

Flora PARK

Strategic Thinking and Joint Supply Chain & Marketing decisions



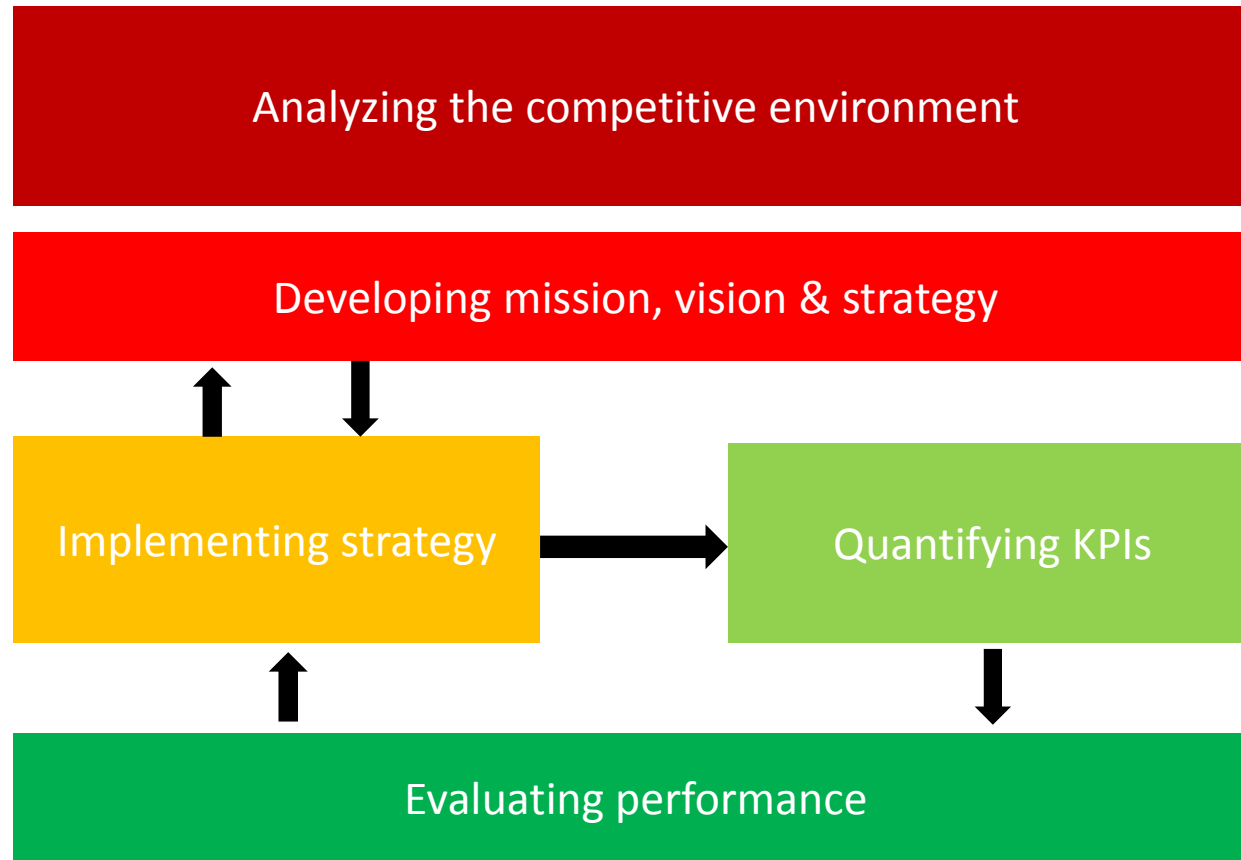
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Strategic Thinking



Strategic Thinking is ...

- Consciously choosing the future
- Using the chosen future to direct/guide choices/actions in the present (what to do, not to do)
- Using the results of these choices/actions to
 - Reassess and refine the chosen future, and
 - Fine-tune the next set of choices/actions
- Long-term, consistent efforts → success

