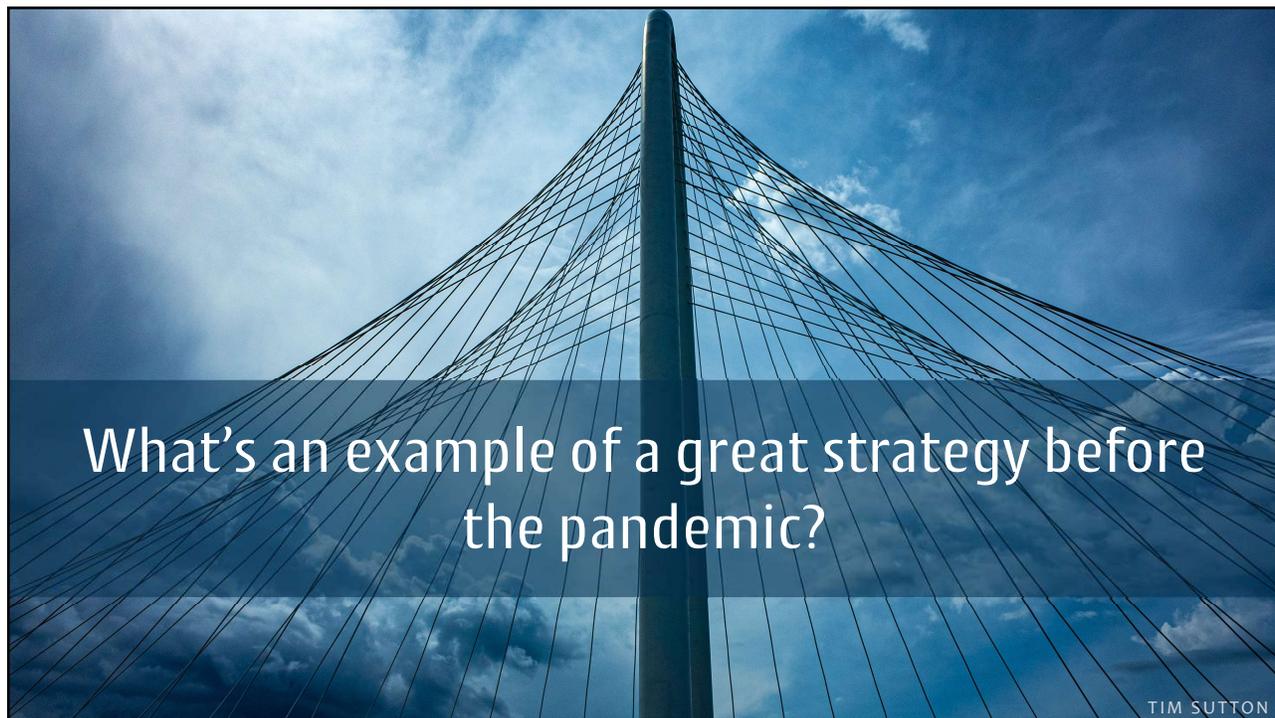
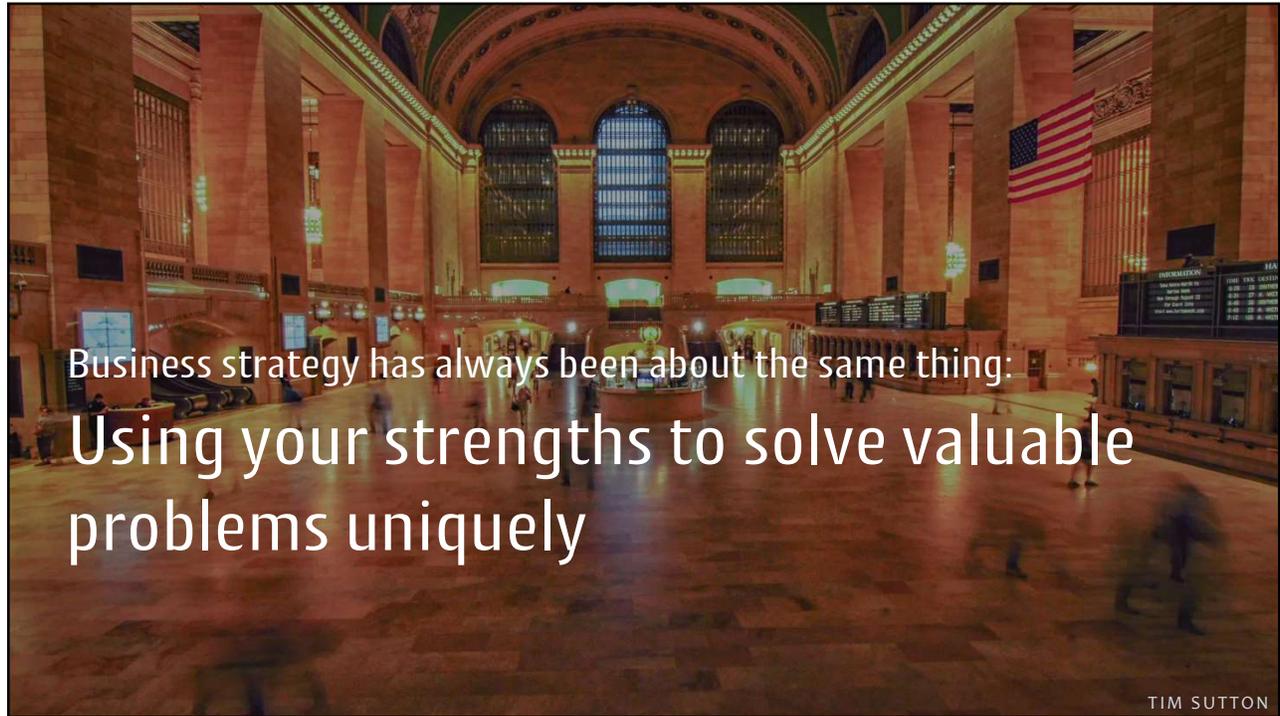




