Management decisions and control

Finance

Management Decisions & Control: A Case of Lululemon limited. Your full s of Department Lululemon limited was founded by Chip Wilson who had twenty of years of experience operating a snowboard, skate and surf company. This was following an observation made while taking Yoga classes later in 1990 that cotton clothes that in use for sweaty and stretchy power yoga were not appropriate. Wilson had a lot of passion for athletes' wear and this was he transformed into a small workshop to design apparel which became a yoga studio. He had a goal of running a store in Vancouver and the main motivation was his consideration for personal lifestyle. The company has indeed grown to become a market leader in the retail of sports apparel from a really humble idea.

The quest for growth which is majorly motivated by the company's marketing design of maintaining retail stores as well its good business environment has come with a number of challenges. The company has in the recent years grappled the control problems ranging from quality control to management control and these issues have come with significant image considerations. Another very important problem the company has to and continues to face revolves around the supply chain owing to its vast network of stores which are located in very different locations. The company's business proposition identified it as a home of solutions for athletic and sport apparel increasing sales considerably as well as growth but this may have misguided the growth strategy. The company recorded a very fast movement of products in some cases merchandise getting out of stock in stores within just three days.

The rapid expansion also placed significant amounts of pressure on the supply chain; many stores were opened rapidly to increase presence and brand visibility and some of the stores were in total very bad locations with little sales are no demand for merchandise at all. Managing the inventory continued to be the most pressing problem that the company had to fix in a time when its stock price had started declining, sales had significantly gone down and competition was it its peak. Those stores located in the coastal regions for example frequently ran out of stock for smaller sizes of merchandise and this negatively impacted on sales, image and customer trust. At the same time those retail stores in other places for instance in Midwest recorded high sales in terms of large sizes of merchandise which also was fast going out of stock. This meant the company had a constant challenge with the management of its inventory and this inventory related had negative image on distribution of merchandise which in turn was hurting to the customers who could visit stores and fail to find their best fits. This favored its competitors who had the same sizes for the customers who would not fail to get their fit in Lululemon stores and did want to make subsequent visits to the stores (Tushman, 2010).

The company’s new CEO Christine Day after taking up office identified and acknowledged this as one of the main challenges hurting Lululemon’s business thus must be sorted out completely to ensure no stores ran out of stock for some sizes of apparel if the dream of increasing stores whilst growing capital position to $1B was to be realized. She new the company’s recent decline in sales was not only as a result of the macro environment but also an operational one surrounding the inventory mainly thus the company had to spend $1 million on a new web site for direct sales. Operational efficiency is therefore an important aspect of any business and it can either affect customer experience positively or negatively depending how a company runs its operations.

List of References.

1. Aili McCannon. (2008) Lululemon's Next Workout: Can Christine Day Broaden the Yoga Clothier's Appeal? The McGraw-Hill.

2. Michael Tushman. (2010) Leadership, Culture, and Transition at lululemon. Harvard Business School.

3. Hollie Shaw. (2014) Lululemon Athletica Shares Tumble after Retailer Issues Profit Warning. Financial Post. Retrieved at http://business. financialpost. com/2014/01/13/lululemon-athletica-shares-tumble-after-retailer-issues-profit-warning/