



Stakeholders

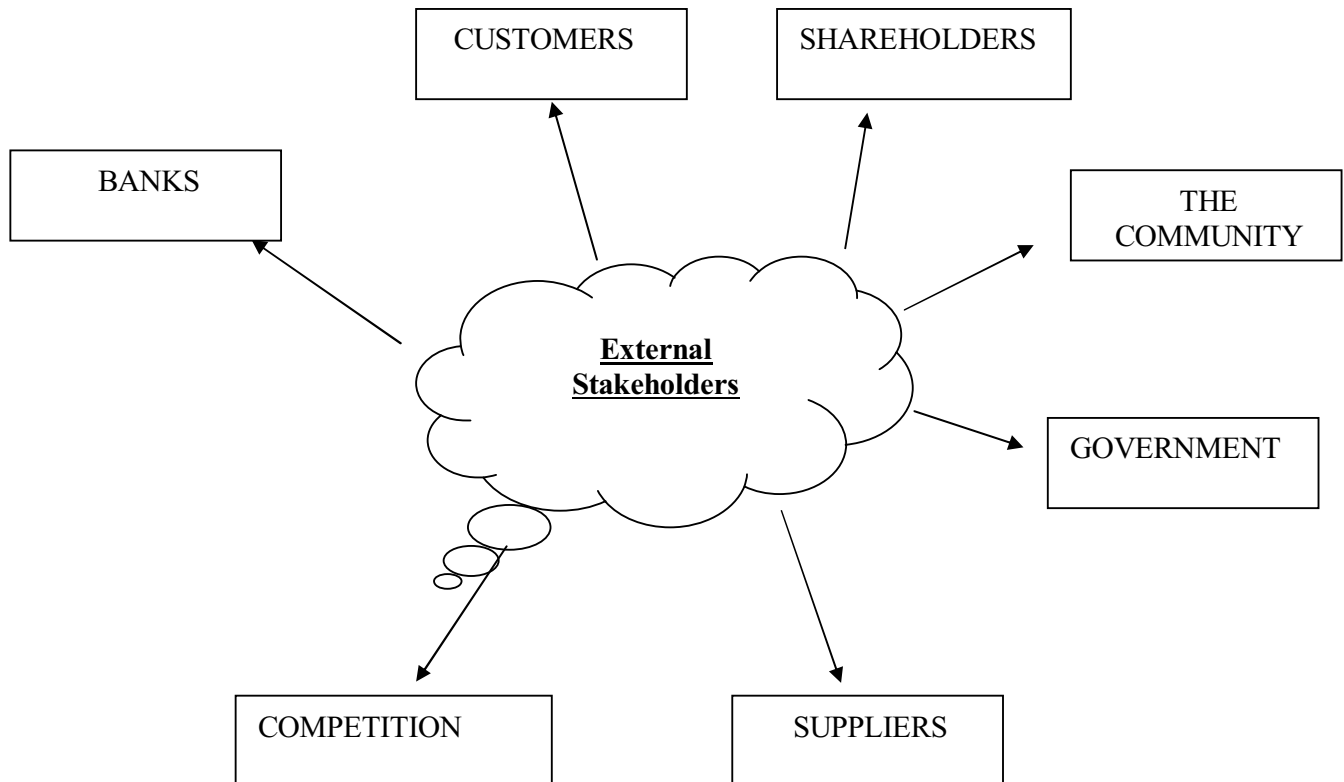
Next is a company engaged in the European apparel market. Next the womenswear chain was launched in 1982. It had an immediate and major influence on high streets throughout the U.K. The continued success of Next's innovative shopping concept has provided the company with an outstanding record of achievement. It is positioned at the upper end of the mass market and enjoys a market share of about 4% or more in all of its categories. Its major categories are, womenswear, menswear, and childrenswear. Next offers fashionable goods at reasonable prices. The majority of their sales come from a 20-40 year old age bracket. Next uses three key words style, quality and value. The company seeks to develop its product along these three line it that particular order. They are not just a retail company they are also a home shopping company, 25% of their turnover is through home shopping. Next is focused on servicing the customer, Next sees their job as satisfying the customers requirements. The history of Next is outlined below.

