

# In-year savings of £60m.



Boxwood partnered with Carphone Warehouse to deliver growth and major organisational transformation. We simplified the business to reduce operating costs by 15%. The creation of a new operating model led to a further £30m in savings in the following financial year.

#### Summary

Over a sustained period of rapid growth, inefficiencies had crept into the Carphone Warehouse (CPW) operation. Early processes had scaled beyond their ability to keep track with their dynamic business, resulting in additional costs. In the face of a severe economic recession, CPW identified a need to reduce costs substantially and immediately. They engaged Boxwood to help them simplify the business and reduce costs. An ambitious target was exceeded with in-year savings of £60m. The creation of a new operating model led to a further £30m in savings in the following financial year.

**“The programme run by Boxwood transformed CPW UK’s operations and culture in only 6 months. Operating costs were reduced by 15% during the year and the operating model was radically changed.”**

Paul Davis, UK Finance Director

#### What we found

With 830 stores in the UK, CPW had enjoyed many years of growth in a competitive retail environment. But relentless competitive pressure meant it was often more important to do things quickly than efficiently. In the haste to get things to market, a number of ad-hoc processes and manual ways of working had developed, which were adding significant cost but little value.

To reduce operational expenditure to the required level, cost savings in the region of £50m (around 15% of operating costs) needed to be made.

Meeting this ambitious goal required a transformational approach – but it also had to fit the abbreviated timeframe and align with the ‘here and now’ CPW culture.

#### What we did

An intensive workshop with the executive team identified immediate, substantial savings through a radical restructure of the entire business. This was supported by a series of fundamental improvements to core processes to achieve further reductions.

The approach was a bottom-up, project-by-project implementation, with activity happening in short bursts - a good fit with the organisational culture. A ‘future state’ for each process was outlined and solutions developed with those parts of the business that were affected.

#### What we achieved

The target of a £50 million in-year reduction in operating costs was significantly exceeded. The programme was also instrumental in creating a major shift within CPW towards a cost-conscious culture – doing things efficiently as well as quickly. As a result, an additional £30 million of savings were included in the following year’s budget.

Along with the cost savings, the programme significantly simplified the way the business worked, and delivered real benefits for CPW customers in the process. While operating costs were reduced by 15% within a six month period, CPW experienced one of its best trading performances for many years – a testament to the success of the project in transforming the entire business.