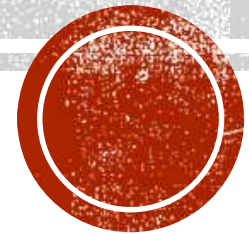# JOHN LEWIS PARTNERSHIP AND BREXIT
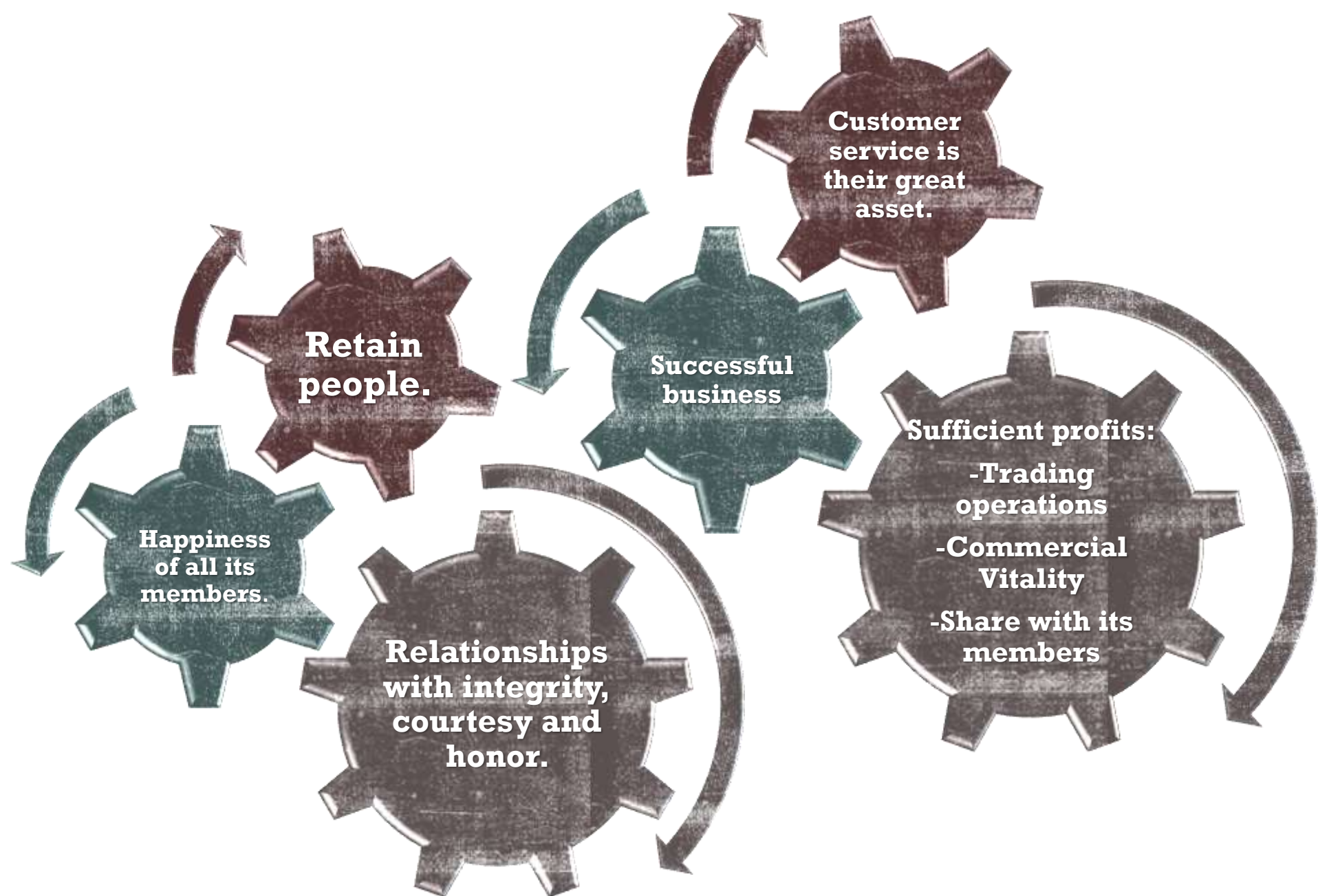
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1. Analysis
2. Problem
3. Alternatives
4. Solution
5. Recommendations
6. Implementation
7. Financials

AGENDA

Customer service is their great asset.

