

Tuesday morning essay



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Abstract

The research paper aims at trying to explain the events that led to the creation of Tuesday Morning Corporation and the events that led into its becoming what it is today. Lloyd Ross started the corporation from a garage sale he held in a hired warehouse in the early 1970s. Thanks to him, the chain of Tuesday Morning chain of stores came into being. Lloyd named the corporation based on his childhood dream. He always had always wanted to name his business after a day of the week. He chose Tuesday because he believed Tuesday represented the first positive day of the week.

Introduction

The Tuesday Morning Incorporation was started as a dream by a man called Lloyd Ross in the early 1970s. However, what began as a small experiment has resulted in one of the most successful chain of stores in the United States. The first sale Lloyd Ross ever conducted was in a garage sale. He did not have any permanent location for his business at the time. However, many years down the line resulted in Tuesday Corporation expanding to eight hundred retail branches worldwide. Just like any upcoming business, Tuesday Morning has made its fair share of mistakes like the privatization of the firm in 1997; however, this never stopped it from becoming a success. Tuesday Morning has offered upper middle class women the chance to acquire an assortment of first class merchandise at reasonable prices that were deeply discounted. This contributed greatly to its success and expansion. Today, Tuesday Morning is one of the greatest retail department

stores dealing in close out merchandise in America with its headquarters located in Dallas, Texas.

Body

1) Company history, development and research

Then name and business concept of Tuesday morning retail store originated from its founder, Lloyd Ross. He is not only the founder, but also the chairman and chief executive officer of all the Tuesday Mornings chain of stores. Lloyd Ross came up with the business idea in the early 1970s. This happened when he was working for another firm Rathcon, Inc. Rathcon Inc was a manufacturer and importer of gift merchandise at the time and this is what inspired Ross to come up with his own gift merchandise store. Ross realized that manufacturers did not have a reliable way of disposing their surplus stock. Ross therefore decided to buy the excess merchandise from the top manufactures at low prices and reselling them to department and specialty stores at a profit. This was successful and therefore he decided to expand the business by introducing a greater variety of products into his selection of merchandise and selling them in a gigantic garage sale. This was in the year 1974 (Derdak, 1997).

This garage sale was located in a rented warehouse in the Northern part of Dallas. This was the birth of the first Tuesday Morning close out retail store. Ross chose the name Tuesday because according to company press materials, Tuesday was the first positive day of the week. Moreover, it was always his childhood dream to name his business after a day of the week. Soon after this, Ross established the four sales a year schedule. The

company hires its staff each season initially as the firm did not have a permanent location. However, with time, the returning of same staff personnel led to a bulk of permanent staff. The company started expanding geographically by expanding to the south and east and finally. It began setting up permanent locations.

In 1984, Tuesday Morning closeout retail department went public. In the next one year, fifty six more stores were created making a chain of Tuesday Morning department stores. This new move generated sales of about \$37 million. The number of staff workers increased to one thousand four hundred (1400) and the administrative personnel at company headquarters rose to sixty. Tuesday morning established good rapport with the manufacturers by not including their names during advertising and if any firm became upset over a product the Tuesday Morning firm was selling, they would take it off their shelves.

In 1988, Tuesday Mornings firm constructed their first new warehouse. However, to keep rental expenses low, the company continued to use strip malls located in outer ring suburbs instead of indoor malls or city centers. Labor costs were also minimal since each store only had one permanent worker who was the store manager. By 1990, company sales increased to \$100 million resulting to the opening of new stores to join the Tuesday Morning Chain of stores. The total number of stores amounted to one hundred and thirty two (132) and they were located in twenty one states in the United States.

As the Tuesday morning chain of stores continued to expand, the methods incorporated into running the firms became more sophisticated. This was triggered by an explosive growth of the firm. The firm needed a new mechanism that would allow them to monitor the movement of stock in the stores as well as the activities of the staff and customers in the stores. This was in February 1994 when the firm introduced the implementation of a sophisticated computer system to control movement of merchandise in and out of the warehouses. The trainees were trained to operate the new gadgets and with time, Tuesday Morning Corporation was in the national scope.