1



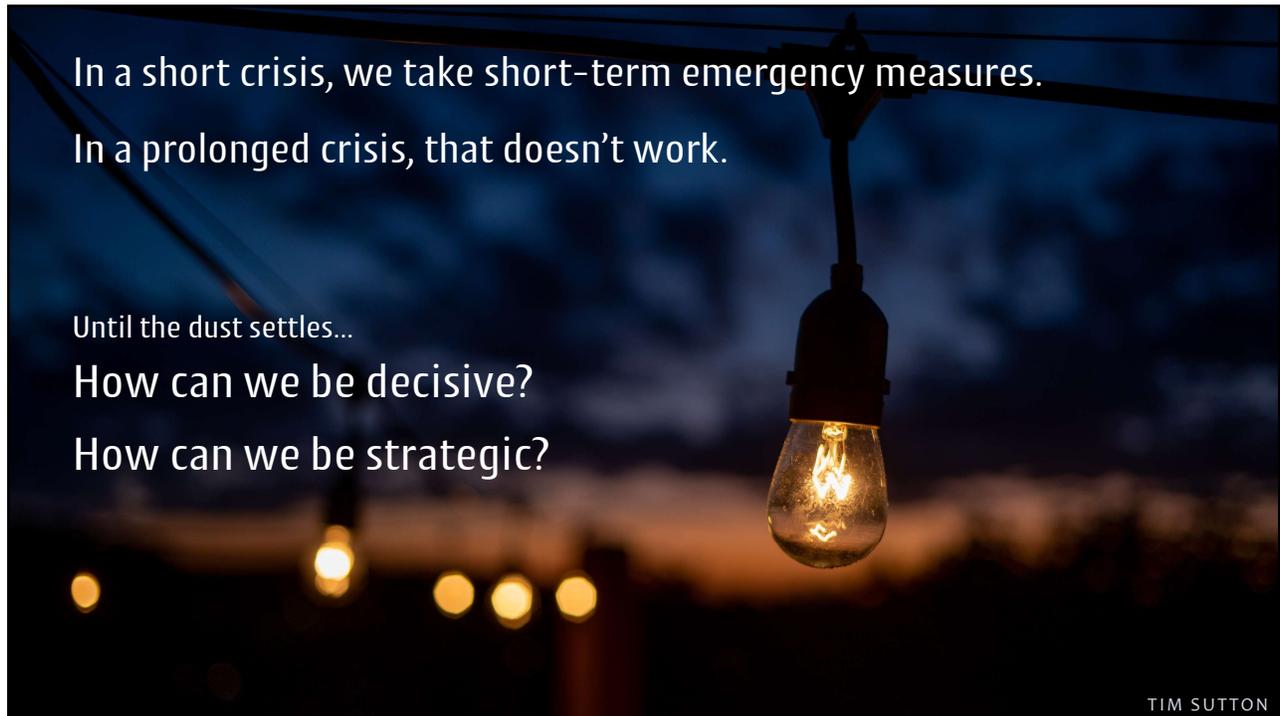
2



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

TIM SUTTON

3



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?

TIM SUTTON

4

Even in good times, organizations can struggle with strategy



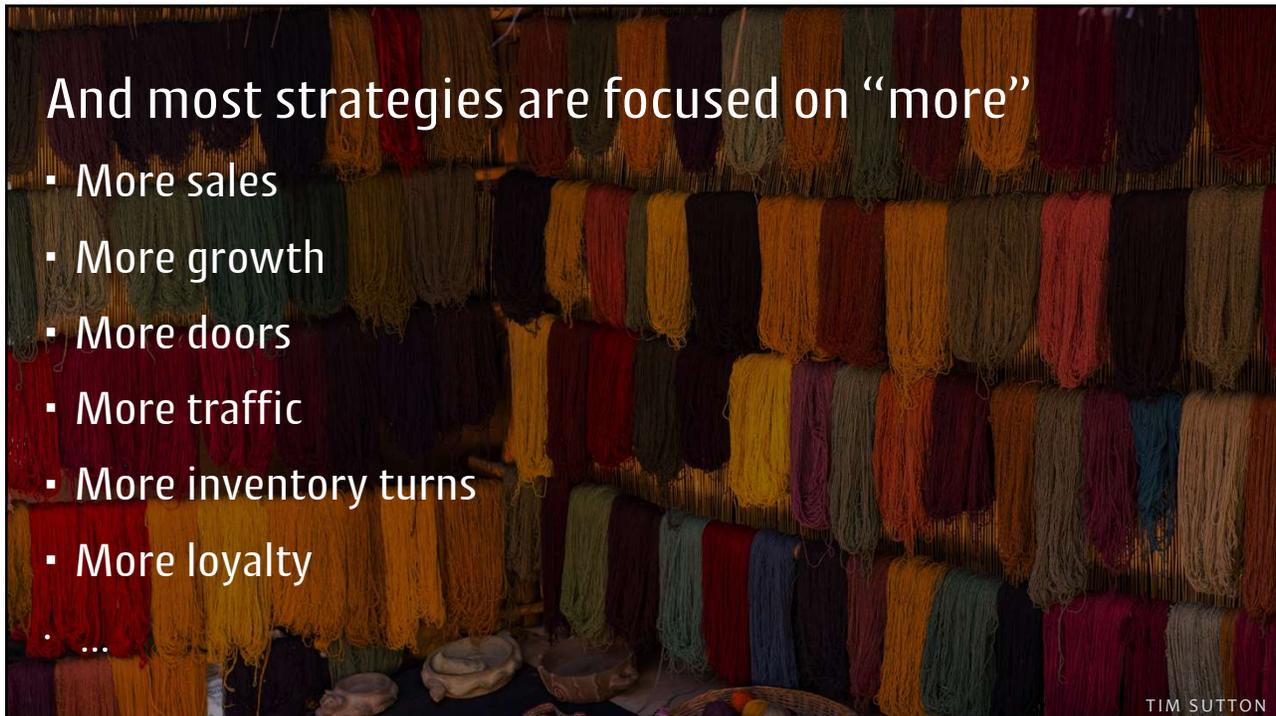
TIM SUTTON

5

And most strategies are focused on “more”

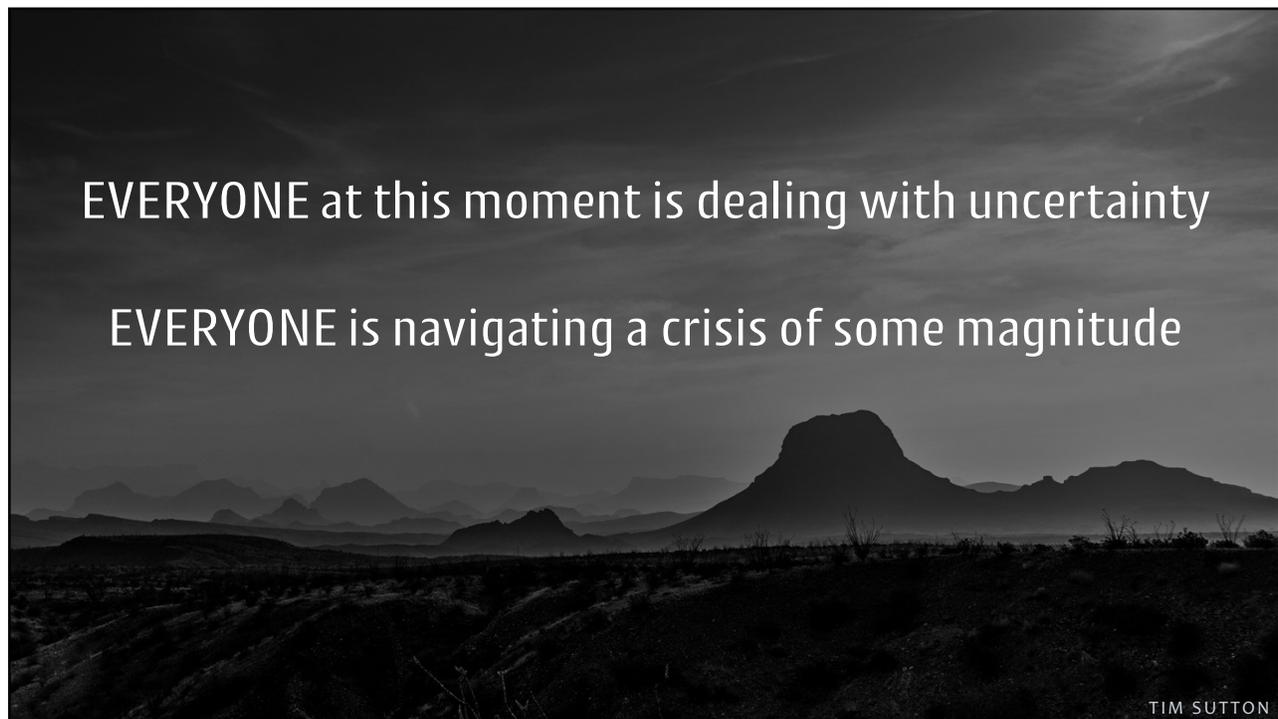
- More sales
- More growth
- More doors
- More traffic
- More inventory turns
- More loyalty

• ...

