

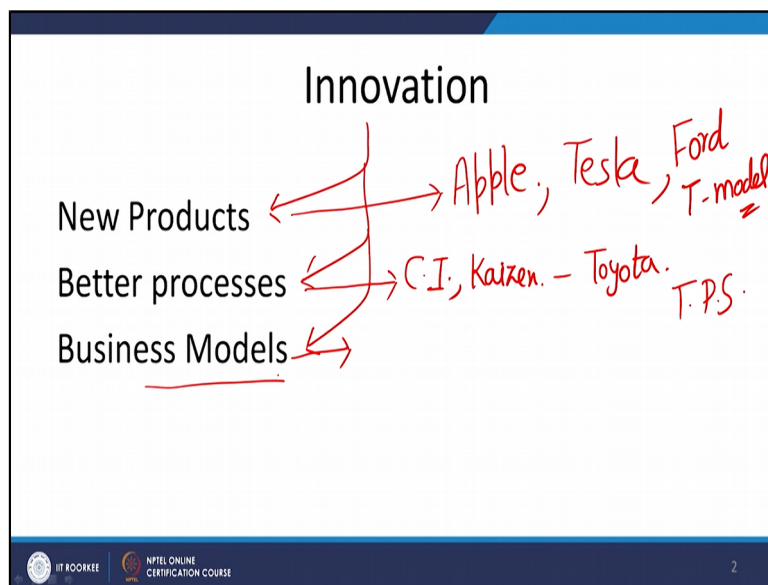
**Manufacturing Strategy**  
**Professor. Rajat Agrawal**  
**Department of Management Studies**  
**Indian Institute of Technology, Roorkee**

**Module No. #04**  
**Lecture No. #18**  
**Some Specific Order Winners & Qualifiers**  
**(Non-Operation Related Criteria)**

Welcome, friends. We were discussing about, various qualifiers and winners. And, we discussed, two types of winners and qualifiers. Some, which are very specific, to operations. And, four important winners-qualifiers we discussed, under that category, price, delivery speed, delivery reliability, and quality. Then, we discussed, some of the Order Winners and Qualifiers, which are related to operation, but they are not very specific to operations. Design, and how to bring products, at a faster rate to the market.

How, you can bring product, from the idea stage to commercialisation stage, with less time. And, we discuss the example of some of the companies, like AT&T, Honeywell, Ingersoll-Rand, HP, etcetera, that how are they able to reduce, their product development time. Now, in this particular session, we are going to discuss, some of the Order Winners and Qualifiers, which are known operation specific, where operation has, very limited role to play, in these Order Winners and Qualifiers.

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And, one such order winner and qualifier, is your ability to innovate. We discussed, in the last of previous session, your ability to bring, new products to the market, at a faster rate. How to

reduce, product development time? But, how to develop new products, that is also, a very important order winner and qualifier, particularly in the present context. In the previous time, when markets were characterised by similarity, there were very low speed of change. Almost, markets were static.

So, at that time, probably innovation was not, that required characteristic of the organisation. But nowadays, because markets are characterised by diversity, markets are characterised by heterogeneity, and changes are happening at a rapid rate. So, because of these two characteristics, we require innovation, in our organisations. And, innovations are possible, on variety of ways. You can introduce, new products. You can have, better processes. You can introduce, new business models.

These are different ways, in which, innovations are possible. New products. When, you are developing, a new product, examples of companies like, Apple, etcetera, are in front of us, where companies developed, new products. Though, in the present circumstances, when we talk of most innovative company, name like Apple, name like Tesla, come to our mind. But, I particularly feel, that from the operations point of view, the one company, which is most innovative in their way, that is Ford Motor Company.

By introducing, their team model, they changed the landscape, of complete automobile sector. So, these companies are getting success, because of their ability, to bring new products. And, that is a very important, order winning qualifying criteria. Then, better processes. How you develop, more efficient processes? How you develop, more responsive processes? That is, another important area of innovation.

And, we have discussed in our earlier sessions, about continuous improvement. We discussed about, Kaizen. All these are, techniques, for improving the processes. And, improvement in the processes, is one way of innovation. The company, which has pioneered, the improvements in the processes, and the whole world is following their idea, that is Toyota. Toyota is known, for their ability to improve the processes.

