

Kodak Stunning Journey of Fortune to Misfortune (A Case Study - Financial Analysis)

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Abstract

How an organization that had been fortunate over a century with a dominant position in the market, led to briskly misfortune and bankruptcy within short span of time. The entire case study emphasizes the stunning bankruptcy of Kodak. The gloomy journey of market giant, that had a lion's share of imaging world industry and that had positioned the name of photography to its recognition "Kodaking", has been over to ouster from the market. The general purpose of the research is to analyze the financial position of a company by applying financial analysis tools and check the consistency of results. The specific purpose of the research is to conclude the critical issues that have caused organization downfall by evidential support. Data collection has been made in this study on empirical basis and by the use of company annual reports, results & conclusions have been drawn. The prior segment of report shows the financial results and post segment represents the issues regarding failure of Kodak and suggests recommendations to rebuild the company. The research is significantly shown consistent results and reasons. It is widespread useful for business institutions especially for graduate professionals & organizations to envision the vision and insight about financial operations and consequences. It can be helpful to forecast future objectives and drives for sustainability and profitability of an organization.

Keywords: Kodak, Canon, Bankruptcy, Ratio Analysis, DuPont's system of analysis, Trend Analysis.

Introduction: (A Historical Perspective)

George Eastman "the founder of Kodak Empire" was born in 1854. He was only 14 when he dropped out from high school. He started his career from an insurance company. Then he served as clerk by his mid-twenties. He had a very innovative and inventive thinking. He had also an ability of leadership and specialized skills in accounting. During his short trip to tourist place, he had come up with the idea of dry plate photography. He derived it from wet plate photographic technique which was much more weighty and complex in handling. He passionately engaged to make it portable. After a long struggle he succeeded to invent gelatin emulsion formula based on dry plate photography. He refined the formula into photographic film and awarded as a pioneer of the company.

George Eastman founded the Kodak in 1880 and was incorporated in the State of New Jersey in 1901. The headquarter of the company is in Rochester, New York. It was registered with its trademark "Kodak". Its main business is to provide services to customers, corporations, and innovative professionals by unleashing the power of pictures and printing to improve their lives. The first camera was offered to market in 1888. The basic objectives were set to mass production at a lower cost, extensively advertising, customer focus and international distribution. The slogan was related to "you press the button, we do the rest". The major competitor is Canon, a Japanese based company. Before 1990 the employees was up to 75000 and market share was 89%. Its major products are related to film roll, cameras, x-rays papers, color film, stereoscope cameras, printers (high speed), photo cd's and instant cameras. Different segments have related to digital printing, graphics and entertainment. Its major subsidiaries are Eastman Chemicals and FPC (Inc.). Its major laboratories that are having a significant scientific worth has been working since 1912 and have a lot of scientists and publications.

The company held a very dominant position in the market up to the century. Being a leader of industry, it had captured 89% market share until 1989. After ninety's, the company was entered in the declining pattern

due to reluctant with the digital revolution. The company badly loses its sales volume as well as its market share in its business landscape. After the decade of eighty's in 20th century, its sales-volume decreases to avalanche position and in next decade company completely loses its financial worth due to inability to perform in the market place. Finally it has declared as bankrupt in 2012.

The study significantly emphasizes the reasons of bankruptcy of Kodak Empire. Appropriate financial techniques and tools are applied to investigate the root causes of its failure. The study also suggests the future implications for restructuring and revitalizing the company position. (Schreiner, 2012) , (Http://www.kodak.com)

Segment Analysis of Kodak

Kodak is the world's foremost imaging innovator and generates revenues from the sale of products, technology, solutions & services to its consumers, businesses concerns and creative professionals. The Company's portfolio is broad, including image capture & output devices, consumables & systems solutions for consumer, business and commercial printing applications. The company also continues to offer leading products in Entertainment Imaging and Commercial Films. The Company had three reportable segments: Consumer Digital Imaging Group ("CDG"), Graphic Communications Group ("GCG"), and Film, Photofinishing and Entertainment Group ("FPEG").

Percentage of total Sales of the Segments of Kodak in Million (\$)

Figure 1 (Percentage of sale)

Group	Consumer Digital Imaging Group	Graphic Communications Group	"Film, Photofinishing & Entertainment	Total Sales	CDG	GCG	FP & E
Total Sale	2739	2681	1767	7181	38.11	37.30	24.59
In USA	1781	810	397	2988	59.61	27.11	13.28
Outside USA	958	1871	1370	4199	22.81	44.56	32.63

Consumer Digital Imaging Group segment encompasses digital still and video cameras, digital devices such as picture frames, kiosks, APEX dry-lab systems, and related consumables and services, consumer inkjet printing systems, Kodak Gallery products and services, and imaging sensors. CDG also includes the licensing activities related to the Company's intellectual property in digital imaging products. This segment accounted for 38.11% of 2010 sales. The sale of this segment in USA is 59.61% and outside USA is 22.81. It is the largest operating segments of Kodak. The **Graphic Communications Group** segment encompasses workflow software and digital controllers, digital printing, which includes commercial inkjet and electro photographic products, including equipment, consumables and service, prepress consumables, prepress equipment and packaging solutions, business solutions and consulting services, and document scanners. This segment accounted for 37.30 of Kodak's overall sales in 2010 but in USA its sale is 27.11 and outside the USA, its sale is 44.56. **Film Photofinishing and Entertainment Group** segment encompasses consumer and professional film, one- time-use cameras, aerial and industrial materials, and entertainment imaging products and services. In addition, this segment also includes paper and output systems, and photofinishing services. This segment accounted for 24.59 of Kodak's overall sales in 2010. The segment contributed the sale volume in USA 13.29 and outside the USA, its sale increases which is 32.63.

