



KORN FERRY

Confidential Position Specification



Director, International Logistics

August 2017

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Position	Director, International Logistics
Company	Ferguson plc
Location	Newport News, VA, USA
Reporting Relationship	Reports directly to the Senior Vice President, Supply Chain, Michael Jacobs - or- Vice President, Global Logistics
Website	www.fergusonplc.com

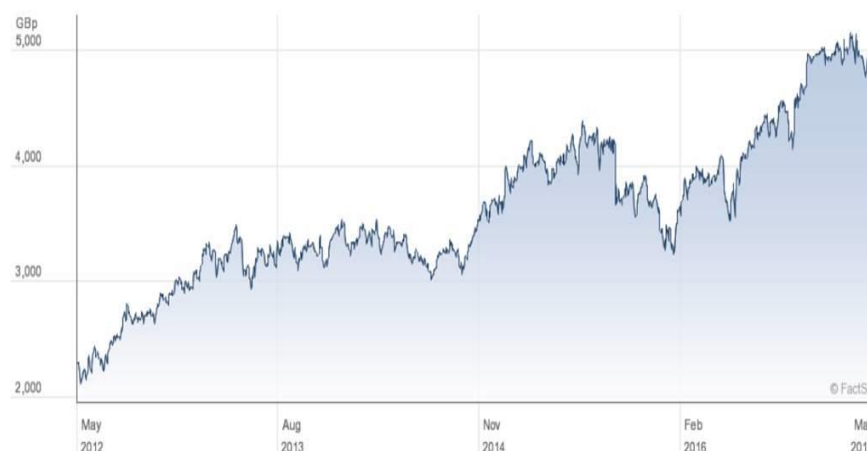
BACKGROUND TO THE APPOINTMENT

Ferguson plc (formerly known as Wolseley plc) is the largest distributor of heating and plumbing products in the world. It sits at the centre of a very large scale and complex supply chain, acting as the route to market for more than 52,000 suppliers to fulfil the needs of more than one million customers. In the year ending July 2016 the Group generated revenues of £14.4 billion (FY15 £13.3 billion), on which it delivered operating profit of £767 million (FY15 £556 million). It has some 39,000 employees. It is listed on the London Stock Exchange and with a market capitalisation of more than £12 billion, it is a constituent of the FTSE100 index of leading companies in the UK. The Group is domiciled in Switzerland.

Financial performance – five-year summary

		2012	2013	2014	2015	2016
		£m	£m	£m	£m	£m
Revenue	Group	11,755	12,038	12,271	13,332	14,430
	US	6,168	6,785	7,070	8,343	9,456
Trading Profit	Group	627	711	752	854	916
	US	388	492	546	681	775

Five-year share price performance



CORPORATE CHANGES

The US represents by far the largest market for the Group, accounting in H1 2017 for 68% of revenue and 84% of profit. In recognition of the importance of the US market, the Group announced in March that the corporate name would be changed from Wolseley plc to Ferguson plc, aligning its identity with its most significant brand in its largest market. This proposal was ratified by shareholders at the AGM on 23 May and came into force on 31 July. The Group also announced that from 1st August 2017 it would report its financial results in US dollars. As a consequence of these changes, the Group has decided to relocate certain key corporate functions to the US. There will also be changes to some reporting relationships, and a consequent refinement of the corporate structure.

BUSINESS DESCRIPTION










Business model

The business model centres on driving value through customer focus. The Group sources products from a highly-fragmented supplier base, and then distributes to its customers, which range from sole traders to large construction companies. The distribution channels include direct routes from suppliers and through distribution centres, but nearly 80% is delivered through its network of hubs, branches and networks. The branches account for some 69% of sales, with 9% through central account management, 8% through showrooms and 14% through e-commerce.

The Group has built a high quality digital platform to complement its face-to-face branch offering which has proven to be successful, but it recognises that there is considerable potential for additional growth in on-line sales, and for more effective utilisation of the data the company holds and generates to drive value, such as in aftermarket sales and support.

Regional organisation

The Group is currently organised regionally, divided into the US, the UK, Nordic region and Canada and Central Europe.

	Revenue	Margin	Branches	Employees	Brands	
US	9,456	8.2%	1,465	23,000		
UK	1,996	3.7%	737	6,000		
Nordics	1,881	3.2%	256	6,100		
Canada & Central Europe	1097	4.8%	296	3,500	 	

Following a strategic review the Group has decided to exit its business in the Nordics. In the Canada and Central European region, it has entered into an agreement to merge its Swiss business Tobler with Walter Meier, a national competitor.

