# Levi’s is hiking up its pants essay

Recommendation: A combination of SWOT analysis in order to evaluate the company in its environment and to select their strategies and use the restructured marketing department to put all aspects of advertising in effect. The immediate action that will be taken by Levi’s is to educate all management in the areas of SWOT and deliver the new vision to the marketing team.

The short-term action that will be taken is putting the new marketing strategy in effect and monitoring SWOT. In the long term, Levi’s will continue to use SWOT as a major factor in analyzing the industry and environment in which they operate and encourage factory workers. Assumptions1. There is demand for a variety of jeans, not only for a specific type.

This was assumed because of the needs of teenagers too express themselves by the way they dress. 2. Management is not challenged or compelled to achieve various goals. This was assumed because the focus of management is clearly on mass sales.

3. Robert Haas is a competent manager; it’s just that his deep family ties with the company sway his thinking. 34. The personnel in marketing are knowledgeable individuals; they just need to be pointed in the right direction by higher management. This is assumed because the commercial they came up with logged positive response from younger viewers. Statement of the ProblemThe management at Levi Strauss ; Co.

failed to analyze itself adequately in its dynamic North American organizational environment. Satellite Problems:* Levi’s positive notable image of rebellion and youth is slowly deteriorating. This is causing the youth

of today to look somewhere else for trendy new styles of jeans.* This company is far too complacent in their field of production because of a high barrier to entry for other jean companies.

This means that they feel too comfortable in their niche as fashion apparel giants.* The targeted age group is too old. A loss in sales is the result of focusing on this smaller market.* Failing to keep pace with new innovative advertising has made consumers lose interest in Levi Strauss & Co.’s products.* Lack of hiring new managers from other companies.

This prevents the cultivation of talent and the introduction of fresh ideas.* The expansion of the casual clothing line Dockers and launch of dress clothing line Slates led to a distraction away from Levi’s jean brand.* Insufficient product innovation impedes Levi’s ability to supply its normal goods to the consumer.* Operational inefficiencies in adjusting supply have internally plagued Levi Strauss ; Co. Implications on the Organization:* There was an immense amount of money wasted on the special reserve promotion, that didn’t even come through* The company’s profit will continue to decline if; Levi’s will not implement some type of change.

* Levi’s current image isn’t stylish, resulting in a drop in market share from 30. 9 percent of the blue jean market in 1990 to 18. 7 today. 1Implications on Personnel:* The personnel have a lack of focus on product design and quality.

Therefore, they lack innovation. Without new ideas for the product itself, there is room for competition to challenge the plant and control some of the market.* The employees are not encouraged to reach their full potential.

Employees should be encouraged to find ways that will help reduce costs.* Tensions are high because no one is used to this level of insecurity due to the layoffs of one third of the North American Levi’s workforce. 1Alternatives SolutionsStatus QuoThe no change scenario is when management does not change any aspect of the business.

Levi Strauss ; co. would continue as it is, without acknowledging any problems in the company. They would continue on with their ignorance of the organizational environment. If this is continued many problems will arise for the formidable jean entity. Pros* For a while longer, this organization would continue on as a textile and apparel giant in the economy.* Levi Strauss ; Co.

would still be loved as a brand name due to its brand loyalty* The company’s will still be viewed as a generous company and will still receive high praise for perks and pay. 2Cons* There would be no new business; the company’s only consumers would be the slowly recessing and dying out crowd of older clients.* The wishes of the new generation of hip-hop inspired, teenagers who want baggy clothing, will remain unanswered. This is a huge missed opportunity due to the facts that, “ By the time they’re 24 they’ve adopted brands that they will use for the rest of their lives.” 1 And, “.

.. teens set fashion trends that influence even older shoppers…” 1* Competitors like Tommy Hilfiger, Ralph Lauren, Wrangler and Lee would in the near future, console the needs of today’s customers better than Levi’s.

This would result in loss of market share and profit by Levi’s. By not changing anything at Levi’s, the company will continue to be run with

emphasis only on sales. This would ignore other aspects such marketing, planning and, globalization. Key marketing factors such as new products, consumer service, public relations and advertising or expansion would become obliterate therefore, keeping the company at a stand still.

Management has a great company with a solid and trusted brand name, which is synonymous with quality and value. Unfortunately, with no action taken to appeal to new customers, the company will not have a prolific future. Change in ManagementWhile change in management seems like a drastic measure, it may be one of the most rational alternatives. Robert Haas became president in 1984, being the son of the previous CEO of Levi Strauss ; Co., Walter Jr. Haas.

