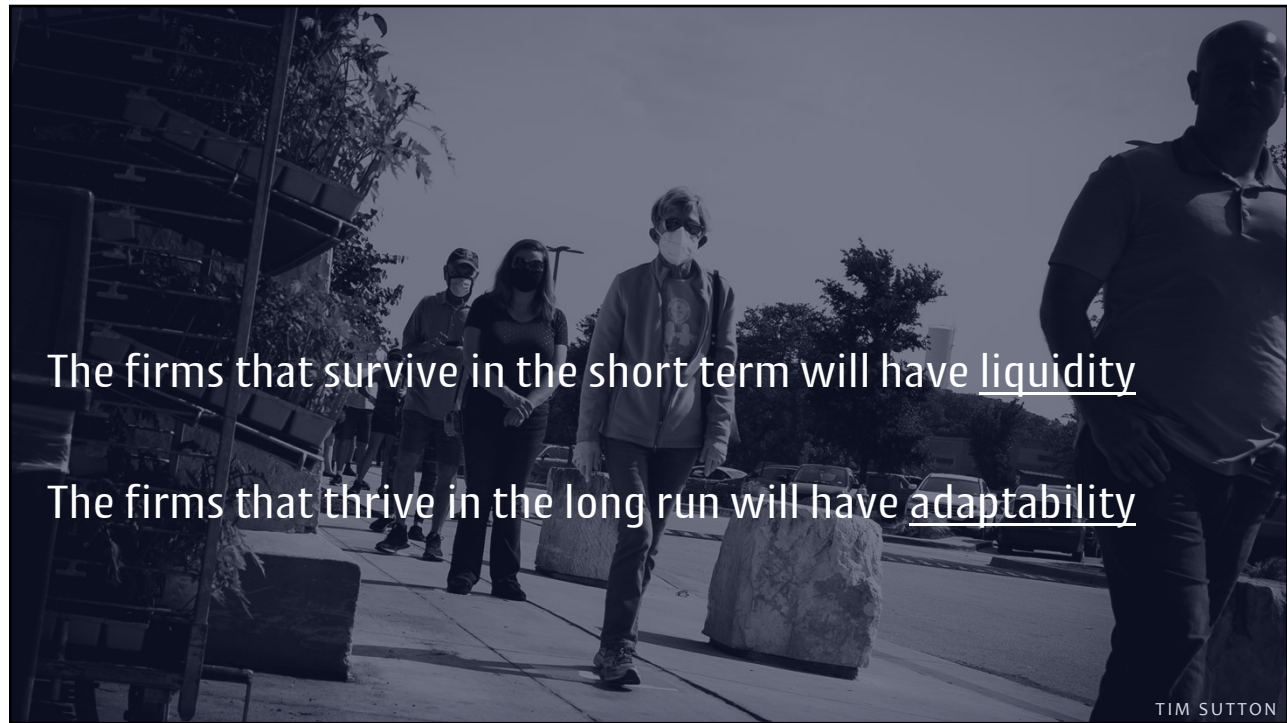
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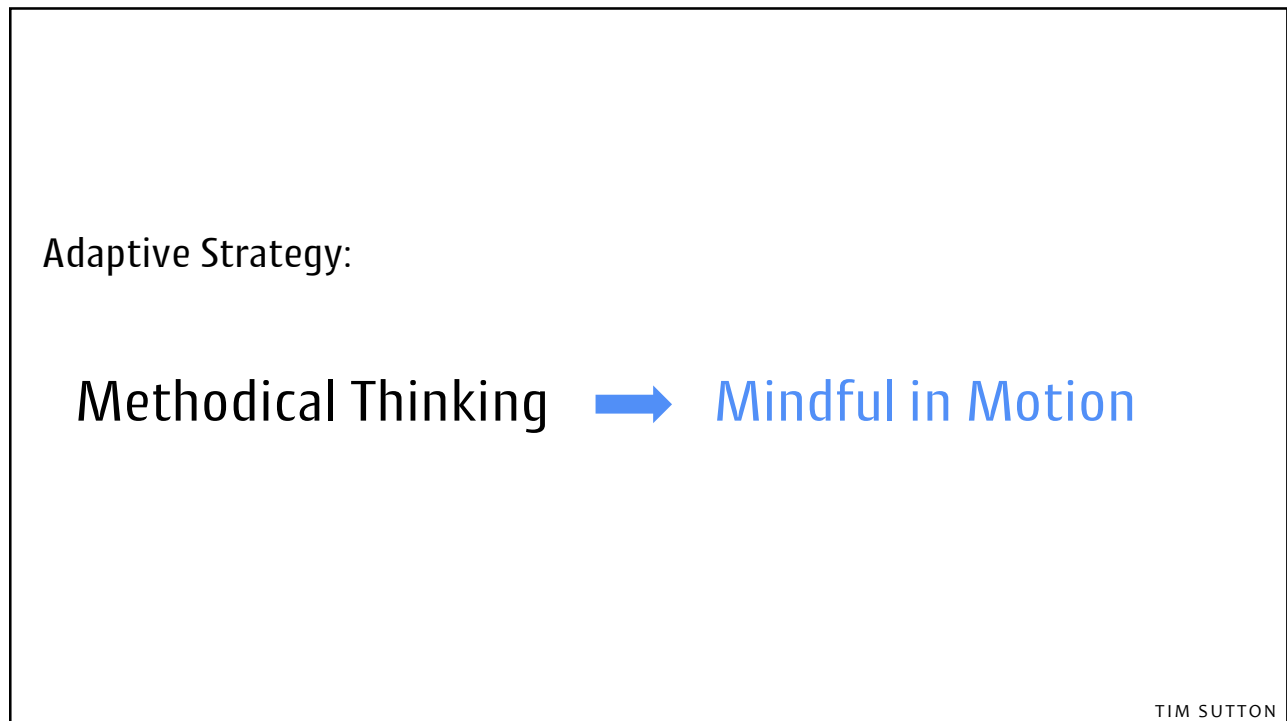
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31



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Core Assumption:

you want to come out of this **stronger**

you **don't want to change everything** at your core

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Where do we need to:

### GROUND OURSELVES

Shouldn't change, no matter what

- Our purpose
- Our promise
- Our tribe

### RE-EVALUATE

Should change to be relevant in the now

- Our tone?
- Our actions?
- Our capabilities?
- Our ambition?

