

Report On  
Bangladesh Current Footwear Export Struggles by Apex Footwear  
Limited: Impact of Ukraine-Russia conflict

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the  
requirements for the degree of  
Master's in Business Administration (MBA)

BRAC Business School  
BRAC University  
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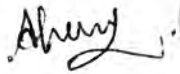
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## **Declaration**

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

**Student's Full Name & Signature:**



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**Sumaiya Akhter Ahona**  
21264093

**Supervisor's Full Name & Signature:**

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**Dr. Ekramul Islam**  
Director of Executive Education & Industry Outreach  
Assistant Professor  
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## Letter of Transmittal

Dr. Ekramul Islam  
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Subject: Submission of Internship Report

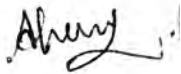
Dear Sir,

This is my pleasure to display my internship report on the topic “**Bangladesh Current Footwear Export Struggles by Apex Footwear Limited: Impact of Ukraine-Russia conflict**”, which I was appointed by your direction which was included of BUS 699. I feel honored for your guidance and instruction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,



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Sumaiya Akhter Ahona  
21264093  
MBA Program, BRAC University  
Date: October 06, 2024

## **Non-Disclosure Agreement**

BRAC University and I, Sumaiya Akhter Ahona had a formulated plan for my internship journey. As I was already an employee of the company, I had the permission to go through all the confidential data related to my internship topic. As an employee, it is my responsibility to take care of the reputation of the company, which is the reason I cannot allow myself to put any confidential statement regarding the company which hampers its reputation.

This agreement is made and entered into by and between Apex Footwear Limited and the undersigned student at BRAC University Sumaiya Akhter Ahona.

## **Acknowledgement**

First and foremost, I want to express my heartfelt gratitude to God for giving me the strength and ability to complete my report successfully and on time. I am also deeply thankful to Dr. Ekramul Islam, Associate Professor at BRAC Business School, BRAC University, for his guidance and supervision throughout my case study. His constant support, direction, and encouragement played a crucial role in helping me complete this report. He shared invaluable strategies, ideas, and practices that enriched my understanding during this process.

Additionally, I appreciate the knowledge and insights imparted by both my supervisor and co-supervisor, which helped me better understand general investment strategies and apply them effectively in my work. I would also like to commend BRAC University for making the internship program a mandatory part of our curriculum, as it offers us a unique opportunity to gain practical experience that complements our academic learning.

This report is an essential requirement of the BUS699 course, and I have made every effort to meet all the standards set by BRAC University while applying my knowledge of case studies to the chosen topic. I hope this report meets your expectations.

## **Executive Summary**

This report explores the impact of the ongoing Ukraine-Russia conflict on Bangladesh's footwear industry by focusing specifically on Apex Footwear Limited. The footwear industry is one of the key contributors to Bangladesh's economy and Apex is being one of the largest exporters. However, the war has created several challenges, including supply chain disruptions, rising raw material costs, and declining export orders, particularly from European markets, which have been significantly affected by inflation and energy crises.

The report analyzes how Apex Footwear Limited has adjusted to these challenges. By adopting market diversification strategies, Apex expanded its operations to new markets such as Japan and the USA. They also implemented cost management techniques and focused on sustainability to maintain their market position. Interviews with Apex management and secondary data from industry reports provided insights into how the company navigated this uncertain global landscape.

While the company has made considerable efforts to overcome the impact of the conflict, the future of Bangladesh's footwear export sector remains uncertain, with challenges persisting in the form of high production costs and disrupted supply chains. Nonetheless, the strategies

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## List of Acronyms

Here is the List of Acronyms based on the provided report:

1. AFL – Apex Footwear Limited
2. DSE – Dhaka Stock Exchange
3. OEM – Original Equipment Manufacturer
4. ODM – Original Design Manufacturer
5. BLLISS – Bangladesh Leather Footwear & Leather-goods International Sourcing Show
6. CSR – Corporate Social Responsibility
7. WRAP – Worldwide Responsible Accredited Production
8. PnL – Profit and Loss
9. QA – Quality Assurance
10. ICURES – Integrity, Courage, Urgency, Respect, Empowerment, Sustainability
11. LC – Letter of Credit
12. FIFO – First In, First Out
13. EPS – Earnings Per Share
14. ROE – Return on Equity
15. RMSE – Root Mean Squared Error
16. MAE – Mean Absolute Error
17. CSR – Corporate Social Responsibility

## **Chapter 1:**

# **Overview of Internship at Apex Footwear Limited**

## **1.1 Student Information**

**Name:** Sumaiya Akhter Ahona

**Student ID:** 21264093

**Program Name:** Master of Business Administration (MBA)

**Major Subject:** Marketing

## **1.2 Information about my internship journey**

I have started my journey as a Relation Specialist in International Business Department of Apex Footwear Limited back in September 1, 2022. Soon enough, through my dedication and handwork, I became one of the core members of Apex footwear Limited. Their kindness, continuous support and working environment helped me feel welcomed and encouraged me to show my connectivity towards the team and for this company. I feel very humble and lucky enough for being able to work directly with the MD, Syed Nasim Manzur and with the CEO, Abdul Momen Bhuiyan. As I was one of the core members of the Business team, I was aware of the internal and external operation part of whole Apex Footwear. It provides me enough insights not only about the company but also about the whole leather industry. This is the reason, I wanted to share my experience and knowledge with my university through my internship report.

### **1.2.1 Company's Initial Information**

**Name of the Company:** Apex Footwear Limited

**Department:** International Business

**Address:** House # 06, Road # 137, Block # SE(D), Gulshan-1, Dhaka-1212. Bangladesh.

**Working Tenure:** 22 Months

### **1.2.2 Supervisor's Information**

**Supervisor's Name:** Sayeed Md Ibrahim

**Position:** Manager, International Business

**Email Address:** [smibrahim@apexfootwearltd.com](mailto:smibrahim@apexfootwearltd.com)

**Contact Number:** +880 1717151972

### **1.2.3 Job scope**

#### **Duties and responsibilities:**

- Relationship Manager of some international shoe brand. (ALDO, ZALANDO, WOLVERINE, CATERPILLAR, LEDER, COUNTRYROAD etc.)
- Coordination of full operation part starting from sampling till Shipment
- Monitor sample progress to expedite Commercial Order
- Expedite Sampling from T2-T4 for On-time delivery
- CBD Preparation and Management- Direct Business
- Supervising on time order record after accepting and receiving the Official Purchase Order Document from clients
- Purchase order price check receiving the order
- Bottomline management to Initiatives taken and executed in accordance with factory to protect the margin at which PO was received.
- Ensure Order Release within 2 days of receiving the order
- Ensure sample approval on time.
- Ensure spec sheet release within 2 days of sample approval
- Manage associated Material Planning, Production Planning, Test Request, label collection and other customer requirements on time
- Ensure on time shipment

- Revenue Realization & Incentive receipt to track and know when and how much of the revenue & incentive are being received
- End of period evaluation FOR Pre Vs Post production PnL analysis of the account
- Quality Claim Record, RCA/CAP Assess, Negotiate, Settle for LC and NON-LC clients
- Work with QA and other relevant parties to permanently eliminate repeat claim
- Create Roadmap with actionable plans and actively work on the plans to maximize sales
- Fulfill Factory capa/m as per set account target
- Actively work on assigned customers to on-board
- Professional project management as assigned.
- Organize the biggest international leather Fair in Bangladesh

### **1.3 Internship Outcomes:**

#### **1.3.1 Student's contribution to the company**

As I was a relation Specialist in International Business department, I had to work in varies sectors with varies aspects. I contribute to the company by handling International Brands, coordinating operations from sampling to shipment, ensuring timely delivery, maintaining profit margins, ensuring proper efficiency of the factory and lastly ensuring a healthy relationship with the international brands by keeping a good company image. My efforts not only bring in valuable foreign currency by boosting the national economy, but also ensure that laborers are paid fairly which helps them lead better lives. Moreover, I manage revenue margin, quality control, and create strategic plans to maximize sales. As Apex Footwear Limited is the Largest Leather Shoe exporter in Bangladesh, I also played a pivotal role in organizing

Bangladesh's largest international leather and leather Goods fair by enhancing the company's presence in the industry.

### **1.3.2 Benefits to the Student**

My internship provides valuable benefits to me as a student by Providing the practical corporate experience which eventually fills the gap between academic knowledge and real-world application. It provides me hands-on experience, where we are allowed to apply theoretical concepts in practical scenarios. This experience eventually enhances my professional skills and confidence to work on different challenging situations. My internship also offered me to help building my professional network, and improved my employability which will help me in my near future if I want to build my career on different path. By working in real workplace where we can face different dynamics and problem-solving scenarios, I as a students gained a better understanding of where I want to build my career into. So, in my opinion, for Business students, Internship is one of the best ways for making them more prepared for future career challenges.

### **1.3.3 Difficulties faced throughout the internship program**

Having worked here for almost two years, the problems and challenges I faced are more serious and practical compared to a 3-month internship program. This is because the company operates in manufacturing, which is very different from tech companies, marketing agencies, or banks. In Bangladesh, manufacturing companies often work in a traditional way due to the diverse backgrounds, education levels, and social classes of the employees. The two biggest challenges are communication and technology.

First, there is a wide range of ages among employees, especially in the factory where many of the senior officials are from previous working generation. Additionally, over 10,000 workers are employed and many of them have lack strong communication skills, which makes it hard

to keep up with today's fast-paced work environment. Secondly, most employees are not very familiar with modern technology, so tasks that could easily be done faster and more efficiently with technology are still done manually.

Apart from these two main issues, as a relationship specialist, I also had to deal with clients from different continents. This brought language barriers and required us to adapt to various work cultures. Lastly, there were frequent interruptions in my work as i had to manage multiple tasks and adjust to different situations throughout the day.

#### **1.3.4 Recommendations**

To improve future internships, the company should arrange different training for enhancing communication and multi-tasking skills. Providing a structured training sessions will help future interns better understand the company's processes and adapt the working process very quickly. The management should assign proper mentors to guide them which will ensure that they receive the support needed to grow professionally. Additionally, introducing interns the technology and the communication style that the company is using to complete tasks will help them work more efficiently, as many processes are still done manually. The Company should also improve their communication channels within the company and particularly between different departments which would make collaboration smoother for interns. Finally, offering diverse project assignments across various departments would give interns a well-rounded experience. It will help them gain a deeper understanding of the company's operations and work culture.

**Chapter 2:**  
**Company Profile**

**“Apex Footwear Limited”**



## **2.1 Introduction of Apex Footwear Limited**

Since 1990, Apex Footwear Ltd. has been dedicated to meeting customer expectations both inside and outside of Bangladesh while staying true to their vision of honest growth. This success has been made possible by the amazing, hardworking, and loyal team who have helped Apex to reach where they are today. They are fortunate that the core values of integrity, courage, urgency, respect, empowerment and sustainability (ICURES) have been clearly reflected in their work. For past 34 years they have earned the trust and loyalty of their customers. Their continued support has been a key part of Apex's journey and growth as a brand both internationally and domestically.

## **2.2 Overview of the company**

**Company Name:** Apex Footwear Limited

**Industry:** Bangladesh Leather Industry

**Founded:** 1990

**Founder:** Syed Manzur Elahi

**Location: Head Office:** House # 06, Road # 137, Block # SE(D), Gulshan-1, Dhaka-1212.  
Bangladesh.

**Factory:** East Chandra, Shafipur, Kaliakoir, Gazipur, Bangladesh

### **2.2.1 Company Background**

Apex Footwear Limited is one of Bangladesh's largest and most respected footwear manufacturers. Starting in 1990 as the country's first export-focused footwear factory, the company quickly established itself in the global market. Apex was listed on the Dhaka Stock

Exchange (DSE) in 1993. Around this time, the company also invested in strengthening its supply chain by focusing on backward integration. In 1996, Apex set Bangladesh's first effluent treatment plant. The company's retail wing, Gallerie Apex was launched in 1997 for local consumers.

In 2012, Apex entered a new phase of growth by expanding its brand portfolio with more than 10 new brands, including the introduction of its first international brand, Dr. Mauch. The same year, Apex earned WRAP Gold certification which reflected its dedication to responsible manufacturing. In 2013, the company went through a corporate rebranding and launched the Independence Project to boost innovation and international expansion. To further enhance its global presence, Apex established an International Product Development Center in Italy, focused on the export market. By 2014, Apex had reached an annual export capacity of 5.5 million pairs, supplying footwear to 135 international clients.

In 2017, Apex became the largest footwear retailer in Bangladesh, with over 256 stores. That same year, it opened South Asia's largest retail store at Bashundhara City in Dhaka and introduced international brands such as Clarks, Cross, and Police to the local market.

Today, Apex exports to over 30 countries and has more than 150 international clients. On the retail side, the company's customer loyalty program has grown to include 3 million members. Apex Footwear Limited's evolution from a modest factory to a global powerhouse in retail and export is a clear demonstration of its commitment to innovation, excellence, and sustainability in the footwear sector.

