

Bedenhams final

Finance



Debenhams is a public quoted company in the United Kingdom specializing in the manufacture and sale of Cloth wear, house wears, cosmetics and toilettes. Started in 1813, the company has grown from a small enterprise into a multi-national corporation. The growth has been necessitated through business ventures mainly acquisitions.

The company has throughout in its lifetime been acquiring smaller cloth and cosmetics manufacturing companies the first one being Marshall & Snelgrove in 1919. Debenhams manufactures cloth wear both for domestic use and also for export purposes.

Much of their products are exported in the European, Asian and African nations including the US market. The target group of Debenhams includes children, who buy children's wear, women (women's wear) and men (Men's wear). Other target groups are: cosmetic shops; large super-markets and other processing companies. The products range from wedding dresses to school uniforms. Its policy is to analyse and identify what customer specifications are and design the cloths accordingly. Technologically, the company has re-shaped its manufacturing methodologies that have produced the latest fashions of clothes in the market.

These have attracted a large number of customers. The following table can help illustrate how the demand for cloth wear for different categories of its target groups has been trending for the last four years. The demand is in terms of the revenue realized from the sale of clothes and cosmetics. Debenhams employs the e-businesstechnologyto strategically advertise its products. It also uses e-business to identify any emerging trends in customer

demands as well as studying the activities of rival companies. Stiff competition comes from Alexon Group plc and Arcadia Group plc.

Debenham's main resources requirements are among others, wool, cotton and Chemicals for making cosmetics. Other resources are; transportation facilities as some of these raw materials have to be transported from far countries. The company is however faced with the ever dynamic environmental factors in which it operates. These are both external and internal to the organization.

Debenham's activities are stringently regulated by various political sources. In the first place, there exists a government regulation at the source nations. For instance, expiry dates for cosmetics vary from country to country for two or more products produced within the same date of manufacture. The U. K government does regulate the health and safety conditions that workers of Debenhams plc have to work in.

Also under regulation, is the minimum wage of workers. Some political factors have favourably affected the operations of Debenhams. An example is the compulsory recycling laws. These have enabled Debenhams to save on its costs of raw materials as these have to sometimes be recycled. Approximately 30% of UK budgetary revenue is based on domestic borrowing. This money is raised mainly through taxation and corporates like Debenhams are taxed at rates that are quite high. In spite of the allowance of a tax holiday to some competitor companies, Debenhams does not enjoy this facility.

This adversely affects its profits. Debenhams relies on external sources of finance, i. e. fixed charge capital to finance its operations. These sources of finance are associated with fixed interest payments. The economical ramifications of these huge financial costs are that it may affect Debenham's financial position. The following graph depicts how Debenham's financial risk has been responding to changes in Leverage (gearing). The other economical challenge that has faced Debenhams is that products from rival companies have also flooded the market, being cheap and readily available.

They are a formidable competition to Debenhams. One of the greatest social challenges of Debenhams is change of tastes and fashions. Many are times when sales show a declining trend as a result of consumers shifting to other products. Before marketing and selling their products, Debenhams must consider factors like customs and beliefs of a people. There are some geographical areas like the Muslim communities where certain clothing are prohibited due to their religious beliefs. Such factors tend to hinder Debenham's operations.

With the advent of computerization, many of Debenham's plant machinery have been rendered obsolete because they are analogue as opposed to digital. There is a need to buy new computerized systems that will increase efficiency in production. However, Debenhams has embarked in a rapid computerization program and has hired consultancies and professionals to fast track the process. Debenham is also pursuing a strategic plan of five years that factors in probable challenges and advancement and has also hired the services of a consultancy firm.

By integrating the e- business system and other advertisement modes in the electronic media like blackberrie, T. V and other electronic media, there has been an increase in orders placed by potential consumers. This has seen the sales turnover rising from ? 24bn in the year ended 31st December 2005 to ? 28bn for the period ended 31st December 2006. In order to compete successfully, Debenhams has embraced a research and development framework. The aim of this plan is to study consumer needs and trends and also innovations in production and design.

Their research findings on consumer behavior are as below: Additionally, the company needs to build its organizational image in order to develop confidence to its stakeholders. Extending corporate responsibility to social responsibility would greatly and favourably affect its customers and local community at large. Proper financial accounting and disclosure of relevant information to the accounts would also help build investor confidence. Another internal factor likely to influence the operations of Debenham is how well the management has addressed the issue of Quality control.

In order for their products to gain popularity, they must integrate a system of quality development and quality maintenance Internal factors like employee satisfaction greatly determine the level of performance in the organization. To curb its devastating effects, the management of Debenhams has adapted a democratic style of management. Decision- making is decentralized , and any changes are brought soberly. CONCLUSION In conclusion, Debenhams exists within a balance of both the external and internal environments.

This balance involves complex financial systems geared towards servicing its credit system, employee satisfaction and making profit. The research and <https://assignbuster.com/bedenhams-final/>

development section that is carrying out the employee training under Human resource management makes the employees of Debenham have an edge over its competitors. In addition the technological improvements in its production unit have spurred the mass production of its products while maintaining quality. In essence this has given Debenhams credit in international quality awards. The market for this U. K outfit has penetrated and is increasingly becoming a dominant presence in the European continent and the USA.