



**МИНИСТЕРСТВО ОБРАЗОВАНИЯ  
РЕСПУБЛИКИ БЕЛАРУСЬ**

**Белорусский национальный  
технический университет**

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**Кафедра «Межкультурная профессиональная  
коммуникация»**

**М. В. Березовская**

**BUSINESS ENGLISH  
READING COMPREHENSION**

**Пособие**

**Минск  
БНТУ  
2017**

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Пособие для студентов специальностей  
1-27 03 01 «Управление инновационными проектами  
промышленных предприятий»;  
1-27 03 02 «Управление дизайн-проектами  
на промышленном предприятии»

*Рекомендовано учебно-методическим объединением по образованию  
в области экономики и организации производства*

Минск  
БНТУ  
2017

УДК 811.111(075.8)

ББК 81.2 Англ я7

Б48

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- Б48 Business English reading comprehension : пособие для студентов специальностей 1-27 03 01 «Управление инновационными проектами промышленных предприятий», 1-27 03 02 «Управление дизайн-проектами на промышленном предприятии» / М. В. Березовская. – Минск: БНТУ, 2017. – 94 с.  
ISBN 978-985-583-057-4.

Пособие составлено в соответствии с программой курса «Бизнес-курс на английском языке» для студентов специальностей 1-27 03 01 «Управление инновационными проектами промышленных предприятий», 1-27 03 02 «Управление дизайн-проектами на промышленном предприятии». Учебное пособие содержит 38 дополнительных текстов к основному учебному пособию «Market Leader». Представленные тексты могут быть использованы для занятий в аудитории, а также при самостоятельной работе студентов.

**УДК 811.111(075.8)**

**ББК 81.2 Англ я7**

**ISBN 978-985-583-057-4**

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## **Forms of business.**

### **Sole proprietorship**

The legal form of business organization that has only one owner is known as a sole proprietorship. Many businesses are sole proprietorships, firms owned and operated by a single person.

When a person decides to open an independent business, that person is then entirely responsible for its success or failure.

Any profits go to the owner; any losses are his or her responsibility as well. If the losses prove to be greater than the investment, the individual is responsible for paying them, even if this depletes all personal assets. One of the advantages of a sole proprietorship is that an owner can make decisions quickly and decisively without having to consult others. And an individual proprietor, by law, pays fewer taxes and at lower rate than does a corporation.

There are disadvantages to this form of business organization, however. A sole proprietorship ends with the incapacity or death of the owner. The assets can be inherited by a person who may even become the operator, but legally the business dies with its owner. Also, since it is dependent upon the amount of money the owner has saved or can borrow, usually it does not develop into a large-scale enterprise.

In spite of its limitations, the sole proprietorship is well adopted to many kinds of small businesses and suits temperament of many persons who like to exercise initiative and be their own bosses.

	ADVANTAGES	DISADVANTAGES
Profits and losses	As sole owner, the proprietor receives all the profits because he or she takes all the risks	Losses are not shared
Liability		The proprietor has complete legal responsibility for all debts and damages brought upon oneself in doing business. This is known as unlimited liability. If the firm is unable to pay its bills or if

		<p>someone is injured as a result of the business, the proprietor can be forced to sell his or her personal assets as well as the business to pay these debts.</p> <p>Assets are items of value such as houses, cars, jewelry, and so on</p>
Management	<p>Decisions on starting and running the business can be made quickly because the owner does not have to consult with other people.</p> <p>Because a proprietorship is usually small, the operation of the business is less complicated than other types of business. There are generally fewer government regulations than with corporations</p>	<p>A proprietor must handle all decision making, even for unfamiliar areas of the business. For example, the owner of a manufacturing firm may know a great deal about product design, but very little about selling. This is a severe problem for many sole proprietorships</p>
Taxes	<p>A proprietor must pay personal income taxes on profits, but these taxes may be lower than taxes for a corporation</p>	
Personal satisfaction	<p>The proprietor has full pride in owning the business. The person is his or her own boss and makes the business whatever it is</p>	<p>Running a sole proprietorship is demanding and time-consuming. If the proprietor does not enjoy such responsibility, he or she will find ownership a burden</p>

Financing growth	Because the proprietor has liability for all debts, it is occasionally easier for a proprietorship to obtain credit than for a corporation of the same size. Lenders are more willing to extend credit knowing that they can take over not only the assets of the business, but also the assets of the proprietor if the loan is not paid back	
Life of the business		A sole proprietorship depends on one individual. If that person dies, goes bankrupt, or is unwilling or unable to work, the business will probably close. This uncertainty about the future increases the risk to both employees and creditors

### **Help in starting a small business**

For a person who wants to start a sole proprietorship, help is available. The federal government's Small Business Administration often helps finance startups, which are new small businesses. State departments of commerce and community affairs also offer assistance. Many community college and university campuses have federally funded small business development centres that will help a small business get started.

A small business incubator might also aid businesses. Just as incubators help hatchchickens, there are business incubators that help "hatch" small businesses. They are often operated with state and federal funds. A small business incubator might provide a low-rent building, manage-



ment advice, and computers. The incubator’s goal is to generate jobcreation and economic growth, particularly in depressed states.

### **Partnership**

A partnership is an association of two or more persons to carry on a business for profit. When the owners of the partnership have unlimited liability they are called general partners. If partners have limited liabilitythey are called «limited partners». There may be a silent partneras well – a person who is known to the public as a member of the firm but without authority in management. The reverse of the silent partner is the secret partner – a person who takes part in management but who is not known to the public.

Any business may have the form of the partnership, for example, in such professional fields as medicine, law, accounting, insurance and stock brokerage. Limited partnerships are a common form of ownership in real estate, oil prospecting, quarrying industries, etc.

Partnerships have more advantages than sole proprietorship if one needs a big capital or diversified management. Like sole proprietorship they are easy to form and often get tax benefits from the government.

Partnerships have certain disadvantages too. One is unlimited liability. It means that each partner is responsible for all debts and is legally responsible for the whole business. Another disadvantage is that partners may disagree with each other.

	ADVANTAGES	DISADVANTAGES
Profits and losses	Losses are shared. Several individuals can sometimes survive a loss that might bankrupt a sole proprietor	Because partners share the risks of the business, they also share the profits
Liability		Partners as a group have unlimited liability for all debts and damages incurred in business. If a partner is unable to pay his or her share of adebt, the others must make up for the difference

Management	Partnerships are usually more efficient than proprietorships. They allow each partner to work in areas of the business that he or she knows most about or is best at doing	Decision making is often slow because of the need to reach agreement among several people. Disagreements can lead to problems in running the business
Taxes	Partners must pay personal income taxes on their share of profit. These taxes are sometimes lower than those for a corporation	
Personal satisfaction	Partners, like sole proprietors, often feel pride in owning and operating their own company	If partners do not get along with each other, trying to work together can result in constant arguments
Financing growth	A partnership combines the capital of two or more people. It makes more money available to operate a larger and perhaps more profitable business. Because the risk is shared, creditors are often willing to lend more money to a partnership than to a sole proprietorship	Like sole proprietorships, partnerships can have trouble obtaining large amounts of capital. The amount that partnerships can borrow is usually limited by the combined value of the assets of the business and of the partners
Life of the business		If one partner dies or leaves, the partnership must be ended and reorganized. The others may be unable or unwilling to continue operating, and the business may close. This uncertainty is a risk to employees and creditors

## Corporation

A business corporation is an institution established for the purpose of making profit. It is operated by individuals. Their shares of ownership are represented by stock certificates. A person who owns a stock certificate is called a stock-holder.

There are several advantages of the corporate form of ownership. The first is the ability to attract financial resources. The next advantage is that a corporation attracts a large amount of capital it can invest it in plants, equipment and research. And the third advantage is that a corporation can offer higher salaries and thus attract talented managers and specialists.

The privately owned business corporation is one type of corporation. There are some other types too. Educational, religious, charitable institutions can also incorporate. Usually such corporation does not issue stock and is nonprofit. If there is a profit it is reinvested in the institution rather than distributed to private stockholders.

In some western countries, cities, states, federal government and special agencies can establish governmental corporations. A few examples of these governmental corporations are state hospitals and city owned utilities. Governmental corporations are non-profit as a rule and usually they do not issue stock certificates.

	ADVANTAGES	DISADVANTAGES
Profits and losses	Owners of the corporation – stockholders – do not have to devote time to the company to make money on their investment	
Liability	The corporation, and not its stockholders, is responsible for its debts. If a corporation goes bankrupt or is sued, creditors cannot normally take personal property from stockholders to pay debts. This is known as limited	

	liability, and may be the major advantage of the corporate form of business	
Management	Responsibility for running a corporation is divided among many people. Decisions are made at many levels by individuals trained in specific areas, such as sales, production, and so on. This allows a corporation to handle large and complicated operations and to carry on many types of business activities at the same time	Decision making can be slow and complicated because so many levels of management are involved. Also, the interests of those running the corporation, who may not be stockholders, are not always the same as those of the stockholders, who often seek an immediate return on investment
Taxes		The federal government and some state and local governments tax corporate profits. The profits that are paid to stockholders as dividends are again taxed as income to those individuals. Some states also tax corporate property
Personal satisfaction	An individual may feel-satisfaction simply in owning a part of a corporation	Individual stockholders have little or no say in how a corporation is run
Financing growth	Corporations draw on resources of investors and may issue stock at any time to raise capital	
Life of the business		The life of a corporation can continue indefinitely if it remains profitable. Its life is not affected by the death of stockholders

## ***Tasks***

*Answer the questions.*

1. Is it difficult to decide what legal form of business to choose? Why?
2. What is a sole proprietorship responsible for?
3. What kind of businessmen does the sole proprietorship suit?
4. Why may a sole proprietorship decide to form a partnership?
5. May any business have the form of partnership?
6. What advantages are common both to sole trader and partnership?
7. What types of partnership are mentioned in the text?
8. What is represented by stock-certificate?
9. What person is called a stock-holder?
10. What's the difference between the privately owned business corporation and non-profit corporation?
11. What do nonprofit corporations do with their profit if they have it?
12. What examples of governmental corporations are given in the text?

## **Business partnership in the USA**

When a proprietor wants to expand a business, one way to do it is to form a partnership, a business formed for profit by two or more co-owners. The rights and duties of a partnership are regulated by laws of the state where it is formed and by a legal agreement entered into by the co-owners. Usually an agreement specifies the amount of the money each is investing and duties each partner assumes. A partnership agreement also may provide for a "silent partner" who doesn't take part in the management, but who invests money in the business.

The partnership has the advantages of pooling managerial talent. One partner may be qualified in production, another in marketing. The partnership, like individual ownership, is exempt from most of the reporting that the government requires of corporations. Furthermore, it has a favorable tax position when compared with the corporation. Federal taxes are paid by individual partner on their share of earnings; beyond that the business is not taxed.

A major disadvantage of the partnership is that each member is liable for all the debts of the partnership; the act of any partner is legally binding upon the others. If one partner takes a large amount of money from the business and squanders it, the other must pay the debt. Partnership

suffers another major disadvantage: decision-making is shaped. If partner have serious and constant disagreements, the business is bound to suffer.

Nonetheless, the partnership remains a vital part of the overall business economy.

## **Large corporations in the USA**

Although there are many small and medium-size corporations, bigger business units are needed to perform certain services to a greater number of people across a wider geographic area than small businesses. They serve consumers across the nation and across the world. Corporate products tend to cost less per unit sold. Moreover, consumers benefit from the availability of corporate “brand names”, which they recognize as guaranteeing a certain level of quality wherever purchased.

Large corporations also have the financial strength to research, develop and produce new goods. Their scientific know-how, innovation and technical capability are critical to maintaining the nation’s competitiveness and productivity.

In the United States, a corporation is a specific legal form of organization of person and resources chartered by one of the 50 states for the purpose of conducting business. When people and resources are brought together, the result in the eyes of the law – is a person. A US corporation, distinct from any individual human being, may own property, sue or be sued in the court and make contracts. For this reason, a corporation is an ideal vehicle for the conduct of business by many smaller enterprises as well as larger ones.

## **Franchises**

Many hotel, motel, gas station, and fast-food chains are franchises. A franchise is a contract in which a franchisor (fran-chy-ZOR) sells to another business the right to use its name and sell its products. The person or business buying these rights, called the franchisee (fran-chy-ZEE), pays a fee that may include a percentage of all money taken in.

If a person buys a motel franchise, that person agrees to pay the motel chain a certain fee plus a portion of the profits for as long as his or her motel stays in business. In return, the chain will help the franchisee set up

the motel. Often, the chain will have a training program to teach the franchisee about the business and set the standards of business operations.

Advantages: As practiced in retailing, franchising offers franchisees the advantage of starting up a new business quickly based on a proven trademark and formula of doing business, as opposed to having to build a new business and brand from scratch (often in the face of aggressive competition from franchise operators).

As long as their brand and formula are carefully designed and properly executed, franchisors are able to expand their brand very rapidly across countries and continents, and can reap enormous profits in the process, while the franchisees do all the hard work of dealing with customers face-to-face. Additionally, the franchisor is able to build a captive distribution network, with no or very little financial commitment.

For some consumers, having franchises offer a consistent product or service makes life easier. They know what to expect when entering a franchised establishment.

Disadvantages: For franchisees, the main disadvantage of franchising is a loss of control. While they gain the use of a system, trademarks, assistance, training, and marketing, the franchisee is required to follow the system and get approval of changes with the franchisor.

In response to the soaring popularity of franchising, an increasing number of communities are taking steps to limit these chain businesses and reduce displacement of independent businesses through limits on “formula businesses”.

Another problem is that the franchisor/franchisee relationship can easily give rise to litigation if either side is incompetent (or just not acting in good faith). For example, an incompetent franchisee can easily damage the public’s goodwill towards the franchisor’s brand by providing inferior goods and services, and an incompetent franchisor can destroy its franchisees by failing to promote the brand properly or by squeezing them too aggressively for profits.

History. Franchising dates back to at least the 1850 s. One early example resulted in the characteristic look of historic hotels (bars) in New South Wales, with franchising agreements between hotels and breweries. Early American examples include the telegraph system which was operated by various railroad companies but controlled by Western Union, and exclusive agreements between automobile manufacturers and operators of local dealerships.

Modern franchising came to prominence with the rise of franchise-based restaurants. This trend started initially in the 1930s with traditional sit-down restaurants like the early Howard Johnson's, and then exploded in 1950s with the development of fast food chains, of which McDonalds has been the most successful worldwide. Many retail sectors, particularly in the United States, are now dominated by franchising to the point where independently-run operations are the exception rather than the rule.

### ***Tasks***

*Fill in the missing word or words.*

A franchise is a (1) \_\_\_\_\_ in which a franchiser sells the right to use its (2) \_\_\_\_\_ and sell its (3) \_\_\_\_\_. A franchisee pays a fee plus a portion of the profits to a chain. The advantages to the franchisee are that the national chain will pay for (4) \_\_\_\_\_ campaigns that identify the franchise with the national name. The chain may also help to choose a (5) \_\_\_\_\_ for the building and arrange (6) \_\_\_\_\_ for the new owner.

### **Types of business organizations**

A company is, in general, any group of persons (known as its members) united to pursue a common interest. The term is thus synonymous with association, but more often it is used specifically to identify associations formed for profit, such as the partnership, the joint-stock company, and the for-profit corporation. A company is not necessarily a corporation, and thus may not have a separate existence from its members.

A company might also not be able to sue or be sued in its own name, and thus would not be considered to be a legal person. Whether a company has either of these characteristics depend on the law of the jurisdiction.

Although associations of persons carrying on business must have existed from time immemorial, the oldest continually-operating business in existence is Japanese firm KongoGumi, which was founded in the sixth century.

A voluntary association (also sometimes called just an association) is a group of individuals who voluntarily enter into an agreement to form a body (or organization) to accomplish a purpose.



Strictly speaking in many jurisdictions no formalities are necessary to start an association, although it is difficult to imagine how a one person association would operate.

In some jurisdictions, there is a minimum for the number of persons starting an association. Some jurisdictions require that the association register with the police or other official body to inform the public of the association's existence. This is not necessarily a tool of political control but much more a way of protecting the economy from fraud. In many such jurisdictions, only a registered association is a legal person whose membership is not responsible for the financial acts of the association. Any group of persons may, of course, work as an association but in such case, the persons making a transaction in the name of the association are all responsible for it.

Associations that are organized for profit or financial gain are usually called partnerships. A special kind of partnership is a co-operative which is usually founded on one man – one vote principle and distributes its profits according to the amount of goods produced or bought by the member. Associations may take the form of a non-profit organization or they may be not-for-profit corporations; this does not mean that the association cannot make benefits from its activity, but all the benefits must be reinvested.

Most associations have some kind of document or documents that regulate the way in which the body meets and operates. Such an instrument is often called the organization's bylaws, regulations, or agreement of association.

In some civil law systems, an association is considered a special form of contract. In the Civil Code of Quebec this is a type of nominate contract. The association can be a body corporate, and can thus open a bank account, make contracts (rent premises, hire employees, take out an insurance policy), lodge a complaint etc. In France, conventional associations are regulated by the Waldeck-Rousseau law of July 1, 1901 and are thus called Association loi 1901, except in Alsace and Moselle where the law of April 19, 1908 applies (these countries were German in 1901). In Texas, state law has statutes concerning unincorporated nonprofit associations that allow unincorporated associations that meet certain criteria to operate as an entity independent of its members, with the right to own property, make contracts, sue and be sued, as well as limited liability to its officers and members.

