

NEED TO KNOW



Alex Baldock

How Dixons Carphone is shaping up under Baldock

Ahead of his strategy update in December, the retailer's boss has delivered a bullish message to staff – but there is much still to do, writes **George MacDonald**

Dixons Carphone chief executive Alex Baldock has not had the smoothest of starts at the electricals and mobile phones group.

Developments unearthed since his arrival – such as a data breach – showed that Dixons Carphone had unresolved problems.

To address them, Baldock will reveal his strategy for the business in December, alongside interim results.

Baldock's vision

But the direction of travel is already becoming clear after he set out his vision to staff and proposed a round of central-office job cuts as part of his efforts to turn the retailer around.

Baldock told staff that he sees “one hell of an opportunity” for Dixons Carphone to “help everyone enjoy amazing technology”.

He said: “Everything that we're going to do to deliver on our promise to customers flows from that.”

But to achieve that it needs to come good on the original promise of

the merger to become “one business that's truly joined up”.

Retail analyst Richard Hyman of RAH Advisory observes: “What he inherited was a massive disconnect between the very positive presentation of the business and where it seemed to sit, and the reality.”

“His controversial ‘kitchen sinking’, which many thought was OTT and probably was, was his attempt to close that gap with a massive dose of reality. One can argue with the style but not with the need to align expectations with what might be achievable.”

Last week Baldock took further measures to put the company on a firmer footing, outlining plans to cut 221 central roles at Dixons Carphone.

The likely job losses – and the departure of Carphone Warehouse managing director Jeremy Fennell at the end of this year – are part of a restructuring to create that elusive single business.

Baldock said: “We must be joined up behind the scenes to give customers an easy end-to-end experience so that they can enjoy their technology.”

There will be a single commercial team for Carphone Warehouse

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and Currys PC World covering four categories: mobile, consumer electronics, white goods, and computing. Online teams will be brought together and senior retail leadership teams will be “cross-brand”.

Baldock told staff: “I believe we're doing the right thing for the long-term health of the business.”

“The road to a much more successful Dixons Carphone is sometimes a hard one. But it's the one we must take.”

As part of the changes, Dixons Carphone's executive committee is being ‘refined’. The roles of chief customer officer Antreas Athanassopoulos, chief commercial officer Steve Ager and chief operating officer Alan Ritchie will be modified.

The data question

Baldock is also determined to better use data to boost Dixons Carphone's in-store selling and service.

He observed: “Data is the glue of the assisted sale so, for example, if a customer has started to fill their basket online, and walks into the store, the colleague immediately knows that and can finish the sale.”

Hyman says: “Tech is always very exciting but the real challenge for them is can you make a sustainable, scalable margin retailing it? I am not yet convinced this can be done.”

“Everyone goes on about data, and Alex is no exception. People rarely talk about precisely how it's used to flog more product. So what I need to see is how exactly Dixons Carphone is going to drive revenues without increasing costs in what is already a retail market with wafer-thin margins.”

“That last point is critical. No-one is really going to succeed in this market without really knowing how to drive sales. The harsh reality is that very few retailers do.”

Among the issues Baldock still has to resolve is a successful outcome to negotiations on terms with mobile networks.

Analyst Nick Bubb is sceptical about the networks' willingness to change terms, but on the bigger picture he says: “Overlaying all this is a growing feeling that the Carphone Warehouse deal was a mistake.”

But when he set out his vision, Baldock emphasised the scale of opportunity he sees.

He maintained: “We're going to build a reputation for incredible reliability, we're going to build a reputation with customers for making it incredibly easy for them to buy things and to then get the service they deserve afterwards.”

He concluded: “We have one hell of an opportunity sitting right in front of us and we are better placed than anybody else to seize it.” **RW**