

The Necessity of Change: KODAK IN FOCUS

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The Necessity of Change: Kodak in Focus

“Change” is a concept quite synonymous with progress; progress and effective functioning do not weave their way through in a company without requiring some efforts. In today’s world with an uncertain pace of development in all fields combined with drastic changes that might not even be anticipated Organizations are needed to be on the tip of their toes to adapt to an environmental or cultural change when it occurs. If, however an organization traps itself into its own midst of ignorance to the changes surrounding it, or slows its pace of development fearing the consequence a change may bring, it may as well be planning its own doom.

Kodak is an imaging company that previously designed cameras and photography equipment and now has confined its business to imaging solutions and services. The company serves as the most suitable example for an organization that battled with a change looming upon itself, perhaps to its last breath. Kodak started its business with extensive advertisements campaigns, quite successful in extending the use of cameras from professional photography to normal life events. It not only produced various analogue cameras but also made sure of its audience by also providing the complete scenario of imaging. For instance all the advertisements focused on women or “soccer moms” as they were then referred to, clicking pictures while the rest for the family enjoys the moment. To go with its camera products, Kodak also invested in huge chemical setups for relevant products and films, not only did it regulated the monopoly on the market of photography equipment with a 90% share of total film and 85% of camera sales share, but was also the leading producer of paper used for analogue prints of pictures.

The background of the company itself shows how it created a product and a whole home to go with it. However, that home could not last long as the audience that Kodak depicted for its

camera was not obsolete like its ideas. After an ample amount of time the first digital camera was introduced and soon companies like Sony and Nikon successfully stole Kodak's place in the market.

The question that rather disturbs is why Kodak didn't, having had the opportunity of introducing the technology by itself, did not shift its mode of production before it was too late? It undoubtedly faced the frequently faced threat of the unknown, with its business spread too far, both vertically and horizontally a product change could have cost billions, all for what? A consumer preference change that might as well pass by? However here was where they were wrong, while the world quickly grasped the need for a shift from analogue to digital cameras Kodak was still trying to build synergies of the traditional and modern camera types, for instance by producing film CDs.

Kodak's reservation due to this commonly faced threat of uncertainty is well depicted in its delayed decisions for mergers. As Rosabeth Moss Kanter of Harvard Business School reports, Kodak was famous for announcing its plans for diversification but hardly doing anything about it. The fact that both Kodak and its rival Fuji film were reported to have recognized the need to diversify during the 1970's but Kodak made its first acquisition in 2003 depicts its reservations to change its strategy.

Kodak was largely grappled in the idea of a complacent culture that it created for itself. Having enjoyed the monopoly for so long, one can say an aura of invincibility had settled which is why the company saw its products too superior to go out of demand. Analyzing its failure, Rosabeth Moss Kanter of Harvard Business School notes that the executives held the view of making and having made perfect products. The admission to faults or inadequacy in their

products in line with the rapid pace of demand was rather absent. It was also widely known that the head of production rarely paid heed to criticism, which perhaps was a major contributor to the culture of complacency. As is understandable, unless the need for change is recognized, change cannot just infuse itself in.

Kodak had a more or less outdated strategy to attract consumers. It was rather successful in its blissful years of portraying the perfect use for a digital camera in the primitive way but modern taste did not really accept it. The market for cameras was no longer revolving around soccer mommies but it was everywhere, in every one's hand. However Kodak's pace of change was too slow and characterized by extreme denial. It stuck with its hegemonic approach as Dr. Kamal Munir posits, Kodak played the silent watch while the shift from analogue to digital cameras took shape. It was the expectation that an external force of change, out of the company's influence would soon go away as it came leaving the business unaffected.

It was long before Kodak realized its mistake of waiting out too long. The digital age had shaken the imaging industry, and Kodak needed to apply the same revolutionary change internally – or else the market would. As an observation declared, the risk is that after more than 100 years of bringing the wonders of photography to millions, Kodak was to again make a half-hearted transition. If the firm stumbled this time, a break-up beckoned. Even then Kodak took its time, the strategy of approaching consumers the home of photography as it created was too elaborate to transform. The hesitance in bringing this big a change is hard to grasp. Especially the underlying causes are beyond one's understanding.

At this point, around 2007 when Kodak's sales were dwindling far below its initial record, it was more than apparent that complacency could not account for inadequate actions to

save the company. Fear of the unknown did not have room to affect the firm's decisions as what was certainly known was its fall. Perhaps then it was the time for a revolutionary action as Kodak well wasted away its evolutionary phase plunging itself into an abyss of ignorance and half-hearted attempts of keeping the firm afloat. However a change to save the firm from its precarious situation again was next to impossible. The whole firm from its birth was a conglomerate of closely related products, ranging from cameras to films to chemicals that developed it and papers that the result took form on. Changing this vast an empire to a completely digital one offered its own threats in the face of progress which called for thousand of employees to be laid off while various production houses to be shut. Perhaps here is where the underlying causes of Kodak's stunted growth manifest clearly. The transformation was too huge, comprising of various risks however it was delayed due to insecurities aforementioned and therefore barely containable when it did occur.

The present CEO Antonio Perez shut down many production houses laying off 27000 jobs in the process. It is unfortunate to note that the production houses although vast had much potential in them, for instance George Fisher, who served as Kodak's boss from 1993 until 1999, decided that its expertise lay not in chemicals but in imaging. He cranked out digital cameras and offered customers the ability to post and share pictures online. Now this idea essentially could have taken up a more refined shape in the form of Facebook, however neither was he so innovative nor was the business too narrow to focus on just that. Therefore another reason to inhibit any occurrence of change in the firm seems to be the incapability of re-thinking a whole new structure for a firm this vast, along with the vastness of business that acted as perhaps the most demotivating factor of all.

Kodak emerged as the strongest brand of photographic equipment in 1888 with around 90 percent share of photographic sales in United States of America, however as says Darwin, it's not the strongest of species that survive but the ones who are intelligent and most adaptable to change. Kodak did change by closing many of its production houses and redirecting research and production towards films and android phones, however it wasn't intelligent about it. The company resisted change far too long to have made this journey of change less burdensome on its finances. Kodak' brand value slipped down an estimated 33% – a loss of approximately US\$2.6 billion alone. Kodak had to restate its profits for the past two years lower by \$93 million and \$12 million due to overstating market forecasts by March 2009 and the final blow was faced when Kodak had to inform a loss of 142m dollars quarterly while its bond value went out the window. Today Kodak is far from being at the top of camera sales, it's once sky rocketing shares in sales have come down to a mere 15 percent, after of course having had to face a gruesome state of bankruptcy.

Kodak still battles to restore its position by having announced its first android phone to be introduced in the market by 2015 however, it still serves as one of those companies that got caught in the middle of their own slow pace and fears causing their own doom.

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