### **2.2.2 Company Mission**

Apex Footwear Limited's mission is to grow in a sustainable way, making sure the company remains strong for the future. They aim to be the top choice for their customers by providing

high-quality products and dependable service. Apex also works to increase value for their shareholders by staying profitable and expanding the business. They follow the best global practices and standards. They also ensure that they meet international rules and expectations. Additionally, Apex is committed to being a responsible company by contributing to society and the environment through ethical practices and giving back to the community.

### **2.2.3 Company Vision**

Apex Footwear Limited's vision of "Honest Growth" means that the company is not only focused on increasing profits but also on growing in a way that benefits everyone involved. Getting inspired from TATA industries, they believe to grow together with their shareholders, stakeholders, and employees and make sure that everyone benefits as the company grows. They aim to create an environment where everyone can lead a healthy and fulfilling life, both personally and professionally. Their goal is to create a company where everyone can succeed and improve together through better opportunities, fair wages, or a supportive work environment not just focusing on making profits.

### **2.2.4 Company Values (ICURES)**

- **INTEGRITY:** Honesty in practice

Apex stays true to themselves, to their customers, their stakeholders, and the community through the products and services they provide. they take responsibility for their actions.

- **COURAGE:** Innovation in our Approach

Apex is always willing to push themselves to improve and do their best in business. They always see challenges as opportunities and focus on finding new and better ways to do things.

- **URGENCY:** Mutual respect, genuine harmony

Apex takes action right away when needed and in the best way possible to make a difference. They make smart and quick decisions confidently by finding any problems that slow us down and working to improve things quickly for progress.

- **RESPECT:** Smart decisions with confidence

They try their level best to value and appreciate their colleagues, customers, stakeholders, competitors, community, and the environment for their role in business. they create a space where everyone can freely share their ideas, opinions, and beliefs. they also promote inclusiveness regardless of gender, race, age, religion, position, ethnicity, or disability.

- **EMPOWERMENT:** Walk the talk

Apex always believes that by empowering individuals, they can help empower society as a whole. They value and encourage meaningful work at every level and appreciate those who go the extra mile to make a difference.

- **SUSTAINABILITY:** Economic, Social & Environmental Responsibility

They are dedicated to improving the business in ways that support economic growth, social responsibility, and environmental care. Apex works to ensure that people gain the knowledge and awareness needed to make sustainability a part of everything they do.

### **2.2.5 Products in Apex Footwear Limited Export)**

**Leather Product Categories:** 60% Ladies, 40% of Men's

**Leather Shoe construction type:**

1. Cemented Shoes
2. Hand Stitched Moccasin Shoes
3. Stitch Down Shoes

4. San Crispino Shoes

5. Water-Proof Shoes

6. Safety Boot Shoes

**Non-Leather Product Categories:** Ladies, Men's, Kids

**Leather Shoe construction type:**

1. Cemented Shoes

2. Strobel Shoes

## **2.3 Apex Upper Management**

### **2.3.1 Apex Group Management**

**Syed Manzur Elahi**  
*Chairman*



**Syed Nasim Manzur**  
*Managing Director*



**Dilip Kajuri**  
*Chief Finance Officer*

### ***2.3.2 Apex Global Management***



**Abdul Momen Bhuiyan**  
*Chief Executive Officer*



**Md. Azam Khan**  
*Chief Manufacturing Officer*



**Atiqul Islam**  
*Head of Tannery*



**Quazi Salahuddin**  
*General Manager*



**Rajya Rahim Chowdhury**  
*Chief Product Officer*



**Md. Mizanur Rahman**  
*Head Of Human Resource  
Management*

## 2.4 Apex Management Practices

### 2.4.1 Apex Leadership Approach

Apex Footwear Limited clearly embraces a **Democratic Leadership Style**. In Democratic leadership style, decisions are made through collaboration and open communication with the team. This approach aligns with the company's broader goals of sustainable growth, respect, empowerment, and responsibility. In democratic leadership, input from all team members is valued, and leaders ensure that everyone's opinion is considered before any major decision is made.

This leadership style is evident in how monthly shipment plans are developed at Apex. Instead of the manager making decisions alone, Manager does consultation with each relationship specialist to determine if shipment deadlines can be met. The decision-making process takes into account various factors, including production parameters, forwarders, and most importantly, whether customers approve to accept the shipment early if necessary. By gathering input from all Relationship specialist and considering the needs of the clients, the team ensures that decisions are well-informed and benefit all stakeholders. This process not only improves efficiency but also reinforces trust between departments. This completely aligns with Apex's goal to be the "vendor of choice" for their customers.

Furthermore, regular weekly and monthly meetings are held to openly discuss ongoing situations, share updates, and brainstorm new strategies. The managing director actively participates in these meetings, where all the managers sit together to review progress and explore the regular and new approaches. This reflects how Apex obeys its values of respect and empowerment, creating an inclusive environment where everyone's voice is important and people are encouraged to contribute to decision-making.



This democratic approach is how Apex achieves its goals and upholds its core values. By making smart, collaborative decisions and encouraging a culture of mutual respect and shared responsibility Apex ensures sustainable growth. This is how a business builds strong relationships with customers, and creates value for shareholders. Additionally, this leadership style supports the company's commitment to acting as a responsible corporate citizen by **ensuring that both business and societal goals.**

## **2.4.2 Apex Human Resource Planning Process**

### **2.4.2.1 Recruitment process (Officials)**

Apex is a large company with over 10,000 employees which eventually makes the recruitment process crucial. They focus on finding employees who are not only skilled but also committed to building a long-term career with the company. Apex Footwear Limited follows three main types of recruitment processes to find the best candidates for different roles:

1. Internal Recruitment: This process focuses on hiring from within the company. Employees can be promoted to higher positions, or they can transfer to a different role if they express interest. Sometimes, if a manager believes that a particular employee is a good fit for an open position, they may suggest that person. Additionally, employee referrals are encouraged, where current employees can recommend someone for a job. However, the preferred candidate must pass through a thorough selection process, which involves three interview stages.
2. External Recruitment: To recruits new employees, Apex use online platforms such as LinkedIn, Bdjobs.com and Facebook to find potential candidates.

3. **Re-recruitment:** In some cases, Apex sometimes rehire a former employee or a candidate who had applied before. This process is used when the company or a particular department felt that the particular person was capable for the particular position based on the experience and skills.

Apex usually follow above three methods to build a strong and talented team.

#### **2.4.2.2 Selection process**

This is a vital factor at Apex Footwear Limited since it enables the company to obtain qualified and competent employee who can help the company to grow in the long run and fit in the organizational culture of the company. At Apex Footwear Limited, the selection process follows a thorough and step-by-step approach to ensure they find the best candidates:

1. **Primary Screening:** The first step is the initial screening in which the CVs to determine whether the candidate has the minimum qualifications and experience for the job.
2. **Written Test:** After the primary screening, a short-written test that to observe their technical knowledge which Apex need for the specific position. All the candidates who successfully clear written test will go for the interview session.
3. **Aptitude Test with Managers:** After the written test, the candidates sit for an aptitude test with managers. In the interview, the manager evaluates the candidate's logical reasoning, decision making and his/her conduct in various workplace scenarios.
4. **Technical Interview with the Department Director:** In this stage, the department director interviews the candidate in a technical communication where they try to figure

out the technical ability in relation to the job. This step ensures that the candidate has the right skills as to effectively and efficiently perform his/her duties in an organization under pressure.

5. **HR Interview:** After going through the interview with the director, the candidate comes in for a meeting with the HR. HR just want to observe if the personality of the candidate fits with the company's culture and values.
6. **Final Interview with the CEO:** Finally, the candidate meets the CEO for the final interview. This is in order to confirm that the candidate is fit to work with the company or not.

This selection process at Apex is designed to evaluate candidates thoroughly in every stage. It eventually ensures that they have the skills, personality, and ethics to fit with the company's needs.

#### **2.4.2.3 Compensation System**

A company's compensation system includes all the rewards and benefits given to employees for their work. At Apex Footwear Limited, the compensation system includes various elements to support and reward employees:

1. **Profit Sharing:** Employees receive a share of the company's profits, encouraging them to contribute to its success.
2. **Transportation System:** Apex provides transportation services for employees for pick and drop from work.
3. **Mobile Phone Allowances:** Employees receive allowances to cover mobile phone expenses related to work.

4. **Lunch Allowances:** Financial support is provided for employee meals during work hours.
5. **Transportation Allowances:** Employees are given additional transport compensation to cover commuting costs if the company wouldn't be able to arrange transport for the employees.
6. **Medical Facilities:** On-site medical services are available to take care of employee health needs.
7. **Medical Insurance:** Employees are covered by medical insurance to help with healthcare costs.
8. **Provident Fund:** A retirement savings system where both the company and employees contribute to the employee's future financial security.
9. **Gratuity:** A lump sum payment given to employees as a reward for their service when they leave the company.
10. **Annual Leaves:** Paid time off is provided for employees to rest and recharge.
11. **Free Shoes or Low-Cost Shoes:** Employees receive free shoes or can buy specific shoes at a discounted rate.
12. **25% Discount on Apex Products:** Employees can purchase Apex products at a 25% discount.
13. **Monthly Celebration:** Apex celebrates birthdays and recognizes top performers by announcing the Employee of the Month or Employee of the Quarter.

Apex maintain these compensation elements aim to support employees financially, improve their work-life balance, and enhance their well-being

#### **2.4.2.4 The training and development initiatives**

When a new employee or intern joins Apex, the company provides a one-month training session to help them to get familiar with the organization and understand its operations. This training is essential because it allows employees to gain a hands-on understanding of how shoes are made. It also gives them insight about the company's core product. They also learn how each department functions. They also explain why teamwork between departments is crucial for overall success. This helps employees see the bigger picture and understand how their role fits into the company's goals.

Training sessions are important for various reasons. First, they help new employees become familiar with the company's processes and standards. Second, At Apex, they also schedule other sessions where the employees can get to learn new techniques and ideas. Also, to understand about exports and the industry, Apex send their employees to different ministries and other organizations.

Through such extensive training, the Apex enrich its workforce to pull through in the direction of delivering to the company's long-term vision. It also enriches skills update as it is vital to keep an eye on the industry

#### **2.4.2.5 Performance Appraisal System in Apex Footwear Limited**

Performance appraisal systems is the most useful management tool employed by most organization to evaluate and enhance the staff performance. Normally, firms evaluate people on different factors like productivity, quality, time management, cooperation, and initiative to contribute the company's goals. These assessments usually happen annual basis. It assists in

appraising the high performers and giving them feedback by promoting or increasing their salaries. This process also helps the management to ensure that employees are feeling encouraged towards the accomplishment of set goals.

At Apex Footwear Limited, the performance appraisal system is very elaborate and properly defined. They use the method of evaluating the number of projects an employee has completed and whether that project had been completed on time or not. Time management is a significant part of this evaluation. Meeting deadlines is important because it shows how well the employee has organized himself or herself. Moreover, Apex considers the number of clients, which has been handled by each employee and business turnover which has originated from each customer.

Appraisal also looks into other skills such as punctuality and professionalism among the employees. By evaluating these factors, Apex guarantees the employers' high productivity accompanied by their crucial contribution to the company's success.

## **2.5 Marketing Practice**

### **2.5.1 How Apex became a Bangladesh based MNC:**

Apex is a part of Syed Manzur Elahi Enterprise and Apex is working on the multinational level because its business size is large and the company is running in various segments. Here's how Apex fits into this multinational framework:

**Global Operations and Export:** Apex Footwear Limited's major markets are Europe and the United States and the company has been exporting to over 30 countries now including Japan.

**Diversification into Multiple Sectors:** Mr. Syed Manzur Elahi Enterprise ventures have gone into other sectors apart from the footwear line. They have Apex Pharmaceuticals, Apex investment (stock brokers), Banking (Mutual Trust Bank), Apex Insurance (Pioneer Insurance), and several JVs established in leather and fashion market in abroad as well.

**International Joint Ventures:** Syed Manzur Elahi Enterprise's affiliated companies have entered into international joint ventures including Greenland Group to produce and export leather shoes all over the world and with an Indian company for qualitative market survey in home markets.

**Global Recognition:** Apex has grown to an international organization having business partners in Europe, USA and Asia

Apex Footwear Limited and its associated enterprises under Syed Manzur Elahi Enterprise are functioning in many countries of the world in several different sectors having international clients, partners, and markets.

### **2.5.2 Marketing Strategy**

Marketing practice mean the activities that firms employ in selling and promoting goods. The goal of marketing practices is to reach the right audience, create awareness about the product, and persuade people to buy it.

Apex Footwear Limited operates through two completely separate units with different marketing practices. Unit 1 focuses on B2B (business-to-business) marketing, while Unit 2 focuses on B2C (business-to-consumer) marketing.

