

Kingfisher: putting its house in order

The Franco-British group has merged its nine country-specific purchasing centres, replacing them with just one, tasked with putting together a global product range.

However, the group's French CEO Véronique Laury does not intend to raise questions about the existence of Castorama or Brico-Dépôt.

No more makeshift repairs! Thirteen years after becoming a European leader with its B&Q, Brico-Dépôt, Castorama and Screwfix chains, Franco-British group Kingfisher now intends to lay the foundations of what its French CEO Véronique Laury wants to be a genuinely international group (see below).

That represents a revolution for Kingfisher, historically torn between entrenched business cultures on either side of the Channel, with British and French teams taking turns to impose their views depending on which side was underperforming. Meanwhile, the Adeo group (Leroy-Merlin), built by the commercial genius of the Mulliez family, has established itself as Europe's undisputed number one in the sector.

Teamwork

After spending 11 years at Kingfisher and almost 30 years in DIY retailing, and with the support of Daniel Bernard, the chairman of Kingfisher's board and former boss of Carrefour, Ms Laury – the only female French CEO of a London-listed group – has asserted herself in this highly masculine environment and initiated a far-reaching transformation of the group. After the departure of Brico-Dépôt CEO Alexandre Falck because of strategic differences, Véronique Laury now has an executive committee that is fully dedicated to the task in hand.

She has two reliable lieutenants on the British side, i.e. CFO Karen Witts and Chief Digital & IT Officer Steve Willett, who has spent more than 20 years at Kingfisher and is responsible for the success of Screwfix. She has also recruited three new members: Arja Taaveniku, formerly of Ikea, as Chief Offer and Supply Chain Director; Pierre Woreczek, formerly of McDonald's, as Chief Customer Officer; and Jean-Paul Constant, a long-serving executive at Decathlon and the person who created the Quechua brand in 1997, who will join the group in the summer as Chief Sales & Retail Operations Officer.

Véronique Laury wants this “dream team” to make Kingfisher the leading player in the European home improvements market.

Key figure

£800 million: the overall cost of the plan, consisting of capital expenditure, transformation costs impacting the income statement, and non-recurring costs.

Véronique Laury: “I want to make the group truly international”

In early 2016, 14 months after becoming CEO of Kingfisher, you announced an ambitious transformation plan but were very quiet in the press. Why have you decided to speak now?

I was very quiet for 18 months. To paraphrase a British newspaper that was surprised at my appointment, I have the triple handicap of being a woman, French and relatively unknown, and, well, I intend to remain that way! I spent my first year as CEO working on strategy. Based on a very in-depth analysis of our markets, I prepared a transformation plan, which was made public in January. We started the plan in March, and it is now time to give our first progress report.

Some people saw it as a synergies-based plan, with all the concerns that may create.

In no way is it a synergies-based plan. We based our plan on understanding consumers and their needs. We carried out a great deal of research, even going as far as ethnological studies to understand how people live when at home. Based on that research, I am now deeply convinced that people's relationship with what I like to call home improvements, rather than DIY, is roughly the same in all countries in which our stores are located.

Is it fair to say that Kingfisher has been until now a collection of autonomous retail chains?

I have the advantage of starting this major transformation of the company after spending 11 years working for it. I know that we have done some good things, and some less good things. I myself experienced some failures in the Group Commercial department. That was because we did not base our work on objective facts, but on the opinion of managers who were each defending their own corner. For example, I heard countless times that bathrooms differ from one country to another. Well, we checked: everywhere we operate, bathrooms are on average 4-7m² in size, they contain 28 bottles of bath and shower products and 12 towels, and no country has a suitable piece of bathroom furniture for storing them!

In practical terms, what does that mean for your organisation?

On 6 June, we moved from nine purchasing centres to just one, with teams that will put together a product range for the whole group, sourcing and routing the relevant products. Out of a thousand employees who have changed roles, fewer than 20 have left the company. This year, 4% of the merchandise we sell will be from that common product range. In 2017 that will rise to 20%. But it will never be 100%. There will always be 10-20% of products that are purchased locally. I have visited more DIY stores and more houses and apartments than most people. I know that windows are not the same size everywhere. However, no-one will convince me that screwdrivers need to be different colours in different markets. The market we have to win over consists of people who don't do the home improvements they should do because it's expensive, they don't know how to do it and they can't find the products they want.

A unified product range means a single retail chain, doesn't it?

We are not at that stage. Working on our brands is not on the agenda in the next few years. Our initial aim is to improve our stores' product ranges and profitability. In France, we have around 200 stores and we need them, apart from the two we have

decided to close because they have been making losses for too many years. Castorama and Brico Dépôt complement each other well on the whole. Both chains form part of the group's strategy.

You have made big changes to the management committee, with the arrival of people from Ikea, McDonald's and Decathlon. Does that represent a cultural revolution?

I am fundamentally in favour of diversity, be it diversity of gender, culture or experience. Kingfisher is a Franco-British group listed in London. We will remain listed in London, but I want to make the group truly international.

Will Kingfisher remain listed in London even if the UK leaves the EU?

Yes. However, the group, with the board's agreement, is officially supporting the UK remaining in the EU. UK consumers have benefited greatly from European trade agreements, and from being able to buy better-quality products at the lowest prices. If the UK left the EU, there would be a real risk of a devaluation in the pound and slower economic growth. For Kingfisher, it would also have two main effects: on the movement of people within the group and, depending on the new trade agreements that the UK would sign, on imports, since many of the products we sell in our UK stores are purchased in Europe. I hope it won't happen.