

Beyond the Brexit: Handle the new economic environment

Presented by: University of Paderborn

Presented to: John Spedan Lewis

Mandate

Face the consequences of Brexit and make it to your
business in 2028

Key issues

Adjust Supply
Chain

Sustainable jobs
for partners

Recommendations

Invest in
automatized
Warehouses

Design new jobs

Agenda

A.
**The current
status**

B.
**Evaluation of
alternatives**

C.
**The road to
success**

D.
**The
financials**

E.
**The
conclusion**

Agenda

**A.
The current
status**

**B.
Evaluation of
alternatives**

**C.
The road to
success**

**D.
The
financials**

**E.
The
conclusion**

Partnerships as a key resource

Partnerships ultimate purpose: happiness of all it's members

Partnership owned company
(87,000 staff or partners)



Be loyal and serve their needs

Principle 7: community
development



Encourage well-being on
local community

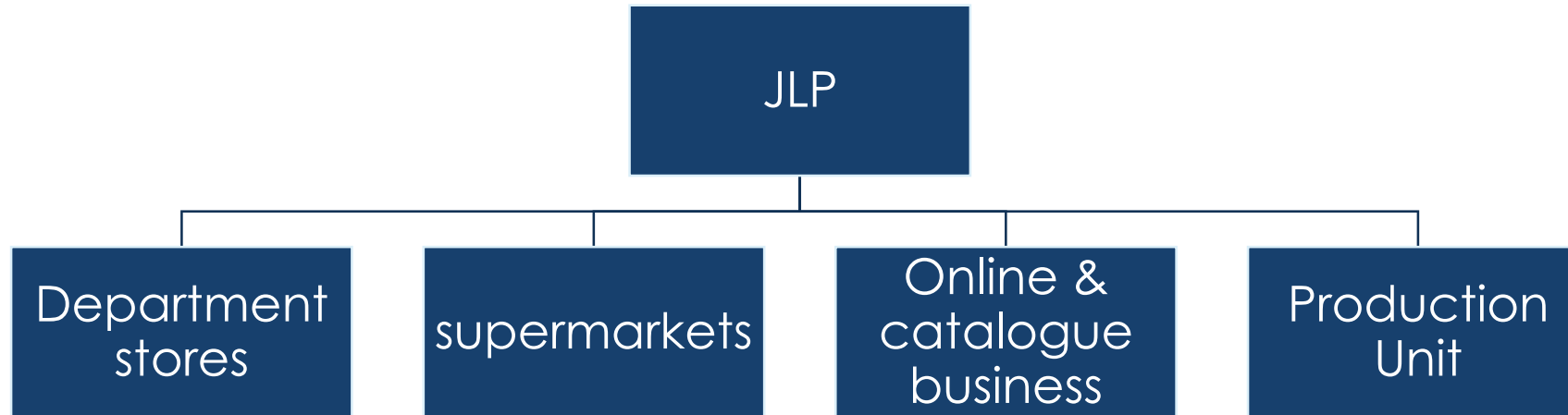
→ Stick to your principles!

Key issues

Adjust Supply
Chain

Sustainable jobs
for partners

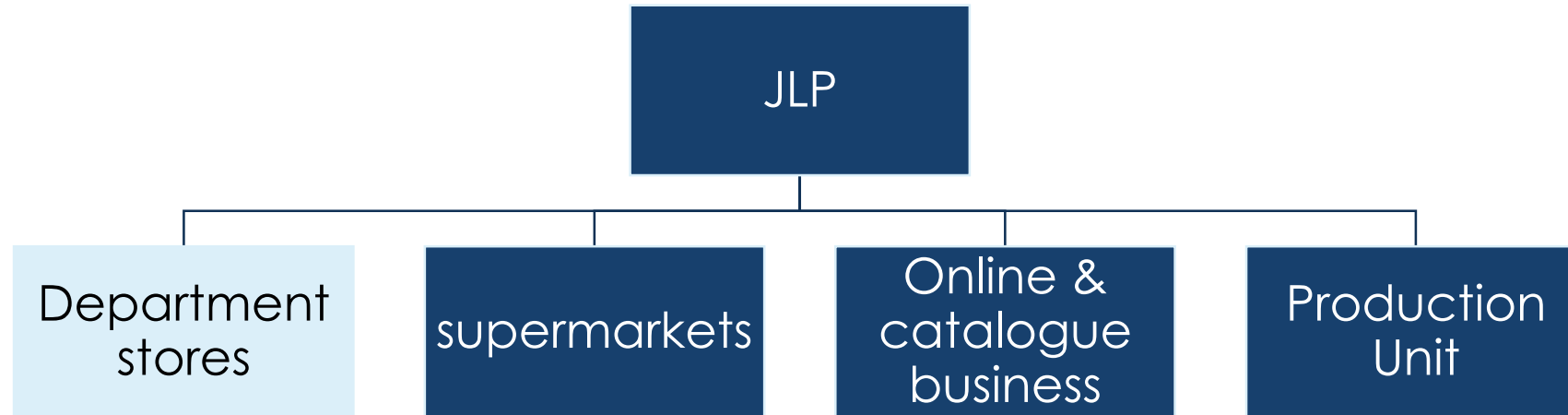
Multichannel business is divided into four segments



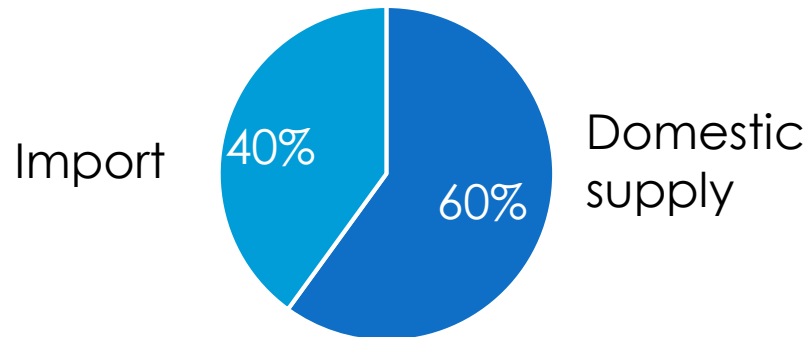
Key strengths:

