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Кафедра «Теория и методика преподавания  
иностраннных языков и культур»

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# **MANAGEMENT: KEY STRATEGIC ISSUES**

**Практикум**



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Цель практикума – формирование у студентов бакалавриата коммуникативной компетентности, обеспечивающей достаточную адаптивность и успешность использования вербальных средств общения в профессиональной сфере, практическое владение иностранным языком в процессе осуществления межкультурной коммуникации и дальнейшее приобретение знаний, необходимых для более глубокого освоения своей специальности.

Предназначен для студентов направления подготовки бакалавров 38.03.02 «Менеджмент» (профили «Производственный менеджмент» и «Логистика») очной и заочной форм обучения для изучения дисциплин «Иностранный язык» и «Английский язык в сфере профессиональной коммуникации».

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## ВВЕДЕНИЕ

В условиях современного общества с его стремительно нарастающими тенденциями глобализации во всех сферах научной, политической, экономической и культурной жизни всё более актуальным становится вопрос о качественном осуществлении межкультурной иноязычной коммуникации.

Становясь мощным действенным средством, организующей силой, оказывающей влияние на все области жизнедеятельности человека, успешная иноязычная коммуникация представляет собой особо важную составляющую системы оснований и условий становления и функционирования общества и достижения благополучия людьми.

Таким образом, формирование профессионально ориентированной иноязычной коммуникативной компетенции студентов экономических специальностей вузов является актуальной задачей, решение которой позволяет более действенно осуществлять поставленные профессиональные задачи, получать разностороннюю надёжную информацию из альтернативных источников и устанавливать эффективное взаимопонимание в профессиональной деятельности специалистов.

Практикум «Management: key strategic issues» предназначен для студентов бакалавриата II курса, обучающихся по направлению подготовки высшего профессионального образования 38.03.02 «Менеджмент» (профили «Производственный менеджмент» и «Логистика») очной и заочной форм обучения для изучения дисциплины «Английский язык в сфере профессиональной коммуникации» в соответствии с ФГОС ВПО.

Актуальность настоящего практикума обусловлена прежде всего тем, что лексико-грамматические и стилистические реалии языка осваиваются студентами (как и требует заказ современного рынка) на основе профессионально-ориентированного материала, работа с которым подготавливает студентов к дальнейшему изучению английского в сфере профессиональной коммуникации и позволяет создать надёжную базу для их профессиональной конкурентоспособности в будущем.

## ЦЕЛИ И ЗАДАЧИ КУРСА

*Цель* — формирование у студентов иноязычной коммуникативной компетенции, достаточной для дальнейшей учебной деятельности, обеспечивающей возможность участия в межкультурном общении и профессионально-ориентированной деятельности, позволяющей реализовать свои профессиональные планы и устремления.

*Задачи:*

1) овладение *новым словарем* в объеме 3500—3800 лексических единиц и словообразовательными моделями, характерными для современного английского языка, а также формирование умений по уверенному использованию наиболее употребительных языковых средств, неспециальной и специальной лексики, устойчивых и идиоматических выражений, а также отдельных стилистических средств (эпитетов, метафор, сравнений) на основе системного изучения лексики и тезаурусного подхода;

2) развитие умения осуществлять *смысловой анализ и синтез текста*, прогнозируя линейную последовательность его элементов, композиционную структуру и смысловое содержание в зависимости от различных техник чтения (ознакомительное, изучающее, поисковое); формирование навыков по извлечению из текста эксплицитной и имплицитной информации в процессе чтения и перевода, в том числе с использованием языковой догадки о значении незнакомых лексических единиц и грамматических форм по их функции, местоположению, составу компонентов;

3) совершенствование и развитие умений *в области говорения* в высказываниях монологического и диалогического характера, а также при участии в дискуссии профессионально-ориентированного, делового, общенаучного, социально-культурного и общественно-политического содержания на английском языке — с использованием богатого разнообразия форм современного литературного и разговорного языка, уместного в ситуациях официального и неофициального общения; совершенствование *техники устной презентации*;

4) развитие *навыков письменной речи*, формирование умений аннотирования, реферирования, резюмирования, перевода текстов

профессионально-ориентированной направленности с пониманием как основного смысла, так и различных деталей содержания оригинального текста общенаучного, делового и социально-культурного характера;

5) формирование *навыков самоорганизации* с использованием методики самостоятельной работы студентов, направленной на совершенствование умений по работе со специальной литературой на английском языке с целью получения профессиональной информации из различных источников с использованием печатных и электронных учебно-методических материалов и словарей, а также аутентичной литературы в целом;

6) расширение знаний *в области страноведения, культурологии, делового этикета*, связанных с социально-культурными и историческими особенностями стран изучаемого языка.

Практикум строится в соответствии с общей концепцией преподавания английского языка на неязыковых специальностях Тольяттинского государственного университета, имеет профессиональную направленность и коммуникативно-ориентированный характер.

## ТРЕБОВАНИЯ К ЗНАНИЯМ, УМЕНИЯМ, КОМПЕТЕНЦИЯМ

Практикум способствует формированию следующих компетенций в соответствии с ФГОС ВПО:

1) владение культурой мышления, способностью к восприятию, обобщению и экономическому анализу информации, постановке цели и выбору путей ее достижения (ОК-5);

2) умение логически верно, аргументированно и ясно строить устную и письменную речь (ОК-6);

3) готовность к кооперации с коллегами, работе в коллективе (ОК-7);

4) способность находить организационно-управленческие решения и готовность нести ответственность за них (ОК-8);

5) стремление к личностному и профессиональному саморазвитию (ОК-10);

6) осознание социальной значимости своей будущей профессии, обладание высокой мотивацией к выполнению профессиональной деятельности (ОК-12);

7) владение одним из иностранных языков на уровне, обеспечивающем эффективную профессиональную деятельность (ОК-15);

8) способность осуществлять деловое общение: публичные выступления, переговоры, проведение совещаний, деловую переписку, электронные коммуникации (ОК-19).

### **В результате изучения курса студент должен**

#### **• *знать:***

1) на *продуктивном уровне* – 1500 л. ед., на *рецептивном уровне* – 3500–3800 л. ед., относящихся к основным теоретическим знаниям и концепциям взаимодействия людей в организации, включая вопросы мотивации, групповой динамики, командообразования, содержания маркетинговой концепции управления и основных элементов стратегического процесса;

2) основные *грамматические явления*, необходимые для овладения специфическими навыками говорения и чтения оригинальной литературы, понимания общего содержания прочитанного и перевода текстов с английского языка на русский, а также в целом – для продуцирования качественной речи диалогического и монологиче-



ского характера в области профессионально-ориентированной тематики, а именно:

- а) активную и пассивную форму глагола и его видо-временные формы (Simple, Continuous, Perfect, Perfect Continuous),
- б) образование сложных форм инфинитива, герундия и причастия в форме действительного и страдательного залога,
- в) обратный порядок слов в вопросительном предложении; построение сложносочинённых и сложноподчинённых, а также условных предложений различных типов,
- г) особые случаи образования множественного числа сложных существительных, встречающихся при описании бизнес-процессов,
- д) значение и употребление простых, составных и групповых предлогов, а также предлогов, совпадающих по форме с наречиями в контексте профессионально-ориентированной терминологии,
- е) модальные глаголы, наречия, союзы и знаки пунктуации;

• **уметь:**

1) в области *говoreния*:

- а) адекватно употреблять лексический минимум на продуктивном уровне — 1500 л. ед., на рецептивном уровне — 3500—3800 л. ед., относящихся к основным теоретическим знаниям и концепциям взаимодействия людей в организации, включая вопросы мотивации, групповой динамики, командообразования, содержания маркетинговой концепции управления и основных элементов стратегического процесса,
- б) выстраивать грамматически корректно сформулированные высказывания, подбирая релевантные речевые конструкции в зависимости от ситуации повседневного, делового и профессионального общения, используя техники устной и письменной презентации, аргументированно и ясно излагая свою точку зрения на планирование и развитие маркетинговой стратегии компании,
- в) учитывать социальные, культурные, профессиональные аспекты речи при осуществлении диалогического и монологического взаимодействия с собеседником;

2) в области *чтения*:

- а) извлекать основную либо детализированную информацию при работе с текстом, применяя ознакомительное, изучающее, поисковое, просмотровое чтение,
- б) читать и переводить тексты профессионально-ориентированной направленности, пользуясь отраслевыми словарями и справочниками (билингвального и монологического типа); активно использовать транскрипцию для совершенствования навыков работы с вновь возникающей специфической лексикой,
- в) применять и самостоятельно совершенствовать автоматизированную технику чтения печатных и электронных изданий и других источников информации за счёт приобретённых рецептивных лексико-грамматических навыков чтения;

3) в области *письма*: описывать процессы, относящиеся к управленческой и организационной деятельности бизнеса, составлять резюме, памятки, инструкции и описания маркетинговых стратегий бизнеса;

4) в области *аудирования*:

- а) понимать смысл монологического и диалогического высказываний при осуществлении межкультурной, деловой и профессиональной коммуникации,
- б) владеть навыками оценки речевой ситуации, позволяющими осуществлять адекватный выбор языковых и коммуникативных средств общения.

## МЕТОДИЧЕСКИЕ РЕКОМЕНДАЦИИ

Область профессиональной деятельности бакалавров, получивших высшее образование по направлению подготовки 38.03.02 «Менеджмент» (профили «Производственный менеджмент» и «Логистика»), включает управление процессом производства продукции и предоставления услуг в широком межотраслевом разрезе.

Новое содержание и широкие масштабы управленческая деятельность приобрела в современных условиях международного монополизированного рынка, требующего грамотного обеспечения функционирования сложной системы управления. Актуальным, таким образом, становится обращение к материалам современных англоязычных публикаций и аутентичных научно-исследовательских работ, касающихся теоретических, практических и прикладных аспектов современного менеджмента, послуживших концептуальной основой для данного издания.

Практикум «Management: key strategic issues» состоит из двух основных частей:

Part 1. *World of work: the human dimension* (4 главы),

Part 2. *Key strategic issues* (6 глав).

Каждая глава начинается с двух или трёх взаимодополняющих друг друга разделов, объединённых общей темой и раскрывающих содержание маркетинговой концепции управления и основных элементов стратегического процесса с выделенными ключевыми понятиями и терминами, с пояснительными таблицами и схемами.

Методический аппарат практикума содержит ясную *формулировку темы* в начале каждой главы и определяет *цели*, направленные на приобретение эффективных коммуникативных умений и навыков, актуальных в рамках заявленной темы.

