

Career Express

Business English

C1

Course Book

Jane Maier-Fairclough and Gerlinde Butzphal

Garnet
EDUCATION



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Introduction

Career Express Business English C1 is a multimedia course, which has been specifically designed and developed for students in higher education. It covers the C1 level of the CEF (Common European Framework) and has been written in American English.

Each of the twelve modular units is intended to take four hours of class time and focuses on core areas in business and economics. Particular emphasis has been placed on choosing issues which reflect the 'big picture' and help activate your own knowledge of the topic. Careful analysis of the lexis central to each topic has made it possible to select the most frequently occurring and useful vocabulary.

One of the cornerstones of **Career Express** is the conviction that students need to assume responsibility for their own learning. The course has been devised in accordance with the principle that academic study is divided up between class time and self study. To make the best use of class time, the units concentrate on teaching specialist business language through reading and listening activities while also providing ample opportunity to use the new language in discussion, role-plays and case studies.

Additional material on all of the topics and skills addressed in class is available for extra practice outside the classroom. Work on the activities in the *Over to you* section at your leisure. It contains extra reading material, writing activities and tasks for guided web research. The research work done outside of class can serve as a basis for class presentations. The online digital workbook in the student *Self Study* offers the opportunity for independent practice in addition to class-based lessons (see next page for details).

➤ *Student Web material: Career Express Self Study Online page 3*

In **Career Express** fluency is key. It is a vital skill not only in higher education but also in professional life. This emphasis on natural language production has the added advantage of enabling students to develop and reinforce their ability to work in a team of peers, an increasingly important 'soft skill'.

In short, **Career Express** provides abundant material for stimulating and realistic classroom interaction and puts students in the driver's seat on the express journey from their studies to their future career.

The authors



Jana Maier-Fairclough.....
was born and raised in the U.S. and has taught Business Studies at a university for over twenty years.

Gerilode Butzphal.....
works as a senior university lecturer of Business English. She has been involved in designing her university's foreign language program.

What's in a unit?

Warm-up

Appetizers to get you interested in a topic, activate your own knowledge and make you want to find out more.

Reading

Relevant texts introduce you to the language of business and provide a springboard for discussion.

Listening

Realistic listening scenarios and authentic listenings expose you to a variety of native and non-native speaker accents and train core listening comprehension skills.

Business and Academic Skills

This section introduces you to core skills required in business and academia, such as presenting facts and figures, structuring an argument or writing a term paper.

Discussion

Picking up on issues raised in the reading and listening sections, this feature is an opportunity to share your ideas using the relevant language. (Not in every unit.)

Role-play

Take on different roles and view professional situations from a number of perspectives, all while practicing functional language. (Not in every unit.)

Diversity

This unique feature gives you an insight into the impact that culture has on business and business relationships. (Not in every unit.)

Ethics

This feature invites you to think beyond the purely economic and to consider the ethical and moral aspects of a business situation.

Company/Country Case

These task-based case studies have been inspired by real business scenarios. They require you to work in teams, find strategic solutions to real-life problems and present these to the class.

Useful expressions

Lists of important functional language to help you with activities. These appear throughout the Course Book and in the *Useful expressions* list at the back of the book.

Additional components

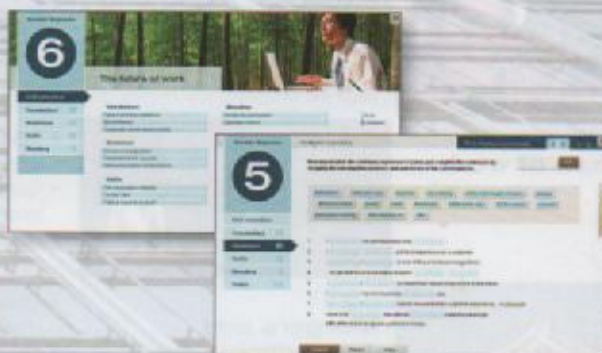
Audio CDs

Two CDs containing the entire Course Book audio material - more than two hours of realistic listening material.

Career Express Self Study Online

Use your enrolment key to log into your **Career Express Business English Self Study**. Here you can find a wealth of additional interactive material to help you cope with your workload outside class:

- Work through the interactive exercises in the digital *Workbook* at your own pace to consolidate your language skills for each unit of the **Career Express Business English C1** course. You can do a final assessment test for each unit.



- There are useful **Templates** to help you complete essential business tasks, such as writing a business report or preparing a press release.
- All the class **Listenings** are available in a handy MP3 format to download.
- Watch the **Video** "Going global" about junior marketing manager Adam Walker moving up the career ladder at the technology company **NOCU**. Each of the four episodes - appraisal meeting, presentation, managing change and negotiating - comes with a set of interactive exercises to practice how to best cope in these situations.

Turn to page 172
to find your
enrolment key.

Table of Contents	Unit	Focus	Texts
	Unit 1 Career development and assessment page 6	<ul style="list-style-type: none"> Discussing different aspects of career development Functions of appraisal meetings and performance reviews 	Reading: Giving employees feedback Listening: Developing your career
	Unit 2 The greening of business page 16	<ul style="list-style-type: none"> Understanding the role of environmental issues for business Measuring a business's environmental footprint 	Listening: The challenge for industry Reading: Tracing your environmental footprint
	Unit 3 Financial reporting page 26	<ul style="list-style-type: none"> Talking about international financial reporting standards 	Listening: Making investment decisions Reading: A global rule book
	Unit 4 Research and Development page 36	<ul style="list-style-type: none"> Discussing the importance of R&D as a business strategy and as a factor in a country's economic development 	Reading: The power of research Listening: Innovations in the car industry
	Unit 5 Intelligent marketing page 46	<ul style="list-style-type: none"> Looking at the history of marketing Understanding new trends in marketing 	Reading: Marketing 3.0 Listening: A new consumer group
	Unit 6 The future of work page 56	<ul style="list-style-type: none"> Talking about the changing world of work Comparing different types of employment 	Reading: The work of tomorrow Listening: The future of unions
	Unit 7 Mergers and Acquisitions page 66	<ul style="list-style-type: none"> Understanding the language of mergers and acquisitions Talking about different forms of mergers and acquisitions 	Reading: A perfect match Listening: A family affair
	Unit 8 Markets page 76	<ul style="list-style-type: none"> Talking about types of markets Understanding market mechanisms 	Reading: Too much of a good thing Listening: When the bubble bursts
	Unit 9 Demographic trends page 86	<ul style="list-style-type: none"> Describing demographic trends Discussing measures for dealing with demographic change Talking about cause and effect 	Listening: Population matters Reading: The challenges ahead
	Unit 10 Supply chain management page 96	<ul style="list-style-type: none"> Using the language of logistics and supply chain management Talking about the stages of the supply chain 	Reading: Onstream: a supply chain case study Listening: Responsible sourcing
	Unit 11 Risk management page 106	<ul style="list-style-type: none"> Discussing the importance of risk management Talking about different types of risk 	Reading: Managing risk Listening: A chief risk officer speaks
	Unit 12 Intellectual property page 116	<ul style="list-style-type: none"> Distinguishing between different intellectual property rights Understanding legal language 	Listening: Protecting trademarks Reading: The battle against internet piracy

Ethics | Diversity | Role-play	Business and Academic Skills	Company Case | Country Case
Role-play: When the going gets tough	Appraisals <ul style="list-style-type: none"> Conducting an appraisal meeting Applying active listening tools 	Managing workplace diversity
Diversity: What's the environment worth? Role-play: The right kind of packaging	Persuasive writing <ul style="list-style-type: none"> Writing a company memo Persuasive speaking <ul style="list-style-type: none"> Monroe's Sequence 	Making hospitality green
Ethics: Making a dog a duck	Press releases <ul style="list-style-type: none"> Function and form Writing headlines Sequencing ideas effectively Writing a press release 	Finding a niche
Role-play: Stimulating innovation	Blogging <ul style="list-style-type: none"> Using blogging as a corporate communication tool Writing a corporate blog 	The stuttering R&D engine
Discussion: Is image everything?	Presentations <ul style="list-style-type: none"> Being clear and convincing Using rhetorical devices Pitching for a new product 	Marketing good deeds
Role-play: The end of the steady job?	Business reports <ul style="list-style-type: none"> Presenting the facts Expressing reference Using formal language 	Equal rights for all?
Role-play: Getting off the ground together	Managing change <ul style="list-style-type: none"> Understanding and dealing with staff reactions Selling change Addressing concerns 	The beauty and the beast
Ethics: A "Hippocratic Oath for Managers"?	Term papers <ul style="list-style-type: none"> Finding a topic Developing a paragraph Creating cohesion when writing paragraphs 	Tax or cap?
Discussion: The demographic time bomb	Presenting graphs <ul style="list-style-type: none"> Helping your audience follow Talking about change Making figures meaningful 	Setting up a health care system
Role-play: Keeping your eye on the ball	Negotiating <ul style="list-style-type: none"> Preparation Making a deal 	Toying with supply chains
Diversity: Avoiding uncertainty	Making a public statement <ul style="list-style-type: none"> Informing the public Finding the right words Getting it right 	Growing a chocolate brand in China
Diversity: A cultural issue?	Debating <ul style="list-style-type: none"> Organizing arguments Softening statements Making an opening statement 	Fair share?

@ Self Study (selection)
<ul style="list-style-type: none"> Present perfect: passive voice | Grammar Corporate language | Vocabulary Successful appraisal meetings | Skills
Video 1 Reviewing performance <ul style="list-style-type: none"> Environmental terms | Vocabulary Strengthening contrasts | Skills Adding weight and formality: inversion | Grammar
<ul style="list-style-type: none"> Accounting terms | Vocabulary Contrasting and sequencing ideas | Skills Prepositional clauses | Grammar
<ul style="list-style-type: none"> Conditionals | Grammar Corpspeak | Vocabulary The challenges of corporate blogging | Skills
<ul style="list-style-type: none"> Rhetorical devices: the power of three | Skills Time markers and tenses | Grammar The silver dollar | Vocabulary
Video 2 Presenting the idea <ul style="list-style-type: none"> Corporate social responsibility | Vocabulary Future and time clauses | Grammar The language of reports | Skills
<ul style="list-style-type: none"> Reporting rumors: passive voice | Grammar Change management | Vocabulary Expressing concerns and giving assurances | Skills
Video 3 Managing Change <ul style="list-style-type: none"> Market terms | Vocabulary Thesis statements | Skills Sentence connectors | Grammar
<ul style="list-style-type: none"> The welfare state | Vocabulary Determiners | Grammar Note-taking | Skills
<ul style="list-style-type: none"> Key terms in logistics | Vocabulary Negotiating tactics | Skills Verbi-noun-noun combinations | Grammar
Video 4 Negotiating the way forward <ul style="list-style-type: none"> Paraphrasing in public statements | Skills Modal verbs: degrees of certainty and uncertainty | Grammar Minimizing risk | Vocabulary
<ul style="list-style-type: none"> Different types of trademark | Vocabulary Debating: supporting an argument | Skills The functions of qualifiers | Grammar

1

Learning Focus

- Identifying key words in a text
- Recognizing the tone of a text
- Using active listening in appraisal meetings

Self Study

- Present participles
- Paraphrasing
- Summarizing information

Video Reviewing performance

After a year at the technology company *NOCU*, junior marketing manager Adam Walker, has his first job appraisal with his boss, Geoff Morris. See how it goes.

Assessment, evaluation, appraisal often used interchangeably in Human Resource Management.

Useful compounds: self-assessment, performance assessment, assessment center



Career development and assessment

Warm-up

In some English-speaking countries, there are websites where students can post evaluations of their professors. Is this a good or bad idea? Read the text. Then discuss the questions below with a partner.

MY PROF RATING

Home | Forum | Tell A Friend

<div style="border: 1px solid #ccc; padding: 5px; margin-bottom: 10px;"> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; align-items: center;"> <div style="margin-left: 5px;"> Prof Allen </div> </div> <div style="text-align: center;"> <table border="1" style="border-collapse: collapse; font-size: 8px;"> <tr><th>A</th><th>B</th><th>C</th><th>D</th><th>E</th></tr> <tr><td></td><td style="background-color: #4F7942;"></td><td></td><td></td><td></td></tr> <tr><td></td><td style="background-color: #4F7942;"></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td style="background-color: #C0392B;"></td><td></td></tr> <tr><td></td><td></td><td></td><td style="background-color: #C0392B;"></td><td style="background-color: #C0392B;"></td></tr> </table> </div> </div> <p>Average: C Neither liked nor disliked.</p> </div> <div style="border: 1px solid #ccc; padding: 5px; margin-bottom: 10px;"> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; align-items: center;"> <div style="margin-left: 5px;"> Prof Buchowski </div> </div> <div style="text-align: center;"> <table border="1" style="border-collapse: collapse; font-size: 8px;"> <tr><th>A</th><th>B</th><th>C</th><th>D</th><th>E</th></tr> <tr><td></td><td></td><td></td><td style="background-color: #C0392B;"></td><td></td></tr> <tr><td></td><td></td><td></td><td style="background-color: #C0392B;"></td><td style="background-color: #C0392B;"></td></tr> <tr><td></td><td></td><td></td><td style="background-color: #C0392B;"></td><td style="background-color: #C0392B;"></td></tr> <tr><td></td><td style="background-color: #4F7942;"></td><td></td><td></td><td></td></tr> </table> </div> </div> <p>Average: D* Strongly disliked</p> </div> <div style="border: 1px solid #ccc; padding: 5px; margin-bottom: 10px;"> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; align-items: center;"> <div style="margin-left: 5px;"> Prof Collins </div> </div> <div style="text-align: center;"> <table border="1" style="border-collapse: collapse; font-size: 8px;"> <tr><th>A</th><th>B</th><th>C</th><th>D</th><th>E</th></tr> <tr><td style="background-color: #4F7942;"></td><td></td><td></td><td></td><td></td></tr> <tr><td style="background-color: #4F7942;"></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td style="background-color: #C0392B;"></td><td></td></tr> </table> </div> </div> <p>Average: B* Strongly liked</p> </div> <div style="border: 1px solid #ccc; padding: 5px;"> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="display: flex; align-items: center;"> <div style="margin-left: 5px;"> Prof Dowd </div> </div> <div style="text-align: center;"> <table border="1" style="border-collapse: collapse; font-size: 8px;"> <tr><th>A</th><th>B</th><th>C</th><th>D</th><th>E</th></tr> <tr><td style="background-color: #4F7942;"></td><td></td><td></td><td style="background-color: #C0392B;"></td><td></td></tr> <tr><td style="background-color: #4F7942;"></td><td style="background-color: #4F7942;"></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td style="background-color: #C0392B;"></td><td></td></tr> </table> </div> </div> <p>Average: C Liked</p> </div>	A	B	C	D	E																					A	B	C	D	E																					A	B	C	D	E																										A	B	C	D	E																										<p>Comments:</p> <p>Has definitely been teaching too long. Lectures are like a trip to the dentist; he just reads out his PowerPoint slides. Doesn't appreciate student creativity. On the other hand, he's supposed to be an expert in his field. Friendly in dealings with students. Somebody should tell him to buy some new clothes.</p> <p>Comments:</p> <p>Entertaining lectures but this guy thinks he's Mr Cool. He favors a few on the course, shows utter contempt for the rest. Hazy assignment instructions, exam is impossible.</p> <p>Comments:</p> <p>Her lectures are a blast; I've never laughed so much in my life. Lots of fun stories but the course is pretty useless. Exam is a breeze.</p> <p>Comments:</p> <p>Absolutely brilliant if you can understand what she's saying. Lectures poorly structured and often difficult to follow. Don't like her perfume. Exam fair,</p>
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- 1 What is the purpose of these **evaluations**?
- 2 Have the students chosen the right criteria? Are there any that you would delete or add?
- 3 In what ways are these **assessments** unfair or disrespectful?
- 4 Is there any language that is not appropriate in public discourse?
- 5 Have you ever been assessed? If so, what purpose did this assessment serve? Were the criteria clear and fair?

Reading: Giving employees feedback

1 Which of the following purposes should assessment in a company setting serve? Discuss the list with a partner. Do you think it is the same in every company?

- to weed out poor performers
- to identify high-achievers for further training
- to motivate employees
- to identify the employees who deserve promotion
- to give employees a chance to ask questions
- to set objectives until the next assessment
- to gain new ideas from staff
- to help staff achieve their career goals
- to reduce stress for employees

PLEASE PRINT CLEARLY

Employee's name: _____ Post title: _____

Appraisal for year ending DD MM YY _____ Date of appraisal DD MM YY _____

NOTE The purpose of this Self Appraisal form is to help you reflect on your job performance and get the best out of your performance appraisal interview. Use this form as a foundation to outline the key points you may wish to raise with your manager during the appraisal meeting. Complete the form as honestly and frankly as possible and where appropriate include examples of work issues, both positives and negatives, in support of your comments which you can use during your appraisal. After the appraisal meeting, you may keep the form or give it to your manager.

Remember the main objectives of the performance appraisal are:

- to ensure that you are clear about the company's standards, aims and objectives
- to assess your performance over the appraisal period against key criteria
- to agree tasks and objectives for the coming year / appraisal period
- to identify any training and development needs and plans
- to form part of the regular performance review process

What have been your major duties and responsibilities over the past 6-12 months?

Development Plan

Development Goals	Development Activities	Due Date	Status	Comments
1.				
2.				

Self Appraisal

S

Manager Comments

Employee Comments

Sign Off

Planning

2 Work in groups of three. Each student reads one of the following texts and underlines the seven most important words in the text. Then tell the others in your group what these words are and what you think the main idea of the text is.

A

Empowerment

When people have enough room to develop themselves and are given responsibility, they are able to reach their full potential. This releases all kinds of mental energy and motivation, which ensures that people are at their best. This process is referred to as *empowerment*. Every person has certain talents. The big question is not only whether people have enough room, but also whether they actually have the chance to grow. In many companies, there are people working beneath their level. They are only expected to do the tasks they were hired to do. Other talents that they have are unused.

A servant leader first looks at someone's potential and then tries to match that potential within that person's field of work. Development is not reserved only for management. At every level, in every position, people have to take the opportunity to bring the best out of themselves, because the best for themselves is also the best for the company, and, in the broader perspective, for the world at large ...

An important sign of **servant leadership** is the view that the mistakes people make are actually chances for improvement. Leadership is only effective if you have a continually improving

system by which people can learn from mistakes. An individual or a company that never makes mistakes cannot make progress. The servant leader will always try to see the mistakes that others make as opportunities to learn and grow further ...

The best way to let people grow is via coaching and mentoring. This is nothing new. Hundreds of years ago people were already using the model of master and apprentice. However, the outdated management idea that says employees need to be controlled has no place in servant leadership. Instead of micromanagement, it is much better to focus on motivation. In situations where understanding, knowledge and enthusiasm exist, people are excellent at fulfilling their duties without having someone looking over their shoulder. In fact, the latter is actually counterproductive.

abridged from Trompenaars and Voerman, *Servant Leadership across Cultures*

servant leadership, according to Trompenaars and Voerman, is a managerial style in which the leader is motivated by concern for his/her colleagues, subordinates and clients rather than considerations of personal advancement

Career Advancement

We want you to grow

It is part of **Smith, Holmes & Watershed's** mission to help all its employees achieve their full potential, and we are proud that we are able to assist you in doing this.

5 One unique tool for professional development is our performance management system, which gives our employees the framework to identify their goals and monitor their progress. Ongoing dialog with your supervisor helps to ensure that

10 you meet your objectives and maximize your potential.

How does this work? At the beginning of each year our employees meet with their superiors to set their goals and plan their development. These

15 goals reflect your own as well as the company's objectives. Throughout the year there will be regular feedback and reviews that will enable you to monitor your performance. You will be able to identify the areas in which you have made

20 progress as well as those where you want to focus your future development. And finally, at the end of the year, together with your supervisor, you will compare your results with the goals you set yourself and be assigned a performance rating.

25 These performance appraisal meetings are conducted in a friendly and neutral atmosphere. This system of performance evaluation has been enthusiastically received by our staff. Not only does it provide valuable feedback to the employee

30 by communicating what progress he/she has made in achieving mutually established goals, but it also identifies areas which can be improved through mentoring or training. It gives our employees a chance to raise questions and

35 concerns and to establish new goals. And finally, it provides documentation which can be used in awarding our staff members bonuses or promotion or sending them out to one of our foreign subsidiaries on assignment.

40 Experience has shown that everyone benefits from the system – our company, our clients and, above all, our employees.

C Yes, Everyone Really Does Hate Performance Reviews

It's time to finally put the performance review out of its misery. This corporate sham is one of the most insidious, most damaging, and yet most ubiquitous of corporate activities. Everybody does it, and almost everyone who's evaluated hates it.

5 It's a pretentious, bogus practice that produces absolutely nothing that any thinking executive should call a corporate plus. Don't get me wrong: reviewing performance is good; it should happen every day. But employees need evaluations they can believe, not the fraudulent ones they receive. They need

10 evaluations that are dictated by need, not a date on the calendar. They need evaluations that make them strive to improve, not pretend they are perfect.

Sadly, most managers are oblivious to the havoc they wreak with performance reviews. Here's a simple experiment you can try. Ask

15 yourself: how often have you heard a manager say, "Here is what I believe," followed by, "Now tell me, what do you think?" and actually mean it? Rarely, I bet.

The performance review is the primary tool for reinforcing this sorry state. Performance reviews instill feelings of being

20 dominated. They send employees the message that the boss's opinion of their performance is the key determinant of pay, assignment and career progress. And while that opinion pretends to be objective, it is no such thing. Think about it: if

performance reviews are so objective, why is it that so many

25 people get totally different ratings simply by switching bosses? No, instead, the overriding message is that the boss's assessment is really about whether the boss "likes" you, whether he or she feels "comfortable" with you. None of this is good for the company unless the boss is some kind of savant genius who

30 can read an employee's talents with laser accuracy – and then understands what motivates the employee so perfectly that he or she can push just the right psychological buttons to get the employee to use those talents.

At this point, you may be asking: So what? So what if you can't

35 speak your mind to your boss? So what if the performance review forces the boss to focus on an employee's "weaknesses" (since most bosses are told they can't give everyone top grades)? What harm does it really do?

Sadly, it does enormous damage. Forget, for a minute, the

40 damage it does on a personal level ... Just think about what it does on a corporate level, the enormous amount of time and energy it wastes, and the way it prevents companies from tapping the innovative, outside-the-box thinking that so many employees are capable of. If only, that is, they weren't so afraid.

Samuel A. Culbert, April 2010

3 Now read the other two texts and discuss the following questions:

Tone describes the author's attitude toward the subject matter and his/her audience

- 1 How would you describe the differences in **tone** between the texts? What is the purpose of each?
- 2 How do the authors' attitudes differ with respect to the role of the supervisor?
- 3 How do the authors differ in their attitudes toward assessment?

4 Fill in the gaps in the sentences using one of the following verbs in an appropriate form.

achieve • award • identify • meet • monitor • provide • raise

- 1 Staff appraisals help a company its employees' performance.
- 2 Before young managers can work toward their goals they must first their objectives.
- 3 Experts have questions about the value of performance reviews.
- 4 Employees are bonuses only if their performance is exceptional.
- 5 A good performance management system documentation which employees can use to check their progress.
- 6 This was a disappointing year for the entire department, as they did not their objectives.
- 7 We want all of our staff members to their full potential.

5 Find the words or expressions in Text C corresponding to the following words and phrases:

- 1 end an unbearable situation
- 2 found everywhere at the same time
- 3 unaware
- 4 absolutely correctly
- 5 motivate indirectly
- 6 award the best rating
- 7 completely original

Listening: Developing your career

The university radio station Campus Radio has invited former student Melinda Cassidy to speak on its business-oriented program *The Real World*. Listen and answer the questions.



- 1 What is Melinda's present job?
- 2 What are three reasons she gives for her company's career development policy?
- 3 What does she mean by "succession planning"?
- 4 What kind of training measures does the company use?
- 5 What kind of questions should entry-level recruits be asking themselves?



Appraisals: Conducting an appraisal meeting

1 Just like any other form of meeting, an appraisal should follow a certain procedure. Below you will find a number of stages most appraisal meetings go through. Decide in what order they would most likely occur and explain your choices.

- 1 Identifying potential problems
- 2 Setting a timeframe for follow-up on the agreements made
- 3 Agreeing on performance objectives
- 4 Setting the scene
- 5 Identifying need for training
- 6 Discussing the appraisee's self-assessment
- 7 Agreeing on actions to resolve problems
- 8 Recognizing positive performance

03 **2** Sylvie Foster, the new manager of *Global Solutions*' sales teams in the U.K., has set up her first appraisal meeting with Cathy, the team leader of the Scottish sales team. Listen to the first part of the meeting and answer the questions.

- 1 Which phases of the appraisal process are covered?
- 2 What goals does Sylvie want to achieve in this meeting?



- 3 What points is Sylvie planning to discuss?
- 4 What feedback has Cathy received so far?

04 **3** Now listen to the second part of the meeting and answer the questions.

- 1 What are the problems Cathy is facing at the moment?
- 2 How would you describe Sylvie's style of communication? Does it help her in achieving her goals for the meeting?
- 3 How do you see Cathy's role in the meeting?

Paraphrasing or mirroring means that the listener restates concisely and in his or her own words the content of a message, staying as close as possible to the ideas expressed.

A variety of lead-ins can be used, e.g.

- Could it be that ...?
- So you would like to see ...
- So you have been trying to ...
- You appear to be ...

Communication tools

Conducting an appraisal meeting is a delicate matter and best done in an atmosphere of trust and respect. To create such an environment and to communicate effectively, experts recommend the following tools:

- Give evidence for your assessment.
- Provide positive feedback as much as possible.
- Use open-ended questions.
- Paraphrase what the other person is saying.
- Ask for clarification.
- Seek agreement to your suggestions.

Business Skills

- 4 Now listen again to parts one and two of the meeting, focusing on how Sylvie uses the communication tools listed on page 10. Complete the dialog excerpts below and note down which tool she is using in each situation. ▶ Sylvie ● Cathy

05 c 1)

Excerpt	Tool used
▶ ... And finally we can discuss next year's sales targets for your group.	
● It's made me realize that I really love working with people, and I think I'm actually quite good at it. ▶	
▶ From the incident reports I can see that Your colleagues say that ; customers say that	
▶ Unfortunately, that your team hasn't performed so well for the last three months.	
▶ What surprises me, though, is the fact that the success of our new product range doesn't really show in your team's sales figures.	
● But Eileen seemed so competent at the beginning, so eager to learn. Somehow it escaped my radar that she was seeking too much help from me after she had been trained. ▶	
▶ Oh, I didn't know that your husband had moved office. So	

- 5 Describe the effect the **paraphrasing** method has on Cathy.
6 Listen to the final part of the appraisal meeting and answer the questions.

06 c 1)

- How do Sylvie and Cathy communicate with each other in order to develop solutions to the existing problems?
- Has Cathy's attitude changed compared to the beginning of the meeting?
Can you give reasons for this?
- Do you share Sylvie's judgment on the meeting? Why/ Why not?





Role-play: When the going gets tough

Role-play an appraisal meeting with a partner by following the instructions on your role card.

Situation: You work for an independent chain of garages which, apart from car maintenance and repairs, sells spare parts and car accessories. Your company has around 350 branches throughout the U.K.

Two years ago a global garage chain specializing mainly in windscreen replacement started to set up a nationwide network of workshops. Your company has reacted to the competitive pressure with a strategy of fierce cost-cutting and by pushing sales. At the same time, new performance measures for all branch managers have been introduced.

➔ Student B page 126

Student A

You are the regional manager of 50 branches in the Greater London area. Today you have an appraisal meeting with the Croydon branch manager. Make sure that you:

- conduct the meeting through all the stages of the appraisal session
- use communication tools (see page 10)

Head office has compiled the following data on the Croydon branch:

Turnover (compared to last year)

Repair volume	-15%
Windscreen repair volume	-25%
Sales volume (spare parts, etc.)	-8%

Customer satisfaction (based on 50 customers surveyed)

Good or excellent at arranging repair work within 5 days or less	10*
Providing good or excellent repair work	40
Spare parts, etc. reasonably priced (compared to competitors)	20
Good or excellent quality of product range	45
Requested product in stock	25
Good or excellent at providing quick processing of insurance claims	14

* Number of customers who agreed

Company Case



Managing workplace diversity

Consider these questions:

- What diversity issues does *MentorConsult* have?
- In what ways have these issues been addressed so far?
- Why is there a need to deal with them?

Suggest measures which *MentorConsult* should take to recruit and retain the rich variety of highly qualified people the company needs for maintaining its excellence.

Take the following aspects into consideration:

- training programs
- performance appraisal schemes
- individual career plans



Unlike more traditional firms, *MentorConsult*, America's number one management consultancy, chose to adopt a different approach to career development. Its consultants were expected to determine their own career paths and set their own pace of work. Remuneration was based solely on performance, and titles and formal hierarchy were avoided as much as possible.

But as the company expanded it became clear that this policy was not reflected in the company culture. Many employees started to fear that *MentorConsult* was far too homogeneous and that, as a consequence, some capable young professionals who didn't fit into the culture would either leave or not stay on long enough to move into more senior positions. In response to these concerns, the company established a Diversity Network, led by two of its directors.

At that time there was only one black employee and one Indian consultant working at *MentorConsult*. Feeling excluded from the company's mainstream – which they perceived as male, academic and white – they set up an Advisors Network together with Joe Burns, a wheelchair-bound whiz kid from Harvard. The aim of the network was to provide "bottom up" support for employees and an arena where they could discuss personal issues. From the beginning, the initiative proved successful. Several employees who had planned to leave decided to stay on and address their grievances instead.

But not everything was a success. A year later, two of the company's most senior women employees, Elizabeth Martin and Linda First, drew the directors' attention to a major impediment that female consultants often faced. They were invariably harassed by their male colleagues and clients, who often made sexist remarks or jokes. In an attempt to remedy this situation, the directors agreed that sexual harassment and sensitivity training should be implemented in all American offices.

A few months later, HR also alerted the board of directors to the changing demographics in the U.S. and the difficulties the company would soon face in hiring and retaining suitably skilled consultants. The board decided that immediate measures had to be taken to address this problem.

Diversity the concept of diversity in HRM embraces each individual as having unique characteristics. Examples of these characteristics are: race, ethnicity, gender, socio-economic status, age, mental or physical abilities, cognitive style, education, marital/partnered status, religious beliefs, political beliefs or other ideologies

Writing: An appraisal report

07 Listen to the appraisal meeting again and write Cathy's appraisal report. The following tips will help you to produce a report which is short and to the point.

Outline of the report

Start by describing Cathy's performance with regard to the factors discussed in the meeting such as sales targets and group leadership skills. Then describe the areas of performance needing more attention and the proposals for improvement as discussed in the meeting. Finish off by listing the specific activities Cathy will do in the next twelve months as part of her professional development plan.



Describing positive performance

positive action verbs:

encourage, ensure, communicate effectively, apply creativity, skillfully demonstrate, resolve, listen empathically, show a "can-do" attitude, seek new challenges, accomplish, achieve, take the initiative, motivate, accept criticism well, prioritize

positive adjectives:

eager, reliable, effective at, proactive, good at, always willing to, committed, loyal, trusted, cooperative, decisive, respected, inspiring, career-minded

Describing deficient performance

Avoid judgmental statements such as "He is disorganized;" rather say "He has difficulties meeting deadlines." Don't use inflammatory wording such as *lazy, sloppy, ignorant*, and *rude*

appropriate expressions for describing deficient performance:

should work on, need to, has a tendency to, appears to, doesn't take the opportunity, has difficulty doing, misses (targets), lacks, avoids, relies too much/little on ..., is reluctant, easily overwhelmed, less skilled in

Reading: Motivating people

Read the article and answer the questions.

Getting beyond money

Companies around the world are cutting back their financial-incentive programs, but few have used other ways of inspiring talent. We think they should. Numerous studies have concluded that for people with satisfactory salaries, some nonfinancial motivators are more effective than extra cash in building long-term employee engagement in most sectors, job functions and business contexts. Many financial rewards mainly generate short-term boosts of energy, which can have damaging unintended consequences. Indeed, the economic crisis, with its imperative to reduce costs and to balance short- and long-term performance effectively, gives business leaders a great opportunity to reassess the combination of financial and nonfinancial incentives that will serve their companies best through and beyond the downturn.

A recent *McKinsey Quarterly* survey underscores the opportunity. The respondents view three noncash motivators – praise from immediate managers, leadership attention (for example, one-on-one conversations) and a chance to lead projects or task forces – as no less or even more effective motivators than the three highest-rated financial incentives: cash bonuses, increased base pay and stock or stock options (exhibit). The survey's top three nonfinancial motivators play critical roles in making employees feel that their companies value them, take their well-being seriously and strive to create opportunities for career growth. These themes recur constantly in most studies on ways to motivate and engage employees.

It's not about the money

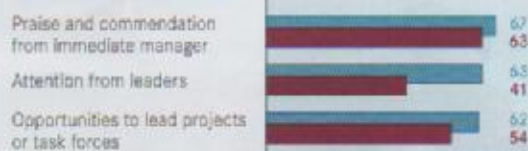
Effectiveness, % of respondents answering "extremely" or "very effective"

Frequent use, % of respondents answering "always" or "most of the time"

Financial incentives



Nonfinancial incentives



Source: June 2009 McKinsey global survey of 1,047 executives, managers and employees from a range of sectors.

There couldn't be a better time to reinforce more cost-effective approaches. Money's traditional role as the dominant motivator is under pressure from declining corporate revenues (and) sagging stock markets. Our in-depth interviews with HR directors suggest that many companies have cut remuneration costs by 15% or more.

What's more, employee motivation is sagging throughout the world - morale has fallen at almost half of all companies, according to another *McKinsey* survey - at a time when businesses need engaged leaders and other employees willing to go above and beyond expectations. Organizations face the challenge of retaining talented people amid morale-sapping layoffs that tend to increase voluntary turnover over the medium term. Often, top performers are the first to go. Strong talent management is critical to recruit new ones from, for example, the financial sector, who have been laid off from their employers or feel disenchanted with them.

Yet while 70% of organizations have adjusted their reward-and-motivation programs during the past 12 months or plan to do so, relatively few have gone beyond the direct management of costs. Two-thirds of the executives we surveyed cited cost reductions as one of the top three reasons for the changes; 27% made changes to increase employee motivation; and only 9% had the goal of attracting new talent. Regional differences were striking. Forty-five percent of the respondents in developing markets, where economies have proved more robust, cited employee motivation as a key reason for modifying incentives, compared with only 19% in the United States and Western Europe, where the crisis hit hardest.



Why haven't many organizations made more use of cost-effective nonfinancial motivators at a time when cash is hard to find? One reason may be that many executives hesitate to challenge the traditional managerial wisdom: money is what really counts. While executives themselves may be equally influenced by other things, they still think that bonuses are the dominant incentive for most people.

Another reason is probably that nonfinancial ways to motivate people do, on the whole, require more time and commitment from senior managers. One HR director we interviewed spoke of their tendency to "hide" in their offices - primarily reflecting uncertainty

about the current situation and outlook. This lack of interaction between managers and their people creates a highly damaging void that saps employee engagement.



"One-on-one meetings between staff and leaders are hugely motivational," explained an HR director from a mining and basic-materials company - "they make people feel valued during these difficult times." By contrast, our survey's respondents rated large-scale communications events, such as the town hall meetings common during the economic crisis, as one of the least effective nonfinancial motivators, along with unpaid or partially paid leave, training programs and flexible work arrangements.

A chance to lead projects is a motivator that only half of the companies in our survey use frequently, although this is a particularly powerful way of inspiring employees to make a strong contribution at a challenging time. Such opportunities also develop their leadership capabilities, with long-term benefits for the organization.

With profitability returning to some geographies and sectors, we see signs that bonuses will be making a comeback: for instance, 28% of our survey respondents say that their companies plan to reintroduce financial incentives in the coming year. While such rewards certainly have an important role to play, business leaders would do well to consider the lessons of the crisis and think broadly about the best ways to engage and inspire employees.

abridged from *McKinsey Quarterly*, November 2009

- 1 Why should companies use the economic crisis to reconsider their financial incentive programs?
- 2 To what kind of employees do nonfinancial rewards apply?
- 3 What does the practice of offering nonfinancial rewards communicate to employees and how does this benefit the company?
- 4 Why don't companies use nonfinancial rewards more often?
- 5 Summarize the article in one sentence which can be used as a sub-heading for the article's main heading "Motivating people: Getting beyond money".

2

Learning Focus

- Using the vocabulary of environmentalism
- Organizing ideas in an argument
- Speaking and writing persuasively

Self Study

- Adverbs of manner
- Adverb-verb combinations: creating emphasis
- Strengthening contrast

The greening of business

Warm-up

The following are man-made phenomena which all pose a threat to human life as we know it. Can you think of any others?
What can businesses, consumers and governments do to reduce these threats?



Which environmental threat(s) is each of these companies attempting to reduce?

- 1 **WAL-MART** is now using sustainability as a standard for every aspect of its operations. One of *Wal-Mart's* environmental goals is to replace fossil fuels with renewable energy, which means actively measuring and reducing the company's carbon footprint. In 2007, the company began installing solar panels on a number of stores.
- 2 **IKEA**, the popular home furnishings chain, recognizes that wood is an ideal material for its products, as it is biodegradable. However, it insists that the wood used by its suppliers be legally produced and come from responsibly managed forests.
- 3 **DELL's** Asset Recovery System shows how a company can indeed act as a "careful steward of the environment". For a small charge, *Dell* removes old computers from its customers' offices, wipes the hard drives, dismantles the machines and then recycles individual parts and materials. Only 1% of the original computer's total volume ends up in a landfill.
- 4 In order to protect indigenous flora and fauna which would otherwise be threatened when forests are cleared for coffee monoculture farms, **STARBUCKS** sources its beans from a nature reserve in Chiapas and processes these for its Organic Shade Grown Mexico brand. This way the coffee company tries to make a contribution to preserving rare species.

What do you think has motivated the companies to introduce their environmental measures? How do they probably benefit? Do you know any other examples?

Listening: The challenge for industry

1 Dr Dan Peters, environmental officer at the U.S. company *Intercorp*, is visiting Germany and has been invited to the campus radio station Vox Uni. Listen to Part 1 of the interview and decide if the following statements are true or false.

- 1 Dan Peters works for an automotive company.
- 2 Dr Peters' job is to make sure that the materials in *Intercorp* products are in line with environmental regulations.
- 3 *Intercorp* sells its products not only to end consumers but also to other businesses.
- 4 According to Dr Peters, *Intercorp* has a strong environmental policy because part of the company's mission is to protect the earth.
- 5 When the company thinks about pollution, it considers the entire life cycle of a product.
- 6 *Intercorp*'s measures for environmental protection have never resulted in a financial loss.

09

true false

.....
.....
.....
.....
.....
.....

2 Listen to Part 2 of the interview and answer the following questions:

- 1 How does Dr Peters describe the difference between European and American consumers?
- 2 How have the E.U. environmental regulations affected *Intercorp*'s operations?
- 3 What advice does he give to business students?

09

WEEE: Waste Electrical and Electronic Equipment Directive

RoHS: Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive

REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals

These are three pieces of E.U. legislation regulating the use and disposal of certain substances in consumer products.

Diversity

What's the environment worth?

- 1 How would you describe the importance consumers give to environmentally friendly products in the countries/regions shown in the graph below?
- 2 In which countries/regions are consumers probably influenced by the following values when they buy green products?

convenience • health • environmental protection and sustainability • status

- 3 Are you prepared to pay more for an environmentally friendly product? If so, how much more?



Being Green is Not a Licence to Charge More

Are you willing to pay a premium for green products if they provide added benefits?



Note: This question was asked of all respondents who indicated that they recently purchased green products. Data are from 1,000 responses across all countries in our survey; data from Europe are from respondents in France, Germany, Italy, Spain and the United Kingdom.

Source: BCG Global Green Consumer Survey, 2008

Upstream concerning the early stages in the operations of a business or an industry; looking back in the supply/value chain; during or before the production phase

Downstream concerning the latter part of a process or system; looking forward in the value chain; operations after production / the sale of a product

address • burden • get a handle on
• leave • measure • tax

Reading: Tracing your environmental footprint

- 1 In their best-selling book *Green to Gold*, Daniel C. Esty and Andrew S. Winston distinguish between *upstream* and *downstream* environmental risks. How would you classify the following risks for a major retail chain selling both food and non-food items?

D = Downstream U = Upstream

- 1 CFC (chlorofluorocarbon) leaks from products
- 2 emissions produced by customers driving to stores
- 3 non-biodegradable packaging
- 4 products that reduce biodiversity
- 5 supplier use of unsustainable timber sources
- 6 toxic chemicals in garden supplies
- 7 waste from supplier production

- 2 Use the verbs on the left to form collocations that are frequently used in talking about environmental protection.

- the planet's capacity
- environmental impact
- a mark on the environment
- one's environmental footprint
- environmental issues
- the environment

- 3 Complete these sentences using suitable verbs from exercise 2 in the appropriate form.

- 1 Toxins released into the river _____ its ability to absorb them.
- 2 An increase in the number of cars will only _____ society with additional pollution.
- 3 Before we can improve air quality, we need to _____ the amount of pollution actually produced.
- 4 If we do not _____ these problems now, we will have greater ones in the future.

- 4 In *Green to Gold* the authors show what companies can do to protect the environment. Read an excerpt from the book and find headings for paragraphs 3-9.

Paragraph	Heading (focus)
2	Simplified view of a car value chain
3	
4	
5	
6	
7	
8	
9	

The Product Life Cycle Assessment

1 Every company leaves a mark on the world through the products it makes and the services it offers. The more resources it uses or pollution it produces, the bigger its footprint.

2 Imagine an extremely simple version of the value chain for a car ... From the manufacturer's perspective, parts - engines, doors, windshields, seat belts and a thousand others - come in one end of the factory. The workers assemble the vehicle, paint it and send it out the door. Finished cars and SUVs roll out of the plant and onto trucks, trains and container ships for distribution around the world. Car dealers sell these vehicles to millions of happy customers.

3 In years past, asking a car company to trace its environmental footprint would lead mostly to confusion. "What's a footprint?" company officials might ask. Even the most enlightened executives would likely limit their answers to impacts arising from manufacturing - exhaust from factory equipment, wastewater and perhaps air emissions from the painting process. The other boxes in the value chain wouldn't even register as a possible source of concern.

4 The new view of a company's value chain and footprint is much broader ... It still includes the manufacturing process, but it now expands to embrace unregulated environmental issues like energy use. Issues of concern also extend upstream along the value chain to supplier operations and downstream to customer use and ultimate disposal. As we've said many times, in a world of extended producer responsibility, what happens outside the factory gates now counts on your environmental balance sheet.

5 To get a handle on the car's real footprint, the manufacturer must ask how its suppliers operate. Where does the steel come from and how was it forged? What toxic emissions does the metal fabrication produce? Then, looking downstream: how much gas will the driver burn during the "use phase" of the

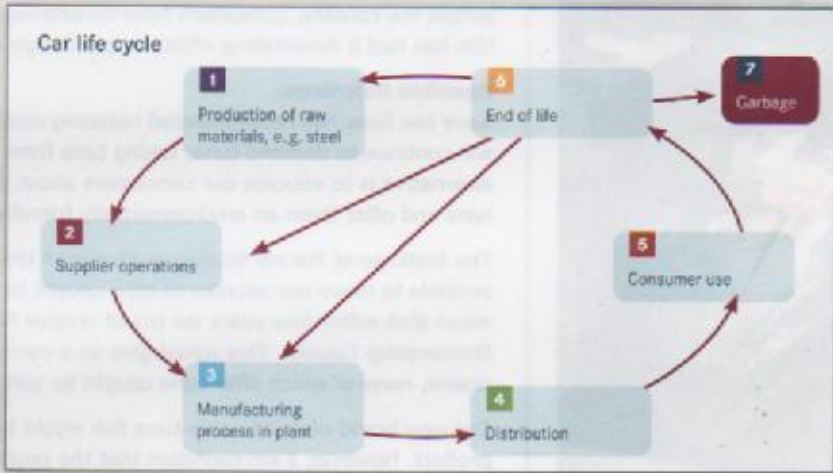
product? What about the greenhouse gas that comes out of the tailpipe? And what happens years later when the vehicle is hauled to the junkyard? The total footprint now reflects the car's full life cycle.

6 Some aspects of a company's footprint are positive, such as customers served, employees paid and support provided to communities. But in the environmental context, the footprint reflects how much a company's pollution burdens society and the scale of its consumption of the earth's resources. Increasingly, society is insisting that those who tax the planet's capacity to absorb human impact both pay for the damage they do and work to minimize the harm. WaveRiders take the measure of their footprint seriously and set explicit goals to reduce its negative effects.

7 But before they can reduce their footprint they need to know its contours. One of the most useful tools for

8 Let's take one more look at that car value chain. Instead of a linear path, we now see a circle. The car starts as raw natural resources extracted from the Earth - everything from iron ore and aluminum to cattle for leather interiors. Suppliers receive these inputs and craft the various car parts. The company assembles its product and distributes it globally. After 200,000 miles on the road, the car enters the end-of-life phase. Some pieces will be sold for scrap back to raw material producers, other parts refurbished and reused in another car, and still others sent to the landfill.

9 A Life Cycle Assessment looks at this complete circle and measures environmental impact at every phase. It provides the foundation for understanding the issues a company must address and clues to help find eco-advantage. Which step in the process uses the most water or produces the



measuring the footprint is the Product Life Cycle Assessment or LCA. LCA tracks the environmental impacts of a product from its raw materials through disposal at the end of its useful life. LCA is an important tool for developing an environmental self-portrait and for finding ways to minimize harm. A good LCA can illuminate ways to reduce the resources consumed and lower costs all along the value chain.

most air pollution? Can we reuse or recycle any by-products from manufacturing? Can we recycle the whole product? Which steps in the chain create environmental impacts that would concern different stakeholders? Where is waste and inefficiency? The answers can be surprising and vary widely across products and industries.

from Daniel C. Esty and Andrew S. Winston, *Green to Gold*

WaveRider the term used by the authors for a company that is riding the 'Green Wave', i.e. the new wave of environmental thinking

5 Answer the questions.

- 1 According to Esty and Winston, how have businesses changed their way of looking at the value chain?
- 2 What other industries do you think would benefit from the application of LCA?

Company memo

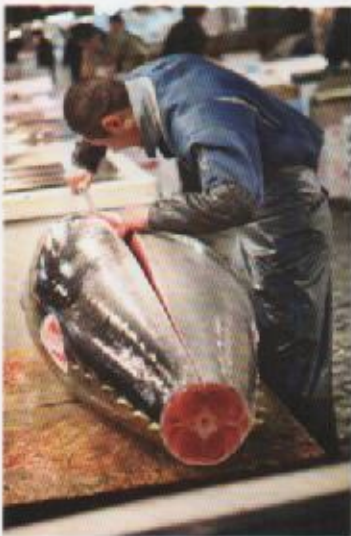
A memo is a piece of writing used to communicate within an organization. It will generally be read by more than one person. It may be sent as a paper document, an email or as an attachment to an email. The style and tone of the memo depend on its purpose and the relationship of the writer to his/her audience.

A memo can have various functions:

- to report information
- to announce a decision which has been made
- to recommend action
- to make a request

A memo generally contains the following:

- a statement of its main point
- background information (context)
- a reference to future action



Persuasive writing: A company memo

- 1 *Springfields*, a major U.K. supermarket chain, has been under attack for its use of unsustainably fished tuna. Neil Jacobs, the company's environmental officer, is looking into the feasibility of replacing the unsustainable brands with sustainable tuna. Read his memo and answer the questions below:

To: Timothy Blake, CEO, *Springfields*
From: Neil Jacobs, Environmental Officer
Date: Date: February 21
Subject: Switch to sustainable tuna

MEMO

As requested, I have carried out an investigation into the feasibility of replacing our non-sustainable tuna fish products with tuna caught using sustainable fishing practices.

Background

In the last two years, various NGOs have published studies demonstrating that the stocks of tuna worldwide are seriously depleted and even threatened with extinction. Bluefin stocks, for example, have dropped by about 80% since 1978, while bigeye and yellowfin stocks are alarmingly over-exploited (cf. Appendix).

The consumer organization *Retail Watch* has ranked the environmental awareness of major U.K. retailers (cf. study at www.retailwatch.org/supermarketratings). We received the worst rating, while our competitor *Albert Stone* received the best. The result has been much negative publicity for *Springfields*.

Several of our stores have been picketed by wildlife protection organizations and, across the country, consumers have threatened to boycott our stores. Needless to say, this has had a devastating effect on our image and could eventually impact turnover.

Possible Solutions

Save the Seas has recommended reducing total tuna fishing by 50%. As our customers will continue to demand tuna, taking tuna from our shelves is not a realistic option. The alternative is to educate our consumers about the environmental costs of unsustainable tuna and offer them an environmentally friendly alternative.

The Institute of Marine Studies at Plymouth University has pointed out that it is possible to move our sources to tuna caught by pole-and-line methods. This would mean that within two years we would receive full certification from the Ocean Stewardship Council. This would give us a competitive advantage over all our rival chains, none of which offer tuna caught by pole-and-line methods.

Our new brand of sustainable tuna fish would be priced 30% above our conventional product. However, I am confident that the positive response among the public would more than offset any negative effect of the price increase.

Conclusion and Recommendation

Pressure from NGOs and consumer groups makes a shift to sustainable tuna inevitable. I urge *Springfields* to take immediate measures to contact suppliers. I am sure that we are capable of rising to the challenge. Not only is this move in line with our CSR policy, but I am confident that it will strengthen our position in the marketplace.

Appendix:

Graph: Depletion of tuna stocks worldwide

Report: "The Threat to Tuna Stocks", Prof William Smith, Institute of Marine Studies, Plymouth University

- 1 What claim is Neil Jacobs making?
- 2 What opposition does he anticipate?
- 3 Find the adjectives that support his case.
- 4 Which verbs have a persuasive function?
- 5 How does he involve the readers?
- 6 Which language is especially upbeat?
- 7 What makes his arguments credible?

Business Skills

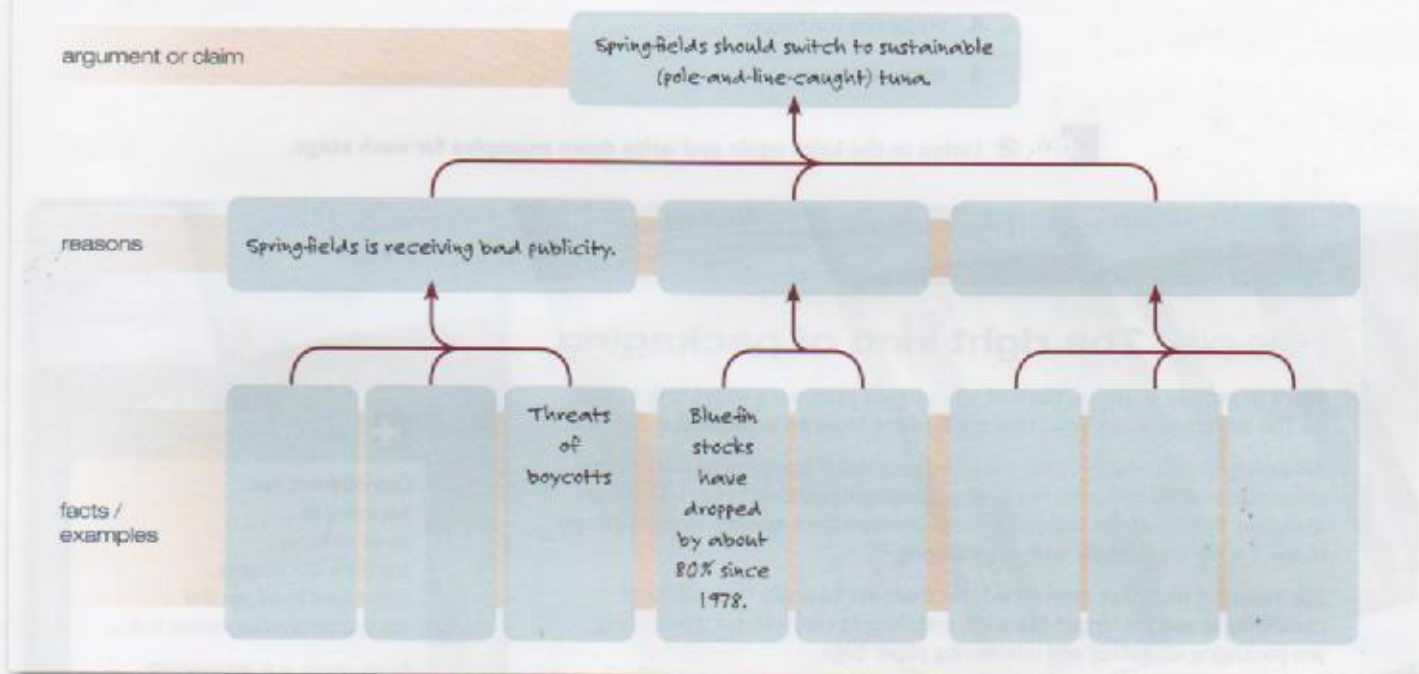
- 2 You can build a convincing case with the 5 Must-Do's in persuasive strategy. Find an example of each Must-Do in Neil Jacobs' memo.

The 5 Must-Do's in persuasive strategy	Example
1 Make an unambiguous claim.	
2 Use logic, numbers, facts and examples to support your argument.	
3 Appeal to your audience's emotions.	
4 Use graphs and tables to make your argument appear more convincing.	
5 Build a sense of urgency for your cause.	

- 3 With reference to Neil Jacobs' memo, complete the diagram below:

Another useful tool that will help you construct a strong argument is The Persuasion Pyramid. This diagram shows how the claim (or main argument) is supported by reasons, which are further supported by facts and/or examples.

The Persuasion Pyramid



- 4 Write a persuasive memo based on one of the following scenarios:

- 1 You are the CEO of a coffee chain writing to outlet managers. You want to persuade them to give prominence to the new advertising campaign (which includes brochures and free mugs) informing consumers about your company's environmentally friendly coffee brand.
- 2 You are the HR officer proposing a change in leave policy to the board. You think that the company should give all its employees an additional five days' leave per year for participation in a community environmental project of their choice.
- 3 You are the environmental manager of a beverage company. You have just read that the type of plastic bottle used in your company has been found to leak the dangerous chemical BPA. Write to the product manager urging him to consider a switch to recyclable glass bottles.



Persuasive speaking: Monroe's Sequence

Monroe's Sequence

A standard technique for organizing persuasive communication is Monroe's Sequence. It consists of five basic steps:

- Getting the audience's attention:** The speaker shows how the topic is relevant to the audience.
Creating a need: The speaker convinces the audience that there is a problem.
Satisfying the need: The speaker proposes a solution.
Visualizing the future: The speaker paints a picture of what will happen if the solution is not implemented – or the benefits if the solution is implemented.
Asking for action: The speaker requests specific measures.

- 1** Listen to three talks in which the speaker uses Monroe's Sequence or parts of it. Use the table below to find out which talk follows the full sequence.

Stage	Speaker 1	Speaker 2	Speaker 3
1 Getting the audience's attention			
2 Creating a need			
3 Satisfying the need			
4 Visualizing the future			
5 Asking for action			

- 2** Listen to the talks again and write down examples for each stage.

Role-play: The right kind of packaging

Work in groups of three. Each of you should prepare a short talk based on the information on your role card, using Monroe's Sequence.

Situation: *The Sandwich Outfit*, a takeaway sandwich company popular among office workers and students, has been packaging its sandwiches in transparent triangular PVC shells but has come under pressure from environmentalist groups to use a more eco-friendly form of packaging.

The Sandwich Outfit has determined that there are basically three options: continuing to use the hinged triangles, switching to cardboard or abandoning pre-packaging altogether and introducing paper bags.

→ Student B page 134, Student C page 128

You are in favor of retaining the present packaging. Use the information in the table to assemble your arguments. Consider the following points:

freshness • protection during transport • display • convenience

Make a note of these. Then, in an informal meeting with your colleagues, present your case as persuasively as possible. Speak for at least two minutes.

Making your case

I am confident that ...
 According to, ...
 As we all know, ...
 Just think of / imagine ...
 I don't have to tell you that ...
 You can certainly appreciate that ...

power words, e.g. demonstrate, enhance, generate, guarantee, impact

(Types of) packaging	Transparent PVC hinged triangles
Environmental features	In theory recyclable
Price	\$37.99 per 1000 pack
Weight	10 g
Dimensions	162 mm x 57 mm x 65 mm

Company Case

Durand Hotels is a chain of upmarket hotels targeting business travelers. The chain includes 200 hotels in 50 countries across the globe, including North America, the Middle East and Asia. Most of the hotels feature indoor and outdoor swimming pools, 24/7 fitness centers and their own golf courses. They are known for their spacious rooms and generous breakfast buffets.

CEO Roger Durand knows from his own travel experience how important it is for business people to be able to enjoy their creature comforts at the end of an exhausting day. However, his market research has also shown him that his customers are becoming increasingly aware of environmental issues, a concern which he shares.

Durand recently employed a consultant to do an eco-audit. The consultant determined that an average hotel with 150 guestrooms uses as many resources per week as 500 American families. Durand therefore decided to take action and resolved to create a portfolio of green hotels within the next twelve months with the intention of using these as a model for refurbishing the remaining hotels.

The CEO thinks that no change is too small to make, as when each change is multiplied by the total number of beds in the total number of hotels, the reduction in the environmental footprint could be significant.

Making hospitality green

What steps should Durand take to reduce the environmental footprint of his hotel?

- Consider all aspects of a hotel stay, both upstream and downstream factors, including water, energy and resource depletion. In groups of three, brainstorm changes that Durand could make. Consider rooms, recreational facilities, kitchen and catering, and transport.
- Which of these changes will mean major investments for the hotel chain?
- Which will involve little investment?
- How will you call the attention of your guests to these changes?

Write down your recommendations and present them to the class.

Writing: To green or not to green?

Research the details of one of the E.U. legal instruments for environmental protection mentioned in the listening task on page 17.

- Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive (RoHS)
- Waste Electrical and Electronic Equipment Directive (WEEE)
- Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)

Then, as the environmental officer of an American company that exports to European markets, write a paragraph explaining why your company should comply with the directive and what compliance involves.

Web research: Finding the WaveRiders

- 1 Use the internet to find out which companies in your country/worldwide have a "green" image.
- 2 Choose a company you are familiar with which operates in international markets. Using their website, find out what specific measures they have taken to reduce their environmental footprint.

Be prepared to report your findings to the class.

Reading: Wiping out "greenwash"

- 1 Read the article and answer the questions below:

Last Wednesday, November 14, was a big day for Eurostar. Not only did it open its St Pancras International terminus, it also made all Eurostar journeys carbon neutral at no extra cost to its passengers. Both Friends of the Earth and Greenpeace - who can spot the merest splash of greenwash - have applauded Eurostar for the eco-friendly changes it has made throughout its business, as well as for how it is communicating them.

