Implementation of combination strategy based on porter’s model: success built on lost opportunity in industrial lubricants

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ABSTRACT

Porter’s model to approach market with specific strategy is most accepted strategy model in domestic, regional, international & global markets. In recent years it has been observed that although one can apply this model as generic guidelines for approaching various markets but at times marketing team has to use combination of cost leadership, differentiation & focus strategies to win some specific projects/new business. This combination decision can be based on continuous review of existing strategy & it’s outcome (business results). In this article experience, observations & results has been shared based on variation in market strategy approach pertaining to supply of specialty lubricants to one of the large power sector company in India. Success story of combination strategy (Integrated Strategy: both cost leadership & differentiation strategy) has been shared to make it more evident.

Keywords: Cost leadership strategy, differentiation, strategy, combination/ integrated strategy.

1. Introduction

Cost leadership, differentiation & focus strategies are popular research topics within the field of strategy and have been widely discussed, in particular since Michael Porter presented his model of generic strategies in 1980. Some researchers, in fact, refer to this model as being among the most significant contributions to the strategic management literature. Whether cost leadership and differentiation strategies are mutually exclusive is a far less discussed issue however, as evidenced by the relatively scarce literature on the topic. During the end of the 1980s and the beginning of the 1990s there was a debate going on regarding the existence of a trade-off but it seem to have faded with the introduction of Japanese cost control methods, i.e. Total quality management (TQM) and Just in time (JIT), Grant (2005) argues: “Common to the success of Japanese companies in consumer goods industries such as cars, motorcycles, consumer electronics, and musical instruments has been the ability to reconcile low cost with high quality and technological progressiveness. The total quality managements methods that they adopted exploded the myth that there is a trade-off between high quality and low cost.”

Thus while adherents of Porter’s theory argue that cost leadership and differentiation strategies are irreconcilable, opponents advocate that a trade-off does not necessarily need to be, and refer to companies i.e. IKEA, Southwest Airlines, Toyota, IBM, Caterpillar, Wal-Mart and McDonald’s as examples of firms that have successfully reconciled both strategies and thus enjoy “dual competitive advantages” (Martina Minarik 2007) Many believe, in competitive industries, that the companies would not be able to survive unless they adopt two corporate strategies, of which are cost strategy, to process the value chain in the most efficient way, in order to produce products or services with the lowest price without
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jeopardizing the quality, and differentiation strategy, to produce unique products or services compared to its competitors, such as better quality, simpler way to operate, better looking, in other words, the company should have the ability to innovate.

According to Porter (1985), each of these three generic competitive strategies is a completely different way of creating a sustainable competitive advantage. A firm must, therefore, make a choice between cost-leadership and differentiation strategies or it will become stuck-in-the-middle without coherent strategy (Acquaah & Ardekani, 2006). Many evidences showed that companies have done very well in a single strategy. For example Wal-Mart and Air Asia are successful companies that have implemented a single strategy – a cost leadership strategy. According to Porter (1985), each of these three generic competitive strategies is a completely different way of creating a sustainable competitive advantage. A firm must, therefore, make a choice between cost-leadership and differentiation strategies or it will become stuck-in-the-middle without coherent strategy (Acquaah & Ardekani, 2006). Many evidences showed that companies have done very well in a single strategy. For example Wal-Mart and Air Asia are successful companies that have implemented a single strategy – a cost leadership strategy. Many evidences showed that companies have done very well in a single strategy. For example Wal-Mart and Air Asia are successful companies that have implemented a single strategy – a cost leadership strategy (Mas, Muhammad, Hooi IJBM 2012) In India it has been observed that companies have been quite successful with implementation of single strategy of differentiation like Brand (Park Avenue, Mercedes Benz), differentiation by positioning Domino Pizza (30 minute delivery), differentiation by quality (Jaguar fittings), Also there are many companies which has implemented combination strategy (mix of cost leadership & differentiation strategy) such as Pantloon Retailers launched Big Bazzar based on this strategy as Big Bazzker is was first such concept in India 15 yrs back due to policy restriction for global players like Wal Mart in India.

We would like to share finding from our filed experience on implementation of single strategy (Differentation Strategy) with one of the largest power sector customer in one sales cycle & after lost sales, strategy has been revised to combination of cost leadership & differentiation has been applied for second sales cycle. As this is largely literature review paper, to achieve the aim of this paper, literature and data collection were presented by desktop/website document research and book library. The literature, data, case studies, and the field survey, then were reviewed or analyzed. To analyze the literature and data, all significant information and data were analyzed.

