



University of Wales
Trinity Saint David

Consultancy Management
(SBMA7136)

A Feasibility Study of Li & Fung Limited

New Model Development

PROJECT INITIATION DOCUMENT (PID)

Students Name: 1812210
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Masters: Consultancy Management

Project Initiation Document (PID)

INSTRUCTIONS:

1. Give as much justification as possible for every question asked. This means, you must not limit yourself to just stating WHAT you believe is an appropriate response, but WHY.
2. ALWAYS provide an outline of the financial and cost imperatives associated with your project aim and objectives. Remember, you must be able to SELL your project idea.
3. Put effort into your PID and you will benefit when it comes to undertaking your project and writing your final report.

PID submission date detailed on module schedule



1. Your name:	1812210 Wu Hon Kwong
2. Organisation name:	ABC Consultancy Limited
3. Your job title/role:	Consultant
4. How long have you been in this job/role?	3 years
5. Outline main purpose of your job/role:	1/ provide consultancy work 2/ provide training 3/ provide consultancy services
6. List the main responsibilities within your job/role:	1/consultancy work 2/ project negotiation 3/ training
7. Client organisation:	Li & Fung Limited
8.	
9. Type of business:	Trading
10. No of employees in client organisation:	about 22,000 people worldwide
11. Who is the person mainly supporting your project (Sponsor)? State their job title and their relationship to you:	Name: William Fung Job title: Director Relationship to you: Client
12. Aim of project:	1/ Incorporates both background market information, financial data from the organization and its competitors, theory, and strategic models such as the SWOT analysis, BCG matrix, extended Ansoff matrix, product extension strategies, and John Kotter's change management process to define a strategic direction for the company. 2/ Analysis attempts to fulfil the requirements of the three smart objectives highlighted in the first part of the project.
13. Objectives of project:	1/ to increase both the global freight and logistics market share from 10.5% and 15.3 to 15.3% to 15.8 and 20.1% respectively between 2019 and 2023. 2/ to cut down employee expenses in all the subsidiaries by 11.5% starting 2019 using a 3-year plan. 3/ to improve the internal communication environment between the top management and all the employees through creating 3 external events every year starting 2019.
14. What is the business case for considering undertaking the project? Here you need to justify how achieving the project aim will advantage and benefit the business and its stakeholders. For example, savings, gaining intelligence of competitors, promoting innovation, return on investment etc.	

1/ additional benefit to the share holders

2/ increase the value of P.E. price

3/ additional benefit to the employees

4/ additional benefit to the suppliers

5/ additional benefit to the services providers

6/ additional benefit to the government

15. Identify the risks associated with the project and how these could be overcome.

1/ time management

2/ project management skill

3/ project charter

4/ quality

5/ price

16. List the information and resources you will need to make your project a success. State why such are needed. These may include, people, time, cash, technology, data. Identify any constraints that you may encounter and explain how you would overcome these.

1. Annual reports

2. Journals

3. *Census and Statistics Department* 政府統計處

17. State what method you intend to use to collect your primary data. For example, questionnaire, interviews, telephone surveys, focus groups etc. Outline why a particular research method was chosen over alternatives.

1. Not applicable

18. State from whom you plan to collect primary data and detail any challenges you anticipate. Here you need to consider whether or not you will be given or denied access to personnel and why. Outline how you plan to approach people to take part in your research and why you have chosen such individuals. State why they may agree to take part in your project or indeed refuse. If you plan to collect data from family and/or friends, rationalise such and explain how you will overcome bias etc.

1. Not applicable

19. State from where you plan to collect secondary data. This means providing an early list of alphabetised websites and a bibliography that details (using Harvard method) the journals, magazines, textbooks and websites you intend to use.

Website addresses: Desk research, such as.....*Census and Statistics Department* 政府統計處

Books (on topic area): SWOT analysis, BCG matrix, extended Ansoff matrix, product extension strategies, John Kotter's change management

Books (on research methodology): SWOT analysis, BCG matrix, extended Ansoff matrix, product extension strategies, John Kotter's change management

Journals: Li & Fung Annual Reports

20. Design a time plan for the lifetime of the project. Begin by breaking down all tasks that need to be undertaken and assess the duration of time you need to devote to each task. Be sure to show tasks in a logical sequence. Be further sure that you plan well enough to enable you submit your project report on the deadline date. Include any meetings that are planned with your project lecturer at UWTSD. Be realistic and make your project manageable, account for holidays and other "off-days".

