

Courts (Jamaica) Limited 1997

Managing Director's Report

I am pleased to report a satisfactory growth in turnover and profits despite negative growth in the Jamaican economy. During this period our average prices went down as a result of the revaluation of the Jamaican dollar as well as our HP credit prices which reflected declining local interest rates for borrowing. Therefore the increase in sales turnover of 41% representing approximately 50% increase in unit terms, is especially heartening and I would like to thank the management and staff for their dedication and hard work and for keeping faith as we initiated some major strategic changes during the past year.

Productivity

With increased sales and the need to improve our customer service, employment levels were increased from 452 in 1996 to 578 this year (calculated including temporary and part-time equivalency). Despite this productivity increased, with sales per employee improving by 10% year on year.

New Stores

A new branch in Black River was opened during the year and we expanded the showroom and warehouse space at King Street, Falmouth, Old Harbour and Annotto Bay to facilitate good sales activity

in those stores. Unfortunately King Street has since suffered from the consumers' perception that it is no longer safe to venture downtown and we hope that prevailing crime and civil unrest in this prime shopping area can be curbed. Otherwise all 23 stores in all parishes have performed to expectations and your directors are watching for possible sites for new stores where there is potential in both rural and urban Jamaica.

Furniture

Our 'Buy Jamaica' promotional campaign was well received by the market and we will continue to support our more than thirty local furniture manufacturers who, against all adversity, loyally strive to supply our requirements. Last year we initiated the F.I.N.D. programme to assist these manufacturers by bringing down retired Canadian manufacturers through CESO to work with them in improving their management and productivity. We will continue this programme through the coming year. Meanwhile 'Ready to Assemble' furniture products are entering this market from abroad and we are forced to meet this challenge with selected imports to supplement our local range. Local supply constraints have been stifling growth in our furniture sales and the strategic introduction of these high quality RTA items will boost sales in this category.

Domestic Appliances

New 'Powerhouse' showroom display units have been installed in all but our smallest stores which will be completed this year. These state-of-the-art displays together with accumulation of the best world name brands in the market, purchased at good prices through our group world-wide purchasing arm, have produced enormous growth. Refrigerators dominate the sales of our white goods sales and television has enjoyed enormous growth as the choice of entertainment in this medium continues to proliferate through local and cable stations.

New Product

Gym and Home Exercise equipment has joined bicycles in our expanded range in the Powerhouse and two concessions for lighting and soft furnishings and linens have been introduced in our Constant Spring store. Our kitchen cabinet concession will be re-opened shortly under new ownership.

Marketing Thrust

After a total of over 10,000 man hours of training involving all staff in the company, we were ready to embark on a completely new focus for our business in Jamaica. The Courts Consumer Charter was launched in April last year and is a bold statement to the Jamaican public which promises new standards in service, both pre and post sale, to all those who shop with us. It also incorporated a Price Promise, that 'We will not be beaten on price- ever, cash or credit' which can only be offered by a company that enjoys the buying power that can command the best prices from its suppliers here and abroad.

New Technology

Our group has made significant investments in IT and this is being tested and will be installed this year. The resultant improvement in management information and speed of service to our consumer will benefit our sales especially through the peak season and will maximize potential sales and minimize stock-outs and bad debt, both negative factors in our business throughout the years.

Finance

As interest rates declined during the year we negotiated new long-term financing, converting most of the company's short term debt in commercial paper to facilities secured by a group of international banks. This is reflected in the balance sheet and provides a stronger platform for our present business activity and any future expansion.

Courts Community Trust

We continued our active community involvement at HO and branch

level, with funding and assistance in the areas of sports, youth, education, health and the environment. We sponsored open heart surgery for a number of children, created educational videos for sickle cell sufferers and continued our involvement with the national football team. Our Trees 2000 tree planting programme continued apace as well as our JUMP and MADE scholarship programmes. We finished building a fine basic school in the inner-city area of Jones Town and we will continue in the coming year, to concentrate our efforts in helping the youth and young adults in this socially disadvantaged area of Kingston.

I would like to thank the management team and staff for readily embracing the need for change as we accept the demands of new levels of customer satisfaction, and for working diligently to accomplish the company's goals which will continue to challenge us this year.

Richard W. T. Coe
