

Report on the poundland organisation



**ASSIGN
BUSTER**

Poundland is a British-based variety store chain which sells every item in its stores for £1. Established in April 1990 by Dave Dodd and Stephen Smith, Poundland stock a variety of around 3, 000 home and kitchen-ware, gifts, healthcare and other products, across 16 categories many of which are brand name and clearance products. Like many of its rivals, Poundland operates a constantly rotating product line with products sold at the single price point of just £1, sometimes products have been known to get recalled by the retailer due to failing health and safety regulations, however Poundland do have a stringent and effective Q&A department to ensure all products are fit for purpose meeting exacting standards. Although price-point retailing was invented in the United States during the 1870s, the chain claims to have introduced this concept to Europe and is the largest single-price discount retailer in Europe. The retailer claims that their Croydon store is the busiest single-priced discount outlet in the world, generating more than £9 million in revenue per year with 30, 000 customers a week, which as of December 2008, was more than any of its yen and dollar counterparts in Japan and the USA respectively. The company estimates it serves 2. 75 million customers in an average week.

Poundland have enjoyed strong sales growth and have maintained steady profit growth against increasing inflation. This, among other factors, has been aided by a strong customer base of predominantly female shoppers every week in the C1, C2, D and E categories (the lowerclasses in a system of demographic classification used in the United Kingdom). The chain employs 7, 000 staff and their company union is the Union of Shop,

Distributive and Allied Workers (USDAW). Their closest rival in the market is 99p Stores, who undercut Poundland's prices by a penny.

Task 1. 1

Research Proposal

Research Topic: Analysis of Store Management and suggestions

Purpose: A friend of mine has been working with the store for 3 months and has highlighted issues on which my research is based on.

Title: Research on Poundland (Ilford Branch)

Staff Management

Increase in Sales

Nature of the Project: It was announced in September 2008 that Poundland's owners, Advent International, are said to be cashing in on the resurgence in value retailers by preparing to put the chain up for sale. The report came as figures shown that value retailers are seeing a business boom in the current economic climate. These plans were confirmed in March 2010, when it was reported that Barclays Private Equity has expressed an interest in a potential take-over of Poundland for about £200 million. On Tuesday 4th May 2010, it was announced that Poundland had been sold to US private equity firm Warburg Pincus for £200 million.

Objective:

Store growth from 2000-2009

<http://www.allbusiness.com/retail-trade/4295150-1.html>

<https://assignbuster.com/report-on-the-poundland-organisation/>

As can be seen in the graph to the left, store growth was slow, but steady year-on-year until 2003, when the retailer almost doubled their amount of stores over the 3 year period to 2006, from 80 to 150. Growth then established again at around 150 stores until early 2008, when the retailer took advantage of the economic downturn to further expand their store portfolio at an average rate of 3.7 stores a month, from February 2008 – September 2009. Poundland's have a keen interest to expand their store portfolio by 30 new stores every year, while also increasing its optimum store size by 25% to around 7,000 square feet (650 m²), comprising around 5,000 square feet (460 m²) of sales space. Poundland's property director Craig Bales is responsible for store expansion, saying that "although the economy was suffering, this had not resulted in a ready supply of suitable stores for expansion."

In 2007, Chief Executive Jim McCarthy said that the retailer would consider expanding operations into Europe and the far east once it has extended its UK portfolio to 650 stores. The retailer reached their first milestone in May 2004 with their 100th store opening in Merry Hill Shopping Centre, Dudley, and on 27 November 2008, Coronation Street actor Anthony Cotton opened Poundland's 200th store at the Frenchgate Centre in Doncaster,. The retailer expanded into Northern Ireland and had opened 6 stores there before Christmas 2009, selling locally-sourced goods such as milk as well as the usual branded products. The company also celebrated a milestone when their 250th store opening on 21 November 2009, ahead of schedule and had planned for another 17 before Christmas 2009. The retailer is set to invest

around £10 million to open at least another 50 stores in the 2010-2011 financial years.

