

This Economy Is Not a Dress Rehearsal...

Conscious, Continuous Innovation Is Not a Luxury Anymore.

Bill Wade



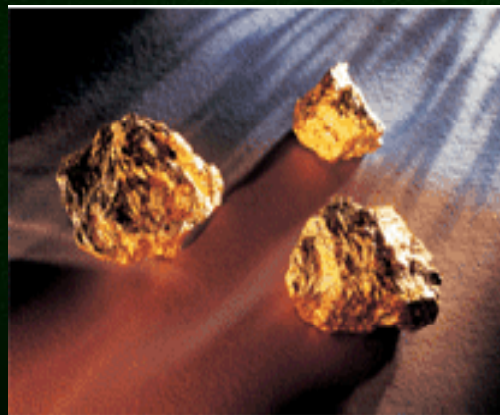
Crossing the Canyon with Baby Steps

When was the last time you **consciously** considered how to build new business ideas that capture value in new ways?

How long can you retreat to the perceived safety of your current business processes and look only for **incremental efficiencies**?

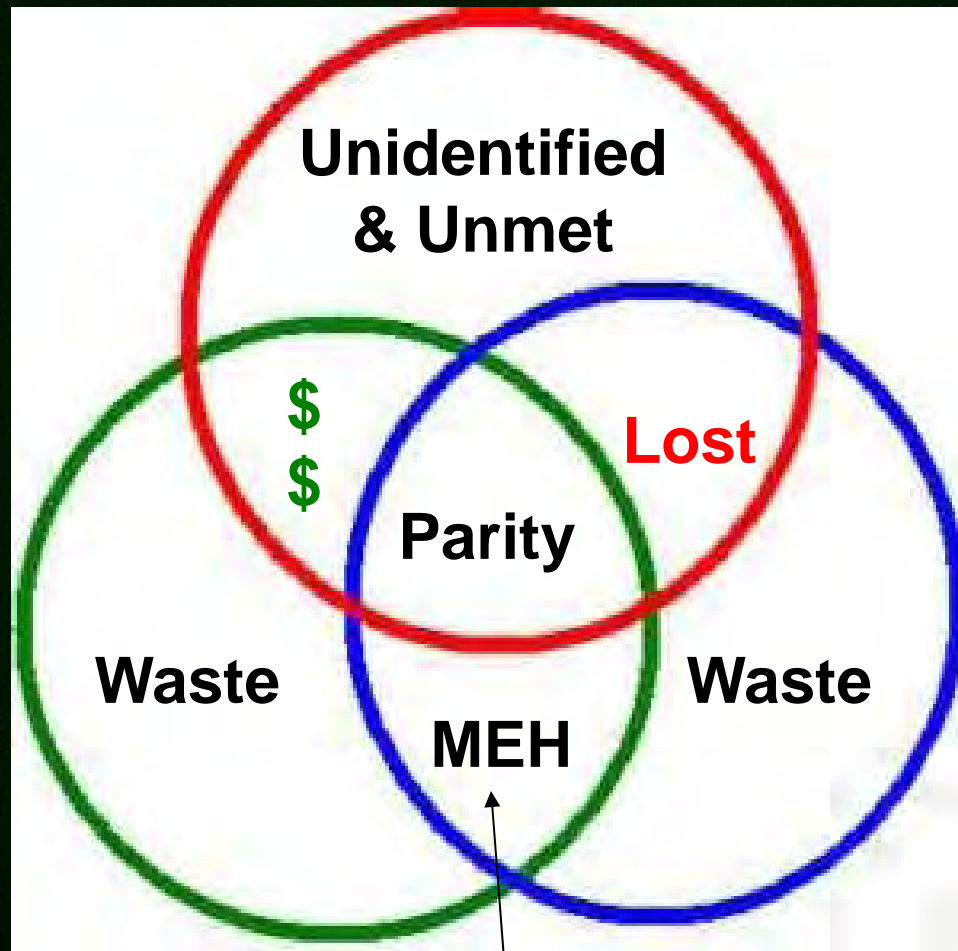
Innovation

The development of **new customer value** through solutions that meet new needs, unarticulated needs, or old customer and market needs in value adding new ways.



Customer Needs

Our Offering



Competitor Offering

We did it cause they did it

Fundamental Challenge



Over-reliance on each other for insight... celebrating regurgitating and repackaging what ‘everyone knows’, rather than challenging ourselves to think differently.

