

JOHN LEWIS PARTNERSHIP

FIA CONSULTING TEAM

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SUMMARY

Key Issue

Recommendation

Analysis

Alternatives

Strategy

Implementation plan

Financial Analysis

Risks and Mitigation

KEY ISSUE

How to build the 2028 strategy within the current competitive scenario?

Partner
satisfaction

Supply chain
efficiency

New consumer
behaviour

CURRENT SITUATION

UK's largest multichannel retailer
86,700 permanent Partners
Revenues: 11 bi Pounds in 2016

34 department stores
12 John Lewis at home shops
353 Waitrose supermarkets
Online and catalog business
Production Unit
Leckford farm

Philosophy :

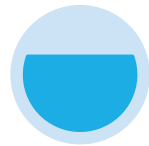
The Partnership' ultimate purpose is the happiness of all its members

CHALLENGES



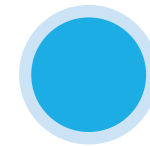
Role of
technology

Jobs of The Future
Change in consumer
behaviour



Competitors

Tesco & Amazon
Harrods
Marks & Spencer

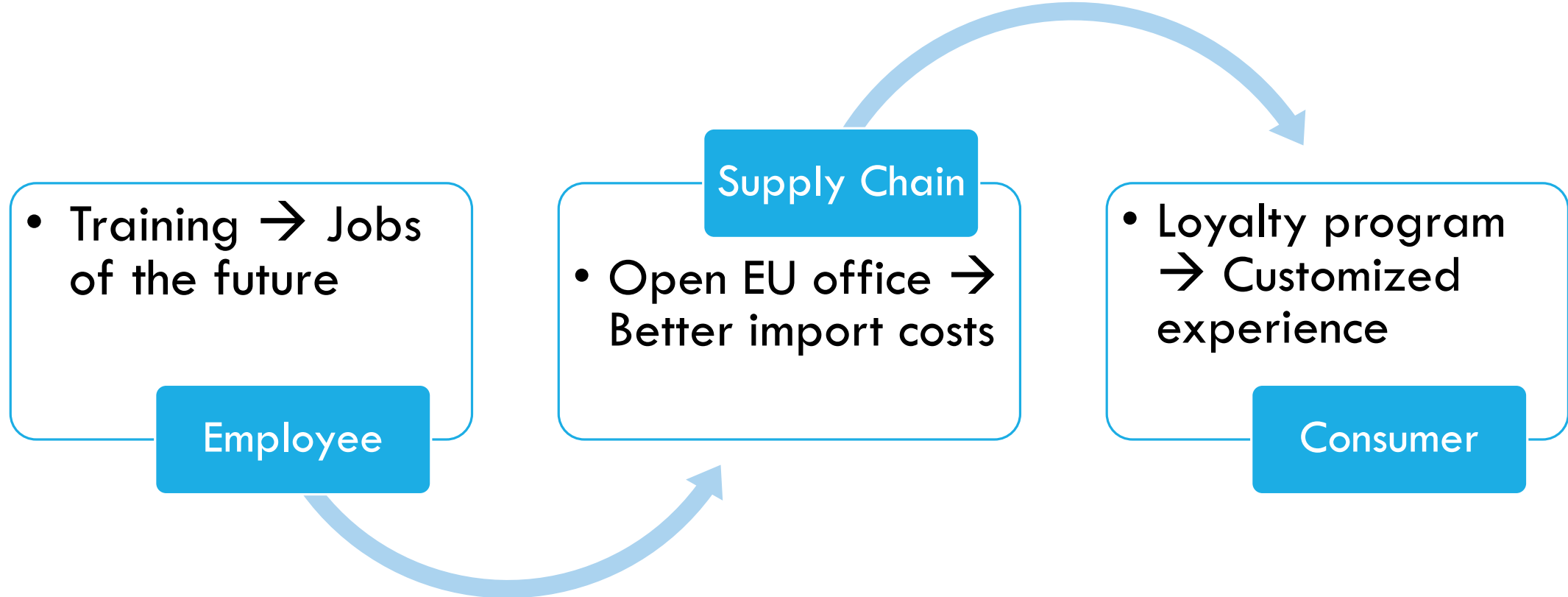


Brexit

Workforce source
Supply chain

RECOMMENDATION

Invest in increasing **customer loyalty** and **employee satisfaction**



EXTERNAL ENVIRONMENT

OPPORTUNITIES

E-commerce

Consumer
behaviour
data insights

Technology
in workplace

THREATS

Tesco &
Amazon

Workforce
Sources

Devaluation
of £

INTERNAL ENVIRONMENT

STRENGTHS

Customer
Experience

Brand
equity

Partnership
Program

WEAKNESSES

International
Business

Data analysis
expertise

ALTERNATIVES

CONSUMER

Loyalty Program

- Develop loyalty program platform
- Omnichannel

Enhance customer experience

Gather insights of consumer behaviour

Acquisition

- Retail focused Startup
- Data analysis Startup

High tech expertise demand

Data analysis can be provided from consultancy

ALTERNATIVES

SUPPLY CHAIN

EU Office

- Legal entity inside EU
- Import & Export Operations with Transfer Price

Hedge devaluation of £ through transfer price

Vertical Integration

- Key suppliers in UK
- EU based suppliers

Increase of assets
Acquisition cost to expand footprint

Internationalization

- Bricks & Clicks experience
- E-commerce

Low experience in international markets

Supply Chain expansion cost

ALTERNATIVES

EMPLOYEE

Learning & Development

- Partner with universities
- In-company training

Develop manual labor partners to prepare for tech demand

Recruitment

- Tech Specialists from main universities

Enhance tech expertise

Consolidation

- Consolidate warehouse operations
- Lay-offs

No adherence with JLP's 7 principles

CUSTOMER STRATEGY

WHAT?

Create a loyalty program

Customize promotions

Enhance customer experience

HOW?

Data analysis to understand customer behaviour

Omnichannel strategy:

In stores experience events

- Cooking classes
- Lectures
- Fashion Weeks

Online

- Website: Click and collect, recommendation of products
- APP

Subscriptions of products for Waitrose

- Curated boxes once a month

MY JLP APP

Registry with JLP Loyalty number

The platform will analyze customer behaviour

Customized promotions will be suggested based on profile

User will activate the desired discounts

Discounts can be used online or in store

SUPPLY CHAIN STRATEGY

Open an office in Portugal

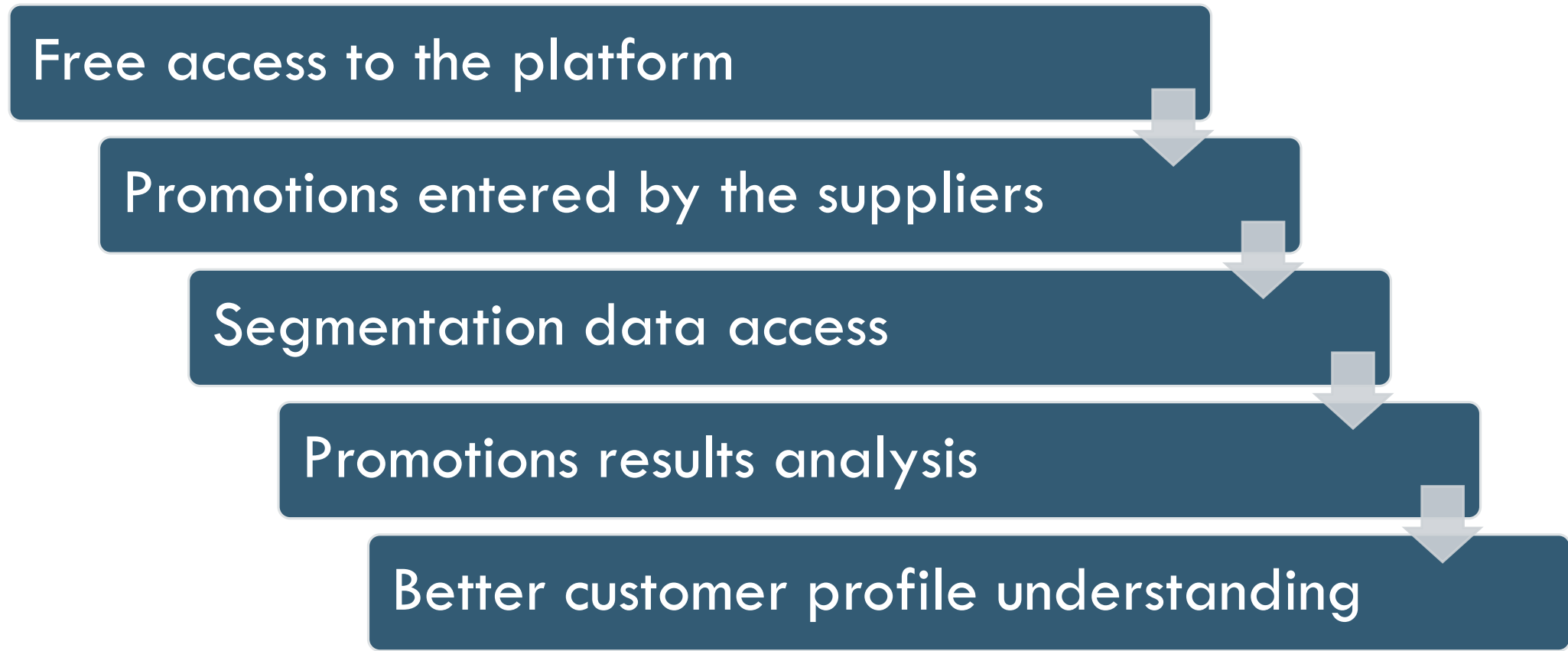
Optimize purchases on continental EU

Mitigate currency effects

Hire qualified tech workforce

Develop tech and data analysis

MY JLP APP



EMPLOYEES STRATEGY

JLP School of the Future

Training program for employee retention

Develop from bottom to top

Online and In Company courses

Partner with universities

Recruit tech experts from main universities

IMPLEMENTATION PLAN

Customer	Year 1				Year 2				Year 3				Investment (millions)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
App Development	1	1	1	1									0.3
Omnichannel Interaction	1	1	1										50
Set of In-store actions	1		1		1		1		1		1		200
Marketing Plan	1	1	1	1	1	1	1	1	1	1	1	1	200
Curated Box line-up setting	1	1											20
Supply Chain													
Prospect new office			1	1	1								2
Start-up EU Office					1	1							100
Roadshow with suppliers							1	1		1	1		60
Employee													
Reevaluate benefits program				1				1				1	20
Partnership with University					1	1							0.5