- Partner relationship
- Advice your partners
- Promoting niche products

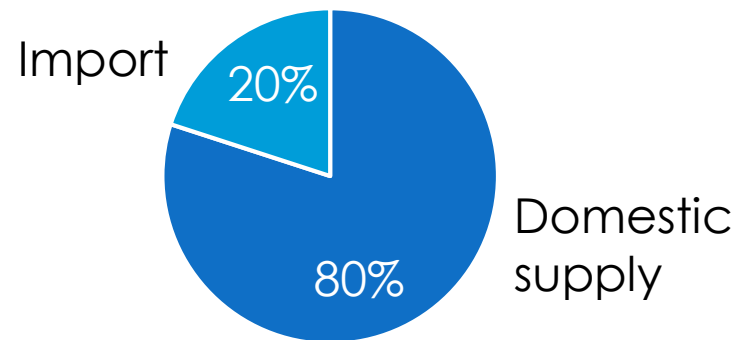
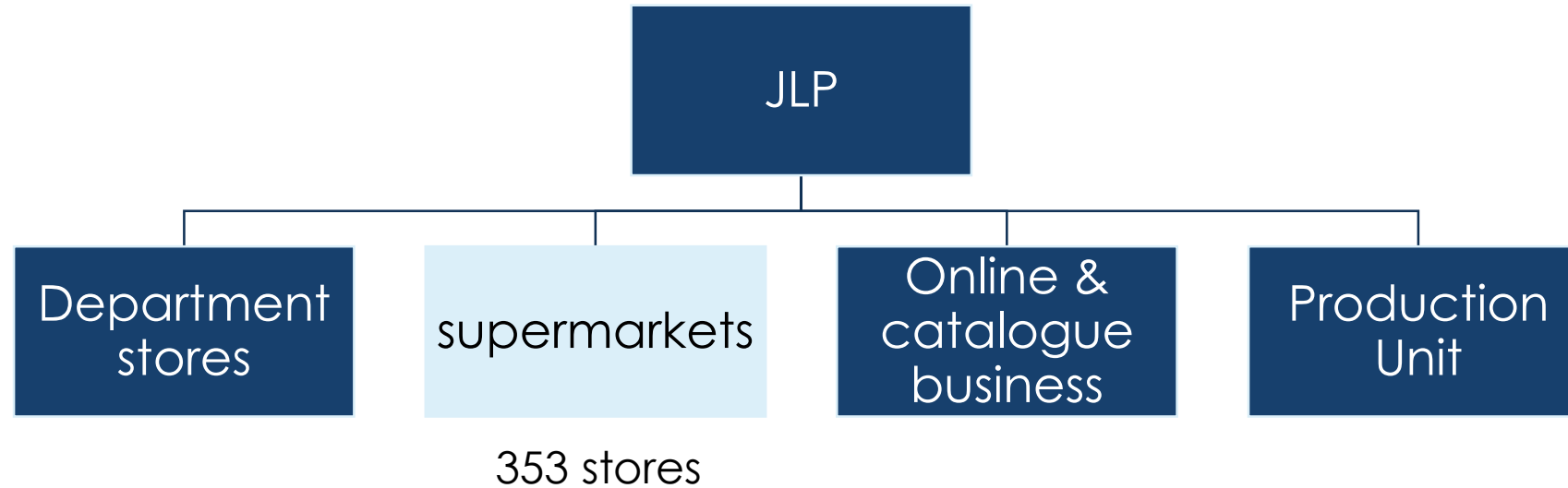
Multichannel business is divided into four segments



34 stores



Multichannel business is divided into four segments



John Lewis Partnership

Brexit impacts business in terms of procurement costs and employment issues

Currency exchange rate



Increase costs for import/export



Impact salary and procurement costs

Visa issues anticipated



Currently high amount of EU employees

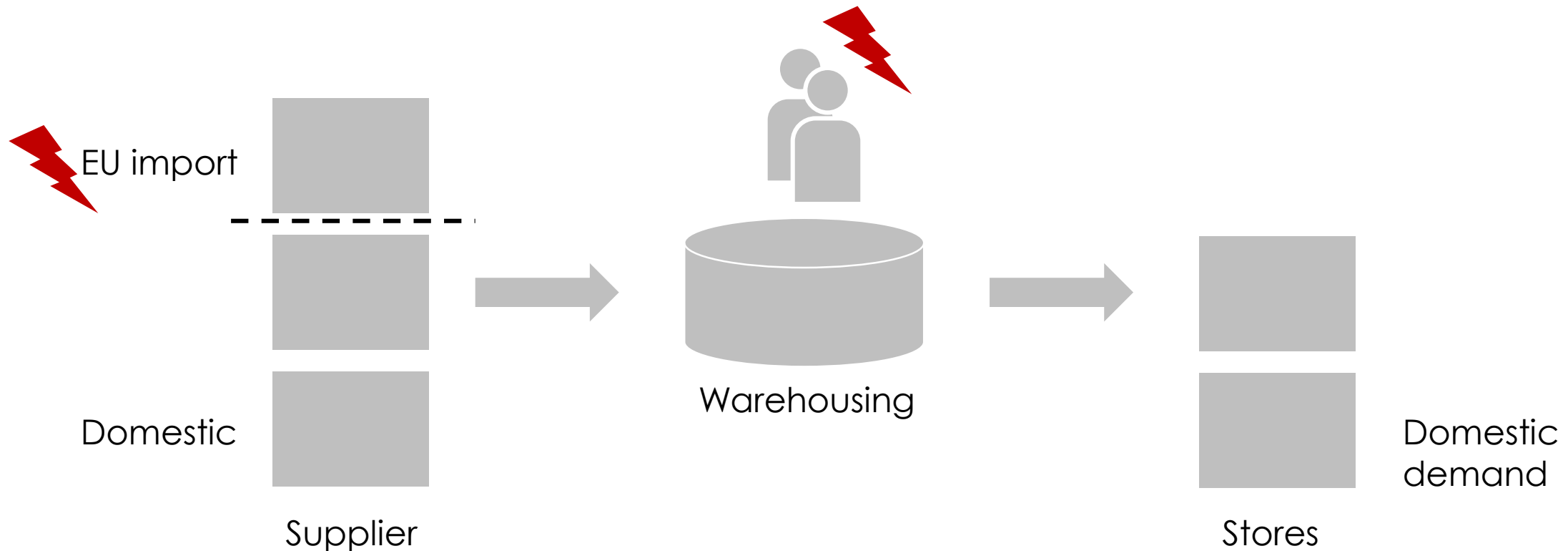


Lack of employees for low wage jobs

Brexit totally fixed in 2023

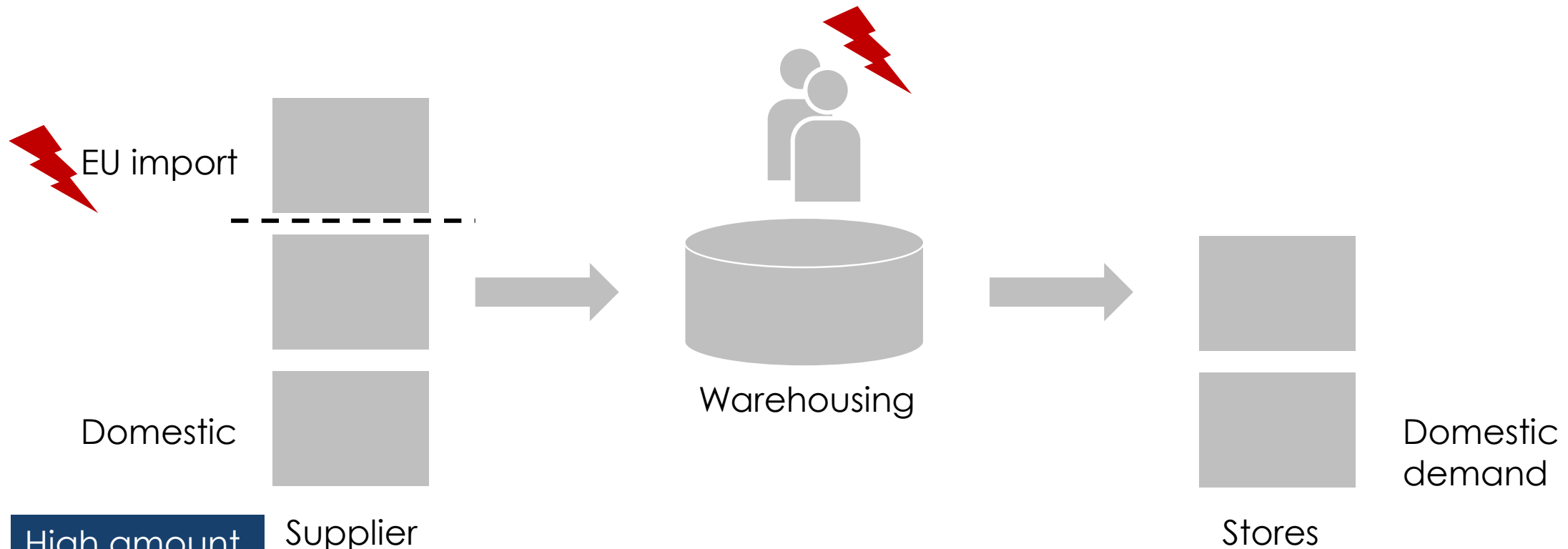
→ High impact on both, JLP and Waitrose

Current supply chain



→ Difficult to recruit UK employees for the same jobs

Current supply chain



High amount
of suppliers

→ Difficult to recruit UK employees for the same jobs

Key issues

Adjust Supply
Chain

Sustainable jobs
for partners

Trends

Changing customer demands

Already acting in the online field

Technologies:

- Online purchase
- Self service terminals
- Smartphone scanning

Growth in
online
sales 20%

→ Current jobs change

Brexit impacts online competitors less

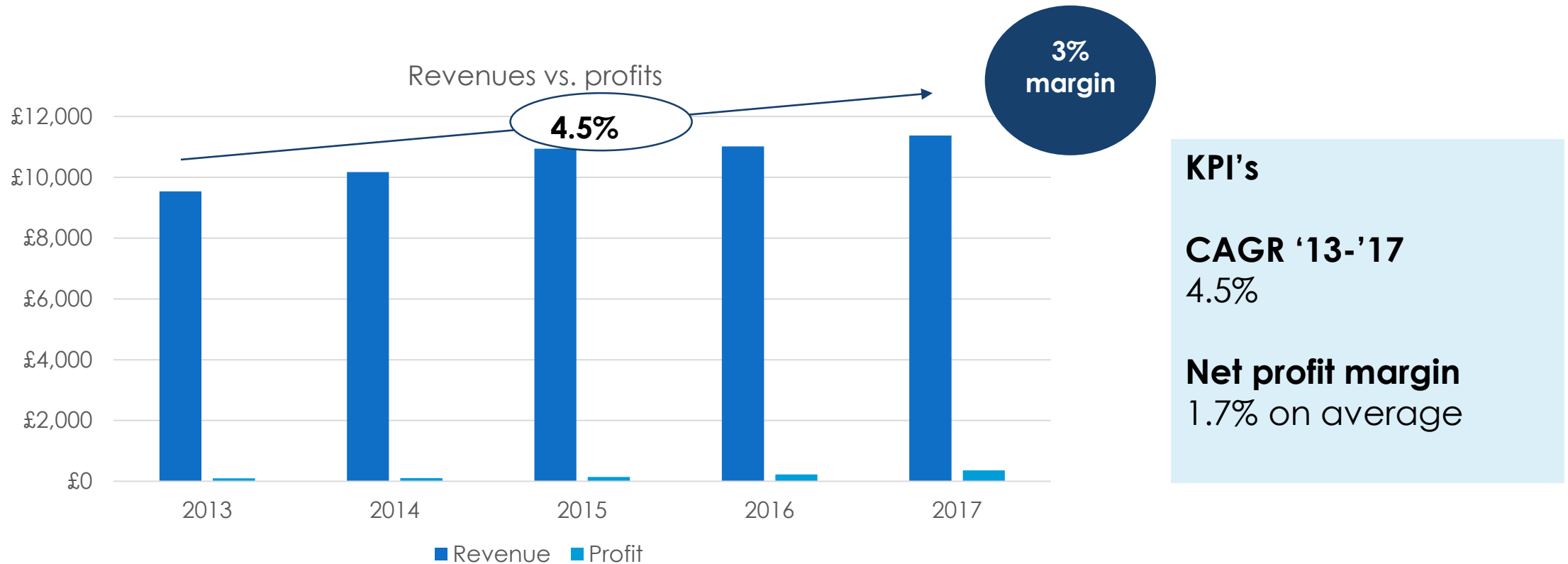
Online

Amazon
Hello Fresh

Offline & Multichannel

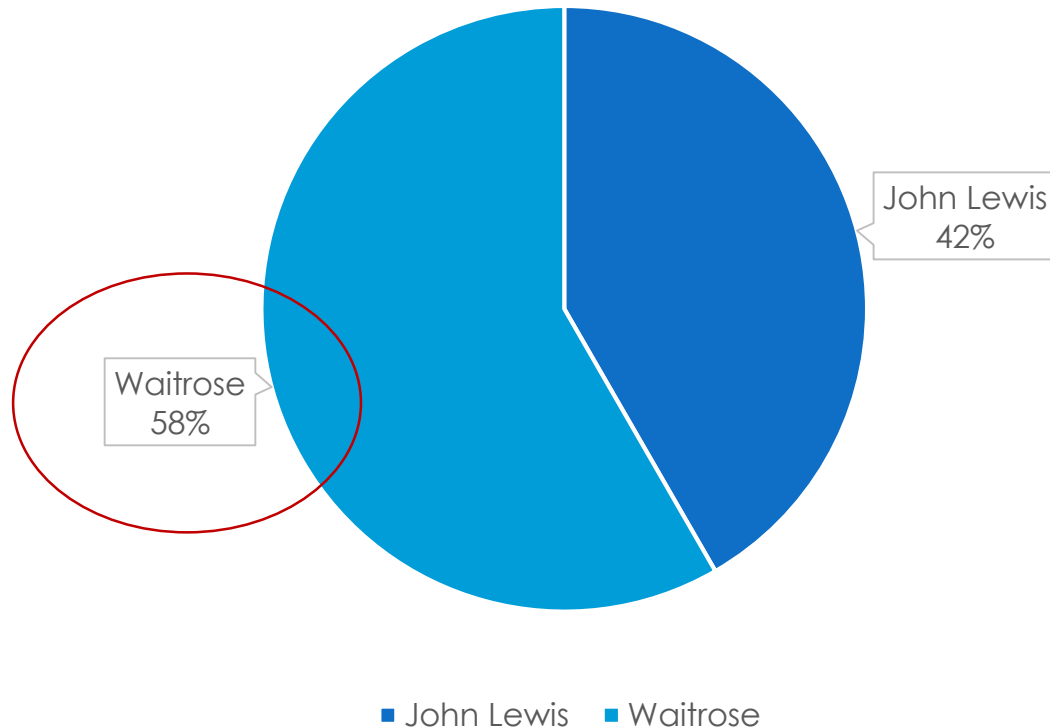
Tesco
Sainsbury
asda

Your are in a very stable financial position and increased margin

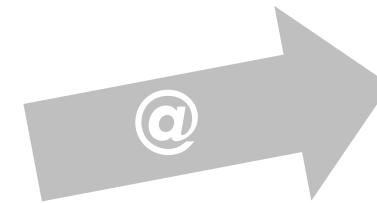


Almost two thirds of revenues come from Waitrose. Get ready for digitalization

Gross sales



Increasing online sales



35% at JLP in 2017
eGrocery for Waitrose

Agenda

A.
**The current
status**

B.
**Evaluation of
alternatives**

C.
**The road to
success**

D.
**The
financials**

E.
**The
conclusion**

Criteria for alternatives

Sustainable
Growth

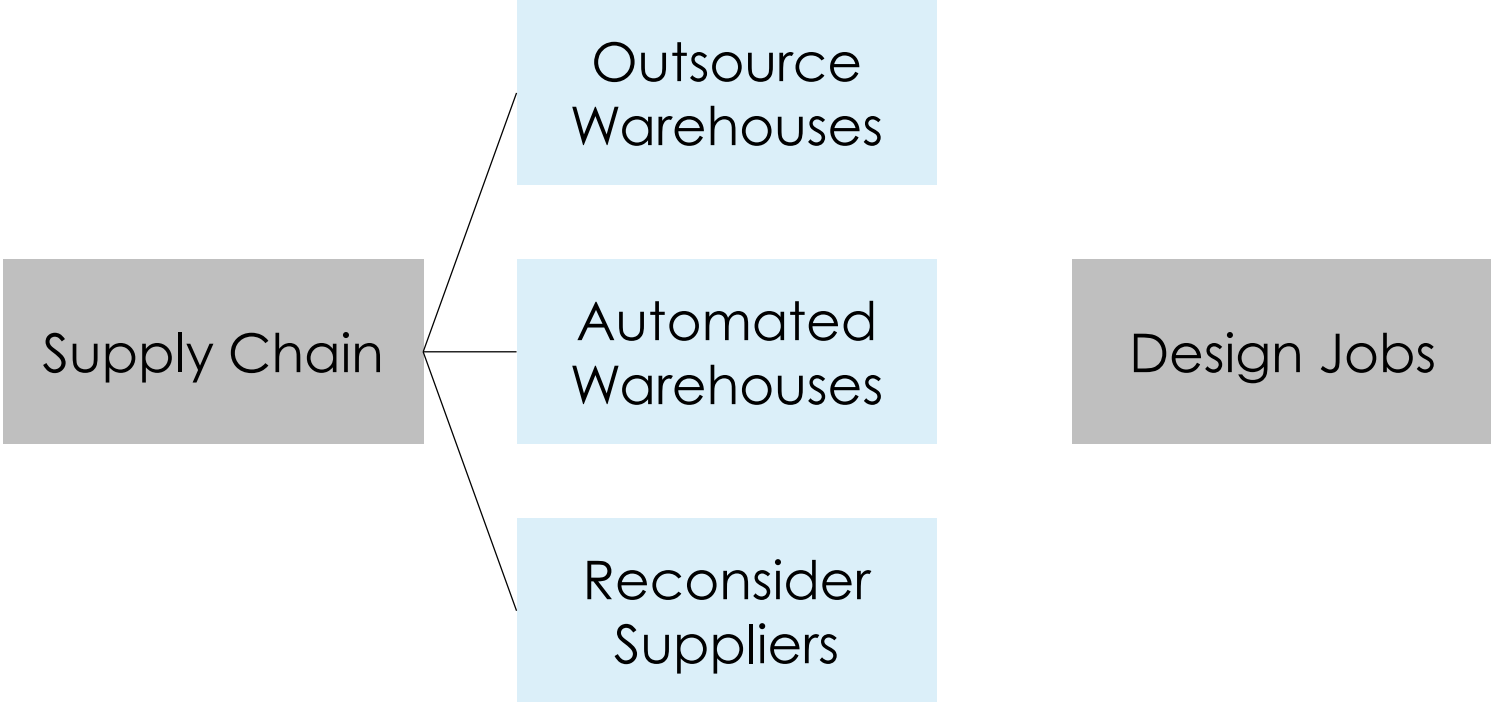
Serving
Partnership
needs

You are facing two challenges

Supply Chain

Design Jobs