Business Case:

The staff needs to have appropriate knowledge of managing the store.

The staff should be aware of the products available and not available with the store.

The staff needs to be customer focused and friendly.

The store should have some better quality products when it comes to selling of make-up goods, clothing items for girls and ladies.

The store should have more varieties for salty food items as the numbers of sweet products are more.

The arrangement of the product available in the store needs to proper and accessible to customers at all times, there are many items which are stacked behind the cash counter and it's not possible for a customer to get off the queue and get it when he or she has already queued for payment.

Development of business case:

Staff training: Before hiring the staff their job experience should be taken into consideration. They should have some experience related to the job they want to take up with Poundland. The company then needs to have a 2 weeks program training with the staff at their headquarters and then at the store. The staff should be allowed to give a trial job and then should be

confirmed as an employee of the store. The staff should be made aware of what customer service is and how it is suppose to be dealt with.

Increase in Sales: Just because the good are available for a Pound does not mean the product quality is low, the product selection has to be very careful and tested before putting up on sale in store. The products should be available for all skin types rather than making it available for normal skin tone. There should options for the ladies customers rather than just having one option which gets the sales percentage very down. Other ladies products should be of a better quality then cost, because there are other items which are available in the store and cost more than a pound. Apart from the sweet items available in the store the company should have options of fried, salty and spicy items. All the items should be stacked in the store and not behind the cash counter. Hence the stacks should be put like the one in Tesco's.

Task 1. 2

Review of the current theoretical debate:

The idea of staff management and increase in Sales was shared by my friend in my presence with his Supervisor who has taken the suggestions and has kept it under consideration and once he would discuss the same in their monthly meeting with his head he would give me an update.

Incorporation and Justification:

If the staff is well trained then they would be more interested in their job and will be customer centric all the time. The staff needs to be proactive in helping the customers then the customer walking up to them for help. A

genuine help and warmth will be natural from the staff which attracts more customers to the store.

It is very important for the staff to know about the good available in the store and where they kept as this would not only help in giving good service but quick service as well.

If the qualities of the good available in the store are good then if the price of it is a bit more customers would not mind spending, this will not only attract existing customers of Poundland but also new customers.

At the same time if the goods are stacked correctly and are well arranged it becomes easier for customers to find what they looking for, if there is something they don't want to buy however is well arranged and visible customer might pick it up, this also helps in giving quick service.

Task 1. 3

Value and discount retailers have seen a boom in sales since the recession at the start of 2009. Although there are several retailers with the same strategy as Poundland, such as independent businesses and smaller price-point retail chains such as Poundworld, Poundland's closest and largest rival in the sector is 99p Stores, whose buying director Faisal Lalani cited one of their main aims being to catch up with Poundland and their 223 stores as of August 2009.

Other larger chains have also been hit by the success of discount retailers, with many budget-conscious customers making the switch from traditional larger supermarket retailers for their everyday necessities. A strategy

adopted by Poundland to lure customers away from the larger supermarket chains is to give them confidence with reputable household brands, then bring them in en-masse by selling those names at prices that defy and undercut almost any competition, at which point try to entice the 40% to impulse buy other products on offer, hopefully own-brand, that they may not necessarily have planned to purchase. In response to this trend, supermarket retailer Asda announced in January 2009 that they would cut the price of many of their branded products such as Colgate toothpaste to just £1, in competition with Poundland who are offering the same branded products at the £1 price point. In an effort to stifle the competition, Poundland introduced multi-buy offers to provide a larger quantity of the products for the same price of £1 to avoid deterring this lucrative band of customers back to Poundland's larger competitors. However, research conducted by The Grocer magazine in August 2009 found that of the 1300-odd supposedly discounted products on sale in ASDA during July 2009, a third were the same price as in March 2008 and 173 products had been selling for less than £1 during Spring 2009, while prices at Poundland have remained fixed since the chain was founded in 1990.

