



**МИНИСТЕРСТВО ОБРАЗОВАНИЯ  
РЕСПУБЛИКИ БЕЛАРУСЬ**

**Белорусский национальный  
технический университет**

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**Факультет маркетинга, менеджмента,  
предпринимательства**

**Кафедра «Современные европейские языки»**

**М. В. Храмцова**

# FROM ANALYSIS TO JUDGEMENT

*Учебно-методическое пособие  
по английскому языку*

**Минск  
БНТУ  
2013**

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Белорусский национальный технический университет

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ОТ АНАЛИЗА К СУЖДЕНИЮ

Учебно-методическое пособие  
по английскому языку  
для студентов экономических специальностей

*Рекомендовано учебно-методическим объединением в сфере  
высшего образования Республики Беларусь по образованию  
в области экономики и организации производства*

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## СОДЕРЖАНИЕ

UNIT 1	
AN INNOVATIVE SPIN ON CORPORATE COMMUNICATIONS.....	4
UNIT 2	
IMPENETRABLE.....	8
UNIT 3	
FROM BUY, BUY TO BYE BYE .....	12
UNIT 4.....	
<b>YOU’VE GOT TO FIND WHAT YOU LOVE .....</b>	<b>16</b>
UNIT 5.....	
GENERATION Y GOES TO WORK .....	26
UNIT 6.....	
FAILED SEARCH .....	29
UNIT 7.....	
LOOK FORWARD IN ANGER.....	32
Unit 8 .....	
A CLOUDED FUTURE .....	36
Unit 9 .....	
RECOVERY, VERY EARLY STAGE .....	39
Unit 10.....	
GENERATION Y AND BRANDS .....	42
Unit 11 .....	
SCARING THE SALARYMEN.....	45
Unit 12 .....	
BUSINESS.VIEW: SLICKER IMAGE-MAKING.....	48
Unit 13.....	
THE RYPPLE EFFECT .....	52
Unit 14 .....	
WHEN TRADE PARTNERS ATTACK.....	55

## UNIT 1



### COMMUNICATION PROBLEMS



### AN INNOVATIVE SPIN ON CORPORATE COMMUNICATIONS

#### PRE-READING TASK

- I. Do you attach any importance to corporate spin or discount heavily on any corporate stories published in mass media? Why?
- II. What are the ways to modify corporate communication with employees and outer world?

In the world of corporate communications, blandness and platitudes rule. Failures and bad news are air-brushed out of sight. Julian Birkinshaw calls for innovation – and honesty in the way companies communicate.

Companies invest enormous amounts of effort in communicating with external stakeholders and with their employees, but the message is usually little more than a sequence of optimistic platitudes. You never get to hear the two sides of the discussion that the board were preoccupied with when they made a decision, and you never see the account (let alone the warts-and-all vision) of why something went badly wrong. Contrary or heretical opinions are exorcised from the official record.

**Isn't it a bit odd?** One of the pillars of liberal democracy is the right to speak freely, and yet most companies offer no such liberties for their employees. Corporate communications end up looking more like an article from Pravda in the 1980s, or a tract of Orwellian newspeak, than something you would find in a Western newspaper.

The result of such desperately conservative line on corporate communications is **entirely predictable**. Take a typical “bad news” story such as a plant closure. The company releases its press release, or acknowledges the closure of its annual report. At the same time – or usually before the official story – the rumor mill grinds out its unofficial version of events, often corrupting it in the process; parts of the story get leaked to the press, who then put their own spin on it; and cynical employees gather

around the coffee machine, sniping at their senior manager and wondering why they are not better informed.

The internet has magnified both the severity and the reach of this rumor mill. First came the anti-company websites, such as [microsoftsucks.org](http://microsoftsucks.org) and [wallmartsucks.org](http://wallmartsucks.org), which created a convenient forum for embittered employees and aggrieved customers to share their grips. The rise of personal blogs subsequently gave even more power to individuals to tell the story their way. And while the first wave of blogs came from outsiders taking pot shots at a company, they were quickly followed by insiders – company employees putting their own spin on the official story, often with very little regard for corporate etiquette (e.g. [scoble.weblogs.com](http://scoble.weblogs.com)).

We also see collective efforts to challenge the official corporate line. As an extreme case, Friends of the Earth published “**The other Shell Report**” in 2002. a carefully researched but highly one-sided **analysis of Shell’s record on corporate responsibility from the point of view of those living in the shadow of Shell’s operation** around the world. All of which accentuates the need for some real innovation around the message and the mode of corporate communications. The benefits of honest, grown-up communication are enormous – it generates buy-in, it stimulates productive debate, and it reduces the risk of untrue rumors spreading. And the risks are minimal, as the truth has a habit of coming out anyway. Of course there are boundaries here – especially for publicly-traded companies that face strict rules on corporate disclosures – **but most companies don’t get anywhere near danger zone in terms of what they talk about, or how they say it.**

A couple of examples of innovations in corporate communication to give a flavor of what is possible:

**IBM held a “Values Jam” in 2003 where employees from all over the world could tap into a live discussions forum on its website about the company’s values.** Despite many highly - **critical postings (“the only value in IBM today is the stock price,** CEO Sam Pamisans instead of letting the full range of viewpoints emerge, and the no-holds-barred discussion that followed led to a much more persuasive and widely-accepted value statement than anything a committee could have come up with.

**The Guardian newspaper publishes an annual “social audit” to review its record** on environment, social and ethical issues (see [www.guardian.co.uk/social](http://www.guardian.co.uk/social) audit), which an independent auditor then comments on. And the results are not always positive: the 2006 review showed that Pearson (publisher of the Financial Times), not the Guardian, had the best record on environmentally responsible paper sourcing, and the auditor, Richard Evans, criticized the Guardian for its reporting on CO2 emissions. Such findings are not only refreshingly honest; they are also an expression of commitment to improvement.

These examples just scratch the surface of a deep, untapped well of opportunity in generating meaningful corporate communication. Just pick up any newspaper or magazine outside Cuba or North Korea for inspiration: how about appointing an independent editor to write your company newsletter? How about getting someone to write a counterpoint to the arguments made in the press release? How about encouraging your employees to set up their own blogs? (Microsoft has over 700 such people). Of course there are limits to this exercise – **you don't want to create unnecessary grist for the critic's column, and you don't want to encourage lawsuits. But the acid test is simple: if the other side of the story is going to emerge anyway, wouldn't you like to have some say in how it gets out.**

### COMPREHENSION

I. Explain what these expressions from the article mean in your own words.

- ◇ external stakeholders
- ◇ optimistic platitudes
- ◇ heretical opinions
- ◇ pillars of liberal democracy
- ◇ corporate spin
- ◇ company insiders and outsiders
- ◇ social audit
- ◇ scratch the surface
- ◇ value statement
- ◇ warts-and-all version

II. As you read the text, identify and remember the main points and how they are related. Complete these Key ideas column with appropriate words and phrases from the text. Then complete the notes in the Detail column.

	Key idea	Details
1.	Corporate <i>communications</i> with external stakeholders and their employees sound like <i>corporate spin</i> .	There is a plethora of optimistic <i>platitudes</i> . You never hear the true account of events all <i>heretical opinions</i> are exorcised.

2.	The result of such a c-----e l--e on corporate communication is discouraging.	Before a company r-----s any official story, some information g---s l--ed to the press who then put their s--n on it. Cynical employees s---e at their senior managers and accentuate the lack of information.
3.	The i-----t gave rise to a huge amount of negative criticism. It m-----d both the s-----y and the reach of this r----- m--l.	First came the anti-company websites. They were followed by personal b---s which gave even more power to i-----s and o-----s to take p-t-s---s at a company.
4.	Nowadays some c-----e e-----s are observed to challenge the official corporate line.	Friends of the Earth published critical but one-sided analysis of <b>Shell's</b> c-----e r-----y.
5.	There are enormous b-----ts from honest and meaningful corporate communication but also some b-----es for publicly traded companies.	Innovative, grown up communication generates buy-in, encourages p-----ve d----te and prevents spreading rumors. Still some companies have strict rules on corporate d-----re
6.	<b>IBM held a “Values Jam” on its website</b> in 2003 which let the full r---e of v-----ts emerge.	Participants could tap into a l--e d-----ion f---m on its website about <b>company's values. This innovation</b> resulted in persuasive v---e s-----ts which were widely accepted.
7.	The Guardian newspaper has also expressed its commitment to improvement by publishing annual <b>“social audit”</b> which an independent auditor then comments on.	The results are not always positive but they bring refreshing benefits.



8.	There is a deep untapped well of opportunity in generating meaningful corporate communication.	Nevertheless companies should <b>stick to some limits if they don't</b> want to encourage lawsuits or create uncertainty <b>for the critic's column.</b>
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### FOLLOW-UP ACTIVITY

- I. You work for a company with high level of CSR. What sort of bad **news could be included into the company's reports, press releases or ethical audits** safeguarding its reputation?
- II. What suggestions could you put into untapped well of meaningful corporate communication?

## UNIT 2



### INTERNATIONAL MARKETING

#### IMPENETRABLE

Selling foreign goods in China



#### PRE-READING TASK

- I. What makes Chinese market so attractive for Western companies?
- II. What obstacles may prevent them from doing well in China?
- III. Which brands have a good chance with Chinese consumers?

Despite widespread hope that China will help pull the world out of recession, foreigners are finding it as arduous as ever to do business there

EVERY year, says Paul French, head of Access Asia, a research firm based in Shanghai, the same company buys the same report from him on the market for a particular product in China. That is because each year the company in question sends a new executive to China with instructions to break into the local market, who soon departs in despair—having failed to find an opening given the (brief) time and (insufficient) resources allotted.

**Mr. French's customer is not alone. China accounts for less than 2% of the global sales of drugs giants such as Pfizer, AstraZeneca and Bayer, estimates IMS, another research firm. Procter & Gamble (P&G), a consumer-goods giant, is reckoned to generate only a bit over \$3 billion annually in China, less than 5% of its overall sales. Unilever is thought to sell less than half as much; its local operations are barely profitable. AIG, an American insurance firm, was founded in Shanghai and has won greater access to China than many of its competitors. But its operations are still restricted to just eight cities. Analysts suspect its revenues in China are less than in Taiwan, a country with 2% of the population and stiffer competition.**

The promise—and frequent disappointment—of doing business in China has been a common theme since at least the 19th century, when weavers in Manchester were said to dream of adding a few inches to every shirrtail in China. Thanks to recession at home, foreign firms are keener than ever to capitalize on China's growth. **But Europe and America's exports to China have remained broadly flat over the past year and amount to less than 7% of the total, even though shrinking exports to other countries flatter the figure. Even if the Chinese economy grows by the official target of 8% this year, the impact on Western firms' total sales would be little more than a rounding error,** says Ronald Schramm, a visiting professor at the Chinese European International Business School.

Many foreign firms, of course, are doing well in China, especially at the two extremes of the value chain: things like luxury goods, fiber-optic cable and big aero planes on the one hand, and oil, ores and recyclable waste on the other. But in between, both explicit legal impediments and hidden obstacles continue to hamper access to Chinese customers, despite China's promises of reform when it joined the World Trade Organization (WTO) in 2001. Publishing, telecommunications, oil exploration, marketing, pharmaceuticals, banking and insurance all remain either fiercely protected or off-limits to foreigners altogether. Corruption, protectionism and red tape hamper foreigners in all fields.