In 1997, Tuesday Morning Chain of stores became privatized. The group that took up the firm included, the investment firm Madison Dearborn, Tuesday Mornings management team and a group of unaffiliated investors. All these people purchased Tuesdays' capital stock for approximately \$325 million. The company continued to remain on a private basis for two years until April 1999 when it decided to make an initial public offering worth 13.2 million shares of stock. The starting price per share was \$15. This resulted in a net profit of \$76.1 million and the company used this up to pay the debts it had incurred during the 1997 privatization. After this through to 2004, the company experienced steady sales. In the beginning of 2003, Tuesday firm began remodeling and enlarging its stores. This continued and by mid 2004, the company had managed to open 641 stores spread across the United States of America and Canada. In summary, the key chronological dates in the life of Tuesday Morning Corporation is: 1974: Lloyd Ross held the first garage sale 1975: Tuesday Morning was incorporated 1984: Tuesday

company incorporation went public and finally became recognized 1988: Tuesday Corporation had its first warehouse built 1990: Tuesday Incorporation sales reached \$100 million and over 1994: Tuesday Incorporation introduced a sophisticated Computer System to help the administration in running the stores increasing stock 1997: Tuesday Morning is privatized 1999: Tuesday Morning is once again returned to the public 2003: Tuesday morning starts to enlarge and remodel its outlets worldwide.

2) Company's internal strengths and weaknesses opportunities and threats

Tuesday Morning is a retail outlet that specializes in upscale closeout merchandise. The company currently has over 800 stores all distributed across the United States of America. The ten major events that build up the outlet usually kick off on every first Tuesday of each month. Tuesday morning Corporation usually opens its doors to customers on Tuesday mornings hence its name. However, this is not the case anymore. This is because for almost six months every year, the stores are entirely closed to the public and during the other half of the year; most of the stores are opened seven days a week during the peak shopping seasons. This way, customers can always be assured that they will get the latest and improved goods in the market. This greatly promotes the sales in the company hence its success. Some of the other qualities that make Tuesday Morning a success include:

a) Inventories that are contained in better catalogs, specialty boutiques and upscale departments

b) A merchandise mix that is subdivided into major categories. These include garden furniture and accessories, lawn equipment, upscale decorative accessories, books, rugs, lamps, crystals and glassware, luxury beds, bath linens, gourmet foods, cookware and seasonal items, such as Christmas wrap and decorations.

c) Commodities from well known and popular manufacturers as well as commodities from brand names from across Europe as well as the rest of the world

d) The store services are casual and self service is encouraged. Moreover, there are no frills presentations

Another factor leading to the success of Tuesday morning incorporation is the fact that the firm operates within a pricing policy that charges customers 50-80 percent below the normal retail prices charged by other specialty and department stores. The company also ensures it maintains its overhead costs by closing down during off peak times of the year. It also maintains its overhead costs by ensuring they maintain a no frills atmosphere in all its stores.

Another factor that contributed to Tuesdays Morning's success was the fact that all prices of commodities in Tuesday's stores were determined centrally. This ensured that all prices were uniform in all Tuesday Mornings Stores. Moreover, Tuesday Morning Incorporation used a marketing strategy that capitalized on creating a sense of anticipation and excitement in its customers. It achieved this through offering prestigious merchandise at low prices and then it limited the time during which the merchandise were

available. This resulted in a rush from the customers when the stores were open. The four sales a year schedule also contributed massively to the company's success. Therefore, the sales quickly gained loyal customers who would wait patiently for the stores to reopen for them to make their sales. Tuesday Morning had very few permanent workers, this added to its advantage as it minimized labor costs. However, in the long run, it put the organization at a disadvantage as the company had to hire new people almost every season. This was time consuming and wasted a lot of company time (Herman, 2003).

Another great mistake that cost the company was the privatization of the firm in 1997. The privatization process comprised of the company selling of its stock shares to other investors. As a result, the company incurred massive debts. To counter this, the company sold its common stock to the public and used the profits to pay off its debts. The managers of Tuesday Morning Corporation maintained a good relationship with its manufacturers and suppliers. This made them earn favor from them. This ensured they had a steady supply of merchandise and at a reasonable price. This relationship was maintained through some company policies that kept the company in check.

By the early 1990s, Tuesday Morning reputation had grown and manufacturers could now more easily go to the firm to sell their closeout products. This acted as a way to boost the company sales as the company no longer had to seek out bargain merchandise. Because the company had maintained a high reputation for its products, the stigma attached

purchasing its goods diminished. This further led to improved sales for the firm.

3) External environment of the company

Business environments are no longer what they used to be a long time ago. This is because, of the new upcoming technologies that have come up with time hence altering the business world completely. For a business to become successful is not always about creating goods and services all through; rather it also entails the assessment of ones environment. This means that companies should take time to know what the consumer needs and how best to present their commodities in the targeted market. The internal environment of the company entails the strengths and weaknesses of the company. This entails how the company is run, its management and the manner in which its resources are utilized and acquired. The external environment on the other hand refers to the economical, political, ecological, technological and social factors.

