

EXPOSED NEGATIVES

The Rise and Fall of Kodak's Leadership in Photography



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About Kodak



Eastman **Kodak** Company, 1888

“You press the button.
We do the rest.”

Founded by George Eastman

Pioneer in Film, Printing & Camera Technology


Virtual Monopoly in Pre-Digital Era

“A Kodak Moment”

Kodachrome Color & Instachrome

In 1981, Kodak's stellar market intelligence team conducted **a really important study.**

["How Kodak Failed" - Forbes, 2012]



And they came back with two results:
A **good one**, and a **bad one**.

["How Kodak Failed" - Forbes, 2012]

THE BAD NEWS:

Digital photography
had the potential capability to
replace Kodak's established film
based business.

THE BAD NEWS:

Digital photography had the potential capability to **replace** Kodak's established film based business.

THE GOOD NEWS:

Kodak had **10 years** to prepare for the transition. There was ample time for the company to keep up.

Spoiler Alert:

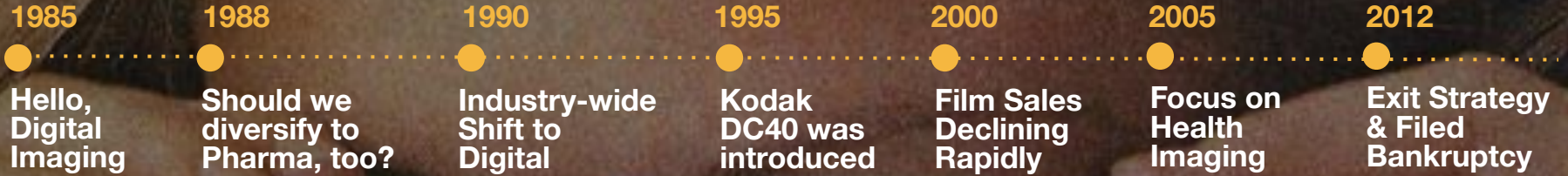
During its 10-year window of opportunity,
Kodak did **little to prepare** for the later disruption.

[“How Kodak Failed” - Forbes, 2012]

So... What exactly was **Kodak** up to?



A Sequence of Miscalculated Steps



A Sequence of Miscalculated Steps



A Sequence of Miscalculated Steps

1985

Hello,
Digital
Imaging

1988

Should we
diversify to
Pharma, too?



**CEO:
George Fisher
(1993-1999)**

1995

Kodak
DC40 was
introduced

2000

Film Sales
Declining
Rapidly

2005

Focus on
Health
Imaging

**CEO:
Antonio Perez
(2005-2013)**



Let's assess their **tenures** at Kodak.

