

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
GRADUATE SCHOOL OF BUSINESS
MASTER OF BUSINESS LEADERSHIP
CORPORATE ENTREPRENEURSHIP AND INNOVATION
(MBL 530)
EXAMINATION PAPER
DURATION: 3 HOURS 30 MINUTES

MAR 2024

Instructions and information to Candidates

1. Section A is compulsory and carries 40 marks.
 2. Answer 'Question 1' from Section A and any three (3) questions from section B.
 3. The paper carries six questions.
 4. All questions in Section B carry equal marks of 20 each.
 5. The use of cell phones is not allowed in the examination.
-

+

SECTION A: [COMPULSORY]

QUESTION 1

CASE STUDY: XEROX'S SUCCESS STORY: WHAT WENT WRONG?

Innovation is a crucial component of a company's growth and success in today's fast-paced business world. A prime example of the importance of innovation management is Xerox Corporation, which was once a leading American corporation in the photocopy industry. Xerox Corporation is a major American corporation in Norwalk, Connecticut. Founded in 1906, the company was the first to manufacture xerographic plain-paper copiers. Xerox had been successful in transforming the photocopy industry with its development of xerography, a dry photocopying technique. To print pictures, an electrically charged photoconductor-coated metal plate and dry powder "toner" were used. In 1938, their photocopy machine became famous when Chester Carlson invented "xerography". In 1961, the company accumulated a profit of \$60 million.

Xerox's major downfall happened in 1981 when the company introduced the Xerox Star, a workstation designed solely for document management. Xerox Star was launched for \$16,000. The product failed miserably in the market as IBM provided their PC for business for \$1,600. Furthermore, Xerox eventually decided to venture into insurance and financial services, which were completely separate from its core company. The business also took on the burdens of working with E-Z Pass, automated traffic tickets, and even Medicaid. The situation worsened when Xerox's computer-oriented innovators and xerography-focused sales force resolved disputes without proper marketing, and the Palo Alto Research Center's inventions were doomed to become technical marvels. Shortly after, Xerox management disabled itself from competing in the information races entirely by diverting a large portion of its cash to "safer" business sectors such as insurance.

With the increasing demand for personal computers, the need for copiers and printing systems decreased. The company failed to recognize the potential of personal computing technology and instead continued to innovate its photocopy machines in the late 20th and early 21st centuries. Despite having a lot of technical knowledge, Xerox was unable to adapt to the changes brought about by the twenty-first century. The once-innovative business became stagnant. Apple, on the other hand, recognized the potential of the personal computer market and invested heavily in research and development. They revolutionized the personal computing industry with their iconic Macintosh computer and paved the way for the modern computer. This led to a decline in demand for traditional photocopiers. Xerox missed out on significant growth opportunities due to its unwillingness to adopt personal computing technology, which contributed to the company's downfall. Apart from its lack of innovation, there were other factors contributing to Xerox's failure.

Xerox could have made huge profits off its employee innovation if it had not made an alliance with EDS. They both (EDS and Xerox) entered into an outsourcing agreement in 1994. Xerox initially transferred to EDS about 2,000 employees who performed operations with clearly high

levels of efficiency, retaining only a staff of less than 400, primarily planners. As a result, Xerox transferred the management of mainframe systems, legacy software, telecommunications, and PC support. Legacy software includes crucial billing and sales commission systems. For Xerox, it was a poor decision. These trustworthy employees left the company who were needed in an environment of quickly shifting market conditions.

Additionally, the culture of the conservative and highly regulated EDS people clashed with the liberal and innovating Xerox, who faced pressure to decrease expenses. In late 1998, Xerox stopped paying EDS invoices. Due in large part to "billing disputes" with Xerox, EDS was forced to write off \$200 million, or nearly half of its 1998 earnings. EDS sued Xerox in a multibillion-dollar case in February 1999.

According to the lead sentence in a Wall Street Journal article in 2010, *"Xerox Corp. is launching its most expensive advertising campaign in two decades, as Chief Executive Ursula Burns looks to reposition the company as more than just a copier maker."* Burns said the new ads are *"aimed at disrupting old perceptions of the Xerox brand and positioning the new Xerox as the world's leading enterprise for document management and business process."*

Though Xerox wanted to reposition itself, it failed to attract customers. Such diversification contributed to the failure of Xerox. Not just this, Texas accused Xerox of fraud in 2014 due to the company's mismanagement of the state's Medicaid program. Then, in 2016, Xerox came under criticism once more for handling New York's Medicaid program improperly. In the late 20th century, Xerox failed due to a lack of innovation. In 2018, Xerox was acquired by Fujifilm with a 51% stake under the Fuji Xerox name to help them recover after the loss. The new company had a combined revenue of \$18 billion.

(Source: Hubspot, 2023)

Required:

- (a) From the case study, what could have caused Xerox's failure after so much success?
(20 marks)
- (b) As Leaders in your organisations what lessons can be learnt from the Xerox Story?
(20 marks)

[Total: 40 marks]

SECTION B: Answer any three (3) questions from this Section

QUESTION 2

Critique the usefulness of Shaw, *et al.*, (2005) micro-model of corporate entrepreneurship and innovation on modern day business operations. [20 marks]

QUESTION 3

Basing on your knowledge of leadership and management, determine any **four** (4) factors that distinguishes Entrepreneurial Leaders from Managers in organisations. [20 marks]

QUESTION 4

Discuss any **four** (4) of Cloke and Goldsmith's 10 special skills required for a successful entrepreneurial teamwork in an organisation of your choice. [20 marks]

QUESTION 5

Assess the effect of organisational structures in creating an entrepreneurial Organisation. [20 marks]

QUESTION 6

Illustrate how any **four** (4) elements of innovation culture may be upheld in an organisation for corporate entrepreneurship. [20 marks]

END OF EXAMINATION PAPER