Разнообразные по приёмам и характеру *практические задания* к каждой главе снабжены рекомендациями, инструкциями и подробными *примерами* выполнения заданий, а также подкреплены электронными *ссылками* на дополнительные источники, полезные для работы с каждой отдельной главой (*Reference*).

Присутствующие материалы к используемой форме *обратной связи* отмечены специальным набором значков ☀️!☀️!☀️! — как материалы для самоконтроля.

Постепенное усложнение содержания от главы к главе позволяет студентам приобретать, отрабатывать и совершенствовать навыки в различных видах речевой деятельности — чтении, говорении, аудировании и письме, давая возможность моделировать и описывать процессы, относящиеся к управленческой и организационной деятельности бизнеса.

В каждой главе представлены разнообразные формы организации работы, позволяющие варьировать индивидуальную и групповую работу, использовать «мозговой штурм» и «круглые столы», а также обучать студентов излагать свою точку зрения в диалогических и монологических высказываниях, направленных на развитие способности к практическому взаимодействию сотрудников в организации и пониманию содержания маркетинговой концепции управления в целом.

Практикум включает также три особых вспомогательных раздела:

1. *Additional texts* — банк неадаптированных текстов для самостоятельного чтения по главам;
2. *Building your vocabulary* — широкий спектр справочных материалов по адекватному использованию существующих устойчивых выражений в рамках обсуждаемой тематики;
3. *Defenitions* — толковый словарь необходимых терминов.

Необходимость самостоятельной работы студентов с банком неадаптированных текстов для чтения, соответствующих содержанию одной из 10 изучаемых глав, обусловлена целесообразностью повторения и систематизации усваиваемого языкового материала. Тексты предназначены для домашнего чтения, носят выраженный познавательный характер и рассматриваются как один из способов сохранения и дальнейшего обогащения активного словаря студентов.

Организация *самостоятельной работы* с текстами в приложении строится следующим образом.

1. На заключительном этапе изучения каждой главы после проработки основной части учебного материала, выполнения тренировочных упражнений и заданий различного типа студентам предлагается приступить к самостоятельному чтению текста и выполнению письменного перевода с обязательным выполнением подробной словарной работы (в связи со сложностью и специфичностью предлагаемой лексики).



2. Контроль внеаудиторного чтения дополнительных текстов проводится на специально отведенном для этого занятии в форме словарных диктантов, устных сообщений по теме, аннотаций текстов, пересказов основного содержания, проблемного обсуждения в виде круглых столов, сочинения, устной и письменной презентации по усмотрению преподавателя.

Осуществление *контроля* работы студентов, основанной на выполнении итоговых заданий, отмеченных в главе знаками — !!! — происходит по усмотрению преподавателя в форме:

- 1) докладов малых групп;
- 2) дискуссий с использованием презентаций;
- 3) семинаров с использованием деловой игры;
- 4) семинаров с использованием анализа конкретных ситуаций;
- 5) индивидуальной домашней работы.

*Контроль и оценка* проделанной студентами работы осуществляются согласно следующим *критериям*.

*Высокий* уровень усвоения материала (5–6 баллов): монологическое изложение материала отличается последовательностью и логичностью, соответствует теме и ситуации общения. Происходит активное ведение диалога, интенсивный обмен информацией, речь характеризуется смысловой законченностью, эмоциональностью, логичностью, ясным соответствием ситуации общения, структурным разнообразием. Высказывания релевантны теме, носят творческий характер, их скорость соответствует нормальному темпу речи на родном языке. Словарный запас разнообразен, включает много идиоматических выражений, стиль соответствует предложенной ситуации.

*Средний* уровень усвоения материала (3–4 балла): говорящий может выступать инициатором диалога и успешно поддерживать его, используя языковые навыки и речевые умения; корректировать при необходимости ход беседы и добиваться поставленной коммуникативной цели. Стиль соответствует речевой ситуации, словарный запас относительно разнообразен, оформление в основном правильное, ошибки не препятствуют пониманию сообщения. Студент устанавливает причинно-следственные связи, обобщает сведения и способен делать выводы на основе получаемой информации, выражая при этом своё отношение к фактам и событиям.

*Удовлетворительный* уровень усвоения материала (1–2 балла): изложение понятное, говорящий участвует в диалоге, но редко проявляет инициативу при обмене мнениями, однако ответы обычно соответствуют заданной коммуникативной ситуации. Словарный запас ограничен, оформление высказывания не совсем правильное, стиль не всегда соответствует речевой ситуации. Ошибки затрудняют понимание высказывания. Демонстрируется удовлетворительное понимание контекста, основанного на знакомом лексическом и тематическом материале, эпизодически требуются подсказка и помощь участников общения.

*Неудовлетворительный* уровень усвоения материала (0 баллов): в высказываниях монологического и диалогического характера говорящий участвует неохотно, изложение материала непонятное и бессвязное – не соответствует теме, содержит множество ошибок грамматического и стилистического свойства, затрудняющих понимание. Неправильное использование лексики и клише, малый ее объём, стиль выбран неверно. Творческий подход и изобретательность отсутствуют.

В целом в процессе работы с практикумом преподавателю *рекомендуется* целенаправленно ориентировать обучаемых:

- на погружение в культурологические реалии;
- работу со сложными синтаксическими конструкциями и грамматическими формами;
- формирование умения анализировать, обобщать, аргументированно излагать свою точку зрения, творчески комбинируя языковые средства;
- использование разных видов чтения (ознакомительное, просмотровое, поисковое, детальное);
- соблюдение правил орфографии, стиля и формата устных и письменных высказываний;
- работу со справочной литературой и словарями.

## Part 1. WORLD OF WORK: THE HUMAN DIMENSION

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### Unit 1. Human resources management

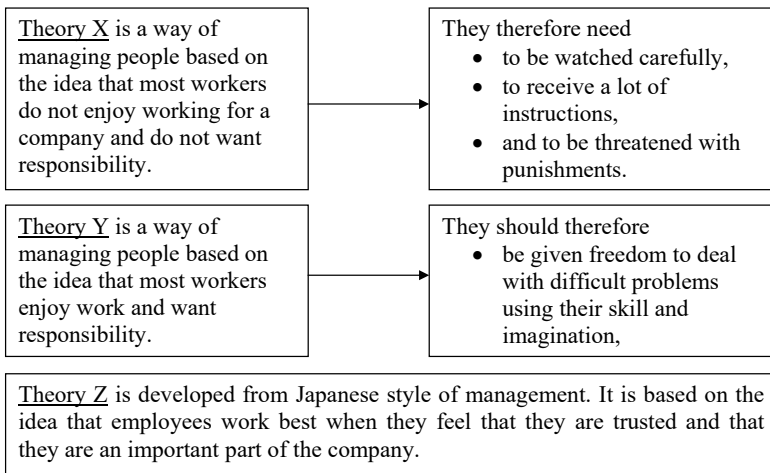
#### *In this unit you will*

- **read** about human resources management: management styles, motivation and factors that had an impact on people's job satisfaction;
- **learn how to** use vocabulary to describe different management styles and management methods;
- **practise** talking about the role of a manager to help people find satisfaction in work and about Frederick Herzberg's motivator factors;
- **write** a memo to the head of a business to encourage initiative among employees.

#### A. Management styles and motivation

Management is the act of running and controlling a business, similar organization or a particular part of a company's activities. It is also referred to the group of people who are **in charge of** a company or other organization. They are trained **to apply management methods**, skills and techniques from psychology mathematics, computing, science to understand how efficiently and effectively organizations work, to analyse problems and make decisions.

Managers follow totally different management styles related to three main theories:



If people are just told what to do and decisions are **imposed** from above without consultation, they stay under constant supervision. Managers have to check what they are doing all the time to make sure that everything is done correctly and safely. Sharing these conservative views is not humanitarian and does not help to encourage initiative among employees. They will probably dislike work and do everything they can to avoid it.

On the other hand, when employees are given responsibility and are encouraged to use their initiative, they do not have to ask about every decision they make. This gives employees the feelings that they are valued, with management knowing the effort they make. This leads to a higher sense of motivation among employees, because they know that the decisions they take have a direct **impact** on a company's success. When everyone feels motivated, morale is good and there is a general feeling of well-being in the organization.

Theory Y is the more advanced view, suggesting that, given the right conditions, everyone has the potential to find satisfaction in work.

Companies that take training and **empowerment** seriously tend to perform better. The idea of empowerment grows in prominence and implies that decisions, where possible, should be made by employees who are close to the issues or problems to be solved, without having to consult their managers further up in the hierarchy. HRM specialists (**human resources management**) are involved in implementing of empowerment, in other words, they have to delegate as much as possible and give authority to make decisions previously made at higher levels.

## **B. Job satisfaction**

The success of a company depends on the ability of its managers to motivate workers. Frederick Herzberg, who studied what motivates employees, defines the following **motivator factors** that can give positive satisfaction to employees:

- *Achievement* – the feeling that you have been successful in reaching your goals, especially using their own effort and skill.
- *Recognition* – the feeling that your employers understand and value what you do by giving positive feedback and providing rewards for the work you do.
- *Responsibility* – when you are in charge of a particular activity, area, department and its success or failure.



- *Advancement* – how far you will be promoted in the organization, how far you will go up the career ladder, which is a series of jobs from junior to senior level in a company with increasing amounts of responsibility.
- *Personal growth* – how you develop personally in you work and your opportunities to do this.

Some aspects of work can cause dissatisfaction of employees, if they are not right. **Hygiene factors** – a set of things that affect how satisfied employees are in their jobs. They include pay (salary), working conditions and peer relations with other people at the same level in organization. It is also important to mention such factors as:

- *Supervision* – the way people are managed in order to make sure that everything is done correctly, safely, etc.
- *Policy* – the overall purpose and goals of the organization, a plan of action agreed or chosen by a business
- *Security* – protection against something bad that might happen in the future, in other words, level of confidence about the future of your job.

**1.1** *The employees are talking about their senior manager's style to deal with them. Replace the underlined phrases with appropriate forms of expressions from A. (The first one has been done for you.)*

1. She knows exactly what is involved in our jobs. She makes us feel she understands the effort we make. *She makes us feel valued.*
2. She encourages us to do things without asking her first.
3. The feeling among employees here is very good. We feel really involved and want to work towards the company's goals.
4. We have a real sense of the idea that our efforts are important for the success of the company.
5. We have a real sense of liking what we do and feeling good when we achieve specific goals in our work.

**1.2** *Look at the text and say if these statements are true or false.*

1. Authoritarian managers like listening to the opinions of their employees.
2. If people need constant supervision, you have to watch them all the time.
3. Authoritarian managers like the idea of consultation with their employees.
4. If decisions are imposed from above, employees have no influence over them.
5. Someone's subordinates are the people working above them.

