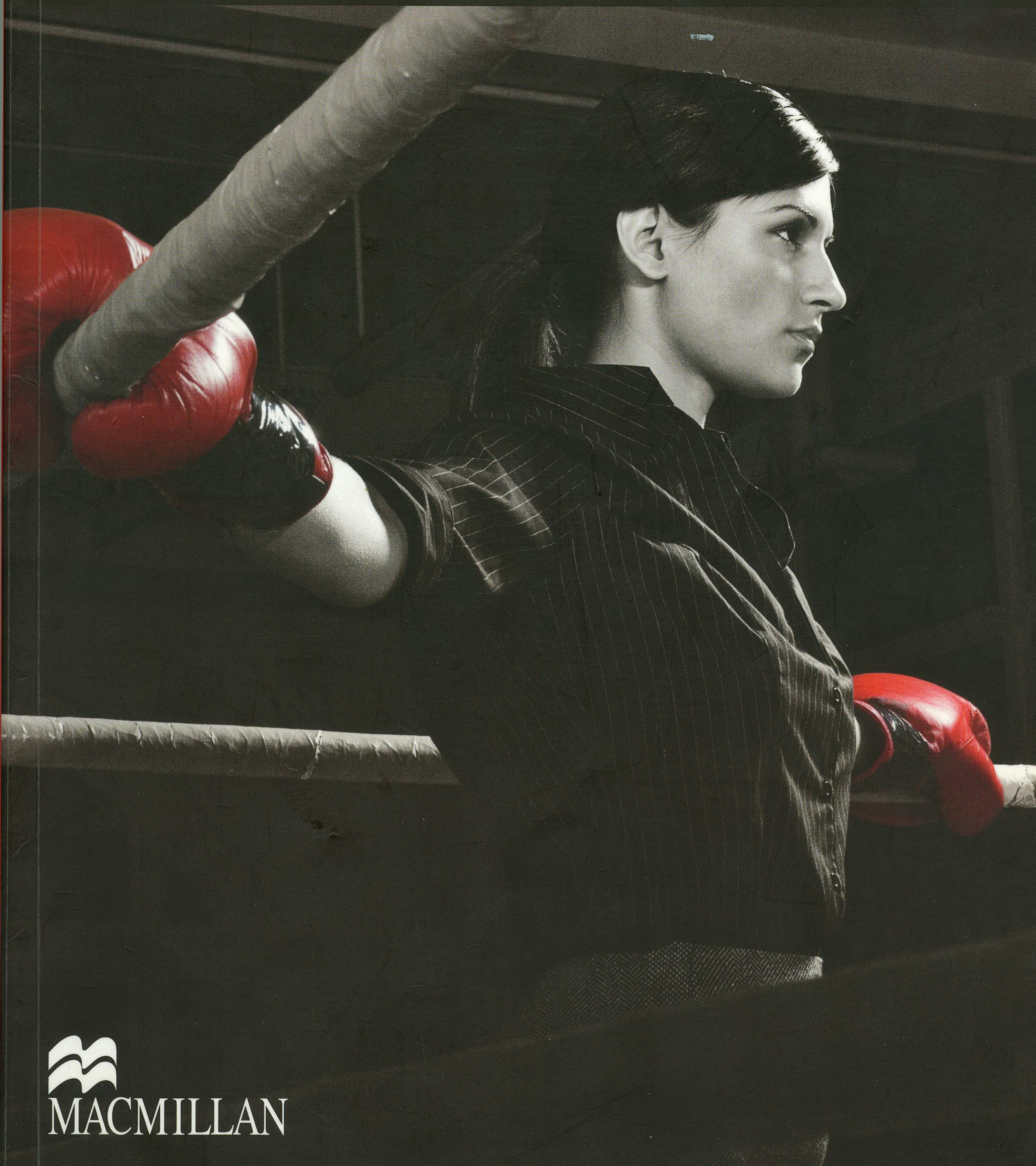
The Business 2.0

B1+ INTERMEDIATE Student's Book

John Allison with Paul Emmerson



MACMILLAN

Business fundamentals

- business structures
- types of companies

Company types and structures

Vocabulary

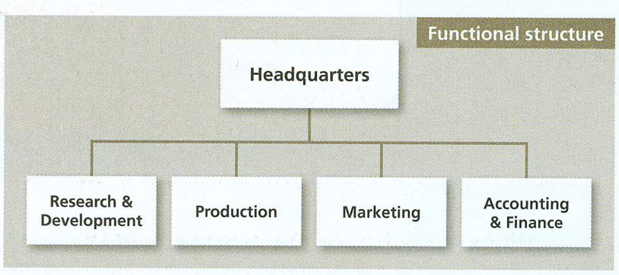
1 Look at the ways of classifying businesses. Which categories do the companies that provide these products and services belong to?

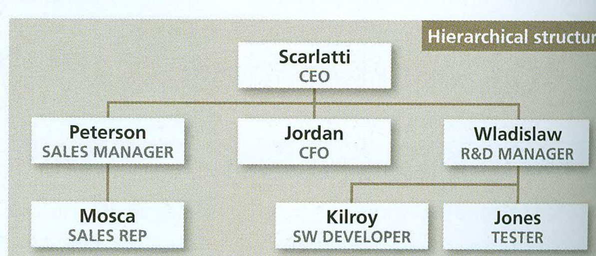
your Internet connection
your milk and cheese
your bicycle
your haircut
spare parts for your car
your dental care

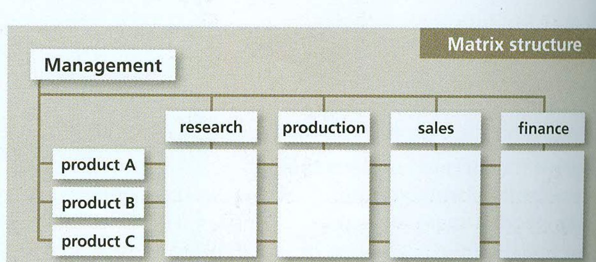
Industry type	Primary	agriculture, fishing, forestry, mining
	Secondary	construction, manufacturing
	Tertiary/service	banking, tourism, entertainment
Business type	Sole trader	The business is owned by one person who is responsible for any debts.
	Partnership	Two or more people run the business; all partners share profits and losses.
	Limited liability (Ltd)	The company is responsible for any losses, not the owners; the company is private, i.e. shares cannot be sold to the public.
	*Public limited (PLC)	The company is owned by shareholders who receive dividends and gain or lose money if share prices go up or down.
Business model	B2B	business to business – companies sell to companies
	B2C	business to consumer – companies sell to individuals
	C2C	consumer to consumer – individuals sell to individuals
	B2B2C	third party vendors or consultants sell a company's products to consumers
	*A public limited company can also be known as a corporation (Corp) (Inc)	

2 Look at the business structures. Which do you think is best for these companies?

small family business   global online retailer   multinational conglomerate
medium-sized manufacturer







Listening

3 1:01–1:05 Listen to five people talking about their businesses. Note each speaker's job, industry type, business model, type of business and company structure.

e.g. *Speaker 1 - geologist - mining - B2B - multinational corporation - functional structure*

- profit and loss
- assets and liabilities

Company finance

Reading

1 Read the article below and choose the best summary:

a) Baker's Dozen makes healthy profits because its products sell well.
b) Baker's Dozen makes a heavy loss because its costs are out of control.
c) Baker's Dozen only just breaks even because its overall margin is too small.

THE **Baker's** DOZEN

Baker's Dozen Ltd's thirteen outlets bake and sell their own fresh bread and cakes. **Revenue** has risen quickly since the bakeries started selling to hotels and restaurants as well as the general public. Pastries and pies are selling well, but shareholders are finding annual results disappointing. It seems that there is very little left over to pay **dividends** or to reinvest in the business as **retained profit**. So what's the problem?

