

**Manufacturing Strategy**  
**Prof. Rajat Agrawal**  
**Department of Management Studies**  
**Indian Institute of Technology - Roorkee**


**Module - 8**  
**Lecture - 36**  
**Concept of Focus**

Welcome friends. Now, we are entering into the last week of this course. And in this whole journey of 7 weeks, we discussed variety of concepts which can help an organization to achieve the world class manufacturing status. And now in this week, we will like to summarize all those concepts which we have discussed in detail in our earlier sessions. And we will also like to discuss some of the important case studies where organizations have achieved tremendous success using manufacturing as competitive weapon.


And when I am discussing this particular aspect, it comes to my mind that the concept of focus which William Skinner who coined the term manufacturing strategy, gave about the manufacturing organizations. So, in this particular session, we will be discussing this concept of focus that what is the actual meaning of focus in light of manufacturing organizations and how manufacturing organizations can take benefit of focus.

And we will like to discuss that organizations need to understand the right meaning of this concept of focus for achieving the higher degree of success. Just to quote that those organizations which are having a clear focus are more successful than those organizations where focus is blurred. And therefore, we will discuss this concept of focus in light of our manufacturing organizations. Now, when we talk of focus;

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Focus creates a limited and consistent set of management and strategic tasks within an operation that enable it to better align processes and infrastructure to business and market needs.



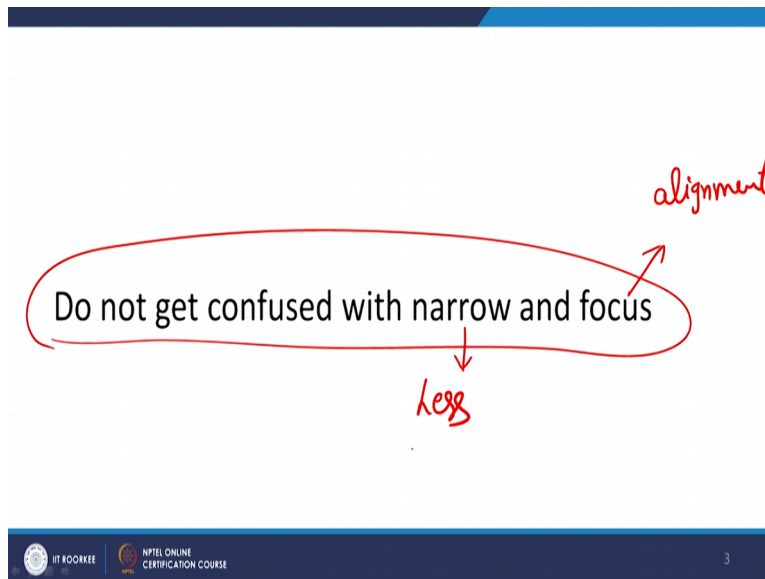
So, all of a sudden, a concept of narrowness comes to our mind. When I say that we need to have a focus on a particular activity, it means we need to have a narrow vision. Then only focus will be there. But, what the real meaning of focus; what the original thought of Skinner that we need to understand. And that meaning of focus is that, you have to have some kind of consistency between your management and strategic task.

So, the focus means, how you are able to achieve your operational level activities and your strategic task. And if you have that focus, it will enable to better align processes and infrastructure for your business and market needs. So, you do not have infinite resources. Any organization, whether you have a small organization or you are having a large multinational organization, we all have limitation of resources. None of the organization has infinite amount of resources.

So, you need to see that how you can align your resources, your infrastructure, your process availabilities with market and business needs. And that better alignment is only possible when you have a clear focus. In the end of this session, we will see that organizations where you have a particular strategic product for each of your plant, those organizations are more successful than those organizations where you have large number of products for each plant without any focus.

So, that is the meaning of focus which we are talking. It is not about the narrowness, but it is about the alignment of your strategic and operational level activities.

