

Boots

The history behind the Boots

A man called John Boots from Nottingham founded boots in 1815. John started creating herbal medicines that were popular at the time. He took advice from his mother and used one of her remedy books for instruction. He gained a skill for creating healing remedies that were successful. He opened up a little shop in which to sell these medicines in the late months of 1848. His shop was named “The British and American Botanic Establishment”. He lived on for a further 12 years running his shop until he died at the age of 45. The shop was then taken over by his wife and son. Together they made the business run very successfully and it was seen as very popular. The two of them decided to start trading under the name of M & J Boots (their initials). They reduced prices and started to increase customer awareness by advertising.

The business was ready for expansion by the end of the 1870’s and in 1881 they did so. 1883 saw boots turn to being a Private Company renamed as *Boots And Company Limited*. Boots stores were not a regular site until 1893 when there were a total of 35 stores then the 1900’s saw over 250 stores spread nationwide.

The boots web site states this comment “In 1913 sales in the 560 stores across England and Scotland amounted to over £2.5 million a year” this shows that they had become very successful very quickly.

Up to date

Now a days **Boots** does not only sell medicine but has expanded its market into the following areas

Dental care, Foot care, Health & Beauty Services, Ear care, Insurance Services, Opticians Retail, Cosmetics, Household goods, and Photo developing

Boots rely on the loyalty of their customers so they introduced the Boots Advantage Card in 1997. This gives the customer 4p back for every pound they spend in the stores. The website claims that there are now 12 million cardholders.

At present **Boots has 1, 300** stores around the UK employing 63,000 people.

Boots Mission statement and Objectives

The mission statement that **Boots** has is aimed at the people associated with the company and included in the company itself. This makes it what is called an Ethos.

Mission statements are used to make people aware about the company and are also a form of competitiveness towards competitors. A mission statement is basically an aim in which the business states what it aims to do what it aims to be and where it aims to go.

Mission statements are an easier way for employees and customers to understand what the business is doing as opposed to the viewing of figures.

This is boots mission statement

Acquired from the Boots website, it's not the shortest mission I've ever seen by a long shot.

The Boots Company intends to become the leader in wellbeing products and services in the UK and overseas. This will be achieved through a major program of change to a more integrated and focused company supported by the power and values of the Boots brand.

Our commitment to managing for value remains unchanged - to maximize the values of the company for shareholders and generate superior long-term returns.

While vigorously pursuing our commercial interests we will always work to enhance our reputation as well as a managed, ethical and socially responsible company.

This states that its targets include becoming the leader in Wellbeing products, achieve targets, increase value of company and therefore profit for shareholders.

My opinion is that this is a good mission statement and fulfills the aim of it.

Objectives

Boots have created their own objectives. Objectives are targets that a company wants to reach in a selected time frame. These may be beneficial towards profits, customer satisfaction, stock size etc. Objectives show a great deal of information about where the business hopes to go in the future or what it hopes to be.

These are boots main objectives and why they have been chosen

The first one is their **Loyalty to consumers and custom**. This is important, as the only way the company will make money is to please the consumers. Being loyal and rewarding to the consumer will return loyalty and regular custom. Customers mean business, business means sales, and sales mean profit. The next is related to this. It is to **make a profit**. To make a profit is very important, as without this there is no way that the business will be able to expand and achieve other objectives such as to **Develop, modernize technology and strategies**, which is another objective. This will increase efficiency, produce output and reliability rates. A development in technology will increase the boundaries that boots will be able to operate within. As a company they feel that **Good value** is an objective they aim towards. Again this will head towards success of the company as it increases the chance of keeping custom and not losing it to competitors. Along with keeping custom Boots aim to provide **Loyalty to consumers and consumer satisfaction**. This is very important as consumer satisfaction is very worth while. Being loyal to it insures that custom is kept. Other aspects are customer comments which are the most beneficial of them all as these can often pick out small errors that need to be straightened out to increase satisfaction of the consumer. The quality of service or good provided are always important and Boots includes in its objectives that they aim to **provide high quality products**. This is because high quality products will please the consumer, encouraging them to return and increasing the consumer's view of standards of the business, along with this the reputation of the business is reflected upon. Boots aim for expansion and an objective relating to this is **Globalisation**. Once again this is expansion which will increase market share, profits and consumer base. As Boots is a PLC it raised capital to expand through selling shares. Objectives to reward for this is **good share holder dividend and increase market share**, this is because Boots at one time relied on shareholders to increase capital so in return a beneficial financial reward in the form of dividends keeps shareholders satisfied.

Businesses choose certain objectives for different reasons. One way is to use the **SMART** method, which includes the following aspects of a business (definitions gained from a business website)

Specific – Means being precise about what you are going to achieve similar to the mission statement

Measurable – *Giving measurement for an objective*

Achievable – *Can or is it possible*

Realistic – *If it is possible; how much so; are there enough resources e.g. funding and labour to achieve.*

Timed – *When will the objective be achieved and putting the objective into a time frame of e.g. month or 2005.*

The objectives chosen could easily have been designed around this method. I feel the objectives may have been chosen as opposed to others that may have been suggesting because they convey variation. The achievements that Boots will gain from following these objectives will be different and possibly more beneficial than that of other businesses objectives. This is because boots objectives are aimed at increasing value and service standards for the consumer who in turn will reflect on other objectives such profitability.

Have and if so by how much have Boots managed to achieve set objectives

Boots has achieved some objectives and has managed to maintain them in secure ways. Customer loyalty has been expanded on and has a strong base in the form of the Advantage Card. Boots aims this at the regular custom and aims towards satisfying their needs. A proven measure of this is that they feel that 72% of regular customers have an Advantage card. Benefits such as price reduction and special offers also apply with this card. This is an effort to increase customer loyalty; the proof for this is that Boots feel that 14 million are members to this card scheme.

The objective of expansion and globalization has been that boots wanted to “reinforce our key role in the UK’s primary healthcare”. This means that they want to stick to current sales approaches but to expand on product range into health care. This applies to objectives such as modernization; better quality and services start of globalisation and as a long-term strategy increase in profits.

Growth is an easy one to assess initially. Boots have set aside 17 and a half million pounds for 2003 for their own health brand so they can aim to expand product range to reflect on profits. This has not however been put into action yet.

Modernization and technology have been approached by ‘upgrading systems’ that will increase the level and speed of customer services. Boot in November recruited 7 000 members of staff which would have added to the level of customer service and they have also set out paid training for all staff which does encourage

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the modernization and the use of technology. This website in itself has all the information needed by a customer; this shows uses of technology in respect to improving customer services.

