Kodak:
Managing through discontinuities

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Did Kodak have a strategic problem?
Or an Organizational One?
Discontinuities are challenging because:

• They challenge the way the firm creates value:
  – New technologies
  – New customers & new markets
• They challenge the way the firm captures value:
  – New business models, new complementary assets
• They have their biggest effect, though, on value delivery:
  – They require the ability to balance the tension between “entrepreneurial energy” and “coordination”
  – They create cognitive and action inertia that can be hard to change

• And everyone is very, very busy
Which technologies will succeed?
Who will we sell to?

Clay Christensen: *The Innovator’s Dilemma*
How will we make money?

- Takeoff
- Ferment
- Maturity

- Uniqueness
- Complementary Assets
Managing discontinuities also requires balancing real organizational tensions.

Entrepreneurial Energy

The energy, creativity & drive of a startup

Control & Coordination

The operational excellence of a mature firm
And everyone is very, very busy....
What can be done?
Successful firms:

• Get the strategy “right”
  – Create real value through linking great technologies to real customer & consumer needs
  – Capture the value through a deep understanding of potential business models and competitive realities

• Keep the organization from getting in the way
  – Actively embrace the tension between “entrepreneurial energy” and “coordination”
  – Grapple with overload & recognize the reality of “worse before better”
Develop the ability to manage ambidextrously

Different expectations, control systems, incentives. “High conflict, high respect” conversations
Building the ambidextrous organization

• **Lead:**
  – Build the “ambidextrous” senior team:
    communicate the strategy, allocate resources

• **Structure:**
  – Explore transitional and intermediate forms

• **Incent:**
  – Explain “just what’s in this for me?”

• **Build:**
  – Lay the foundations for a new culture, new expectations