

Tesco Uses Collaboration Tools To Support Rapid International Growth

Executive Summary

CUSTOMER NAME
Tesco plc

INDUSTRY
Retail

CHALLENGES

- Work effectively as a geographically distributed organization.
- Efficiently introduce critical business and IT processes to new markets.

SOLUTIONS

- Collaboration tools supporting innovation, knowledge sharing, decision making, and operational excellence.
- Collaboration framework that integrates technologies into Tesco business processes, enables Tesco to scale the deployment of collaboration tools, and makes the tools easier to understand.

RESULTS

- Higher productivity and faster decision making.
- More scalable and effective training and knowledge sharing across long distances and different time zones.
- Faster time to market and reduced operating costs in Tesco's growing international business due to faster deployment of business and IT processes in new markets.

Background

Tesco plc is a British-based international grocery and general merchandising retail chain. With a turnover of UK£59.4 billion and profits of £3.03 billion in 2009, it is the largest British retailer and the world's third-largest grocery retailer. Tesco operates in 14 countries worldwide, with 65 percent of its revenue coming from the United Kingdom and the remainder coming from Asia, Europe, and the United States. While Tesco continues to develop its core U.K. business and its nonfood and retailing services, the company is investing most heavily in international expansion as the key to achieving its goal of double-digit growth. To enable the company to roll out operations in new markets more quickly and cost effectively, Tesco has developed an operating model consisting of a common set of business processes and IT systems. The operating model has already been deployed in China, Japan, Turkey, and the United States.

Challenges

An ever-present challenge for Tesco is how to work effectively across its geographically dispersed organization. The company's ambitious plans for international growth depend to a large extent upon rapid and successful adoption of the Tesco operating model in each new geography. Continued expansion, however, was making it harder to manage this process in a timely and cost-efficient way.

"Implementing our operating model in our international businesses allows us to lower our operating costs and to pass on savings to our customers through lower retail prices," says Mike McNamara, head of operations development and IT worldwide. "In turn, we gain customers and our business grows. The quicker we can do this, the better for our customers and for our profits."

Tesco's organization combines IT with International Operations Development (IOD), the group responsible for the company's business processes. Employees in IT, IOD, and HSC (the Hindustan Service



Centre in Bangalore, Tesco's global services facility) are responsible for helping colleagues in each geography introduce and optimize the operating model, then for providing ongoing monitoring and support.

The IT and IOD teams were particularly affected by the demands of international expansion. They traveled frequently to each geography, a costly approach that was impossible to scale and incompatible with Tesco's environmental sustainability strategy. They found telephone calls less satisfactory than face-to-face meetings due to the lack of visual communication, while paper-based knowledge and skills transfer could not deliver the required levels of understanding with sufficient speed.

Tesco recognized that it needed new ways of collaborating to improve productivity and support international growth. The company wanted to bring mature retail practice and experience from the United Kingdom into its new and emerging markets, while capturing and managing thought leadership and best practices from all parts of the organization. Another priority was to improve the quality of employees' interactions, no matter where they were located. "It's one thing to implement IT systems, processes, and organizational structures, but quite another to overlay the craft and deep skills we need in order to work effectively," says McNamara. "To add the craft and skill, you need a lot of touchpoints, and that's where collaboration tools can make a big impact."

Tesco had introduced a Next-Generation Network (NGN), based on Cisco® technology, to provide the company's employees across the globe with faster connectivity. This enables employees to communicate more easily with each other and to access networked data more quickly, improving their own productivity and helping to enhance customer service. Another advantage of the NGN was its ability to support rich-media technologies such as Cisco TelePresence™, which uses the network to create face-to-face meeting experiences for people in different locations.

When Tesco saw the effectiveness of Cisco TelePresence in creating "virtual" meeting environments, the company asked the Cisco Internet Business Solutions Group (IBSG) to consult on the business potential of collaboration technologies.

Solutions

Cisco IBSG began by sharing with Tesco best practices from Cisco and other organizations in Web 2.0-enabled asynchronous forms of collaboration such as social networking, wikis, and blogs. To help Tesco assess the level of interest in these tools among its workforce, Cisco ran an employee survey that yielded very positive feedback. Out of 856 respondents, for example, 95 percent said they would like to read blogs from their business leaders and 87 percent were willing to keep their personal details up to date in a Tesco directory.

