



Fully Engaged

Jim Waller has seen first-hand how the relationship between retailers and customers has evolved. He talks to Criticaleye about working under Sir Stuart Rose at a resurgent M&S and the international challenge of his current role as Group Commercial Director at Carphone Warehouse

Having spent the best part of a quarter of a century rising through the ranks at Safeway and Marks & Spencer, **Jim Waller** has witnessed how products, strategies and supply chains have increasingly been shaped by the customer.

By Jim's own admission, Safeway, where he worked from 1992 to 2001, was too slow to adapt to shifting consumer demands, which is why by 2005 it had disappeared from the high streets altogether.

"I was at Safeway for nine years prior to M&S and the fact it no longer exists [in the UK] demonstrates it had no *raison d'être*," says Jim. "There was no USP about the company. If you lived near a Safeway you shopped there, but it wasn't a leader on price, quality or customer service... Essentially, it was a business that had been run solely for the benefit of shareholders rather than the needs of customers."

It's a story that resonates even more since the financial crisis, with the likes of Woolworths and Game falling by the wayside through an inability to innovate and respond to changing markets.

SELL-BY-DATE

Jim joined M&S in 2001. Back then it was struggling to make commercial sense of the food side of its business and, although M&S was a very different prospect in terms of stature and organisation to Safeway, he was all too aware of the warning signs.

"M&S had been very inward looking," he recalls. "It didn't heed what was going on in the marketplace and was very insular in the way it went about its business, what it did, how it developed products and the ranges that it put in front of customers."

In the midst of this turmoil, there was the game-changing decision in 2001 to start up a range of stores known as 'Simply Food'. According to Jim, this standalone chain suddenly made the food business think differently about how it was run: "In developing franchise relationships for stores that opened on station forecourts and motorway service stations, M&S had to significantly mature commercially from where it had been, which meant a terrific change in the business."

Promoted from Category Manager to Trading Executive in 2004, Jim was keen to capitalise on the momentum of change, which was given a boost by the arrival of a new CEO, Sir Stuart Rose. "The arrival of Stuart was a major catalyst to push through changes in the way the food side of the business operated," he says.

In terms of lessons learned, Jim notes that it's vital to judge the pace of transformation in a business: "One of my biggest failures was in 2005 when I went into a function called 'strategic sourcing', which became an area for business development. I started to talk about ideas like 'space, range and display' which had been commonplace at Safeway, but which was completely alien to M&S. My fault was to try to go from a Ford to a Ferrari in the space of a few months, because they just weren't ready for it."

The 'space and range' aspect was about providing a more balanced choice to customers, making sure that someone buying chicken curry, for example, could also purchase rice, chutney and poppadoms, no matter which M&S shop they frequented.

It took a while to catch on but eventually M&S came around to Jim's thinking. "The business picked it up three years later, got me involved and asked for my views," he says. "I think it could have performed better if it had had that functionality and brought it to the business earlier because what we stocked in a particular store, and how it was displayed, was completely and utterly random. It was the outcome of a product-centric business."

PEOPLE FIRST

For Jim, a business succeeds when its focus is customer-centric. As an extension of this philosophy, his greatest achievement on the 'display' side was in the way he reinvented the ready-meal. "We knew we had to make these more attractive for customers," he recalls. "So we got people hand-placing ingredients and had the packaging open with just a clear film on the top and a label so you could see the meal in the tray. We launched a range of 70 products and that's what all ready-meals look like now."

Since joining Carphone Warehouse from M&S in 2011, the transition from food to phones has

meant Jim has had to work hard to get up to speed with new products and technology. "For a bloke who used to sell chicken tikka masala, it's a hell of a difference," he concedes.

The company, which generates its revenues from signing customers up to mobile phone networks, taking a commission and then a share of the subsequent revenues, operates in partnership with American electrical retailer Best Buy and has a 47 per cent interest in Virgin Mobile France.

What's key to me is actually never to lose sight of the customer

Jim started as one of three Group Commercial Directors and, following a major reorganisation during the first half of 2012, is the only one remaining. He hasn't been afraid to get stuck in and implement structural changes.

"Without being a nuisance I've agitated about changing the structure," he says. "Now, all of the commercial profit streams and marketing reports into one person, my boss, who's the Chief Commercial Officer. Previously, two major profit streams were dislocated with different owners at board level, causing conflict and contradiction. This change is a big step for Carphone Warehouse and will help a great deal in respect to some of the challenges that we've had over the course of the last few months."

Those challenges include the repercussions of closing its 11 Best Buy stores in the UK and a drop in pay-as-you-go sales of up to 40 per cent in some markets, which caused revenues to fall by 5.5 per cent to £3.3 billion in the year to 31 March 2012. For Jim, the focus for the business needs to be in doing what he has always sought to do: understand what its customers want.

"What's key to me is actually never to lose sight of the customer," he says. "If I get sucked into this vortex of industry babble of quad cores and gigahertz, I'll very quickly lose my customer hat. At the moment I can really appreciate what it is we need to be communicating to customers in our stores rather than get carried away by jargon."

Throughout his retail career, Jim has observed that diversity of experience and insight in a business is paramount. He explains: "When I and a colleague were both made commercial

directors for food, Stuart [Rose] took me in and said: 'Right, the other commercial director has only ever worked for M&S. You've been here for five years. That's what I want; a blend of people who have only ever worked in the business and people who've come from outside, because we need to take the best of both worlds'."

For Jim, who has three direct reports at Carphone Warehouse, listening to those around you forms a core tenet of leadership and it's something he is careful to apply to his own behaviour when sourcing ideas from his team. He says: "I've believed for a long time that you don't know all the answers, but the sum of everybody around you probably does, so what you need to do is make sure that they tell you or help you deliver."

© Criticaleye 2012

THE NETWORK
OF LEADERS

CRITICALEYE

VITAL STATISTICS

Born:	1967
Place of Birth:	Sunderland
Married:	Yes, with three children
Educated:	St. Aidan's School, Harrogate and Manchester Polytechnic
Business Hero:	Sir Stuart Rose
Favourite Film:	Shawshank Redemption ("It's a story of hope and justice")
Hobbies:	Sport ("I'm an all-rounder, although more watching than playing!")
Best Holiday:	Salcombe, Devon



Jim Waller
Group Commercial Director
Carphone Warehouse

Jim joined Marks & Spencer as a Category Manager in April 2001 and worked his way through a number of roles until his appointment as Commercial Director in 2007. He left M&S in May 2011 and joined Carphone Warehouse in December of the same year. Initially, Jim looked after Tablets, Accessories and Content, but after playing a significant role in a restructure, he now looks after Phones as Group Commercial Director, covering all purchasing across Europe.

Contact Jim through www.criticaleye.net