

Boots and argos: size, culture and structure



Task 1:

The intention of writing this task is to research two organisations with different size, culture and structure. Research will highlight the relationship between strategic management and leadership in the chosen organisations. In order to highlight this, academic meaning and discussion of what strategic leadership means will be undertaken. Then using the two organisations the report will be written on how strategic management and leadership are inter-related. Finally in the 2nd task we will look at each organisations missions and objectives as this can identify strategic decisions taken by the leaders of these organisations, and finally an analysis of the impact of management and leadership styles on strategic decisions will be done.

One of the many interesting features of modern business is that the distinction between management and leadership is becoming increasingly blurred. What was the conventional view? This view was that managers controlled employees. In vast comparison a leader has been seen as someone who gains the trust and support of other people; people follow the leader because they want to, not because they have to. Many companies today have attempted to bring these roles together and now present their managers as leaders. Rather than having control over employees, the new view of management tends to stress the importance of working with employees so that everyone shares the same goals. Major organisations have adopted this approach e. g. Boots and Argos. Teams now operate through consensus not authority.[1]

Successful leaders don't start out asking, "What do I want to do?" They ask, "What needs to be done?" Then they ask, "Of those things that would make a difference, which are right for me?" They don't tackle things they aren't good at. They make sure other necessities get done, but not by them.

Successful leaders make sure that they succeed! They are not afraid of strength in others. Andrew Carnegie wanted to put on his gravestone, "Here lays a man who knew how to put into his service more able men than he was himself." [2] There are very different kinds of leaders, the diagram below will aid in showing these various types.

What do leaders actually do then?

Leaders or managers tend to have a very wide range of duties and these duties must relate to all aspects of the business and its operations. Tasks may include:

Deciding objectives for the organisation

This entails a sense of direction for the organisation most organisations express this from their mission statements. Interim goals will need to be set and these interim goals help the organisation move towards its overall aims.

Providing expertise and setting standards for the organisation

In difficult times the leader would be expected to show enthusiasm and take a major role in solving problems as they arise.

Drawing on all the expertise within the organisation

The leaders must utilise all team member skills and experience when taking decisions.

Boots:

Boots the Chemist (BTC) started in 1877 by Jesse Boot, who was the great benefactor of Nottingham and indeed the founder of its university. As Britain's largest chain of retail chemists BTC is a market leader in healthcare, cosmetics, toiletries, baby products and film processing. Its cursive logotype, refined only slightly since the 1880s, is an instantly recognised icon of the British high street.

Many people assume Boots to be nothing but chemist's shops – which in fact account for about two-thirds of group turnover and operating profit. The rest of the group includes a portfolio of other retailing activities – the car-and-cycle accessories chain Halfords, Children's World, Boots Opticians, Fads home-decorating shops and a 50% interest in Do It All, the DIY superstores – plus manufacturing of over-the-counter healthcare products and own-label toiletries. There is also a substantial property division, developing and owning retail sites to make best advantage of the group's own space requirements – and returning an operating profit last year of £67 million, the second largest contributor in the group.

All the above activities of Boots is governed by a set of powerful ideas, these ideas start from grand strategies down to small changes in Boots product range. Boots bases their management on 'value based management', Peter Drucker in his Management by Objectives (MBO) concept calls for achieving the balance between management and employee empowerment. A manager

should view members of his or her team much as a conductor regards the players in the orchestra, as individuals whose particular skills contribute to the success of the enterprise. Drucker said that the Value Management is a high-level model of how businesses receive raw materials as input, add value to the raw materials through various processes, and sell finished products to customers.[3]What does this leadership style mean when implemented into a management style in Boots? Well in the words of Thompson Value management is maximisation of long term cash flow; of course this would make sense as David Thompson is the Finance director of Boots. When Boots bought the likes of Halfords, fads and Do it the entire organisation incurred a whopping debt, this to date has been paid off leaving a half a billion pounds in the kitty.

These results are, in one sense, traceable to the two biggest decisions in Boots' recent history: the appointment of Sir James (now Lord) Blyth as chief executive in October 1987, and the purchase of Ward White in 1989. But the results are also the collective achievement of Boots' management corps - notably homogeneous in its personal style and background, and imbued with a set of values which owe more than a little to the cost-conscious, philanthropically inclined Jesse Boot, who died in 1931. Those values - in areas such as staff welfare, product quality and relations with suppliers - are understood so intuitively throughout the firm that, until very recently, no one has ever thought it necessary to write them down.[4]

The heads of the group's nine major business divisions enjoy considerable freedom. This in itself represents something of a break from Boots' traditional, highly centralised, decision-making structure. But it seems to be

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working. ' We prefer the word " independence" to " autonomy",' says Thompson, making a distinction which indicates intensive thinking about the precise nature of the relationship between divisional management and head office. But Steve Russell, newly appointed managing director of BTC, confirms that, ' If you've got the ideas and can articulate them convincingly, nothing stands in your way. It's a highly effective way of unlocking the ideas of the people in the business.' Russell also talks about ' modernisation born out of the realisation of the core values of the business'. Essential to the process is the accuracy of the data on which small decisions are based, and large ones built up. Boots has perfected over many years a sophisticated system of ' retail engineering' - that is, of continuous management of its product ranges and store lay-outs to maximise margins, combined with exhaustive monitoring of competitors and consumer preferences.[5]

Argos

Argos is a unique multi-channel retailer recognised for choice, value and convenience. They sell general merchandise and products for the home from over 700 stores throughout the UK and Republic of Ireland, online and over the telephone. In the last financial year, the sales were £4. 3 billion and they employ some 33, 000 people across the business.

Argos serves over 130 million customers a year through their stores and takes 26% of sales through the internet channel alone. Four million customer orders either online or over the phone. On average, 18 million UK households, or around two thirds of the population, have the Argos catalogue at home at any time. Argos has planned to open approximately 20 stores this

financial year. This website was the most visited high street retail website in the UK in 2008. Argos is also part of the Home retail group.

Argos organisation culture is one that encompasses the whole organisations values and beliefs with the main focus on the customer; this can prove very challenging yet intriguing. Argos culture has not always been the same; recently the corporate culture has changed to reflect the following:

customer service which focuses providing an experience that is enjoyable and friendly as well as efficient

teamwork, because this leads to greater co-operation and the sharing of best practice

taking ownership for decisions so that managers solve problems themselves rather than pass them on to others

respecting each other so that everyone feels they can contribute

Having the competitive will to win so that everyone is aiming to improve and to succeed.