





HOW ARE THE MIGHTY FALLEN

The sad tale of Eastman Kodak



How Mighty?

- In 1991 Turnover \$19 billion , net worth \$24 billion, 16th largest company in USA.
- As late as 2001 “Kodak” was 5th most valuable brand in the world.
- At peak in 1988 Eastman Kodak employed 145,300 people world-wide...
- ...one of whom was...



Nigel Dorian

- Worked for Kodak from 1966 – 1995
- All this time in Information Technology (started as the Computer Department, finished as Information Systems)
- Based at Ruislip, Hemel Hempstead, Harrow, Rochester NY, European Region (Hammersmith).
- Served on various international working groups.



What Went Wrong?

- Lots of simplistic analyses – EK failed to make the move to digital.
- The digital world requires a completely different business model.
- The old business model (low margin cameras, high margin film) was ingrained in the EK culture.
- Strategic mistakes going back to the 70 – 80s
- A number of cultural encumbrances



Strategic Mistakes - The Guilty Men?



Walter Fallon
1972-1983

Colby Chandler
1983-1990

Kay Whitmore
1990-1993



Strategic Mistakes

- Instant Photography debacle
- Disc camera/film failure (arguably a tactical mistake)
- Sterling Drug acquisition



A Brief History of Film size, Camera size and Profitability



120 Roll Film (8 exposures)

1901

1901

1901

1909

1917

1925

1933

1941

1949

1957

1965

1973

1981

1989

1996

24x36

57x83

135

120 (8)

