

Tesco

Logistics and Operations Management

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Introduction

TESCO is one of the biggest retail markets in UK, established in 1919 and currently operating in more than 14 countries around the world. With its market share around 28.4% in UK, TESCO'S annual is around £62.284 billion. TESCO's operations are partitioned into four broad categories of Express, Metro, Superstores and Extra. With the technical era coming up, it has also moved on to become an online store, whose maintenance even though needs a totally different approach, is being handled very impressively by TESCO. The firm's operation management has a very unique operations design with the following distribution key elements:

- Customer centricity
- Improvement cycles
- Synchronized flow
- Perfection is the goal
- Radical change

The effect increasing and globalising competition, the effect on these five elements has been huge. (Hill and Hill, 2011). TESCO is growing rapidly and is a huge success in every place of operation, with even its online services at their peak, but even though the business unit and functional strategies are being followed, the operation management model needs changes as it has been judged inefficient in completing its purpose.

Analysis of two key elements

In the five key elements presented in the previous section, the objectives of Customer centricity, Improvement cycles and Perfection is the goal are being adhered efficiently. However, looking into TESCO's working, the elements that require improvement are Synchronized flow and Radical change (Christopher et al. 2012). The analysis and reasons which led to the conclusion that these two elements need improvement have been discussed in this section, along with recommendation and solution stating what changes should be made.

Why to improve?

In today's market, every successfully firm is operating efficiently in numerous countries and functioning there efficiently enough, paying attention to the changes and new requirements every new location brings. However, this is not the case with TESCO. Even though, TESCO has entered the international market, it is not focusing on the changes it needs to bring. In such a scenario, the elements of radical change and Synchronized flow can play a huge role if followed efficiently.

The element of radical change can play an important role in the functioning of TESCO when it comes to distribution in international market. Due to difference in environment and climate of every country, TESCO cannot function efficiently if it uses the same operations and process everywhere. The processes and used in UK cannot be used in other countries due to their different culture and environment, and hence every country needs a changed process when it comes to distribution procedure. Thus radical change in distribution should be taken care of. (Coe and Hess, 2012).

Synchronised flow is another important factor that needs emphasis in distribution processes. In order for efficient distribution of goods in the market, specified way of flow is important which is prescribed and planned beforehand. Also synchronised flow effects the supply chain management of the firm, which is not efficient in TESCO. The important participants of the distribution process are not organised enough, unsure of their functions and hence do not complete their objectives specifically. This also reduces TESCO's cost effectiveness.

All this causes increase in time for flow of activities and operations to the stores, in turn enhancing the time margins in efficient output. This again leads to unorganised and non optimal resource allocation and use (Hogbin and McSherry 2012). Hence it is important for TESCO to take care of these two factors immediately before they are left behind in the international market by the new upcoming firms.

How can it be achieved?

In order to improve the factors of Synchronised flow and radical change, there are a number of techniques which TESCO can use. The problem is in deciding what tools are the most efficient in solving the purpose. The two most suitable techniques which can be used are Business Process Re-engineering and Total Quality Management. These tools specialise in improving the above two factors and hence, enhancing the distribution system of a firm. The two tools are as follows:

Business Process Re-engineering (BPR)

In order to achieve complete re-engineering of the process of distribution, firms use BPR. This method uses scientific approach to enhance and improvise the synchronized flow and radical change elements (Ruback, 2013). It enables the firm to rethink the radical design of the distribution process leading to speed, cost efficiency and better quality. BPR proposes the endless cyclic process of Identify-update and review-analyse-redesign-and then finally implement the new design. For radical change, the whole process is repeated again and again in a cycle till it is achieved. The same is done for Synchronised flow. During the flow, whichever design proves to be the best, is implemented. This

strategy is often used and seems to be useful for efficient business organisation and enhancement of distribution operation management (Smith and Sparks, 2012).