To analyze the case studies, case analysis method is used. Then, the result of the review that is “the Combination strategy has been implemented successfully” is written down in the conclusion section. Even though this paper may state that the Combination strategy has been implemented successfully, this literature review is having some limitation on data and analysis to make a sound conclusion. In order to have a solid conclusion of whether or not the Combination strategy has been successfully implemented world-wide, the suggestion is that the conclusion should be based on a comprehensive research.

2.0 Literature Review

Prior to the literature review, it is necessary to place the literature and provide a contextual Introduction to the elements that will be studied. The following section sets out to give a brief background to the topic by introducing the underlying concepts on the one hand and to present the theoretical framework that is the basis of the study on the other hand.

2.1 Strategy Concept

Strategy is first and foremost a broad and complex concept. In an attempt to provide a definition, Porter (1996) states: “Strategy is the creation of a unique and valuable position, involving a different set of activities.” The essence of strategic positioning is to choose activities that yield superior profitability because they are different from rivals’ and thus create a sustainable competitive advantage. Note that a competitive advantage is not
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necessarily enduring, which is why strategy must be distinguished from operational effectiveness (OE). Both elements can generate competitive advantage, which improves performance, but OE is relatively easy to imitate and, consequently, the competitive advantage risks eroding. In fact, Saloner, Shepard & Podolny (2001) mean that the major threat to the sustainability of a competitive advantage is that rivals can diagnose and duplicate or make obsolete the competitive advantage.

2.2 Porter & Porter’s three generic model (1980)

Porter is considered by many as the most influential strategist in the field of business-strategy. Eng (1994) for example estimates that “the arguments underlying the generic strategies advocated in Porter’s, Competitive Strategy (1980) have influenced much of the current thinking in strategy formulation.” In effect, Porter’s model has been widely tested (e.g. Hambrick, 1983; Dess & Davis, 1984; Akan et al, 2006; Reitsperger et al, 1993; Calingo, 1989) but despite criticism and efforts to modify, expand or combine the strategy typology with others’ (i.e. Miles & Snow’s (1987) typology), the original model has remained the most commented, analysed and tested contribution. It is has been praised for being easy to understand, appropriately broad without being vague, and building upon previous findings.

Porter’s (1980) model of generic strategies addresses practitioners with an analytical technique for gaining understanding of industries and competitors. By “practitioners” Porter implies “managers seeking to improve the performance of their businesses, advisors to managers, teachers of management, security and analysts or other observers trying to understand and forecast business success or failure, or government officials seeking to understand competition in order to formulate public policy.”

The reason why strategic planning is a primary concern to business managers in particular but also other practitioners is that it may lead to significant benefits for a firm. In effect, an explicit process of strategy formulation can determine a firm’s long-run competitive strength and generate a persistently higher rate of profit than its rivals by creating a sustainable competitive advantage. However, in order to compete successfully in the long-run a firm must first choose an appropriate positioning. Porter proposes three different approaches to gaining or strengthening competitive advantages (competitive strategies) proposed: 1. Overall cost leadership, 2. Differentiation, and 3. Focus. (Figure 1)

Source: B.V.P.M. (2005)

![Figure 1: Porter’s topology of generic strategies](image-url)
All three strategies have the potential to result in above-average profits; however, all three strategies may not be equally suitable for a firm. The reason is that the three strategies differ on a number of dimensions and pose different requirements, for example in terms of resources, skills, organizational arrangements, control procedures, incentive systems and management style. Profitability may vary depending on the wellness of fit between the firm and the selected strategy, which make the decision of which strategy to adopt key to the benefits of strategic planning and requires that the choice be well founded. The challenge lies in selecting the strategy that best suits the firm’s strengths and resources and is least replicable by competitors and this in turn necessitates knowledge about the firm, its business environment and competitors. With an explicit technique for analysing industry structure and competition, practitioner may gain better understanding and knowledge of both elements. Porter’s (1980) model facilitates the decision making process and improves the probability for a firm that chooses an appropriate strategy.

2.3 Overall Cost Leadership Strategy

Low cost relative to competitors is the theme running through the entire overall cost leadership strategy and the objective is clearly overall industry cost leadership. Attaining cost leadership typically requires aggressive construction of efficient scale facilities and vigorous pursuit of cost reductions through experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising, etc. When attempting to achieve an overall cost leadership position, low cost relative to competitors is the theme running through the entire strategy.

