

# Collins COBUILD Business Vocabulary in Practice

**Sue Robbins**

Materials Bank by Sarah Horrod



THE UNIVERSITY  
OF BIRMINGHAM

# CONTENTS

<b>Introduction</b> .....v	Costs
<b>Topic 1: The Changing World</b> .....1	Accounting
IT	Owing Money
The Communications Revolution	Financing Expansion
The Internet	<b>Topic 9: Marketing</b> .....97
Globalization	Market Research
Ways of Working	Product Life Cycle
<b>Topic 2: Business and Businesses</b> .....13	Global Advertising
Business and Businesses	Branding
Industries and Sectors	Pricing
Starting up	<b>Topic 10: Increasing Sales</b> .....109
Corporate Structure and Legal Status	Describing Trading Performance
Business Strategy	Sales Objectives
<b>Topic 3: Global Trading</b> .....25	The War for Sales
International Trade	Relocating the Business
World Economy	Repositioning the Brand
Competition	<b>Topic 11: Customer Service</b> .....121
Global Brands	Customer Care
The International Marketing Mix	Attracting and Keeping Customers
<b>Topic 4: Sustainable Development</b> .....37	Staff Training and Development
Ethical Consumerism	Public Relations and Corporate Image
Corporate Responsibility	Consumer Protection
Business Environment	<b>Topic 12: Services</b> .....133
Fair Trade	Markets
Eco-tourism	The Service Industry
<b>Topic 5: Production</b> .....49	Services and Service Providers
Manufacturing and Production	The Leisure Industry
Product Development	Financial Services
Quality Control	<b>Topic 13: Managers</b> .....145
Innovation and New Production Methods	People at the Top
Production Line and Robotics	Management and Leadership Styles
<b>Topic 6: Sales</b> .....61	Organizational Culture
Sales	Human Resource Management
Distribution	Entrepreneurs
Orders and Stock Control	<b>Topic 14: Employees</b> .....157
Sales Methods	Hiring and Firing
Retailing	Remuneration
<b>Topic 7: Business Performance</b> .....73	Industrial Relations
Boom and Bust	Equal Opportunities
Stocks and Shares	Increasing Productivity
Market Trends	<b>Materials Bank</b> .....169
Companies Losing their Way	<b>Answer Key</b> .....230
Making a Profit	<b>Index</b> .....245
<b>Topic 8: Finance</b> .....85	
Payment	



● **information technology** N-UNCOUNT

**IT** N-UNCOUNT

**Information technology** is the theory and practice of using computers to store and analyse information. The abbreviation **IT** is often used.

...the information technology industry.

The UK IT market is growing at a faster rate than in any other country in Europe.

● **business model** (business models) N-COUNT

A **business model** is the structure of a business, including the various relationships between the different parts of the business.

...the entirely new business models made possible by the Internet.

...inefficiencies in traditional business models.

● **vertical integration** N-UNCOUNT

**virtual integration** N-UNCOUNT

**Vertical integration** is the merging of two or more companies involved in different aspects of the same business, for example, a brewery might buy a chain of pubs. **Virtual integration** is close cooperation between two or more companies involved in different aspects of the same business, so that they operate almost like a single company. **Virtual integration** is based on the use of IT.

For the oil business the benefits of vertical integration are that supplies are assured and an immediate customer or outlet is available.

The biggest attraction of virtual integration is that organizations can integrate care without investing huge amounts of capital or completely altering their structures.

The most important difference in these new economies is that they favour virtual integration over vertical integration.

● **CAD** N-UNCOUNT

**CAM** N-UNCOUNT

**CAD** is the use of computer software in the design of things such as cars, buildings, and machines. **CAD** is an abbreviation for 'computer aided design'. **CAM** is the use of computer software in the manufacture of products. **CAM** is an abbreviation for 'computer-aided manufacture'.

A design made with CAD can be transmitted perfectly from one place to another, if they both use the same system.

The application of CAD/CAM makes traditional procedures more efficient and provides avenues for innovation and new development.

...CAD/CAM software.

● **microelectronics** N-UNCOUNT

**Microelectronics** is the branch of electronics that deals with miniature electronic circuits.

He thinks Daimler should buy its microelectronics from outside suppliers.

...a microelectronics company.

● **outsource** (outsources, outsourcing, outsourced)

VERB

**outsourcing** N-UNCOUNT

If a company **outsources** goods or services, it pays workers from outside the company to supply the goods or provide the services. **Outsourcing** is the use of outside companies to supply goods or services.

Increasingly, corporate clients are seeking to outsource the management of their facilities.

The difficulties of outsourcing have been compounded by the increasing resistance of trade unions.

● **fast track manufacturing** N-UNCOUNT

**Fast track manufacturing** is a manufacturing system which aims to speed up manufacturing times, for example by the use of more efficient practices or the pre-manufacture of components.

Our fast track manufacturing facility can build and ship complete turn-key systems in a matter of weeks.

● **flexible** ADJ

Production methods or working practices that are **flexible** are able to be changed easily so that they suit different conditions and circumstances.

...flexible production lines that can make whichever versions of its three main products are selling best.

Thanks to cheaper wages and flexible working practices, BA's operating costs are lower than its American rivals.

### Common Collocations

flexible working arrangements

flexible working hours

flexible working patterns

flexible working practices

flexible hours

flexible work schedule

● **multi-skilled workforce** (multi-skilled workforces) N-COUNT

A **multi-skilled workforce** is a workforce that has many different skills, enabling them to do several different types of work within a company.

The importance of a highly trained, multi-skilled workforce has never been so crucial to the survival of the industry.

➔ **just-in-time manufacturing**: Topic 5.1;  
**subcontract**: Topic 5.3; **mass production**: Topic 5.5;  
**order**: Topic 6.3; **supplier partnership**: Topic 12.2



## PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

*vertical integration    business model    IT    outsourcing    virtual integration*

Companies based on a traditional, production-oriented \_\_\_\_\_ are often rather inefficient, and find it hard to adapt to change. A model where the management of a company owns other companies in the production process and the firm controls a number of successive stages in the supply of a product is an example of \_\_\_\_\_. Companies which buy in components and only assemble the finished product in-house, however, are using \_\_\_\_\_. Using other companies to supply goods rather than manufacture them themselves cuts down on costs, but can make it difficult to maintain quality. Many companies use new business models based on the use of \_\_\_\_\_. Computers can help two different companies work closely and form partnerships. This model is referred to as \_\_\_\_\_, and uses IT to achieve the benefits of both of the above systems.

- 2 Look at the information about seven companies. Which one is an example of:

a vertical integration      c CAD      e fast track manufacturing      g CAM  
b virtual integration      d outsourcing      f multi-skilled workforce

- i Ashdown Components relies heavily on the use of IT in the production process. They work closely with their main customer, who uses their components to assemble cars at their nearby plant.  
\_\_\_\_\_
- ii The Dairy Box confectionery company makes chocolates and sweets. 15 years ago it bought cocoa plantations in Africa to produce its own raw materials.  
\_\_\_\_\_
- iii Big Eddie's International Trucking and Freight Company used to employ their own mechanics to repair and maintain their vehicles. However, 10 years ago they stopped this and now use a specialist firm to do this work for them.  
\_\_\_\_\_
- iv In the past, the company received many complaints from their customers about the length of time they had to wait for their orders to be filled. Following changes to their manufacturing system, this rarely happens now.  
\_\_\_\_\_
- v In the Shining Path paint factory the workers are expected to move round the factory, working at different points in the production process as the load of work demands.  
\_\_\_\_\_
- vi Hawthorn have invested a great deal of money in updating the production process at their factories, and have introduced sophisticated computer equipment to assist them.  
\_\_\_\_\_
- vii The machines at the Apollo sports shoe factory can easily be programmed to make different designs in response to the rapidly-changing demands of fashion.  
\_\_\_\_\_

- 3 Read the text and say if the sentences below are true or false.

JKM produce microchips that contain the electronic circuits used in spacecraft. Their computer system is networked with the computer system at the Space Agency, and computer specialists from both places work together in the design process. The Space Agency use the finished microchips in their spacecraft. The technicians can work at either site, and can adapt their designs rapidly if they need to.

- a JK M operate within the IT industry.      d The relationship between JK M and the Space Agency is an example of virtual integration.  
b JK M is a microelectronics company.      e JK M employees use flexible working practices.  
c The microchips are developed using CAD.



● **communications** N-PLURAL

**Communications** are the systems and processes that are used to communicate or broadcast information, especially by means of telephone wires, underground cables, satellites, or radio waves.

...a contract for sophisticated communications equipment made by American companies and secretly shipped abroad.

E-commerce and website design are the next big things in corporate communications.

One of the main tasks of the five crew members is to put a communications satellite into orbit.

**Common Collocations**

mobile communications    electronic communications  
corporate communications    business communications

● **telecoms revolution** N-SING

If you talk about the **telecoms revolution**, you mean the recent, sudden changes in telecommunications such as the increased use of the Internet and mobile phones.

For governments and big companies, the telecoms revolution will be unsettling.

The telecoms revolution has created a new pattern of rural working.

● **disruptive technology** (disruptive technologies) N-COUNT

A **disruptive technology** is a new technology, such as computers and the Internet, which has a rapid and major effect on technologies that existed before.

...the other great disruptive technologies of the 20th century, such as electricity, the telephone and the car.

The transistor was a disruptive technology for the vacuum-tube industry in the 1950s.

● **high-tech sector** N-SING

The **high-tech sector** is used to talk about businesses which produce or develop advanced technologies, such as computers and mobile phones.

Even within the high-tech sector there is some replacement of skilled staff by lower-cost research students.

With the slump in the high-tech sector, Irish people are once again discovering just how valuable a commodity job security can be.

● **social change** (social changes) N-VAR

**Social change** is change in human society, such as changes in the way people interact with each other or changes resulting from new technology or new institutions.

Nationally, the biggest social change over the past 10 or 15 years has been our increasing tolerance of people who are gay, or a different colour.

Football is under threat from social changes, particularly from computer games, TV, video, stereo etc.

● **consumer behaviour** N-UNCOUNT

**Consumer behaviour** is the way that groups of consumers typically behave, especially their shopping habits.

A clearer picture of consumer behaviour is gradually emerging. Developments in materials, marketing and styling have all had an effect on consumer behaviour.

● **mobile phone** (mobile phones) N-COUNT  
**mobile** (mobiles) N-COUNT

A **mobile phone** or **mobile** is a telephone that you can carry with you and use to make or receive calls wherever you are. [BRIT]

Calls from land lines are generally less expensive than from mobile phones.

He had already left a message on my mobile.

● **mobile phone operator** (mobile phone operators) N-COUNT

A **mobile phone operator** is a company that runs a mobile phone business.

Figures this week from the mobile phone operators showed soaring subscriptions over Christmas.

● **pay-as-you-go** ADJ

A **pay-as-you-go** system is a system in which you pay for something, such as a mobile phone call, when you actually use it rather than before or afterwards.

This is a pay-as-you-go service, each message costing 23.5p (including VAT), billed as a text message on your bill.

Charges for pay-as-you-go phones tend to be more expensive than those on monthly tariffs.

● **tariff** (tariffs) N-COUNT

The **tariff** for something is a list of prices, especially ones which vary according to the time or day of use. Your mobile phone **tariff** is how much you pay for each call, depending on when you make it and who you make it to.

The most appropriate choice of system and tariff depends on where and how often a customer uses the phone.

➔ **Internet:** Topic 1.3; **globalization:** Topic 1.4; **state-of-the-art:** Topic 5.4





● **Internet** N-PROPER

**Net** ABBREVIATION

**Internet access** N-UNCOUNT

**surf** (surfs, surfing, surfed) VERB

The **Internet** or the **Net** is the computer network which allows computer users to connect with computers all over the world, and which carries e-mail. If you have **Internet access**, you are able to use a computer which allows you to use the Internet. If you **surf** the Internet, you spend time finding and looking at things on the Internet.

*Opportunities exist, and are being exploited, in selling fast-moving consumer goods over the Internet.*

*It is well recognised that employees spend at least half an hour a day surfing the Net for private purposes.*

*Millions of students and schoolchildren already have Internet access provided free by their educational establishments.*

*No one knows how many people currently surf the Net.*

**Common Collocations**

to browse the Net

to buy something over the Internet

to sell something over the Internet

to publish something on the Internet

to post something on the Internet

● **World-Wide Web** N-PROPER

**WWW** ABBREVIATION

**Web** N-PROPER

**website** (websites) N-COUNT

**site** (sites) N-COUNT

The **World-Wide Web** is a computer system which links documents and pictures into a database that is stored in computers in many different parts of the world and that people everywhere can use. The abbreviations **WWW** and the **Web** are often used. A **website** or **site** is a set of information about a particular subject which is available on the Internet.

*...the rapid growth in the use of the World Wide Web.*

*...buyers spotted her ads on the Web.*

*Call 0171-493 2612 or visit www.kaspia.co.uk*

*Every time you visit a website, you leave a record showing you were there and what pages you viewed.*

*The site earns its revenue from advertisers.*

**Common Collocations**

to build a website

to visit a website

an official website

to design a website

● **personal computer** (personal computers)

N-COUNT

**PC** ABBREVIATION

A **personal computer** is a computer that is used in a business, a school, or at home. The abbreviation **PC** is also used.

*Apple is lowering prices to attract a larger share of the*

*competitive personal computer market.*

*Ultimately, we're going to capture digital images initially and then be able to put them right onto your PC.*

● **Internet Service Provider** (Internet Service Providers) N-COUNT

**ISP** ABBREVIATION

An **Internet Service Provider** is a company that provides Internet and e-mail services. The abbreviation **ISP** is also used.

*There's a click-on modem available too, so you can pick up your e-mails from your Internet service provider.*

*Dixons was the natural company to launch an ISP because it led the market in selling personal computers.*

● **online** ADJ

① If a company goes **online**, its services become available on the Internet.

*...the first bank to go online.*

② If you are **online**, your computer is connected to the Internet.

*You can chat to other people who are online.*

③ An **online** company or service offers customers the opportunity to order goods or use services via the Internet.

*Visit Britain's premier online shopping centre, featuring such well-known names as Argos, Interflora, Eurostar and Victoria Wine.*

*...an opportunity to join the UK's leading online Bank.*

● **dot-com** (dot-coms) N-COUNT

A **dot-com** is a company that does all or most of its business on the Internet.

*In 1999, dot-coms spent more than \$1 billion on TV spots.*

● **e-business** (e-businesses)  
**e-commerce** N-UNCOUNT

① N-COUNT

An **e-business** is a business which uses the Internet to sell goods or services, especially one which does not also have shops or offices that people can visit or phone.

*There are plenty of options of what should stay and what should go to keep an e-business afloat.*

② N-UNCOUNT

**E-business** or **e-commerce** is the buying, selling, and ordering of goods and services using the Internet.

*...proven e-business solutions.*

*...the anticipated explosion of e-commerce.*

● **broadband** N-UNCOUNT

**Broadband** is a method of sending many electronic messages at the same time, using a telephone line, satellite dish, or underground cable.

*The two companies said they planned to develop new broadband services for customers in the UK and Ireland jointly. As we move into broadband, a wide range of e-commerce services will become available.*



**PRACTISE YOUR VOCABULARY**

1 What do these abbreviations stand for?

ISP WWW PC

2 Complete the paragraph by putting the correct form of the following words or phrases into the gaps.

websites going online Internet surf the Net broadband ISP

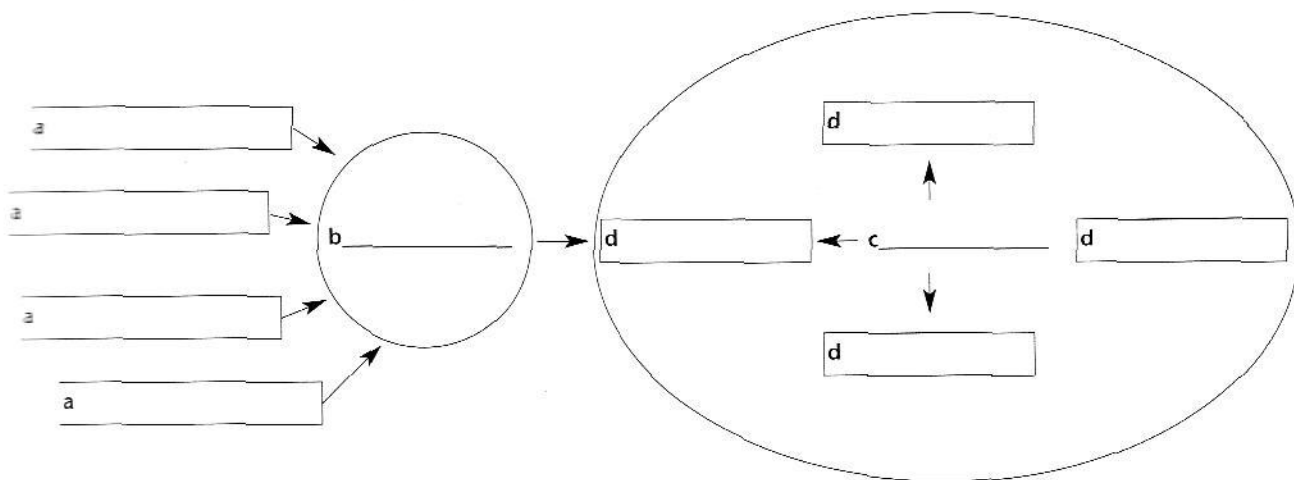
Zbig wants to buy some tickets for a concert so he's \_\_\_\_\_, using his computer at home to \_\_\_\_\_. He's visiting the \_\_\_\_\_ of several ticket agencies where he hopes to buy the tickets using his credit card. The company that provides him with Internet services, his \_\_\_\_\_, has recently improved its services and can now offer \_\_\_\_\_ access to the \_\_\_\_\_. This will make Zbig's connection to the Web much faster and easier so he's thinking of getting an upgrade.

3 Are these statements true or false?

	True	False
a The World-Wide Web is based in the USA.	<input type="checkbox"/>	<input type="checkbox"/>
b Broadband can only send electronic messages by phone.	<input type="checkbox"/>	<input type="checkbox"/>
c 'Surfing the Net' involves visiting lots of websites.	<input type="checkbox"/>	<input type="checkbox"/>
d Online companies are also known as dot-coms.	<input type="checkbox"/>	<input type="checkbox"/>
e Some companies only trade online and do not have conventional offices or shops.	<input type="checkbox"/>	<input type="checkbox"/>
f 'Going online' means the same as 'surfing the Net'.	<input type="checkbox"/>	<input type="checkbox"/>

4 Look at this diagram and label it by putting the terms from the box into their correct places to show the process of accessing the Internet. Each letter (a–d) represents one of the terms.

Internet Service Provider World-Wide Web website personal computer







● **globalization** N-UNCOUNT

**Globalization** is used to talk about the way in which big companies do business all over the world.

*Trends toward the globalization of industry have dramatically affected food production in California.*

*Some 30% say that globalization will be a vital means of lowering their costs or upgrading their technology.*

**Common Collocations**

anti-globalization      economic globalization

● **market** (markets) N-COUNT

The **market** for a particular type of thing is the number of people who want to buy it, or the area of the world in which it is sold.

*The foreign market was increasingly crucial.*

*...the Russian market for personal computers.*

● **global market** (global markets) N-COUNT

**global marketplace** N-SING

**worldwide market** (worldwide markets)

N-COUNT

People sometimes use expressions such as a **global market**, a **global marketplace**, and a **worldwide market** to talk about a market for something that exists throughout the world.

*Surely in a global market no country can afford to spend much more than its competitors on welfare if it is to keep down its costs and keep its citizens in jobs.*

*Increasingly, the nation's high-tech industries are depending on immigrants, engineers, scientists, and entrepreneurs to remain competitive in the global marketplace.*

*On-line services, such as the Internet, gave advertisers access to a worldwide market of up to 25 million users.*

● **global enterprise** (global enterprises) N-COUNT

**global business** (global businesses) N-COUNT

A **global enterprise** or a **global business** is a company or industry which sells its products or services in many different parts of the world.

*...global enterprises based in the advanced industrial nations.*

*'By piecemeal acquisition in Europe and Asia, BT is building a global business,' said Mr Roe.*

*Mobile phone sales are booming; telecommunications is one of the most profitable global businesses.*

● **global economy** N-SING

The **global economy** is the economies of all the countries of the world considered as a whole.

*He explained how staying competitive in the new global economy depended on how much a country invested, not just in high-tech machinery, but in training workers to use it.*

*Profits started to slide when the Gulf War threatened to paralyse the global economy.*

● **multinational** (multinationals)

① ADJ

A **multinational** company has branches or owns companies in many different countries.

*...a multinational company with operations in several countries and tens of thousands of employees performing a wide range of tasks.*

② N-COUNT

A **multinational** is the same as a multinational company.

*...multinationals such as Ford and IBM.*

**Common Collocations**

a multinational corporation      a multinational firm  
a multinational enterprise      a multinational company

● **deregulation** N-UNCOUNT

**Deregulation** is the removal of controls and restrictions in a particular area of business or trade.

*Since deregulation, banks are permitted to set their own interest rates.*

*The bright side of world financial deregulation is that countries such as Mexico have access to private capital on a scale unimaginable even a decade ago.*

● **liberalize** (liberalizes, liberalizing, liberalized) VERB  
**liberalization** N-UNCOUNT

When a country or government **liberalizes** its laws, it becomes less strict and allows people or companies more freedom.

**Liberalization** is the process of making laws less strict, so that people or companies have more freedom.

*Negotiators are working to eliminate most tariffs and trade barriers and to liberalize investment opportunities and trade-in services between the US and Canada.*

*The American economy stands to benefit the most from future trade liberalization.*

**Common Collocations**

to liberalize trade      to liberalize prices  
to liberalize an economy

➤ **global**: Topic 3.4; **restrictive practice**: Topic 10.3



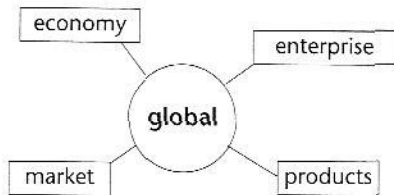
## PRACTISE YOUR VOCABULARY

### 1 Word Partners

a Match each of the terms on the left with a term on the right that has the same meaning.

- |                 |                     |
|-----------------|---------------------|
| an enterprise   | a worldwide market  |
| a global market | the marketplace     |
| a multinational | a business          |
| the market      | a global enterprise |

b Look at the word partners with the word global. Use each one to complete the sentences.



- i Some companies produce \_\_\_\_\_ that are easily recognized by people all over the world.
- ii The \_\_\_\_\_ has developed with the collapse of Soviet-style communism and the opening up of new countries to trade.
- iii Some companies now operate in so many countries that they are described as \_\_\_\_\_s.
- iv Since products are assembled from components made in numerous countries and then sold on to other countries' markets, we can talk of a \_\_\_\_\_.

### 2 Use the terms in the box to complete the paragraph.

*deregulation   liberalized   globalisation   global economy   multinational*

The tendency of companies to sell their products into many foreign markets, or \_\_\_\_\_, has led to the development of a global marketplace. In recent times markets in Eastern Europe have joined the \_\_\_\_\_. Since the governments of these countries \_\_\_\_\_ their laws relating to foreign trade many \_\_\_\_\_ companies have set up operations there to take advantage of the opportunity to enter such a huge new market. The process of \_\_\_\_\_ has made trade with Eastern Europe easier.

### 3 Which of these companies can be called a multinational?

- a Company A exports its products from Germany, where they are produced, to France and the UK.
- b Company B is based in Holland and has production bases in the USA and Mexico.
- c Company C is based in Australia, and exports to New Zealand and the Philippines.
- d Company D is based in Canada, where it has many production bases, and sells into its home market.



### ● flexible working patterns N-PLURAL

**Flexible working patterns** are arrangements in which some employees are allowed to vary the hours that they work in order to suit their personal needs.

*The study found that the growth of flexible working patterns was set to continue.*

*Seven in ten people who have flexible working patterns outperform their full-time colleagues by a third.*

### ● flexitime N-UNCOUNT

**Flexitime** is a system that allows employees to vary the time that they start or finish work, provided that an agreed total number of hours are spent at work. [BRIT]

*The Draft National Plan for Women is committed to promoting family-friendly policies, such as job-sharing and flexitime.*

*The company is also keen to introduce further flexitime working, with some workers possibly moving onto a four-day week.*

### ● teleworking N-UNCOUNT

**Teleworking** is working from home using equipment such as telephones, fax machines, and computers to keep in contact.

*Teleworking has increased substantially, with 39 per cent of businesses saying that their employees worked from home at least some of the time.*

*Teleworking is becoming a major force as people use the telephone and e-mail to allow them to work from home.*

### ● freelance

① ADJ

Someone who does **freelance** work or who is, for example, a **freelance** journalist or photographer, is not employed by one organization, but is paid for each piece of work they do by the organization they do it for.

*Michael Cross is a freelance journalist.*

*Jill was getting some freelance writing jobs from trade magazines.*

② ADV

If you work **freelance**, you do freelance work.

*He is now working freelance from his home in Hampshire.*

*She had a baby and decided to go freelance.*

### Common Collocations

to go freelance

to work on a freelance basis

### ● shift (shifts) N-COUNT

If a group of factory workers, nurses, or other people work **shifts**, they work for a set period before being replaced by another group, so that there is always a group working. Each of these set periods is called a **shift**. You can also use **shift** to refer to a group of workers who work together on a particular shift.

*His father worked shifts in a steel mill.*

*The night shift should have been safely down the mine long ago.*

### ● job share (job shares, job sharing, job shared)

① VERB

If two people **job share**, they share the same job by working part-time, for example one person in the mornings and the other in the afternoons.

*They both want to job share.*

② N-SING

A **job share** is an arrangement in which two people share the same job by both working part-time.

*One lady who works in a bank job share said 'I can have my career and I can see my kids. It's wonderful.'*

### ● career break (career breaks) N-COUNT

If someone takes a **career break**, they stop working in their particular profession for a period of time, with the intention of returning to it later. A **career break** is usually unpaid.

*Another major disadvantage for women is that many still take career breaks to bring up children, which cuts down the time they have to save towards a pension.*

*'I'm considering a career break so I can concentrate on playing rugby,' revealed the Bedford-based police officer.*

### ● long-hours culture N-SING

The **long-hours culture** is the way in which some workers feel that they are expected to work longer hours than they are paid to do.

*The report concluded: 'Our research confirms that Britain's long-hours culture is seriously undermining the quality of life. We must challenge this culture, for everyone's sake.'*

### ● part-time

① ADJ

If someone is a **part-time** worker, or has a **part-time** job, they work for only part of each day or week.

*Many businesses are cutting back by employing lower-paid part-time workers.*

② ADV

If someone works **part-time**, they work for only part of each day or week.

*I will continue to work part-time as a consultant after 60.*

### ● short-term ADJ

**Short-term** is used to describe things that will last for a short time, or things that will have an effect soon rather than in the distant future.

*The company has 90 staff, almost all on short-term contracts.*

➤ **work-life balance:** Topic 12.4; **salary:** Topic 14.2; **working conditions:** Topic 14.3; **absenteeism:** Topic 14.5



**PRACTISE YOUR VOCABULARY**

**1** Complete the sentences by putting one of these words or phrases in each space.

*teleworking    freelance    flexitime    job sharing    shifts    short-term contract*

- a John's company demands that he is in the office between 10.00 and 15.00 but he can start earlier than that and finish later than that as long as he works 40 hours per week. He is working \_\_\_\_\_.
- b This is the worst week of the month for Mary because this week she's working nights. Next week is the best, because then she'll be at home when her daughter comes in from school. She's working \_\_\_\_\_.
- c Pat works for a large insurance firm but he only goes to their office one day a week. For the other four he works at home and keeps in touch by e-mail, fax and phone. He's \_\_\_\_\_.
- d Peter is a journalist. He writes for a variety of papers. This week it's the Financial Times, last week it was the Wall Street Journal. He decides how much work he does and when he works and completes his own accounts for tax purposes. He's working \_\_\_\_\_.
- e Heidi is working at a food processing plant in Germany. She's worked there for two months, and her job finishes at the end of this month. She hopes the company will renew her contract for another three months. She's working on a \_\_\_\_\_.
- f Mary and Jane are both receptionists for a PR firm. Mary works there on Monday and Tuesday, Jane then takes over for the rest of the week. They are \_\_\_\_\_.

**2** Are these statements true or false?

- |   | True                     | False                    |
|---|--------------------------|--------------------------|
| a When a worker is on a career break they are unpaid.   | <input type="checkbox"/> | <input type="checkbox"/> |
| b Part-time workers do not have a full-time job.  | <input type="checkbox"/> | <input type="checkbox"/> |
| c Flexitime workers always start their working day at the same time.  | <input type="checkbox"/> | <input type="checkbox"/> |
| d Shift workers always work at night.   | <input type="checkbox"/> | <input type="checkbox"/> |
| e Freelance journalists receive a regular salary from the newspaper company they work for.                    | <input type="checkbox"/> | <input type="checkbox"/> |
| f Companies which offer flexible working patterns give their employees more control over their hours of work. | <input type="checkbox"/> | <input type="checkbox"/> |
| g If a company has a long-hours culture, its workers often stay late at work.                                 | <input type="checkbox"/> | <input type="checkbox"/> |

**3** Some estimates suggest that up to one third of the workforce could eventually be teleworkers. List the benefits to a company and to the employee of this way of working. Choose from the list below.

*no commuting    smaller premises    flexible working hours    wider choice of potential employees    lower overheads  
no restrictions on where you live*

COMPANY	EMPLOYEE



## ● business (businesses)

1 N-COUNT

A **business** is an organization which produces and sells goods or which provides a service.

*The company was a family business.*

*He was short of cash after the collapse of his business.*

*The cost of eating out is likely to rise if Granada succeeds in its £3.4 billion takeover bid for Forte, the international hotel and catering business.*

2 N-UNCOUNT

**Business** is work relating to the production, buying and selling of goods or services. **Business** is also used when talking about how many products or services a company is able to sell. If **business** is good, a lot of products or services are being sold, and if **business** is bad, few of them are being sold. **Business** is also work or some other activity that you do as part of your job and not for pleasure.

*...young people seeking a career in business.*

*Jennifer has an impressive academic and business background.*

*They worried that German companies would lose business.*

*Business is booming.*

*I'm here on business.*

*...business trips.*

### Common Collocations

a business fails                      a business goes bust  
a business goes under              the business community  
to downsize a business

## ● concern (concerns) N-COUNT

You can refer to a company or business as a **concern**, usually when you are describing what type of company or business it is.

*If not a large concern, Queensbury Nursery was at least a successful one.*

*There used to be a football club at Old Trafford, but now there is a monolithic business concern called Manchester United plc.*

## ● big business N-UNCOUNT

**Big business** is business which involves very large companies and very large sums of money.

*Big business will never let petty nationalism get in the way of a good deal.*

*Ministers from 24 nations including Australia meet in Antarctica this week to discuss threats to the region's natural resources, primarily from big business interests.*

## ● small business (small businesses) N-COUNT

A **small business** is a business that does not employ many people and earns relatively little money.

*...information on issues that affect small businesses.*

*...banks interested in attracting small business customers.*

## ● company (companies) N-COUNT

**firm** (firms) N-COUNT

A **company** or **firm** is a business or organization that makes money by selling goods or services.

*Sheila found some work as a secretary in an insurance company.*

*...the Ford Motor Company.*

*The firm's employees were expecting large bonuses.*

## ● venture (ventures) N-COUNT

A business **venture** is a commercial undertaking, such as the launch of a new company, in which there is a risk of loss as well as an opportunity for profit.

*His first business venture was a clothes shop in Rose Street.*

*...people interested in starting a commercial venture.*

## ● enterprise (enterprises) N-COUNT

An **enterprise** is a company or business, often a small one.

*There are plenty of small industrial enterprises.*

*Pressure from the workers is likely to grow and may eventually force the government to give its oil enterprises freedom to act like private companies.*

## ● corporation (corporations) N-COUNT

**corporate** ADJ

A **corporation** is a large business or company. **Corporate** means relating to business corporations or to a particular business corporation.

*...multi-national corporations.*

*Lotus Development Corporation co-developed the compact computer with H-P.*

*This established a strong corporate image.*

## ● commerce N-UNCOUNT

**Commerce** is the activities and procedures involved in buying and selling things.

*They have made their fortunes from industry and commerce.*

*Shifts in agriculture promoted and reflected changes in commerce.*

## ● commercial ADJ

1 **Commercial** means involving or relating to the buying and selling of goods.

*Docklands in its heyday was a major centre of industrial and commercial activity.*

*Attacks were reported on vehicles and commercial premises.*

2 **Commercial** organizations and activities are concerned with making money and profits, rather than, for example, with scientific research or providing a public service.

*Conservationists in Chile are concerned over the effects of commercial exploitation of forests.*

*Whether the project will be a commercial success is still uncertain.*

➡ **multinational**: Topic 1.4; **turnover**: Topic 6.1



**PRACTISE YOUR VOCABULARY**

1 Use the terms in the box to complete the sentences.

*big business    commerce    small businesses    corporations    firm*

- a A business, company or \_\_\_\_\_ is an organization that sells goods or services.
- b Business is also referred to as \_\_\_\_\_.
- c The term \_\_\_\_\_ can refer to large business organizations or to any business activity that makes a lot of money.
- d Large companies are referred to as \_\_\_\_\_.
- e Small companies are referred to as \_\_\_\_\_ or small firms.

2 Find five words in the list that are synonyms for a business (list A), and one word that is a synonym for business (list B) and add them to the table.

- a company                      c enterprise                      e commerce
- b firm                              d business concern              f business venture

List A	List B
a business	business

3 Complete each sentence with the correct form of one of the words from list A or list B.

- a Most governments try to create an economic environment that will help \_\_\_\_\_ and trade.
- b Some \_\_\_\_\_ such as Coca-Cola and Nike are internationally famous.
- c Many students study \_\_\_\_\_ at college.
- d In recent years some \_\_\_\_\_ involved in new technology have become very wealthy.

4 Circle the correct answer to each question. Use the information in the table to help you.

- a Seaton Industries has a turnover of around £55m. In other words it is a small firm/corporation
- b Robbins Inc. employs around 300,000 people. In other words it is a small/medium/large firm.
- c In the UK, firms employing less than 20 staff make up 97% of all businesses. They are small businesses/corporations.

	Number of employees	Turnover
a small business	50 or fewer	£2.8m or below
a medium firm	between 50 and 250	£11.2m or below
a large firm/corporation	usually over 250	usually more than £11.2m



## ● industry (industries)

□ N-UNCOUNT

**Industry** is the work and processes involved in collecting raw materials and making them into products in factories.

*British industry suffers through insufficient investment in research. ...in countries where industry is developing rapidly.*

□ N-COUNT

A particular **industry** consists of all the people and activities involved in making a particular product or providing a particular service.

*...the motor vehicle and textile industries.  
...the Scottish tourist industry.*

## ● sector (sectors) N-COUNT

A particular **sector** of a country's economy is the part connected with that specified type of industry.

*...the nation's manufacturing sector.  
...the service sector of the Hong Kong economy.*

- **primary sector** (primary sectors) N-COUNT
- **secondary sector** (secondary sectors) N-COUNT
- **industrial sector** (industrial sectors) N-COUNT
- **tertiary sector** (tertiary sectors) N-COUNT
- **service sector** (service sectors) N-COUNT

The **primary sector** is the part of a country's economy that consists of industries which produce raw materials. The **secondary** or **industrial sector** consists of industries which produce things from raw materials, for example manufacturing and construction. The **tertiary** or **service sector** consists of industries which provide a service, such as transport and finance.

*Developing countries are characterized by very large primary sectors and small industrial and service sectors.  
In 1930 a third of all women in the secondary sector worked in the textile industry.  
The average Irish woman working in the industrial sector is paid 65% less than her male counterpart.  
...economies that are slowly increasing the proportion of their labour force in the tertiary sector.  
Industries in the service sector that employ any number of low-paid workers would be especially hit by the implementation of a minimum wage.*

## ● private sector N-SING

### public sector N-SING

The **private sector** is the part of a country's economy which consists of industries and commercial companies that are not owned or controlled by the government. The **public sector** is the part of a country's economy which is controlled or supported financially by the government.

*...small firms in the private sector.  
...the gap between the salaries of public and private sector employees.  
To keep economic reform on track, 60,000 public-sector jobs must be cut.*

- **corporate sector** (corporate sectors) N-COUNT
- **financial sector** (financial sectors) N-COUNT
- **personal sector** (personal sectors) N-COUNT
- **household sector** (household sectors) N-COUNT

The private sector can be divided into the **corporate sector** (businesses that supply goods and services), the **financial sector** (businesses that provide financial services), the **personal sector** (private individuals) and the **household sector** (private households).

*...African countries which have an underdeveloped corporate sector.  
Many other funds that concentrate on the financial sector have almost doubled over five years.  
In the days when the personal sector saved more than it borrowed, falling inflation and high real interest rates meant people had more money.  
Wider share ownership is not the way to promote the household sector's investment in new manufacturing industry.*

## ● public sector enterprise (public sector enterprises) N-COUNT

A **public sector enterprise** is a commercial venture that is controlled or supported financially by the government.

*Investment Corporation of Pakistan (ICP), another public sector enterprise, held 5.86% of the company's stock.*

## ● productive sector (productive sectors) N-COUNT

The **productive sector** is the part of a country's economy consisting of industries and companies which produce goods that can be sold at home or abroad.

*...goods that are required by the productive sector.  
...a rapid diffusion and growth of technologies, such that industry became the dominant productive sector.*

## ● goods N-PLURAL

**Goods** are things that are made to be sold.

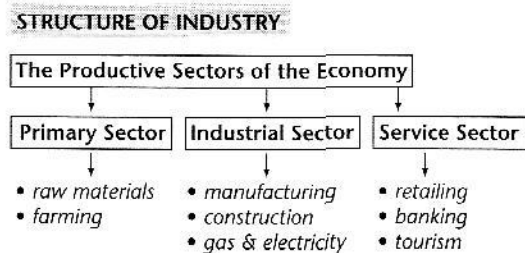
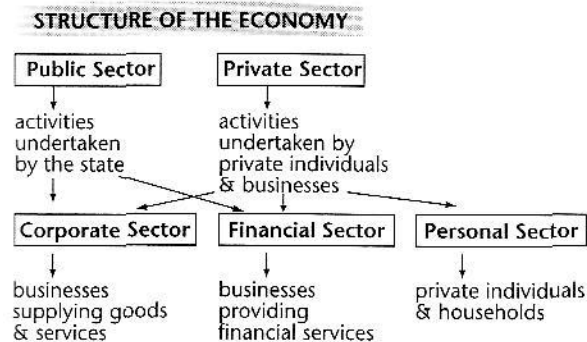
*Money can be exchanged for goods or services.  
...a wide range of consumer goods.*

➡ **developing:** Topic 4.1; **service industry:** Topic 12.2



**PRACTISE YOUR VOCABULARY**

1 There are many ways of describing the different parts of the economy. Look at the two diagrams showing the main classifications of economic activity and answer the questions.



Put each of the following examples of economic activity in the correct column in the table.

- |                  |                  |                   |                        |                     |
|------------------|------------------|-------------------|------------------------|---------------------|
| a Machinery hire | e Car production | i Supply of water | m Computer programming | q Gold mining       |
| b Pig farming    | f Coal mining    | j Ship building   | n Financial services   | r Producing clothes |
| c Catering       | g Oil drilling   | k House building  | o Car hire             |                     |
| d Insurance      | h Graphic design | l Forestry        | p Food processing      |                     |

the primary sector	the industrial sector	the service sector

2 Developed countries have small primary sectors and large industrial and service sectors, whereas developing countries depend mainly on the primary sector. Look at this table and answer the questions that follow it.

Country	Primary Sector as % of total economy	Industrial Sector as % of total economy	Service Sector as % of total economy
A	10%	35%	55%
B	65%	20%	15%
C	30%	50%	20%

Which country do you think is likely to be described as:

- a an underdeveloped economy    b a developing economy    c a developed economy

3 Complete the sentences with an appropriate term from the box.

*goods   public sector enterprises   industries   public   private   financial   productive   service*

- a The manufacturing sector consists of a variety of manufacturing \_\_\_\_\_.
- b Companies that are owned by shareholders or private individuals are in the \_\_\_\_\_ sector.
- c A nationalized industry, run by the state, is in the \_\_\_\_\_ sector, and the companies in this sector are examples of \_\_\_\_\_.
- d Any company that produces \_\_\_\_\_ or products is in the \_\_\_\_\_ sector.
- e Banks are located within the \_\_\_\_\_ sector of the economy, or in the \_\_\_\_\_ sector of industry.





### ● start-up (start-ups)

① ADJ

A **start-up** company is a small business that has recently been started by someone.

*Thousands of start-up firms have entered the computer market.*

② N-COUNT

A **start-up** is a small business that has recently been started by someone.

*For now the only bright spots in the labor market are small businesses and high-tech start-ups.*

#### Common Collocations

a business start-up      an Internet start-up  
start-up costs          start-up capital  
start-up company

### ● business plan (business plans) N-COUNT

A **business plan** is a detailed plan for setting up or developing a business, especially one that is written in order to borrow money.

*She learned how to write a business plan for the catering business she wanted to launch.*

### ● lender (lenders) N-COUNT

**bank manager** (bank managers) N-COUNT

**business angel** (business angels) N-COUNT

**venture capitalist** (venture capitalists) N-COUNT

**backer** (backers) N-COUNT

A **lender** is a person or an institution that lends money to people. A **bank manager** is someone who is in charge of a bank, or a particular branch of a bank, and who is involved in making decisions about whether or not to lend money to businesses and individuals. A **business angel** is a person who gives financial support to a commercial venture and receives a share of any profits from it, but who does not expect to be involved in its management. A **venture capitalist** is someone who makes money by investing in high risk projects. A **backer** is someone who helps or supports a project, organization, or person, often by giving or lending money.

*...the six leading mortgage lenders.*

*These files give details of your credit history and may have influenced your bank manager's decision not to give you a loan.*

*The number of companies financed by business angels increased by 51 year-on-year.*

*AME has been given \$45m worth of taxpayers' funds to stimulate the growth of multimedia companies by acting as a venture capitalist.*

*I was looking for a backer to assist me in the attempted buy-out.*

### ● stakeholder (stakeholders) N-COUNT

**Stakeholders** are people who have an interest in a company's or organization's affairs.

*The stakeholders in the workers' compensation system – employers, workers and their representatives, and the legal profession – have strong opinions.*

*You have to involve and seek the agreement of all the stakeholders and interested parties.*

### ● overheads N-PLURAL

**running costs** N-PLURAL

The **overheads** or **running costs** of a business are its regular and essential expenses, such as salaries, rent, and bills.

*We are having to cut our costs to reduce overheads.*

*The aim is to cut running costs by £90 million per year.*

#### Common Collocations

to cut overheads              to reduce overheads  
to have high overheads      to have low overheads  
annual running costs        day-to-day running costs  
to cover running costs

### ● cash flow N-UNCOUNT

**break-even figure** N-SING

**profit forecast** (profit forecasts) N-COUNT

The **cash flow** of a firm or business is the movement of money into and out of it. A **break-even figure** is the amount of money a company needs to make over a particular period of time in order not to make a loss. Any more money it makes after this will be profit. A **profit forecast** is a statement or set of figures which aims to predict how much money a company will make over a particular period of time.

*A French-based pharmaceuticals company ran into cash-flow problems and faced liquidation.*

*This should put the operation well on course for a break-even figure by the end of the year.*

*Woolworths exceeded the profit forecast last year when it lifted profit 17 per cent to \$200 million.*

#### Common Collocations

operating cash flow              negative cash flow  
positive cash flow              to reach break-even point

### ● budget (budgets) N-COUNT

The **budget** for something is the amount of money that a person, organization, or country has available to spend on it. The **budget** of an organization or country is its financial situation, considered as the difference between the money it receives and the money it spends.

*Some companies have a budget for external training.*

*The hospital needs to balance the budget each year.*

#### Common Collocations

a budget deficit                  budget cuts  
the budget for something      a balanced budget

➔ **return:** Topic 7.5; **expenditure:** Topic 8.2; **market research:** Topic 9.1; **supplier:** Topic 12.2; **income:** Topic 14.2



## PRACTISE YOUR VOCABULARY

- 1 Which people on the following list are backers? Write them in the box below. Which people on the list are stakeholders?

a lenders      c employees      e customers      g business angels      i the community  
 b shareholders      d bank managers      f suppliers      h venture capitalists

BACKERS

- 2 Look at these titles of business books. Choose one of the terms from the box to fill the gap in each title.

*overheads    break-even    backers    cash flow    business plan    budget*

a **GETTING \_\_\_\_\_ FOR YOUR PROJECT.**  
**HOW TO FIND INITIAL CAPITAL**

d **CONTROLLING \_\_\_\_\_**  
**KEEPING A HEALTHY BANK ACCOUNT**

b **HOW TO DRAW UP A \_\_\_\_\_**  
**DOCUMENTS THAT SHOW YOU MEAN BUSINESS**

e **REDUCE YOUR \_\_\_\_\_ NOW!**  
**CUT COSTS TO BOOST PROFITS**

c **BRINGING THE \_\_\_\_\_ POINT FORWARD.**  
**HOW TO START MAKING A PROFIT FASTER**

f **BALANCING YOUR \_\_\_\_\_**  
**HOW TO SPEND WISELY**

- 3 Which book do you think would have a chapter called:

a Checking income and expenditure  
 b The profit forecast  
 c When sales income and costs are balanced  
 d Allocating money and resources  
 e Financing a business start-up  
 f Keeping control of your running costs



- **sole trader** (sole traders) N-COUNT  
**sole proprietor** (sole proprietors) N-COUNT

A **sole trader** is a person who owns their own business and does not have a partner or any shareholders. The **sole proprietor** of a business is the owner of the business, when it is owned by only one person.

*Finance for a sole trader usually comes from the individual's own savings or from family and friends.*

*...a firm of solicitors of which he was the sole proprietor.*

- **partnership** (partnerships) N-VAR

**Partnership** or a **partnership** is a relationship in which two or more people, businesses, or industries work together as partners.

*...the partnership between Germany's banks and its businesses.*

*Alex and Mikhail were in partnership then: Mikhail handled the creative side; Alex was the financier.*

- **limited company** (limited companies) N-COUNT  
**limited liability company** (limited liability companies) N-COUNT

**Ltd** ABBREVIATION

A **limited company** or **limited liability company** is a company whose owners are legally responsible for only a part of any money that it may owe if it goes bankrupt. The word **Limited** or the abbreviation '**Ltd**' is used in the name of a company to show that it is a limited company. [mainly BRIT]

*They had plans to turn the club into a limited company.*

*There are advantages in being a limited liability company.*

*He is the founder of International Sports Management Limited.*

- **plc** (plcs) N-COUNT

In Britain a **plc** is a company whose shares can be bought by the public. **Plc** is usually used after the name of a company and is an abbreviation for 'public limited company'.

*...British Telecommunications plc.*

*This licence would not allow him to trade as a plc.*

- **franchise** (franchises, franchising, franchised)

① N-COUNT

A **franchise** is an authority that is sold to someone by an organization, allowing them to sell its goods or services or to take part in an activity which the organization controls.

