Competitive Strategy

Strategic Intent:

The comparison of two chemical companies: 3M versus Polaroid

***JRL* 咨詢公司 (*JRL Consulting*)**
科技管理職場發展咨詢
電郵: tech@jrleeconsulting.com
網站: www.jrleeconsulting.com

It is not necessary to setup the strategy to take on larger or better-financed competitors for a company to establish its own "strategy intent" as 3M with the strategy intent to be a 20 billion dollar company with the contrast of the other similar company like Polaroid without a clear strategy intent that phased out of the industries. Both companies are well known even now, but 3M is on its way to be a 20 billions dollars company, and Polaroid became a private-held company (Petters Group Worldwide of Minnetonka, Minn. since 2002) that generates sales (revenues) through traditional products and brand licensing.

What happened? By and large, these two companies were both chemical (material) companies with core competencies in coating and material science. The differences are the "strategy intent" set by 3M to be a 20 billion dollars company with Polaroid with a short term strategic plan trying to compete in the digital/imaging industries. With declining sales of coated materials: video tapes, digital tapes, films and the fast expansions of digital products since late 1990, forced major companies like Kodak (much later), 3M, Polaroid, Fujifilm to modify their long term business strategies. As one of the 2nd tiers of film producers, 3M (private brand for Kmart film) focused on their core competencies on coating technologies and material science to expand its brand relevance and resonance while revising their business model. The strategy intent is to grow the company to a 20 billion dollar that was an almost unreachable strategy for the "old" and "traditional" chemical company.

To reach this intent, 3M went through mass customization of its productions (even the sale of highly profitable Dryview products to Kodak), and this process created a broader array of niche products as shown on its website that originated from its central brand position. Use this strategy, 3M built and retain relationships with smaller subsets of a mass market while growing the entire brand franchise. While 3M was making stride, Polaroid was trying to continue its short term strategy (competitive imitation with Kodak and FujiFilm) without a long term vision and with highly competitive and low profit margin of digital world. As a name brand associated with instant film, Polaroid enjoyed being the number 1 in the US market. But as a film producer, Polaroid was far behind Kodak, Fujifilm as well as Agfa and could only be categorized as a 2nd tier like 3M. If Polaroid had set a right strategy intent like 3M, it would have utilized its core competencies in coating and material science to create a new venture that can be promoted the use of its relevant strong brand in instant film arena.

Had this strategy worked as good as the one for 3M, Polaroid would have not only survived but also prosper. Instead of taking this route, compounded with bad judgment for not proper doing self-assessment, Polaroid followed the footsteps of Kodak but without deep-pocket and with much less technical know-how, Polaroid entered consumer and commercial picture printing business that completed with HP, Canon, Epson and even Kodak. Polaroid didn't stand a chance. Polaroid lacked in size for research, financial support and underestimated the complexity and the time needed to create and grow a new (old) business in picture-printer. It was late to the market for competition and slipped far behind ever since. When the demand of the instant film dropped substantially, they went bankrupted in 2001. For a company to succeed in a global competition, knowing the importance of "strategy intent" is as important as knowing your own core competencies. 3M has grown as projected to a 20 billions dollar business. While Polaroid didn't manage (without a strategy intent) as it should, it went bankrupted and became a private held company.

Reference:

1. www.3m.com
2. www.polaroid.com