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Organisational Expansion Plan: Strategic Analytical Frameworks for Growth

Executive Summary

Selection of organization – “Dabbawallas” – Food delivery chain in India (Mumbai)

This playbook outlines a comprehensive plan for the organisational expansion of Dabbawallas, dressed in white outfits and traditional political Indian caps as worn by Mahatma Gandhi, an army of people from Mumbai (Bombay) a metropolitan city in India delivers home cooked food from families who prepare lunch to their family members in corporate districts on a daily basis on time at least cost. They also have a massive kitchen that feeds 2-3 million people in Mumbai on-time, food prepared under hygienic conditions.

They provide healthy food and also cater to delivering food from families to their working family members punctually daily.

The Dabbawallas of Mumbai-India, a globally recognised food delivery network known for their Six Sigma efficiency, offer a compelling model for hyper-local logistics and community-driven services. With increasing demand for sustainable, reliable and cost-efficient delivery services in India’s growing metropolises, this strategic plan proposes a structured expansion of the Dabbawalla model into cities such as Delhi, Kolkata, and Chennai. Drawing on Michael Porter’s competitive strategy frameworks, this paper evaluates the strategic fit and feasibility of such expansion, proposing a prioritised path supported by operational data, stakeholder engagement, and digital transformation initiatives. This revised strategy integrates insights from Harvard Business Review, McKinsey, and empirical studies on operations management to critically appraise both opportunities and constraints.

Let’s take a lens eye view into the mechanism of how they operate under Six Sigma framework achieving 99.98% error free delivery every single day. They focus mainly on food delivery, both the food and lunch box belong to the customer, which is delivered safely whatever be the geo-economic, climatic conditions.

Their 3 main reasons of the secret sauce of success is :

- 1) *Customer satisfaction is their primary focus* – If they have a customer base of 200 customers they ensure 200 of these customers are happy, error free delivery
- 2) *Care about what you do* – Their employees work with passion (dabbawallas) as they invest care and attention to execute the tasks assigned to them without error / mistake.
- 3) *Serving food is serving the almighty* – The delivery people (dabbawallas) take pride in their role, the company has a chain worn around all the employees neck which symbolises their commitment to not smoke or drink during work hours to ensure when they deal with families to collect lunch they are in complete dedication and commitment to understand the delivery needs and bucket their delivery to ensure it reaches the destination on time

A. Expansion of market to other metropolitan cities in India

The idea is to expand this organisation across prime metropolitan cities in India like Chennai, Calcutta (Kolkata), Delhi (capital city of India).

Whilst there are multiple services like Runnr, Swiggy, Deliveroo etc who cater to similar demands, the cost of operations of these organisations is higher and the

Accuracy and precision of timely delivery failure rates are higher too

Dabbawalla has a proven track record and a certified framework that if expanded to other markets could not only make the country healthier by eating home cooked food but this could also expand up to other market segments like delivery of groceries, vegetables and various other household items within time and quality

B. Strategic Analysis using Porters Five Forces

Porter Five (5) Forces Model was proposed by Michael E. Porter in 1979. The purpose is to assess and evaluate the competitive positioning and strengths of Dabbawalla against other of its business organisations. This model has three horizontal competitive forces (Threat of Substitute Products or services, the threat of new entrants and rivalry among existing firms) and two vertical forces (Bargaining power of buyers and bargaining power of suppliers).

By applying this model, The Dabbawalla System can continue to provide On-Time Delivery Every Time to determine the industry attractiveness and understand its competitive positioning in the market. The analysis can also be used to make some strategically wise

decisions that could improve the performance of The Dabbawalla System On-Time Delivery Every Time and ensure long-term survival against impending competitors.

Threat of new entrants reflects how new market players impose threats to the existing market players. If the industry will be profitable and barriers to enter the industry are lower, it enables attraction of more players and hence, the threat of new entrants. will be high.

Here are some factors that reduce the threat of new entrants for The Dabbawalla System On-Time Delivery Every Time:

Entry in the industry requires substantial capital and resource investment. This force also loses the strength if product differentiation is high and customers place high importance to the unique experience.