Through being transparent and truthful, Eurostar avoided accusations of "greenwash", a practice which receives an arresting definition in a new book, John Grant's *The Green Marketing Manifesto*. In it the co-founder of St Luke's advertising agency writes: "You can't put a lettuce in the window of a butcher's shop and declare that you are now 'turning vegetarian'."

Many companies have put lettuces in their shop-fronts and found themselves attracting nothing but rotten tomatoes. Unsurprisingly, the big oil companies tend to regularly receive a drubbing from environmental NGOs. In fact, just a fortnight ago, the Advertising Standards Authority upheld a complaint from Friends of the Earth about a Shell ad claiming that the oil company uses its waste carbon

dioxide to grow flowers. FoE corrected the ad, saying that it actually uses less than 0.5% of its waste CO₂ for this purpose.

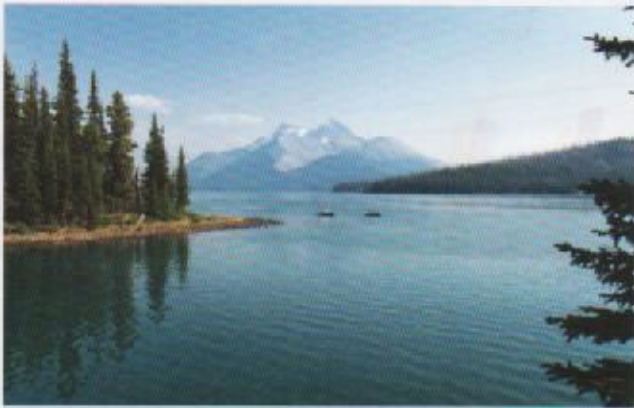
As Dux Lovegrove, head of business and industry relations at WWF, points out: "A lot of oil and gas companies talk about alternative energies and offsetting, but this distracts from the real issue because their industry is about sucking oil out of the ground. There's still a long way to go before customers understand that we all rely on natural resources to supply us with the products that we use in our everyday lives." He adds: "The rhetoric has to match the reality of what a company is doing to address sustainability issues, as opposed to tinkering around the edges, or communicating a red herring."

Kavita Prakash-Mani, of the independent thinktank SustainAbility, is similarly disappointed by the limited nature of most green marketing. In her view, even some of the most celebrated examples, such as General Electric's Ecomagination campaign, leave a lot to be desired. Ecomagination emerged from the company's business strategy to develop environmentally friendly technologies, including more efficient trains and fridges. GE is also working to reduce its own greenhouse gases. "GE has invested billions of dollars in Ecomagination, but it hasn't really changed the rest of its business. It's made out to be bigger than it actually is," Prakash-Mani laments.



Popular, well-trusted brands have the potential to build on the relationship that they have with consumers, encouraging them to make adjustments towards a more sustainable lifestyle. Kia Motors, for instance, has been backing a walk-to-school initiative for the last three years. The car firm estimates that 20% of the traffic on the roads at 9 am is connected to the school run and wanted to launch a project that helped tackle that congestion. ...

Perversely, the companies that are making the biggest strides internally tend to be the most bashful in their communications, while those that are most vocal have the least to say. Solitaire Townsend, the managing director of the sustainability consultancy Futerra, believes that there should be a much stronger tie-in between a company's corporate social responsibility (CSR) commitments and



its marketing. Her agency is also publishing a "greenwash guide", which will aim to help brands avoid marketing pitfalls.

Brands will need all the help they can get if the Advertising Standards Authority figures are anything to go by. In the first six months of 2007, the ASA received 268 complaints about 200 "green" ads. What's more, the number of complaints has grown as green advertising has become more commonplace.

Townsend is determined to cleanse communications of greenwash because it undermines the validity of genuine green marketing. She also pours scorn on those companies who dip their toes in the water with what she terms "green spice". "If you're going to commit to green marketing," she says, "make a firm stand and stick your head and shoulders above the parapet. There's no point in small gestures."

And all companies should be in the process of scrutinizing their operations and their marketing, according to John Grant, who is eager to emphasise that "no brands or sectors are exempt from sustainability". Grant would like to see green behaviour "normalized", a process which could involve a teabag brand endorsing composting, or a café chain penalizing customers who don't finish their food. When such things become "normal", diehard Coronation Street viewers are as likely to cotton on to specific messages as those who spend their free time on Facebook. What green marketing doesn't mean, urges Grant, is a communications strategy which extols a company's green virtues when the reality is an entirely different story.

abridged from www.guardian.co.uk

2 Read the text again and find the metaphors or idioms corresponding to the following explanations:

make exaggerated claims	
attract intense criticism	
changing minor details without getting to the root of a problem	
make the most progress	
make a cautious attempt	
take a big risk	

3 From your own experience, what other examples of green marketing or "greenwash" can you think of?



- 1 How would you define "greenwash"?
- 2 Which of the companies mentioned in the article have been accused of greenwashing?
- 3 Which are praised for having started valuable environmental initiatives?
- 4 What mistake do genuinely green companies often make in their advertising?
- 5 What do you think is the function of the Advertising Standards Authority?

3



Financial reporting

Learning Focus

- Using the language of financial reporting
- Writing a press release
- Sequencing ideas effectively

Self Study

- Linking and contrasting ideas
- Financial and accounting terms
- Prepositional clauses

Warm-up

In 2009 Universum, an employer branding consultant, polled thousands of students in 18 countries to determine how they rank companies or other organizations as prospective employers. Compare the results for Germany, the U.K. and the U.S. and answer the questions.

	Germany	U.K.	U.S.
1	Porsche	J.P. Morgan	Ernst & Young
2	Deutsche Lufthansa	PricewaterhouseCoopers	Google
3	BMW Group	Goldman Sachs	PricewaterhouseCoopers
4	Audi	Apple	Walt Disney
5	McKinsey & Company	BBC	Deloitte
6	Auswärtiges Amt	Google	KPMG
7	Google	HSBC	Apple
8	Boston Consulting Group	Ernst & Young	J.P. Morgan
9	Daimler	The Virgin Group	Goldman Sachs
10	adidas	L'Oréal	Nike
11	Deutsche Bank	Deloitte	Major League Baseball
12	Ernst & Young	Bank of England	Microsoft
13	ProSiebenSat.1 Media	BMW	Coca-Cola
14	Europäische Zentralbank (EZB)	Morgan Stanley	Bank of America
15	PricewaterhouseCoopers	KPMG	FBI
16	IKEA Deutschland	Procter & Gamble	Procter & Gamble
17	Procter & Gamble	Deutsche Bank	Johnson & Johnson
18	Siemens	Microsoft	Merrill Lynch
19	L'Oréal Deutschland	British Airways	Morgan Stanley
20	KPMG	McKinsey & Company	U.S. Department of State

- 1 What difference do you see between German students, on the one hand, and British and American students on the other? What could be the reasons for this?
- 2 What kind of services do the highlighted companies provide?
- 3 Why do you think they are so popular as prospective employers?

Listening: Making investment decisions

1 Test your knowledge of financial reporting basics by doing the quiz.

What's in a number?

- | | true | false | | true | false |
|--|--------------------------|--------------------------|---|--------------------------|--------------------------|
| 1 Companies use their annual general meeting to present the year's financial results. | <input type="checkbox"/> | <input type="checkbox"/> | 5 Financials must provide potential investors with information about the business environment. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 The documents contained in the annual report (the so-called financials) consist of a balance sheet, an income statement and a cash flow statement. | <input type="checkbox"/> | <input type="checkbox"/> | 6 These reports should contain information not only about a company's assets and liabilities but also about the expenditure for planned expansion projects. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 The main purpose of financial reporting is to provide the government with information so that a company can be appropriately taxed. | <input type="checkbox"/> | <input type="checkbox"/> | 7 In the U.S. all companies are obliged to publish their earnings. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Financial reports can be useful reading not only for investors but also for the employees of a company. | <input type="checkbox"/> | <input type="checkbox"/> | 8 A company's auditors are generally involved in the preparation of the financial reports. | <input type="checkbox"/> | <input type="checkbox"/> |

2 Put the terms from the box in the gaps in the sentences below:

- Subtract a company's operating expenses and other items from its total earnings and you get its _____.
- We don't want customers suing us for defective products. _____ is always bad for a company's image.
- The caution a person or a company is expected to exercise before entering into an agreement with another party is called _____.
- _____ financial reports suggest that a company has something to hide.
- High debt relative to the industry average can be a _____ in a financial statement.

due diligence • litigation •
net revenue • opaque • red flag

3 Match each expression on the left with its meaning on the right.

- | | |
|---------------------------------------|--|
| 1 take something with a grain of salt | a falsify financial statements |
| 2 fudge accounts | b happen with a probability of close to zero |
| 3 make the numbers | c perform according to expectations |
| 4 have a snowball's chance in hell | d regard with skepticism |



4 *Wonderpop*, an international beverage company, is holding its annual general meeting. Listen to the CEO's address to the shareholders and answer the questions.

- What do you think the CEO means by "a volatile and challenging economic environment"?
- What are the four factors the CEO names which have helped the company perform well?

5 After the AGM two of the shareholders discuss the meeting. How do they differ in their appraisal of the CEO's statement and the annual report? How do you account for this difference?



6 The next day two analysts discuss the annual report. What are the *red flags*?

IFRS (International Financial Reporting Standards) set of standards devised for international use which will eventually replace the GAAP

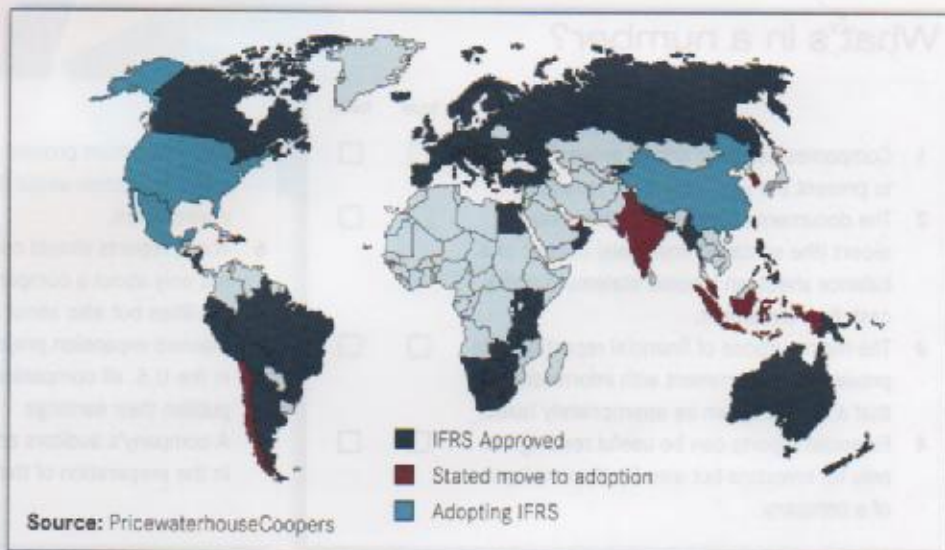
IASB (International Accounting Standards Board) London-based organization created in 2001 responsible for developing IFRS

SEC (Securities and Exchange Commission) U.S. government agency which oversees financial markets in order to protect investors

U.S. GAAP (U.S. Generally Accepted Accounting Principles) set of accounting rules used for financial reporting which the SEC requires publicly listed companies to follow

Reading: A global rule book

1 It is planned to harmonize financial reporting standards worldwide. Describe the status of the adoption process as shown in the map below:



2 Below are some frequently asked questions about the new financial reporting standards. Match each FAQ below to one of the answers.

- 1 Are there any disadvantages?
- 2 What are the major differences to the previous systems?
- 3 Why IFRS?
- 4 Who are the key players in the development and adoption of IFRS?
- 5 What are the advantages of IFRS for market participants?
- 6 How do financial professionals feel about the shift to international standards?
- 7 How widespread will the use of IFRS be?

FAQ

A Businesses operating internationally may have subsidiaries and production facilities in a number of countries. Under the old regime of national accounting standards, their financial results would not be comparable and therefore not transparent for regulators, auditors and investors. The **U.S. GAAP**, which for many years was used as an unofficial international standard, was a 25,000-page patchwork of existing practices, providing accountants with numerous escape clauses.

15 Within the U.S. it was often at the accountants' discretion to choose their method of accounting - whether that of historical cost, in which all items on the balance sheet were based on their original cost, or mark-to-market (or fair value), which recognized gains and losses in value on an ongoing basis. This leeway for creative accounting was exploited by companies such as Enron and WorldCom, resulting in accounting

scandals in the early years of the millennium which shook the confidence of investors.

In view of these problems, it was generally thought necessary to harmonize the widely different accounting practices for publicly held companies in order to restore confidence in the system. The outcome has been IFRS, a single global rulebook for financial reporting.

B While GAAP consists of a plethora of specific rules, IFRS is described as a set of principles. Another important distinction between IFRS and previous methods of accounting is that under IFRS there will be only two categories of assets. One category, consisting of loans and simple debt securities (e.g. banknotes, bonds and debentures), will be valued at their cost, while the second category, consisting of more complicated debt securities, derivatives and equities,

50 is carried at market prices. This means that financial statements reflect the gains and losses in value of the latter category on an ongoing basis.

C Under IFRS rules, companies are required to disclose more information than in the past. This will provide analysts and investors with a better understanding of a company's financials. They will also be able to compare similar companies operating in different countries or regions, whether subsidiaries of the same company or competitors.

D Many bankers disapprove of fair-value accounting, saying that in an economic downturn they are forced to disclose their losses made in the same reporting period, resulting in a downward spiral of prices and valuations. Furthermore, there may be a discrepancy in earnings,

depending on whether they are reported under GAAP or IFRS. By and large, however, earnings reported under IFRS are somewhat higher than under the old system. Those who have the most to lose are smaller businesses with no foreign subsidiaries or competitors, for whom the costs of conversion to IFRS will outweigh the benefits.

E

To date more than 100 countries have adopted the new set of rules or they plan to adopt them. Indonesia and India are slated to transition to IFRS, while

Japan will probably adopt the IFRS in 2016. It is estimated that eventually 150 countries could require or accept IFRS.

IFRS adoption will not be mandatory for private companies or not-for-profit organizations.

F

Since 2001 the IASB in London has been hammering out a set of international guidelines. In the U.S. the SEC has for many years been leading international efforts to develop a set of accounting standards that could serve as

a framework for financial reporting in cross-border offerings. Recently it has been mapping out a timeline for moving U.S. companies to IFRS.

G

Experts interviewed at the Big Four accounting firms view the conversion to IFRS as inevitable. At major multinationals, where CFOs have been using different accounting systems for domestic and foreign subsidiaries, the consensus is that the change will provide these concerns with greater efficiency.

3 What could be the consequences for international business if each country continued to apply its own set of accounting standards?

4 What would the world economy have to gain from harmonizing existing systems?

Ethics



Say you have a dog, but you need to create a duck on the financial statements. Fortunately, there are specific accounting rules for what constitutes a duck: yellow feet, white covering, orange beak. So you take the dog and paint its feet yellow and its fur white and you paste an orange plastic beak on its nose, and then you say to your accountants, "This is a duck! Don't you agree that it's a duck?" And the accountants say, "Yes, according to the rules, this is a duck." Everybody knows that it's a dog, not a duck, but that doesn't matter, because you've met the rules for calling it a duck.

McLean and Elkind, *The Smartest Guys in the Room*

Role-play: Making a dog a duck

Situation: *ABC Corp* is a giant corporation which relies upon its dynamic and creative executive team. They enjoy generous salaries and numerous perks, such as the personal use of company-owned planes, cars and occasionally housing. Now the time is approaching to prepare the annual report and the CEO and CFO are not in agreement on how to represent the nature of executive compensation to the public.

Work in groups of three and read your role cards. Then Students A and B role-play the conversation between the CEO and CFO, trying to reach a conclusion. Student C takes the role of an observer.

➔ Student B page 127, Student C page 132.

Student A

You are *ABC Corp's* chief executive officer. You think it is important to continue to provide generous rewards for your hard-working and highly motivated executives. After all, you don't want to lose them to your headhunting competitors. Legally, you know you are required to fully disclose their high salaries and any large perks, and you would not sleep well at night if you broke the rules. Apart from the trouble your conscience would give you, according to the new financial reporting standards you could be held personally accountable for improper financial statements, and it would reflect badly on the company if there were any trouble with the authorities.

Press releases: Function and form

1 Write down what you know about press releases, using the questions as guidance.

- 1 When would a company issue a press release?
- 2 What is the purpose of a press release?
- 3 Who would usually write it?
- 4 Where on a corporate website can you find a company's press releases?

The screenshot shows the Wonderpop website. The navigation menu includes: Home | Contact | Imprint, About us, Our products, Sustainability, Investor center, News (highlighted), and Careers. The main content area features a press release titled "Wonderpop announces net revenue increase at AGM" dated Chicago, IL, June 9. The text of the press release is as follows:

Wonderpop's CEO Marjorie Howe announced a 12% increase in net revenue at the annual general meeting held today at the company's Chicago headquarters. She pointed out that the increase had been achieved thanks to the implementation of a number of strategic measures despite the economic downturn. The company is pursuing its corporate restructuring objectives, which are resulting in significant cost reductions. It continues to focus on activities in promising emerging markets. It is making strategic acquisitions in Latin America and Eastern Europe, which will provide competitive advantages. Furthermore, Wonderpop's brand portfolio has been enhanced by two innovative new products – Nullo and Power! Ms Howe stated, "For the third consecutive year, we have enjoyed growth of more than 12% in net revenue, and, as in the last 35 years, have been able to increase our dividend payments to our shareholders. We have achieved this high level of performance even in a volatile and challenging economic environment."

Wonderpop has been trading as a beverage company since 1952 and went public in 1974. It is currently operating in 50 countries throughout the world. Its portfolio includes carbonated beverages, health and energy drinks, and instant caffeinated beverages. The company is active in community work in the developing world as well as in initiatives for the protection of the environment.

The website footer features a row of various beverage bottles.

2 Complete the rules for writing press releases with the words or phrases in the box.

- 1 The first sentence in the first paragraph or _____ answers the questions *who, what, where, when* and sometimes *why*.
- 2 The following sentences in the first paragraph have the function of _____ to explain the lead sentence.
- 3 In the following paragraphs the ideas are arranged in order of _____.
- 4 The reason for this order is that people may read only the _____ or that newspapers may _____ the press release.

3 Underline the language that is used to create an upbeat tone in the press release.

beginning of each paragraph •
descending importance •
lead sentence • providing details •
shorten

**Cosmo and MSK will
merge next year**

**Cooperation agreement between
Interco and Wintex signed**

**New production facility
to open next week**

**MegaCorp sales
top 2 billion**

Press releases: Writing headlines



Writing good headlines for press releases

When writing eye-catching headlines it is important to create the greatest impact in as few words as possible. This can be achieved by using:

- noun and verb combinations
- the active voice
- the simple present for the present or immediate past
- the simple past for the more distant past
- *will* for coming event
- the construction 'to + verb' to indicate intention

The headline does not have to be a complete sentence. No full stop should be used at the end.

Business Skills

Read the lead sentences from four press releases below and create headlines.

- 1 *AKS Computer Services Ltd.*, a leading global business and information technology services provider, today announced in Bangalore that it has posted its audited results for the fiscal year in accordance with the International Financial Reporting Standards, making it one of the first Indian companies to do so.
- 2 *Delicious Doughnuts, Inc.* plans to release its financial results for the first quarter of the fiscal year on Monday, April 7, and to host a conference call to review the quarter's results at 2:30 pm (ET) that day.
- 3 *Intercorp's* press officer, speaking today at the company headquarters in Omaha, declared that the new EasyLoad technology, which allows batteries in electronic devices to be inserted in either direction, will be on the market by Christmas.
- 4 *Waterford Telecommunications International Limited* today published the financial results for the full year ended December 31 and quarterly key performance indicators for the fourth quarter of the year.

Press releases: Sequencing ideas effectively



Sequencing ideas

There are three basic ways of organizing ideas in a text:

in chronological order

when the focus is on the narrative, as in a company history

in order of ascending importance

if the aim is to create impact, as in an argumentative text or a presentation

in order of descending importance

when the reader may not finish the entire text, as in a newspaper article or a press release.

In the press release below, put the sentences in each section in an effective order.

Globe files for Chapter 11 protection

San Francisco, Ca., March 22: Globe Books and Music announced today that it has filed for bankruptcy protection in order to reorganize the company and return to profitability.

- A In addition to this, rising rents and property taxes are increasing overheads and putting pressure on margins.
- B Consumers are defecting to big box retailers and the internet.
- C Several reasons were given for the measure.
- D In the economic downturn consumers are reluctant to spend money on books and music CDs.

According to Globe's owner, Rob Katz, "Filing for bankruptcy protection is the best way to maintain operations during the transition period."

- A The plans for reorganization include raising working capital and seeking investors.
- B After their reopening, stores will have a café serving baked goods, salads and soups.
- C Further plans include reducing overhead costs, adding specialist merchandise and refurbishing stores.

Globe is a book and music retailer operating in the Bay Area.

- A In 2009 it received the "Great Place to Shop" award for its well-trained and knowledgeable staff.
- B It was established in 1980 and currently maintains twenty outlets in San Francisco and neighboring communities.
- C The company offers a wide range of books, music and video.

Chapter 11 the passage of the U.S. Bankruptcy Code permitting the reorganization of a debtor's affairs and assets and allowing for the restructuring of debt



Writing: A press release

Use the information below to write a press release. Remember to start with a good lead sentence and to put your ideas in an effective sequence. Round off your press release with a good headline.



**COMET★
AIRLINE**

Company profile

Regional, low-cost airline
First day of operation, May 1, 1978

Corporate headquarters: Omaha, Nebraska

Cities currently served: 120 in 35 states, 5 Canadian provinces

Employees: 8,542

Mission statement: We strive to meet passengers' social as well as travel needs while providing comfort, efficiency and security at low cost.

Financial highlights:

	Last year*	This year*	Difference
Operating revenue	611,228	537,881	(12%)
Passengers carried	5,767,544	5,478,167	(5%)
Operating expenses (ex-fuel)	576,742	547,905	(5%)
Fuel costs	240,055	264,071	+10%
Airport charges	33,923	35,619	+5%

*\$'000

Important facts:

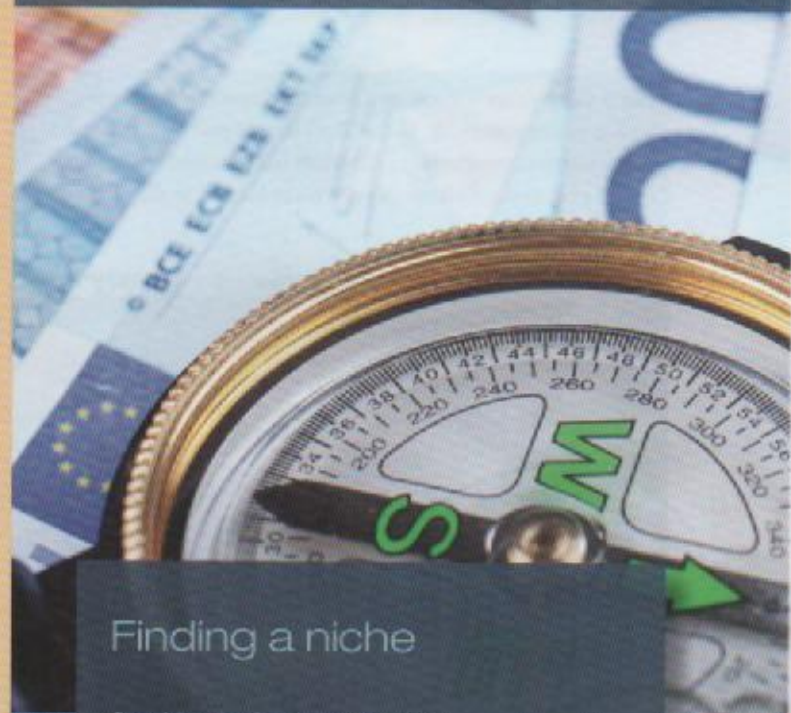
- program to return business to profitability under development
- new CEO to take office in Q2
- long-term plan to be announced in Q2
- challenging trading conditions across industry
- deferral of deliveries of new aircraft

President's statement:

- confident Comet can be turned around
- difficult time for whole industry
- significant change necessary
- steps being taken to guarantee viability of airline
- focus on cost reduction



Company Case



Finding a niche

Consider the following aspects:

- What kind of company is *Malin Bergquist*? What makes it different from the Big Four?
- What is *MB*'s special niche?
- How did it acquire it?
- What can the company do to acquire other international clients?
- What can other firms of the same type learn from *MB*?

Working in two groups, prepare a 'significant first meeting' between *MB* and an Asian company planning to operate in the U.S. One group should consider what information *MB* would want to get across to the Asians. The other group should decide what the Asian company would want to know about the American firm.

Malin Bergquist, which has a staff of more than 120 in three offices in Western Pennsylvania, already considers international work a "sweet spot" niche specialty. *Malin Bergquist* partner Jeffrey Deane says that the firm began doing international work by accident in the mid 1970s, after *Dräger*, a large German manufacturer, started a U.S. subsidiary. As the subsidiary grew nationally and internationally, it relied more and more on *Malin Bergquist* for help. "At first the work was mostly tax consulting and accounting assistance," Deane explains. "Then *Dräger* gradually started asking us to help them report their results using U.S. GAAP, German GAAP, and then most recently using IFRS."

Deane says that throughout the 1990s, there wasn't a lot of pressure to become versed in IFRS. That changed for *Malin Bergquist* in 2003 when *Dräger* started using IFRS.

The firm, which also still performs public company audits, has experienced much of its growth through the development of these niche groups. "More and more firms of our size have dropped out of auditing public companies and may be wary of doing international work," he explains. "But we see it as a huge opportunity. In our profession, to differentiate yourself you have to develop a unique expertise." *Malin Bergquist* has gained significant market share of international clients in recent years. International work now comprises about 20% of the firm's business, and Deane expects the niche to grow.

"We are very deliberate how we spend our marketing dollars, and we are specifically targeting foreign-owned companies," says Deane. The firm is particularly focused on companies with a connection to Germany and with operations within a 500-mile radius of Pittsburgh. "We believe that if we are able to get in front of foreign-owned companies with a 'significant first meeting', we can show them the benefits of dealing with a quality regional firm," says Deane.

Web research: **Good practice**

1 Choose one of the Big Four (cf. Warm-up). Using the firm's website, research the following:

- size and scope of the organization
- services offered
- employee benefits

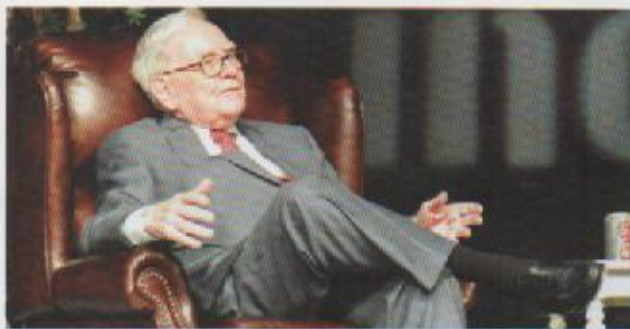
Be prepared to report your findings to the class.

2 All of the following companies have been involved in scandals. Choose one and research the case on the internet. Look in particular for financial losses, illegal actions which may have been damaging to a company's reputation or outstanding lawsuits.

- *WorldCom/MCI* (United States)
- *Tyco* (United States)
- *Vivendi* (France)
- *Parmalat* (Italy)
- *Siemens* (Germany)
- *Ahold* (Netherlands)
- *Satyam* (India)
- *HIH Insurance* (Australia)

Reading: **Full and fair disclosure**

Read the text about Warren Buffett, a self-made billionaire and investment expert, and his partner Charlie Munger. Then answer the questions below:



At Berkshire, full reporting means giving you the information that we would wish you to give us if our positions were reversed. What Charlie and I would want under that circumstance would be all the important facts about current operations as well as the CEO's frank view of the long-term economic characteristics of the business. We would expect both a lot of financial details and a discussion of any significant data we would need to interpret what was presented.

When Charlie and I read reports, we have no interest in pictures of personnel, plants or products. References to EBITDA (earnings before interest, taxes, depreciation and amortization) make us shudder – does management think the tooth fairy pays for capital expenditures? We're very suspicious of accounting methodology

that is vague or unclear, since too often that means management wished to hide something. And we don't want to read messages that a public relations department or consultant has turned out. Instead, we expect a company's CEO to explain in his or her own words what's happening.



For us, fair reporting means getting information to our 300,000 "partners" simultaneously, or as close to that mark as possible. We therefore put our annual and quarterly financials on the Internet between the close of the market on a Friday and the following morning. By our doing that, shareholders and other interested investors have timely access to these important releases and also have a reasonable amount of time to digest the information they include before the markets open on Monday.

We applaud the work that Arthur Levitt, Jr., until recently the chairman of the SEC, has done in cracking down on the corporate practice of "selective disclosure" that had spread like a cancer in recent years. Indeed, it had become virtually standard practice for major corporations to "guide" analysts or large holders to earnings expectations that were intended either to be on the nose or a tiny bit below what the company truly expected to earn. Through the selectively dispersed hints, winks and nods that companies engaged in, speculatively-minded institutions and investors were given an information edge over investment-oriented individuals. This was corrupt behavior, unfortunately embraced by both Wall Street and corporate America.

Thanks to Chairman Levitt, whose general efforts on behalf of investors were both tireless and effective, corporations are now required to treat all of their owners equally. The fact that this reform came about because of coercion rather than conscience should be a matter of shame for CEOs and their investor relations departments.

One further thought while I'm on my soapbox: Charlie and I think it is both deceptive and dangerous for CEOs to predict growth rates for their companies. They are, of course, frequently egged on to do so by both analysts and their own investor relations departments. They should resist, however, because too often these predictions lead to trouble.

It's fine for a CEO to have his or her own internal goals and, in our view, it's even appropriate for the CEO to publicly express some hopes about the future, if these expectations are accompanied by sensible caveats. But for a major corporation to predict its per-share earnings will grow over the long term at, say, 15% annually is to court trouble. The problem

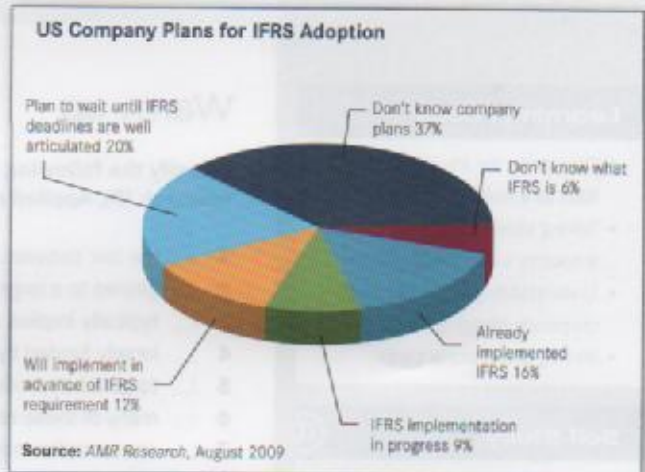
from such lofty expectations is not just that they spread unwarranted optimism. Even more troublesome is the fact that they corrode CEO behavior. Over the years, Charlie and I have observed many instances in which CEOs engaged in uneconomic operating maneuvers so that they could meet earning targets they had announced. Worse still, after exhausting all that operating acrobatics would do, they sometimes played a wide variety of accounting games to "make the numbers". These accounting shenanigans have a way of snowballing: Once a company moves earnings from one period to another, operating shortfalls that occur thereafter require it to engage in further accounting maneuvers that must be even more "heroic". These can turn fudging into fraud. (More money, it has been noted, has been stolen with the point of a pen than at the point of a gun.)

from Warren Buffett in *The Essays of Warren Buffett*

- 1 Buffet has a reputation for honesty and fair dealing. What language and facts in the text convey this impression?
- 2 What impression does he create for the reader by the use of "Charlie and I"?
- 3 What type of dishonest corporate behavior does he mention?
- 4 What, in his opinion, causes CEOs to indulge in dishonest accounting practices?

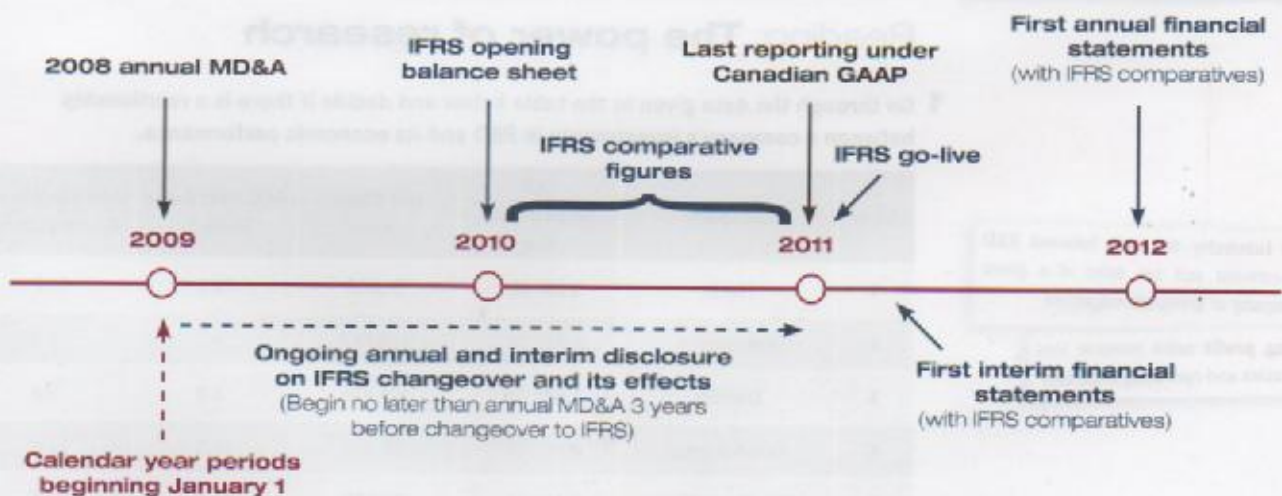
Writing: Converting to IFRS

- 1 In 2009 the research organization *AMR Research* interviewed American companies about their plans for switching to IFRS. The results are summarized in the following pie chart. Write a brief paragraph (100–120 words) explaining the results.



- 2 In 2010, KPMG proposed a timeline for the adoption of IFRS by Canadian companies.

Timeline for adopting IFRS



Source: KPMG LLP (Canada)

4

Research and Development

Learning Focus

- Discussing the importance of R&D as a business strategy
- Talking about R&D as a factor in a country's economic growth
- Understanding the benefits of corporate blogging
- Writing professional blogs

Self Study

- Multi-word verbs
- Conditionals
- The structure of a corporate blog

Warm-up

Classify the following aspects according to the R&D activity they describe: Basic research (B), Applied research (A) or Development (D).

- the link between science and business
- geared to a large extent towards manufacturing
- typically implies a high level of theory
- largely funded by governments, universities or not-for-profit organizations
- targeted at producing viable solutions to practical problems
- many of these research programs fail to produce useful or new results
- accounts for more than half of all R&D spending
- difficult to foresee the results
- most of this takes place in private industry
- turns the solutions created by applied research into usable products
- carried out to advance scientific knowledge without any direct application

Using these categorized items, write a definition of R&D.

Reading: The power of research

- Go through the data given in the table below and decide if there is a relationship between a company's investments in R&D and its economic performance.

Rank	Company	R&D Investment €m	Net Sales €m	R&D/Net Sales Ratio %	Operating Profit % of Net Sales
1	Nokia	5,281.00	51,058	10.3	11.7
2	Volkswagen	4,923.00	108,897	4.5	6.3
3	Daimler	4,888.00	129,436	3.8	6.8
4	Sanofi-Aventis	4,563.00	28,052	16.3	23.0
5	GlaxoSmithKline	4,419.43	30,928	14.3	33.5
6	Robert Bosch	3,560.00	46,320	7.7	6.9
7	AstraZeneca	3,448.55	20,217	17.1	27.4
8	Alcatel-Lucent	3,368.00	18,005	18.7	-24.4
9	Siemens	3,366.00	90,348	3.7	6.5
10	BMW	3,144.00	56,018	5.6	7.1

R&D intensity the ratio between R&D investment and net sales of a given company or group of companies

Operating profit sales revenue less cost of sales and operating expenses

2 The following sentences are from the text below. Scan the text and decide if a, b or c best matches the meaning of each highlighted expression.

- 1 ..., despite a decade of investment in which the Finnish government made a **concerted** effort to refocus the nation toward high technology and modern industries, ...
 a agreed b collective c persistent
- 2 It has to be said that investment in research is not always ... a **silver bullet**.
 a a success b a patent remedy c an easy option
- 3 At *Nokia*, R&D is done within an existing **scope** of products and services.
 a mix b selection c range
- 4 ..., research can be considered an insurance policy whose premiums are paid during good economic times, **hedging against** uncertainties in the marketplace.
 a protecting against b paying for c avoiding
- 5 ..., and accelerating the most **disruptive products** as well.
 a innovative products b promising products c successful products

3 Read the text and answer the questions.

- 1 What were the reasons for Finland's astonishing economic recovery in the 1990s?
- 2 What is *Nokia's* attitude to R&D?
- 3 In which sense does *Nokia's* head of research argue that R&D could be a silver bullet?
- 4 Why is it important to distinguish between "research" and "research and development"?
- 5 What are the prerequisites of successfully applying the *Open innovation* concept and what are its benefits?

Closed innovation the innovation process - the discovery, development and marketing of an idea or technology - is controlled and executed fully by a company, the underlying reasons being fear of losing the intellectual property and the belief that successful innovation requires control

The power of research

Nokia's head of research argues that it's critical to invest in R&D in an economic downturn

Almost two decades ago, Finland entered a horrible period of economic stress. Starting in 1990, despite a decade of investment in which the Finnish government made a **concerted** effort to refocus the nation toward high technology and modern industries, a global economic downturn caused Finland to enter a deep recession.

However, in 1991, in the deepest trough of the depression, the very first standardized mobile phone call was completed in Helsinki. Within a few years, Finland began to recover and so did investment - growing at 10% a year throughout the 1990s. Not surprisingly, investment in R&D surpassed 25% in the last half of the decade.

In fact, most economists agree that the R&D investment made in the 1980s, combined with a continued focus on higher education in the 1990s, is what allowed Finland to make such a startling recovery. As more emphasis was placed on government investment in universities and more companies invested in R&D, more opportunities for

more of the country's population began cropping up. A foundation was laid that allowed for consistent, high-quality innovation and it continues to this day.

At *Nokia*, we've taken these lessons to heart. R&D is, to say the least, a vital part of our culture, and we believe it is one of the keys to a successful business practice. Research is what allows a company not only to survive economic turmoil but also to actually thrive once the market has stabilized again. It has to be said that investment in research is not always a sure-fire bet or a **silver bullet**. It's a process, but it's a process critical to providing a steady flow of new products and services to the marketplace.

Each industry may vary slightly in how much it will invest in the research process. Nevertheless, without investing in research, future growth will be limited by stale, outdated products. Research is a strategic commitment which is essential for growth.

To form a clear strategy around research, one first has to understand that there's a difference between "research"

and "research and development". At *Nokia*, R&D is done within an existing **scope** of products and services. In other words, R&D looks at the shorter-term future.

Research, on the other hand, looks at the much longer term. It looks outside of the company's current business initiatives. In this sense, research can be considered an insurance policy whose premiums are paid during good economic times, **hedging against** uncertainties in the marketplace. It's a gamble - a bet that investment in research will eventually pay off in innovative new products and services that can be used to replace aging products and spur growth.

This is not to say that research should never be affected by an economic downturn. [In fact] financial stress creates a focus on the essentials and creates clarity of vision that may not have previously existed.

Economic situations create a need to move fast. This means selecting the most promising and mature projects, and

accelerating the most **disruptive products** as well.

There still is substantial risk in this process. People and companies are naturally impatient, and they don't tolerate failures before wins. But it still may take time for the efforts of research to come to fruition. For those organizations that have the discipline, however, the benefits can be enormous. Apple's iPod, for example, was developed and launched during an economic downturn, and it took several years before the product went mainstream. Patience with research is a virtue that should not be underestimated.

But what happens if your company understands the value and need for research, but may not have the staff or knowledge in place to effectively carry out a concerted effort? The answer may be a concept called Open innovation, in which companies openly collaborate with universities, research institutions and other third parties to multiply the efforts of their own research. Nokia researchers work with academic and corporate research groups to help create proposals, provide funding, share equipment and labs.

In 2008, P&G reached its goal of having 50% of its innovations come from outside the company (up from 15% in

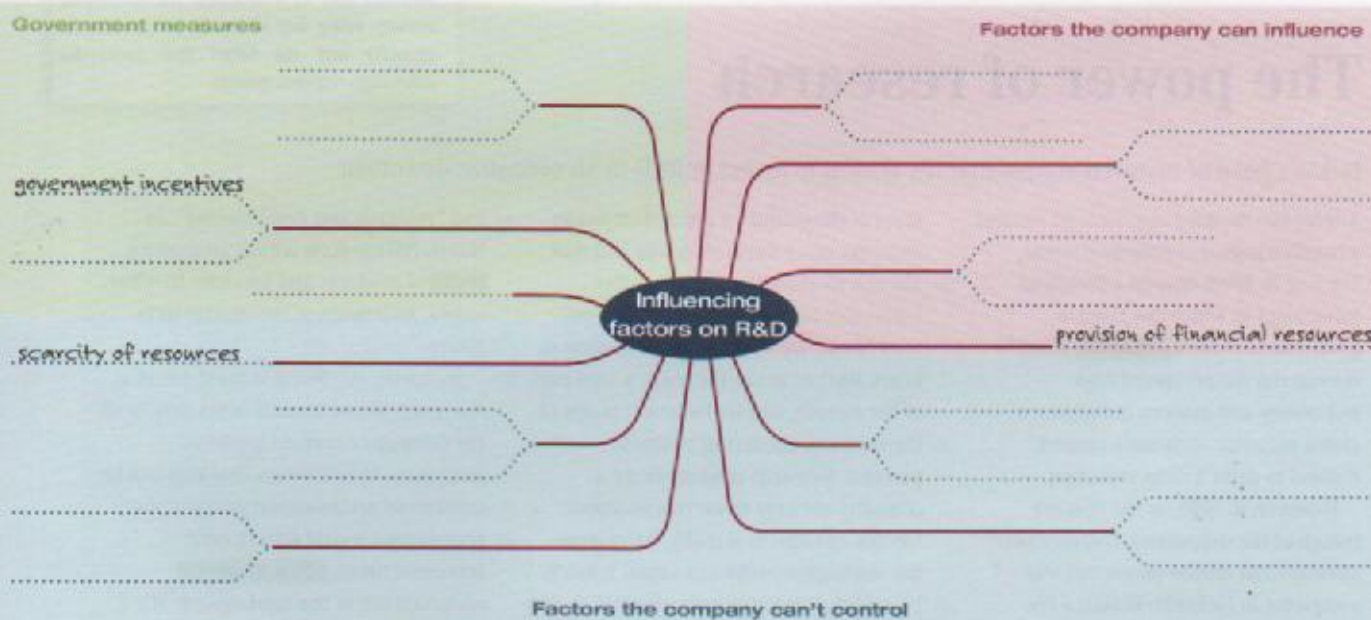
2000). The results for P&G were dramatic: a 60% leap in R&D productivity, twice the success rate for innovations, [and] more than 100 products.

In order for Open innovation to succeed, there has to be a culture shift away from the standard "Not Invented Here" mentality that currently dominates many corporate research efforts. Accepting that solutions to problems can be found elsewhere is the first step. The next step is focusing on the "why" around projects. Researchers are human, and therefore drawn to explore their own curiosities, but research has to be aligned with real business needs.

abridged from www.businessweek.com

Listening: Innovations in the car industry

- 1 Brainstorm factors which influence a company's R&D decisions and add them to the mind map below:



- 2 Match each term with its definition.

Cost innovation focuses on the needs and demands of those customers who ask for maximum product quality and performance at the lowest possible price. This is achieved by making supply chains and manufacturing processes leaner and finding new materials at lower costs.

- 1 scrappage bonus
- 2 hydrogen fuel cell
- 3 charging station
- 4 range
- 5 advent of
- 6 power train

- a the maximum distance that a vehicle can travel before it needs more fuel
- b a point where car batteries can be refilled
- c the group of components which produce the power a car needs to move, e.g. the engine and transmission
- d cash granted by the government for trading in an old car
- e an electrochemical cell in which the energy created by hydrogen and liquid oxygen reacting is converted into electrical energy
- f the arrival of something very important

- 3 The Centre for Automotive Research is holding its annual conference. This year's topic is "Automotive 2020". Listen to a panel discussion and fill in the grid.

	Function of speaker	Main research/ business focus	Goal of research/ business
Speaker 1			
Speaker 2			
Speaker 3			

14

15

16

- 4 Listen again and find out the speakers' views on:

- the future of the car industry in the established markets
- how the car industry can stay competitive long term

- 5 Have a look at the mind map on page 38 again and add information from the listening task.



Role-play: Stimulating innovation

Situation: The government has set up an advisory council to help find viable measures for creating innovation-driven economic growth for the country. There are two main obstacles to innovation: the small volume of private investment in R&D on the one hand, and the lack of cooperation of the different actors involved on the other. In an effort to remove these obstacles, the government is planning to provide \$300 million in total for innovation incentives.

Form groups of three. Student A will represent the Ministry of Economic Affairs (MEA), Student B the Industry Association (IA) and Student C the Association of Small and Medium-sized Enterprises (ASME). Study your role card. Then role-play a meeting of the advisory council. Discuss possible measures and decide on a set of policies and instruments within the budget constraints that you would recommend to the government.

➔ Student B page 135, Student C page 130

Representative of the Ministry of Economic Affairs (MEA). The MEA ...

- prefers a regional policy in which regions with no or little infrastructure would get financial support for innovation development. The lion's share of your budget should be earmarked for regional development.
- favors providing lump-sum funding to universities and other research institutions to secure the country's research base. Up to \$100 million could be freed up for such funding.
- endorses cooperation between universities and companies to stimulate knowledge transfer from educational institutions to SMEs in the area. Up to \$8 million could be set aside for promoting cooperation.

Blogging: A corporate communication tool



Listen to a meeting between the owner of the company *TechnoVita* and a communication consultant on whether to set up a corporate blog. Then answer the questions below:

- 1 What are corporate blogs?
- 2 What advantages of corporate blogging does the communication consultant mention?
- 3 Should the responsibility for corporate blogging be given to the marketing department? Why/Why not?
- 4 *TechnoVita*'s owner fears that blogging could lead to a leakage of confidential information, but the communication consultant doesn't respond to his concern. How would you deal with this problem?

Blogging: Writing a corporate blog

- 1 Read these tips on how to write good weblogs. Then check if and how these tips have been applied in the two blogs on page 41.



How to...

 Search

... blog like a pro

People read online texts differently from printed publications: they scan texts rather than read them word for word. Professional bloggers therefore write in a style that engages their readers quickly and keeps them interested.

Follow these tips to get just as good as the pros:

- 1 **Define your target audience.**
Write about topics you share with them and you are both passionate about.
- 2 **Determine your purpose in advance.**
Knowing your purpose keeps you focused and means you avoid becoming sidetracked.
- 3 **Write a catchy headline.**
Turn a browser into a reader with an interesting headline. Use key words connected to the content.
- 4 **Write a stimulating introduction.**
An interesting piece of news, a comment or a controversial idea which relates to your topic will encourage your readers to continue reading.
- 5 **Make clear whose view you represent.**
"We" represents the company's view, "I," "I think" or "in my opinion" makes clear that you are speaking for yourself.
- 6 **Use a conversational style.**
You want to connect with your readers, so avoid the use of passives, complicated sentence structures and highly abstract language.
- 7 **Be concise.**
Keep your blog brief by writing short sentences and paragraphs. Omit any superfluous words or sentences, and don't exceed 300 words.
- 8 **Use structural elements.**
Make sure your blog is easy on your readers' eyes by using subheadings, bullet points when listing information or illustrations to visualize your content.
- 9 **Link to other relevant blog posts or websites.**
Provide a useful service by making it easier for your readers to learn more about the topic. By doing so, your blog will become a valuable resource and will be visited and quoted more often.

CISCO Ecolibrium
Blog Directory

I Love It When A Plan Comes Together
Marie Hiller | September 28 at 12:50 pm PST

In the 1980s, there was an American television show called *The A-Team*. The lead character in that series, "Hannibal" Smith (played by George Peppard) had a catch-phrase that turned up in most episodes: "I love it when a plan comes together." That's what I like about working at Cisco - you get to see the plans coming together.

Flash to last February when we launched *Cisco EnergyWise*. Most analysts and the press were very positive. *Cisco EnergyWise* was seen as innovative because it took advantage of this simple fact: networking is so ubiquitous that it touches every part of a business. Why not exploit this to give the network more relevance, and solve bigger problems than just passing packets? And this was just the beginning.

Now this technology is even more widely available on our product offerings, and partners like *IBM* and *SolarWinds* are integrating the technology in their management platforms. But we're also introducing further enhancements, like the *Cisco LAN Management System (LMS)*, which now provides a plug-in module to configure, monitor and troubleshoot *Cisco EnergyWise*. It's been an exciting several months for *Cisco EnergyWise*, with a lot more innovation and integration to come.

What I find is that you can usually tell when a technology is doing well, when it is integrated into the larger Cisco vision. *Cisco EnergyWise* - along with the *Cisco Network Building Mediator* - is a key component of the *Cisco Business Energy Management (BEM)* solution. And *BEM* is one of the solutions that addresses the demand side of the *Cisco Smart Grid* strategy. Having just come back from *Gridweek* in DC, I'm especially excited about where this is going.

See what I mean? The plan is coming together. And I love it.

Blogs at a Glance

Most Recent	Most Commented	Most Viewed
Listening to Our Customers Debra Chengaly | 22 Feb 2011 425	Downloading, Carlo and Jane Marin Hender | 22 Feb 2011 122	Bringing IT and Control together Paul Greder | 22 Feb 2011 142
Cisco and Samsung Evolve Partnership to Transform Business Mobility Justin Subramanian | 22 Feb 2011 215	Want to successfully move beyond 30% virtualized datacenter? Abhinav Joshi | 22 Feb 2011 728	

Popular Tags

Direct2Dell
A blog about Dell products, services and customers

Share | Join | Sign in

Good things come in small, sustainable, recyclable packages ...

Michelle Mosmeyer | Aug 24 9:45 PM | 1 | Rate this ★★★★★

Those who know me know I've become a bit of a packaging geek. I recently tried a new flavor of Sun Chips just to try out the [compostable bag](#) (it's in my compost pile now - stay tuned). And I think Dell's bamboo packaging is downright genius.

What can I say - smart packaging inspires me.

You might have seen that Dell launched its latest Corporate Responsibility report yesterday. Among other things, it reports on some of the great progress Dell has made against its packaging goals. For instance:

- Since 2008, Dell has eliminated some 18.2 million pounds of packaging from its products. To put that in context, 226 fully-loaded 18-wheelers weigh 18.2 million pounds.
- More than half (57%) of Dell's packaging materials can now be conveniently recycled by customers using their local curbside pick-up programs. How convenient that you can toss your computer box into the recycling bin alongside, say, a milk jug.

All of this results from Dell's "three Cs" packaging strategy, which focuses on the cube (packaging volume); content (what it's made of) and curbside recyclability of its packaging materials. This strategy has kept A LOT of packaging out of landfills and also makes a lot of business sense for Dell - it's what you might call a win-win. You can read more about our efforts on this front in articles like [this one from Greener Design](#). I know I can't be the only packaging geek out there. What company's packaging really inspires you? I'd love to hear from you.



2 A good corporate blog cannot stay neutral as its readers expect exciting insights into the company. Read the two blogs on page 41 again and highlight words or phrases that express the writer's personal view or enthusiasm. Then rewrite the statements below in blog style.

- A** It has long been *Vauxton's* belief that the car industry has to participate in the reduction of CO₂ emissions. Therefore our company has been working on power alternatives for a long time. Our brand new *Vechta* reflects the expertise we have gained over the years with the zero-emission car.
- B** As the press has reported recently, *Monsai* has developed a new dexterous humanoid robot capable of using its hands and fingers to do work. It can be employed in manufacturing, where it can take over risky and unhealthy work which has so far been executed by humans. So *Monsai's* advance in robotics technology will help in designing and building the world's best vehicles.
- C** *YQ*, the country's number one appliance maker, is changing its image with its new range of talking washers and dryers. These can now speak to technicians by sending real time diagnostic information over the phone. Our talking appliances are not only convenient for our customers but also allow us to reduce the amount of time spent on repairs at our customers' homes.

3 Idioms and metaphors make a blog more colorful and so increase its chances of getting noticed in the blogosphere. Match the idiomatic and metaphoric expressions below to their meaning.

- | | |
|------------------------------------|--|
| 1 in/out of sync | a put sth last/first |
| 2 trial and error | b so close that the lead between rivals cannot be determined |
| 3 shake up sth | c be in a leading position |
| 4 join the chorus | d impressive achievement |
| 5 be back on the map | e earn a lot of money |
| 6 be the frontrunner | f upset sth |
| 7 tour de force | g become part of a movement or group |
| 8 put sth on the back/front burner | h (not) in alignment with |
| 9 neck and neck | i trying out sth to see its effect |
| 10 rake in | j become important again |

4 Rewrite the following blog using expressions from exercise 3.

NEW! ABOUT US! ACCOUNT

Blogs // Macrohard //

Find Me

please login

links:
latest site
author
...inside

ch

Can they do it again?

Macrohard has unveiled its new operating system Wonders7. Will this become the much-needed turnaround for the company? Let's have a look how the company has fared so far.

It quickly became the world's leading computing company and its products Workroom and Internet Investigator generated huge profits. But then came a time when Macrohard concentrated on the development of highly complex IT systems, and customers' needs came last. And, as we all know, Macrohard's products failed to meet our needs. We turned to Peach, which was suddenly back on the market again. Peach had done a great job – its innovative products had changed the market completely.

And as the saying goes: those reported dead live longer. It was a brilliant act of skill and imagination which enabled Macrohard to reach its former level of performance again at the beginning of the new millennium. Since then Macrohard and Peach have been competing for the top position.

But lately we've seen Macrohard producing a couple of flops, maybe because management thinks that a corporate strategy can be based on experimentation. 😞

What do you think? Will you join those who think that Macrohard won't be able to live up to its former glory? I'd love to hear from you.

July 7 03:22 by Luke

Company Case



The stuttering R&D engine

You are a team of consultants. After considering the case you point out that action has to be taken swiftly to avoid putting the company in jeopardy.

In groups, decide which course of action you would recommend.

Take the following questions into consideration:

- What is the problem that has to be dealt with immediately and how?
- What long-term and short-term strategic decisions have to be taken in terms of the company's product portfolio?
- To what extent should the organizational structure of the company be altered?
- How should the personnel question in R&D be addressed?

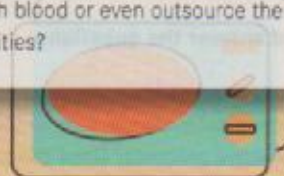
Neo Apps, an American maker of home appliances known for their quality and durability, had long been market leader when, suddenly, last year their main competitor *Beiko* scored a major hit with its retro line of refrigerators and dishwashers. *Beiko's* designs, as well as their energy and water efficiency, appealed to both young and older consumers alike. Although the trend for retro models had been in the air for some time, *Neo Apps* had instead chosen to run with a line of "jumbo" appliances that subsequently didn't sell. In addition, *Neo Apps'* marketing department had convinced the company bosses that Americans were not interested in green products, so development of a "green line" was put on the back-burner.

Neo Apps' CEO, Tom Snider, had also noticed that while *Neo Apps* had trouble launching new products every year, their competitors were churning out new products every few months. Since today's consumers upgrade their homes much more often than in the past, offering them a wider choice of products to meet their needs seemed the way to go.

This new strategy wasn't, however, met with much enthusiasm by *Neo Apps'* head of R&D, Leo Summer. Leo had been head of *Neo Apps'* R&D for the past 15 years. As a result of his technical ingenuity and business acumen he was credited with some of the company's biggest successes. Currently, he was working on a concept of "smart" appliances that could be controlled by computer, even outside the home. Leo dismissed their competitors' work, claiming that it was not really innovation. Given Leo's status in the company, no other department dared to question his opinion.

But with the national Home Appliance Exhibition taking place in six months and no new product in the pipeline, Tom tried to make Leo speed up the development of his "smart" appliances. Leo, however, refused, saying that he had to consider *Neo Apps'* reputation for selling quality products and not for pursuing passing fads.

Then Pete Ascarponio, a former buddy from business school, phoned Tom to tell him that he had just sold his R&D services company. Was this a coincidence or a sign? Should he replace Leo with some fresh blood or even outsource the company's R&D activities?



Field research: Innovation at uni

Explore which departments in your university stimulate students to develop innovative products, designs or services.

Talk to some of these students and find out how they arrive at their innovative ideas. Report your findings in class.

Web research: Blog like a pro

Improve your blog writing: find tips online on how to write attention-grabbing headlines.

Writing: Join the blogosphere

Think of a product you would love to buy and visit the producer's website for reference.

Then write a gripping blog about the product of your choice.

Reading: 3M – A culture for innovation

- 1 Replace the highlighted expressions in these sentences with a correct form of the words in the box.

accountability • adhesive • derive •
myriad • overhaul • renowned

- 1 The pharmaceutical company **gains** only a meager 1% of its sales from new products.
- 2 During the recent financial crisis the **responsibility** of bankers was put under scrutiny.
- 3 Today's **glues** stick rock solid.
- 4 The industrialized food industry is facing **innumerable** problems.
- 5 German carmakers are **celebrated** for their quality cars.
- 6 The company's hiring and firing policy has to be **revised**.

- 2 Read the text and answer the questions.

- 1 Why does 3M attach so much importance to innovation?
- 2 According to anecdotal evidence, how do ideas seem to be turned into innovative products? Does this justify the huge sums 3M spends on R&D?
- 3 How is innovation incorporated into 3M's organization and culture?
- 4 Why has the company's innovation policy been put to the benchmark test recently?
- 5 What are the dangers of an overhaul of 3M's R&D organization and culture?

1 You see the headline in every 3M ad: "Innovation Working for You". But at 3M, innovation isn't just an advertising pitch. 3M views innovation as its path to growth, and new products as its lifeblood. It markets more than 50,000 products. These products range from sandpaper, adhesives and sponges to power cable splices, optical lenses, pharmaceuticals and futuristic synthetic ligaments; from coatings that sleeken boat hulls to hundreds of sticky tapes - Scotch Tape, masking tape, super bonding tape, acid-free photo and document tape, and even refastening-disposable-diaper tape.

2 3M's goal is to derive an astonishing 30% of each year's sales from products introduced within the previous four years. More astonishing, it usually succeeds! Each year 3M launches more than 200 new products. And last year, a full third of its \$16 billion in sales came from products introduced within the past four years. This legendary emphasis on innovation has consistently made 3M one of America's most admired companies. In 2003, 3M once again placed among the leaders in Fortune's list of companies most admired for innovation. At 3M, new products don't just happen. The company works hard to create an environment that supports innovation. Last year, it invested more than \$1 billion, or 6% of annual sales, in research and development - almost twice as much as the average company.