How to have, more efficient processes? How to have, better processes? That was the key strength, of Toyota. And, nowadays, many companies are trying to follow, the Toyota way of manufacturing. We know that, a complete system, a complete philosophy of manufacturing,

is developed, on the basis of Toyota's way. And, that is known as, TPS, Toyota Production System. Now, this Toyota production system, is an example of innovations, for improving your processes.

Then, another way of innovation is, with respect to business models. You can introduce, new type of business models. And, that is also, one strength of the organisation. That, how new types of business models are coming up. Business models, we know, our ways through which, you generate money. In how many different ways, you can generate money. Traditionally, we all know, that we used to generate money, by the process of exchange.

I offer something to you, which is of value to you. And, in return, you will give me money. So, that is a traditional way, of doing business. But nowadays, we all know, that large number of innovative business models are coming up. For an example, we all use Gmail, we all use Facebook, we all use YouTube, we all are available on LinkedIn. But, we do not pay, even a single penny, for using the services of, Gmail, Facebook, YouTube, WhatsApp, etcetera.

So, you use services, without paying any money, to those organisations. And, still we know, Mark Zuckerberg is one of the richest person, in this world. So, you are not paying anything to Facebook, and still the Facebook owner, is one of the richest person in this world. How is it happening? So, innovative business models, are also coming. Customers are not paying anything, for the basic services. And now, it is very difficult. Some of you will say, that Facebook is earning, because of advertisements.

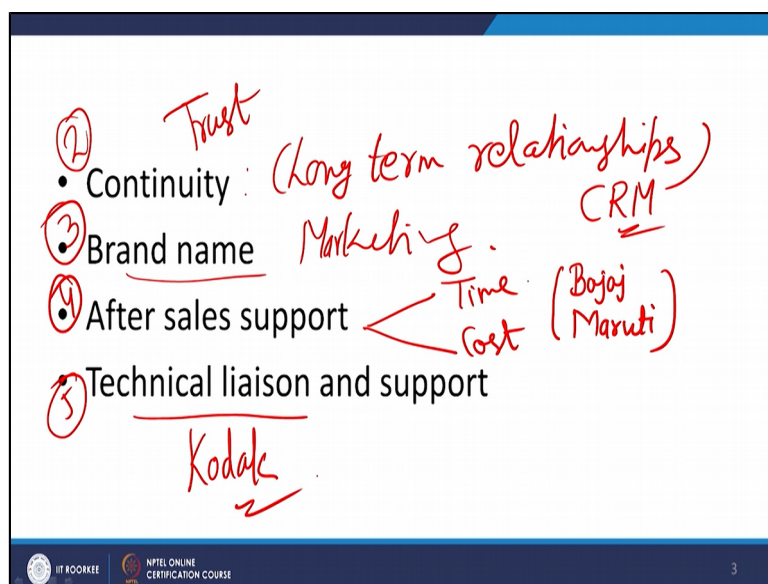
Some of you will say that, Facebook may share our data, with some other organisations, and then they earn revenue, on the basis of sharing of the data. So, point is that, how Facebook earns money, is not a simple question, to answer. You need to think through. Otherwise, how an automobile company earns money, how a company like Apple earns money, is simple to answer. Apple is selling their iPhone, selling their iPad, and earning money.

Hero is selling their motorcycles, earning money. So, this question is simple to answer. But, how YouTube is earning money, how Facebook is earning money, how WhatsApp is earning money, how skype is earning money, these organisations are making huge amount of money. But, it is not simple to answer these questions, in context of these organisations. Because, they are developing, new types of business models.

So, new business models are also, a source of competitiveness. If, you provide, basic services, free of cost. And then, you are charging money, or your revenue streams are coming, from some different sources, then probably, you will have a better competitive edge. Because, more and more customers, are like to have, free services. So, you develop a huge customer base, for your free services.

And then, you use innovative business models, for earning profit, revenue, for your organisation. So, innovation has become, a very important characteristic of the organisation, for order winning and qualifying. Many customers, like to engage, with those organisations, which are innovative organisations, which are doing something new, on a regular basis. So, that is one important type of characteristic.

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Then, another important thing is, which is providing you, order winning and qualifying, that is continuity, number 2. If you have some relation, with a particular organisation, you will not likely to break that relationship, you will not likely to identify a new vendor for those product, unless until, something serious happens. So, if you are able to maintain a long-term relationship, that is also a very strong order winner and qualifier.