Recent reports from three lobbies for foreign businesses, the American Chamber of Commerce in Shanghai, the European Chamber of Commerce in China and the US-China Business Council, bear out this gloomy view. Their biggest gripes have nothing to do with typical business concerns, such as the availability of good staff or high costs. Instead, they complain about subsidized competition, restricted access,

conflicting regulations, a lack of protection for intellectual property and opaque and arbitrary bureaucracy.

**To operate in China, the Council itself must provide documents from America's** State Department, the Chinese Embassy in America, the cities of Washington and Shanghai, the local tax authorities and the local branch of the State Administration for Industry and Commerce. It takes six months to obtain a one-year license. At least there is an established procedure, albeit a costly and cumbersome one. Others are not so lucky: upon joining the WTO, China agreed to allow foreign firms to compete to offer booking systems to local airlines, but according to the European Chamber it has not yet produced the necessary regulations.

Local officials go to great lengths to protect companies on their patch, often by giving them preferential access to land or credit, or by easing bureaucratic constraints for them. All the red tape would at least provide plenty of work for multinational law firms, were they permitted to employ Chinese lawyers—which they are not. The government, by dint of its control of the media, also controls advertising rates. That makes the cost of reaching a consumer in China higher than in many Western countries, although the potential rewards are much lower since most Chinese are so much poorer, says Tom Doctoroff, the boss of JWT, an advertising firm. There is little reliable business news.

Firms that have managed to overcome these obstacles tend to produce locally in China; their products are perceived to be of high quality (few foreigners succeed by undercutting prices) and they have invested tremendous amounts of time and effort building distribution networks and raising awareness of their brands. Take Goodyear, an American tire maker. It has had to find local partners for all of its 760 dealerships in China, who in turn had to obtain permits from the authorities. It has got around the state monopoly on advertising by deploying its trademark blimps, and pre-empted objections to that by using them to advocate a worthy cause: safe driving.

As always, there are local tastes to consider too. Chinese consumers seem to have even more of a taste for variety than most. P&G produces its Crest brand of toothpaste in a mouth-watering array of flavors, including lemon, tea, strawberry, salt **and honey. A similar proliferation of offerings has served Nokia, the world's biggest** handset-maker, well too.

One strategy that has brought success to several foreign firms has been to charge high prices – a surprise, given those earnings in China remain quite low. A survey by the Nielsen Company concludes that Chinese believe that foreign brands are more expensive, even when they are not. That suggests that they should aim to compete on quality rather than cost. At any rate, Apple, General Motors and Levi Strauss all sell certain products at higher prices in China than elsewhere. So do many luxury brands. But relatively few foreign firms have managed to reap such rewards.

(Business Oct 15th 2009. Shanghai. | from the print edition)

## COMPREHENSION

### I. True or false?

1. China is an open market for entry.
2. Time is also an investment when you are looking for an opening in the local Chinese market.
3. **Recession at home boosts hopes of foreign firms to capitalize on China's growth.**
4. Shrinking exports to other countries **increased Europe and America's export figures to China.**
5. Corruption, protectionism and red tape hamper foreigners in all fields.
6. **Europe and America's typical business concerns are such as the availability of good staff and high costs of running business in China.**
7. The cost of reaching a consumer in China is lower than in many Western countries.
8. Firms that have managed to overcome obstacles from opaque and arbitrary bureaucracy tend to produce locally in China.
9. Chinese consumers seem to have international tastes and not very choosy in their preferences
10. One strategy that has brought success to several foreign firms has been that of cost leadership in China.

### II. What do these figures refer to?

\$3 billion, 760, 8 cities, 5%, 7%, 8%, 2001, six months

### III. Choose the right answer.

1. **Chinese market tends to be .....**  
*a. penetrable b. volatile c. sluggish d. impenetrable*
2. **Europe and America's exports to China have remained .....over the past year.**  
*a. impressive b. flat c. gathering pace d. disappointing*
3. **Foreign businesses in China complain about ..... competition.**  
*a. subsidized b. cut-throat c. unfair d. tough*
4. Proliferation of offerings to Chinese consumers works as they have  
*a. local tastes b. global tastes ...c. taste for variety d. convergence of tastes*
5. **Foreign brands should aim to compete on .....**  
*a. cost b. price c. quality d. differentiation*

## FOLLOW-UP ACTIVITY

I. What other markets with great potential do you know?

II. What marketing strategy (standardization, customizing) will be the most appropriate for each of them? Back up your point of view. What obstacles or barriers may arise on your way to success?

## UNIT 3



### BUILDING RELATIONSHIPS



### FROM BUY, BUY TO BYE BYE

The recession will have a lasting impact on the way people shop.

### PRE-READING TASK

I. Which brands and companies are you loyal to? What do you appreciate most of all in their products or customer service? Do you often recommend them to your friends?

II. What shifts in consumer psychology can be observed in economic downturn?

III. Is it possible to retain the majority of loyal customers in difficult times?

**§ 1.** “WANT IT!” screamed the words plastered on the walls, counters and shopping bags in the flagship emporium of Saks, a big American retailer, on Fifth Avenue in New York. The same exhortation was emblazoned in huge letters on a gi-

ant red and white ball that revolved slowly in the middle of the main sales floor. **Saks's spring marketing campaign, which came to an end on April 1st, made its brazen appeal to greed in a bid to drum up sales in a dire market. But the exclamation mark in its "Want It!" tagline should perhaps have been a question mark instead.**

§ 2. Asked whether they want more stuff, consumers in rich countries have **responded with an emphatic "No".** The **brehtaking speed** with which retail sales have plummeted in both America and Europe has caught retailers and manufacturers by surprise. In response, companies have tried desperately to prop up revenues using a variety of promotions, advertising and other marketing ploys, often to no avail.

§ 3. But as they battle with these immediate problems, marketers are also pondering what longer-term changes in consumer behavior have been triggered by the recession. It is tempting to conclude that, once economies rebound, customers will start spending again as they did before. Yet there are good reasons to think that what promises to be the worst downturn since the Depression will spark profound shifts in **shoppers' psychology.** The **biggest changes will take place in America and parts of Europe,** where housing and stock market bubbles have imploded and unemployment has soared. As well as seeing their incomes fall as employers cut wages and jobs, households have also seen the value of their homes and retirement savings shrink dramatically. Although the threat to wages will fade as growth picks up the damage done to housing and other assets will linger.

§ 4. This has already led to a swift tightening of purse strings by shoppers and a wave of discounting by companies. Inmar, an American firm that processes discount coupons, says that redemptions in America were 17% higher in the first quarter of 2009 than in the same period last year, as consumers hunted for bargains. Many companies have launched lower-priced products in order to avoid losing customers as they trade down. Danone, a French food group, has created a line of low-cost yogurts **in Europe, called "Eco Packs", that come in smaller tubs and fewer flavors than its standard products.**

§ 5. The trend towards thrift will not disappear when the economy picks up. For one thing, those banks left standing after the bust will be far more parsimonious with consumer credit. For another, many people will still be intent on rebuilding their nest-eggs, which is reflected in sharply rising rates of saving. Sociologists also detect a **distinct change in people's behavior. Until the downturn, folk had come to assume that "affluence" was the norm, even if they had to go deeply into debt to pay for gadgets and baubles.** Now many people no longer seem consumed by the desire to consume; instead, they are planning to live within their means, and there has been a backlash against bling. So for years to come, many more households will be firmly focused on saving, splashing out only occasionally on a big-ticket item. Some firms are already trying to capitalize on this new mood. Sears, another American retailer, **recently revived a savings plan it used many years ago, known as the "Layaway program", under which a consumer can make a down payment on an item that is then held for him for a fixed period while he saves the rest of the cash needed to buy it.**

§ 6. A second shift in consumer psychology has been prompted by fallout from the global banking crisis and the furor over huge bonuses paid by firms rescued with

public money; by a wave of financial scandals, such as the Madoff affair in America; and by multibillion-dollar bail-outs of carmakers in many countries. All this seems to be denting trust in business more generally. The Boston Consulting Group recently completed a global survey of consumer sentiment involving 15,000 consumers. The results, to be published this month, show that over half of respondents from America and Europe say the crisis has intensified their distrust of big business.

§ 7. Past downturns have also stoked anti-business feeling, which dissipated as growth returned. But the sheer scale of the failings that have come to light recently mean that suspicion and wariness will not vanish so easily this time around. In response, firms will need to be even more transparent in their dealings with customers, who will punish them severely if they fail to keep their promises. Bain, another consulting firm, says it has seen several firms appoint executives recently with a specific brief to ensure that price adjustments and service cuts do not damage loyal customers' experience of brands.

§ 8. Companies will also need to show they empathize with consumers' new concerns. "There will need to be a move from passion to compassion in marketing," reckons John Gerzema of Young & Rubicam, a marketing-services firm. Hyundai, a South Korean carmaker, has taken the hint. In January it said that for a 12-month period it would allow car buyers to return vehicles without incurring a penalty if they lose their jobs. On March 31st Ford and General Motors followed Hyundai's example, saying they would make payments on car loans and leases for a limited period on behalf of buyers who are laid off.

§ 9. Both the shift towards greater thrift and greater skepticism about brands will influence other consumer trends, too. Interest in things such as green products and healthy foods will continue to grow in a post-crisis world, but customers will be less willing to pay a premium for them, and will demand more value for money when they do. The downturn will also accelerate the use of social media, such as blogs and social-networking sites, by consumers looking for intelligence on firms and their products. As trust in brands is eroded, people will place more value on recommendations from friends. Social media make it harder for brands to pull the wool over consumers' eyes, but they also offer canny companies a powerful new channel through which to promote their wares and test new products and pricing strategies.

§ 10. Marketers ignore the messages that emanate from these groups at their peril. For one thing is clear: this recession has triggered a wholesale reappraisal by shoppers of the value that their habitual brands deliver. The winners will be those that adapt intelligently to the new reality. The losers will be those who think they can win simply by telling consumers to "Want It!"

(The Economist 17 Sep 2010)

## COMPREHENSION

I. Look through the whole article and put these paragraph summaries into the correct order.

	Plummeting sales and <b>new retailers' ploys.</b>
	<b>Economists predict profound shifts in shoppers' psychology.</b>
	Retaining loyal customers gets a challenging task.
	New consumer trend toward thrift - backlash against bling.
	A new move from passion to compassion in marketing.
	Distrust of big business.
	More skepticism about brands and demand for more value for money.
	Companies are trading down with a new wave of discounting.
	Winners in new reality when buyers no more WANT IT.
	Question mark VS exclamation mark.

II. Match companies mentioned in the article with their products and new marketing campaigns.

<ol style="list-style-type: none"> <li>1. Saks</li> <li>2. Inmar</li> <li>3. DANONE</li> <li>4. Sears</li> <li>5. Hyundai</li> <li>6. Ford, Gen. Motors</li> </ol>	<ol style="list-style-type: none"> <li>a. American firm</li> <li>b. Big American retailer</li> <li>c. American car makers</li> <li>d. American retailer</li> <li>e. South Korean car-maker</li> <li>f. French food group</li> </ol>	<ul style="list-style-type: none"> <li>- promise of 12-month period for car buyers to return vehicles without incurring a penalty if they lose their jobs</li> <li>- line of low-cost yogurts in Europe, called <b>"Eco Packs"</b></li> <li>- <b>savings plan known as the "Lay-away program"</b></li> <li>- promise to make payments on car loans and leases for a limited period on behalf of buyers who are laid off.</li> <li>- discount coupons</li> <li>- spring marketing campaign under the slogan WANT IT!</li> </ul>
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III. Which campaign was not adapted intelligently to the new reality of the downturn?

