

**To what extent is it a good idea for Escan ltd to end a
strategic alliance with Qupid women's shoes?**

Subject: Business and Management

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Introduction

This Extended Essay is going to answer **To what extent is it a good idea for Escan Ltd to end a strategic alliance with Qupid?**. To answer this question this essay will look at the strategic alliance itself eg. general ideas of what it is, benefits and drawbacks of it. Later this essay will look at how Escan Ltd and Qupid work and why Escan Ltd decided to start working with them. Moreover, the balance sheet of Escan Ltd will be checked and analysed in order to determine how many pairs of shoes they took from Qupid, the costs of them and profit they made, also from this information stock turnover ratio will be calculated. Also in this essay primary research will be included for example an interview with the owner of Escan Ltd and the survey with Escan Ltd customers. Moreover several business tools will be used in this essay: Force field analysis, Fishbone diagram and SWOT analysis. After going through all of the things it will give us an idea of this alliance and a recommendation will be provided.

Escan Ltd is a shoe company based in Russia since 1997 therefore they have a very good knowledge of the Russian shoe market. "They are a dynamically developing company in the sphere of production and sale of footwear."¹ "The Escan company specializes in production of the qualitative footwear with stylish design suitable both for daily wear and for sports activities."² Also they have second trademark called La'Maliboo which specializes in home slippers and beach slippers. They work as a distributors and a wholesaler, so they design shoes in Russia and then they make an order in different Chinese factories and after they sell these shoes to retailers or

¹ ESCAN. 2015. To partners. [ONLINE] Available at: <http://en.escan.ru/partneram>. [Accessed 2 June 2017].

² ESCAN. 2015. Company. [ONLINE] Available at: <http://en.escan.ru/o-kompanii>. [Accessed 2 June 2017].

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wholesalers. They also have one shop in Moscow. Qupid has been an established brand in the USA for last 25 years and their major focus is on ladies shoes. They work as a retailer and a wholesaler and they mainly sell through internet sales. They currently ship shoes worldwide to over 70 countries.³

Escan Ltd started to buy shoes from Qupid in 2016 and they are the first company in Russia that started to buy shoes from them. They believe that this will help them to increase their market share as they will increase their product range.

Definitions

“Strategic alliances - a fast and flexible way to access complementary resources and skills that reside in other companies — have become an important tool for achieving sustainable competitive advantage. Indeed, the past decade has witnessed an extraordinary increase in alliances.”⁴ (Anand and Khanna, 2000).

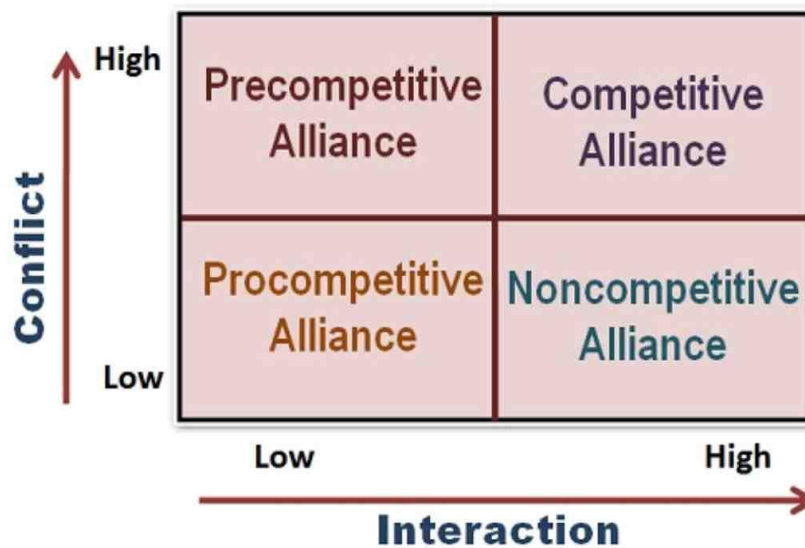
In strategic alliances firms collaborate with each other but still remain apart from each other, so they still may consider each other as a competitor, this depends on the location where the business works and what they produce.

³ Qupid. 2015. FAQs. [ONLINE] Available at: <https://qupid.com/pages/faqs>. [Accessed 2 June 2017].

⁴ B. Anand and T. Khanna, “Do Companies Learn To Create Value?” *Strategic Management Journal* 21 (March 2000): 295–316.

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This is a diagram with the 4 types of strategic alliances.



The diagram is taken from: <http://businessjargons.com/types-strategic-alliances.html#ixzz4kdXOCi6w>⁵

From the diagram of types of strategic alliance we can tell that Escan ltd has a noncompetitive alliance with Qupid as they have low conflict and high interaction between each other. "Noncompetitive Alliance are formed between the companies that operate in the same industry but do not consider each other as rivals."⁶ (Kachru, 2005). Escan do not consider Qupid as a rival because Qupid works in different region and they supply their shoes to different retailers and different markets, moreover Qupid has different type of products which Escan doesn't produce. There are also many other types of strategic alliance such as distribution relationships, outsourcing and many others,⁷ but the one that Escan ltd and Qupid

⁵ Business Jargons. 2015. Types of Strategic Alliances. [ONLINE],[IMAGE] Available at: <https://businessjargons.com/types-strategic-alliances.html#ixzz4kdXOCi6w>. [Accessed 4 June 2017].

⁶ U. Kachru, 2005, "Strategic Management: Concepts and Cases". Excel Books, Page 253

⁷ BAIN & COMPANY. 2017. Strategic Alliances. [ONLINE] Available at: <http://www.bain.com/publications/articles/management-tools-strategic-alliances.aspx>. [Accessed 4 June 2017].

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has is a distributors alliance, so in this case Escan ltd works as a distributor

“(distributor is a company that buys open-end investment company shares directly from the fund for the purpose of reselling to interested buyers)”⁸ therefore they buy shoes from Qupid and after they redistribute it around retailer shops in Russia.

“Companies use Strategic Alliances to:

- Reduce costs through economies of scale or increased knowledge
- Increase access to new technology
- Inhibit competitors
- Enter new markets
- Reduce cycle time
- Improve research and development efforts
- Improve quality “⁹

From this we can tell that the main reason to why Escan created alliance could have been because they wanted to enter new market as they didnt sell women shoes before.

Background of the alliance

Why Escan ltd decided to work with Qupid

In the interview with the owner of Escan ltd, he said: “The main reason for this decision was that we do just sport shoes and we want to expand our product range and if we want to increase sales, we need to provide more options to our customers

⁸ Investorwords. 2017. distributor. [ONLINE] Available at: <http://www.investorwords.com/1501/distributor.html>. [Accessed 10 June 2017].

