

Analysis of Body Shop International PLC in Strategy Development and Implementation within International Market Area

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Abstract

The way Body Shop International PLC (BSI) develops itself is really amazing. In the world of international business surrounded by strong competition, BSI still able to struggle and maintain its position as a company that will always concern of environment protection. This article will discuss and evaluate the way BSI's strengths in gaining competitive advantage along with its weaknesses and the way it handles the external threat. Lastly, this article also provides some good recommendation strategies which would be carrying great weight for company in ten years ahead.

Keywords ; Implementation of franchising, marketing strategies development, International HRM strategy and cross-cultural communication

The Body Shop International PLC (BSI) now has 2019 stores in over 50 countries all over the world. It has been established since 1976 by Anita Roddick, who has an extreme mission in environment protection in the way she develops her business. In order to support the mission, her skin care and cosmetics products develops constantly through unique dimension by using natural ingredients, such as aloe vera, cocoa butter, and jojoba oil in order to attract women as the major customers. More over, all products are against animal testing, environmental friendly and free from human rights abuses. Plus, her business strategy of franchising has been growing in all over the world.

The company has been established well enough. Anita has a strong visualization of protecting the environment and she requires every party in-

involved in her business such as employees and franchisee would implement the same vision. Consequently, there are many problems occurred in her business. For instance, lack of integrity between headquarter and subsidiaries and mis-managing cross-cultural communication. Although Anita motivates all employees to create product improvement consistently, supporting with conducting some researches in meeting consumer's needs, BSI still has to strive hard with competitors because the company does not use intensive advertising as a promotion tool to market the products internationally. Therefore, in terms of solving the problems, this research aims to examine some possible alternative strategies that could be implemented by BSI in order to reposition its business in retail industry.

Conceptual Framework

■ Strategy Formulation Literature

In this research, we will use a framework that normally being used to generate

several alternatives strategies called SWOT (Strength, Weaknesses, Opportunities and Threat) Analysis. This analysis appears in a matrix which composites of the way external opportunities and threats facing a particular company can be matched with that company's internal strength and weaknesses. This tool also a good way as a brainstorming to produce alternative strategies, even it forces strategic managers to create various kinds of growth and retrenchment strategies. The SWOT Matrix can be used not for a whole company only but also for specific business unit within a corporation (Wheelen & Hunger, 2004, pp.114-115).

Research Methodology

As the purpose of the study to examine some alternative strategies for BSI, a qualitative approach was adopted and uses an internal and external data that collected from Annual Report Body Shop International PLC 2005 and some supporting academic and peer reviewed articles. Simultaneously based on research purpose, this applied research aims to answer the research questions as follows;

RQ1 : How does the company generate alternative strategies that can be used to explore more its competitive advantage ?

RQ2 : What are the best alternatives strategy and why should the company implement those strategies ?

Based on theoretical framework that being given and to answer the above questions, this research will utilize all data required and segmenting the data into category of strength, weakness, opportunities and threat. Thus by using SWOT model of analysis, the possible strategy alternatives will be acquired.

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Results And Discussion

How does the company generate alternative strategies that can be used to explore more its competitive advantage?

In order to produce some alternative strategies, in this research there will be an evaluation of issues and problems occurred in Body Shop. More over, the analysis of IFE & EFE Matrix indicated that BSI's capability in utilizing its strength and opportunities simultaneously handling its weaknesses and threats slightly above average (See Appendix 4). Therefore, the analysis of Strength, Weakness, Opportunities and Threat (SWOT) matrix assessment will be applied and eventually the output can come out with some effective strategies for the company in the future. There are several issues involved in the way Body Shop develops and struggles in international market. First of all, let us start with the company's strengths.

Firstly is company's strength within franchising implementation. Anita set the standard requirement for every franchisee existed to carry out the Body Shop's core system in the production and operation process. She is very firm on this rule, as indicates she controls the franchisee regularly by visiting into the location directly, conduct personal test there and establish the attitude towards environmental friendly (Deresky, 1996, p.538). In this case, Anita intends to establish high integrity for every person who uses Body Shop as his/her business brand. As a result, her reputation as a lady who discovers the "green" products is widely known in international business area.

Secondly is the strength in implementing business mission which indicates high commitment of every party involved. This principle now has being shifted into new version which use three Rs : Reuse, Refill and Recycle (Mirvis, 1994, p.89). For instance, headquarter and all subsidiaries must working hand in hand with small producer communities who supply natural ingredients, simultaneously the company must keep on produce the various products which suitable with different type of skin and meet the customer needs. This aims to embrace "honesty" as one of the individual virtues of BSI marketing strategies (Hartman & Beck-Dudley, 1999, p.259). All employees and franchisees

have to be active in social activities which support human rights, and always keep the environment from harm (<http://www.thebodyshop.com.au>) (Accessed 09/09/02).