Through a 1996-leveraged buy-out, Robert Haas caused the arrears of US$3. 3 billion in Levi’s finances. In response to changing external market conditions, Haas left Levi’s in organizational chaos, out of touch with their customers, and trying to lower costs. While re-privatization was the clear motivation for the first leveraged buy-out in 1985, Haas’ 1996 motivations, were simply strengthening family power. 3 Robert Haas is too emotionally involved and, this affects his capabilities of making clear and logical decisions that are beneficial for the company.

Also, the majority of management at Levi’s is from the inside and management does not solicit enough independent opinions. 4Pros* Hiring the “ right new manager,” perhaps from the outside, that has been through a similar situation would be crucial in getting Levi’s down the right path.* Acquiring new managers from different domains, would import new fresh

ideas for Levi’s. This would be beneficial as opposed to having everyone think the same way.* New unconstrained outlooks of all aspects of management would now be heard.* Allows for strategy to be created for all three levels of a company; corporate, business and functional level.

Cons* The “ right new manager” for Levi’s would require one of the best of the best in terms of management. Finding someone like this, who is willing to accept the position is a difficult task.* New business strategies such as SWOT analysis are very in-depth and time consuming that may dissuade a company from taking this path.* Chance that the new managers from outside corporations have an obscure vision for future of Levi’s.* A large step to take, recovering from a reconstruction in management can take a long time. A change in management can make or break a company.

If such reconstructing were emplaced using steps, it might actually work. This alternative would bring about new managers that have been adapting to dynamic environments that could in the long run help out. But, considering Robert Haas and his family own seventy percent of Levi shares it would be near impossible to take the position away from him. To make this alternative succeed, Robert Haas must accept that he cannot fulfill his role as a manager and step down to allow someone who can. Restructuring of the marketing departmentThe restructuring of the marketing department encompasses many aspects of productive business planning.

These include product, distribution, advertising, public relations and customer service. 1 Levi’s new marketing department will focus on what the consumers want as opposed to just sales. Pros* Improving the customer

relationships of the company will lead to increased competitiveness* Levi’s perception of itself will broaden resulting in understanding of problems and challenges related to changing consumer preferences.* Development of new types and styles of jeans will be created relating to the vast range of customers. These new styles will be sexy and rebellious which will cause a positive feedback from the younger customers.* New advertisements that include sex appeal, rebellion and youth will become a lure for younger buyers trying to get the edge in fashion that they’ d like.

* Sponsoring concerts that teenagers attend will also result in positive feedback and understanding that Levi’s is hip once again. Cons* It may be difficult for previous marketing managers used to making one-sided decisions for particular products or product lines agree to the new structure* Researching and developing the new styles of clothes would take a bit of time* Higher funding for advertisements will drain add to the company’s expensesIn this alternative the funding and time invested would pay off with customer satisfaction and a new youthful image of the Levi’s company. This alternative solves the problem of the study of the organizational environment by actually doing so and responding to the weaknesses. This alternative will open the eyes of the marketing division and eventually, the new consumer attentive Levi Strauss ; Co. will flourish as a jean global power. Further Global ExpansionLevi Strauss ; Co.

‘ s production costs are considerably higher than its rivals. Levi’s still produces a substantial amount of its apparel in company-owned factories in the United States and never followed the trend of moving and manufacturing overseas where labor is significantly cheaper. At this time of when this

company is losing profits, a good choice for Levi’s would be to acquire the cheapest labor possible. Pros* Labor in countries such as Mexico or China is a fraction of the cost that Levi’s pays here for them this would lead to cost reductions.* The selling price could be decreased increasing competitiveness amongst other jean labels. Cons* Lay offs of North American workers and hiring new workers abroad would not look good to the public, resulting in a negative image for Levi’s.

* If some North American plants remained open, the low morale of the workers that are insecure about their jobs would result in decreased productivity. Resulting in more North American plant closures creating a vicious circle.* Training new inexperienced workers and opening up a new factory abroad would cost a great deal of money.* In order to keep somewhat of an image, Levi’s would have to distribute severance packages for the laid off North American employees, this would generate severe expenditures.* The need to pay tariffs and taxes as a result of doing business at a global scale would just add to the list of operating costs.

The generous severance packages that would be issued would distract the public from seeing the global expansion into lower waged countries. This alternative would help in analysis and coping with the dynamic environment in North America by increasing competition through reducing prices of Levi’s jeans. Although there are numerous start up costs, they would pay themselves off with the money saved on cheap labor.