⁹ Marketing Minefield. 2017. Types of Strategic Alliances. [ONLINE] Available at: <http://www.marketingminefield.co.uk/types-of-strategic-alliances/>. [Accessed 11 June 2017].

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therefore we decided to start buying women's shoes from Qupid. Also, we believe that women spend more money on shopping than the men, this way Escan Ltd can sell more quantity of shoes therefore there is a greater chance of increasing profit and increasing turnover as we get into the women's shoe industry."

Shoe Category Market Share	Data
Women's casual shoes	17 %
Women's dress shoes	13 %
Women's athletic shoes	10 %
Men's athletic shoes	20 %
Men's casual shoes	9 %
Men's dress shoes	6 %
Other styles	25 %

Taken from "<http://www.statisticbrain.com/footwear-industry-statistics>"¹⁰

If we look at the statistics of the shoe industry we can see what the owner of Escan Ltd says is true, womens casual and dress shoes together at the moment cover 30% of the shoe industry and before Escan Ltd started to buy shoes from Qupid they were producing just around 55 % of the shoe category, but as they started to buy shoes from Qupid they got into this 30% women's category and this gives them a greater chance to increase their market share and increase profit as they now cover around 75 % of the shoe types category.

¹⁰ Statistic Brain. 2016. Footwear Industry Statistics. [ONLINE] Available at: <https://www.statisticbrain.com/footwear-industry-statistics/>. [Accessed 16 June 2017].

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How Escan ltd and Qupid work and how Escan ltd makes an order from them.

Every year Qupid makes 2 types of shoe collection the summer and winter collection. With this collections they participate in different exhibitions in different times of the year and they invite their customers to this exhibitions to show them their new collections. After customers have seen this collections, they choose shoes that fit their market the most and then they make an order of this shoes. However with Escan Ltd it is a bit different process because they work in different region and they work as a wholesaler as well, so when Escan Ltd likes any shoes from Qupid, they don't make a big order of that type of shoes straight away, they make an order of a samples of different shoes which fit for the Russian market. They need the sample because Escan Ltd is a wholesaler, so they also participate in different exhibitions in Russia where they invite all of their retail customers from all over the Russia. In this exhibitions this retail customers place the order of shoes they like, so Escan Ltd needs samples of qupid shoes to show their customers and if customers will like any of this shoes they will place an order and Escan will contact Qupid and make an order of this shoes.

How Escan ltd benefited after they began to work with Qupid and how this benefits Qupid.

As it was mentioned earlier Escan Ltd now has a bigger product range as they now sell more women's shoes but Escan Ltd also is the first and only company in Russia that started to redistribute Qupid's shoes. This gives them an advantage over their competitors as they have a unique selling point when they sell these shoes to retailers and wholesalers. Therefore, Qupid benefits from this as well, as their product

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has entered a new market. This brings with it the opportunity that other companies in Russia may start buying shoes from them. Even in the interview with owner of Escan Ltd he also mentioned that "Qupid needed someone who can represent their shoes in Russia and we needed women's shoes, therefore we perfectly fit each other here".

From the information above we can construct a force field analysis. This will help us to understand why Escan Ltd decided to make this alliance in the beginning and what advantages and disadvantages Escan Ltd have seen before creating this alliance.

Analysis

Force field analysis

"Force Field Analysis was created by Kurt Lewin in the 1940s. Lewin originally used it in his work as a social psychologist. Today, however, it is also used in business, for making and communicating go/no-go decisions."¹¹ In business it is used for making possible future decisions based on factors that drive change also called driving forces and on factors that resist change also called restraining forces.

To use this tool, businesses need to define the decision they want to make first, this goal will be placed in the middle. After this they need to identify all forces for this decision and all forces against this decision. The forces for this decision should be placed on the left side of the goal and all forces against this decision should be placed on the right side of the goal. When all the forces are identified businesses need to score each of the driving and restraining force on the scale of 1 to 5. The

¹¹ MindTools. 2016. Force Field Analysis. [ONLINE] Available at: https://www.mindtools.com/pages/article/newTED_06.htm. [Accessed 18 June 2017].

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score should be given according to how important this force is to the business. At the end, all the scores need to be added up.¹²

A key advantage of force field analysis is that it “gives a clear answer to a difficult decision”¹³ because it weighs up all advantages and disadvantages and then this helps to decide if a proposed course of action is worth taking. It has also has a key disadvantage in that the forces are based on mainly estimates mainly and not on facts.

The key driving force that Escan Ltd had for creating a strategic alliance was an increase in their product range. This driving force has a highest degree of influence. There are also other driving forces that Escan Ltd had. One of these is the fact that Escan Ltd don't need to spend time and money on designing new women's shoes. Another driving force was mentioned earlier, Escan Ltd is the first brand to sell Qupid's shoes. This will give them a unique selling point and Qupid is a well known brand in the USA, which means that it will be easier for Escan Ltd to trust Qupid in production and that they will provide good shoes to them.

The main restraining force is that Qupid's design of shoes may not fit the Russian market. This is because Qupid produces in the USA and different regions have different tastes and preferences so the Russian market may have different tastes and they might not like these shoes. Another restraining force is that Qupid isn't Escan Ltd's brand which means that if Qupid decide not to sell shoes to Escan anymore, or if Qupid closes their business, Escan Ltd will not be able to sell these shoes anymore.

The last restraining force is that people in Russia might not know the brand called