For example, Body Shop Canada has been performing the STOP Violence Against Women for 10 years. In order to enhance this program, the company raises the budget campaign up to \$1.3 million. This reflects that Anita has been successful in delivering her marketing strategy to the franchisees and introducing her products to the world. The company's value remains the same until today. We can find in every Body Shop outlet through out the world promotes the underlying 5 key areas : Against Animal Testing, Support Community Trade, Activate Self Esteem, Defend Human Rights and Protect Our Planet (<http://www.bodyshop.com>) (Accessed 06/05/05). This is also what Anita identifies as vigilante consumerism where consumers work together with human rights and environmental groups to keep the nature from harm where the role of government was unreliable (<http://www.anitaroddick.com>).

In terms of organizing the relationship between headquarter, subsidiaries and franchisees, it is obvious that BSI was influenced by ethnocentric predisposition. This term specifies that the parent company responsible to generate all value and interests to create strategic decisions and deliver them to subsidiaries (Hodgetts and Luthans, 2000, p.258). Nonetheless, in order to meet local needs, BSI implement think global-act local strategy, and it has being proved that the responds is significant. Apparently, company's social campaign also already implied the same strategy (BSI PLC Annual Report & Accounts, 2005)

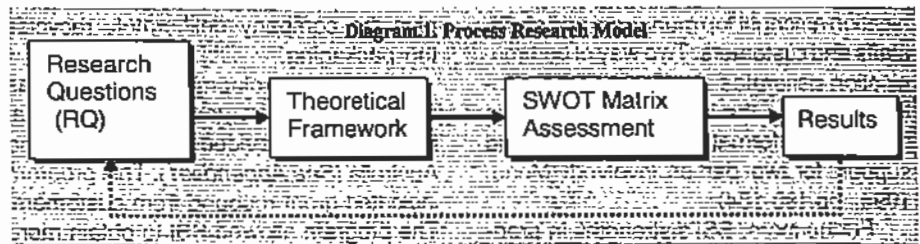
Hence, we discuss the company's strength within human resource management. The company has been accom-

plished some activities below:

- Body Shop Training School in 1985 for employees and franchisers to purvey education in environment protection and to acknowledge company's mission in building environmental friendly products. This is what the company called as empowerment which requires external action and process of internal belief. This training also aims to educate employees about the products and simultaneously capable in selling the products with appropriate approach to customers (Lavere & Kleiner, 1997, p.30).
- Caring for the social community issues, for instance conducting campaign collaborating with Greenpeace, against Exxon Mobil (Esso) who refused global warming (www.anitaroddick.com)
- How to treat the customers as a friend. This could be found in BSI new program called The Body Shop Lunch Lounge at BSI website (<http://www.bodyshop.com>). This program facilitates women in acquiring rest and relaxation during lunch hour which based on research most women find it relaxing. There are varieties of information that BSI offered in this program, obviously this program really beneficial for women.

More over, Body Shop management conducts an annual meeting for Board Directors to analyze the issues which rise from subsidiaries and franchiser, and also to examine the problems amongst the shareholders. In order to obtain feed-back from employees simultaneously improving the value of communication between Director and staffs, the company provides DODGI (The Department of Damned Good Ideas) system, therefore the valuable ideas from staffs could be addressed to the top management level directly (Deresky, 1996, pp.538-549).

Based on research is shown that the company implements two way of commu-



nication amongst top managers and staffs, staffs and customers. Two way of communication generates significant verbal contribution within the interaction. It provides responds, information, suggestion, and support for two parties involved (Mead, 1994, pp.183-184).

Furthermore, BSI's strengths in product development aspect which shown the company's effort to improve product's varieties is magnificence (See Appendix 1). For instance, Anita her-self, is willing to travel for five months a year to discover new natural raw material for the new product's ingredients in all over the world. For example, in 1991, she traveled to India and discovered that Chepang indigenous people grew herbs that can be useful for healthy skin care, hence Body Shop used the herbs in its product Ayurvedic. What the company did here ultimately support the less developed communities in improving their business while the company's develops its ability in making new product (<http://www.anitaroddick.com>) (Accessed 05/05/05). This is what Anita called as a trading not an aid.

