

# Partnership for Sustainability

## **Xiamen University**

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# Challenges

By Michael

# Challenges

- How should John Lewis Partnership transform to sustain its competitive advantages?
- What should John Lewis do to encounter the external changes?

# Recommendations

By Michael

# Recommendations

- In order to ensure key competencies
  - Define key position
  - Change partnership structure
  - Adjust salary structure
- Adjust government structure and process for quick decision making

# Analyses

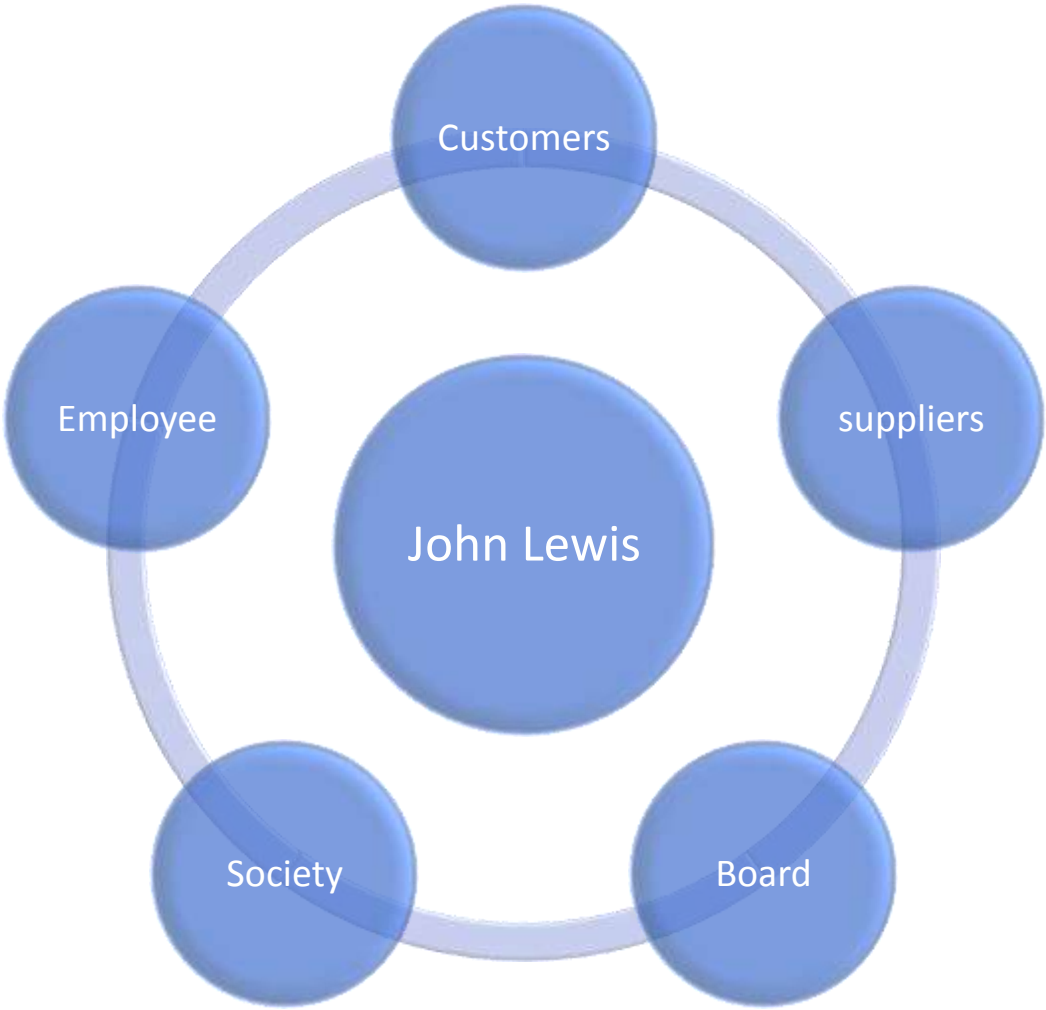
By Stefanie & Allen

# Analysis - Company

- UK's largest multichannel retailer
- Fast-paced, Hybrid-competitive
- Influenced by external environment
- Huge amount of Employees
- Slow Sales growth