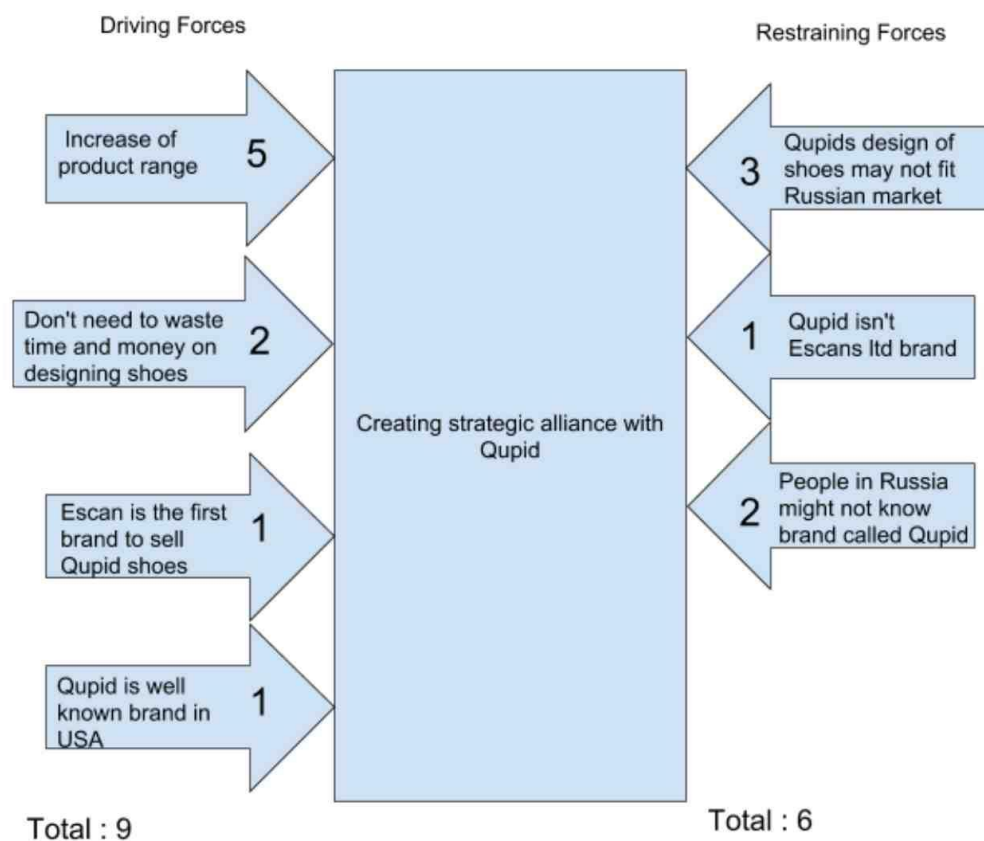
¹² MindTools. 2016. Force Field Analysis. [ONLINE] Available at: https://www.mindtools.com/pages/article/newTED_06.htm. [Accessed 18 June 2017].

¹³ Martin Mwenda Muchena, Loykie Lomine and Robert Pierce 2014, "IB Business Management Course Book" Page 87

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Qupid. As Qupid is an unknown brand, the Russian people do not know about them, and so may not buy their shoes. All of the driving and restraining forces were added to the following force field diagram and scored based on their importance.

Diagram 1: Force field analysis



From the force field diagram we can see that driving forces got 9 points in total and restraining forces got 6 points in total which means that Escan ltd saw more benefits than negatives when considering creating a strategic alliance with Qupid. Therefore when they created this strategic alliance they saw it as really good opportunity for their business. However was it actually a really good opportunity for their business?

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To understand it we will need to analyse how this strategic alliance is going and we will need to analyse how well Qupids shoes sell in Russia.

Costs analysis

Table 1 from the appendix shows the quantity of shoes bought from Qupid, their costs and how much Escan ltd have managed to sell. This can be used to understand how well Qupid shoes perform on the market.

Information from Table 1:

№	Quantity	Opening stock	Stock	Problem quantity	Closing stock	Revenue that can be made after selling left stock / +45% on net cost per pair	Total loss	Possible earning Revenue in total
	8100	£75,373.20	3960	2199	£40,376.67	£58,546.17	£17,265.90	£109,291.14

From the above table we can see that Escan ltd purchased 8100 pairs of shoes for £75,373.20. Out of these 8100 pairs of shoes, 2199 pairs were with quality problems, some of the bought models of shoes even had 90% of spoilage and after 6 months they managed to sell 4140 pairs of shoes ($8100 - 3960 = 4140$). However because of quality problems they had to put a discount on these shoes which has led to a loss of £17,265.90 that could have been earned. All of these shoes except the shoes with quality defects were sold for a price of cost per pair + 45%.

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From the information in table 1 we can calculate the stock turnover ratio. "This ratio shows how many times the average inventory is sold during a period. Like asset turnover, the higher turnover ratio, the better." ¹⁴ (Biafore, Buttell, Fabbri, May 2010)

Stock turnover ratio (number of times) = Cost of goods sold / Average stock

Cost of good sold = 75,373.20 - 40,376.67 = £34,996.53

Average stock = (opening stock + closing stock) / 2

Average stock = (75,373.20 + 40,376.67) / 2 = £57,874.935

Stock turnover ratio (number of times) = 34,996.53 / 57,874.935 = 0.6 times

Stock turnover ratio (number of days) = (Average stock / Cost of goods sold)*365

Stock turnover ratio (number of days) = (57,874.935 / 34,996.53)*365 = 603.6 days

The above answer means that Escan turns over stock of Qupid shoes 0.6 time a year or every 603.3 days. It is a bad value, however Escan ltd are for first time in women's market and that some of the shoes had quality defects. Moreover the ratio is only about Qupid shoes stock and Escan sell other things as well so total stock turnover ratio may have better value. Also it is just an estimate and things such as time of the year are not taken into account. The time of the year in Russia is crucial as the shoes that Escan bought from Qupid are mainly for warmer times of the year. Also from Table 1 we can calculate the revenue that Escan managed to make so far

¹⁴ Bonnie Biafore, Amy E. Buttell, Carol Fabbri, "Personal Investing: the missing manual" , Page 117, May 2010

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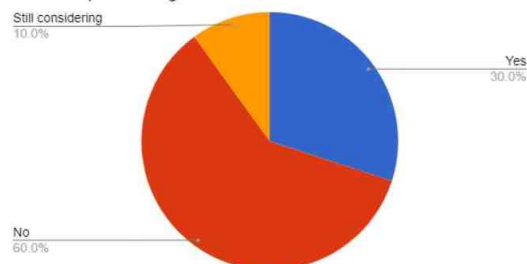
$109,291.14 - 58,546.17 = \text{£}50,744.97$. However there is also a loss made, due to quality issues, of $\text{£}17,265.90$ therefore the final profit is just $\text{£}33,119.07$. This shows that Escan Ltd didn't even manage to break even, as the purchase cost of the stock was greater than the current profit. Moreover, there was an opportunity of cost to Escan Ltd of spending money that was spent on Qupid shoes. For example if we look at Table 2 from the appendix, we can see that Escan Ltd has a total liability of $\text{£}3,733,362.51$. They could have spent this money to close some of their debts or they could have invested money into new shops as they have just one shop.

