

Free essay on kodak and fujifilm

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



- Introduction

Everybody knows the brand “ Kodak” but not a lot of people know that Kodak was one of the biggest American companies in the 1980s. Kodak is short for Eastman Kodak Company, a Multinational Enterprise (MNE) that once led the market in the production of equipment for photography, film, digital imaging and other products related to photography and photographic processing.

Kodak was founded in 1889 by George Eastman in Rochester, New York. By the 1970s, Kodak was the most dominant American firm in the film production sector. Back then, Kodak held a 90% lion share of the total United States market for film and an 85% share of the camera market. Kodak was at the top of its universe in 1996, when its revenues totalled US\$ 16 billion which generated net profits of about US\$ 2. 5 billion (The Economist, 2012). However the last 18 years had been terrible for the company. Today, Kodak is in serious financial distress, pushing the company to the brink of bankruptcy in 2012 (Yahoo! Finance, 2013). Everything that was once going right for Kodak has gone wrong. The only thing that remained valuable for the company was its brand, which experts felt was substantial, if Kodak chose to take a similar path with what Polaroid did . In the last year however, Kodak has shown signs of life by transforming itself from a film company into a technology provider company. In fact, Kodak has relisted itself in the New York Stock Exchange in September 2013 resulting in a posting of growth for the first time in a decade.

Kodak’s rival is Fujifilm. Fujifilm Holdings Corporation was established in 1934 in Japan and in a similar fashion, was able to corner the film market in Japan. In 1950, the company decided to export its products to other

countries starting in Asia, Europe and then in North America. In 1980, Fujifilm became the official film of the Olympics which was held in Los Angeles, USA. This was a huge success for the Japanese firm as it was able to overtake Kodak for the coveted spot.

The paths that Kodak and Fujifilm took are starkly different. Kodak is currently in a process of restructuring while Fujifilm has achieved successful financial and organizational gains. Fujifilm has reinvented itself, developing new businesses such as digital processing, component supply and even cosmetics. Kodak was not able to find new business lines, even as the viability of the company was waning. Kodak just recently found a niche that it seemed to be capable of succeeding in but it may be too early to tell exactly what the future holds for the once mighty Kodak.

Figure 1 Kodak's 5-Year Market Capitalization and Stock Price

Figure 2 Fujifilm's 5-Year Market Capitalization and Stock Price

- Management and Innovation

The case of Kodak's failure and Fujifilm's success is a story about a company's ability to embrace change and find innovative ways to survive. This all started in 1980, when digital photography became a force in the photography industry. The two companies, knew that change was coming, but their reaction to it differed greatly.

On one hand, Kodak decided that its brand was more powerful than the threat of digital photography. Hence Kodak decided that it would leverage on its brand, thinking that because of its large market share that Kodak believed to be the result of its products being " perfect" that this would insulate the company from the digital photography threat. History of course

tells us, that this complacency led to massive losses for Kodak, as its loyal customers began switching to digital photography. At the same time that Kodak was losing customers, Fujifilm was losing its employees. This loss of personnel was a deliberate management action called upon by Fujifilm, as the company was transitioning from a traditional film producer to new business lines. This management decision was a mark of Fujifilm's global competitiveness because it eschewed its Japanese roots to remain relevant. Normally Japanese companies are deliberate and traditional and a bold act such as laying off a large number of its employees was unheard of. This renewed perspective on management is nothing short of innovative, in the same way the company used its intellectual properties for getting into new business lines. Contrary to Fujifilm, Kodak did not think of innovating and when it tried to, the efforts were half hearted if not ill advised.

- The Management Factor

When a traditional company reinvents itself to remain competitive, it is a clear, encompassing, disruptive and reforming type of innovation. Fujifilm decided to change its management style from being slow and traditional to a Silicon-Valley management style that is built on innovation, urgency and adaptability. For Fujifilm, it was important to make a product, launch the product and then fix the product. To enable it to do so meant that it had to divert its resources leading to a liquidation of about US\$3.3 billion in cost for departments and employees that the company found to be misaligned with its new corporate direction .

Kodak's management team decided that there was no need for diversification and innovation because the incumbent management team felt

that the company was superior to all its competitors. It retained its management style, paying huge bonuses to its managers and keeping employees that it did not need.

- Ethics and Social Responsibility

Both Kodak and Fujifilm exhibited high ethical standards. Kodak became one of the most admired companies in the world because of how it was able to conduct its business in accordance with high ethical standards. Fujifilm is a company that has high ethical standards as well, being a Japanese company. There had been no issues with ethics between the two companies except for a tussle in 1984 during the Los Angeles Olympics. Fujifilm won the bid to become the official film of the event. Kodak did not take a foreign company winning a major bid in US soil lightly and declared that the bid was anomalous. Fujifilm responded by publicizing how irresponsible Kodak is.

- Extent of Management Change

Shigetaka Komori, the father of innovation at Fujifilm, is the main architect of the company's massive overhaul. Shigetaka Komori drove Fujifilm to make large sacrifices to survive. On the other hand, managers of Kodak felt that their brand was strong enough to fend off any threat and decided not to innovate until it was too late. While Fujifilm was busy finding ways to become more efficient and effective, Kodak kept thinking that loyalty was a cushion they could enjoy without consequence. In a matter of years, the once mighty Kodak became mediocre and then the company became irrelevant. Fujifilm, on the other hand, continued its path towards relevance and success.

