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Executive summary

The following report presents a strategy formulation plan for the John Lewis Partnership, a well-established retail company. The plan aims to improve the company's business and management performance by addressing current challenges and capitalizing on market opportunities.

The report begins with an introduction to strategic management, highlighting its importance and benefits. It then provides an overview of the John Lewis Partnership, including its services, products, sector, and location. The strategic intent of the company is discussed, encompassing its vision, mission, and objectives.

An assessment of the company's current performance reveals mixed financial results and the need to adapt to changing consumer behaviour. The report then delves into a comprehensive analysis of the company's competitive environment. External factors are examined using the PESTEL framework and Porter's Five Forces analysis, while internal factors are assessed through SWOT, VRIO, and Value Chain analyses.

Based on the analysis, the report proposes strategic choices for the company. These include enhancing the omnichannel experience, expanding product offerings, strengthening sustainability practices, leveraging data and analytics, and forging strategic partnerships. The recommended strategy is for the John Lewis Partnership to become the leading omnichannel retailer of sustainable and ethically sourced products in the UK.

To implement the strategy, the report recommends prioritizing investments in digital technologies, talent development, and sustainability initiatives. Employee engagement and a customer-centric culture are emphasized for successful execution. Ongoing monitoring and evaluation of key performance indicators are advised to ensure the strategy's effectiveness.



By adopting the proposed strategy and executing the strategic plan, the John Lewis Partnership can navigate market challenges, drive growth, and solidify its position as a trusted retail brand.

Introduction to the Strategy ²²

Strategic management plays a vital role in the success and sustainability of organizations. It involves formulating and implementing long-term plans and initiatives that align with the company's vision, mission, and objectives. This report presents a strategy formulation plan for the John Lewis Partnership, a renowned retail company, to enhance its business and management performance.

The purpose of this report is to analyse the current state of the company, assess its competitive environment, and propose a new strategy that addresses challenges and capitalizes on opportunities. The report will provide a roadmap for the company's future direction, guiding decision-making, and resource allocation.

The report is organized into several sections to provide a structured and comprehensive analysis. It begins with an overview of the John Lewis Partnership, including its services, products, sector, and geographical location. This sets the context for understanding the company's operations and market presence.

The strategic intent of the company is then discussed, encompassing its vision, mission, and objectives. The vision statement defines the desired future state of the company, while the mission statement outlines its purpose and core values. Clear objectives provide a framework for measuring progress and success.

The report proceeds to evaluate the company's current performance, including financial performance, customer satisfaction, sustainability practices, and employee engagement. This analysis identifies areas of strength and areas that require improvement, setting the foundation for strategic decision-making.



To gain a deeper understanding of the company's competitive environment, an extensive strategy analysis is conducted. This analysis includes an external environmental audit using the PESTEL framework to assess political, economic, sociocultural, technological, environmental, and legal factors. Additionally, Porter's Five Forces analysis examines the competitive dynamics within the industry.

An internal environmental audit is conducted using tools such as SWOT analysis, VRIO framework, and Value Chain analysis. This evaluation identifies the company's internal strengths and weaknesses, as well as opportunities and threats arising from its internal capabilities and value chain activities.

²⁰ Based on the analysis of the company's current performance and the strategic analysis of its competitive environment, the report will propose a new strategy for the John Lewis Partnership. This strategy will focus on strategic choices, such as enhancing the omnichannel experience, expanding product offerings, strengthening sustainability practices, leveraging data and analytics, and forging strategic partnerships.

In conclusion, this report will provide the John Lewis Partnership with a comprehensive strategy formulation plan to address current challenges and leverage opportunities. By adopting the proposed strategy and effectively implementing the strategic plan, the company can enhance its business and management performance, achieve sustainable growth, and maintain its competitive position in the

Overview/Background of the Firm

The John Lewis Partnership is a renowned retail company based in the United Kingdom. Established in 1929, the company operates in the sector of general merchandise retail and is widely recognized for its commitment to quality, service, and employee ownership. The partnership model distinguishes John Lewis from other retailers, as it is owned and governed by its employees, who are referred to as Partners.



The company operates through two main divisions: John Lewis & Partners and Waitrose & Partners. John Lewis & Partners specializes in a wide range of products, including clothing, homeware, electronics, and furniture, while Waitrose & Partners focuses on high-quality groceries and other food products.

The John Lewis Partnership has a strong presence across the UK, with numerous physical stores strategically located in major cities and towns. It also operates a comprehensive online platform, allowing customers to conveniently shop from anywhere at any time.

