

MARKET LEADER

Course Packet

student's version

English I/4

Milan Boháček

spring 2010

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ENGLISH I/4

spring 2010

Introductory information

teacher: **Milan Boháček**
floor: 7, office: 707
phone: **3544**
e-mail: bohacek@mail.muni.cz, bohacek@econ.muni.cz
office hours: **Monday 2 – 2.45 p.m.**
Wednesday 10.15 – 11 a.m.

➤ **Course requirements:**

- ✓ minimum **80% attendance** (maximum of **2** unexcused absences per semester);
- ✓ delivering a **powerpoint presentation** of a current economic topic approved of by the teacher in front of the class and in pairs (for details, see below);
- ✓ **active participation** in seminars (systematic preparation for seminars and fulfillment of assignments);
- ✓ passing the **final four-semester exam** (minimum **60%** of the total number of points)

➤ **Electronic sources:**

IS MU: BPJ_JI4A Jazyk I/4 – Angličtina (interactive syllabus + interactive syllabi for groups number **3** and **13**).

web: <http://www.econ.muni.cz/katedry/oddeleni-jazyku-na-esf/> or *ESF homepage* → *Katedry* → **Oddělení jazyků**

➤ **Primary sources:**

- Dubicka, I., O'Keefe, M.: **Market leader: Advanced Business English Course Book**. Longman, Pearson Education Limited 2006. ISBN-10: 0-582-85461-X
- study materials in the “*Interaktivní osnova*” section of the IS – **Compulsory Additional Study Material** (selected units from **Business Vocabulary in Use**) as well as **Interaktivní gramatika**

➤ **Powerpoint presentation:**

Your seminar work for this semester involves preparing a powerpoint presentation of a current economic topic approved of by the teacher, and delivering this presentation in pairs in class on one of the scheduled dates:

- ◆ **Wednesday, April 21**
- ◆ **Wednesday, May 5**

When preparing and delivering your presentation, you should follow these **guidelines**:

- the presentation will be **seriously minded, well-prepared and well-delivered**,
- presentations will be conducted **in pairs**; **each student will use 50% of the total speaking time** allocated for each presentation, moreover, **each student is expected to pass the speaking floor to his/her colleague at least once**,
- topics of presentations will be chosen from the range of **current economic issues**, covered by **economic magazines**, such as *The Economist*, *Financial Times*, or from Czech sources),
- students are supposed to **bring the article (or source) they want to present to the teacher at least one week prior to the presentation date; the teacher will give his approval** to the chosen topic and he will give you further comments if necessary,
- it will take between **8 – 10 minutes**,
- it will be **structured**:
 - *introduction of the presenters*,
 - *introduction of the topic*,
 - *information concerning the topic*,
 - *finally thanking for the audience's attention, offering them to ask questions*,
- it will have a form of **power-point presentation** which you will prepare at home and bring on a flash disc (*a data projector and a laptop **without** the internet access will be available*),
- it will be delivered in English and it **will not be read** (*tip: you can include points, dates or items that are difficult to remember directly into your ppt presentation*),
- other students will be **evaluating the presentation** (*they will use the evaluation sheet available in the interactive syllabus in the IS*),
- each student will **upload his/her presentation to the IS** (*Odevzdávárny → Presentations – groups taught by Milan Boháček*) **no later than on his/her presentation day**,
- please use the **guidelines** posted in the interactive syllabus in the IS or copied below in the **Tips & Examples** section.

Tips & Examples (available in the **interactive syllabus** in the **IS**):

PRESENTATION SKILLS – GUIDELINES

1. Stating your purpose:

- ◆ OK, let's get started. Good morning, everyone. Thanks for coming. I'm....
- ◆ This morning I'm going to be: talking to you about... / showing you how... / taking a look at... / reporting on... / telling you about...
- ◆ ...so, I'll begin by: filling you in on... / making a few observations about... / outlining *company policy*... / giving you an overview of... / bringing you up-to-date on...
- ◆ ...and then I'll go on to: highlight what I see as... / put the situation into some kind of perspective... / make detailed recommendations regarding... / discuss in more depth sth...

2. Signposting – telling what comes next in a presentation:

when you want to	make your next point	you say	To move on to our next point
	change direction		To turn to last year's figures
	refer to an earlier point		To go back to what I said earlier
	repeat the main points		To recap on the main figures
	give a wider perspective		To expand on this a bit more
	do a deeper analysis		To elaborate on this particular feature
	give the basics		To summarize the points
	depart from your plan		To digress from
finish your talk	To conclude		

vocab.

digress from – odbočit od

3. Commenting on visuals:

- ◆ To highlight important information in a visual, you can use the following:

I'd like	us to look	at this part of the graph in more detail.
	us to focus our attention	on one particularly important feature.
	you to think	about the significance of this figure here.
	to point	out one or two interesting details.
	to draw your attention to	to the upper half of the chart.

4. To conclude:

- ◆ Thank you for your attention and if you have any questions, I'll be happy to answer them.
- ◆ You can also ask the audience to ask questions during your speech by saying: If you have any questions during my talk, don't hesitate to interrupt me/feel free to ask.

5. To ask your colleague to carry on:

- ◆ Now I would like to hand over to Mark. / Jane, over to you. / Thomas, the floor is yours.
- ◆ And Lucy will tell you more details about... / Let's ask Bill to explain the ... to us.

Source: Powell, M.: Presenting in English – how to give successful presentation, Thomson Heinle.2002.

Unit 7 – FINANCE AND BANKING

Coursebook, page 64-65, exercise **READING**



1. In text “Marconi repays £669m of debt” find words or expressions corresponding to the following definitions:

1. _____ = a return to a normal condition; restoration to a former and better condition (*par 1*)
2. _____ = the act of paying back money that has been borrowed from a bank or other organization (*par 1*)
3. _____ = organizing something such as a company, an industry, etc. in a different way in order to make it more efficient (*par 1*)
4. _____ = a person, company, country, etc. that somebody or something owes money to (*par 1*)
5. _____ = a payment of part of an amount of money that has been borrowed (*par 1*)
6. _____ = a written statement that shows the financial state of a company at a particular time. It lists the company’s assets and all money owed (*par 1*)
7. _____ = foreseen, expected, assumed (*par 2*)
8. _____ = occurring or appearing at three-month intervals (*par 2*)
9. to _____ = exchange for cash; to obtain a profit or other advantage by timely exploitation (*par 2*)
10. _____ = a right that is given to employees to buy shares in the company at a low price (*par 2*)
11. to _____ = to give (a sum of money or a right) formally (*par 2*)
12. _____ = a process of lowering the amount of money a company owes to someone (*par 2*)
13. to _____ = to keep or hold off; repel; to delay (something) for a short time (*par 3*)
14. _____ = a person who has bought government or company bonds (*par 3*)
15. to _____ = to reduce to zero the book value of (an asset that has become worthless); to cancel from accounts as a loss (*par 3*)
16. _____ = an amount of something that a company, fund, etc. owns as an asset (*par 3*)

17. to _____ = to destroy or be destroyed completely (*par 3*)
18. _____ = first in status or importance; principal or chief (*par 4*)
19. _____ = the highest or most successful point of anything (*par 4*)
20. _____ = a person or thing that follows another, esp. a person who takes over another's job or position (*par 4*)
21. to _____ = to terminate an association with something; to let fall by releasing hold of something (*par 4*)
22. _____ = a metaphor used to describe overoptimistic and exaggerated expectations in relation to sophisticated, esp. electronic, technology (*par 5*)
23. _____ = a short period of time when somebody does a large amount of a particular activity (*par 5*)

2. In text "US Airways vows to rise again" find words or expressions corresponding to the following definitions:

1. to _____ = to declare or assert; to promise or decide solemnly
2. _____ = the act of making or arriving at a decision; the decision reached (*par 1*)
3. _____ = in flight; flying (*par 1*)
4. to _____ = to submit an application or document for something (*par 1*)
5. _____ = firmly fixed; concentrated; having the mind focused on a specific purpose (*par 1*)
6. _____ = desperate, having dreadful or terrible consequences; calamitous (*par 1*)
7. to _____ = to indicate (a particular result) (*par 1*)
8. to _____ = to chair a meeting; to exercise authority (*par 1*)
9. _____ = the process of closing a company, selling its assets and paying its debts (*par 1*)
10. _____ = the specialized judicial body in which legal processes intended to insure equality among the creditors of a corporation declared to be insolvent are conducted (*par 1*)
11. to _____ = to use carefully, avoiding waste; to preserve (*par 2*)
12. _____ = the amount of money that a company needs in order to pay for aircraft petrol (*par 2*)
13. _____ = a company whose business is transport of people (*par 2*)
14. _____ = immediately payable (*par 2*)

15. to _____ = to bring or come to an end; to put an end to something (par 2)
16. to _____ = to withdraw from a position; retreat (par 3)
17. to _____ = to manage to do; to achieve; to complete (par 3)
18. _____ = something, such as a point previously claimed in argument, that is later conceded (par 4)

Coursebook, page 66-67, exercise **BUSINESS SKILLS**



Fill in the missing words in their correct form in the speech summary:

A:

Diana Holden is the (1) _____ (2) _____ of BZ Systems and she will talk to their (3) _____ about the (4) _____ future of the company. She will start by (5) _____ on last year's financial (6) _____. Then she wants to talk about their (7) _____ performance in the past (8) _____. In the end, she wants to look at the (9) _____ and the company's (10) _____ plans. She thinks the company is growing from (11) _____ to (12) _____.

B:

What the presenter points to is a (13) _____ showing how their markets should (14) _____ Western Europe in the (15) _____ term. The data come from a company doing independent (16) _____. It shows that Western Europe is expected to (17) _____ (18) _____ in (19) _____ terms but Eastern Europe, as shown and (20) _____ to year one by year seven, will be over (21) _____ the year-one market.

C:

The company has had an (22) _____ nine months. On the next chart the audience can see their (23) _____ (24) _____ (25) _____. In year one, (26) _____ almost (27) _____ between the third and fourth (28) _____. In year two, it rose by nearly (29) _____ to (30) _____ dollars.

Last year was another successful year with revenue reaching a new high at (31) _____ dollars, which is a (32) _____ growth. Particularly (33) _____ were the (34) _____ to 48 million and 62 million dollars (35) _____.

This year they expect another great year – the revenue rose again but in the third quarter it (36) _____ (37) _____ to 46 million.

Grammar exercises (Passive)

1. Write these sentences in another way, beginning in the way shown.

1. They didn't give me the money. I wasn't given the money.

2. They asked me some difficult questions at the interview.

I _____

3. Janet's colleagues gave her a present when she retired.

Janet _____

4. Nobody told me that George was ill.

I wasn't _____

5. How much will they pay you?

How much will you _____

6. I think they should have offered Tom the job.

I think Tom _____

7. Has anybody shown you what to do?

Have you _____

2. Write these sentences in another way, beginning as shown. Use the underlined word in your sentence.

1. It is expected that the strike will end soon. The strike is expected to end soon.

2. It is believed that the thieves got in through the kitchen window.

The thieves _____

3. It is reported that many people are homeless after the floods.

Many people _____

4. It is thought that the prisoner escaped by climbing over a wall.

The prisoner _____

5. It is alleged that the man drove through the town at 90 miles an hour.

The man _____

6. It is reported that the building has been badly damaged by fire.

The building _____

7. a It is said that the company is losing a lot of money.

The company _____

b It is believed that the company lost a lot of money last year.

The company _____

c It is expected that the company will lose money this year.

The company _____

3. Complete the sentences using being + one of these verbs.

ask attack give invite keep pay

1. Mr Miller doesn't like _____ waiting.
2. They went to the party without _____.
3. Most people like _____ presents.
4. It's a dangerous city. People won't go out after dark because they are afraid of _____
_____.
5. I don't like _____ stupid questions.
6. Few people are prepared to work without _____.

4. Write sentences in the way shown.

1. Jill didn't repair the roof herself.

She ***had it repaired.***

2. I didn't cut my hair myself.

I _____

3. They didn't paint the house themselves.

They _____

4. Sue didn't make the curtains herself.

33 Measuring performance

A Financial reporting



Maria Malone is the chief finance officer of a large international media company, based in the UK, with activities in television and publishing. She's talking to new trainees in the finance department:

'As with all companies, investors and analysts want to know how the company is being run and how their money is being used. Each year we produce an **annual report** with three key sets of figures:

- profit and loss account
- balance sheet
- cashflow statement

These are the three key **financial statements** in **financial reporting**. They give the basic information about our **financial results**.' (They are covered in Units 34–37.)

