



Waterford Crystal

Meeting the Challenges

'Bringing Back The Sparkle'
29th May 2006

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Agenda

- **Waterford Wedgwood plc.– Overview of Organisation**
- **Waterford Crystal Division– The Business Context**
- **Waterford Manufacturing Strategy**

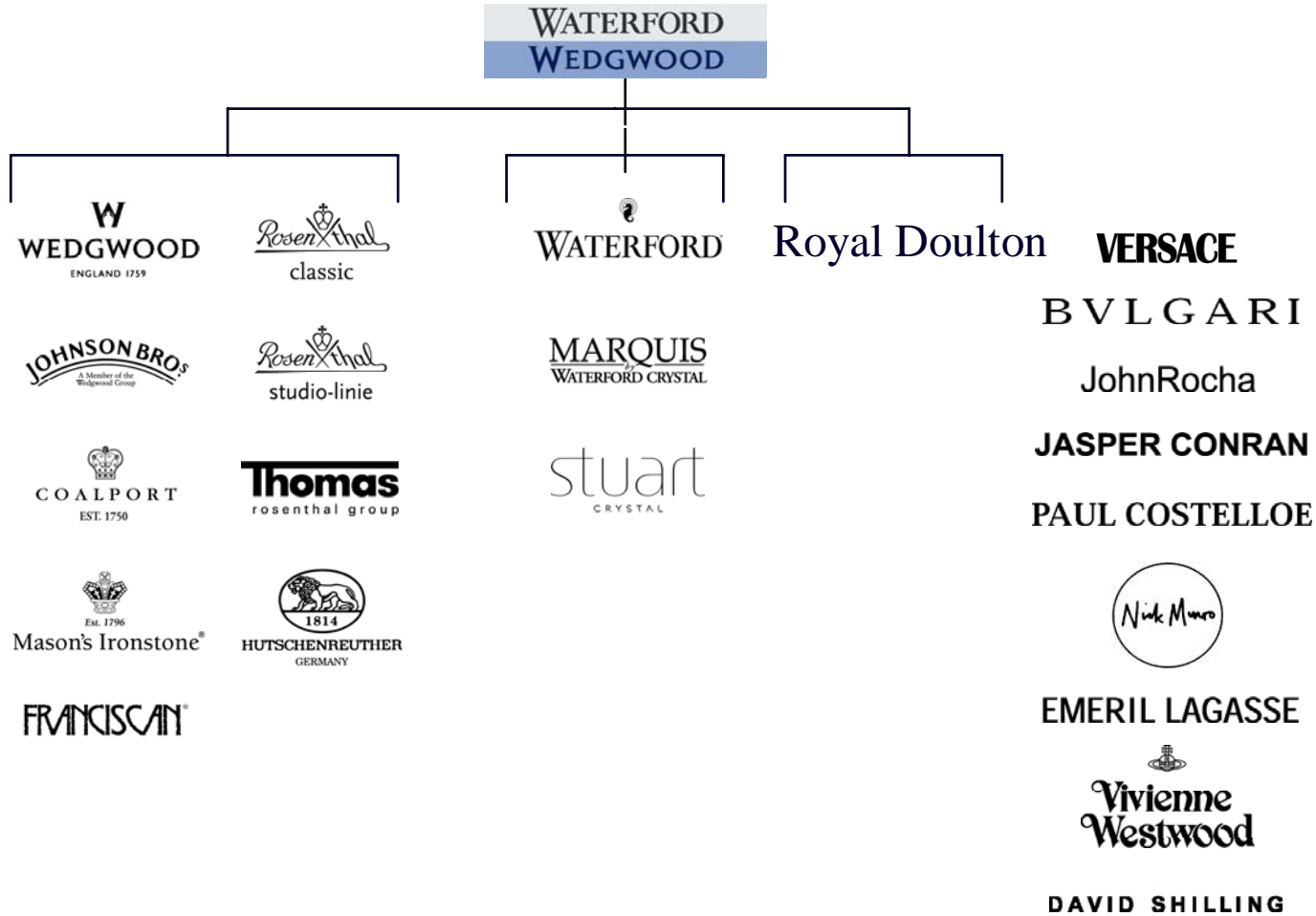




Waterford Wedgwood plc



A Group of Luxury Lifestyle Brands

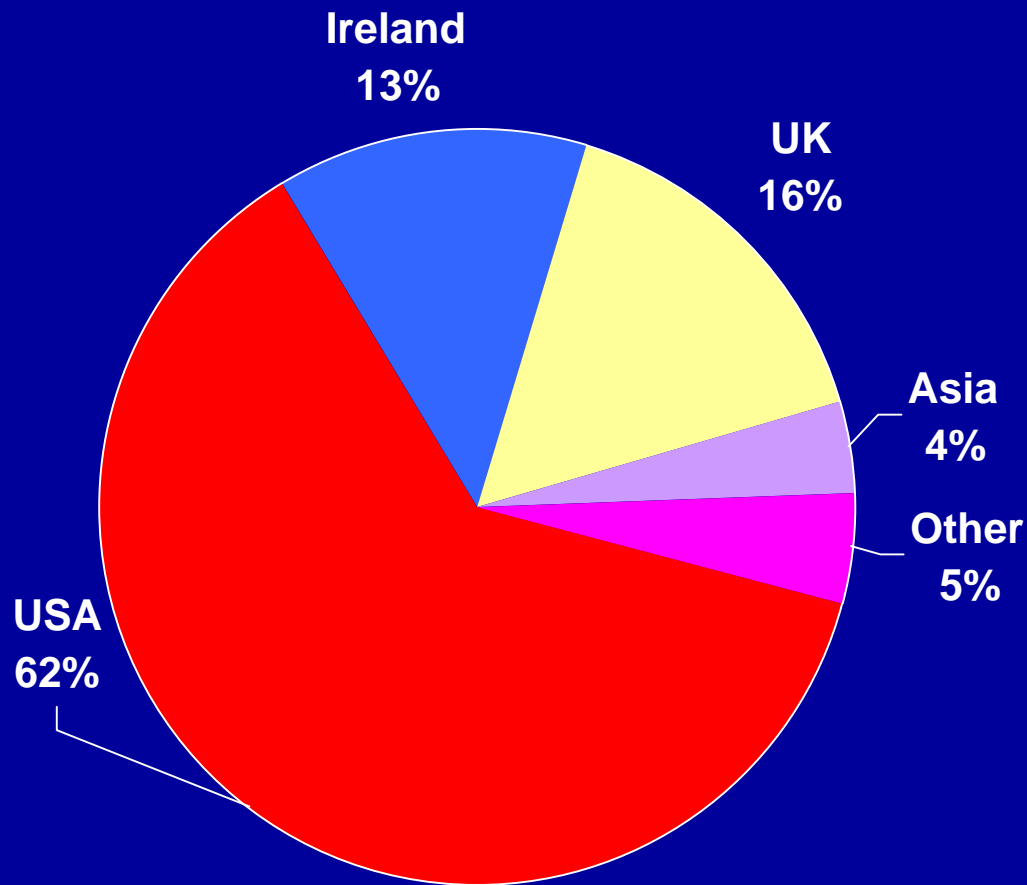


Waterford Crystal Division





Waterford Crystal Division Sales by Market - Basis Turnover