*...the franchise to build and operate the tunnel.*

*Talk to other franchise holders and ask them what they think of the parent company.*

② VERB

If a company **franchises** its business, it sells franchises to other companies, allowing them to sell its goods or services.

*She has recently franchised her business.*

*It takes hundreds of thousands of dollars to get into the franchised pizza business.*

- **franchisee** (franchisees) N-COUNT  
**franchiser** (franchisers) N-COUNT  
**franchising** N-UNCOUNT

A **franchisee** is a person or group of people who buy a particular franchise. A **franchiser** is an organization which sells franchises. **Franchising** is the act of selling franchises in a business.

*Gianfranco Ferre, the Italian fashion house, has seen its main British franchisee go bust.*

*...Dunkin' Donuts, a franchiser of doughnut shops.*

*One of the most important aspects of franchising is the reduced risk of business failure it offers to franchisees.*

- **holding company** (holding companies) N-COUNT

A **holding company** is a company that has enough shares in one or more other companies to be able to control the other companies.

*...a Montreal-based holding company with interests in telecommunications, gas and natural resources.*

- **subsidiary** (subsidiaries) N-COUNT  
**parent company** (parent companies) N-COUNT  
**wholly-owned subsidiary** (wholly-owned subsidiaries) N-COUNT

A **subsidiary** is a company which is part of a larger and more important company, known as the **parent company**. A **wholly-owned subsidiary** is a company whose shares are all owned by another company.

*...British Asia Airways, a subsidiary of British Airways.*

*Each unit including the parent company has its own, local management.*

*The Locomotive Construction Company Ltd is a wholly-owned subsidiary of the Trust.*

- **sister company** (sister companies) N-COUNT

**Sister companies** are two or more companies which are owned by the same parent organization.

*...Midland Bank's sister company, the Hang Seng Bank.*

- **associated company** (associated companies) N-COUNT

An **associated company** is a company in which between 20% and 50% of the shares are owned by another company or group.

*A large shareholding should provide considerable influence (but not control) over the associated company.*

- **group** (groups) N-COUNT

A **group** is a number of separate commercial or industrial firms which all have the same owner.

*The group made a pre-tax profit of £1.05 million.*

- ➔ **multinational**: Topic 1.4



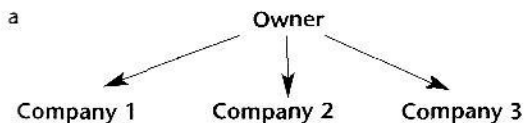
**PRACTISE YOUR VOCABULARY**

**1** Which terms refer to organizations that control another company, and which refer to companies whose shares are held by another company?

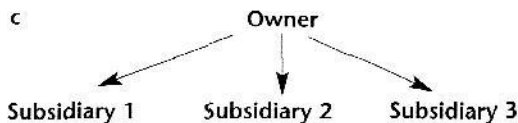
- a a holding company    b an associated company    c a parent company    d a subsidiary (company)

**2** Look at the four diagrams showing corporate relationships and complete each sentence with one of the terms below.

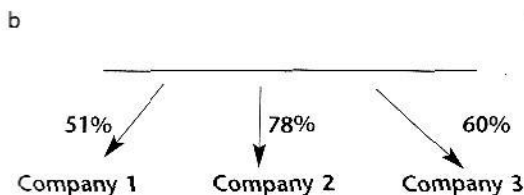
*sister companies    group    associated companies    holding company*



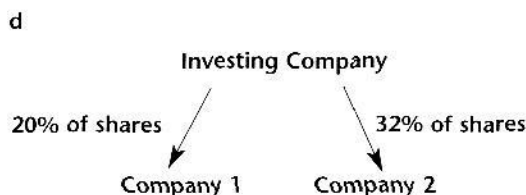
The three companies are an example of a \_\_\_\_\_.



The three subsidiaries are \_\_\_\_\_.



The main company is a \_\_\_\_\_.



Companies 1 and 2 are examples of \_\_\_\_\_.

**3** Use each term in the box to complete the paragraph.

*franchisees    franchise    franchise agreement    franchising    franchiser*

A company that wants to expand rapidly may choose \_\_\_\_\_ as a method. Ultramoda, an Italian clothing company, is an example of a \_\_\_\_\_ operation. Ultramoda is the \_\_\_\_\_ and sells the right to sell goods using its name to \_\_\_\_\_. These other businesses, which sign a \_\_\_\_\_ with Ultramoda, are usually small businesses, whereas the franchiser is a large international company.

**4** Read the information about the four companies below and say which matches each of the terms in the box.

*a sole trader/sole proprietor    a partnership    a limited company    a plc*

- a Mike Cobb set up an art gallery last year. He owns the gallery and manages it by himself.
- b Craftplay is a medium-sized firm whose shares are available on the stock market.
- c Ovensclean went bankrupt last year, but its shareholders were not made responsible for all the money it owed.
- d Brothers Gianfranco and Giancarlo Belen recently set up an import-export company. They run the business together.



● **strategy** (strategies) N-COUNT

A **strategy** is a plan or set of plans intended to achieve something, especially over a long period.

*What should our marketing strategy have achieved?  
Community involvement is now integral to company strategy.*

● **grow** (grows, growing, grew, grown) VERB

If someone **grows** a business, they take actions that will cause it to increase in wealth, size, or importance.

*To grow the business, he needs to develop management expertise and innovation across his team.  
A lot of smaller enterprises have problems raising capital to grow their business.*

● **expansion strategy** (expansion strategies) N-COUNT

An **expansion strategy** is a set of planned policies and actions intended to make a company bigger or more successful.

*This confidence has enabled NWV to pursue an aggressive expansion strategy. Last year the firm tripled its business on the Continent.*

● **acquisition** (acquisitions) N-VAR

If a company or business person makes an **acquisition**, they buy another company or part of a company.

*...the acquisition of a profitable paper recycling company.  
The high street bank beat six other bidders to make the acquisition.*

● **takeover** (takeovers) N-COUNT

A **takeover** is the act of gaining control of a company by buying more of its shares than anyone else.

*...the proposed £3.4 billion takeover of Midland Bank by the Hong Kong and Shanghai.  
Now the French group is ready to launch a takeover bid for the whole company.*

**Common Collocations**

a hostile takeover      a proposed takeover  
a takeover offer      a takeover battle  
a takeover bid

● **joint venture** (joint ventures) N-COUNT

A **joint venture** is a business or project in which two or more companies or individuals have invested, with the intention of working together.

*Financial News Network announced today that it will be sold to a joint venture created by Dow Jones and Westinghouse Broadcasting.  
Chiroscience recently signed a joint-venture agreement with Medeva, giving Medeva the rights to license some of its discoveries.*

● **consortium** (consortia or consortiums) N-COUNT

A **consortium** is a group of people or firms who have agreed to co-operate with each other.

*The consortium includes some of the biggest building contractors in Britain.  
These teams will be asked to form consortia to take over the new health authorities being set up from next April.  
Four consortiums are bidding for two contracts to modernise track, signalling, stations and trains.*

● **join forces** (joins forces, joining forces, joined forces) PHRASE

If you **join forces** with someone, you work together in order to achieve a common aim.

*Both groups joined forces to persuade voters to approve a tax break for the industry.  
William joined forces with businessman Nicholas Court to launch the new vehicle.*

● **merge** (merges, merging, merged) VERB  
**merger** (mergers) N-COUNT

If one company **merges** with another, or **is merged** with another, they combine to form a single company. You can also say that two companies **merge**, or **are merged**. A **merger** is the joining together of two separate companies or organizations so that they become one.

*The C&G has said it will pay the bonus only to widows and widowers when it merges with Lloyds in August.  
He sees sense in merging the two agencies while both are new.  
...a merger between two of Britain's biggest trades unions.  
...the proposed merger of two Japanese banks.*

● **global reach** N-UNCOUNT

When people talk about the **global reach** of a company or industry, they mean its ability to have customers in many different parts of the world.

*The company does not yet have the global reach of its bigger competitors.  
It would have to grow by acquisitions or joint ventures to achieve global reach.*

● **local partner** (local partners) N-COUNT

A company's **local partners** are companies based in foreign countries with whom they form a partnership in order to help them to start doing business in that country.

*On-line banking services were already popular in the USA and Microsoft would seek local partners to develop the service in Australia.*

➔ **vertical integration:** Topic 1.1; **franchise:** Topic 2.4; **ailing:** Topic 7.4



### PRACTISE YOUR VOCABULARY

1 Look at the terms in the box and find two terms that refer to:

- a two or more companies working together
- b an increase in the size of the business
- c gaining control of another company
- d coming together formally or informally

*acquisition expansion join forces consortium grow the business merge joint venture takeover*

2 Are the following statements true or false?

- |   | True                     | False                    |
|---|--------------------------|--------------------------|
| a In a consortium, the companies concerned continue to exist independently of each other. | <input type="checkbox"/> | <input type="checkbox"/> |
| b Only one company invests in a joint venture.  | <input type="checkbox"/> | <input type="checkbox"/> |
| c A merger is intended to be temporary.   | <input type="checkbox"/> | <input type="checkbox"/> |
| d In a takeover, one of the companies may not like the idea of union.                     | <input type="checkbox"/> | <input type="checkbox"/> |
| e During an acquisition, one company may be taken over by another.                        | <input type="checkbox"/> | <input type="checkbox"/> |
| f Local partners are businesses which are based in a company's local area.                | <input type="checkbox"/> | <input type="checkbox"/> |
| g If a company joins forces with another company, one company takes control of the other. | <input type="checkbox"/> | <input type="checkbox"/> |

3 Use the terms in the box to complete the paragraph.

*local partner global reach business strategy expansion strategy*

A common \_\_\_\_\_ designed to increase market share is selling into new markets. It can be quite difficult to break into an overseas market, and finding a \_\_\_\_\_ can be very helpful. Their knowledge of local conditions makes it easier for the company to establish itself. If a company pursues such an \_\_\_\_\_ aggressively they will eventually have an international presence or \_\_\_\_\_.

4 Match the business strategies with the situations below.

*takeover joint venture local partner*

- a Cool-Cola is a British company. They would like to launch their product in Japan, and would like a Japanese company to help them to do this. They need a \_\_\_\_\_.
- b Supersavers is an ailing supermarket chain. BigFood plans to buy enough shares to take control of the company. It is planning a \_\_\_\_\_.
- c Max and Sarah have put their money together to develop a new computer game for the British market. This is a \_\_\_\_\_.



### ● free trade N-UNCOUNT

**Free trade** is a system which allows certain countries to buy and sell goods from each other without any financial restrictions such as taxes.

*The proposed free trade agreement between the US and Mexico came under fire today from environmentalists.*

*The two presidents want to replace the suspicions of the past with a new commercial relationship based on free trade.*

### ● export (exports) N-COUNT

#### import (imports) N-COUNT

#### visible export/import (visible exports/imports)

N-COUNT

#### invisible export/import (invisible exports/imports) N-COUNT

**Exports** are goods which are sold to another country and sent there. **Imports** are products or raw materials bought from another country for use in your own country. Trade in goods such as food, raw materials, and manufactured goods is known as **visible exports and visible imports**. Trade in services such as banking, insurance, and tourism is known as **invisible exports and invisible imports**.

*According to the September estimates, exports rose by 18%.*

*British video games have always been big in the US, but this year's imports have done particularly well.*

*In the UK visible imports have traditionally been greater than visible exports.*

*Tourism is Britain's single biggest invisible export.*

### Common Collocations

a ban on imports                      imports/exports **increase**  
imports/exports **decrease**

### ● balance of payments (balances of payments)

N-COUNT

A country's **balance of payments** is the difference, over a period of time, between the payments it makes to other countries for imports and the payments it receives from other countries for exports.

*Britain's balance of payments deficit has improved slightly.*

### ● trade deficit (trade deficits) N-COUNT

#### trade surplus (trade surpluses) N-COUNT

If a country has a **trade deficit**, the value of the goods it imports is greater than the value of the goods it exports. If a country has a **trade surplus**, it exports more than it imports.

*America's trade deficit grew sharply in February, widening to \$13.9 billion from a revised \$11.4 billion in January.*

*The country's trade surplus widened to 16.5 billion dollars.*

### ● exchange rate (exchange rates) N-COUNT

The **exchange rate** of a country's unit of currency is the amount of another country's currency that you get in exchange for it.

*The continuing strong performance by Scotland's exporters, despite the relatively high exchange rate, is very good news.*

### ● protectionism N-UNCOUNT

**Protectionism** is the policy some countries have of helping their own industries by putting a large tax on imported goods or by restricting imports in some other way.

*The aim of the current round of talks is to promote free trade and to avert the threat of increasing protectionism.*

### ● tariff (tariffs) N-COUNT

A **tariff** is a tax that a government collects on goods coming into a country.

*Each exporting country has an incentive to subsidize exports even when the importing country levies an import tariff.*

### ● customs duty (customs duties) N-VAR

**Customs duties** are taxes that people pay for importing and exporting goods.

*Foreign investors can now import and export goods without paying customs duties.*

*Customs duty on cotton is being removed to ensure cheaper availability of raw material.*

### ● quota (quotas) N-COUNT

A **quota** of something is an official limit on the minimum or maximum number of them that is allowed.

*At present, farmers are given a set quota of sheep to produce in return for a subsidy under the common agricultural policy.*

*Sometimes it's cod we're throwing back into the water because we can't exceed our quota, other times it's plaice or haddock.*

### ● domestic market (domestic markets) N-COUNT

A **domestic market** is the market which exists within a particular country.

*More of us are holidaying at home too – Mr Davern said the domestic market was worth 24 per cent of tourism earnings.*

### ● open market N-SING

Goods that are bought and sold on the **open market** are advertised and sold to anyone who wants to buy them.

*The Central Bank is authorized to sell government bonds on the open market.*

### ● World Trade Organization N-PROPER

WTO ABBREVIATION

The **World Trade Organization** is an international organization that encourages and regulates trade between its member states. The abbreviation **WTO** is also used.

*... institutions such as the World Bank and the World Trade Organization.*

*In 1998 the WTO agreed with the US that Europe was going against WTO rules of free trade.*

### ➤ USP: Topic 9.4



### PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

*free trade   protectionism   tariffs   customs duties   quotas   imports   exports   exchange rates*

The WTO was set up in 1995 to encourage free trade in the global marketplace. It is therefore designed to resist \_\_\_\_\_ . No new barriers to trade can be set up, and governments cannot set new \_\_\_\_\_ or \_\_\_\_\_ or increase ones that already exist as these are really taxes that prevent \_\_\_\_\_ . Similarly the WTO opposes the use of \_\_\_\_\_ since these limit the amount of \_\_\_\_\_ coming into a country. This may protect a country's industry in the short term, but if its trading partners reply with similar measures, then \_\_\_\_\_ will suffer. The WTO governs trade in many products and raw materials, but the world of finance is largely outside of its scope, therefore it has no control over \_\_\_\_\_ .

- 2 Circle the terms below which encourage the movement of goods across borders.

*favourable exchange rates   customs duties   WTO   tariffs   import quotas   protectionism   free trade agreements*

- 3 Match each headword on the left with a set of examples on the right.

- |                   |   |
|-------------------|---|
| a imports         | i taxes, tariffs, quotas on imported goods            |
| b free trade      | ii wheat, oil, tobacco being brought into the country |
| c domestic market | iii no taxes, restrictions or quotas on imports       |
| d exports         | iv rice, chocolate, wool being sent abroad            |
| e open market     | v customers in the same country                       |
| f exchange rates  | vi products available to anyone willing to buy        |
| g protectionism   | vii £1.00 = \$2.50                                    |

- 4 Look at the list of a country's imports. Which are visible and which are invisible?

*bananas   oil   cars   insurance   tourism   processed food   rice*

Visible	Invisible

- 5 Look at these figures describing the trade between three states and decide whether the statements which follow are true or false.

ALAND		BELAND	
exports to Beland	£100M	exports to Aland	£75M
imports from Beland	£75M	imports from Aland	£100M
exports to Celand	£150M	exports to Celand	£55M
imports from Celand	£50M	imports from Celand	£75M

- |   |                          |       |                          |
|---|--------------------------|-------|--------------------------|
| a Beland has got a trade deficit with Aland.                | <input type="checkbox"/> | True  | <input type="checkbox"/> |
| b Celand has got a positive balance of payments with Aland. | <input type="checkbox"/> | False | <input type="checkbox"/> |
| c Celand has got a trade surplus with Beland.               | <input type="checkbox"/> |       | <input type="checkbox"/> |
| d Aland has got the best balance of payments figures.       | <input type="checkbox"/> |       | <input type="checkbox"/> |
| e Beland has got the worst balance of payments figures.     | <input type="checkbox"/> |       | <input type="checkbox"/> |





### ● flight of capital N-UNCOUNT

**Flight of capital** is when people lose confidence in a particular country's economy, and so start to remove their money from that country. This often has the effect of making that country's economic situation worse.

*The interest-rate rise should slow the flight of capital.  
TI has seen its shares suffer because of a flight of capital to telecom and Internet-related businesses.*

### ● infrastructure (infrastructures) N-VAR

The **infrastructure** of a country, society, or organization consists of the basic facilities such as transport, communications, power supplies and buildings, which enable it to function.

*The infrastructure, from hotels to transport, is old and decrepit.  
...improvements in the country's infrastructure.*

#### Common Collocations

an infrastructure **project**  
infrastructure **investment**  
infrastructure **spending**  
infrastructure **development**

### ● deregulate (deregulates, deregulating, deregulated) VERB

#### deregulation N-UNCOUNT

To **deregulate** something means to remove controls and regulations from it. **Deregulation** is the removal of controls and restrictions in a particular area of trade.

*Once wholesale prices are deregulated, consumer prices will also rise.*

*Deregulation of the power market is not necessarily the best option, because free market principles seldom work when there is no free market.*

### ● dump (dumps, dumping, dumped) VERB

If one country **dumps** goods in another country, the first country exports a very large quantity of cheap goods to the second country.

*The Commerce Department has ruled that the Japanese companies have been dumping minivans at unfairly low prices in the US.*

*The US will dump 22,000 tonnes of subsidised milk powder, butterfat and cheese onto Australia's traditional markets in Asia.*

### ● subsidy (subsidies) N-UNCOUNT

A **subsidy** is money that is paid by a government or other authority in order to help an industry or business, or to pay for a public service.

*European farmers are planning a massive demonstration against farm subsidy cuts.*

*They've also slashed state subsidies to utilities and transportation.*

### ● recession (recessions) N-VAR.

A **recession** is a period when the economy of a country is doing badly, for example because industry is producing less and more people are becoming unemployed.

*The recession caused sales to drop off.*

*We should concentrate on sharply reducing interest rates to pull the economy out of recession.*

#### Common Collocations

a deep recession	to sink into a recession
a severe recession	to come out of a recession
a global recession	to emerge from a recession
recession-proof	recession-hit

### ● inward investment N-UNCOUNT

**Inward investment** is the investment of money in a country by companies from outside that country.

*The UK is the main location in Europe for inward investment and the third largest recipient of inward investment in the world.*

### ● law (laws)

1 N-SING

The **law** is a system of rules that a society or government develops in order to deal with crime, business agreements, and social relationships. You can also use the law to refer to the people who work in this system.

*It is against the law to discriminate on the basis of sex, age, marital status, or race.*

*Trading-standards officers suspect that many firms are breaking the law by not advertising the full cost of last-minute holidays.*

2 N-COUNT

A **law** is one of the rules in a system of law which deals with a particular type of agreement, relationship, or crime.

*French lorry drivers say they will be put out of business by the new law which cuts the working week from 39 to 35 hours.*

#### Common Collocations

to change a law	to become law
to pass a law	to break the law
law-abiding	by law
law enforcement	against the law

### ● regulation (regulations) N-COUNT

**Regulations** are rules made by a government or other authority in order to control the way something is done or the way people behave.

*The European Union has proposed new regulations to control the hours worked by its employees.*

*Under pressure from the American government, Fiat and other manufacturers obeyed the new safety regulations.*

### ☛ boom: Topic 7.1



### PRACTISE YOUR VOCABULARY

1 Match the statements on the left with a sentence on the right that has the same meaning.

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>a There has been a flight of capital.</li> <li>b Businesses cannot succeed without the backup of a good infrastructure.</li> <li>c The government is going to deregulate the industry.</li> <li>d The company has been dumping its products.</li> <li>e The government is increasing its subsidies to agriculture.</li> <li>f There is a recession.</li> <li>g Inward investment is increasing.</li> <li>h The government has introduced new car safety regulations.</li> </ul> | <ul style="list-style-type: none"> <li>i Profits are falling and unemployment is rising.</li> <li>ii It will put more money into the sector to protect it from foreign competition.</li> <li>iii It is going to remove rules that limit the way management can operate.</li> <li>iv Large amounts of money have been moved out of the country in a short space of time.</li> <li>v Manufacturers are obliged to obey national rules relating to the design of their product.</li> <li>vi Foreign business is putting more capital into its operations in our country.</li> <li>vii It has been selling abroad at below the cost of production in order to ruin its competitors.</li> <li>viii They need to use the transport system and they need an educated and healthy workforce.</li> </ul> |
|--|---|

2 Your company wants to start manufacturing in country X. Which of the following points would make you feel confident (plus points) about investing, and which ones would worry you (minus points)?

	plus points	minus points
<ul style="list-style-type: none"> <li>a There has been a recent flight of capital from the country.</li> <li>b The transport infrastructure is well-maintained.</li> <li>c Many industries have been deregulated.</li> <li>d Many European countries dump their products there.</li> <li>e Government subsidies are available for foreign investors.</li> <li>f The country is in recession.</li> <li>g There are many regulations concerning workers' wages.</li> <li>h The country attracts inward investment from the Japanese.</li> </ul>		

3 Which of the following statements are true and which are false?

	True	False
a If an industry dumps its products abroad it can cause problems for the same industry in the receiving country.	<input type="checkbox"/>	<input type="checkbox"/>
b Most governments like to try to prevent any increase in inward investment.	<input type="checkbox"/>	<input type="checkbox"/>
c Some governments give subsidies to sectors of the economy which are threatened by overseas competition.	<input type="checkbox"/>	<input type="checkbox"/>
d Deregulation can increase the range of options for management.	<input type="checkbox"/>	<input type="checkbox"/>
e A flight of capital is a sign that a government's economic policies are popular with business.	<input type="checkbox"/>	<input type="checkbox"/>
f During a recession people buy more and sales figures go up.	<input type="checkbox"/>	<input type="checkbox"/>
g If a government announces that it will be increasing investment in its country's transport infrastructure, most businesses will be pleased.	<input type="checkbox"/>	<input type="checkbox"/>
h All governments like to take credit for economic booms.	<input type="checkbox"/>	<input type="checkbox"/>



● **compete** (competes, competing, competed) VERB  
**competitor** (competitors) N-COUNT

When one firm or country **competes** with another, it tries to get people to buy its own goods in preference to those of the other firm or country. You can also say that two firms or countries **compete**. A company's **competitors** are companies who are trying to sell similar goods or services to the same people.

*The stores will inevitably end up competing with each other in their push for increased market shares.*

*Banks and building societies are competing fiercely for business. The American economy, and its ability to compete abroad, was slowing down according to the report.*

*The bank isn't performing as well as some of its competitors.*

**Common Collocations**

to compete successfully  
 to compete fiercely  
 to compete effectively  
 to see off a competitor  
 a close competitor

a major competitor  
 to lose ground to a competitor  
 a direct competitor

● **competitive edge** N-COUNT

If a company has a **competitive edge**, it has advantages such as new skills or new technology which make it more likely to attract business than its competitors.

*The Japanese government also works with its industries to help them develop a competitive edge.*

*Quality of service is becoming an increasingly important consideration in maintaining a competitive edge in all markets.*

● **competitive advantage** (competitive advantages) N-COUNT

A **competitive advantage** is something that makes one particular company or economy more likely to succeed than others.

*By keeping wage rises down, Germany and France have made their goods cheaper to buy. That gives them a huge competitive advantage over us.*

*... a general shift towards using IT systems to gain competitive advantage, rather than merely automating existing processes within the business.*

● **key player** (key players) N-COUNT

If someone or something is a **key player** in a particular organization, event, or situation, they are one of the most important people or things involved in it.

*The former deputy chairman was a key player in a number of the deals that pushed the bank to the top of the list.*

*The Federal Government regards BHP's move as a vindication of its concerted effort to confirm Australia as a key player in the financial affairs of Vietnam.*

● **monopoly** (monopolies) N-VAR

① If a company, person, or state has a **monopoly** on something such as an industry, they have complete control over it, so that it is impossible for others to become involved in it.

*... Russian moves to end a state monopoly on land ownership.*

② A **monopoly** is a company which is the only one providing a particular product or service.

*... a state-owned monopoly.*

**Common Collocations**

a near monopoly  
 a virtual monopoly

to break a monopoly  
 to end a monopoly

● **market leader** (market leaders) N-COUNT

A **market leader** is a company that sells more of a particular product or service than most of its competitors do.

*We are becoming one of the market leaders in the fashion industry.*

*It means that the market leader has a very strong grip on the market, so if you want to be profitable you have got to be number one, or maybe number two.*

● **best-seller** (best-sellers) N-COUNT

A **best-seller** is a product which is very popular and of which a great number has been sold.

*When it goes on sale in June it confronts tough opposition such as the VW Golf, Vauxhall Astra and the UK best-seller, the Ford Focus.*

*Her books have topped best-seller lists throughout the world.*

● **rival** (rivals) N-COUNT

Your **rival** is a person, business, or organization that you are competing against in the same area or for the same things.

*BTP, one of Britain's few remaining chemical companies, has been bought by a Swiss rival.*

*Two problems facing the tourism ministry were how to boost winter tourism, ensure a constant water supply, and see off new rivals such as Croatia and Egypt.*

➔ **public sector enterprise**: Topic 2.2; **economies of scale**: Topic 8.2; **brand name**: Topic 9.4; **market**: Topic 12.1; **market share**: Topic 12.1



### PRACTISE YOUR VOCABULARY

- 1 Complete the paragraph with the correct term from the box.

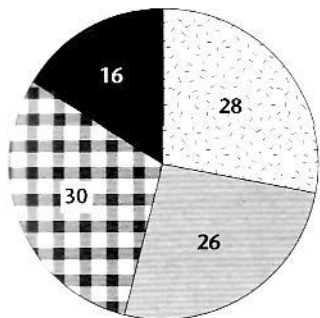
*competitive edge   compete   monopolies   competitive advantage   competitors   key players*

\_\_\_\_\_ are organizations selling products or services in the same market, and they can also be the products or services themselves. Competitors \_\_\_\_\_ with each other. Commentators talk about the things that give one company or product its \_\_\_\_\_ or \_\_\_\_\_ over others. Competitors in a market are players, and the most important ones are \_\_\_\_\_. Companies without competitors are \_\_\_\_\_.

- 2 Match the beginning of each sentence on the left with the end of the sentence on the right.

- |   |   |
|---|---|
| i In the global market place companies try              | a help increase market share.             |
| ii Having a competitive advantage over their rivals can | b to gain a competitive edge.             |
| iii Companies can gain an edge                          | c become a market leader.                 |
| iv A successful brand can help a company                | d by having a major brand or best-seller. |

- 3 Look at the pie chart showing the market share of four car manufacturers and answer the questions.



- Airle Rapide
- Auto Vitesse
- Moto Swift
- Thomson Brio

- a Which company is the market leader in this sector?
- b Which of its cars is a best-seller?
- c Who are the other key players in the market?
- d Does any company have a monopoly in this market?
- e Which company has seen off its rivals most successfully?
- f Which company needs to develop a stronger competitive edge?

- 4 Read the definitions and decide if they are true or false.

- |   | True                     | False                    |
|---|--------------------------|--------------------------|
| a A well-established brand name can give a company a competitive edge.                    | <input type="checkbox"/> | <input type="checkbox"/> |
| b If a company's profits are good, they don't need to worry about their competitors.      | <input type="checkbox"/> | <input type="checkbox"/> |
| c A company only needs to sell a few of a high-priced product for it to be a best-seller. | <input type="checkbox"/> | <input type="checkbox"/> |
| d Market leaders often have a competitive advantage.                                      | <input type="checkbox"/> | <input type="checkbox"/> |
| e Many public sector enterprises have a monopoly in the market.                           | <input type="checkbox"/> | <input type="checkbox"/> |



● **global** ADJ  
**global brand** (global brands) N-UNCOUNT

You can use **global** to describe something that happens in all parts of the world or affects all parts of the world. A **global brand** is a brand which is sold and recognized throughout the world.

...a proposed international agreement liberalising **global** trade.  
 We are already familiar with **global brands** such as Coca-Cola, McDonald's and Microsoft.

● **align** (aligns, aligning, aligned) VERB

If a company **aligns** its products with a particular market, it tries to present them in a way that suggests they are suitable for that market or similar to other products within that market.

To better **align** its huge array of products with today's consumer tastes, K&F is now making a concerted effort to become a leader in the low-fat to no-fat foods arena.

...a branding strategy to more directly **align** the group with the globally recognised brand of its French parent, AXA.

● **core values** N-PLURAL

A group or organization's **core values** are the things they believe in and consider to be most important.

With all that change going on, one of my most important jobs is keeping the company focused on our **core values**.

The **core values** of this firm are respect for the individual, treating the individual with dignity, and teamwork.

● **standardize** (standardizes, standardizing, standardized) VERB  
**standardized** ADJ

To **standardize** things means to change them so that they all have the same features. **Standardized** products are products which have been changed so that they all have the same features.

There is a drive both to **standardize** components and to reduce the number of models on offer.

If people do not prefer differentiated products to **standardized** products, why would a business expend resources seeking to destandardize its particular product?

● **product differentiation** N-UNCOUNT

**Product differentiation** refers to the way that a particular product is presented to the public in order to distinguish it from other, similar products.

Consumers today enjoy univalued choice. But sometimes it is possible to think that what marketing people call '**product differentiation**' has gone too far.

They cannot seize a significant part of the market unless they achieve **product differentiation**.

● **product line** (product lines) N-COUNT  
**product mix** (product mixes) N-COUNT  
**product portfolio** (product portfolios) N-COUNT  
**product range** (product ranges) N-COUNT

A **product line** is a group of related products produced by one manufacturer, for example products that are intended to be used for similar purposes or to be sold in similar types of shops. A company's **product mix** is the range of products that it produces. A **product range** or **product portfolio** is all the products sold by a particular company.

A well-known UK supermarket launches more than 1,000 new **product lines** each year.

The **product mix** is 25% toys and games, 25% gifts, 25% design items, 15% electronic items, and 10% fitness-oriented merchandise.

Unilever's **product range** spans food, teas, detergents, deodorants, soaps and hair-care.

We intend to position Kambrak as a value brand within our current **product portfolio**.

● **target market** (target markets) N-COUNT

A **target market** is a market in which a company is trying to sell its products or services.

We decided that we needed to change our **target market** from the over-45s to the 35-45s.

○ **globalization**: Topic 1.4; **multinational**: Topic 1.4;  
**corporation**: Topic 2.1; **life cycle**: Topic 9.2



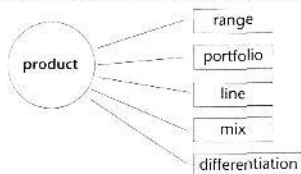
## PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

*product range    product portfolio    global brands    brands    product mix    aligned    brand    product differentiation*

The combination of products that a business sells is known as the \_\_\_\_\_. The American multinational McCann and Muir, for example, have pharmaceuticals, fragrances, consumer products, cleaning products and beauty care products in their \_\_\_\_\_. Their cleaning products include a \_\_\_\_\_ of soap powders including \_\_\_\_\_ such as Brash, Saturn and Brill. A \_\_\_\_\_ is a product which customers see as different from other similar ones available. McCann and Muir knows that different products satisfy different needs, and that's why \_\_\_\_\_ is important. Their customers may choose Brill because it's advertised as offering high quality at an affordable price, or Brash because it combines detergent and conditioner for convenience, for example. Many of their \_\_\_\_\_ are sold around the world, others are \_\_\_\_\_ to meet the needs of specific markets.

- 2 Look at the five word pairs and use each one to complete the sentences.



- a A well-organized business usually tries to manage the \_\_\_\_\_ by introducing new products into their portfolio as old ones reach the end of their life cycle.
- b The product mix includes \_\_\_\_\_, or groups of products that are closely related to one another.
- c Giving products separate identities, or \_\_\_\_\_, gives consumers as much choice as possible.
- d The particular mix of products that a company is marketing is known as the \_\_\_\_\_ or \_\_\_\_\_.

- 3 Match the two parts of these extracts.

- |   |   |
|---|---|
| a Boeing is now expanding its product line with its first all-new aircraft for 12 years.                              | i products that weren't included in its product portfolio as little as two years ago.       |
| b Mitre's product range includes  | ii Nike can change its product mix almost overnight.  |
| c British Aerospace said that more than half of its sales now come from   | iii that will damage its core values.   |
| d By rearranging what each supplier can do on its network   | iv It consists of more than 1,000 companies in around 140 different countries of the world. |
| e Asea Brown Boveri, the world's leading supplier of power and railway equipment, is an example of a global business. | v At present the company makes four models, including the \$150m 747.                       |
| f When managing a brand it is important not to make changes   | vi soccer and rugby balls and sports footwear.  |



### ● marketing mix N-COUNT

A company's **marketing mix** is the combination of marketing activities it uses in order to promote a particular product or service. A typical marketing mix is a combination of product, place, promotion and price.

*The product is the most important element of the marketing mix, since it holds together promotion, distribution and pricing policies.*

*The key focus of the marketing mix will be on price.*

### ● market conditions N-PLURAL

The **market conditions** are the state of a particular market at a particular time, for example whether there is a lot of demand for a product or little demand for it.

*In current market conditions, fundraising for biotechnology companies is difficult.*

*The dot-com boom marked one of the most significant periods of change in recent times and highlighted the need for business schools to be responsive to market conditions.*

### ● direct marketing N-UNCOUNT

**Direct marketing** is a method of marketing which involves companies sending advertising material directly to people who they think may be interested in their products.

*The direct marketing industry has become adept at packaging special offers.*

*Direct marketing on the Internet needs to be conducted with particular care.*

### ● marketing strategy N-VAR

A **marketing strategy** is a general plan or set of plans intended to organize the sale of a product, for example, deciding on its price, and how it should be advertised, especially over a long period.

*But the customer database must be updated, not only with a full shopping history, but keeping an eye on their lifestyles is vital to our marketing strategy. For example, if a customer is no longer single and has started a family, we need to know. It will affect how he or she chooses to holiday.*

### ● launch strategy (launch strategies) N-UNCOUNT

A **launch strategy** is a general plan or set of plans intended to organize the launch of a product, for example, deciding on how it should be advertised, especially over a long period.

*Could you design a cocktail that would help make the brand more appealing to 18-24 year-olds? Or devise a launch strategy for a new chain of student pubs?*

*These developments are long term and involve high risks.*

*Established new product development, test and launch strategies will need to be re-examined.*

### ● customize (customizes, customizing, customized) VERB

If you **customize** a product, you change its appearance or features to suit your tastes or needs.

*To accommodate the preferences of homeowners, most manufacturers will customize their products, even the standard models.*

*The company makes portable electronic typewriters and personal wordprocessors and markets office supplies, including file folders and customized printed products.*

### ● country-specific ADJ

Something that is **country-specific** relates to a particular country.

*These programs are to be country-specific.*

*...losses due to country-specific economic, political, and social events.*

### ● customer profile (customer profiles) N-COUNT

A **customer profile** is a description of the typical sort of customer who is regarded as likely to buy a particular product.

*In stores, between 60% and 70% of all men's underwear purchases are made by women for their men, but on the web, the customer profile is 90% male.*

*Each day of the week has its own particular customer profile. Mondays and Tuesdays bring in the older, retired customers, while Thursday is mainly dominated by housewives.*

⇒ **target market:** Topic 3.4; **standardize:** Topic 3.4; **product differentiation:** Topic 3.4; **merchandising:** Topic 6.4



### PRACTISE YOUR VOCABULARY

- 1** Your company is preparing to launch a new product in several different markets. In each pair underline the marketing strategy which shows that you plan to differentiate the product.
- a one product at the same price in all countries      one product with a different price for each market  
 b standardized product for all markets      products customized to each market  
 c direct marketing campaign      customized marketing campaign  
 d country-specific advertisements      standardized advert made for all markets
- 2** Henry Ford once said that his customers could buy one of his cars in any colour they liked as long as they liked black. Did his company sell standardized or customized products?
- 3** A company which produces a magazine about motorbikes plans to use direct marketing to improve sales. Which of the following activities would they use? Tick all the possible options.
- a Send advertising material to selected social/economic groups.  
 b Put leaflets through the doors of everyone in their local area.  
 c Target certain age groups.  
 d Advertise on national television.  
 e Subscribe to databases about people's leisure activities.  
 f Send advertising material to local motorbike retail outlets.
- 4** Match the two parts of the extracts.
- a Some businesses are moving away from undifferentiated marketing strategies      i is professional males, aged 30–35.  
 b Market conditions in the oil industry      ii as they attempt to target customer needs.  
 c The typical customer profile for our products      iii can be quite variable.
- 5** Write product, place, promotion or price in each gap to show the elements of the marketing mix.
- a \_\_\_\_\_ making sure that it satisfies customer needs  
 b \_\_\_\_\_ making it affordable to the target market  
 c \_\_\_\_\_ making sure it's available and convenient for the customer to find it  
 d \_\_\_\_\_ making sure that the customer knows about it
- 6** Look at the four lists of examples of each of the '4 Ps' in the table below and give each list one of the headings from Exercise 5. Then write two more examples of each element in the final column.

element of the marketing mix	examples	more examples
a	<i>coffee, cars, beer, clothes</i>	
b	<i>leaflets, TV advertisements, direct mail</i>	
c	<i>£300, \$40</i>	
d	<i>high street stores, specialist retail outlets</i>	





● **ethical consumer** (ethical consumers) N-COUNT

Consumers who choose not to buy products from certain companies for moral reasons, for example because a company harms the environment or uses child labour, are sometimes called **ethical consumers**.

*A passionate supporter of animal welfare, she too refuses to purchase anything that could possibly be connected with cruelty. Both are examples of a burgeoning group – ethical consumers.*

● **business ethics** N-PLURAL

**Business ethics** are the moral beliefs and rules about right and wrong that are involved in business.

*Business ethics are coming to the forefront of the agenda. Companies are seeing that their activities have important social and ethical implications.*

● **social responsibility** N-UNCOUNT

**Social responsibility** is the duty that some people feel companies have to behave in a correct and proper way, for example towards their workers and the local community.

*All businesses have a wider social responsibility and are answerable to more than just their shareholders.*

● **co-operative** (co-operatives) N-COUNT

A **co-operative** is a business or organization run by the people who work for it, or owned by the people who use it. These people share its benefits and profits.

*The restaurant is run as a co-operative. Oxfam aids small farming co-operatives to improve their yields significantly.*

### Common Collocations

a **housing** co-operative      a **workers'** co-operative  
a co-operative **society**      a co-operative **movement**

● **sweatshop** (sweatshops) N-COUNT

If you describe a small factory as a **sweatshop**, you mean that many people work there in poor conditions for low pay.

*...the dingy, hidden world of garment sweatshops.  
...a product that was made with child labor or in a sweatshop.*

● **child labour** N-UNCOUNT

**Child labour** is the use of children as workers in industry.

*Past attempts to ban child labour in various industries have not worked.  
... a boycott of goods made with child labour.*

● **developed** ADJ

**First World** N-PROPER

If you talk about **developed** countries or the **developed** world, you mean the countries or the parts of the world that are wealthy and have many industries. The most prosperous and industrialized parts of the world are sometimes referred to as the **First World**.

*Life expectancy in the developed world has doubled. Although South Africa has many of the attributes of the first world – some good infrastructure, millions of rich people, and a few world-class companies, hospitals and universities – it is still not part of that world.  
...wealthy First World countries.*

● **developing** ADJ

**Third World** N-PROPER

If you talk about **developing** countries or the **developing** world, you mean the countries or the parts of the world that are poor and have few industries. Together the countries of Africa, Asia, and South America are sometimes referred to as the **Third World**, especially those parts that are poor, do not have much power, and are not considered to be highly developed.

*In the developing world cigarette consumption is increasing. The only developing country with large foreign reserves is Taiwan.  
As the cities of the Third World expand, there is little hope that their governments' public health systems can cope.  
...a campaign to cancel Third World debt.*

● **GDP** (GDPs) N-VAR

In economics, a country's **GDP** is the total value of goods and services produced within a country in a year, not including its income from investments in other countries. **GDP** is an abbreviation for 'gross domestic product'.

*He said that in time the UK would match the European average spend on health which is 8 per cent of GDP.*

● **per capita**

□ ADJ

The **per capita** amount of something is the total amount of it in a country or area divided by the number of people in that country or area. **Per capita** means 'per person'.

*They have the world's largest per capita income.  
Per capita GDP in the richer economies is 74 times that of the poorest.*

□ ADV

If something occurs at a certain rate **per capita**, it occurs at a rate calculated by dividing the total number of times it occurs in a particular country or area by the number of people in that country or area. **Per capita** means 'per person'.

*Ethiopia has almost the lowest oil consumption per capita in the world.  
This year Americans will eat about 40% more fresh apples per capita than the Japanese.*

### Common Collocations

**per capita spending**      **per capita consumption**  
to do something on a per capita **basis**

➔ **GNP**: Topic 4.5



### PRACTISE YOUR VOCABULARY

**1** Match two pairs of words that have the same meaning.

- a First World    b developing countries    c Third World    d developed countries

**2** Look at the list of countries and answer the questions that follow.

- a Bangladesh    c France    e Nepal    g Ethiopia  
b New Zealand    d Singapore    f Sudan    h Japan

- i Which of these countries are examples of developed countries/developing countries?  
ii Which ones are more likely to have high levels of gross domestic product (GDP)?  
iii Which ones are more likely to operate sweatshops?  
iv Which ones are likely to have the lowest per capita income?

**3** Which of the following do ethical businesses or ethical consumers prioritize?

- a values    c wealth    e morality    g personal happiness  
b profit    d beliefs    f greed    h social responsibility

**4** Which of these four people can be described as ethical consumers?



*Keith:* 'I don't buy products that I know have been made by child workers.'



*Steve:* 'I choose investment companies that don't do business with firms that have connections with dictatorships.'



*Eric:* 'We buy the cheapest coffee beans for our café.'



*Brian:* 'I invest my money in firms that are likely to make the biggest profits.'

**5** Are these statements true or false?

- a GDP measures the total value of a country's manufacturing industry.  
b Sweatshops are retail outlets selling sports clothing.  
c Sweatshops do not exist only in Third World countries.  
d Child labour exists only in Third World countries.  
e Ethical consumers buy goods produced in Third World countries.  
f Ethics are usually the main guiding principle in business.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

**6** Look at the list of courses of action for a retail business operating in a competitive environment. Which courses of action do you think might be priorities for a co-operative retail society, and which for an ordinary retail company? Complete the table.

- a providing a service to the local community by  
keeping poorly-performing branches open  
b involving staff in all decision-making  
c internal democratic organization  
d education of workers and customers  
e beating the competition

co-operative retail society	ordinary retail company



### ● corporate responsibility (corporate responsibilities) N-VAR

**Corporate responsibility** is the sense of responsibility that a company considers it has towards things such as the local community and the environment.

*The European Commission last week published a Green Paper on corporate responsibility designed to create a framework to combine profit generation with social accountability. While the company is keen to develop its operations in Xinjiang, for example through greater emphasis on training and communication, it is mindful of its corporate responsibilities in the area.*

### ● trading relationship (trading relationships) N-COUNT

If two countries or businesses have a **trading relationship** with each other, they trade with each other on a regular basis.

*Mr Palaszczuk did not believe New Zealand's actions would affect the close trading relationship between the two countries, he said.*

*Euro-zone companies will find it relatively easier, says Oxford's Mr Taylor, to develop trading relationships with each other than with British ones.*

### ● sustainable ADJ

You use **sustainable** to describe the use of natural resources when this use is kept at a steady level that is not likely to damage the environment. You also use **sustainable** to describe a business that is able to continue at a steady level without the need to invest more money in it or to develop new markets.

*...the management, conservation and sustainable development of forests.*

*Try to buy wood that you know has come from a sustainable source.*

*The strategy behind the programme is about aggregating a range of services into the one centre to create a commercially sustainable business.*

*Further, operating without a domestic source of supply in a major market like the USA was not and is not a sustainable business model.*

### Common Collocations

ecologically sustainable    environmentally sustainable  
sustainable development    sustainable growth  
sustainable agriculture

### ● ethical policy (ethical policies) N-COUNT

A company's **ethical policy** is the policy it adopts on ethical issues such as the use of child labour and matters relating to the environment.

*...a clearly stated ethical policy that covers human rights, the arms trade, fair trade, the environment and animal welfare.*

*The Co-op Bank's ethical policy stretches to who it does business with. It will not, for example, accept money from fox hunts.*

### ● social cost (social costs) N-COUNT social benefit (social benefits) N-COUNT

The **social costs** of a policy or scheme are the undesirable effects it is likely to have on society, such as an increase in crime, unemployment, or pollution. The **social benefits** of a policy or scheme are the desirable effects it is likely to have on society, such as a reduction in crime, unemployment, or pollution.

*'Is it worth the human and social cost of closing down a railway line because it is not competitive?' the spokesman said.*

*Yet there are heavy social costs to neglecting the countryside, including crowded, car-clogged cities and high urban unemployment.*

*Sheltered accommodation can produce an additional social benefit by re-housing older people from general and council housing, thus freeing accommodation for homeless people.*

*...the social benefits of transport investment.*

### ● non-profit-making ADJ

A **non-profit-making** organization or charity is not run with the intention of making a profit. [mainly BRIT].

*...the Film Theatre Foundation, a non-profit-making company which raises money for the arts.*

### ● environmental impact (environmental impacts) N-VAR

The **environmental impact** of a scheme or product is the environmental effect the scheme or product is likely to have, for example an increase in pollution or a loss of natural habitats.

*...a scientific adviser whose role was to assess the project's environmental impact.*

*That there would be some environmental impact in the form of traffic congestion was undeniable.*

### ● social audit (social audits) N-COUNT

If a company carries out a **social audit**, it analyses the social costs and social benefits of its operations in order to measure their success.

*Some argue that banks should be forced to offer services to poor people and carry out a social audit before closing a branch.*

*Camelot, the much criticised lottery operator, is putting itself through a social audit to try to come to terms with its critics.*

### ● exploitative ADJ

If you describe something as **exploitative**, you disapprove of it because it treats people unfairly by using their work or ideas for its own advantage, and giving them very little in return.

*The expansion of Western capitalism incorporated the Third World into an exploitative world system.*

*No-one knows how far sustainable and non-exploitative practices could go towards providing food, water, shelter and work for the world's people.*

➔ **stakeholder:** Topic 2.3; **regulation:** Topic 3.2; **Third World:** Topic 4.1; **shareholder:** Topic 7.2; **supplier:** Topic 12.2



### PRACTISE YOUR VOCABULARY

1 Which of these factors might act to increase corporate responsibility and which might act as barriers to it?

- a a rise in costs associated with a more responsible approach    d social auditing  
 b shareholder pressure to increase profits    e pressure from society  
 c business secrecy

2 Use the terms in the box to complete the paragraph.

social audit    social costs    trading relationship    corporate responsibility    social benefits    ethical policy

Companies which accept \_\_\_\_\_ are prepared to accept responsibility for their actions and are able to justify them. They will consider the \_\_\_\_\_ or the \_\_\_\_\_ that their actions might have on groups and individuals both inside and outside the organization. Many businesses try to assess the impact of their activities on stakeholders, or anyone who has an interest in the company. They try to maintain a good \_\_\_\_\_ with their suppliers, for example, and make sure that they are paid on time. This process is known as a \_\_\_\_\_, and most companies who carry out this kind of auditing also have an \_\_\_\_\_, or written statement of their non-financial objectives.