Unless until, there is a remarkable difference, between that vendor, and a new vendor, then only you will shift from, that old friend, to some new vendor. Otherwise, long-term relationships, continuity is, actually long-term relationships. So, if you are able to maintain, long-term relationships with your customers, you are able to win orders, only on the basis of

this. So therefore, topics like CRM, Customer Relationship Management, is becoming important.

That, how to have, the permanent relationships, with your customers. And, if you are able to maintain that continuity, you will like to have, a very winning proposition for you. In many cases, you can take the example, that we like to go to a doctor, regularly. Because, he is my family doctor. He understands my problem. And, that is a simple example of continuity. Because, he is a family doctor, I will like to visit him regularly.

And, this continuity factor, is result of trust. Because, I trust that doctor. Another example, you can take, in the field of jewellery. He is our family jeweller. So, I trust him that, that jeweller will give me, right kind of products. So, we will like to visit that jeweller, continuously, without thinking, that who other new companies are coming in my city. But, since I have a long-term relationship, my parents, grandparents, used to take products from that jeweller, so I will also go to same jeweller.

So, continuity is another very important characteristic. And particularly, I would like to say, that in Indian context, continuity is a very strong order winning criteria. Everything keep part, but continuity, your relations with the suppliers, that place a very different kind of role. The third is, branding activities. What type of brand name, you are able to generate? So, brand equity, or brand name, is also a very important order winner and qualifier.

Many times, we do not see, or we do not compare products, on the basis of different qualifiers and winners. Brand alone, gives you the idea. It is a packaging of, large number of characteristics. That, if you purchase XYZ brand, you will get this level of quality, you will get this level of innovativeness, you will get this level of after sales services. So, branding is also a very, very important activity.

Many products, particularly, when you are going for shopping products, when you are going for specialty products, in those categories, brand name plays, a very important role. When you are purchasing a car, so brand of the car, plays important role. Whether, you are having a Ferrari, or a Mercedes, or Skoda, so these are the brands, and that play a very important role, in deciding a particular product.

So, branding is one exercise, which is totally coming, from the field of marketing. But, we are discussing this, here in the class of manufacturing strategy, just to emphasise, that all the characteristics, which are responsible for purchase of product, may not come only from the operation field. Different functional areas, are also responsible, in providing Order Winners and Qualifiers. So, branding, or continuity, are two such factors, which are coming, with the help of, proactive role of marketing department.

If, marketing is able to promote the product, marketing is able to develop, that kind of brand equity, and your CRM function is able to maintain the continuity. So, if you have, a Honda car today. And, tomorrow, you want another car. So, if you are having a good relation, with the Honda company, so without thinking, without going for too much of consideration, you will purchase, a second Honda car.

Then, after 5 years down the line, you are able to maintain a good relationship, third car you require, you purchase a Honda car. But, if you are not in good relations, so maybe the second car, which you purchase, may be Toyota car, or some other car. So, continuity helps you, in eliminating, large amount of choices. And, you can directly go, for the product, which you want. Then, another important order winner and qualifier, can be, after sales support.

If, you are living, in a metro city, probably, you may not understand, the importance of after sales support. But, if you are living in Tier 2, Tier 3 cities, then after sales support, is also a very important order winning qualifying criteria. If, service centres are available locally, we will like to purchase those products. Otherwise, we will look after, those products, for which service centre is locally available.

Maybe, the other product is very good. But, we fear, we have this kind of tendency in our mind, that if, services are not available. So, every time my product fails, and it will be stopped, for 10 days, or 15 days, because, service engineer will come from, national capital. And, it will take, enough amount of time. And, the cost of service is also, high. So, after sales support, is in two dimension. One is, how much time, it requires. And, how much cost, it requires.

So, I should be able to get, after sales support, quickly. And, it should not be, very expensive. So, these two things are related, with respect to after sales support, that how we are able to

develop, a proper network of after sales support. Now, you would see, the examples of two companies in India. Earlier, Bajaj, and later, Maruti. The examples of these two companies, the success is there, because of many other factors.

But, the after sales support, also played a very, very important role, in the success of these two organisations. You could see, one mechanic for Bajaj Scooter, on every corner of the street. So, the network of after sales support, is excessively good, for Bajaj Scooters. And, same happened for Maruti also. Wherever there is a market, you can find, a Maruti repair shop, in that market. So, because of convenient services, because of convenient after sales services, more and more Indian people, purchased Bajaj Scooters, and then, Maruti cars.