Waterford Crystal

The Waterford Brand

**Moving Gradually
From**



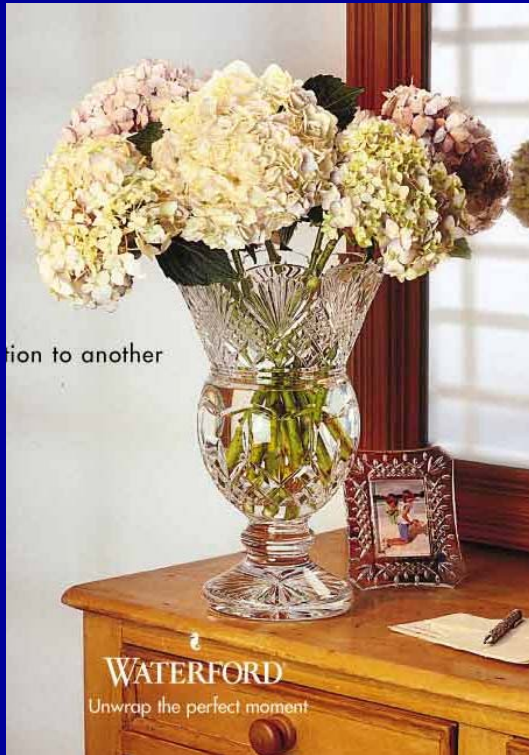
**Moving Gradually
To**





The Waterford Brand Product Transition

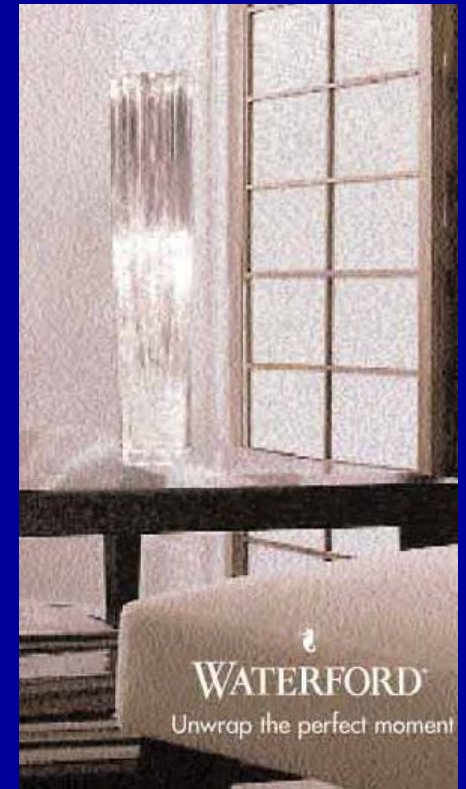
Traditional Waterford



Modern Lifestyle



Contemporary





BUSINESS CONTEXT: WATERFORD CRYSTAL IS AN ICONIC IRISH BRAND, BUT IS UNDER INCREASING PRESSURE

Revenue Pressure

- **Total US crystal market falling**
- **US Department Store channel in decline**
- **Market Price Competition**
- **Depreciating US dollar**

**Substantial
profit
deterioration
in two years**

Cost Pressure

- **Rising Irish Cost Base**
- **Competitive outsourced supply from low cost economies**
- **High € fixed cost base**



The Changes - Company Ethos

- From production driven to market led
- Focus on customer's needs
 - Identified and served
- Build strong, long term trade relationships





The Changes - Structure

- From vertical to horizontal
- Functional to process driven
- Cross-functional projects
- Installed SAP as ERP Platform
- Divisional organisation structures