The company has built a solid reputation for its exceptional customer service, product quality, and ethical practices. It emphasizes values such as sustainability, fairness, and community involvement. The John Lewis Partnership has received accolades for its employee satisfaction, social responsibility initiatives, and contributions to the retail industry.

In recent years, the company has faced various challenges in the evolving retail landscape, including changing consumer preferences, intensified competition from online retailers, and economic uncertainties. To maintain its market position and sustain growth, the John Lewis Partnership must develop a robust and innovative strategy that aligns with market trends and customer expectations.

In the following sections, this report will analyse the company's current performance and conduct a comprehensive strategic analysis to formulate a new strategy that addresses these challenges and leverages opportunities for future success.

Strategic Intent

Strategic intent refers to the overarching direction and aspirations of an organization, guiding its strategic choices and actions. It encompasses the vision, mission, and objectives that shape the company's long-term goals and define its purpose. For the John Lewis Partnership, strategic intent plays a critical role in guiding its business and management decisions.



Vision:

The vision of the John Lewis Partnership is to be the leading retailer in the UK, known for its exceptional quality, customer service, and commitment to sustainability. The company aims to create a shopping experience that exceeds customer expectations and fosters lasting relationships.

Mission:

The mission of the John Lewis Partnership is ²¹ to provide customers with a wide range of high-quality products, delivered with outstanding service and value. The company is committed to its unique partnership model, which promotes employee ownership and empowers its workforce to deliver exceptional customer experiences.

Objectives:

The objectives of the John Lewis Partnership revolve around achieving sustainable growth and maintaining a competitive edge in the retail industry. These objectives include:

Drive customer satisfaction: The company aims to consistently provide superior customer service, personalized experiences, and high-quality products that meet customer needs and preferences.

Enhance employee engagement and satisfaction: The John Lewis Partnership recognizes the importance of its employees and strives to create a positive work environment that fosters teamwork, professional development, and a sense of ownership.

Foster sustainability and ethical practices: The company is committed to minimizing its environmental footprint, promoting responsible sourcing, and supporting local communities. It aims to be a leader in sustainable retail practices and ethical business conduct.

Drive financial performance and profitability: The John Lewis Partnership seeks to achieve sustainable revenue growth, improve operational efficiency, and generate profitable returns for its Partners and stakeholders.



By aligning its strategic intent with its day-to-day operations, the John Lewis Partnership can focus on achieving its long-term goals while adapting to the changing dynamics of the retail industry. The proposed strategy will further support the company's strategic intent by addressing current challenges and leveraging market opportunities.

The Company's Current Performance

To develop an effective strategy, it is essential to assess the current performance of the John Lewis Partnership. This analysis will provide insights into the company's strengths, weaknesses, and areas for improvement.

Financial Performance: The company's financial performance has experienced both positive and challenging periods. While the John Lewis Partnership has a strong revenue base, recent years have seen fluctuations in profitability. Factors such as increased competition, changing consumer behaviour, and economic uncertainties have impacted the company's financial results. This highlights the need for strategic initiatives to enhance profitability and ensure long-term financial sustainability.

Customer Satisfaction: The John Lewis Partnership has traditionally excelled in customer satisfaction. ¹⁴ The company's commitment to quality products, exceptional customer service, and trusted reputation have contributed to strong customer loyalty. However, changing customer preferences, increased competition, and the rise of online shopping have presented new challenges. The company needs to adapt to evolving customer expectations and enhance its customer experience to maintain high levels of satisfaction.

Sustainability Practices: The John Lewis Partnership has demonstrated a ⁸ strong commitment to sustainability. The company has implemented initiatives to ⁸ reduce its environmental impact, promote responsible sourcing, and support local communities. These efforts align with growing consumer demand for sustainable products and ethical business practices. However, continuous improvement and



innovation are required to stay ahead of sustainability trends and maintain a competitive edge.

Employee Engagement: The unique partnership model of the John Lewis Partnership emphasizes employee ownership and engagement. This has been a key strength, leading to a motivated and dedicated workforce. However, changing dynamics in the retail industry and organizational challenges may impact employee morale and engagement. The company needs to prioritize employee development, communication, and well-being to ensure a highly engaged workforce that contributes to business success.

In summary, the John Lewis Partnership has a strong foundation built on its financial stability, customer satisfaction, sustainability practices, and employee engagement. However, the company faces challenges in terms of financial performance, evolving customer expectations, and changing market dynamics. The strategic formulation plan will address these challenges and build upon the company's strengths to ensure sustained success in the retail industry.

Strategy Analysis:

Competitive Environment Analysis

To develop an effective strategy for the John Lewis Partnership, it is crucial to conduct a comprehensive analysis of the company's competitive environment. This analysis will provide insights into the external factors that influence the company's performance and help identify potential opportunities and threats.