3 3M encourages everyone to look for new products. The company's renowned "15% rule" allows technical employees to spend up to 15% of their time "bootlegging" - working on projects of personal interest. "The 15% rule is absolutely essential to 3M for generating these unique ideas and breakthrough products," says 3M's Vice-President of R&D. When a promising idea comes along, 3M forms a team made up of the researcher who developed the idea and volunteers from manufacturing sales, marketing and legal. Team members stay with the product until it succeeds or fails. Some teams have tried three or four times before finally making a success of an idea. Each year, 3M hands out Golden Step Awards to venture teams whose new products earned more than \$2 million in U.S. sales, or \$4 million in worldwide sales, within three years of introduction.

4 3M knows that it must try thousands of new product ideas to hit one big jackpot. One new well-worn slogan at 3M is, "You have to kiss a lot of frogs to find a prince." "Kissing frogs" often means making mistakes, but 3M accepts blunders and dead ends as a normal part of creativity and innovation. In fact, its philosophy seems to be "If you aren't making mistakes, you probably aren't doing anything."



5 As it turns out, "blunders" have turned into some of 3M's most successful products. Old-timers at 3M love to tell the story about the early 3M scientist who had a deathly fear of shaving with a straight razor. Instead, he invented a very fine, waterproof sandpaper which he used to sand the stubble from his face each morning. Although this invention never caught on as a shaving solution, it became one of 3M's best-selling products - wet-dry sandpaper, now used for a wide variety of commercial and industrial applications.

6 And then there's the one about 3M Scientist Spencer Silver. Silver started out to develop a superstrong adhesive; instead he came up with one that didn't stick very well at all. He sent the apparently useless substance on to other 3M researchers to see whether they could find something to do with it. Nothing happened for several years. Then Arthur Fry, another 3M scientist, had a problem - and an idea. As a choir member Mr Fry was having trouble marking places in his hymn book - the little scraps of paper he used kept falling out. He tried dabbing some of Mr Silver's weak glue on one of the scraps. It stuck nicely and later peeled off without damaging the book. Thus were born 3M's Post-it Notes, a product that is now one of the top-selling office supply products in the world!

7 Thus, 3M could easily amend its long-running "Innovation Working for You" ad line to include "and for 3M". Still, there are limits. Some analysts question whether such a free-wheeling, no-questions-asked creative culture is appropriate given the cost-reduction pressures of today's tougher economic times. In fact, 3M's new CEO, Jim McNerney, recently launched a "take-no-prisoners" campaign against inefficiencies. He's cutting costs and slimming

down the company's workforce. He is also overhauling the 3M R&D organization and culture, one in which even 3M old-timers agree that money hasn't always been spent wisely.

8 According to one analyst, McNerney "vows to take an organization of myriad product and research fiefdoms - which happens to be one of the most respected manufacturing concerns in the world - and hammer it into one shared corporate culture." He is carefully examining where R&D dollars are spent and setting uniform performance and accountability standards across the company.

9 The risk is that the changing culture and organizational structuring might stifle 3M's hallmark creativity. "The most important thing about 3M - the single most important thing - is you get to do things your own way," says a senior 3M executive and 33-year veteran. McNerney understands the balancing act: efficiency versus hands-off R&D spending; accountability versus individual creative freedom. "My job is to add scale in a fast-moving, entrepreneurial environment," he says. "If I end up killing that entrepreneurial spirit, I will have failed."

abridged from Armstrong and Kotler, *Marketing: An Introduction*

3 Go through the text again and find the expressions meaning the same as those given below. The numbers given in brackets indicate the relevant paragraphs.

- 1 attempt to sell sth (*here*: idea) (1)
- 2 to become suddenly successful, mostly by luck (4)
- 3 a point at which you cannot advance any further (4)
- 4 free of any restraints (7)
- 5 work field controlled by a dominant person or group (8)
- 6 distinctive characteristic (9)
- 7 make sure that better use is made of scientists' work by increasing the output of marketable products (9)

5

Learning Focus

- Talking about target groups
- Looking at developments in marketing
- Using rhetorical devices

Self Study

- Expressing purpose
- Rhetorical questions
- Signposting presentations

Video Presenting the idea

Together with engineer Mark Jenkins, Adam has developed a concept for an innovative use of a sound chip. With the support of their boss, Christina Strantz, they present their idea to the head of Marketing. Will he be sympathetic to their ideas?

Intelligent marketing

Warm-up

Match each way of segmenting consumer markets with its definition.

- 1 behavioral segmentation
- 2 demographic segmentation
- 3 geographic segmentation
- 4 psychographic segmentation

- a dividing a market by city, region, climate
- b dividing a market by occasion, loyalty status, attitude toward product
- c dividing a market by social class, lifestyle, personality
- d dividing a market by age, gender, family size, family income, occupation, education, religion, race

The following groups have all been identified as target markets. Which of the above criteria for segmentation have been used? What product(s) would appeal to each group?

- a young urban professionals with babies and toddlers
- b left-handed Brits
- c small businesses
- d Hispanic Americans in 18-29 age group
- e retirees in Florida
- f environmentally concerned consumers in the American Southwest



Can any of these markets be further segmented?

Reading: Marketing 3.0

1 Think of a product/brand you use. How would you describe your attitude towards it? What encouraged you to start buying the product?

2 Tick the best explanation for each of the underlined words or expressions in the following sentences:

- 1 In recent decades people have become smarter consumers.
 - a dressing more fashionably
 - b making more intelligent purchasing decisions
- 2 Companies from emerging markets sometimes have problems in building a brand.
 - a opening new outlets
 - b establishing and improving a product's image
- 3 In the 1980s marketing experts introduced the customer management discipline.
 - a the study of a product's relationship to its customers
 - b the control of a company's customers
- 4 Today consumers tend to trust information they receive in horizontal relationships.
 - a from their peers
 - b from a company's marketing department
- 5 Businesses today are said to be operating in a low-trust environment.
 - a in an economy in which there is little monopoly-building
 - b in an economy in which consumers question the honesty of companies

3 Read the excerpt from Philip Kotler's book *Marketing 3.0* and fill in the chart on page 48 for each stage in the development of marketing.

stagflation a condition of slow economic growth and high unemployment

Marketing 3.0

Marketing was initially viewed as just one of several important functions supporting production, along with finance and human resources. The key function of marketing was to generate demand for products. McCarthy's four Ps concisely explained the generic practices of product management in those days: develop a product, determine the price, do the promotion and set up the place of distribution. As business was on the upswing during [the 1950s and 1960s], nothing more was needed from marketing other than those tactical guidelines.

It all suddenly changed when the U.S. economy - and the Western economy in general - was hit by oil shock-driven stagflation in the 1970s. The economy remained uncertain throughout the 1980s because economic growth had mostly migrated to developing countries in Asia. Generating demand during these turbulent and uncertain times was harder and required more than just the four Ps. Demand was scarce. Some products were launched to compete with

one another to win buyers. Over the course of these two decades, consumers became smarter buyers.

More Ps - people, process, physical evidence, public opinion, and political power - joined the original four Ps. However, the classic model of Marketing 1.0 remained tactical in nature. Perhaps the downswing was a blessing in disguise, as marketing finally gained prominence during this period of low demand. To stimulate demand for products, marketing evolved from a purely tactical to a more strategic level. Marketers realized that to effectively generate demand, "customer" should replace "product" at the heart of all marketing activities. The customer management discipline, including strategies such as segmentation, targeting and positioning (STP), was introduced. At this point, marketing was no longer only tactical. As it focused more on the customers than on the products, marketing became strategic. Since then, the development of the four Ps has always been preceded by the development of the STP. The introduction of the strategic marketing model marked

the birth of modern marketing. This was the origin of Marketing 2.0.

1989 was the tipping point for globalization. The year 1989 proved to be the tipping point for marketing as well. The personal computer had entered the mainstream and the internet was born as a strong complement in the early 1990s. The networking of computers was accompanied by the networking of humans. Network computing enabled more human-to-human interaction and facilitated the spread of word-of-mouth information sharing. It made information ubiquitous and no longer scarce. Consumers became well connected and thus well informed.

To embrace these changes, marketers around the world expanded the concept of marketing to focus on human emotions. To generate demand, it was no longer enough to target the customer's mind with the classic positioning model. It was necessary to target the customer's heart as well. The marketing concepts that emerged in the 1990s and the 2000s mostly reflected the brand management discipline.

The future of marketing will be partly shaped by current developments and partly by long-run forces. Marketing 1.0 and 2.0 will still have some relevance. Marketing is still about developing segmentation, choosing the target segment, defining the positioning, providing the four Ps and building brand around the product. However, the changes in the business environment - recession, climate concerns, new social media, consumer empowerment, new wave technology and globalization - will continue to create a massive shift in marketing practices.

New marketing concepts always emerge as a reaction to the changing business environment. A recent McKinsey & Company research report lists ten trends in business following the financial crisis of 2007-2009. One major trend reveals that the market in which businesses operate is increasingly turning into a low-trust environment.

Today, trust exists more in horizontal relationships than in vertical relationships. Consumers believe one another more than they believe in companies. The rise of social media is simply a reflection of the migration of consumers' trusts from companies to other consumers. According to Nielsen Global Survey, fewer consumers rely on company-generated advertising.



Consumers turn to word of mouth as a new and credible form of advertising they can trust. Seventy percent of consumers believe in customer opinions posted online. The research by Trendstream / Lightspeed Research interestingly shows that consumers trust

strangers in their social network more than they trust experts.

All these research findings serve as an early warning for corporations that consumers in general have lost their faith in business practices.

We see that marketing concepts over the past 60 years are mostly vertical. To regain the consumers' trust is to embrace what we call "the new consumer trust system". The new consumer trust system is horizontal. Consumers today gather in their own communities, co-create their own products and experiences, and only look outside of their community for admirable characters. They are skeptical because they know that good characters are scarce outside their communities. But once they find one, they will instantly be loyal evangelists.

abridged from Kotler, Kartajaya and Setiawan, Marketing 3.0

	Marketing 1.0	Marketing 2.0	Marketing 3.0
Time period			
Characteristics of period (business environment)			
Characteristics of marketing			

4 Answer the following questions:

- 1 A company engages in actions which are of importance within an integrated whole. Is this strategic or tactical marketing?
- 2 What were the "original four Ps"? Which additional Ps joined them? Why?
- 3 Explain the abbreviation STP. What consequences did it have for the use of the four Ps?
- 4 How does product-oriented marketing differ from consumer-oriented marketing?
- 5 What do the authors mean when they say that "The new consumer trust system is horizontal"?
- 6 In what sense is the word "evangelists" used in the final sentence?
- 7 Can you imagine a "Marketing 4.0"? What could this look like?

Discussion: Is image everything?

1 Tick the statements you agree with. Compare your results with a partner.

- A brand is a guarantee of quality.
- Brands exercise considerable psychological power over consumers.
- Brands often represent a huge portion of the value of a company and its biggest source of profits.
- Brands seduce people to look alike, eat alike and be alike.
- Today companies use brands less to promote a product than a lifestyle.
- Companies use marketing techniques to encourage brand loyalty in very young children.
- Consumers have become too sophisticated to be taken in by brands.
- For some people, brands have become a kind of religion.
- In a market where consumers are spoiled for choice, brands help them shop efficiently.
- Branding may have very little influence on a shopper's buying decision.

2 Do consumers/companies really need brands? Why/Why not?

Listening: A new consumer group

1 Complete the sentences using the phrases from the box.

- 1 A company that aims for sustainable growth must _____ its domestic market.
- 2 A consumer's _____ will influence the products he or she buys.
- 3 Baby boomers and GenY'ers _____.
- 4 Consumers have become more _____ made in advertising.
- 5 Demand in the Chinese automobile market is _____ 15 million cars a year at present and is growing.

differ in their attitudes and behaviors • estimated at • set of values • skeptical of any claims • think beyond



2 The annual LOHAS conference is due to start in San Francisco. Listen to Part 1 of a pre-conference workshop speech and find out what the acronym LOHAS stands for.

L _____ O _____ H _____ A _____ S _____

3 Listen again and complete the information about the different consumer groups.

Group	Attitudes	Behaviors
LOHAS	concerned about own health	
Naturalites		buy green consumables
Drifters		motivation not necessarily green
Conventionals		
Unconcerned	no interest in environmental issues	

4 Listen to Part 2 of the pre-conference workshop and complete the chart.

What explanation is given for the changes?

Group	2005	2009
LOHAS	17%	
Naturalites	21%	
Drifters	19%	
Conventionals		26%
Unconcerned	23%	

18

Emotional branding a marketing strategy that involves associating a brand with positive feelings on the part of the consumer



19

Social marketing the practice of using marketing techniques in order to achieve goals for the good of society as a whole, e.g. promoting environmental awareness

Presentations: Being clear and convincing



Stacey Cook is a career coach who frequently shares her expertise on the website *4business.com*. Today she is on the air to give advice on delivering presentations that reach their audience. Listen to her tips and tick the statements *true*, *false* or *not mentioned*.

true	false	not mentioned	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1 Focus on selling the benefits behind your product/service/company/strategy.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2 Make your theme clear to the audience right from the start and refer to it consistently throughout your presentation.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3 Limit your roadmap to three points.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 Don't bore your audience with the details of a problem, move on swiftly to the solution.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Let your slides speak for you.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Use little text on your slides and more pictures.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Make numbers meaningful.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Persuade your audience through rhetorical techniques and good body language.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Take time to rehearse, rehearse and rehearse.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Inform your audience – they haven't come to be entertained.

Presentations: Rhetorical devices

Background:

24-Seven is an Australian chain of convenience stores which was modeled on the U.S. *7-Eleven* chain in the 1970s. Its franchised stores are located mostly in metropolitan areas. Lately the company has run into severe difficulties and is now looking for a new marketing strategy.



1 Listen to the beginning of a presentation to the board by 24-Seven's Marketing director, Melissa Murray, and answer the questions.

- 1 Which theme will the presentation follow?
- 2 What is the purpose of the presentation?
- 3 How does the speaker evoke interest in her presentation?



2 Now listen to the next part of Melissa Murray's presentation and answer the questions.

- 1 What did 24-Seven's brand image use to be founded on?
- 2 What difficulties has 24-Seven run into?
- 3 How does Melissa Murray show that the concept of convenience doesn't appeal to the modern shopper any longer?
- 4 What expectations are evoked regarding the new marketing strategy?

Leapfrog brand outperforms its competitors because it is either technologically more advanced, of greater benefit to consumers or based on a new business model

- 3 Below is a list of rhetorical devices which are often used by powerful speakers. Listen again and complete the table with examples from Melissa Murray's presentation.



Rhetorical devices	How Melissa Murray uses them
<p>The power of three Three elements are better understood and remembered, and are also emotionally more evocative than two or four elements. These can be single items, structures or even full sentences.</p>	
<p>Rhetorical questions Such questions involve the audience, help emphasize central points and focus the audience's attention on important issues.</p>	
<p>Creating rapport Creating rapport with your audience right from the start is important. Do this by using words like <i>we (all)</i>, <i>(all of) us</i> and <i>our</i> as often as possible. Another successful technique is to remind your listeners of experiences you share.</p>	
<p>Repetition Repetition is one of the most powerful tools to keep your audience focused and interested. A common strategy is to repeat the same word or phrase at the beginning of successive clauses.</p>	
<p>Leveraging Quicken the pace to give the presentation a feeling of urgency by deliberately omitting conjunctions such as <i>and</i>, <i>but</i> and <i>or</i> between successive words or clauses.</p>	
<p>Telling a story Tell a - short! - story if you want ...</p> <ul style="list-style-type: none"> • to relate to the audience • your audience to remember your key message • to improve your presentation dramatically 	

Convenience shopping - an emotional experience

loyalty and emotions

24/7

Convenience shopping - an emotional experience

24/7

Convenience shopping - an emotional experience

24/7

Presentations: Pitching for a new product

Study the following business ideas. In pairs draft a short persuasive presentation. Bear in mind Stacey Cook's advice from page 50 and use as many rhetorical devices as possible.

Then present your ideas in class.

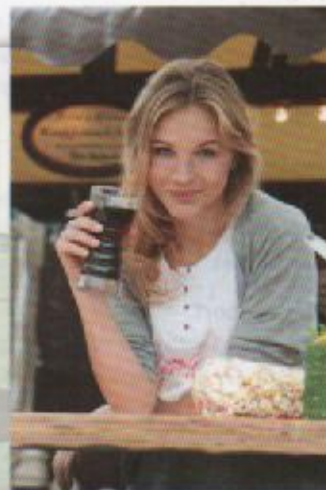
Business idea 1

Business gurus have been pointing out for some time that the female consumer market offers a lot of interesting opportunities.

As your company is under severe competitive pressure, you would like to develop a cola targeting women only.

Research has shown that women of all ages like cola to be less sweet. They even go for unusual flavors like caramel, raspberry, and cherry and they watch out for low calorie content.

You think that packaging needs to be gender-specific but shouldn't reinforce stereotypes about women. The bottle should have a feminine character, highlighted by its form, feel, label and its color.



Business idea 2

Sunshine was formulated as a sugared and powdered orange-flavored soft drink in the 1950s. A single serving had about 100 calories and covered 100% of the recommended daily vitamin C intake. It became a household name in the United States, but over the years it developed into a niche product available in a variety of flavors used by athletes as an energy drink. In order to increase sales it needs to be marketed outside the U.S. Asia appears to be a promising market, because research has shown the following:

- Children don't like drinking water as they consider it boring.
- Asian children prefer drinking Sunshine hot.
- Throughout Asia there are regional differences regarding favorite flavor and pack sizes.
- Favorite flavors are orange and strawberry.
- No other competitor offers a sports drink for kids.



Company Case

Marketing good deeds

Consider the following questions:

- What attributes does CLEAN have to make it a successful social brand?
- Describe which social marketing measures *Prodos* has taken so far.
- Could a change in strategy in order to make CLEAN profitable clash with the company's philanthropic goal? Why / Why not?
- Develop a marketing strategy which could ensure that *Prodos* is able to sustain its CLEAN project in developing countries.

Worldwide 1.1 billion people do not have access to clean drinking water, which causes dangerous diseases and, as a consequence, impedes the economic development of the countries concerned. Many of the deaths attributed to contaminated water could be prevented if a water-purification system were developed which was inexpensive to produce, easy to distribute, affordable and simple to handle.

In 2000 *Prodos*, one of the world's major FMCG producers, decided to enter the market of water-filtration systems by means of acquisition. They purchased CLEAN, a point-of-use water filtration system, which they transformed into a new product line for the U.S. market. A by-product of this was a powdered purifier packed in small sachets, which could turn 10 liters of contaminated water into safe drinking water.

To demonstrate the product's effectiveness, *Prodos* teamed up with the U.S. Centers for Disease Control and Prevention, which tested CLEAN in large-scale water relief programs. As the results were extremely positive, CLEAN became the water purifier of choice for all disaster relief organizations.

In order to market CLEAN to households in deprived areas in developing countries, *Prodos* needed to cooperate with international not-for-profit organizations. These NGOs worked together with regional NGOs, who in turn worked with locals who knew the area and the local culture. This way they were able to promote the product by demonstrating the water-sanitizing properties of CLEAN and thus sell the water purifier.

By the end of 2007, *Prodos* had distributed 85 million sachets and had made the product available in 23 countries. Although the product had been a real social marketing breakthrough, it hadn't been a commercial success for *Prodos*. They sold the product for \$0.04 per sachet to the local NGOs, who sold it to local entrepreneurs for about \$0.05, who in turn sold it to villagers, generally for less than \$0.10 each. However, to cover its costs *Prodos* would need to sell each sachet for \$0.10.

Web research: **Study the pros**

- 1** Search for presentations given by high-profile CEOs like Steve Jobs, Steve Ballmer, Jack Welch or politicians like Barack Obama and Al Gore. Watch their presentations and learn about the specific techniques they use.

Do you think there are cultural differences in what people think is a good presentation?

Report your findings to the class.

- 2** Pecha Kucha is an exciting new way to do PowerPoint presentations. It has become a global phenomenon with people gathering for Pecha Kucha nights all over the world. Search for information on Pecha Kucha on the internet.

Then prepare a presentation about a product of your choice. Apply what you have learned about effective presentations in this unit.

Finally present your product in Pecha Kucha-style in class.

Reading: **Social media marketing**

- 1** Read the two texts and answer the questions.

Ford Taps Web-Savvy Hipsters To Hype Fiesta

By Helen Coster

Hilary McHone, 35, speaks directly into a camera as she lolls on a sofa, describing her day shooting an internal video for Ford. "What was neat was that I got to be 'talent,'" McHone says, using her fingers to put virtual parentheses around the word. The video is one of hundreds on a Ford site created to market its upcoming Fiesta subcompact.

McHone is among 100 "agents" that Ford has enlisted to drum up enthusiasm for the Ford Fiesta, which it's unveiling in the U.S. before it goes on sale in June. McHone's videos and others featured on the marketing site fiestamovement.com are supposed to help to generate early buzz for the brand, which will be aimed at 14 to 30-year-olds.

Ford isn't paying the agents, but it did loan each of them a car for six months. It's also providing car insurance and free gas. In exchange, the Web-savvy hipsters, aged 21 to 45, are encouraged to film videos, blog and tweet about their lives and Fiesta experiences.

Ford execs hope they will also provide feedback about the cars, which will help shape the car's marketing strategy once it's launched in the U.S.

Ford's introduction of a subcompact car comes at a critical time for the Dearborn, Mich., automaker, as consumers move away from the

gas-guzzling SUVs that have long been critical to the company's success. Ford wants to reach young urban professionals in coastal areas who may never have considered buying a Ford. Ford is aiming at drivers who might drive Toyota, Yaris or a Honda Fit, which sell for between \$12,355 and \$14,900.

Ford started working on this last year with "Team Detroit", digital think tank Undercurrent and experiential marketing group Action Marketing Group to choose its Fiesta Movement "agents". They culled the group from 4,000 applicants, who each submitted a two-to-five-minute video explaining why they wanted to participate in the campaign. Ford looked for people who had established social networks and a strong Web presence. In exchange for a Euro-spec, Ford asked participants to complete one "mission" - about travel, adventure, style or some other subject - per month and then produce a video about it.



Agents are taking advantage of the free gas; Fontaine [Ford's brand content and alliances manager] says that since the start of the program, participants logged a total of 1 million miles in their cars. She says that they created videos and snapped photos that have since been viewed 4.3 million times on YouTube and 540,000 times on Flickr. She sees value in even the most inane videos, and even those that don't mention the Fiesta or Ford. "The brand has popped for the agents so it's popped for their followers," says Fontaine. "These videos may not be entertaining for us, but if someone is following the agents, it's entertaining for them."

The Fiesta branding team is looking for marketing insights in their agents' Tweets and videos, as well as monthly surveys the agents complete. It shares this information with the Fiesta's engineering team. Many agents named their cars, or posted photos on Flickr that showed them climbing into the Fiesta's trunk.

"When we heard agents say 'I like that all of my friends fit in this,' we realized that being able to drive around friends was important to this group," says Fontaine, who adds that Ford is looking for ways to incorporate these insights in its marketing. Feedback may be helpful, but Ford also runs the risk that agents will say and do things that look bad for Ford. "It was the risk that we took. We let them have the freedom."

adapted from www.farbes.com

Digital currency reflects what is most valued in a social network. It allows its members to trade goods, services or knowledge. It can have the form of a virtual currency such as the Linden Dollar in Second Life or it can be based on the principle of bartering.

How Ford Got Social Marketing Right

By Grant McCracken

Ford recently wrapped the first chapter of its Fiesta Movement, leaving us distinctly wiser about marketing in the digital space.

The campaign was an important moment for Ford. And it was an important moment for marketing. The Fiesta Movement promised to be the most visible, formative social media experiment for the automotive world. Get this right and Detroit marketing would never be the same.

Undercurrent [the digital strategy firm responsible for the campaign] decided to depart from the viral marketing rule book. They were not interested in the classic early adopters, the people who act as influencers for the rest of us. Undercurrent wanted to make contact with a very specific group of people, a passionate group of culture creators.

Undercurrent was reaching out to consumers not just to pitch to them, but to ask them to help pitch the product. And the pitch was not merely a matter of "buzz". Undercurrent wanted consumers to help charge the Fiesta with glamor, excitement and oddity - to complete the "meaning manufacture" normally conducted only by the agency.



This would be the usual "viral marketing" if all the consumer was called upon to do was to talk up Fiesta. But Undercurrent was proposing a richer bargain [to their agents]. Fiesta's campaign worked because it was founded on fair trade. Both the brand and the agent were giving and getting.

There is an awful lot of aimless experiment in the digital space these days. A lot of people who appear not to have a clue are selling digital marketing advice. I think the Fiesta Movement gives us new clarity. It's a three-step process:

- Engage culturally creative consumers to create content.

- Encourage them to distribute this content on social networks and digital markets in the form of a **digital currency**.
 - Craft this as a way that it rebounds to the credit of the brand, turning digital currency (and narrative meaning) into a value for the brand.
- In effect, outsource some of our marketing work. And in the process, turn the brand itself into an "agent" and an enabler of cultural production that is interesting and fun. Now the marketer is working with contemporary culture instead of against it. And everyone is well-served.

adapted from post on Harvard Business Review

- According to the second article, the Fiesta Movement follows a three-step process. Explain the first two steps by using the information from the *Forbes Magazine* text.
- The third step of the Fiesta Movement calls on the marketer to craft the digital content produced by the agents in such a way that the brand benefits from it. Find proof in the *Forbes* article.
- The author of the second article claims that Ford's Fiesta Movement differs from a normal viral marketing campaign. Find indicators in the *Forbes* article which support this view.

2 Match the words or expressions from the two articles to their explanations.

- savvy
- generate a buzz
- launch
- think tank
- survey
- pitch a product
- bargain

- questionnaire
- go on sale
- expert organization that generates ideas and provides advice
- hard sell a product
- good deal
- hype (a product)
- well versed

3 Use some of the expressions to complete the sentences below:

- Ralph Foster, an expert in digital advertising campaigns, calls himself a one-man _____.
- A lot of commercials published by companies on social networks fail to _____.
- Today's _____ consumers want more than convenience from their shopping experience.
- _____ hunters go shopping at Wal-Mart.

6

Learning Focus

- Using the language of employment
- Report writing
- Expressing reference
- Using formal/impersonal style

Self Study

- Using compound adjectives
- Future and time clauses
- Putting together a report



The future of work

Warm-up

The following questions were part of a survey conducted by a major consulting firm among over 2,000 graduates from the U.S., the U.K. and China.

Answer the questions and then compare your results with a partner. Give reasons for your answers.

A vision of your job future



Do you believe you will work across geographic borders more than your parents did?

- Yes
 No

Do you envisage using a language other than your first language at work?

- Yes
 No

Will you deliberately seek to work for employers whose corporate responsibility behavior reflects your own values?

- Yes
 No

Do you think you'll work

- in a mix of locations?
 mainly from home?
 mainly in an office?

Do you think your office hours will be

- mainly flexible hours?
 mainly regular office hours?
 regular office hours?

How many employers do you think you will have in your career?

- 1
 2-5
 6-9
 10+

On page 133 you can see how respondents replied in the three different countries. Compare your answers with theirs. Where do you find significant differences? How do you account for them?

Reading: The work of tomorrow

- 1 Meet in groups of four, each student should read one of the texts A–D and consider the questions.
 - 1 What type of worker is described in the text? What conditions do you think they enjoy with respect to *remuneration*, *job security* and *job satisfaction*?
 - 2 What skills and training are necessary for the position/work?
 - 3 How necessary is geographic mobility in the job?
 - 4 What opportunities does the person have for advancement?
- 2 Then describe the type of job you have read about, the person doing it and the employer to your group.
- 3 In your groups discuss which type of job corresponds most to the one you would like to have in the future.
How can each group of workers ensure that their interests are represented?

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Your profile:
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successful track record, we expect outstanding academic achievement as well as excellent communication skills.

Why work for us:
Lasalle Jones provides a generous remuneration package including an annual base salary enhanced by performance-related bonus and recognition rewards. We offer six weeks of annual leave, health and dental coverage as well as a comprehensive pension plan. We are committed to developing our pool of talent and provide our people with up-to-date skills and knowledge. You will be able to profit from our ambitious training and development programs.

JavaJake workers demand better conditions

New Haven

Employees of the coffee chain JavaJake demonstrated outside the New Haven outlet for two hours today to call the public's attention to what they termed exploitative working conditions. A spokesperson for the workers said they had presented the company with a list of demands a month ago and had so far received no response.

In addition to the hourly wage, which at \$7.75 corresponds exactly to the minimum wage and according to the workers is not enough to maintain an acceptable standard of living, the protesters criticized the company's policy on health care. While JavaJake claims to make a health care package available to all employees, workers said that in reality only associates working more than 20 hour per week were eligible and that the company used a number of tactics to ensure that only shift supervisors reached this level.

The workers also pointed out that the chain practiced an "at will" employment policy.

This means that, when hired, employees have to agree to a clause stipulating that employment may be terminated at any time with or without cause. The workers said that in recent weeks sick co-workers had been threatened with dismissal if they did not appear at work. The protesters insist on the right to sick leave with pay and protection against wrongful dismissal.

The spokesperson also said that the company had consistently thwarted all of the employees' efforts to join a union. JavaJake, which prides itself on its reputation for CSR, has so far refused to comment on these allegations.

Freelancers Unite!

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My first two years

07.03.11:28 am by Rico de la Vega



I've been a freelancer for two years now and still haven't reached the top of the learning curve. I definitely agree that the switch from tenured employment with a steady income and all its cushy benefits and perks, to life as an "independent contractor" with my own catering service was a bit of a shock at first, but in the long term the advantages far outweigh the disadvantages. It's very motivating to be able to devote yourself completely to what you love doing, to work by your own rules and to be your own boss. Sure, there's a downside: I've got my slow times. When you're self-employed, you can never rest on your laurels and constantly have to be prospecting for new clients, but so far it's always worked out.

This association and its website have helped me enormously. Thanks to Freelancers Unite! I've found the legal guidance I need and the forums let me network with other freelancers. It's great to know there's a professional organization out there that raises awareness of the value of freelancing in the public and lobbies in our interests.

Future view

4 Complete the sentences below with a suitable compound adjective from the box.

cutting-edge • high-flying • performance-related • small- and medium-sized • up-to-date

- The company directors participate in a _____ incentive scheme based on growth in earnings per share.
- The bank grants loans at favorable rates to _____ enterprises.
- WestWind* develops _____ environmental technology and is therefore able to attract the best young engineers.
- The HR manager will supply staff with _____ information about the training programs on offer.
- The conference is mainly of interest to _____ young executives.

5 Complete each sentence with an appropriate verb and its preposition. Make sure you use the correct form of the verb.

be committed
comment
profit
prospect
threaten

on
from
with
to
for

- As John has always been a freelancer, it's difficult for him to _____ the details of tenured employment.
- Emily is _____ the many career development measures her new firm has to offer.
- Part of my job as Sales manager is to _____ new customers.
- Since its founding, the company has been _____ clean energy and environmental protection.
- Their competitor _____ a lawsuit but then failed to follow through.

Listening: The future of unions

1 Which of the following activities would you expect a union to carry out?

- articulating the views of its members
- bargaining for better benefits and working conditions
- framing the relevant issues so that the public can understand them
- giving greater leverage to employers
- helping companies maintain their wage-cost advantage
- supporting women in gaining access to pensions
- providing extra medical and dental care

2 Match each of the following expressions with its definition:

- | | |
|--------------------------|--|
| 1 break down by gender | a the inclusion of old-age benefits in an employment contract |
| 2 pension coverage | b workers who have a job only for a short period of time |
| 3 drugs coverage | c analysis according to whether a person is male or female |
| 4 contracted-out workers | d the inclusion of payments for medicines in a health insurance plan |
| 5 casual workers | e workers who are hired from another company |

3 Professor Charlotte Yates teaches Labor Studies at McMaster University in Hamilton (Ontario), Canada. Listen to an excerpt from an interview she gave to a Canadian TV station on the future of unions and answer the questions.

- 1 According to Prof Yates, what are the benefits which unions secure for workers?
- 2 What reasons does Prof Yates give for the fact that unions have lost influence?
- 3 Yates mentions globalization as an additional reason for the loss of union influence. How does she explain its effect?
- 4 How does Yates explain the fact that young workers seem uninterested in joining unions?
- 5 When does she expect this to change?



Role-play: The end of the steady job?

The talk show *What's your take?* explores topical issues. This week's focus is "Temporary employment - the future of work?" Read the information on your role card. You may add facts and your own opinions. Working in groups of five, debate the topic.

➔ Student B page 132, Student C page 127, Student D page 129, Student E page 130.

Student A

Host: Your job is to remain neutral. You should encourage all the participants to express their opinions and intervene in any conflicts. Refer to the language box on the right for expressions you may need to keep the discussion moving along smoothly.

✚ Eliciting opinions

- Richard, could we hear from you?
- Let's hear what Susan has to say on this topic.
- I'd be interested in (hearing) what you have to say / your view on this topic.
- Would you go along with that?
- Where do you stand on this issue / matter?
- Would you care to share your view with us?

Business reports: Presenting the facts

was gathered • explains • discusses • a course of action • the significance of the results • the purpose of the report • explains • the data or • other information collected • and suggests • describes • how the information in the report

- 1** A business report provides an analysis of a topic and generally consists of four main sections. Use the expressions from the box to write a definition for each section.

Introduction: *explains* _____

Procedure: _____

Findings: _____

Conclusions and recommendations: _____

- 2** Read the following report. What is the author's function in the company and what are his reasons for writing the report?

To: Jerome Quest, CEO
From: Brad Shields, VP HR
Date: October 26
Subject: Staff-related cost-reduction measures

Introduction

With reference to your email of October 5, I am sending you this report on staff-related cost-reduction measures. As requested, I have examined our HR policies concerning working hours to determine whether there is a potential for cost-reduction measures that would not involve laying off staff. I have concentrated on measures involving a voluntary reduction of working hours and the introduction of unpaid leave. Both of these would lead to savings in wage costs without creating redundancies.

Procedure

The questionnaire prepared for this purpose (see Appendix) was sent to all of the company's 350 employees exploring their readiness to voluntarily reduce working hours or take unpaid leave. Replies were received from 252 workers, i.e. we had a 72% response rate. A breakdown of the responses by gender and age group can be found in the Appendix. Following the analysis of the questionnaire results, we conducted an in-depth interview with 50 of the respondents chosen at random concerning their willingness to change their working hours.

Findings

The major findings are as follows: with regard to the voluntary reduction of working hours, the attitude was on the whole positive. This was especially the case among women. In the 30–40 age category, 65% of the women expressed interest in reducing their working hours for a limited period of time, provided this would have no negative effect on their careers. The interest in unpaid leave was less widespread. However, in general 25% of the total workforce said they could imagine making use of such a measure at some time in their career.

Conclusions and recommendations

Given the importance a large proportion of our workforce places on work-life balance, it can be expected that models of reduced working hours as well as unpaid leave will meet with acceptance and would be utilized. It therefore appears safe to say that the introduction of both measures will contribute considerably to cutting staff costs. In view of this, I strongly recommend that as of January 1, the company officially offer the option of reduced working hours or unpaid leave. Possible models are described in the Appendix.

I look forward to your assessment of my conclusions.

- 3** Read the *Procedure* section again. Find the words meaning the following:

1 a tool in an opinion survey _____

2 percentage of people replying _____

3 classification _____

4 including many different aspects _____

5 person answering a question in an official situation _____

Business reports: Expressing reference

- 1 The table shows some common expressions of reference and how they are used. Find additional expressions of reference in the report on page 60 and add them to the table.

Function	Examples
to refer to a conversation or email as agreed	As agreed with union officials, our suppliers' production facilities are to be audited twice a year.
to refer to a study or authority according to	According to the new regulations, employees can be suspended for smoking in non-smoking areas.
to direct attention to a topic regarding pertaining to	The objective of the conference is to encourage employers to review their policies regarding/pertaining to disabled workers.
to introduce a new topic or refer to one previously discussed as to	As to extending our workers' annual leave, this is not a viable alternative at the moment.

- 2 Use a suitable expression from the table above in each of the following sentences:

- _____ a recent study of the WHO, the number of people suffering from severe stress owing to the pressure of constant availability has risen continuously over the past ten years.
- _____ workplace injuries, there has been a sharp decline both in frequency and severity in the past 12 months.
- _____ the report released by the government, the percentage of people in part-time and temporary work will rise in the years to come.
- _____ at our recent meeting, a committee will monitor developments over the next year.
- _____, all department heads will draw up a complete set of job descriptions.
- _____ the group of older employees, it was not found that there was a decrease in productivity after the age of 50.
- I have commissioned a study _____ the remuneration issue and expect to receive the results before February 15.



Business reports: Formal language

1 Read the sections *Introduction*, *Findings* and *Conclusions and recommendations* a second time in the report on page 60. How does the author of the report say the following in more formal and less personal language?

- 1 ... to find out if we can save money without firing people. _____
- 2 I prepared and sent a questionnaire to all of our staff ... _____
- 3 We talked at length to 50 of the people who had replied to the questionnaire ... _____
- 4 ... said they would like to cut their work time as long as their careers don't suffer ... _____
- 5 Fewer people wanted to know about time off without pay. _____
- 6 ... taking these steps will go a long way to help reduce wage costs ... _____

2 Find examples of the features described under *Formal style* in the sentences above.

3 The highlighted phrases in the following report are too informal or personal. Use the word groups in the box to replace them with more formal equivalents. Change verbs or nouns when necessary.



Formal style

Formal language uses typical features that make it less personal, e.g:

- The passive instead of the active voice
- Avoidance of personal pronouns
- Nouns and nominal constructions instead of verbs
- Longer words and constructions than in colloquial speech

account for | slightly | more than half | total membership • afraid of | sanctions | employers • can be found | appendix • explore | attitudes • investigate | possible causes for • major factor | failure | workers • there is | lack | information | general public • we | experience | alarming drop | union membership • what benefits | union | provide • with the purpose | educating | workforce | on

Introduction

In recent years, **there have been fewer and fewer people who want to join our union**. In view of this, I have been asked to **find out what is behind** this trend and examine the options for reversing it.

Procedure

I have analyzed the structure of our current membership. I also carried out a survey of non-unionized workers in five different industries to **ask how they felt about** unions. For this purpose I used a specially designed questionnaire (see Appendix).

Findings

The age group 49–65 **makes up a bit more than half of our members**. Only a quarter of our membership is under 40, while the group 20–29 accounts for a mere 10%. A complete breakdown according to age, gender, job type and ethnic group **is in the Appendix**.

The decline in union membership was steepest in the 1990s and has been slowing since 2005.

Non-unionized workers gave various reasons for not joining a union. The most frequent was that they did not know **what a union could do for them**. Some said they had never been asked; others **were scared their bosses might punish them** if they joined a union.

Conclusions and recommendations

It seems certain that **the public doesn't know enough about unions**, which is **a big reason why people don't** join unions. I therefore propose creating an advertising campaign **to tell working people about** the benefits of union membership. It would be particularly effective to target young people in part-time jobs or those working on limited contracts.

Company Case

Intense pressure to keep production costs low while supplying the market with up-to-the-minute fashion under tight deadlines makes the garment industry one of the most competitive business sectors.

The Italian *Di Adamo* group, consisting of seven retail brands, has long been a market leader and today maintains 1,500 outlets in 35 countries. It too has felt the challenges facing the industry. It continues to manufacture its upmarket designer items in Italy, but for the past few years has been outsourcing the production of its mid-market brands to Tunisia, a country offering the advantages of proximity to the European market and a skilled workforce. The company has a strong CSR policy relating to its Italian employees, but executives have not considered it the responsibility of the company to monitor working conditions in its subcontractors' facilities in North Africa.

Two months ago the NGO *Solidarity International* issued a press release announcing it had uncovered various workers' rights violations in the shops run by *Di Adamo* subcontractors. These included a below-minimum wage, insecurity of employment (due to increasing use of temporary contracts), poor health and safety conditions and refusal to tolerate unionization. *SI* went so far as to declare, "*Di Adamo's* reputation as an exemplary employer is a public relations ploy. It is not a pioneer in social issues but a participant in sweatshop labor."

The company realizes that it urgently needs a new CSR policy which applies to both its domestic and international production facilities and that this policy is vital to maintain its image and ensure its long-term success.

Equal rights for all?

Consider the questions:

- What kind of protection do you think *Di Adamo's* workforce in Italy enjoys?
- Which of these benefits could the company guarantee its subcontractors' workforce in Tunisia?
- How could this be implemented?
- How can *Di Adamo* correct the damage already done by *SI's* claims?
- Is there any way in which *Di Adamo* could enter into a constructive working relationship with the NGO?

Web research: Empowering workers

- 1 Choose a company in which you are particularly interested. Go to their website and read their statements about corporate social responsibility. What points are covered in their code of conduct relating to workers' rights? Be prepared to report to the class.
- 2 Choose two countries from each set below. Use the web to find out what percentage of the workforce in each is unionized and how union membership has developed in the past 20 years. Be prepared to report to the class.
 - A United States, United Kingdom, Switzerland, Australia, New Zealand, Spain, Japan
 - B France, Germany, Italy, Netherlands, Belgium, Norway, Canada

How do the countries in set A differ from those in set B?

Writing: A business report

Use the information below to write a report in formal style.

You are employed as a consultant for *Sys.tech*, an IT company employing about 800 people at offices in central London.

Problem: Your company has asked you to investigate the feasibility of home-working.

- Procedure:**
- a You carry out a series of interviews with managers and employees.
 - b You consult the Chamber of Commerce for statistics and look into companies that have introduced home-working.

Summarize your findings for *Sys.tech* and recommend a course of action.



Your raw data:

a Typical employee responses

Traffic congestion has been increasing in the city; many employees arrive at work late. This is eating into valuable core time and decreasing efficiency.

I can't imagine how home-working is going to work. I need daily face-to-face contact with my staff.



Department Manager



Department Manager



Employee 1

I live outside London because rents are just too high in the city. I spend up to three hours a day commuting.

I use public transport to get to work but this is costing me a bomb every month.



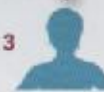
Employee 2

I want to be able to decide how I spend my working week. This job would be much more attractive if I could do it at home, because I could choose my working times.



Employee 4

Employee 3



Well, if I'm going to be working at home, I expect the company to provide me with the technology I need.

b Results of your research

- Average cost of maintaining a desk in central London = about £10,000 a year
- If at least 20% of employees worked from home two days a week and the company introduced a flexible desk policy, *Sys.tech* could save 50% in real estate costs in the next ten years.
- Company X has been practicing a home-working model for four years. They have reported increased productivity and a drop in absenteeism.

Reading: Personal branding essential

1 Read the article and answer the questions below:

THE STARPHOENIX (SASKATOON)
APRIL 15, 2009
by Mitch Joel

More layoffs. Giving back bonuses. Fewer work days to save the company from firing people. Doing the job of the three people that were let go in your department. Not hiring the five people you were thinking about hiring. Trying to find a job in this climate.

Whether you are an employee in a big, medium or small business, or an entrepreneur, or about to enter the workforce, never has it been more important to understand the power of having, maintaining and developing a strong personal brand. Never before have there been more ways for you to connect and build your personal brand through digital channels.

Never has a simple search on Google been able to tell us more about a person, who they are, what they do and why they matter.

What does Google say about you?

If brands matter more than ever (and they do, just ask Apple, Starbucks and Twitter), then the ability for individuals to build a personal brand has never been more important.

Maybe the idea of "branding yourself" seems ridiculous. It's not. It's a subject that famed management guru and author of the best-selling business book *In Search of Excellence*, Tom Peters, first tackled in 1997 for an article in *Fast Company* magazine titled "The Brand Called You".

Regardless of age, regardless of position, regardless of the business we happen to be in, all of us need to understand the importance of branding. We are CEOs of our own companies: Me Inc. To be in business today, our most important job is to be head marketer for the brand called You. You're every bit as much a brand as Nike, Coke, Pepsi or the Body Shop.

To start thinking like your own favorite brand manager, ask yourself the same question the brand managers at Nike, Coke, Pepsi, or the Body Shop ask themselves: What is it that my product or service does that makes it different?

Give yourself the traditional 15-words-or-less contest challenge. Take the time to write down your answer. And then take the time to read it. Several times.

Peters gave us the beginning of an insight: like big corporate brands, all of the people we connect with have

some kind of similar emotions and thoughts when they think about us as people. That mental tattoo that our personas and reputations create in their mind's eye is the essence of our personal brand.

But Peters wrote this in a world where individuals were limited by how they could spread their personal brands – the internet was just taking its commercial shape in 1997.

Now, in a world of blogs, Twitter, Facebook and LinkedIn, our personal brands are resonating 24 hours a day, and the content we put in there and link to says more about who we are as individuals than any one-page resume ever could.

There's a small caution. People working on their personal brand sometimes seem a little snake-oil salesy-like. They would state that they were working on their personal brand in a way that made it look like they were trying too hard. They were the same kind of people who manoeuvred through the local chamber of commerce event dumping business cards in any available and open hand.

No need to be that person.

The amazing thing about developing your personal brand online in social networks and by blogging is that you can hone in on connecting with those that have shared values and similar interests.

One of the best places to get started is a search engine. Start looking for blogs in your industry and start following some of the more notable people on Twitter. After you get a feel for the type of content people are publishing, you can dip your toes into the personal branding waters by leaving comments on those blogs or spaces. You can even go neck deep and start your own blog to demonstrate your own, unique perspective.

Personal branding and new media space create unique and mutually beneficial relationships. Anyone can express who they are to the world. And, if you're not sure what you have to say that is unique and different, just remember the immortal words of Oscar Wilde: "Be yourself, everyone else is already taken."

from www.edmontonjournal.com

- 1 How does the author define "personal branding"?
- 2 What do personal branding and product brands have in common?
- 3 Why has personal branding become so important?
- 4 How can a person entering the job market build his/her brand?
- 5 What should you avoid when creating your own personal brand?

2 Describe yourself as a brand in 15 words or less.

7

Learning Focus

- Talking about M&As
- Interpreting headlines
- Expressing and responding to concerns
- Asking for and giving assurance

Self Study

- Future perfect vs. *will* future
- Reporting rumors: passive voice
- Phrasal verbs

Video: Managing Change

Adam has now settled in at *NOCU*, Berlin. But some rumors are beginning to circulate that are upsetting *NOCU*'s employees. What is going on?



Mergers and Acquisitions

Warm-up

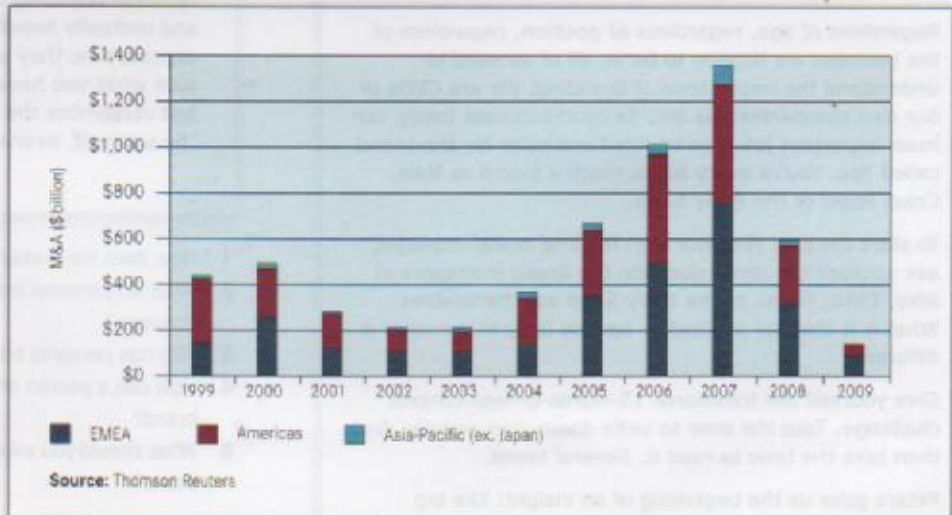
Match each of the following terms to one of the definitions.

merger • acquisition • takeover

- _____ The process in which one company assumes control of another company either by purchasing the target company's stock, leaving the company intact, or by buying up all of the target company's assets, so that the company no longer exists as a legal entity. This term does not always have a positive connotation.
- _____ The process in which the acquiring company buys a major share of the target company's stock, thereby gaining control of the company. This term usually has a negative connotation.
- _____ The combination of two or more companies after which either only one continues to exist as a legal entity, subsuming the other(s), or a completely new company is created from the companies involved. This term has a positive connotation.

Think of some real-life examples of each type of action.

What does the following graph tell you about M&A activity since 1999? What economic and political factors might have influenced it?



Reading: A perfect match

- 1 What would you expect to find in a newspaper article with each of the following headlines?

American Foods craves British chocolate

Sweetening the deal

Bittersweet ending for workers

Is Sutherland lacking the global ingredient?



- 2 Match the noun on the left with the best explanation on the right. Consult a dictionary if you don't know a word.

- 1 behemoth
- 2 bid
- 3 acquisitions spree
- 4 empire-building
- 5 purveyor
- 6 conglomerate

- a the process of increasing one's possessions or influence
- b a corporation consisting of a number of different companies in a variety of businesses
- c a person or business providing goods or services
- d an offer made by an investor
- e something that is unusually large and powerful
- f a sudden burst of activity, in which one company starts buying up others

- 3 Complete the headlines below with a suitable verb from the box.

- 1 *Telnet* says no plans to *Taylor*
- 2 As recession deepens consumers expected to low-cost goods
- 3 *EiTex* to manufacturing unit to shareholders
- 4 *EazyCall* estimated to one-fifth of cell phone industry
- 5 *Infosoft* to consumer products

account for • diversify into • merge with • spin off • trade down to

4 Read the press article (A) and the two company profiles (B and C). Then answer the questions.

- 1 In what way is *Sutherland* "venerable"?
- 2 Which numbers confirm that *American Foods* is a "behemoth"?

5 Compare the two companies with respect to the following aspects:

age | original product lines | present product portfolio | history of CSR | markets | organizational structure | image

American Foods develops taste for British chocolate

The venerable family enterprise Sutherland is under attack by a behemoth from the other side of the pond. According to well-informed sources, the U.S. food conglomerate American Foods has approached Sutherland's board with an official bid of \$10 billion for the British confectionery manufacturer. Sutherland is the purveyor of such iconic brands as Milk Marvel and Luscious Liquorice. American Foods is the multinational known for Pizza

Barbagelata and other convenience foods. In recent years, the company has attracted attention in the business world for its efforts at empire-building.

Should – as is widely mooted in business circles – Sutherland reject the offer, there is a high likelihood that American Foods will launch a formal takeover proposal to the shareholders, which would turn the acquisition ambitions into an attempt at a hostile takeover.

If American Foods succeeds in acquiring its target, some of Britain's best-loved brands will fall into foreign hands, and another quintessentially British company will have lost its independence. However, some Brits have more immediate concerns: the prospect of a takeover has created an atmosphere of anxiety at Sutherland factories. British trade unions point out that American Foods is not known for its worker-friendly policies.

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MARKET DATA

PERSONAL FINANCE

Business Summary: Sutherland Plc

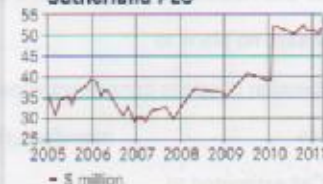
Sutherland Plc was founded in 1850 as Sutherland Chocolates. It made business history in the nineteenth century for its commitment to the welfare of its employees by building housing for its workers and introducing generous pension benefits. In 1900 it merged with Smith Sweets and went public in 1950. It is now a world leader in confectionery. The company diversified into chewing gum in 1990 and has acquired significant expertise in these fields. Five years ago Sutherland launched a fair trade brand, for which it sources cocoa from its projects in Africa, and has received the coveted Fair Planet certification. Sutherland maintains six facilities with a total of 2,000 employees in the U.K., two plants in Australia and one in New Zealand. Entrenched for generations in the British market, it has succeeded in making inroads into emerging markets, especially Russia, India, East Africa, South Africa and Latin America, and operates subsidiaries in all of these regions. Last year emerging markets accounted for 35% of Sutherland's business, with growth rates as impressive as 13% in Latin America, 10% in Africa and 32% in Russia. Thanks to its highly decentralized structure, the company can react quickly to changes in trends. Sutherland has a reputation for its management expertise. CEO Ben Hamilton, a product of American business schools, is widely respected for his intellect and strategic skills. Two members of the original Sutherland family are still active in company operations and have seats on the board. The company has shown itself to be amazingly recession-proof, as the brand-loyal Brits continue to buy these iconic chocolate brands even in times of economic downturn.

Search

Financial Highlights for previous year (figures in \$ million)

Sales growth:	9.3%
Current assets	\$2,534.01
Current liabilities	\$2,762.1
Total debt	\$2,440.82
Total assets	\$6,696.2
Intangible assets	\$1,717
Goodwill	\$2,290.86
Total liabilities	\$5,305
Outstanding shares	224,000,000
Development of share price in recent months	

Sutherland PLC



Bloomhill Search

HOME NEWS BUSINESS PROFILES MARKET DATA PERSONAL FINANCE

Business Summary: American Foods Inc.

American Foods Inc., founded 1910 in the U.S., originally operated as a wholesaler of packed meat. In the last 100 years, it has acquired a range of 35 brands including breakfast foods, snacks, convenience foods such as frozen pizza, ice cream and American-type confectionery. Some of these, such as Kameo Cookies, have been on the market since the 1920s. American Foods' venture into the fair trade market has been less successful. It was attacked sharply by consumer groups when it was discovered that some of the ingredients of its FairWorld brands were being sourced from conventional suppliers. The company maintains 90 manufacturing and processing facilities worldwide with a total of 60,000 employees. Last year it opened a facility in Poland and another in the Czech Republic.

American Foods merged with the beverage company Samson in 1985 but demerged five years later. Since 2004 it has been on an acquisitions spree. Last year witnessed two cross-border transactions: the company bought out a Swiss chocolate manufacturer and a French biscuit business. On the whole, it has been hit by the economic downturn, as many consumers are now trading down to cheaper store-brand items.

The company operates through two commercial units: *American Foods North America* and *American Foods International*. Its major market is North America (67% of sales). Its international presence can be broken down as follows: Europe (19%), Asia (13%), Brazil (1%). American Foods is said to be negotiating with potential Chinese partners. The company's CEO is Harriet Wickerstedt, who ranked third on the Investor Magazine listing of "America's most powerful women." She has been described as "brilliant but ruthless."

Financial Highlights for previous year (figures in \$ million)

Sales growth last year	-5.7%
Current assets	\$7,700,880
Current liabilities	\$6,799,980
Total debt	\$12,282,600
Total assets	\$42,671,640
Intangible assets	\$8,749,620
Goodwill	\$18,628,500
Total liabilities	\$26,636,280
Outstanding shares	973,480,200
Development of share price in recent months	

American Foods Inc.

2005 2006 2007 2008 2009 2010 2011
-\$ million

6 Discuss the following questions with a partner and report to the class.

- 1 What do you think motivates *American Foods'* takeover bid?
- 2 How would *AF* explain to its shareholders why it wants to take over *Sutherland*?
- 3 What does *Sutherland* have to gain from the takeover? What does it have to lose?
- 4 How do you explain the development of the share price in each case?
- 5 If you were a business consultant, what would be your advice to *Sutherland*?

Listening: A family affair

- 1 How would you expect *Sutherland* to react to *American Foods'* takeover bid?
- 2 Listen to the conversation between *Sutherland's* chairman Gordon Chambers, CEO Ben Hamilton and the two *Sutherland* heirs, Amanda and Jeremy Sutherland. Then answer the following questions:

- 1 What reasons does the chairman of the board give for rejecting *American Foods'* bid?
- 2 Why are the *Sutherland* heirs opposed to it?
- 3 What is the CEO's opinion of *AP's* takeover offer?
- 4 What options do they have?
- 5 What is likely to happen next?

Discussion: Doing a deal

Which of the following statements about M&As do you agree with? Give reasons.

"M&As are good for shareholder value."

"M&As are good for society as a whole."

"Employees generally suffer from M&As."

"It is better for a company to build new capabilities rather than buy a new company."

"A company must grow or it will die."

+ Agreeing and disagreeing

That may be true to a certain extent ...
That might be the case, but ...
There might be some truth to that, but ...
That depends on the circumstances.
That's one way of looking at it but ...
I couldn't agree more. Especially ...
There's no denying it. Just look at ...



Managing change: Staff reactions

- 1** Change processes, like restructuring following a merger or takeover, usually evoke a wide range of emotions among the staff. Discuss what kind of feelings the comments below reflect and possible reasons for them.

There are exciting times ahead. I might get a better job without going through the recruitment process.

No way! This merger plan is ridiculous! I won't go along with any of the nonsense they tell us. And I'll make sure they notice!

Why this merger all of a sudden? It'll only add to the overall confusion we've been going through lately. I reckon I'd better jump ship before it's too late.

There are rumors that there'll be far too many technicians! So who will have to go? Maybe me? I'm already 58.

They won't need two Marketing directors. So from now on I'm going to make sure that everybody notices who's best!

I've seen so many attempts to change things in our company but in the end everything always more or less stays the same. So this is probably just another one of those tempests in a teapot.

- 2** Now choose one or two management tools from the list below. Imagine a situation in which the tool is used and explain in which way it helps staff through change.

face-to-face communication | communication across hierarchical levels | motivation | getting people involved | building a vision | transparency of management decisions | speedy implementation

Managing change: Selling change

- 1** Listen to a meeting about a merger of two companies in the kitchen furniture business. What is Mark Halford's role in the meetings and how do the other managers deal with the situation?

Fitted Kitchens, Harrogate, Northern England, manufactures and sells its products mostly in Britain. *Conraan*, which specializes in designer kitchens, is based in Manchester and sells its products in the U.K., the U.S. and Western Europe. Both companies have just agreed on a merger.



Mark Halford, Sales director of *Fitted Kitchens* and now also of the merged company



Ravi Singh, currently *Fitted Kitchens* Sales manager for the south of England



Lou Parker, *Conraan*'s Sales manager for the Greater London Area and overseas



Denise Walker, currently *Fitted Kitchens* Sales manager for Wales, Scotland and Northern England

2 Listen again and answer the questions.

- 1 What could be the benefits of the merger?
- 2 Which vision has been developed and why?
- 3 How will the Sales staff be affected by the merger?
- 4 Which roles should the Sales managers play in the merger integration process?
- 5 What does Mark Halford intend with his briefing on the changes?

