

LEVEL 7 ASSESSMENT SPECIFICATION

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Academic honesty/ referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Change Management Process at the Eastman Kodak Company

Present by – Ericson Hon Yin LAM
HKBM7015 Change and Stability Management



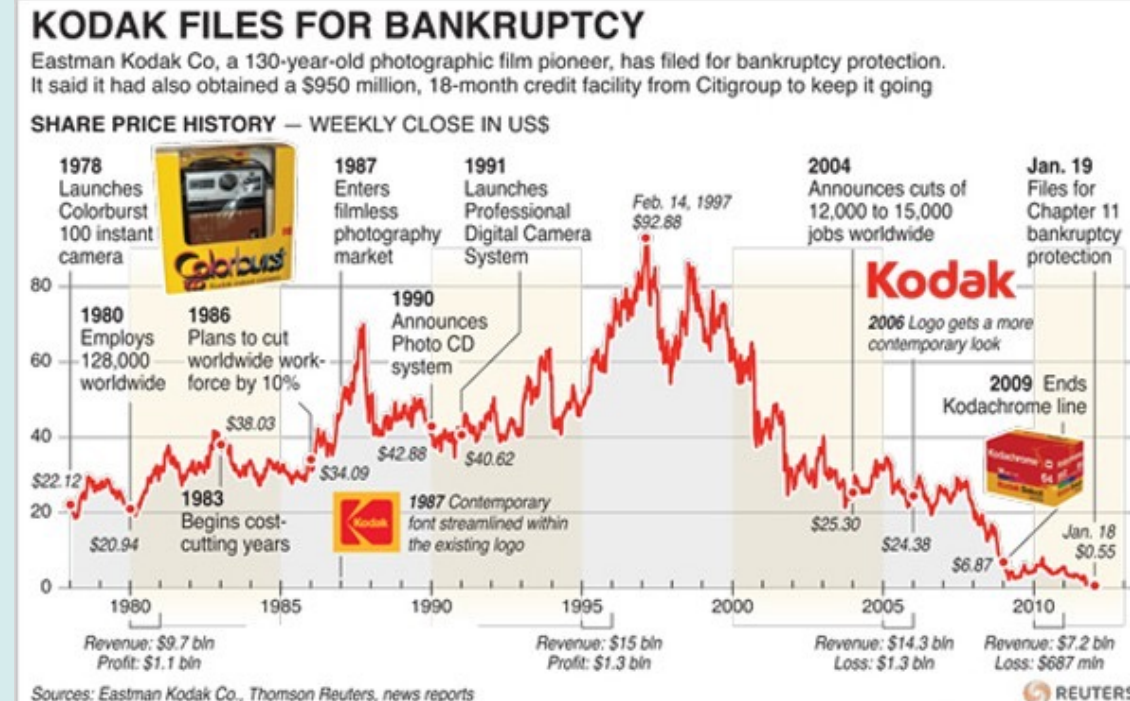
Introduction and Background

- ▶ Eastman Kodak is a company that was famous for its cameras, which were revolutionary in the market and even brought about the phrase “Kodak Moments” (Melvin, 2018)
- ▶ The company is strongly associated with analogue photography. It has its headquarters in Rochester, New York.
- ▶ Presently, Kodak offers services in functional printing, packaging and graphic services on a B2B basis.
- ▶ Today, it is mostly known for its photographic film services and products.
- ▶ Before it went bankrupt in 2012, Kodak had been unable to remain competitive in the B2C camera market, where it once enjoyed a dominant market share (Lucas Jr & Goh, 2009).
- ▶ However, because of the rapid digitization of photography, it failed to innovate and thus fell off the wagon.



