**Evidence A IKEA – A Global Furniture Brand**

* IKEA, the world’s largest furniture retailer, designs and sells ready to assemble furniture. For example, beds, chairs and desks. Its stores feature restaurants and food departments.



**Evidence B IKEA’s vision and business idea**

* “To create a better everyday life for many people”, this is the IKEA vision. Our business idea is to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.
* For us, good design is the right combination of form, function, quality, sustainability and a low price. Our designers have to find the right balance of these elements.
* It’s a unique challenge that keeps us innovative. What makes us unique is that our suppliers play a very important role. Early in the design phase, our designers work with teams of technicians, manufacturers and specialists – often on the factory floor.
* We work hard to achieve quality at affordable prices through maximising value. We build long-term supplier relationships and invest in highly automated production to produce large volumes. We ensure that high volumes of IKEA products are available to customers in perfect condition, at the right time and at minimum cost. This is a challenge that requires detailed planning and flexibility. Our objective is to increase sales and focus on growth in Asia and Australia.

**Evidence C A little bit of Sweden in the UK**

* Cathy Donnelly, IKEA’s Human Resources (HR) Operations Manager in the UK, says health and well-being for staff is key to IKEA’s success. Company policy is to have a 50/50 male female split in senior management. Three of the five members of IKEA UK’s top management team are women.
* IKEA has a decentralised organisational structure operating throughout all of its stores worldwide. Many employees work part time or have other forms of flexible working. In one store two HR Managers job share. Staff can work set rotas so they can drop their children at school and work later or earlier shifts.
* “As long as it works for the business, employees have the freedom to work flexibly,” says Cathy. One store manager in Manchester works flexible hours. “Her line manager is not interested in whether she starts at nine or 10 but in the store’s performance.”
* IKEA stores often have long opening hours so flexible working fits well into this. IKEA has contracts where people work longer hours in busy periods such as September when the new catalogue is launched. They can then work fewer hours in less busy periods. This may allow them to spend more quality time with the family.
* “We are keen to support women after maternity leave. The average IKEA customer is a 35-year-old female living with children. We need to have like-minded people working in our organisation and meeting these customers. It makes sense to attract and retain them.”

1. Explain why effective inventory control might be important to IKEA’s success. (6)

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Tesco was founded in 1919 by Jack Cohen from a market stall in London’s East End. We now operate in 12 countries around the world with over 3,000 stores and over 310,000 employees in the UK. Over 65% of Group sales and profits come from the UK business, where we are the market leader. We operate a decentralised structure with only six management levels between the CEO and a checkout assistant.

We pioneered grocery home shopping in 1997 and have grown to be the world’s largest and most profitable online grocery retailer, with sales of well over £2bn. We also have a small number of specialised dotcom-only stores and over 150 Grocery Drive-throughs, which allow us to respond to high customer demand. Our popular Click & Collect service can be used for general merchandise and is just one of many distribution methods on offer to customers.

We’re not just a grocery store – we offer our customers a range of products and services to suit   
their needs. From Tesco Bank to Tesco Mobile to our new Blinkbox video-on-demand service, we’ve   
got more than milk and eggs.

**Evidence B: Tesco Charity Trust**

The Tesco Charity Trust was set up in 1987 to support both national and local community charities, and to add a 20% top up to staff fundraising. In the year ending February 2013, the Tesco Charity Trust made cash donations of over £2m to local, national and international charities and supports UK charities such as Cancer Research UK’s Race for Life and Diabetes UK. Each year, we set a target for donating at least 1% of pre-tax profit to charity.

We also support communities through our products. Every year our clothing brand, F&F, offers a range of school uniforms as part of the ‘Buy One, Give One’ program. When a Tesco customer buys one product from the range, F&F donates an entire school uniform to a child in the area in which the clothing is made. With the help of our customers, F&F has donated more than 200,000 school uniforms to children in Kenya, Sri Lanka and Bangladesh since 2009.

**Evidence C: Price comparison websites**

mySupermarket is a website that allows you to compare prices and shop online from the main UK retailers in one place. Our aim is to help you save time and money while giving you the best possible online shopping experience. All you have to do is select your favourite retailer - Tesco, ASDA, Sainsbury’s, Waitrose, Ocado, Aldi, Morrisons, Boots or Superdrug and start shopping!

We also help you find the best online deals, offers and vouchers. While you shop, we compare your basket across all the retailers so we can suggest replacements to help you save even more money.

We are 100% independent from the retailers featured on our website. None of the stores or any manufacturers own a stake in the company. Our pricing information is updated daily according to your local stores.

**Evidence D: Tesco board ousts CEO Philip Clarke after latest profit warning**

After 40 years at Tesco Philip Clarke was replaced by Dave Lewis. Philip Clarke had failed to halt a dramatic slide in sales and profits. Tesco issued another profit warning in July 2014.

When Philip Clarke took over as CEO in March 2011, Tesco’s UK market share was 30.7% but by October 2014 that had shrunk to 28.9%. During the same period, discounter Aldi more than doubled in size to command a 4.7% share of the market, while Lidl increased its share to 3.6%.

In October 2014, more problems emerged for Tesco when The Serious Fraud Office launched a   
criminal investigation into its accounting practices after a £263m profit overstatement. There are fears that Tesco employees will feel the real impact of the falling profits in an attempt to reduce costs at the troubled retailer.

1. (b) Explain one factor that might affect the amount of working capital held by Tesco. (6)

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1. (a) Explain one reason why MUFC might want to minimise the amount of cash tied up in products at its megastore. (4)

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