

Reading Whiting's arithmetic



Whiting – "I am very focused and dedicated to this business"

Things might be up in the air for some as far as the Caudwell Group sale is concerned, but CEO Tim Whiting doesn't seem to be dusting off his CV

Sherelle Folkes puts the questions

Mobile News

Phones 4U was the underdog when it started, as it had a much smaller footprint than its rivals. How hard was it to play catch-up?

Tim Whiting

We were relatively late to mobile phone retailing in the UK. We had 60 or 70 stores at a time when the competition and all the network stores were pretty well-established. At the end of 2000 we made a decision to aggressively roll out our retail stores.

I think that was the fastest roll-out of a retail

estate in the UK. We went from having 70 stores to around 320 in an incredibly short period. At some points we were opening 20 to 25 stores a month, so it was an incredibly rapid roll-out to take market share and establish the brand.

Throughout that period, the business did a phenomenally good job of delivering the roll-out and taking market share. But by the end of 2003 the business definitely began to consolidate. We had to put in some of the processes and structure that wasn't necessarily in place through that explosive growth period.

Have you struggled to shed the Phones 4U hard-sell reputation?

We undoubtedly had a reputation in the market as a hard-sell environment – though I'm not going to apologise for being on the high street to sell stuff – but ultimately we need to do that in an environment that the customer is comfortable with.

They have to enjoy that experience, so they come out feeling not only that they have been listened to, but that we have fully gone through a process of understanding their individual requirements. They need to leave the store with the right combination of handset and tariff.

Given the ever-changing carousel of handsets and tariffs how hard is it for staff to keep up?

We have more than 3,500 combinations of tariff and handsets in our stores – it is a very complex market. A lot of our customers need some help in gaining clarity in what is right for them, both in terms of handset functionality and also the potential tariff combinations.

Giving the customer clarity and help and support to get them through that complexity is what we are about. Does that result in a softening of the sales experience? I would say no – it just makes the customer feel more comfortable.

Our customers are coming into our stores in greater numbers and we are selling more. And they are higher quality customers for our network manufacturers.

How do you balance your commission structures so that your sales staff are motivated to sell the right package to the customer rather than the ones that pay them the most?

By having a balance of measures that apply to everybody in the business. Our structure of commissions and payments is not just about the sale – it's also about customer excellence.

Every one of our stores will be mystery shopped every month and we monitor and measure their customer excellence scores. One of the absolute key measures of any store manager is about the experience the customer has and it will have a fundamental impact on the remuneration of the sales person and the store manager if they are not giving the right experience to the customer.

The third element is compliance – not only am I selling to the customer in the right way, but am I also processing the sale properly so the customer gets connected quickly and all the services are available.

Recruitment and retention is a challenge for the mobile industry. What's your strategy?



Whiting's world

Job title

Chief executive officer, Caudwell Group

Prior to Caudwell, Whiting was a managing director at food group RHM

2001

Joined Caudwell Group with a brief to look after its consumer-facing businesses – Singlepoint, the insurance business and 4U – its corporate business and its fixed-line businesses

October 2003

Manages sale of Singlepoint to Vodafone

Early 2004

Assumed responsibility for Phones 4U

Interests

Golf, cricket and skiing

It's very much about recruiting people with the right personality and characteristics. A huge investment in training enables us to bring people in from more varied backgrounds, but we want people with an appetite – who understand they have to deliver the customer experience that we train them on.

Training is ongoing. Everybody in our stores will be formally trained outside the working environment at least twice a year. There is more formal training at all levels, because to grow an organisation we have to ensure we are growing the capability of all of the people in the organisation all the time.

Our Mystery Shopper had to hang about far too long in any number of mobile retail outlets – are you streamlining the in-store experience?

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In October and November of last year we began rolling out Fast-track – a service designed to identify what a customer has come in store for and then serve them appropriately.

Now you'll see staff in store wearing Fast-track badges and a Fast-track till. Being able to separate the customers as they walk in-store enables us to deliver a better, faster service.

My biggest challenge as we go into 2006 is consistency, because I know that when I have a great store with a great team delivering to the customers, the customers tell us that is an excellent experience. The key for me this year is to ensure it happens every time, with every customer, in every store.

We've got to get to the point where a high level of customer experience happens for everyone. That comes back to training; constantly coaching, constantly briefing our store managers face to face. All our store managers come in for a whole day every month to get feedback on where they perform well and where there are areas for improvement. We've invested more than £10 million over the past 18 months on training for our people. Nobody will come into our business and go in-store unless they have undergone a full week's residential training academy.

What else have you done to get the business shipshape?

We have been through an internal compliance programme to ensure that our systems and processes were robust enough for a business of our size. That happened through 2004 and into the first half of 2005. Now we are starting 2006 with a business that is performing much better.

