



JOHN LEWIS PARTNERSHIP

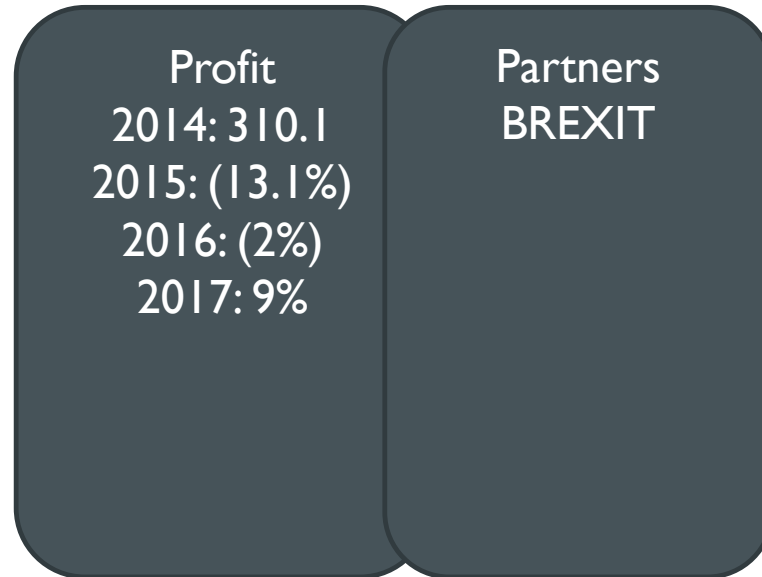
GSB CONSULTING



JOHN LEWIS PARTNERSHIP

Purpose

Power



Customers



Community

Return to Profitability despite
Uncertainty

MANDATE

Integrated Strategy to best position the business for the uncertainty of BREXIT by introducing new suppliers, incorporating technology in service delivery and a staff reskilling program leading to a 6% CAGR for Profit and maintaining JLP's position as UK's largest multichannel retailer

