

Corning glass works



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EPD is struggling to face a transformation of business model. They should change their business from product oriented to customer oriented because the key success factor of the component market is not technological advantage anymore. In the instable component market, it is needed to have market-oriented people and built a close communication among teams in order to introduce new product into market quickly. They also don't have enough marketing staff and their evaluation criteria are not fit to their situation. In addition, organizational changes, especially moving from plant to Corning, and lack of appropriate leadership, directive leadership style, and inappropriate evaluation system causes a conflict among functional department. In this report, I would like to think about a EPD business with contrast by Corning Glass Works(CGW) because their strength and weakness were affected by CGW.

I will describe their business as follows; strength and weakness, key buying factor, key success factor, business strategy, structure and HRM system, and leadership. The EPD is the passive component manufacture. Their strengths are R&D and manufacturing and their weakness is marketing. EPD's specification affected by Corning Glass Works(CGW). CGW is a leading company who has invented and manufactured glass products.

CGW have invested in research and development and they have built a technological capability. They have a technological competitive advantage because of investment of research and development. They are relied on customers because their technical hi-reliability and they had strong relationships with customers. They created new product with customers, and they can maintain customers with small number of sales person. In addition,

research and development of new products takes a long time and product life cycle is longer than consumer products.

Their market is stable and their market share is also stable comparing with short-term lifecycle products for end users. Therefore, they have had competitive advantage for a long time in their market. The customers of component market are OEMs and distributors. Their needs, especially for OEMs, are a low price, a variety of product line, high quality and good service such as quick delivery. If comparing with strengths of EPD, customer's needs and their capabilities do not match well. The reason that EPD doesn't meet customer's need is the change of external environment.

In 1950, their customers were government because of the space program and missile defenses led by the government. At that time, customer's demand was the highly reliable component. EPD could meet their specific needs because of their capabilities of R&D and manufacturing. After that, their market was gradually changing because the demand of military market decreased. In 1960s, instead of the military market, the new commercial market has grown such as consumer electronics (TV), data processing and telecommunication (telephone market).

In the new market, the customer's needs was low price, a variety of product line, quality and service such as quick delivery as I mentioned before. There is another characteristic of the passive component market. Compared with the military needs, new market is not uncertain and instability. The product life cycle is shorter than other CGW's products and end user's need is always changing.

The cycle of technological innovation is rapid and it is hard to maintain competitive advantage. In the market, KSF are cost-competitiveness and introducing a new product quickly, but EPD does not have them. There are two important issues to tackle with for EPD, market share maintenance and new product development. In the component market, integrated circuit technology is threat of new entrants. The growth of integrated circuit technology makes existing component market shrink.

EPD has taken aggressive moves to protect its market share from competitors and new entrants. Therefore, in existing market, EPD needs a cost reduction effort more and change their business model into low-margin high-volume business. It means that they should change their evaluation system; the plant should maintain 40% of gross margin. Additionally, they need to introduce new products into market to acquire new source of revenue. EPD has not built the clear strategies and shared them with employees.

Structure and HRM system From the view point of the structure and HRM system, EPD has several problems. For example, EPD had used be a kind of divisional structure. They were only two divisions who were not located in Corning, NY. After Don Rogers became a division manager of EPD, he moved many sections to Corning. It causes miscommunication between sections.

In addition, they have lack of appropriate talent for marketing.? EPD is a product oriented company as well as CGW. In EPD, including CGW, Marketing and Sales have treated less important than R&D and Plants. In fact, many company's top executives had been promoted from manufacturing, The

evaluation system is another problem . Each section is evaluated by different criteria. For instance, a key performance indicator for plant is a profit margin.

The plant should have 40% of gross margin. On the other hand, for Sale, the volume of sales is important. In addition, EPD is expected to grow at an average 10% a year. These are same goals with CGW event though EPD's market situation is different from other divisions. EPD does not set appropriate goals and share strategies in order to build a KSF, cost-competitiveness and new product development, of the market. It should share as important goals, the cost advantages and new product development, but they did not set these strategic goals.

An inappropriate structure and HRM system is the cause of the conflict among functional department because each department is going to a different direction and the direction is their mission to achieve. Leadership There is no leader in EPD and this is also a critical issues. For example, Joe Benetto is an entrepreneur with desire to grow. Although he seeks for new business into EPD and he creates an air of excitement, he is not good at empowering people. He is also not good at training and coaching middle managers. He seems to have interest people's behavior because he learns about the behavioral science, but he can't make the most of the opportunity.

Don Rogers, on the other hands, doesn't lead the people. He is recognized as a very friendly, clever and knowledgeable person. He likes sharing information and his thoughts and discussing with others but he doesn't set a clear goal and lead people. It seems that he is a commentator and bystander. Under this instability situation, they need a “ Directive

Leadership? (Path Goal Theory)” as a Leader. Leader should set a clear goal and let people to achieve their task.