Ferguson in the US

In the US, the company goes to market through three key brands, Ferguson, build.com, and Wolseley Industrial Group.

FERGUSON®

Ferguson is the largest wholesale distributor of residential and commercial plumbing supplies and pipe, valves and fittings in the US. The company is also a major distributor of HVAC/R equipment, waterworks and industrial products and services. Ferguson operates in all 50 states, Puerto Rico, Mexico and The Caribbean. There are no direct competitors to the company that operate across all of its markets. The company enjoys a No.1 position in: blended branches; waterworks; fire and fabrication, and a No.3 position in HVAC and industrial.



Build.com is one of the fastest-growing online home improvement retailers in the US, aiming to provide the best product selection, unmatched customer service and easiest online experience. It is among the online category leaders in plumbing, lighting, door hardware and ventilation.



The Industrial business distributes pipes, valves, and fittings products to industrial customers across all sectors, including oil, gas, mining, chemical and power.

INVESTMENT CASE

Ferguson plc has proven its capability to deliver profitable growth, leveraging four key areas of strength:

Benefits of scale. As the largest distributor of plumbing and heating products it benefits from economies of scale in procurement, operations, supply chain and technology. More than 80% of revenue is generated through brands which have No. 1 or No. 2 market positions.

Attractive growth opportunities. The company has a strong sales culture, it operates in fragmented markets, it can deliver low risk bolt-on acquisitions, and it benefits from quick, reliable payback from branch expansion.

Strong execution culture. It has a strong people and service culture, it is capable of driving performance systematically, and it has a best-in-class ecommerce offering.

Low volatility: Sustained gross margins; strong investment grade balance sheet; strong free cash flow through the economic cycle.

KEY RESPONSIBILITIES

With the move of certain UK based headquarters functions to the US, the position of Director, International Logistics is a role moving to the Ferguson headquarters in the United States. It will draw together the responsibilities of International Operations and Trade Compliance. International logistics is at the very center of the Ferguson strategy as they build their private label and drive forward on direct sourcing opportunities.

Accountable for global trade compliance, international freight management, trans-loading opportunities, and container drayage operations; the Director, International Logistics role is hands-on but must also provide strategic direction to drive operational excellence in multi-channel distribution activities worldwide. Additionally, the holder of this role must build and maintain a flexible and adaptive set of resources which meet the specific needs of the organization, with the goal of driving strategic initiatives, continuously improving processes, reducing cost structures and facilitating growth. He / she will develop the strategy, build the organization and improve logistics service provider effectiveness. The successful candidate will have the ability to drive results in a fast-paced and demanding growth environment. He/she will be a true leader, have the ability to build strong internal and external high impact teams by leveraging strong interpersonal skills.

This leader will help design a strategic blueprint to maximize the use of technology in addition to a network of strategic partners, positioning Ferguson to respond to the growing needs of a diverse customer base by developing innovative transportation and supply chain solutions. The Director, International Logistics will be adept at implementing optimal commercial arrangements with 3PLs, forwarders, Customs brokers as well as transportation providers and vendors by quickly identifying priorities and driving transparency, speed, quality process, accountability and productivity. At the same time, he / she will further strengthen the relationship between operations and key business stakeholders to enable profitable growth and an enhance customer experience.

Specific responsibilities will include:

- Import and export 5K FEU containers annually (and air freight) Origins include Asia- Far East, India, Europe, Mexico and Canada.
- Leadership of six Ferguson team members as well as freight forwarders, Customs brokers, and consolidators.
- Creating transparency and speed for the movement of international goods throughout the supply chain.
- Negotiation of ocean freight, air freight, Customs broker, trans-loading, etc. services.
- Managing end-to-end supply chain costs and margin reporting to deliver a highly competitive landed cost through best methods of network optimization.
- Ensuring Ferguson follows all trade compliance laws and regulations as well as uphold our CT-PAT tier 3 standing.
- Finding best-in-class methods to create a sustainable supply chain.
- Development of vendor relationships as well as vendor manuals on how we conduct business.
- Management and implementation of international supply chain systems such as GT Nexus, Integration Point, SCOUT, etc.