Condensed Statement of Financial Performance 2006 to 2010

Figure 2 (Financial Performance)

Year	2010	2009	2008	2007	2006
Sales	3187	7606	9416	10301	10568
Net Earnings	-687	-210	-442	676	-1118

Note: All the figures in this table are in Million (\$)

The above table shows that total Kodak sales and profitability in the last five years has varied widely. Kodak's sale was at the peak in 2006 over 10568 million (\$) and then dropped to 3187 million (\$) in 2010. Company also faces net loss in 2006, 2008, 2009 and 2010.

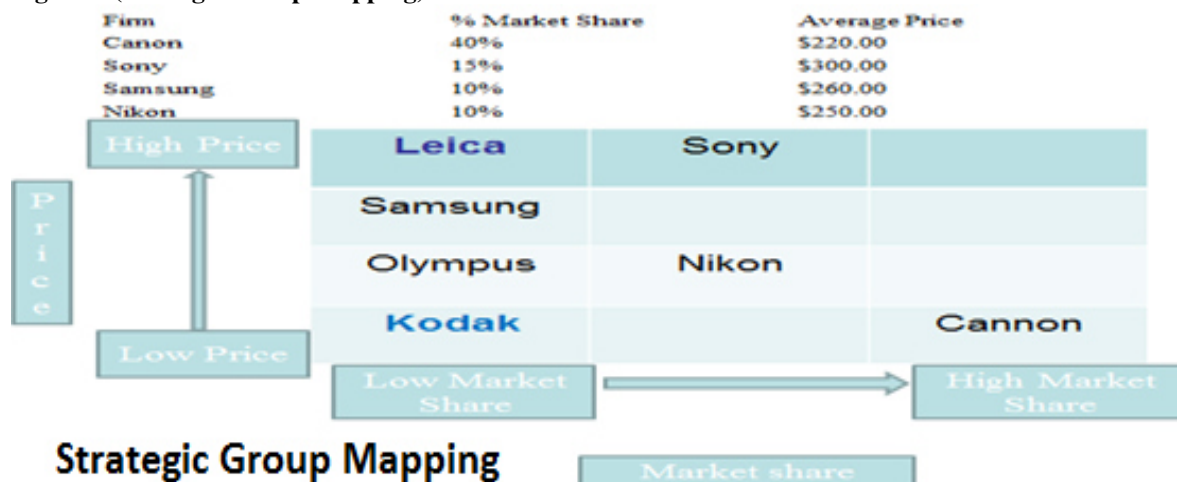
(Eastman Kodak, Wikipedia) , (Http://www.kodak.com)

Kodak: Industry Analysis

Kodak is considered as imaging business category. Its ancient history is very lucrative and enchant. But entering in the new millennium 21st century, it faces strong entry barriers with strong buyer position and weak position of suppliers, larger threat from its substitute and very strong rivals. The industry is representing low potential and

profits for it and shown apparently unattractive. Overall confronting massive decline in the traditional films and facing great challenge to sustain in the digital market.

Figure 3 (Strategic Group Mapping)



Market Outlook:

Market drives and moves towards imaging industry are related to more innovation and digital convenient interface. The future of the market is much bright then past. People are considering it as household commodity. It recommends lucrative and creative returns up to the coming years. As globalization and competition increasing, market is also going expand because of extended features with cost effective facilities. Sophistication is also entered to the imaging products. But it is more challenging for Kodak to sustain in the market due to lose its worth in both financial and services sector.

(Marshal Richard, 2013) , ([Http://www.kodak.com](http://www.kodak.com)) , (Kodak, Wikipedia)

Financial Ratio Analysis: (Time Series & Cross Sectional)

To expose out the Kodak failure dilemma of bankruptcy, it was very critical to identify those issued that are based on evidences and facts. Rationale to conduct the financial ratio analysis is to present the bird’s eye view of company past & current performance either on operating or net basis. It suggests some future course of actions for Kodak revitalization. The figures of ratios depict the company flaws and strengths in certain areas.

Liquidity Ratios: helps to understand if it can meet its obligations over the short run. **Current ratio** would imply the insolvency problems and efficient or inefficient management to utilize its assets effectively or vice versa. An investor can understand that how much strong and able a firm is to meet its current liabilities by using its current assets. Kodak has current ratio of 1.34 in 2010 which means that Kodak has current assets of 1.34 \$ to pay the 1 \$ short term liabilities. Although, Kodak has an increasing trend in its short run liquidity over the past years but it is analyzed that Kodak has badly indulged in long terms liabilities. **Quick ratio** shows how much quick resources are available to meet current liabilities. It shows relatively clear picture of a firm’s financial position then current ratio. Kodak has almost quick resources almost equal to its current liabilities. Its quick ratio is 1.10 that indicates the sufficient liquidity position in short term but not in long term. **Networking capital ratio** of Kodak is also showing very declining pattern to its current years. **Quick Assets** are also in declining patterns. So the overall liquidity position shows that company apparently performs sufficiently but on the back hand company has put itself to the dumping grounds due to inefficient management and debt overhang.

Leverage Ratios: is much more important group of ratios that measures the optimistic or poor capital structure for financing of its assets. **Debt to equity ratio** of Kodak depicts the declining and badly trends over past years. It explains the poor capital structure of a firm. It also indicates that company desperately relies on external debt and internal investment is null or nominal. It shows a very weak financial position of the firm. It means that Kodak is totally based and being operated on outsiders funds and debts which is very dangerous for the firm and also for the investors. **Debt Ratio** shows that company has sufficient or vice versa assets to cover its debt loads. Kodak has faced very dangerous financial situation as it has nominal assets to cover up its huge and massive level debts burdens.

