Types of operations process in tesco

The food and drink retail sector represents the largest industry in the UK, providing employment for over three million people in primary production, manufacturing and retailing. In 2003 retail accounted for 9% of gross domestic product (Datamonitor, 2003). In recent years UK supermarkets have come under increased scrutiny over their treatment of suppliers, particularly of own-label products, yet the development of strategic supply networks has been an integral part of most supermarket strategies for the past decade. The report below provides an insight into the supermarket company, Tesco, with emphasis on its external environment analysis and company's analysis of resources, competence and culture. Two future strategic options are suggested in regards to the resources based strategies.

Inbound logistics are placed at the first stage of the value chain as they possess the earliest opportunity to create value. Therefore, the elements of this stage are considered to be upstream activities. The logistical tasks, in this case, include the receipt of goods from suppliers, storage of goods, handling & transportation of goods internally and placing the products on the shelves. Tesco tries to maintain the level of consumer choice in store (+), whilst improving the efficiency of its distribution system (+). In applying a quality control procedure concerning damaged goods and products, it provides an excellent opportunity to reduce costs unfairly incurred by the company, therefore preventing these costs being passed on to the consumer (P+).

Operations

The production element of Tesco' activities are service orientated. Hence, operations could be the second upstream opportunities that enable services and products to be provided, tasks such as opening every day in accordance with trading hours, maintaining the shelves, and the stock (+). In order to obtain future competitive advantage Tesco has to consider expanding further in terms of operating hours in those places, where it does not occur or opening new Metro and Express stores (P+). However, this might be restricted by law or planning councils, which is essentially takes away competitive advantage (-).

Outbound logistics

The third stage of the value chain is the outbound logistics that is concerned with delivering the product to the customer. Tesco currently adds value in its home delivery service (+). However, other tangibles that have to be improved are those of parking facilities, trolley collectors, till staff and systems to gain competitive advantage, if executed more efficiently than competitors, they will add value by saving the customer time (+), whilst increasing the turnaround (+). Adding value could be achieved through the implementation of a trolley deposit system, keeping them tidy and enabling customers to get to and from the premises quicker, as well as making these facilities readily available and quicker to obtain.

Support Activities

Company Infrastructure

Planning and control functions are the ones that account to provide the continued focus on the costs and cash control of the company’s operations (+). And departments such as profit protection whose main jobs are to reduce shrink. The company has now increased its staff count who are involved in upgrading its anti-fraud software (infrastructure/technology, interdependence), and installing new security systems which aim to reduce internal theft, an expense the customer will now not have to cover in the price of their purchases (

Human resource management

HRM is regarded as up and downstream activity, covering everything from recruitment to management development. The company aims to increase the number of training schemes and further develop its recruitment programmes so to pass on to the customer the benefits of a well recruited, well trained staff, not the costs. Tesco continues to invest in customer service (+), where training is also linked directly to pay, so the staff are motivated to learn, and are encouraged to improve their approach to customers and service provision quality.

Technology development

It is a downstream activity and is the ability to provide new innovative product ranges/ solutions that anticipate customer needs. It also remains a key competitive advantage, adding value, as Tesco’s brand name gives the product vitality (+). However, installation and capital investment is a long term process and needs total commitment of the staff. But who will be responsible for the service provision and the floor personnel? (-).

UK Operations

In the UK, Tesco operates six different store formats, each distinguished by size and the range of products sold.

Tesco Superstores – Tesco superstores are the company's standard store format. These large supermarkets stock and sell all groceries along with a large range of non-food products. They also offer an in-store pharmacy.

Tesco Extra – Tesco Extra stores are the retailer's large out-of-town hypermarkets (second in size behind superstores) which stock nearly all of Tesco's product ranges.

Tesco Metro – Metro stores are medium-sized stores (sized between Tesco superstores and Tesco Express stores) that offer a range of food lines.

Tesco Express – Express stores are convenience shops that are mainly located on Esso petrol station forecourts. Most of their stock consists of food, with an emphasis on higher-margin products alongside everyday essentials.

Tesco Homeplus – Homeplus stores offer all of Tesco's ranges, except food, in warehouse-style units based in retail parks. These large units feature an Order and Collect desk where customers can purchase and collect most items without delay.

One Stop – One Stop stores are the very smallest Tesco stores. These stores work on a different pricing to all the other store formats and are also distinguished by their later opening hours.