Boots, as a company is a PLC this means that it is part of the private sector. PLC stands for Public Limited Company. As it originated as a shop independently it has expanded in such a way that it has kept its independence by not being bought out by a bigger company (a holding company). It has however sold shares.

Being a PLC means that boots has floated its shares on the stock market for anyone to buy. This has as with any business decisions had advantages and disadvantages. A business must analyze whether the advantages are more beneficial than the occurrences of the disadvantages to determine whether or not to become a PLC. Some businesses would use a process of weighing up the advantages from disadvantages called a **SWOT** analysis. This assesses the *Strengths* against *Weaknesses* and *Opportunities* against the *Threats*. There are many aspects that contribute to these criteria. The strengths and weakness opportunities and threats when weighed up give an idea of whether it would be beneficial for a company to float its shares on the stock market.

In purchasing shares of a company the owner of the shares is entitled to a percent of the profit that the business makes (dividend). Due to this less profit is available to expand the business and use where it would be beneficial in contributing to raise the rate and amount of profit possible. In becoming a PLC the Company has to be registered at company house so everyone can find out about them and awareness is raised.

Also in becoming a PLC the company has to agree that it will publish its accounts annually open to anyone who wishes to access them. Along with this it must produce a detailed prospectus giving information about the company i.e. its activities and speculations. This means that competition would be able to see what you propose, how your accounts are and what you speculate for the future, in this they could steal business or proposed sales directions. In being a PLC other people from outside the business who purchase shares will be gaining ownership, this means a possible loss of control. The owners are the shareholders but this does not make them managers. The managers and shareholders may not see eye to eye and opinions may clash as owners do have say, this can cause problems. An



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example of this would be that if the shareholders wanted to receive a higher percent of the profit in the form of dividends yet the managers wanted to keep it for investments. If over 51% of shares are sold it is then that the company will loose control and the greatest shareholder will then have control over the company. The more shares a person owns the more control they have and this means that the company would loose control. In this the companies communications would suffer and the company would become harder to motivate and communication would decrease.

Shares are sold to raise share capital money; this could be used for vital expansion in order that the company to take a new route in business or gain capital it needs to ever have a chance of making a break. In selling shares it means that the business has limited liability, meaning that they can not loose any more money than that invested. This is very important as it means that the owner(s) will never loose personal belongings if the company suffers. If a company is going to float shares on the stock market they must value a minimum value of £50,000. Being a PLC can increase reputation as PLC is considered to be larger companies that are highly profitable and run an efficient operation. A good reputation builds on customer loyalty and insures that it is a well-known name and for this reason is trusted and will attract custom.

The advantages listed may be of a smaller amount but they by far suggest that it would be beneficial for the business to become a PLC. The main reason in my opinion is because it guarantees unlimited liability, which from the point of the owner is very important. If the business suffers and is faced with liquidation there is no way that the owner would wish to also loose the rest of their life's belongings to cover debts the business cannot cover. The other main benefit it that it raises capital that the business may need in order to greatly expands on its situation so that it can be a lot better and productive. The main disadvantage is the possibility of loosing control to shareholders. This is a possibility but at the end of the day both parties want the profits to increase and the business managers have the businesses best interest at heart. This is a small aspect when compared to the benefits of having capital and limited liability as long as over 51% of the shares are sold on the stock market as this would mean control was lost.

Every business has different functional areas incorporated inside it. This is so that in each functional area the tasks can be carried out accurately and to a high standard by trained staff in that field. This will help the business to reach targets, satisfy consumers and remain competitive.

The main functions of a business include

HRM (Human Resource Management)



Marketing
Finance
Administration
Research and development

The **Human resource management** department of the business is responsible for the hiring and firing of the staff that work in Boots PLC outlet stores and any other jobs that are related to the company. Their main aim to make sure that there is the right amount of workers in the specified place at the right time in order to contribute to the maximum output that the staffing effort can help towards. The hiring and firing is very important as it makes sure that the right people are hired for the job that are in appropriate situations to fulfill vacancies. On the other hand however the firing is just as important. If staff are not pulling their weight or are incapable of carrying out the jobs they are meant to they may be fired. Also if there is no need for all staff then they may be laid off. This is a way of maximizing profits as less go on output of wages which is a great percentage of the businesses output.

The HRM is also responsible for the training of staff. It is their responsibility to make sure that all staff is fully trained for the job they are employed for. These increases the customer reliability and satisfaction as when staff are asked questions they will hopefully know they answers and also that they are capable of approaching customers comfortably and in a good fashion. This adds to customer satisfaction and this is important to Boots it is also one of their objectives listed previously in the report.

HRM are responsible for forecasting labour amounts and the amount of man power that will be needed at different times of the day week and year. If manpower is low in rush hours or periods such as Christmas then the company may not reach its maximum out put through mistake of their own. Staff receives appraisals when they work for Boots. This lets them know if the business is happy with them and if they are considered a valued member of the work force. The appraisals are again responsibility of the HRM department and they help to maximize business by insuring workers are reaching their full potential within in the business.

Boots recently proposed to train up 7000 people to become more knowledgeable about technology so that the business will benefit from this. Boots PLC also employ a further 45% of their workforce on top of their usual numbers to help in outlet stores over Christmas period with tills, stock rotation and demonstrations. This shows the business has been planning the workforce amounts according to potential times of increases in demand.

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This area of the business can be very economical and save the business money when it comes to hiring and firing staff. This is however also very beneficial to the staff also. When jobs in the business become available instead of employing new staff they promote current staff. This saves money as described in management styles later on.

The HRM area of the business works towards the organization and in turn globalization objective of the business. The statement of “we aim to develop staff and provide them with the right skills and attitude in order to achieve the organizations goals” suggests that it be aimed at all the objectives of the business, which will reflect on the globalization and expansion conclusively. The fact that more staff was hired acts on the objective of improving customer satisfaction as more staff means that there are more hands to deal with the tasks needed which leaves more staff to be available to help customers and aid them with their shopping needs.

The **Marketing** section of the business is responsible for satisfying customers needs at the right prices and once again as in Boots objective consumer satisfaction. To do this the marketing section of Boots PLC is responsible for researching what the target markets want and interpreting what their future needs would be and how they will change. They persuade the customer to buy products by advertising. They either increase awareness by advertising to all on TV or radio, or advertise specifics. These include in store adverts for particular products, which they make the customer, think they need. Free demos of some products also help to draw in custom and Boots does this in its make-up and its perfume range where there is always trained staff available to recommend and advice.