The Dabbawalla System On-Time Delivery Every Time will face the low threat of new entrants if existing framework imposes certain challenges like passionate resources etc. to the new firms interested to enter in the market. In this case, new players will be required to fulfill strict, time consuming such requirements, which may discourage some players from entering the market.

New entrants will be discouraged if access to the distribution channels is restricted through known channels.

In summary the Dabbawalla system can tackle the Threat of New Entrants by few of their unique selling points:

- The Dabbawalla System On-Time Delivery Every Time can reduce the Threat of Substitute Products or services by clearly emphasising how its offered product/service is better than the available substitutes.
- It should provide convincing reasons to the customers by offering a better experience and high value for money.
- It can raise switching costs by working on loyalty.
- Lastly, it can improve the quality, maximise value for money and set strong differentiation basis to discourage customers from using the substitute product.

Rivalry among existing firms indicates the number of competitors like Runnr (Bangalore), Deliveroo (across cities), Swiggy (across cities) etc. that give tough competitions to The Dabbawala System on-time delivery.

In order tackle with rivalry with existing similar food delivery firms, Dabbawalla should focus on the implicit needs and expectations of its customers to strengthen the differentiation basis. It should raise switching costs by developing long-term customer relationships. The organisation should also invest in research and development activities to identify new

customer segments. In some cases, collaborating with competitors can be mutually beneficial. The organisation can look for this option as well.

Bargaining Power of Suppliers, reflects the pressure exerted by suppliers on business organisations like Dabbawallas by adopting different tactics like reducing the product availability, reducing the quality or increasing the prices. When suppliers have strong bargaining power, it costs the buyers- (business organisations). Moreover, high supplier bargaining power can increase the competition in the industry and lower the profit and growth potential for The Dabbawallas. Similarly, weak supplier power can make the industry more attractive due to high profitability and growth potential.

Bargaining power of suppliers will be high for The Dabbawallas in the following circumstances:

- This force is particularly strong when the cost to switch from one supplier to other is high for buyers (for example, due to contractual relationships).
- When suppliers are few and demand for their offered product is high, it strengthens the suppliers' position against Dabbawallas
- If Dabbawallas is not well educated, does not have adequate market knowledge and lacks the price sensitivity, it automatically strengthens the suppliers' position against the organisation.
- Other factors that increase the suppliers' bargaining power include-high product differentiation offered by suppliers

Contrarily, the bargaining power of suppliers will be low for Dabbawallas as described below:



- Suppliers are not concentrated
- Switching costs are low
- Product lacks differentiation
- Substitute products are available

Bargaining Power of Buyers, indicates the pressure that buyers exert on business organisations to get high quality services at lower prices (800 Rs / month 10\$ / month delivery charges for Dabbawallas) with excellent customer service. When buyer power is weak with less competitors to Dabbawallas, it makes the industry less competitive and increases profitability and growth for Dabbawallas. On the contrary with the rise in similar services through Deliveroo, Runnr, Swiggy etc. quality & timeliness of service with zero errors is the only gauge which will help keep Dabbawallas ahead of the competition.

Few factors that increase the bargaining power of buyers:

- Focussed customer base
- Demand for such services are lesser than the number of suppliers
- Low switching costs from one supplier to another
- Organisations to self-cater to similar services at lower cost
- Buyers higher market knowledge and standard service model availability

Few factors that decrease the bargaining power of buyers for Dabbawalla:

- Lower customer concentration by geographically spread
- Lower market knowledge on similar services, less education on similar services
- High switching costs, initial down payments to sign up for similar services on long term basis

Dabbawallas can strengthen their position by increasing and diversifying their customer base. It can be done by introducing new services like catering for marriages, events etc., targeting new market segments and adopting product diversification strategies. Marketing and promotional strategies can also be helpful in this regard. Building loyalty by embedding innovation and offering excellent customer experience can raise the switching costs, which will ultimately reduce their bargaining power. Dabbawallas can adopt these strategies to strengthen its competitive positioning in the market.

Threat of substitutes, refers to services offered at scale across geographies with better quality at lower costs could impact the user base heavily. Thorough market analysis to involve some level of digital transformation to convert manual tracking to automated tracking through i-devices could help keep ahead of the niche technology advancements which other competitors may adopt yet on low cost within their own private cloud platforms.