**1.3** Which of these statements do you agree with? Explain your reasons.

A manager should:

- know when your birthday is.
- know where you are and what you're doing at all times during working hours.
- not criticise or praise.
- not interfere in disagreements between members of staff.
- not ask people to do things they're not prepared to do themselves.
- be available at all times to give staff advice and support.
- keep their distance from staff and not get involved in socialising outside work.
- use polite language at all times.
- work longer hours than their staff.
- comment on the personal appearance of their staff.

**1.4** Different business situations call for different management styles. Which kinds of situation need to be tightly managed and which loosely managed and why?

**1.5** Which management styles have you experienced? Which do you prefer? Pretend that you are a manager, how would you describe your own management style?

**1.6** Say whether each manager from different companies believes in Theory X or Theory Y.

1. I have to keep an eye on employees the whole time. I don't allow them to work at home.

2. It is important to let people work without constant supervision. They feel they are being treated like children otherwise.

3. I encourage employees to use their own initiative. That way you can see the potential future managers among them.

4. They must be here by 8.30 am and they can't leave before 5.30 pm. That way I can be sure they are doing the work we are paying them to do.

5. We encourage the workers at the plant to make suggestions for improvements in the processes they are involved with.

6. All they are interested in is getting to the weekend, doing as little as possible.

**1.7** Choose the words in the box and complete the sentences. (The first one has been done for you.)

delegated	advancement	management	effort	employees
achievement	rewards	climbing	<u>supervision</u>	motivation

- The successful applicant will work under the supervision of our software development manager.
- The firm offers financial \_\_\_\_\_ to motivate its employees.
- I felt a great sense of \_\_\_\_\_ every time she negotiated a deal successfully.
- She enjoyed the excitement of her work. Money was not her main \_\_\_\_\_.
- The reward system recognizes \_\_\_\_\_ as well as achievement.
- The critical skills in sales \_\_\_\_\_ are recruiting, selecting and hiring the best sales representatives.
- My role is to act as a mediator between \_\_\_\_\_ and management.
- The CEO has \_\_\_\_\_ responsibility for e-commerce to a steering committee. He now has sole responsibility for operational issues.
- There are good opportunities for \_\_\_\_\_ if you have the right skills.
- Success was measured in terms of \_\_\_\_\_ the career ladder.

**1.8** Suggest ways to encourage initiative among employees and write a memo to the head of a business or similar organization you would like to work for. ☀️!☀️!☀️!

**1.9** Work with a partner. Talk to a new employee about your organization, in relation to Frederick Herzberg's motivator factors and define what can be really important for them from this point of view. !!!

**1.10** What is the role of a manager? Choose your top three roles from the following and discuss them: !!

coach/ motivator	organizer	mediator	facilitator	problem-solver
leader	instigator	mentor	dictator	decision- maker

## Unit 2. Employment and flexibility

### *In this unit you will*

- ***read*** about modern trends in labour market – job flexibility, freelance professionals, protection and insecurity related to jobs;
- ***learn how*** to use appropriate forms of expressions when talking about outsourcing and professional development with employees;
- ***talk about*** – the issues concerning lifetime employment and ways to make an unpopular job more attractive;
- ***practise*** dealing with a headhunter.

### **A. Jobs for life and freelance professionals**

The idea that once you had a job with a company, you could keep it until you retired is considered to be implausible nowadays. The era of **lifetime employment** is over and people should acquire and develop skills to keep up with current trends in their industry and maintain their **employability**.

Companies and governments talk about the importance of lifelong learning – continuing to accumulate our knowledge by going on courses and reading journals, for example. Although we may not have a job for life with the company, our up-to-date experience will mean that we will always be employable.

That is why **professional development** or the process of getting new skills or knowledge, especially so that you can do a job more effectively is getting more and more crucial for workers. The wave of insecurity that affects people is an unpleasant experience for many, but it can teach them to be more self-centered and independent about their careers. They are now more likely to look elsewhere to further their careers if their current employer is not meeting their expectations – if they want something that's interesting and if they want paying for it. Such employees form a very hard-nosed group of people who feel in control of their jobs – are inclined to find a job that offers good career prospects and join another company.

It often happens that companies cut costs and make employees redundant by **outsourcing** the work – arranging for somebody outside a company to produce goods or provide services for them. In this case, professional people may be able to make a living as **freelancers**, or in modern parlance, portfolio workers, working on special projects for a number of clients. It describes a way of earning money by selling your work services to



several different organizations and companies rather than being employed by one particular organization.

The management thinker Charles Handy calls freelancers portfolio workers because they have a portfolio or range of different clients. Some experts say that increasing numbers of people will work this way in the future, as companies outsource more and more of their work because they want to concentrate on their core functions.

## **B. Job flexibility**

In addition to outsourcing some functions to freelancers many organizations are looking for ways of having more flexible working. That is why the current buzzword now is **flexibility**. This has a number of related meanings. One type of flexibility has existed for some time in the form of **flexi time** – a system in which employees work a particular number of hours each week or month but can choose when they start and finish work each day within certain limits.

Then there is the **flexible working** – a way of organizing work in a company or that is different from the traditional way and may not have fixed times or places of work, for example: the British Airways office with some of its staff **hot-desking** – the practice in an office of giving workers an available desk when they come into the office and need one occasionally, rather than giving each worker their own desk.

A third type of flexibility is where employees are recruited on short contracts to work on specific projects, maybe part-time. Perhaps the organization only has a core staff and outsources or contracts out work from outside as and when required. Some management experts say that this is the future, with self-employment as the norm, and portfolio workers who have a number of different clients. So, ways of flexible working for the moment are:

- part-time workers who work less than a full working week during which people normally work;
- job sharing – an arrangement where two or more people share a particular job, each of them working part-time and dividing the hours between them;
- temporary workers who only work for short periods when they are needed, either on a temporary contract with a company, or through a temp agency.

Now most company employees still go to what is recognisably a job, even if it is **open plan** with some flexibility – an office where people sit at desks in an open area rather than in individual rooms. How long this will go on is an interesting question. The tradition of managers who like to *see* their subordinates working (or pretending to) has a lot of mileage in it yet, with some countries and industries evolving more quickly than others for all sorts of cultural and practical reasons. This is all part of flexibility, the idea that people should be ready to change jobs more often, be prepared to work part-time and so on.

Some people are workaholics – they think about very little except work. Others are increasingly looking for quality of life: less commuting, more time with their families, etc. Journalists write about people downshifting or rebalancing their lives. They may work part-time, work from home, move to the country and so on.

In a recent survey.

- 95 per cent of homeworkers said they have a better work-life balance or home-work balance than when they were in-company because they can spend more time with their families and on leisure activities.
- 82 per cent said they have more autonomy and independence: they are able to organize their work and their time how they want.

But in the same survey homeworkers also complained that:

- there is no boundary between work on the one hand and personal life on the other - the two overlap (73 per cent)
- they feel lonely and isolated because they are out of contact with others and don't have colleagues around them (57 per cent).

### **C. Job protection**

When trying to encourage this kind of job flexibility, governments pass laws that allow companies to **hire and fire** employees easily. When letting people go, companies only have to give them two weeks' notice and relatively small **redundancy payments**; one week's salary for every year worked is the norm.

They also reduced **unemployment benefits**, the money regularly paid to people without jobs. All these measures make for a flexible job market and encourage job creation. Critics say that this approach leads to **job insecurity**, with employers able to get rid of employees too easily.

But in advanced industrialized countries with a very different approach companies in trouble are only allowed to **make employees redundant** after a long period of consultation. If employees are made redundant, they receive generous redundancy payments and then unemployment. People need this sort of job protection, and trade unions are fighting hard to keep it.

Payments to employees such as **sick pay** and parental leave when they have time off following the birth of children, are also very generous. On the other hand, the social charges which employers and employees have to pay the government are very high.

Critics say that this contributes to a **rigid labour market**, one with too much job protection. They say that this sort of inflexibility discourages job creation and leads in the long run to higher unemployment and slower economic growth. As a consequence, companies may look abroad for cheaper bases and workforces.

**2.1** Complete the sentences with expressions from A, B and C (The first one has been done for you)

1. Graduates are finding it more and more difficult to find employment.
2. I work for the company on a \_\_\_\_\_ basis.
3. Managers must respond \_\_\_\_\_ to new developments in business practice.
4. Rather than lay off staff, the company introduced a \_\_\_\_\_ scheme.
5. 200 workers have been issued with redundancy \_\_\_\_\_.
6. The company encourages and rewards professional \_\_\_\_\_.
7. We arrange job-shares and \_\_\_\_\_ for women with children.
8. Employees must now be more flexible and mobile and not expect jobs \_\_\_\_\_.
9. Workers will be offered €5 000 to take voluntary \_\_\_\_\_.

**2.2** Match the two parts of these sentences containing expressions from A, B and C.

1. Businesses were asked to show how flexible working practices	A to find our workers alternative employment.
2. Changes in farming methods	B mean the employment of sixty extra workers.

3. She has negotiated a five-year	C have badly affected employment in the area.
4. The workers will receive	D had allowed them to retain talented women.
5. We will make every effort	E employment contract with the company.
6. The expansion of the factory will	F unemployment compensation and extra unemployment benefits

**2.3** *Two managers James and Dorothy are talking about the issues with their employees. Replace the underlined phrases with expressions with items from the text above. Pay attention to the grammatical context. (The first one has been done for you.)*

**Dorothy:** It's ridiculous! We can't get rid of employees without a lot of meetings and discussion with employee organizations, government officials and so on. We have to keep even the laziest, most incompetent people.

*We can 'n make employees redundant without a lot of consultations with trade unions, government officials- and so on. We have to keep even the laziest, most incompetent people.*

**James:** I know what you mean. I don't have the opportunity to recruit and get rid of people as I want! This sort of rigidity must be bad for the job market. The number of people without jobs in this country is very high.

**Dorothy:** It's a nightmare! If you do want to get rid of people, you have to tell them three months in advance.

**James:** Yes, and you should see the amount of tax I have to pay for each of my employees just so they can get money when they fall ill, and so on.

**Dorothy:** We should move to somewhere to have a job market that gives employers a lot of freedom. The level of new jobs being created there is incredible.