The marketing aspect of the business has lead to the birth of the Boots Advantage Card. Boots customer services is an outstanding department as they have been able to established customer loyalty by the use of this Advantage card. Referring back to Boots objectives the wish to increase customer loyalty is proven as the Advantage Card is used by more than 70% of all key customers.

Boots objectives on marketing were to increase promotion and stature by globalization. This has been attempted by opening several firms in Taiwan. A strategy that separated them from their competitors and attracted thousands of consumers over the Christmas period was the three for two-mix and match strategy which was introduced after a market research poll into marketing strategies return the mix and match as a popular suggestion. This was reflected by the feedback it returned.

It is very important to be able to forecast and predict what will happen to the market. In order for a company to success in the long term it must have an idea of where it is going. One of the best ways to do this, which also show the success of

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the business, is to look at its accounts. This will show if there is a gradual increase or decrease in profit and it will show what products sell, how they sell and in what quantity are they likely to still be required as the majority of tangible inessential goods reach saturation point and are no longer needed. The **finance** section of the business is the area that looks after the accounts and the money flow forecasting. The **Financial** area of the business makes sure all the finances of a business are properly recorded. This involves keeping detailed accounts either manually or on a computer of all the money that comes in, and how it comes in to the business and how and where it goes out. The financial information is used by Boots and published in the yearly reports to show how the business is getting on. Boots PLC uses computer technology to record all the information and trained staff regularly analyzes it to spot correlation in output or product relationships. This is done to try and find out where Boots could benefit from altering the market and changing product ranges or increasing product base.

This section of the business is also capable of raising finance when the business needs to raise capital for an investment or expansion.

There is only a small aspect of the objective system that it appears the financial function touches on. This is the objective to act towards modernization. Boots keeps its financial records in the form of computer files as apposed to storing them manually. This shows that Boots keeps up with the development of technology, which was a specific objective. This shows that an objective has been worked towards and met which has been beneficial as now the financial function is a lot less time consuming in storing data and retrieving it. Although there is always more problems with modern technology it is likely that in the long run it is less time consuming.

Production is another one of the functional areas but as there is little that Boots actually produce due to the fact that they are in the tertiary sector this function does not really affect them. The only way it does affect them is that Boots must keep in touch with the production (secondary industry) business to ensure that they can meet the demands that they need in order to increase customer satisfaction. Coinciding with this the staff at Boots must check produce that is received from the production companies to make sure it is correct.

This section does not really affect any objectives that the business has directly. However indirectly it does regard the objective of wishing to increase the proportion of their own brand. There is little evidence I can provide of this objective been carried out but they do have their own cosmetic range that goes by the name of No7. This appears to have been doing very well.

The main cogs of the business are the **Administration** section. This keeps the day to day workings of the business going. Again these are skilled staff trained in their

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field and Boots pride them selves on the level of training and standards that their staff operates to. The administration maintains the business premises and equipment and if anything goes wrong they are responsible for fixing it or finding someone to do so. Anyone who works for Boots doing photocopying, printing (stationary jobs) catering, computer services, data storage, all these types of jobs come under the job description of Administration. As boots is expanding it is relying less on its own workers to carry out some of these tasks and it calls in people from out side the business, this is called 'outsourcing', these people are usually found by the administration team.

The administrative function as it is a necessity in the business and keeps it flowing hardly relates as a contribution to any objective at all. The only objective I can see that the administrative function applies to is the modernization of the company. This is due to the fact that in order for the administration staff to act efficiently they need to be modernizing as technology such as computers develops. This will benefit all areas of the business.

As the target markets demands are forever changing and new fashions are coming in and the months of the years come in and out the products that Boots supply are always changing. It is hard to keep on top of the supply for goods, as there are so many aspects that alter the product demands it is hard to be aware of where they will go next.

The **research and development** of the business is responsible for trying to find out where to go next. They keep the other parts of the business informed about changes as much as they can. This is a main part of the marketing for the business. The research and development sector look at sales figures, accounts, customer trends and spending and try and deduct where the majority of the money goes and also where it doesn't. They do not look to replace products all the time but also to look for new products that would be beneficial to bring into the product range to increase sales or attract new business.

It was the idea of the research and development of Boots to open the optician section of the business, as this was an area that they had not yet spread into and would be beneficial. The people in the research and development part of boots also look at other businesses and see how they operate, what they sell and how much they charge. All this contributes to the smooth running of the business.

As Boots main objective is to produce a well-established firm that caters for the consumers needs research and development is a major part of decision making. Diversification is also reliant on this department as in order to diversify research needs to be carried out to find out which areas it would be beneficial to divert into in respects of the customers and the company as a whole.



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Boots has got a large research and development department. The paragraph below shown what affects the research and development has had on the company's expansion.

"The first Health and Beauty Experience store opened in Kensington High Street in September this year. It moves Boots into new areas of the expanding health and beauty market. Services include physiotherapy, osteopathy, homeopathy, herbalism, aromatherapy, reflexology and nutrition. These sit alongside beauty services including facials massage, false tan, ear piercing, pedicure, manicure, nail bars, and make-overs, plus lifestyle advice on weight management, smoking, sleep management, relaxation and stress management. All combine to offer a total wellbeing offer."

This paragraph gives list of some of the new products and services that have been introduced. These expansions in the business would not have been the result if research and development had not taken place. This shows that research and development has also contributed to the firm expanding, which was another objective of Boots.

Management Style

There are three main types of management styles that a business can uphold and follow. These are described as Autocratic Lassiez-faire and democratic. From looking into the way that the staff and managers work together it would appear that Boots follow the democratic relationship between staff and managers.

In being a democratic business the main aspect is that it is people orientated. This means that staff and managers work together to reach targets.

Boots use the democratic style of management as they feel it will enhance the motivation of the staff as they are working with managers to reach objectives. The development of staff knowledge and development within the business is very important to Boots. They feel that training and development should be used so that the staff can "contribute fully to the business and progress as far as they are able within the company". This is beneficial for the business and the staff. Highly trained workers increase customer service, which is one of the objectives of the business, and at the same time the staff are building on their knowledge and experience. When staff joins the business they are trained fully to allow them to carry out all responsibilities they are given, this training is paid for by the business. In this training education such as a NVQ in retailing can be gained, this could be beneficial when staff may be heading for a promotion within the business or entering a new line of work away from Boots.

