

Alkaline Battery Strategy Versus Historical Responses

MODEL
COMPONENTS

ALKALINE
BATTERY ACTION

WHAT
OTHERS DID

IMAGINING POSSIBILITIES

Industry Changes

Value bundle changes	Receivers and transmitters instead of batteries	Kodak realized that film would disappear but underestimated the importance of the digital image
Value ecosystem changes	Charge holders, voltage switchers	Kodak missed the impact of PCs and home printers for too long
Context of use changes	At home/in offices	Digital cameras allowed new usage such as quick copy of documents that replaced fax machines
Core capability changes	Laser capabilities, electrical transmission capabilities, device manufacturing capabilities	Kodak assessed the new capabilities well and allocated resources to acquire microelectronic capabilities
Complementary capability changes	Home construction and electrical stores as resellers	Swiss watch makers ignored the new sales channels
Competitive landscape changes	Electricity transmission firms, electrical equipment makers, consumer electronics firms, wireless technology firms	Polaroid accurately foresaw the entry of Sony and consumer electronic competition

Business model changes	Hardware based business model would replace fast moving consumable model	Kodak saw little change in the business model whereas in reality the razor blade model changed to a consumer electronic business model
Value Actions		
Value protection actions	Preemptive patenting lowers battery cost significantly	Music labels used the legal route to shut down music swapping sites
Value resurrection actions	Create new applications of batteries on the go	Swatch repositioned the wrist watch to a fashion accessory
New value creation actions	Add service components: wireless electricity redistribution and electricity consumption tracking and optimization	Apple created an ecosystem around the MP3 player

DESIGNING END STATES

Desirable end states	Subscription based electricity distribution service; Hardware based competition with wide area transmission network	Swatch created an end state wherein the demand for wrist watches exceeded all historical averages due to watches being perceived as fashion accessories
Undesirable end states	Hardware based competition without any service component	If ETFs completely replace index funds, the index funds would lose significant value

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CREATING PATHWAYS

Timeline	Ten years to bring product to market	Polaroid had more than twenty years but went down wrong paths
Capabilities needed	Technological capabilities for devices and infrastructure; Large volume, low value transaction processing capabilities	Kodak used internal methods to build microelectronic capabilities
Influence targets	Federal and state government; Alkaline business leaders	Polaroid did not see the PC makers and printer makers as influence targets
Success levers	Technology trajectory control Legal changes	Kodak changed its perspective on success levers as it changed from hardware to a consumables business model