Asset Management Ratios: Measures the ability of firm’s assets to generate revenues or earnings. It also compliment with liquidity ratios. **Inventory turnover ratio** shows how many times a firm convert its inventory into finished goods within a year. It also shows the operational efficiency and effective inventory management system. Kodak has a good inventory turnover ratio. It is due to the two main reasons; firstly Kodak poses a relatively low level of inventory than its competitor. Secondly, Kodak’s operations are comparatively faster. Kodak has maintained its strong inventory turnover ratio over a long period of time which is a good sign for

Kodak's top management and they should maintain this level of operational efficiency. **Total Asset Turnover** specifies that to what extent assets of one rupee has contributed to overall sales. It also shows the increasing trend for Kodak. **Accounts Receivable turnover** has also positive as compare to past years. The asset management ratios recommend that company has apparently very stable condition but on the other hand company capacity to meet its payments is very bad due to catch in debt cage.

Profitability Ratios: Measures the level of earnings relatively to the base such as capital, assets or sales. **Net profit margin ratio** tells us that what percentage of sales is remained to the firm after paying all its expenses. It also justifies the pricing policy of the firm. N.P margin ratio for Kodak is negative which shows a net loss. Over long period of time, Kodak has earned profit in only one year within last five year otherwise it suffered loss in remaining four years. It will made Kodak low attractive and preferable for investors and lenders than any other company as there are very minimum chances of profit in Kodak. **Returns on Assets** measures the net profit obtained on each dollar of its assets. Only in 2007, Kodak has nominal or miner profits otherwise it is suffering in massive losses. **Return on Equity** express that how effectively the firm's management is using the capital of investors. It indicates the percent return on each dollar. Kodak has a very poor ROE instead of year 2007 that is also nominal. The profitability ratios express the poor situation of Kodak in obtaining profit.

Market Value Ratios: it measures the economic status of a company. Especially, critically important for investors to evaluate and monitor the progress and growth of their investment. **Earnings per Share** has meant to growth in earning per share of common stock. EPS of Kodak is showing negative value that shows the loss suffered by one outstanding share during one year. KODAK has negative value of EPS in last 3 years which shows loss in last 3 years. **Price earnings ratio** shows company's current value in market for investor as well as it shows investors anticipation towards a company's growth in future. It tells us how much price an investor is ready to pay the company to earn one dollar. Kodak's P/E ratio is very much poor over the long period of time. It means investors are not interested to invest in Kodak. Kodak had a negative P/E ratio which explains the losses as well as investors dissatisfaction and no attraction for investing in Kodak. P/E ratio of Kodak is unstable, negative and sharply moving which shows the crisis in Kodak in past.

Kodak: Cross Sectional Analysis:

Canon's Inc. has an emerging company in the photographic industry with lucrative and creative returns in its landscape. It has also reputable and reliable practices to the modern age. Canons financial data has been used to analyze the Kodak performance as a benchmark. In liquidity ratios, Canon has much better performance than Kodak. Kodak liquidity ratios are very poor and declining in contrasting. Canon's debt ratios are also effective and stable as Kodak. Kodak has a great burden over debt. Although, Asset Management ratios of Kodak are greater than Canon but not productive Market ratios of Kodak are deteriorating and poor. While Canon has 26.43 better book value than Kodak which has -4. Kodak has EPS also decreasing and negative while Canon has an attractive and stable EPS. NPM of Kodak is also negative throughout while Canon has very optimistic NPM. P/E ratio of Kodak is much deteriorated, while Canon has a sufficient P/E ratio. It is concluded that the overall company position get worse day by day. To cope up with this deteriorating and sluggish growth, Kodak must overcome these deficiencies through effective planning's and course of actions.

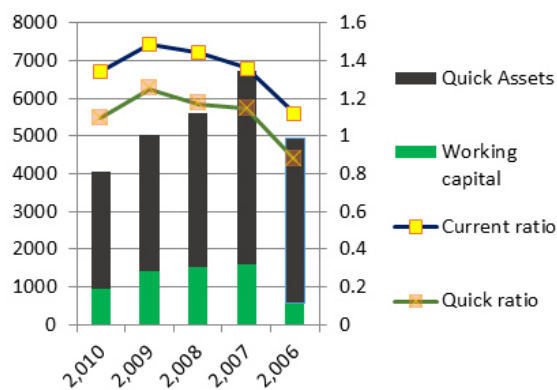
(Kodak Annual Reports, 2005-2010) , ([Http://www.kodak.com](http://www.kodak.com)), (Canon Annual Reports, 2005-1010) .

Graphical Illustrations of Ratio Analysis

Liquidity Ratios:

Figure 4 (Liquidity Ratios)

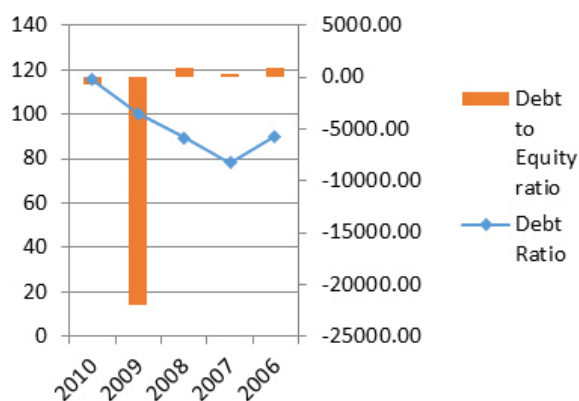
	Working capital	Quick Assets	Current ratio	Quick ratio
2010	966	3103	1.340981	1.095305
2009	1407	3624	1.485843	1.251381
2008	1542	4056	1.445407	1.171577
2007	1607	5106	1.361448	1.148448
2006	586	4348	1.117884	0.874673



Leverage Ratios:

Figure 5 (Leverage Ratios)

Year	Debt Ratio	Debt to Equity ratio
2010	115.6275	-669.82
2009	100.4291	-22068.57
2008	89.53045	855.15
2007	77.82415	350.94
2006	90.30726	931.70

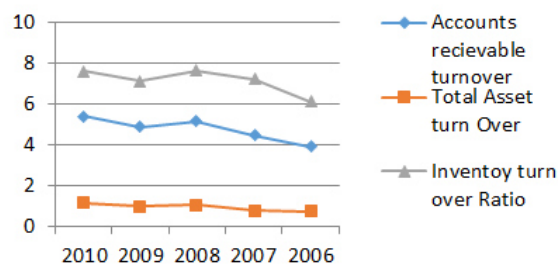


Asset Management Ratios:

Figure 6 (Asset Management Ratios)

Year	A/R Turnover	Total Asset Turn Over	Inventory Turn Over
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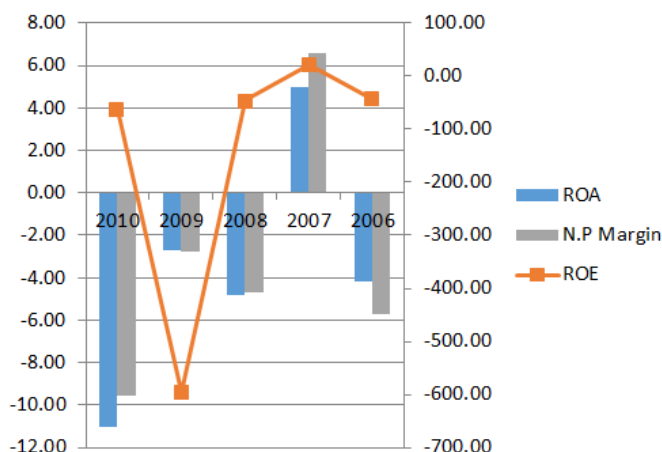
2010	5.415976	1.151947	7.616
2009	4.889746	0.988948	7.176398
2008	5.152394	1.02582	7.648549
2007	4.47092	0.754155	7.221707
2006	3.893166	0.737989	6.125375



Profitability Ratios:

Figure 7 (Profitability Ratios)

year	N.P Margin	ROA	ROE
2010	-9.56	-11.01	-63.79
2009	-2.75	-2.72	-597.14
2008	-4.69	-4.82	-45.99
2007	6.56	4.95	22.32
2006	-5.69	-4.20	-43.30



Market Value Ratios:

Figure 8 (Market Value Ratios)

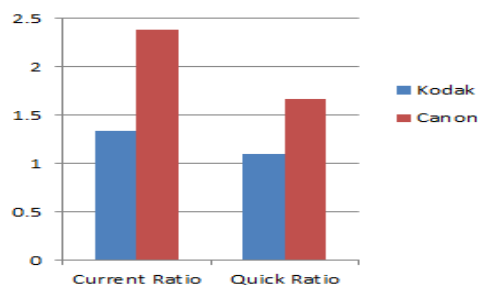
Year	EPS	P/E Ratio
2010	-2.55	-1.43
2009	-0.78	-7.78
2008	-1.65	-2.75
2007	2.35	8.49
2006	-2.09	-12.36



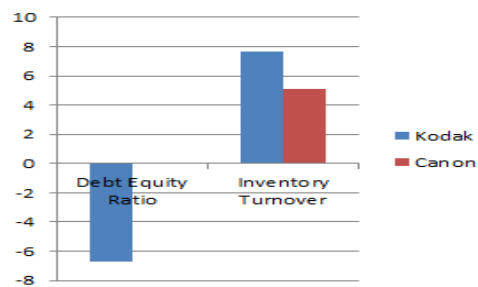
Cross Sectional Analysis:

Figure 9 (Cross Sectional Analysis)

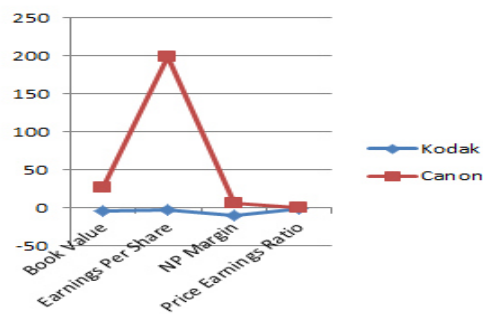
Ratios	Kodak	Canon
Current Ratio	1.34	2.38
Quick Ratio	1.1	1.67



Ratios	Kodak	Canon
Debt Equity Ratio	-6.7	0.01
Inventory Turnover	7.62	5.08



Ratios	Kodak	Canon
Book Value	-4	26.43
Earnings Per Share	-2.55	199.7
NP Margin	-9.56	6.65
Price Earnings Ratio	-1.43	0.26



DuPont System of Financial Analysis:

An effective financial tool that is used to analyze the firm's operating efficiency, assets effective utilization and

leverage effect. It has composite characteristics as it merge the results of income statement and balance sheet simultaneously. Upper part shows income statement activities and lower part shows the balance sheet activities. It identify the capacity of a firm to generate optimum level of profits/earnings through effective use of fix assets and also draw the multiplier effect by using leverage effect to maximize the investment. According to findings, Kodak has sluggish ROE as Canon has 0.06. It shows that firm's has involved in long term heavy liabilities and fixed cost of interest has been paid through earning and equity returns are being stagnant. It can also be possible that management involved with the extravagant investment that have neither profitable nor lucrative. Another reason can be is that management has invested another business that is not concern with core business. NPM ratio of Kodak is also excessively negative to -63.79 as compare to Canon 0.09. It shows that company has badly facing consecutive timeline of losses. Total asset turnover is also sluggish of Kodak while Canon has a favorable TAT. It shows that total assets are not productively contributing to sale volume and revenues. The Kodak ratio of financial leverage is also hopeless. On the other hand Canon has an eye-catching A/E ratio. DuPont system of analysis results shows that Kodak has almost close to fail in generating profitable and deteriorating operating performance. It must devise its policies and financial restructuring plans. It should focus on innovativeness and creativeness for the up gradation and enhancement of company performance. It should also make the management proactive and effective. This Analysis specifies the inefficiencies and lack of management capabilities to control fixed expenses as well variable expenses. It should focus on valuable product development. Suffering from low sales volume and revenues, Kodak should rebuild its business strategies and tactics to restore its position in the market place.

