Lessons Learned and the Path Forward
Planning for today while preparing for tomorrow

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MonarchFx
Discussion Topics and Flow

- Introduction: The Retail Landscape
- 5 Point Strategy
- Time, Technology, and Talent
- Future State
Introduction
The Retail Landscape

Online Trajectory & Social Media

According to a survey conducted by Retail Systems Research in June 2013, around 84% of the retailers polled worldwide believed that creating a consistent customer experience across channels was very important. (Aberdeen Group)

Demand Shaping & Promotions

Web-influenced in store sales totaled more than $1.8 trillion in 2017, up from $1.3 trillion in 2013. (Forrester Research)

Uni-channel Ecosystems

By 2020, the demand for an omnichannel customer experience will be amplified by the need for nearly perfect execution. (PricewaterhouseCoopers)

Bricks & Clicks

Companies with omnichannel customer engagement strategies retain on average 89% of their customers, compared to 33% for companies with weak omnichannel customer engagement. (Aberdeen Group)

Customer Expectations

87% of customers think brands need to put more effort into providing a seamless experience. (Zendesk)

The Rise of the Call Center

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Inventory Leverage & Returns

In the fourth quarter and in 2017 as a whole, U.S. online retail grew faster than it has since 2011. E-commerce represented 13% of total retail sales in 2017 and 49% of the growth. (Accenture)

Big Data & Holistic Customer Profiling

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Lesons Learned and the Path Forward

Business Growth and Evolution

- Volume can be leveraged
- Complexity must be managed

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
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<tbody>
<tr>
<td>2015</td>
<td>$1.6Bn</td>
</tr>
<tr>
<td>2016</td>
<td>$1.9Bn</td>
</tr>
<tr>
<td>2017</td>
<td>$2.4Bn</td>
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<tr>
<td>2018</td>
<td>$2.9Bn</td>
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<tr>
<td>2019</td>
<td>$3.4Bn</td>
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<tr>
<td>2020</td>
<td>$4.1Bn</td>
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5 Point Strategy
LESSONS LEARNED AND THE PATH FORWARD

5 Point Strategy

1. No constraints on business development
2. Optimize investment in infrastructure
3. Agile and scalable
4. Network capability and leverage
5. Measurement and alignment
No Constraints on Business Development

- Business leaders free to drive growth without restraint
- Supply Chain leadership must build relationships across the enterprise
- Decisions and strategy based on facts & data, not opinion & feeling
- Professional edification between the business and Supply Chain
- Your business life cycle can directly impact your strategy
Optimized Investment

➢ Business appropriate

➢ Revenue generation, cost reduction, capability & scalability

➢ Technology (systems, analytics & automation)

➢ Network & facilities

➢ Current & future aligned

➢ Speed to market & cost to serve
Scalable and Agile

**VOLUME**
- Forecasts
- Detail
- Accuracy
- Seasonality

**VELOCITY**
- Speed
- Productivity
- Quality
- Proximity

**VALUE**
- Fix or future
- Cost
- Service
- Human capital
Network Capability and Leverage

**NETWORK DESIGN**

**SYSTEMS & AUTOMATION**

**PEAK CAPACITY PLANNING**

**INVENTORY POSITIONING & LEVERAGE**

**TOTAL COST & CAPACITY ANALYSIS**

**SUPPLY & DEMAND PATTERNS**

**CONTRACTS & COMMITMENTS**

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**2018 SCM Strategic Priorities**

<table>
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<tr>
<th>Topic</th>
<th>Rank</th>
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<tr>
<td>Enabling omnichannel growth</td>
<td>1</td>
</tr>
<tr>
<td>Establishing essential infrastructure</td>
<td>2</td>
</tr>
<tr>
<td>Maintaining smooth transportation flows</td>
<td>3</td>
</tr>
<tr>
<td>Facilitating inventory access</td>
<td>4</td>
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</tbody>
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The state of the retail supply chain
- Auburn University & Retail Industry Leaders Association
Service Measurement and Alignment

➢ Are today’s measurements fit for tomorrow

➢ Your metrics vs. business measures

➢ Your results vs. your competitors

➢ Communication is as important as data

➢ How does a shift in customer expectation impact your measurements

➢ Where is time spent today, where will it be spent tomorrow

― Buffett found it 'extraordinary' that academics studied such things. They studied what was measurable, rather than what was meaningful. As a friend [Charlie Munger] said, to a man with a hammer, everything looks like a nail.”
— Roger Lowenstein, Buffett.

― Performance metrics are numbers in context, results are related to your strategic goals.”
— Pearl Zhu, Unlocking Digital Performance.
Time, Talent, and Technology
YOUR MOST VALUABLE RESOURCE IS TIME - PLAN IT, MEASURE IT AND OPTIMIZE IT
Talent

➢ Knowledge & experience
➢ Ideas & innovation
➢ Development & retention
➢ Communication & business understanding
➢ Role alignment with two-way commitment

“A STRATEGIC INVESTMENT TO DRIVE AND ENABLE GROWTH”

“It doesn’t make sense to hire smart people and tell them what to do; we hire smart people so they can tell us what to do.”

- Steve Jobs
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Technology

**Technology**
- Configuration
- Customization
- Inter-connectivity
- Data collection
- Automation

**Business & Customers**
- Issues vs. opportunities
- Key metrics & alignment
- Revenue & profit drivers
- Service differentiators
- Competitive advantage

**Operations**
- Communication
- Efficiency & agility
- People management
- Data & analytics
- Capacity planning

**Supply Chain**
- Communication
- Visibility
- Connectivity
- Granularity of data
- Strategic importance
Future State

Big Data and Artificial Intelligence

Robotics and Technology Acceleration

Inventory Fluidity

The Connected Supply Chain

Holistic Customer Profile

Demand Targeting and Shaping

Accelerated State of Change

77% of strong omnichannel companies store customer data across channels, compared to 48% for weak omnichannel companies. (Aberdeen Group)

Prices could change multiple times in one hour. Retailers will begin to test out "dynamic pricing" in stores, allowing them the same competitive advantage as websites. (Digital Commerce 360)

The "new Industrial Revolution" will advance. In response to increasing wage rates, low-paying companies like McDonald's and Wal-Mart will begin to automate tasks whenever possible. (Business Insider)

Retailers now have an unprecedented capacity to use technology and data to deliver intelligence, not about what consumers say they'll do, but about what they actually do. (Retail Prophet)

We will see more disruption in the next ten years of Retail, than we did in the previous one thousand (Doug Stevens)
Thank you!

Please complete the survey.