CHAPTER - IV

ANALYSIS OF
COMPETITION
AND
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In this chapter the competition scenario obtaining in the present day handloom units was discussed. The vulnerabilities and strengths of the products of handlooms were discussed at length. The primacy of the customer service was discussed. New Product Strategies viz., Offensive, Defensive, Imitative and Traditional strategies were discussed.

IMPACT OF COMPETITION AND THE STRATEGIES FOLLOWED BY THE HANDLOOM UNITS IN THE SAMPLE

Handloom products are not immune to competition; in fact they are more vulnerable to competition due to flexibility and ease of NPD in handloom units by which the new products are easily developed as well as copied; due to the fact of the industry; being unorganised, the pursuance of common agenda badly lacks in the industry, whereas mill sector being an organised one has the better wherewithal to compete vigorously, more so with handloom units. The vulnerability of the handloom units against competition are clearly visible in

1. Low technology
2. Easy duplicatability
3. Lack of organised effort under a common initiative
4. Poor education of artisans
5. Undesirable work ethic and poor work culture
6. Distant removal of the scattered artisans from the market knowledge

Handlooms by themselves are primitive and low in the technology. A loom can be acquired for as low as Rs. 1000/-. There is virtually no technology in a handloom. The industry is more skill dependent. It is a creation of a craft, not production of commodities.
The handloom products can be easily copied by the other handloom units. More pictiable is the copying of handloom design by mill sector. The Pochampalli ikat saree has been copied by mill sector. Any new product is immediately copied by the neighbouring handloom unit. In my study 90% of the handloom units go by what is there already in the market. This itself explains the duplicatability. It is a major obstacle for any NPD initiative at firm level.

The handlooms are scattered and unorganised. They have no common agenda. They have no lobby at the most they have a weak lobby. They have no common infrastructure. They have no long term strategic vision. They are as well not united. They are politically weak.

The poor educational level of the weavers makes thems blind to their own weakness. Their disorganisation is infact traced to their poor education. Their work culture is far from the desirable. They are not serious about schedules. They don't mind compromising on the quality of the inputs.

They are distantly placed from the consumer, there is no way they can ascertain what the consumer wants. The weavers either copy or go by their own imagination about what the customers want. These vulnerabilities of handloom industry are clearly absent in powerloom and mill sector.

AN ANALYSIS OF COMPETITION

Handloom units face competition at two levels namely,
a. Inter-firm competition (intra industry i.e. one handloom firm competes against the other
b. Competition from other sectors like powerloom and mills. It can be called sectorial competition.

At firm level competition it is mainly copying and snatching away the customers of the neighbouring firms. Price cutting also is another way of competing. Sectoral competition is mainly on the fronts of

a. Price
b. Product innovation

Since powerloom / mill sectors are more organised NPD or product innovation is used as a strategic tool; the NPD process is structured better in these sectors, in fact mills have a well defined strategic direction with regard to product development. The absence of this is clear in the handloom units.

STRENGTHS OF HANDLOOMS

Handlooms have survived all the rigours of the competition clearly due to their strengths which are formidable for other sectors.

INTRICACY OF DESIGNS

The handloom silk sarees with extra weft / brocade pallu or non-floating buta notifs cannot be made in any other sector. A Banaras Brocade saree can be done on handloom only.
A Kanchivaram Kuthu saree can be done on handloom only. The intricacy of the design can be obtained on handloom only.

SMALL LOT SIZE

Any product can be done in small lot sizes. For test marketing or for preliminary evaluation only small lots are required. In powerlooms / mills, small lot sizes are not possible. Big lots are expensive. Hence costs of experimentation are prohibitive. It is not so in handlooms. Even a piece less than one metre is possible on handloom, whereas in mills / powerlooms, a lot less than a 100 metres will not work. Handlooms can do thousands of colours in very small lengths, say 25 centimetres or one metre for each colour or design. Thai strength of handlooms makes easy NPD as well as dealing with importers who need small samples; these small samples have to be modified by iteration as per importer's requirement.

The handloom in Proddutur doing dupion silk fabric do compete well with powerlooms of Bangalore. There is more production on handlooms than that on powerlooms.

NON FACTORY HABITATS

Handlooms are installed in human habitats, not in factories. A handloom can work flex time, no fixed work schedules. A handloom weaver can work for any long hours, like 12 to 16 hours a day. The other family members also keep assisting the weavers. Work monotory can be broken in handloom families.
RELIABLE AND EASY EMPLOYMENT AVENUE

No industry can employ 45 lakh hands as is done by handloom industry. Apprenticeship is readily available with any weavers. Setup costs are less. These features make the issue of employment easy. While formulating a strategy against competition, these strengths have to be considered and fielded.

The customer has been pampered more by no other industry than textile industry. Multifarious products have come to lure the customer. In fact the customer is confused to pick one from a wide choice of textiles.

Now the competition is to lure and grab the customer's attention. Now customer is the boss of the industry.

COMPETITION TO GRAB CUSTOMER

Mahatma Gandhi the father of our nation gave lot of importance to business. His value statement on business and customers given to the industry and the working class in fact to the world at large is remembered for ever. In India, some business houses like the Tatas did give considerable weight to his gospel. But many, during his life time and afterwards did not follow these golden rules in discharging their social obligations to the customers and the society at large.

It will be an exercise in futility to analyse the "why" for not paying any heed to Bapuji's gospels. Suffice it to state that customers were considered as just "incidental" to business interests in the past in India and abroad. That was a negative approach and this diminished the image of the business community. The position is
now changing due to the rapid changes in the world scenario due to liberalisation, privatisation and globalisation. A new satisfying culture is emerging and the new model lays stress on the customers needs. The market is going to be customer driven as never before in history. This message has come from James Champy, a world authority on re-engineering management. In his latest treatise, he has dealt in depth on the sweeping changes in the management field and the enviable position of the customer in future. "It is the freedom" Champy concludes "at the heart of the dispersal of authority and accountability out to where the customers are". The customer is going to decide the future, and Mahatmaji's dreams will really come true in future.

Tom Peters, the well known management guru of this century has visualised this change even during the end of the eighties. He referred to the new customer revolution in the best seller "thriving on chaos" In 1989. Every action, according to him should be processed through the customers eyes. He then raised various queries on the various business processes.

"Will this make it easier for the customer? Faster? Better? Less expensive? Will the customer be more profitable because of it? Tom Peters then gave a new definition on revenue enhancement as well. "Long term profit equals revenue from continuously happy customer relationships, minus costs. "The whole approach had to be customer obsessed" he warned.
MARKET CREATION, NOT MARKET SHARING

The focus in the new scenario will have to be on market creation and not sharing the market. The old philosophy of the industry was to increase the market share of the products manufactured by increasing the production of certain type of goods and working hard to fulfil the corporate objectives. In tomorrow's business accordance to market expert Regis Mckenna, the position of the marketer will be different. "Rather than taking a bigger slice of the plea they must try to create a bigger pie or better yet, they should bake a new pie." All to attract the ever changing values of the customers, especially in the world market scenarios, where the customers can now dictate on the products that they intend to buy. In the past they had no options. But now, they are getting a chance to purchase according to their needs. It will be relevant to refer to the Indian automobile situation to illustrate this as well. In India a decade back, we had the option to purchase either the Ambassador or Fiat or Standard. But now the option have became wider. The foreign investors in the automobile sector have lined up in India. "To gain a share of the Indian road space. "Eno" "Cielo", Piegeot, Benz etc., apart from several models of Maruthi. Dr. C.K. Prahlad of the Michigan University recently at the leadership summit of Nasscom 96 at Bombay called upon the business community to develop his new concept of "Imagineering" to gain leadership in the software industry in the world. HE did lay special stress on the growing needs of the international customer community. The need of the end users world wide was "solution" according to him. Because of the limited vision in India. Dr. Prahlad stated that Indian software professionals have become "hewers of wood and drawers of water". He asked the spokesman of the Indian IT industry to follow the "Market Values" for growth. giving importance again for the customers demands.
DICTATORSHIP OF CUSTOMER

James Champy paints the ordeal of management in the new scenario as the "dictatorship of customariat" which by all accounts will sound the death knell of the "old traditional machine like corporation" in future. Champy stresses on the realities of the demand of the market place, and the demands of the customers. "to talk to some one, who can be something to help them", ignoring the "traditional person at the helm of the organisation hierarchy". This would result in violent changes in the organisation structures and many of the occupants in big cabins in companies will become redundant. The personal skills and the personal qualities of the employees at the shop floor will get more recognition in future. The main object is to win the customers.

