Commercial stimulation of stores network – impact story

Commercial stimulation program in telco stores – the starting position
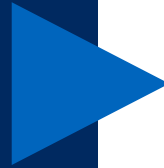
What we knew from the client

800 exclusive stores

Stores owned by exclusive master franchise

Average monthly sales per store -60% below competition

Store size 50% below benchmarks

What we found during mystery shopping in 30 stores

Closed stores

Exhibited phones are plastic models or locked away

Client data not captured and no follow-up

Agents do not try to close sales

What we did during 8 weekly sprints

8 pilot stores in Western Europe

New sales script

Daily contact with stores

Competitions between stores

Follow-up process and use of CRM

Store manager capability training

Traffic generation initiatives

Store layout

Full network

Performance management

Performance dashboard cascaded from store level to CEO level
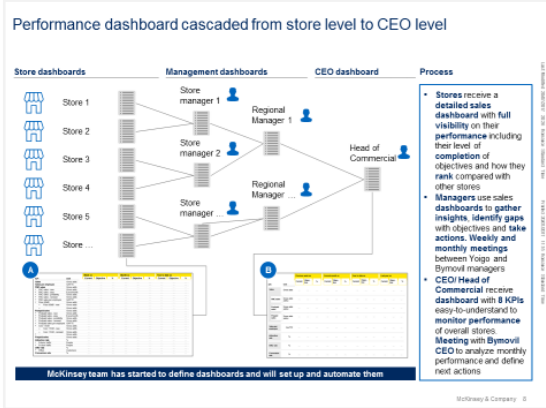
Partner management incentives

New contract
- ...
- ...
- ...

- New terms
- New objectives
- New compensation model
- New incentives
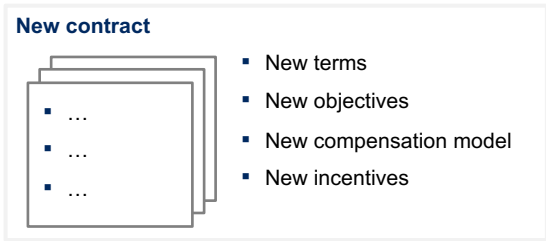
In-store execution

- Process simplification
- CRM update
- Sales collateral
- SMS campaign

Weekly sales evolution vs April 2017

Legend:
- Pilot (solid line)
- Full network Adjusted for shop closures (dashed line)
- Full network not adjusted (dark dashed line)

Annotations:
1. Beginning of project (April 17th)
2. Beginning of pilot
3. New master franchisee contract
4. Stores new contract
5. First performance cascade
6. End of pilot
7. Beginning of rollout

Data labels:
- 100%, 101%, 113%, 110%, 117%, 141%, 173%, 132%, 150%, 132%, 196%, 170%, 184%, 182%
- 92%, 106%, 107%, 111%, 114%, 110%, 112%, 143%, 149%, 173%, 164%
- 164%, 156%

X-axis: April, 07.05., 14.05., 21.05., 28.05., 04.06., 11.06., 18.06., 25.06., 02.07., 09.07., 16.07., 23.07.

Y-axis: 80, 100, 120, 140, 160, 180, 200, 220

100% success-based billing structure with 2 options

Pilot and preparation of sales performance engine

EM+3 team Apr-Jul

A **Full network impact**

B **Potential through pilot stores**

+

x% of additional EBITDA generated in 2019

X-3% of additional EBITDA generated in 2019 from pilot stores <u>scaled to full network</u>

Option 1 (full network + pilot):

- **Network uplift from 15% in May 2017:** ~7.1m EBITDA impact 2019* x%

- **33% uplift in pilot stores** (impact in excess of full network): ~13.8m EBITDA impact* (x-3)%

Option 2 (pilot only):
- **48% uplift in pilot stores**: ~19.6m EBITDA impact*x%