

Strategic Management
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Lecture No. 01
Strategy: Philosophy; Competition; Competitive Advantage-I

Good afternoon. So you had two classes already on strategic management taken by Professor Dey and this is my first class. So, as I was saying a little earlier, we have divided the course into two parts: The first part that Professor Dey is covering and that is about the strategic planning aspect, all right? And the second part I am going to cover about the strategic implementation of the strategic plan. So, both go hand in hand. Without an implementation, the best of strategic plans are no good. They remain on paper and the converse also.

You know, if you have a very good implementing but the plan is shabby then you end up, okay, in a soup. You don't achieve much. So, both are very important, okay? But, by and large what we have seen, companies abroad as well as in India, they are rather good at planning part of it because a planning part is something which is more within your control. You know, it is application of mind, collection of data and so on, which is within your control but implementation part is something which is not so much within your control. Why? Because, planning is done by an individual or a small group of transports. Few people. But when you implement organization wise, how many people are involved?

Probably, the whole organization is involved in various layers structured into various kinds of departments and groups and so on. Maybe geographically dispersed. So, to implement the plan is really tough and that is what separates men from the boys in the management pool, okay? Now, having said that, before I proceed with the implementation part, I would also like to give you a little bit of overview on what is the strategy planning part because, otherwise it becomes difficult to get into implementation unless you build a little framework yourself about the planning.

So, in order for me to give you a little bit a overview and in order to avoid duplication, I would like person from the left of the class to volunteer to tell me what has been covered by Professor Dey in the first two lectures. And then, one person on the right hand side, tell me what has been covered in the second lecture. First lecture second lecture, all right. Who will volunteer? Who will volunteer? Because, if you don't volunteer, I will pick a volunteer. Huh? Yes, who is that lounging, the chair, out there? He is looking back now. Uh? Do you remember? Did you attend that class? No? All right. Then you are excused. You didn't attend? He is looking the other side, huh? Who will volunteer? You are the chosen leader, it seems, Kalyan or are they making use of you? Because, you are older and so on. Okay, tell me tell me. What what he covered in the first class?

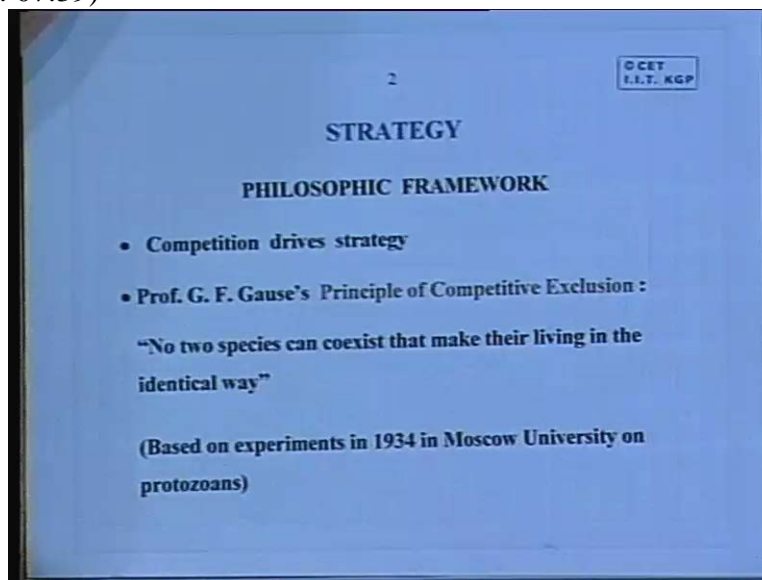
So, basically, what you are saying is, strategy is an idea. And, it has to keep tune with the environment, which you are calling the market, okay. And, what is the object do you say of, of the idea? The object? What is the object? Say, I don't make I am the MD of a company and I say I don't believe in this strategic plan, strategic management and all that. Any harm coming to the

company? No harm. You can carry on regardless and you will face problem because strategy is about long range. That is, eyes on the horizon, all right? One eye at least and the other eye where? On the bottom line, bottom line. , in America, every quarter. Even in India now, did you know that we have to publish organizations? Under the Companies Act, every? Every quarter auditor results. So, you have to keep your eye on the bottom line. Okay. So, long range. Long range. What is short range? That has got a name also. Tactics. Okay. So, in military terms, you may also call it? Who is a military family man here? Absent? Tell me. Tell me.

In military terms, a strategy is about war-conducting a war- and tactics about our battles, encounters. Okay? Right. Both are very important. There is a debate about which is more important but the debate isn't resolved here. I think, in different situations, different ones are important. So, it is long range. It is about the market.

