

Marks and spencer bussiness history

[Business](#), [Company](#)



Marks & Spencer currently is one of the leading retail clothing and food stores in the UK. Established in the early 1880s, M&S with its simple business model derived off basic principles managed to enjoy the leading position in the industry for nearly a century. Over the years, M&S built a brand that offers high quality merchandise at a reasonable price. Along with its continued success, M&S also fostered a "we know best" culture that was strongly inculcated in the entire organization. Thus, the M&S strategy, strongly supported by its organizational culture was "The Formula" for success.

However, this status quo changed during early 90's when the retail industry, like most other industries in UK became more competitive. With consumer demands and preferences changing, organizations needed to alter their strategies to compete in the rapidly changing environment. Thus, trying times for M; S began in mid 90's; with sales dropping and profits shrinking, M&S's share prices began to fall. The management realized that they had a problem to fix.

During 1998 to 2001 M; S went through a number of changes in terms of organization structure, processes, resourcing etc. as part of the efforts to solve the problem. But, these efforts were futile as they failed to identify the fundamental issue that was standing in their way to sustain market position - the culture of the organization. This report is intended to explore the culture of M; S and to analyze its bearings on the organization's strategy. This report will also examine the failed solutions derived by the management of M&S during early 2000 to establish the core problem faced by the retail giant.

The success of Marks & Spencer Marks & Spencer had a winning formula; a simple operating model which ensured high quality merchandise that was sold at a reasonable price. M&S clearly had the first mover advantage and they were able to sustain it for over a century. In early 1900, when M&S started operations transforming from a penny bazaar to a retail store their strategy was to offer an attractive product to the consumer at an affordable price. This was during an era when there was the up market product which the majority could not afford and the low priced products where the quality was a concern. Hence, M&S products were well received by a large majority.

Also, up until the 80's competition was not aggressive in most industries compared to 2000. Thus, for decades M; S had no battle to fight to retain the leading position. This placed them in a very comfortable position where they could insist on quality with their supplier and better pricing.

Another factor that worked in M; S's favor is majority of the consumers were not fashion conscious as they are today. Thus, M&S was able to design and sell what they thought was best for the consumer - the " classic wearable clothes". To the contrary, starting early 90's the operating environment changed. With globalization consumers demands and preferences changed, competition started to kick in. But, M; S continued with their success formula and kept oblivious to the changing environment.

Strategic Drift and the organization's culture Over the years M&S had developed a culture around the way things were done and how its competencies were built. This was one of M&S's key strengths which led to its success in the past. M; S's culture can be analyzed with the aid of the

cultural web as follows. Stories : CEO preferred classic wearable clothes, Reputation for quality, The thickness of the carpet represented the status of the occupant Symbols : M&S logo, St. Micheals brand name, Male dominant management cadre Power Structure : Autocratic leadership, Top down management.

Power is centered at head office, Male dominant Organisational Structure : Highly hierarchical and tall structure, Operations are centralized Control system : Insist on conformity, long service was rewarded with promotions, no system to evaluate individual store performances Rituals and routines : " Head office knows best", a generalized view of the market Paradigm : " We know best", " We are the best" The cultural web on M&S indicates that it had a culture that largely revolved around the thinking that they was the best in the market and their way of doing things has proven to be the best.

This culture can be seen to be a reflection of taken for granted fashion and suffers from a rigid thinking that 'head office knows best'. This is evident in the way M&S has been operating in terms of centralized buying, over dependency on British suppliers, the identical store layout and of course the inherent lack of interest in catering to the latest fashions and trends. M&S had been embedded in their traditional risk-averse formula and ignored the dynamism of a changing environment. Whilst their competitors forged ahead, the fundamental problem at M&S was their culture which did not foster change.

In a changing environment M&S failed to align their strategy with changes in environment putting M&S through a strategic drift. It is evident that M&S did

not have a culture that fostered change, and such resistance to change is due to the organization being rapt in its paradigm. What M&S needed to withstand these problems they were facing was a shift in the paradigm, which would have been difficult to achieve given the nature of the organizations culture.