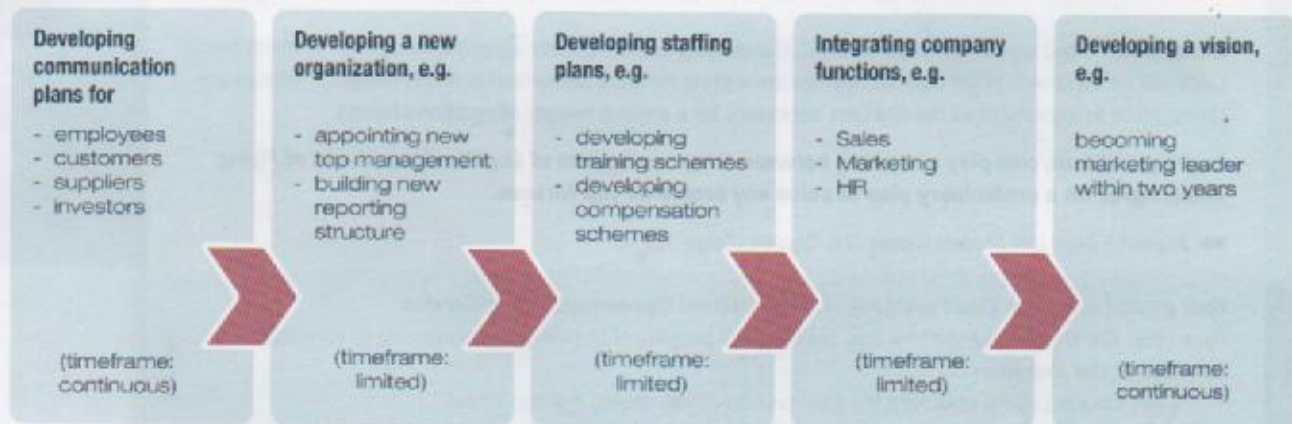
3 Now listen and note down the phrases which Mark Halford uses for the purposes given in the table.

Informing one's team about decisions made by top management	At this point it has been decided ...
Focusing on the benefits of the merger and its consequences	
Making the sales managers feel involved	

Managing change: Addressing concerns

- 1 Listen to the second part of the meeting and find out what concerns the three Sales managers raise.
- 2 What troubleshooting steps are being planned and where do these steps fit into the merger integration process as detailed in the chart below?

Merger integration as a process



- 3 Which points aren't addressed yet in *Conraan Kitchens*' change process? How could the new company deal with them?

- 4** Listen to the second part again and write down examples you hear for the functions below.

Expressing concerns	
Responding to concerns	
Asking for assurances	
Giving assurances	



Role-play: Getting off the ground together

Situation: The two companies *LogiService (LS)* and *Flying Lions (FL)* have agreed on a merger, in which *Flying Lions* will be dissolved. While both companies are waiting for state authorization of the merger, meetings are taking place to implement all the changes necessary for a smooth merger integration process.

In groups of four, role-play a meeting between three executives of *LogiService* and one of *Flying Lions*. Agree on a preliminary plan to solve any problems you foresee.

➔ *Student B page 134, Student C page 128, Student D page 133*

Student A

Your position: Senior Vice-President of International Operations at *LogiService*

Your role: You are chairing the meeting, outlining the benefits of the merger and reacting to concerns

Benefits of the merger:

- *FL* will provide *LogiServices* with the international airway routes it doesn't have.
- *FL* provides a high level of expertise in handling airfreight which *LS* doesn't possess.
- *FL*'s financial difficulties will be resolved.
- *FL* staff are pleased that their acquirer is *LS* and not *UPR*.

Company Case

The beauty and the beast

Consider the following questions:

- What impact can awareness of brand ownership have on consumers' purchasing decisions?
- How seriously should the public resentment against the French acquirer be taken? Could there be "a spill-over effect" on other European markets?
- Do you think *L'Oréal* assurances that they will keep the *Shine's* brand image intact are credible?
- How will *Shine* employees be affected by the change?

Then develop communication plans for *Shine's* customers and employees focusing on the benefits of the merger. Present your suggestions in class.

This company was different from all the other successful British companies: with its green logo, its corporate mission and its colorful products, *Shine* stood out from its competitors and so did its charismatic founder Mary Rochester.

Rochester started selling her own cosmetic products based on natural ingredients in the mid-1970s. Five years later the number of shops had mushroomed and the company grew at a rate of 50% annually. Eventually the company went public.

The company never used any common marketing tactics but relied on social activism instead, led by Rochester. All of her campaigns, e.g. "Helping 3rd World communities through trade", "Opposing animal testing" and "Fighting for a realistic beauty ideal for women", were legendary. During the 1970s and 1980s *Shine* benefitted from the rise in ethical consumerism and was able to create a unique brand with a "profits-with-a-principle" identity.

However, at the beginning of the 1990s me-too retailers started to eat away big chunks of the company's market share in the U.K. and U.S. At the same time, the company was accused of hypocrisy regarding their social work projects and the ingredients used in their products. Rochester had to resign as CEO but continued as advisor to the board.

In the early 2000s, the company successfully entered the "masstige" segment, meaning that *Shine* products were sold at a relatively low price but marketed under a prestigious brand name. New ethical campaigns were successfully launched and the company resumed publication of social and environmental audit statements. In February 2006 the company had 2,133 shops and recorded an operating profit of £41.5 million, up from £15.2 million in 2002. In March 2006 the company announced that it had agreed to a takeover by the French cosmetics giant *L'Oréal*.

L'Oréal was quick to announce that they wouldn't meddle with the *Shine* brand. The British public was shocked all the same. How could a British icon be sold to a company which tested its products on animals and promoted its cosmetics with taglines such as "Fights the changes that threaten the youthfulness of your skin?" Consumer groups called for boycotting *Shine*, and the British press accused Mary Rochester of selling out.

Me-too retailers adopt a successful retail concept rather than initiate an innovative trend

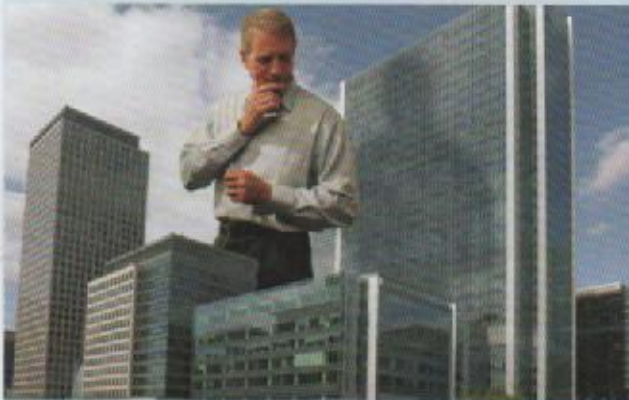
Reading: Welcome to PMI – Post Merger Integration

- 1 Read the excerpt from a consultant's white paper and sum up the key message of the text in one good sentence.

The boldest move you will ever make

The list of potential benefits of a successful merger or acquisition is extensive. While M&A offers a significant opportunity for value creation, the intended benefits can be quickly undercut by the challenge of integrating different organizations with unique operational frameworks, cultures and histories.

After the applause has faded and the investment bankers and lawyers have left the building, it will be up to you to steward the integration. The coming months will force some of the most important decisions of your career and you will need to act without the luxury of time.



The inconvenient truths about speed during post merger integration

Speed is not achievable unless the fundamentals are in place. Your new organization does not have to sacrifice quality for speed, but it may require you to redefine the concept of thoroughness typically associated with non-integration timeframes. Executing PMI quickly requires a top-down approach. The speed of the leaders will set the speed of the team. While the following guiding principles may not be convenient, making sure your team understands each component is crucial.

1 Decide now: is this a "merger" or a "takeover"? Integration is vastly different for each

There is no such thing as a "merger of equals". Remain objective but be clear on who will be setting the direction. While it is important to ensure the acquirer is able to set the stage for PMI, it does not give front line staff a license to be bullies. Cultural integration begins on day one and can quickly deteriorate into "us" versus "them". If not handled correctly, true integration may never happen.

2 Lighten the heavy hand – speed requires people (even the ones you're about to fire)

Before you announce anything, decide how you plan to keep people around for PMI – because there will be casualties. Your budgeting plans for integration must include incentive payouts for people to stay long enough to get you through the major milestones. You must have a well defined knowledge transfer process added to the HR checklist when people begin to leave the organization.

3 M&A isn't a democracy

Authoritative decision making beats consensus. PMI leaders need to make decisions. If they are not capable of doing this, they must be replaced or reassigned (this includes the C-suite). Speed is not an excuse to make bad decisions, but PMI inherently operates at a pace that will be new to most. Provide clear boundaries for tactical, day-to-day governance and foster accountability through frequent reporting to a higher level operational governance body.

4 Own the process, not the relationship – deliver without emotion

The organization is in crisis and leadership turnover is likely. As PMI leaders, you need to ensure you can respond quickly to the inevitable bumps in the road. Senior leaders will leave or be shown the door. Avoid a guessing game as to who will win and who will lose.

5 Robust current-state analysis?

For speed to permeate your integration, the tone must be set early. Limit current-state analysis to information required for rapid integration (mandates, structures, financials, headcount, etc.). Focus on the critical and leave behind the unnecessary tasks. Examples include the hyper thoughtful communication plan, unified vision statements and perfectly articulated role descriptions.

6 Pilots are for planes – there is no interim state

The end-state organizational structure must be in place from day one. How you structure the organization should be a central point of focus. Merger organizational design will force you and your professional service advisors to work right to left. This means that there is a number that has been pre-defined and you will need to design to that number – this is a fundamental shift in traditional theory, but it is very much a reality.

7 It's a hundred-meter marathon – plan execution for speed and endurance

Nothing is slow and steady in PMI. You must prepare your staff for the reality that is integration. It will be intense, demanding and exhausting. It is up to PMI leaders to figure out how to make the process rewarding. You must motivate by knowing when to press the gas and when to let up.

8 Fail fast – get the kinks out early

If you are going to be experimental (integration leader, steering committee members, professional service advisors), do it early. You need to hone your ability to sense discord and respond accordingly. Understand that mistakes will happen.

The above are inextricably linked and bound by one common theme - speed. If you can confidently adopt these principles and orient them to your situation, you might actually make this work.

abridged from www.deloitte.com

2 Match each of the paraphrases below to one of the eight "guiding principles" in the text.

- a Decision-making will be fast and concentrated in the hands of only a few people.
- b Don't count on trendy management techniques; your own ability to sense conflict is more important.
- c There will inevitably be dismissals, but you must be able to encourage people to remain as long as you need them.
- d Managers involved in PMI cannot show the attention to detail they normally expect of themselves and others.
- e Managers must be honest with themselves about which executives will have to be sacked; they must communicate this in no uncertain terms.
- f Managers must be clear about the size and structure of the organization they want from the first day of the merger and be prepared to work unrelentingly to achieve that structure.
- g You as the acquirer are now in control, but it is important to avoid polarizing new and old employees.
- h You will have to drive your employees hard, but you also need to get your people to support the integration process and understand what they can gain from it.

3 Find the words or expressions in the text meaning about the same as the following:

- 1 the process of increasing the worth of the business for various stakeholders _____
- 2 the use of strict discipline and control _____
- 3 people who are laid off as a result of the merger _____
- 4 important events _____
- 5 the way in which information and experience is passed from old to new employees _____
- 6 the routine running of the business _____
- 7 the obligation to accept responsibility for certain tasks _____

- 8 the rate at which some executives leave the company and others arrive _____
- 9 a group of people with the task of making decisions _____

4 Match the words and expressions below with their meanings:

- 1 steward
- 2 give someone a license to
- 3 foster
- 4 show someone the door
- 5 work right to left
- 6 press the gas
- 7 let up
- 8 get the kinks out

- a increase pressure
- b ask someone to leave
- c proceed with the end in mind
- d reduce pressure
- e allow
- f encourage the development of
- g remove the remaining difficulties
- h take good care of

5 Use a suitable word or expression from exercise 4 to complete each sentence, making any necessary changes.

- 1 If we don't _____, our competitor will make our target a better offer.
- 2 Time is so short that if we want to complete the merger, we must _____.
- 3 The consultants' incompetence gave us no choice but _____.
- 4 When the CEO retired, he received much praise for having _____ the firm through difficult times.
- 5 Our lawyers are working at _____ of the merger agreement.
- 6 We will not _____ in our efforts to create a single strong company out of our new acquisitions.
- 7 The company is making a special effort _____ the loyalty of its new employees.
- 8 A takeover does not _____ the acquiring firm _____ to dismiss people without a good explanation and adequate settlements.

8



Markets

Learning Focus

- Talking about types of markets
- Discussing market mechanisms
- Writing a thesis statement for a term paper
- Developing a paragraph
- Creating cohesion

Self Study

- Sentence connectors
- Using emphasis
- Reading between the lines

Warm-up

Discuss the following questions with a partner:

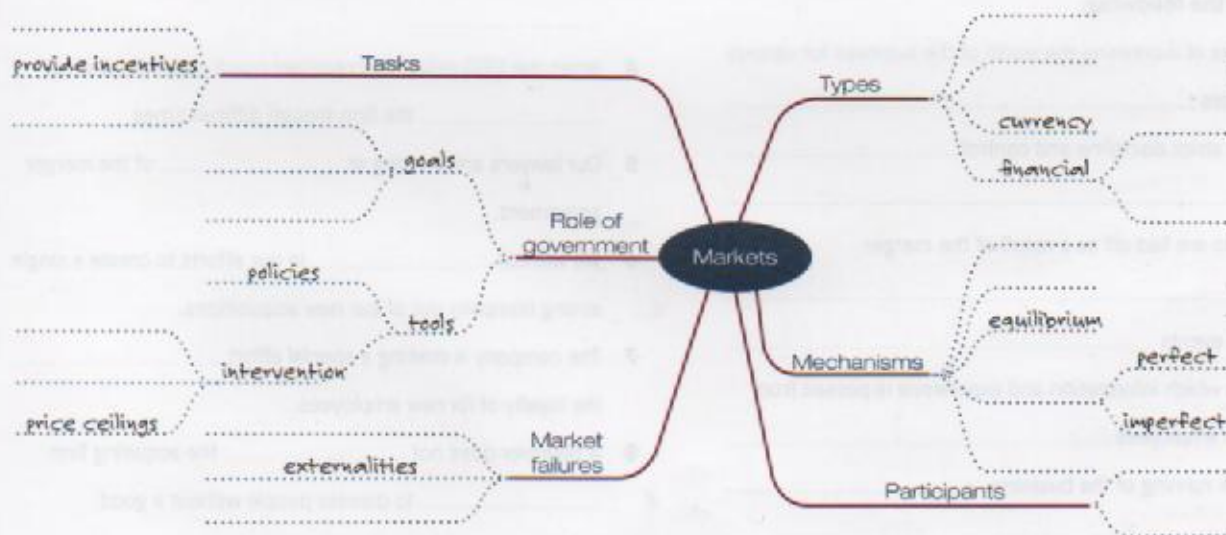
- How would you complete the sentence?

A market is ...

- Can you name some markets that affect your daily life?
- When is demand for a product high?
- When is the supply of a product high?
- What factors apart from supply and demand can affect prices?

Use the items in the box to fill in the gaps in the mind map.

bond • bubbles • buyers • commodity • competition • demand • distribute income • efficiency • fairness • monopoly • prices • real estate • sellers • stability • stock • subsidies • supply • taxes • transmit information



Externality negative or positive consequences of economic activity imposed on people not directly participating in that transaction; usually cited as a type of market failure

Reading: Too much of a good thing

1 Read the text and answer the questions below:

Too much of a good thing

1 By the late 1960s, under increasing competition from low-cost manufacturers like Japan, the United States, once the dominant exporter, could no longer sell as many cars, televisions and other goods to the world and was now running a negative balance of trade. The only sector where America still led was agriculture - indeed, the United States had such large and regular grain surpluses that policymakers spent much of the postwar era trying to find outlets for it all.

2 Now, however, a huge new opportunity was unfolding. World demand for grain had begun to rise, especially in the developing world, where a booming population, rising incomes and the arrival of Western livestock methods were doubling meat consumption almost every decade. In burgeoning Asia and Latin America, demand for grain was climbing faster than domestic farmers could respond and offering a huge new market to a stymied overproducer like the United States. The only catch was that other exporters wanted these agricultural markets as well: European farmers needed foreign buyers for their own grain surpluses, and even farmers within the developing countries were producing more grain. If the United States was to outbid these rivals, it needed to be not just the world's biggest producer, but also the world's lowest-cost producer, a kind of Wal-mart of the global grain business.

3 And this was a problem, because for all its superabundance and surpluses, the United States wasn't the lowest-cost producer: in fact, its grain was often more expensive than grain from other countries - to the point where U.S. exporters had to offer discounts

(subsidized by Congress, of course) in order to sell [its] overpriced grain in foreign markets. And the reason American grain was so expensive, conservative policymakers argued, was the farm program: by propping up millions of smaller, inefficient farmers, the government was effectively dragging down the efficiency of the entire U.S. farm system. For America to prosper in the new, competitive global market, its agriculture could not simply be left to small players; farming would need to evolve, under the brute force of the market, toward a more efficient model.

4 In 1971 Soviet diplomats approached the United States about buying some of the United States' surplus wheat. The Soviets were reeling from a crop failure that was far larger than U.S. experts had guessed. Once the deal was approved, they bought two-thirds of America's wheat reserves. The sale, later dubbed the Great Russian Grain Robbery, pushed up grain prices by a factor of three and shocked the American food economy. The same price spike that made beef so expensive and poultry so popular drove prices for milk, bread and other basics so high that [President] Nixon came under withering political fire; desperate, he ordered [Secretary of Agriculture] Butz to fix things by increasing wheat production.

5 Butz was happy to comply. First, farmers were encouraged to plant all available acres, and in the space of a few years, the government reactivated around eighty million acres of previously idle land. Likewise, the nation's grain reserve was terminated: the government would no longer buy up surplus grain or do much of anything to keep supplies tight and prices high. Instead, prices would be



allowed to fall whenever the world market thought they should fall.

6 Unfortunately, in this new, free market, prices turned out to be a lot lower than anyone had expected. Within several years of the grain crisis, U.S. farmers had planted so many extra acres that markets glutted and the price of a bushel of corn or wheat dropped below what it actually cost to produce. As American farmers began going out of business and as farm state politicians faced election defeat, Congress lost some of its free-market fervor and again injected government into the business of farming - but with significant differences this time. Whereas previous farm policies had tried to keep prices high by limiting supply, government now simply pays farmers the difference between their production costs and world market prices.

Impossible as it seems, America's new, ostensibly free-market farm policy is actually less responsive to market signals, and thus more inclined to overproduction, than its predecessor was. Farmers still have every incentive to overplant - they still get paid for every bushel, no matter how much money they lose growing it. Worse, government now has no way to curb supply, because Washington is no longer idling excess acres or keeping a national grain reserve. In this respect, the "reform" of U.S. farm policy is very much like outfitting your teenage son's car with a turbocharger and then replacing the brake with a bigger insurance policy.

abridged from Paul Roberts, *The End of Food*

- 1 What conditions before 1971 forced the U.S. to find new markets for its grain?
- 2 How did circumstances in other parts of the world come to its rescue?
- 3 Why did the phenomenon of grain overproduction become acute in the U.S. after 1971?
- 4 What was the result for American farmers? How did the U.S. government react?
- 5 Were the government measures regarding the American grain market successful?

- 2** Find words or expressions in the text which mean about the same as the following. The numbers given in brackets indicate the relevant paragraphs.

markets (1) _____

offer a better price than the competition (2) _____

according to harsh economic laws (3) _____

caused prices to triple (4) _____

limit the amount available (5) _____

enthusiasm for an unrestricted market (6) _____

introduced state intervention (6) _____

able to react to warnings like price fluctuations (7) _____

Listening: When the bubble bursts

- 1** Have a look at the cartoon and graph below. Which part of the curve does the cartoon refer to?



By permission of Mike Luckovich and Creators Syndicate, Inc.



- 2** Listen to Part 1 of a lecture on real estate bubbles and fill in the table. Then compare your notes with a partner's.

Markets in general	
Definition of market	
Market participants	
Prices	
Factors affecting demand	
Real estate market	
Market participants	
Unique characteristics of real estate market	
Factors determining demand	
Factors determining supply	
Reasons for fast growth in this market	

3 Now listen to the Part 2 of the lecture and answer the questions.

- 1 Which examples of bubbles are mentioned in the lecture?
- 2 What reasons are given for the occurrence of the U.S. subprime bubble?
- 3 What caused the Spanish real estate bubble?
- 4 In what aspects is the Spanish real estate bubble similar to the U.S. bubble and how do they differ?
- 5 What do you think is the most important point the lecturer wants to make?

Ethics



The MBA Oath*

As a business leader I recognize my role in society.

- My purpose is to lead people and manage resources to create value that no single individual can create alone.
- My decisions affect the well-being of individuals inside and outside my enterprise, today and tomorrow.

Therefore, I promise that:

- I will manage my enterprise with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.
- I will understand and uphold, in letter and spirit, the laws and contracts governing my conduct and that of my enterprise.
- I will refrain from corruption, unfair competition, or business practices harmful to society.

In exercising my professional duties according to these principles, I recognize that my behavior must set an example of integrity, eliciting trust and esteem from those I serve.

I will remain accountable to my peers and to society for my actions and for upholding these standards.

This oath I make freely, and upon my honor.*

* This is an excerpt from the oath, the complete text of the oath can be found at <http://mbaoath.org/about/the-mba-oath/>



Role-play:

A "Hippocratic Oath for Managers"?

In reaction to the global financial crisis that unfolded in 2008, in spring 2009 a group of Harvard MBA students developed a professional oath for graduating MBAs. In their opinion, future managers, like future doctors and lawyers, should commit themselves to a code of ethics before setting out on their career, giving their responsibility to society precedence over an increase in their personal wealth.

Work in pairs, each of you taking one of the two positions – in support of or opposing the oath. Argue your case. Look for additional arguments to support your position.

➔ Student B page 131

Student A

Basic position:

You think that business people exercise a lot of power in the world and therefore bear a lot of responsibility for what happens in society. Business can also play an important role in protecting the environment. You think graduating students should be required to take the oath.

Term papers: Finding a topic

- 1** Read the excerpt from a course handout and then listen to students in a coffee shop discussing the assignment. Jot down their suggestions for topics.



Dr Steven Hathaway
 Smith Hall, Room 7, Phone 383-8328
 shathaway@asu.edu
 Office hours: Wednesday 1:00 to 6:00 pm. Other times by appointment

Econ 101: Introduction to Economics

Assignments

To fulfill the course requirement, every student is expected to submit a term paper of 10–15 pages on a topic relating to this course. I would like to remind you that a good topic is:

- appropriate to the course
- neither too broad nor too narrow
- supported by scholarly research material

Please submit a proposal for your term paper by the end of next week. This should include your topic, an outline and a working thesis statement.

- 2** Which of the ideas mentioned do you consider good topics? Why or why not?
3 Take those topics which are too broad and make them more specific.

true

false

- 4** Listen again and decide if the following statements are *true* or *false*.

- | | | | |
|-------|-------|---|---|
| ..... | ..... | 1 | Once you have chosen your topic, you should formulate a thesis statement. |
| ..... | ..... | 2 | The body of the paper provides evidence proving the thesis statement. |
| ..... | ..... | 3 | The thesis statement cannot be changed once you have begun to write. |
| ..... | ..... | 4 | A thesis may take the form of a title. |
| ..... | ..... | 5 | A thesis never takes the form of a question. |
| ..... | ..... | 6 | The thesis statement is the same as the topic of a paper. |

- 5** Explain why each of the following is not a thesis statement.

- 1 Adam Smith was the greatest economist in history.
- 2 Globalization has both negative and positive consequences for the people of developing countries.
- 3 *Enron* and creative accounting: the impact of *Enron*'s financial practices on American business
- 4 How will social media change business?

Academic Skills

6 Now rewrite the weak thesis statements from exercise 5 to make them strong ones. Use the key words given below and add verbs, prepositions and articles as required.

- 1 Even though • Adam Smith • 250 years ago • analysis • human behavior • the marketplace
• surprising relevance • global economy • we live.
- 2 While • removal of barriers • international trade • improved living standards • some people • developing countries • globalization • also • new challenges • increasing inequality • environmental degradation.
- 3 corporate fraud • Enron's accountants • confidence • American public • business • and • more lasting effect • American economy • than • terrorist attacks • 9/11.
- 4 Social media • profound influence • way • businesses • produce, market • sell • goods and services.

Term papers: Developing a paragraph



Paragraph structure

An academic paper is subdivided into paragraphs, each of which is devoted to one point or argument. Grouping your ideas in this way helps your readers to follow them.

Each paragraph consists of three parts:

- The topic sentence:** This contains the core point of the paragraph and usually comes at the beginning.
- Supporting sentences:** These sentences develop the topic sentence by providing evidence, data or examples. They form the body of the paragraph.
- Closing sentence:** This rounds off the paragraph. It may refer back to the topic sentence or set up a transition to the next paragraph. This is also a good place to express a personal opinion.

Look at the following sentences and decide if each would be a good **topic (T)**, **supporting (S)** or **closing (C)** sentence. Then put the sentences in order so that they create a good paragraph.

- a Yunus' system has served as a model for other microlending schemes throughout the world.
- b Because the interest rates were now reasonable, the poor were also able to escape being exploited by the moneylenders.
- c Believing that credit is a basic human right, Yunus founded *Grameen Bank*, which gave the poor access to collateral-free loans.
- d The system of microcredit, first conceived by the Bangladeshi economist Muhammad Yunus in 1976, has done much to better the conditions of the poor in his native country.
- e People who had previously been denied finance thus became able to launch their own small businesses.
- f The system has done much to empower poor women, who thanks to the loans they receive have acquired more personal autonomy.



Thesis statements

Weak thesis statements are statements that are too general, biased or contain more than one main idea, e.g.:

There are many arguments against the minimum wage. (too general)

Strong thesis statements are specific, take a (sometimes controversial) position and/or point out the significance of a topic, e.g.:

Setting a minimum wage raises the cost of labor and therefore hampers economic growth.



Writing paragraphs: Creating cohesion



Making sentences flow

When writing a paragraph, you create a sense of flow by using connecting devices. These can be conjunctions, conjunctive adverbs or prepositions, e.g.:

Conjunctions:	although, as, as long as, because, but, if, in order that, provided that, since
Conjunctive adverbs:	as a result, consequently, for example, hence, however, in fact, in short, likewise, moreover, namely, on the contrary, so, therefore, thus
Prepositional phrases:	as a result of, due to, in spite of, on account of

1 Read the following paragraph and underline the connectors.

While many people have the impression that the stock market and the bond market are essentially the same, there are in fact significant differences which every investor should be aware of. For instance, when investors buy shares, they are actually buying partial ownership in the companies in which they are investing. Since they share some of the owners' rights and responsibilities, investors will benefit from a company's profits as well as suffer from its losses. Accordingly, an investor risks losing a significant amount of money if it is invested in stocks. On the other hand, purchasing a bond merely means that an investor has lent money to a company and has thus become more like a creditor than an owner. Furthermore, the bondholder is entitled to a fixed percentage as a return, which is paid annually. We can say that on the whole, bonds are a more secure investment, but in the final analysis the choice of stocks or bonds will depend on the risk tolerance of the investor.

2 Find the connecting phrases in the text that have the following functions:

- Expressing addition:
- Expressing alternatives:
- Expressing contrast:
- Expressing generalization:
- Expressing a result:
- Giving an example:

3 Use the connectors in the box to complete the text.

consequently • due to • in particular • nonetheless

China's automobile market has now become the largest in the world, surpassing even that of the United States. China's entry into the World Trade Organization in December 2001 has had a significant influence on its attractiveness for investors. _____ China's accession, the Chinese car market has become more transparent and more similar to other car markets in WTO member countries. _____, legislation and regulations have become more internationalized. _____, foreign manufacturers have been investing heavily. Consumer demand, especially for foreign cars, has been booming. _____, experts maintain that there is still enormous untapped potential.



Country Case

Akabastan is a country whose economy was long based on agriculture. Twenty years ago backpackers discovered its magnificent natural forests, with the result that tourism soon became an important economic sector. Recent years have witnessed an explosive growth of the country's industrial sector, bringing about a rise in general prosperity. However, industrialization has been accompanied by an increase in environmental pollution, especially air pollution due to factory emissions. The most worrisome pollutant at present is sulfur dioxide, which has resulted in acid rain. According to environmentalists, Akabastan's unique forest cover, which had attracted so many nature lovers to the country, is already endangered.

The government realizes that it must take measures to limit emissions. Its chief economic advisor has proposed two options for dealing with the problem. The first would involve imposing a tax on each ton of SO_2 emissions produced; the second would be the so-called cap-and-trade system, in which the government would issue each company permits or "credits" representing the right to emit SO_2 up to a certain level. For every ton of emissions above that level, firms would be required to purchase credits from other firms which have remained below the level and therefore have credits to sell. An authority would be set up to facilitate the transfer – or "trade" – of credits. The government has decided to refer the problem to a think tank and wait for their advice.

Note: Akabastan is a fictitious country

Tax or cap?

As members of the think tank, discuss the pros and cons of the two options proposed.

Consider how each system would affect:

- industry
- tourism
- retail prices
- investment in research and development
- neighboring countries

Which option would you recommend to encourage the reduction of emissions – tax or cap?

Reading: **Crosstown traffic****1 Match the following words and expressions to their definitions:**

- | | |
|---|--|
| <input type="checkbox"/> benchmark | <input type="checkbox"/> congestion |
| <input type="checkbox"/> global positioning | <input type="checkbox"/> command and control |
| <input type="checkbox"/> exhaust | <input type="checkbox"/> laissez-faire |
| <input type="checkbox"/> particulate | |

- a** the gas or vapor escaping from a car when in operation
b an economic system in which the government does not interfere in markets
c a tiny piece of a polluting substance
d an economic system in which decisions are made (e.g. about prices) by a central authority
e a standard used for judging performance
f the state of a place being so crowded with vehicles or people that movement is difficult
g a technical system that makes it possible to determine where exactly something is located

2 Read this excerpt from the business best-seller *The Undercover Economist* about the externalities caused by driving and answer the questions.

Economies that work smoothly because they are full of perfect markets are neither interesting nor realistic. But because perfect markets provide such a clear benchmark, economists find it much easier to start from them and work out what is going wrong, rather than start from scratch and work out what is going right. And this method of thinking about the world will lead us to the cure for crosstown traffic.

It's worth thinking about what the ideal system would look like for the externalities surrounding driving. Any driver making a trip which emitted pollutants that damaged the local area would be charged for the pollution if he drove in a densely populated area. There would be a different charge, which would be imposed for every trip, for emitting carbon dioxide, because it contributes to climate change no matter where on the surface of the planet it is emitted. In each case, the price of the trip would also depend on how clean the vehicle emissions were. Drivers would face additional charges for trips in congested areas at congested times.

That sounds complicated. Could it possibly work? It's easy to imagine each car having a little computer linked to a global positioning system to track congestion; the computer would also monitor the vehicle's exhaust. A display on the dashboard would flash up the rate at which the charge was being incurred, perhaps with helpful tips. "Tim, your trip is currently costing you 9p per minute. Did you know that you could halve this if you got your engine tuned?"

The technology will come; much of it is already available. But there is another difficulty: working out what the costs of the externalities really are. The computer can measure congestion and pollution, but

what is the cost of wasting other people's time in a traffic jam? What is the cost of poisoning people with particulates or benzene? Many other externalities involve real external costs and benefits that are very hard to measure: time, health, peace, even death.



It is very tempting to give up in the face of these problems. Surely it is not possible to set a value on noise or delay, and certainly it seems impossible to set a value on human life. But we're kidding ourselves if we think we can opt out of these decisions. Every policy the government adopts, and every individual choice you make, implies that a valuation has been made, even if nobody has been honest enough to own up to it or even admit it to themselves.

Individually, we constantly make decisions that put a value on our own environment, our own time and even our own lives.

Estimating externality charges is simply more awkward because, if done properly, it requires that those assumptions be justified and made explicit. Leaving them implicit and unjustified leaves us at best at the mercy of the random drift of political processes, and at worst acquiescing to the self-serving demands of interest groups.

The use of externality pricing does rely on shaky information about how much it is really worth to us to reduce externalities such as noise, accidents, pollution and congestion. But this is not the only gap in our knowledge; we also do not know the cheapest way of reducing noise, accidents, pollution and congestion. It is with this second gap that externality pricing comes into its own.

Externality pricing is no worse than any other policy when it comes to facing up to the first kind of shaky information. We now know that any policy - of regulation, pricing, command and control, tax or "laissez-faire" - contains implicit or explicit assumptions about the scientific evidence on externalities like pollution and congestion, and the subjective preferences of people about their time, convenience and health. No policy can be more successful than the accuracy of its assumptions.

The real advantage of externality pricing is that it circumvents the second gap in our knowledge. Nobody knows the cheapest way of solving our traffic problems - yet. But externality pricing brings pollution, congestion and the rest inside the world of truth which markets create for us. As long as individuals have to face the truth, or at least our best estimate of the costs of their actions, they will find a way to reduce those costs.

abridged from Tim Harford, *The Undercover Economist*

- 1 According to the author, what externalities - or hidden costs - are associated with driving?
- 2 How does the author propose correcting the present market for driving?
- 3 What problems would Harford's proposal create for economists/governments?
- 4 In lines 42, 55 and 59 Harford speaks of "assumptions" involved in economic decisions. What would he probably say are some of the assumptions we make when we drive?
- 5 How does the author suggest that the present system is not quite honest?
- 6 What externalities can you think of that are associated with other activities or products?

3 Complete the sentences with these verbs from the text, adapting their form as required.

acquiesce to • circumvent • incur • leave at the mercy of •
opt out of • own up to • work out •

- 1 Companies entering this volatile market bear the risk of price fluctuations and may _____ losses.
- 2 Environmental protection is too important.
_____ market forces.
- 3 The government has asked its advisors _____
the details of the new cap and trade scheme.
- 4 The industry used a number of ingenious tactics
_____ regulations.
- 5 Environmentalists hope the day will soon come when we will
_____ the full costs of our obsession with
cheap energy.
- 6 Automobile manufacturers _____ finally
_____ consumers' demands for smaller, more
efficient cars, and new models will appear on the market
this fall.
- 7 When the Euro was introduced, the U.K. _____
the part of the treaty dealing with a common currency.

Writing: Planning a term paper

Choose a topic that interests you from the field of business or economics. Use the internet to research the topic and draw up a provisional outline. Formulate a working thesis statement and then write an introductory paragraph in which you include this statement.

Web research: Unusual markets

- 1 The cap-and-trade system is an attempt by governments to deal with the pollution created by industry, bringing this externality into the economic system. Use the internet to find examples of its implementation in the E.U. and in the U.S.
Be prepared to report your findings in class.
- 2 Use the internet to investigate the market for allergy-free foods (e.g. without nuts or milk) in the U.S. Keep in mind the following questions:

- How large is the potential market in terms of demand?
- Are there any problems on the supply side?
- Be prepared to report your findings in class.



9

Learning Focus

- Looking at demographic trends
- Talking about cause and effect
- Presenting complex graphs
- Taking notes

Self Study

- Describing speed of change
- Determiners
- Future trends: future perfect or future progressive?

Cartogram special type of map that shows geographical regions not in relation to their actual size but in proportion to a variable displayed (e.g. population)



Demographic trends

Warm-up

In your group have a look at one of the sets of **cartograms** below and discuss the questions.

A World population distribution:

Identify the regions that are likely to experience the greatest increase/decrease in population between 1960 (left) and 2050 (right). What assumptions can you make about the economic, political and social effects of the change?



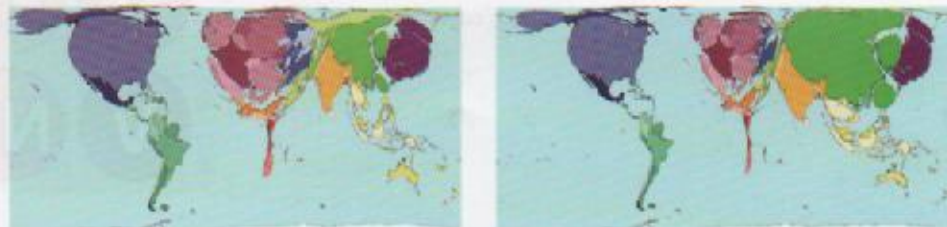
B Youth and age:

The map on the left shows the distribution of children under 15, the one on the right the distribution of people over 65. Which parts of the world have the youngest populations and which the oldest? How will these demographic developments most likely affect the economy and society of a country?



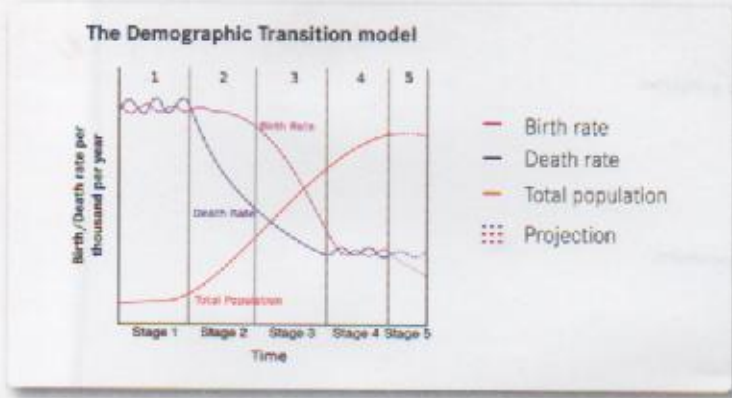
C World distribution of wealth:

Which regions will have gained most significantly in GDP between 1990 (left) and 2015 (right)? Which will have become poorer? What will probably have changed for the inhabitants of these regions?



Listening: Population matters

1 The Demographic Transition is a model used to explain how a society moves from high to low birth and death rates. Match each of the following descriptions to one of the stages shown in the chart.



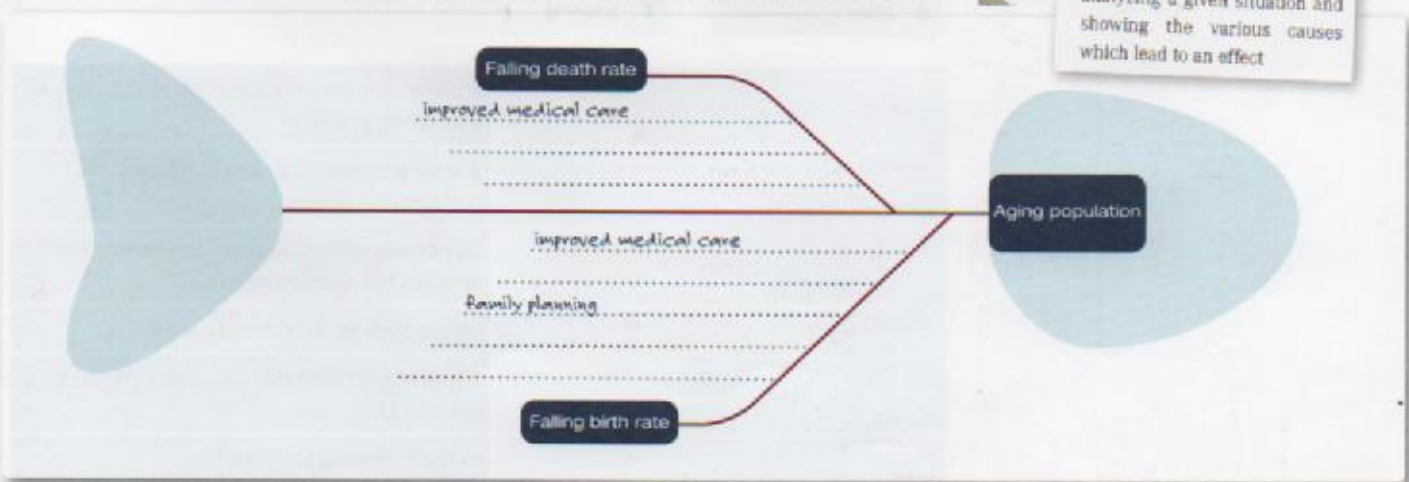
- a ... The society experiences a rapid rise in population. However, both birth and death rates continue to fall.
- b ... Both the birth and the death rate are low. As a consequence, total population is high but in balance.
- c ... Due to improvements in health care and hygiene, the death rate begins to fall while the birth rate remains high. This produces a rise in population.
- d ... Both the birth and the death rate are high but in balance. As a result, total population is low.
- e ... Total population remains high. However, an aging population and a desire for small families are expected to bring about a decline in total population.

2 Replace the highlighted parts of the sentences with words from the box. Make sure to use the verbs in their appropriate forms.

- acquire • decline • eventually • exceed • impact • soar • stabilize

- 1 After rising slightly, divorce rates are now **leveling off** in many European countries.
- 2 As a result of better nutrition, infant mortality **has been falling**.
- 3 Developing countries **have been gaining** more influence in international institutions.
- 4 **In the long run**, world population is expected to reach at least 9 billion.
- 5 In the last century, the population of sub-Saharan Africa **increased dramatically**.
- 6 It is too early to estimate the **effect** of global warming on migration.
- 7 The 19th century British economist Thomas Malthus expected population growth to **surpass** the rate at which food could be produced.

3 Listen to Part 1 of a lecture on demographic change and complete the fishbone diagram.



Fishbone diagram invented by the Japanese statistician Kaoru Ishikawa and therefore also called the Ishikawa diagram: a tool that provides a way of analyzing a given situation and showing the various causes which lead to an effect

4 Listen to Part 2 of the lecture and complete the notes.



Reasons for projected worker shortage:

- 1) large number of retirees
- 2)
- 3)

Possible solutions to problem:

- 1)
- 2)
- 3)

Categories of immigrants:

- 1)
- 2)
- 3)

Discussion: **The demographic time bomb**

- 1** Governments need to find ways of dealing with the expected shrinking of the workforce. What incentives could be used to attract workers?
- 2** What other consequences, apart from a need for immigrants, could the aging of the population have in the industrialized countries?

Reading: **The challenges ahead**

- 1** Use the following words to form collocations. Then match each collocation with one of the definitions in the table below:

1 income	a bureaucracy
2 health care	b considerations
3 vocational	c disparities
4 financial	d dispute
5 stifling	e professionals
6 labor	f training

	a conflict between management and workers in a company or sector
	a striking difference in wealth between two demographic groups
	an administration that works so slowly that it deadens individual initiative
	people such as doctors and nurses
	a type of education that prepares a person for a specific job
	thoughts relating to money

- 2** Work in groups of three, each student choosing one of the texts below. Read your texts and create a fishbone diagram based on the model on page 87. Then summarize your texts for your group.

A

The world in movement

Throughout history human beings have been in movement, from one region to another and then, after the emergence of the nation state, across national borders. But only in the late twentieth century did migration become a phenomenon affecting almost all the countries of the world. At present at least 200 million people in the world can be considered migrants. While a large part of the movement occurs between countries of the developing world and even within individual countries such as China, the migration which at present attracts the most attention is from the developing world to the industrialized and advanced industrialized economies. These movements can be accounted for primarily by the dramatic income disparities between North and South, but economic differences are by no means the only factor. Today communications technology and the media play an equally significant role, as they disseminate images of the lifestyle of wealthy consumer societies into all corners of the globe, awakening understandable desires in poorer regions. Modern means of transport have also facilitated mobility and information exchange in both directions, and criminal rings have sprung up to provide illegal immigrants with the documents they need. A further factor to be considered, especially when looking at the immigration from East to West, is the collapse of the Soviet Union and the severe economic and political crisis which followed. Worldwide there have been political conflicts which have triggered streams of migration (e.g. in former Yugoslavia, Africa and Sri Lanka). Nor should we forget the hardships caused by climate change, which make life in the North appear an attractive option. Most industrialized countries feel unable to accommodate the surge in immigration and have enacted measures to restrict it. This has produced a wave of illegal immigration, which increasingly defies the efforts to control it. Demographers say that it is difficult to predict the future of migration flows, as many factors are involved. These include population growth or decline as well as the demand for labor in both the countries of origin and the receiving countries.

C

A graying population

Rising life expectancy and a drop in fertility rates mean that the world's population is aging. In the twenty-first century, this development will accelerate not only in the rich countries but also in many other parts of the world. As gratifying as it is to have people living longer, increased longevity is expected to pose many challenges, some of which are already being felt in industrialized economies, most notably Japan. One key concern is the economic pressure placed on governments to provide retirement benefits. Since the percentage of people of working age has declined, there will be a shift in the ratio of workers to retirees, meaning that in pension systems based on a pay-as-you-go principle (as in Europe) there will be fewer workers for every retiree. Whereas at present in the E.U. the ratio of people of working age to those over 65 is four to one, by 2050 the ratio will be only two to one. This will mean a greater burden on each worker making contributions to the system. Eventually such a set-up will run into difficulties and governments will be forced to make painful choices. Either the contribution per worker must be increased or retirement benefits reduced, unless other means of making up the difference can be found. One would be to finance pension benefits from additional taxes, another to encourage the use of private pension plans. An additional challenge for graying societies will be the costs of providing health care. The need for acute and long-term care in the growing over-65 segment of the population will place a serious strain on health care services at a time when tax revenue will be decreasing as a result of the shrinking working population. Economists point out that one way out of this dilemma is to increase a country's economic growth, but this in turn depends on the size of the working population and how productive it is.

B

The brain drain

For many German professionals, the proverb "The grass is greener on the other side of the fence" has become truer than ever. Last year more than 150,000 Germans left their country to seek permanent employment in other industrialized countries. Some of their destinations were as remote as Australia and New Zealand, others as close to home as Switzerland and Britain. The people leaving are often highly educated managers, engineers and architects, as well as health care professionals such as doctors and nurses. Among scientists, every 7th person with a doctorate is leaving the country. One also finds entrepreneurs and people with solid vocational training such as hoteliers or chefs who believe that the future is brighter abroad. For many, the decision to leave is motivated by financial considerations, as taxes are often lower and salaries three or four times what the emigrant would receive in Germany. People leaving states in the former East Germany cite the high levels of unemployment in some regions as a motivating factor. Businesspeople blame paralyzing labor disputes and the innumerable restrictions involved in setting up a business, while academics complain about stifling university bureaucracy and the underfunding of their research. Physicians' peeves are falling salaries, mounting bureaucracy and the growing power of hospital managers. Apart from the fact that this emigration could affect Germany's competitiveness in science and technology, the hemorrhage of so much skill and expertise is bound to have an effect on the German economy, not least because the country has invested so much money in the education and training of these people. Even in the short term, the country will face a lack of skilled personnel in many branches, weakening its ability to compete with up-coming economies such as India and China.



Presenting graphs: Helping your audience follow

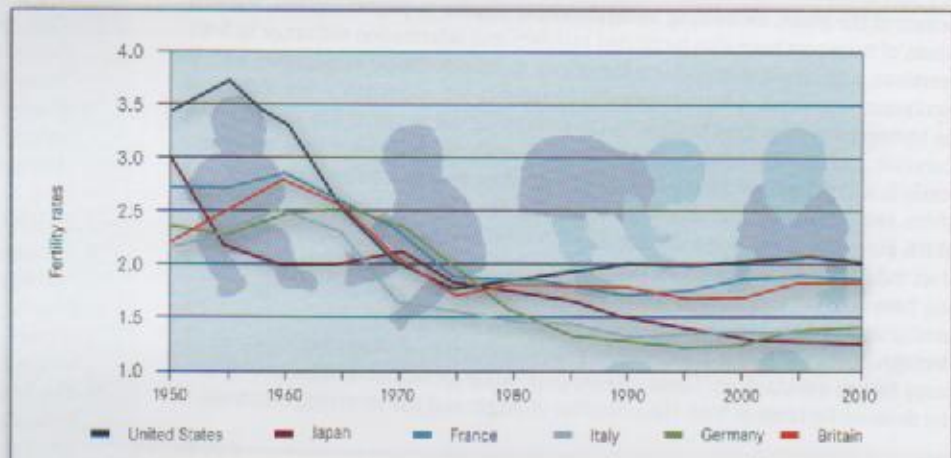
Presenting graphs

When presenting a graph, it is important to keep the information as clear and simple as possible for your audience.

- Explain what the graph is about and what the axes represent.
- Focus on the graph's highlights rather than describing the movement of every curve in detail.
- Give the reason(s) for a change if you know or can guess it.
- Conclude your presentation with a general statement about possible consequences of the changes.



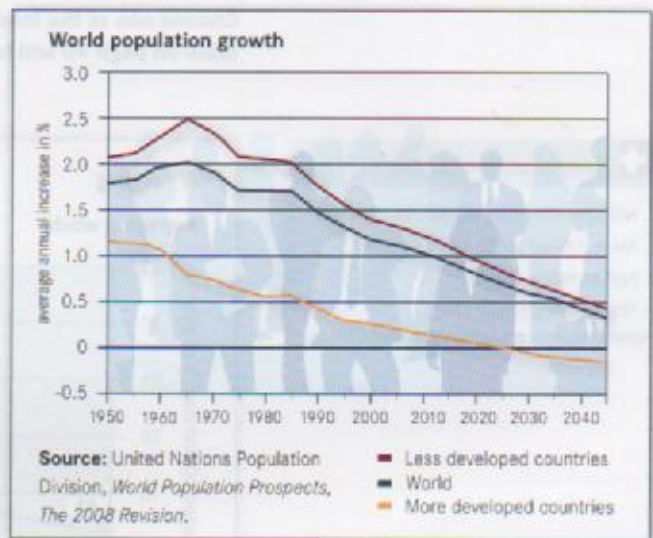
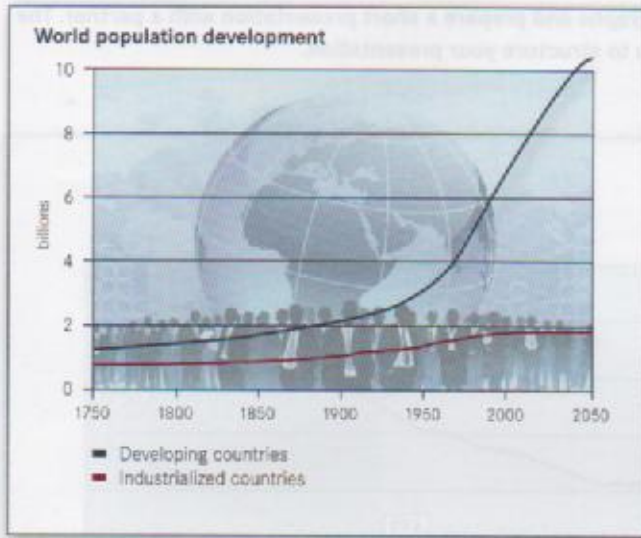
Listen to a student explaining the graph below in an oral report. Then fill in the grid with the most important language describing each point in her presentation.



Source: "World Population Prospects", United Nations, 2009

Subject of graph	
Axes	
Details (colors, etc.)	
General movement	
Highlights	
Reasons	
Results in present/future	

Presenting graphs: Talking about change



1 Referring to the graphs above, complete the sentences with words from the box describing *speed of change*. Be sure to use the right form of the verb, adjective or adverb.

- 1 Until about 1900 there was only a _____ increase in the population of the world.
- 2 After 1900 the world population grew more _____, thanks to improvements in hygiene.
- 3 Then after 1950 the world population _____, as a result not only of improvements in medicine but also due to more efficient methods of agriculture.
- 4 In some industrialized countries, the birth rate _____ as life expectancy rose.
- 5 In the future, the population of the industrialized countries will grow _____ than in the past.

gradual • plummet • quick • slow • soar

+ Speed of change

Some verbs do not require an adverb as they already describe the speed of movement, e.g. *soar, shoot up, leap, jump, tumble, plunge, plummet*.

2 Refer to the graphs above and replace the wrong adjective or adverb indicating the *degree of change* in each sentence with an appropriate alternative from the box. Sometimes more than one word can be used.

considerable • dramatic • insignificant • moderate • sharp • significant • steep • substantial

- 1 The population of the world rose **steeply** between 1850 and 1900.
- 2 Since 1950, the world's population has grown **moderately**.
- 3 Between 1950 and 1965, there was an **insignificant** increase in the growth rate of the world's population.
- 4 From 1975 to 1985, there was a **substantial** decline in the growth rate of the population in the developing world.
- 5 Between 2020 and 2040, there is expected to be a **considerable** decrease in the growth rate of the population in the more developed countries.

Presenting graphs: Making figures meaningful

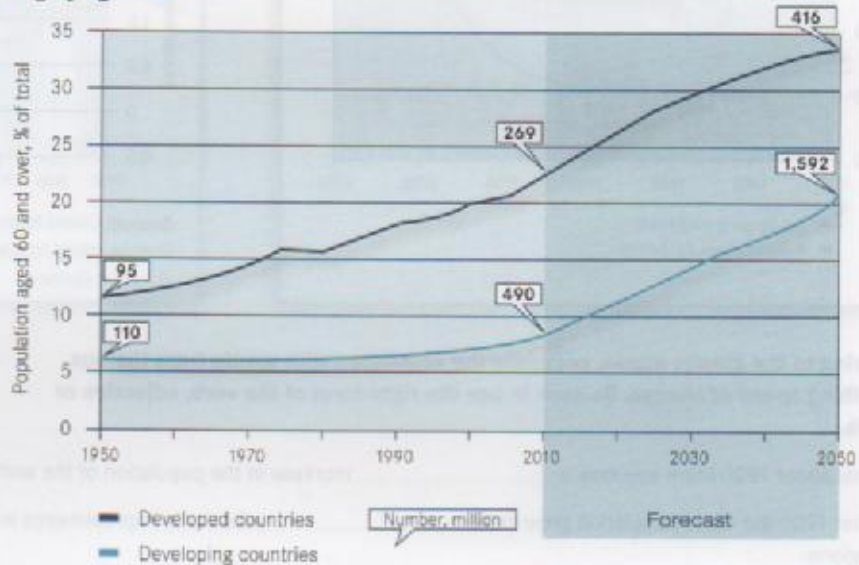
Choose one of the following graphs and prepare a short presentation with a partner. The table on page 90 will help you to structure your presentation.

Talking about figures

... will have doubled/tripled/quadrupled
 ... twice / three times as many ... as ...
 ... half as many ... as ...
 In first/second/third place ...

A Aging

A graying world

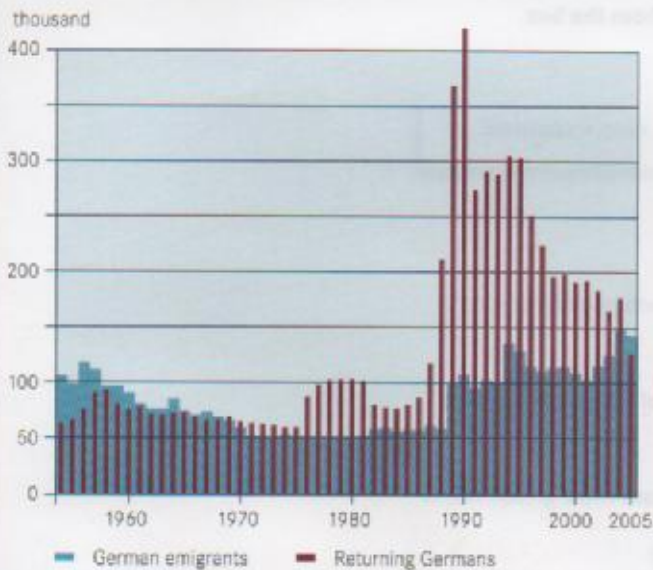


Source: "World Population Prospects", United Nations, 2009

B Immigration

A German exodus – emigration and return

(2005 was the first year in nearly four decades in which more Germans left the country than returned home)

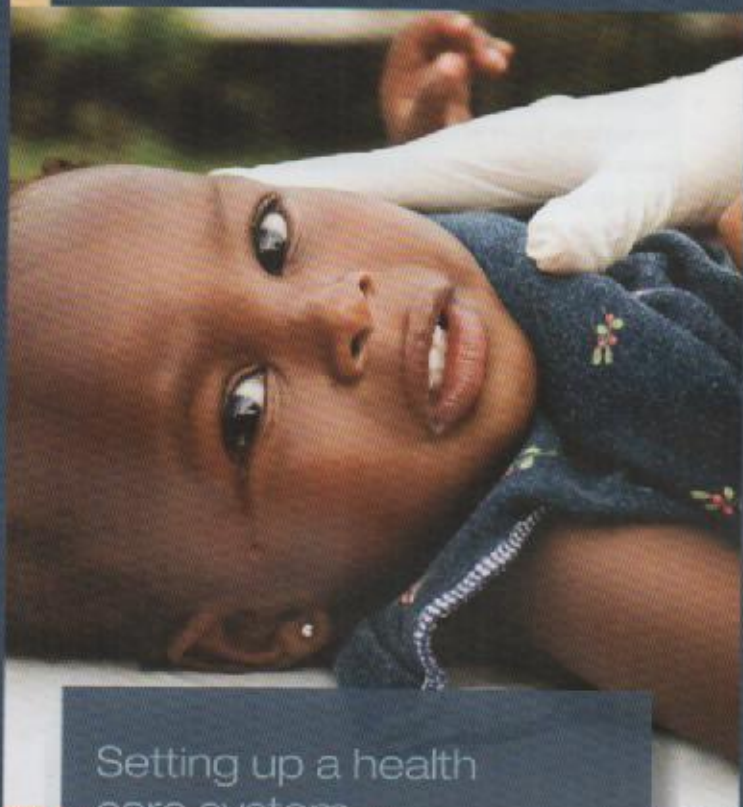


Source: Data360

Top 10 destinations for German emigrants (2005)



Country Case



Setting up a health care system

A commission has been appointed to consider the merits of each system. You are a member of this commission. Meet in groups of three and discuss the advantages and disadvantages of each system. Think about the special needs of Mabawanda. Choose the model that you consider most suitable for this country and report to the class.

Mabawanda is a sub-Saharan African country which received independence from colonial rule in the 1960s. Its first government was socialist with a one-party system and a command economy. It remained largely agrarian for nearly a quarter of a century after gaining independence, earning most of its GDP through the export of coffee and cocoa. In the early 1990s, after a period of political unrest, a democratic government was installed and Mabawanda became a free market economy. Then, in the late 1990s, the fortunes of the country experienced a dramatic transformation. With the help of Chinese investors, significant deposits of copper and bauxite were discovered. At present Chinese engineers are drilling for oil.

The influx of Asian business partners and the exploitation of the country's mineral reserves have led to an economic turnaround. The last ten years have seen the rise of an urban middle class, who are having fewer children. Life expectancy is rising and infant mortality is falling rapidly.

Last year a new, democratically elected government came to power. One of its campaign promises was to use the recently acquired wealth of the country to introduce a system of health care.

Mabawanda is considering three models which it has observed in industrialized countries:

- 1 A system of universal health care financed by taxation, as in Canada, Britain and Sweden, in which every citizen of the country would have the right to medical treatment. The provision of services would be highly centralized and regulated by a government body.
- 2 A system relying on compulsory contributions, as in Germany, France and the Netherlands. In this model, all adult citizens would be required to pay insurance premiums linked to their income level. These could be supplemented by an employer's contribution or government subsidies.
- 3 A system relying largely on voluntary private insurance, as in the U.S.

Of course a hybrid form is also possible, as in many industrialized countries.

