

Max – Congratulations!

Criterion	Points
Relevance to the topic discussed in class (Determines whether a WRR will be read at all Clarity of the summary of the article, event, observation, etc: 0 – 2 points	2
Number of relevant points made in the analysis: 0 – 4 points	4
Cohesiveness and clarity of reasoning 0 – 4 points	4
Total	10

BUSI 435 – W01 – Business Policy and Strategy Seminar
Name: Daisy Monsalve
Date: Oct 12, 2012

Weekly Reflective Report #2

The news article, entitled “Kodak to stop making cameras, digital frames” may be found at <http://www.google.com/hostednews/ap/article/ALeqM5jbon0EOHhzafzOfuo51RMIHI8r9Q>.

Summary

On February 9, 2012, Eastman Kodak Co. announced that it will stop making digital cameras, pocket video cameras, and digital picture frames. In the future, Kodak plans to focus on home photo printers, high-speed commercial inkjet presses, workflow software, and packaging.

In 1975, Kodak produced the world’s first digital camera. And, through the 1990s, Kodak invested around \$4 billion developing digital photography technology. Yet, Kodak did not release their first digital camera for the consumer market until 2001, because Kodak was worried about hurting its core business of celluloid film.

In January 2012, Kodak filed for bankruptcy. Kodak has \$6.7 billion in debt, and has one year to develop a restructuring plan.

Analysis

First, the article provides insight into the nature of the digital camera industry and other technology driven industries. Keeping pace with evolving technology is crucial in remaining competitive. Investing in R&D is the first step in staying technologically competitive. However, integrating new technology into a product line is just as important as developing the technology. While Kodak spent billions in R&D successfully creating cutting edge digital technology, it failed to use the technology to improve its bottom line and reputation.

Second, the article shows how business strategies must change with time and the external environment. Strategy may be defined as “a long term plan for generation and commitment of resources to maximize the value of the firm to the stakeholders.” Throughout much of the 20th century, Kodak’s strategy revolved around its celluloid film businesses. This strategy was largely successful but became outdated in the 1990s. Any strategy is heavily reliant on the conditions of the external environment, but Kodak ignored external conditions and was too slow in adjusting its business strategy to reflect technological advances. By the time Kodak adjusted its business strategy it was too late, and the company has spiraled into bankruptcy. Currently, Kodak is undergoing a major strategy change. It has decided to cut off most of its digital camera business to focus on its more profitable product lines.

A final topic addressed by this article is bankruptcy. Chapter 11 bankruptcy allows a business to continue operating and to keep most of its assets. The company is temporarily protected from its creditors and is given a chance to reorganize to become profitable once again. Bankruptcy stands to benefit all parties because the company stays in business and the company’s creditors may eventually be repaid. In Kodak’s case, restructuring and improving its business strategy may allow Kodak to repay the \$6.7 billion it currently owes creditors.