To understand how overall cost leadership strategy may generate superior profitability, it is necessary to identify the benefits of a low-cost position. As suggested by Porter “[a low-cost position] gives a firm a defense against rivalry from competitors, because its lower costs mean that it can still earn returns after its competitors have competed away their profits through rivalry. A low-cost position defends the firm against powerful buyers because buyers can exert power only to drive down prices to the level of the next most efficient competitor. Low cost provides a defense against powerful suppliers by providing more flexibility to cope with input cost increases. The factors that lead to a low-cost position usually also provide substantial entry barriers in terms of scale economies or cost advantages. Finally, a low-cost position usually places the firm in a favourable position vis-à-vis substitutes relative to its competitors in the industry.” Because scale economies and cost advantages tend to defend a firm against powerful buyers and suppliers and provide substantial entry barriers, achieving a low overall cost position often requires a high relative market share. In other words, cost advantages can create value for a firm by reducing the five threats of entry, rivalry, substitutes, suppliers and buyers.

Organising to implement a cost leadership strategy requires particular consideration to the organizational structure, management controls, compensation policies, and implementing cost leadership strategies. The organizational arrangements and implementation tools should not only fit but reinforce the strategy. Porter (1980) has divided requirements of overall cost leadership strategy into “commonly required skills and resources” and “Common organizational requirements”. Commonly required skills and resources when implementing overall cost leadership are sustained capital investment and access to capital, process engineering skills, intense supervision of labor, products designed for ease in manufacture, and low-cost distribution systems. Common organizational requirements constitute of tight cost control, frequent, detailed control reports, structured organization and responsibilities,
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and incentives based on meeting strict quantitative targets. According to Barney & Hesterley (2006), few layers in the reporting structure, simple reporting relationships, small corporate staff, and focus on narrow range of business functions are elements of organizational structure that allow firms to “realize the full potential of cost leadership strategies”. Management control systems that support the implementation of cost leadership include tight cost control systems, quantitative cost goals, close supervision of labor, raw materials, inventory, and other costs, and a cost leadership philosophy. Examples of good compensation policies are rewards for cost reduction and incentives for all employees to be involved in cost reductions.

2.3 Differentiation strategy

Differentiation consists in differentiating the product or service offered by the firm, in other words, creating something that is perceived industry-wide as being unique. Differentiation may be achieved in various ways, for example through design, brand image, technology, features, customer service, and dealer network. Bases of differentiation may be sorted into three categories. Firstly, to implement differentiation, a firm may focus directly on product (or service) attributes, i.e. product features, product complexity, timing of product introduction, or location. Secondly, a firm may focus on the relationship between itself and its customers, for example through product customisation, consumer marketing and product reputation. Finally, differentiation may be implemented by focusing on the linkage within or between firms, which includes linkage within functions of a firm, linkage with other firms, product mix, distribution channels and service support. Ideally, the firm should differentiate itself along several dimensions. There may also be other ways for firms to differentiate than the examples mentioned above. In fact, Barney & Hesterley (2006) argues that, “product differentiation is ultimately an expression of the creativity of individuals and groups within the firms. It is limited only by the opportunities that exist, or that can be created, in a particular industry and by the willingness and ability of firms to creatively explore ways to take advantage of those opportunities.

Benefits of differentiation. According to Porter differentiation may generate superior profitability for the reason that “[it] provides insulation against competitive rivalry because of brand loyalty by customers and resulting lower sensitivity to price. It also increases margins, which avoids the need for a low-cost position. The resulting customer loyalty and the need for a competitor to overcome uniqueness provide entry barriers. Differentiation yields higher margins with which to deal with supplier power, and it clearly mitigates buyer power, since buyers lack comparable alternatives and are thereby less price sensitive. Finally, the firm that has differentiated itself to achieve customer loyalty should be better positioned vis-à-vis substitutes than its competitors.” Besides reducing the five threats of entry, rivalry, substitutes, suppliers and buyers, differentiation creates value by enabling a firm to charge a premium price that is greater than the extra cost incurred by differentiation.

