

# Palm inc – from handhelds to smart phones

[Business](#), [Marketing](#)



From Handheld to smart phones. The pioneers of Palm Inc. Palm had been the leader in the market of hand-held computers with high market share and profitability as well as a brand name recognition level to which many other firms could only dream. Palm's brand has faded substantially and as of April 2010, the company was acquired by HP for \$ 1 -B. Below , I have listed Palm Inc's list of errors that the organization made over its life cycle and necessary recommendations. Error 1 . Palm Inc. Did not establish a great enough sense of urgency. Since Palm Inc. 's inception, no formal business strategy was designed and implemented.

Based on the " Ecology Theory" Palm Inc. Entered the market as a r-Specialist and eventually transitioned as a K-generalist, by approaching different product markets. However, Palm Inc. Failed to be successful as a k-generalist due to operating with outdated skills and competencies. The company has failed to examine the market and competitive realities for potential crises and untapped opportunities. Palm's efforts stopped at the PDA product, while the competition has managed to find ways of implementing the PDA's features into cell phones market. Error 2. Palm did not create a powerful enough coalition.

Based upon the " Institutional Theory" firms that do survive - they become legitimate in the eyes of the shareholders. Chances of survival increase by adopting the rules and codes of conduct found in the institutional environment. Despite having started as the industry leader, Palm's development over the years did not look as rosy. Palm failed to get the shareholders, board of directors, senior management and even a customer representatives together to help them evolve a shared assessment

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of their company problems and opportunities, and create a minimum level of trust and communication.

Error 3. Lack of vision. Palm had no clear vision - of what was the picture of the future that the company wanted to achieve ( product , customer target, etc). The company changed its name several times , and also changed its vision and strategy. From the case, we know there was no new product offerings during 2001 thru 2008. At the same time, other competitors injected the marketplace with new innovations, Palm gradually became a small and marginalia player in the industry. The innovation is the basic power of the company, but Palm doesn't have the strong impetus.

Demographic change.

Customers and clients that are being targeted are ever changing. In earlier times, smart phones were necessary for business members who would need to keep up with e-mail. However, these days there is the prevalence of a much younger generation using smart phones for a variety of reasons (social networking, picture taking, communication etc. ). Palm Inc. Must adapt with these changes and keep up with the demographic changes of its relevant customers. Palm Inc. Needs to create a vision to direct the change and effort but also to develop strategies for realizing that vision.

It is essential that the organization communicate the vision both inside the company as well as with their partners. Error 4. Under communicating the vision help if they believe that useful change is possible. Without credible communication the hearts and minds are never captured. It is imperative that Palm Inc. Established Also , employees and managers from all levels of

the organization adopt the change. In 2001 Palm Inc. Initiated a radical internal restructuring and decided to reduce the cost base making the first-ever layoffs.

Microsoft had reduced staff during the technology recession too, but they made more research money available for developing mobile software - But Palm Inc. Failed this aspect. Error 5. Not removing obstacles to the new vision. Palm Inc needed to empower other to act on the vision by creating a value proposition for employees. In 2001 Palm Inc. Initiated an internal restructuring by separating the hardware and software divisions into two distinct units. The split resolved the inherent conflict of interest by licensing software or its win competitors in the hardware market.

The hardware innovations were features that could be added to the phones and music players. Palm spent too much cash to develop the new SO and new smart phone. And the marketing capitalization is much shorter than the competitor. This situation causes Palm to not balance the money within each department. So the whole company can't run efficiently. For example, Palm can't self-finance marketing campaigns and in-store training of sale staff. In 2003 Pal Inc. Decided to spin off the software business and to use the raised cash to rather invest into the development of new smoothness.

Palm Inc. Could have saved time and money by completely focusing on smart phones. Palm can't bring up the effective marketing strategy. The price of a new phone is more expensive than the 'phone. The competitiveness is tiny than other brands. After failing to seizing the market with new phone, Palm made an "attractive" product bundle on its phone.

That turns out to be stressful to Palm. Failure of negotiation ability.

Nevertheless Palm's new product was delayed because of certification issues with the carrier. At the same time, Palm has a conflict with the dealer. Error 6.

Plan for and create short term goals. In 2001 Palm Inc. Initiated an internal restructuring by separating the hardware and software divisions into two distinct units. The split produced good short-term results and due to high quality the software was used in phones for some time. In 2004 Palm devoted more resources to smoothness and expanded Treo Family. The new Treo series was relatively successful with good margins. Error 7. Declaring victory too soon. After a few years of hard work, managers got tempted to declare victory with the first clear performance improvement.

Palm had a huge success in 2006, with the Treo series. Treo smart phones let Palm earn 30 percent of market share in the United States and brought Palm back to life. Having this success experience, Palm could have used this experience to bring out more great ideas and make them come true.

However, between 2007 and 2009 new Palm product launches were rare, while the demand for the Treo and Centro fell quickly or never took off as expected. Error 8. Not anchoring changes in the corporation's culture.

Until new behaviors are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed. In order to overcome this issue many organizations need to invest in leadership development and succession plans consistent with the new approach. Recommendations : 1 . Apply R skills in new areas and diversify

Palm's business : operating system know how could have been ported to other applications and platforms. E. G. : Possibility to enter new related businesses with high market growth rates: Tablets, Notebooks. 2.

Overcome entry barriers in the smartened market: increase the negotiation power by teaming up with major players like Samsung. 3. Limiting their development and costs by encouraging the open source development community to develop applications. 4. Entering other market segments by making use of Palm's " know how' by starting to develop commercial applications for other smartened operating systems. Fill smaller niches in the smartened market with respect to general environment forces: Coloratura and Political and Legal Forces: Smartened operating systems with high data regulations for users with sensitive data.

As the fear of theft of personal information's or sensitive data is rising in certain groups of society (e. G. Decision makers like politicians and managers). Demographic Forces: Senior Friendly Smoothness for aging societies with health or special care features. Remote GAPS tracking, monitoring and streaming of health parameters to doctors and relatives. Global Forces: Provide a low-cost operating system which runs on cost effective hardware for the growing low income population of the world (Reverse Innovation). 5. Invest in leadership development and succession plans consistent with the new strategy.