## **The steps in starting a business**

Nearly every person who makes the decision to start a business is an entrepreneur because he or she is willing to take a risk. Usually people decide to start a business to gain profits and to “do something on their own” or to be their own boss.

Entrepreneurs then gather the factors of production and decide on the form of business organization that best suits their purposes. Anyone hoping to become an entrepreneur must also learn as much as possible about the business he or she plans to start. This process includes learning about the laws, regulations, and tax codes that will apply to the business. Elements of Business Operation.

To start a business, you must make potential customers aware that your services are available for a price. You could have one-page fliers printed to advertise your business and pass them out. You could also buy advertising space in the local newspaper.

Every business, regardless of size, involves four elements: expenses, advertising, receipts and record keeping, and risk.

### **Expenses**

If you own a painting business, you will need to purchase brushes and paint. As your business grows, you might invest in paint sprayers so that you can complete jobs faster.

This new equipment would add to your income, but will probably take more money capital than you have on hand.

### **Advertising**

You will quickly find out that letting potential customers know that you are in business is costly. Once you have customers, however, information about your business will spread by word of mouth.

### **Receipts and Record Keeping**

No matter how small your business is, having a system to track your expenses and income is key to your success. All receipts should be safely filed and saved.

### **Risk**

Every business involves risks. You must balance the risks against the advantages of being in business for yourself – including profit versus loss.

Depending on the kinds of jobs you do, you will need equipment and replacement parts. At first, you might buy parts as you need them for a

particular job: In time, you will find it easier to have an inventory. An inventory is a supply of whatever items are used in a business.

Probably one of the first things you want to do, if you have not already done so, is buy a computer. With the computer, you also should purchase the programs that will allow you to keep track of all your expenses and all your receipts. Many such programs exist and are relatively inexpensive. Programs write checks for you, calculate your monthly profit and loss, tell you the difference between what you own and what you owe (called net worth), and so on. As an entrepreneur, you are taking many risks, but the profit you expect to make is your incentive for taking those risks. For example, if you spend part of your savings to pay for advertising and equipment, you are taking a risk. You may not get enough business to cover these costs.

Whenever you buy a special part for a job, you are taking a risk. Suppose you do the work and your customer never pays you. You are even taking a risk with the time you spend. You are using time to think about what you will do, to write ads, to set up the bookkeeping, and so on. This time is an opportunity cost. You could have used it to do something else, including work for someone for a wage. If you work for someone else, you take only the risk of not being paid, which is usually small. As an entrepreneur your risks are great, but so are the potential rewards.

### **Company structure. Doing the business**

Roisin Ingle hears how efficient management structures are vital for success. The need for a solid structure within all business entities is “absolutely fundamental”, according to Ms. Angela Tripoli, a lecturer in Business Administration at University College Dublin. “Organizational structure concerns who reports to whom in the company and how different elements are grouped together. A new company cannot go forward without this and established companies must ensure their structure reflects their target markets, goals and available technology”. Depending on their size and needs there are several organizational structures companies can choose from. Increasingly though, in the constantly evolving business environment, “many firms are opting for a kind of hybrid of all of them”.

The most recognizable set up is called the functional structure where a fairly traditional chain of command (incorporating senior management,

middle management and junior management) is put in place. The main benefit of this system is clear lines of communication from top to bottom but it is generally accepted that it can also be a bureaucratic set up which does not favour speedy decision making.

More and more companies are organizing themselves along product lines where companies have separate divisions according to the product that is being worked on. "In this case the focus is always on the product and how it can be improved".

The importance for multinational companies of a good geographic structure, said Ms.Tripoli, could be seen when one electrical products manufacturer produced an innovative rice cooker which made perfect rice – according to western standards. When they tried to sell it on the Asian market the product flopped because there were no country managers informing them of the changes that would need to be made in order to satisfy this more demanding market.

The matrix structure first evolved during a project developed by NASA when they needed to pool together different skills from a variety of functional areas. Essentially the matrix structure organizes a business into project teams, led by project leaders, to carry out certain objectives. Training is vitally important here in order to avoid conflict between the various members of the teams.

During the 1980s a wave of restructuring went through industry around the globe. This process, known as delayering, saw a change in the traditional hierarchical structures with layers of middle management being removed. This development was, driven by new technology and by the need to reduce costs. The overall result was organizations that were less bureaucratic.

The delayering process has run its course now. Among the trends that currently influence how a company organizes itself is the move towards centralization and outsourcing. Restructuring has evolved along with a more "customercentric" approach that can be seen to good effect in the banks. They now categorize their customers and their complex borrowing needs into groups instead of along rigid product lines.

Another development can be seen in larger companies, which are giving their employees more

freedom to innovate in order to maintain a competitive edge. Ms. Julia MacLauchlan, Director of Microsoft's European Product Development Centre in Dublin, said the leading software company had a very flat

organizational structure. “There would not be more than around seven levels between the average software tester and Bill Gates”, she said. Microsoft is a good example of a company that is structured along product lines. In Ireland, where 1,000 employees work on localization of the software for all Microsoft’s markets, the company is split up into seven business units. Each unit controls the localization of their specific products while working closely with the designers in Microsoft’s Seattle Headquarters.

It works, said Ms. MacLauchlan, because everyone who works in the unit is “incredibly empowered”.

“Without a huge bureaucratic infrastructure people can react a lot more quickly to any challenges and work towards the company’s objectives”.

### **Tasks**

*Match these definitions with the four organizational structures described in the text:*

1. A cross-functional structure where people are organized into project teams.
2. A structure rather like the army, where each person has their place in a fixed hierarchy.
3. A structure that enables a company to operate internationally, country by country.
4. A structure organized around different products.

*Match these terms with their definitions:*

- |                      |   |
|----------------------|---|
| 1. business entities | a. focusing on the customer rather than the product     |
| 2. set up            | b. new, original  |
| 3. innovative        | c. companies  |
| 4. flopped           | d. something that makes you better than other companies |
| 5. outsourcing       | e. did not succeed, failed                              |
| 6. customercentric   | f. structure  |
| 7. competitive edge  | g. getting external companies to do work for your       |

## Company structure

Most organizations have a hierarchical or pyramidal structure, with one person or a group of people at the top, and an increasing number of people below them at each successive level. There is a clear line or chain of command running down the pyramid. All the people in the organization know what decisions they are able to make, who their superior (or boss) is (to whom they report), and who their immediate subordinates are (to whom they can give instructions).

Some people in an organization have colleagues who help them: for example, there might be an Assistant to the Marketing Manager. This is known as a staff position: its holder has no line authority, and is not integrated into the chain of command, unlike, for example, the Assistant Marketing Manager, who is number two in the marketing department.

Yet the activities of most companies are too complicated to be organized in a single hierarchy. Shortly before the First World War, the French industrialist Henry Fayol organized his coal-mining business according to the functions that it had to carry out. He is generally credited with inventing functional organization. Today, most large manufacturing organizations have a functional structure, including (among others) production, finance, marketing, sales, and personnel or staff departments. This means, for example, that the production and marketing departments cannot take financial decisions without consulting the finance department.

Functional organization is efficient, but there are two standard criticisms. Firstly, people are usually more concerned with the success of their department than that of the company, so there are permanent battles between, for example, finance and marketing, or marketing and production, which have incompatible goals. Secondly, separating functions is unlikely to encourage innovation.

Yet for a large organization manufacturing a range of products, having a single production department is generally inefficient. Consequently, most large companies are decentralized, following the model of Alfred Sloan, who divided General Motors into separate operating divisions in 1920. Each division had its own engineering, production and sales departments, made a different category of car (but with some overlap, to encourage internal competition), and was expected to make a profit.

Businesses that cannot be divided into autonomous divisions with their own markets can simulate decentralization, setting up divisions that

deal with each other using internally determined transfer prices. Many banks, for example, have established commercial, corporate, private banking, international and investment divisions.

An inherent problem of hierarchies is that people at lower levels are unable to make important decisions, but have to pass on responsibility to their boss. One solution to this is matrix management, in which people report to more than one superior. For example, a product manager with an idea might be able to deal directly with managers responsible for a certain market segment and for a geographical region, as well as the managers responsible for the traditional functions of finance, sales and production. This is one way of keeping authority at lower levels, but it is not necessarily a very efficient one. Thomas Peters and Robert Waterman, in their well-known book *In Search of Excellence*, insist on the necessity of pushing authority and autonomy down the line, but they argue that one element – probably the product – must have priority; four-dimensional matrices are far too complex.

A further possibility is to have wholly autonomous, temporary groups or teams that are responsible for an entire project, and are split up as soon as it is successfully completed.

Teams are often not very good for decision-making, and they run the risk of relational problems, unless they are small and have a lot of self-discipline. In fact they still require a definite leader, on whom their success probably depends.

### ***Tasks***

*Sentences 1 to 9 make up a short text about different ways in which companies can be structured. Complete each sentence, by taking a middle part from the second box and an end from the third box:*

1. Most organizations have a hierarchical or pyramidal structure.
2. A clear line or chain of command runs down the hierarchy.
3. Some people in an organization have an assistant who helps them.
4. Yet the activities of most large organizations are too elaborate.
5. Large companies manufacturing a wide range of products, e.g. General Motors.
6. Businesses that cannot be divided into autonomous divisions with their own markets.
7. An inevitable problem with hierarchies is that people at lower levels.

8. One solution to this problem is matrix management, in which people report to more than one superior.

9. Another, more recent, idea is to have a network of flexible groups or teams.

a. are normally decentralized into separate operating divisions.

b. are unable to make important decisions, but are obliged to pass on responsibility to their boss.

c. can simulate decentralization, setting up divisions that use.

d. instead of the traditional departments, which are often at war with each other.

e. so that all employees know who their superior or boss is, to whom they report.

f. e.g. a brand manager with an idea can deal directly with.

g. this is an example of a staff position: its holder has no line authority.

h. to be organized in a single hierarchy, and require functional organization.

i. with a single person or a group of people at the top.

j. and an increasing number of people below them at each successive level.

k. and is not integrated into the chain of command.

l. and who their immediate subordinates are, to whom they can give instructions.

m. each with its own engineering, production and sales departments.

n. internally determined transfer prices when dealing with each other.

o. the appropriate managers in the finance, manufacturing and sales departments.

p. they are formed to carry out a project, after which they are dissolved and their members reassigned.

q. unless responsibilities have been explicitly delegated.

r. usually with production or operations, finance, marketing and personnel departments.

### **Re-engineering the corporation**

“It’s not called redundancy these days ... It’s called downsizing”

If you want to stay in step with the latest management trend, fire half your staff. That’s the advice of Michael Hammer and James Champy in their best-selling book ‘Reengineering the Corporation’. For Business



Process Re-engineering or BPR is about smashing up the corporate hierarchies we're used to and rebuilding them from scratch.

And the result is that tens of thousands of managers are losing their jobs in the name of reinventing

the corporation. In fact, some say that, if BPR really caught on, 25 million Americans would be made redundant tomorrow. Of course, it's not called redundancy these days. It's called downsizing. But it means the same thing to an out-of-work executive.

Out with vertical hierarchy

According to Tom Peters, a management guru who's clearly more excited about BPR than the 25 million looking at impending unemployment, what a lot of large companies are learning is that they can do better with four layers of management than with twelve. The vertical hierarchy is out. The new, streamlined 'horizontal network' is in. And gone are the days of the autocratic kings of industry - the Lee Iaccocas and John Sculleys of this world - for now the customer is king.

From the bottom up

Basically, BPR is a mixture of Japanese lean, flexible, 'just in time' production and American enthusiasm for re-structuring companies from the bottom up. What it means is that, in order to remain competitive, we'll all have to forget the old bureaucratic empires, divided by function into separate departments such as sales and accounts. We'll be organizing ourselves instead around continuous business processes aimed at getting the product to the customer.

Empowerment or madness?

In fact, 're-engineers' say that by the year 2000 it'll be team-players and not leaders that businesses will chiefly be looking for. And, when it comes to decision-making, middle management may increasingly find itself bypassed altogether, as more and more responsibility is passed down the line to cross-functional teams of junior managers and shop floor workers. For by then these will have become largely self-managing, and the corporate pyramid will be turned completely upside down. BPR enthusiasts call this 'empowerment'. Others call it madness.

Mini-companies the way ahead

But is it even that? Or is it just a sexy new name for an old idea? In Sweden, where the top 20 firms do 80% of their business abroad, companies like the manufacturing giant, ABB, have already done something remarkably similar to re-engineering by breaking up the firm into hun-

dreds of mini-companies. IBM had the same idea when it decided to form independent mini-companies of its own and ‘Big Blue’ set up thirteen little ‘Baby Blues’.

But, whereas ABB has managed to halve the development time of its products, IBM has not been able to keep pace with its smaller, fitter competitors.

The customer comes first

For BPR does seem to work better in some countries than in others. In the fast-growing economies of East Asia and Latin America, for example, it’s doing well. But things don’t look quite so good in the USA, and in Central Europe it’s even worse. Paternalistic German bosses, in particular, find it hard to delegate responsibility to subordinates and yet overpaid German workers cost their companies 50% more than the average American costs theirs. Many French executives, too, still find it difficult to accept that the customer comes first. And in recession-battered Britain BPR is, more often than not, just an excuse to cut back and get rid of unwanted staff. Perhaps they should be getting rid of BPR instead.

### ***Tasks***

*What is your immediate reaction to the article? Tick the response nearest to your own or sum up what you think in a single sentence:*

1. I think it paints a rather negative picture.
2. I think it oversimplifies the issue.
3. I think it’s a bit one-sided.
4. I think it makes some interesting points.
5. I think it argues its case extremely well.
6. I think ...

## **US credit card debt**

US Credit Card Debt Nears \$1 Trillion.

Credit card debt in the United States is approaching \$1 trillion, according to a study by CardHub.com, a company that tracks consumer financial issues.

If that figure isn't stark enough by itself, consider these, also from last month's Card-Hub study:

In 2015 alone, credit card debt rose \$71 billion; \$52 billion came in the fourth quarter, mostly attributed to holiday shopping.

That 4th quarter equaled credit card debt during the entire years of 2009, 2010 and 2011 combined.

The average credit card debt is up to \$5,700 per household. The average for balance-carrying, month-to-month households, is close to \$16,000.

The United States is the world leader in credit card debt, according to statistics from the Census Bureau and the Federal Reserve Board. And not just by a little. U.S. credit card debt is more than double that of the United Kingdom. It almost equals credit card debt of the next six countries combined: France, Canada, Japan, Mexico, Russia and China.

One of the reasons the U.S. is world leader is the increasing use of credit cards by Americans, a practice they do not always share with other people in the world.

"Most people in Asia pay cash. So they don't usually use credit cards, per se," economics professor AnandMarri told VOA. "My experience in India, for example, most people don't use credit cards. They use cash."

Marri, who teaches at the Teachers College at New York's Columbia University, added that in other Asian countries, the only way people get mortgages for their homes, is with cash.

There has been a recent move by banks to introduce more credit cards to the Indian population. A MasterCard representative, in a recent interview with VOA, said

its business plan includes marketing its cards to emerging economies, moving those economies from cash to credit.

### ***Task***

*Discuss the questions.*

1. How much credit card debt is there in the U.S.?
2. How much credit card debt does each household in the U.S. have on average?
3. Why do Americans have so much credit card debt?
4. What are MasterCard's plans for the future?
5. What do you think about America's credit card debt?
6. Do you prefer to use cash or a credit card? Why?
7. Most people think it is ok to be in debt. What do you think?

### **Credit out of control**

Regulation is taboo to the business community, but do we need more control over credit?

They say money makes the world go round. But it isn't money: it's credit. For when the corporations of the world buy, they buy on credit. And if your credit's good, no one asks to see the colour of your money. Indeed, if everyone were to demand immediate payment in cash, the world would literally go bust. But as Trevor Sykes points out in his book, 'Two Centuries of Panic', "there are few faster ways of going broke than by buying goods and then passing them on to customers who cannot pay for them". As if getting orders wasn't tough enough, these days getting paid is even tougher. And with the amount of cross-border trade increasing every year, credit is rapidly going out of control.

Companies on brink of collapse In Germany, Denmark and Sweden, whose governments strictly regulate business-to business relations, companies pay on time. They have to. Late payers may actually be billed by their creditors for the services of a professional debt collector. But in Britain companies regularly keep you waiting a month past the agreed deadline for your bill to be paid. That's why a Swedish leasing agreement can be drafted on a single page, but a British one is more like a telephone directory. The French and Italians too will sit on invoices almost indefinitely and push creditor companies to the brink of bankruptcy.

Money management the key

But bad debt does not necessarily mean bad business. Ninety years ago the legendary Tokushichi Nomura was racing round the streets of Osaka in a rickshaw to escape angry creditors.

They are not angry now, for today Nomura is the biggest securities company in Japan. Nomura knew what all good financial directors know: that what distinguishes the effectively managed commercial operation from the poorly managed one is the way it manages its money. And increasingly a key feature of successful money management is the skill with which a company can stall its creditors and at the same time put pressure on its debtors.