It is a change of direction, which is necessitated because the market changes. Okay. So, this is one part of it, all right. Any other thing, which was covered? Okay. Right. Good. So, now I am little clear of what has been covered. Hmm? But since it has been a long day, let us talk a little about the philosophy.

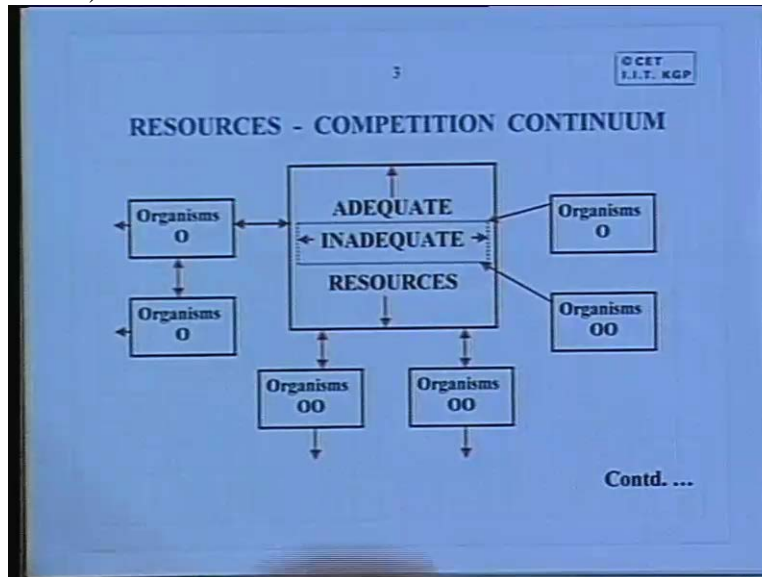
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Now, there is a philosophic framework and it dates back a hundred years. Dates back a hundred years and central theme here, the philosophy, is competition is what drives strategy. You had the Utopian World, you know. There isn't any competition, all right, and you are the only person operating in the market place and you call all the shots. Then as likely as not, there would be no need for strategizing, okay? Now, in Russia, there was a Professor G.F. Gause, all right, who enunciated the principle called the principle of competitive exclusion. He carried out a series of experiments and he came to the conclusion no two species can coexist that make their living in the identical way. Identical. They make their living by that, it is a life and death issue for them but same way. If the species make the living in the same way, they cannot coexist together. One will displace the other and some of the experiments he did, he was known as the father of mathematical biology. Mathematical biology, okay? What he did is a very primitive form of life-

protozoa, you know. He put protozoa. Two. Two species of protozoa with enough resources into a bottle. What resources? For existing, feeding, nutrients and so on. And, with the series of experiments, he found a curious pattern, which emerged. You have protozoans of the same species, okay? They couldn't survive, both of them. One died and the other survived. But if you had different species, then they could survive. It is a sum and substance of what he found out and that is why he enunciated the principle of, competitive exclusion. Now, from that, some insights emerged which are applicable to the market place also. Okay? All right. We have resources on the one hand and we have organisms.

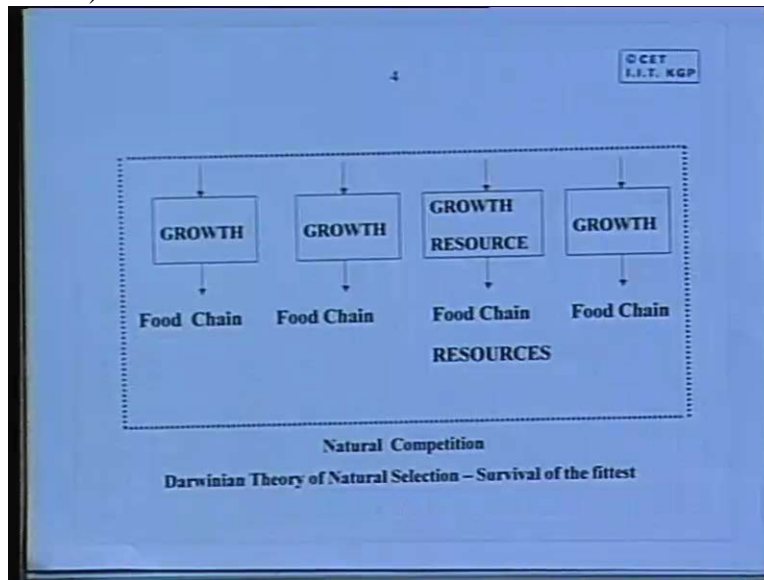
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Conceptually, an organization in the market place can be viewed as an organism also. Okay? Because it requires resources, it requires inputs. All right? And it has output. Output is, it grows, it prospers, all right? Now, organisms also, they mutate, they change and they grow, okay? This is one species of organism, same species organism O and O, all right? They have adequate; they have adequate resources, all right? This is another species but again the same pair, same pair of species, all right? When these adequate resources become inadequate, all right, you will find that out of these two, which are the same species, you have one and similarly here you have one. Both cannot coexist because when resources are theoretically absolutely adequate also, each is jockeying for a position to get the maximum resource. And in the process, each develops a unique advantage by which it can displace the other because it is competing and the unique advantage, wherever whichever organism can get first, they get their way and they displace and the other organism perishes. Isn't it same in the market place?