3 Read this extract from a press release and answer the questions below.

'The Green group EcoBusiness has produced a 3-point plan for corporate responsibility:

- 1 Non-exploitative trading relationships
- 2 Sustainable business practices
- 3 Environmental impact assessment

Read on for more details...'

Which point do you think the following extracts refer to:

- a ... such as reducing their use of non-renewable resources and shifting towards non-polluting energy such as solar power.
- b ... to calculate the effect of, for example, new waste disposal systems on local habitats.
- c ... this may include guaranteeing a set price for commodities for up to 10 years regardless of the market price.

4 Read the text and answer the questions.

Oxfam is a non-profit-making organization whose primary objective is to alleviate poverty throughout the world. Most of its funds are used to provide long-term development aid to Third World countries.

- a Do you think Oxfam are likely to encourage sustainable development?  
 b Do you think Oxfam are likely to encourage First World companies to develop trading relationships with companies in the developing world?  
 c Do you think Oxfam are likely to support companies which have a negative environmental impact in the developing world?  
 d Do you think Oxfam are likely to encourage companies to conduct a social audit of their business?



### ● availability of labour N-UNCOUNT

If you talk about the **availability of labour** for a particular task, you mean whether or not there are enough workers available to do that task.

*Obviously, the benefits of producing in this country are low labour costs and rentals as well as the availability of labour. ...the eminently sound principle that land should be parceled out according to the availability of labor to cultivate it.*

### ● raw materials N-PLURAL

**Raw materials** are materials that are in their natural state, before they are processed or used in manufacturing.

*...the ships bringing the raw materials for the ever-expanding textile industry.*

*Back in 1900, the UK imported raw materials such as raw cotton, wool and silk, and converted them into basic manufactured products for export.*

*Villages became associated with different trades, depending on the availability of raw materials in the area.*

### ● labour costs N-PLURAL

A company's **labour costs** are the money it spends on wages and social security benefits for its employees.

*In Sri Lanka, the labour costs are about a tenth of those in the UK.*

*We know, too, that America's companies are watching their profits shrivel in the face of a slowing economy, rising labour costs and soaring energy prices.*

#### Common Collocations

<u>low</u> labour costs	<u>high</u> labour costs
<u>rising</u> labour costs	to <u>hold down</u> labour costs
to <u>drive down</u> labour costs	to <u>keep down</u> labour costs

### ● green ADJ

**Green** issues and political movements relate to or are concerned with the protection of the environment.

*The company offers advice on a host of green issues – from council waste strategies to nuclear-waste disposal, to recycling and climate change.*

*The power of the Green movement in Germany has made that country a leader in the drive to recycle more waste materials.*

### ● infrastructure (infrastructures) N-VAR

The **infrastructure** of a country, society, or organization consists of the basic facilities such as transport, communications, power supplies, and buildings, which enable it to function.

*The infrastructure, from hotels to transport, is old and decrepit. Roads, bridges and other infrastructure have been washed away in the incessant rains.*

#### Common Collocations

transport infrastructure  
telecommunications infrastructure  
information infrastructure  
 an infrastructure project  
infrastructure investment

### ● political stability N-UNCOUNT

If there is **political stability** in a country, there is a stable government or political system.

*Even though political stability is a major factor in attracting investment, politicians never get any credit. ...fears over the political stability of Russia.*

### ● income distribution N-UNCOUNT

The **income distribution** in a particular country or area is the way in which the amount of money being earned varies between different groups of people.

*In Britain too, research by the Institute of Fiscal Studies confirms a similar change in income distribution, in which the rich have become richer, while the poor have become poorer. ...a report on income distribution in OECD countries.*

### ● inflation N-UNCOUNT

**Inflation** is a general increase in the prices of goods and services in a country.

*...rising unemployment and high inflation. ...an inflation rate of only 2.2%.*

### ● factors of production N-PLURAL

An industry's **factors of production** are the things that it needs in order to produce a particular product, such as land, workers, and capital.

*The natural rates of output and employment depend on the supply of factors of production and technology.*



## PRACTISE YOUR VOCABULARY

- 1 A UK-based cosmetics company, BodyBeautiful, is thinking of setting up a manufacturing base in Indonesia. They have drawn up a questionnaire to learn more about the business environment. Use the terms in the box to complete the questionnaire.

infrastructure inflation taxation labour political stability raw materials  
labour costs income distribution green issues

- a **Raw Materials**
- i Are the \_\_\_\_\_ readily available?  
What is the cost?
- ii How good is the \_\_\_\_\_ for transportation?  
Is the economy healthy?
- b **The Economy**
- i How high are levels of \_\_\_\_\_?
- ii Does the region benefit from \_\_\_\_\_?
- iii What is the rate of \_\_\_\_\_?
- iv How even or uneven is \_\_\_\_\_?
- v Are there any \_\_\_\_\_ we need to consider?
- c **Labour**
- i Is the supply of \_\_\_\_\_ good?  
Are workers skilled or unskilled?
- ii How high are \_\_\_\_\_?
- 2 Look at the six newspaper headlines. For each one say:
- i Which of the three categories above does the news item relate to?
- ii Will production costs be affected positively (lower costs) or negatively (higher costs)?
- a Interest rates to fall by 1%
- b Oil to run out by 2025
- c Government imposes minimum wage of €25 per hour
- d New law requiring students to stay at school to the age of 19
- e Coup d'état imminent, says UN official

- 3 Read the paragraph and answer the questions.

Many factors in a business's immediate environment affect the way it operates. The business is influenced by the availability of labour and raw materials, for example, and by the state of the political environment, including the rate of inflation. A plentiful supply of skilled labour improves productivity and the quality of the finished product, and political stability enables a company to operate more effectively and encourages investment in the country's infrastructure. Labour costs and government taxes make an enormous difference to a company's running costs and customer demand is very much affected by the state of the economy.

- a The article begins by listing three factors in the business environment that affect the way a business operates. What are these factors of production?
- b What type of political environment suits the needs of business and the wider needs of the community?
- c In what area does investment increase if the political situation is stable?
- d Which two costs are mentioned in the text?
- e Do you think businesses prefer these costs to be low or not?



### ● developing ADJ

If you talk about **developing** countries or the **developing** world, you mean the countries or the parts of the world that are poor and have few industries.

*In the developing world cigarette consumption is increasing.  
The only developing country with large foreign reserves is Taiwan.*

### ● world market N-SING

#### world market prices N-PLURAL

The **world market** for a product is all the people throughout the world who wish to buy that product. **World market prices** are the prices paid for something internationally, ignoring any tariffs or subsidies imposed by particular countries.

*The lucrative world market for video game consoles is now dominated by three rival Japanese products.  
The three biggest US fruit companies – Dole, Chiquita Brands and Del Monte – control about 66 per cent of the world market.  
... steep rises in fuel prices on the world market.  
Beginning in 1981, world market prices for farm products and industrial raw materials collapsed.  
Moreover, said the Bank, the farmers would benefit greatly if the nuts were exported at world market prices.*

### ● commodity (commodities) N-COUNT

A **commodity** is something that is sold for money.

*The government increased prices on several basic commodities.  
... 12 months of increasing commodity prices.*

### ● fair trade N-UNCOUNT

#### fairly-traded ADJ

**Fair trade** is the practice of buying goods directly from producers in developing countries at a fair price. **Fairly-traded** products are bought from producers in developing countries at a fair price.

*More than five per cent of all roast and ground coffee sold in Britain is now fair trade.  
Andy Good, from the Edinburgh-based fair trade company Equal Exchange, agrees that we should not underestimate the current impact of the fair trade movement.  
Oxfam's food and handicrafts have always been fairly-traded.*

### ● Fairtrade mark N-SING

In Britain, the **Fairtrade mark** is a sign that is placed on the packaging of products to show that the product has been bought at a fair price, usually from producers in developing countries.

*The cocoa beans are grown organically in Belize by Maya Indians. It carries the Fairtrade Mark, and it tastes delicious.  
If you see the Fairtrade mark on a product you will know that a reasonable price has been paid to the people producing it and that the supplier is not exploiting them.*

### ● free trade N-UNCOUNT

**Free trade** is international trade that is free of government restrictions, for example in the form of import quotas or export subsidies.

*Both want cuts in tariffs on industrial goods, and more free trade in agriculture and services.  
... barriers to free trade.*

### Common Collocations

a free trade agreement    a free trade area  
a free trade zone

### ● cash crop (cash crops) N-COUNT

A **cash crop** is a crop that is grown in order to be sold.

*Cranberries have become a major cash crop.  
The weather has also affected around twelve-thousand acres of banana plantations – Costa Rica's principal cash crop.*

### ● producer (producers) N-COUNT

#### grower (growers) N-COUNT

A **producer** of a food or material is a company or country that grows or manufactures a large amount of it. A **grower** is a person who grows large quantities of a particular plant or crop in order to sell them.

*The estate is generally a producer of high quality wines.  
... Saudi Arabia, the world's leading oil producer.  
England's apple growers are fighting an uphill battle against foreign competition.  
... a former coca grower in Bolivia's Chapare valley.*

### ➡ sweatshop: Topic 4.1; corporate responsibility: Topic 4.2; exploitative: Topic 4.2



### PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

*fair trade (2) world market prices fairly-traded products commodities  
producers and growers developing Fairtrade mark cash crops*

The trading company Traidfair describes itself as a social enterprise. It attempts to bring justice to international trade by promoting \_\_\_\_\_ with \_\_\_\_\_ countries. The company sells a range of \_\_\_\_\_ from the Third World into First World markets.

Social responsibility is their main priority, and the setting up and maintaining of non-exploitative trading relationships with their Third-World suppliers, i.e. the \_\_\_\_\_. Their suppliers produce \_\_\_\_\_ and Traidfair pay \_\_\_\_\_ for the crop or the \_\_\_\_\_ they purchase, which then carry the \_\_\_\_\_.

Traidfair's customers are loyal to them even though their prices are often higher than those of other similar products. More and more people are coming to view \_\_\_\_\_ and social responsibility as more important than the pursuit of profit.

2 Which of the following are characteristics of the free trade system and which of the Fairtrade system?

- a Producers are often divided by competition.
- b Producers in developing countries have more power.
- c The consumer wants a cheap product.
- d The consumer's main aim is not financial.
- e Companies are motivated by profit.
- f The company's main objective is social responsibility.

free trade system	Fairtrade system

3 Which of these two Third-world farmers is producing a cash crop?

Paulo and Pedro are both farmers working with about 5 hectares of land. Pedro grows maize, potatoes and fruit, keeps 2 pigs, some chickens, 3 goats and a cow. His family eat most of what they produce but sometimes have a little left over which they sell for cash. Paulo grows coffee on his land. He and his family tend the plants and pick the beans which are sold to buyers from America in the local market.





● **eco-tourism** N-UNCOUNT

**eco-tourist** (eco-tourists) N-COUNT

**Eco-tourism** is the business of providing holidays and related services which are not harmful to the environment of the area visited. An **eco-tourist** is a tourist who buys holidays and related services which are not harmful to the environment of the area visited.

*Having been a part of it for a week, I now truly believe that eco-tourism is the only hope for the islands' survival.*

*Mexico's government has been trying to promote eco-tourism in the area, believing that this will save the butterflies' trees from the attentions of woodcutters.*

*...an environmentally sensitive project to cater for eco-tourists.*

*Perhaps the most popular eco-tourist destination is the Brazilian rainforest.*

● **tourism** N-UNCOUNT

**tourist** (tourists) N-COUNT

**Tourism** is the business of providing services for people on holiday, for example hotels, restaurants, and trips. A **tourist** is a person who is visiting a place for pleasure and interest, especially when they are on holiday.

*Tourism is vital for the Spanish economy.*

*Albania desperately needs more tourists to help it escape poverty.*  
*Blackpool is the top tourist attraction in England.*

● **global tourism** N-UNCOUNT

**Global tourism** is tourism considered as a global industry.

*Yet global tourism is booming; numbers have more than doubled to nearly 600 million a year in the last 20 years.*

*By the mid-1980s, the global tourism business employed more people than the oil industry.*

● **tourism sector** (tourism sectors) N-COUNT

A country's **tourism sector** is that part of its economy that earns money through tourism.

*This is one of the new steps proposed to generate more income from the tourism sector.*

*...a booming tourism sector*

● **mass tourism** N-UNCOUNT

**Mass tourism** is tourism which involves very large numbers of people.

*When mass tourism began to overtake elite travel following World War II, most travel occurred within and between North America and Western Europe.*

*...the harm caused by mass tourism.*

● **tour operator** (tour operators) N-COUNT

A **tour operator** is a company that provides holidays in which your travel and accommodation are booked for you.

*Baby-sitting can be arranged through the tour operator.*

*...Britain's largest tour operator.*

● **ethical tourism** N-UNCOUNT

**Ethical tourism** is tourism that is based on ethical principles, such as a desire not to harm the environment of the place visited and to support its local economy.

*The campaign is a fun, upbeat way of getting more out of your holiday while also getting a fairer deal for local people. Our campaign sets out to demonstrate the strength of consumer demand for ethical tourism.*

● **capital inflow** (capital inflows) N-VAR

In economics, **capital inflow** is the amount of capital coming into a country, for example in the form of foreign investment.

*As Mr Stals points out, over half the capital inflow in the 12 months to June was in the form of short-term investment, which can be easily withdrawn.*

*...a large drop in the capital inflow into America.*

● **added value** N-UNCOUNT

In marketing, **added value** is something which makes a product more appealing to customers.

*It opens up a new market to us and also benefits Tesco as it is able to offer customers added value.*

*To maintain our market share and provide added value to consumers, we need to upgrade the standard of product design.*

● **socio-cultural** ADJ

**Socio-cultural** circumstances or developments involve a combination of social and cultural factors.

*You'll discover the political, economic and socio-cultural effects they had on a wider society.*

● **contract rate** (contract rates) N-COUNT

The **contract rate** for a service is a reduced price that is available, for example because you agree to use the service on a regular basis.

*If a hotel that is known to have a State of Texas Contract Rate does not honor the rate, ask to speak to the hotel manager.*

● **GNP** (GNPs) N-VAR

In economics, a country's **GNP** is the total value of all the goods produced and services provided by that country in one year.

**GNP** is an abbreviation for 'gross national product'.

*By 1973 the government deficit equalled thirty percent of GNP.*

● **cultural awareness** N-UNCOUNT

Someone's **cultural awareness** is their understanding of the differences between themselves and people from other countries or other backgrounds, especially differences in attitudes and values.

*US exporters' weaknesses in cultural awareness.*

*...programs to promote diversity and cultural awareness within the SEC and the industry.*

➤ **primary sector:** Topic 2.2; **balance of payments:** Topic 3.1; **inward investment:** Topic 3.2; **sustainable:** Topic 4.2; **green:** Topic 4.3



### PRACTISE YOUR VOCABULARY

- 1 Read the text about tourism in developing countries and answer the questions.

The governments of developing countries have realized that the capital inflow generated by tourism offers many economic and political benefits. The tourist industry, on the other hand, has been criticized for making little contribution to the local economies in developing countries, for failing to employ sufficient local people and for offering low contract rates for accommodation. Sustainable tourism is an emerging concept that aims to deal with the negative environmental and socio-cultural impacts of tourism development, and to offer tourists added value.

- a Are the governments of developing countries generally in favour of tourism?  
 b What aspect of tourism offers benefits?  
 c Are commentators critical of or in support of the tourist industry?  
 d What three things has the tourist industry been criticized for in relation to the economy, the workforce and accommodation?  
 e What does sustainable tourism aim to offer tourists?
- 2 Put each of the advantages and disadvantages of tourism into the correct place in the table.
- a provides seasonal, not continuous employment  
 b benefits the balance of payments  
 c creates employment  
 d has a negative socio-cultural impact  
 e contributes to gross national product (GNP)  
 f aids economic development  
 g involves loss of workers from primary industry  
 h provides income to be used to help conserve the environment  
 i contributes to the destruction of the environment  
 j can increase cultural awareness

advantages of tourism	disadvantages of tourism

- 3 Use each term in the box to complete the sentences.

Mass tourism    Tour operators    tourism sector    Global tourism    Tourists

- a \_\_\_\_\_ may not think about the damage they cause to the environment and culture of the countries they visit.  
 b \_\_\_\_\_ are now branching out and offering specialist trips to holidaymakers who are concerned about green issues.  
 c \_\_\_\_\_ has been a growth industry over the last 20 years due to the fall in the cost of international travel.  
 d The \_\_\_\_\_ employs many millions of people worldwide.  
 e \_\_\_\_\_ does not appeal to people who prefer to make their own travel and accommodation arrangements.
- 4 Which of these signs on a hotel noticeboard would appeal to an eco-tourist?

a **Animal Skins**  
 It is illegal to buy animal skins. If you see them for sale please inform your tour guide.

c **Boat Trips**  
 Cheap speedboat trips to unspoilt island. Ask at reception.

e **Souvenirs**  
 Exotic songbirds for sale, \$100 each.

g **WASHING**  
 If you leave bath towels on the floor housekeeping will send them to the laundry. If you wish to keep your towel for a further day, please hang it on the hook provided.

b **ENGLISH**  
 All staff in the hotel speak English.

d **Buddhist Temples**  
 Please dress respectfully and remove your shoes when visiting temples.

f **Re-cycling**  
 This hotel recycles all kitchen waste. Waste paper and glass can be put in the bins provided in reception.



● **production** N-UNCOUNT

**Production** is the process of manufacturing or growing something in large quantities. **Production** is also the amount of goods manufactured or grown by a company or country.

*That model won't go into production before late 1990.  
We needed to increase the volume of production.*

● **manufacture** (manufactures, manufacturing, manufactured)

① VERB

To **manufacture** something means to make it in a factory, usually in large quantities.

*They manufacture the class of plastics known as thermoplastic materials.  
We import foreign manufactured goods.*

② N-UNCOUNT

The **manufacture** of a product is the work involved in making it.

*...the manufacture of nuclear weapons.  
...celebrating 90 years of car manufacture.*

● **manufacturing** N-UNCOUNT  
**manufacturer** (manufacturers) N-COUNT

**Manufacturing** is all the processes involved in making a product. A **manufacturer** is a business or company which makes goods in large quantities to sell.

*...the manufacturing of a luxury type automobile.  
...the world's largest doll manufacturer.*

● **manufacturing facility** (manufacturing facilities) N-COUNT

A **manufacturing facility** is a more formal word for a factory.

*The company has a sales and marketing office in St Albans, as well as a manufacturing facility near Glasgow.*

● **factory** (factories) N-COUNT  
**plant** (plants) N-COUNT  
**works** N-COUNT-COLL

A **factory** is a large building where machines are used to make large quantities of goods. A **plant** is a factory or a place where power is produced. A **works** is a place where something is manufactured or where an industrial process is carried out. **Works** is used to refer to one or to more than one of these places.

*He owned furniture factories in New York State.  
The plant provides forty per cent of the country's electricity.  
The steel works, one of the landmarks of Stoke-on-Trent, could be seen for miles.  
...the works canteen.*

● **output** N-UNCOUNT

**Output** is used to refer to the amount of something that a person or thing produces.

*Manual workers need a good breakfast for high-energy output.  
Statistics show the largest drop in industrial output for ten years.*

● **capacity** N-UNCOUNT  
**full capacity** N-UNCOUNT  
**spare capacity** N-UNCOUNT

The **capacity** of something such as a factory, industry, or region is the quantity of things that it can produce or deliver with the equipment or resources that are available. If a factory or industry is working at **full capacity**, it is using all its available resources. If there is **spare capacity**, it is not using all its available resources.

*The region is valued for its coal and vast electricity-generating capacity.*

*Bread factories are working at full capacity.  
Building the new model at one of its American factories with spare capacity would have been cheaper.*

● **lean** ADJ  
**lean manufacturing** N-UNCOUNT  
**lean production** N-UNCOUNT  
**just-in-time (JIT) manufacturing** N-UNCOUNT  
**just-in-time (JIT) production** N-UNCOUNT

If you describe an organization as **lean**, you mean that it has become more efficient and less wasteful by getting rid of staff, or by dropping projects which were unprofitable. **Lean manufacturing** and **lean production** are manufacturing methods which aim to reduce wastage, for example by keeping stocks low and by working more flexibly. **Just-in-time manufacturing** or **just-in-time production** is a manufacturing method which aims to reduce wastage by keeping stocks low and by producing goods only when they are required. The abbreviation **JIT** is also used.

*The value of the pound will force British companies to be leaner and fitter.*

*...efficiency-raising techniques such as lean manufacturing.  
...Japanese-style lean production techniques.  
...Japanese firms which understood customers better and pioneered more efficient just-in-time manufacturing.  
If you can achieve just-in-time production, everyone's holdings of stocks can be kept to a minimum, with immense savings in capital.  
...examples of genuine JIT operations.*

● **chain of production** N-SING

The **chain of production** is all the stages of production that a product passes through before it is passed to a consumer.

*The rationale for green detergents was that they would prevent discharges of phosphate into rivers. But there are other environmental costs attached to washing powders, earlier in the chain of production.*

➤ **primary sector**: Topic 2.2; **industrial sector**: Topic 2.2; **service sector**: Topic 2.2; **producer**: Topic 4.4; **product**: Topic 5.2; **produce**: Topic 5.2; **mass production**: Topic 5.5; **stock**: Topic 6.3; **low-cost centre**: Topic 10.4



## PRACTISE YOUR VOCABULARY

- 1 Use the words in the box to complete the paragraph.

factory    production process    lean production    production    just-in-time

Some companies adopt lean manufacturing or \_\_\_\_\_ techniques they are interested in making the \_\_\_\_\_ more efficient. They try to keep all inputs to the process to a minimum. This could mean using the fewest workers they can, cutting down on the amount of raw materials needed, or using as little \_\_\_\_\_ space as possible, for example. One of the operations that is central to lean manufacturing is \_\_\_\_\_ production. This manufacturing method aims to reduce costs by keeping stocks low. Instead of keeping stocks in the warehouse, the company asks its suppliers to make frequent deliveries so that they can be used straight away. \_\_\_\_\_ can then exactly match the amount of goods required, so that the company does not incur costs on warehousing finished goods.

- 2 Which word is the odd one out in each line?

a manufacturing	factory	production
b plant	manufacturer	factory
c works	manufacturing facility	output
d output	producer	manufacturer
e produce	manufacture	works

- 3 Are the sentences true or false?

	True	False
a The capacity of a factory refers to how many products it can produce in a given time.	<input type="checkbox"/>	<input type="checkbox"/>
b A company operating with spare capacity is not making as much profit as it could.	<input type="checkbox"/>	<input type="checkbox"/>
c A company using lean production techniques is likely to have a large warehouse full of finished products.	<input type="checkbox"/>	<input type="checkbox"/>
d The JIT manufacturing system is a part of the lean production approach.	<input type="checkbox"/>	<input type="checkbox"/>
e Car production is usually carried out at a plant.	<input type="checkbox"/>	<input type="checkbox"/>
f A factory operating at full capacity is operating efficiently.	<input type="checkbox"/>	<input type="checkbox"/>

- 4 Fine Field, a company which manufactures garden tools, uses the JIT system of manufacturing. What do you know about the following, therefore?

a The amount of stock Fine Field hold	c Bulk buying (buying in very large quantities)
b The amount of space available in their factory	d The costs of holding stock in their warehouse

- 5 Read the paragraph and answer the questions.

### The Chain of Production

The primary, industrial (or secondary) and service (or tertiary) sectors are linked together by a chain of production. For example, the cocoa-bean growers of Africa form part of the primary sector. They sell their product worldwide, and some of their beans are bought by a UK-based company. This company operates in the secondary, or industrial sector manufacturing chocolate from the beans. Many restaurants, or companies in the tertiary or service sector buy chocolates from the company to give to their customers along with a cup of coffee after their meal.

- a In which sector (primary, industrial or service) does each of the following operate?
- The UK-based company
  - African cocoa-bean growers
  - Restaurants/companies buying chocolate products for their customers
- b What is the 'chain of production'?



● **research and development** N-UNCOUNT

**R&D** N-UNCOUNT

**Research and development** is the part of a company's activity that is concerned with applying the results of scientific research to develop new products and improve existing ones.

**Research and development** is also the department within a company that is responsible for this work. The abbreviation **R&D** is often used.

*Companies that spend a lot of money on **research and development** tend to be the most successful. Businesses need to train their workers better, and spend more on **R&D**. ...investment in **R&D**.*

● **laboratory** (laboratories) N-COUNT

A **laboratory** is a building or a room where scientific experiments, analyses, and research are carried out.

*...a leading research **laboratory** which tests products on animals. ...the Aeronautical Research **Laboratory** in Melbourne.*

● **product** (products) N-COUNT

**goods** N-PLURAL

**merchandise** N-UNCOUNT

**FMCG** (FMCGs) N-COUNT

A **product** is something that is produced and sold in large quantities, often as a result of a manufacturing process. **Goods** are things that are made to be sold. **Merchandise** is a formal word for goods that are bought, sold, or traded. **FMCGs** are inexpensive products that people usually buy on a regular basis, such as supermarket foods or toiletries. **FMCG** is an abbreviation for 'fast-moving consumer goods'.

*Try to get the best **product** at the lowest price. South Korea's imports of consumer **products** jumped 33% in this year.*

*Money can be exchanged for **goods** or services.*

*...a wide range of consumer **goods**.*

*Several stores have reported running out of **merchandise**.*

*For fast moving customer goods (**FMCG**) customers shop less frequently, and like to make all their purchases at one go rather than in several different outlets.*

● **focus group** (focus groups) N-COUNT

A **focus group** is a specially selected group of people who are intended to represent the general public. **Focus groups** have discussions in which their opinions are recorded as a form of market research.

*In surveys and **focus groups**, the shoppers said they wanted Tesco to go back to its roots as the "pile it high, sell it cheap" chain.*

*...**focus-group studies**.*

● **reverse engineering** N-UNCOUNT

**Reverse engineering** is a process in which a product or system is analysed in order to see how it works, so that a similar version of the product or system can be produced more cheaply

*Xerox set about a process of **reverse engineering**. It pulled the machines apart and investigated the Japanese factories to find out how they could pull off such feats.*

*So, through **reverse engineering**, Indian companies have been able to make drugs still on patent internationally, and to sell them at a tenth of the international price or less.*

● **staff suggestion scheme** (staff suggestion schemes) N-COUNT

A **staff suggestion scheme** is a scheme in which the employees of a company are encouraged to suggest ways of improving the company's performance or its working conditions.

*Individual staff can submit suggestions. This can be encouraged by introducing a **staff suggestion scheme** which offers good rewards to viable suggestions no matter how apparently trivial the suggestions.*

● **product-oriented** ADJ  
**product-orientated** ADJ  
**product-led** ADJ

A company that is **product-oriented** or **product-orientated** or **product-led** aims to develop new products and then create a market for them.

*I feel that we need to become a little more **product-oriented**. ...the man behind Fiat's **product-orientated** return to health. The new S-Type represents the first stage of a dramatic **product-led** expansion of the company over the next four years.*

⇒ **benchmarking**: Topic 5.3; **patent**: Topic 5.4; **under licence**: Topic 5.4; **department store**: Topic 6.5



## PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

research laboratories reverse engineering new products product  
R & D existing products goods product-led

A \_\_\_\_\_ is something that is produced or manufactured and sold, often in large quantities. Products are sometimes referred to as \_\_\_\_\_, although it is very unusual to talk about a good. Many businesses are \_\_\_\_\_, which means that they design and make a product, and then try to convince consumers to buy it. In companies, \_\_\_\_\_ are developed and \_\_\_\_\_ are improved through research and development (\_\_\_\_\_ ) carried out in \_\_\_\_\_. Often a process of \_\_\_\_\_ is used, where a product or a system is analysed to see how it works. R & D is potentially risky, although it's worth taking the risk if it leads to a successful, profitable product.

2 Match each sentence on the left with the sentence which follows it on the right.

- |   |  |
|---|--|
| <p>a In our company all the employees are encouraged to contribute ideas for new products.</p> <p>b We produce a range of consumer goods.</p> <p>c Our research department often dismantles our competitors' latest products to see how they are built.</p> <p>d We develop new products in our laboratories and then research the market to find out how to sell them.</p> <p>e We are a large department store that sells luxury goods.</p> | <p>i This reverse engineering can be very enlightening.</p> <p>ii Some very good ideas have come out of this staff suggestion scheme.</p> <p>iii Most of our merchandise is very expensive.</p> <p>iv We need to sell large quantities of these FMCGs in order to make a profit.</p> <p>v We adopt a product-led approach.</p> |
|---|--|

3 Match each word on the left with a word on the right to make word pairs associated with product development, then use each word pair to complete the sentences.

- |  |   |
|--|---|
| <p>a research</p> <p>b reverse</p> <p>c focus</p> <p>d staff</p> <p>e research</p> | <p>i groups</p> <p>ii laboratory</p> <p>iii suggestion schemes</p> <p>iv and development</p> <p>v engineering</p> |
|--|---|

- a The strength of Rolls is that after spending £2 billion on \_\_\_\_\_ in the last six years, its range of engines is wider than ever.
- b William Powers is executive director of Ford's \_\_\_\_\_.
- c Through \_\_\_\_\_, companies have been able to copy products and sell them more cheaply.
- d Some \_\_\_\_\_ offer rewards for useful suggestions from employees.
- e In \_\_\_\_\_, the shoppers said they wanted Tesco to go back to its roots as 'the pile it high, sell it cheap' chain.



● **quality control** N-UNCOUNT  
**quality assurance** N-UNCOUNT

In an organization that produces goods or provides services, **quality control** or **quality assurance** is the activity of checking that the goods or services are of an acceptable standard.

*One of the ways to ensure that finished homes are perfect products is to tighten up quality control.  
 ... quality control checks.*

*The report also calls for national standards of quality assurance for all x-ray units.*

● **subcontract** (subcontracts, subcontracting, subcontracted)

▮ VERB

If one firm **subcontracts** part of its work to another firm, it pays the other firm to do part of the work that it has been employed to do.

*The company is subcontracting production of most of the parts. They cut costs by subcontracting work out to other local firms.*

▮ N-COUNT

A **subcontract** is a contract between a firm which is being employed to do a job and another firm which agrees to do part of that job.

*Contracts and subcontracts for the reconstruction of Kuwait have begun to flow in.*

*European companies expected to win major subcontracts include Thorn EMI.*

● **quality circle** (quality circles) N-COUNT

A **quality circle** is a small group of workers and managers who meet to solve problems and improve the quality of the organization's products or services.

*Riddick's first move was to form a quality circle.  
Quality circles may work well in Japan, but have not been quite as successful in factories in the United States.*

● **benchmarking** N-UNCOUNT

**Benchmarking** is a process in which a company compares its products and methods with those of the most successful companies in its field, in order to try to improve its own performance.

*Benchmarking is important. You need to know where you stand compared with your global competitors.*

*The reviews will include benchmarking against other countries to ensure that UK customers are getting a deal at least as good as those abroad.*

● **TQM** N-UNCOUNT

**TQM** is a set of management principles aimed at improving performance throughout a company, especially by involving employees in decision-making. **TQM** is an abbreviation for 'total quality management'.

*One of the main themes of TQM is employee involvement. Under TQM principles the search for quality is continuous.*

● **monitor** (monitors, monitoring, monitored) VERB  
**monitoring** N-UNCOUNT

If you **monitor** something, you regularly check its development or progress, and sometimes comment on it. **Monitoring** is the process of checking the development or progress of something.

*Our prices are determined by local markets and we monitor prices on and off the motorway.*

*Dr Phillips called for greater monitoring of home conversions by local authorities.*

● **routine check** (routine checks) N-COUNT

If someone carries out a **routine check** on a product, place, or piece of equipment, they examine it as part of a regular checking procedure in order to see if there are any problems with it.

*He carried out routine checks on the integrity of the circuits, and replaced faulty valves in the tape recorders.*

*The museum said that it came across the asbestos during routine checks on its premises.*

● **inspect** (inspects, inspecting, inspected) VERB  
**inspection** (inspections) N-VAR

When officials **inspect** a place or a group of people, they visit it and check it carefully, for example in order to find out whether regulations are being obeyed. An **inspection** is an instance of inspecting a place or a group of people. **Inspection** is the act of inspecting a place or a group of people.

*The Public Utilities Commission inspects us once a year.*

*Each hotel is inspected and, if it fulfils certain criteria, is recommended.*

*The plant never had a safety inspection in the 11 years it was in operation.*

*A truly independent system of inspection by specialist teams should be introduced.*

➤ **outsource**: Topic 1.1; **outsourcing**: Topic 1.1; **focus group**: Topic 5.2; **R & D**: Topic 5.2; **market research**: Topic 9.1; **guarantee**: Topic 11.2; **warranty**: Topic 11.2



### PRACTISE YOUR VOCABULARY

Choose one of the terms to complete each definition.

total quality management   quality control   benchmarking   subcontract   quality assurance   routine checks

- a The collection of management techniques known as \_\_\_\_\_ aims to improve the company's performance, and is based on the principle that it is cheaper in the long term to do the job right the first time round, rather than making mistakes and fixing them afterwards.
- b Companies using TQM believe that quality is the responsibility of every department and every worker. This is very different from the traditional view in which \_\_\_\_\_ is a process in the chain of production, and is the sole responsibility of a quality controller. He or she may carry out \_\_\_\_\_ and inspections.
- c Many companies consult their customers about their views on quality, and use market research to find out what their customers think. This kind of consultation forms part of the \_\_\_\_\_ process.
- d A distribution company used to employ its own mechanics to repair and maintain their vehicles. Recently, however, they stopped this and now \_\_\_\_\_ this work to another firm.
- e \_\_\_\_\_ is the practice of comparing business practices between companies.

Match each statement on the left with one on the right.

- a Our company is starting a quality assurance programme.      i We will be examining the leading competitor in our field and trying to meet or improve on their standards.
- b Our R & D department will adopt a benchmarking strategy.      ii We will get members of staff to meet and resolve problems we have with particular products.
- c We will set up quality circles.      iii We will be focusing on quality with a view to increasing our effectiveness, flexibility and competitiveness.
- d We will take a total quality management approach.      iv We hope to involve all employees in making decisions about quality control.

When assessing the quality of a product, which of these factors should be considered?

- a physical appearance      c reliability      e image      g suitability  
b after-sales service      d durability      f reputation      h price

The following are all quality control techniques. Which ones are features of traditional quality control (QC) and which ones are specific to total quality management (TQM)? Tick (✓) the appropriate column.

	QC	TQM
a making everyone in the company take responsibility for quality		
b making quality the responsibility of the quality control department		
c constant monitoring and routine checks of the whole business		
d using a quality controller to check finished work for defects		
e the use of quality circles to generate discussion about the cause of quality problems and their solutions		
f being committed to one's customers and knowing about their needs and expectations		
g assuming customers are happy unless they complain about the quality of goods		





- **invent** (invents, inventing, invented) VERB  
**invention** (inventions) N-VAR  
**inventor** (inventors) N-COUNT

If you **invent** something such as a machine or process, you are the first person to think of it or make it. An **invention** is a machine, device, or system that has been invented by someone. **Invention** is the act of inventing something that has never been made or used before. An **inventor** is a person who has invented something, or whose job is to invent things.

He invented the first electric clock.  
It's been a tricky business marketing his new invention.  
...the invention of the telephone.  
...Alexander Graham Bell, the inventor of the telephone.

- **not-invented-here (NIH) syndrome**  
N-UNCOUNT

People sometimes use **not-invented-here syndrome** to refer to the resistance that exists within a company towards accepting ideas or inventions that have been developed by other companies. The abbreviation **NIH** is also used.

IT developers do tend to suffer from the not-invented-here syndrome.  
Mr Bucknor grumbled about the not-invented-here mentality that had kept his predecessors from using off-the-shelf software designed for computers made by rival companies.

- **researcher** (researchers) N-COUNT  
**technologist** (technologists) N-COUNT

A **researcher** is a person whose work involves studying something in order to discover facts about it. A **technologist** is a specialist in technology, usually within a large company or organization.

...the country's leading researcher into breast cancer.  
German technologists have derived a process to recycle carpets made from a widely used type of nylon called polyamide-6.

- **innovation** (innovations) N-VAR

An **innovation** is a new thing or a new method of doing something. **Innovation** is the introduction of new ideas, methods, or things.

They produced the first vegetarian beanburger – an innovation which was rapidly exported to Britain.  
...the technological innovations of the industrial age.  
We must promote originality, inspire creativity and encourage innovation.

- **leading edge** N-SING  
**leading-edge** ADJ

The **leading edge** of a particular area of research or development is the area of it that seems most advanced or sophisticated. **Leading-edge** technology is very advanced or sophisticated technology.

I think he is at the leading edge of technological development.  
The equipment is truly leading-edge technology.

- **state-of-the-art** ADJ

If you describe something as **state-of-the-art**, you mean that it is the best available because it has been made using the most modern techniques and technology.

...the production of state-of-the-art military equipment.  
The programme uses state-of-the-art technology.

- **CIM** N-UNCOUNT

**CIM** is a manufacturing method which uses computers to improve the speed and efficiency of the production process.

**CIM** is an abbreviation for 'computer-integrated manufacture'.  
CIM allows manufacturers to make customized products in small batches, at costs close to those of mass-produced goods.

- **patent** (patents, patenting, patented)

- 1 N-COUNT

A **patent** is an official right to be the only person or company allowed to make or sell a new product for a certain period of time.

P&G applied for a patent on its cookies.  
He claims that their products infringe the patent.

- 2 VERB

If you **patent** something, you obtain a patent for it.

He patented the idea that the atom could be split.  
...a patented machine called the VCR II.

### Common Collocations

to file a patent on/for something  
to grant somebody a patent on/for something  
to have a patent on/for something  
to obtain a patent on/for something  
patent infringement

- **under licence** PHRASE

If someone does something **under licence**, they do it by special permission from a government or other authority.

Japanese pharmaceutical firms began life by learning how to make foreign drugs under licence.  
The company also manufactures Marlboro under licence from Philip Morris.

- **intellectual property rights** N-PLURAL

If someone has the **intellectual property rights** to an idea or invention, they are legally allowed to develop the idea or invention, and nobody else can do so without their permission.

The company said that it has retained the intellectual property rights to its latest light commercial vehicle.  
...new rules to protect intellectual property rights.

- ➔ **R & D:** Topic 5.2; **CAD:** Topic 5.5; **CAM:** Topic 5.5; **mass production:** Topic 5.5



## PRACTISE YOUR VOCABULARY

Use the terms in the box to complete the paragraph.

patenting    invention    NIH syndrome    innovation    under licence    intellectual property rights    researchers

\_\_\_\_\_ is the creation of totally new products or production techniques through a process of innovation. \_\_\_\_\_ is the process of refining and developing an original invention into a usable product or technique, usually carried out by \_\_\_\_\_. When there is resistance in an organization to ideas or inventions that come from elsewhere, people talk about the not-invented-here, or \_\_\_\_\_. Inventors protect their inventions by \_\_\_\_\_ them. Others may be permitted to use ideas for which there is a patent if they pay a royalty. They are then said to use the invention \_\_\_\_\_. If a person owns the \_\_\_\_\_ to an invention, they have the right to develop it.

3 Match each sentence on the left with the sentence which follows it on the right.

- |   |  |
|---|--|
| a Our research department recently developed a new computer programme used to guide the production robots in the factory.                                 | i Making products under licence like this has been very good for our firm.                           |
| b We recently installed new computers in our factory. We bought the most sophisticated equipment available.   | ii These patents are essential to modern medicine.   |
| c Our bottling and soft drinks plant is the only one in the region that can legally make Cool Cola.   | iii We are really at the leading edge of design.   |
| d Our company's head of R&D was sacked last year after the company was prosecuted for copying a new idea from one of our rivals.                          | iv The machines use state-of-the-art technology.   |
| e R&D is very expensive in the pharmaceutical industry, so our legal department gets full protection for our new developments.                            | v The head of the legal department should have advised him that the company was infringing a patent. |
| f We are a small company that specializes in designing computer programmes for the print business. We employ some of the best technicians in the country. | vi After manufacturing the software we kept the intellectual property rights to it.                  |

4 An invention can be created by any of the following:

inventor    researchers    technologists

Use each term to complete the sentences.

- a \_\_\_\_\_ in America have found a new way to make newspaper edible.
- b University \_\_\_\_\_ discovered that the drug could be used for people who had cancer.
- c ...Bill White, the \_\_\_\_\_ of chewing gum.

4 Which of these companies is using CIM?

- a Company A used to mass produce moulded plastic sections of toys. They recently introduced computers to improve the production process.
- b Company B uses highly sophisticated computers to help its design team to develop new products.
- c Company C has a computerized ordering system designed to make ordering easier for their customers.



● **assembly line** (assembly lines) N-COUNT  
**production line** (production lines) N-COUNT

An **assembly line** is an arrangement of workers and machines in a factory, where each worker deals with only one part of a product. The product passes from one worker to another until it is finished. A **production line** is an arrangement of machines in a factory where the products pass from machine to machine until they are finished.

...a man who works on an assembly line.  
 Their first car rolls off the production line on December 16.

● **batch production** N-UNCOUNT  
**flow production** N-UNCOUNT  
**job production** N-UNCOUNT

**Batch production**, **flow production** and **job production** are methods of producing goods in a factory. In **batch production**, a large number of goods are produced for several customers. In **flow production**, a very large number of goods are produced in a continuous process on a production line. In **job production**, a small number of goods are produced for one particular customer.

...batch production of transistors.  
 Examples of very capital-intensive production are oil refining, chemical production, electricity generation and any major flow production system.  
 He was being interviewed for job production engineering manager.

● **small-scale** ADJ  
**large-scale** ADJ  
**mass production** N-UNCOUNT

A **small-scale** activity or organization is small in size and limited in extent. A **large-scale** activity involves a lot of people or things. **Mass production** is the production of something in large quantities, especially by machine.

...the small-scale production of farmhouse cheeses in Devon.  
 ...the first large-scale Internet venture aimed at revolutionising the UK's £62.5 billion construction industry.  
 ...large-scale job losses.  
 ...equipment that would allow the mass production of baby food.  
 ...the introduction of mass production at the turn of the century.

● **automation** N-UNCOUNT  
**mechanization** N-UNCOUNT

**Automation** and **mechanization** refer to the use of machines to do work that was previously done by people.

In the last ten years automation has reduced the work force here by half.  
Mechanization happened years ago on the farms of Islay.

● **robot** (robots) N-COUNT  
**robotics** N-UNCOUNT

A **robot** is a machine which is programmed to move and perform certain tasks automatically. **Robotics** is the science of designing and building robots.

...very light-weight robots that we could send to the moon for planetary exploration.  
 Wales has low overheads and you could use robotics to reduce labour costs.

● **CAD** N-UNCOUNT  
**CAM** N-UNCOUNT

**CAD** is the use of computer software in the design of things such as cars, buildings, and machines. **CAD** is an abbreviation for 'computer-aided design'. **CAM** is the use of computer software in the manufacture of products. **CAM** is an abbreviation for 'computer-aided manufacture'.

A design made with CAD can be transmitted perfectly from one place to another, if they both use the same system.  
 The application of CAD/CAM makes traditional procedures more efficient and provides avenues for innovation and new development.  
 ...CAD/CAM software.



### PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

robotics    production line    automation    assembly line    robots  
computer-aided design/computer-aided manufacturing

Products such as cars are made on a \_\_\_\_\_ or \_\_\_\_\_. Many of the tasks previously carried out by workers have been taken over by \_\_\_\_\_ – part of the process of \_\_\_\_\_. The use of robots in manufacturing is known as \_\_\_\_\_. CAD/CAM, or \_\_\_\_\_, refers to the use of computers in designing and manufacturing products.

- 2 a Match each of the three products to the most suitable production method.

- |                                  |                             |
|----------------------------------|-----------------------------|
| a building a bridge              | i flow (or mass) production |
| b growing a crop                 | ii job production           |
| c producing cans of orange juice | iii batch production        |

- b Label each definition with the correct of method of production.

- |  |                    |
|--|--------------------|
| i A single item (e.g. an aeroplane) is produced from start to finish.  | = _____ production |
| ii A product is made continuously, often through the use of an assembly line.                                    | = _____ production |
| iii One operation, which produces large or small quantities of a product, is completed before starting the next. | = _____ production |

- 3 Which of the following are unlikely to be features of flow production?

- |                                      |   |
|--------------------------------------|---|
| a high start-up costs                | d uses highly-skilled labour            |
| b reduced need for labour            | e produces small quantities of products |
| c produces a simple, uniform product | f low level of automation               |

- 4 Read the entry from the *Collins Dictionary of Economics* and answer the questions.

**mass production** the manufacture of a product in very large quantities using continuous-flow capital-intensive methods of production. Mass production is typically found in industries where the product supplied is highly standardised, which enables automated machinery and processes to be substituted for labour.

- a What method of production is used in the manufacture of mass-produced goods?  
 b What is the main characteristic of products made on an assembly line? Is each product individual, or are all the products identical?  
 c Are factories using mass production methods staffed by highly-skilled workers, or are they automated and staffed by less skilled workers?



● **sales** N-PLURAL

**sales revenue** (sales revenues) N-VAR  
**turnover** (turnovers) N-VAR

The **sales** of a product are the quantity of it that is sold. **Sales revenue** is money that a company or organization receives from sales of its goods and services. The **turnover** of a company is the value of the goods or services sold during a particular period of time.

*The newspaper has sales of 1.72 million.*

*...the huge Christmas sales of computer games.*

*...retail sales figures.*

*The company spends a tiny 4% of sales revenues on marketing.*

*Dairy Vale estimates that sales revenue will rise to \$134 million.*

*Her annual turnover is around £45,000.*

*The company had a turnover of £3.8 million.*

● **target** (targets) N-COUNT

A **target** is a result that you are trying to achieve, such as a particular number of products sold or produced within a particular period.

*Stanford's initial target of 4,500 subscribers within three years was exceeded by ten times that amount.*

*When the FT began its push into America two years ago it set a target of reaching 100,000 in sales within five years.*

**Common Collocations**

to meet a target      to reach a target  
 to miss a target      to set a target

● **unit sales** N-PLURAL

The **unit sales** of a product are the numbers of that product that are sold.

*Unit sales this year should climb by more than 9 per cent to more than 900,000 vehicles.*

*His research suggests that, in the past 12 months alone, unit sales of T-shirts increased 6% to about 1.7 billion.*

● **sales territory** (sales territories) N-COUNT

A salesperson's **sales territory** is the area or areas where he or she tries to sell the company's products.

*He was responsible for a six-state sales territory.*

*Article 16 of the Regulation states that if the supplier allocates an exclusive sales territory to the dealer the Regulation ceases to be applicable.*

● **sales forecast** (sales forecasts) N-COUNT

A company's **sales forecast** is the number of products that it expects to sell during a particular period.