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Mike McNamara
Head of Operations
Development and IT
Tesco

Exploring Collaborative Options

A project team then developed three Web 2.0-type collaboration tools—a discussion forum, blogs, and a wiki—using freeware, and set up a pilot for teams in IT, IOD, and HSC. The objectives of the three-month pilot were to see how many people would use the tools and what value they could bring to the business. Discussion forums and blogs emerged as the tools that people liked and wanted to use; during the pilot, for example, 520 people took part in discussion forums on 78 topics.

On the basis of the outcomes of the survey and pilot, Tesco executives approved the development of Intra 2.0, a new version of the company's intranet. Intra 2.0 is based on a Web 2.0 platform and incorporates a wide range of functions—from discussion forums and blogs to a directory, presence, and customization.

Testing the Value of Cisco WebEx™

Tesco had started using Cisco TelePresence in its U.K. offices—including the group headquarters—and in China, Hong Kong, India, Korea, and Malaysia. Utilization rates for every TelePresence suite soon reached 80 to 90 percent, and this rapid takeup led Tesco to look for tools that would be more scalable in terms of the required investment, and more suitable for certain types of collaboration. Cisco WebEx web conferencing and collaboration software, for example, is ideal for training and other activities that involve knowledge sharing because it enables users to share their desktops and give control to other people.

With Tesco's agreement, IBSG conducted a three-month Cisco WebEx pilot for 40 users and recorded positive results in two surveys:

| | |
|-------------------------|--|
| % of Respondents | Had used and valued the ability to: |
| 97 | Share documents |
| 44 | Share live systems and business applications |
| 56 | Pass control of their desktop to other people |
| % of Respondents | Agreed or strongly agreed that Cisco WebEx helped them: |
| 88 | Improve meeting quality |
| 91 | Achieve better understanding of subjects |
| 60 | Overcome language barriers |

Participants in the pilot estimated that using Cisco WebEx had saved them almost two hours per week on average.

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"I enjoy working with Cisco IBSG. In no sense is our relationship transactional, as it can be with many suppliers. IBSG provide us with technology leadership, and they have insight and experience in their kit bag. Because they actually use the technologies they consult on, they know how to make them work and benefit our business."

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The Cisco WebEx pilot helped Tesco make a decision based on a real-life scenario. "Tesco people are practical and hands-on. It makes a huge difference to us if we can see something and touch it," says McNamara. "IBSG understand this and they put a lot of effort not only into showing us these new technologies, but also into helping us understand new ways of working."

Collaboration Vision and Framework

With Intra 2.0 under development, Tesco needed to prioritize and scale its use of the new collaboration tools. IBSG identified four core business areas that could benefit most from Web 2.0 capabilities: trade planning, space range and display (SRD), innovation, and promotions. The Cisco team then ran a series of workshops with Tesco employees from each of these areas to look for opportunities to generate business value through the use of collaboration tools. The end goal was to embed collaboration tools in specific business processes, without reengineering the Tesco operating model, and to make the tools easy for people to use.

The workshops showed that opportunities for using collaboration could best be grouped under four processes: innovation, decision making, knowledge sharing, and operational excellence. Cisco built a framework with workflow templates for each business area, incorporating the appropriate collaborative tools and mapping them to the four processes. In this collaboration framework, innovation is a self-contained entity because it is both a core business area and one of the pre-defined processes. Trade planning and SRD fit into the knowledge sharing process, while promotions are linked to decision making and operational excellence.

The aim in the innovation area, for example, is to provide a forum for open discussion of ideas, leading to selection and development of the strongest suggestions. Using a customized version of Intra 2, Tesco employees will be able to post, discuss, and track the progress of ideas for innovation. A steering group will then use collaboration tools such as Cisco TelePresence and Cisco WebEx to select and develop the ideas with the most potential. The templates for knowledge sharing, decision making, and operational excellence are similar to the innovation approach and incorporate the same collaboration tools. Tesco decided to begin its deployment of Intra 2.0 by rolling out the knowledge-sharing and innovation elements of the collaboration framework because these elements were most likely to deliver business benefits within a short timeframe.