**2.4** *Complete the sentences with appropriate forms of expressions from the table given below. talking about the issues with their employees.*

consultancy services	current trends	lifelong learning
career move	freelancers	functions
	in-house	

1. There's a lot to be said for \_\_\_\_\_ I would encourage more working men and women to refresh their skills on university short courses tailored to their needs. That way they can keep up with \_\_\_\_\_ and make sure they are always aware of the latest thinking in their area.
2. I love my new job. This is definitely the best \_\_\_\_\_ I could have made.
3. The company fired 11,000 employees and sold several business units. Non-core \_\_\_\_\_ were outsourced.
4. Some former advertising executives offer \_\_\_\_\_ to ad agencies, bringing expertise the agencies do not have themselves.
5. Some 'creative' businesses, like design services, have hardly any permanent staff and rely on work done by \_\_\_\_\_.
6. Of course, there are advantages to doing some things \_\_\_\_\_ — \_\_\_\_\_: you don't have to explain to outsiders what you want them to do.

**2.5** *Look at the text above and say if these statements are true or false.*

1. When companies let employees go, they make them redundant.
2. One person's job flexibility might be another's job insecurity.
3. In flexible job markets, hiring and firing is complex.
4. Employee benefits are paid for through social charges.
5. 'Rigidity' is another word for 'inflexibility'.
6. When fathers take parental leave, this is called 'fatherly leave'.
7. The cost of job protection might be higher unemployment.

**2.6** *Would it be possible to do your job or one you would like as a freelancer? Why / Why not? What are the advantages and disadvantages of being a freelancer? What are the advantages and disadvantages of flexible working?*

**2.7** *Work with a partner. One of you is a headhunter. The other is someone who wants to stay in their job. (You can imagine your own job situation) Simulate a phone conversation where the person who is happy in their job tells the headhunter why he does not want to leave. The headhunter tries to make him change his mind, but he resists politely for a few minutes and then ends the conversation.*

2.8 Read the statements and say which type of work is each of these people referring to? ☀️!☀️!☀️!

*I work at the local council for two days a week, and my friend works in the same job on the other three days.*

*I work in a petrol station 20 hours a week.*

*I am on a job at Clarkson's until the end of next week. Then I'll try and find something else.*

2.9 Discuss these questions. !!!

- Do you think that your job will be “a job for life”? Why (not)?
- Which work sectors are currently experiencing a high turnover of staff in your country? Why do you think that is?
- In what other ways can a company make an unpopular job more attractive in order to retain employees?

### Unit 3. Retaining staff

*In this unit you will*

- **read** about the ways to motivate high caliber staff and core competents;
- **practise** using appropriate vocabulary to suggest the ways to retain core competents;
- **learn how to** to describe jobs that are traditionally headhunted;
- **talk** about qualities of high performers that are especially valued; about identifying and attracting the best candidates for a particular job;
- **discuss** the process of identifying and attracting the best candidates for a particular job.

#### A. Core competents

Today numerous companies held dependent on “**core competents**” – talented individuals possessing the skills that make your products and services unique.’ In a study by the Corporate Leadership Council, a computer company recognised 100 core competents out of 16.000 employees; a software company had 10 out of 11.000; and a transportation

group deemed 20 of its 33,000 employees truly critical to performance. Core competents will stay only as long as organisations can offer them something they desire. Bear in mind, though, that this phenomenon concerns a small group of highly skilled people. However, talent does not necessarily equate to an impressive title. Core competents need not be senior executives, but could just as easily be people whose **intellectual property** – an idea that belongs to a person or an organization and cannot be sold without the owner’s permission – is crucial to the organisation, or whose particular **expertise** is difficult to replicate.

No company ever went bankrupt because it suffered from having too much talent. Recent research shows that only 7 per cent of all managers strongly agree with the statement “our company has enough talented managers to pursue all or most of its promising opportunities”.

In addition 75 per cent of executives worldwide now rank **human performance** ahead of productivity and technology in terms of strategic importance. The same study also reveals that 80 per cent of all executives claim that by 2010 **attracting and retaining** people will be the leading success factor in strategy.

## **B. Motivating high-calibre staff**

An organisation’s capacity to identify, attract and retain high-quality, high-performing people who can develop winning strategies has become **decisive** in ensuring competitive advantage.

High performers are 10 easier to define than to find. They are people with apparently limitless energy and enthusiasm, qualities that shine through even on their bad days. They are full of ideas and get things done quickly and effectively. They inspire others not just by pep talks but also through the sheer force of their example. Such people can push their organizations to greater and greater heights.

The problem is that people of this quality are very attractive to rival companies and are likely to be **headhunted**. The financial impact of such people leaving is great and includes the costs of expensive training and lost productivity and inspiration.

However, not all high performers are stolen, some are lost. High performers generally leave because organisations do not know how to keep them. Too many employers are blind or indifferent to the agenda of would

be high performers, especially those who are young. Organisations should consider how such people are likely to regard important motivating factors.

Money remains an important motivator but organisations should not imagine that it is the only one that matters. In practice, high performers tend to **take for granted** that they will get a good financial package. They seek motivation from other sources.

- *Empowerment* is a particularly important **motivating force** for new talent. A high performer will seek to feel that he or she ‘owns’ a project in a creative sense. Wise employers offer this opportunity.
- *The challenge* of the job is another essential motivator for high performers. Such people easily become demotivated if they sense that their organisation has little or no real sense of where it is going.
- A platform for *self-development* should be provided. High performers are very keen to develop their skills and their **curriculum vitae**.
- Offering *time for regeneration* is another crucial way for organisations to retain high performers. Work needs to be varied and time should be available for creative thinking and mastering new skills.

The provision of a **coach** or mentor signals that the organisation has a **commitment** to fast-tracking an individual’s development. Individuals do well in an environment where they can depend on good administrative support. They will not want to feel that the success they are winning for the organisation is lost because of the inefficiency of others or by weaknesses in support areas.

Above all, high performers – especially if they are young – want to feel that the organisation they work for regards them as special. If they find that it is not interested in them as people but only as high-performing commodities, it will hardly be surprising if their loyalty is minimal. On the other hand, if an organisation does invest in its people, it is much more likely to win loyalty from them and to create a community of talent and high performance that will worry competitors.

### 3.1 Complete the sentences with expressions from A.

1. Core competents are employees who have been identified as \_\_\_\_\_ to the success of the company.
2. People who have specialized knowledge or \_\_\_\_\_ are very valuable to the company.



3. Some say that people are a firm's most important assets, and \_\_\_\_\_ therefore is key to its success.
4. For many hi-tech companies, \_\_\_\_\_ is their most important asset, more important than their physical assets.
5. The problem with \_\_\_\_\_ is that it can just walk out of the door - we have to find ways of \_\_\_\_\_ it initially, and then \_\_\_\_\_ it so that it doesn't go to competitors.
6. In fact, getting the best out of \_\_\_\_\_ is the most important skill these days for many managers.

**3.2** *Look at the article in A opposite and say if these statements are true or false.*

Core competents ...

1. are highly skilled people.
2. are key to the functioning of some organizations.
3. are always senior executives.
4. have knowledge that is easy for other people to acquire.
5. are in plentiful supply
6. and the way they work is thought to be more important than at least two other factors in a company's success.
7. will be important for companies to recruit and keep in the future.

**3.3** *Find out an appropriate word from A and B and complete the definitions.*

1. To find somebody who has the right skills and experience for a senior job in a company or an organization and persuade them to leave their present job is \_\_\_\_\_ .
2. A written record of your education and employment that you send when you are applying for a job is \_\_\_\_\_ .
3. Connected with organizing the work of a business or an institution means \_\_\_\_\_ .
4. The quality of being faithful to a particular product, company is called \_\_\_\_\_ .
5. Making the most profit - most important, main or essential part of business - \_\_\_\_\_ business.
6. A promise to do something or to behave in a particular way - a promise to support somebody or something is a \_\_\_\_\_ .

**3.4 Complete the sentences with the most suitable answer**

1. I spend more of my time on \_\_\_\_\_ tasks than on creative work.  
a) essential; b) administrative; c) business.
2. \_\_\_\_\_ have been brought in to search for a successor to the chairman.  
a) top-managers; b) employees; c) headhunters.
3. Limited resources are restricting our \_\_\_\_\_ to develop new products.  
a) measure; b) capacity; c) power.
4. Top jobs in marketing or accounting have traditionally been \_\_\_\_\_ through headhunting.  
a) filled; b) found; c) discovered.
5. We managed to cut administrative \_\_\_\_\_ by 30%.  
a) essential; b) expenses; c) costs.
6. The two men are now \_\_\_\_\_ for a top job in broadcasting.  
a) rivals; b) core competents; c) participants.
7. You can't hire and \_\_\_\_\_ good people without a good benefits package.  
a) keep; b) retain; c) store.
8. We want better communication between managers and \_\_\_\_\_.  
a) staff; b) coach; c) impact.
9. The company's \_\_\_\_\_ to providing quality at low prices has been vital to its success  
a) help; b) loyalty; c) commitment.
10. \_\_\_\_\_ a new product requires a major commitment of time and money.  
a) buying; b) developing; c) retaining.

**3.5 Match the two parts of the sentences containing expressions from A and B.**

1. After the company was restructured	A quality products, exceptional customer service and employee empowerment.
2. Theft of intellectual property	B intellectual property rights is growing
3. We are committed to the manufacture of	C agenda without considering their staff.

4. Awareness of the need to protect	D is threatening many American companies
5. Some managers pursue their own	E to help you run your business.
6. We have the expertise	F the former management was retained.

**3.6** Complete each sentence with the correct form of the word in bold. Sometimes you will need to use a negative form.

**1. satisfy**

- a) The survey showed that staff working flexible hours were more \_\_\_\_\_ with their jobs than those working fixed hours.
- b) Low pay and poor working conditions create \_\_\_\_\_ workers.
- c) Small European companies are top of job \_\_\_\_\_ league tables.

**2. motivate**

- a) What are the strongest \_\_\_\_\_ factors in people’s lives?
- b) Workers become \_\_\_\_\_ if they work long hours for low pay.
- c) What was your \_\_\_\_\_ for becoming a salesperson?

**3. frustrate**

- a) You could see the \_\_\_\_\_ building up in the workforce.
- b) I find talking to him \_\_\_\_\_ because he never listens.
- c) I felt so \_\_\_\_\_ with their attitude that I decided to resign.

**3.7** Answer the questions and discuss them. !!!

*Part 1*

- 1. The article talks about people who are high performers. What does the phrase “core competents” mean? What sort of people are they?
- 2. What do you think motivates high performers to stay with the same company?
- 3. What qualities of high performers are especially valued and why?
- 4. What are the problems of losing high performers and core competents?
- 5. Which motivating factors are mentioned to retain them?

*Part 2*

- 6. What do you find satisfying and frustrating about your work or studies?
- 7. Who or what inspires you at work?
- 8. How true do you think the following statements are?