*Baltimore said it would fail to meet sales forecasts of between £21 million and £22 million for the second quarter.*

*Mr Gerry gently trimmed his full-year sales forecast from £1.32 billion to £1.28 billion.*

● **sales figures** N-PLURAL

**Sales figures** are the numbers of a product or products that have been sold and the money resulting from these sales.

*This week Marks and Spencer, Britain's biggest clothes retailer, will reveal its Christmas sales figures.*

*He pointed to disappointing sales figures in Poland.*

● **sales force** (sales forces) N-COUNT

**sales team** (sales teams) N-COUNT

**sales rep** (sales reps) N-COUNT

**salesman** (salesmen) N-COUNT

**saleswoman** (saleswomen) N-COUNT

**salesperson** (salespeople) N-COUNT

**sales executive** (sales executives) N-COUNT

A company's **sales force** or **sales team** is all the people that work for that company selling its products. A **sales rep** is a member of the sales team. A **salesman**, a **saleswoman** or a **salesperson** is a person whose job is to sell things, especially directly to shops or other businesses on behalf of a company. A **sales executive** is a senior member of a sales force.

*...the biggest financial sales force in the country.*

*...a sales team of twenty.*

*I'd been working as a sales rep for a photographic company.*

*...an insurance salesman.*

*...a saleswoman from npower who called at his home.*

*When you go to buy cosmetics, the salesperson often suggests that you buy several products from the same line.*

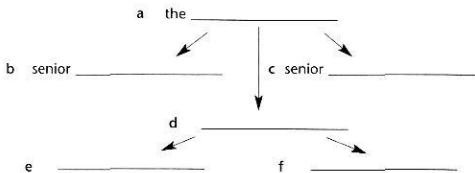
*...an advertising sales executive.*



## PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the diagram, which shows the relationship between members of the sales team.

salesmen sales force sales executives (2) salespeople saleswomen



- 2 Use each term in the box to complete the paragraph.

unit sales sales revenue sales figures sales turnover sales target

It is important for the sales force to know in detail how many products they have sold, and how much money they have made. Many companies produce \_\_\_\_\_ at the end of each month, which show the \_\_\_\_\_ or the number of goods sold, and the \_\_\_\_\_ or \_\_\_\_\_, or the money resulting from these sales. The salespeople then know whether they have met their \_\_\_\_\_.

- 3 Circle the correct term to complete each sentence.

- a The sales forecast attempts to predict sales areas/sales targets/sales figures.
- b The sales target is the amount that the company wants the sales territory/the sales force/the sales figures to achieve in a fixed amount of time.
- c Sales figures give the details of the unit sales/sales team/sales forecast the company has achieved.
- d Sales turnover is the total amount of money coming into a company as a result of sales figures/sales forecast/sales.
- e Each salesperson is responsible for sales in a sales target/sales territory/sales figures.

- 4 Put the terms in the box into the correct column in the table.

sales figures sales team sales force sales revenue sales target saleswomen salesmen sales turnover  
sales forecast salespeople sales executive

people involved in selling	amount of sales

Use an appropriate term (from the above sets) to complete the sentences. In some cases, more than one answer is possible.

- i After only a month, the company reached its annual \_\_\_\_\_ for Pert-Plus shampoo in Poland.
- ii The company's \_\_\_\_\_ are a closely guarded commercial secret.
- iii HarperCollins Publishers' \_\_\_\_\_ have instructions to visit bookshops at least once a week.
- iv Richard Bagnall has joined Rival Bowman as head of the company's \_\_\_\_\_.
- v Fleming Pooled Pensions has appointed Christopher Grade as \_\_\_\_\_.
- vi \_\_\_\_\_ in Queensland regional shopping centres has been stagnant for the past four years.



● **distribution** N-UNCOUNT  
**distributor** (distributors) N-COUNT

The **distribution** of goods involves supplying or delivering them to a number of people or places. A **distributor** is a company that supplies goods to shops or other businesses.

*Scottish Courage will also take on distribution of all beers, cider and soft drinks to the pubs.*

*He admitted there had been distribution problems.*

*...Spain's largest distributor of petroleum products.*

*Theater owners lease films from film distributors.*

● **distribution chain** (distribution chains) N-COUNT  
**distribution network** (distribution networks) N-COUNT

**channel of distribution** (channels of distribution) N-COUNT

A **distribution chain** is all the stages that goods pass through between leaving a factory and arriving at a retailer. A **distribution network** is a set of distribution chains. A company's **channel of distribution** is the method it uses in order to distribute its goods.

*...all the companies in the distribution chain involved in bringing the mussels to Montreal.*

*Cadbury has widened its European distribution network.*

*They have to develop other channels of distribution, especially direct selling via the telephone and internet.*

● **warehouse** (warehouses) N-COUNT  
**warehousing** N-UNCOUNT

A **warehouse** is a large building where raw materials or manufactured goods are stored until they are exported to other countries or distributed to shops to be sold. **Warehousing** is the act of storing materials or goods in a warehouse.

*Sainsbury will open a big warehouse this summer that will deliver groceries to households throughout London.*

*...the warehousing and distribution of consumer goods.*

● **end user** (end users) N-COUNT

The **end user** of a product or service is the user that it has been designed for, rather than the person who installs or maintains it.

*You have to be able to describe things in a form that the end user can understand.*

*... the final end-user of the finished product.*

● **freight** N-UNCOUNT

① **Freight** is the movement of goods by lorries, trains, ships or aeroplanes.

*France derives 16% of revenue from air freight.*

②

**Freight** is goods that are transported by lorries, trains, ships or aeroplanes.

*...26 tons of freight.*

*90% of managers wanted to see more freight carried by rail.*

● **forwarding** N-UNCOUNT  
**freight forwarding** N-UNCOUNT  
**forwarding agent** (forwarding agents) N-COUNT  
**freight forwarder** (freight forwarders) N-COUNT

**Forwarding** or **freight forwarding** is the collection, transportation and delivery of goods. A **forwarding agent** or **freight forwarder** is a person or company that is involved in the forwarding of goods.

*...Montreal, the great forwarding centre for wheat and flour.*

*Add costs for freight forwarding to Moscow – around \$4 a kilo.*

*You authorize Federal Express to act as a forwarding agent for you.*

*If a freight forwarder requests information from an airline, the airline's computer can immediately reply to the request.*

● **wholesaler** (wholesalers) N-COUNT

A **wholesaler** is a person whose business is buying large quantities of goods and selling them in smaller amounts, for example to shops.

*There were a lot more small wholesalers then, and competition was really keen for the business of the independent grocer.*

*CEHE is the largest drugs wholesaler in Europe.*

● **factory shop** (factory shops) N-COUNT

A **factory shop** is a shop where a factory sells damaged or out-of-date goods to customers at reduced prices.

*Quantities of fabric may be sold direct to customers in the factory shop.*

*We took advantage of visiting the factory shop where you can buy very fashionable shoes at cost prices.*

● **agent** (agents) N-COUNT

An **agent** is a person who looks after someone else's business affairs or does business on their behalf.

*You are buying direct, rather than through an agent.*

*...a written declaration, authorizing another person to act as his agent.*

➔ **retail outlet:** Topic 6.5; **consumer:** Topic 11.2;  
**customer:** Topic 11.2



## PRACTISE YOUR VOCABULARY

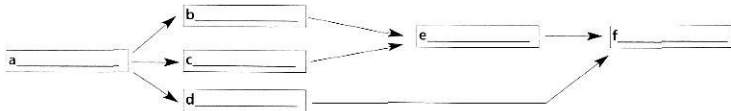
- 1 Use the terms in the box to complete the paragraph.

distribution network   end users   wholesalers   factory shops   distribution   warehouse   distributor   agent

\_\_\_\_\_ is concerned with getting a product to the customers (or, for technical products, \_\_\_\_\_). The \_\_\_\_\_ makes the product available to the customers through various retail outlets. Products may be distributed directly to retailers, or through a \_\_\_\_\_ to \_\_\_\_\_ who store the goods in a \_\_\_\_\_. The wholesalers then forward the products to the retailers or retail outlets. Some businesses use an \_\_\_\_\_ to bring buyers and sellers together, who works on a commission basis. Some products may be sold directly to the consumer. One British shoe shop, for example, has several \_\_\_\_\_ where goods are sold direct to the public.

- 2 Label the diagram using the terms in the box.

manufacturers   factory shop   wholesaler   end users   agent   warehouse



- 3 Read the text below, then decide whether the statements that follow are true or false.

Fizz, the company most of us recognize as an airline or music company, also owns cinemas. Through the distribution channel of its cinemas it is able to promote its own version of a cola soft drink. By controlling the channel of distribution it is able to be competitive in the cola market.

- a Fizz owns an airline, a music company, and a chain of cinemas.  
 b Fizz promotes its own brand of cola through its airline.  
 c Fizz's cola is competitive because the company controls the channel of distribution.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

- 4 Read this dictionary entry (from the *Collins Dictionary of Economics*) and answer the questions.

**Freight forwarder or forwarding agent** a firm that specializes in the physical movement of goods in transit, arranging the collection of goods from factories, depots, etc., and delivering them direct to the customer in the case of domestic consignments and to sea-ports, airports, etc., in the case of exported goods. In the latter case, the forwarder also handles the booking arrangements and the documentation required by the customs authorities.

- a Find three terms that refer to a firm specializing in the movement of goods.  
 b Which word is used in the text to mean freight?  
 c In a domestic context the forwarding agent offers a delivery service to the customer from which two places?  
 d Where does the freight forwarding company take goods for export?





### ● order (orders, ordering, ordered)

#### ① N-COUNT

An **order** is a request for something to be brought, made, or obtained for you in return for money.

*They are going to place an **order** for 188 trains.*

#### ② VERB

When you **order** something that you are going to pay for, you ask for it to be brought to you, sent to you, or obtained for you.

*A mixture of e-commerce and shops will enable people to **order** items such as books, CDs, and insurance on the Web, while going to a shop for the things they need to touch, feel or try on. If **ordering** a T-shirt or sweatshirt, please indicate where you would like the logo to go.*

### ● on order PHRASE

Something that is **on order** at a shop or factory has been asked for but has not yet been supplied.

*The airlines still have 2,500 new aeroplanes **on order**.*

### ● stock (stocks, stocking, stocked)

#### ① VERB

If a shop **stocks** particular goods, it keeps a supply of them to sell.

*The shop **stocks** everything from cigarettes to recycled loo paper.*

#### ② N-UNCOUNT

A shop's **stock** is the total amount of goods which it has available to sell.

*We took the decision to withdraw a quantity of **stock** from sale.*

#### ③ N-VAR

A company's **stock** is the raw materials or components it has ready to be made into finished goods.

*That buyer ordered £27,500 worth of **stock**. The performance of the textiles side might have looked worse had it not been for the fact that **stocks** have been kept to a minimum.*

### ● stock control N-UNCOUNT

**Stock control** is the activity of making sure that a company has the right amount of goods available to sell.

*Poul's first priority should be to get a **stock control** system which would re-order automatically when an item is bought. The combination of a widespread transport network and computerised **stock-control** has become a powerful one.*

### ● buying department (buying departments)

#### N-COUNT

**purchasing department** (purchasing departments) N-COUNT

The **buying department** or the **purchasing department** of a company is the section that is responsible for buying products sold by the company or materials used by the company.

*Now that consumers have familiarised themselves with all the popular designer labels, naturally cautious **buying departments** have become more conservative than ever.*

*Company policy on raw materials must be flexible enough to enable the **purchasing department** to exploit price opportunities.*

### ● re-order level (re-order levels) N-COUNT

The **re-order level** of a particular stock is the point at which the existing stock becomes so low that new stock needs to be ordered.

*But the exact nature of the stock-control system and the **re-order level** will depend upon the rate of usage of the stock, how frequently new stock can be brought in and the lead time.*

### ● work-in-progress N-UNCOUNT

In book-keeping, **work-in-progress** refers to the monetary value of work that has not yet been paid for because it has not yet been completed.

*The idea is to avoid tying up capital in **work-in-progress**. ...five million pounds' worth of finished goods and two million pounds' worth of **work-in-progress**.*

### ● logistics N-UNCOUNT

**Logistics** is the management of the flow of materials through an organization, from raw materials to the finished product.

***Logistics** is now more important in our industry than technology.*

### ● lead time (lead times) N-COUNT

The **lead time** is the time between the original design or idea for a particular product and its actual production. The **lead time** is also the period of time that it takes for goods to be delivered after someone has ordered them.

*They aim to cut production **lead times** to under 18 months. **Lead times** on equipment orders can run as long as 3 years.*

### ● vendor rating (vendor ratings) N-COUNT

**Vendor ratings** are a measure of the relative performances of a group of suppliers, produced by asking a business to evaluate them on factors such as price and flexibility.

*You can search the **vendor ratings** either by vendor's name or by category.*

### ● component (components) N-COUNT

The **components** of something are the parts that it is made of.

*Enriched uranium is a key **component** of a nuclear weapon. ...as **component** costs come down, PC prices come down. They were automotive **component** suppliers to motor manufacturers.*

➔ **raw materials:** Topic 4.3; **just-in-time manufacturing:** Topic 5.1; **wholesaler:** Topic 6.2



### PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

stocks    lead times    orders    work-in-progress    components

Most manufacturing companies have a warehouse full of \_\_\_\_\_ waiting to be assembled. These parts are known as stocks. Keeping \_\_\_\_\_ low reduces the need to finance, store and handle them. In order to do this, manufacturers get their suppliers to make and deliver components just before they are needed. This shortens \_\_\_\_\_, or the time it takes to make and deliver goods, or to fill customers' \_\_\_\_\_. Companies may also have stocks of \_\_\_\_\_ and finished products.

- 2 Whitewash, a washing machine manufacturer, has several suppliers of the raw materials and components they need to produce their machines. Read the text answer the questions.

Businesses purchase raw materials, semi-finished goods and components, which they use to produce products they can sell to consumers and other businesses. The purchasing department of a firm deals with suppliers and maintains adequate stock levels. Managing the materials is an important part of any business. Logistics is the term used to describe the management of materials flow through an organization from materials to finished goods.

- a What is the term used to describe the management of materials through a company?  
 b Who is responsible for maintaining the stock levels Whitewash need to produce the finished washing machines?  
 c Whitewash buys metal, electric motors and other parts needed to assemble its machines. Which is an example of a raw material, and which is an example of a component?  
 d Whitewash sell 70% of their finished products through their chain of retail outlets. The other 30% are sold to other businesses. Which of the following businesses do you think are customers of Whitewash: manufacturers of consumer goods, hotels, launderettes, firms of architects?

- 3 For each of the three suppliers, add their scores together to get a rating out of 100, and find out which supplier has the best vendor rating.

CRITERIA	MAXIMUM SCORE	ACTUAL SCORE		
		Supplier A	Supplier B	Supplier C
Price	25	17	18	18
Delivery	25	18	15	17
Quality	25	20	25	22
Flexibility	25	25	25	21

- 4 Are the sentences true or false?

- a If you have a product on order you are waiting for it to be delivered.  
 b Re-order levels do not depend on the level of stock.  
 c The term 'stocks' can cover supplies of raw materials, components, and work-in-progress.  
 d Customers are usually happier with short lead times than with long lead times.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>



- **online booking** N-UNCOUNT
- **online retailing** N-UNCOUNT
- **online shopping** N-UNCOUNT

**Online booking** is the activity of booking services such as rail tickets or holidays via the Internet. **Online retailing** is the business or activity of selling goods or services via the Internet. **Online shopping** is the activity of buying goods and services via the Internet.

*Travel agency and flight consolidator Flightbookers (www.flightbookers.com) was the first to offer online booking. Good old-fashioned marketing principles apply as much to online retailing as to conventional retailing. Flextech owns a string of websites and provides interactive services such as online shopping.*

- **shopping channel** (shopping channels) N-COUNT
- **home shopping** N-UNCOUNT
- **direct sales channel** (direct sales channels) N-COUNT

A **shopping channel** is a television channel that broadcasts programmes showing products that you can contact the channel and buy. **Home shopping** is the activity of buying things from a shopping channel or from an online retailer. A **direct sales channel** is something such as a website where you can buy things directly from a company.

*...the growing awareness and use of interactive shopping channels on digital television.  
...the QVC home shopping channel.  
A higher portion of total sales came through direct sales channels, which have lower margins than retail sales.*

- **cold call** (cold calls, cold calling, cold called)

① N-COUNT

If someone makes a **cold call**, they telephone or visit someone they have never contacted, without making an appointment, in order to try and sell them something.

*She had worked as a call centre operator making cold calls for time-share holidays.*

② VERB

To **cold call** means to make a cold call.

*You should refuse to meet anyone who cold calls with an offer of financial advice.*

- **sample** (samples) N-COUNT

A **sample** of a substance or product is a small quantity of it that shows you what it is like.

*We're giving away 2000 free samples.  
You'll receive samples of paint, curtains and upholstery.*

- **loyalty card** (loyalty cards) N-COUNT

A **loyalty card** is a plastic card that some shops give to regular customers. Each time the customer buys something from the

shop, points are electronically stored on their card and can be exchanged later for goods or services.

*...a loyalty card that rewarded shoppers with money-off vouchers.  
...loyalty card schemes.*

- **direct mail** N-UNCOUNT
- **direct marketing** N-UNCOUNT
- **direct selling** N-UNCOUNT

**Direct mail** or **direct marketing** is a method of marketing which involves companies sending advertising material directly to people who they think may be interested in their products. **Direct selling** involves the use of direct mail or similar sales techniques.

*...efforts to solicit new customers by direct mail.  
...the use of data for direct marketing.  
...direct selling via the telephone and internet.*

- **merchandising** N-UNCOUNT

**Merchandising** is used to refer to the way shops and businesses organize the sale of their products, for example the way they are displayed and the prices that are chosen.

*The company has lost money every year because of poor store locations, an unfocused merchandising strategy and inventory problems.*

- **point of sale** (points of sale)

① N-COUNT

The **point of sale** is the place in a shop where a product is passed from the seller to the customer. The abbreviation **POS** is also used.

*Demand-chain management captures information on consumer behaviour at the point of sale and feeds it up the supply chain.  
...the vast amount of information collected by POS.*

② ADJ

**Point-of-sale** is used to describe things which occur or are located or used at the place where you buy something. The abbreviation **POS** is also used.

*Introduction of electronic point-of-sale systems is improving efficiency.  
...POS terminals.*

- **personal selling** N-UNCOUNT

**Personal selling** is the selling of a company's goods or services by means of direct contact between the company's sales representatives and potential customers.

*Avon concentrates on personal selling in the home.*

- **intermediary:** Topic 6.5; **mail order:** Topic 6.5; **call centre:** Topic 12.5



## PRACTISE YOUR VOCABULARY








## 1 Read the text answer the questions.

When sales are made without any intermediaries being involved, this is known as direct selling. Direct selling means consumers can buy products from their own home, and is an increasingly popular method of distribution. It suits both the customers – who can choose how and when to shop, and companies, who do not have to hand over part of their profits to intermediaries. There are various direct selling techniques including the use of direct mail, personal selling, cold calls and catalogues.

- What is direct selling?
- Why do customers like direct selling methods?
- Why do companies like using direct selling?
- Name four direct selling techniques, and say what each one involves.

## 2 Match each of the sales methods in the box to one of the comments.

*direct sales channel    personal selling    free samples    online retailing    loyalty cards    cold calls    direct mail*

- |   |  |   |   |
|---|--|---|---|
|  | a 'I really hate it when someone phones me at home and starts trying to sell me something.'  |  | e 'I hate it because you can't see the things you want like you can online, only what they choose to show you.' |
|  | b 'It's OK for buying books and CDs, because seeing them on the screen is all you need.'   |  | f 'I get so much junk mail through the post – I put most of it straight in the bin.'                            |
|  | c 'Yesterday some people were handing out sachets of shampoo at the railway station. I used it today and it's really good, so I think I'll buy some.'    |  | g 'I like it because it's good to have everything demonstrated and explained.'                                  |
|  | d 'Every time I buy petrol they give me points on my card which add up so that every six months or so I can choose something nice from their catalogue.' |   |   |

## 3 For each of the sales methods choose one business that is unlikely to use that method to sell its products.

- |                            |                            |                        |                              |
|----------------------------|----------------------------|------------------------|------------------------------|
| a <b>Loyalty cards:</b>    | i petrol stations          | ii supermarkets        | iii high-fashion boutiques   |
| b <b>Personal selling:</b> | i bathroom fitting company | ii industrial cleaners | iii breakfast cereal company |
| c <b>Free samples:</b>     | i shoe manufacturers       | ii soft drinks company | iii cosmetics company        |
| d <b>Cold calls:</b>       | i insurance company        | ii supermarket         | iii gas/electric company     |

## 4 Use the terms in the box to complete the paragraph.

*merchandising    point of sale    in-store demonstrations*

Merchandising is an attempt to influence the customer at the \_\_\_\_\_. This is anywhere that a consumer buys a product, e.g. supermarket, car showroom, bookshop, petrol station, etc. \_\_\_\_\_ aims to encourage sales of a product. Instead of a sales assistant persuading them, consumers are persuaded to buy a product based on its physical appeal. Examples of merchandising techniques include point-of-sale displays, \_\_\_\_\_, the use of smells and lighting, and so on.

## 5 Which of the following are features of merchandising?

- |   |  |                            |
|---|--|----------------------------|
| a creating an appropriate ambience      | c designing the layout of the stores   | e setting the price        |
| b maintaining the stock levels in shops | d displaying the products attractively | f collecting customer data |



- **retail outlet** (retail outlets) N-COUNT  
**retailer** (retailers) N-COUNT  
**retailing** N-UNCOUNT

A **retail outlet** is a shop or other place that sells goods direct to the public. A **retailer** is a person or business that sells goods direct to the public. **Retailing** is the activity of selling goods direct to the public, usually in small quantities.

...the largest retail outlet in the city.

Furniture and carpet retailers are among those reporting the sharpest annual decline in sales.

She spent fourteen years in retailing.

...the car retailing industry.

- **retail park** (retail parks) N-COUNT  
**shopping centre** (shopping centres) N-COUNT

A **retail park** is a large specially built area, usually at the edge of a town or city, where there are a lot of large shops and sometimes other facilities such as cinemas and restaurants. A **shopping centre** is a specially built area containing a lot of different shops.

*But finding large sites, which allow ranges to be better displayed, is no easy task, given the small number of shopping centres and retail parks and the increasing number of retailers hunting them down.*

...large out-of-town retail parks.

The new shopping centre was constructed at a cost of £1.1 million.

- **department store** (department stores) N-COUNT  
**supermarket** (supermarkets) N-COUNT

A **department store** is a large shop which sells many different kinds of goods. A **supermarket** is a large shop which mainly sells foods and household goods.

...Britain's biggest department store after Harrods and Selfridges.

Most of us do our food shopping in the supermarket.

How do those prawns find their way from Norway to the supermarket shelf?

#### Common Collocations

a supermarket chain      a leading supermarket  
a local supermarket      a major supermarket

- **bar code** (bar codes) N-COUNT

A **bar code** is an arrangement of numbers and parallel lines that is printed on products to be sold in shops. The **bar code** can be read by computers.

*The moment a bar code is scanned in one of its US stores, a computer is alerted and checks when the item needs replacing.*

...a bar code scanner.

- **checkout** (checkouts) N-COUNT

In a supermarket, a **checkout** is a counter where you pay for things you are buying.

...queuing at the checkout in Sainsbury's.

*Shopping centres are reporting long queues at the checkout and record numbers of bargain hunters.*

- **mail order** N-UNCOUNT

**Mail order** is a system of buying and selling goods. You choose the goods you want from a company by looking at their catalogue, and the company sends them to you by post.

*The toys are available by mail order from Opi Toys.*

*Many of them also offer a mail-order service.*

*They have two shops in London and a mail order catalogue.*

#### Common Collocations

a mail order catalogue      a mail order service  
a mail order company      a mail order business  
available by mail order

- **intermediary** (intermediaries) N-COUNT

An **intermediary** is a person or organization that provides a link between two other people or organizations.

*However, it says it has no plans to be a car dealer. Instead it will act as a non-profit intermediary putting buyers in touch with a participating dealer.*

...the rule that investment products must be sold through an independent intermediary.

...financial intermediary companies.

- **franchise**: Topic 2.4; **franchiser**: Topic 2.4; **franchisee**: Topic 2.4; **wholesaler**: Topic 6.2; **agent**: Topic 6.2; **stock**: Topic 6.3; **online shopping**: Topic 6.4; **online retailing**: Topic 6.4; **direct marketing**: Topic 6.4; **after-sales service**: Topic 11.2



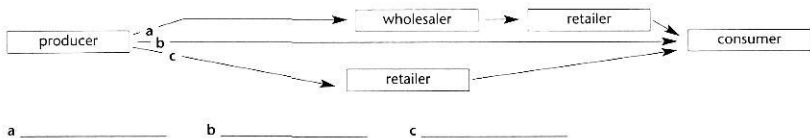
## PRACTISE YOUR VOCABULARY

- 1 List each term in the box under the correct heading.

supermarket   mail order   online retailing   shopping centre   retail park  
department store   home shopping   franchising

Retail outlets	Retailing methods

- 2 How many intermediaries are there in each of the three relationships?



- 3 Use the terms in the box to complete the text.

computerized checkout system   bar code   checkout

When you pay for your goods at the supermarket \_\_\_\_\_ they are passed over a laser, which reads the \_\_\_\_\_ on the packaging. The sale of each item is recorded on the \_\_\_\_\_ and the system automatically subtracts the items from total stock levels. The system can be used to check stock levels and the store's takings at any time of the day.

- 4 Read the text answer the questions.

Direct marketing is the practice of selling directly to consumers without using an intermediary. There are benefits to the consumer in not buying directly from the manufacturer, however. Customer service and after-sales services offered by retailers are two examples. Retailers may also buy in bulk from the manufacturer to keep the costs of a product down.

According to the text, are the following sentences true or false?

- |  | True                     | False                    |
|--|--------------------------|--------------------------|
| a Companies that use direct marketing sell to intermediaries.  | <input type="checkbox"/> | <input type="checkbox"/> |
| b Customers who buy from intermediaries can receive better service than those who buy from the manufacturer. | <input type="checkbox"/> | <input type="checkbox"/> |
| c Customers who buy from the manufacturer always get the product cheaper than other customers.               | <input type="checkbox"/> | <input type="checkbox"/> |



### ● boom-bust cycle (boom-bust cycles) N-COUNT

A **boom-bust cycle** is a rapid increase in business activity in the economy, followed by a rapid decrease in business activity.

*We must avoid the damaging boom-bust cycles which characterised the 1980s.*

### ● stock-market collapse (stock-market collapses) N-COUNT

① A **stock-market collapse** is a sudden decrease in value among all the shares on a particular country's stock market, for example because of a political crisis.

*In the early nineties there was a tremendous boom. And then there was the great stock-market collapse and the peso devaluation.*

② If a particular company suffers a **stock-market collapse**, its shares suddenly decrease to a very low value.

*...a share support operation designed to prevent the stock market collapse of Maxwell Communication Corporation.*

### ● bond (bonds) N-COUNT

When a government or company issues a **bond**, it borrows money from investors. The certificate which is issued to investors who lend money is also called a **bond**.

*Most of it will be financed by government bonds.  
...the recent sharp decline in bond prices.*

### ● default (defaults, defaulting, defaulted) VERB

If a company or country **defaults** on its bonds, it is unable to pay back the money it had guaranteed to the buyers of its bonds.

*Purchasers of bonds need to know whether a corporation is likely to default on its bonds.*

### ● booming ADJ

If a market is **booming**, the amount of things being bought or sold in that market is increasing.

*Certain British companies gather business intelligence and collect information to help to fight a booming market in counterfeit luxury goods.  
For U.S. manufacturers, there's a growing realization that to fuel growth, they must broaden their customer base overseas and take advantage of booming markets in Europe and the Far East.*

### ● boom (booms) N-COUNT slump (slumps) N-COUNT

If there is a **boom** in the economy, there is a sudden large increase in economic activity, for example in the amount of things that are being bought and sold. If there is a **slump** in the economy, economic activity falls suddenly and by a large amount.

*The industry has spent the years since that initial boom 'downsizing' to a more realistic level.  
The 1980s continued their stately progress towards the Great Boom and the subsequent slump.*

### Common Collocations

a consumer boom	boom time
an economic boom/slump	a slump in sales
a market boom/slump	a slump in profits
boom years	a slump in demand

### ● bubble (bubbles) N-COUNT

A **bubble** is a situation in which a lot of people try to buy shares in a company that is not financially successful, or which is so new that no one knows how successful it will be. As a result, people pay more for the shares than they are worth. When people realise that the shares are not worth what they paid for them, they often try to sell them at a lower price. When this happens, people say that the **bubble** has burst.

*Everyone is hoping that these hi-tech companies will turn out to be the Microsofts of the future. Some of them may be, but at the moment they look more like the focus of a speculative bubble. One New York development lawyer says the 1980s lending frenzy created an atmosphere of euphoria. When the development bubble burst, federal regulators started probing the balance sheets of the biggest banks.*

### ● bull market (bull markets) N-COUNT

### ● bear market (bear markets) N-COUNT

A **bull market** is a situation on the stock market when people are buying a lot of shares because they expect that the shares will increase in value and that they will be able to make a profit by selling them again after a short time. A **bear market** is a situation on the stock market when people are selling a lot of shares because they expect that the shares will decrease in value and that they will be able to make a profit by buying them again after a short time.

*Interest rates quite often rise in the early stages of a bull market. The bank said that the bear market, which followed last April's crash in Internet, telecoms and technology stocks, had deterred many companies from going public.*

⇒ **market:** Topic 1.4; **share:** Topic 7.2; **stock market:** Topic 7.2; **downturn:** Topic 7.3; **go bust:** Topic 7.4; **borrow:** Topic 8.4; **lend:** Topic 8.4; **interest:** Topic 8.4; **peak:** Topic 10.1



## PRACTISE YOUR VOCABULARY

- Put these four words into two pairs – one pair that means prices are rising, and one pair that means prices are falling.

boom bust bear bull

a prices rising: \_\_\_\_\_ b prices falling: \_\_\_\_\_

- Use the terms in the box to complete the paragraph.

boom-bust stock-market collapse boom slump booming

An economic \_\_\_\_\_ is a period of increased demand and production. The period of booming economic growth inevitably peaks, following which there is a \_\_\_\_\_, or a downturn in the economy. This pattern is known as the business cycle, and an extreme example of this cycle is called the \_\_\_\_\_ cycle. A \_\_\_\_\_ market is good for shareholders, but when the economy slumps it can be accompanied by a \_\_\_\_\_, when the value of shares on the exchange falls significantly.

- Read these headlines from the business press and answer the questions.

- |   |  |  |
|---|--|--|
| a | <b>City analysts describe emerging markets as 'bubble' economies</b> | Are these emerging markets a good long term investment?                      |
| b | <b>We are on the edge of a bear market in technology shares</b>      | Will technology shares be sold or bought in increased numbers?               |
| c | <b>Economic boom set to run for years</b>                            | Will demand in the economy increase or decrease?                             |
| d | <b>New market about to go bust</b>                                   | Will output increase or decrease?  |
| e | <b>Bull market set to last all year</b>                              | If you buy shares today and sell in a few months' time, will you make money? |

- Use the terms in the box to complete the sentences.

defaulting defaulting on its bonds bond (x 2)

- a When a company borrows money from its investors it issues the investor a \_\_\_\_\_.
- b This \_\_\_\_\_ runs for several years, and the company is obliged to pay back the money at the end of that period. During this period investors earn interest on the amount of money they have lent the company.
- c It can happen that a company is unable to pay back the money to an investor, and when this happens the company is \_\_\_\_\_ on its bonds.
- d Investors need to have a clear idea about the likelihood of a company \_\_\_\_\_.





● **share** (shares) N-COUNT

**bonus share** (bonus shares) N-COUNT

A company's **shares** are the many equal parts into which its ownership is divided. **Shares** can be bought by people as an investment. **Bonus shares** are shares which are given to shareholders when a company's profits are distributed.

*This is why Sir Colin Marshall, British Airways' chairman, has been so keen to buy shares in US-AIR.  
The maximum number of bonus shares you can receive is 248.*

● **ordinary share** (ordinary shares) N-COUNT

**preference share** (preference shares) N-COUNT

**Ordinary shares** are shares in a company that are owned by people who have a right to vote at the company's meetings and to receive part of the company's profits after the holders of preference shares have been paid. **Preference shares** are shares in a company that are owned by people who have the right to receive part of the company's profits before the holders of ordinary shares. They also have the right to have their capital repaid if the company fails and has to close. [BRIT]

*He sold 259,349 ordinary shares at yesterday's price of £10.12.  
Overnight, the value of preference shares dropped by 20%.*

● **shareholder** (shareholders) N-COUNT

A **shareholder** is a person who owns shares in a company.

*Each of the four shareholders now has 25%.*

● **share price** (share prices) N-COUNT

The **share price** is the price at which a company's shares are bought and sold.

*The impact is reflected in the company's share price, which has slumped to £10.13.*

● **stock** (stocks) N-COUNT

**Stocks** are shares in the ownership of a company, or investments on which a fixed amount of interest will be paid.

*...the buying and selling of stocks and shares.*

● **quoted company** (quoted companies) N-COUNT

A **quoted company** is a company in which you can buy or sell shares on a particular stock exchange.

*The figures are based on stakes held in quoted companies.  
He has made a significant contribution to the development of smaller quoted companies.*

● **invest** (invests, investing, invested) VERB

**investment** (investments) N-VAR

**investor** (investors) N-COUNT

If you **invest** in something, or if you **invest** a sum of money, you use your money in a way that you hope will increase its value, for example by paying it into a bank, or buying shares of property. **Investment** is the act of investing money. An

**investment** is an amount of money that you invest, or the thing that you invest it in. An **investor** is a person or an organization that buys stocks or shares, or pays money into a bank in order to receive a profit.

*They intend to invest directly in shares.*

*When people buy houses, they're investing a lot of money.  
...changes concerning the investment of pension contributions.  
...an investment of twenty-eight million pounds.  
The main investor in the project is a French bank.*

● **dividend** (dividends) N-COUNT

A **dividend** is the part of a company's profits which is paid to people who have shares in the company.

*The first quarter dividend has been increased by nearly 4%.  
In 1998, PP&L Resources reduced the level of its annual dividend to \$1.00 per share.*

● **yield** (yields, yielding, yielded)

① VERB

If a tax or investment **yields** an amount of money or profit, this money or profit is obtained from it.

*It yielded a profit of at least \$36 million.*

② N-COUNT

The **yield** on a tax or investment is the amount of money or profit that it makes.

*...the yield on a bank's investments.*

● **stock exchange** (stock exchanges) N-COUNT

**stock market** (stock markets) N-COUNT

A **stock exchange** is a place where people buy and sell stocks and shares. The **stock exchange** is also the trading activity that goes on there and the trading organization itself. The **stock market** consists of the general activity of buying stocks and shares, and the people and institutions that organize it.

*The shortage of good stock has kept some investors away from the stock exchange.  
...the New York Stock Exchange.  
Stock markets could suffer if interest rates rise.*

### Common Collocations

stock markets rise  
stock markets crash  
the stock market closes up/down  
on the stock market

● **go public** (goes public, going public, went public) PHRASE

If a company **goes public**, it starts selling its shares on the stock exchange.

*In 1951 AC went public, having achieved an average annual profit of more than £50,000.*

○ **market:** Topic 1.4; **plc:** Topic 2.4; **return:** Topic 7.5; **creditor:** Topic 8.4



### PRACTISE YOUR VOCABULARY

1 Read the sentences and circle the correct underlined term.

- A quoted company is one whose shares are available privately/publicly.
- Shareholders earn interest/a dividend on their shares.
- If a company gives its shareholders bonus shares they do/do not pay for them.
- When a company distributes dividends, holders of ordinary/preference shares get priority.

2 Look at the list of shares and answer the questions.

The three columns tell you:

- the market price of the shares in UK sterling (100 pence = £1.00)
- the percentage change in price over a 7-day period (a minus sign indicates a fall in price)
- the percentage yield, or the dividend investors can expect to receive.

Company	1 Price/pence	2 Change %	3 Yield %
A.....	204.50	2.3	9.0
B.....	1339.00	1.4	2.9
C.....	180.50	-0.9	0.0
D.....	122.15	1.5	1.6
E.....	366.25	-1.6	2.6
F.....	374.83	-1.4	N/A
G.....	180.00	-3.4	4.4

- Which shares are the most expensive?
- Which shares are the cheapest?
- Which shares have performed best over the last seven days?
- Which shares have performed worst over the last seven days?
- Which shares offer the highest yield?
- Which shares offer the lowest yield?

3 Use the information in the table above to write sentences about the seven companies listed there. One has been done as an example.

- At close of business on the stock market the price for Company D's shares was £1.22. This was an increase of 1.5%. Investors can expect to receive a yield of 1.6%.

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

4 Use the terms in the box to complete the paragraph.

*investment stock exchange go public investors invest*

Some companies are publicly owned. The shares of public limited companies are tradeable on a \_\_\_\_\_, Shareholders, or \_\_\_\_\_ buy the company's shares and are the owners of the company. Other companies are privately owned, and there is no open market for their shares. This can be a problem when they need to raise finance, and for that reason they may choose to \_\_\_\_\_, or to make their shares available on the stock exchange. Shareholders \_\_\_\_\_ their money in the stock market in the hope that their \_\_\_\_\_ will pay a good dividend, or, in other words, that they will make a good profit.



- **power ahead** (powers ahead, powering ahead, powered ahead) PHRASAL VERB
- **steam ahead** (steams ahead, steaming ahead, steamed ahead) PHRASAL VERB

If an economy or company **powers ahead** or **steams ahead** it becomes stronger and more successful.

The most widely held view is the market will continue to **power ahead** – at least in the first half of next year.

It all leaves the way clear for Tesco to **power ahead**.

The economy is **powering ahead**, the number of jobless has fallen for eight months in succession in the west, and for three months in a row in the east.

The latest figures show industrial production **steaming ahead** at an 8.8 per cent annual rate.

Corporate profits, meanwhile, have **steamed ahead**. Quarter after quarter companies have reported profit rises of 20 per cent or more.

- **sparkling** ADJ

If a company is described as having **sparkling** figures or **sparkling** results, it has performed very well and made a lot of money.

Shareholders in supermarket giant Tesco were laughing all the way to the bank yesterday following another **sparkling** set of figures.

Top retailer Marks & Spencer has romped in with another set of **sparkling** results.

- **sink** (sinks, sinking, sank, sunk) VERB

If something **sinks** to a lower level or standard, it falls to that level or standard.

Share prices would have **sunk** – hurting big and small investors. Pay increases have **sunk** to around seven per cent.

The pound had **sunk** 10 per cent against the schilling.

- **spike** (spikes) N-COUNT

If there is a **spike** in the price, volume, or amount of something, the price, volume, or amount of it suddenly increases.

Although you'd think business would have boomed during the Persian Gulf War, the owners say they saw only a small **spike** in interest then.

Westpac economist Nigel Stapleton said forecasts of a 1 per cent to 1.5 per cent seasonally adjusted **spike** in sales for December were 'not unreasonable'.

- **soar** (soars, soaring, soared) VERB

If the amount, value, level, or volume of something **soars**, it increases quickly and by a large amount.

Shares **soared** on the stock exchange.

...soaring unemployment.

Insurance claims are expected to **soar**.

- **downturn** (downturns) N-COUNT
- **upturn** (upturns) N-COUNT

If there is a **downturn** in the economy or in a company or industry, it performs worse or becomes less successful. If there is an **upturn** in the economy or in a company or industry, it improves or becomes more successful.

They predicted a severe economic **downturn**.

It typically takes at least a year for an economic **upturn** to reduce the number of business failures.

### Common Collocations

an **economic** downturn/upturn

a **sharp** downturn/upturn

a **severe** downturn

a **sustained** upturn

a **strong** upturn

a **slight** upturn

a downturn/upturn **in business**

a downturn/upturn **in demand**

- **rally** (rallies, rallying, rallied)

① VERB

When something, for example the price of shares, **rallies**, it begins to recover or improve after having been weak.

Markets began to **rally** worldwide.

② N-COUNT

If there is a **rally** in the price of shares, it begins to improve after having been weak.

After a brief **rally**, the shares returned to 126p.

### Common Collocations

a **strong** rally

a **powerful** rally

- **recover** (recovers, recovering, recovered) VERB
- **regain ground** (regains ground, regaining ground, regained ground) PHRASE

When something, for example the economy or a currency, **recovers** or **regains ground**, it begins to improve after having been weak.

The Chancellor of the Exchequer told sceptical businessmen at the annual Institute of Directors' conference that the economy would **recover** in the second half of the year.

After falling back, the dollar then **regained ground** in London, trading to close at 93.73 against the yen.



## PRACTISE YOUR VOCABULARY

1 If you were a shareholder in ABC Co., which of these headlines would you like to read in the morning newspaper?

a ABC's new management team steam ahead

d Foreign competition power ahead in ABC's markets

g ABC issue sparking interim results

b ABC's competitors sinking fast

e Soaring costs of raw materials for ABC

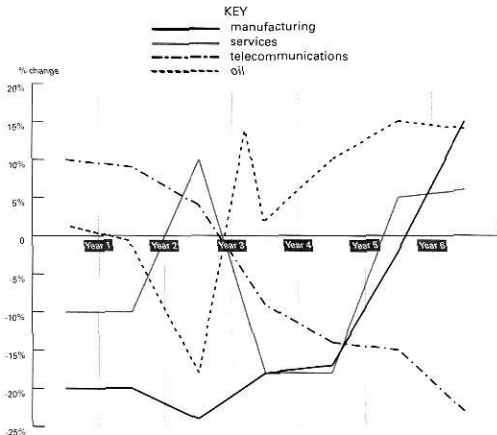
h ABC's share prices soar

c Following a recent fall, prices for ABC's products are rallying

f Economists predict economic downturn

i ABC's share prices are finally recovering

2 Look at the graph and decide whether the four descriptions below are true or false.



- a After a steady 3-year period the manufacturing sector has started to power ahead.  
 b The service sector suffered a serious downturn 3 years ago but stocks have soared recently.  
 c The telecommunications sector is experiencing an upturn.  
 d After a period of steady growth in the oil industry there was a sudden spike in oil prices.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

3 Correct the sentences above that give false information.



● **decline** (declines, declining, declined)

① VERB

If something **declines**, it decreases in quantity, importance, or strength.

The number of staff has declined from 217,000 to 114,000.  
Hourly output by workers declined 1.3% in the first quarter.

② N-VAR

If there is a **decline** in something, it becomes less in quantity, importance or quality.

The first signs of economic decline became visible.  
The primary reason for the scheme's failure, Bush argued, was a slumping economy and a decline in the value of real estate.

● **turn around** (turns around, turning around, turned around) PHRASAL VERB

If something such as a business or economy **turns around**, or if someone **turns it around**, it becomes successful after being unsuccessful.

Turning the company around won't be easy.  
In his long career at BP, Horton turned around two divisions.  
If the economy turned around, the Prime Minister's authority would quickly increase.

● **bankrupt** ADJ

People or organizations that go **bankrupt** do not have enough money to pay their debts. They can be forced by law to close down their business and sell their assets so that the money raised can be shared amongst the people they owe money to.

If the firm cannot sell its products, it will go bankrupt.  
He was declared bankrupt after failing to pay a £114m loan guarantee.

**Common Collocations**

to go bankrupt      to be declared bankrupt

● **bankruptcy** (bankruptcies)

① N-UNCOUNT

**Bankruptcy** is the state of being bankrupt.

Many established firms were facing bankruptcy.  
It is the second airline in two months to file for bankruptcy.

② N-COUNT

A **bankruptcy** is an instance of an organization or person going bankrupt.

The number of corporate bankruptcies climbed in August.

**Common Collocations**

to file for bankruptcy  
to be on the verge of bankruptcy  
to be on the brink of bankruptcy  
to be facing bankruptcy  
to declare bankruptcy

● **go out of business** PHRASE

If a company **goes out of business**, it stops trading.

50,000 companies have gone out of business.  
Many airlines could go out of business.

● **liquidation** (liquidations) N-VAR

If a company goes into **liquidation**, it is closed down and all its assets are sold, usually because it is in debt.

The company went into liquidation.  
The number of company liquidations rose 11 per cent.

● **ailing** ADJ

An **ailing** organization is in difficulty and is performing poorly.

The rise in sales is good news for the ailing American economy.  
...the ailing Asda supermarket chain.

● **fold** (folds, folding, folded) VERB

If a business or organization **folds**, it is unsuccessful and has to close. [mainly BRIT]

2,500 small businesses were folding each week.

● **go bust** PHRASE

If a company **goes bust**, it loses so much money that it is forced to close down.

A Swiss company which went bust last May.

● **troubleshooting** N-UNCOUNT

**Troubleshooting** is the activity or process of solving major problems or difficulties that occur in a company.

You realize that the problem must be resolved. A little troubleshooting is needed.

● **management consultant** (management consultants) N-COUNT

A **management consultant** is someone whose job is to advise companies on the most efficient ways to run their business, especially companies that are not performing very well.

Only after a management consultant visited the office was a solution to the problem found.  
Lybrand, a leading firm of management consultants, were asked both to evaluate our analysis and verify our conclusion.

● **insolvent** ADJ

**insolvency** (insolvencies) N-VAR

A person or organization that is **insolvent** does not have enough money to pay their debts. **Insolvency** is the state of not having enough money to pay your debts.

Two years later the bank was declared insolvent.  
...eight mortgage companies, seven of which are on the brink of insolvency.  
The economy has entered a sharp downturn, and unemployment and insolvencies can be expected to increase.



### PRACTISE YOUR VOCABULARY

**1** Use the terms in the box to complete the paragraph.

*ailing go out of business fold turn around management consultant  
going bankrupt troubleshooting*

Unsuccessful companies may collapse, \_\_\_\_\_ or \_\_\_\_\_. Companies in financial difficulty are often described as sick or \_\_\_\_\_. When this is the case, the company may bring in a \_\_\_\_\_ to try to help the company, or \_\_\_\_\_ it \_\_\_\_\_. This kind of \_\_\_\_\_ or problem-solving is often a final attempt to stop the company \_\_\_\_\_. If this happens, it will be forced to close down.

**2** Match each phrase on the left with one on the right that has a similar meaning.

- |   |   |
|---|---|
| a The company cannot pay its creditors, and must close down and use its assets to pay them. | i The company is ailing.                                  |
| b The company needs someone from the outside to come and give them advice.                  | ii They need a management consultant.                     |
| c The new MD was brought in to try and improve the company's poor trading results.          | iii It is going into liquidation.                         |
| d Profits are falling.  | iv She turned the company around in less than six months. |
| e The management consultants are looking for ways to improve the company's performance.     | v They are doing some troubleshooting.                    |

**3** Put these four events into the order in which they might occur:

- |   |         |
|---|---------|
| a The firm goes into decline.               | 1 _____ |
| b The firm goes bankrupt.                   | 2 _____ |
| c The firm calls in management consultants. | 3 _____ |
| d The firm cannot be turned around.         | 4 _____ |

**4** Which of the following do you think management consultants would be pleased to find, and which would they be worried about?