Task	Date to be completed
Define project objective	Week 1
Initial Contact with Mr. William Fung	Week 2
Decision to work together	Week 3
Preliminary analysis	Week 4
Formal proposal (Consultancy analysis)	Week 5
Project charter	Week 6
In-depth analysis	Week 7
Implementation	Week 8
Delivery : Report	Week 9
Follow up	Week 10

University of Wales
Trinity Saint David
and
The Hong Kong Management Association

Consultancy Management
(SBMA7136)

A Feasibility Study of Li & Fung Limited
New Model Development

Dr Joe Leung

Individual Assignment

Submitted by :

Student Name

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1812210

January 7, 2019

Executive Summary

This is a consultation project for one of Hong Kong's top trading companies – Li & Fung. The focus of this report is to highlight some key issues and problems facing Li & Fung, which the project highlighted as product and service innovation, change of management processes, and process improvement. The project incorporates both background market information, financial data from the organization and its competitors, theory, and strategic models such as the SWOT analysis, BCG matrix, extended Ansoff matrix, product extension strategies, and John Kotter's change management process to define a strategic direction for the company. The report's analysis attempts to fulfil the requirements of the three smart objectives highlighted in the first part of the project.

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1.0 INTRODUCTION

1.1 Background of the Company

Li & Fung Limited is a Hong Kong investment holding company whose main activity includes the trading business. Founded in 1906 during a period when China was experiencing a great change by Park Liu – an English teach, and Li To-Ming, a merchant, Li & Fung was also amongst the first companies to export to the West. In collaboration with its numerous subsidiaries, the company carries out its business activities through two main segments namely trading and logistics (Li & Fung Limited, 2017). The trading network segment provides services for sourcing both global soft goods and hard goods. Some of the main channels for trading include on-shore wholesale business, private label merchandise, and buying agent services. The logistics network deals with providing logistics solutions, as well as freight forwarding services. The in-country logistics services provide supply chain and logistics solutions across Asia, but the main focus includes footwear and apparel, food and beverage, fast-moving consumer goods, and healthcare products (Li & Fung Limited, 2016). The company uses both online and offline channels to offer the above services. Finally, the global freight management segment of the business offers full-service international freight solutions.

1.2 Consultancy Definition

Literally, the term consultancy means the act of consulting. Consultation is the process of seeking advice from a qualified or a professional consultant (Kubr, 2002). Following

the definition by New Webster's Collegiate Dictionary, the term consult means asking for advice or seeking the opinion of a consultant, a person who offers expert advice at a fee. To explore further, a consultant provides professional services to businesses, organizations, or individuals. Consultancy services include the identification of a problem or an issue regarding organizational policies, methods, and procedures, after which the consultant recommends an appropriate course of action, as well as help in implementing the proposed recommendations (Lahti and Beyerlein, 2000). The consultant delivers services through a service delivery process, which entails problem identification, project planning, data collection, analysis, diagnosis, recommendations, feedback, implementation, and follow-up and evaluation (Wickham, 2004). As such, this paper provides a consultation report provided for Li & Fung Limited on how to improve the in-country and global market share, cut down on employee expenditure, and improve the internal communication environment.

1.3 Project Objectives

1. To increase both the global freight management and in-country logistics market share from 10.5% and 15.3% to 15.8% and 20.1% respectively between 2019 and 2023.
2. To cut down employee expenses in all the subsidiaries by 11.5% starting 2019 using a 3-year plan; 2019-2022.
3. To improve the internal communication environment between the top management and all employees through creating 3 external events every year starting 2019.

1.4 Methodology

ABC Consultancy Limited utilized on-site meetings with the managers of Li & Fung Limited to conduct an assessment of the organization's issues regarding the logistics market share, employee expenses, and the internal communication environment. Each manager provided an overview of how their departments conducted the above stated activities, after which the consultancy identified the key issues facing the organization as a whole, as well as discussed some of the opportunities and transitions that could propel the company to a different market level (Li & Fung Limited, 2017; Li & Fung Limited, 2015). The discussions focused on how to improve the internal communication system between the management and employees, how to increase the global freight management and in-country logistics share of the market, and finally how to reduce employee expenses and foster a trend of profit increment. This research produces the findings detailed in a report along with the recommendations to assist Li & Fung move forward the propositions contained in the report.

