

Case study: new balance athletic shoe, inc.

Business



The Aids-Rebook transaction has Intensified the competitiveness In the market. New Balance' s focus on the N.

B. Annihilative has shown some success and a high level of employees' Implication. However, new adjustments are very required In order to take the challenge of maintaining, or Improving Nab's position In the market. New Balance has a distinct business model: In terms of marketing, advertising expenditure was the lowest in 2005 compared to the other competitors; the company puts its energies and money rather into research, design, and domestic manufacturing.

Production is to fully off shored (N. B.

is manufacturing-and-operations-based In fact, design is the key component and shoes are made in multiple widths, because N. B. believes that fit is a critical performance characteristic. Thus, design still needs to be improved and emphasized from being conservative for a long period of time. In terms of sales and distribution, N.

B. is mainly focused on smaller retailers (as foot locker running specialty shops and other independent dealers.

However, the company tried to give to both small accounts and large account a lot of attention to respond to their need to be successful. Unlike the other operators, N. B. relied on a sales force composed of independent and exclusive to N.

B. agents. Those agents are compensated through a commission per sale and are not directly related to N. B.. In order to speed the ordering process and manage the product flow, N.

B. launched an automated system that permitted sales representatives to place direct orders remotely, access the company's inventory information, and check on delivery status.

As mentioned before, N. B. outsourced 75% of the production in Asia where the labor costs is less expensive, and assembled the remaining 25% in one of the Nab's factories.

All raw materials used were imported from China. Thereby, the company tried to build a strong and close relationship with its partners, focusing on lead-time optimization. For the Devises, a key to operations improvement is improving the production process, which is the reason why manufacturing employees had to go through a specific selection process.

The employees are also placed in a training team for six to eight weeks supervised by an experienced one called "buddy". Once trained, employees can do two to three jobs on teams. As for the New Balance Execution Excellence (N.

B.) Annihilative, the key re-orientation was to reduce the time between a retailer's order and delivery. Moving from batch production to pair-by-pair flow is thus an essential component in the initiative in order to reduce the inventory cost. For N. B., the problem wasn't in operations, but actually in executing the operations consistently.

Case Study: New Balance Athletic Shoe, Inc. By Oceanside New Balance has been one of the top five producers of athletic footwear in the world has created a new rival for Nike in terms of size, and has boosted Disdain's shares in the US. In fact, The U. S. Athletic shoe industry is considered to be a very fertile land. The demand is constantly growing, especially that producers are now suggesting an Aids-Rebook transaction has intensified the competitiveness in the market.

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