- |  | <i>pleased</i>           | <i>worried</i>           |
|--|--------------------------|--------------------------|
| a a company in danger of insolvency                                  | <input type="checkbox"/> | <input type="checkbox"/> |
| b a company about to go bust   | <input type="checkbox"/> | <input type="checkbox"/> |
| c management trying to turn things around                            | <input type="checkbox"/> | <input type="checkbox"/> |
| d a company threatened with liquidation if its results don't improve | <input type="checkbox"/> | <input type="checkbox"/> |
| e the company about to fold or go out of business                    | <input type="checkbox"/> | <input type="checkbox"/> |
| f troubleshooting strategies to improve the situation                | <input type="checkbox"/> | <input type="checkbox"/> |



- **profit margin** (profit margins) N-COUNT
- **gross margin** (gross margins) N-COUNT

A **profit margin** is the difference between the selling price of a product and the cost of producing and marketing it. A **gross margin** is the difference between the selling price of a product and the cost of producing it, excluding overheads such as electricity, water, rent etc.

*The company said profits had also been boosted by sales of vehicles that had better profit margins.*

*Overall sales rose 11.6 per cent, while gross margins improved 2.7 per cent.*

- **mark-up** (mark-ups) N-COUNT

A **mark-up** is an increase in the price of something, for example the difference between its cost and the price that it is sold for.

*Restaurants make a decision as to what mark-up they require. They use dollars to buy Western items such as video recorders and personal computers and then sell them at a huge mark-up.*

- **profit** (profits) N-Var
- **profitability** N-UNCOUNT
- **profitable** ADJ
- **profit-making** ADJ

A **profit** is an amount of money that you gain when you are paid more for something than it cost you to make, get, or do it. A company's **profitability** is its ability to make a profit. A **profitable** or **profit-making** organization makes a profit.

*The bank made pre-tax profits of £3.5 million. You can improve your chances of profit by sensible planning. Changes were made in operating methods in an effort to increase profitability.*

*Drug manufacturing is the most profitable business in America. He wants to set up a profit-making company, owned mostly by the university.*

### Common Collocations

<u>interim</u> profits	<u>pre-tax</u> profits	<u>record</u> profits
an <u>operating</u> profit	<u>annual</u> profits	

- **gross** ADJ
- **net** ADJ

#### 1 ADJ

**Gross** means the total amount of something, especially money, before any has been taken away. A **net** amount is one which remains when everything that should be subtracted from it has been subtracted.

*... a fixed rate account guaranteeing 10.4% gross interest or 7.8% net until October.*

*... a rise in sales and net profit.*

#### 2 ADV

If a sum of money is paid **gross**, it is paid before any money has been subtracted from it. If a sum of money is paid **net**, it is paid after everything that should be subtracted from it has been subtracted.

*Interest is paid gross, rather than having tax deducted.*

*... a father earning £20,000 gross a year.*

*Balances of £5,000 and above will earn 11 per cent gross, 8.25 per cent net.*

*All bank and building society interest is paid net.*

### Common Collocations

gross/net <u>income</u>	gross/net <u>profit</u>
gross/net <u>sales</u>	gross/net <u>earnings</u>
gross <u>revenues</u>	net <u>assets</u>
net <u>worth</u>	net <u>loss</u>

- **break even** (breaks even, breaking even, broke even, broken even) PHRASE

When a company or a person running a business **breaks even**, they make enough money from the sale of goods or services to cover the cost of supplying those goods or services, but not enough to make a profit.

*The airline hopes to break even next year and return to profit the following year.*

- **break-even point** N-SING

When a company reaches **break-even point**, the money it makes from the sale of goods or services is just enough to cover the cost of supplying those goods or services, but not enough to make a profit.

*I've just heard that 'Terminator 2' finally made \$200 million a couple of weeks ago, and \$200 million was considered to be the break-even point for the picture.*

- **ROCE** ABBREVIATION

**ROCE** is a measure of the profit that a company makes and represents the efficiency with which the capital invested in a business is used to generate revenue. **ROCE** is an abbreviation for 'Return on Capital Employed'.

*The ROCE formula is a very popular financial analysis indicator and is used widely in comparisons of the various profits of different firms and industries.*

- **capital employed** N-UNCOUNT

**Capital employed** is the value of a company's assets minus its liabilities and represents the investment required to enable a business to operate.

*Our marketing and refining business continues to make less than acceptable returns on capital employed.*

*Return on capital employed was 12 per cent.*

- **return** (returns) N-COUNT

The **return** on an investment is the profit that you get from it. **Returns** have picked up but the **return** on capital remains tiny. Higher **returns** and higher risk usually go hand in hand.

- ➔ **non-profit-making**: Topic 4.2; **asset**: Topic 8.3



## PRACTISE YOUR VOCABULARY

- 1 Put each of the terms in the box into the correct place in the text.

*mark-up   profit margin   break-even   profitability   gross*

When companies talk about a \_\_\_\_\_ margin they usually mean the difference between the selling price of goods and their production cost, without taking into account other costs such as marketing and general overheads. The \_\_\_\_\_ is the difference between total costs and sales revenues. Margin is expressed as a percentage of the selling price, or as a percentage of the total cost of goods, in which case it is referred to as the \_\_\_\_\_. Both profit margin and the mark-up are measures of a business's \_\_\_\_\_. When sales reach a level where revenues match costs, a company or product reaches the \_\_\_\_\_ point.

- 2 Read the newspaper headlines and answer the questions.

1 ABC achieves higher profit margins

2 ABC announces excellent sales figures, but higher manufacturing costs

3 ABC announces its Mexican operation breaks even at last

4 ABC's mark-ups are too high

5 ABC's annual report details its unprofitable activities

- Which story is likely to tell you that the company has increased its revenue this year?
- Which story is likely to tell you that gross profit has fallen?
- Which story is likely to tell you about the closure of the company's unsuccessful American subsidiary?
- Which story is likely to tell you that profits can be expected soon?
- Which story is likely to tell you that consumers are unhappy with ABC's prices?

- 3 Look at the information in the box and answer the questions.

### RATE OF RETURN ON CAPITAL EMPLOYED

The rate of return on capital employed (ROCE) is a good indicator of how well a company is performing. It allows a company to assess its performance by comparing its profit with the amount of capital in the business.

$$\text{ROCE (\%)} = \frac{\text{net profit}}{\text{capital employed (fixed assets and net current assets)}} \times 100$$

- What does ROCE stand for?
- What two factors does ROCE compare?
- Why do companies use ROCE?





### ● credit (credits, crediting, credited)

#### ① N-UNCOUNT

If you are allowed **credit**, you are allowed to pay for goods or services several weeks or months after you have received them.

*The group can't get **credit** to buy farming machinery.*

*You can ask for a discount whether you pay cash or buy on **credit**.*

#### ② N-UNCOUNT

If someone or their bank account is in **credit**, their bank account has money in it. [mainly BRIT]

*I made sure the account stayed in **credit**.*

#### ③ VERB

When a sum of money is **credited** to an account, the bank adds that sum of money to the total in the account.

*She noticed that only \$80,000 **had been credited** to her account.*

#### ④ N-COUNT

A **credit** is a sum of money which is added to an account.

*The statement of total debits and **credits** is known as a balance.*

### ● debit (debits, debiting, debited)

#### ① VERB

When your bank **debits** your account, money is taken from it and paid to someone else.

*We will always confirm the amount before **debiting** your account.*

#### ② N-COUNT

A **debit** is a record of the money taken from your bank account, for example when you write a cheque.

*The total of **debits** must balance the total of **credits**.*

### ● trade credit (trade credits) N-VAR

**Trade credit** is when a supplier allows a business or customer to pay for goods or services some time after they were supplied.

*It might be that the business is able to sell its finished goods before having to pay off the **trade credit**.*

*It is often normal practice within the industry for **trade credit** to be given, especially to larger customers.*

### ● invoice (invoices, invoicing, invoiced)

#### ① N-COUNT

An **invoice** is a document that lists goods that have been supplied or services that have been done, and says how much money you owe for them.

*His £700 **invoice** was settled immediately in cash.*

#### ② VERB

If you **invoice** someone, you send them a bill for goods or services you have provided them with.

*The agency **invoiced** the client who then pays.*

### ● bill (bills, billing, billed)

#### ① N-COUNT

A **bill** is a written statement of money that you owe for goods or services.

*They couldn't afford to pay the **bills**.*

#### ② VERB

If you **bill** someone for goods or services you have provided them with, you give or send them a bill stating how much money they owe you for these goods or services.

*Are you going to **bill** me for this?*

### ● billing N-UNCOUNT invoicing N-UNCOUNT

**Billing** is the process of preparing and sending someone a bill. **Invoicing** is the process of preparing and sending someone an invoice.

*More customers have been asking for itemised **billing**.*

*A machine capable of carrying out sales **invoicing**, letter writing and payroll applications.*

### ● revenue (revenues) N-VAR

**Revenue** is money that a company, organization, or government receives from people.

*Sales **revenue** was £7.9 million in the 3 months to September.*

*The only way to improve profits is to lift sales **revenues**.*

### ● letter of credit (letters of credit) N-COUNT

① A **letter of credit** is a letter written by a bank authorizing another bank to pay someone a sum of money. Letters of credit are often used by importers and exporters.

*The organization has yet to secure any of the required £250,000 that must be deposited by **letter of credit** to secure the deal.*

② A **letter of credit** is a written promise from a bank stating that they will repay bonds to lenders if the borrower is unable to pay them.

*The project is being financed through bonds and backed by a **letter of credit** from Losalle Bank.*

### ● accounts payable N-PLURAL accounts receivable N-PLURAL

A company's **accounts payable** is all the money it owes to other companies for goods or services received, or a list of these companies and the amounts owed to them. A company's **accounts receivable** is all the money it is owed by other companies for goods or services it has supplied, or a list of these companies and the amounts they owe.

***Accounts payable** were understated by approximately \$20 million that year.*

*The customer's record is updated, the company's **accounts receivable** ledger is debited and its cash ledger is credited.*

### ● cash flow N-UNCOUNT

The **cash flow** of a firm or business is the movement of money into and out of it.

*The company ran into **cash flow** problems and faced liquidation.*

➔ **order:** Topic 6.3; **on order:** Topic 6.3; **liability:** Topic 8.3; **debt:** Topic 8.4; **interest rate:** Topic 8.4; **creditor:** Topic 8.4; **turnover:** Topic 10.2



## PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

accounts payable   bills   accounts receivable   sales revenue   invoicing   trade credit   cash flow

The money received by a company from selling its goods or services is known as \_\_\_\_\_ or turnover. A company supplying goods or services to another company does not usually expect to be paid immediately, but after an agreed period. This arrangement is known as \_\_\_\_\_. Amounts that a business is waiting to be paid by its customers are \_\_\_\_\_. Money that a business owes to its suppliers are \_\_\_\_\_. When a customer orders goods from a supplier, the supplier invoices or \_\_\_\_\_ the customer for these goods. Producing and sending invoices is known as \_\_\_\_\_ or billing. The movement of money into and out of a business, independently of how much it owes and is owed, is the \_\_\_\_\_.

- 2 Put the heading 'money owed to the company' or 'money the company owes' into the correct place in the table.

19 accounts receivable £100,000 of trade credit given £250.00 letter of credit payable	32 accounts payable 34 invoices to be paid
--	---

- 3 What type of information is likely to be on an invoice? Choose from this list:

- a price
- b an itemized list of the products
- c the date when the customer can expect to receive the goods
- d information about the company's other goods/services

- 4 Match each of the terms relating to payment with the correct definition.

debit card   credit card   letter of credit   invoice

- a A document sent with goods sold on trade credit, telling the purchaser that payment is due.
- b A convenient, flexible and secure method of paying without cash, some time after you receive the goods.
- c A card whose use results in money being removed from your bank account and sent to the seller's account.
- d A secure method of overseas payment.



- **costs** N-PLURAL  
**fixed costs** N-PLURAL  
**variable costs** N-PLURAL  
**direct costs** N-PLURAL  
**indirect costs** N-PLURAL

A company's **costs** are the total amount of money involved in operating the business. **Fixed costs** or **direct costs** are expenses such as maintenance that do not vary with the level of output. **Variable costs** or **indirect costs** are expenses such as labour or materials that vary with the level of output.

*Costs have been cut by 30 to 50 per cent.*

*The company admits its costs are still too high.*

*Fixed costs have been reduced and work practices are changing to meet the demands of a much more competitive publishing environment.*

*As a firm reaches full capacity, variable costs may start to increase at a faster rate than output.*

*Revised working practices need to be implemented as a way to improve the quality of care and reduce direct and indirect costs.*

### Common Collocations

to **cut** costs  
 to **reduce** costs  
 to **incur** costs  
 rising costs

- **cost structure** (cost structures) N-COUNT

An organization's **cost structure** is all its different costs and the way these costs relate to and affect each other.

*The commission will look closely at the local cost structure to see whether we suffer from unnecessary costs which may mean tourists choose other overseas destinations.*

*I agree in principle with the minimum wage, but the government fails to understand that businesses like mine need to change their entire cost structure to cope.*

- **economies of scale** N-PLURAL

**Economies of scale** are the financial advantages that a company gains when it produces large quantities of products.

*Car firms are desperate to achieve economies of scale.*

*Most centres have been created by individual companies which means that manufacturers cannot benefit from economies of scale.*

*During the period when the Model T Ford dominated the US motor industry the only real difference between it and the Chevrolet was the low price Ford could charge because of his massive economies of scale.*

- **unit cost** (unit costs) N-COUNT

**Unit cost** is the amount of money that it costs a company to produce one article.

*They aim to reduce unit costs through extra sales.*

- **overheads** N-PLURAL

The **overheads** of a business are its regular and essential expenses, such as salaries, rent, electricity and telephone bills.

*We are having to cut our costs to reduce overheads and remain competitive.*

*With lower overheads, small toy shops are in a better position to lower prices.*

- **profit margin** (profit margins) N-COUNT

A **profit margin** is the difference between the selling price of a product and the cost of producing and marketing it.

*The group had a net profit margin of 30% last year.*

*Are there ways to use technology to increase profit margins by lowering operating costs?*

- **expenses** N-PLURAL  
**expenditure** (expenditures) N-VAR  
**planned expenditure** N-UNCOUNT

**Expenses** are amounts of money that you spend while doing something in the course of your work, which will be paid back to you afterwards. **Expenditure** is the spending of money on something, or the money that is spent on something. A company's or organization's **planned expenditure** is the amount of money it expects to spend over a particular period of time.

*As a member of the International Olympic Committee her fares and hotel expenses were paid by the IOC.*

*Can you claim this back on expenses?*

*Policies of tax reduction must lead to reduced public expenditure.*

*An expenditure for clothing will qualify as a trade or business expense.*

*...a £5 million reduction in planned expenditure.*

*This 2.4 percent planned expenditure for capital may be too high.*

### Common Collocations

to **increase** expenditure  
 to **reduce** expenditure  
 to **cut** expenditure  
 to **control** expenditure



## PRACTISE YOUR VOCABULARY

**1** Use the terms in the box to complete the paragraph.

cost structures    fixed costs    indirect costs    overheads    costs    direct costs

A business's \_\_\_\_\_ are the money that it spends in order to produce goods or services. Businesses of different kinds have different \_\_\_\_\_, and define, calculate and refer to their costs in different ways. \_\_\_\_\_ do not vary in relation to output, whereas variable costs do. \_\_\_\_\_ are directly related to the things produced, e.g. raw materials and wages. \_\_\_\_\_ may include things like social security charges on top of wages. Overhead costs, or \_\_\_\_\_, usually cover the non-production costs of running a business, such as telephone bills, and can be extended to cover R & D activities, for example.

**2** Which of the following refer to the cost of producing goods, and which refer to non-production costs?

a direct costs      b indirect costs      c overheads      d variable costs

**3** Which of the above terms refers to costs that change according to the level of output?

**4** Match each word/phrase on the left with a definition from the right.

- |  |  |
|--|--|
| <p>a variable/indirect costs<br/>b overheads<br/>c fixed costs/direct costs<br/>d expenditure<br/>e economies of scale<br/>f profit margin</p> | <p>i costs that are not related directly to production<br/>ii spending by buyers on products and services<br/>iii the difference between the production cost and the selling price of a commodity<br/>iv costs which do not change when the level of production changes<br/>v costs which change with changes in the level of production<br/>vi savings made by the fact that costs reduce as production increases</p> |
|--|--|

**5** Look at FD&E Ltd's planned expenditure for the year and answer the questions.

### FD&E Ltd Annual Cost Breakdown

	£
Factory heating	15,000
Insurance	50,000
Equipment	12,000
Wages/labour costs	500,000
Rent of premises	50,000
Raw materials	400,000
Staff canteen	10,000
Miscellaneous expenses	13,000

How much does the company expect to spend on each of the following:

- a Direct/fixed costs?  
b Indirect/variable costs?

**6** Are these statements true/false?

- a If the production costs fall and the selling price remains the same, the profit margin will increase.  
b If the production costs fall and the selling price increases, the profit margin will increase.  
c If the production costs rise and the selling price remains the same, the profit margin will increase.  
d To achieve economies of scale it is necessary to increase production.  
e Economies of scale are achieved because unit costs fall as production increases.

	True	False
a	<input type="checkbox"/>	<input type="checkbox"/>
b	<input type="checkbox"/>	<input type="checkbox"/>
c	<input type="checkbox"/>	<input type="checkbox"/>
d	<input type="checkbox"/>	<input type="checkbox"/>
e	<input type="checkbox"/>	<input type="checkbox"/>



- **account** (accounts) N-COUNT  
**profit and loss account** (profit and loss accounts) N-COUNT  
**P&L** ABBREVIATION

**Accounts** are detailed records of all the money that a person or business receives or spends. A company's **profit and loss account** is a financial record, published at the end of each financial year, that shows whether it has made a profit or a loss. The abbreviation **P&L** is also used.

*He kept detailed **accounts**.  
The net profit shown in the **profit and loss account**... the previous year's **P&L** figures.*

- **balance sheet** (balance sheets) N-COUNT

A **balance sheet** is a written statement of the amount of money and property that a company or person has, including amounts of money that are owed or are owing. **Balance sheet** is also used to refer to the general financial state of a company.

*If you're in business for yourself, you'll be filling an income and expense statement and, in most cases, a **balance sheet**.  
Rolls-Royce needed a strong **balance sheet**.*

- **international accounting standards (IAS)**

N-PLURAL

**international standard (IS) account**  
(international standard accounts) N-COUNT

**GAAP** ABBREVIATION

**International accounting standards** are a set of internationally-agreed principles and procedures relating to the way that companies present their accounts. The abbreviation **IAS** is also used. **International standard accounts**, or **IS accounts**, are accounts that follow international accounting standards. **GAAP** is an accounting system based on generally-accepted methods of accounting. **GAAP** is an abbreviation for 'generally accepted accounting principles'.

*The World Bank is making its loans to some companies conditional on their adoption of **international accounting standards**.  
Should we have our own national standards or just use **IAS**?  
Quoted companies now understand that if they don't produce **international standard accounts**, they won't find support from foreign investors.  
All figures are based on US **GAAP**.*

- **results** N-PLURAL  
**interim results** N-PLURAL

A company's **results** are the set of figures, published at regular times, that show whether it has made a profit or a loss. When the figures are published outside these regular times, they are referred to as **interim results**.

*CGU is due to report its annual **results** to shareholders this week.  
He pleased the City on Thursday by announcing first-quarter **results** ahead of expectations.  
**Interim results** released last month showed a 6% rise to £256m.*

- **audit** (audits, auditing, audited)

▮ VERB

When an accountant **audits** an organization's accounts, he or she examines the accounts officially in order to make sure that they have been done correctly.

*They **audit** our accounts and certify them as being true and fair.*

▮ N-COUNT

An **audit** is an official examination of an organization's accounts.

*The bank first learned of the problem when it carried out an **internal audit**.*

- **auditor** (auditors) N-COUNT

An **auditor** is an accountant who officially examines the accounts of organizations.

*An inquiry by the company's **auditors** revealed a series of fundamentally incorrect accounting entries over several years.  
Most corporations aren't public and don't require auditing; the corporations that do often select a major firm as an **auditor**.*

- **bottom line** (bottom lines) N-COUNT

The **bottom line** is the total amount of money that a company has made or lost over a particular period of time.

*These small promotions were costly and they did nothing to increase his **bottom line**.  
...to force chief executives to look beyond the next quarter's **bottom line**.*

- **asset** (assets) N-COUNT  
**liability** (liabilities) N-COUNT

The **assets** of a company are all the things that it owns. A company's or organization's **liabilities** are the sums of money which it owes.

*The company had **assets** of \$138 million and **liabilities** of \$120.5 million.*

- **tangible asset** (tangible assets) N-COUNT  
**intangible asset** (intangible assets) N-COUNT  
**current asset** (current assets) N-COUNT  
**fixed asset** (fixed assets) N-COUNT

**Tangible assets** are assets which are physical in nature, such as factories and offices. **Intangible assets** are assets which are non-physical in nature, such as patents and trademarks.

**Current assets** are assets which a company does not use on a continuous basis, such as stocks and debts, but which can be converted into cash within one year. **Fixed assets** are assets which a company uses on a continuous basis, such as property and machinery.

*Capital, in the form of **tangible assets** such as machinery or **intangible assets** such as money, can be a key consideration.  
The company listed its **current assets** at \$56.9 million.  
Investment in **fixed assets** is an important vehicle for ensuring that the latest technology is available to business.*

- ➔ **return:** Topic 7.5; **revenue:** Topic 8.1; **turnover:** Topic 10.2



## PRACTISE YOUR VOCABULARY

1 Divide these four words into two pairs of opposites.

profit asset liability loss

2 Match each term on the left with the correct definition on the right.

- |                           |  |
|---------------------------|--|
| a audit                   | i An accounting statement at the end of the financial year of a firm's sales revenue and costs.  |
| b balance sheet           | ii The audited financial statement of an organization which systematically records transactions. |
| c profit and loss account | iii An accounting statement of a firm's assets and liabilities.                                  |
| d interim results         | iv A legally required review of a company's accounts to establish their validity.                |
| e accounts                | v An unaudited progress report issued by a company to keep investors up to date.                 |
| f the bottom line         | vi The most important part of the accounts telling how much profit the firm has made.            |

3 Put these events in the financial year into the correct order.

- a Company accounts published    b Interim report published    c Audit

4 Read the paragraph and put the terms in the box into the correct place.

*interim profit and loss account auditors balance sheet liabilities accounting standards results assets*

Public Limited Companies (PLCs) are required by law to publish end-of-year financial statements. This report on the financial performance, or \_\_\_\_\_ of the company must include at least a \_\_\_\_\_ and a \_\_\_\_\_, so that shareholders can assess the performance of the company. \_\_\_\_\_ check the accuracy of the accounts and often apply national or internationally recognised \_\_\_\_\_. The balance sheet shows the firm's \_\_\_\_\_ and \_\_\_\_\_, whilst the profit and loss account tells shareholders what kind of return to expect on their investment. Companies often publish half-yearly or \_\_\_\_\_ results, especially if they need to warn shareholders of poor results. If a firm is doing well it can report a strong balance sheet, however.

5 Read this section from the minutes of a meeting to discuss the Westland takeover bid and answer the question.

### ABC GROUP

#### MINUTES

Meeting of the Board of Directors, 19 June 2002

#### 5.1 Valuation of Assets:

The Westland takeover offers a fair price for our current assets, but undervalues our fixed assets and seriously undervalues our intangible assets.

Which of these assets are fairly priced, which are undervalued, and which are seriously undervalued?

- |            |               |         |              |             |
|------------|---------------|---------|--------------|-------------|
| a premises | c brand names | e cash  | g equipment  | i know-how  |
| b goodwill | d land        | f stock | h copyrights | j machinery |



- **interest** N-UNCOUNT  
**interest rate (interest rates)** N-COUNT

**Interest** is extra money you receive if you have invested a sum of money. **Interest** is also the extra money that you pay if you have borrowed money or are buying something on credit. The **interest rate** is the amount of interest that must be paid on a loan or investment. It is expressed as a percentage of the amount that is borrowed or gained as profit.

*Does your current account pay interest?*

*The Finance Minister has renewed his call for lower interest rates. Our ISA Saver offers a variable rate of interest starting at 4%.*

#### Common Collocations

an interest rate rise/fall interest rates go up/come down  
a cut in interest rates an increase in interest rates  
rising/falling interest rates

- **borrow** (borrows, borrowing, borrowed) VERB  
**borrower** (borrowers) N-COUNT  
**borrowing** N-UNCOUNT

If you **borrow** money from someone or from a bank, they give it to you and you agree to pay it back at some time in the future. A **borrower** is a person or organization that borrows money. **Borrowing** is the activity of borrowing money.

*Morgan borrowed £5,000 from his father to form the company.*

*It's so expensive to borrow from finance companies.*

*After six months, borrowers pay the standard rate of 9.4%.*

*We have allowed borrowing to rise in this recession.*

- **lend** (lends, lending, lent) VERB  
**lender** (lenders) N-COUNT  
**lending** N-UNCOUNT

When people or organizations such as banks **lend** you money, they give it to you and you agree to pay it back at a future date, often with an extra amount as interest. A **lender** is a person or an institution that lends money to people. **Lending** is the activity of lending money to businesses or private individuals. It is also used to talk about the amount of money being lent.

*Banks may be slow to lend money to the new company because of the uncertainty about its operating costs.*

*...financial de-regulation that led to institutions being more willing to lend.*

*...the six leading mortgage lenders.*

*...a financial institution that specializes in the lending of money.*

*...a slump in bank lending.*

- **loan** (loans, loaning, loaned)

① N-COUNT

A **loan** is a sum of money that you borrow.

*The president wants to make it easier for small businesses to get bank loans.*

*...loan repayments.*

② VERB

If you **loan** something to someone, you lend it to them.

*Would it help if I loaned you some money?*

- **principal** (principals) N-COUNT

The **principal** of a loan is the original amount borrowed, excluding any interest payments.

*They will eventually want to see payments being made to reduce the principal of the loan.*

*I demand immediate payment of the principal of \$60,000 and outstanding interest.*

- **debt** (debts)

① N-VAR

A **debt** is a sum of money that you owe someone.

*Three years later, he is still paying off his debts.*

*Shrinking economies mean falling tax revenues and more government debt.*

*...reducing the country's \$18 billion foreign debt.*

② N-UNCOUNT

**Debt** is the state of owing money.

*Debt is a main reason for stress.*

*They see foreign investment as a way of avoiding any more foreign debt.*

- **in/into debt** PHRASE  
**out of debt** PHRASE

If you are **in debt** or get **into debt**, you owe money. If you are **out of debt** or get **out of debt**, you succeed in paying all the money that you owe.

*He was already deeply in debt through gambling losses.*

*The bank will make it easy for you to get into debt.*

*How can I accumulate enough cash to get out of debt?*

- **debtor** (debtors) N-COUNT

A **debtor** is a country, organization, or person who owes money.

*The United States holds the status of the No. 1 debtor to the United Nations, owing \$1.1 billion of the \$1.85 billion owed to the world body.*

*Debtors are sometimes embarrassed about getting help from more public sources of advice such as the Citizens Advice Bureau.*

*...important improvements in the situation of debtor countries.*

- **creditor** (creditors) N-COUNT

Your **creditors** are the people who you owe money to.

*The company said it would pay in full all its creditors except Credit Suisse.*

- ➔ **start-up:** Topic 2.3; **venture capitalist:** Topic 2.3; **default:** Topic 7.1; **insolvency:** Topic 7.4; **credit:** Topic 8.1; **liability:** Topic 8.3; **venture capital:** Topic 8.5



### PRACTISE YOUR VOCABULARY

- 1 Which of these words do you associate with 'creditor' and which with 'debtor'?

*borrow lend owe repay*

- 2 Ajax 6, a venture capital company, lends money to different start-up companies. Look at the table and answer the questions.

AJAX 6			
Company name	Amount lent	Number of years of loan	Interest rate
Allways Co. Ltd.	£500,000	5	10% pa
Bright Brothers	£100,000	7	15% pa
Chris Ltd.	£250,000	2	10% pa
Delaware Inc.	£300,000	4	20% pa
Eva Co. Ltd.	£600,000	6	10% pa

- a Which borrower has 'Ajax 6' lent the most to?  
 b Which company has borrowed money at the highest interest rate?  
 c Which company will take longest to pay off the loan?  
 d What is the principal in the loans from Ajax 6 to Chris Ltd. and to Eva Co. Ltd.?  
 e How much interest will Allways Co. Ltd. pay to Ajax 6 this year?  
 f Which company will be out of debt to Ajax 6 first?

- 3 Are the following sentences true or false?

- a If the bank lends money to a company, the bank is one of the company's debtors.  
 b If you borrow money from the bank at a variable rate of interest, you might have to pay back more than you think you will.  
 c Creditors prefer low interest rates.  
 d Debtors prefer high interest rates.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

- 4 Which of the following benefit most if interest rates are high, and which benefit most if they are low? Fill in the table below.

- a banks  
 b loan companies  
 c manufacturing industry  
 d consumers  
 e people with savings  
 f credit card companies

high interest rates	low interest rates





● **all-cash deal** (all-cash deals) N-COUNT

An **all-cash deal** is a financial transaction such as a takeover in which the payment is made entirely in money and not, for example, in shares or share options.

...an **all-cash deal** worth \$9 million.

Shareholders are entitled to demand a proper **all-cash deal**.

● **equity** N-UNCOUNT

**Equity** is the money a company gets from selling the shares it owns.

It may be difficult to raise **equity** from local private sources.

● **financing** N-UNCOUNT

The **financing** for something such as a business venture or a loan is the money that is needed for the venture or loan, and the way in which this money is provided.

Proper **financing** was needed to put the business on a sure footing and speed up payments.

It's not unusual, as a matter of convenience, to have salesmen arrange **financing** for home improvement loans.

● **management buyout** (management buyouts)

N-COUNT

**MBO** (MBOs) ABBREVIATION

A **management buyout** is the buying of a company by its managers. The abbreviation **MBO** is also used.

It is thought that a **management buyout** is one option.

She joined the company full time in 1978, and following an **MBO** in 1989 she became joint managing director.

● **raise** (raises, raising, raised) VERB

If a person or company **raises** money that they need, they manage to get it, for example by selling their property or borrowing.

They managed to **raise** £50,000 to set up the company and McGregor sold his house to **raise** capital.

● **rights issue** (rights issues) N-COUNT

A **rights issue** is when a company offers shares at a reduced price to people who already have shares in the company.

The **rights issue** will depress earnings per share in the short term. The acquisition will be financed mainly by a **rights issue** raising £354 million.

● **flotation** (flotations) N-VAR

**share flotation** (share flotations) N-COUNT

**share issue** (share issues) N-COUNT

**share offering** (share offerings) N-COUNT

**public offering** (public offerings) N-COUNT

The **flotation** of a company is the selling of shares in a company to the public. When there is a **share flotation**, a **share issue**, a **share offering** or a **public offering**, shares in a company are made available for people to buy.

He said letsbuyit.com was considering **flotation** on the London Stock Exchange.

**Flotations** this quarter are at their lowest level in over a decade.

...a **share flotation** which aims to raise £32 million.

A group called Dreamworld Ltd proposed to buy the park and float it on the stock exchange with a \$75 million **share issue**.

Last year the employees rejected a further **share offering**.

The subsequent electric-utility sale, expected to fetch \$13 billion, will mark the world's largest public offering.

● **takeover** (takeovers) N-COUNT

**takeover bid** (takeover bids) N-COUNT

A **takeover** is the act of gaining control of a company by buying more of its shares than anyone else. A **takeover bid** is an attempt to do this.

...the proposed £3.4 billion **takeover** of Midland Bank by the Hong Kong and Shanghai.

...a hostile **takeover bid** for NCR, America's fifth-biggest computer-maker.

● **venture capital** N-UNCOUNT

**Venture capital** is capital that is invested in projects that have a high risk of failure, but that will bring large profits if they are successful.

Successful **venture capital** investment is a lot harder than it sometimes looks.

The model isn't all that complicated: develop a good idea, raise **venture capital**, grow rapidly, and then go public or sell out.

● **working capital** N-UNCOUNT

**Working capital** is money which is available for use immediately, rather than money which is invested in land or equipment.

The cash raised will be used for **working capital** and to settle some bank debts.

A second problem is that, as long as land law is uncertain, banks will be unwilling to lend to farmers, and no farm can survive without access to **working capital**.

● **liquidity** N-UNCOUNT

A company's **liquidity** is the amount of cash or liquid assets it has easily available.

The company maintains a high degree of **liquidity**.

...serious **liquidity** problems.

➔ **backer**: Topic 2.3; **grow**: Topic 2.5; **shareholder**: Topic 7.2; **share**: Topic 7.2; **return**: Topic 7.5; **ROCE**: Topic 7.5; **cash flow**: Topic 8.1; **unit cost**: Topic 8.2; **asset**: Topic 8.3; **liability**: Topic 8.3; **loan**: Topic 8.4



## PRACTISE YOUR VOCABULARY

1 Look at these newspaper headlines and decide which of the sentences which follow relates to which headline.

1 Westland Bank in takeover bid for ABC Group

4 Takeover may be an all-cash deal worth £1.5 billion

2 Eastern Brothers flotation to go ahead

5 ThinkBIG.com in rights issue

3 Xceed technology hope to raise venture capital

6 Management buyout at Clipper Co.

- The firm, which has been in the family for 25 years, will sell shares in order to raise long-term finance.
- The banks were unwilling to take a risk on their revolutionary new designs.
- The hostile bid for control will be resisted by the group's board.
- Existing shareholders will be able to buy the shares at a 15% discount on current prices.
- Senior executives hope to resist the hostile takeover bid by raising institutional backing to take over the company themselves.
- The proposed takeover will be paid for in cash, rather than in shares.

2 The senior executives of ABC Group hope to resist Westland's hostile takeover bid by financing a management buyout to take over the company themselves. Read the list of ways they could do this and choose a term in the box that means the same as one of the underlined terms.

*raise capital    by arranging a bank loan    share issue/flotation    participate in a rights issue*

- They will get financial support from a venture capital company.
- They will invite existing shareholders to acquire additional shares in the company to raise new capital.
- They will raise equity from private investors or a public offering on the stock market.
- They will raise money through debt, from a lender.

3 Use the terms in the box to complete the paragraph.

*liquidity    working capital    financing    takeover*

Most businesses increase in size through internal growth, i.e. they produce more and take on more workers. Businesses also grow in size through external growth, though, such as buying another business in a \_\_\_\_\_. Sometimes growing the business may be the only way it can survive. Increasing production can lower unit costs, for example. In order to survive, it is necessary to have enough working capital to pay for day-to-day expenses such as wages or bills.

\_\_\_\_\_ is money used to bridge the gap between the time products are planned, materials are paid for and the goods produced, and the time payment is received for them from customers when they are sold. A firm without sufficient working capital has \_\_\_\_\_ problems, and needs to find some form of \_\_\_\_\_.



- **primary data** N-UNCOUNT
- **secondary data** N-UNCOUNT

**Primary data** is information about a subject that is collected at first-hand, for example by means of interviews. **Secondary data** is information about a subject that has already been written or published.

*A large number of published books and articles, plus various newspaper reports, are used to supplement his primary data. Secondary data sources – for example, various national and international statistical publications – were used to supplement the main body of information.*

- **field research** N-UNCOUNT
- **desk research** N-UNCOUNT

**Field research** is research that is done in a real, natural environment, for example by interviewing people, rather than in a theoretical way. **Desk research** is research that is done in a theoretical way, by reading what has already been written about a subject.

*We must ensure that field research finds its way back into practice, within British industry and commerce. He states that desk research cannot “fulfil the field research role of putting the supplier in direct touch with the consumer.”*

- **market research** N-UNCOUNT

**Market research** is the activity of collecting and studying information about what people want, need, and buy.

*Saturn carried out extensive market research to decide how to sell its cars. A new all-woman market research company has been set up to find out what women think about major news and issues.*

### Common Collocations

to **conduct** market research    to **do** market research  
to **carry out** market research

- **survey** (surveys, surveying, surveyed)

① N-COUNT

If you carry out a **survey**, you try to find out detailed information about a lot of different people or things, usually by asking people a series of questions.

*According to the survey, overall world trade has also slackened.*

② VERB

If you **survey** a number of people, companies, or organizations, you try to find out information about their opinions or behaviour, usually by asking them a series of questions.

*Business Advisers surveyed 211 companies for the report. Only 18 percent of those surveyed opposed the idea.*

### Common Collocations

to **conduct** a survey    to **do** a survey  
a survey **finds**    a survey **shows**  
a survey **reveals**    a survey **says**

- **respondent** (respondents) N-COUNT

A **respondent** is a person who replies to something such as a survey or set of questions.

*There were more than 300 respondents to the survey.*

- **consumer panel** (consumer panels) N-COUNT
- **focus group** (focus groups) N-COUNT

A **consumer panel** is a specially selected group of people who are intended to represent the likely users of a particular product or service. **Consumer panels** try out the product or service and give their opinions on it. A **focus group** is a specially selected group of people who are intended to represent the general public. **Focus groups** have discussions in which their opinions are recorded as a form of market research.

*Our consumer panel tasted both homemade chocolate cakes and cakes made from mixes. He put together a business plan and tested it with a focus group.*

- **market test** (market tests, market testing, market tested)
- **test market** (test markets, test marketing, test marketed)

① N-COUNT

If a company carries out a **market test**, it asks a group of people to try a new product or service and give their opinions on it. A **test market** is an area or a group of people that tries a new product or service so that its qualities can be evaluated.

*The new product performed well in a market test in Las Vegas. From 1983 to 1985, Minneapolis alone served as the test market for 110 products.*

② VERB

If a company **market tests** a new product or service, or if they **test market** it, a group of people are asked to try it and are then asked for their opinions on it.

*These nuts have been market tested and found to be most suited to the Australian palate.*

*Adolph Coors Co. said its Coors Brewing Co. unit will test market a new line of bottled water in the West early next year.*

- **market-led** ADJ
- **market-oriented** ADJ
- **market-orientated** ADJ

A company that is **market-led**, **market-oriented** or **market orientated** aims to develop products or services in order to fill gaps in the existing market.

*...moving away from an old-style textiles industry towards international companies that are market-led.*

*...some market-oriented solutions for the problems of the elderly. Service industries like banking and insurance have also become more market-orientated.*

➔ **market:** Topic 1.4; **product-led:** Topic 5.2



### PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

primary data   desk research   market-led   field research   market research  
 consumer panels   secondary data   surveys   market test

A market for a product is the people or organizations who buy it, or an area where it is sold. Companies quick to respond to the needs of a market are \_\_\_\_\_, or market-oriented. The gathering of information about what consumers want and need, and what makes them buy, is known as \_\_\_\_\_. There are two ways of collecting information – \_\_\_\_\_ and \_\_\_\_\_. Desk research involves the use of \_\_\_\_\_ and field research involves the collection of \_\_\_\_\_. Secondary data includes information from sources such as the media or trade associations. Primary data is collected through the use of \_\_\_\_\_, (i.e. questioning individuals), \_\_\_\_\_, (i.e. questioning groups of people, for example) or by carrying out a \_\_\_\_\_ to see how successful the product is before launching it more widely.

2 Match a type of data collected on the left with a research method on the right.

primary data                      field research  
 secondary data                  desk research

3 Which of the following are examples of primary data and which are examples of secondary data?

	Primary	Secondary
i published sales figures	<input type="checkbox"/>	<input type="checkbox"/>
ii reports from the sales force	<input type="checkbox"/>	<input type="checkbox"/>
iii information published by the competition	<input type="checkbox"/>	<input type="checkbox"/>
iv data from telephone interviews	<input type="checkbox"/>	<input type="checkbox"/>
v data from consumer panels	<input type="checkbox"/>	<input type="checkbox"/>
vi focus groups	<input type="checkbox"/>	<input type="checkbox"/>

4 Match the two halves of the sentences.

a A company which is market-oriented	i finding out what customers want and need, and what makes them buy.
b Market research is the process of	ii no-one has yet collected.
c Primary data is information which	iii tries to find out what consumers want before developing a product.
d Secondary data is information which	iv is already available, both inside and outside the organization.
e Carrying out a survey involves	v test marketing.
f New products can be tested on consumer panels. This process is called	vi asking questions of respondents, either by filling in a questionnaire or by interview.



● **life cycle** (life cycles) N-COUNT

The **life cycle** of a product is the time period from when it is first purchased until the end of its usefulness.

*Each new product would have a relatively long life cycle.*

*The life cycle of new products in the highly competitive consumer electronics field is becoming ever shorter.*

● **development** (developments) N-VAR

**Development** is the process or result of making a basic design gradually better and more advanced.

*...the development of new and innovative telephone services.*

● **launch** (launches, launching, launched)

☐ VERB

If a company **launches** a new product, it makes it available to the public.

*Crabtree & Evelyn has just launched a new jam, Worcesterberry Preserve.*

*Marks & Spencer recently hired model Linda Evangelista to launch its new range.*

☑ N-COUNT

The **launch** of a new product is the act of making it available to the public.

*The company's spending has also risen following the launch of a new Sunday magazine.*

*...the most important product launch from Microsoft in six years.*

### Common Collocations

a launch party    an official launch  
a product launch

● **growth** N-COUNT

The **growth** of something such as an industry, organization, or market is its development in size, wealth, or importance.

*Littlewoods, which has seen underlying sales growth of 10 percent at its high street stores, said that it would continue as a value retailer.*

*We experienced strong sales growth, partially a result of good market growth.*

● **maturity** N-UNCOUNT

**Maturity** is the state of being fully developed.

*The market will have reached maturity within two or three years at the most.*

● **saturation** N-UNCOUNT

**saturated** ADJ

The **saturation** of a market is the process or state that occurs when so many similar products are already available within the market that any new products are unlikely to sell well. If a market is **saturated**, so many similar products are already available within the market that any new products are unlikely to sell well.

*I don't think that we have reached market saturation yet.*

*As the market became more saturated, firms began to export their product.*

● **decline** (declines, declining, declined)

☐ VERB

If something **declines**, it becomes less in quantity, importance, or strength.

*The number of staff has declined from 217,000 to 114,000.*

*Hourly output by workers declined 1.3% in the first quarter.*

*After five years of declining sales, Boeing says the airline industry is poised for a turnaround.*

☑ N-VAR

If there is a **decline** in something, it becomes less in quantity, importance, or quality.

*The decline in sales means that advisers at Natwest Life are completing on only a handful of endowments each year.*

*The essential problem is the relative decline of manufacturing.*

*The first signs of economic decline became visible.*

➔ **research and development:** Topic 5.2; **R&D:** Topic 5.2; **product-orientated:** Topic 5.2; **test market:** Topic 9.1; **market research:** Topic 9.1



## PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

product life cycle    decline    growth    maturity    saturated    launched

New products are often the outcome of research and development projects. When the development stage is complete, the project is ready to be \_\_\_\_\_. This stage is usually backed up by a marketing campaign to make consumers aware of it. In the \_\_\_\_\_ phase of the product life cycle, sales and profits rise, as the product reaches \_\_\_\_\_. At this stage, sales of the product reach a peak and profits are at their maximum. Many companies try to extend this phase of the product life cycle and use extension strategies such as finding new uses or new markets for the product, or changing its appearance. When the market becomes \_\_\_\_\_ with competing products, sales start to \_\_\_\_\_. At this stage the company needs to have a new product ready to begin a new \_\_\_\_\_.

- 2 Use the terms below to label the diagram showing the product life cycle.

a product launch

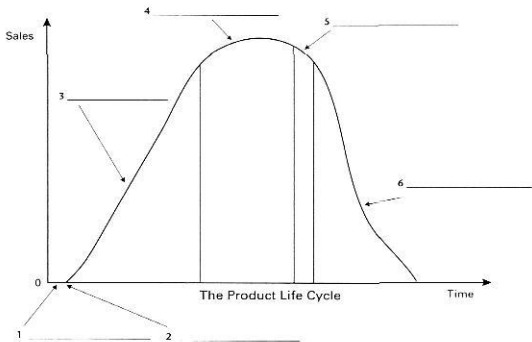
c product development stage

e market saturation

b product decline

d product growth

f product maturity



- 3 The Airlie Motor Company is one of the world's largest car manufacturers. The company has to regularly bring out new models in order to stay competitive. Read the sentences below describing the life cycle of the Airlie Rapide, and put them into the right order.

- Airlie carries out market research to test market the model.
- Airlie's competitors bring out cars which are technologically superior to the Rapide.
- Airlie builds up to world production levels of 800,000 cars per year.
- Airlie spends \$6 billion and 6 years developing the model.
- Airlie's competitors are now producing models that can successfully compete with the Rapide.
- Airlie launches the model at motor shows in Europe and the USA.
- Airlie pays off the \$6 billion development costs and uses profits to start developing other cars in the range.



● **advertising** N-UNCOUNT

**Advertising** is the activity of creating advertisements and making sure people see them.

...the sums spent on advertising by Internet companies.  
...a well-known advertising slogan.

● **advertisement** (advertisements) N-COUNT

**advert** (adverts) N-COUNT

**ad** (ads) N-COUNT

An **advertisement** is an announcement in a newspaper, on television, or on a poster about something such as a product, event, or job. The forms **advert** and **ad** are also used.

Miss Parrish recently placed an advertisement in the local newspaper.  
I saw an advert for a transport job with a large steel and engineering company.  
She replied to an ad she saw in the New York Times.

● **promotion** (promotions) N-VAR

A **promotion** is an attempt to make a product or event popular or successful, especially by advertising.

During 1984, Remington spent a lot of money on advertising and promotion.  
Ask about special promotions and weekend deals too.

● **print** ADJ

**billboard** (billboards) N-COUNT

The **print** media consists of newspapers and magazines, but not television or radio. A **billboard** is a very large board on which posters are displayed.

I have been convinced that the print media are more accurate and more reliable than television.  
...a huge billboard on Sunset Boulevard advertising her singing talents.

● **junk mail** N-UNCOUNT

**spam** (spams) N-VAR

**Junk mail** is advertisements and publicity materials that you receive through the post, which you have not asked for and which you do not want. **Spam** is unwanted e-mail sent to a large number of people, usually as advertising.

...the growth in junk mail.  
My American e-mail account gets 5 or 6 spam messages every day.  
...a program that will automatically delete spams.

● **tag line** (tag lines) N-COUNT

The **tag line** of something such as a television commercial is the phrase that comes at the end and that is meant to be amusing or easy to remember.

The tag line was changed from "Bacardi Breezer, there's Latin spirit in every one" to "Breezer, there's Latin soul in every one".

● **tailor** (tailors, tailoring, tailored) VERB

If you **tailor** something such as a product or activity to someone's needs, you make it suitable for a particular person or purpose by changing parts of it.

Marriott is a good example of such a business, as it has huge information databases on its customers allowing it to tailor its hotel chains to their needs.  
A computer system can only answer yes or no, but we tailor our response to fit the individual customer.

● **advertising agency** (advertising agencies) N-COUNT

An **advertising agency** is a company whose business is to create advertisements for other companies or organizations.

Advertising agencies are losing their once-powerful grip on brand marketing.

● **advertising campaign** (advertising campaigns) N-COUNT

An **advertising campaign** is a planned series of advertisements.

The Government has launched a mass advertising campaign to reduce the nation's electricity consumption.

