

Interview with Jeff Witkop, Director R&D Digital Capture and Imaging Devices Eastman Kodak Company



This \$2.5 Billion business is the largest within Kodak and is responsible for digital cameras, camera docks, printer docks and digital picture frames. Jeff has 24 years of experience with Kodak and has held a wide variety of positions in product development and commercialization, with assignments in R&D, Product Development, Quality and Manufacturing.

Prior to his current assignment, Jeff worked in Kodak Global Manufacturing and Logistics as the manager of the Product Development Support Center. In this role, he was responsible for leading a 420-person resource center that provided manufacturing engineering, shops and prototyping resources to equipment product commercialization teams.

Jeff received a BSEE Summa Cum Laude degree from the State University of New York at Buffalo; a MSEE Summa Cum Laude from the University of Michigan; and a Masters of Business Administration from the William E. Simon Graduate School of Business Administration, at the University of Rochester. Jeff can be reached at jeffrey.witkop@kodak.com.

Interview conducted by Doug Berger, INNOVATE LLC. doug@innovate1st.com

Doug: Kodak has innovated from film-based image capture to digital image capture. In looking at this transformation from an innovation perspective, what were the key pillars that led to the success?

Jeff: I can trace Kodak's roots back 100 years to the friendship between George Eastman and Henry Ford. They shared a common vision for the factory as being a vertically integrated model. From Henry Ford's perspective, that meant iron ore going in one end and Model A's coming out the other. From George Eastman's perspective, it meant turning the pure gelatin made from cows, into film and photographic paper products. So, for roughly the first 100 years of our existence, Kodak had a vertical integration culture.

To transform a company like that, into one that said, "We can no longer do it all alone. We have to partner. We have to use outreach, not only for manufacturing, but we also have to use outsiders for innovation and we must partner with other companies for bits and pieces of what we do.", was quite a cultural change. That was a big shift

We started this journey with some things that were relatively easy to take outside the company, such as manufacturing. At the time, even that was a struggle, but we did it. We then moved to an open development model for both design and manufacturing (ODM model), which meant that we gave up the non-differentiating part of our design work that everybody could do. We turned that over to the outside and worked upstream.

That whole approach has turned into an open innovation approach, which started to impact the R&D community quite dramatically. We are partnering more from an R&D perspective than we ever have before. We are partnering with universities, other companies, small startups and entrepreneurs. We are taking away the “not invented here” syndrome and it’s starting to have a big impact.

Doug: What are other areas of innovation that reflect Kodak’s transformation?

Jeff: We recently reorganized our marketing community into future product marketing and current product marketing groups. This was done to separate the firefighting required for getting current products to market, from the strategic approach required to get new products into the market. Prior to this reorganization, it was too easy to be distracted by the tyranny of the urgent and focus only on those things that were current product related. Dividing up the marketing team has been a significant change.

In addition, we’ve had to do some things that are reflective of our reality, and our reality is one of doing more with less. We’re trying to get more bang for our marketing dollar than ever before. The company has embraced viral or guerilla marketing, of which I’ve given you a couple of great examples. (see links at the end to view).

In addition, our mentality is now one of risk-taking. For our first 100 years, we were nearly a monopoly. To make a career at Kodak in those first 100 years was to not make many mistakes to stay under the radar, play it safe. Doug, you know from your experience that just doesn’t work anymore.

Our management team now encourages risk-taking. We actually try to get more ideas vetted sooner. We’d rather hear about them sooner and kill them sooner, as opposed to getting too far down a path that requires money and a lot of skilled resource investment, only to find out that it doesn’t play later on.

Doug: Let’s talk about risk-taking for a moment. Many companies talk about the funnel of killing projects, but I’ve noticed that the funnel tends not to work in reality. It’s actually very difficult to kill projects.

Jeff: You’re right on, and until about five years ago, we experienced that very dilemma. The biggest change for us is that we’ve now built up a trust and people know that it’s okay to fail, but building that trust takes time. Management has made a conscious effort on that front. Quite simply, we have regularly scheduled portfolio meetings where senior managers from all of the disciplines sit around the table and look at their product portfolios. We vet the programs with each other and from each other’s perspective. We have a fixed budget so that as new ideas come in, something else drops off.

Doug: How then do you keep encouraging the people associated with those projects to take risks, especially when R&D bears most of the burden of up-front risk-taking?

Jeff: We hire people who are skilled in those disciplines we know will help differentiate not just one, but many of our products. Obviously people would be negatively impacted if the project were killed and then didn’t have anything of a similar nature to work on, but we don’t do that here.

We know more than ever, what our strengths are and those areas in which we should and *shouldn’t* participate. So, we retain the people whose skills apply to those core vectors of differentiation that set our products apart. They know that when one project is killed, another one will use similar skill sets.

Doug: Let's talk some more then about these areas of core differentiators.

Jeff: My business unit is the digital cameras, the digital picture frames and some products that are soon to be announced. This business is aimed at the consumer electronics space. Kodak is known for, and our true differentiators are, ease of use, great image science and picture quality, and an ecosystem that plays together. We have kiosks in the retailers, wholesale and retail photo labs, and a strong presence in home printing. We have an online presence called the Gallery. Our devices – cameras and picture frames - and ecosystem work together. These are our vectors of differentiation for the business unit.

Kodak is using a "market-back approach" as an overall organizing concept to pull everything together. We have this overarching philosophy and methodology to make sure that whatever we do is focused on the end user, the customer.

We learned from our EasyShare 1 experience. EasyShare 1 was a camera with all of the technological bells and whistles and, from a technology standpoint, was quite impressive. It didn't do well in the marketplace, however. There were a number of reasons, not the least of which was that there no infrastructure in place to make it satisfy a user experience, a user need. It had Wi-Fi connectivity before Wi-Fi was widely available.

