

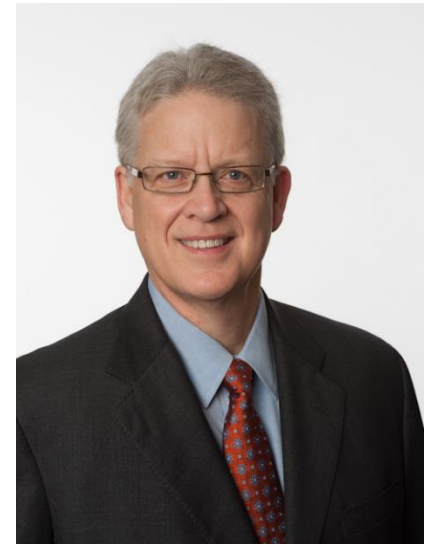
How Boards Should Identify and Address Market Disrupters

September 21, 2017

Speaker:

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Agenda



- **The changing role of the board in strategy development**
- Case study: Larry H. Miller Companies
- A few potential disrupters for your board to think about



The Changing Role of the Board in Strategy Development



- Movement away from “review and concur”
- More involved in the process, especially when assumptions are made
- Increasingly expected to understand risks, threats and opportunities that form the basis of the strategy
- More alternatives are considered, sometimes contrary to current thinking
- An iterative process



The Changing Role of the Board in Strategy Development



The Board
Does NOT
Develop the Company's Strategy



The Board's Role ...



- Engage in discussions of threats and opportunities
- Understand key assumptions BEFORE the strategy is set
- Ensure all the strategic alternatives are considered
- Act as a sounding board and provide input
- Monitor progress



Management's Role ...

- Understand the environment
- Develop the best strategy possible
- Document and request resources
- Identify key milestones
- Execute the strategy

Adhere and Adapt!



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Larry H. Miller Group of Companies



6 billion dollars in annual revenue



80+ businesses



62 automotive dealerships



100+ FANZZ stores



200+ Megaplex Theater screens



10,000+ employees



110,000 vehicles sold annually



Values



Integrity

Do the right
thing



Hard Work

Give your best
every day



Stewardship

Preserve and
grow the base



Service

Give of
yourself



Goals for the Session

- Understand the assumptions, threats and opportunities for Miller Automotive
- Agree on a framework and process for the next steps
- Challenge our thinking and have a little fun



Topics

- An analyst's view of the future of mobility [video]
- Three automotive mega-forces
- Workout discussion
- Next steps



Three automotive mega-forces

- Autonomous/semi-autonomous driving
- Vehicle electrification
- On demand/shared mobility



Automotive Retailing Strategy

The Future Competitive Landscape?

Lyft

Hailo

OLA

Grab Taxi

Flywheel

Get Taxi

Uber

Blacklane

Shuddle

Getaround

Qv

Side-car

99Taxis

zipcar:



Discussion

*What are the biggest **threats**
facing Miller Automotive
in the next 5 years?
10 years?*



Discussion

*What are the biggest **opportunities** facing Miller Automotive in the next 5 years?
10 years?*



Discussion

Do we have the right
organizational structure, talent, culture and processes
to be successful in the future?



Automotive Retailing Strategy



	Threats	Opportunities
3-5 Years	Affordability Franchise laws Over regulation Changing consumer Economy	Public mobility Ride share co.'s Autonomous services Acquisitions “New age” facilities
10 Years	Direct sales Electric vehicles Shared vehicles Autonomous	Alternative mobility Financial services Fleet services Content & media



Results of the session [*Clark Whitworth*]

1. We now have a better understanding of the changing automotive space
2. We have decided to increase our emphasis on services and parts ... a short term profit opportunity and it positions us for the future
3. We are adapting our sales model to better fit millennials
4. We are taking other steps to prepare for the future mobility ecosystem (confidential)



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A Few Potential Disrupters for Your Board to Think About



What if ...

- Drones prove to be more than a novelty; disrupting the economics of construction, energy, agriculture and delivery
- Blockchain becomes the de facto technology underpinning the digital economy; impacting contracts, transactions and records
- Artificial intelligence permeates all facets of our lives, in both expected and unexpected ways
- Robots/cobots become commonplace, replacing routine and non-routine work



A Few Potential Disrupters for Your Board to Think About



What if ...

- xR challenges are overcome and have far-reaching benefits in entertainment, education and services
- 3-D printing technology continues to accelerate and shepherds in a fourth industrial revolution
- Autonomous driving, electrification and sharing become the standards of personal mobility
- Gene splicing becomes widely accepted, and an affordable way to treat whole classes of major diseases



A Few Potential Disrupters for Your Board to Think About



And what about ...

- The growth of mega-cities
- Omni-channel and cognitive supply chains
- The explosion of connected devices (IOT) and big data
- Quantum computing



“Change always takes longer than we think, and yet, when it happens, we are frequently surprised.”



“If you don’t move ahead, you by definition, fall behind.”

Lou Gerstner

