

JOHN LEWIS PARTNERSHIP: THE FUTURE PARTNERSHIP CONSULTANCY

Asper School Of Business

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KEY ISSUE

How does JLP retains its guiding principle in the evolving and changing market?

Define

Analyze

Evaluate

Recommend

Implement

Risks & Mitigate

CRITICAL CHALLENGES

Trends

- Brexit
- E-Commerce
- Automation of Jobs

Unique Structure

- Maintaining 7 guiding principles
- Partners

Define

Analyze

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Risks & Mitigate

RECOMMENDATION

JLP will embrace the disruption in the retail industry by modernizing business operations.

Embrace

Transform

Lead

Define

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STRATEGIC GOALS

Maintaining
Guiding Principles

Stabilize
operating profit

Evolve with the
industry

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RETAIL INDUSTRY TRENDS

- Loss of Eastern European Employees
- Regulations Uncertainties
- Supply Chain Costs & Restrictions

Brexit

Retail
2018-
2028

- Rise of Machine Learning
- Rise of Robotic Automation
- Mandated Job Re-Design

Job
Automation

E-
Commerce

- Declining om-stores sales
- Rise of Digital Native Retailers
- Changing Consumer Behavior

Traditional retailers in UK must find opportunities in this new era, should they survive.

Define

Analyze

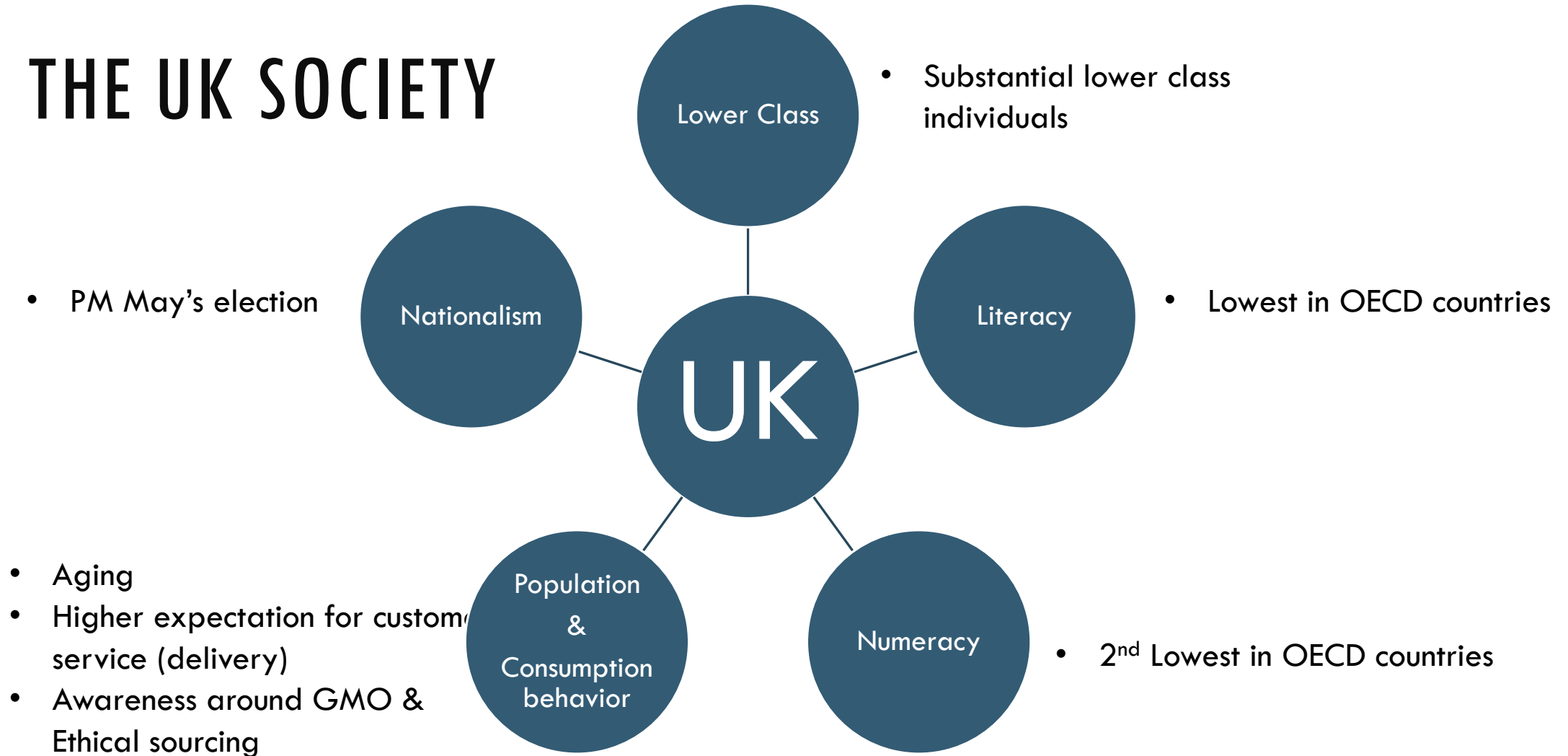
Evaluate

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THE UK SOCIETY



The UK society has unique characteristics that must be considered in any strategy put forward.

Define

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THE UK RETAIL COMPETITIVE LANDSCAPE



JLP is the biggest multichannel retailer in the UK's defragmented competitive space.

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JLP'S VALUES

Customers

- The wellbeing of its community
- Outstanding choice, value, & service



Partners

- Valuable assets
- Power to the people

Suppliers

- Integrity & Courtesy
- Honouring agreements

JLP's 7 guiding principles are their key differentiator serving all stakeholders.