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So, I want to specify here specifically, that we need not to confuse between narrow and focus. Narrow vision is a different thing and focus is a different thing. Focus is about offering alignment. And narrow means offering less. So, I am not saying that we are offering less, because more heterogeneity is there in the markets, more variety is required. So, in any case, you need to offer more, you need to offer variety.

And in our last session itself, we discussed about flexible manufacturing systems which are actually to provide more variety. So, on 1 side, we are talking of more variety, more products. And on the other side, we are talking of focus also. So, we need to see that how to utilize your resources for providing that wide variety. So, 1 plant is not sufficient to provide that large amount of product variety.

So, how to create that variety with the concept of focus? That is the important thing. And therefore, we particularly like to again emphasize that, the meaning of narrow which is generally on the first look; when I talk of focus and immediately you will respond that the meaning of focus is related to narrowness. But it is not so. Narrowness has a different connotation and focus has altogether a different connotation which is more about alignment of your choices and your strategic needs.

Now, to understand the meaning of focus more appropriately, let us go to the original contributor of this concept of focus. And the original contributor of concept of focus is William Skinner.

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According to Skinner

- ① **Management task:** learning to focus each plant on a limited concise manageable set of products, technologies, volumes and markets.
- ② **Strategic task:** learning to structure basic policies and supporting services so that they focus on one explicit strategic task, instead of on many inconsistent, conflicting, implicit tasks.



The Skinner is the person who wrote for the first time, manufacturing the missing link in the corporate strategy. So, he published this article in Harvard Business Review. And further, he wrote a book on this very concept that how manufacturing can be incorporated in the corporate level strategy. And in that book, Skinner mentioned about the concept of focus. So, for explaining the concept of focus, 2 types of task are important to understand.

1 type of task is the management task. The other task is the strategic task. And when I am talking of focus, we need to have alignment between these 2 task; management task and the strategic task. Now, the management task according to Skinner is, learning to focus each plant on a limited concise managerial set of products, technologies, volumes and markets. So, each plant cannot have multiple products.

If you are having a plant, it should produce some limited number of manageable set of products. It should have some limited number of technologies. And it should serve some limited number of markets. So, you know that which plant is serving which particular market. And for this purpose, let us understand Toyota's example. Now, we all know that Toyota is a company which has a plant almost in all the markets which it is serving.

And the idea is that, each plant is making car according to local requirements. So, there is a wide variety of products which Toyota is making. But all plants are not making all types of products. Each plant is making product, making cars, passenger vehicles as per the markets. So, if Toyota is making a car in Indian market, it is as per the Indian market requirements. It is making only some limited number of manageable products.

If Toyota is making a car in U.S. market. So, that is as per the requirement of the U.S. market. So, that is a very clear focus that if I am in Japan. So, I am serving the Japanese customers and I will make only those products in Japan which are required by the Japanese people. If I am in India, I make products for the Indian markets which are liked by the Indian customers. And if I am in the American market, I make products for the American customers.

So, that is the meaning of focused, from the point of view of the management task. Now, the meaning of focus from the strategic task point of view; that learning to structure basic policies and supporting services, so that they focus on 1 explicit strategic task instead of many inconsistent conflicting implicit tasks. Now, this strategic task is more related to how you can have some particular strategic task in your head and focus a particular plant on some limited number of strategies.

If you have multiple strategic objectives coming from 1 particular plant, it is quite possible that there may be inconsistency between those strategic task. And therefore, you will not be achieving any kind of strategic advantage. So, you need to understand these 2 things, where you can focus from the management point of view also, from the strategic point of view also. And then finally, whatever type of strategic task you are thinking, the same should be implemented in the management task also.