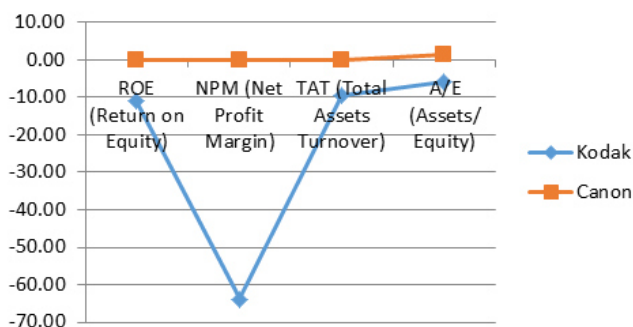
(Kodak Annual Report, 2010) (Canon Annual Report, 2010)

$$ROA = \text{Net Profit Margin} * \text{Total Asset turnover}$$

$$ROE = NPM * TAT * A / E = ROA * A / E$$

Figure 10 (DuPont's System of Analysis)

Ratios	Kodak	Canon
ROE (Return on Equity)	-11.01	0.06
NPM (Net Profit Margin)	-63.79	0.09
TAT (Total Assets Turnover)	-9.56	0.07
A/E (Assets/ Equity)	-5.79	1.51



Comparing Financial Statements: (Trend Analysis)

Another productive, useful and final tool is trend analysis that is used to compare and evaluate the company performance through its financial statements. It has major two segments; one is vertical analysis and second is horizontal analysis. A comprehensive Kodak

Vertical Analysis (Common Size Analysis)

It compares line items on a financial statement from period to period. It provides quick and rapid insights about the firm's performance. In income statement, most of the time total sale would be as a base and in Balance Sheet Total Assets would be used as base item. Others are analyzed by this percentage change on them. A Kodak different critical result has been mentioned below:

Kodak has a negative trend in its operations in recent prior years. Balance sheet of Kodak reveals that in 2010 cash reserves have been 26.03 % of total assets. It is seems that total assets of a company has an increasing trend as previous years. Deferred taxes are nominal. It is also observed that current liabilities are increasing from last five year as it was 36.79% in 2006 and 45.41 % in 2010 of total assets. It was danger alarm for the company. Total liabilities have been exceeded 86.82% to 115.63% in 2010 of total assets. Common stock value is also increasing gradually. Retained earnings are also increasing at the rate of nominal trend. Total equity has been found in total deficit throughout the span of last five years. The balance sheet suggests that company has been

faced a worse debt overhang condition in certain period.

On the other hand, income statement items like CGS has an increasing trend are declining from 77.20 to 72.85 of its total sale. While gross profit margin has a nominal increasing trend. It is also analyzed that operating expenses are also cutting down over the firm. Research and development has also decreasing. Interest expense is shown also in increasing trend. Net income is shown as severally in deficit. Cash dividend per share has also declining trend. The overall vertical analysis reveals that company has badly caught in debt cage and affected by its miss management.

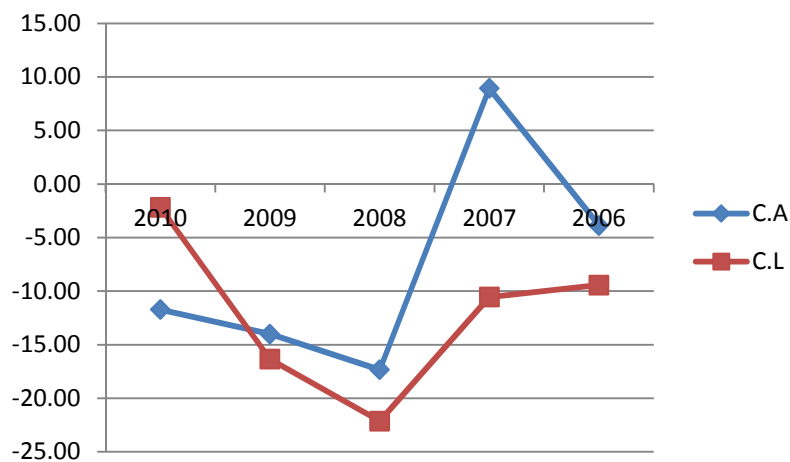
Horizontal Analysis (Comparative Analysis)

It provides the percentage changes in a line item from period to period. We have extracted some ratio results through horizontal analysis of Kodak that are given below:

Short Term Liquidity:

By using horizontal analysis, it is concluded that company current assets are gradually decreasing. Only in 2007, company has significant current assets. Then it decreases eventually. Current liabilities have also been increased in 2010. In 2010, company has a significant liquidity position. It is because of less inventory cycle and better accounts receivables. Remaining years Kodak has deteriorating liquidity position over the period of time.