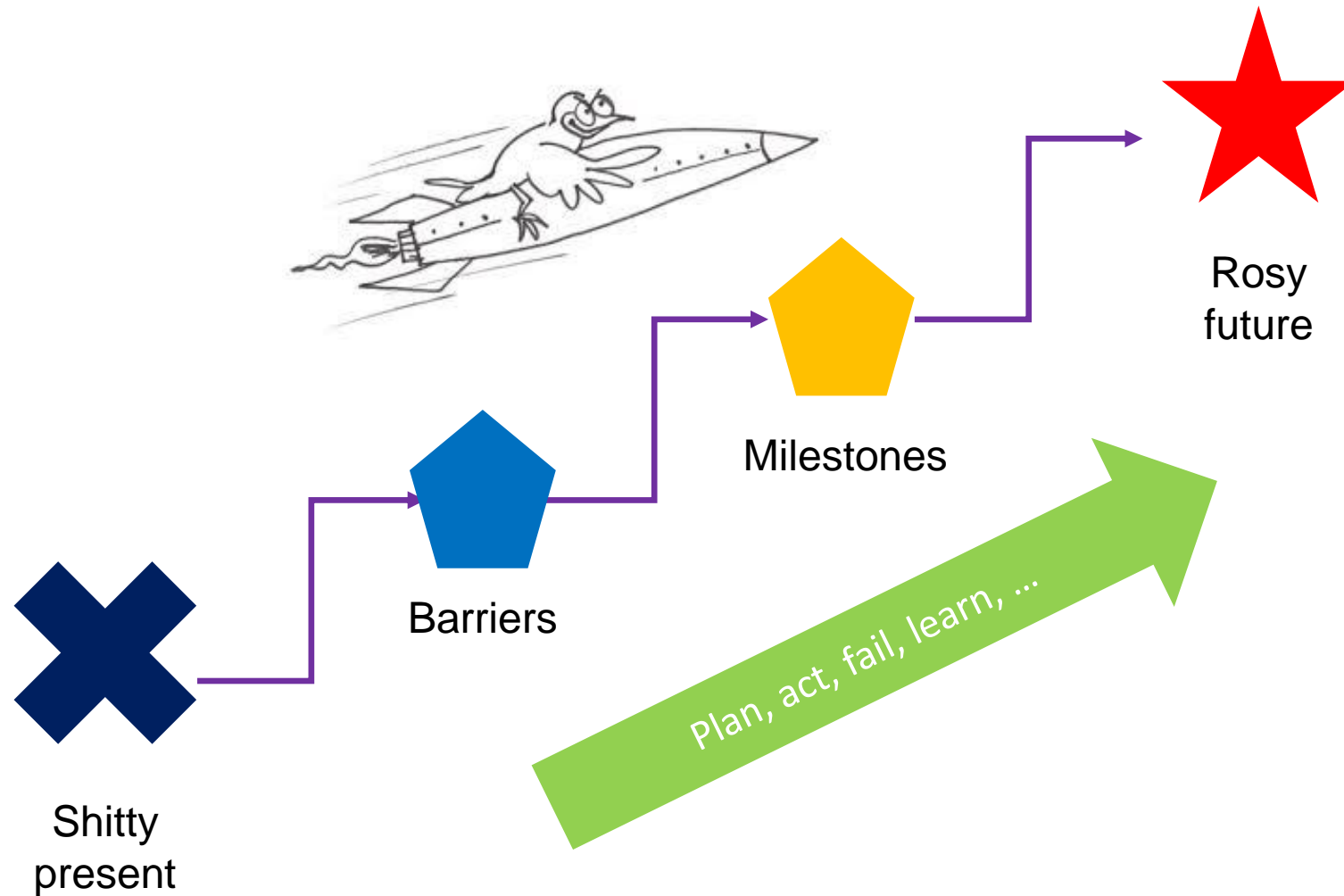


His goal of running?