### FOLLOW-UP ACTIVITY

1. Some analysts assert that newly acquired buyers are often unprofitable. The profits come from repeat business from loyal customers. Do you share this opinion?



2. Complete this range of benefits companies get from long-term loyal customers.

Loyal customers typically:

- \* Buy more per year.
- \* Buy higher priced options.
- \* Buy more often.
- \* Are less price sensitive.
- \* Are less costly to serve.
- \* Are more loyal.
- \* Have a higher lifetime value.

3. How can companies adapt their marketing strategies in recession times?

4. *In the period of economic recession companies need to show they empathize with consumers' new concerns. "There will need to be a move from passion to compassion in marketing," reckons John Gerzema of Young & Rubicam, a marketing-services firm.*

**Can you offer your own ideas of "compassion in marketing" in order to retain loyal customers.**

## UNIT 4



## SUCCESS



### YOU'VE GOT TO FIND WHAT YOU LOVE

His accomplishments and character helped define a generation and change the world. He is co-founder of the fairytale company we now know as Apple Computers. This man with boundless energy and charisma is also a master of hype,

hyperbole and the catchy phrase. **And even when he's trying to talk normally, a brilliant story comes tumbling out.**

## PRE-READING TASK

I. Why is the world better for some people or companies? What are the main ingredients of success?

II. What do you know about Apple and its legendary founder Steve Jobs?

III. Whether up or down always innovating. What other companies are associated with the motto? Name some of the greatest companies of the past years who made their mark in science, technology, in management, finance or marketing.

### Text 1

#### Just three stories

I am honored to be with you today at your commencement from one of the finest universities in the world. I never graduated from college. Truth be told, this is the **closest I've ever gotten to a college graduation. Today I want to tell you three stories from my life. That's it. no big deal.**

The first story is about connecting the dots.

I dropped out of Reed College after the first 6 months, but then stayed around as a drop-in for another 18 months or so before I really quit. So why did I drop out?

It started before I was born. My biological mother was a young, unwed college graduate student, and she decided to put me up for adoption. She felt very strongly that I should be adopted by college graduates, so everything was all set for me to be adopted at birth by a lawyer and his wife. Except that when I popped out they decided at the last minute that they really wanted a girl. So my parents, who were on a waiting list, **got a call in the middle of the night asking: "We have an unexpected baby boy; do you want him?" They said: "Of course."** My biological mother later found out that my mother had never graduated from college and that my father had never graduated from high school. She refused to sign the final adoption papers. She only relented a few months later when my parents promised that I would someday go to college.

And 17 years later I did go to college. But I naively chose a college that was almost as expensive as Stanford, and all of my working-class parents' **savings were being spent on my college tuition. After six months, I couldn't see the value in it. I had no idea what I wanted to do with my life and no idea how college was going to help**

me figure it out. And here I was spending all of the money my parents had saved their entire life. So I decided to drop out and trust that it would all work out OK. It was pretty scary at the time, but looking back it was one of the best decisions I ever made. **The minute I dropped out I could stop taking the required classes that didn't interest me, and begin dropping in on the ones that looked interesting.**

**It wasn't all romantic. I didn't have a dorm room, so I slept on the floor in friends' rooms, I returned coke bottles for the 5¢ deposits to buy food with, and I would walk the 7 miles across town every Sunday night to get one good meal a week at the Hare Krishna temple. I loved it. And much of what I stumbled into by following my curiosity and intuition turned out to be priceless later on. Let me give you one example:**

Reed College at that time offered perhaps the best calligraphy instruction in the country. Throughout the campus every poster, every label on every drawer, was **beautifully hand calligraphed. Because I had dropped out and didn't have to take the normal classes, I decided to take a calligraphy class to learn how to do this.** I learned about serif and san serif typefaces, about varying the amount of space between different letter combinations, about what makes great typography great. It was beautiful, historical, artistically subtle in a way that **science can't capture, and I found it fascinating.**

None of this had even a hope of any practical application in my life. But ten years later, when we were designing the first Macintosh computer, it all came back to me. And we designed it all into the Mac. It was the first computer with beautiful typography. If I had never dropped in on that single course in college, the Mac would have never had multiple typefaces or proportionally spaced fonts. And since Windows just copied the Mac, its likely that no personal computer would have them. If I had never dropped out, I would have never dropped in on this calligraphy class, and personal computers might not have the wonderful typography that they do. Of course it was impossible to connect the dots looking forward when I was in college. But it was very, very clear looking backwards ten years later.

**Again, you can't connect the dots looking forward; you can only connect them looking backwards.** So you have to trust that the dots will somehow connect in your future. You have to trust in something — your gut, destiny, life, karma, whatever. This approach has never let me down, and it has made all the difference in my life.

My second story is about love and loss.

I was lucky — I found what I loved to do early in life. Woz and I started Apple in my parents garage when I was 20. We worked hard, and in 10 years Apple had grown from just the two of us in a garage into a \$2 billion company with over 4000 employees. We had just released our finest creation — the Macintosh — a year earlier, and I had just turned 30. And then I got fired. How can you get fired from a company you started? Well, as Apple grew we hired someone who I thought was very talented to run the company with me, and for the first year or so things went well. But then our visions of the future began to diverge and eventually we had a falling out.

When we did, our Board of Directors sided with him. So at 30 I was out. And very publicly out. What had been the focus of my entire adult life was gone, and it was devastating.

**I really didn't know what to do for a few months. I felt that I had let the previous generation of entrepreneurs down – that I had dropped the baton as it was being passed to me. I met with David Packard and Bob Noyce and tried to apologize for screwing up so badly. I was a very public failure, and I even thought about running away from the valley. But something slowly began to dawn on me — I still loved what I did. The turn of events at Apple had not changed that one bit. I had been rejected, but I was still in love. And so I decided to start over.**

**I didn't see it then, but it turned out that getting fired from Apple was the best thing that could have ever happened to me. The heaviness of being successful was replaced by the lightness of being a beginner again, less sure about everything. It freed me to enter one of the most creative periods of my life.**

During the next five years, I started a company named NeXT, another company named Pixar, and fell in love with an amazing woman who would become my wife. **Pixar went on to create the world's first computer animated feature film, Toy Story, and is now the most successful animation studio in the world. In a remarkable turn of events, Apple bought NeXT, I returned to Apple, and the technology we developed at NeXT is at the heart of Apple's current renaissance. And Laurene and I have a wonderful family together.**

**I'm pretty sure none of this would have happened if I hadn't been fired from Apple. It was an awful tasting medicine, but I guess the patient needed it. Sometimes life hits you in the head with a brick. Don't lose faith. I'm convinced that the only thing that kept me going was that I loved what I did. You've got to find what you love. And that is as true for your work as it is for your lovers. Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. As with all matters of the heart, you'll know when you find it. And, like any great relationship, it just gets better and better as the years roll on. So keep looking until you find it. Don't settle.**

My third story is about death.

When I was 17, I read a quote that **went something like: “If you live each day as if it was your last, someday you'll most certainly be right.”** It made an impression on me, and since then, for the past 33 years, I have looked in the mirror every morning **and asked myself: “If today were the last day of my life, would I want to do what I am about to do today?”** And whenever the answer has been “No” for too many days in a row, I know I need to change something.

**Remembering that I'll be dead soon is the most important tool I've ever encountered to help me make the big choices in life. Because almost everything — all external expectations, all pride, all fear of embarrassment or failure — these things just fall away in the face of death, leaving only what is truly important. Remembering that**

you are going to die is the best way I know to avoid the trap of thinking you have something to lose. You are already naked. There is no reason not to follow your heart.

About a year ago I was diagnosed with cancer. I had a scan at 7:30 in the morning, and it **clearly showed a tumor on my pancreas. I didn't even know what a pancreas was.** The doctors told me this was almost certainly a type of cancer that is incurable, and that I should expect to live no longer than three to six months. My doctor advised me to **go home and get my affairs in order, which is doctor's code for prepare to die. It means to try to tell your kids everything you thought you'd have the next 10 years to tell them in just a few months.** It means to make sure everything is buttoned up so that it will be as easy as possible for your family. It means to say your good-byes.

I lived with that diagnosis all day. Later that evening I had a biopsy, where they stuck an endoscope down my throat, through my stomach and into my intestines, put a needle into my pancreas and got a few cells from the tumor. I was sedated, but my wife, who was there, told me that when they viewed the cells under a microscope the doctors started crying because it turned out to be a very rare form of pancreatic cancer that is curable **with surgery. I had the surgery and I'm fine now.**

**This was the closest I've been to facing death, and I hope its the closest I get for a few more decades.** Having lived through it, I can now say this to you with a bit more certainty than when death was a useful but purely intellectual concept:

**No one wants to die. Even people who want to go to heaven don't want to die to get there.** And yet death is the destination we all share. No one has ever escaped it. And that is as it should be, because Death is very likely the single best invention of Life. **It is Life's change agent. It clears out the old to make way for the new. Right now the new is you, but someday not too long from now, you will gradually become the old and be cleared away.** Sorry to be so dramatic, but it is quite true.

**Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma — which is living with the results of other people's thinking. Don't let the noise of others' opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition!** They somehow already know what you truly want to become. Everything else is secondary.

When I was young, there was an amazing publication called The Whole Earth Catalog, which was one of the bibles of my generation. It was created by a fellow named Stewart Brand not far from here in Menlo Park, and he brought it to life with **his poetic touch. This was in the late 1960's, before personal computers and desktop publishing,** so it was all made with typewriters, scissors, and Polaroid cameras. It was sort of like Google in paperback form, 35 years before Google came along: it was idealistic, and overflowing with neat tools and great notions.

Stewart and his team put out several issues of The Whole Earth Catalog, and then when it had run its course, they put out a final issue. It was the mid-1970s, and I was your age. On the back cover of their final issue was a photograph of an early morning country road, the kind you might find yourself hitchhiking on if you were so **adventurous. Beneath it were the words: "Stay Hungry. Stay Foolish."** It was their

farewell message as they signed off. Stay Hungry. Stay Foolish. And I have always wished that for myself. And now, as you graduate to begin anew, I wish that for you.

Stay Hungry. Stay Foolish.

Thank you all very much.

(Steve Jobs: Stanford News Service)

## COMPREHENSION

I. Complete the table with the following dates. Put them into the right order.

1976, 1985, 1991, 1996, 2001, 2003, January 2009, 1980, 1984, 1997, December 2008, 1998, 2007.

	Apple founded by Steve Jobs, Steve Wozniak and Ronald Wayne. Wayne leaves soon afterwards, selling his 10% stake for \$800.
	The company floats on the stock market, making its founders multimillionaires.
	Apple launches the Macintosh computer, an innovative product that wins a huge commercial success.
	Wozniak leaves the firm to go back to college, while Jobs is forced out by chief executive John Sculley and the board. Jobs goes on to set up computing firm NEXT, while Sculley stays in charge until 1993.
	Apple launches the Powerbook laptop. Its trademark row with <b>Apple Corps ends in Apple making a £15m payout to the Beatles</b> and agreeing not to enter the music sphere.
	Apple's stock falls to an all-time low. Its purchase of NEXT brings Jobs back to the company.
	Jobs takes over as chief executive.
	Launch of the iMac desktop computer, followed in 1999 by the iBook.
	Jobs diagnosed with pancreatic cancer. Despite successful treatment, rumors about ill health persist.
	Launch of the iPhone.
	Jobs withdraws from giving the keynote address at next year's Macworld show in January, fuelling further speculation about his health.

