To advise John Lewis Partnership on the organization’s next steps towards “it’s your business 2028”. Accounting for Brexit, technological advancements and changing job requirements.
The Way to Success!

- Involve Local Community
- Focus on Quality
- Create an Experience

Your Business in 2028
External Analysis

SIGNIFICANT TRENDS & DEVELOPMENTS

• Digitalisation and use of technology
  • Job-design
  • Automation, robotics, AI
• Brexit:
  • Political and economic uncertainty
  • Devaluation of the pound
  • Step away from the EU
  • Employment issues
    • Lower-range
    • Almost full-employment UK
• Organic and sustainability as consumer preference
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THE RETAIL INDUSTRY

• E-commerce and online retail
  • Decline in offline retail
• Fierce and fragmented competition:
  • Waitrose: M&S, Sainsbury, Tesco
  • Department: M&S, Harrods
  • Specialty stores
  • Online
  • Discount
• Disruptive technologies
• Brexit:
  • Political uncertainty
  • Devaluation of the pound
  • Step away from the EU
Internal Analysis

COMMUNITY
“Contribute to well-being”

BUSINESS RELATIONSHIP
“Integrity and transparency”

PARTNERS
“Community and commitment”

CUSTOMERS
“Honesty, loyalty, service”

PURPOSE
“Happiness of all the members”

POWER
“3 governing authorities”

PROFIT
“Sustain commercial viability and finance development”

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Internal Analysis

STRENGTHS

• Partnership organisational structure
  • By the people, for the people
  • High involvement
  • Good benefits
• Honest principles
• Excellent customer service and high quality
• Strong brand name
• UK’s largest multichannel retailer
• Integrated supply chain (production unit, farm)
• Strong relationship with both large and small suppliers
• Likes to invest in community
• Long-term vision
• Abundant physical presence
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WEAKNESSES

• Abundant physical presence
  • Decline in in-store sales
• Does not ship to homes
• Challenge to provide perfect experience to online customers
Key Issues

1st Key Issue
• Brexit

2nd Key Issue
• Online Retail

3rd Key Issue
• Job-Design
Key Issues to Key Take-Aways

1\textsuperscript{st} Key Issue
• Brexit

2\textsuperscript{nd} Key Issue
• Online Retail

3\textsuperscript{rd} Key Issue
• Job-Design

1\textsuperscript{st} Key Take-Away
• Capitalise on opportunities and mitigate risks from Brexit

2\textsuperscript{nd} Key Take-Away
• Differentiate yourself

3\textsuperscript{rd} Key Take-Away
• Adjust HR policies to changing times
Key Take-Aways to Alternatives

1st Key Take-Away
- Capitalise on opportunities and mitigate risks from Brexit

2nd Key Take-Away
- Differentiate yourself

3rd Key Take-Away
- Adjust HR policies to changing times

1st Alternative
- Shift towards economies of scale

2nd Alternative
- Focus on online channels

3rd Alternative
- Differentiate offline
Alternatives & Criteria

1\textsuperscript{st} Alternative
- Shift towards economies of scale

2\textsuperscript{nd} Alternative
- Focus on online channels

3\textsuperscript{rd} Alternative
- Differentiate offline

<table>
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<th>CRITERIA</th>
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<tr>
<td>GROWTH POTENTIAL</td>
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<td>SUSTAINABILITY</td>
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<td>RISK</td>
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<td>FINANCIAL IMPACT</td>
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<td>FIT WITH CULTURE</td>
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1\textsuperscript{st} Alternative: Shift Towards Economies of Scale

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<thead>
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<th>GROWTH POTENTIAL</th>
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<tr>
<td>3</td>
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</table>

- Provides opportunity to grow and cut-out labour.
- Producing in higher volumes for lower costs risks over-production and high use of fuels.
- JLP has a tradition of quality and service. Risk of losing tradition.
- Would require significant investments, but provides cost efficiencies.
- Quality, supplier relationships and customer service are part JLP core values.

WHERE A SCORE OF 1 IS BAD AND 5 IS EXCELLENT

TOTAL SCORE OF 13
### 2\(^{nd}\) Alternative: Focus on Online Channels

<table>
<thead>
<tr>
<th></th>
<th>GROWTH POTENTIAL</th>
<th>SUSTAINABILITY</th>
<th>RISK</th>
<th>FINANCIAL IMPACT</th>
<th>FIT WITH CULTURE</th>
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<tr>
<td>Broader reach, yet</td>
<td>Decrease in</td>
<td>Risk of losing</td>
<td>Cuts out labour but</td>
<td>Difficulties with</td>
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<tr>
<td>strong industry</td>
<td>strong industry</td>
<td>to stronger</td>
<td>requires large</td>
<td>translating</td>
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<td>incumbents present.</td>
<td>footprint.</td>
<td>competitors.</td>
<td>investment.</td>
<td>customer</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>experience to</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>online.</td>
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</table>

**WHERE A SCORE OF 1 IS BAD AND 5 IS EXCELLENT**

**TOTAL SCORE OF 15**
**3rd Alternative: Differentiate Offline**

<table>
<thead>
<tr>
<th>GROWTH POTENTIAL</th>
<th>SUSTAINABILITY</th>
<th>RISK</th>
<th>FINANCIAL IMPACT</th>
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<tbody>
<tr>
<td>3</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>5</td>
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</table>

- **Growth Potential**: 3
- **Sustainability**: 3
- **Risk**: 5
- **Financial Impact**: 3
- **Fit with Culture**: 5

- Known industry.
- Depends on the form of differentiation.
- Familiar terrain that fits the company.
- Requires investments, yet higher margins.
- Traditional, quality and service first.