Solve supplychain problem



Outsource Warehouses

Advantages

- Lower risks
- Better scalability

Disadvantages

- Less control
- Higher costs in long term
- Shifts problems occurring through Brexit to outsourcer

Automated Warehouses

Advantages

- Solves problem of missing eastern Europe employees
- Long term cost reduction
- Focus on quality
- Faster Supplychain

Disadvantages

- High costs
- Loss of jobs

Reconsider Suppliers










Advantages

- Option to negotiate lower prices
- Local suppliers are getting more important
- New partners fitting to long term strategy










Disadvantages

- Long term partnerships get questioned

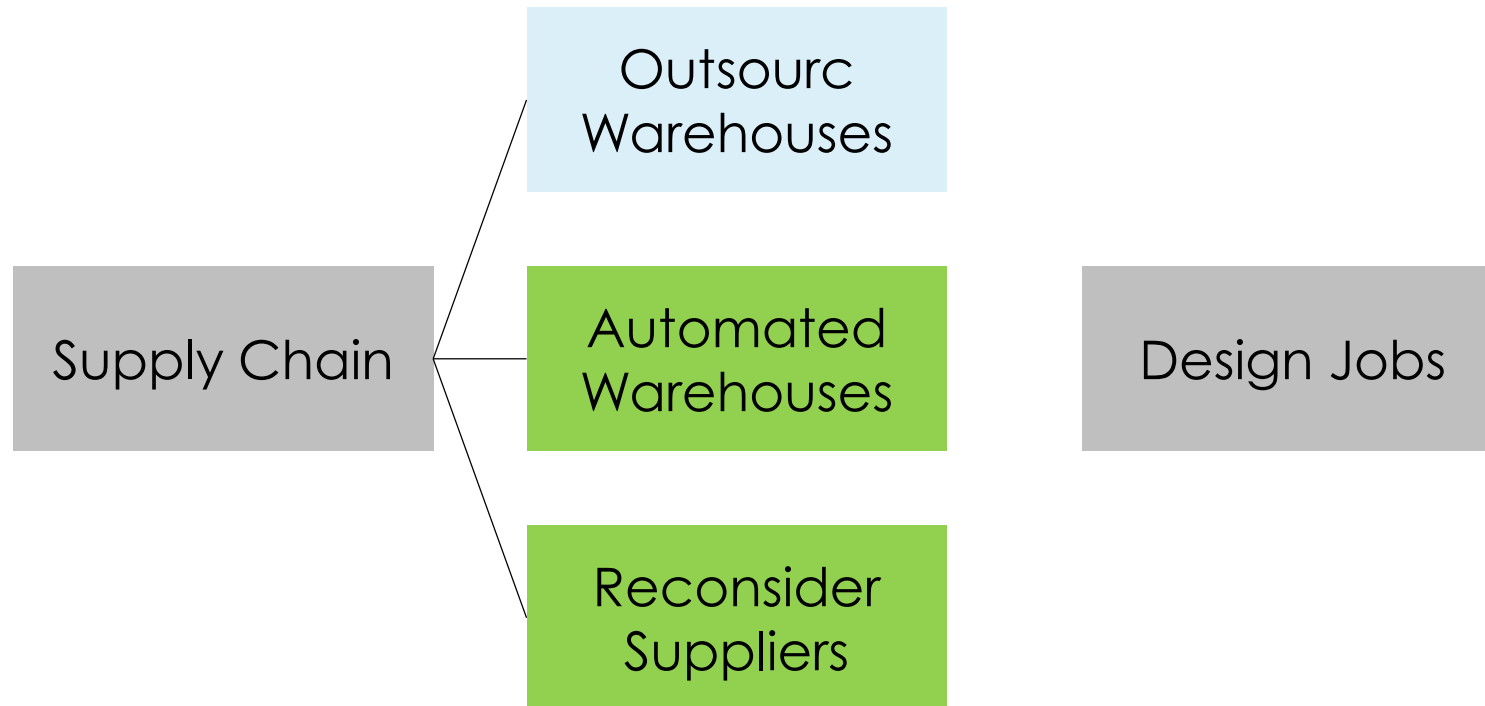
Face issues through automated warehouses and inland sourcing

	%	Outsourced Warehouses	Automated Warehouses	Reconsider Suppliers
Sustainable Growth	25			
Effectuated by Brexit	25			
Serve of partnership needs	50			

