

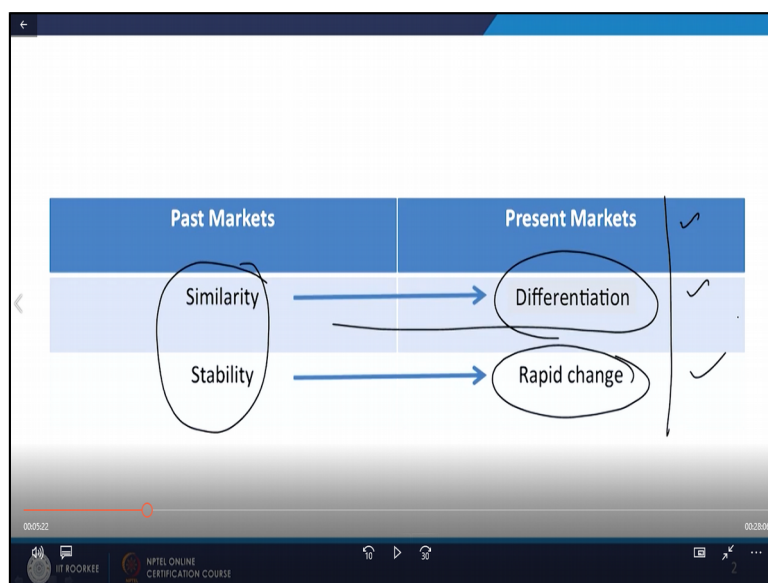
Manufacturing Strategy
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Module No. #03
Lecture No. #13
Concept of Order Winner and Qualifiers

Welcome, friends. Now, we are moving, into the thirteenth session, of this course on Manufacturing Strategy. Now, in the process of formulation of Manufacturing Strategy, in our last few sessions, we discussed that, the first important step, is to understand your market. And, at that point of time, we also made, a very clear distinction between, market, and marketing. Market is something, where we understand, who is your customer? What are the requirements of the customer? What type of products, customer is looking for?

While, marketing is a functional area. So, we need to be, more market-oriented. And, from the point of view of, operations strategy, Manufacturing Strategy, when I am saying that, we need to be market-oriented, we also discussed, the importance of concept of, Order Winners and Qualifiers. In this particular session, we are going to discuss, that what is this concept of, Order Winners and Qualifiers. Now, when we are discussing, this concept of Order Winner and Qualifier, I have made, only two simple characteristics, to give you a broad overview, that how the market is changing, regularly.

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Now, if you see, in the past, market was characterised, by two particular kind of characteristics. One is homogeneity, or you can say, similarity. Most of the customers, they

require, almost similar kind of products. So, it is homogeneity. Organisations can produce, things in mass. Mass production was, the order. But, nowadays, markets are moving, toward differentiations. Lot of heterogeneity is taking place, in the current markets.

So, the markets of past, were characterised by similarity, markets of present-day are characterised by differences. Or, you can use, other terminology, markets of past, were characterised by, homogeneity, and markets of present, are characterised by, heterogeneity. Similarly, the other important thing was, in the past, markets were characterised, by stability. Most of the markets, were having, very slow rate of change.

And, same kind of products, were going on, for years and years, or even decades and decades. But nowadays, markets are characterised, by rapid change. Now, stability is the order of past. Nowadays, we want new products. And, not only new products, but new products, at a much faster rate. So, these two things, that the earlier markets, were characterised by similarity and stability. And, the current markets are characterised by, heterogeneity and rapid changes, are the fundamental, to the concept of Order Winners and Qualifiers.

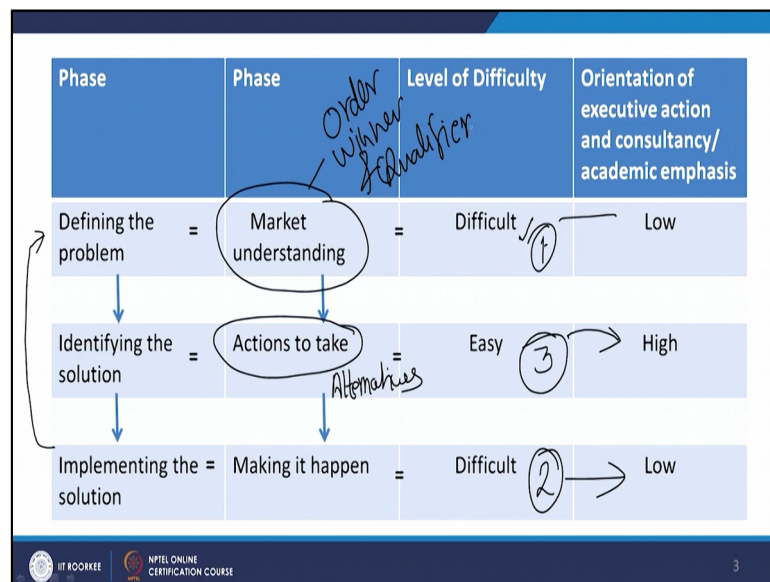
Because, once you determine, when the market is stable, there is not much changes. So, that concept was not having, much significance. But since, the current markets are heterogeneous. Market at Maharashtra, requires a different kind of attribute. And, market at West Bengal, requires a different kind of attributes. Markets of higher income people, require a different kind of attributes.

