

# Levis jeans case study examples

[Business](#), [Company](#)



- How Levi achieved business success with application of SCM.

As a result of Levi's inefficiency in managing its supply chain, the business faced operational and performance challenges that greatly owed to a poor SCM system. However, an update of the system in order to meet the need of having an efficient system as a supplier to Wall mart enhanced performance. In that respect, Levi's success can be attributed to SCM's application as follows.

- The business needed to reach and sell to the mass market for its low end brands. This required an upgrade of CSM systems in order to have access to Wal-Mart where the low end market customers preferred to shop for their ease access of suitable brands at low prices.

- Levi used SCM to drive costs down in order to be able to sell its brands to customers at low prices compared to competitors. As a pioneer of SCM, this enabled Levi to compete for the low end market for its jeans.

- The system helped Levi in tracking their goods' movement in the supply chain enhancing their supply management through controlled production and effective supply planning.

- The system's application with an example of the established digital dashboard that was developed for executives' ease access of supply chain data also helped Levi in controlling production depending on the market demand. In addition, the system helped them in varying supply during different seasons like back to school and Christmas seasons. (Baltzan & Philips, 2011, 164)

- What could have happened had Levi not applied SCM

The key problem that faced Levi was the loss of market to competitors due

to lack of access to the suitable market and customers. This greatly owed to the ineffective supply chain hence a need to upgrade its SCM that eventually paid off. In that respect, a lack of SCM's application could have resulted into:

- A missed opportunity of doing business with Wal-Mart which required its suppliers and partners to have effective SCM systems not only with them but also with their suppliers. This could have meant that Levi could not have the benefit of accessing a key market that Wal-Mart has for low priced brands.
- Levi could have lost the low end market to competitors for the ease of access that they had through distributors like Wal-Mart.
- As a result of poor production and supply control, the business could have not been able to meet market demand or could produce excess goods both of which could affect sales performance as well as cost management.

(Baltzan & Philips, 2011, 164)

- Relationship between SCM, MIS, Finance and Sales areas.

Among the key functions of business areas is enhancing performance in order to achieve business success whose underlying driver is maximizing sales. In that respect, Finance, MIS, and Sales areas closely relate with SCM in that SCM requires finances commitment as it drives finance performance. On the other hand, the sales function require effective sales forecasting in order to plan for future demand and supply which in-turn affects the finance area through performance. In addition, MIS ensures there are suitable information systems in place to enhance supply chain information flow as well as data processing in order to achieve SCM's objectives. (Baltzan & Philips, 2011)

## **How SCM helps to support the areas.**

In its application, SCM seek to enhance efficiency that has positive effects on all the other business areas including the MIS, finance and sales. In that respect, SCM seeks to drive effective sales' forecasts hence enhancing the sales volume and ability to meet market demand. On the other hand, SCM through its sales enhancement enhances the finance area's ability to achieve finance performance objectives. Finally, SCM is a crucial aspect of MIS function which helps in providing necessary information and data through suitable tracking of the market and supply chain data and information. In that respect, the system provides crucial information and links that enhance MIS operations. (Baltzan & Philips, 2011)

- Basic SCM components in reference to Wal-Mart Business Model.

An effective supply chain management system like the one applied by Wal-Mart seeks to manage the relationship between diverse partners in the supply chain including the suppliers and their suppliers, manufactures, customers and customers, marketers as well as logistic firms and assemblers. In that respect, Wal-Mart being a business that plays a distributor function has an SCM system whose components can be defined to include:

- Planning stage which is the most strategic with its ability to affects the business' effectiveness. In this, Wal-Mart seeks to establish strategies for managing supply chain to deliver quality to customers in a less costly manner.

- Sourcing in which Wal-Mart seeks for the suitable suppliers capable of delivering value to customers as well as developing appropriate measure

metrics for measuring supply chain effectiveness in order to effectively manage the relationship with suppliers. This is a continuous process for Wal-Mart as it always seeks how to get what it is currently selling at the lowest price.

- Making component for Wal-Mart involves the service delivery through which it ensures effective service delivery by its workers as well as in ensuring that customers get the goods at the right place, package and time.

- Delivering process through which the Wal-Mart receives and processes its customer orders as well as delivers goods to them in addition to invoicing them.

- Returning component for Wal-Mart involves dealing with return of defective and damaged goods that customers take back. The process entails processing the return to deliver appropriate goods to the customer. (Baltzan & Philips, 2011, 152)

- Future trends for SCM and how Levi can use cut edge information systems and technology to increase its business operations.

The future of the SCM is subject to various factors including instrumentation, interconnectedness and involved intelligence which are meant to be dynamic as the business world changes. For example, increasing globalization brings with it a need to serve customers in a global context; SCM needs to address a wide range of aspects including different cultural effects on demands which requires different approaches in all the three aspects. In addition, technology advance is increasingly enhancing the ability to capture timely information on goods flows hence provide effective forecasting. (Baltzan & Philips, 2011, 162)

In terms of technology's application in increasing business operations, Levi can apply more real-time forecasting systems that will allow it establish market demand for its goods in order to produce suitable quantity that meets customer needs while addressing the cost factor. In addition, Levi can apply technology systems in capturing and accessing customer details and data in order to enhance its planning and branding in order to establish new brands and enhance existing ones to meet customers' needs. This can be applied through systems like the point of sales systems. (Baltzan & Philips, 2011, 162)

- Potential security and ethical issues for businesses working with Wal-Mart. The relationship between Wal-Mart and its suppliers presents a seamless information link with Wal-Mart having access to suppliers information that could be critical in their operations and business model. In addition, the other suppliers and partners that Wal-Mart requires a business to have an SCM with can have access to crucial business information. In that respect, businesses could risk losing business secrets and key information in case on an ethical conduct on the suppliers' of Wal-Mart's side. On the other hand, Wal-Mart is continuously seeking to get suppliers for their quality goods at lower prices than they get at the moment. This could present a challenge to businesses working with them driving them to engage in unethical competitive behavior in order to gain partnership with the business. This could involve under-pricing their products or using unethical production means like low wages and salaries in order to cut their production cost. (Baltzan & Philips, 2011, 90)

## **Reference**

Baltzan, A. & Philips, K. (2011). (3rd Ed.). Business Driven Information Systems. New York: McGraw/Hill.