

John Lewis Partnership Digital Happiness

GOODMAN SCHOOL OF BUSINESS
BROCK UNIVERSITY

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Issue

How to sustain partnership **Happiness** and **Total Wellbeing** in a digital world moving forward?

Key Success Factors:

1. Partnership Happiness
2. Customer Service
3. Growth
4. Sustainability

Recommendation

- Introduce customer focused technology, utilizing assisted AI for the Waitrose Brand
 - Creation of **Culinary Idea Specialist** partners and Avatar feature
- Create a digital store experience in the department store brands
 - Utilizing partners to enhance customer service in-store
- Start a Brexit support team and strategy panel to assist partners with future Brexit Legislation
 - Take care of the partners that need the most help

The Plan - Kate

Introduce customer focused technology, utilizing assisted AI for the Waitrose Brand.

Growth

- Creation of **Culinary Idea Specialist** Kate.
- Uses machine learning and data analytics to learn the users habits and buying patterns
- Uses a conversational based chat bot
- Ability to create and store a shopping list
- Ability for users to either pick up their orders in-store or delivery
- The ability to identify trends before they are seen
- Integrated into department stores by 2020

The Plan – Customer Experience

Create a digital store experience in the department store brands

Customer Experience

- Make the instore shopping trip an interactive hybrid experience
 - Bringing the digital and traditional experiences together
- Utilizing partners to enhance customer service in-store
- Touch-screen boards with product information
- Floor to ceiling video display boards that change and adapt when you walk by

Plan – Ensuring Happiness

Start a Brexit support team and strategy panel to assist partners with future Brexit Legislation

Partner Happiness

- Hire a support team of legal and Brexit experts
- Take care of the partners that need the most help
- Answer questions about new regulations and restrictions

The Ask

What can the Partnership do for our Partners?

Provide growth and sustainable operations with net 0 job losses

What can the Partners do for the Partnership?

Be patient while the company adapts to the digital age

Situational Analysis

Core Values

- **Management Structure**
- **Governance Structure (partner happiness)**
- **Differentiation (quality, customer service)**
- **Technological Presence**

Current Situation

S

- Partnership business model
- Customer service as an asset

P

- Uncertainty surrounding Brexit

W

- Higher fixed costs and expenses

E

- Currency volatility
- Full employment

O

- Advanced technological innovation

S

- Fast fashion and changing trends
- Timely and convenient

T

- Brexit
- Online retailer

T

- Online retailers
- Good broadband adoption

Increasing customer focus by adopting technological advancements with improved partnership trust

Management and Governance Structure

- **Employee owned, governed and empowered**
- **Every partner has vested interest in the business future success**
 - Brexit support group will look after the needs of the employees
- **Continue to provide all benefits, traditional and unique, to all partners**

Differentiation and Technologic Presence

- **Unique selling proposition: selling quality products and offering world-class customer service**
 - Kate, our AI assistant will continue to learn and adapt to each unique customer to provide them personal and catered customer service

- **Online sales growth**
 - The ability to offer products world-wide

Alternative Analysis

Alternatives

- Educate our Partners and prepare them for new technological roles
 - Procuring from Emerging markets and from African countries;
Future endeavours in other non EU countries
- Increase customer service with AI
 - Provide delivery option for customers
 - Change roles of existing employees, and support all employees through changing times

Rejected Alternative 1

- Educate our Partners and prepare them for new technological roles
- + Increases satisfaction and contribution for partnership
- + Aligns with sustainability aims and can be accommodated in existing practice of educational training
- - Partners may need more time, lack experience and be less efficient in these new roles
- - Adaptability will not work well with all age groups

Rejected Alternative 2

Procuring from Emerging markets and from African countries; Future endeavours in other non EU countries

- + Creates wealth and employment in developing countries
- + Cheaper resources and can get favors from governments with our size and scale
- - Unadaptable conditions for our products to grow
- - unaligned with our aim to enhance contribution from existing partners

Chosen Alternative

Add and develop customer service, Changing roles of existing employees

- Employees will not lose job as their roles changes
- Added customer service with Delivery option
- Fits with targeted customers “Time short” urban population
- AI will help grow on online platform, delivery options will be attractive to elderlys.
- Prepares and secures existing Partners
- Utilises the knowledge and customer insights Partners already have
- - Reduces bonus share of Partners

Why?

