



Uva Wellassa University
Faculty of Management



Degree of Bachelor of Business Management in Entrepreneurship and Management
THIRD YEAR SECOND SEMESTER EXAMINATION - AUGUST/ SEPTEMBER 2014

EMG 472-2 Innovation Management

Instructions to candidates:

No. of pages : Three (03)
No. of questions : Five (05)
Time allocation : Two (02) Hours
Marks allocation : Hundred (100) marks

Index Number:

Answer only four (04) questions including question No. 01.

01. Read the following case study and answer the given questions.

Entrepreneurial Failure at Eastman Kodak

After 123 years of life, Eastman Kodak is about to become a distant memory like the images its innovative technology captured in photography. What caused the downfall and demise of this iconic company?

In every society, firms perform three functions, the social function, the managerial function, and the entrepreneurial function. The social function defines the very existence of the firm as a social institution and the managerial function of the firm determines how economic resources should be allocated to alternative uses, and how different tasks are to be performed. The entrepreneurial function accommodates the discovery and exploitation of new business opportunities, the most important function, as it keeps the firm alive for decades, even centuries to come. The three functions aren't independent from each other. This means that a failure in any of the three functions undermines the other two functions, and if it goes unchecked, can end in the demise of the organization. That's exactly what happened in the case of Eastman Kodak.

In its early days, the company excelled in all three functions. In the social area, it generated thousands of jobs; and contributed resources to the national, state, and the local, Rochester, community. In the managerial area, it executed a sharp marketing strategy by bundling nicely

its cameras with the film processing photography technology, often giving cameras away to sell its film and processing chemicals, as Goggle, and Microsoft have been doing these days. In the entrepreneurial area, it offered consumers innovative products that allowed them to capture everyday moments.

Over time, however, the company failed to come up with new versions of its products that will fed off imitators, as Apple has been doing in recent years - Polaroid and Fuji's challenge is the case in point. The company further failed to leverage its core competences and capabilities in photography chemistry to expand into emerging industries, as other late 19th century American companies did. Eastman Kodak's decline and fall is a failure of its leaders to develop the appropriate buffers to keep competition from imitating and replicating its strategy; and to match effectively corporate resources and capabilities with emerging market opportunities; an entrepreneurial failure that eventually undermined its other two functions, leading to its demise.

You are required to:

- i) Suggest the methods of developing entrepreneurial mind set of the managers at Eastman Kodak. (10 Marks)
- ii) Suggest the strategies to develop an entrepreneurial climate that encourages innovation at Eastman Kodak. (10 Marks)
- iii) Suggest the method of developing an innovation strategy to leverage core competencies and capabilities at Eastman Kodak. (20 Marks)

(Total – 40 Marks)

02.

- i) What factors would you consider when approaching to a new technology for your firm? (05 Marks)
- ii) "The diffusion of an innovation depends on the behavioural characteristics of innovation adopters".

You are required to:

Discuss the above statement with adequate examples.

(15 Marks)

(Total – 20 Marks)

03. "In a ground breaking move CIC Agri Businesses Ltd., one of the country's leading firms in the sector, has formed a joint venture with Rahimafrooz (Bangladesh) Ltd., to expand its Agri Business operations in the South Asian nation".

i) What would have been the reasons for CIC Agri Businesses Ltd to form a joint venture rather establishing a solo firm in Bangladesh? (10 Marks)

ii) If you were a manager at strategic level of CIC Agri Businesses Ltd at this moment, what factors would you have considered in selecting the Rahimafrooz (Bangladesh) Ltd? (10 Marks)

(Total – 20 Marks)

04. "Although Kodak, Raytheon and Altair were the first movers in the Video Camera, Microwave and Personal Computer markets respectively, followers were the winners in the market".

i) How advantageous it is to become a follower rather a first mover? (10 Marks)

ii) How should a firm decide on the correct timing for entry to the market? (10 Marks)

(Total – 20 Marks)

05. As per the research findings, nearly 50% of products introduce to the market fails in the introductory stage by being unable to pass the "Chasm".

i) How should a firm design the product development activities to meet product development objectives? (10 Marks)

ii) Discuss the possibilities of failing innovations during various stages of the life cycle and suggest the strategies to overcome such issues. (10 Marks)

(Total – 20 Marks)