From “*Bill Gager: The Formative Years*”

Group Think Kills



Most leaders are doomed to see things the same way everyone else sees them, because they look for ideas in the same places everyone else looks for them.

Recognize Remanufacturer Change Agents

- Changing Technology
- Source of Financing
- Alternate Parts Channels
- Changing Role of Service for Distributors
- Globalization of Supply
- Data Overload, Scarcity of Analysis
- Skilled Labor Shortage

Major Structural Trends In The Heavy-Duty Truck Market



- OEM Component Integration
- OEM Vocational Standardization
- Design for Recyclability
- Supplier System Partnership
- Death of Diagnose and Repair...**Severe Technician Shortage**

Amplifying Technologies

Change Inducing Tech Steroids

- Wireless Mobile Apps
- NFC
- Clouds
- Turbocharged computing speed
- File sharing and remote access
- Personal devices, especially wireless



Anything that eliminates time, distance or language

Industry Strategies... Reman at 50, HDA at 30... or FleetPride at 15:

- Size alone is not a strategy...
nor is a footprint
- Fee follows function...
discounts become discriminate
- Information is the ultimate pop code 'A'
- VIN tyranny splinters
- War declared by European OEMs
- Tuángòu explodes
- **Net conquers gross... and CASH conquers all!**

The Top Disruptive Reman Issues

- **Mega-distributors** flex their scale and consolidation ability.
- **Unexpected entrants** deliver essential end user value in new ways.
- **Smarter, more demanding customers** are increasingly product and price savvy.
- **Enterprising suppliers** are blazing paths directly to these end users.

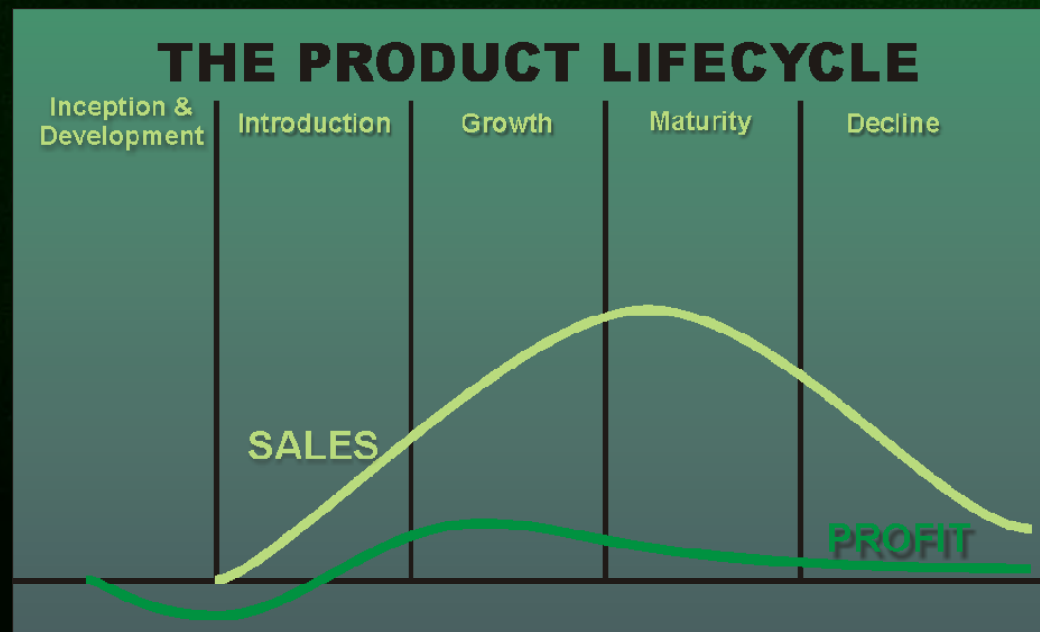
Reforming is the effort to maximize the mature market position.

Reducing operating costs with a vengeance.

Doing the basics well.