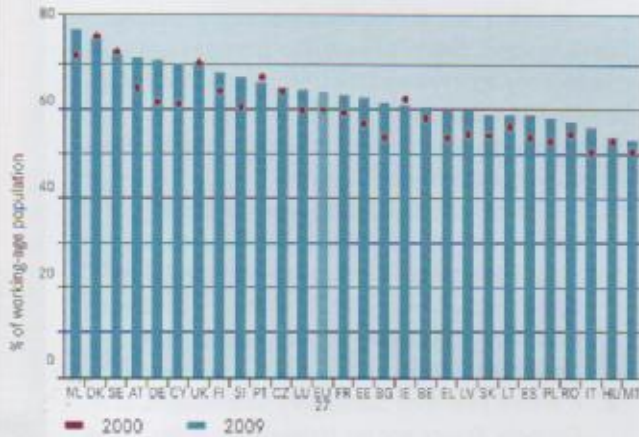
Note: Mabawanda is a fictitious country

Writing: Women in the workforce

One way of responding to the skills shortage created by the aging of the workforce is to raise the female employment rate. In 2000 the European Commission set a 60% employment rate for women as a target to be reached by 2010.

Use the graph below to write a paragraph describing the change in the female share of the workforce throughout the E.U. from 2000 to 2009 and the state of women's employment in individual countries, focusing on the leaders and the laggards.

Female employment rates for Member States, 2000 and 2009



Country Codes

BE	Belgium	FR	France	PL	Poland
BG	Bulgaria	HU	Hungary	PT	Portugal
CY	Cyprus	IE	Ireland	RO	Romania
CZ	Czech Republic	IT	Italy	SE	Sweden
DE	Germany	LT	Lithuania	SI	Slovenia
DK	Denmark	LU	Luxembourg	SK	Slovakia
EE	Estonia	LV	Latvia	UK	United Kingdom
EL	Greece	MT	Malta		
ES	Spain	NL	Netherlands		

Source: European Union

Reading: How Japan is battling a birthrate in decline

1 Read the text and do the tasks on page 95.

1 Japan's low birthrate and aging society are taking the world's third-biggest economy to the brink of a demographic crisis.

2 Companies have been urged to give their employees more time off to have families; shops have offered discounts for larger

5 families; and the government has introduced child allowances to lift the birthrate. Yet try as it may, Japan appears unable to stop its inexorable slide into long-term population decline. Instead, its low birthrate and aging society are taking the world's third-biggest economy to the brink of a demographic crisis to which it is struggling to find solutions.

3 The traditional pyramid population model is beginning to flip upside down against a backdrop of fewer, and later, marriages, while life expectancy continues to rise thanks to a traditional low-fat diet and advanced medical treatments paid for by universal health insurance. Demographers warn that if these trends continue, Japan's population will look much smaller and greyer in just a few decades.



4 The long-term trend points to an accelerated decline. The current population of 128 million will dip below 100 million in 2046, according to the National Institute of Population and Social Security Research in Tokyo, before sinking to below 45 million in 2105. The birthrate, at 1.34 – the average number of children a woman is expected to have during her child-bearing years – is below the 2.1 experts say is necessary to keep the population stable.

5 Local authorities and the private sector have attempted to encourage couples to have more children, from offering shopping vouchers to larger families to launching officially sanctioned matchmaking websites. The country's biggest business lobby, Keidanren, has encouraged its 1,600 member firms to allow employees to spend more time with their spouses and, so the theory goes, have more children. Yet appeals to promote a healthier work-life balance are unlikely to produce results until corporate gimmicks such as 'family weeks' – when firms send workers home by 7pm – are legally enforced.

6 In addition, more than 40% of men aged 35–39 still live with their parents. Many cite job instability and a culture of work that leaves them with little time to meet potential marriage partners. As a result there were fewer marriages in 2010 than at any time since 1954, and there has been a noticeable shift towards living alone. "People are marrying much later, and that causes an inevitable slowdown in the birthrate," says Ishii.

7 The double whammy of a low birth rate and bigger elderly population raises the question of how Japan – which already has the

highest public debt in the industrialized world – will fund state pensions and meet health and social security costs. “One possible solution would be to bring in a large number of foreigners to perform jobs in which there are labor shortages,” says Ishii. “But Japan does not have a history of mass immigration, and the consensus is that **it** isn’t a desirable way forward.”



8 Until recently, politicians were similarly reluctant to discuss tax rises that could cost them votes. But faced with a huge post-disaster reconstruction bill and resistance to issuing new debt, Japan’s leaders are finally talking about doubling the current sales tax to 10%, partly to help fund welfare.

9 **The problem** is being compounded by impressive longevity statistics in Japan, where more than a fifth of the population is over 65. Women can expect to live, on average, 86.4 years, and men for 79.6 years. The country has more than 40,000 centenarians, more than triple the number a decade ago. According to one projection, more than half a million Japanese will be over 100 by the middle of the century. By contrast, the number of 20-year-olds is expected to fall rapidly over the next 30 years, sinking to just 780,000 by 2040.

abridged from www.guardian.co.uk

- 2 Find words or expressions in the article meaning the same or about the same as the following. The numbers in brackets indicate the paragraphs in the text.

- 1 to the edge (1)
- 2 unavoidable fall (2)
- 3 turn the opposite way round (3)
- 4 the age that people are expected to die at (3)
- 5 with government approval (5)
- 6 encourage people to spend more time at home, less at work (5)

- 7 combination of two important factors (7)
- 8 general agreement (7)
- 9 is becoming harder to solve as a result of (9)
- 10 a statistical analysis has estimated that (9)

- 3 In the article above, several words or phrases are highlighted. What do they refer to?

- | | | |
|--------------------|------------|-------------------|
| 1 its (2) | 4 them (3) | 7 the problem (7) |
| 2 these trends (2) | 5 that (4) | |
| 3 their (2) | 6 it (5) | |

Web research: Changing populations

Choose one of the regions below. Then, using the maps in the warm-up as well as the other information in the unit, make a list of the changes you can expect in your region in the next three or four decades.

Africa • Asia • Europe • North America • South and Central America

In class, meet in groups of four in which each region is represented. Present your findings to the group.

10

Learning Focus

- Using the language of logistics and SCM
- Talking about the stages of the supply chain
- Applying different negotiation techniques and tactics

Self Study

- Verb-noun-noun combinations
- Conditionals in use
- Applying the Harvard Method to negotiations

Video Negotiating the way forward

At *NOCU*, Adam and Mark's project is moving along nicely. The next step is to find a suitable manufacturer. Will they manage to reach agreement with their Asian partners?



Supply chain management

Warm-up

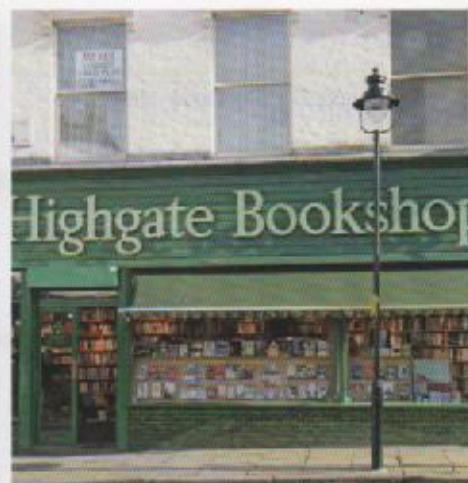
Write a definition of supply chain management using these sentence parts.

producing and distributing merchandise while minimizing costs and satisfying requirements with the aim of suppliers, warehouses, transporters, distributors and retailers at the right time to the right location the coordination of the network of in the right quantities

Supply chain management is

Are the following characteristics typical of traditional booksellers or big online retailers (e-tailers) such as Amazon? Put T for traditional or E for e-tailer.

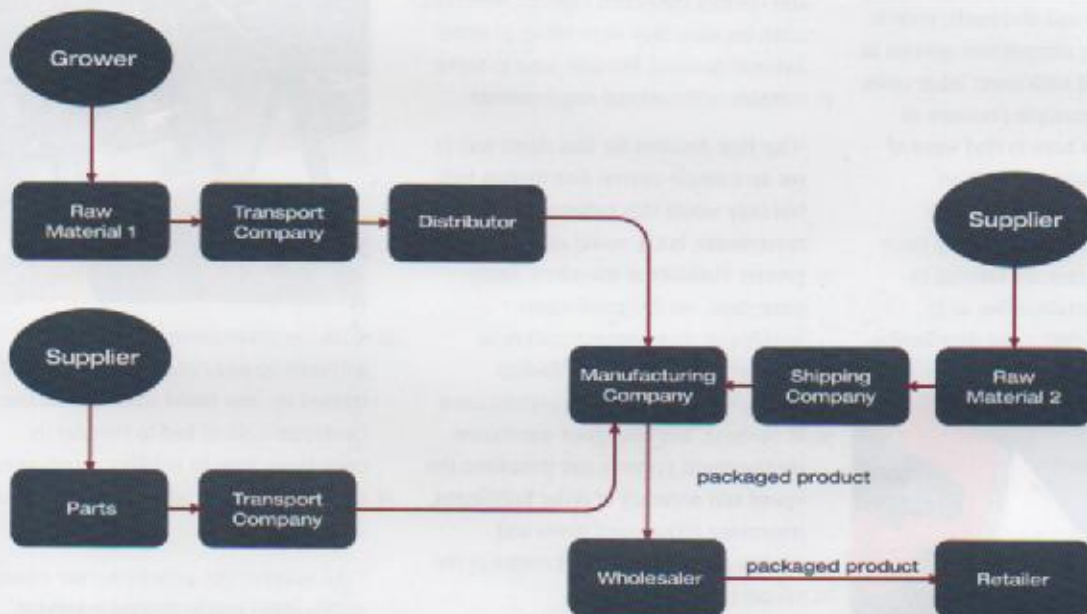
- known as a "bricks and mortar" business, because it is conducted in an actual building
- has a very high inventory turnover
- probably uses a just-in-time procurement system
- has a limited number of titles available
- relies on knowledgeable sales staff
- depends on IT to forecast future purchasing patterns
- makes little use of discounting
- may have a long inventory holding period, as it is difficult to predict what customers buy
- uses sophisticated packing machines
- works with very low margins



Reading: Onstream: a supply chain case study

1 The chart shows the key steps in a simplified supply chain. Discuss the questions.

- 1 Where in the supply chain is a quick response necessary?
- 2 In which parts of the supply chain could overstocking be a problem?
- 3 Why must each member of the supply chain be able to communicate with the others? How do they do this?



2 Use the words below to form as many good verb-noun-noun collocations as possible.

Action verbs

consolidate
improve
meet
minimize
reduce

Nouns

service
productivity
transport
turnaround
warehousing

Nouns

costs
disruption
operations
targets
times

Collocations

consolidate warehousing operations

3 Now use appropriate collocations to complete these sentences.

- 1 The first priority is to consolidate **warehousing** by creating one main distribution center.
- 2 A more efficient workflow system within the warehouse will **improve** productivity.
- 3 Staff will require extra training in order to meet **productivity**.
- 4 Thanks to state-of-the-art information technology, we are able to **minimize** disruption at weekends.
- 5 In order to reduce **transport** the company reduced the number of truck companies.

Onstream: a supply chain case study

"We live in challenging economic times. Companies are under pressure. Their customers want cheaper products, and higher quality. Their shareholders want increased profits and dividends, even in a recession. Their competitors operate in parts of the world with lower labor costs. This adds up to multiple pressure on costs. Companies have to find ways of controlling expenditure, without compromising the quality of their services or products. This is why more and more companies are turning to supply chain specialists like us to overhaul their logistics and distribution services."



Jenny Obrovsky is a logistics manager with Onstream, a consultancy providing supply chain solutions. In the last two years, she has worked with several large- and medium-sized companies to introduce innovative solutions to complex logistical challenges.

"Companies have discovered that there are still big savings to be made in this area of their business. One of our major clients is a well-known brand of kitchenware. They had seven distribution centers spread around Europe. Inbound and outbound deliveries were criss-crossing the continent, with goods moving from shipping ports to the warehouses and then back out from the warehouses to retail customers. When we analyzed their transport contracts, we found that they were using 35 different carriers. It was clear from the start that they needed to consolidate

their warehousing operations and, at the same time, reduce their transport costs."

Ms Obrovsky says that many companies still operate inefficient logistics networks, often because they were set up to serve national demand, but now have to serve complex international requirements.

"Our first decision for this client was to set up a single central distribution hub. Not only would this rationalize transport movements, but it would also allow for greater visibility of inventory. At the same time, we designed a new warehouse management system to handle order fulfillment. Modern logistics depends on high-performance IT systems. Well-designed warehouse management systems can transform the speed and accuracy of order fulfillment, improving turnaround times and enabling traceability at all stages of the supply chain process."

Onstream's client decided to locate its distribution hub in Slovakia, a country which is well placed geographically to serve the whole of Europe. But geography wasn't the only consideration, as Obrovsky explains: "A state-of-the-art distribution center, handling thousands of orders and deliveries on a daily basis, is a sophisticated business. You might think warehouses don't require skilled staff, but actually well-trained and highly skilled operatives are critical to the business. We chose a location where we could find staff of the right caliber."



With the distribution hub built, the software up and running and new staff trained up, one major obstacle remained. Onstream's client had to transfer its operations from its existing warehouses to the new center, without any reduction in service levels.

"The number one priority for our client at this stage was to minimize service disruption. As far as customers were concerned, it had to be business as usual. Orders had to be fulfilled on time. We devised a staged handover over the period of a few weeks. The new software enabled us to handle some orders from the old warehouses, while transferring other orders to the new center."

So has the new logistics system made the difference that Onstream's client was searching for? Jenny Obrovsky says that the result has surpassed expectations. "The new system enabled the distribution centre to meet its productivity targets in the first month. Within three months, productivity was way ahead of target. Our client originally asked us to achieve a 15% reduction in logistics costs, but, in fact, our supply chain solutions have brought savings of 33%. This is a saving which allows the company to meet the demands of its customers and shareholders, without affecting the quality of its core products."

4 Read the sentences below. According to the article, are they *business solutions* or *customer benefits*? Write *S* for a solution or *B* for a benefit.

- S consolidation of warehouses into one hub
- new warehouse management system
- improvement in turnaround times
- traceability at all stages of supply chain
- reduction in logistics costs
- recruitment of skilled staff

5 Answer the following questions:

- 1 Why do companies change their supply chain management?
- 2 What were the main problems with the client's existing distribution system?
- 3 What were the three main features of *Onstream's* logistics solution?
- 4 How did *Onstream* prevent service disruption during the transfer to a new distribution center?
- 5 What benefits has the new system brought to the client?

Listening: Responsible sourcing

- 1 What ethical issues might be involved in managing a supply chain?
- 2 Listen to a lecture about ethical issues in supply chain management and complete the notes.



Difference between SCM and logistics:

Company's three basic responsibilities:

- 1 _____
- 2 _____
- 3 _____

Three areas of ethical concern:

- 1 _____
- 2 _____
- 3 _____

Reasons for increased emphasis on ethical behavior:

- 1 _____
- 2 _____
- 3 _____

3 Discuss these questions:

- 1 Can you think of other companies for whom the supply chain has become an ethical problem?
- 2 What other ethical issues in SCM could companies face apart from the ones mentioned?
- 3 What can companies do to ensure the trust of the public?

Negotiating: Preparation

Background:

The organic food retail chain Natural Market Place (NMP) has received an offer from SZ Wellness, a German producer of upmarket organic body oils, which is looking for a distributor for its product range in the U.K. and Ireland.

Timo Merseburger, SZ Wellness's sales director, is in Birmingham to meet Rhys Morton, NMP's sales manager, and Tara Rain, the company's procurement officer, to negotiate a contract. They have not met before but know each other from several telephone conversations.

	NMP	SZ Wellness
Strengths	largest organic supermarket chain in the U.K. and Ireland	unique and innovative product of premium quality
Weaknesses	need to diversify product range to secure growth	expensive niche product, urgency of expanding into new markets (copycats)

Read the background information above and study the preparation notes of each party. Then answer the questions.

- 1 What do the parties know about each other's businesses and interests?
- 2 What areas of agreement and what potential contention issues do you foresee?
- 3 How much flexibility will both parties be able to show?



SZ Wellness		
Objectives	getting into U.K. and Irish market; testing suitability of NMP as sole distributor	Possible concessions
Our priorities	short-term exclusivity contract; selling price comparable to German retail price; mark-up: max. 30%	discount: 5-15% payment: on receipt of goods; delivery: to Felixstowe
		Sticking point: exclusivity



NMP	
Overall objective:	long-term exclusive contract to keep competitors out of market
Priorities	exclusivity contract: minimum 3 years selling price: considerably lower than German retail price price discount: min. 10% mark-up: 40-45%



Negotiating: Making a deal

- 1 Read the text below on a well-known negotiation method. Then listen to the beginning of the meeting. Do the two parties use similar strategies as recommended by the HM or do they adopt different approaches? How successful are they?

The Harvard Method: Principled bargaining

Roger Fisher and William Ury, the men behind the Harvard Negotiation Project, developed the "principled" bargaining method. "Principled" negotiators look for shared interests, thus paving the way for reaching joint and amicable decisions.

The following gives an overview of the four basic principles of the Harvard Method and of some of its underlying assumptions and strategies.

Separate the people from the problem

Negotiators have emotions, perceptions and opinions which become easily entangled with the problem being discussed.

- Talk to the other side about their perceptions and emotions.
- Allow emotional outbursts, but don't react to them.
- Listen to arguments carefully and acknowledge that you have heard them.

Focus on interests, not positions

Negotiators want to achieve their interests, so they position themselves in a negotiation. If their interests are threatened, they usually harden their position, which makes reaching a satisfactory agreement unlikely.

- Identify the other party's interests by asking for their reasons.

- Commit yourself to your own interests.
- Outline your interests first before giving your reasons.

Identify options for mutual gain

Attitudes like being too critical of the other party's proposed solutions, searching for the one right solution or assuming that only a limited number of good options exist prevent satisfactory negotiation results.

- Search actively for shared interests.
- Identify several options before taking a final decision.
- Try to decide on a provisional agreement if a permanent one is not possible.

Insist on using objective standards

When interests are directly opposed and negotiators feel they are being treated unfairly, they often become inflexible and insist on their proposals. Even if an agreement is reached, neither the business relationship nor the contract are built on strong foundations.

- Ask the other party which standards and principles their proposal is based on.
- Discuss some objective standards such as market value, expert opinion, custom and law.
- Agree on some standards and their application.

- 2 Listen again and identify areas of agreement and disagreement.
- 3 Listen to the second part of the meeting. How do Timo, Tara and Rhys use the HM to deal with their differences? Match the strategies 1–5 to the statements a–e.

1 **Separate the people from the problem.**

Listen to arguments carefully and acknowledge that you have heard them.

2

Focus on interests, not positions.

Identify the other party's interests by asking for their reasons.

3

Insist on using objective standards.

Ask the other party which standards and principles their proposal is based on.

4

Identify options for mutual gain.

If you cannot agree on content, try to agree on procedure.

5

Identify options for mutual gain.
Find several options before taking a final decision.

a You indicated earlier on that our pricing is too high for the British market. But how does your insistence on such a high mark-up fit in with your demand for a low selling price?

b Alright. I take your point. What about 10% providing you agree to a mark-up of 30%?

d OK. Shall we leave the mark-up for a moment?

c But as far as I know, mark-ups of 30–35% are common in the food retail business in the U.K. So could you perhaps tell me why you are insisting on 45%?

e I could imagine that our nutritional products would find a ready market over here and in Ireland.

- 4 In a negotiation it is important to hit the right tone to achieve your goals, especially when there is disagreement. Being to the point can be as useful at times as being polite. Listen again and write down examples for the functions in the table below:

Dealing with disagreement

Disagreeing politely

I would prefer ...
That is not how I/we see it ...
I'm afraid that's not an option ...

Disagreeing directly

(use these expressions carefully!)
That is unacceptable.
That is out of the question.
There is no way we can ...
I/we cannot go along with that ...

Disagreeing politely

Disagreeing openly

Dealing with disagreement and deadlock

Role-play: Keeping your eye on the ball

Situation: *Muzino*, a Japanese sporting goods manufacturer with an excellent reputation for quality baseball equipment among professional baseball players, is planning to conquer the U.S. market. The sporting goods retail chain *Sportman's Camp*, which operates 80 outlets throughout the U.S., has signaled their interest in stocking some of *Muzino's* products. So *Muzino's* Sales director has come over to negotiate a deal.

Work in pairs. One of you is *Muzino's* Sales director, the other is chief buyer at *Sportman's Camp*. Study your role card and prepare for the negotiation.

➔ Student B page 129

Student A

You are *Muzino's* Sales director.

Your strengths:

- excellent quality and innovative materials
- products with cult status among the baseball clientele
- extensive and cutting-edge marketing activities

Current difficulties:

- as baseball season is drawing closer, large order from *Sportman's Camp* likely
- if *SC* wants full range of baseball mitts and bats, your factory in Japan will need to put on extra staff, meaning higher costs

Your objective is to negotiate a satisfactory deal for your company.

Your weaknesses:

- high prices (but widely accepted in Europe and Japan)
- a major backlog of orders because your European warehouse in Swindon, near London, burned down a week ago

Your interests:

- delivery not before May 15 (i.e. 6 weeks after beginning of baseball season) as existing customers' orders have priority
- selling only the average-priced product range of your baseball bats and mitts as they are produce-to-stock items
- volume discount possible if orders exceed \$200,000
- terms of payment by irrevocable letter of credit, payable at sight

Company Case



Toying with supply chains

Consider the following questions:

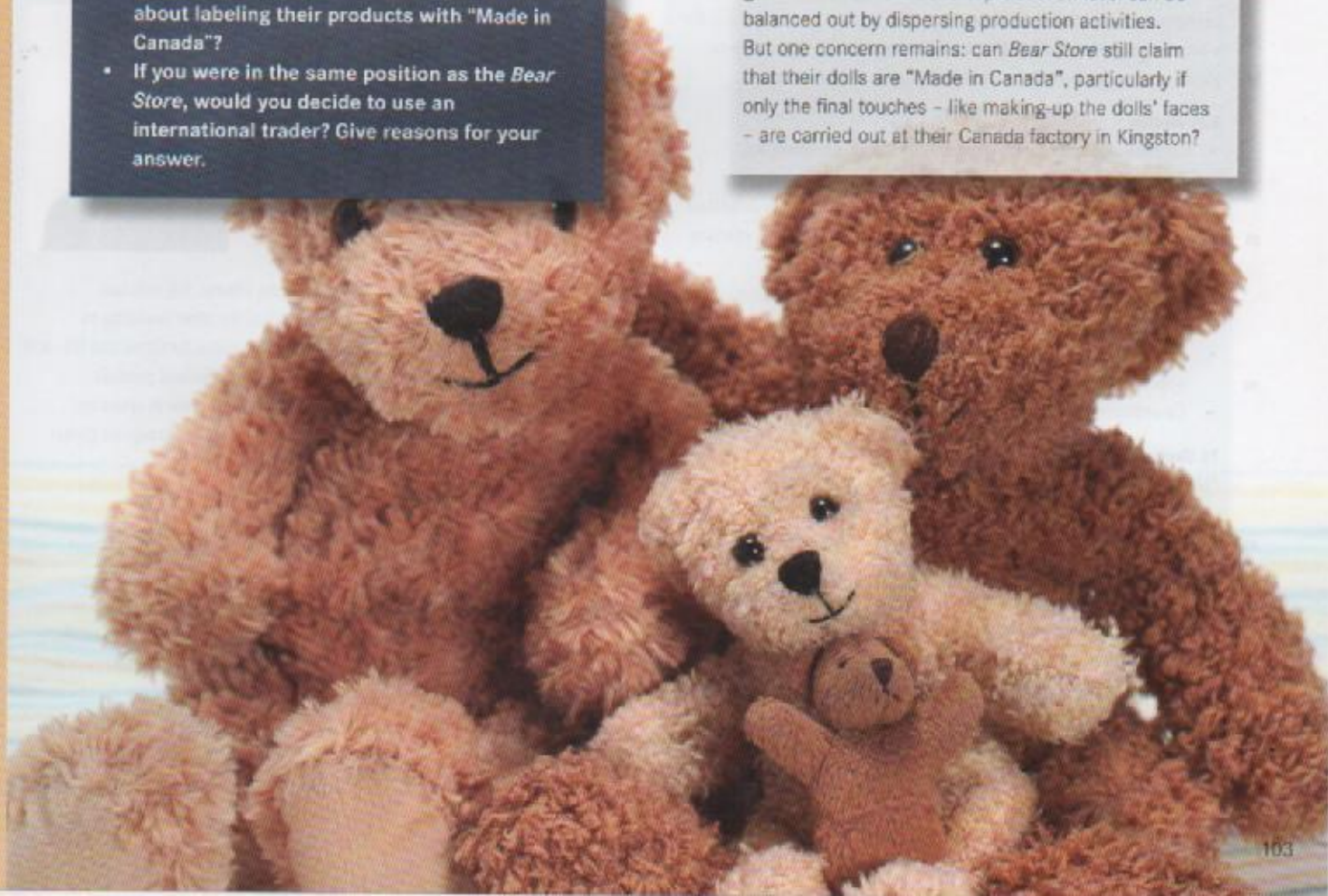
- Do you think that *Liao Shi* has answered the Canadian company's questions sufficiently? Give reasons for your answer.
- What other questions have to be asked?
- How would you deal with the final concern about labeling their products with "Made in Canada"?
- If you were in the same position as the *Bear Store*, would you decide to use an international trader? Give reasons for your answer.

The *Bear Store*, a Canadian manufacturer that has specialized in manufacturing dolls and teddy bears for the past hundred years, has now decided to offshore the bulk of its production, largely in response to increased cost pressures.

Because they lack the necessary know-how, they have contacted the Hong Kong-based firm *Liao Shi Ltd.*, one of the world's largest consumer goods sourcing companies. With access to 12,000 independent suppliers located in over 40 countries, *Liao Shi* is well placed to ensure management of the entire supply chain from raw material sourcing, through production planning and management, to quality assurance, export documentation and shipping consolidation.

To put *Liao Shi* to the test, *Bear Store* orders several prototypes of its new range of dolls requiring that *Liao Shi* comply with the requisite safety standards and use of materials. Two weeks later *Liao Shi* presents some samples whose quality and competitive price surpass the Canadian company's requirements.

The Canadians' concerns about the commitment of *Liao Shi's* suppliers to ethical production and the fact that demand for premium dolls is unpredictable are also answered satisfactorily. To back up its claims, *Liao Shi* points to their "Code of Conduct for Vendors", which ensures that only those suppliers who follow this code are selected. They also guarantee that variations in production level can be balanced out by dispersing production activities. But one concern remains: can *Bear Store* still claim that their dolls are "Made in Canada", particularly if only the final touches – like making-up the dolls' faces – are carried out at their Canada factory in Kingston?



Reading: The role of supply chain managers

- 1 Read the following excerpt from a website about jobs in supply chain management. Then answer the questions.

Supply chain managers have a tremendous impact on the success of an organization. These managers are engaged in every facet of the business process - planning, purchasing, production, transportation, storage and distribution, customer service and more! In short, these managers are the "glue" that connects the different parts of the organization. Their performance helps organizations control expenses, boost sales, and maximize profits.

Check out [some of] the job profiles to figure out what piques your interests.

First level management (0-4 years) Supply Chain Analyst

Description

Uses analytical and quantitative methods to understand, predict and enhance supply chain processes. Responsible for assembling data, analyzing performance, identifying problems and developing recommendations which support SCM planning and operations. A transportation analyst's duties revolve around the performance of carriers and private fleets while a logistics analyst is responsible for a broad range of activities. Employed by manufacturers, retailers, logistics services providers and other supply chain members.

Key duties

- Gathers and interprets relevant data (costs, productivity, demand patterns, etc.)
- Investigates problems, finds root causes and develops solutions
- Develops periodic performance reports and distributes them to stakeholders
- Monitors contract compliance of carriers and other logistics service providers
- Provides analytical support for projects, new business opportunities and proposals
- Co-ordinates delivery schedules and other supply chain activities

In their own words:

"My job is to analyze the movement of goods through the supply pipeline, monitor current processes, identify and analyze gaps, and develop process improvements. I am expected to use my skills in database management and spreadsheet analysis to help the organization increase cash flows, inventory turns, our customers' satisfaction and employee productivity."



Middle level management (5-10 years) International Logistics Manager

Description

Works closely with manufacturing, marketing and purchasing to create timely, cost-effective import/export supply chains. Responsible for handling the technical details of international transportation - multiple modes, complex documentation and varying customs regulations, developing distribution strategies and building relationships with logistics intermediaries. Serves as a troubleshooter, dealing with problems inherent in moving freight long distances and holding inventory in multiple global locations.

Key duties

- Manages the performance of international carriers and logistics intermediaries
- Ensures compliance with international and U.S. laws related to import/export activity
- Evaluates trade-offs between transportation costs, inventory costs and service levels
- Works with packaging engineers to effectively protect import/export goods
- Develops logistics strategies and processes for entering new markets on a global basis

In their own words:

"My position has given me the opportunity to travel and live abroad. This has helped me learn how the logistics and supply chain issues differ from country to country. You have to understand each nation's import/export processes, regulations and logistics infrastructure to make good decisions.



As my company expands its international operations and marketing efforts, my role has expanded in scope. I spend about 30% of my time assisting in production planning decisions for our overseas factories and 35-40% of my time figuring out how best to get the finished product distributed to our markets. The balance of my time is spent on administrative duties and working with our sales group on global business development opportunities."

Executive level management Vice-President of Supply Chain Management

Description

Leads the development and implementation of supply chain strategy to support enterprise goals. Develops capabilities and supply chain initiatives to support supply chain performance over a multi-year horizon, and is responsible for supply chain processes, infrastructure and enablers. Leads senior management routines to monitor core supply chain performance, including delivering against

product and service level agreements and cost objectives. Usually reports to the company president or chief operations officer (COO) with accountability for financial, service and quality metrics in the supply chain.

Key duties

- Develops supply chain strategy that supports and meets company strategy, company performance objectives and customer expectations
- Maintains routines to ensure delivery of core supply chain metrics in terms of cost and service
- Minimizes company risk and maintains compliance in the areas of environment, health and safety (EH&S)
- Identifies and develops talent within the organization

In their own words:

"Supply chain management is where the action of business takes place.

No two days

are ever the same. My greatest joy is

working among talented, energetic

people to find solutions to critical

business problems and identify

opportunities for taking the company to

ever higher levels of performance."



Source: Council of Supply Management Professionals

Which of the three jobs described do you think would ...

- involve working closely with the HR department?
- require the applicant to have at least an MBA?
- require a broad range of computer skills?
- require a familiarity with the legal requirements of various countries?
- require good negotiating skills?
- require good project management skills?
- require sensitivity to foreign cultures?
- probably be found only in large companies?
- probably require fluency in a foreign language?

2 Use the words below to form as many three-part collocations as possible.

develop
ensure
expand
maintain
manage
meet
monitor
support

company
customer
distribution
international
legal
logistics
marketing
supply chain

capabilities
compliance
delivery
efforts
expectations
initiatives
objectives
operations
performance
routines
strategies
talent

3 Complete the following sentences using as many different three-part collocations as possible. Part of the collocation is always given.

- 1 Mr Wolfe will be sent to Budapest, where his job is to manage _____.
- 2 Our competitor failed to _____ expectations and went bankrupt last year.
- 3 Our team of lawyers _____ the company's _____ compliance in its import and export activities.
- 4 So far we have focused on the domestic market, but if we are to remain competitive in the future, we must _____ international _____.
- 5 The company plans to engage new carriers in order to _____ its _____ capabilities.
- 6 The plan was rejected, as it was judged that it did not _____ strategy.
- 7 To reach new customer groups we should expand our _____.
- 8 We are able to guarantee prompt delivery thanks to our system for monitoring _____.

Web research: Jobs in SCM

- 1 Use the internet to find other jobs in supply chain management. Be prepared to explain which you think would be most interesting and why.
- 2 Find the websites of universities in the English-speaking world which offer a Master's degree in supply chain management, if possible with graduate testimonials. What subjects does the curriculum include? What do graduates say about the benefits of the programs?

Writing: A challenging career

Pretend you want to apply to one of the jobs described above or one you have found in the internet. Write a paragraph explaining why you would qualify for this position.

11

Learning Focus

- Using the language of risk management
- Talking about different types of risk
- Making a public statement

Self Study

- Talking up risk
- Minimizing risk
- Modal verbs: degrees of certainty and uncertainty

Risk management

Warm-up

Talk to a partner about the following questions:

- 1 What kinds of risk are you exposed to in your personal life?
- 2 Which risks can you protect yourself against? How?

Which risks are the following types of companies exposed to?

- international oil companies
- clothing retailers
- food companies
- pharmaceutical companies
- automobile manufacturers
- power companies
- haulage firms
- airlines

Share your answers with the class.



Reading: Managing risk

1 Put each of the verbs in its correct form in the sentences below:

determine • impact • implement •
inflict • jeopardize

- 1 A stronger earthquake would have seriously the telecommunications services and power supply of the region.
- 2 Sleep deprivation can cause accidents of many kinds, thus public health and safety.
- 3 The flood losses estimated at \$5 billion on the country's agricultural sector.
- 4 It is not enough to have a good disaster plan; you must also have the means in place it.
- 5 It is important for a company the level of risk it carries and whether or not that risk is insurable.

2 Read the following excerpt from *The Irrational Economist* and answer the questions.

Managing risk: A new era calls for a new model

The catastrophe risk management field is actually at a crossroads today, as we are faced with extreme events of a totally new nature and scale. Although considerable research has been done to better understand disasters, recent events have seriously challenged the established paradigm.

Not very long ago, disasters were considered to be low-probability events because they did not occur often. That assumption was very reassuring for the economist: the expected loss of these events (understood here as the potential loss associated with a disaster multiplied by the probability of that event occurring) was often relatively low. Furthermore, it was often possible to establish a list of risks that one organization could face and determine the probability of each one of these based on occurrences in the past. In a sense, that was Risk Management - Version 1.0.

But in the first few years of the 21st century, the world has faced a string of catastrophes of a totally new dimension. In fact, there has not been a six-month period in the past few years without a major crisis that simultaneously affected several countries or industry sectors. In the terrorist attacks of September 11, 2001, a superpower was challenged on its own soil in an unprecedented way. After 9/11, the reality of international terrorism became clear and national security became a top priority on the agenda of the United States and many other countries. The event has had an enduring impact on the rest of the world as well. Hurricane Katrina, a violent but long-anticipated hurricane, overwhelmed a vulnerable coastline, met an unprepared government,

inflicting historic economic damage and lasting social impacts. The massive failure of the electric power distribution system - a ten-second event in August 2003 that resulted in a massive United States-Canada blackout - demonstrated how human error and short-term competitive pressure can result in poor risk management that, in turn, jeopardizes our critical infrastructures. The December 2004 tsunami was responsible for the deaths of nearly 300,000 people in just a few hours due to lack of an alert system. And in May 2008, a major earthquake in the Sichuan province in China killed nearly 50,000 people, just a few weeks after a major cyclone killed over 100,000 in Myanmar. The severity of these events demonstrates that the world is changing, and that we have entered a new era. On many critical points relating to extreme event preparedness, the conventional economic thinking has been wrong. Conventional thinking holds that risks are mainly local and routine - that it is possible to list all untoward events that could happen, determine their probability based on past experience, measure the costs and benefits of specific risk protection measures, and implement these measures for each risk. Many organizations and governments are making decisions using risk and crisis management tools based on these outdated assumptions. As a result, they do not have the agility needed to move quickly to respond to unplanned events and global risks that are arising at an increasing rate. This failure to prepare adequately impacts not only the organizations and governments themselves but also a number of others with which they are interconnected.

abridged from Erwann Michel-Kerjan and Paul Slovic,
in *The Irrational Economist*

- 1 What were some assumptions made about risks in the past?
- 2 What examples does the author provide to show that these assumptions no longer hold?
- 3 Can you think of any additional examples which illustrate his point?
- 4 What is the purpose of the text and for what type of reader has it been written?

3 Read the text again and choose the best explanation for the expressions below:

- | | |
|---|--|
| 1 catastrophe risk management field | a <input type="checkbox"/> profession dealing with insurance against disasters |
| | b <input type="checkbox"/> discipline involving predicting the consequences of disasters |
| 2 enduring impact | a <input type="checkbox"/> violent shock |
| | b <input type="checkbox"/> long-lasting influence |
| 3 massive United States-Canada blackout | a <input type="checkbox"/> major failure in communications between the U.S. and Canada |
| | b <input type="checkbox"/> electricity failure affecting the U.S. and Canada |
| 4 extreme event preparedness | a <input type="checkbox"/> state of being ready in every way for a potential disaster |
| | b <input type="checkbox"/> state of being prepared for an especially violent disaster |
| 5 untoward events | a <input type="checkbox"/> occurrences that are difficult to manage |
| | b <input type="checkbox"/> unanticipated occurrences |
| 6 specific risk protection measures | a <input type="checkbox"/> concrete steps taken to protect against potential loss |
| | b <input type="checkbox"/> ways of precisely measuring the cost of protecting against potential loss |

Listening: **A chief risk officer speaks**

Unit 101 Book 2

1 Match each of the terms below with the best definition.

- 1 exposure to risk
- 2 silo approach
- 3 worst case scenario
- 4 foolproof backup plan
- 5 likelihood of an event
- 6 the C-suite

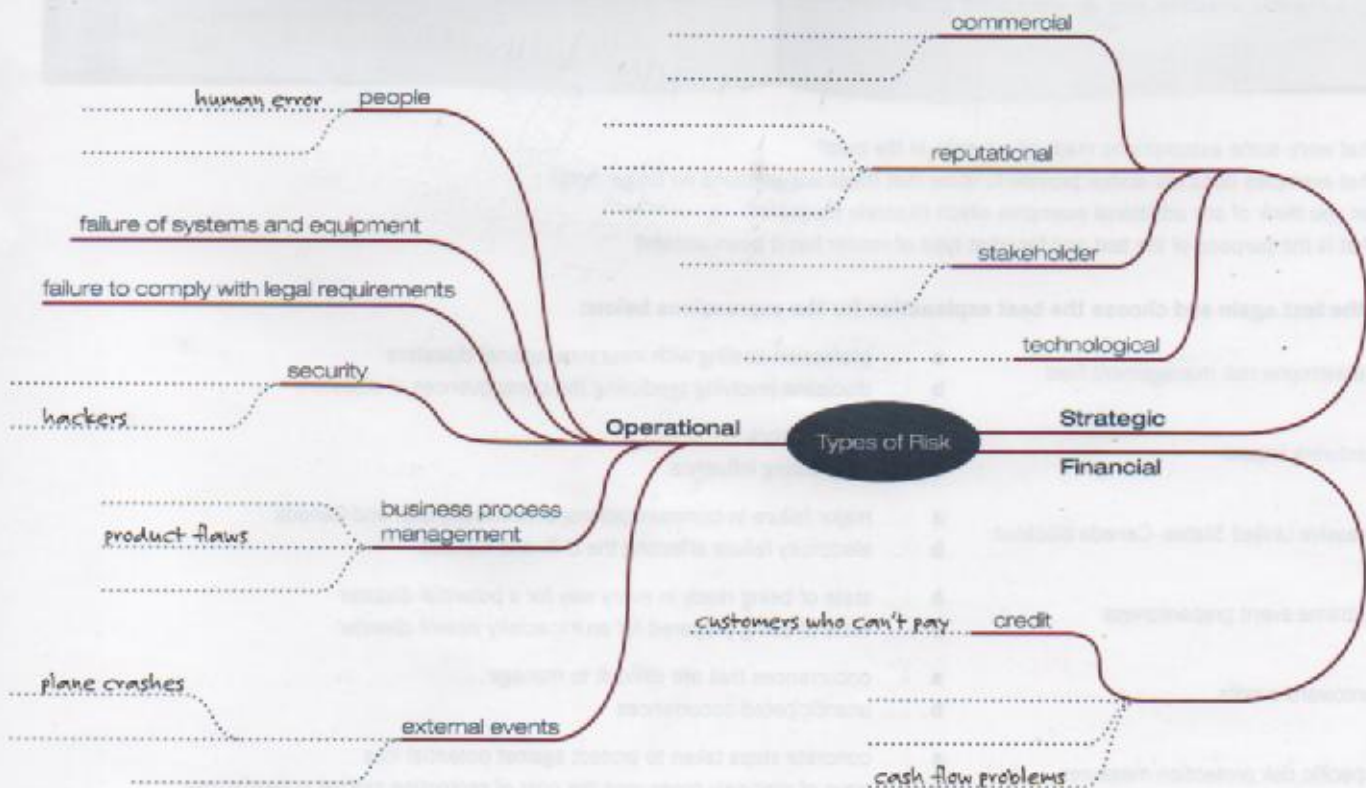
- a substitute or support measures that can't go wrong
- b possible most severe outcome of a situation
- c probability that something will happen
- d lack of protection from potential dangers
- e the most important executives in an organization
- f working alone, without communicating with other disciplines or departments

**2 Listen to the interview with a chief risk officer and answer the following questions:**

- 1 Which types of risk does Harper Williams mention?
- 2 How has risk management changed in the past few decades?
- 3 According to Williams, are there any personal qualities a risk manager should have?
- 4 What paradox does Williams mention?
- 5 Is this a job that you could imagine doing? Why / Why not?

3 CRO Williams mentions three main types of risk – operational, strategic and financial. Put the examples of risk from the box under the appropriate type of risk. Can you find other examples?

acts of terrorism • change in demand • commodity price volatility • fluctuations in exchange rate •
 loss of key staff • misconduct on part of employee • natural disasters • recall of product •
 relations to NGOs • supply chain failure • theft of intellectual property



Diversity



Avoiding uncertainty

Uncertainty Avoidance Index
 Differences in uncertainty avoidance across cultures have been examined by the Dutch social scientist Geert Hofstede. As part of a research project conducted at IBM subsidiaries in various countries, Hofstede investigated what he called the Software of the Mind (cultural programming). One of the five cultural dimensions he identified and described is *tolerance of uncertainty and ambiguity*. After extensive research and thousands of interviews in 112 different countries and regions, he developed the UAI or Uncertainty Avoidance Index. The worldwide UAI average score is 64.

Have a look at the chart on the right, which shows Hofstede's scores for selected countries, and discuss the questions with a partner.

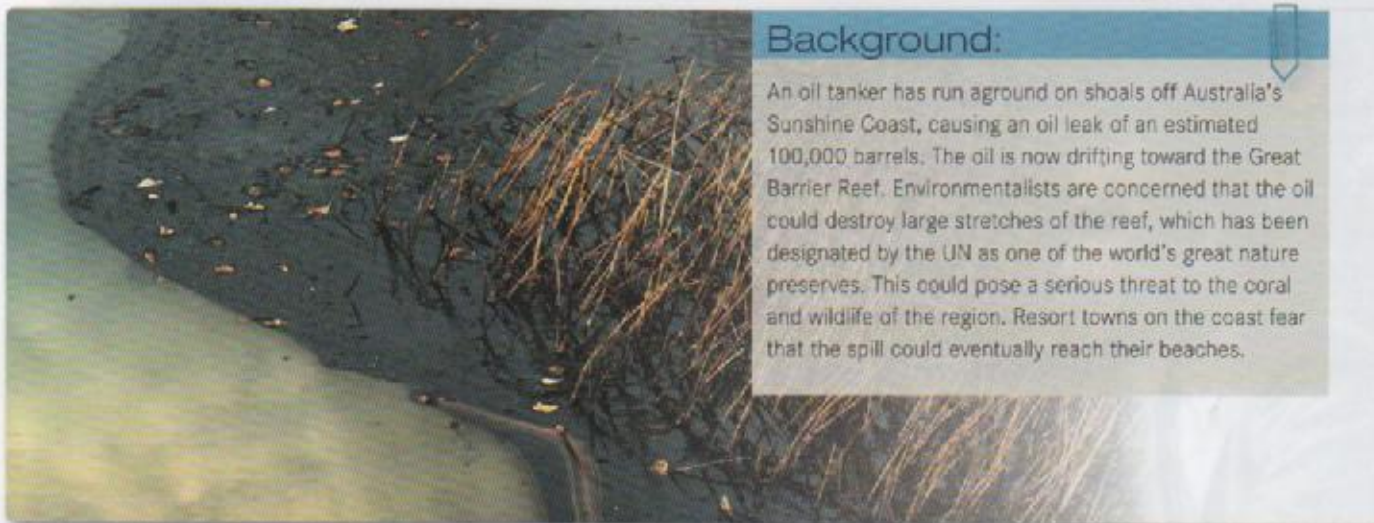
What problems do you expect to arise in these situations?

- A** A Greek and an Irishman working in the HR department of an international company have the task of drafting health and safety regulations for the employees.
- B** The British product manager of an international cosmetics manufacturer wants to introduce a new skin care range before their competitors launch a similar product but requires the approval of his French head of department.
- C** An American company operating in Italy is seeking a way to recruit highly skilled staff. The American HR manager wants to introduce a system of remuneration which would include stock options, while his local counterpart recommends well-defined bonuses instead.

Country/Region	UAI	Rank
Arab World*	68	40/41
Australia	51	55/56
China	30	69/69
Denmark	23	72
East Africa**	52	54
France	86	17/22
Greece	112	1
Hong Kong	29	70/71
Hungary	82	26/27
India	40	64
Ireland	36	66/67
Italy	75	33
Japan	92	11/13
Mexico	82	26/27
New Zealand	49	58/59
Pakistan	70	35/38
Peru	87	16
Poland	93	9/10
Portugal	104	2
Singapore	8	74
South Africa	49	58/59
South Korea	85	23/25
United Kingdom	35	66/67
United States	46	62
West Africa***	54	52

Note: Hofstede uses a selection of countries for these areas:
 *Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia
 **Ethiopia, Kenya, Tanzania, Zambia
 ***Ghana, Nigeria, Sierra Leone

Making a public statement: Informing the public

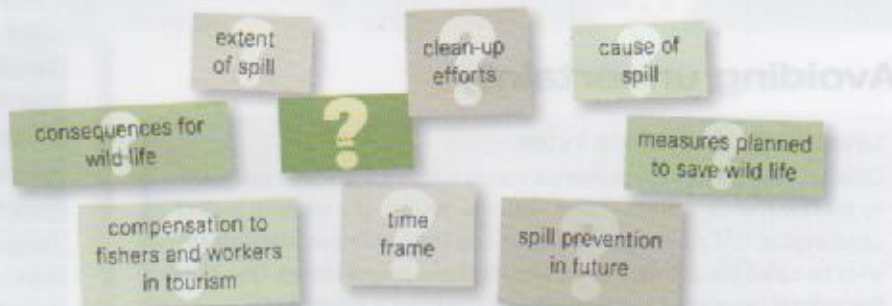


Background:

An oil tanker has run aground on shoals off Australia's Sunshine Coast, causing an oil leak of an estimated 100,000 barrels. The oil is now drifting toward the Great Barrier Reef. Environmentalists are concerned that the oil could destroy large stretches of the reef, which has been designated by the UN as one of the world's great nature preserves. This could pose a serious threat to the coral and wildlife of the region. Resort towns on the coast fear that the spill could eventually reach their beaches.

- 1** *AmPet*, the petroleum company operating the oil tanker, has arranged a press conference at which the company's CEO is to make a public statement. Anticipate the questions that the journalists and others, such as environmentalist NGOs, are likely to ask the CEO at the press conference.

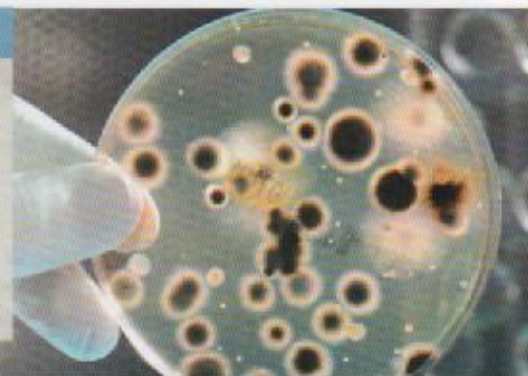
- 2** Now listen to the *AmPet* press conference. How would you evaluate the CEO's handling of the situation? Did he answer the questions put to him?



- 3** *Succo Beverages* has arranged a press conference at which the CEO will make a public statement. What information would you expect her to include? What information does the company owe the public?

Background:

Succo Beverages, an international food and beverage company, has been very successful in marketing its diet drink "Slender Shake". However, during a routine inspection it was discovered that a large batch of the product has been contaminated by a microbe known for causing serious food poisoning. The product has already reached the market and is available in drugstores and supermarkets. The industry has recently been shaken by food scandals, so the company is concerned about damage to the excellent image it has maintained to date.



- 4** Listen to the *Succo Beverages* press conference. How successfully did the CEO deal with the situation? How did her approach differ from that of *AmPet*'s CEO?

Making a public statement: Finding the right words

- 1 Use the verbs and noun phrases below to form word partnerships often used in public statements.

Verbs	Noun phrases	Collocations
assume	a cause	launch an investigation
do	a product	
express	a threat	
identify	an investigation	
launch	everything in one's power	
take	one's regret	
minimize	responsibility	
pose	(the) damage	
recall	the opportunity	

- 2 Extend the partnerships above with an adjective from the box where appropriate.

deepest • defective •
environmental • extensive •
full • serious • underlying

- 3 Complete the sentences using word partnerships you have formed in exercises 1 and 2, making any necessary changes.

- We want to _____ to inform the public about the extent of the problem.
- According to our most recent information, the problem does not _____ to the environment.
- We intend to _____ for the unfortunate incident.
- We would like to _____ for the inconvenience caused to our customers.
- Experts are working day and night to _____ of the problem.
- Our engineers have _____ into the origins of the leak.
- Unless we _____ immediately, we will lose credibility in the eyes of our customers.
- Quicker action might have _____ from the oil spill.
- The company will _____ to ensure that a similar accident does not occur in the future.

Making a public statement: How to get it right



The 7 golden rules for making a public statement

- 1 Apologize for any harm or inconvenience caused to consumers.
- 2 Offer to process consumers' claims for compensation.
- 3 Give specific information about the cause of the damage.
- 4 Assume responsibility for the accident and don't pass the buck.
- 5 Give the public exact information about the extent of the accident.
- 6 Provide consumers with complete information about the probable consequences of the damage.
- 7 Reassure the public that measures are being taken to limit damage.

Working in a group of four, each student prepares a public statement of about 150 words for one of the following scenarios. Present your statements within your group, your partners taking on the roles of a journalist and of the representative of a consumer organization or an NGO and asking questions.

A manufacturer of electronic goods has released a navigation system that directs drivers to a location as much as 50 km away from the intended destination. Customers are irate.



An NGO has discovered that a carpet manufacturer which prides itself on using environmentally friendly materials employs under-age workers.



A fast food company has been accused of causing serious damage to the environment because it sources the beef for its burgers from ranches in Brazil, which involves felling large tracts of the rainforest.



A car manufacturer has put a model on the market which has been found to have serious technical defects. Consumer advocacy groups are demanding that the model be recalled.

Company Case

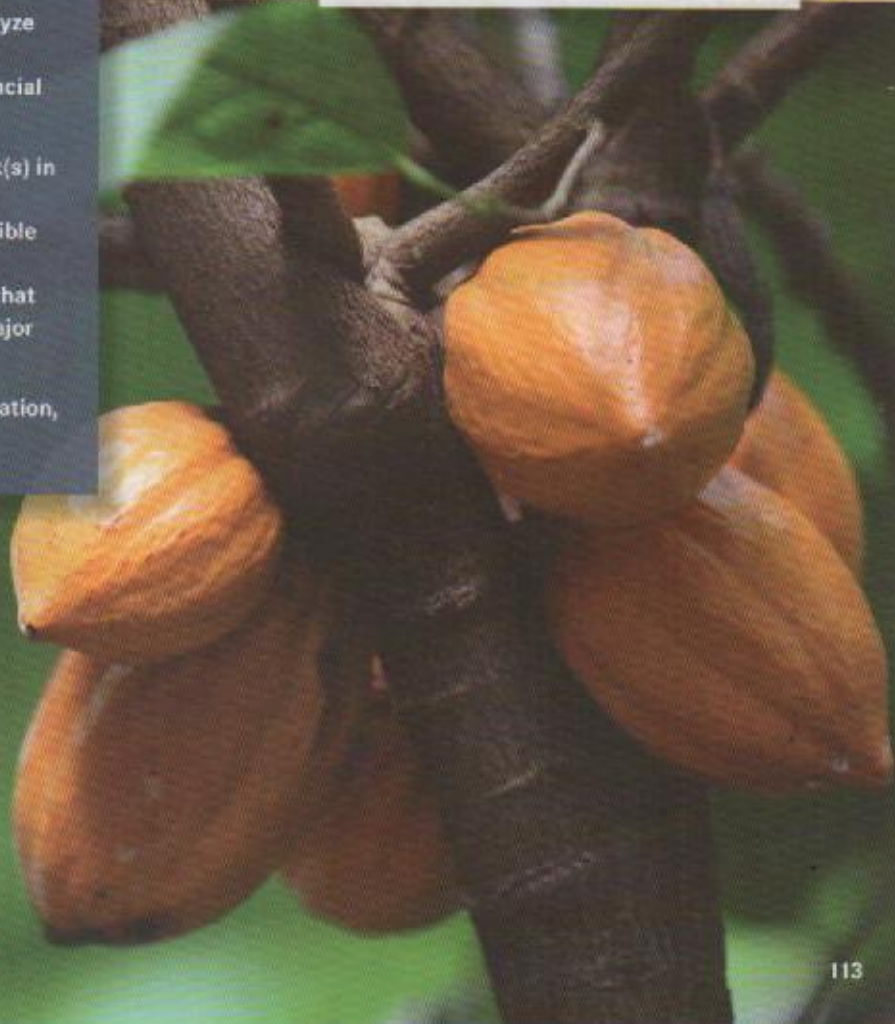
Leckerli GmbH is a Swiss manufacturer of fine chocolates looking for promising new markets. They believe that they have found one in China, where the booming economy and growing purchasing power of the middle class has encouraged them to enter negotiations to form a joint venture with a Chinese confectionery producer. *Leckerli's* goal is to produce high quality chocolate products which would be marketed in mainland China and Hong Kong. The company has purchased a greenfield site about 20 km from Shanghai and plans to construct a factory which will use state-of-the-art technology. Cocoa beans will be imported from Africa, but the plant will otherwise use raw materials from local suppliers. Both the Chinese and Swiss companies will be represented in the plant's senior management, but the office staff and factory workers will be recruited from the local population. Its products will include block chocolate, drinking chocolate and special chocolate products for children. The board of directors of both companies have commissioned a thorough analysis of all the potential risks before finalizing the joint venture.

Growing a chocolate brand in China

You are a team of consultants hired to analyze the risks involved in this joint venture. Identify the operational, strategic and financial risks for both companies.

- Which do you consider the greatest risk(s) in each category?
- Who in the company should be responsible for each risk?
- Is there any kind of risk response plan that would be appropriate for each of the major risks?

Use your findings to create a short presentation, which you will give to the class.



Web research: Business in a risky world

- 1 Use the internet to find job openings in three different fields for professionals in risk management. What qualifications are necessary? How generous is the pay and benefits package? Share your information with the class.



- 2 Think of an industrial accident which occurred recently. Using the company's English-language website, find out how the company dealt with it. Be prepared to report on your findings in class.

Reading: Protecting a company against risk

- 1 Before you begin to read, match each of the terms below with its definition.

- | | |
|------------------------------------|---------------------------------------|
| 1 <input type="checkbox"/> benefit | 5 <input type="checkbox"/> coverage |
| 2 <input type="checkbox"/> carrier | 6 <input type="checkbox"/> policy |
| 3 <input type="checkbox"/> claim | 7 <input type="checkbox"/> settlement |
| 4 <input type="checkbox"/> clause | |

- a the contract that a person or organization has with an insurance company
 b the company providing the insurance
 c the amount and type of protection provided by the insurance
 d a payment provided by an insurance company according to the terms of a contract
 e the final payment of money which the insurance company owes the insured
 f a section of a contract
 g a demand made by the insured to an insurance company for reimbursement for loss

1 Business insurance is designed to protect your company against risk, or the likelihood of a loss. But it's important to understand that even the most comprehensive insurance policies don't cover every type of risk and don't offer unlimited compensation in the event of a claim.

2 When you buy commercial risk insurance, you pay premiums to the insurance carrier, who in turn agrees to pay a claim in the event you should suffer a covered loss. By pooling premiums from many policyholders at once, insurers are able to reimburse the few who do run into problems, while providing protection to everyone else in the pool in case they need it.

3 Coverage provided on business insurance policies differs from insurance carrier to insurance carrier. So, it is always wise to seek the broadest coverage you can afford. However, because some losses are impossible to value or are too costly, too probable or too susceptible to manipulation, insurance companies don't cover them at all. These are known as "uninsurable risks". For example, most professional liability policies won't cover you if a client sues you for not paying a bill or for stealing a customer or employee.

4 Consequential losses are also generally uninsurable. For example, if you're sued for a mistake you made while providing services to a client, your policy may pay the claim for the error. However, if as a consequence of your mistake, the client stops doing business with you and you go out of business, those losses aren't covered.

5 Carriers may also choose not to insure risks that are considered inevitable, such as providing property insurance to a business when a wildfire is burning just miles away. They also don't cover gradual damage to property related to maintenance or wear and tear, such as an old, leaky roof.

6 For a business risk to be insurable, it typically must meet a few criteria:

- The risk is potentially costly enough that a business is willing to pay a premium to protect against it.
- The risk can't be so catastrophic that the insurer would never be able to pay for the loss (i.e. act of war).
- The risk is well-defined and has a clear, measurable value that can't be influenced by the policyholder.
- The risk is random, not within the policyholder's control, and the policyholder cannot cause or influence the loss.
- There must be a sufficient number of insureds subject to the same risk, so that all policyholders' combined premiums can share in the cost of any losses, but it must be unlikely that all policyholders will suffer a loss at the same time.

7 Ultimately, whether or not a specific risk will be insured is defined by the policy. Some types of high-risk occurrences may be

covered, but only up to pre-determined monetary limits. Even in the same policy, different types of covered losses may have different limits or exclusions.

50 **8** Depending on the type of coverage, there may also be deductibles that apply. For example, if your property insurance policy has a \$10,000 deductible, the insurer won't pay any claim less than \$10,000, and will pay only for losses beyond the first \$10,000.

55 **9** In many cases, the policyholder may choose to pay a higher premium for insurance with higher payout limits and/or lower deductibles, or to pay less in premium for a policy that provides lower benefits in the event of a claim.

10 Insurance is just one part of a comprehensive risk management strategy, so you may need to employ other tactics to



60 mitigate risk exposure. For example, for some risks that can't be covered by insurance, many small businesses create clauses in their client contracts that protect their company against specific losses.