Minimizing the risk

So how can the risk of bad debt be minimized? From the supplier's point of view, prepayment would be the ideal solution: make the customer pay up front. But it is a confident supplier indeed who would risk damaging customer relations by insisting on money in advance. For the goodwill of your biggest customers – those who by definition owe you the most money – is vital to securing their business in the future. And the

prospect of a bigger order next time puts you in a difficult position when payment is late again this time.

#### Instant access

We might expect modern technological advances to have eased this cashflow situation, but they haven't – quite the reverse. In the past it was common for companies to employ credit controllers who carefully processed letters of credit and bank guarantees. Now you get a telephone call, the computer runs a simple credit check and you deliver straightaway. Buyers have almost instant access to goods ... and to credit.

#### Be prepared for losses

For more and more companies it's a no-win situation. Charge interest on outstanding debts, and you risk alienating customers with genuine cashflow problems. But cut your losses by selling those debts on to a factoring agency, and it'll be you, not your debtor, who ends up paying the factor's commission. In order to recover what you're owed you'll effectively have to write some of it off. Such is the delicate balance of power between debtor and creditor. For though debtors do, of course, show up in a company's current assets, it is hard cash, not promises to pay, that finances new projects. People forget their promises and creditors have better memories than debtors.

### **Tasks**

*Which of the following topics does the article discuss?*

1. European attitudes to credit.
2. The credit-worthiness of Japanese.
3. Risk limitation.
4. National debt.
5. Information technology.

### **Change management**

A change for the better?

In the world of business, change is inevitable. Nobody would seriously argue with that, especially at a time when IT developments are sweeping through all areas of work and changing how things are done and who does them. But when change does come, not everybody agrees on what it means. How you view change depends on [1] in the organisation, and managers and employees usually have very different perspectives.

If you're [2], your focus is on results, and you'll see the change as the best way to realise them. They are more aware of the business' overall goals, the financial state of the company and its position with regard to competitors and market share.

When [3] consider introducing change, they ask questions such as, 'How quickly can it be implemented?', 'How will it benefit the company?', 'What investment is required?', 'How cost effective is the change?' and 'How will it affect our customers?' Since they are usually the advocates of change, managers tend to be more enthusiastic about it.

If you're [4], however, your focus is more on the immediate task of getting the job done. They seldom have time to consider how their work fits into the overall scheme of things; they don't share the broader perspective of the company directors. Because they are often skilled and experienced in their work, or because they are placed on the frontline dealing with customers on a daily basis, they look at change from a personal perspective.

The questions [5] ask are, 'How will this effect the quality of my work?', 'How much time will it take for me to adapt?', 'What's wrong with the way we've always done things?' and, ultimately, 'What's in it for me?' Since employees are the ones who have to put the change into action, they are usually less enthusiastic about it.

With such different [6] about change within the organisation, it's not surprising that innovation often fails. Planned changes need to be carefully thought out and managed. If not, morale will suffer as people feel that they are being forced to change against their will. There will surely be resistance, and some highly valued members of staff may even decide it's time to leave.

All of this can eventually have a negative affect on productivity and efficiency. Management will have to admit defeat and drop the change, or risk losing [7] to the competition...and then another great idea bites the dust.

### ***Tasks***

*Here is a list of useful terms connected with business which appear in the text. Match the terms with their definitions.*

- a. current practice;
- b. productivity;
- c. funding;

- d. consultant+;
- e. implementation;
- f. innovation;
- g. competition;
- h. investment;
- i. morale;
- j. clients.

1. An expert who gives advice to companies.
2. Other companies who sell the same product or service.
3. Money provided for a project.
4. The way things are done at the moment.
5. Money spent to help a business succeed.
6. The amount of work done or good made.
7. Customers.
8. Putting plans or ideas into action.
9. A new idea or way of doing things.
10. People's enthusiasm for their work.

### **Theory X. Theory Y**

(a) How managers approach the performance of their jobs and their behaviour towards subordinate staff is likely to be influenced by their ideas about people, and human nature and work. Using Maslow's hierarchy of needs model, McGregor, in 1960, put forward two theories about human nature and behaviour at work. He argued that the style of management adopted is a function of the manager's attitudes towards people and assumptions about human nature and behaviour. The two ideas are called Theory X and Theory Y and are based on polar assumptions about people and work. Theory X

Theory X represents the carrot-and-stick assumptions on which traditional organisations are based. Its assumptions are that:

- (b) the average person is lazy and has a natural dislike of work;
- most people must be coerced, controlled, directed and threatened with punishment if the organisation is to achieve its objectives;
- the average person avoids responsibility, prefers to be directed, lacks ambition and values security most of all; and
- motivation occurs only at the physiological and security levels.

The central principle of Theory X is direction and control through a centralised system of organization and the exercise of authority. McGregor questioned whether the Theory X approach to human nature is correct. He also questioned the relevance of management practices which are based upon it.

(c) Assumptions based on a Theory X approach, and the use of rewards and sanctions, could result in an exploitative or authoritarian style of management.

#### Theory Y

At the other extreme to Theory X is Theory Y which represents the assumptions consistent with current research knowledge. The central principle of Theory Y is the integration of individual and organisational goals. Its assumptions are:

- for most people work is as natural as play or rest;
- people will exercise self-direction and self-control for the benefit of objectives to which they are committed;
- commitment to objectives is a function of rewards associated with their achievement;
- (d) given the right conditions, the average worker can learn to accept and seek responsibility;
- the capacity for creativity in solving organizational problems is distributed widely in the population;

the intellectual potential of the average person is only partially utilised; and

- motivation occurs at the belongingness, esteem and self-actualisation levels as well as at the physiological and security levels.

(e) McGregor implies that a Theory Y approach is the best way to elicit cooperation from members of an organisation. It is the task of management to create the conditions in which individuals may satisfy their motivational needs and in which they achieve their own goals through meeting the goals of the organisation.

#### Managerial strategies

Although Theory X and Theory Y are based on polar extremes and are an over-simplification, they do represent identifiable philosophies that influence managerial behaviour and strategies. Most people have the potential to be self-motivating. They can best achieve their personal goals through self-direction of their efforts towards meeting the goals of the organisation. Broadening educational standards and changing social



values mean that people today have wider expectations of the quality of working life, including opportunities for consultation and participation in decisions that affect them. Managers should develop practices based on an accurate understanding of human behaviour and motivation.

### ***Tasks***

*Which definition, a or b, matches.*

Theory X and which matches Theory Y?

- a. a method of management that allows the worker more control.
- b. a method of management that emphasizes control.

*Discuss the questions in pairs.*

- Which method do you think is the best management method and why?
- The writer is clearly against Theory X. Are there any situations where you think Theory X might have positive outcomes?
- Have you worked for managers with different styles of leadership? If so, do their styles match one of the theories or are they somewhere between the two theories?

## **Product portfolio analysis**

When managing a collection or portfolio of products, it is important to realize that understanding the performance of an individual product can often fail to give the complete picture. What is really important is an understanding of the performance of a company's products relative to each other. By creating a balanced portfolio of old, mature, established, growing, and very new products, there is a better chance of delivering profits, both now and in the future. Assessing the variety of a company's products can be done in a number of ways. One method involves the creation of a two-dimensional graphic of their comparative strategic positions. This technique is referred to as a portfoliomatrix. The Boston Consulting Group (BCG) developed the original idea, and their matrix, the Boston Box, is shown at Figure 4.1. It is based on two key variables, market growth and relative market share (i.e. market share as a percentage of the share of the product's largest competitor, expressed as a fraction). A relative share of 0.8 means that the product achieves 80 per cent of the market leader's sales volume (or value). This is not the strongest competitive position, but it is not a weak position either. A relative market share of 1 means that the company shares market leadership

equally with a competitor. A relative market share of 2 means that it has twice the market share of its nearest competitor.

In Figure 4.2, the vertical axis refers to the product's market growth rate and the horizontal axis refers to its market strength, as measured by relative market share. The size of the circles represents the sales revenue generated by the product. Relative market share is generally regarded as high when you are the market leader (i.e. when the relative market share is 1 or greater). Determining the rate of market growth of a product is more problematic and depends on the industry to some extent. In some industries a market growth rate of 5 per cent is regarded as high, whereas in others this might be 10 per cent. The benchmark between high and low is, however, often taken to be 10 per cent.

The BCG identified four categories of product. Question marks (also known as 'problem children') are products that exist in growing markets but have low market share. As a result there is negative cash flow and they are unprofitable.

Stars are probably market leaders, but their growth has to be financed through fairly heavy levels of investment. Cash cows, on the other hand, exist in fairly stable, low-growth markets and require little on-going investment. Their very high market share provides both positive cash flows and high levels of profitability. Dogs experience low growth, low market share, and generate negative cash flow. These performance indicators suggest that they are operating in declining markets and they have no real long-term future.

Portfolio analysis is an important analytical tool as it draws attention to the cash flow and investment characteristics of a company's products and indicates how financial resources can be manoeuvred to attain optimal strategic performance over the long term. Essentially, excess cash generated by cash cows should be utilized to develop question marks and stars, which are unable to support themselves. This enables stars to become cash cows and therefore be self-supporting assets.

Dogs should only be retained as long as they contribute to positive cash flow and do not restrict the use of assets and resources elsewhere in the business. Once they do, they should be divested or removed from the portfolio.

Plotting all of a company's products on to the matrix, it becomes easier to see how well balanced the product portfolio is. An unbalanced portfolio is one that has too many products grouped in one or two quadrants.

Where products are distributed equally, and where market shares and cash flows equate with their market position, the portfolio is said to be financially healthy and well balanced. Portfolio analysis is an important guide to strategic development, because it gives answers to questions like:

How will the market grow?

What will be our market share?

What investment will be required?

How can a balanced portfolio be created from this point?

However, the Boston Box only provides strategic indicators, not solutions. It is management's task to consider the information and make decisions based on their judgment.

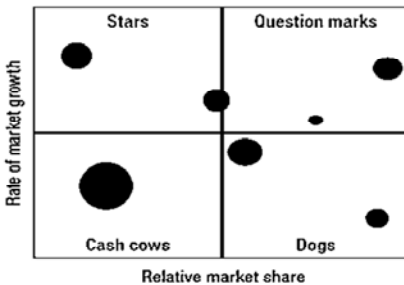


Figure 4.1 The Boston Box

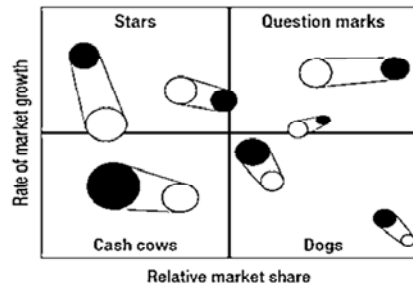


Figure 4.2 Present and future positions in the BCG matrix

### Tasks

*Answer the questions.*

1. Do these companies have just one product or many different products?

2. How many different products can you think of for the four companies? Make a list for each.

*Which of the following characteristics is most important for a product to be successful? Rank them in order from 1 (most important) to 5 (least important).*

to be new;

to be established;

to be old;

to have a large market share of the market;

to be very profitable.

*Discuss in pairs.*

- What type of company could not use this model?
- Are all products and ideas developed rationally?
- What are the dangers for a company that has an unbalanced portfolio?

### **Climbing the career ladder with an hourly job**

For the ninth month in a row, the national unemployment rate has remained below 5 percent, a clear indication that the economic recovery in the U.S. continues to progress. The results of a recent workforce survey by Snagajob and LinkedIn recognizes this development, and paints a positive picture of the overall employment situation.

Snagajob CEO Peter Harrison says the company's research highlights encouraging trends for hourly workers and managers.

"With a low unemployment rate, and a dramatic spike in the amount of open hourly positions and jobs, it's a job seeker's market right now," he stated. "As the competition between employers increase, this data helps hourly employers understand what workers want out of a job to help improve recruitment, improve engagement and reduce turnover."

**Advancing your career in an hourly job**

Based on Snagajob's research and engagement with 75 million hourly workers and nearly a half a million employers, one of the issues that came to the forefront was "a real need for resources to guide hourly workers through their employment journey," Harrison noted. The workforce survey analyzed 16 business sectors and examined issues like employee engagement and how long it takes to get hired and promoted. It also provided insights on career growth opportunities and the advantages of having a well-rounded skillset.

The path to promotion Among the skills that help workers advance in restaurant and retail careers are a basic understanding of finance, management and new store development skills. The restaurant industry tends to provide a faster path to managerial roles than retail, although, statistically, hourly workers in beverage, crafts and furniture businesses get promoted to managerial jobs the fastest. Some specialized knowledge is necessary to advance in management positions, but a business education can help applicants gain a foundation and competitive edge for moving on to higher-level jobs. Why recruiting skills matter The ability to recruit

and retain staff is the most universally valuable skillset in the restaurant and retail sector. The survey results also suggest that management candidates and trainees who show initiative in learning skills like recruiting, hiring, employee scheduling, staff development, and employee relations boost their chances for promotions. Other strengths that lead to career advancement and management opportunities include financial forecasting ability, operations management potential, and a proactive attitude toward improving bottom-line profits. Getting hired quickly Since financial need is often a primary motivator among hourly workers seeking employment, one of the metrics Snagajob focused on is hiring speed. As the report states, "For many hourly workers, getting a job quickly is the difference between being able to pay the bills or not." On the average, the turnaround time for restaurant hiring is several days less than that of retail businesses. Restaurants average 15 to 27 days between the date of an application and the resulting job offer. The average lead time for retail stores is 33 days. One of the key takeaways in the report is that faster results can sometimes be produced by targeting certain types of businesses. "If you're looking to get hired quickly, the data shows sandwich shops, sports stores and casual dining restaurants are your best bets – they hire the fastest among the 16 sectors we analyzed," said the report. By focusing on objectives like increasing operational efficiency, improving training procedures, and developing practical marketing ideas for the business, hourly workers can position themselves for promotions, recognition, and upward mobility in their careers.

### **Resume search**

You choose brands all the time – when you're buying food, clothes, and other products. Today, career experts recommend that you think of yourself as a brand:

In a tough job market, you need to stand out. Knowing how you're different from other job seekers and the value you bring to the employer helps you do this.

Employers are short on time and attention. You must communicate who you are and what you offer quickly and concisely. And you should only offer information that's relevant.

With so many marketing options, you need to be consistent. Your resumé, LinkedIn profile, and other marketing documents should send a consistent message.

Most work today is project-based. Project teams are often brought together quickly. To be considered, you need to know precisely what you bring to the table.

So what, exactly, is your brand? Your brand is simply how you want to be seen by others in the marketplace, and, ultimately, how others see you.

Here's an example:

"Highly motivated, tech-savvy professional with over 5 years' experience in a fast-paced consulting environment. Extensive experience supporting senior consultants in high-profile technology projects. Exceptional analytical ability and talent for managing information. Certified Associate in Project Management (CAPM) certification. Proficient in: Project Coordination; Project Setup & Monitoring; Project Communication; Microsoft SharePoint; Microsoft Project; Microsoft Excel."

This person promotes himself as "highly motivated" and "tech-savvy." He backs this up by listing relevant skills, such as SharePoint and Microsoft Project. His brand? A dynamic, highly motivated project coordinator who's ready to "hit the ground running!"

### ***Tasks***

*Choose the correct answer.*

1. What do career experts mean when they say you should think of yourself as a brand?

- You need to convince employers to "buy" your services.
- You need to convince employers that you are the only person who has your skill set.
- Your skills and experience are worth a lot of money.
- You are strong, confident and dynamic.

2. Which of the following is NOT a suggestion that is recommended in the article?

- Make sure that your LinkedIn profile sends the same message as your resumé.
- Include a section on your resumé that highlights your hobbies and interests.
- Know what your skills are, and how you can use them to contribute to the company.

- Be prepared to talk about what makes you unique.
3. According to the article, the majority of jobs today are
    - project-based;
    - highly motivated;
    - marketplace;
    - concise.
  4. According to this article, your brand is
    - your resumé;
    - how you want to appear to other people;
    - how you see other people;
    - your company.
  5. How does the job-seeker in the example prove that he is tech-savvy?
    - by saying he is ready to hit the ground running;
    - by listing examples of software that he can use;
    - by describing himself as "dynamic";
    - by emailing his resumé to hiring managers.

*Answer the questions.*

1. Do you agree that one should consider himself as a brand?
2. Do you have a profile in LinkedIn? How is it different from the other social networks?
3. Are you tech-savvy?

### **Global business speaks English**

Ready or not, English is now the global language of business. More and more multinational companies are mandating English as the common corporate language. Airbus, Daimler-Chrysler, Fast Retailing, Nokia, Renault, Samsung, SAP, Technicolor, and Microsoft in Beijing, to name a few, have attempted to facilitate communication and performance across geographically diverse functions and business endeavors.

Adopting a common mode of speech isn't just a good idea; it's a must, even for an American company with operations overseas, for instance, or a French company focused on domestic customers. Imagine that a group of salespeople from a company's Paris headquarters get together for a meeting. Why would you care whether they all could speak English? Now consider that the same group goes on a sales call to a

company also based in Paris, not realizing that the potential customer would be bringing in employees from other locations who didn't speak French. This happened at one company I worked with. Sitting together in Paris, employees of those two French companies couldn't close a deal because the people in the room couldn't communicate. It was a shocking wake-up call, and the company soon adopted an English corporate language strategy.