Whilst Poundland's competition will primarily be other value retailers, the retailer may sometimes find they are competing with other retailers' own brand produce. It was reported in May 2010 that Poundland were selling rebranded lotions for £1, the exact same products that Boots were selling under their own brand for significantly more. Boots responded to the findings by suggesting that the products available in Poundland stores were likely excess stock they had sold off below cost price which had been destined for

overseas markets, with some inadvertently directed into UK distribution without their permission.

Just suggesting a project is not good enough it is also important to find out the resources required for this project and how well the resources are going to be used for the same. And if the same was justified.

Project Supervision:

The training will be implemented however the staff will be trained in group of 5 to 6 people together. The training program plan will be made by the Training department. The training team will conduct the team for 4 weeks. The 3 weeks training will be on the product, culture and the environment of work. 1 week will be on job training. The total number of trainers required for the training will be 6 for which the total cost involved will be GBP34000 pa. The total cost for the entire training (training room, training gadgets, training time) will be GBP45000 pa. The total cost involved in hiring the employees and the HR team will be GBP 20000 pa. This will certainly bring about a change in performance subsequently adding increase in sales. Hence the cost involved in the entire process can be earned back from Sales in 1 month's time.

The calculation for the entire process has been discussed and approved by the head of branch Ms. Helen Scott who has got the entire plan check and approved from the headquarters. She has been working with the team in Ilford past 2 years. She is the head of the Store.

Task 2: Identifying Cost

Resources required for the project:

Planning

Training Module

Recruitment Team

New Stacks

New quality products

Planning: The Human Resource team has to plan out a new recruitment process for the Company, and then design a training module which should include training module for people who come with relevant experience and people who do not have any experience or relevant experience.

Training Module: The training module should include topics such as product, customer service, Poundland culture and voice and accent training. This should be a short program of 10days. The training should be more practical in nature rather than theoretical. It should also end with a mock exam which will prove the value of the time spend in training.

Recruitment Team: The team should set the guidelines of recruitment in lines with the Company history, requirement and knowledge. While hiring the team should look into the individual's potential to handle customers and their queries, promptness to situation, willingness to take up the job and many more criteria's.

New Stacks: The Stores needs to first divided into sections and accordingly the stacks should be ordered e. g.: food items that need to be refrigerated would need refrigerator.

New Quality Products: The Company has to find products which are affordable and are matching store standard price. The quality should be good and tested. The products are varied and should match customer requirement.

Cost of Resources

Resources

Explanation for the Cost

Cost (PA)

Planning

Planning would mean involvement from different division and managers, participation means arrangement of meeting rooms and refreshment

GBP 16000

Training Module

Every company has a training program in place for employees hence few alterations are required in this section hence this total cost is including trainer and training module.

GBP 79000

Recruitment Team

There is a recruitment team as well hence only the working pattern needs to be changed

GBP 20000

New Stacks

Re-arranging the store means renovation and with new stacks required there certainly is a cost involved

GBP 30000

New Products

With quality, varied and new products to be made available in the store there is a cost involved in this

GBP 35000

Total Cost

GBP 180000

Budget for the project:

A project budget is the total sum of money allocated for the particular purpose of the project for a specific period of time. The goal of budget management is to control project costs within the approved budget and deliver the expected project goals. Definition of a successful project is one that meets four success criteria: that the project's scope is delivered on schedule, it is delivered within budget and, once delivered, it meets the

quality expectations of the donor and beneficiaries. For project managers to be truly successful they must concentrate on meeting all of those criteria.

A budget is generally a list of all planned expenses and revenues. It is a plan for saving and spending. A budget is an important concept in microeconomics, which uses a budget line to illustrate the trade-offs between two or more goods. In other terms, a budget is an organizational plan stated in monetary terms.

In summary, the purpose of budgeting is to:

Provide a forecast of revenues and expenditures i. e. construct a model of how our business might perform financially speaking if certain strategies, events and plans are carried out.

