

MODULE NAME AND CODE

PROBLEM SOLVING AND INNOVATION BMSW4014

ASSESSMENT TITLE

Presentation about Wilko

YOUR NAME HERE

Samariteanca Alina Drosu

UNIVERSITY OF WALES TRINITY SAINT DAVID

Student number here

2234615

Group Presentation



Problem-Solving

Student Name:	Student ID:
Samariteanca Alina Drosu	2234615
Chelu Iulia Adelina	2027786
Misu Ana Ivona	2008695
Mihaela Elena Marin	2240233

Table of Content

Introduction

Causes of
failure

Solutions
proposed

SMART Goal
Strategy

Communication
strategies

Conclusion

References

Introduction



The aim of this presentation is to identify and provide solutions that can help Wilko recover from administration. The presentation will also recommend a strategy to implement and review these solutions and will recommend communication strategies that Wilko can use to implement solutions efficiently.



Wilko is a hardware retailer founded in 1930 by James Kemsey Wilkinson and his wife, Marie Wilkinson (Wilko, 2024).



Since its foundation Wilko opened around 408 stores in the UK and since 2000s Wilko also entered the e-commerce market by establishing its own website to sell products online (Wilko, 2024).



The retailer has registered success for many consecutive years. However, during the last five years the company started to lose profits, leading to the biggest loss in the history of the organisation when Wilko reported a loss of almost 42,000,000 British pounds (Statista, 2023).



In 2023, Wilko collapsed into administration, leaving 12,000 people unemployed. The CEO of Wilko, Mark Jackson, declared that Wilko did everything possible to avoid business closure. However, no solution has proved successful for the retailer (Sillars, 2023).



Causes of failure



Nick Drewe, who is a retail expert, argued that Wilko failed because it became a victim of the ongoing cost of living, crisis, and economic uncertainty. The expert also argues that Wilko could not recover from the losses suffered during the pandemic (Sensi, 2023).



It is worth to mention here that during the lockdown Wilko was Classified. As an essential store, therefore, the retailer kept its doors open for customers. However, during this time its sales dropped by 7.7% in comparison with its competitor B&M, who reported a 24% increase in its sales during the same period April to December 2020 (Sensi, 2023).



Others claimed that Wilko went into administration because managers did not recognise changes in consumer behaviour (Kollewe, 2023).



For example, Wilko locations are in traditional town centres and customers prefer retail parks where they can find everything, they need in one place. Keeping Wilko shops in town centres also led to higher rent costs, which significantly impacted the profitability of the business (Labiak, 2023).

Causes of failure



The product line offered by Wilko also did not match the changing preferences of consumers. Its competitor B&M, for example, changed product assortment and offerings and registered positive financial profits in return (Sensi, 2023).



However, one of the biggest problems that cost will cause failure was its management. Both Lisa Wilkinson. The chairman of the organisation in Mark Jackson, the CEO of the organisation, became greedy, took short term decisions, and did not act strategically for the long -term sustainability of the organisation. For example, in 2022, when the company lost £32 million, owners of Wilko took £3m in dividends (Kollewe, 2023)..



Managers play a key role in the success of a company because the decisions they make can improve or damage the financial performance of an organisation. The current business environment requires for strategic thinking, adaptability, sustainability, and flexibility and will cost management team failed to meet these requirements (Boddy, 2017).