HANDLOOM FIRMS: DIRECTION SETTING

Handloom firms have myopia. The have also marketing myopia. Their objective is to sell handloom products but not dress material and furnishing fabrics. When the CEOs of the sample units were asked about why they hang on to the same routine products and routine technology losing sight of the potential handlooms offer, they answered that they think of handlooms only. When this myopia is corrected, the potential of handlooms can be seen in clear day light.

STRATEGISING

Most of the firms in the sample, except Dhanlaxmi Saree Emporium & Kalanjali have no knowledge of why they are in the business.
Strategisation involves SWOT analysis / environmental scanning, development of mission and objectives, organisational positioning and electing product as instrument to achievement of mission and objectives. Product development is a part of business strategy of which R & D strategy, design strategy or manufacturing strategy and marketing strategy form part.

Strategisation is to prevent competition or face competition with ease. The competition can be kept at a distance if the purpose of the firm is first defined properly; mission identified and clear objectives set.

Of all the firms I studied, M/s Dhanlaxmi Saree Emporium, M/s Venkateswara Handlooms, Puttapaka, Sri Laxmi Silks, Narsapur Yadiki and Kalanjali have understood their purpose. The others' purpose is fuzzy.

Products should be the end result of a logical process which starts at the top and flows down through greater levels of detail to practical plans. It is not the function of this chapter to describe this process in detail, but to show its interdependence with product development. Although the corporate direction setting process is presented here as being liner, it is in fact iterative with each pass refining the early stages. Therefore it should be born in mind that the mission statement for example does not come out of thin air but should be based on a sound understanding of the business and its environment.

MISSION

The first output from the process is normally a statement which defines
the mission of the business. This Mission statement should describe what the business is and what it is striving to achieve. It will normally include a broad description of the products, markets and possibly geographic coverage of the company, both at present and in the medium term.

A good mission statement will:

• help develop clear objectives and strategies
• provide a unifying force within the company
• show that profit is not the only goal
• provide a sense of direction for the company
• be a practical guide for decision making.

The mission statement says in which direction the company is going, but not the intended "ultimate" destination. Some companies prefer to embody this in a separate statement - the company vision.

OBJECTIVES

This sense of direction and ultimate destination must then be translated into more immediate goals - the milestones along the way towards achieving them. This is the role that corporate objectives play in the planning process. The objectives should in effect be a description of what must be achieved in order to realise the company's mission. However, objectives do not flow from the mission automatically. They must be appropriate for the company and its external environment, and they must therefore be based on a careful appraisal of two areas: external environment analysis and internal analysis.
EXTERNAL ENVIRONMENT ANALYSIS

The external environment is the stage on which the company acts and is subject to two main influences. Macro environmental forces affect all businesses of given types - they include political, economic, social, technological, cultural and demographic forces. Micro environmental influences are more specific to a given situation - they will include customers, competitors suppliers and channels of distribution. All of these factors will have an influence on whether a company can be successful, and how it should put itself in a position to be so.

The process whereby a company examines these external influences is known as scanning. An opportunity is an area where a company can take action to enjoy some competitive advantage. To do this it must make use of it distinctive competencies in a way which matches the key success requirement of the market, and in which it is better than its competitors. A threat is the reverse of this. It is some activity or trend in the external environment which will harm the company ability to be successful, unless it is countered by deliberate action on behalf of the company.

External environment includes Govt. Policy on Textiles, Phase out of Multi Fibre Arrangement by 2004, Protection to handloom, Govt's support to Crafts infrastructure available for NPD etc., The internal environment analysis consists of identifying firms strengths capital knowledge base manpower, looms under the control of the firm, customer base professionalism etc.
INTERNAL (COMPANY) ANALYSIS

Opportunities and threats exist outside the company and will potentially be available to all companies in a given market. To understand the company relative ability to exploit or counter these, you need to understand the internal environment within this external context. The structured technique used is to examine the strength and weaknesses of the company. These are normally relative to any given external situation, so should be carried out with reference to the opportunities defined during the external environmental analysis (scanning). Clearly a major element of this will be whether the company's resources are adequate to exploit the opportunity identified. It is particularly important to understand the skills and potential in the people employed within the company. Gaps or areas of weakness should be addressed in succession planning and selection decisions.

Having scanned and analysed the external environment and analyse the internal environment (often called a strengths, weakness opportunities and threats analysis-SWOT), the company is final in a position to formulate its objectives or goals. There are normally several sets of objectives, which should flow hierarchically, ease layer being a logical derivation from those above it as well as being consistent with the SWOT results.

At the highest level one would hope to see objectives which refer to long-term market share goals, a common feature in many Japanese companies. In the West they might be more typically relating to return on capital employed. The next level would translate these into more specific goals such as increasing sales, reducing all investment base etc. Further down should be goals relating to specific
markets (e.g. statements of target market share within individual market segments and territories), products (e.g. what fraction of turnover is to come from new products) and organisational change (e.g. cost savings or investment targets). Most importantly, these goals have to be consistent with each other as well as consistent with the business mission and the external environment. All these corporate objectives should be defined in three dimensions, viz a. direction (increase or decrease) b. amount c. time.

All organisations have a central purpose behind their existence. They have a primary reason for making the products, providing the services or staging the events which they undertake as part of their core activities. This central aim or key objective is the raison d'être or the mission of the organization and for most successful manufacturers lies at the heart of their business strategy. It is always financially driven with the intention of making money for the company, but is also frequently based on particular ambitions within a product sector or market. Whether it is to become the world's largest airline, Europe's most profitable insurance company or a leading manufacturer of audio equipment, this aim gives rise to a number of corporate objectives relating to the market, technology and the origination capabilities.

PRODUCT AND MARKET STRATEGIES

If the role of the mission and objectives is to tell you where the company pain is going, the strategy states how this will be achieved. Porter categorises three generic types of winning strategy and shows that firms which follow none of these (the middle-of-the-readers) perform the worst.
overall cost leadership:
The company strives to achieve the lowest cost of producing and distributing its products to be able to sell at a lower price than its competitors and hence gain a large market share.

Differentiation:
The company concentrates on producing products which produce some customer benefit(s) which are valued generally in the market and hence win a price premium or improved market share.

Focus:
The company concentrates on narrow market segments rather than the whole market. It specialises in satisfying the needs of its segments either through cost leadership or if differentiation.

Clearly these are no more than general descriptions of type-the actual strategy adopted will come about through programmes of action which implement these principles. However, remembering the lesson from Porter's study, it is only companies that concentrate on one of these strategies that succeed-swapping between them at will is not a viable option.

Knowledge of how a product is intended to compete in the above terms should have a dramatic effect on the direction of product development. It will define the intended market (whether this is the whole market or a segment of it) and what qualitative position is sought. Without this strategy it will be impossible
for the development team to proceed without guesswork, and hence with a much greater risk of failure.

As well as determining a competitive strategy, companies with anything more than a very simple range of products will also need to consider their product strategy.

A product strategy should follow from the above process, with specific concentration on the company’s technological and product strengths as well as the key competitive requirements of the markets they operate in. The process will also have to examine critically the likely development of technology and how this will be adopted by their competitors. As a result of this process, the company should be able to plan, in outline terms at least, how its product range should evolve.

STRATEGIES & STRATEGIC PROCESSES

Strategy is a learned skill, and there are time honoured and proven principles that govern its development and application. These principles are based on the premise of an adversary. Strategy is about competing - to win. In the context of this, the principles of strategy are engaged in the confrontation that occurs in the market place between competitive adversaries. The strategic activities discussed here are directed toward overcoming market adversaries to secure profitable sales with profitable products to clearly targeted customers. This understanding is central to creating successful products.

A strategy is a plan, a programme of events or actions designed to achieve something. It determines how identified objectives can be realized by the
organization involved. Essentially the business strategy defines where a company is at the present item, where it wants to be at a set point in the future and how it is going to get there.