	Jobs and Apple break their silence about Jobs's health, both releasing statements that blame his weight loss on a "hormone imbalance".
--	--

II. Complete the story.

2010	
2011	

III. Answer the following questions.

- How was apple started?
- **Why did Steve's dismissal turn out to be a blessing in disguise?**
- What is his most solid advice to start-ups and just youngsters?
- **Why are these stories called "Love and Loss"?**

### FOLLOW-UP ACTIVITY

I. Describe your life philosophy in short and lay out your recommendations how to spread your wings and fly high.

II. Tell the student group any epic success story that inspires you.

### Text 2

#### LIFE LESSONS FROM STEVE JOBS

Life is small and we all shall die one day. Yet we never think about this stark reality and keep living like robots. The message from of the universe is :  
Go Slow. Do what you Love. You are not here for eternity.

**Here's a selection of some of the most insanely great things he said, golden lessons to help you succeed in life, Jobs-style:**

**1. Steve Jobs said: "Innovation distinguishes between a leader and a follower."**

Innovation has no limits. **The only limit is your imagination. It's time for you to begin thinking out of the box.** If you are involved in a growing industry, think of ways to become more efficient; more customer friendly; and easier to do business with. If you are involved in a shrinking industry – get out of it quick and change before you become obsolete; out of work; or out of business. And remember that procrastination is not an option here. Start innovating now!

**2. Steve Jobs said: “Be a yardstick of quality. Some people aren't used to an environment where excellence is expected.”**

There is no shortcut to excellence. You will have to make the commitment to make excellence your priority. Use your talents, abilities, and skills in the best way possible and get ahead of others by giving that little extra. Live by a higher standard and pay attention to the details that really do make the difference. Excellence is not difficult – simply decide right now to give it your best shot – and you will be amazed with what life gives you back.

**3. Steve Jobs said: “The only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. As with all matters of the heart, you'll know when you find it.”**

I've got it down to four words: **“Do what you love.”** Seek out an occupation that gives you a sense of meaning, direction and satisfaction in life. Having a sense of purpose and striving towards goals gives life meaning, direction and satisfaction. It not only contributes to health and longevity, but also makes you feel better in difficult times. Do you jump out of bed on Monday mornings and look forward to the work week? If the answer is 'no' keep looking, you'll know when you find it.

**4. Steve Jobs said: “You know, we don't grow most of the food we eat. We wear clothes other people make. We speak a language that other people developed. We use a mathematics that other people evolved... I mean, we're constantly taking things. It's a wonderful, ecstatic feeling to create something that puts it back in the pool of human experience and knowledge.”**

Live in a way that is ethically responsible. Try to make a difference in this world **and contribute to the higher good. You'll find it gives more meaning to your life and it's a great antidote to boredom.** There is always so much to be done. And talk to others about what you are doing. **Don't preach or be self-righteous, or fanatical about it, that just puts people off, but at the same time, don't be shy about setting an example,** and use opportunities that arise to let others know what you are doing.



**5. Steve Jobs said: “There’s a phrase in Buddhism, ‘Beginner’s mind.’ It’s wonderful to have a beginner’s mind.”**

It is the kind of mind that can see things as they are, which step by step and in a flash can realize the original nature of everything. Beginner’s mind is Zen practice in action. It is the mind that is innocent of preconceptions and expectations, judgments and prejudices. Think of beginner’s mind as the mind that faces life like a small child, full of curiosity and wonder and amazement.

**6. Steve Jobs said: “We think basically you watch television to turn your brain off, and you work on your computer when you want to turn your brain on.”**

Reams of academic studies over the decades have amply confirmed television’s pernicious mental and moral influences. And most TV watchers know that their habit is mind-numbing and wasteful, but still spend most of their time in front of that box. So turn your TV off and save some brain cells. But be cautious, you can turn your brain off by using a computer also. Try and have an intelligent conversation with someone who plays first person shooters for 8 hours a day or auto race games, or role-playing games.

**7. Steve Jobs said: “I’m the only person I know that’s lost a quarter of a billion dollars in one year.... It’s very character-building.”**

Don’t equate making mistakes with being a mistake. There is no such thing as a successful person who has not failed or made mistakes, there are successful people who made mistakes and changed their lives or performance in response to them, and so got it right the next time. They viewed mistakes as warnings rather than signs of hopeless inadequacy. Never making a mistake means never living life to the full.

**8. Steve Jobs said: “I would trade all of my technology for an afternoon with Socrates.”**

Over the last decade, numerous books featuring lessons from historical figures have appeared on the shelves of bookstores around the world. And Socrates stands with Leonardo da Vinci, Nicholas Copernicus, Charles Darwin and Albert Einstein as a beacon of inspiration for independent thinkers. But he came first. Cicero said of Socrates that, “He called philosophy down from the skies and into the lives of men.” So use Socrates’ principles in your life, your work, your learning, and your relationships. It’s not about Socrates, it’s really about you, and how you can bring more truth, beauty and goodness into your life everyday.

9. **Steve Jobs said: “We’re here to put a dent in the universe. Otherwise why else even be here?”**

Did you know that you have big things to accomplish in life? And did you know that those big things are getting rather dusty while you pour yourself another cup of coffee, and decide to mull things over rather than do them? We were all born with a gift to give in life, one which informs all of our desires, interests, passions and curiosities. **This gift is, in fact, our purpose. And you don’t need permission to decide your own purpose.** No boss, teacher, parent, priest or other authority can decide this for you. Just find that unique purpose.

10. **Steve Jobs said: “Your time is limited, so don’t waste it living someone else’s life.**

**Don’t be trapped by dogma – which is living with the results of other people’s thinking. Don’t let the noise of other’s opinions drown out your own inner voice.** And most important, have the courage to follow your heart and intuition! They somehow already know what you truly want to become. **Everything else is secondary.”**

**Are you tired of living someone else’s dream? No doubt,** its your life and you have every right to spend it in your own individual way without any hurdles or barriers from others. Give yourself a chance to nurture your creative qualities in a fear-free and pressure-free climate. Live a life that YOU choose and be your own boss.

Each lesson might be difficult to integrate into your life at first, but if you ease **your way into each lesson, one at a time, you’ll notice an immediate improvement in your overall performance.** So go ahead, give them a try.

Peter Burrows January 16th, 2009

## FOLLOW-UP ACTIVITY

1. **Steve Job’s advice can be summarized as FOLLOW YOUR HEART!** Why is there only a handful of stories of true success in business? What prevents people from doing what they love?

2. What does the second quotation have in common with Japanese Kaizen concept?

3. Choose three or four quotations which provoke your deepest response and comment on them.

## UNIT 5



### JOB SATISFACTION



### GENERATION Y GOES TO WORK

Reality bites for young workers. Generation Y is sociable, friendly, doesn't believe in working only in cubicles and is changing everything.

#### PRE-READING TASK

- I. What do you expect from your future employer?
- II. What sacrifices are you ready to make in order to achieve your goals?

**§ 1.** The head of recruitment for a law firm in Florida Jessica Bushsbaum first noticed that something had changed. She was used to interviewing young candidates for summer internships who seemed to think that the world owed them a living. Many applicants expected the firm to promote itself to them rather than the other way around. However, last May's crop were far more humble. "The tone had changed from "What can you do for me?" to "Here's what I can do for you," she says.

**§ 2.** The global downturn has been a brutal awakening for the youngest members of the workforce - variously dubbed "the Millennials", "Generation Y" or "the Net Generation" by social researchers. "Net Geners" are, roughly, people born in the 1980s and 1990s. Those old enough to have passed from school and university into work had got used to a world in which jobs were plentiful and firms fell over one another to recruit them. Now their prospects are grimmer. According to America's Bureau of Labor Statistics, the unemployment rate among people in their 20s increased significantly in the two most recent recessions in the USA. It is likely to do so again as industries such as finance and technology, which employ lots of young people, axe thousands of jobs.

**§ 3.** This is creating new problems for managers because in the downturn, Net Geners are finding it harder to hop to new jobs. At the same time, their dissatisfaction is growing as crisis-hit firms adopt more of a command-and-control approach to

management - the antithesis of the open, collaborative style that young workers prefer. Less autonomy and more directives have sparked complaints among Net Geners that offices and factories have become "pressure cookers" and "boiler rooms". The recession is creating lower turnover, but also higher frustration among young people stuck in jobs.

§ 4. Such griping may reinforce the stereotype of young workers as being afraid of hard work - more American Idle than American Idol. Yet a survey of 4,200 young graduates from 44 countries found that they want many of the same things from work as previous generations, including long tenure with a small number of employees. And they are willing to put in hours to get them, if they are treated well. Indeed, Net Geners may be just the kind of employees that companies need to help them deal with the recession's hazards. For one thing, they are accomplished at juggling many tasks at once. For another, they are often eager to move to new roles or countries at the drop of a hat - which older workers with families and other commitments may find it harder to do. Such flexibility can be a boon in difficult times. "In the economic downturn what we are really looking for is hungry 25- to 35- year-olds who are willing to travel," says Frank Meehan, the boss of a fast growing mobile phone business, a conglomerate based in Hong Kong.

§ 5. Net Geners' knowledge of internet technology can also help companies save money. Consider the case of Best Buy, a big American consumer-electronics retailer. Keen to create a new employee portal, the firm contacted an external consultancy that quoted it a price of several million dollars. Shocked by this, a group of young Best Buy employees put together a small team of developers from their own networks who produced a new portal for about \$250,000. Best Buy is betting that its Net Geners can come up with new ways of boosting sales using the web and other means. "We will weather the storm and be stronger because of the Net Generation," says Best Buy's head of internet strategy. Ester Lauder, a cosmetics firm, is also encouraging Net Geners to help it innovate. It has launched an initiative called iForce which brings together young staff to dream up ways of marketing products using emerging technologies.

§ 6. Programs such as iForce are based on the notion that Net Geners are well placed to encourage their peers to dig into their pockets. Generation Y places more emphasis on personal recommendations than on brands when deciding which products and services to buy. Hence the importance of hanging on to clever youngsters who have grown up with Facebook, MySpace and so forth, and who know how the best to create buzz among their peers.

§ 7. Managing Net Geners firms need to provide regular feedback to young staff on what is happening in the workplace and why as well as plenty of coaching on their performance. Companies that keep them in the dark will find themselves the targets of unflattering criticism both inside the firm and online. In the end, compromises will have to be made on both sides. Younger workers will have to accept that in difficult times decisions will be taken more crisply and workloads will increase. Their managers, meanwhile, will have to make extra effort to keep Net Geners engaged and motivated. Firms that cannot pull off this balancing act could see an exodus of young tal-

ent once the economy improves. That, to borrow from Net Geners' text message shorthand, would be a huge WOMBAT: a waste of money, brains and time.

(The Economist Dec 30th 2008 )

## COMPREHENSION

I. Look through the whole article and put these paragraph summaries into the correct order.

	Young staff is well placed to dream up new ways of marketing. They are good at encouraging their peers to dig into their pockets and at creating buzz around new products.
--	--

	The economic downturn is creating new problems for managers. Lower turnover builds up higher frustration among young people. Net Geners stuck in jobs are forced to put up with less autonomy and more directives.
--	--

	Companies should be prepared to make compromises. They need to provide regular feedback to young staff and coaching on their performance in order to prevent exodus of young talent.
--	--

	Net Geners' knowledge of the internet can also help companies save money and innovate business process using emerging technologies.
--	---

	A few years ago Net Geners seemed to think that the world owed them a living. They expected firms to promote themselves to them.
--	--

	The recent recession has been a brutal awakening for Net Geners. The unemployment rate among the youngest members of the workforce has increased significantly as industries axe thousands of jobs.
--	---

	Flexible, juggling many tasks at once, striving to get a diagonal promotion Net Geners may be just the kind of employees that companies are really looking for in difficult times.
--	--

II. Answer the following questions.

1. What did Net Geners use to expect from their employers a few years ago? What world did they use to live in?

2. How have their prospects changed recently?
3. Which management style do young workers prefer?
4. Are they going to be new business Idols or Idles?