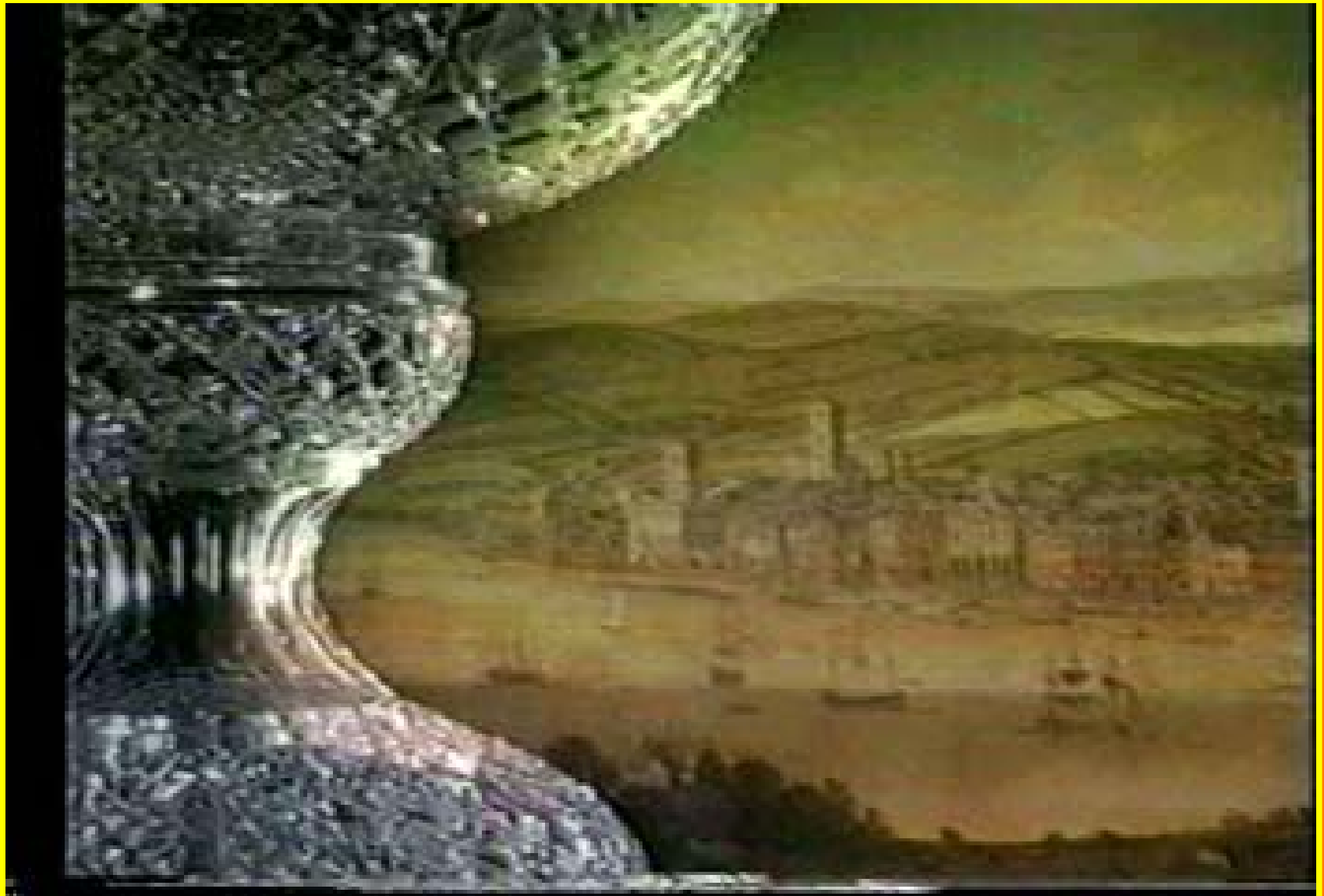




The Changes - Production

- From craft to techno-craft
- Innovative product and process technologies
- A world leader in technology
- Continual Process Innovation
- Adopted Lean Manufacturing Principles







The Changes - Sourcing

- **Philosophy: multiple competing sources**
- **“Make-or-buy”**
- **More than 200 new products each year**
- **1991:**
 - **Everything made in Waterford**
- **2006:**
 - **1,400 Vendors in 44 Countries**
 - **Homesourced factory output 60% of Crystal Sales**
 - **Total units p.a. 9.5m**





The Changes - People

- **Moving from lifetime employment**
- **Towards concept of employability**
- **Employment numbers down from 3,200 to 1,450**
- **Training and development**
- **“An informed and questioning workforce”**
- **“Enabled and empowered employees”**