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JLP'S BRANDS & GROWTH

Peter Jones

- British
- Iconic
- Premium

Waitrose

- 2/3 of JLP's Sale
- Local Suppliers Expertise

John Lewis

- Excellent Customer Service
- Day Visitors & tourists

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ENVIRONMENTAL ANALYSIS

- Relationships
- Partners as asset
- Brand and position

- UK is changing
- Gap in the market
- Trends



- Large employee base
- Many non technical roles
- Strict business model

- Brexit
- Automation

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ALTERNATIVES

Expand Internationally

Acquire a Digital Native

Enhanced Digital

Define

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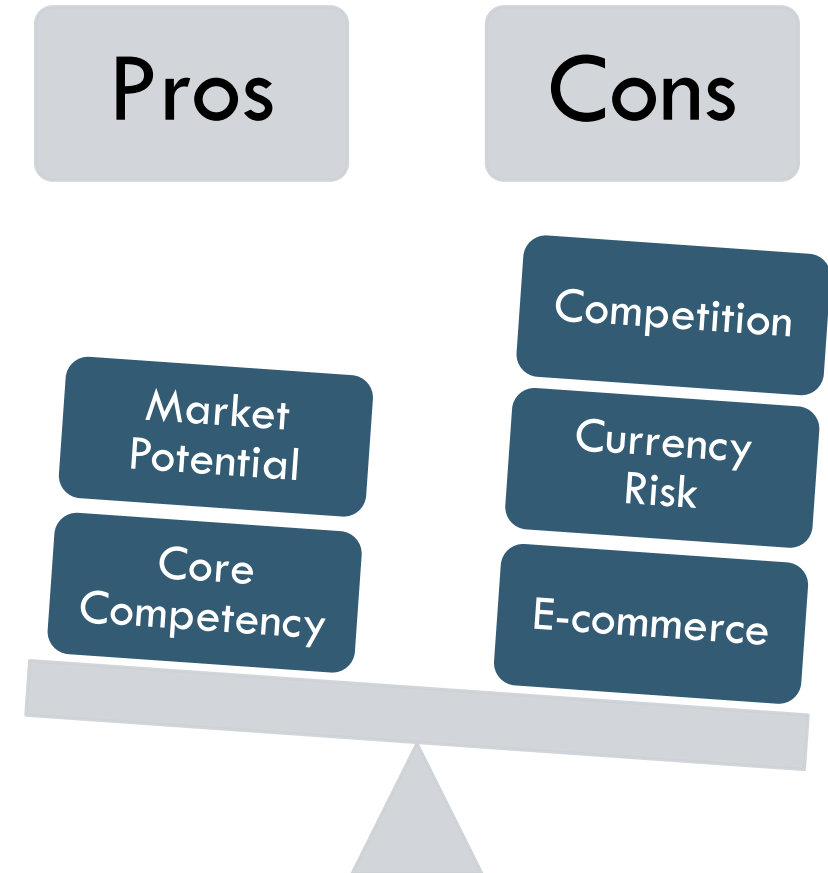
Implement

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ALTERNATIVE 1: EXPAND INTERNATIONALLY

JLP will expand brick and mortar stores internationally to take advantage of synergies.

Example: India



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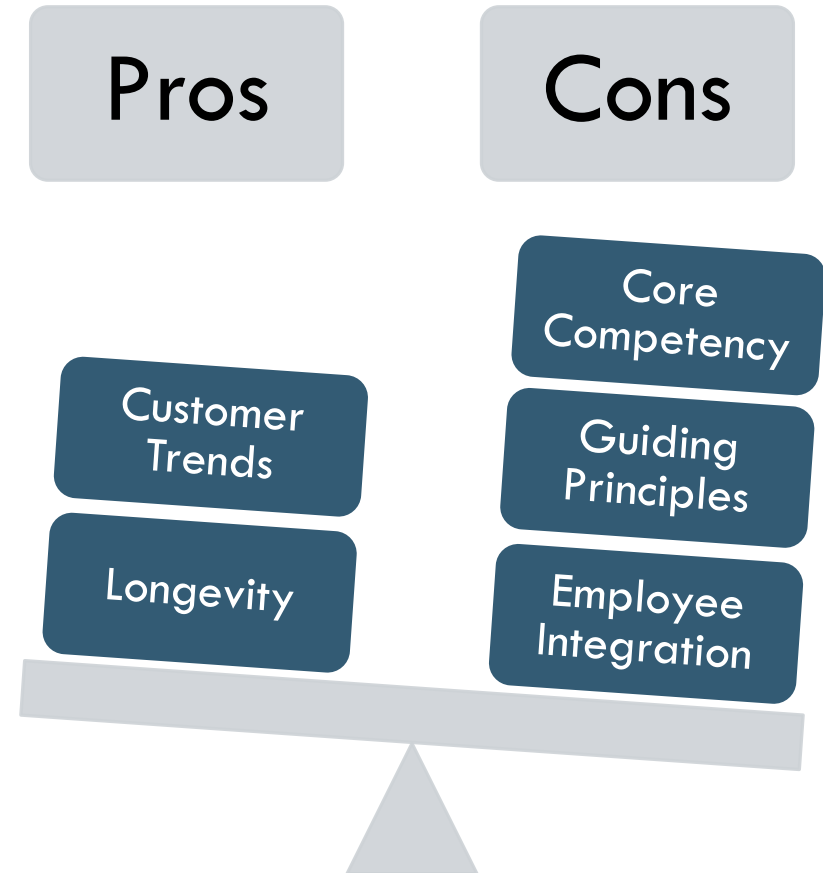
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ALTERNATIVE 2: ACQUIRE A DIGITAL NATIVE

JLP will acquire a digital native to move fully into the digital realm and close brick and mortar stores.

