

John Lewis Partnership Case Study

The John Lewis Partnership is the UK's largest employee owned business and parent company of our two cherished retail brands – John Lewis & Partners and Waitrose & Partners, which are owned in Trust by our 81,500 Partners.

We have 50 John Lewis & Partners shops and 344 Waitrose & Partners shops across the UK, along with johnlewis.com and waitrose.com. We also have two international sourcing offices, a soft furnishings factory, various distribution centres, three Waitrose & Partners cookery schools, a content production hub, heritage centre and our own Waitrose & Partners farm.

A new system to manage indirect suppliers

From 2015 onwards, two regulatory changes created new challenges for indirect procurement at the John Lewis Partnership (JLP). The Modern Slavery Act (MSA), which came into force in 2015, second was General Data Protection Regulation (GDPR), which came into effect in 2018. Section 54 of the MSA requires firms with revenues above £36m to report on steps they have taken to identify and tackle slavery in their supply chains. GDPR imposes severe penalties on firms, including those in their supply chains, found to have misused personal data.

These two legal frameworks came together in such a way that JLP ultimately decided to rethink the way it managed indirect suppliers, having tried first to manage them separately.

There were challenges around the fact that JLP deals with more than 5000 indirect suppliers, the longer you leave it the more difficult to get in touch, the harder it becomes because contact details go out of date. JLP spends around £1.2bn each year on indirect spend.

“It’s the magnitude and complexity of a retail organisation that spans everything including trucks, trolleys, IT and maintenance. It means we need to do something to bring this together”.

Retail Supplier Qualification System (RSQS)

Out of this, the Retail Supplier Qualification System (RSQS) was born, on which Bradley-Cole was the project lead. The supplier information company Hellios, which has experience in defence, banking and insurance, was chosen via a tender process to manage RSQS after an in-house option was ultimately rejected. And by late 2018, JLP was working with Hellios and internal stakeholders – including finance, health and safety, and legal – to design a system tailored to the retail sector.

Initially, there was resistance to RSQS from some stakeholders who thought it would be expensive and labour intensive. Bradley-Cole argued that without it he could not give auditable assurances that suppliers were complying with the law and JLP standards. RSQS would include questions not only about human rights, but also environmental standards, financial stability, anti-bribery, GDPR, data security and privacy. “We would have true visibility of the GNFR supplier base.”

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The system followed by RSQS is based on a questionnaire, which starts with 20 questions. There are then a further 120 questions, but these are dependent on any risks triggered in the first section. Stage one takes about half an hour for a supplier to fill in and stage two can be completed in a couple of hours. The benefit is this only needs to be done once, with updates each year. In effect, this replaces the majority of pre-qualification questions, says Bradley-Cole. “It helps the procurement team in terms of saving time and effort because they don’t have to do it again. The only questions they have to ask are to do with a specific project, which wouldn’t be a standard question,” he explains.

JLP pays Hellios for the service, but some costs are recouped from suppliers through a “small annual fee”, scaled according to their size. So far, around 2500 suppliers have been registered and around 5% have been identified as having risk. Bradley-Cole expects it will take around 12 months to register 80% of suppliers. “It’s going way beyond the law. We have one or two suppliers who are really excited about this.” The benefits of the process include suppliers who respond by offering more innovative thinking – such as compostable bags and trucks powered by biomethane – and also supplier consolidation.