

# Experts see tough road for Kodak to reinvent self

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An unidentified person enters Kodak Headquarters in Rochester, N.Y., Thursday, Jan. 5, 2012. Eastman Kodak Co. said early Thursday Jan. 19, 2012 it has filed for Chapter 11 bankruptcy protection, as it seeks to boost its cash position and stay in business. (AP Photo/David Duprey)

(AP) -- Even in bankruptcy, Kodak boasts some enviable strengths: a golden brand, technology firepower that includes a rich collection of photo patents, and more than \$4 billion in annual sales of digital cameras, printers, and inks.

But all that may not be enough to revive its declining fortunes in a [Chapter 11](#) overhaul. Kodak is at a crossroads: It could go the way of fallen Montgomery Ward and Circuit City, two corporate names that never recovered from long declines. Or Kodak could prosper after bankruptcy like General Motors.

Of the many restructuring experts interviewed by The Associated Press

on Thursday, none are optimistic that Kodak can make a strong comeback.

Selling select business lines and patents and making the right bets on a limited number of new technology products could allow the [Eastman Kodak](#) Co. to survive, several experts said. But none see a path back to anything close to the glory days of the former photography titan.

"You can pick your metaphor: 'Stick a fork in them,' 'They're over the cliff' -- they're done," said Bill Brandt, chief executive of turnaround consultant Development Specialists Inc. in Chicago. "The Kodak as we know it is done, unequivocally."

The company's only hope, Brandt said, is to reinvent itself as an intellectual property [company](#). But first it will have to put its [patent portfolio](#) up for sale and determine whether it wants to sell them based on what's offered, he said, or retain them and try to remake the company over a period of years.

Kodak said only that it has appointed a chief restructuring officer to head the effort: Dominic DiNapoli, vice president of FTI Consulting. It expects to complete its U.S.-based restructuring next year.

Whatever the company does now is likely to be too little, too late, said Gary Adelson, managing director of turnaround firm NHB Advisors in Los Angeles.

"I can't imagine a big future for Kodak," said Adelson, who thinks the company should just sell its assets. "I think it's going to be another one of those companies that didn't make the transition to the future."

Some experts think the company can get by once it cuts debt by reducing pension and employee benefit costs in bankruptcy, then disposes of its

least valuable products.

Only a much leaner, more focused Kodak can survive, said Haresh Sapra, an accounting professor and bankruptcy specialist at the University of Chicago Booth School of Business. "They probably should go back to basics and focus on one or two of those business lines that are self-sustaining," he said.

The primary hope lies in digital businesses that generated some \$4.5 billion in revenue last year, an amount Kodak said accounted for about 75 percent of total sales. That includes consumer devices such as self-service photo kiosks, printers and high-volume document scanners.

"If they can take their existing products and improve them and make them much cheaper, I see no reason why the company can't emerge with a healthier balance sheet," said Edward Neiger, a partner at New York bankruptcy law firm Neiger LLP. "It's going to be a shell of what the old company was, but I don't think they need to liquidate."

In a statement accompanying the Chapter 11 filing on Thursday, the company touted its "pioneering investments in digital and materials deposition technologies" in recent years.

The best-case scenario for Kodak in the long run may be to end up like Polaroid, suggested Eli Lehrer, who heads the nonprofit Heartland Institute's Center on Finance, Insurance and Real Estate in Washington. The company long known for its instant-film cameras stopped making them and filed for bankruptcy in 2008. The Polaroid name, however, lives on under private ownership, albeit as a much smaller firm.

Kodak has a better brand name, Lehrer said, although "That doesn't necessarily translate to people keeping their jobs, or stockholders keeping anything."

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