It's not as good as it needs to be – there are still large areas of improvement required, but we are getting there. Our customers tell us our performance is much better. We are getting feedback about the quality of business we are giving to our network partners.

As a result, we're looking at expansion and growth again. We've started a programme of store openings that will extend to at least 100 stores and that is scheduled to run through the next 12 to 18 months. The only limiting factor is finding enough of the right sites. But I'd have those 100 stores open today if I could get my hands on them quick enough.

Many independent dealers feel threatened by the growth of chains and network stores. Does that bother you – do you worry about being shunned by loyal locals in towns where an independent is firmly established?

I don't think that will pose any problems at all – ultimately independents play a large role in this industry and a well-run independent will continue to have a place in this marketplace for a long time to come.

Our aim is to give customers choice, because we know there are customers out there who prefer to shop in our stores for the service, choice and independence we offer. All I need do is ensure that we have a footprint that gives those customers that choice.

If we go into a smaller market town there will be independents established there – of course there will – but customers will choose who they shop with based around the quality of the service they're given.

Phones 4U has developed a high-profile TV and poster advertising campaign based around



Training is a key element of the customer experience

a mysterious character called 'Jack', who tries to persuade a motley collection of strange characters to get the best deal on phones. What lay behind the campaign?

We focus our brand very strongly at the 16- to 24-year-old category, which to us is our high-value segment of customers. They are the early adopters of new technology and are therefore very attractive to our network partners and handset manufacturer partners.

The campaign has been tremendously successful for us and you will see us continue

Mobile phone retailers are also a target for criminals. How do you protect yourself?

It is absolutely in the interests of Phones 4U and all of us to work together to try and put systems and processes in place to ensure that we drive as far as we possibly can the fraud, corruption and theft out of the industry.

We are pretty active – we work very closely with all of our network partners and it goes back to the issue of compliance. It's about driving into the business systems and processes that really crack down and make it very

customer doesn't want to give you their details it isn't something that we should force on them. But I think we should be encouraging people to understand the benefit of doing it.

Do you think customers are more interested in the handset, or how much the bills will be?

Customers come shopping for handsets – they don't come shopping for a network. So we need to be able to give them a wide choice. You then have to overlay on top of that the choice of tariff, but the key driver is the handset.

Some see exclusivity as an issue, but I'm not seeing retailers getting exclusivity of the latest handsets. Do I believe there will be some lifecycle management of the handset through the life of the handset, using variations in finish and colours? Yes, but I don't see the handset manufacturers launching their hero products or the very latest technology into limited distribution. Why would they?

Our role is to ensure that we get as much stock as possible and as early as possible. So we will try to get leads to market on the very latest handsets. To complement that there is also the opportunity of doing specific handsets targeted at specific niche customers and you will see more of that.

What will happen to you with the sale of the Caudwell Group? Do you anticipate change?

There is no reason why a change of ownership

“We don't want to encourage the low end of the market, because that's where box-breaking is rife”

on air with the Jack campaign, albeit in different formats as we go through 2006.

Mobile phone retailers are a big target for box-breakers. How do you protect yourself?

We always connect a pre-pay phone in store, which is one of the big deterrants for box-breakers. We also have very stringent rules on multiple sales. But the other big way to discourage box-breaking is your pricing structure – we are very wary of how we price products, particularly at the bottom end. We don't want to encourage that end of the market, because that's where box-breaking is rife.

difficult for us as a business to be targeted.

We've been very successful with that over the past 18 months. One of our key measures is on the contract side with month four churn. That's when we ensure we genuinely have the customer that we say we have in front of us – for example during the contract process we scan all customer proofs in real-time.

The National Mobile Phone Crime Unit wants all retailers to log customer details on to the Immobilise database. Would you support this?

Data at point of sale is something that we fully support. Having said that, however, if a

should have any detrimental impact on the business at all. The group now has a very strong management team. John has ensured over a period of time that he has built a strength-in-depth that enables the businesses to run autonomously with a large amount of headroom as management teams to continue to drive the businesses going forward.

Clearly there is opportunity for expansion in the UK, as that UK business model continues to trade well and we roll out additional stores here. There is also potential for international expansion of that business. There is no reason why a business model that is working as well as it works in the UK shouldn't work tremendously well in other markets too. It's certainly an area we are looking at.

Do you plan to stay here in the long term?

I am very focused and dedicated to this business. I think it's got a great future and I've certainly never worked in such an exciting supply chain.

You have a phenomenal coming together of technological change, overlaid with an increasing fashion element. The two of them, as far as I'm concerned make it a very exciting place to work. I see a long and exciting future ahead of me in the business. □



Jack campaign is aimed at the youth segment of the market