And, market of middle-income group requires, a different kind of attribute. In the past, most of these markets, were having similar kind of requirements. Same thing, for the stability. If, I am using a product, my parents are also using, the similar kind of products, and my grandparents were also using, the similar kind of products. But now, within my lifetime, I will use, 4 different variants of that product.

So, that is the meaning of, rapid change. So, the present markets, are characterised, by these things. And therefore, as organisations, when we see that, how to provide competitiveness to my organisation, I have to be proactive, to understand, that how these things, which are attracting customers, towards a particular product, are changing.

And therefore, we are discussing this concept of, Order Winners and Qualifiers. Now, just to see, that in the overall frame of strategic management, in the overall framework of operation strategic development, so you see that, in all the classes of strategic management, we discuss, that the first step, is the defining the problem.

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You first define the problem. And then, you identify the solution. By identifying the alternatives, and you decide the solution. And, then the third stage is, implementation of the solution. To go into the more complex activity, related to this process of defining the problem, implementation of the solution. And then, we can also have, a kind of feedback loop, where you can see that, whether the implementation is taking, as per the need, or not as per the need.

But, at the moment, if I am saying that, defining the problem, is equal to, market understanding. What is your market? So, developing the understanding of your market, that what are the requirements of the market, that is the first phase, in this process of, defining the problem. Because, our issue, is related to market-driven issue. So, defining the problem is equal to, market understanding. The second stage is, identifying the solution.

Now, identifying the solutions means, what different actions you can take? Or, you can say, alternatives. So, identifying, various actions or alternatives, that is the step number 2. What are the solutions, for your problems? And then, third is, making it happen. That means, you are implementing, the selected alternative. So, these are, in a way, we have translated,

defining the problem, identifying the solution, implementing the solution, in a more specific manner, by market understanding, actions to be taken, and making those actions happen.

Now, if you see, the level of difficulty, in these 3 phases, which phase is more difficult? Which phase is relatively easier? So, you see, that understanding the market, is the most difficult one. And, equally difficult, is the implementation of the solution. These 2 things are, most difficult. The easiest part, is identifying the alternatives, identifying the solution. That is the easiest part. So, you know, what is the correct problem? Identifying the correct problem, is the most difficult one.

And then, the implementation of that solution. That is, another difficult part. But, the identification of various alternatives, what actions to be taken, that is the probably, easiest part, out of these 3. And therefore, our energy should be more concentrated, on 1 and 2. But unfortunately, you will see, that most of the organisations, most of the academia, are working, for the easiest possible work. And, maximum work is happening, in the phase of the identification of solution.

So, where we require, more inputs, which are the difficult stages, that what is your problem, and how to implement the solution, these are the more difficult areas. But, the work, or the orientation of executives, orientation of faculty members, researchers, is leashed in those areas. And, orientation of faculty member is maximum, orientation of executives are maximum, in case of the easiest area, which is the identification of solution.