Example: Hello Fresh



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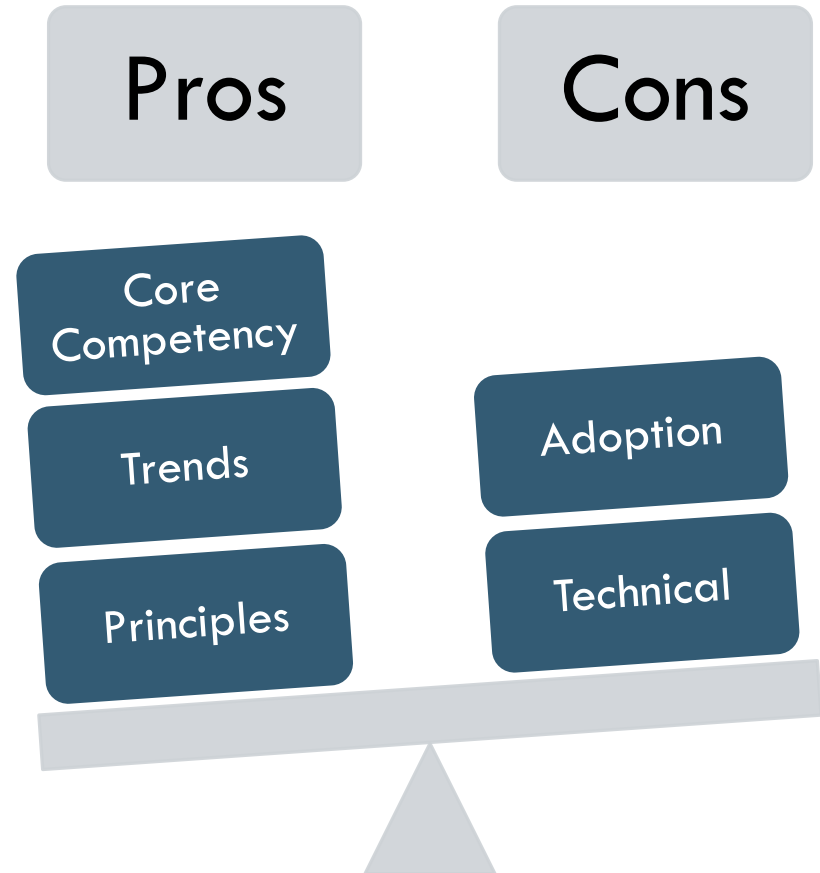
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ALTERNATIVE 3: ENHANCED DIGITAL

JLP will embrace the changing retail industry by enhancing digital offerings, while retaining physical stores.

Example: Brick and Click



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DECISION CRITERIA

Trends

Alignment with the changing industry trends of automation and E-commerce

7 Guiding Principles

Adherence to guiding corporate principles

Financial Feasibility

Long-term stability of EBITDA up to 2028

Define

Analyze










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DECISION MATRIX

	Alternative 1: Expand Internationally <i>India</i>	Alternative 2: Acquire a Digital Native <i>Hello Fresh</i>	Alternative 3: Enhanced Digital <i>Brick and Click</i>
Trends <i>Automation & E-Commerce</i>			
Financial Feasibility <i>Long-term stability of EBITDA up to 2028</i>			
7 Guiding Principles <i>Adherence to corporate structure</i>			

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RECOMMENDATION

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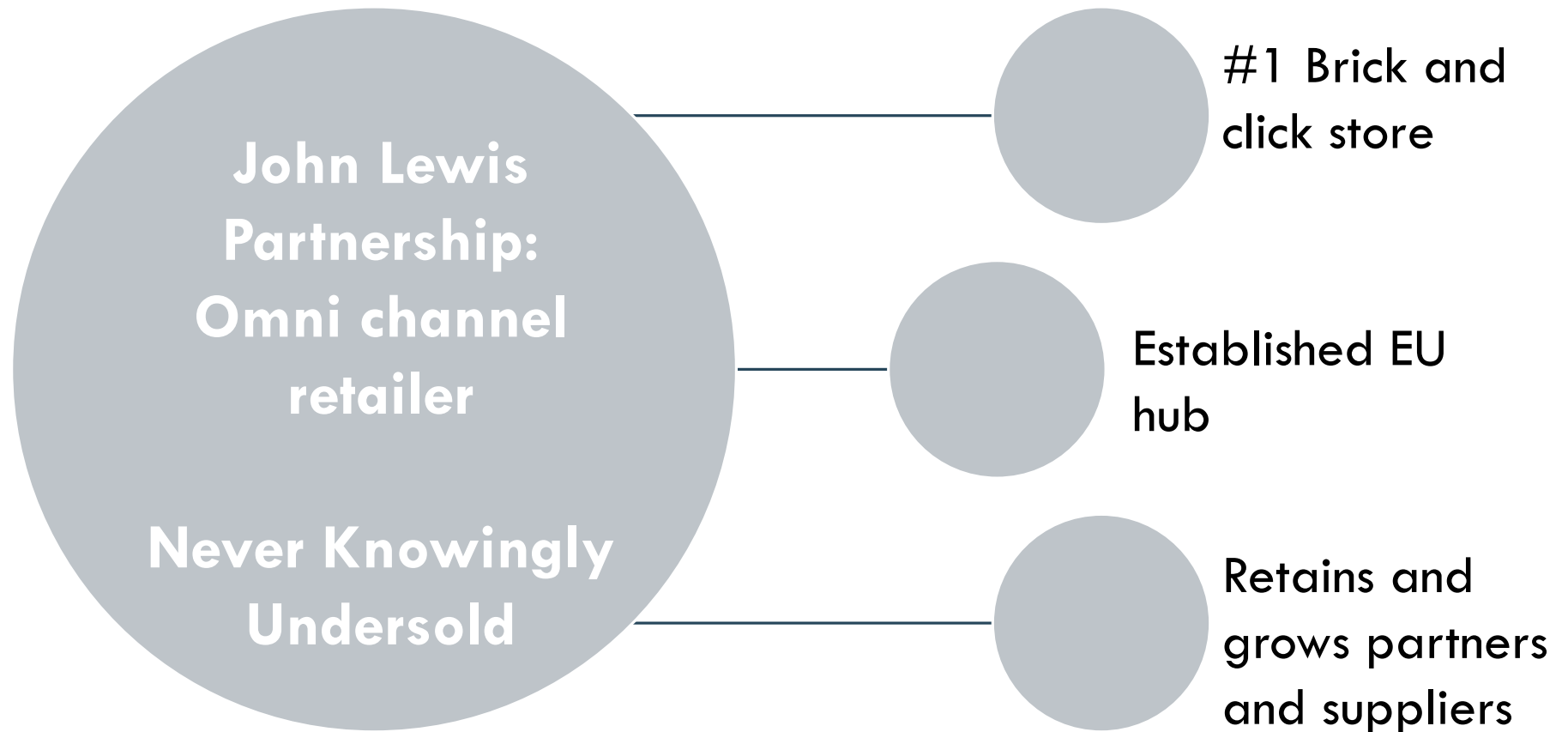
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FUTURE FORWARD