So, one of the reason for their success is, their ability to provide, good after sales support. Then, another particular thing, which is possible, for Order Winners and Qualifiers, that is the technical liaison and support. It is somewhat related to, our previous discussion of innovation. That, do we able to collect, the best technology in our field or not. The very good example, which is coming to my mind, for the technical liaisoning, is the example of company known as, Kodak.

Kodak, we all know, were the pioneers, in the photographic film business. And, in that photographic film business, they pioneered for more than 100 years. And, the reason of their success, in that business, is their ability to do technical liaisoning. Whoever was doing, any kind of research in photography film, they used to liaison with those researchers, and tried to acquire the technologies, tried to acquire the patents, developed by those group of researchers.

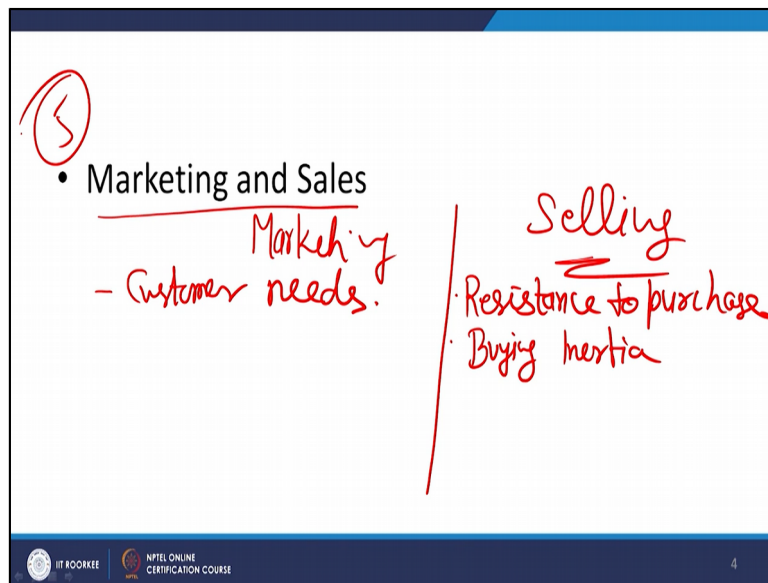
So, for 100 years, they were like, kings of photography business. So, technical liaisoning, whether you are able to do, that type of technical liaisoning, that is another important order winner and qualifier. If you go into the, oil and gas, Schlumberger, is one such example, which does technical liaisoning, related to drilling, related to estimation of oil stores, gas stores, etcetera.

And, because of all these technical liaisoning, with research labs, with educational institutions, they are able to produce, they are able to maintain, their superior performances. So, we discussed, innovation, continuity, brand name, after sales support, and technical

liaisoning, and support, are some of the important Order Winners and Qualifiers, which are, because of various other functional activities, in the organisation.

Nowadays, as when we started this course, we said that, marketing is the most important, or marketing is becoming the most dominating function, in the organisation. And, we said that, manufacturing is a reactive function, to the marketing function. So, marketing, no doubt, is a very important order winner and qualifier, nowadays.

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Now, what is this marketing and selling? Let us try to understand, this particular part, that what is marketing, and what is selling. Now, in selling, because many a times, we use these terms, interchangeably. We are not able to understand, the difference between, marketing and selling. Now, when I am talking of selling, here our assumption is that, a customer has resistance to purchase. And, if you leave that customer alone, customer will not purchase products.

Therefore, to overcome that resistance, you can say, that customer has, buying inertia. Now, we need to overcome, this buying inertia. Now, to overcome this buying inertia, we need to do something. And, that something is, in the form of, heavy promotional activities. We need to do, lot of promotional activities, so that, we can overcome this buying inertia, we can overcome this resistance to purchase. And, once you are able to overcome that resistance to purchase, then customer purchases the product.



So, heavy promotional activities are done, either through television advertisements, either through Facebook advertisements, or different type of mass communication measures are there, through which, we do these heavy promotional activities. So, that is the selling concept. The marketing concept based on, understanding customer requirement. So, marketing says, that customer has needs. And, we need to understand those needs, and need to provide, solutions to fulfil those needs.

