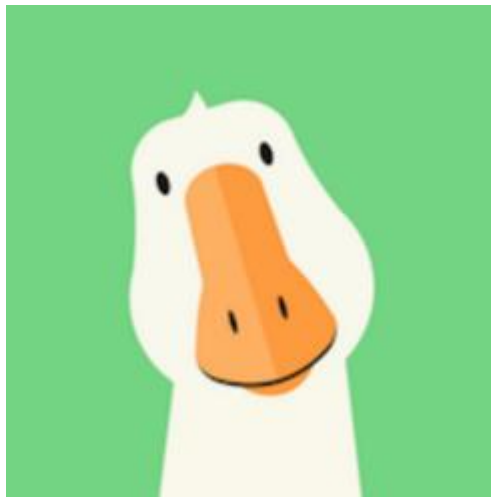


**The 2020 Northern Ireland  
Business Challenge for Schools in  
association with the Henderson Group,  
Queen's Management School and BDO NI**

*Take a Gander...*



## 1.0 INTRODUCTION

### 1.1 Background to the Henderson Group

Mr John Henderson, a well-known community figure who frequently acted as a judge of cheese and butter at the annual Balmoral Show, founded Henderson's in 1897. The business began in the retail grocery trade, selling butter, cheese and eggs from premises on the Old Lodge Road in Belfast. Subsequently, John switched from retail to wholesale, initially operating from premises at 46 Royal Avenue in Belfast before relocating to larger premises in St George's Market in Belfast, a traditional covered market with lock-up premises for wholesale traders. In 1923, the business was incorporated, achieving sales of £99,000 in its first year of trading.

In 1929, William Agnew, who had worked in a variety of travel and public transport-related businesses after selling the family farm in Randalstown, married Margaret, the daughter of John and Maggie Henderson. Some years later, when in his late 70's, and with two daughters not interested in running the Henderson business, John decided to prepare for his retirement. Consequently, his son-in-law William joined the company as a salesperson in 1940, taking a controlling interest upon John's retirement in 1943. Four years later, John Henderson died at the age of 82.

Under William's control, the business continued to progress. Despite food rationing during the war years, he expanded the range of products sold, importing canned and packaged goods from countries as far afield as Australia. This earned the company the catchphrase '*Henderson's have it all*'. Sustained growth necessitated further expansion of the premises at St George's Market, followed by the acquisition of an additional warehouse at Dawson Street, off the Antrim Road.

A key event in Henderson's development was the purchase of Andrew Millar & Company, who occupied a 50,000 square foot warehouse at Ravenhill Avenue in Belfast, in 1956. Formed in 1873, while this jam manufacturing business had once produced a market-leading product in the Province, *Millar Jam*, mass-produced jam by national organisations after the second world war made it difficult for Andrew Millar & Company to compete and jam production ceased 2-3 years later.

William Agnew had a son John and two daughters Margaret and Dorothy. John Agnew CBE, joined the Henderson Group in 1957 after spending time in Wales as part of his management training from 1955 to 1957 at Capper & Co (Newport) Ltd, which held a SPAR franchise in Wales. From that time John Agnew and later his two sons, Geoffrey Agnew and Martin Agnew have acted as stewards for the business and its assets on its growth journey.

More than 120 years from its humble beginnings, the organisation remains in the retail grocery business, diversifying and growing to become a Top 10 business in Northern Ireland.