Basically, in Unit 2, the marketing strategies are typical of B2C models which is designed in a way to reach individual consumers. This includes traditional advertising, online campaigns,

social media marketing, promotions, and retail-based strategies to engage customers directly, build brand awareness, and drive sales.

However, in Unit 1, where I worked, the marketing practices are more focused on B2B strategies. One of the key approaches Apex uses is participating in international shoe fairs. For example, Apex attends the Garda Fair, which is one of the oldest and most prestigious shoe fairs situated in Italy. At these fairs, Apex showcases its summer and winter collections, meeting with potential buyers from all over the world to introduce new designs and build relationships. They also participate in other major international fairs in the USA and China, further expanding their global reach.

Additionally, Apex takes part in BLLISS (Bangladesh Leather Footwear & Leather goods International Sourcing Show), organized by LMFEAB (Leather goods and Footwear Manufacturers & Exporters Association of Bangladesh). Being a key player in the leather industry, Apex has a significant role in this event as the president of LMFEAB, Syed Nasim Manzur, is also the Managing Director of Apex Footwear Limited. As an important part of BLLISS, Apex hosts a Gala dinner which is attended by foreign ambassadors, ministers, business professionals, and both existing and potential clients. This event serves as a platform to showcase Apex's brand, quality, and innovation to a wide audience, strengthening their reputation.

Beyond these events, Apex has business associates in Europe, Japan, and America who promote the brand, arrange meetings with potential buyers, and showcase new shoe collections. These representatives play a crucial role in maintaining and growing Apex's global presence.

Over the past 34 years, Apex has built such a strong worldwide reputation that, in some cases, brands approach Apex directly. Different brands propose to work together because they



recognized Apex's quality and reliability. This demonstrates Apex's global standing and the effectiveness of its B2B marketing efforts, which go beyond traditional practices to focus on building long-term, trusting relationships with other businesses.

### **2.5.3 Target customers**

The target customers of Apex Footwear Limited's export division are primarily businesses (B2B), including international retailers, wholesalers, and fashion brands. These customers are located in key global markets such as Europe, the United States, and Japan. Apex targets to brands that are looking for high-quality leather and non-leather shoes, sandals, Boots, Safety boots and lifestyle footwear. Especially brands who are interested in the European mid-to-high fashion categories, they are the most priority. Their products attract to companies that value reliable production, sustainable practices, and craftsmanship. Additionally, Apex works with international brands that seek private label manufacturing and customized footwear solutions.

### **2.5.4 Targeting Strategy**

Apex focuses on international retailers, wholesalers, and fashion brands across Europe, the United States, and Japan. These businesses are typically looking for high-quality leather footwear, custom manufacturing, and reliable suppliers. Apex also caters to brands that seek private label manufacturing and seasonal collections like summer and winter footwear. Their target audience includes the companies who are interested in luxury and lifestyle footwear.

### 2.5.5 Positioning Strategy

Apex's targeting strategy focuses on global brands for exports and individual consumers for retail.

1. **Quality and Craftsmanship:** Apex is premium quality and expert footwear manufacturer. Both in export and retail market, they emphasize their ability to produce durable and stylish footwear.
2. **Sustainability and Ethical Practices:** Apex is commitment to sustainability and responsible manufacturing. They successfully attract international clients by making themselves as a company with global standards who use ethical production methods and environmentally friendly practices.
3. **Global Reach and Customization:** Apex strengthen its strong global presence by the ability to offer to specific brand needs. Apex showcase their own designs collections and open for customizations in different international fairs which makes them a strong manufacturer.
4. **Affordable Luxury:** Apex positions its products as both luxury and affordable. By offering a wide range of footwear, they keep themselves open for both budget-conscious consumers and also for customers who want trendy, high-fashion items at reasonable costs.

### 2.5.6 Positioning Channels

Apex Footwear Limited uses several marketing channels to showcase its products, both internationally and within Bangladesh. As I have worked in Export Division, here's how they do it based on their past activities:

B2B Marketing Channels (Export Division):

**1. International Trade Fairs:**

Apex participates in big international fairs like the Garda Fair in Italy, where they display their seasonal collections to potential buyers. They also attend fairs in the USA and China, where they meet new clients and show their latest shoe designs.

**2. BLLISS (Bangladesh Leather Footwear & Leather-goods International Sourcing Show):**

Apex is a major part of this event. Here., they showcase their products to international buyers, ambassadors, and business professionals. They also host a Gala Dinner during the event, which gives them a chance to show company's capability and strength to international guests, including foreign diplomats and potential clients.

**3. International Business Associates:**

Apex has business representatives in Europe, Japan, and America. They arrange meetings with buyers, and display product samples. These associates help boost Apex's presence in international markets.

**4. Private Label Manufacturing:**

Apex works directly with international brands to manufacture custom footwear under the brands' labels. This allows Apex to showcase its ability to produce high-quality custom shoes for global clients.

## **5. Word of Mouth**

Apex also benefits from word-of-mouth process from different brands they currently working with. These positive recommendations from satisfied clients help Apex build trust and attract new business opportunities.

## **6. Email Marketing**

They use **Email Marketing** to reach out to different brands. This direct communication helps maintain relationships and introduces their products to potential new clients.

Apex continues to expand its global footprint and attract new business. These channels play a vital role in showcasing Apex's commitment to quality, innovation, and customer satisfaction, ensuring its success in the international market.

### **2.5.7 Product/New product development**

Over the past 15 years, Apex Footwear Limited has evolved from working solely as an OEM (Original Equipment Manufacturer) to becoming an ODM (Original Design Manufacturer) and engaging in collaborative design projects with international brands. Here's how they operate in these different areas:

#### **1. OEM (Original Equipment Manufacturer):**

Initially, Apex's main function was that of an OEM model. Earlier their role was limited to manufacturing shoes in line with the designs and pattern created by brands. In this model, Apex took full charge of manufacturing while the clients used to provide full discretion on the design

and branding of the products. They acted as a stable supplier for world members through maintaining production quality.

## **2. ODM (Original Design Manufacturer):**

In the last 15 years, Apex's role was expanded to become an ODM, which is a manufacturer that also designs shoes. They have established design teams in both Italy and Bangladesh. The Italian part travels throughout Europe to collect design for inspiration. They then, in their Italy based design lab, design about 200 to 300 new shoe styles, which means two seasons in a year. Out of these designs, approximately 150 styles are chosen to exhibit in international fairs and also introduced to many brands. This enables Apex to provide their clients with original designs, which in turns assist brands introduce new and fashionable footwear to the market.

## **3. Collaborative Design:**

In the past 2-3 years, they have collaborated started doing collaborations with some specific clients to design shoes. Apex cannot share the design with other brands and the brands also cannot give the design to other manufactures. This partnership not only fosters closer collaborations with clients based internationally also affirms Apex's capacity for the design and development of distinctive products tailored to individual needs.

Through their involvement in OEM, ODM, and collaborative design, Apex Footwear Limited has grown into a versatile company capable of handling everything from manufacturing to co-creating new footwear styles with global brands.

### **2.5.8 Branding Activity**

Apex Footwear Limited engages in a variety of branding activities to build and maintain its reputation in both local and international markets. Here are some of the key ways Apex promotes its brand:

#### **1. International Fairs and Exhibitions:**

As explained previously, Apex regularly participates in global footwear fairs like the Garda Fair in Italy and events in the USA and China. These fairs allow Apex to showcase its latest designs. They meet potential buyers and promote to international markets.

Apex is also actively participated in BLLISS (Bangladesh Leather Footwear & Leather-goods International Sourcing Show), where they host a Gala Dinner for promoting the brand as a leader in Bangladesh's footwear industry.

#### **2. Brand Collaborations:**

Apex has collaborated with international brands. Specially with Japan and Europe to design footwear together. These partnerships help increase Apex's image as a creative and innovative company.

#### **3. Retail Branding:**

Apex operates a large number of retail stores in Bangladesh with 456 stores. These stores showcase Apex's wide range of footwear and help create a consistent and trusted brand experience for local consumers.

#### **4. Sponsorships and Events:**

Apex sponsors various events to increase its visibility. These sponsorships show the brand's commitment to the footwear industry.

#### **5. Corporate Social Responsibility (CSR):**

Apex is also involved in CSR activities by promoting sustainable practices such as reducing carbon emissions and ensuring fair labour rights for workers. These efforts enhance Apex's image as a responsible and ethical brand.

Through these branding activities, Apex positions itself as a leader in the footwear industry for both in Bangladesh and internationally.

### **2.5.9 Critical Marketing Gaps**

For export division, Apex Footwear Limited do not follows modern marketing techniques which creates a huge gap in international industry sometimes.

#### **1. Limited Digital Marketing for Global Reach:**

Apex mostly use on traditional methods like attending international fairs and working with business associates to find new clients. However, they are not doing enough in digital marketing to grab export market.

#### **2. Lack of Strategic Marketing Strategies for Diverse Markets:**

Apex's marketing strategy is not always customized for different markets. Each region has its own preferences, consumer behaviour, and regulations.

### **3. Underutilization of E-Commerce for B2B Clients:**

Apex already has an e-commerce platform for retail consumers. But they did not develop a digital platform for B2B clients. By a digital platform, they could contact with international buyers to easily view collections, place sample orders.

### **4. Sustainability Communication:**

Apex's sustainability practices are not highlighted enough in their export marketing. In markets where sustainability is important, such as Europe.

### **5. Limited Market Diversification:**

Apex has strong connections in places like Europe, Japan, and the US, but they haven't fully explored other potential markets such as Africa, South America, or Southeast Asia.

### **6. Dependency on Trade Fairs and Physical Events:**

Always relying on physical events is always very risky and hectic at the same time. During COVID-19 pandemic, every company faced this issue.

### **7. Customer Relationship Management (CRM) Systems:**

Apex could improve its use of CRM systems to manage relationships with international clients more efficiently. A more advanced CRM system would help track client needs, better communication and building stronger long-term relationships.

By fulfilling the gap, it would help the company compete more effectively globally and reach new brands more successfully.



## 2.6 Financial Performance

Below, I am sharing 5 years of financial highlights of Apex Footwear Limited.

# FINANCIAL HIGHLIGHTS

BDT in Million except where indicated otherwise

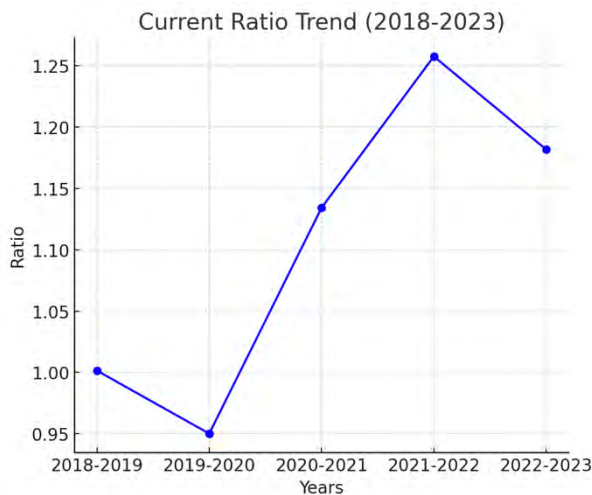
12 Months Ended

Particulars	2022-2023 (July-June)	2021-2022 (July-June)	2020-2021 (July-June)	2019-2020 (July-June)	2018-2019 (July-June)
Authorized Capital	500.00	500.00	500.00	500.00	500.00
Issued, Subscribed & Paid up Capital	129.94	118.13	112.50	112.50	112.50
Revenue (Net)	16,535.87	12,974.60	11,764.08	11,810.16	15,808.82
Gross Profit	4,436.44	3,712.78	3,423.04	3,380.54	3,492.92
Profit before Tax	350.04	229.28	253.19	214.12	217.94
Profit after Tax	167.14	138.23	105.31	63.23	122.77
Non-Current Assets	8,428.26	8,232.93	7,298.78	7,052.14	4,446.24
Current Assets	16,100.28	12,169.31	10,306.93	10,555.18	10,713.98
Shareholders' Equity	3,113.77	2,987.98	2,889.13	2,811.94	2,810.58
Non- Current Liabilities	7,788.58	7,736.24	5,628.59	3,686.66	1,651.27
Current Liabilities	13,626.19	9,678.02	9,087.99	11,108.71	10,698.37
Net Current Assets	2,474.09	2,491.29	1,218.94	(553.54)	15.61
Current Ratio (Times)	1.18	1.26	1.13	0.95	1.00
Quick Ratio ( Times)	0.22	0.23	0.18	0.16	0.31
Interest Coverage Ratio (Times)	1.38	1.30	1.31	1.24	1.32
Price Earning Ratio (Times)	24.45	23.21	26.38	39.02	27.12
Return on Shareholders' Fund (%)	5.37	4.63	3.65	2.25	4.37
Cash Dividend per Share (%)	35.00	35.00	35.00	25.00	55.00
Stock Dividend per Share (%)	10.00	10.00	5.00	-	-
Earning per Share (Taka)	12.86	11.70	8.92	5.62	10.91
Market Value per Share at year end (Taka)	314.4	271.50	235.30	219.30	295.90
Net Asset Value per Share (Taka)	239.64	252.95	244.58	249.95	249.83
Net Operating Cash Flow per Share (Taka)	27.23	29.94	145.24	144.14	86.29

The **financial analysis** results for Apex Footwear Limited over the past five years reveal several key insights:

## 1. Liquidity:

- **Current Ratio:** Apex's current ratio measures its ability to pay off short-term obligations using its current assets. In the last couple of years, however, this ratio reveals different levels of liquidity as illustrated in the figure below.