# Analysis - Stakeholders



# Internal Analysis

- **Quality Products**
  - Supply Chain Management
  
- **Customer Service**
  - Partnership Satisfaction
  - Customer Satisfaction
  - Technology

# External Analysis

- **E-Commercial**

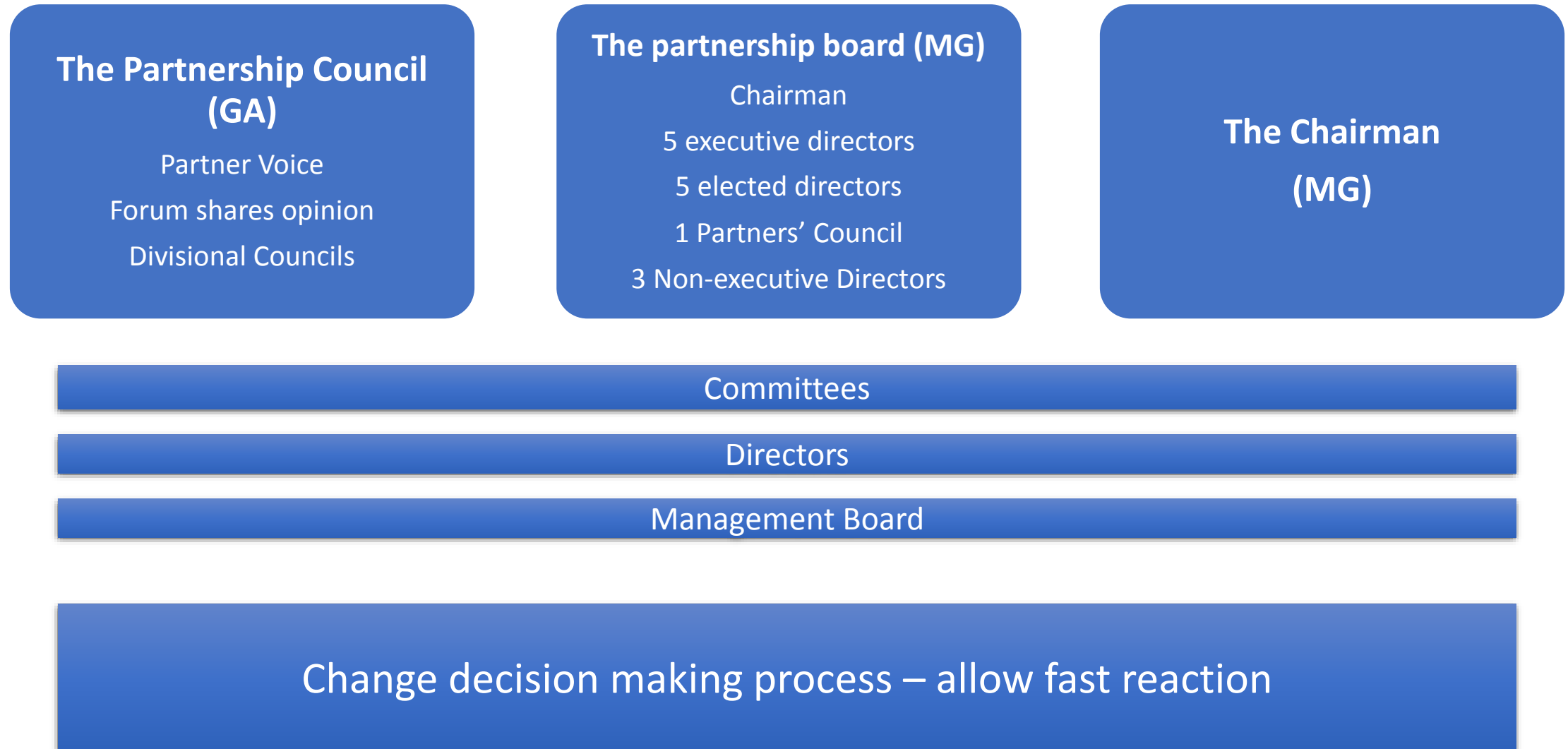
- Sales
- Competition
- Technology

