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EATON CORPORATION: PORTFOLIO TRANSFORMATION AND THE COST OF CAPITAL

INTRODUCTION

Thus, the global power management company Eaton Corporation has recently implemented a powerful portfolio transformation strategy. Specializing in such segments as electrical systems, hydraulics, and aerospace, Eaton's strategic transformation is concerned with the change in focus towards such more sustainable and technically driven segments.

CORPORATION'S FINANCIAL

Here changes in the composition of the portfolio affected the structure of capital in order to align with a new strategy of Eaton. The detailed case solution focuses on the cost of capital and discusses how the new segments in Eaton change the risk and capital worth.

FUTURE DEVELOPMENT.

The transformation is in tune with best practices around the world; however, Eaton struggles to address the issue of costs of integration and inability to keep its products affordable. The following are the challenges which the company needs to overcome in order to attain solid growth and hence, generate value for its stakeholders.

CONCLUSION

These changes make Eaton's portfolio transformation anticipatory of long-term growth consistent with S&A's definition as a proactive strategy, while the environmental and efficiency emphasis demonstrate that sustainability is a significant part of this strategy.

RECOMMENDATION

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