



ICT
Report A
Boots Plc
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10x1

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Introduction

For my ICT coursework I have chosen to investigate how an everyday company uses ICT in their business life. The company that I am going to review is called Boots Plc. Boots has been established since 1849 when Mary Boot, selling herbal remedies to the cities, opened the first Boots store in Nottingham. In 1892 boots first "department" store opened, with extensive new merchandise range, at Pelham St, Nottingham. Now with over 63000 employees and 1400 stores, Boots Plc is the UK's leading provider of health and beauty products. As well as retailing, Boots Plc develops and manufactures products and markets many worldwide. On top of their range of health and beauty products, Boots Plc are now becoming a provider of complementary services and advice, offering customers a comprehensive mans of meeting their health and beauty needs.

Boots Plc is a retailing business, which consists of - Boots the Chemists, Boots Opticians, Boots Dental care, Boots Hearing care and Boots' Health and Beauty Experience Stores. Boots Retail International operates as the international extension of Boots Plc UK. Boots Healthcare International continues to grow Boots' share of the global self-mediation markets. Service management is fused into a central service organisation. Obviously, Halfords stands apart from this structure, and from Boots' focus on health and beauty. Boots operates in the tertiary sector because they provide services.

Boots Plc is now focusing mainly on products, advice and services, which enhance personal 'wellbeing'. That has allowed Boots Plc to take the complexity out of the business - simplifying management structure, types of store and types of offer. It has differentiated Boots Plc to from competitors such as Superdrug and Tesco. It has also helped Boots Plc to develop original, relevant new products and services.

Boots Plc has many competitors in several different fields. Boots the Chemists' (BTC) main competitors, which are Superdrug and Tesco. Its exemplar competitors are Wal Mart and The GAP. Boots opticians' (BOL) competitors include other large multiple

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optical retail chains: Vision Express, Dolland & Aitchison, Specsavers and Optical Express.

Boots have developed a new strategy over the last 2 years with the introduction of new health and beauty services such as dentistry, chiropody, homeopathy and new bars. Boots have brought in external candidates to operate management posts. This has led to forward thinking from the outside. Boots opened 47 Hearingcare centres, located within Boots Opticians. Boots opened a further 19 footcare practices during 2001/2.

I think that these changes may have taken place because it helped Boots to gain a larger market share, it reached more customers and it kept Boots Plc one step ahead of all the competitors actions.

The aims of Boots Plc are not just to take a bigger share of the mass market, but expand the whole 'wellbeing' market through more confident and ambitious investment. Last year Boots faced two urgent challenges: to stem out their growing losses, which had reached unacceptable levels, and to develop a viable new business model. They've made good progress towards both objectives – cutting their operating loss and successfully training a new model that will enable them to grow internationally at a faster pace with much lower risk.

How is ICT used in...?

Sales

Sales involve the sale or distribution of the goods or services provided by the organisation. Boots half-year sales figures are showing an improvement in business at its core stores. Sales at Boots The Chemists in the six months since the start of April are estimated to have risen 3.5% overall and by 2.5% on a like-for-like basis. That compares with more sluggish 0.9% like-for-like growth when Boots issued figures in July for the 1,400 store division's first quarter trading period. A spokesman says the company has been "encouraged" by the performance but recognises there is more still to be done to revive fortunes in the face of increased competition from supermarket rivals. The performance over the full-year to March 31 will hinge on the Christmas trading period but the company says it's on course to meet City expectations. This Story was reported on the 30/07/02.

EDI

Electronic data interchange – **EDI** - permits Boots to communicate and process business transaction electronically. These transactions include documents such as purchase orders, invoices, inquiries, planning, acknowledgements, pricing, order status, scheduling, test results, shipping and receiving.

EPOS

EPOS stands for Electronic Point of Sale, which are the high technology tills in Supermarkets. What usually happens is that the bar code details are scanned into the system by a laser scanner on the till, which is connected to the store's computer system. This computer system contains the current price of the product in its database – so the price is passed back to the till, which processes and prints the customer's itemised bill and receipt. The computer then reduces the record stock of the product and when stocks fall to a pre-set amount called the recorder level, an order for more stock is automatically sent to the shop's warehouse or supplier.

EFTPOS

Most tills allow customers to pay for their shopping using a debit card instead of cash. This is called Electronic Funds Transfer at the Point of Sale – or **EFTPOS** for short. Debit cards have a magnetic stripe (or strip) on the back of them. They're read by swiping the card through a magnetic reader, which tells the computer back account the money will come from. A request for the payment is then automatically sent via the telephone network. If the card is valid the payment is authorised, and the funds are transferred from the customer's account to the shops. A potential problem is card fraud – paying for goods using someone else's card. To reduce the risk of fraud, the card has a space for the customer to put their signature. The shop then checks the signature against the one the customer puts on the receipt.

Finance

Payroll

Payroll was one of the first applications to be computerised in thousands of companies such as Boots Plc. It is ideally suited to computerisation because the same calculations have to be made hundreds or thousands of times in a company with a large number of employees. Accuracy is essential and many different types of output are required, such as payslips and end-of-year reports for the Inland Revenue. Boots use a special payroll programme to calculate the **monthly payroll** and print out payslips. Some smaller companies outsource the payroll. It is not economic to have a special payroll program for just 3 or 4 employees. Specialised companies exist for whom for a modest fee will do all the work and send the payslips to the Finance Department every month.