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Results

Benefits of Cisco TelePresence

The impact of using Cisco TelePresence in Tesco was immediate and overwhelmingly positive. According to Atul Bhardwaj, international operations development director, using TelePresence has greatly reduced the need to travel within his organization. His team alone has cut its travel budget by 20 percent, while employee morale and work/life balance have improved.

The business has benefited from faster decision making and increased productivity. Bhardwaj's team used Cisco TelePresence to design and review the operating model governance process in China and Korea, for example, and completed the design validation for Korea in two days instead of several weeks. "I can do more with the same resources and I don't need to expand my team because TelePresence enables us to be more effective with our existing people," says Bhardwaj.

For McNamara, Cisco TelePresence is all about getting faster and better quality output from meetings, and doing so more frequently than before. Daily meetings on TelePresence with the HSC in Bangalore have replaced McNamara's previous schedule of regular week-long trips to India. So many meetings were crammed into those trips, in an effort to maximize McNamara's time, that meetings were often too short to be fully productive. Now, thanks to TelePresence, he can meet more people and has enough time to make high-quality connections that benefit the business.

Another advantage is that Cisco TelePresence makes it easier to keep distributed parts of the business on track. "The longer you go without checkpoints, the more likely things are to drift," McNamara says. "I prefer frequent, short, high-quality interactions to gently correct course. This is exactly what TelePresence allows."

Cisco TelePresence has played an important part in reducing the UK IT, Group IT, and IOD teams' long-haul travel by 75 percent and cutting total spending on travel by 45 percent year-on-year.

Collaboration Framework in Action

Even before launching Intra 2.0, Tesco had already started to reap the benefits of a richer collaborative environment:

Innovation: During the Web 2.0 pilot, many people had posted ideas for innovation in a discussion forum. Tesco captured these ideas and put them forward for discussion by a steering group in a series of Cisco TelePresence meetings. Tesco also created an interim website to keep the momentum going until the launch of the innovation area on Intra 2.0.

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Decision Making: Because Tesco’s IT organization is predominantly run from the United Kingdom and India, distance and time constraints make it difficult to get all the necessary people together to discuss strategy. Chief Architect Mike Yorwerth used Cisco TelePresence to organize a global executive brainstorming session that resulted in all participants agreeing on a global IT strategy. “We did it in three hours, whereas previously we would have waited for six months until we could have a face-to-face meeting,” says Yorwerth. “We also achieved a higher level of agreement than ever before, and TelePresence enabled it.”

Knowledge Sharing: Cisco WebEx has already been used to give training in floor-planning systems to 12 people from Tesco’s SRD team in Korea. A U.K.-based trainer ran the session remotely instead of face-to-face, with the local team providing administrative back-up and content translation. “We saved £12,000 in costs on a single training event,” says Russell Price, deployment manager for SRD, Korea. “You still need good support and organization, but I would recommend using WebEx for similar sessions.”

Cumulative Benefits

Tesco has gained significant benefits from its early use of collaboration tools, in particular the productivity gains in its deployment of the international operating model. The company anticipates even greater value from the more structured approach that will come with the rollout of Intra 2.0 and its embedded collaboration framework. Over time, the impact on the business is expected to be substantial, in terms of faster time to market, improved productivity, fewer errors, less duplication of effort, and cost reductions.

Next Steps

Tesco is continuing to develop its collaboration plans, rolling out Cisco TelePresence to every geography and exploring the role of video within its collaboration framework. Other priorities include launching Intra 2.0 and encouraging people to use it, and scaling the new collaboration tools and processes until they become part of everyday working life throughout the company. Tesco has also decided to appoint a full-time collaboration architect in its IT organization, a move that reflects the business value that the company now associates with collaboration tools. Tesco believes it has only just begun to investigate the full potential of collaboration as a means of implementing, optimizing, monitoring, and transforming its business processes.

More Information

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco, helps CXOs and public sector leaders transform their organizations—first by designing innovative business processes, and then by integrating advanced technologies into visionary roadmaps that address key CXO concerns.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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