B The financial year

'Our **financial year** ends on March 31st, although other companies choose other dates. Soon after this, we publish **preliminary results**, or **prelims**. The **full report and accounts** are published a few months later. As a UK company, we also publish **interim results** or **interims** after the first six months of our financial year.'

Note: US companies publish their results every **quarter**.

C Shareholders, bondholders and lenders

'We use **shareholders'** money to operate and invest in the business. Some of the profit we make is paid out to them, usually in the form of **dividends** in relation to the number of **shares** that they each hold. Our shares are **traded** on the London **stock market**.

We also borrow money in the form of **bonds**. We pay percentage **interest** on those bonds and then later repay the **principal**, the amount of money originally lent to us. Our bonds are traded on **bond markets**.

And we borrow money from banks in the form of **loans**, on which we also pay interest.

Of course, our shareholders, **bondholders** and **lenders** all take a keen interest in our accounts!

The results we publish can affect share prices: good results cause prices to rise, if the market believes the company is **undervalued**. However, poor results often cause a drop in share price, as investors feel the company is **overvalued**.'

BrE: shareholder;
AmE: shareholder / stockholder

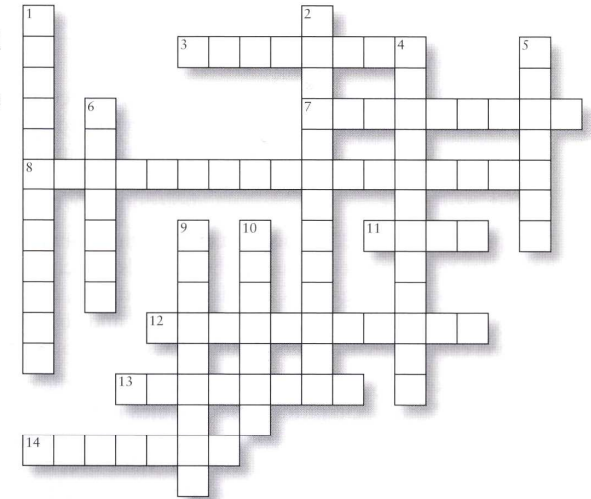
33.1 Complete the crossword with appropriate forms of expressions from A, B and C opposite.

Across

- 3 Reports that are not for the full year. (8)
- 7 and 6 down What investors are basically interested in. (9,7)
- 8 One of the three key financial statements. (8,9)
- 11 Money lent by a bank. (4)
- 12 People and institutions that own bonds. (11)
- 13 The money you pay on a loan. (8)
- 14 See 2 down.

Down

- 1 Another of the three key financial statements. (7,5)
- 2 and 14 across Another of the three key financial statements. (6,3,4,7)
- 4 Together, these people and institutions are the owners of the company. (12)
- 5 Period of three months. (7)
- 6 See 7 across.
- 9 The publication of results: financial (9)
- 10 Banks and others that loan money. (7)



33.2 Complete the table with words from B and C opposite and related forms. Put a stress mark in front of the stressed syllable in each word of more than one syllable. (The first one has been done for you.)

Verb	Noun – thing	Noun – person/organization
'borrow	'borrowing	'borrower
finance		
lend		

33.3 Complete the sentences with appropriate forms of 'finance'. (There are two possibilities for one of the gaps.)

- 1 A millionaire donated a large sum to the charity.
- 2 The for the project is coming from two different sources: bank loans and a new share issue.
- 3 The company must keep a careful control on its this year in order to avoid making a loss.

Over to you



Obtain the annual report of an organization you are interested in. (Many are available on the Internet at www.carol.co.uk. You can also use this source for other units on Company Finance.) Identify the profit and loss account (or the income statement), the balance sheet and the cashflow statement. What other information does the report contain?

34 Profit and loss account

A Accruals accounting

Maria Malone continues:

'The **accruals principle** means that events in a particular **reporting period**, for example sales of goods or purchases of supplies, are recorded in that period, rather than when money is actually received or paid out; this may happen in a later period.'

B Profit and loss

'The **profit and loss (P&L) account** records the money we make (or lose!) during a particular reporting period, using the accruals principle. In our case, our accounts record **sales** from books, magazines, television advertising, etc. during the period – this is the money received from sales, minus the labour and cost of materials used to produce them, which is called the **cost of goods sold (COGS)**.

Then we take away **selling and general expenses** – the costs related to making these sales – employees' salaries, rent for buildings, etc. There is also the cost of **depreciation** – this is not an actual sum of money paid out, but is shown in the accounts to allow for the way that machinery wears out and declines in value over time and will have to be replaced. (See Unit 35) This leaves us with our **operating profit**.

Then we subtract the **interest payable** on money we have borrowed in the form of bonds and bank loans. This gives the **profit on ordinary activities before tax**, or **pre-tax profit**.

Sometimes there are **exceptional items** to report, for example the cost of closing a particular operation, but fortunately this does not happen very often.

Of course, we pay tax on our profits and in the UK this is called **corporation tax**.

Note: Sales are also referred to as **turnover** in BrE. The profit and loss account is called the **income statement** in the USA.

C Earnings

'From the **profit after tax**, also referred to as **earnings**, we usually pay **dividends** to shareholders, and you can see the figure for **dividends per share**. However, when business is bad, we may not do this – we may **omit**, **pass** or **skip** the dividend.

Naturally, we don't pay out all our profit in dividends. We keep some to invest in our future activities – these are **retained earnings**, or **reserves**.

You can look at profitability in terms of **earnings per share (EPS)**, even if some of these earnings are retained and not paid out in dividends.'

34.1 Match the words in the box to make expressions from A, B and C opposite. (The first one has been done for you.)

accruals	periods	exceptional	earnings	items	account
interest	payable	operating	P&L	profit	
reporting	retained	expenses	principle	selling and general	

Now complete each sentence with the correct expression.

- Our financial year runs from 1 April to 31 March and is made up of two six-month
- The company's has increased by 10 per cent this year.
- We have decided to keep £25,000 from our profits as and not distribute this to the shareholders.
- One of the in the profit and loss account this year related to the restructuring costs of our operations in Korea.

34.2 Read the profit and loss account for a UK company. Then look at A, B and C opposite and say if the statements below are true or false. All figures are pounds sterling.

Paradigm Manufacturing		Profit and loss account for the year ended 31 March 20__	
Sales	900,000		
Cost of goods sold		560,000	
Selling and general expenses		120,000	
Depreciation		18,000	
Operating profit			202,000
Interest payable		15,000	
Pre-tax profit			187,000
Exceptional items*		57,000	
Corporation tax		60,000	
Profit after tax			70,000
Dividends		25,000	
Retained earnings			45,000

There are 100,000 ordinary shares. Earnings per share: 70 pence. Dividends per share: 25 pence.
*This is for costs related to the closure of our offices in Stockholm.

- The £120,000 for selling and general expenses includes the salaries of the salesforce.
- The £18,000 for depreciation represents an actual amount of money paid out to suppliers.
- The company has a bank loan and/or is paying interest to holders of its bonds.
- £57,000 for exceptional items is probably paid out every year.
- The company has paid out more to shareholders this year than it has kept for future investment and/or future payouts.

Over to you



Obtain the annual report of an organization you are interested in. Relate what you find in the profit and loss account or income statement with the items in the table above. Then compare the figures with those for the previous year. What differences can you see?

35 Balance sheet 1

A Assets

A company's **balance sheet** gives a 'snapshot picture' of its assets and liabilities at the end of a particular period, usually the 12-month period of its financial year. But the snapshot could be taken on any day of the year.

An **asset** is something that has value or the power to earn money for a business. Assets include:

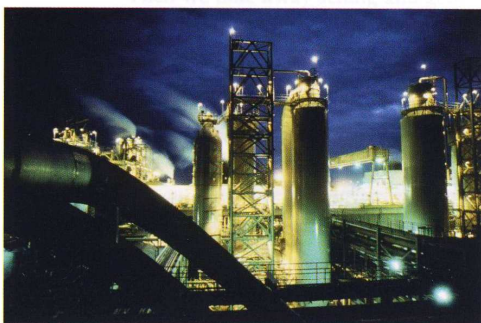
1 current assets:

- **cash** at the bank.
- **securities**: investments in other companies.
- **stocks**, of raw materials, unfinished goods and finished goods, that are going to be sold.
- **debtors**: money owed to the company by customers.

2 **fixed or tangible assets**: equipment, machinery, buildings, land.

3 **intangible assets**: for example, **goodwill**, the value that the company thinks it has as a functioning organization with its existing customers, and in some cases **brands** (see Unit 26), because established brands have the power to earn it money, and would have a value for any potential buyer of the company.

However, there are some things of value that are never shown on a balance sheet, for example the knowledge and skills of the company's employees.



fixed assets

BrE: stocks, AmE: inventories; BrE debtors, AmE accounts receivable / receivables

B Depreciation

Of course, some assets such as machinery and equipment lose their value over time because they **wear out** and become **obsolete** and out of date. Amounts relating to this are shown as **depreciation** or **amortization** in the accounts. For example, some computer equipment is **depreciated** or **amortized** over a very short period, perhaps as short as three years, and a **charge** for this is shown in the accounts. The value of the equipment is **written down** or reduced each year over that period and **written off** completely at the end.

The amount that is shown as the value of an asset at a particular time is its **book value**. This may or may not be its **market value**, i.e. the amount that it could be sold for at that time. For example, land or buildings may be worth more than shown in the accounts because they have increased in value. Equipment may be worth less than shown in the accounts because its value has not been depreciated by a realistic amount.

Note: The terms 'depreciate' and 'depreciation' are usually used in the UK; 'amortize' and 'amortization' are more common in the USA.



Computer equipment is usually depreciated over three years.

35.1 Complete the assets table for a UK company with expressions from A opposite, and the relevant figures, using the following information:

- Paradigm has goodwill, in the form of hundreds of satisfied customers, worth an estimated £15,000. This is its only intangible asset.
- It has investments of £6,000 in other companies.
- It has raw materials, unfinished goods and finished goods together worth £3,500.
- It owns equipment and machinery with a book value of £9,000.
- It owns land with a book value of £31,000.
- It has £11,000 in its accounts at the bank.
- It owns offices and factories with a book value of £94,000.
- Various people and organizations, including customers, owe £7,500.

Paradigm Manufacturing Balance sheet at 31 March 20__			
ASSETS			
Cash			
	6,000		
Total current assets		28,000	
	94,000		
Total fixed assets (book value)		134,000	
Total intangible assets		15,000	
TOTAL ASSETS			177,000

35.2 Using the information in B opposite and in the table above, decide if these statements about Paradigm's assets are true or false.

- 1 The figure for equipment and machinery is the price it was bought for, written down by an amount for depreciation.
- 2 The figure for equipment and machinery shows that it has been written off completely.
- 3 The figure for land and buildings is the exact amount they could definitely be sold for.
- 4 The figure for goodwill is an objective value of the customer base that a buyer of the company would definitely agree to pay.

Over to you



Think of an organization you are interested in. What are its main assets? Which of them could be shown on its balance sheet?

36 Balance sheet 2



A Liabilities

A company's **liabilities** are its debts to suppliers, lenders, bondholders, the tax authorities, etc.

Current liabilities are debts that have to be paid within a year, for example:

- **creditors:** money owed to suppliers etc.
- **overdrafts:** when the company spends more money than it has in its bank accounts.
- **interest payments** that have to be paid in the short term.
- **tax payable.**

Long-term liabilities are debts that have to be paid further into the future, for example long-term bank loans and bonds.

BrE: creditors;
AmE: accounts payable or payables

B Shareholders' funds

When you deduct a company's **liabilities** (everything it owes) from its assets (everything it owns), you are left with **shareholders' funds**¹. In theory, this is what would be left for shareholders if the business stopped operating, paid all its debts, obtained everything that was owed to it and sold all its buildings and equipment.

Shareholders' funds as shown in a company's accounts includes:

- The **share capital**² the shareholders have invested.
- The profits that have not been paid out in dividends³ to shareholders over the years, but have been kept by the company as **retained earnings**, also called reserves.

BrE: shareholders' funds
AmE: shareholders'/owners' equity

36.1 This is the other half of the balance sheet in Unit 35. Complete the assets table with expressions from A and B opposite, and the relevant figures, using the following information:

- Paradigm has a bank loan of £20,000 to be repaid in three years.
- It has issued £100,000 worth of shares.
- It has issued bonds for £30,000 that it will have to repay in seven years.
- It has retained earnings of £10,500.
- It has to pay £3,500 in interest on its bank borrowing and bonds.
- It owes £5,000 in tax.
- It owes £6,000 to suppliers and others.
- On one of its bank accounts, Paradigm has spent £2,000 more than it had in the account.