## **1.2 Structure of the Henderson Group**

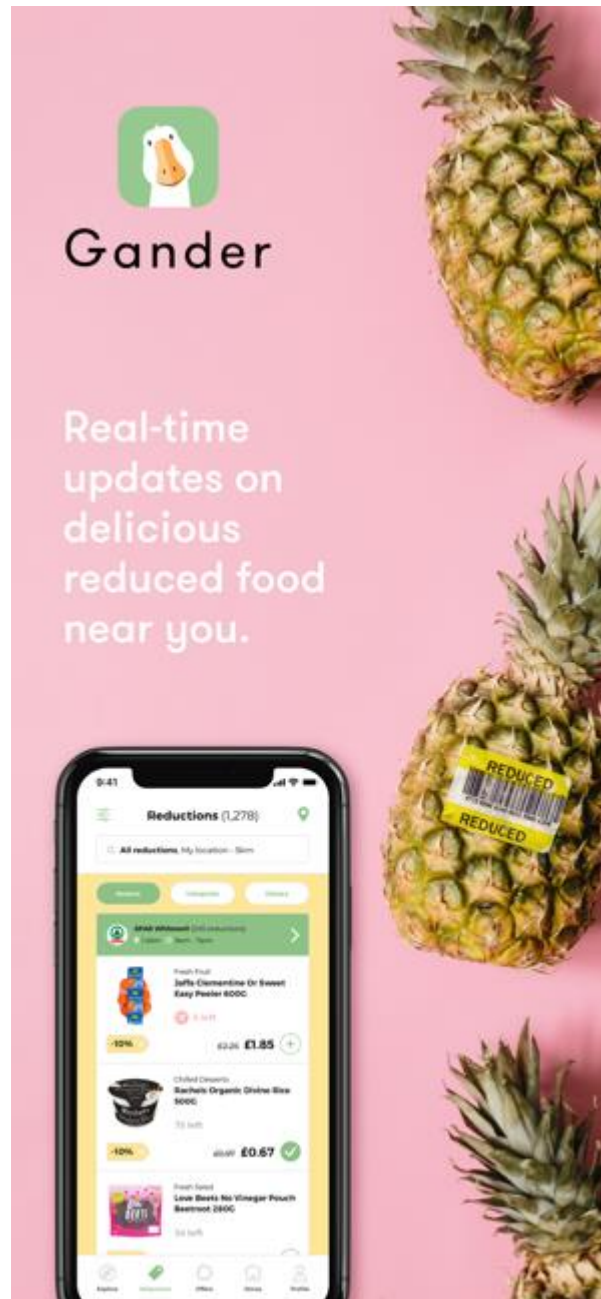
The Henderson Group currently comprises four independent entities: (i) Henderson Wholesale Limited, which is complemented by two subsidiary companies, Henderson Technology Limited and Henderson Print Limited; (ii) Henderson Retail Limited; (iii) Henderson Foodservice Limited; and (iv) Henderson Group Property Limited. Further information on each of these companies is provided below.

- Henderson Wholesale Limited supplies 470 SPAR, EUROSPAR, ViVO, ViVOXtra and ViVO Essentials stores across Northern Ireland from its warehouses in Mallusk, together with marketing and advisory services. As indicated above, the company's activities are supported by two subsidiary companies, Henderson Technology Limited and Henderson Print Limited.
  - Henderson Technology Limited is an IT and software development company providing technology solutions to the retail and convenience sector. The company recently won Retailing Technology of the Year at the National Technology Awards and winner of Business Eye Awards for Most Innovative Company of the year. Additional information on this company is provided in Section 2.
  - Henderson Print Limited is a commercial litho/digital colour print company that has been in operation for over 30 years. In addition to fulfilling print requirements within the Henderson Group companies, Henderson Print offers an extensive range of services to external clients.

- Henderson Retail Limited owns and manages 85 supermarkets, neighbourhood and forecourt stores, together with a further seven stores that trade under license, that operate under the SPAR, EUROSPAR and ViVO brands in Northern Ireland. In 2019, Henderson Retail Limited was named as 'Fresh Produce Retailer of the Year' in the Multiple category, 'Multiple Community Retailer of the Year', 'Post Office Retailer of the Year'(Managed Store), with Joanne Walker picking up 'Store Manager of the Year', all at the Retail Industry Awards in London which celebrates the cream of the crop in retailing across the UK. Embedded in the company is a strong culture of corporate social responsibility. This is evident in the community initiatives, charity involvement and employee volunteer opportunities it supports and facilitates for staff.
- Henderson Foodservice Limited is a leading supplier to the foodservice industry in Ireland. The company sources and supplies a range of over 6,500 products to 4,500 customers across 11 sectors including hotels, public sector offices and hospitals, making over 6,000 deliveries per week. In 2017, Henderson Foodservice Limited celebrated its 50-year anniversary. Throughout the past five decades, the company has won numerous awards and accolades and has expanded significantly.
- Henderson Group Property Limited specialises in the acquisition and development of retail outlets, particularly petrol forecourts and neighbourhood retail schemes. Henderson Group Property also has operational directorship of the Henderson Retail stores. This encompasses responsibility for petrol forecourts, stand-alone sites and neighbourhood centres occupied by tenants such as Subway and Winemark.