Total Quality Management (TQM)

TQM installs the climate of change into the whole firm and making it permanent. Techniques such as ISO 9000, Six Sigma and lean manufacturing are a few of the ones which are used under TQM, helping in control of quality in a firm. The whole process can become a benchmark if quality is introduced in the whole firm (Peart, 2010). This helps in automatic improvising of the two elements. The distribution process gets automatically improved once the two elements of radical change and synchronised process improve (Child, 2012). Total quality management is one of the most efficient tools of management which helps in cost efficiency and efficient resource allocation, if properly utilised. TQM helps a firm synchronize all the steps of distribution process and hence enhances the affectivity of the process and hence the output of the firm. Hence in order to improve the key elements of distribution process and operation, a firm can trust the technique of total quality management as a solution (Sparks, 2012).

Use of Total Quality Management in operations management

As mentioned in the previous section, Total Quality Management is a widely approached concept which has been accepted by experienced firms, used to enhance the operational efficiency in an organisation. Numerous functions are taken care of by operations management of an organisation like supply chain, customer centricity, synchronised flow, improvement cycles, radical changes, etc, all of which should be performed with streamlined approach. To efficiently perform all these functions efficiently, TQM should be sincerely applied as it forces a firm to work with full motivation, dedication and perfection and with minimal errors and mistakes. It helps the company to realise its defects and rectify them reach high level of customer satisfaction.

All the management functionalities of a firm including HRM, finance, production, marketing need and utilise the approach of total quality management to rectify all the defects in their functioning. A huge role of total quality management can be seen in the operation function. Total quality management enables a firm by efficiently aligning its operation management functions in the proper direction. Quality should always be maintained in every aspect and process of a firm and should not only satisfy but impress the customers as well as stakeholders, distribution being the most important aspect of operations management. (Hadfield, 2014).

Every organisation should pay special attention to its distribution process as firms who do not focus on this aspect suffer huge losses. Application of total quality management takes care of the standards of the distribution. Dimensions like performance, Aesthetics, conformance, durability, perceived control, reliability and safety help firms reach their objective of efficient operations management. These elements enable the control and success of processes and operations of distribution. TESCO is functioning in international markets and has to have control over its operations to be successful in every location of operation. By applying total quality management, uniformity of distribution process becomes possible. It is important that all the activities of operation management have uniform processes.

In both services sector and product sector, there are a numerous dimensions of total quality management in. TESCO, being a product sector firm, needs to set some principles and follow them in order to strengthen its operations management activity. Performance, convenience, benchmarking etc are some of the principles which need to be followed. Concepts like responsiveness, courtesy, time, assurance, tangibles are a few useful operations management concepts of total quality management. These principles guide and control the elements of operations management (Witt 2008). Apart from the elements and principles, a firm needs policies which can govern its ways and procedure and determine the quality of the final product and services. These also play a huge role in distribution and management of operation. These determine if distribution process is easy and efficient and properly organised and designed and if service delivery of the firm is time and cost efficient or not. All this leads to improving of all the key elements of distribution operation and reduces cost and problems in the way of successful delivery and customer satisfaction. For a firm, it becomes important to follow these elements, principles and policies of total quality management to improve the organisation and structure along with achieving functional efficiency.

A firm which does not follow quality management practices faces a number of hurdles and drawbacks such as loss of businesses, costs burden, productivity and liability. TESCO manages its operations well and hence has a strong and efficient total quality management. Total quality management helps firms by defining the optimum cost benefit point, consistent production activities, assisting in supply chain, benchmarking the activities, consistency in products and services, flow of activities etc. These factors are very vital for a firm and are the products which it can easily gain with total quality management.

Recommendations and Conclusion

TESCO's operational policies are strong and effective except a few elements which need improvement. When the processing and factors of TESCO's distribution are analysed, it is found that a few inefficient elements are making the process slow and inefficient. The two key elements found

were Synchronised Flow and Radical change which were hampering with the proper functioning of the firm. Due to this, cost and time of distribution are enhanced leading to low productivity. A strict action using the above mentioned techniques is strongly recommended with immediate effect in order to reduce more time and cost loss. As TESCO works in a number of countries, the processes being approached in each place should be uniform and strong and well suited to the place. To introduce uniformity, synchronization of flow is important and can be improved with the processes and techniques of business process re-engineering and total quality management. Hence it can be said that TESCO is working great in every other element and can improve its distribution highly efficient by improving synchronised flow and radical change elements. Therefore, as the conclusion of this report I recommend TESCO to enable itself to compete with upcoming competitors and work on these two key elements to succeed in international market.

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