Other responsibilities include to:

- Develop strong partnerships and establish credibility with the internal team and adopt Ferguson's strong service-driven culture.
- Build a high performing organization; attract, develop, and retain the best talent possible within the relevant functions throughout the organization. Build credibility in the supply-chain at large.
- Work closely with the senior leadership team as well as all team members to ensure that global, national, regional and local transportation activities are fully aligned to support the organization's business strategy and plan.
- Aggressively support revenue growth and operating income while ensuring best-in-class delivery performance on behalf of business stakeholders and customers while employing a market-oriented, service mindset.
- Manage alliances with Logistics Service Providers through all facets of the sourcing lifecycle, maximizing leverage and ensuring top notch service and capacity at the right cost.
- Promulgate all transportation policies and procedures.
- Oversee all company global trade compliance and duty payment activity to ensure Ferguson is fully compliant.
- Be responsible for cost synergies and financial operating practices of all transportation purchasing activities.
- Ensure capacity and flawless execution capability in a highly complex, high volume environment. In addition, leverage internal infrastructure as an integrated part of the network.
- Architect new capabilities leveraging systems and business processes, while ensuring zero-defect implementations and change management.
- Serve as a practical thought leader who is able to maintain and build upon broad leadership expertise and capabilities in all logistics areas.
- Partner across the organization to develop and strengthen strategic alliances with customers.
- Create a culture in each facility that reflects Ferguson's values

YEAR ONE CRITICAL SUCCESS FACTORS

- Learn the business and the Ferguson culture and build key cross functional partnerships.
- Create the newly integrated international transport and trade compliance function, and assess the organizational, process and infrastructure needs to support the Group's global growth plans.
- Partner with key stakeholders to understand short term and long-term opportunities to improve the impact and effectiveness of the transportation organization.
- Ensure globally compliant trade practices are in place, inclusive of proper documentation and SOPs that addresses the current geo-political environment and anticipate future challenges/opportunities.
- Assess current operations to ensure existing technology is being leveraged and identify any gaps to support future needs.
- Ensure appropriate risk mitigation plans are in place, well-socialized and tested.
- Develop effective transformational change management and implementation methodologies across the transportation network.
- Quickly assess the existing international capabilities of Ferguson's operations, building

upon what exists and providing a playbook that standardizes and scales network operations.

- Drive the Group's adoption of the vision of a transportation function that is aligned with the broader organizational strategy, and is respected and trusted for its ability to deliver.
- As the business continues to evolve and change, this leader must strive to improve the depth and consistency of talent internally and externally.
- Develop the supply chain team members and ensure proper succession throughout transportation.

PROFESSIONAL EXPERIENCE, CAPABILITIES & LEADERSHIP

The holder of this new role will be a senior executive with minimum of 15 years of international transportation, trade compliance and supply-chain industry experience, gained in international organizations, of comparable scale and complexity. The right individual will be an expert in global transportation but should have deep and broad exposure to most elements of the supply-chain including: warehousing, distribution, trade compliance, inventory management, planning, and transportation.

In addition, the Group is looking to attract an executive who is:

- Well-versed in process improvement skills gained in operations-centric environments, where improvements are driven by creativity and innovation and can be shown via measurable KPIs.
- Respected for their track record of success developing and managing a world class transportation and logistics organization.
- Experienced working in global matrix organizations.
- Practically experienced migrating from legacy systems and implementing Transportation Management and other relevant trade compliance, productivity and supply chain visibility systems.
- Effective in a high volume, multi-channel, complex setting.
- Known for having a strong business acumen and analytical problem-solving skills.
- A thought leader in distribution, domestic & international transportation, import/export compliance.

LEADERSHIP STYLE

- A clear communicator and exceptional listener, who inspires others when providing cross-functional leadership.
- A self-starter who can identify and lead strategic projects.
- A creative thinker – enjoys challenges and is solutions-oriented.
- Able to demonstrate success in attracting and developing superior talent. Committed to the success of others.
- Intellectually curious and has a passion for continuous learning.

And most critically,

- Able to assimilate into and actively promote the Ferguson culture. They should already have a strong customer-centric mindset.

QUALIFICATION & EDUCATION

Academic credentials should include an undergraduate degree from a respected college / university, ideally in Supply-Chain Management or related business area. A Master's degree in Business Administration or technical discipline, while not required, will further differentiate the ideal candidate.

KORN FERRY CONTACTS

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