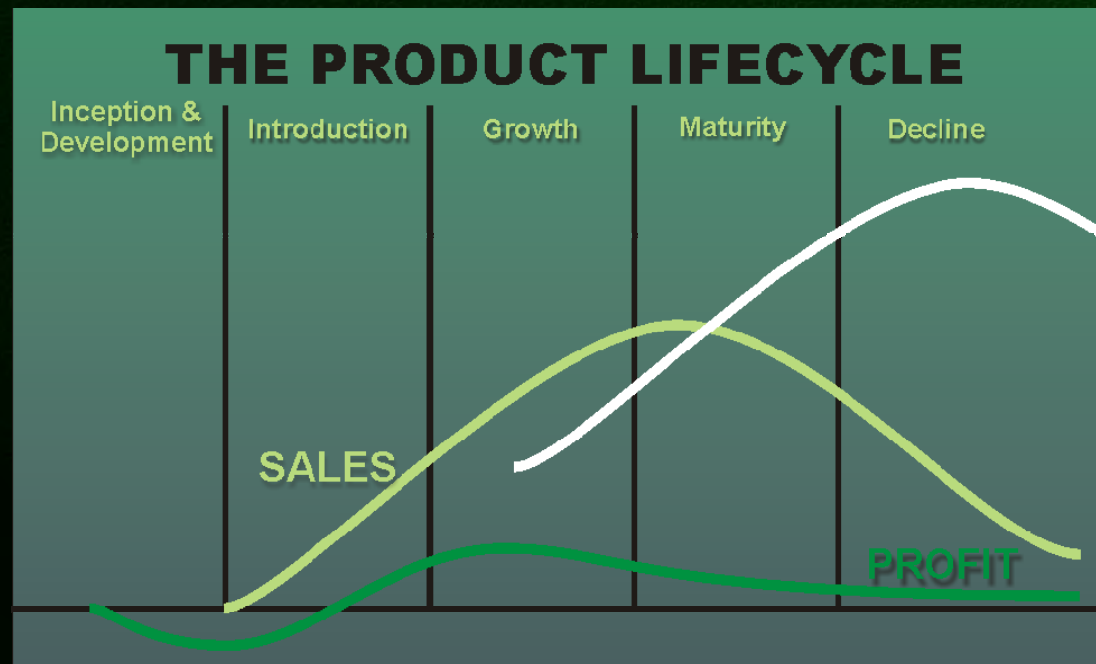
Retention and penetration of existing customers.

Increased outsourcing.

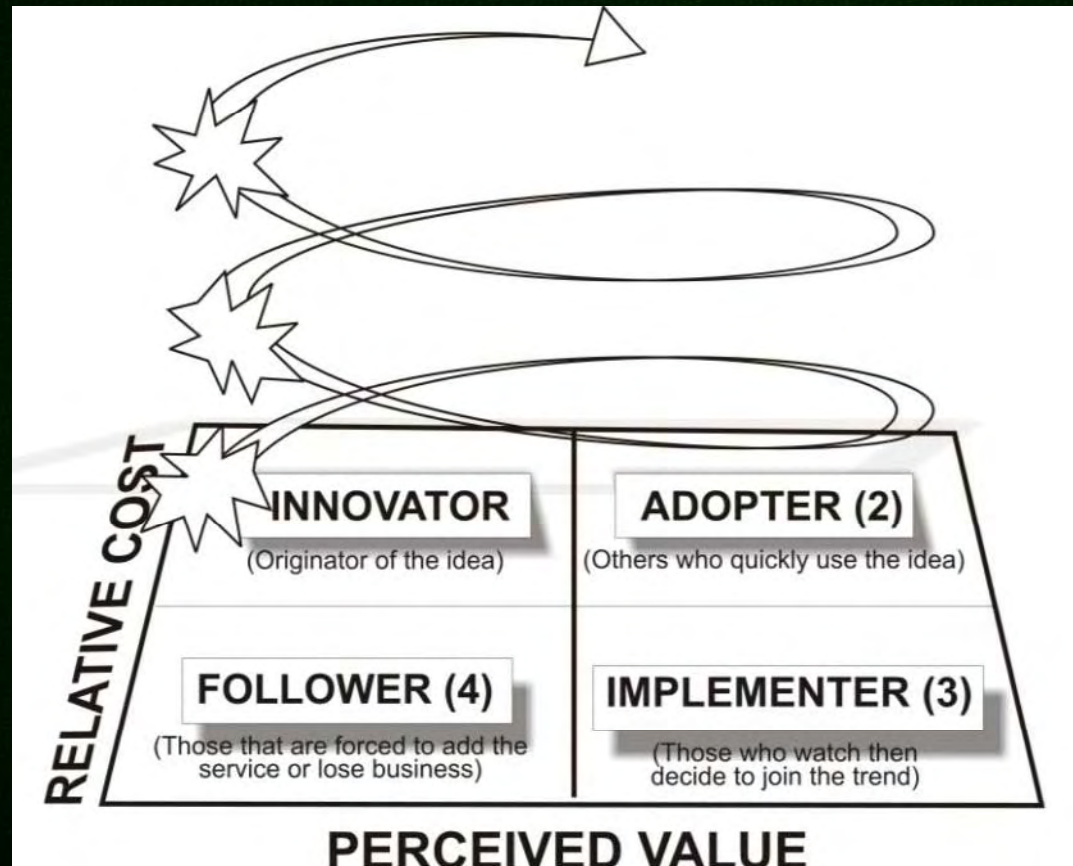


Transforming is the reinvention of the entire reman services package.