So, I think it is a very neat kind of concept, which has emerged. What happens here? These organisms, which we saw here, all right? They became here and then they, they won the first battle. They displaced the other and then they grew. And they grew, all right?

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And ultimately they multiplied, they mutated, they became complex, more complex and biologically they became part of the food chain. Anyone knows what is the food chain? In ecology? Tell me, what is the food chain? You mean this kind of a chain, which ties them together? Then what? The food chain is a symbolic chain.

I am not happy with that definition.

Like what? Give me an example.

Tell me Prit Pritpal. What is, what are we discussing now? Food? Something about food uh? Alu paratha? Tell me what is the food chain?

Each gap.

So, if you, if you eat [Foreign Language] tandoori chicken, where are you on the food chain? Somewhere...

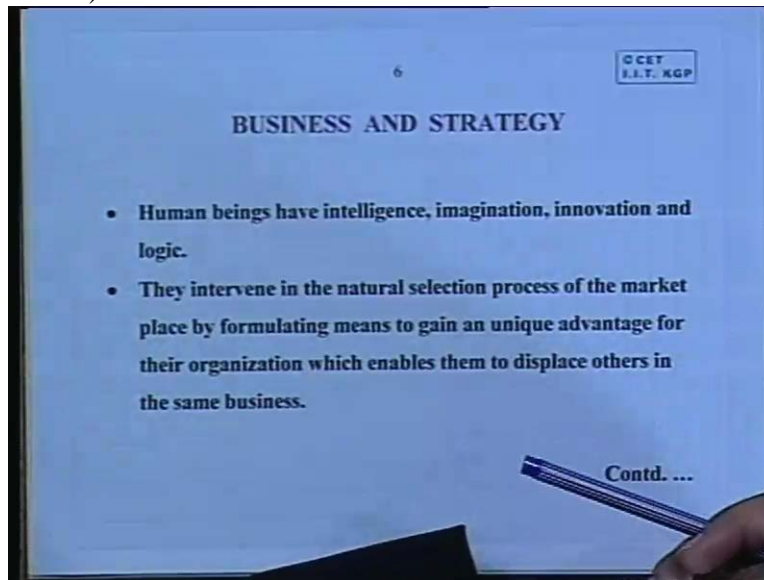
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Right. Something else and so on.

The same thing happens in the market place. If you are weak, if you are ever adjusted to the environment, uh, you are acquired by a predatory bidder. No, your company is eaten up, okay? So, the only difference is, you know in natural competition which we are talking about, a natural competition. See all this happens, the species that survives, the species that get displaced, all right? That happens by random chance and it happens by probabilistic theory. So, random. But in the market place, you know you are dealing with organization manned by the human species. The human species are a deadly species. They have got intelligence, all right? They can innovate, they are logical creatures, okay? They are aggressive.

So, what can they do? They can strategize. So, they inject, they intervene in the process. So, whereas natural competition is what drives the ecosystem and survival of the fittest is also called the Darwinian theory. You all heard about, Darwin wrote a monumental tome, the origin of species. Then, he propounded this thing, survival of the fittest. So, in systems which are in the market place, the organizational system, the business system, all right?