- Drivers for delivery and grocery handlers

Added contribution from Partners

Sustaining & increasing growth

- Addressing our loyal customers
- Favourable Disruption from technology

- Brexit support fund for legal and financial support

Brexit challenge and partner security

“Happy” Partners

- Maintaining status quo for Pension, Benefits, Leisure facilities, Educational training and Life insurance

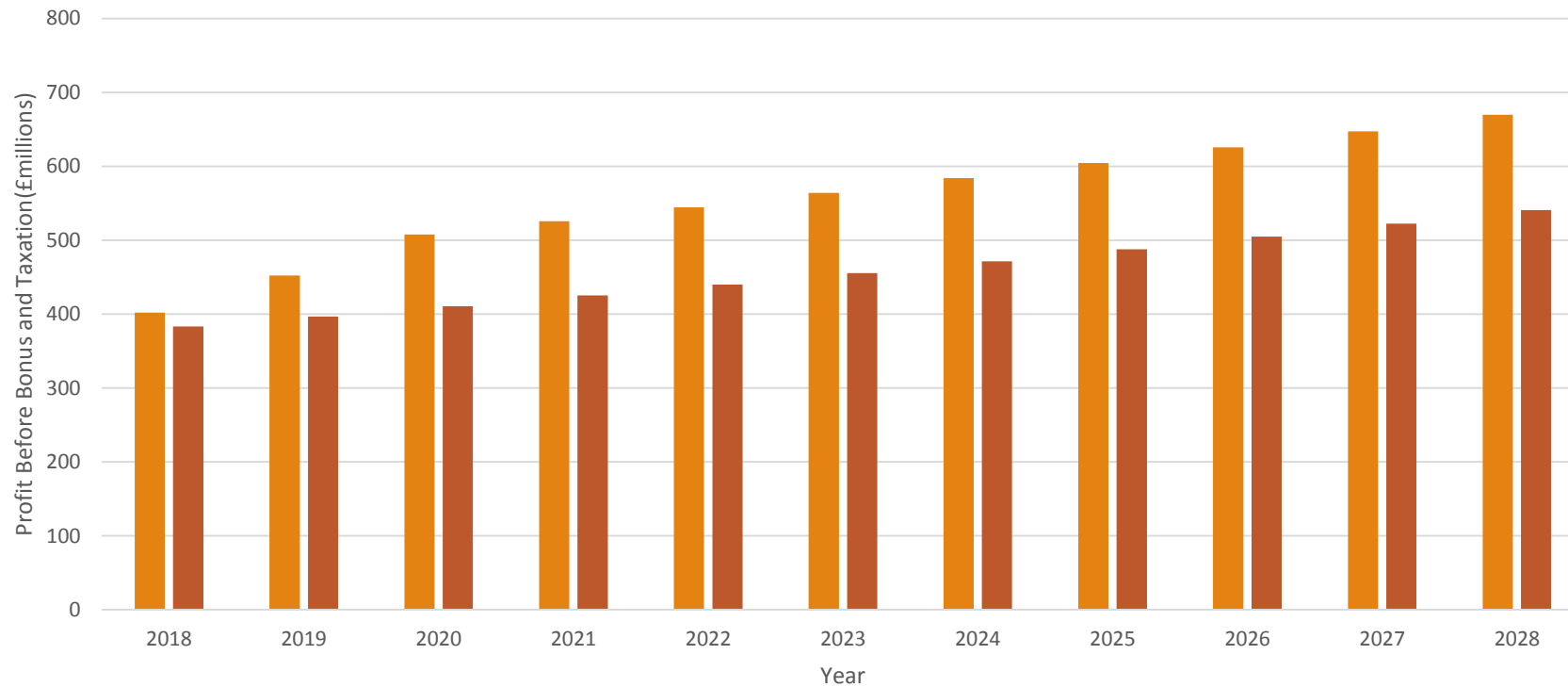
Financial Analysis

Assumptions

- Spontaneous growth rate of 3%
- Partnership bonus will decrease before increasing
- Net zero job increase
- Discount rate of 15% was used
- Delivery trucks needed in 50% of stores at £60,000 a piece

