

Courts Jamaica Limited 1999

Managing Director's Report

Overview

Our success in the last year was built on a platform of excellence in service to our public and the provision of lower cost credit, as we said to the public in our promotion "...because we know you have other things to do with your cash". Our big prize promotions, best price promise and new product additions have helped and we have been able, with increased warehouse space, to improve our delivery service. We constantly strive to refine our customer service processes and I hope that our new computer software, now being tested in eight branches will prove to be the system we need to provide a new level of internal and external customer satisfaction. All our mission critical computer systems are now Y2K ready and peripheral systems conformity should be achieved by the end of September 1999.

Furniture

I would like to again thank our furniture and bedding manufacturers who have managed to supply over half a billion dollars in orders - 15% over the previous year. They achieved this despite the high cost of borrowing for raw materials and work-in-progress. We have sponsored Canadian Executive Service Overseas consultants to work with our manufacturers over the last three years and we have recently employed a young expatriate executive to work full time with our furniture suppliers to improve quality, production efficiency and supply reliability. It is important that we keep furniture manufacturing jobs in Jamaica. Our sales of local and imported kitchen cabinets went well in our Constant Spring store and this will be rolled out to four other stores this year. Our Italian bedroom furniture range has been very successful and our complete range of beds has set the industry standard, with five models now manufactured locally under license from an American manufacturer.

Electricals

Our appliance and home entertainment product procurement is almost exclusively foreign based but we are achieving lower prices on key brand lines through group purchasing and new direct relationships with the factories. We have increased our merchandise offering with airconditioning, home theatres, lawn mowers, personal computers, cellular phones, Sharp microwave ovens and Panasonic floor-care products. All our refrigeration products are now CFC free.

Marketing

Our Bimmer and Zimmer Mania promotional campaigns created a high degree of awareness and have been very successful. We received a Best Campaign Award for the former. We have launched an awareness campaign for an excellent brand of refrigerators and stoves out of Mexico under the MABE brand name. We introduced telephone cards and gift vouchers that encourage store traffic and sales. We promoted Ezee credit as an alternative to cash, encouraging this means of purchase at a much lower weekly payment than previously. During the year we kept up a constant stream of high profile events which drove sales throughout the network. I must commend our in-house team that does the work of an advertising agency twice its size with enthusiasm, high creativity and skill.

Community Projects

This was the last year of our \$35 million Community Trust Fund disbursement over seven years. We expect to ask the board for an even larger fund at our 40th Anniversary celebrations in October 1999. Meanwhile we assisted in hundreds of areas. We were pleased to be the major contributor (\$1.5 million) to a multi-sports facility now open for the youth of an inner-city deprived area not a mile from our Cross Roads store. We have been the lead fundraiser to save the children of Walkers Place of Safety from being evicted.

Staff

Permanent staff levels were increased throughout the network from an average of 594 to 651 and yet sales per employee improved nearly ten percent. We had fourteen management trainees on a development programme to strengthen our future store and back office department management. We invested \$5.7 million in staff training during the year and this demonstrates our commitment to the development of our people, our most important asset. I thank the

management and staff at all levels for producing an excellent year. I am very proud of the dedication of our employees and with their continued commitment we will continue to grow and thrive, even in an increasingly hostile trading environment.

Summary

We have gone for growth and achieved gratifying results in the year under review. We have managed to keep all costs as a percentage of sales below budget and previous year levels in all areas except one. These efficiency gains are important if we are to be strong enough to withstand the vagaries of a stalled economy and a volatile trading environment. The one area where costs have increased is our bad debt provision and this will be a major focus of your management in the current year. We have some major marketing initiatives in the pipeline for the year 1999-2000 and we will continue to serve our customers according to our mission "...beyond their expectations". I am hopeful that the new millennium will see Jamaica build a new foundation for growth and prosperity and if so, your company is poised to benefit from this.

Richard W.T. Coe
