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Eastman Kodak Needs a New Job

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Evan Niu
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Eastman Kodak (NYSE: [EK](#)) could use some tips from personal-finance expert [Suze Orman](#).

The company hasn't been managing its budget very well and has been living [paycheck to paycheck](#) for [a long time](#), a tough habit to [break](#). Unfortunately for Kodak, its paychecks and patent-trolling days are [numbered](#).

The company has announced that it initiated a draw of \$160 million from its credit line for "general corporate purposes," sending shares down by as much as 25% as of this writing, as investors flee for cover with anxiety over the iconic camera maker's prospects.

Taking on debt for general corporate purposes is analogous to using your credit card to pay your utility bills, which would almost certainly be a no-no in Suze Orman's book, *Action Plan: New Rules for New Times*. It's one thing to take on debt for big purchases like buying a new car or remodeling your home, but it's a bad sign when you need it to cover everyday expenses, a.k.a. "general corporate purposes."

At the end of last quarter, which closed on June 30, the company was sitting on \$957 million in cash and equivalents against almost \$1.5 billion in short-term borrowings and long-term debt. Kodak burned through a total of \$343 million in cash throughout that quarter, up from \$324 million in the prior quarter. As we draw to the end of this quarter, investors are dreading how the balance sheet will read, since this news provokes fears that the company's cash burn continues to accelerate. On top of that, Kodak hasn't generated free cash flow since 2007.

This quarter's revenue may come in on the light side after the [court ruling in July](#) that **Apple** (Nasdaq: [AAPL](#)) and **Research In Motion** (Nasdaq: [RIMM](#)) don't owe Kodak as much as it had hoped. The company hasn't provided any meaningful updates to its [proposed patent sale](#) that some analysts have valued worth [more than the entire company itself](#), and shareholders are losing patience.

At this rate, Kodak will become a scrapbook memory for its failure to keep up with the times and attempting to rely on an unsustainable business model. In personal finance, if your current job can't pay your bills, *you find a new job*.

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