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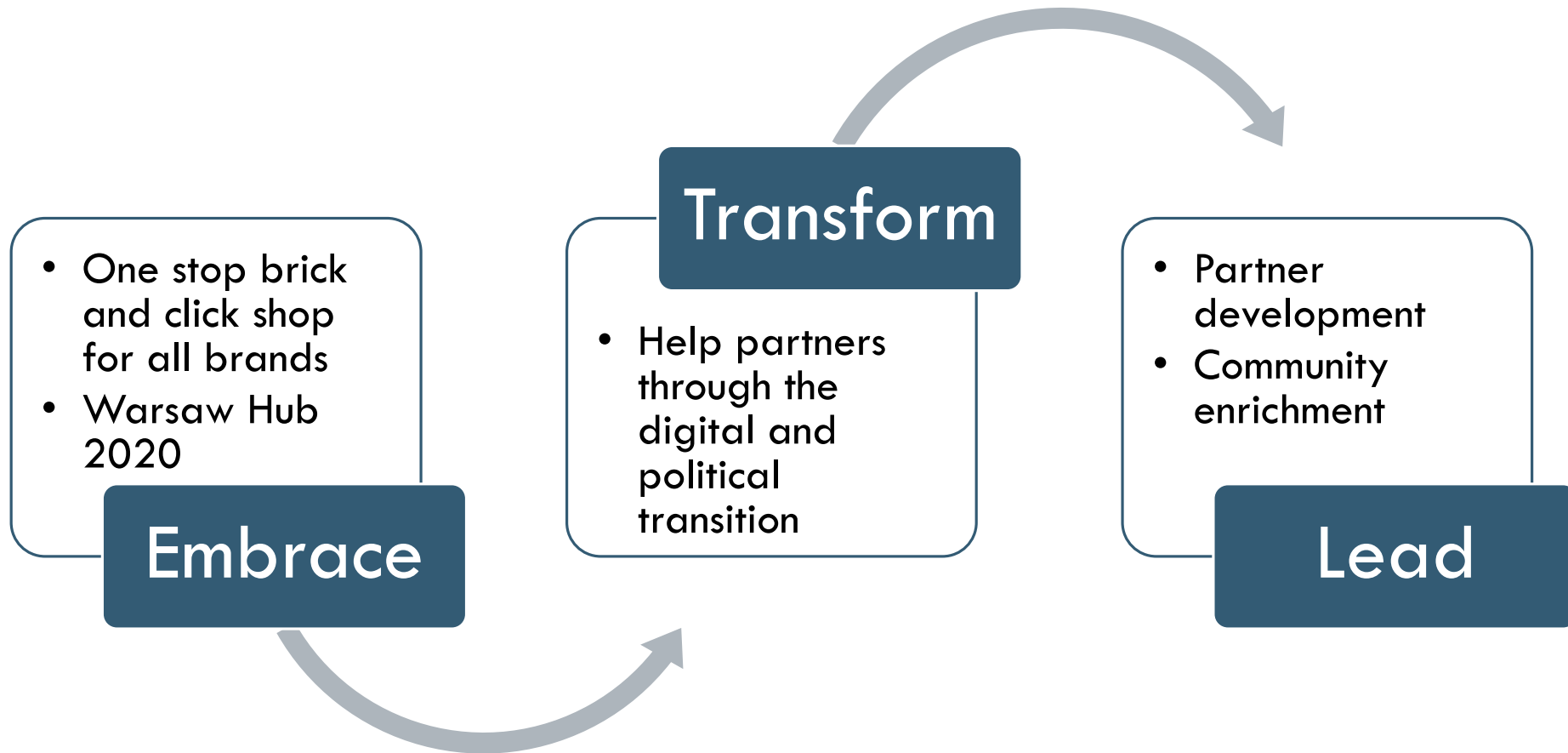
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STRATEGIC IMPLEMENTATION