Global Operations

Tesco boasts a global store portfolio of over 1, 800 stores. Besides the UK, the company operates stores in France, China, the United States, Poland, Republic of Ireland, Japan, Malaysia, Czech Republic, South Korea, Slovakia, Thailand and Turkey .

Online Operation

Tesco runs the world's largest grocery home-shopping service, Tesco. com. The site was formally launched in 2000 – six years after Tesco first began operating on the internet.

Consumer goods, telecommunications and financial services are also provided via the internet.

Tesco Direct, the supermarket's catalogue/internet service, was added to the retailer's portfolio in 2007. Customers can browse the Tesco Direct catalogue or go online to purchase non-food goods ranging from home electricals, toys and furniture to sports equipment, jewellery and even bathroom suites.

Tesco Personal Finance

Tesco Personal Finance is the banking arm of the Tesco plc. The business was previously run as a joint venture with the Royal Bank of Scotland, but in July 2008 Tesco paid £950 million to acquire the bank's 50% share in the company.

Financial products on offer include loans, credit cards, savings accounts, mortgages, and several types of insurance, including car, home, life, dental and travel cover.

Tesco Clubcard

Tesco is one of only two UK supermarkets to offer its customers a loyalty card-scheme (the other being Sainsbury's). Introduced in 1995, Tesco's ' Clubcard' branded loyalty scheme is now the number one loyalty card in the UK, with around 13 million active Clubcard holders.

Every £1 spent in a Tesco store, online at Tesco. com or through Tesco Petrol, earns customers one Clubcard point. Shoppers can also collect points by paying with a Tesco Credit Card, or by using Tesco Mobile, Tesco Broadband, selected Tesco Personal Finance products or through Clubcard partners, Avis and E. ON.

Each point is worth 1p in-store when redeemed, or 4p when used with Clubcard deals on holidays, day trips, etc. Points can also be used to rack up Airmiles, or converted into coupons.

B: Capacity planning, Inventory management, Supply chain design, Performance measures and total quality management

Tesco – Capacity Planning Example :

The Scenario

Tesco operated a major distribution centre with 26 truck loading decks handling 20 vehicles arriving every hour. Deliveries for individual supermarkets needed to be selected, marshalled and loaded within 60 minutes. The existing loading system was totally manual, using pickers and fork-lift trucks.

Due to increasing capacity needs, Tesco engaged with a material handling company to design the expanded facility. This company proposed a novel loading system using automatically guided vehicles (AGVs) to deliver prepared cages of goods. This system would have to be integrated with the existing manual facility, accessing the same warehouse and loading decks.

The Challenge

Tesco's Project Director did not have confidence that the simple spreadsheet calculation of the planned additional capacity could accurately represent the likely outcome as it could not show dynamic interactions within a system comprising hundreds of movements per hour between the warehouse and the loading dock. The following questions arose:

What would be the key issues involved in operating the two systems side-by-side?

If the two systems could be successfully integrated, how could the optimum operating protocol be devised?

How many AGVs would be needed (between 15 and 20 were proposed)?

Where might AGVs and fork lifts interfere, causing delays and how could this be minimised?

How can collisions be avoided (Health and Safety issue)?

Where might loading bottlenecks occur, reducing anticipated performance?

Would the target 60 minute turnaround be reliably met under different operating conditions?

Tesco needed an independent assessment of the impact of the proposed changes and of whether efficiency and loading time targets would be met. The materials handling supplier recommended Paragon Simulation.

The Solution

Tesco commissioned Paragon to produce a model. Paragon worked with Tesco’s and the supplier’s input, to accurately model the proposed facility. Paragon was asked not only to construct and run the model, but also to report results and to make a recommendation. The resulting model was a plan view animation of the facility with the AGV system in place. AGV movement, acceleration/deceleration, delay time caused by interference between the old (fork lift) and new loading systems and location of problems (to aid further analysis) were all represented. As the model ran, statistics were recorded on key performance parameters.

Different methods of running the systems side-by-side could be set up, run (with varying load levels) and results compared quickly and easily using the Paragon Information

Manager.

The Benefits

The outcome of the project was a confirmation from Paragon to Tesco that the proposed solution could work and deliver the required results.

