

Case study of levi strauss



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Levi Strauss Co, is one of the worlds best leading branded apparel companies. The company designs and markets jeans, casual and dress pants, tops, shorts, skirts, jackets, footwear and related accessories, for man, women and children under the Levi's, Dockers, Levi Strauss & Co and Denizen brands. Mr. Levi Strauss (the founder of the company), has commenced the business in 1853 San Francisco and enter into the innovative jeans market in 1873. The company markets its products in three different geographic regions such as, America, Europe and Asia Pacific. (Source: www.levistrauss.com)

This assignment is emphasis to understand the organisational strategic plans while assessing process of developing strategic elements of the plan and evaluate the plan for the future directions. Further it has assessed the strategic effects on an organisational plan by focusing the implementation and effect of the impact on stakeholders. In addition that it was trying to develop a strategy to communicate the organisational plan while concerning the stakeholders. Finally it has emphasised to evaluate the implications of the organisational plan for operational areas while concerning the creation of action plan and evaluating the effect of changes on an operational area.

Part – 01

Outline

According to this chapter, it is trying to understand the organisational strategic plans while concerning the processes of developing strategic elements of an organisational plan along with the assessment of the strategic elements and evaluation of organisation plan for future direction.

1. 1 The process of developing strategic element of an organisational plan.

According to the Abraham (2006, pp. 11-12) Strategic planning is the process of developing a strategy to achieve certain purposes. As per the views of the Sadler (2003, pp. 9-13) followings can be identified as strategic elements of an organisational plan.

Purpose / Mission Policies

Defining what business the company is in Defines what kind of company is it

Objectives / Goals Strength & Weaknesses

Opportunities & Threats Key Success Factors

Key decisions Capabilities / Competencies

Planning & Scheduling Implementation

Sustainable Competitive Advantages

Therefore it is important to identify the process of developing strategic elements of an organisational plan to serve their purposes. In that case, it should be clearly stated the purpose of the organisation under the mission statement. In other hand it should address the business which is performing now. Then it is necessary to set their goals and objectives specifically.

Further it is required to analyse external and internal environment in order to identify the strength, weaknesses, opportunities and threats. After that it is important to address the key success factors. Then it encourages to analyse the key decisions which going to be adopted in the organisational plan.

Assessment of core competencies also important to face the competition in a dynamic environment. Then the planning should take place. Finally the implementation process should be performed in order to gain sustainable competitive advantage from the market.

According to the Levi Strauss case is concerned, it has applied the objectives and strategies based on the market surveys. But which wasn't following the proper process of developing the strategic elements of its plan.

1. 2 Assessment of Strategic elements which effect organisational plan.

According to the strategic elements is concerned, followings should be noted for those will be effected on organisational plan.

Purpose / Mission

According to the Morden (2007, pp. 20-23) mission statement specify what the organisation is about, what its value and what its purpose is to be.

Therefore it is required to set optimum mission from the beginning of the strategic planning process. As per the given case it's clear that Levi's in the jeans market and they look into exploring diversification to expand into the other areas.

Objectives / Goals

As per the Hill & Jones (2008, pp. 16-19) states that the objective is the precise and measurable desired future states that a company attempts to realise. According to the Levi's objective is concerned we can identify that it emphasised to move into the higher priced clothing market to attract new customers to the Levi brand.

Strength / Weaknesses / Opportunities / Threats (SWOT)

According to the Masson et al (2010, pp. 33-36) SWOT analysis is concerned it is really important to identify the strengths, weaknesses, opportunities and threats of the organisation in order to match with its' strategic objectives & goals. This will essentially gain competitive advantages from the market. Since giving case this has not addressed before setting their strategic plans. But it is required to assess by evaluating internal and external environment.

Key Success Factors

As per the comments of Sadler (2003, pp. 11-13) the key success factors are the things that a business must be able to do exceptionally well to achieve a leading position in a particular market. In the given case Levi's should concern the following key success factors in order to achieve its objective,

Accurate and rapid feedback from consumer research.

Correct selection of target market.

Innovations & new products.

Accurate selection of distribution channels.

Quality of the products.

Key decisions / Strategies

According to the view of Pearce et al (2008, pp. 41-43) strategic decisions are ones that are of fundamental importance to the organisation. As per the Levi's case we can see that they have taken steps to diversify by moving from the jeans market for shoes, shirts and shocks market. Further it has

taken steps to introduce “ Tailored Calassics” a range of high quality wool suits, trousers and jackets. Further, Levi have been set their prices by 10 % above for those products and select quality department store chains to distribute such products to the customers.

