

Memo

16/11/2012

Managers Meeting Summary – November 2012

I have attached a pdf of the meeting slide show for your convenience which shows sales figures etc please look at this when you get a chance but I am also summarising what we have agreed for all to be aware. If you need more specific information please speak to the branch manger or ring me for clarification.

Agenda

- Cutting Machine Monitoring

John explained that we have been using poles in the cuts so they roll evenly and the machine pulls evenly. We have been measuring every cut by hand on both sides and the machine is running very well with the use of the poles. It is overstating by about 3cm max and apart from Faux Silk behaving better with the pole inserted. We will be monitoring further and speaking to the manufacturer to try to improve it further.

- Carpet Labels

We now have a new printer that will print labels on to a foil that will stick directly to the back of the carpet cuttings. We will be making the templates for all the ranges and very soon all carpet samples being sent to the branches will be pre labelled.

- Stock Twist

*There are some changes to the stock twist 30 & 40oz. From December the 40oz will be available in 4m & 5m width. **The 30oz will stay 4m wide only.***

In addition the 4 colours will also be made in a 50oz quality in 4m & 5m widths and this will sell for £22.00m2 net.

- Discounting

I repeated my concerns about discounting our carpet prices to win more orders. A 5% discount on last year's turnover would mean that we would need to increase this years turnover by £200k to make the same gross profit. I am prepared to be more aggressive in our discount policy for supply only orders of Karndean, Wood & Rugs. I am offering a sliding scale of discounts on these products from 10-20% to win more supply only orders. These prices exclude delivery to the customer and this must be charged to cover our costs.

- Loyalty Cards, Cleaning Service & Email Offers

I am going on a cleaning & stain protection course next week with a view to setting up a Mr Carpet cleaning company. If after I have completed the course if I do proceed with the idea you will be able to offer stain protection on site and carpet cleaning services to your customers. I want to work towards a loyalty card system that we can give to all our customers. This will give them a price advantage when ordering maintenance products, carpet cleaning services (if we do set up our own company) and certain other products on future orders. I also want to hold cleaning and maintenance products for the floors we sell in stock at the branches, this will make sales of low value items far easier than it is now so our customers come back to us

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after sales to maintain a relationship with them. I am also proposing to set up a series of flyers that we can send to our customers on final payment of their order. (Retail customers only) we will send a flyer either by post or email a pdf offering them a £25 John Lewis or Marks & Spencer voucher for every friend or relative they send to us who orders a carpet or flooring. (Subject to certain terms and conditions). Karndean are willing to work with us to produce one to send to all our Karndean customers but I think we should make a generic one for all other non Karndean customers. Any other ideas along these lines that you may have I am interested to hear them.

- Bespoke Ranges for Wall Panels

I have asked all the managers to get back to me with their thoughts on the top 30 de branded ranges that we will show on the new wall display panels that I have awaiting installation in the branches. (It will probably be early Jan now) but I need to start making the boards so I need the feed back ASAP. It was suggested that we could all meet in Sheen (where the panel system is currently in use) and if you are willing to give me a few hours one evening I will pay for the beer & curry. Please let me know either way.

- Estimating Programme

We demonstrated the prototype of an automated estimate programme that we hope to implement very shortly. Basically when you take customers details for a measure you enter them on to the database. You do this from the fitters diary and it enters a job number into the diary in blue. When you press "D" for details, the customers name, postcode and description of measure appears on screen. When the estimator is due to go on his measures he puts the cursor on the day he wants, presses print measures and a running list, instruction sheet and site detail sheet for each individual measure is printed. The time saving part is when the estimate is accepted you give the customer a job no (from the estimate) and they can quote this in their reference box for bank transfers. You then convert the measure to the order and all the details that are already entered are picked up from the system and you avoid entering the same details twice. Also an estimator will have access to all the paperwork even if they are not at the branch where the measure was entered.



Sales meeting November 2012

Window Displays

I have 4 of these units awaiting lacquering for installing in shop windows.

They are double sided and free standing.

Carpet or wood display boards can be mounted on either side.