**3.8** How would you identify and attract the best candidates for a particular job?

What measures would you take to retain them? Work with your partner and make a dialogue about it. ☀️!☀️!☀️!

## Unit 4. Successful team building

*In this unit you will*

- **read** about the main principles of team-building and stress management;
- **practise** using vocabulary to describe advantages and disadvantages of working in teams and make a dialogue with a partner as if you are a team leader and a member of his team;
- **learn about** meaning of some prefixes and ways to use them;
- **talk** about the types of players and qualities which would be useful for a team;
- **write** a description of the soft skills required to be a good manager.

### A. Team players and stages of team life

In some (but not all) situations, tasks can be achieved more easily by teams with a **common purpose**, rather than by individuals. Of course, it's important to develop team work through **team building** – the process of getting people to work together on a particular job – so as to get the best from the team.

Meredith Belbin has identified these types of **team players** – people who are good at working as members of a team:

- the *implementer*, who converts the team’s plan into something achievable
- the *co-ordinator*, a confident member who sets objectives and defines team members’ roles – in order to organize the different parts of an activity and the people involved in it so that it works well
- the *shaper*, who defines issues, shapes ideas and leads the action
- the *plant*, a creative and imaginative person who supplies original ideas and solves problems
- the *resource investigator*, who communicates with the outside world and explores opportunities
- the *monitor evaluator*, who sees all the possibilities, evaluates situations objectively, and sees what is realistically achievable – his job is to watch and check a process over a period of time in order to see how it develops and make any necessary changes
- the *teamworker*, who builds the team, supports others and reduces conflict
- the *completer*, who meets deadlines, corrects mistakes and makes sure nothing is forgotten.

The typical team goes through a series of stages organizing work in which employees work together and do a range of tasks:

FORMING	the group is anxious and feels dependent on a leader; the group tries to discover how it is going to operate and what the ‘normal’ ways of working will be <u>storming</u> ;
STORMING	storming; the atmosphere may be one of conflict between members, who may resist control from any one person; there may be the feeling that the task cannot be achieved;
NORMING	at this stage, members of the group feel closer together and the conflicts are forgotten; members of the group will start to support each other; there is increasingly the feeling that it is possible to achieve the task;
PERFORMING	the group is carrying out the task for which it was formed; members feel safe enough to express differences of opinion in relation to others
MOURNING:	the group’s work is finished, and its members begin to have pleasant memories of their activities and achievements

## **B. Stress management: the right skills**

Sometimes people talk about working under a lot of stress or pressure within a team. They feel stressed or even stressed out and want to find ways to de-stress and avoid having stress-related illness. Some people may suffer **burn-out** – the state of being extremely tired or sick, either physically or mentally, because you have worked too hard – or a complete breakdown, which means people are no longer able to work.

The most common causes of stress are:

- heavy workloads: too much to be done by a particular person in the limited time available;
- office politics and conflicts between members of a group - problems with colleagues who above all, want to advance their own position. These people like playing politics, trigger off office wars and provoke conflicts;
- **role ambiguity**: the state of not being certain about the best way to do something or to deal with a problem or task, the state when responsibilities are unclear;
- lack of management support: managers do not provide the necessary help and resources;
- **effort-reward imbalance**: not getting sufficient recognition or pay.

A ten-year study by Sheffield University of over 100 small- and medium-sized UK businesses found that **people management** was three times as important as research and development in improving productivity and profitability and six times as important as business strategy.

For a long time, hard skills, for example skills in technical subjects, were considered the most important thing in business. But more and more, people are realizing the importance of **soft skills** – the skills you need to work with other people, and in the case of managers, to manage people in tactful and non-authoritarian, non-dictatorial ways, especially in order to help them cope with stress.

While IQ has traditionally been the means by which we judge someone's abilities and potential, EQ – the E stands for emotional – is the new **benchmark** for a new world. If managers have got it, they are more likely to be powerful, successful and have fulfilling relationships with their team than if they haven't. **Emotional intelligence** – the ability to understand and control your emotions, and recognize and respond to those of others – is

emerging as the single most important and effective business and personal skill of the new century.

Daniel Goleman, a US science journalist-turned-consultant with a background in psychology, first popularized the notion of **emotional intelligence** in the mid-nineties. Goleman defines five elements of emotional intelligence:

self-awareness	self-regulation	motivation	empathy	social skills
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Sceptics argue that this sounds suspiciously like the old soft skills, in management-course speak, dressed up in new clothing. But Tim Sparrow, of human performance consultants Buckholdt Associates, points out a crucial difference. ‘Soft skills training was only about interpersonal intelligence - relating to others. Emotional intelligence involves intrapersonal skills - knowing yourself – as well.’”

We can’t be interpersonally intelligent and manage people in a team fairly well if we don’t recognise feelings in yourself. Stress factors and stress symptoms can be reduced and eliminated only when a manager is inclined to work with common causes of stress and demonstrate emotional intelligence and develop his own soft skills while working with a team.

**4.1** Complete the sentences with expressions from the text. (The first one has been done for you.)

1. Core competents are employees who have been identified as critical to the success of the company.
2. People who have specialized knowledge or \_\_\_\_\_ are very valuable to the company.
3. Some say that people are a firm’s most important assets, and therefore \_\_\_\_\_ is key to its success.
4. For many hi-tech companies, \_\_\_\_\_ is their most important asset, more important than their physical assets.
5. The problem with it is that it can just walk out of the door - we have to find ways of \_\_\_\_\_ it initially, and then \_\_\_\_\_ it so that it doesn’t go to competitors.
6. In fact, getting the best out of \_\_\_\_\_ is the most important skill these days for many managers.

**4.2** Look at the types of team members and say if these statements are true or false.

1. Implementers are not interested in final results.
2. Co-ordinators tend to take a leading, organizing role.
3. Shapers tend to follow what other people say.
4. Plants can be useful in providing new ideas when the team has run out of steam.
5. Some resource investigators might love using the Internet.
6. Monitor evaluators are not good at seeing all sides of a problem.
7. Teamworkers may help to defuse arguments between members.
8. Completers are bad at finishing things on time.

**4.3** Match the prefixes of the words to their meanings

Prefix	Meaning of prefix		
mismanage	<i>A not</i>	<i>B do badly</i>	<i>C former</i>
pro-European	<i>A opposite</i>	<i>B in favour of</i>	<i>C before</i>
predict	<i>A not enough</i>	<i>B against</i>	<i>C before</i>
post-merger	<i>A after</i>	<i>B too much</i>	<i>C not enough</i>
dishonest	<i>A very</i>	<i>B former</i>	<i>C not</i>
ex-boss	<i>A opposite</i>	<i>B former</i>	<i>C after</i>
bilateral	<i>A against</i>	<i>B after</i>	<i>C two</i>
reconsider	<i>A again</i>	<i>B former</i>	<i>C after</i>
irresponsible	<i>A again</i>	<i>B not</i>	<i>C against</i>
hypercritical	<i>A not enough</i>	<i>B very</i>	<i>C opposite</i>

**4.4** Complete the text below using some of the words in Exercise A in the correct form.

Our company went through a difficult period a few years ago. Bad decisions were taken which caused us to lose a lot of money. Because the company had been 1 \_\_\_\_\_, the chief executive had to resign. Last year, we merged with a much larger company. During the 2 \_\_\_\_\_ period our future strategy was discussed. It was decided that we could consider becoming a more global organisation with a strong presence in Europe.

Most of us were 3 \_\_\_\_\_, we liked the idea of expanding into Europe. Indeed our 4 \_\_\_\_\_ had been strongly in favour of doing this. However the two new board members were strongly against the idea but never said so openly. I think this was very 5 \_\_\_\_\_. Instead, they



behaved in an 6 \_\_\_\_\_ manner during meetings. For example, they would be 7 \_\_\_\_\_, raising stupid objections if someone came up with a good idea. Because the meetings were so unproductive, the Board of Directors got cold feet and asked us to 8 \_\_\_\_\_ the decision to expand into Europe.

**4.5** Fill in the correct prepositions from the box.

to	of	with	to	of	at	about
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- Changes \_\_\_ production methods involved team building and creating a multi-skilled workforce.
- The roleplay enables us to look \_\_\_ candidates' team-building skills.
- Some of his colleagues have accused him \_\_\_ not being a team player.
- It is her job to coordinate the work \_\_\_\_\_ the teams.
- We need to develop a coordinated approach \_\_\_\_\_ the problem.
- He gives advice to companies \_\_\_\_\_ preventing burnout among their employees.
- We have taken on extra staff to cope \_\_\_\_\_ the increased workload.

**4.6** Discuss the following statements and express your opinion about them.

- A team always needs a leader.
- A team should change its leader regularly.
- Tension between team members makes a team more effective.
- Teams need people with similar personalities in order to succeed.

**4.7** Members of a team brought together to work on a design project said the following things. Match them to the stages given above. (There are two sentences relating to each stage.)

1. We had such a great time working together.	6. We'll never finish this.
2. We're really making progress now and we get on so well together.	7. Do you remember that time we worked until 3 in the morning?
3. We're beginning to get to know each other better.	8. I'm new here - I don't even now what we are supposed to be doing.

4. <i>Who does Jane think she is, taking over and behaving as if she's in charge?</i>	9. <i>I know we've had arguments, but can I help you with this?</i>
5. <i>We need to appoint a leader.</i>	10. <i>I can see what we're supposed to be doing now.</i>

**4.8** *Work with a partner and answer the questions – think at least two advantages and disadvantages of working in teams.*

1. Do you have any other qualities which would be useful for a team?
2. What would you find difficult about working in a team?
3. If you were a team leader, how would you get your team members to co-operate?

**4.9** *What teams have you worked in or are you working in? Do you recognize the types of players in your team? What role do you usually play? !!!*

**4.10** *Make a dialogue with a partner as if you are a team leader. You meet a member of your team who is uncooperative and unhappy – find out what the problems are, try to offer solutions so that the employee performs better as a member of your team. !!!*

**4.11** *Write a description of the soft skills required for your future job.*



## Part 2. KEY STRATEGIC ISSUES

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### Unit 5. Competitive strategy

#### *In this unit you will*

- **read** about companies and markets in terms of strategic success and about their possible mission statements ;
- **develop skills** in using vocabulary to describe the way to enter new markets; brainstorm and discuss ideas for mission statements;
- **practise** working with synonyms and definitions related to competitive edge;
- **talk** about formulating effective long-term strategies to increase profitability and update them when it is necessary;
- **write** criteria for preparing a draft of the mission statement .