More over, the research and development division always concentrates on one particular product in order to achieve the effective outcome. For example, during 1995, R&D department focused on analyzing skin care product only. As a result, the company has succeeded in introducing 15 new products with various types of cosmetics. Additionally, in order to encourage product's ingredients accuracy in against animal testing, the head-quarter requires all suppliers to state in written that all materials that they provided are not being tested in animal every six months (Deresky, 1996, pp.544-548).

In order to meet customer needs the company uses strategy called mass customization which determines the company's ability in large basis to expand its technology to fulfill various needs of international consumers, simultaneously increase the quality and economies of scale (Hodgetts and Luthans, 2000, p.55). The reason why the company's total cost is not high (except in USA and UK) (BSI PLC Annual Report and Accounts, 2005) and product's price has competency in the market, is because the advertising cost contributed in the products is very low,

plus the company deliberately recycles the packaging.

Another development that BSI has achieved is the program of Body Shop at Home which provided in UK, USA and Australia (See Appendix 1). This program indicated great respond from customers. The program allowed BSI to obtain more customers by bringing the store directly to customer's home (BSI PLC Annual Report and Accounts, 2005).

Upon all the strengths the company has in developing her business, there are also several weaknesses emerged as below:

- Staffs and franchisees do not have the same point of view with Anita within the implementation of specific projects and this situation would lead to the conflict amongst them.
- Another example is there are some employees disagree with the idea of doing volunteer work. Anita enforces all employees to contribute in social activities for four hours every month such as volunteer work. The company will pay up to ten hours per week upon their work as a volunteer. This condition has been criticized as employees are being exposed in protecting the environment and the fact that the employees still get paid for being social workers (Mirvis, 1994, p.85).

All of the conditions above explained that there is lack of capability in enforcing the company culture to employees and franchisers. Anita has high expectation of employees and franchisees commitment of her mission and participating in the social activities (Deresky, 1996, p.549). Therefore since she is less polite, patient and diplomatic, she tries so hard to build a two-way communication with all employees. Additionally, the research also found that Anita was not consistence in treating the franchisees. In terms of agreement condition, the treatment to the first franchisee is more favorable than the latest one (Hartman & Beck-Dudley, 1999, p.252).

Thus, Anita had dilemmas in managing the employees in New Jersey because most employees have different perspective in doing business and way in taking care of the environment. On the other hand, Anita also had difficulties in facing the employees who love doing

social campaign too much, and they tend to disregard their job (Deresky, 1996, p.547). In this case, the management organizes the annual environmental audit which published regularly in UK to acknowledge and investigate whether the social activities and campaigns are beneficial for all parties, like employees, franchisees, customers, suppliers, shareholders, and communities, or not (Deresky, 1996, p.549).

From particular symptoms as above, it explained that the company has lack of ability in achieving synergy within the company and having difficulties in managing cross-cultural communication. It is shown that she has difficulties in determining her philosophy, vision and mission with the employees and franchisees across the world. Indeed, it requires particular management skill to manage mixed groups of people who have different education, professional and cultural experiences. More over, it requires a long period of time to organize and solve the problems within diverse groups (Mead, 1994, pp.14-15).

Referring to the SWOT analysis, the next facet is the analysis of company's opportunities. Because of Anita's unique perspective in developing her business, Anita obtains high opportunities in expanding her business. In 1987, she received 10,000 letters of inquires from Americans to acquire franchise of Body Shop (Deresky, 1996, p.542).

Furthermore, BSI also could gain opportunities lying within Asian market, especially within Southeast Asia. It indicates that there is a rapid growth emerged as resulted from high turnover and operating profit in Asia market (Deresky, 1996, p.552).

More specifically, based on research in Thailand, young generation of Thai people is easy to get attracted to the products which environment friendly. Beside the young generation, office workers with high and upwards education also become a profitable market. Despite good market respond, Thailand's natural resources like makrood, kamin and daw also could support BSI in developing new products (Johri & Sahasakmontri, 1998, pp. 270-272).

Along with gradual increase of sales and margin growth in United Kingdom

and Republic and Ireland, BSI also seek for expanding its market within Russia and Jordan referring to the success in opening new stores in Latvia and Lithuania (BSI PLC Annual Report and Accounts, 2005).

Finally, the last analysis is the external threats. Anita has difficulties in delivering her messages specifically to the world. There is a negative opinion about the way her notion's of protecting the environment within her business strategy. Some opinions see that as a taking advantage movement. This threat could threat the company and ruin Anita's reputation. Essentially, it could result in declining market share (Hartman and Dudley, 1999, p.262).

