

## Revamping Legacy- The Sustainable Transformation A Case Study of Anchal Leather Company Limited (ALCL)

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The leather industry plays a crucial role in the global economy, contributing significantly to employment and exports. With major production hubs in key markets such as China, India, Italy, and Brazil, the industry continues to evolve to meet shifting consumer demands and environmental challenges. Anchal Leather Company Limited (ALCL) has established itself as a prominent player in this dynamic sector, known for its commitment to premium quality, innovative designs, and sustainable practices. By blending traditional craftsmanship with modern advancements, ALCL has expanded its product range to cater to diverse industries, including fashion, automotive, and luxury accessories. The company's dedication to excellence, coupled with its focus on eco-friendly solutions, positions ALCL as a forward-thinking leader in the evolving leather market. As consumer preferences increasingly prioritize ethical and high-quality leather goods, ALCL remains committed to delivering innovative products that align with modern sustainability trends.

**Keywords:** alcl, sustainable, transformation, leather market, global economics

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# 1. Introduction

## Industry Profile:

The leather industry is a globally significant sector encompassing raw material sourcing, tanning, manufacturing, and distribution of leather products such as footwear, apparel, furniture, and automotive upholstery. With major production hubs in countries like China, India, Italy, and Brazil, the industry contributes significantly to employment and exports. While traditional leather remains in high demand, the industry is evolving with the rise of sustainable alternatives such as plant-based and recycled leather. Innovations in tanning processes, digital retailing, and automation are reshaping the sector, while environmental concerns and regulatory challenges push for more eco-friendly solutions. As consumer preferences shift towards ethical and high-quality leather goods, the industry continues to adapt, balancing tradition with modern sustainability trends.

## About the Company:

**Anchal Leather Company Limited (ALCL)** is a leading manufacturer and supplier of premium leather products, known for its commitment to quality, craftsmanship, and innovation. Established with the vision of delivering high-end leather goods to both domestic and international markets, ALCL has built a reputation for excellence in design, durability, and sustainability. Over the years, the company has expanded its product line, catering to a diverse range of industries, including fashion, automotive, and luxury accessories.

## Year of Establishment:

ALCL was founded in **1995**, Leather manufacturing company based in Kanpur India, marking its entry into the competitive leather industry with a focus on traditional tanning methods blended with modern technology.

## Time Line:

- **1995:** The global leather industry sees rapid expansion, with China and India emerging as key production hubs. Italy remains dominant in high-end leather craftsmanship, supplying luxury brands. ALCL started its operations with leather bags.

- **1998:** Technological advancements in tanning processes lead to increased efficiency, but environmental concerns over pollution and chemical waste begin gaining attention. Governments start implementing stricter regulations on leather processing.
- **2008:** The global financial crisis impacts demand for luxury leather goods, leading to a slowdown in the industry. However, the footwear and automotive leather sectors remain stable, driven by emerging market demand.
- **2018:** Sustainability becomes a key focus, with brands investing in eco-friendly tanning methods and alternative materials like bio-fabricated and plant-based leather. The rise of direct-to-consumer (DTC) models and e-commerce reshapes how leather products are marketed and sold.
- **2020-21:** COVID-19 Impact  
The pandemic disrupts global supply chains, forcing tanneries and manufacturers to halt or slow production.  
Decline in demand for leather goods due to reduced consumer spending and lockdowns.  
Leather industries in major hubs (Italy, India, China) face labour shortages and raw material constraints.  
Acceleration of digital transformation: brands shift to online sales, virtual showrooms, and AI-driven customization.  
Sustainability gains traction as consumers prefer ethical and eco-conscious leather alternatives.
- **2024:** Post-pandemic recovery fuels resurgence in the leather industry. Luxury and automotive leather sectors see strong growth as consumer confidence rebounds. Sustainable innovations, such as lab-grown leather and biodegradable alternatives, become main stream. The integration of AI and automation enhances production efficiency, reducing waste and improving quality. As the industry adapts to evolving consumer preferences, the focus remains on balancing tradition with modern, ethical, and environmentally friendly practices.

## List of Products:

ALCL offers a diverse range of leather products, including:

- Genuine Leather Handbags - 1995
- Luxury Leather Footwear - 2001

- Leather Jackets - 2005
- Leather Wallets - 2005
- Leather Accessories - 2012

#### Competitors – Past or Current:

ALCL faces competition from both established brands and emerging players in the leather industry. Some of its key competitors include:

- **Past Competitors:** Traditional leather manufacturers that relied on conventional tanning techniques but failed to adapt to modern sustainable practices.
- **Current Competitors:** Leading global leather brands such as **Prada, Chanel, Hermes etc**, known for their innovation, aggressive marketing, and global reach.