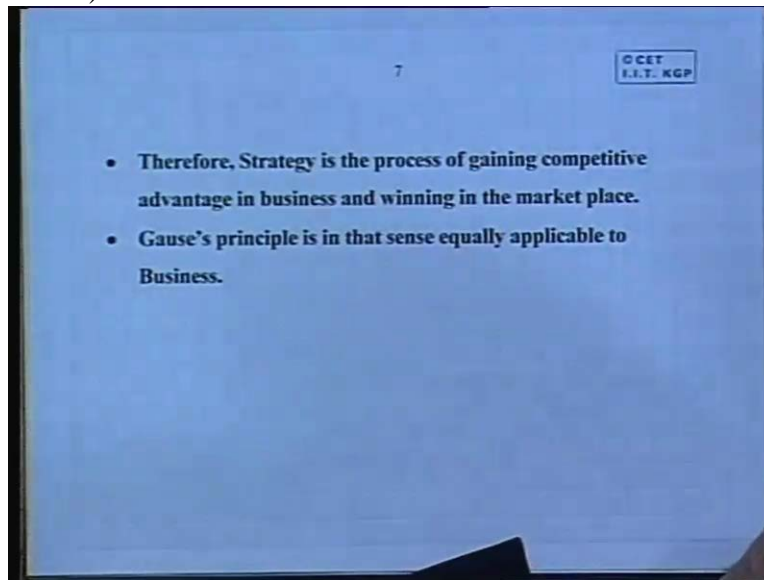
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Natural selection through natural competition, all right, does not involve strategy in the ecosystem. That involves, as I said, random chance, all right, and survival, which is probabilistic. But, in the sphere of business, although this is conceptually applicable, it doesn't really happen because as I told you, we are dealing with species, which are very deadly species. Did you know why it is deadly, the human species? Anyone knows? Think. So, anyone whose whose who can think be beware of it deadly. Is that all? There is another thing about the human species. This is the only species who fight with each other, the same species and kill each other and harm each other without rhyme or reason. In the animal world, you know, we are also partly animal. They don't fight all the time. They fight for what they need and no more. They are not expansionist. They stick out a territory, they require food and they are happy with that. Human beings are not happy. They are very aggressive and that's probably part of the rule. Of course, they started by killing off all other species or nearly succeeding, right? So many species are extinct now. They are fighting against each other.

So, human beings have intelligence, imagination, innovation and logic and so they intervene in the national select natural selection process of the market place, uh, by formulating means to gain a unique advantage. That's what survival is all about-unique advantage for their organization, which enables them to displace others in the same business, all right. Any comments on this? Anyone who agrees or anyone who disagrees? Anyone who would make any observations? No observations. So all agree? All agree. All right. The food chain has given some food for thought hopefully. Let us see. Therefore, strategy is a process of gaining competitive advantage-that is my submission to you.

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Strategy, all right, is no doubt an idea but I would like to call it 'process of gaining competitive advantage and winning in the market place.' That is what strategy is about.

So, there is a win-lose situation here. Okay? Not a win-win, win-lose situation. And you try and win by gaining some advantage. What could be a kind of advantage you would strategize for? What kind of advantage?

Advantage.

It is growth advantage? You become fat, which is disadvantage. Market leaders, what does it mean?

Market information

Right leadership? That means you charge highest price, and you get maximum profit, uh?

Innovations, that means you get the bunch of scientists who make patterns and all that.

Quality.

Cost effective technology.

To be the first see.

Look at the amount of ideas that have been generated?

Economies of scale, which means what? It means less cost. Isn't it, again.

So, look at how many things there are if you are managing director. How are you going to make a strategic plan? What are you going go for? All these things?

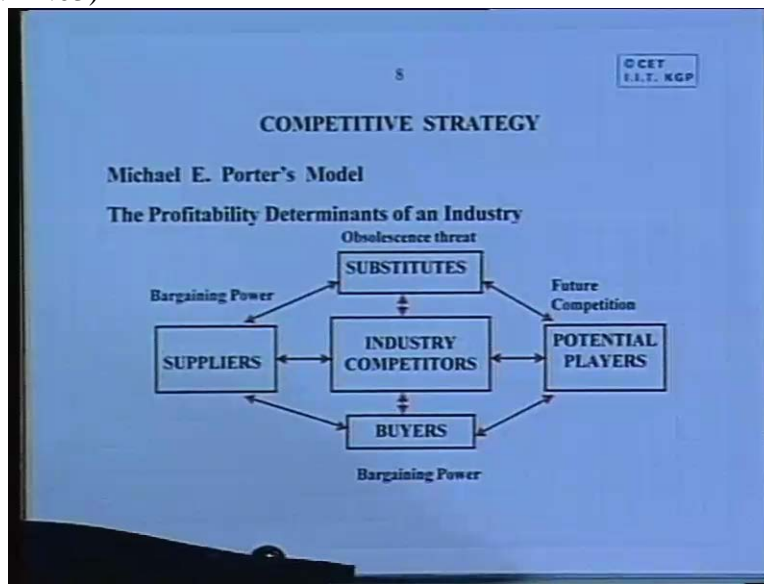
It depends on the environment. So, it doesn't matter what you do. One depends on the other, they are interlinked, so. Survive the comp. So he is taking a defensive cost you know. There is also defensive strategies we learn about that and there are aggressive strategies. Um, like in any any war you have to have defensive plans and you have to have offensive-attack-plans. Gause's principle is in that sense equally applicable to business. This is what I say, because you can't let down your guard. There will never be a situation where you have all resources for everyone in the market place to survive equally and grow equally and prosper equally. It will never happen. Therefore, always you have to be on your guard, to keep on developing a strategic advantage, which is nothing but something unique to you. Something unique. Someone said it is cost leadership.