6. A. External Environmental Audit using PESTEL/Porter's Five Forces Analysis:

⁶ PESTEL Analysis:

Political Factors: Political stability, government regulations, and policies related to trade, taxation, and labour laws can significantly impact the retail industry. Changes in political factors can affect the John Lewis Partnership's operations, import/export activities, and overall business environment.



Economic Factors: Economic conditions, consumer spending patterns, inflation rates, and interest rates influence the purchasing power and behaviour of customers. The company needs to closely monitor economic indicators to adjust its strategies accordingly.

Sociocultural Factors: Changes in societal attitudes, demographics, lifestyle trends, and cultural preferences can have a profound impact on consumer demand and buying behaviour. The John Lewis Partnership must stay attuned to evolving sociocultural trends to cater to the changing needs of its customers.

Technological Factors: Advancements in technology, e-commerce, digital platforms, and data analytics are transforming the retail industry. The company needs to embrace digitalization, invest in technological infrastructure, and leverage emerging technologies to enhance the customer experience and stay competitive.

Environmental Factors: Growing concerns for environmental sustainability have influenced consumer preferences and expectations. The John Lewis Partnership's commitment to sustainability and environmentally friendly practices can provide a competitive advantage and attract eco-conscious customers.

Legal Factors: Compliance with laws and regulations related to employment, consumer protection, intellectual property, and data privacy is crucial for the company's operations. Changes in legal frameworks can impact the company's business practices and require adaptability.

Porter's Five Forces Analysis:

The threat of New Entrants: The retail industry has relatively low barriers to entry, allowing new competitors to enter the market. The John Lewis Partnership needs to maintain its strong brand reputation, customer loyalty, and unique offerings to deter potential new entrants.

Bargaining Power of Suppliers: The company's relationships with suppliers and their bargaining power can influence factors such as product quality, pricing, and



availability. Effective supplier management is essential to ensure a reliable supply chain and competitive pricing.

Bargaining Power of Buyers: Customer bargaining power is significant in the retail industry, especially with the rise of online shopping and price comparison platforms. The John Lewis Partnership must focus on delivering value, exceptional customer service, and unique product offerings to maintain customer loyalty.

The threat of Substitutes: Substitutes in the retail industry can come in various forms, such as alternative retailers, online marketplaces, and different distribution channels. The company needs to continuously innovate and differentiate its offerings to mitigate the threat of substitutes.

¹⁰ **Competitive Rivalry:** The retail industry is highly competitive, with numerous ¹⁷ players vying for market share. The John Lewis Partnership faces competition from both traditional retailers and e-commerce giants. Differentiation, superior customer experience, and operational efficiency are key factors in staying competitive.

6.B. Internal Environmental Audit using SWOT, VRIO, and Value Chain Analysis:

SWOT Analysis:

Strengths:

Strong brand reputation and customer loyalty.

Employee-owned partnership model fostering a committed workforce.

Wide range of high-quality products and services.

Emphasis on sustainability and ethical practices.

Multi-channel presence with physical stores and online platforms.

Weaknesses:



Fluctuating financial performance and profitability.

Limited international presence compared to global competitors.

Potential challenges in adapting to changing consumer preferences.

Need for continued investment in technology and digital capabilities.

Reliance on suppliers for product availability and pricing.

Opportunities:

Growing demand for sustainable and ethically sourced products.

Expansion into international markets to increase market reach.

Adoption of digital technologies to enhance the omnichannel experience.

Strategic partnerships to expand product offerings and reach new customer segments.

Leveraging data analytics to personalize customer experiences and improve operational efficiency.

Threats:

Intensified competition from both traditional and online retailers.

Economic uncertainties and changing consumer spending patterns.

Rapid technological advancements and disruption in the retail industry.

Potential regulatory changes impacting business operations.

Shifting consumer preferences and increased price sensitivity.

VRIO Analysis:

Valuable: The company's strong brand reputation, employee ownership structure, and commitment to sustainability provide a competitive advantage.



Rare: Employee ownership and the partnership model are relatively rare in the retail industry, contributing to a unique organizational culture and employee engagement.

Inimitable: The company's strong brand reputation and customer loyalty are not easily replicable by competitors.

Organized: The John Lewis Partnership's resources and capabilities are organized through effective management practices, enabling the company to leverage its strengths.

Value Chain Analysis:

The John Lewis Partnership's value chain encompasses activities such as product design, sourcing, distribution, marketing, and customer service. By optimizing each stage of the value chain, the company can enhance operational efficiency, deliver value to customers, and maintain a competitive edge.