65 **11** If you're concerned about securing coverage for a specific kind of risk, contact a small-business insurance broker for a risk assessment to determine your risk exposure, to learn what coverage options may be available and to receive a no-obligation quote to learn about coverage rates for the protection you need.

abridged from http://EzineArticles.com/?expert=Jim_Cochran

2 Summarize the advice which the author of the article gives about insuring businesses.

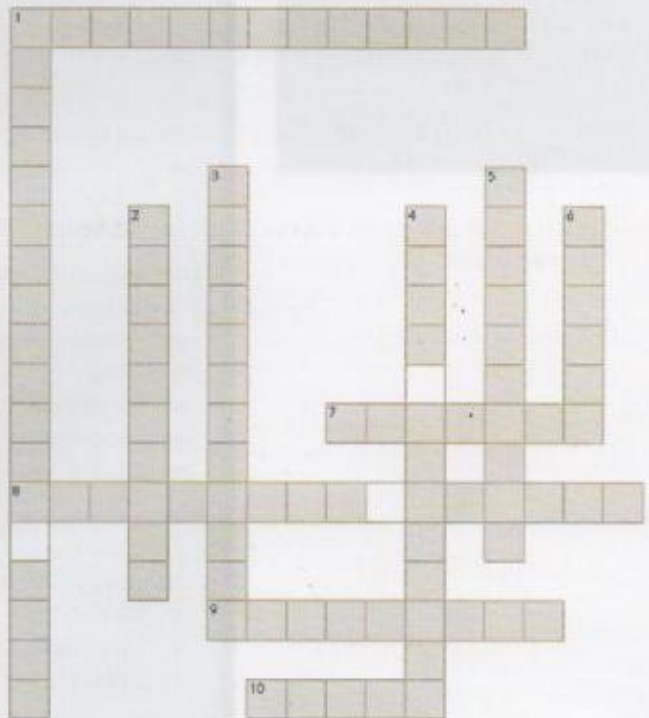
3 Find the words or expressions in the article corresponding to the definitions below. The part of speech and the paragraph in which you should look are indicated in brackets.

Across:

- 1 an insurance that pays for every kind of loss, even if the insured is responsible (**adj.**, 1)
- 7 the amount an insured pays regularly for insurance (**n.**, 2)
- 8 the type of insurance which protects the insured from costs incurred in lawsuits or similar claims (**n.**, 3)
- 9 repay (**v.**, 2)
- 10 a price offered (**n.**, 11)

Down:

- 1 damage resulting from an event against which one is insured (**n.**, 4)
- 2 a risk that cannot be avoided (**adj.**, 5)
- 3 the person or organization taking out the insurance (**n.**, 2)
- 4 the probability that some disastrous event will occur (**n.**, 10)
- 5 the amount that the insured has to pay out of his own pocket before (according to the terms of the contract) reimbursement can begin (**n.**, 8)
- 6 happening with no particular pattern (**adj.**, 6)



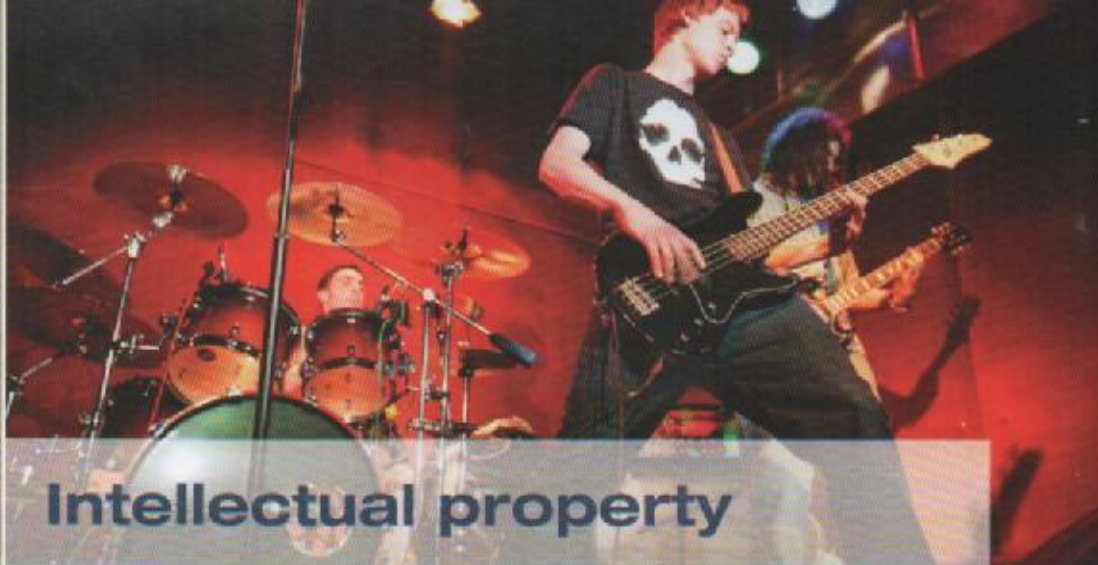
12

Learning Focus

- Talking about different IP rights
- Understanding legal language
- Note-taking
- Softening statements

Self Study

- Terms of intellectual property
- The function of qualifiers
- Organizing an argument



Intellectual property

Warm-up

How much do you know about intellectual property rights?

Do the quiz to find out.

- 1 The term intellectual property (IP) can refer to
 - a artistic works
 - b inventions
 - c names and images used in commerce
 - d natural products, e. g. plants and seeds
 - e all of the above
 - f a and b
 - g a, b and c
- 2 The payments made to the creators of IP for the use of their property are known as
 - a percentages
 - b fees
 - c royalties
- 3 The legal right to exclusive publication, sale or distribution of a literary, musical, dramatic or an artistic work for a certain period of time is called a
 - a trademark
 - b copyright
 - c patent
- 4 The license giving inventors exclusive rights to a process, design or invention for a designated period of time is a
 - a trademark
 - b copyright
 - c patent
- 5 A symbol, word or phrase which when registered gives the owner the exclusive right to use it in connection with his or her products is a
 - a trademark
 - b copyright
 - c patent
- 6 Making exact copies of a product without a license to do so is called
 - a falsifying
 - b plagiarism
 - c counterfeiting
- 7 The act of passing off the words or ideas of another person as one's own is called
 - a falsifying
 - b plagiarism
 - c counterfeiting

1e, 2c, 3b, 4c, 5a, 6c, 7b

Who profits and who loses from laws protecting intellectual property?

Where does plagiarism usually occur? Why is it so common?

What kind of penalties are there for committing it?

Listening: Protecting trademarks

1 Listen to the excerpt from a lecture on intellectual property and decide if the following statements are true or false.

- The purpose of intellectual property rights is to protect tangible property.
- Originally, trademarks were intended to help the consumer distinguish between a brand and its imitations.
- If a consumer is confused about two similar products, the trademark has not been adequately protected.
- A "strong" brand is one that has been successful on the market.
- "The Fast Bus Company" would be a legitimate name for a bus company.
- It is possible for a trademark to be too good.

20

true

false

2 Listen again and complete the notes below.

20

Types of trademark names

1 Fanciful marks

Definition: _____

Examples: _____

2 Arbitrary brands

Definition: _____

Examples: _____

3 Suggestive brands

Definition: _____

Examples: _____

4 Genericide

Definition: _____

Examples: _____

The First Amendment the passage of the U.S. Constitution which guarantees the right to free speech

Reading: The battle against internet piracy

1 Find the correct definition for each legal term.

- defendant
- charge
- law enforcer
- prosecutor
- sentence

- person having the responsibility to see that a law is observed, usually a police officer
- punishment decided by a judge in a court case
- lawyer who must prove that someone accused of a crime is guilty
- person who has been accused of a legal offense and must appear in court
- accusation made when someone has committed a crime

breach • convince • drop •
find • pass • receive

2 Complete the sentences below with the verbs in the box, adapting the verbs as necessary.

- 1 Last year the government _____ a law introducing harsher penalties for intellectual property theft.
- 2 In the court case the defendants were accused of _____ copyright law.
- 3 The judge _____ the accused guilty of copyright infringement.
- 4 After examining the evidence, the court _____ the charges against the men.
- 5 The lawyers for the defense succeeded in _____ the judge that their clients were innocent.
- 6 The accused _____ a sentence requiring them to pay compensation to the musicians whose work they had used.

3 Read the following article about a legal case which was tried in Sweden but received worldwide attention. Then answer the questions.

Online pirates at bay

1 It was fitting that the verdict against four Swedish men who have been found guilty of breaching copyright law by running a file-sharing website was made public in a Twitter posting by one of the defendants the night before an official announcement on Friday, April 17. The founders of the Pirate Bay, the website, seemed to relish the court process, turning up to court in a bus daubed with slogans, playing the part of outsiders battling unjust authority and insisting that they were merely defending a popular technology rather than promoting illegality. They were sentenced to a year in jail and fined a total of 30 million SKr (\$3.6 million), although they will appeal.

2 Various embattled film and music companies, whose copyrighted wares the Pirate Bay helped to distribute, saw the process differently. The Pirate Bay, a free-to-use service supported by advertising, with an estimated 22 million users, has become one of the world's biggest file-sharing sites. Users search the site for films, TV shows and music and download them using BitTorrent, a program which allows the transfer of big computer files from third parties who have usually obtained them without the permission of the copyright owners. The Pirate Bay has been under scrutiny by the music and film business since its creation in 2003. In 2006 the firm's servers located in Sweden were seized by police after pressure from America's government. But the company has continued in

business by using servers in countries beyond the jurisdiction of Swedish courts.

3 The case for the defense was that no copyright material is actually stored on the Pirate Bay's servers and no swapping of files takes place there. Prosecutors acting for the music and film companies were forced to drop a more serious charge of assisting copyright infringement in favor of a charge of helping to make copyright material available. This was precisely because they could not convince the judge that the site had a hand in directly distributing illegally copied material. Nevertheless, the four defendants were found guilty of 33 specimen charges, so they will have to pay compensation to 17 different music and media companies, including Warner Brothers, Sony BMG, 20th Century Fox, Universal Music and EMI.

4 The music and film business can only claim a partial victory. Had the defendants received stiffer sentences, they and others might have felt deterred from setting up the same sort of service in the future. As it is, the four Swedes claim that the Pirate Bay will carry on much as before, using the servers located beyond the reach of Swedish or European Union law enforcers.

5 Even if the Pirate Bay were put out of business, another similar service would be sure to spring up in its place (Indeed, others do exist). The Pirate Bay is the



75 latest in a long list of illegal file-sharing services, such as Napster, Grokster and Kazaa, that have sunk under the assault of the media giants. Despite a sustained global legal campaign against such services and against the individuals who are the origin of the illegal files, the popularity of illegal file-sharing has not waned. In January the IFPI (International Federation of the Phonographic Industry), an industry body that coordinated this case and others, suggested in a report that 95% of music downloads are unauthorized. The growth in legal sales over the internet is largely powered by new downloaders, and illegal file sharers are not changing their ways.

6 A glimmer of hope for media companies comes from attempts to co-opt internet service providers into policing the internet. The French government is trying to pass a harsh new law that would cut off internet access for people who download illegally. Britain may follow suit. Media bosses hope other countries might do the same although Germany, worried about privacy, recently decided against adopting a similar law. In Sweden, an anti-piracy law adopted at the

start of April forcing ISPs to reveal details of users sharing files led to a plunge in internet traffic. But only until canny web users figured out the way to share files

anonymously. The urge to get something for nothing is likely to keep the pirates in business for some time to come.

from www.economist.com

- 1 Who are the defendants in the case? Whom are the prosecutors representing?
- 2 What was the penalty for the offense imposed by the Swedish court?
- 3 What information in the article tells the reader that the defendants will not be deterred from committing a similar offense in the future?
- 4 How do the media companies hope to reduce illegal downloading in the future?

4 How do you explain that people continue to share files even though it is illegal?

Diversity

Pirated software as % of total, 2007

Selected countries



Source: http://www.nationmaster.com/graph/crl_sof_pir_rat-crime-software-piracy-rate

A cultural issue?

Read the article. Then have a look at the chart and answer the questions.

- Why is copying the work of other authors considered dishonest in American culture?
- Why might more foreign students than U.S. students have been guilty of plagiarism in this case?
- Do you think people from different cultures have a different attitude to intellectual property?
- Is this confirmed by the information in the bar chart about pirated software? What other factors could be involved here as well?

AcademicEd
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March 9, 2011
Home
News
Conferences
Technology
Jobs

University officials are increasingly expressing concern about the rise in plagiarism at professional schools. In a recent incident at Smith School of Business, 20 MBA students were accused of copying the work of other authors and submitting it as their own. According to Dr William P. Owen, dean of the business school, this constitutes a clear violation of the honor code, with which Smith upholds standards of academic integrity. The penalties prescribed by the honor code for cheating include expulsion, suspension

and a failing grade, depending on the severity of the offense. According to Dr Owen, a disproportionate number of the students accused are from outside the U.S. He says, "This is extremely unfortunate, as these are gifted students who otherwise have an impeccable academic record. We must simply assume that in their cultures a different value is placed on individual intellectual property." A lawyer is appealing on behalf of the students, who claim that they had failed to understand the honor code.

Debating: A framework for your arguments



The basics of debating

Debate:	a formal discussion in which two opposing sides make speeches to support their arguments
Motion:	the claim with which the debate begins
Opening statement:	a systematic presentation of a debater's claim and most important arguments before the exchange of ideas
Affirmative:	the side in favor of the motion
Negative:	the side opposing the motion



- 1** Listen to two speakers making their opening statements in a debate in which the motion is "Patents on medicines are ethically wrong and damage developing countries". Tick in the table which devices the speakers use to support their argument.



	Speaker 1 (affirmative)	Speaker 2 (negative)
Personal experience		
An anecdote		
Facts (evidence)		
Reference to an authority/expert?		

- 2** Look at the structure Speaker 1 used to present his arguments. Then listen to Speaker 2 again and use the template on page 121 to analyze the structure of his opening statement.



Speaker 1	Position	<i>Patent laws are unjust and unethical</i>
	Overview of arguments	<ul style="list-style-type: none"> Laws keep prices for pharmaceuticals high. Laws are culturally biased. Patent laws create monopolies.
	Argument 1	High prices
	Support	Little girl in Africa with HIV, whose parents can't afford patented drugs
	Argument 2	Cultural bias
	Support	Developing world had no concept of IP until arrival of European colonizers
	Argument 3	Monopolies
	Support	WTO period of patent protection now 20 years
	Position restated	Intellectual property laws are creating monopolies that benefit only the big corporations they protect, turning healing into profit. Unethical

Academic Skills

Speaker 2	Position	<i>Patent laws are fair and guarantee quality</i>
	Overview of arguments	
	Argument 1	
	Support	
	Argument 2	
	Support	
	Argument 3	
	Support	
	Position restated	



- 3 Which speaker do you think has the more convincing arguments? Give reasons.

Debating: Softening statements

- 1 Listen to a modified version of Speaker 1's opening statement. What is the overall effect? Write down the words and expressions which the speaker uses to achieve this.

22

- 2 You may sometimes want to soften a statement. There are many words and expressions – called “qualifiers” – that you can use to do this. Group the ones from the box, and any you have collected in exercise 1, according to the categories in the table.

almost • few • generally • in the main • it is possible that • it seems that • perhaps • possibly • rarely • some • sometimes • under these conditions • usually

Limiting quantity	Limiting frequency	Softening a statement
		it seems that



3 Qualify the statements below using the expressions from the box.

as a rule • it is possible that • it seems that • may be • on the whole •
one might argue that • the vast majority of



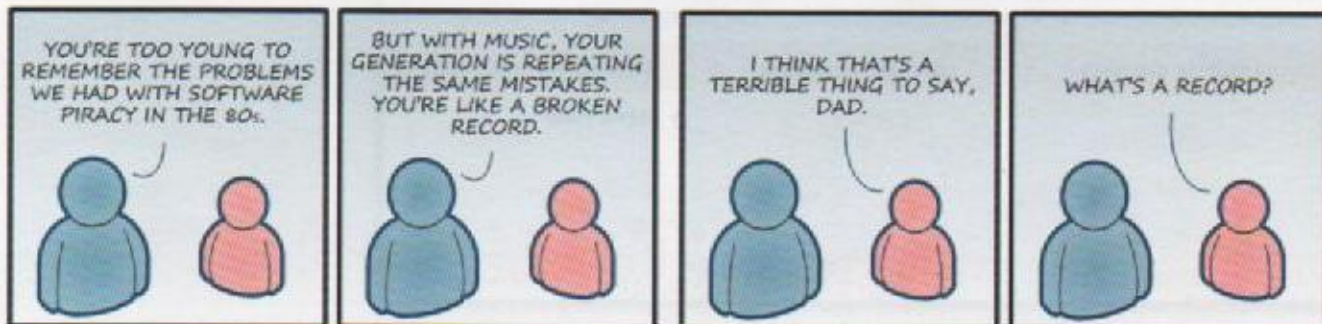
- 1 The first thing people think of when they hear the word "counterfeit" is forged currency.
- 2 Counterfeiting is controlled by organized crime groups.
- 3 Counterfeiters do not pay duties or taxes, and so governments lose revenue.
- 4 Counterfeit car parts account for as much as 10% of the spare parts sold in the E.U.
- 5 A plane crash over New York was caused by the failure of counterfeit parts.
- 6 Countries abandon counterfeiting when they have reached a certain level of economic prosperity.
- 7 It is impossible to distinguish between the real and the counterfeit item.
- 8 Imitation is the sincerest form of flattery.

Debating: Making an opening statement

Prepare an opening statement on the motion "Music piracy, which includes file-sharing, is a crime and should be punished."



- 1 Choose one side of the motion - affirmative or negative. Then listen to five speakers talk about intellectual property theft in general and music piracy in particular. Collect arguments for your side.
- 2 Using these arguments, prepare an opening statement arguing for your side of the motion. Make notes that you will be able to use in speaking. Use qualifiers as appropriate.
- 3 Work with a student who has prepared the opposite side of the motion and make your statements to each other. Remember to use qualifiers.
- 4 Reflect on the arguments you and your opponent have used. Where could they be improved by personal experience, anecdotes, facts or references to an authority/expert?



Company Case

Vision is an independent record label founded five years ago by Jeff Zimmerman and Bill Polanski, two avid music fans and hobby musicians. The company prides itself on discovering and promoting young talent. Its albums have found a huge following among the 15–22-year-old age group. In the last two years the company has faced sliding sales and it has now come to the owners' attention that many of its songs are available on P2P file-sharing sites. This means a loss not only for the company but also for the young artists it is promoting, who have been losing royalties. The company's lawyer has advised the partners to ruthlessly pursue illegal digital copying, which would mean tracking down the individual users of file-sharing sites who have downloaded *Vision's* songs and demanding settlement. Jeff and Bill hesitate to do this, as they fear this could alienate loyal buyers of their albums.

Fair share?

Consider these questions:

- What will probably happen if the company forgoes legal action and turns a blind eye to file-sharing?
- Are there any advantages to allowing file-sharing?
- Are there ways in which *Vision* could generate revenue apart from selling albums?
- Could file-sharing become part of a long-term marketing strategy?

Writing: Honing your argumentation

Produce a written version of your opening debate statement on the motion "Music piracy, which includes file-sharing, is a crime and should be punished" and the arguments you have used. Add personal experience, anecdotes, facts or references to authorities/experts wherever you think they are appropriate. Use the internet to research any additional information you may need.

Web research: Balancing interests

- 1 Use the internet to find out about WIPO (World Intellectual Property Organization), taking the questions below as guidelines.

- What is the purpose of the organization?
- How and when was it created?
- Who are its members?
- How is it funded?
- What services does it offer?



- 2 There are a growing number of people who do not agree with the idea that intellectual property must be protected at all costs. Search the internet for the terms "free software community", "copyleft" and "creative commons". Identify the arguments the authors use against various forms of IP protection. Which do you find most persuasive?

Reading: Control as a business model

- 1 Read the text and find an alternative title for the article.

The myopia [of the copyright industries] stems from corporate

copyright owners' adoption of control as their principal business model – closed systems, in which copyright owners tightly control everything connected to their works.

Copyright Wars the attempts of the music industry to stop peer-to-peer file sharing.

Moral panic an outbreak of fear in a population in response to a person or condition that is perceived as threatening shared values

Folk devil a person who is perceived as threatening social order

Turning the open architectural

structure and philosophy of the Internet on its head, too often the copyright industries' business model for the Internet is one even more vertically controlled than it was in the world of physical distribution of copies: the consumer's experience is to be rigorously prescribed and circumscribed: nothing is left to consumer choice or to innovation.

This desire to control every part of the design of playback machines, to the accessing of works, and their use, is the reverse of the "end-to-end" architecture of the internet. Such control is usually coupled with the motto that "content is king". As the owner of the content, copyright owners must be absolute sovereigns of their realms, realms protected with a twenty-first century version of medieval moats and armaments. This effort has backfired.

In the world of internet-based companies, a completely different approach to consumers is taken, a collaborative approach rooted in the customer being king. Open systems are not only consistent with the architecture of the internet, but – and this is the key dividing line between the copyright industries and internet companies – open systems are consistent with the experience users want from the internet: the ability to access and use information when and how you want. The **Copyright Wars** are an effort to deny the type of experience consumers want on the internet; they are an effort to deny the very nature of the present by changing it back into the past. In large measure, the divide is generational, in many cases up to two generations difference. Large entertainment corporations are hierarchical, top-down businesses in which the desire to stay at the top severely limits the risks executives are willing to take.

Unfortunately at the present, the executives who guide these firms are generally paid to avoid strategies of "creative destruction". In practice, this means that corporate copyright owners live in fear, especially fear of their own consumers. Those consumers are young, tech savvy and have wrested control over corporations' physical product from them, an unthinkable act ten years ago. The result is a classical **moral panic** against youth. The way in which youth

interact with each other and with content on the Internet is radically different than the ways that corporate heads have spent their careers: slowly, carefully, and in a risk-averse way, milking proven winners, whether those winners be formulaic movies, boy bands, CDs or DVDs. The response of the heads of these companies to the youthful rebellion of democratizing content on the Internet has been that of many parents worldwide: to fight against the present, to try to ban the future and to punish those audacious enough to challenge the status quo. The Copyright Wars are a fight against our own children, and it is a fight that says everything about the adults and very little about the children.



By framing the debate as bipolar, between good (property rights) and evil (immoral youths who steal property), issues are semantically shifted away from the failure of copyright owners to rationally advance their own economic interests and toward abstract principles, such as rewarding creators and punishing pirates. Unable or unwilling to compete in an innovative capitalist economy, the copyright industries do what those on the ropes always do: attack the character of their perceived opponents. In the case of copyright, those opponents are described as thieves and parasites intent on sucking the blood of America's creativity, intent on destroying our very way of life. War against such enemies is the only option.

The politics of the Copyright Wars are fought out in courts, before legislatures and in international trade forums. Although misleadingly framed in the psychological language of moral panics and **folk devils**, these skirmishes are, in fact, entirely economic battles. They are battles the copyright industries deserve to lose for the good of the public and for the industries' own good too.

abridged from William Patry, *Moral Panics and the Copyright Wars*

2 Are the following terms used in the article to describe the copyright industries or the internet and its users? Put C (copyright) or I (internet) into the boxes.

- | | |
|--|---|
| <input type="checkbox"/> audacious | <input type="checkbox"/> medieval moats and armaments |
| <input type="checkbox"/> closed systems | <input type="checkbox"/> open architectural model |
| <input type="checkbox"/> collaborative approach | <input type="checkbox"/> risk-averse |
| <input type="checkbox"/> content is king | <input type="checkbox"/> top-down |
| <input type="checkbox"/> end-to-end architecture | <input type="checkbox"/> vertically controlled |
| <input type="checkbox"/> hierarchical | |

3 In the opinion of the author of the text, are the following statements true or false?

- | | true | false |
|--|--------------------------|--------------------------|
| 1 The copyright industries have a long-term business strategy. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 The distribution of CDs and DVDs is horizontally controlled, while the copyright industries strive for vertical control of the internet. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 The copyright industries fail to take into consideration the needs and desires of the consumer. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Part of the problem is that entertainment corporations are run by people who are much older than the consumers they serve. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 The executives of the entertainment corporations are afraid of young consumers. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 The industries are using language to clarify issues in the debate. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 The entertainment corporations are more interested in principles than in profits. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 The consumers of the copyright industries should have more freedom to share copyright material. | <input type="checkbox"/> | <input type="checkbox"/> |





Role-play: When the going gets tough

Role-play an appraisal meeting with a partner by following the instructions on your role card.

Situation: You work for an independent chain of garages which, apart from car maintenance and repairs, sells spare parts and car accessories. Your company has around 350 branches throughout the U.K. Two years ago a global garage chain specializing mainly in windscreen replacement started to set up a nationwide network of workshops. Your company has reacted to the competitive pressure with a strategy of fierce cost-cutting and by pushing sales. At the same time, new performance measures for all branch managers have been introduced.

Student B

You are the Croydon branch manager. Six months ago, head office reduced the number of car mechanics from three to two, and your only sales assistant position was reduced to a part-time position.

In June one of your car mechanics had an accident and couldn't work for a whole month. Head office sent an apprentice as a substitute.

Since the global garage chain set up shop in the vicinity, you have had the feeling that the volume of "shoppers" who only want to compare prices has increased.

Your core responsibilities as stated in your job description are:

- to ensure that all vehicle repair and other work is carried out within an operational framework and to a standard that meets or exceeds all relevant legislation, good practice guidelines and delivers first-class customer service
- to determine repair order/priorities so that operational schedules are met
- to ensure that the use of parts, vendors, consumable products, etc. is at the lowest possible cost
- to ensure that the garage provides a safe and pleasant work environment
- to manage the garage services budget
- to process insurance claims



Say you have a dog, but you need to create a duck on the financial statements. Fortunately, there are specific accounting rules for what constitutes a duck: yellow feet, white covering, orange beak. So you take the dog and paint its feet yellow and its fur white and you paste an orange plastic beak on its nose, and then you say to your accountants, "This is a duck! Don't you agree that it's a duck?" And the accountants say, "Yes, according to the rules, this is a duck." Everybody knows that it's a dog, not a duck, but that doesn't matter, because you've met the rules for calling it a duck.

McLean and Elkind, *The Smartest Guys in the Room*

Role-play: Making a dog a duck

Situation: ABCorp is a giant corporation which relies upon its dynamic and creative executive team. They enjoy generous salaries and numerous perks, such as the personal use of company-owned planes, cars and occasionally housing. Now the time is approaching to prepare the annual report and the CEO and CFO are not in agreement as to how to represent the nature of executive compensation to the public.

Work in groups of three and read your role cards. Then Students A and B role-play the conversation between the CEO and CFO, trying to reach a conclusion. Student C takes the role of an observer.

Student B

You are ABCorp's chief financial officer. You are one of the most talented accountants in the field with a knack for presenting financial results to the company's advantage while staying within the law. You know that shareholders have become very sensitive about big executive perks. Legally, you are required to declare the full monetary value of your executives' salaries. However, there are methods of disguising the true size of the perks. Only perks in excess of \$10,000 have to be declared. So, for example, the expenses for a company car could be broken down into smaller items like car leasing, gas or car insurance allowances. This is all perfectly legal and would create a better impression for the shareholders.



Role-play: The end of the steady job?

The talk show *What's your take?* explores topical issues. This week's focus is "Temporary employment – the future of work?" Read the information on your role card. You may add facts and your own opinions. Working in groups of five, debate the topic.

Student C

Politician: You think the market should be allowed to regulate itself and that businesses should not be burdened with regulation. A flexible market is an efficient market and stimulates individual initiative.

+ Eliciting opinions

- Richard, could we hear from you?
- Let's hear what Susan has to say on this topic.
- I'd be interested in (hearing) what you have to say / your view on this topic.
- Would you go along with that?
- Where do you stand on this issue / matter?
- Would you care to share your view with us?



Role-play: Getting off the ground together

Situation: The two companies *LogiService (LS)* and *Flying Lions (FL)* have agreed on a merger, in which *Flying Lions* will be dissolved. While both companies are waiting for state authorization of the merger, meetings are taking place to implement the changes necessary for a smooth merger integration process.

In groups of four, role-play a meeting between three executives of *LogiService* and one of *Flying Lions*. Agree on a preliminary plan to deal with any problems you foresee.

Student C

Your position: Senior Vice-President of Hub Operations Memphis at *LogiService*

Your concerns:

- Memphis will have to integrate most of *FL*'s 6,000 employees, as *FL*'s existing hub operations in Ohio and L.A. will be dissolved.
- *LS*'s competitive advantage is on-time delivery; *FL* is not used to this concept.
- Unionization of *FL* staff could become a problem in terms of working hours and pay.



Role-play: The right kind of packaging

Work in groups of three. Each of you should prepare a short talk based on the information on your role card, using Monroe's Sequence.

Situation: *The Sandwich Outfit*, a takeaway sandwich company popular among office workers and students, has been packaging its sandwiches in transparent triangular PVC shells but has come under pressure from environmentalist groups to use a more eco-friendly form of packaging.

The Sandwich Outfit has determined that there are basically three options: continuing to use the hinged triangles, switching to cardboard or abandoning pre-packaging altogether and introducing paper bags.

Student C

You think that the sandwiches should be packaged in simple paper bags. This means that since there is a danger of crushing, they cannot be pre-packed but must be displayed in a case and packed to order. Consider the following points:

waste reduction • a new USP for the company • PR benefits • the company's image

Make a note of these. Then, in an informal meeting with your colleagues, present your case as persuasively as possible. Speak for at least two minutes.

✚ Making your case

I am confident that ...
According to, ...
As we all know, ...
Just think of / imagine ...
I don't have to tell you that ...
You can certainly appreciate that ...

power words, e. g. demonstrate, enhance, generate, guarantee, impact

(Types of) packaging	Paper bags
Environmental features	100% biodegradable
Price	\$25.00 per 1000 pack
Weight	4g
Dimensions	130 mm x 190 mm x 19 cm

Role-play: Keeping your eye on the ball

Situation: *Muzino*, a Japanese sporting goods manufacturer with an excellent reputation for quality baseball equipment among professional baseball players, is planning to conquer the U.S. market. The sporting goods retail chain *Sportman's Camp*, which operates 80 outlets throughout the U.S., has signaled their interest in stocking some of *Muzino's* products. So *Muzino's* Sales director has come over to negotiate a deal.

Work in pairs. One of you is *Muzino's* Sales director, the other is chief buyer at *Sportman's Camp*. Study your role card and prepare for the negotiation.

Student B

You are the chief buyer of *Sportman's Camp*.

Your strengths:

- you have been a stockist of lower-priced baseball products of rivals such as *Nike* and *Spalding* for a long time

Your weaknesses:

- because of *Muzino's* cult status among the baseball clientele you expect excellent sales, therefore you will have to accept the quoted prices

Your interests:

- becoming *Muzino's* exclusive dealer for the U.S.
- if sales take off, prices need to be renegotiated
- delivery by the end of February at the latest (baseball season starts in April)
- stocking a wide range of bats and mitts to meet the demand of hobby players and semi-pros alike
- high volume discount
- terms of payment by irrevocable letter of credit, 90 days presentation (or by instalments) as cash flow is usually tricky

Your objective is to negotiate a satisfactory deal for your company.



Role-play: The end of the steady job?

The talk show *What's your take?* explores topical issues. This week's focus is "Temporary employment – the future of work?" Read the information on your role card. You may add facts and your own opinions. Working in groups of five, debate the topic.

Student D

Worker: You are a so-called "knowledge worker" and have been employed on short-term contracts in the IT sector. You are paid well when you have work, but you often go through long spells without any assignment. This can make life very difficult for you.

✚ Eliciting opinions

- Richard, could we hear from you?
- Let's hear what Susan has to say on this topic.
- I'd be interested in (hearing) what you have to say / your view on this topic.
- Would you go along with that?
- Where do you stand on this issue/matter?
- Would you care to share your view with us?



Unit 6, page 59

Role-play: The end of the steady job?

The talk show *What's your take?* explores topical issues. This week's focus is "Temporary employment – the future of work?" Read the information on your role card. You may add facts and your own opinions. Working in groups of five, debate the topic.

Student E

Head of a temporary employment agency: Temporary workers are in high demand and temporary work offers opportunities for everybody. It provides workers with a chance to get onto the job market and get to know a company. It also provides employers with the opportunity to get to know workers.

+ Eliciting opinions

- Richard, could we hear from you?
- Let's hear what Susan has to say on this topic.
- I'd be interested in (hearing) what you have to say / your view on this topic.
- Would you go along with that?
- Where do you stand on this issue/matter?
- Would you care to share your view with us?



Unit 4, page 39

Role-play: Stimulating innovation

Situation: The government has set up an advisory council to help find viable measures for creating innovation-driven economic growth for the country. There are two main obstacles to innovation: the small volume of private investment in R&D on the one hand, and the lack of cooperation of the different actors involved on the other. In an effort to remove the obstacles, the government is planning to provide \$300 million in total for innovation incentives.

Form groups of three. Student A will represent the Ministry of Economic Affairs (MEA), Student B the Industry Association (IA) and Student C the Association of Small and Medium-sized Enterprises (ASME). Study your role card. Then role-play a meeting of the advisory council. Discuss possible measures and decide on a set of policies and instruments within the budget constraints that you would recommend to the government.

Student C

Representative of the Association of Small and Medium-sized Enterprises (ASME)

As SMEs and start-ups are at a disadvantage compared to large companies, you would like to see ...

- the implementation of governmental organizations which inform and coach entrepreneurs to develop innovation strategies and help to put these into practice. \$40 million of funding would be needed for this.
- the provision of cheap innovation credits, in particular for high-risk projects which are outside the scope of the key sectors. \$25 million of funding should be made available.
- funding of applied research at universities in contrast to lump-sum funding.



The MBA Oath*

As a business leader I recognize my role in society.

- My purpose is to lead people and manage resources to create value that no single individual can create alone.
- My decisions affect the well-being of individuals inside and outside my enterprise, today and tomorrow.

Therefore, I promise that:

- I will manage my enterprise with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.
- I will understand and uphold, in letter and spirit, the laws and contracts governing my conduct and that of my enterprise.
- I will refrain from corruption, unfair competition, or business practices harmful to society.

In exercising my professional duties according to these principles, I recognize that my behavior must set an example of integrity, eliciting trust and esteem from those I serve.

I will remain accountable to my peers and to society for my actions and for upholding these standards.

This oath I make freely, and upon my honor.*

* This is an excerpt from the oath, the complete text of the oath can be found at <http://mbaoath.org/about/the-mba-oath/>



Role-play: A “Hippocratic Oath for Managers”?

In reaction to the global financial crisis that unfolded in 2008, in spring 2009 a group of Harvard MBA students developed a professional oath for graduating MBAs. In their opinion, future managers, like future doctors and lawyers, should commit themselves to a code of ethics before setting out on their career, giving their responsibility to society precedence over an increase in their personal wealth.

Work in pairs, each of you taking one of the two positions – in support of or opposing the oath. Argue your case. Look for additional arguments to support your position.

Student B

Basic position:

You think that managers and board members have a duty to maximize the wealth of shareholders, who pay their salaries, and not to promote “social and environmental prosperity worldwide”. Externalities such as pollution should be the responsibility of government regulators. You think graduating students should not be required to take the oath.



Unit 6, page 59

Role-play: The end of the steady job?

The talk show *What's your take?* explores topical issues. This week's focus is "Temporary employment - the future of work?" Read the information on your role card. You may add facts and your own opinions. Working in groups of five, debate the topic.

Student B

Trade union representative: You think that temporary work produces poverty. For example, women hold a large proportion of the seasonal jobs in retailing and catering. They are paid less than permanent employees doing the same job and receive few or no medical benefits; generally they are unable to save for retirement. The use of temporary workers is attractive to employers as it increases their flexibility and reduces their wage costs; in the long run, it affects even the wages of full-time employees, as these are adjusted downwards.

✚ Eliciting opinions

- Richard, could we hear from you?
- Let's hear what Susan has to say on this topic.
- I'd be interested in (hearing) what you have to say / your view on this topic.
- Would you go along with that?
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Ethics



Unit 3, page 29

Say you have a dog, but you need to create a duck on the financial statements. Fortunately, there are specific accounting rules for what constitutes a duck: yellow feet, white covering, orange beak. So you take the dog and paint its feet yellow and its fur white and you paste an orange plastic beak on its nose, and then you say to your accountants, "This is a duck! Don't you agree that it's a duck?" And the accountants say, "Yes, according to the rules, this is a duck." Everybody knows that it's a dog, not a duck, but that doesn't matter, because you've met the rules for calling it a duck.

McLean and Elkind, *The Smartest Guys in the Room*

Role-play: Making a dog a duck

Situation: ABCorp is a giant corporation which relies upon its dynamic and creative executive team. They enjoy generous salaries and numerous perks, such as the personal use of company-owned planes, cars and occasionally housing. Now the time is approaching to prepare the annual report and the CEO and CFO are not in agreement as to how to represent the nature of executive compensation to the public.

Work in groups of three and read your role cards. Then Students A and B role-play the conversation between the CEO and CFO, trying to reach a conclusion. Student C takes the role of an observer.

Student C

You are an observer. Your role is to listen to the two company executives present their case and take notes. Which of them do you think has the better arguments? Give reasons.

A vision of your job future



		Total	China	U.S.	U.K.
Do you believe you will work across geographic borders more than your parents did?	Yes	93.9%	97.2%	92.1%	92.9%
	No	6.1%	2.8%	7.9%	7.1%
Do you envisage using a language other than your first language at work?	Yes	52.7%	89.4%	32.0%	35.3%
	No	47.2%	10.4%	68.0%	64.7%
Will you deliberately seek to work for employers whose corporate responsibility behavior reflects your own values?	Yes	86.9%	87.2%	90.2%	71.2%
	No	13.0%	12.8%	9.8%	28.8%
Do you think you'll work	in a mix of locations?	74%	75.7%	71.8%	79%
	mainly from home?	4.6%	7.4%	3.8%	0.6%
	mainly in an office?	21.2%	16.7%	24.3%	20.4%
	Not answered	0.1%	0.1%	0%	0%
Do you think your office hours will be	mainly flexible hours?	13.9%	17.6%	12.9%	7.4%
	mainly regular office hours?	11.0%	7.1%	14.0%	10.0%
	regular office hours?	75.0%	75.1%	73.1%	82.5%
	Not answered	0.1%	0.2%	0.1%	0%
How many employers do you think you will have in your career?	1	8.0%	9.0%	8.0%	7.4%
	2-5	78.4%	74.4%	80.4%	79.6%
	6-9	7.9%	6.3%	8.5%	9.7%
	10+	5.5%	10.3%	3.2%	2.6%
	Not answered	0.1%	0.0%	0.1%	0.6%



Role-play: Getting off the ground together

Situation: The two companies *LogiService (LS)* and *Flying Lions (FL)* have agreed on a merger, in which *Flying Lions* will be dissolved. While both companies are waiting for state authorization of the merger, meetings are taking place to implement the changes necessary for a smooth merger integration process.

In groups of four, role-play a meeting between three executives of *LogiService* and one of *Flying Lions*. Agree on a preliminary plan to deal with any problems you foresee.

Your position: President of Personnel Services at *Flying Lions*

Your concerns:

- As part of the merger integration process, *FL* employees will have to apply for new jobs at *LogiService*, but they are not familiar with *LS*'s so-called "people-oriented culture".
- Many *FL* employees could face demotion and thus earn less.
- *FL* staff has little experience with modern IT systems.

Role-play: The right kind of packaging

Work in groups of three. Each of you should prepare a short talk based on the information on your role card, using Monroe's Sequence.

Situation: *The Sandwich Outfit*, a takeaway sandwich company popular among office workers and students, has been packaging its sandwiches in transparent triangular PVC shells but has come under pressure from environmentalist groups to use a more eco-friendly form of packaging.

The Sandwich Outfit has determined that there are basically three options: continuing to use the hinged triangles, switching to cardboard or abandoning pre-packaging altogether and introducing paper bags.

+

 Making your case

I am confident that ...
 According to, ...
 As we all know, ...
 Just think of / imagine ...
 I don't have to tell you that ...
 You can certainly appreciate that ...

power words, e.g. demonstrate, enhance, generate, guarantee, impact

(Types of) packaging	Cardboard triangles with transparent window
Environmental features	100% biodegradable
Price	\$49.99 per 450 pack
Weight	22 g
Dimensions	162 mm x 57 mm x 85 mm

Student B

You are in favor of a switch to the cardboard sandwich wedge. Consider the following points:

the company's image • protection during transport • display • convenience

Make a note of these. Then, in an informal meeting with your colleagues, present your case as persuasively as possible. Speak for at least two minutes.

Role-play: Getting off the ground together

Situation: The two companies *LogiService (LS)* and *Flying Lions (FL)* have agreed on a merger, in which *Flying Lions* will be dissolved. While both companies are waiting for state authorization of the merger, meetings are taking place to implement the changes necessary for a smooth merger integration process.

In groups of four, role-play a meeting between three executives of *LogiService* and one of *Flying Lions*. Agree on a preliminary plan to deal with any problems you foresee.

Student B

Your position: Senior Vice-President of Personnel Services at *LogiService*

Your concerns:

- *Flying Lions'* attitude to work and customers, e.g. strong team spirit, relatively old staff, no uniforms, no guidelines for handling cargo and customers.
- *FL's* staff are not used to continuous training and *LS's* "open-door-policy".
- You expect problems with providing all of *FL's* 6,000 employees with a similar job to their current one because *FL* doesn't use job descriptions.



Role-play: Stimulating innovation

Situation: The government has set up an advisory council to help find viable measures for creating innovation-driven economic growth for the country. There are two main obstacles to innovation: the small volume of private investment in R&D on the one hand, and the lack of cooperation of the different actors involved on the other. In an effort to remove the obstacles, the government is planning to provide \$300 million in total for innovation incentives.

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Representative of the Industry Association (IA)

The IA represents major companies in key areas such as renewable energy, food processing, pharmaceuticals and ICT (= information and communication technologies). The IA ...

- prefers financial support of regions which have the potential to develop into internationally competitive innovation "hot spots", where knowledge is transferred between companies in a specific key sector and start-ups are encouraged. \$300 million of funding should be made available.
- favors publicly-funded cooperation between large companies, universities and other research institutions. \$80 million of funding should be made available.

Student B

CD1

Track 1: Copyright statement

Unit 1

Listening: Developing your career

Page 9

Samantha, Campus Radio

Melinda Cassidy, training & development manager, *Threads*

Hi, all of you out there. This is Samantha on Campus Radio! It's another beautiful day and this is another episode of ... *The Real World*.

Sooner or later we all graduate - well, most of us do - and so we want to give you an idea of what to expect. Today we're going to talk about your careers and career development! And so today's guest is Melinda Cassidy. Melinda graduated from our illustrious institution five years ago and today is a training and development manager at *Threads*, which, as you all know, is one of the biggest clothing retailers in the country. She's going to give us some interesting insights into career development - what you can expect employers to do for you and what you can do yourself. Melinda, thanks for being here with us today.

- ▶ I'm so thrilled you invited me.
- Melinda, you've been an HR manager responsible for learning and development for the past three years. As you've told me, your company provides a lot of professional training for its staff. Ermm ... don't your recruits already come with the right skills?
- ▶ Well, we try to recruit good people, but we all know the world is changing and we all have to upgrade our skills. A company wants to meet its business objectives and remain competitive, and this means supplying good products and services and having satisfied customers. But, on the other hand, we like to have satisfied employees, too. This helps create an environment in which people are more productive. And it also helps in the long run because we have higher staff loyalty and lower attrition. And a good career development policy helps with recruitment, because it makes us an interesting company to work for and we're able to attract the best people.
- So who gets training, exactly, in your company?
- ▶ Well, ideally, we train everybody, from the sales staff to the managers, but if training budgets are tight, which is the case at the moment, we have to be more selective and then we tend to concentrate on high potential employees.
- Ermm ... could you explain why you have to train people who are probably already pretty good in their own right?
- ▶ Well, that's called succession planning. This means that when a position becomes vacant because a manager retires or leaves - or for other reasons - we want to be sure that we have people already working in the company who can do the job. That way we can simply promote one of our workers and don't have to go through the process of recruiting new people.
- That makes sense. So what kind of training do you offer?
- ▶ Well, it's quite a range, some of it depending on the area people work in. Interpersonal and communication skills are

important for everybody, especially for sales staff. Health and safety skills are another focus. In the case of the high potentials the emphasis is on management and leadership skills.

- Right, I see. So could you tell us a bit about the training formats. Do you send your employees to seminars and workshops?
- ▶ It's a bit of a mix, really. For the last few years, coaching has been a favorite measure. Then we have in-house development programs; in the past we also made use of e-learning, although we're doing less of that these days. We encourage high potentials to top up their degrees and in some cases we even help finance graduate degrees, such as MBAs.
- But you don't give your employees time off - like one famous company to learn sky-diving or white water rafting - in the assumption that it will make them more creative?
- ▶ No, I'm afraid we haven't done that so far, but it's not a bad idea.
- Melinda, on a more serious note, how much will our employers do for us and how much do we have to do ourselves? Can we leave career development up to the company we work for?
- ▶ No way! Career development isn't just about getting the next promotion. It involves long-term planning, so graduates absolutely have to assume responsibility for their own development. They can't expect their employer to do it for them.
- And how should they go about it? Do you have any practical tips for our listeners?
- ▶ Well, they should definitely think about their own goals. I recommend entry-level recruits sit down and reflect in writing about what they want to reach in one year, three years, five years. What kind of skills do they want to develop? What will they need to do this? Is further training or education involved, like maybe a graduate degree? What does success look like to them? And then they should be proactive. They should talk to their supervisors about reaching these goals.
- Melinda, that's great advice. Thanks so much for coming. And for all of you guys out there I'd like you to know that Melinda has a blog about personal and career development that you can follow at www.worldofwork.com.

Appraisals: Conducting an appraisal meeting

Page 10, Exercise 2

Sylvie, Sales manager, *Global Solutions*

Cathy, team leader of Scotland sales team

- ▶ Help yourself to tea or coffee, Cathy.
- Thanks.
- ▶ Right, shall we start? ... We're here to review your performance over the last six months. My predecessor Roger Smith offered you the job as team leader of the Scotland sales team six months ago. As I can see here from your file, you were very happy about this career opportunity. Is this correct?
- Yes, absolutely. I was really thrilled to get the job.
- ▶ Good, ... so let's see how you fared in your first half year. Oh, I'd like to say that I see this appraisal meeting as a two-way

conversation in which each of us can make her points openly. My main interest is that all my teams excel, and therefore I will try to pave the way for making this possible for each team.

- Yes, I understand.
- ▶ OK then, I suggest that we go over your self-assessment first. I think this would be a good starting point for creating a development plan regarding your performance objectives and the support which we can give you in terms of your career aspirations. And finally we can discuss next year's sales targets for your group. Is this alright with you?
- Sure, the only trouble is that I haven't filled in the self-appraisal form, I'm afraid. Roger never made us do that.
- ▶ Ah. Well, in that case why don't you tell me how things have been going for you since you took over the Scottish team?
- Yeah, I think that's a good idea. Well, I really enjoy my new job a lot, particularly the additional responsibility I've got now as a team leader. It's made me realize that I really love working with people, and I think I'm actually quite good at it.
- ▶ What have you found most challenging in this respect?
- Ermm, I've actually found that the challenge for me is to motivate everybody in the team. So I've been trying to figure out what each of them needs in order to give his or her very best. But this is quite difficult ... it'll take some time, I suppose. I also have a bit of a problem with one of them. Andrew actually is ...
- ▶ Let's come back to Andrew in a moment. From the incident reports I can see that colleagues and customers alike are full of praise for your work. Your colleagues say that you're a very good team leader because you listen; customers say that you always go the extra mile to solve their problems. And when we look at your individual sales account, we can see you have outperformed yourself again. What do you think about this evaluation?
- It really feels good to get such positive feedback.
- ▶ Yes, and I think that it supports your own assessment of your people skills. You might be right, though, in wondering whether you're getting everybody in your team working to their full potential: unfortunately the latest sales figures reveal that your team hasn't performed so well for the last three months. In fact, it came last with an increase in sales of just 2%, whereas the other teams in the U.K. were able to meet their sales target of 5%.
- Oh ... well ... yes ... I could see from my figures that we haven't done that well lately, ... but that we are behind all the other teams, well ... that comes as quite a shock.
- ▶ Well, I would have sent you the latest figures straight away but I only got them myself this morning. What surprises me, though, is the fact that the success of our new product range doesn't really show in your team's sales figures. What, do you think, could be the reason for this?
- The only reason I can think of is that Scotland is a really difficult market.
- ▶ Right, then again Wales is also a difficult market but the Welsh team managed to boost their sales by 5.3% during the last quarter.
- Oh ... I see.

04 **Page 10, Exercise 3**

- I think that you're a good team leader and you're a great sales person as the figures show. However, two of our customers complained that you weren't available when they tried to contact you after having problems with one member of your team. It seems she didn't know the answers to their questions about the products, so in the end they cancelled their orders.
- ▶ Oh, yes, I know. That was Eileen. ... I don't know, but it seems as if she is always calling to check with me before or even during a sales negotiation with a customer, but I'm not always around to help her.
- Is she the new one on the team?
- ▶ Yes, she is. She started two and a half months ago.
- Did she get proper training?
- ▶ Oh, sure, she did. She went through our usual three-week training session. And when the new product range was launched, the whole sales team got special training. So she should have learned the ropes by now.
- Well, we really have to make sure that all our members of staff are familiar with our products; otherwise we won't be able to keep our competitive advantage.
- ▶ Yes, I know. But Eileen seemed so competent at the beginning, so eager to learn. Somehow it escaped my radar that she was seeking too much help from me after she'd been trained.
- Could it be that you haven't given enough attention to some of your team members?
- ▶ Certainly not. Sylvie, let me tell you this: you don't know what it's like to be the mother of a three-year old, working full-time, with a husband who's recently had to move to his company's Newcastle office and who is never available because he is either on the train commuting or staying overnight for business.
- Oh, I didn't know that your husband had moved office. So you've got the feeling that it is currently rather difficult for you to meet all the demands of your work as a team leader? Is this right?
- ▶ In a way, yes. As a matter of fact, it has become rather difficult lately.
- Well, Cathy, we all think that you're the right person for the job, so let's make sure that you can ...

05 **Page 11, Exercise 4**
See Tracks 03 and 04

06 **Page 11, Exercise 6**

- So we have identified two stumbling blocks which don't allow you to perform as well as you could as a team leader: these are your family commitments and your people management skills. Do you go along with that?
- ▶ Yeah, it seems as if the latest events boil down to this. Mind you, I have already been thinking about hiring an au pair so that there is somebody around all the time if Sarah gets ill. I will discuss this with my husband. I'm sure he will be all for it, too.
- Oh, good, that sounds sensible. I was actually thinking that maybe we could arrange for you to work more from home, at least on the days when you're not visiting your clients and your team members. Would this be helpful?

- ▶ Oh, that's a great idea. Maybe I could do both: hire an au pair and work from home.
- Let me talk to Personnel about this. I'm very optimistic that we'll be able to arrange something along these lines. So what do you need to remove the other obstacle then?
- ▶ Well, I won't have any problem talking to Eileen to suggest some further training for her. But as I said before I really shy away from talking to Andrew. He can be quite aggressive if he doesn't get his own way.
- So you think you need a bit more help with Andrew?
- ▶ Yes, I think so. Maybe you could help me with his feedback interview?
- How could I be of help to you, do you think?
- ▶ OK, it's probably not such a great idea, is it? He might think that I'm not capable of conducting the interview on my own. Could I go on a training course for team leaders, where I can learn such things? I mean, I've thought about this before but I've been a bit hesitant to take the initiative because I just have so little time. But now I've realized by talking to you that I really need to learn how to manage people.
- I was just going to suggest this myself. I'm glad that we're thinking along the same lines. And I can imagine that you will actually enjoy the managerial training courses. Is there anything else you want us to discuss?
- ▶ Ermm, no, I don't think so. At least not for the moment.
- Good. I'm afraid our time is up now. But we certainly need another meeting soon to discuss the sales targets for the next half year. And I'd also like to suggest having several follow-up meetings to see how you're progressing in terms of your own work organization and your people skills. Are you happy about proceeding this way?
- ▶ Yeah, that's a very good idea. I need somebody to talk to until I feel more secure.
- Excellent. So I'll put today's interview and the solutions we agreed on into writing as soon as I'm back at the London office. I'll send it out to you for you to sign together with the date for our sales target meeting.
- ▶ OK.
- Cathy, I'm really pleased that we had such a productive meeting. And I'm also very happy about the solutions we've found. Thank you for being so open and cooperative.
- ▶ Thanks a lot, Sylvie. I'm really relieved now. I should have talked to you earlier.
- Well, we've got our regular meetings now. See you soon.
- ▶ Bye. And thanks again.

Writing: An appraisal report

07 Page 14
See Tracks 03, 04 and 06

Unit 2

Listening: The challenge for industry

08 Page 17, Exercise 1, Part 1

▶ Thomas, Vox Uni

■ Dr Dan Peters, Environmental Officer,
Intercorp

Authentic Interview

- ▶ Hi. This is Thomas at Vox Uni and I'm here today with another program in our English-language broadcasts *Lingua Franca*. I've got a guest with me today who should be of special interest to our Business students. He's Dr Dan Peters, from the U.S., who is going to talk to us about environmental protection and business. Dr Peters, thanks for coming. Perhaps you could start by telling us something about the company you work for?
- Yes, well thank you, I'm happy to be here today with you. I work for *Intercorp*, which is a major international manufacturer. We produce products ranging from chemicals to medical supplies, to products for the kitchen and household and even products that go into automobiles and airplanes. We're very prominent here in Germany and Europe, we also have operations in Asia, in countries including Japan and China and Korea, and also in the United States and other countries in the Americas.
- ▶ And what exactly are your responsibilities?
- I have a very varied set of responsibilities, that is international, and that can involve many of the materials that go into the many products that *Intercorp* sells, and in doing so, my responsibilities also include many of the regulatory and environmental aspects of those materials and products.
- ▶ And so why is an important international company like *Intercorp* concerned with the environment?
- We're concerned with the environment for several reasons. One is that it's very important for our reputation, which is as a responsible company and as a sustainable company. Number two because we ... we do believe it's very important to comply with the regulations around the world and thirdly, because it is very important – more and more so – to the companies and the consumers we sell products to.
- ▶ So could you tell us more about *Intercorp's* environmental policy?
- Yes, certainly, we have a variety of environmental policies. They range from overall policies, which really require us to ... to be good corporate citizens and to minimize pollution and comply with regulations, all the way to some of the practices about what we might put in our products, to policies that state that we will, when we invent and develop a new product, or when we continue to manufacture an old product, consider all of the environmental aspects and impacts of that product, from the beginning of its manufacture, all the way through its use by the customer, and even with the disposal of that product by the customer.
- ▶ Can you tell us what special efforts your company has made to protect the environment? Maybe you could give us a couple of examples.
- Yes certainly, for instance, we have withdrawn very profitable products from the market when we ... when we have learned that those products contain chemicals or materials that, that might be considered dangerous or that might no longer comply

with regulations, you know, even though it may have cost us considerable sales and efforts to replace those products with ... with more environmentally compatible ones.

We've also invested considerable money in our manufacturing plants to minimize the amount of pollutants that are emitted to the environment, and even to find ways to recycle some of those, and we continue to do those things and look for more and more opportunities to minimize our environmental impact.

09 **11** Page 17, Exercise 2, Part 2

- ▶ Dr Peters, looking at the consumers: how, in your experience, are European consumers different from American consumers?
- Well the consumers in Europe, I believe, are already more sensitive to having products that they could reuse or that they could recycle, or that, create less waste, than American consumers. Although, I believe that American consumers are ... are beginning to be more aware of those issues also.
- ▶ Intercorp does a lot of business here in Europe, and the E.U. has the reputation of being very big on environmental protection. What consequences has this had for the company's operations?
- Well, I think it's true that European governments are particularly concerned about the environment, and they're often used as models by governments in other parts of the world for the regulations they're considering. One example is a regulation that was passed several years ago in Europe, called WEEE and RoHS, which requires that electrical and electronic equipment, for example, the equipment we're using for this interview today, or your television set or your computer be either recycled or taken back by the original manufacturer to minimize waste in Europe. And that that equipment does not contain certain dangerous chemicals. That has had a big worldwide effect on our operations because, not only must we comply with that when we sell such products in Europe, but since many of our end-customers are also global manufacturers, they must comply, so we must sell them products that comply with European regulations, even if they're in the United States or Asia. So Europe has a big impact. More recently a regulation called REACH has come into play, which affects all of the chemicals and materials that are used in products sold and imported here in Europe, and we have been working very diligently to comply with that regulation – and to help our customers comply.
- ▶ Well, our time is running out, but before we finish, I'd like to ask you one more question. What advice can you give our students who are going into business?
- I think the most important thing as ... as somebody who, you know, works for an ... an industrial company, regarding the environment is to be able to find practical ways to balance the ... you know, the need to comply, and the need to do the right thing longer term, environmentally, as well as short term, environmentally, with the day-to-day needs and pressures of the business. And so that is the challenge for industry right now, to be able to do both.

- ▶ Dr Peters, we'd like to thank you for finding time in your busy schedule to talk to us. And for all of you out there in uni-land – Lingua Franca will be back at the same time next week.

Persuasive speaking: **Monroe's sequence**

10 **11** Page 22, Exercise 1

Speaker 1

We at *Watson's* know that our company has taken many steps to make our business more environmentally responsible. Well, you'll be as surprised as I was to learn that our efforts haven't got through to our consumers and that the public perception is that we suck when it comes to the environment.

I have here an article from *The Times*, published last month. The author writes – and I quote – “*Watson's* is a company known for its total indifference to environmental concerns.” Now that kind of statement in the press is the kiss of death. We simply cannot afford such a negative public image.

What would you say if I told you that we can change this situation completely? I've contacted the environmental marketing company *Terra*, which has a long history of working with Fortune 100 companies and has turned some of them around completely. *Terra* is going to design a Green Knight campaign for us.

I'd like you to imagine the outcome: no more negative press articles, no more disgruntled investors. Not only will we win back the trust of the public but we will establish ourselves as a green brand and a corporate leader in environmental protection. Those are the benefits which are bound to impact our revenues.

Speaker 2

I'd like to show you a graph. Here you have the development of our energy costs in our supermarket during the last five years. Yeah, I know ... shocking, isn't it? They're going through the roof. Obviously that's bad for the balance sheet, but it isn't in line with our mission statement either: to reduce our carbon footprint when- and wherever possible. There are very real ways to both cut our energy costs and reduce our carbon footprint, and we would like all of you to be thinking about them. Just think of our refrigerated aisles – those long cases for dairy products. One of you suggested putting doors on the cases to prevent cold air escaping. Great idea – something we should have done years ago – easy to open sliding doors. We plan to start installing them next month. With more ideas like that, in a year's time the curve is going to be falling.

Now, where do you all come in? Each and every one of you has a contribution to make to this plan. I want all of you to have a close look at the activities in your department and think about where and how our eco-footprint could be reduced. In four weeks I'd like a proposal from each department manager, and on the 15th of next month we'll have a meeting to decide which suggestions we can put into practice.