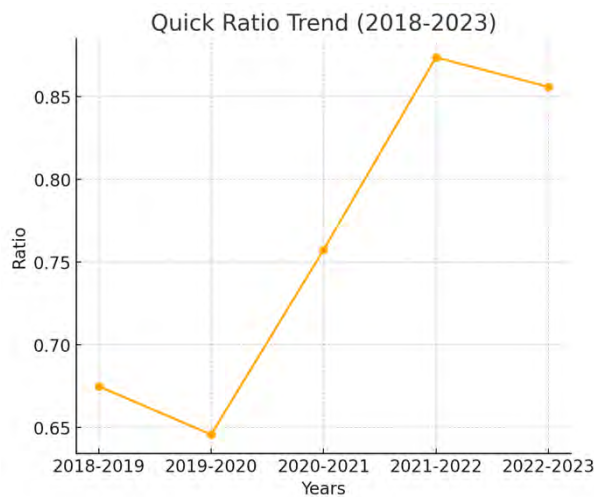


The current ratio in the financial years **2019-2020** was **0.95** which implies that the organization had less than adequate current assets to meet its current obligations implying that the abilities to timely pay for its debts were under pressure.

But in **2021-2022** it strengthened to **1.25** by having more than adequate current assets to cover all the current liabilities.

By the fiscal year **2022-2023**, the above ratio slightly reduces to **1.18**. It also shows that Apex has a fairly good opportunity to meet its short-term debts. However, the decrease in the ratio in the earlier period reflects another fact that the company has experienced some difficulties operating its working capital needs in the past.

- **Quick Ratio:** Apex's quick ratio is calculated based on the ability of the company to pay off short-term liability without relying on the sale of inventory. In the past, this ratio has always been lower which implies that the company relies so much on its inventory to fund its near horizon obligations.



The quick ratio in **2021-2022** hit a high of **0.87** which shows that Apex could mitigate a good proportion of its current liabilities without offloading its stock.

Nonetheless, this was slightly reduced in the **2022** to **2023** to a ratio of **0.85** showing a reducing capacity in its utilization of short-term liabilities from its most liquid resources such as cash and receivables.

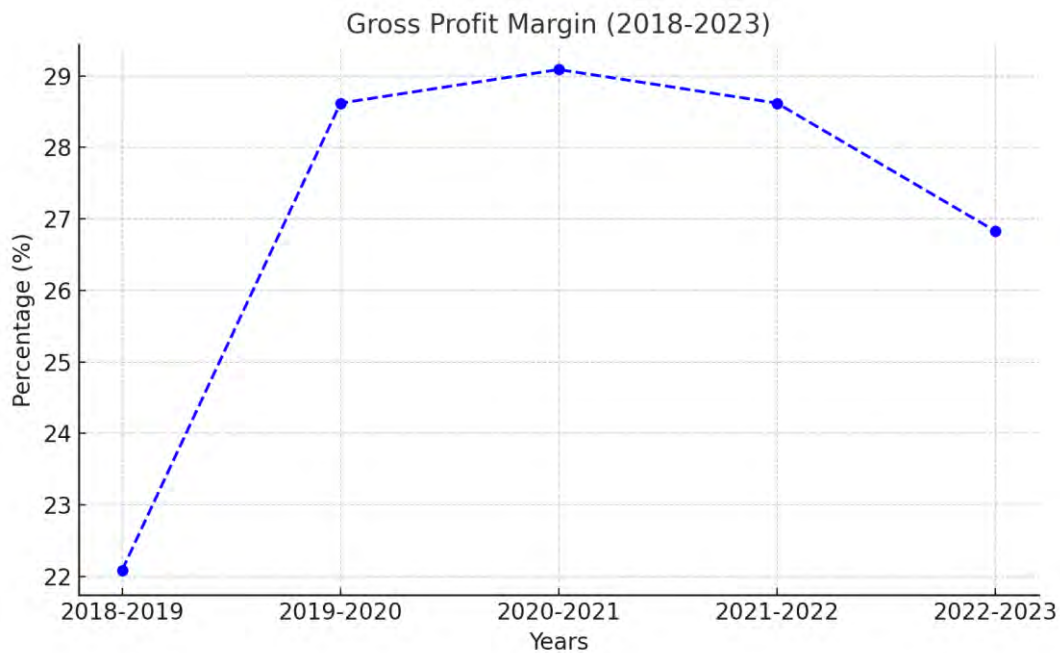
This low quick ratio clearly means that the Apex has to use the inventory heavily in the fulfilment of its obligation. It is very dangerous if the firm is unable to sell its products in the market. It would have been more ideal for the company to retain a quick ratio higher than the current standard to increase more flexibility in the short term.

## 2. Profitability:

- **Gross Profit Margin:** Gross profit margin normally indicates the amount of revenue the organization gets from its sales minus the cost of sales which includes cost of raw materials and costs of production.

This margin has been changing over the years. It was **22.09%** in the year **2018-2019** which illustrated that for every **100 BDT** in sales, Apex earned approximately **22 BDT** of profit

before other overheads expenses.



Gross margin however had increase to a maximum of **29.09%** by **2020-2021** reflecting satisfactory control on costs and higher margins generated from the core business.

The gross profit margin shows a small decrease in the year **2022-2023** at **26.83%** which represents satisfactory profitability. This proves that Apex has been able to master its production cost and achieve satisfactory gross profit from operations in its production facilities.

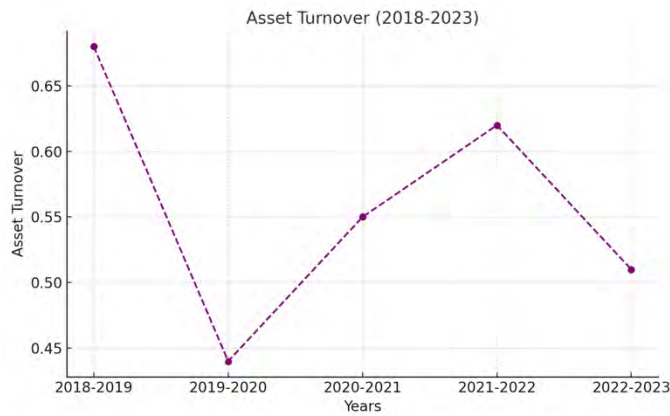
- **Net Profit Margin:** Net profit margin calculates the amount of profit left after all expenses, taxes, interests, and operating expenses have been deduced from total revenues.



Over the years, there has been slight improvement in the graph. The high net profit margin was recorded in **2021-2022**, where the company retained **1.06%** of the total sales after bearing all the expenses. However, this slightly declined to **1.01%** in **2022-2023** which still shows low general profitability.

### 3. Efficiency:

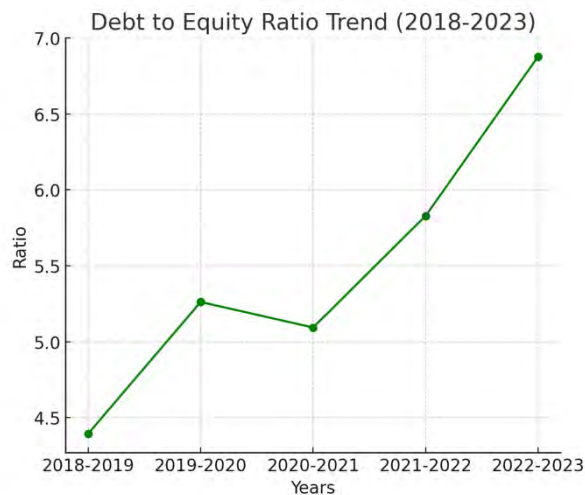
- **Asset Turnover:** Asset turnover ratio used at Apex reflect how optimally the firm employs assets to generate sales. This ratio has been constant over the past few years fluctuating between **0.44** and **0.68**. When using asset turnover to compare its ratios, higher asset turnover indicates that the company is utilizing its assets in the right manner by generating sales.



The graph shows the average of Asset Turnover of Apex Footwear Limited during 2018 to 2023. The ratio has reduced to **0.68** in the financial year 2018-2019 and **0.51** in the financial year 2022-2023.

#### 4. Leverage:

- **Debt to Equity Ratio:** Debt to equity is a ratio of the total amount of borrowings, or debt, that is being used by the company in relation to the equity to fund its operations.

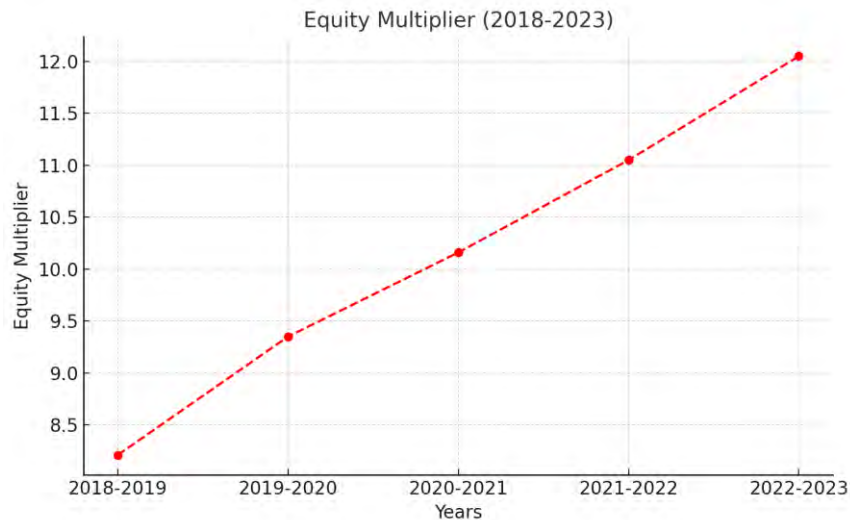


In the past, it hit the high bar and has risen consistently to reach 6.88 in 2022-2023.

In other words, ranking each factor for every 1 BDT of equity, Apex has 6.88 BDT of debt.

Low debt and high equity ratio signify that a company depends on debts for funding, which is not safe. If the company experiences some issues in producing enough profits, then it is likely that it would be unable to meet its obligations regarding the debt thereby implying high financial risks.

- **Equity Multiplier:** Equity multiplier which measures the company's financial leverage, has also increased.



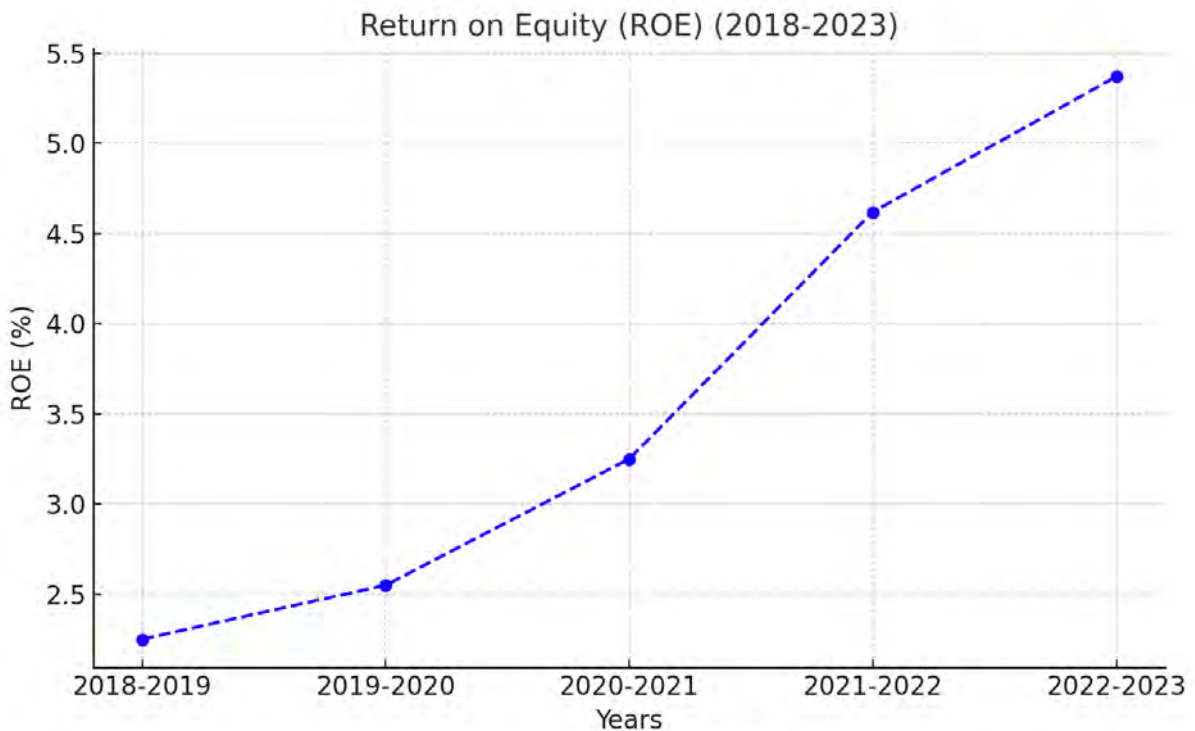
In **2018-2019**, the ratio is **8.21**, which means Apex has **8.21** times more assets than equity. By the end of the period **2022-2023**, the above multiplier has further escalated to **12.05**, meaning that the company's relies on even more debts to finance its assets.