Paradigm Manufacturing Balance sheet at 31 March 20__			
LIABILITIES			
	6,000		
	5,000		
Total current liabilities		16,500	
Bank loan repayable in 3 years			
Total long-term liabilities		50,000	
Shareholders' funds		110,500	
TOTAL LIABILITIES PLUS SHAREHOLDERS' FUNDS			177,000

36.2 Using the information in B opposite and in the table above, decide if these statements about Paradigm's liabilities are true or false.

- 1 The creditors item includes debts that will have to be paid in two or three years.
- 2 Overdrafts are a form of long-term loan.
- 3 In the coming year, Paradigm will have to pay more tax than it pays out in interest on its loans.
- 4 Paradigm has borrowed more in the form of bonds than in the form of bank loans.
- 5 Share capital of £100,000 is the current value of Paradigm's shares on the stock market.
- 6 Retained earnings is the total of all the dividends that have been paid out to shareholders over the years.

Over to you

Obtain the annual report of an organization you are interested in. Relate where possible the items on the liabilities side of its balance sheet with the items in the table above.

REVIEW TEST

BPJ_JI4A

Unit 7 – Finance and banking

Name:			
Teacher:		TOTAL (60 points to pass)	MARK
Number of points (max. 100 points)			
I. Listening:		III. Grammar:	
II. Vocabulary:		IV. Translation:	

I. Listening: (max. 20 points) points

II. Vocabulary: (max. 34 points) points

A. Translate the following expressions into English: (2 points each)

podat žádost o ochranu před věřiteli u konkurzního soudu – _____

předběžné výsledky zahrnuté ve finančních výkazech – _____

regulační rámce ovlivňující restrukturalizaci podniků – _____

splatit jistinu a úrok držitelům dluhopisů – _____

ochrana schválená soudem, věřiteli, akcionáři a správcem daně – _____

odečíst splatný úrok ze zisku před zdaněním – _____

odepsat dlužníkům pasiva kvůli snížení dluhu – _____

účetní hodnota zásob a odepisovaných aktiv – _____

B. Write expressions the following definitions refer to: (2 points each)

1. the relationship between the amount of money that a company owes (debts) and the value of its shares (equity):

2. something that a company has and that benefits it but does not exist physically, for example a brand or the company's reputation:

C. Complete the sentence with one of the following phrases; translate the selected phrase. (2 points each)

PROFIT AND LOSS ACCOUNT, STOCK OPTION, OVERDRAFT, ZENITH, CASHFLOW CONTROL, OPERATING PROFIT, LETTER OF CREDIT

1. Because of its bad _____, the firm doesn't have enough money available.

In Czech or Slovak: _____

2. The banks offers the possibility to use a(n) _____ if you want to withdraw more money that you have in your account.

In Czech or Slovak: _____

3. Unfortunately, this program has reached its _____ and now its quality will decrease.

In Czech or Slovak: _____

D. Complete the sentences with correct forms of the following verbs; some verbs are not used: (1 point each)

DIP, CONSERVE, WIND UP, OVERVALUE, BACKAWAY, TERMINATE, CASH IN, OUTPERFORM, ACCOMPLISH

1. Many investors want to _____ their investments in a crisis period because they regard money safer than shares.

2. The hi-tech bubble was caused by irresponsible and unfounded _____ the shares of technological companies.

3. Our sales are higher than rivals' so we hope _____ them in the next quarter.

4. NBC's turnover _____ a little last year but it is expected to rise again this year.

E. Complete each sentence with a word made from the word given in brackets. (1 point each)

1. It is not wise to invest in _____; you should invest in commodities instead. (**SECURE**)

2. Deferring a payment is the last _____ our company is willing to offer to you. (**CONCEDE**)

3. The _____ show us that our profit will fall by 20% this year. (**PROJECT**)

4. Low-cost _____ have an advantage over national airlines. (**CARRY**)

Unit 8 – CONSULTANTS

Coursebook, page 73, exercise **READING AND LANGUAGE**



In the text, find words or expressions corresponding to the following definitions:

1. _____ = easily gained or earned finances (*paragraph 1*)
2. to _____ = to abandon or finish something (slang) (*par 1*)
3. to _____ = to produce, yield, or earn (profits or income) (*par 2*)
4. _____ = a project that generates a continuous flow of money; a business or product that makes a lot of money for someone (*par 2*)
5. _____ = the internal operations of an organization that are not accessible or visible to the general public (*par 2*)
6. _____ = having or fostering a warm or friendly and informal atmosphere; marked by friendly intimacy (*par 3*)
7. _____ = in an extremely severe or violent way; terribly (*par 3*)
8. _____ = having someone as an employee (*par 3*)
9. _____ = a person who has reached high positions or has performed extraordinarily well (*par 3*)
10. _____ = having a great need or desire (*par 3*)
11. to _____ = to put forward or recommend (a person or thing) as a good or suitable example or candidate (*par 3*)
12. _____ = intentionally (*par 3*)
13. to _____ = to restrain (someone) or refrain from doing something (*par 3*)
14. _____ = prepared to act in a dishonest or immoral manner (*par 4*)
15. _____ = the ability to understand, after something has happened, what should have been done or what caused the event; wisdom or knowledge got only after something (usually bad) has happened (*par 4*)
16. to _____ = to damage; to destroy; to ruin (*par 4*)
17. to _____ = to seek or request, esp. formally (*par 5*)

18. _____ = below an established or required level (*par 5*)
19. to _____ = to be under legal or moral obligation; to be limited (*par 5*)
20. _____ = a set of conventional principles and expectations that are considered binding on any person who is a member of a particular group (*par 5*)
21. _____ = a task; a duty someone has to carry out (*par 5*)
22. to _____ = to hire; engage (*par 5*)
23. _____ = adequate or acceptable (*par 6*)
24. to _____ = *here*: to gradually reduce the size or amount (*par 6*)
25. _____ = more than is needed, desired, or required; not necessary (*par 6*)
26. _____ = secured against failures (*par 8*)
27. _____ the part of a bank's business that involves providing services to members of the public (*par 8*)
28. _____ = plentiful; abundant; having a lot of something (*par 9*)
29. to _____ =
_____ = to get started or set in motion (*par 9*)
30. to _____ =
_____ = a metaphor meaning that something is unused or not exploited (*par 9*)



Fill in the missing words in their correct form in the speech summary:

The speakers want to focus on some strategies commonly used among buyers and (1) _____ – the limited (2) _____ in negotiating, making (3) _____, the importance of a (4) _____ (5) _____ and others.

If potential buyers know you have the power to concede on your own, they may get angry. However, if you tell them you have to check something with your boss and then if you refuse the (6) _____, some (7) _____ authority will be (8) _____. You should (9) _____ a good (10) _____ so that you can continue to (11) _____ or come back to them later. You should avoid (12) _____ negotiations where you keep going back and (13) _____. (14) _____ (15) _____ will start with for example a one-per-cent (16) _____, and then (17) _____ to large ones. But this makes the buyer feel that there was more they could have got.

However, professional (18) _____ start the other way round. As the process goes on, the (19) _____ they (20) _____ are getting smaller. In the end, the buyer feels they have got you down to the (21) _____ (22) _____. In (23) **win-win** negotiations the customer should feel as a winner too.

Then there is the negotiation (24) _____ (25) _____. What do you know about a (26) _____ needs? What is your original (27) _____ price? What is your (28) _____ (29) _____ or (30) _____ number?

Now, what exactly the term '(31) _____ (32) _____' mean? It refers to the (33) _____ amount you were (34) _____. It is sometimes called (35) _____ – the (36) _____ (37) _____ (38) _____ a (39) _____ (40) _____. It represents the point where (41) _____ (42) _____ makes more sense than making a (43) _____. The real secret of good negotiations is to have decided (44) _____ (45) _____ what you can ask for in return for a price (46) _____. Buyers, like everyone else, (47) _____ not to (48) _____ anything they get for free or easily.

Grammar exercises (Conditionals)

1. Rewrite the following sentences using the words given.

1. Marie is unhappy because she gave up her career when she got married.
But, Marie **(be)** _____ happy if she **(give, not)** _____
up her career when she got married.
2. Dr. Mercer decided not to accept the research grant at Harvard because he is going to take six months off to spend more time with his family.
But, Dr. Mercer **(accept)** _____ the research grant at Harvard if he **(take, not)** _____ six months off to spend more time with his family.
3. Professor Schmitz talked so much about the Maasai tribe because she is an expert on African tribal groups.
But, Professor Schmitz **(talk, not)** _____ so much about the Maasai tribe if she **(be, not)** _____ an expert on African tribal groups.
4. I am unemployed because I had a disagreement with my boss and I was fired.
But, I **(be, not)** _____ unemployed if I **(have, not)** _____ a disagreement with my boss and I **(be, not)** _____ fired.
5. Nicole speaks Chinese fluently because she lived in China for ten years.
But, Nicole **(speak, not)** _____ Chinese fluently if she **(live, not)** _____ in China for ten years.

2. Rewrite the following sentences in the way shown (i.e. omit if) while keeping the same meaning.

1. If I had seen the accident, I would have called police immediately.
Had I seen the accident, I would have called police immediately.
2. If I were you, I wouldn't have invested the money in property.

3. If Thomas Dillon borrows any money from you, charge him no interest.

4. If Citi Group was about to go bankrupt, it would damage the whole US economy.

5. If the weather prohibits us from leaving the town, we will have to stay over night.

6. If Masaryk University had been founded later, it would have fewer students now.

3. Underline the correct words. This exercise includes revision of imaginary futures.

1. If you *phoned/had phoned* me yesterday, I *had told/would have told* you.
2. If you *took/would have taken* more exercise, you *might feel/had felt* better.
3. If Tim *would have listened/had listened* more carefully, he *wouldn't have made/didn't make* that mistake.
4. If *we'd found/we found* suitable premises, *we'd have moved/we had moved* earlier.
5. If people *kept/had kept* their offices more tidy, it *might present/presented* a better image to our visitors.
6. If *I'd known/I would know* about their financial problems, I *wouldn't do/wouldn't have done* business with them.

4. Rewrite the sentences as shown; keep the same meaning.

1. Tom and Lucy regret that they were living together for so long.
If only _____
2. It's a shame that I cannot be in your position as it would be good for me.
I wish _____
3. I regret that the new French movie everybody is talking about wasn't filmed in Slovakia.
If only _____
4. I regret that we have met Phillip because he is a very annoying person.
I wish _____
5. I want the new American president to come to Europe to settle all disputes.
If only _____
6. I regret that my sister cannot spend much money on holiday this year.
I wish _____
7. It's a shame that the university couldn't buy the new equipment.
If only _____

10 What is quality?

A Defining quality

Staying in the lead means continually raising the bar

In 1980, a television documentary in the US entitled *If Japan Can, Why Can't We?* announced that it had discovered the secret of Japanese competitive success: quality. Japanese companies were successfully dominating world markets because they had a **quality system** that allowed them to produce better products than their US rivals. What was more, the documentary said, the Japanese had learned this

quality system from US experts such as W Edwards Deming and Joseph Juran. What US and other western businesses had to do now was relearn the techniques of **quality management**. The central problem revolves around an understanding of what 'quality' is and how far the concept can be applied across the organisation. Definitions can vary, but it is generally accepted that the three elements which constitute

quality are **fitness of the design, conformity to specification and satisfying customer needs**. Today, quality is most often defined by the reaction of the customer who buys and uses the product. If the customer is satisfied, so the theory goes, the product is of sufficient quality. However, a strategy based on no more than meeting customer expectations is a dangerous one, as it opens the door to rivals that may produce better products.

Financial Times

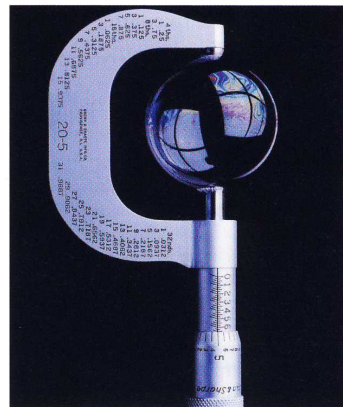
Note: Specifications are referred to informally as specs.

B Quality in manufacturing

Gordon Greer is head of quality at a car component company:

'The design for each component embodies the intentions of its designer. So conformity to specification means putting these intentions into practice when we make the components. Put another way, this is **elimination of variation**.

We pay great attention to **accuracy**. The components must be made to very strict **tolerances** – the measurements must be not more or less than particular limits to within a fraction of a millimetre.'



A micrometer

C Quality in services

Serena Togliatti is customer relations manager at a large bank:

'In services, there is a parallel situation to the one in manufacturing. The service received by the customer must be exactly what is planned and intended, and annoying mistakes, for example in their accounts, must be avoided.