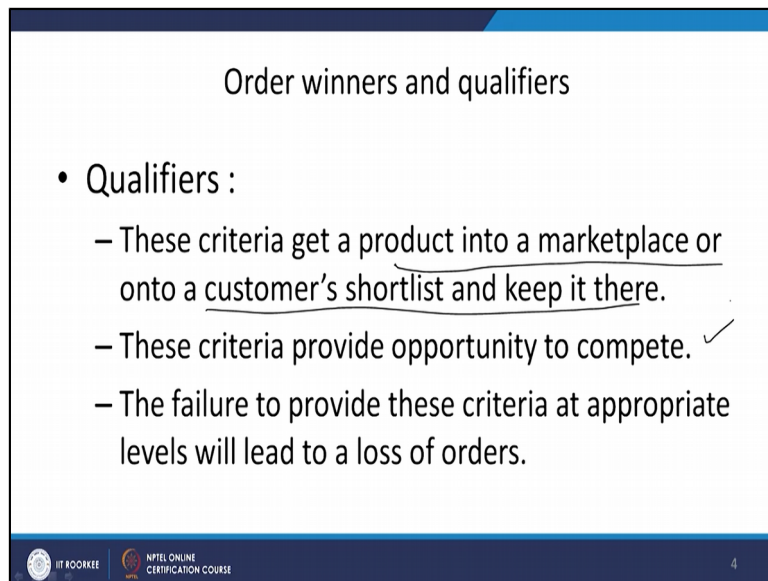
And, therefore, now you can understand, that why, many of the organisations are not able to achieve, the world-class status. Because, you are not focusing, where you should focus. Many of the problems in India, are related to either poor identification of the problem, or poor implementation. We have very good, rules, regulations, policies. So, we know, how to identify the solution. That process is very strong. And, most of the energy is involved, in that stage also.

But, even though, you have solutions, because either those solutions, are not as per the actual need of the market, or if you have the solution, you are not able to implement those solutions. So therefore, this particular idea, gives you a feeling, that we need to reorient, our energy, not

to get the solution, but to understand the problem also, understand what my market requires. And then, once you develop the solution, then how to implement those solutions.

So, we need to reorient, our energies, we need to reorient, our focus, towards more difficult task, and not focus just on the, easiest possible task. Now, therefore, market understanding is related, to the concept of Order Winner and Qualifier. And, we are focusing in this particular session, about this very concept of, Order Winner and Qualifier.

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Order winners and qualifiers

- Qualifiers :
 - These criteria get a product into a marketplace or onto a customer's shortlist and keep it there.
 - These criteria provide opportunity to compete. ✓
 - The failure to provide these criteria at appropriate levels will lead to a loss of orders.

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Now, what are these qualifiers and winners. Let us try to understand, that part also. Now, when you are purchasing a product, in a market. So, it is not a, one-go decision. You take decisions, in some sequences. So, in that sequence, the first is the qualifiers. Qualifiers are those criteria, available in a product, because of which, you start considering that product into your choice set. So, if, let us say, I am putting an advertisement, for the position of some officer, in my department.

Now, for that purpose, if I say that, only those who have scored, 65% in their graduation, are eligible to apply. So, that becomes, a kind of qualifying criteria, that those who have scored 65% or more, can apply for that position. It is not guaranteed, that all those who have applied, will be selected. Only 1 or 2 will be selected. But, if you have not 65% marks, you cannot apply for the position.

So, qualifying criteria, are the eligibility criteria. And, because of these qualifying criteria, you remain, as good as your competitors. If your competitor, is in the list of choice, then you

can also be in that list of choice. So, these are, product into a marketplace, or into customer shortlist, and keep it there. These are those criteria. So, these criteria, give you an opportunity, to compete. If you are not in that short list, then you cannot compete.

So, unless until, you are having these, qualifying criteria in you, there is no point, that you will be able to compete, with other products. So, if qualifying criteria are met, then only, you can compete with other products. So, having qualifying criteria, you get an opportunity, to compete. That is, another very important thing.

Then, the third is, the failure to provide these criteria, at appropriate levels, may lead to loss of order also. Like, if you are not having those 65% marks, in the graduation, if you have just 64% marks, so it means, you cannot apply. And, that becomes, an order losing criteria also. So, some time, your qualifying criteria, give opportunity to compete.

But, at the same time, it is also possible, that if you are not having, some of these qualifying criteria in you, then you may lose the order. These are very sensitive criteria, because of which, you get an opportunity to compete, and because of which, if these are not there, you will lose the order also. So, that is one very important thing, with respect to qualifying criteria. Then, next comes, the order winning criteria.

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The slide displays a bulleted list of 'Order Winners' criteria. Handwritten notes include 'Nahin' circled and pointing to the 70% mark, and a bracket indicating a range from 65% to 72% labeled 'Stake'. The phrase 'competitive advantage' is circled at the end of the third bullet point.

- Order Winners
 - A level better than your competitors
 - A customer first uses qualifying criteria than winning to select the product.
 - Winners are used for competitive advantage.

Handwritten notes on the slide:

- A bracket on the right side spans from 65% to 72%, with the word "Stake" written next to it.
- The word "Nahin" is circled and has an arrow pointing to the 70% mark.
- The phrase "competitive advantage." is circled.