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as timelines for uncertainty expands

and timeline for decisions collapse

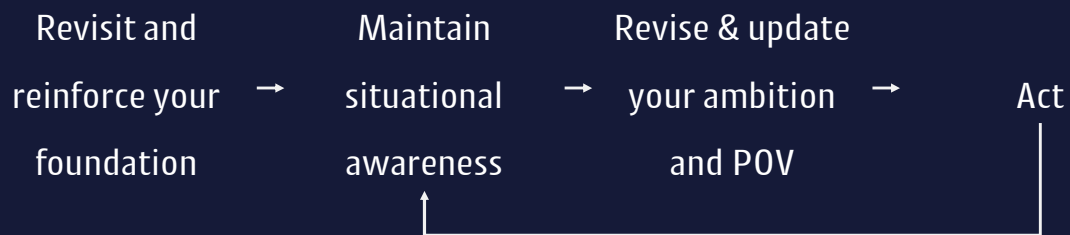
your POV on “what they need / what we can do”

essentially becomes your adaptive strategy

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## ADAPTIVE STRATEGY IN PRACTICE



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## Our Footing:

### WHO WE ARE

What makes us unique?

What are we exceptional at?

What do we believe?

What defines us?

### WHO WE SERVE

Who are they?

What is important to them?

What makes them fulfilled?

What's valuable to them?

### WHY WE'RE HERE

The change we're fighting for?

What would the world miss?

What role do we play?

What is our promise?

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### WHO WE ARE

What makes us unique?

What are we exceptional at?

What do we believe?

What defines us?

- *We've been a leading hardware retailer for 50 years.*
- *We have exceptional understanding of the trades.*
- *We believe the job isn't done if it isn't done right.*
- *We're humble, honest and straight to the point.*

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## WHO WE SERVE

Who are they?

What is important to them?

What makes them fulfilled?

What's valuable to them?

- *Craftsmen and weekend warriors.*
- *They rely on their tools.*
- *They have a strong sense of duty.*
- *They're tougher than any challenge they face.*

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## WHY WE'RE HERE

The change we're fighting for?

What would the world miss?

What role do we play?

What is our promise?

- *We're committed to a world that works better.*
- *We provide timeless, dependable tools that will work as long and as hard as you do.*

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## Situational Awareness

### OUR CUSTOMERS

*What is changing for them?  
What is causing them pain or is unresolved for them?*

### OUR REALITY

*The major assets that can be applied  
Business fundamentals of the company*

### WHERE WE DO BUSINESS

*The current situation and emerging  
dynamics of our marketplace, including alternatives*

### WHAT IT TAKES TO DELIVER

*The operational requirements and  
commercial realities of delivering  
in this environment*

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## Situational Awareness: Tool Seller

### OUR CUSTOMERS

*Jobs are postponed or harder to come by.  
They don't want to lose their crews.  
They physically need to keep doing physical work.  
Jobs that allow for distancing are still going forward.*

### OUR REALITY

### WHERE WE DO BUSINESS

### WHAT IT TAKES TO DELIVER

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## Situational Awareness: Tool Seller

### OUR CUSTOMERS

*Jobs are postponed or harder to come by.  
They don't want to lose their crews.  
They physically need to keep doing physical work.  
Jobs that allow for distancing are still going forward.*

### OUR REALITY

*We can't operate physical stores  
Many of our employees are also in the trades  
Our online business is small because this is a relationship  
business  
We've never built out a rental business*

### WHERE WE DO BUSINESS

### WHAT IT TAKES TO DELIVER

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## Situational Awareness: Tool Seller

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### WHERE WE DO BUSINESS

*Those who are buying tools are buying them online.  
Brand are becoming less important.  
Inventory is piling up, so there's downward price pressure.  
Our customers want us to win so we're still here for them*

### WHAT IT TAKES TO DELIVER

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## Situational Awareness: Tool Seller

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### WHAT IT TAKES TO DELIVER

*Our infrastructure and team skills are centered on physical  
retail  
We need new technology solutions to do business differently  
We have the strongest relationships  
We may need new partnerships*

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## ADAPTIVE STRATEGY IN PRACTICE

### what they need

*What they'll notice  
What they'll love  
What they'll remember  
What's relevant now*

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# ADAPTIVE STRATEGY IN PRACTICE

## what they need – what we can do

<i>What they'll notice</i>	<i>True to our foundation</i>
<i>What they'll love</i>	<i>Within our constraints</i>
<i>What they'll remember</i>	<i>Moves us forward</i>
<i>What's relevant now</i>	<i>Leverages our strengths</i>

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## What makes it work?

### insight

*unobtrusive dialog  
let go of our normal lenses*

### ideas

*creativity loves constraints  
source ideas from everywhere*

### instinct

*fastest way to process input  
for now, the world is more forgiving*

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