

TESCO: Every Little Helps

Leigh Sparks, Institute for Retail Studies, University of Stirling, Stirling, United Kingdom

In the Financial Year ending 2007, Tesco plc had group sales of £46.6bn and generated £2.65bn of pre-tax profit. It achieved this through over 3,260 stores in 12 countries (7 in Europe, 5 in Asia), occupying over 68 million sq ft of sales space, employing over 410,000 people worldwide. The core purpose "to create value for customers to earn their lifetime loyalty" is delivered through the values of "no-one tries harder for customers" and "treat people how we like to be treated". Utilising a multi-format and multi-channel approach, Tesco has, since the late 1990s, rapidly accelerated its global reach and its emergence from food into a general merchandising and service retailer. Tesco is the British retail success story.

The Tesco 'story' has been written on a number of occasions at particular points in time, often focusing on particular aspects of the business or on the current CEO or equivalent. There has been little attempt to take a long-run view of the business and to consider the company in its historical context. This paper tries to do this, providing through its approach, data collection and interviews a broader historical perspective than has hitherto been available. It also, through its use of leaders as a tool for examining the company, provides a new insight to succession planning and evolution and revolution in retail leadership. The outcome is of course in stark contrast to many of the company's historical competitors (a fact reinforced by the paper by Tyler and Sparks in this conference).

It is a truism that retail businesses are built on the hard work of many people, whether managers, shop or support staff. This is no less the case in Tesco. However, one way of looking at the history of the company is through four of its leaders and the very distinctive faces of Tesco they created and led (Table 1). All four were knighted for their services to retailing. Sir John Cohen (more often known as Jack or the Guv'nor) was the founder and entrepreneurial heart of Tesco from the 1920s to the 1960s. Sir Leslie Porter and Sir Ian MacLaurin were the modernisers who from the 1970s to the 1990s directed teams which implemented systems and modern business planning in Tesco and transformed its activities and customers' perceptions. Sir Terry Leahy (the current CEO) is the marketer who has led the extension of the brand in many directions including globally, based on detailed customer research, knowledge and understanding. These four, very different leaders, provide the structural core of this narrative and are used as a mechanism for understanding

the Tesco journey from entrepreneurial beginnings to marketing behemoth.

Cohen, Porter, MacLaurin and Leahy are used here as a tool to tell the story of Tesco; however they did not operate alone or in a vacuum. Externally the economic and social context over eighty years has affected development. Internally management practices and styles have evolved. Most of these leaders would accept the team ethos now in place at Tesco. Given a business of its current size and growth rate, the need for cooperation and team working is self-evident. But it was not always so. Tesco for fifty years was essentially a fiefdom, created and maintained by a single man, Jack Cohen, who drove the business in his image. That this image was overtaken by events was inevitable and it is a tribute to many Tesco staff (including many who worked with Cohen) that reinvention was successfully achieved.

The case history here is one of development from an entrepreneurial beginning, through a modernisation and systematisation and into a marketing-led organisation. The scale and scope of the company has been transformed, particularly, but not only, in recent years. Cohen's entrepreneurial, personality driven retailing was entirely appropriate for the first fifty or so years of Tesco. Circumstances and contexts dictated that this approach had to change. Porter was the bridge between the old and the new Tesco. MacLaurin's approach was totally alien to that of Cohen, but in reality was not that different to other leading businesses of the time. Modernisation allied to planning and focus provided the basis for Tesco to close the gap on its competitors. Overtaking them required a much closer alignment with the needs of the customer and the use of marketing as the driver of decision-making. This is not to say that Leahy's marketing supplants systems and planning. Indeed the core backbone of the business remains effective and efficient operations. What those operations are is however now dictated by marketers rather than by personal whim and gut feeling.

Retailing, and particularly food retailing, is often viewed as a local business, albeit the leading practitioners are clearly international. In Tesco, localisation is based on the needs of the local customer understood by strong market research, but delivered by effective and efficient operations. If brought alive today, Jack Cohen might not like or understand how Tesco now operates, but I suspect that he would marvel at what the company he founded has become.

**TABLE 1
FOUR TESCO KNIGHTS**

Name	Details
Sir John Cohen	Born 1898, Died 1979 Knighthood in 1969 Founder and Chairman 1924-1969 Life President from 1969
Sir Leslie Porter	Born 1920, Died 2005 Married Shirley Cohen, 1949 Joined Tesco in 1959 (on Main Board) Deputy Chairman 1970 Chairman 1974-1985 Knighthood in 1983 President 1986-1990
Sir Ian MacLaurin	Born 1937 Joined Tesco in 1959 as its first "Management Trainee" Joined Tesco Main Board in 1970 Managing Director in 1973 Chairman in 1985 Knighthood in 1989 Life Peer in 1996 (Lord MacLaurin of Knebworth) Retired from Tesco in 1997
Sir Terry Leahy	Born 1956 Joined Tesco as Marketing Executive in 1979 Became Marketing Director and Joined Board in 1992 Deputy Managing Director in 1995 Chief Executive in 1997 Knighthood in 2002