The company reports a healthy **gross profit**, since its **cost of goods sold** is low: raw materials (essentially flour, water, eggs and sugar) are cheap, and most bakery staff are on minimum wage. However, **operating profit** is much less impressive. As the business has expanded, **operating costs**, such as rent, electricity, administrative salaries, insurance and marketing have increased considerably. So **net profit after tax** has been a big disappointment, not to mention all the money that disappears in corporation **tax and depreciation** (the B2B market requires customized vans that lose value very quickly). In conclusion, it seems there's still profit to be made in baking, but it's certainly not easy money!

Vocabulary

2 Use the words in bold in the article to complete 1–9 in the table.

money from customers	1	________________
________________	2	direct costs, e.g. materials and labour
profit (or loss) after direct costs	3	________________
________________	4	other costs, e.g. administration, buildings, utilities
profit (or loss) after direct and other costs	5	________________
________________	6	money paid to the government and loss in value of equipment
profit (or loss) after all costs and taxes	7	________________
________________	8	money distributed to shareholders
money reinvested in the company	9	________________

3 With a partner, put the assets and liabilities in the box in the correct category.

~~bank loans~~ buildings cars inventory invoices land
money invested in the company by the founders mortgages office furniture patents
production machinery raw materials retained profit unpaid customer invoices
unpaid insurance premiums unpaid salaries unpaid supplier invoices

Assets (what the company owns)		Liabilities (what the company owes)		
Current assets (cash and things that can be sold within one year)	Long-term assets (things that are used over more than one year)	Current liabilities (debts to pay back within one year)	Long-term liabilities (debts to pay back over more than one year)	Shareholders' equity (what's left after paying all debts)
			bank loans	

Business fundamentals

- ▶ supply chain logistics
- ▶ financial supply chain

Supply chain

Vocabulary

1 **Complete the text about the supply chain responsible for Suzy's new computer with the company names from the chart.**

▶ PRODUCTS ▶					
General Plastics Corp. raw materials supplier	**China Keyboards Ltd** component supplier	**Cherry Computer Inc** manufacturer	**Electronic Distribution PLC** wholesaler	**High Street PCs Ltd** retailer	**Suzy** customer
◀ ORDERS/MONEY ◀					

When Suzy's old PC breaks down, she can't imagine a weekend without her social network. So she goes down to (1) _________ and buys a new one. It's as simple as that. She doesn't need to know about the supply chain that makes it possible, or the multiple financial operations that will distribute her credit card payment to companies around the world.
On another continent, a new order of plastic granulate (made from crude oil) is being delivered to component suppliers (2) _________ by a (3) _________ truck. Suzy's new computer was only delivered to the store last week by FedEx, but they're already almost out of stock, so the inventory system automatically places an order for ten more with (4) _________. Every month, the manufacturer (5) _________, buys hundreds of thousands of components from suppliers like (6) _________, whilst distributors like (7) _________ order several hundred PCs to be able to supply stores all over the country. By the time Suzy gets her new PC set up, literally hundreds of people have contributed to keeping her online.

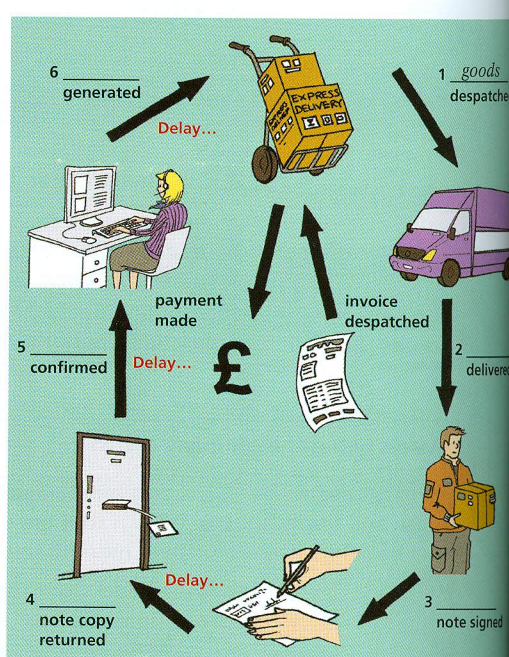
2 **Complete the sentences about supply chains with the correct preposition from the box.**

