Strategic Clarity

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**strategic**
strəˈtējik/
*adjective*
1. relating to the identification of *long-term* or *overall aims* and interests and the means of achieving them.
2. carefully designed or planned to serve a particular purpose or advantage.
3. relating to the gaining of *overall* or *long-term* military advantage.

**clarity**
ˈklærədē/
*noun*
1. the quality of being clear, in particular.
2. the quality of *coherence and intelligibility*.
3. the quality of being *easy to see or hear*; sharpness of image or sound.
Case Study

Apple Computers

- In 1997, the company was on the brink of failure. Apple's sales had plummeted by 30 percent and Microsoft was the dominant computer company in the market.

- Apple had sprawling product lines and was producing multiple versions of the same product to satisfy retailers. “Deciding what not to do is as important as deciding what to do. It's true for companies, and it's true for products.”

- Apple reduced the product lines by 70% with a strategy to produce only four products: one desktop and one portable device aimed at both consumers and professionals.

- In the fiscal year ending in September 1997, Apple lost $1.04 billion and was 90 days from being insolvent. One year later, the company turned a $309 million profit.

https://www.entrepreneur.com/article/220604
Key #1

Long-term, overall aims are best served by a coherent, intelligent business case that is easy to understand.
Building Strategy

Strategy Development Process Steps

Information
Gather the information available within our site, business, and markets i.e. past performance, kpi’s, machine data, voice-of-customer

Insights
Develop insights based on our information to help us make decisions on potential outcomes

Outcomes
Determine the outcomes we would like to achieve with the insights developed
Reverse the process...

Outcomes

What is our overall aim? What is most important in achieving our overall aim?

Insights

What insights do we need to help us make decisions along the way? Do we need tools?

Information

Gather the business or operational information to develop our insights through tools, process, and people.
Answer the big questions...

*Who do we want to be?*

*Where do we want to play?*

*How do we drive bottom line results?*

*Where do we allocate resources?*
Determine high-impact issues

**Past and Current Diagnosis**

**ACTION:**
Determine the past and current key issues for corporate and business/plant
Understanding the Vision & Planning

Current Situation Analysis
- Markets & Distribution
- Customers
- Competitors
- Suppliers
- Products
- Technology
- Economic
- Political Issues
- Operational capabilities
- Financial performance

Creating the Vision
- Competitive strategy
  - target customers, products, cost
  - delivery, pricing strategy
  - core competencies
  - organization
- Business Goals
  - customer satisfaction
  - market share
  - financial goals
  - scorecard measures

Developing the Plan
- Resource plan
  - capacity, technology
  - critical path,
- Resource Constraints
  - other priorities
  - people & skills
  - time
- Financial Plan
  - Investment, budget
  - profitability

How we will win

What we must do to win
Schlitz Brewing Company

- The Schlitz Brewing Company, based in Milwaukee, Wisconsin, had been running for over a hundred years and produced the best selling beer in the United States. However, the CEO wanted more.

- Uihlein proposed a massive shift in its manufacturing to increase speed-to-market and profitability. He found a way of cutting brewing time from 40 days to 15 days, replacing barley malt with corn syrup. He also switched stabilizers to circumvent labelling laws. This was going well for him until customers noticed that it tasted awful because it hadn’t been fermented properly.

- Because of this, each beer had a thick sediment which was compared with mucous. Schlitz was forced to make a secret recall of 10 million bottles of beer.
Key #2 Engage the associates

Associate engagement is structural

- **Structure**: Provide the opportunity via teams, projects & deployment
- **Education**: Prepare people to be successful
- **Measurement**: Measure, track and provide feedback
- **Recognition**: Reinforce and recognize behavior

**Empowerment**
What’s in it for me?
Return-on-investment

Executive VP
Bottom-line returns ASAP

Operational VP
Sustainable Bottom-line returns with less “heavy-lifting” of new corporate initiatives

Plant Manager
Reduced fire-fighting and time to think (and act) strategically

Department Manager
Delivering on goals without having your hair on fire

Supervisor
Actually knowing what the daily goal is and meeting it

Individual Associate
Cleaner, safer, more efficient workplace with more opportunity
Key #3

Cascade the Strategy

Forecast and Planning of KPIs & TARGETS is a cascading process. Each level supports the OBJECTIVES of the level above.
Corporate to Plant

Corporate Strategy
- Long range plans
- Corporate initiatives
- Corporate vision (3-5 years)
- Corporate goals & metrics.