Speaker 3

Well, it seems we have a problem. As you all know, our production process involves the use of chemicals suspected of having harmful side effects. I don't have to tell you that on several occasions in the past five years these chemicals have leaked into the community water supply and we have had to pay hefty fines for violating government regulations. Just last year this cost the company \$2 million. I'm sure you can all appreciate that this is a very damaging situation. If we don't act immediately, all of our efforts to appear an environmentally responsible company will have been wasted.

The bottom line is that we must find a substitute for these chemicals as soon as possible. For that reason, I urge the board to immediately step up our R&D program to develop an alternative. This will mean hiring additional chemists and working under pressure, but we have absolutely no choice if we intend to preserve our image as a green company.

Unit 3

Listening: Making investment decisions

11 Page 27, Exercise 4

Marjorie Howe, CEO, *Wanderpop*

My fellow shareholders,

It is with great pleasure that I welcome you today. This has been another exciting year for us, in which we have continued to create significant and enduring shareholder value. For the third consecutive year, we have enjoyed growth of more than 12% in net revenue, and, as in the last 35 years, have been able to increase our dividend payments to our shareholders. We have achieved this high level of performance even in a volatile and challenging economic environment thanks to several factors.

First of all, we have implemented our corporate restructuring objectives. These measures have provided us with significant cost reductions. We have been focusing on promising emerging markets, where we have launched innovative new products adapting to local tastes – for example, Instant Chai in India. We have been making strategic acquisitions in Latin America and Eastern Europe. And, last but not least, we have continued to expand our brand portfolio. Two important additions to our time-honored brands are Nullo, a soft drink based on a natural calorie-free sweetener, and Power!, a fruity energy drink enriched with vitamins.

And we have done all of this without forgetting our responsibility to the communities we serve and the planet on which we live. We could not have accomplished this without the support of our 40,000 associates around the world and especially without the trust and confidence of you, our shareholders ...

12 Page 27, Exercise 5

▶ Shareholder 1 ● Shareholder 2

▶ Sounds pretty impressive, doesn't it? And just look at their annual report. I'll probably pick up a few more shares as soon as I talk to my stockbroker.

- Personally, I'm not impressed by all the glossy pictures of their products. That's 70 pages of spin. And if I were you, I'd also take that speech with a grain of salt.
- ▶ What do you mean? Look, they're paying 3% more dividend than last year.
- As they say, if it sounds too good to be true, it usually is.
- ▶ Hey, look, a company like that can't be fudging their accounts.
- Let's be realistic. No company is above creative accounting. They all have to make their numbers. Besides, have you read the footnotes in the annual report? Now, they're really opaque!
- ▶ Well, I'm not an accountant. I don't really expect to understand everything ... I just ask my investment consultant.
- Well, I for my part like to think I'm doing my due diligence. I read the fine print. And I happen to think that Instant Chai in a country like India doesn't have a snowball's chance in hell.

13 Page 27, Exercise 6

▶ Analyst 1 ■ Analyst 2

- ▶ Hey, have you seen *Wanderpop's* annual report?
- Yeah. A good piece of sleight of hand, I'd say.
- ▶ So how do they get their net revenue way up when everyone knows that their markets all over the world have gone into a slump?
- They sell off a few production facilities – which they'll probably buy back in a year or two.
- ▶ Well, I just hope that the shareholders notice the big difference between the increase in revenue and the increase in dividends.
- I'd be more worried about the "restructuring measures". What's going on there?
- ▶ I'll bet they're closing down plants and dismissing workers.
- If you read the notes carefully, you'll see they've still got a couple of pieces of litigation outstanding. Last year there was a big problem with contaminated water in one of the bottling facilities.
- ▶ And how come they're still using GAAP, when all the other big companies have switched to the new international reporting standards?
- Yeah. Lots of red flags.

Unit 4

Listening: Innovations in the car industry

14 Page 39, Exercise 3, Speaker 1

▶ Denise Walker, Moderator
● Professor Schmakalden, Panelist

▶ Good morning, everyone. My name is Denise Walker and I'm the Vice-President of *SEI Corporation*, the biggest car supplier in this area. We have three panelists who are going to share their expertise with us today. Please welcome Professor Schmakalden from the University of Dresden, Dr Gérard from *Automobiles Françaises* and Felipe Monroe from *InSpire Innovation*. After they have outlined their views, there will be time for a Q and A session. I'd now like to give the floor to Professor Schmakalden.

- Thank you for inviting me. I'm Henrike Schmakalden, the Director of the Center for Automotive Research at the University of Dresden in Germany. As we all know, innovation has always been strong in the car industry. Since the 1950s there have been incredible improvements in safety, fuel efficiency and emission. However, this industry is now standing on the threshold of unparalleled changes which will sweep through the industry in the next 10 to 15 years.

Currently we're carrying out research into the roles which governments play in supporting their national car industries. In Germany the car industry is one of the pillars of the economy so to speak. It employs over 700,000 people directly but if we include those who work at the supply and distribution level, the industry employs around 7 million people in Germany. ... So when the economic crisis hit, the German government implemented a scrappage bonus and tax incentives. Other states took similar actions. One of our projects explores whether such measures are helpful in maintaining the national car industries' competitiveness or if they cement current circumstances rather than initiating change.

Another project is taking a close look at the technological changes that governments support in a number of countries. In Germany, the government has just implemented a national development program worth €500 million to support the deployment of the electric vehicle. This is a relatively small sum in comparison to the \$2 billion the U.S. government has just made available to boost research in battery technology.

Obviously our governments see the future in the e-vehicle. But there is a whole spectrum of viable power alternatives such as hydrogen fuel cell technology, solar power and cellulose and waste-based ethanol which are worth investing in.

Yet another question is to what extent should governments enforce innovation? Should they implement stricter laws on emissions, fuel efficiency, recycling, etc.? Or should they engage the industry as well as the consumer with the help of incentive programs as in Norway, for example, where electric cars are allowed to use the bus lanes, and new office buildings with parking lots have to have a certain number of electricity charging stations?

These are questions which need to be answered first before governments should take action. So I'm here to listen to you to find out what you think countries need to do to help the automotive industry. I'm really looking forward to your comments. Thank you.

- ▶ Thank you, Professor Schmakalden.

15 Page 39, Exercise 3, Speaker 2

▶ Denise Walker, Moderator
■ Dr Gérard, Panelist

- ▶ Our next panelist is the Director of *Automobiles Françaises'* Development Unit, Dr Gérard.
- Hello everybody and thank you, Ms Walker, for having me on the panel. Let me tell you where we at *Automobiles Françaises* see the car industry's future: in the development of the zero emission car. All trends are pointing in the same direction: oil

is challenged both in price and availability, environmental regulations are getting tougher and tougher, and the young generation has become more demanding than we had ever imagined as far as the environment is concerned.

We have opted for the electric car because it is the only alternative when targeting zero emission and cost efficiency - bio fuel produces emissions, and fuel cell technology is still too expensive.

Critics say that batteries still have a lot of disadvantages - they are too heavy, they are not safe enough, they are expensive, electric vehicles only have a range of about 100 km. But advancements in battery technology are under way. The trial runs we have conducted so far make us very optimistic that we're on the right track. Of course, we have to convince our customers that using an electric car won't limit their mobility, but with enough electricity charging stations - which will be made available in due course - this will be an extremely convenient form of transport. In this context, let me remind you of a very small statistic: 80% of all car owners drive less than 100 km a day.

We think that by 2020, 10% of all cars on the market will be electric. And we at *Automobiles Françaises* want to be the leader in this market segment. So we have decided to build a 500,000-a-year capacity for batteries and cars - an investment worth €3 billion - and we are going to mass market the electric car in 2011. We aren't going to produce just one single e-vehicle - oh no, you will see a line-up of electric cars which address different needs - from the family to the small city car.

We are very aware of the changes lying ahead in the car industry, in particular in developed countries. There have been overcapacities in all manufacturing areas for quite some time, and, with the advent of at least one global Indian and one global Chinese car manufacturer, we will be put under enormous pressures. So our view is that we have to join forces with other car manufacturers, industries and the government. OK then, I'm really excited to learn about your views. Thank you.

16 Page 39, Exercise 3, Speaker 3

▶ Denise Walker, Moderator
● Felipe Monroe, Panelist

- ▶ Thank you. Our third panelist is Felipe Monroe, founder of *InSpire Innovation* in Swindon, Massachusetts, USA.
- Hi everybody, and thanks for inviting me to this extremely interesting panel. *InSpire Innovation* is a consulting company offering various solutions for the car industry. Professor Schmakalden mentioned earlier that the car industry is one of the most innovative. But I'd like to ask if the industry's investments in R&D are used efficiently. Research has shown that 40% of R&D spending never produces a viable product. A further 20% of the R&D budget is used for necessary serial developments and yet another 20% for innovations that fulfill legal requirements. That means that that 40% doesn't pay either. So that leaves the car industry with a meager 20% for really profitable innovations. We've heard about the pressures the car industry is under in the established markets. That's why R&D optimization is key.

Therefore, we're advising our customers to create a clear vision of the power train technologies they want to invest in and the market they are planning to operate in for the next ten to 15 years.

Market conditions are changing: the aging society will create a different set of needs, increasing global competition makes it more and more difficult to differentiate one's products from those of the competitors, raw material prices are rising and, with the shift of the global population to so-called mega cities, the demand for small cars will increase dramatically.

All this requires the car industry's central goal to be on cost innovation. Toyota was the first car manufacturer to recognize this: they developed revolutionary materials which cost less; they implemented new production methods which made assembly less complex; they applied low-cost principles to the design. So the result is a low-cost car combined with the highest quality.

Let me tell you what I think: if the automotive industry in the developed countries succeeds in combining cost innovations with a reduction in R&D costs, they won't need to fear the challenges to come.

Thank you and I'm looking forward to your thoughts and ideas.

- ▶ Thank you. So if you have any questions, please put them on the cards provided. In the meantime I'd like to ask ...

Blogging: A corporate communication tool

Page 40

▶ Owner, *TechnoVita*

■ Communication consultant

- There is a large choice of social media available such as blogs, Facebook and Twitter, etc. etc. But let's talk about corporate blogs. You're familiar with blogs, right?
- ▶ Sure, it's a kind of online journal with links to other websites and your readers can comment on what you write. I'm not sure that I'm entirely clear how corporate blogs are different ...
- Ah, OK. Well, corporate blogs are similar to individual blogs in format, but their writers are the company's employees who are assigned the task of writing to the public about the company's activities.
- ▶ Well, to be honest I can't see any difference between corporate blogging and what we have been doing here at *TechnoVita* for ages. Our exceptionally skilled marketing and PR staff have been very successful in establishing a good relationship with our customers.
- Oh, no doubt about that. But the difference is that company bloggers are sort of kept on a long leash, which means that they can blog about anything and everything as long as it serves the company and doesn't reveal confidential information. Of course, they have to make it crystal clear that they blog on behalf of the company, but they can still express their own ideas and opinions. This makes your company much more interesting, as the readers have the feeling that they are participating in what is going on behind the scenes. Also your company becomes trustworthy as the corporate blogger shares his or her knowledge with the customer. So in short: corporate blogging

humanizes your company, which helps to establish trust between you and your long-standing or potential customers.

- ▶ OK, I take your point. But still – blogging doesn't replace a good marketing department.
- No, of course not, but blogging reaches customers who have turned their backs on those companies which try to communicate their message via advertising, because consumers have stopped believing them. We both know that marketing measures have become very expensive and, at the same time, increasingly ineffective. So blogs can take over part of your company's communication, and they are dead cheap.
- ▶ I see. But, on the other hand, blogging would make us extremely vulnerable because confidential information could be published which might be of value to our competitors.
- Well, you would have to be able to trust your employees, of course. But think of the other advantages for the moment: you will be able to find out what your competitors are up to by reading their blogs. And, what's more, you'll learn what your *customers* want and will be able to target your response. You'll also find out what the outside world thinks about you and your products, and you will be able to respond accordingly. Blogging also gives you a handy tool for getting quick messages out to your customers, especially if negative publicity makes them suddenly lose confidence in your product.
- ▶ Right, I'm willing to give this a try. Should I then get one of our marketing staff to start a corporate blog?
- Oh, please don't.
- ▶ What? But why not?
- Don't let marketing or PR take charge – they will continue using their marketing corpspeak. A blog has to be sincere as you want to establish trust among your customer base, and this can only be achieved if the person who writes about corporate issues really blogs from his or her heart. It actually would be best if somebody from middle management took over this task.
- ▶ OK, there are a couple of guys at that level who I think would be good at this; I'll have a talk ...

Unit 5

Listening: A new consumer group

Page 49, Exercise 2, Part 1

Conference Speaker

Yes, yes, this is the pre-conference workshop "Introduction to LOHAS". If you'll come in and take a seat, we can get started. Well, welcome everybody! It's so exciting to see so many people interested in the visionary LOHAS movement. In the next three days you're going to meet hundreds of wonderful people and have an unprecedented opportunity for networking with leaders, businesses and – of course – potential investors. I'm assuming that all of you are first timers to the conference, so what I'm going to do this morning is give you some background information about the LOHAS movement and the LOHAS market.

Now, as you all know, LOHAS is an acronym for Lifestyles of Health and Sustainability. So who are the LOHAS exactly? LOHAS

has been described as a movement, a way of life, a set of values. In any case it's a group of consumers motivated first by a concern for their own health and then by a concern for the health of the planet.

As you might imagine, this is a group that was disillusioned in the past and is therefore highly skeptical of any claims they hear from business. Businesses have to win their trust. That is to say, emotional branding plays a huge role with this consumer group.

It's easier to understand the LOHAS if we look at other consumer groups. The National Marketing Institute has identified four other groups that we can compare with the LOHAS but that differ in their attitudes and behaviors: the naturalites, the drifters, the conventionals and the unconcerned. Before we talk more about the LOHAS, let's have a brief look at each of these.

The naturalites are more likely to buy green consumables than green durables as they don't have the commitment of the LOHAS. That means they tend to buy natural and organic food, but when it comes to buying a new dishwasher, for example, they're not likely to choose one solely on environmental considerations. But - with a bit of a nudge - they might be the LOHAS of tomorrow.

The drifters have all the good intentions of the LOHAS but fail to follow through. Price and trendiness for them are important criteria in their buying decisions, so they *will* buy a green product but only if it's easy for them or if the price is right.

Then we have the conventionals. They're aware that environmental protection is a good thing but are not going to go out of their way to practice it. These consumers will recycle if they have the right dumpster in front of their house, but they lack the green convictions of the LOHAS. The same goes for their buying decisions - if a green product is convenient, they'll buy it, but only then.

And finally there are the unconcerned. Environmental issues are completely irrelevant to their buying decisions.

19 Page 49, Exercise 4, Part 2

Conference speaker

So here we have a chart showing a breakdown of the U.S. population into these groups for 2005 and 2009. You can see interesting changes in that period and we can expect further shifts in these segments as time goes on. Now since 2005 the size of the LOHAS segment has remained constant, and we'll get into the reasons for that in a moment. The naturalites have shrunk by four percentage points. And the drifters increased by five. That may appear rather disappointing, just at a time when we would expect more environmental consciousness among consumers, but it is important to remember that we've been going through an economic downturn, and when times are tough, shoppers save money wherever they can, so those organic tomatoes are out. Similarly, the conventionals group has increased by six percentage points. BUT - and this is a promising sign - the "unconcerned" are down by seven.

Reaching these last four groups and turning them into genuine LOHAS is a task for social marketing, because - as I'm sure all of

you realize - we're selling not so much products as ideas and values. We all represent businesses that have the power to change the world.

Back to the LOHAS. They've been described as people who want to do right, as "environmental stewards". They are values-driven and they cut across every age and social group and, at present, approximately one American in six could be considered a LOHAS. That's a huge market, estimated at \$209 billion a year in the United States. They are willing to pay more for eco-friendly products, and their green preferences are reflected in all of their purchasing decisions: the houses they build, the cars they drive, the clothes they wear, the food they eat, the detergents they put in their washing machines and even the choice of the machine itself. They expect the products they buy to be energy-efficient and the companies they deal with to display corporate social responsibility.

... And so what is the future of this market? As the world recovers from recession, we can expect this market to grow. We can also expect that more and more conventional products will be replaced by green products and that more and more companies that are still considered mainstream will be getting on the bandwagon. But we should think beyond the U.S. Europe has a growing LOHAS market and, as their economies continue to grow, consumers in Asia are not going to be far behind.

Presentations: Being clear and convincing

20 Page 50

▶ Stacey Cook, Careers coach

● Robert, Radio presenter

- ... and with me in the studio today is careers coach Stacey Cook who's going to give us some useful tips on giving presentations. Hi Stacey - welcome to the show.
- ▶ Hi Robert. It's nice to be here again.
- I must admit I don't really like giving presentations. I get really nervous about talking in front of a group of people: sometimes I think they're just sitting there hoping I'll be finished soon and they can go and have some coffee.
- ▶ Well Robert, I think many of us can identify with that feeling. OK, the first thing you need to do is to ask yourself some questions about your listeners, for example: who are they and what do they need to know? What are the advantages for them in implementing my new strategy or investing in my product or service?
Once you've figured this out, create a short and snappy headline that sets the scene and gives your audience a reason to listen. To make it easy for them to remember, keep it under about 140 characters and repeat it several times during your presentation.
- Ah, I see. So the headline is something they can take home with them, right?
- ▶ Yes, that's right. Another important point is to provide an outline of your presentation - it should have no more than three or four parts. This makes it much easier to follow.

introduce these parts in a way that captures your audience's attention and has them looking forward to the main part of your presentation.

- OK. Sounds good.
- ▶ Another mistake people often make is to give away the solution before they have fully laid out the problem. Start by explaining the problem in detail – you know, build up the pain. Then, reveal the solution and how it will make your audience's lives easier and much more enjoyable. The solution should be simple and free of jargon. This is particularly important when you are trying to sell a technical product to lay people.
- And what about using PowerPoint or Keynote to make the presentation more attractive and interesting?
- ▶ Well slides can be helpful, but don't overdo it. I sometimes call this "death by PowerPoint"...
- Death by PowerPoint? That sounds dreadful!
- ▶ It simply means that you are in danger of overloading your audience with information. Listeners' brains can only use one input channel at a time: they can either read what's on your slides or listen to you; and they want to listen to you, to be inspired by your talk. And you, the presenter, make yourself invisible if you hide behind your slides and put all your content onto them.

My advice is to cut down the number of slides you use, reduce the amount of bullet points on each slide and increase the number of images. Our brain loves images and will remember them much better than words.

- OK, and how do great presenters like Steve Jobs really captivate their audiences?
- ▶ By contextualizing their information content and using lots of rhetorical devices. So, for example, when they talk about data they make it relevant to the listeners by using analogies. They also use stories and emotional language. And they make effective use of their voice and body language.
- A lot to think about, and I'm afraid we're running out of time now. Do you have any closing points for us? Any last tips?
- ▶ Yes. Be really well prepared. Rehearse a lot – even people like Steve Jobs need to practice. And think up some good stories. Because after all: your listeners want to be inspired, so sell them an experience.
- Well thanks very much for your great tips, Stacey. I know I'll be much better prepared for my next presentation. If any of you would like to email Stacey about anything we've discussed on the show today, the address is stacey.cook@ ...

CD2

Track 1: Copyright statement

Presentations: Rhetorical devices

Page 50, Exercise 1

Melissa Murray, Marketing director, 24-Seven

Good morning, ladies and gentlemen.

I'm here today to talk to you about my vision of 24-Seven in the very near future. I'm going to talk about loyalty and emotions and how these can help us to put 24-Seven back on the map.

My presentation will cover three aspects: firstly, I'd like to reminisce about the history of our company because I really feel that – despite recent developments – the brand 24-Seven still has a lot to offer. Then I will take a closer look at the concept of emotional branding and how this can help us change our company into a brand which is respected and loved by today's critical, savvy and selective consumers. And finally, I'm going to present our new marketing strategy which I promise will reinvent the concept of convenience stores. I hope you will be as enthusiastic about it as we are. With your approval, we will be able to create a leapfrog brand.



Page 50, Exercise 2

Melissa Murray, Marketing director, 24-Seven

Let's go back to the year 1972 when we opened our first store in Melbourne. As I'm sure everyone in this room can remember, we were the first to introduce the idea of a convenience store to Australia. A couple of years later we were also the first to set up a store linked to a petrol station, which was extremely convenient for the people living in the outback. And we were also the first to introduce a partnership with a bank and have its ATMs in all our stores, pushing the idea of convenience to a new level.

Looking back we can proudly say that we created an extremely successful brand, which has been serving Australians for a long time and has been trusted and respected by consumers.

So, where's the problem? The problem is that 24-Seven has run out of juice: sales have fallen by 20% over the last three years, average inventory turnover per shop has gone up to alarming levels, our own brand Savoy Slurp is no longer a best-seller. And there is some more worrying news: the number of shops has fallen by 20 – that's almost a quarter of the 82 stores we had three years ago. In other words, there are hardly any 24-Seven stores left in the metropolitan areas of Melbourne, Brisbane, Sydney and Canberra.

This leads us to two crucial questions: "What exactly do our shoppers want from their shopping experience?" And "How can we bind our customers to us emotionally?" Let me tell you what shopping means to me. When I was eight, my parents and I visited our relatives in Lancaster, England. One day I was sent to the corner shop to get the morning paper. Inside the shop I saw huge glass jars full of fruit drops and liquorice: a wonderful sight for a small girl! And the shop smelt wonderful too – of soap, fruit and freshly baked bread. To this day I can still smell this shop and its homely atmosphere.

And what about grown-ups? Is their shopping experience any different? No, not at all. Shopping is sensual – we stroll, we browse, we glance, we touch, we smell, we taste and we *feel*. Shopping is fun – we love to find out what's new. We love to be entertained. We love to play. It's adventurous, it's new, it's different. It's also primeval – we were all once hunters and gatherers, so we like to browse, to track and to forage and return home with our bargain feeling deeply satisfied.

And we thought the answer was convenience! We were quite simply wrong, terribly wrong! Shopping is about loyalty and emotions. The inside of our shops is the place where we will either

win – or lose – our customers. Let's bring back that friendly, corner-shop feel, give customers what they crave and make this into a win-win scenario, for 24-Seven and its customers.

Now, I'm not going to keep you on tenterhooks any longer. Here it is: the future 24-Seven store – the emotional experience.

Unit 6

Listening: The future of unions

Page 59, Exercise 3

▶ Steve Paikin, Radio presenter

■ Professor Yates, McMaster University (Ontario)

- ▶ Let's talk pensions. According to the Canadian Labor Congress 80% of union members in Canada, 80%, have a work-place pension. What role would you say unions play in that fact?
- Oh, unions are an enormous factor. If we look at the break-down union/non-union, then we find that you are much more likely to have a pension because in fact that's one of the major things that unions bargained for. Even more significant is the impact of unions on women's access to pensions. If you break it down by gender, women who are unionized have a far, far greater chance of having coverage by pensions. And again it's because there is a greater premium if you will, associated with union membership for women, both in terms of wages and benefits than there is for men.
- ▶ ... and benefits in general?
- Benefits ... what we're talking about ... pension, extra medical care, dental care, drugs-coverage, are probably the four greatest of those ...
- ▶ ... and the role that unions play in securing those for employees?
- Well, certainly again, along with the wage package, benefits are probably one of the most significant things that unions bargain for, but also across the board, whether it be some of the lower paid unions trying to experiment with new ways of providing benefits, because members often join unions because, not just because of the wages, but because of those other benefits.
- ▶ Let's talk about the broader role unions play in society. I ... I know once upon a time – and you tell me if it's still the case – once upon a time if there was a major controversial issue happening in this country or around the world, unions would be involved, either taking a public position on it, or getting, you know, getting unionized employees out to – whatever – march in the streets, whatever. Is that still as much the case today?
- I think it's declined over time and I think it's partly ... so unions still articulate the views, I think they're heard less by the public, heard less by the media, and there's a couple of different reasons for that. I think if we look worldwide, ermm, at unionization rates, what you'll find is that union-density, or the proportion of the work-force that is unionized, in a lot, most Western industrialized countries has been on the decline, in some countries really precipitously. So once you have a decline in membership and in density it means that your influence is less and therefore, opinion-makers are less likely to look to you for

your ideas even though you may be articulating them. The other thing is that there's been a real shift in terms of the way in which unions have been able to effectively frame their issues. If we look in the 50s and 60s, they were somehow able to mobilize, not just their membership, but public opinion and support.

- ▶ They can't do that anymore?
- That's less so, I think it's harder to do, I think partly because there's competing groups that mobilize those ... that public's opinion, but the other side of it is, unions have over time been eroded in their public face, in so much as, people think, "Oh, unions, they go on strike". There's been tremendous pressure against unions, and kind of less attention paid to the positive benefits that they provide to working people.
- ▶ A propos the first thing you said there, we do have another handy-dandy chart here, on the unionization rate in this country over the past ten years or so ...
- ... So nonetheless there is a relative stagnation in union membership. I think that it says that unions are having a harder time representing workers. I think if we look at opinion polls on whether workers would like to be unionized, there's still a large number of the workforce that would like to be unionized but is not, so it tells you that there is a gap, but whether it means unions are less relevant or just that they have a harder time representing workers is two different types of questions.
- ▶ Let's go through a checklist here of potential reasons why. Globalization – what role would that be playing in the decline of union membership?
- Certainly globalization means that in terms of the employers and investors ... investors are able to be much more mobile and agile in the global economy, so faced with unionization, they're able to shut down and relocate in many instances. So it gives greater leverage to employers and makes it harder for unions to in fact mobilize memberships. The other side of globalization is that it means that, especially in North America, there's been a growth in some sectors which have been harder to organize like the service sector, whereas there has been a decline and a shift to other countries in sectors which have traditionally been centers of union strength, such as manufacturing and certain, ermm, production sides of unions.
- ▶ How about contracting out work?
- Absolutely, and for unions that's posed a challenge: many unions try to, what we call, chase those contracted-out workers by trying to organize them, but it is much, much harder because the incentive for employers to contract out is of course cheaper labor costs.
- ▶ Uh-hum ...
- ... So in that sense it makes it harder for unions, but it also means that often those employers of the contracted-out workers are much more willing to fight unions really, really hard in order to stay union-free and therefore maintain their kind of wage-cost advantage.
- ▶ I want to be careful the way I say this, but unions seem to have a particular relevancy to people of a certain age, if you know what I mean ...
- Uh-hum, Uh-hum ...



- ▶ ... Younger people today, don't seem to have the, ermm, ... well, they certainly don't have the history or the background, necessarily, the background knowledge, ermm, with the union movement ... and I, I wonder if whether as a result their expectations of unions are different, than people, again of a certain age. What do you think on that?
- I think the question is, is it ... is it the young workers themselves that aren't interested in unions, or is it the fact that they tend to be, ermm, employed in jobs in which unions have a very hard time getting kind of representation rights? So for example, young workers are much more likely to be on short-term contracts, much more likely to be temporary, casual or part-time workers. They also tend to be in sectors such as the private service sector, whether it be in the *Starbucks* or whether it be working in some area of retail, and therefore it means that those are exactly the sectors where unions have not had a strength; so the question will be, will those workers, once they reach a more stable job, will they then join unions, become the new membership of the unions?
- ▶ Got another chart for this. Let's go to the last chart here ...

Unit 7

Listening: A family affair

06 Page 69,

Exercise 2

■ Gordon Chambers, Chairman, *Sutherland*

▶ Ben Hamilton, CEO, *Sutherland* ● Amanda Sutherland

▶ Jeremy Sutherland

- And so, as you know, yesterday I met with Harriet Wickerstedt. She says their offer is \$10 billion. I made it absolutely clear that we consider that an undervaluation of the company and as such totally unacceptable. I told her that even if they were to raise their bid, I see no reason to give up our independence. We have strong brands and good growth.
- ▶ Gordon, I think that woman wants us and that we should hold out for a better offer. The bid in no way reflects *Sutherland's* true value. Jeremy, you look pained.
- ▶ If you ask me, the prospect of being gobbled up by a low-growth conglomerate is unattractive at any price.
- ▶ Let's be objective. There's a lot to be said for working with a conglomerate. We could profit from *AF's* economies of scale, we would have more money for our much needed investments, we would have access to *AF's* R&D expertise ... We would even have a crack at the Chinese market. If we don't go ahead, we'll be missing a golden opportunity for global growth. Amanda, you don't look very happy about all this.
- Happy? This is a nightmare. Look, this company is a part of British history. Brits eat their first Milky Marvel at their mother's knee. And we're supposed to disappear into a meat-processing company? My great-grandfather would be turning in his grave. Jeremy, say something!
- ▶ Amanda has a point. *Sutherland* was known for its corporate social responsibility even before the term existed. We represent ethical capitalism.

- Well, if I may say so myself, we do represent the chance of a lifetime for *American Foods*. Look at what we have to offer – loyal customers, iconic brands, markets in the developing world where billions of consumers are forming tastes that will stay with them for the rest of their lives. We would be a jewel in their crown – if they're willing to pay what we're worth.
- ▶ And that's just the crux of the problem. We have, in comparison to *American Foods*, great growth figures and a strong share price. Their offer is at least 15% under our true value.
- ▶ So what's likely to happen next?
- ▶ Well, in an acquisition attempt approaching the board is only the first step. Then the predator goes to the shareholders.
- That sounds like the law of the jungle.
- ▶ And I don't have to tell you that a large proportion of our shares are in American hands. The cards may be stacked against us.
- Look, we can always hope for a counter-bidder. *Milton Chocolate* has been courting us for years. We use them as a distributor in the U.S. and we've broached the subject several times of a more intimate form of cooperation. I don't think an *AF* takeover would leave them cold.
- ▶ Amanda and Jeremy, as much as I sympathize with your attachment to the company, I think we have to be realistic. You know, we have an obligation to the shareholders to keep the company growing. And there's nothing immoral about making a profit. If we're looking for a white knight, we could be spot on with *Milton*.

Managing change: Selling change

06 Page 70,

Exercise 1

■ Mark, Sales director, *Fitted Kitchens*

▶ Lou, Sales manager, *Conraan*

- Hello, and good to see everybody. Thanks for coming in today. Let me kick off this meeting by introducing everyone: on my right is Denise, currently *Fitted Kitchens'* Sales manager for Wales, Scotland and Northern England; on my left is Ravi, also from *Fitted Kitchens* and currently in charge of the south of England; sitting across from me is Lou, currently Sales manager at *Conraan's* in charge of the Greater London and overseas markets. And this is my secretary Susan, who will be taking the minutes for us.
- Right. So as you all know the merger of *Conraan* and *Fitted Kitchens* was formally announced last week. Today I'd like to update you on the latest developments and in particular on the changes which will affect the Sales department in our new company. Most importantly, however, this meeting will give you the opportunity to ask questions, make suggestions and raise any concerns you may have. Yes, Lou?
- ▶ Mark, you scheduled two hours for this meeting. As we've all got lots to do, I'd suggest that you just tell us the facts and let us get back to work as quickly as possible.
- I'm aware that everybody is extremely busy but the changes we're bound to face are so manifold that I don't think we should rush things at this point. I think we'll actually save

ourselves time if we try to address everyone's practical concerns at this meeting. Oh and by the way, I'd like to invite all of you for lunch at Bailey's afterwards – maybe that will give everyone something to look forward to.

▶ OK, point taken, Mark.

■ So as you all know, the new company will be called *Conraan Kitchens* and has a new and exciting vision: to become the number one in the upmarket kitchen segment in Britain and in the whole of Europe soon after.

Let me fill you in on the advantages this merger will bring about. Our newly merged company will dispose of more capital, which will allow us to invest in new outlets and realize our expansion plans. *Fitted Kitchens* has invested in a highly profitable company, which gives it the chance to enter the upmarket segment as well as the overseas market. This merger combines the strengths of two well-established companies: *Conraan's* creative powers fit together perfectly with *Fitted Kitchens'* solid manufacturing know-how.

As I'm sure you can imagine, selling will be a key part of this process and therefore both companies' Sales departments and strategies will be put to the test immediately. And that's why it's so important to have you all here today; because you and your teams are absolutely crucial to the process of turning this vision into reality.

At this point it has been decided that all Sales staff from both former companies will be kept on. However, this will involve some restructuring of sales areas, putting people into the positions they know best. It's been suggested that Ravi becomes responsible for the whole of England and that Denise remains head of Scotland and Wales and also takes over Northern Ireland and the Republic of Ireland. Lou would be in charge of the entire overseas market.

This will, of course, lead to some reshuffling of staff in your departments. As I'm sure you can imagine, we expect this to be a highly sensitive issue which will raise many questions. Each one of you will play a key role in dealing with your staff's concerns and getting everybody to support the change process. Furthermore, I'd also encourage all of you to actively communicate our new company's vision to your staff. That will help everyone to understand where the company is heading and what we as a company need to successfully meet our goals.

OK, I'm going to stop talking for now and hand the floor over to you. Who has a question or comment?

structures exist at *Conraan* and the work is more team-based, whereas at *Fitted Kitchens* we rely more on traditional centralized management methods. In which case, difficulties are bound to arise in my department. So what I'd really like to know is how you suggest we handle this tricky situation.

■ Yes, that is indeed a crucial point and I completely understand your concerns. In fact, HR is currently arranging team-building workshops for each department. But these of course won't be sufficient and can't replace your roles as communicators and leaders of change.

▶ Me ... a leader of change? With all due respect Mark, I don't want any change! The people who work for me know exactly what I expect from them so I can give them a lot of free rein. I'm sorry, but people who can't work on their own and need constant supervision will have to work somewhere else. They don't belong in my team. It's as simple as that.

■ I'm afraid it isn't quite that simple, Lou. As we are working together as one company now, there will be staff from the current *Fitted Kitchens* joining your department. We are of course aware that communicating changes to staff is difficult and time-consuming and requires tact. So HR is also going to be running some seminars on communicating change for managers.

● Excellent. I think these seminars are a really good idea.

▶ Can I come in here now? We've heard a lot about our new company vision but no word about how to achieve it. And there's also been no mention of the U.S. market. What's going to happen there? Are we going to quit operations? As the new Overseas Sales manager I should be informed about this, don't you think?

■ Yes, you're right of course, Lou. I should have said a couple of words about this earlier on. I'm sorry. The overall strategy is to increase the number of sales outlets which will be backed by an aggressive marketing campaign to push the *Conraan Kitchens* brand in Britain and Europe. In the U.S., too, there will be a strong focus on the marketing of our new company and its much greater range of products and services. And as you know the U.S. market best through your position as Overseas Sales manager at *Conraan*, we think you'll be just the right person to manage our expansion plan for North America. I'm sure that will keep you more than busy!

▶ OK, I see what you're getting at. But could I have some kind of assurance that I'll get the necessary support to handle the increased workload?

■ I can assure you that we'll provide you with all the backing you need. We'd like to involve you as much as possible in the planning and implementation of this project, so any ideas you have to facilitate this process will be more than welcome.

▶ I'd like to express some reservations about the new logo. If I understood you correctly, the benefit for our company is that *Conraan* provides us with an upmarket brand and therefore the opportunity to gain customers from a different segment of the market. However, the new logo doesn't have a "Conraan feel" to it at all anymore. So I'm afraid we'll lose customers instead of gaining new ones.

Managing change: Addressing concerns

Page 71,
Exercise 1

- Mark, Sales director, *Fitted Kitchens*
- ▶ Lou, Sales manager, *Conraan*
- Ravi, Sales manager, *Fitted Kitchens*
- ▶ Denise, Sales manager, *Fitted Kitchens*

▶ Ah, yes, I'd like to come in here.

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● Well, I'm really concerned about how the two groups of staff will work together. I've heard that decentralized management

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Managing change: Addressing concerns

Page 71,
Exercise 1

■ Mark, Sales director, *Fitted Kitchens*

▶ Lou, Sales manager, *Conraan*

● Ravi, Sales manager, *Fitted Kitchens*

▶ Denise, Sales manager, *Fitted Kitchens*

▶ Ah, yes, I'd like to come in here.

■ Hang on a minute please, Lou. Ravi, you were saying ...

● Well, I'm really concerned about how the two groups of staff will work together. I've heard that decentralized management

- That's a valid point. Thanks for raising it. I'll pass it on to the board immediately. Nevertheless, it is more or less inevitable that some customer attrition will occur during the adjustment process. But again, as Sales managers it will be our job to continuously communicate to our customers the benefits we'll be able to provide as a merged company: such as a larger range of products and services for lower prices as a result of economies of scale.
- Let me come back to what you to what you said earlier. Actually I'd ...

Unit 8

Listening: When the bubble bursts

08 09 Page 78, Exercise 2, Part 1

University lecturer

Good morning, everyone. Today we're going to be talking about the real estate bubbles that we've recently witnessed in the U.S. and elsewhere. But before we start, I'd like to say a few words about markets in general and then the real estate market in particular.

Now, as you all remember from Economics 101, a market is a system for bringing together buyers and sellers – that is to say, the market participants. In a free market, prices reflect what consumers are prepared to pay and what sellers are prepared to accept for a product or service. In general, the scarcer land, labor or capital is, the more the buyer will be prepared to pay for it. Scarcity is of course not the only factor affecting demand. There are also factors such as changes in consumer income, expectations and taste.

So – let's apply this to the real estate market. Here we have a wide variety of market participants – on the demand side, the owner-user, the owner, the renter. On the supply side we've got developers, renovators, real estate brokers, lawyers, banks and just about anybody who makes it possible for a person to move into or buy a house. There are other characteristics that make the real estate market unique. Houses don't go bad like butter or fish – that is to say, they're durable. They don't come off an assembly line like cars – that is to say, they're heterogeneous. You can't take them with you when you move, like a DVD-recorder – that is to say, they're immobile. And finally, they can be both invested in and consumed, i.e. they're investment and consumption goods.

Another interesting feature of the housing market is that demand is determined by more than just supply. Demographic factors are an important determinant – not just population increase in any given area but the age structure of the population, family size, marriage, divorce and death rates. And as we're going to see in a minute, the mortgage rate. Supply is determined by the cost of land and the cost of building materials.

Here we've got a chart showing us the increase in home prices since the mid-1970s. Now since the late 60s, the housing market had enjoyed unprecedented growth, with that growth accelerating sharply after 2000. How can we explain that it's growing so much

faster than the U.S. population? Well, first of all, home ownership is considered part of the "American dream", and there have been a lot of efforts on the part of the government, not least of all tax breaks, to encourage it. In the U.S. since the New Deal in the 1930s, there has been a history of making loans available to middle-class families, which caused home ownership to soar after World War II. But the most important factor has been what Adam Smith called "irrational exuberance" and the completely unrealistic expectation that "property prices cannot fall" and that real estate produces better-than-average returns on investment. Add to this dogma subprime lending and you have a sure-fire recipe for a bubble.

09 10 Page 79, Exercise 3, Part 2

University lecturer

Everybody remembers the great Tulip Bubble in 17th century Holland, when prices for tulip bulbs reached astronomic levels because people thought the boom was going to go on forever. Well, speculative bubbles invariably burst, as in Holland and later that most famous bubble of them all, the stock market bubble in 1929. And that's just what happened in 2007 in the U.S. housing market, when the subprime bubble burst.

Subprime. Do I have to explain that? Subprime is sort of a euphemism for loans – that is to say mortgages made to overly optimistic home buyers who couldn't really afford them. The lenders offered variable interest rates – actually, ridiculously low ones – for the first two or three years and then interest rates were raised. When that happened, the buyers defaulted, the banks had to repossess the house, prices plummeted and the market collapsed. We won't talk here about the international consequences because the mortgages had been repackaged and sold as securities to investors around the world. That's another story.

When the American housing market bubble burst in 2007, there were plenty of other overheated housing markets in the world. One was in Spain, where the property prices had risen to record levels and the market was driving the rest of the economy. Some economists claimed this was due to an increase in demand, as Spanish lifestyles were changing and more and more foreigners were buying real estate in the coastal areas, where there was only a limited amount of land for construction. Others maintained that property prices didn't reflect true demand but were, as in the United States, driven by speculation. According to these people, property prices were forming a bubble that was bound to pop. And that is exactly what happened.

While some reckless lending may have been involved, the major factor involved in the Spanish property bubble was simply that too many newly developed properties had come into the market, supply exceeded demand and prices went into reverse.

So, in both instances, the market participants were underestimating the risk – and prepared to pay ridiculously high prices for real estate. Bubbles are irrational markets – and at some point have to end. But forecasting the future of market bubbles is like predicting the behavior of a crazy person – you just don't know what they're going to do next ...

Term papers: Finding a topic

Page 80, Exercise 1

■ Max ▶ Pete
● Sara ▶ Rose

- Hey, Pete. Haven't seen you in a while.
- ▶ Man, I've had a gig every weekend. No time for academics. Say, I hear Hathaway has assigned a paper.
- Yeah, and we're supposed to submit the proposal by the end of this week.
- ▶ Just what I needed. So tell me what you're doing yours on.
- Errrrm, I was thinking about the Great Depression - you know, the one that started after the stock market crash in 1929. Or maybe on Bill Gates. He's a big hero of mine.
- ▶ Man, give me an idea for a topic.
- Yeah, I know. You're the great procrastinator. Well, there's the financial crisis of 2008. Or the economic rise of China.
- ▶ Naa ... That doesn't really turn me on. Say, Sara, what're you going to write about?
- I was thinking about that new city they're building in Abu Dhabi - you know, the one with zero emissions. Or maybe money laundering. Or e-books.
- ▶ Hey, there's a great idea for a topic - money laundering.
- Seriously, there's lots you could write about: the advantages and disadvantages of globalization, Adam Smith, the art market, the music industry...
- ▶ Hey ... that's it - the music industry ... And so what's this business about a working thesis statement? I don't have the foggiest. Enlighten me.
- Well, the way I get it, it's the main argument of our paper and everything you write in the paper is supposed to support the thesis statement.
- ▶ And I'm supposed to know that NOW before I've even started?
- That's why it's called a "working thesis", Pete. You can revise it later.
- ▶ Have a look at Hathaway's handouts. But remember: "A title is not a thesis. A question is not a thesis. Bla, bla, bla ..."
- ▶ Maybe I should just come to class ...

Unit 9

Listening: Population matters

Page 87, Exercise 3, Part 1

University lecturer

Good morning, everybody. We'll stay with the topic of demography for another session. Last week we were talking about the development of population throughout human history and we were saying that when your parents were growing up, there was a great deal of talk about a population explosion and what would happen when the world's population exceeded the carrying capacity of the planet. Then we talked about a phenomenon called the demographic transition. Today we're going to go into its effects.

Well, I'm happy to say that the demographers who back in the 70s created the horror scenarios had failed to foresee that both birth and death rates would fall sharply. But this is in fact exactly what has been happening. In all the countries of the industrialized world

life expectancy has soared thanks to improved medical care, improved hygiene and better nutrition. Fewer babies are also being born in almost all the countries of the industrialized world, and in many countries of the developing world the birth rate is falling as well. This has some of the same reasons as the fall in the death rate - and in addition to these we can name the availability of family planning and the impact of educational opportunities for women, which encourages them to join the workforce.

Demographers expect the death and birth rates to eventually stabilize at a low level, but at present the birth rate is falling faster than the death rate. This means that on the whole, the world's population is still growing, although at a far slower rate than predicted 30 years ago. And there are optimistic forecasts that it could stabilize at 9 billion by 2100.

In any case, the world's population is definitely getting older. In 2006 one person in nine was already over sixty, and in advanced industrialized economies like the U.S., the countries of the E.U. and Japan, we can already speak of a graying population.

Page 88, Exercise 4, Part 2

University lecturer

Now, if we look ahead fifteen years or so, we are going to experience some surprising developments. Just about everybody here is worried about getting a job, right? Well, here's the good news: by around 2025 the advanced industrialized countries are going to be begging for workers.

First of all, a significant part of the working population will have retired and secondly, as a result of the drop in the birth rates, there will not be enough workers to replace the ones leaving the labor market. That is to say there will be a scarcity of workers. On the other hand, the retirees will remain a group with considerable economic and political clout and as they continue to age, they will remain consumers and require products and services, including eventually, care.

So ... what will the solution to the problem be? One possible solution is to increase productivity, but it appears that in many areas productivity has reached a ceiling. Another is to make use of robots, which at present is not a very realistic option. What then could be the answer? You've guessed it - immigration. While today many industrialized countries are still battling to limit immigration, by 2030 the opposite will be true. Industrialized countries will be offering incentives in order to attract immigrants; in fact, they will be competing against each other to offer the most attractive conditions.

These immigrants will fall into three categories: first, manual workers, as we see today; secondly, those with technical skills, that is to say engineers and scientists; and thirdly, those in jobs that help to care for the aging population, namely health care workers and health care professionals.

And while this is taking place in the developed world, in many countries that are today emerging economies the incentives to emigrate will have decreased because of the general improvement in the standard of living ...

So that's all for today. For the next time we've scheduled your oral reports.

Presenting graphs: **Helping your audience follow**

Page 90

Abby, Student

Hi! I'm Abby, and I'm going to talk about fertility rates. As we all know, the fertility rate is the average number of children born to a woman over her lifetime. I'd like to start with this graph, which at first glance looks like a bowl of colorful spaghetti! It shows the fertility rate in six countries of the industrialized world - the U.S., Japan, Germany, Italy, France and Britain. On the horizontal axis we have the period 1950 to 2010, on the vertical axis the number of babies born to each woman in the course of her life.

As we can see, overall, fertility in all of these countries has declined sharply since the 1950s. Japan - that's this dark red line here - shows a really surprising development. Fertility there has plunged from 3.0 in the post-war years to about 1.3 at present. In the U.S. - that's the dark blue curve up here - fertility has sunk from about 3.5 children in 1960 to around 2 at present. In Europe the greatest decline has been in Italy. That's the light blue curve down here. Today the only country on the chart approaching replacement level - which demographers say is about 2.1 - is the U.S. The European country closest to replacement level is France, followed by - believe it or not - Britain as a close second.

There are several reasons for the fact that women in industrialized nations are having fewer children, some of which Professor Jones has already mentioned. First of all, there is improved health and hygiene and the availability of contraception, but there are also various social factors, such as urbanization, better education and the increase in the status of women. And as societies move away from agriculture, it becomes less important to have children to run the farm.

So what are the effects of this development going to be? Well, obviously, in industrialized countries people are worried about the burden that is going to be placed on the shrinking working population by the growing number of elderly people all of whom we have to ...

Unit 10

Listening: **Responsible sourcing**

Page 99, Exercise 2

University lecturer

Today we're going to talk about the ethical issues involved in supply chain management. Before we start, I'd like to remind you of the definition of supply chain management - SCM is the design, planning and monitoring of the activities of a network of interconnected businesses. This includes suppliers, manufacturers, warehouses and stores, and we have the objective not only of getting a product to the right place at the right time but of minimizing costs and satisfying service requirements. Students

often ask about the difference between SCM and logistics. I would define logistics as the flow of materials from the supplier to the consumer. This makes SCM the broader term, as it has to do with relationships between all the participants in the process. And it is just this emphasis on relationships which makes it an object of ethical scrutiny.

A company has three basic sets of responsibilities. It has the economic responsibility of supplying consumers with products and services and making a profit for its shareholders. Then it has legal responsibilities, in the sense that it must comply with the laws of a country. And last but not least, it has ethical responsibilities, which means that it must do business in a way which conforms to the moral values of society.

What are the fundamental areas of ethical concern in SCM? We can distinguish three main sets of issues. The first has to do with basic human rights, such as the right to a fair wage or the right to work in conditions which are not detrimental to health and safety. None of us feels good about buying flowers picked on African farms by children who should be in school.

The second critical aspect in SCM is environmental protection. This means that a company must screen its suppliers for environmental performance. It should also provide training and information to improve suppliers' environmental management. And the third critical area is the health and safety of the consumer. A company must ensure that the raw materials or products coming from its suppliers contain no substances or parts that threaten the well-being of the end-user.

Why has so much emphasis been placed on these areas in recent years? One reason is that modern information technology and the mass media have sensitized the general public to these issues. Consumers are better educated and better informed than ever before and have higher expectations of the goods they buy and the companies they deal with. Another reason is the power of NGOs - that is to say, non-governmental organizations.

Take, for instance, the case of *Nike*. Back in the 90s, Nike was accused by NGOs of working with subcontractors who employed workers in sweatshop conditions and paid less than a subsistence wage. When the information was made public, *Nike* suffered a 69% drop in earnings and was boycotted on many university campuses. Then the company began working with oversight agencies and has since rehabilitated itself. Of course, it's easy to find many other examples of companies that have had to rethink their supply chains.

So what can we learn from all this? Well, we see that while it's important for a business to maximize profits and act within the law, a company that neglects ethical considerations in sourcing its products or raw materials risks losing the consumer's sympathy. And that can be bad news for the bottom line.

Negotiating: Making a deal

Page 101, Exercise 1, Part 1

■ Tara Rain, Procurement officer, *NMP*

● Rhys Morton, Sales manager, *NMP*

▶ Timo Merseburger, Sales director, *SZ Wellness*

- ▶ So, have you tried out the samples I sent you last week?
- Yes, we did and we think the oils are great. We're really impressed by your idea. It's very innovative.
- Although we were wondering why your products haven't got the Demeter certification.
- ▶ Oh, that is not necessary. They're certified by Ecocert.
- Ah, right, good. Yes, that's acknowledged worldwide.
- OK. But there's another factor we're concerned about and that's the, let's say, "exoticness" of your products. I'm afraid we do have some serious concerns that your oils might not find a ready market here in Britain.
- ▶ Oh, don't worry about that. Our products cover the latest trends in natural nutrition and skin care and that's why they are such a great success in Germany.
- Yes, well, Timo, with all due respect, I doubt that you know the market in Britain as well as we do. In order to reach a similar sales volume as in Germany, there would need to be a lot of good marketing done over here.
- ▶ I totally agree, Tara. In fact, we are going to start a new marketing campaign in two of our new European countries next month. I'm sure this will give us valuable insights, which we can then apply in our move to conquer the British market.
- Right. Sounds excellent.
- There's another important aspect I'd like to discuss and that's your pricing. We think it's far too high.
- ▶ But it is a premium product.
- Sure, that makes sense.
- A high price will work in Germany, but don't forget that purchasing power in this country is behind that of Germany.
- ▶ Well, as you know, we are selling the oils at a premium price in Belgium, where purchasing power is comparable to Britain, and the market has accepted it. In fact, it is one of our best-selling markets in Europe.
- OK. And what about the mark-up? After all, trying to sell your products over here is rather a risky business for us, so we expect at least 45%.
- ▶ Ermm ... OK. Why don't we try approaching this in a slightly different way, in a way that works for all of us? I may be completely mistaken, but I get the slight feeling that you and Rhys are playing a kind of good-guy/bad-guy game. I'd like to say once again that I have a genuine interest in doing business with you. So why don't we start by establishing some common ground?
- I'm sorry, Timo. I didn't want to give you a wrong impression ... we're also very interested in cooperating with your company. I just wanted to get all these burning issues out of the way first – but I agree, we don't seem to have got anywhere so far. Back to square one then? OK, so the purpose of our meeting today is to work out the details of our business collaboration, right?
- ▶ Right.

- Why don't we start by outlining each other's particular interests in this deal and then looking carefully at all the points we disagree about?
- And I'd like to take up Timo's suggestion about identifying our common interests, ermm, before we start scrutinizing any points of disagreement. Agreed?
- ▶ Sounds good to me.
- Shall we start, then?
- ▶ Go ahead.
- The most important issue for us is to get exclusive distributorship for your body oils in the U.K. and Ireland. For us, that would mean getting an edge over our competitors and for you it would mean long-term commitment, motivation and excellent service from our side.
- ▶ Right. Well, as you both know we'd like to get into the U.K. and Irish market as quickly as possible. That's why we need to work with a well-established retail chain for organic products like yours. Exclusivity is something we've thought about as well, at least at the beginning.

Page 101, Exercise 3, Part 2

■ Tara Rain, Procurement officer, *NMP*

● Rhys Morton, Sales manager, *NMP*

▶ Timo Merseburger, Sales director, *SZ Wellness*

- ▶ So what do you have in mind?
- A mark-up of 45% and cash on delivery to our Birmingham warehouse at your expense.
- ▶ OK. Let me tell you what I can offer you: a mark-up of 30%, payment on receipt of goods and delivery free of charge to Hamburg container port.
- I'm afraid that's not good enough.
- ▶ You indicated earlier on that our pricing is too high for the British market. But how does your insistence on such a high mark-up fit in with your demand for a low selling price?
- Well, as we pointed out before, we think it will take some time for the British customer to take to your range in the numbers we would like to see.
- That's right. And you sell the biological oils in Germany for 28 Euros per bottle – that's roughly 25 British pounds. That's far too high.
- ▶ Well, you certainly have a strong case there. But as far as I know, mark-ups of 30-35% are common in the food retail business in the U.K. So could you perhaps tell me why you are insisting on 45%?
- Because this case is different: we would make valuable shelf space available for products which could turn out to sell badly or not at all. A higher margin would cover the risk.
- ▶ But please bear in mind that if I granted you the mark-up you're asking for, our prices would need to be even higher. We're talking about premium quality here. The oils we use are of the finest quality. So I'm afraid there is no way we can reduce our costs to such an extent that we would be able to grant you 45% and sell the products at a lower price.
- But Tara's right, too. There's also no way that we can sell your oils for 25 pounds a piece.

- ▶ OK. Shall we leave the mark-up for a moment? I'd like to discuss the terms of payment you're proposing. As we don't know you and you don't know us, I'd rather deal on the basis of cash with order.
- We could only agree to that if you granted us exclusivity for three years.
- ▶ I'm sorry, but I'm not willing to discuss the period of exclusivity again. If we find out that our products are not suitable for the British market, we are both stuck with an agreement running for three years! It could stifle both of us.
- Well, if we both feel that there is no future for further business, we could easily terminate the contract.
- ▶ What if I offered you exclusivity for three years on the condition that you distributed our complete product range? I could imagine that our nutritional products would find a ready market over here and in Ireland ...
- Hmm, interesting. That's certainly something Tara and I haven't thought about yet.
- Yes, I agree. That would be worth discussing. However, we must still insist on a mark-up of 45%.
- ▶ I'm really sorry, but 30% has to be my highest offer. And that's not negotiable.
- Really?
- ▶ Yes, I'm afraid so. But the mark-up isn't everything.
- You're talking about discounts?
- ▶ I'll have to think about it. - Alright. I could offer you a 5% discount on an order volume of two thousand bottles.
- Timo, we have around 50 outlets over here and in Ireland. If we sold, let's say, ten bottles a week per shop during the first year, we would consider ourselves lucky.
- ▶ Only ten bottles a week?
- Yeah. Only 30 of our shops are located in city areas. That's where your potential buyers are. Remember, your products might be a bit too innovative for the average taste.
- ▶ Alright. I take your point. What about 10% providing you agree to a mark-up of 30%?
- Well, that does sound sensible, but the selling price should still come down.
- ▶ OK, I can go along with that. Let me just go over that again: I'll grant you a trade discount of 10% on a volume exceeding 2,000 bottles of our biological oils. The mark-up is 30% and we will sell the products for 10% less than on the German market.
- Well, I think we're nearly there, aren't we? The only outstanding issues are the terms of payment and delivery, and exclusivity. Maybe we should discuss those over lunch. How does that sound to everybody?

Unit 11

Listening: A chief risk officer speaks



Page 108, Exercise 2

▶ Dana Torelli, Radio presenter

● Harper Williams, CRO, *Optima Paper Products*

- ▶ Hello, I'm Dana Torelli and here we are again at *Business World*. Our guest in the studio this evening has a job that you may not have heard of. Harper Williams is chief risk officer at *Optima*

Paper Products. And now we want to find out just what that job entails. Harper, thanks very much for being with us this evening.

- Thanks very much for having me.
- ▶ Well, to start, I'd like to ask you about this term: CRO - chief risk officer. Is that a new person in the C-suite?
- Way back it used to be either the board as a whole or the board's audit committee that dealt with risk, and when they said "risk" they were thinking mainly of financial risk. Then maybe 25 years ago companies started to re-examine how they were looking at risk and the CRO was born. Part of the impetus for creating the new position was the recognition that the world was getting a lot more complicated, and that unexpected events can cost a company a lot of money - and permanently damage its reputation with the shareholders. You need someone who is able to look at the big picture, and that's what the CRO does.
- ▶ Can you tell us something about risk management in business?
- Well, by definition, risk management is about analyzing a company's exposure to risk and finding ways of dealing with it. It's been around for more than 70 years as a formally taught subject at business schools, but in the past risk management took a silo approach. Companies tended to analyze risk factors in isolation and take out insurance for the most important ones. Now we live in the age of globalization, and business recognizes that risk management means more than just insurance. It's important for all types of companies, not just for companies in the financial sector. There is also external pressure for a company to have a good risk management strategy - for example in some industries the government and the New York Stock Exchange are now requiring risk management measures.
- ▶ And how did you personally get into risk management?
- As a student I was always anticipating worst case scenarios and devising foolproof backup plans. My friends thought I was just a pessimist, but I thought anticipating all possible outcomes of a situation was intellectually challenging. It's fascinating to see how one event can trigger another and how, basically, a hundred events can be interrelated.
- ▶ Harper, could I ask you what your academic background is?
- I have a degree in engineering but went on to do an MBA with an emphasis on risk management.
- ▶ How exactly does a risk manager work?
- Well, the CRO is supposed to monitor the full range of a company's risks, from financial to operational. I draw on the knowledge and skills of a wide range of professionals in the company, identify potential risks and develop scenarios for dealing with the worst case. I then report to the board.
- ▶ I'm afraid I'm not quite clear on operational risk. Maybe you could fill me in on that.
- Sure. Operational risk is one of the three big categories of risk. It includes risk to short-term initiatives developed by the company. That means things like mistakes in decision-making and interruptions in the supply chain. The second major category of risk is what we call strategic and that relates to long-term goals the company may have, like maintaining good relations to environmentalist groups or simply having a good

image in the public. And finally, there are financial risks, as for example when the prices of raw materials go up or the exchange rate changes on the price of goods you're importing.

- ▶ What advice would you give a newly appointed risk manager?
- It sounds strange but – expect the risks you're not expecting. Don't believe that you can predict on the basis of experience. Just because the likelihood of an event occurring seems very small doesn't mean it can't occur. This means you have to be prepared to convince decision makers, like the other board members, of the same.
- ▶ Would you like to give some advice for students interested in the field?
- Well, recent events, for example the subprime crisis and the devastating oil spill, have shown us that being aware of risk is a big factor in running a business. The number of business schools which offer majors in risk management has increased exponentially. Risk management has become a core of some MBA courses. This discipline requires you to really think outside the box and see how seemingly unrelated factors, when occurring together, can create an aggregate risk for a company. This ability is going to become more and more important.
- ▶ I'm afraid our time is almost up. Any parting comments?
- Hmm ... yeah. Never believe you can completely eliminate risk. And don't be afraid to take risks!
- ▶ Harper, thanks very much for being with us this evening. Join us again next time when I'll be talking to the CEO ...