It was that sort of innovation and approach that led us to the realization that we needed to do a better job of focusing on the end user. Everything is now driven from a user experience perspective.

On the other hand, you have to get ahead of the curve. You can't wait until you define a need to start working on the technology. You do have to take some risks and you have to bet on the technology so that your folks can get to work a little ahead of time.

We have technology roadmaps that go out about five years and focus on those technologies that we think will be there. We try to anticipate. It's iterative. The technical teams suggest things to the marketing team that perhaps we could do. The marketing team says, well, what experiences could that enable, and then they tell us what they are hearing back from the customer. We do an awful lot of market and consumer research and then we go back and forth and refine our plans.

Doug: There are many companies in the consumer electronic space that are using open innovation concepts in the development of their products, but when it comes to the user experience, the platform looks proprietary. Are you saying that Kodak is aiming to enable a consumer or user to link into independent aspects of your platform such as your online Gallery, even if they're not using Kodak cameras for the image capture element?

Jeff: Yes, and that's a philosophy that comes all the way from senior management. We want to be viewed as an open company. We want to have open systems. We do not intend to proliferate a proprietary approach for just Kodak. With that said, we do want to build in enough special features such that an integrated Kodak experience will be even better. However, if people want to interconnect to things that aren't Kodak, such as Flickr or YouTube, we want to be supportive of that.

Doug: With companies that have become open system-oriented, the user community contributes to the overall evolution of the product family and its entire direction. Is there any way in which the user community is contributing to Kodak's evolution and direction?

Jeff: That's actually an exciting frontier for us and we're working on several fronts to enable that to happen. We think that there is huge power in getting the community onboard a platform and giving them the tools, system developer kits, etc, to help them build applications.

Doug: Perhaps the digital picture frame provides a good example for all of this.

Jeff: Doug, that's a great example. Back in mid-2006 digital picture frames weren't even on our roadmap ... weren't anywhere to be found. We went from a gleam in the eye to a market leadership position in 18 months. These are the sorts of things that are getting the workforce here excited again. About five years ago, we came out with some digital picture frames, but because the technology wasn't there, the price was very high and the quality was not that great. Getting your pictures onto it and displaying them in the home was not an easy experience, and the product died.

People new to the company then resurrected some of these old ideas, the digital picture frame being one of them. There was one person in particular who did not want to let it die. Management was open to hearing about it and we appointed three of our most experienced people to take a look. This team was led by a person with both marketing and engineering background, and together they started to think about what a Kodak digital picture frame product concept would look like. Around July of 2006, they began to look at it in earnest, but, again, these were just three people.

They were given the money to go do this and it was officially sanctioned. In the old Kodak culture, they could have been taking a big risk. What happens if it doesn't go? However, in the new Kodak, we knew that there was enough great work to go around. We needed people on just about every project going, so these three people felt very secure about taking on that risk.

They got to the point where they said, "Okay, are we serious or not?" The future product marketing team said, "You know, I think the time is right." So, what do you do now? You have three people working on it. The firmware alone probably requires a team ... hardware design ... you can't do that with three people. Well, you do open design. So we partnered for design with some people who are also our manufacturers. We partnered to have the firmware, the hardware and some early prototypes done. By the end of that first six months, we had a product that was ready to be shipped in limited quantities ... a few thousand to key partners.

The marketing team had to be selective around a product launch. Kodak decided to partner with Best Buy to get our frames out there. I think we sold the first one in February of 2007. By the end of the year, we'd sold over a million and a half picture frames. We have six different SKUs and the team is still very small.

We try to partner with everything, everybody, everywhere, but we never partner with those things that are key to our differentiation ... the things that make us stand out in the marketplace.

Doug: What was most difficult for you personally in adjusting to this transformation at Kodak?

Jeff: It was the downsizing. When I started we had over 60,000 people in Rochester alone, and we shrank to about 9,000 locally. In a 24-year career like mine, you get to know an awful lot of people. Certainly, the people whom I've personally had to lay off are an experience that I have no desire to repeat. It was a very difficult time. The massive restructuring is done and, boy does that feel great. Still, that doesn't mean that we won't have to adjust our skill sets from time to time.

Doug: Did you have to adjust to the way the culture changed?

Jeff: Yes, and it was a welcome thing. We've had a huge culture shift from this "play it safe; don't screw up" environment to "take risks and make great things happen" It's been done in a very supportive, non-punishing way. I feel that it's a culture of more freedom than we had before, so I feel good about that. Going hand in hand with this freedom to take risks is accountability. Nobody is going to blast you for not being successful, but you will be blasted for not doing your homework. You will be blasted for not being accountable, for dropping the ball, and I think those are great things. Freedom and accountability work hand in hand.

Antonio Perez, our CEO, talks about this transformation as the sort of thing about which business cases will be written. To see the amount of change I've seen in my 24 years here is just incredible. There was a time not all that many years ago when reasonable people had reasonable doubts. Now, I think the majority of people have a lot of hope. There is a great sense of accomplishment. There's real excitement here. We are looking at this new digital world as a wide-open frontier for us. It's a fun place to work again.

Viral Marketing video clips:

A spoof video for an internal Kodak meeting that made its way to a viral video on YouTube

<http://www.youtube.com/watch?v=zxDfcyT92wQ&feature=related>

A video designed for viral marketing on YouTube

<http://www.youtube.com/watch?v=rTHFsTt6yS4>

A Commercial appealing to GenY audience:

http://www.youtube.com/watch?v=DmI_HfRCAJs&feature=related

