

Laura ashley and federal express strategic alliance essay sample

[Economics](#), [Globalization](#)



The basic agreement between the two companies, Laura Ashley (LA) and Federal Express' Business Logistics Service (BLA) is, to work together and develop each other business. This is done by, BLS handling the global distribution of LA and there by BLS utilizing all of its capabilities on a global basis, to refine its own skills and open up large new potential market for the future. Though, there are many laudable things about the agreement like, how both the companies want to keep the partnership an open book, simple and straightforward with no secrets and surprises, there are few things that needs to be contradicted. Making the alliance with " loose structure", leads to inconsistencies when there is a need to incorporate any changes in the future. For example, both the companies are dependent on each other based on the trust and mutual understanding, but if any change in leadership is required in any of the company, then there is a chance, that might lead to unwanted and unexpected situations.

Since both the companies are into the partnership, also because of their individual benefits, the term " Agreed to Agree" may not always lead to win-win situation. Because, in few situations at some point of time, one may compromise or agree, only to keep the alliance. Size of delivery boxes issue, trucks and sheds issue are the examples of such situations. Also, having not defined any end point and outcomes appears to have no direction. Because, competitive edge can only indicate the success of a company at a present situation, but not the future success. Coming to financial agreements, having no penalties is a major setback. Because, there is always a chance of going wrong with the demand prediction and also, since, replenishment of shop inventory throughout the world is planned to be less than 48 hrs, there are

no procedures or guidelines to follow, when the volume of shipment to be delivered is above the capacity of what BLS can handle. So, as the entire distribution operations of LA and reputation of BLS is at stake, there should not be any chance given for the loose ends in the terms and agreements.

Now, analyzing whether the alliance is good to LA or BLS, it is mutually beneficial to both the companies because of the kind of partnership they both had agreed upon to move forward. Considering the distribution of LA as disastrous and totally out of control, and information systems are totally outdated and inefficient, there is an immediate need to reorganize its distribution from scratch and completely upgrade its information systems. Since, distribution is not at the front end of LA, they need an expertise to handle this situation. So, with the BLS alliance, LA could benefit as listed:

- Access to new systems and ability to achieve or make the things right in a compressed time frame.
- Can improve their customer service levels by offering improved speed, reliability and frequency of delivery to the customers.
- Can lower the cost of distribution, working capital and facilitate a transformation of the way in which they did business at the retail level.
- Can expand their mail order business globally because of reduced distribution times.
- Can reduce their inventory levels because of updated information systems and thus expand the product lines.
- Can allocate the resources, where it would add the most value to the business.

And if BLS is considered, it has a small portion of business in Europe which is unprofitable with operating margins going down significantly and is able to secure only automotive, electronics, computers and toys as its customers. So, alliances with a major clothing brand in Europe like LA, which has a global presence, would give following benefits to BLS:

- Useful to develop its entire European business
- Entry into one of the large potential industry like clothing.
- Opening up of large new potential markets for the future.
- Opportunity to utilize its existing international loading capacity, refine its own skills and establish the global nature of its business.
- A new kind of “ Strategic Alliance” which can become a trend set and BLS being a pioneer of that can leverage other customers in other industries globally for similar alliances.