#### **A. Terms of strategic success and major strategies**

A **strategy** (countable noun) is a plan or series of plans intended to achieve a particular purpose successfully; it is also the process of planning itself. **Strategy** (uncountable noun) is the study of the skills, knowledge, etc. required to make such plans. Strategic success in a commercial organization is often measured in terms of **profitability**, the amount of money it makes in relation to the amount invested.

Major strategies address the primary direction(s) the financial institution will take to achieve its mission and long-term goals and objectives. Major strategies are typically developed for the overall organization as well as for each of its operating **divisions**. Strategies often deal with the following areas:

- Maintaining present business levels and customers.
- Growing products and services within the present customer base.
- Extending products and services to new, add-on markets.

An important part of planning is **resource allocation**. This is the way in which the resources of a company are divided and given to different departments and projects. In other words, the way finance, people and assets – equipment, buildings, know-how, etc. – are going to be used to achieve a particular objective.

Companies sometimes form strategic **partnerships** with another company, working together to gain an advantage, achieve a specific strategic goal or a particular aim. For example, MG Rover entered a partnership with a Chinese car manufacturer to enable it to produce and sell cars in China. A company may also make a strategic move, such as acquiring a competitor, designed to increase their market share.

A company's **senior executives** (having a higher rank in an organization or profession than others) make strategic decisions or formulate strategy. Sometimes an organisation will publicly state its main overall objective or vision in its **mission statement** (also statement of purpose) – an official statement of the aims of a company or an organization.

## B. Mission statement

The mission statement is a definition of the basic purpose organization. It represents the organization's broadest strategic choice or decision. It serves the dual purpose of answering the questions:

- What business are we in?
- Where do we want to go?

In answering these questions, the mission statement should define.

What the organization is

Why it exists.

The unique **contribution** it desires to make in the future.

While mission statements can be written in many different terms, following items are normally included within the mission statement:

- A general statement about the financial institution's of business.
- A definition of the **basic purpose** of the organization.
- Top management's vision, values, and priorities.
- Philosophy and value statements that will guide future actions.
- A description of the image the financial institution would like to project.
- Key strengths that have led to the financial institution's success and that the financial institution would like to continue to upon.
- Critical issues relating to the business climate that should be considered as the plan is developed.
- Markets and geographical areas that are and will be served.
- A list of current and future products/services that will be provided and their **method of delivery**.

- Statements describing the desired relationship between the financial institution and its employees, customers, and the community.
- Statistics relating to the financial institution’s **market share**, growth, and profitability.
- Broad strategies and longer-term direction of the financial institution.

### C. Companies and markets

Every company – a business organization selling goods or services, especially one that has been officially created (**registered**) in a particular country – fight for domination in business or trade, trying hard to expand a particular area, country or section of the population that might buy these goods or services. In the scheme you can see that:

- Company A **dominates** the market – controls or has a lot of influence over it.
- Company B has a **toehold** in the market – has a position in a place or an activity which it hopes will lead to more power or success.
- Company C is **attacking** the market – is striving to operate successfully in spite of its competitors.
- Company D is **withdrawing** from the market – to stop taking part in an activity: selling things or providing services

When a company		
a. <b>defends</b>	a market, it	tries to prevent competitors from being successful in it.
b. <b>attacks</b>		starts selling in it for the first time.
c. <b>establishes a foothold/ toehold in</b>		occupies a small part of it first in preparation for gaining a larger part.
d. <b>invades</b>		starts to be very successful in it.
e. <b>dominates</b>		is the biggest competitor in it.
f. <b>withdraws from</b>		stops selling in it.

**5.1** Match the underlined phrases below to the expressions in C( above) that refer to the same idea.

Coffeeway (CW) is a successful American chain of coffee shops. It wanted to (1) aggressively enter the Chinese coffee shop market, with shops all over China. CW signed an agreement with a partner, Dragon Enterprises (DE). CW and DE decided to (2) start by opening just one coffee shop in

Shanghai in order to test the market. This was very successful, so CW and DE decided to open shops all over China. It took CW and DE five years to (3) be the biggest in the market, with a 70 per cent market share among coffee shop chains in China. One of their competitors, California Coffee, tried to (4) protect its market share by cutting prices. But this strategy did not work, and California Coffee later sold its outlets to CW/DE and decided to (5) leave the market.

**5.2 Complete the sentences with appropriate words from A and C.**

1. Resource \_\_\_\_\_ will be made to projects on a yearly basis.
2. In her presentation she outlined her \_\_\_\_\_ of how the market would change over the next few years.
3. The newly formed company does not yet have a \_\_\_\_\_ \_\_\_\_\_.
4. He outlined his \_\_\_\_\_ for taking the business forward.
5. The company is profitable in the UK but is \_\_\_\_\_ money abroad.
6. The mobile phone \_\_\_\_\_ is dominated by a handful of very large companies.

**5.3 Put the words into correct order and make the sentences. (The first one has been done for you.)**

1. global/ need/ strategy/ develop/ to/ marketing/ a /we.  
*We need to develop a global marketing strategy.*
2. share/ this/ increase/ is/ to/ market/ strategic/ goal/ year/ our
3. to/ resource/ the/ important/ is/ allocation/ review/ evaluate.
4. establish/ market/ American/ is/ the/ toehold/ to/ a/ hoping/ in/ company/ the.
5. advantage/ strategic/ the/ gained/ secret/ project/ they/ keeping/ a/ by.
6. made/ to/ business/ a/ of/ decision/ sell/ off/ part/ the/ they/ strategic.

**5.4 Match the words and expressions with their definitions. (The first one has been done for you.)**

**bottom line   innovate   margin   market follower  
mass-produce   newcomer   profitability   reinvented   revenue   target  
start-up   range   core business   venture  
retailer   booming   toehold   spree**

- a) changed, improved and modernized – reinvented; b) business that has only recently started a particular activity – \_\_\_\_\_;  
c) manufacture in large amounts – \_\_\_\_\_; d) a company

that is not one of the main ones in a market and that does not have a large market share – \_\_\_\_\_; **e)** design and develop new and original products – \_\_\_\_\_; **f)** the figure showing a company’s total profit or loss – \_\_\_\_\_; **g)** the difference between the price of a product and the cost of producing it – \_\_\_\_\_; **h)** the state of making a profit \_\_\_\_\_; **i)** someone’s first involvement in a particular business activity from which they can develop and become stronger – \_\_\_\_\_; **j)** activity that makes most money for a company and that is considered to be its most important and central one – \_\_\_\_\_; **k)** very successful and growing – \_\_\_\_\_; **l)** a result such as a total, an amount or a time which you aim to achieve – \_\_\_\_\_; **m)** a new company – \_\_\_\_\_; **n)** money that a business receives over a period of time, especially from selling goods or services – \_\_\_\_\_; **o)** a set of similar products made by a particular company - \_\_\_\_\_; **p)** a short period of time during which someone spends a lot of money – \_\_\_\_\_; **q)** a business that sells goods to members of the public, rather than to shops, etc. – \_\_\_\_\_; **r)** a new business activity or project that involves taking risks – \_\_\_\_\_.

**5.5** Look at the questions from shareholders at the annual meeting of Topaz, a car company. Complete the chief executive’s answers with appropriate forms of expressions from A.

1. Why has the company bought out its rival, Rivera?	a) This was a _____ to broaden our customer base.
2. Some of Topaz’s plants have very low productivity. What are you doing about this?	b) We have taken steps to ensure that our _____ are used more effectively. This is an important part of _____ our strategic process
3. Why are you closing one of the plants?	c) This is an issue _____ of We don’t have infinite financial resources and we want to concentrate investment on the most productive plants
4. Was this the only goal that was considered? Did you also look at the possibility of being a mass producer of vehicles?	d) We looked at a number of different _____ and decided that the hi-tech option was the best one to follow.

### 5.6 Discuss the following questions.

- How important is it for a business or organisation to formulate a strategy?
- How regularly should a company or organisation's strategy be reviewed or updated?
- Who should be involved in deciding a company's strategy?
- If a company wants to enter new markets, what kind of strategies can it adopt?

### 5.7 Discuss these quotes and questions on strategy. !!!

1. *'The world is full of successful companies that did not create anything radical or new. Dell did not invent the personal computer, Airbus did not design the first wide-bodied passenger jet, Campbell's did not pioneer the concept of tinned soup and McDonald's did not invent the hamburger or the fast-food restaurant. Yet all four have been very successful.'* (Morgan Witzel, Financial Times)

How have all/some of the four companies mentioned been successful imitators, rather than innovators?

2. *'Any intelligent fool can make things bigger and more complex. It takes a touch of genius and a lot of courage to move in the opposite direction.'* (Albert Einstein)

Think of some companies that have 'moved in the opposite direction'? Why were their main strategies (un)successful?

5.8 Think about your organization or one you would like to work for. Look at its website and find its mission statement. If it doesn't have one, what would you suggest?

### 5.9 Write four criteria for writing mission statements based on this text:

Part 1. ☀!☀!☀!

#### *How to Develop a Mission Statement*

**Mission:** Why you do what you do; the organisation's reason for being, its purpose. Says what, in the end, you want to be remembered for.

Changing the mission – or creating an organisation's first mission statement – is a process of gathering ideas and suggestions for the mission and honing them into a short, sharply focused phrase that meets specific criteria. Peter Drucker says the mission should fit on a T-shirt', yet a mission statement is not a slogan. It is a precise statement of purpose.



Words should be chosen for their meaning rather than beauty, for clarity over cleverness. The best mission statements are plain speech with no technical jargon and no adornments. Like the mission statement of the International Red Cross – ‘To serve the most vulnerable’ – they come right out and say something. In their brevity and simplicity is power.

*Part 2. Work with your partner. You are developing the mission statement for a company or an organisation. Set your criteria (see Part 1), brainstorm some ideas using the expressions in the Useful Language below and write the first draft for it.*

#### **Useful language – Expressions for brainstorming**

- *Would anyone like to start/get the ball rolling?*
- *I ‘ve got one! What/How about...? You’ve taken the words out of my mouth!*
- *I was thinking (more) along the lines of... I was just going to say that!*
- *Has anyone else got a contribution to make?*
- *That’s a great/fantastic/interesting/unusual idea!*
- *I think that’s been done / we’ve done that before.*
- *Let’s just get lots of ideas down at this stage.*

## Unit 6. Staying competitive (I)

### *In this unit you will*

- ***learn about*** the words related to competitive forces, companies and competitors; idioms from sport used in business to talk about competition;
- ***read about*** competitive forces, industry competitors; potential entrants and substitutes; suppliers and buyers;
- ***practise*** using appropriate vocabulary to talk about fiercest competitors, their positions, threats and advantages;
- ***talk*** about competitors and suggest ways to take actions against their rivals.