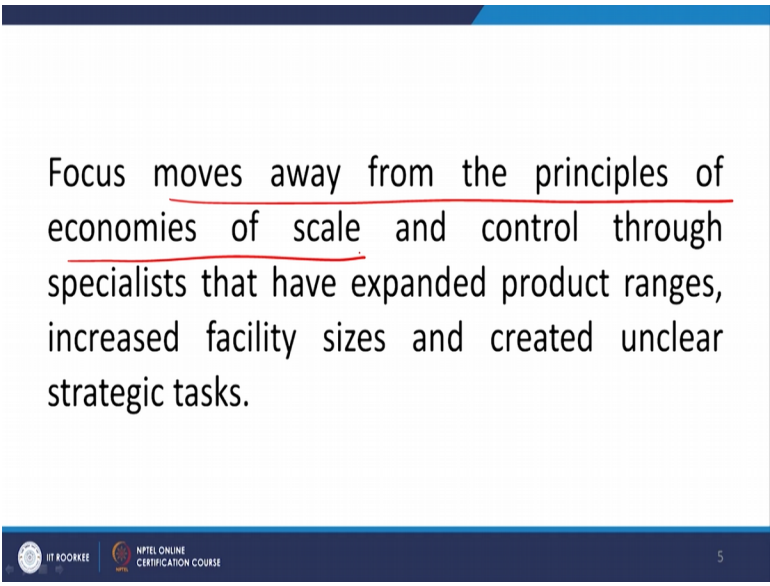
So, further, the alignment between these 2 types of task, management task and the strategic task is the final outcome of your focus. So, the focus is now, it is very clear, that if I am in the Indian market and I am company like Toyota and I am making products for Indian customers. So, that is the management task. Now, the strategic task in this particular case can be the how to have the large market share.

The initial company like Maruti Suzuki which changed the landscape of Indian car market; so, their initial objective was to create more and more customers. Not to create more and more customers considering the infrastructure situation of that time, it was required to have a easy to drive kind of vehicle and easy to maintain kind of vehicle. Because not many maintenance facilities were available in the country at that time, not many good roads were available at that time.

So, you wanted to have a car which is easy to drive, easy to maintain. And therefore, a normal citizen can afford a car. And Maruti Suzuki focused on these particular strategic task while opening a plant in India. And when this plant was open in India, the management task was to develop the products which are as per the strategic requirement for Indian market. So, they could have a very good alignment of the strategic task and the management task.

And as a result of that, Maruti Suzuki became a name of success in the Indian car market. No other company could align its management task and strategic task so well. And there was a continuous pressure on Maruti to keep that alignment. And till date, that alignment is happening. And as a result of that, Maruti is always ahead of any of its customer. So, this is the real meaning of concept of focus that, how you can achieve focus in your manufacturing activities. And as I said, that if you have this clear-cut focus, your performance level will be much higher than rest of your competitors.

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Focus moves away from the principles of economies of scale and control through specialists that have expanded product ranges, increased facility sizes and created unclear strategic tasks.

Now, when I am saying this focus, so, we need to understand that there are certain mental shifts which are required. And one of the mental shift which is required that you move away from the principles of economics of scale. So, normally, the manufacturing was characterized with the idea of principles of economics of scale. How you can achieve economics of scale in your manufacturing activities; that was the old guidelines.

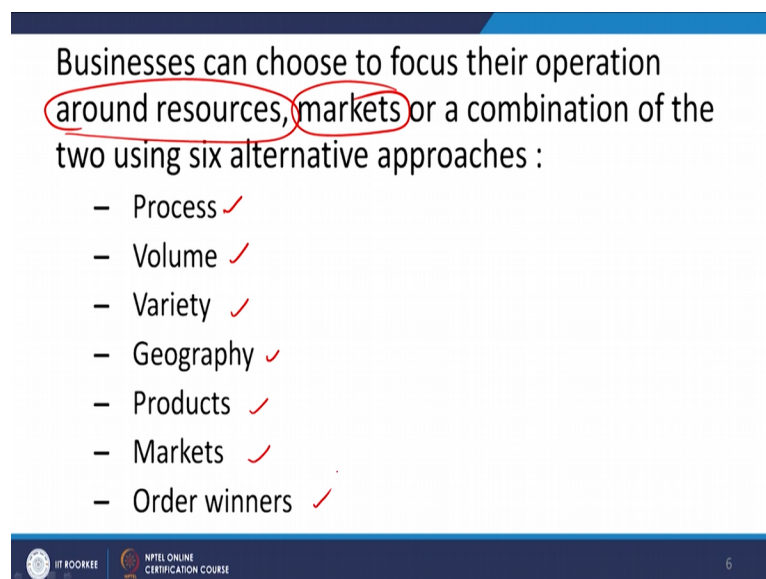
And if you meet any senior manufacturing guy, he or she will simply ask about how can we minimize the cost of manufacturing. So, that was the traditional way which manufacturing used to operate. Particularly, if I am saying the Indian conditions. But, now you have to