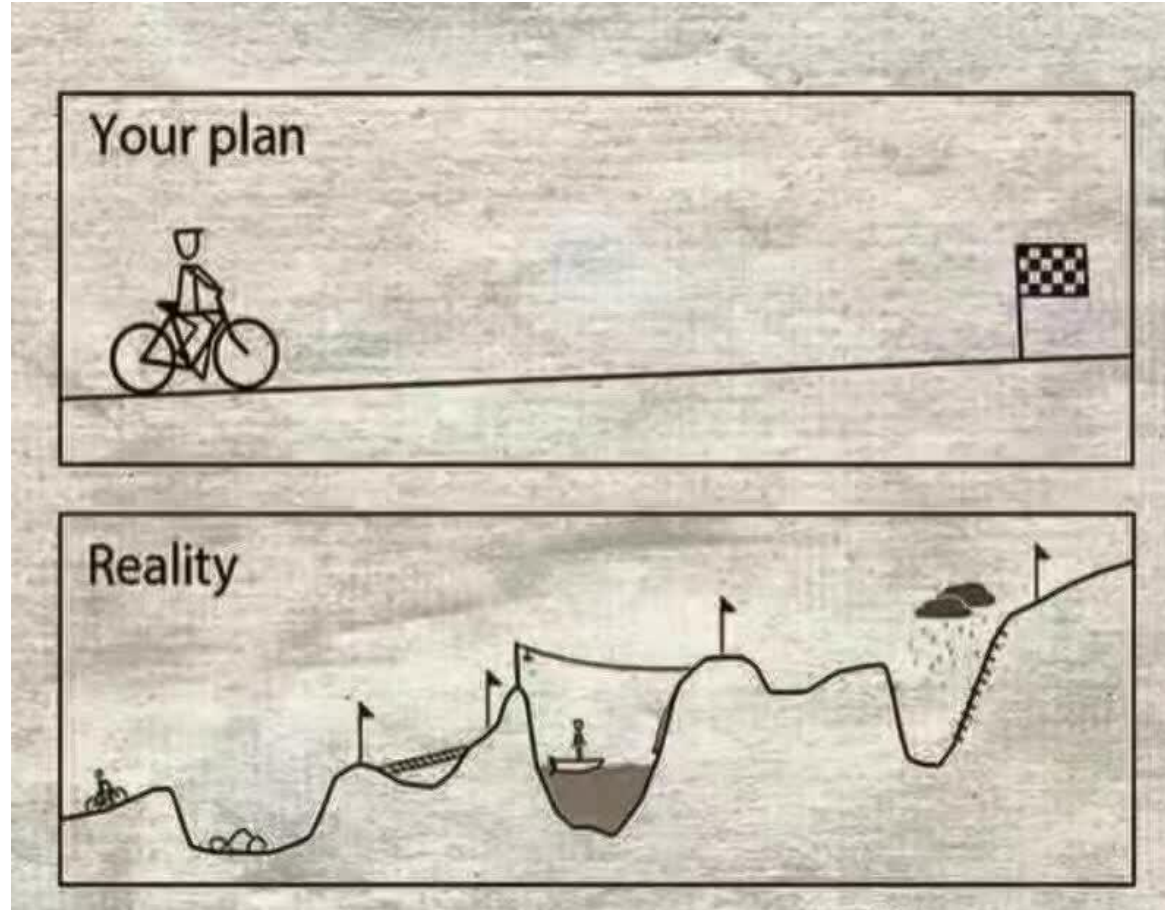


This!

Folding Back



Plan vs. Reality



Mission

The **fundamental purpose** of an organization
Who are we? Our value? Why do customers pay us?



Apple is committed to bringing the **best** personal computing experience to ... around the world through its **innovative** hardware, software and Internet offerings.



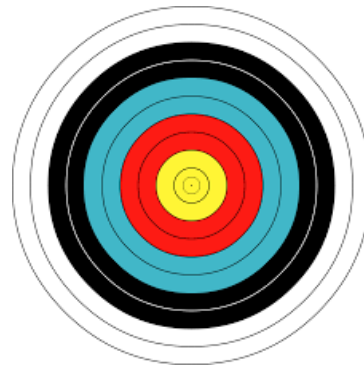
"We should produce by the lowest cost."
"If prices are the same, then we must delivery higher quality."
"All are the same, then we must sell it first in the market!"

Your mission?

Vision

The desired or **intended future state** of the organization in terms of fulfillment of its mission

Where do we want to be – what do we want to look like say 10 years in the future?



Your vision?

Why Strategic Thinking?

- A long-term strategy and consistent effort are required to build up competitive advantages
 - Production (scaled economies)
 - Supply chain (trust, synchronization)
 - Yield, quality and costs (inertia)
 - Market (reputation, service levels, ...)
- Everything takes time; short-sighted, poorly thought-out fire fighting can be aimless and wasteful.



Mission → Strategy

- Apple's mission: innovation
- Outsourced all manufacturing but built OS exclusivity (patent) and a strong brand
- Samsung mission: price, quality, speed (SCM).
- Vertical integration to reduce cost, improve quality and increase speed

Their strategies matched their missions. Both thrived

Your Strategy

- Critical challenges?

- Strategic priorities?