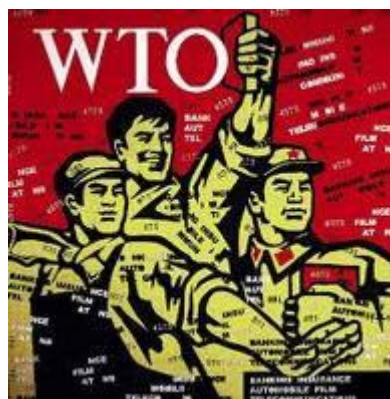
### FOLLOW-UP ACTIVITY

1. Write a SWOT analysis of your generation.
2. Work out some recommendations how to manage them efficiently and to make the best use of their potential.

## UNIT 6



### RISKS OF GLOBALISATION



### FAILED SEARCH

### PRE-READING TASK

- I. What business risks do companies stand entering any overseas markets?
- II. What opportunities and threats can be faced by Western internet firms in China?

Western internet firms have found a big market in China, but few opportunities. Barring an unlikely reconciliation, it is all but certain, that by the end of March Google will withdraw from China, a place where it has succeeded commercially but failed to convince the authorities that information wants to be free. The expected departure comes after several attempts to back its e-mail system, ever stronger censorship of its researches, legal complaints tied to its digitization of books, and – always a worrying sign in China – growing vitriol in the state-controlled press.

If Google, which first raised the prospect of withdrawal in January, seems to have hesitated on the way to the door, there are 400 million reasons why. That is the number of people in China, the government reckons, who use the internet. Increasingly, they are choosing it over other media, notably television, as a source of entertainment, information and opinion. Over the past decade revenues from digital advertising have grown exponentially, admittedly from a tiny base, and the trend will continue for some time.

Foreign companies operating in China have been *quick to see* this potential but *largely unable to grasp* it. Facebook, Twitter and YouTube are all explicitly blocked. EBay faltered because of its own managerial errors, but also because of delayed approval for PayPal, its online payment system, which later announced a partnership with a Chinese rival. Yahoo! caused a stir by allowing the Chinese authorities to **probe its users' e-mails** in a hunt for political dissidents – something it has since pledged not to do.

There are now domestic Chinese equivalents of all these sites – Baidu for Google, TaoBao for eBay, Renren for Facebook, QQ for instant messaging, games and social networking – and they all are doing well. The vast traffic they attract brings huge potential revenues and lots of useful data that could help them shape the internet in future, rather than merely following Western models.

To the extent that Western firms have seized on the growth of the internet in China, it has often been a marketing tool. Nestle has promoted coffee in a tea-drinking country with clever online ads about the joy of a coffee break, and Nokia has run music promotions and competitions, accessed via its handsets, in conjunction with video sites.

Outright revenues from the internet may become even harder to capture in years to come as China takes further steps to control access. Content providers like Google have always needed to obtain local licenses, and have thus been required to have a Chinese subsidiary or partner. As awkward as this has been, new rules expand these impediments, requiring the licensing of domain names and, potentially, foreign sites as well.

**Google's mooted departure sends a chilling message to companies that remain.** Advertisers and workers can both see that they will be better off with entities the Chinese government favors, which means domestic firms. A withdrawal would also cast a new light on Google itself. It is often perceived to be successful because of advanced technology, but, as China shows, it thrives only to the extent that local laws permit it to link to content and distribute it without interference. Alter the legal environment and the commercial results are quite different.

## COMPREHENSION

I. Complete the sentences.

1. **China has a big market but .....**

2. **Google has succeeded commercially but .....**
3. Big foreign companies operating in China were quick to see the market potential but.....
4. Yahoo pledged not to allow the Chinese authorities to probe its users e-mails but ...
5. **Chinese online companies will not follow Western models but ....**
6. China is predominantly a tea-drinking country but ...
7. Google is often perceived to be successful because of high-tech but ...

II. Answer the following questions.

1. What exacerbated the unstable standing of Google in Chinese market?
2. What made the company hesitate on its way to the door?
3. What are domestic Chinese equivalents of all popular Western sites?
4. What steps is China making nowadays to control the internet access?
5. Which entities does the Chinese government favor and why?
6. Do commercial results depend on legal environment of the country of operation?

### FOLLOW-UP ACTIVITY

I. What things ought to be researched before doing business abroad?

II. Take any country and try to assess all top risks of doing business there. List them under the appropriate headings in the table below.

1. Personal security risk	3. Political risk
2. Reputational risk	4. Financial risk

III. What additional groups of risks can you identify? How can companies manage them?



## E-COMMERCE



## LOOK FORWARD IN ANGER

Personal animosity is a mighty force in competition, for good as well as ill.

## PRE-READING TASK

1. What can be a driving force of competition in e-commerce market?
2. What giants are competing in this market? Can you name market leaders and market followers?

**§ 1.** The third world war, it seems, has broken out in an unexpected place: Silicon Valley. Apple and Google were once so close that Eric Schmidt, Google's boss joked that they should merge and change their name to AppleGoo. Now however, the two companies are at loggerheads over everything from apps to acquisitions – and Mr. Schmidt and Apple's boss, Steve Jobs, are taking the fight personally. So personally, in fact, that tech types are lost for superlatives. One of the Times' insiders not only likens the squabble to "world war three" but also dubs it "the biggest ego battle in history". So much for Julius Caesar and Mark Anthony.

**§ 2.** The business world has always been a cauldron of personal animosity, and those animosities have been particularly intense in Silicon Valley. Few do grudges quite as well as geeks. Steve Jobs is legendary for his grudge matches. He has been feuding with Bill Gates for decades. He has described Microsoft's products as "third rate" and complained that the company has "absolutely no taste". Apple's annoying "I am Mac" ads are strikingly personal: they pitch a frumpy Bill Gates lookalike against a too-cool-for school Jobs doppelganger (with added hair).

Mr. Jobs has shared his spleen around over for years. He has accused Michael Dell of making "un-innovative beige boxes", for example. And Messrs Gates and Dell have given as good as they have got. Mr. Gates once described Apple's software as nothing more than "warmed over Unix". When he was asked what he would do

with then-troubled Apple back in 1997, Mr. Dell replied that he would shut it down and give the proceeds back to the shareholders.

**§ 3.** Silicon Valley is an incubator of animosity for the same reason it is a well-spring of innovation: it is a small world populated by people who want to prove how clever they are. The boundaries between markets are vague and transitory. Companies flit between friendship and enmity. The pace of innovation is so fast that it is difficult to determine who first came up with an idea. (Steve Jobs once responded to **the accusation that he had “borrowed” somebody else’s idea with a quote from Pablo Picasso: “Good artists copy, great artists steal.”**) People in the technology industry talk about spreading FUD: Fear, Uncertainty and Doubt. Andy Grove, the former boss of Intel, entitled his autobiography “**Only the Paranoid Survive**”.

**§ 4.** Even by the Valley’s elevated standards, Do-No-Evil Google is a *lebensraum*-seeking and paranoia-inducing company. Tech rivals such as Yahoo! and Microsoft have long seen Googlezilla as a calculating predator. The bosses of media and advertising companies worry that Google is destroying their business models, as more and more activity goes online. Rupert Murdoch has complained that it and other **online news “aggregators” steal his newspaper stories. Apple is rightly worried that Google’s Android phone is aimed at its iPhone** – and unleashed his arsenal of legal and commercial weapons to try to keep it at bay.

**§ 5.** It is always potentially dangerous when competition bleeds over into personal animosity: judgments can be clouded and strategy distorted. The danger is particularly pronounced with internal grudge-matches. Family companies are forever being destroyed by internal squabbles.

**§ 6.** But bilious outbursts and business success often go hand in hand. This is partly because people with outsize commercial nous also tend to have outsize personalities. The same passions that drive them to make something from nothing also drive them to crush anybody who gets in their way. Charles Revson, the architect of Revlon, boasted, “**I built this business by being a bastard, I run it by being a bastard, I’ll always be a bastard.**”

**§ 7.** But it is also because personal animosity can be the grit in the oyster of competition. Sometimes it **can actually create business opportunities: Mr. Murdoch’s** personal dislike of liberals has helped him to create right-of-centre media empire that now includes both Fox News and Wall Street Journal. Even when vituperation **doesn’t drive competition** – as in the case of Google-Apple dust up – it can certainly sharpen it. **Mr. Jobs’s habit of personalizing his commercial rivalry with Microsoft and Dell has honed Apple’s self-image as the coolest company on the block. Mr. Ellison’s competitive spirit has helped his company to thrive for decades.** The Ellisons and Jobses of this world may drive their fellow executives to carpet chewing fury. But the world is better for them.

(The Economist 2010)

## COMPREHENSION

1. Explain what these expressions from the article mean in your own words.

- ◇ **cauldron of personal animosity**
- ◇ **be at loggerheads**
- ◇ **doppelganger**
- ◇ **“warmed over Unix”**
- ◇ *lebensraum*-seeking
- ◇ **calculating predator**
- ◇ **unleashed arsenal of legal and commercial weapons**
- ◇ **keep it at bay**
- ◇ **grit in the oyster of competition**

II. Which paragraph contains information on?

- A. animosity being fuel of innovation
- B. Googlezilla as a paranoia-inducing company
- C. personal rivalry and exchange of pot shots
- D. dangers of personal animosity
- E. Silicon Valley as the biggest ego battlefield in history
- F. outsize commercial nous ready to spit and polish

III. Match the companies mentioned in the article to the names of their business leaders.

1. Steve Jobs	a. Wall Street Journal
2. Eric Schmidt	b. Google
3. Bill Gates	c. Oracle
4. Rupert Murdoch	d. Revlon
5. Mr. Ellison	e. Microsoft
6. Charles Revson	f. Apple

IV. Answer the questions about the article.

1. Why does Silicon **Valley seem to be an unexpected place for “the biggest ego battle in history”**?
2. What does Steve Jobs accuse his rivals of? How does the criticism effect **Apple’s self**-image?
3. Why do only the paranoid stand a good chance to survive in the tough competitive environment according to Andy Grove (the former boss of Intel)?
4. How does Google threaten advertising companies?
5. Why did Apple unleash his arsenal of legal and commercial weapons against Googlezilla?
6. What are the potential dangers of personal animosity?
7. On the other hand why the author compares personal animosity to the grit in the oyster of competition?

#### FOLLOW-UP ACTIVITY

I. Name some successful online businesses in Belarus. What is special about their marketing approaches?

II. Work out your own ingredients for success in online business in Belarus.

## NEW EMPLOYMENT MODEL IN THE DIGITAL AGE



## A CLOUDED FUTURE

Online services that match freelancers with piecework are growing in hard times.

## PRE-READING TASK

I. Is E-lancing a good alternative to full-time employment? Can it bring job satisfaction?

II. Are E-lancing sites fiercely exploiting online workers?

It was not the Christmas present that Julie Babikan had been hoping for. In December, soon after buying a house, she was abruptly fired from her job as a graphic designer at an accounting firm in Chicago. "I had no clue that my position was about to be eliminated," she recalls. Desperate to find work as the economy tipped into chaos, she eventually advertised for work on a service called *Elance*, which allows freelancers to bid for corporate piecework. She has since built up a healthy stream of online projects and reckons she will soon be earning more than she did in her previous job.