The managers and staff work together and all gain specific training when new technology systems are bought in to the business or new procedures are introduced. This is so that the modernization can be used to its potential. This is



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working towards Boots objective to “Develop, modernize technology and strategies” of the business.

Staff below in the hierarchical span of control is the responsibility of line managers who take a position of higher status. They carry out similar tasks but the main difference between the two is that the line manager specifies responsibilities to other workers. The line manager also sets individual workers objectives to work towards. This is a democratic approach towards the running of the business. This is chosen as the line manager and the staff work closely together and the line manager becomes aware of the abilities each worker possesses. Not only does this give the staff a chance to discuss performance with the line manager but it also means that the staff putting in greatest efforts and contribute most to businesses success will be rewarded accordingly.

This is a benefit of democratic management as it makes full use of the staff's potential. The reward system is a type of motivation and working closely with the line manager will keep the staff motivated to impress so they can receive rewards.

Boots like the idea of working together managers and staff. I found this quote relating to democratic management in the form of teamwork in Boots staffs guide book.

“We all have an important role to play in the business, yet effective operation depends on everybody working as a team. After all, selling fifteen thousand tones of bubble bath a year takes a lot of organizing!”

This quote stresses teamwork within the business and how managers and staff need to work well in order for the business to succeed. This is an element of a democratic management style that also helps towards the objective of staff motivation and development.

Boots in effect uses the democratic management style very efficiently. The way in which the democratic style works has helped indirectly in reaching objectives. Boots felt that the democratic approach was beneficial as it got the most out of their staff and was more affective than the other types of management. Indirectly in this approach Boots has saved itself money and reached other objectives it did not directly aim to do.

When job vacancies become available Boots like to keep opportunities within the business when it can. As part of the reward system Boots offers promotion to current staff who are reaching their full potential when opportunities become available. In placing current workers in positions that become available this means that no one from outside the business needs to come into this new position if it can be helped. In doing this money is saved in many ways. The job does not need to be advertised which is money saving aspect and also the member of staff

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would not need as much training. Along with this more time is saved as interviews do not have to be carried out, if they do it would take a lot less time and would be a lot quicker as it is likely there would be less oppositions for the post. These helps to meet the objective of making a profit as less money is spent on expenditures that would have been if a different approach were opted. It is possible that it would also increase customer service slightly as the person to fill the post would have been recommended by managers and would be known by the business so there would be few surprises relating to his or her performance.

Boots didn't choose the other management styles of laissez-faire or autocratic.

Autocratic management is another form of management style that can be adopted. In an autocratic business a different relationship is present between the management status and the staff. They do not work together to reach objectives and staffs opinions are not taken into consideration. Staff are told what to do, when to do it and how to do it by the managers. The staff does not have say in the way it is done. Boots has not chosen this approach. An autocratic approach would be used in situations such as the army or navy forces where tasks are drilled into the workers.

Boots did not choose this approach, as it is not beneficial for the business. An autocratic approach would lead to low motivation in the staff. Boots do not feel this is ideal for them. The staff and managers not working together would create an environment in which the staff would not be willing or motivated to work to their full potential therefore not reaching personal targets or working towards the companies' objectives. The customer service (an objective of Boots) would be of a much lower standard than in an autocratic approach as staff would not be motivated or informed so customer service would suffer. Also the chance for promotion and rewards are not available to the staff, as managers do not work in this way with the staff. Rewards and opportunities of promotion that Boots offer increase staff motivation greatly therefore the service they provide the business is also increased, this works towards the objective of making a profit. This would not happen in an autocratic management style so this is one of the main reasons along with those listed above as to why Boots chose democratic over autocratic.

The third type of management style that a business could adopt is named laissez-faire. Laissez-faire allows the manager to adopt any approach to situation. There is no protocol or procedures that the managers must follow. This approach could be beneficial and lead to a well-structured business if the management took a good approach.

Boots did not choose this approach as a company they pride themselves on their management and staff relationships. The approach of staff and managers working together to reach objectives in a way that suites all would not take place in a



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laissez-faire management style therefore this style is not an approach Boots would adopt. It would not benefit staff or customers as much as the democratic approach does.

To see if Boots information about their democratic management was actually put into practice I interviewed an employee of the business Sonia Panchal.

Interview with Sonia Panchal 13/10/03

Are you motivated to work at Boots?

Yes, by bonus and appraisals

Do you get on well with your managers and supervisors?

Yes, they are friendly and help me with any problems

How would you describe the culture in the business?

We all get on well and work together but sometimes there is a lack of communication between employees and managers.

What is the general feel throughout the business when you are working?

Friendly, very good teamwork, everyone does different jobs. Multi-tasked attitudes making the atmosphere good to work in

Do managers look out for you and check if you have any problems?

If it is noticeable that I am struggling then yes, I am offered help or advice

How are your tasks handed to you?

It is a time table system which the manager gives. Basically it tells you what to do during that time i.e. tills or no7 section



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The interview I carried out was very beneficial as it gave me an insight into how the business actually works in practice. It appears that it is a democratic business and the management style is how I explained above. There are issues of autocratic management, an example of this is that there is a lack of communication between the management and staff but this does not however mean they don't work together. This may just be in the branch that Sonia works in so it is not fair to say that all branches work in this way.

The bonus and appraisal system will motivate staff, which increases efficiency of customer service, which is an objective of the business. The fact that the staff works well acts towards the successful running of the business. This will ultimately result in the making of profit, which is another objective.

Boots has a good culture and management style. This is reflected in the profits and success the business has achieved. As the democratic style and good culture have worked effectively this has helped boots to work towards and effectively achieve some of their set objectives.

Organizational structure of the business

Businesses can take different approaches on the way they structure the organization of their business. The different types of structures include flat, matrix, and tall. These represent hierarchical, centralized and decentralized forms of organization.

These different structures are used in different types of organization relating to the needs the business may require.

In a tall structure there are many levels. People of different status within the business take each level. This is hierarchical. As the levels get higher in the structure, the power and responsibility usually increases. In a tall structured organization there would be the top layer of the structure but many at the bottom represent few people. This structure would be used in a large business where there would be many members of staff, many groups under different supervision. This form of organization would cause there to be a lack of communication throughout the business as issues would be passed through the levels, supervisors to managers and may never reach the managing director. Elements like this in a tall structure could lead to a lack of control throughout the business.