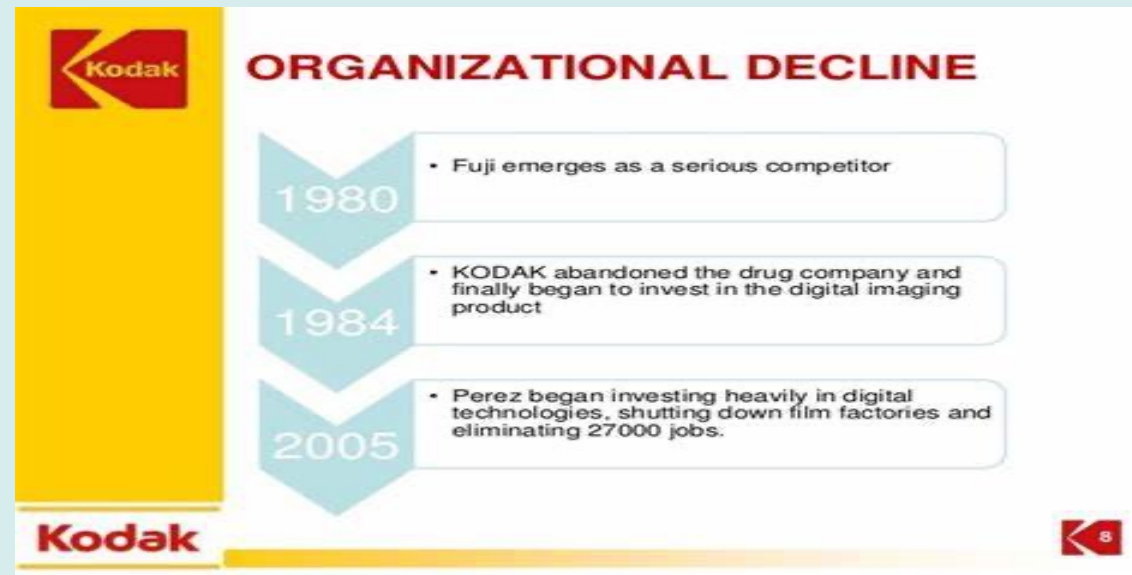
Reasons for Change at Kodak

- ▶ Kodak's struggles began in the 1990s, with declines in photographic film sales.
- ▶ The firm had also been slow to explore the digital photography market.
- ▶ This, despite having invented the digital camera as early as the 70s, was shelved for some reason.
- ▶ It started to invest in digital photography and became aggressive in patent litigation.
- ▶ In 2012, it filed for Chapter 11 bankruptcy.
- ▶ Thereafter, it transitioned to digital imaging for corporations.
- ▶ Digital cameras are still marketed under a Kodak brand, JK Imaging Ltd, under license.
- ▶ In other words, Kodak could not cope with disruptive technologies.



Where did Kodak go Wrong?

- ▶ The company was a pioneer in digital camera technology in the 1970s.
- ▶ The company's market leadership in digital cameras illustrate that it was capable of developing R&D and applying it to new technologies.
- ▶ Maybe the company decided to focus on the wrong markets and products?-the consumer market recorded its biggest losses (Stanwick & Stanwick, 2020).
- ▶ Maybe their limited resources during the 90s and 2000s would have been better spent on areas likely to add to the digital value chain? (Munir & Phillips, 2005)
- ▶ Perhaps the company entertained a misplaced view of being a market leader in digital imaging as it was part of a general computing and communications sector instead of being a specific industry.