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Now, the order winning criteria, are those things, where you need to show, that you are better than your competitor. If, 65% was the benchmark, for applying for the post of officer. Now, you have 70%, your competitor has 72%. I think, it is not going to make, much of the

difference. But, if you have won, some prize, in the national level event, and your competitor won prize, at the state level event.

So, this will make, a tremendous difference, that in a sports activity, in the badminton championship, your competitor won, state-level prize, and you won, national level prize. And, this may provide, you the winning edge, this may provide you, an edge over your competitor. Because, the marks remain, the qualifying criteria. Then, whether you are 70%, and your competitor is at 72%, not going to make, much of a difference.

But, other parameters, how are you doing in the sports, how are you doing in the cultural activities, whether you have NCC certificates, these may provide you, that type of winning edge. And, that is how, you are better than your competitor. So, that is one important thing, with respect to winning criteria, which provide you, the competitive edge, or the winning edge. Then, it is important, that we need to understand, that how these winning criteria, can provide me, the competitive advantage.

You need to be ready, first, to fulfil the qualifying requirements. If you are not fulfilling the qualifying requirements, you obviously cannot come, into the competition stage. But, once you come into the competition stage, then you need to see, that how to develop, those winning criteria. Because, as I have said, that winning criteria are used, for getting the competitive advantage. So, competitive advantage is possible, only because of winning criteria. So, you can, only win. It is, our final objective is, to win.

So, qualifying is essential, no doubt. Without qualifying, you cannot compete. But, along with qualifying, you need to develop, the winning criteria, then only, the ultimate purpose is fulfilled. It is not just to qualify, but actually to win the orders. Now, when we have understood, the difference between qualifying and winning criteria, now the next thing is, to understand, some of the basic characteristics, of Order Winner and Qualifiers, which are applicable for both, winners as well as for qualifiers.

Now, the first important thing is, that both, winner and qualifying criteria are essential. You cannot live, without one. You have to have, both these criteria. Qualifying, which enable you to compete. And then, winning, which help you to get, the competitive advantage. So, therefore, both these are, essential in a product. Then, another very, very important thing is,

that both these criteria, winner and qualifier, are highly dynamic. Both these criteria are, market and time specific.

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Basic Characteristics

- Both qualifiers and winners are essential.
- Both are time and market specific. ✓
- The relevance and importance of order winners and qualifiers will typically be different to retain ① market share, grow share in existing markets and enter new markets ② ③

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And, this is one very important input, we are going to discuss, that both these winning and qualifying criteria, are time market specific. As, different times will come, you will have, different types of winning criteria, different types of qualifying criteria. It is quite possible, that one criteria-is, today winning criteria, and tomorrow it remains, a qualifying criteria. Today, one criteria, is a qualifying criteria, and tomorrow, it may become, a winning criterion.

Or, it will change, from market to market. Today, in Indian market, one criteria-is a qualifying criteria, but the same criteria, in American market, can be a winning criterion. So, that is the meaning of, that both, time and market specific. That, these criteria are, whether you go from one market to another market, or from one-time zone to another time zone, you will see that, these are changing, and these are not static, these are dynamic phenomena.

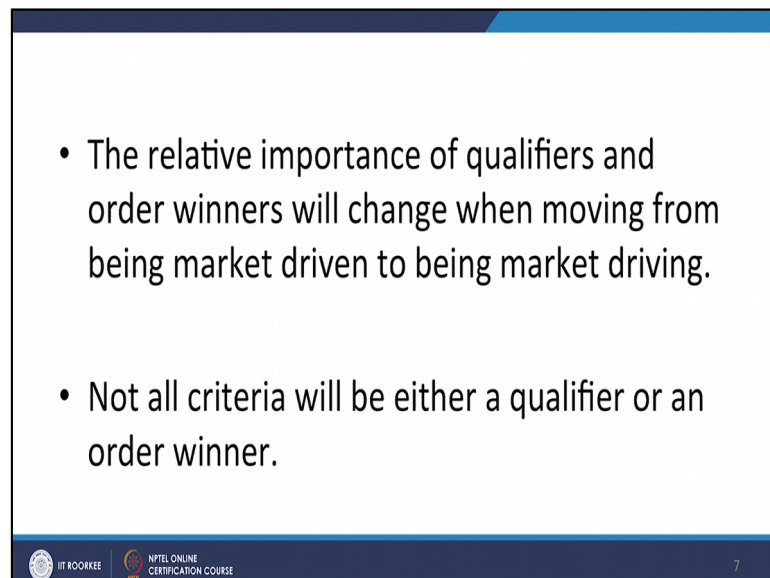
So, you need to continuously see, that how these, winning and qualifying criteria are changing. And, if we can pre-empt, if we can forecast, that how these criteria are going to be changed, in near future, then actually you can take advantage of this concept, for getting the competitive advantage. So, that is one very important thing. And, many a times, again and again, we will be focusing on this aspect, that winners and qualifiers are, time specific, market specific.