1. 3 Evaluation of an organisation plan for future directions.

According to the Morden (2007, pp. 23-26) strategic planning is concerned with how the organisation proposes to map out and manage its involvement in the future time periods to which it is committed. As per the Abraham (2006, pp. 11-12) strategic planning is the process by which one develops a strategy to achieve certain purposes. According to the Alkhafaji (2003, pp. 11-13) strategic planning has four main purposes. Such as,

Find, attract and retain the customers.

Ensure that company is providing the requirements of its customer's what they really need.

Sustain the competitive position.

Utilisation of company's full strength to achieve competitive advantages.

As per the Levi's case is concerned , we can see that they have made plans on selecting target market , distribution channel, price level, the quality of the products and changes made to the marketing plan by gathering psychologist informations as well.

In Levi's case, we can see that some circumstances of the company's strategy have not matched with the customers' need. The selected target

group of men falling with two main misgivings such as, they think that the garments would be standardised only & not provide the individual tailoring they wanted and even though some believes Levi's produce quality suits, but they were uncomfortable with the Levi's name for suits. In this case, it is revealed that even though the marketing team responded to that issue, expected sale were not achieved.

This incurred due to the mismatch with organisation plan & the requirement of target market segment. Because selecting group has more keen to shop at independent stores & 46% people keen on wool blend suits. In such case company is unable to address those important aspects of the customers instead of providing uncomfortable suits and used the departmental store chain to distribute the products. That has resulted to drop out of selling price & sales volume.

In the case of the future direction of the organisation is concerned, the Levi's has to be more sensitive to the customer's requirements, changes of customer choices, distribution channels, range products. In other hand, it has to concern with the shopping behaviours of the customers. Because some customers are shopping with their girlfriend or wife. So that, it should identify the potential market opportunity of there. Based on the environmental changes & behavioural change organisational plan should be adjusted to match with the organisational objectives and customers' needs.

Part – 02

Outline

As per this chapter, it has emphasised to understand the strategic effects on an organisational plan by concerning the implementation of an organisational plan and the effect of the impact of an organisational plan on stakeholders.

2. 1 How an organisational plan will be implemented.

According to the Kazmi (2008, pp. 309-312) strategic plan implementation concern the managerial exercise of putting freshly chosen strategy in place. Further, as per the Semerson (2011, pp. 234-240) strategic plan implementation can be identified as the process through which a chosen strategy is put into the action. Therefore the following process can be applied to implement the strategic plan for an organisation.

Activating Strategy

According to the Kazmi (2008, pp. 309-312) Activation is the process of stimulating an activity. This required to follow the following set of activities. Such as,

Institutionalisation of strategy.

In this case, it is required for communication of strategy among the organisational members and getting the acceptance of strategy by the members.

Formation of derivative plans and programmes

In that case it is important to evaluate the action plan, programmes, budgets and procedures

Translate of general objectives into specific objectives

Here it is required for transformation of the general objectives into very specific and selective objective.

Eg: As per the given Levi's case it can be identified as translating from moving into the higher priced market for men's clothes to introduce "Tailored Classics" a range of high quality wool suits , trousers and jackets.

Resource mobilisation and allocation.

In this case, it is required to allocate the tangible resources such as financial, physical and human resources as well as intangible resources such as technology, innovation and reputation in a systematic manner.

Achieving Synergy

One of the goals to be achieved in strategy implementation is synergy between and among functions and business units. According to the Ritson (2011, pp. 179-183) synergies can take place in following forms. Such as,

Share know – how

That means, sharing the knowledge within the organisation

Coordinated strategies

Shared tangible resources.

Economies of scale.

Pooled negotiating power.

New business creation.

Eg: Levi's can enter into the high priced clothes market by targeting women segment also to cater the wives & girlfriend those who shopped with their husband or boyfriend in the earlier selected target market.

An implementation based on the Organisational Structure

In designing a structure to support the efficient and effective accomplishment of organisational goals. As per the Ritson (2011, pp. 183-188) this can be identified under the following structures.

Simple Structure

Such as small entity structure

Functional Structure

Such as strategic level, managerial level and operational level structures

Divisional Structure

Such as separate business units or divisions.

International Structure

In the case of Levi's is concerned it is ideal to apply this structure since it is a multinational level organisation.

2. 2 Effects of the impact of an organisational plan on stakeholders.