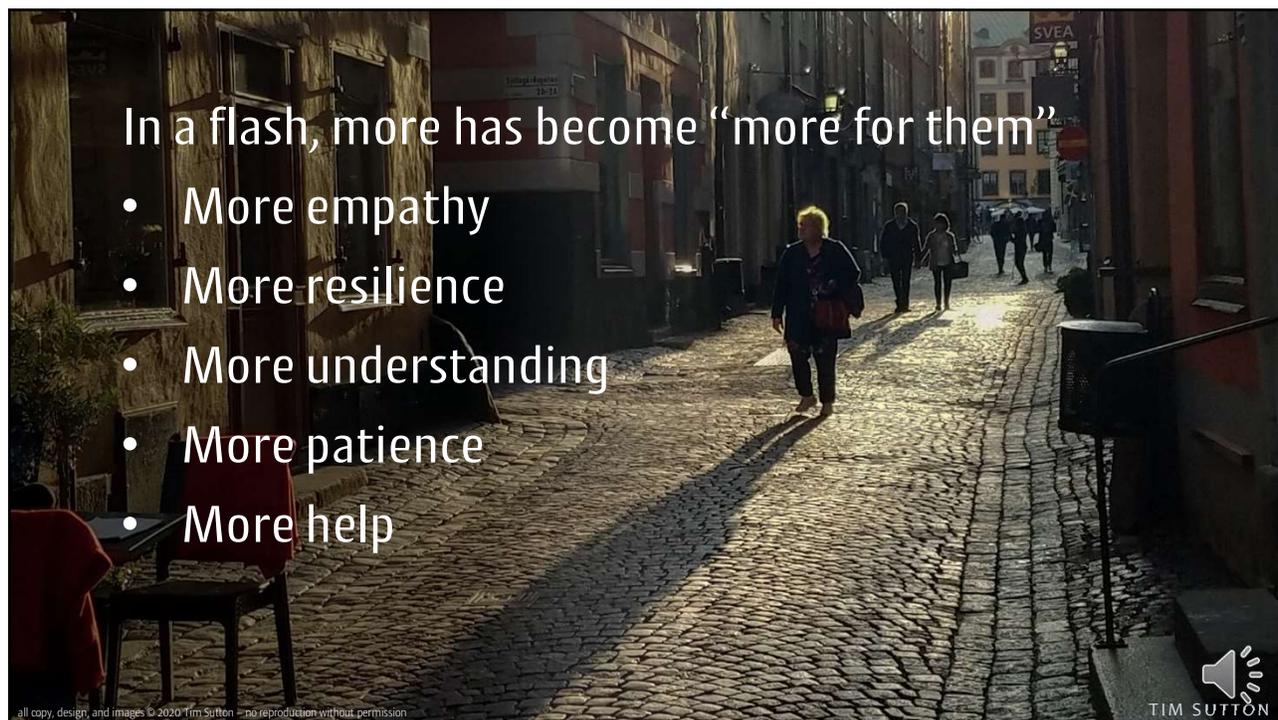


TIM SUTTON

6



7



8



First law of strategy:

No matter the circumstances - we own our outcome

TIM SUTTON

9

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

TIM SUTTON

10



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

TIM SUTTON

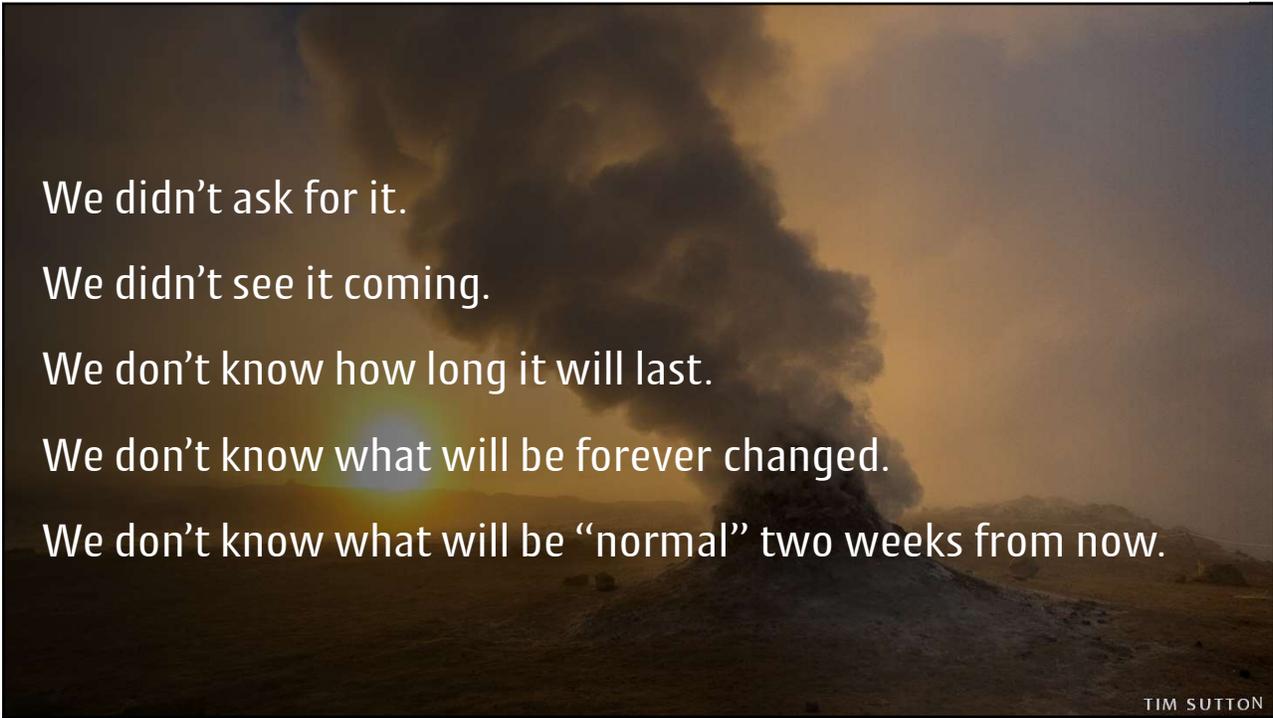
11



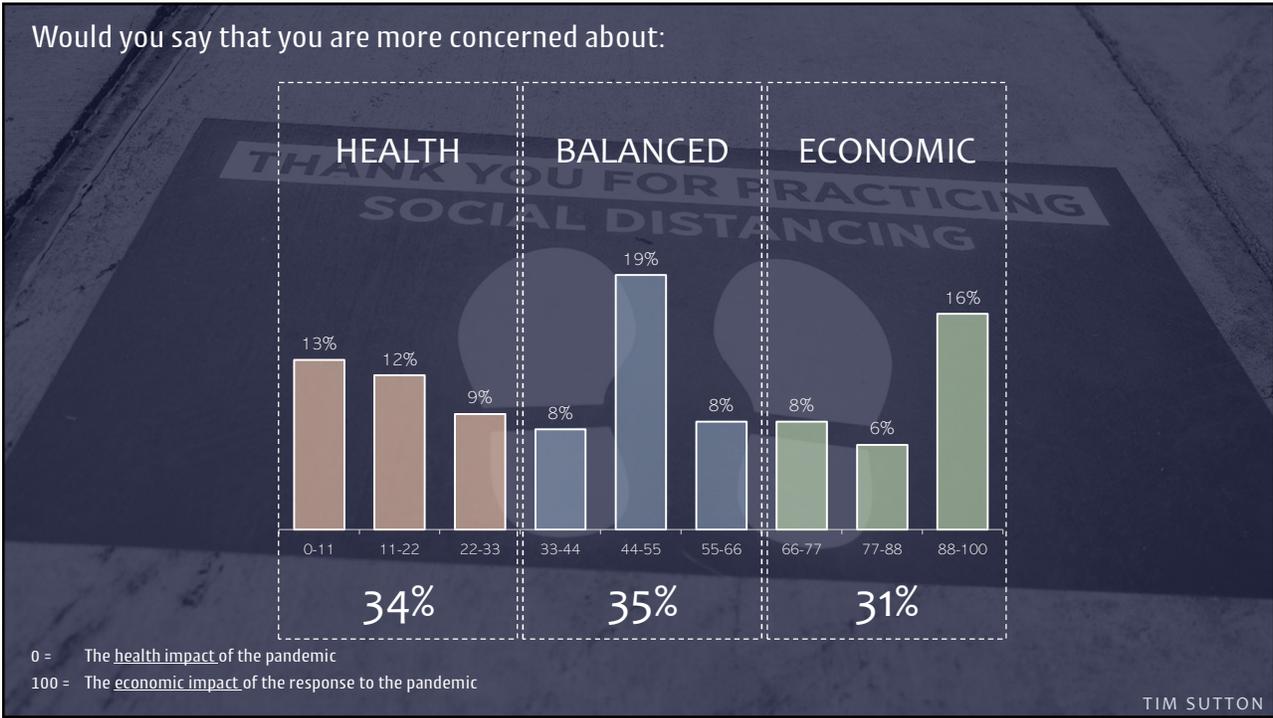
Second law of strategy:
a strategy is never about "what THEY have to do"
it's always about "what WE have to do"