Defining Priorities

Market share

Supply

Profits

Capacity utilization

Cost efficiency

Service levels

Excessive inventory

Yield

Implementing The Strategy

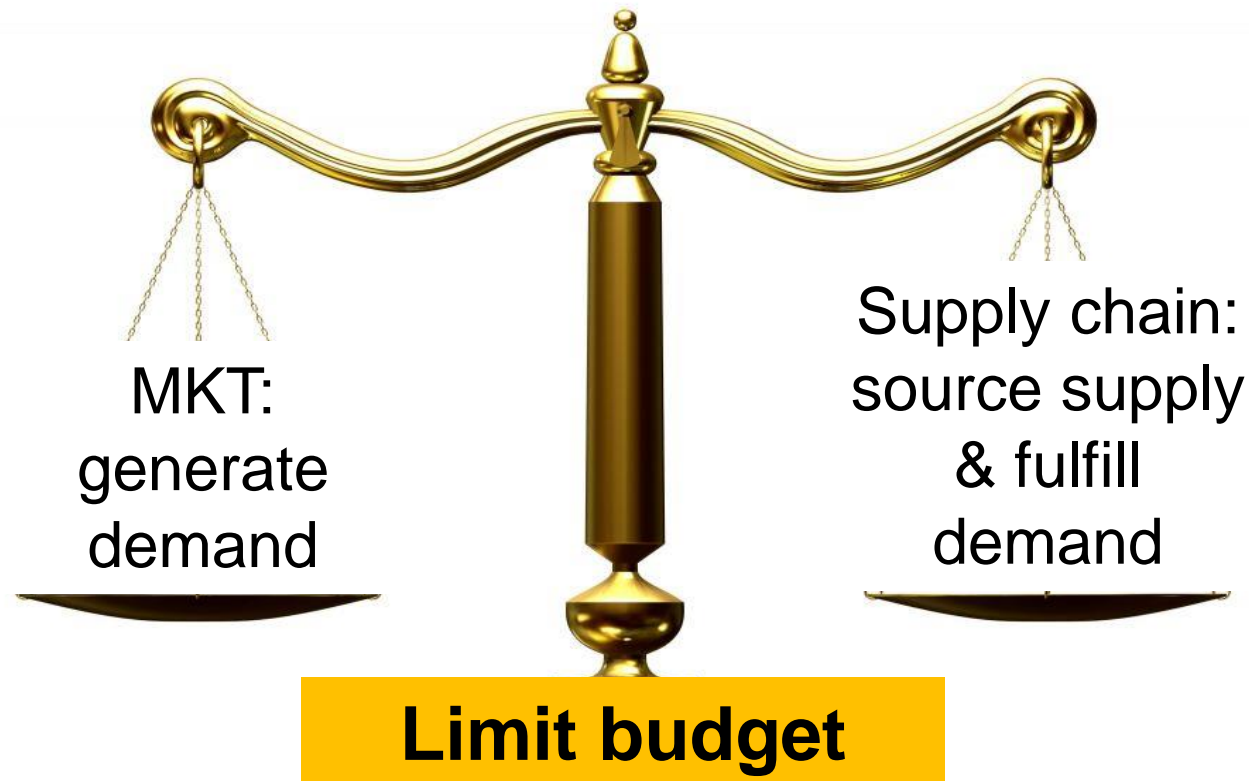


Product Strategy



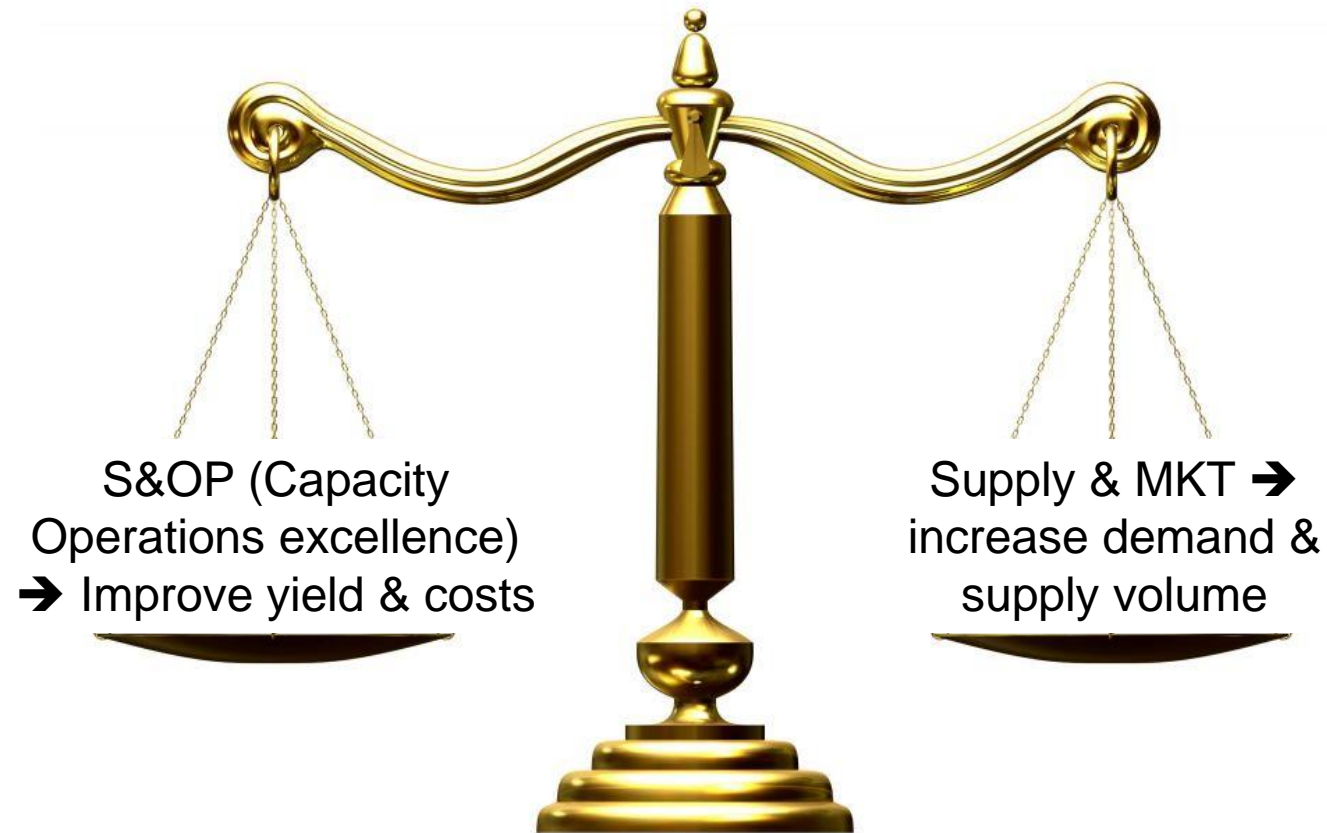
You don't need to serve all market segments. Focusing on the one(s) that you understand the best may be a great strategy.