### A. Competitors

The main competitors in a particular industry are its **key players** – important companies or people involved in a particular area of business. Smaller competitors may be referred to as minor players.

Competition in an industry can be:

- |              |             |         |
|--------------|-------------|---------|
| ■ cut-throat | ■ ferocious | ■ stiff |
| ■ intense    | ■ fierce    | ■ tough |
| ■ keen       | ■ low-key   |         |

The usual pattern for a new industry is to have a large number of competitors: there may be **start-ups** – completely new companies – and there may be companies already **established** in other **sectors** – particular areas of activity or business – that also want to get into the industry, perhaps by setting up a new subsidiary or business unit.

### B. ‘Competing’ and ‘competitive’

Competing and competitive are adjectives related to ‘competition’ – a situation in which people or organizations compete with each other for something that not everyone can have. Two companies may produce **competing** products – products that compete with each other. A **competitive** product is one that has real and specific benefits in relation to others of the same type.

‘Competing’ also occurs in these combinations:

- ***bids*** – price offers to pay for a company and its shares in a takeover – an act of taking control of a company by buying most of its shares;
- ***offerings*** – products from different companies

- *suppliers* – companies offering similar products or services
- *technologies* – technical ways of doing something  
‘Competitive’ also occurs in these combinations:
- *position* – where a company is in relation to its competitors in terms of size, growth, etc.
- *pressure* – the force that one competitor can bring to bear in relation to another
- *prices* – prices that are similar to or lower than those for similar products
- *threat* – something that one competitor may do to weaken another’s position
- *advantage/edge* – superior products, performance, etc. that a competitor can offer in relation to others
- *strategy* – a plan or plans for success in relation to competitors, and the study of this in business schools.

### C. Competitive forces

An important strategic thinker is Michel Porter. He defines the five **competitive forces** at work in any industry.

	<b>Potential entrants</b> Threat of new entrants	
Bargaining power of suppliers <b>Suppliers</b>	<b>Industry competitors</b> Rivalry among existing firms	Bargaining power of buyers <b>Buyers</b>
	Threat of substitute products/services <b>Substitutes</b>	

Industry **competitors** are the most successful companies in its area of business. Meanwhile they often have to bear the brunt of **potential entrants and substitutes** – two main streams of competitors striving to increase their market share and even dominate the market.

Potential entrant is a company that just starts to sell goods or provide services in a particular market. Substitutes threat to replace them with **substitute goods** – similar products or services for which an increase (or fall) in demand for one, due to a change in price, leads to a fall (or increase) in demand for the other.

Industry competitors are also under pressure of **bargaining power** – the amount of control a person or group has when trying to reach an agreement with another group in a business or political situation.

**Suppliers** and **buyers** have serious bargaining power. Suppliers are companies that provide finished goods, for example for other companies to sell to the public and that can control manufacturing and production costs. Buyer power implies amount that buyers are able to influence price, for example because they buy in large quantities or can choose particular companies – industry competitors – to work with.

**6.1** Complete the sentences with expressions from the table. (The first one has been done for you.)

<b>bargaining power</b>	<b>competitive position</b>	<b>cut-throat world</b>
<b>strengthening</b>	<b>entrant</b>	<b><u>substitute goods</u></b>
<b>buying power</b>	<b>fierce</b>	<b>advantage of</b>

- Beverage categories are substitute goods and therefore in competition with each other.
- The supermarket chain's excessive \_\_\_\_\_ forced some wholesalers out of business.
- We will continue to focus on strengthening our \_\_\_\_\_.
- Their new sun cream has the \_\_\_\_\_ added smelling unattractive to insects.
- This technology gives us an edge over our rivals \_\_\_\_\_ deal.
- We will continue to focus on \_\_\_\_\_ our competitive position. \_
- Competition would be \_\_\_\_\_ even without a new \_\_\_\_\_ in the market.
- As a cash buyer, you'll have greater \_\_\_\_\_.
- They are struggling to compete in the \_\_\_\_\_ of IT services.

**6.2** Look at B and match the two parts of these extracts containing expressions with 'competing'.

1. What is to stop supposedly competing	a) bids from mining giants Inco Ltd and Falconbridgc Ltd.
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2. Diamond Fields Resources Inc was the target of competing	b) offerings, with prices ranging from \$300 to \$450
3. Commtouch can position itself in the middle of the competing	c) suppliers from secretly agreeing to keep prices high?
4. The software is 25 per cent cheaper than competing	d) technologies by offering 'unified messaging solutions'

**6.3** Complete the sentences with words from B that can follow 'competitive'.

1. He was criticized for being too Eurocentric and failing to pay sufficient attention to the competitive \_\_\_\_\_ from South East Asia.
2. Businesses can sustain their performances over the long term by having some competitive \_\_\_\_\_ to keep them ahead. (2 possibilities)
3. For the money-conscious consumer, alternative retail outlets can offer organic food at more competitive \_\_\_\_\_.
4. First Chicago will enhance its competitive \_\_\_\_\_ and boost its financial growth through the transaction, which is expected to add to earnings immediately.
5. Mall stores are under more competitive \_\_\_\_\_ than at any time in their 40-year history, with new discounters and superstores increasingly moving in alongside traditional malls.
6. Decades of management theorizing around the world have produced mountains of books, many of which promise to deliver the secrets of success. But there is no consensus on competitive \_\_\_\_\_.

**6.4** Look at the adjectives describing competition in A. Which is the odd one out, and why?

**6.5** Fill in the correct prepositions from the box.

in	for	with	at	of	for	in	of
----	-----	------	----	----	-----	----	----

1. The airline has announced details of the planned takeover \_\_\_ its rival.
2. We are \_\_\_ competition \_\_\_ four other companies \_\_\_ the contract.
3. The company is a major player \_\_\_ the London property market.
4. This region has the highest level \_\_\_ business start-ups in the country.
5. We have a wide range of electrical goods \_\_\_ competitive prices.
6. The spokeswoman did not explain the reasons \_\_\_ rejecting the bid.

**6.6** Look at C (above) and the examples (1–5) below of the expressions in the diagram boxes. Match each example to an appropriate form of one of the expressions.

- *Coca-Cola and Pepsi Cola in soft drinks.*
- *A company that is thinking of selling computer games when it has not sold them before.*
- *Digital photography in relation to 'traditional photography.'*
- *Car manufacturers in relation to component manufacturers.*
- *Component manufacturers in relation to car manufacturers.*

**6.7** There are many idioms from sport used in business, particularly when talking about competition. Use the nouns from the box to complete these idioms.

<i>game</i>	<i>field</i>	<i>ball</i>	<i>seat</i>
<i>horse</i>	<i>goalposts</i>	<i>race</i>	<i>neck</i>

- 1) a level playing \_\_\_\_\_;
- 2) move the \_\_\_\_\_;
- 3) in the driving \_\_\_\_\_;
- 4) keep your eye on the \_\_\_\_\_;
- 5) to be neck and \_\_\_\_\_;
- 6) ahead of the \_\_\_\_\_;
- 7) flogging a dead \_\_\_\_\_;
- 8) a one horse \_\_\_\_\_.

**6.8** Which of the idioms in 6.7 refer to:

- a) a situation of fair competition?
- b) being in front of the competition?
- c) being at the same level as the competition?
- d) being the only competitor?
- e) wasting your time on a hopeless situation?
- f) staying focused?
- g) a change in the rules?
- h) being in control?

**6.9** Complete the following with the most suitable idiom from ex. 6.7 Remember to choose the correct verb form where necessary. The first one has been done for you.

1. It's not a level *playing field* any more. As a small company it is difficult for us to compete with the big multinationals.
2. They are so far ahead of their competitors in terms of new products that it has become \_\_\_\_\_ . It will be years before they face any serious competition.
3. We have left all our competitors behind. We spend a lot of money on R & D so we can stay \_\_\_\_\_ .
4. The government have changed all the rules for exporters. They have \_\_\_\_\_ , so we will have to rethink our international operation.
5. It's a waste of time continuing with the project. It will never work. We are \_\_\_\_\_ .
6. With our market dominance in the US, we are really \_\_\_\_\_ .
7. We have exactly the same market share as our nearest rival. We \_\_\_\_\_ in terms of our profits so far this year, too.
8. We really need to concentrate on what our competitors are doing. In today's market you need to \_\_\_\_\_ at all times.

**6.10** Discuss the questions below and tell what actions can a company take to compete against its rivals. !!!

- Who are the main competitors of the following companies?  
*Coca-cola Nike Levi Strauss Nokia Evian*
- Can you suggest ways for these companies to compete more successfully?

**6.11** Discuss the quote and write if you agree with this statement or not – give your explanations and clear arguments. ☀!☀!☀!

*'Competition brings out the best in products and the worst in people'* (David Sarnoff, 1891-1971, American businessman)

## Unit 7. Staying competitive (II)

### *In this unit you will*

- **read** about three strategies to support competitive advantage (Cost leadership, Differentiation and Focus) and about the tools of SWOT analysis;
- **learn how to** use vocabulary to talk about possible ways to increase profitability in terms of Cost leadership, Differentiation and Focus;
- **practise** using SWOT analysis as part of business planning and decision-making to carry out Environmental Scan and evaluate all the factors involved into a business possess and their impact on it;
- **develop skills** in using vocabulary to describe an effective way of analysing your company's potential;
- **write** four paragraphs about the issues, that cost-reduction strategies include.

### **A. Three strategies to support competitive advantage**

Porter says that competitive advantage can be based on:

**Cost leadership (1)** – offering products or services at the lowest cost; this is one strategy to adopt in volume industries where competitors produce large numbers of similar products. Companies that choose a cost-leadership strategy offer relatively standardised products with **features** or characteristics that are acceptable to customers – in other words, with a minimum level of differentiation – at the lowest competitive price.

This means that companies offer standardised products to an industry's typical customer.

Customers receive value when a company successfully **implements** a cost leadership strategy. Implementing and maintaining a cost leadership strategy means that a company must consider its value chain of primary and secondary activities and effectively link those activities, if it is to be successful. The critical focus in successfully implementing a cost leadership strategy is on efficiency and cost reduction, regardless of the value-creating activity.

**Differentiation (2)** – offering products or services that give added value in terms of quality or service compared to competitors. In contrast to the cost leadership strategy, implementation of a differentiation strategy means that value is provided to customers through the unique features and characteristics of a company's products rather than by the lowest price.