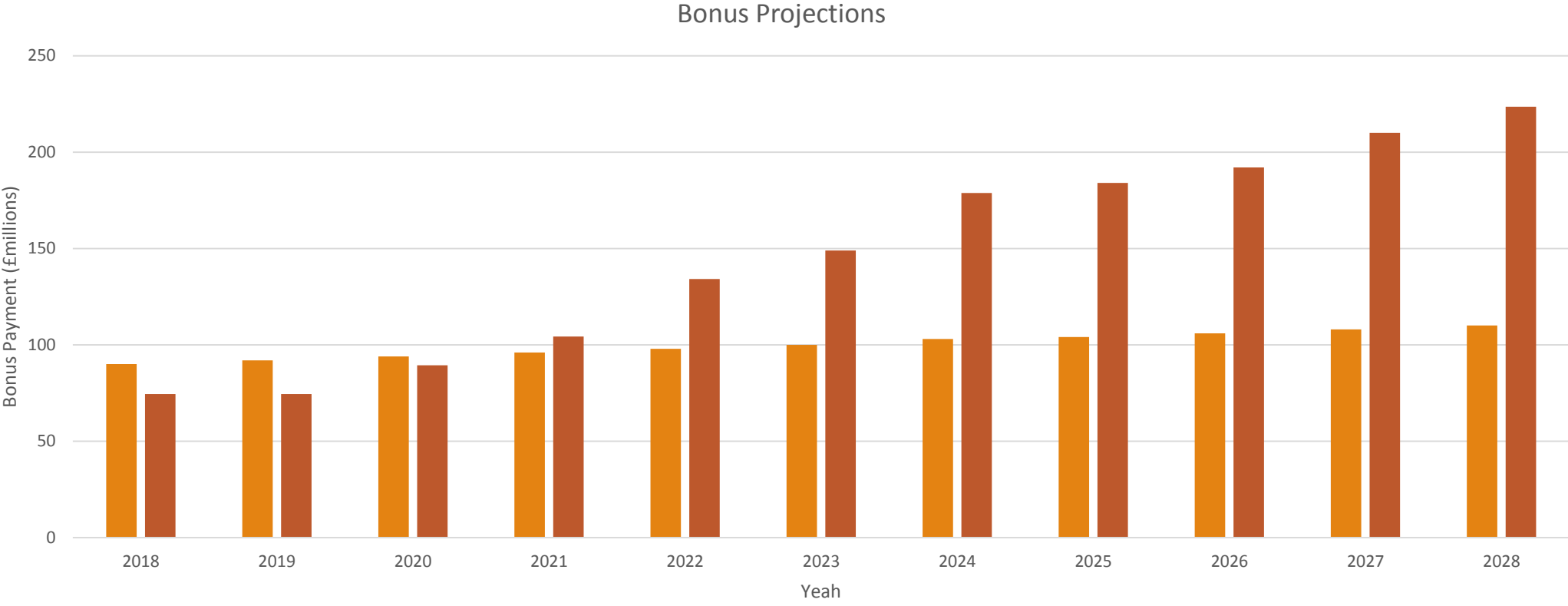
Profit Projection

Profit Before Bonus and Taxation Projection



**NPV= £169
million
Payback after
2.2 years**

Bonus Projection



Costs

Costs £millions	2018	2019	2020	2028
IT Infrastructure	30	30	20	20
Delivery Service	10.5	5	1	1
Brexit Support Team	5	5	5	2.5
IT Staff	0.90	0.92	0.94	1.10
Marketing	2	6	2	2
Total	46.4	40.92	26.94	24.60

Implementation

Implementation - Kate

1. Hire 10 new IT professionals
6 coders, 2 data miners, 2 IT managers
2. Begin development of Kate for online and mobile usage
3. Test market for proof of concept
4. Advertise Kate to the general public
5. Launch Kate in the Waitrose stores
6. Expand Kate as a personal shopper for department stores

Hi Kate, I am in the mood for Italian tonight

I have a few recipes in mind. Anything specific?

Not sure, I was thinking pasta though

I found a great lasagna recipe that is highly reviewed. Here are the ingredients

Sounds delicious

I added it to your shopping list

Implementation – Delivery

1. Retrain staff for both picking orders and delivery
2. Develop online ordering alongside Kate
3. Purchase delivery vehicles
4. Train drivers on safe operation of the vehicles