KEY ISSUES

1 Brexit impact on operational costs

2

Waitrose is in a competitive groceries market

3

Technology causing workforce redundancy

RECOMMENDATIONS

1 Sourcing Textiles in Africa

2 Wanda

3 Centre for Job Redesign



ANALYSIS

SIAN



ASSUMPTIONS

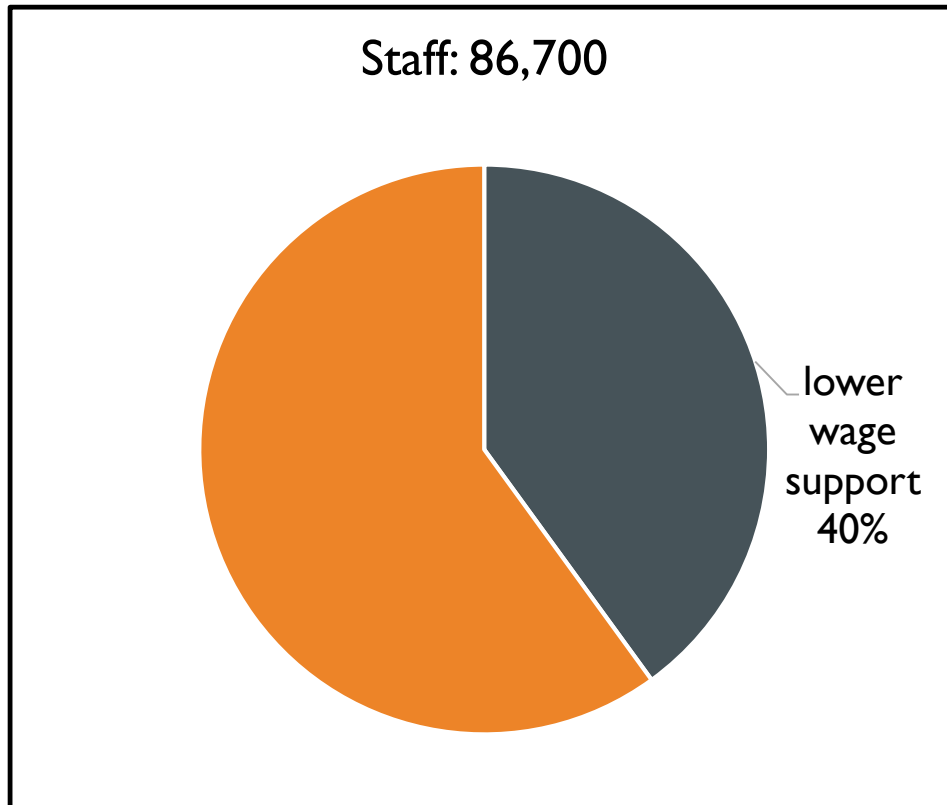
1

10% Of workforces are partners from inside EU countries

2

Regardless of Brexit, product prices from EU will continue to increase

IMPACT OF BREXIT ON OPERATIONS



- Lower wage support – warehouse, maintenance
- Partners from Eastern EU countries
- products sourced from inside EU
- Foreign exchange rate impact

Need to review staffing requirements and sourcing products while maintaining Principles

WAITROSE COMPETITIVE ANALYSIS



- Waitrose 5.3% market share
- M&S and Sainsbury's offer similar
- Waitrose competitive advantage – supplier relationship
- Tesco's competitive advantage – online

Needs to differentiate itself from competitors to ensure consistent and sustainable profits

TRENDS IN RETAIL

Core competencies:

- Customer service
- Quality
- Pioneer
- Strong staff culture
- Steady brand
- Online presence

Trends in retail:

- Online shopping
- Smart phone scanning
- Self-checkout

4th Industrial revolution



Impact
mainly on
how work
is done

Need to job design to reduce impact on partners

KEY ISSUES

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RECOMMENDATIONS

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ALTERNATIVES

Alternatives	Advantage	Disadvantage	Cost Management	Maximising Staff input	Profitability
Acquire businesses outside of EU	Hedging EU assets	Costly	●	●	●
The Waitrose Meal kit	Added meal convenience	Novelty Trend	●	●	●
Shift to Key Timer model	Company competency	Fulltime preferred	●	●	●
Sourcing textiles in Africa	Less dependence on EU	New relationships	●	●	●
Wanda	Machine learning	New Cost	●	●	●
Centre for Job redesign	Results in the least loss of staff.	Costly	●	●	●

SOURCING TEXTILES IN AFRICA

- Company has relationships in Africa
- East Africa now cost competitive in Textiles
- Geographically feasible as compared to Asia
- KPI: 9% Operating Profit by 2022

WANDA

○ Relationships with supplier consultants

○ Supplier consultants skilled in technology

○ Company has customer knowledge

○ KPI: 3% CAGR by 2022

CENTRE FOR JOB REDESIGN

- Aligned with Principles of the company
- Maintains staff morale
- Maintains quality of service
- KPI: Positioning for consequences of Technology



IMPLEMENTATION

CAROLINE



SOURCING TEXTILES IN AFRICA

- Establish supplier hub in Kenya
- Export Processing Zones
 - Government subsidized lands
 - Staffing support
 - Subsidized raw materials imports
 - Supplier support

- Supplier support

- Operations management training
- Operations consulting
- Aim for deliveries once monthly