Dabbawallas can combine the Porter's Five Forces Model along with the PESTEL framework to determine the industry's potential future attractiveness to similar services.

Strategic Formulation using Porters Five Forces

Porter's Generic Strategic Formulation when applied on Dabbawallas will be as follows:

a) Cost Leadership

Dabbawallas excel in cost efficiency by leveraging economies of scale in simple logistics. Their operations offer high quality service at low cost. Their pricing strategy is particularly effective in penetrating market share among price-sensitive customer base

b) Differentiation

Their Six Sigma accuracy helps them achieve incomparable reliability, accuracy with personalisation in hot meal delivery. This help maintain their brand image on high customer loyalty and strong brand reputation.

c) Focus Strategy

Dabbawallas focus on niche market segments delivery homemade lunch boxes across Mumbai. Their already capture market segment of customers are highly dedicated where they maintain by ensuring consistent satisfaction and repeat business.

Porter's model assumes static positioning. As McGrath (2013) notes, transient advantage and agility matter more in modern contexts. An adaptive strategy using the Dynamic Capabilities View (Teece, 2014) and Blue Ocean innovation may yield more sustainable outcomes.

Dabbawallas have been a major hit in Mumbai for the past decades, due to the dense urban population of middle to higher middle-class population who rely on home cooked food for health and economical factors. Mumbai's robust transport enables them to meet the given deadlines consistently to manage timeliness of delivery which is key success to food delivery services. The Dabbawallas clone the military like precision, which is integral to their overall success.

Nevertheless, this kind of services can be expanded across other regions within India and other global locations by tailoring the model to fit the specific customer needs across cities. Leveraging local community networks is essential to make this a success in other locations. The key transformation would be around incorporating technology for better customer communications breaking language barriers to build trust.

Adapting a similar service framework in a city like New York is possible with a Pilot Program which can focus on the following

- a) **Start Small:** Begin with a pilot program in a specific neighbourhood or business district to test the model, gather feedback, and make necessary adjustments.
- b) **Scalability:** Once the pilot program proves successful, gradually expand the operation to cover more areas within the city while maintaining high service standards.
- c) **Community Engagement and Spread the work:** Engage with local communities and businesses to build trust and awareness about the service.
- d) **Cost Efficiency:** Adopt a subscription-based model, providing cost-effective meal delivery solutions for businesses and individuals who subscribe for weekly or monthly services. This can help in maintaining a consistent revenue stream
- e) **Partnering with Local Suppliers:** Collaborate with local restaurants and home cooks to source meals, ensuring that deliveries are aligned with New Yorkers' diverse culinary preferences

Threats and challenges for expansion strategies

A) Traffic Congestion:

Challenge: New York's traffic congestion can significantly impact delivery times and reliability.

Solution: Utilizing bicycles and leveraging the city's extensive subway system for certain parts of the delivery route could help alleviate this challenge.

B) Public Transportation Variability:

Challenge: While New York's subway system is robust, it can be prone to delays and unexpected maintenance issues.

Solution: Adaptability in routes and using real-time data from transit apps to plan deliveries efficiently.

C) High Labour Costs:

Challenge: The cost of labour in New York is considerably higher than in Mumbai, which could impact the overall affordability of the service.

Solution: Implementing technology to optimize routes and deliveries, and perhaps offering premium delivery charges in higher-income areas to subsidize costs in other areas.

D) Coordination and Synchronization:

Challenge: Achieving the high level of coordination and accuracy inherent in the Dabbawalla could be difficult in a new context.

Solution: Investing in training and building a strong organizational structure to ensure effective communication and coordination among delivery personnel.

Balance Score Card for Dabbawallas Organisation Expansion Plan

A) Financial Perspective

Objectives:

- Revenue Growth: Boost revenue by entering new markets and offering diverse services.
- Cost Management: Control and reduce costs related to expansion activities.

Measures:

- Revenue growth rate from new areas
- Operating costs as a percentage of revenue
- ROI on expansion projects

Targets:

- Achieve a 10% revenue increase from new markets within the first year
- Reduce expansion-related costs by 5% annually

Initiatives:

- Conduct market research to identify potential areas
- Negotiate cost-effective supplier agreements

B) Customer Perspective

Objectives:

- Market Penetration: Increase market share in newly entered areas.
- Customer Satisfaction: Ensure new customers receive reliable, high-quality service.

