



In this report I intend to create a detailed report of Tesco's. I want to see what they have done to get to where they are today and to try to evaluate why what they did worked. I want to get as much information as possible, although some information may not be accessible to the public as it could be sensitive.

After the First World War, Jack Cohen received a £40 gratuity. With this he set up his own East end fruit and veg store. Later he joined with another man T. E Stockwell to create a partnership. They then formed a limited company and now Tesco is a public limited company (PLC) with an annual turn over of around £30,814 million pounds.

When Cohen set up Tesco, he was a sole trader, he would have had unlimited liability. This means that if he went bust and unable to pay his debts he would have his personal belongings sold by the bank to pay off his debts. His only source of finance was his £40 war gratuity. However nowadays there are many different sources of finance from bank loans to business angles to loan sharks as well as personal savings and family and friends.

Being a sole trader has many advantages as there aren't many forms to fill in. You can take holidays when you want and all the money that is made in the form of profit is yours for the keeping.

Being a sole trader means that he had total control over his business all profit made goes straight to him and doesn't need to be split up. When he merged to form a partnership he would have had to sign a deed of partnership. This outlines all main points about the partnership from money salaries to working hours. He would now have to consult his partner before making any decisions about the business. However there are good points about being in a partnership. It means that there are two or more people to help think a way around a problem should one occur. It would bring added finance as the other partner would have personal savings and maybe family money. If the partnership were to go bust the deed of partnership would outline who had to pay what debts.

After the partnership became successful Cohen and Stockwell became an ltd company. This means that they had shares which could be sold to employees and friends and family of the owners. They effectively own a small part of the company. They now have Limited liability this means that should the business go bust their private possessions are now safe and wouldn't be sold to level debts. Yet all the share holders would loose the amount of money they put in.

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There are also disadvantages to go with the benefits; these are that accurate accounts now have to be published for company house. This means spending money on an accountant.

Tesco's then became a plc or public limited company, it floated on the stock market in 1947 the share price was 25p. The business is now controlled by the share holders as every share gives you a say in the company. The profit is also split so that a dividend can be given to the share holders; this is a small percentage of profit given to share holders, and the more shares the more money they will receive. The legal liabilities are the same as when they were an ltd. The main difference is that shares can be bought and sold by the public on the stock exchange.

On the way up Tesco's has been through many of the different types of businesses. It has been a sole trader business a partnership an ltd company and now it's a plc. However there are a few types of business that Tesco's hasn't been.

- A charity: this is obviously because Tesco's is a profit organisation and wouldn't want to give away all there profit.
- A co-operative: this is when everyone in the business has an equal say in what happens. So the managers have rights equal to the cleaners. This wouldn't suit Tesco's as they have trained people to decide what should happen with in the business.
- A franchise: a franchise is when the company sells their logos and products to a person. This person then sells their things. Every month the profits are split and some is sent back to the original company. So basically Tesco would be making money with out actually doing anything. This is a good idea but it means that Tesco managers aren't in as much contact with the shops as they were before. Also as Tesco's sells so many different things it would be very complicated organising all of there things.

Tesco's is a multinational company. It has stores in Ireland, Poland, the Czech Republic, Slovakia, Hungary, Turkey Japan, Malaysia, South Korea, Taiwan, Thailand and of course the United Kingdom. This means that they have to diversify into many different tastes as these countries differ considerably. However they are obviously pleasing the markets as total profit in Europe in 2004 including the United Kingdom were £1710 million. The total profit made in Asia is £122 million. As far as Tesco's goes it still says that the UK is there main market and that they will never become a multinational company they will always remain a local shop.

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Every business has a business plan. In this plan they will outline their business objectives, their cash flow (a prediction of how much money will be coming in and going out and the sources of this.) It lists all properties and places where they want to expand to, it will also list equipment. Now obviously a company like Tesco's is huge so would have a very long list of property and equipment but in principle they do have the same kind of plan. Each store has a plan and so do all of the factories. They predict their finances so they know what will happen in the next 12 months. They also have a list of key objectives. This list will inevitably change maybe even on a monthly basis. When Tesco's was set up one of its first aims would have been:-

- To survive, basically they want to breakeven so they may not make a profit but they will not be in debt.
- After this is accomplished it would be to make say £1000 pounds profit.
- To increase market share so that they are getting more money than their competitors.
- To become an ltd (private limited company).
- To give good customer service
- To diversify into new products such as furniture or clothes.
- To expand into new country's and other markets.

Tesco's has done well in achieving all these targets, but they have never stopped setting themselves new targets this is key to a prospering business.

In 2000 the sales were 20,189 million now in 2004 the sales are 33,557 million. Tesco's is gradually becoming bigger and bigger they are already selling in over 6 European countries and around 6 different countries in Asia, they are trying to increase these to make Tesco an even bigger multi national corporation. As well as expanding into other countries Tesco is also expanding into new ranges such as clothes furniture finance and mobile phones. All of these sections have been doing well this probably because of their good planning and research.

Soon you will be able to buy pretty much every thing you need under one roof. Tesco's is also an internet grocer, you select the products that you want to buy off the internet and Tesco will deliver them to your door in a time slot that you select. This is a new ideal that only a few supermarkets have adopted although they haven't actually started to make a profit from this service yet they predict that they will by next year and are already viewing it as a highly successful part of the business.



The big six

Tesco has based its main objectives in six categories. These are known, as the big six. The six objectives below show what the big six are.

- *Be as good in non-food as in food-expansion on non-food products e.g. Computers.*

This is a critical objective for Tesco who base those selves on selling everything you need in one place. Having a various range of products that are bought everyday must be the best. Tesco must keep there standards of there products to the highest if they want to keep a high standard.