According to the Freeman (2010, pp. 24-38) stakeholders of an organisation can be identified as any group or individual who can affect or is affected by the achievement of the firm's objectives. These stakeholders can be summarised as follows,

Owners (Shareholders) Customers Employees

Government Competitors Suppliers

Local Community Organisations Consumer Advocates Environmentalists

Media Policy makers Researches / Students

In the case of effect of the impact of an organisational plan on stakeholders are concerned, as per the John et al (2002, pp. 45-49) it can be identified in different ways. Such as Corporate Social Responsibility, Corporate planning, organisation theory and the system theory. According to the given case study of Levi's is concerned , we can identify the effects of the organisational plan on stakeholders under the following way.

In this case, Levi's trying to expand and diversify the business to generate the higher profitability and acquiring the higher market segmentation by their innovation to the market. So that we can assess the effect of such plan on their stakeholders in different ways.

Owners (Shareholders)

According to the owners' perspective is concerned, they are willing to obtain higher dividend , higher return for their investment and security of the investment. So that Levi's new strategic plan will be resulted to improve their expectations.

Customers

As per the customer's perspective is concerned they are more keen on to get new clothes under different fashions with innovation and comfortable with what they need. But if Lev's failed to supply said products to the customers , they will lose their expectation.

Employees

Due to the expansion of the business operation will show good sign to the employees that their jobs will be secured. But if the company does not perform well it has a risk of loosing their jobs as well.

Government

If the company performs well under this new plan it will result to increase their tax liability as well. Since it will be an income the government. In other hand they are monitoring about the company's operation to ensure whether they are following common rules & regulations imposed by the government or not.

Competitors

Competitors's are in more alert with the new innovations, strategies done by the Levi's since it will affect their market share and competition will result in a reduction of their profitability as well.

Suppliers

Suppliers are receiving new opportunity to increase their material supply to the Levi's to gain higher income. Since they may have assurance that payments will receive on time due to this new plan of the Levi's.

Researches / Students

Research organisations are willing to study the market & consumer behaviours due the new plan of the Levi's. In addition that they also can take part in Levi's research programmes to gain income as well.

Environmentalists

To check whether Levi's following an environmental protecting procedures during their manufacturing process.

Media

To provide media coverage and advertisement for the company in order to promote the company's brand while collecting income.

Policy makers

To implement new policies on the economy and market based on the activities of the company and study the decision patterns of the company.

Consumer Advocates

To check whether Levi's following rules and regulations imposed by the consumer authorities in due manner or not.

Part – 03

Outline

According to this chapter, it has emphasised to develop a strategy to communicate an organisational plan to its key stakeholders.

3. 1 Strategy to communicate an organisational plan to key stakeholders.

As per the Freeman (2010, pp. 24-38) developing a strategy to communicate the organisational plan to the stakeholders are concerned, it will result to achieve organisational goals & objectives and help to improve operational effectiveness as well.

According to the Ritson (2011, pp. 26-29) following stakeholder communication plan can be implemented to communicate the organisational plan to the stakeholders.

Define the communication objectives.

That means, what the company is needed to be achieved in the future. Such objectives should be specific, measurable, achievable, realistic and time bound.

Eg: As per the Levi's case, communication objective can be stated as,

" To become most exceptional and most establish clothing firm by providing innovative products to ensure our customer satisfaction. "

States key message regarding the company.

Here it is required to understand what the key information which need to communicate to the stakeholders

Eg: As per the Levi's case, key message can be stated as ,

To introduce “ Tailored Classics” , a range of high quality wool suits , trousers and jackets.

Select the key stakeholders.

Here it is required to select the key stakeholders and should be prioritised based on the importance to the organisation.

Eg: As per the Levi's case, key stakeholders can be stated as ,

01- Customers / 02 Suppliers / 03- Media / 04- Environmentalists / 05- Local Community Organisations

States additional key messages which relate to each stakeholder group.

It is essential to mention the additional key messages apart from the key message which addressing to the stakeholders.

Eg: As per the Levi's case, additional key messages can be stated as ,

- We are providing most comfortable clothing to the customers.
- Levi's ensure the environment friendly washing methodology.
- We are providing top quality materials for our clothes.

Use effective communication tactics for stakeholders.

In this case it is required to identify most suitable communication methods to address the stakeholders.

Eg: As per the Levi's case, communication method can be stated as,

Newspapers / TV commercials / Posters / Cut outs / E mail marketing /

Facebook advertising / Web advertising / Brochers / Handbills

Allocation of budget and responsibilities.

Here it is necessary to allocate funds for the communication plan for selected stakeholder groups.

Eg: As per the Levi's case, budgets can be stated as,

Media – \$ 5 Million

Customers – \$ 2 Million

Suppliers – \$ 0. 5 Million

Adapting the plan and assessing the results.