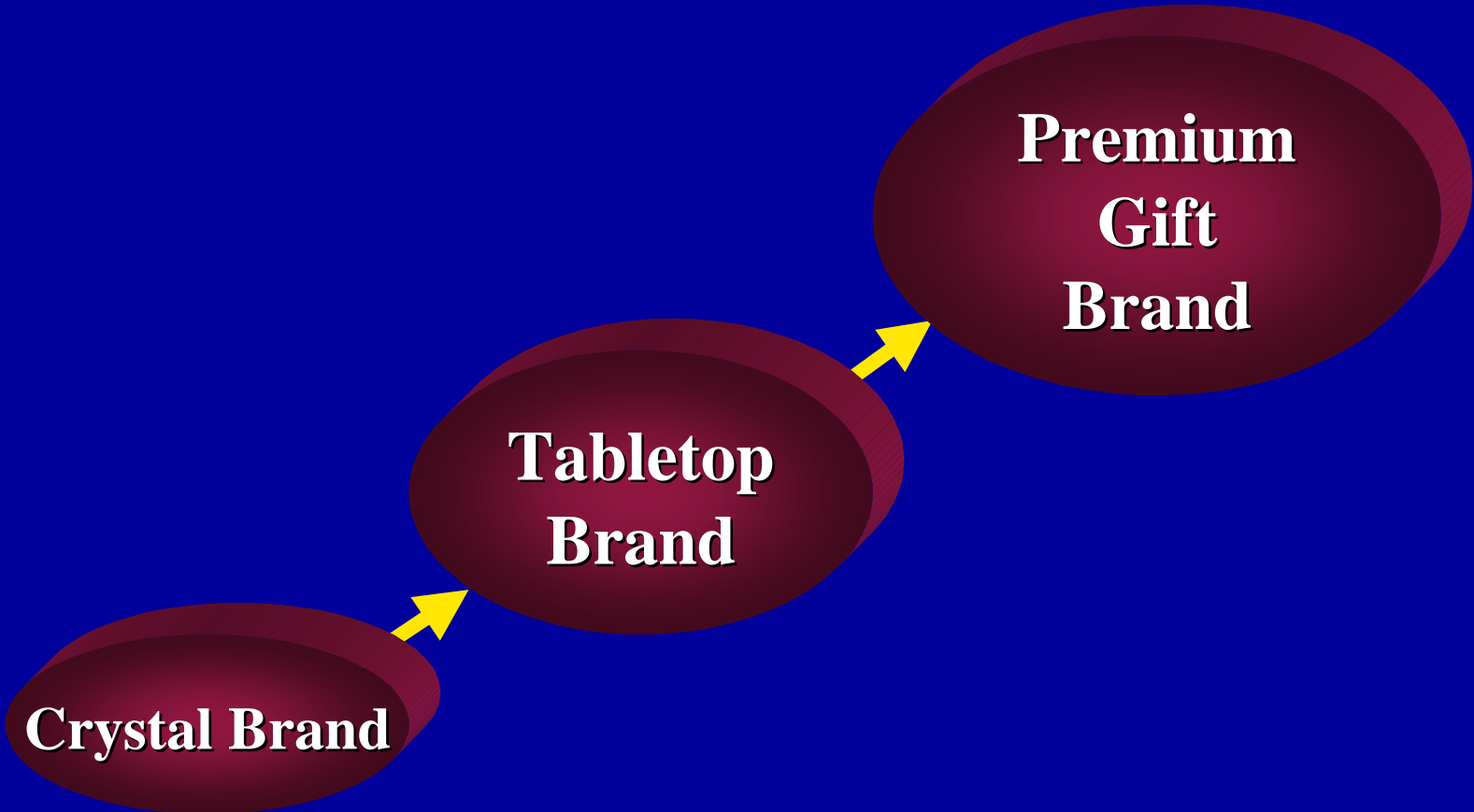
The Changes - Branding

- Loyal customers ageing gracefully
- Prices forced up – cost base and exchange
- 1991: Marquis
- 1997: John Rocha
- 1998: Jasper Conran
- 2006: Robert Mondavi
- 2006: Marc Jacobs





The Changes - Power of the Brand





The Changes - Power of the Brand

- **Tabletop**

- **Waterford Crystal**
- **Waterford Linen**
- **Waterford China**
- **Waterford Flatware**