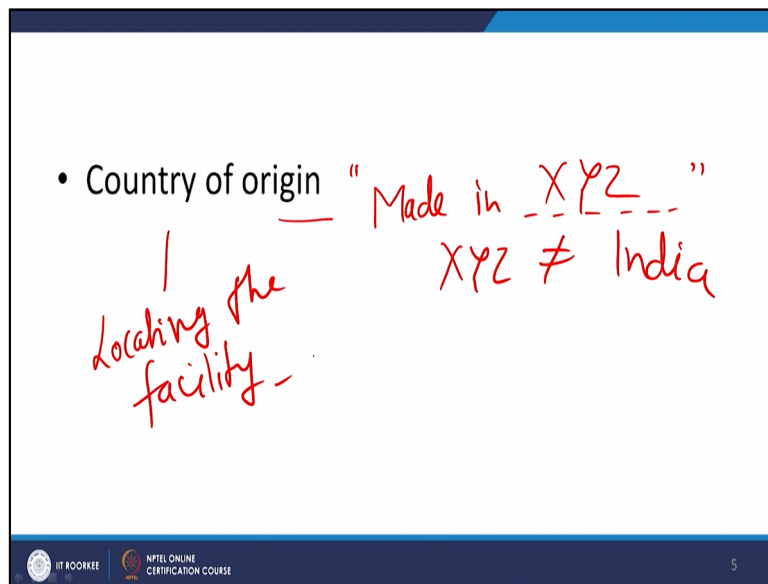
So, when we are providing solutions to fulfil the needs, customers will automatically purchase our products. There will not be any requirement of, heavy promotional activities. The promotional activities are only required, just to create awareness, inside customer, that yes, this product is available? Where it is available? What are the features of this product? What is the price of this product? What channels you can use, to get this product? So, provide all these information, promotions are required.

Promotions are not required, to psychologically affect the customer. But, in case of selling, promotions are required, to psychologically impact the customer. You want to impact the mind of the customer, in a selling approach. So, either because of strong selling, or because of strong marketing, many soft drink companies, are using selling approach. Where, they are selling their products, because of heavy promotional activities. Customers may not require, those products. Or, customers may have natural resistance, to purchase those products.

But, under the influence of, promotional activities, under the influence of, too much of advertisements, we purchase those products. So, if you are able to design, a good marketing campaign, a good selling campaign, that is also your, order winning or qualifying criteria. Because of these things, we get influenced, and then, we may purchase the product. Lot of times, when we go to shopping malls, when we are surfing the websites of e-commerce, we do impulse purchasing. You may not be having, the need of that product.

But, advertisement of product, coming to you, again and again. And, under the influence of those repeated advertisements, you purchase the product. So, marketing and selling, are another very important, order winner and qualifier, in the case of products. And again, it is clear that, marketing, selling, are less to do with, the operations activity. Then, another important thing, which can affect our decision to purchase, or which is important order winner or qualifier, in some of the cases, the country of origin.

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From where, the product has originated? We all know, things like, made in. Now, irrespective of organisation, in many countries, particularly in India, few years back, we used to have this kind of attraction, that a product should be, made in XYZ, and XYZ should not be India. Made in XYZ, and XYZ should not be, India. We used to love, foreign products. But, because of various movements, etcetera, now there are people, who started loving, made in India, products also.

Similarly, if we are purchasing, electronics product, we want made in some particular country, where electronic products are more famous. If I am looking for apparels, I will see that, whether it is made in Europe or not. Because, apparels are more popular from, those part of the world. So, country of origin, is also going to help, as order winner or qualifier. So, sometime, there are variety of reasons. But sometime, organisations develop their facilities, in a specific country, to take the benefit of this, country of origin tag.

If, I develop my electronics, or semi-conductors manufacturing facility, in Hong Kong, Taiwan, type of countries, and customers feel that, semi-conductor products, are more popular from these areas. And, because my facility is, also in that area. So, I will take the advantage of that, country of origin. So, country of origin, is also a very important thing. And, when we are locating the facility, which is more like a, strategic decision.

So, your strategic management, where to locate the facility, may play important role, in providing you competencies related to, country of origin. And therefore, if country of origin

plays some role, in your product selling, you can see that, how to locate the facility. So, these are, some of the important. This is the sixth one, we discussed, in this list. So, we started from, innovation. We discussed about, how you can have, long-term relationships. Your brand name. Your marketing, selling.

And then, country of origin can provide you, different types of winning and qualifying criteria, where operation can provide, some role. But, other functional activities, starting from the top management strategic role, and then functional roles, are important, in getting these criteria. So, with this, we come to end almost, the discussion of our Order Winners and Qualifiers, which are coming from, variety of sources, whether it is operation, non-operation, or mix of operation, and other functional areas. Thank you, very much.