

Our Strategy



OUR STRATEGY

Howdens' strategy is focused on kitchens and related products. Its successful execution depends on our ability to manage the complex combination of numerous skills and products in a simple and efficient way. This ability has been developed since we started operations in 1995.

Invest for growth

Our strategy is to invest for future growth. In order to deliver the potential we see in our market and ensure stock availability in depots as we expand, we have invested around £220 million in the past four years in our manufacturing and distribution to improve efficiency, provide for disaster recovery and increase capacity in anticipation of the continuing growth of the business, as well as implement upgrades of our digital capabilities.

Expand our depot network

Our strategy is to expand our depot network and expand the range of products we can sell to the builder, increasing our total addressable market. While we take account of market conditions in planning the roll-out of new depots, we continue to see untapped requirement by builders for a local and convenient service in much of the country. This need is illustrated by the fact that when we add a new depot near to an existing one, we see overall sales increase in the area within a short time.

We believe that there is some way to go before we have saturated the UK market and we see continue to see significant opportunities to grow our business, with scope for up to 850 depots, some of which will utilise a smaller depot footprint. We discuss our expansion plans in more detail in our CEO's report on pages 18 to 23.

People Development

Our strategy is to develop our people. Howdens' success is based on customer service: we do what we say and say what we mean. We seek to ensure that everyone in the business practises this principle, and stays focused on this and on all the other elements of our culture.

Our business benefits from the investment we make in developing our people. When we invest in the right people, we can grow our own leaders. Leaders who already understand the strategic importance of the Howdens business model and culture. Our investment in development also gives valuable opportunities to our best people and helps us to retain them.

Prudent financial management

Our strategy is to commit to prudent financial management. We maintain sufficient cash balances to allow us to meet the requirements of the working capital cycle, taking into account the marked seasonality of the business and returning surplus cash to shareholders as appropriate, which has been via share repurchases and dividend payments.

We discuss our uses of cash in more detail in our financial review on pages 27 to 28. Our dividend policy is on page 27.

Actions in 2018

We have transferred our main distribution operations to a 650,000 square foot national distribution centre, built in 2017 at Raunds, near Northampton, replacing our old distribution centre on the outskirts of the town. We have also made significant, ongoing investments in Howdens' systems infrastructure to ensure that our processes are robust and efficient.

Other activities included developing a new website, and introducing new products such as worktops, oak cabinets and pre-finished doors that meet the builder's constantly evolving needs. These all support our strategy of growing the business.

...advice and aftersales to make a home to be proud of.