Enable the actual financial operation of the business to be measured against the forecast.

Cost benefit analysis

A cost benefit analysis is done to determine how well, or how poorly, a planned action will turn out. Although a cost benefit analysis can be used for almost anything, it is most commonly done on financial questions. Since the cost benefit analysis relies on the addition of positive factors and the subtraction of negative ones to determine a net result, it is also known as running the numbers. Cost Benefit Analysis or CBA is a relatively* simple and widely used technique for deciding whether to make a change. As its name suggests, you simply add up the value of the benefits of a course of action, and subtract the costs associated with it.

Staff development and training cost

Staff development is an important part of assisting performance improvement at organizational, faculty/central department, unit and individual levels. It is therefore important that the transfer of learning into the workplace is assessed through a process of review and evaluation so that its success or otherwise can be established and so that we can demonstrate the contribution learning makes towards overall organizational success. Training may be costly, but it is crucial if you are to ensure that your business has the right skills to be successful. Training will also require resources and may require employees to be away from their posts while they learn.

Product Training

Training is vital if manufacturers are to improve productivity, maximize machine utilization, and achieve optimum equipment performance. Effective training also impacts positively on the reduction of scrap and rework, and helps boost employee confidence. Universal Instruments pioneered the contemporary training model used in our industry. Now we have refined it to meet the differing and emerging needs of our customers. Skilled instructors delivering practical skills that will be manifested in better performance right through to your bottom line.

Culture Training

The term “ cross cultural training” refers to a variety of different training courses. Each in essence aims to develop awareness between people where a common cultural framework does not exist.

In general, cross cultural training has two parallel approaches:

General Cross Cultural Awareness Training

Culture/Country Specific Training

Training Cost

Hiring Trainer

GBP 6700 (this is out of 34000 for trainers)

Hiring Employees

GBP 10000 (this is out of 20000 for HR team)

Training Cost

GBP 8000 (this is out of 45000 for training as a whole)

Other Cost

GBP 2000

Total Cost

GBP 51700

Task 3: SMART PLAN

S – Specific

M – Measurable

A – Achievable

R – Rewarding

T – Trackable

Specific

Be specific about goals. Set goals that address the results the company wants. Company goals should challenge their policy and procedures. But they should also be within company's reach. What does the company wants to achieve.

Measurable

Choose goals that have results and the company can measure. Company needs a way to measure the progress and some specific criteria that will tell the team when they can stop and the goal is achieved. Feeling the progress is very important for employees to stay motivated and enjoy the process of achieving the goal.

Achievable

Can the company achieve their goals? The company doesn't want to discourage itself. Keep in mind that the company can always raise the bar after reaching first set of goals. An attainable goal is a goal for which the company sees a realistic path to achievement, and reasonable odds that gets them there.

Rewarding

A goal is rewarding when the company has clear reasons why they want to reach that goal. This is one more place where it is important that the goal is really theirs. Give employees non-food rewards. How will company reward employees along the way? Will it be when company achieves their goals? When they pass a milestone on the way to that goal?

Trackable

How will company track its progress? Doing so helps the Company to see a slip as only a brief setback that they can easily overcome.

<http://www.tshc.fsu.edu/he/smart.htm>

Specific

Trackable

Measurable

SMART

PLAN

Rewarding

Achievable

Gantt Chart

Week 1

Week 2

Week 3

Week 4

Week 5

Specific

Measurable

Achievable

Rewarding

Trackable

The Gantt chart above is the method that the Company would follow for their training and monitoring. The goals that are specific will be discussed with the new members in Week 1, from Week 1-3 their performance will be measured on basis of exams and results. From Week 1-4 the training team would observe if they were able to achieve the desired result from the training and if employees have achieved what they are suppose to from the training.

From Week 1-5 the performance will be rewarded and tracked.