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Sales figures

- Orders down 7.3% (June - October)
- Sales down .0003% (June - October)

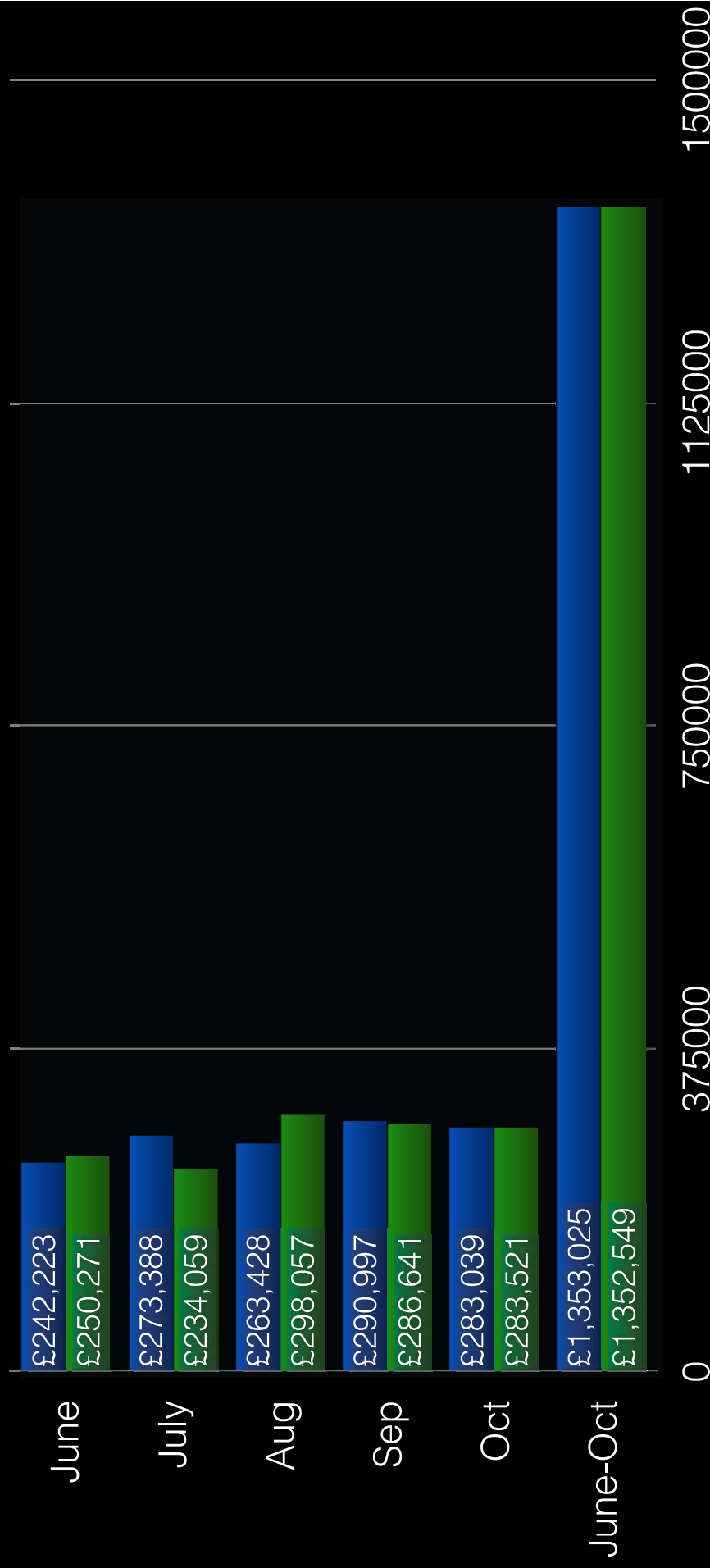
Sales 2010/11



■ 2011

■ 2012

Sales comparison 2010/2011



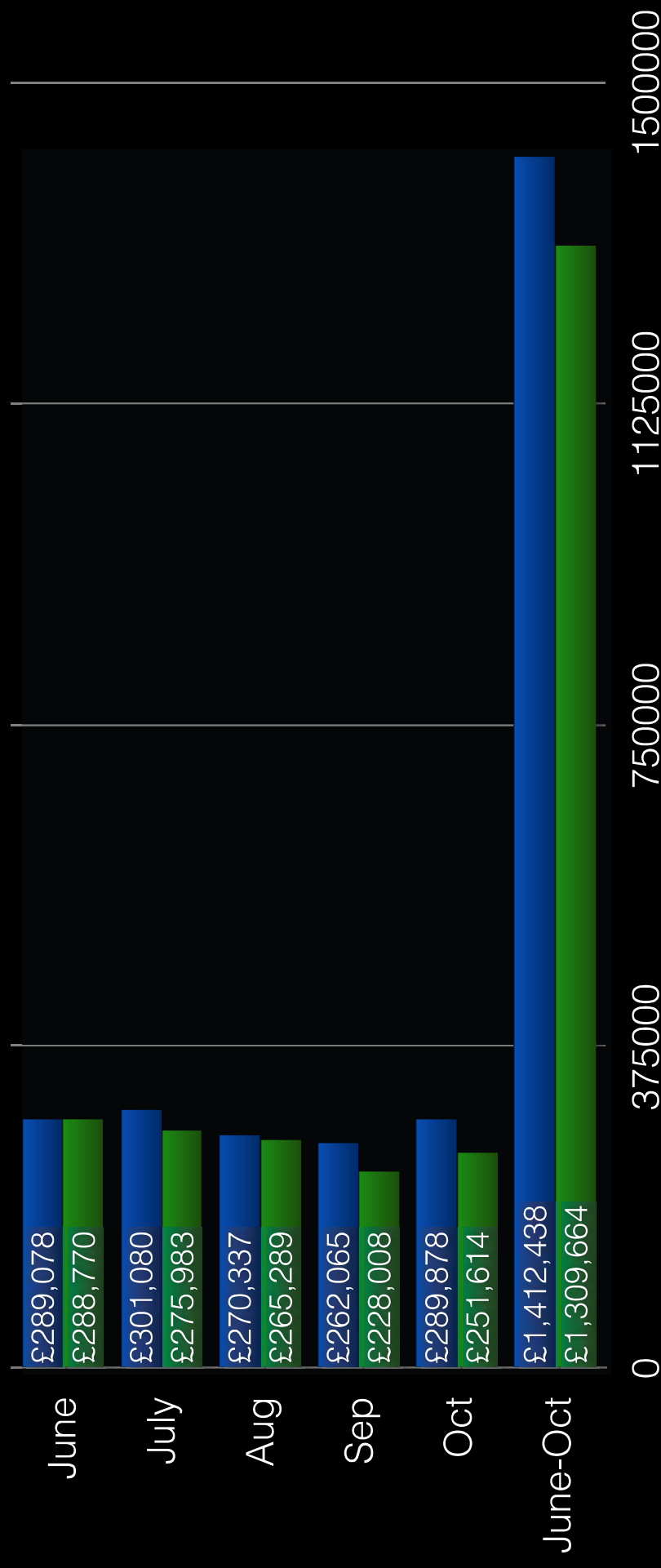
Orders 2010/11



■ 2011

■ 2012

Order comparison 2010/2011

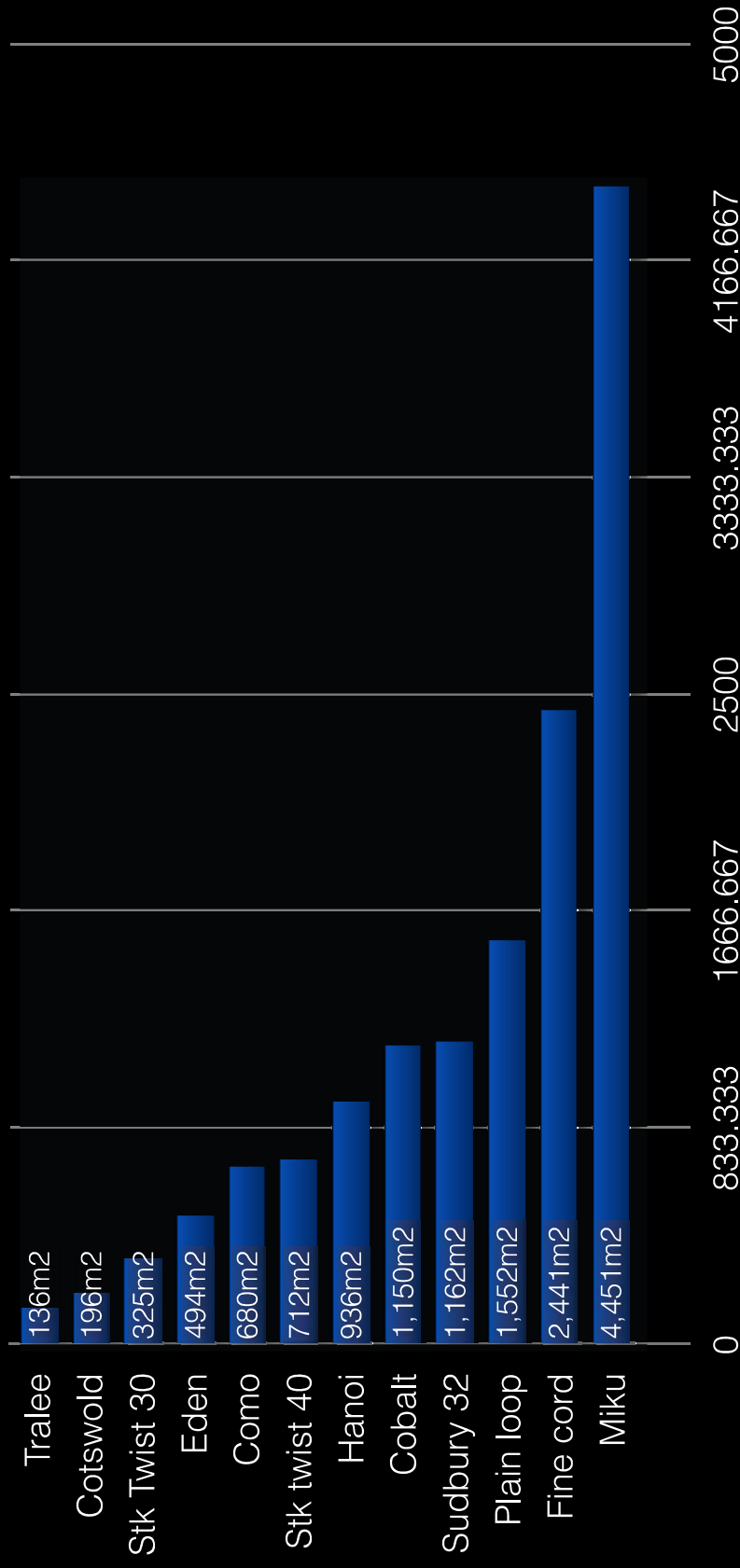


Stock Sales Jan - Oct 2012



■ Stock Sales

Total Stock Sales 14235 m2



Stock Twist 30 & 40 were only available from August

Agenda

- Cutting Machine Monitoring
- Carpet Labels
- Stock Twist
- Discounting (5% off last years turnover means we would need to increase t/o by Aprox £200k for same gross profit figure)
- Loyalty Cards cleaning service and products & Email offers £25 vouchers
- Bespoke ranges for wall panels
- Estimating programme

Cutting Machine Monitoring

We decided that if we used a cardboard pole when we rolled the cuts it would apply an even tension on the roll.

We have been manually measuring all cuts for about 2 weeks and have had good results with most carpets.

We have found that the carpet does pull through slightly more on one side than the other and faux silk is a particular problem.

In general the use of a pole when rolling has greatly improved the differentials but we will be talking to the manufacturer further.

Carpet Labels & Cuttings