An equity multiplier that rises year after year suggest that Apex is utilizing more credit and, therefore, riskier in the process because in boom years credit outstands result in higher interest costs.

- **Return on Equity (ROE):**

Return on Equity (ROE) reflects how efficiently the shareholders' fund is being utilized to generate profit, this Ratios has revealed an upward trend. Net of all and for the fiscal year of 2019-2020 the return on equity was 2.25% – This reflects a dismal showroom of only 2.25

BDT profit for every 100 BDT of equity.



By 2022-2023, this increased by 5.37%. However, such growth is encouraging and there are still grounds to discuss the company's ROE as rather low, primarily, because of rich leverage usage, which creates certain pressure on profitability.

- **Earnings Per Share (EPS):**

EPS stands for earnings per share and are the profit made out of each share of the company and it, too has been escalating from the last few years.

The EPS for the year end of **2019-2020** was **5.62** whereas for the year end **2022-2023** the EPS stands at **12.86**. This steady growth in EPS means that the company is producing more value for its shareholders as they are making more money per each share of the stock. This positive trend indicates that the Apex is on the right direction in prospecting the wealth of the shareholders.





In general, there is an increase in profitability and operating cash flows. Whereas liability structure is becoming riskier that has to be managed carefully. Such factors as the financial leverage, together with operational efficiency will also have to be managed properly for the company to achieve continuity in expansion.

## **2.7 Accounting Practices**

Based on the last 3-5 years of Apex Footwear Limited's financial statements, here's a simple explanation of their accounting practices:

**1. Core Accounting Principles:** Apex follows the basic rules of accounting consistently. They use the same methods every year by making it easy to compare financial information over time. The company assumes it will continue running in the future, so they prepare their financial statements with that in mind.

**2. Accrual Method of Accounting:** Apex uses the accrual method, which is common for large companies. This means they record income when it is earned and expenses when they happen, even if no money has changed hands yet. For example, if they sell shoes on credit, the sale is recorded even if they haven't been paid yet.

**3. Accounting Process:** Apex follows a complete accounting process, which includes:

- Recording every business transaction.
- Organizing these records in journals and ledgers.
- Preparing a summary of all accounts.
- Making necessary adjustments at the end of the year (like adjusting for unpaid expenses).
- Creating financial statements, such as the income statement and balance sheet.
- Closing out the year by resetting revenue and expense accounts for the next year.

**4. Depreciation:** Apex uses the **straight-line method** to calculate depreciation. This means they spread the cost of their assets (like machinery and equipment) evenly over their useful life. For example, if a machine is expected to last 10 years, they'll deduct the same amount each year from their profits for that machine.

**5. Financial Disclosures:** Apex provides detailed information in the notes section of their financial reports. This explains things like how they account for revenue, how they value their inventory, and how they make provisions for potential losses.

**6. Inventory Valuation:** Apex had adopted the first in, first out method of Inventory management and this inventory is stated, at cost price or market price whichever is lower.

meaning they do not artificially inflate the prices of their stock. The companies apply the Weighted Average method. Which they use to average down the price of products they have in their store.

**7. Revenue Recognition:** Apex recognises revenue when the risks and rewards of ownership of goods are transferred to the customer, which implies that they only recognize sales after delivery of a specific product, even if it simply means that payment has not arrived yet.

**8. Provisions for Future Costs:** The company pays out money to cover risks in case of loss or for future of a company or part of it or business venture in case a company makes an investment the amount that is allotted for or given to cover the risk is known as an allowance, expenses, such as accounts payable and outstanding legal suits. This practice entails what can be referred to as the principle of prudence, significantly reducing the chances that they will put large figures of profit in their estimated balance sheets.

**9. Auditing and Transparency:** Apex's financial statements contain lines that present the financial information independently. to check that everything is right and in order as prescribed by the legal requirements by auditors. They also adhere to the international norms. IFRS & accounting standards, IFRS), which assist it to keep their reports transparent as well as reliable.

Therefore, we can conclude that Apex does not deviate a lot from the set accounting rules and practices. They use the accrual method, to record revenue upon receipt of the revenue and expense the use of an assets over the useful life of the asset. Their financial reports are clear and follow international standards, ensuring transparency and accuracy.

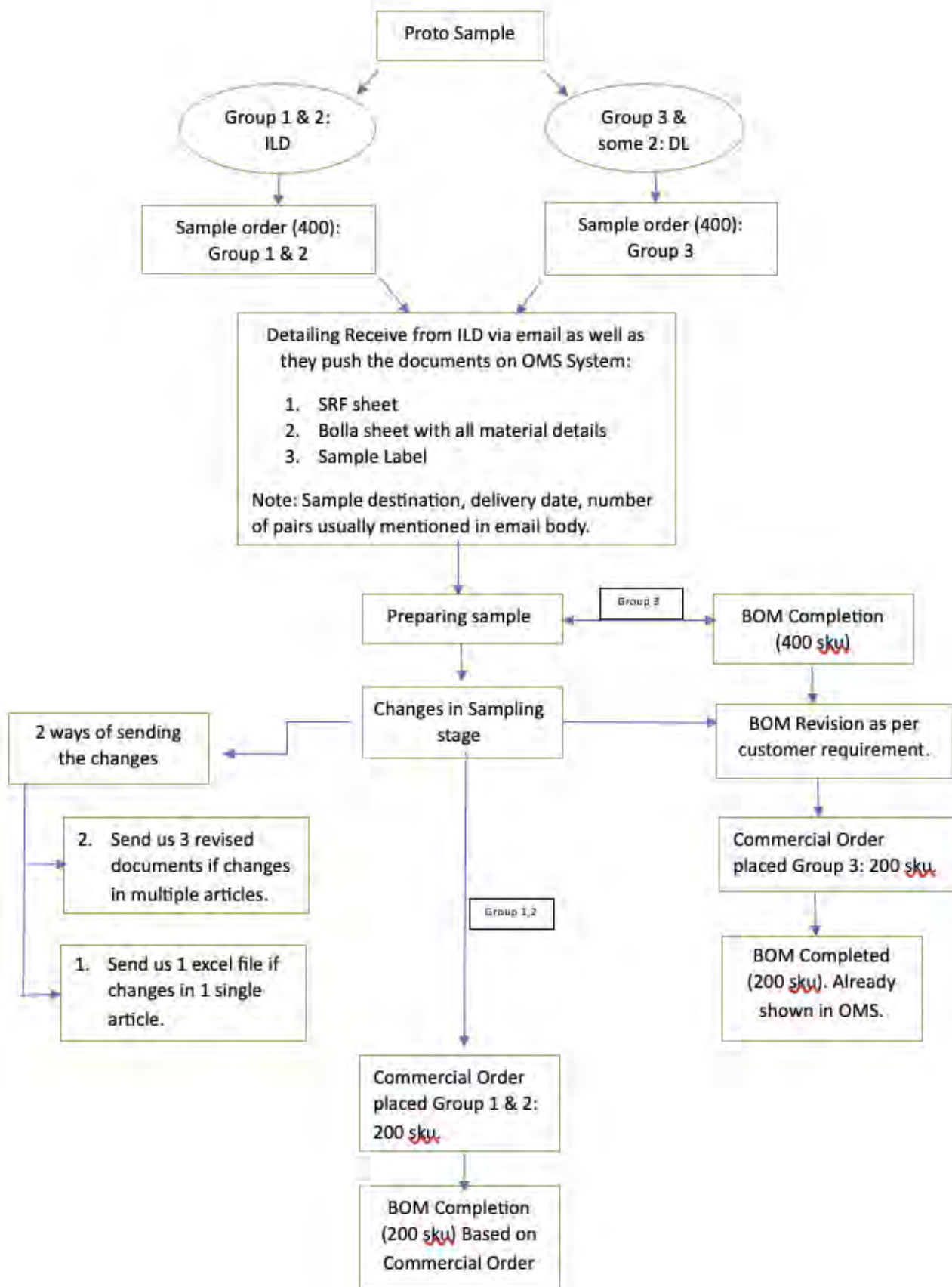
## **2.8 Operations Management and Information System Practices**

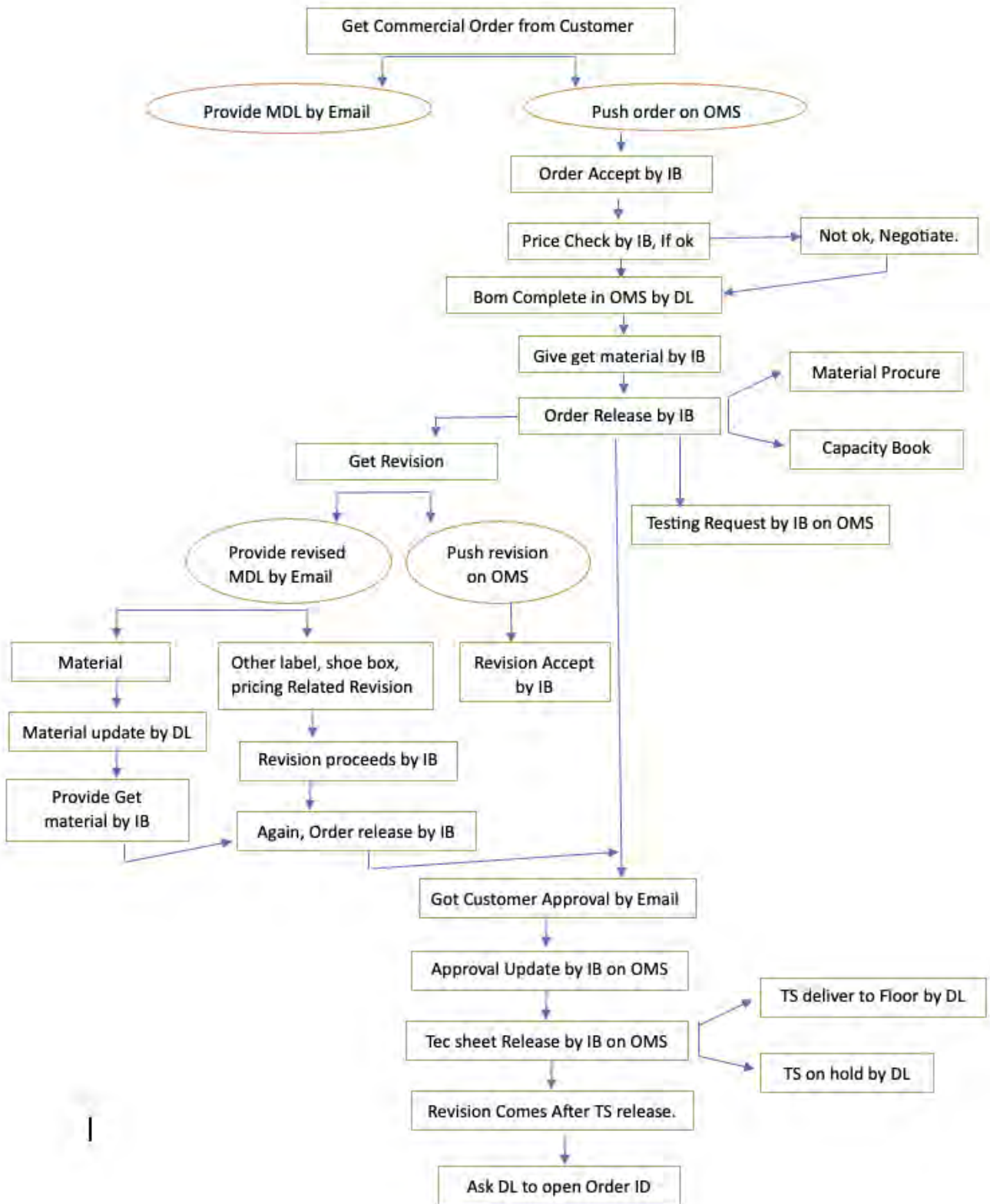
In manufacturing industry, Operations Management is about making sure that everything related to production runs smoothly. This includes managing the people, machines, materials, and processes that are involved in making the company's products.

