

You helped save M&S – here's a £90m thank-you

by Zoe Wood
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MARKS & SPENCER chief executive Stuart Rose is expected to reward his 56,000 staff with a share of a £90m bonus when he announces the store group's annual results on Tuesday.

Rose is planning the giveaway for employees, from senior management to

shopfloor workers, in recognition of their role in restoring the fortunes of the high street stalwart. He is expected to say profits have risen 30 per cent, to their highest level in nearly a decade. If the money were split evenly, it would mean £1,600 for every member of staff.

More fashionable clothing and a much lauded advertising campaign starring Twiggy and other models, including Lizzy Jagger and singer Mylene Klass,



have helped M&S to re-engage with British shoppers who had defected to rivals. Research revealed that they had been put off by frumpy styles and prices that were out of kilter with cheap high-street offerings.

Rose, who has led one of the most cel-

ebrated turnarounds in British retailing, is expected to say profits have gone from £751m a



M&S has revamped its stores and run a successful ad campaign, starring Lizzy Jagger, left. Photograph by Sarah Lee

year ago to £966m. The group will have added an estimated £800m in sales, taking its turnover to a record £8.6bn. Better products, stores and customer service are said to have delivered the improvements. Profits last hit £1bn in 1998 when M&S was run by Sir Richard Greenbury. However, that was followed by almost a decade of decline, during which profits slumped and the chain was almost taken over by TopShop billionaire Sir Philip Green.

The company has stolen market share from rivals such as Next with product innovations such as Magicwear, under-clothes that claim to make wearers look slimmer, and, once again, more than one pound in 10 spent by women on clothes in Britain now goes to M&S. Last year it sold more than a million pairs of Magic Knickers which, some wearers claim, trim up to 4cm from their hips.

M&S has also sought to innovate in its food business. It has opened restaurants and delis in some of its 450 stores and responded to the shift towards healthy eating by removing all hydrogenated fats from its foods. This month it pledged to remove artificial colours and flavourings from 99 per cent of its food by the end of the year to address concerns about food intolerance and children's diets.

Also, from June M&S will become

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the first mainstream retailer to adhere to cruelty-free standards on cosmetics. More than 1,000 M&S beauty products will receive a 'leaping rabbit' kitemark from the British Union for the Abolition of Vivisection in a move that the campaign group hopes will encourage other retailers to follow suit. While most retailers say their cosmetics are not tested on animals, this does not necessarily extend to the ingredients.

M&S is also keen to exploit the sustainable business agenda. At the start of the year it unveiled Plan A, a £200m 100-point plan that includes making the company carbon neutral and sending no waste to landfill by 2012.

Rose is in the midst of a multi-billion-pound store refurbishment that analysts fear could affect profitability in the coming financial year. He is also expected to be cautious about the domestic sales outlook.

Next reported deteriorating sales last week and there is expected to be a fall-out from the four interest rate rises since August for retailers. However, Rose is expected to be more bullish about taking M&S overseas and is thought to be eyeing up shops in Europe as well as emerging markets such as India.