

Headline English

2012, week 4 *Learn English through reading on current world affairs*

1 **Self-induced closing down**

2 original at

3 <http://www.economist.com/node/21542796>

4 Lenin is said to have said that a capitalist will sell you the rope to hang
5 him. There is some truth in that. Capitalists quite often invent the
6 technology that destroys their own business. Kodak is a perfect example.

7 Founded in 1880, it was known for its pioneering technology and
8 innovative marketing. Strange to recall, Kodak was the Google of its day.
9 "You press the button, we do the rest," was its slogan in 1888.

10 Kodak's revenues peaked at nearly \$16 billion in 1996 and its profits at
11 \$2.5 billion in 1999.

12 Then came digital photography. That technology, followed by the
13 development of smartphones that double as cameras, has battered
14 Kodak's old film-and camera-making business almost to death.

15 Kodak's revenues in 2011 were just \$6.2 billion. It recently reported a
16 third-quarter loss of \$222m, the ninth quarterly loss in three years. In
17 1988, Kodak employed over 145,000 workers worldwide; at the last
18 count, barely one-tenth as many. Its share price has fallen by nearly 90%
19 in the past year.

20 The bitter irony is that it was Kodak that built one of the first digital
21 cameras in 1975. Kodak did see the radical change that was shifting to
22 digital technology coming. It just felt it could not do anything against it.

23 To Kodak's credit, it needs to be said that dominant firms are often killed
24 even by smaller shocks. For instance, of the 316 department-store chains
25 in the US of a few decades ago, only one survives in the modern world,
26 and only because it started an entirely new business.

Questions

- 1) In what way does Kodak's story correspond to the assertion attributed to Lenin?
- 2) Why does the article compare Kodak in its heyday to Google?
- 3) Was Kodak not aware of the coming radical change in technology?
- 4) What were the consequences of this change in technology for Kodak's shareholders and employees?
- 5) Is the story of Kodak a story of exceptionally unfortunate circumstances or rather what most companies in a free-market economy face sooner or later?
- 6) Can you think of other companies that were very successful at a given period of time but then left the stage?
- 7) Can you, on the other hand, name some companies that have succeeded over long periods of time and are still active today?
- 8) What do you think are the reasons why these successful companies have survived?

Vocabulary

batter (line 13) – to deal heavy, repeated blows; pound steadily, to inflict heavy damage

barely (line 18) – only just; scarcely; no more than; almost not, hardly

share (line 18) – one of the equal fractional parts into which the capital stock of a joint-stock company or a corporation is divided.

credit (line 23) – commendation or honor given for some action, quality

You can find additional explanation and more examples to help you understand and use English words and phrases at <http://dictionary.reference.com>, <http://dictionary.cambridge.org/>, <http://www.merriam-webster.com/> or <http://www.ldoceonline.com/>

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