In very short project timescales (just 15 days from start to finish), Paragon were able to give Tesco the assurance they needed and key input on how best to integrate systems and operate the new facility.

There was also an immediate cost saving because the simulation model showed that two fewer AGVs were needed than indicated by the original spreadsheet calculations – a total saving of £160, 000.

Tesco’s mistakes in US – Not understanding the American Customer

In early 2006, Tesco plc decided to enter the US market with convenience stores (Fresh & Easy Neighborhood Markets) to be launched by 2007. Tesco had been studying the American market for two decades and its entry was long time coming. Though the company is not faring that well (currently loss making and is not predicted to break even until the financial year 2012), it hopes to turnaround sooner than later.

The following are some of Tesco’s mistakes in the US market:

The American way of shopping – Car culture and weekly shopping expeditions

Tesco opened stores in California, Nevada and Arizona offering about 4000 fresh products. But US customers do not shop daily, particularly in California where families shopped weekly in cars. Tesco on the other hand wants to cater to shoppers who have less time and want fresh and healthy food.

Competition not only from US super chains

Tesco was also facing tough competition from Japanese owned supermarket chain FamilyMart which had started two premium convenience stores under the banner Famima in California and had big expansion plans. The Japanese store offered a new community lifestyle experience along with services like banking, stationary department and also Japanese delicacies like sushi, noodles etc. Its imported groceries also cost less than Tesco.

No Discount Coupons

The American customer wants to try something before making a final decision on buying. Even discounts or taste samples help in finalizing a deal. But Tesco removed discount coupons.

No Promotional Fliers

There is less loyalty in the US market with the American consumer shifting loyalties based on weekly/daily special promotional offers. Tesco assumed that like British consumers who would not switch loyalties easily, the Americans would follow suit. A focus group found that Tesco was not sending fliers promoting the latest special offers.

Good Effort but No Learning

When Tesco entered US, it did not go unprepared into the American market. It sent around 50 to 60 British executives to live with California families to discover the products they bought and the food they ate. But with Tesco's dropping profits it seemed they did not learn much into the American way of buying.

Tesco did not partner with a US retailer when entering the US market and also intended to use its own proprietary distribution system.

B : Tesco Inventory Management :

Tesco plc (LSE: TSCO), one of world's leading retailers, has selected Micro Focus to support the growth of its international operations, notably in the United States, by improving its supply chain operations. Tesco's current supply chain management system monitors and controls its entire in-store inventory. The company has enlisted the assistance of Micro Focus to modernize and extend this system, so it can be rolled out in Tesco's data center in California, when it launches its first U. S. store later this year.

Micro Focus has been selected to extend Tesco's supply chain application, as well as future proofing it against any changes that it may face as its operations continue to expand globally. Not only will the modernized application be ready for the imminent U. S. launch, but it will also be seamlessly deployed in each of Tesco's current data centers across the globe. The move will also yield considerable savings for Tesco, as it will be able to use its existing servers and will be able to avoid investing in additional support for their international operations.

Tesco Suppy Chain Design :

Performance Measures of Tesco :

Tesco can influence society at large owing to its size and scale of operations and it does so by encouraging its employees and customers to become more socially responsible. Tesco is of the view that it has a major role to play in promoting health food among its customers and strives to make health food available at affordable prices. The company has adopted several initiatives over the years to fulfill its responsibility to society. These include charity, fund raising for a cause and promoting education. These efforts are not limited to the UK but extend to other countries in which Tesco operates.

Total Quality Management :

Makes a significant contribution to the perceived customer benefits of the outcome: delivers a fundamental customer benefit. In order to identify core competences in a particular market, the question of – why is the customer willing to pay more or less for one product or service than another- needs to be addressed. For example, Tesco have been very successful in capturing the leadership of the retailing market. This shows that Tesco designs and implements effective supply systems and deliver an efficient " customer interface". Tesco was the first UK grocer to launch a loyalty card and has been the most effective. Palmer (2004) claims that until recently, it was the only grocer to use the information to mail customers every month.

Strategy frameworks and structuring tools are key to assessing the business situation. Risk and value trade-offs are made explicit, leading to concrete proposals to add value and reduce risk. Explicit plans for action, including effective planning need to be developed by Tesco as the strategic alternative.