> for   from (x2)   to   to   Ø   with (x2)

1 Retailers order _________ wholesalers.
2 Wholesalers place orders _________ manufacturers.
3 Suppliers sell _________ their customers.
4 Manufacturers buy components _________ sub-contractors.
5 Commodity suppliers provide manufacturers _________ raw materials.
6 Trucks deliver goods _________ customers.
7 Customers pay _________ retailers, usually in cash.
8 Ultimately, the end-user pays _________ everything.

3 **Complete the diagram of a financial supply chain with the words in the box.**

> delivery   goods   invoice



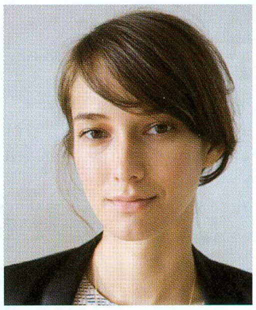
4 **With a partner, draw a similar diagram to the one in Exercise 1 to show how you think the supply chain is organized for buying books or music online. Compare your ideas with another pair.**

- CV information
- composing a cover letter

CVs and cover letters

Writing

1 **Use the headings in the CV below to create your own CV with your personal details.**



NAME: (Your first or given name(s) and family or surname)
Lina Ramírez Moreno

DATE OF BIRTH:

NATIONALITY:

CURRENT ADDRESS:

PERMANENT ADDRESS: (IF APPLICABLE)

EDUCATION: (year: from–to, starting with most recent) (names of institutions attended and qualifications obtained)
2010–2013 Oxford High School, Buenos Aires: International Baccalaureate Diploma

WORK HISTORY: (month/year: from–to, starting with most recent) (type of work, employer and responsibilities)
July–August 2012 holiday job, Big Jack's Pizza, Hong Kong
I worked as …, I was responsible for …

POSITIONS OF RESPONSIBILITY: (year: from–to, starting with most recent) (position and responsibilities)
2010–2011 Secretary of High School French Society
I organized …, I managed …

OTHER: (give details of language and IT skills, sports or cultural activities, driving licence, etc.)
good spoken French, MS Office and Adobe Photoshop, volleyball, clean driving licence

REFERENCES:
See next page

Speaking

2 **With a partner, exchange CVs. Ask and answer questions to find out at least *two* more pieces of information for each item.**

Which type of baccalaureate did you do?
What was the most difficult part of your job at Big Jack's Pizza?
Why did you choose volleyball?

Writing

3 **With a partner, put the phrases in bold in this cover letter in the correct order.**

Dear Ms Naqvi,
As a second-year student at Cracow University of Economics, [1]**am business experience gain I keen to** through a three-month work placement (July–September) with a leading international retailer like PC Warehouse.
[2]**extensive of have I knowledge** the PC market, and [3]**assembling considerable of computers experience** for family and friends. In addition, my university course in Customer Relationship Management [4]**a has in given interest me retailing strong**.
I will be a [5]**and highly hard-working intern motivated** and I feel sure that I can [6]**a contribution make your valuable organization to**. I am interested in all aspects of your business model, and [7]**accept any happy position to be would** you are able to offer me.
[8]**to answer any call I next questions week you will** you may have, but [9]**at contact time free to me any feel please** for more details or to arrange an interview. Thank you [10]**and time your consideration for**.
Sincerely yours,
Karol Kowalski

4 **Write your own cover letter for a job or work placement you would like to do.**

1 Corporate culture

- company culture
- unwritten rules in the workplace

Internet research

Search for the keywords *work fun*. Find out how companies are trying to create a fun atmosphere at work.