Furthermore, the company has to be aware of the problems in volatility industry and exchange rate that appeared because subsidiaries are standing in the different countries with different economic and political condition (BSI PLC Annual Report and Accounts, 2005). The risks that appeared in BSI are both macro and micro political risk, which normally emerged within foreign investment activities. Macro risk identifies all risks that the multinational companies have to bear in one particular country because of political decision. Micro risk determines the risks which appeared in the specific sectors only (Hodgetts and Luthans, 2000, p.283). For example, the declining sales of volume in US because of exchange rate differentiation between US and UK could be referring as the macro risk. As the micro risk, US and UK have different regulations in controlling recycling programs due to each local government implies different requirement. BSI has to consider the condition due to its impact to the company's recycling standards (Deresky, 1996, p.549).

Additionally, BSI should be aware of competitor's attack within advertising area since the company barely uses the advertising as a profitable tool in exercising marketing strategy. This condition could result a problem, such as in US, Holland and Spain, the stores operational management had been struggle quite hard in competing with the large number of powerful competitors in the personal care market sector whereas these competitors have high intensity of advertising programs (Deresky, 1996, p.551).

More over, BSI's major competitor named Garden Botanika and Bath& Body Works which emerged in US market also become an issue need to be acted. These two companies have similar mission to BSI including the products which have source natural ingredients (Anonymous, 1996, p.23).

What are the best alternatives strategy and why should the company implement those strategies ?

A. Solutions in Marketing Strategy

There are several solutions involved. Firstly, in order to overcome the threats from other competitors that mainly occurred in US, BSI should reevaluate company's marketing strategy and considering conducting an intensive advertising program with detail analysis of demography, socio-cultural environment and consumer behaviour and needs in each country in order to avoid the misleading advertising. This could be taken as part of generating the Think Global Act Local Strategy which BSI already applied. For example, what happened in US where the BSI's advertising in one of the mall appeared in another company's advertisement instead of BSI itself. This condition determines that the company has less capability in determining the marketing strategies in achieving customer awareness in mall (Hartman & Beck-Dudley, 1999, p.259). Although the company's performance within advertising activities well enough by participating in many social campaigns and providing protecting environment brochures in all of the stores, those are not enough to compete in the international market. For instance, in Thailand, BSI's products are barely known as green products because of lack promotion word of mouth (Johri & Sahasakmontri, 1998, p.275). As different occasion happened in Japan, though Japanese market shows high respond in saving the environment, BSI needs to be aware of powerful competitor in Japan which is Australian company. This company is better in entering and understanding the rooted culture of Japan (Anonymous, 1996, p. 25).

As the standardization of international marketing strategy related to the market-

ing-mix consists of product, price, place (distribution) and promotion program, the advertising process is one of the significant activities in introducing the products and simultaneously attracts the customers. Refer to the standardization of marketing strategy, there are two aspects that the company must concern, which are marketing program and marketing process. In formulating marketing program requires various activities, such as product design, product positioning, brand name, packaging, advertising messages and so on while the marketing process identifies the company's implementation and development of the marketing program as above (Vernon and Wortzel, 1990, pp.335-336).

It is no doubt that BSI has applied a good marketing strategy as shown its brand, product feature and price are capable to fulfill the consumer needs. According to Goodyear Model, BSI's brand already entered stage five where the brand already has a complex identity and consumers are actively involved in the brand creation process. Based on this stage, all stakeholders must perceive the same notion (McEnally & Chematony, 1999, p.2).

However, since BSI is a multinational company which develops in the different countries with different economic condition, the company can not implement the same marketing strategy in every country. Advertising program would somewhat improve company's position to gain more market share and expand the ability to compete in the diverse environment.

It is understandable why the company does not want to conduct the advertising campaign in order to show the world that BSI really commit to its mission and objective in saving the environment. Nevertheless, in order to strengthen the brand equity, BSI needs to enhance the program of brand awareness by spreading its brand and mission to the world so that consumers know company's notion deeper than before.