From the customer's point of view, quality could be defined in terms of **customer approval**, that is, recognition that we are satisfying customer needs and **customer expectations**. And if we exceed those expectations, there may even be **customer delight**.' (See Unit 23)



10.1 Look at A and B opposite and answer the questions.

Which expression refers to:

- 1 the idea of following a designer's intentions?
- 2 the work of making sure that the principles of quality are applied?
- 3 approaching quality in a logical way?
- 4 keeping customers happy?
- 5 how good a design is for the purpose of the product it relates to?

10.2 Complete the table with words from A, B and C opposite and related forms. Put a stress mark in front of the stressed syllable in each word of more than one syllable. (The first one has been done for you.)

Verb	Noun
a'pprove (of)	a'pproval
conform (to)	
	delight
eliminate	
expect	
fit	
	satisfaction
specify	
	tolerance
vary	

Now use correct forms of the expressions above and opposite to replace the underlined words and phrases in this memo from the head of a package holiday company.

Memo

CLUB SOLEIL



From: Jacqueline Toubon

To: All hotel managers

Buying a family holiday is a big investment for a lot of people, both financially and emotionally. So, we don't just want (1) them to be happy with what they get; we want (2) them to be extremely happy.

We want to avoid the situation where things are different from what customers were expecting and instead we want (3) standards to be exactly as described. When the hotel does not come up to the description in the brochure, our clients are extremely angry.

This means (4) avoiding changes or differences in relation to what we promise.

Customers may find that things are better than they thought they would be, for example, the food may be better or the rooms more comfortable. Although this may be a way of going beyond (5) what customers were hoping for, it is important to keep control of costs. To use a comparison with manufacturing industry, we have to keep standards within certain (6) limits.

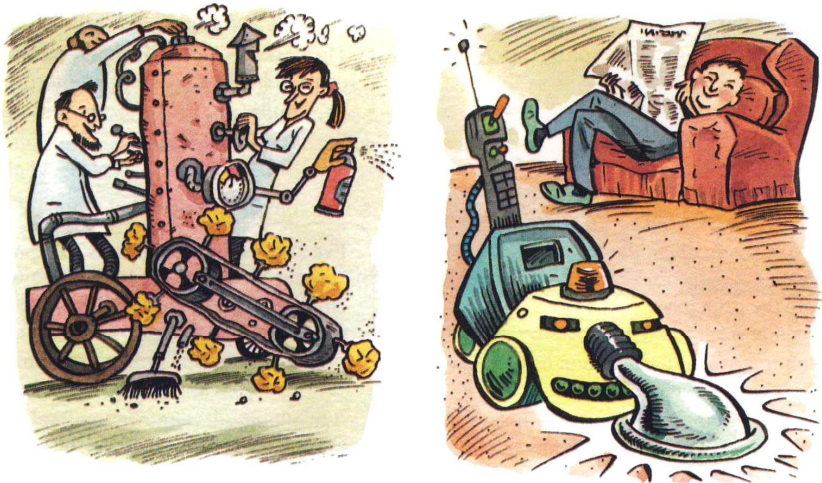
Over to you



What are the criteria for quality in your organization or one you would like to work for?

14 The management of change

A Business process re-engineering



In the 1990s, **business process re-engineering**, or BPR, emerged. Inspired by a book by Michael Hammer and James Champy¹, consultants told companies not to bother with incremental improvements, but to abolish everything, **go back to the drawing board** and **redesign** all the business processes involved in producing something, whether a product or a service. They said that this redesign should be:

- **fundamental:** asking basic questions about what a process is meant to achieve
- **radical:** going to the root of things and ignoring completely how things were done before, 'like starting again with a new sheet of paper'
- **dramatic:** bringing about very big and sudden changes.

In the eyes of critics, BPR often meant **delayering** – removing **management layers**, perhaps resulting in **job losses**.

B The benefits of BPR

For its supporters, these are some of the strengths of BPR:

- leadership:** strong leadership is important; changes are imposed from above; there is visible **commitment** from leaders for change
- people management:** fewer **management layers** mean larger, more challenging jobs
- policy and strategy:** clearer **fit** between the organization and its declared purpose and goals
- processes:** managers and employees gain improved awareness and understanding of key processes
- customer satisfaction:** clear **focus** of processes on the customer for existing products and services
- business results:** dramatic improvements for companies in crisis.

(The headings are from the EFQM Model – see Unit 13)

¹ *Re-engineering the Corporation: A Manifesto for Business Revolution* (Nicholas Brealey 2001)

14.1 Gordon Greer, production manager at a car components manufacturer (see Unit 10) is talking about a car company that he supplies called Autoco. Replace the underlined words and phrases with expressions from A opposite. Pay attention to the grammatical context.

'One example of (1) restructuring that I know was quite (2) basic: Autoco, one of our customers, wanted to simplify its supplier payments system.

Before, there were three documents relating to every delivery. We got a purchase order from Autoco, a delivery note accompanied the goods when they were delivered to them, and then we sent an invoice. There were 300 employees in their accounts department. Within the department there were sub-departments, each dealing with payments for different groups of suppliers, and each with its own head.

The accounts payable department at Autoco checked that copies of the three documents matched before making payment – there were often problems with documents, and this delayed payment, which caused us problems.

Autoco made a (3) very big and sudden change, one that was (4) designed to go to the root of things. When goods were received, this was entered on Autoco's computer system, and the goods were paid for automatically – we no longer had to send invoices, and were paid promptly.

The number of people in the accounts payable department at Autoco was reduced to 15. There was (5) a reduction in the number of management layers as the sub-department heads were no longer needed, but the company was expanding elsewhere, and the people who were no longer needed were given new jobs within the company, so there were no (6) employees made redundant.'

14.2 Look at these criticisms (1–6) that have been made of BPR. Match each criticism to one of its claimed benefits (a–f) in B opposite.

- 1 Results may be harmed by the chaos and confusion that BPR brings to the organization.
- 2 People can be left demotivated and demoralized by radical change.
- 3 Smooth, gradual, incremental introduction of completely new processes is not possible.
- 4 If the company is in crisis, there can be a tendency to concentrate too much on the internal workings of the organization and lose sight of the actions of competitors, and the success/failure of the organization's strategy.
- 5 The need for BPR implies bad earlier management, but the existing senior managers hardly ever want to re-engineer themselves out of a job.
- 6 There can be a tendency to concentrate too much on the existing products/services of the organization, ignoring new customer needs.

Over to you



You have been asked by the mayor of your town or city to re-engineer one of its services. Which service most needs improving? How would you restructure it? (Money is no obstacle!)

REVIEW TEST
BPJ_J14A
Unit 8 – Consultants

Name:			
Teacher:		TOTAL	MARK
Number of points (max. 100 points)		(60 points to pass)	
I. Listening:		III. Grammar:	
II. Vocabulary:		IV. Translation:	

I. Listening: (max. 20 points) points

II. Vocabulary: (max. 34 points) points

A. Translate the following expressions into English: (2 points each)

propracovaná procedura jmenování generálního ředitele – _____

problém odvíjející se od shody se specifikacemi – _____

ustoupit ve způsobu měření manažerského výkonu – _____

milníky obsažené v časovém rámci – _____

amatérští a úmyslně bezohlední vyjednávači – _____

ostranění odchylek s přesností na zlomek milimetru – _____

nadbytečná, ale uspokojivá požadovaná cena – _____

instrukce obsažené ve smlouvě za pevně stanovenou cenu – _____

B. Write expressions the following definitions refer to: (2 points each)

1. the act of balancing two things that you need or want but which are opposed to each other:

2. something that you allow or do, or allow somebody to have, in order to end an argument or to make a situation less difficult:

C. Complete the sentence with one of the following phrases; translate the selected phrase. (2 points each)

COMMITMENT – MONEY FOR OLD ROPE – CUSTOMER DELIGHT – HINDSIGHT
MONEY SPINNER – RETAIL BANKING – INCREMENTAL IMPROVEMENTS

1. Writing up the report was very easy, so it was _____ for me.

In Czech or Slovak: _____

2. The Windows operating system has been a _____ for Microsoft because so many people use it on their computers.

In Czech or Slovak: _____

3. Let's focus on _____ of our computer systems rather than doing everything from the beginning.

In Czech or Slovak: _____

D. Complete the sentences with correct forms of the following verbs; some verbs are not used: (1 point each)

WALK AWAY, CONCEDE, TOUT FOR, TAKE OUT, GRANT,
HOLD BACK, PARE BACK, APPOINT, JACK IN, TAKE ON

1. My friend has promised me _____ an additional business which could bring me more money.

2. The bad economic situation forces us _____ our organizational structure and dismiss several workers.

3. Stop _____ the process of restructuring – we need to start the production as quickly as possible.

4. Toyota is considering _____ the development of their new model because the demand seems to be falling rapidly.

E. Complete each sentence with a word made from the word given in brackets. (1 point each)

1. Removing levels of management is sometimes referred to as _____. (**LAYER**)

2. Every decision you make is subject to the boss's _____. (**APPROVE**)

3. Don't forget to mention all the _____ the project includes. (**DELIVER**)

4. There are many young and ambitious _____ in this company. (**ACHIEVE**)

Unit 9 – STRATEGY

Coursebook, page 78, exercise LISTENING AND DISCUSSION B



Fill in the missing words in their correct form in the speech summary:

Marketing is important as well as finance or (1) _____ management. People in marketing and (2) _____ are mostly in (3) _____ with customers and therefore often regarded as those who understand the market. This has both advantages and problems, namely if the industry is being (4) _____ by some (5) _____.

If someone had asked marketing people about their best business (6) _____, they would say it would be to (7) _____ new collections and (8) _____ to a country with cheap (9) _____ (10) _____, (11) _____ it, etc. The company would produce it nine months in (12) _____ and have the Chinese manufacture it cheaply and then you'd put the new collection in the stores, which is the normal (13) _____.

Zara decided to have no (14) _____ and they chose to be a fast (15) _____, a fast (16) _____ (17) _____. So they have to produce in Europe, which is not necessarily cheap. It isn't possible to produce in large amounts in China and (18) _____ them to Europe as it takes a lot of time. So they have to produce the clothes (19) _____ at low costs and in short (20) _____. You also have to (21) _____ your collection and make sure you have (22) _____ in the Zara or Benetton (23) _____. But Zara doesn't want to be like Benetton, they try to do something else – they have to (24) _____ and change the rules a little bit, (25) _____ they will never (26) _____ the more (27) _____ (28) _____.

Coursebook, page 80, exercise READING AND LANGUAGE



In the text, find words or expressions corresponding to the following definitions:

- _____ = an improvement that makes something work better (*par 1*)
- to _____ = to seize hold of; to take hold of (*par 1*)
- to _____ = to lose money in gambling or in the securities markets; to die; to expire (slang); here: to cease to use (*par 1*)
- to _____ = to repeat or imitate (what someone else has said) (*par 1*)
- _____ = a party organized for the pursuit of wild animals for sport; *here: pursuing certain goals (par 2)*

6. _____ = abundant or numerous; widespread or common (*par 2*)
7. _____ = maintained without interruption or weakening; continuous (*par 2*)
8. to _____ = to cause something to increase; to excite or arouse someone or something (*par 3*)
9. _____ = widely known and esteemed; famous (*par 4*)
10. to _____ = to take advantage of (*par 4*)
11. _____ = a means of access or approach (*par 4*)
12. _____ = the business of selling goods to the public, especially through shops/stores (*par 4*)
13. _____ = intelligent and making good judgments (*par 4*)
14. _____ = the act of dividing people or organizations that buy a product or service from a shop into different parts (*par 4*)
15. to _____ = to bring about a radical change in; to change radically (*par 4*)
16. _____ = a person visiting different interesting places who organizes their trips in the cheapest possible way (*par 4*)
17. to _____ = to revive or renew (*par 4*)
18. to _____ = to say or maintain; to argue (*par 5*)
19. _____ = fundamental; basic (*par 5*)
20. _____ = *here*: a product or service that is very closely related or connected with another (more important) thing (*par 5*)
21. _____ = a column; *here*: a fundamental principle or practice of something (*par 5*)
22. _____ = a scheme or set of strategies for conducting a business campaign or a political campaign (*par 5*)
23. _____ = a usually serious mistake typically caused by ignorance or confusion (*par 6*)
24. _____ = turned or twisted toward one side; faulty (*par 6*)
25. _____ = *here*: a group; a bunch (*par 7*)
26. _____ = someone who provides food and service (*par 7*)
27. _____ = something that slows or delays progress (*par 8*)
28. _____ = spreading out in different directions (*par 9*)
29. _____ = a solid substance that conducts electricity in particular conditions (*par 9*)
30. _____ = the stake risked; one on which a stake is or can be placed (*par 9*)
31. _____ = a relatively insignificant position from which future progress might be made (*par 9*)

32. _____ = a brief period of extravagant spending (*par 9*)
33. _____ = a metaphor used to describe overoptimistic and exaggerated expectations in relation to technological companies (*par 9*)
34. _____ = *here*: an imperfect imitation or copy (*par 9*)
35. to _____ = to make a bad situation worse; to hurt the feelings of a person who has already been hurt (*par 9*)

Coursebook, page **82**, exercise **BUSINESS SKILLS B**



Fill in the missing words in their correct form in the interview summary:

What Sarah doesn't like about (1) _____ meetings is the fact that she doesn't regard herself as most (2) _____ when she is in a group. She prefers to work on her own. As far as Max is concerned, he likes it because he sees it as a really positive way of getting (3) _____ of new ideas in a short (4) _____ of time.