- **Brexit**

- Devaluation of the currency exchange rate
- Partners recruitment

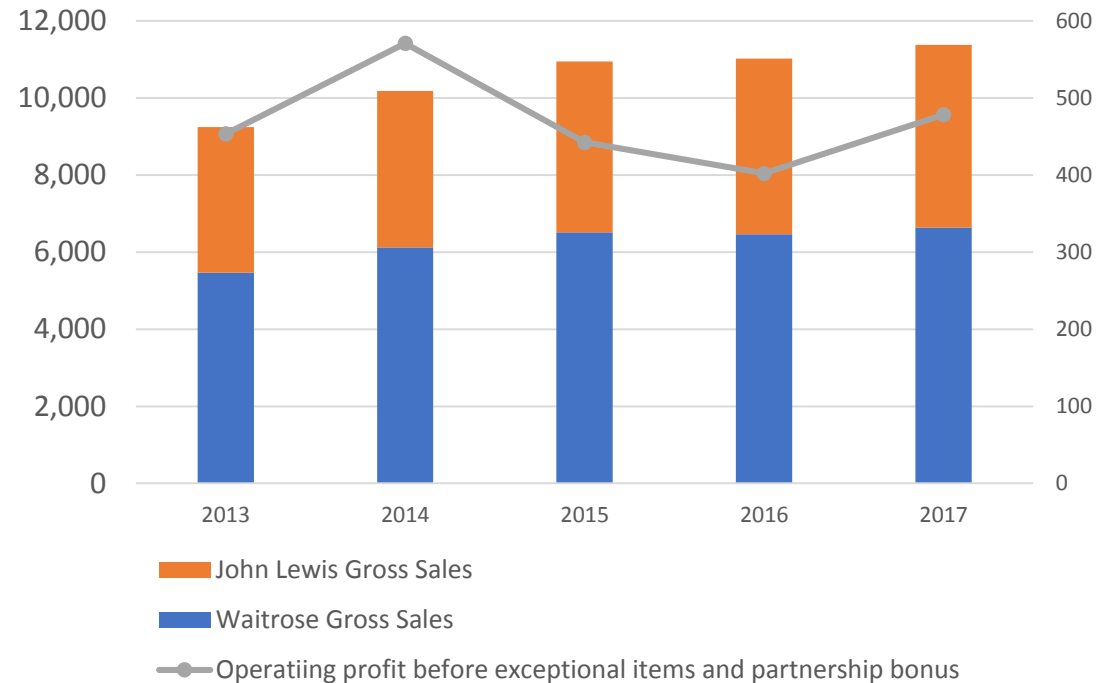
# Analysis-Decision making process

China Business  
Consulting



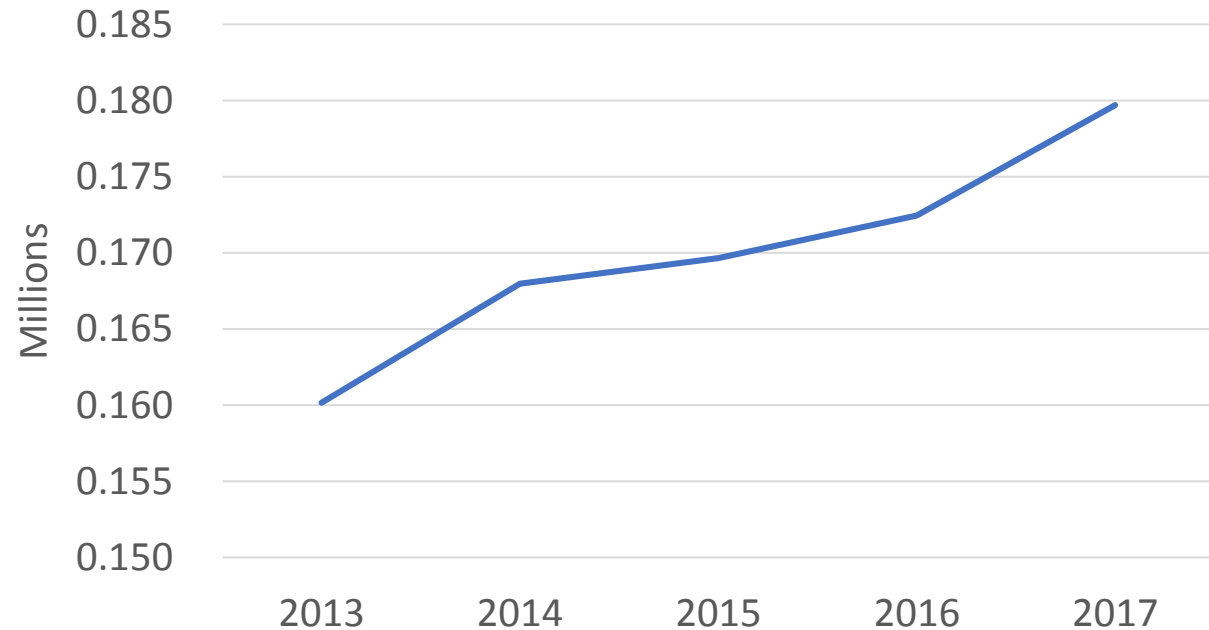
# Analysis - Financial performance

- Sales increase slow down
- Operating profit became flat and fluctuating



