

Lesson resource

Business strategy – Tesco

Companies, like Tesco, that enjoy long-term success, are focused businesses. They have a core vision that remains constant while the business strategies and practices continuously adapt to a changing world. In an increasingly competitive global environment, without a clear vision a business will lack direction and may not survive. Tesco has a seven part business strategy to help it achieve its vision. A vision is an aspirational view of where the business wants to be. It provides a benchmark for what the business hopes to achieve. Tesco's vision is: *'To be the most highly valued business by: the customers we serve, the communities in which we operate, our loyal and committed colleagues and of course, our shareholders.'*



The vision, mission statement and goals are interrelated and state what an organisation is seeking to achieve whereas the strategies and tactics show how it will achieve them. Tesco's core purpose (mission) is simple: *'We make what matters better, together.'* A mission statement is a general expression of the overall purpose of the business. It communicates the goals of a company to all stakeholders.

Once aims are established, functional areas within a business then devise department-based strategies to ensure goals are achieved. An aim is a long term goal of a business. Objectives are the stepping stones to reaching those aims and are often short or medium term. The vision drives the business and the values are embedded throughout the strategic planning process. Whilst a vision is important, without values a business such as Tesco would struggle to remain competitive. Tesco's values are:

- No one tries harder for customers.
- We treat everyone how we like to be treated.
- We use our scale for good.

These values drive everything Tesco does at every level and help make it different from its competitors. Values show what the company holds to be of the utmost importance. A strategy is a plan which sets out how a business deploys its resources to achieve its goals. The company's values set the tone for the decision-making process. It set out a seven part strategy designed to achieve its goals of being highly valued by customers and enjoying strong long-term growth. The table shows the main elements of this strategy

Strategy, vision, values, aims and objectives are meaningless if their impact is not monitored and evaluated. Tesco uses a range of methods to collect data and evaluate progress against targets. It uses its Clubcard scheme, along with telephone based research and an online panel of customers, to determine what customers want and how satisfied they are with Tesco's performance.

Its Executive Committee assess the progress of large-scale strategies. All of its business units have 'stretching targets' which are aspirational targets for certain KPIs. These KPIs are used to assess current performance, make comparisons with previous performance and help managers respond when targets are not being met.

Questions

1. What is the difference between an aim and an objective?

2. Describe the meaning of 'values' in relation to organisations.

3. Evaluate the importance of having business strategies

4. Analyse why businesses set objectives.

Task

For a firm you are familiar, research the mission statement (core purpose), aims and objectives. Then do the following:

- Identify whether the aims and objectives are financial or non-financial.
- Link the objectives to the relevant aims that they should help to achieve.
- Discuss how effective the mission statement is in communicating the purpose, values and aims of the business.

What have you learned?

Ready, steady, GO...write as much as you can about strategies and values in 60 seconds. Share with a partner. Have you written the same things? Has your partner remembered something you hadn't?