● **advertising standards** N-PLURAL

**Advertising standards** are the standards of honesty and decency that advertisements are expected to follow.

The Advertising Standards Authority is the body to write to if you find an advertisement which is unacceptable in some way. This is an independent body which keeps advertising standards high.

● **budget** (budgets) N-COUNT

The **budget** for something is the amount of money that a person, organization, or country has available to spend on it.

Some companies have a budget for external training, at others all training is handled on the job.  
Like any other small-business owner trying to make such improvements, Gibbins had to do it on a tight budget.

● **account** (accounts) N-COUNT

A regular customer of a company can be referred to as an **account**, especially when the customer is another company.

Biggart Donald, the Glasgow-based marketing agency, has won two Edinburgh accounts.

● **account executive** (account executives) N-COUNT

An **account executive** is a person who works at a fairly senior level for a company such as an advertising agency or a marketing firm and who deals with regular customers.

...an account executive in marketing for IBM.  
...account executives from their ad agency.

⇒ **strategy**: Topic 2.5; **point of sale**: Topic 6.4; **direct mail**: Topic 6.4; **direct selling**: Topic 6.4; **market share**: Topic 12.1



## PRACTISE YOUR VOCABULARY

1 Which of the following is true?

- a i Promotion is an example of advertising.      ii Advertising is an example of promotion.  
 b i A tag line usually comes at the start of an ad.    ii A tag line usually comes at the end of an ad.

2 Use the terms in the box to complete the paragraph.

*tailor advertisements    advertising campaign    advertising standards    advertisement    advertising budget*  
*advertising agencies    print    account executive*

Advertising tells people about products through a variety of media types, e.g. TV, \_\_\_\_\_, billboards etc.

An \_\_\_\_\_ may use more than one media type, with TV ads supported by a print advertisement in a magazine, for example. Most campaigns are designed and managed by \_\_\_\_\_, or more specifically by an \_\_\_\_\_. The cost of using an advertising agency comes out of the company's \_\_\_\_\_.

Agencies are often asked to design a global advertisement that can be used in various countries. They will often \_\_\_\_\_, or adapt them to a market's particular needs. Agencies need to take care when designing an \_\_\_\_\_ that it meets each country's \_\_\_\_\_.

3 Put these four media types into the correct place in the table.

- a junk mail    b TV    c newspapers    d billboards    e spam

Media type	Advantages	Disadvantages
1 _____	very good for short sharp messages	can be affected by the weather
2 _____	can be targeted	may be totally ignored by recipient
3 _____	can provide a lot of detail/information	a company's advertisement may be 'lost' amongst many others, possibly those of its rivals
4 _____	can demonstrate the product in use	consumers may not pay attention
5 _____	can reach a lot of people very quickly	can be deleted before it reaches customer





### ● branding N-UNCOUNT

**Branding** refers to the image or impression that a company creates for its products, usually through advertising.

*As we enter the 21st century, companies are placing greater emphasis on **branding** and marketing.*

*Williamson points to French Connection, the fashion retailer, as another example of how skilful **branding** can invigorate trading.*

#### Common Collocations

a branding **strategy**  
corporate branding

a branding **exercise**  
global branding

### ● brand (brands) N-COUNT

**own brand** (own brands) N-COUNT

**own label** (own labels) N-COUNT

A **brand** of a product is the version of it that is made by one particular manufacturer. **Own brands** or **own labels** are products which have the trademark or label of the shop which sells them, especially a supermarket chain. They are normally cheaper than other popular brands.

*I bought one of the leading **brands**.*

*This range is substantially cheaper than any of the other **own brands** available.*

*People will trade down to **own labels** which are cheaper.*

### ● generic (generics)

① ADJ

A **generic** drug or other product is one that does not have a trademark and that is known by a general name, rather than the manufacturer's name.

*Barry Zeigler says **generic** products can make a big dent in name brand sales only when the generic is much less expensive.*

② N-COUNT

A **generic** is a drug or other product that does not have a trademark and that is known by a general name, rather than the manufacturer's name.

*The program saved \$11 million in 1988 by substituting **generics** for brand-name drugs.*

### ● brand name (brand names) N-UNCOUNT

The **brand name** of a product is the name the manufacturer gives it and under which it is sold.

*Drugs can be sold under different **brand names** across the EU.*

*When it comes to soft drinks, Coca-Cola is the biggest selling **brand name** in Britain.*

### ● brand awareness N-UNCOUNT

**Brand awareness** is how much people know about a particular brand, and the ideas they have about it.

***Brand awareness** provides customers with a degree of reassurance.*

*Norwich Union have got to buy their way into this market. They've got to create **brand awareness**.*

### ● brand image (brand images) N-UNCOUNT

The **brand image** of a particular brand of product is the image or impression that people have of it, usually created by advertising.

*Few products have **brand images** anywhere near as strong as Levi's.*

### ● brand loyalty N-UNCOUNT

**Brand loyalty** is the way some people always buy a particular brand of a product, and are not likely to start buying a different brand.

*Suddenly perfume is losing its luxury cachet and becoming an everyday purchase and buyers are no longer showing **brand loyalty**. Since the Netscape browser allowed Web-page designers to use features that could not be seen by any other browser, a great deal of **brand loyalty** was guaranteed.*

### ● brand recognition N-UNCOUNT

**Brand recognition** is when a person knows what a product is or knows something about it as soon as they see it or hear its name.

*The strategic linchpin of Sun-Rype's marketing plans is the strong **brand recognition** enjoyed by their products.*

### ● brand stretching N-UNCOUNT

**Brand stretching** is when a company uses an existing brand name to sell a new product. They do this because they think that people who buy the existing products with that brand name will also buy the new ones.

*...new developments such as **brand stretching**, in which tobacco companies use non-tobacco products such as the Marlboro Classics clothing range to promote a particular brand of cigarette.*

### ● diversification N-UNCOUNT

① **Diversification** is when a company starts to produce new and different goods or services.

*He joined NWW in 1990 and was seen as the driving force behind **diversification** into areas such as water and sewerage projects in the Far East and Mexico.*

② **Diversification** is when people start to invest their money in more than one place or type of product. This can reduce the amount of risk involved.

*PEP regulations allow you to invest in overseas funds within certain limits. With an election coming up in Britain in the next couple of years, international **diversification** makes sense. ...a simple illustration of how portfolio **diversification** works.*

### ● USP (USPs) N-COUNT

The **USP** of a product or service is a particular feature of it which can be used in advertising to show how it is different from, and better than, other similar products or services. **USP** is an abbreviation for 'Unique Selling Point'.

*With Volvo, safety was always the **USP**. The ease of purchase was the **USP** and it made the products especially attractive.*

➔ **product mix:** Topic 3.4; **core values:** Topic 3.4



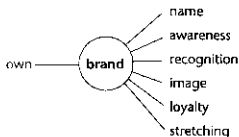
## PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

*generic products brand awareness brand image own brand brand name USP*

A brand of a product is a version of it made by one particular manufacturer. Consumers may or may not recognize a particular \_\_\_\_\_. This knowledge, or lack of it, is measured in terms of brand recognition and \_\_\_\_\_. A product sold by a retailer, under the retailer's own name rather than the manufacturer's, is an \_\_\_\_\_ product. Products that are not sold under a brand name are \_\_\_\_\_. Companies try hard to show consumers how their products are different from their competitor's products and what the \_\_\_\_\_ is. Part of the process of making a product different from other similar ones requires a company to develop a strong \_\_\_\_\_ for the products in its product mix.

2 Look at the seven word partners with the word 'brand', then match each one to one of the comments below.



- a 'When ice-cream bars were first launched I could pick out the Jupiter ice-cream bar straight away because the packaging was so familiar.'
- b 'I always buy Worthit shampoo because it's just as good as a branded product, but much cheaper.'
- c 'I always buy their jeans. I would never buy any other brand.'
- d 'Cool-Cola is the most famous one I can think of.'
- e 'I love the adverts. I think they've made the drink seem really appealing.'
- f 'I don't know anything about the different mobile phones on the market, I'm afraid.'
- g 'I think companies that use a famous name on lots of products just make the brand seem cheap.'

3 Are these statements true or false?

- |   | True                     | False                    |
|---|--------------------------|--------------------------|
| a Own label products sell at higher prices than branded products.                             | <input type="checkbox"/> | <input type="checkbox"/> |
| b The purpose of developing a brand image is to enable consumers to identify with a product.  | <input type="checkbox"/> | <input type="checkbox"/> |
| c Memorable brand names are often long and complicated.                                       | <input type="checkbox"/> | <input type="checkbox"/> |
| d The diversification of a brand name can be a failure if it weakens the brand's core values. | <input type="checkbox"/> | <input type="checkbox"/> |



- **price** (prices) <sup>N-VAR</sup>
- **list price** (list prices) <sup>N-COUNT</sup>

The **price** of something is the amount of money that you have to pay in order to buy it. The **list price** of something is its official price, before any discounts are included.

...a sharp increase in the **price** of petrol.

They expected house **prices** to rise.

They haven't come down in **price**.

I ended up saving 50% on the holiday **list price**.

#### Common Collocations

a **market price**      a **purchase price**      **cut price**  
a **price tag**          a **price rise**

- **cost** (costs, costing, cost)

① N-COUNT

The **cost** of something is the amount of money that is needed in order to buy, do, or make it.

The **cost** of a loaf of bread has increased five-fold.

Badges are also available at a **cost** of £2.50.

② VERB

If something **costs** a particular amount of money, you can buy, do, or make it for that amount.

This course is **limited to 12 people and costs** £50.

It's going to **cost** me over \$100,000 to buy new trucks.

#### Common Collocations

low-cost    cost-cutting    cost-effective    cost savings

- **pricing strategy** (pricing strategies) <sup>N-COUNT</sup>

A company's **pricing strategy** is the system of prices it sets for the goods it produces or the service it provides.

This leads us to the conclusion that The Economist has different **pricing strategies** in different markets.

- **market price** (market prices) <sup>N-COUNT</sup>
- **market value** (market values) <sup>N-COUNT</sup>

If you talk about the **market price** or **market value** of something, you mean that its price or value depends on how many of the items are available and how many people want to buy them.

...the **market price** of cocoa.

He must sell the house for the current **market value**.

- **price-sensitive** <sup>ADJ</sup>

If the market for a product or service is **price-sensitive**, it is affected by changes in price.

...Matrix Essentials hair salon products, aimed at younger **price-sensitive** consumers.

The visitor attraction market is already crowded and is **price sensitive**.

- **competition-based pricing** <sup>N-UNCOUNT</sup>
- **cost-based pricing** <sup>N-UNCOUNT</sup>
- **market-orientated pricing** <sup>N-UNCOUNT</sup>
- **penetration pricing** <sup>N-UNCOUNT</sup>

**Competition-based pricing** is the policy of setting a price for goods or services based on the price charged by other companies for similar goods or services. **Cost-based pricing** is the policy of setting a price for goods or services based on how much it costs to produce, distribute and market them. **Market-orientated pricing** is the policy of setting a price for goods or services based on an analysis of the market and consumer requirements. **Penetration pricing** is the policy of setting a relatively low price for goods or services in order to encourage sales.

*Competition-based pricing is easily implemented on the internet.*

*A cost-based pricing strategy had caused this company to lose orders it should have won.*

*We will also maintain a market-orientated pricing strategy and a firm grip on our cost base.*

*A policy broadly akin to penetration pricing was adopted to achieve maximum penetration in this sector.*

- **discount** (discounts, discounting, discounted)

① N-COUNT

A **discount** is a reduction in the usual price of something.

*They are often available at a discount.*

*All full-time staff get a 20 per cent discount on goods up to £1,000 each year.*

② VERB

If a shop or company **discounts** an amount or percentage from something that they are selling, they take that amount or percentage off the usual price.

*This has forced airlines to discount fares heavily in order to spur demand.*

*Tour prices are being discounted as much as 33%.*

- **discounting** <sup>N-UNCOUNT</sup>

**Discounting** is the practice of offering a reduction in the usual price of something.

...heavy discounting of football shirts.

...a vicious period of discounting led by Esso's 2p per litre voucher promotion.

➔ rival: Topic 3.3; marketing mix: Topic 3.5



### PRACTISE YOUR VOCABULARY

Use the terms in the box to complete the paragraph.

cost   pricing strategies   market price   price-sensitive (2)   discounting   list price

Price is part of the marketing mix, and all businesses must decide how to price their products or services. This can be quite difficult, as consumers are heavily influenced by the \_\_\_\_\_ of something. A product may have a published \_\_\_\_\_ but this price may rarely be charged because of \_\_\_\_\_ by sellers. When a price has been 'decided' by the market, it is known as the \_\_\_\_\_. The market for a particular product can be easily affected by changes in price, in which case it is \_\_\_\_\_, and consumers, too, if they are very aware of prices are also \_\_\_\_\_. If the company is able to set its own price there are several \_\_\_\_\_ or policies that it can choose.

Match a pricing strategy on the left with a reason the right.

a Company A is using penetration pricing	i because they think a careful analysis of the market will help them set the best price.
b Company B is using competition-based pricing	ii to get its products into a new market.
c Company C uses cost-based pricing	iii because adding a percentage profit margin to the production costs is a quick and easy way of setting a price.
d Company D uses market-orientated pricing	iv so consumers won't think their products are more expensive than those of their competitors.

Read the information about the four companies and select the pricing strategy they are most likely to use when setting the price of their product.

cost-based pricing   penetration pricing   competition-based pricing   market-orientated pricing

- Qualfast are a new company and are very concerned to establish a large customer base. They hope to get their products into the market rapidly so that consumers will become familiar with their name.
- Hall & Co. spend a lot of money each year analysing the market and carrying out market research to make sure they know what their customers want.
- Anderton Ltd. are one of many companies offering a similar service. They are concerned not to set their prices any higher than those of their main rivals.
- Carlo Inc. is a small company with small profit margins. They are very aware of how much they spend on production, distribution and marketing.



● **rise** (rises, rose, risen)

① VERB

If something **rises**, it it becomes greater in number, level, or amount.

*Pre-tax profits rose from £842,000 to £1.82m.*

*Tourist trips in Britain rose by 10.5% between 1977 and 1987.*

*The number of business failures has risen.*

② N-COUNT

If there is a **rise** in the number, level, or amount of something, it becomes greater.

*...the prospect of another rise in interest rates.*

*Book sales totalled £886 million, a rise of 1.6%.*

**Common Collocations**

to rise sharply to rise rapidly to rise dramatically

● **increase** (increases, increased, increased)

**decrease** (decreases, decreasing, decreased)

① VERB

If something **increases** or if you **increase** it, it becomes greater in number, level, or amount. If something **decreases** or if you **decrease** it, it becomes less in quantity, size, or intensity.

*Japan's industrial output increased by 2%.*

*The company has increased the price of its cars.*

*The increased investment will help stabilise the economy.*

*The number of independent firms decreased from 198 to 96.*

*Raw-steel production decreased 2.1% last week.*

*We've got stable labor, decreasing interest rates, low oil prices.*

② N-COUNT

If there is an **increase** in the number, level, or amount of something, it becomes greater. A **decrease** in the quantity, size, or intensity of something is a reduction in it.

*...a sharp increase in productivity.*

*He called for an increase of 1p on income tax.*

*There has been a decrease in the number of people out of work.*

*...a decrease of 40 per cent.*

**Common Collocations**

to increase sharply a marked increase  
to significantly increase/decrease  
a dramatic increase/decrease  
a significant increase/decrease

● **improve** (improves, improving, improved) VERB  
**improvement** (improvements) N-VAR

If something **improves** or if you **improve** it, it gets better. If there is an **improvement** in something, it becomes better. If you make **improvements** to something, you make it better.

*The euro's rate against the dollar will also improve.*

*...a restructuring programme to improve its UK performance.*

*They were warned they were in danger of losing their franchises unless they made vast improvements to services.*

*If there is room for improvement in employment regulations or human resources, the software will show this.*

● **fall** (falls, falling, fell, fallen)

**drop** (drops, dropping, dropped)

① VERB

If something **falls**, it decreases in amount, value, or strength. If a level or amount **drops** or if someone or something **drops** it, it quickly becomes less.

*As the service sector has grown, the importance of oil to the economy has fallen.*

*...a time of falling living standards.*

*The price of used cars dropped by 9.3 per cent.*

*He had dropped the price of his London home by £1.25m.*

② N-COUNT

If there is a **fall** in something, it decreases in amount, value, or strength. If there is a **drop** in the level or amount of something, it decreases quickly.

*There was a sharp fall in the value of the pound.*

*He was prepared to take a drop in wages.*

**Common Collocations**

to drop/fall sharply a significant drop/fall  
to drop/fall dramatically a dramatic drop/fall

● **level off** (levels off, levelling off, levelled off)

PHRASAL VERB

**stabilize** (stabilizes, stabilizing, stabilized) VERB

If a changing number or amount **levels off**, it stops increasing or decreasing at such a fast speed. If something **stabilizes** or is **stabilized**, it becomes stable.

*There are predictions that prices will level off in the new year.*

*Officials hope the move will stabilize exchange rates.*

*Through this mechanism the price of the commodity can be stabilized over time, avoiding short-term fluctuations in price.*

● **peak** (peaks, peaking, peaked)

① VERB

When something **peaks**, it reaches its highest value or its highest level.

*British unemployment is likely to peak in the winter of 2002–03.*

② N-COUNT

The **peak** of a process or an activity is the point at which it is at its strongest, most successful, or most fully developed.

*In the North East, for example, there are twice as many vacancies as there were at the peak of the last boom in 1988.*

*Skating prices normally reach a peak at February half-term.*

● **constant** ADJ

If an amount or level is **constant**, it stays the same over a particular period of time.

*Earnings have remained constant despite the strength of sterling.*

*It says more than one-hundred-thousand immigrants would be needed annually to keep the workforce at a constant level.*

⇒ **decline**: Topic 9.2; **grow**: Topic 10.2; **growth**: Topic 10.2



### PRACTISE YOUR VOCABULARY

- 1 Put each of the verbs showing change into the correct place in the table.

*to rise to increase to decrease to improve to fall to drop to level off  
to stabilize to reach a peak to peak to remain constant*

↑	→	↓

- 2 Wordbuilding:

a True or false? The following terms do not have a corresponding noun:

*to level off to reach a peak to remain constant*

b Write the noun form, where appropriate, of the verbs in the table above (be careful with improve and grow!).

- 3 The eight graphs describe the trading performance of Manton Inc. Choose one of the terms in the box to describe each graph.

*grew rapidly fell slightly rose sharply levelled off remained constant peaked dramatically  
increased gradually improved steadily*

1 Turnover



2 Costs



3 Sales



4 Output



5 Prices



6 Profits



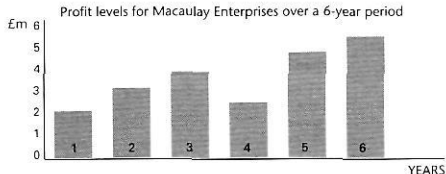
7 Overheads



8 Demand



- 4 Look at the bar chart and circle the correct word in each sentence to describe it.



- a Profit has increased/ remained constant/ decreased over the 6-year period.  
b There was a levelling off/ temporary fall/ peak in profits in year 4.  
c Profit over the period has increased steadily/ slightly.



● **business objective** (business objectives)

N-COUNT

**sales objective** (sales objectives) N-COUNT

A company's **business objectives** are the things that it is trying to achieve. A company's **sales objectives** are the number of sales that it is trying to achieve.

*The key **business objectives** of commercial and charitable organizations are essentially the same – to bring in as much money as possible and to make the most effective use of available resources.*

***Sales objectives** have surpassed expectations.*

● **maximize** (maximizes, maximizing, maximized)

VERB

**maximization** N-UNCOUNT

If you **maximize** something, you make it as great in amount or importance as you can. The **maximization** of something is the act of making it as great in amount or importance as possible.

*In order to **maximize** profit the firm would seek to **maximize** output.*

*The manufacturer's interest is in developing effective distribution in order to **maximize** sales to consumers.*

*Profit **maximization** is seen as one of the major objectives of a business.*

*...share-holders whose goal is the **maximization** of profits.*

● **grow** (grows, growing, grown) VERB

- ① If the economy or a business **grows**, it increases in wealth, size, or importance.

*The economy continues to **grow**.*

*...a fast-**growing** business.*

- ② If someone **grows** a business, they take actions that will cause it to increase in wealth, size, or importance.

*A lot of smaller enterprises have problems raising capital to **grow** their business.*

● **growth** N-UNCOUNT

The **growth** of something such as profits, sales, or turnover is the increase in it.

*It has restructured its American operations and is now experiencing **growth** in sales of established products.*

*...the very rapid **growth** in profits and revenues achieved by most high-tech companies.*

*The market has shown annual **growth** of 20 per cent for several years.*

*His business has had a **growth** in turnover of 15–20% since the 1980s.*

● **turnover** (turnovers) N-VAR

The **turnover** of a company is the value of the goods or services sold during a particular period of time.

*The company had a **turnover** of £3.8 million.*

*The association represents 98 percent of Australian companies in*

*the industry, which has an estimated total annual sales **turnover** of \$4.7 billion.*

● **expand** (expands, expanding, expanded) VERB  
**expansion** N-UNCOUNT

If a company **expands** something such as its product range, it increases the number of different products that it makes. The **expansion** of a product range is the act of increasing it.

*...a successful strategy of **expanding** its product range into clothing and financial services.*

*Like the other designers, Doran moved into wallpaper as a way of **expanding** an existing product range.*

*Tesco is to speed up the **expansion** of its Internet home delivery service, creating 7,000 full-time jobs.*

*...a team which was responsible for a rapid **expansion** of the car range, the Imp being followed by the Hillman Hunter and Avenger models.*

● **new market** (new markets) N-COUNT

If a company develops a **new market** for its products, it tries to sell its products to a group of people that has not previously bought them.

*The lack of national boundaries on the internet offers a huge opportunity to reach **new markets**.*

*There are ambitious plans for expanding beyond that into **new markets**.*

**Common Collocations**

to **open up** new markets    to **break into** new markets  
to **expand into** new markets    to **move into** new markets  
to **find** new markets    to **develop** new markets

● **mission statement** (mission statements)

N-COUNT

A company or organization's **mission statement** is a document which states what they aim to achieve and the kind of service they intend to provide.

*Parts of Levi's **mission statement** look a trifle unrealistic – particularly abroad.*

*A **mission statement** should say who you are, what you do, what you stand for and why you do it.*

- ☞ **shareholder**: Topic 7.2; **dividend**: Topic 7.2; **profit**: Topic 7.5; **break even**: Topic 7.5; **revenue**: Topic 8.1; **market share**: Topic 12.1



## PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

new markets    mission statement    maximize profit    growth in sales turnover    market share

An important objective for most businesses is to stay in business, and to at least break even. Most companies want to do more than survive, however, and their prime objective is often to \_\_\_\_\_. This profit maximization benefits the owners or the shareholders of the company, as they receive a better dividend at the end of the year. Companies frequently set themselves other objectives, though, and these are often an indication of how well the business is performing. Sales objectives may include selling into \_\_\_\_\_, \_\_\_\_\_, growth in profits, expansion of the product range and increase in \_\_\_\_\_. Sometimes these sales objectives may be more important than profit objectives. Many companies describe their overall aims in a \_\_\_\_\_.

2 Match the two halves of each sentence.

- |   |   |
|---|---|
| a At the moment our firm has 25% of the available sales, but we want to increase this to 30% over the next 5 years; | i in other words, we're expanding the product range.            |
| b Other businesses seem to have a growth rate of about 5% per year and we want to achieve the same level;           | ii in other words, we're selling into new markets.              |
| c We've never sold our software range in Asia before this year;   | iii in other words, we want to increase our market share.       |
| d As well as clothes, our company is moving into footwear;  | iv in other words, we're maximizing profits.                    |
| e We need to sell more products. We're aiming to increase our sales by 10% this year;                               | v in other words, we're focusing on a growth in profits.        |
| f Despite the possible long-term disadvantages we are operating at the level which brings in the most money now;    | vi in other words, we're trying to increase our sales turnover. |

3 Match each of the three sales objectives a–c with the correct description.

- |  |                                  |                            |
|--|----------------------------------|----------------------------|
| a growth in sales turnover                                       | b expansion of the product range | c selling into new markets |
| i Having a wider range of markets should lead to more profit.    |                                  |                            |
| ii Selling more should lead to higher turnover.                  |                                  |                            |
| iii Selling a wider variety of products should increase profits. |                                  |                            |

4 Are the following sentences true or false?

- |  | True                     | False                    |
|--|--------------------------|--------------------------|
| a Sales maximization is the same as expansion.   | <input type="checkbox"/> | <input type="checkbox"/> |
| b If sales increase then turnover increases.   | <input type="checkbox"/> | <input type="checkbox"/> |
| c If a company is successful in finding a new market for its products, turnover will increase. | <input type="checkbox"/> | <input type="checkbox"/> |
| d A mission statement gives product details.   | <input type="checkbox"/> | <input type="checkbox"/> |
| e A mission statement may include broad sales objectives such as growth.                       | <input type="checkbox"/> | <input type="checkbox"/> |





### ● predatory pricing N-UNCOUNT

If a company practises **predatory pricing**, it charges a much lower price for its products or services than its competitors in order to force them out of the market.

*Predatory pricing by large supermarkets was threatening the livelihood of smaller businesses in Queensland shopping centres. Utah Pie charged that the defendants had engaged in predatory pricing by selling pies below cost.*

### ● price cutting N-UNCOUNT price war (price wars) N-COUNT

If a company engages in **price cutting**, it reduces the price of its products or services in order to try to sell more of them. If competing companies are involved in a **price war**, they each try to gain an advantage by lowering their prices as much as possible in order to sell more of their products or services and damage their competitors financially.

*An understandable reluctance to travel, shared by many people following the terrorist attacks in the United States, has led to some drastic price cutting by holiday companies.  
... a price-cutting campaign.  
Their loss was partly due to a vicious price war between manufacturers that has cut margins to the bone.*

### ● price fixing N-UNCOUNT

If competing companies practise **price fixing**, they agree to charge the same price as each other for similar products or services.

*... companies that have engaged in price fixing.  
... allegations of price fixing.*

### ● price discriminate (price discriminates, price discriminating, price discriminated) VERB price discrimination N-UNCOUNT

If a company **price discriminates**, it charges different prices to different consumers or in different markets for the same products or services. **Price discrimination** is the practice of charging different prices to different consumers or in different markets for the same products or services.

*The firm must identify how much its customers are willing to pay before it can effectively price discriminate.  
... the government's past efforts to prevent price discrimination.*

### ● undercut (undercuts, undercutting, undercut) VERB

If you **undercut** someone or **undercut** their prices, you sell a product more cheaply than they do.

*The firm will be able to undercut its competitors whilst still making a profit.  
... promises to undercut air fares on some routes by 40 per cent.  
Prices were undercut and profits collapsed.*

### Common Collocations

to undercut a competitor      to undercut a rival  
to undercut prices

### ● cartel (cartels) N-COUNT

A **cartel** is an association of similar companies or businesses that have grouped together in order to prevent competition and to control prices.

*Since RTZ has no agreements with other producers, it cannot be accused of running a cartel.  
Since 1993 OPEC, the oil cartel dominated by Saudi Arabia, has kept its output constant at around 25m barrels a day.*

### ● restrictive practice (restrictive practices) N-COUNT

**Restrictive practices** are ways in which people involved in an industry, trade, or profession protect their own interests, rather than having a system which is fair to the public, employers, and other workers. [BRIT]

*The Act was introduced to end restrictive practices in the docks.  
We had further plans to tackle restrictive practices and other inefficiencies in the medical profession.*

### ● loss leader (loss leaders) N-COUNT

A **loss leader** is an item that is sold at such a low price that it makes a loss in the hope that customers will be attracted by it and buy other goods at the same shop.

*Economy sliced bread became a loss leader and the supermarkets turned to new premium products to recoup their margins.  
Firms such as Gillette and Kodak have long pushed loss leaders like razors and cameras so as to make a killing out of the blades and film that go with them.*

### ● collude (colludes, colluding, colluded) VERB collusion N-UNCOUNT

If one person, company, or organization **colludes** with another, they co-operate with them illegally or secretly. **Collusion** is secret or illegal co-operation between companies or organizations.

*Staff were colluding with tourist bus drivers and using the same ticket five or six times.  
He found no evidence of collusion between record companies and retailers.  
Some stockbrokers, in collusion with bank officials, obtained large sums of money for speculation.*

### ⇒ market leader: Topic 3.3; monopoly: Topic 3.3; rival: Topic 3.3



### PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

*undercuts predatory pricing collude restrictive practice price wars price fixing cartel*

When a business sells a product at a lower price than its competitors it \_\_\_\_\_ them. Companies responding to each others' price cuts by cutting prices further engage in \_\_\_\_\_. Firms which use price cutting to hurt their rivals or to drive them out of the market practise \_\_\_\_\_. When there are many businesses in a particular market but only a few companies dominate it, many companies follow the price set by the market leader. In extreme cases firms might even \_\_\_\_\_ with other companies, and practise \_\_\_\_\_. This activity is often illegal and is an example of a \_\_\_\_\_. A group of suppliers who agree to fix a price for their products are known as a \_\_\_\_\_. Often a cartel will exploit the consumer by overpricing their goods, because they are able to suppress competition.

2 Tick (✓) a column to show who benefits first in each case:

	the seller	the consumer
predatory pricing		
price cutting/price wars		
price discrimination		
cartels		
restrictive practices		
loss leaders		

3 What are the following examples of? Choose from the terms listed in the box above.

- Company A, a supermarket, buys milk at 15p per litre and sells it at 12p per litre in the hope that customers will buy other more expensive products.
- Company B manufactures all kinds of household electrical appliances. It has just come into competition with a new company that makes only food mixers. Company X has cut the price of its mixers by 25%.
- Company C is a bank. It charges its business customers 40p for each cheque they write, but this service is free to individual account holders.
- Company D has just reduced the price of its newspapers by 5p after its main rival announced that it was reducing its price by 3p.
- Company E, a French perfume maker, refuses to allow their products to be sold at HIPLIE, the budget supermarket.
- Companies F, G and H have got together to set up an agency to coordinate the marketing of their products.

4 Choose the correct term in each sentence.

- If a government is keen to increase competition it might pass laws against:
  - undercutting prices
  - the operation of cartels
  - price wars
- Which of the following is likely to lead to higher prices?
  - selling loss leaders
  - price fixing
  - undercutting competitors' prices
- Which strategy focuses on selling increased numbers of the product?
  - price cutting
  - price fixing
  - collusion



● **relocate** (relocates, relocating, relocated) VERB  
**relocation** (relocations) N-VAR

If people or businesses **relocate** or if someone **relocates** them, they move to a different place. **Relocation** is the act of moving a person or business to a different place.

*If the company was to relocate, most employees would move. Its headquarters will soon be relocated from Westminster to the Greenwich site.*  
*The company says the cost of relocation will be negligible.*  
*...the relocation to Bristol of financial institutions like Lloyds TSB.*

**Common Collocations**

to relocate <u>to/from</u> somewhere	relocation <u>costs</u>
relocation <u>expenses</u>	a relocation <u>package</u>
<u>forced</u> relocation	<u>proposed</u> relocation

● **low-cost centre** (low-cost centres) N-COUNT

**low-wage centre** (low-wage centres) N-COUNT

A **low-cost centre** is a country or region where business costs are lower, for example because labour or materials are cheaper there. A **low-wage centre** is a country or region where labour is cheap.

*But as long as it remains a high-skill, relatively low-cost centre that is free from excessive red tape, the City will thrive.*  
*...well-educated, multilingual employees with specific process skills, who live in, or are able and prepared to move to, relatively low-cost centres.*  
*Yet poorer provinces can undercut that. 'Shenzhen is no longer a low-wage centre,' says Liu Shi Chao.*

● **enterprise zone** (enterprise zones) N-COUNT

An **enterprise zone** is an area, usually a depressed or inner-city area, where the government offers incentives, for example lower taxes, in order to attract new businesses.

*...the implementation of enterprise zones in communities with high unemployment.*  
*Because it is in an enterprise zone, taxes on non-food items are 3.5% instead of the usual 7%.*

● **greenfield site** (greenfield sites) N-COUNT

**brownfield site** (brownfield sites) N-COUNT

A **greenfield site** is an area of land that has not been built on before. A **brownfield site** is an area of land in a town or city where houses or factories have been built in the past, but which is not being used at the present time.

*The Government has ruled out the building of a new airport on a greenfield site.*  
*Most foreign investors in Britain have opted for greenfield sites. Obviously greenfield sites are cheaper and easier for builders to develop than brownfield ones.*  
*By 2005 he wants half of all new houses to be built on previously developed land: so-called brownfield sites.*

● **manufacturing base** (manufacturing bases) N-COUNT

The **manufacturing base** of a country or area is all the factories or companies which produce goods there.

*Working with their foreign investors, they were beginning slowly to rebuild the country's manufacturing base.*  
*I think it's very important for Connecticut to maintain a manufacturing base.*

● **drift** N-UNCOUNT

**Drift** refers to the tendency of some companies to move their manufacturing operations to sites where costs are lower, especially to less developed countries.

*The government is tackling the consequences of the drift of manufacturing to the Far East.*  
*After spotting the drift of chip manufacturing to countries with lower costs in Asia, Mr Uchiyama switched into bio-electronics.*

➤ **partnership:** Topic 2.4; **inward investment:** Topic 3.2; **subsidy:** Topic 3.2; **raw materials:** Topic 4.3; **component:** Topic 6.3; **supplier:** Topic 12.2



## PRACTISE YOUR VOCABULARY

1 Use the terms or phrases in the box to complete the paragraph.

enterprise zones   relocate   low-wage centre   manufacturing base

The decision about where to locate the company is an important one as it can affect sales, costs and profitability. Companies may need to move their \_\_\_\_\_ in order to expand, or move to more up-to-date premises in order to modernize. Often businesses choose to \_\_\_\_\_ in order to reduce their costs. Moving to government-assisted development areas, or \_\_\_\_\_, can save money on rent and taxes, and relocating to a \_\_\_\_\_ can make huge savings, too.

2 Which of the following might be regarded as low-cost and/or low-wage centres?

- a Germany                      c Bangladesh                      e Canada  
b The Philippines              d Denmark                          f Romania

3 Look at the newspaper headlines a–e and match each extract i–v with the correct headline.

LargeCorp to relocate to enterprise zone

SuperCom to relocate to greenfield site

a \_\_\_\_\_

d \_\_\_\_\_

Low-wage centres attract UK firms

Office block completed on former brownfield site

b \_\_\_\_\_

e \_\_\_\_\_

Manufacturing drift to low-cost centres continues

c \_\_\_\_\_

- i Labour costs in Eastern Europe provide an incentive to relocate.  
ii The company will receive generous government subsidies and pay little tax for 5 years.  
iii Companies are relocating their manufacturing bases to the Far East.  
iv The out-of-town site will allow the company to build a state-of-the-art factory.  
v A new business development area near the city centre is popular.

4 Put these advantages in the appropriate column of the table:

- a cheap                      b close to customers                      c space to expand

enterprise zone	greenfield site	brownfield site

5 Read this newspaper headline and answer the questions.

Inward investment increases to record levels

- a Firms are relocating.  
b Fewer firms are moving than in the past.  
c Foreign firms are moving to this country.  
d The government is benefiting from foreign investment.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>



● **reposition** (repositions, repositioning, repositioned) VERB

To **reposition** a company, product, or service means to try to interest more people or different people in it, for example by changing certain things about it or changing the way it is marketed.

*The sell-off is aimed at repositioning the company as a publisher principally of business information.*

*Mazda needs to reposition itself if it is to boost its sales.*

● **rebrand** (rebrands, rebranding, rebranded) VERB  
rebranding N-UNCOUNT

To **rebrand** a product or organization means to present it to the public in a new way, for example by changing its name or appearance. **Rebranding** is the process of giving a product or an organization a new image, in order to make it more attractive or successful.

*There are plans to rebrand many Texas stores.*

*The £85m programme will involve an extensive rebranding of the airline, designed to accentuate Virgin's 'Britishness'.*

● **re-evaluate** (re-evaluates, re-evaluating, re-evaluated) VERB

If you **re-evaluate** something such as a plan or an idea, you consider it again in order to make a judgement about it, for example about how good or bad it is.

*However, it's vital to stand back occasionally and re-evaluate where a business is heading.*

*We are currently re-evaluating our strategy to increase the profile of this campaign.*

● **public image** N-SING

The **public image** of a company, product, or person is the perception that the public has of them or of their values.

*The low-key profile adopted by Sir Philip Beck, Mr Robinson's predecessor, exacerbated the company's bad public image.*

*It would be in the banks' best interests to participate in the UAR scheme because it might help to improve their public image.*

● **facelift** (facelifts) N-COUNT

If you give a place or thing a **facelift**, you do something to make it look better or more attractive.

*For the first time in years the factory is getting a facelift.*

*All BP's 19,800 petrol stations were given a facelift along with its fleet of tankers.*

### Common Collocations

to have a facelift

to get a facelift

to need a facelift

to undergo a facelift

to be given a facelift

● **rejuvenate** (rejuvenates, rejuvenating, rejuvenated) VERB

If you **rejuvenate** an organization or system, you make it more lively and more efficient, for example by introducing new ideas.

*The government pushed through schemes to rejuvenate the inner cities.*

*He has masterminded South Korea's new business links with the North, and has a record of rejuvenating fading businesses.*

● **upmarket**  
**downmarket**

① ADJ

**Upmarket** products or services are expensive, of good quality, and intended to appeal to people in a higher social class. If you describe a product or service as **downmarket**, you think that they are cheap and are not very good in quality.

*...restaurants which years ago weren't quite so upmarket as they are today.*

*...K-Mart, the decidedly downmarket American chain.*

② ADV

If a product or service moves **upmarket**, it tries to appeal to people in a high social class. If you say that a product or service has moved **downmarket**, you mean that it has become less expensive and poorer in quality.

*Japanese firms have moved steadily upmarket.*

*Now that American sales are slowing, both firms are moving downmarket.*

● **flagship brand** (flagship brands) N-COUNT

The **flagship brand** among a company's products is the one that the company considers most important.

*Its single malt remains the flagship brand as the leading malt in Scotland and No. 2 in Britain.*

*They make the company's flagship brands, including Pepsi, 7UP and Mirinda drinks.*

➤ **strategy:** Topic 2.5; **target market:** Topic 3.4; **core values:** Topic 3.4; **downturn:** Topic 7.3; **tum around:** Topic 7.4; **peak:** Topic 10.1



### PRACTISE YOUR VOCABULARY

1 Read the text and answer the questions.

In 1996 the company's turnover peaked at \$7.1bn, but by 2000 sales had taken a dramatic downturn. At this point the firm considered moving its brand downmarket in an attempt to rejuvenate the brand. They planned to offer the range in supermarkets. Some analysts warned that the strategy to improve sales by appealing to discount shoppers could damage the brand's public image with existing customers.

- Were the company pleased with sales figures in 2000 or worried by them?
- What strategy to improve sales did the firm consider in 2000?
- What effect did they hope this strategy would have?
- What is the danger of this strategy, according to some business analysts?

2 Complete the table by placing these statements in the correct spaces:

- New target market may not trust the product because of its old image.
- Sales might increase.
- The core values of the brand might become diluted.
- Potential to increase profit per item.

	ADVANTAGE	DISADVANTAGE
Moving the brand upmarket		
Moving the brand downmarket		

3 Look at the reasons for rebranding on the left and match each one with the correct explanation on the right.

- |                                    |  |
|------------------------------------|--|
| a in response to a changing market | i Companies selling the same product in different markets around the world need to re-evaluate the product's success in each market. |
| b because of brand globalization   | ii The company needs to rejuvenate the look of its flagship brand.   |

4 Are these statements true or false?

- Moving a brand upmarket never means putting the price up.
- One way to find a wider audience for a product is to move downmarket.
- A company only repositions a brand in order to sell it in a specific market.
- A company sometimes rebrands a product to change consumers' views of it relative to its competitors.
- Firms which re-evaluate their public image recognize the importance of a variety of stakeholders to their well-being.
- A company's flagship brand is any brand in its range that sells well.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>



### ● customer care N-UNCOUNT

**Customer care** refers to the way that companies behave towards their customers, for example how well they treat them.

...very low standards of customer care.

*What has happened to our reputation for customer care and good service?*

### ● customer relations

① N-PLURAL

**Customer relations** are the relationships that a business has with its customers and the way in which it treats them.

Good customer relations require courtesy, professionalism and effective response.

*Senator Colston said he was satisfied Telstra had improved its services and customer relations.*

② N-UNCOUNT

**Customer relations** is the department within a company that deals with complaints from customers.

...Tucson Electric's customer relations department.

### ● emotional capital N-UNCOUNT

When people refer to the **emotional capital** of a company, they mean all the psychological assets and resources of the company, such as how the employees feel about the company and how committed they are to it.

*"The study's findings illustrate that UK organisations are not nourishing their intellectual and emotional capital," says Mr Thomson.*

*How many companies have paid the price of an alienated workforce with problems like poor customer service, labour disputes and low productivity – all hallmarks of low emotional capital?*

### ● service with a smile PHRASE

If a person or company provides **service with a smile**, they treat their customers in a friendly and helpful way.

*Attention to details, substantial comfort and convenience, space, and service with a smile are what you can expect and count on.*

### ● loyal ADJ

#### customer loyalty N-UNCOUNT

A **loyal** customer is someone who continues to buy products from the same shop or company over a long period of time.

**Customer loyalty** is the state of being a loyal customer.

...the treatment of loyal customers by banks and building societies.

*Luckily our customers have remained loyal to us.*

*For the supermarkets, these programs supposedly encourage customer loyalty.*

*Julie Cunningham of Datamonitor says: "Customer loyalty is at an all-time low."*

### ● customer satisfaction N-UNCOUNT

When customers are pleased with the goods or services they

have bought, you can refer to **customer satisfaction**.

*"I really believe that it is possible to both improve customer satisfaction and reduce costs," Danon says.*

*Customer satisfaction with their mobile service runs at more than 90 per cent.*

### ● corporate hospitality N-UNCOUNT

**Corporate hospitality** is the entertainment that a company offers to its most valued clients, for example by inviting them to sporting events and providing them with food and drink.

*Marconi, the troubled telecoms equipment group, is cutting back on corporate hospitality at football grounds to save cash.*

...executives in a corporate hospitality tent.

### ● code of practice (codes of practice) N-COUNT

A **code of practice** is a set of written rules which explains how people working in a particular profession should behave.

*The auctioneers are violating a code of practice by dealing in stolen goods.*

*The Government hoped the housing industry would bring in a voluntary code of practice to protect purchasers.*

### ● serve (serves, serving, served) VERB

① If something **serves** people or an area, it provides them with something that they need.

*This could mean the closure of thousands of small businesses which serve the community.*

...Inter-City Gas Corp., which mainly serves customers in Ontario and Manitoba.

...a desire to make education serve the needs of politicians and business.

② Someone who **serves** customers in a shop or a bar helps them and provides them with what they want to buy.

*They wouldn't serve me in any pubs 'cos I looked too young. Auntie and Uncle suggested she serve in the shop.*

### ● repeat business N-UNCOUNT

If a company gets **repeat business**, people who have bought their goods and services before buy them again.





*Nearly 60% of our bookings come from repeat business and personal recommendation.*

### ➔ repeat customer: Topic 11.2



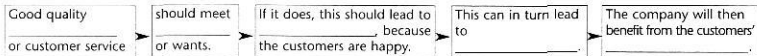
## PRACTISE YOUR VOCABULARY

1 Does the speaker in each sentence offer their client good customer care?

-  a 'Whenever I've had an unhappy client, I've dealt with the problem face-to-face rather than by telephone or in writing.'
-  b 'I had a difficult client who criticized me for something that wasn't my fault. I apologized for causing the problem because the customer is always right.'
-  c 'If a client asks me for help that I'm not really qualified to give, I tell them what I think they want to hear.'
-  d 'One of our distributors failed to deliver goods to a very important client. Because we had employed the distributor I took full responsibility for the problem.'

2 Complete each box in the flow chart with one of these terms:

a customer needs    b customer satisfaction    c repeat business    d customer loyalty    e customer care



3 Match each term on the left with a term on the right to make common word pairs associated with customer care, then use each one to complete the sentences.

- |             |                 |   |
|-------------|-----------------|---|
| a corporate | i business      | i A _____ is devised by the firm itself.                      |
| b code of   | ii capital      | ii _____ is a form of bribery and is therefore unacceptable.  |
| c repeat    | iii hospitality | iii If the level of _____ is low, productivity often suffers. |
| d emotional | iv practice     | iv _____ is cheaper than new business.                        |

4 Find four word partners with the word 'customer' on the opposite page and add them to the diagram.



5 Use one of the word pairs above to complete each sentence.

- i The \_\_\_\_\_ department in any firm has a very important role in interfacing with the public.
- ii Most firms prize \_\_\_\_\_ very highly, and often give these customers special treatment.
- iii Most firms like to know how happy their customers are and have systems to find out their levels of \_\_\_\_\_.
- iv Most consumers value good levels of \_\_\_\_\_ and will not return to a business which does not deliver it.

6 Use each term to complete the sentences.

service with a smile    customer relations    code of practice    serve customers

- a Because of increased consumer expectations most companies try hard to promote good \_\_\_\_\_.
- b They are giving their sales staff more customer care training and teaching them how to \_\_\_\_\_.
- c In addition they encourage all their staff to offer \_\_\_\_\_.
- d Many companies have developed a \_\_\_\_\_ for their firm.





- **client** (clients) N-COUNT
- consumer** (consumers) N-COUNT
- customer** (customers) N-COUNT

A **client** of a professional person or organization is a person or company that receives a service from them in return for payment. A **consumer** is a person who buys things or uses services. A **customer** is someone who buys goods or services, especially from a shop.

...a solicitor and his client.

The company required clients to pay substantial fees in advance.

...claims that tobacco companies failed to warn consumers about the dangers of smoking.

...improving public services and consumer rights.

Our customers have very tight budgets.

...the quality of customer service.

We also improved our customer satisfaction levels.

### Common Collocations

client service

a client list

consumer confidence

consumer demand

consumer goods

consumer protection

consumer spending

customer satisfaction

customer service

to attract customers

to gain customers

to lose customers to somebody

- **customer base** (customer bases) N-COUNT
- client base** (client bases) N-COUNT

A business's **customer base** or **client base** is all its regular customers, considered as a group.

...Halifax's customer base of 21 million people.

Enviros Consulting has 250 staff and a client base of more than 2,000 organisations worldwide.

However, in recent years the group has struggled to expand its client base.

- **repeat customer** (repeat customers) N-COUNT

If a company gets **repeat customers**, people who have bought their goods or services before buy them again.

Over a third of the business comes from repeat customers.

Our quality craftsmanship has seen many repeat customers.

- **turn away** (turns away, turning away, turned away) PHRASAL VERB

If a business **turns** customers **away**, it is unable to provide them with what they want, for example because it does not have enough goods available.

They had to turn customers away and close the place down.

Last year we sold out in record time and had to turn away many customers.

- **after-sales service** (after-sales services) N-VAR

A company's **after-sales service** is all the help and information that it provides to customers after they have bought a particular product.

...a local retailer who offers a good after-sales service.

They are also attempting to keep the car buyer as a long-term customer by offering after-sales service.