Tesco is renowned for selling quality food at good prices and maintains that. However, Tesco now sells other products that non-food. So now, Tesco have to concentrate on selecting a good quality section and maintaining this standard. This is now a known standard for Tesco, but what customers really want is option. This is why Tesco try opening new areas for new types of products. Items like microwaves and fridges are now on sale, Tesco must compete on the fashions, and standards of other shops in order for customers to buy from there shop.

- *To improve the bakery-in store*

On of Tesco's main selling points is the bakery. One of the reasons families shop at Tesco, is they have the options of buying fresh food. Food counters like the fish stall, meat section and fresh bread from the bakery. Tesco sells fresh bakery products on demand. Customers want fresh bread and rolls, so Tesco bake fresh bread so the customers will have that option. Tesco will put the breads and rolls on sale for 24 hours. This is a big advantage to shops selling rapped bread. Most customers prefer fresh to rapped, as they know what going into it. Therefore, by offering the best of both worlds Tesco is covering the market. All Tesco can do is improve the range and offer a bigger bakery.

- *To better the up range markets-finest range*

Tesco has a problem selling it self as an up range market. Tesco is still classed as a supermarket. This causes a problem in selling clothes. Adults and children will be happy to buy clothes from Tesco but persuading teenagers and young adults to buy from the store is difficult. Tesco now has to try to produce a higher quality and look for teenagers and young adults in order to get that sector.

Number one retailer



Tesco aim is to be the number one retailer in the world. Currently standing number one in the UK and fourth in the world Tesco goal or aim is to become number one across the globe. This means that profits must increase also number of shops in the world. Overall, the business must expand globally in order to reach these heights. They must also get more loyal customers than any other competitors

Objectives of Tesco's as a whole corporation

- To increase the profit of the business
- To have more stores globally in order to increase the name and size of the business
- Improve the standard of goods in order to improve customer satisfaction
- To be the number one retailer in the world
- To have a bigger slice of the market than the competition
- To expand the business in all sectors of the business
- To provide everything a customer would want in one store and achieve it
- Offer better prices on every item than any other shop

Objectives for an individual store

- Provide everything in one store that the customer wants
- Always have enough stock
- Always have everything available
- Provide good customer service
- Make sure every item of food is of the highest quality possible.
- Make sure every customer leaves happy and with what they wanted, without having to substitute other products.

The Bigger Six:

Customer service is the most important thing to know when selling a product. This is why so many business train their employees. By having employees having the knowledge and skill to sell products, the rate of sale will be greater. Tesco will have to compete with other leading supermarkets if they want the most customer service. By incorporating new training programs, Tesco will aim to be the best customer-selling supermarket.



- *To be stock is important to have a good and reliable reputation. This is important because you want your customer to trust that you can be in stock. Trying to always be in stock will allow the customer to think you are reliable and this will make the customer return or to buy from you and not another competitor. This is an important objective but is quite simple the complicated part is keeping this objective and using it throughout the complete 1000 stores.*
- *Improved range of goods is important in order of keeping up to the fashions of the customers. Tesco has to keep up to the fashions every season in non-food items like clothing. This is important because customers expect Tesco to have fashionable clothing at a cheap price. Tesco main objective is finding fashionable clothing and being able to sell them at a moderate price.*
- *Better value is what Tesco's motto is. Tesco is known, for selling top quality goods at low prices. Tesco objective is to keep this motto and to carrying it out through out the years ahead. This will happen by carrying on checking price and maintaining that there prices are lower.*
- *Extended opening is to make Tesco a convenience business. This means that the customer will know that Tesco will be within a 25-mile radius of the house and open 24 hours a day. This is a big aim for Tesco to accomplish through out the stores around the country.*
- *New club cards, is a good for of pulling in customers and a way of persuading customers to just shop in Tesco. This is a clever way to keep customers and an affective one. The cards work when a customer spends money and in reward, he gets points. When you spend a certain amount of points, you get either money back or an item from the shop like a can of beans.*

When I visited Tesco, a member of Tesco staff told me that core purpose is "to create value for customers in return for life time loyalty". To achieve his they deliver this through values, which are "no one tries harder for customers" and "to treat people the way we would like to be treated".

This can be broken down to bullet points in order to understand it better.

No one tries harder for customers:

- Understand customers better than anybody else
- Be energetic, innovative + be first for customers

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- Use our strengths for delivering unbeatable value
- Look after our people so they look after customers

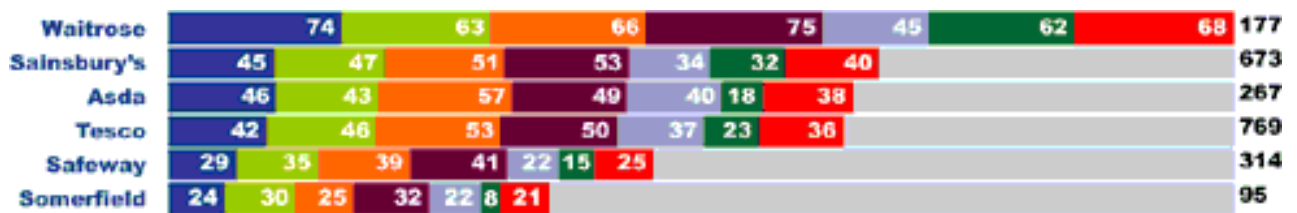
Treat people the way we would like to be treated.

- All retailers, one team in which there is the Tesco team
- Trust + respect each other
- Strive to do our very best
- Give support to each other + praise more than criticize
- Ask more than tell + share knowledge so that it can be used
- Enjoy work, celebrate success + learn from experience

I feel that these bullet points are very valuable and moral to go by in order to fulfill core purpose. These points show that Tesco has a plan for the business to expand but to make sure while doing it they are never complacent in fulfilling the customers and staffs potential.

This information came from a talk by C. Berry when I visited Tesco.

Tesco has a bad reputation for quality this is most probably down to its very cheap prices but for your money you are actually getting a high quality product. They have an economy range which sells food extremely cheaply they also have a "finest range" which is slightly more expensive but is to a very much higher standard. I personally don't do a food shop but if I did I see no reason why I wouldn't shop with Tesco.