Solutions proposed

Relocate

Relocate stores to retail parks

Change

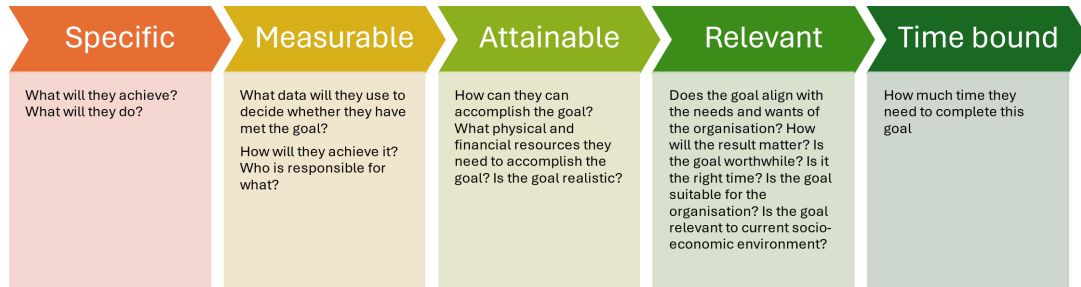
Change management

Invest in

Invest in Research and Development, such as Artificial Intelligence to

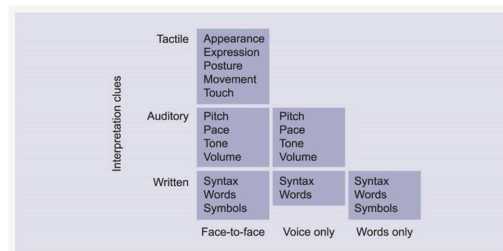
- forecast demand, make recommendations, automate the checkout process, automate inventory, and conduct customer sentiment analysis.

SMART Goal Strategy



Communication Strategy

- Effective communication plays a key role in the successful implementation of solutions, goals or change because it can impact the attitudes of those involved in the process (Boddy, 2017).
- Studies show that the implementation of a new initiative fails if internal communication is not done in an efficient manner (Boddy, 2017).
- To ensure everyone in the organisation understands what needs to be done, why and by whom and to reduce communication faults or mistakes happening because of poor communication, the following three types of communication channels are recommended (APM, 2024)
 - Written communication
 - Auditory communication
 - Tactile communication.
- Any communication between members of the organisation should consider these channels when communicating with each other throughout each stage of the implementation process (APM, 2024).



(APM, 2024)

Conclusion



Considering the analysis developed for this presentation, it can be concluded that to recover from administration, Wilko must consider relocating its stores to retail business parks that are more accessible for customers.



Wilko should also change its management team and hire leaders that act as agents of change and adapt the business to the current and future needs of the business environment.



Wilko should also consider investment in Artificial Intelligence because it can help the business to optimize organisational performance and increase financial revenues.



To implement these solutions efficiently, Wilko can use the SMART goal strategy because this model can help the company to identify their success criteria, monitor implementation process and review performance.



Communication play a crucial role in the implementation process; therefore, Wilko must pay attention to all communication channels and use them efficiently to make sure everyone involved in the process understand his role and the value of his contribution to organisational success.

References

- APM (2024) *What is project communication?*, APM. Available at: <https://www.apm.org.uk/resources/what-is-project-management/what-is-project-communication/> (Accessed: 04 March 2024).
- Boddy, D. (2017). *Management*. 7th ed. Harlow, England: Pearson.
- Infoway, J. (2023) *Impact of AI in the retail industry*, LinkedIn. Available at: <https://www.linkedin.com/pulse/impact-ai-retail-industry-jaiinfoway/> (Accessed: 04 March 2024).
- Kollwe, J. (2023) *Wilko rescue failed because 'everyone got a little bit greedy', says HMV owner*, The Guardian. Available at: <https://www.theguardian.com/business/2023/nov/28/wilko-rescue-hmv-owner-doug-putman-jobs> (Accessed: 04 March 2024).
- Labiak, M. (2023) *Are retail parks the deal of the decade?*, Specialist. Available at: <https://www.investorschronicle.co.uk/news/2023/12/06/are-retail-parks-the-deal-of-the-decade/#:~:text=First%2C%20they%20are%20ideal%20for,their%20proximity%20to%20main%20roads> (Accessed: 04 March 2024).
- MindTools (2024) *SMART Goals*, MindTools. Available at: <https://www.mindtools.com/a4wo118/smart-goals> (Accessed: 04 March 2024).
- Oosthuizen, K., Botha, E., Robertson, J. and Montecchi, M., 2021. Artificial intelligence in retail: The AI-enabled value chain. *Australasian Marketing Journal*, 29(3), pp.264-273.