According to Kotler (2003) there are 5 Ms of advertising that the company could establish in managing advertising program and also to maintain company's objective in doing advertising campaign instead of word of mouth, pamphlets, posters and brochures:

- Mission which determines from prior decisions on target market, market positioning and marketing mix.
- Money where BSI has to consider few factors in determining the advertising budget. The factors are stage in PLC, market share and consumer base, competition and clutter, advertising frequency and product substitutability. In verifying each factor, BSI must distinguish every factors in every country therefore the budget will be allocated in the appropriate and effective way.
- Message which indicates how BSI will generate the messages, evaluate and select them until the messages executed, and not to forget reviewing social responsibility. Again, in this case, BSI must produce messages differently in every country due to prevent the negative responds from societies in the way Anita's notions in concerning of the environment and building business simultaneously. Actually the messages in advertising also able to avoid the emergence of stereotyping, if BSI delivers the messages as to address the virtue's of honesty in company's business strategy in protecting the environment and proves company's commitment to produce product's ingredients that suit to the labels. Hence it will show that BSI does not take advantage from the concern of environment to attract people's sympathy.
- Media which indicates BSI's decision on particular media used, the frequencies, timing, and geographical media allocation in every country.
- Measurement which evaluates the effectiveness of messages delivered and media used in every country.

Since BSI already developed B2C (Business-to-Customer) commerce, as it found in Body Shop website: <http://www.bodyshop.com> that the company provides selling products through internet media, therefore BSI could develop its E-Business by generating B2B (Business-to-Business) commerce between company and its supplier, building C2C (Customer-to-Customer) communication between customers and C2B (Customer-to-

Business) communication between customer and company (Kotler, 2003) so that BSI acquire feedback from customer constantly and input from customers would be helpful in the way BSI updating its management and products.

B. Solutions within Cross-Cultural Communication

In order to avoid the mismanaging of cross-cultural communication, simultaneously creating synergy within the organization, there are several considerations that the company should aware. For instance, according to Maslow based on his hierarchy of individual needs, people could be acknowledged by their individual behavior based on; physiological (existence) needs, safety and security needs, belonging and social needs, esteem needs, and self-actualization and achievement needs (Mead, 1994, p.209).

Since Body Shop International has many franchisees scattered around the world therefore the employees have different background and culture which indicates they also have diverse special needs. For example, the level of needs in advanced nations is different from developing and less developed nations. Hence, in implementing company's mission in protecting the environment and avoiding the pitfalls in promoting the social campaigns and volunteers work amongst employee, the company has to acknowledge that the employees come from different cultures that carries different education level and background. Therefore the company should restructure its management where all stores in every country could represent the different policies which affected the salary level, facilities, working atmosphere and environment and reward programs. For instance, BSI could differentiate its bonus system in order to praise the employees who have outstanding performance such as facilities of week end trip, award for best customer service and so on (Anonymous, 1997, p.228).

Since BSI has training school for employees and franchisee, the company should add several aspects in improving the training system, so that all employees and franchisees able to adapt into organization culture. There are four stages in teaching method that the company should concern:

1. Social context and communicative purpose. In this stage, it is important to recognize the social and cultural factors and build knowledge that related to it. There are two indicators in determining the relation-ship of social and communication context. World schemata identify the importance of social and contextual knowledge in understanding the literature and formal schemata refers to the form of linguistic strategies to give in the communication goal.
2. The following stage is rhetorical structures, where in this stage the implementation of teaching cross-cultural genre involved. At this point, the students also start to build the systematic way to digest the literature differences (Yunxia, 2000, pp.50-52).
3. The last stage is the implication of genre comparisons. In this stage, students learn to implement the relevant knowledge structures in their future intercultural learning practice. More over, it is crucial to let the students expand their abilities in comparing the cross-cultural literatures, therefore students are able to acknowledge the balance between the theories and practice business skills (Yunxia, 2000, p.67).

In terms of achieving synergy in the company, it is essential to recognize the differences amongst the employee's environment. There are several ways of awareness in cross-cultural differences. Firstly, the company can form the special team in assisting employees to recognize the conflict types and preferences each person. Secondly, top managers could help employees in understanding the cultural differences that may cause conflicts. Thirdly, by creating the norm in the company which explains conflict emergence is the usual matter happened in the workplace, therefore, every party involved can work together to solve the problems existed (Gardenswartz and Rowe, 2001, pp.141-142).

There are some advantages from the solutions above:

- The employees and franchisee will understand more Anita's perception and parent company's culture.

Therefore, all parties involved are willing to adopt and justifying position between local and headquarter culture, as a result, the effectiveness of doing business will improve.

- Higher integration can be achieved between Anita's philosophy and all staffs therefore all staffs will perform better in developing business.

Nevertheless, it takes long period of time and high intensity to achieve perfect synergy because it requires fully control and maintenance in each subsidiary to evaluate the outcome of each solution. Thus, there is possibility of failure in forming solid collaboration between headquarter, subsidiaries and franchisees if one of the parties not willing to adjust and understand the culture differences.