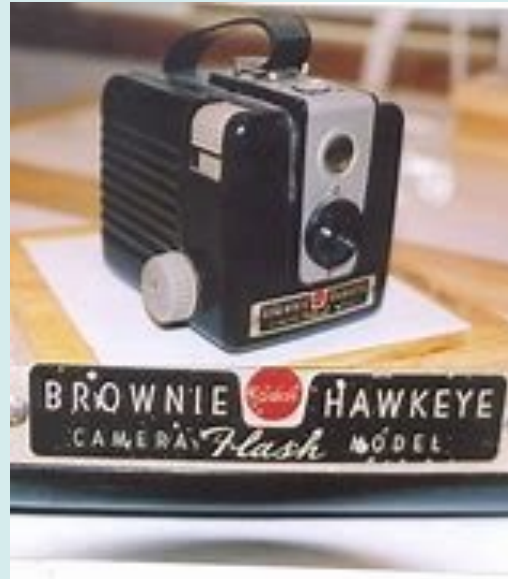
Change Management Theories

- In studying the change management process at Kodak, it is useful to apply McKinsey 7S Change model (Ratana, Raksmeay & Danut, 2020).
- This model takes into account 7 important elements designed to improve performance as well as assess future ideas and their fit into the organization (Bennett & Soylu, 2021).
- These 7 elements are:
 - a) Strategy- a plan or roadmap for action
 - b) structure
 - c) Systems-the routine activities that result in completed tasks
 - d) Shared values-core values that influence the culture
 - e) Style of leadership and its impact on strategy
 - f) Staff-human resource capabilities
 - g) Skills-competence of staff ensures productivity and organizational transformation.
- ✓ The 7S model is useful in understanding Kodak's ability or inability to change in light of disruptive technologies within its organization (Dutta, 2018).



Change Management Theories (Cont'd)

- ▶ The step-change management model is also instructive in understanding the change process at Kodak.
- ▶ In this regard, Kurt Lewin argues that change consists of the process of modification.
- ▶ This modification involves the forces preferring the status quo versus those keen on change.
- ▶ Lewin argues that organizations can design change through three processes:- unfreezing (getting ready for a change), change (doing the change) and Refreezing (sustaining the change (Kettinger & Grover, 1995))



- ▶ Unfreezing requires identifying the need for change, gathering support, developing and communicating the strategy for change and acknowledging reservations and other uncertainties.
- ▶ The transition stage (change) involves the methodical communication of the proposed change, dismissing hearsay or unverified information, encouraging action as well as engaging with people.
- ▶ The refreeze stage requires the institutionalization of change through:
 - Embedding the change,
 - Developing plans to sustain it
 - Provision of support services and structures,
 - Celebration of success.

Applying Lewin's Force-Field Analysis to Change Management at Kodak

- In understanding the challenges of achieving change, Lewin examined the struggle between forces against change and those for change (Lauer, 2020).
- At the onset, there is an equilibrium between these forces.
- However, for change to happen, there must be a weakening of the forces of resistance or the strengthening of the forces driving the change.
- The decision-makers at Kodak will take several steps:-



- i. Assessment of the present situation (the proliferation of digital photography using SWOT etc.)
- ii. Description of the plan or proposition for change (e.g. start designing and marketing digital cameras)
- iii. Identification of the forces that encourage change (this involves the analysis of the internal and external forces. Internal forces include the use of old machinery, low morale, and need for profitability). External forces include the presence of disruptive tech, changing tastes and trends among target consumers) and the presence of an uncertain environment for doing business.
- iv. Identification of any forces preventing change (e.g. fear of the unknown)
- v. Assigning of scores
- vi. Analysis and application
- vii. Developing an action plan (e.g. focus on digital imaging technologies for B2B markets)

Practical Strategies for Kodak to Manage the Change Process: Key Resources and Capabilities

- The completion of the bankruptcy proceeding against Kodak in 2012 meant the company had been given new life.
- At this stage, the company had the following characteristics:
 - ❑ It was faced with intense competition in terms of digital hardware
 - ❑ Consumables such as photographic paper brought in high revenue margins
 - ❑ It pioneered inkjet printing paper to cope with the commoditization of printing paper
 - ❑ In terms of resources and capabilities, it was faced with disruption in terms of digital imaging.
 - ❑ However, its brand and global distribution networks remained strong
 - ❑ Distribution was a depreciating asset
 - ❑ Technological strength was in a variety of areas including colour science and print media as well as microfluids.
 - ❑ It lagged behind in new product development
 - ❑ Its financial resources were limited as a result of the bankruptcy proceedings.