1.5 Problem Definition

The first problem occurs in the financial year 2017 whereby Li & Fung's annual returns dropped to -72.5%, with -14.4% in Hong Kong Luxury, and -16.7% in the overall Hong Kong market. In addition, the company's dividend value has dropped from HK\$10.20 IN 2014 (Li & Fung Limited, 2017) to HK\$1.18 in 2018 (Simply Wall St, 2018). This means that the company has been making losses for the past five years, which calls for an action to increase its market share and reduce employee expenses. In addition, the dividend's current discount falls at 43% at a share price of HK\$1.18 in 2018, and thus makes its future cash flow to fall at HK\$2.05. Clearly, the company's share price falls

below the future cash flow. Further, Li & Fung has been compensating its employees higher than the average for organizations that are similar in size in Hong Kong. For instance, the CEO's compensation has risen from USD\$1.35m in 2012, to USD\$3.2m in 2016, and dropped again to USD\$2.8m in 2018 (Li & Fung Limited, 2017; Simply Wall St, 2018). Finally, the current social internal communication only comprises of sharing stories, videos, photos, and blogs amongst employees, all of which are digitized and virtual. This brings the need to develop a culture where people interact more on the outside other than connect to each other via virtual connections (Li & Fung Limited, 2017).

2.0 MARKET ANALYSIS

2.1 Current Market Analysis

In early 2016, the Census and Statistics Department (CSD) of Hong Kong published figures indicating a drop of 20.6% in value for retail sales year on year, which was equivalent to HK\$37bn (US\$4.8bn), as well as a drop of 19.5% in sales volume year on year. The only other time the Hong Kong retail market experienced such severe market fluctuations was the period between 1998 and 1999, right after the Asian financial crisis (Census and Statistics Department, 2018).

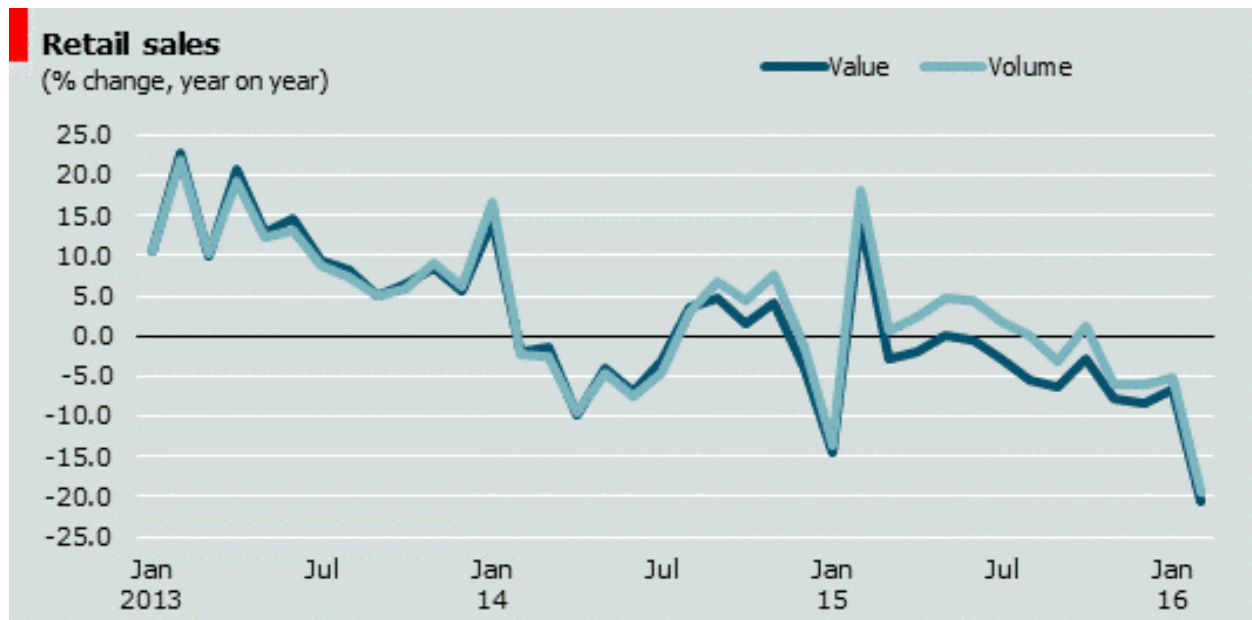


Figure 1: Retail Sales data in Hong Kong's consumer market 2013-2016

Source: The Economist Intelligence Unit; Haver Analytics; Census and Statistics Department

As indicated in figure 1 above, the Chinese New Year started in February for both 2015 and 2016, which seems to be the main attributing factor to the plunge in retail sales. Both January and February indicate a plunge of both value and volume of retail sales by 13.6% and 12.3% respectively (The Economist Intelligence Unit, 2018). This plunge in sales reflects increased consumption by both visitors and locals. However, the drop in sales during the other periods of the years could be attributed by the slowing economic growth in China, as well as the drop in tourism spending in the Hong Kong tourism industry (Goldstein, 1998). Despite the uncertainties caused by the tightening global monetary policies, the risks in the Hong Kong retail sales market are weighted downwards.