TIM SUTTON

12



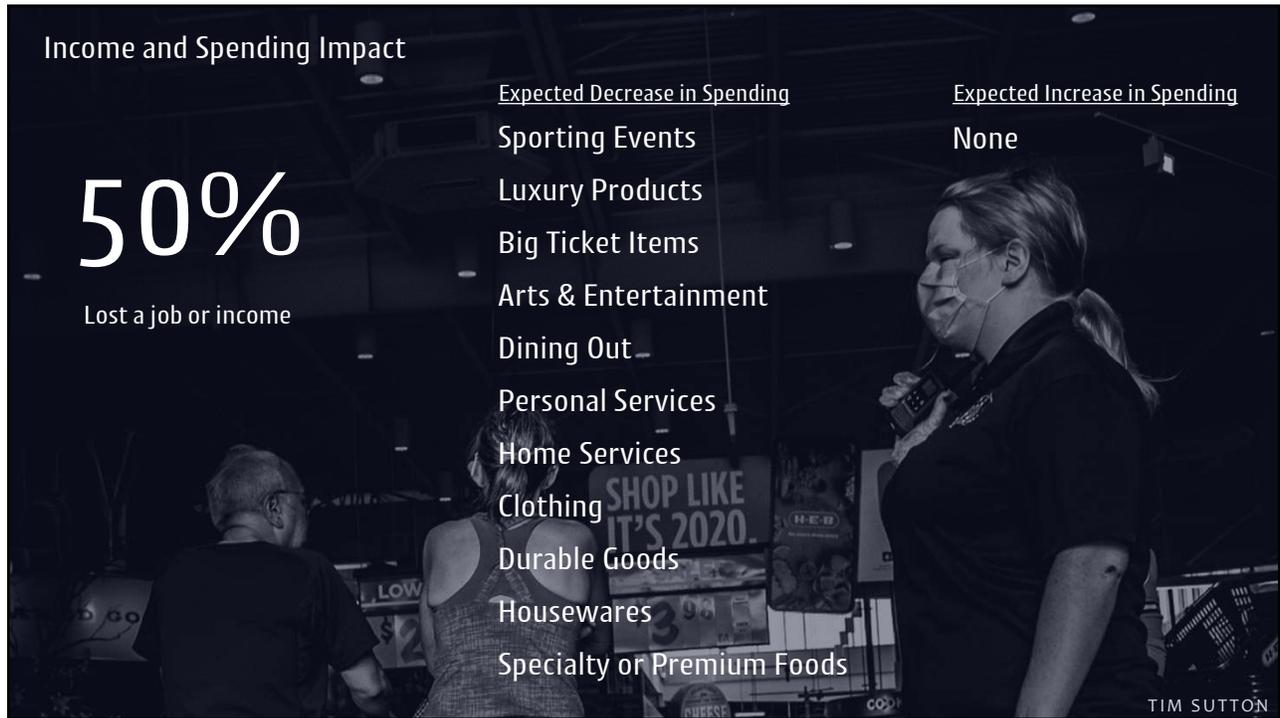
13



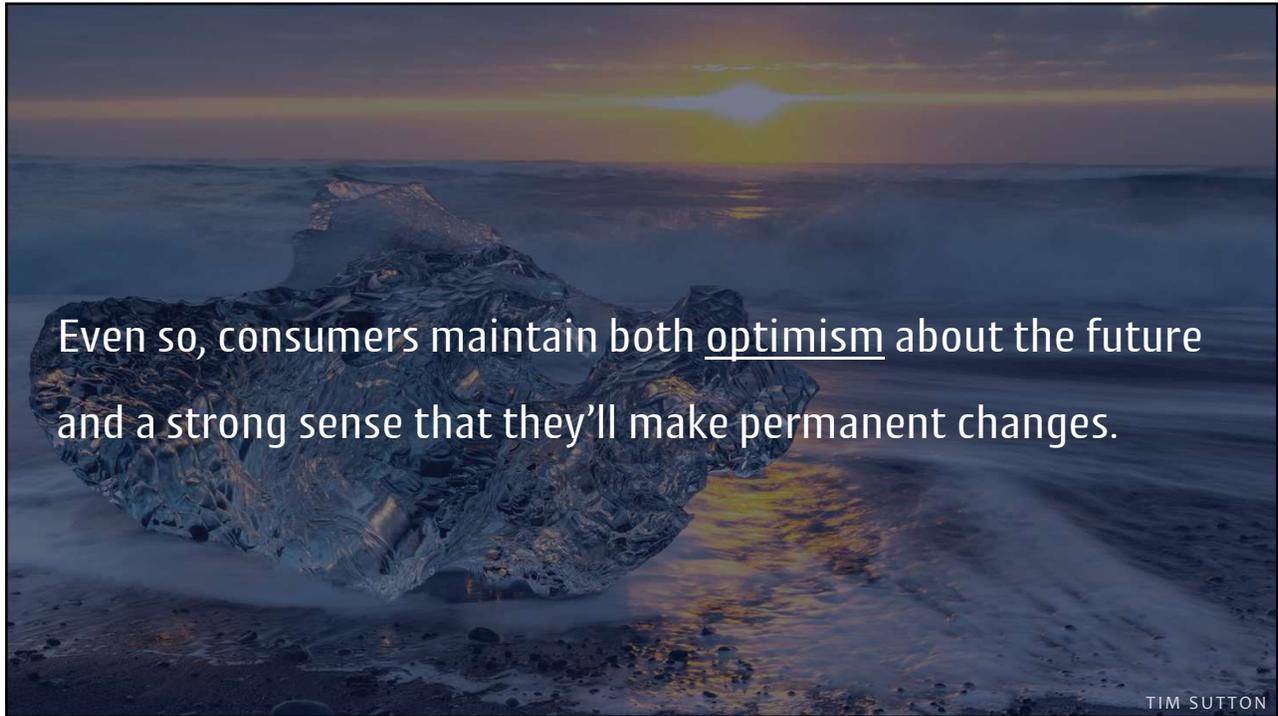
14



15



16



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

TIM SUTTON

17



Optimism

75%

Are more appreciative than sad

27%

Are very optimistic about the future

<12 mos

expected time to return to stability

TIM SUTTON

18

Expected permanent changes

<u>Online Activity</u>	<u>Other Behavior</u>	<p>8% 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	

