Exercise 1.1: Participant Solution Handout

These summaries will help participants engage in meaningful analysis and discussion, leveraging their collective insights to deepen their understanding of successful and unsuccessful turnaround strategies.

Case Study 1 – Successful Business Turnaround – Apple Inc. (Late 1990s)

Issue:

Declining sales and market share. The company's product line was seen as outdated and uninspired.

Strategy:

Product innovation (iMac, iPod), streamlining product line, strategic partnership with Microsoft. Jobs also focused on revamping Apple's retail strategy and improving supply chain efficiency.

Outcome:

Revitalized Apple, leading to market leadership. Apple's focus on design and user experience set new industry standards and fostered customer loyalty.

Case Study 2 – Successful Business Turnaround – Ford Motor Co. (Mid-2000s)

Issue:

Declining market share, poor product quality, financial losses. Ford faced significant competition from more efficient and innovative automakers.

Strategy:

Simplifying product lineup, cutting costs, fostering collaboration, and securing substantial loans. Mulally also introduced the "One Ford" plan, which unified global operations.

Outcome:

Return to profitability and competitive edge. Ford avoided government bailouts and emerged stronger post-recession.

Case Study 3 – Successful Business Turnaround – Starbucks (2008)

Issue:

Declining sales, overexpansion. The rapid growth had diluted the brand and customer experience.

Strategy:

Schultz emphasized reconnecting with the company's core values and mission by closing underperforming stores, improving customer experience, investing in employee training, introducing new products, and revamping marketing.

Outcome:

Restored profitability and strengthened brand presence. Starbucks' commitment to social responsibility and innovation attracted a loyal customer base.

Case Study 4 – Failed Business Turnaround – Kodak (2000s)

Issue:

Clinging to the traditional film business despite the digital photography revolution. Kodak's leadership failed to recognize the urgency of the shift to digital.

Strategy:

Late and insufficient efforts to enter the digital market. Their digital products were poorly marketed and failed to gain traction.

Outcome:

When Kodak filed for bankruptcy in 2012, it lost market share to its competitors. Its inability to adapt swiftly resulted in its loss of relevance in the market.

Case Study 5 – Failed Business Turnaround – Blockbuster (2000s)

Issue:

Failure to recognize and respond to the rise of digital streaming. Blockbuster's late fees and limited selection further alienated customers.

Strategy:

Continued reliance on the traditional retail model. Attempts to launch a digital service were half-hearted and poorly executed.

Outcome:

Filed for bankruptcy in 2010, the majority of stores closed. Blockbuster's resistance to change allowed Netflix and other competitors to dominate the market.

Case Study 6 – Failed Business Turnaround – Sears (2010s)

Issue:

Declining sales, mounting losses. Sears' stores became outdated and failed to attract modern consumers.

Strategy:

Store closures, cost-cutting, diversification into financial services, lack of strategic direction. Efforts to sell off valuable assets provided short-term relief but no long-term solutions.

Outcome:

Filed for bankruptcy in 2018, unable to compete with modern retailers. Sears' lack of investment in e-commerce and technology hastened its downfall.