

Financial training For non financial staff



The financial training specialists

Tesco (profit)

It's been disconcerting to watch the sudden appearance Tesco's financial problems. For years they have been hailed as one of Britain's best run companies, but now there's a £1/4bn error in their accounts (a tiny proportion of their sales, but a big slice of their profit). Just as they've taken delivery of a \$50m Gulfstream jet!

How have they fallen so quickly, and what can we learn from their fall?

Tim Phillips (Economia magazine, Nov 2014) picks up on their lack of focus: "simultaneously being a luxury brand and a discounter, a convenience retailer and an out of town destination." Another article in the same issue picks up lack of leadership, arrogance and complacency, as well as loss of market share in a market that is slowing down.

The focus is an interesting one for us to reflect on. What makes our business special? Is that what our customers want, and how do we capitalise on that?

Tesco (and the other big players) have reacted to price pressure from Lidl and Aldi by dropping prices. Operating on the slender margins in the grocery business, that's fatal to profit. Yet they offer a wider range of products (40,000 lines in stock rather than 10,000), quicker checkouts, and internet shopping. I want convenience from my supermarket, I want to buy my entire shopping list in one place.

So are you giving your customers what they really want, or what you think they want?