move. Because you need to fulfil the requirements of the customer. And you need to provide wide variety of products.

You need to have different types of flexibilities in your manufacturing system. So, we need to think in more specialist kind of manufacturing activities. And when we are going into more specialization in the manufacturing activities, that is another important dimension of focus. That now we are not talking of generalization, we are talking of specialization. So, when generalization was there, it was possible to achieve economics of scale.

But when we are talking of specialization, economies of scales will suffer. And, but, the advantage is that, you will be able to achieve more success with better customer satisfaction. So, that is another important change we need to understand.

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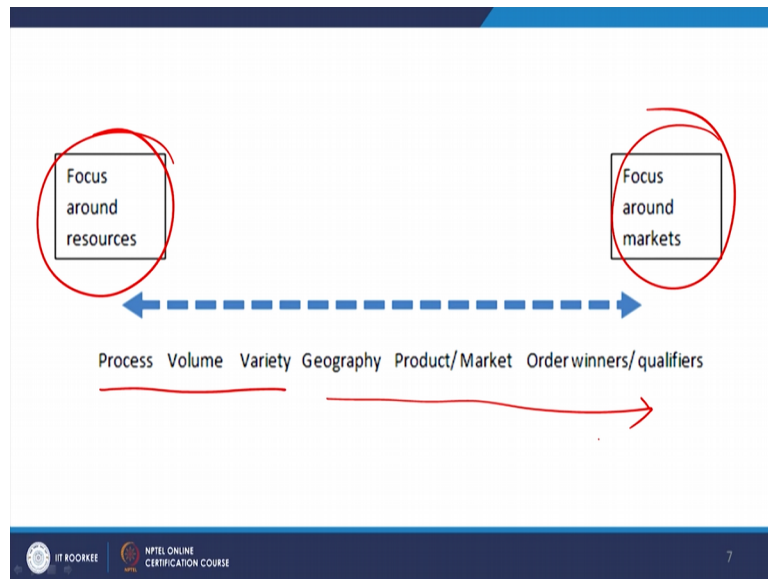
Businesses can choose to focus their operation around resources, markets or a combination of the two using six alternative approaches :

- Process ✓
- Volume ✓
- Variety ✓
- Geography ✓
- Products ✓
- Markets ✓
- Order winners ✓

The slide features a blue header and footer. The footer contains the IIT Kharagpur logo, the text 'NPTEL ONLINE CERTIFICATION COURSE', and the number '6'.

Now, for achieving this focus, to achieve this alignment between your strategic and management task, you can have 2 options. Either you can focus around resources or you can focus around market. So, these are the 2 ends of this focus spectrum.

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And as I say, that you can have either focus around resources. This is focus around resources and this is focus around markets. And obviously, in between, from this end of spectrum to this end of the spectrum, you can have some different types of combinations of resource and markets. And you can achieve these focus based on process or based on markets or a possible combination of process and market.

Either through processes, through volumes, through variety, through geography, through products, through markets or through order winners and qualifiers. So, now, if I see this figure again, focus around resources. So, when I am talking of my achieving focus through processes, through volume, through variety, it means I am more concentrating about my resources. I want to achieve focus through my resources if I am using approaches like process, focus through process, focused through volumes, focused through variety, etcetera.

And as I move towards market, my ability to focus will change from process, volume, variety to geography, products or order winners and qualifiers. So, you see that these are the different types of alternatives available to you, through which you can achieve your focus. And these are the ways through which you can concentrate your focus approaches. Now, when I am trying to achieve focus using processes;

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## Focus around Process

- Concentrated expertise

e-gov.  
 Data An.  
 DBMS  
 e-Comm.

