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Film company Kodak loses \$1 billion

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21 October, 2005

THE ARTICLE

Film company Kodak loses \$1 billion

Eastman Kodak, the world's largest maker of camera film, has reported a loss of \$1.03 billion. This is mainly because of restructuring efforts and a large fall in film sales. News of the loss led to a 5.3 percent fall in the company's shares. Investors were unsure of whether the company would become a major player in the digital market. Kodak is still struggling to adapt to changes in technology from film to digital. It has invested heavily in digital and will take time before healthy profits return. In the same quarter last year it netted \$458 million in profits.

Not all was bad news for Kodak. A spokesman said its move from traditional photography to digital is on track and that it will challenge for the industry's top spot. Other good news is that for the first time revenue from its digital products has overtaken income from photo film and paper. Digital sales increased by 47 percent to \$1.89 billion. Meanwhile, sales of camera film, Kodak's main product for the past century, look set to fall by another 30 percent next year. Kodak has known for a long time that camera film sales will decline forever. It is now trying to become a digital heavyweight.

WARM-UPS

1. \$1 BILLION: In pairs / groups, talk about \$1 billion. How important is this amount of money in business, aid to worldwide emergencies, defence spending and Bill Gates' bank account? What would you do with \$1 billion?

2. LOSS: What are the main reasons for a company to make a loss? Talk with your partner(s) about how serious the following reasons are. What should a boss do after these things happen?

- Increasing costs
- Falling sales
- An accounting scandal
- Paying compensation to customers
- Costs of restructuring
- Bad industry rumors
- Recalling your company's products
- Products that didn't sell
- Changes in consumer tastes
- Your product is no longer useful

3. CHAT: In pairs / groups, decide which of these topics or words are most interesting and which are most boring.

Kodak / camera film / financial losses / restructuring / sales / investors / changes in technology / healthy profits / digital cameras

Have a chat about the topics you liked. For more conversation, change topics and partners frequently.

4. DIGITAL SWITCH: In pairs / groups, talk about how digital technology has made many companies change their focus. How would the IT revolution affect the following companies?

Ford Motors
AT&T Telephone
Sony

Kodak
NY Stock Exchange
Reuters

BBC TV
British Airways
McDonald's

5. KODAK: Spend one minute writing down all of the different words you associate with Kodak. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

6. \$BILLION-LOSS OPINIONS: In pairs / groups, talk about the likely opinions of these people on Kodak's billion-dollar loss:

- Kodak's CEO
- Kodak shareholder
- Kodak factory worker
- Rival company CEO
- Industry analyst
- Average person in the street

In pairs / groups, role play short conversations between these people about Kodak's billion-dollar loss and the challenges of moving from camera film to digital products.

BEFORE READING / LISTENING

1. TRUE / FALSE: Look at the article's headline and guess whether these sentences are true (T) or false (F):

- | | |
|---|-------|
| a. Kodak is the world's largest moviemaking company. | T / F |
| b. Kodak lost a billion dollars despite increases in sales of photo film. | T / F |
| c. Investors were unsure of whether Kodak would be a major player. | T / F |
| d. Kodak has now reported losses for the fifth quarter in a row. | T / F |
| e. Kodak will track the move of the traditional photography industry. | T / F |
| f. Kodak's digital product sales have overtaken its film and paper sales. | T / F |
| g. Camera film has been Kodak's main product for over a hundred years. | T / F |
| h. Kodak executives predict a rise in the sale of non-digital products. | T / F |

2. SYNONYM MATCH: Match the following synonyms from the article:

- | | |
|----------------|--------------|
| a. maker | caused |
| b. mainly | fall |
| c. led to | switch |
| d. struggling | rose |
| e. netted | manufacturer |
| f. move | trying |
| g. track | big hitter |
| h. increased | made |
| i. decline | target |
| j. heavyweight | largely |

3. PHRASE MATCH: Match the following phrases from the article (sometimes more than one combination is possible):

- | | |
|-------------------------------------|--|
| a. the world's largest | news for Kodak |
| b. mainly because | 5.3 percent fall in the company's shares |
| c. News of the loss led to a | for the past century |
| d. still struggling to adapt | for the industry's top spot |
| e. In the same quarter last year it | to changes in technology |
| f. Not all was bad | by 47 percent to \$1.89 billion |
| g. it will challenge | maker of camera film |
| h. Digital sales increased | a digital heavyweight |
| i. Kodak's main product | netted \$458 million in profits |
| j. It is now trying to become | of restructuring |

WHILE READING / LISTENING

WORD ORDER: Put the underlined words back into the correct order.