Survey analysis

For further study, quantitative research was carried out, 10 companies that considered or had already purchased Qupid shoes from Escan were asked to answer a short survey. Those companies were conducted on summer exhibition and the survey mainly had yes or no answers. This primary research will help to identify if there is any need for Qupid's product on the market. Figure 1 from the appendix states that more than 70% of the companies liked the design and quality of the shoes, however Figure 4 from the appendix states that only 50% think that pricing is good. This may be due to high value added to net cost per pair, which can be seen in Table 1 from the appendix. Figure 5 states that only 30% will continue purchasing and 10% are still deciding and 60% will not buy shoes and the main

Figure 5

Are you considering purchasing these shoes from us, or to continue purchasing them?



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reasons for that were that shoes didn't sell well in their shop and customers were complaining about poor quality. Let's, for example, look at the company called Wildberries, which is an online shop, and is one of the companies that bought Qupid shoes. They mentioned that their customers complained about quality and that they had left bad reviews. This can be seen on their website.¹⁵ One of the reviews was as followed: "An advantage of this model only colour, but everything else is bad. Quality is really poor and artificial material already looks shabby in some places even though I never wore them."¹⁶ However, not all models received a bad rating; only 6 out of 24 models. Also, Wildberries is one of the companies who answered that they want to continue purchasing Qupid shoes as overall sales were not bad, this can be seen in Table 3 from the appendix.

Information from Table 3:

Report on the data of the supplier "Limited Liability Company "Escan" "from 01/01/2017 to 23/08/2017			Ordered		Current stock (Pairs)
Brand	Articul number	Shoe size	Amount	Price in rubles	
			2,486	2,768,353.99	396

From the above table we can see that Wildberries ordered 2486 pairs of shoes and after 8 months they managed to sell 2090 pair of shoes. This is more than 80% in a 5 month period which means that there are customers that want to buy Qupid shoes.

¹⁵ wildberries. 2017. Каталог Qupid. [ONLINE] Available at: <https://www.wildberries.ru/brands/qupid>. [Accessed 1 July 2017].

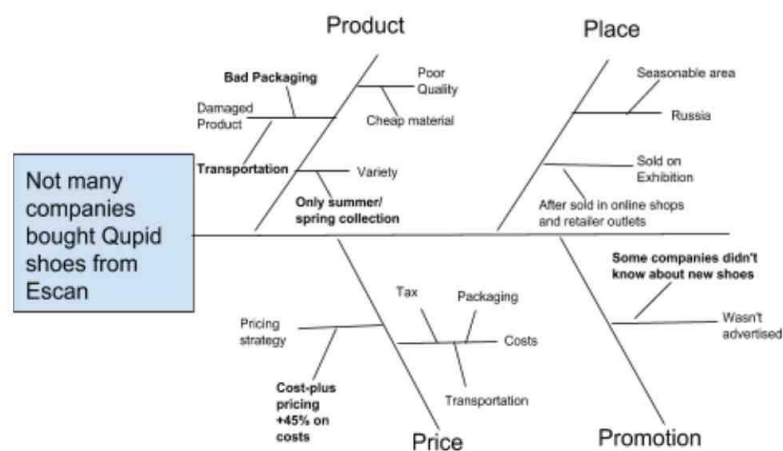
¹⁶ wildberries. 2017. Босоножки, Qupid. [ONLINE] Available at: <https://www.wildberries.ru/catalog/4191496/detail.aspx?targetUrl=BP>. [Accessed 2 July 2017].

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Fishbone diagram

To understand all causes of why just 30% of the companies are willing to buy shoes at the moment fishbone diagram will be used. "Fishbone diagram used to identify and analyse potential multiple causes of a problem."¹⁷ (Nancy Dixon 2008)

Diagram 2: Fishbone diagram



In the diagram two main causes of why not many companies buy Qupid shoes from Escan Ltd can be seen. As mentioned earlier, some of the final consumers that buy Qupid shoes complained about material being already scratched and damaged. The possible causes of this were that the packaging may not have been good enough and that the transportation of the shoes did could have caused problems. Also 50% of asked companies said that the pricing did not suit them. A possible cause of this is that Escan uses cost-plus pricing, to solve this problem they would need to consider penetration or competitive pricing. The last problem was found in the promotion area; Qupid wasn't really promoted by Escan Ltd and companies didn't

¹⁷ Nancy Dixon page " Getting Clinical Audit Right to Benefit Patients" (2008), Page 119

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know about it, which can be seen in Figure 3 from the appendix which shows that 80% of companies asked didn't know that Escan ltd started selling Qupid shoes. If the following problems will be solved there will be a potential growth of buyers as Figure 6 from the appendix suggests that 60% of companies would start buying Qupid shoes if the quality issues will be solved and pricing will be changed.

SWOT analysis

Table 4 shows a SWOT analysis for the current strategic alliance with Qupid shoes. "SWOT analysis is a technique for focusing an individual's or group's attention on strengths, weakness, opportunities or threats. Strengths and weaknesses brings internal analysis of a company, opportunities and threats bring external environmental analysis of a business."¹⁸ (Ruth Murray-Webster 2010). This analysis summarises all aspects about the current strategic alliance in one place.

Table 4:

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> - Bigger product range - Unique selling point - Good design of woman shoes - Qupid isn't Escans ltd brand - One of the Escan customers managed to sell more than 80% of Qupid shoes 	<ul style="list-style-type: none"> - Qupid isn't Escans ltd brand - 27 % of shoes had quality problems - Small stock turnover ratio - Didn't manage to break in a 6 month period - At the moment only 30% the customers are willing to purchase these shoes - Price does not suit 50% of the customers 	<ul style="list-style-type: none"> - There is a potential growth of customers 	<ul style="list-style-type: none"> - Competitors of Escan ltd might start buying shoes from Qupid

¹⁸ Ruth Murray-Webster " Management of Risk: Guidance for Practitioners" (2010) Page 88

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In Table 4 we can see that the strengths of this strategic alliance to Escan Ltd are that the product range has increased because they sell now women's shoes, and they have gained a unique selling point as nobody sells Qupid shoes in Russia. Moreover the online shop Wildberries managed to sell more than 80% of the Qupid shoes that were purchased from Escan. However, there are also weaknesses of this strategic alliance. One of them is that Qupid isn't Escan Ltd's brand, which means that when Escan Ltd sells their shoes Qupid gain popularity as well. This it can also help Escan Ltd however, if there are problems with Qupid shoes, Escan Ltd's reputation won't be damaged as much. Another weakness is that Escan Ltd had a small stock turnover ratio of Qupid shoes and because of that they didn't manage to break even within 6 month. A possible reason for this small stock turnover ratio is that 27% of Qupid shoes had quality problems and companies refused to buy those shoes. In addition the pricing of these shoes did not suit 50% of asked companies, as can be seen in Figure 4 from the appendix. The future opportunity of this strategic alliance is that there is a potential growth of customers as Figure 6 from the appendix states that companies would start buying these shoes if price and quality are improved. The external threat is that other Russian distributor companies might start buying Qupid shoes as well and because of that Escan Ltd will lose its unique selling point.

