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# Poor decisions that humbled the Kodak giant

*From Mr Ira Goldman.*

Sir, As a longtime employee of Kodak (I am about to retire this week for the second time as the director of strategy and market intelligence for the prepress business) I read Andrew Hill's series "Kodak in Crisis" (April 3 and 5) with interest and have an additional comment to offer. Before I do that, I think a bit of background would be useful so you understand my perspective.

I started working for the company in the Rochester manufacturing plant in 1969 and over the next 18 years managed five different film production departments ranging from X-ray to consumer and professional products. In 1988 I moved to the professional photographic product development and marketing area responsible for the future needs of photojournalists, and as a result was the product manager for the first professional digital camera that launched in 1990.

Subsequently I was the European region manager for all of the professional digital products from 1992 to 1995, working for Dan Carp before he returned to the US to become chief executive. I left Kodak in 1997 but was hired by a joint venture company owned by Kodak and Sun Chemical in the commercial printing business in 1998 and returned to Kodak when it bought out Sun in 2005.

As others have already commented in the articles, Kodak senior management certainly saw the advent of digital photography coming for more than 20 years and even predicted the timeframe for it to have an impact on the legacy business pretty accurately. The cultural issues that are well acknowledged did have an impact on the company's decisions relative to what businesses to invest in to replace that stream of earnings, but in my opinion that is not the core reason for the recent bankruptcy filing. More importantly it was a history of being able to afford multiple investments in new technologies without fully understanding the market needs, and then failing to make careful choices about which investments the company could afford.

If the current management team and board of directors had managed the investments to match the cash flow available under realistic business conditions, they would not have proceeded with three large investments simultaneously (in digital printing, only one of which turned profitable after 10 years) and then accepted high cost overruns and failure to meet schedule. Absent the cash flow from the legacy businesses and intellectual property licences, they would have been forced to make the hard decisions to drive them to profitability in a reasonable time frame.

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