

John Lewis Partnership

IT IS NOT WHAT YOU DO, IS HOW YOU DO IT

Mandate

How to create a next generation partnership in a disrupted era?

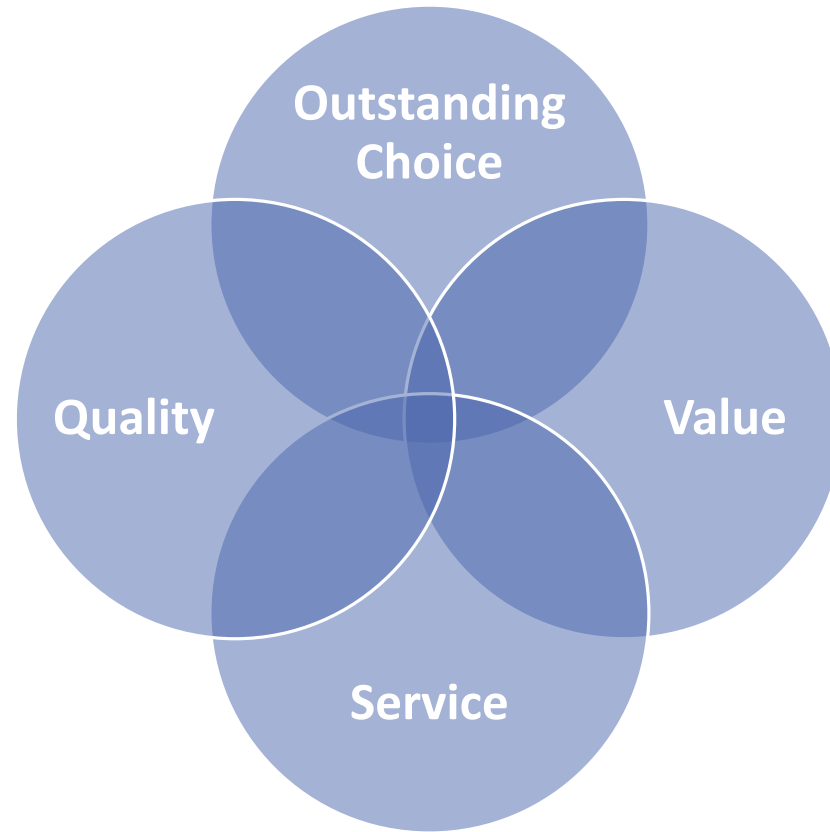
Key Issues



Strategy



Value Proposition



Partnership Strengths

- ❖ Management Structures
- ❖ Employee Empowerment
- ❖ Employee Partnership
- ❖ Governance Structure
- ❖ Differentiation: Quality & Diversity



Excellent Work
Climate

Great Customer
Service

Current Financial Situation

- ❖ Interest Income: 101 Millions GBP
- ❖ Profit for the year: 353 Millions GBP
- ❖ Debt-to Equity 67%
- ❖ Net Assets 2.1 Billions GBP
- ❖ Others than Waitrose and John Lewis are losing money on its operations.
- ❖ Exceptional Items (171 Millions GBP)
- ❖ Group and Others lost Operationally (18 Millions GBP)
- ❖ While John Lewis and Waitrose increased their sales.

Partnership Bonus Analysis

	2017 (GBP)	2016(GBP)	Nominal Change(GBP)	% Change
Bonus	89,400,000.00	91,500,000.00	-2,100,000.00	-2%
Number of Employees	86,700.00	91,500.00	-4,800.00	-5%
Full Time	63,300.00	63,900.00	-600.00	-1%
Bonus per Employee	1,031.14	1,000.00	31.14	3%

Alternatives

Grow Internally

From Partners to
Employees

New Generation
Partnership

Criteria

Partnership Happiness

- Employ and retain people of ability and integrity.

Economic Feasibility

- Responsibly finance the continued development.





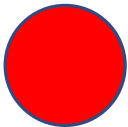
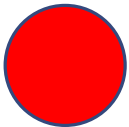
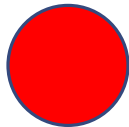
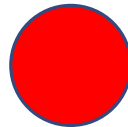




Customer Experience

- Secure customers loyalty and trust through the value proposition.