*Where a score of 1 is bad and 5 is excellent*

*Total score of 19*
Recommendation: Differentiate Offline

“For the People, by the People”

By focussing on the local community and offering a premium customer experience focused on excellent quality and service.
Why?
Why?

To address the sentiments of the local community and our people
How?
How?

By involving the local community, focusing on high quality products and creating a premium customer experience in both Waitrose and the department stores.
Implementation

JLP: “For the people by the people”

UK Market

Premium Customer Experience

Technological Innovations

To take the next steps and account for the Brexit, technological innovations and required changes in job design
Phase 1: Involvement of Local Community

**Local Sourcing**

- Community: British suppliers/artisans/designers
- Empower Farmers
- Grown or produced in UK

**High Quality**

- Premium quality products
- Organic & Sustainable
- Transparency of sourcing
Phase 2: Premium Customer Experience

Adjust Stores

- Increase local sourcing
- 70 stores per year, starting with Waitrose
- Waitrose food & café in department stores

Create Customer Experience

- Change of roles cashiers to host
- Train these partners
- Authentic experience
Phase 3: Innovations

Technological

• Self-checkout system
• Automated payment
## Value Chain

### HR
- Training for partners: food, technological, hospitality
- Increased empowerment for local decision makers

### Marketing
- End-consumer: premium experience, focus on community feeling
- Suppliers: address fears Brexit, higher-income, create brand awareness

### Operations
- Technological changes & adjustment of stores

### Logistics
- New suppliers delivering their products

### Legal
- New contracts with suppliers, partner business model remains
What could be next?

- Home Deliveries
- Online Local Community
- E-Tailing
- Expansion to new markets
### Timeline

<table>
<thead>
<tr>
<th>Activity</th>
<th>2018</th>
<th>2023</th>
<th>2028</th>
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<tbody>
<tr>
<td>Adjust Waitrose stores</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement self systems</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjust department stores</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Financial assumptions

- Market share
- Goal is to double market share of Waitrose 2028
- Partnership bonus of 25%
- Growth of John Lewis 10%
- Partnership payout 20%

Investment
- $100,000 per terminal
- $10,000 per HR training
- 70 stores a year
- $7.7 million per year
Market share Waitrose

Tesco  Sainsbury  Asda  Morrisons  Aldi  Co-operative  Waitrose  Lidl  Other

2017  2023  2028
Financial results

NPV: 19 million dollar
Risks

- RISK: Economic downturn
- IMPACT & PROBABILITY: High impact, will occur some day.
- MITIGATION: Suppliers then become cheaper, stimulate and market the concept that we stimulate the local economy.
Risks

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- **RISK**: Pound devaluates even more, making imports expensive.
  - **IMPACT & PROBABILITY**: Medium impact, medium probability.
  - **MITIGATION**: Adjust prices, increase export to expat British communities.
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- **RISK:** Rise of the machines
  - IMPACT & PROBABILITY: High impact and high probability.
  - MITIGATION: Embrace where possible, continue differentiation based on people and human emotions. After all, a robot will never emulate true human sentiment.
The Way to Success!

- Involve Local Community
- Focus on Quality
- Create an Experience

Your Business in 2028
Thank you for your attention.
## Overview

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2023</th>
<th>2028</th>
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<tr>
<td><strong>Waitrose</strong></td>
<td>$6,508</td>
<td>$6,461</td>
<td>$6,633</td>
<td>$9,950</td>
<td>$13,266</td>
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<tr>
<td><strong>John Lewis</strong></td>
<td>$4,433</td>
<td>$4,557</td>
<td>$4,741</td>
<td>$6,051</td>
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<td></td>
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<td>$18,023</td>
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<tr>
<td><strong>Waitrose</strong></td>
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<td>$6,086</td>
<td>$6,245</td>
<td>$9,452</td>
<td>$12,603</td>
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<tr>
<td><strong>John Lewis</strong></td>
<td>$3,565</td>
<td>$3,662</td>
<td>$3,780</td>
<td>$4,841</td>
<td>$6,178</td>
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<td>$9,700</td>
<td>$9,748</td>
<td>$10,025</td>
<td>$14,293</td>
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<tr>
<td><strong>Waitrose</strong></td>
<td>$237</td>
<td>$232</td>
<td>$253</td>
<td>$383</td>
<td>$511</td>
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<tr>
<td><strong>John Lewis</strong></td>
<td>$250</td>
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<td>$243</td>
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<td><strong>Group</strong></td>
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<td></td>
<td>$441</td>
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<td><strong>Net finance costs</strong></td>
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<td><strong>Exceptional items</strong></td>
<td>$8</td>
<td>$129</td>
<td>$171</td>
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<td><strong>Profit</strong></td>
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<td>$370</td>
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<td><strong>Partnership</strong></td>
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<td>-$145</td>
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<td><strong>Tax</strong></td>
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<td>-$66</td>
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<td><strong>Profit</strong></td>
<td>$143</td>
<td>$223</td>
<td>$353</td>
<td>$701</td>
<td>$900</td>
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