Similar concerns drove Hiroshi Mikitani, the CEO of Rakuten Japan's largest online market place to mandate in March 2010 that English would be the company's official language of business. The company's goal was to become the number one internet services company in the world, and Mikitani believed that the new policy which would affect some 7,100 Japanese employees was vital to achieving that end, especially as expansion plans were concentrated outside Japan. He also felt responsible for contributing to an expanded worldview for his country, a conservative island nation.

The multibillion-dollar company a cross between Amazon.com and eBay was on a growth spree: It had acquired PriceMinister.com in France, Buy.com and FreeCause in the U.S., Play.com in the UK, Tradoria in Germany, Kobo eBooks in Canada, and established joint ventures with major companies in China, Indonesia, Taiwan, Thailand, and Brazil. Serious about the language change, Mikitani announced the plan to employees not in Japanese but in English. Overnight, the Japanese language cafeteria menus were replaced, as were elevator directories. And he stated that employees would have to demonstrate competence on an international English scoring system within two years or risk demotion or even dismissal.

The media instantly picked up the story, and corporate Japan reacted with fascination and disdain. Honda's CEO, Takanobu Ito, publicly asserted, "It's stupid for a Japanese company to only use English in Japan when the workforce is mainly Japanese." But Mikitani was confident that it was the right move, and the policy is bearing fruit. The English mandate has allowed Mikitani to create a remarkably diverse and powerful organization. Today, three out of six senior executives in his engineering organization aren't Japanese; they don't even speak Japanese. The company continues to aggressively seek the best talent from around the globe. Half of Rakuten's Japanese employees now can adequately engage in



internal communication in English, and 25% communicate in English with partners and coworkers in foreign subsidiaries on a regular basis.

Adopting a global language policy is not easy, and companies invariably stumble along the way. It's radical, and it's almost certain to meet with staunch resistance from employees. Many may feel at a disadvantage if their English isn't as good as others', team dynamics and performance can suffer, and national pride can get in the way. But to survive and thrive in a global economy, companies must overcome language barriers and English will almost always be the common ground, at least for now.

The fastest-spreading language in human history, English is spoken at a useful level by some 1.75 billion people worldwide that's one in every four of us. There are close to 385 million native speakers in countries like the U.S. and Australia, about a billion fluent speakers in formerly colonized nations such as India and Nigeria, and millions of people around the world who've studied it as a second language. An estimated 565 million people use it on the internet.

The benefits of "Englishnization," as Mikitani calls it, are significant; however, relatively few companies have systematically implemented an English-language policy with sustained results. Through my research and work over the past decade with companies, I've developed an adoption framework to guide companies in their language efforts. There's still a lot to learn, but success stories do exist. Adopters will find significant advantages.

#### Why English Only?

There's no question that unrestricted multilingualism is inefficient and can prevent important interactions from taking place and get in the way of achieving key goals. The need to tightly coordinate tasks and work with customers and partners worldwide has accelerated the move toward English as the official language of business no matter where companies are headquartered.

Three primary reasons are driving the move toward English as a corporate standard.

#### Competitive pressure.

If you want to buy or sell, you have to be able to communicate with a diverse range of customers, suppliers, and other business partners. If you're lucky, they'll share your native language – but you can't count on it. Companies that fail to devise a language strategy are essentially limiting their growth opportunities to the markets where their language is

spoken, clearly putting themselves at a disadvantage to competitors that have adopted English-only policies.

Globalization of tasks and resources.

Language differences can cause a bottleneck Tower of Babel, as it was when geographically dispersed employees have to work together to meet corporate goals. An employee from Belgium may need input from an enterprise in Beirut or Mexico. Without common ground, communication will suffer. Better language comprehension gives employees more firsthand information, which is vital to good decision making. Swiss food giant Nestlé saw great efficiency improvements in purchasing and hiring thanks to its enforcement of English as a company standard.

M&A integration across national boundaries.

Negotiations regarding a merger or acquisition are complicated enough when everybody speaks the same language. But when they don't, nuances are easily lost, even in simple e-mail exchanges. Also, cross-cultural integration is notoriously tricky; that's why when Germany's Hoechst and France's Rhône-Poulenc merged in 1998 to create Aventis, the fifth largest worldwide pharmaceutical company, the new firm chose English as its operating language over French or German to avoid playing favorites. A branding element can also come into play. In the 1990s, a relatively unknown, midsize Italian appliance maker, Merloni, adopted English to further its international image, which gave it an edge when acquiring Russian and British companies.

Obstacles to Successful English-Language Policies

To be sure, one-language policies can have repercussions that decrease efficiency. Evidence from my research at Rakuten along with a study I conducted with Pamela Hinds of Stanford University and Catherine Cramton of George Mason University at a company I'll call Global-Tech and a study I conducted at a firm I'll call FrenchCore reveals costs that global English-language rules can create. Proper rollout mitigates the risks, but even well-considered plans can encounter pitfalls. Here are some of the most common.

Change always comes as a shock.

No amount of warning and preparation can entirely prevent the psychological blow to employees when proposed change becomes reality. When Marie (all names in this article are disguised, with the exception of Mikitani and Ito) first learned of FrenchCo's English-only policy, she was excited. She had been communicating in English with non-French

partners for some time, and she saw the proposed policy as a positive sign that the company was becoming more international. That is, until she attended a routine meeting that was normally held in French. “I didn’t realize that the very first meeting after the rule came out was really going to be in English. It was a shock,” Marie says. She recalls walking into the meeting with a lot of energy until she noticed the translator headsets.

Compliance is spotty.

An English mandate created a different problem for a service representative at GlobalTech. Based in Germany, the technology firm had subsidiaries worldwide. Hans, a service representative, received a frantic call from his boss when a key customer’s multimillion-dollar financial services operation ground to a halt as a result of a software glitch. Hundreds of thousands of dollars were at stake for both the customer and GlobalTech. Hans quickly placed a call to the technical department in India, but the software team was unable to jump on the problem because all communications about it were in German despite the English-only policy instituted two years earlier requiring that all internal communications (meetings, e-mails, documents, and phone calls) be carried out in English. As Hans waited for documents to be translated, the crisis continued to escalate. Two years into the implementation, adoption was dragging.

Self-confidence erodes.

When nonnative speakers are forced to communicate in English, they can feel that their worth to the company has been diminished, regardless of their fluency level. “The most difficult thing is to have to admit that one’s value as an English speaker overshadows one’s real value,” a FrenchCo employee says. “For the past 30 years the company did not ask us to develop our foreign-language skills or offer us the opportunity to do so,” he points out. “Now, it is difficult to accept the fact that we are disqualified.” Employees facing one-language policies often worry that the best jobs will be offered only to those with strong English skills, regardless of content expertise.

When my colleagues and I interviewed 164 employees at GlobalTech two years after the company’s English-only policy had been implemented, we found that nearly 70% of employees continued to experience frustration with it. At FrenchCo, 56% of medium-fluency English speakers and 42% of low-fluency speakers reported worrying about job advancement because of their relatively limited English skills. Such feelings are common when companies merely announce the new policy and offer

language classes rather than implement the shift in a systematic way. It's worth noting that employees often underestimate their own abilities or overestimate the challenge of developing sufficient fluency.

Job security falters.

Even though achieving sufficient fluency is possible for most, the reality is that with adoption of an English-only policy, employees' job requirements change sometimes overnight. That can be a bitter pill to swallow, especially among top performers. Rakuten's Mikitani didn't mince words with his employees: He was clear that he would demote people who didn't develop their English proficiency.

Employees resist.

It's not unusual to hear nonnative speakers revert to their own language at the expense of their English-speaking colleagues, often because it's faster and easier to conduct meetings in their mother tongue. Others may take more aggressive measures to avoid speaking English, such as holding meetings at inopportune times. Employees in Asia might schedule a global meeting that falls during the middle of the night in England, for instance. In doing so, nonnative speakers shift their anxiety and loss of power to native speakers.

Many FrenchCo employees said that when they felt that their relatively poor language skills could become conspicuous and have career-related consequences, they simply stopped contributing to common discourse. "They're afraid to make mistakes", an HR manager at the firm explains, "so they will just not speak at all".

In other cases, documents that are supposed to be composed in English may be written in the mother tongue – as experienced by Hans at GlobalTechor not written at all. "It's too hard to write in English, so I don't do it!" one GlobalTech employee notes. "And then there's no documentation at all".

Performance suffers.

The bottom line takes a hit when employees stop participating in group settings. Once participation ebbs, processes fall apart. Companies miss out on new ideas that might have been generated in meetings. People don't report costly errors or offer observations about mistakes or questionable decisions. One of the engineers at GlobalTech's Indian office explained that when meetings reverted into German his ability to contribute was cut off. He lost important information particularly in side exchanges despite receiving meeting notes afterward. Often those quick asides contained important

contextual information, background analyses, or hypotheses about the root cause of a particular problem. He neither participated in the meetings nor learned from the problem-solving discussions.

### An Adoption Framework

Converting the primary language of a business is no small task. In my work I've developed a framework for assessing readiness and guidelines for adopting the shift. Adoption depends on two key factors: employee buy-in and belief in capacity. Buy-in is the degree to which employees believe that a single language will produce benefits for them or the organization. Belief in their own capacity is the extent to which they are confident that they can gain enough fluency to pass muster.

The two dimensions combine to produce four categories of response to the change, as shown in the matrix "Four Types of Employee Response." Ideally, employees would fall in what I call the "inspired" category—those who are excited about the move and confident that they can make the shift. They're optimistic and likely to embrace the challenge. But undoubtedly, some employees will feel "oppressed". Those people don't think the change is a good idea, and they don't think they'll cut it.

### Four types of employee response

<b>Do I believe that it is good idea?</b>	<b>Strong buy-in</b>	<b>FRUSTRATED</b> "My company and I would benefit if I learned English, but I don't think I can do it".	<b>INSPIRED</b> "I am capable of learning English, and it would be good for me and my company if I did".
	<b>Weak buy-in</b>	<b>OPPRESSED</b> "I don't think I'm capable of learning, and don't see the benefit or my company to learn it".	<b>INDIFFERENT</b> "I can learn English, but I don't see the benefit for me or my company".
		<b>Low belief</b>	<b>High belief</b>
		<b>Can I do this?</b>	

The reality is that without buy-in, employees won't bother to brush up their language; without belief, they'll lose hope. I've identified some guidelines managers can follow to help people along. Rakuten's Mikitani has successfully implemented a version of this framework.

Leaders and managers can help employees move from one box to another more easily than you might expect. There are fairly simple strategies that aid the shift, typically involving some combination of a strong psychological boost and practical training. To shift employees from "frustrated" to "inspired", for instance, managers must offer constant encouragement and an array of language-development opportunities. To shift employees from "indifferent" to "inspired", managers must work on improving buy-in once these employees feel invested in the change, their skills will follow.

Improving belief in capacity.

Managers can use four strategies to help people boost their belief in their ability to develop language proficiency.

Offer opportunities to gain experience with language.

Whether through education, employment, or living abroad, experience tends to give people the confidence they need to succeed in this task. You can't change past experience, but you can provide opportunities, such as overseas language training and job rotations, that open new doors and allow employees to stretch their skills. Rakuten has sent senior executives to English-speaking countries like the UK and the U.S. for full language immersion training. Employees have also been offered weeks-long language-training programs in the Philippines. Although not easily scalable to 7,100 Japanese employees, the programs successfully produced individuals with functional English skills. Rakuten also plans to send more than 1,000 engineers to technology conferences outside Japan.

Foster positive attitudes.

Attitudes are contagious: People's faith in their own capabilities grows when they see others around them peers, managers, friends having positive experiences with the radical change. The reverse is also true, unfortunately. Managers can model good risk-taking behaviors by showing that they too are trying new things, making mistakes, and learning from those mistakes.

Mikitani focused his personal attention on middle managers because he knew that collectively they could influence thousands of employees. He encouraged them to constantly improve their own language skills and

even offered to teach them English himself if need be. (Nobody took him up on the offer.) He also encouraged managers to support their subordinates in their efforts to develop their language proficiency.

Use verbal persuasion.

Encouragement and positive reinforcement from managers and executives – simple statements like “You can do it” or “I believe in you” – make all the difference. To mitigate turnover threats at Rakuten, managers identified talent that the company wanted to retain and tailored special programs for them, all the while cheering them on. Also, Mikitanirepeatedly assured his entire workforce that he would do everything in his power to help every employee meet his or her English-proficiency goals. He made it clear that he believes that with effort everyone can adequately learn the language of business and that he did not want to see anyone leave the company because of the English-only policy.

Encourage good study habits.

Companies need to contract with language vendors who specialize in helping employees at various levels of proficiency. The vendors need to be intimately familiar with the company context so that they can guide employees’ learning, from how best to allocate their time in improving skills to strategies for composing e-mails in English. Rakuten considers language development to be part of every job and grants people time during the workday to devote to it. Every morning, employees can be seen flipping through their study books in the company’s cafeteria or navigating their e-learning portals.

Improving employee buy-in.

Shifts in buy-in call for different measures. But they don’t operate in isolation: Buy-in and belief go together. Strategies that can help people feel more confident include:

Messaging, messaging, and more messaging.

Continual communication from the CEO, executives, and managers is critical. Leaders should stress the importance of globalization in achieving the company’s mission and strategy and demonstrate how language supports that. At Rakuten, Mikitani signaled the importance of the English-language policy to his entire organization relentlessly. For instance, each week some 120 managers would submit their business reports, and he would reply to each of them pushing them to develop their language skills. I surveyed employees before and after Rakuten implemented the adoption framework. Results indicated a dramatic

increase in buy-in after Mikitani showed his employees that he was “obsessed and committed to Englishnization”, as he put it. The vast majority of the employees surveyed said that the policy was a “necessary” move.

#### Internal marketing.

Because a language transformation is a multiyear process whose complexity far exceeds most other change efforts, it is crucial to maintain employee buy-in over time. At Rakuten, the now-English intranet regularly features employee success stories with emphasis on best practices for increasing language competence. Companywide meetings are also held monthly to discuss the English-language policy.

#### Branding.

Managers should encourage people to self-identify as global rather than local employees. It’s difficult to develop a global identity with limited exposure to an international environment, of course. Rakuten tackled this challenge by instituting an enterprisewide social network to promote cross-national interactions. Employees now interact and engage with colleagues worldwide through the company’s social networking site. Adopting a universal English policy is not the end of leadership challenges posed by global communication. Using English as a business language can damage employee morale, create unhealthy divides between native and nonnative speakers, and decrease the overall productivity of team members. Leaders must avoid and soften these potential pitfalls by building an environment in which employees can embrace a global English policy with relative ease. In this way, companies can improve communication and collaboration.

When I asked Mikitani what advice he’d give other CEOs when it comes to enforcing a one-language mandate, he was emphatic about discipline. CEOs need to be role models: If they don’t stick to the program, nobody else will. Mikitani even holds one-on-one performance reviews with his top Japanese executives in English. “If you forgive a little”, he says, “you’ll give up everything”.

Mikitani doesn’t fear resistance. He believes, as I do, that you can counteract it – and ultimately bring about significant transformation in employees’ beliefs and buy-in. A global language change takes perseverance and time, but if you want to surpass your rivals, it’s no longer a matter of choice.



## **Business etiquette**

Ethical behaviour is doing things that are morally right. Ethics (countable noun) are moral beliefs about what is right or wrong. Ethics (uncountable noun) is the study of this.

Ethically responsible companies want to do the right thing in areas such as:

- employment and community: they want to pay attention to things that affect all people, not just their employees, in the areas where the company has its offices, factories and activities.
- the environment: they want to conduct business in ways that protect the environment to ensure that the air, rivers etc. are not polluted and plant and animal life are not endangered.
- winning new business: they want to get business without engaging in corrupt behaviour, for example offering bribes – money given to someone so that they behave unethically.

Companies want to be seen as good corporate citizens, with activities that are beneficial not only for their stakeholders – their employees, shareholders and so on – but for the community and society as a whole.

### **Accountability and transparency**

Ethical corporate behaviour includes accountability – the idea that companies are completely responsible for what they do and that people should be able to expect them to explain their actions. Transparency is explaining this behaviour in a way that can be understood by outsiders, and not trying to hide anything. Companies may say that they demand high levels of probity and integrity – complete honesty – from their employees, and that they do not tolerate any form of misconduct.

### **Corporate social responsibility**

Companies have long had codes of ethics and codes of conduct saying how their managers and employees should behave. Now they are looking at these issues in more systematic ways. They are designating executives to oversee the whole area of corporate social responsibility (CSR).

### **How to become good in all areas**

Few companies are clear about how to manage what can be an amorphous collection of internal initiatives and external relationships on social, environmental and ethical issues.

Probity and responsibility must be embedded in a company's culture, strategy and operations from the top down. But how can this be done?

A new guide from Business for Social Responsibility, a US non-profit research and advisory organization with 1,400 member companies and affiliates, attempts to answer this by taking the reader step by step through the process of designing a corporate social responsibility management system.

Only a handful of companies have a full CSR management system in place, says the organization, which advises its members on how to make responsible practices integral to their strategy and operations. Its combined annual revenues of nearly \$2,000 bn (£1,300bn) and employ 6m people. They include ABB, British Airways, Coca-Cola, Ikea, Unilever and Wal-Mart. The scandals in the US have underlined how “corporate responsibility taskforces” and codes of conduct are not enough on their own and can sometimes be a smokescreen.

Creating and building a successful CSR management system is a complex, long-term project for any company”, says the report. “It involves a shift in the way a company conducts business and can be likened to implementing other large- scale change initiatives such as total quality management”.