120 Roll Film (8 exposures)

135 Cassette

1901

1934

1901

1901

1909

1917

1925

1933

1941

1949

1957

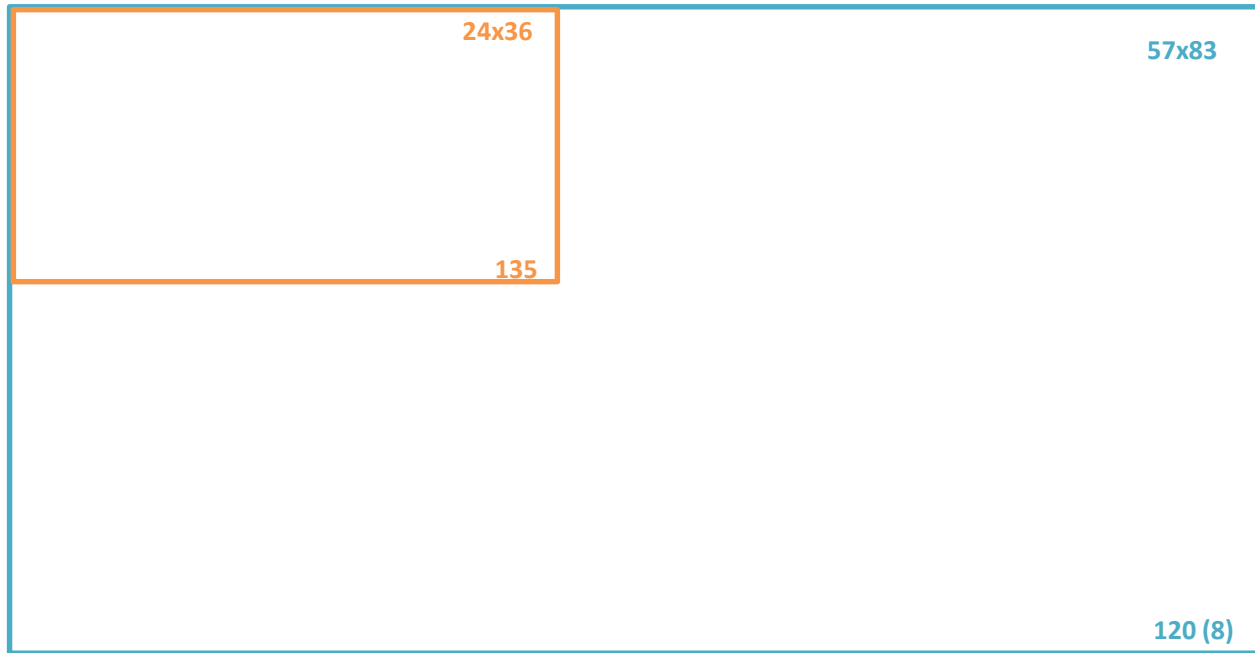
1965