2.2 Competitor Analysis

Table 1: Li & Fung Competitor Analysis

	Li & Fung	Li Ning	V.F Corporation	Samsonite International	Prada
VALUE					
Share price	HK\$1.23	HK\$8.53	US\$71.34	HK\$22.65	HK\$25.80
1 year returns	= -71.3%	= 32.7%	= -4.6%	= -38%	= -8.8%
Share discount	= 40%	= 27%	= 11%	= 38%	= 9%
Relative price to market	Past earnings basis = 10.1x Expected growth basis = 0.2x Value of Assets basis = 0.7x	Past earnings basis = 30.0x Expected growth basis = 1.3x Value of Assets basis = 3.0x	Past earnings basis = 24.7x Expected growth basis = 1.8x Value of Assets basis = 6.7x	Past earnings basis = 12.0x Expected growth basis = 0.7x Value of Assets basis = 2.2x	Past earnings basis = 31.0x Expected growth basis = 1.9x Value of Assets basis = 2.6x
FUTURE					
Expected annual growth earnings	47.3%	22.9%	14%	16.8%	16.5%
ROE (3 years)	14.8%	16.0%	39.0%	15.6%	12.1%
PAST					

Earnings growth analysis	Negative and below average = -27.5%	Delivered 20% year on year	Negative and above average = -3.5%	Delivered 15.3% year on year	Insufficient data for 5 years, but above average for 3 years = 14.2%
HEALTH					
Short-term	Able to meet short-term commitments with its holdings and assets	Able to meet short-term commitments with its holdings and assets	Able to meet short-term commitments with its holdings and assets	Able to meet short-term commitments with its holdings and assets	Able to meet short-term commitments with its holdings and assets
Long-term	Cash and other short-term assets cover long-term commitments	Cash and other short-term assets cover long-term commitments	Cash and other short-term assets cover long-term commitments	Cash and other short-term assets cover long-term commitments	Cash and other short-term assets cover long-term commitments
DIVIDENDS					
Annual dividend income	10.54%	0%	2.61%	2.72%	2.61%
Dividend amount	2.16%	Not reported	1.55%	2.16%	2.16%
Current payout to shareholders	2.3x coverage = 44%	0%	1.5x coverage = 67%	3.1x coverage = 33%	1.1x coverage = 88%

Source: Simply Wall St (2018)

3.0 BUSINESS SITUATION ANALYSIS

3.1 SWOT Analysis

Strengths	Weaknesses
1. Reputable name and branding 2. The management is well informed and educated 3. A broad client base linked with integrated supply chain management 4. A decentralized style of management 5. Existing internal capital 6. Successful acquisition strategy 7. Interactive, as well as flexible design process 8. Zero inventories to manage 9. The ability to operate in both soft and hard markets 10. Balanced business and technology sense 11. Positive corporate culture	1. Traditional business principles and values 2. Limited knowledge on how to develop a successful B2B e-commerce profile 3. Lacks professional workforce for implementing a successful B2B business 4. Poor information gathering and research regarding B2B strategies 5. Insufficient knowledge on how other successful SMEs within the same industry behave 6. Previously, the company attempted to embark on a B2B plan, but failed due to overemphasis on the old economy model
Opportunities	Threats
1. The internet is a true enabler of digitized and streamlined supply chain and logistics management 2. Allowing customers to partake in the design of process 3. Allow SMEs to take part in the product procurement at discounted rates	1. Failure to accommodate middle men out of the normal trading scheme is risky as the business uses more resources to reach the consumer 2. Could lose key professional employees to competitors who offer higher compensations 3. If the need for an upgrade to an

4. Develop a plan to venture into markets where surplus products can be sold (example, <i>eSO</i> – electronic stock offer markets).	IT-sophisticated company, Li & Fung could over rely on external companies for support and maintenance due to lack of automation. 4. The outsourced company could access proprietary information such as strategies and business model 5. The company could undergo losses by exposing the business to a new environment if not prepared for transitional stages.
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Sources: (Li & Fung Limited, 2014; Li & Fung Limited, 2015; Li & Fung Limited, 2016; Li & Fung Limited, 2017; Hill and Westbrook, 1997)

3.2 BCG Matrix

The BCG matrix is simply a corporate planning tool for portraying a firm's brand portfolio along with its relative market share and the speed of market growth. Firms use this tool to evaluate their long-term investment decisions in a highly competitive and volatile business environment (Fleisher and Bensoussan, 2003). The relative market share measures the company's market position in comparison with the greatest competitors, while the market growth rate portrays the consumer preferences in terms consumption, which is measured by the changes in the profitability of a company.