Health  
 • Heart-  
 • Cancer
- Improved process utilization ✓

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So, you can have 2 type of activities in which you are achieving focus through processes. 1 is your expertise. As I said that when I am achieving the focus, I am moving from generalization to specialization. So, if I have more specialist, more experts; so, I will be concentrating on those experts. That means that I am focusing on my resources. Expert for my resources. So, if I have skilled manpower; and you will see that many of the organizations particularly in India, the IT sector.

So, IT sector is doing this focus on the basis of expertise. So, some of the IT companies are more expert in e-governance. Some of the companies are more expert in data analytics. Some of the companies are more experts in database management systems. Some of the companies are more expert in e-commerce. So, depending upon the type of expertise I hire, I create my resources.

Experts my resources in case of an IT expert industry. And accordingly, I can create my focus on that particular expertise. So, that is 1 way of developing focus around your processes. And when I am focusing on my processes, obviously it will help me to improve my process utilization. So, whatever resources I have and if I am focusing around those resources, my resource utilization, my process utilization, my expertise utilization will improve.

So, that is 1 advantage which you can have if you are having the specialist in your organization. You should focus around those specialists, so that your organization becomes focused around this particular thing. The other example you can consider, which is very very

prominent in the health industry. Now, in the health industry, most of the organizations try to focus around the processes. Like you have examples of heart institutes.

So, there are institutes, there are hospitals which are focusing only around heart related diseases. There are hospitals which are known as cancer research institutes. So, these are the hospitals which are focusing only around cancer related problems. So, they have developed the expertise, they have processes to handle the cancer related ailments. And therefore, these are the process focused organizations.

And so on, different types of hospitals are available. And on the other hand, you will see that there are certain general type of hospitals also, where they do not any particular disease. Rather, they try to serve variety of customers. So, we will discuss those examples also. But these are the examples which help us in understanding that how organizations focus around process. And they develop their particular kind of equity based on this focus.

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**Volume focussed**

- High volume
- Vs
- low volume

Hydro power / Ref.

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The second is the volume focused organizations. Now, the volume focused organizations can be the high volume organizations or low volume organizations. So, both type of organizations are possible. When you are initially coming into the business field, coming into the manufacturing field, you are initially a low volume organization. But slowly and slowly, if you are becoming a volume focused organization, you will try to increase your volume.

You want to have more and more capacity in your organization. So, if you are focusing more on capacity, more on a scale, that means you are a volume focused organization. Particularly,

volume focused examples are available in the mass production activities, in the continuous production activities. If you are developing a hydropower plant. So, your idea is on volume. Because you are not serving variety in this particular case.

So, you want to have more and more capacity of your plant. If you are going for a refinery; in this case also, you will like to have more capacity of your refinery. So, these are the examples of volume focused manufacturing activities. So, your; if you are able to increase the volume, obviously you will enjoy more economies of a scale. So here, the idea is in line with the economies of scale.

And therefore, only in the case of your continuous production, mass manufacturing, you can go with this volume focused approach. But in other products where variety is continuously increasing, this volume focused approach is difficult to achieve. Then you go with low volume kind of production activities. Then your volume focus is related to low volume only. Then, third alternative approach for achieving the focus is centered around variety.

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The slide is titled "Variety" in a red circle. It contains two bullet points, each with a red handwritten number. The first bullet point is "1 One unit may concentrate on a relatively low variety of standardized products". The second bullet point is "2 Another supplies a high variety of customized products". Below the text is a diagram with three circles. The first circle contains "1" and "A<sub>1</sub> A<sub>2</sub>". The second circle contains "1" and "B<sub>1</sub> B<sub>2</sub>". The third circle contains "2" and "E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z". The diagram is enclosed in a red box.