Business/Plant Strategy
- Vision
- Business/plant Initiatives
- Initiatives, goals, metrics
- XYZ teams’ plans

Understand areas for dramatic improvement as well as future aspirations
Key #4

Prioritize, Model, Replicate

Build stability of equipment and people - through Proof of Concept - before adding complexity and speed.
What is a good operator?

Minor Stops

What is a good maintenance department?

Breakdowns

What is a good quality associate?

Quality

What is a good planning associate?

Reliable

What is a good leader?

DMS

Leadership

Planning S/C

Q-TECH

Maintenance

Operator

PERFORMANCE

RESULTS

LEADERSHIP

CHANGE

Success & Buy-in Progression

Mindset & Behavior Change

REPPLICATION

REPICATION

REPICATION

REPICATION

P/L
Key #5

Establish, Expand, and Evolve

• Establishment of the system will be evident through associate “pull”

• Expand the system outside of the plant’s 4 walls

• Allow the system to evolve and improve organically
A Performance Evolution: Starting Point

**Operational Excellence**
- Management driven & turnover weary
- Associate led safety and pillar teams

**Supply Chain Excellence**
- Cascaded and aligned metrics
- Value-add talent re-allocation

**Business System Excellence**
- World-class safety
- 100% problem solvers
- CI redefined

**Operational Journey**
- Initiative-driven improvement
- Losses prioritized & eliminated

**Supply Chain Journey**
- Defect reduction, yield/capacity gain
- Replicable processes & systems

**Associate Engagement**
- Value-added complexity & working capital
- Dashboard KPI visibility

**Six Sigma**
- Footprint network optionality

**S&OP Excellence**
- Replicable processes & systems
- Defect reduction, yield/capacity gain

- Value-network orchestration
- Exceptional reliability

- Sustained labor & asset productivity gains
- ROIC optimization

- Value-network orchestration
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A Performance Evolution: Stabilized

**Operational Excellence**
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**Non-Std. processes**
- Std. processes aligned to demand
- Value-added complexity & working capital
- Dashboard KPI visibility

**Dashboard KPI visibility**
- Value-network orchestration
- Exceptional reliability
A Performance Evolution: Expanded

Operational Excellence

Management driven & turnover weary
Associate led safety and pillar teams
Cascaded and aligned metrics

Supply Chain Excellence

Value-add talent re-allocation
Lean Flow: information, material & people
Replicable processes & systems
Footprint network optionality

Business System Excellence

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Associate Engagement

Operational Journey

Supply Chain Journey

Initiative-driven improvement
Losses prioritized & eliminated
Defect reduction, yield/capacity gain

Six Sigma

Value-added complexity & working capital
Dashboard KPI visibility

S&OP Excellence

Non-Std. processes
Std. processes aligned to demand

Losses prioritized & eliminated
Defect reduction, yield/capacity gain

S&OP Excellence
A Performance Evolution: Long-term target

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- Initiative-driven improvement
- Non-Std. processes

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Phases of Maturity
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- • Footprint network optionality
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Key #6

Translate successes to financial results quickly and consistently
Milliken Performance System: Hard Benefits

Production Labor Productivity

Revenue Per Production Associate (Indexed to 2004 = 100)

From 2004 to 2016: 5% Annual Productivity Improvement
Milliken Performance System: Hard Benefits

Manufacturing Management Productivity
Revenue Per Manufacturing Management Associate (Indexed to 2004 = 100)

From 2004 to 2016: 9% Annual Productivity Improvement
Milliken Performance System: Hard Benefits

**Revenue**
- CAGR: 2%
- 2004: 100
- 2005: 98
- 2006: 104
- 2007: 106
- 2008: 104
- 2009: 81
- 2010: 94
- 2011: 105
- 2012: 108
- 2013: 108
- 2014: 122
- 2015: 127
- 2016: 128

**Earnings**
- CAGR: 16%
- 2004: 100
- 2005: 134
- 2006: 205
- 2007: 261
- 2008: 290
- 2009: 146
- 2010: 229
- 2011: 271
- 2012: 327
- 2013: 378
- 2014: 427
- 2015: 480
- 2016: 602
Thank You! Questions?

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