

Reviewing our commercial structure in Northern Europe

Finding synergies

Dear all,

Last year we communicated plans making changes across the business to deliver cost control, delayering, market ownership and synergies. These actions were seen as necessary to enable Colart to deliver its financial commitment to our Board and Owner by seeking to have Colart deliver at least industry norms in terms of profitability.

Whilst initial signs based on year-end financials show we are moving in the right direction, we also confirmed that we would continue to look for synergies across the business with a view to improving profitability of individual business areas and therefore Colart as a whole. We confirmed that if identified we would consult and communicate as appropriate. Such a synergy has been found and we would like to communicate the details of the proposal:

Proposed Change

The Northern European fine art market has become increasingly competitive over the last few years, and, like many suppliers, Colart has been under increasing pressure to become a leaner consumer driven, channel focused business, responding to the complexities of operating individually small-scale business in each country. A feasibility study has been conducted to examine how we can better serve our Northern European markets and in summary, the proposal is to realise synergies across Northern European commercial activities by creating a single commercial business unit from the four commercial business units currently operated (covering employees in seven countries).

Current Northern Europe structure

- Benelux based in the Netherlands but with employees in The Netherlands and Belgium
- The Nordics based in Sweden
- DACH (Germany, Austria and Switzerland) based in Germany and 1 employee in Austria
- Eastern Europe based in Poland and 1 employee Czech Republic

Proposed Northern Europe structure

- Single business unit covering the Netherlands, DACH, Sweden and Eastern Europe led by a Northern European Commercial Director
- For reasons of retailer and linguistic alignment, Belgium to be managed by the French Commercial team
- For reasons of business model synergies (distributor-led business) Nordics markets other than Sweden (referred to as “Nordics Export” markets) to be managed by the International business unit

We believe that by creating this integrated business unit and ownership across Northern Europe as described we would be better set to deliver the synergies in marketing, customer service and sales management.

NEXT STEPS

Clearly these proposed changes are likely to be a major undertaking and Piet van Nassau will be leading the team set up to manage the process.

If the proposals go ahead then it is likely to change responsibilities and could mean redundancies for up to 4 roles in the region. We will therefore be commencing the individual consultation process with immediate effect.

We will be as open and transparent as possible throughout the consultation process and we will update as required on the proposed change and its implementation.

All options including any ways in which we can avoid or minimise any redundancies will be considered during the consultation process. However, we need to have a sustainable platform to deliver the profitable growth that is expected from us.

In the meantime, I ask you to take the opportunity to speak to your line manager with any questions that you have. Or if you prefer, you can post your questions to people@colart.co.uk



Gail Pasquier
Chief Commercial Officer