- **warranty** (warranties) N-VAR

A **warranty** is a written promise by a company that, if you find a fault in something they have sold you within a certain time, they will repair it or replace it free of charge.

...a twelve month warranty.

The equipment is still under warranty.

- **guarantee** (guarantees, guaranteeing, guaranteed)

① N-COUNT

A **guarantee** is a written promise by a company to repair or replace a product free of charge if it has any faults within a particular time.

Whatever a guarantee says, when something goes wrong, you can still claim your rights from the shop.

It was still under guarantee.

② VERB

If a company **guarantees** its product or work, they provide a guarantee for it.

Some builders guarantee their work.

All Dreamland's electric blankets are guaranteed for three years.

- **market research:** Topic 9.1; **code of practice:** Topic 11.1; **customer care:** Topic 11.1; **customer loyalty:** Topic 11.1; **repeat business:** Topic 11.1



### PRACTISE YOUR VOCABULARY

1 Put each of the three terms into the correct place in the diagram below.

- i customers    ii consumers    iii clients



2 Complete the paragraph with one of the terms from the box.

customer base    after-sales service    repeat customers    warranties and guarantees

Good Wheels, a company which sells motorbikes and scooters, has carried out extensive market research in an effort to improve sales. The results show that the company needs to improve two areas of its practice if it is to keep or increase its \_\_\_\_\_, namely its after-sales service and its advertising. They have decided to offer extended \_\_\_\_\_ as part of their \_\_\_\_\_. Good Wheels needs more \_\_\_\_\_, as it is more costly to find new customers than to satisfy current ones, and better customer care may help them achieve this.

3 Which of the following are aspects of Good Wheels' after-sales service, and which are other types of customer service? Put them into the right place in the table.

- |   |                      |
|---|----------------------|
| a length of warranty                              | e 3-year guarantee   |
| b knowledgeable sales staff                       | f test-drive service |
| c repair facilities at all dealerships            | g free advice        |
| d sale of good quality accessories (e.g. helmets) |                      |

after-sales service	other types of customer service

4 Match each situation on the left with the correct explanation on the right.

a This company is turning customers away.	i It is only selling to its current customer base.
b This company is failing to attract new customers.	ii Satisfied customers are recommending them to friends.
c This company is attracting many new clients.	iii It is unable to meet demand.

5 Which of the statements describes which of the companies in Exercise 4?

- a Its customer base is increasing.  
 b Its customer base is static.  
 c Its customer base is not increasing as much as it could.



- **training** N-UNCOUNT
- **staff training** N-UNCOUNT
- **staff development** N-UNCOUNT
- **retraining** N-UNCOUNT

**Training** is the process of learning the skills that you need for a particular job or activity. **Staff training** is the process of teaching the employees of a company the skills they need for their job. **Staff development** is the process of teaching the employees of a company new skills that will help them to advance in their job. **Retraining** is the process of learning new skills, especially in order to get a new job.

*He called for much higher spending on education and **training**.  
The industry is anxious to improve **staff training**.  
...a programme of systematic **staff development**.  
...measures such as the **retraining** of the workforce at their place of work.*

### Common Collocations

vocational training	management training
youth training	a training session
a training course	a training programme

- **incentive** (incentives) N-VAR

If someone is provided with an **incentive** to do something, they are offered something that encourages them to do it.

*The latest staff **incentive** comes on top of a £1,000 bonus that Murray has already promised staff if its takeover is successful.  
...**incentives** for good staff to stay, such as share options, more free time or extra training.*

- **commit** (commits, committing, committed) VERB
- **committed** ADJ

If you **commit** to something such as a purchase or an agreement, or if you **commit** yourself to it, you say that you will definitely buy it or agree to it. Someone who is **committed** to something has definitely agreed to do it or definitely wants to do it.

*You don't have to **commit** to anything over the phone.  
Banks and retailers are expected today to **commit** themselves to launching so-called smartcards by the end of 2004.  
All the staff are actively **committed** to the process of continual improvement of the organisation.*

- **induction** N-UNCOUNT

**Induction** is a procedure for introducing someone to a new job or organization.

*In our **induction** programme, we mix graduates who will work in different disciplines to encourage them to work as a team.  
...an **induction** course for new members.*

- **apprentice** (apprentices) N-COUNT
- **apprenticeship** (apprenticeships) N-VAR

An **apprentice** is a young person who works for someone in order to learn their skill. Someone who has an **apprenticeship**

works for a fixed period of time for a person who has a particular skill in order to learn the skill. **Apprenticeship** is the system of learning a skill like this.

*I started off as an **apprentice** and worked my way up.  
He left school at 15 and trained as an **apprentice** carpenter.  
After serving his **apprenticeship** as a toolmaker, he became a manager.*

- **supervisor** (supervisors) N-COUNT

A **supervisor** is a person who is in charge of activities or people, especially workers.

*...a full-time job as a **supervisor** at a factory.  
This information is usually provided by the employee's **supervisor**.*

- **head of department** (heads of department) N-COUNT

In a company, the **head of department** is the most senior person in a particular department.

*My **head of department** told me that doing good work was the only proper way of attracting business.*

- **on-the-job training** N-UNCOUNT

- **off-the-job training** N-UNCOUNT

**On-the-job training** is training that is given to employees while they are at work. **Off-the-job training** is training that takes place outside the workplace.

*Japanese companies provide **on-the-job training** as well as access to technical education.  
A quarter had received **off-the-job training** in their jobs.*

- **mentor** (mentors, mentoring, mentored)

- ① N-COUNT

A person's **mentor** is someone who gives them help and advice over a period of time, especially help and advice related to their job.

*To get your career back on track, seek help from a **mentor** or a career coach.*

- ② VERB

To **mentor** someone means to give them help and advice over a period of time, especially help and advice related to their job.

*He **had mentored** scores of younger doctors.*

- **mentoring** N-UNCOUNT

**Mentoring** is the practice of assigning a junior member of staff to the care of a more experienced member of staff in order to provide the more junior employee with help and assistance.

*There will be a system of **mentoring** where successful business people will become the applicants' mentors to help and advise them.*

*The company's **mentoring** programme focuses specifically on women and minorities.*

- ➔ **co-worker**: Topic 14.3; **multi-skilled**: Topic 13.5



## PRACTISE YOUR VOCABULARY

1 Match each job title on the left with the corresponding extract from a job advertisement on the right.

a **Head of Staff Training**

i ... assess the effectiveness of technical training programmes and co-ordinate the activities of our young trainees to improve the effectiveness of on-the-job training in the company...

b **Human Resource Manager  
(with special responsibility  
for mentoring scheme)**

ii ... helping the company to refocus its business without losing committed staff by offering them new roles in the company at this exciting time...

c **Apprenticeship Scheme  
Supervisor**

iii ... you will have overall responsibility for a wide variety of programmes, both in-house and external, and for developing new systems to assess staff needs and the training programmes to meet them...

d **Head of Retraining**

iv ... you will co-ordinate all aspects of the firm's relationship with its customers...

e **Head of Customer  
Services Department**

v ... you will design and implement this new support initiative to help with induction of staff into the company, support staff in the medium term and give them an incentive to stay with us long-term...

2 Choose the correct answer.

a Who is more likely to be your mentor at work?

- i the Managing Director    ii an apprentice    iii a co-worker

b Which is likely to take the longest time to complete?

- i an apprenticeship    ii an induction programme    iii a staff training workshop

c Which of the following is not likely to be involved in developing other members of staff?

- i a mentor    ii an apprentice    iii a supervisor

d Which of the following is more likely to be conducted outside your place of work?

- i an apprenticeship scheme    ii an induction programme    iii off-the-job training

3 Match what these people say about their own staff training and development to the descriptions on the right.

Alan	– “No one makes any career progress in this department. There’s no incentive to work harder.”	a He’s receiving off-the-job training.
Bill	– “I used to be a fitter in the factory but now I’m learning how to work with computers in the design department.”	b They have poor staff development.
Colin	– “My firm sends me to the local technical college one day a week.”	c The firm has an induction programme.
Doreen	– “At work we all take turns at doing a variety of jobs, which means we have to be trained to do more. It’s much more interesting.”	d He’s retraining.
Edwina	– “Before we could work with customers we had to learn about how the firm wants us to treat the public.”	e The firm has a multi-skilled workforce.



## ● public relations

PR ABBREVIATION

### ① N-UNCOUNT

**Public relations** is the part of an organization's work that is concerned with obtaining the public's approval for what it does. The abbreviation **PR** is often used.

*The move was good public relations.*

*George is a public relations officer for The John Bennett Trust.*

*The company's public-relations department denied the story.*

*Steve Martin, head of PR for Adidas,*

*...a PR company.*

### ② N-PLURAL

You can refer to the opinion that the public has of an organization as **public relations**.

*The club's public relations are disastrous.*

*...a full-time medio relations officer, with a brief to improve the public relations of England teams abroad.*

### Common Collocations

a public relations/PR firm

a public relations/PR campaign

a public relations/PR exercise

a public relations/PR consultant

a public relations/PR coup

a public relations/PR offensive

a public relations/PR stunt

a public relations/PR disaster

## ● publicity manager (publicity managers) N-COUNT

**publicity officer** (publicity officers) N-COUNT

A **publicity manager** or a **publicity officer** is a person whose job is to make sure that a large number of people know about a company's activities so that it is successful.

*...Bob Deuel, Disney's publicity manager.*

*...a publicity officer for Granada TV.*

## ● press release (press releases) N-COUNT

A **press release** is a written statement about a matter of public interest which is given to the press by an organization concerned with the matter.

*British Telecommunications, its single largest customer, issued a supportive press release.*

*We sent press releases to all the commercial and public radio and television stations.*

## ● press conference (press conferences) N-COUNT

A **press conference** is a meeting held by a person or organization in which they answer journalists' questions about a matter of public interest.

*...a Los Angeles press conference for a new adventure drama.*

*Mr Case, the Internet pioneer, attended the press conference to announce the deal.*

## ● corporate image (corporate images) N-COUNT

An organization's **corporate image** is the way that it presents itself to the public, and the way it is perceived.

*Telecom Eireann is changing its name to Eircom and has launched a £500,000 advertising campaign to promote its corporate image.*

*...the damaging effect the current scandal could have on their corporate images.*

## ● corporate values N-PLURAL

The **corporate values** of a company are its attitudes and goals in relation to such things as its workforce, its customers, and society in general.

*The John Lewis Partnership, for example, has had the happiness of employees at the centre of its corporate values since the 1920s.*

*...changes in traditional corporate values and behaviour, particularly in relation to environmental and social performance.*

## ● corporate advertising N-UNCOUNT

**Corporate advertising** is advertising that aims to promote a company's name and image rather than a particular product.

*...corporate advertising for a giant multinational trying to create a favourable climate for the firm's operations.*

*Philip Morris Co. is launching a massive corporate advertising campaign.*

## ● below-the-line promotion (below-the-line promotions) N-VAR

**above-the-line promotion** (above-the-line promotions) N-VAR

**Below-the-line promotion** is the use of promotional methods that can be controlled by the company selling the goods or service, such as in-store offers and direct selling.

**Above-the-line promotion** is the use of promotional methods that the company cannot directly control, such as television or press advertising.

*The above-the-line advertising campaign will be supported by a PR and below-the-line promotion.*

*The developments in own label products come at a time when traditional in-store and below-the-line promotion are back in vogue.*

*For all maternity clothing retailers, most above-the-line promotion is conducted through focused sources such as mother and baby magazines.*

⇒ **direct marketing:** Topic 3.5; **corporate responsibility:** Topic 4.2; **corporate culture:** Topic 13.3



## PRACTISE YOUR VOCABULARY

- 1 Which of the following are examples of below-the-line promotion and which are examples of public relations activities?

	Below-the-line promotion	Public relations activities
a offering the public tours of company premises		
b holding exhibitions at trade fairs		
c holding press conferences		
d making donations to the community		
e direct marketing		
f issuing press releases		

- 2 Are these statements true or false?

	True	False
a The PR department of a company mainly deals with customer complaints.	<input type="checkbox"/>	<input type="checkbox"/>
b Below-the-line promotion uses media advertising as its main tool.	<input type="checkbox"/>	<input type="checkbox"/>
c Below-the-line promotion gives the firm more control over the distribution of its message than does above-the-line promotion.	<input type="checkbox"/>	<input type="checkbox"/>
d Press releases are written by the public relations department and given to the media.	<input type="checkbox"/>	<input type="checkbox"/>
e It is the role of the Publicity Manager to establish a strong corporate image with the public.	<input type="checkbox"/>	<input type="checkbox"/>

- 3 What are the advantages and disadvantages of below-the-line promotion and corporate advertising? Put these phrases into the appropriate places in the table.

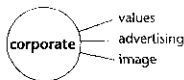
- a allows the firm to target its message at interested groups  
 b many companies share the same values so the public may not be able to differentiate them  
 c allows the company to promote itself as a whole  
 d events such as trade fairs may have an impact for a limited period. Some consumers dislike direct mail.

	below-the-line promotion	corporate advertising
ADVANTAGE		
DISADVANTAGE		

- 4 Which of the following are examples of below-the-line promotion and which are examples of corporate advertising?

- a promotion through direct mail, exhibitions and trade fairs, merchandising, packaging, personal selling, PR  
 b promotion through television, newspapers and magazines, cinema, radio, posters, the Internet

- 5 Word pairs – corporate. Match each word pair to the correct definition.



- a the promotion of the firm's image to the public  
 b the perception that people have of a corporation  
 c the attitudes, beliefs and goals of a company



### ● consumer laws N-PLURAL consumer protection N-UNCOUNT

**Consumer laws** are laws that are designed to protect people's rights when they buy something. **Consumer protection** is the protection provided by such laws.

...Internet companies, which feared that the Parliament would force them to adhere to the consumer laws of 15 different nations.

Queensland's lonely and loveless will be protected soon from unscrupulous dating agencies by tough new consumer laws. Many consumer groups welcomed the move, saying it would enhance consumer protection.

...new consumer protection legislation.

### ● caveat emptor CONVENTION

**Caveat emptor** means 'let the buyer beware', and is a warning to someone buying something that it is their responsibility to identify any faults in it.

Of course, caveat emptor should apply in the housing market as it does in anything else.

But cyberspace is exactly like the real world when it comes to personal finance: Caveat emptor is the most important rule.

### ● consumer rights N-PLURAL

**Consumer rights** are the legal rights that people have when they buy something.

Returning the tribunal's powers is a major step forward for consumer rights in this country.

...an organisation campaigning for consumer rights.

### ● customer data N-UNCOUNT

**Customer data** is information about a company's customers, especially information about their shopping habits, that is stored in a database.

IT allows networks of car dealers to collect, store and analyse customer data.

The company will generate revenues by selling customer data to financial-services providers, removal companies and other groups.

### ● Trade Descriptions Act N-SING Trades Descriptions Act N-SING

In Britain, the **Trade Descriptions Act** or the **Trades Descriptions Act** is a law designed to prevent companies from presenting their goods or services in a dishonest or misleading way.

...the section of the Trade Descriptions Act that makes it an offence to mark things in such a way that they hide the real price.

Last year it was convicted and fined under the Trades Descriptions Act for placing For Sale boards on empty homes in the area.

### ● Data Protection Act N-SING

In Britain, the **Data Protection Act** is a law designed to protect people against the misuse of information about them stored on computer.

Under the new Data Protection Act, organisations have to be careful how they disseminate information gained as a result of processing personal data.

Using names from a computer without permission breaches the Data Protection Act.

### ● Internet security N-UNCOUNT

**Internet security** is the use of measures to improve the security of a website, especially in order to safeguard personal and financial information.

...a breach of Internet security.

And there is no need to worry about internet security.

totopools.com follows strict procedures to ensure that your personal and credit card details are securely stored.

...an Internet security company.

### ○ big business: Topic 2.1



### PRACTISE YOUR VOCABULARY

- 1 Use the words in the box to complete the paragraph.

*consumer rights    consumer protection    caveat emptor    consumer laws*

In recent years there has been a lot of interest in consumer protection. In the past it was the consumer's responsibility to make sure that the goods they bought were satisfactory. This approach is based on the phrase \_\_\_\_\_ or 'let the buyer beware'. Today, however, many people think that consumers are at the mercy of big business, and that governments should pass legislation, or \_\_\_\_\_ to protect consumers. There are several reasons why this \_\_\_\_\_ is necessary, including the fact that competitive markets may lead firms to take advantage of consumers, by reducing the quality of the goods they offer, for example. Laws have been passed to protect \_\_\_\_\_ in relation to safety of goods, buying on credit, food labelling, and much more.

- 2 Match the newspaper headlines on the left with the extracts from the story on the right.

a Government promises new powerful data protection act

i ...people's credit card details have been misused and their personal details have been passed on to other businesses without their authorisation...

b Judges reject new consumer protection legislation

ii ...here, rights are especially strong on door-to-door selling and Internet security...

c Huge questions raised over Internet security

iii ...in the absence of meaningful consumer rights, the rule for anyone buying anything is still 'caveat emptor'...

d Megastores prosecuted under Trade Descriptions Act

iv ...all citizens will have the right to see all information held by most government departments...

e 'Consumer protection' the strongest in Europe says Government minister

v ...labelling was incorrect on 32 items, and weights were wrong on 17 out of 20 fresh items purchased by inspectors...

- 3 Answer the following questions.

- a Which of the following is used to protect customer data?  
 i the Trade Descriptions Act    ii the Data Protection Act    iii caveat emptor
- b Which of the following is the Trade Descriptions Act an example of?  
 i the Data Protection Act    ii caveat emptor    iii consumer laws
- c Which of the following protects the seller from faults in their products?  
 i the Data Protection Act    ii the Trade Descriptions Act    iii caveat emptor

- 4 Are the following true or false?

- a Consumer laws are designed to protect businesses from dissatisfied customers.  
 b Customer data is the information consumers need to decide what to buy.  
 c The Data Protection Act prohibits companies from misusing data about their customers.  
 d The Trades Descriptions Act protects consumers.  
 e The warning caveat emptor applies to sellers of goods.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>





### ● market (markets)

#### ① N-COUNT

The **market** for a particular type of thing is the number of people who want to buy it, or the area of the world in which it is sold.

*The foreign market was increasingly crucial.  
...the Russian market for personal computers.*

#### ② N-SING

The **market** refers to the total amount of a product that is sold each year, especially when you are talking about the competition between the companies who sell that product.

*The two big companies control 72% of the market.  
Ben & Jerry's conquered the market and in a few years owned their own giant corporation.  
The actions of a country's competition authority can affect foreign companies' ability to enter its market.*

### Common Collocations

to enter a market      an emerging market

### ● market economy (market economies) N-COUNT market forces N-PLURAL

If you talk about a **market economy**, you are referring to an economic system in which the prices of things depend on how many are available and how many people want to buy them, rather than prices being fixed by governments. If you talk about **market forces**, you mean the economic factors that affect the availability of goods and the demand for them, without any help or control by governments.

*Their ultimate aim was a market economy for Hungary.  
...opening the economy to market forces and increasing the role of private enterprise.*

### ● market conditions N-PLURAL

**Market conditions** are the economic situation that exists within a market, especially the stock market.

*Investors need every bit of wile and guile they can acquire to perform well in these market conditions.*

### ● marketplace (marketplaces) N-COUNT market sector (market sectors) N-COUNT

The **marketplace** refers to the activity of buying and selling products. A **market sector** is one part of a market, consisting of related products or services.

*It's our hope that we will play an increasingly greater role in the marketplace and, therefore, supply more jobs.  
It achieved this growth by identifying a market sector, and moving quickly to become the market leader in that sector.*

### ● segment (segments, segmenting, segmented)

#### ① N-COUNT

A **segment** of a market is one part of it, considered separately from the rest.

*Three-to-five day cruises are the fastest-growing segment of the market.*

*Women's tennis is the market leader in a growing market segment – women's sports.*

#### ② VERB

If a company **segments** a market, it divides it into separate parts, usually in order to improve marketing opportunities.

*The big six record companies are multinational, and thus can segment the world market into national ones.  
Perhaps the greatest value of this approach is that it is capable of generating new ways of segmenting the market.*

### ● market segmentation N-UNCOUNT

**Market segmentation** is the division of a market into separate parts.

*...increasing market segmentation, with specialist builders constructing dwellings aimed at the young singles market and elderly persons.*

### ● market share (market shares) N-VAR

A company's **market share** in a product is the proportion of the total sales of that product that is produced by that company in relation to other companies.

*GM has been gaining market share this year at the expense of Ford and some Japanese car manufacturers.  
Littlewoods, which is one of Liverpool's major employers, is being hit too by loss of market share in its mail-order business.*

### Common Collocations

to lose market share      to gain market share  
to increase market share      to grab market share

### ● market entry N-UNCOUNT

A company's **market entry** is its entry into a market where it has not done business before.

*Digital delivery will certainly lower the cost of market entry.*



## PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

market forces   marketplace   segment   market share   market segmentation   market economy   market

A \_\_\_\_\_ for a product is the people or organizations who buy it, or an area where it is sold. A \_\_\_\_\_ is one where things are bought and sold freely and not under government control. In a market economy, prices are decided by \_\_\_\_\_, the factors that influence the demand for things, their availability, and consequently their price. \_\_\_\_\_ means the same as market. A market sector or \_\_\_\_\_ is part of a larger market, and 'segment' is also used to refer to a particular category of customer. When companies try to identify specific groups of customers they talk about segmenting the market or \_\_\_\_\_. The proportion of sales that a company or product has in a particular market is the \_\_\_\_\_.

- 2 Use one of the word pairs with the word 'market' to complete the sentences.



- a \_\_\_\_\_ are the 'laws' of supply and demand that determine price and quantity bought and sold in a market.  
 b In the soft drinks market, Cool-Cola have the biggest \_\_\_\_\_ in many regions of the world.  
 c Many companies use \_\_\_\_\_ to classify their customers by shared characteristics such as age or income.  
 d The factors that affect the performance of the market are the \_\_\_\_\_.  
 e A \_\_\_\_\_, or a free market economy, is a method of organizing the economy to produce goods and services.  
 f When a new company joins the market this is known as \_\_\_\_\_.  
 g A \_\_\_\_\_ is part of a larger market.  
 h The \_\_\_\_\_ is the activity of buying and selling products or services.

- 3 Which of the following are characteristics of a market economy?

- a government control of manufacturing industry      e private ownership of industry  
 b profit      f high levels of state regulation  
 c floating prices      g fixed exchange rates  
 d fixed wages and salaries

- 4 Match what the people say to the descriptions on the right.

Pat – 'Our company is selling proportionally less than we were last year. Our main competitor has launched very successful new products and is selling much more.'

a He's talking about market segmentation.

Jordan – 'We focus the products our shops stock on the general population type that live in the area, different areas have different groups living there and we stock according to this factor.'

b He's talking about market share.



- **service industry** (service industries) N-COUNT  
**tertiary industry** (tertiary industries) N-VAR

A **service industry** or **tertiary industry** is an industry such as banking or insurance that provides a service, but does not produce anything.

*Although shops and service industries are doing reasonably well, manufacturing output is falling.  
Loans to tertiary industry grew by \$171 million over the year.*

- **supplier** (suppliers) N-COUNT

A **supplier** is a person, company, or organization that sells or supplies something such as goods or equipment to customers.

*...Hillsdown Holdings, one of the UK's biggest food suppliers.  
Japan is Asia's dominant supplier of imports and technology.*

### Common Collocations

a **leading supplier**      a **major supplier**  
a **sole supplier**      a **preferred supplier**

- **supplier partnership** (supplier partnerships) N-COUNT

A **supplier partnership** is a relationship between a company and a supplier.

*...the practical implementation of supplier partnerships in manufacturing industry.  
Villadsen is responsible for reducing manufacturing cycle time, strengthening supplier partnerships, overseeing quality assurance and streamlining purchasing procedures.*

- **supplier base** N-SING

A company's **supplier base** consists of all the companies that are its suppliers, considered as a group.

*Most retailers have narrowed their supplier base over the past decade, though Marks and Spencer, for example, is careful to maintain a spread of competing suppliers for its products.  
We needed to dramatically reduce our supplier base.*

- **outsource** (outsources, outsourcing, outsourced)

VERB

**outsourcing** N-UNCOUNT

If a company **outsources** goods or services, it pays workers from outside the company to supply the goods or provide the services. **Outsourcing** is the use of outside companies to supply goods or services.

*Increasingly, corporate clients are seeking to outsource the management of their facilities.  
The difficulties of outsourcing have been compounded by the increasing resistance of trade unions.*

- **service business** (service businesses) N-COUNT  
**service organization** (service organizations) N-COUNT

A **service business** or **service organization** is a business or an organization that provides a service but does not produce anything.

*Still more significant was the formal announcement on June 25th that service businesses such as retailing, transport and banking will be opened to foreign investors.  
...service organizations that deliver repeated services of a common kind, such as car-hire businesses, transport firms, restaurants and so on.*

- **virtual company** (virtual companies) N-COUNT

A **virtual company** is a company which outsources all of its activities, and which uses IT to communicate with clients or customers.

*It is a virtual company, outsourcing everything from manufacture to logistics and sales.  
One reason it is so competitive is that it has established itself as a virtual company, buying in all distribution and other services from outside suppliers, rather than operating its own facilities.*

- **IT:** Topic 1.1; **virtual integration:** Topic 1.1; **service sector:** Topic 2.2; **lean production:** Topic 5.1; **JIT manufacturing:** Topic 5.1; **customer base:** Topic 11.2; **service:** Topic 12.3; **service provider:** Topic 12.3



## PRACTISE YOUR VOCABULARY

### 1 Read the text and answer the questions.

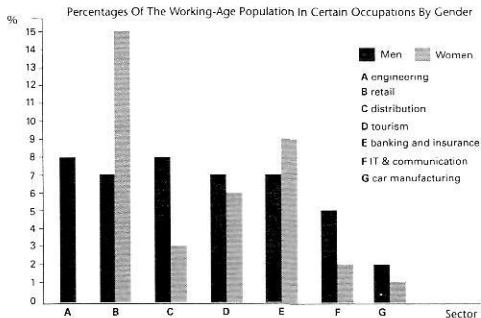
In an attempt to cope with the demands of a changing market, many companies are attempting to make themselves more flexible. To do this they are adopting new production methods, such as lean production methods and JIT manufacturing. For JIT manufacturing to be successful a company must have reliable suppliers. Suppliers are businesses that provide resources that allow other companies to produce goods and services. Companies are making greater use of outsourcing, or forming supplier partnerships to supply components and carry out some of the company's processes, leaving the company free to focus on its core areas. Outsourcing requires quick and effective communication with suppliers and workers, and a high degree of co-operation. Other companies join together in short-term collaborations, using IT to communicate. They are known as virtual companies, and have outsourced all of their activities. Their supplier base is far greater than that of a more traditional company.

#### Are the sentences true or false?

- a Suppliers produce goods or services which the public buy.  
 b Supplier partnerships result in the company employing fewer people.  
 c Virtual companies use modern technology and outsourcing to be efficient.  
 d A company's supplier base is its warehouse.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

### 2 Look at the chart and answer the questions.



- a Which service industry employs the most men?  
 b Which service industry employs the most women?  
 c Which manufacturing industry employs the most people?  
 d Does manufacturing employ more men or more women?  
 e What is the total percentage of men in manufacturing?  
 f What is the total percentage of men in the service sector?  
 g What is the total percentage of women in manufacturing?  
 h What is the total percentage of women in the service sector?

### 3 Match each of the four service businesses to the products they get from suppliers.

- a HairLight hairdressers  
 b Rococo Chanel's Garden Design  
 c Clean Up Office Cleaners  
 d Glen's Graphic Designers
- i tools, plants and pesticides  
 ii computer software, printers  
 iii shampoo and hair products  
 iv detergents, overalls, dusters



● **service** (services)

① N-COUNT

If an organization or company provides a particular **service**, they can do a particular job or a type of work for you.

*The kitchen maintains a twenty-four hour **service** and can be contacted via Reception.*

*Iberia's main objective is to provide an excellent **service** to its customers.*

② N-UNCOUNT

The level or standard of **service** provided by an organization or company is the amount or quality of the work it can do for you.

*First Technology is proud of its commitment to excellence and its high standard of **service**.*

*The current level of **service** will be maintained except that the evening 'Network Express' trains will be withdrawn.*

**Common Collocations**

to **provide** a service  
to **offer** a service  
a **mail-order** service

● **services** N-PLURAL

**Services** are activities such as tourism, banking, and selling things which are part of a country's economy, but are not concerned with producing or manufacturing goods.

*In the 25 years to 1998, Scotland's **services** sector grew by 2.2% a year.*

*Mining rose by 9.1%, manufacturing by 9.4% and **services** by 4.3%.*

**Common Collocations**

**goods and services**  
**public services**  
**financial services**

● **customer service** N-UNCOUNT

**Customer service** refers to the way that companies behave towards their customers, for example how well they treat them.

*...a mail-order business with a strong reputation for **customer service**.*

*The firm has an excellent **customer service** department.*

**Common Collocations**

to **provide** customer service  
to **improve** customer service  
a customer service **representative**  
a customer service **centre**

● **service provider** (service providers) N-COUNT

A **service provider** is a company that provides a service, especially an Internet service.

*Just under 50 per cent of all home users switched to another **service provider** last year, compared to 24 per cent of business users.*

● **criterion** (criteria) N-COUNT

A **criterion** is a factor on which you judge or decide something.

*Location used to be the most important **criterion** in buying petrol but people are showing a tendency to drive further and further for lower and lower prices.*

*We believe our proposals do meet the BBC's core public service **criteria** of distinctiveness and quality.*

**Common Collocations**

**selection criteria**      **performance criteria**  
to **meet** a criterion for something  
to **set** a criterion for something

● **consumer choice** N-UNCOUNT

Something that increases **consumer choice** increases the number of different products or services that are available for people to buy.

*Really, there ought to be **consumer choice** operating here and the competitive pressures of the marketplace ought to be allowed to take effect.*

*The experts say health service reform means higher taxes and less **consumer choice**.*

○ **service business**: Topic 12.2; **service industry**: Topic 12.2



### PRACTISE YOUR VOCABULARY

- 1** Use the terms in the box to complete the paragraph.

service services customer service service providers service criteria

The service industry provides a range of \_\_\_\_\_, both to individuals and to other businesses. Successful companies in this sector know that there's a direct link between \_\_\_\_\_ and revenues, and understand the need to offer good \_\_\_\_\_. Consumers judge individual \_\_\_\_\_ on \_\_\_\_\_ such as friendliness of staff, quality of literature, flexibility, efficiency of response to telephone calls, letters and emails and competitiveness. If they receive shoddy service from a company, they often transfer their custom to another provider.

- 2** Use each word pair to complete the sentences.



- a Customers use \_\_\_\_\_ such as how knowledgeable the staff are to assess how good a company's customer service is.
- b The \_\_\_\_\_ consists of companies which engage in activities which provide services.
- c In a competitive market offering excellent \_\_\_\_\_ is just as important as having a good product.
- d Banks, hairdressing salons and car-hire firms are all examples of \_\_\_\_\_es.
- e A \_\_\_\_\_ is an organization which provides services either to the public or to other businesses.

- 3** Which of the following refer to providing a service and which refer to the services sector?

- a 'I always go back to that company because the staff are so knowledgeable and helpful.'
- b Industries like tourism now employ more people than mining and engineering.
- c The sales representative was brilliant and really helped us to make a good decision.
- d The arrival of foreign competition on the British high street has forced many long-established stores to re-evaluate the way they treat their customers.
- e As these industries expand, consumer choice is increasing.

- 4** Read the text and answer the questions.

Women will make up 50% of business travellers within 5 years, but British hotels are still unsure how to treat them. A survey of hotel guests and owners shows some improvements such as well-lit parking spaces close to the main entrance exclusively for women.

- a Do women account for a significant share of the business travel market?
- b Why do you think hotels offer reserved parking spaces to women guests?



### ● leisure revolution N-SING

People sometimes refer to the recent increase in tourism and other leisure-time activities as the **leisure revolution**.

*By 1970 the canal was ready to play its part in the new **leisure revolution** that was giving canals an unexpected lease of life. The BBC has been slow to respond to the **leisure revolution**, relying on tried and tested subjects like cooking and gardening.*

### ● work-life balance N-UNCOUNT

Your **work-life balance** is how you organize your days, for example, how many hours you spend at work, and how much time you spend with friends and family or doing things you enjoy.

*Young people, in particular, expect **work-life balance**. Middle-ranking and senior managers unanimously stipulated **work-life balance** as their main criterion when choosing jobs.*

### ● social chapter N-SING

The **social chapter** is an agreement between countries in the European Union concerning workers' rights and working conditions.

*Britain's rejection of the **social chapter** of the Maastricht Treaty preserves employers' freedom from over-regulation and under-flexibility of labour. ...the 11 governments which signed the **social chapter**.*

### ● body (bodies) N-COUNT

A **body** is an organized group of people who deal with something officially.

*...the Chairman of the policemen's representative **body**, the Police Federation.  
...the main trade union **body**, COSATU, Congress of South African Trade Unions.*

#### Common Collocations

a **review body**      a **regulatory body**  
an **independent body**

### ● public sector N-SING

The **public sector** is the part of a country's economy which is controlled or supported financially by the government.

*...Carlos Menem's policy of reducing the **public sector** and opening up the economy to free-market forces. Questions were raised about whether a **public sector** body should have been investing taxpayers' money in this way.*

#### Common Collocations

a public sector **worker**      public sector **pay**  
public sector **borrowing**      a public sector **union**  
a public sector **employee**      a public sector **organization**

### ● trade association (trade associations) N-COUNT

A **trade association** is a body representing organizations within the same trade. It aims to protect their collective interests, especially in negotiations with governments and trade unions.

*...one of the two main **trade associations** for antiques dealers.  
...a comprehensive list of **trade associations** covering home energy efficiency.*

### ● core sector (core sectors) N-COUNT

The **core sectors** of a company or industry are the most important or most profitable areas of its activity.

*In the UK it could be argued that we have neglected production as a **core sector**, subsequently losing in world trade terms to Germany, Japan, Korea.  
Hagstrom believes that Buffett's **core sectors** – advertising, consumer products, financial services, healthcare and media – have the scope to out-perform the S&P 500 in forthcoming years.*

### ● service quality N-UNCOUNT

**Service quality** is the level or standard of service provided by an organization or company.

*Improvements in efficiency and in **service quality** may well require substantial changes.  
To ensure security for our customers and staff, and to help maintain **service quality**, phone calls may be recorded.*

➤ **market share:** Topic 12.1; **service industry:** Topic 12.2; **service:** Topic 12.3



### PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph about the international tourism industry.

service quality    core sectors    leisure revolution

Tourism is often called the 'world's biggest industry', and many people view growth in this sector as part of the so-called \_\_\_\_\_. The suppliers of travel services include many firms that operate in the \_\_\_\_\_ of the tourism industry, including hotels, transport companies and destination marketing organizations. In the global marketplace, south Asia, the Pacific Rim and the Americas are gaining market share of international tourist arrivals and Europe's share is steadily declining. Improvements to \_\_\_\_\_ may help to reverse this trend.

- 2 Put each of the bodies (a–i) under the correct heading in the table below.

- |   |  |
|---|--|
| a World Tourism Organization            | f local tourist associations                     |
| b national tourism organizations (NTOs) | g British Airways                                |
| c European Union (EU)                   | h International Air Transport Association (IATA) |
| d Holiday Inn International             | i Hertz Car Rental                               |
| e Pacific-Asia Travel Association       |  |

Public sector bodies	Trade associations	Companies

- 3 Match each of the newspaper headlines with an extract from the appropriate story.

a **Service sector trade associations use their collective strength**

b **Work-life balance worst in Europe**

c **Social chapter increases workers' rights**

- i Amongst the benefits for working people will be a guaranteed holiday entitlement and a limit to the length of the working week.
- ii ...especially in the leisure industry, where employment has increased dramatically. These groups are increasingly able to put pressure on the government.
- iii Statistics show that new technology has not freed us from work as we now have the longest average working week and it is increasing not shrinking.





● **financial service** (financial services) N-COUNT  
**financial product** (financial products) N-COUNT

A company or organization that provides **financial services** is able to help you do things such as make investments or buy a pension or mortgage. A **financial product** is something such as an investment, a pension, or a mortgage.

...voluntary organisations that provide independent advice to consumers on financial services.

...financial service companies.

Sites such as moneyextra allow consumers to compare financial products, such as car insurance, from several different companies.

● **financial services provider** (financial services providers) N-COUNT

A **financial services provider** is a company or organization that offers financial services.

...one of the fastest-growing financial services providers in the country.

● **financial consultant** (financial consultants) N-COUNT

**financial adviser** (financial advisers) N-COUNT

A **financial consultant** or **financial adviser** is someone whose job is to advise people about financial products and services.

They have agreed to provide the services of a qualified financial consultant to help you analyse your current investment, pension, mortgage and insurance needs.

...an independent financial adviser.

● **cashpoint** (cashpoints) N-COUNT

A **cashpoint** is a machine built into the wall of a bank or other building, which allows people to take out money from their bank account using a special card. [BRIT]

Chris couldn't find a cashpoint to get the money for a taxi home. You are issued with a personal identification number that allows you to withdraw money from more than 400,000 cashpoint machines worldwide.

### Common Collocations

a cashpoint card                      a cashpoint network  
 a cashpoint machine

● **telephone banking** N-UNCOUNT

**Telephone banking** is banking services that are available to customers over the telephone.

One reason for the relatively slow adoption of online banking is that it is not yet much more convenient than telephone banking.

● **electronic trading** N-UNCOUNT  
**online banking** N-UNCOUNT

**Electronic trading** is the buying or selling of stocks and shares by means of the Internet. **Online banking** is banking services that are available to customers by means of the Internet.

Electronic trading is cheaper than traditional floor trading.

Two of the world's biggest investment banks have teamed up with a rival of the New York Stock Exchange to offer a new electronic trading system.

This move to online banking has been partly driven by the move to flexible working.

● **personal banking** N-UNCOUNT

**Personal banking** is the part of a bank's activities that is concerned with bank accounts belonging to individual customers rather than to businesses.

What they don't understand is that consumers who use PCs for personal banking today used to be those institutions' most profitable customers.

Services are confined to a range of personal banking products, such as mortgages.

● **call centre** (call centres) N-COUNT

A **call centre** is an office where people work answering or making telephone calls for a particular company.

I phoned Dell's call centre and spoke to an operator, who patiently answered some of my queries.

Andrew is one of 204,000 call-centre employees in Britain.



## PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

cashpoints personal banking call centres telephone banking financial services  
financial services providers online banking

New technology is widely used in \_\_\_\_\_, and the personal relationship that customers used to have with their bank manager has been replaced by \_\_\_\_\_ and \_\_\_\_\_, for example, as well as the use of \_\_\_\_\_ to withdraw money without ever going into the bank. Banks, and other companies which provide \_\_\_\_\_ often use \_\_\_\_\_ to handle enquiries from customers. These anonymous centres are often unpopular with callers who do not feel they are treated like valued individual customers. \_\_\_\_\_ are now attempting to re-establish a 'personal' service using customer data stored on their computers.

2 Which word is missing from these three word pairs? Complete the sentences using the word pairs.

- a \_\_\_\_\_ services \_\_\_\_\_ services providers \_\_\_\_\_ adviser
- b i A \_\_\_\_\_ is an investment consultant who may operate independently or be the representative of a particular company.
- ii Most banks offer a range of \_\_\_\_\_ including mortgages, loans and investment advice.
- iii Examples of \_\_\_\_\_ include banks, insurance companies, investment companies and financial advisers.

3 Match the comments to the service they are talking about.



Alex

"I love it because it means I can do all my banking when I'm at work and no one knows that I'm not working."



Benny

"I always use them, it's better than queuing up for ages at the counter just to get some cash and they're there when the bank is closed, too."



Carl

"I can't stand them. It's so impersonal."



Derek

"It's really convenient. I do all my banking in this way. A quick call is all it takes."



Edward

"It's great to get advice from somebody who doesn't get commission on a sale – someone really neutral."



Paul

"I've made money on my share investments, all on my PC, from the comfort of my own home."



- a He's talking about cashpoints.
- b He's talking about telephone banking.
- c He's talking about online banking.
- d He's talking about financial consultants.
- e He's talking about call centres.
- f He's talking about electronic trading.



● **senior** ADJ

The **senior** people in an organization or profession have the highest and most important jobs.

Each group presents its findings to **senior managers**.  
...the company's **senior management**.

● **executive** (executives)

① N-COUNT

An **executive** is someone who is employed by business at a senior level. Executives decide what the business should do, and ensure that it is done.

Several top **executives** subsequently resigned.  
...an advertising **executive**.

② ADJ

The **executive** sections and tasks of an organization are concerned with the making of decisions and with ensuring that decisions are carried out.

A successful job search needs to be as well organised as any other **executive** task.  
I don't envisage I will take an **executive** role, but rather become a consultant on merchandise and marketing.

**Common Collocations**

an executive **director**      an executive **officer**  
an executive **chairman**      an executive **committee**

● **non-executive** ADJ

Someone who has a **non-executive** position in a company or organization gives advice but is not responsible for making decisions or ensuring that decisions are carried out.

Mr Margetts is a **non-executive** director of Anglo American.  
The issue became whether he should leave altogether or remain as chairman in a **non-executive** role.

**Common Collocations**

a **non-executive** **director**      a **non-executive** **officer**  
a **non-executive** **chairman**      a **non-executive** **committee**

● **director** (directors) N-COUNT

The **directors** of a company are its most senior managers, who meet regularly to make important decisions about how it will be run.

...Karl Uggerholt, the financial **director** of Braun UK.  
There were two female **directors** employed at the station.

● **board of directors** (boards of directors) N-COUNT  
**board** (boards) N-COUNT

A company's **board of directors** is the group of people elected by its shareholders to manage the company. The **board** of a company or organization is the group of people who control it and direct it.

The **Board of Directors** has approved the decision unanimously.  
He wants her to put it before the **board** at a special meeting.  
...the agenda for the September 12 **board** meeting.

● **company secretary** (company secretaries) N-COUNT

A **company secretary** is a person whose job within a company is to keep the legal affairs, accounts, and administration in order.

...David Jackson, **company secretary** of Powergen.

● **chairman** (chairmen) N-COUNT  
**chairwoman** (chairwomen) N-COUNT  
**chairperson** (chairpersons) N-COUNT  
**chair** (chairs) N-COUNT

① The **chairman** of a company is the head of it.

I had done business with the company's **chairman**.

② The **chairman, chairwoman, chairperson** or **chair** of a meeting, committee, or organization is the person in charge of it.

The **chairman** declared the meeting open.  
I hear you, Mr. **Chairman**.  
Primakov was in Japan meeting with the **chairwoman** of the Socialist Party there.  
As **chairperson** and party president, she'll be in charge.  
She is the **chair** of the Committee on Women in the Military.

● **managing director** (managing directors) N-COUNT  
**MD** (MDs) N-COUNT

The **managing director** of a company is the most important working director, and is in charge of the way the company is managed. The abbreviation **MD** is also used.

...Nick Webb, **managing director** of Simon & Schuster UK.  
He's going to be the **MD** of the Park Lane company.

● **chief executive officer** (chief executive officers) N-COUNT  
**CEO** (CEOs) N-COUNT

The **chief executive officer** of a company is the person who has overall responsibility for the management of that company. The abbreviation **CEO** is often used.

Dr Fredrik C Verroost has been appointed **chief executive officer** of the Domain Dynamics Group.  
...Geoffrey Paterson, **CEO** of Teamphone.

● **annual general meeting** (annual general meetings) N-COUNT  
**AGM** (AGMs) ABBREVIATION

The **annual general meeting** of a company or organization is a meeting which it holds once a year in order to discuss the previous year's activities and accounts. The abbreviation **AGM** is also used.

The club has its **annual general meeting** at the end of this month.  
The CCBA is holding its **AGM** at 3pm on January 8.

➔ **limited company**: Topic 2.4; **shareholder**: Topic 7.2



## PRACTISE YOUR VOCABULARY

1 The diagram shows who controls a public limited company. Use the terms in the box to complete it.

board of directors   managers   shareholders

a \_\_\_\_\_ (owners of the company)



b \_\_\_\_\_ (responsible to the shareholders)



c \_\_\_\_\_ (appointed by the board to run the company)

2 Use the terms in the box to complete the paragraph.

board of directors   board   senior executives   chief executive officer   managing director   company secretary   chair

People at the head of an organization are \_\_\_\_\_ or senior managers. The \_\_\_\_\_ is the person who has overall responsibility for the day-to-day running of an organization. In the case of a limited company the CEO is normally the \_\_\_\_\_, appointed by the \_\_\_\_\_ on the authority of its members. The same person is usually the \_\_\_\_\_ of meetings of the \_\_\_\_\_, i.e. the people who are legally responsible for a company. The person responsible for keeping the minutes of board meetings is the \_\_\_\_\_.

3 Which of the following people are likely to be on the board of directors of a company?

- |                           |            |                       |
|---------------------------|------------|-----------------------|
| a company secretary       | c CEO      | e executive directors |
| b non-executive directors | d managers | f members of staff    |

4 Match each of the roles (i–iv) to the correct definition (a–d).

i director   ii executive director   iii non-executive director   iv board of directors

- a A company director with a seat on the board who is also a salaried employee of the company, and actively involved in the running of the company.
- b A director with a seat on the board who is not a working employee of the company, sometimes brought onto the board for his or her specialist knowledge. He or she takes no part in the running of the company.
- c The management committee of a limited company, the members of which are appointed by the shareholders whose interests they represent. They meet under the company chairman to decide on major policy matters and the appointment of key managers.
- d A person who is appointed an elected officer of the company at the annual general meeting (AGM) and manages the company on behalf of the shareholders. He or she acts by resolutions made at meetings of the board.



● **management style** (management styles)

N-COUNT

**management ability** (management abilities)

N-COUNT

A person's **management style** or **management ability** is the way they behave as a manager or the qualities they have as a manager.

*Ware became increasingly unhappy at the new **management style** and he left to join Dunlop.*

*The only hard questions directed at the group concerned its poor **management ability**.*

*At Courtaulds Textiles, Martin Taylor has demonstrated outstanding **management abilities**.*

● **hierarchy** (hierarchies) N-VAR

A **hierarchy** is a system of organizing people into different ranks or levels of importance, for example in society or in a company.

*Like most other American companies with a rigid **hierarchy**, workers and managers had strictly defined duties.*

*...those lower down the **management hierarchy**.*

**Common Collocations**

corporate hierarchy

a strict hierarchy

a rigid hierarchy

● **collective** ADJ

**Collective** actions, situations, or feelings involve or are shared by every member of a group of people.

*It was a **collective** decision.*

*...a more **collective** style of leadership.*

● **decision-making** N-UNCOUNT

**Decision-making** is the process of reaching decisions, especially in a large organization or in government.

*Much of the pioneering work was based on **decision-making** models borrowed from the social sciences.*

*She wants to see more women involved in **decision making**.*

● **crisis management** N-UNCOUNT

People use **crisis management** to refer to a management style that concentrates on solving the immediate problems occurring in a business rather than looking for long-term solutions.

*Today's NSC is overcome, through no fault of its own, by day-to-day **crisis management**.*

*...a **crisis-management** team.*

● **change management** N-UNCOUNT

**Change management** is a style of management that aims to encourage organizations and individuals to deal effectively with the changes taking place in their work.