As for overall cost leadership, successful differentiation requires that the strategy be rare and costly to imitate. And rare and costly bases for differentiation are sources of sustainable competitive advantage. As mentioned earlier, Barney & Hesterley (2006) mean “the rarity of a differentiation strategy depends on the ability of individual firms to be creative in finding new ways to differentiate their products.” In short, creative firms will always manage to differentiate themselves from competitors. As rivals try to imitate these firms’ last differentiation move, creative firm will already be working on new moves and therefore they always remain one step ahead of competition. In general, bases for differentiation that are
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Costly to duplicate include links between functions, timing, location, reputation, distribution channels, and service and support. Product mix, links with other firms, product customisation, product complexity and consumer marketing may be costly to imitate depending on the circumstances.

Organising to implement a differentiation strategy requires particular consideration to the organizational structure, management controls, compensation policies, and implementing cost leadership strategies. As mentioned previously, organizational arrangements and implementation tools should not only fit but also reinforce the strategy. Porter (1980) suggests that strong marketing abilities, product engineering, creative flair, strong capability in basic research, corporate reputation for quality or technological leadership, long traditional in the industry or unique combination of skills drawn from other businesses, and strong cooperation from channels are commonly required skills and resources for implementing differentiation. Common organizational requirements include strong coordination among functions in R&D, product development, and marketing, subjective measurement and incentives (instead of quantitative measures), and amenities to attract highly skilled labor, scientists, or creative people. Contrary to overall cost leadership, differentiation may imply a higher to high market share. The reason is that differentiation typically requires a perception of exclusivity that is incompatible with high market share.

2.4 Focus Strategy

Considering that this paper focuses on the combination of overall cost leadership and differentiation, it does not serve the purpose of the paper to describe the focus strategy in detail. In brief, the focus strategy aims at serving a particular target or segment of the industry well, as opposed to both overall cost leadership and differentiation strategies seek to achieve their objectives industry-wide. For example, a firm may choose to serve a particular buyer group, segment of the product line or geographic market. Thus a focus strategy sets out to achieve a low cost or differentiation position, or both, from the perspective of its narrow market segment.

2.5 The Combination Strategy

The Porter Generic Competitive Strategies (1980, 1985) of overall cost-leadership, differentiation and focus on strategic management research cannot be overemphasized. Low cost and differentiation strategy may be compatible approaches in dealing with competitive forces (Allen & Helms, 2006; Miller, 1992; Spanos, et al., 2004), and postulated the pursuit of what has been termed ‘hybrid’, ‘mixed’, ‘integrated’, or ‘combination’ strategies (Kim et al., 2004; Spanos et al., 2004), These ‘hybrid’ strategies are the ones which combine low cost and differentiation elements (Gopalakrishna & Subramanian, 2001; Proff, 2000).

A combination competitive strategy involving high level of emphasis on both cost-leadership and differentiation strategies simultaneously should be distinguished from “stuck-in-the-middle” strategy where a firm fails to successfully pursue both cost-leadership and differentiation strategies (Acquaah & Ardekani, 2006). A combination strategy has been shown to be viable and profitable (Kim et al., 2004; Miller & Dess, 1993; Wright et al., 1991). Since cost-based and differentiation-based advantages are difficult to sustain, firms that pursue a combination strategy may achieve higher performance than those firms that pursue a singular strategy. Pursuit of a differentiation strategy for low-cost firms will help minimise
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A hybrid strategy seeks simultaneously to achieve differentiation and low price relative to competitors. This success strategy depends on the ability to deliver enhanced benefits to the customers with low price while achieving sufficient margins for reinvestment to maintain and develop bases of differentiation. This is, in fact, the strategy Tesco is trying to follow (Explorer, 2010).

A best–cost provider strategy: giving customer more value for the money by offering upscale product attributes at a lower cost than rivals. Being the best cost producer of an upscale product allows a company to under-price rivals whose products have similar upscale attributes. This option is a hybrid strategy that blends elements of differentiation and low-cost in a unique way (Thompson et al, 2012). According to Ireland (2011), most consumers have high expectations when purchasing a good or service. In general, it seems that most consumers want to pay a low price for products with somewhat highly differentiated features. Because of these customer expectations, a number of firms engage in primary and support activities that allow them to simultaneously pursue low cost and differentiation. Firm seeking of using this use the integrated cost leadership/differentiation strategy (Ireland et.al, 2011).