In determining a business strategy, an organisation may conduct an extensive SWOT appraisal of internal strengths and weaknesses and external opportunities and threats. These can address both the short and long term objectives, may involve assessment of both existing and predicted development scenarios and frequently rely on in-depth research combined with detailed knowledge of prevailing conditions. They enable manufacturers to select the most appropriate markets and define their methods and techniques for addressing them. Internally such an appraisal may drawn upon five areas:

- the organisation's assets - its financial and material resources
- the organisation's capabilities - its skills, its manufacturing potential and the services it can provide
- the organisation's product range
- prevailing conditions in the industrial sector in which it operates and
- the organisation's competitive advantages - its ability to add more value than rival manufacturers.

We can consider that the business strategy is therefore influenced by a combination of the particular ambitions held by a company and the influences on the organisation both from within and from outside.
THE STRATEGIC PLANNING PROCESS

There have been numerous publications and much as been said about the formulation of business strategy. In practice, the formulation of business strategy, involves continual iteration over time between the various parts until strategy emerges. The key elements of this process are:

1. The organizations and senior managements long term aspirations which will clearly have a significant impact on the eventual strategy.

2. The organisations capabilities and heritage, that is, the skills acquired and developed over its history. In addition, this will include analysis of the organisations resources in terms of finance, people etc.

3. The operating environment in which the organisation competes. The analysis here will need to take account of technological developments, strategies of competitors, changing market conditions etc.

It is the iteration over time of these elements that leads to development of business strategy. New product Strategy is a part of the business strategy.

NEW PRODUCT STRATEGY

There are four generic groups of product development strategy into which most manufacturers can be classified. These are offensive, defensive, imitative and traditional.

Offensive product development is characterized by significant R&D activity developing new technology and new processes which enable manufacturers to be first to market with innovative new products allowing them to establish an
early lead of the field. As the leaders, such organizations are heavily dependent upon the latest information concerning not only technology but also market forecasts, anticipated customer and consumer behaviour as well as economic indications. Although frequently considered high risk because of the uncertainty and levels of investment involved, if a product is successful and is subsequently followed by variants to reinforce market share, this approach can enable early domination of the market which, if built upon, provides the opportunity for long term growth. Pilkington’s development and patenting of the float glass production process enabled them “to dominate their sector worldwide, Du Point’s successful transfer of Teflon from aerospace to applications ranging from bearings to saucepans has given them access to many new markets, whilst Polaroid’s invention of instant film and Hoover’s production or vacuum cleaners have both resulted in the two brands becoming synonymous with the respective product.

Defensive product development relies less on developing the original idea but more on using the company’s resources and skills to develop and manufacture improved and competitively priced versions of the product in large volumes in order to gain a share of the follow on market. This approach relies not on being the companies with a totally new product but on being the organization which capitalizes on the technology, process or market. It is less risky than offensive product development as it focuses on existing products, but relies on knowing the market and having the ability to quickly develop new products to satisfy existing consumer demand and meet anticipated short term expectations. One of the best examples of this type of approach in action is Matsushita who have refined the production and marketing of improved products to a point where they are the
world's largest manufacturer of electrical equipment. Although Ampex and RCA developed the first video recorders for professional use and Sony's Betamax system gained an initial foothold on the home entertainment market, it was Matsushita's technically inferior but more market focused Panasonic VMS products which quickly dominated the sector. Likewise, the personal computer market established by Radio Shack in the 1970s, became dominated in the 1980s by IBM who used its size, reputation and marketing skills to take over the business market and, in the same sector, Microsoft's Word software for word processing was faster, cheaper, better supported and thus more successful than the preceding Wordstar programme. While in the automobile market, where price and quality are both major factors, companies like Nissan have not traditionally developed many new and innovative designs but grown steadily by producing low cost/high reliability alternatives to Ford, GM and Toyota products.

Imitative product development is in some ways similar to the defensive approach as it also focuses on the economical production of large volumes of existing types of product but, rather than developing improved versions of original products, this relies more on taking advantage of localized markets and the ability to manufacture product at low cost, producing clones. Either through licensing patents or technology acquisition, but without undertaking expensive R&D themselves this allows manufacturers to copy the market leaders, benefiting from their earlier innovation, and to grow in domestic markets before competing on the world stage. Compaq's first PCs were IBM clones, using the same operating system but at a cheaper price and enabling the company to become one of the fastest growing in US history. In a different sector since 1989 Molson Dry and Anheuser-
Busch's Budweiser dry beer have together dominated the market for this particular product, whose manufacturing process was copied from the original Japanese Asashi' and Sappoto products. Daewoo also manufacturers of IBM clones have grown in significant automotive presence based upon the use of previous generation products.

Lastly, outside the high technology product areas, there are a few companies who have been able to follow the \textit{traditional approach}. In established markets where there is little call for change in the product and innovation has little role, manufactures such as Barbour, Aga, \textit{L:e Creuset} and Mont Blance are able to continue making the same products year on year. By a dictate of fashion, a number of niche markets for such brand name goods have developed where the constant consumer demand allows for profitable manufacture. This is however a group into which companies can rarely plan to move, being primarily subordinate on styling trends, customer preference and in some cases seasonality.

Whichever of these four approaches are taken or combined is clearly influenced by the markets in which a company operates, its corporate objectives and business strategy. Which approach is followed therefore correspondingly effects the focus of the new product development strategy and how the product development activities are themselves subsequently undertaken. Manufacturers able to enter successfully and survive in the traditional group may only need occasionally to change a products colour or packaging whilst there in the imitative category are regularly looking for cheaper suppliers for existing products and opportunities to acquire new products complementary to their facilities and their market. However,
it is primarily in only those organisations following the offensive and defensive approaches that new product development in terms of the actual development of previously unavailable products is a major activity and is consequently an area which demands significant strategic attention.

For such manufacturers, new product strategies not only draw upon the influences of the other derivative strategies identified above, but also generate a number of additional second level strategies specific to new product development, including dedicated R & D, design, manufacturing and marketing strategies. These may address the short, medium and long term needs and influences from number of key contributory areas and collectively result in the development of products relevant to both the new product and hence the business strategies. Although inherently interlinked at both the product and the organisational levels can be described separately.

LESSONS ON COMPETITION IN INDUSTRY

After trailing in the global market place throughout the 1980s US based firms now lead in the most world markets. American firms still lag, however, with respect to the already to develop, manufacture and market technologically innovative product's.

THE US INDUSTRIAL COMPETITIVE CHALLENGE

During the 1980's, the competitiveness gap between US and foreign competition became truly pervasive; it involved not only general household and small consumer goods but also high technology products such as copiers, computer
memory and automobiles. Although US based firms have now regained their world market leadership in most industries, the engineering firms continue to lag behind the Japanese and European competitors in the ability to design and manufacture technologically innovative products. As one general motors manager acknowledges.

North American industry is ill prepared for the challenge it will continue to face from foreign competition, our system of product delivery is inherently flawed and incapable. World class product delivery will be the key enabler in the battle where quality, cost and speed will determine the survivors [Costello. 1992].

It is easy to find examples of uncompetitive US product costs, excessive development times (the time it takes to turn an idea into a product), and inadequate design and manufacturing capabilities. Consider the following:

The US-made share of global consumer electronics products declined from almost 100 percent to a mere 5 percent over 30 years [Dertouzos el al., 1989. p.217].

One firm found that its development time to market was actually three months of work plus nine months of waiting for required management approvals (Brazier and Leonard, 1990, p.53).

Old mobile removed its traditional rocket logo from the new Aurora luxury car after tests showed that customers liked the car much less once they recognise / that the vehicle was made by Olds mobile [Kerwin. 1994].
Comprehensive studies by the MIT Commission on Industrial Productivity and the National Research Council have concluded that many US product development efforts are too slow, expensive, and too often fail to create products with the features, performance, and quality that customers want.

THE JAPANESE CHALLENGE

The Japanese have issued the loudest wake-up call to US firms. Over the last 20 years, leading Japanese firms have repeatedly demonstrated the ability to develop and manufacture innovative and complex products that combine the best performance, the lowest cost, and the highest quality in the world.