Like Ms. Babikan, millions of workers are embracing freelancing as an alternative to full-time employment or because they can not find salaried jobs. According to IDC, a market research firm, there will be 14m of home-based freelancers and independent contractors in America alone by 2015. Experts reckon this number will keep rising for several reasons, including a sluggish jobs market and workers' growing desire for flexibility to look after parents or children.

Technology is also driving the trend. Over the past few years a number of fast growing firms such as Elance, oDesk and LiveOps have begun to take advantage of "the Cloud" - digitization, ubiquitous fast internet connections and cheap web-based computing power - to deliver sophisticated software that makes it easier to monitor and manage remote workers.

Also numerous online exchanges still act brokers between employers in rich countries and workers in poorer ones; the number of rich-world freelancers is growing. This may, in part be a result of ruthless cuts in full-time jobs. But this may be also a sign of another notable trend: the range of work available on "e-lancing" sites is growing to encompass more complex and better paid tasks. Legal and financing work is coming online. Recent projects posted on Freelancer.com include the composition of a rap song to help teach English to Chinese students and a design for a luxury hotel in Barbados. Such work is more likely to be won by educated Western workers, especially if it requires local knowledge.

To boost demand for their services, online employment outfits have developed sophisticated software to screen workers and to manage their relations with employers. LiveOps, for instance, submits its pool of freelancers to a battery of tests to assess their suitability for cloud mediated work. ODesk has developed tools that let employers check on work being done out of their sight. These include a feature that takes screenshots of a worker's desktop six times every hour, combining them to a kind of a "work diary" and another that measures overall time spent using a keyboard and a mouse. It is not a "spy ware" on workers' computers as employers are likely to outsource important projects only if they can track their progress closely.

Workers may put up with such Big Brother-ish monitoring because oDesk guarantees them payment for any work they complete, saving them the hassle and risk of attempting to collect money from employers.

Some in the fledging industry reckon that the growth of "e-labor" will mirror that of e-commerce which took longer than expected to catch on. "Maybe by 2020 it will have taken off. One reason for this is that younger workers will want many jobs during their careers and will be more comfortable with the technology that makes remote working possible.

The industry will have to negotiate several hurdles. The first is the natural **conservatism of managers who like to see the whites of employees' eyes.** The industry also has to overcome frequent criticism that it is running little more than "digital sweatshops" that drive down wages and humiliate workers. The regulatory environment, too, is uncertain. Alek Felstiner of the University of California predicts that some governments will draw up rules that make it harder for firms that regularly tap workers in the cloud to label e-lancers as independent contractors rather than employees with more rights.

E-lancing sites are confident that their model of work will find a way through the regulatory maze. They fiercely reject claims that they are exploiting online workers. Repeated surveys in rich and poor countries alike, they claim, show that people appreciate both the autonomy and the breadth of opportunity that the model gives them. Ms. Babikan admits she was initially nervous about competing with rivals from

low-wage nations, but quickly secured enough work to keep her busy from such countries as Canada, France and Thailand as well as America. In fact she now has so much work that she is thinking of hiring an administrative assistant to help her - a virtual one, of course.

(The Economist May 13th 2010 | )

## COMPREHENSION

I. The following phrases are taken from the article. Pay attention to the words in italics and share your ideas what is implied by the author.

1. A service called *E-lance*, which allows *freelancers to bid for* corporate piece-work.

2. Also numerous online exchanges still *act brokers* between employers in rich countries and workers in poorer ones.

3. LiveOps, for instance, submits its pool of freelancers to a battery of tests to assess their suitability *for cloud mediated work*.

4. Some in the fledgling industry recon that the growth of "*e-labor*" *will mirror that of e-commerce*.

5. Workers may put up with such *Big Brother-ish monitoring*.

**6. Managers who like to see the whites of employees' eyes.**

7. The industry also has to overcome frequent criticism that it is running little more than "*digital*" *sweatshops*.

II. Answer the following questions.

1. Why does Ms. Babikan's story open the article as well as finish it?

2. Why is the number of rich world freelancers growing steadily?

3. How many home-based freelancers and independent contractors are expected in America by 2015?

4. What kind of work is coming online?

5. Are workers in rich countries or poorer ones expected to win more complex tasks?

6. Name some dotcoms which deal with outsourcing online. What services do they provide?

7. What does their new sophisticated software enable clients to do?

8. Why do freelancers put up with the Big Brother-ish monitoring?

9. What hurdles should the new industry overcome in order to survive?

## FOLLOW-UP ACTIVITY

I. If you created an E-lancing site what tools could you use to encourage e-lancers work harder?

II. What autonomy and breadth of opportunity does this employment model provide?

## UNIT 9



### RAISING FINANCE



#### RECOVERY, VERY EARLY STAGE

Venture capitalists are licking their wounds – and their lips.

#### PRE-READING TASK

I. Which methods of raising finance do you know?

II. What are advantages and disadvantages of different types of money to get started with?

III. Why are many innovative IT start-ups being still born today with the lack of capital?

**§ 1.** How can you spot the venture capitalists at a business conference? They are the people who are always hunting for the exits. Today that joke makes financiers of start-ups wince rather than smile. Venture firms hope to mint money when the fledgling businesses, they back eventually stage an initial public offering (IPO) or are **bought by other firms. But these “exits”, as they are called in the industry’s jargon,** pretty much slammed shut when the global financial crises broke. Now the number of IPOs and acquisitions is rising again, but not fast enough to help many struggling venture funds.



**§ 2.** To some observers, America's venture industry is going through a nasty correction from which it will inevitably bounce back. To others, it is in the midst of a **structural change that could end up damaging America's ability to create the next Google or Microsoft.** The National Venture Capital Association (NVCA) recones the industry faces "unprecedented challenges".

**§ 3.** Arguably the most important of these is achieving more exits. In the first quarter of the year there were almost as many IPOs of venture-backed firms as in all of 2009. At the end of March another 43 venture-funded businesses had registered **with America's Securities & Exchange Commission to go public. That's encouraging** stuff, though some fret that any hiccup in equity markets could scupper these plans. The prospects for M&A deals are more robust. According to the NVCA a record 111 deals involving venture backed firms were inked in the first three months of the year. Big technology firms have lots of cash to spend: on April 28<sup>th</sup> HP announced that it was buying Palm, a venture backed maker of smart-phones, for \$1.2 billion.

**§ 4.** The snag is that valuations may not have risen enough to make juicy returns for venture firms. This matters because institutional investors battered by the downturn are already wary of committing additional cash to relatively illiquid venture funds. Poor returns gave them another excuse to keep their coffers closed.

**§ 5.** Indeed, many finance folk recon the fund raising environment is the worst since the industry was born in the late 1960s. One result is that more and more venture firms are winding down their activities, instead of raising new funds they are going to concentrate on their existing assets in the foreseeable future.

**§ 6.** Mr. Levenson, the boss of *Levenson Venture Partners* in San Francisco, warns that "the significant liquidity bottleneck" could well reduce the number of new firms created each year in America and hold back job growth. He is not the only one who is worried that innovation may be stymied. Some also worry that there will be fewer people interested in finding the next big idea. Besides there is a concern that **regulatory and fiscal issues such as proposal to change how venture capitalists' profits are taxed, could further damage the industry's prospects.**

**§ 7.** Others are more optimistic and point out that venture funds raised when capital is scarce have outperformed those put together when venture firms were flush with cash. They also argue that changes in the corporate world will give boost to M&A deals. In particular, many big companies are scrapping large, centralized R&D teams in favor of smaller in-house units and alliances with promising start-ups.

**§ 8.** Venture firms are certainly feeling more bullish. A regular survey of 36 Silicon Valley venture capitalists shows that their confidence has risen steadily since the start of 2009. In recent weeks there have been reports of venture capitalists bidding up valuations of hot start-ups in order to get a stake in them. For some firms with deep pockets, it seems that the worry is how to get into deals. For the rest, locating the exit remains a priority.

## COMPREHENSION

I. Explain in your own words.

- hunting for the exits
- an initial public offering (IPO)
- venture backed firms were inked
- juicy returns
- to keep their coffers closed
- winding down their activities
- **“the significant liquidity bottleneck”**
- firms were flush with cash
- scrapping large, centralized R&D teams
- feeling more bullish
- venture capitalists bidding up valuations
- firms with deep pockets

II. Read the whole article and match these questions to the paragraphs they relate to.

§	Did the number of exits increase in 2010?
§	<b>What can threaten America’s ability to create the next Google or Microsoft?</b>
§	How has the fund raising environment changed since the late 1960s when the industry was born?
§	Which venture capitalists are licking their wounds and which ones their lips?
§	<b>What consequences are expected from “the significant liquidity bottleneck” (relatively illiquid venture funds)?</b>
§	What makes M&A deals less attractive to venture firms in the current downturn?
§	When do venture capitalists usually mint money? What makes the exits slam shut?

§	Why are big companies scrapping large, centralized R&D teams?
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### FOLLOW-UP ACTIVITY

- I. What do you know about venture companies in Belarus?
- II. What industries are they investing at?
- III. What recommendations would you give to start-ups on the fastest and the most effective way to raise a starting capital?

## UNIT 10



### THE FUTURE OF BUSINESS



### GENERATION Y AND BRANDS

#### PRE-READING TASK

- I. What brands do Generation Yers prefer? Could you name some of their top brands?
- II. Do they respond to any marketing efforts?

**1■** In one shopping mall, Clerk Laura Schaefer has been handling returned goods. ‘They say “My mom and dad got me these”.’ Parents in Nikes sit quietly while their teenage daughters try on massive platform shoes. Asked what brand names are cool, these teenagers give a list of names their parents have never heard of. Which brands are over? Now the names are familiar: Levis, Converse and Nike. ‘They just went out of style.’ shrugs Lori Silverman, 13. Labels that have shaped

popular tastes since the Baby Boomers were young simply aren't producing the same excitement with today's kids. Pepsi Co. Inc. has struggled to build loyalty among teens, Nike Inc.'s sales are tumbling as the brand sinks in teen popularity polls, while Levi Strauss & Co. is fighting falling market share. Meanwhile, newcomers in entertainment, sports equipment and fashion have become hot names.

Today's kids aren't Baby Boomers. They are part of Generation Y which rivals the baby boom in size and will soon rival it in buying power. Generation Y is the 60 million children born between 1980 and 2000. Marketers haven't been given an opportunity like this since the baby boom. Yet for a lot of established brands Generation Y presents huge risks; Boomer brands flopped in their attempts to reach Generation X, but with only 17 million that was tolerable. This is the first generation to hurt a Boomer brand simply by ignoring it – and big enough to launch rival brands.

Companies unable to connect with Generation Y will lose out on a vast market. Along with cynicism Generation Y is marked by a distinctly practical worldview. Raised on dual income and single-parent families, they have already been given substantial financial responsibility. **2** ■ Most expect to have careers and are already thinking about home ownership.

Nike has discovered to their cost that Generation Y is different. Although still popular among teens, the brand has lost its tight hold on the market in recent years. Nike's slick national ad campaigns, emphasizing image and celebrity helped build the brand among Boomers, but they have backfired with Generation Y. **3** ■ Instead Generation Yers respond to humor, irony and the truth. Sprite has scored with ads that make fun of celebrity endorsement and carry the tagline "Image is nothing. Obey your thirst."