1.1 About business Work culture and placements

Discussion

1 With a partner, discuss what you would do in each situation and explain why.

You've just started working for a new company. Do you:
a) try to look as smart and professional as possible?
b) wear jeans and a T-shirt like all the other employees?
Why?
a) stop work at five o'clock like everyone else?
b) stay longer to finish your work?
Why?
a) share your ideas and opinions at staff meetings immediately?
b) say nothing like most of your colleagues?
Why?

Scan reading

2 Scan the article opposite to find:

a) what the monkey experiment demonstrated.
b) seven examples of unwritten rules.
c) what new staff learn about work culture and how they learn it.

Discussion

3 In small groups, discuss the questions.

1 What do you think organizations and companies can do to avoid negative unwritten rules?
2 What unwritten rules do you imagine you might encounter in your country as an intern in:
- a government department?
- a small public relations firm?

Think about:
- office etiquette, e.g. dress code, punctuality, personal calls, coffee and lunch breaks
- relationships with colleagues, management and clients/business partners
- autonomy and initiative

3 Which work culture above would you prefer to work in? Which would be the most difficult to adapt to? Why?

Listening for gist

4 1:06–1:07 Listen to Sandra, an American business student, and David, a British civil service manager, talking about problems they experienced with work placements. Answer the questions.

1 What problems did Sandra and David have?
2 What were the misunderstandings that caused these problems?

Listening for detail

5 1:06–1:07 Listen again. What mistakes did the students and the supervisors make in each case?

Brainstorming and presentation

6 In small groups, compare organizations where you yourself, your friends or members of your family have worked or studied. In what ways are their cultures different? Have these differences ever caused problems or misunderstandings?

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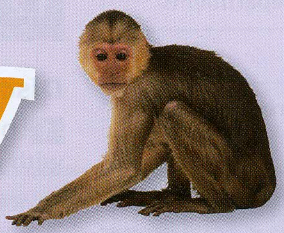
assignment
autonomy
beating
dress code
etiquette
initiative
intern
pick up

Monkey BUSINESS?



Scientists put a group of five monkeys in a cage. At the top of a ladder, they hung a banana. As soon as a monkey climbed the ladder, he was showered with cold water; the group soon gave up trying to reach the banana.

Next, the scientists disconnected the cold water and replaced one of the five monkeys. When the new monkey tried to climb the ladder, the others immediately pulled him down and gave him a good beating. The new monkey learned quickly, and enthusiastically joined in beating the next new recruit. One by one, the five original monkeys were replaced. Although none of the new group knew why, no monkey was ever allowed to climb the ladder.

Like the monkeys in the experiment, every culture and organization has its unwritten rules. These rules are probably the single most influential factor on the work environment and employee happiness. Though many work cultures embrace positive values, such as loyalty, solidarity, efficiency, quality, personal development and customer service, all too often they reinforce negative attitudes.

> **'Like the monkeys in the experiment, every culture has its own unwritten rules.'**

In many businesses, an unwritten rule states that working long hours is more important than achieving results. In one medium-sized company, the boss never leaves the office until it is dark. Outside in the car park, he checks to see who is still working and whose office windows are dark. Staff who risk leaving earlier now leave their office lights on all night.

Other common unwritten rules state that the boss is always right, even when he's wrong; if you're not at your desk, you're not working; nobody complains, because nothing ever changes; women, ethnic minorities and the over 50s are not promoted; the customer is king, but don't tell anyone, because management are more interested in profitability.

Often nobody really knows where these unwritten rules came from, but like the new monkeys, new recruits pick them up very quickly, despite the best intentions of induction and orientation programmes. The way staff speak to management, to customers and to each other gives subtle but strategic clues to an organization's culture, as do the differences between what is said, decided or promised, and what actually gets done. New staff quickly learn when their ideas and opinions are listened to and valued, and when it's better to keep them to themselves. They learn which assignments and aspects of their performance will be checked and evaluated, and whose objectives and instructions they can safely ignore. Monkeys may be more direct, but work culture is every bit as effective at enforcing unwritten rules as a good beating.