That means, for the same product, which your competitor is making, if you can make it at a lower cost and deliver the same value, you are a winner. Why? Because you have a unique advantage. But of course, life is not so simple because there are host of other preponderables. If you can reduce the cost, how do you know that your competitor, all right, can't bring in a new kind of a substitute product, which is better than your product?

So, the under fittings of your product is simply swept away. He brings the substitute and so on. There are so many other variables but be that as it may, strategizing is an ongoing process. You can't make a strategic five-year plan and then stop planning and only do the implementing. Remember that in real life a plan made has to be implemented side by side. You have to keep reviewing what is happening because nothing is static in the market place; it is all-dynamic. And you have to keep, all right, running to keep standing, otherwise you fall behind.

So, any questions? Are you getting frightened because one day you have to take care of all this?

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If you become industry leaders. waiting for your chance. All ready to go. Good. That's the right attitude. See, you must have heard of Professor Michael Potter. Uh? See, he made some seminal work on strategy. If you talk of strategy, you must talk of Michael Potter, which Professor Dey will cover more in detail but I just thought I will give you a peak preview of it, uh.

So, he has talked of the profitability determinants of an industry and by profitability determinants, what he means is, in order to do well in industry, if you are prospering you have to be profitable. He is equating one with the other and I think that is logical.

And this is the Five Competitive Forces model. This is, all the time in the market place, you have five powerful forces, right, which is buffeting your organization. It is like as if you are on a sea, on a fragile boat and you have five forces always buffeting you and you have to steer through that successfully and make money. So, you have the first industry yourself. Say, you are making what, what would you like to make?

Cars, all right. If you are in the auto industry, all right, you have competitors. Now, the competitors are always trying to get a unique advantage so that they can displace you, grab your

market share regarding models. So, that's a very powerful force. Then you have suppliers. Usually you will don't think of suppliers as a powerful forces, do we?

You do?

Why? Why do you do that? Supplier's cost? He may increase the cost.

Ye , because a supplier is also an organization, right?

He tries for unique advantage also and one of the unique advantages is somehow if he can make his product, which is an input for you. If he can make his product into a kind of monopoly, you know, I am giving an example, he can command the price for it and willy-nilly you, who buy his product as a intermediate for your products. You will have to pay the price and you may not be in the fortunate position in your industry, because of competitors, to increase the sales price. So, moment your cost price increases your margin starts sinking, uh. So, adding value, there is a definition also. It is an economist definition but it is used by Michael Potter. Anyone has heard of the definition? What is adding value? In business, we call profit is, isn't it? Sales price minus cost price is equal to profit in economics is adding value. That is, the costs, all right, which you incur in adding value, should at least be more than the amount, which you realize from the client, okay? And another way that is put by finance people is that you must at least earn or by return the cost of your capital, isn't it?

So, that's a simpler concept. Businessmen use it all the time. When you make project reports, to see we call it hurdle rate. That means, yes , the amount that you are going to pay in terms of money, which you give into this project, all right? The earnings in sometime, is it at least going to be more than if you could put in the bank or borrow from a bank. It costs you so much. Is it at least more than that if it is not? Then there is no question of entering into it. Unless there are other circumstances, there are qualitative reasons why you want to do it. It may be a strategic issue. Tactically you may loose, strategically you may gain and so on. Then, you have potential players. What is 'potential players'? Lurking there in the background, in the shadows, is always a competitor who is not there today, he is not a player, he is not a competitor but he may rear his ugly head tomorrow and enter into the market place. So, that's also a very powerful force and what encourages this 'potential competitors', can you tell me?

What encourages the potential competitors?

Correct. Dead on. A profit of the industry. If you are making dirty profit is, in the sense wealthy rich profit is, what you are going to do? You are going to attract competition, , like flies to a honey pot. So, when you, if you have a nice business going, moderate your profit because remember, if others see that your profit is very high, they will be tempted to come into the same business again.