- Recommendations

For companies to spare themselves from the fate of Kodak and instead follow

a path of success similar to Fujifilm, the organization must diversify its interests. This is a way of managing risks and ensures that the company's survival is maintained even if the main business of the company loses viability. In addition, companies should be able to identify opportunities and navigate towards benefitting from these opportunities. These opportunities come from change (i. e. from film to digital photography) and Fujifilm recognized it while Kodak did not. Companies that see changes, challenges and threats as opportunities would survive better than those who do not. The traditional business lines of both companies were closing down fast but new opportunities were emerging for both. Unfortunately, only Fujifilm was able to think out of the box enough and Kodak decided to resist the winds of change as much as possible. Fujifilm had to bite the bullet, even if it meant making very difficult sacrifices and even if it went against the very same tradition that established the company, it did so and then thought of ways of using that momentum to re-establish itself. Kodak never thought of doing anything tangent to its business lines, it went into a pharmacy line but only to find a place for its displaced chemical research department, failing eventually. It moved into acquisitions but without its heart into it, was never much of a factor. In the end, Kodak simply resisted change.

Finally, the world will always be changing and changes will disrupt, destroy and diminish businesses. But change will also drive businesses to new opportunities. For companies to survive, the business organization should respect and embrace change. Kodak suffered miserably because the company's management failed to recognize and respect the change that was happening. The Kodak managers knew what was happening, so it would be

foolish to claim that they had no time to prepare for what was happening around them. Instead, the management team of Kodak simply believed in their size and their position and popularity, thinking that this would be enough to save the company. Kodak remained arrogant even as it was trying to save itself. Fujifilm saw the wave of change too and decided to act on it instead. The company took a step back and began thinking in an entrepreneurial manner and made the sacrifices as it sees fit. Fujifilm is still one of the most profitable companies in the world, having business interests in many important business lines.

However, Kodak should be lauded for not giving up too easily. According to Gordon (2014), the company has chosen to fight for survival rather than file for bankruptcy. It has transformed itself from a pioneer in the photography industry to a new technology company. Kodak is now a supplier of components needed for making touch sensitive film used in many technological gadgets. According to 4-Traders (2014), Kodak has finally used its proprietary technologies for products other than those that are related to photography. This foray into component supply for high technology companies puts promise back into Kodak. Its shareholders and managers believe so too and has listed the company back in the NY Stock Exchange, following strong financial performance for the last quarter of 2013 .

Works Cited

4-Traders. (2014, January 11). Eastman Kodak Company : United States : KODAK partners with KINGSBURY CORP. to provide JTOUCH with Silver-based Metal Mesh Touch Screen Sensor Film. Retrieved January 31, 2014, from 4-Traders: <http://www.4-traders.com/EASTMAN-KODAK-COMPANY->

<https://assignbuster.com/free-essay-on-kodak-and-fujifilm/>

14805550/news/Eastman-Kodak-Company--United-States--KODAK-partners-with-KINGSBURY-CORP-to-to-provide-JTOUCH-wit-17784203/

Finnerty, T. (2000). Kodak Vs. Fuji: The Battle for Global Market Share.

Retrieved January 31, 2014, from <http://www.pace.edu/emplibrary/tfinnerty.pdf>

Gordon, K. (2014, January 8). Kodak transforms from photo pioneer to new tech company, relists on New York Stock Exchange. Retrieved January 31, 2014, from The Dark Room: <http://darkroom.baltimoresun.com/2014/01/kodak-transforms-from-photo-pioneer-to-new-tech-company-relists-on-new-york-stock-exchange/#1>

Silverman, P. (2012). Kodak Vs. Fujifilm: Lessons Learned Looking at Winners and Losers in the Digital Photography Market. Retrieved January 31, 2014, from PaulSilverman.Com: <http://paulsilverman.com/2012/01/31/kodak-vs-fujifilmlessons-learned-looking-at-winners-and-losers-digital-photography-market/>

Silverman, P. (2012). Kodak Vs. Fujifilm: Lessons Learned Looking at Winners and Losers in the Digital Photography Market. Retrieved January 31, 2014, from PaulSilverman.Com: <http://paulsilverman.com/2012/01/31/kodak-vs-fujifilmlessons-learned-looking-at-winners-and-losers-digital-photography-market/>

Yahoo! Finance. (2014). Eastman Kodak Company. Retrieved January 31, 2014, from Yahoo! Finance: <http://finance.yahoo.com/echarts?s=EKDKQ+Interactive#symbol=ekdkq;range=5y;compare=;indicator=volume;charttype=area;crosshair=on;ohlcvolumes=0;logscale=off;source=undefined;>

Yahoo! Finance. (2014). Fujifilm Holdings Corporation. Retrieved January 31, 2014, from Yahoo! Finance: <http://finance.yahoo.com/echarts?s=FUJIY+Interactive#symbol=fujiy;range=5y;compare=;indicator=volume;charttype=area;crosshair=on;ohlcvolumes=0;logscale=off;source=undefined;>

<https://assignbuster.com/free-essay-on-kodak-and-fujifilm/>

Zhang, M. (2012, January 12). Why the Kodak Brand can live past a Kodak Bankruptcy. Retrieved January 31, 2014, from PetaPixel: <http://petapixel.com/2012/01/12/why-the-kodak-brand-can-lift-past-a-kodak-bankruptcy/>