# Analysis - sales contribution from employee

- Employee number decreased!
- Sales contribution from each employee was increasing but with decreasing bonus



# Analysis - Financial performance

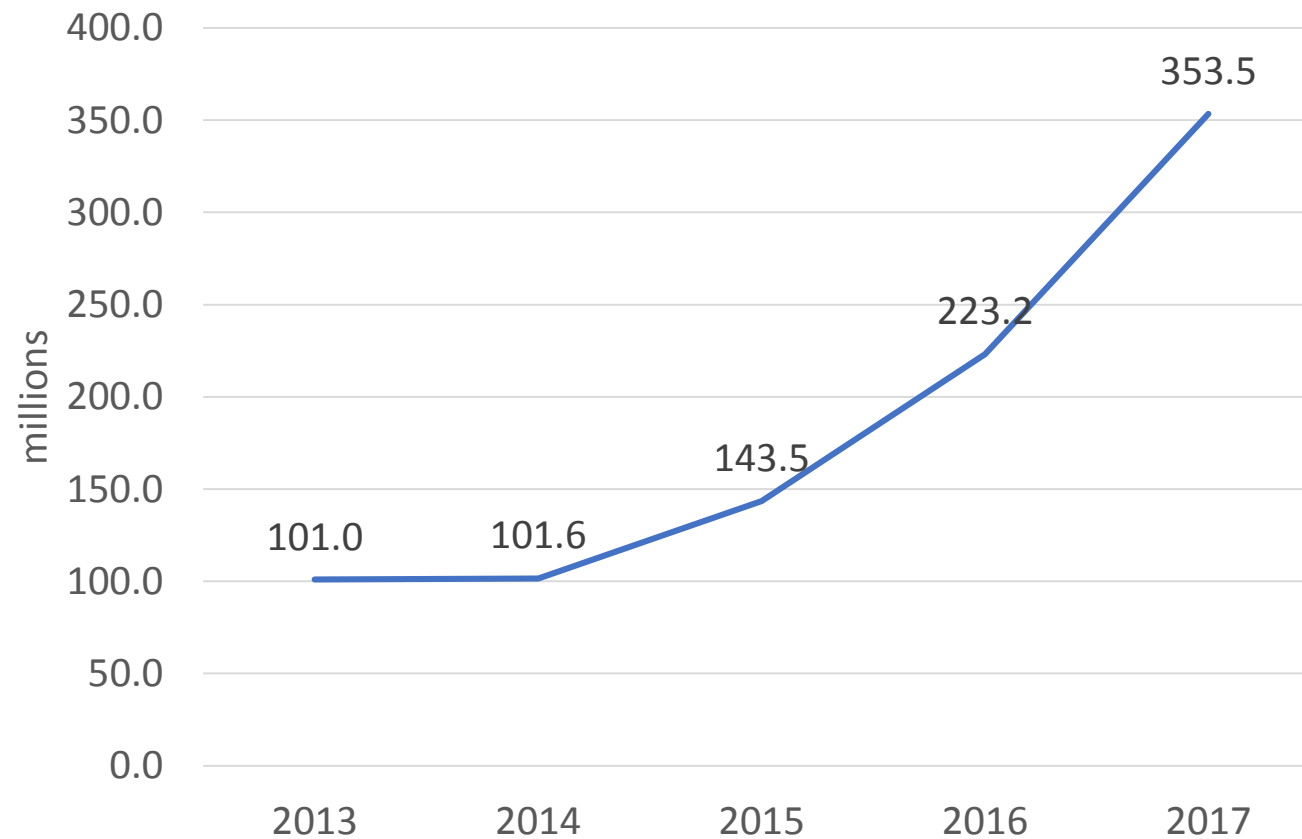
- Decreasing Bonus in last three years(61% to 24% of net profit)