Potential players and substitutes. What is 'substitutes'? 'Obsolescence threat'. What do you mean by, you are making cars, how can there be obsolescence? Is there a threat?

Better model. Would you say that's a substitute threat-a better model of a car? No. Why? Why? Module. Will you defend your position? He says no. That's not a...

More, new car? Is it obsolete? What is obsolescence? What is economic obsolescence? Tell me. Okay. The word substitute is self-explanatory. If tomorrow you have a, if you have a car or transportation medium. Let us not call it automobile, all right, moving from place A to B in comfort, projecting a macho image and what have you if you have medium which levitates, you know, like you see in this future futuristic movies-you just sit there, close the door and it just

sails along. That may ring a death panel to the to the conventional automobile however modeled it may be and whatever changes you may make. Or a very good example is, you know the plastics, which came in, the polymers, by way of plastics, various types of plastics- polyethylene- is practically, it has taken a huge share of business from paper. Of course there never may be an occasion when it will be completely, may be, replaced, barring few occasions.

Record players are obsolete. So, this is one of the few no one uses it anymore. They collect it but they don't use it, as antiques. But you will, you you think for a moment. I don't know if you are old enough but in the old days all buckets used to be either made of peetal or aluminum, means metal, or iron with galvanizing. These were the buckets. I don't think, except in remote villages now, you will find too many of them. You might find a few but it is mainly all plastics.

Right. You have rigid PVC. Are you talking of water pipes or sewage pipes?

Yes , so there is, there

Electrical?

No. Never. Wires of silver?

Maybe my electrical engineer is totally obsolete.

They choose copper, for contacts they used to make silver. You see, silver cadmium alloy, for contacts but for the basic conductor it was copper. Uh, where who told you this? In Punjab? What kind of wires? For what? I mean, I am sorry to...

We will discuss about separately. I have grave doubts about this? It cannot be. I have grave doubt. It is too costly. It is too costly. Yeah, but what has happened is, in our country, one of the few countries in the world, copper, large amounts of copper which was used for electrical applications, mainly for conductors. Uh? That is, cables, not overhead wires but cables. Copper has been replaced in India practically by aluminum except for some specialized application like control purposes. Control purposes, copper conductivity is better and for low voltages, which are used for control to have an acceptable voltage drop. At the receiving end of the line copper is allowed but otherwise it is all aluminum, all aluminum, but in switchgear etcetera you have various alloys, which are used for contacts, okay, because it has more life.

Anyway, coming back to substitutes. Substitute is also a powerful market force. You agree or you don't agree? And it has become more and more powerful because you have come into the twenty first millennium where the new kind of industries which have come, you know, the electronic industries and the information technology and the software industry. All these have got products and services, all right, which can be substituted at the drop of a hat.

Today, you have a good product. Tomorrow's product is obsolete. Someone has brought in another product which is form of powerful, it is cheaper and where are you? You're gone. So, buyers, suppliers. Buyers, what is this 'buyers'? Are they your purchase officer or what does he mean by buyers? Customers, yeah. How are they powerful? They can bargain with you, they can bargain with you. How can you get into a better bargaining position with your customer? Offer more value. How? How?

No, no let us be specific. You give him a discount, lower the price or what you do? Promise? You think customers are so foolish? He'll pay you hard currency for a promise?

He wouldn't, he wouldn't pay you that.

Backup is what? A promise no? Sir, I will backup

Guarantee. Okay. But, you see how interesting the situation is. There is a constant uh jockeying for advantage. Is it not going on in the market place? All the time and not along one plane, but in five planes. You have to manage all of them. So, so you have to know about the whole system, the holistic, otherwise you cannot manage an organization. Yes.

Substitutes products of different comp. I don't think the Potter model means that because that is competitive product, it is not a substitute. In a sense, let us say you are selling communication equipment, right? Now, here we have the wireless telephone and you have the wire telephone. One would be a substitute for the other. But if you have TATA phones or your, AT and T phones, you know, the telephone instruments you are selling, one would not be called a substitute for the other. It will be a competitive product. Would anyone agree with or disagree with this?

Everyone disagrees? Agrees, good. So, bargaining power, future competition, obsolescence threat and here also, bargaining power. Suppliers and buyers are always bargaining. That's why, quite often you will have sales, , executives make fairly good purchasing executives also, because it is two sides of the same coin. It is basic bargaining, negotiating, we have, we have learnt negotiating in some other subject. But you see how these subjects merge with each other. In this subject, strategy, you know organizational structures, which we learn in the first semester, they become very important in strategy, in order to drive. We also had the phrase no, in that subject which we learnt organization structure and dynamics uh?

