

Laura ashley analysis essay



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Laura Ashley Laura Ashley's (LA) performance in the recent years leading up to 1999 was poor it was bleeding from its North America operations and was not doing well on the whole.

Even after with MUI's injection of cash, the company was still making a loss which resulted in banks not willing to provide additional funding. LA's situation can be described as a sinking ship and without the additional funding and drastic measures to control the damage, the ship will sink.

Reasons for its poor and deteriorating financial performance. LA's deteriorating performance arose from the recession in the UK from 1989-1992. The company failed to predict this and through its forecasts, had expected its expansion to continue (i.

e. acquisitions of other brands). This was partly due to the success of its public offering and the fact that the company had 30 years of steady, solid success. And because of the overexpansion, Laura Ashley had to close down or sell some of its non-core business and plants which was costly as it was a family oriented company with generous employee benefits which in turn means high operating costs.

The series of management changes had an impact on the performance of the company. LA had 5 different CEOs from 1991 to 1999 and each CEO had different view points, strategies and ideas on how the company should be ran. LA had also over diversified itself by selling a variety of different products and in the process losing its focus. This is also be contributed the views of the different CEOs. (i. e.

Jim Maxmin believed that Laura Ashley's real strength lay in its quality as a brand, rather than its status as a retailer but David Hoare believed that the company should focus more on retailing which to him was Laura Ashley core competency. This can also be seen when David Hoare went to undo most of Ann Iverson's strategies.) The company also failed to foresee the heavy costs of acquiring other brands. Each CEO was also given little time and most of their strategies were not completed before they were replaced.

This might result in the organization not taking each CEO seriously and this also creates ambiguity which unsettles staff. The company also had a poor an inadequate allocation and distribution system. This can be shown when the delivery of its 1989 autumn range was 3 months late and the overproduction of catalogs in 1989. LA also failed to rein back when it began to find itself in financial trouble, it spent even more; borrowing from banks reached unmanageable proportions, and profits first dropped then disappeared. This is shown when the company continued to invest in the US even though they had been losing money.

SWOT analysis for Laura Ashley Figure 1: SWOT analysis for Laura Ashley

Strengths •Branding – Enjoys high brand equity. •UK market – Core market

•Online presenceWeaknesses •International operations (Especially US Market) •Supply chain weaknesses •Distribution Costs – Above industrial standards. •Range of offerings – The Company's management have divested quite a substantial part of the business and concentrated on limited offerings. Opportunities •Re-structuring – Mr. Cheong •OutsourcingThreats

•Divestment – Overly diverse. Lauraashley.

com, (2008), About us: Origins, [Online], Available at: <http://www.lauraashley.com/page/origins> [Accessed 17 August 2008] Laura Ashley annual report, (2008), Annual report and accounts 2008, [Online], Available at: <http://www.lauraashley.com/page/companyresult> [Accessed 17 August 2008] Webmaster (2008), Laura Ashley [Online] <http://www.lauraashley.com>

wikipedia.org Available at: http://en.wikipedia.org/wiki/Laura_Ashley [Accessed 17 August 2008]