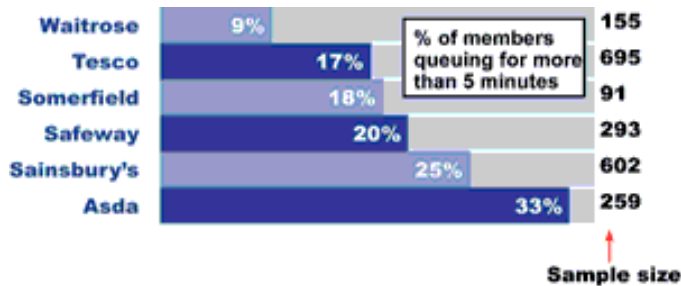
This information is from the WHICH survey. It is talking about quality. The numbers are the percent of people who said the quality was high. It takes into account fresh meat, fruit and veg, the bakery, dairy produce, chilled food and ready meals, organic produce and the delicatessen. As you can see Tesco's wasn't rated number one but they were still classed as good.

Tesco's view the image that they project as very important. They see themselves as a key part of the community which in some areas they are they supply many jobs for people and they also support local charities in 2001 Tesco's raised 3.2 million pounds for Macmillan cancer research. In 2002 they supported

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Cystic Fibrosis Trust and raised 1.8 million this year they are supporting Barnardo's they have so far raised 2.5 million.



The diagram shows the length of time that people had to queue in Tesco's. In this area of customer relations they scored very well as they are on the whole generally bigger than Waitrose.

Tesco's is a very ecological aware company each year it sets its self tasks to undertake. Some of these tasks are:-

- Recycling plastic, as you can see they didn't perform as well as they wanted. They wanted to recycle 87% of the plastic that they used during operations. They missed the target by 1.6% so they were only just under. So next year they have set a target which is slightly different, they want to recycle 60% of all waste.
- A target that they met was water consumption. They wanted to reduce water consumption by 4.2% per square meter of sales space. This target was met and next year they want to save an extra 7% of water which equates to 119,905 m³.
- An example of a target where they exceeded expectations was vehicle efficiency. They wanted to increase the amount of products delivered by 2.5% for every litre of fuel. They exceeded the target and actually managed to deliver an extra 3.7% per litre of fuel.

All this shows that Tesco's is a green company. They set targets to achieve and on the whole they manage to reach the target and quite often exceed the target. All the targets are to do with helping the environment e.g. fuel consumption and recycling. Tesco's performance is reviewed by the corporate responsibility committee. As a result KPI's contribute to the way that they monitor and assess the overall performance that the company has made in the year.

All business have certain things that they want to succeed in. These are called business objectives. Tesco's are to grow into a multinational company, (which it already is) to have loyal staff. To be valued by people more than there



competitors. And to be as strong in non food as they are in food retail. To do this Tesco offer many advantages to there staff such as free gym membership, they also offer cheaper insurance and discounts on food. All of this is to make the staff want to provide a good service to the public.

To be valued by customers more than there competitors, to do this Tesco's offer low prices good customer service and extra things that other company's don't such as broadband a mobile phone service mortgages and pet insurance.

Each individual store also has objectives. The Camberley store employed a technique of ECHO this stands for "every customer offered help". They also wanted to increase their sales in the Christmas period so they were bigger than last year. Last year in one week at Christmas Tesco made 4 million pounds, they want to boost this to 5 million.

To find out how successful Tesco's is as a business they compare their prices, shares and profits with their competitors. Tesco's is so sure that their prices can beat there competitors that they even have a price check for other company's such as Asda, Morrison's and Safeway's on their website. They also accept other stores coupons at the checkout. Tesco's also monitor what is bought by whom. To do this they use the club card. This offers discounts to the customer on certain foods. It can be used to offer special offers to the customer e.g. buy two get one free. This club card gathers information about customers and this information are then sold to Media Company's who use it as market research.

Green Eating Apples

<i>Product Description</i>	<i>Tesco price</i>	<i>J. Sainsbury price</i>	<i>Morrison's price</i>	<i>Asda price</i>
GOLDEN DELICIOUS APPLES	£1.18	£1.29	£1.49	£1.28
GOLDEN DELICIOUS APPLES LOOSE PER KG	£1.07	£1.08	£1.29	£1.07

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GRANNY SMITH APPLES LOOSE PER KG

£1.07
£1.08
£1.19
£1.07

GRANNY SMITH POLYBAG

£1.18
£1.29
£1.36
£1.28

OL BUDGET/TERTIARY APPLE BAG

£0.70
£0.70
N/F
£0.62

Don't forget you can get Clubcard points as well when you shop with Tesco.

Prices apply to mainland England, Wales & Scotland only

** All prices listed were collected on the 27 September 2004.*

'N/F' indicates that product was not found

This chart shows just how much cheaper Tesco's is than there competitors. This was available on there website and you could view any product in this format. This shows just how sure they is that they are the cheapest supermarket around.

The four factors of production are Land, Labour, Capital and Enterprise. For any business to succeed they must have all of these.

They need land to build or sell their products, for Tesco's these are both their factories where the actual food is made and the shops and offices where products are sold.

They need labour, they need people to design, make and sell the products, and they also need people to over see all these processes.

They need capital, this is an item that is used in the process of making the product and not needed for its own sake. E.g. factory, machinery, offices and raw materials. It doesn't include money however as money is only needed to

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purchase the objects it isn't useful in production as far as it doesn't make the product.

And lastly Enterprise this can be seen as a factor on its own or sometimes it comes as a branch of labour. Enterprise comes from people who have the ideas and are prepared to take the risks to see that they work.