Balance Supply Chain & Marketing Spending



It is a disaster if we bought a lot of supply but there is no demand for it. It is equally disastrous if a huge demand is generated but there no supply to satisfy it.

Sharpening Tools vs. Making Money



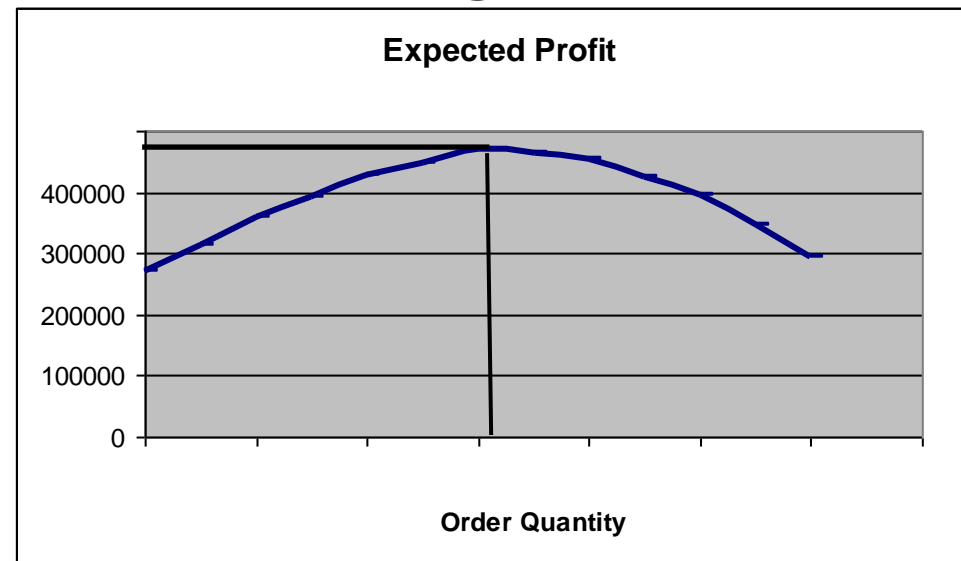
Make money now or later

Waste vs. Poor Service Levels



Always Spend Up-to Budget?