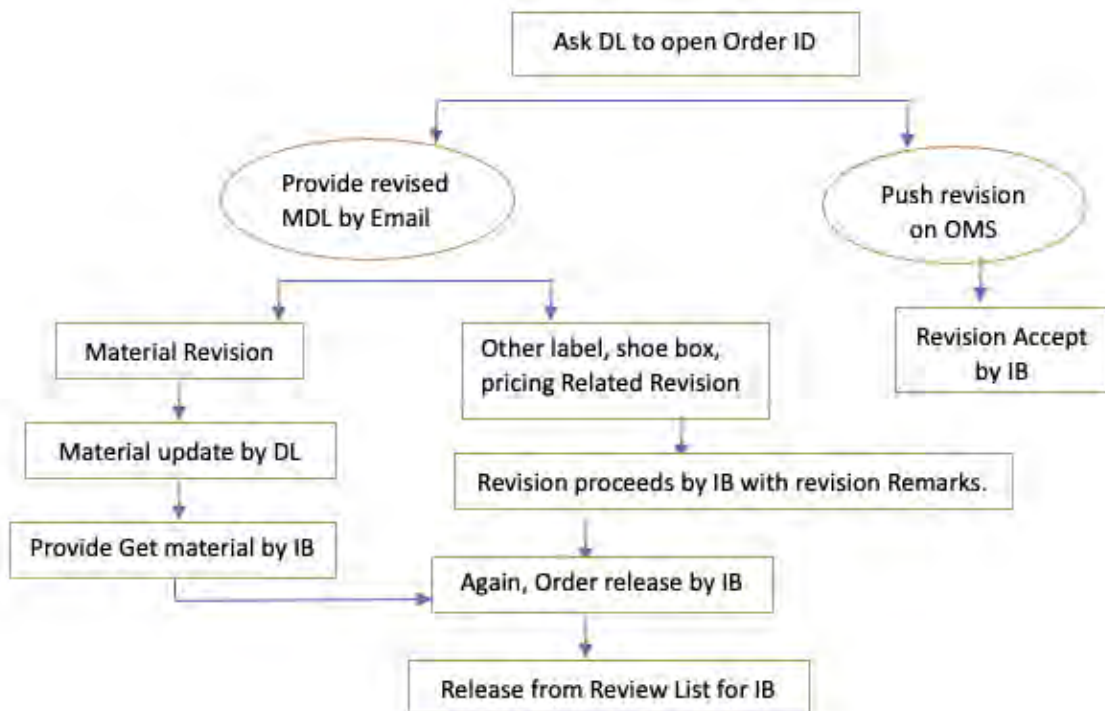
It ensures that the right products are made, in the right quantity, at the right time, and with the best possible quality. Operations managers plan how the product will be made, oversee the process, control the inventory (raw materials, work-in-progress, and finished goods), and try to reduce costs while maintaining quality.

On the other hand, Information System Practices involve using computers and software to help the company run more efficiently. This includes using technology to keep track of everything from inventory to sales, orders, and production schedules. These systems collect, store, and process data, which helps the company make decisions.

In short, Operation Management and Information system are corelated with each other. A flow chart of the Operations Management and Information System Practices, which was solely made by myself for my manager is given below:







## 2.9 Industry and Competitive Analysis:

Industry and Competitive Analysis is the process of studying a company's business environment to understand how the industry works and how the company compares to its competitors.

Industry Analysis looks at the overall market, including trends, growth opportunities, regulations, and the competitive landscape, to assess how favourable the industry is for the business. On the other hand, Competitive Analysis focuses on understanding the company's direct competitors, including their strengths, weaknesses, market position, and strategies, to find ways to outperform them.

Together, this analysis helps a business identify its position in the market, opportunities for growth, and strategies to stay competitive.

### **2.9.1 Porter's Five Forces Analysis:**

Porter's Five Forces analysis helps to assess the competitiveness of an organization within its industry by examining five key factors. Here's how it applies to Apex Footwear Limited and the footwear industry:

#### **1. *Threat of New Entrance: LOW***

The **threat of new entry** is **low** for Apex Footwear Limited for below reasons:

**High Initial Investment:** The formulation of a footwear manufacturing company like Apex involves substantial investment in manufacturing machines, production premises, sourcing networks and quality manpower. The current entrant would require a huge amount of capital to establish and compete on the same level.

**Established Brand and Market Presence:** Apex has operated in the market for over three decades and developed brand awareness in the local and foreign markets. New entrants would have to spend lots of liquid asset and time on advertising and building the brand as a way of earning the trust of consumers like those of Apex.

**Economies of Scale:** Apex enjoy the advantage of a large scale which implies that it has lower cost of production per unit. In the new structure, many of the newer firms will have limited production capacity. With limited capacity, every new manufacturer would find it difficult to compete on cost and price.



**Strong Supplier and Customer Relationships:** Many suppliers and buyers have been dealing with Apex for several years. These stable positions can provide better conditions and stable customers' requests on the market. Such relationships cannot be established instantly by new entrants to the industry and this puts Apex in a competitive advantage.

**Regulatory and Compliance Barriers:** The Textile and footwear manufacturing industries in Bangladesh and importers worldwide have to follow the required regulation and industrial certifying bodies like environmental and ethical WRAP and LWG certifications. When it comes to the requirements is evident that new firms are likely to find it difficult fulfilling the necessary condition to enter the market.

These factors make it difficult for new companies to enter the market and compete directly with Apex Footwear Limited.

## ***2. Bargaining Power of Suppliers: Low to Moderate***

The **bargaining power of suppliers** for Apex Footwear Limited is **low to moderate** for a few simple reasons:

**Many Suppliers to Choose From:** Apex needs materials like leather, rubber, and textiles for making shoes. There are many suppliers available for these materials. This gives Apex the freedom to choose from different suppliers, so no single supplier has too much control. If needed, Apex can easily switch to another supplier.

**Big Buyer Advantage:** Apex is a large company and buys materials in large quantities. Because of this, it can negotiate better deals, like lower prices or better contract terms. Smaller suppliers are more likely to agree to Apex's terms because they want to keep doing business with such a big customer.

**Strong Supplier Relationships:** Apex has built long-term relationships with many of its suppliers. These relationships benefit both sides which make suppliers less likely to demand higher prices or difficult terms because they value the stability of working with Apex.

**Not Dependent on Unique Materials:** The materials Apex uses aren't very unique or hard to find. This means suppliers don't have a lot of control over pricing or terms because Apex can easily find other suppliers if needed.

**Special Cases for Some Materials:** In some cases, for specific or high-quality materials like certain types of leather, there may be fewer suppliers available. These specialized suppliers can have a bit more bargaining power, which raises the overall supplier power slightly from low to moderate.

In short, Apex has the upper hand with most of its suppliers, but for some specialized materials, suppliers can have a bit more influence. However, this doesn't have a big impact on Apex's overall operations.

### ***3. Bargaining Power of Buyers: High to moderate***

The bargaining power of buyers for Apex Footwear Limited is considered high to moderate for a few reasons:

1. **Many Supplier Options:** Buyers have plenty of footwear brands to choose from, both locally and internationally. This gives them the power to demand better prices, quality, or terms. If they aren't happy with Apex, they can easily switch to another brand.
2. **Bulk Orders from Retailers:** Large retailers, especially in B2B sales, buy in big quantities. This gives them more negotiation power because they can ask for discounts

or special terms. However, since Apex has a good reputation, not every buyer can push too hard on pricing.

3. **Switching Costs Are Low:** For most buyers, it's easy to switch to another brand if they don't like what Apex is offering. This gives them more power to demand better deals. However, if a customer values Apex's product quality or unique styles, they might be less likely to switch, which lowers the buyer's power slightly.
4. **Demand for Quality:** Buyers expect high-quality products and innovative designs. If Apex meets these expectations, buyers are willing to stick with the brand, which reduces their bargaining power. But if they feel they can get the same or better quality elsewhere, their power increases.

In short, buyers have **moderate to high power** because they have options and can negotiate, but their power is balanced by Apex's strong brand and product quality.

#### *4. Threat of Substitute: Moderate*

The **threat of substitutes** for Apex Footwear Limited is **moderate** because:

1. **Alternative Footwear Options:** There are different types of shoes available in the market, such as sneakers, sandals, or synthetic shoes. These could be substitutes for the types of shoes Apex produces, especially if they are cheaper or more stylish. However, Apex offers a variety of footwear, which helps reduce this threat to some extent.
2. **Other Fashion Choices:** Consumers may also choose to spend their money on other fashion items, like clothing or accessories, instead of footwear. This gives them alternatives to shoes, but it doesn't entirely replace the need for shoes, so the threat remains moderate.

3. **Brand Loyalty:** Many customers prefer specific brands for their quality, comfort, or style. If Apex has built a strong relationship with its customers through quality and brand loyalty, they are less likely to switch to substitutes. However, if other brands offer better deals or more innovative designs, the threat increases.

In simple terms, the threat of substitutes is **moderate** because there are other types of footwear or fashion items that consumers could choose instead, but Apex's wide range of products and strong brand loyalty help reduce this risk.

### ***5. Competitive Rivalries: High to Moderate***

The **Competitive Rivalries** for Apex Footwear Limited is considered **high to moderate** for a few reasons:

1. **Many Competitors:** There are many footwear brands Like BATA Bangladesh, Leatherex Bangladesh, Bay Bangladesh who are serving in both local and international markets. With so many companies fighting for the same customers, the competition is strong.
2. **Price Competition:** Many brands compete on price, offering discounts or lower prices to attract customers. And as apex is very concern about sustainability, the price is comparatively higher. Apex has to keep its prices competitive to retain customers, which increases rivalry.
3. **Product Variety:** Footwear is a fashion-driven industry where styles, designs, and trends change quickly. Apex has to constantly innovate and offer new designs to keep up with competitors. If Apex doesn't stay ahead in terms of style or innovation, it could lose market share.

4. **Brand Loyalty:** While Apex has built a strong reputation and customer loyalty, other well-known brands have loyal customers too. Competing for these customers can be tough, especially when other brands are offering similar products.

In simple terms, the competition is **high to moderate** because there are many strong competitors in the market, and everyone is trying to attract the same customers by offering better prices, designs, or quality.

### **2.9.2 SWOT Analysis.**

SWOT analysis is important for Apex because it helps the company understand its current position and make better decisions. By identifying its strengths like its strong brand and wide product range, Apex can focus on what it's good at. Recognizing its weaknesses such as high debt and low profit margins, helps Apex know where to improve. Opportunities like growing online sales and expanding globally, show where Apex can grow. And understanding threats like competition and changing fashion trends, helps Apex prepare for challenges. In short, it helps the company plan its future strategy.

Below I have briefly written the **SWOT analysis** for Apex Footwear Limited:

#### **1. Strengths:**

- **Established Brand:** Apex is a well-known and trusted brand in Bangladesh and internationally. This strong reputation helps attract loyal customers.
- **Wide Product Range:** Apex offers a different variety of styles for different customer needs. It helps Apex attract a large market.

- **Strong Manufacturing Capabilities:** Apex has a large production capacity which helps Apex produce at lower costs.
- **Long-term Relationships with Suppliers and Buyers:** Apex has strong relationships with suppliers and customers. This relationship makes the supply chain flexible and sales processes more stable.

## 2. Weaknesses:

- **High Dependency on Debt:** Apex has a high debt-to-equity ratio. Apex relies heavily on borrowed money from banks. This situation increases financial risk.
- **Low Profit Margins:** After observing the financial statement, it seems that after all the costs, the company does not retain much of its revenues as profits.
- **Dependence on Traditional Marketing:** Apex relies heavily on traditional marketing methods. Dependency only on trade fairs and word-of-mouth might limit its ability to reach a larger audience.

## 3. Opportunities:

- **Growing International Market:** Apex has the opportunity to diversify even more to the global market and attract more international consumers.
- **E-Commerce Growth:** Regarding online promotion, Apex mainly focuses on word of mouth along with trade fairs, which means that its promotion can be relatively low.
- **Sustainability Trends:** as brands became very concerned about the sustainability, Apex can promote its sustainable practices and products to attract potential buyers.
- **Collaborative Design Efforts:** Apex's recent partnerships with European and Japanese brands for collaborative shoe design offer new opportunities to create innovative products and enter new markets.

- **China - USA Trade War:** the trade war between China and USA benefits Apex Footwear since the imports from China face high tariffs. So, it gradually became expensive. This challenges the U.S buyers to consider other suppliers. So, this is an opportunity for Apex to supply more affordable footwear. It creates new export opportunities for Apex and helps the company expand its strategic positions on world markets, and in particular, the United States.