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Conclusion and Recommendation

This essay was answering a question To what extent is it a good idea for Escan Ltd to end a strategic alliance with Qupid women's shoes? From the receding analysis we can see that in the beginning this alliance was seen as a really good prospect for Escan Ltd, which was earlier on in diagram 1. However, as the alliance started going there was already an issue with the quality of the shoes as 27% of the shoes were damaged, which led to a low stock turnover meaning that Escan Ltd didn't manage to break even, and have made a loss so far. Also the price didn't suit 50% of retail customers. However the positive aspect of this alliance was that online shop Wildberries managed to sell 80% of shoes bought from Escan Ltd, therefore there are potential buyers on the market. Also as figure 6 suggests there is potential growth of retail customers that would buy Qupid shoes from Escan Ltd. Therefore the following recommendation should be suggested: Escan Ltd should not end this strategic alliance as there are a possible things they can do to improve this alliance. The first thing that they can do is to improve stock turnover ratio. To do so they should dispose of slow-moving goods, and make an even a bigger discount on damaged goods. In future, they should also keep a lower stock level and they should change their stock with the demand of customers. Moreover, they need to improve quality of the product; in the fishbone diagram 2 the possible reasons for damaged products were found, and so Escan Ltd need to change the method of transportation and the packaging of the product, in order to reduce the chance of damage occurring. They could also check the manufacturing process of these shoes, in order to show if it is Qupid's or Escan's fault of products being damaged. The survey that was conducted by Escan Ltd of its customers showed that the pricing of the product doesn't suit everyone,

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therefore Escan Ltd could change their pricing strategy. They should look at penetration or competitive pricing: Qupid is a new product on the market therefore these pricing strategies should help it enter the Russian market and later on they could return their pricing back to cost-plus pricing. In addition they should advertise Qupid shoes more effectively as most of their customers didn't know about this product. This could be as simple and easy as sending an email to all the companies that buy shoes from Escan Ltd. This would keep advertising costs to a minimum while ensuring that the customers know about Escan selling Qupid shoes. If these suggestions are followed there should be a potential rise in consumers that buy Qupid shoes from Escan Ltd.

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18. Ruth Murray-Webster " Management of Risk: Guidance for Practitioners" (2010) Page 88

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Interview with the owner of Escan ltd

1. Why did you decide to create a strategic alliance with Qupid?

The main reason for this decision was that we do just sport shoes and we want to expand our product range and if we want to increase sales, we need to provide more options to our customers therefore we decided to start buying women's shoes from Qupid. Also, we believe that women spend more money on shopping than the men, this way Escan ltd can sell more quantity of shoes therefore there is a greater chance of increasing profit and increasing turnover as we get into the women's shoe industry.

2. Why did you choose Qupid and what they get from this alliance?

Qupid needed someone who can represent their shoes in Russia and we needed womens shoes. Therefore we perfectly fit each other. Also Qupid is already a well known business in USA therefore we chose them.

3. How do you work with Qupid and how you make an order from them?

It is quite a complicated process because we work in different region and they work as a wholesaler as well. We visit Qupid's exhibitions first and we look at the collections that they made. When we like any shoes from Qupid, we don't make a big order of that type of shoes straight away, we make an order of samples of different shoes which we like. Then we present these samples on our exhibitions and if our customers will place an order on any Qupid shoes then we will order a big quantity of shoes from Qupid.

4. Are you happy with this alliance at the moment?

Right now we are happy with this alliance, as they provide product that we need.

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Table 1. Qupid shoes that were purchased by Escan Ltd and how they were selling during 6 month.

No	Quantity	problem percent	Opening stock	stock	problem quantity	net cost pair	Closing stock	Revenue that can be made after selling left stock / +45% on net cost per pair	discount prices	losses per pair	total loss	Possible earning Revenue in total
1	300	95%	£3,064.50	290	285	£10.215	£2,962.35	£4,295.41	£6.00	£4.215	£1,264.500	£4,443.53
2	300	10%	£3,064.50	30	30	£10.215	£306.45	£444.35			0	£4,443.53
3	300	90%	£3,996.60	252	226,8	£13.322	£3,357.14	£4,867.86	£6.00	£7.322	£2,196.600	£5,795.07
4	300	90%	£3,996.60	252	226,8	£13.322	£3,357.14	£4,867.86	£6.00	£7.322	£2,196.600	£5,795.07
5	300	95%	£2,723.40	252	239,4	£9.08	£2,287.66	£3,317.10	£6.00	£3.08	£923.40	£3,948.93
6	300	70%	£2,723.40	250	210	£9.08	£2,269.50	£3,290.78	£6.00	£3.08	£923.40	£3,948.93
7	300	60%	£2,723.40	220	180	£9.078	£1,997.16	£2,895.88	£8.00	£1.078	£323.400	£3,948.93
8	300	0%	£2,874.90	0	0	£9.58	£0.00	£0.00			0	£4,168.61
9	300	0%	£2,874.90	0	0	£9.58	£0.00	£0.00			0	£4,168.61
10	300	75%	£2,840.10	252	189	£9.47	£2,385.68	£3,459.24	£7.00	£2.47	£740.10	£4,118.15
11	300	60%	£2,840.10	200	151,2	£9.47	£1,893.40	£2,745.43	£7.00	£2.47	£740.10	£4,118.15
12	300	80%	£2,328.00	200	201,6	£7.76	£1,552.00	£2,250.40	£6.00	£1.76	£528.00	£3,375.60
13	300	80%	£2,328.00	252	201,6	£7.76	£1,955.52	£2,835.50	£6.00	£1.76	£528.00	£3,375.60
14	300	30%	£2,421.00	150	75,6	£8.07	£1,210.50	£1,755.23			0	£3,510.45
15	300	30%	£2,421.00	100	75,6	£8.07	£807.00	£1,170.15			0	£3,510.45
16	300	75%	£3,444.30	200	225	£11.48	£2,296.20	£3,329.49	£6.00	£5.48	£1,644.30	£4,994.24
17	300	90%	£3,444.30	270	270	£11.48	£3,099.87	£4,494.81	£6.00	£5.48	£1,644.30	£4,994.24
18	300	90%	£3,761.10	270	270	£12.54	£3,384.99	£4,908.24	£6.00	£6.54	£1,961.10	£5,453.60
19	300	80%	£3,452.10	240	240	£11.51	£2,761.68	£4,004.44	£6.00	£5.51	£1,652.10	£5,005.55
20	300	30%	£3,452.10	100	90	£11.51	£1,150.70	£1,668.52			0	£5,005.55
21	300	30%	£2,236.20	90	90	£7.45	£670.86	£972.75			0	£3,242.49
22	300	30%	£2,236.20	90	90	£7.45	£670.86	£972.75			0	£3,242.49
23	300	10%	£2,058.90	0	30	£6.86	£0.00	£0.00			0	£2,985.41
24	300	0	£2,058.90	0	0	£6.86	£0.00	£0.00			0	£2,985.41
25	300	0	£2,058.90	0	0	£6.86	£0.00	£0.00			0	£2,985.41
26	300	0	£1,974.90	0	0	£6.58	£0.00	£0.00			0	£2,863.61
27	300	0	£1,974.90	0	0	£6.58	£0.00	£0.00			0	£2,863.61
	8100		£75,373.20	3960	2199		£40,376.67	£58,546.17			£17,265.900	£109,291.14