**Develop lower cost suppliers for
John Lewis clothing and home**

TIMELINE

Jan – April 2018
Selection and
contractual process

May – October
2018
Supplier build-up

November 2018:
Production begins

January 2019:
First delivery

Cost: \$44 mn | KPI: Increase OP as % Revenue to 9% by 2022

WANDA

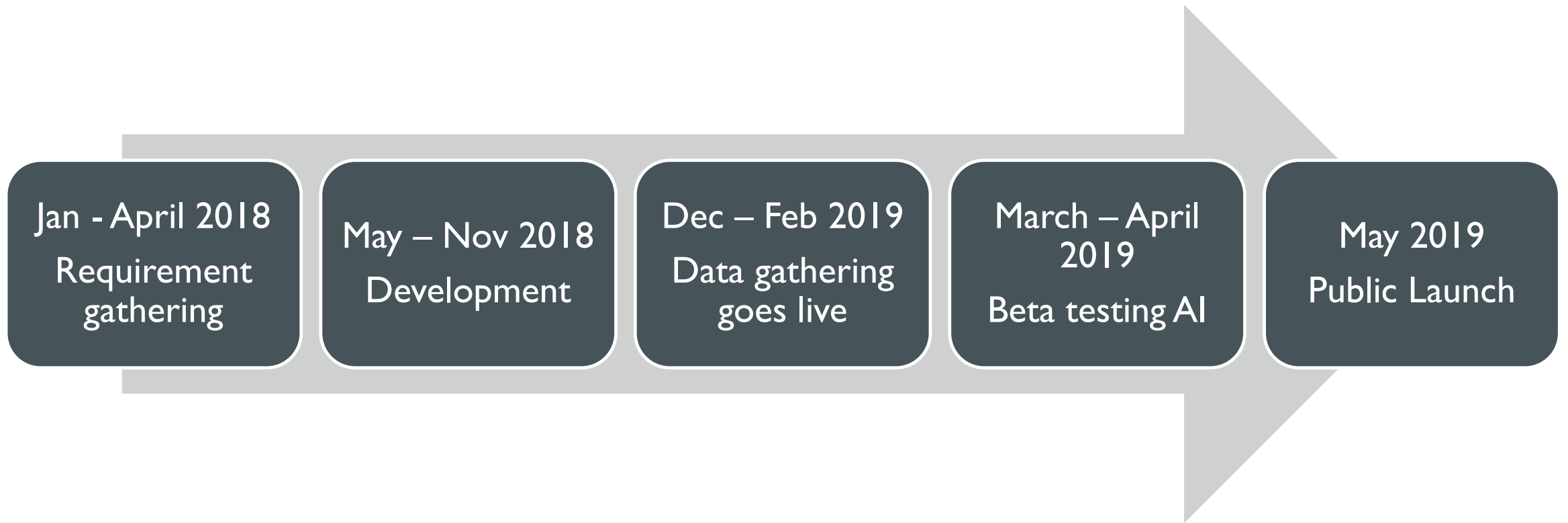
Build an App that uses data to automatically creates a shopping list

- Track purchases through in App loyalty card
- Track brands, frequency and locations
- Add items to virtual shopping list
- Machine learning increases accuracy
- Personalised push notifications for specials
- Alternatives suggestions – data uses comparable customers

Collect at
my store

Order
online now

TIMELINE



Cost: \$24.9 mn | KPI: Drive Waitrose revenue growth to 3% CAGR by 2022

CENTER FOR JOB RE-DESIGN

- Appoint a new Training Team
- Conduct a detailed skills audit
- Establish training programme
 - Re-deploy / Re-skill
 - Train the trainer
- Consult Partnership Council on plans
- Options:
 - Re-deploy to new work area/division
 - Retrenchment
 - Full time > Key Time

Announce 5-year plan to employees

Key messages:

- Technology will change the way we work
- We are unsure of how Brexit will affect our partners
- Plan to position the company to deal with this
- Invite comment

