What’s an example of a great strategy before the pandemic?
Business strategy has always been about the same thing:

Using your strengths to solve valuable problems uniquely

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?
Even in good times, organizations can struggle with strategy

And most strategies are focused on “more”
- More sales
- More growth
- More doors
- More traffic
- More inventory turns
- More loyalty
- ...
EVERYONE at this moment is dealing with uncertainty
EVERYONE is navigating a crisis of some magnitude

In a flash, more has become “more for them”
• More empathy
• More resilience
• More understanding
• More patience
• More help
First law of strategy:

No matter the circumstances - we own our outcome

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
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”**
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.

Would you say that you are more concerned about:

0 = The health impact of the pandemic
100 = The economic impact of the response to the pandemic

- HEALTH: 34%
- BALANCED: 35%
- ECONOMIC: 31%
Reported Behaviors

- 80% 2 shopping trips or less
- 70% eating out 1 time or less
- 55% spending $20 or less on self

Income and Spending Impact

- 50% Lost a job or income
- Expected Decrease in Spending
  - Sporting Events
  - Luxury Products
  - Big Ticket Items
  - Arts & Entertainment
  - Dining Out
  - Personal Services
  - Home Services
  - Clothing
  - Durable Goods
  - Housewares
  - Specialty or Premium Foods
- Expected Increase in Spending
  - None
Even so, consumers maintain both optimism about the future and a strong sense that they’ll make permanent changes.

- **75%** are more appreciative than sad.
- **27%** are very optimistic about the future.
- **<12 mos** expected time to return to stability.
Expected permanent changes

**Online Activity**
- Shopping for non-groceries
- Curbside Pickup
- News Consumption
- Social Media
- eLearning
- Shopping for Groceries

**Other Behavior**
- Increase Savings
- Reduce Travel
- Reduce Consumer Debt
- More Time at Home
- Stock up to Prepare
- Fewer Public Events
- Support Local Businesses

8% expect no changes

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**Miss the most**
- Getting Together
- Shopping Normally
- Eating Out
- Sense of Safety

**Appreciate the most**
- Spending Time with Family
- Spending Less Money
- Cooking More at Home
- Time to Read/Watch
- Time for Rest and Self Care
- Everyday Heroes

4% Appreciate nothing
1.3 Negative Emotions
Stress
Fear/Anxiety
Loneliness

1.3 Positive Emotions
Hope
Appreciation
Calm

What are you feeling right now?

Vulnerable is the new normal.
What are you going to do?
History has shown that those who think and act the most calmly, clearly, and critically and take appropriate actions come out stronger.

Four tectonic forces have thrown our world upside down right now.
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.

The speed of change is unprecedented

• Our attitudes
• Socially acceptable behaviors
• Policies
• Priorities
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

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
How can we be strategic in this environment?

How can we not?
The firms that survive in the short term will have liquidity.

The firms that thrive in the long run will have adaptability.

Adaptive Strategy:

Methodical Thinking ➔ Mindful in Motion
Core Assumption:

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

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

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?
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

ADAPTIVE STRATEGY IN PRACTICE

Revisit and reinforce your foundation
Maintain situational awareness
Revise & update your ambition and POV
Act
Our Footing:

<table>
<thead>
<tr>
<th>WHO WE ARE</th>
<th>WHO WE SERVE</th>
<th>WHY WE’RE HERE</th>
</tr>
</thead>
<tbody>
<tr>
<td>What makes us unique?</td>
<td>Who are they?</td>
<td>The change we’re fighting for?</td>
</tr>
<tr>
<td>What are we exceptional at?</td>
<td>What is important to them?</td>
<td>What would the world miss?</td>
</tr>
<tr>
<td>What do we believe?</td>
<td>What makes them fulfilled?</td>
<td>What role do we play?</td>
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<tr>
<td>What defines us?</td>
<td>What’s valuable to them?</td>
<td>What is our promise?</td>
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**WHO WE ARE**

- 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.
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.

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.
## Situational Awareness

<table>
<thead>
<tr>
<th>OUR CUSTOMERS</th>
<th>OUR REALITY</th>
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| What is changing for them?  
What is causing them pain or is unresolved for them? | The major assets that can be applied  
Business fundamentals of the company |

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<th>WHERE WE DO BUSINESS</th>
<th>WHAT IT TAKES TO DELIVER</th>
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</table>
| The current situation and emerging  
dynamics of our marketplace, including alternatives | The operational requirements and commercial realities of delivering in this environment |

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### Situational Awareness: Tool Seller

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They physically need to keep doing physical work.  
Jobs that allow for distancing are still going forward. |  |

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Situational Awareness: Tool Seller

OUR CUSTOMERS

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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

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

TIM SUTTON
### 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
ADAPTIVE STRATEGY IN PRACTICE

what they need – what we can do

What they’ll notice | True to our foundation
What they’ll love | Within our constraints
What they’ll remember | Moves us forward
What’s relevant now | Leverages our strengths

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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