Table 3: BCG Matrix table for Li & Fung and its main competitors

Brand	Revenues	Relative Market Share	Market growth rate
1. Li & Fung	HK\$10,037,771,487	0.05	47.3%
2. Li Ning	HK\$18,330,375,589	0.08	22.9%

3. V.F Corporation	HK\$219,281,573,690	1.00	14%
4. Samsonite International	HK\$30,765,218,170	0.14	16.8%
5. Prada	HK\$63,330,894,000	0.29	16.5%

Relative market share = Firm's revenue / Largest competitor's revenue

From table 3 above, Li & Fung faces competition from at least four known companies within the trading business both in Hong Kong and all over the world. Drawing interpretation from figure 3, the BCG matrix contains 4 quadrants. In an ascending order, the quadrants represent poor dogs, cash cows, question marks, and stars in the fourth quadrant (Singh, 2004).

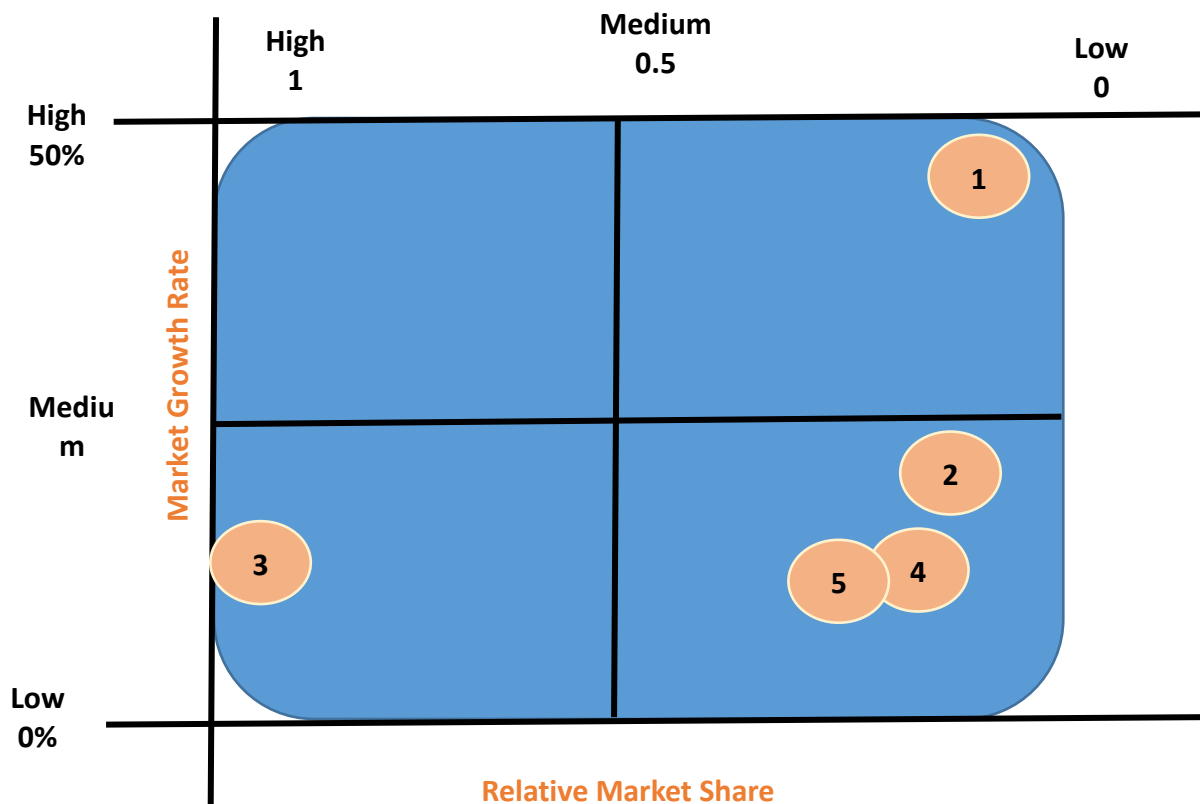


Figure 2: Li & Fung Growth-share matrix



Figure 3: Theoretical representation of the BCG Matrix

Source: www.strategicmanagementinsight.com

The *poor dogs* operate in a slow growth market, and thus represent a low market share compared to competitors. The *cash cows* represent the most profitable brands, which should be pushed or milked hard to maximize the profits. The stars operate within a high growth industrial setting, and such maintain a high market share (Smith, 2002). This also means that investors can invest more in these companies as their future cash flow is expected to grow higher, and especially when innovativeness can be improved using the latest technological trends. As observed, Li & Fung (represented by **1**) lies within the *star's quadrant*. Finally, the *question marks* section represents brands that require much consideration since they hold a low market share in a rapidly growing market (Olsen and Ellram, 1997). The best action for Li & Fung to take is to liquidate a percentage of its assets and invest in its long-term strategic goals.

