

IS Management and Success of an Italian Fashion Shoe Company

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EXECUTIVE SUMMARY

This paper presents the case study of a well-known Italian company (that we will call “LSB”) producing and selling high quality shoes all over the world. Today, LSB employs about 250 people and has 30 self-owned shops in many important cities like New York, Paris, and London.

Until the beginning of the 90s, LSB was unquestionably considered the leader of its sector, while today, the situation has changed. Even if the overall performance indicators still show a healthy company that succeeds in its industry (thanks to its high quality products and the strong brand name), during the past few years, LSB has clearly underperformed with regards to its competitors.

The analysis of LSB processes and organizational structure shows that the information management is a crucial issue; this case study aims at investigating the possible influence of the IS management on the evolution of LSB performance.

BACKGROUND

History of the Organization

Founded in 1950 by the current President, LSB has now become one of the most famous shoe manufacturers all over the world. Nowadays, LSB, employing about 250 people, is a noteworthy occupational basin in an industry branch and is characterized by a multitude of very small firms and handicraft laboratories. Synonymous of high quality and fashionable shoes, LSB is situated in a little city near Milan, site of the best-known pole of the shoe industry. The firm is located in a roomy and modern building, where the administration offices and the manufacturing department find their place. Considering its dimension and the company image at the international level, LSB is one of the most brilliant realities of the sector, thanks to the three product lines offered: men and women's shoes, which generate 90% of the turnover (about \$35 million in 2000), leather clothes and fashion accessories.

LSB Holding is the leader of an industrial group with 30 self owned shops, and controls "LSB Shoe Manufacturing," "LSB France S.A.," "LSB Ltd" (London), and "LSB New York Ltd.," as well as some licensees in Spain and Turkey. The share capital is entirely owned by the family who is up to the second entrepreneurship generation.

However, a trend analysis of the shoe industry shows that LSB has lost the leadership role held in the early 90s. In spite of an always appreciated qualitative production and the strong brand name during the past few years, LSB has clearly underperformed with regards to its competitors; this case study aims at investigating the possible influence of the IS management on the evolution of LSB performance.

The Company Philosophy

During its whole life, LSB has always aimed to seek a clear and coherent strategy, based upon the quest for the maximum harmony between tradition and technology in order to reach a perfect balance between quality and price. The engineering cycle is an enlightening example: shoes are designed and engineered by means of a Computer Aided Design (CAD) system to get a precise definition of all of the technical aspects ensuring the best reliability of the product. The production plant is modernly organized and equipped. Though LSB is still obliged to carry on some production phases in a handicraft way, this constraint is not felt by the firm as an obstacle to the adoption of new technological solutions. On the contrary, technology represents a fundamental strategic weapon as far as it supports LSB in increasing the gap (in terms of production volume) with the handicraft workshops.

Type of Business, Products/Services Provided

Two collections are shown every year: the spring-summer collection and the autumn-winter collection. The men's collections are divided into six lines: only one of them (the classic and stylish "LSB for men") is shown in both collections. There are four lines for ladies, with a well-known "LSB for women" standing out. In the year 2000, LSB designed about 600 models and sold about 350,000 shoes all over the world. The LSB collections are targeted towards an international customer who pays maximum attention to the quality of both the leather and the accessories used, and seeks the highest care in the manufacturing phase, as well as the best comfort possible.

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