### **1.3 Core Values of the Henderson Group**

The Henderson Group is committed to upholding a high level of corporate integrity and is cognisant of its social and environmental impact. It has a strong belief in reinvesting in its business and continually giving back to the Northern Ireland community.



## **2.0 HENDERSON TECHNOLOGY LIMITED**

### **2.1 Background to Henderson Technology Limited**

In 2010, due to constraints placed on it by existing software providers with regards to their Electronic Point of Sale (EPoS) offering, the Henderson Group decided to start their own technology business with the aim of providing in-house systems, known as EDGEPoS, to their own retail stores and others. At the time of writing, based upon a review of available information, the Henderson Group is the only company worldwide selling such systems and using them within its own business. This gives Henderson's a perspective that few software companies can match, meaning that Henderson Technology Limited's innovative product offerings can enable stores within the Henderson Group and beyond to gain a competitive advantage in terms of modern customer offerings.

### **2.2 EDGEPoS**

EPoS is a computerised system used in shops, restaurants and other retail outlets that enables customers to pay for goods or services. An EPoS system has a variety of uses such as:

- Helping to improve the way a business performs by streamlining till processes;
- Allowing information on inventory to be stored securely and facilitating accurate re-ordering;
- Enabling information to be retrieved as and when needed using well-developed data analytic tools;
- Providing a business with details of what products are in demand to help with store layout, including product and customer flow;
- Printing receipts and vouchers for customers, with prompts for greater customer engagement; and
- Linking to a company website or terminal within the business to maximise supply chain efficiencies and simplify data communication.

The EPoS system developed and piloted in 2011 by Henderson Technology Limited is known as EDGEPoS. While powerful, it is one of the most user-friendly systems available anywhere in the world. In 2017, EDGEPoS was put to market in mainland UK and Australia and there are now over 500 Retailers using EDGEPoS worldwide. The system combines back office, stock control,

multi-site operations and more into a single tool, making a wealth of information readily available to retailers that can be analysed and used to deliver on a variety of organisational objectives. This is explained further at: <https://m.youtube.com/watch?v=hj5zNknidh0>.

Henderson Technology Limited, in a short space of time, has been recognised as one of the leading innovators within the EPoS market. As its dedicated research and development team capture improvements based upon feedback from the Retailers, hence the product's tagline '***By Retailers, For Retailers***'.

### 2.3 The *Gander* App

During 2019, in keeping with its value of being an innovative socially-responsible company, the Henderson Group introduced a new app, ***Gander***, in partnership with Ashley Osbourne, Founder of ***Gander***. The introduction of this new technology is an industry first and it was rolled out initially to 270 SPAR convenience stores. The ***Gander*** App is available for download on iOS and Android.

This app, which alerts shoppers when food items have been reduced in store, has been designed to help food retailers clear significantly more of their reduced items - often yellow-labelled produce. When such items are sold, they are automatically removed from the app, providing an instant update of all reductions in store at any time.