4.0 BUSINESS STRATEGIES

4.1 Ansoff Matrix

The Ansoff matrix is a strategic planning tool that helps organizations in choosing a strategy. The tool shows all the risks interconnected with different strategies. The two figures below indicate the normal Ansoff matrix with four quadrants, and the extended Ansoff matrix with nine quadrants. Applying the 9-grid matrix creates a room for a deeper analysis, which introduces modified products on top of the existing and new ones (Yin, 2016).

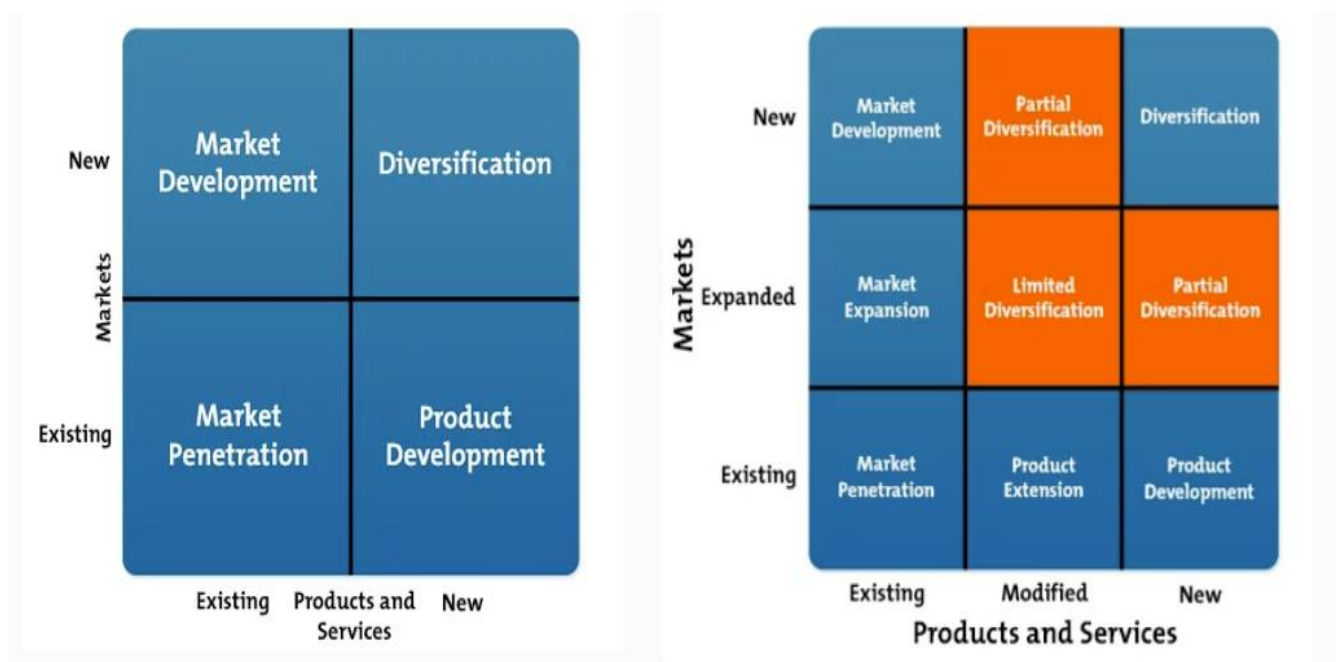


Figure 4: Ansoff Matrix + Extended Ansoff Matrix

Source: https://www.mindtools.com/pages/article/newTMC_90.htm

In this case, Li & Fung can blend its existing services to come up with modified products and services. One of the modified services is opening retail stores for their

manufactured products in order to widen their clientele and market reach. This strategy can also help the company in building its brand name locally and internationally. This strategy does not just entail opening numerous stores at the company's backyard, it also entails expanding the global reach by opening stores in other countries of the world as well, which will result in increased global freight management strategies and logistics to fill the increase in the delivery gap.

From the extended Ansoff matrix, Li & Fung is advised to use the *market development*, *market expansion*, *market penetration*, *partial modification of its existing products*, and *product extension*. Using both its existing products and the extensions, Li & Fung can venture into entirely new markets to establish a presence, expand their presence in their current markets by building retail stores, and use penetration techniques to enter the new markets (McDonald, 1996).

Product development occurs when an organization such as Li & Fung is trying to replace an existing product, or extending the usefulness of the existing products. This strategy is crucial since it establishes new customers who were not previously in the initial product. This will entail the use of *vertical diversification* where Li & Fung would deepen its commitment to the actual manufacturing process of products such as pharmaceutical, beauty, cosmetics, and laboratory services to compete with top ranking organizations such as Prada, V.F.C, and Samsonite International (Hussain et al, 2013).