# Analysis - Profit after bonus

China Business  
Consulting

- Reserved profit after bonus is increasing





# Alternatives

By Michael

# Alternatives - Standard

China Business  
Consulting

Company  
Culture fit

Profit Increase  
Potential



















Long term  
sustainability

Operation  
efficiency

Change  
Difficulty



















Company Key  
Competency

# Alternatives

	Keep Company Structure Increase bonus percentage	Adjust Company structure and improve operation efficiency	Eliminate partnership structure and use wage and bonus only
Company Culture fit			
Company Key competency			
Operation efficiency			
Long term sustainability			
Profit Increase Potential			
Change Difficulty			

# Alternatives

China Business Consulting

	Keep Company Structure Increase bonus percentage	Adjust Company structure and improve operation efficiency	Eliminate partnership structure and use wage and bonus only
Company Culture fit			
Company Key competency			
Operation efficiency			
Long term sustainability			
Profit Increase Potential			
Change Difficulty			

# Implementations

By Oliver

# Implementations

China Business  
Consulting

Base on current  
business request  
change/ Identify Key  
position

Change partnership  
structure, only keep  
key position as  
partners

Change Salary  
structure accordingly

Change decision making process – allow fast reaction

# Implementations

Communicate  
current situation in  
board level

Communicate  
current situation in  
whole organization

Prepare impact  
employee  
communication

**Change management  
is the Key!!**

# Implementations

China Business  
Consulting

Competency



- Key position

## Customer direct interface

- Shop assistants
- Logistic interface
- Trainers

Customer services

- Enhance online section (investment)

- A separate Online sector
- Online-offline synergy

New competency

- Enhance Supply Chain organization

- Key commodity buyers
- Supply relationship management

Quality and supply  
chain

Base on current  
business request  
change/ Identify Key  
position



# Implementations

Change partnership  
structure, only keep  
key position as  
partners

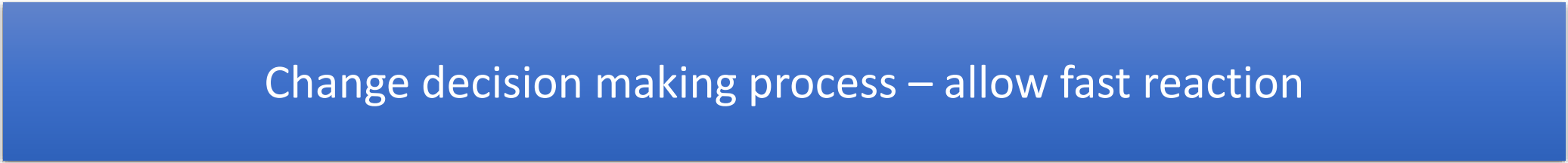
- Communication from top to whole organization
- Change management
- Refine partnership group
  - Buy back shares from non-key positions
- Share can hand over to next generation/ not position
  - Still keep priority for next generation