All four factors are needed to run the business however they do all cost:-

- Labour = wages
- Land = rent
- Capital = interest paid on finance raised to buy the capital.
- Enterprise = profit (as a reward)

Obviously Tesco's doesn't have to take out loans to buy new machinery. This money would most probably come out of profit.

Tesco's has many resources that need to come together to maximise profit. They have;-

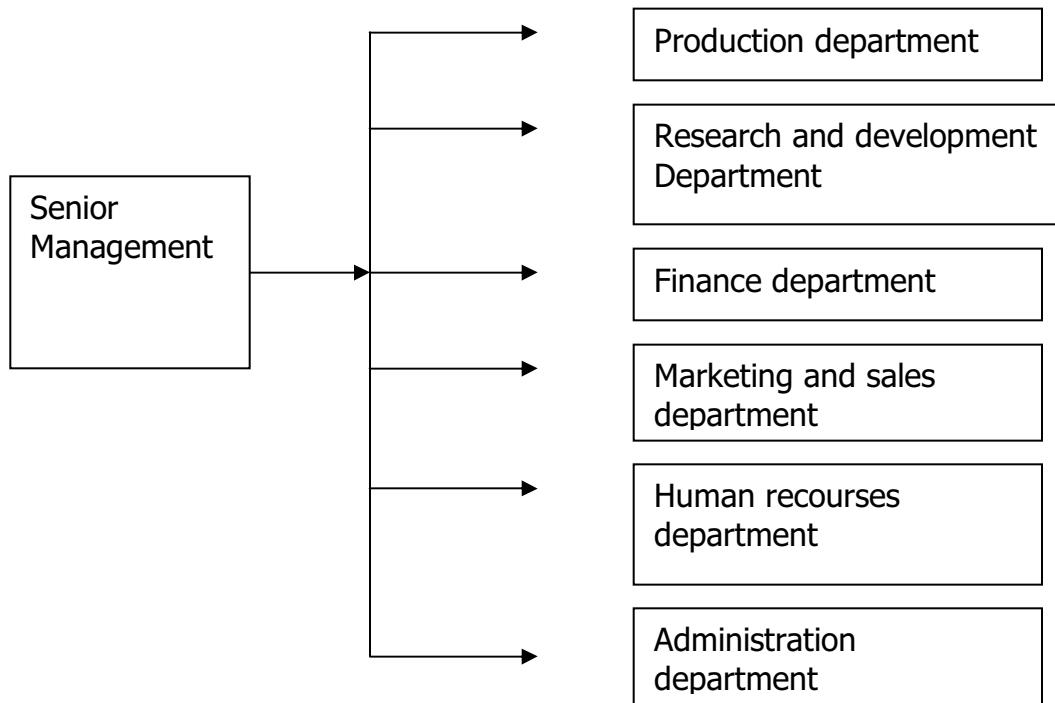
1. Finance, this section of the business decides on what money will be spent on. They also are responsible for all wages and any other money coming in or going out of the business e.g. charitable donations.
2. Production, this is the products are designed, taste tested and produced. Packaging is also designed at this stage.
3. Human resources, they are responsible for any human needs such as jobs both hiring and firing, it is also responsible for training and customer relations.
4. Marketing, marketing is where research is done into customer needs as the business wants to satisfy the customer's needs. Marketing is also responsible for advertising which ever form this may take. Tesco's most probably employ an agency to make there adverts.
5. Administration, administration is responsible for making sure everything is working. They are responsible for a number of things ranging from maintenance to reprographics to catering and stationery. Many big companies employ other agencies to do this for them this is called outsourcing.