TIMELINE



Cost: \$10mn | KPI: Position company for tech and Brexit changes



FINANCIALS

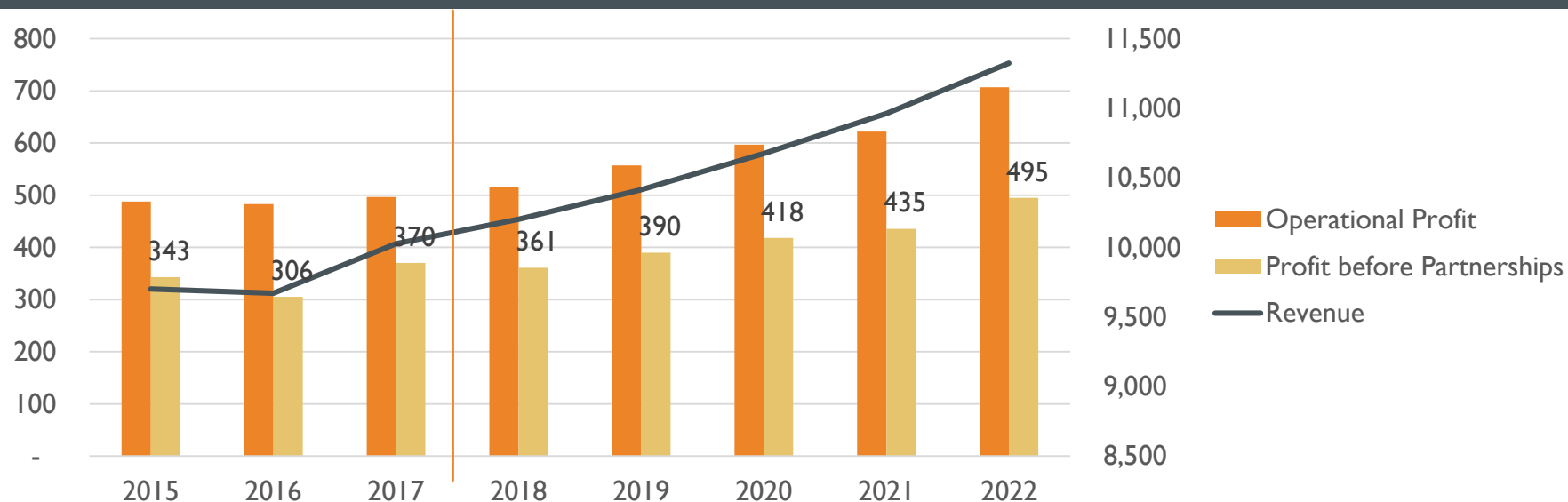
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IMPLEMENTATION BUDGET

Recommendation	Tactic	2018	2019	2020	2021	2022	KPI
Sourcing Textiles in Africa	Business Development and Contracts	1.2					Increase John Lewis OP as % Revenue to 9% by 2022
	Supply Support / Training		2.2	2.3	2.4	2.5	
	Setup Costs	20.0		10.0			
	Consulting	1.4	1.6				
	Sub-Total	22.6	3.8	12.3	2.4	2.5	
Wanda	Development	2.4					Drive Waitrose revenue growth to 3% CAGR by 2022
	Marketing		1.6	1.2	1.2	1.2	
	Ongoing Management		4.0	4.0	4.0	4.0	
	Analytics Team	0.2	0.3	0.3	0.3	0.3	
	Sub-Total	2.6	5.9	5.5	5.5	5.5	
Centre for Job Re-Design	Training Team	0.3	0.3	0.4	0.5	0.5	Position company for tech and Brexit changes
	Skills Audit	0.8					
	Train the Trainer Program	0.2	1.2	2.4	1.6	1.8	
	Sub-Total	1.3	1.5	2.8	2.1	2.3	
GRAND TOTAL		26.5	11.2	20.6	10.0	10.3	78.6

FORECASTING



Forecast (€m)	HISTORIC CAGR	2015	2016	2017	2018	2019	2020	2021	2022	CAGR
Revenue	1.1%	9,701	9,671	10,026	10,202	10,414	10,675	10,962	11,325	2.5%
Waitrose	0.6%	6,135	6,009	6,246	6,308	6,403	6,543	6,707	6,942	2.1%
John Lewis	2.0%	3,566	3,663	3,781	3,894	4,011	4,131	4,255	4,383	3.0%
Operational Profit	0.6%	488	483	497	516	557	597	622	707	7.3%
Waitrose	2.2%	237	233	254	252	256	275	282	312	4.3%
John Lewis	-1.0%	251	250	243	263	301	322	340	394	10.2%
Profit before Partnerships	2.6%	343	306	370	361	390	418	435	495	6.0%