Film company Kodak loses \$1 billion

Eastman Kodak, the world's camera maker of largest film, has reported a loss of \$1.03 billion. This is mainly because of restructuring efforts and a sales fall in large film. News of the loss led to a 5.3 percent fall in the company's shares. Investors were unsure of whether the company would in a major become player the digital market. Kodak is still struggling to adapt to changes in technology from film to digital. It has heavily digital in invested and will take time before healthy profits return. In year quarter last the same it netted \$458 million in profits.

Not Kodak was for bad all news. A spokesman said its move from traditional photography to digital track is on that and it will challenge for the industry's top spot. Other good news is that time the first for revenue from its digital products has overtaken income from photo film and paper. Digital sales increased by 47 percent to \$1.89 billion. Meanwhile, sales of camera film, Kodak's century product main for past the, look set to fall by another 30 percent next year. Kodak has known for a long time that camera film sales will decline forever. It is a trying to become now digital heavyweight.

LISTENING

Listen and fill in the spaces.

Film company Kodak loses \$1 billion

Eastman Kodak, the world's _____ maker of camera film, has reported a loss of \$1.03 billion. This is _____ because of restructuring efforts and a large _____ film sales. News of the loss _____ a 5.3 percent fall in the company's shares. Investors were _____ of whether the company would become a major player in the digital market. Kodak is still struggling to _____ changes in technology from film to digital. It has invested _____ in digital and will take time before healthy profits return. In the same quarter last year it _____ \$458 million in profits.

_____ was bad news for Kodak. A spokesman said its move from traditional photography to digital is _____ and that it will challenge for the industry's top spot. Other good news is that for the first time revenue from its digital products has _____ income from photo film and paper. Digital sales increased by 47 percent to \$1.89 billion. Meanwhile, sales of camera film, Kodak's main product _____ century, look set to fall by another 30 percent next year. Kodak has known for a long time that camera film sales will _____ forever. It is now trying to become a digital _____.

AFTER READING / LISTENING

1. WORD SEARCH: Look in your dictionaries / computer to find collocates, other meanings, information, synonyms ... for the words 'digital' and 'market'.

- Share your findings with your partners.
- Make questions using the words you found.
- Ask your partner / group your questions.

2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text.

- Share your questions with other classmates / groups.
- Ask your partner / group your questions.

3. WORD ORDER: In pairs / groups, compare your answers to this exercise. Check your answers.

4. VOCABULARY: Circle any words you do not understand. In groups, pool unknown words and use dictionaries to find their meanings.

5. STUDENT "DIGITAL INDUSTRY" SURVEY: In pairs / groups, write down questions about the digital industry and IT (Information Technology).

- Ask other classmates your questions and note down their answers.
- Go back to your original partner / group and compare your findings.
- Make mini-presentations to other groups on your findings.

6. TEST EACH OTHER: Look at the words below. With your partner, try to recall exactly how these were used in the text:

- largest
- restructuring
- unsure
- major
- heavily
- netted
- bad news
- challenge
- overtaken
- century
- forever
- heavyweight

DISCUSSION

STUDENT A's QUESTIONS (Do not show these to student B)

- a. Did the headline make you want to read the article?
- b. What did you think when you read the headline?
- c. What do you know about Kodak?
- d. Do you think \$1 billion is a lot of money for Kodak to lose?
- e. Would you be worried about this loss if you were a Kodak shareholder?
- f. Would you invest in Kodak?
- g. Agfa, a major Kodak competitor, has just filed for bankruptcy. Do you think Kodak might also go bankrupt?
- h. What advice would you give to Kodak's CEO?
- i. Do you think Kodak should try and develop a market in photographic film?
- j. Do you think Kodak will become a digital heavyweight?

