

No staff bonus at John Lewis as partnership plunges to hefty losses

The [John Lewis Partnership](#) plunged to a loss of £234 million for the year, and said it could not afford to pay staff their traditional [bonus](#).

[Sharon White](#), the chairman, said it had been a “tough” time. “Inflation hit us like a hurricane” she told the Standard, “but customers are staying loyal to us.”

She insists the balance sheet remains strong, with £1 billion of [cash](#) on hand, but there is no doubt there are concerns about the future of what has often been regarded as the best and perhaps most loved retailer in Britain.

Her transformation plans will “secure the Partnership’s future for another 100 years”, she insists.

Sales for the year fell by 2% to £12.25 billion overall and were down 3% at Waitrose.

The grocer attracted more customers, “but they bought less” said White.

She is trying to transform the group and admits that some problems are self-inflicted.

“It is also the case that we had some set-backs. Product supply challenges and a major fire in our Brinklow warehouse hit availability in Waitrose last summer. This was recovered through autumn and availability is now strong,” she said.

The loss came from poorer trading and a write down in the value of Waitrose stores.

Staff bonuses have been a celebrated and valuable part of working for the Partnership.

In good years they were as high as 24% of salary, an amount that was paid in 1979, 1987 and 1988.

Last year the bonus was worth 3% of salary. There was no bonus for the 74,000 partners in 2021 either. White is paid just under £1 million a year.

JLP was founded in 1864.

Yesterday JLP hired its first chief executive as part of a management shake-up. Nish Kankiwala has held senior roles at Hovis, BurgerKing and PepsiCo.

He will drive performance and profitability day to day, while White focusses on wider strategic moves.

That includes a tripling of efficiency savings from £300 million to £900 million.

She told partners: "The mantra for the year is cost out, margins up and customer focus."

Some says JLP expanded too rapidly between 2000 and 2015 when they went from 151 to 379 stores.

It hopes to expand in financial services and a "build to rent" property business.

White added: "Given the economic backdrop, it would have been easy to step back from our principles where these carry a price tag. That is not the Partnership way. Instead we chose to invest in British farmers so they did not have to compromise on their high animal welfare standards. We launched a programme to provide jobs for young people who have grown up in the care system, and the 'Building Happier Futures' fund has raised over £1 million."

Josh Holmes, Senior Consultant at Retail Economics, said: “These results are worse than expected, with both Waitrose and John Lewis seeing profits retrench as inflation sends costs spiralling.

“John Lewis has been underperforming for some years now and regular shake-ups at management level have not helped. Bringing in a new CEO is the latest admission that the turnaround plan is not on track, with significantly more work needed to put the business back on top.”

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