RISK MANAGEMENT

	Risk	Impact	Contingency Plan
1	Uncertainty around Brexit deadline	High	Robust readiness plan
2	Worker acceptance of the Job-Centre initiative	Medium	Ongoing engagement with partnership council
3	Allowance for entry into Kenyan market	Medium	Engage with an alternative Eastern African country (i.e. Ethiopia)
4	Wanda adoption	High	Allocate additional staff and capital for improved data analytics

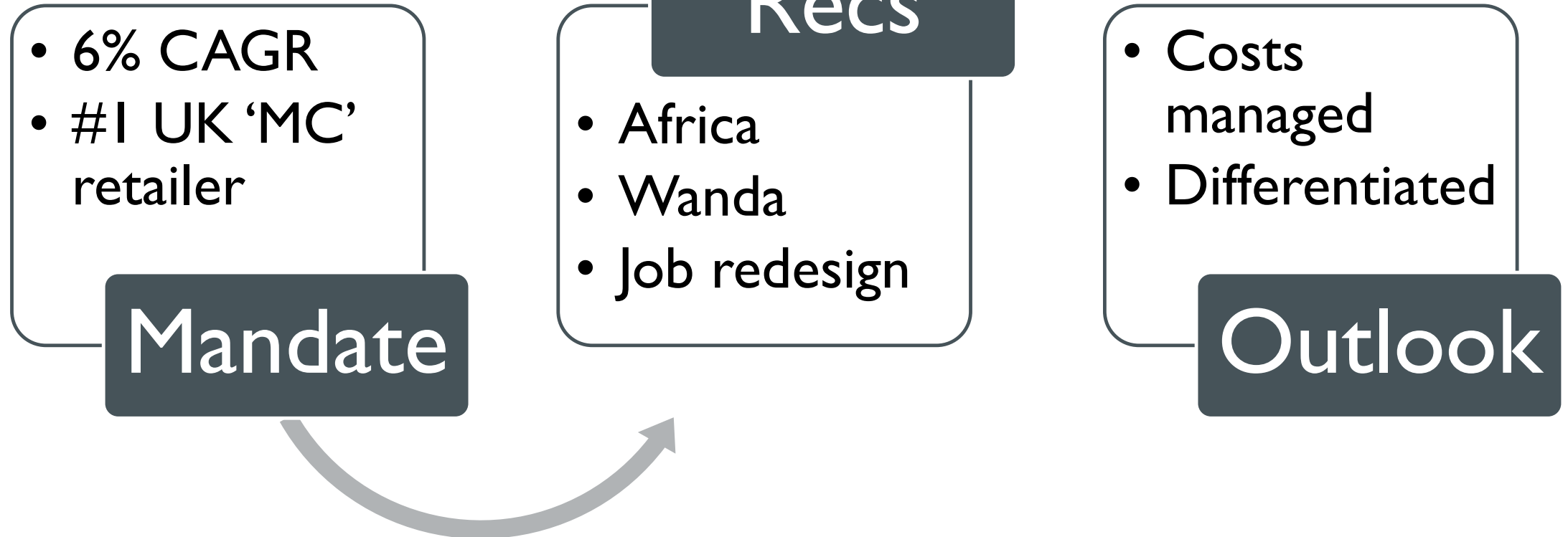


CONCLUSION

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THE VISION...



APPENDIX

<u>Op Profit as % of Revenue</u>									
Waitrose		3.9%	3.9%	4.1%	4.00%	4.00%	4.20%	4.20%	4.50%
John Lewis		7.0%	6.8%	6.4%	6.76%	7.50%	7.80%	8.00%	9.00%
<u>Growth</u>									
Revenue			-0.3%	3.7%	1.8%	2.1%	2.5%	2.7%	3.3%
Waitrose			-2.1%	3.9%	1.00%	1.50%	2.20%	2.50%	3.50%
John Lewis			2.7%	3.2%	3.00%	3.00%	3.00%	3.00%	3.00%