Tuesday Morning Company never located any of its outlets in posh malls that sold the same products at almost twice the price. This was to avoid unnecessary competition and rivalry in the atmosphere. Moreover, in order to keep rental costs low, the company preferred to locate its outlets in outer ring suburbs rather than in indoor malls and city centers. In the external environment, we analyze the economic, political, ecological, technological and social factors. Research proves that most of the consumers of Tuesday Morning Company are located in the United States and therefore this can be considered the most influential external factor as far as Tuesday Morning

Corporation is concerned. The political factor, though important, is not considered the most influential since the politics outside the country hardly ever influence the incorporation. It therefore retains its reputation as the greatest supplier of the cheapest high quality gift merchandise in America. Technological wise, Tuesday Morning Corporation has evolved with time. In 1994 introduced a computerized system for checking and monitoring movement of merchandise. This marked the beginning of a new system of running Tuesday Morning Company (Meadows, 2004).

In the ecological environment, the company is generally considered environmental friendly. Therefore, it is the brand name that plays the most crucial role in promoting the sales of each product since people want to be associated with only the best brands available.

In the industrial environment, the key elements that are most likely to influence Tuesday Morning Corporation comprise of new entrants into the market, suppliers, substitutes, buyers, and other industry competitors. As far as Tuesday Morning is concerned the most influential factor is the buyers since they can easily alter the cost of shares for Tuesday Mornings in the stock market by publicly criticizing the goods produced by the company. Therefore, the consumers have the most influence on Tuesday Mornings and they are responsible for its success.

It is always important for a company to assess the environment surrounding the business. This is because, this knowledge helps the managers can capitalize on the strengths and work to improve on the weaknesses. The greatest strength of the Tuesday Corporation is contained in its brand name.

Over the years, Tuesday Morning Corporation has greatly improved its reputation worldwide. This good reputation acts as the most powerful marketing tool for Tuesday morning Corporation which initially had to rely on word of mouth for advertisement. For years, Tuesday Morning never run any commercials or newspaper ads and therefore, they relied on their satisfied customers to do the advertising for them. Also with about seven hundred and fifty stores located countrywide, the stores are easy to locate this makes it convenient to access for everyone.

4) SWOT analysis

SWOT analysis is the report that summarizes and examines the company's business structure and operations, history and products. This information enables the company to make sound decisions pertaining to the running of the company. A SWOT analysis provides the company management with all the crucial information it needs. This information varies from details of the history of the company, key executives, business locations, business subsidiary and the business description. Moreover, it provides a summary of the revenue lines and strategy. The company currently operates eight hundred and fifty seven stores across in forty five states across America. This was the analysis as of June 2009. The company headquarters are located in Dallas, Texas and has currently offered jobs for about 10, 600 people. Nineteen hundred of these employees are full time workers while eighty seven hundred of them are part time workers. During the year ended June 2009, the company has recorded annual revenue of \$801. 7 million. This was a 9. 4% decrease compared to 2008. The operating profit of the company for the year 2009 was \$ 2. 4 million. This was a decrease of 90. 2%

compared to the year 2008. The net loss the company incurred was estimated to be \$4.4 million and was compared to the net profit of \$4.5 million. The SWOT analysis also contains all the news articles Tuesday Mornings has featured in. This allows the company management to maintain a good public image to its customers. The SWOT company profile determines the decisions the company management make in their day to day running of the firm. Therefore, it is therefore, important that the information provided is accurate, comprehensive, honest and timely (Dun & Bradstreet, 1995).

5) Corporate and business levels strategies of the organization

Strategy mainly focuses on the continuity of the organization. Strategy entails imposing patterns of behavior and codes of conduct on the employees in the organization. This ensures that they conform to what the management wants. This ensures that they work to achieve the company's objectives at all costs. Managers must be well equipped to handle strategic change in the organization. Designing new business strategies means that the organization is moving from a familiar domain to a relatively stranger and undefined one. Therefore, this is the greatest challenge that most managers have to face in their line of duty. Moreover, the manager must ensure that the strategy they chose is workable.

6) Structure and control systems of the organization

Tuesday Morning has over the years expanded its management structure with the head being Kathleen Mason, who is the President and CEO of the company. Loren K. Jensen is the Chief Financial Officer who was appointed after the retirement of Mark Jarvis. Michael Marchetti was appointed the

Chief Operating officer. The operations of the company are centralized from the headquarters. All decisions pertaining to any Tuesday Morning branch in the country are made centrally at the headquarters in Dallas. These decisions are made by a committee and can only be implemented with the CEO's consent.

7) Recommendations

The Tuesday Morning management ought to create more permanent positions for its workers. This will create a sense of trust from the employees who would be guaranteed job security. Moreover, the company needs to expand its administrative positions in its organizations. This will assist the company in managing its operations in all the eight hundred outlets countrywide. Moreover, the corporation has to decentralize its operations to make the decision making process faster. This is because with a decentralized system of governance in the company, all decisions made will be best suited for the outlet since not all outlets face similar problems.