4.1.1 Product Extension Strategies

At its best, the product extension strategies are applied to increase a market share of a specific product or products and services. As such the strategic team manages to keep

the product within its maturity phase within the product lifecycle instead of sending the product straight to its decline phase. Considering that Li & Fung has been operational for almost 113 years, the company has gone through numerous product changes and phases (Martinez and Chernatony, 2004). Some of the product extension strategies that Li & Fung could adopt in its endeavor to widen the customer reach and share include adding new features, changing or modifying the packaging, and identifying new markets.

After years of existence in the market, products tend to grow stale because the customers are already used to the very same features that made the product special or unique to them. Consequently, the declining position of a product as a preference is attributed to the familiarity in the eyes of the consumer. As such, Li & Fung needs to use this feature in some of its products such as pharmaceuticals, beauty products, and cosmetics to renew the excitement of its target audience. Further, Li & Fung also needs to modify its packaging especially in its lines of personal care products, perfumes, and toilet preparation products. Repackaging helps in giving the product a new look to the target customers, as well as appeal to new prospects. Finally, Li & Fung needs to identify new markets in order to increase its market share (Bakker et al, 2014). Despite considering the strategy of expanding across new borders, the management should understand that one of the key considerations should be marketing the products to the right target audience. The only difference between the existing audience and the existing is the large size of the new audience (Millberg, Whan Park, and McCarthy, 1997).

5.0 CHANGE MANAGEMENT PROCESS

5.1 John Kotter's Change Management

For more than 40 years, John Paul Kotter observed that countless leaders and their organizations were striving to execute their strategic goals or strategies. As such, he created a success model that combines progressive factors into a methodology of instilling change. Through the 8-step process, Li & Fung should follow this model to instill its two strategic objectives namely (1) cutting down employee expenses in all the organization's subsidiaries between 2019 and 2022, and (2) improving the internal communication environment between the management and other employees outside the usual formal top-down communication (Kotter, 1999).

Using Kotter's strategies, Li & Fung should create a sense of urgency to improve the internal communication of the company. Secondly, the management should establish a sense of coalition by using a tool that facilitates efficient flow of information. For instance, Li & Fung can use an organized social get-together to present their strategies. These strategies should already have strategic vision and initiatives to follow. With a team of volunteers in place, Li & Fung should then empower the action by cutting down on other expenses and maximizing on improving communication. For instance, some of the top management executives are paid more than hundred times as compared to the middle level management (Kotter, 2012).

Further, Li & Fung should create short-term wins such as setting up three annual trips in a different country to learn more about other strategic objectives, and enhance communication at the same time. During such trips, the management in charge of the strategic objectives formulation should also inform the employees regarding the 3-year

communication plan and the 3-year expenditure reduction plan. Most departments incur unwanted expenses, such as flowers and newspapers, which should target all the departments across all the subsidiaries. The final step includes anchoring a permanent change within the corporate culture (Todnem, 2005).

With improved internal communication channels, managers can perform their basic management duties effectively and efficiently. As such, smooth communication will also help the management of Li & Fung communicate its key strategic goal of increasing its market share. This makes communication one of the most basic features of a well-functioning organization.

6.0 FINANCIAL ANALYSIS

The current valuation of Li & Fung stands at HK\$10B, which merely represents less than 5% of the world's market share. Using the 2017 financial statements, the company has been making a losses amounting to 71.3% in the international market, which also comprises of the 14.1% loss in the Hong Kong Luxury Market, and 16.7% losses in the general Hong Kong Retail market. As such, Li & Fung needs to adopt the strategies of expanding its market share in order to compensate for these losses (Li & Fung Limited, 2016; Li & Fung Limited, 2017; Hill and Westbrook, 1997).

Nevertheless, the propositions upheld in the project remain objective considering the 47.3% expected annual growth earnings expected between 2019 and 2022. These projections are also expected to exceed the low risk savings rate, which gives the strategic team the justification required to liquidate some of the assets and investing them in restructuring the company's products and venturing into new markets, as well as expanding the existing ones. In comparison with the other competitors, the annual growth projections will put Li & Fung ahead of its competitors in the next 3 years. However, for this to occur, Li & Fung must invest intensively in its strategic plans according to the propositions of this project (Li & Fung Limited, 2014; Li & Fung Limited, 2015).