Making a public statement: Informing the public

Page 110, Exercise 2 ■ CEO, *AmPet* ▶ Journalist 1 ● Journalist 2
▶ Journalist 3 ● Journalist 4

- *AmPet* is very concerned about the oil spill off the coast of Australia. However, this seems to be a relatively small one and we are doing everything in our power to further limit its impact. At the moment the reef is not endangered. We are launching an investigation into the causes of the incident. *AmPet* is known for its high standards of environmental protection and so we are confident that the cause of the leak cannot have lain with the company. The information that we have at present suggests that it was human error. We will keep the press abreast of further developments.
- I see that there are some questions. Yes ...?
- ▶ Mr Freeman, could you give us an idea of the size of the oil spill?
- Well, at this time it's impossible to say exactly, but what is certain is that there's a lot of water out there, and that's a relatively insignificant amount of oil that was leaked.
- Mr Freeman, you spoke of human error. Shouldn't an oil company do everything in its power to eliminate the possibility of human error on its tankers?
- Sure, but we all know, everybody makes mistakes. Accidents happen in every industry, and so far they have all found ways to go on operating. We shall do the same.
- Yes, but surely your company is responsible for the behavior of the crew on board its ships.

- Our crews are employed and trained by *Morgan & Schwartz*, and we believe that they bear the ultimate responsibility.
- ▶ Mr Freeman, could you give us an idea of the type of contingency plan *AmPet* has for dealing with oil spills?
- Well, I don't recall the exact details but we do have one.
- There has been talk of using chemical dispersants or burning off the oil slick before it can reach the reef. Can you give us a time frame for dealing with the disaster?
- We are definitely going to do everything in our power to set this right. We just can't say when.



Page 110, Exercise 4

■ Ms Sobotka, CEO, *Succo Beverages*

▶ Journalist 1 ● Journalist 2

▶ Journalist 3 ● Journalist 4

- Yesterday traces of *bacillus cereus*, a microbe known for causing food poisoning, were detected in several batches of our "Slender Shake" diet product. According to the most recent information from our sales department, 500,000 cans of the product have already been distributed. We are acutely aware that this poses a threat to our customers and we want to take this opportunity to express our concern for their health and our deepest regret for this unfortunate incident. We at *Succo Beverages* assume full responsibility for the accident and will do everything in our power to prevent actual health problems. We are recalling all cans and boxes of Slender Shake, regardless of flavor, BBD or batch. We have already launched an information campaign on national media to inform all users of the danger of food poisoning. I'd be happy to take any questions ... Yes?
- ▶ Ms Sobotka, how many consumers have been affected to date?
- Fortunately, so far no cases have been reported and as a result of our campaign we hope to keep it that way.
- ▶ If no cases have been reported, how did you become aware of the problem?
- The contamination was detected during a routine quality control check.
- Ms Sobotka, what exactly was the cause of the contamination?
- It seems that the contaminant entered the product during the manufacturing process at a major plant. At the moment we don't know exactly how that happened but we have launched a full investigation and expect a report from our chemists by the end of the week. When we have identified the production issues, we will of course correct them immediately.
- ▶ Ms Sobotka, what exactly are the symptoms that users of Slender Shake should be watching for?
- Well, typical signs of food poisoning are vomiting or abdominal cramps between 30 minutes and 15 hours after consuming a contaminated product. The symptoms are unpleasant but not life threatening.
- How can consumers find out if they are at risk?
- Only certain sizes, flavors and batches have been affected. Consumers should check our website for information which will help them to identify the cans which would put them at risk. They should discard these immediately. They should of course contact us and will receive a full refund for their loss.

Unit 12

Listening: Protecting trademarks

Page 117, Exercise 1

Ted Major, Business instructor,
Shelton State Community College

Hi, today we're talking about intellectual property, a type of legal protection for intangibles, such as ideas, inventions, brand names and other types of business information.

The first type of intellectual property we're going to talk about is trademarks. Trademarks are also the earliest form of intellectual property. They were originally instituted as a form of consumer-protection, and the idea was to ensure that when people bought goods, they knew what they were buying and who they were buying from, and to prevent them from getting counterfeit goods instead of the real thing. So for "trademark", the traditional measure of infringement is the degree of consumer confusion. Is a consumer likely to be confused about the source or sponsorship of the goods or services he or she is buying? So in this instance, the idea of protection is based on the consumer's interests and not the business's interests.

Now, to receive protection, marks generally have to be strong marks. We need a brand that is easily recognizable and doesn't prevent legitimate speech about other topics. So the most easily protected types of brand names for copyright are what are called fanciful marks. And those are brand names that are entirely made up; the word didn't exist before the product it was applied to. And with these there's no danger of a first-amendment problem with infringing on free speech and preventing people from discussing legitimate subjects. So if we have a fanciful name it will be something like "Pepsi", which didn't exist as a word before the cola that bears its name. Or something like "Kodak" or lots of other brands that have completely made-up names.

Almost as strong are what are called "arbitrary brands", which are brands that use the name, use a real word as their name, but the name they use is unrelated to the product involved, for example "Apple Computers". They make computers and other consumer electronics, but their brand name is an apple. Again we're not likely to cause any sort of first-amendment issues, because if we limit the use of the term "apple" to ... to refer to the *Apple Computer Company's* goods, we're only doing that in the area of computers and personal electronics, so we don't have any problems with stopping people from having legitimate discussions about fruit trees and orchards.

Similarly suggestive brands also receive protection, and there we have a name that's associated with the product but not merely descriptive, so for example "Greyhound Buses". Greyhounds are fast dogs and the bus company would like to suggest that they have a fast method of transportation. So we can have the *Greyhound Bus Company* but we couldn't protect the "Fast Bus Company", or the "Fast Car Company".

Unfortunately for some manufacturers, their brand names lose protection through what's called "genericide". In other words, consumers start using the brand name to refer to not just the

products of the trademark company, but to the products of anybody in that category. So at one time "Aspirin" was a trademark brand name of the *Bayer Company*, for their brand of acetylsalicylic acid. The problem of course for *Bayer* is that consumers don't generally walk into the stores and ask their pharmacist for acetylsalicylic acid, they ask for aspirin. So over time, the name "Aspirin" has come to be used for any brand. Ah, "*Saint-Joseph's*", "*Bayer*", "*Equate*" at the *Wal-Mart*, anybody sells aspirin now, because consumers ignored *Bayer's* trademark and used it to refer to all the products and it lost its meaning as a brand name. Similarly with all the others in this list. "Crock-pot" is no longer a brand name of the rival company and can refer to any company's slow cooker. "Dry ice" is, of course, frozen carbon dioxide, an "escalator" is a moving staircase, a "laundromat" is a coin-laundry.

Some brand names have become so genericized, really, it's hard to even remember what the product was called before the brand name. What would you call a "trampoline" if not a trampoline? A "zipper", formerly a trademark of the *YKK Company*, referred to a product known as the "hookless fastener number two". So there's a danger in trademark law of having such a good trademark that people use your brand name for everybody's products.

Debating: A framework for your arguments

Page 120, Exercise 1

Speaker 1

It is my conviction that patent laws in their present form are unjust and unethical. They keep prices for pharmaceuticals artificially high, they are culturally biased and they protect drug company monopolies. As a result, they prevent people in the developing world from getting the medicines they so desperately need.

Let me tell you about a little girl in Africa named Kioni. She was infected with HIV before her birth and her life depends on anti-retroviral drugs. Her parents can afford to pay for these drugs because they're made in India. However, Western companies now intend to prosecute these companies for piracy. If the Indian companies are shut out of the market, the European and American companies will once again be able to dictate prices which are out of reach for the average consumer in developing countries. This amounts to a death sentence for Kioni and millions of children like her.

Patents, which are used to protect the intellectual property of Western pharmaceutical companies, are an invention of Western culture. The developing world had no concept of intellectual property until the arrival of the European colonizers. Now, under American influence, the patent regime has been extended to all the countries of the world, even countries that until recently had no concept of intellectual property. This is clearly a case of cultural imperialism.

Patents are unfair because they create virtual monopolies. Originally, patents lasted only seven years and after that the technology could be passed on. The World Trade Organization has

set the period of patent protection today at 20 years, which can be extended. That means that companies must wait at least 20 years until they can legally duplicate a life-saving drug. In the meantime, the Western drug companies are allowed to dominate the market.

In short, intellectual property laws are creating monopolies that benefit only the big corporations they protect. These companies are turning healing into profit for themselves, thereby creating preventable suffering in the poor countries of the world. This is clearly unethical.

Speaker 2

I would like to argue that we all benefit from patent laws on pharmaceuticals and that everybody in the world would be much poorer without them. These laws are fair because they encourage innovation and reward companies for their efforts. Furthermore, they guarantee quality. And last but not least, poor countries profit from donations made by pharmaceutical corporations.

First of all, companies invest millions of dollars in research and development resulting in new drugs to prevent and treat diseases. Only last year American companies invested \$65 million in the research and development of life-changing medicines and vaccines. Could we seriously expect an industry to do this if it weren't justly compensated for its efforts?

Every year thousands of people die or suffer serious damage to their health as a result of taking counterfeit drugs. The World Health Organization reports that last year during a meningitis epidemic in Niger, more than 50,000 people were inoculated with a fake vaccine, which resulted in 2,500 deaths. This would not have happened with patented drugs. Patented drugs have passed rigorous licensing requirements so that the user can be sure that he or she is getting medicines with a high standard of quality and purity.

Nor should we forget that drug companies are not only doing the research necessary to develop new products but that they are also ensuring that drugs reach the poor. The industry is donating free drugs and also sponsoring health care projects in many countries of Latin America, Africa and Asia. Only last month I had the unique experience of visiting a hospital in Botswana which is believed to be treating more HIV patients than any other country in the world. It was deeply moving to see how patients who would otherwise be dying are receiving state-of-the-art medical care. This hospital is supported by pharmaceutical companies.

I am convinced that – far from being unethical – international patent laws ensure fair compensation for the work of the pharmaceutical industry. They maintain incentives and guarantee the purity of the drugs we use. All in all, the present patent laws and the drug companies they protect make a valuable contribution to the long-term health of the people of the world. What could be more moral than that?

Debating: Softening statements

Page 121, Exercise 1

Speaker 1, Modified

It is my conviction that the vast majority of patent laws in their present form are unjust and unethical. On the whole, they keep prices for pharmaceuticals artificially high, they are culturally biased and they protect drug company monopolies. As a result, they prevent many people in the developing world from getting the medicines they so desperately need.

Let me tell you about a little girl in Africa named Kioni. She was infected with HIV before her birth and her life depends on anti-retroviral drugs. Her parents can afford to pay for these drugs because they're made in India. However, Western companies now intend to prosecute these companies for piracy. If the Indian companies are shut out of the market, the European and American companies will once again be able to dictate prices which may be out of reach for the average consumer in developing countries. This could amount to a death sentence for Kioni and millions of children like her.

Patents, which are used to protect the intellectual property of Western pharmaceutical companies, are largely an invention of Western culture. Large parts of the developing world had no concept of intellectual property until the arrival of the European colonizers. Now, under American influence, the patent regime has been extended to all the countries of the world, even countries that until recently had virtually no concept of intellectual property. One might argue that this is a case of cultural imperialism.

For the most part, patents are unfair because they create virtual monopolies. Originally, patents lasted only seven years and after that the technology could be passed on. The World Trade Organization has set the period of patent protection today at 20 years, which can be extended. That means that companies must often wait at least 20 years until they can legally duplicate a life-saving drug. In the meantime, the Western drug companies are allowed to dominate the market.

In short, intellectual property laws are creating monopolies that benefit many of the big corporations they protect. In some cases these companies are turning healing into profit for themselves, thereby creating preventable suffering in the poor countries of the world. This is clearly unethical.

Debating: Making an opening statement

Page 122

- Consumer
- ▶ Spokesperson for the recording industry
- Spokesperson for a consumer protection organization
- ▶ Musician
- Politician

■ Well, yes, I definitely think musicians and writers have a right to their intellectual property, but you know, consumers have rights too ... they have to be able to access information. After all, we're living in the "knowledge economy" and we're supposed to be "knowledge workers" and everybody is talking about lifelong learning. And then, the music companies have

really gone too far, treating consumers like criminals and suing grandmothers and students who have to pay money in settlements that they were saving for college tuition.

- ▶ You wouldn't tolerate the theft of your physical property, so why should we be more lenient when it comes to stealing somebody's intellectual property? I know that "music piracy" sounds innocuous to many people, but behind that term there's a lot of hardship that's inflicted on artists, songwriters, musicians and record label employees – to name just a few. These talented people have worked hard and they deserve to have a monetary reward. Illegally uploading or downloading music deprives these people of jobs and royalties and hurts the entire music community.
- In the internet age, consumers are both creators and users of content. The existing copyright laws are archaic structures which do not represent the digital environment of creativity and sharing. The present strict legislation does not represent the interests of the consumer but rather the interests of an industry with a powerful lobby.

Consumers have a right to fair and open access to the products of their society's culture and science. That contributes to wide-scale innovation and a vibrant public domain – in short, to the advancement of society as a whole.

- ▶ It's pretty clear that the internet is the new radio. Fans have only one thing in mind – they only want to hear what they want to hear, when they want to hear it. That's pretty easy to understand. On the other hand, if I were to create software that allowed people to copy and distribute copyrighted material, I'd feel a sense of responsibility to the companies I was undermining. I would also feel a serious obligation to the artists who've written and performed the works. It seems that the people who set up the P2P websites just don't feel any sense of obligation. As a copyright holder, I look forward to compensation in some form for my services. No such thing as a free lunch, nor a free song, even though it seems there should be sometimes ...
- Do we have the responsibility to protect our citizens' access to information? Yes, absolutely. However, it is important that we achieve a balance between the right to access information and the legitimate right of workers in the creative industries to protect their works. Our country is based on the premise that its citizens have a right to their property, and intellectual property is no exception. Two-thirds of the value of the businesses in our country can be traced to intangible assets – that is to say, to someone's ideas, and the intellectual property industries are our nation's leading national exporters. Without intellectual property protection, we'd have no economic growth, and growth means prosperity for everybody.

Alphabetical wordlist

A

to abandon (sth) 22
 abdominal cramps 110T
 above, to be ~ sth 27T
 abreast, to keep ~ of sth 110T
 abridged 7
 absenteeism 64
 academia 6
 to accelerate 37
 accession 82
 accessories 12
 to accommodate 89
 accordance, in ~ with 31
 to account for sth 36
 accountability 74
 accountable, to hold sb ~ 29
 accountant 27T
 accounting 27T; ~ firm 29; fair-value ~ 28;
 mark-to-market ~ 28
 accounts 27; ~ receivable 58
 achievable 74
 acid rain 83
 to acknowledge 101
 to acquiesce to sth 84
 to acquire 66
 acquirer 72
 acquisition 27T
 acquisitions spree 67
 acre 77
 act of God 108
 acutely 110T
 to add scale 45
 address 27
 adhesive 44
 to adopt an approach 13
 adoption 28
 to advance sth 36
 advancement 7
 adventurous 50T
 advertising pitch 44
 advisor 73
 advisory council 39
 advocacy group 112
 aggregate 108T
 agile 59T
 agility 107
 agreement, to enter into an ~ 27
 annual general meeting, AGM 27
 airfreight 72
 to alert sb to sth 13
 alert system 107
 to alienate 123
 to align sth with sth 38
 alignment, in ~ with 42
 all the same 73
 allegation 57
 along, to go ~ with sth 70
 allowance 29
 alumna 9
 ambiguity 109
 ambitious 57
 to amend 45
 amendment 117T
 amicable 101
 anecdotal evidence 44
 announcement 118
 annual; ~ general meeting 27; ~ leave 57;
 ~ report 27
 to anticipate 20
 to appeal 118; ~ to sb/sth 21
 appetite for sth 109
 appliance 42
 applicant 105
 application 19
 applied research 36
 to apply to sb/sth 15
 to appoint sb 71
 appraisal 7

to appreciate 6
 apprentice 7
 approach 13; to adopt an ~ 13
 appropriate 9
 approval 50T
 to approve 77
 arbitrary 117T
 armament 124
 around, to be ~ 94
 arresting 24
 as to sth 61
 ascending 31
 aspiration 10T
 assault 118
 to assemble 19
 to assess 6
 assessment 6
 asset recovery 16
 assets 27; intangible ~ 68
 to assign 80T
 assignment 6; to send sb (out) on ~ 8
 assisting 118
 associate 27T
 to assume: ~ control 66; ~ responsibility 9T
 assumption 9T
 assurance 71T
 to assure sth (that) 71T
 athlete 52
 to attach importance to sth 44
 attachment 69T
 attrition 9T
 audacious 125
 audit 33; ~ committee 108T; ~ statement 73
 to audit 33
 audited results 31
 auditor 27
 authoritative 74
 authority 83
 avid 123
 to award sth 8
 awkward 84

B

back, to turn one's ~ on sb 40T
 to backfire 124
 backlog of orders 102
 backup plan 108
 balance: ~ sheet 19; ~ of trade 77; in ~ 87
 to balance sth out 103
 bandwagon, to get on the ~ 49T
 bankruptcy 31; ~ protection 31
 to bargain 59T
 bartering 55
 bashful 24
 basic materials 15
 basic research 36
 bat 102
 batch 110
 to battle 88T
 bay 118; to keep sth/sb at ~ 118
 BBD, best before date 110T
 beak 29
 to bear in mind 52
 to beg for sth 88T
 behavioral 46
 behemoth 67
 benchmark 84; to put sth to the ~ test 44
 beneficial, mutually ~ 65
 to benefit 8
 benzene 84
 biased 81
 bid 67
 big box retailer 31
 biodegradable 16
 birth, to mark the ~ 47
 blackout 107
 to blame 89
 a blast 6

blessing 47; to be a ~ in disguise 47
 blind eye, to turn a ~ to sth 123
 blunder 45
 board 28
 bogus 8
 bold 74
 to bolster 94
 bomb, to cost a ~ 64
 bond 28
 bondholder 82
 bonding tape 44
 boost 14
 to boost 10T
 bottling facility 27T
 bought ledger 58
 bound, to be ~ to do sth 70T
 boundary 74
 box: big ~ retailer 31; outside-the-~ thinking 8
 brain drain 89
 branch 12
 brand 24; ~-loyal 68
 to breach 118
 to break sth down 59T
 breakdown 49T
 brick 96
 bricks and mortar business 96
 to bring sth about 83
 to broach the subject 69T
 to browse 50T
 brute force 77
 bubble 76
 buck, to pass the ~ 112
 bulk 103
 bullet point 40
 bully 74
 bump in the road 74
 burden 89
 to burden 18
 burgeoning 77
 burner 42
 to burst 78
 bushel 77
 to buy out 89
 buzz 54
 by and large 29
 by-product 19

C

to call on sb to do sth 55
 campaign 93
 canny 119
 to cap sth 83
 capital expenditures 34
 carbon footprint 16
 card, The ~s are stacked against us. 69T
 care 88T
 carrier 98
 carrying capacity 87T
 case for sth 118
 cash: ~ flow statement 27; ~ on delivery
 101T; ~ with order 101T
 casual worker 59
 casualty 74
 catch 77
 catch-phrase 41
 catchy 40
 cattle 19
 cause 67
 caution 27
 cautious 75
 caveat 34
 ceiling 88T
 to cement 39
 CFC (chlorofluorocarbon) 18
 to chair (a meeting) 72
 challenge, to rise to a ~ 20
 Chamber of Commerce 64
 changeover 98

charge 84, free of - 101T; specimen - 118;
to drop a - 118
to charge 55; - sb 84; - sth 17
to chase sb 59T
cheap, dead - 40T
cheating 119
chunk 73
to churn sth out 43
a cinch 6
to circumscribe 124
to circumvent 84
claim 114
to claim sth 118
to clash with sth 53
clause 57; escape - 28
to cleanse 25
clientele 102
clout 88T
clue, to not have a - 55
coaching 7
coating 44
cocoa 68
code of conduct 54
code of ethics 79
coercion 34
cohesion 82
collateral 81
college tuition 122T
colloquial speech 62
colonial rule 93
to come: - about 34; - into one's own 84
command economy 93
commendation 14
to commission 61
to commit 116; - to sth 25
commitment (to sth) 68
commodity 76
common currency 85
commonplace 26
to commute 10T
compensation 71
competitive pressure 107
to compile 12
complement 47
compliance 104
to comply 77; - with sth 17T
comprehensive insurance 115
to compromise 98
compulsory 93
to conceive sth 81
concern 7
concise(ly) 10
to conclude 14
conduct 79
to conduct 8
confectionery 68
conference call 31
confident 20
confidential 40T
congested 84
congestion 24
conglomerate 67
to conquer 101T
consequential loss 115
considerable 49
to consider 13
consideration 7
to consist of 27
to consolidate 97
constraints 39
consultancy 13
consultant 26
consumer goods 103
consumption tax 94
contempt 6
contingency plan 110T
to contract out 59
contractor 58

contribution 89
convenience 17; - food 68; - store
convenient 74
to convey 35
conviction 49T
to co-opt sb/sth for sth 118
copycat 100
copyright 116
core time 64
corn 77
corporate 8
to corrode sth 35
cost of sales 36
to cost a bomb 64
to cotton on to sth 25
counter-bidder 69T
counterfeiting 116
course of action 60
to court: - sb 69T; - trouble 35
court case 117
to cover 114
coverage 114
coveted 68
crack, to have a - at sth 69T; to - down on
sth 34
to craft 19
to crave sth 50T
creator 116
creature comforts 23
credit 83
creditor 82
critical 37
to crop up 37
crop failure 77
cross-border 29
crossroads, to be at a - 107
crucial 50T
crux 69T
CSR (Corporate Social Responsibility) 20
C-suite 74
to cull 54
culture shift 38
to curb 77
curbside 41
curbside pick-up program 84
currency 55; common - 85
cushy 58
customs regulations 104
to cut across 49T
cutting-edge 57

D

to dab 45
dashboard 84
date, due - 7
to daub 118
dead: - cheap 40T; - end 45
to deaden 88
deadlock 102
dealings 6
dean 119
death sentence 120T
debenture 28
debt 27; - security 28
debtor 31
deceptive 34
decline 59T
to decline 59T
deductible 115
deed 53
to default 79T
defeat 77
to defect 31
defective 27
defendant 117
defense 118
deferral 32
deficient 14

deforestation 16
to defy sth 89
deliberate, to be - 33
delicate 10
demand 107; - pattern 104
to demerge 69
demographic 73
demotion 72
density 59T
to depart from sth 55
to deplete 20
depletion 16
deployment 39T
deposit 93
depreciation 34
to deprive sb of sth 122T
deprived area 53
derivative 28
to derive 44
descending 30
to designate sth as sth 110
desperate 77
to deter 118
detergent 49T
to deteriorate 74
determinant 8
detrimental to 99T
devastating 20
to devise 108T
devised for 28
to devote oneself to sth 58
dexterous 42
diaper 44
diehard 25
to digest 34
diligent(ly) 17T
to dip one's toes 65
disaster relief 53
to discard 110T
to disclose 28
disclosure 34
discord 75
discretion, to be at sb's - 28
disenchanted 15
diagruntled 22T
to disguise 29
to dismantle 76
to dismiss: - sb 27T; - sth 43
disparity 88
dispersant 110T
to disperse 103
dispersed 34
disposal 17T
to dispose of sth 70T
disproportionate 119
disruption 97
to disseminate 89
to dissolve 72
distinctly 55
distribution: - center 98; - hub 98
distributor 96
distributorship, exclusive - 101T
to diversify into sth 67
doctorate 89
domestic 77
downright 41
downside 58
downturn 14
downward spiral 28
to draft 52
to drag down 77
dreadful 50
drift 84
drifter 49T
to drop a charge 118
drubbing 24
drugs coverage 59
to drum up enthusiasm 54

to dub 77
due: - date 7; - diligence 27; in - course 39T
dumpster 49T
durable 78T

E
eager 95
to earmark 39
earning expectations 34
earnings 27; - per share 58
earthquake 106
to eat into sth 64
economies of scale 69T
edge, to get an - over sb 101T
to egg sb on (to do sth) 34
to elect 98
to elicit 59
eligible, to be - for sth 57
embattled 118
to embrace 13
to emerge 47; - from sth 24
emergence 89
emerging market 27T
to emit 84
emotional outburst 101
emphasis 97
to empower sb 81
empowerment 7
enabler 104
to enact 89
end state 74
endurance 24
enduring 27T
to engage 40
engineering 108T
to enhance 22
to enlighten 80T
enlightened 19
to enlist sb 54
to entail 108T
to entangle 101
to enter into an agreement 27
entrenched 68
entrepreneur 65
enterprise: family - 68; small and medium-sized -s (SMEs) 39
entry level recruit 7
environmental degradation 81
to envisage 56
equal 63
equilibrium 76
equities 28
era 107
to erode sth 59T
escape clause 28
esteem 79
Euro-spec 54
evaluation 6
evidence 118; to give - 10
to evoke sth 70
to evolve 47
exclusive distributorship 101T
execution 97
executive Manager/in 8
exempt, to be - from sth 25
to exercise 27
exhaust 19
to exhaust 35
expenditure 27
expertise 33
to exploit 28; over--ed 20
exploitative 57
exposure to risk 108
expulsion 119
externalities 76
extinction 16
to extol 25
exuberance 78T

F
to face up to sth 84
to facilitate 47
facility, production - 27T
fad 43
to fade 74
failing grade 119
fair-value accounting 28
faith (in sth) 48
falsifying 116
family enterprise 68
fanciful 117T
to fare 42
feasibility 20
fee 116
to fell 112
fertility 89
fervor 77
feudism 45
fierce 12
to file for sth 31
to fill sb in on sth 70T
to finalize 113
financed by taxation 93
financial reporting 26
financials 27
to fine sb 118
the fine print 27T
fiscal year 31
fitted kitchen 70
flag, red - 27
flattery 122
flaw 108
fleet 104
floor, to hand the - over to sb 70T
fluctuation 78
foggy: I don't have the foggiest. 80T
to follow: - sth through 58; - suit 119
food poisoning 110T
foolproof 108
to forage 50T
to forge 19
to forgo 98
formulaic 125
fortunes 93
fossil fuels 16
to foster 74
founding 58
to frame 59
frank 34
fraud 35
fraudulent 8
free: - market economy 93; - of charge 101T; - speech 117T
to free up 39
freelancer 58
free-wheeling 45
freight 104
fruition, to come to - 38
to fudge 27
fulfillment 98
to fund 36
fundamentals 74

G
gamble 37
garage 12
garment industry 63
to gather 104
GDP, Gross Domestic Product 86
geared to sth 36
geek Freak 41
genericide 117T
generous 114
to get: - a handle on sth 18; - an edge over sb 101T; - at sth 71T; - off the ground 72; - on the bandwagon 49T

to give: - evidence 10; - sb free rein 71T; - sth precedence over sth 79
glossy 27T
glue 104
to glut 77
to go: - along with sth 70; - bad 78T; - into a slump 27T; - into reverse 79T; - neck deep 65; - public 30
to gobble up 69T
go-getting 73
goods: receipt of - 100; payment on receipt of - 101T
goodwill 68
government: - agency 28; - body 93; - revenue 94
grading 6
grain 77
to grant 58
gratifying 89
graying 87T
greenfield site 113
greenhouse gas 19
grievances 13
Gross Domestic Product 86
ground, to get off the - 72
grower 97
guessing game 74
gut feeling 43

H
hallmark 45
to hammer sth out 29
to hamper 81
hand, to have a - in sth 118
to hand the floor over to sb 70T
handle, to get a - on sth 18
hands-off 45
to harass sb 13
harassment 13
hardships 89
harsh 78
to haul 19
haul, line - 98
haulage firm 106
to have a crack at sth 69T
to have a hand in sth 118
havoc, to wreak - 8
hazardous 16
hazy 6
head office 12
headcount 74
health care 88T
health coverage 57
hefty fine 22T
heir 69
hemorrhage 89
herring, red - 24
heterogeneous 78T
high-achiever 7
high-flying 57
high-profile 54
hinged 22
Hippocratic Oath 79
historical cost accounting 28
to hold 107; - out for sth 69T; - sb accountable 29
home: - appliance 42; - furnishings 16
to hone sth 124; - in on sth 65
honesty 47
to host 31
hostile takeover 68
hub 72
hull 44
Human Resources (HR) Personal 60; - Management (HRM) -management 7
hunters and gatherers 50T
hybrid form 93

hymnal 45
 hypocrisy 73

I

iconic brand 68
 idle 77
 to idle 77
 if you will 59T
 to illuminate 19
 illustrious 9T
 imminent, to be ~ 94
 impact 19; to create ~ 31
 to impact sth 20
 impeccable 119
 to impede 53
 impediment 13
 imperative 14
 impetus 108T
 to implement 13
 to imply 36
 importance, to attach ~ to sth 44
 to impose 83
 impression, to be under the ~ 94
 improper 29
 inane 54
 inbound 98
 incentive 14; ~ payout 74; ~ scheme 58
 incident 119; ~ report 10T
 inclined, to be ~ to sth 77
 income statement 27
 inconvenient 74
 to incur 84
 indifference 22
 indigenous 16
 to indulge in sth 35
 industry body 118
 inequality 81
 inevitable 29
 inextricably 75
 infant mortality 87
 inflammatory 14
 to inflict 106
 to inflict sth on sb 122T
 influx 93
 information edge 34
 to infringe on sth 117T
 infringement 117T
 ingenious 43
 ingenuity 29
 ingredient 67
 inherent 104
 inherently 74
 innocent 118
 innocuous 122T
 to inoculate 120T
 input Material 19
 inroads, to make ~ 68
 insidious 8
 to insist on sth 16
 installment Rate 102
 to instill 8
 to institute 117T
 insurance: ~ carrier 114; ~ claim 12;
 comprehensive ~ 115; professional liability
 ~ 114; to take out ~ 108T
 insured 114
 intangible 117T; ~s 117T; ~ assets 68
 integrity 79
 intellectual property 37
 interest 34; ~ rate 79T
 interim state 74
 interlocking 98
 internship 57
 invariably 13
 invention 116
 inventor 116
 inventory 96; ~ holding period 96;
 ~ turnover 50T

irate 112
 iron ore 19
 irrevocable letter of credit 102
 to issue sth 83

J

jail 118
 jar 50T
 to jeopardize 106
 jeopardy, to put sb in ~ 43
 job opening 114
 joint 101
 to jot sth down 80
 judg(e)mental 14
 to jump ship 70
 junkyard 19
 jurisdiction 118

K

to keep: ~ sb abreast of sth 110T; ~ sb on
 tenterhooks 50T; ~ sth/sb at bay 118
 kink Problem 74
 kiss of death 22T
 knowledgeable 96

L

labor: ~ dispute 89; ~ studies 59
 to lack 14
 laggard 94
 to lament 24
 landfill 16
 large, at ~ 7
 lasting 107
 to launch 10T
 laurels: rest on your ~ 58
 law, to pass a ~ 118
 law enforcer 117
 lawsuit 34
 to lay sb off 60
 layoff 15
 lay people 50
 to leak 18
 leakage 40T
 lean 38
 to leap 91
 leapfrog 50T
 to learn the ropes 10T
 to lease 98
 leash 40T
 leave: ~ policy 21; annual ~ 57; sick ~ 57
 lecture 6
 leeway 28
 legal: ~ case 118; ~ department 44; ~ entity 66;
 ~ guidance 58; ~ offense 117
 legislature 125
 lenient 122T
 letter of credit, irrevocable ~ 102
 to level off 87
 leverage 59
 to leverage 51
 liabilities 27
 liability: ~ policy 115; professional ~
 insurance 114
 licence 74; license 74
 life expectancy 87T
 lifeblood 44
 ligament Band 44
 Lighten the heavy hand. 74
 line haul 98
 lion's share 39
 liquorice 50T
 listed, publicly ~ 28
 litigation 27
 livestock 77
 load 98
 loan 28
 to lobby 58

lofty 35
 to log 54
 logistics: ~ intermediary 104; third-party ~
 company 98
 to lol 54
 longevity 89
 long-term residential care 94
 loss, consequential ~ 115
 lump sum 39
 luscious 68

M

to maintain 68
 maintenance 12
 to make inroads 68
 mandate 74
 mandatory 29
 manifold 70T
 map, to put sth back on the ~ 50T
 to map sth out 29
 margin 31
 marital status 13
 to mark the birth 47
 market failure 76
 marketing corpspeak 40T
 mark-to-market accounting 28
 mark-up 100
 marvel 68
 masking tape 44
 mature 38
 meager 39T
 means of transport 89
 measure 9
 to meddle with sth 73
 medieval 98
 mentoring 7
 merchandise 96; specialist ~ 31
 mercy, at the ~ of sth 84
 to merge 30
 merger 66
 merit 93
 metrics 105
 metropolitan area 50T
 microlending 81
 mid-market 63
 to milk 125
 milk jug 41
 mind: to bear in ~ 52; to speak one's ~ 8
 mineral reserves 93
 mining 15
 minutes, to take (the) ~ 70T
 misconduct 108
 misery, to put sth out of its ~ 8
 mission statement 22T
 to mitigate 115
 mitt 102
 moat 124
 mode of transport 104
 monetary value 29
 money laundering 80T
 to monitor 8
 to moot 68
 mortar 96
 mortgage 78T
 MOT 12
 motion 120
 mounting 89
 mouth, word of ~ 47
 to mushroom 73
 mutual gain 101
 mutually 8; ~ beneficial 65
 myopia 124
 myriad 44

N

narrative 31
 native country 81
 nature preserve 110

nature reserve 16
neat 54
neck deep, to go ~ 65
net: ~ revenue 27; ~ sales 36
NGO (non-governmental organization) 20
niche 33
nod 34
no-obligation 115
nose, on the ~ 34
nudge, with a bit of a ~ 49T
nutrition 87

O

oath 79
objective 7
obligation 69T
obliged, to be ~ to 27
obstacle 39
to obtain sth 118
to occur 10
occurrence 79
oddy 55
offering 29
office supply 45
offsetting 24
to offshore 103
oil: ~ slick 110T; ~ spill 108T
to omit 40
on-going 8
opaque 27
operating: ~ expenses 27; ~ profit 36;
~ revenue 32
operational: ~ 12; ~ risk 108T
to opt out of sth 84
orchard 117T
order fulfillment 98
organic- 100
ostensibly 77
to outbid 77
outbound 98
outburst, emotional ~ 101
outcome 108T
outdated 7
outlet 63
outline 14
outside-the-box thinking 8
outstanding 34
to outweigh sth 29
over-exploited 20
to overhaul 44
overheads 31
overriding 8
oversight agency 99T
overstocking 97
to overwhelm 107
owing to 61
own, to come into one's ~ 84
to own up to sth 84

P

pace (tempo) 13
packaged (solutions) 98
packaging 41
pained 69T
pallet 98
panel discussion 39T
panelist 39T
paralyzing 89
parapet 25; to stick one's head and shoulders
over the ~ 25
to paraphrase 10
particulate 84
to pass: ~ a law 118; ~ the buck 112
passionate, to be ~ about sth 40
patent 116
patent regime 120T
payable at sight 102

pay-as-you-go scheme 89
payment on receipt of goods 101T
to peel off 45
peer 47
peevish 89
to penalize 25
penalty 116
pension: ~ plan 57; work-place ~ 59T
to perceive 26
perceived 125
perception 22T
performance: ~ assessment 6; ~-related 58
performer, poor ~ 7
perks 29
to permeate 74
permission 118
permit 83
persona 65
persuasion 21
persuasive 20
pertaining to 61
philanthropic 53
physician 89
to picket sth 20
pie chart 35
pillar 39T
to pique sb's interest 104
piracy 117
pitch, advertising ~ 44
to pitch for sth 52
pitfall 24
to place strain on sth 89
plagiarism 116
plant 27T
plethora 28
ploy 63
to plummet 79T
to plunge 90T
point: ~ taken 70T; to the ~ 102;
poisoning, food ~ 110T
pole and line 20
to police 118
policyholder 114
policymaker 77
to poll sb 26
pollutant 17T
pond 68
to pool 114
poor performer 7
to pop 54
to pose a threat 16
poultry 77
to pour scorn on sb 25
powdered 52
power train 38
praise 14
to precede 47
precedence, to give sth ~ over sth 79
precipitously 59T
predator 69T
predecessor 101
preliminary 72
premise 122T
premium 17
prerequisite 37
to prescribe 124
presentation 102
to preserve 22T
press release 30
prestigious 73
to pretend to do sth 8
price: ~ ceiling 76; ~ spike 77
to pride oneself on sth 57
primeval 50T
principled 101
print, the fine ~ 27T
proactive, to be ~ 9T
procedure 60

to process 12
process-mapping 98
procrastinator 80T
procurement 96; ~ officer 100
produce-to-stock 102
product: by-~ 19; ~ life cycle 19
production facility 27T
professional liability 114
to prohibit 97
projection 87
prominence 47
to promote sb 97
promotion 7
to prop sb up 77
property 53; ~ insurance 114; ~ tax 31;
intellectual ~ 37
to prosecute 120T
prosecutor 117
to prospect for sth 58
prospective 26
to prosper 77
proverb 89
proximity 63
public: ~ face 59T; ~ limited company (plc)
108; ~ statement 110; ~ly listed 28;
to go ~ 30
purchasing power 101T
purifier 53
purpose 6
purveyor 67
to put: ~ sb in jeopardy 43; ~ sb off 10T; ~ sth
back on the map 50T; ~ sth out of its
misery 8; ~ sth to the benchmark test 44; ~
sth under scrutiny 44

Q

quality assurance 103
questionnaire 55
quintessentially 68
to quote a price 102

R

to raise 31
random 114; at ~ 60
to rank 20
rapport 51
raspberry 52
rate 58
rating 6
ratio 36
raw data 64
razor, straight ~ 45
readiness 60
real estate 64
realm 124
to reassign sb 74
to reassure 112
reassuring 107
to rebound on sth 55
recall of product 108
receipt of goods 100; payment on ~ 101T
to receive sth 8
recession: ~ - proof 68
to reckon 70
recognition 108T; ~ reward 57
to recognize 10
reconciliation 35
to reconvene 35
to recover 37
recovery 37
recruit, entry level ~ 9
to recruit 97
recruitment 97
to recur 14
red: ~ flag 27; ~ herring 24
to reel 77
reference 61

to refrain from sth 29
 refrigerated aisle 227
 to refurbish 19
 to register 19
 registrant 35
 regret 110T
 regulations 17
 regulator 28
 the regulatory aspect 17T
 to reimburse 115
 reimbursement 114
 rein, to give sb free ~ 71T
 to relate to sb 51
 relative to 27
 to release 112
 relief program 53
 to relish sth 118
 relocation 98
 reluctant 31
 remedy 37
 to remedy (situation) 13
 to reminisce 50T
 remote 89
 remuneration 13
 renowned 44
 to report 29
 reporting: financial - 26; - period 28
 to repossess 79T
 requisite 103
 research and development (R&D) 36
 resentment 73
 reshuffling 70T
 residential care, long-term ~ 94
 to restate 10
 restructuring of debt 31
 to resume 73
 retail chain 18
 retailer 97
 retiree 46
 return 82; - on investment 78T
 to reveal 10T
 revenue 15; ~s 22T; net ~ 27
 reverse, to go into ~ 79T
 to reverse 34
 review 8
 to revise sth 44
 to revolve around sth 104
 reward 14
 rhetorical devices 50
 ridiculous 70
 to rise to a challenge 20
 risk: - assessment 115; - averse 125; exposure to ~ 108; operational 108T; - response plan 113
 rock solid 44
 root cause 104
 rope, to be on the ~s 125
 royalties 116
 rumblings 94
 rumor 70
 to rush things 70T
 ruthless 69

S

sachet 53
 to sack sb 75
 to sacrifice 74
 to sag 15
 sales 30; cost of ~ 36; net ~ 36; - revenue 36
 salesy(-like) 65
 salt, with a grain of ~ 27
 same, all the ~ 73
 sample 101T
 to sand 45
 to sanitize 53
 to sap 15
 to satisfy 96
 savant 8

save for 98
 savings 98
 savvy (clever) 50T
 saying 42
 scale 19; economies of ~ 69T; to add ~ 45
 scarce 47
 scarcity 16
 scholarly 80
 scope 34
 scorn, to pour ~ on sb 25
 scrap 19; ~ of paper 45
 scrappage bonus 38
 scratch, to start from ~ 84
 to scrutinize 25
 scrutiny 99T; to put sth under ~ 44
 to seduce 49
 seed 116
 to segment 46
 segmentation 46
 to seize 118
 self-serving 84
 to sell out 73
 senior position 57
 sensitivity 13
 to sensitize 99T
 sentence 117
 to sentence sb to sth 118
 to sequence 31
 servant 7
 serving 52
 to set the stage for sth 74
 settlement 123
 severe 50
 severity 61
 shaky 84
 sham 8
 to shape 48
 share 27T; earnings per ~ 58
 shareholder 27
 shell 22
 shenanigans 35
 shift 20
 shift supervisor 57
 ship, to jump ~ 70
 shipping company 97
 shoal 110
 shop 63
 shortfall 35
 shrine 94
 shrinking 89
 to shudder 34
 sick leave 57
 sidetracked, to become ~ 40
 silo approach 108
 sincere 40T
 to sink 118
 skilled labor 98
 skills shortage 94
 skirmish 126
 to slash 94
 slated, to be ~ 29
 to sleeken 44
 sleep deprivation 106
 sleight of hand 27T
 slender 110
 to slim down 45
 sloppy 14
 slump, to go into a ~ 27T
 to slurp 50T
 small and medium-sized enterprises (SMEs) 39
 snake oil 65
 snappy, short and ~ 50
 to soar 78T
 social scientist 109
 social security safety net 94
 soil 107sx
 solar panel 16
 sophisticated 49

to source 16
 sourcing 99
 sovereign 124
 spacious 23
 spare part 12
 specialist merchandise 31
 species 16
 specimen charge 118
 speculative bubble 79T
 speech, free ~ 117T
 spending 36
 spice 25
 to spill over 73
 spin 27T
 to spin sth off 67
 spiral, downward ~ 28
 spoiled, to be ~ for choice 49
 sponge 44
 spot on, to be ~ 69T
 spree, acquisitions ~ 67
 to spring up 89
 to spur 37
 square one, to be back to ~ 101T
 to stack 98; The cards are ~ed against us. 69T
 staffing plan 71
 stage 10; to set the ~ for sth 74
 stakeholder 19
 stale 37
 stand, to take a ~ 25
 to start from scratch 84
 startling 37
 steep 62
 steering committee 74
 to stem from sth 124
 to step sth up 22T
 stereotype 52
 steward 16
 to steward 74
 to stick one's head and shoulders over the parapet 25
 sticking point 100
 stiff 118
 to stifle 45
 stifling 89
 to stipulate sth 57
 stock 66; in ~ 12; produce-to-~ 102
 to stock 102
 stockbroker 27T
 stockist 102
 straight razor 45
 strain, to place ~ on sth 89
 stretch 110
 stride 24
 string 107
 to strive to do sth 8
 to stroll 50T
 to struggle 98
 stubble 45
 to stutter 43
 stymied, to be ~ 77
 subcompact car 54
 subcontractor 63
 subheading 40
 subject, to be ~ to sth 114
 to submit 80
 subordinate 7
 subprime crisis 108T
 subprime lending 78T
 sub-Saharan 87
 subsidiary 8
 to subsidize 77
 subsidy 76
 subsistence wage 99T
 substitute 12
 to subsume 66
 succession 9
 to sue sb for sth 27
 sulfur dioxide 83

superabundance 77
 supervisor 8
 to supplement 93
 supplier 16
 supply 76
 supply chain 18
 sure-fire 78T
 surge 89
 to surpass 82
 surplus 77
 survey 14
 to survey 12
 susceptible to 114
 suspension 119
 sustainability 16
 sustainable 17T
 sustained 118
 to swap 118
 to swell sth 95
 swiftly 43

T

to tackle 65
 tagline 73
 tailpipe 19
 to take: - a stand 25; - out insurance 108T;
 - (the) minutes 70T;
 taken in, to be - by sth 49
 takeover 66; - proposal 68; hostile - 68
 talent 54
 to talk sth up 55
 tangible 117
 to tap sth 8
 tax: - break 78T; - revenue 89
 to tax: - sth 18; - sb 27
 taxation, financed by ~ 93
 to team up with sb 53
 tempest in a teapot 70
 tempting 84
 to tender 98
 tenterhook, to keep sb on -s 50T
 tenured 58
 to term 57
 term paper 80
 to terminate 57
 terminus 24
 testimonial 105
 theft 108
 to think outside the box 108T
 third-party logistics company 98
 thoroughness 74
 threat, to pose a - 16
 threshold 39T
 to thrive 37
 to thwart 57
 tie-in 24
 timber 18
 time-honored 27T
 timely 34
 to tinker around the edges 24
 tinned- 20
 tipping point 47
 tireless 34
 tooth fairy 34
 to top 30; - up 9T
 to toss 41
 tough, when the going gets ~ 12
 toxin 18
 to toy with sth 103
 to trace sth 18
 to track 50T; - sb down 123
 track record 57
 tract 112
 to trade 30; - down to 67
 trademark 116
 trade-off 104
 trader 103

traffic congestion 64
 transition 87
 transmission 38
 transport, mode of - 104
 treaty 85
 tremendous 104
 triangular 22
 to trigger 89
 to trim 94
 trouble, to court - 35
 trough 37
 trunk 54
 trustworthy 40T
 to try (a case) 48
 tulip 79T; - bulb 79T
 to tumble 91
 turmoil 37
 to turn: - a blind eye to sth 123; - one's back on
 sb 40T
 turn, in - 53
 turnaround 93
 turnover 12

U

ubiquitous 8
 unambiguous 21
 unbearable 9
 uncertain, in no - terms 75
 uncertainty avoidance 109
 to undercut 74
 to underestimate 79T
 to underscore 14
 undervaluation 69T
 to unfold 77
 union 57
 unionization 59T
 unionized 59T
 unique 8
 unique selling proposition (USP) 22
 unjust 118
 unprecedented 49T
 unrelentingly 75
 unrestricted 78
 unsurprisingly 24
 untapped 82
 untoward 107
 to unveil 42
 unwarranted 35
 upbeat 20
 to uphold 24
 up-market 23T
 up-to-the-minute 63
 urge 119
 to urge sb to do sth 20
 urgency 21
 utilities industry 57
 utter 6

V

vaccine 120T
 valid 71T
 validity 25
 valuation 28
 value: - added tax 94; - chain 18; - creation 74
 to value 14
 vapor 84
 vastly 74
 vendor 12
 venerable 68
 venture 69; - team 44
 verdict 118
 versed in sth 33
 viability 32
 viable 36
 vibrant 122T
 vicinity 12
 view, in - of this 62

to violate 22T
 violation 63
 violent 107
 virtue 25
 vocal 24
 vocational 88
 void 15
 volatile 27
 volatility 108
 voluntary 15
 vomiting 110T
 to vow 45

W

wage-cost advantage 59
 to wane 118
 warehouse 96
 wares 118
 wary, to be - of doing sth 33
 waste 19
 wastewater 19
 water purification 53
 wear and tear 114
 web-savvy 54
 wedge 22
 to weed out 7
 welfare 68
 wheat 77
 white: - knight 69T; - paper 74
 whizkid 13
 wholesaler 69
 wildfire 114
 will: at - 57; if you - 59T
 wink 34
 to wipe 16
 wisdom 15
 to withdraw sth from the market 17T
 withering 77
 to witness sth 78T
 word of mouth 47
 to work right to left 74
 workforce 87
 working: - capital 31; - thesis 80
 work-place pension 59T
 worrisome 83
 to wrap 55
 to wreak havoc 8
 to wrest sth from sb 124
 wrongful 57

Useful expressions

Paraphrasing and clarifying p.7

You appear to be saying that ...
Are you saying/suggesting that ...?
So in other words, you are ...?
If I understand you correctly, ...?
So you've got the feeling that ...?
Do you mean to say that ...?

Conducting an appraisal meeting p.10

Starting an appraisal meeting

The reason for this meeting is to review ...
I suggest that we start by ...
I think it would be a good starting point to ...

Collecting evidence for assessment

As I can see here from your file / from the incident reports / from your self-assessment, ...
Why don't you tell me how things have been going for you ...?
Can you tell me how you feel you have performed against your objectives?
What have you found most challenging in ...?
What do you think your strengths are?
What would you say are some of the things you need to work on?

Giving positive feedback

I think you are very good at ...
... are full of praise for your work.
You always go the extra mile to ...
You were very engaged in ... / committed to ...

Discussing problems and finding solutions

What surprises me, though, is ...
What could be the reason for ...?
Could it be that you haven't given enough attention to ...?
What would you need to ...?

Concluding an appraisal meeting

Is there anything else you would like us to discuss?
Are you happy about proceeding this way?
I'm really pleased that we had such a productive meeting.
Let's get back to ... in our next meeting.

Persuasive speaking p.22

Getting the audience's attention

This might come as a shock to you, but...
Surveys have shown that we / our customers ...
... is a really pressing issue for us.

Creating a need

It has been clearly demonstrated that ...
Research shows that ...
As this study/chart/figure shows, ...

Satisfying a need

I think you can appreciate the fact that ...
I don't have to tell you that ...
... is the way to go for us.

Visualizing the future

I am fully convinced that ...
... would greatly enhance our public image / reputation / credibility.
If we don't act now, ...

Asking for action

I strongly recommend that ...
I urge you to ...
We need to seize this opportunity now ...

Upbeat language p.32

We are proud to announce a ... / an increase in ...
We have been particularly/tremendously successful in ...
We have been able to increase our ...
We have succeeded in ...
We have enjoyed steady / year on year / rapid / explosive growth in ...
We have achieved this high level of performance in spite of ...
Our sustained/concerted/strategic efforts have resulted in ...
Our continued/long-term/unwavering focus on ... has paid off.
We have not only achieved our goals, we have surpassed them.

Meetings p.39

Starting a meeting

I'm glad you could all make it today.
Thank you for taking the time to discuss ...
We are meeting today to talk about / decide on ...
Our goal today is to develop / come up with ...

Discussing facts

Let me give you a brief overview of the situation.
This is where we stand today: ...
As a matter of fact, ...
I would like to point out the fact that ...
It is particularly important to pay attention to the fact that ...
We should not forget to consider ...

Engaging in a discussion

Would you mind explaining this in more detail?
Could you expand on this issue/question/problem a bit more?
Excuse me, could I briefly intervene?
I'd like to make a point here if I may.
But this is only one side of the coin, we also have to take into account / deal with ...
Would you concur with this assessment/opinion/conclusion?
I'm afraid I can't (fully) agree with you on this point.

Ending a meeting

By way of conclusion, let me summarize the crucial/main points of our discussion.
We have agreed upon the following set of recommendations/measures/policies.
Thank you for an engaged and fruitful discussion.

Expressing enthusiasm p.42

Personally, I'm a big fan of ...
I'm particularly fond of ... these days.
Recently, I've become a big ... geek.
I'm excited/thrilled/enthused about ...
I'm an avid believer in ...
... is one of my absolute favorites.
If find that ... is the best product out there / on the market if you are looking for ...

... have/has absolutely convinced me.
Let me tell you about this great new ... I have recently discovered.

Presentations p.50

Opening

I'm very excited to talk to you today about ...
I'm happy to see so many faces here today.
It's amazing to see that so many people are interested in ...
I'm glad to be able to present to you today ...

Outlining and structuring your presentation

Before I dive right into our topic, let me give you a brief overview of ...
First of all, I'd like to give you an idea of what I will cover/discuss/present in my talk today.
What I'm going to do today is ...
In the next ... minutes, you'll get to know everything / exciting new facts about ...
Let me sketch out the main points/arguments of my presentation.
My argument/talk/presentation consists of ... parts/sections.

Presenting your argument

Now let's cut to the chase.
So what's the point/problem/issue?
What's at stake here is ...
The crucial question for us is ...
What we should really ask ourselves now is ...
Essentially, it boils down to this: ...

Summarizing and concluding

Let me recap the main points of my presentation: ...
In a nutshell, ...
To make a long story short, ...
By way of conclusion, I'd like to ...
Thank you for your attention.

Moving along a discussion p.59

Eliciting opinions

Would you care to share your view with us / to present your thoughts on this topic?
In your opinion, what is the main point to be made here?
..., could we hear from you?
Let's hear what ... has to say on this topic.
Would you go along with that?
..., what's your take on this?
Where do you stand on this issue/matter?

De-escalating a discussion

If I understand you correctly, you are saying that ...
Can you identify/sympathize/empathize with this opinion?
Let's try to look at this question from a different angle.
Would you concur with this assessment?
Can you try to pin down where exactly you differ on this?
But in principle, you both do agree on the issue of ... right?
I think we've gained a valuable insight / an interesting new perspective here.

Getting engaged in a discussion p.69

Agreeing

Well spoken!

I couldn't agree more.

This rings true to me.

I absolutely agree with you on this matter.

There's no denying it. Just look at ...

You hit the nail right on the head.

I'm 100 percent with you on this.

I concur!

Disagreeing

That might be the case but ...

There might be some truth to that but ...

That's one way of looking at it but ...

That depends on the circumstances.

This is only one side of the coin.

I wouldn't put it like that.

I don't really see how you get to this conclusion.

I'm afraid I really can't share your view/opinion/
take on this.

Developing an argument in writing p.85

Linking ideas

Not only is this important for understanding ..., it
also shows that ...

It should be added/noted/pointed out that ...

In the first place, ... / First of all, ...

Moreover, ... / Furthermore, ... / In addition, ...

In conclusion, ... / To sum up my argument, ...

Contrasting ideas

Then again, ...

In contrast to this view, ...

On the one hand, ...; on the other, ...

However, we also have to weigh this against ...

Contrary to what one might expect, ...

Weighing the pros and cons p.93

Discussing advantages

What really speaks in favor of this system/
solution/concept is ...

... would lead to significant improvements in ...

Unquestionably, ... is a major benefit of this ...

... would greatly benefit from ...

... is a clear plus for ...

... makes for a strong case/argument in favor
of ...

Discussing disadvantages

Despite its positive sides, this system/solution/
approach also has its flaws.

However, this ... has its own drawbacks/pitfalls/
complications.

The downside of this is that ...

The major problem / crucial question here is
how/whether ...

We should keep in mind that this could also
backfire if ...

There is a significant price to be paid for ...

Agreeing and disagreeing in negotiations p.102

Agreeing with reservations

We can give you a qualified yes on this one / on
that / on ...

This sounds like a good offer, but I'd still like to
check with my supervisor / our headquarters / ...
I think we're good in terms of ..., but I'd still like to
take up the issue of ...

Agreeing strongly

We're definitely on the same page here.

This is fully in accord with our goals/plans/
expectations.

This is clearly a win-win option!

Disagreeing politely

I'd rather / I'd prefer ...

That is not how I/we see it ...

I'm afraid that's not an option for us ...

Disagreeing directly

(use these expressions carefully!)

That is unacceptable / out of the question.

There is no way we can ...

I/we cannot go along with that ...

Expressing probability p.109

It is highly unlikely/improbable that ...

It is less than probable that ...

At present, we cannot yet foresee whether ...

With all probability, ...

It could well be that ...

It's a sure-fire bet that ...

We can tell with perfect certainty that ...

Expressing intention p.112

We are willing/planning to ...

It is our firm intention to ...

It is our stated goal to ...

We will put all our / our best efforts into ...

Rest assured that we will do everything possible
to ...

We are deeply/fully/strongly/absolutely
committed to ...

Referring to a source p.120

I would like to quote ... here.

As ... states in her/his ...

Let me briefly refer to ...

This has also been proposed by ...

I am taking/borrowing/adapting this concept
from ...

This idea was first introduced by ...

Originally, this approach was developed by ...

Quote: "...". Unquote. (Used only in spoken
language)

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Unit 1	1	Copyright	00:44
	2	Listening: Developing your career	04:58
	3	Appraisals: Conducting an appraisal meeting, Exercise 2	04:06
	4	Appraisals: Conducting an appraisal meeting, Exercise 3	02:14
	5	Appraisals: Conducting an appraisal meeting, Exercise 4	06:14
	6	Appraisals: Conducting an appraisal meeting, Exercise 6	03:23
	7	Writing: An appraisal report	09:30
Unit 2	8	Listening: The challenge for industry, Exercise 1, Part 1	04:17
	9	Listening: The challenge for industry, Exercise 2, Part 2	03:23
	10	Persuasive speaking: Monroe's Sequence, Exercise 1	03:48
Unit 3	11	Listening: Making investment decisions, Exercise 4	01:52
	12	Listening: Making investment decisions, Exercise 5	01:13
	13	Listening: Making investment decisions, Exercise 6	00:54
Unit 4	14	Listening: Innovations in the car industry, Exercise 3	03:29
	15	Listening: Innovations in the car industry, Exercise 3	03:08
	16	Listening: Innovations in the car industry, Exercise 3	02:41
	17	Blogging: A corporate communication tool	03:31
Unit 5	18	Listening: A new consumer group, Exercise 2, Part 1	03:03
	19	Listening: A new consumer group, Exercise 4, Part 2	02:47
	20	Presentations: Being clear and convincing	03:46
Total running time CD 1			69:51

Audio CD 2			
Unit	Track	Exercise	Running time
Unit 5	1	Copyright	00:44
	2	Presentations: Rhetorical devices, Exercise 1	01:07
	3	Presentations: Rhetorical devices, Exercise 2	03:28
Unit 6	4	Listening: The future of unions, Exercise 3	06:41
Unit 7	5	Listening: A family affair, Exercise 2	03:01
	6	Managing change: Selling change, Exercise 1	03:52
	7	Managing change: Addressing concerns, Exercise 1	03:51
Unit 8	8	Listening: When the bubble bursts, Exercise 2, Part 1	03:14
	9	Listening: When the bubble bursts, Exercise 3, Part 2	02:39
	10	Term papers: Finding a topic, Exercise 1	01:55
Unit 9	11	Listening: Population matters, Exercise 3, Part 1	02:13
	12	Listening: Population matters, Exercise 4, Part 2	02:24
	13	Presenting graphs: Helping your audience follow	02:26
Unit 10	14	Listening: Responsible sourcing, Exercise 2	03:45
	15	Negotiating: Making a deal, Exercise 1, Part 1	03:40
	16	Listening: Negotiating: Making a deal, Exercise 3, Part 2	04:32
Unit 11	17	Listening: A chief risk officer speaks, Exercise 2	05:04
	18	Making a public statement: Informing the public, Exercise 2	01:55
	19	Making a public statement: Informing the public, Exercise 4	02:27
Unit 12	20	Listening: Protecting trademarks, Exercise 1	04:56
	21	Debating: A framework for your arguments, Exercise 1	02:34
	22	Debating: A framework for your arguments, Exercise 1	02:34
	23	Debating: Softening statements	02:42
	24	Debating: Making an opening statement	03:27
Total running time CD 2			76:10

Audio CDs

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Voices: L. Babalola, M. Berendt, J. Burrell, L. Cameron, S. Gay, M. Graffam, M. Holroyd, J. Mittelmann, R. Merrill, C. Nemrow, M. Sander, S. Taylor, E. Teillet, I. Wood, D. Tudor

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