Measures:

- New customer acquisition rate
- Customer satisfaction and loyalty scores in new markets
- Number of repeat orders from new customers

Targets:

- Capture 15% market share in the first year of operation in new areas
- Achieve a customer satisfaction score of 90% or higher in new markets

Initiatives:

- Offer promotional discounts and first-order deals to new customers
- Implement feedback mechanisms to gather customer insights

C) Internal Processes Perspective**Objectives:**

- Efficiency in New Operations: Establish efficient operational processes in new areas.
- Quality Control in Expansion: Maintain high standards of service quality during expansion.

Measures:

- Time taken to set up new operations
- Number of operational issues in new areas
- Consistency in service quality across old and new operations

Targets:

- Set up operational infrastructure in new areas within 3 months
- Reduce operational issues by 20% within the first six months in new areas

Initiatives:

- Develop standardized procedures for new operations setup
- Train new employees thoroughly to align with Dabbawalla standards

Key Performance Indicators (KPIs)

For each perspective, here's how the KPIs might look:

Financial:

- Revenue growth rate
- Operating cost efficiency
- ROI on expansion

Customer:

- Customer acquisition and retention rates
- Customer satisfaction scores
- Repeat order rates

Internal Processes:

- Time to set up new areas
- Frequency of operational issues
- Consistency in service quality

By monitoring these KPIs and aligning initiatives with the set targets, Dabbawalla organization can ensure a smooth and successful expansion while maintaining their core values and operational excellence.

Here's how a SWOT analysis can enhance each perspective of the Balance Score Card for the Dabbawallas organisation expansion planning:

Financial Perspective

Strengths:

- Low operating costs maintaining profitability
- Strong financial management and cost-control measures

Weaknesses:

- Limited access to capital for expansion
- Dependency on traditional cost structures with limited flexibility

Opportunities:

- Potential partnerships with local businesses for bulk orders
- New revenue streams from diversified service offerings

Threats:

- Rising operational costs in new markets
- Competition from established food delivery services

Customer Perspective

Strengths:

- High customer satisfaction and loyalty
- Unique value proposition with personalized service

Weaknesses:

- Limited brand awareness in new markets
- Potential cultural and dietary differences in new regions

Opportunities:

- Growing demand for convenient and personalized meal delivery
- Expansion into corporate partnerships

Threats:

- Intense competition from local and international service organisations
- Changing customer preferences towards digital solutions

Internal Processes Perspective

Strengths:

- Efficient and precise delivery system
- Strong organizational culture and community support

Weaknesses:

- Challenges in replicating operational efficiency in new areas
- Potential bottlenecks in scaling operations

Opportunities:

- Leveraging technology for route optimization and tracking
- Standardizing processes for consistent service quality

Threats:

- Disruption due to unforeseen operational issues
- Dependency on public transportation systems prone to delays

Conclusion:

While Porter's Five Forces and Generic Strategies offer foundational insights, they reflect industrial-age assumptions about competition and fixed resources. In today's platform-driven, fast-moving markets, their utility is best when combined with agile and customer-centric tools.

The limitations are that Porter's Five Forces underplays internal culture, agility, and digital disruption. Generic Strategies assume clear strategic separation, which is often blurred today. Balanced Scorecard assumes stable metrics and may underrepresent emergent behaviours in expansion phases.

These frameworks are still relevant in Indian Tier-2/3 cities, where traditional factors dominate. However, for urban global markets like NYC, the Design Thinking approach, user co-creation, and lean experimentation are better suited.

The recommendation is to go with a Blended strategic toolkit adoption, with application of Porter combined with Blue Ocean for Indian markets and with Dynamic Capabilities combined with Design Thinking for international markets. An overall SAFe framework for agile implementation and coordination across delivery teams.

In conclusion, Dabbawalas' legacy offers a unique foundation, but to thrive in future environments, strategic flexibility, digital augmentation, and inclusive innovation will be vital. The above given steps could help the Dabbawalla organization not only to expand but also to thrive in a rapidly changing world.

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