7.0 DISCUSSION

This discussion is an assessment of whether the provided theoretical perspectives, models, and strategies can satisfy the execution of the project objectives. From the project description, the consultant drew his inspiration to come up with this objective because most of the information gathered is related to Li & Fung making loss for the past five years. As such, the consultant also used the current market analysis and competitor analysis to further support the first objective. From the market analysis, Hong Kong as market has been experiencing difficulties since after the Asian financial crisis. Using the SWOT analysis, the report discovers strengths and opportunities to maximize, and weaknesses and threats to take action against. Further, the project uses the BCG matrix to justify that Li & Fung should liquidate some of the assets to pursue its long-term strategic goals related to this objective. Financial analysis and competitor analysis also helped the consultant in satisfying the requirements of the first objective.

In addition to the BCG, the report also focused on the extended Ansoff matrix to propose that Li & Fung should focus on *market development*, *market expansion*, *market penetration*, *partial modification of its existing products*, and *product extension*. The product extension strategies proposed by the report include adding new features, changing or modifying the packaging, and identifying new markets. As such, the first objective has been fulfilled and is achievable if the management follows the pointers regarding strategic objectives. The second and third objectives are covered by Kotter's process of instilling change management in an organization. Since these two objectives are more related to change than achieving financial value, Kotter's change management model was found sufficient to address some of the propositions of the report.

8.0 RECOMMENDATIONS

1. Li & Fung uses some of its traditional supply chain processes acquired from a century ago when the company started. Considering that the internet has taken advanced leaps and bounds, it is crucial for companies such as Li & Fung to catch up fast and deploy innovative solutions in its trading business. One of the projects to adopt innovativeness in its functioning should be automation of its supply chain, which is a game change. This will require the organization to systemize part or its entire workflow in order to improve the processes.
2. As elaborated throughout the project, the major objective is increasing the market share. One of the key strategies for achieving that is through adopting the product extension strategies highlighted in the report. This will create a new appeal to the existing customers and new prospects, which at the same time will prevent the products from entering the decline phase.
3. Liquidate a section of its assets and invest in product innovation. This is possible considering that Li & Fung has a vast estate of assets that are not in use. Following the BCG matrix, this strategy will help the company cover the financial requirements needed to extend the brand presence in both the local and international market.
4. Cut down employee expenses and compensations, and instead invest in talent development, knowledge management, and improving internal communication. This will cause a positive contribution to the company's overall goal of increasing its market share.

9.0 CONCLUSION

Li & Fung is a Hong Kong based that focuses on trading both products and services. According to this report, a consultant was dispatched to Li & Fung to conduct a preliminary research as to some of the issues and problems facing the organization. The key issues that the report highlights are related to product and service innovation, change of management processes, and process improvement. As such, the project highlights the problem, and uses both theory and existing information to propose the best course of action to solve the highlighted issues. The project used literature review based on market analysis, and some key strategic models to analyze the future of Li & Fung in solving the mentioned problems. Some of the models used include SWOT analysis, BCG matrix, extended Ansoff matrix, product extension strategies, and John Kotter's change management process. Finally, the report highlight some key financial performance indicators of the organization, and the offers a set of recommendations.

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Student Self Evaluation Form

Student name:	<u>Wu Hon Kwong</u>	Student number:	<u>1812210</u>
Programme:	<u>MBA</u>	Year of programme	<u>one</u>
Assignment Title:	<u>Consultancy Management</u>		

This section repeats in brief the common assessment criteria detailed on previous pages. The *extent* to which these are demonstrated by you determines your mark. Using these criteria, tick the box that best indicates the level of achievement you feel you have achieved with regard to each of them.

Common Assessment Criteria Applied	Level of Achievement						
	REFER			PASS		DISTINCTION	
	FAIL	FAIL	MARGINAL FAIL	SATISFACTORY	GOOD to VERY GOOD	EXCELLENT	EXCEPTIONAL
1. Engagement with literature	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	☒	☐	☐
2. Knowledge and Understanding	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	☒	☐	☐
3. Cognitive and intellectual skills	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	☒	☐	☐
4. Practical Skills	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	☒	☐	☐
5. Transferable Skills for Life and Professional Practice	0-29%	30-39%	40-49%	50-59%	60-69%	70-84%	85-100%
	☐	☐	☐	☐	☒	☐	☐

PLEASE COMMENT ON AREAS IN WHICH YOU FEEL THAT YOU HAVE PERFORMED WELL	PLEASE COMMENT ON AREAS YOU FEEL THAT YOU NEED TO DEVELOP
The course tutor has explained very detail and provided a lot of practice opportunities before starting this project. Therefore, I believe this project is prepared well.	This project would be prepared more precise if I could have more time for doing the research areas. Due to the limitation of time, I have tried my utmost effort.
Student's Name	<u>Wu Hon Kwong</u>
Student's Signature	<u>Jacky Wu</u>

Date January 6, 2019