Kodak under George Fisher

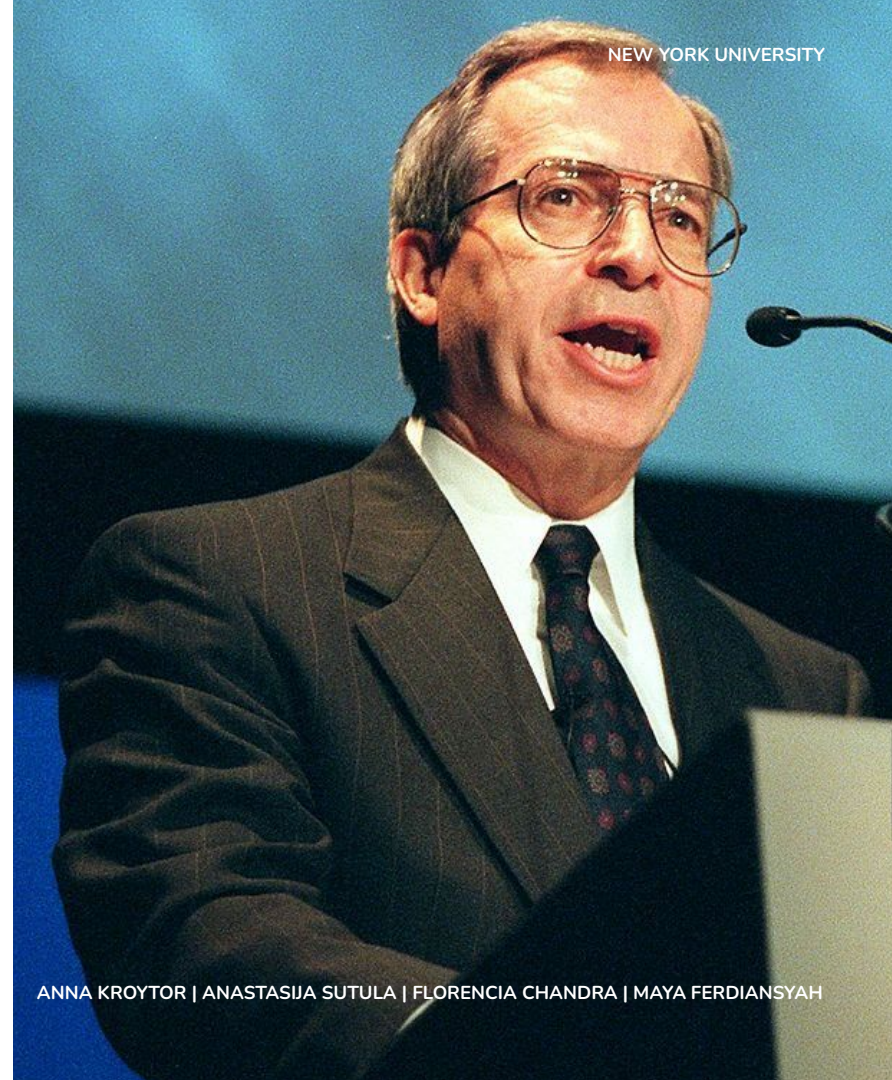
(1993-1999)

Transformational Leadership

"Previously Kodak was primarily into enabling people to take and make pictures. But we want to help people use pictures, store and retrieve pictures, transmit and communicate pictures."

Focus on Leadership Succession

"Success to me in this company is not only getting a financially healthy and growing company again it's also having arrived at the day that I can leave here and this place can run as well without me as it can with me."



Kodak under Antonio M. Perez

(2005-2013)

Policy of Diversification

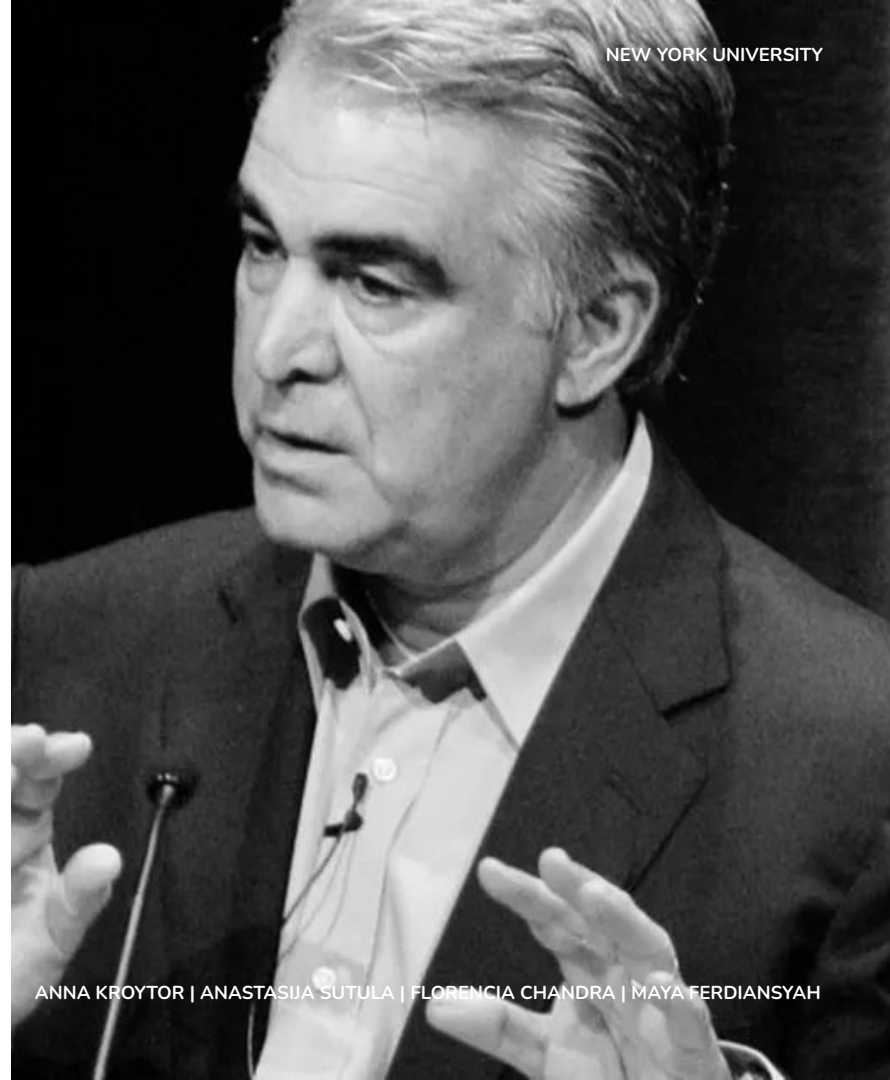
“The hardest thing was to make the decision to focus on this market. We were very late - 20 years late!”