*She is hoping to go into **change management** or IT management when she graduates.*

*A key part of **change management** is making sure the right information is available for people to make informed choices.*

● **leader** (leaders) N-COUNT

The **leader** of a group of people or an organization is the person who is in control of it or in charge of it.

*...the **leader** of a great marketing team.*

*But he never won much praise as a manager, nor as a team **leader**.*

● **autocratic** ADJ

**democratic** ADJ

**laissez-faire** ADJ

An **autocratic** person or organization has complete power and makes decisions without asking anyone else's advice. Something that is **democratic** is based on the idea that everyone should have equal rights and should be involved in making important decisions. A **laissez-faire** style or approach is based on the idea that people should be allowed to make decisions themselves, without interference from those in authority.

*Weston's **autocratic** style at the family firm had its critics.*

*NBBJ also prides itself on an open and **democratic** management culture.*

*He's quite **democratic** in that he'll listen to ideas from anybody really.*

*"Technically, we have **laissez-faire** management," says Droege.*

*"We all talk a lot over the Internet about what we might do."*

● **subordinate** (subordinates) N-COUNT

If someone is your **subordinate**, they have a less important position than you in the organization that you both work for.

*Haig tended not to seek guidance from **subordinates**.*

*Nearly all her **subordinates** adored her.*

● **delegate** (delegates, delegating, delegated) VERB  
**delegation** N-UNCOUNT

If you **delegate** duties, responsibilities, or power to someone, you give them those duties, those responsibilities, or that power so that they can act on your behalf. The **delegation** of responsibility is the act of giving the responsibility for something to another person.

*He talks of travelling less, and **delegating** more authority to his deputies in Britain and Australia.*

*Many employers find it hard to **delegate**.*

*A key factor in running a business is the **delegation** of responsibility.*

➤ **staff:** Topic 13.4; **entrepreneur:** Topic 13.5;  
**entrepreneurial:** Topic 13.5



## PRACTISE YOUR VOCABULARY

1 Put these four terms into the correct place in the table:

- a laissez-faire      b democratic      c autocratic

management style	method
i	Leader makes decisions. Others are informed and carry them out.
ii	Leader discusses with others before the decision is made. The group can influence the decision that is made.
iii	There is no formal structure to make decisions. The leader does not force his or her views on others.

2 Choose the correct answer to each question.

a If management delegate responsibility, to whom is it given?

- i superiors                      ii subordinates                      iii no one

b Which of the following is least likely to delegate responsibility?

- i an autocratic leader                      ii a democratic leader                      iii a laissez-faire leader

c Which of these leaders is most likely to develop a strong hierarchy?

- i an autocratic leader                      ii a democratic leader                      iii a laissez-faire leader

d Which of these leaders is most likely to involve staff in collective decision-making?

- i an autocratic leader                      ii a democratic leader                      iii a laissez-faire leader

e Which of these leaders is most likely to leave decision-making to individual members of staff?

- i an autocratic leader                      ii a democratic leader                      iii a laissez-faire leader

3 Which book would be useful for each of these people?

a **Democratic Management: You Can Reap the Rewards**

b **Delegate: The Way to Clear Your Desk and Your Head**

c **Crisis Management Systems: Planning to Cope**

d **Change Management: The Manager's Handbook for Interesting Times**

**Bob** 'There are lots of new developments in our field. We need to be prepared to cope with their effect on our firm.'

**Ian** 'My boss finds it very hard to accept ideas. I need to convince her that this can be good for the firm.'

**Sally** 'I'm always worrying that something might go wrong at the factory, or with our delivery system. What would happen if it did?'

**Geoff** 'I'm simply overloaded. I spend all day making decisions and meeting all kinds of people so I never have any time to actually manage the firm.'

4 Read the text about management ability and answer the questions.

In a competitive environment being able to cope with change is very important. A good leader needs to know what direction the company should be going in and be able to lead it through change. They need to plan how to achieve their goals and be able to persuade others that their decisions are the right ones. A person with management ability will be able to do all of these things and be able to motivate their staff.

- a The text lists five management abilities. What are they?  
b Can you add any other management abilities that you think are important?



- **corporate culture** (corporate cultures) N-COUNT  
**organizational culture** (organizational cultures) N-COUNT

A **corporate culture** or **organizational culture** is the set of values and attitudes within a company or organization that influences the general behaviour of its employees, for example how efficient or friendly they are.

*Passion, freedom and autonomy are all part of French corporate culture.*

*The entire organizational culture must be prepared to change by embracing diversity.*

- **bureaucratic culture** (bureaucratic cultures) N-COUNT  
**performance culture** (performance cultures) N-COUNT

If you talk about the **bureaucratic culture** in a workplace, you mean that there is a lot of emphasis on complicated rules and procedures. If you talk about a **performance culture**, you mean that the emphasis is on being successful and achieving results.

*Devine admits GM's bureaucratic culture is a problem.*

*Keith Brookes, an assistant secretary at Bifu, said that the group's performance culture is putting intense pressure on staff.*

- **facilitate** (facilitates, facilitating, facilitated) VERB  
To **facilitate** an action or process, especially one that you would like to happen, means to make it easier or more likely to happen.

*The new airport will facilitate the development of tourism.*

*He argued that the economic recovery had been facilitated by his tough stance.*

- **dress code** (dress codes) N-COUNT

The **dress code** in a workplace is the rules about what kind of clothes employees are allowed to wear there.

*Three months ago the Boots Company relaxed its dress code in certain areas of its business.*

#### Common Collocations

a **strict** dress code      a **relaxed** dress code  
to **adhere to** a dress code

- **dress-down Friday** (dress-down Fridays) N-COUNT  
In some companies employees are allowed to wear clothes that are less smart than usual on Fridays. This day is known as a **dress-down Friday**.

*But is it really feasible to don sportswear to the office without the excuse of dress-down-Friday?*

- **hot-desking** N-UNCOUNT  
**hot-desk** (hot-desks, hot-desking, hot-desked) VERB

**Hot-desking** is the practice of not assigning particular desks to particular employees in a workplace, so that employees can work at any desk that is available. If an employee works in this way, you can say that they **hot-desk**.

*I think that very few employees prefer hot-desking to having a fixed desk.*

*... a sales manager who worked from the car between hot-desking in offices in Bristol, Birmingham and London.*

- **empower** (empowers, empowering, empowered) VERB  
**empowerment** N-UNCOUNT

To **empower** someone means to give them the means to achieve something, for example to become stronger or more successful. The **empowerment** of a person or group of people is the process of giving them power and status in a particular situation.

*Empowering the underprivileged lies in assuring them that education holds the real source of power.*

*The new law empowers people to challenge wrongdoing in the workplace.*

*This government believes very strongly in the empowerment of women.*

*Phil is committed to employee empowerment and enlightened management.*

➤ **corporate:** Topic 2.1; **corporate values:** Topic 11.4



## PRACTISE YOUR VOCABULARY

**1** One of the word pairs refers to an organization's beliefs and values, and the other three word pairs are examples. Which are which?

bureaucratic culture    facilitating culture    organizational culture    performance culture

**2** Choose the correct answer:

a If a company pursues a policy of empowerment, who is empowered?

- i staff/workers                      ii customers                      iii suppliers

b If a company has a dress code, how will staff normally be expected to appear?

- i casual                                  ii smart                                  iii however they like

c If a company introduces 'dress-down Friday', how will staff be expected to appear on Fridays?

- i in fancy dress                      ii casual                                  ii smart

d If a company expects its staff to hot-desk, will they

- i always have the same desk      ii find a desk on arrival at work      iii never have a desk

**3** Another way of describing corporate cultures is by looking at the solidarity and sociability in an organization. Sociability is the relationship between individuals who see each other as friends. Solidarity describes cooperation between individuals which takes place when the need arises or when there is a shared interest.

Read the information in the table and decide which one of the four types of organization would most suit each of the following people:

a Steven is a journalist and spends most of his time at work in front of a computer screen.

b Gail is very task-orientated. She thinks that the only thing that really matters at work is getting results.

c Mary enjoys feeling that she really fits in at work. She wants to be liked and to feel proud of the company she works for. She greatly admires her boss.

d Rupert thinks it is important to enjoy his work, and most of his friends are work colleagues. He is keen on business lunches, and is often out of the office in the afternoons.

Type of Organization	Sociability/Solidarity	Features of the Culture	Associated Problems
Networked organization	High sociability/low solidarity	Teamwork, creativity, openness. Workers enjoy working.	Discipline difficult due to friendships. Productivity may suffer.
Mercenary organization	Low sociability/high solidarity	Clearly defined roles, getting things done, setting targets. Business has strong focus and can respond to threats.	Workers only work together if they have to. As roles are clearly defined, there may be conflict over 'grey' areas of work.
Fragmented organization	Low sociability/low solidarity	Form of culture best suited to organizations where individuals do not need to work together e.g. law firms.	
Communal organization	High solidarity/high sociability	Similar to networked businesses but more goal-orientated (though less mercenary than mercenary organizations). Concerned with shared values. Leaders guide the business.	Shared goals may stifle individual creativity. Need to recruit those who fit in with the culture of the business.





● **human resource management** N-UNCOUNT  
HRM ABBREVIATION

**Human resource management** is the work within a company that involves the recruitment, training and welfare of staff. The abbreviation **HRM** is also used.

*Before this time supervisors handled nearly all aspects of human resource management.*

*... areas in which HRM can demonstrate measurable cost savings.*

● **human resources** N-UNCOUNT  
HR ABBREVIATION

**Human resources** is the department in a company or organization that deals with employees, keeps their records, and helps with any problems they might have. The abbreviation **HR** is also used.

*RAM has also appointed Mark Mollay from Gartmore as head of human resources.*

*We are a small firm so there is no HR department for me to go to.*

● **human resource planning** N-UNCOUNT  
HRP ABBREVIATION

**Human resource planning** is the work within a company that involves identifying the future employment needs of the company and recruiting the staff to meet those needs. The abbreviation **HRP** is also used.

*Finally, a realistic understanding of current workforce capabilities is essential for effective human resource planning.*

*Since HRP was instituted, vacancies at this level have been reduced by roughly 50 percent.*

● **staff** (staffs)

① N-COUNT-COLL

The **staff** of an organization are the people who work for it.

*The staff were very good.*

*The outpatient program has a staff of six people.*

*...members of staff.*

*Many employers seek diversity in their staffs.*

② N-PLURAL

People who are part of a particular staff are often referred to as **staff**.

*10 staff were allocated to the task.*

*He had the complete support of hospital staff.*

● **personnel** N-PLURAL

The **personnel** of an organization are the people who work for it.

*There has been very little renewal of personnel in higher education.*

● **workforce** (workforces) N-COUNT

The **workforce** is the total number of people in a country or region who are physically able to do a job and are available for

work. The **workforce** is also the total number of people who are employed by a particular company.

*... a country where half the workforce is unemployed.*

*... an employer of a very large workforce.*

● **employee** (employees) N-COUNT

An **employee** is a person who is paid to work for an organization or for another person.

*He is an employee of Fuji Bank.*

*Many of its employees are women.*

● **line manager** (line managers) N-COUNT

Your **line manager** is the person at work who is in charge of your department, group, or project.

*He claimed his line manager, a woman, had bullied him so relentlessly that the stress caused a mental breakdown.*

*Mr Ezra was line manager to Mr Archer, 24.*

● **management philosophy** (management philosophies) N-COUNT

A company's **management philosophy** is the set of ideas it has about how the business should be run.

*Second, Bertelsmann's management philosophy dictates that divisional chiefs should run their bits of the business independently.*

*... alternative management philosophies that were intended to foster work-force commitment.*

● **theory X** N-UNCOUNT  
**theory Y** N-UNCOUNT

**Theory X** is the idea that employees work better when they are closely supervised and when their work is strictly controlled.

**Theory Y** is the idea that employees work better when they are given responsibility for their own work and when their personal needs are satisfied.

*Some managers certainly hold a Theory X point of view about some of the people in the business and a Theory Y point of view about the others.*

● **hierarchical** ADJ  
**flat** ADJ

A **hierarchical** system or organization is one in which people have different ranks or positions, depending on how important they are. Companies with a **flat** structure are organized in a less hierarchical way than traditional companies, with the aim of giving all employees a relatively equal status within the company.

*They claim that the hierarchical structure of schools replicates the hierarchical structure of the workplace.*

*The management structure remains flat rather than hierarchical to make everyone feel they have an important role to play.*

○ **induction**: Topic 11.3; **organizational culture**: Topic 13.3; **recruit**: Topic 14.1; **wage**: Topic 14.2; **co-worker**: Topic 14.3



### PRACTISE YOUR VOCABULARY

1 Put each of the words under the correct heading.

a employee      b staff      c worker      d workforce      e personnel

Individual in an organization

Collective term for people in an organization

2 Match each term to the correct definition.

a human resources      b human resource planning      c human resource management

- i Deciding how to use a company's human resources most effectively.  
 ii The people employed in an organization, also known as personnel.  
 iii Deciding how many, and what type of workers are needed in the organization, and at what salary.

3 Which of the following does the HR department deal with?

- a career development      d training      g discipline  
 b recruitment      e payments to suppliers  
 c wage negotiating      f induction

4 Which type of workplace relationship, shown by the diagrams, is most likely to include line managers?

HIERARCHICAL STRUCTURE

FLAT STRUCTURE



5 Theory X and theory Y are management philosophies which describe the reasons why people work, based on opposing views of people's motivation. Put the reasons into the correct place in the table.

- a Workers can enjoy work.  
 b Workers are selfish, ignore the needs of organizations, avoid responsibility and lack ambition.  
 c Management should create a situation where workers can show creativity and apply their knowledge to the job.  
 d Workers are motivated by money.

Theory X	Theory Y
	Workers have many different needs which motivate them.
Workers are lazy and dislike work.	
	If motivated, workers can organize themselves and take responsibility.
Workers need to be controlled and directed by management.	



● **entrepreneur** (entrepreneurs) N-COUNT  
**entrepreneurial** ADJ

An **entrepreneur** is a person who sets up businesses and business deals. **Entrepreneurial** means having the qualities that are needed to succeed as an entrepreneur.

...Martha Lane Fox, the 26-year-old **entrepreneur** who set up lastminute.com.  
...her prodigious **entrepreneurial** flair.  
We feel that we have the **entrepreneurial** skills to build a major business in this area.

**Common Collocations**

entrepreneurial **spirit**      entrepreneurial **skills**  
entrepreneurial **culture**      entrepreneurial **activity**

● **talent** (talents) N-VAR  
**flair** N-SING

**Talent** is the natural ability to do something well. If you have a **flair** for a particular thing, you have a natural ability to do it well.

This is one of the few places where the **talent** for business has been allowed to blossom without hindrance.  
He was an unusual man with great business **talents** coupled with deep political convictions.  
He showed a **flair** for business when he was just six years old, selling juice for two cents a glass.  
...a bid that would primarily have been about injecting new management **flair** into the organisation.

● **tycoon** (tycoons) N-COUNT

A **tycoon** is a person who is successful in business and so has become rich and powerful.

...a self-made Irish property **tycoon**.  
The media **tycoon** had illegally shifted money out of his workers' pension funds to support his crumbling business empire before he died.

**Common Collocations**

a **media** tycoon      a **property** tycoon  
a **business** tycoon      a **publishing** tycoon

● **skill** (skills)

□ N-COUNT

A **skill** is a type of work or activity which requires special training and knowledge.

...methods of developing the management **skills** needed to create the environment for innovation within a business.  
Commercial, entrepreneurial and financial **skills** will need to be in place to implement any long term business strategies.  
...when a person who has prided himself on a technical **skill** discovers that his job can be done better by a machine.

② N-UNCOUNT

**Skill** is the knowledge and ability that enables you to do something well.

Last year's IT installation problems raise questions about the quality and depth of management **skill**.

● **guru** (gurus) N-COUNT

A **guru** is a person who some people regard as an expert or leader.

He treasures the advice he was given by business **guru** Sir John Harvey-Jones.  
Management **gurus** are among the most powerful opinion formers of the modern age.

**Common Collocations**

a **design** guru      an **advertising** guru  
an **investment** guru      a **marketing** guru

● **self-employed** ADJ

If you are **self-employed**, you organize your own work and taxes and are paid by people for a service you provide, rather than being paid a regular salary by a person or a firm.

There are no paid holidays or sick leave if you are **self-employed**.  
...a **self-employed** builder.

● **multi-skilling** N-UNCOUNT  
**multi-skilled** ADJ

**Multi-skilling** is the practice of training employees to do a number of different tasks. **Multi-skilled** employees have a number of different skills, enabling them to do more than one kind of work.

He said restructuring at the station would lead to increased **multi-skilling** among staff.  
...the development of a more adaptable, **multi-skilled** workforce, capable of moving with the times.

● **run** (runs, running, ran, run) VERB

If you **run** a business, you are in charge of it or you organize it.

His stepfather **ran** a prosperous business.  
...a well-**run** organization.

➔ **high-tech sector:** Topic 1.2; **small business:** Topic 2.1; **start-up:** Topic 2.3; **factors of production:** Topic 4.3



## PRACTISE YOUR VOCABULARY

1 Use the terms in the box to complete the paragraph.

flair run their own business technical skills self-employed entrepreneur

An \_\_\_\_\_ is a person who owns and manages his or her own business. An individual might be able to see a gap in the market and exploit it more flexibly than a large company, and many people would like to \_\_\_\_\_. An individual hoping to start up a new company needs to have entrepreneurial \_\_\_\_\_ or talent, as well as good \_\_\_\_\_ and financial skills, because they make a profit through risk-taking or initiative. They are \_\_\_\_\_, and often work longer hours for less pay than they would if they were an employee of another company.

2 Re-order the sentences to make a paragraph with a logical sequence.

- a The entrepreneur has no guarantee that this new business venture will be successful, and often invests his or her own savings in the business, meaning that the entrepreneur needs to be a risk taker.
- b The entrepreneur's flair or talent ensures that the business becomes successful.
- c An entrepreneur begins with an idea and then forms a new business.
- d The new organization begins producing goods or services.

3 Are the sentences true or false?

- |   | True                     | False                    |
|---|--------------------------|--------------------------|
| a A successful entrepreneur is likely to be multi-skilled.        | <input type="checkbox"/> | <input type="checkbox"/> |
| b A tycoon is likely to have good financial skills.               | <input type="checkbox"/> | <input type="checkbox"/> |
| c An entrepreneur is likely to be self-employed.                  | <input type="checkbox"/> | <input type="checkbox"/> |
| d A good guru can help managers to develop new managerial skills. | <input type="checkbox"/> | <input type="checkbox"/> |

4 Read the text and answer the questions.

It is estimated that there are about 20,000 former students from India's Institutes of Technology living in America. These entrepreneurs are working in the booming US hi-tech sector, where Indian-born software inventors are having enormous success. A recent survey found that the IITs have produced more millionaires than any other university-level institution.

- a The paragraph describes the 'brain drain,' or emigration of technologists for better pay and conditions, from which country to which country?
- b What kind of entrepreneurial activity are the IIT graduates engaged in?
- c How successful are these Indian entrepreneurs?



- **hire** (hires, hiring, hired) VERB  
**fire** (fires, firing, fired) VERB

If you **hire** someone, you employ them or pay them to do a particular job for you. If an employer **fires** you, they dismiss you from your job.

*The rest of the staff have been hired on short-term contracts.  
If he wasn't so good at his job, I probably would have fired him.*

- **headhunt** (headhunts, headhunting, headhunted) VERB

If someone who works for a particular company is **headhunted**, they leave that company because another company has approached them and offered them another job with better pay and higher status.

*He was headhunted by Borkers last October.  
They may headhunt her for the position of Executive Producer.*

- **recruit** (recruits, recruiting, recruited) VERB  
**dismiss** (dismisses, dismissing, dismissed) VERB

If you **recruit** people for an organization, you select them and persuade them to join it or work for it. When an employer **dismisses** an employee, the employer tells the employee that they are no longer needed to do the job they have been doing.

*The police are trying to recruit more black and Asian officers.  
...the power to dismiss civil servants who refuse to work.*

- **headhunter** (headhunters) N-COUNT  
**recruitment consultant** (recruitment consultants) N-COUNT

A **headhunter** or **recruitment consultant** is a person or service that helps professional people to find work by introducing them to potential employers.

*...a top international headhunter who places chairmen and chief executives in private companies, with salaries of up to £1 million.  
Recruitment consultants and employment agencies may help to locate opportunities more effectively, but there are pitfalls.*

- **notice** N-UNCOUNT  
**give somebody notice** PHRASE  
**hand in your notice** PHRASE  
**give in your notice** PHRASE

If you **give notice** about something that is going to happen, you give a warning in advance that it is going to happen. If an employer **gives** an employee **notice**, the employer tells the employee that he or she must leave his or her job within a fixed period of time. If you **hand in your notice** or **give in your notice**, you tell your employer that you intend to leave your job soon within a set period of time.

*Employers and employees often do not expressly agree on the length of notice required to terminate employment.  
The next morning I telephoned him and gave him his notice.  
He handed in his notice at the bank and ruined his career.  
He sold his house and gave in his notice.*

- **constructive dismissal** N-UNCOUNT  
**unfair dismissal** N-UNCOUNT

If an employee claims **constructive dismissal**, they begin a legal action against their employer in which they claim that they were forced to leave their job because of the behaviour of their employer. If an employee claims **unfair dismissal**, they begin a legal action against their employer in which they claim that they were dismissed from their job unfairly.

*The woman claims she was the victim of constructive dismissal after being demoted from her job as senior supervisor.  
His former chauffeur is claiming unfair dismissal on the grounds of racial discrimination.*

- **severance** (ADJ)

**Severance** pay is a sum of money that a company gives to its employees when it has to stop employing them.

*We were offered 13 weeks' severance pay.  
More than 170 workers opted for a voluntary severance package of four to 12 months' pay, plus travel and education vouchers.*

- **redundant** (ADJ)  
**redundancy** (redundancies) N-VAR

If you are made **redundant**, your employer tells you to leave because your job is no longer necessary or because your employer cannot afford to keep paying you. **Redundancy** means being made redundant.

*My husband was made redundant late last year.  
Thousands of bank employees are facing redundancy.  
Last week, 15 redundancies were announced.*

- **sack** (sacks, sacking, sacked) VERB  
**give someone the sack** PHRASE  
**get the sack** PHRASE

If your employers **sack** you, they tell you that you can no longer work for them. If someone is **given the sack**, or if they **get the sack**, they are sacked.

*Earlier today the Prime Minister sacked 18 government officials.  
People who make mistakes can be given the sack the same day.  
52 managers got the sack in one year.*

- **reference** (references) N-COUNT  
**referee** (referees) N-COUNT

A **reference** is a letter that is written by someone who knows you and which describes your character and abilities. When you apply for a job, an employer might ask for references. A **referee** is a person who gives you a reference, for example when you are applying for a job.

*The firm offered to give her a reference.  
One problem that frequently arises is that you do not wish to give your present employer as a referee when applying for a job.*

- ➔ **compensation**: Topic 14.2; **interview**: Topic 14.4



### PRACTISE YOUR VOCABULARY

**1** Which of the terms are associated with hiring, or appointing new employees, and which with firing or terminating an employee's contract? Complete the table.

- |                                |                               |                                  |
|--------------------------------|-------------------------------|----------------------------------|
| a to headhunt                  | e to fire                     | i to write (someone) a reference |
| b to recruit                   | f to interview                | j to give (someone) notice       |
| c to offer a severance package | g to dismiss                  | k to hire                        |
| d to give (someone) the sack   | h to make (someone) redundant |                                  |

finding and appointing new employees	the termination of an employee's contract

**2** When a worker is made redundant, the firm is obliged to make a payment to the employee. What is this payment called?

- a compensation      b severance payment

**3** Use the terms below to complete the job advertisement.

- a recruit      b length of notice      c referees

#### Scot, Sinclair, Murdoch (UK)

#### LEGAL OFFICER

Due to expansion of the firm, we need to \_\_\_\_\_ a new legal officer to join our established legal team. Please check our website at [Scotsim.co.uk](http://Scotsim.co.uk) for full details. Application is by letter, with the names of three \_\_\_\_\_ and you should indicate the \_\_\_\_\_ you must give your current employer.

**4** Use the terms in the box to complete the paragraph.

*headhunted    constructive dismissal    recruitment consultant*

It is very flattering when a \_\_\_\_\_ telephones you and tells you that you are being \_\_\_\_\_. Sometimes they call you because your employer has asked them to find you another role with another firm, however. This happens because companies find it easier and cheaper to dump a difficult employee rather than risk being sued for unfair or \_\_\_\_\_.



- **pay** <sup>N-UNCOUNT</sup>
- salary** (salaries) <sup>N-COUNT</sup>
- wage** (wages) <sup>N-COUNT</sup>
- remuneration** (remunerations) <sup>N-VAR</sup>
- income** (incomes) <sup>N-VAR</sup>

Your **pay** is the money that you get from your employer as wages or salary. A **salary** is the money that someone is paid each month by their employer, especially when they are in a profession such as teaching, law, or medicine. Someone's **wages** are the amount of money that is regularly paid to them for the work that they do. Someone's **remuneration** is the amount of money that they are paid for the work that they do. A person's **income** is the money that they earn or receive, as opposed to the money that they have to spend or pay out.

...their complaints about their pay and conditions.

...the workers' demand for a twenty per cent pay rise.

The lawyer was paid a huge salary.

The government decided to increase salaries for civil servants.

His wages have gone up.

...the continuing marked increase in the remuneration of the company's directors.

\$31,000 is a generous remuneration.

Many families on low incomes will be unable to buy their own homes.

Average income is now higher here than in most of Europe.

### Common Collocations

a pay rise      a pay cut      a rate of pay  
 a salary increase      a wage demand

- **golden handshake** (golden handshakes) <sup>N-COUNT</sup>

A **golden handshake** is a large sum of money that a company gives to an employee when he or she leaves, as a reward for long service or good work.

He was given the golden handshake after losing his post as boss of the University of Wales when it merged with another hospital.

- **bonus** (bonuses) <sup>N-COUNT</sup>

A **bonus** is an extra amount of money that is added to someone's pay, usually because they have worked very hard.

Workers in big firms receive a substantial part of their pay in the form of bonuses and overtime.

The BBC's 23 most senior managers shared £800,000 in bonus payments last year.

### Common Collocations

a bonus scheme      an annual bonus      to receive a bonus

- **benefit** (benefits) <sup>N-COUNT</sup>
- fringe benefit** (fringe benefits) <sup>N-COUNT</sup>

**Benefits** or **fringe benefits** are extra things that some people get from their job in addition to their salary, for example a car.

The parents were working but all were employed at jobs which paid little, did not guarantee hours and did not provide benefit. They also want job security, increased fringe benefits and more rights for part-time workers.

- **benefits package** (benefits packages) <sup>N-COUNT</sup>

A **benefits package** is a set of benefits, such as health insurance and parental leave, that some people get from their job in addition to their salary.

New West Consultants pay staff high wages and has an excellent benefits package.

...a benefits package that included maternity leave, parental leave, adoption aid, flexible schedules, part-time work, job sharing and support for care of elderly dependents.

- **perk** (perks) <sup>N-COUNT</sup>

**Perks** are special benefits that are given to people who have a particular job or belong to a particular group.

...a company car, private medical insurance and other perks. One of the perks of being a student is cheap travel.

- **share option** (share options) <sup>N-COUNT</sup>
- stock option** (stock options) <sup>N-COUNT</sup>

A **share option** or **stock option** is an opportunity for the employees of a company to buy shares in the company at a special price.

Only a handful of firms offer share option schemes to all their employees.

He made a huge profit from the sale of shares purchased in January under the company's stock option program.

- **minimum wage** <sup>N-SING</sup>

The **minimum wage** is the lowest wage that an employer is allowed to pay an employee, according to a law or agreement.

I think that the introduction of a national minimum wage for the first time ever will help millions of low-paid people.

- **performance-related pay** <sup>N-UNCOUNT</sup>

**Performance-related pay** is a rate of pay which is based on how well someone does their job.

Teachers will fight Ministers' plans to introduce performance-related pay in schools.

- **compensation** <sup>N-UNCOUNT</sup>

**Compensation** is money that someone who has experienced loss or suffering claims from the person or organization responsible, or from the state.

He received one year's salary as compensation for loss of office. Executives are increasingly willing to change companies for compensation packages that offer the possibility of big bonuses.

- ➔ **social chapter:** Topic 12.4; **working conditions:** Topic 14.3



### PRACTISE YOUR VOCABULARY

- 1 Which of the following forms of remuneration involve the employee receiving cash and which do not? Tick the appropriate column.

Remuneration	cash	other		cash	other		cash	other
a golden handshake			d perks			g compensation		
b bonus			e share/stock options			h benefits package		
c fringe benefit			f performance-related pay award			i wage		

- 2 Which of the following are examples of fringe benefits or perks?

- |                         |   |                                |
|-------------------------|---|--------------------------------|
| a stock options         | d overseas travel on company business         | g company car                  |
| b rapid promotion       | e use of a subsidized canteen                 | h attendance at board meetings |
| c free health insurance | f relocation package to cover moving expenses | i supply of company stationery |

- 3 Which of the following two employees do you think is most likely to prefer performance-related pay?

- a Keith is 42 years old, married with 3 small children. He's been with the firm for 12 years. He's good at his job, but he has never applied for a promotion and he has a poor sick-leave record.
- b Carolina is 26. She's just joined the firm on its new fast-track graduate program. She's single, often puts in unpaid extra work and loves travelling.

- 4 The European Union's Social Chapter is designed to establish minimum wages and working conditions in member countries. Look at the details of the Chapter on the left and match each section with what workers say on the right.

a Equal rights for part-time and full-time workers	Julia	- 'They used to be able to force us to work longer hours. Now they can't it means I can get home for when the kids come home from school.'
b Reduction of inequality between the pay of men and women	Florence	- 'My work has its rewards but traditionally it's been poorly paid. I'm not rich now, but I'm better off.'
c Most employees to work a maximum of 48 hours per week	Carlos	- 'It's meant that we all get the same wage for the same job.'
d Workers' rights to paid holidays	Anna	- 'Just because I'm only there for 15 hours a week shouldn't mean I get treated differently to full-timers.'
e Setting of a minimum wage	Gianfranco	- 'Getting away with my family used to be more difficult.'

- 5 Look at the table and answer the questions.

UK minimum wage (1999) per hour	Sterling equivalent		
	Portugal	Canada	Belgium
UK £3.60	£2.10	£3.80	£4.56

Are the following statements true or false?

- |   |                          |                          |
|---|--------------------------|--------------------------|
| a Workers on the minimum wage in Portugal have a better income than those in Canada.  | True                     | False                    |
| b Workers on the minimum wage in Belgium have the best salary shown here.   | <input type="checkbox"/> | <input type="checkbox"/> |
| c Workers on the minimum wage in European countries shown here have higher wages than their North American counterparts shown here. | <input type="checkbox"/> | <input type="checkbox"/> |





### ● industrial relations N-PLURAL

**Industrial relations** refers to the relationship between employers and employees in industry, and the political decisions and laws that affect it.

*The offer is seen as an attempt to improve industrial relations.  
New industrial relations legislation curbed the power of the unions.*

### ● trade union (trade unions) N-COUNT

A **trade union** is an organization that has been formed by workers in order to represent their rights and interests to their employers, for example in order to improve working conditions or wages.

*You can ask the tribunal to declare that your employer is infringing the regulations or get your trade union to take this up.*

### ● works council (works councils) N-COUNT

A **works council** is an elected body of workers within a company, which negotiates with management over such things as working conditions, holiday and safety.

*...a European directive calling for works councils for all companies with more than 50 employees.*

### ● staff representative (staff representatives)

N-COUNT

**rep (reps)** N-COUNT

A **staff representative** or **rep** is a worker who is elected by other workers to represent their interests to management.

*The company yesterday began the process of electing staff representatives to fulfil the legal requirements for consultation. He called for staff representatives on the boardroom committees that control directors' earnings.*

*If your employer has procedures to deal with bullying, follow them, taking a colleague or union rep for support.*

### ● arbitration N-UNCOUNT

**Arbitration** is the judging of a dispute between people or groups by someone who is not involved.

*The matter is likely to go to arbitration.*

### ● blue-collar ADJ

**white-collar** ADJ

**Blue-collar** workers work in industry, doing physical work, rather than in offices. **White-collar** workers work in offices rather than doing physical work.

*By 1925, blue-collar workers in manufacturing industry had become the largest occupational group.*

*...corporate lawyers, accountants and other white-collar workers.*

### ● colleague (colleagues) N-COUNT

**co-worker** (co-workers) N-COUNT

Your **colleagues** or **co-workers** are the people you work with, especially people on the same job or project as you.

*Without consulting his colleagues he flew from Lisbon to Split. A co-worker of mine mentioned that she leaves her computer on all the time.*

### ● strike (strikes, striking, struck)

□ N-COUNT

When there is a **strike**, workers stop doing their work for a period of time, usually in order to try to get better pay or conditions for themselves.

*French air traffic controllers have begun a three-day strike in a dispute over pay.*

*...a call for strike action.*

□ VERB

When workers **strike**, they take part in a strike.

*...their recognition of the workers' right to strike.*

*The government agreed not to sack any of the striking workers.*

### ● go on strike PHRASE

When workers **go on strike**, they strike.

*Staff at the hospital went on strike in protest at the incidents.*

### ● industrial action N-UNCOUNT

If workers take **industrial action**, they join together and do something to show that they are unhappy with their pay or working conditions, for example refusing to work.

*Prison officers will decide next week whether to take industrial action over staffing levels.*

### ● grievance (grievances) N-VAR

**grievance procedure** (grievance procedures)

N-COUNT

If you have a **grievance** about something that has happened or been done, you believe that it was unfair. A **grievance procedure** is a set of guidelines produced by a company or organization, which explains how to make a formal complaint against them.

*The main grievance of the drivers is the imposition of higher fees for driving licences and certificates of proficiency.*

*One of their biggest mistakes is failing to put a formal grievance procedure in place to deal with staff complaints.*

### ● tribunal (tribunals) N-COUNT

A **tribunal** is a special court or committee that is appointed to deal with particular problems.

*His case comes before an industrial tribunal in March.*

### ● working conditions N-PLURAL

**Working conditions** are the conditions which exist in your job, such as the number of hours you are expected to work and the amount of holiday you get.

*The strikers are demanding better working conditions.*

⇒ **employee**: Topic 13.4; **personnel**: Topic 13.4; **staff**: Topic 13.4; **workforce**: Topic 13.4; **notice**: Topic 14.1



## PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

industrial action    arbitration    staff representatives    strike    works council    tribunal  
trade union    grievance    industrial relations    co-worker

Management and trade unions are jointly responsible for \_\_\_\_\_. Management and \_\_\_\_\_ often come together on a firm's \_\_\_\_\_ to attempt to resolve problems before they become too serious. If, however, the issue cannot be solved, they may use outside \_\_\_\_\_ to assist them. If all attempts to find a solution fail, the \_\_\_\_\_ may call a \_\_\_\_\_, or take other forms of \_\_\_\_\_. If an individual employee has a complaint, a company usually has a \_\_\_\_\_ procedure to deal with it. Employees may also contact their trade union or an industrial \_\_\_\_\_ if they have a complaint about their treatment at work or about a colleague or a \_\_\_\_\_.

- 2 Which jobs are held by blue-collar workers and which are held by white-collar workers? Complete the table.

- a computer programmer                      e receptionist                      i teacher  
b plumber    f clerk                                      j architect  
c washing machine repairman              g builder                                  k delivery van driver  
d recruitment consultant                      h electrician                              l lawyer

BLUE-COLLAR	WHITE-COLLAR

- 3 Read the text and answer the questions.

A recent EU directive requires every employer with more than 150 staff to establish a works council. Businesses will have statutory requirements for ongoing consultation on any proposed changes in working conditions, and to provide information about recent and probable developments and activities and about the establishment's economic situation.

- a What will companies with more than 150 employees have to do?  
b What will businesses be obliged to consult their workers about?  
c What two types of information will businesses be obliged to give their workers?

- 4 When an employee begins a job they will sign a written contract of employment with the company, stating the conditions of work that have been agreed. Look at the list of conditions and put them under the correct heading.

NUMBER OF HOURS	TYPE OF EMPLOYMENT	PAY	BENEFITS	DISCIPLINARY PROCEDURES	NOTICE	GRIEVANCE PROCEDURES	EMPLOYEE RIGHTS

- a 4 weeks paid holiday per year              e consequences of breaking company rules              i trade union membership  
b paid sick leave                                      f who to contact to make a complaint                      j permanent/temporary job  
c 48 hours per week                                      g £20,000 per year                                      k full time/part time  
d one month's notice                                      h \$9 per hour



● **equal opportunities** N-PLURAL

**Equal opportunities** refers to the policy of giving everyone the same opportunities for employment, pay and promotion, without discriminating against particular groups.

*The profession's leaders must take action now to tackle racist behaviour and to promote **equal opportunities** for all.  
It recently appointed an **Equal Opportunities Monitoring Officer** who examines all job applications.*

**Common Collocations**

an equal opportunities **policy**  
an equal opportunities **employer**  
equal opportunities **legislation**

● **discriminate** (discriminates, discriminating, discriminated) VERB  
**discrimination** N-UNCOUNT

To **discriminate** against a group of people or in favour of a group of people means to unfairly treat them worse or better than other groups. **Discrimination** is the practice of treating one person or group of people less fairly or less well than other people or groups.

*They believe the law **discriminates** against women.  
...legislation which would **discriminate** in favour of racial minorities.*

*The Commission for Racial Equality teaches organisations not to **discriminate**.*

*She is exempt from sex **discrimination** laws.  
India swiftly denounced the proposal as deplorable and patent **discrimination** against minorities.*

● **age discrimination** N-UNCOUNT  
**sexual discrimination** N-UNCOUNT  
**racial discrimination** N-UNCOUNT

**Age discrimination** is the practice of treating older people less fairly or less well than other people. **Sexual discrimination** is the practice of treating the members of one sex, usually women, less fairly or less well than those of the other sex. **Racial discrimination** is the practice of treating people of some races less fairly or less well than those of another race.

*The government finally published its code of conduct to combat **age discrimination**.*

*Women's groups denounced **sexual discrimination**.  
...the elimination of **racial discrimination** and the promotion of equal opportunity.*

● **positive action** N-UNCOUNT  
**positive discrimination** N-UNCOUNT

**Positive action** or **positive discrimination** means making sure that people such as women, members of smaller racial groups, and disabled people get a fair share of the opportunities available. [BRIT]

*Labour has promised to change the law to allow political parties to use **positive action** to boost the number of women candidates.*

*...a referendum on whether **positive discrimination** in favour of women and blacks should be abolished.*

● **disability** (disabilities) N-COUNT

A **disability** is a permanent injury, illness, or physical or mental condition that tends to restrict the way that someone can live their life.

*Facilities for people with **disabilities** are still insufficient.  
...athletes who have overcome a physical **disability** to reach the top of their sport.*

● **recruitment policy** (recruitment policies) N-COUNT

A company's **recruitment policy** is the set of attitudes and actions it uses for the selection of new staff.

*Editors of newspapers will never admit to a racist **recruitment policy**.*

● **under-represented** ADJ

If a group of people is **under-represented** in a particular activity, there are fewer of them involved in the activity than you think there should be.

*Women are still **under-represented** in top-level civil service jobs.  
...**under-represented** groups such as women and ethnic minorities.*

● **interview** (interviews, interviewing, interviewed)

① VERB

If you are **interviewed** for a particular job, someone asks you questions to find out if you are suitable for it.

*When Wardell was **interviewed**, he was impressive, and on that basis, he was hired.*

② N-COUNT

If you go for an **interview**, someone asks you questions to find out whether you are suitable for a job.

*...an **interview** for a job as a TV researcher.*



### PRACTISE YOUR VOCABULARY

- 1 Use the terms in the box to complete the paragraph.

discriminated against under-represented disability equal opportunities  
positive action equal opportunities monitoring

When a company interviews a candidate for a job they are not allowed to discriminate against him or her on the grounds of race, sex, age or \_\_\_\_\_. In other words every candidate should have \_\_\_\_\_, or the same chance to get the job. EU laws help to promote this, as do other laws in other parts of the world. Figures suggest that candidates often are discriminated against on the grounds of race. Many people believe that \_\_\_\_\_ by employers is an important part of a good equal opportunities policy. This should help to increase the number of workers belonging to a particular racial group, if they are \_\_\_\_\_ in the firm. Firms need to be aware of the make-up of their labour force, and many companies carry out \_\_\_\_\_ during the selection procedure. As well as discrimination in the selection process, employees can also be discriminated against in the area of pay. In manufacturing, for example, women earn 72% of men's pay. Additionally, occupations that employ mainly women, such as hairdressing for example, tend to involve low pay. If an employee thinks that they have been \_\_\_\_\_ they can take their case to an industrial tribunal.

- 2 Look at the two tables showing employment trends in one country and answer the questions.

#### A. Percentage of the workforce by gender and occupation

Area of employment	Men		Women	
	Year 1	Year 5	Year 1	Year 5
Managers	16	19	8	12
Professional	11	13	8	9
Clerical	8	8	31	25
Manufacturing	25	17	4	3

#### B. Unemployment by ethnic groups

Ethnic Group	% Unemployment
White	5
Black	21
Asian	9
Others	14
Country average	7

a According to the information in the tables:

- Has discrimination against women in management increased or decreased?
  - Do men and women have equal opportunities to gain employment in the manufacturing sector?
  - Is there any sexual discrimination in the clerical sector?
  - Which ethnic group suffers the worst racial discrimination in employment?
  - Which ethnic group has the highest level of employment?
- b If far-reaching programmes of compulsory positive discrimination were introduced, what trends might be seen in the tables above:
- in the manufacturing sector?
  - among black workers?
  - among managers?

- 3 Read the text and answer the questions.

A company that produces chocolate is keen on offering equal opportunities and thrives on the diverse cultural background of its staff that reflects the global reach of its many brands.

- What is the company's position on equal opportunities?
- Why is cultural diversity important to this company?



● **productivity** N-COUNT

**Productivity** is the rate at which goods are produced or work is completed.

*The third-quarter results reflect continued improvements in productivity.*

*His method of obtaining a high level of productivity is demanding.*

● **morale** N-UNCOUNT

**Morale** is the amount of confidence and cheerfulness that a group of people have.

*Personnel officers and managers must work together to enhance employee morale and improve organizational performance.*

*One of your first priorities should be to work with managers to improve staff morale.*

*Many pilots are suffering from low morale.*

**Common Collocations**

low morale                      to boost morale  
staff morale

● **sick leave** N-UNCOUNT

**Sick leave** is the time that a person spends away from work because of illness or injury.

*I have been on sick leave for seven months with depression.*

*I have no paid holiday, no paid pension or paid sick leave.*

● **unproductive** ADJ

Something or someone that is **unproductive** does not produce any good results.

*Research workers are well aware that much of their time and effort is unproductive.*

*...vast, unproductive state farms.*

*For businesses to survive the tough times, and prosper in the good, they have to stand ready to cut costs and let unproductive staff go.*

● **asset** (assets) N-COUNT

Something or someone that is an **asset** is considered useful or helps a person or organization to be successful.

*We have here a very loyal, skilled and semi-skilled engineering workforce who would be an asset to any employer.*

*Anne has a wealth of experience in presenting and reporting and her obvious talent will be a great asset.*

● **motivate** (motivates, motivating, motivated) VERB

**motivated** ADJ

**motivation** N-UNCOUNT

If you **are motivated** by something, especially an emotion, it causes you to behave in a particular way. Someone who is **motivated** has a strong wish to do something. **Motivation** is a strong wish to do something.

*They are motivated by a need to achieve.*

*I don't want to be missing out. And that motivates me to get up and do something every day.*

*...highly motivated employees.*

*Some boredom and lack of motivation may be the result of heavy schedules and several years in the business.*

**Common Collocations**

highly motivated                      self-motivation  
lack of motivation  
the motivation behind something

● **job satisfaction** N-UNCOUNT

**Job satisfaction** is the pleasure that you get from doing your job.

*I doubt I'll ever get rich, but I get job satisfaction.*

*Employees can benefit from reduced commuting time, more flexible work hours and increased job satisfaction.*

*They don't like their working conditions, they feel they are poorly supervised and have a lower level of job satisfaction than in any other European country.*

● **absenteeism** N-UNCOUNT

**Absenteeism** is the fact or habit of frequently being away from work, usually without a good reason.

*...the high rate of absenteeism.*

*Absenteeism among a group of female workers was more tolerated than the same level among males.*

● **workplace** (workplaces) N-COUNT

Your **workplace** is the place where you work.

*...the difficulties facing women in the workplace.*

*Their houses were workplaces as well as dwellings.*

*Workplace canteens are offering healthier foods than ever before.*

➔ **corporate culture:** Topic 13.3; **dress code:** Topic 13.3



### PRACTISE YOUR VOCABULARY

- 1 Read the statement and put the three statements below into the right order.

A strong corporate culture often motivates workers in their jobs. This may lead to increased productivity.

- a workers are keen to belong to the company    b output increases    c the company develops a strong identity

- 2 Use the words in the box to complete the paragraph.

workplace    job satisfaction    unproductive    motivated    absenteeism    asset    productivity

It is often said that the staff are a company's most important \_\_\_\_\_. A well-\_\_\_\_\_ worker is more likely to work hard, which helps a company keep its costs low and improve profits. A lack of motivation often leads to an increase in \_\_\_\_\_ time, increased \_\_\_\_\_ and consequently a fall in the levels of \_\_\_\_\_. A business can make the \_\_\_\_\_ attractive to workers, and increase their motivation in various ways. If workers enjoy a high level of \_\_\_\_\_, and enjoy their work, then productivity will benefit.

- 3 Look at the figures and answer the questions.

Sick leave taken in four comparable manufacturing companies – average from 4-year period.

Company	Days sick per worker per year
Oyez Engineering	6
Breakers Inc.	9
Iron & Steel to order	5
Daniel's Motor Co.	3
National average	5

- a Which firms have higher than average absenteeism?  
 b Which firm probably has the highest levels of employee morale?  
 c Which firm probably has the lowest levels of employee motivation?  
 d Which firm probably has the lowest levels of job satisfaction?  
 e Which firm probably values its employees the most?

- 4 Read the statement and answer the questions that follow it.

In a large British grocery chain, stores where staff were more satisfied (because they were better managed and looked after) generated a £200,000 increase in sales per month.

Are the sentences true or false according to the text?

- a Some stores in the same chain did better than others.  
 b In the stores that performed best the staff worked harder because they were paid more.  
 c In the stores that performed best the sales were better because the staff were happier.  
 d The staff were happier because of the attitude of the management of that particular store.

True	False
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

- 5 Read the paragraph and use a word or phrase from the text to complete the sentences.

Friday used to be the most common day for employees to call in sick. Nowadays, though, sick leave is at its highest on Monday, with 55% of all time off through ill health occurring then. Fridays are now more attractive, with casual dress codes and early finishes, and employees are more motivated to work at the end of the week.

- a The most common day for people to \_\_\_\_\_ is the first day of the week.  
 b Previously, \_\_\_\_\_ peaked on the last day of the week.  
 c Because companies have introduced \_\_\_\_\_ and allow employees to finish work early, they like working on a Friday.  
 d Productivity is now at its lowest on \_\_\_\_\_.