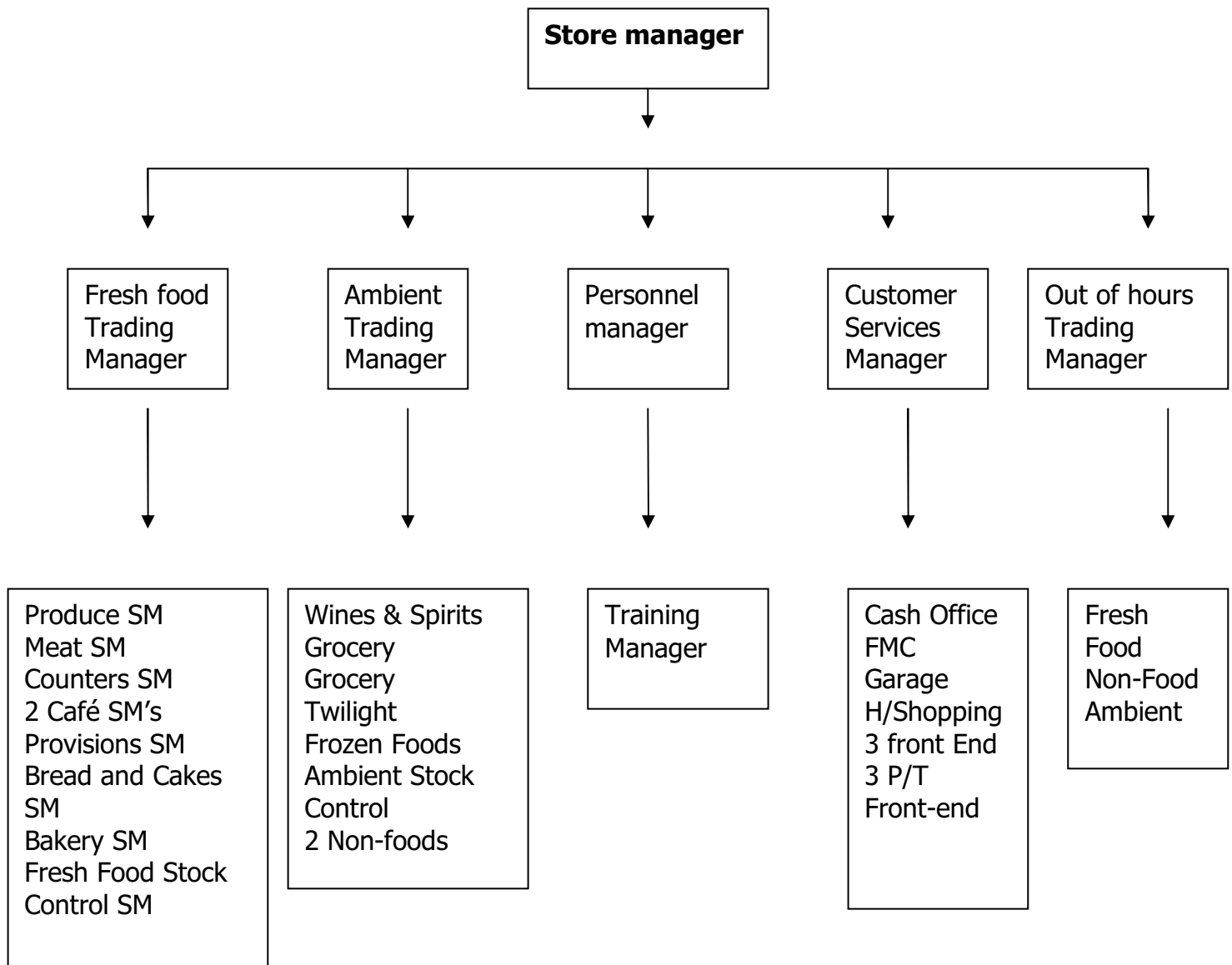


6. Research and Development, Research and development is important to Tesco because they sell many products that do not really differ. This is a problem because a business that doesn't change its products will eventually lose to other competitors. This is why the research department, tries to find out what the customer wants and what products need to be improved or changed. This insures that the Tesco food range is continuously changed. Bakery products are introduced and changed. Bread is baked with new ingredients in it in order to have a bigger variation in the bakery. This is what customers want to see, it also attracts more customers knowing there is a lot of variation. Research also goes into the food made. Tesco uses computer in research like cad and cam to help make the food healthier and better designed. Development is a huge part of Tesco as new Tesco products go through the development function; this designs new products and develops them. This is one of the factors that make Tesco stand out. There are many ways in which information can be got by Tesco's. They normally use there own information as it is cheaper and easy to obtain. It is also up to date and completely relevant. Tesco's could buy research but this can be very expensive and not as up to date as is necessary.

If all these resources work together closely like they do in Tesco's you will get a very successful business. Each of these departments works on a large level and a small one they can be split down from main management in the offices to the individual shop's management. Obviously in each shop the departments are a lot smaller and some don't exist e.g. production.

All of these different sections are connected marketing will be given a budget by finance, finance will talk to human resources if they need more people to work in there section and human recourses will need administration to get stationery computers and other office things. All different resources are connected to finance and most are connected to administration and human resources.





What the graph shows is that Tesco is split into functional managerial areas, in which a different person manages a different thing this allows managers to specialize and spend all there time on there side of the business. This means that Tesco runs more efficiently and checks can be done for each area, so the business can check what area is doing well and what is not. This also helps run the store for the store manager, which helps the running of the business be more easily and efficiently.



However problems can occur, if communication is poor between the different managers then things could be missed out or over looked.

Management has four main functions

- Planning

This involves the planning of targets and how these targets will be reached and in what time scale. Tesco's has to plan ahead; if they don't there business would become unorganised and would start to lose money.

- Organising

The management also have to set up structures and procedures for the objectives to be achieved. E.g. the factors of production will need to be organised and chains of command will need to be set up.

- Directing

When the functions of the business have been set up it is management's job to organise everybody. They have to coordinate the work force this may entail reconciling conflicting interests to achieve the business objectives. Management use the directing staff to motivate the staff.

- Controlling

Management must control and monitor activities. E.g. management must track finance and compare it to the budget that they have been given. If anything goes wrong management are responsible for putting it right. All managers are required to think on their feet.

There are many different styles of management

- Autocratic; this is where the manager makes all the decisions and the staff do exactly what they are told. Staff under this type of management is generally unmotivated.
- Democratic styles; the manager makes decisions with the staff, employees are far better motivated.
- Laissez faire; the manager lets the employees get on with it he has little or no intervention with them. These staff are normally unproductive.

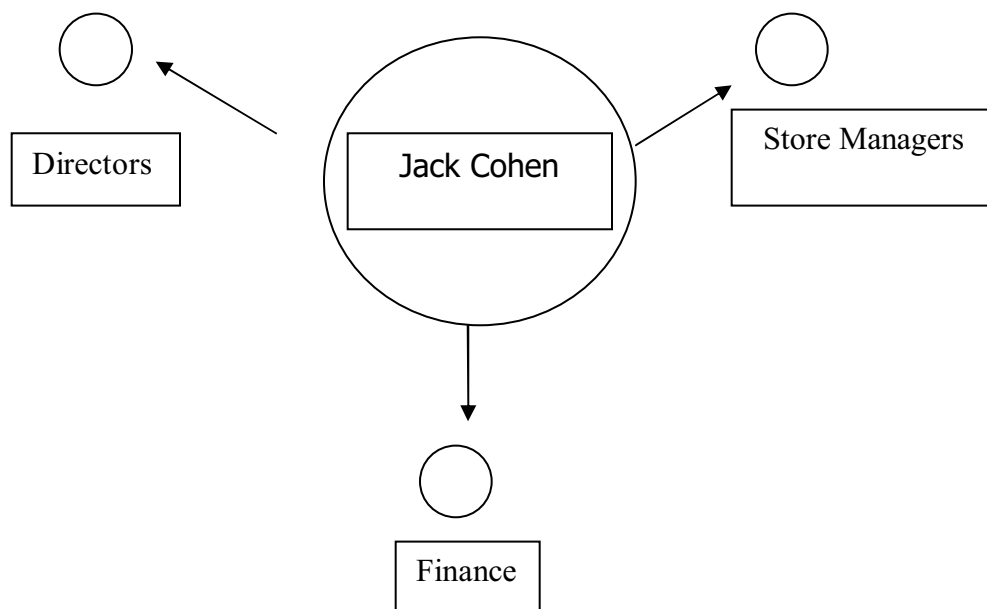
Jack Cohen's motto was when the business was first set up was "pile them high and sell them cheap". His most famous motto is now widely known. "YCDBSOYA" this stands for "you can't do business sitting on your arse". This