One example of Japanese excellence in product development has been in the automobile industry. Provided with opportunities in the 1970s and 1980s by complacent US automobile makers, Japanese-owned facilities now account for about one-quarter of the automobiles produced in North America. Leadership in this industry is no trivial matter, since motor vehicles account for almost 9 percent of total US consumer spending. About 15 percent of $132.6 billion US trade deficit (as of 1993) can be accounted for simply from US net imports of Japanese cars.

Japanese automobile firms have demonstrated that their successes stem from their industrial processes and not from their "Japanese culture," as many of those firms now design and manufacture competitive new products entirely within the United States. The fact that these Japanese firms has succeeded after using American workers and after being subject to US domestic constraints demonstrates that the difference is in how, the firms operate, not where they operate. While
American automobile makers focused on high volume and fixed automation. Japanese firms focused on achieving high quality, on meeting the needs of smaller and diverse customer markets, and on developing flexible machines that permitted quick model change-overs. While US firms used a narrowly skilled work force, the Japanese invested in increased capability through company-provided training. While American automobiles were created in sequential fashion by functional experts, Japanese firms deployed teams that guided the new vehicle through the entire product development process. A 1991 study of the worldwide automobile industry concluded that average US auto-maker needed 80 percent more engineering hours and 33 percent more development time to create equivalent vehicle than did the average Japanese firm (Clerk and Fujimoto, 1991. pp. 75. 80).

World-class Japanese firms have not beaten US Firms with high technology but rather with basic design and engineering processes and practices. It is the product process that is the key to a resurgence in the ability of American companies to develop technologically innovative products.

THE IMPORTANCE OF THE PRODUCT DEVELOPMENT PROCESS

Products and services are the sine qua non of a firm; without products and services to offer, a company has no reason to exist. Customers purchase a firm’s products only when they find those products to be the most effective in meeting their needs. If a company is to be successful (or even stay in business), its products must be more valuable to their customers than other alternatives - they must be more convenient, more productive, easier to use, and or less costly. The cover story of the August 1993 issue of Business Week, entitled “Flops: Too Many
Products Fail" attests to the general problem of US product development capability. New products are truly the life blood of a company's long-term economic existence. Executives in one survey said that over one-half of their revenues came from sales of products that were not in production ten years ago. The 3M Corporation has a goal to earn at least 40 percent of its annual revenue from products that have been on the market for less than four years.

To be competitive in the future, product development, manufacturing, and business systems must be substantially improved. Many good design and manufacturing methodologies have been advanced in recent years to improve product quality. Design for assembly (DFA), design for manufacturing (DFM), early manufacturing involvement (EMI), total quality control (TQC), quality circles (QC), quality function deployment (QFD), Taguchi/experimental design methods, computer-aided design (CAD), computer-aided engineering (CAE), computer-aided manufacturing (CAM), and just-in-time manufacturing (JIT) are all worthy methods in an ever-growing list of purported solutions to the product development problems. Even if these individual methodologies are executed perfectly, however, the resulting products can still fail to win customers. This is because the ability of these individual methodologies to improve the product development is limited unless they are used within a coherent product development process. The goal cannot be merely to execute the best computer-aided design, the fastest assembly, or the best advertising campaign, but instead must be to create a product that provides the maximum value, robustness, and quality to customers in the shortest possible time. The definition, design, testing, manufacturing, and other activities involved in creating the product must be conducted within the context of an integrated product
development process that ensures the control of critical product variables throughout the entire development and manufacturing process.

The difficulties facing US industry are not random events but rather symptoms of systemic problems. Many firms lack a formal process for identifying and controlling key product and process parameters throughout the entire product development process. Some approaches control critical factors through a portion of the product development process, but the effectiveness of these methods is limited. Such approaches are typically not used throughout the entire organisation, since they are not an established part of the company's normal operating practice.

Product development is a very complex process that involves the interaction of many activities and personnel. There are large variations in the effectiveness of product development activities among firms, within firms, and even within specific groups within the same firm. These variations in product development process effectiveness can create fatal flaws in the design and/or manufacture of new products.

LESSONS FROM WORLD-CLASS PRODUCT DEVELOPMENT EFFORTS

There are significant differences between successful and mediocre firms. A 1991 McKinsey study indicates that better learning creates two and a half times more new products on average than lagging companies. Motorola has found that "best-in-class firms have error rates 500 to 1,000 times lower than those of average companies."
US RESPONSES TO THE COMPETITIVENESS CHALLENGE

Fortunately, some US firms have responded successfully to the product development challenge presented by world-class competitors, particularly those from Japan. Case studies of innovative product development efforts show that these firms have worked hard to improve their ability to create, design, and manufacture innovative products so that they may survive in an intensely competitive world economy. Operations in these firms are not “business as usual”; in some cases, radical changes to the corporate organization have been required. In all cases, many firms have made conscious, focused efforts to improve their product development and manufacturing capabilities.

In a study of actual case histories involving the successful development of complex and innovative products from the information products (e.g., copiers, laser printers, transaction recorders, and personal computers) industries, which were among the first during the early 1980s to find that they were no longer competitive with their Japanese counterparts, these firms have changed their product development organizations and processes. Their engineering, manufacturing, and parts purchasing functions have been combined into single teams that value the successful production of a high-quality product over all other functional objectives. The teams operate as small, vertically integrated organizations that include all necessary engineering, manufacturing, and other functions.

Hewlett-Packard was lauded in a September 1994 article in the Wall Street Journal. “How HP Used Tactics of the Japanese to Beat Them at their Own Game” discussed how Hewlett-Packard “grabbed the inkjet-printer market from
Japan." The common themes - that is, the elements that contributed most to each product’s success - arising from superior product development projects like Hewlett-Packard’s series of inkjet printers form the basis for the Product Development Process Model.

**THE XEROX EXAMPLE**

The Xerox Corporation is frequently held up as an example of a US firm that invented an industry only to lose its dominance after being challenged by a tremendous competitive attack. But in contrast to many American firms that suffered a similar fate, Xerox eventually responded to the challenge and has since regained a significant portion of what it lost. The Xerox case is instructive because it provides key insights into critical challenges that many companies are just now having to face.

As the original inventor of electro photographic technology, Xerox once enjoyed a near monopoly in the copier market. Because an electro photographic copier deteriorates as toner (the very fine thermoplastic powder used to create the printed image) contaminates the machine, Xerox products required intensive expensive service to keep them capable of making clean copies reliably. Some within Xerox refused to see this as a serious problem; in fact, many actually saw the resulting service business (created as the copiers failed from contamination) to be a source of extra profits!

Japanese firms targeted the copier market and continuously improved their copiers so that they were more reliable, made superior copies, and required
less costly service than did Xerox offerings. With its near monopoly, Xerox had difficulty recognizing that its competitors were now producing superior products. But customers did, and the resulting loss of significant market share came as a shock to the company that "invented the copier business."

Xerox initiated its response to the Japanese challenge in 1980 by comparing (or "benchmarking") itself against its Japanese affiliate, Fuji Xerox. When compared to their Fuji subsidiary, Xerox (1) took twice as long to develop new products; (2) used twice as many people on their development projects; (3) produced comparable products at twice the cost, which meant that Xerox's production costs were about as much as Fuji's selling costs; and (4) built products with at least twice as many defects. Not only was Xerox (US) seriously behind, but it was losing ground each year; its 8 percent annual productivity improvement rate paled next to Fuji's 14 percent rate of improvement. Not surprisingly, Xerox found itself to be grossly uncompetitive and concluded that it needed to radically improve the way it developed new products.

Xerox's resurgence was a direct result of what it learned from evaluating its product development process against that of us competition. H. Barry Bebb, former Xerox vice president, explains that Xerox reinvented itself by implementing three key decisions:

1. Establishing a clear vision and targets based on competitive benchmarking, with the vision being "to be the first American manufacturing corporation targeted by 'Japan Inc.' to take them on and win," and with targets set to address the discovered shortcomings;
2. Implementing TQM as a core business process; and

3. Implementing concurrent engineering (i.e., establishing integrated product delivery teams organized into business units).

These three key decisions formed the basis for many other initiatives, including establishing competitive benchmarking, involving suppliers early in design, dramatically reducing the number of suppliers (from 5,000 to 500), focusing on customer needs and satisfaction, and replacing inspections in manufacturing processes with statistical process control and quality training for most employees.

