

Louis vuitton company essay



**ASSIGN
BUSTER**

Luxury bags and accessories are now attributed to the company. Leading the business scene of luxurious brands, the 150-year-old producer of travel trunks and leather accessories has changed its course of making high quality bags and accessories. In 2005, reports from the company had shown that in order to make a single “ Reade” tote bag, there should be 20 to 30 artisans. Hence, production was scarce but the demand was high, one thing that affect the annual sales target. To improve their service to customers, the company decided to capture the supply chain process of Toyota Corp. Even though consumers perceive Louis Vuitton as company paid for its quality and art, some less-expensive fashion labels like Zara and H&M have made the business scene and annual income target through filling in their stocks with new products every fortnight.

This production is a missing procedure at Louis Vuitton. Seeing the high improvement made by Zara and H&M, some businesses relying solely on their artists now rethink how they would do business. For instance is Italy’s Gucci group, who now hires some professionals to seek out what consumers like. With Louis Vuitton, a unit of LVMH selling an annual income of \$5 billion, it analyzes most of strategic developments because it makes up half of the profit of LVMH. Though the company rethinks its strategies on manufacture, still, it does not overlook the long time reputation of its goods and services.

It is a principle for most luxury good makers to give importance on quality rather than the law of supply and demand. It utters the so-called “ desirability” of their brands. For example is the Chloe Paddington bag that immediately became popular to the taste of most luxurious consumers, which established the bag as a cult item, more of a hot brand (Passariello,

2006). To employ an improved design, Louis Vuitton shared its company with Marc Jacobs, a well-known designer giving lavish and star-power top style. His designs were mostly at the apparel, which is not the core profit of the company. Hence, the production remains clinging unto the accessory brands like bags, wallet, and suitcases.

Most these products are often on limited stocks. The customers who want Louis Vuitton bags always find themselves on the waiting list for their popular products (Passariello, 2006). Adapting onto the new culture, the company had gained influences from the Japanese company Toyota, making a draft called Pegase, which is named after a mythical winged horse and a brand of Louis Vuitton. In this process, the assembly of bags does not take a lot of time.

Normally, craftsmen in Louis Vuitton have different specializations such as gluing, sewing, and finishing touches. Moreover, this new approach of the company will entitle fast delivery of fashion designs every six weeks, as there would be less waiting procedures concerning workstations. In addition to these improvements, the company already addressed globalization earlier, as it expanded in Japan in the 1980's. Formerly, the company in the 1970's only had a factory in Asnieres, near Paris. Because globalization demands more, the Company continuously bought factories or ateliers in France.

Hence, the average expansion became two factories or ateliers a year. Now, factories of Louis Vuitton amount to 13 based only on accessories. This did not, however, solved the problem on supplies. The company releases a new

style of handbag each season, but the manufacturers, though working overtime cannot immediately produce at a full limit whenever the seasonal bag becomes popular. Thus, whenever there is a cleaned out store, the would-be customers are driven away (Passariello, 2006). Japanese car dealers in producing and changing vehicle orders in a sudden moment had captured Louis Vuitton's attention.

They call this as the “ zero-deficit policy. ” However, such policy may not be possible at Louis Vuitton. For instance, a factory has a number of 250 employees and each employee has a specialization on one of the following: cutting leather and canvas; preparing, gluing and sewing it; making pockets and stitching the lining; and assembling the bag. Thus, flexibility among these employees are somewhat impossible (Passariello, 2006). They call their employee as specialists.

These employees worked on one bag at a time. For example are half completed purses that would sit on carts and moved to another workstation to be completed. Specialization of artisans gave Louis Vuitton a near impossible provision of the zero deficit policy. To address this problem, the company contacted McKinsey to help accomplishing the problem. The group summed down the difficulty, there was too much wasted time. To re-invent the Pegase plan, first is to train one worker of three jobs, then, production process for each product became a divided task so each worker would have an ample time to finish one product.

In addition, the factory floor was reorganized by mimicking the team format of Japanese electronic makers. Louis Vuitton rearranged their worker in 6 to

12 workers depending on the complexity of the task. Maximum efficiency has made Louis Vuitton arrange the workstations into U-clusters. Workers passed products around the cluster passing each bag or wallet from one worker to another. Changes made were mostly on the production team due to a consistent demand in increased supply (Passariello, 2006).