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Flat is another style of organizational structure. This is still of a hierarchical form yet there is less layers in the business. This is more of a democratic approach as there is a smaller span of control throughout the organization. As there is less levels in the structure there is less separate sections of power. The reduction in the amount of layers means that communication throughout the business is greatly improved therefore the managing director has a greater level of control over the business as a whole. This would be used in a smaller business. It would consist of a managing director followed by possibly a number of directors then supervisors then staff in a hierarchical fashion.

A matrix approach can also be used. This is constructed by the business itself. It can be a democratic, autocratic or laissez-faire approach or a mixture of the three. Very large businesses, PLC or LTD's use this. As the business is so large a tall matrix would not be appropriate as there would be a lack of interaction and control of the business would not be great. To prevent this happening, Boots designed a structure of its own. These are known as matrix structures. Each level has independent managers and spans of control that do not lead up or down the hierarchy of the business. Each level has independent managers and line supervisors so they are self-contained. The local span of control is the responsibility of the line manager. To keep communication strong within the business there is a strong chain of command throughout the structure. This ensures that any problems; ideas or achievement are known throughout the business. This approach keeps communication and control strong, as although there are a great number of people within the structure it is easy to find out what is happening at present through the chain of commanding supervisors who are responsible at that level.

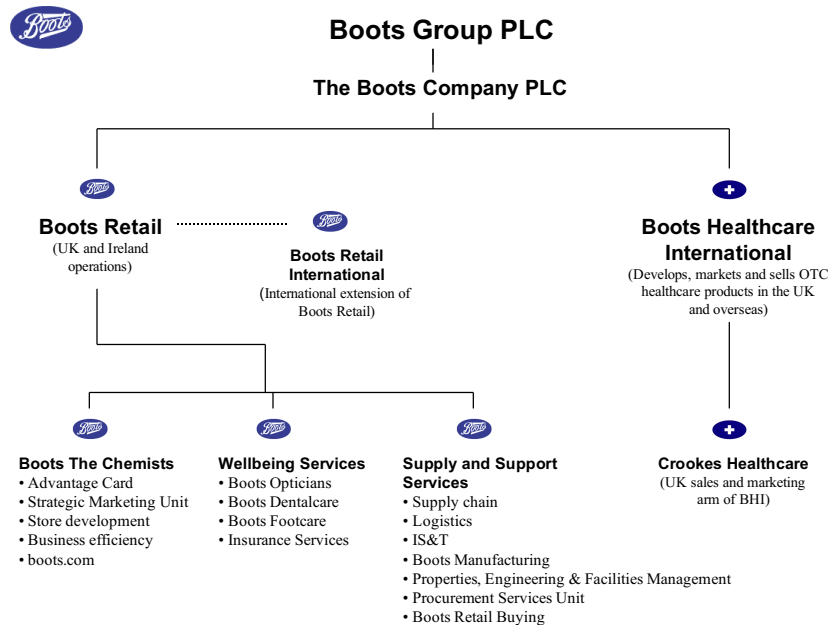
The different sections of the business that are present within the matrix are

- Boots the Chemist
- Wellbeing services
- Supply and support services
- Boots Healthcare international

Each of these sections (levels) of the business has line managers and supervisors. These communicate through the chain of command through out the business. This gives a firm structure of a high level of control and interaction, which is within the best interests of the smooth running of the business.

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The diagram below shows the set out of the business and how the different sections relate to each other



Within these sections the directing and supervisory structure is set out like this throughout the business



This is Richard Baker; he is the chief executive of Boots PLC. He does not work in a store but control along with Howard Dodd Paul Bateman the running nationwide of the Boots Empire. They have control over every structure in every store throughout the country from managers to floor workers however it is rare they interact with any one but senior staff in the department stores.

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Boots to maximize the benefits created the matrix structure. This shows that they have taken their own approach upon their business and changed with the times. Using a matrix structure as the business expanded to the size it is now has proved beneficial and reaches an objective. Boots aimed to Develop, modernize technology and strategies. Using the matrix structure has been a form of modernizing therefore reaching a set objective.

Boots aim of globalization would need to lead from a base of a stable market in the UK business sector. To gain a stable grasp in the UK economy Boots needs a stable business. The matrix structure consisting of effective interaction through out the levels and a hold on control ensures that the business runs smoothly and is stable in doing so. This reaches the objective of taking a strong hold in the UK business field, which can lead, to greater expansion and globalization.

Companies can survive at a steady pace without altering too much about the workings of the business. However to expand, as Boots wish to, some of the most beneficial ideas may come from staff low down in the hierarchical structure. It is for this reason that the matrix structure is extremely beneficial as communication and interaction is strong between the levels so ideas can quickly be picked up on along with problems. This benefits the performance of the business and issues are quickly picked up on. This also contributes to the working towards of the objective relevant to expansion and customer loyalty as both business and custom seek to gain return from the matrix structures benefits and overall performance of the business as a whole.

The matrix structure has many advantages that would not be applicable if the organization structure was of another form. The chain of command within the business ensures that the communication within the different groups is regular and effective. Within the boots organization there are many different sections that deal with different aspects of the business. The seven sections within the Boots group deal with their specific part of the business whether it is the chemist, retail or health care. The specialization within the business is a great advantage to all concerned. The staff employed in each of the sections are special trained in that area. Specialization is a great advantage to the business as it means that jobs can be carried out informatively and effectively. As staff is specialized in their area they provide great customer service as they are well educated in the fields in which they work. Empowerment enables the staff within the different sections to have freedom to do tasks that they are delegated without supervisions. This increases moral and self-motivation, as the staff feels confident and independent within the business. High motivation increases staff productivity, which improves the performance of the business.

The span of control within the individual areas of the business ensures that the business is smooth running and any problems that occur can be dealt with quickly



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and efficiently. This is an advantage, as problems do not have to travel into other areas of the business through the chain of command. The separate sections of the business are independent in the way they work. This ensures the business has high levels of control throughout the whole business in all sections and all can be accessed quickly through the chain of command. All these are advantages that help a great deal towards improving the performance of the business for the reasons listed.

Communication within Boots

There are many different types of communication that businesses can adopt. Different forms of communication are used in different situations within a business.

The main types of communication that are used now a day revolve around ICT. ICT stands for Information Communication Technology. Communication is used everyday from the second a business opens in the morning till the second that it closes. With out communication a business would never reach its full potential or have the smooth operations it could achieve.