From the generic strategies discussed above, Tesco is likely to employ two strategic options that are also likely to be primary market objectives of focus on market development though partnerships and diversification through new product development

By entering new markets like China and Japan it can serve as a key growth driver of the company's revenues and expansion strategy. Tesco's interests in Japan are likely to continue growing in due course, as Asian markets are showing an increase in consumer spending and increased trend towards retailing. These new markets are also demographically high opportunity markets.

In the case of Tesco, one of the suggested strategic options is in international alliances with the local retailers in Asian markets. It will be considered as a method of development and may be formed to exploit current resources and competence. By entering into joint ventures or partnerships, in order to gain a larger economy of scale and larger market presence, Tesco will draw on the extensive local knowledge and operating expertise of the partner whilst adding its own supply chain, product development and stores operations skills to deliver a better shopping experience to customers. However, given the huge scale, potential and complexities of these markets, Tesco may feel that being the first mover is not necessarily an advantage. The success of the partnership will be related to three main success criteria: sustainability, acceptability and feasibility. Sustainability will be concerned with whether a strategy addresses the circumstances in which the company is operating. It is about the rationale of this expansion-market development strategy. The acceptability relates to the expected return from the strategy, the level of risk and the likely reaction of stakeholders. Feasibility will be regarded to whether Tesco has the resources and competence to deliver the strategy.

b Product Development: Diversification

Johnson and Scholes (2003) believe that changes in the business environment may create demand for new products and services at the expense of established provision. Ansoff’s matrix also suggests that if new products are developed for existing markets, then a product development strategy has to be considered by the management level of a company. In expanding and diversifying Tesco’s product mix, it is also crucial to implement internal development when new products are developed. The nature and the extent of diversification should also be considered in relation to the rationale of the corporate strategy and the diversity of the portfolio. By following the changing needs of the customers Tesco can introduce new product lines. This may require more attention to R&D, leading to additional spending.

BARCLAYS BANK :

A : A : Types of Operations Process in Barclays :

Introduction

Barclays is a global bank. It provides a range of financial services in 56 countries. Barclays provides retail banking services to customers, whether they are individuals or businesses. It offers a broad range of financial products and services including current accounts, savings accounts and general insurance. Within the UK, Barclays communications are designed to help customers ‘ Take One Small Step’ to managing their money better every day.

Different kinds of customers represent distinct markets for Barclays. The market for personal banking services is very competitive. Personal customers have a choice of banks on the high street or on the web to assist them in managing their finances. For example, they can have their salaries paid into accounts, pay bills through the bank or save money to gain interest on their savings. There is also a competitive market for business banking services.

Businesses require different services such as credit management, payments for suppliers or loans and overdrafts to help them to survive and grow. For example, an expanding business may need a mortgage to buy a new building.

Barclays Bank history is as old as the history of the Great British banking industry as a whole. Founded back in the cobbled streeted and oil lamp lit London of the seventeenth century, Barclays has grown and progressed to be a member of the global banking fraternity with operations spreading across all of Europe as well as North and South America, the Middle and the Far East.

The Bank was reputed to have begun its earliest trade’s way back in 1690, when the two founding partners John Freame and Thomas Gould first opened their doors in London. Their first premises were in Lombard Street, where they traded successfully for more than thirty years. One of the most significant events in the bank’s history took place in 1736, when Freame and Gould, obviously feeling that their day’s as bankers might be drawing to a close, invited Freame’s son-in-law, John Barclay to become a partner in the bank.

The onset of World War One saw Barclays strongly represented as far north as the Midlands of England. In the year that the war ended, Barclays Bank announced its amalgamation with the London, Provincial and South Western Bank, firmly staking it place to be one of the UK’s leading banking groups. By the middle of the nineteen twenties in England, Barclays had close to two thousand branches in operation in England, and had begun some tentative operations overseas, particularly in the British Colonies.

Gradual expansion and consolidation was the order of the day for Barclays for the period before, during and after World War Two. Barclays woke up from the period of austerity that followed the War, with the opening of the first banking computer centre situated in London. During the height of the swinging sixties, Barclays showed that they were no slouches by introducing the famous Barclaycard, the first credit card to grace our shores. The following year, Barclays again shook the banking world by unveiling the country's first automatic teller machine, providing cash from a wall.

Today Barclays presents a mixture of a bank of a bank with a great history and rich tradition who has always reached out to the future. A mixture that finds her well prepared to weather the storm of the current financial crisis.

