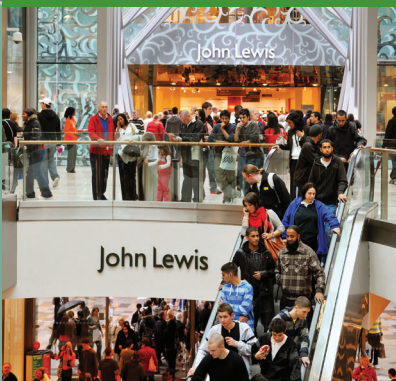


Our social and economic contribution

Executive summary



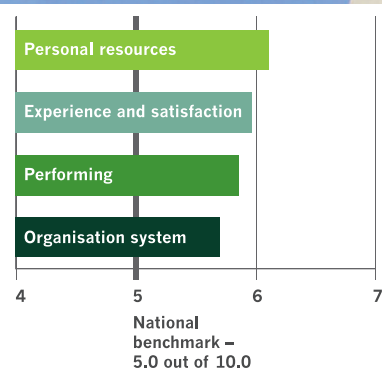
“Contributing to the well-being of our communities”

John Lewis Partnership is an organisation of 76,500 Partners, who collectively own two leading British retail businesses – John Lewis and Waitrose – operating 270 shops.

The Partnership commissioned **nef** consulting to assess the social and economic impact that the Partnership has when we open a new shop. This Executive Summary presents the key findings from the research.

Key findings

Partner scores across four domains of well-being at work



Pre-tax Profit and Partnership Bonus 2011



- £194.5m distributed among 76,500 Partners as 18% bonus
- £173.4m pre-tax operating profit retained

People

Every week, over 70,000 Partners work at a John Lewis or Waitrose shop processing roughly four million customer transactions. The Partnership is the UK's largest employee-owned business and the first principle of its Constitution is the happiness of the members through their worthwhile and satisfying employment in a successful business.

In line with the objective that Partners reflect the community each shop serves, 95% of the 265 new Partners recruited for the new Waitrose shop in Meanwood live in the Leeds council area. At John Lewis Leicester, 90% of the 523 Partners live in a Leicester postcode, and 65% within 5 miles of the shop.

Significant features of employment include a Partnership Bonus, paid every year. In March 2011 the Partnership Bonus was 18% of annual wages: equivalent to an additional 9 weeks' pay for each Partner. The Bonus contributes to improved levels of personal saving, with around 45% of bonus pay directed toward savings. 20-25% of Bonus pay is spent at shops within the same local authority area. In addition, the Partnership is one of the few companies that still offer a non-contributory, final salary pension scheme. The Partnership contribution on behalf of Partners was £267m in 2011.

As well as common ownership and profit-sharing, the Partnership operates with unique democratic structures – each Partner can vote to elect Councillors who share governing power with the Board and Chairman.

The unique ownership and governance structure has a positive impact on the personal well-being of Partners such as on their resilience and pride in their business. Partners' well-being was measured using a survey that employed **nef's** model of well-being, as featured in the Government's 2008 Foresight report on mental capital and well-being.

Partners show approximately 10-15% higher well-being, compared to the national benchmark, against all indicators. Scores are significantly above average in the pride Partners report taking in their jobs and in the satisfaction of working for an organisation they feel has a positive impact on customers and in communities. These higher scores are derived from Partners enjoying a positive and open culture, good relationships with management, and a satisfying work-life balance.

Place

The Partnership's Constitution sets out its aim to contribute to the well-being of the communities in which it operates. JLP operates in 169 of the 325 Local Authorities in the UK, from 29 Partners working in Bromsgrove to almost 3,500 in Westminster.

Community well-being has been impacted differently in the four case studies; overall the new shops reinforced positive feelings about the local area. The establishment of new Waitrose shops had an impact on the identity of the case study locations. Retailers reported that the shops raised the profile and visibility of the town within the region, attracting new customers.

Our research found that John Lewis is generally seen as the market leading department store by those involved in promoting and developing city centres. In Leicester, attracting John Lewis was a key step towards providing a retail offer competitive with other cities in the region. For each development, John Lewis was seen as a catalyst in securing other retailers to commit. The record of successful long-term investment by John Lewis inspires confidence in other retailers and businesses to establish city centre premises; the lease for John Lewis Leicester extends to 240 years.

To assess the socio-economic impact of new shops, **nef** consulting engaged in an extensive programme of research, conducting primary data collection in four communities. Two recently opened Waitrose shops – Meanwood (Leeds) and Wimborne – and two new John Lewis shops – Leicester and Liverpool – provided the case studies. Research tasks included analysis of macroeconomic National Statistics, interviews with community leaders, analysis of economic multiplier effects and measurement of Partner well-being.