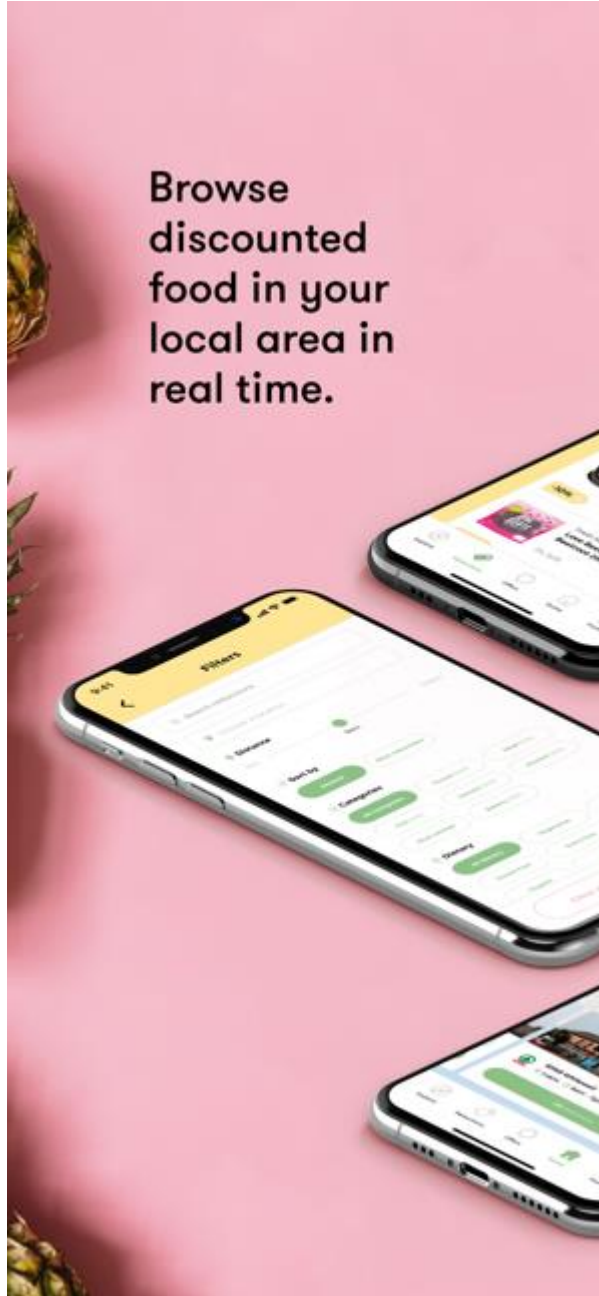
It is estimated that, for food retailers, food waste can cost up to 7% of turnover. This is significant in a competitive market and ***Gander*** assists retailers in reducing that cost and converting it into revenue.

Henderson Technology Limited won 'Mobile App of the Year' at the Belfast Telegraph IT Awards and 'Innovative Business of the Year' at the Business Eye awards 2019.

### 2.4 Interaction between EDGEPoS and the *Gander* App

The ***Gander*** App is only linked to stores that employ Henderson Technology Limited's EDGEPoS system and it is the interaction between EDGEPoS and the App that, to the best of our knowledge, makes it the world's first **real time** food waste reduction app.

**Browse  
discounted  
food in your  
local area in  
real time.**



### **3.0 MONITORING AND EVALUATING ORGANISATIONAL PERFORMANCE**

#### **3.1 Introduction**

A key performance indicator (KPI) is a measure used to reflect organisational success or progress in relation to a specified goal, with its purpose being to monitor progress towards accomplishing the organisation's strategic objectives. KPIs, which are often distinguished as being financial and non-financial, are typically included in a reporting scorecard that enables management, the board or other stakeholders to focus on the metrics deemed critical to the success of the organisation.

Financial KPIs are generally based on statement of profit or loss (income statement) or statement of financial position (balance sheet) components. For example, they may report changes in sales growth (by product families, channel, customer segments) or in expense categories.

Non-financial KPIs are other measures used to assess the activities that an organisation sees as important to the achievement of its strategic objectives. Typical non-financial KPIs include measures that relate to customer relationships, employees, operations, quality and the organisation's supply chain.

In addition to financial and non-financial, other common categorisations of performance indicators are: quantitative and qualitative; short term and long term; and input, output and process indicators. The critical element in developing KPIs is determining what is important or 'key' to the organisation. Failure to monitor and evaluate an organisation's strategic vision, including its values, aims and objectives, can have detrimental consequences for its chances of success.

#### **3.2 Financial KPIs**

Using financial information, a company's performance is often assessed based on its:

- Profitability (e.g. gross profit margin, net profit margin and return on equity);
- Liquidity (e.g. current ratio); and
- Growth (e.g. based on turnover or profit).

Financial information for the Henderson Group (John Henderson Holdings Limited), which incorporates Henderson Technology Limited, is provided in Table 1 and Table 2.