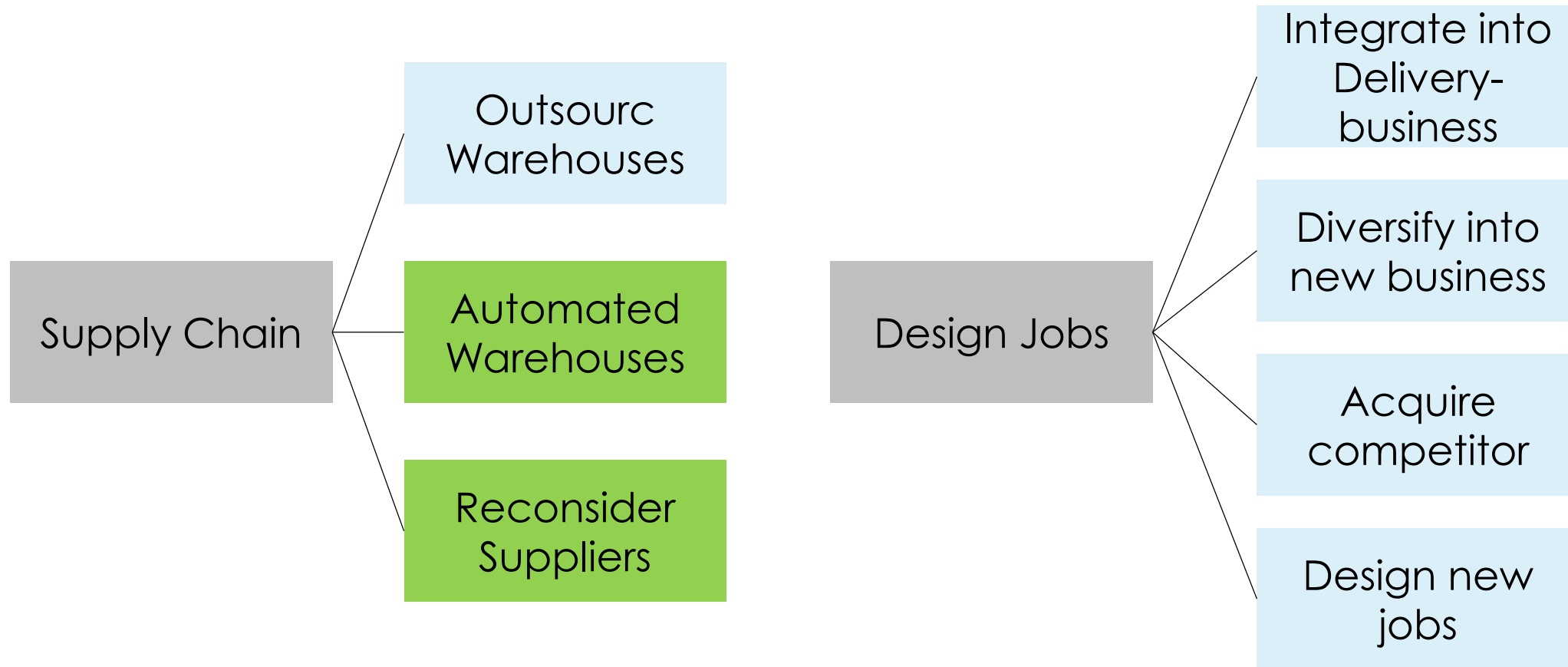
Face issues through automated warehouses and inland sourcing

	%	Outsourced Warehouses	Automated Warehouses	Reconsider Suppliers
Sustainable Growth	25			
Effected by Brexit	25			
Serve of partnership needs	50			

You are facing two challenges



You are facing two challenges



Integrate into Delivery Business

Advantages

- Employees can be shifted to new jobs

Disadvantages

- Unknown business
- Knowingly unprofitable business
- Employees are not trained

Diversify Business

Advantages

- If successful it lowers risks
- Built new jobs

Disadvantages

- No knowledge in other businesses
- High risks
- Employees are not trained for new business

Acquire Competitor

Advantages

- New jobs
- More Bargaining power

Disadvantages

- High costs
- High risks
- Does not address urging problem of brexit

Design new jobs within existing business













Advantages

- Low costs
- Serves customer orientation
- Serves partner need

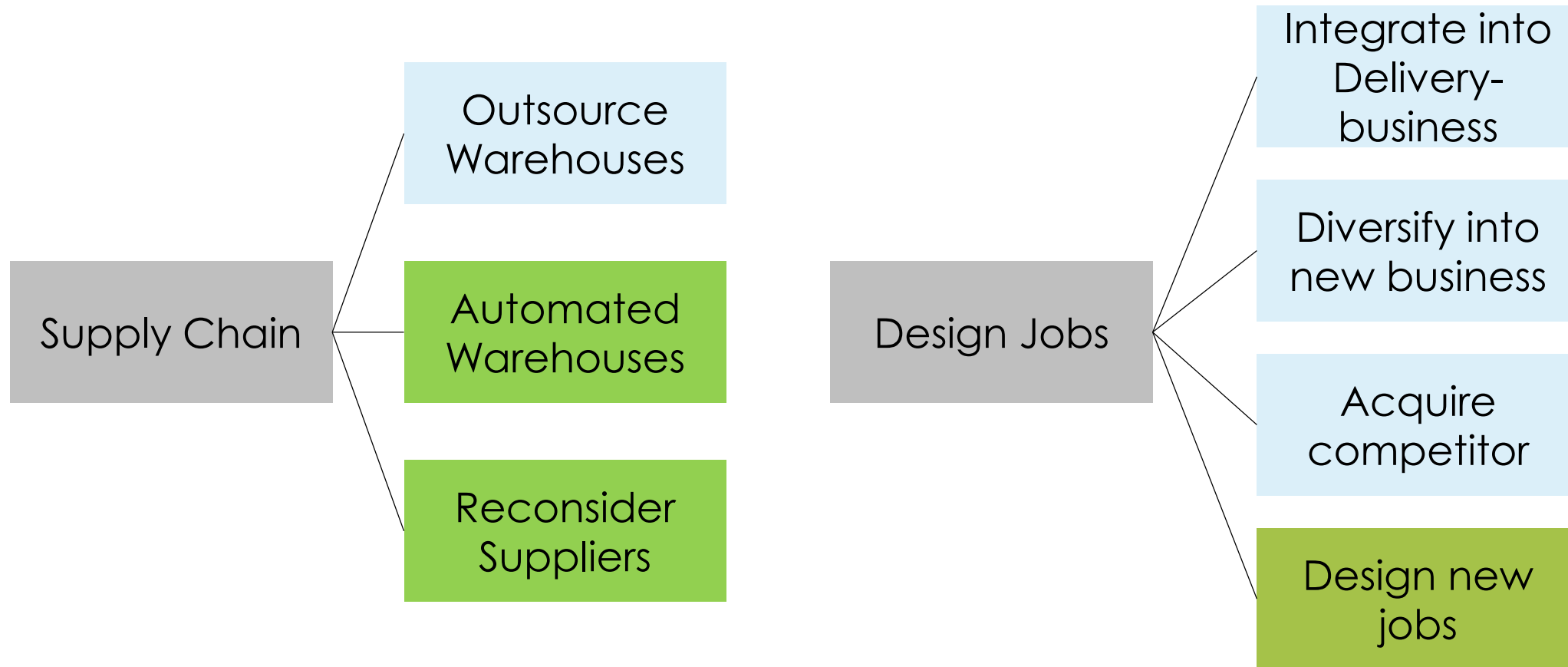
Disadvantages

- Long term partnerships get questioned

Design new jobs within existing business

	%	Delivery Business	Diversify Business	Acquire competitor	Design new jobs
Sustainable Growth	25				
Effected by Brexit	25				
Serve of partnership needs	50				