WHAT INDUSTRY MUST DO TO IMPROVE THE PRODUCT DEVELOPMENT PROCESS

US industry does not suffer from a dearth of basic science, research results, or prototype development. What it does suffer from is an inability to convert technological discoveries into competitive products - that is, a failure to produce state-of-the-art processes for designing, manufacturing, marketing, and distributing products.

This lack of emphasis on the product development process results in what some call "organizational amnesia," whereby the firm's expertise is dependent solely on individuals (who may go on to other roles or leave the organization altogether) instead of on a systematic, company-wide process. Many US firms have declared that shortening the development cycle is critical for future success, but few have defined an integrated, functionally balanced product development process.
to achieve the desired results. Typical ineffective approaches to product development include:

- An overly rigid process characterized by complex, inflexible procedures and costly, time-consuming enforcement mechanisms;
- A group-dominated process where a single group (e.g., marketing, R&D, or manufacturing) is stronger than other functions and dominates decision making; or
- No process at all, which often results in product lacking key customer benefits, erratic organizational performance, and poor product performance.

Improving the product development processes used by American firms is a national imperative for restoring any industrial competitiveness.

**PRODUCT INNOVATION : THE CHANGING AGENDA**

Innovation has long been celebrated as a vital activity of making. Economists herald it as an essential source of economic growth and wealth generation; engineers underscore its value in providing firms with new products and processes; entrepreneurs look upon it as a source of profits. The intended formalized gains are numerous, especially since the advent of the capitalist era, and particularly today when the benefits of technological innovation go largely unchallenged. Both academics and managers now rely on product innovation and expect rewards that exceed those previously experienced. But, there is growing awareness that innovation does not occur in a vacuum. Research provides clear evidence that innovation requires, and will increasingly requires co-operation among
firms. These two ideas form an interesting paradox: innovation is critical to a firm's success but increasingly requires interdependence with others.

The high up-front costs of today's technology development, as well as the variety of competencies required, make it nearly impossible for individuals to undertake innovative activities on their own. Thus, most innovations now develop within organisations and product innovation has become a major competitive weapon in some industries. The strategic dimension of product innovation can be understood on two levels: as an output of the creative process that enables a firm to compete effectively, or as a means to actually reshape the rules of the game. These two dimensions will be reviewed and a newer approach to innovation that presents it as a change process, embracing both organisations learning and competencies, is discussed here.

INNOVATION AND COMPETITIVENESS

The first level will be termed "product creation" and occurs where competitive advantage is obtained through better value and/or lower cost due to superior design. In this respect, product design is an essential step in gaining or retaining competitive advantage because the key dimensions of competition, value and cost, are determined at the design stage. This is obvious concerning a product's value definition since product performance is established primarily at the development stage through the linkage with specifications. For example, in the computer printer market the speed as well as quality are characteristics that make a product more or less competitive given a certain price range. Desktop printer manufacturers such as Hewlett Packard and Lexmark are engaged in an ongoing
rivalry to offer faster and sharper printing capabilities, while the market price follows a steep downward curve. To this end they have both introduced new technical solution, such as ink jet printing, and continuously perfected existing product.

The cost dimension is also largely determined at the development stage. In the watch industry, for instance, it is estimated that 80 per cent of a model's cost is frozen at the design stage, implying that even the most efficient manufacturing systems can affect only the remaining 20 per cent. Similarly, development decisions in the desktop printer industry set the cost boundaries of a new product. Lexmark understood this well when they undertook the development of their low cost 4037 printer in 1991. They put the target price below US $1000 in the product brief and this significant challenge was achieved.

INNOVATION AS A WAY TO "REDEFINE" THE INDUSTRY

Product innovation does not simply offer superior or cheaper products, it may actually redefine the competitive game. James Utterback, who pioneered research on the dynamics of industrial innovation with William Abernathy in the 1970s, has discussed the impact of innovation on industry competencies. He explains that new products and new manufacturing processes can either build upon existing competencies or destroy them through obsolescence, by introducing an innovation that requires different skills and competencies altogether. There is evidence that challenging conventional wisdom can be effective. A recent Harvard Business Review article reported a research programme that compared firms following
conventional product thinking firms that did not. The latter did not consider industry conditions as given but rather believed they could be shaped. Nor were they content to match competitor's performance, but instead aimed to achieve a quantum leap in value to dominate the market. These challengers pursued what the authors termed "value innovation" and reaped the benefits, they represented only 14 per cent of the product launches in the sample but generated 38 per cent of the total revenues and 61 per cent of the total profits.

The authors W. Chan Kim and Renée Mouborgne, illustrate the value innovation logic through the example of Formula 1, a French hotel chain pioneered by Accor in the 1980s which took a radically different approach (of the product/service bundle traditionally offered by one-star and two-star hotels. Formula 1 hotels have virtually no receptionists, small rooms, no eating facilities or lounge space, but match two-star hotels in room comfort and hygiene and one-star hotels on price. Formula 1 made the competition irrelevant and this gave them a market share greater than their five largest competitors combined. Other value innovation benefits implicate the losses experienced by conventional players. Utterback has used the example of typewriters to show that major innovations, such as the advent of the electric typewriter and PC-based word processing, have undermined market leaders like Remington who were unable to evolve their competencies fast enough to match the competition.

INNOVATION ACTIVITIES AS CHANGE PROCESS

If innovation is critical in producing competitive products, academic research shows that it also plays an important role in ensuring that companies
maintain, or even improve, internal business processes. New product development is more than just product creation: it can be an essential feature of a company’s change and development process. When product innovation alters the conditions of competition, it does so by affecting the capabilities of incumbents. Dorothy Leonard-Barton has addressed the organisational implications of this mechanism, developed a rigorous definition of capabilities (including technical systems, managerial systems, skills and knowledge base, and values and norms) and then underlined the value of ‘core’ capabilities for product innovation. While existing manufacturing expertise might plot a development vector for future products, a firm’s core capabilities could - in the face of competitive developments - prove to be ‘core rigidities if the organisation insists on applying old solutions to new problems. As the saying goes, ‘if the only tool you have is a hammer, everything looks like a nail’ Project leaders thus face an ambiguity they need to take advantage of existing capabilities without being constrained by them.

The goal is to ensure that core capabilities evolve should the competitive environment so require. Leonard-Barton explains that this is precisely where development activities play a central role. New product and process developments are unique opportunities to nurture new organizational capabilities that, although they may call traditional ‘core’ competencies into question, could offer alternatives as market conditions change.

But for new capabilities to become core, they must be integrated ‘deeply’ within an organisation. Simply adjusting existing technical or managerial systems is insufficient. Skills and values must evolve because ‘a core capability is an
interconnected set of knowledge collections - a tightly coupled system'. In her 1995 book, Leonard-Barton explains how this can be achieved. She identifies several activities that are critical to developing a firm's capabilities: shared problem solving across cognitive and functional barriers, implementation of new methodologies and process tools, experimentation and importing know-how from sources outside the organization in order to extend knowledge.

Innovation and learning are intimately related; Ikujiro Nonaka and Hirotaka Takeuchi have argued that they are two sides of the same reality. In their book The Knowledge-Creating Company, they describe how leading companies in Japan (for example, Honda, Canon, Matsushita) manage innovation through the formulation and circulation of knowledge. In particular, learning is created through the interaction between tacit and explicit knowledge in organizations. This interaction, properly guided, results in an accumulation of knowledge from which innovation opportunities arise. For instance, the "on-site" observation of a baker's craft by a Matsushita engineer and her subsequent description and analysis resulted in new knowledge that led to the successful development of a bread-making appliance. Knowledge is thus the soil in which innovation grows.

But, while new products follow their life cycle, knowledge accumulates continually. This process, according to Nonaka and Takeuchi, is not limited to the technology and engineering functions since innovation typically involves large numbers of staff and departments. In particular, the role of middle management as the link between top management's vision and operational reality is underlined. Middle managers are essential to the learning process and the innovative potential of an organisation.
At a time when the key assets of a firm are not limited to financial wealth, but include the scope and quality of the knowledge base, product innovation appears to be an expression of organisational expertise as well as a source of knowledge. Firms can support organizational learning through innovation activities and the resulting accumulation of knowledge encourages the creation of new products and processes. This in turn, fuels an interesting dynamic that combines innovation, change and growth. The 'social' dimension of this dynamic is quite clear necessarily involves actors outside the organization.