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JLPARTNERS.COM

Omnichannel retailer

Color scheme: Blue & Yellow

Home goods, Foods, Fashion & Technology

“Never unknowingly undersold since 1920”

Define

Analyze

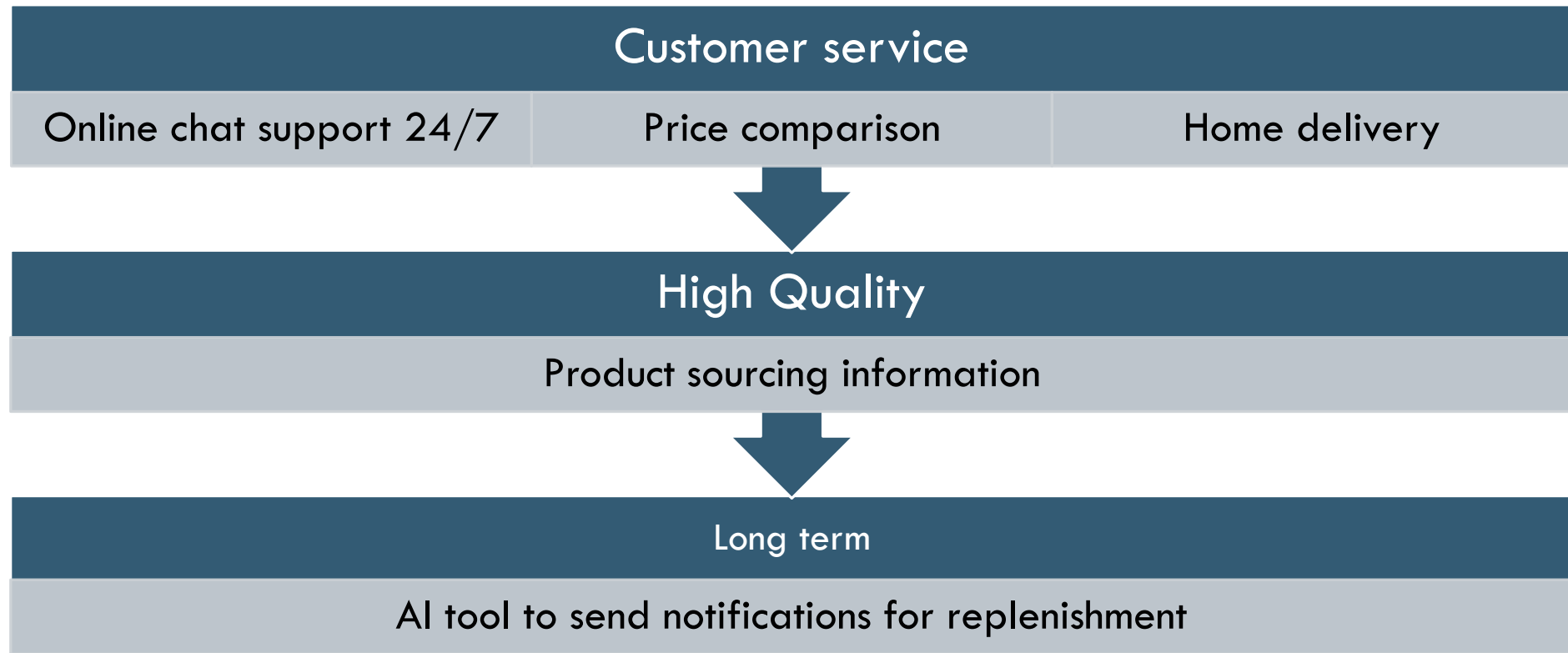
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UNIQUE FEATURES



Define

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WHAT ELSE WILL THE WEBSITE LET YOU DO?

Inspire

Contribute

Grow

Define

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HOW DO YOU PROMOTE THE SITE

Social media campaign

Discount and free delivery on account creation

Online coupons on print receipt

Define

Analyze

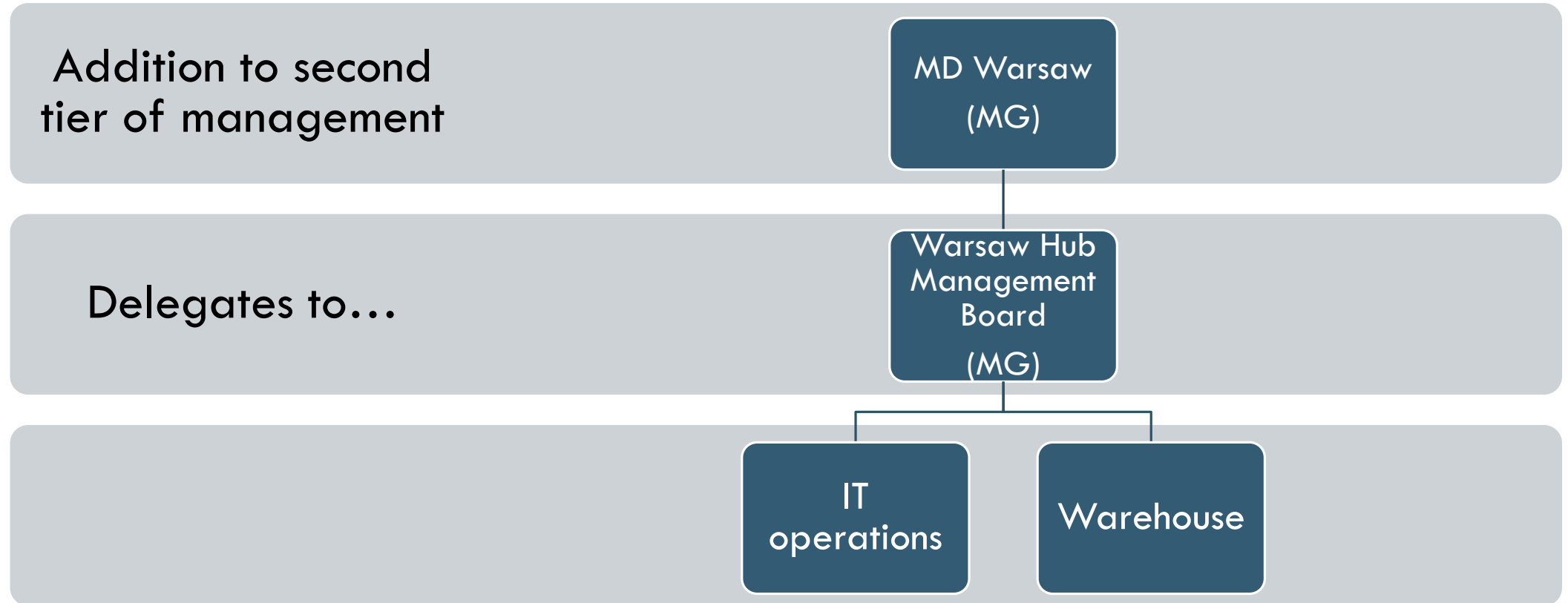
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WARSAW HUB 2020