The guide runs through basics such as who currently has responsibility for CSR in the company, why a better management structure might improve things and what “hotbutton” issues (child labour, drug pricing) face different sectors. It encourages companies to think hard about their stakeholders, what their concerns are, how credible and influential they are and whether they are a potential long-term partner or liability.

1. Most companies have clear, coherent policies on social, environmental and ethical issues.

2. If a company behaves with probity, it has high ethical standards.

3. Business for Social Responsibility has a coherent approach to designing a corporate social responsibility management system.

4. It’s simple for a company to add a CSR management system to its day-to-day business.

5. Codes of conduct are enough to ensure ethical behaviour.

6. The guide says that a company’s stakeholders should all be kept happy so that they are all retained by the company over the long term.

### ***Tasks***

*Complete the sentences, with expressions from the text above.*

1. The company was accused of giving \_\_\_\_\_ to local officials in order

to allow their products into the country more quickly.

2. The company has supported several projects in the local

\_\_\_\_\_ where its factories are situated.

3. Voters demanded that there should be greater \_\_\_\_\_ in the election

process so that they could understand it fully.

4. Following the scandals of Enron, Worldcom and others, there is greater emphasis

in business schools on the teaching of \_\_\_\_\_.

*How ethical are you in your business dealings? Find out with the questionnaire below.*

<p>1. You do a lot of travelling on business. Your company pays your air fares and you have collected 'frequent flyer' miles from the airlines that you can exchange for free flights. If you use them for your own personal travel, nobody will know. Will you</p> <p><i>a. use them for business trips and save your company money?</i></p> <p><i>b. use them to upgrade your seat to first class on business trips?</i></p> <p><i>c. book that holiday in the Bahamas that you've always wanted?</i></p>	<p>5. You work in the purchasing department of a large company. One of your suppliers has sent you a Christmas present – a case of wine. They know you shouldn't accept it because they also sent a note promising not to tell any of your colleagues about it. Will you</p> <p><i>a. send the wine back and never buy anything from that supplier again?</i></p> <p><i>b. send the wine back and explain you can only accept gifts up to a certain value?</i></p> <p><i>c. send the wine back and say that you prefer fine malt whisky?</i></p>
<p>2. You are the manager of a charming pub in the country a long way from the nearest town. The owner of the pub wants you to run an 'all you can drink' cam-</p>	<p>6. You are a financial manager. Until last year, your company had an unbroken record of rising earnings per share, but last year's profits were down. Fortunately you ha-</p>

<p>campaign where the customers can have as much beer as they want for a fixed price. It's bound to attract more customers and be very profitable. Will you</p> <p><i>a. refuse to do it, in case it encourages people to drink and drive?</i></p> <p><i>b. agree to do it, but put up posters warning against drink-driving and start selling black coffee as well as beer?</i></p> <p><i>c. refuse to do it unless you receive a profit-related bonus?</i></p>	<p>received a very large order since the beginning of the present financial year.</p> <p>Your boss tells you to record the new order in last year's accounts, so you don't spoil the company's track record. Will you</p> <p><i>a. explain it might mislead shareholders and refuse?</i></p> <p><i>b. refuse unless you can include a note about it in the small print in the annual report?</i></p> <p><i>c. agree and suggest some other 'legal' ways of making the figures look better this year?</i></p>
<p>3. You are the owner of a small business.</p> <p>One of your suppliers, an old friend, has asked you to pay them cash for an order so they can avoid paying VAT. There's no chance of you getting into trouble even if the tax office find out because it is your supplier's responsibility to declare it, not yours. Will you</p> <p><i>a. refuse?</i></p> <p><i>b. warn your friend that they could get into trouble but agree if they insist?</i></p> <p><i>c. agree? (After all, what are friends for?)</i></p>	<p>7. You are friendly with someone in the strategic planning department of your company. One day, they give you some confidential information. They tell you about a company they are going to target for take-over. They are sure the share price will rise. You could make a lot of money if you buy shares now. Will you</p> <p><i>a. tell your colleague they shouldn't pass on confidential information?</i></p> <p><i>b. thank your colleague but do nothing?</i></p> <p><i>c. tell your broker to buy as many shares as they can?</i></p>
<p>4. You have run out of stationery at home and there's plenty of nice blank paper and envelopes in your desk at work. Will you</p> <p><i>a. resist the temptation to take any home?</i></p>	<p>8. You are the owner of a small company.</p> <p>A friend offers you a free copy of a computer software program that you need at work. If you accept their offer, you won't have to</p>

<p><i>b. take a little home to keep yourself going until you can buy some more?</i></p> <p><i>c. take plenty home so you don't run out again?</i></p>	<p>pay the \$700 licensing fee to the software company. Will you</p> <p><i>a. turn down your friend's offer and buy your own copy?</i></p> <p><i>b. accept your friend's offer?</i></p> <p><i>c. accept their offer and charge the company \$700 which you can pocket tax free?</i></p>
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### How did you score?

<p><b>Mostly as</b></p> <p>You may not always be popular with your colleagues but your business contacts know they can trust you to play fair. If some people accuse you of being inflexible, it's because your strong principles make them feel uncomfortable. Honest approach will bring success in a career but it may be slow coming</p>	<p><b>Mostly bs</b></p> <p>You like to do what's right if you can, but realize the world is not an honest place. You've probably noticed the person who tells the truth is not always the person who gets on fastest so you are prepared to make compromises, accepting the fact that in order to do business you sometime have to bend the rules</p>	<p><b>Mostly cs</b></p> <p>If the people around you are behaving dishonestly, you will do everything necessary to ensure they don't get your share. As you see it, if you can't beat them, join them.</p> <p>No doubt you will advance up the ladder of success at top speed because you are very good at telling people exactly what they want to hear</p>
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### Culture manners

Alexandra Adler is an expert in doing business across cultures. She is talking to a group of British businesspeople.

'Culture is the "way we do things here". "Here" may be a country, an area, a social class or an organization such as a company or school'. You often talk about:

- company or corporate culture: the way a particular company works, and the things it believes are important;

- canteen culture: the ways that people in an organization such as the police think and talk, not approved by the leaders of the organization;
- long-hours culture: where people are expected to work for a long time each day;
- macho culture: ideas typically associated with men: physical strength, aggressiveness, etc.

But you must be careful of stereotypes, fixed ideas that may not be true.’ Distance between managers and the people who work under them varies in different cultures. Look at these two companies.

In Country A, managers are usually easy to talk to – accessible and approachable – and there is a tradition of employees being involved in decision-making as part of a team of equals. This company is not very hierarchical, with only three management layers.

In Country B, managers are usually more distant and remote. Employees may feel quite distant from their managers and have a lot of deference for them: accepting decisions but not participating in them.

Companies in Country B tend to be more hierarchical than those in Country A, with more management layers.

Deference and distance may be shown in language. Some languages have many forms of address that you use to indicate how familiar you are with someone. English only has one form, ‘you’ but distance may be shown in other ways, for example, in whether first names or surnames are used.

### ***Tasks***

*Which word combination with ‘culture’ describes each of the following?*

1. The men really dominate in this company, they don’t make life easy for women at all. All they talk about is football.
2. Among the management here we try to be fair to people from different minorities, but there are still elements of racism among the workforce.
3. Of course, the quality of the work you do after you’ve been at it for ten hours is not good.
4. There was a time when managers could only wear white shirts in this company – things are a bit less formal now.
5. Here the male managers talk about the market as if it was some kind of battlefield.
6. They say that if you go home at 5.30, you can’t be doing your job properly, but I’m going anyway.

## **Boardroom culture clash**

### **An Unpredictable Affair**

Try to put pressure on a Japanese in a negotiation and you will be met with stony silence. Hold an informal fact-finding meeting with a German and you can expect a battery of searching questions. Disagree with the French on even a minor point and they will take great pleasure in engaging in spirited verbal combat. Doing business across culture can be an unpredictable affair.

### **Cultural Awareness**

Most of us prefer to do business with people we like. And it should come as no surprise that the people we like tend to be like us. So whilst we may dispute the accuracy of cultural stereotypes it is generally agreed that good business relationships are built on cultural awareness. Across national frontiers ‘nice guys’ do more business than nasty ones. But what constitutes nice-guy behaviour in a boardroom in Miami is not necessarily what they expect in Madrid.

### **The US Perspective**

For instance, most Americans will insist on the hard sell. It’s not enough that you want to buy their products, you must let them sell them to you. They have to report back to superiors who will be as interested in how the deal was struck as the result. Systems and procedures matter to Americans.

### **The Spaniards Trust You**

The Spanish, on the other hand, are unimpressed by the most meticulously prepared meeting and pay much more attention to people. In this they are more like the Arabs or the Japanese. In the Middle and Far East business is built on trust over a long period of time. Spaniards may come to a decision about whether they trust you a little sooner.

### **Animated Italians**

Italians too tend to feel that the main purpose of meetings is to assess the mood of those present and reinforce team-spirit. There may well be a lot of animated discussion at a meeting in Italy, but the majority of decisions will be, made elsewhere and in secret.

### **Scandinavians want results**

Strangely enough, Scandinavians are rather like Americans. They value efficiency, novelty, systems and technology. They are firmly profit-oriented. They want results yesterday.

## Succeed with the Germans

Don't be surprised if the Germans start a meeting with all the difficult questions. They want to be convinced you are as efficient and quality-conscious as they are. They will be cautious about giving you too much business until you have proved yourself. They will demand prompt delivery and expect you to keep your competitive edge in the most price sensitive market in Europe. Succeed and you will enjoy a long-term business relationship.

## Adversarial Meetings

The French will give you their business much more readily. But they will withdraw it just as fast if you fail to come up with the goods. Meetings in France tend to be adversarial. Heated discussion is all part of the game. Germans will be shocked to hear you question their carefully prepared arguments. The Spanish will offer no opinion unless sure of themselves, for fear of losing face. But French executives prefer to meet disagreement head on, and the British tendency to diffuse tension with humour doesn't go down too well.

## Prisoners of our culture

Ask yourself whether meetings are opportunities to network or get results. Is it more important to stick to the agenda or generate new ideas? Is the main aim of a meeting to transmit or pool information? It all depends on where in the world you hold your meeting and whether you belong to an individualistic business culture like the French, Germans and Americans or to a collective one like the British, Japanese and Greeks. Indeed, who knows to what extent our views are our own and to what extent culturally conditioned?

For in business, as in life, "all human beings are captives of their culture".

## **Tasks**

*Which of the following points support the opinions expressed in the article?*

1. In meetings the French tend to be more aggressive than the Germans.
2. The Arabs have nothing in common with the Japanese.
3. The French generally don't appreciate the British sense of humour.
4. The Spanish are rarely hesitant in cross-cultural meetings.
5. The Americans and Scandinavians value a methodical approach.



6. The Germans want quality at any price.
7. The British tend to be more individualistic in business than the Germans.
8. In business the Italians are more or less like the Spanish?

## **Appraisals**

Most people worry about appraisals. It can be uncomfortable to be assessed, especially if your company grades performance.

But appraisals play an important role in clarifying the future. By setting objectives, we can organize our priorities in the months ahead. By giving or receiving feedbacks, we learn what we need to keep doing and how we can improve. So, in this text we'll look at how we set objectives and give feedbacks.

Let's look at objectives first of all. The guideline for setting objectives is that they should be SMART: Specific, Measured, Achievable, Relevant and Time-based.

By specific, we mean that an objective shouldn't be vague or imprecise – it should be a clear defined task. By measurable, we mean that it's easy to judge when an objective has been achieved and we can objectively measure the progress, for example from customer feedback, sales figures, and so on. An objective should also be achievable, in other words it should be possible for someone to do it. If we set an objective which is too hard, the person will become demoralized and the motivation will suffer. It should also be relevant and clearly connected with the work that they do, and finally, there should be a time period for the objective, with a deadline when progress can be reviewed.

So that's SMART objectives. Now let's focus on feedbacks. There are two types of feedbacks: positive feedback, where we tell someone what they are doing well, and improvement feedback, where we examine how they can improve in the future. With all feedback, it's important that we are specific and provide examples or evidence of the behavior. To make a feedback more powerful, we can also describe the impact that behavior has on others. For example, if I'm told that my attention to details in a report led to us winning more business, I'm more likely to recognize the importance of my skills. Or, if I'm told that my being late has caused others in the team to work longer hours, I will see that my actions have an effect on other people, not just myself.

With positive feedback, it can be especially powerful to provide third-party endorsement. This means telling them that the behavior has been noticed by other people, not just you. If I learn that my performance is being noticed by a senior manager, I'm going to feel really good. With improvement feedback, we need to be careful that they not interpret the feedback as a judgment of them as a person. We need to put things into positive. We need to stress that we are talking about one specific behavior and remind them of area where they perform well.

To finish the positive feedback, it's worth explaining to them the precise skills they have demonstrated. We want people to continue doing what they do well. By telling them directly what skills they have, they will feel encouraged to continue using those skills. With improvement feedback it's different. We want them to change their behavior. And the best way to do this is to look for solutions.

Appraisals are not about to blame. They are about what happens in the future. It's a good idea to ask them how they think they can improve things and to discuss what kind of support they need.

So there are two models of feedbacks: S-I-T-S or Sits for positive feedback and S-I-P-S or Sips for improvement feedback.

Finally, I want to stress that, both for objective and feedbacks, the more you ask questions and get them to create their own objectives and plan their improvement, the more motivated they will be. Try not to tell them everything. A good appraisal is a collaboration, not a lecture.

#### Business and ethics

Set up in the 1920s by James Carston, a Manchester tailor, the company has remained in the family and is now run by James's grandson, Paul Carston. Employing fewer than 50 people, the company has a reputation for producing high-quality men's shirts, which it sells by mail order, and has a loyal customer base. As Paul Carston says, 'Once someone has tried our shirts, they tend to come back for more. Our customers appreciate the attention to detail and the high-quality fabric we use.' And it's the fabric they now use that makes the company almost unique in the world of men's shirt manufacturers.

When Paul Carston took over running the company in 1999, he inherited a business that prided itself on using local well-paid machinists rather than sweatshop labour, and looked upon its employees as members of an extended family. Paul, a committed environmentalist, felt that the company fitted in well with his values. The shirts were made from

100 per cent cotton, and as Paul says, ‘It’s a completely natural fibre, so you would think it was environmentally sound’. Then Paul read a magazine article about Fair Trade and cotton producers. He was devastated to read that the cotton industry is a major source of pollution, and that the synthetic fertilisers used to produce cotton are finding their way into the food chain.

Paul takes up the story. ‘I investigated our suppliers, and sure enough found that they were producing cotton on an industrial scale using massive amounts of chemicals. Then I looked into organic cotton suppliers, and found an organisation of Indian farmers who worked together to produce organic cotton on a Fair Trade basis. Organic cotton is considerably more expensive than conventionally produced cotton, so I did the sums. I discovered that if we were prepared to take a cut in profits, we would only need to add a couple of pounds to the price of each shirt to cover the extra costs. The big risk, of course, was whether our customers would pay extra for organic cotton’.

Paul did some research into the ethical clothing market and discovered that although there were several companies producing casual clothing such as T-shirts in organic cotton, there was a gap in the market for smart men’s shirts. He decided to take the plunge and switch entirely to organic cotton. He wrote to all his customers explaining the reasons for the change, and at the same time the company set up a website so they could sell the shirts on the internet. The response was encouraging. Although they lost some of their regular customers, they gained a whole customer base looking for formal shirts made from organic cotton, and the company is going from strength to strength.

### ***Tasks***

*Read the case study again and decide if the statements are true or false.*

James Carston was Paul's grandfather.

True/False

The company has over 50 employees.

True/False

The shirts are sold in shops.

True/False

When Paul started running the company, he immediately decided to change to organic cotton.

True/False

Conventionally produced cotton is cheaper than organic cotton.

True/False

The company didn't lose any customers when they changed to organic cotton.

True/False

*Read this case study about an ethical business and choose the correct profile for the company: A, B or C.*

A – began trading in 1923 – has always been a family business – has always paid its employees well – now produces men's shirts using organic cotton  
B – began trading in 1919 – was sold to Paul Carston in 1999 – stopped using sweatshop labour in 1999 – now produces t-shirts in organic cotton  
C – began trading in 1999 – set up by Paul Carston – all employees are members of his family – produces formal and casual men's clothes in organic cotton  
The correct profile is letter \_\_\_\_\_

### **An introduction to coaching**

What is coaching? Here are the basic principles of coaching and what happens when somebody engages in a coaching partnership. Find out what a good coach does.

1 Coaching is a useful tool in today's challenging world of business and commerce. Companies are downsizing, merging and restructuring and there is far more job transition than before. Sometimes managers are no longer equipped to do their work because their jobs have changed so much. They were originally trained to do one job but that training cannot be applied to the job they are doing today. Coaching is also one of the most powerful tools that a leader has in order to improve the performance of his team.

2 Coaching is a partnership between an individual or a team and a coach. For the purpose of this article we will refer to an individual but the concepts are exactly the same for a team. First of all the individual identifies his objectives. Then, through the process of being coached, he focuses on the skills he needs to develop to achieve those objectives. In professional coaching the individual begins by leading the conversation and the coach listens and observes. Gradually, as the coach begins to understand the individual's goals, he will make observations and ask

appropriate questions. His task is to guide the individual towards making more effective decisions and eventually achieving his objectives. Coaching looks at where the individual is now and where he wants to get to.