This new, hybrid strategy, may become even more important--and more popular--as global competition increases. Compared to companies relying on a single generic strategy, companies that integrate the generic strategies may position themselves to improve their ability to adapt quickly to environmental changes and learn new skills and technologies. This would more effectively leverage core competencies across business units and product lines and would also help produce products with differentiated features or characteristics that customers’ value and provide these differentiated products at a low cost, compared to competitors' products. This is because of the multiple, additive benefits of successfully pursuing the cost leadership and differentiation strategies simultaneously.

Differentiation enables the company to charge premium prices and cost leadership enables the company to charge the lowest competitive price. Thus, the company is able to achieve a competitive advantage by delivering value to customers based on both product features and low price (Learning. O, 2009), Acquaah & Ardekani (2006) justified that the implementation of a combined competitive strategy is not only feasible, but will also generate superior incremental performance over the implementation of single competitive strategies. The implementation of a combined competitive strategy results in multiple sources of competitive advantage (e.g., economies of scale and brand/customer loyalty) as compared to advantages gained through pursuit of single competitive strategies. Moreover, the pursuit of a combined competitive strategy, and each of the single competitive strategies will generate superior incremental performance over the inability to successfully pursue any of the singular competitive strategies (i.e., stuck in the middle).

Furthermore, firms that pursue a differentiation strategy may also be able to achieve a low-cost position by emphasizing efficiency in their value creating activities, thereby further strengthening their competitive position vis-a-vis their rivals. The success of Japanese companies such as Toyota, Canon, and Honda has been attributed to the simultaneous pursuit of cost leadership and differentiation strategies (Ishikura, 1983). Successful organizations adopt a combination of competitive aspects to build a Hybrid Strategy. Examples are: IKEA (differentiate in design + low cost), Toyota (quality - although under pressure + price) and
Ahold (quality + price), Just competing on price is not good enough anymore (Learning, D.A., 2010),

3. Field Experience & Case Analysis

As a business consultant & marketers for one the global brand of industrial lubricants we come across various sector base customers like Energy(Power),Cement,Minning,Steel etc. As part of guided market approach by principals we need to follow market strategy laid down by them & retain/gain business across sectors. We have came across one of project requirements of lubricants in Power sector(Large Thermal Power Plant) where we worked with differentiation strategy( technology leadership ) while competing for phase -1 of the project in align with market strategy during yr 2011-12. We lost this business to competition purely on price as customer could not see any value against our higher prices. We analysed and reviewed our single strategy approach to combination strategy during Pahse-2 of the project and successfully won the similar business which was lost in phase-1 of this project.

3.1 Case background

As a part of my freelance business consulting one of my client is central India’s biggest industrial lubricants strategic business partner for one of the biggest global lubricants company. They are selling lubricants to various industrial sectors like energy (power),Steel, Cement, Mining & General Engineering. As these lubricants are globally acclaimed branded products & are being perceived as costliest but best quality products due to technologically advanced product range. In industries (manufacturing/production units) lubricants are used in heavy engineering equipments & machinery & selection is mostly based on equipment builders recommendations. These recommendations may be specific brand/few brands or specifications in general which may be fulfilled by most of the lubricants company. For green field(completely new) projects lubricant requirements are for initial fill & volumes are quite substantial.

We were working since yr 2011 with one of the biggest green field project in central India which was thermal power plant with 5 units( we term here as phase 1-5),completing each phase every year. Our focus was on wining specialty lubricants business for critical equipments which was close to INR 10 million per phase. There were only 2 brands of lubricants (including our brand) were preferably endorsed by original equipment manufacturer and this customer had to buy one of this only as further technical warranty of performance of equipment were depends on that. Our all products were technologically advanced and little more proven than other competition which was also one of the large global brand. This fact was always endorsed by technical team at site as well as senior project and commercial team.

3.2 Differentiation Strategy approach during Phase-I of the project

During Phase-I of this project the entire selling efforts were based on the fact that customer is more influenced by OEM’s (original equipment manufacturer) recommendation & our product recommended had higher perceived value in terms of quality & benefit. During this selling process the entire thrust were given on product differentiation ( product quality & product performance) strategy. There was very little focus on cost led factor as it was being predecided that we will not focus on any price reduction. All global references were being shared & as policy differentiation strategy was strictly implemented. The final outcome was
negative & we lost this high volume with very high referral value business to nearest competition which was also global lubricant brand. This brand was with cost led approach & were quite ready to counter our differentiation strategy.