#### Sustainable Competitors:

In recent years, sustainable leather alternatives have emerged as strong competitors to ALCL. Companies focusing on eco-friendly and cruelty-free leather products include:

- **Plant-Based Leather Brands** (e.g., those using mushroom, pineapple, or apple-based leather alternatives)
- **Recycled Leather Manufacturers**
- **Brands Emphasizing Carbon-Neutral Production**

## 2. Challenges at ALCL

### 1. Financial Challenges (2015-16 to 2023-24)

ALCL has experienced fluctuations in financial performance due to various economic, regulatory, and market-driven factors. Key financial challenges include:

- **Revenue Volatility:** The company faced revenue inconsistencies due to global economic downturns, particularly during the COVID-19 pandemic (2020-21), which impacted consumer spending and supply chains.
- **Profit Margin Pressures:** Rising costs of raw materials, stringent environmental regulations, and increased competition led to margin compression.
- **Investment in Sustainability:** Transitioning to sustainable leather processing methods required significant capital investment, affecting short-term profitability.

- **Operational Costs:** Labor shortages and raw material constraints in major leather hubs added to operational expenses.

### 2. Market and Competitive Challenges

- **Global Competition:** ALCL faces competition from international luxury brands and sustainable leather manufacturers adopting eco-friendly alternatives.
- **Regulatory Compliance:** Stricter environmental and labor laws in India and international markets increase operational complexity and costs.
- **Consumer Preferences:** The shift toward vegan and plant-based leather alternatives presents a challenge in maintaining traditional leather sales.
- **Digital Transformation:** Adapting to e-commerce and digital marketing is crucial, yet requires expertise and investment.

### 3. Export Market Projections

ALCL's export strategy has been integral to its growth, with a focus on expanding market reach and adapting to changing consumer demands. Export trends and projections include:

- **2015-2019:** Strong export growth, driven by demand in Europe and North America, particularly in luxury leather goods.
- **2020-2021:** A sharp decline due to COVID-19 disruptions in logistics, supply chain constraints, and reduced global demand.
- **2022-2024:** Recovery with a renewed focus on sustainable leather products, targeting emerging markets in Southeast Asia and the Middle East.
- **Future Projections:** ALCL aims to increase exports by 20% annually through: Expanding partnerships with eco-conscious fashion brands. Investing in digital retailing for international markets. Strengthening its presence in automotive and high-end luxury segments.

### 4. Strategic Dilemmas and Future Decisions

ALCL faces multiple dilemmas in aligning its growth strategies with evolving industry trends:

- **Traditional vs. Sustainable Leather:** Should ALCL continue conventional leather production or invest heavily in sustainable alternatives?

- Should ALCL continue conventional leather production or invest heavily in sustainable alternatives?
- **High-End vs. Mass Market:** Should the company focus on premium luxury goods or expand into affordable segments to capture a broader customer base?
- **Product Diversification:** Should ALCL explore tech-integrated leather goods such as RFID-protected bags and smart wallets?

### Dilemma or Varieties of Products

ALCL faces strategic dilemma:

- **Balancing Tradition vs. Innovation** – Should ALCL continue its traditional leather production methods or shift towards sustainable alternatives?
- **Expanding Market Reach** – Should the company focus on high-end luxury markets or expand into more affordable, mass-market segments?
- **Product Diversification** – While ALCL has a stronghold in traditional leather goods, should it explore new categories like **tech-integrated leather (e.g., smart wallets, RFID-protected bags)**?

## 3. Conclusion

The case of ALCL presents critical learning opportunities for business leaders, students, and industry professionals. Addressing financial challenges, export growth, and sustainability dilemmas requires strategic decision-making and innovation. This case invites discussion on how traditional industries can modernize while maintaining profitability and market relevance. The case revolves around how has ALCL's financial performance evolved from 2015-16 to 2023-24, and what key challenges have emerged during the journey. The case invites exploration on the strategies that ALCL should adopt to expand exports and overcome market fluctuations. The case provides the opportunity to evolve thoughts on the direction of how can ALCL balance traditions with innovation while ensuring sustainable growth in the leather industry. By analysing ALCL's journey in light of the Leather Industry at large, stakeholders can derive valuable insights into navigating industry transformations and sustaining competitive advantage in a dynamic global market.

