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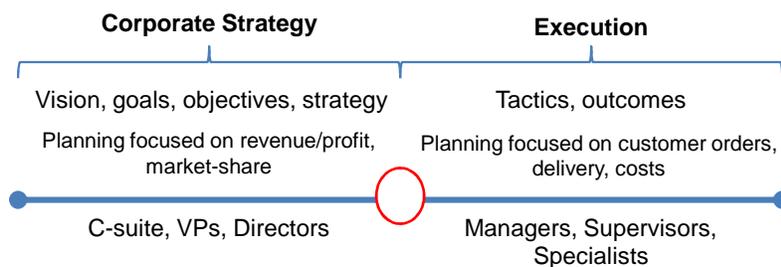
Evolving from a Tactical to a Strategic Mindset

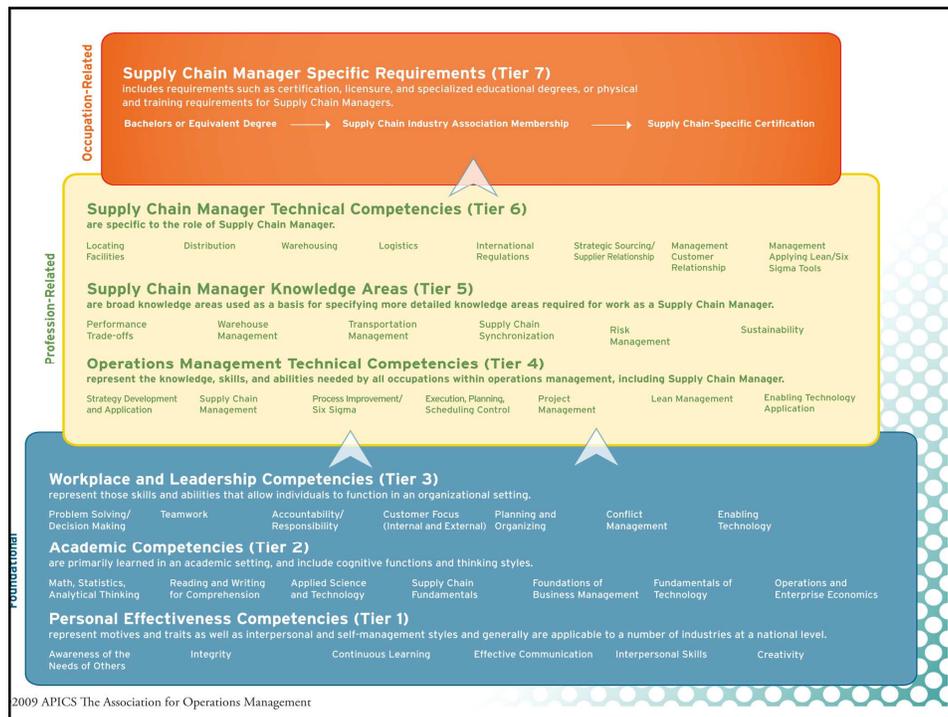
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Where Are You on the Supply Chain Strategy Continuum?





Strategic Thinking

Definition

- The thought process that supports decision-making and the development of plans that align with the organization’s objectives
 - Taking a broad perspective
 - Analyzing opportunities, risks, impacts



IBM in 2002. . .

- CEO vision: to become the premier globally integrated enterprise
- Supply chain strategy: create an integrated supply chain as a catalyst to achieve the vision

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IBM Yesterday, Today

FROM 2003	TO 2013 AND BEYOND
International business	Globally integrated enterprise
Shifting resources from one country to another	Align standard and talent to support any country
Supply chain as a service	Supply chain as a catalyst for achieving vision
Good IT can fix bad problems	Process and data optimization create support the architecture for IT
Custom solutions	Integrated value solutions
Decentralized service	Centralized service
Prioritize based on geography, region or industry	Prioritize on the company and determine optimization points
Mobilize to recreate the company when there is trouble	Plan to recreate the company, the value it will create and how to get there every 5 years

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And Tomorrow

- IBM will:
 - Focus on the integrated supply chain
 - Delivery end-to-end seamless solutions to clients
 - Focus on business analytics
 - Embrace the client experience
 - Deliver the unexpected



Think, Plan, Source, Make, Deliver



Why is Strategic Thinking Important?

- You make decisions every day that impact your:
 - Company
 - Customers
 - Colleagues
 - Community, environment

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Why is Strategic Thinking important?

- The quality of planning directly impacts the quality of execution, but
- The quality of your thinking directly impacts the quality of your planning.
- You cannot create a quality plan without thinking first



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Why is Strategic Thinking a Challenge?

- We don't have the time
- We don't have all the information
- Strategic thinking is someone else's job
- Someone has told us we are not strategic



Strategic Thinking Skill, It is a Discipline!

- When we develop the discipline of strategic thinking,
 - We make the time to think
 - We go after the information we need
 - We see it as a part of our jobs



You Might Be Strategic!

- Are you analytical?
 - Do you have the innate ability to see structures, formats, and patterns before they exist?
- Do you like to look back to be able to understand the present?
- Are you fascinated with the future and thinking about “what ifs”?
- Are you constantly making connections between seemingly dissimilar or unrelated things?

Adapted from Strength Finders by Tom Rath

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You Might Be Strategic!

- Do you like to receive input?
 - Do you “collect” ideas, thoughts, information?
- Do you enjoy mental activity like figuring things or people out?
- Are you energized by learning?
 - Do you get bored if you not having new experiences?
- Are you able to sort through complexity and find focus, see patterns?