3.3 Factors which were critical & influential in preposition

Competition were quite prepared & was very much aware on our little over confident approach on getting our price which was based on differentiation strategy. Project team was a group of various cross functions like technical, commercial, planning, quality assurance were involved in decision making. Also operations & maintenance (O & M) team which would be using this products on regular basis were also involved as influencer in decision making process. For O & M team cost of operations were of high importance & hence were concern on price/Lit as well. Project head & technical team was well connected with equipment manufacturer. Commercial team were looking for best deal in terms of price, delivery (supply on time at site) & credit terms.

3.4 Outcome of Differentiation Strategy approach

When we approached customer, we were almost certain to win this business as most of the factors like preferred OEM approval, higher product technical specifications, perceived higher pricing etc were accepted by customer during initial few meetings. As per our guidelines by principal company we were fully focused on value selling & product differentiation approach. The outcome was to our surprise that we lost this business to our nearest competition on price & competition could successfully leverage on firm differentiation strategy approach.

3.5 Evaluation after lost opportunity

This lost business was one of the major setback as well as biggest area of concern as this was first requirement out of 5 phases & were potentially indicative on customers approach for future projects specialty lubricants requirements. When we analysed this lost opportunity we could conclude following points:

1. -Our differentiation strategy were fully predictable in the market
2. Preferred OEM status were over ratted by us & customer with competition support manage to take approval for other products also which were technically downgraded than our offered products.
3. -Competition strongly approached operations & maintenance team with techno-commercial approach. Mainly focused on significant lower price per lit during regular usage.
4. We declined to offer (although there was scope to do so) further discount although we were given sufficient time to evaluate.
5. Senior management failed to understand referral account importance & future business scope while insisting on differentiation strategy to follow without any special review.

3.6 Combination strategy approach: integration of cost leadership & differentiation strategy in phase-ii of the project
A best–cost provider strategy: giving customer more value for the money by offering upscale product attributes at a lower cost than rivals. Being the best cost producer of an upscale product allows a company to under-price rivals whose products have similar upscale attributes. This option is a combination strategy that blends elements of differentiation and low-cost in a unique way. This approach was immediately recommended by me for Phase-II requirement after critically analysing our Phase-I lost business opportunity. Management of specialty Lubricants Company allowed us to apply combination strategy approach as exceptional case for the phase-II of this large power sector customer. Following are the approach highlights:

1. Re-worked on stake holder management mapping & major thrust were given on operation & maintenance (O & M) team requirements & concerns.

2. Product positioning advantage of being OEM preferred product & higher technical specifications compared to competition product which they selected for phase –I were leveraged.

3. Clearly expressed willingness to offer competitive price but also highlighted benefits & technical services being offered.

4. Contentious evaluation & follow up were taken on competition supply process, after sales services, product performance etc. to formulate combination strategy approach for next selling cycle.

3.7 Outcome of combination strategy approach

During Phase-I project requirement efforts were made for 1 year (Oct 2011-Oct 2012) & the outcome was not positive. Based on this experience & complete analysis, combination strategy approach were applied (Cost lead & Differentiation strategy) during Phase-II specialty lubricants requirement which was also for INR 10 Million. This approach were formulated immediately by end of 2012 & next requirement were to be released in mid of 2013. The approach towards this selling cycle was carefully & methodically managed so that competition would remain under same impression of our previous strategy approach. At the same time our opens towards cost lead consideration were also very well communicated at all required decision making levels of customer along with our upscale product verses competition standard product. After initial resistance by O & M team on using different product than being used in Phase-I, we successfully manage to convenience project as well as user (O & M) team to use upscale product at almost same price which they have procured during Phase-I. Finally in Oct 2013 this power company placed order on our company for specialty lubricants which we had lost in Phase-I.

4. Conclusion

We have applied single strategy (differentiation strategy) approach as per Porter’s model in one business cycle of the project which resulted in business loss opportunity. After analyzing the situation & considering future similar business opportunity we changed our strategy approach & worked on combination strategy after understanding the need for the same. The result of combination strategy (Cost lead & Differentiation strategy) was very successful as
we could win the next opportunity with the same customer having same requirement for the similar equipment & against same competitor with the same offered product. In fact lost opportunity we could utilize to win next business by combination strategy & remain in the business for other 3 phases of requirement in this project. It is important for business leaders to continuously evaluate their business strategy models time to time based on market requirements/conditions. The combination strategy can be used very effectively when required as against single strategy model to win new customers & retain existing business.

5. References


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