Practical Strategies for Kodak: Developing Consumer Imaging and Graphics Communications Sectors

- ▶ The realities for Kodak post-2012 mean that the company can consider investments in certain sectors and still manage to achieve successful change, albeit on a limited level.
- ▶ Thus, given its resources and capabilities, the plan is to establish a consumer digital imaging service to promote social interactions using digital printing and imaging technologies such as:
 - ❖ Digital captures as well as devices (pocket cameras, licensed products, digital frames for pictures.
 - ❖ Systems for retail such as kiosks and Adaptive Picture Exchange labs plus after-sales support.
 - ❖ Inkjet systems for consumers
 - ❖ Imaging services such as Kodak Gallery
- ▶ Graphic communications services for corporations, filmmakers and other large-scale consumers of services such as Press solutions, digital printing, and business services (entertainment imaging and industrial materials.)



Strategies for Effective Change Management through Digitization

- To effectively manage change at Kodak, it is integral that the company takes certain steps to weaken the forces against change and strengthen those for change.
- These steps include:
 - ❖ Accelerating the digital transformation process by building digital muscles (structures, readiness, culture)
 - ❖ Invest in AI and data management (predictive analytics) to fully understand when and how to promote and place their products and services.
 - ❖ Adopting a follow-the-client or customer mindset-going where the customer is.
 - ❖ Adopt a lean-fast culture that readily puts strategy into action while expediting decision-making at low costs.
 - ❖ Tap into its institutional knowledge and staff capabilities as it has a long tradition of innovation and competence.

Management Challenges and Barriers for Kodak

Challenges

- ▶ Technological discontinuities due to lags in investments in disruptive technologies
- ▶ Apathy and low morale from workers and managers who view the company as no longer competitive
- ▶ An overflow of complacency might dilute the degree of success
- ▶ The Kodak management structure may prevent rapid innovation as it is highly hierarchical and therefore bureaucratic.
- ▶ Ecosystem design challenges for digital photography versus analogue ones (Lewin's forces).
- ▶ Organizational inertia

Barriers

- ▶ Limited access to financing due to bankruptcy rules
- ▶ The company has already lost its dominant status, therefore, it may have limited market access or share.
- ▶ Difficult technology transition from analogue to digital.
- ▶ Scaling down (in view of declining sales) can be challenging)

Kodak's Challenges and Barriers as it Transitions

- Achieving successful change at Kodak may also be hampered by the transition process itself.
- In this regard, there is a push and pull relationship between certain elements as hereunder illustrated by
 - The scope of the transformation from:
 - a) Analogue to digital
 - b) Long design cycles to rapid engineering
 - c) The use of the industrial manufacturing process for flexible manufacturing
 - d) Value pegged on physical products versus the value obtainable or based on solutions
 - e) The mass production of large inventories to just-in-time, just-in-place customization.
 - f) Reliance on high margins and heavy infrastructure to a reliance on lower margins and lean organizational structure (Barbara, 2022).



Assessing the Efficacy of the Change Management Process at Kodak

- Determining whether the change management process at Kodak has been completed successfully will require certain strategies.
- These include:
 - Having a precise and clear vision of what the successful change process entails
 - Quantify the process by studying the important performance indicators (KPIs)
 - Defining and putting in place a measurement system to report on these KPIs.
 - Understanding the impact of the changes on those affected such as employees, customers, suppliers and managers.

Measuring the Success of Change

- ▶ Measurements of key performance indicators may take the following strategies:
 - ❖ Feedback surveys conducted on employees
 - ❖ Getting feedback from the managers
 - ❖ The use of focus groups
 - ❖ Using financial metrics to measure success.
- ▶ The measurement of Kodak's successful implementation of its digital strategy will therefore study whether there are incremental increases in revenues, customers, positive customer feedback, the reactions of key competitors and input of staff.
- ▶ All these should be conducted within specific timelines.



So, which way Forward?

- After successfully filing for bankruptcy, Kodak is finally on its way back to market relevance, albeit in a highly changed form.
- The lessons from this adventure are manifold:
 1. Going forward, Kodak may have to partner with other companies to continue its operations in the digital imaging market, which is currently littered with competitors of all kinds.
 2. Companies should anticipate change instead of remaining static in the face of changing trends and demographics.
 3. The change process should be deeply embedded into the culture of the organization for optimal results.
 4. It is important to diversify offerings in a highly competitive market instead of focusing on a single source of strength as was the case with Kodak and its Kodak moments.

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