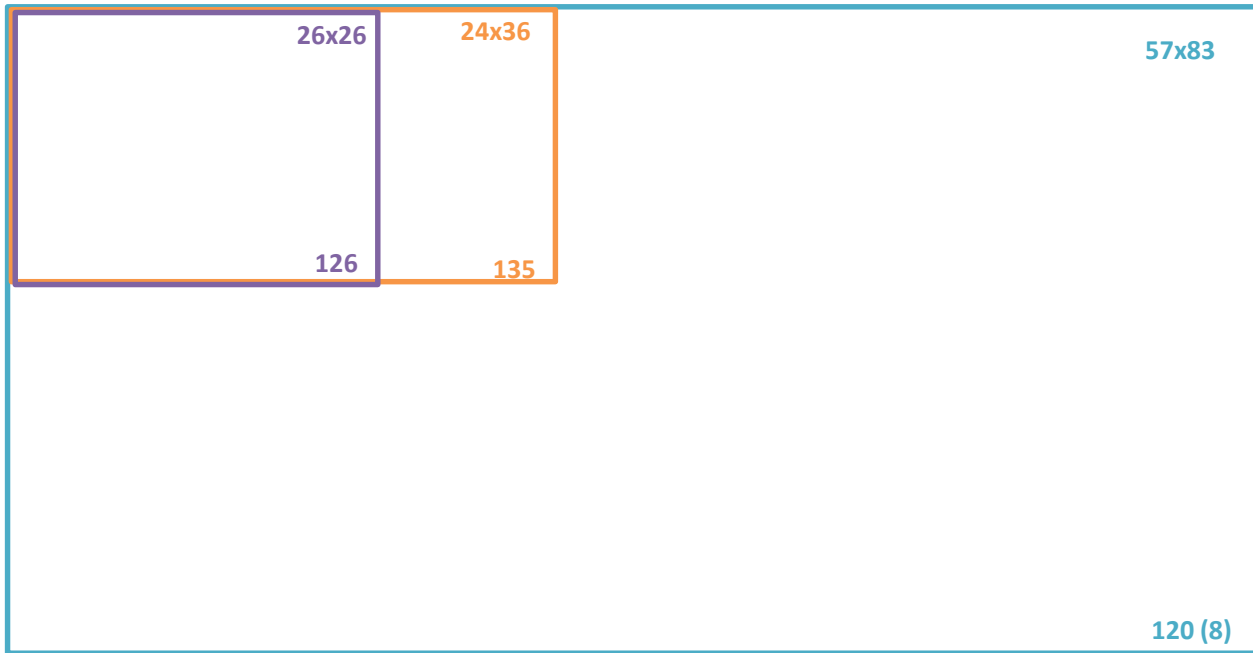
1973

1981

1989

1996





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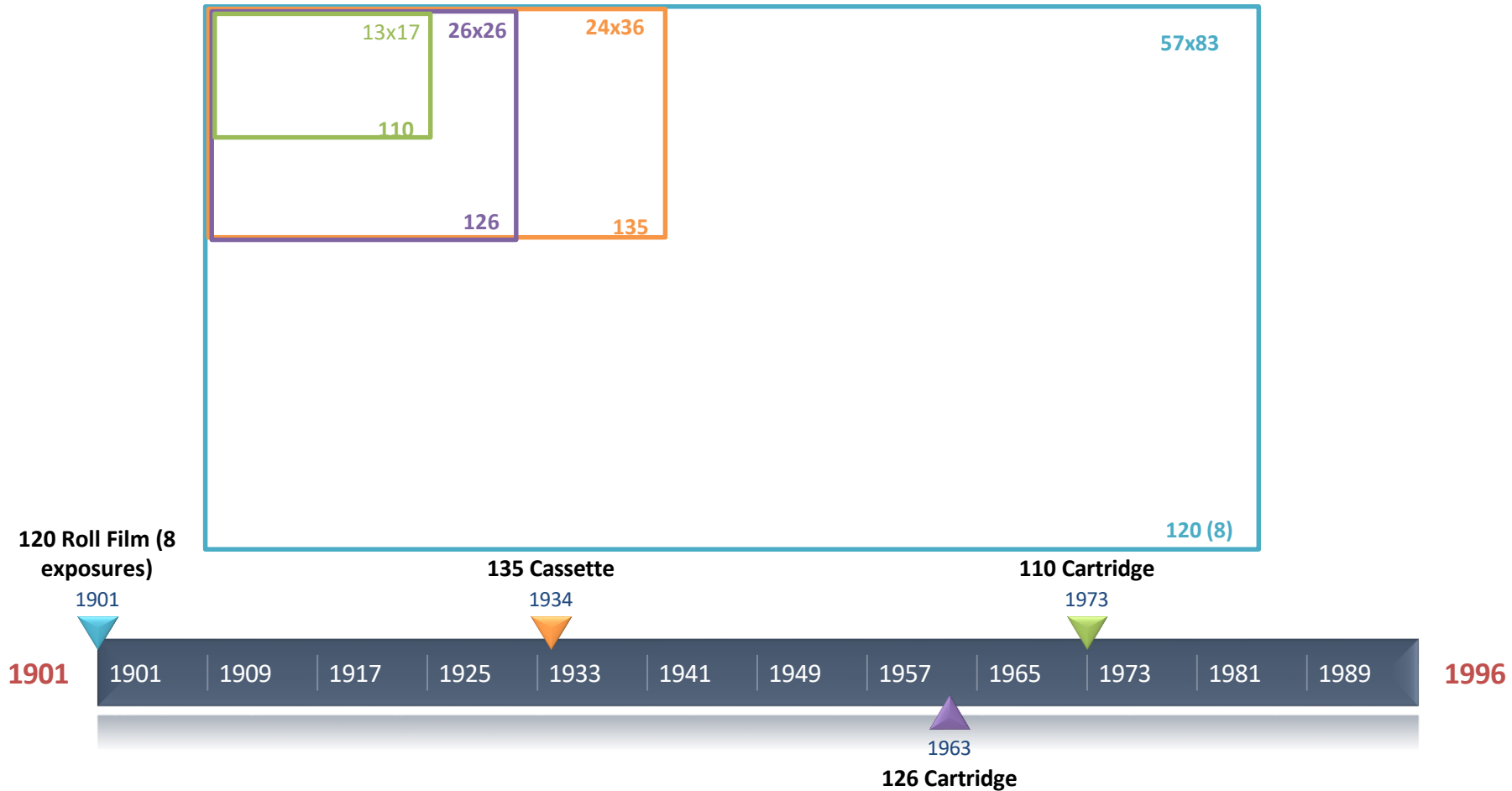
1996