**Table 1: John Henderson Holdings Limited - Statement of Profit or Loss**

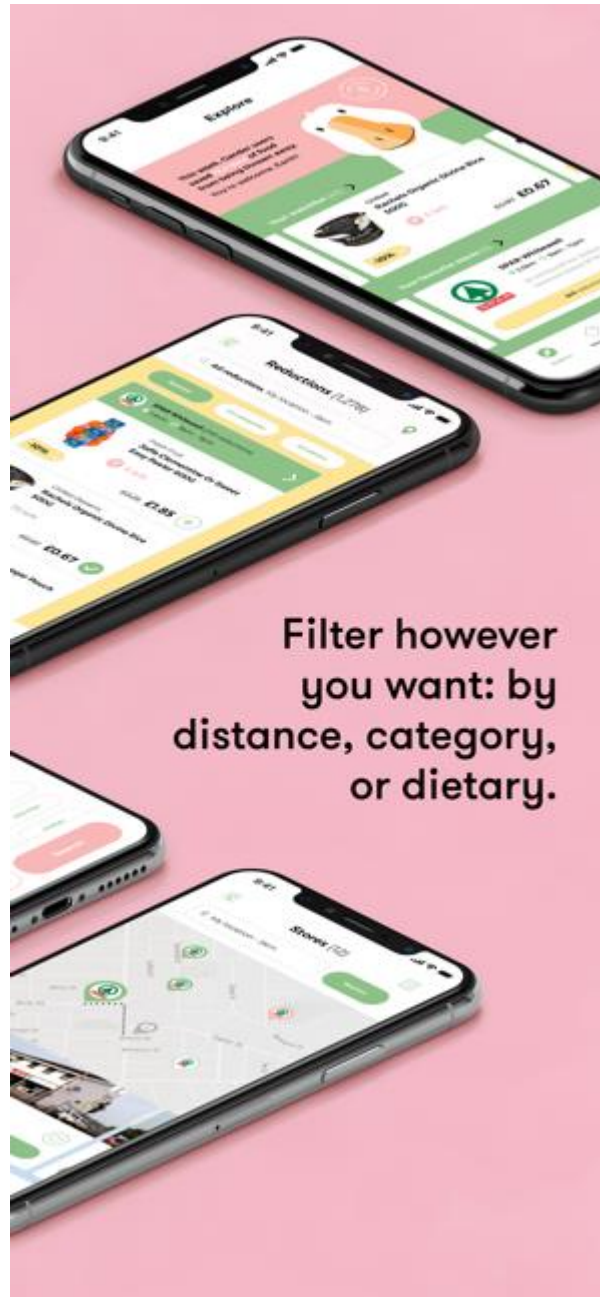
	2018	2017	2016
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Turnover</b>	<b>853,008</b>	<b>759,066</b>	<b>699,321</b>
Cost of Sales	(702,716)	(629,115)	(583,401)
<b>Gross Profit</b>	<b>150,292</b>	<b>129,951</b>	<b>115,920</b>
Administrative Expenses	(117,103)	(103,757)	(92,127)
Other Expenses	90	(6,154)	(3,447)
<b>Profit Before Tax</b>	<b>33,279</b>	<b>20,040</b>	<b>20,346</b>
<b>Profit After Tax</b>	<b>26,678</b>	<b>14,594</b>	<b>15,589</b>

**Table 2: John Henderson Holdings Limited - Statement of Financial Position**

	2018	2017	2016
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fixed Assets	222,489	198,213	175,921
Current Assets	129,020	106,906	101,967
<b>Total</b>	<b>351,509</b>	<b>305,119</b>	<b>277,888</b>
Short-Term Creditors	143,134	119,491	106,405
Long-Term Creditors	9,642	12,127	13,546
<b>Total Liabilities</b>	<b>152,776</b>	<b>131,618</b>	<b>119,951</b>
<b>Equity</b>	<b>198,733</b>	<b>173,501</b>	<b>157,937</b>