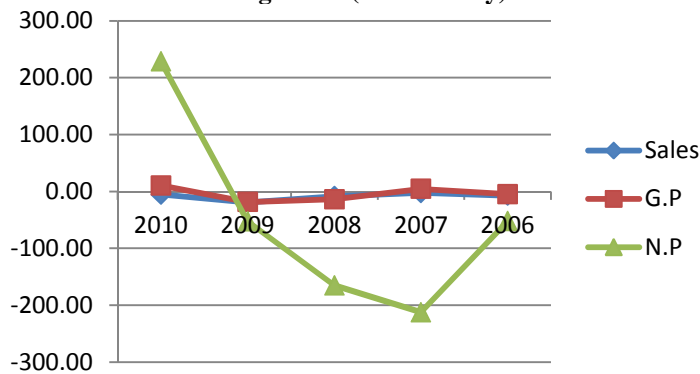
Figure 10 (Short term Liquidity)



Profitability:

The data suggests that sales and GP margin has smooth trend over the last five years and nominal change. Net profit margin has shown as significant change during previous years. In 2007, it is very deteriorating but from 2008 to 2009 it has nominal increased and eventually changed in 2010. During 2010, Kodak has cut down its operating expenses. Kodak has affected through huge losses over past close decays.

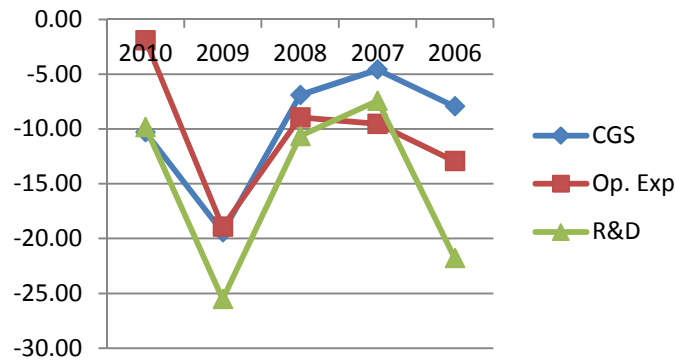
Figure 11 (Profitability)



Cost Management:

Cost management shows that how management of a company is efficient to control its cost and expenses. The trend shows the negative but increasing tendency to CGS, operating expense and R & D from 2006 to 2007 and decreasing trend up to 2009 again increasing during 2010. It shows the Kodak in efficiencies and mismanagement to control the cost and expenses.

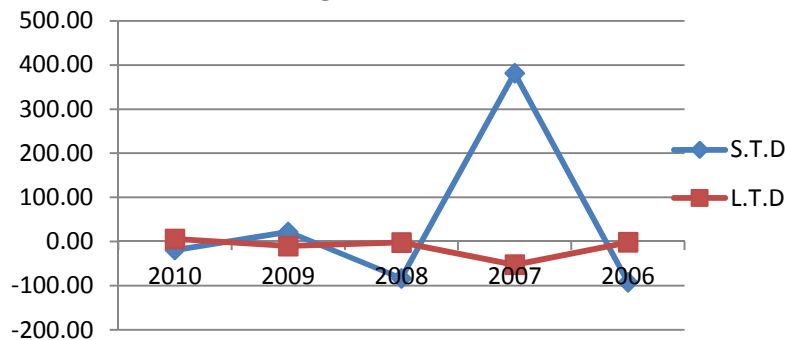
Figure 12 (Cost Management)



Debt Structure:

The trends shows that Kodak long term debt is smooth and nominal changed but short term debt eventually increased in 2007 and after 2008 it has gone smooth. Kodak debt structure is very poor. Company has a great threat to fulfill its debts liability. The trend shows the company has relying heavily on debt financing.

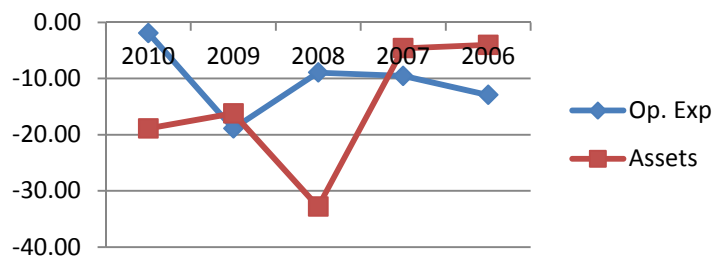
Figure 13 (Debt Structure)



Efficiency and Operation Management:

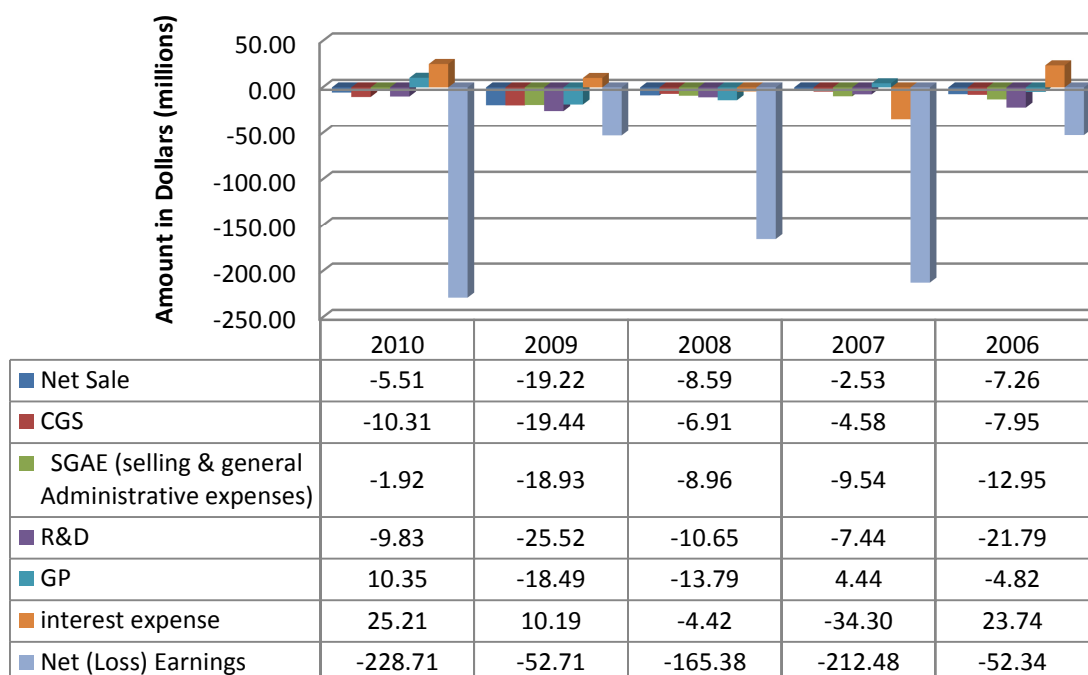
As the trend shows that operating expenses are nominal and are in increasing rate except 2009. Total assets are decreasing eventual at 2006 to 2007 and then increasing at diminishing rate. The Kodak efficiency is deteriorating and sluggish and shows the management inabilities.