As the trainer says, it's important that people come up with as many ideas as possible but there shouldn't be more than ten people (5) _____ (6) _____. It's also (7) _____ that someone writes down the ideas, however (8) _____ they may seem. To avoid a situation when the same people talk all the time, the role of a (9) _____ or a (10) _____ is important. Their task is to (11) _____ an (12) _____ and (13) _____ (14) _____, and to try to get everyone to (15) _____. If someone's too (16) _____, others won't feel comfortable about being (17) _____.

To make a decision, it's also important to clearly (18) _____ the problem you want solved and keep the (19) _____ (20) _____. The idea is to (21) _____ as many ideas as possible which you can then (22) _____ (23) _____. An example follows: the participants should think of new (24) _____ services or (25) _____ for Rose and Frankwright. The trainer has asked Sarah to write down the ideas on a (26) _____ (27) _____. Max has an idea of a Santa train going around the city center at Christmas, and Rose and Frankwright could (28) _____ it.

The trainer goes on with an example about Einstein: he and his (29) _____ were able to (30) _____ more (31) _____ than other scientists because they had discovered some (32) _____ Greek principles of group communication developed by (33) _____. He and other Greek (34) _____ would sit around (35) _____ various issues but the (36) _____ were (37) _____ by 7 principles that established a sense of (38) _____.

Grammar exercises (Reported speech & Indirect questions)

1. Rewrite the sentences in reported speech.

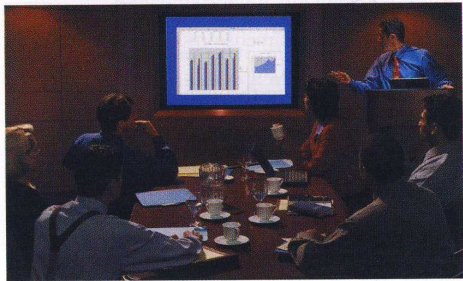
1. 'I won't put it in the sales because it's selling very well,' she said.
She said ***she wouldn't put it in the sales because it was selling very well.***
2. 'I've read the report and I don't understand section 4,' he said.
He said _____
3. 'When I finish my presentation, I'm going to have a drink,' he said.
He said that when _____
4. 'I'm preparing the figures but I won't be long,' she said.
She said _____
5. 'I like playing tennis, but I don't do it very often,' she said.
She said _____
6. 'I'm going to visit our Polish subsidiary, but I'm not sure when,' she said.
She said _____

2. Rewrite each sentence in reported speech.

1. 'Are you on holiday for the whole of August?' she asked me.
She asked me ***if/whether I was on holiday for the whole of August.***
2. 'What do the letters 'URL' mean?' I asked him.
I asked him _____
3. 'Have you prepared the figures?' my boss asked me.
My boss asked me _____
4. 'When is your birthday?' I asked Francesca.
I asked Francesca _____
5. 'Did you remember to back up the file?' she asked him.
She asked him _____
6. 'Why have you turned off the air conditioning?' Ellen asked me.
Ellen asked me _____
7. 'Do you speak Italian?' they asked me at the interview.
They asked me at the interview _____
8. 'How much did you pay for your car?' I asked Pablo.
I asked Pablo _____

16 Strategic thinking

A Strategy



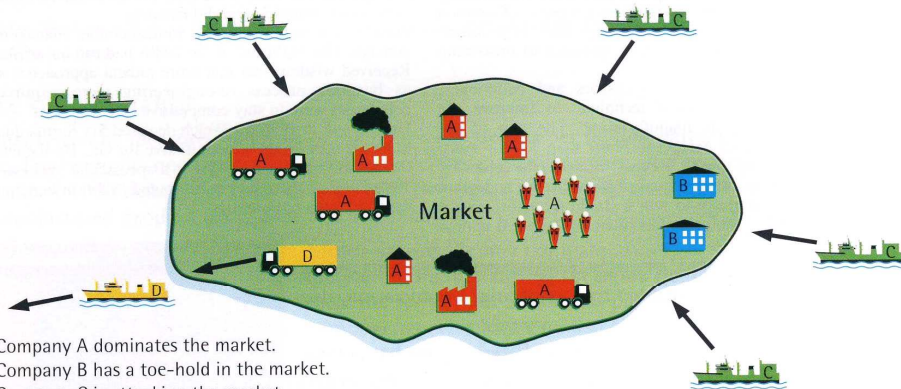
A **strategy** (countable noun) is a plan or series of plans for achieving success. **Strategy** (uncountable noun) is the study of the skills, knowledge, etc. required to make such plans. **Strategic** success in a commercial organization is often measured in terms of **profitability**, the amount of money it makes in relation to the amount invested.

An important part of **planning** is **resource allocation**. This is the way finance, people and assets – equipment, buildings, know-how, etc. – are going to be used to achieve a particular **objective**.

A company's senior executives make **strategic decisions** or **formulate strategy**. Sometimes an organisation will publicly state its main overall objective or **vision** in its **mission statement**.

Companies sometimes form **strategic partnerships**, working together to achieve a specific **strategic goal**. For example, MG Rover entered a partnership with a Chinese car manufacturer to enable it to produce and sell cars in China. A company may also make a **strategic move**, such as acquiring a competitor, designed to increase their market share.

B Companies and markets



Company A dominates the market.
 Company B has a toe-hold in the market.
 Company C is attacking the market.
 Company D is withdrawing from the market.

When a company ...		
a defends	a market, it	tries to prevent competitors from being successful in it.
b attacks		starts selling in it for the first time.
c establishes a foothold/toehold in		occupies a small part of it first in preparation for gaining a larger part.
d invades		starts to be very successful in it.
e dominates		is the biggest competitor in it.
f withdraws from		stops selling in it.

16.1 Look at the questions from shareholders at the annual meeting of Topaz, a car company. Complete the chief executive's answers with appropriate forms of expressions from A opposite.

- Why has the company bought out its rival, Rivera?

This was a to broaden our customer base.
- Some of Topaz's plants have very low productivity. What are you doing about this?

We have taken steps to ensure that our are used more effectively. This is an important part of our strategic process.
- Why are you closing one of the plants?

This is an issue of We don't have infinite financial resources and we want to concentrate investment on the most productive plants.
- Was this the only goal that was considered? Did you also look at the possibility of being a mass producer of vehicles?

We looked at a number of different and decided that the hi-tech option was the best one to follow.

16.2 Match the underlined phrases below to the expressions in B opposite that refer to the same idea.

Coffeeway (CW) is a successful American chain of coffee shops. It wanted to (1) aggressively enter the Chinese coffee shop market, with shops all over China. CW signed an agreement with a partner, Dragon Enterprises (DE). CW and DE decided to (2) start by opening just one coffee shop in Shanghai in order to test the market. This was very successful, so CW and DE decided to open shops all over China. It took CW and DE five years to (3) be the biggest in the market, with a 70 per cent market share among coffee shop chains in China. One of their competitors, California Coffee, tried to (4) protect its market share by cutting prices. But this strategy did not work, and California Coffee later sold its outlets to CW/DE and decided to (5) leave the market.



Over to you



Think about your organization or one you would like to work for. Look at its website and find its mission statement. If it doesn't have one, what would you suggest?

19 Key strategic issues

A Industries and their players

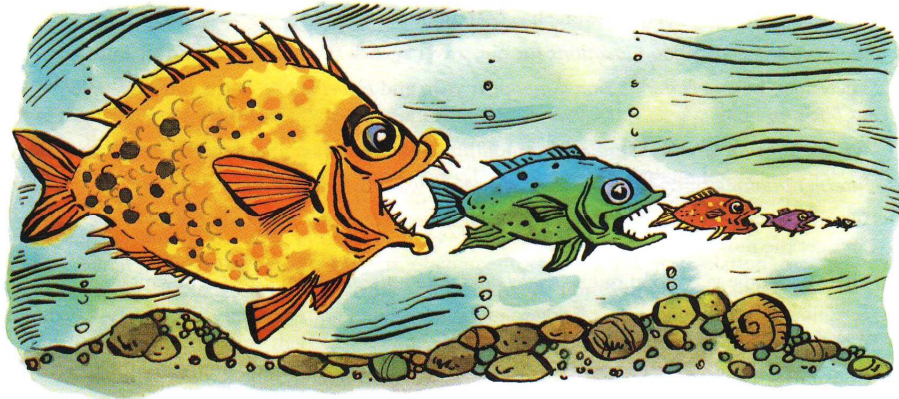
In some industries, like steel or tyres, there are few companies: these industries are **concentrated**. Other industries are **fragmented**: for example there are millions of restaurants worldwide, and even the largest chain, McDonalds, only has a **market share** of less than one per cent in terms of all restaurant meals served worldwide.

Some industries have **low entry barriers** – anyone with a small amount of capital can open a restaurant.

If an industry has low entry barriers and is **attractive** because of its high potential **profitability**, there will always be new **entrants**. This was the case for Internet service providers at the turn of the century with a lot of companies offering this service.

Other industries, like steel, require massive investment in equipment, know-how, etc. – these are **high entry barriers** and new entrants to the industry are rare.

B Mergers and acquisitions (M&A)



Some companies are very **acquisitive**, buying competitors in their industry or companies in other industries in a series of **acquisitions** or **takeovers**, which it may refer to as **strategic acquisitions**. Or a company may merge or combine as an equal with another company of similar size.

A company may also buy its suppliers and customer companies in a process of **vertical integration**.

The result of this may be an **unwieldy conglomerate**, a holding company with a large number of **subsidiaries**, which may not be easy to manage profitably as a group.

C Make or buy?

Recent strategic thinking holds that conglomerates are not good. Many conglomerates have **disposed of** or **divested** their **non-core businesses**, selling them off in order to **concentrate on** their **core business**. This is related to the **make or buy decision**, where companies decide whether to produce particular components or perform particular functions **in-house** or to buy them in from an outside supplier. (See Unit 4)

Note: The nouns relating to 'dispose' and 'divest' are '**disposal**' and '**divestment**'. They can be both countable and uncountable nouns. (Compare "divestment" with "investment".)

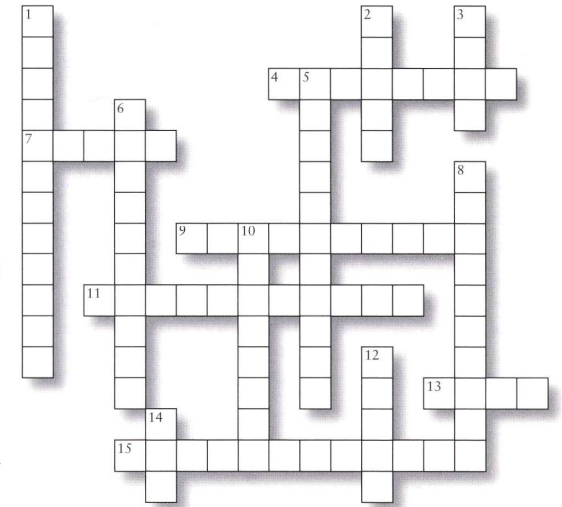
19.1 Complete the crossword with appropriate forms of expressions from A, B and C opposite.

Across

- 7 and 4 Things that make it difficult to get into an industry. (5,8)
- 9 When a company sells a business activity. (10)
- 11 See 10 down.
- 13 If an industry is difficult to get into, entry barriers are (4)
- 15 A large group of different businesses. (12)

Down

- 1 A large industry with not many companies is (12)
- 2 When two companies join as equal partners, they (5)
- 3 A company's most important business activity: its business. (4)
- 5 A company that buys a lot of other companies is (11)
- 6 A large industry with lots of small competitors is (10)
- 8 A profitable industry that companies want to get into is (10)
- 10 and 11 across When a company buys its suppliers or customers (8, 11)
- 12 In a fragmented industry, each competitor only has a small market (5)
- 14 If an industry is easy to get into, entry barriers are (3)



19.2 An executive in a consumer goods company is talking. Complete what she says with expressions from A and B opposite. (There are two possibilities for one of the gaps.)

