Kodak case essay

Kodak was founded in 1892 and is in the photographic segment. Head quartered in New York, it has an annual global turn over of more than $13 billion in the last financial year.

Kodak revamped its business strategy after it lost the instant camera patent from Polaroid and decided to exit and emphasis on the emerging technologies. Management Elements of Kodak Put To Manage Its Outsourcing RelationshipsReduced Competition: Acquiring a competitor is an excellent way to improve a firm’s position in the marketplace. It reduces competition and allows the acquiring firm to use the target firm’s resources and expertiseCost Efficiency: Due to technology and market conditions, firms benefits from economies of scale. The assumption is that larger firms are more cost- effective than are smaller firms. Improve Earnings and Reduce Sales Variability: Improving earnings and salesstability can reduce corporate risk.

If a firm has earnings or sales instability, mergingwith another company may reduce or eliminate this provided the latter company ismore stable. Market and Product Line Issues: Mergers occur to gain a share of the market that the other company wants to enter. All of the target firm’s experience and resources are readily available of immediate use and is the common reason for acquisitions. (Managing Projects, 1984)Acquire Resources: Firms wish to purchase the resources of other firms or tocombine the resources of the two firms.

These may be tangible resources such asplant and equipment, or they may be intangible resources such as trade secrets, patents, copyrights, leases, management and technical skills of target company'semployees, etcSynergy: Economies of scope would occur if two companies combine and the combined company was more cost efficient at both activities because each requires the same resources and competencies. Kodak invested big in acquisitions as part of corporate restructuring by which the company over took another to become the owner of the target company. The key principal behind buying the company was to create shareholders value over and above that of the sum of the two companies. The two companies together are more valuable than two separate companies with an idea to attract companies when times are difficult which will lead to create a more competitive and cost effective company.

The most essential economic theory in the success story researched is the concept of monitoring and control which involves knowing the status of a decision and control involves comparing the actual status with the plan, find out the deviations and initiating corrective actions so that the original plan can be fulfilled. Corrective actions lie at the core of successful project management which should have a system to measure the results effectively at pre-determined intervals, comparing them with the planned results and deciding and taking corrective actions. The below path undertaken helped Kodak rise over Polaroid in the core business domain of photography. Fig 6: Strategic Decisions at Different Levels References1. Eastman Kodak Case Book, 1, 1989