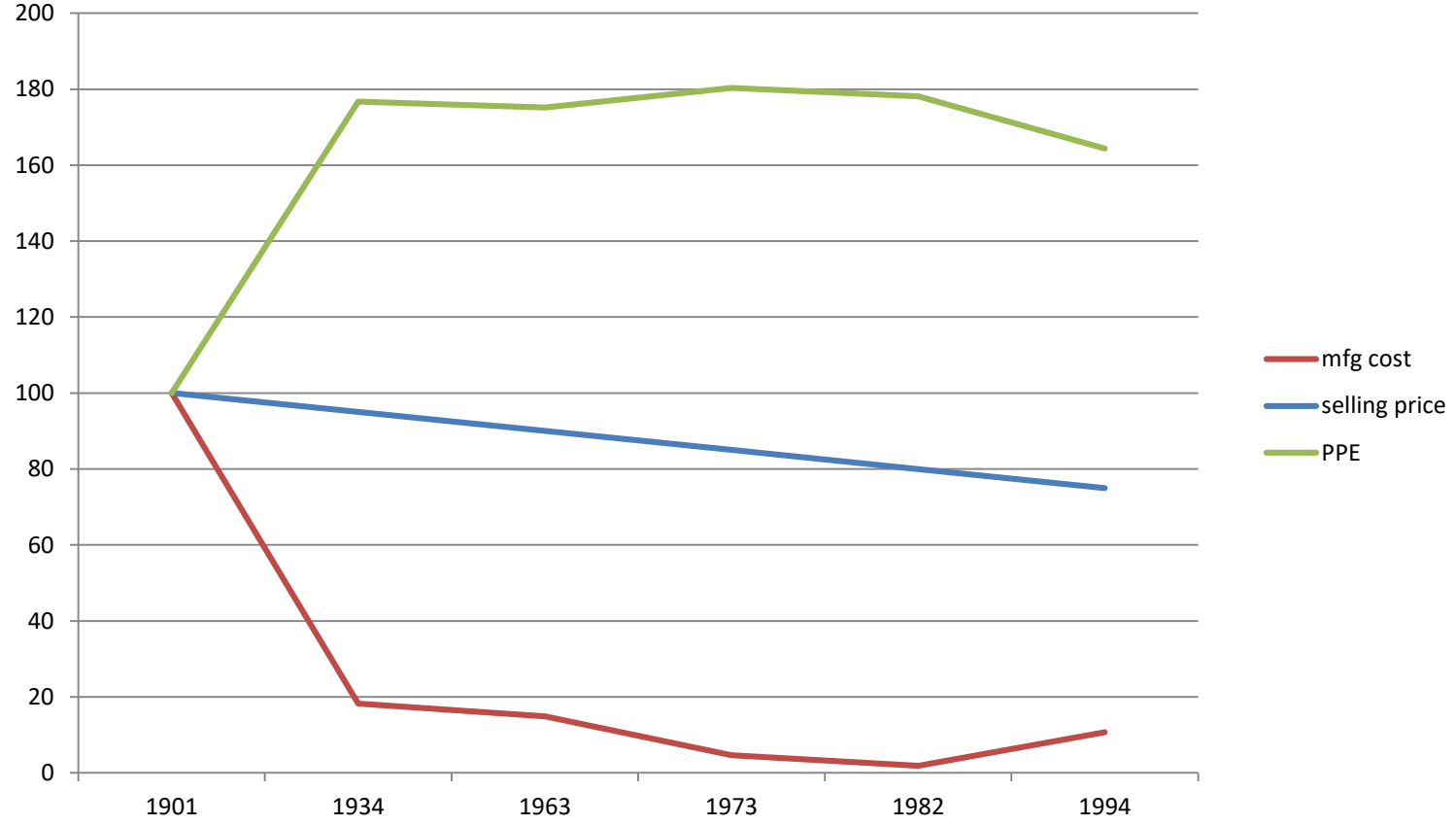
1934

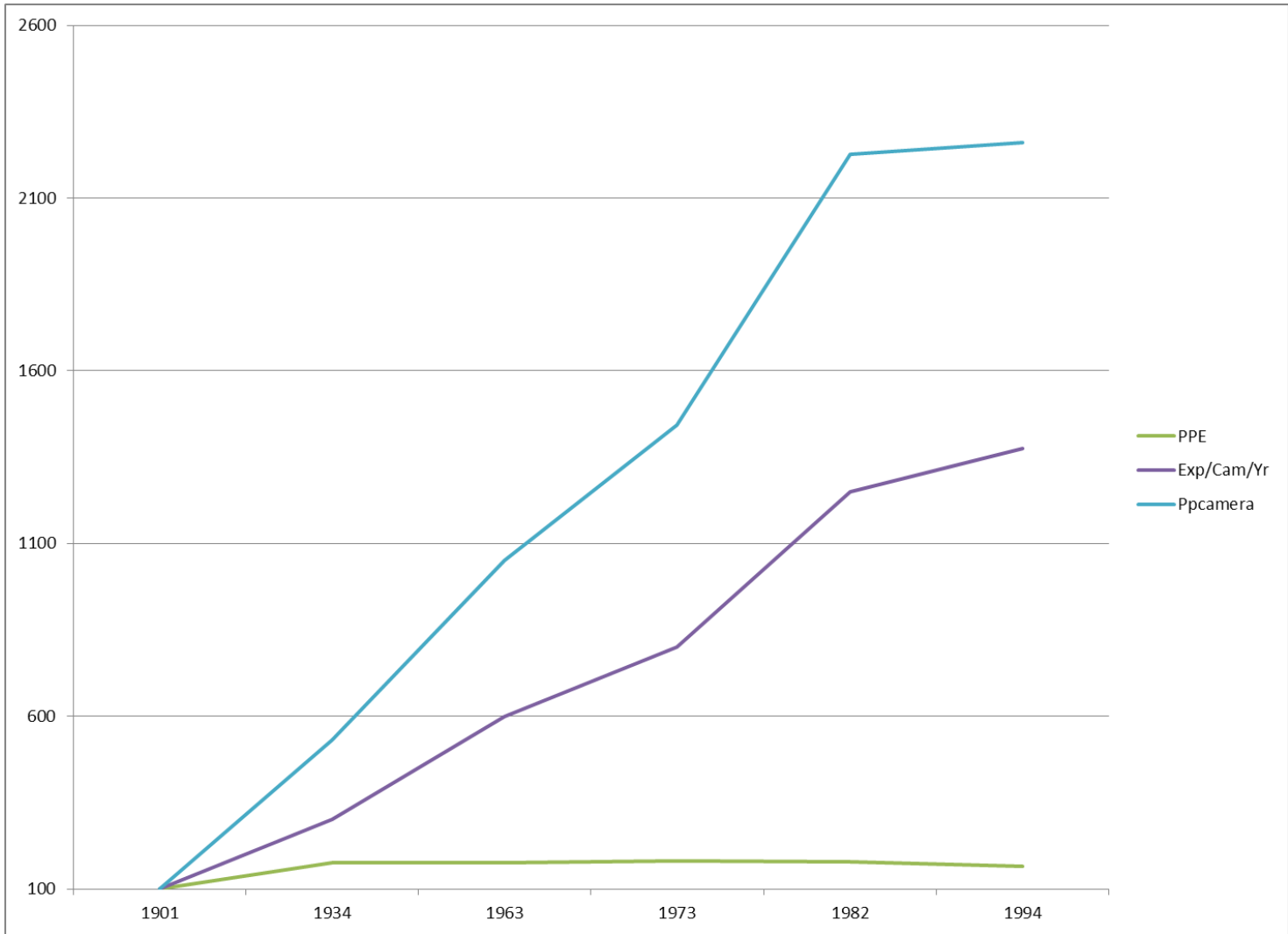
135 Cassette

1963

126 Cartridge









1
ROYAL YORK
HOTEL • LARGEST
IN BRIT. EMP.
1164 RMS.

2
QUEENS PARK
AND PARLIAMENT
BLDGS.

7
ROCK
GARDEN AT
HAMILTON

376
TORONTO,
AND VICINITY

VIEW-MASTER
MADE IN BELGIUM

U.S. PAT. 2,199,205
ENGL. PAT. 208,492
CAN. PAT. 408,062
REG. DES. 104,410

3
CASA LOMA
FRENCH CHATEAU

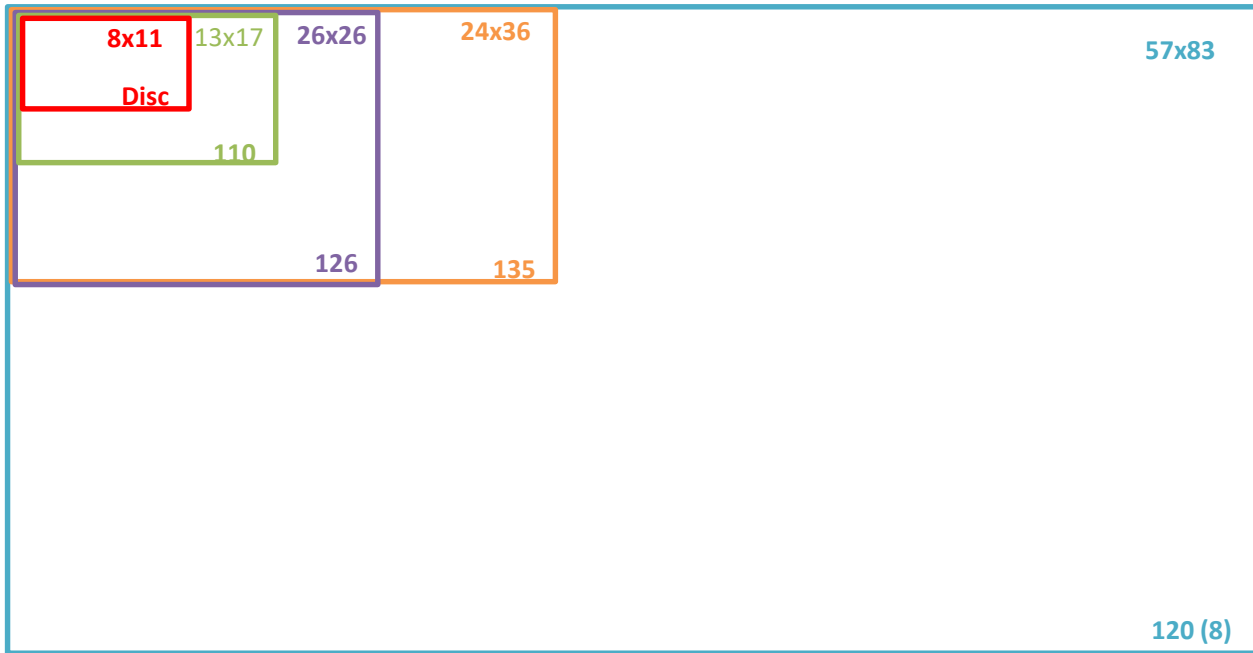
6
UNIVERSITY
OF TORONTO

ONTARIO
CANADA
SAWYER'S INC.
PORTLAND 7, OREGON
© 1948

4
PRINCES
GATE
EXHIBITION
GROUNDS

5
BLOCKHOUSE AT
OLD FORT YORK
OF 1812





120 Roll Film (8 exposures)

135 Cassette

110 Cartridge

1901

1901

1901

1909

1917

1925

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1933

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1965