This doesn't mean that Generation Yers aren't brand conscious. But marketing experts say they form a less homogeneous market than their parents. One factor is their racial and ethnic diversity. Another is breaking up of media, with network TV being replaced by cable channels. Most important is the rise of the internet which has sped up the fashion life cycle by letting kids everywhere find out about even the most obscure trends as they emerge. **4** ■

Marketers who don't learn the interests and obsessions of Generation Y will meet a wall of cynicism and distrust. **5** ■ A growing number, including Universal studios, Coca Cola and McDonald's are using "Street teams". Made up of young people, the teams hang out in clubs, parks and malls talking to teens about everything from fashion to finance. Will the brands that grew up with Baby Boomers re-invent themselves for Generation Y, or will the new brands of the Millennium bear names that most of us have not yet heard of?

(Business Week)

## COMPREHENSION

I. Five sentences have been removed from the article. Choose the most suitable one from the list (A-F) for each part (1-5) of the article. There is one extra **sentence which you don't need to use.**

- A. ■ 'It doesn't matter to me that Michael Jordan has endorsed Nikes,' says Ben Dukes, 13.
- B. ■ To break through this, marketers are making their campaigns more subtle and more local.
- C. ■ **Generation Yers** ' knowledge of internet technology can also help companies save money.
- D. ■ All across America a new generation of consumers is making its presence felt.
- E. ■ It's the Generation Y medium of choice, just as network TV was for Boomers.
- F. ■ Surveys show they are deeply involved in family purchases, be they groceries or a new car.

II. Read the article and choose the most suitable heading (A-F) for each paragraph (1-5). There is one extra heading which is not needed.

- A. "Image is nothing. Obey your thirst".
- B. Obscure future of Boomer brands.
- C. Confident and impatient.
- D. Established brands sink in teen popularity.
- E. "The Net Generation".
- F. Newcomers with practical worldview.

## FOLLOW-UP ACTIVITY

I. Find some points of similarity and difference between Generation Yers born in America or any European country and your contemporaries who live in the former Soviet republics. Are there any basic differences in upbringing, values, behavior and attitude to brands?

II. How to use these differences, developing marketing campaigns targeted at them? Give your tips.

## UNIT 11



### TAKEOVERS AND MERGERS



### SCARING THE SALARYMEN

Fear of foreign takeovers may spur change in corporate Japan

### PRE-READING TASK

- I. What do mergers and marriages have in common?
- II. What are the pros and cons of mergers?
- III. What is the difference between mergers and takeovers?

Managers across Japan were stunned last month when a factory belonging to Ogihara, a Japanese diemaker, was sold to BYD, a Chinese carmaker that boasts Warren Buffett as an investor. In a sign of the sensitivity of the matter, the Japanese firm tried to keep the transaction quiet, never issuing a press release and refusing all interview requests.

Japan has a long history of resisting foreigners who seek to buy their way into the country. But most recent squabbles have at least been with firms from America, a

political ally. Deals involving firms from the Chinese mainland are touchier because the **two countries' uneasy relations**. This has kept the number of Sino-Japanese mergers and acquisitions low, even as China surpassed America in 2007 to become Japan's largest trading partner.

Yet the volume of deals is now increasing. The number of purchases of Japanese firms by Chinese ones almost doubled last year and their value nearly quadrupled, albeit from low bases. The deals usually involve small firms with specialist technology which sell a stake or a subsidiary rather than the whole company, typically for a few million dollars.

**Chinese firms are not attracted by Japan's stagnant domestic market, with its declining population and chronic overcapacity;** they want to acquire technologies, skills and brands that can be brought back to China or used in other countries. In return, the Japanese firm may get not only capital and new management ideas, but also better access to the burgeoning Chinese market.

This is the case with Laox, an atrophying electronics retailer in which a Chinese franchisee and Suning, a big Chinese appliance retailer, recently bought a 51% stake. **The new owners have revamped the firm's Japanese stores to cater to Chinese tourists** who flock to Tokyo to shop, and plan to open 110 Laox outlets in China over the next three years. By that time they expect sales in China to surpass those in Japan.

Importantly, the Chinese owners want to learn from Laox. They want to improve **their relations with suppliers and bring Japan's famed standards of service to China, referring to Luo Yiwen Laox' new boss**. Before the acquisition Laox's share price had fallen as low as \$0.11; it now trades at around \$11.

Many Japanese are uneasy working for Chinese (much as Americans disliked working for Japanese carmakers in the 1980s). When Honma, a high end golf club maker, was acquired by China's Marlion Holdings in March, the staff were very shocked. But the firm, whose clubs are handmade and individually numbered, had **recently been in bankruptcy**. People are just happy to have jobs. Honma's sales are expected to boom as **the new owner tempts China's newly-rich golfers** with its posh clubs. But recruiting new workers for its factory in Sakata will be a problem: people would rather work for a completely Japanese firm.

In some cases, differences in business culture make the tie-ups unstable. In 2003 companies from China and Taiwan along with a Japanese partner, paid Y1.2 billion for a struggling producer of color filters for LCD panels. But the new company, Japan Optical Display Technology, was shuttered after four years because of clashes. The Chinese owners were reluctant to pay for environmental compliance. Moreover they tolerated manufacturing defects that the Japanese partner was unwilling to ignore. **The former boss Asamu Mizoguchi explains: "The philosophies on quality were too different."**

Despite the difficulties, investors assume such deals will continue to proliferate. The expected appreciation of the Yuan will fuel foreign deals by making them **relatively cheaper (just as a strong yen did in Japan's heyday in the 1980s)**. The fear of being bought, in turn, may be galvanizing Japanese firms. Japanese businessmen are familiar with the concept of *gaiatsu*, or **"foreign pressure" to change**. But these days

the pressure is coming as much from Chinese firms as from the Western ones to which the phrase has most commonly been applied.

## COMPREHENSION

I. What companies have been mentioned in the article?

II. True or false?

1. Ogihara created much publicity around its transaction with BD a Chinese car maker.

2. The volume of Sino-Japanese mergers and acquisitions are not increasing **because of the two countries' uneasy relations.**

3. Chinese firms are attracted by Japanese booming market.

4. **The Laox's share price soared enormously after the acquisition.**

5. Many Japanese employees would rather work for a successful Chinese firm.

6. Chinese and Japanese companies have similar business philosophies.

III. Answer the following questions.

1. **What firms do the abovementioned deals involve?**

2. **Why does Japanese market seem unattractive for global business?**

3. **Why do Chinese businesses find it tempting to acquire small firms in Japan?**

4. **How many outlets is Laox's expecting to open in China in the next three years?**

5. **What do the new Chinese owners want to learn from Laox?**

IV. What do these numbers refer to?

A few million dollars, 110, \$ 0.11, \$ 11, ¥ 1.2, 3 years, 51%.

## FOLLOW-UP ACTIVITY

What recent mergers and acquisitions have taken place in Belarus? Discuss their pros and cons. Try to predict the outcomes for newly created companies, back up your point of view.



## UNIT 12



### CRISIS MANAGEMENT



#### BUSINESS.VIEW: SLICKER IMAGE-MAKING BP and its oil leak

#### PRE-READING TASK

I. Can you name any recent business fiascos when companies failed to save both their reputations and brands? Which industries have been more prone to crises than others recently: airlines, software designers, tobacco or oil companies?

II. What do you know about BP and its oil leak in the Gulf of Mexico?

III. What should the company do next? How could it save both its reputation and its brand?



“WHY is anyone surprised that BP hired us for advice? We’re certainly the experts on liability reduction, fiascos, and amazing PR”, tweeted Fake Lucas Van Praag, who impersonates the public-relations chief of Goldman Sachs on Twitter. This was inspired by reports that the investment bank, perhaps along with Black-

stone, a private-equity firm, had been hired to advise BP on how to avoid becoming a takeover target while its share price is sicker than a sea turtle in an oil slick. (“Adopt a BP oil plume! \$25 makes you 100% responsible for an oil plume and a ‘bpcares’ shirt!” urged the equally fake BPGlobalPR a few hours earlier.)

The services of the likes of Goldman’s and Blackstone do not come cheap. So rather than squander its increasingly scarce shareholder funds, BP’s boss should instead follow our tips for crisis management, gleaned from some of America’s top chief executives and public-relations gurus, which we offer freely in a spirit of public service:

**1) Don’t get a life** Tony Hayward, BP’s chief executive, has probably figured this out for himself judging by the universal hostility to his comment that “I’d like my life back”. When you are responsible for the firm that has caused America’s worst environmental disaster, your life is no longer your own, and wishing it were otherwise will only further antagonize the public. So what if the comment was an attempt to empathize with others whose lives have been disrupted by the oil spill; when you are the most hated man in America, no one wants your empathy.

**2) Don’t joke.** Here’s some advice Goldman Sachs could give you, but probably wouldn’t. When Lloyd Blankfein, the investment bank’s chief executive, said he was “doing God’s work”, it was said tongue-in-cheek, not, as it would have been easy to conclude from the press reports, as a serious theological observation. In a crisis, chances are that CEO humor will get lost on the way to the front page. But the bottom line, Mr. Hayward: whatever else you do, resist the urge to quip “oil’s well that ends well.”

**3) Fly commercial; better still, walk...no, crawl.** When the bosses of the small carmakers formerly known as the Big Three went to Congress to ask for taxpayer dollars to bail out their failing firms, they each flew in their private corporate jets, thereby confirming the public’s worst suspicions about their incompetence and lack of comprehension of the austerity being suffered by their customers. In a similar spirit, when Mr. Hayward goes to testify before Congress on June 17th he should ideally arrive on foot—or failing that, in an energy-efficient Prius rather than a gas-guzzling SUV.

**4) Don’t make big profits** – or if you do, give them away rather than pay large bonuses to yourself and your staff. It was the profits that Goldman Sachs announced in early 2009, and the huge bonuses it paid out, that helped earn the investment bank the nickname “vampire squid” and made Mr Blankfein a hate figure. If only Goldman Sachs had made losses instead of profits, Mr Blankfein would have been pitied and then ignored, like Citigroup’s boss, Vikram Pandit. If Goldman had at least given away most of the profits, he might have been forgiven his joke. At the very least, he could have forsworn his bonus. If he had done so, he might have got lucky like Howard Schultz, the boss of Starbucks, who waived his bonus—only for his board to insist on paying him one anyway.

5) Become Warren Buffett. Only the Sage of Omaha could be cheered for calling derivatives “financial weapons of mass destruction” despite issuing some of the most exotic derivatives ever created and then campaigning to exempt them from the

new regulatory regime being introduced by Congress. Only Mr. Buffett could get away with **defending Moody's against congressional accusations over the rating agencies' complicity in the financial crisis, when he had been a big shareholder in Moody's at the time, and retain his reputation as a straight-shooter**. No doubt BP will have to change its name as part of its post-spill damage-limitation rebranding, but maybe Mr. Hayward should change his name too.

6) Quit while you are ahead. We have no reason to think that Tesco will soon be plunged into a crisis, but if it is, the plaudits heaped on Terry Leahy, its chief executive, on June 8th, when he announced his impending retirement, will provide further evidence of the wisdom of getting out before disaster strikes. Imagine how much **better Mr. Blankfein's public image would be if he had retired at the end of 2008**. How Mr. Hayward must wish that he had retired on March 17th, one month before the oil spill, rather than merely selling one-third of his BP shares — worth around \$1.2m then, but about half as much now.