Create JLP School of the Future							1	1	1				80
Rolling Forecast / Expansion Plan Review		1		1		1		1		1		1	
Investment Cash Flow	77	43	67	24	101	67	92	65	77	32	65	23	732.8

FINANCE

Gross Sales	2017	2018	2019	2020	2021
Waitrose	6633.2	6765.864	7036.499	7317.959	7610.677
John Lewis	4741	4978.05	5276.733	5593.337	5928.937
Total	11374.2	11743.91	12313.23	12911.3	13539.61

Operating Cost	-10896	-11182.6	-11476.8	-11778.8	-12088.6
	96%	95%	93%	91%	89%

Operating Profit					
Waitrose	253.5	258.57	268.9128	279.6693	290.8561
John Lewis	243.2	255.36	270.6816	286.9225	304.1378
Group and other	-18.5				
Total	478.2	513.9	539.6	566.6	595.0

FINANCIAL FEASIBILITY

	2017	2018	2019	2020	2021
Short Term Loan					
Net finance costs	-107.8	-120.299	-134.246	-149.811	-167.18
Implementation costs		-212	-325	-197	
Profit before Partnership Bonus, tax and exceptional itens	370.4	182.0	80.8	220.1	427.8

RISKS AND MITIGATION

Risks	Mitigation	Severity	Investment
Low bargaining power with suppliers	Evaluate Expansion plan + Increase consumption to leverage volumes	H	120 mi
Big players taking over the market	Omnichannel actions to improve differentiation	M	100 mi
Employee satisfaction decreases	Endomarketing + Reevaluate relevance of Benefits of the Future	M	60 mi

FINAL CONSIDERATIONS

Be UK's Top 1 retailer for customers and employees

Increase
consumer
satisfaction

Supply chain
optimization

Partner
engagement

Total
Investment:
733 mi



Total revenue:
13,5 bi (19%)