3 Between the initial interview and an individual achieving the goals he identified, there is a process in which the two parties meet for regular coaching sessions. The length of time each session lasts will be established at the start of the partnership. Between sessions an individual might be expected to complete specific tasks. A coach might also provide literature for the individual to study in preparation for the following session. Most coaches employ an “appreciative approach” whereby the individual identifies what is right, what is working, what is wanted and what is needed to get there. An appreciative approach focuses more on the positive rather than problems.

4 An individual who enters into a coaching partnership will usually adopt new perspectives and be able to better appreciate opportunities for self-development. Confidence will usually grow and the individual will think more clearly and be more confident in his roles. In terms of business, coaching often leads to an increase in productivity and more personal satisfaction. All of this leads to a growth in self-esteem.

5 In a coaching partnership the coach first needs to listen carefully in order to fully understand the individual’s situation. He needs to support and encourage forward-planning and decision-making. A coach also needs to help an individual recognise his own potential and the opportunities that are on offer. A good coach will guide an individual to fresh perspectives. Finally, the coach must respect the confidentiality of his partner.

6 Coaching can bring out the best in workers, highlighting what they can achieve if they are given the right support. Both individuals and teams can enjoy an increased level of motivation after receiving the right coaching. When individuals are keen to make progress in their jobs, they usually enjoy being coached and find the experience extremely useful.

### ***Tasks***

*Match the headings with the paragraphs from the article.*

Paragraph 1

The recent growth in coaching.

The growing need for coaching.

Paragraph 2

Coaching: What does it mean?

Why do we need coaching?

Paragraph 3

The process of coaching.

What happens in a coaching session?

Paragraph 4

Becoming a better person.

The benefits of coaching.

Paragraph 5

How to be a coach.

The role of the coach.

*Match the verbs with their definitions.*

1. to join together or combine.
2. to make a company smaller by reducing the number of workers.
3. to organise something in a new way so that it operates more effectively.
4. to carefully watch the way that something happens.
5. to give somebody help and advice on how to do something.
6. to give encouragement to someone because you want them to do be successful.

- a. to support;
- b. to guide;
- c. to observe;
- d. to restructure;
- e. to downsize;
- f. to merge.

## **Relationship building**

What do we mean by relationship-building?

When we talk about the competency of relationship-building in the world of business, we are referring to building strong relationships with partners and clients – about using interpersonal skills to network in an effective way.

What does a competent relationship-builder do?

Somebody who is competent at relationship-building focuses on understanding the needs of the client and getting the best possible results.

This competency promotes an ethic of client service and so an understanding and anticipation of a client's changing needs is essential. Stress and conflict are other issues that a competent relationship-builder will manage – keeping composed and acting as mediator when conflicts arise.

How can I start to develop the competency of relationship-building?

First identify the business plan goals of your department and decide what your role is going to be in helping to achieve those goals. You will need to study the business plan and learn as much as possible about your clients' activities, interests and needs. This information might be available in their own annual reports or in client surveys conducted by your company. Talking to your clients about how you can best meet their needs is also a sensible first step to take.

Seven steps to becoming an effective relationship-builder:

Draw up a plan of what you need to do in order to give your clients what they want. Discuss your ideas with your line manager and then do what is necessary to implement the plan.

When the plan has been set in motion, schedule regular meetings with your line manager to review the progress that you are making and make any necessary adjustments.

When you are working as part of a team or group within a department or a company it is important to assess your contribution to the group's work. Think about how your efforts help or hinder progress.

Make a weekly analysis of your commitments. Set yourself a goal for each week so that you follow them through. Make an effort to do what you say you are going to do – and also, to do it by the time that you say it will be done. If you get into the habit of doing this it will become like second nature.

Build up a file of contacts and classify them in a way that is meaningful for your particular work context. Then you will know exactly who to call with any queries or when you need information.

Don't just wait for feedback to come to you, request it from a variety of sources – from your line manager but also from colleagues, clients and people who you supervise. Listen to what they have to say and act accordingly.

Build informal relationships with the people who are working around you. Make a point of greeting people who you normally don't speak to. Ask them about their interests and make it a goal to practise small talk

with them. Listen to what they say and remember so that you can ask about a particular interest the next time you meet.

**Tasks**

*Match the headings to the seven steps to becoming an effective relationship-builder.*

Plan network talks	of contracts get feedback	weekly goal team work	small review
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*Decide whether these statements are true or false according to the article.*

1. You need good interpersonal skills to be a competent relationship-builder.

True/False

2. Relationship building puts the client's needs first.

True/False

3. A good relationship-builder has a network of mediators for when conflicts arise.

True/False

4. Information about your clients cannot be found within your company.

True/False

5. Only the feedback from your line manager is important.

True/False

6. Idle chat is not a good way to get to know your colleagues.

True/False

**Reaction to stress**

1. What stresses you out?

2. Do you have a stressful lifestyle?

3. How do you cope with stress?

4. Do you believe that scientists will make stress disappear one day?

5. What is a traumatic stress?

A study from Stanford University in the USA suggests that very stressful events affect the brains of boys and girls in different ways. Researchers say that girls suffer more after traumatic events and are more likely to develop post-traumatic stress disorder (PTSD). They also



say that because of this, girls and boys should be treated differently by doctors during the recovery process from PTSD. Lead researcher Dr Megan Klabunde said: "It is important that people who work with traumatised youth consider the sex differences. Our findings suggest it is possible that boys and girls could exhibit different trauma symptoms and that they might benefit from different approaches to treatment."

The research focused on a part of the brain that deals with emotions and empathy, called the insula. The smaller the insula, the more likely it is that someone will suffer from PTSD. Researchers discovered that the insula was particularly small in girls who had gone through a traumatic event. It was larger than usual in boys who had experienced a distressing, shocking or frightening event. Post-traumatic stress disorder is a mental disorder that can develop after traumatic events, such as sexual assault, warfare, traffic collisions or threats on a person's life. Symptoms may include disturbing or suicidal thoughts, nightmares related to the events, and alterations to how a person thinks and feels.

### ***Tasks***

*Discuss the questions.*

1. Which university carried out the research from this article?
2. What do stressful events affect differently in boys and girls?
3. What does the part of the brain called the insula deal with?
4. What are the symptoms of post-traumatic stress disorder?

### **The story of silicon valley**

If old America was made in New York or Detroit, modern America is made in Silicon Valley. But what is "Silicon Valley", where is it? And why is it where it is?

It is not made of silicon; and it is not a river valley; but forgetting that, Silicon Valley is probably the most famous valley in the world. Although it is not the place where the first computer was built (that was Manchester, England), Silicon Valley, near San Francisco, was the birth-place of the modern computer industry.

For this, we can say thankyou to scientists at the universities in California, and to the Hippies of the 1960's.

It was in the nineteen-sixties that American "youth culture" really began. California, of course, already existed; but the Sixties Generation rediscovered it.

At the time there were really two different forms of youth culture; the "Beach Boy" culture on the one hand, and the anti-establishment hippies and radical students on the other hand; and they all dreamed of California.

For the Beach Boys, that meant southern California, where they could sing about surfing and cars; for the Hippies and radicals, it meant San Francisco, "flower power" and revolutionary new ideas. The campuses at Berkeley and Stamford, near San Francisco, were hot-beds of new ideas, new technology, new culture, and new ways of living.

When they finished university, many of the best students did not look for jobs with big companies like Ford or Exxon. Instead they wanted to be free and run their own operations.... and stay in California, not far from San Francisco. Silicon Valley is thus a group of small towns, including Palo Alto and San José, a few miles south of San Francisco.

The high-technology industry was already present around San Francisco. Intel had been founded in 1968, and in the same year the first computer mouse was built at Stamford University. In 1970, Xerox opened a research center in Palo Alto. There were also other electronics companies, like Hewlett Packard, and Fairchild, the world's first "semi-conductor" company.

Then, in 1976, an electronics student called Steve Jobs started a small computer company in his garage; he gave it the same name as the Beatles' record company: Apple.

Very soon, more companies, like Seagate and Google appeared. "Silicon Valley" had arrived. There was even a sort of primitive Internet connecting many addresses in Silicon Valley, called the Arpanet.

Today, Silicon Valley is still the home of the computer industry; it is still full of high technology, but it is not the only center for high-tech in the USA. Today here are computer firms all over the USA... and all over the world; but Silicon Valley still has the largest concentration of high-tech companies and research centers.

Microsoft, the world's biggest high-tech company, is not based in Silicon Valley. It is further north, near Seattle in the state of Washington.

### ***Tasks***

*Here are the answers to some questions. Using information from the text, make up possible questions to fit the answers. As you will notice, some of the questions use question words, others do not.*

1. Where ....  
In Manchester, England.
2. Where ....  
In Silicon Valley, near San Francisco.
3. Who ....  
The Beach Boys.
4. Did the best students ...  
No, they preferred to stay in California.
5. When ....  
In 1968.
6. Where ....  
In Palo Alto.
7. When ....  
In 1976.
8. What ....  
It was a sort of primitive Internet.
9. Is ....  
No, there are high-tech firms all over the USA now.
10. Where ....  
Further north, in Seattle.

### **Trends in text and e-mail marketing**

Make these workhorses work even harder.

By Charles Austin

Franchise organizations have been using email and text messages for years as part of the marketing mix. Text – both short message service or SMS and multimedia messaging service or MMS – and email are still incredibly effective, but as technology and the regulatory environment continue to change, it's always wise to review best practices.

Despite the growth of spam filters, customer acquisitions via email have quadrupled in the past four years, according to predictive analytics firm Custora. Text messages still have a 95 percent open rate and are extremely effective in driving desired responses and actions, particularly with younger demographics.

Together, email and text messaging have become an important part of the customer experience and are great ways to stay in front of customers and prospects, once they opt-in. As rules and best practices continue to

evolve, what once worked well may need to be tweaked to continue yielding high returns and to stay in compliance with increasingly stricter regulations.

#### Tip No. 1: Optimize Emails for Mobile

Two-thirds of email is first read on a mobile device, according to data from the U.S. Consumer Device Preference Report by Movable Ink. That means promotional emails need to be easily accessed and read from a mobile device as well as a desktop or laptop computer. Here are a few ways to accomplish that.

First, make sure content is mobile-friendly. Your customers have small screens and big fingers. So keep your layout framed for smaller screens, your font at 14-point or higher, and your buttons or links large enough so fingers can “click” on them. Numerous commercial email marketing and mobile application cross-platform tools automatically adapt messages for presentation on different mobile device form factors.

Second, include click-to-map, click-to-call, or other ways that recipients can connect with your business or a local store. Essentially, make it as easy as possible for customers to respond to your message via their mobile devices while on the go.

Third, customers may prefer text messages versus email for offers and alerts, so if you plan to use both avenues, use cross-channel opt-ins so customers can select the vehicle they prefer. Including an option for phone calls is also important for select demographics.

#### Tip No. 2: List Segmentation is Key. Use Your Data.

Because it was so inexpensive compared with direct mail marketing, early email marketers frequently used the “spray and pray” method, meaning marketers would send the same email message to their entire customer or prospect list and hope for the best.

Big data has essentially changed all of that. Today’s savvy marketers use data from all customer interactions to segment their lists and provide more targeted and customized offers, obtaining a higher response rate and a better return on investment. All online and offline customer interactions should be used to create segments, or categories, of customers or prospects that are likely to be interested in certain types of offers. Prior purchases, responses to emails and texts, data from customer phone calls and responses to print ads are all fair game.

But to use this data, you have to track it and obtain it in a usable form. In the past this data came from different systems in different

formats and was difficult to assimilate and use. New industry standards have led to application programming interfaces or APIs for most commercial products and services, which enable the integration of data from disparate sources without prohibitive costs.

The specific data and platforms you use and the segmentation strategies you employ will depend on your demographics and your business model. Regardless, it's time to move away from "spray and pray" as the costs of doing business require you to be more efficient with your marketing spend.

#### Tip No. 3: Automate the Follow-up

"Multiple touches" or "the seven-touch rule" are tried-and-true approaches to marketing, meaning that prospects need multiple touches before they buy, and customers need regular touches to remain loyal customers.

"Drip marketing" or "marketing automation" was one of the first techniques for achieving these goals. New types of email services such as Act-On and Pardot allow marketers to set up "if/then" scenarios and program automated follow-up messages based on recipient response (or non-response).

For example, if you'd like to publicize a new store opening, you might send an email to all customers or prospects in a certain geographic area. For those who respond, you might follow up with a customized coupon to use during opening weekend, followed by a survey after the grand opening that gauges customer perception of the new store. For those who do not respond, you might plan a second and third blast of the store announcement leading up to opening weekend.

Because of the automated yet strategic nature of these campaigns and the multiple touch points they deliver, well-planned drip campaigns can achieve conversion rates of 50 percent or more.

#### Tip No. 4: Stay Abreast of Regulation Changes

Certainly, there are always those who abuse both email and text marketing. In the United States, CAN-SPAM laws govern email marketing, and even stricter laws prohibit unsolicited text messages. New Canadian regulations have gone further than ever before and have been referred to as the world's toughest anti-spam laws. They cover promotional emails, text messages, and even instant messaging and social media messaging.

The new laws, which went into effect on July 1, impose stiff fines against sending "commercial electronic mail" that is unsolicited. If you

need to become more familiar with these new regulations, a great resource is <http://fightspam.gc.ca>.

A summary of the highlights:

If you are going to send commercial emails or text messages to Canadian recipients, make sure these recipients have provided express consent. This applies to any marketing or advertising-related message.

Non-commercial messages, such as quotes or estimates, order confirmations, warranty/safety/recall information and ongoing subscriptions, are acceptable.

If you received express consent from Canada recipients prior to July 1, 2014, that still stands today. If you only have “implied consent,” meaning the recipients on your Canada email list have been receiving offers from your company, but have not unsubscribed to date, you have a grace period of 36 months to obtain express consent.

In each message, clearly identify your organization, make sure your subject lines and content is truthful and not misleading, and include your company name, address, phone number, website and an easy way for recipients to opt-out at any time.

If you already practice good email marketing etiquette in compliance with U.S. CAN-SPAM laws, chances are you’ve got most bases covered. But since fines can reach up to \$10 million per violation, it pays to prove that you’ve obtained the proper consent.

If you only have implied consent for Canadian customers or prospects, take advantage of the 36-month grace period to politely send them an email message (or other correspondence) requesting their express consent to continue receiving commercial electronic messages from your company.

AdGEO Inc. is not a law firm, so this is not legal advice. Always check with your legal counsel regarding your specific situation. Two other great sources of information and best practices are CTIA-The Wireless Association ([www.CTIA.org](http://www.CTIA.org)) and the Mobile Marketing Association ([www.MMAGlobal.com](http://www.MMAGlobal.com)).

Email and text marketing will continue to yield great returns, as long as we stay abreast of what works, what doesn’t and what is legal, practical and moral.

## **Social networks**

### **Business applications**

Social networks connect people at low cost; this can be beneficial for entrepreneurs and small businesses looking to expand their contact base. These networks often act as a customer relationship management tool for companies selling products and services. Companies can also use social networks for advertising in the form of banners and text ads. Since businesses operate globally, social networks can make it easier to keep in touch with contacts around the world.

### **Medical applications**

Social networks are beginning to be adopted by healthcare professionals as a means to manage institutional knowledge, disseminate peer to peer knowledge and to highlight individual physicians and institutions. The advantage of using a dedicated medical social networking site is that all the members are screened against the state licensing board list of practitioners. The role of social networks is especially of interest to pharmaceutical companies who spend approximately "32 percent of their marketing dollars" attempting to influence the opinion leaders of social networks.

### **Languages, nationalities and academia**

Various social networking sites have sprung up catering to different languages and countries. The popular site Facebook has been cloned for various countries and languages and some specializing in connecting students and faculty.

### **Social networks for social good**

Several websites are beginning to tap into the power of the social networking model for social good. Such models may be highly successful for connecting otherwise fragmented industries and small organizations without the resources to reach a broader audience with interested and passionate users. Users benefit by interacting with a like-minded community and finding a channel for their energy and giving.

### **Business model**

Few social networks currently charge money for membership. In part, this may be because social networking is a relatively new service, and the value of using them has not been firmly established in customers' minds. Companies such as MySpace and Facebook sell online advertising on their site. Hence, they are seeking large memberships, and charg-

ing for membership would be counterproductive. Some believe that the deeper information that the sites have on each user will allow much better targeted advertising than any other site can currently provide. Sites are also seeking other ways to make money, such as by creating an online marketplace or by selling professional information and social connections to businesses.

#### Privacy issues

On large social networking services, there have been growing concerns about users giving out too much personal information and the threat of sexual predators. Users of these services need to be aware of data theft or viruses. However, large services, such as MySpace, often work with law enforcement to try to prevent such incidents. In addition, there is a perceived privacy threat in relation to placing too much personal information in the hands of large corporations or governmental bodies, allowing a profile to be produced on an individual's behavior on which decisions, detrimental to an individual, may be taken.

#### Investigations

Social network services are increasingly being used in legal and criminal investigations. Information posted on sites such as MySpace and Facebook, has been used by police, probation, and university officials to prosecute users of said sites. In some situations, content posted on MySpace has been used in court.

#### *Tasks*

1. According to the text, social networks:
  - a. are being used by businesses for marketing.
  - b. are about friendships.
  - c. can damage business reputations.
  - d. advertise on business web sites.
  