## Teaching Notes

### Teaching Objectives:

The following Teaching Objectives may be considered with respect to the case:

- To equip the participants / readers with domain knowledge on Leather Industry, its growth in Indian Context and global positioning.
- To engage the participants / readers in discussing the challenges to Indian Leather Industry.
- To identify & discuss the dilemma-based situation surrounding the Indian Leather Industry in order to enhance the decision-making quotient of the participants / readers.
- To review the story of ALCL and record inferences.

### Level of Analysis:

The present hypothetical case is a type of Teaching case with a focus on the Illustrative & Appraisal Case approach. The analysis attracts an understanding of the domain of Leather Industry and Associate Businesses like Leather product manufacturing companies. This case is suitable for the case study approach at the Commerce & Management Students level. Management Consultants would also benefit out of the case.

### Case Assignments:

As part of case study delivery, participants may be assigned tasks pre & post-delivery of case.

**Pre discussion Task:** Gather fair understanding on Leather Industry through observations, meeting Industry representatives, reading journals & books in Library and through E-Sources.

**Post discussion Task:** Conduct review of further literature pertaining to the theme of the case & practical exposure through meeting further industry representatives. Post discussion schedule shall also include discussion round on a few questions pertaining to the case.

### Broad Discussion Questions:

**Q.1:** Discuss the Essence of Leather Industry in Indian Context.

**Q.2:** "Leather Industry is paving its way towards global excellence by capturing market beyond Indian boundaries."

Critically evaluate while citing examples.

**Q.3:** Explain the dilemma experienced by the Indian Leather Industry in current context.

**Q.4:** "Every Industry has its own share of success and respective challenges". Discuss in the light of the ALCL.

#### Potential Responses to the Dilemma:

**Balancing Tradition vs. Innovation** – Should ALCL continue its traditional leather production methods or shift towards sustainable alternatives?

- Expansion of product profiling into sustainable leather will be good start

**Expanding Market Reach** – Should the company focus on high-end luxury markets or expand into more affordable, mass-market segments?

- Mass Market shall always be attractive , however with Sustainable leather approach a niche can be created

**Product Diversification** – While ALCL has a stronghold in traditional leather goods, should it explore new categories like **tech-integrated leather (e.g., smart wallets, RFID-protected bags)?**

- Sustainable leather approach shall carry the diversification approach, however product diversification shall attract cost. The company has recent passed the recovery phase post Covid.

#### Potential Benefits of the Case:

##### Leather Company Executives:

- The Leather Company representatives may benefit from such cases that orient them about the industry at large.
- The Leather companies may generate their perspectives through the case and it may get helpful in strategizing for future.
- The Startups in Leather Industry may benefit from the case in terms generating an outlook towards the industry and creating a framework.

##### Students:

- The Commerce & Management Education students will be a straight beneficiary to the case learning. They may learn the industry wide avenues and the respective challenges awaiting their career path.

#### Proposed Session Plan:

The case study delivery on academic front may have the following session plan:

Action sequence	Session Details	Duration
Action – 1	Pre-Case Discussion State the objectives of the Case Announce the students to gather understanding on Leather Industry	3 Days Before the discussion session
Action – 2	Case Discussion Nominate specific sections to students to narrate (Soft copy Display / Hard Copy distribution) Appoint a set of 3 students to record the key points Allow the appointed students to narrate the key points after case narration Facilitator to conclude with major learning from the case and the case implications.	1 ½ Hours
Action - 3	Post Discussion Submission of written responses to the discussion questions for the case Select a set of Two teams comprising of 4 students each (during Action -2) and assign the task of presenting the same case one by one in front of the class. (Action -3) Open the forum for discussion & conclusion of the case.	3 days post the discussion 15 minutes presentation time to each team 30 minutes
Action – 4	Case study Test The case may be presented with precise draft (case let) as a question of General Management Strategic Subject & related commerce & management Courses. A 20 marks allocation to case with 30 minutes time slot	As per Examination Schedule
Teaching Aid	Projector to display the Soft copy of the Case and handover of the same through respective online mode. Black / White teaching Board for facilitator & student presenters	

## References

The case study being hypothetical in nature, the case creators have largely presented their observations and gathered secondary data through following e-sources:

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