In this case it is required to implement the communication plan by selecting relevant stakeholder groups and required to evaluate the results of the plan at the end.

Part – 04

Outline

As per this chapter, it is trying to evaluate the implications of the organisational plan for operational areas while concerning to create an action plan for implementing planned changes in an operational area with evaluation of the effect of changes on an operational area.

4. 1 Action plan for implementing planned changes in an operational area.

According to the Stead, (2004, pp. 105-110) functional level strategies are designed to accomplish short run objectives that in turn lead to the achievement of organisational goals. Further Daft (2009, pp. 245-247) emphasis that functional level strategies involves all of the major functions including finance , research & development, marketing and manufacturing. Therefore it is required to identify the action plan to implement the planned changes in the operational areas.

According to the King (2004, pp 23-25) action plans are marching orders and provide very specific directions. Further Bryson (2005, pp. 297) emphasise that an action plan is the plan for the day to day operations of a business over the one year period. It includes a prioritised list of projects as well as plans for the project that have been funded. It should be reviewed and updated on weekly.

As per the Bryson (2005, pp. 302-305) action plan should consist following areas. Therefore, we can be suggested the following action plan, in order to implement planned changes in an operational area. Which are as follows.

Specific expected results, objectives and milestones.

- Moving into the higher priced market for men's clothes.
- Focused on “ Tailored Classics” , a range of high quality trousers and jackets.

Roles and responsibilities of implementation bodies, teams and individuals.

- Functional Level Managers.

- Evaluate the target market & identify the possible opportunities.

(Marketing)

- Ensure the comfortableness of wool suits & other clothes. (Manufacturing)

- Allocate the funds on manufacturing and marketing (Finance)

- Sales Persons

- Improve the marketing and sales promotional work.

Specific action steps.

- Functional Level Managers.

- Evaluate the target market & identify the possible opportunities.

(Marketing)

- Ensure the comfortableness of wool suits & other clothes. (Manufacturing)

- Allocate the funds on manufacturing and marketing (Finance)

- Sales Persons

- Improve the marketing and sales promotional work

Schedules.

- Weekly basis reports should be prepared to assess the progress in all the areas. (Marketing / Manufacturing / Finance)

-Monthly / quarterly evaluations should carry out each and every month end & quarter end.

Resource requirement and sources.

-Manufacturing , Sales & marketing , cash and master budget should be prepared in order to identify the resource requirements.

-Retained profit can be re- invested in this plan. If it requires further funds, a bank loan is recommended.

A communication process,

-The Stakeholder Communication Plan should be used to address the potential and Existing stakeholders.

-Advertising campaign also to be carried out.

A review and monitoring process,

-Functional level managers should report to the business level & strategic level managers to evaluate the outcomes in weekly basis.

-Corrective action should be taken immediately, if it requires.

Accountability processes & procedures,

- Accurate financial statement should be prepared to comply with IFRS.

4. 2 Effect of changes on an operational area.

According to the given case of Levi's is concerned, it's operational areas and responsibilities have been changed after implementing the action plan.

Therefore it is required to evaluate the effect of changes in operational areas of the Levi's. Which can be summerised are as follows,

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Manufacturing

Due to the new changes of strategic planning, manufacturing schedules & budget has been changed. Production volume has to be increased while economies of scales should be measured. The manufacturing budget also to be increased to comply with the new demand & innovations.

Marketing & Sales

Marketing plan & sales plan should be changed and it has to be focused on selected target to increase the sales volume & profitability of the Levi's. New marketing strategies and advertising campaigns should be tested to achieve the targets.

Finance & Accounting

As a result of expansion of the operations, accountability work has to be done in a proper way. Required reports, financial statements should be up to date, in order to take accurate decisions to the top level management. Resource allocation should be done in a systematic way, by analysing the fund requirements. Sources of finance should be selected based on the minimum cost outflow by the company to cater to the new expansion of operations.

Human Resource Management

New recruitments to be done to strengthen the workforce of the Levi's with the new expansion process. Proper training programmes to be arranged in time to get the efficient & effective works from the staff.

Research & Development

Time to time, researches should be conducted to identify the market trends and changes in customer behaviours.

Conclusion

According to the detailed analysis of the Levi Strauss Case study is concerned, we have been assessed it in a systematic manner. Further, it has evaluated the strategic elements of an operational plan, stakeholder analysis, setting communication strategy. Finally it has analysed the action plan to achieve the desired objectives and goals of the Levi Struss & Co. Therefore it has clear that, company needs to follow proper & systematic strategic plan to achieve its objectives in the short term as well as in the long term.

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