**Variety**

- 1 One unit may concentrate on a relatively low variety of standardized products
- 2 Another supplies a high variety of customized products

Diagram illustrating product variety:

- Unit 1: A<sub>1</sub>, A<sub>2</sub>
- Unit 1: B<sub>1</sub>, B<sub>2</sub>
- Unit 2: E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z

So, you can also have your organization focusing on the variety related issues. Now, when I am talking of variety related issues, it is time and again discussed in these sessions, that markets are characterized by heterogeneity, customers are wanting different types of variety. We want more variety which is as per our individual requirement. So, that is 1 dimension of discussions of variety.

On the other side, we also know examples of companies like Dell. Companies like Dell were more interested in offering the customized products pre 2007. And post 2007 they thought that customers are not giving very unique orders. And therefore, customer may not be interested in waiting to get their products in 10-15 days. So, they started distributing their products through retail outlets, which HP and other companies were already doing.

So, in that case, the variety became less. And more standardization is happening. So, both these things are happening. Some of the products are becoming commodity, where standardization is happening. And some of the products which were earlier commodity, are becoming more variety oriented. So, you need to see that, how you are using this variety to focus in your manufacturing activity.

So, 1 unit may concentrate on a relatively low variety of standardized products. So, either you can offer from some of your plants, limited amount of variety and more standard products. And other possibility is that, you apply more variety, more customized products from your other units. So, in your organization, if you are having 4 or 5 plants. So, 1 or 2 plants you can have where you take option 1.

So, in this case you are providing only relatively some limited number of products where you have more standardization. And while in this plant where you are having more number of products. So, you are offering only product A 1 and A 2 from plant 1. Product B 1 and B 2 from plant 2. And from this third plant, you are offering C 1, C 2, D 1, D 2, E, F, G. So, multiple products, you are offering from your third plant.

So, this is how you can use focus of variety for developing your manufacturing environment. Then another focus is possible on the basis of geography. Now, when I am talking geography; so, it means the political environment comes into the picture.

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## Geography

- When products are specific to certain geographical areas.
- When a significant speed requirement for delivering products.

So, you can have products which are specific to certain geographical areas. So, if you go to area like Goa in India. And you come to area like Kashmir in India. So, Kashmir requires more woollen cloths and Goa requires more airy cloths. So, depending upon the geographical locations, you have a particular type of environment. And you require that particular type of clothings for that particular market.

And based on that, you can develop your focus, that I am more interested in developing the woollen cloth. So accordingly, I will try to use my location either in Punjab or in Kashmir or in Himachal Pradesh or in Uttarakhand, so that I can cover this type of environmental. And if I want to make t-shirts, bermuda, etcetera. So, I will look, like to go to Mumbai, Goa or Karnataka, where you have requirement of more airy cloths.

So, the geographical areas are important thing in deciding your products. And to some extent, the example of Toyota which we discussed is also applicable, that depending upon the political boundaries of the nations, you try to serve some limited number of markets with a particular plant. And it is also important; sometime it is for the geographical areas and sometime because customers want nowadays speedy delivery of their orders.

And to get the speedy delivery of orders, if you locate your facilities closer to customer, it is easily possible. So, to locate your facilities closer to your customer, you can use focus on geography. So, all those customers which are requiring faster deliveries, you will locate your plants, you will focus on those plants, that how you can deliver products at a faster rate to these markets. Then, another focus alternative is based on products and markets.

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Product/ market

- Either supply a generic group of products B2C
- Or
- Support a particular group of customers B2B

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So, you can have some generic group of products, you can supply generic group of products. Or you are only supplying a particular group of customers. Now, what does it mean? That maybe generic group of products. I am a laboratory equipment supplier. And when I am a laboratory equipment supplier, I say that I am a general supplier. I may supply chemicals also, I may supply equipments for my electrical engineering lab also.