- **Diminishing** returns of OE \$ on yield and costs
- The impact of MKT \$ depends on the actions of **other** supply chains!
- Newsvendor model – ordering too much **hurts!**



Collaborative Strategy

- Within one supply chain, between the importer and the florist
 - What information to share?
 - How to build trust?
 - How to negotiate?
 - Sharing risk or not – last minute order, advanced order, hybrid?
 - How do you coordinate planning, forecasting, and replenishment?

Key Metrics

Market share

Supply

Profits

Capacity utilization

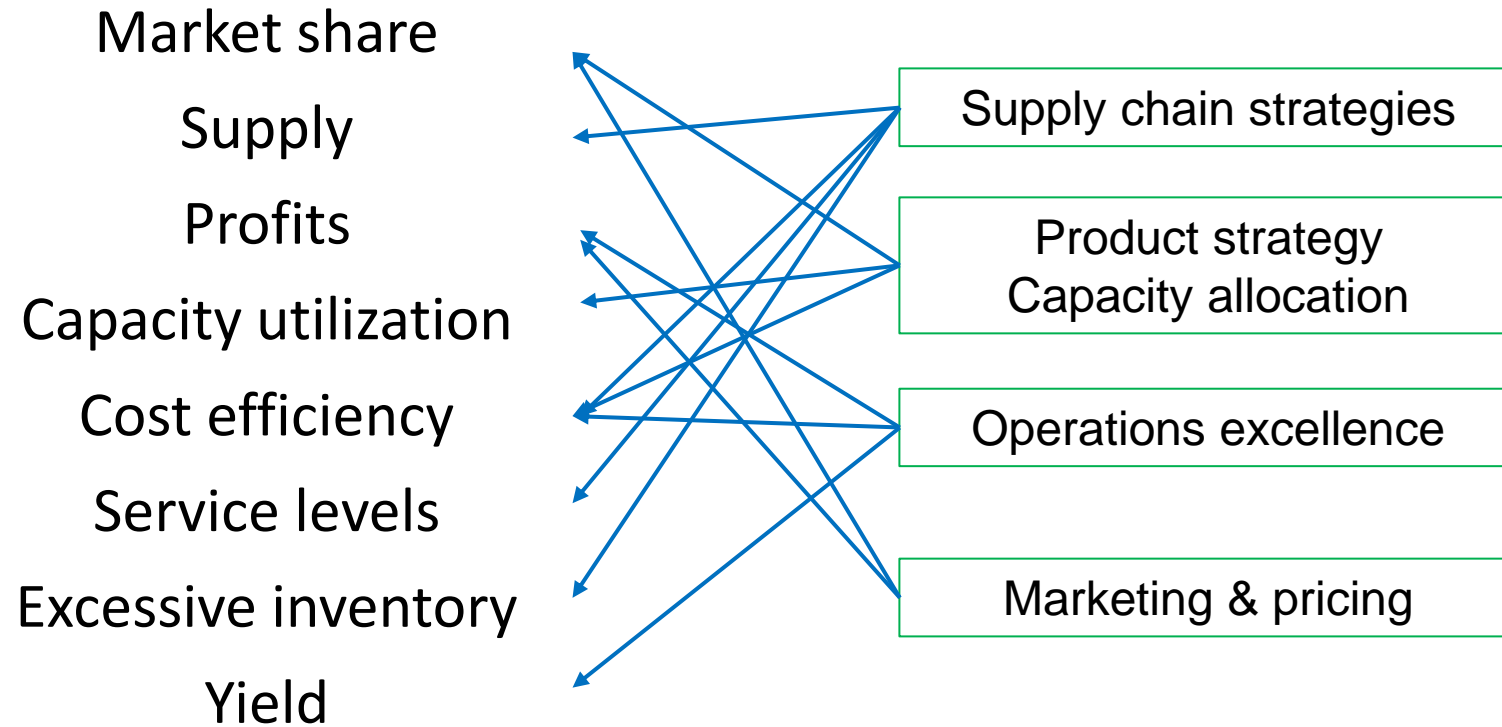
Cost efficiency

Service levels

Excessive inventory

Yield

Levers





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