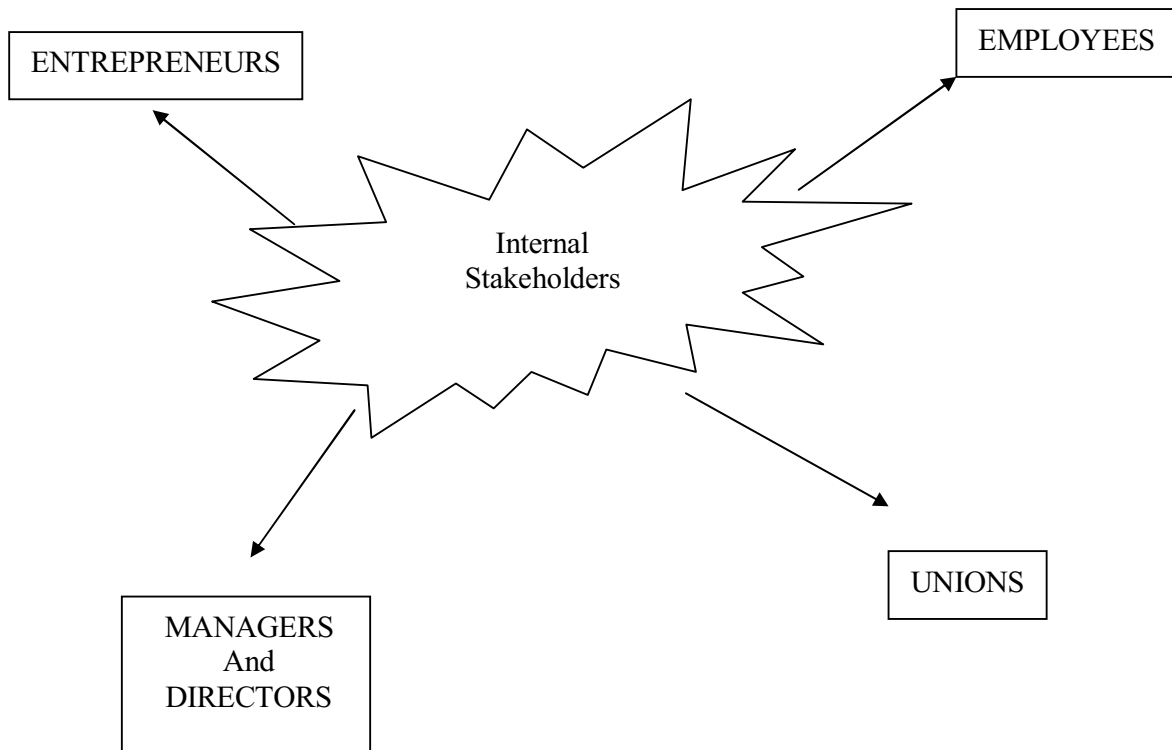
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| 1864 | J Hepworth & son, Gentleman's Tailors was established in Leeds. |
| 1981 | Hepworth bought the chain of Kendalls rainwear shops to develop a Womenswear group of shops called NEXT. |
| 1982 | The first NEXT womenswear store was opened on 12th February. There were 70 shops by the end of July. |
| 1984 | Launch of NEXT for Men in August. By December there were 52 shops. The first mini department store in Edinburgh opened incorporating womenswear, menswear, shoes and a café. |
| 1985 | Launch of NEXT Interiors range of soft furnishings for the home in August. First department store with womenswear, menswear and interiors opened in Regent Street, London. |
| 1986 | Parent company, J Hepworth & Son changed its name to NEXT plc. Acquisition of Grattan plc (mail order company). |
| 1987 | Launch of NEXT childrenswear. |
| 1988 | Launch of NEXT Directory in January. David Jones appointed Chief Executive of NEXT plc. |
| 1990 | Lord Wolfson of Sunningdale became Chairman of NEXT plc. |
| 1991 | Sale of Grattan to Otto Versand |
| 1993 | NEXT announces brand strategy of 'One Brand Two Ways of Shopping', bringing together the common ranges across both retail and home shopping formats. |
| 1994 | NEXT now trading from 300 stores in 16 countries worldwide. |
| 1995 | Successful relaunch of NEXT for the Home. |
| 1998 | Sir Brian Pitman appointed as Chairman. |
| 1999 | Launch of shopping on the internet from the NEXT Directory at www.next.co.uk |
| 2000 | Next day delivery introduced as standard for orders placed before 5pm with the NEXT Directory. |
| 2001 | Several new larger stores opened. Launch of www.nextflowers.co.uk . Simon Wolfson appointed Chief Executive. |
| 2002 | Internet speed disk introduced in March. David Jones appointed Chairman. |

WHAT IS A STAKE HOLDER?

A stakeholder is a person, persons or organisation that has an interest in the actions and reactions of a particular business. In this case, interest means that the actions of the business

will have an effect, direct or indirect, on others. The following diagrams display external stakeholders and internal stakeholders that any business may have. External stakeholders are not directly involved in the business. Internal stakeholders are directly involved in the business.





First of all I am going to look at the interest of each stakeholder in the business.

The Customers

The customer's first priority is value for money and choice. Customers are particularly keen for the business to succeed, because this will mean a continual flow of new advanced products at lower prices. Customers will also want to know if the quality and price of the product that they are buying will be consistent wherever the purchase is made. If customers do not like the way in which a business operates they will form pressure groups.