So, there we've said that the strategy, all right, will drive the structure. Did we not say so? So, you'll see how it drives the structure now. Things will start falling into place. Any questions on this? Okay.

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This is another, Michel Potter's. He made two, two books I think you should read that. It is a part of your reading material. , one is. First book he wrote was comparative strategy and then he followed up with comparative advantage. And I have given a third book by Pfeffer that is

competitive advantage through people because people make the difference, particularly an implementation. So, here, he has the model here, conceptual model and that is competitive strategies to advantage. So, he said there are three main basic parameters here. The first is cost leadership, second is differentiation and the third is narrow target that is focus. Focus-you can have a cost focus or you can have a differentiation focus. So, this is very broad-cost leadership and differentiation. This is a narrower target-focus. Focus is narrow because obviously we are focusing on a part of the whole. So, tell me, cost leadership. How can you achieve cost leadership? How can you achieve cost leadership? Cost is made up of what? Cost of raw materials. How would you get raw material at a cheaper price? Bargaining. Enough. Vertical integration. , backward or forward? Backwards. It may or may not be cheaper. If you are good at it, it may be cheaper. If there are special reasons why, this will cost you less otherwise it may be that people who only make the material are experts in that and he may make it at a cheaper cost or lower cost than you, okay? What is differentiation?

Yeah, basically says you can differentiate on cost but that is so important a parameter that this is given as the separate parameter, that is, cost leadership but differentiation is made on what basis? Product value. Features. Like what? Give me an example. Features, how would you differentiate with features? Say, automobile. How will you differentiate? Easy financing of the car. You can give an easy financing others can't give. That's how you are differentiating. Okay. What else? Boot space in the car. Fuel efficiency. More dealerships.

Sir, there is a basic example of anchor tooth paste, like hundred percent vegetarian tooth paste. It was differentiating from the other product because the, that is, you are trying to get a unique advantage essentially, isn't it? Trying to strategize on the basis of getting a unique advantage, right? What about focus? Why should you focus? I mean, you should get a complete advantage over your whole spectrum of business, know. Why focus? Anyone? Who would like to use focus as a strategy for unique advantage? Someone there. There's no problem. Problem is, there are five forces. This is not a problem solving. This is strategizing. We saw all the five forces there and you have to gain unique advantage. I am, somehow, you have not convinced me why should you focus at all.

Sir, I can give an example.

Give an example, that's easier. That was the entry strategy. So, they focused as the entry strategy but later on they might change the strategy. If there were enough volumes they may then try for cost leadership also, may. Main strategy driver but for a limited period of time because all this is time bound, things keep changing. Okay, I accept that. Okay. Focus on the strength, all right. Anything else on this? Then we come to strategy implementation.

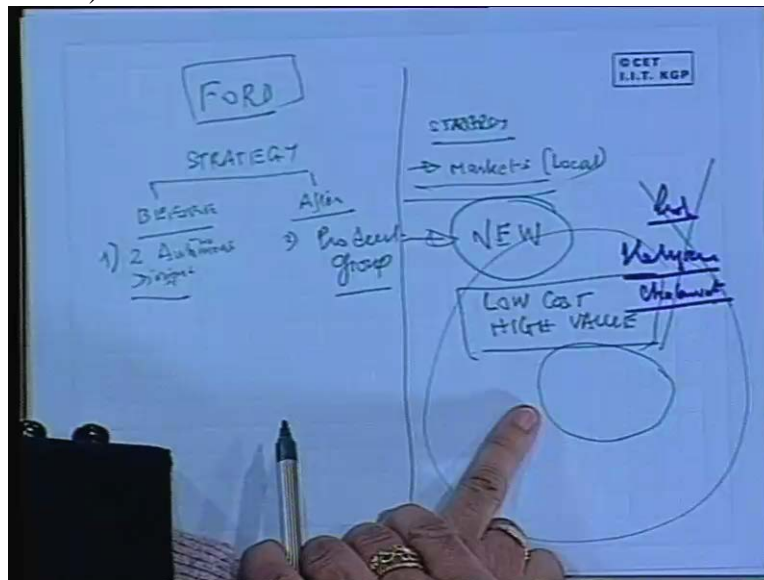
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So, basically what we said is, strategy is basically getting a unique advantage. That is what strategy is about and then sustaining the unique advantage through successive changes in the environment. That's the name of the game because if you don't get it someone else will get it and you will fall behind. So there is no luxury of a choice. Whether you like it or not, whether you do it consciously or you do it unwittingly, you have to play the strategy game, the moment you enter into business. Okay? Now, one part of it is strategy formulation or strategy planning or strategic planning. And equally important part is strategy implementation. And what I have said here is good competitive strategy coupled with good strategy implementation gives sustainable competitive advantage. And effective implementation is, a many-splendored thing—understanding of strategy by implementing people, who are going to implement—implementers, committed team who will implement it, appropriate organization structure, monitoring and accountability, appropriate systems and processes, correction and review if things are going wrong and employee development and rewards.

