

A Management Research Paper for
ECOLAB PHILIPPINES, INC. (EPI)

A Management Research Paper
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EXECUTIVE SUMMARY

Ecolab is the global leader in water, hygiene, and energy technologies and services that provide and protect clean water, safe food, abundant energy, and healthy environments. In the Philippines, the Ecolab subsidiary is Ecolab Philippines, Incorporated, which is primarily a specialty chemical company. It is engaged in the manufacture, warehousing, and distribution of cleaning and sanitation chemicals.

The Mission statement of Ecolab Philippines, Inc, was evaluated based on David's (2011) nine elements: Customers; Product or Services; Markets; Technology; Survival, Growth and Profitability; Philosophy; Self-concept; Concern for public image; and Concern for employees. As a result, all required elements may be found in the current Vision, Mission, and Values of Ecolab Philippines, Inc. and, therefore, no recommended revisions were made by the researcher.

Environmental analysis shows that the Philippine market is growing, particularly, in the Hotel and Restaurant industry indeed, new technology such as Nano technology is also a good opportunity

for Ecolab's new product innovation in any case, regulatory controls are strengthened thru policies issued by the Food and Drug Administration (previously Bureau of Food and Drugs) and Republic Act 9711, among others. Porter's Five Forces analysis for Ecolab Philippines, Inc shows that the Threat for new entrants is High; Rivalry among existing firms is also High; Threat of substitute is Low; Bargaining power of suppliers is Low; and Bargaining power of buyers is Moderate. The External Factor Evaluation (EFE) Matrix indicates that a growing market is an opportunity for Ecolab Philippines, Inc. while economic downturn is the most significant threat. Identified key success factors of Ecolab are: Acquisition strategy – having acquired 52 companies since 1997; Disruptive innovations; Circle the customer - Circle the globe approach; and good After sales service. Competitive Profile Matrix (CPM) analysis shows Diversey is the biggest competitor followed by local competitors – Chemsol and Kalinisan.

Meanwhile, the Internal Factors Evaluation (IFE) Matrix analysis indicates that Ecolab Philippines, Inc. has a high potential for strengthening offerings in the industry. Ecolab's current global

strategy focuses on four key drivers: Clean Water, Safe Food, Abundant Energy, and Healthy Environment.

The Threat-Opportunities-Strength-Weakness (TOWS) Matrix has identified three strategies: constantly introduce highly-differentiated innovative products; offer the best possible product and service at the most fair price; and continually improve internal process to maximize efficiency. The Strategic Position and Action Evaluation (SPACE) Matrix suggests that Ecolab should pursue Aggressive strategy since rapid market growth has been identified in the environmental analysis. The Internal-External (IE) Matrix indicates that Ecolab should use a Grow and Build strategy through market penetration, market development, or product development in congruence with the Differentiation Strategy. The Quantitative Strategic Planning Matrix analysis shows that Disruptive Innovation, through Research and Development, is the suitable strategy; on the other hand, New Technology Acquisition got a lower score.

Ecolab Research and Development's (R&D) organizational structure is currently centralized. Firms with a centralized R&D draw more on innovations from other organizations than firms with decentralized R&D (Argyres & Silverman,2004).

The researcher recommends Strategic R&D Alliance in the Philippines. Truly, alliances are not limited to suppliers, customers, private and public organizations, and research facilities. Here, the Vitality Index was used to measure the success rate of a new product or system introduced in this alliance strategy.



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