

Despite Long Slide by Kodak, Company Town Avoids Decay

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ROCHESTER — In what was once the ultimate company town, virtually everyone has a trove of bright Kodak moments.

They were plucked from the personal memories immortalized on the film made here, the bountiful jobs that allowed children to follow their parents into Kodak's secure embrace, the seemingly endless largess that once allowed the company's founder, [George Eastman](#), to provide dental care at little or no cost to every child in town.

Now, with Eastman Kodak's stock price below \$1 and talk of bankruptcy inescapable, people here are pondering a thought as unimaginable as New Orleans without the French Quarter or New York without the Yankees — Rochester after the calamitous fall of the company Eastman founded in 1880.

It feels like the wrenching culmination of a slide over decades, during which Kodak's employment in Rochester plummeted from 62,000 in the 1980s to less than 7,000 now. Still, for this city in western New York, the picture that emerges, like a predigital photograph coming to life in a darkroom, is not a simple tale of Rust Belt decay.

Rochester has been a job-growth leader in the state in recent years. In 1980, total employment in the Rochester metropolitan area was 414,400. In 2010, it was 503,200. New businesses have been seeded by Kodak's skilled work force, a reminder that a corporation's fall can leave behind not just scars but also things to build upon.

"The decline of Kodak is extremely painful," said Joel Seligman, president of the University of Rochester, which, with its two hospitals, is the city's largest employer with 20,000 jobs. "But if you step back and look at the last two or three decades, you see the emergence of a much more diversified, much more knowledge-based economy."

Kodak announced last week its [most recent reorganization](#), an effort to cut costs and enhance digital operations, which now account for 80 percent of revenue. But after the company said in November that it could run out of cash in a year if it could not sell more than 1,000



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Kodak headquarters in Rochester. The city has been a job-growth leader in New York State. (Brett Carlsen for The New York Times)

digital-imaging patents, fears of bankruptcy have emerged among investors, retirees and employees.

A Kodak spokesman, Christopher Veronda, said the company did not comment on market rumors. In an e-mail, he added, "Rochester has been our home for more than 130 years, and it remains our home."

Still, nowhere have Kodak's troubles resonated more than in Rochester, where George Eastman's philanthropy and legacy live on in myriad institutions, including the University of Rochester and its Eastman School of Music. The George Eastman House museum of photography and motion pictures still has the oak box he used to keep up with his donations, whether it was the \$625,000 he gave in 1901 to the Mechanics Institute, now the Rochester Institute of Technology, or his smaller gifts to groups like the Vacant Lot Gardening Association or the Rochester Association of Workers for the Blind. The company's charitable contributions continued long after his death in 1932, and local officials say its generous buyout and severance packages have cushioned the blow of its decline.

Kodak's fall carries an emotional punch, too, like seeing an enduring part of the American experience wither away.

James Ulrich, who volunteers as a docent at the Eastman House, thinks back with pride on the greatest sum-

mer job ever, traveling the country in a Kodak company car taking pictures of tourists taking pictures.

Robert Shanebrook, who until his retirement in 2003 spent most of his 35 years at Kodak working with world-class photographers like [Ansel Adams](#) and [Yousuf Karsh](#), said: “We all had this personal investment and personal pride in being part of this organization; we felt we were working with the most capable people in the world. And then it all sort of crumbled, like finding out something bad about someone you were close to.

“You think, ‘How could that be?’ ”

The images of prosperity are being replaced by ones in shadows and shades of gray — the largely empty parking lots at the Kodak headquarters and its sprawling manufacturing complex, or seeing the “Kodak” sign blazing across the night sky downtown and wondering if before long the lights will go dark.

Rochester’s troubles go beyond Kodak. Xerox and Bausch & Lomb have shed thousands of jobs as well. Twenty-five years ago, the three companies employed 60 percent of Rochester’s work force. Today, it is 6 percent.

“Part of my job is convincing people we aren’t the place we once were,” Mayor Thomas S. Richards said.

The most painful toll is in the city itself, where the population has dropped to 210,000 from a peak of 332,000 in 1950, and where vast stretches north of downtown are dreary acres of decay. And while job growth has been strong, wages have declined from well above the national average at Kodak’s peak to below it now, reflecting the dwindling of well-paying factory jobs.

But beyond the urban core, in sparkling new office parks and research labs, at the University of Rochester and the Rochester Institute of Technology and the local medical complexes, Rochester remains quite robust, in no small part because of the legacy Kodak and other faded industrial giants left behind.

The fact that Kodak declined over decades, rather than suffering a sudden collapse, allowed people at the company and elsewhere to explore new options — to take skills in medical technology, photonics, imaging or optics to small startups or to start their own.

Steve Kristy spent 18 years at Kodak until finally quitting in 2000, saying he was exasperated by the company’s inability to embrace the digital world. Mr. Kristy is now chief executive of a company he co-founded, LiquidPixels, which provides enhanced visuals for Web sites, mak-

ing use of skills he learned at Kodak.

“Kodak was frustrating and rewarding to work for,” he said. “It’s had such a wonderful brand that it’s sad it couldn’t stretch that into the digital era, but it produced an amazing wealth of people who want to stay in Rochester and are available to work in all areas of technology.”

Similarly, Kodak left behind an industrial infrastructure that may never be duplicated, 1,200 acres that once employed more than 30,000 people and that are being repurposed as Eastman Business Park, where half the 6,200 employees still work for Kodak and half work for 35 other companies located on the site.

Many of those companies were spun off from Kodak, like Ortho Clinical Diagnostics, which is now part of Johnson & Johnson and produces blood analyzers for medical offices and hospitals; Carestream Health, which manufactures conventional and digital X-ray equipment; and ITT, which manufactures optics for military and government applications.

Michael Alt, director of the park, said the facility had

Rochester ponders what it would be like to lose a mainstay.

enormous potential despite Kodak’s struggles.

“Maybe when the quicksand gets up to your neck you ought to be reaching for the rope, but it’s not there yet,” he said.

Local officials expect that if Kodak goes into bankruptcy, it will continue to operate, which would very likely mean a smaller company and financial repercussions for many retirees. But no one expects Kodak to play as large a role as it once did or for any single company to take up the slack.

“Sure there’s nostalgia, and when you have this kind of news it tends to amplify it, but we cannot plan our future on the basis of nostalgia,” Mayor Richards said. “We will fail here if what we try to do is replicate what we had 30 years ago.” ■