So, it is a very very complex thing, isn't it? Very complex. So, at this stage I think we can go over to the Ford case. Who would like to tell me what was Ford's earliest strategy and how Ford under Alex Trotman said that they have to change strategy?

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Ford-before and after. What was Ford's strategy earlier? They are two autonomous, completely autonomous plants, one in, one for the European market and one for the American market. Autonomous plants. Divisions. Divisions. And later what did they...

One at a time. Yes?

Products. Could you say, along the products? What do you mean by product platform?

So, product group, this is the essential difference, which they did? So, what we are saying is, the strategy, strategy was driven by what earlier? Sir, market. Market.

Would you agree with that?

Local market.

Markets, local.

And now they are driven by what?

Global market.

That means you had the market here, which is local. Now we have one market- global.

Japanese and Europeans and Americans. Earlier they were not competing you know. No I am asking, I have a doubt.

Has the market changed? Do the Europeans like big cars now?

Hold it. Oh, I am saying, earlier you are saying that we did not market. The Ford company organized on a market need because they said in Europe they have more you know, they like smaller cars, they like better engineered cars-the styling-the what they like is better or so on and so give the customer what they want, right? Now, they could have given the customer the same things from America, could they not?

Yes.

But why did they establish a division in Europe?

Sir, earlier

But, why didn't they do it earlier? Because same decision...

So, something new, new came in the environment, is it?

But, how do you say cost is not a major concern? How can you theorize?

Didn't they have General Motors, big daddy who was competing with them? Didn't they have Chrysler? I agree with all you're saying. I am just trying to search for a reason. Some think tank must have sat there. What, what he's saying is there is a new phenomenon which happened now, which made it necessary for them to review and re-examine this strategy of being customized solutions in terms of cars for the local needs.

And new one, he says, the new threat in the environment was essentially the Japanese. Now do you agree with that or not, having read this case? So, what was a threat? To generalize a threat, threat was that the, in the competitive environment, that is that model-Porter's model-competitive forces. A new kind of force now entered and that was a high quality, low cost kind of a competitor. Now, it could have been Japanese or can be anything but low cost and let us say high value. Now, having said that, you mean to say that customers earlier, in America, North America as well as Europe, they were not demanding low cost and high value, are you telling me that?

What do you mean sell, as they were so many European and English companies there? That we always want, don't we? These Japanese actually did a great service for the consumers right? With JIT and all that, as you say. See, as I see, in Europe, do you think there were consumers who looked for value? They were willing to pay for some value earlier and moment you gave that value, you could charge a little premium for that because the customer is willing to pay for that. Yes or no? But now, what has happened? They are no longer willing to pay because the same value is being delivered at a lower cost. So, essentially as I see from this case and I hope you agree, they had a cost problem on their hands because the cost of manufacture had become high as compared to this new competitor, the Japanese, who came in, who are giving good value equal to theirs but the cost was apparently lower, apparently. Why is, why do I say apparently? It is not easy for you to know a competitors cost. What do you see all the time?

You see is net price, isn't it? That's public domain, you know the net price. You don't know it is cost. But if the public domain is balance sheet, you study and see, it is making healthy profit, you can safely conclude it is cost must be lower than yours because at a lower price he is making better profit is. So, you can deduce it although you don't get it directly. You can deduce it is costs, okay? So, it is a cost really which became a threat to Ford company and then they started thinking how to counter this threat.

Yes. Never is it mentioned. No, is it? Read it out, read it out. Is that doubt clear, or no? Nimble, I mean he doesn't say that Japanese were giving lower cost but I think it is a safe assumption. What does he mean by nimble? Means that they are faster than you are. More efficient. So, the implication is, they are less costly. No, Ford was not over charging. Ford was charging a fair amount. What has happened is someone else comes forward, and says, look I can give you the same value at a lower price. So, the customer says all right.

Yes.

Okay, can we take a five minute break now and then review the discussion on this? All right.

Thank you.