Retain people.

Successful business

Happiness of all its members.

Sufficient profits:
-Trading operations
-Commercial Vitality
-Share with its members

Relationships with integrity, courtesy and honor.

JLP LARGEST MULTINATIONAL RETAILER

Department Stores	Home Shops	Supermarkets
Online / Catalogue Business	Production Unit	Leckford farm

SWOT

Strengths
- UK's largest multichannel retailer
- Trust relationship with Partners
- Exclusive relationship with certain suppliers
- Customer service

Weaknesses
- Most of the products come from outside of UK.
- Basic use of technology

Opportunities
- Expansion to new markets
- Enlarge their portfolio of products
- Cut expenses on Partners

Threats
- Brexit
- Online retailers (Amazon)
- Technology could substitute the Partners

JOHN LEWIS PARTNERSHIP

JLP	John Lewis	Waitrose
Business type	Department Stores	Food and Home Stores
Number of stores	46	353
% of the revenue	37.71%	62.29%
% of the operating profit	50.87%	53.01%
Differentiation	Quality products and customer service	Quality food that's going to be honestly priced

PROBLEM / CHALLENGE

1. Brexit will force some changes in matter of supply chain and partner diversity.

Improve the strategy

2. The technology is getting to substitute jobs.

3. Lack of local labor force.

4. Products consumed year-round.

ALTERNATIVES

1. Automatization of processes.

2. Cut expenses on partners benefits.

3. Replace some imported products.

4. Scanned purchases.

ALTERNATIVES

Valuable characteristics	Fits company's culture	Existing Know-how	Feasibility	Cost	Σ
1.Automatization of processes.	🟢	🟡	🟢	🟢	🟢
2.Cut expenses on partners benefits.	🔴	🔴	🟢	🟢	🔴
3.Replace some imported products.	🟢	🟡	🟡	🟢	🟡
4.Scanned purchases.	🟢	🟡	🟢	🟢	🟢

ALTERNATIVES

Valuable characteristics	Fits company's culture	Existing Know-how	Feasibility	Cost	∑
1.Automatization of processes.	🟢	🟡	🟢	🟢	🟢
2.Cut expenses on partners benefits.	🔴	🔴	🟢	🟢	🔴
3.Replace some imported products.	🟢	🟡	🟡	🟢	🟡
4.Scanned purchases.	🟢	🟡	🟢	🟢	🟢

SOLUTIONS

Automatization of processes

Replace some imported products.

Scanned purchases.

AUTOMATIZATION OF PROCESSES

- **What?**
  - Change manual labor into an automatized process in the supply chain process.

- **Why?**
  - It will get difficult to recruit new Partners from outside UK after Brexit.

- **Benefit:**
  - Cost reduction
  - Higher efficiency
  - Less additional Partners required

- **Risk:**
  - Some actual Partners might not be required in supply chain anymore.

- **Risk mitigation:**
  - Allocate them to the local supply project.

REPLACE SOME IMPORTED PRODUCTS

- **What?**
  - Identify and look for local suppliers that can provided products previously imported.

- **Why?**
  - Brexit will force some chances in matter of supply chain and imports.

- **Benefit:**
  - Avoid price impact due to Brexit.
  - Reduce cost and time on logistics.
  - Support of local enterprises.

- **Risk:**
  - Supply capability of local suppliers.

- **Risk mitigation:**
  - Research for 2 or more suppliers for similar products.

SCANNED PURCHASES

- **What?**
  - Develop an app and install screens inside the main metro stations in London where customers can purchase their order and have it delivered home of no more than 5 km radio.

- **Why?**

- In-stores sales have been declining and online have experienced 20% increased.