Shareholders

Shareholders are the owners of the business (Next plc). A Shareholder's primary priority is to reach his or her financial goals; this can be done through the company giving out dividends or through a form of capital gain (this is where the price of the share has increased above its purchase price).

Banks (Lenders)

A bank's main concern when it has lent money out to a big business is that the business does well. This is because the success of the business will affect the success of the bank. After a bank has lent out their money they will want to receive a return on their investment such as interest payments. They will also want to see their money back in the future. If this does not happen the business will fail because the banks will take them over and sell some of their major assets.

Community

This is not only directed at the local community but also environmental groups campaign for the protection of the environment e.g. if Next started to sell fur jackets, they would get people from green peace and other pressure groups telling them to get

rid of it, and they would have to. The community can range from local to global.

The community are also interested in the organisations employment policy because if a large business moves near it is a source of work for them. But with a business coming there are also environmental policies i.e. the local community might not be happy with the way in which the business effect the quality of there life.

Suppliers

Suppliers are stakeholders in the business because if the business fails, they will lose a customer and therefore lose sales and money. Suppliers derive their demand from the demand of the end user. They again will only succeed if their client succeeds.

Suppliers will also be concerned about being paid on time; their cash flow depends on major customers.

Government

A business will almost always pay several different types of tax to the government. These taxes are national insurance, income tax, sometimes V.A.T. (value added tax) sole traders and corporation tax. If a business fails, the government will not only lose a great deal of revenue through tax but it will also have to increase its expenditure on unemployment benefit.

Competition

If a business launches a successful product it will not only reduce market share but it will force rival businesses to copy the product and emulate marketing strategies. This is why nowadays you see large companies such as Tesco's selling a large variety of products, ranging from vegetables to TVs.

Entrepreneurs

The entrepreneur is the man who is working behind the scenes of a company. He is the man with the ideas, the person who saves the company from losing money in that particular year. He is the person who is interested in the firm's survival, and the likelihood of profits. This profit motive may clash with the objectives of some of the stakeholder groups e.g. in competition you have to have low prices, and this cuts profit margins and also employees want high wages and job security this will also tamper with the year's profits.

Unions

Actions of unions can occur regardless of success in the company. It all relies on whether the employees are satisfied with their wages and their working environment. Satisfying these groups does tend to be a lot easier when the company has money to spend on their employees.

Managers and Directors

Managers and directors run the company. They are stakeholders because they may have been awarded share options or may just own shares in the company they work for. The profit of the company mainly in terms of market share, profit and share prices will determine whether managerial staff will continue to have a job in the company, because if the company fails the person will be sacked.

Employees

All employees will wish to see the business in which they are working in to do well. This is because if the business does well they have more job security and have a higher income. The performance of the employees is a key factor to the business doing well. It is vital to have friendly staffs that have some knowledge of the company in which they are working. If you have this your business will almost defiantly not have any problems in t

Task 3

In task three I will briefly explain the influence that different stakeholders have on that business.

The Customers

The customers are by far the most important people to a company, most of a company's time goes towards keeping their customers happy. This is why the whole structure of a company is built around their customers. That is why a large business or organisation keeps their environment clean and lays out there products in easy to find areas. They go to all this trouble because without customers there would be no revenue and without revenue there would be no company. To keep the customers happy the business has to constantly change their products and also do a lot of research into different methods of selling goods. All of this can take a significant amount of time.

Shareholders

Shareholders are a form of revenue for a company. Shareholders will want a business to invest their funds so that they earn the best return. Shareholders will want to see their money tied up in productive, operating assets and will not want to see much tied up in current assets. So a shareholder influences the way in which a business has to invest their money.

Banks

Financial organisations such as banks have a big influence on a business. A business relies on the loans provided by the bank to pay for day-to-day business costs, such as rents and business rates, wages and the cost of materials. Financial organisations will want to make sure that the businesses that they lend to will be successful and run well by their managers so that they will be able to afford to repay their loans. If a business cannot repay a loan it may have to sell off its stocks, machinery and premises to do so. This could mean the business is unable continue. It is therefore vital that a business is run efficiently to guarantee financial support from banks.

Community

The community has an important external influence on business decisions. To keep the community content and avoid problems with pressure groups the business has to concentrate on certain aspects such as location and noise pollution. The business must ensure that they produce their goods and services without damaging the environment and the health and well being of the people nearby. Next recognises the demand for environmentally friendly products continues to grow and where possible they seriously consider theses issues.

- Next does not test any of its products on animals
- All company cars are run on unleaded petrol
- No aerosols are used in Next products.
- Next has an environmentally friendly Green Cotton range.