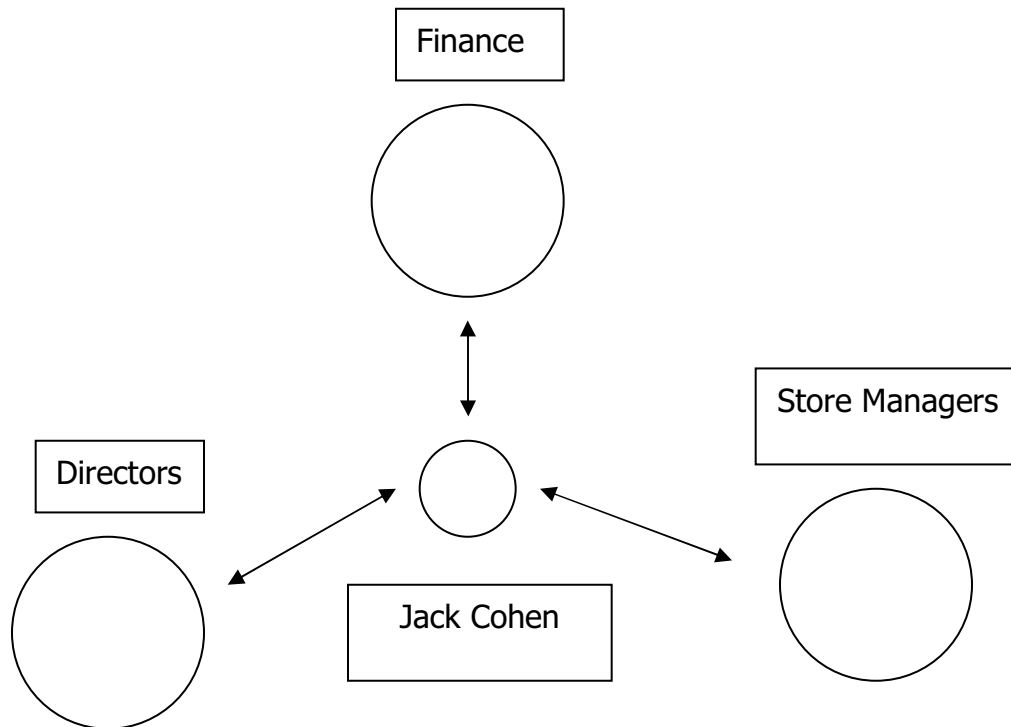
shows that he is determined to succeed in his business and it is also an example for the rest of the staff to follow.

Jack Cohen runs his management in a democratic way. Everybody has a say in what they think should be done. This means that the staff are well motivated and feel that they are part of the company this increases moral and means that staff will want to be employed at Tesco for longer.

Tesco used to be a very centralised company; this means that all choices were made by the boss Jack Cohen. Everything would have gone thorough him.



Now Tesco's is very much a decentralised company. Teams are free thinking. This also ties in with the change of management style centralised management suites an auto critic management style, Tesco's is now a democratic style management. Decisions are still run through the Tesco director but most things are thought up by the different managers.



Tesco's has a great culture it is one of the things that it prides its self on. This is mainly due to moral of the workers. If all employees are happy and like there jobs and there surroundings then they will work better. Tesco's have adopted an approach with there staff that makes them feel more involved. To do this they don't tell staff what to do they ask them to do something. This is simple inexpensive and very useful.

Tesco is a very forward facing company. They are always looking to expand into new things and new ideas. E.g. mortgages insurance phones sports wear cloths and bikes. This boosts there market share as they now have more things to sell to a wider audience. This inevitably boosts there profit. Tesco's is actually the leading pet insurer and is doing very well in the other insurances. There cloths line is extremely successful it is making around 8 million pounds a month.

Tesco's used to only target the lower classes that's E, D, C2 and C1. Now they focus on the whole market they sell to A, B, C1, C2, D and E. They sell the economy range which is very cheep but the quality isn't particularly good. The price of Tesco's economy bred is around 20p a loaf. They sell the normal range which is good quality and a reasonable price they also sell the finest range, this range is high quality and more expensive. The food is more extravagant with things like sun dried tomato bread and rich chocolate cake. Now Tesco's are



getting money from everybody on the market. They have boosted their market share and are also gradually building up loyal customers from all types of social class.

Tesco's has a very effective organisational structure. They use a steering wheel technique. This steering wheel has 4 sections to it; customers, operations, people and finance. This splits down all tasks that need to be done then each task is delegated to a certain person. This obviously works to make Tesco a successful organisation. Tesco's as a business is out to make as much profit as possible so splitting tasks up means that each part of the business has less to concentrate on so it can take more time refining ideas and helping to make more profit. Tesco's is very proud of its culture and its image, staff are trained to be kind and helpful, and the staff employ a technique of praise more than criticize. This helps staff feel more part of the business and it motivates staff as they aren't being criticized which is bad for morale. Success at Tesco is celebrated, this helps motivate staff. The staff are also asked more than told. This is good as it gives all staff some control, this has been proven to reduce stress and it also makes staff feel like they are a big part of the business. Tesco's offers all staff free gym membership and also it offers cheaper insurance and clothing from their ranges. This is good motivation for the staff and it also makes Tesco's look good by boosting their image. This will also make new staff more interested in working for Tesco's.