Within a large business, like a PLC or LTD like boots communication is essential. Without communication different sections of the business would not operate well together and issues could quickly fall out of hand. Communication through the chain of command is so important in keeping a business afloat and operating efficiently. Good communication ensures that the business keeps control and the top of the hierarchical structure is aware, or can easily find out the major movements from day to day.

Between departments and hierarchical levels communication links must be strong as decisions and movements are often made that effect other departments.

There are many different types of communication method. The specific sectors include

- Written
- Non-verbal
- Verbal
- Electronic
- Face to face

Each of these has specific areas in which it is of most benefit to use. Different types of communication are used dependant on the issue that is relevant, who is sending it, and who is receiving it.

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It is important that communication towards employees is regular and efficient. This is because employees need to be kept informed of the movement of the business in all aspects. If there is product alterations or price changes employees must be informed straight away so that no problems occur within the business. Also information about extra shifts, overtime, work hours and bonuses, especially over Christmas are very important in the smooth operation and motivation of the staff. Supervisors and managers are usually the ones who would communicate with the staff. There are many methods that could be used.

Employees could be informed and communicated with by the use of **notice boards**. This is a cheap method, which means that everyone can see the information present. This is a good method if everyone is aware there is a notice to be seen. This could easily be ignored or not notice quickly however.

Letters with the employees pay slips are a good method to use, as it is likely that a very high majority of the employees will read them. This is good if it can wait till payday for the notice to go out although still staff may not read them.

A team meeting at the beginning of the day is a very efficient way of communicating with staff as issues can be raised and the employees can communicate also. This means that everyone can be informed and there are no excuses why staff ignores issues raised.

Employees who have computers (not floor workers) such as administration areas and HRM can be communicated with many more forms of modern communication such as **email** and uses of the **Intranet**.

Managers and supervisors need to be able to receive communication from higher up in the chain of command and also to be able to distribute down the chain. This is very important. Higher levels in the hierarchical structure need to be able to communicate regularly and efficiently in order to hold a strong level of control over the business and make alterations and give advice where necessary. It is very important this area of the business is easy to communicate with so that no time is wasted in trying to do so.

Managers in the Boots organization have offices in individual branches and headquarters; some supervisors also have computer access. This enables Boots to provide computers for the staff that is a great benefit when it comes to communication.

The use of computers means that these managers can be easily and quickly communicated with via the use of **email**, **Intranet** messaging and time tabled events that may be stored and altered on **network software** that is specific to the Boots store.



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Different forms of communication are used in different parts of the business depending on different factors. These factors determine the form of communication and approach taken. These are described below.

- Formal
- Informal
- Important
- Urgent
- Optional
- Open to all
- Sent to a specific person
- Person
- Impersonal
- Relaxed
- Who its aimed towards
- Who its from
- Confidential

This all affect what type of communication are used in different situations within the business. The different categories that the forms of communication fall into are know as the channels of communication.

Channels of communication

There are eight different forms of communication that operate within Boots.

These are

- **Internal** and **external**
- **Formal** and **informal**
- **Vertical** and **lateral**
- **Restricted** and **open channel**

Internal communication

An internal form of communication is a process that is usually of an informal approach however is used in formal occasion. An example would be if a memo

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were sent to another worker within the business about an issue raised. It is very common and is used every day. Any communication between staff could be described as internal.

This applies to Boots as it would to any other business. The staff communicates with each other and this is a form of internal communication within the boots organization. The internal communication can be used through any direction in the chain of command at any time. Internal communication can take place through any means of communication within the business be it email, written letter or otherwise. As long as it is from one member of the organization to another it is classed as internal.

Specific example in the Boots Company is calls from the office down to the floor for a price check. Messages on the staff message board. Managers making suggestions to staff via a written letter. Employees ask a supervisor if they can go to the toilet. These are all examples of internal communication within boots.

As it is a form of communication that is used very regularly and is not a new approach it does not really increase the performance of the business however without it the business would not run and control would be lost very quickly.

External communication

External communication as with internal is a very important part of everyday life within a business. External is when an internal source of the business communicates with another sourcing who is external. An example of this would be a manager communicating with a manufacturer about a product. Whenever someone who is internal to the business is involved in communication with someone external to the business internal becomes external communication.

In Boots this applies as with internal in everyday life. Boots uses external communication to communicate with customers and suppliers, accountants, banks and training groups. At any time when someone who is contacted, or contacts Boots from outside the organization this can be described as external communication.

The forms of communication external are not forms such as message boards and meetings as it is common that they are not local. Emails can be used a lot externally, as they can be sent quickly over long distances with great deals of information that remains accurate. Phone calls can be used along with many other methods.

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Communicating with customers is an external form of communication. This can be done via emails or written letter. ICT speeds this up as it can hold customer information on databases and forward emails or print out addresses very quickly which reduces manpower and therefore reducing unnecessary expenditure.

The use of emails is the most modern form that Boots uses in external communication along with its web site that is described later. Emails increase the performance of the business, as they are a lot quicker to use than previous methods. When Boots order stock they can do it very quickly over email or Internet forms of ordering. These save time and man power which aims to the objective the company has of efficiency and modernization. Boots has database information set up to record sales and regular order amounts. This further saves time when coming to order and reorder goods from suppliers.

Formal

Formal is an approach to the contents of the communication as apposed to the type of communication used. It is the description of the contents of the information that is to be passed on through a form of communication. This is used within a business very regularly and has great importance.

When information that is communicated is of a formal form it is usually of more of a serious or legal matter. It can be used when ever specific information must be passed from one person to another in great detail and misunderstandings need to be avoided at all opportunities. Serious matters and legal situations or bindings such as contracts are all of formal tendencies. They are used to reduce misunderstanding and complication and are usually set out in a different format with a different type of language.

Within Boots formal communication is used a lot. When ever a contract is drawn up or a reference written the formal approach is adopted. If there are problems within the business and serious matters occur formal approach is also taken. If there is a disciplinary problem with a member of staff they will be approached in a formal manner. Official warnings, which are written in a letter, are an example of a formal type of communication within Boots. Boots use formal approaches in emails to staff and customers to give a clear understanding of what is being conveyed. Phone calls within boots can take a formal approach when discussing finance, ordering, hiring and firing, any incidence where relaxed possibility of misunderstandings could take place.

This improves the performance of the business because formal instructions lead to efficient work and less chance for mistakes. Also it gives power to managerial status when it is needed.