Revenue growth
Service innovation
Strategic alliances
Training (internal and external)
Reengineering the sales channels.



Service Life Cycle



Good is Not the enemy of Great!

Thomas Friedman Warns

Continuous innovation is not a luxury anymore – it is becoming a necessity.

In the hyper-connected world, whatever can be done, will be done.

The only question for a company is whether it will be done by it or to it.



The Edge of a Black Hole Is Where the Action Is

- Reinvention requires a fresh perspective. Every day we fight a gravitational pull to the center – to what's comfortable.



- **Event Horizon**... Best way to stay on the leading edge is to move toward the fringe of what we know and don't know. This is where the roots of innovation grow.

Nuke Nostalgia and Beware the Paradox of Expertise



Legacy thinking can be creatively deadening... like old vacation slides.

Paradox of Expertise ...

Deep knowledge of what has existed can make it harder to challenge long-held assumptions.

We Need To Rekindle the Reman Entrepreneurial Spirit of the '70s

- Every rebuilder, distributor and wholesaler began as an entrepreneurial venture.
- This spirit is the engine that solves customer problems and creates opportunities.
- *Have we built companies to a point where it's sustained as a “lifestyle” business rather than a vibrant, growing, self-driven venture.*

Look Outside the Industry... That's Where Our New Competitors Are.

- The truck parts remanufacturer business is getting old (mature if you're sensitive). New leaders must begin the process of transformation.
- Tech companies retool or transform every three to six years. The average rebuilder relies on the same business model that served dad.
- The Aftermarket is years behind in innovation, business model design ...*but in entrepreneurial spirit?*

Recognize This?



Soon...

- Compressor-less A/C
- Spring-less Suspension
- Friction-less Liquid Ferro-Magnetic Clutch
- Drive by Wire
- Light by Wire-less
- Belt-less Engines
- Super Airless Singles

Can we win the war for talent?

- Do we continue to look, act and behave like the 1990s hierarchical 'good ol' boy network' that we have been...
- or do we design new environments and **renew our commitment to human capital ?**



WyoTech



Technician Training

- **Who do you expect to provide this and who should bear the cost?**
- Delivery... Let's discuss the different possibilities.
- Technician shortage... How concerned are you?
- What is your strategy for recruiting?

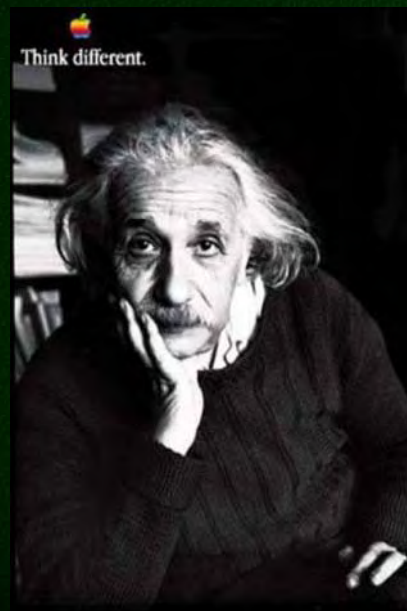
Best or Next ?

- Will you continue the tired tactic of repeating undifferentiated reman industry ‘**best practices**’, or can you try to create a culture of real innovation to pioneer ‘**next practices**’?
- Will you continue to allow your business to be disrupted – or will you become the disrupter?



The ideal business
is composed of
managers and
dreamers, and it is the
responsibility of the
former to protect the
latter.

Personal computers
Animated movies
Music
Phones
Computing
Digital publishing
Retailing



Steve Jobs

WADE
&
PARTNERS

Jobs' Stanford Speech

- You can't connect the dots forward – only backward
- Never fear failure
- You can't create the future with focus groups
- Expect a lot from yourself and others
- **Listen to that voice in the back of your head** that tells you if you're on the right track or not

Stay hungry, stay foolish.



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