'We make a wide range of consumer goods. Over the years we have made a number of (1), buying companies that fit in with our long-term plan of being the number one consumer goods company in Europe. These (2) mean that we now own a large number of (3), each with its own brands. We have become an (4), and all this is very difficult to manage. So we are now reducing the number of brands from 300 to 100, and getting each unit of the company to concentrate on our long-term goal, which is increased (5) and therefore better results for our shareholders. And our increased power will certainly dissuade new (6) from coming into the industry, so our position will be further strengthened.'

Over to you



Think of a recent merger or takeover. What benefits were claimed for it at the time? Have they materialized?

20 Innovation

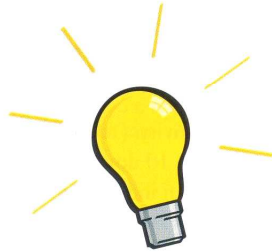
A Innovation and the development process

Enrique Sanchez is head of new product development at a large consumer products company:

'We want to **foster creativity** and **innovation** – the development of new ideas. Ours is a large company, but we want to avoid becoming **bureaucratic**, with slow decision making. (See Unit 1)

We encourage **corporate venturing** and **intrapreneurship**, where employees develop **entrepreneurial** activities within the organization, working on their own projects outside the usual frameworks; we allow them to spend 15 per cent of their time on this. We set up **skunk works**, away from the main company sites and outside the usual structures, to work on innovations. This is the way we do our **new product development**. The most famous example of this was IBM, when it developed its PC away from the company's main **research and development** sites.

We firmly believe that companies have only two basic functions: innovation – developing new products and services – and marketing them. Our marketing people are heavily involved in new product development. They get the reactions of **focus groups** – groups of consumers who say what they think of the product – at a very early stage in the **development process**.'



B Pioneers and followers



'One problem is to know whether to introduce a product or service before anyone else, or to wait for others to introduce similar products. Some say that if you **bring a product to market** first, you have **first mover advantage** – you can influence the way the market develops. These companies are **trendsetters** or **innovators**. Others say that it's better to be a **follower** and learn from the mistakes of the **pioneers**.'

Note: 'Pioneer' is also a verb.

C Shakeout and consolidation

A new or **emerging industry**, perhaps one based on a new **technology**, can be **attractive** – the future **structure** of the industry is not yet **established** and there is room for many competitors. But as growth in the new market slows, smaller competitors with higher costs can no longer compete. They **drop out** or are bought by the larger companies in a process of **shakeout and consolidation**, leaving the larger companies with the resources to **dominate** the industry, which is now **mature**.

20.1 This article contains words from A opposite. Complete it by choosing the best phrase (a–d) below to go in each of the gaps (1–4).

INTRAPRENEURSHIP

Increased global competition is forcing large companies to consider more venturesome ways of stimulating product ideas

As a theory, intrapreneurship, where large established companies turn to internal 'entrepreneurs' for breakthrough innovations, sounds like a good idea. On the surface, nothing can be more efficient than (1)

In practice, things have not been that easy. (2) many companies which have ventured into the world of intrapreneurship have failed to reap any benefits. After its birth in the

1960s, the concept fell out of favour in the mid-1980s. Fostering different cultures in the same organization has proven to be difficult, while remuneration has also been a problem. Intrapreneurship seems to have been perceived to be more effort and pain than it was worth. There is an increasing recognition that (3)

Most of the corporate venturing activity in the past has been centred around US companies, and the concept never really caught on in the UK. But increased competition in global markets and the pressure for

innovation is forcing Britain's large companies to look for methods to stimulate ideas for new products.

(4) companies through corporate venturing and intrapreneurship may be given new life in the UK. 'Too many UK companies used to lack global ambition, but now, those who want to compete internationally realize that they need to innovate,' says Jim Martin, director of technology investment at 3i, the venture capital group.

Financial Times

- a The push for innovation among large
- b encouraging innovation among employees so that they come up with mould-breaking products and ensure the company's survival.
- c the nature of big companies is to stifle innovation and entrepreneurship, hampering their performance in the global arena.
- d Apart from a few examples of success,

20.2 Complete the sentences with appropriate forms of expressions from B opposite.

- 1 The alliance put ARM in partnership with Psion, the early of pocket-sized computers.
- 2 Freeserve was the first Internet service provider to drop upfront charges and, with this, came to dominate the UK market.
- 3 But when one company a successful business, competition inevitably intensifies. Consumers benefit from the resulting cuts in prices and improvements in quality.
- 4 So far Taiwan has always been a, making things invented elsewhere more cheaply.

20.3 Look at the following facts about the development of the market for online book sales. (They are not in chronological order.) Complete the facts with appropriate forms of expressions from C opposite.

- 1 Some smaller companies stopped selling altogether: they ...
- 2 There is a trend towards fewer and bigger companies in the market, a trend towards ...
- 3 Amazon and a few others lead the industry: they ... it.
- 4 The market is no longer young: it is now ...

Over to you



Is it always difficult for large organizations to come up with innovative ideas and products? How does your organization, or an organization you would like to work for, produce new ideas?

Unit 10 – DOING BUSINESS ONLINE

Coursebook, page 91, exercise LISTENING AND DISCUSSION E



Fill in the missing words in their correct form in the speech summary:

Yahoo's problem is that it wanted to make money on internet (1) _____ but it's taken a long time to (2) _____ a working model. First, there were (3) _____ (4) _____ that were put onto (5) _____. After the initial (6) _____, companies found out that they weren't getting a lot of (7) _____ from them. So they made the adverts more (8) _____ – they made them (9) _____ (10) _____ onto computer screens, but that just (11) _____ to annoy people. However, they have recently come up with something (12) _____ – advertising related to (13) _____ when people are looking on Yahoo or the other (14) _____ or (15) _____ (16) _____. This makes firms happy as they see higher (17) _____ (18) _____ from this type of (19) _____ advertisements.

Businesses selling (20) _____ that are easy to ship have performed well. These things the customers don't need to (21) _____ (22) _____. Clothing can be harder as people want to feel the (23) _____, etc. But with books, music and to some (24) _____ wine, you can just read a description. Travel is also good because you can (25) _____ (26) _____ tickets to people and there's a small amount of (27) _____. Moreover, (28) _____ your travel online does add something (29) _____ different to the (30) _____. Coming back to the clothing (31) _____, it's (32) _____ how much this type of experience would have added.



In the text, find words or expressions corresponding to the following definitions:

1. _____ = a dollar (*informal*) (*paragraph 1*)
2. _____ = the main road in a town, where the shops, banks, etc. are (*par 2*)
3. _____ = something that diverts the attention; an obstacle to attention (*par 2*)
4. to _____ = to move along by turning over and over (here: coins) (*par 3*)
5. _____ = in a perfectly consistent and coherent way (*par 3*)
6. _____ = an unintentional omission or mistake; a mistake caused by not noticing something (*par 3*)
7. _____ = requiring much effort or attention; here: requiring great physical or mental effort to satisfy one's needs (*par 4*)
8. _____ = liable to sudden unpredictable change; characterized by changeableness or instability (*par 4*)
9. _____ = in an extremely severe or violent way (*par 4*)
10. _____ = having no previous example; never having happened before (*par 4*)
11. _____ = tastelessly showy; very colorful (*par 4*)
12. to _____ = to give up something that is not strictly needed (*par 4*)
13. to _____ = to be the equivalent of something; to be the same as something else; to include (*par 5*)
14. _____ = the lowest possible level (*par 5*)
15. _____ = constituting a complete and independent unit in and of itself (*par 6*)
16. _____ = the process when goods required by customers are collected from a central site, e.g. a warehouse (*par 6*)
17. _____ = the part of a business that does not meet and deal directly with customers (*par 6*)
18. to _____ = to send off to a destination or to perform a task (*par 6*)
19. to _____ = to prepare for an activity; to make ready or suitable or equip in advance for a particular purpose (*par 6*)
20. _____ = a system of buying and selling goods through the postal system (*par 8*)
21. to _____ = to be considered as most important (*par 10*)
22. _____ = the costs involved in the activities of a business or part of a business, such as supplies, small equipment, training, etc. (*par 10*)

Grammar exercises (Relative clauses)

1. Combine each pair of sentences by including the word given in brackets.

1. Last year we introduced a new line. It's aimed at the youth market. (that)
The new line ***that we introduced last year*** is aimed at the youth market.
2. I'd like you to meet a colleague. He could be a useful contact for you. (who)
I'd like you to meet a colleague _____.
3. A candidate's CV is on your desk. She deserves an interview. (whose)
The candidate _____ deserves an interview.
4. A visitor is coming next week. She's from our Paris office. (who)
The visitor _____ is from our Paris office.
5. Tom took me to a restaurant. It was called 'Noodle Heaven'. (that)
The restaurant _____ was called 'Noodle Heaven'.
6. I heard a man's presentation. He was an investment banker. (whose)
The man _____ was an investment banker.
7. Here is a mobile phone. I was telling you about it. (that)
Here is the mobile phone _____.
8. Over there is a site. They're going to build a new factory. (where)
The site _____ is over there.

2. Put in that or what. If the sentence is complete with or without that, write (that) — in brackets.

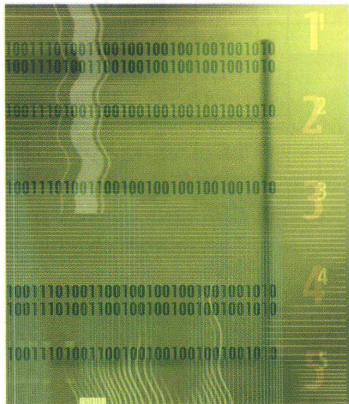
1. I gave her all the money ***(that)*** I had.
2. They give their children everything _____ they want.
3. Tell me _____ you want and I'll try to get it for you.
4. Why do you blame me for everything _____ goes wrong?
5. I won't be able to do much but I'll do the best _____ I can.
6. I can only lend you ten pounds. It's all _____ I've got.
7. I don't agree with _____ you've just said.
8. I don't trust him. I don't believe anything _____ he says.

3. Rewrite the following sentences in the way shown.

1. These are the students. They all have failed the final exam.
These are the students, ***all of whom have failed the final exam.***
2. I've deleted seven documents. They weren't important for my work.
I've deleted seven documents, _____ was important for my work.
3. IBM moved to a new building. Its offices are spacious.
IBM moved to a new building, _____ are spacious.
4. Mary and Bill have adopted seven children. Five of these children come from Asia.
Mary and Bill have adopted seven children, _____ come from Asia.
5. Entrepreneurs in the Czech Republic are used to business ethics. All its fundamental principles were broken by foreign investors.
Entrepreneurs in the Czech Republic are used to business ethics, all _____
_____ were broken by foreign investors.
6. We've seen the politicians. Their important moral qualities have been questioned.
We've seen the politicians, important _____ have been questioned.

29 Internet security

A Attack and defence



Melissa Vorster is a consultant on Internet security: 'I work with companies to try to prevent **hackers** from penetrating their computer systems in order to steal or destroy the information on them. Hackers are people who may write programs designed to **overload** an organization's system with requests for information so that users cannot access it. We call this a **denial of service attack**, and it causes huge inconvenience for customers and lost business for companies.

Another problem is **viruses**. A virus is a small program designed to make computers malfunction, despite the **firewalls** and **anti-virus programs** that we **install** as the technical defences against them.'

B Cybercrime

'Some companies that I work with sell goods and services over the Internet and need to reassure their customers that their credit card details are safe and will not be stolen by hackers. Credit card details and other confidential information to be transmitted is **encrypted**, or coded, so that it cannot be read by others. Companies that sell on the Internet will display the level of **encryption** that users of their site benefit from.

This is a defence against one form of **cybercrime** – criminal activity on the Internet.'

C Privacy and confidentiality

'When someone uses the Internet, they leave an **electronic trail**, a record of the sites they visit, and if they buy something, their personal details. This raises issues of **privacy** and **confidentiality**. Who should have the right to access and analyze this information?

This is all part of the debate about the powers of **surveillance** (the powers to watch and examine the activities of private individuals) that **law enforcement agencies**, such as the police, should have. Critics call this **snooping**, and there are big issues of **human rights law** and **civil liberties** at stake because these are freedoms that ordinary people should be able to enjoy.'