Tesco's are now a PLC this means that they can sell their shares on the stock market. Tesco's offer a share buy scheme, they sell their shares to their staff for a reduced price. This makes all staff a bigger part of the company and it offers them a reason to work. As Tesco's share prices rise when the business does well, so the harder the staff work the more money their shares will be worth.

Tesco's has a very effective management technique, not all decisions are made in a central office, and they are made in the stores. This means that each store can change to suit their surrounding market. An example of this is with their petrol. Every day they check petrol prices within a 3 mile radius of their petrol station, if any one has cheaper prices than them they lower their prices. Although their petrol is a loss leader (they make little or no profit of it) it does bring in customers and making sure that their prices are lower than everybody else's brings in a larger market as people want cheap petrol.

Tesco's is defiantly a forward looking company. They are always diversifying into new products and ideas. They recently started to sell clothes under the label Cherokee. This new range is highly successful it makes a substantial profit and is still being extended. Tesco's also offer cheaper insurance, broadband and

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they are now expanding into a new idea. They are now showing adverts for products in the store. As you go down each isle you will see a television this will be advertising things that are for sale down the isle. This will be successful because supposedly 1 in 3 products bought is instinct buying. This means that you will buy things that you didn't set out to buy. Tesco's could also make money from the individual company's whose items they are selling as if they show there advert and not a competitors then that product is more likely to be bought.

ICT is used in many businesses to communicate. It is now a key factor in nearly all business with out it company's wouldn't be able to track customers they wouldn't be able to use tills, or access information with the click of a button.

Tesco's have many different ways of communicating. They use pagers, telephones the internet and intranet, memos meetings and of course face to face communication. These can all be used for internal communication. However some aren't very effective. Meetings take time to organize and don't always achieve what they need to. Memos are sometimes over looked and lost this means that they can't be read so they don't achieve what they set out to. Pagers are good but only a small message can be displayed. E mail is useful and effective, it can be picked up anywhere in the world and replied to any where. It is cheap and easy to use. Messages can be sent also things like spread sheets or pictures can be attached. As the internet is now available in many different places due to wireless access it really is one of the most effective communication forms.

To communicate externally Tesco's could use email, letters, phone calls and face to face. Letters aren't very effective as it takes time to write what you want, you then have to send it and this can take a while and it won't be delivered on a Sunday unless you use a courier which is expensive. Letters are time consuming and expensive. Face to face is a very good way to communicate, unlike in email and letters you don't have to wait for a response and you can achieve your objective very quickly, however face to face meetings aren't very particle, if you want to speak to the manager and he is in Scotland you would have to travel and this is time consuming and expensive. Telephone calls are a very good way to communicate you can speak and now with new technology you can see the person you are speaking to. You can call people anywhere now because of mobile phones it is relatively cheap and easy to do.

With out ICT business would be lost. Especially as Tesco's relies on EPOS or electronic point of sale. This happens at the tills, the barcodes are scanned, this tells Tesco's exactly what has been sold and so the exact number of new

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products can be ordered to replace the sold ones. This is cheaper than storing a lot of stock and hoping that all of it is used and doesn't go out of date. This technology combined with a loyalty card lets Tesco's know exactly what you buy, when you buy it and how often you buy it. This information is vital to them as they now know what you want from them. All this information is added to the information that they already have on you e.g. family status and income. This information is stored on computer and is used by Tesco's to create special offers it is also sold to Media Company's. They use this information for advertising.

As well as EPOS there is EFTPOS this stands for electronic funds transfer at point of sale. This is a method by which Tesco's transfers credit and debit card sales made by customers directly from the customer's bank account. This also allows customers to get cash back from the check outs. They are allowed to take up to £50 from there bank account via Tesco's.

Tesco's is now an e grocer; customers are able to buy there shopping off the internet. To do this they have to download the software form the internet site. They are then given an ID number which is used every time the customer wants to shop on line.

All the payment is electronic using technology to take money from one bank account to another. To protect private information all of it is scrambled to make it almost impossible to decipher. But many people still don't like typing in there credit card details so they can leave a phone number so that the telesales department can call and collect there details.

Once the software has been downloaded the customer can browse the products on offer. After they have chosen all the products that they want they simply create the list, select a date on which they wish to receive there shopping. The lists are passed on to trained personnel they select the products needed and then the shopping is delivered in refrigerated vans.

Tesco's use ICT for things other than communication and prices. They use it for planning new stores; each store is graphically designed on the computers. This means that all aspects of the building can be planned, from the price of all the materials needed to the amount of land being used. This information isn't just for the builders and the Tesco staff; it is for the local authorities as planning permission needs to be gained before any kind of building can be built. Once the outside of the store has been planned the inside is now created. All Tesco stores are made around a plan this is why they are basically set out the same. Places are chosen for products and for the counters e.g. dele and hot food.



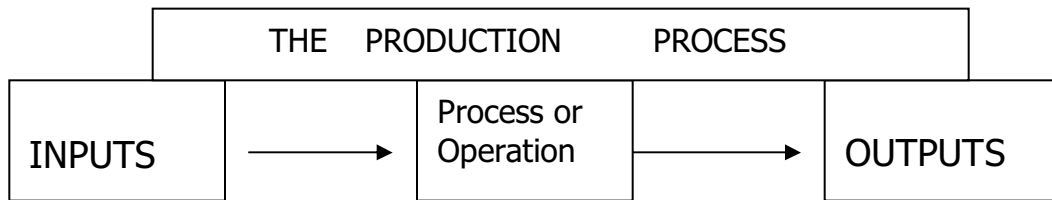
Tesco's has all of its information stored on computer. Club card holders there addresses and information about them and there family's. They have information about stock lists, staff information, wages and store layout and design. Not only is it information stored about the public but also about the staff, there wages and past in Tesco's. Information about each store is kept such as profit and loss accounts balance sheets. This information is stored in the form of a data base. This means that information is easily assessable. It is all stored and can't be lost; the information can also be highly guarded by computer passwords and codes.