#### 4. Threats:

- **Intense Competition:** This is a threat because Apex is facing competition from both domestic and global footwear manufacturers. This may decrease the market share of Apex.
- **Changing Consumer Preferences:** Fashion trends change rapidly. If Apex doesn't keep up with new styles and designs, it could lose customers to more innovative brands.
- **Economic Uncertainty:** Because of the Fluctuation of global economic conditions, inflation could lower the customers purchasing power hence reduce on Apex's demand.
- **Dependence on International Markets:** the drastic fluctuation in the global economy and supply chain are affecting the exportation of the products. Which results lower regular sales rates.

## 2.10 Summary of the Organization

APEX footwear Limited has been a pioneer of footwear manufacturers and exporters in Bangladesh. It has a strong market both domestically and internationally. Over the years, the

company has established a good reputation for its quality products. The company practises healthy managerial principles to achieve a healthy organizational operation and growth. Apex is big manufacturing company and it has the ability to manufacture large quantities of goods.

In terms of **financial performance**, Apex has shown steady growth in revenue, gross profit, and earnings per share (EPS) over the last five years. Apex faced some challenges related to low profit margins and high debt levels. However, the company uses standard accounting principles for the shareholders. Operationally, Apex has a impressive production system which focuses on quality. Also, Apex is supported by strong supplier relationships and a reliable workforce.

The **industry analysis** reveals that Apex operates in a highly competitive market, both locally and globally. The bargaining power of buyers is high due to the availability of many alternatives. The threat of new entrants is low because of the high requirement of initial investment and Apex's established brand presence. The company faces moderate competition from substitutes.

## **2.11 Conclusion**

Apex Footwear Limited is a very prestigious company in the global footwear market. With strong foundations in management, operations, and financial practices, they make themselves influential in Bangladesh. The company's ability to maintain stable product quality, innovate in design, and build strong customer relationships has helped it stay competitive in the rising global challenges. However, the company does face significant competition. In Addition, its high reliance on debt financing poses a potential risk to long-term financial stability.



Despite these challenges, Apex's overall performance has been solid, with increasing revenue and market expansion opportunities. The company's efforts to promote sustainability through environmentally friendly practice catch the attention of international brands. Moreover, its willingness to engage in collaborative design efforts with international brands reflect a forward-thinking approach to business growth.

## 2.12 Recommendations

1. **Focus on Profit Margin Improvement:** Apex should explore ways to improve its net profit margin. The management should focus on cost-cutting, operational efficiency improvements. They can also offer higher-value products, such as premium footwear or eco-friendly shoes. This will eventually attract elite and sustainability-conscious consumers.
2. **Strengthen Digital Marketing and E-Commerce:** Apex should expand themselves on digital platforms. By investing more in online marketing and e-commerce, they can make them more visible. This would help the company reach customers with all force and increase brand visibility in international markets.
3. **Reduce Reliance on Debt:** Apex should aim to reduce its dependency on debt financing to reduce financial risk. They can follow different strategies as per their company policy.
4. **Expand Product Diversification:** While Apex has a wide range of footwear, they should do more experiment for more diversity. It will help the company capture new customer segments and grow its market share.
5. **Leverage the China-USA Trade War:** With the ongoing trade-war between China and the USA, Apex should take the advantages new export opportunities. Especially in

the U.S. market, as buyers are seeking alternatives to Chinese products. Apex can grow its international sales by positioning themselves as a reliable and cost-effective alternative.

6. **Continue Promoting Sustainability:** As global consumers are preferring sustainable products, Apex should continue promoting its sustainable practices and maximize the variety of eco-friendly product lines. This will strengthen its brand image to international market.
7. **Monitor Industry Trends and Innovate:** The footwear industry is dynamic, and unstable in terms of customer preferences. Apex should continue to innovate to stay ahead of the competition. If they invest more in research and development (R&D) and collaborate with international brands to create new designs, they will be able to maintain its competitiveness.

In conclusion, Apex Footwear Limited is a strong player in the footwear industry with strong potential for further growth.

## **Chapter 3:**

**“Bangladesh’s Current Footwear Export Struggles by Apex  
Footwear Limited: Impact of Ukraine-Russia conflict”**

### **3.1 Introduction**

The footwear industry is a crucial part of Bangladesh's export economy who is playing a significant role in earning foreign revenue and creating employment. Among the key players, Apex Footwear Limited stands out as one of the country's largest and most prominent footwear manufacturers. There are other footwear manufacturing companies like BATA Sheo Company Limited Bangladesh, Blue Ocean Footwear Limited, Leatherex Footwear Limited, BAY Bangladesh who are contributing substantially to the export market. Over the years, Bangladesh has emerged as a competitive supplier in the global footwear industry, with products reaching key markets such as Europe, the USA, and Japan. The country's leather and footwear exports valued for their quality and craftsmanship which have gained a strong position in international markets. Bangladesh footwear Industry is making Bangladesh a recognized name in global trade Just like Apparel Industry.

However, the dynamics of the global economy changed dramatically when the Ukraine-Russia conflict began in February 2022 right after Covid. The war continues to create disruptions across multiple sectors which has significantly impacted global trade. Bangladesh's export-dependent industries are no exception. This conflict has caused economic challenges on multiple fronts, creating hurdles for companies like Apex Footwear Limited and others, which depend heavily on exports to sustain their operations. The impact of the war has resulted in supply chain disruptions, inflation, and increasing production costs, which are major concerns for Bangladeshi manufacturers.

One of the most profound effects of the conflict has been the reduction in export orders from European markets, which represent a substantial share of Bangladesh's footwear exports. As the war goes on, European economies are already dealing with inflation and energy problems. As a result, currently, customers are spending less. With rising living costs, European

consumers have been cut less important goods for a regular life like footwear. This change in consumers spending has directly affected the number of orders that companies like Apex and BATA receive.

The global economic fall caused by the war has also responsible for higher inflation rate worldwide. Prices for raw materials, fuel, and transportation have reached higher. This situation puts additional pressure on manufacturers. In Bangladesh's footwear industry, the profit margins are already comparatively low. Because of these rising costs make it more difficult to survive in the global market. Producers are now struggling to keep up with these increased expenses while keeping their prices stable to buyers.

This internship report focuses on the challenges faced by Apex Footwear Limited and the whole Bangladeshi footwear export industry as a result of the Ukraine-Russia conflict. It examines the downfall in export orders, the rise in operating costs, and the supply chain disruptions. The report also explores how Apex and other exporters are adapting to these uncertain times and what necessary steps they are taking to ensure the future of their exports.

### **3.1.1 Literature Review**

The global footwear market has always been impacted by major economic and political events. However, there are very few which have affected as hard as the Ukraine-Russia conflict. This war came at a time when the world was recovering from the COVID-19 pandemic. It added even more pressure to an already struggling global economy. Industries like footwear, which heavily depend on exports, have faced disruptions in trade pipelines (Talukder,2024)). The war has disturbed supply chains, increased energy costs, and rose up inflation. These are major challenges for Bangladesh's shoe industry.

Emerging industries like ready-made garments (RMG) and the footwear sector have been hit particularly hard, because they rely heavily on European markets. Europe has been a key market for Bangladeshi footwear and garments. But due to rising inflation and energy prices, consumers in Europe are spending less on items like shoes as they are struggling fulfilling their basic needs (Kajuri, 2023). This is the result of getting to fewer orders for companies like Apex Footwear Limited. The unstable economic conditions in Europe, worsened by the war and the global energy crisis. This have created a lot of uncertainty; it is difficult for exporters to take decisions.

Another big challenge for the footwear industry is the increased cost of raw materials and energy. The war has driven global oil prices to record highs. Thus, the transportation and production became more expensive. According to a report by the OECD (2022), developing countries like Bangladesh are especially vulnerable to these rising costs because they don't have the financial resources to afford energy at higher rates.

Footwear manufacturer usually rely on raw materials like leather, rubber, and adhesives. The increased cost of raw materials has covered most of the profit margins. Companies like Apex have been forced to absorb the financial burden because the customers are not will not pay better.

The shoe manufacturing business is also facing other problems due to trade sanctions on Russia. Russia was becoming an important market for Bangladesh's products. In FY2021, Bangladesh exported around USD 550 million to Russia. Bangladesh exported ready-made garments (RMG), leather, and footwear. However, international sanctions against Russia have severely impacted trade. It forces many companies to look for new markets. The drop in

demand from both the Russian market and Europe has made it difficult for Bangladeshi footwear exporters.

According to a survey by Confindustria Moda in January 2022, European footwear producers were also facing challenges. Many European firms relied on exports to Russia and Ukraine. They saw a huge decrease in their revenues due to the war. This has directly affected Bangladesh's footwear exporters. European companies have been reducing their revenues and cutting orders from their suppliers. These situations are making even tougher for Bangladeshi manufacturers.

Despite these challenges, there are still ways for Bangladesh's footwear industry to recover. Companies like Apex Footwear Limited can reduce some risks by diversifying their export markets and strengthening their supply chains. However, the recovery is expected to be slow.

### **3.1.2 Objective of the Report**

This report focuses on the impact of the Ukraine-Russia war on Bangladesh's footwear exports by focusing particularly on Apex Footwear Limited. It will explore the different challenges Apex has faced.

This report also aims to:

1. **Understand Export Challenges:** To figure out what are the drawbacks of Apex footwear limited in its key markets, like Europe.
2. **Examine Production Costs:** To determine how increasing costs for raw materials, energy, and transportation have affected Apex's overall operations and profits.

3. **Evaluate Company Adjustments:** To understand how Apex footwear limited has adjusted its business strategy to cope with the challenges.
4. **Provide Future Insights:** In order to recommend how Apex and other companies in Bangladesh's footwear industry can reduce future risks in the global market.

### 3.1.3 Significance of the Report

This paper examines the impact of conflict of Ukraine-Russia war on Bangladesh's export industries. As a small part of major contributor in Bangladesh footwear Industry, this report will be useful to help companies and policymakers make decisions.

This report is significant because:

1. **Understanding Global Impact:** It helps to explain how global conflicts like the Ukraine-Russia war can shake industries that depend on footwear exports.
2. **Helping Businesses Adapt:** By looking at how Apex has taken necessary steps to survive, the report provides useful strategies that other companies in Bangladesh.
3. **Guiding Government Policy:** Based on the report it will assist policymakers provide a clear understanding on what kind of assistance that export-dependent industries require especially in Difficult situations.
4. **Industry-Wide Impact:** The report also offers valuable insights for the entire leather and footwear industry in Bangladesh. This report will highlight the importance of reducing costs, becoming more sustainable, and finding new markets to stay competitive.



In other words, this report helps explain how the Ukraine-Russia conflict has affected Bangladesh's footwear industry. It can also guide companies and policymakers in finding ways to overcome these challenges.

## **3.2 Methodology**

This section explains how the impact of the Ukraine-Russia conflict on Bangladesh's footwear export sector. This report analysed the current situation of Apex Footwear Limited. The study used both qualitative and quantitative methods to get a complete understanding of the challenges faced by the industry and the strategies for recovery. However, most of the study relied on qualitative methods.

### **3.2.1 Data Collection**

1. **Primary Data:** Interviews were conducted with key staff members at Apex Footwear Limited to get valuable insights into how the company is dealing with the challenges caused by the Ukraine-Russia war. These interviews helped in understanding the internal strategies the company has employed to mitigate the effects of global disruptions. Also, as Apex footwear limited is the biggest exporter of footwear from Bangladesh, their insights and tactics are very authentic, influential and other companies can take these as role model.
2. **Secondary Data:** A significant portion of the data was collected from annual reports of Apex Footwear Limited, industry publications, and news articles. This included reviewing reports on Bangladesh's export trends, the global footwear market, and the

direct effects of the Ukraine-Russia conflict on international trade. Following Silverman (2013), this approach ensures that the analysis is grounded in reliable, documented evidence from multiple sources.

### **3.2.2 Data Source**

1. Apex Footwear Limited
2. LFMEAB Websites
3. BLLISS Website
4. Business and Human Rights Resource Centre
5. News reports
6. Articles
5. Journals
6. Financial Reports
7. World footwear Website
8. International leather Market Website
9. Bangladesh Export Bureau
10. Organisation for Economic Co-operation and Development (OECD).

### 3.2.3 Limitations of the Study

1. **Ongoing Conflict:** The full impact of the Ukraine-Russia war is still going on which eventually limits the analysis to current data.
2. **Limited Primary Data:** The study primarily focuses on insights from Apex Footwear Limited. As I haven't able to take information from other companies, it eventually lacks broader industry perspectives.
3. **Single Company Focus:** Findings may not fully represent smaller footwear exporters or other industries. Some other companies are might be in more difficult or easy situation than Apex footwear Limited.
4. **Generalization:** Apex's experience may not fully apply to other companies or sectors. they may not be fully applicable to other export-oriented sectors or companies with different operational scales and strategies.
5. **Secondary Data Dependence:** The study relies on secondary data from annual reports and industry publications, which may not always provide real-time insights or fully reflect the current economic conditions resulting from the conflict.
6. **Time Constraints:** The study was conducted over a limited period, which may have restricted the depth of analysis and the ability to observe changes over a longer timeline.
7. **Unexplored Economic Variables:** While the report touches on inflation, rising costs, and export challenges, other economic variables such as exchange rate fluctuations or government policies affecting trade could have been analysed further.
8. **External Factors:** Other global challenges, like COVID-19's effect was not the focus.