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Companies participated in survey: Kari shoes, Familia, Alpha shoes, Vita, Bashmag, Lenta, Monro, Wildberries, Dina, Nabara shoes.

1. Did you like the design of Qupid shoes?

- Yes (7) - No (3)

2. Did you like the quality of these shoes?

- Yes (6) - No (4)

3. Did you know that we started selling Qupid shoes?

- Yes (2) - No (8)

4. Does the price of these shoes suit you?

- Yes (5) - No (5)

5. Are you considering purchasing these shoes from us, or to continue purchasing them?

- Yes (3) - No (6), *Main reasons were that the price is too high and poor quality.

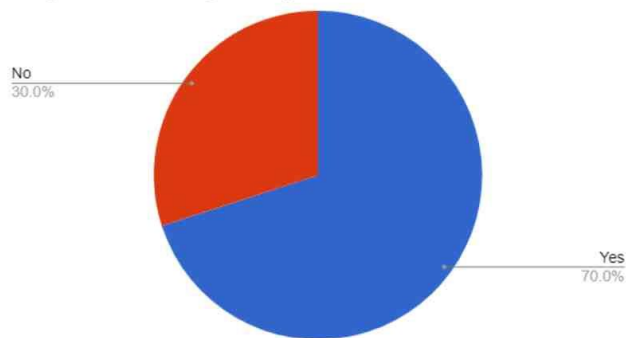
- Still considering(1)

6. If the issues with these shoes were to be solved, such as Price and quality would you buy them from us?

- Yes (6) - No (4)

Figure 1.

Did you like the design of Qupid shoes?



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Figure 2.

Did you like the quality of these shoes?

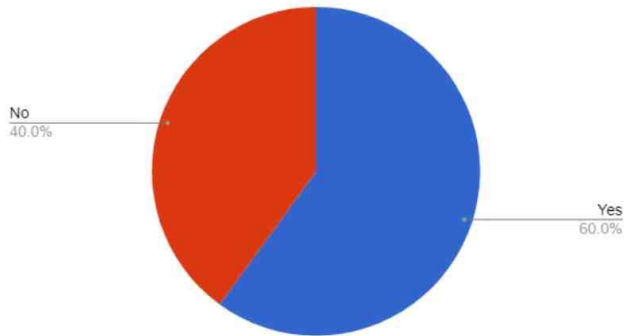


Figure 3.

Did you know that we started selling Qupid shoes?

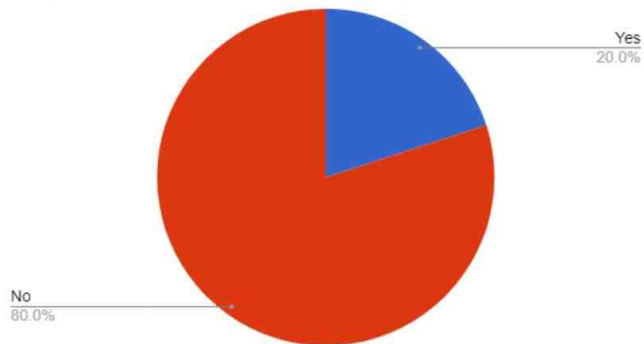
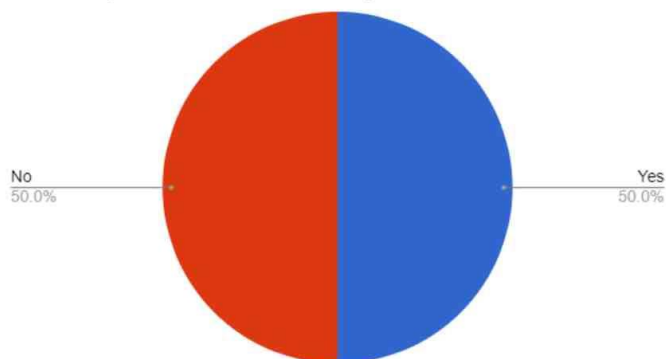


Figure 4.

Does the price of these shoes suit you?



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Figure 5.

Are you considering purchasing these shoes from us, or to continue purchasing them?

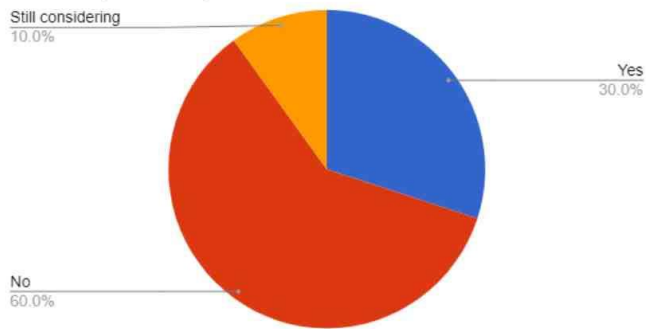
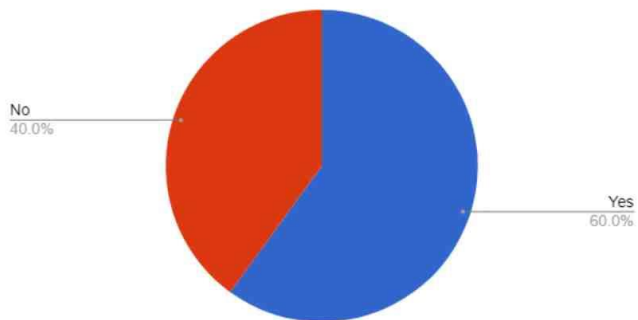


Figure 6.

