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RETAIL Simplified

jem & fix maintains a philosophy of simplicity within the retail sector, ensuring things remain uncomplicated while driving growth across Sweden and Denmark.

Images by Jerry Nielsen

Fast growing DIY chain—jem & fix—is a business in Denmark and Sweden that focuses on low-cost construction materials, paint, tools, and gardening products for home improvement. The company first opened its doors in 1987, and had reached 10 stores by 1990. The brand established itself in Sweden by 2005 and launched its online store in 2009. Today, jem & fix has reached more than 30 stores in Sweden and almost 100 in Denmark.

Claus Petersen is jem & fix's CCO/ Commercial Director in Denmark. He has been with the company for a decade and is responsible for the sales and purchasing department and the company's marketing.

“Before joining jem & fix I worked in some of the largest retail companies in Scandinavia

including hypermarkets and discount chains like H&M, Dansk Supermarked, and Coop Danmark with emphasis on store management, chain operations, and procurement strategy and management.

“When I started at jem & fix in 2004 my goal was to simplify buying procedures and improve operation efficiency, and to this day this is still a crucial part of our business focus. Another key to our business concept is daring to turn business areas down. For instance, we don't have special discounts or offer payment per invoice for trade customers. We have one price for all customers: the best market price.”

Having been with jem & fix for 10 years, Claus has seen the company grow and evolve over the years. “When the global financial crisis started, we took stock of all our

necessary costs and spent a year looking inside in order to get back to basics. Getting back to basics meant looking at our operations and we found inspiration in discount concepts from the food sector. We started to change the organisation in order to get ready for growth, and then we made a plan that runs up to 2016. With a lot of energy and optimism we wanted to take a huge bite of the market share. That is what we've been doing over the past 10 years; today we are very efficient.”

From an operational standpoint, Claus notes the importance of simplicity within jem & fix. “We try to make everything as simple as possible because we are a company with no stock besides what you see in our 97 stores in Denmark and 33 stores in Sweden, so keeping operations simple remains one of our main focuses. We aim for simple business; not trying to make >



retail any more complicated than it is. One of the examples I use is space management—it's not a new science. In the old days it was a calculator, pen, and paper. Today it's computers, but it's basically the same.

"In my opinion, as a board director, you have to focus on simple solutions because they're easier to implement, easier to communicate and tend to have great clout. That's basically what we're trying to do. We can have rather complicated IT solutions, but not in operations. As mentioned, we have 97 stores in Denmark and we have to make it easy to run the stores in order to be successful for our employees and in order to meet the demands of the customers."

jem & fix has set itself a plan that will carry the company to 2016

with one of the key goals being the growth of the company to 120–125 stores across Denmark. To convey this vision to staff, jem & fix uses the intranet and maintains the notion of keeping things simple. "We are not running a lot of projects, but we're running fewer, bigger projects, and some smaller ones. We do not have strategy plans that we're communicating to the stores; we try to keep everything very simple and communicate at eye level. So we communicate on our intranet, we have regional managers conveying the message in our stores, we have meetings twice a year with our store managers, and then the CEO—Svend Pedersen—and I visit all stores twice a year."

To ensure the best prices in an increasingly competitive market, jem & fix works closely with a relatively small group of suppliers as a consequence of supplier concentration. "We try to make plans with our suppliers that are mutually beneficial. We have a very

slim organisation. This year we expect to reach 2-billion Danish kroner in turnover, and for that I have only four buyers. It's a very tight and efficient set-up, but it also means that we have to look to our suppliers and their consensus. What we try to do in our collaborations is create some goals and then they help us by providing an assortment."

With e-commerce becoming a growing force within the retail sector, jem & fix is adapting to these changes within the industry. "In terms of our online business, we try to push this and offer our customers a beneficial multichannel experience both when they are at home in front of their desktop or tablet and when they are on the move with their smartphone visiting our brick stores. We are famous for our low prices and self-service and we're very honest about the fact that our low prices come at the cost of less service in our stores. But increasing the level of service in terms of

online self-service is a business area we're looking into expanding.

"Running an online store is challenging because we have low prices per unit and big volumes plus enormous transportation costs. One of our strengths is that we're running quite successful stores in very small populated communities. However, we have to combine this with the online business. We have to be flexible and we have to give the customers what they demand. If you're looking for some smaller things, you can start your car and get these products. If you're thinking of buying some bigger products, you can buy the stock online and get ready for the next weekend or holiday to do this project."

There is a large selection of building materials and products available through jem & fix's DIY stores. In addition to building materials, customers can find a wide range of power tools and hand tools from well-known brands as well as articles and accessories for the home and garden. jem & fix's large selection of products are all high quality and sold at competitive low prices.

jem & fix's goal for the future is to increase its market share and footprint across Denmark and Sweden. The company is always on the lookout for new cities to launch the brand and further secure its position within the marketplace. "We think that the competition will still increase, which means we will need to be even more efficient. We realise that we have to survive on a smaller margin in the future due to increasing competition, but we're up for the challenge and adapting our future business plan accordingly, because companies have to act. Crisis also means new opportunities."

Claus notes that the future of the retail industry is more difficult to comment on as it is continuously changing and going through some difficult conditions. "In Denmark you see the chains that focus on the professional market are trying to take their bite of the private

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- Claus Petersen



DIY market. That means even more competition. It's very difficult because everyone in the world today is asking, "When will the crisis stop? When will things be better?"

"From my point of view, this is the future. I don't think we can expect that everything will change for the better. The customers of today try to cut down debt. They know that as we get older we have to play a bigger part ourselves. Customers'

purchasing behaviour is more rational in nature than before. I think we have to adapt and not expect the future to change for us. I think you've got to have a strong organisation—you do things simply, you have to meet the demands of the customers, and you have to be flexible. Our concept is strong, but our success is in large part due to the contribution of our employees. They are our most valuable asset. They are jem & fix." •

"As a supplier to jem & fix, HP SCHOU A/S sees itself as an important part of their supply chain. We offer a wide range of different services to make jem & fix more efficient and ensure that they can focus 100 per cent on their business."
- Michael Podiss Petersen, COO, HP SCHOU A/S

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