## 3.3 Findings and Analysis

### 3.3.1 Findings of the report

The findings from the analysis of Apex Footwear Limited highlight several key challenges and adjustments that the company has made in response to the Ukraine-Russia conflict. These findings are based on both primary and secondary data collected throughout the study.

**Reduced Export Orders:** One of the main findings is the significant reduction in export orders from European markets. War has caused a major economic slowdown in Europe, which has led to a decrease in consumer spending on non-essential items like footwear. This has directly impacted Apex with orders from European buyers falling by nearly 50% in some cases. Many Buyers got Bank corrupted. The uncertainty in the European economy has made it difficult for Apex to plan for future demand.

**Rising Production Costs:** Another key finding is the increased cost of production, mainly driven by rising prices for raw materials, energy, and transportation. According to The OECD (2022) because of the war the cost has increased globally. Apex has been most affected with the rising cost of raw material such as leathers, TPR and rubber. This has put the company profit margins lower.

**Supply Chain Disruptions:** The conflict has also affected global supply chains by making it harder for Apex to get the raw materials on time. Supply chain disruptions have been one of the most widespread impacts of the war (Talukder, 2024). Apex has experienced delays in receiving raw materials, which has slowed down production and affected delivery times for export orders.

**Market Diversification:** To overcome these challenges, Apex has taken steps to diversify its markets. According to Nasim Manzur (2023), the company is now focusing on expanding its presence in markets like Japan and the USA. In these markets, demand has remained relatively stable than European markets. Apex hopes to balance some of the losses and explore new growth opportunities.

**Sustainability and Compliance:** Another major decision taken by Apex is that they will increase the focus on sustainability and international compliance standards. The demand for sustainably produced and environmentally friendly products has risen. Specially in markets like Europe and Japan they have laws for sustainable product import. Apex has increased its efforts to comply with international certifications, such as the Leather Working Group (LWG) certification.

Overall, Apex has responded to these challenges by adjusting its business strategies. These adjustments include diversifying markets, managing rising costs, and focusing on sustainability. These are essential for maintaining its competitive edge in a difficult global environment.

### **3.3.2 Data Analysis**

The method of data collection and analysis are relevant to this report as it is aimed to determine the impact of the Ukraine-Russia. This paper examines the conflict on Apex Footwear Limited and the Bangladesh footwear export industry. The analysis uses a combination of statistical and non-statistical analysis.

## **Qualitative Analysis**

The qualitative data was collected from observations, and interviews with some key staff at the Apex Footwear Limited. They shared their experience and knowledge on some of the challenges that the firm has come across. Here are the main findings:

**Supply Chain Disruptions:** Employees who interviewed mentioned that the war has caused problems in getting raw materials like leather and rubber. Because of sanctions on Russia, it has become more expensive and takes longer time to get these materials. This is a common issue worldwide, where transportation and shipping delays have become big challenges.

**Rising Costs:** The war has also increased the production costs. Especially, because energy prices have gone up. The cost of fuel and electricity has increased which affected the manufacturing process. Moreover, the prices of raw materials have gone up due to inflation and global shortages.

**Reduced Demand:** Many consumers in Europe are struggling financially because of inflation and energy problems. Thus, they are spending less on non-essential items like shoes. As a result, Apex is getting fewer export orders from Europe which is one of its biggest markets.

The qualitative analysis has helped to understand the personal side of these challenges by showing how the staff and management are handling this tough situation. They are adjusting by cutting costs, looking for new markets, and focusing on sustainability to navigate through these times.

## **Quantitative Analysis**

The quantitative data for this analysis was gathered from Apex Footwear Limited's annual reports. We focused on key financial indicators like export volumes, production costs, and

profit margins to see how things changed before and after the Ukraine-Russia conflict began.

Here are the main findings:

**Export Volumes:** The export data from Apex showed that the export revenues from Europe went down significantly as European buyers reduced their orders due to the unstable economy in that region.

**Rising Production Costs:** The data also showed an increase in production costs due to inflation and higher energy prices. For instance, the cost of producing footwear rose by around 15% compared to before the war.

**Profit Margins:** Even with these rising costs, Apex managed to stay stable by adjusting their pricing and cutting operational costs. However, their profit margins were still under pressure due to the difficulties in finding affordable raw materials and the higher costs of energy.

### **Graphs and Trends**

Several graphs were made using the financial data to illustrate these trends, which I have already explained in the financial section.

By using both qualitative and quantitative data, this analysis gives a clear picture of how the Ukraine-Russia war has impacted Apex Footwear Limited. It shows the financial challenges the company is facing and the strategies they have put in place to adapt to the changing global situation.

### **3.3.3 To improve Supply Chain Disruptions:**

Apex Footwear Limited has tackled supply chain disruptions caused by the Ukraine-Russia conflict through several strategic approaches:

**Locally Sourcing:** To reduce its dependency on global supply chains, Apex has increasingly turned to local suppliers for raw materials. By sourcing materials from within Bangladesh, the company has minimized delays caused by international shipping issues and border restrictions, which were intensified by the conflict.

**Diversifying Suppliers:** Apex has also diversified its supplier base, spreading its sourcing across multiple regions to avoid over-reliance on any one country or region. This approach has helped the company mitigate risks from supply chain disruptions that affected specific countries involved in the conflict or sanctions. By establishing relationships with suppliers in other parts of Asia and beyond, Apex has created a more resilient supply network.

**Improved Inventory Management:** Apex has adopted better inventory management practices, increasing stockpiling of critical raw materials to ensure uninterrupted production during supply chain slowdowns. This proactive strategy has helped the company maintain production levels even when external supplies are delayed.

**Logistical Adjustments:** To address the delays caused by shipping disruptions, Apex has optimized its logistics and transportation routes. The company explored alternative shipping routes and adjusted delivery schedules to ensure that production timelines could still be met despite supply chain setbacks.

**Market Diversification:** By shifting its focus to markets like Japan and the USA, which have been less affected by the war's immediate supply chain disruptions, Apex reduced the pressure



on its European market dependencies. This allowed the company to buffer against declines in European orders and stabilize its supply chain.

These strategic adjustments helped Apex manage the effects of supply chain disruptions, ensuring continued production and maintaining strong relationships with its international buyers.

### **3.3.4: Market diversification strategy**

Market diversification is a strategy used by businesses to reduce risk by expanding into new markets or regions. In the case of Apex Footwear Limited, the company has followed several key strategies for market diversification, especially in response to challenges posed by global disruptions such as the Ukraine-Russia conflict. Here are the key elements of Apex's market diversification strategy:

**Expanding into New Geographical Markets:** Traditionally, Apex has relied heavily on the European market for its exports. However, with the European economy being impacted by inflation and reduced demand due to the Ukraine-Russia war, Apex has diversified by increasing its focus on new markets like Japan, the USA, and other regions. These markets have remained relatively stable, providing Apex with a buffer against the losses from Europe.

**Targeting Emerging Markets:** Apex has also begun exploring emerging markets in Asia, Africa, and Latin America. These markets, while smaller compared to Europe but at present new opportunities for growth. By expanding into regions that have not been as affected by global conflicts, Apex can tap into untapped customer bases and reduce its reliance on any single region.

**Collaborative Partnerships:** Apex has engaged in co-designing and collaborating with international brands, particularly in Japan and Europe. By working closely with local companies in these regions, Apex has been able to introduce new product lines tailored to the tastes and preferences of these markets. This collaboration not only boosts market presence but also helps the company adapt to regional trends and consumer behaviours.

**Diversifying Product Lines:** In addition to expanding geographically, Apex has also diversified its product lines to cater to different market segments. For example, the company has increased its focus on sustainable footwear and eco-friendly products, workmanship products, waterproof footwears which are in higher demand in markets like Japan and the USA. By diversifying its offerings, Apex can attract a broader range of customers and appeal to specific market demands.

By following these strategies, Apex has successfully diversified its markets, reduced its dependence on specific regions, and adapted to the changing global landscape.

### **3.4 Summary**

The methodology of this report utilized both qualitative and quantitative approaches. Interviews with Apex Footwear Limited's management provided primary data, while secondary data was gathered from annual reports and industry publications. This mixed-method approach allowed for a comprehensive understanding of how the Ukraine-Russia conflict impacted Apex. The analysis included examining export trends, production costs, and market adjustments.

In terms of findings, the report revealed significant challenges, including reduced export orders from Europe, rising production costs due to inflation and energy price hikes, and supply chain disruptions. Despite these obstacles, Apex responded by diversifying into new markets like Japan and the USA, improving cost management, and focusing on sustainability initiatives. These strategies helped the company maintain stability during this global crisis.

Overall, the analysis shows that while Apex faced considerable difficulties due to the conflict, the company's proactive measures have helped it adjust and remain competitive.

### **3.5 Conclusion**

In conclusion, the Ukraine-Russia conflict has created profound challenges for Bangladesh's footwear industry, particularly for Apex Footwear Limited. The war's impact has been felt through disruptions in supply chains, inflation, rising raw material costs, and a decline in export orders, especially from European markets. Apex Footwear, a major player in the export sector, has faced increased production costs while dealing with reduced demand for non-essential items like footwear due to inflation and economic slowdown in key markets.

Despite these struggles, Apex has taken steps to adapt, including seeking market diversification, reducing operational costs, and leveraging its existing relationships with global clients. The company's efforts to explore new markets and streamline production processes show resilience amidst uncertain global conditions. However, the full recovery will depend on the resolution of the conflict and the stabilization of global supply chains and markets.

This report underscores the importance of strategic planning and market diversification for export-dependent industries like footwear. Apex's response to the crisis provides valuable

insights into how businesses can navigate global disruptions and maintain competitiveness in a volatile economic environment. Moving forward, the company must continue innovating and adapting to maintain its position in the global market, with a strong emphasis on sustainability, efficiency, and customer relations.

### **3.6 Recommendations:**

Based on the findings of this report, several recommendations can be made to help Apex Footwear Limited and the broader Bangladesh footwear export industry navigate the ongoing challenges caused by the Ukraine-Russia conflict.

1. **Market Diversification:** industry should continue to expand its presence in non-European markets such as Japan, the USA, and emerging markets in Asia and Africa. This would help companies reduce its reliance on European buyers, who are currently facing economic challenges due to the war and inflation.
2. **Sustainable Practices:** Apex should further strengthen its commitment to sustainability and environmental compliance. By gaining more certifications like the Leather Working Group (LWG) and focusing on eco-friendly practices. Apex can attract buyers from markets that prioritize ethical and sustainable products, especially in regions like USA and Japan.
3. **Cost Management and Efficiency:** Companies should invest in improving its cost management strategies. This could include adopting lean manufacturing practices to reduce waste and increase efficiency, as well as automating processes to reduce reliance on manual labour, which would help lower production costs.

4. **Digital Transformation:** Expanding the company's e-commerce capabilities is essential for capturing new customers in the global market. Strengthening its online presence and developing digital marketing strategies will help Apex connect with more international buyers and remain competitive.
5. **Strengthening Supply Chain Resilience:** Apex should continue diversifying its suppliers and maintaining local sourcing where possible to mitigate supply chain disruptions. Building strong relationships with multiple suppliers globally would ensure a steady supply of raw materials even during crises.
6. **Government Support and Collaboration:** Apex should collaborate with the Bangladeshi government and industry bodies to secure policy support for the leather and footwear industry, especially in securing raw materials and addressing challenges related to high import costs. Lobbying for government subsidies on energy costs could also help reduce the burden on production.

### **3.7 Implications**

**Strengthening the Industry:** Implementing these recommendations would not only benefit Apex but also strengthen Bangladesh's position as a key player in the global footwear market. A focus on sustainability, efficiency, and market diversification can lead to long-term growth and stability for the entire industry.

**Global Competitiveness:** By embracing new technologies and focusing on innovation, Apex can remain competitive in the global market, even amidst geopolitical challenges. Improving digital presence and adopting sustainable practices will increase demand for its products in environmentally conscious markets.

**Economic Recovery:** Through strategic market expansion and cost reduction, Apex can recover from the current economic downturn more quickly. The company can also serve as a model for other Bangladeshi manufacturers in how to adapt to global disruptions.

In summary, these recommendations would help Apex Footwear Limited not only survive the current crisis but also position itself for future growth in an ever-changing global market.

### 3.8 Reference:

1. Apex Footwear Limited; <https://www.apexfootwearltd.com>
2. LMFEAB Website; <https://lfmeab.org/news/>
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