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1973

1981

1989

1996

1963
126 Cartridge

1982
Disc



History of the Disc Project

- 1975 – Concept (including image size validation)
- 1982 – Product Launch
- Appalling picture quality, poor support from photofinishers, competition from 35mm compacts.
- Brought forward emulsion developments
- Specified special 6 element lens for disc negative printers
- 1988 – Stopped camera manufacture
- 1999 – Ceased film production



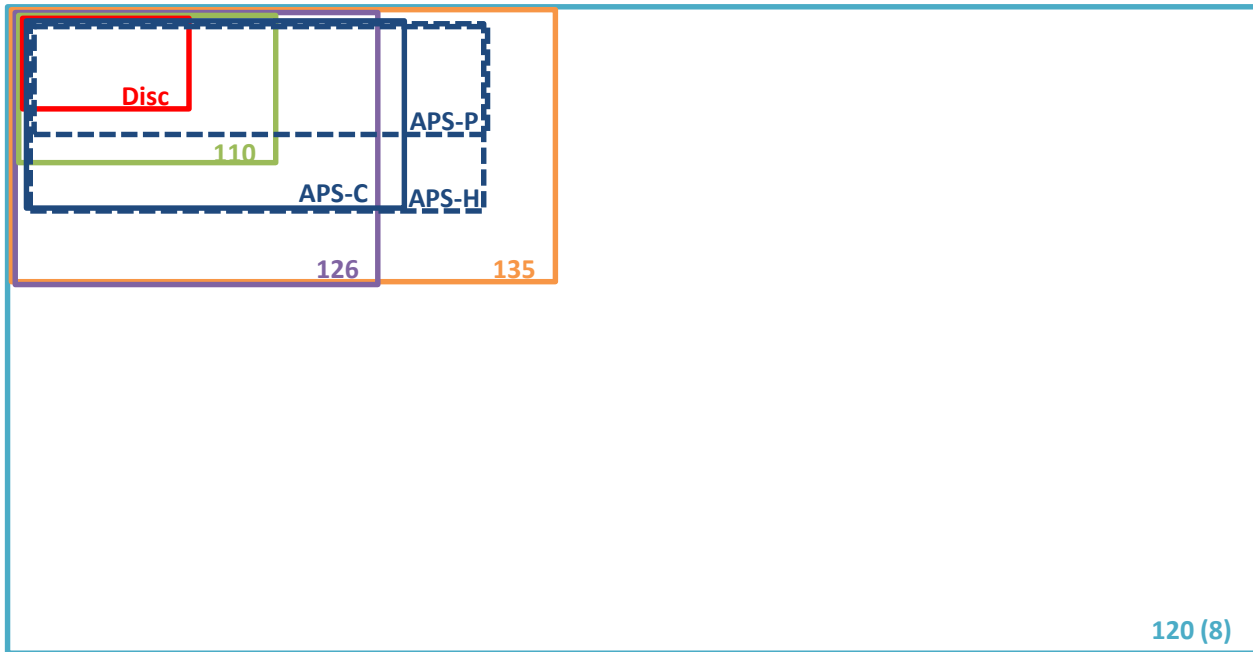
Where did it go wrong

- Only a few people could do the validation
- “Emulsion Confidential” rules meant calculations not cross-checked and not published
- Subsequently discovered a major mathematical error
- Brought forward emulsion developments
- Specified special 6 element lens for disc negative printers



What might have happened?

- Disc project cancelled early, say, 1977
- Gone back to the drawing board
- APS product introduced in 1984 (instead of 1994)
- Would have competed better against 35mm
- Might have provided a smoother transition to digital



120 Roll Film (8 exposures)

135 Cassette

110 Cartridge

240 APS Cassette

1901

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126 Cartridge

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Disc



Cultural Encumbrances

- Distrust of Patents (also relevant to the Instant fiasco)
- Reliance on secrecy (and the impact on senior management selection)
- Insistence on proprietary product design
- Reluctance to say No to senior managers
- Slow and bureaucratic management processes
- Mormon mindset?



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