References

- Sensi, J. (2023) *Wilko collapse: What went wrong with the high street retailer?*, *InternetRetailing*. Available at: <https://internetretailing.net/wilko-what-went-wrong/#:~:text=Wilko%20has%20officially%20collapsed%20into,decision%20to%20enter%20into%20administration> (Accessed: 04 March 2024).
- Sillars, J. (2023) *Wilko boss explains chain's collapse: 'we ran out of cash, and I am sorry'*, *Sky News*. Available at: <https://news.sky.com/story/wilko-boss-we-ran-out-of-cash-and-i-am-sorry-13017910> (Accessed: 04 March 2024).
- Sivaram, M., Porkodi, V., Kandasamy, M. and Sasikala, A., 2021. AI transformation in retail sectors. *International Journal of Public Sector Performance Management*, 8(3), pp.230-235.
- Statista (2023) *Profit of Wilko 2015-2022*, *Statista*. Available at: <https://www.statista.com/statistics/1009439/wilko-retail-limited-profit-and-loss-united-kingdom-uk/> (Accessed: 04 March 2024).
- Thomas, D. (2020) *What went wrong at debenhams?*, *BBC News*. Available at: <https://www.bbc.co.uk/news/business-55144922> (Accessed: 04 March 2024).
- Wilko (2024) *Corporate - our history*, *wilko*. Available at: <https://www.wilko.com/en-uk/corporate/our-history> (Accessed: 04 March 2024).

Side Notes

Wilko should consider moving its stores to retail parks because they attract a diverse range of customers, have plenty of car parking and are easy to access. Renting retail parks is also cheaper than in town centres which can allow Wilko to minimise costs.

Another solution for Wilko would be to change the management of the organisation and find managers who share the same organisational values that secured the success of the retailer for the last 90 years.

Wilko needs leaders that are not afraid of change and the only constant in the business environment is change. Therefore, hiring leaders who are also agents of change can help the company to adapt better to the future, adopt new technologies, change customer interactions, and engage employees to meet the goals and objectives of the organisation (Boddy, 2017).

Organisations that cannot adapt to change, cannot survive on the business market. Debenhams, for example, was one of the biggest retail chains in the UK and because the company did not adapt to the changing needs of consumers, the company failed. If Wilko does not consider change management, the company will follow the same path as Debenhams (Thomas, 2020).

The retail sector is constantly evolving in accordance with technology development and customer demand. Artificial intelligence is one the latest trends in the retail sector because it helps companies to forecast demand, make recommendations, automate the checkout process, automate inventory, and conduct customer sentiment analysis (Oosthuizen et al., 2021).

Artificial intelligence can help Wilko to better understand what customers want and when. This can help Wilko to prepare inventory in advance and avoid markdowns. Artificial intelligence is so efficient in forecasting demand that Nike for example invested \$110 million in 2019 in an artificial intelligence programme to manage its inventory and please its customers more efficiently (Oosthuizen et al., 2021).

AI can help Wilko to enhance sales through recommendations. For example, artificial intelligence uses customer online profile such as google search history, order history or social media activity to make recommendations for further products. This can help

Wilko to promote its products and attract more customers than with other traditional promotional methods (Sivaram et al., 2021).

Artificial intelligence can also help Wilko understand how Wilko as a brand is perceived by its customers and the company can use this data to improve customer experience both offline and online, improve customer relationships and enhance customer loyalty (Infoway, 2023).

In order to implement these solutions in an efficient manner, Wilko can consider the use of the SMART goal strategy.

This strategy will allow the company to define success criteria, identify resources needed, identify the people responsible to take actions, verify the success rate of the solution, the relevance of the solution and monitor closely the effectiveness of the solution (Boddy, 2017).

SMART is an acronym for Specific, measurable, attainable, relevant, and timed. The concept of SMART goal is commonly attributed to Peter Drucker's Management by Objectives concept. Later, Professor Robert S. Rubin at Saint Louis University added that evaluation and review should also be added to SMART acronym because it is importance to identify the strenghts and weaknesses of a solution to allow further improvement (MindTools, 2024).