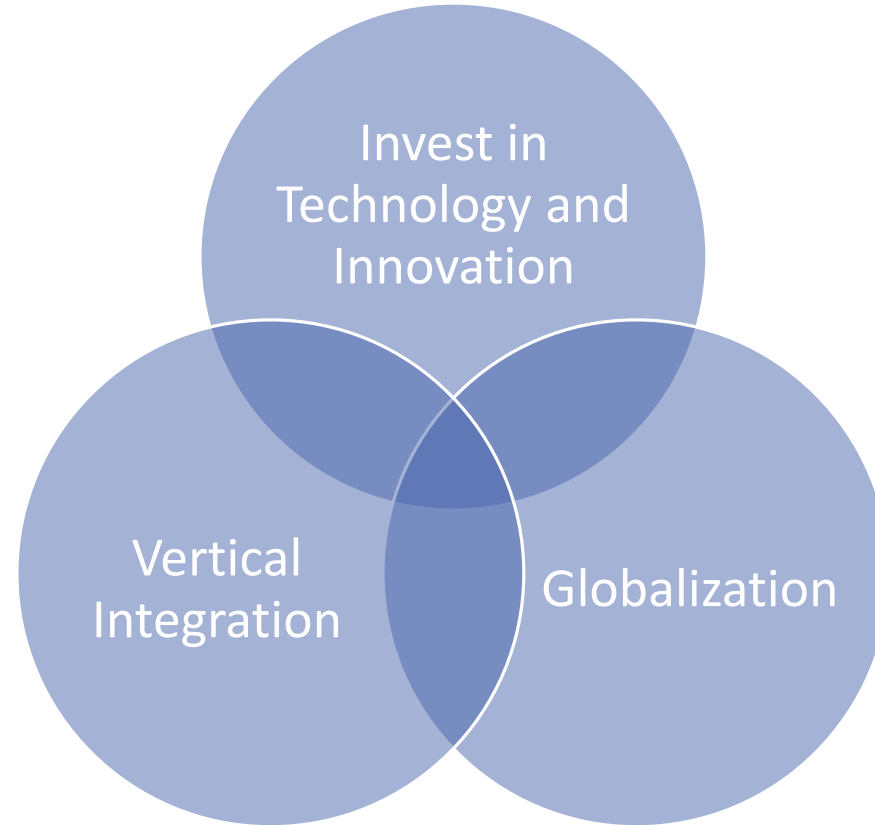
Profitability

- Satisfy Employment in a Successful Business

Alternative Analysis

	Partnership Happiness	Economic Feasibility	Customer Experience	Profitability
Grow Internally				
Sell: From Partners to Employees				
New Generation Partnership				

Recommendation



Implementation: Globalization

INITIAL ENTRY TO EUROPEAN MARKET

1. France → Paris
2. Spain → Madrid
3. Italy → Milan

Initial Investment: GBP
700,000

Rented Warehouse

Third- Party Logistics

60% Waitrose SKU's, 40% Local SKU's

In House Operating Partners

UK Based Customer Service Call Center

Entry Marketing Consultants

Technology and Innovation

Key Objective

Stay ahead of competitors

Increase Operation efficiency

Increase Customer Satisfaction

Decrease CAPEX in the long run

Creation of New jobs/Partnerships

Online
Stores
Restructure

Tecnology
and
Innovation

Hybrid
Stores



Online Stores Restructure

Globalization Strategy

Logistic Partnership / Door to door
delivery

Supermarket / Department Stores
Items sold

Free Shipping Membership

Strategic Distribution Hubs

Mobile APP

Free Shipping Membership

Next Day
Delivery
(Only UK)

Special offers
on selected
items

Monthly Fee:
GBP10.00

Annual Fee:
GBP95.00

Online Store Restructure Budget

Logistics and Door to Door	Distribution Hubs	Mobile App	Online Development
<ul style="list-style-type: none">• 80M GBP	<ul style="list-style-type: none">• 200M GBP	<ul style="list-style-type: none">• 800K GBP	<ul style="list-style-type: none">• 200K

Hybrid Virtual Stores



How will it work?

RFID (Radio Frequency ID)

Automated Stores

Big City / Small Grocery Stores

Initial Opening 2026

10 Stores in UK first year

Objective

Increase Customer Satisfaction

Creation of Behavior metrics and analytics Data Base

Lower Fixed Costs

Hybrid Virtual Stores Budget

500M GBP

Objective: Globalization

Low Fixed- Costs

Maintain Partners Abroad

Rotate Partners With-in Organization

Empower our Niche Market Internationally

Diversify our Portfolio

Mitigate Currency Exchange Risks

Contingency Plan

Vertical Integration On Supply Chain Value

1. Produce Manufacturing White Label Premium Products.
2. Local Supplier Acquisitions & Mergers

Objective

Secure partners positions due to technological advancement impacts.

Add value to the whole supply chain.

Additional Flows of Income

Risks & Mitigation