29.1 Replace the underlined phrases in the headlines with expressions from A and B opposite.

- 1 **Badly-intentioned intruders** penetrate Pentagon computers
- 2 Xenon's system down for 5 hours in **action designed to exclude access**
- 3 Companies' **system defences** withstand latest attack (2 possibilities)
- 4 Latest methods of **translating to 'code'** make confidential messages unreadable by outsiders
- 5 **Illegal internet activity** increases three-fold
- 6 **Programs designed to slow computer functions** found in attachments to company emails

29.2 Complete the article with expressions from C opposite. (Two expressions are used twice.)

Snooping system is illegal, say police

(1) powers allowing law enforcement agencies to access the communications records of telephone and Internet users are in such a legal mess that they are untenable, one of Britain's most senior police officers will today tell a parliamentary inquiry. Jim Gamble, assistant chief constable of the national crime squad and head of the association of chief police officers' data communications group, will admit to MPs that the current system to access web, email and phone logs is illegal under (2)

....., the Guardian has learned. He will also complain that legal difficulties with the legislation passed to resolve this problem are "leaving the communications industry uncertain of the legal position". His astonishing intervention on behalf of the UK law enforcement community piles pressure on ministers to rethink their raft of (3) measures. These will require communications providers to stockpile customers' records for long periods and allow (4) to access them without need for a judicial or executive warrant.

Richard Allan, Liberal Democrat home affairs spokesman and the inquiry's joint chair, said: "Jim Gamble's submission reflects a climate change in the Home Office and the police. They have now realised that this is a matter of major public interest and are trying to strike a better balance between catching criminals and protecting the (5) of innocent citizens."

At the moment, companies store data only for as long as necessary for their own purposes, such as billing and marketing. (6) are able to access an individual's records only if they can convince the service provider that they should be exempt from data protection laws because there is enough evidence to believe the person is involved in wrongdoing.



The Guardian

29.3 Find words or phrases in the article above that mean:

- | | | |
|-----------------------------------|-----------------------------|-------------------|
| 1 not able to be legally enforced | 4 formal statement | 7 not included in |
| 2 series of actions | 5 change in attitude | |
| 3 keep large numbers of | 6 take a fairer approach to | |

Over to you



Consider these ways of communicating confidential information, such as credit card details, to a company:

- speaking on the phone.
- sending a fax.
- completing a form on the Internet.
- posting a written form.
- sending an email.

Which do you feel is most secure, and which least? Why?

30 E-commerce: after boom and bust

A Old economy, new economy

In the late 1990s companies raised vast amounts of money from investors for e-commerce Internet sites, both **business-to-consumer (B2C)** and **business-to-business (B2B)**. B2B, where businesses obtain supplies using the Internet, is also referred to as **e-procurement**.

Commentators talked about the **old economy**, with companies doing business in traditional ways, and the **new economy**, with companies doing business over the Internet. This was the **dotcom frenzy**, the period of large numbers of **Internet start-ups**, many promising riches for investors, some of whom believed that the usual laws of economics no longer applied. However, most of the sites from that time have now disappeared.



B B2C

In business-to-consumer e-commerce, sites were set up selling everything from pet food to clothes. Among the survivors, there are companies like Amazon, **pure-play** (exclusively) **online sellers**, with no traditional shops – no **bricks-and-mortar outlets**. This is **pure e-tailing**.

Other retail organizations are **clicks-and-mortar** ones, combining e-commerce with sales through traditional outlets. Some old-economy companies, like the UK supermarket group Tesco, use e-commerce in conjunction with its existing operations – it did not have to invest in a whole new expensive **infrastructure** of new computer systems, warehouses, etc. to take care of its **e-fulfilment**, processing and delivering orders.

BrE: e-fulfilment;
AmE: e-fulfillment

C B2B

In **business-to-business e-commerce**, groups of companies can set up **public exchanges**. For example, the WorldWide Retail Exchange allows companies to bid to supply participating retailers in a **reverse auction** on the Internet – the supplier offering the lowest price gets the contract.

There are also **private exchanges**, where a single company deals with suppliers in this way. Some companies prefer to use this form of e-commerce because they do not want to indicate their requirements to their competitors, thus revealing their current activities.

Both public and private exchanges are also referred to as **e-marketplaces**, **trading hubs** or **trading platforms**.

30.1 Match the two parts of these sentences containing expressions from A opposite.

- | | |
|---|--|
| 1 B2B e-commerce can cut firms' costs because | a the low prices they promised consumers meant that the scale of their business had to be enormous. |
| 2 The company operates four e-commerce sites, | b but I felt more comfortable investing in a fund whose core holdings are large multinationals. |
| 3 There was a huge temptation for me to follow the dotcom frenzy | c it reduces procurement costs, both by making it easier to find the cheapest supplier and through efficiency gains. |
| 4 Management theorists agreed that old-fashioned command-and-control management styles would not work | d selling books, CDs, DVDs and computer games. |
| 5 There has been a trend for investors to shift funds out of the technology, media and telecoms sectors | e in the new economy, where creativity and innovation are everything. |
| 6 As the early web firms were addressing the business-to-consumer market, | f back into old economy companies such as oil and car producers. |

30.2 Complete the sentences with appropriate forms of expressions from B and C opposite.

- Retailer A sells clothes in shops and also over the Internet: it has-- outlets.
- Retailer B sells books and CDs on the Internet and has no shops: it has no-- , so it's involved in-
- Retailer B has built massive warehouses and developed sophisticated computer systems: it has invested in the necessary for-
- Household goods manufacturer C has set up a where it asks for bids from suppliers.
- Defence companies D, E, F and G have got together to form a in order to get competitive bids from a range of suppliers.
- Suppliers to D, E, F and G submit prices for particular projects in a , and the supplier offering the lowest price wins the contract.
- Manufacturer C and Companies D, E, F and G run different kinds of (-) (three possible expressions)

Over to you



Have you ever bought something over the Internet? If so, what was your experience of the website, delivery of goods, time taken etc.

Unit 11 – NEW BUSINESS

Coursebook, page 99, exercise LISTENING AND DISCUSSION D-F



Fill in the missing words in their correct form in the interview summary:

Max Benson says that the (1) _____ are identical. For instance, finding support or (2) _____ by government (3) _____ or business (4) _____ are available for everyone. However, a reserach has shown there are (5) _____ for women: they are (6) _____ to (7) _____, (8) _____ to (9) _____, (10) _____, and finally a (11) _____ (12) _____. In addition, women have been slower in (13) _____ technology.

Currently many women start new businesses in the (14) _____ area, which involves (15) _____ (16) _____ or (17) _____ (18) _____. Many women are also attracted by the (19) _____ area. Many of them also work in business services, such as training and personal development; there are many (20) _____ or trainers for business (21) _____, i.e. abilities they've learnt and they are now using in (22) _____ (23) _____.

One of the main problems men and women are facing is (24) _____ the amount of money needed. Banks report that women do it frequently and it causes problems. People are also unable to guess how long it will take until the (25) _____ (26) _____ starts coming in.

Coursebook, page 101, exercise READING AND LANGUAGE



In the text, find words or expressions corresponding to the following definitions:

- _____ = injury caused by a blow to the body or a fruit, discoloring the skin but not breaking it
- _____ = an idea or activity, especially in politics or business, that suddenly becomes very popular or fashionable, so that a lot of people want to be involved in it (*to jump on/climb on/join the **bandwagon***)
- _____ = completely and absolutely; in an exhaustive manner (*paragraph 1*)
- to _____ = to climb or crawl quickly, usually over rough ground or with difficulty (*par 1*)

5. _____ = element in someone's personality, distinguishing characteristic (*par 1*)
6. _____ = a private investor or a financial business that invests money in new companies, which may involve a lot of risk and bring good profits (*par 2*)
7. _____ = an investor who helps new companies develop by lending them their own money, which may involve a lot of risk (*par 2*)
8. to _____ = to have a tendency to do or have something (*par 2*)
9. to _____ = to support (*par 2*)
10. _____ = not very good, second-rate, average (*par 2*)
11. _____ = a mark left on the skin by a wound, sore, etc. (*par 2*)
12. _____ = mass of cells forming the body of an animal or a plant (*par 2*)
13. _____ = (of a currency) freely exchangeable into other currencies (*par 2*)
14. _____ = a company that is formed to develop and use the results of research done at a university or college (*par 4*)
15. _____ = advantage (*par 4*)
16. _____ = someone new in a competition, market or examination (*par 4*)
17. to _____ = to notice (*par 5*)
18. _____ = having the possibility to be used for something (*par 5*)
19. _____ = a particular area of activity or life (*par 6*)
20. _____ = causing difficulties that interrupt something or prevent it from continuing (*par 6*)
21. to _____ sb _____ st = to make someone experience something unpleasant (*par 6*)
22. _____ = the control of trade in particular goods or the supply of a particular service by a small group of companies; the type of goods or service that is controlled in this way; the companies that control the trade (*par 6*)
23. to _____ = to cause to diminish or deteriorate as if by eating into or wearing away (*par 6*)
24. to _____ = to involve someone in something; to pull someone into something; to attract someone in (*par 6*)
25. _____ = in a contrary manner (*par 7*)
26. _____ = someone who makes predictions of future developments on the basis of existing conditions (*par 8*)
27. _____ = using new methods or achieving new results (*par 9*)
28. _____ = an amount, level, standard etc. that you can use for judging how good or bad other things are (*par 9*)
29. _____ = the choice of roads taken to get to a place; a chosen way or method (*par 9*)
30. to _____ = to convey information about; to make something known (*par 10*)

Grammar exercises (Modals)

1. Read the situations and make sentences from the words in brackets. Use may or might.

- I can't find George anywhere. I wonder where he is.
a (he / go / shopping) ***He may have gone shopping.***
b (he / play / tennis) ***He might be playing tennis.***
- I'm looking for Helen. Do you know where she is?
a (she / watch / TV / in her room) _____
b (she / go / out) _____
- I can't find my umbrella. Have you seen it?
a (it/be/in the car) _____
b (you / leave / in the restaurant last night) _____
- Why didn't Tom answer the doorbell? I'm sure he was in the house at the time.
a (he/be/in the bath) _____
b (he / not / hear / the bell) _____

2. Complete the sentences. Use could or could have + a suitable verb.

- A: What shall we do this evening? B: I don't mind. We ***could go*** to the cinema.
- A: I had a very boring evening at home yesterday.
B: Why did you stay at home? You _____ to the cinema.
- A: There's an interesting job advertised in the paper. You _____ for it.
B: What sort of job is it? Show me the advertisement.
- A: Did you go to the concert last night?
B: No. We _____ but we decided not to.
- A: Where shall we meet tomorrow?
B: Well, I _____ to your house if you like.

3. Read the situations and write sentences with should/shouldn't. Some of the sentences are past and some are present.

- I'm feeling sick. I ate too much. ***I shouldn't have eaten so much.***
- That man on the motorbike isn't wearing a helmet. That's dangerous.
He _____
- When we got to the restaurant, there were no free tables. We hadn't reserved one.
We _____
- The notice says that the shop is open every day from 8.30. It is 9 o'clock now but the shop isn't open yet. _____
- The speed limit is 30 miles an hour, but Catherine is doing 50.
She _____
- I went to Paris. A friend of mine lives in Paris but I didn't go to see him while I was there. When I saw him later, he said: You _____

4. Complete the sentences with a verb in the correct form.

1. I've lost one of my gloves. I must **have dropped** it somewhere.
2. They haven't lived here for long. They can't _____ many people.
3. Ted isn't at work today. He must _____ ill.
4. Ted wasn't at work last week. He must _____ ill.
5. (*The doorbell rings*) I wonder who that is. It can't _____ Mary. She's still at work at this time.
6. Carol knows a lot about films. She must _____ to the cinema a lot.
7. Look. Jack is putting on his hat and coat. He must _____ out.

5. Write two sentences for each situation. Use *needn't have* in the first sentence and *could have* in the second (as in the example).

1. Why did you rush? Why didn't you take your time?

You needn't have rushed. You could have taken your time.

2. Why did you walk home? Why didn't you take a taxi?

3. Why did you stay at a hotel? Why didn't you stay with us?

4. Why did she phone me in the middle of the night? Why didn't she phone me in the morning?

Is Your Business Idea Feasible?

By Timothy Faley, Ph.D. | Oct 1, 2005

In my last column, I focused on recognizing great opportunities and shaping them into business concepts that thrive. This month we'll look at analyzing the feasibility of your proposed venture and assessing its market potential -- an oft-neglected, pre-business planning step.

Making a critical evaluation of your business concept at an early stage will allow you to discover, address, and correct any fatal flaws before investing time in preparing your business plan. As you work through this phase, Phase II of business development, you will identify factors that are essential to your venture's success while compiling the detailed, in-depth information you need to write your business plan, thereby immensely shortening the next phase in the process.