In conclusion, the external environmental audit using the PESTEL framework and Porter's Five Forces analysis, combined with the internal environmental audit using SWOT, VRIO, and Value Chain analysis, provides a comprehensive understanding of the John Lewis Partnership's competitive environment. This analysis highlights the company's strengths, weaknesses, opportunities, and threats, which will inform the formulation of a new strategy in the next section.

Strategy Formulation: Discussion of Strategic Choices and Proposed Strategy

Based on the analysis of the John Lewis Partnership's current performance and the assessment of its competitive environment, several strategic choices can be considered to drive the company's future success. These strategic choices aim to address challenges, leverage opportunities, and align with the company's strategic intent.

Enhancing the Omnichannel Experience: With the growing prominence of online retail and changing customer preferences, the company should invest in enhancing its omnichannel capabilities. This includes seamless integration between physical stores and online platforms, personalized customer



experiences, and convenient delivery options. By leveraging technology and data analytics, the John Lewis Partnership can provide a unified and consistent shopping experience across channels, attracting and retaining customers in an increasingly competitive market.

Expanding Product Offerings: To meet evolving customer demands and differentiate from competitors, the company should consider expanding its product offerings. This can involve diversifying into new categories or partnering with complementary brands to offer a wider range of high-quality products. By continuously refreshing its product portfolio and staying ahead of emerging trends, the John Lewis Partnership can attract a broader customer base and drive revenue growth.

Strengthening Sustainability Practices: Given the increasing importance of sustainability to consumers, the company should continue to prioritize and strengthen its sustainability practices. This includes sourcing products ethically and sustainably, reducing waste and carbon footprint, and engaging in community initiatives. By demonstrating a genuine commitment to sustainability, the John Lewis Partnership can attract environmentally conscious customers, enhance its brand reputation, and contribute to a more sustainable future.

Leveraging Data and Analytics: The company should leverage its ¹¹ vast amounts of customer data to gain insights and drive decision-making. By investing in advanced data analytics capabilities, the John Lewis Partnership can better understand customer preferences, personalize marketing efforts, optimize inventory management, and improve operational efficiency. Data-driven insights will enable the company to make informed strategic decisions and enhance its competitive advantage.

Forging Strategic Partnerships: Collaborating with strategic partners can open new avenues for growth and innovation. The John Lewis Partnership can explore partnerships with complementary brands or technology companies to enhance its product offerings, expand its customer reach, and tap into new markets. By



leveraging the strengths of strategic partners, the company can drive synergies, access new capabilities, and create mutually beneficial opportunities.

Based on these strategic choices, the proposed strategy for the John Lewis Partnership is to become a customer-centric, digitally enabled, and sustainable retail leader. The strategy focuses on:

Enhancing the omnichannel experience by investing in technology, seamless integration, and personalized customer engagement.

Expanding product offerings through strategic partnerships and diversification to cater to evolving customer needs and preferences.

Strengthening sustainability practices across the value chain, including responsible sourcing, waste reduction, and community engagement.

Leveraging data and analytics to drive decision-making, enhance customer experiences, and optimize operational efficiency.

Exploring strategic partnerships to unlock growth opportunities, drive innovation, and expand market reach.

By implementing this strategy, the John Lewis Partnership can position itself as a leading retailer, capturing market share, driving sustainable growth, and maintaining a strong competitive advantage in the dynamic retail industry.

Conclusion and Recommendation

In conclusion, the John Lewis Partnership operates in a highly competitive retail industry, where factors such as changing consumer preferences, technological advancements, and sustainability concerns pose both challenges and opportunities. Through the strategic analysis of the company's competitive environment and internal capabilities, several key strategic choices have been identified.

To drive future success, the recommended strategy for the John Lewis Partnership is to focus on enhancing the omnichannel experience, expanding product offerings, strengthening sustainability practices, leveraging data and



analytics, and forging strategic partnerships. These initiatives align with the company's strategic intent of being a customer-centric, digitally enabled, and sustainable retail leader.

However, it is important for the company to regularly monitor and evaluate the implementation of the strategy, considering market dynamics, customer feedback, and emerging trends. Continuous adaptation and innovation will be essential to stay ahead of the competition and maintain relevance in the rapidly evolving retail landscape.

² In addition, the company should invest in employee training and development to ensure they have the skills and knowledge to drive the strategy forward. Employee engagement and empowerment will be crucial in delivering exceptional customer experiences and achieving the company's strategic objectives.

By embracing this recommended strategy and effectively implementing it, the John Lewis Partnership can position itself for long-term success, sustainable growth, and continued customer loyalty in the competitive retail market.

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