The rise and fall of xerox organization

Business, Organization

In 1960 the Xerox Corporation was in a position where it could corner the copy machine industry for the next 15 years. Xerox had practically invented the copy machine, and had secured its dominate stake in the copy machine industry with patents. However, this security backfired on Xerox because it didn't allow them to focus on new product development. During this period, their research and developmentgoalsdiminished, and the quality of their products remained the same if not worsened.

The strategy Xerox had remained stagnant. Xerox found itself in the mid 1970's with a loss in profit, market share, and competitive stance. By effective supply chain management, Xerox would be able to revamp its structure. In order to confront new competitors such as Ricoh and Canon, Xerox was going to have to make major changes within its organization. First, Xerox management sought to simplify the purchasing process. By consolidating its supply base, it was able to reduce overhead, pass lower costs onto customers, improve quality of its products, and work better with suppliers.

Next, the " commodity teams" were designated to reduce defect parts per million through a five step program it developed. Thirdly, internal restructuring brought about the " circle groups" which resulted in a new system of competitive benchmarking and customized products. Finally, with a new research and development approach Xerox was able to delve into new product development, bringing them brand recognition. And, with a new " central logistics and asset management" program the company was able to reduce excessive inventory and related costs.

· Determine how Xerox's strategies transformed from the late 1970's to the 1980's.

· Determine how the change in strategies and organization allowed Xerox to be competitive.

· Identify the source of guidance it received for its restructuring , and what this revealed about the advantages of a multinational firm.

· Determine how taking a global perspective make it more competitive in the global marketplace.

· Evaluate the role of global manufacturing, materials management, and R & D in better performance in the 1980's.

Once Xerox found themselves in a poor competitive position in the mid to late 1970s, they were forced to make general changes in strategy and structure or organization. In the late 70s, the copierenvironmentconsisted of just a couple of competitors with a rapidly declining market share. Xerox's new strategy was segmentation-to keep their three main legs (Fuji, Rank, and Xerox) as separate entities.

Therefore, structural and organizational areas were decentralized. In the 1980s, the copier environment consisted of even more competitors who had superior products at lower prices. The market was more hostile, and if Xerox didn't make a significant change in its strategies, they would lose the battle. At this stage, Xerox's strategy was aimed at streamlining supply ties and reduce production costs by improving the supply chain. Bringing together the three entities was the new centralized approach for structure and organization.

Moreover, by using Fuji-Xerox as a guide to restructure, Xerox benefited by having various cultural organizations to choose from and achieving global learning. In addition, by taking on a singular identity rather than a three leg multinational, Xerox was able to capitalize on location economies in relation to the product life cycle. Therefore, both Xerox and the local suppliers were able to achieve economies of scale. Also, a global perspective resulted in more uniform products. In regards to performance, restructuring global manufacturing allowed them to deal with suppliers more effectively and to get one or a few suppliers for one global product.

Effective materials management helped Xerox gain closer supplier and customer ties, which in turn reduced inventory costs. By staying in sync with customer demands and needs, Xerox's R & D division was able to come out with customized product lines, which in turn gave Xerox a first mover advantage and resulted in a stronger competitive position. Finally, the internal restructuring regarding the " quality circles" involved all areas of the company.

With an encompassing implementation of theLeadershipThrough Quality groups, Business Area Work Group, and " Quality of WorkLife" Circles, Xerox increased in performance. By allowing workers to find quality shortfalls and generate ideas about problems, these programs allowed them to find better solutions to those problems, for example, via the process of competitive benchmarking.

Our team consensus is that Xerox shouldn't have relied solely on their patents and previous technological know-how to maintain their large market share. Because of this reliance, Xerox paid less attention to quality and new product development. If they would have focused on developing newer, higher quality products, their market share would have remained the same or better once the patents expired.

They should have foreseen the expiration of the patents, and been better prepared with a stronger product line and global strategy to confront the competitive market in which they were going to enter in the 1970s. The competitive benchmarking allowed them to integrate the most efficient practices of other global companies. This integration, as well as the efficient supply chain management and emphasis on quality, was a smart move which enabled Xerox an efficient structure for years to come.