# Wenzhou aike shoes company

Business

This case study addresses critical aspects of the strategic decision to be made by Ma Chemung, CEO of Wenches Sake Shoes Company, Ltd. , a Chinese multinational shoe manufacturer. The specific focus of the case is on Lake's operations In Lech, Spain. Over a period of several years, upheaval stemming from a multitude of Chinese new entrants to Else's revered shoemakers Industry reached a flashlight.

The Chinese new entrants run operations significantly differently than the local Lech businesses In terms of dally practices, production, Imitation, price competition, and supply chain management.

All of these aspects derive from deep cultural differences, are highlighted In the case, and weigh upon the decision facing Ma. The flashlight occurred when local citizens and business owner's rebel, riot, and set fire to a large amount of Lakes Inventory because they wanted to force the Chinese businesses out of Lech Shoes Market.

Ma, CEO of Lake Shoes Company, supported to continue operations in Lech but unfortunately it seem impossible because his company and another Chinese companies caused that the Else's local shoe stores and factories had incurred a sharp recessions, and by 2002 60% of them were closed. Ma thought four potential strategic options; 1. Remain in Lech and change the operation style 2.

Exiting Lech and entering another country (Africa) 3.

Acquiring a brand 4. Cooperation with foreign partnership Analyzing the Strategies Remain in Lech and Change Operations: After the fire in Lech, Sake was aware of the impact of cultural differences on the global business. In this case, the important issue is cultural clash. The Spanish shoemakers should understand that they couldn't compare with Chinese Producers on prices, so they should try to remove barriers in this International market.

On the other hand, Sake should rearrange should have adjust its operations with a view toward respecting Spanish culture and business practices.

First of all he can try to avoid aggressive competition with the local markets based on low prices or hours of operation. For Instance, Lake could hire more local workers, help Spanish firms expand into the Chinese market, and seek to build Joint venture. Both sides should seek to understand how to be more efficiency for the benefits of both of them.

Excellent Lech and entering another country (Africa): Lake prefer to establish a shoe factory In African countries because Inexpensive labor and lower working condition standards In Africa could enhance Lake's low cost competitive strength. However, Sake would likely not be able to develop high-end products in Africa.

The reason is because it is a very remote location and quite far away from the mainstream market where high-end shoes are in demand. Yet another problem is that the local market in Africa is very limited in terms of buying power.

If Sake establish a new brand, the company will need a huge capital. Acquiring a European firm could help Sake Jump directly into the high-end sector and it will help to avoid the anti-dumping regulations. On the other hand, we need to ask these questions.

Is Sake the biggest player in this area? Does Sake have enough capital to resist the risks? In the future, Sake would have new kinds of challenges. For instance, international acquisitions are known to trigger clashes of cultures, business philosophies, and operations.

Cooperation with a Foreign Company: A foreign company could help Sake enter the foreign market and growing. Moreover, with this way Sake could switch from supplier to producer for its own brand. However, new risks could occur because the nature cultural differences of the formal relations with the foreign company. The other important problem would emerge if cooperation ends.

In this condition, Sake will end up a loser. As to development, innovation, or design, Sake would not able to benefit from its own resources because the foreign company will direct and manage about design and development.