# Implementations

Change Salary  
structure accordingly

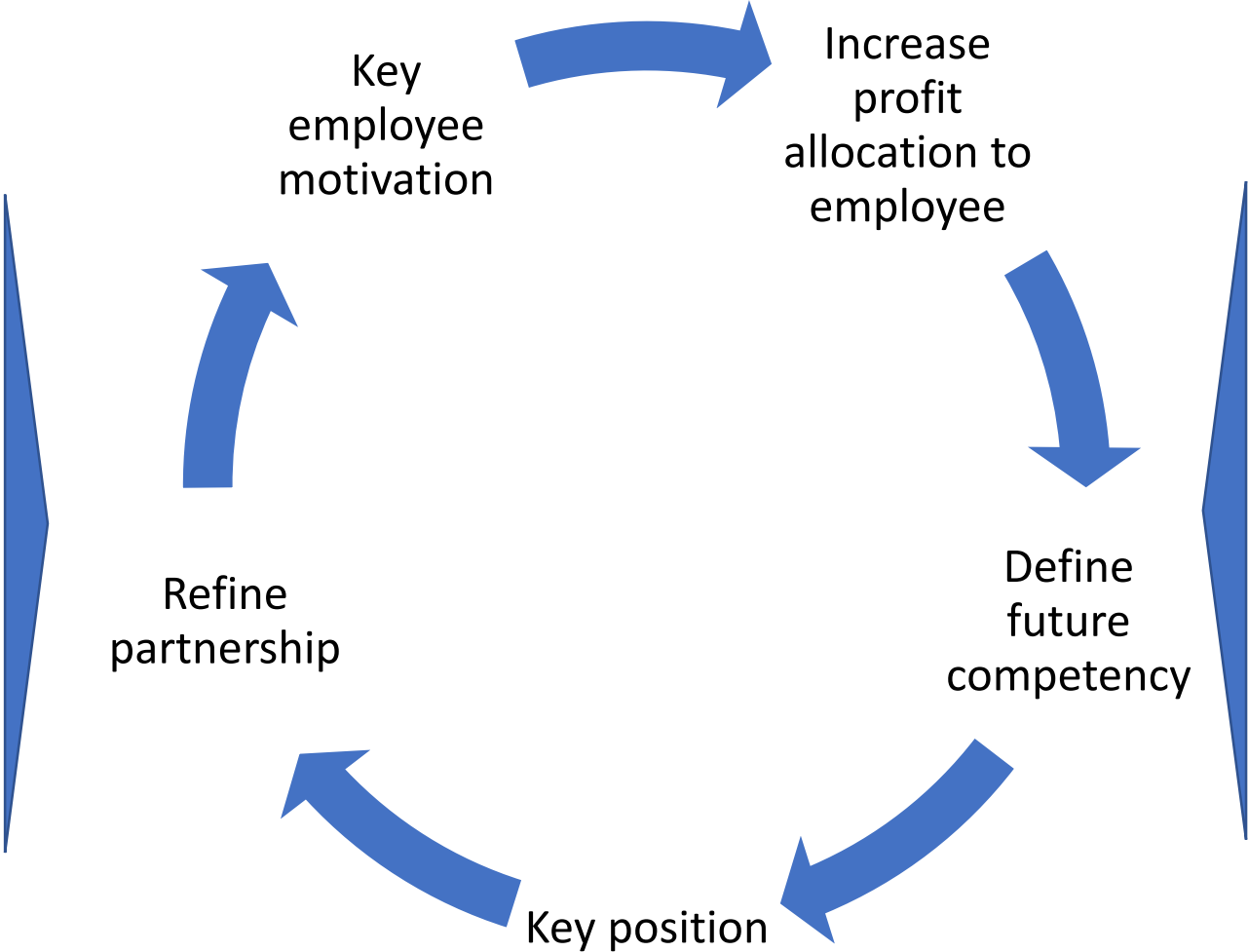
- Profit allocate to employee: 61%→24%→50%
- Buy out Pensions
- Increase partnership's bonus up to encourage better customer service/ innovations (40%)
- Non key position use Wage structure (income should higher than original structure)

# Implementations



# Implementations

Quick Decision making



More Efficient Supply chain

# Risks and Mitigations

By Oliver

# Risks and Mitigations

Risks	Mitigations
Partners unwilling to change	Pre-communication, Change management program Enough Compensation
Buy out cost highly impact cash flow	Carefully implement step by step
Customers satisfaction influenced by change	Better Communication and monitor the situation PR prepared for special issue

# Conclusion

By Michael

# Conclusion

- In order to ensure key competencies
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