

L. I. bean, inc. essay sample

[Business](#)



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1. How successful has L. L. Bean been?

L. L. Bean Inc. has been tremendously successful throughout the course of its business operations. The business was first created in 1912 by L. L. Bean with only \$400, the business has managed to expand to \$120 in sales by the year 1980. As well, within the market for outdoors equipment and apparel, L. L. Bean is the leading company that has the highest amount of sales.

2. What are the reasons for L. L. Bean's success?

L. L. Bean's success is rooted in its entrepreneur/founder's passion towards providing customers with quality outdoors equipment and apparel.

Furthermore, L. L. Bean's dedication in providing customers with superior services also contributes to the company's ability in retaining customers and attracting new customers. In addition, L. L. Bean was able to withstand the new issues that were associated with the rapid growth after the company's entrepreneurial phase (ie. problems concerned with inventory management, use of retail stores, increased company personnel, etc.). As well, L. L. Bean utilized the new technologies that were emerging in order to make business operations more efficient (ie. computerization of inventory, acceptance of credit cards, data processing programs, computerized etc.). Finally, L. L. Bean was able to build upon the founder's success by retaining the unique character and tradition of L. L. Bean.

3. What is happening to the business, both positively and negatively?

Currently, the business is acquiring greater sales due to its customer acquisition program combined with other marketing efforts (i. e. increase in catalogue circulation, more advertisements). As well, the company is utilizing new technologies to improve its inventory system, its data processing

programs, and its order system. This allows the company to provide customers with accurate and efficient services. Furthermore, the company provides its employees with many attractive benefits, job security, and individual development. Thus, L. L. Bean has successfully managed to retain top-quality employees and to attract new qualified workers into the company. Overall, L. L. Bean is performing relatively well in the areas of marketing, operations, and human resources. However, the business is faced with a pressing issue; the current president, Leon Gorman, is concerned with whether future growth for the company will jeopardize the unique character and tradition of L. L. Bean. As well, Gorman is uncertain as to which option he should take to increase company growth.

4. How would you respond to the questions Mr. Gorman poses at the end of the case? i) Given constraints, can we achieve sales projections through list acquisition and activation alone? Although L. L. Bean has a very sophisticated system of analyzing the master file of customers in order to project sales, it would be better if the company considered other factors into sales projection (ie. recent economic environment, competition, season, etc.).

ii) Can we achieve sales growth while maintaining and enhancing product quality and service? Maintenance and enhancement of product quality are the main sources of L. L. Bean's success. These factors have contributed to the company's wealth for many years. However, L. L. Bean will have to provide customers with more than just these benefits in order to increase sales in a highly competitive market.

iii) Can we develop the human resources to meet our growth needs without losing the commitment and motivation of our staff? And is the talent we need available in Maine? L. L. Bean has a functional HR department which has managed to retain current employees and recruit talented new employees. To meet the company's growth needs, HR could provide employees with bonuses at the end of each year to raise work morale. As well, due to the demands of company sales growth, the HR department could provide individual development programs to lower-level employees to motivate them. As well, if the company decides to enter other foreign markets (other than Japan), then it might be ideal to outsource employees from other countries.

iv) Can we achieve the requisite productivity levels to meet our projections? The company can achieve the requisite productivity levels to meet sales projections since it has a very efficient inventory management system and ordering system. However, problems may arise due to unpredictable external issues (i. e. lowered demand, declining economy, etc.).

v) Can we continue as a family-owned company with growth, given potential estate and management succession problems? Due to these potential estate and management succession problems, the current president can either continue operating as a family-owned business or sell the out. In order to keep this business as family-owned, Mr. Gorman will have to think of a succession plan after his retirement.

vi) Can we maintain the L. L. Bean image to our customers and to our employees and not change the essential nature of our business? The L. L.

Bean image should be kept and maintained because this image is the core asset and source of success to the company. However, due to changing nature of business, the company should consider other operational methods other than mail-orders. Retail stores sales have been shown as increasing over the years, L. L. Bean could consider expanding its scope of retail stores across the country.

5. Which, if any, new avenues for growth should L. L. Bean pursue? L. L. Bean has many options for company growth – increased retail stores, manufacturing expansion, premium sales, and international sales. Retail stores have shown to yield increasing sales for the last few years, however, the current president is concerned with the management of both retail stores sales and catalogue sales. As well, premium sales yield significant sales number. However, these premium sales are only seasonal and very occasional. L. L. Bean should expand into foreign markets and should consider manufacturing expansion. Since its penetration into the Japanese market, L. L. Bean has performed very well in Japan. This shows that even though the company has a rich American history and style, the company is able to succeed in foreign markets. Furthermore, the company should expand its manufacturing to sell products to customers in lower prices instead of selling products from vendors with marked-up prices. This will benefit the company since customers will purchase more from L. L. Bean (due to lowered prices), and the company will reap more sales.