Our recommendation for sustainable growth while serving partner needs



Agenda

A.
**The current
status**

B.
**Evaluation of
alternatives**

C.
**The road to
success**

D.
**The
financials**

E.
**The
conclusion**

Key issues

Adjust Supply
Chain

Sustainable jobs
for partners

Shifting product relation to more locally sourced products

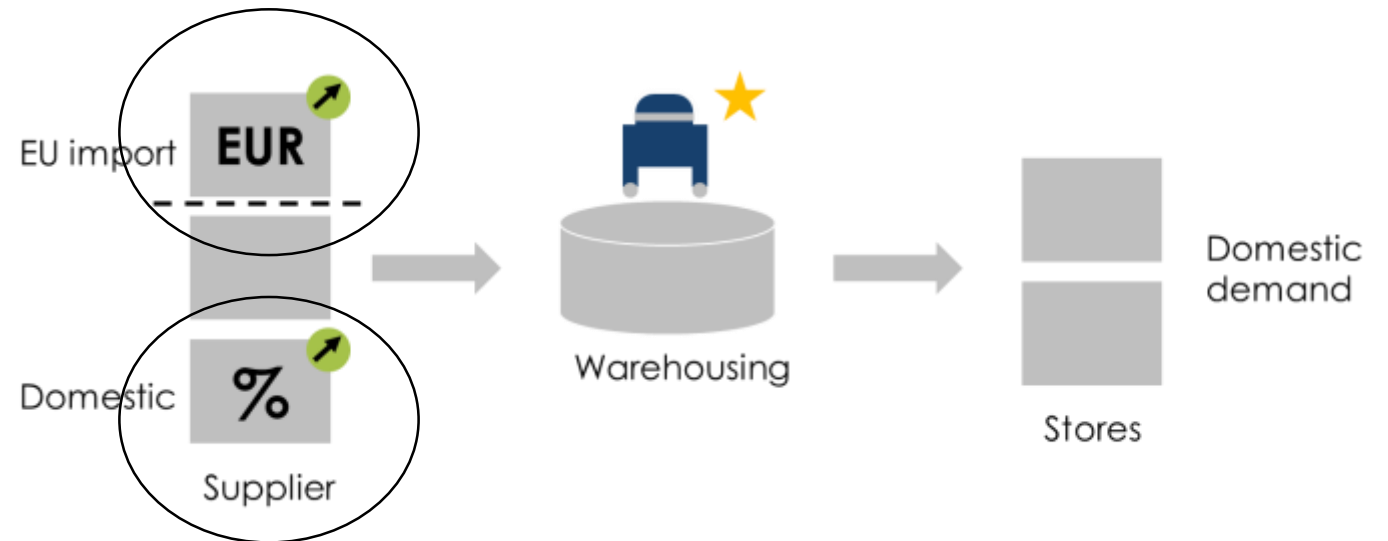
Increasing prices because of taxes

- Customers want the whole product range any time
- Costs are increasing for import goods



Increasing the amount of local goods

- Focusing on more local products
- Focus on quality
- Testing new products
- Short deliveries



Shifting product relation to more locally sourced products

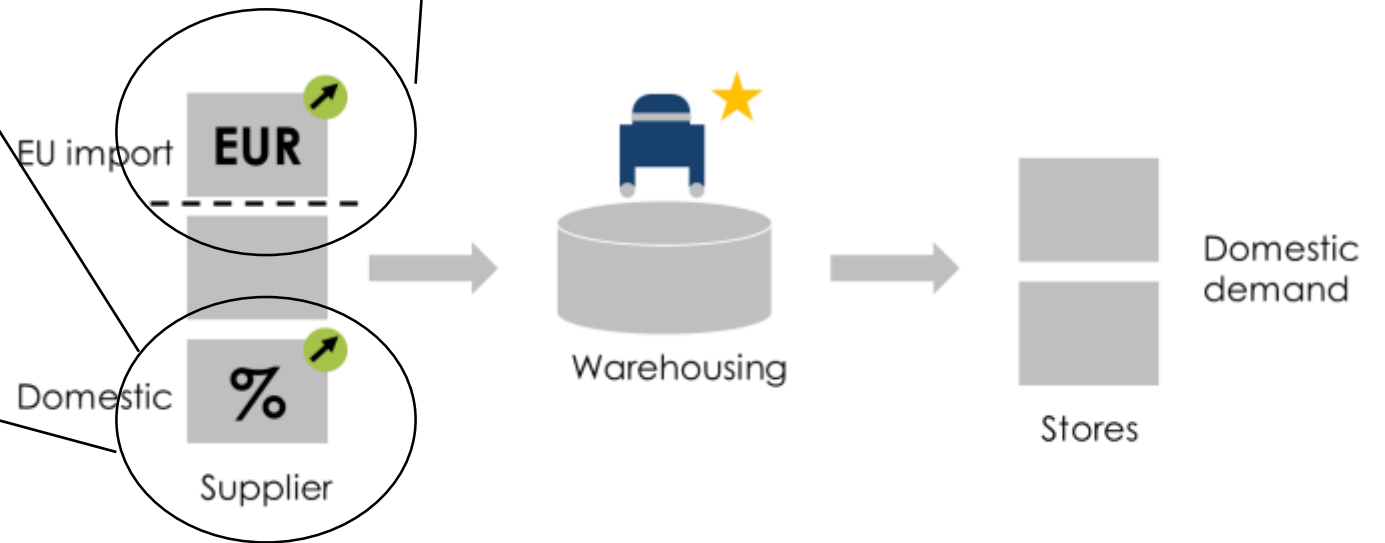
JLP (domestic vs. import)

- From 60 vs 40
- To 70 vs 30

- Increasing prices of EU goods by 6% immediately
- If taxes raise above → adjust

Waitrose (domestic vs. import)

- From 80 vs 20
- To 90 vs 10



Adjustment of the supply chain

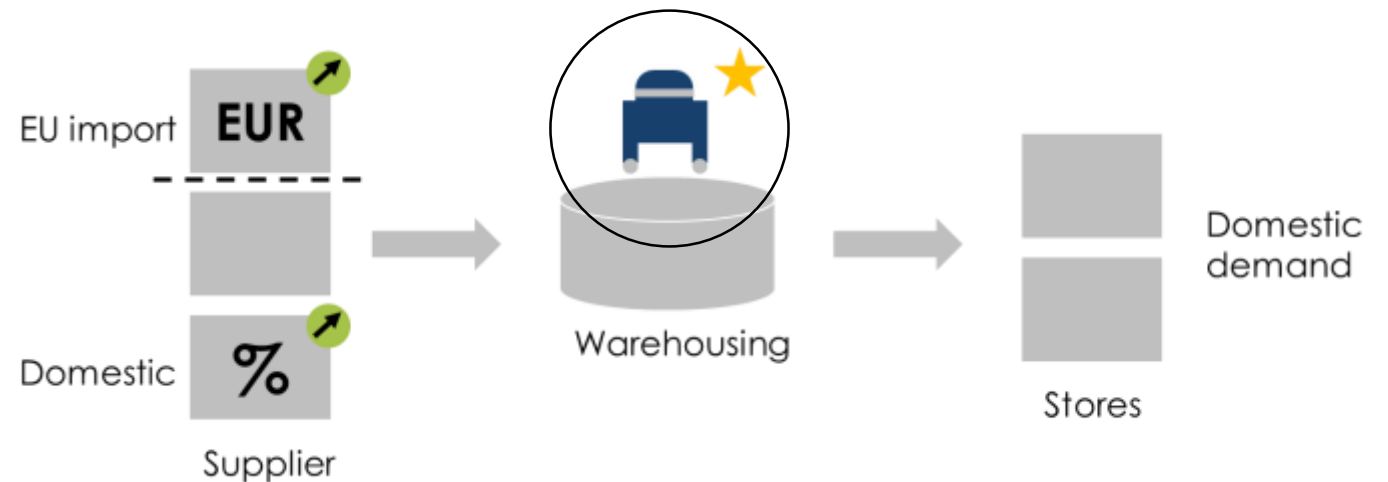
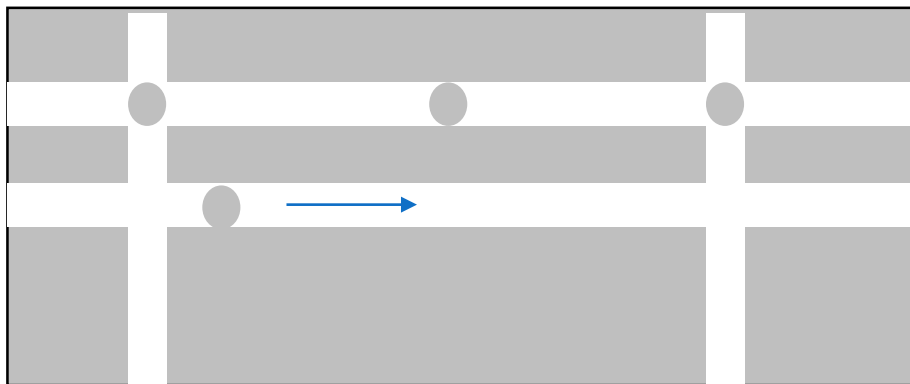
Losing employees on support level

- Employees might have to leave UK because of Brexit
- Support level jobs in warehouses not attractive in UK



Automatization of process

- New robots delivering packages in the inner circle of warehouse
- Centralised control of product flow in warehouses by new software



Key issues

Adjust Supply
Chain

Sustainable jobs
for partners

Customer service is our greatest asset!