We will see, one or two examples also, in the slide, that how these are, market and time specific. Now, another important thing, another basic characteristic of, winners and qualifiers, is related to, that the relevance and importance of Order Winners and Qualifiers, will typically be different, to retain market share, to grow share in an existing market, and to enter into new markets. Now, during a product life-cycle, organisations do, different things for different types of market.

Whatever market you have, you try to retain that market. Then, you want to grow your market share, in your existing market. And then, you also try to enter, into new markets. So, these are the three important things, you are going to do. One is, to retain your existing market share. Second is, to grow share in the existing market. And, third is, to enter new markets. These are the three things; you are going to do.

And, in all these three things, you will have, different types of combinations, of Order Winners and Qualifiers. The relevance, the importance, of Order Winner and Qualifier, will change, for these three different things. And again, it is a very important thing, for the functional roles, that how you identify, how you develop the solutions, and how you implement those solutions, for these different types of expectations.

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- The relative importance of qualifiers and order winners will change when moving from being market driven to being market driving.
- Not all criteria will be either a qualifier or an order winner.

Then, another important thing, basic characteristic of Order Winners and Qualifiers is that, that the relative importance of qualifiers and order winners, will change, when moving from, being market driven, to being market driving. There are two particular phenomena, that either you are market-driven, or you are market driving. So, when you are market-driven means,

market is moving ahead, and you are following the market. Whatever type of requirements are coming, you are following those requirements.

So like, in the case of low-cost products, that market always requires, low-cost products, and good quality product, at the lowest possible cost. So, if you are providing those things, it means, you are market-driven. On the other hand, if you are into a, product categories like, which are highly innovative products. So, you are driving the market. Organisations are bringing, new types of products. And then, market is trying to adopt, those new types of products.

So, like your, all mobile phones, and electronic gadgets, are the part of this market-driven approach. So, when you have a market driving approach, or a market driven approach, the relevance and importance of qualifiers and winners, will change, accordingly. And then, another important thing is that, all criteria by which, a customer purchases a product, will be either a qualifier or winner, it is not necessary.

There may be few things, which may not be part of, Order Winners and Qualifiers, may be the peer group influence. So, that is something, because of which, many a times, we purchase products. So, it is difficult, to classify the peer group influence, either qualifier or winners. So, all those criteria, most of them we will try to put under, winners and qualifiers. But, all criteria, cannot be put under the categories of, winners and qualifiers.

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Criteria	Customer A <i>Market</i>			Customer B <i>Market</i>		
	CY	CY +1	CY +2	CY	CY +1	CY +2
Design (product specification)	40	40	40	30	40	50
Price	Q	Q	Q	40	20	Q
Delivery Reliability	QQ	QQ	QQ	QQ	QQ	QQ
Delivery Speed	30	20	Q	30	20	Q
Quality Conformance	QQ	QQ	QQ	QQ	QQ	QQ
R & D Support Services	30	40	60	100%	20	50

Handwritten annotations:

- Arrows from Design (40, 40, 40) to Price (Q, Q, Q) and Delivery Reliability (QQ, QQ, QQ).
- Arrows from Delivery Reliability (QQ, QQ, QQ) to Delivery Speed (30, 20, Q) and Quality Conformance (QQ, QQ, QQ).
- Arrows from Delivery Speed (30, 20, Q) to R & D Support Services (30, 40, 60).
- Arrows from R & D Support Services (30, 40, 60) to Price (40, 20, Q) and Quality Conformance (QQ, QQ, QQ).
- Handwritten "100%" under R & D Support Services for Customer A and Customer B.

Now, as I was saying, that these Order Winners and Qualifiers, are market and time specific. Now, let us have, one example here. And, in this particular example, we have two different customers. Two different customers, you can say that, two different markets. This is Market A, and this is Market B. These are the two markets. And, CY represents, the current year. CY +1 represents the, 1 year ahead of the current year.