If the issues with these shoes were to be solved, such as Price and quality would you buy them from us?



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Table 2. Balance sheet of Escan

	January	February	March	April	May	June	July
Firms Costs	£65,773.65	£79,645.22	£73,245.54	£76,787.56	£63,234.46	£59,187.96	£56,546.76
Total Liabilities	£3,053,522.89	£2,919,193.40	£3,006,779.76	£2,830,051.79	£2,891,889.84	£2,762,073.68	£3,733,362.51
Debts to Escan	£1,553,732.66	£2,279,241.22	£2,998,714.96	£3,903,859.68	£3,576,436.17	£3,423,061.96	£3,696,966.96
Total goods	£1,267,600.49	£1,459,032.60	£1,645,513.76	£1,217,921.20	£1,091,577.61	£1,098,456.99	£1,215,411.15
Total cash on hand	£58,728.54	£258,054.08	£47,514.65	£-1,002.20	£10,062.92	£68,033.34	£37,333.35
Total Assets	£2,888,061.69	£3,996,327.89	£4,691,743.38	£5,120,778.68	£4,678,076.70	£4,589,552.29	£4,949,711.47
Balance	£-173,461.20	£1,077,134.49	£1,684,963.62	£2,290,726.89	£1,786,186.86	£1,827,478.62	£1,216,348.96

Table 3. Report about sales from Wildberries. From 01/01/2017 to 23/06/2017

Report on the data of the supplier "Limited Liability Company "Escan" "from 01/01/2017 to 23/08/2017			Ordered		Maximum amount ordered in one day	Current stock (Pairs)
Brand	Articul number	Shoe size	Amount	Price in rubles		
Qupid	QP210013-2	39	51	56,629.38	4	0
Qupid	QP110003-3	39	61	68,667.48	6	0
Qupid	QP110003-3	38	64	72,045.36	13	0
Qupid	QP210013-2	38	50	55,518.62	6	2
Qupid	QP110003-2	38	58	65,290.32	4	3
Qupid	QP110003-3	37	38	43,334.50	9	0
Qupid	QP110002-1	38	36	58,155.12	3	2
Qupid	QP210013-1	39	39	43,315.15	4	6
Qupid	QP210013-1	38	46	51,077.48	4	7
Qupid	QP210013-2	40	31	34,421.78	4	2
Qupid	QP210013-1	37	30	33,311.40	4	2
Qupid	QP110003-3	40	38	42,777.36	4	2
Qupid	QP110003-1	39	45	50,603.08	5	3
Qupid	QP110002-1	39	32	51,693.02	3	8
Qupid	QP110003-3	36	19	21,388.68	4	0
Qupid	QP210013-1	40	30	33,321.35	3	4

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Qupid	QP610004-1	38	20	13,640.80	3	0
Qupid	QP110002-1	37	23	37,403.53	3	5
Qupid	QP110002-2	39	17	27,462.14	2	3
Qupid	QP110003-1	38	49	55,160.28	3	7
Qupid	DAYDREAM-01-2	38	18	25,105.68	2	0
Qupid	DAYDREAM-01-2	37	13	18,130.36	2	1
Qupid	QP610004-1	39	28	19,097.12	3	0
Qupid	QP110003-2	37	48	54,034.56	4	4
Qupid	QP110003-2	36	11	12,382.92	2	0
Qupid	QP210013-2	37	52	57,739.38	5	2
Qupid	QP210013-1	36	16	17,766.08	2	2
Qupid	QP210013-2	36	16	17,765.32	3	0
Qupid	QP110002-2	38	16	25,846.72	3	1
Qupid	QP110002-1	36	13	21,000.46	2	0
Qupid	QP110002-2	37	11	17,769.20	2	1
Qupid	STATE-01-2	38	16	12,347.52	2	0
Qupid	QP310002-2	38	33	29,048.96	2	1
Qupid	QP110003-2	39	36	40,594.49	4	14
Qupid	QP210013-1	41	20	22,207.22	2	0
Qupid	STATE-01-2	39	17	13,119.24	4	0
Qupid	QP210015-3	38	22	23,491.45	2	1
Qupid	QP310002-2	37	18	15,845.04	2	0
Qupid	QP110002-2	36	5	8,077.10	3	0
Qupid	STATE-01-2	37	10	7,717.20	2	0
Qupid	STATE-01-2	40	8	6,173.76	3	0
Qupid	QP110003-1	37	43	48,298.09	6	4
Qupid	QP110003-1	40	41	46,145.16	3	0
Qupid	QP110003-3	41	25	28,143.00	2	1
Qupid	QP110003-2	41	23	25,891.56	2	1
Qupid	QP210013-2	41	16	17,766.08	2	1
Qupid	BEAT-09	38	11	16,160.00	2	4
Qupid	BEAT-09	36	4	5,876.40	1	0
Qupid	QP310002-3	39	25	22,007.00	2	1
Qupid	QP310002-2	40	16	14,084.20	3	0
Qupid	QP310002-3	37	13	11,443.64	2	0
Qupid	QP210015-2	38	27	28,960.74	2	1
Qupid	QP210015-3	39	21	22,525.02	2	3