2. Why do advertisers like social network sites?
  - a. Detailed information on each user allows targeted ads.
  - b. They are cost-effective to advertise on.
  - c. Most users have high disposable income.
  - d. They can influence consumer behaviour.
  
3. What does the expression 'sprung up' in paragraph 4 mean?
  - a. there has been rapid development of social networking sites.
  - b. the development of social networking is unplanned.



- c. everybody is trying to copy Facebook.
- d. social networking works in all languages.

4. What does the word 'Few' at the beginning of paragraph 6 mean?

- a. Hardly any.
- b. Not any.
- c. Some.
- d. Only.

5. What should users not do on social networks?

- a. be too free with their personal information.
- b. download viruses.
- c. contact predators.
- d. upload copyrighted music.

6. What does the word 'deeper' in paragraph 6 mean?

- a. more detailed.
- b. more spiritual.
- c. more profound.
- d. more emphatic.

7. Personal information on social network sites:

- a. can be used in court.
- b. gives a good description of the user's personality.
- c. is sold to the government.
- d. is translated into many languages.

8. Social networking is great for:

- a. groups of people separated over wide areas.
- b. academic organisations.
- c. people who write too much information about themselves.
- d. the law enforcement agencies.

### **Unusual television commercial**

Many of the most expensive commercials ever made are those in which an A-list celebrity flashes a beautiful smile at the cameras. \_\_\_\_\_ Their recent television advertisement, the most expensive in

British history, cost ten million pounds, and it features, not the rich and famous, but villagers from the mountains of Argentina.

The advertisement features a game of dominoes. It begins in a darkened room where several thousand ordinary dominoes are set up on a specially-designed table. \_\_\_\_\_ Dominoes knock over books, which in turn knock bigger household objects such as suitcases, tyres, pots of paint, oil drums and even cars. The final piece in the chain reaction is a huge tower of books. These flutter open to reveal a structure in the shape of a pint of Guinness.

The location chosen for the commercial was Iruya, a village high up in the mountains of north-west Argentina. \_\_\_\_\_ The journey there could take up to ten hours. Asked why this remote destination was chosen for the shoot, the director said that even though it was the most difficult location they could have picked, it was perfect.

For one month, the village, population thousand, increased in size by almost thirty percent. One hundred and forty crew members descended on the village. These included the world record holders in domino toppling, Weijers Domino productions from the Netherlands. \_\_\_\_\_

Creating this film was no easy task. Preparations for filming took well over a month. Twenty six truckloads of objects were brought in. \_\_\_\_\_ They included 10,000 books, 400 tyres, 75 mirrors, 50 fridges, 45 wardrobes and 6 cars. Setting the objects up took skill and patience. They needed to be arranged so they would fall over easily, and this involved balancing them on stones. Some of the sequences had to be reshot 15 times and 24 hours of footage was captured. However, the sequence in which six cars fell over was successfully shot in just one take.

Filming in this location was not without its difficulties. Firstly, being so isolated, it was hard to obtain resources at short notice. The second problem was the high altitude. \_\_\_\_\_ It was also hard working with the villagers who had no experience of film-making. Finally, setting and resetting the props caused a good deal of frustration.

These days when CGI is all the rage, it was surprising that so little of the work was done using computer effects. The only sequence that used computer graphics was the one in which the tower of books fluttered open to reveal a pint of Guinness. \_\_\_\_\_ Even so, this was no simple matter. They had to ensure that all the books in the tower had a different appearance.

Director Nicolai Fuglsig said about the project: ‘Despite all the challenges, the cast was fantastic and it was a really amazing experience.’ Whether or not the effort put into the advert pays off is another matter entirely.

### **Tasks**

*You read an article about the making of an unusual television commercial. Seven sentences have been removed from the article. Choose from the sentences A-H the one which fits each gap. There is one extra sentence which you do not need to use.*

A. Then the falling dominoes head out of the room into the streets, causing progressively larger objects to tumble.

B. These were all chosen to suit the town and fit in with the people’s way of life.

C. Getting there involved driving along 48 kilometres of dirt roads and crossing twelve rivers.

D. Iruya is situated 3000 metres above sea level and the film crew was not used to working in such conditions.

E. The prop department did construct a small version on site, but most of the work was done in a studio in London.

F. Added to this was the total of one hundred and thirty ‘actors’ who were recruited from a five neighbouring towns.

G. Setting up the dominoes on the table took a team of experts three days, but took just 14 seconds to topple.

H. Not so with the famous Irish drink company Guinness.

The Making of ‘Tipping Point’

### **New types of university courses**

The boundaries between education and entertainment are beginning to blur, and a new type of learning, in which education merges with entertainment, is emerging – ‘edutainment’. But now US television company AMC has teamed up with the University of California to produce an online course based on the TV show, The Walking Dead, which features apost-apocalyptic world ridden with zombies.

With an audience of 10 million, student numbers for the course are expected to be in the hundreds of thousands. \_\_\_\_\_

Academics from the University of California say that the online course will be a ‘legitimate educational experience’ and tackle serious issues from the fields of science, public health, nutrition, psychology and sociology. \_\_\_\_\_ However, students will gain no formal qualifications or credits on successful completion of the course.

\_\_\_\_\_ It insisted that all modules had been made as academically rigorous as those taught on the university grounds. One lecturer in social science stated that the university already used contemporary media examples to make theories more relevant to students, and this course was merely taking this concept one step further. ‘The curriculum is very real,’ says Josh Coates, head of Infrastructure and designer of the online platform. \_\_\_\_\_ ‘The fact that the context is this fictional world of an apocalypse is incidental. This course gives us the opportunity to educate people about the science of disasters’.

The market for massive open online courses, or MOOCs, is rapidly expanding. \_\_\_\_\_ However, millions fail to complete the courses, suggesting that they pose a real challenge to online learners. Part of this experiment is to find out whether the power of television can reduce the high drop-out rate characteristic of MOOCs.

The university is taking this opportunity to hone the way it delivers online courses. \_\_\_\_\_ With the increasing demand for online courses, these are issues that universities looking to invest in online learning increasingly have to face.

### **Tasks**

*You read an article about new types of university courses. Seven sentences have been removed from the article. Choose from the sentences A-H the one which fits each gap. There is one extra sentence which you do not need to use.*

A. We have local apocalypses in our world today, in the form of earthquakes, hurricanes and terrorist attacks.

B. TV shows have long launched spin-off products in the form of merchandise and video games.

C. If successful, the edutainment experiment could spawn a huge range of other TV show/university hybrid courses.

D. Until now, online learning experiences have been able to deliver great videos and quizzes, but student interaction was minimal and the experience for learners has been impersonal.

E. Experts from the Centre for Education and Employment have reservations about the value of such online courses where there is no formal assessment or contact between the students and those delivering the courses.

F. The course will consist of eight modules including a physics module on ‘the science of decay’, a public health module on the study of epidemics and a mathematics module on population dynamics.

G. The University of California, which has a huge reputation to uphold, said that there had been no dumbing down in the design of the course.

H. Millions of students sign up for online education courses each year.

### **Employee handout regarding working with businesses in other countries**

Like most companies in an increasingly globalised world, our firm does business with other firms abroad. Company cultures vary world-wide, and it is important for delegates from our company to recognize how company culture overseas might be different from our own. This document will give you a brief guide to company culture in the countries we associate with.

#### **Russia**

Until recently, people and businesses were oppressed by the state and this has affected people’s attitudes. It is not uncommon for laws to be ignored and taxes to go unpaid. In some cases, only contracts between close personal friends are acknowledged. Therefore, networking is vital for successful business. Presently, the legal situation in Russia is in a state of flux, with laws constantly being rewritten. Those that exist are often unenforceable. Most agreements are therefore made on a trust basis, so it is vital that personal relationships do not break down. The management style is centralized and directive. Too much debate can indicate a lack of decisiveness. Subordinates take orders from the ‘big boss’. Many westerners see this as a lack of initiative on the part of middle managers, but in actual fact, middle managers have little power. Most delays occur because the question has not been presented to actual decision-maker. However, things are changing in Russia. The old regime is

gradually being replaced by western business style, and younger managers will have a much more modern approach than their older counterparts.

#### South Korea

South Korea is one of the world's most successful economies, having seen five consecutive decades of high economic growth. When faced with adversity, South Koreans change direction quickly and effectively. Despite the frantic economic growth, South Korean society is still very conservative and conformist due to the influence of Confucian values. Companies are hierarchical and regimented and 'face' is very much valued. Consequently, change can sometimes be slow and painful. Managers are paternalistic, authoritative figures who expect their instructions to be carried out obediently and respectfully. In return, they give their subordinates support and help, not only in work issues but in home issues as well. Group harmony is important, so South Koreans avoid confrontation and blame, especially among people of equal rank. Friendship is therefore vital to business success. The Korean saying 'make a friend first and a client second' sums this up exactly.

#### Australia

Australia has a relatively small population in relation to its vast size. Its geographic isolation and its small domestic market mean that international trade is essential to guarantee future prosperity. Increasingly, this is done in countries in Asia rather than Commonwealth countries. Australian managers are not considered to have superior status to other workers. Their jobs are just different. Authoritative management styles are not appreciated among Australians workers. Instead, managers adopt a more consultative and inclusive style which encourages open debate. Challenging superiors is acceptable, indeed it is a sign of commitment and professionalism. Outsiders may consider such dialogues confrontational, but Australians regard them as effective ways to communicate ideas. Australian managers like to be seen as 'one of the boys' and they are more likely to socialise with their team than segregate themselves and just mix with other managers.

#### UK

In the last half century, Britain, like many industrialised countries, has moved away from heavy engineering towards service and high-tech industries. With this has come a major shift in management style. Hierarchical systems have been swept aside and replaced by modern business models, heavily influenced by the US. The 'job for life' is rare. Neither

managers nor junior workers expect to climb the corporate ladder within one company; rather, they manage their own career paths by progressing from company to company. Such short-termism can be frustrating for outsiders. British managers tend to be generalists rather than specialists, and are not necessarily the most technically competent person in the team. Instead, they are expected to have the necessary interpersonal skills to ensure the team works together effectively. They cultivate a close and humorous relationship with subordinates, which may be considered too soft. Giving direct orders can be seen as impolite, so managers often make indirect requests rather than explicit instructions, which is sometimes confusing for non-British people.

### **Tasks**

*Which country is being referred to in the statements below?*

1. "The people I deal with keep moving on to new jobs".
2. "Unless you're friends, they may not honour your agreement".
3. "It's frustrating because the official regulations keep changing".
4. "Disagreements between colleagues are frowned upon".
5. "I thought the manager had the authority to make a decision, but it turned out that he didn't".
6. "The manager and another member of staff had a huge disagreement in the meeting, and no-one seemed to care".
7. "They weren't terribly charming – they just wanted to get on with making the deal".
8. "I expected the manager to have more technical knowledge than he actually did".
9. "I dealt with two companies in this country last year. One was really hierarchical, but the other was really modern".
10. "The manager kept asking me about my wife and children. I don't know why it was so important to him".
11. "He has a PhD but he never refers to himself as a doctor".
12. "I thought that there'd be tariffs to pay, but the firm seemed quite content to overlook them".
13. "I didn't realise I was expected to do it this way. I thought the manager was just offering a tip".
14. "The managers sat with the junior workers at lunch. I expected them to have their own table".

15. "I hoped the senior manager would be prepared to discuss the matter with me, but he refused to engage in any form of debate".

### **A revolution in knowledge sharing**

The pressure to transform our institutions of learning continues. Virtually every enterprise and institution is grappling with the disruptions and opportunities caused by Web-enabled infrastructures and practices. New best practices, business models, innovations, and strategies are emerging, including new ways to acquire, assimilate, and share knowledge. Using technologies that are already developed or that will be deployed over the next five years, best practices in knowledge sharing not only are diffusing rapidly but will be substantially reinvented in all settings: educational institutions, corporations, government organizations, associations, and nonprofits. But institutions of learning are in a unique position to benefit from an added opportunity: providing leadership in e-knowledge.

E-knowledge finds expression in many shapes and forms in a profoundly networked world. It is not just a digitised collection of knowledge. E-knowledge consists of knowledge objects and knowledge flows that combine content, context, and insights on application. E-knowledge also emerges from interactivity within and among communities of practice and from the troves of tacit knowledge and tradecraft that can be understood only through conversations with knowledgeable practitioners.

E-knowing is the act of achieving understanding by interacting with individuals, communities of practice, and knowledge in a networked world. E-knowledge commerce consists of the transactions based on the sharing of knowledge. These transactions can involve the exchange of digital content/context and/or tacit knowledge through interactivity.

Transactable e-knowledge can be exchanged for free or for fee. E-knowledge is enabling not only the emergence of new best practices but also the reinvention of the fundamental business models and strategies that exist for e-learning and knowledge management. E-knowledge is technologically realized by the fusion of e-learning and knowledge management and through the networking of knowledge workers.

Transactable e-knowledge and knowledge net-working will become the lifeblood of knowledge sharing. They will create a vibrant market for e-knowledge commerce and will stimulate dramatic changes in the



knowledge ecologies of enterprises of all kinds. They will support a “Knowledge Economy” based on creating, distributing, and adding value to knowledge, the very activities in which colleges and universities are engaged. Yet few colleges and universities have taken sufficient account of the need to use their knowledge assets to achieve strategic differentiation.

In “It Doesn’t Matter” a recent article in Harvard Business Review, Nicholas G. Carr endorsed corporate leaders’ growing view that information technology offers only limited potential for strategic differentiation. Similar points are starting to be made about e-learning, and knowledge management has been under fire as ineffectual for some time.

The truth is that e-learning and knowledge management can provide strategic differentiation only if they drive genuine innovation and business practice changes that yield greater value for learners. Carr’s article provoked a host of contrary responses, including a letter from John Seely Brown and John Hagel III. Brown is well-known for his insights into the ways in which knowledge sharing can provide organizations with a solid basis for strategic differentiation.

***Task***

*Read the article and complete the summary below. For questions 1-4, choose NO MORE than TWO WORDS for each answer.*

Thanks to the advent of the computer, learning institutions today are providing new ways of acquiring knowledge, through tools that are \_\_\_\_\_ fast and which are being already \_\_\_\_\_ in all fields and settings, despite the \_\_\_\_\_ the process may entail, which all institutions are now \_\_\_\_\_

**Unfair education**

In a country where government and families alike are tightening their belts and trying to make do with less, you could be pardoned for thinking that private education would be in a bit of a jam right now. And yet, although fees at independent schools in Britain have approximately doubled over the last two and a half decades, pupil numbers are the highest since records started in 1974.

Although there are numerous reasons why parents might choose to fork out an average of £12,500 per year on their child’s education, there

is one which stands out more than any other: their reputation for getting their students into elite universities, such as the American Ivy League colleges and Britain's most prestigious universities: Oxford and Cambridge.

Private schools with experience in these admissions processes run like well-oiled machines. Their informed careers advisers have in-depth tactical knowledge of which colleges would best suit each candidate, and help them to edit their personal statements to reflect the qualities that elite universities are looking for. Interview training sessions guide young applicants through an interview system which has been described as being 'more reminiscent of an old-boy network than justice for society'. Those with family members and teachers who have successfully gone through the admissions process are at a considerable advantage to those who are the first to apply among their social group.

Consequently, the social mix of students at the top universities remains sadly biased towards the rich and privately educated – although thanks to increasing numbers of bursaries providing free private school education to academically gifted youngsters, it is possible to be one without the other. Even so, the fact is that 7% of British children go to private schools, while more than 40% of the intake at Oxford and Cambridge is privately educated, and this statistic depicts a worryingly skewed trend.

The proportion matters because, although there are obviously plenty of other universities offering excellent study programmes, an Oxbridge or Ivy-League degree undoubtedly enhances employability in the ruling professions. According to recent studies by the UK educational charity The Sutton Trust, over 30% of leading professionals in the United Kingdom, including almost 80% of lawyers, 47% of highflyers in financial services and 41% of top journalists attended Oxford or Cambridge. Every university-educated Prime Minister since 1937 except one, Gordon Brown, is an alumnus of one or the other, as are approximately two-thirds of the current government cabinet.

This bias is bad news not only for the clever but underprivileged students who have to settle for a less renowned university; it is bad news for Britain, as decisions that affect the whole nation are made by a select group with a narrow pool of experience, rather than one that is representative of society as a whole.

This disproportion was brought to public attention in 2000, when politician Gordon Brown launched an attack on the selection processes at

Oxford University. He publicised the story of Laura Spence, a gifted student who had the “best A-level qualifications you can have”, but nevertheless was turned down by Magdalen College, Oxford. Later, Member of Parliament David Lammy used the freedom of information act to examine admissions data at Oxford and Cambridge Universities, and found that almost 90% of the student body at both universities was drawn from the upper and middle classes, that in 2009 Oxford accepted only one British black Caribbean undergraduate, and it focused its attentions on admissions events at private schools such as Kate Middleton’s school, Marlborough College, and Prince William’s alma mater, Eton.

Since then, universities have been forced to up their game welcoming the less privileged among their students. Quotas have been put into place to ensure that the colleges admit a larger proportion of less privileged students. These targets are not often met, however, and they have brought about a new practice in which parents privately educate their children up to the age of 16, giving them a sound academic background, then put them in state education for their two final years, to better improve their chances of being accepted at a top university as part of their ‘less privileged’ quota.