And, CY +2 represents the, 2 years ahead of the current year. Now, there are few criteria, which are listed here, on the left-hand side of this table. Now, if you see, the criteria like, design, price, delivery reliability, delivery speed, quality conformance, and R&D support services, are listed here. Now, let us first discuss, the current year for Customer A. Now, in the current year for the Customer A, price against it, I have mentioned Q. Q means, it is a qualifying criteria, that there has to be a particular level of price.

If that product is matching, that level of price, it comes into my shortlist. Then, there are two criteria, delivery reliability, and quality conformance. These two criteria, where I have mentioned, QQ. QQ means, these are the sensitive criteria, order losing criteria. If my company, is not able to maintain, a particular level of quality conformance, or if it is not able to maintain, the delivery reliability, the promised dates of delivery, then my customer is going to keep me away, from the shortlist.

So, these are very sensitive criteria. These are, order qualifying criteria. But, these order qualifying criteria, are very sensitive, and may result, into the losing of order also. So, these 3 are actually the qualifying criteria, price, delivery reliability, and quality conformance. Then you see, the design, then delivery speed, and R&D support. There are certain values mentioned against them. Design specifies, up to 40% of customers, winning criteria.

Delivery speed contributes up to 30%, in the winning decision. And, R&D support services also contribute, up to the 30% of the winning criteria. So, you see, the sum of all these are, 100%. $40 + 30 + 30 = 100$. So, these are the criteria, on the basis of which, this Customer A is purchasing product, in the current year. But, as you see, you are moving from current year, to 2 years ahead.

The role of design, remains same. Price, also remains same. Delivery reliability, also remains same. But, what happens to delivery speed. Earlier, the delivery speed was, one of the order

winning criteria. It was contributing 30%, into my winning list. But now, it has reduced to, one order qualifying criteria. So, now I have one additional order qualifying criteria, that delivery speed. Quality conformance was earlier also, one order sensitive criteria.

Now, it is again, an order sensitive criteria. But, R&D support, earlier it was only 30% important for my order winning. Now, the importance of R&D, or innovation, has increased to 60%. So, I am requiring, more those products, which are innovative, where R&D support services are excellent. So, you see, that from current year to 2 years in ahead, I have changed, that some of the criteria, have moved from, order winning to qualifying.

The importance of R&D has increased from, 30 to 60%. It will again remain 100%. 40 is for the design, and 60 for the R&D. So, it is still 100%. But, you see, the weightage has changed. The winner's criteria have become, the qualifying criteria. Now, during the same period, if you see for a Second Customer, Market B, now the design, is only 30% important. Here, it was 40%, now it is 30%.

The price for Customer A, was just a qualifying criteria. But, it is 40% important, for Market B. Delivery reliability was, an order sensitive criteria for First Customer, it is order sensitive for the Second Customer also. Speed was, 30% important, for First Customer. It is 30% important, for the Second Customer also. Quality conformance, was an order sensitive criteria. It is order sensitive, for the Second Customer also.

But, for the Second Customer, R&D was not involved. There is no need of, R&D services. So, all these criteria, like you see that, $30 + 40 + 30$, 100%. So, only 3 criteria, are the order winning criteria. And, 2 criteria come, under the category of, order qualifying criteria. And, you see, both these criteria, are very sensitive qualifying criteria. Because, in both these cases, QQ is written.

That means, if any of these criteria is not available, you will immediately lose the orders. So, both these criteria, are very sensitive criteria. So, this figure, this table, gives you an idea, that how for the same product, for 2 different markets, or for 2 different customers, criteria are changing. So, this gives you an idea, that how these order winners qualifiers, are dynamic with respect to market.

And then, we also saw, that how from current year to 2 years in advance, these criteria are changing. So, that will give you an idea, that these are time dynamic also. So, with this, you can also have another example, where you have, less number of criteria. And, these criteria are also changing, with respect to time, and with respect to product categories.

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Criteria	Product A			Product B		
	CY	CY +2	CY +4	CY	CY +2	CY +4
Design (product specification)	45	35	25	50	45	40
Price	15	30	45	Q	15	40
Delivery Reliability	QQ	QQ	QQ	QQ	QQ	QQ
Delivery Speed	40	35	30	20	20	20
Quality Conformance	Q	Q	Q	30	20	Q

So, these are, for the same market, but 2 different products, we have considered, Product A, and Product B. And, you see that, for both these products, in the same market, criteria are changing, the relative weightage are changing. So, the point, which we are trying to emphasise, that Order Winners and Qualifiers, are time and market specific. So, with this, we come to end of this session. Thank you, very much.