Unlike Phase I, which emphasizes divergent thinking, Phase II requires convergent, focused thinking and analysis. This is the point where you want to start drilling down to specifics. Although you are not yet ready to prepare a detailed operating plan, it is important to concentrate on the details of your business proposal. After conducting secondary market research, which involves assessing the literature and other publicly available information, you will need to begin primary market research by talking directly to stakeholders of all kinds -- from potential customers to future team members -- about your business concept. Here are some pertinent questions you will want to ask -- and answer:

- What does the industry where my firm will compete for customers look like?
- If you are able to create value for your customers, will you be able to capture any of it?
- Who holds the value-capture power in the industry you are entering -- buyers, suppliers or others?

- How will your firm be differentiated and stay that way?
- Are there few or many prospective customers for your product or service?
- How many units per customer can you expect to sell?
- What is your immediately addressable market?
- Who will be your first customer?
- How will you move from that first customer to the 10th, 100th and millionth?
- What is the cost of acquiring a new customer?
- What kind of skills will you want to procure from your team members to complement your own?
- When will you need to incorporate people with those skills into your business?

Author John Mullin's *New Business Road Test* is a good reference to help you rigorously think through the industry, market, and team needs for your business. However, three additional interrelated topics are also important: doing early-stage financial analyses on your venture, defining the development path necessary to transition from your current business concept to the state of your operating business, and gauging the investor attractiveness of your enterprise.

Early-stage financial analyses can be frustrating at this point, because you must make many assumptions. The question is: Which of those assumptions should you validate with more detailed investigation and which should you set aside for the time being? There is not enough time to pursue everything, so you need to focus on the most critical issues. At this stage you are seeking insight, not a single answer, from a financial analysis of your business. Using add-on software that provides probabilistic, Monte Carlo simulation capability to your spreadsheet will allow you to identify variables that have a large financial impact on your business. You then can focus your attention on those items, systematically mitigating risks as you build your business.

Recognizing the tasks that must be performed in order to develop your business to the point of entertaining your first customer is important for understanding your total startup cash needs. If these tasks are not followed by substantial business upside potential, they can create a fiscal burden that

will drag down your venture's chances of financial success. Many firms look promising as ongoing concerns, but are unable to recover from the time and costs of getting to that point. To complicate matters, ventures often have multiple development paths that must be navigated simultaneously. Technology-based companies, for example, frequently must follow three paths: technology, product, and market.

Phase II is the time to begin thinking about how to position your company for investors, whether you hope to obtain your startup capital from Uncle Harry or venture capitalists. A business that ultimately may be profitable on an annual basis but has little hope of recovering its upfront costs does not look very attractive to investors. No investor likes their investments viewed as sunk costs. You need to ask yourself how your investors will capture their returns -- through interest payments, dividends or escalating equity value? Equity is worthless, if there is no way to cash out through a liquidity event of some kind. Were you inadvertently considering using the investors' returns as growth capital for your business? You need to look at the investment from their perspective as well as your own.

Once you have successfully completed Phase II of the business-creation and development process, you can be confident that your business concept is solid. This certainly does not mean you are guaranteed to have a successful business, however, because there are many operational risks involved.

source: <http://www.inc.com/resources/startup/articles/20051001/analysis.html>

Unit 12 – PROJECT MANAGEMENT

Coursebook, page 109, exercise **READING**



1. In the text find words or expressions corresponding to the following definitions:

1. to _____ = to feel or express sorrow, remorse, or regret (for or over something) (*par 1*)
2. _____ = a concept, opinion, or idea (*par 1*)
3. to _____ = to distribute according to a plan or set apart for a special purpose (*par 2*)
4. _____ = someone who does his/her job in an inefficient, slow and insufficient way; someone not achieving good results (*par 2*)
5. to _____ = to dispose of, remove, put away somebody or something (*par 2*)
6. _____ = workers available to a particular group or required for a particular task (*par 2*)
7. _____ = part of a project that is handed over separately or sooner than the whole project (*par 3*)
8. to _____ = to praise or glorify (*par 3*)
9. to _____ = to make specific complaints about someone or something; to complain (*par 3*)
10. _____ = pleasing, satisfying (*par 3*)
11. _____ = interference; an unwelcome visit, interjection; entry to another's property without right or permission (*par 4*)
12. _____ = marked by continuous fast occurrence; very quick (*par 4*)
13. _____ = mobile phone (*par 4*)
14. _____ = the state of being linked together as in a chain (*par 4*)
15. _____ = the act of granting recognition (especially with respect to educational institutions that maintain suitable standards) (*par 5*)
16. _____ = committee or council (*par 5*)
17. _____ = a list of all the courses of study offered by a school or college (*par 5*)
18. _____ = reaction or feedback by someone who is available immediately when called by the phone (*par 6*)
19. _____ = leadership, instruction, direction or advice as to a decision or course of action (*par 6*)
20. _____ = insufficient in function; especially of a bodily system or organ (*par 6*)



Fill in the missing words in their correct form in the interview summary:

1: The speaker considers (1) _____ of face as an (2) _____ and often even (3) _____ experience. In case people's behavior is (4) _____ (5) _____, others won't respect you any more. If people lose their (6) _____ or (7) _____ someone, it may result in losing their face. Therefore people should (8) _____ it in mind all the time.

2: The second speaker explains that in their culture people like to (9) _____ or, as the speaker puts it, have a (10) _____ discussion. During a conversation people (11) _____ (12) _____ their ideas on the table, agree or disagree with them, but nothing is taken (13) _____.

3: Business culture of the third speaker changes quickly; however, this culture lacks what is referred to as 'good (14) _____' in the west and people don't (15) _____ very often. As the speaker puts it, their ways of behavior aren't bad, they are just (16) _____ theirs. Their country is (17) _____ and people don't (18) _____ to say what they think to prevent any (19) _____.

Grammar exercises (Verb patterns)

1. Complete these sentences with the verbs from the list below. Choose either the -ing form or to + infinitive.

give write fly receive make recognize advertise help think speak

1. They agreed _____ us thirty more days to pay the invoice.
2. He pretended _____ me, but I don't think he knew who I was.
3. There's no point _____ this brand on TV, it would cost too much.
4. We're expecting _____ some more stock early next week.
5. I'll join you later. I need to finish _____ this report.
6. I learnt _____ Portuguese when I worked in Brazil.
7. I work in public relations. My job involves _____ contact with the media.
8. I can't help _____ that something is going to go wrong.
9. I can't afford _____ business class all the time.
10. I can't promise _____ you with this problem, but I'll do my best.

2. Complete the following sentences with verbs from the list below. Include an object in every case.

advise remind persuade expect help encourage force

1. I'm sorry I missed work yesterday. The doctor _____ stay in bed.
2. I tried to _____ come with us tonight, but he said he was busy.
3. Could you _____ call Head Office later? I might forget.
4. If you employ a secretary, it will _____ deal with all the paperwork.
5. She hasn't called yet, but I _____ contact me some time today.
6. I didn't feel very confident, but she _____ apply for the job.
7. The fall in demand has _____ make some of our best workers redundant.

3. Complete the sentences using the verb in brackets.

1. a We wanted _____ the building. (leave)
b We weren't allowed _____ the building. (leave)
c We were prevented _____ the building. (leave)
2. a Fred failed _____ the problem. (solve)
b Amy succeeded _____ the problem. (solve)
3. a I'm thinking _____ away next week. (go)
b I'm hoping _____ away next week. (go)
c I'm looking forward _____ away next week. (go)
d I'd like _____ away next week. (go)
4. a Mary wanted _____ me a drink. (buy)
b Mary promised _____ me a drink. (buy)
c Mary insisted _____ me a drink. (buy)
d Mary wouldn't dream _____ me a drink. (buy)

15 Striving for perfection

A Benchmarking and best practice

Benchmarking is the idea that a firm should find out which company performs a particular task best and model its **performance** on this **best practice**. Companies talk about carrying out a **benchmarking exercise**. To do this, they **benchmark themselves against** other companies.

Large companies can measure the performance of different departments in relation to each other in an **internal benchmarking** exercise. **Competitive benchmarking** involves looking outside the company at how other companies in the same industry do things.

Functional benchmarking looks at how the same function such as manufacturing or personnel recruitment is done by non-competitors. Companies can learn a lot from firms who are not their direct competitors. For example, a train company has learned how to organize the cleaning of its trains better by looking at how an airline organizes the cleaning of its planes.

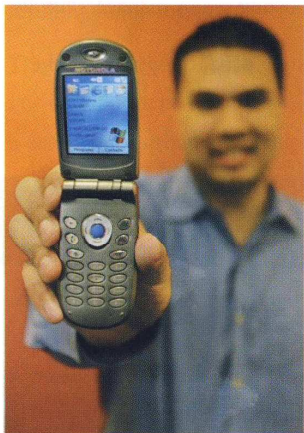
One way of seeing how a competitor's product is made is by **reverse engineering** – taking the product apart to see how it is made. The same principle can also be applied to services. This technique can also be used in benchmarking.

Note: 'Best practice' is usually uncountable, but you can also talk about 'the best practices' in a particular area.



B Six sigma quality

Quality can be measured in terms of the number of **defects per million** parts, operations, etc. For example, **one sigma** equals 690,000 defects per million parts and two sigma means 45,000 defects per million. Even with **two sigma quality**, the chances of a manufactured product being defective are quite high.



Motorola was the first company to aim for **six sigma quality**. In manufacturing, six sigma quality is when there are fewer than 3.4 defects per million components. This idea can also be applied in areas outside manufacturing. In invoicing, for example, it means fewer than three or four mistakes per million transactions.

Six sigma quality has been taken up by several other companies.

And the ultimate goal is **zero defects** – no defects at all.

15.1 Complete the sentences with appropriate forms of expressions from A opposite.

- 1 The manufacturers' association wants companies to improve manufacturing , so it's offering a new service designed to help companies themselves against the best in their industries.
- 2 Engineers made replacement parts for the cars by copying the shape and dimensions of the original parts, a process known as
- 3 Internal looks for internal and tries to establish them throughout the organization.
- 4 We use to evaluate the effectiveness of your website against those of your competitors.
- 5 Look outside your industry! can teach you a lot, and as the companies you are asking to give you advice are not your competitors, they may be more willing to help.

15.2 Read the article relating to the ideas in B opposite. Then answer 'yes' or 'no' to the questions below about the vocabulary used in the article.

When quality is not enough

Quality improvement programmes come in many different flavours. The most common are Total Quality Management (TQM), Six Sigma and the Baldrige system promoted by the government-backed National Institute of Standards and Technology (NIST).

There are more similarities than differences between them. The common belief is that companies should aim for 'zero defects' in all aspects of their operations, achieved by relentless improvements in business processes. Common techniques include a team-based approach to problem-solving and a highly quantitative approach to measuring results.

Motorola, maker of microprocessors and cellphones, developed Six Sigma as a technique to improve the competitiveness of its manufacturing. The aim of the strategy is to reduce defects to fewer than 3.4 for every million repetitions of any process. But despite achieving Six Sigma quality in many areas of its business – and being the first large company to win a Baldrige quality award from the NIST – Motorola has often struggled. It is now

engaged in a painful restructuring programme.

Given this mixed experience, why are many US companies now adopting Six Sigma? Fashion and the influence of General Electric are big factors. Jack Welch, GE's recently retired chairman and chief executive, was introduced to Six Sigma in the mid-1990s by Larry Bossidy, a former GE colleague who at the time was running Allied Signal. Mr Bossidy had, in turn, picked up the idea from Motorola, with which Allied Signal did business.

Quality was at the time an unfashionable management concept. The TQM fad of the 1980s had run out of steam. Received wisdom was that more radical approaches such as business process re-engineering were required if companies were to stay competitive.

Undeterred, in 1996 Mr Welch declared Six Sigma quality to be his next group-wide initiative for GE. By the end of the decade he was declaring it a spectacular success: his 1999 letter to shareholders attributed '\$2bn in benefits' to the Six Sigma programme.

Financial Times

- 1 If something is *promoted* by a particular organization, does it have that organization's support?
- 2 If improvements are *relentless*, do they keep on happening?
- 3 Does a *quantitative* approach to something depend on general descriptions and feelings about it?
- 4 If restructuring is *painful*, is it easy?
- 5 If an organization *adopts* an approach, does it accept it and use it?
- 6 Do *former* colleagues still work together?
- 7 Is a *fad* a genuine and important change that will last?
- 8 If a movement *runs out of steam*, does it continue and develop?
- 9 Is a *spectacular* success a very big one?

Over to you



Think about your organization or one you would like to work for. How much do you know about how its competitors do things? Do you think it's useful to know how effective they are in different areas?