- **Benefit:**
  - Be part of the disruption tools in the industry.
  - Increase online sales.
  - Retain people for deliveries.

- **Risk:**
  - Problems with the app.

- **Risk mitigation:**
  - Tech training in current customer service department.

IMPLEMENTATION

	∑ Cost	[Months]							
		1 to 3	4 to 6	7 to 9	10 to 12	13 to 15	16 to 18	19 to 21	22 to 24
Automatization of Processes	£ 820,000								
1) Create a chart of inventory's phases.		■							
2) Identify processes which can be automatized.		■							
3) Propose operational adjustment.		■							
4) Implement & standarice new process.			■	■					
5) Stablish work process for every Distribution center.				■	■				
Replace some imported products	£ 60,000								
1) Create and identify actual importing suppliers list by categories.		■	■						
2) Throw 5 local event by Distribution Center to gather local suppliers.			■	■	■	■	■		
3) Connect and start working with them.					■	■	■	■	■
Scan Purchases	£ 65,000								
1) Outsourced App development.					■	■			
2) Train Delivery Staff (Partners) & Customer Service.						■	■		
3) Stablish delivery area. (>5 km radios).					■				
4) Design and install screens on metro stations & Marketing campaign.						■			
5) Run purchase and delivery test.							■	■	
6) Start sales.								■	■

KPI'S

Automatization of processes

Time reduction

Cost reduction

Wasted time

Replace some imported products.

local products

Sales of local products.

Scanned purchases

Sales

Users

purchases

purchases / customer

ACTUAL REVENUE

	2013	2014	2015	2016	2017	Avg. Growth
Waitrose	£ 5,416.10	£ 5,737.70	£ 6,135.30	£ 6,086.00	£ 6,245.50	3.60%
John Lewis	£ 3,049.40	£ 3,274.10	£ 3,565.70	£ 3,662.80	£ 3,780.70	5.5%
Total	£ 8,465.50	£ 9,011.80	£ 9,701.00	£ 9,748.80	£ 10,026.20	4.30%

FORECAST REVENUE

	2013	2014	2015	2016	2017	Avg. Growth
Waitrose	£ 5,416.10	£ 5,737.70	£ 6,135.30	£ 6,086.00	£ 6,245.50	3.60%
John Lewis	£ 3,049.40	£ 3,274.10	£ 3,565.70	£ 3,662.80	£ 3,780.70	5.5%
Total	£ 8,465.50	£ 9,011.80	£ 9,701.00	£ 9,748.80	£ 10,026.20	4.30%

	2013	2014	2015	2016	2017	2018	2019	2020
Waitrose	£ 5,416.10	£ 5,737.70	£ 6,135.30	£ 6,086.00	£ 6,245.50	£ 6,470.34	£ 6,826.21	£ 7,201.65
John Lewis	£ 3,049.40	£ 3,274.10	£ 3,565.70	£ 3,662.80	£ 3,780.70	£ 3,988.64	£ 4,208.01	£ 4,439.45
Total	£ 8,465.50	£ 9,011.80	£ 9,701.00	£ 9,748.80	£ 10,026.20	£ 10,458.98	£ 11,034.22	£ 11,641.10

THANK YOU

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EXHIBIT 1 - COSTS

Automatization of processes		Total
Study	£ 10,000.00	£ 10,000.00
Each distribution site (20)	£ 40,000.00	£ 800,000.00
Trainning	£ 10,000.00	£ 10,000.00
	Total	£ 820,000.00

Scan Purchases		Total
App	£ 10,000.00	£ 10,000.00
Screen and both	£ 10,000.00	£ 50,000.00
Trainning	£ 5,000.00	£ 5,000.00
	Total	£ 65,000.00

Logistic cost per delivery	£ 6.00

Replace imported goods		Total
Local event	£ 10,000.00	£ 50,000.00
Connection with supplier	£ 10,000.00	£ 10,000.00
	Total	£ 60,000.00