

Good example of kodak strategy for cloud service industry essay

[Business](#), [Company](#)



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Key Strategic Objectives

Kodak is just recovering from the bankruptcy; and the key strategic steps are required not only to prevent relapse but also to grow it to the past glory. The proposed key steps are,

- Focus only on the three business segments i. e. Digital imaging, deposition processes and Materials science research
- Sell the non-core business such as Document imaging and Personalized imaging to the subsidiary Kodak Pension Plan
- Offer differentiated solutions to the target market, through developing, commercializing and manufacturing new products and services at regular intervals
- Protect intellectual property rights earned through research and development
- Attract. Retain and motivate key employees.

As the parent company is focusing on core areas i. e. imaging, deposition and materials segment, the sold out business to the subsidiary can focus on personalized and document imaging business using cloud service technologies. The above mentioned objectives will bring a focus and sharpness to the core business of Kodak. For example, Kodak's competitive advantage comes from the unique technical knowhow and design and the company must be prudent enough to protect it. The competitors outside are aware of the intellectual capacity of the Kodak and may try to misappropriate it to their benefit. The risk is any of the Company's direct or indirect intellectual property rights could be challenged, nullified, bypassed, infringed or misappropriated. Sometimes, the protected intellectual property rights may not be suitable to take advantage of the market trends or provide competitive advantages. Both the situations could result in costly product redesign efforts or discontinuance of certain product offerings. The company must prudently invest in research and development based on the market and then protects the intellectual assets obtained through research. The objectives mentioned above are linked to one another.

Review of Horizontal and vertical integration strategy

Prior to bankruptcy, Eastman Kodak Company was an industry leader in photographic consumables. For decades, it was instinctively associated with photography. But it became product focused and lost the sight of its business and got stuck with traditional film products and failed to see the potential of rising digital photography and printing. In order to survive, it has stopped dealing of film cameras and focused on the digital ones. But it was

late. At present, Kodak's business segments look much diversified i. e. Materials, imaging and deposition. By analyzing closely one can discover that these segments are not haphazardly diversified, instead it is horizontally integrated. After the bankruptcy crisis, it has decided to be in three core business and sold out some of its operations to its subsidiary. The core competence of the Kodak seems to be in film manufacturing and in deposition. The application of films are imaging as well as in packaging, and the application of deposition is in printing. Kodak looked at the market rather than at the products and abandoned their obsession with products. They realized that, their products can satisfy the needs of the customer other than photography. Printing, imaging and packaging are the three areas where they can profitably conduct business. The company preferred horizontal integration and abandoned vertical integration. We can infer this from the action of selling the document and personal imaging to their subsidiary. However they can be in business of cloud services. They can develop many value added services such as editing and storage of photographs and video graphs in company managed website. The customers can access their account using password and access the stored photographs. The customers can even order for prints online, and the company can deliver it to the customer for a lesser fee. Similar, cloud services they can do in deposition business too. Kodak's products like NEXPRESS Platform and Pandora Software may be deployed through " cloud service" model.

Multibusiness Model

Situations such as, renting a moving truck and realizing that the business is more about selling high-margin packing boxes and packaging services than about low margin transport service or a jet fighter pilot is flying a commercial plane with passengers on her way to work. Such situations depict a multi-business model. A business model that describes the logic of how an organization creates, delivers, and captures value, in economic, social, cultural or other contexts (Oster alder, A. 2010). The process of business model making is part of business strategy. The term business model encompasses formal and informal aspects of a business, such as purpose, business activities, target customers, value propositions, strategies, resources, organizational structures, policies, and operational processes. When a company has diversified lines of business, but somehow has a unified objective, the company is said to have multi business model. The primary objective of a multi-business firm is achieving better financial performance, to make the business more sustainable and to mitigate the risks associated with the business and develop synergy with the resources available.

Kodak has understood its folly of too much product focus and neglecting the customer needs (Castelluccio, M. 2007). For Kodak, depending on a single market and smaller customer base is risky. There are reasons for companies need to expand the number of customers. I. e. diversify.

Diversifying will:

- Reduce the risk of failure. Kodak should not depend on few customers, losing just few customers could be disastrous for the business.
- Expose to multiple markets: Kodak can learn about multiple markets, which would cumulatively help them to develop solutions better
- Decrease pricing pressures. Commercial customers of Kodak might pressurize the company to reduce price, if Kodak depends on few customers for the business. . It might also be tempting to Kodak to reduce prices to keep the bargaining customer. Diversified presence will nullify such a perception on the part of customer.
- Allow to develop economies of scale. The company will be in a better position to negotiate with the suppliers and vendors for special price and other benefits such as zero inventories, delivery schedules etc.
- Increase a company's competitiveness. Focusing on single market can restrict a company's growth prospects. Experience in multiple markets can help the company to develop unique solutions with synergy.

Examples of companies that applies multi-business model are IBM and DuPont. For IBM, one business leads to another and they smoothly migrate from one business to another depending on the emergence of technology and the market responses. DuPont functions in at least fifteen large sectors such as agriculture, building and construction, packaging and printing etc.

Systems and Structure for implementing strategy

A company like Kodak must have distinct configuration of core processes, organizational structure, culture, management controls etc. The core

processes of Kodak must be invention oriented for commercialization, exploration for market understanding, work procedures may be disjointed (Bolman, L. G & Deal, T. E. 2008). The organization structure may be ad-hoc, organic and cellular, because major activity of the business is developing solution through research and development. The culture within the organization must be future driven, having experimentations and 'out of the box' mindset. Management systems within Kodak must be decisive, risk oriented, rewarding the individual's innovation, Kodak must be concerned with product life cycle and profitability. The organization must have person to person communications system, enabling technologies and sound knowledge management system. Considering the nature of business and the emphasize on new product development, the above mentioned organizational set up is recommended.

Ethics in Business

Competitiveness, technology and innovation alone will not give success to a company. Competitiveness and innovation must be regulated by core ethical principles. Ethical business behaviors are guided by universal standards of right and wrong. There are principles that guide decision making and the criteria by which others judge the decisions. In business, organizational character is critical for sustainable success through trust and credibility. Both of these essential assets are fragile and can be destroyed by actions which are actually or are perceived to be unethical. Thus, successful executives must be concerned with both the organization's character and their character too. The following values are recommended for Kodak.

The company Kodak must be honest in all communications and actions. They must accept that honesty is the cornerstone of trust. Kodak should not only be truthful, they need to be candid and forthright. Kodak's manager should not intentionally mislead or deceive others by falsifications, exaggerations, partial truths, selective omissions, or any other means of influence. Kodak must care for and demonstrate compassion and concern for the well-being of others. The managers must understand the concept of stakeholders (those who have a stake in a decision because they are affected by it) and they must always contemplate on the business, financial and emotional consequences of their actions on the stakeholders. Making, Keeping and fulfilling commitments should be the culture at Kodak. Managers must be trusted because they make reasonable effort to fulfill the spirit of promises and commitments.

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