Focus on Innovation

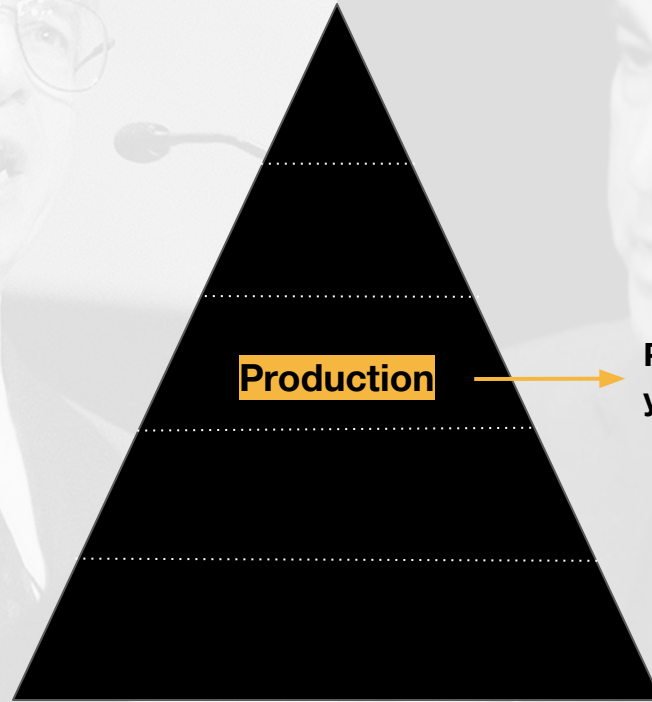
“You will see that this business is going to be a gorgeous business for this company”

Bold Accountability

“I take full responsibility for the decisions I made, I take no responsibility for the legacy.”



Level of Influence



Production

People follow you because of what you have done for the organization

Culture of DEIBA

Fisher (1993-1999):

Diversity and inclusion weren't as emphasized as today

Perez (2005-2013):

“Diversity and inclusion is a business imperative in our global marketplace”

Committee on Diversity and Inclusion

By 2022 'Best Places to Work for LGBTQ Equality'

Clear Vision and Priorities

Fisher (1993-1999):

Vision:

To make Kodak a digital photography leader by re-focusing on strengths, adopting new tech, and pioneering in the evolving photo industry

Priorities:

George Fisher strengthened Kodak by selling non-core assets, paying off debts, and investing in the photography segment, preparing the company for the digital age of photography.