### 3.3 Non-Financial KPIs

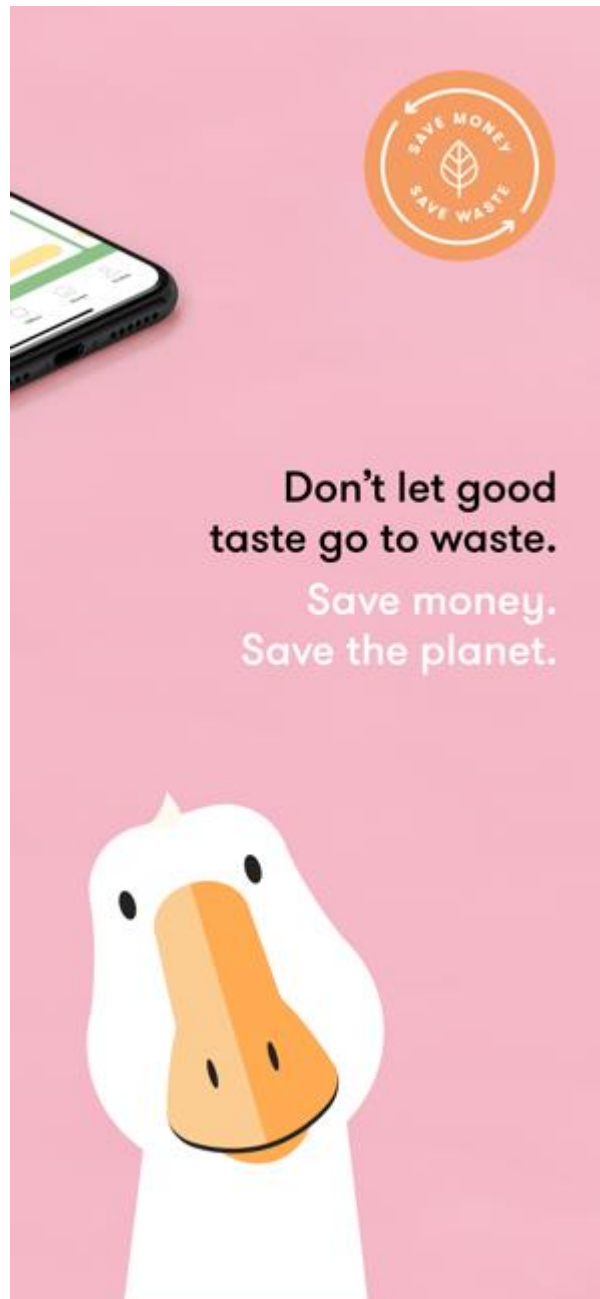
However, there are issues with relying exclusively on financial KPIs when analysing company performance. It is argued that relying solely on financial performance indicators leads to a focus on short-term outcomes rather than long-term success. Financial performance measures are traditionally backwards looking and, although they play a fundamental part in decision making, there are other areas that need to be assessed, such as: *brand awareness; competitors' actions; market share; market opportunities; and external market conditions*. Thus, it is vital for a company to gather qualitative information that reflects the opinions of their employees, customers and the wider society. This brings several benefits, including higher levels of customer loyalty, the achievement of long-term company goals and improved predictions about long-term financial performance.



Filter however  
you want: by  
distance, category,  
or dietary.

#### 4.0 CONCLUSION

Internal limitations of technology offerings from existing suppliers meant that the Henderson Group started their own technology company nine years ago. After significant investment in research and development, this led to the development of a successful product. The added value of having the right product meant that Henderson Technology Limited was able to partner with ***Gander*** to launch an app that not only will have financial benefits but important implications for food waste reduction. This vertical integration has contributed significantly to the Henderson Group's continued success and improved performance.



## REQUIREMENT

You have secured a prestigious position with BDO NI as a trainee management consultant. The BDO NI Consultancy Partner has provided you with the information in Sections 1-4 above and asked you to prepare a 15-minute presentation for delivery to the Board of Directors of the Henderson Group that addresses the matters referred to below.

- (a) Using both financial and non-financial measures, appraise the performance of the Henderson Group.
- (b) Evaluate the stage of the product life cycle of EDGEPoS and how the marketing mix can be used as part of its future sales strategy.
- (c) Outline how the Henderson Group might measure the success of the *Gander* App and further develop it in order to enhance the organisation's competitive advantage.
- (d) Given that the turnover of Henderson Technology Limited represents less than one percent of the Henderson Group's turnover, consider why Henderson Technology Limited might be considered strategically important to the Group.
- (e) Finally, and just for fun, what would you call the Henderson Goose and why?

In preparing for the presentation to the Board of Directors of the Henderson Group, the Consultancy Partner has advised that you undertake your own research.