We now have a label machine that will print on to a material that will stick directly to carpet backings.

All cuttings sent to branches in future will have been labelled at warehouse before sending.

Samples of all stock ranges (regular & clearance) will be held at all branches to reduce postage costs. Replacement samples can be ordered to be sent to branch. Also qualities & colours of non stock ranges that are requested regularly to also be held at branches at branch request.

All other samples of de branded ranges, to be ordered using the automated system, will be posted out from head office with personalised letter with latest prices.

Stock Twist - Changes

Changes are being made to the stock twist 30oz & 40oz ranges

from December 2012.

Stock twist 30oz - No changes - £16.00 m2

Stock twist 40oz - available 4m & 5m wide - £18.50 m2

New option

Stock twist 50oz - available 4m & 5m wide - £22.00 m2

25p m2 bonus on ALL sales of 40oz & 50oz to extend until further notice.

No bonus on sales of 30oz option.

Discounts

If we had taken 5% discount off last years orders we would need to add approx £200k to last years turnover figure for same gross profit figure.

However I am willing to take a more aggressive approach to margins on products where our sales are weaker or have greater growth potential.

Discounts - Karndean Karndean Discounts Based on Karndean RRP.

Up to 4 boxes - C&C - 15%

S&F - no discount

5 - 20 boxes - C&C - 20%.

S&F - 10%

Over 20 boxes refer all inquiries to DG

Discounts - Wood & Laminate

Wood Flooring Discounts Based on

W0000 Price List & sample programme price list

Up to 20m² - C&C - 15%

S&F - no discount

20-40m² - C&C - 15%

S&F - 10%

41-100m² - C&C - 20%

S&F - 15%

Over 100m² refer all inquiries to DG

Discounts - Rug Sales

Display rugs discount based on MRC price tickets

Crucial Trading & Alternative Flooring discounts based
on net cost price x 2

Display Rugs - All orders less 20%

Crucial & Alternative up to £500 order value - 15%

£501 & over order value - 20%

Loyalty cards & Email offers

- Customer loyalty cards
- Carpet cleaning & Scotchguarding
- Cleaning & maintenance products to be held at branch
- Email offers in PDF format
- £25 vouchers for " Recommend a Friend" to be sent to all customers after balance paid in full.

Bespoke Ranges

Bespoke ranges for wall panels

Which ranges should we select?

Should we have cupboards or hooks below
panels on wall display?

Estimating Programme

- A new system for booking measures is nearly complete.
- Using this system saves time when entering orders.
- Measures can be entered at any branch but details are printed locally where estimator is based.



End of meeting
November 2012