C. Solutions within Politic and Economic Condition

BSI must be aware of the changes in industry like local deregulations because the impacts can affect the operation progress and profitability of the company. Therefore, the parent company is per-

sueded to analyze the changes in industry deregulation and some particular laws, such as antitrust laws, taxation laws, and labor training laws which appeared differently in every subsidiary. Or, headquarter requires report from every branches to acknowledge the national politic situation in order to form decisions (Hitt, Ireland & Hoskisson, 1996, pp.50-51).

The advantage of this analysis is creating the appropriate decision in terms of escalating the company's ability to overcome the industry volatility. On the other hand, in some particular matters, the analysis might result in incorrect decision caused by lack of capability of management either in headquarter or subsidiaries, in terms of acknowledging the industry deregulation.

Additionally, the company must be aware of the exchange rate volatility as one of the indicators of national economy's health since this change affects the profit of BSI as a whole. Thus, parent company and all branches must analyze the countries by scanning, monitoring, forecasting, and assessing the local economic condi-

tion to organize financial decision making (Hitt, Ireland & Hoskisson, 1996, p.50). The advantage of this analysis is escalating the company's ability to forecast the operational profit of each branch which influences headquarters in making decisions. More over, there are several ways of insuring against foreign exchange risks that BSI could adopt. Firstly the company and branch make agreement in using spot exchange rates in every transaction. Secondly, both parties make agreement in using forward exchange rate which the exchange and executing the deal happened at the some specific date in the future. Thirdly, both parties make agreement in using currency swaps which head-office and branches simultaneously purchase and sale of foreign exchange for two different value dates (Hill, 2005, pp.319-322).

Limitations

Due to limitations of data acquired caused by difficulties in conducting interview with some employees involved in headquarter company, there might be some information needed for this research are not included. However, somehow this concern does not bring a significant effect towards the whole research, analysis and strategically thinking. The exploratory nature of this research provides results that can be used by academics and practitioners as a basis upon which to build on our knowledge of strategic development and implementation. Thus the limitation of data occurred could be improved in the future research.

Recommendation

There are two strategies that being recommended for Body Shop International in improving its business strategy in the following 10 years:

- Building an intensive advertising program. BSI has public relation division in order to market the products. This is not stronger enough to compete in international market, since a lot of competitors use advertising programs intensively to attract customers which normally handled by professional advertising manager. More specifically, the company is one step behind the competitors where competitors are

Diagram.2. SWOT Matrix

IFE	Strengths (S)	Weaknesses (W)
Opportunities (O)	<p>SO Strategies</p> <ol style="list-style-type: none"> Building B2B and B2C strategies to improve the new markets and opportunities in exploring new countries with specific natural resources. Improving training system for employees and new franchisees Improving product development by taking advantage in country's natural resources. 	<p>WO Strategies</p> <ol style="list-style-type: none"> Creating synergy Building awareness of cross-cultural differentiation
Threats (T)	<p>ST Strategies</p> <ol style="list-style-type: none"> Intensive advertising program supporting by think global-act local implementation. Implementing an effective and low budget marketing strategy such as word of mouth. Using advertising as a tool to spread its brand and company's philosophy of protecting the environment Implementing C2B strategy Improving country analysis Insuring the foreign exchange risks 	<p>WT Strategies</p> <ol style="list-style-type: none"> Management restructuring to erase the obstacles within cultural barriers. Company's policies adjustment.

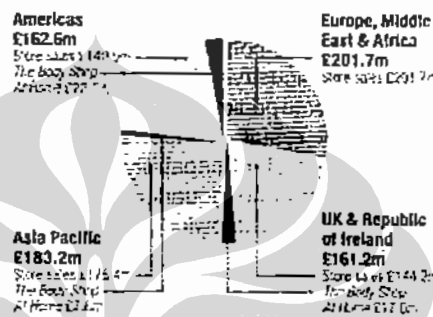
aggressively in spreading the information to customer world wide by placing the ads through television, billboard or radios, meanwhile BSI provides all information in each stores only. Although advertising requires higher cost, yet with the appropriate analysis and calculation, the output will be significant. Beside, BSI's financial performance has shown a good progress in pass few years (See Appendix 1,2 &3). Some retail companies find advertising is an effective way for company's development. Through advertising, BSI could address its message in protecting environment wider than before. Hence, advertising also able to erase the negative image of company which some people said that Anita uses the social campaigns in order to sell her products instead of advertising campaigns. Furthermore, implementation of E-Business development such as B2B, C2C and C2B also would generate significant progress within company's development in the future.