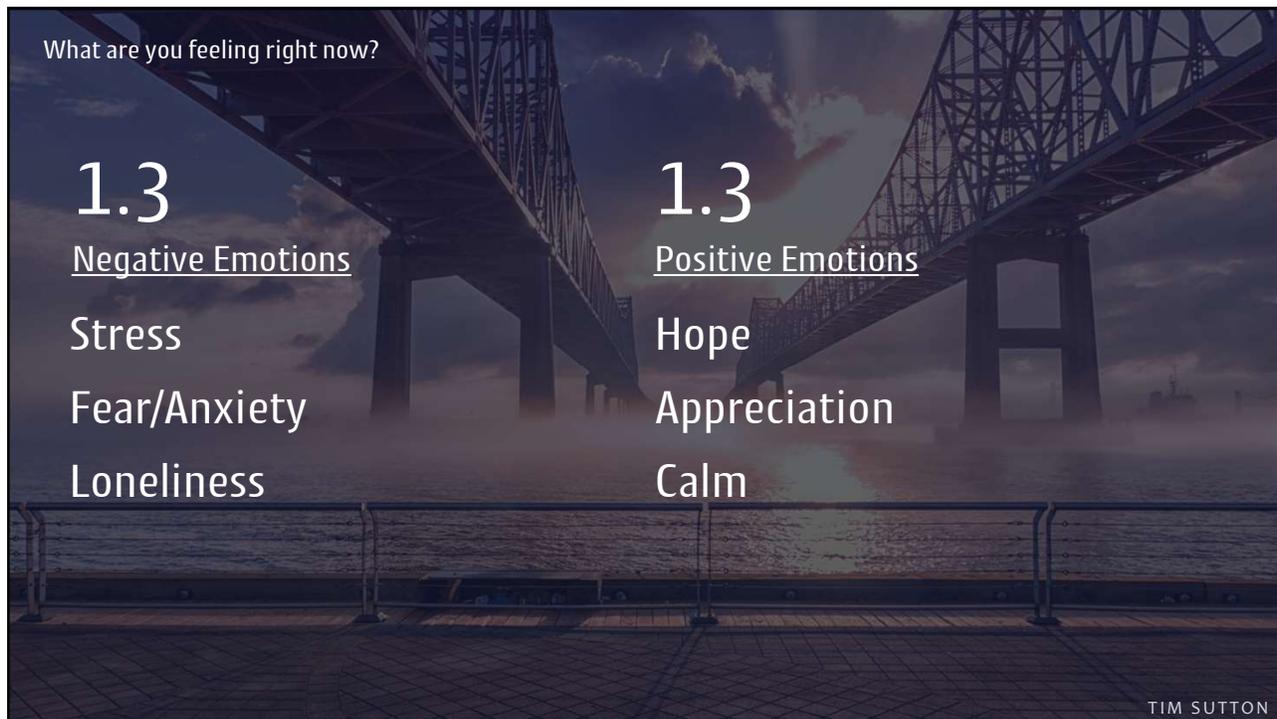
TIM SUTTON

19

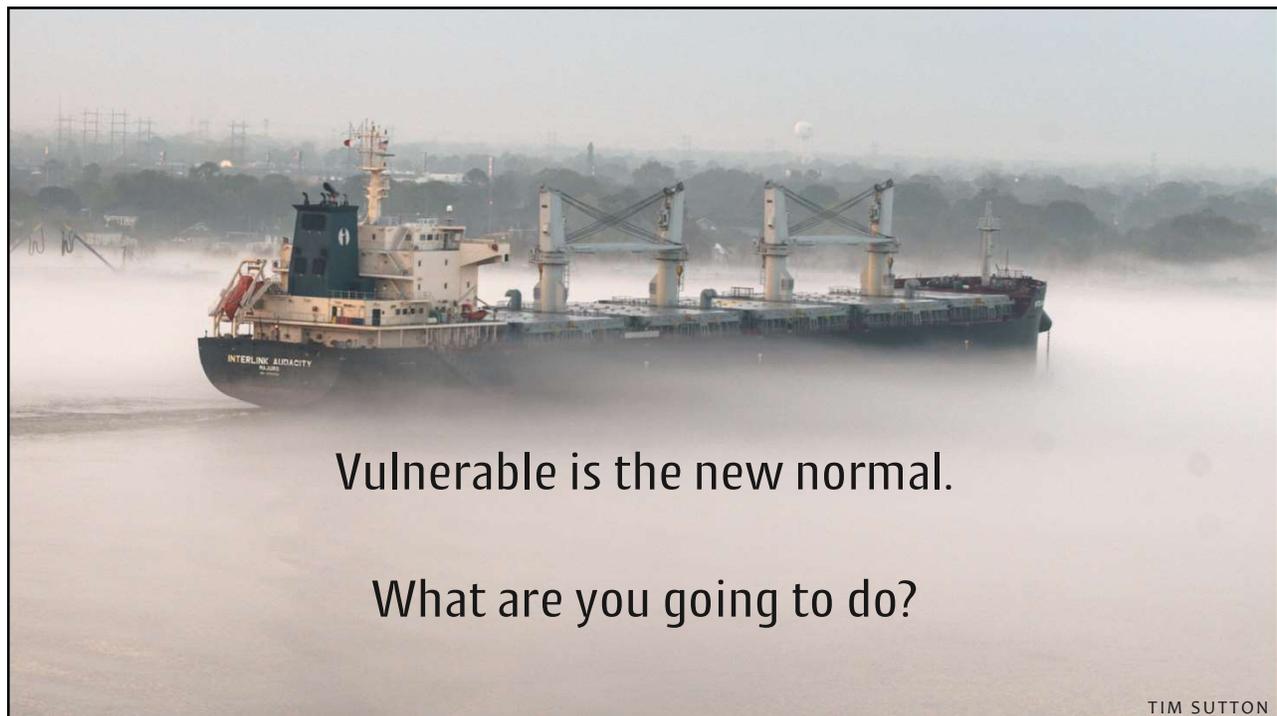
<u>Miss the most</u>	<u>Appreciate the most</u>	<p>4% Appreciate nothing</p>
Getting Together	Spending Time with Family	
Shopping Normally	Spending Less Money	
Eating Out	Cooking More at Home	
Sense of Safety	Time to Read/Watch	
	Time for Rest and Self Care	
	Everyday Heroes	