Even so, Oxford now spends \$4 million a year on student outreach, a \$1.6 million increase since 2006–07. Much of this is spent on school visits and teacher-training programmes aimed at supporting poor and minority students who wish to apply to the university. The university has also launched a summer school, which allows around 500 academically talented, state-school students a chance to experience studying at Oxford for a week.

And yet these strategies depend on state schools being able to educate students to the same level as private schools; where stringent selection processes, partnered with high budgets, parental support and top-class facilities allow schools to spew out students of an impressively high academic calibre. State schools have much less opportunity to do this.

Or have they? One commentator argues that the success of private schools is not in their money, but in their organisation. State schools fail their pupils because, under government control, they lack options. But if head teachers at state schools were given the same freedom as those at private schools, namely to sack poor teachers and pay more to good ones, parents would not need to send their children to private schools any more.

### **Tasks**

*Complete the spaces with up to 4 words from the text.*

One study found that nearly nine tenths of students entering Oxford and Cambridge universities came from the \_\_\_\_\_.

Universities must now adhere to \_\_\_\_\_ to ensure that they admit a socio-economic mix of students.

This has led to parents choosing to educate their children in \_\_\_\_\_ to increase their chances of getting into an elite university. Oxford's \_\_\_\_\_ programme has been expanded to attract the less privileged. However, private schools can educate students to a higher standard because they have more money and they employ strict \_\_\_\_\_.

However, one commentator believes that state schools would do better if their head teachers were allowed more \_\_\_\_\_.

### **The creators of grammar**

No student of a foreign language needs to be told that grammar is complex. By changing word sequences and by adding a range of auxiliary verbs and suffixes, we are able to communicate tiny variations in meaning. We can turn a statement into a question, state whether an action has taken place or is soon to take place, and perform many other word tricks to convey subtle differences in meaning. Nor is this complexity inherent to the English language. All languages, even those of so-called 'primitive' tribes have clever grammatical components. The Cherokee pronoun system, for example, can distinguish between 'you and I', 'several other people and I' and 'you, another person and I'. In English, all these meanings are summed up in the one, crude pronoun 'we'. Grammar is universal and plays a part in every language, no matter how widespread it is. So the question which has baffled many linguists is – who created grammar?

At first, it would appear that this question is impossible to answer. To find out how grammar is created, someone needs to be present at the time of a language's creation, documenting its emergence. Many historical linguists are able to trace modern complex languages back to earlier languages, but in order to answer the question of how complex languages are actually formed, the researcher needs to observe how languages are started from scratch. Amazingly, however, this is possible.

Some of the most recent languages evolved due to the Atlantic slave trade. At that time, slaves from a number of different ethnicities were forced to work together under colonizer's rule. Since they had no opportunity to learn each other's languages, they developed a make-shift language called a pidgin. Pidgins are strings of words copied from the language of the landowner. They have little in the way of grammar, and in many cases it is difficult for a listener to deduce when an event happened, and who did what to whom. [A] Speakers need to use circumlocution in order to make their meaning understood. [B] Interestingly, however, all it takes for a pidgin to become a complex language is for a group of children to be exposed to it at the time when they learn their mother tongue. [C] Slave children did not simply copy the strings of words uttered by their elders, they adapted their words to create a new, expressive language. [D] Complex grammar systems which emerge from pidgins are termed creoles, and they are invented by children.

Further evidence of this can be seen in studying sign languages for the deaf. Sign languages are not simply a series of gestures; they utilise the same grammatical machinery that is found in spoken languages. Moreover, there are many different languages used worldwide. The creation of one such language was documented quite recently in Nicaragua. Previously, all deaf people were isolated from each other, but in 1979 a new government introduced schools for the deaf. Although children were taught speech and lip reading in the classroom, in the playgrounds they began to invent their own sign system, using the gestures that they used at home. It was basically a pidgin. Each child used the signs differently, and there was no consistent grammar. However, children who joined the school later, when this inventive sign system was already around, developed a quite different sign language. Although it was based on the signs of the older children, the younger children's language was more fluid and compact, and it utilised a large range of grammatical devices to clarify meaning. What is more, all the children used the signs in the same way. A new creole was born.

Some linguists believe that many of the world's most established languages were creoles at first. The English past tense -ed ending may have evolved from the verb 'do'. 'It ended' may once have been 'It end-did'. Therefore it would appear that even the most widespread languages were partly created by children. Children appear to have innate grammatical machinery in their brains, which springs to life when they are

first trying to make sense of the world around them. Their minds can serve to create logical, complex structures, even when there is no grammar present for them to copy.

### **Tasks**

*Answer the questions.*

1. In paragraph 1, why does the writer include information about the Cherokee language?

A. To show how simple, traditional cultures can have complicated grammar structures.

B. To show how English grammar differs from Cherokee grammar.

C. To prove that complex grammar structures were invented by the Cherokees.

D. To demonstrate how difficult it is to learn the Cherokee language

2. What can be inferred about the slaves' pidgin language?

A. It contained complex grammar.

B. It was based on many different languages.

C. It was difficult to understand, even among slaves.

D. It was created by the land-owners.

3. All the following sentences about Nicaraguan sign language are true EXCEPT:

A. The language has been created since 1979.

B. The language is based on speech and lip reading.

C. The language incorporates signs which children used at home.

D. The language was perfected by younger children.

4. In paragraph 3, where can the following sentence be placed?

It included standardised word orders and grammatical markers that existed in neither the pidgin language, nor the language of the colonizers.

A B C D

5. 'From scratch' in paragraph 2 is closest in meaning to:

A. from the very beginning;

B. in simple cultures;

C. by copying something else;

D. by using written information;

6. 'Make-shift' in paragraph 3 is closest in meaning to:

A. complicated and expressive;

B. simple and temporary;

C. extensive and diverse;

D. private and personal.

7. Which sentence is closest in meaning to the highlighted sentence?

Grammar is universal and plays a part in every language, no matter how widespread it is.

A. All languages, whether they are spoken by a few people or a lot of people, contain grammar.

B. Some languages include a lot of grammar, whereas other languages contain a little.

C. Languages which contain a lot of grammar are more common than languages that contain a little.

D. The grammar of all languages is the same, no matter where the languages evolved.

8. All of the following are features of the new Nicaraguan sign language EXCEPT:

A. All children used the same gestures to show meaning.

B. The meaning was clearer than the previous sign language.

C. The hand movements were smoother and smaller.

D. New gestures were created for everyday objects and activities.

9. Which idea is presented in the final paragraph?

A. English was probably once a creole.

B. The English past tense system is inaccurate.

C. Linguists have proven that English was created by children.

D. Children say English past tenses differently from adults.

10. Look at the word 'consistent' in paragraph 4. This word could best be replaced by which of the following?

A. natural;

B. predictable;

C. imaginable;

D. uniform.

### Smart energy

The next few decades will see great changes in the way energy is supplied and used. In some major oil producing nations, 'peak oil' has already been reached, and there are increasing fears of global warming. Consequently, many countries are focusing on the switch to a low carbon economy. This transition will lead to major changes in the supply and use of electricity. [A] Firstly, there will be an increase in overall

demand, as consumers switch from oil and gas to electricity to power their homes and vehicles. [B] Secondly, there will be an increase in power generation, not only in terms of how much is generated, but also how it is generated, as there is growing electricity generation from renewable sources. [C] To meet these challenges, countries are investing in Smart Grid technology. [D] This system aims to provide the electricity industry with a better understanding of power generation and demand, and to use this information to create a more efficient power network.

Smart Grid technology basically involves the application of a computer system to the electricity network. The computer system can be used to collect information about supply and demand and improve engineer's ability to manage the system. With better information about electricity demand, the network will be able to increase the amount of electricity delivered per unit generated, leading to potential reductions in fuel needs and carbon emissions. Moreover, the computer system will assist in reducing operational and maintenance costs.

Smart Grid technology offers benefits to the consumer too. They will be able to collect real-time information on their energy use for each appliance. Varying tariffs throughout the day will give customers the incentive to use appliances at times when supply greatly exceeds demand, leading to great reductions in bills. For example, they may use their washing machines at night. Smart meters can also be connected to the internet or telephone system, allowing customers to switch appliances on or off remotely. Furthermore, if houses are fitted with the apparatus to generate their own power, appliances can be set to run directly from the on-site power source, and any excess can be sold to the grid.

With these changes comes a range of challenges. The first involves managing the supply and demand. Sources of renewable energy, such as wind, wave and solar, are notoriously unpredictable, and nuclear power, which is also set to increase as nations switch to alternative energy sources, is inflexible. With oil and gas, it is relatively simple to increase the supply of energy to match the increasing demand during peak times of the day or year. With alternative sources, this is far more difficult, and may lead to blackouts or system collapse. Potential solutions include investigating new and efficient ways to store energy and encouraging consumers to use electricity at off-peak times.

A second problem is the fact that many renewable power generation sources are located in remote areas, such as windy uplands and coastal



regions, where there is currently a lack of electrical infrastructure. New infrastructures therefore must be built. Thankfully, with improved smart technology, this can be done more efficiently by reducing the reinforcement or construction costs.

Although Smart Technology is still in its infancy, pilot schemes to promote and test it are already underway. Consumers are currently testing the new smart meters which can be used in their homes to manage electricity use. There are also a number of demonstrations being planned to show how the smart technology could practically work, and trials are in place to test the new electrical infrastructure. It is likely that technology will be added in 'layers', starting with 'quick win' methods which will provide initial carbon savings, to be followed by more advanced systems at a later date. Cities are prime candidates for investment into smart energy, due to the high population density and high energy use. It is here where Smart Technology is likely to be promoted first, utilising a range of sustainable power sources, transport solutions and an infrastructure for charging electrically powered vehicles. The infrastructure is already changing fast. By the year 2050, changes in the energy supply will have transformed our homes, our roads and our behaviour.

### ***Tasks***

*Answer the questions.*

1. According to paragraph 1, what has happened in some oil producing countries?

- A. They are unwilling to sell their oil any more.
- B. They are not producing as much oil as they used to.
- C. The supply of oil is unpredictable.
- D. Global warming is more severe here than in other countries.

2. Where in paragraph 1 can the following sentence be placed?

There is also likely more electricity generation centres, as households and communities take up the opportunity to install photovoltaic cells and small scale wind turbines.

3. Which of the following is NOT a benefit of Smart Grid technology to consumers?

- A. It can reduce their electricity bills.
- B. It can tell them how much energy each appliance is using.
- C. It can allow them to turn appliances on and off when they are not at home.

- D. It can reduce the amount of energy needed to power appliances.
4. According to paragraph 4, what is the problem with using renewable sources of power?
- A. They do not provide much energy.
  - B. They often cause system failure and blackouts.
  - C. They do not supply a continuous flow of energy.
  - D. They can't be used at off-peak times.
5. In paragraph 5, what can be inferred about cities in the future?
- A. More people will be living in cities in the future than nowadays.
  - B. People in cities will be using cars and buses powered by electricity.
  - C. All buildings will generate their own electricity.
  - D. Smart Grid technology will only be available in cities.
6. The word 'remote' in paragraph 5 could be best replaced by:
- A. isolated;
  - B. crowded;
  - C. attractive;
  - D. alone.
7. The word 'underway' in paragraph 6 is closest in meaning to:
- A. permanent;
  - B. complete;
  - C. beneficial;
  - D. in progress.
8. What is the main idea of the final paragraph? (paragraph 6).
- A. To describe who will benefit from Smart Grid technology first.
  - B. To outline the advantages of Smart Grid technology.
  - C. To summarise the main ideas in the previous paragraphs.
  - D. To describe how, where and when Smart Technology will be introduced.
9. In paragraph 6, what can be inferred about the introduction of Smart Grid Technology?
- A. The technologies which produce most benefits will be introduced first.
  - B. The cheapest technologies will be introduced first.
  - C. The technologies which are most difficult to put into place will be introduced first.
  - D. Technologically advanced systems will be introduced first.

## Risk-taking and the monkey economy

Humans are uniquely smart among all the other species on the planet. We are capable of outstanding feats of technology and engineering. Then why are we so prone to making mistakes? And why do we tend to make the same ones time and time again? When Primate Psychologist Laurie Santos from the Comparative Cognition Lab at Yale University posed this question to her team, they were thinking in particular of the errors of judgement which led to the recent collapse of the financial markets. Santos came to two possible answers to this question. Either humans have designed environments which are too complex for us to fully understand, or we are biologically prone to making bad decisions.

In order to test these theories, the team selected a group of Brown Capuchin monkeys. Monkeys were selected for the test because, as distant relatives of humans, they are intelligent and have the capacity to learn. However, they are not influenced by any of the technological or cultural environments which affect human decision-making. The team wanted to test whether the capuchin monkeys, when put into similar situations as humans, would make the same mistakes.

[A] Of particular interest to the scientists was whether monkeys would make the same mistakes when making financial decisions. [B] In order to find out, they had to introduce the monkeys to money. [C] The monkeys soon cottoned on, and as well as learning simple exchange techniques, were soon able to distinguish 'bargains' – If one team-member offered two grapes in exchange for a metal disc and another team-member offered one grape, the monkeys chose the two-grape option. [D] Interestingly, when the data about the monkey's purchasing strategies was compared with economist's data on human behaviour, there was a perfect match.

So, after establishing that the monkey market was operating effectively, the team decided to introduce some problems which humans generally get wrong. One of these issues is risk-taking. Imagine that someone gave you \$1000. In addition to this \$1000, you can receive either A) an additional \$500 or B) someone tosses a coin and if it lands 'heads' you receive an additional \$1000, but if it lands 'tails' you receive no more money. Of these options, most people tend to choose option A. They prefer guaranteed earnings, rather than running the risk of receiving nothing. Now imagine a second situation in which you are given \$2000.

Now, you can choose to either A) lose \$500, leaving you with a total of \$1500, or B) toss a coin; if it lands 'heads' you lose nothing, but if it lands 'tails' you lose \$1000, leaving you with only \$1000. Interestingly, when we stand to lose money, we tend to choose the more risky choice, option B. And as we know from the experience of financial investors and gamblers, it is unwise to take risks when we are on a losing streak.

So would the monkeys make the same basic error of judgement? The team put them to the test by giving them similar options. In the first test, monkeys had the option of exchanging their disc for one grape and receiving one bonus grape, or exchanging the grape for one grape and sometimes receiving two bonus grapes and sometimes receiving no bonus. It turned out that monkeys, like humans, chose the less risky option in times of plenty. Then the experiment was reversed. Monkeys were offered three grapes, but in option A were only actually given two grapes. In option B, they had a fifty-fifty chance of receiving all three grapes or one grape only. The results were that monkeys, like humans, take more risks in times of loss.

The implications of this experiment are that because monkeys make the same irrational judgements that humans do, maybe human error is not a result of the complexity of our financial institutions, but is imbedded in our evolutionary history. If this is the case, our errors of judgement will be very difficult to overcome. On a more optimistic note however, humans are fully capable of overcoming limitations once we have identified them. By recognising them, we can design technologies which will help us to make better choices in future.

### ***Tasks***

*Answer the questions.*

1. What was the aim of the experiment outlined above?
  - A. To investigate whether monkeys could learn to use money
  - B. To investigate where human mistakes come from
  - C. To find out whether it is better to take risks in times of loss
  - D. To determine whether monkeys make more mistakes than humans
2. Where in paragraph 3 could the sentence below be best placed?

The team distributed metal discs to the monkeys, and taught them that the discs could be exchanged with team-members for food.

A B C D

3. Which of the following statements is the best paraphrase of the highlighted sentence?

On a more optimistic note however, humans are fully capable of overcoming limitations once we have identified them.

A. Hopefully, humans will soon be able to solve these problems.

B. Fortunately, humans can solve problems that we know about.

C. Luckily, humans do not have many limitations which have been identified.

D. We are happy to note that we can solve the problem which we have identified.

4. The words 'cottoned on' are closest in meaning to:

A. learnt;

B. knew;

C. completed;

D. concluded.

5. Which paragraph addresses why monkeys were chosen for the experiment?

A. Paragraph 2;

B. Paragraph 3;

C. Paragraph 4;

D. Paragraph 5.

6. What can be inferred about Laurie Santos?

A. She thinks that both humans and monkeys are greedy.

B. Her job frequently involves working with monkeys.

C. She believes that humans should never take risks.

D. She prefers monkeys to humans.

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Учебное издание

**БЕРЕЗОВСКАЯ** Марина Владимировна

**BUSINESS ENGLISH  
READING COMPREHENSION**

Пособие для студентов специальностей  
1-27 03 01 «Управление инновационными проектами  
промышленных предприятий»;  
1-27 03 02 «Управление дизайн-проектами  
на промышленном предприятии»

Редактор *Е. С. Кочерго*  
Компьютерная верстка *Н. А. Школьниковой*

Подписано в печать 30.11.2017. Формат 60×84 <sup>1</sup>/<sub>16</sub>. Бумага офсетная. Ризография.  
Усл. печ. л. 5,52. Уч.-изд. л. 4,32. Тираж 100. Заказ 528.

Издатель и полиграфическое исполнение: Белорусский национальный технический университет.  
Свидетельство о государственной регистрации издателя, изготовителя, распространителя  
печатных изданий № 1/173 от 12.02.2014. Пр. Независимости, 65. 220013, г. Минск.