

## CASE STUDY

## Marks &amp; Spencer PLC

Michael Marks arrived in the north of England in 1881 as a Jewish immigrant from Russia. He started off as a hawker (a person who sells from door to door), going around mining villages selling buttons, needles, ribbons and other small items. He adopted a slogan which he tied on his tray: 'Don't ask the price, it's a penny.' He used this slogan to avoid complications as he could not speak much English.

The business quickly grew and soon Marks was able to afford a stall at Leeds market. As this brought in profits, Marks started to hire stalls at different markets. He decided that to become more successful, he would have to find a partner. In 1894 he became partners with Tom Spencer. Spencer put in £300 to become a partner.

Soon they had 24 market stalls and 12 shops. They each began to specialise in different jobs. Spencer would mainly work at the warehouse and organise administration. Marks specialised in buying goods and looking for new places from which to sell. Their shops were all 'penny bazaars'.

Unfortunately, Spencer became an alcoholic and less reliable. The partners decided to form the business into a private company, with themselves as the major shareholders. Marks stayed with the business, while Spencer left to run a chicken farm. Marks was, therefore, an executive director and ran the company, while Spencer remained a non-executive director.

Michael Marks and Tom Spencer died and Michael's son Simon and his boyhood friend



An early Marks & Spencer store

Israel Sieff began to play an important part in running the company. Simon married Israel's sister, and Israel married Simon's sister.

In the early 1920s, Simon Marks went to America to learn about retailing. On his return he decided to change the company image, giving it a more up-market look, and to expand by opening a whole chain of stores. Instead of buying from wholesalers, he also started buying in bulk from manufacturers, who gave him a discount.

To raise the capital for doing this, Marks & Spencer became a public company with shares quoted on the Stock Exchange. From here, the company grew to its present size and developed the image and reputation that it enjoys to this day. There are now a large number of shareholders and the company is controlled by a board of directors. In 2000 sales at Marks & Spencer began to slip in a very competitive retail market. There were fears that the company might be taken over by a larger company, such as one of the big supermarket chains.

Type of business	Ownership	Control
One-person business	Michael Marks	Michael Marks
Partnership	Michael Marks and Tom Spencer	Michael Marks and Tom Spencer
Private company	Marks and Spencer and other shareholders	Michael Marks and other executive directors
Public company	Shareholders	Directors, including the Sieff family

The four stages in the growth of Marks & Spencer