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Serving Forward

Dick Smith Electronics has remained an iconic brand in Australasian retail by combining passion, drive, excellence, care, integrity, and fun under one roof.

Images by Scott Ehler

Nick Abboud, Managing Director and CEO of Dick Smith Electronics, has extensive experience within Australian retail after spending 19 years with Myer. His tenure with the department store chain was during a period of significant change. Nick saw the company open and subsequently divest its interest in Megamart, and he was significantly involved in the lead up and initial public offering of Myer on the ASX. These experiences taught him a great deal about the industry. But his ties to the electronics sector stretch even further back.

“Before Myer, I spent five and a half years in an electronics company called Chandlers,” Nick says. “At the time, Chandlers was similar to JB Hi-Fi, so I’d started in electronics and moved into department stores. There was a difference, as it was more specialised and you had to run the stores a lot leaner because the

margins aren’t there to run a heavier type of structure. It was very much a high-service business, so you’ve got to manage it in a certain way. And there’s a lot of relationship building with vendors; all of the vendors are passionate, all based in Australia, and it’s important that you build good relationships with those vendors.”

Nick’s appointment to the helm of Dick Smith was a catalyst for change within the company. “I think the biggest challenge has been implementing numerous changes within the business in a short time. We’ve restructured the supply chain, incentivised the workforce with a performance-based culture, and reorganised the buying principles and relationships with vendors. Every part of the business was modernised and new systems were implemented to ensure it was successful. It wasn’t a one-area type of fix; it focused on a number of areas across all aspects of the business. For a \$1.2-billion

business, to instil a new culture in our 3,500 team members in a 12-month period was probably the most difficult part.”

To ensure a seamless change throughout the organisation, Nick believes communication with team members is paramount. “Whether it was an internal management video or newsletters that go out to our team members, we continue to share the changes that we’re going through. We’re benchmarking ourselves at a level where we want to be famous for computing, mobility, and accessories, and ensuring our team members know that. As we go forward, we want to ensure we remain profitable, and to do that, these are the changes we need to make. I think it’s important to continually communicate to bring all our team members on the journey.

“We recently put a new Google platform into the business that allows us to communicate directly with every team member. Each >

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team member has an ability to access the information that we're trying to disseminate through the business. It took us about three months from business case approval to full implementation. We're finding strong acceptance across our sales team, in checking the information, being proactive, and wanting to know what's happening in the business."

Dick Smith values its team members and invests significantly in their skills and development. "We've been very innovative in looking at new ways to drive performance. We have introduced Serve Forward, a sales-focused training program to improve sales performance. We also have an online learning platform that we are rolling out through the business, with modules where we partner with our suppliers to ensure our team members have up-to-date and comprehensive product knowledge. While Serve Forward is primarily a sales-team tool, the senior management group also have to develop this sales and performance-type culture."

Dick Smith has enlisted the assistance of Ceri Evans, the psychologist for the All Blacks rugby union side. "We are using Ceri's renowned ability for

assisting the All Blacks in their achievement of high performance under pressure to develop our senior management's ability to work together and make the right decisions at crucial times."

Dick Smith was owned by retail heavyweight Woolworths from 1982, and in November 2012 it was acquired by private equity firm Anchorage Capital Partners. Just on a year after the acquisition was finalised, Dick Smith was listed on the ASX. "This business is a great business; it has been around for 44 years. In terms of the turnaround, the road map was pretty clear and we knew where we could restructure the business in a number of areas. The decision to list earlier in the transformation was to allow our new shareholders to come on the road map of growth.

"Dick Smith is a business with significant potential, and it was really about getting the whole team in a position to understand how well the business could perform. We've introduced key performance imperatives for all our team members, which we measure and reward upon monthly."

Under private equity, Dick Smith has retained its strong brand recognition while returning to being a more nimble marketing-led business. The next step for Dick Smith has been the development and integration of its various brands and stores. "It's important that our stores become integrated. We've had David Jones for a few months now, but there's a lot of work to be done still, and it will probably take 12 months to really integrate it into how we buy for the David Jones business, or for the Move business.

"It's also about how we go to market, which is not to be done as an addition. When we talk to the supplier, it's the one conversation covering Dick Smith Australia and New Zealand, David Jones, and Move in the one meeting. It's really important that every part of the business understands the brands and their interaction. They've all

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got different customers, different ranges, but the reality is that the way we've structured the business, it is integrated, behaviourally learning how to run three different businesses as one. We've probably got a few months of old core re-educating on how we maximise a brand like David Jones, because it is a different customer. It is high end, it is fashionable, and it's important that it's on the trends, because those customers don't want to buy clearance; they want the latest and greatest."

In looking for new paths to market, Dick Smith has developed an app that is gaining momentum among consumers. "We have QR codes throughout our catalogues and our press ads. You can access and transact through the app. A lot of retailers still aren't in that space. So

it's definitely growing and gaining momentum, and we'll have a database eventually that is strong enough that we can talk to customers directly. Once people have downloaded the app, there will be opportunities for us to communicate to them as well. I'm very excited that we're leading the way, especially in our category, and we see it as a big part of how customers will buy in the future.

"I think, when Dick Smith started the business 44 years ago, the DNA was computers, phones, and accessories. Our 370 stores are generally smaller, with an offering of products consumers want in locations they go to every day, allowing us to be profitable in more locations. With a predominantly smaller footprint focused on computers, mobiles,

and accessories, our phone business is about 25 per cent of our sales, so it's a very important part of our mix. We are one of the largest sellers of the iPhone and the Samsung Galaxy in Australia outright from a retail point of view. The addition of TVs, which were introduced by Woolworths, allowed us to get into the home entertainment side of it, which I think is a good adjacency to the other categories. Will we get into whitegoods? Really, our stores are too small to do that, so we will be 100-per-cent focused on the categories that are important to us, which are computers, mobiles, and accessories."

Nick has set a company-wide ambition of reaching 450 stores within the next three years. As the Australasian retail landscape

becomes more diverse, Dick Smith needs to utilise the different brands within the business to reach deeper pockets of the market.

"If you look forward, Dick Smith having 450 stores will make us a convenient business that is very dominant in computing, mobility, and accessories. The whole online and omni-channel experience will allow customers to decide on how they want to shop—whether they want to click and collect, buy online and get it delivered, or just come into the store.

"With 450 stores, as we go forward with three brands focusing on three different customers, there are a lot of opportunities for Dick Smith over the next couple of years." •