

Leadership performance of marks and spencer and tesco



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Leadership is the process of influencing other people to accomplish an objective and direct them, as individual or as a group, which makes it more cohesive and coherent. Kurt Lewin (1939) led a group of researchers to identify different styles of leadership.

Authoritarian or Autocratic

This management style is used when manager or leader sets objectives and tells employees what to be done, how it is to be accomplished without getting any advice or feedback from them and strongly encourages obedience. In this case the group becomes dependent on the leader which often leads to frustration with the management often resulting in high supervision, micro-management, and loss of cohesion.

This style should be used only on rare occasions like on a new employee who has just started the job. A dynamic leader would prefer this style of management when he has all the information to deal with the problems, he is running short of time and his employees are well motivated.

Illustration by Author

Participative or Democratic

As the name suggests this style encourages the participation of staff and employees in the decision making process. Being asked for their ideas makes employees feel they are important part of the organisation and encourages them to put in extra effort. The final decision of making authority rests with the leader. This style of management is a positive sign of strength and trust which will make employees respect you.

Dynamic leader will use this management style when he only has part of information and needs input from his employees. Leader might know more than most of his employees but still he does not know everything and that is the reason for employing experienced and skilful people to help him.

Delegative or Laissez-faire

In this management style the leader allows employees to make the decisions freely within broad limits. This results in relaxed atmosphere as there are very few guidelines to adhere to which may lead to lack of motivation and low productivity.

This style is to be used when the employees are capable of analysing the problems and are experienced enough to know what is to be done and how. This style should not be used as a tool to blame others when things go wrong.

The best leader is the one who does not follow one particular style but tries to achieve a balance between these three styles depending upon the situation.

Leadership And Change Management

The most important factor during the process of change is the ability, competence and skill of leader to manage the whole process. Kurt Lewin identified stages of change viz. unfreeze, transition, and refreeze (Strategies for managing change).

Refreeze

Transition

Unfreeze

Illustration by Author

Unfreeze or Preparation For The Change

What we mean by preparing for change is creating the right environment, preparing resources and processes that might take place in future. Just like a healthy individual is more capable of coping with diseases and infections similarly a well prepared organisation is in better position to cope with effects of changes. The leadership will play an important role by means of sensible planning and decision making abilities.

Transition or Implementation Process

This is the middle period from the announcement of the change complete to the successful installation of the change. This is the most critical point during the change process marked by the instability, lack of direction and low motivation of employees due to fear of their instable future. An effective leadership during this period will be focused on helping employees understand the future direction of the organisation after change and secondly by making the change meaningful. People will go to extraordinary length for causes they believe in and a powerful leader will convince the employees on the importance of change to get maximum out of them.

Refreeze Or Conclusion Of The Change Process

This is the period that comes after the initial phases of instability and insecurity, which has now subsided and due to effective role of leadership

the employees have become more focused towards the new direction of the organisation. An efficient leadership will during this process work towards improving the work life of the employees and assuring them about the positive direction that the organisation is moving in.

Strategies And Policies At M&S And Tesco

The major general strategy available to leaders of all major organisation including Tesco and M&S is that they either choose to be the lowest cost retailer and become market leader or differentiate products and services so that it is valued by customers to the extent that they are willing to pay a premium price. When it comes to M&S in their core products (food and clothing), they attempt to achieve differentiation from others. Tesco on the other hand has focused to attract more customers by being low cost retailer.

Both Tesco and M&S are most successful organisation in UK and both of them consider training and development of their employees as very crucial for their business. Training and development forms important part of organisational strategy of Tesco and M&S mostly because their success has been characterised by their expansion. Moreover to ensure that they remain ahead of competition they place high importance on training and development. Management realized that there is no better way to achieve this rather than through the use of training and development. (Paisley, 1999).

The initiative of “ Lead to succeed” by the M&S leadership is an example of the importance they attach to identify and train future leaders. This programme is being heralded as the flagship development programme and is

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considered to be a key component in its future people strategy. (Verity Gough, training zone, 08/11/2010)

Tesco's slogan "every little helps" which shows their commitment to reduce prices and increase customer service is now used in their staff training as well. Tesco's leadership believes that any intervention by them will lead to an increase in the knowledge and expertise of their workforce.

In 2007 when Sir Stuart Rose, was leading M&S he announced a policy document to strengthen the green credentials of M&S. According to the policy document presented by Sir Stuart Rose M&S would commit to a range of actions at the cost of £200 million over the period of next five years. The aim of this hundred-point five year plan was to reengineer the company's activities to meet a range of socially responsible goals including ethical trading, health promotion products, sustainable sourcing, and carbon neutrality thus making M&S green leader in retail market. This initiative by Sir Stuart Rose was widely seen as an example of creative leadership skill. (Leaders We Deserve, 2008).