Purpose of the Business Plan

A detailed description of a new or existing business, including the company's product or service, marketing plan, financial statements and projections and management principles, require a plan to be implemented. A document that spells out a company's expected course of action for a specified period usually includes a detailed listing and analysis of risks and uncertainties. For

<https://assignbuster.com/report-on-the-poundland-organisation/>

the small business, it should examine the proposed products, the market, the industry, the management policies, the marketing policies, production needs and financial needs. Frequently, it is used as a prospectus for potential investors and lenders.

Think of it as a production line. What's go in the start are raw materials and unfinished assemblies. Here, the raw materials include:

- Talent and initiative from employees
- Capital -Market position
- The company's creditworthiness
- The firm's earning capacity
- Assessment of changes in the marketplace.

It should have four major aspects:

- Its contribution to purpose and objectives
- Its primacy among the manager's tasks
- Its pervasiveness
- The efficiency of resulting plans.

Task 3. 2

Marketing plan and strategy

Poundland's biggest sales advantage is their price consistency across all products. While other retailers must decide upon the price of each individual

product and have this clearly displayed to their customers, Poundland may simply move stock onto its shelves from their warehouses, so customers always know how much a product costs. Poundland promote this strategy through their slogan, “ Yes, Everything’s £1. Although the retailer encountered initial skepticism from some suppliers worried about selling their top brands in a discount environment, this was quickly dispelled and the big brand suppliers now deal directly with the retailer. Suppliers can see the benefits to this strategy being that they know exactly where the products are going, the quantity being sold, and the price the retailer is selling them at. Running a store in which prices cannot change at all presents interesting challenges, particularly with inflation, as it is difficult to change all the signs to read, for example, “ everything is £1. 05”, although inflation has also meant that there are products which could not previously sell that suddenly are on their radar due to RRP prices exceeding £1. Upon joining Poundland as CEO, McCarthy had plans to expand the price offering and increase the margin, envisaging a £2 section, a 50p section, a discount zone, and so forth. Upon visiting America to see how the discount stores over there did it, the overwhelming message was not to change the single price as customers understand it. The retailer is able to dismiss concerns whenever the pound becomes weak, as this means shipping and freight costs also reduce, which counteract the impact of a weaker pound. Since November 2003, all of Poundland’s stores have been using an advanced point of sale solution, developed in-house running on Epson’s touch screen Intelligent Registers (IRs). The primary purpose is to track and understand which products customers are buying, allowing for up-to-date tracking of the most popular products, helping to ensure constant stock via automated ordering. Their PoS

system is set to improve further, with trials underway of contactless payments in two of their London stores for payments of £10 or less to make purchasing goods even quicker. The technology was introduced in 2007, but few retailers have so far announced full roll-outs of it. Plans to launch a transactional web site before the end of 2009 were under consideration during 2008-2009, in an effort to attract consumers not served by any of its stores. The proposed site would offer a limited range of products with best-sellers and seasonal items featuring strongly, such as Halloween and Christmas products. Poundland ran a similar trial scheme during the early 2000s, with an average transaction value of £25. However, CEO James McCarthy said he had decided to postpone plans for transactional web site indefinitely, to concentrate on opening new stores.

Sales Strategy:

Poundland offer a range of over 3000 products, with 10, 000 new products featured in any year. David Coxon, Buying & Merchandising Director, defines stock as falling into one of three different categories: ongoing core lines (products bought direct from the manufacturer), seasonal ranges and clearance stock. Until recently, all unbranded products stocked by Poundland, which account for roughly 70% of total stock, would carry the Poundland branding and logo. However, the retailer has been able to increase sales by removing the Poundland branding and creating around 50 sub-brands, such as Beauty Nation, Kitchen Corner and Toolbox for its value line of DIY products. In total, the retailer stocks 1000 branded products, the majority being food and drink, and more recently have introduced eggs to eight of its stores as part of a trial, which the retailer believes is likely to be a