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SET UP PROCESS FOR THE WARSAW HUB

Group development director assumes the role of Warsaw division

Team to venture and scope Warsaw

Set up office

IT PMO office- Developers & Project Managers & Systems analyst.

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TRANSFORMING WITH THE PARTNERS THROUGH CHANGES



Promotes the betterment of current and future employees

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CREATING VALUE FOR SUPPLIERS



Incentive & training program for suppliers

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THE JOHN LEWIS VISION FOR CUSTOMERS

John Lewis	Peter Jones	Waitrose
<ul style="list-style-type: none">• Store remains the same• Marketing on hop on-off buses	<ul style="list-style-type: none">• Sponsor high end events: Wimbledon & Ashes• Social media campaign	<ul style="list-style-type: none">• Promote the Waitrose brand• Signage for website and delivery on bus stops

“Letting your omni-channel presence known”

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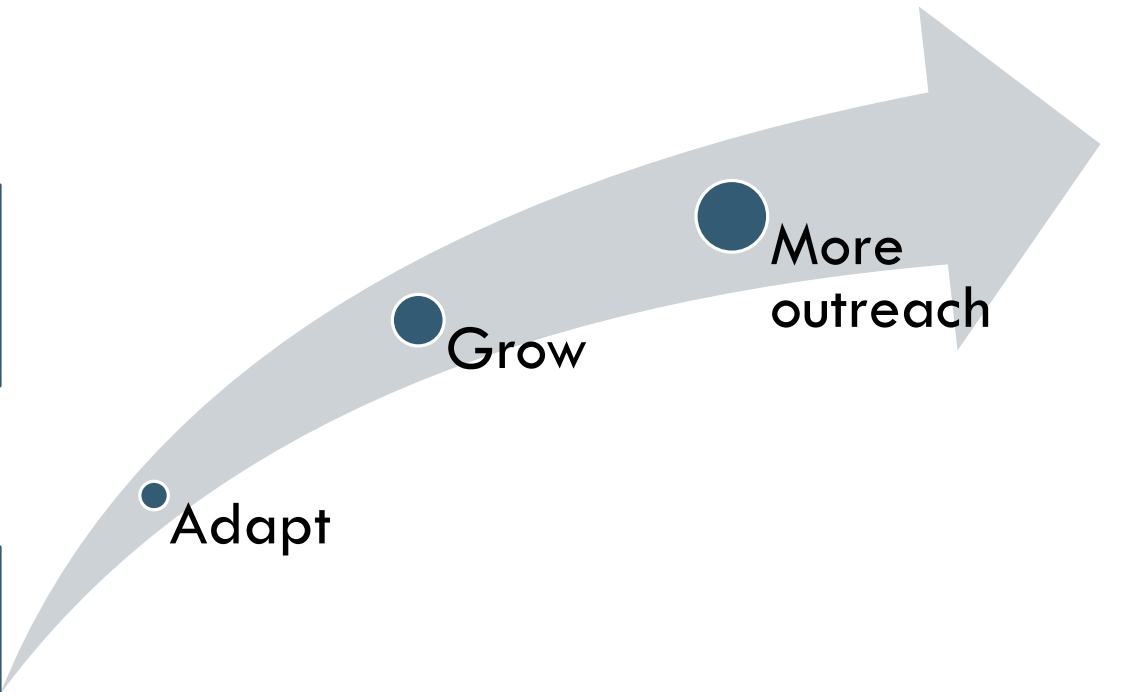
Implement