Next see themselves as an integral part of the community of which it trades and recognises the responsibility to help towards the well being of the society. Next not only make large donations to charities, but they are committed to giving time to employees to help support worthwhile causes in the local community.

Suppliers

The influence that suppliers may have on a company such as Next is that they may introduce new ideas, quality and value to the range. They can also influence the type of materials that are used for products this is dependant on the availability of materials. Next, like many other companies have begun to outsource part of its activities. If the suppliers do a good and efficient job for Next they may be influenced into 'outsourcing' more, this in turn will provide growth for suppliers. If a supplier is doing well it may provide discounts for its regular customers.

Government

The government have a strong influence on businesses such as Next. The government lay down regulations to ensure that undesirable activities do not take place, they do not want smaller businesses to be at the mercy of large enterprises. Without legislation consumer rights may be ignored. Dangerous products may be offered for sale, people may be cheated on price, employees may be treated unfairly and with little respect. The government therefore has a significant influence on businesses as it can make an activity illegal and therefore control a businesses actions and operations, the government also set standards e.g. trading standards, safety standards and environmental standards, which businesses should follow. Government also encourage businesses. They do this by supportive or protective measures. Competition legislations prevent large business to collude and fix prices. Health and safety legislation protect both employers and employees. The government also promotes business abroad, as at Trade Fairs, to try to help exporters.

Competition

Competition has a big influence on companies such as Next. Next always tries to stay one step ahead of its competitors through regular market research. If one of its competitors launches a successful product Next will either try and copy or design a better product. One of the responsibilities of a Next designer is to ensure that all trends are covered in line with their high street competitors. They also employ buyers to research competitor's ranges and identify product trends. Next have a Market Research Department that keeps a close watch on competitors and it also gives an invaluable insight into customers purchasing habits and attitudes.

Unions

Unions usually have an influence on a business in that they can demand certain rights for employees. It is a union's job to ensure that employees are satisfied with conditions and atmosphere in which they work. Next does not have a formally recognise any trade unions for collective bargaining arrangements, however the decision to join any trade union is clearly with the individual employee. Next do

however consider employee's views and ideas, which are heard and channelled through staff councils.

Managers and Directors

The influence that the managers and directors have on a company will determine whether the company ends the year with profits which exceed the year before. The managers and directors in a company are always looking for different ideas to boost sales. The way in which managers and directors operate will determine whether a business is successful or not.

Employees

Employees have a big influence on the success of a company. If an employee is happy with his or her working conditions, he or she will work well, this in turn will benefit the company. Next prides itself on the working condition they provide their employees. Next encourages and enables people to use their initiative. They develop their employees by identifying their needs against business requirements and reward them by providing a competitive benefits package which is regularly reviewed. It is important to Next that their employees are happy.

“ We want our employees to be happy, we want them to train well, we want to treat them well and we want to reward them well”.

David Jones - Chief

Executive

Task 4 and 5

These tasks will explain the conflicts of interest there may be between the different stakeholders, and how these may be dealt with.

Owners/Shareholders VS Management

Conflicts between managers and owners of companies can often occur. For example, managers may want to spend more on expanding the business they control. Shareholders will want the return on their shares from profits to be as big as possible. Spending more on new premises and machinery reduces profits and can land the company in trouble if it expands too much and cannot sell enough to pay its extra costs. Similarly, the managers of one company may resist being taken over by another company because they do not want to lose their jobs. Shareholders in that company may, however, welcome a takeover if it means their share prices can get higher and they can sell at a higher rate. But company managers depend on shareholders for their jobs and incomes. In the long run they must make their companies successful and profitable, or they risk losing their jobs. Furthermore, an unsuccessful company will not be able to attract shareholders to raise more finance.

Employer VS Employee

This is when the employer wants greater efficiency from the workers and will pay them what they think is a reasonable rate. The employees want more money for better living standards but do not feel it is appropriate to work any harder for it. If an employee has asked for a pay rise it is more likely than not he will get it. The thing is if the employer does not agree to the pay rise the workers are likely to go on strike, this could lead to major loss in profits.

The way that disputes of this nature can be resolved or avoided by the employer is to have negotiations with the employees union, through these negotiations a compromise may be reached. Disputes of this nature can be avoided by drawing out contracts that employees must abide by when taking up employment with the company.

Profit VS Service

Another conflict of interest may occur when the owner of a business may have the objective of maximising profit. To do this they need to cut down on the costs, and one of the ways in which they can do this is by opening for fewer hours. The customers of the business may use it mainly for its convenient opening hours. If they are cut back, they will no longer use the business.

To solve this problem they have to research into what time they get most of their customers, and close the shop according to the time when they get the least customers. Other ways of cutting cost is to reduce the number of employees.