“ top 20 volume seller”. In 2003, The Grocer reported that approximately 400 of the chain’s 2000 stock-keeping units (SKUs) are in impulse and grocery lines. Food products now account for 14 per cent of store space and 28 per cent of revenue, with 55% of its customers purchasing food or drink, particularly taking advantage of their multibuy offers such as four-for-£1 deals on branded crisps, confectionery and soft drinks. In October 2009, Poundland launched their own range of bagged sweets branded “ Sweet Heaven”, in a bid to help fill a gap left in the high street by the demise of Woolworths. The range will include a number of favorites that used to be found in the Woolworths’ Pick n Mix selection. As well as their own brand line of products, the retailer also sells hundreds of products from other top brands such as Colgate, Walkers and Cadburys to name a few. Poundland are officially Britain’s largest seller of batteries, stocking reputable brands such as Sony, Panasonic and Kodak in quantities priced more competitively than their closest rivals, with the Kodak value pack being one of their best sellers and only exclusive to Poundland. Some of the products offered by Poundland which carry their branding are in fact supplied by manufacturers who are fussier about the retail positioning of their products and would rather allow their products to sell without their own branding attached. Poundland often sell large quantities of their stock to other retailers off-the-shelf, where it is cheaper for these retailers to pay £1 each for a bulk purchase than it would be to pay a discounted bulk-purchase rate elsewhere.

Stakeholder

Managers and Employees: These stakeholders want to see Poundland succeed

And do not want the brand image to be damaged. This crisis has the potential to diminish the

Company's customer base and create policy changes and conflicts within the states that may

Affect day to day managerial responsibilities.

Customers: This group of stakeholders may have conflicting views. On the one hand,

There is a group of customers which wants to see company-wide

Policy changes at Poundland. On the other hand, there are many customers who would like to see

Policies remain the same and who would like to enjoy Poundland products without feeling

Ignored.

Other Retailers: The stakeholders want to see Poundland resolve the training and sales issues

without drastic changes to its corporate policies and procedures. They realize that Poundland has

been chosen to set the precedent for all retailers. If Poundland loses control of its corporate

policies and brand image, they can expect to become the foci of similar protests in the future.

Plan and develop an appropriate marketing strategy

Poundland Brand Positioning and Messaging

One of the greatest attributes of Poundland is its “ everyday affordability” message that drives customers to Poundland. Think of any age group – they know Poundland from the time they have been in London. Flanked by great integrated campaigns centered on such initiatives as the Olympics, the Kodak batteries would help capture all the moments the customers want in the cameras.

Ongoing Innovation and Knowing When to Make Changes

For Poundland it will continue to be a year of innovation. According to CMO Mary Dillon: “ We are the kind of business and brand that is never happy with yesterday. We are always looking to tomorrow and how do we get better?” This type of thinking and marketing philosophy has always kept the pound store giant in the black.

Global Reach

By combining fundamentally sound operational practices with innovative marketing strategies, the originator kept global success. Today, Poundland values transcend borders and cultures. Each and every day, 47 million consumers worldwide visit the store because they know and love the variety that are and can be made available in future.

Implementation process:

Tasks: This part details what must be accomplished to achieve objectives.

Include a task manager for each step, so that roles are clearly defined and there is accountability. As enumerate tasks and assignments, these descriptions should be plainly and generally stated; not getting into a step-by-step, micromanaged explanation of how the tasks will be carried out. Emphasis the expected results associated with these tasks.

Time allocation: Each task should be paired with an appropriate time frame for completion. It should be aggressive but reasonable with time allocation in order to ensure not just completion but competent work. For assistance in framing this timescale, the company can use a program such as Microsoft Project, or just create their own Gantt chart – a helpful tool that shows how long it will take to complete different tasks and in what order the tasks should be finished.

Progress: Member of management team needs to be in charge of monitoring each task's progress and the completion percentage of each objective. When delays occur, try to get to the root of the problem. Did the person responsible drop the ball? Did h