***Please provide a printed copy of your presentation for the Board of Directors on the day.***

## **NI BUSINESS CHALLENGE FOR SCHOOLS: JUDGING PANEL**

### **Ron Whitten, Chief Financial Officer, Henderson Group**



Ron Whitten was appointed Group Finance Director of John Henderson (Holdings) Limited in 2006 and became Chief Financial Officer in 2015. Ron joined the organisation in 1997 and prior to being appointed C.F.O. he held a number of executive roles within the group including Finance Director for the Retail division, overseeing a 10-year strategic investment plan to grow the Retail Division from a turnover of £38m to £400m and from a loss making subsidiary to a profit contributor to the group in excess of £8m per annum. A graduate in Accounting from Queens University Belfast, he trained as a Chartered Accountant with PWC. Post qualification, he joined their Corporate Recovery Division and was part of the PWC team to oversee the first Administration in Northern Ireland under the newly introduced Insolvency legislation. This led to the move into Industry with a career starting as Head of Finance of the domestic divisions of Norbrook Laboratories Limited, a veterinary pharmaceutical manufacturer and another of Northern Ireland's leading private companies.

At Henderson's, Ron is responsible for the group functions Controlling and Accounting, M&A, Risk management and Internal Audit, I.S. and Retail Technology, Taxes and Treasury. Group Turnover at Henderson's has trebled during the period in position to £854m. Last year, the Henderson Group announced an investment of £25m in the transformation of their headquarters in Mallusk with the opening of a new office block and the construction of a new 180,000 sq ft. warehouse.

### **Laura Jackson, Partner, BDO Northern Ireland**



Laura is Audit Partner at BDO Northern Ireland. A graduate of Queens University Belfast & Ulster University, she was admitted as a Fellow of Chartered Accountants Ireland in 2016. She holds a Master's degree in Advanced Accounting and has significant audit experience across a variety of industry sectors. She is responsible for the audits of several large groups of companies and also acts as reporting accountant for many different companies.

Laura is a Member of Institute of Directors, a Council Member for Confederation of Business Industry and a member of the Audit and Risk Committee for Belfast Waterfront and Ulster Hall Limited.

### **Professor Ciaran Connolly, Queen's Management School**



Ciaran is Professor of Accounting at Queen's University Belfast and Subject Leader for the Accounting Group in Queen's Management School. A fellow of Chartered Accountants Ireland, he holds a DPhil from the University of Ulster and an MBA from Queen's University Belfast. Ciaran's teaching interests are in the area of financial accounting and not-for-profit accounting. He currently teaches both undergraduate and postgraduate students in the areas of financial reporting and not-for-profit and public-sector accounting. Ciaran's main area of research is in the field of public services, particularly the financial and performance measurement aspects of the charity and public sectors.

### **Bronagh Luke, Head of Corporate Marketing, Henderson Group**



Bronagh joined the Henderson Group in January 1995 as a Marketing Controller and has over 28 years' experience in marketing/PR. Her current role as Head of Corporate Marketing involves the management of corporate and brand PR /Sponsorships/event management/internal communication/CSR which includes the management of the group's many charity partnerships. One of Bronagh's recent achievements was the championing of the award winning 'Heart of our Community' campaign where over 220 automated external defibrillators have been installed outside SPAR, EUROSPAR and VIVO stores for public access in the heart of communities throughout Northern Ireland.

Bronagh holds a BA (Hons) Business Studies with marketing from Ulster University; a post graduate diploma in export marketing management and a diploma in road transport management. Bronagh is also a member of the GroceryAid charity committee.

**Claire McFall, Director, BDO Northern Ireland**

Claire is a Director with BDO Northern Ireland's audit department. A Law & Accounting graduate from Queens University Belfast, Claire has also completed a Masters in Advanced Accounting at University of Ulster and qualified as a chartered accountant in 2008. As Director, Claire manages a wide portfolio of corporate clients across numerous industry sectors. These include agri-food, wholesale, retail and professional practices across Northern Ireland, United Kingdom and Europe. Through her time with the firm since joining in 2005, Claire has acquired an extensive skill set and experience in statutory audit assignments serving these clients.

Claire's specialism is found in group audits including group reporting & consolidations as she has developed strong links and working relationships across the BDO International network. Claire has extensive experience in IFRS reporting and the transition process from UK GAAP to IFRS. Claire also specialises in the area of professional practices and the additional reporting requirements in this sector.

