

# Dennis' blog

## April 2019

Dear all,

As Easter is coming up, we can see that so far this year we continue to manage cash and cost according to plan, which is encouraging especially as we have seen a slow start to sales this year due to US business pull forward in 2018 and slow trading in France.

All our strategic projects are more or less on track, which is a great achievement given their scope and complexity. Closing down the Huaibei facility, moving production from Tianjin to Le Mans and finishing the build of a new distribution centre are all happening while we keep the business running. These structural changes to our business demonstrate the investment we put in to our company in order to become sustainable and to secure the financial turnaround in 2019.

A board meeting was held last week which went well – especially in the context of our financial and operational performance. Although service levels have been steadily improving over the past couple of months, we are challenged by the board (and ourselves) to continue our focus to reach and keep up with our target of 95% for the top 100 SKUs. The biggest challenge remains to do this as well as reducing our inventory levels.

As a business, we value openness and feedback and see them as opportunities for improvement. That's why we are planning for the customer survey to go out at the end of April, and our employee survey in June. In the same spirit, Claudio Toledo in the Tech Team is championing an "idea box" concept that will be integrated in our upcoming new Intranet.

I would also like to recognise the increased quality and dedication of our financial forecast process and analysis: better cross-functional work and better data will lead to plans being executed more efficiently. While we are still in the middle of improving our fundamental systems and processes, I am happy to see a more honest and trusted dialogue in the business.

Even though we see improvements on different areas of our business, there are still some concerns remaining. For example, the business performance of Snazaroo is not matching our expectations so far this year and Reeves' new products and propositions are not living up to commercial expectations. It is important to allow ourselves to be self-critical and learn from our mistakes in the spirit of continuous improvement.

Overall, I would like to encourage everybody to become more transparent and solution-oriented when facing things that aren't working or that could be done better. I have said it before and I'll keep on repeating: everybody at Colart is allowed to talk to everybody! This will encourage openness, organisational learnings and problem-solving while respecting and utilising each other's' competences and knowledge.

Our ambitions are big, we have complex projects to deliver, and I fundamentally believe in the concept of marginal gains. Taking incremental steps every day will lead to significant and sustainable achievements. By celebrating regular small successes, we get a sense of purpose and motivation to come to work every day, ready to make a difference.

Thank you all for your hard work and dedication to deliver these marginal gains every day!

Best,

Dennis