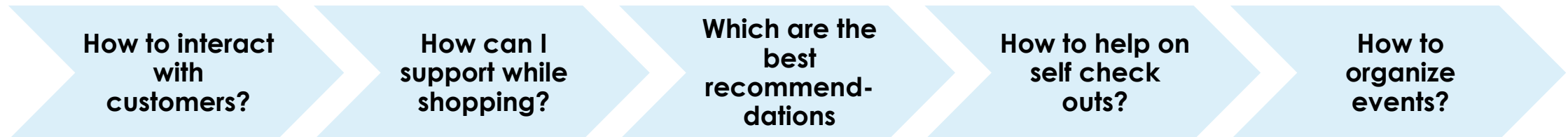
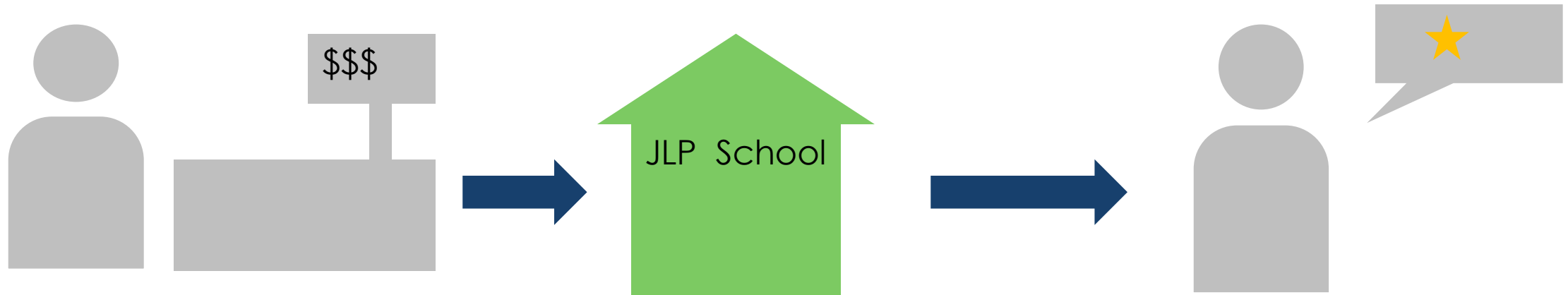
What can you do for the partnership?



- Service focus for the offline stores
- Creating an omni-channel experience
 - Customer experience while shopping
 - Events for new products (tastings and testing)
- Employees working previously as cashier switch into service for customers and consulting about products

750,000

What can you do for the partnership?

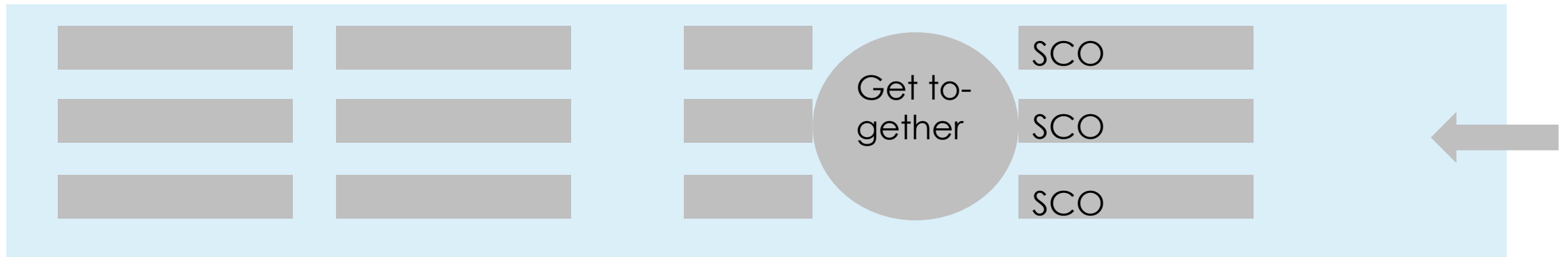


Events in stores

- Every first Thursday of the month
- Evening hours after 6pm
- no price for attending
- Tasting and testing of products which fit to topic

