

# Mgt answer the question in the attachment

[Business](#), [Management](#)



1. In no more than two sentences, describe what is happening to Liz Claiborne? Liz Claiborne, in the face of losses over the past few years, has decided to restructure their operations with respect to size of the workforce and brand portfolio, essentially trimming down on expenses.
2. Based on what you read, describe the strengths and weaknesses of the Liz Claiborne company before October 12.

#### Strengths

The strengths of the Liz Claiborne Company happen to be the three brands that were retained after the trim down, namely Kate Spade, Lucky Brand and Juicy Couture. Not only are they positioned for the higher market segment which remains profitable during low consumer spending, but they also perform relatively well in their own rights monetarily.

#### Weaknesses

Weaknesses of the company include massive debt and overheads from now defunct brands whose discontinuation will be reflected positively through lower expenses on their income statement and other financial statements in the next financial cycle.

The size with respect to work force and operational efficiency also need major overhauling to ensure lower costs against revenues.

3. What are the internal or external factors that explain why Liz Claiborne is taking the action it is taking.

The Liz Claiborne Company's plan of action has been to trim down on organizational size with respect to work force and brands. The three brands which were retained were all priced as high end, affordable apparel which is currently safe from the disinterest of the consumers.

It's actually the middle tier apparel industry which was taken aback with penny wise consumers and so Liz Claiborne decided to sell those unprofitable brands to companies like J. C. Penney Co. and Bluestar Alliance. The renaming of the company is justified too, considering that the Liz Claiborne brand was sold along with the other unprofitable lot.

4. Is the action being taken by Liz Claiborne strategic? Explain your answer.

Yes, the action being taken by Liz Claiborne is most definitely strategic.

They've given a lifeline to the company by trimming its burden of many loss-enduring brands and thus shaking off massive amounts of debt.

They've adopted more focused corporate policies by emphasizing on and nurturing their set of brands which are in the most profitable of segments- higher end, affordable apparel.

These moves have also touched investors the right way. Share price of Liz Claiborne rose by 32 cents, equivalent to 3.8%, to \$8.59 after the sale of Liz Claiborne and Monet Brands to J. C. Penney Co. was completed on the 2nd of November, 2011.

Also, the company has announced that it will be renamed following the sale of the Liz Claiborne brand itself. This move is aimed to give fresh wind to the company, both in lieu of investor and consumer relations likewise.