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Informal

Informal is the opposite too formal. Informal is often used within everyday business, and normal life. It is a relaxed and comfortable form of communication in which anyone can contribute. Informal communication can take place in the same forms those formal does and some. For example a business could use a formal and informal approach to an email, but a formal approach to a notice board message or post-it note on a desk would not happen. Informal is a quick form of communication that can be as basic as conversation to an Intranet message.

In Boots informal communication is used a lot. Staff communicates with each other in discussing jobs and tasks set and issues that might arise. Asking for advice from another member of staff is in an informal form in the Boots Company. This makes the staff feel relaxed and gives chance for good flow of conversation in which ideas and issues can arise. Informal communication contains little emotion and can often be misunderstood, misheard and forgot.

Boots uses an informal approach when sending Intranet messages around the network as they are quick and there is no need for a formal approach. A phone call from one department takes in informal approach, as there is need to impress or overwhelm anyone within the business. Notes that are left on desks or around workstations are informal forms of communication as they are quick; little reminder notes also for fill this category.

Informal communication allows for a comfortable working environment and contributes towards the working and performance of the business by allowing ideas and communication to flow freely and make a happy relaxed working environment in which the staff can feel comfortable and work effectively.

Vertical

Within a business such as boots the hieracial structure can mean a loss of communication and control. The vertical form of communication is the vertical movement of communication through the hierarchical levels through the chain of command within the business (making it internal). As it is the vertical movement it can only travel in one direction. Up and down through the chain of command. It is due to this that the communication usually takes the formal approach when going up, as it is from low to high status within the business and vise versa.

The vertical communication can be verbal and informal such as an expression of ideas to a manager or specification of task to staff. The vertical form of communication is used a lot to give feedback to managers or supervisors in higher levels of authority in the chain of command. Also to relay tasks to workers and set out aims and jobs for the day from higher up in the chain of command. These can

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be communicated via phone, email, fax and many other forms dependent as always on the specific situation.

In boots vertical is a very important type of communication. As boots is of a matrix structure and could easily have communication problems leading to a lack of control vertical communication is very important. Boots use vertical communication both up and down the chain of command.

The managers communicate vertically with the supervisors. The supervisors receive information about how to operate and run their specific part of the business. They then communicate vertically down to floor workers who carry out the tasks necessary. This ensures that the supervisors are aware of everything they must achieve and how to do so. Higher members in the chain of command can communicate easily with the supervisors through the vertical chain of command whenever they need to. This can often be very quick if needed by the use of email and phone. Any alterations to objectives and targets or any information that needs to be distributed vertically down the chain of command can be done so easily and quickly.

Vertically within boots information needs to be passed up the chain of command in the vertical form of communication. This is very important to Boots because the managers need to be aware of the goings on of the company at all times. Boots communicate vertically from supervisors to managers with any type of communication they need again dependant on situation. Supervisor's communication is vital for the managers to receive information about the workings and output in practice on the floor that they do not see. The vertical communication in Boots informs the higher members in the chain of command of important factors including the achievement rates of objectives and targets set. Also Boots lower chain of command members who have high spans of control can easily be informed of changes that need to be put in place and vise versa issues that need to be raised or altered.

Vertical is very important to Boots and improves the performance in the business as it holds controls through the vertical layers in the hierarchical matrix structure which would otherwise be lost. Vertical communication ensures that any issues raised lower in the chain of command are quickly communicated vertically to the higher levels of the structure. Boots reaching its objectives is highly dependent on communication throughout the businesses and vertical is a great contributor. Alterations within the business can be quickly changed, this saves time and ensures no money or manpower is lost unnecessarily.

Without vertical communication Boots performance would be greatly reduced and would not have the hold of control and strong communication structure it has.

Lateral

Lateral is the other form of communication that travels through the organizational structure of the business. It is usually of informal approach is an internal communication form. It is used to communicate between different areas of the business that are of the same level. The lateral communication takes place between departments within the business. This is usually informal but can be formal. It is usually the communication of ideas or when different departments work together on different sections of a task that then need to be joined or ideas need to be discussed. Any of the previously mentioned forms of communication can take place however the usual methods are verbal face to face or phone calls unless data is to change hands when letters, emails or intranet communication would be used. Little ICT is used in communicating laterally but lots of verbal communication is usually present.

In Boots Administration and HRM ICT is used to communicate as files are often need to be transferred from one person to another, these could be in the same branch but are just as likely to be elsewhere. Boots use lateral communication to keep areas aware of issues that affect them directly. Lateral communication is used a lot more often than vertical internally as constant communication is needed to ensure the smooth and efficient running of the business. When an issue arises within the business that must be dealt with contributions from different departments of the business it is very important that progress is communicated and achievements made aware of.

Lateral communication increases the performance of the business. This is by increasing the strength of the business structure by insuring that the business is aware of issues that arise and can be dealt with quickly. Lateral communication contributes to a strong hold of control over the business.

Weak communication within a business leads to a lack of control which is very damaging to the success of the business practically and financially.

Restricted communication

Restricted communication is the description given to the type of communication that is aimed at a certain selection of people. When communication is restricted it is meant for a member or a small group of people within a business. It is usually used as the information that is being passed on may be of confidential content or of non-relevance to the majority.

This form of communication can be carried by many different methods. As it is restricted it only has to be passed to a small amount of people or single person,

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which means it, can be more personal. Dependent on the occasion the communication form could be a phone call, email, letter etc. If the information were of a confidential nature it would limit the methods available, as some are more secure than others.

Boots use restricted communication, as it is a lot more efficient as only the people relevant are informed and it is easier to make sure people who need to be informed are. It saves a lot of time and money in the long run if notices are printed and handed just to the people who need it. This improves efficiency within the business. It keeps staff focused on their tasks, as they are not concerned with what concerns other people and not themselves. ICT can be used to increase the efficiency restricted communication provides. Emails allow messages to be sent to more than one person and although messages can be sent around the whole boots intranet they can also just be send to specific peoples network addresses. This saves time further increasing efficiency as well as this ICT allows information to be sent in the form of restricted communication over long distances quickly. This all contributes to increasing the performance of the business.

Open channel

Open channel is used within businesses when lots of people within the business need to be informed about issues raised. Open communication is open to everyone. A modern version of this is video conferencing. Websites are forms of open communication as information can be placed on them and it can be accesses by any one at any time. This is a cheap, low maintenance and low effort way of distributing information. Websites inform people internally and externally of relevant information. Boots use their website very effectively as a form of open communication as described later.