TIM SUTTON

20



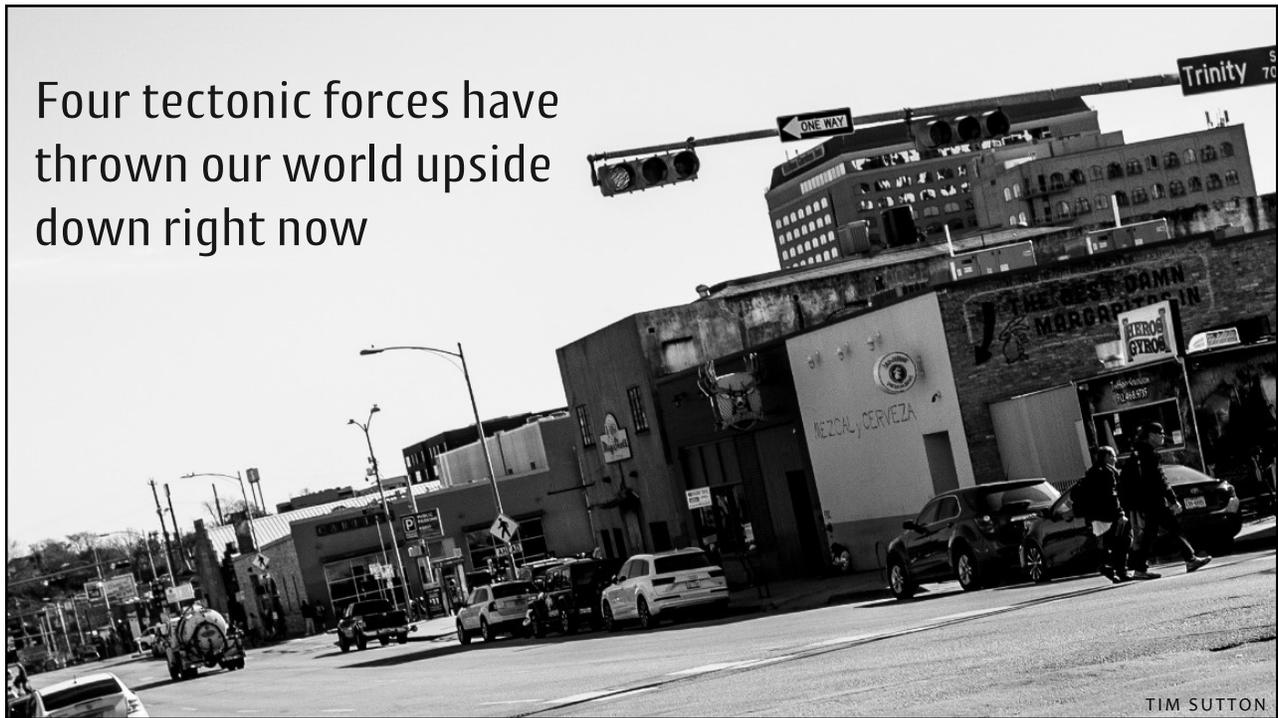
21



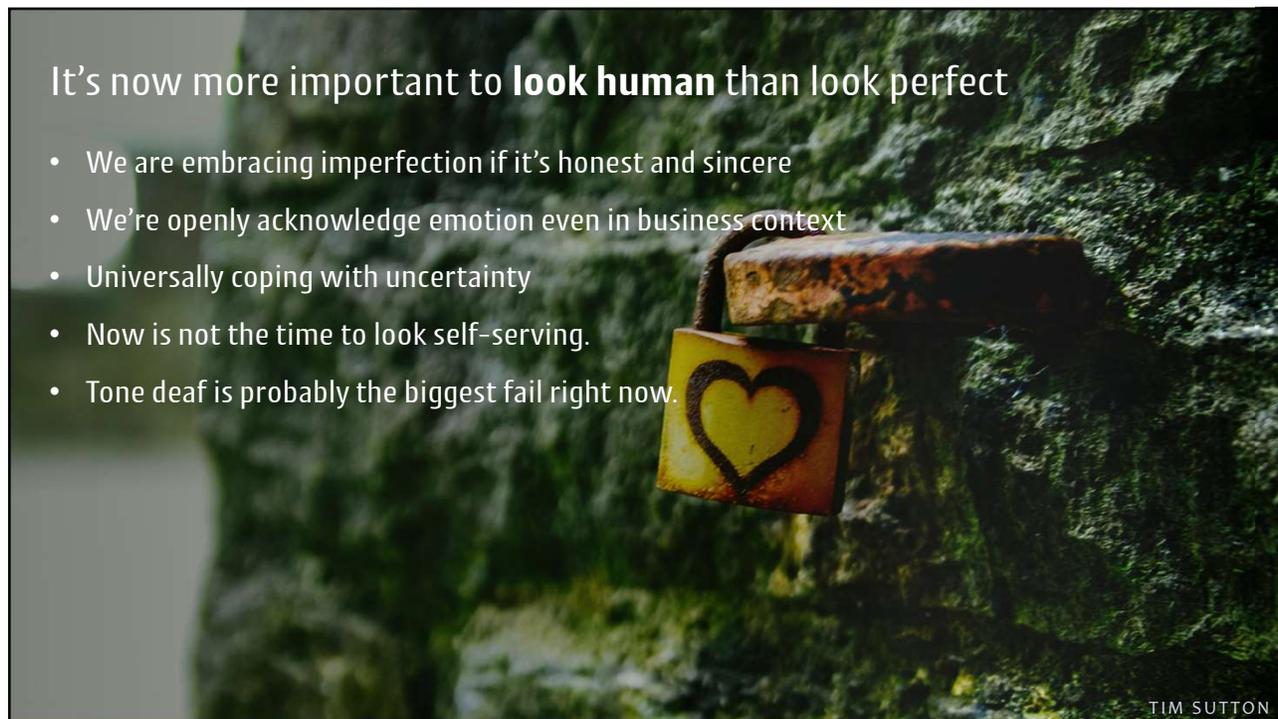
22



23



24

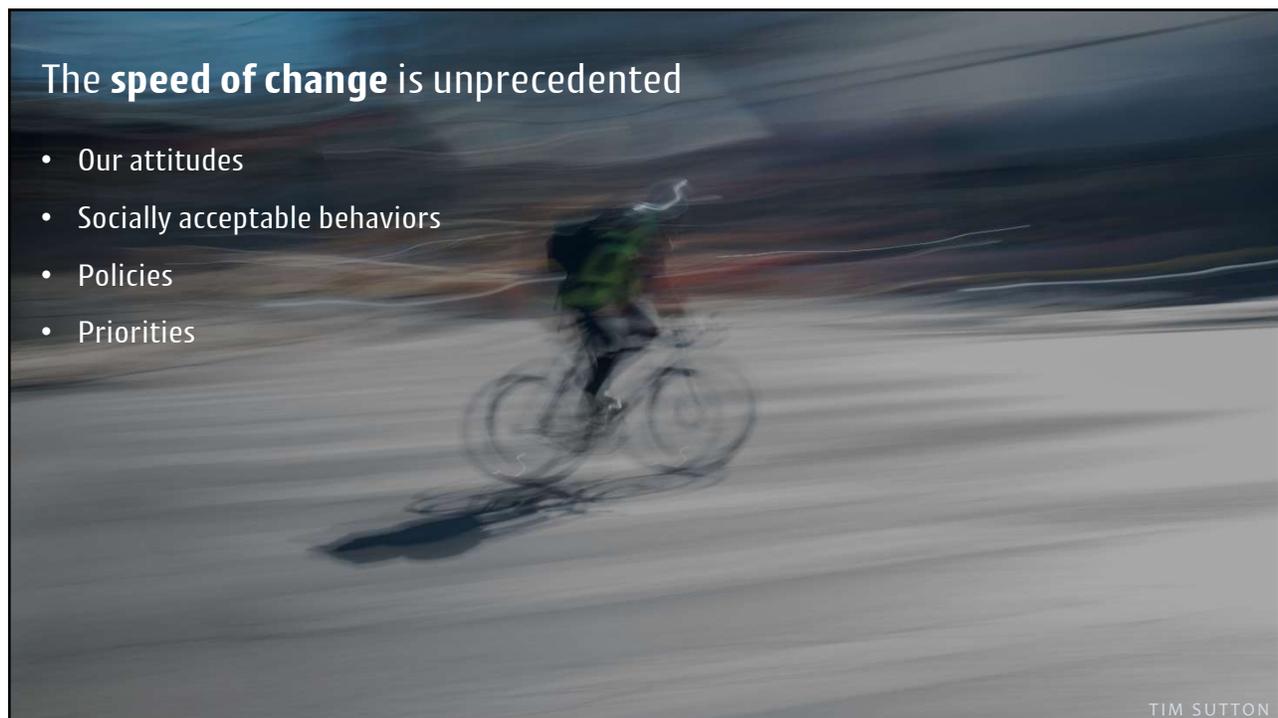


It's now more important to **look human** than look perfect

- 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.

