

Xerox's downfall – analysis and remedies essay sample

[Technology](#), [Innovation](#)



Xerox Corporation, founded in 1906, is engaged in the document management business, offering an array of document products, services, and solutions. Being an icon of innovation for years (research carried out at Palo Alto Research Center) and a leader in the copier market, Xerox experienced decades of success. However, things drastically changed from the year 2000. Xerox's share price had fallen below \$4, from a high of \$64 a year earlier. Moreover, the copying and printing giants around the world (especially the Japanese companies) were taking chunks of its market share.

What caused the downfall of Xerox?

The downfall of Xerox is a result of technological change and management failure. The rapid change of the technology sector makes most of the technological companies suffer. However, the biggest problem of Xerox is internal. The failure includes all of the following: failure of protecting market share from competition; having been lagged in developing products with digital technology; board irresponsibility; traumatic sales-force reorganization; inefficient service-force reorganization; serious financial problems such as heavy short term debts, built up working capital and accumulated account receivables; ineffective transition from selling high-tech products to selling high-tech solutions and services which resulted in losing the direction of the company.

Why did management problems arise at Xerox?

There are many reasons: Lack of trust in CEO and dislike for CEO. Half-way measures, failure to commercialize innovations. To sum it up the problems are due to lack of proper leadership, cooperation and trust.

How would you characterize Xerox's managers' approach to planning, organizing, leading, and controlling over time?

In my opinion, Planning was good until the invention of ink-jet technology by HP. The company was also making profits and was doing well in the 'office and copying industry' until the managers at Xerox failed at planning by underestimating the ink-jet technology. Another problem in planning was the top level managers could not come up with a strategy to commercialize the innovations made at Palo Alto Research Center (PARC). As a result they have lagged in developing digital products and by this time the Japanese companies have already taken over their market share.

Organizing: The problem Xerox had with organizing was that there was no cooperation between individuals at the top level. Both Thoman and Allaire blame each other for the downfall of Xerox. Thoman didn't realize that not everything can be done by command, sometimes you have to be 'liked' by people and Xerox was a place where 'liking' was more important than results.

Leading: Leading involves energizing and enabling organizational members to organizational goals. So it is important that all the organizational members trust and like their leaders. In Xerox, Thoman could not reach the goals as he was not liked by the board of directors and more importantly not trusted.

Also, Thoman destroyed employee morale by massive sales force reorganization and hence could not become a good leader.

Controlling: The failure of Xerox's' organizing led to its failure in controlling too. These failures led to the loss of market share to its competitors. And Thoman could not do much to improve the situation as he was not completely trusted. By the time he thought that he could improve the situation he was fired.

What does Xerox need to help turn the company around?

What Xerox needs to do now is to find options that increase revenues and minimize costs not only to recover its negative net incomes but also to rebuild employee morale as well as the bright prospects of customer demands. Xerox has two options.

Option1: Xerox needs a CEO whom everyone trusts (all the board members and all the managers) and a person who is " liked" by everyone. He should be given all the support, power and cooperation he needs so that he can make all the changes he want to improve the company's situation.

Option2: However, Xerox should also consider a merger with other office product manufacturers like HP, Canon or Lexmark. This would surely improve the reputation, financial stability of the company by increasing the share value and would also result in easier financing, and possible substantial cost savings.