Video conferencing is used when members of Boots such as managing director wish to communicate with stores individually or nationwide with incentives, advice or new strategies and ideas. It is a cheap way (after initial set-up costs) to communicate with large numbers of people personally over long distances. Letters or handouts could be used but the one on one approach an interactive videoconference displays is a lot more affective. Video conferencing helps the performance of Boots by saving money and time and reaching the objective of modernization. A lot of money and time is saved when video conferencing is used. As Boots stores are situated all over the country and annual meetings between managers are held getting rid of one meeting place for the meetings save a lot of money. Instead of paying for every manager to travel be accommodated and spend time out of work traveling and attending the meetings video



conferencing replaces this. In the long term this saves Boots a lot of money collectively.

Impact of ICT on the performance of Boots PLC

There are many different types of communication used within boots as described above and they all have their advantages and disadvantages in individual situations. ICT is a major part in the majority of forms of communication within Boots.

Using ICT helps Boots to keep ahead of competition and operate their business as efficiently and quickly as they can to enhance performance overall.

ICT is used to let modern communication take place, which is essential if the business is to keep up to speed with the levels of competition, that are present.

ICT is a lot more economical and saves a lot of money and time in a lot of different ways. The main advantage is the amount of information a computer can store. Using a computer to store data as apposed to paper files saves a lot of room in the office. The furniture required to store the files is also unneeded. This benefits Boots financially. The storing and retrieving of data is a lot quicker with the use of a computer as there is less manual work involved and computers can access specific information and collate data a lot quicker than manual workers could. This benefits Boots a great deal as it speeds things up and less time is wasted, the efficiency of computers in Boots is superior to previous methods of storing information. The reduction in manual labor enables the business to perform more efficiently and at a lower cost. This reaches the business objective of modernization to a high extent.

The performance of Boots is a lot quicker and efficient with the use of computers and the amount of time that is saved is phenomenal. Boots performance in communication is greatly enhanced by the use of ICT. Information can easily be sent over the Internet to other Boots stores and head office and vice versa. An example of this in boots is that all stores send their sales and finance details to head office for analysis and comparison. This process of collating and sending is a lot quicker with the use of ICT than previous methods that were adopted.

Information and messages sent using ICT again increases performance of the business. The intranet that Boots uses between departments within individual stores eliminates the need to physically transport information, as it can be sent. This again contributes to the efficient performance of the business and makes it a lot quicker than before its use.

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ICT is used on tills in Boots. This makes the storing of data a lot easier, also the retrieving and analyzing of data within stores greatly benefits. As the tills are directly linked to ICT facilities software that was not previously used can be operational to spot patterns and make suggestions on aspects that had originally been over looked. This increases the performance of the business by expanding on ideas and analyzing better and more profitable methods that Boots can adopt. This can lead to an increase in customer efficiency and service, which is also meeting the customer service objective of Boots.

There are disadvantages of ICT in the business. These include the fact that it is expensive initially. This is fine for Boots as they had the financial capital to fund it and long term the money saved was a lot greater than that invested. Staff also had to be trained to use the ICT, which took up time and money in training. This again is a minor set up detail that was out weighed when the working of the ICT came into action. The ICT is less reliable than old methods as computers can crash, files can be damaged, and large amounts of data can accidentally be deleted. ICT has its disadvantages but over all it enhances the performance of the business a lot more than it does damage.

Website

A very big part of the ICT section of the business is the website. The website is an open form of communication with internal and external factors. The performance of the business has rocketed since the introduction of the website www.boots.co.uk. It is used to communicate internally and externally.

Internally staff can sign into the website and gain data that they may need from home.

The external communication is a lot more effected by the website. The website communicates with customers about products, store information, special offers and online sales. The online shop that Boots operates increases the performance of the business financially as little money is needed in its upkeep compared to the amount the stores require. The website enables Boots to make more money with less input. Less staff is needed to operate the online store so money is saved there. There is no need for a physical shop it is all virtual so this saves money on rent, bills, and general upkeep. Nothing can be broken or damaged by customers like in a Boots store. The online store can be used 24 hours a day 7 days a week and while people shop they may notice new products and they will see advertising around the site that might be of interest. The advertising space is also a benefit to Boots as it is free and unlimited. All these aspects are elements that contribute to the economic and low cost high profit performance of the business.



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Email

Email can be used to enhance the performance of the business internally and externally

Internally messages can be typed and sent to many people very quickly. This saves money and time in photocopying and distribution of letters. Emails internally can be used in restricted and open format dependant on the content. They can be used to make staff aware of information about price changes and strategic alterations that may need to be put into place. The use of emails in Boots to make staff aware of extra shift work available and job opportunities that may become available add to the efficiency and economic performance of the business by reducing the time that is used up by alternative methods. Staff can get in hold of the business via email when they need as it is a quick and easy way to do so.

Externally emails are used a lot in Boots for advertising. Customer databases are formed with information from the reward card scheme and the email addresses are put into a file. This is used to send customers information about special offers and general advertising. This is a lot cheaper than alternative methods such as the constructing printing and posting of leaflets and brochures. Links are used a lot to make it quick and appealing for customers to explore the online shop and be tempted to purchase goods. This increases the performance of the business by again making more money from as little input as possible. It saves Boots money, time, and manpower, which effectively frees more opportunity for the business to expand and develop.

Without ICT Boots would by now have lost out to competition, wasted hundreds of thousands of pounds ineffectively and not bee the multi million pound empire they are today.



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Production process

The production process is typically present within the operation of a manufacturing orientated business. This is the basic process of production

INPUT → PROCESS → OUTPUT

Boots is retail service not a manufacturing one. The production process is still however related around the business. Although Boots do not manufacture products the production process is vital in ensuring all elements of the business operation run smoothly.

The production process as shown above consists of three sections which are the input the process and the output. Boots is in the tertiary section of the industry as it is an outlet that sells goods. This is the output and this is the main aspect that affects Boots. The inputs are the primary sector and the process is secondary.

As Boots is in the tertiary sector and sells goods it must also use the secondary and primary industry also. An example of the process would be involving the secondary section of industry. This would be the purchasing of goods from suppliers to sell in the store. Boots do not directly have a contribution to this area of the production process. They do however contribute to the input section of the production process which represents the primary industry. Boots can investigate medicines and test treatments for sales in their stores. The manufacturing, mass production and distribution to stores are the process part of Boots production process representing secondary industry.