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LEAD

Equipped

Positioned



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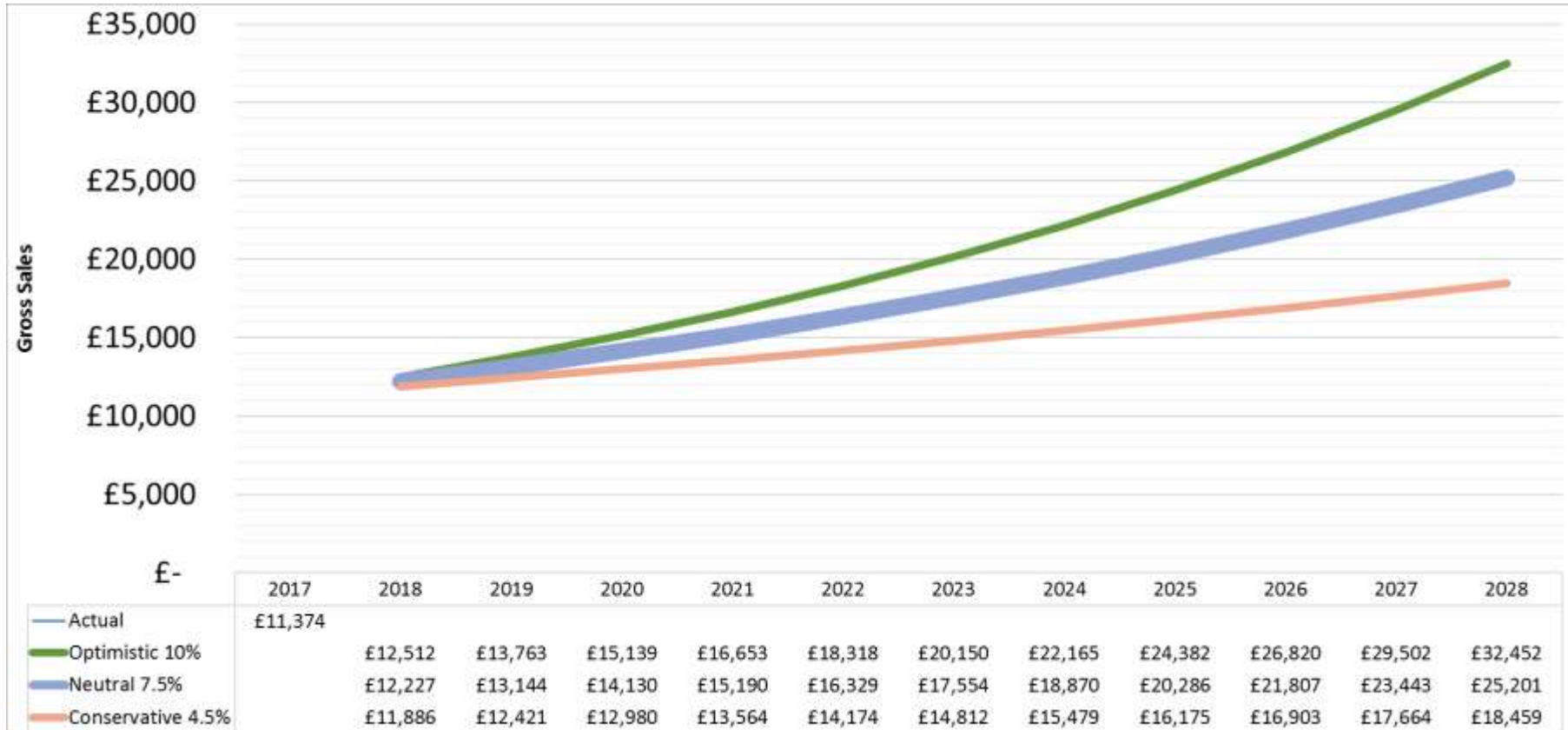
SCHEDULE AND COSTS

Year	2018				2019				2020				2021				Cost (m)
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Warsaw Division																	
Set up Warsaw division	■	■															£ 15.0
Establish Warsaw Office			■	■													£ 20.0
Digital Development				■	■	■	■										£ 25.0
Launch								■									£ -
Develop warehouse									■	■	■	■	■	■			£ 50.0
Partners																	
Establish 'Support You' Committee	■	■															£ 1.0
Launch program			■														£ 0.5
Continue working with schools in EU				■	■	■	■	■	■	■	■	■	■	■	■		£ 50.0
Suppliers																	
Work with legal & bank team	■	■	■														£ 4.0
Create legal agreements				■	■												£ 2.0
Source internationally certified suppliers					■	■	■	■	■	■							£ 10.0
Marketing Partnership																	
Create marketing plans		■	■	■	■												£ 15.0
Sponsor events					■	■											£ 50.0
Total																	£ 242.5

Total Project Costs will be 242.5MM, and will be financed by debt over 5 years at 57MM



