Task 2- Types of businesses

Marks and Spencer is a (PLC) Public Limited Company, it offers its shares to the general public, often through the Stock Exchange. It is the share prices of these types of companies that are displayed in the daily press. Most of the larger companies are public limited companies, so they keep Household names like Marks and Spencer.

The first owner of Marks and Spencer was Michael Marks; he started the company as a sole trader until 1894 Michael formed a partnership with Tom Spencer, a former wholesale company IJ Dewhirst, from the partnership the company started to expand. Tom Spencer died on 25 July 1905 and after 2 years Michael Marks died on 31 December 1907. It was then time for the owners today at that time to advance the success of the two founders. In 1926, Marks and Spencer became a public company and 2 years later the St Michael Trade Mark was registered. Through out the years Marks and Spencer has been expanding till today. Food departments have been opened such as café bars during these several years and many other methods have been used through out the years.

Overall, we can see that growing the organization Marks and Spencer was done by four steps, firstly starting as a Sole trader, where Michael had to invest his own money and had to take risks. He had to carry out all the functions of the business. For Michael Marks this meant purchasing in bulk and reselling quickly. If the sole trader employees other people (usually family and friends) the structure is likely to be simple hierarchy with a sole trader being responsible for them. The successful culture in this situation is likely to be informal. To grow, the business will need extra capital. It would borrow funds or take on partners or private shareholders and set up a private limited company. With Marks and Spencer this process took nearly 13 years.

Second move of marks and Spencer was partnership with Tom Spencer; most partnerships are likely to have a flat structure. Partners are taken on to allow the business to grow and inject extra capital and are likely to specialize by function (finance, marketing etc.). Marks and Spencer had opened a new warehouse and head office at Derby Street; this was the first property that was built to their specifications. In 1904 they acquired premises for a shop, all these strategies were being used to expand the market and make it become a large firm.

There strategies had lead the business to become a private limited company, this is the first big step in the growth of any business with ambitions to expand. To gain limited liability the business will have to provide a proper account and keep financial records. Up until this time Michael had operated almost entirely as a cash business with almost no formal records or accounts.

Finally, the last aim was to become a public limited company, done by adopting the revolutionary policy of buying directly from its suppliers. And in 1926, the business had reached to its final stage. Few businesses reach this stage of development. The business will need to be large and successful with continued prospects for growth and be capable of generating sufficient profits to satisfy the demands of its shareholders if it is to become a public limited company. In contrast to Marks and Spencer it took nearly 26 years to reach this stage, internet and e-commerce businesses have ‘gone public’, within a few years of starting up, mainly to cash in on the dramatic rise in share prices.