- Wine
- Cookies
- Candies
- Clothes
- Home equipment

COSY WINTER



Time plan

2017 2018 2019 2020 2021 2022

50 m

SUPPLY CHAIN

Finding supplier for software and robots

Implementation

Checking workforce

10.25m

JOBS

Training of employees

Eventstart

Switch to local



Agenda

A.
**The current
status**

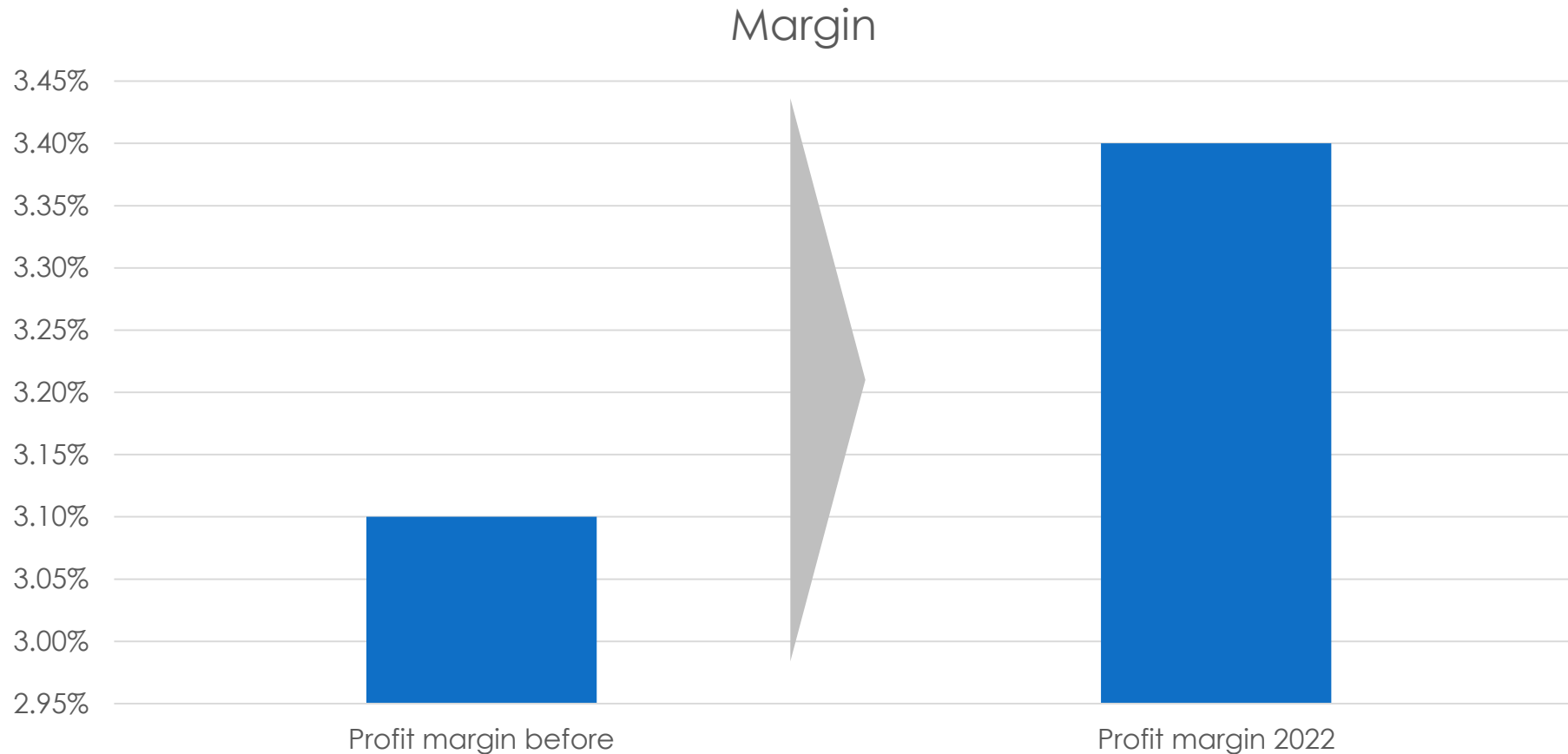
B.
**Evaluation of
alternatives**

C.
**The road to
success**

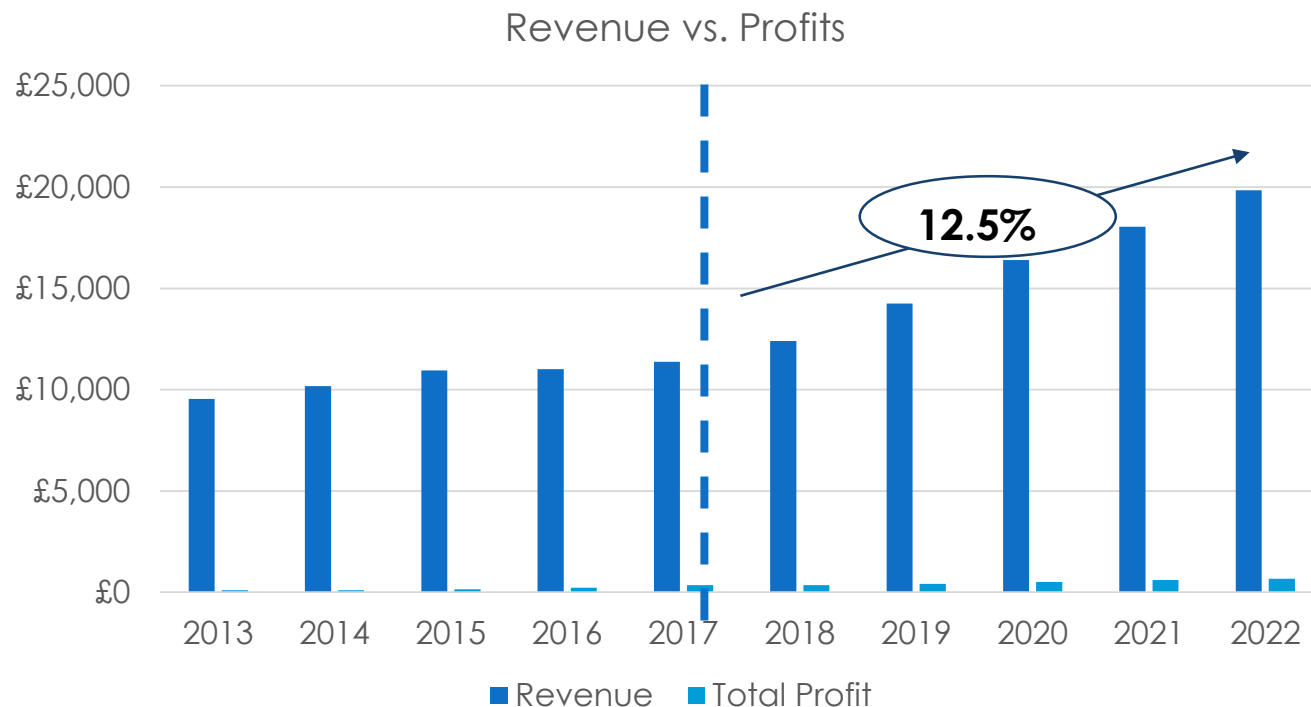
D.
**The
financials**

E.
**The
conclusion**

Increase your profit margin from 3.1% to 3.5% through greater efficiency



Increase Revenues by 12.5% each year and increase profitability in the long run



KPI's

CAGR '18-'22
12.5%

Net profit margin
3.4%

Agenda

A.
**The current
status**

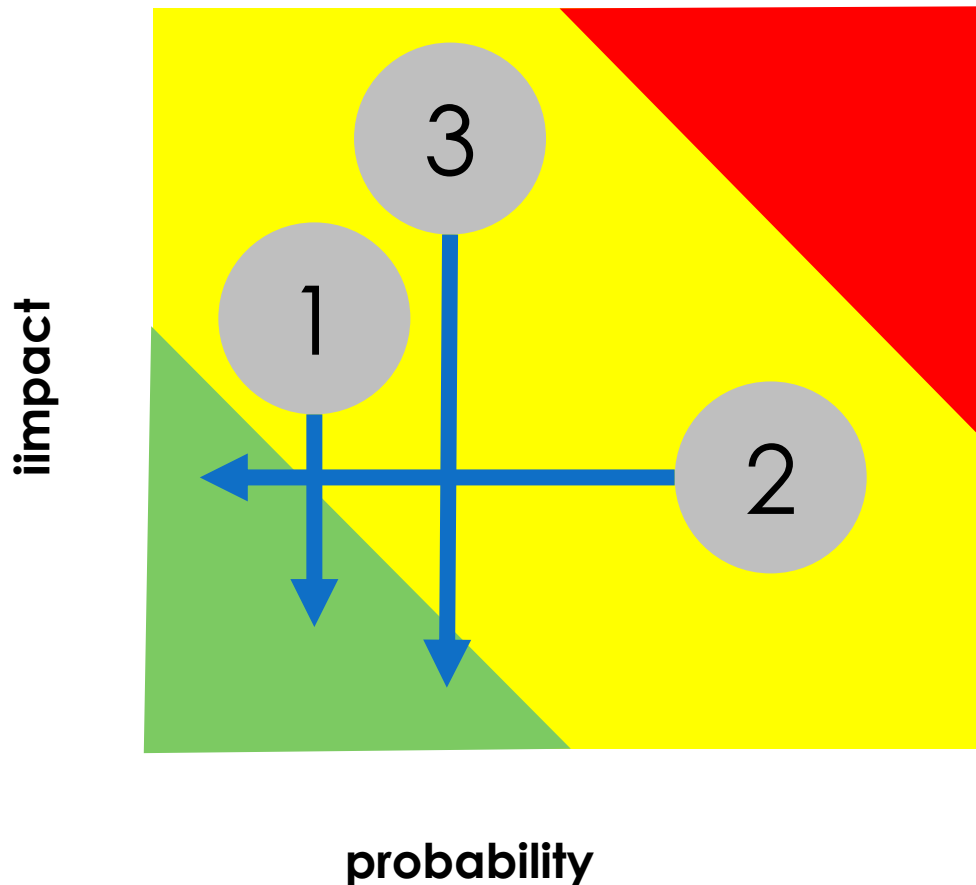
B.
**Evaluation of
alternatives**

C.
**The road to
success**

D.
**The
financials**

E.
**The
conclusion**

Risks and Mitigation



- 1. Partner do not want new jobs**
 - Make a meeting to discuss plans
- 2. Automated Warehouses are not cost efficient**
 - Step for Step implementation
 - Risk controlling
- 3. Brexit leads to economic shakedown**
 - Built savings
 - Adjust risk Managmenet

Key issues

Adjust Supply
Chain

Sustainable jobs
for partners