GROSS SALES



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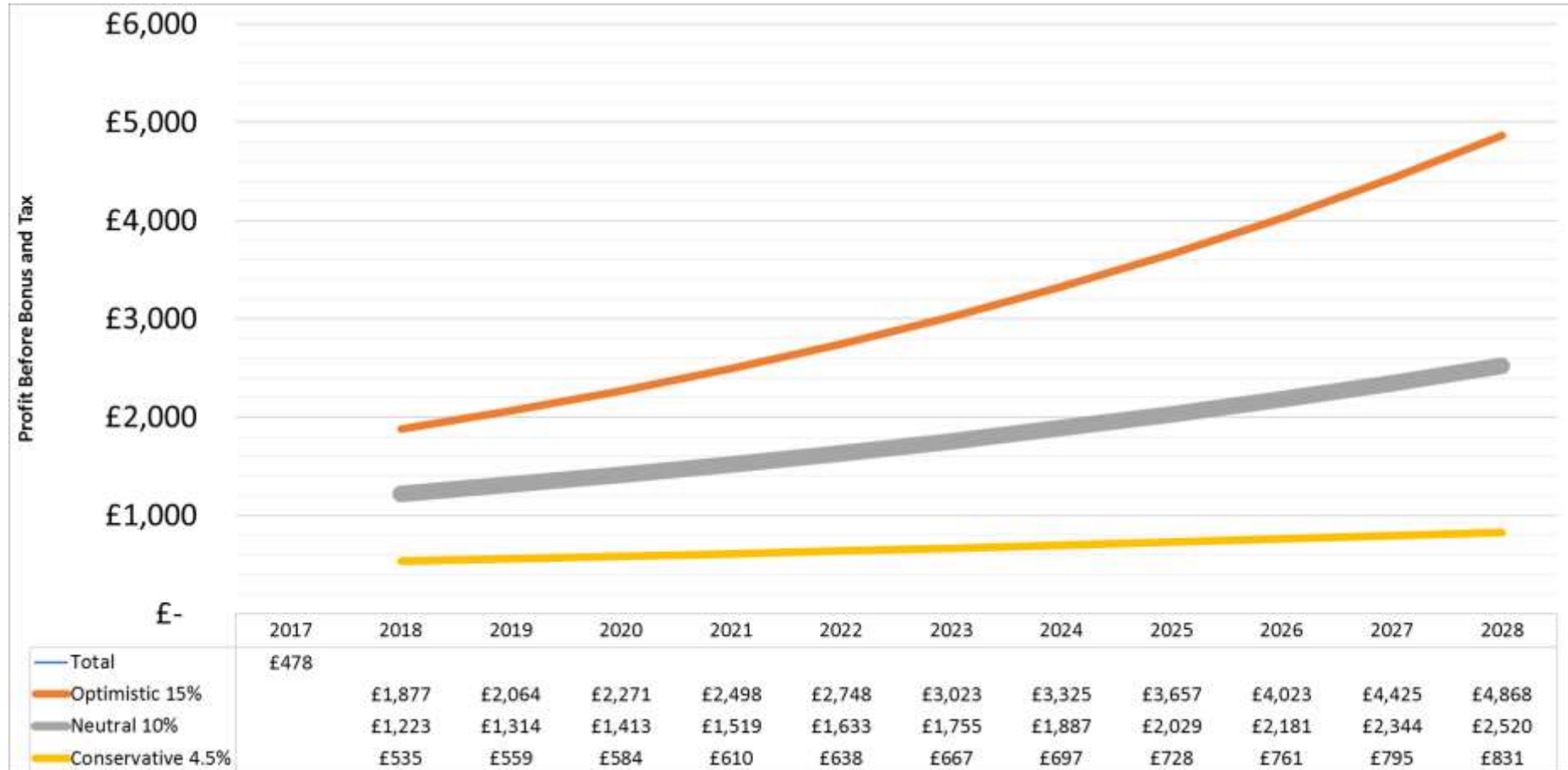
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OPERATING PROFIT



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DEBT AND PARTNERSHIP BONUSES

		2018		2019		2020		2021		2022		
Net Finance costs	-£	165.37	-£	165.37	-£	165.37	-£	165.37	-£	165.37		
Partnership Bonus	£	208	£	223	£	240	£	258	£	278		
		2023		2024		2025		2026		2027		2028
Net Finance costs	-£	107.80	-£	107.80	-£	107.80	-£	107.80	-£	107.80	-£	107.80
Partnership Bonus	£	298	£	321	£	345	£	371	£	399	£	428

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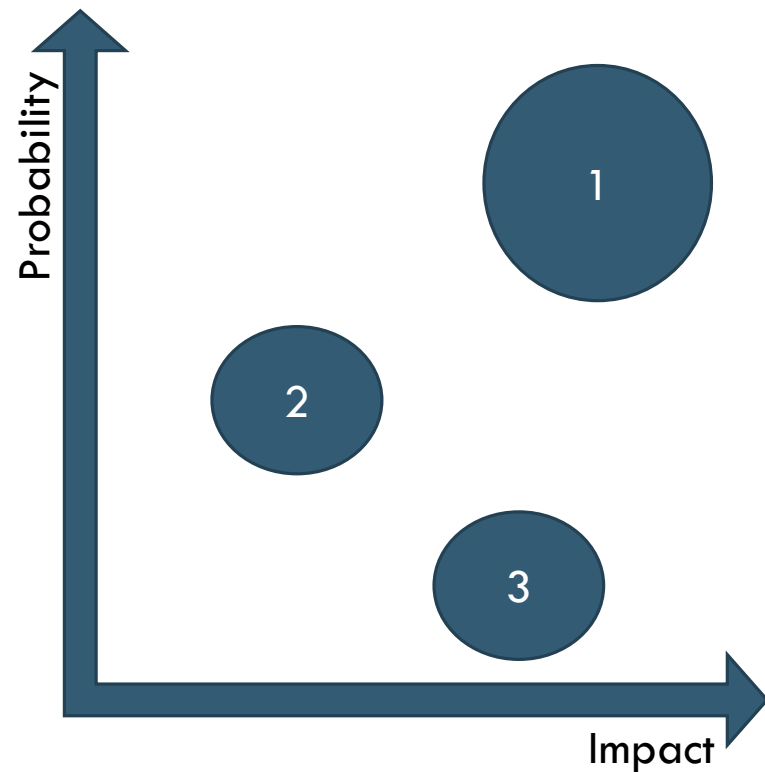
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RISKS AND MITIGATION



1 GDPR Legislation

- Be fully GDPR compliant and use it as a differentiator

2 Customer Adoption

- Online Discounts

3 Competition from Online Retailers

- Increase omni-channel distribution

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KPI AND CONTROLS

Concern	KPI	2022	2028
Customer Adoption	NPS	7.5	9
Financial Feasibility	Operating Profit	1.6 Billion	2.5 Billion
Adherence to Guiding Principles	Employee Approval	75%	90%

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