2. Adding a specific class for inter-cultural management Body Shop Training School. In this training centre, the company only provides the information of organization culture and mission. The company does not consider the culture differences emerged amongst employees which build obstacles in addressing organization culture and objectives. If the company acknowledges the culture pattern in each branch, and adjust the teaching method by considering the culture differences, it will be easier for employees to accept and understand the information. More over, the nature of totalitarianism also could be eliminated where some employees and franchisees feel that the company imposes the mission to strong. With understanding and learn each other's culture, the company will know the best way in persuading its mission to employees and franchisees perfectly. As a result, the company able to achieve higher integrity within organization, which this condition will lead to effectiveness for employees in doing their job.

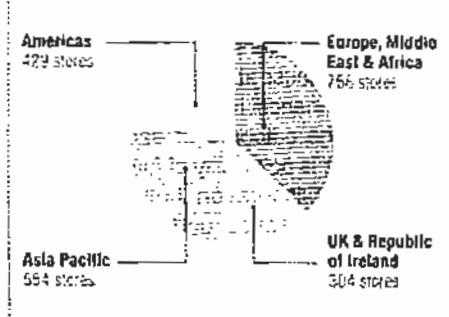
Appendix 1

Summary	2005	2004	% change
Retail Sales (£m)	708.7	672.5	+5%
Turnover (£m)	419.0	381.1	+10%
Operating Profit (£m)	36.2	30.3	+19%
Earnings per share (pence)	13.1	10.7	+22%
Dividend per share (pence)	5.7	5.7	0%
Net debt (£m)	4.7	9.4	-50%

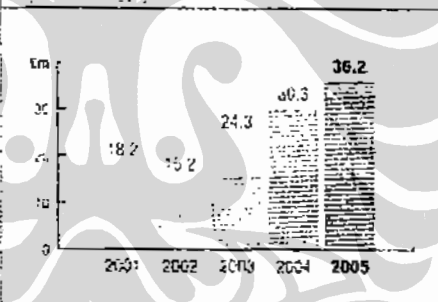
Total Sales Worldwide by region



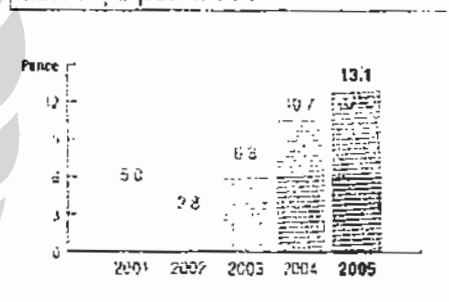
Stores Worldwide by region



Operating profit



Earnings per share



Sources : Body Shop International PLC Annual Report 2005

Strategy Implementation for Each Recommendation

In order to conduct the advertising program, the company can start from building the advertising division under responsible of Director of Marketing, *Andy King*. The company could recruit qualitative employees to create a valuable advertising program and allocate each person in each subsidiary, therefore every advertising application adapts with the local culture. More beneficially, the company also could recruit local people who understand local culture more, as an advertising manager who fully responsible in formulating and implementing advertising program or as we called this a decentralization decision making. There are some alternative of media types that BSI could use, such as,

advertising in television, magazines, web site, spreading pamphlets, and brochures etc, so the customers will notice any offers from the company immediately. Additionally, BSI's marketing program will be better-off by adding B2B, C2C and C2B commerce in between. BSI could assign the Information Technology Manager under Director Finance and IT, *Andrea Alvey*, collaborating Marketing and Strategic Planning and Business Development Division under *Jim Hurley* as the Director to run this program. The both programs should apply and manage continuously, so the company able to evaluate the programs effectiveness, simultaneously maintain its position in international market.

In terms of adding value in teaching method, the company can provides trainers who capable in cross-culture commu-