7) Pray that a worse disaster strikes someone else. **“Every day, Lloyd Blankfein must get down on his knees and thank God for the BP oil spill,”** says one noted PR expert privately. (Maybe the spill is proof that Mr. **Blankfein is doing God's work** after all, then?) Being America's **most-hated boss** seems to be a temporary position, the crown passing to a new troubled head each time a fresh disaster strikes. As Fake **Lucas Van Praag** tweeted the other day, **“Even though Goldman maybe had non-consensual relations with the economy, it's not as bad as despoiling an entire coastline, right?”** If it suddenly turns out that **iPads are rotting their users' brains, we will** know whose prayers have been answered.

(Jun 15th 2010, 17:53 by The Economist online)

## COMPREHENSION

I. Explain what these words and expressions from the article mean in your own words.

- ◇ slicker image-making
- ◇ it was said tongue-in-cheek
- ◇ a straight-shooter.
- ◇ iPads are rotting their users' brains
- ◇ to empathize with others
- ◇ the bottom line
- ◇ austerity
- ◇ gas-guzzling
- ◇ waived his bonus
- ◇ complicity in the financial crisis
- ◇ non-consensual relations with the economy

II. **Match the names of some of America's top chief executives with the companies, mentioned in the article.**

- |                    |                  |
|--------------------|------------------|
| 1. Tony Hayward    | a. Tesco         |
| 2. Lloyd Blankfein | b. BP            |
| 3. Vikram Pandit   | c. Goldman Sachs |
| 4. Howard Schultz  | d. Citigroup     |
| 5. Terry Leahy     | e. Starbucks     |

III. Look through the whole article and number the tips.

	Respect the austerity being suffered by your customers.
	<b>Don't forget about CSR.</b>
	Get out before disaster strikes.
	Get down on your knees and ask God to pass the crown to a new troubled head each time a fresh disaster strikes.
	<b>Rebranding may save your own and your company's face.</b>
	Never empathize with others whose lives have been disrupted by your <b>company's fiasco.</b>
	Whatever else you do, resist the urge to quip publicly.

IV. Answer the following questions.

1. Can you comment on the title of the article? Does sarcasm help keep you from telling people what you really think of them?
2. What we learn from a crisis is that we fail to learn from any crisis. Do you agree with this statement?

## FOLLOW-UP ACTIVITY

Crises are commonplace. Some experts identify four categories and admit that over 60% of them fall into the last category (management decisions):

- **Acts of God (storms, earthquakes, etc).**
- **Mechanical problems** (metal fatigue, etc).
- **Human errors (the wrong valve opened, miscommunication, etc).**
- **Management decisions/indecisions** (underestimating a problem, assuming nobody will find out).

1. Can you extend their list?
2. Is it possible to anticipate a coming crisis? What should a company do to be proactive and prepared for crises?
3. How can writing business scenarios help to remember the future when it comes?
4. What would be your course of action in such a situation? Can you give some tips for efficient crisis management?

Write a business scenario for a risky industry and offer your crisis management plan.

## UNIT 13



### MANAGING NET GENERS



### THE RYPPL E EFFECT

A novel way to satisfy feedback junkies

### PRE-READING TASK

I. The era of the rugged individual is giving way to the era of the team player. Why is the whole greater than the sum of its parts?

II. Do Net Geners have a bent for team working? Is it easy or difficult to manage feedback junkies?

Net Geners who find themselves out of a job are likely to use their own know-how to create a buzz about themselves so they can find another one. Charlotte Gardner, a 25 year-old Californian who was made redundant by a financial services firm in November, has since been using online job and social networking sites, as well as micro-blogging services such as twitter, to promote her skills to potential employers. Ms. Gardner, who is optimistic she will find another job soon, describes herself as "a glue kid" - someone who can get different kinds of people to work well together.

Firms battling through the recession will need plenty of "glue managers" who can persuade Net Geners to stick around and work with their colleagues on important projects. 1. One defining characteristic of Generation Y is that it strives on feedback as they are used to checking their progress on leader boards when playing video games, so Net Geners want to keep close tabs on their performance at work, too. This can be a problem for managers who may be badgered weekly - even daily - for appraisal by eager young members of staff.

The creators of a new, web-based service called Rypple claim that it can satisfy Net Geners' desire for frequent assessments while easing the burden on their supervisors. 2. They can then send out short questions, such as "What did you think of my presentation today?" to which their network's members can respond online. The responses are kept anonymous so that, at least in theory, employees can not tell who has made them.

Among other things, Rypple lets users ask members of their networks to measure their performance against a scale, so they can track how they are doing over time. It also lets employers see what "tags", or overarching themes, are being used most often in questions. If, say, creativity is key to a firm's success but there are few requests for feedback on employees' creativity then bosses can tell they have not done enough to communicate their priorities.

Daniel Debow, one of Rypple's co-founders, says the system "reverses the onus on the demand for more feedback" by getting employees to build and manage their own coaching networks. Perhaps, but by making it easier for users to solicit assessments, managers could end up spending even more time fielding requests. 3.

But firms that have road-tested Rypple claim that such concerns evaporate once it is up and running. (The basic service is free, but a premium version costs \$ 2-5 per user per month.) Tony Chapman, the boss of Capital C, a Canadian marketing agency, says both young and older workers at his company have embraced the system eagerly. 4.

Rypple may not be perfect, but it is certainly better than antediluvian annual or semi-annual performance reviews. At a time when results are under pressure almost everywhere, anything that helps improve employees' performance quickly can be a source of useful competitive advantage. Thanks to the rise of the Net Generation, services such as Rypple may well make a splash in the workplace.

## COMPREHENSION

I. Explain what these words and expressions from the article mean in your own words.

- ◇ Net Generation
- ◇ Glue kid
- ◇ to create a buzz about oneself
- ◇ to badge smb.
- ◇ tags
- ◇ make a splash in the workplace.
- ◇ Big Brotherish way

II. Five sentences have been removed from the article. Choose the most suitable one from the list (A-D) for each part (1-4) of the article. There is one **extra sentence which you don't need to use**.

- A. The service requires employees to establish a network of trusted peers, mentors and managers whose opinions they value.
- B. He is even using it to solicit feedback from clients.
- C. They will need to provide a regular feedback to young workers like never before.
- D. **All across America a new generation of consumers is making its presence felt.**
- E. And to older workers Rypple may look like a Big Brotherish way to track what is going on in the workplace.

III. Answer the following questions.

1. **What makes** Net Geners feel in control of their careers?
2. Why do Net Geners strive on regular feedback?
3. What does Rypple offer to satisfy Net Geners' desire for frequent assessments?
4. How are tags used in performance assessment?
5. What negative effects are expected from Ripple system implementation?
6. **How does it really work in a good work team building when it's up and running?**

## FOLLOW-UP ACTIVITY



Work out your own chart of characteristics necessary for successful team-building and teamwork.

## UNIT 14

### THE FUTURE OF BUSINESS



**WHEN TRADE PARTNERS ATTACK**  
**China will test the WTO's dispute-settlement system.**



## PRE-READING TASK

I. What do you know about umpiring function of the WTO?

II. When does it impose penalties resolving international trade disputes?

III. What do you think about this opinion given by an American business analyst *“The WTO, and all others who expect respectful behavior from China would do well to think twice”*.

**§ 1. In 2009 China overtook Germany to become the world’s largest exporter.** Exactly half the trade disputes that were filed at the World Trade Organization (WTO) last year involved China. These facts are not unrelated. As Pascal Lamy, the WTO chief, pointed out in January, the scope for trade friction increases as countries trade more. Disputes between China and other countries are only to be expected.

**§ 2. Mr. Lamy did not have to wait long for evidence to back up this claim.** On February the 8<sup>th</sup> **China complained to the WTO about the European Union’s anti-dumping duties on Chinese-made shoes.** It was followed by recent complaints by the Chinese about restrictions on its exports of steel fasteners, car tires and poultry. Having initiated just two disputes between joining the WTO in 2001 and September 2008, China has complained to the WTO another five times since then. It seems that **China has moved from “learning by watching”, where it mainly observed others’ trade tussles, to being an active participant in formal dispute settlement.**

**§ 3. China’s increasing propensity to bring disputes to the WTO is a part of a broader shift.** Although the average number of formal disputes per year has fallen since 2001 this is principally because rich countries spend less time fighting each other. America and the EU initiated only 27.2% of cases brought to the WTO between 2001 and 2008. Over half were initiated by developing countries.

**§ 4. That emerging markets, which share of world trade is growing, feel confident enough in the dispute settlement system to use it is welcome.** The question is **whether the WTO’s mechanisms are up to the risk of defusing** rising trade tensions with China. There are grounds for confidence. Unlike dispute settlement under the previous world trade regime, countries can not simply brush away verdicts handed down by the WTO. If a country fails to comply with a ruling, the WTO can permit **the complaint to hit back, for instance, by restricting its adversary’s access to its own market.** Crucially, even when it does give permission to strike back, the WTO limits the amount of retaliation, based on the damage caused, preventing small skirmishes over a few million dollars of trade from becoming outright trade wars. Nearly 70% of disputes are settled by negotiations, presumably to the satisfaction of both parties.

§ 5. **The credible threat of WTO-**authorized retaliation also deters countries from using trade barriers that are likely to be challenged. Chad Brown, a trade economist at the World Bank, has found America was less likely to slap anti-dumping duties on trading partners who were themselves big markets for American exporters. This does point to one obvious problem with the system: an aggrieved country with too small a market credibly to threaten serious retaliation against a big country has limited leverage. Even if it has cause for complaint, such a country is unlikely to file a case.

§ 6. **That ought not to be a big problem for China and America or the EU, which value each other's markets. But America or the EU may still find disputes with China tricky.** Countries often threaten to target their retaliation against politically-sensitive products, hoping that their manufacturers will convince their own governments to change course. But this sort of strategy may be more difficult in a dispute with un-democratic China. Exports derived from subsidiaries of American-based multinational are clearly not good targets for retaliation. American consumers will be unhappy if disputes raise the prices of cheap Chinese exports. For its part, China may not import enough consumer goods to make its threats of retaliation credible. More disputes may be inevitable; resolving them successfully is not.

#### COMPREHENSION

##### I. True or false?

1. The more countries trade the fewer frictions emerge in the WTO.
2. The EU countries are trying to impose quotas on Chinese imports of tires, fasteners, poultry and other products.
3. Most of these formal disputes are initiated by rich countries.
4. Under the previous world trade regime countries could simply brush away verdicts by the WTO.
5. The WTO often allows aggrieved countries to strike back with unlimited amount of retaliation.
6. As a big country America often slaps anti-dumping duties on its trading partners.
7. America and the EU countries often target their retaliation against political-ly sensitive products in China to put pressure on its government.

##### II. What do these figures refer to?

70%, 2, 5, 27%, 2009.

##### III. Number the paragraph summaries in the correct order.

- A. **Disputes with China are going to be tricky.** □

**B. There is a new shift in merging markets' approach to the WTO. China has moved from "learning by watching" to active participation in formal disputes. □**

**D. Trade frictions with China increase in the WTO. □**

**E. The WTO has advanced in trade dispute settlement. □**

**F. Aggrieved countries with a small market have limited leverage to threaten retaliation against a big country. □**

IV. Which of the queries below does the author raise in the article?

1. Can the credible threat of WTO-authorized retaliation deter countries from trade wars?

2. Is China aimed at a silent expansion in the global market of future?

3. Are the WTO mechanisms up to the risk of defusing trade tensions with China?

#### FOLLOW-UP ACTIVITY

I. Google information on trade relations between Belarus and China. Share your conclusions about gains and problems. Try to predict potential risks. Outline some ways to overcome them.

Учебное издание

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FROM ANALYSIS TO JUDGEMENT

**ОТ АНАЛИЗА К СУЖДЕНИЮ**

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для студентов экономических специальностей

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