Barclays is made up of two ' Clusters': Global Retail Banking, and Corporate & Investment Banking and Wealth Management, each of which has a number of Business Units.

The third major area of the business is Group Centre. From Human Resources to Corporate Affairs, this area comprises all the essential Head Office support functions that help Barclays maintain strategic momentum.

Retail Banking

Barclays UK Retail Banking is one of Britain's leading retail banks serving around 15 million UK customers through contact centres, online banking and 1, 720 branches. UK Retail Banking builds broad and deep relationships with customers and small business owners by providing a wide range of products and financial services. Through UK Retail Banking, customers have access to current account and savings products, Woolwich-branded mortgages, unsecured loan and protection products and general insurance. Barclays Financial Planning provides investment advice and products; Local Business provides banking services, including money transmission, to small businesses; and Premier provides tailored, relationship-based banking services to affluent customers through dedicated account managers.

Barclaycard

Barclaycard is a multi-brand credit card and consumer lending business which also processes card payments for retailers and merchants, and issues credit and charge cards to corporate customers and the UK government. It is one of Europe's leading credit card businesses and has an increasing presence in the United States. In the UK, Barclaycard comprises Barclaycard UK Cards, Barclaycard Partnerships (Sky Card, Thomas Cook, Argos and Solution Personal Finance), Barclays Partner Finance and Firstplus. Barclaycard also added the Goldfish business to its portfolio in 2008. Outside the UK, Barclaycard provides credit cards in the United States, Germany, South Africa (through management of the Absa credit card portfolio) and in the Nordic region, where Barclaycard operates through Entercard, a joint venture with Swedbank. Barclaycard works closely with other parts of the Barclays Group, including UK Retail Banking, Barclays Corporate, Western Europe Retail Banking and Barclays Africa, to make use of their distribution capabilities.

Western Europe Retail Banking

Includes retail banking and Barclaycard operations in Spain, Italy, France and Portugal. Approximately 10, 000 colleagues are employed in this part of the organisation, serving two million customers. Across the region, Barclays has more than 1, 100 distribution outlets.

Barclays Africa

Barclays Africa encompasses Barclays Global Retail Banking, Corporate Banking, and Barclaycard operations in 10 countries organised in four geographic areas: North Africa (Egypt), East and West Africa (Ghana, Tanzania, Uganda and Kenya), Southern Africa (Botswana, Zambia and Zimbabwe), and the Indian Ocean (Mauritius and Seychelles).

Barclays Africa serves its 2. 8 million customers through a network of 573 branches and service centres providing a variety of traditional financial products, including retail mortgages, current and deposit accounts, commercial lending, unsecured lending, credit cards, treasury and investments. In addition, it provides specialist services such as Sharia-compliant products and mobile banking.

Management of Barclays :

Barclays Capital Fund Solutions (BCFS) is the investment management business of Barclays Capital, the investment banking division of Barclays Bank PLC.

The emergence of new asset classes, growth in demand for derivative solutions and an investor shift towards absolute returns have identified a strong necessity for an alternative fund management approach that:

Offers clients greater customisation of investment management products

Uses state-of-the art financial thinking but is adaptive to changes in the investment environment

Delivers multi-asset class performance, with the flexibility to access new asset classes as they emerge

Considers the complexities of multi-jurisdictional investors and asset bases to deliver pragmatic financial solutions

The BCFS business model and approach focus on this evolving market segment. BCFS combines its multi-jurisdictional fund expertise with world-class structuring, derivatives trading and asset allocation expertise to deliver applied investment innovation in fund management across all asset classes. The BCFS team is advised by Barclays Capital's award-winning research team.

Key Attributes

Since launch of the first fund in January 2006, BCFS has:

Attracted leading investors, establishing a significant fund business and market leadership in applied investment innovation

Established a diverse client base from insurance companies, asset managers and corporate treasuries to family offices and private banking investors

Provided exposure to multiple asset classes including equities, commodities, interest rates, foreign exchange, fixed income, emerging markets, hedge funds and property

Grown assets under management to more than USD 6bn* in structured and quantitative strategies and manages more than 70 funds

Built a global footprint with funds distributed throughout South America, Europe and Asia Pacific

Increased its strong front- to back-office team to 70

Supply Chain for Barclays :

Performance Measures of Barclays :