

Ecolab, inc.



The Johns Hopkins university Carrey Business School Case Study Question 1: How does Coal make money? What is Caleb's competitive advantage? There are several reasons that Coal makes money, Firstly, from 1985, Coal implemented a new strategy called "Circle the customer, circle the globe". That was a strategy that providing to Caleb's principal customers total solutions - both products and services - in cleaning, sanitation, and maintenance.

This strategy made the Coal breakthrough the limitation of being only an industrial volume soap company; it expanded Caleb's scope of products and services. After this strategy, Coal provides products and services ranges from specialized kitchen and laundry cleaning equipment and dispensers for its soap, to training and support to the customer's staff, and regular quality checks and servicing of their equipment.

The wide range of products and services brings about more choices to Caleb's customers and makes the company suit to different market segments. Additionally, more products and services enhance the branding awareness, and are profitable for winning the market share. Secondly, accurately grasp of the market structure also makes Coal be profitable. The Institutional Division had become Caleb's core business, and in 1992, one-half of the company's revenue and over three-fourth of its operating profit came from Institutional Division customers.

Thirdly, the failure of the competitor also gave Coal a great opportunity to be successful. The market for national accounts was essentially a duopoly, dominated by Coal and Diverse. When Diverse acquired Diverse, some

Dubious employees migrated to Coal, in this case, Coal acquired a fleet of experienced and skillful employees, and this gave rise to advantages of human capital to Coal. From above. We can get that the competitive advantage of Coal includes several aspects: 1 .

Decision Making: the brilliant strategy of expanding products and services give Coal chances to grasp market and customers, enhance the branding awareness, and then make profit and progress. 2. Human Resources: the acquisition of competitor brought Coal many skillful and experienced employees. 3. Market Share: from the exhibit 3, we know that Coal occupies 45% of U. S. Market shares and 65% National Accounts Market shares.

Question 2: As the newly appointed president and COO, where should AY Schuman focus his attention?

As the newly appointed president and COO, Mr.. AY Schuman needs to pay more attention on: 1 . Customers: It is brilliant that to keep the large institutional customers as the company's main target market, but neglect of street accounts may 'Off already been dominating the market for national accounts with market share of 65%, the company may be able to make more effort on the street customers in order to enhance the total market shares. 2. Competitors: The main competitor of Coal, Diverse Corporation, is owned by Nelson Companies of Canada, which had 2. Billion revenues and 126 million net income in 1992. That means that, after acquiring the Dubious, Diverse Corporation still has a strong financial background to expand its products scope and market. Mr.. AY Schuman needs to keep the Coal keep moving forward in order to avoid being caught up by the opponent. 3. Products Innovation and Service: To innovating new products and maintaining large

and qualified service was key factor that promoted the development of Coal. To maintain leading position in the industry, Mr..

AY Schuman should remain the company's products innovation and services.

4. Institutional Division: There are already some disharmony disputes occurred in the institutional division, some of the experienced senior executives of institutional division had expressed unhappiness and regret against both the lead of the division and Mr.. Schuman. Since the institutional division is the most important department of the company, the mismanaging of institutional division may cause irreparable damage to the company.

Question 3: What is interesting about Caleb's human capital management?

Coal, Inc. Has three main employee divisions. The workers of the manufacture division are low-skilled and low-paid workers. Their operations are made sure of simple, safe, and reliable by the innovation division, which can be regarded as the developing and research department. For the innovation division, Coal has hundreds of scientists researching products safety, food safety problems and water and energy solutions.

Studying the viruses and bacteria that can make people sick - and how to destroy them. Investigating how a new technology can impact - and be impacted by - the efficient use of natural resources. To fulfill the goals set up for the developing and research department, Mr.. AY Schuman aggressively pushed for product and process innovations within the institutional division. The goal was set to that at least 25% of the products sold by the division be no more than four years old.

The other crucial human capital management of Coal is inside the national accounts team, which is being led by the institutional division. A team of five senior executives led the national accounts team, and one of them is Jack Ford, who is the senior vice president and responsible for the administration of the team. Other four vice presidents managed relationships with the headquarters of the national account customers and supported by 32 assistants and several account managers.

This is a pyramid hierarchy organization, which give rise to the benefit that each senior administrator could control each region clearly but without charging for every business.