STUDENT B's QUESTIONS (Do not show these to student A)

- a. Did you like reading this article?
- b. What do you think about what you read?
- c. Do you follow news of company gains and losses?
- d. What does it mean if a share price falls by 5.3 percent?
- e. What would you be thinking about this loss if you were Kodak's CEO?
- f. What other companies do you know of that are having to change in the digital revolution?
- g. What kind of photographer are you?
- h. Do you prefer traditional or digital photography?
- i. What good or bad news have you read about recently?
- j. Did you like this discussion?

AFTER DISCUSSION: Join another partner / group and tell them what you talked about.

- a. What question would you like to ask about this topic?
- b. What was the most interesting thing you heard?
- c. Was there a question you didn't like?
- d. Was there something you totally disagreed with?
- e. What did you like talking about?
- f. Do you want to know how anyone else answered the questions?
- g. Which was the most difficult question?

SPEAKING

DIGITAL HEAVYWEIGHT: You are a Kodak executive looking at ways of becoming a digital heavyweight. In pairs / groups, discuss the following ideas for making sure Kodak can do this. In the right hand column, write reasons why you think the ideas might be successful (or unsuccessful).

IDEAS	REASONS
Digital newspapers and magazines	
E-books	
Video-mail cameras	
A special market in camera film and paper	
Photographic clothes	
Recording human memories as digital images	
Video photographs	
Other	

Change partners and report on what you talked about with your previous partner(s).

Decide which idea product seems the best to become a successful seller. Make a presentation for it to give to Kodak's CEO.

Give your presentations to the class. Vote on the best one.

HOMEWORK

1. VOCABULARY EXTENSION: Choose several of the words from the text. Use a dictionary or Google's search field (or another search engine) to build up more associations / collocations of each word.

2. INTERNET: Search the Internet and find more information on Eastman Kodak. Share your findings with your class in the next lesson.

3. I.T. REPORT: Write a short report describing how the IT revolution has forced many traditional companies to change. Read your reports to your classmates in your next lesson. Did you all write about similar things?

4. LETTER FROM CEO: You are Kodak's CEO. Write a letter to you shareholders about the billion-dollar loss, the fall in share price and your plans to return the company to profitability. Read what you wrote to your classmates in your next lesson. Did you all write about similar things and have similar plans?

ANSWERS

TRUE / FALSE:

- a. F b. F c. T d. F e. F f. T g. T h. F

SYNONYM MATCH:

- | | |
|----------------|--------------|
| a. maker | manufacturer |
| b. mainly | largely |
| c. led to | caused |
| d. struggling | trying |
| e. netted | made |
| f. move | switch |
| g. on track | on target |
| h. increased | rose |
| i. decline | fall |
| j. heavyweight | big hitter |

PHRASE MATCH:

- | | |
|-------------------------------------|--|
| a. the world's largest | maker of camera film |
| b. mainly because | of restructuring |
| c. News of the loss led to a | 5.3 percent fall in the company's shares |
| d. still struggling to adapt | to changes in technology |
| e. In the same quarter last year it | netted \$458 million in profits |
| f. Not all was bad | news for Kodak |
| g. it will challenge | for the industry's top spot |
| h. Digital sales increased | by 47 percent to \$1.89 billion |
| i. Kodak's main product | for the past century |
| j. It is now trying to become | a digital heavyweight |

WORD ORDER:

Film company Kodak loses \$1 billion

Eastman Kodak, the world's largest maker of camera film, has reported a loss of \$1.03 billion. This is mainly because of restructuring efforts and a large fall in film sales. News of the loss led to a 5.3 percent fall in the company's shares. Investors were unsure of whether the company would become a major player in the digital market. Kodak is still struggling to adapt to changes in technology from film to digital. It has invested heavily in digital and will take time before healthy profits return. In the same quarter last year it netted \$458 million in profits.

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