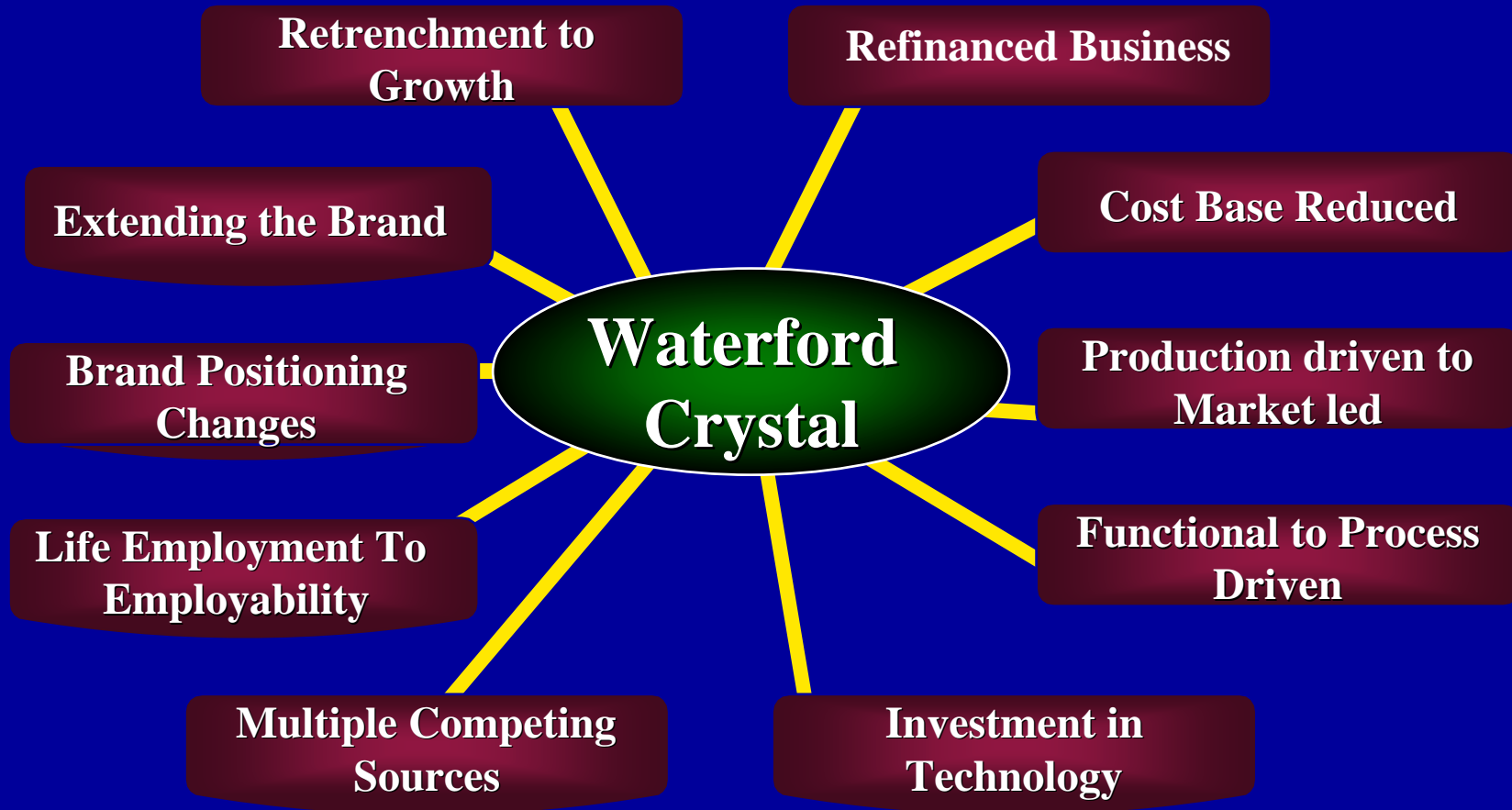
- **Luxury gifts**

- **Waterford Writing Instruments**
- **Waterford Holiday Heirlooms**
- **Waterford Jewellery**