TIM SUTTON

25

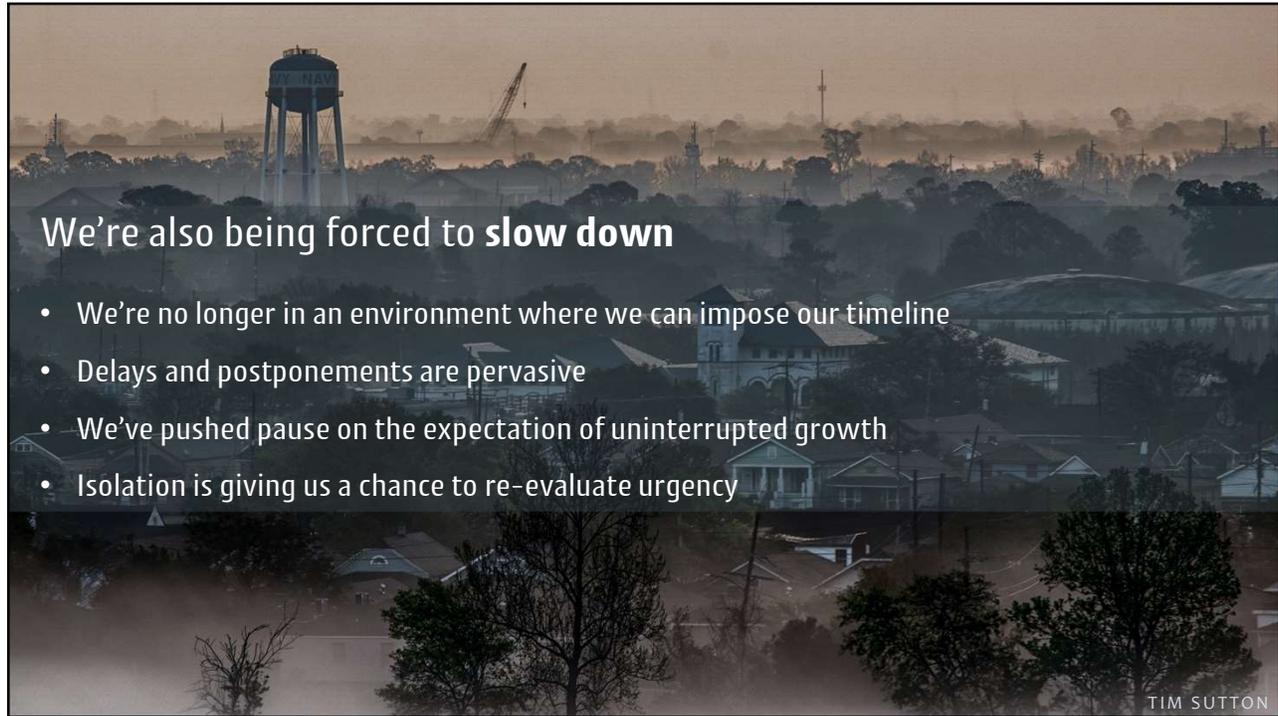


The **speed of change** is unprecedented

- Our attitudes
- Socially acceptable behaviors
- Policies
- Priorities

TIM SUTTON

26

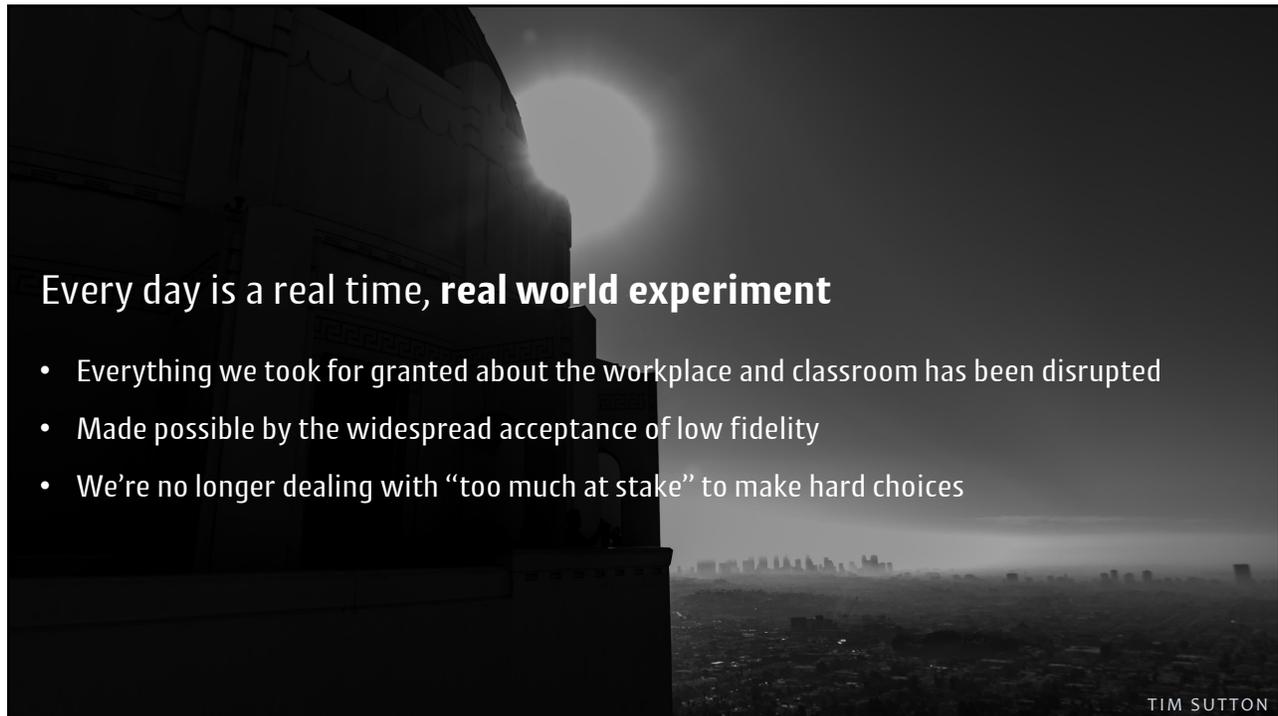


We're also being forced to **slow down**

- 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

TIM SUTTON

27



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

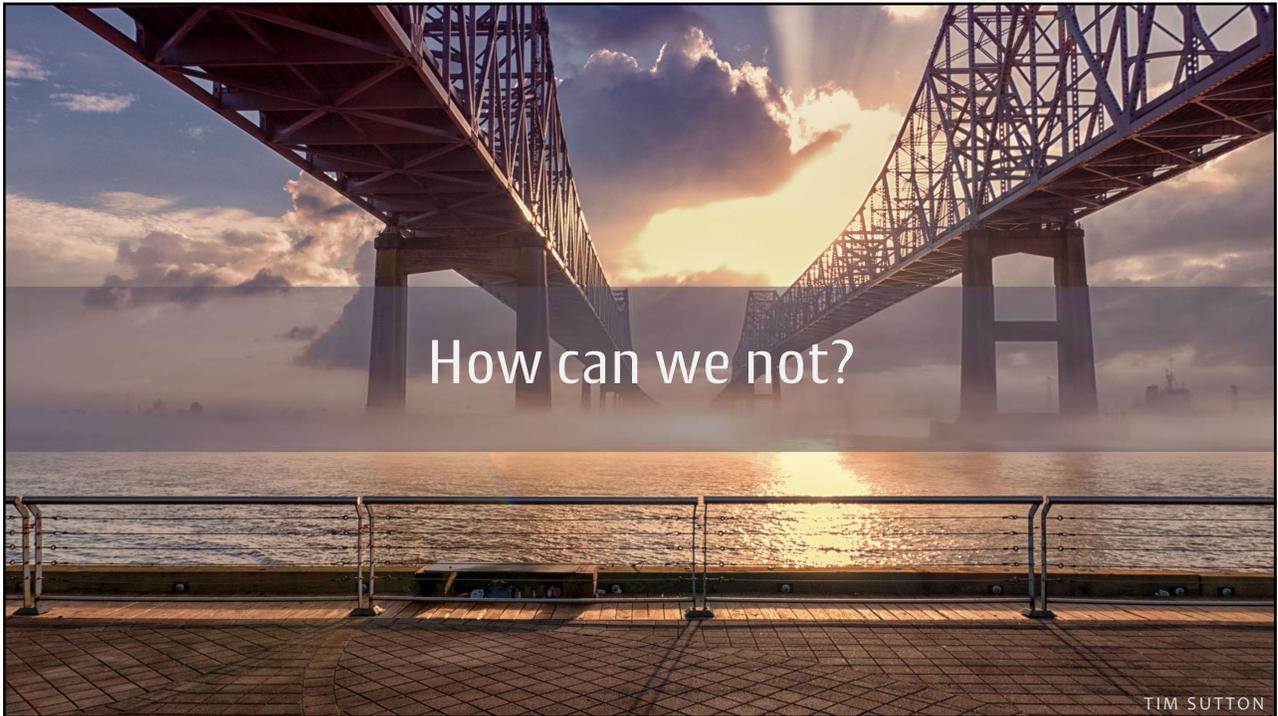
- Everything we took for granted about the workplace and classroom has been disrupted
- Made possible by the widespread acceptance of low fidelity
- We're no longer dealing with "too much at stake" to make hard choices