BENCHMARKING: A TOOL FOR HANDLING COMPETITION

"Know they enemy". Before you hit head on at all the competition, you have to size up the competitors strength, size, practices and standards followed. That is known as benchmarketing.

UNDERSTANDING CURRENT CAPABILITIES - COMPETITIVE BENCHMARKING

The importance of undertaking an effective competitive analysis was emphasized earlier as an essential element for the Customer Future Needs Projection phase. Xerox, Motorola, and other award winning firms have promoted the term "competitive benchmarking" to describe this "process of measuring products, services, and practices against toughest competitors, or those recognized as world leaders". By including the "practices" of competitors, the best firms extend their analyses beyond competitor's products to include their competitive capabilities as well, in the following list. Benchmarking is performed to identify industry cost
and performance standards in these areas and how those standards might be achieved or exceeded. The steps in competitive benchmarking are:

- Identifying the competing firms,
- Identifying the competing products,
- Benchmarking the product,
- Benchmarking the market, and
- Benchmarking the business and processes.

IDENTIFYING COMPETITORS

A fairly obvious step within any benchmarking effort is to identify the firm’s key competitors: How many firms compete in this product area? Who are they? Given the increasingly global nature of competition, both national and foreign firms are investigated. When considering the development of a new base product (and particularly a new breakthrough product), the potential for new entrants has to be considered. What other firms might also be pursuing the development of a similar product now or would be as soon as they became aware of this new product? The competitive strengths and weaknesses of key competitors are assessed to look for potential barriers to success and to identify opportunities. What proprietary technologies, patents, or technical skills are held by other firms that will make them difficult to compete against?

IDENTIFYING COMPETITIVE PRODUCTS

Products that are expected to compete directly against the proposed product also need to be identified. Both domestic and foreign products should be considered. While currently available products are much more obvious and much
easier to assess, the team should also consider what new products will arise during
the new product’s life.

Gaining a complete understanding of the product’s competition requires
that the team also identify which substitute products compete against the proposed
product. Customers generally have multiple alternatives when faced with a task so
that any product that performs that task also competes against these alternatives,
including the option to not do the task. Because value is dependent on both
performance and price, a full range of product substitutes - those that perform
well and are more expensive and those that perform less well and are less expensive
-should be analysed.

As an example, Hewlett-Packard laser printers compete not only against
Lexmark International laser printers but also against dot-matrix printers and bubble-
jet printers. In some applications, they even compete against pen plotters. Thus,
when assessing its potential value, a new printer product needs to be compared to
all of these alternatives.

PRODUCT (OR TECHNICAL) BENCHMARKING

Once appropriate competitive products are identified, they are compared
to the proposed product. How do features, performance, and other customer-
identified features of the proposed product compare to these alternatives? Both
market information (such as competitor’s marketing brochures) and physical product
testing are important sources of information about competitive offerings. Often,
these results can be compiled into a cross-reference table for simpler analysis.
A historical assessment of competing products can help the team to identify major new product trends. When compared to products of several product generations ago, in what ways are new competing products providing increased value to customers? How have technologies, features, speed, and so forth changed from the older products to the newer products? At what rate have manufacturing costs changed?

Another useful technique is to disassemble and “reverse engineer” competitive products to understand how they operate, what technologies they employ, and what materials they use. The manufacturing cost of the product can often be estimated quite accurately this way.

MARKET BENCHMARKING

This topic encompasses a wide array of issues related to the environment in which the new product is to be sold. Competing products and the firms that sell them are evaluated on issues such as their market shares, pricing strategies with recent products, and rate of new product introductions. New base product development efforts may want to compare the firm’s projected product mix to those expected to be offered by competitors.

How the products are sold is important to their success; thus, the number and size of distribution channels used to market and sell the products often need to be assessed. Marketing and advertising spending (on a total, per-product, and/or per-unit basis) and relative brand name recognition may also need analysis, particularly if building customer awareness of the product is likely to be a problem.
Some general judgments that may be reached using market benchmarking include conclusions about what major differences exist between the successful and unsuccessful products within this category, the general extent of competition for this product (fiercely competitive? limited?), and the public's perception of the reputation and strengths of the various competitors (e.g., "leader in printers," "technically innovative," or "low-cost alternative"). A key conclusion for many efforts is to identify the gaps in existing competitive product lines that may represent a market opportunity for the new product.

BUSINESS AND PROCESSES BENCHMARKING

Process benchmarking enabled Xerox to discover its product development deficiencies. This type of benchmarking is increasingly used because it provides a structured, formalized method for comparing the practices of the firm with those of other firms.

Of the two, business benchmarking is more common, perhaps because the information is more easily obtained (at least for publicly traded firms). Typical business comparisons to competitors are made with respect to financial performance indicators such as net sales, operating profit, return on assets, and other financial ratios. Relative debt levels and cash availability can also be reviewed to evaluate the financial ability of the firm to develop new products. The organizational structure of the firm may also be compared to those of its competitors to evaluate their relative strengths.
While business benchmarking tends to measure the "ends" the results of the firm's efforts), process benchmarking measures- the "means" (how the firms perform those efforts). Process benchmarking compares the firm to its competitors with respect to critical abilities such as its product development processes, Technology management and use skills, and manufacturing capabilities-. In this respect, process benchmarking is the critical enabler, because its results show how a given performance was dually attained. Firms limiting themselves to business benchmarking may recognize a weakness, but generally will not be able to ascertain the cause of that weakness without performing the corresponding process benchmarking.

The relative ability of a firm to develop new products can be measured quantitatively through an assortment of parameters, including the number of new products developed per time period, the number of product development engineers, and the amount of time needed to develop new products. Other parameters, such as R&D spending and average hours worked, can also be useful. Qualitative product development comparisons can be made relative to what development phases are used, whether a single team leader is used, and so on. Design practices can be assessed relative to such items as the number of parts used in comparable products, the relative ease of manufacture, and the use of innovative design concepts.

A company's technological acumen can be assessed by evaluating factors such as the number of new technologies developed by a firm over time, the number of patents (total and per employee), and how new technologies have been incorporated in the firm's new products. The use of various technologies to
accomplish specific tasks can also be compared: When function x is needed, what technologies are used by that firm to accomplish it?

Standard benchmarks of a company's manufacturing capability include basic measures such as total manufacturing capacity, investment, and cost structure. In the cost category, output per employee, overhead costs, the time required to build an equivalent product (i.e., the cycle time), and the existence (or lack) of economies of scale in production can be analyzed. Manufacturing quality can be estimated by evaluating the product's early customer failure rate and reviewing the firm's quality management approach. Since purchased materials comprise a large portion of total manufacturing cost, material purchasing policies are often worthy of investigation. What percentage of the product's parts are purchased rather than made? How is each firm's purchasing organized, and how constructive are its relations with suppliers? How many purchasing specialists does the firm have and how long does it take to complete a purchase order?

Relative manufacturing capabilities can also be reviewed to identify needed improvements in production skills and management. What manufacturing processes are used by competitors, and how effectively? What special skills do they have? How are competitors' production processes organized? Which use self-contained manufacturing teams? In what ways are these organizations more effective?

The most successful firms benchmark their most critical activities, or processes, against not only their direct competitors, but also against firms from
any industries that perform those processes best. For example, if the firm has identified “fast product delivery” as a critical process, then it will want to identify potential benchmarks to measure that process. In this case, potential measures might include the percentage of deliveries completed in less than one day, the number of delivery errors per week, and the percentage of lost shipments. In addition to benchmarking against its direct competitors, the firm also might choose to benchmark other firms that are well known for fast delivery, such as Federal Express or Domino’s Pizza. The key is to identify the firms that perform these essential processes best, create methods for measuring the quality of these processes, and use the benchmarks for finding ways to improve process performance.

STRATEGIC PROCESSES IN HANDLOOM FIRMS

The strategists process which includes development of mission statement, objective setting, corporate planning and development of product and technology strategy in major organisations like APCO and Serifed never happened in their entire life from birth till now. The big state level organisations have one sole objective of providing sustainable employment to the handloom weavers. But this primary objective has not got translated into derivative strategies like product strategy, R & D strategy, marketing strategy, manufacturing strategy etc.