Credit Control

If, for example, Boots regularly orders shampoo from a particular manufacturer, placing an order once a week, the manufacturer will not expect the customer to pay each invoice separately. A monthly statement will be sent, listing the amounts due on each invoice. They may be given 60, 90 or 120 days to pay because they need to sell the shampoo before they have enough cash to pay the supplier. Unfortunately, not all customers pay within the set number of days. They may not have enough money in the bank to pay all their suppliers, or they may forget to pay. It is the job of the **credit controller** to chase up customers who have not paid their bills. He or she will probably spend a lot of time on the telephone reminding customers of the outstanding debt, answering queries regarding debt and sending duplicate copies of lost invoices. Reports produced by the computer system will help the credit controller to do this job.

Supplier payments

Another job of the Finance Department is to make sure that Boots Plc pays its suppliers payments in time. They will probably be given a month or more in which to pay their bills. An Aged Creditors

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report similar to the one showing the aged debts will show the finance department who the company owes money to.

BACS (Bankers' Automated Clearing Service) is an organisation set up by all the main banks to deal with standing orders and direct debits. Both of these involve Boots making payments direct into bank accounts.

Purchasing

Stock Control

Boots keep a stock of goods so that they have some ready when customers' place orders. They do not want to hold too much stock, as the money tied up in the stock would be better off earning interest in the bank. On the other hand, they don't want to be caught short. If Boots know that it takes about two weeks to replenish stock, then they need to keep about two or three weeks' supply of stock in the warehouse. It is essential that the exact quantity of goods in stock be known. Otherwise sales staff will not be able to answer queries about whether a certain item is in stock; and no one will know when to order more stock. The computer system is needed to keep records of how much stock is in the warehouse, how much is in order, and other information about each product.

Software to create orders

Ordering new stock may be one of the tasks of the Purchasing Department. The computer system will hold details of who supplies each item they need to order. Boots will need to order many other items besides raw materials or items that they themselves sell. They will need to order things needed for the smooth running of the office, such as stationary and computer equipment, and services such as insurance or hotel rooms if staff have to travel. A clerk in the Purchasing Department will enter the details of a purchase order and send it to the supplier. They in turn will receive the goods or services and an invoice, which will be passed on to the Accounts or Finance Department of Boots Plc.

Sales order processing

Order processing systems are essential to Boots Plc because they record the details of each order as it comes in. Boots then check to see if the goods are in stock and then the organise payment. Sometimes a customer account is created and the customer is given credit. The customer only has to pay for the

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goods after they have arrived. Before the customer's order is processed, the system checks to see if the customer owes Boots any money or if the value of the order will bring the customer's account above their credit limit. Once the order has been made up and delivered and for the customer to be invoiced for the price of the goods.

Bad debts

Boots Plc use a spreadsheet with all of their accounts, finances, incomes and outcomes on to determine whether they are in debt or are in risk of being in debt. If Boots want to invest in new products or hire new staff then they would have to check this document to see if they are financially stable to do so.

Operations

Computer Control Technology

Boots Plc use sensors which capture information from the environment e.g. temperature sensors in chiller cabinets. Boots also use microprocessors to process certain information. Boots use actuators which produce movement or alter the environment e.g. turning an electric switch on/off: heating systems, freezers, burglar alarms.

Production Control

Boots Plc manufacture their own range of health and beauty products. Boots schedule production so that all items or sub-assemblies required for a particular product are ready when needed. The system can produce reports on what raw materials will be needed to fill a particular order, and report on shortages. Boots use CAD (Computer Aided Design) and CAM (Computer Aided Manufacturing).

Marketing

Boots are very keen to identify, anticipate and satisfy the customer requirements because this will be profitable in the long term. Boots also put forward market research, which is found from questionnaires, forms and interviews from the public. Boots are part of the data protection act. If more than names and addresses are stored on file then the organisation must register with the Data Protection Commissioner. Boots must check further details e.g. removal of data and rights to view. Boots advertise in a number of different ways. These include advertising in newspapers, in magazines, on the radio, at the cinema, on posters, on flyers, websites. Members of the Boots loyalty card may receive direct mail such as receiving letters, catalogues & free samples. Mail merge.

Communication

This shows how Boots Company Plc communicates with Internal and External information.

Internal

Boots Group Plc would use MS publisher for posters for advertisements etc. Boots may arrange meetings in which they use a multimedia presentation to show product development. A Newsletter may be sent out to employees and loyalty card members to inform them of any recent changes or matters in which these people may be interested about. Boots Plc would also use a programme such as MS Word for formal documents such as reports and contract vacancies. Boots also use Sales and video conferencing to communicate internally in the company.

- Notice board (poster memos etc.)
- Product development (multimedia)
- Sales
- Newsletter (DTP)
- Video conferencing
- Memos, letters
- Formal documents- reports and contracts vacancies

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External

- With Bank
- With Inland Revenue
- E-mail
- Voice-mail
- Fax
- Telephone
- Advertising e.g. media