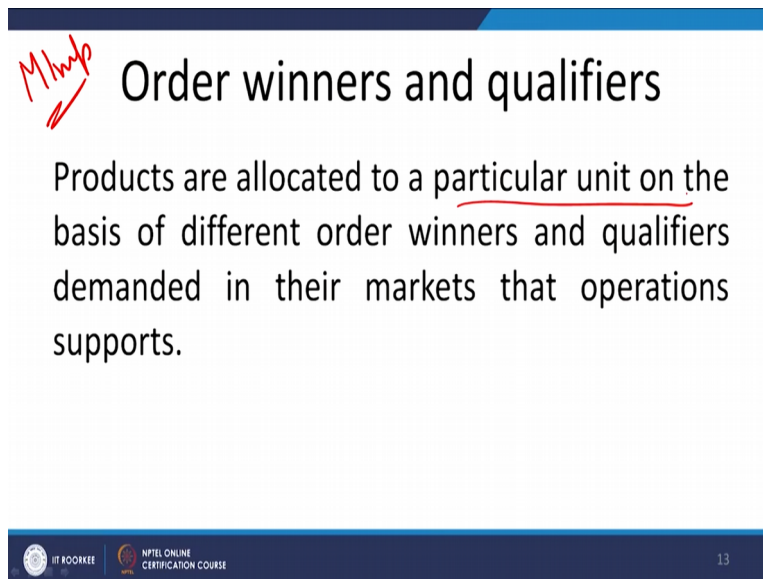
I may supply equipments for my physics lab also. I may a supply equipments for my biology lab also. On the other hand, I am a supplier of microscope. So, I am only supplying to those customers who require microscopes. So, now if microscope is required in a nanotechnology lab, I can supply to that customer also. If a customer in a physics lab requires the microscope, I can supply microscope to that also.

So, only those who require a particular magnifying power for their experiments; so, I am a supplier of microscope for those customers. So, that is the particular group of customers. So, I can be a generic supplier also of the products. And I can be a supplier to some specific group of customers. So, sometime, you can say that, in most of the issues related to B2C; when I am supplying products to general customer, it can be a generic group of products.

When I am B2B, it is a particular group of customers. So, I am supplying only to a limited group of customers. I am making bulbs. And I am making bulbs only for the automobiles. So, automobile manufacturers are my particular group of customers. I am not making bulbs for all generic customers. So, that is the difference between these 2 types of approach. So, you

can take a focus based on this alternative also. Then, another alternative for focus is based on your order winners and qualifiers.

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**Order winners and qualifiers**

Products are allocated to a particular unit on the basis of different order winners and qualifiers demanded in their markets that operations supports.

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And out of all these 6 alternatives which we are discussing, this is the most important one. If you are able to create focus based on order winners and qualifiers, this is going to provide you strategic advantage. The other 5 alternatives are there for creating focus. But the strategic advantage of focus is only possible when you are focusing based on order winners and qualifiers.

And here, you take that, how a particular unit of your various units providing a particular type of order winner and qualifier. Whether this particular unit is providing the advantage of low cost, this particular unit is providing the advantage of high quality. So, if I am a company making some kind of mobile phones. And I locate 1 facility in China and I locate another facility in Germany.

So, my Chinese facility is providing me order winner and qualifier related to cost. And my German facility is providing the order winner and qualifier related to quality. So, that is how your different units your particular unit is based on different order winners and qualifiers. So, when I am able to do this kind of focus, it is the most important type of focus which is going to help me in achieving the strategic advantage.

And therefore, it is important to understand that we must realize that the concept of focus has pros and cons. So, there are certain pros of focus and there are certain cons also. And as I just

said, that when I am doing focus on various other alternatives, maybe related to volume, maybe related to geographical area, maybe related to variety, maybe related to process, etcetera; I may be incurring some extra cost.

But, when I am doing focus based on my order winner and qualifier, which is a very difficult thing, because many a times we are not clear that what is order winner and qualifier for my particular product in a particular market. And therefore, the problem may come. But if we are able to do that focus, we are going to take the maximum advantage of this concept of focus. So, with this, we come to end of this concept of focus. And in our subsequent sections, we will discuss some more examples related to these aspects of manufacturing strategy. Thank you very much.