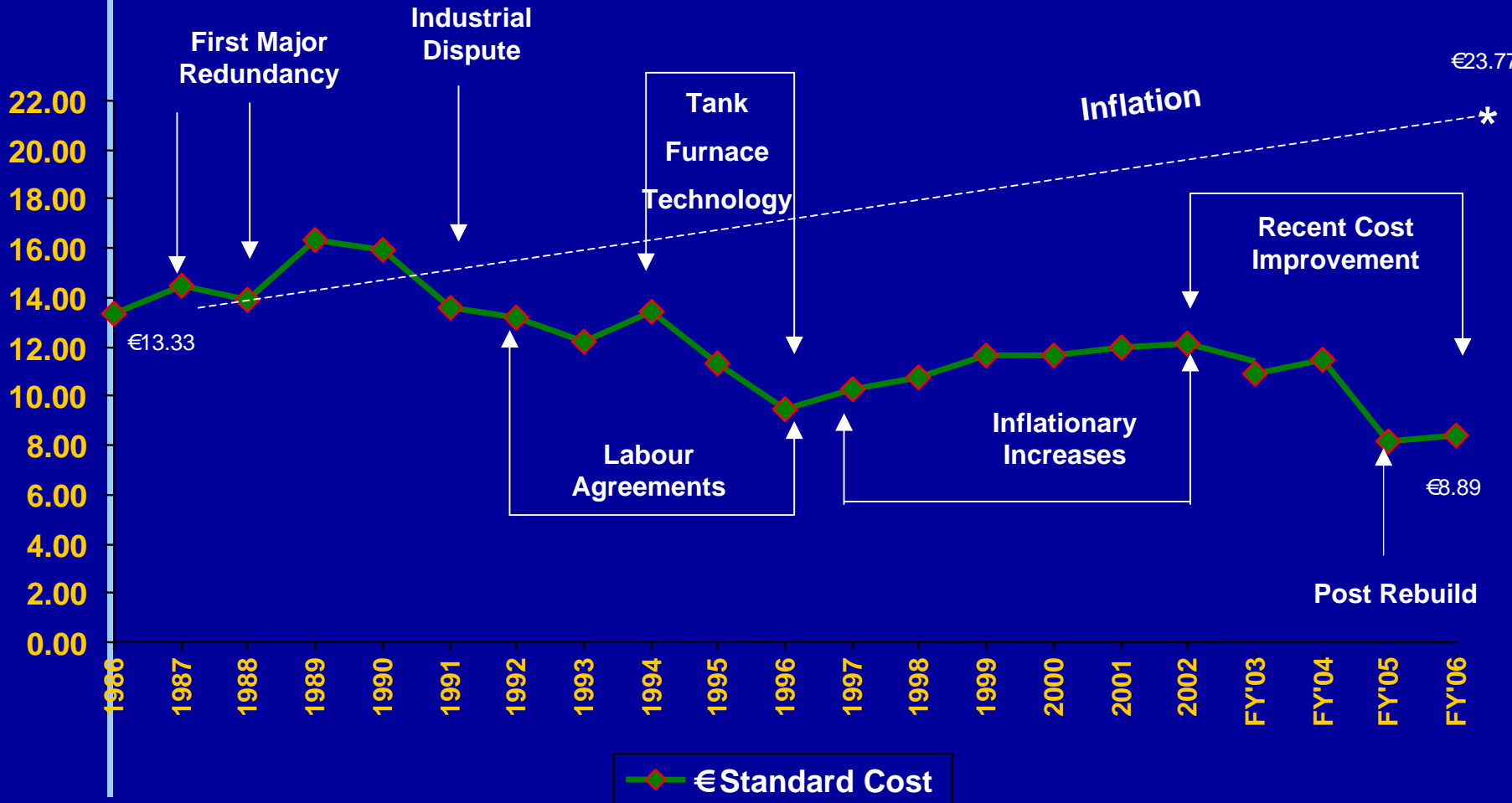
The Changes



Section 2: Waterford Stemware Manufacturing Process



Stemware Development since 1986



FY'06 unit cost of €8.89 is 33% lower than actual 1986 cost and 170% lower than the cost inclusive of inflation



Conclusion

- **To succeed requires :**
 - **Clear direction**
 - **A deep understanding of the business**
 - **Strong market focus**
 - **Absolute commitment to change**