Figure 14 (Efficiency and Operational Management)

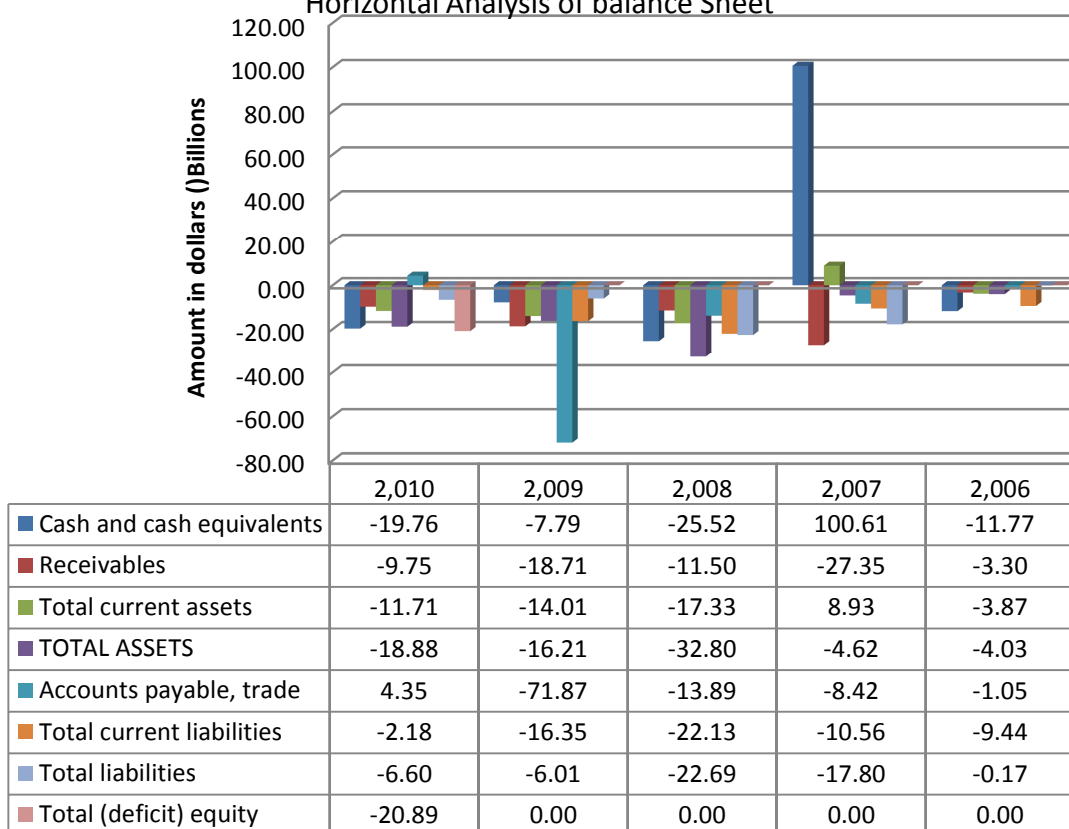


(Kodak Annual reports, 2005-2010)

Horizontal Analysis of Income Statement



Horizontal Analysis of balance Sheet



Discussions & Conclusions:

In recent years, Kodak has been filed for Chapter 11 bankruptcy. A market giant that had a very lucrative market share of up to 89% over the century in the US market had been failed with unbelievable exit. An old American tag and Icon of innovation has led to consider as idle and insolvent. A lion's share holding company that had up to 70% gross profit margins and has a massive distribution channel over the globe also known as strongest brand in the world had dramatically led to washout. Kodak's critical factors of failure have been discussed in detail.

Reluctance to adopt digital stance & fierce Competition:

Ever ruling success of Kodak over the century, started to decay in the mid of 1980's. A company that was so called pioneer in the technology surprisingly felt reluctant to adopt the digital stance and fierce competition. The only and exclusive sponsor for Olympics, Kodak turned to co-sponsors of the summer Olympics that was held in 1984 in Los Angeles. The major sponsor was Japan's Fuji film company. Kodak while having digital prototype since 1980, fear to lose its film based technology became the cause of its demise. The main rival Fuji was striving to compete head to head Kodak from last century, finally succeeded. Both companies has same market share in their home landscape up to 70% and conversely 10% in host landscapes interestingly battled with each other.

Fuji's VMR's: "Vertical Market Restraints"

Kodak had some entry barriers in Japan because of its some protective and secured trade regulations. Kodak filed a complaint to WTO in the last of 20th century for unfair trade policies of Japan. Kodak felt some sort of protectionism by the way of losing opportunity to sustain and survive in the competitive landscape due to the VMS of Fuji. That was also the reason for the demise of Kodak as well as recover its market stock value for its shareholders because of not to penetrate in the Japanese market as it was the most attractive location for companies that time. In responding to Kodak complaint, World trade organization claimed no support to its evidence against Fuji by 1997. It caused deteriorating and sluggish profits for Kodak.

