Kodak and fujifilm essay sample

1. Describe the history and core business of each company.

Kodak was considered the Google of its day. It was founded in 1880 and known for its pioneering technology and innovative marketing. “ You press the button, we do the rest,” was its slogan in 1888. By 1976 Kodak accounted for 90% of film and 85% of camera sales in America. Until the 1990s it was regularly rated one of the world’s five most valuable brands (The Last Kodak Moment, 2012). The business was built based on four principles; mass production at low cost, international distribution, extensive advertising, and a focus on the customer. Kodak is no longer in the camera business. They have reorganized into three segments: Digital Printing and Enterprise, Graphics, Entertainment, and Commercial Films, and Personalized Imaging and Document Imaging. This move follows a decision to file for Chapter 11 bankruptcy in early 2012 (The Last Kodak Moment?, 2012).

Fujifilm, established in 1934, was a Japanese multinational photography and imaging company with headquarters in Japan. They dominated the Japanese market. They became established in the U. S. in 1965. Sponsoring the Olympics in 1984 gave them the publicity needed for their cheaper camera and lead to them gaining a considerable market share in the United States. Over the decades Fuji diversified into new markets and has built a strong presence around the globe. They have expanded their production and other bases overseas, increasing the pace of its globalization (Fujifilm).

2. Compare and contrast the approach to management that each company has pursued in order to embrace innovation.

It is difficult to assign a management style to Kodak Eastman. Based on research, it would seem that they favoured a bureaucratic style of management in the literal sense. Its literal meaning is to rule from the desk and that seems to be what Kodak Eastman did. They did not stray from their main offices into the rest of the world, so it was difficult to get a feel for what the people were saying about their product or to have a handle on the changes that would affect them. However, even when advised that the move to digital was imminent, management still refused to take action. " Larry Matteson, a former Kodak executive who now teaches at the University of Rochester's Simon School of Business, recalls writing a report in 1979 detailing, fairly accurately, how different parts of the market would switch from film to digital, starting with government reconnaissance, then professional photography and finally the mass market", all by the late 2000's (The Last Kodak Moment, 2012).

Fuji took a different approach. They decided to get as much money as they could from the film business, prepared for the switch to digital, and developed new business lines. Their approach to management seems to be a combination of Operations, Information Systems, and Contingency Management. The information system functioned well to alert Fuji of the changes to come. Although, Kodak was also notified and chose not to act on the information. Fuji also used operations management tools like forecasting, quality control, productivity measurements, etc. This is how they managed and dispersed current inventory and made way for new innovations (Williams, 2013).

3. Determine what other management differences have impacted the relative success of Kodak and Fujifilm. Provide specific examples to support your response.

Kodak management was resistant to change. They felt that their initial goals and plans had worked so well that there was no need for change. They developed a false sense of security and did not see Fujifilm as a threat, therefore; they made no moves to try to counteract the threat. It was also easy for management to be detached because corporate offices were so far from the actual market buzz. Another issue is the fact that its leadership was not constant. Changes in leadership brought new changes in strategy (The Last Kodak Moment, 2012).

Fujifilm, on the other hand, set goals and implemented them. One goal was to penetrate the U. S. market and make a major impact. They succeeded. When they realized that there was a move towards digital, they prepared for it and then acquired new business lines. The developed a cosmetics line, they found new outlets for its film expertise (in one sort of film they have 100% market share). They slashed costs and jobs and spent millions on a mass reconstruction. The 60% of profits they loss from film was replaced with new revenue. They “ embrace change and diversity to become a more effective force for a better future” (Fujifilm) (The Last Kodak Moment, 2012).

Our Commitment

4. Evaluate each company’s approach to ethics and social responsibility and the impact those approaches have had on each company’s profitability. “ Kodak’s case study tells the story of a long-standing company with a

reputation for social responsibility earned through its community activities, its implied commitment to lifetime employment, and its high-wage and comprehensive fringe benefit policies" (Kochan, 1999). However, as their market position declined in market there was an increased need to focus on costs. One way to do this was a long and slow process of layoffs which obliterated employee trust. In the end they realized that their old belief that a socially responsible employer guaranteed jobs for life was no longer feasible. Now, they guarantee cushioning job loss, regular training to keep employees marketable, and open and honest communication to keep employees informed. The impact of the layoffs, of course freed money that could be used to help Kodak try to get back on track, but it really only helped them to barely survive (Kochan, 1999).

Fujifilm seems to be socially and ethically conscious as well. They have a social contribution policy and a green policy, which basically states that they will continue to remain on the cutting edge of invention to help improve and maintain the planet as well as its citizens. They also have an transparency policy regarding keeping the government and its citizens aware of its activities in its daily business. This has helped their profitability because they are always on the lookout for new ideas and innovations to help the planet and the people. This has lead to them expanding their business model to include medical products and internal and external health products. They are " adaptive and innovative in their product, the way they work, and in their interaction with the world" (Fujifilm).

5. Discuss the extent to which management of both companies adapted to changing market conditions.

Both company's conducted environmental scanning, they just chose to handle the results of their findings differently. This benefited one company and significantly hurt the other. " Fujifilm saw omens of digital doom (external change) as early as the 1980s. It developed a three-pronged strategy: to squeeze as much money out of the film business as possible, to prepare for the switch to digital and to develop new business lines" (The Last Kodak Moment?, 2012). They anticipated the changes and developed a plan, reorganized, and came up with a strategy to maintain a solid and profitable business. They diversified and created cosmetic lines, made optical films for flat screen televisions, delved into the medical scene, digital cameras, photofinishing products, motion picture films, optical devices, industrial products, etc (Fujifilm).

Kodak management was informed of the external changes to come and chose to not embrace the new technologies, but to stand firm in their traditions. Their competitor analysis was faulty as they did not see Fujifilm as a threat and they seriously underestimated them. They remained complacent in their position and overly confident in their marketing and brand. This allowed Fujifilm to come out of nowhere into the American market place. They initially refused to adapt to the change coming. By the time they reacted, it was too late for them to make a comeback (The Last Kodak Moment, 2012).

6. Recommend three (3) ways any company should build in flexibility to back up its decision-making process in order to adapt to changing market conditions.

One way a company can help to build in flexibility is by being aware that things can change. If a company is aware that situations and circumstances can change they will constantly watch the market, trends, and resources so that if change does come it will not be a shock and they will more likely be prepared for the change and can immediately act. Another way to build in flexibility is to adopt option based-planning. With this type of planning a business makes investments in multiply options at the same time. When some of those options prove fruitful, they would invest more into them and reduce or stop investing in the options that are unproductive. A third way to adapt flexibility would be to have some resources set aside as cushions (slack resources) that can be used in the event problems, changes, or other opportunities arise (Williams, 2013, p. 92).

References

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