Adapted from Strength Finders by Tom Rath

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You Can Make Strategic Thinking a Strength

$$\begin{array}{c} \text{Talent} \\ \times \text{Investment} \\ \hline \text{Strength} \end{array}$$

From Strength Finders by Tom Rath

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7 Steps to Strategic Thinking

- David J. Collis' 7 Steps to Strategic Thinking*
 - See the big picture
 - Articulate the strategic objectives
 - Identify patterns, relationships and trends
 - Get creative
 - Analyze information
 - Prioritize actions
 - Make trade-offs

* Thinking Strategically published by Harvard Business Press

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1. See the Big Picture

- Understand the corporate strategy.
 - How does it affect your unit's strategy?
 - Are your decisions/actions in alignment with the corporate strategy?
- Understand the 3 C's: customers, competitors, and context.
- Don't forget to seek the perspective of your internal stakeholders.

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2. Articulate the Strategic Objectives

- What does your manager want to achieve?
- What do you want to achieve?
- What are your desired outcomes related to the project?
- Can you articulate all these as SMART objectives?
 - Specific, measurable, achievable, realistic, time-bound.
 - *Decrease direct expenses from 20% to 15% of product price by 2014.*

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3. Identify Patterns, Relationships, and Trends

- Make connections between seemingly disparate data sets
- Categorize and re-categorize information
- Collaborate with others to gain multiple perspectives and insights

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4. Get Creative

- Challenge assumptions
 - Ask why like a toddler
- Entertain the absurd, the seemingly unrelated, the presumed irrelevant
- Start to develop a thesis that can be tested
 - I wonder if this would work?

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5. Analyze Information

- Build on what you already know.
- Stay focused
 - Identify the information you need to test your thesis
 - Make a plan to gather the information you need.
 - Avoid irrelevant data
- Watch out for analysis paralysis



6. Prioritize Actions

- Don't lose sight of the big picture
- Scrutinize what is truly important to achieving your objectives
 - Don't get side-tracked
- Begin to create high-level plans to implement strategies with target dates



7. Make Trade-Offs

- Assess the pros and cons
- Compare short-term and long-term outcomes
- Balance the needs of the company, customers, and your business unit
- Have the resolve to say no when necessary



Practice by Thinking Backwards

- Thinking backwards involves looking at a winning strategy and considering the pieces that needed to come together in order for the strategy to have been so successful
- Let's give it a try



Thinking Backwards: Exercise 1

- Unilever is widely admired for its “India” Strategy
- “India is the second-most populous country after China, and a bulk of our consumers are here. Volume growth here has been good. Sixty percent of our business is the growing market share. And above all, we are innovating at every step.”

Paul Polman, CEO Unilever

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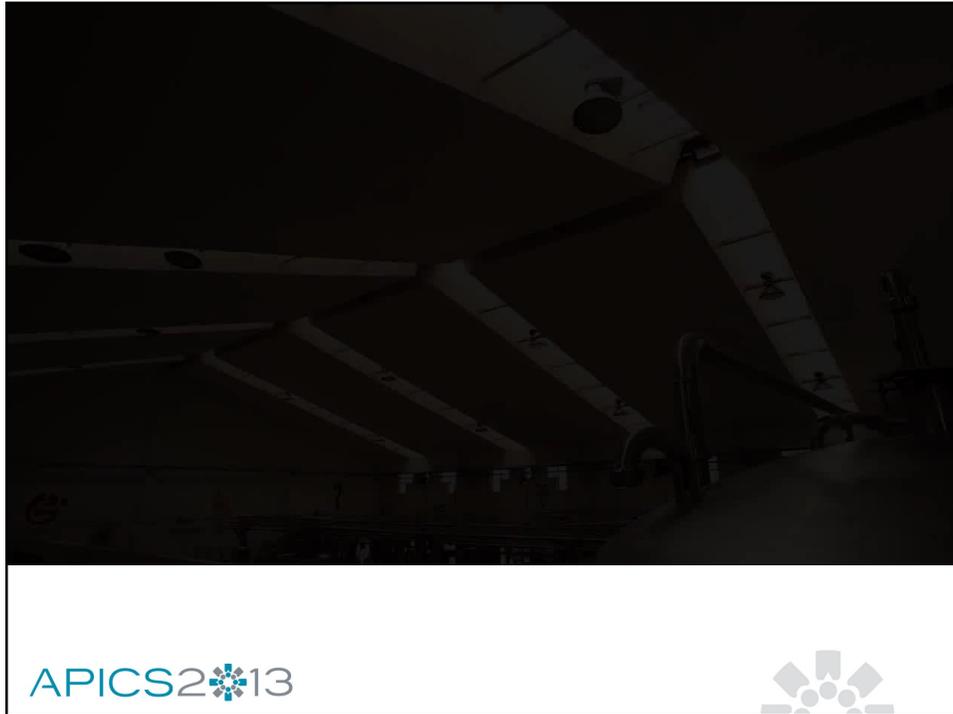


Thinking Backwards: Exercise 1

- Unilever offers brands with multiple price and packaging options
 - What does this successful strategy suggest they know about their Indian customers and retailers?
 - Why would Unilever then decide to follow this same strategy today Europe? What about the European customer or marketplace reminded them of India?
- Check out the video*
 - <http://www.youtube.com/watch?v=bVs07KR8t-k>

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Thinking Backwards: Exercise 2

- TESCO has recently become the number two grocery retailer in South Korea by allowing customers to shop at digital kiosks in subway stations and have groceries delivered to their homes
- This strategy has TESCO vying for the number 1 grocery retailer in South Korea



Thinking Backwards: Exercise 2

- What kind of thinking had to take place to devise this supply chain strategy?
- What did the supply chain professionals at TESCO know about their South Korean customer?
- Check out the video*:

<http://www.youtube.com/watch?v=fGaVFRzTTP4>

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