Declining Share Price:

The ruling behavior of WTO led Kodak's share earnings to swiftly downfall and Fuji substantially improved its market share to 17% of the US markets. On the other side Kodak financial figures turn to reduce increasingly. The revenues decreased from \$16.0 to 14.4 during one year only. It also undermined the net earnings of Kodak and also cause to deteriorate the market share from 80-70% in the US market by the rivals cost and underestimation of Fuji. Every year Kodak had lost its market share at the rate of more than 5% that was much alarming and dangerous. Very early decade of 21st century, in 2004 Kodak was delisted after 74 consecutive years of success from the industrial average of Dow. The same year Kodak had decided to stop selling traditional products in North America and Europe. All of above happened majorly due to neglecting digital revolution and competitive battle.

Ineffective Strategic Plan:

Eastman known as an innovator, pioneer of his technological age, but he did not put forth his efforts on strategic succession for operations and policies. He did concentration only so intimately for the creation of Kodak and his film legacy. As Eastman passed away, the company suffers from directionless plan. The company future planning became paralyzed. In absence of succession plan, company filed with nostalgia and unable to move in strategic direction.

B.O.D's Bad Decisions:

The failure of Kodak also expresses the poor and inability of B.O.D's decision making skills. Regardless of strategic direction and realistic approach, Kodak's board of directors had changed the total structure of company. Investments are made away from core imaging business to pharmaceutical, textile, medical and chemical industries. During 1988 the Kodak's board made a decision to acquire sterling drug, it was the pharmaceutical company that was making Lysol. It caused Kodak to the door of debt overhang condition to \$9.3 billion. Another decision was made to sell imaging products related to X-ray equipment in the increasing demand period just only to put more into the camera market that was already going down.

Poor Governance structure:

Antonio Perez was elected in 2005 as Kodak CEO. He was known more for lavish and charisma spending than the financial budget and decision making. In a very short span of time of two years, he ruined the complete business investment and earnings. He had lacked of managerial and leadership skills. He created the environment of dissonance between employees as some of them were in favor of traditional pursuance and remaining was for digital. It caused badly internal struggle between employees. Despite of proceeding in the direction of core products, Antonio put forth his effort to invest in printers and made aggressive actions in Kodak's patent litigation for the sake of enhancing revenues. Recently, Kodak is striving with Apple for potential infringement on its patents

Price Competition:

Kodak's had owned strong research labs and scientists. It is very irony that it was also from the pioneers that made the digital camera prototype in 1970's. Its size was although large as toaster oven but it only generates

black and white photographs. Nevertheless, Kodak did not develop further innovation. The company launched its easy share camera in 1990's but faced inevitable doom because of inability to predict demand of consumer, household digital demand as commodity and lack of foresight. Kodak has collapsed by traditional imaging film that was no longer profitable. As the evolution of films yield to digital gadgets, Kodak had bitterly failed. So far, Kodak able to face digital technology and fully competitive; competitors such as Fuji & Canon were step ahead in selling low-cost cameras. Kodak was unable to meet its rivals in cost effective and price competition and was failed to generate profits. His way of digital cameras and way of online photo sharing tools was not compatible with the expected returns and profits.

Customer Feedback and Historical Experiences:

Kodak had also a flaw that it did not share customer experiences. Most of his tenure, it target women in its advertisements campaigns. But it was only as a story. What they want and demand, Kodak had not made any survey. So the cause of bankruptcy is also that Kodak had not learned with its past deficiencies and lack of its customer feed backs.

Finally it is concluded sadly that Poor managerial skills, bad governance and outdated organizational structures caused Kodak to destroy the legacy of Eastman in limited period of destruction. In previous years, Kodak has badly and poorly indulges in debt cage and sluggish deteriorating returns. Its liabilities are exceeding consecutively. Total Assets are in sufficient to address its operations. Kodak revenues are near to decline from below 5 million. Its share value is also in negative figures. Kodak is facing fierce competition in the transformation of digital imaging. Kodak's competitors are miles stones ahead then 90% market share. A 131 ancient icon, led to Chapter 11 bankruptcy on January 19th 2012. Kodak management described that they had sufficient cash to support its operations and paid employees throughout the insolvent period.

(The world best brands, 2014) ,(Kodak , 2014) , (Excellence in financial Management, 2014)
(Phy.org, 2012) , (Schreiner, 2012) , (Reuters, 2012) , (Reuters 2011), (The wall street, 2010)

Recommendations:

All of said analysis information, some recommendations strategies are drawn. These are following:

- Set the strategic direction more vividly.
- New CEO that has must leadership and managerial skills should be elected.
- Kodak should reselect B.O.D's that are based on rational voting and effective considerations.
- Reallocate the decision making authorities and revitalize the strategies to assess performance level and feedback system should be introduced.
- Incentive based system should be adopted for individuals and SBU's.
- Appraisal system of employees tied with performance.
- Concentrate only core imaging business instead of pharmaceutical or textile.
- Product should be confined and quality concerns.
- Make innovation massively to cope up with the future and open to new ideas.
- Customer feedback should be ensured through interactive and effective tools.
- Operations plan and marketing plans should be re-invented.
- Cost effective strategies should be adopted.
- Make new joint ventures with worthy while emerging companies to create synergy effects.
- Effective utilization of fix assets should be performed.
- De-centralized the organizational structure to some extents.
- Outsource the employees and raw material to control the price and cost.
- Tactics should be applied to generate sales and revenues.

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