L.l bean case study sample

Business, Company

L. L Bean

L. L Bean Co. is essentially an entity that trades based on the catalog forecasts. In that context, it has to properly focus its supply so as to blend with the demand. It equally has the duty of ensuring customer satisfaction. L. L Bean has been employing the inventory forecasts system. Indeed, it has noted with concern that the approach it traditionally uses could be their undoing. This is because, the company losses so much in lost sales. According to the records, the company losses approximately $ 11 million annually related to the lost sales and backorders and losses another $ 10 million due to wrong inventory. In that context, it is necessary that L. L Bean identify its problems and develop mechanisms for the solution of the same. This paper shall discuss some of the problems and recommend possible solutions for implementation by L. L Bean.

One reason adduced for the forecast errors is the competition, the economy and weather. Indeed, it is imperative for L. L Bean to ensure it can effectively address the three. Foremost, concerning the economy, the company having identified its target market should limit its production and service to the reach of the target market. In other words, this is to say the company ought to develop only the products that the potential market would be able to afford despite the grueling economic conditions. This may include redesigning their models so as to do away with unnecessary designs and accessories that essentially increase the costs of the product. Secondly, concerning the competition, the company has to develop ways of staying ahead of others. As is captured in the case study, one loophole that perhaps lends the clients away to the competitors is the issue of missing products. It is often the case that customers who walk in and or place their calls to make orders retract upon discovery of missing items. The company needs to solve this challenge by ensuring an all-round presence that satisfies as many clients as possible. In addition, the company needs to cut on its production time. As observed, the lead time is as long as between 8 to 12 weeks. This in this paper's postulation is too long and could easily lead to loss of clients to aggressive competitors. It is thus imperative for the company to work towards shortening the lead time.

In addition, the company could consider implementing the just in time model. Under the model, production is effected within hours of ordering. Indeed, such is possible given that the materials necessary can be pulled and production set up immediately. Lastly, the company blames the weather for the poor forecasts. Indeed, the catalog options consider the seasons attesting to the importance of the weather in the overall work arrangement. However, while this approach could have been beneficial to the company, the changing trends cannot allow for a continuous application of the same. In that breadth, it is this paper's submission that the company changes its basis of the catalog. Relying on the weather should be the last resort only adopted in the absence of any alternative.

In addition, the company tends to put the blame on its employees responsible for strategic decisions. These employees from their contributions in the case study tend to feel that the company should understand the fact of forecast errors. Indeed, the paper supports this argument. Predicting and forecasting have never been 100% even for the most accurate firms. However, it is imperative for the company to perhaps change the models for prediction so as to realize more accuracy as opposed to the prevailing situation.