- **Partners at John Lewis and Waitrose have higher well-being than the national average, supported by the unique ownership and governance structure of the Partnership. Scores are 10-15% above the national benchmark for well-being at work.**
- **The annual profit-sharing bonus results in £40-50 million being recycled into local economies through Partners' expenditure. A further £80-90 million is estimated to be put into savings by Partners.**
- **Each case study shows that new shops are part of a larger revitalisation of their town centre location, contributing to the attraction of a place as a destination for shopping. In Leicester, 50% of businesses reported that John Lewis was contributing to the city becoming a more attractive place to spend time; in Liverpool, the figure was 75%.**
- **Local economic impacts include the benefits of construction expenditure, the money spent by Partners locally, and the trade from additional expenditure drawn to the town centre.**

As part of planning agreements, new developments should ideally create benefits for the general public. **nef** consulting's survey of local businesses found that they estimated footfall in the city centre rose by around 10% in Leicester and 20% in Liverpool since the opening of the new shopping centres. Waitrose Wimborne committed significant open space to be made accessible to the public as a meadow. Waitrose Meanwood put money towards the Christmas lights and several local charities, and both were praised for their aesthetic value and for providing parking to benefit the wider town centre.

On average, each shop in the Partnership donates over £1,000 per month to charitable causes. In Leicester, John Lewis has contributed staff time and financing to the city centre management team and helped create programmes for unemployed people to obtain employment at the shop.

Economy

The economic impact of the John Lewis Partnership extends beyond Partners to other businesses on the High Street and within the supply chain, and to the larger economy as a whole as well as the Exchequer.

In 2011, John Lewis shops had gross sales of £3.2bn and Waitrose shops £5.0bn. The annual Gross Value Added to the UK economy of the businesses is estimated at £1.4bn, and in 2010 the Partnership paid £49m to the Exchequer in tax. In Leicester and Liverpool, John Lewis shops represented between 4% and 5% of each city's total retail takings.

The average John Lewis shop contributes £9.1m and the average Waitrose shop £1.7m to the local economy through wages to Partners. In Meanwood, 87% of expenditure by Waitrose Partners was spent in Leeds. In Leicester, 50% of expenditure by John Lewis Partners was spent in Leicester, including 32% in Leicester city centre.

The construction of new Waitrose shops typically involves direct expenditure by the Partnership of £5m to £10m. In Meanwood, over 300 workers from the local region were brought on site for seven months and contractors included engineers from Newcastle and Maidenhead, building services from Bedford, and architects based in London. In Wimborne, Waitrose was widely praised for managing construction impacts (see case study on back page).

Businesses across the four case study locations generally viewed the arrival of John Lewis or Waitrose as a positive development. In Meanwood four businesses experienced recent growth in customers for every business that experienced recent decline. Though many businesses in Leicester have suffered a decline in turnover and profit in recent years, they reported an improved public perception of Leicester and attributed this to John Lewis and the Highcross centre. In Liverpool 75% of businesses surveyed reported that the city was becoming a more attractive place to spend time. In Wimborne, local traders benefited from Waitrose providing customer care training for staff and promoting events such as an annual food festival.

Waitrose Meanwood

PEOPLE: 64 full-time jobs, 201 part-time jobs

PLACE: 25% reported increase in footfall by local businesses

ECONOMY: 87% of Partner expenditure retained in Leeds

Waitrose Meanwood opened in September 2010, replacing a previous retail development, creating a larger shop and placing car parking underground away from the street frontage. Although there were teething problems with parking and additional traffic, the shop is viewed positively by businesses and residents for the impact it has had on local trade. Several new businesses mentioned Waitrose as a factor in opening: two new bars have opened in the last six months, and local estate agents highlight proximity to Waitrose as a selling point.

John Lewis Leicester

PEOPLE: 294 full-time jobs, 229 part-time jobs

PLACE: 60% of businesses reported image of Leicester was improving

ECONOMY: 50% of Partner expenditure retained in Leicester, including 32% in city centre

John Lewis Leicester in the Highcross shopping centre has raised the profile of Leicester in the region, although the city centre's public realm improvements remain to be completed. The employment pathway model, created for the retail sector with the input of John Lewis, Leicester College and several public sector partners, is a legacy of the development and widely praised by the public and private sector alike. It now provides a template which is being applied to other employment sectors. John Lewis guaranteed 250 interviews for those entering the workforce from unemployment via the pathway.



Waitrose Wimborne

PEOPLE: 45 full-time jobs, 140 part-time jobs

PLACE: 79% of local businesses reported that Waitrose had positive impact or no impact on their business

ECONOMY: £300,000 contribution to the Council for projects in the town

Waitrose Wimborne opened in Summer 2010 on a contentious site – previously a private cricket club with limited access. Waitrose maintains a large part of the site as a picnic park area for the local community. Local people reported that the construction was courteous and considerate, both in terms of communication and engagement and maintaining cleanliness. Some local traders have been struggling for several years; most report this is due to external economic factors nationally and that on balance, Waitrose has added value overall to the town's profile.

John Lewis Liverpool

PEOPLE: 372 full-time jobs, 430 part-time jobs

PLACE: 75% of businesses reported Liverpool is becoming a more attractive place to spend time

ECONOMY: 73% of Partner expenditure retained in Liverpool, including 27% in city centre

John Lewis Liverpool relocated its shop in 2008 as part of the city centre regeneration strategy. To coordinate with the city's rich culture and heritage attractions, the opening of the shop was brought forward six months to fall within the Capital of Culture programme. Liverpool ONE has expanded the prime retail offer in the city centre and the shop is seen to add an upmarket aesthetic value to the quality of the visitor experience to the development. This has been a contributing factor in restoring local people's confidence and pride in the city as a vibrant retail destination. This confidence is perhaps also reflected in Partners displaying high scores in the resilience and capability aspects of well-being at work.

John Lewis Partnership

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