All those at the helm are aware that there is fierce competition. But the weapons against competition were neither identified nor were the key players entrusted the job of finding ways to handling competition. The state level marketing firm or local level manufacturing organisation never felt and took upon itself the responsibility to deal with NPD the tool of competitiveness. There was nobody
responsible for the important job of developing measures to deal with the competition. Especially NPD was nobody's land. The responsibility was not felt at all. Now the fallout is crumbled turnover and unseasonable employment to weavers.

There was never a brainstorming session in those big organisation either to do environmental scanning or uncover new product ideas or to develop mission or objectives.

There was no attempt at all to strategize. The CEOs ask for suggestions from whomever they meet an outsiders suggestion work in the absence of a mission or strategy ? What is the reference point for the suggestions ?

In July, 2003, after 28 years of existence Serifed tried to strategize. The attempt, however did not fructify into anything. This situation is traced to the absence of visionary leadership. Government pumped money into organisations, for short term and unclear objectives.

The Government nominated Chairman was put at the helm, not because they are competent to be a chairman and lead and build an organisation but because Govt. wanted it. The CEO who comes from all India Civil service is a bird of flight, after a brief sojourn which need not be in sync with his flair, he is displaced, which not only breaks continuity but also divests him of any accountability. An organisation has no chance of attempting any strategic process.
STRATEGIC PROCESS IN SMALL FIRMS

Small firms under this study had never done any strategisation. They just follow their neighbouring small firms. They follow the pack. But Mr. Ghanshyam Sarode, Mr. Gajam Mutyalu, Mr. Gajam Anjaiah and Mr. Ranganayakulu of Yadii not only had some strategic exercise at the inception but also keep on doing to keep pace with the market. Others just follow the pack.

BENCH MARKING

Big handloom firms like APCO always benchmark against Co-optex of Tamilnadu. The CEO immediately after joining, visits Co-optex Office in Chennai and ascertains their practices. Focusing on exhibitions, Credit sales to Govt. Employees, NPD etc as done by Co-optex is followed suit by APCO.

BENCH MARKING IN SMALL FIRMS

Small firms constantly benchmark themselves against their friends or neighbours firm. They choose the same product range, same dealers and same credit practices.

BRANDING AS A WEAPON AGAINST COMPETITION

A brand is a symbol of quality and a promise by a firm to maintain quality standards. It creates certain expectations in the consumers. Nurturing brand on continuous basis strengthens the firms and hedges against competition. All big firms, having spent so much money on advertisement, marketing etc., failed to take up branding approach. Branding is a cure to many ills that handloom organisations suffer now.
"Handloom is a traditional craft of North-East and Assam is no exception. The handloom design what one sees in weaving, have been developed and perfected by weavers over the generations", exclaims Shri Dinesh Deka, weaver-cum-designer frame Guwahati.

Shri Dinesh Deka, is a diversified personality. Before venturing into eri and muga weaving, he was in service in various departments. But all along, he had an urge to do something different from others. This was mainly because he grew amidst political unrest and agitations where thousands of youth like him were struggling hard to trace an identity.

NEW VENTURE

By 1994, he could firm up his mind and decided to take voluntary retirement from the service. He took up weaving and started off with four looms. Since then he never looked back and today, he owns 55 looms and experiments with them to churn out new designs and products with mugga and eri silks. In 1999, while the aftermath of the agitations was still fuming and growing unemployment was reflecting its ill effects, he decided to mobilize his resources and contacts for formation of a society that would help the eri weavers and the educated youth as well to find better avenues of employment so that they can lead better life and remain within the main stream. Thus, the "Purbanchel Multi corner Development Society" came in to being. This society is among the select NGOs associated with the development of new products of Vanya silks under the UNDP assisted project.
VANYA - THE CHALLENGES

Vanya silks in spite of their naturality, eco friendliness and a host of other advantages, presently have a limited market for want of proper backward and forward linkages. Blessed with bounty of traditional designs and no dyes and chemicals, these silks have a large potential, both domestic and export, if nurtured well. That’s precisely the reason, why the Central Silk Board has ventured product diversification experiments in Vanya silks under its UNDP assisted project for promotion of non-mulberry silks. It has taken the professional services of renowned design consultants to create innovative designs and products using Vanya silks. The uniqueness of the project was that it was imparting the beneficiary, the much-needed technical support and guidance to come out with innovative products needed by the urban market and not the routine financial support or the subsidy to meet short-term needs. It was in fact a pilot expedition of talent search that one may have and make him to use for his own betterment. It was in this process, Shri Bankim Kumar Mishra, the UNDP design consultant for eri could explore Shri Deka and make use of his talents. Shri Deka successfully translated about 50 designs of Shri Mishra in attractive form and blends which are fast becoming popular and finding a big market.

ADVANTAGE ERI

“Traditionally, eri is known for simple weaving and used only in manufacture of gents cheddars and ladies shawls, that too in natural colour” said Shri Deka, “thanks to UNDP, attempts are being made to diversify. It has helped us to become more professional and commercial.” But, it was not a smooth sailing
for him, as the people were not ready to accept any deviations from the traditional designs and natural colours. However, the series of exhibitions arranged he has no difficulty in marketing.

The UNDP designs and concepts helped us a great deal in understanding the outside combinations and tastes,” recalls Shri Deka, Encouraged by the results, he attempted new designs and products, on his own too. Tracing back the history of traditional designs of the state to some, 150 years during the Ahom regime, Shri Deka links the origin of “Dokhana”, now popular in Banaras to Assam. Further, designs like Ariois healing, koinar and rihai too are having their roots in Assam, he adds. “I take extra care not to deviate or disturb the time tested tradition whenever I modify or create a design.” Besides the traditional shawls, today we can see stoles, garments, scarves, furnishing materials of eri in varied colour combinations that were not there before. He has worked on eri crepes using extra twist in both warp and weft ‘and increasing the shrinkage so that it could well be used for modern dresses like ladies skirts etc. His experiments also include various blends of eri with other silks and natural fibres like cotton, wool and pashmina. “Eri waste of cut cocoons could better be utilized by making coarse yarn (ghicha) and blend it with muga and eri yarns which would give special effect,” adds Shri Deka.

Because of its natural warmth, it is user-friendly. “We are trying to explore the possibilities of presenting eri silks as a replacement for wool because of its thermal properties” and “it works out quite economical”, said Shri Deka. Based on this, he has developed eri furnishings, bedspreads etc., and is planning to export them to Europe, which would suit better for the cold climate.
Shri Deka’s interest is varied and he explains the medicinal properties of the eri yarn. “We, since ages, use eri as a medicine, too. We apply eri ash on wounds which help in early healing”. Besides, eri yarn is skin-friendly and is best suited for undergarments and could replace the synthetic which often cause itching and other skin problems. Eri bed spreads are used often to overcome the pains of rheumatism claims Shri Deka. He has plans to work more in these areas and come out with some speciality products of eri. Shri Deka was visibly happy with his venture as he could provide employment to a good number of youngsters directly and through the society in realization of his dream to contribute something to the development of his home state. Moreover, it also provided him an opportunity to put his talents to test and propagate the traditional culture of eri in new ways.

INDIA MUST REVIVE DESIGNS AND TEXTURES

India’s cultural diversity is perhaps best reflected in its handloom textile varieties. From Patola and Mashru in Gujarat, Gulbadan in West Bengal and Saktapar in Orissa, Chettinad and Kancheepuram in Tamil Nadu to Narayanpet and Pochampalli in Andhra Pradesh, handloom weavers have for thousands of years created a tapestry of designs and textures that have been the pride of India. But, much of this treasure is lost to time and to the advances in technology. This leans not only loss of skills but loss of livelihood for millions of weavers for whom weaving is a way of life.

So much so that handloom weavers are starving to death in many parts of India. When weavers in Andhra Pradesh died of starvation in 1991, the late Pragada Kotiah, Member of Parliament from Chirala in Andhra Pradesh, who was
passionately involved in the cause of weavers for seven decades, took the issue to Parliament with the help of the media (Frontline, December 6, 1991), and reached immediate help to the weavers.