Perez (2005-2013):

Vision:

- Business concept became blurry
- Transform in profitable digital company

Priorities:

- Diversification
- Get rid of money-losing assets
- Emphasis on printing

Principles of Character and Attitude

Fisher (1993-1999):

Strong Self-Leadership:

Results-driven leader, focusing on a performance-based approach and aggressive growth positioning

Challenged Others to Take Responsibility:

Ambitious expectations, revamping compensation system to align better with shareholder returns and overall company performance

Perez (2005-2013):

Courage:

At a tumultuous period, Perez intensified digital innovations, accelerating the company's focus on health-imaging

Letting Go of Mistakes:

Decision to exit consumer businesses, while necessary for restructuring, and finally filing for bankruptcy

Response to Crisis

Fisher (1993-1999):

No Engagement for Impact:

Fisher was called into Kodak after previous CEO was fired by the board. Studied Kodak for a whole 5 months before initiating any actions – only to focus on the “vision” and the “plan”

“Adaptix” (Not) Adapting Boldly:

Digital camera with film development. \$500 million to develop cost to launch and the roll-out was undersupplied. No one wants to buy digital and still pay for developing costs.

Perez (2005-2013):

(Trying) to Adapt Boldly:

Perez saw the decline of the film industry and the rise of digital photography. He pushed towards digital technologies, albeit with mixed success.

(Trying) to Reliably Deliver:

To manage debts and generate cash, Kodak under Perez sold off a number of assets, including patents.

Questions for Fisher & Perez:

1. In the context of the company embracing various businesses, how do you think Kodak is going to position itself in the new century?
2. At the age of rapid digital transformation, what proactive measures the company takes to stay current and ahead of its competitors in the future?
3. In your assessment, what role did company's legacy play in the current company's situation?
4. How do you envision the company's diversity and inclusion policies evolving over the next years?
5. How would you describe current company's communication policies and the workplace environment created?

It's Year 2012.

Strengths

Brand Legacy
Revenue Model: Razor and Blades
Technological Expertise & Innovation

Weaknesses

Narrow Focus
New Brand Perception
Leadership Decision Making

Opportunities

Rebranding and Repositioning
Diversification
Strategic partnerships

Threats

Market Shift
Competition
Consumer behavior changes

Our Recommendations





Recommendation

#1 Utilize Market Intelligence Data to Drive Decision-Making

Problem: Having all the accurate R&D analysis without taking advantage of it



Recommendation

#2 Move from Make-Sell Business Model into Anticipate-Lead in Digital

Problem: Change-resistant mindset that refused to acknowledge digital innovation as replacement to film



Recommendation

#3 Establish an Aligned Vision and Strategic Objectives

Problem: Lost its clear vision of the company's place in the market, couldn't set objectives, and lost trust and reputation.

Recommendation


#4 Transparent and Consistent Communication in Crisis

Problem: Face challenges in the industry's ongoing transformation efforts. There is a gap in understanding and staying true towards the company's vision.

Kodak in Videos



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Kodak in Articles

NOVEMBER 2018 (REVISED AUGUST 2020) [CASE](#) HBS CASE COLLECTION

The Reinvention of Kodak

By: [Ryan Raffaelli](#) and Christine Snively

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Unsuccessful Crisis Leadership: The Tragic Downfall of Kodak



Eric Flamholtz
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WSJ The Wall Street Journal

Kodak Shifts Into Drug Production With Help of \$765 Million U.S. Loan - WSJ

has won a \$765 million government loan under the Defense Production Act, the first of its kind. The purpose: to help expedite domestic...

Jul 28, 2020

The Real Lessons From Kodak's Decline

Eastman Kodak is often mischaracterized as a company whose managers didn't recognize soon enough that digital technology would decimate its traditional business. However, what really happened at Kodak is much more complicated — and instructive.

FORBES > LEADERSHIP > LEADERSHIP STRATEGY

How Kodak Failed

Chunka Mui Former Contributor

I focus on innovations aimed at making the world a much better place.



**Harvard
Business
Review**

Kodak's Downfall Wasn't About Technology

by Scott D. Anthony

July 15, 2016



Thank you.