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Qupid	QP210015-3	40	15	16,088.68	2	1
Qupid	QP210015-2	39	14	15,064.77	2	0
Qupid	DAYDREAM-22-2	38	15	21,004.45	3	3
Qupid	DAYDREAM-22-2	39	9	12,552.84	2	6
Qupid	DAYDREAM-22-3	39	9	12,552.84	1	4
Qupid	DAYDREAM-01-1	41	4	5,579.04	1	0
Qupid	DAYDREAM-01-2	41	4	5,579.04	1	0
Qupid	QP610004-1	40	17	11,915.46	3	1
Qupid	QP610004-1	37	16	10,912.64	2	0
Qupid	QP310002-2	39	29	25,527.28	2	7
Qupid	QP310002-3	38	27	23,767.56	2	0
Qupid	QP310002-3	40	16	14,084.20	2	0
Qupid	QP110003-1	36	17	19,137.24	3	2
Qupid	QP110002-1	40	23	37,154.24	2	7
Qupid	QP110002-1	41	10	16,154.20	2	1
Qupid	QP210015-2	37	14	14,910.49	2	0
Qupid	QP210015-2	40	11	11,798.82	2	0
Qupid	STATE-01-1	38	18	13,890.96	3	2
Qupid	BEAT-09	37	7	10,283.70	1	4
Qupid	BEAT-09	39	7	10,283.60	2	6
Qupid	DAYDREAM-22-2	37	13	18,215.69	2	2
Qupid	DAYDREAM-22-3	41	9	12,552.84	2	1
Qupid	DAYDREAM-22-2	36	7	9,763.32	1	1
Qupid	DAYDREAM-01-2	36	7	9,763.32	1	0
Qupid	QP610004-1	36	8	5,456.28	1	0
Qupid	QP310002-2	36	12	10,563.36	1	0
Qupid	QP310012-3	37	12	10,563.36	1	1
Qupid	QP310002-3	36	4	3,521.12	1	0
Qupid	PRANCE-09-3	39	28	34,725.04	4	1
Qupid	PRANCE-09-3	40	26	32,244.50	2	0
Qupid	QP310006-2	38	10	8,058.46	2	8
Qupid	STATE-01-1	40	12	9,260.64	2	1
Qupid	STATE-01-1	37	11	8,558.63	1	2
Qupid	QP110003-2	40	26	29,268.72	3	8
Qupid	QP210015-3	37	16	17,161.92	2	2
Qupid	QP210015-2	36	9	9,653.58	2	1
Qupid	QP210015-3	41	7	7,508.34	2	0

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Qupid	QP610004-1	41	7	4,774.28	2	1
Qupid	QP310002-3	41	12	10,563.08	3	0
Qupid	QP310002-2	41	10	8,802.80	2	1
Qupid	QP110002-2	41	6	9,692.52	2	0
Qupid	QP310006-1	38	14	11,283.16	2	1
Qupid	QP310006-1	39	11	8,865.34	2	1
Qupid	QP310006-1	40	9	7,253.46	2	1
Qupid	QP310006-1	36	5	4,029.70	1	0
Qupid	QP310006-1	37	5	4,029.70	1	0
Qupid	STATE-01-1	39	16	12,347.52	2	2
Qupid	STATE-01-1	36	8	6,173.04	2	0
Qupid	STATE-01-3	40	5	3,858.60	1	3
Qupid	STATE-01-3	38	4	3,086.88	1	7
Qupid	BEAT-09	41	5	7,345.40	2	1
Qupid	BEAT-09	40	3	4,407.30	1	4
Qupid	DAYDREAM-01-2	39	10	14,031.41	2	5
Qupid	DAYDREAM-22-3	38	10	13,827.13	1	5
Qupid	DAYDREAM-22-2	40	9	12,552.84	1	2
Qupid	DAYDREAM-01-1	38	7	9,763.32	1	8
Qupid	DAYDREAM-22-2	41	7	9,762.56	1	1
Qupid	DAYDREAM-01-1	37	6	8,368.56	1	5
Qupid	DAYDREAM-01-1	39	5	6,973.04	2	8
Qupid	DAYDREAM-01-1	36	4	5,579.04	1	2
Qupid	DAYDREAM-01-1	40	4	5,579.04	1	4
Qupid	PRANCE-09-5	39	21	26,043.78	2	5
Qupid	PRANCE-09-5	38	19	23,563.42	2	5
Qupid	PRANCE-09-3	37	14	17,362.52	2	2
Qupid	PRANCE-09-3	41	13	16,122.16	2	0
Qupid	PRANCE-09-5	37	9	11,161.62	2	4
Qupid	QP210015-2	41	4	4,290.48	2	0
Qupid	QP210015-3	36	4	4,290.48	1	2
Qupid	QP310012-3	39	6	5,281.68	1	7
Qupid	QP310012-3	41	6	5,281.68	1	2
Qupid	QP310012-3	36	5	4,401.40	2	2
Qupid	QP310006-2	41	11	8,865.34	2	3
Qupid	QP310006-2	39	8	6,461.58	2	8
Qupid	QP310006-1	41	8	6,447.52	1	1

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Qupid	QP310006-2	36	4	3,223.76	1	3
Qupid	STATE-01-2	41	13	10,032.36	3	0
Qupid	STATE-01-3	37	6	4,630.32	1	4
Qupid	STATE-01-3	41	6	4,630.32	1	1
Qupid	STATE-01-2	36	6	4,629.60	1	0
Qupid	PRANCE-09-3	38	18	22,323.24	2	3
Qupid	DAYDREAM-22-3	37	16	22,316.16	2	4
Qupid	PRANCE-09-5	40	14	17,362.52	2	3
Qupid	PRANCE-09-5	41	14	17,362.34	3	2
Qupid	QP110003-1	41	14	15,760.08	3	2
Qupid	PRANCE-09-5	36	10	12,401.80	1	3
Qupid	DAYDREAM-22-3	40	8	11,157.32	1	4
Qupid	PRANCE-09-3	36	8	9,921.44	1	3
Qupid	QP110002-2	40	5	8,077.10	1	5
Qupid	DAYDREAM-22-3	36	5	6,973.80	1	1
Qupid	QP310006-2	37	8	6,447.52	2	8
Qupid	STATE-01-3	39	7	5,402.04	1	9
Qupid	QP310012-2	39	6	5,281.68	1	9
Qupid	QP310012-3	38	6	5,281.40	2	8
Qupid	STATE-01-1	41	6	4,629.60	1	2
Qupid	QP310012-3	40	4	3,521.12	2	4
Qupid	QP310012-2	40	4	3,521.12	1	6
Qupid	QP310012-2	36	4	3,520.84	2	3
Qupid	DAYDREAM-01-2	40	2	2,789.52	1	6
Qupid	QP310012-2	38	3	2,640.84	1	9
Qupid	QP310012-2	41	3	2,640.56	1	3
Qupid	QP310006-2	40	3	2,417.82	1	9
Qupid	STATE-01-3	36	3	2,315.16	1	2
Qupid	QP310012-2	37	2	1,760.56	1	6
Total:			2,486	2,768,353.99		396

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Table 4: SWOT analysis for current strategic alliance with Qupid shoes

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> - Bigger product range - Unique selling point - Good design of woman shoes - One of the Escan customers managed to sell more than 80% of Qupid shoes 	<ul style="list-style-type: none"> - Qupid isn't Escans ltd brand - 27 % of shoes had quality problems - Small stock turnover ratio - Didn't manage to break in a 6 month period - At the moment only 30% are willing to purchase this shoes - Price does not suit 50% of customers 	<ul style="list-style-type: none"> - There is a potential growth of customers 	<ul style="list-style-type: none"> - Competitors of Escan ltd might start buying shoes from qupid