

Profile of Kodak: From Film to Digital Photography

The CEO of Eastman Kodak Company, Antonio Perez, has just received his company's earnings report through the third quarter of 2009. The numbers do not look good at all, considering the company's pride in its mission and history of innovation; Kodak was one of the original innovators in digital photography. However, current financial results do not reflect this history. Earnings and the company's stock value were on the decline. What should he do?

Early History

George Eastman founded the consumer photography industry in 1888 when he sold his first easy-to-use camera with the slogan "You press the button, we do the rest."¹ This invention grew out of his frustration with a camera before he went on a trip:

The camera was as big as a microwave oven and needed a heavy tripod. And he carried a tent so that he could spread photographic emulsion on glass plates before exposing them, and develop the exposed plates before they dried out. There were chemicals, glass tanks, a heavy plate holder, and a jug of water.²

Eastman wanted something more convenient. In April 1880, he produced and sold dry plates, which replaced the cumbersome wet plates that were used to develop photographs.³ This was a major step in the growth of his small company, which began on the third floor of a building in Rochester, New York, to the present-day multinational corporation Eastman Kodak.⁴ After much experimentation and reading, he eventually came up with the scheme of creating photographs from a thin film of gelatin spread over paper. This is the technology that allowed him, in his words, "to make the camera as convenient as the pencil." His products were not an overnight sensation, but they were a grand success:

In 1888 he introduced the first Kodak camera, a simple box-loaded camera with a 100-exposure roll of film that cost \$25. That was hardly accessible to the masses at a time when a laborer made \$1.50 a day. But by 1896 he was making a pocket version that sold for \$5. In 1900 he introduced the first in a long line of Brownie cameras. It sold for just one dollar.⁵

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