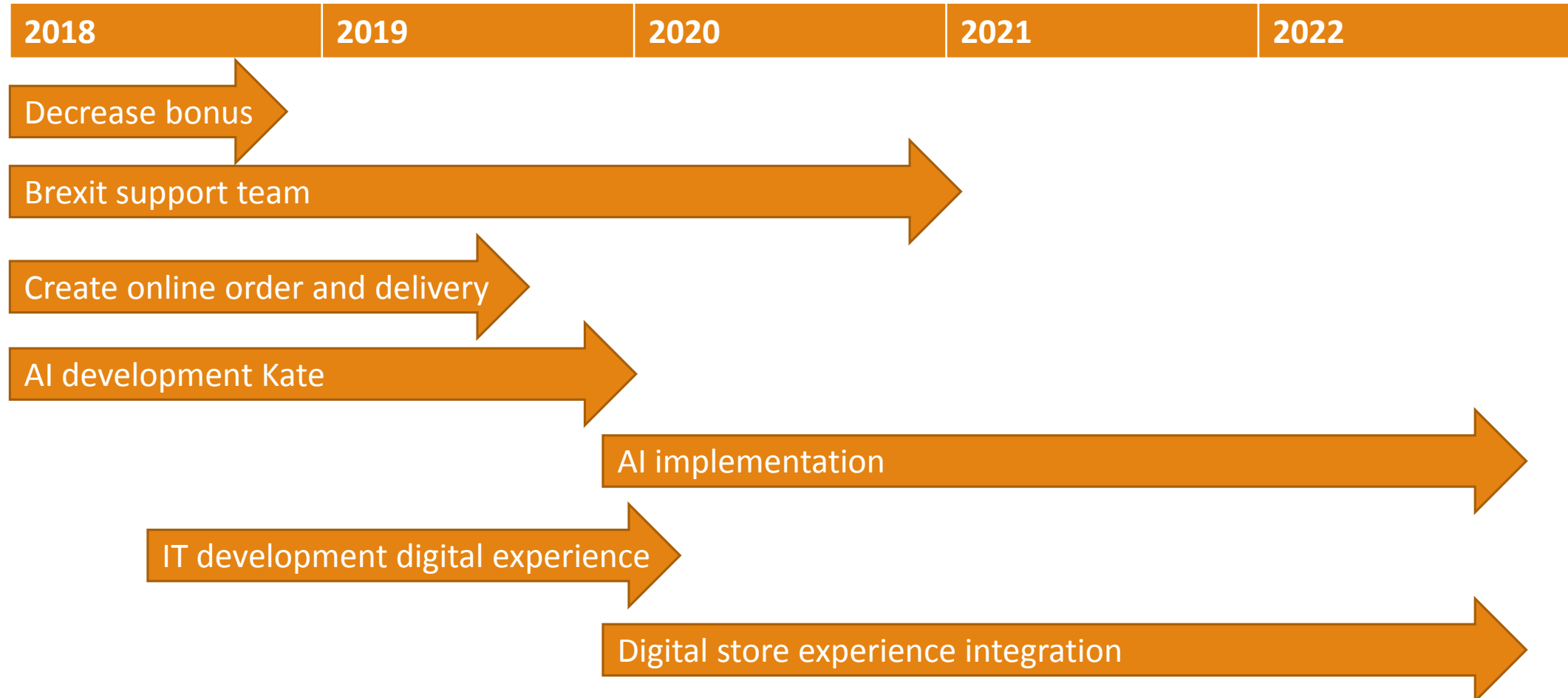
Implementation – Brexit Support Team

1. Hire a team of 6 legal experts and 10 knowledgeable paralegals
2. Create a portal that can be updated with Brexit news
3. Create a forum for Partners to ask questions specific to the Brexit issues
4. Assist Partners in every aspect to minimize Brexit impact on them
5. Assist EU suppliers with new import environment

Implementation – Digital Store Experience

1. Use IT team to begin development on the interactive digital experience
2. Use store designers to plan where to optimally place the infrastructure
3. Use a focus group for testing and proof of concept
4. Roll out the technology into the flagship stores by 2020
5. By 2028 have the new digital experience in more than 50% of department stores

Timeline



Risks

Risks

Urgency



**Legal issues with
Brexit**

**Unable to retain
migrant workers**

Importance

Risk 1 – Legal issue with Brexit

Mitigation

- Continue to follow all Brexit legislation changes
- Work with governments to provide a solution
- Look into supplier selection

Risk 1 – Unable to keep EU workers

Mitigation

- Offer employment support in home country
- Work with governments
- Write letters of recommendation to lost workers

Key Takeaways



Customer Service: Kate bring the personal touch to online shopping

Partner Happiness: Net 0 job loss, support for Brexit, 15% bonus by 2028

Growth: NPV of £170 million and £450 million profit by 2028

Sustainability: Continued success for the first 100 years and 100 more to come