As all the information is stored ion one place on the computer letters can be sent to customers and share holders. These letters are drawn up on the computer by the chare man or his team. They are then mail merged. This means that instead of writing every individual name and address on the letters manually the computer does it automatically. This saves time and consequently money. This feature of it is used regularly by Tesco's so that they can keep in contact with the customers helping them keep there reputation of a community.

Obviously ICT is a very useful thing to Tesco's as a business, with out it; it would cost a lot more just to send out a regular letter. Many parts of the business would be impossible e.g. the internet shopping. If there was a fire the information wouldn't be lost as it is all backed up in the form of CDs. Tesco's

Yet the new technology does have its downfalls. The computers are cheaper in the long run but the first price would have been expensive. Also all the staff that use the specific software have to be trained to use it, this would take a lot of time and money. Computers are also subject to viruses and hackers. If a hacker were to get into the system then they could get lots of personal information they could also sell sensitive information to Tesco's competitors. If a virus were to get onto the system then all information could be lost, also it would mean that the computers couldn't be accessed by anyone until the problem was sorted out.

Production this is where raw materials are put together to make the final product. In Tesco's there are many things being made to be sold, a good example of production in Tesco's is their bread from the bakery. They mix flour wheat yeast together, add labour and capital and you have a loaf of bread to be sold in the bakery.



So that Tesco make a profit on this they have to add on value. They take the price of all the raw materials, say 10p add this to the price it costs to actually make the bread (labour, gas from oven, the oven its self has to paid for and the packaging) say this is 20p. Now to break even the loaf of bread would have to cost 20p. But Tesco's is out to make a profit, so if they sold the loaf of bread at 60p then they have made over 100% profits. They have completely covered there expenses and the extra 40p would be profit to be used as Tesco managers see fit, may be new ovens so they could make more bread and therefore more profit.

During the process of making the bread it is continuously quality inspected. This is to make sure that the quality is as high as possible. Tesco's are proud of there reputation for high quality. This is because if they keep high quality the customers that buy the bread will be pleased they will then buy the same product again. If they buy the same product again it means that they have to come into the store and that means that Tesco can sell more items to them.

Every year there is a survey called the which survey. They looked at Tesco's and there competitors. They compared them in different things e.g. value for money, quality and range of products. As you have seen already Tesco came forth in the quality survey. This doesn't mean that they have a low quality. This just means that they aren't the highest quality outlet around. They could be forth because they want low prices as well as high quality.

Tesco's test there quality very regularly in the bread department every 1 in 50 loafs are checked. They are checked by weight, they are tasted they are also tested in consistency and texture. If a loaf fails one of there tests then it and the rest of the batch are taken back and thrown away. This does create a large waste and eats away at the profit as the ones being thrown away won't make any money.

TQM or total quality management is used by Tesco's to assure high quality through out a products shelf life. At each time the product is seen it is checked to make sure that the quality is good. All employees can take a product off the shelf if they feel that it is below the standard that it should be. The employees

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use a process of WIBIT, this stands for would I buy it? If the answer is no then it is taken off the shelf.

Tesco's use many steps to assure that the quality of there products is high. They have regular meetings and talks about what is the correct quality for the product. They also employ techniques such as WIBIT and sampling. All staff are trained to know what to do if they think that a product is of a low standard.

Tesco has cleverly devised tactics and methods of the running the business to make the business prosper. By making Tesco stores independent, this again saves time and filters the more important questions that need answering. Such as should we invest in an internet grocery?

These tactics and methods are effective. By adopting a decentralized organization the business makes the decisions it's self through staff and there own brain, this allows the business to save valuable time. This erases any irrelevant questions that waste time and money. It also creates a family like feeling between workers as all have a responsibility and all want the business to prosper.

The culture Tesco incorporates motivates the staff serving under Tesco. This means the staff have the confidence to make vital decisions. This also makes the staff more qualified with in the job and makes them more dependant, as they know what to do if a problem occurs. This makes Tesco more appealing to the public eye and makes the jobs more wanted. This means that employees do as much as they can to keep there jobs and to be promoted. Tesco's is good at creating high levels of moral and job appreciation. This helps increase there image therefore making Tesco's a good place for the public to shop in.

When you run a business, the business has to have a good organization structure, culture and management style and Tesco's is no exception. In fact they have to be extremely well organized as they need to work in different countries with different people and in different currencies.

Business must know what it will be producing, what the staff will be doing, what money will be made and spent and overall. With out this information being known and widespread among employees the business just wouldn't work.

When producing mass quantity of products, everything must be organized to cope with this. Business must have everything in a structure to work from other wise time will be lost trying to figure out what goes where and who does what! The more products the business sells or makes the more profit it will make. By making sure, everything goes according to plan and the machines, staff, and

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input are where they should be the operation of production process will be successful in any business including Tesco. If it is in chaos, the machines will brake down and the staff will not know how to handle it.

The staff need to be well motivated so that the business runs smoothly and effectively. Tesco's feel that using a decentralized method of management they will succeed. This was a good decision as it has obviously worked making Tesco's one of the biggest and most successful businesses in the country and may be soon the world.

For Tesco's to continue doing as well as they are they need to increase the quality of organization. To do this they could send managers on courses in other fields apart from there own. They could also look at how other company's keep there business in good order. This information could then be compared to these and they could alter how they do things.

The world is constantly changing with new technology being invented and new products designed, if Tesco's keep on moving with the new ideas that come out then they will keep making millions of pounds profit however if they stop only for a couple of months they will fall behind and there competitors will take there customers.

Sources:

- The Tesco web site.
- Which survey
- C. Berry an employee at Tesco's who took me on a tour of the store and gave me a talk about the business.
- Newspaper reviews and articles from the times and telegraph.
- The advanced business text book.
- I have also used my own knowledge.
- I did also write to Tesco's and request an information pack but they didn't get back to me.