Again in April 2007 there was an episode which presented a leadership dilemma for Sir Stuart Rose. Bryan Ferry who was at that time modelling clothes for M&S was embroiled in a controversy regarding his admiration for Nazi iconography. Following Ferry's apology over the matter M&S distanced itself from singer and officially released a statement that "...it did not give its opinions on views that were expressed by people in other situations" and refused to comment further on this issue. (Leaders We Deserve, 2007).

Present chief executive of M&S is Marc Bolland. He served as chief executive of supermarket chain Wm Morrison and beat M&S's internal candidates to bag this post in 2009. In November 2010, he announced a large number of changes to the policy and strategies followed by his predecessor Sir Stuart Rose by stating that M&S's goal is now to become an international retailer. In a multibillion pound revamp he announced scaling back of his predecessor plans of retailing various branded groceries like Marmite and Coca Cola and also axing portfolio "fashion-for-fifty somethings". He also planned to open more simply food stores less than two years after Sir Stuart close 25 of them, scrapping retailing of household gadgets like TV's and iPods. He also announced plans to spend £300 million a year for next three years on revamping UK stores which recently under Sir Stuart had £3bn makeover.

Bolland used expertise of management consultants from McKinsey to come up with this grand plan. His research picked that among other things the customers struggled to navigate M&S stores(he tested 30 colleagues to find five items in one hour, only eight succeeded), customer had problems understanding in-house brands like Per Una, Limited and Autograph, and that only one in five shopped in homewares department -thereby making sales improvement in that area key focus. During this analysis he also talked to surviving members of the founding families of M&S and concluded that M&S "should do things that other brands don't do". In 2008 M&S annual profits reached a £1bn but due to recession it was down to £700m. New leadership has not made any promises but Mr. Bolland is confident of his plans. (guardian. co. uk, 2010).

Tesco, before Sir Terry Leahy took control, was just a market follower with the strategy catch-up. It was Sir Terry Leahy who directed Tesco towards leading through market knowledge and in process making it largest in the UK. He transformed Tesco into a customer-centric organisation. His strategies including diversification into non-food retail moves into clothing, banking, and its international expansion helped Tesco become the biggest and most profitable in the UK. He was responsible for the Tesco Clubcard. It was because of his successful strategies and policies that he was voted most admired leader eight times in the past decade.

Recent announcement that Sir Terry Leahy will step down saw Tesco shares drop by 2.4% this gives an idea of importance of Sir Terry Leahy to Tesco as an organisation. He will be succeeded by Philip Clarke who will be bringing his own brand of leadership. In case of Tesco this change may have various implications as at the end of such a long and successful tenure of Sir Terry Leahy it's not just the investors who are liable to anxiety. He was strongly associated with Tesco brand so effective succession planning will be critical and its going to be tricky for his successor. Board members who missed this top position will be major problem for Philip. (Personneltoday, Beth Holmes, June 2010).

There are various situations where the leadership skills of Tesco's management have played a significant role in overcoming hurdles. One such incident can be recalled in their joint venture case in 1999. At that same time the French hypermarket named Carrefour had tried to enter Korean markets but it failed miserably. However, in the same year Tesco entered into a joint venture with Samsung under the name of Samsung Tesco <https://assignbuster.com/leadership-performance-of-marks-and-spencer-and-tesco/>

Homeplus. The Korean population have preference for local supermarkets chains. This fact was ignored by Carrefour but Tesco's management took this localization factor seriously and tried to give this joint venture a local outlook resulting in its success. This joint venture faced difficulty in 1999 just after the merger. The main reason behind this was the low morale of the employees because of various cultural differences arising out of the merger. However to avoid the mistakes which resulted in Carrefour's failure and to tackle this issue the leaders at Tesco's and Samsung started the Shinbaration task force initiative. This initiative went a long way in balancing out the major differences between the work forces of these two organisations. As a result of this positive approach of Tesco leadership it was able to get a strong foothold in Korean markets and had recently announced its expansion plans by opening eight additional outlets in the country (ISN, March 2010).

CONCLUSION

Thus we note that the tremendous success of both M&S and Tesco can be to a large extent attributed to the effective and competent leadership skills demonstrated by their leaders whether be it in terms of dealing with their competitor, changing business environments, or internal troubles. The new leadership of both these organisations has so far been able to cope well with the handover process.