A decade later, handlooms, which after the farm sector is the biggest employer, is once again caught in a vicious cycle of lack of demand, massive unemployment, dwindling incomes and starvation deaths (Frontline, April 27, 2001). This time, the problem has been compounded by the policies of liberalisation and structural adjustment pursued by the Government of India, which tend to favour the big powerlooms (by way of subsidies for machinery imports, removal of reservation of items for production by handlooms and scrapping of hank yam obligation by the mills) against the handlooms. The resilience of the weavers, which had seen them through the last two decades, is also waning.

Pragada Kotiah used to emphasise the need to provide weavers with design inputs. For this he wanted designs of yore revived. But several forgotten designs are to be found, not in India, but at London's Victoria and Albert (V&A) Museum, the world's largest repository of the oldest and most varied designs and textile pieces. Curating this treasure in threads is Rosemary Crill. A senior curator in charge of the textiles collection in the Indian and South-East Asian Department at the museum, she visits India at least once a year to study its handlooms and miniature paintings. She has written over 30 books and research papers, including those relating to the subject of the history and traditions of Indian textiles.
Rosemary is pained by the fall in demand for handlooms in India. She says: “Handlooms can be revived and sustained in India by the government aggressively creating markets for it within the country and providing design inputs for weavers.” Rosemary Grill spoke to Asha Krishnakumar at the V&A Museum about the 10,000-odd pieces of Indian textiles under her care (many of them not available in India), the deplorable situation of handlooms production in India, and ways of addressing the problem.

A TREASURE OF IDEAS

They have about 10,000 pieces. Their earliest pieces were acquired around 1850. Most of our old collection, is from the Great Exhibition that was held in London in 1851. Those pieces, the finest from India, would have been sent as examples of the best in weaving, dyeing, printing, embroidery, designs, texture and so on.

WHAT IS UNIQUE ABOUT THE V & A COLLECTION?

V&A has one of the oldest and most comprehensive collections of Indian art, particularly textiles. The uniqueness of the collection is that it contains a range of textiles of everyday use. They were collected precisely because that was what was being manufactured in India at that time; A lot of emphasis was given to collecting ordinary, everyday stuff. Fine textile specimens were also collected. This basic idea of collecting daily-wear textiles was followed in all our collection efforts—whether collecting specimens from the Exposition Universalle, the textiles exhibition held in Paris in 1867 or from a special collecting trip made by a museum staff in 1880, with the brief to collect contemporary arts and crafts, including textiles from
all over India. Apart from the very fine stuff, the museum staff also collected for us the very ordinary block printed textiles, simple indigenous designs in pure cotton, plain cotton cloth of varying quality and so on. This is really a unique part of our collection. Most of that is no longer made in India.

Their rarest pieces are the Mughal courtly textiles such as the 17th century embroidered coat, Mughal sashes and floor spreads. We also have textile pieces from South-East Asian countries such as Thailand, Indonesia and Malaysia and also from China, Japan, Korea, Tibet, Nepal and Bhutan.

The museum gives access to anyone who is interested in studying the collection.

THE METHOD OF PRESERVATION OF TEXTILE PIECES

They are all kept between soft material in rows of drawers. Room temperature - neither too warm no too cold - is maintained at all times. Otherwise no extraordinary effort is taken to preserve them. They are mostly in excellent condition - most of them even after 150 years. Not all the pieces are or display at the museum. In fact, most of them are stored inside because of space constraint.

WHAT ARE THE EXQUISITE AND RARE INDIAN TEXTILE SPECIMENS IN V & A COLLECTION?

Many of the things they have in their collection are still being made in different parts of India but not as well as they used to be earlier. For example, Gujarati embroidery is done even now... it never stopped. But when you compare
a modern piece with the 19th century one or even the early 20th century pieces we have in our collection we find that the fineness has decreased sharply.

QUALITY DECLINE

It is market forces. The market for high quality textiles, higher priced, has declined. This is because on an average, income levels at constant prices have fallen over the years and people, in order to make a living and both ends meet, no longer buy high-quality textiles. Hence, there is now no market for such textiles. There is also much more competition from cheaper powerloom or printed textiles, and the unique and fine handloom varieties are losing out. The cheaper powerlooms and mill textiles seem to be preferred by consumers and producers. From the consumer's side, the cheaper varieties are easy on the price and easy to maintain. From the producer's side, they can be produced easily in large quantities and quickly too. So, both prefer the cheaper varieties. And the fine handloom textiles that require a lot of skill to make are becoming extinct.

There is also a lot of difference, particularly in terms of quality, between saris that were made earlier and now. A lot of the older saris were quite thick. They are very comfortable for daily wear. But now people prefer lighter saris which are easy to wash and maintain. So, more of that is being produced by powerlooms and mills. Take some of the fine saris in India, Chettinad saris from South India, for instance, are quite robust. But people do not seem to want to wear them any more. Changing lifestyles (and moving to wearing salwars) is another important reason for the fall in demand of handloom saris.
There is a major problem. Handlooms are losing out badly in several parts of India. The skills are vanishing. Something has to be done.

ROLE OF THE GOVERNMENT, NON-GOVERNMENTAL ORGANISATIONS, ACADEMIC, MEDIA AND SO ON

Most important of all is to create a market for handlooms. Unless people are persuaded to buy them, they may prefer the mass produced stuff. Some groups in Andhra Pradesh last year seemed to be vocal but I really do not know if they are getting anywhere. To keep the handlooms going, government help is basic. You can have commercial enterprises, professional designers, individual people trying to create a Western market for handlooms and so on, but that is only marginal. The government needs to push handlooms. There is need to create demand within the country.

Pochampalli ikats from Andhra Pradesh is a good example of the way handlooms have to be marketed. As an outsider that seems a successful step. May be it is not as successful as it appears. But from outside I think they have got it right. They are using traditional skills, sticking to old designs, making them by hand and in huge quantities.

There are some initiatives from individual groups or fashion designers to revive particular designs or products. They do come to me and I help them with accessing old Indian crafts and designs. Ritu Kumar from Delhi, for instance, who has done a lot of work in Masulipatnam, is interested in reviving and maintaining old crafts. She took detailed photographs from our collection of the old and extinct
printed and painted pieces to show to her craftsmen in India, which they could then copy and revive. It also inspires the craftsmen to see how good arts and crafts were 100 years ago and feel confident that they can do it now. There is also a crafts group in Kolkata which is trying to revive the beautiful Indo-Portuguese Bengal embroideries of the 16th and 17th centuries.

They have also helped in the collection of Indian textiles at the Calico Museum in Gujarat. It has some pieces similar to those we have at the V&A.

The main issue in reviving handlooms in India is to create markets. How markets can be created?

Of course, creating markets is basic for the survival of handlooms. The fall of handlooms market in Chirala is a good example of market failure. Traditionally, there were two types of markets in Chirala. One is the export market to the Gulf countries, and two, the local market for the ordinary people who wear them everyday. Both markets have disappeared. In the case of the huge local market people have moved away from the handmade textiles to the cheaper powerloom-produced synthetic varieties.

An example, from the world, where traditional skills have been revived and sustained which can be a model for the revival of Indian handlooms?

There are several localised examples in the world. For example, the Chinese model of the revival of indigo dyed textiles - the tie and dye stuff - is instructive. It is very popular here in England. Localised examples like that can be a good model from which to learn.
In India, one of the biggest dreams is to revive “mashru” textiles (silk-satin fabric with ikat designs) in Gujarat. The weavers there can do it easily. It is still done in some places like Patan in Gujarat. But it is of very poor quality (in terms of material and designs) now and is done by hardly a couple of people in Patan when I was there last. All it needs is for someone to create a market for it. It can be revived easily.

There are a number of traditional Indian textiles that can have a Western market. But one has to think of the home market. Now, there is some interest among a certain section of people in India to buy handloom saris, traditional designs and so on. But that is not enough. It is good that state emporia promote them.

SUMMARY

Strategic Processes like environmental scanning, mission identification, goal-setting, identification of product development as a goal achievement tool were hardly followed in handloom units including bigger organisation. The decline of the organisations is traced to absence of strategic process and less focus on product development. The emphasis was more on sales then on the customer service. Imitative strategies are taking their toll in the handloom industry. Competition based on price does not end in success. Competition based on product and innovation fuels the growth of the firm.
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