1 Corporate culture

- company departments
- job titles
- describing responsibilities

1.2 Vocabulary Work organization and responsibility

Discussion

1 **Decide which word in each group is different from the others. Then compare your ideas with a partner.**

1 job task work project
2 manager boss deputy supervisor
3 colleague co-worker associate collaborator

Listening for detail

2 1:08 **Sam Shenton is a new intern at Warndar Techonologies, a software engineering company in Texas. Listen to Bertram Newman, her supervisor, explaining the company structure. Complete the organigram.**

Warndar TECHNOLOGIES

Merilyn Warner
CEO

David Darren
(1) ________

Administration	Marketing	(6) ________	(8) ________	IT & Technical Support
Monica Overstreet (2) ________ Manager	*Bertram Newman* (4) ________ Development Manager	*Douglas Pearson* R&D Manager	*Herb Monroe* Program Manager	*Roxane Pawle* (10) ________
two (3) ________	one Art Director one (5) ________ officer two salesmen	seven (7) ________	two software engineers one (9) ________	one (11) ________ two (12) ________

3 1:08 **Listen again and answer the questions.**

1 Why is the organization simple now?
2 Why does Bertram say it's going to change?
3 What is the difference between the roles of the CEO and the COO at Warndar?
4 Who are Irysis and where are they based?
5 What happened about two years ago?
6 When did Roxane Pawle join Warndar? What happened to her predecessor?

4 **Match the parts of these sentences from the listening to complete ways of describing responsibilities.**

1 You're going to report
2 She also looks
3 She has two accountants working
4 David runs the business
5 Merilyn deals

a) on a day-to-day basis.
b) with strategy.
c) directly to me.
d) under her.
e) after finance.

6 Our Office Manager
7 He's responsible
8 Roxane is in charge
9 My role is
10 He liaises

f) to manage Marketing & Sales.
g) with me in Marketing.
h) for building our product package.
i) takes care of personnel.
j) of IT & Technical Support.

Internet research

CEO, COO, CFO ...
Search for the keywords *Chief Officer* to find more C ...Os. Make a list, dividing them into two categories, serious and humorous.

Prepositions

5 Complete the electronic newsletter by using each preposition once.

alongside as at in on under

INBOX | REPLY | FORWARD

This month Warndar News is delighted to welcome Sam Shenton, our new intern. Sam, who comes from Boston, joins the Marketing team and will be working (1) ________ Jake Smith and Saidah Hussain.
Andy Highlands has moved from R&D. He is now working (2) ________ IT Manager Roxane Pawle in IT & Technical Support. He replaces Fred Staples, who retired last month. Good move, Andy!
News of Jackson Tyler, our former IT Manager: after transferring to Washington and working (3) ________ Head of IT (4) ________ Sterns & Lowe, Jackson is now back in San Antonio. He was hired immediately, but only to work (5) ________ an Internet café. Jackson tells us it's just a temporary demotion; he is also working (6) ________ a business plan for a new social networking site. We wish him the best of luck!

Discussion and presentation

6 Work in groups of three. You want to open a private music school that offers music lessons to people of all ages. Decide:

- who is responsible for the areas in the box below.
- how many extra staff members you will need.
- who everyone reports to.

Draw an organigram of the company structure using the words from the box.

accounts advertising CD and music library cleaning and maintenance discipline educational policy instrument repairs insurance legal questions organizing concerts planning timetables public relations purchasing quality and complaints reception and office recruiting teachers registrations salaries sound systems transport and logistics

7 Work with a partner from a different group. Present your music school's organization using relevant phrases and vocabulary from the previous exercises.

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on a day-to-day basis
organigram
predecessor
take over

Defining words

8 With a partner, practise defining words relating to work organization.

Student A: turn to page 114.
Student B: turn to page 118.

1.2 Vocabulary