Post Graduate Diploma in Management, 2016-18

Business Innovation & Growth Strategy

Sub. Code: DM-401 A, C

Trimester – IV, END-TERM EXAMINATION: September 2017

Time: 2 Hrs 30 Min | Max Marks: 50

Roll No. ---------------

Instructions:

1. Students are required to write their Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.** In case of rough work please use answer sheet.

2. Be brief and to the point. The answer to every 5 mark question should be of maximum 300 words, 10 mark question maximum 600 words and the case study analysis maximum 1000 words.

SECTION A (3X5=15 Marks)

Note: Attempt any three Questions

1. Illustrate the different types of jobs-to-be-done with a suitable example?

2. What is the 'Stage-Gate' approach to Innovation? How can time-to-market be reduced in this approach?

3. Explain Clayton Christensen's Theory of Disruptive Innovation. What is the problem with this theory?

4. Can the Indian health care sector benefit from a Reverse Innovation approach? Give reasons for your answer.

5. What is the difference between the 'People' and 'Product' based approach to understand the rate of diffusion of Innovations?

SECTION B (2X10 = 20 MARKS)

Note: Attempt any two questions

1. What implications might the 6-D framework have for the future of the 'Business Education' sector?

2. It is said that there are fundamental differences between the 'Exploration of Knowledge' and 'Exploitation of Knowledge'. Support your position on this with detailed reasons. What implication does this have for a Business Organisation?

3. A recent report indicated that for seven years in a row, the 10 most Innovative companies have outperformed the top 10 R&D Spenders. How do you explain this.

TURN OVER

SECTION C

(Case Study)

Note: Case Study is Compulsory

(15 Marks)

FORBES, 2-Oct-2011

The Fall of Kodak: A Tale of Disruptive Technology and Bad Business

David DiSalvo

Opinions expressed by Forbes Contributors are their own.

I grew up in a Kodak family. My grandfather worked in the photography dark rooms of a Kodak production facility in Rochester, New York for better than 30 years. My father was a supervisor at Kodak headquarters in downtown Rochester, and later became a liaison between Kodak and Disney in Orlando, for 25 years. Other members of my family worked for the company in various roles, some until retirement.

As a kid, the Eastman Kodak brand was the undisputed king in a city known for its industry giants, including Bausch and Lomb, Xerox, Gannett, and Western Union. If you lived in Rochester and worked for Kodak, the expectation was that you would stay there until retirement, and receive a handsome pension thereafter. Every Kodak employee looked forward to a generous bonus--an annual event that juiced the local economy unlike any other.

By the mid1980s—just about 100 years after George Eastman invented paper-based film—my father was already voicing concerns about Kodak's future. The digital revolution was sparking, and he wasn't seeing signs that Kodak knew exactly what to do about it. Instead of focusing its strategic attention on the emerging digital technologies, Kodak was making odd maneuvers, like acquiring pharmaceutical giant Sterling Drugs for $5.1 billion and trying to establish a brand in the battery business.

The connection with Sterling—really the only linkage that made sense for Kodak—was Sterling's diagnostic imaging business that Kodak rightly forecasted would become gigantic in the years ahead. But acquiring the entirety of Sterling proved a disastrous decision, resulting in massive losses and the eventual selling off of all Sterling's divisions within six years. Likewise, Kodak took a costly black eye in the battery business from industry leaders Duracell and Eveready, and divested from its battery spin-off, Ultra Technologies, with another painful loss.

While embroiled in the Sterling and battery debacles, the digital revolution was already passing Kodak by, and the corporation's infrastructure was steadily cracking. My father, along with tens of thousands of others, was among the first to receive an offer of early retirement. Each year after brought more forced retirements, more layoffs, and more downsizing.

Even in the film business, which Kodak comfortably owned for nearly a century, the losses were mounting. Fujifilm had strategized around its titanic American opponent and was outselling Kodak in key markets. Brand partnerships that Kodak had invested in, nurtured and grown—like that with Disney—were no longer secure. It seemed to me at the time that Kodak was fighting a war on multiple fronts and losing across the board. When Kodak finally shutdown its largest research and production facility in Rochester, known as Kodak Park, it appeared certain that the Kodak brand I grew up with was gone.

TURN OVER

Popular perception is that Kodak didn't even enter the consumer digital tech business until the mid 1990s (with the release of the Kodak DC-25 compact digital), but that's incorrect. In 1990, the company pushed out the "Photo CD" as the industry defining digital image medium. That was a bold move and the company invested millions to make it work, but it turned out to be a myopic decision. Kodak was trying to benchmark the quintessential photo storage medium, evidently not realizing that the digital revolution was obliterating artificial boundaries between "photo storage" and other sorts of data storage. Kodak, by sticking to its old school philosophy that the photo is king, failed to see that there would never be a sustainable market for what it wanted to sell.

The company also courted the professional photojournalism market with a $13,000 digital retrofit camera that used a Nikon film body--the Kodak DCS-100--but it was slow to transition into the consumer market and fell behind competitors (including Nikon) that were closer to making the technology affordable to nonprofessionals.

Kodak did eventually make more aggressive moves into the digital tech business. By this time, most of the old guard of the corporation was gone and Kodak was recruiting from companies like Lexmark to re-create its brand image as a digital leader. Kodak sought to become the master of digital printing and was forging headlong into the self-service digital printing kiosk business, among others.

The problem Kodak would face in all of these new ventures is that it was too late to own any facet of the market. Whether fighting for territory in the printer or digital camera markets, it was always perilously behind well established players. The investment required to ramp up in those markets generated a debt load that outpaced the company's ability to generate revenue, and that cycle can continue for only so long.

Which brings us to the present, with fears of impending bankruptcy sending Kodak stock plummeting from $2.38 a share to 78 cents within a week. For me, it's sad to see one of the country's greatest homegrown brands fall, especially since Kodak was such a dominant force for much of my life. It has also been sad to watch the decline of Kodak's (and my) hometown, Rochester, which has taken the brunt of the company's decline.

The fall of the company that George Eastman built is perhaps the most salient commentary on the new economy in recent memory, and tells an unfortunate story about much of America's industrial base. Monolithic, inflexible and unable to keep up with the shifts and turns of disruptive technology, once great companies like Kodak can't survive without exhaustive restructuring. Hopefully, other U.S. companies have been watching and learning.

Questions:

1. Based on your learning in the Innovation course, how will you explain Kodak's failure? (5 marks)

2. In hindsight what Innovation and business strategy would you have recommended for Kodak? What would have been the key challenges in the implementation of your strategy? (10 marks)

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