TIM SUTTON

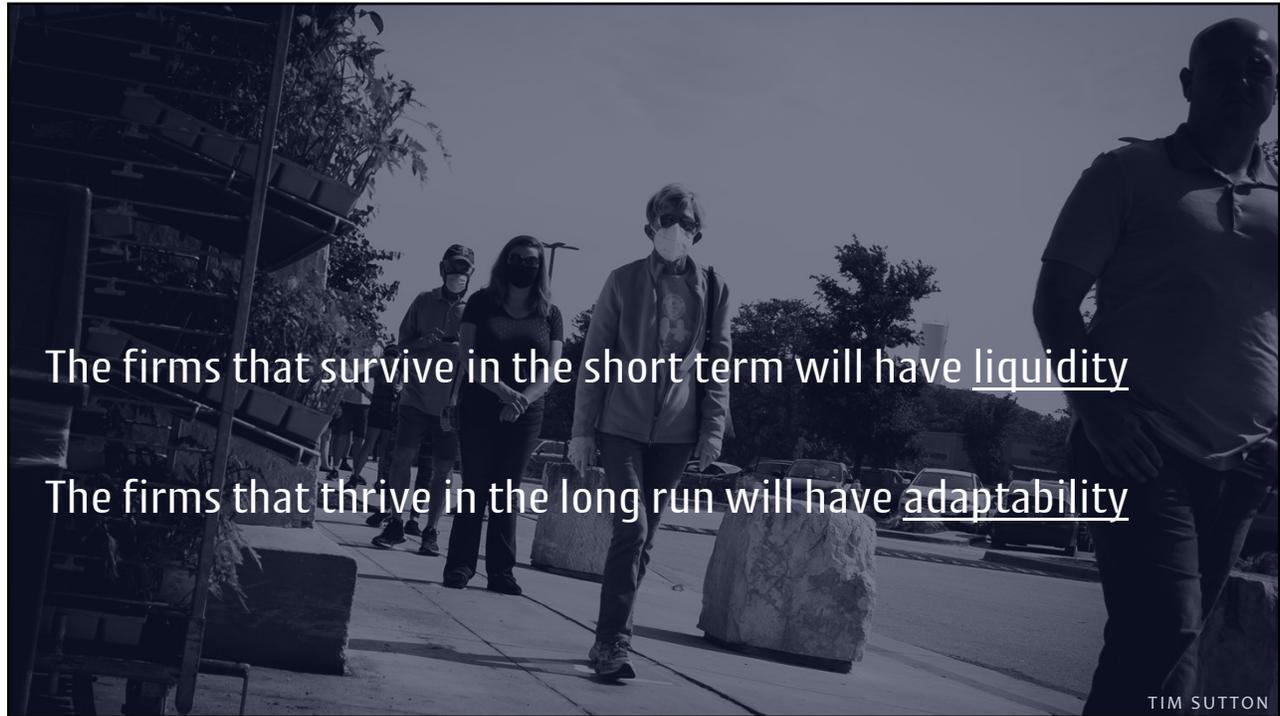
28



29



30



31

Adaptive Strategy:

Methodical Thinking → Mindful in Motion

TIM SUTTON

32

Core Assumption:

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

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

TIM SUTTON

33

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?

TIM SUTTON

34

as timelines for uncertainty expands

and timeline for decisions collapse

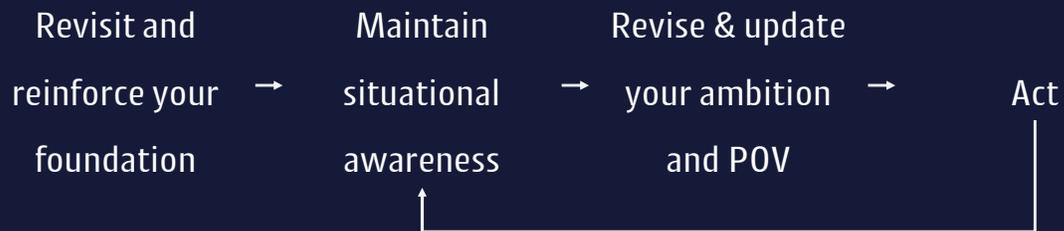
your POV on “what they need / what we can do”

essentially becomes your adaptive strategy

TIM SUTTON

35

ADAPTIVE STRATEGY IN PRACTICE



TIM SUTTON

36

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?

TIM SUTTON

37

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.*

TIM SUTTON

38

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.*

TIM SUTTON

39

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.*

TIM SUTTON

40

Situational Awareness

OUR CUSTOMERS <i>What is changing for them? What is causing them pain or is unresolved for them?</i>	OUR REALITY <i>The major assets that can be applied Business fundamentals of the company</i>
WHERE WE DO BUSINESS <i>The current situation and emerging dynamics of our marketplace, including alternatives</i>	WHAT IT TAKES TO DELIVER <i>The operational requirements and commercial realities of delivering in this environment</i>

TIM SUTTON

41

Situational Awareness: Tool Seller

OUR CUSTOMERS <i>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.</i>	OUR REALITY
WHERE WE DO BUSINESS	WHAT IT TAKES TO DELIVER

TIM SUTTON

42

Situational Awareness: Tool Seller

<p>OUR CUSTOMERS</p> <p><i>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.</i></p>	<p>OUR REALITY</p> <p><i>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</i></p>
<p>WHERE WE DO BUSINESS</p>	<p>WHAT IT TAKES TO DELIVER</p>

TIM SUTTON

43

Situational Awareness: Tool Seller

<p>OUR CUSTOMERS</p> <p><i>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.</i></p>	<p>OUR REALITY</p> <p><i>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</i></p>
<p>WHERE WE DO BUSINESS</p> <p><i>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</i></p>	<p>WHAT IT TAKES TO DELIVER</p>

TIM SUTTON

44

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

*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

*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*

TIM SUTTON

45

ADAPTIVE STRATEGY IN PRACTICE

what they need

What they'll notice

What they'll love

What they'll remember

What's relevant now

TIM SUTTON

46

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>

TIM SUTTON

47

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

48



Tim Sutton
tim@strategyaustin.com
www.timsutton.com
 [timsutton](#)

COX  SMU®

all copy, design, and images © 2020 Tim Sutton – no reproduction without permission