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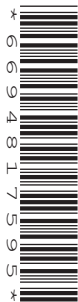
AS Level Business

H031/02 The wider business environment

Resource Booklet

Friday 26 May 2017 – Afternoon

Time allowed: 1 hour 30 minutes



INSTRUCTIONS

- This is a Resource Booklet.
- You should refer to it when answering the examination questions in Section B which are printed in a separate booklet.
- The business described in this Case Study is a real business.

INFORMATION

- This document consists of **8** pages. Any blank pages are indicated.

Timpson Ltd**Extract A – Introduction to the business**

Timpson Ltd is a British firm specialising in shoe repairs, key cutting and engraving. Its current Chairman is John Timpson, the great grandson of the company's founder.

Founded in 1865, the company grew rapidly. By 1940 the business had 189 shoe shops, 11 shoe repair factories and a large factory making 17 000 pairs of shoes a week.

By the late 1970s and early 1980s the availability of cheap shoes and a growing trend toward wearing trainers as day-to-day footwear had a big impact on Timpson Ltd. This change in fashion and styling was largely responsible for the closure of Timpson Ltd's shoe manufacturing factory in 1983.

In 1987, John Timpson sold the shoe shops to a rival retailer but kept the shoe repair business. Since 1987, the number of Timpson Ltd shoe repair shops has grown and total revenue has increased from £12.5m to £40m.

Timpson Ltd's next move was to offer watch repair and locksmith (making and repairing locks) services. The business now has locksmiths in over 20 areas around the UK, with more to come.

Timpson Ltd is adding new services all the time. In 2003, the business purchased Persil Supermarket Services which ran dry cleaning, key cutting and photograph processing outlets in supermarkets.

Today, Timpson Ltd is a tertiary sector organisation based in Manchester, with over 1350 outlets. Timpson Ltd offers shoe repairs, mobile phone repairs, key cutting, locksmith services, engraving, jewellery and watch repairs, house sign creation, dry cleaning, photo processing and other services. It also sells shoe care products.

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Extract B – The footwear and leather goods repair industry

The repair market for footwear and leather declined by 3% between 2011 and 2016. This is mainly due to the growing trend to replace an object rather than have it repaired. This has forced many small operators out of business. The rising availability of cheap and imitation leather products has also damaged the industry. However, as disposable income has risen, more consumers are purchasing higher value, luxury leather goods. This has provided opportunities for businesses specialising in the repair of high-value goods, such as expensive handbags.

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Timpson Ltd controls 75.6% of the repair market for footwear and leather goods. It is the only significant operator in the market in the UK. The company has a strong reputation due to its family brand image and high street locations. The company has also benefited from locating in supermarkets.

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Extract C – John Timpson describing Timpson Ltd's organisational structure

Several years ago, I realised that the only way to provide truly great customer service was to trust your customer-facing colleagues with the freedom to serve customers the way they know best. This meant turning our organisational structure 'upside down' (**see Fig. 1**). In doing so we discovered that we had not only improved the way we serve our customers but had also discovered a much better way to manage the business. The area team supports the branch colleagues, delegating authority but retaining responsibility.

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Branch colleagues are trusted, with freedom to make day-to-day decisions. There are very few rules. Senior management and the area team do not issue orders; their job is to help the people who serve customers.

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Despite the lack of traditional management control, the business seems to perform well – perhaps because of its record of selecting good people.

I get sent comprehensive management accounts every month, so I never get any surprises.

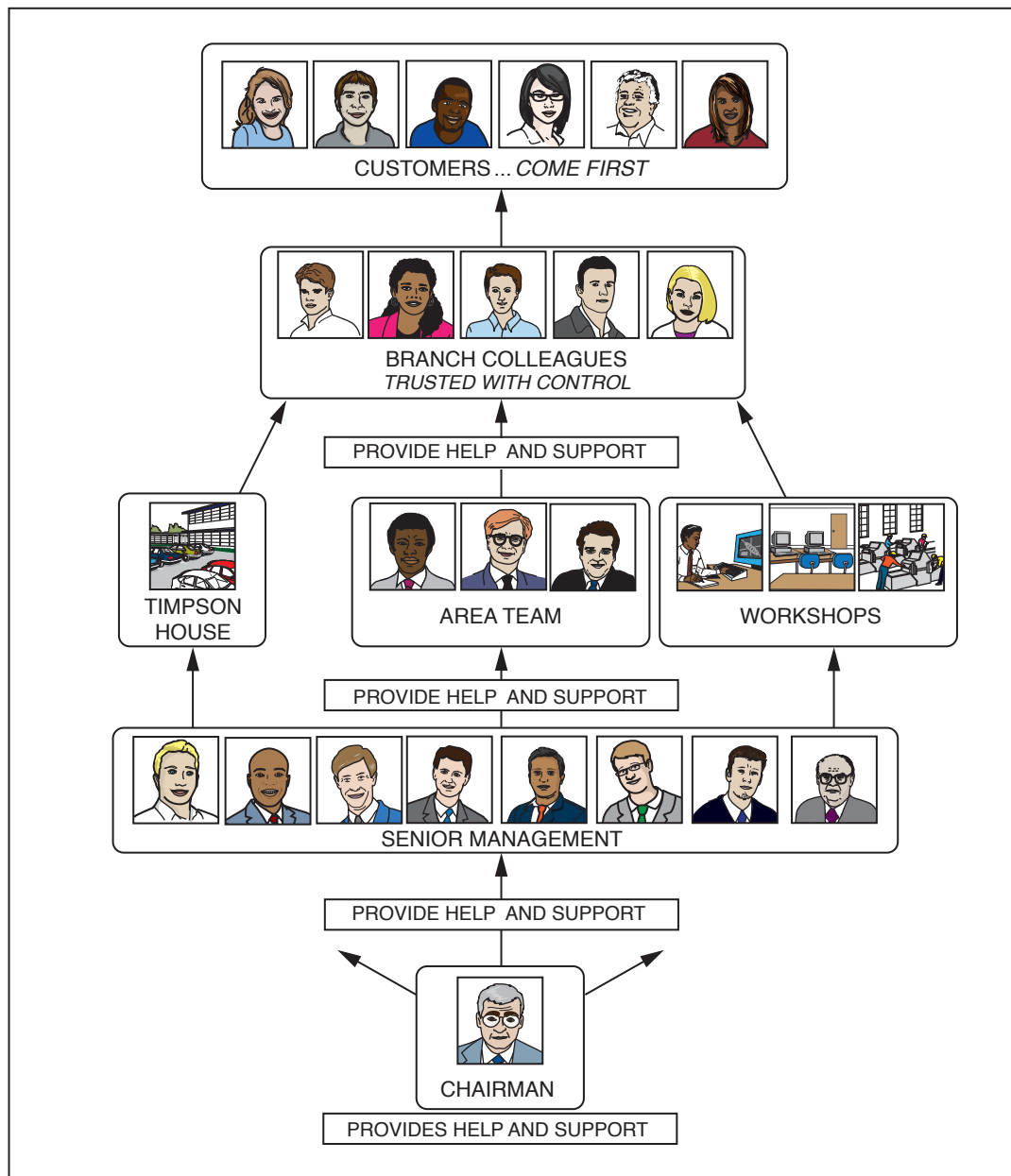


Fig. 1: 'Upside down' organisational structure at Timpson Ltd

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