Appendix 2

Balance Sheets

At 26 February 2005

	Note	26 Feb 2005 €m	Group Adjusted 2004 €m	26 Feb 2005 €m	Company Adjusted 2004 €m
Fixed assets					
Intangible assets	11	44.0	31.7	0.0	0.0
Tangible assets	12	73.5	67.9	40.0	37.2
Investments	13	-	-	133.0	95.9
		117.5	99.6	181.9	133.1
Current assets					
Stocks	14	82.1	57.4	32.0	37.7
Debtors' receivable within one year	15	34.9	30.9	48.8	65.8
Debtors' receivable after more than one year	15	5.4	4.0	4.4	3.1
		40.3	42.4	53.2	75.7
Cash at bank and in hand		41.8	17.6	27.8	6.1
		144.0	112.1	119.0	114.0
Creditors: amounts falling due within one year					
	16	(105.6)	(73.0)	(105.3)	(80.6)
Net current assets					
		38.4	39.1	14.3	31.0
Total assets less current liabilities					
		155.9	132.7	196.2	164.1
Creditors: amounts falling due after more than one year					
	17	(0.3)	(0.6)	(0.1)	(0.2)
Provisions for liabilities and charges					
	18	(2.4)	(7.9)	(3.5)	(3.1)
		153.0	129.3	192.6	163.9
Capital and reserves					
Called up share capital	19	10.7	10.4	10.7	10.4
Share premium account	20	82.3	54.7	82.3	54.7
Reserve for own shares	21	(8.1)	(6.1)	(8.1)	(5.1)
Profit and loss account	22	85.0	76.3	125.7	101.9
Shareholders' funds - equity					
Minority interest - equity	23	1.1	1.2	1.2	1.2
		163.0	129.3	192.6	165.0

These financial statements were approved by the Board on 28 April 2005 and signed on its behalf by
Adrian Odiam
Executive Chairman

Sources : Body Shop International PLC Annual Report 2005

Appendix 3

Consolidated Profit and Loss Account

For the 52 weeks ended 26 February 2005

		Total 2005 €m	2004 €m
Turnover			
Cost of sales	2	419.0 (148.5)	351.1 (140.7)
Gross profit			
Operating expenses	3	372.7 (238.5)	240.4 (210.1)
Operating profit			
Net interest	4	38.2 (1.7)	36.3 (1.6)
Profit on ordinary activities before taxation			
Taxation on profit on ordinary activities	7	34.5 (7.2)	28.0 (6.8)
Profit on ordinary activities after taxation			
Equity minority interests		27.3 (0.3)	21.2
Profit for the financial year			
Dividends paid and proposed	8	27.0 (11.9)	21.7 (11.6)
Retained profit			
		15.1	10.1
Basic earnings per ordinary share			
Diluted earnings per ordinary share	10	13.1p 12.6p	10.7p 10.0p
Profit on ordinary activities before taxation and goodwill impairment			
		38.3	31.0

All amounts in the current year relate to continuing activities

Sources : Body Shop International PLC Annual Report 2005

nication. It will be better if the company provides trainers from different culture, and each trainee will teach employees that come from same culture or at least same cluster, therefore it will be easier to address the information and building communication with employees. Additionally, the training centre should add another subject, such as understanding culture differences in order to improve employees understanding of culture differences. As a good alternative, the company could make this as a pre-requisite subject before learning the organization culture. [1]

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Appendix 4

IFE Matrix

Internal Factors	Weight	Rating	Weighted Score
Strengths			
▪ Strict control on core system in production & operation process	0.1	5	0.5
▪ High commitment of business principle in every party involved	0.15	4	0.6
▪ Strategy think global act local	0.1	4	0.4
▪ Human Resources Management development	0.05	3	0.15
▪ Good management (Regular Annual Meeting)	0.025	3	0.075
▪ Implementing two way communications	0.025	2	0.05
▪ Product variety and marketing strategy improvement	0.05	3	0.15
▪ Effective R&D process	0.05	4	0.2
▪ Capability in implementing mass customization	0.05	4	0.2
Weaknesses			
▪ Differences staff & franchisees point of view	0.05	2	0.1
▪ Confusing corporate culture	0.05	2	0.1
▪ Lack of capabilities in enforcing company synergy	0.1	3	0.3
▪ Inconsistent in treating franchisees	0.05	2	0.1
▪ Contradiction in communication and leadership style	0.05	3	0.15
▪ Lack of capabilities in managing cross-cultural communication	0.1	2	0.2
Total Scores	1.00		3.275

EFE Matrix

External Factors	Weight	Rating	Weighted Score
Opportunities			
▪ In expanding to Asian Market especially Southeast Asia	0.1	5	0.5
▪ Exploring natural resources	0.1	5	0.5
▪ In expanding market to Russia and Jordan	0.1	4	0.4
▪ High demand of franchising inquiries	0.1	3	0.3
▪ Attraction of environment friendly concept	0.1	4	0.4
Threats			
▪ Negative public opinions	0.1	1	0.1
▪ Volatility in industry environment (exchange rate and political & economic condition)	0.05	3	0.15
▪ Competitors attack in advertising campaign	0.1	2	0.2
▪ Cultural boundaries	0.1	2	0.2
▪ Appearance of Botanical Garden and Bath & Body as major competitors in US market	0.15	2	0.3
Total Scores	1.00		3.05