Because differentiated products satisfy customers' unique needs or preferences, companies can charge premium prices for differentiated products. For the company to be able to **outperform** its competitors and earn above-average returns, the price charged for the differentiated product must exceed the cost of differentiation. In other words, the price charged must exceed **total product cost**.

Because of this, the differentiated product's premium prices generally exceed the low price of the standard product. Companies that follow a differentiation strategy concentrate or focus on product innovation and developing product features that customers value rather than on maintaining the lowest competitive price (as is the case for the cost leadership strategy).

Products can be differentiated in a number of ways so that they stand apart from standardised products:

*superior quality*

*unusual or unique features*

*more responsive customer service*

*rapid product innovation*

*advanced technological features*

*engineering design*

*additional features*

*an image of prestige or status*

However, companies following differentiation strategies cannot completely ignore costs and the need for minimal spending on process-related innovations. A company that successfully implements a differentiation strategy can earn **above-average returns** even when competitive forces are strong. Like the cost leadership strategy, the differentiation strategy also carries risks. Customers may decide that the cost of uniqueness is too high. In other words, the price differential between the standardised and differentiated product is too high. Perhaps the company provides a greater level of uniqueness than customers are willing to pay for.

**Focus (3)** – using one of the above two strategies to concentrate on a niche, a specific part of the market with particular needs. Alternatively, companies can choose to follow a focus strategy by seeking to use their core competencies to serve the needs of a particular customer group in an

industry. In other words, companies focus on specific, smaller segments (or niches) of customers rather than across the entire market. Companies may choose to follow a focus strategy because:

a) they are *able to serve a narrow segment* more effectively than competitors that choose to compete industry wide;

b) the narrow segment's needs are so special that *industry-wide competitors choose not to meet them*;

c) certain narrow segments *are being poorly served* by industry-wide competitors;

d) the company has *a unique ability to identify the needs or preferences* of narrow segments that its core competencies will enable it to meet better than its competitors.

The danger, says Porter, is when a company does not follow any of these particular strategies and is stuck in the middle.

## **B. SWOT analysis**

SWOT stands for STRENGTHS – WEAKNESSES – OPPORTUNITIES – THREATS and is formed from the initial letters of these words. It is a method used to study an organization and plan how it can change and grow, by analysing its strengths and weaknesses, the opportunities it has and the threats it faces.

The SWOT analysis is an extremely useful tool for understanding and decision-making for all sorts of situations in business and organizations. The SWOT analysis headings provide a good framework for **reviewing strategy**, position and direction of a company or business proposition. It greatly facilitates the process of:

- business and strategic planning;
- **competitor evaluation** – a detailed study of a company's competitors that looks for areas where the company has or could gain an advantage;
- marketing - the activity of presenting, advertising and selling a company's products in the best possible way;
- business and **product development** – the process of designing, producing, and marketing a new product;
- research reports.

A scan of the internal and external environment is an important part of the strategic planning process. **Environmental factors** – the conditions that affect the development of business – internal to the firm usually can

be classified as strengths or weaknesses, and those external to the firm can be classified as opportunities or threats.

The SWOT analysis provides information that is helpful in matching the firm's resources - a supply of something such as money, labour, equipment, raw materials and etc that an organization has and can use - and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. The following table shows how a SWOT analysis fits into an environmental scan:

<u>Environmental Scan</u>	
<i>Internal</i> Analysis	<i>External</i> Analysis
1. <i>STRENGTHS</i>	1. <i>OPPORTUNITIES</i>
2. <i>WEAKNESSES</i>	2. <i>THREATS</i>

In formulating strategy, a company should look at its strengths and weaknesses in relation to its competitors. For example, a good sales team is a strength and poor internal communication is a weakness.

The company should also look at opportunities and threats in its environment: the strength of competitors, government regulation, the way that society is changing etc. These are external factors. For example, a change in a country's legislation on broadcasting might present an opportunity for a group that wants to buy a television company there. The change would probably also pose a threat to existing broadcasters.

**Strengths:** A firm's strengths are its resources and capabilities that can be used as a basis for developing a **competitive advantage**. Examples of such strengths include: patents, strong brand names, good reputation among customers, cost advantages from proprietary know-how, exclusive access to high grade natural resources, favorable access to distribution networks.

**Weaknesses:** The absence of certain strengths may be viewed as a weakness. For example, each of the following may be considered weaknesses. In some cases, a weakness may be the flip side of a strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

**Opportunities:** The external environmental analysis may reveal certain new opportunities for profit and growth. Some examples of such opportunities include: an unfulfilled customer need, arrival of new technologies, loosening of regulations, removal of international trade barriers.

**Threats:** Changes in the external environmental also may present threats to the firm. Some examples of such threats include: shifts in consumer tastes away from the firm's products, emergence of **substitute products**, new regulations, increased trade barriers.

*7.1 Donna is presenting a SWOT analysis of her travel firm. Read and tell what the expressions in italics are – in terms of SWOT analysis.*

1. 'We have some very *good locations* for our travel agency shops in cities all over Europe.'
2. 'There may be an *economic slowdown* next year, and *travel* is one of the things people *cut back on* first.'
3. 'We are *big enough to negotiate very good prices* with hotels and airlines.'
4. '*Internet booking* of travel is *increasing*, and we want to get into this.'
5. 'We need to *improve staff training* – we have a new computer system but a lot of the staff can't get the most from it.'
6. 'There are some very good *online travel companies already established*. They may challenge our position.'
7. 'We have *high staff turnover*.'
8. 'Consumers are looking for *more exotic places* to go on holiday, and *we are planning to offer these destinations*'.

*7.2 Choose from SWOT analysis template the most essential issues related to the organization or business you would like to work for and formulate your ideas about its STRENGTHS – WEAKNESSES – OPPORTUNITIES – THREATS.*

- **STRENGTHS:** Capabilities – Competitive advantages – USP's (unique selling points) – Resources, Assets, People – Experience, knowledge, data – Marketing – reach, distribution, awareness – Innovative aspects – Location and geographical – Price, value, quality – Accreditations, qualifications, certifications – Processes, systems, IT, communications – Cultural, attitudinal, behavioural strengths;

- **WEAKNESSES:** Disadvantages of proposition – Gaps in capabilities – Lack of competitive strength – Reputation, presence and reach – Financials – Own known vulnerabilities – Timescales, deadlines and pressures – Continuity, supply chain robustness – Effects on core activities, distraction – Reliability of data, plan predictability – Morale, commitment, leadership – Processes and systems, etc – Management cover, succession;
- **OPPORTUNITIES:** Market developments – Competitors’ vulnerabilities – Industry or lifestyle trends – Technology development and innovation – Global influences – New markets, vertical, horizontal – Niche target markets – Geographical, export, import – Market need for new USP’s – Market response to tactics, e.g., surprise – Major contracts, tenders – Business and product development – Information and research – Partnerships, agencies, distribution – Market volume demand trends – Seasonal, weather, fashion influences;
- **THREATS:** Political effects – Legislative effects – Environmental effects – IT developments – Competitor intentions – Market demand – New technologies, services, ideas – Vital contracts and partners – Obstacles faced – Insurmountable weaknesses – Employment market – Financial and credit pressures – Economy – home, abroad Seasonality, weather effects.

*7.3 Use the SWOT format as part of business planning and decision-making and tell about possible ways to increase profitability and competitive advantage (a situation where a company is in a position to be more successful than its competitors) of the organization or business you would like to work for. !!!*

*7.4 Read some extracts about differentiation and decide what headings match them.*

<b>a) Bargaining Power of Suppliers</b>
<b>b) Rivalry with Existing Competitors</b>
<b>c) Bargaining Power of Buyers (Customers)</b>
<b>d) Product Substitutes</b>
<b>e) Potential Entrants</b>

**1)** Achieving customer loyalty means differentiating products in ways that are meaningful to customers. Brand loyalty means that customers will be less sensitive to price increases. As long as the company satisfies

the differentiated needs of loyal customers, it may be insulated from price-based competition.

2) Through meaningful differentiation, companies develop products that are considered unique. This uniqueness may insulate the company from competitive rivalry and reduce customer sensitivity to price increases (similar to the insulation from rivalry with existing competitors). By satisfying customer preferences in ways that no competitor can, companies also are able to charge higher prices (because there are no comparable product alternatives).

3) Because the differentiator charges premium prices, they are somewhat insulated from suppliers' price increases (as the differentiator can absorb a greater level of cost increases from powerful suppliers through its higher margins). Alternatively, because of lower price sensitivity by customers, differentiators may be able to raise prices to cover increased supplier-related costs. Because of the differentiator's focus on product quality and responsiveness to customer preferences, suppliers also may be forced to provide differentiators with higher quality materials, components, or services.

4) The principal barrier to entry is customers' loyalty to the uniquely differentiated brand. This means that a potential entrant must either overcome (or surpass) the uniqueness of existing products or provide similarly differentiated products at a lower price to increase customer value.

5) Brand loyalty may effectively insulate differentiated products from substitutes. Without brand loyalty, customers may switch to substitutes that offer similar features at a lower price or to products offering more attractive features at the same price.

*7.5 Look at the mission statements of three companies. Which strategy – Cost leadership, Differentiation or Focus – does each correspond to? 1) To make sports cars for discerning enthusiasts with good technical knowledge; 2) To sell clothing more cheaply than the department stores; 3) To sell electrical goods with a high level of after-sales service. !!!*

*7.6 Companies that wish to be successful by following a cost-leadership strategy must maintain constant efforts aimed at lowering their costs (relative to competitors' costs) and creating value for customers. Write four paragraphs about the issues, that cost-reduction strategies include: ☼!☼!☼!*

Building efficient-scale facilities
Establishing tight control of production and overhead costs
Minimising the costs of sales, product research and development, and service
Investing in state-of-the-art manufacturing technologies

7.7 Fill in the correct prepositions from the box.

on	in	for	across	between	over	without
----	----	-----	--------	---------	------	---------

1. Consumers are looking for the service that offers the best value \_\_\_\_\_ money.
2. There is a lack of strong differentiation \_\_\_\_\_ products in the insurance industry.
3. We will continue to focus \_\_ strengthening our competitive position.
4. These changes will be implemented \_\_\_\_\_ a five-year period.
5. Product differentiation can be \_\_ terms of quality, design or even image.
6. Competition would be fierce even \_\_\_\_\_ a new entrant in the market.
7. The launch was accompanied by a major marketing push across TV, press and radio.

7.8 Match the two parts of these extracts containing the information about Operating Plan – that highlights important elements of the Business Plan. Read and translate correct answers.

1. The importance of the operating plan varies from venture to venture, but this	a) will need and what type of equipment you will require.
2. This section of the plan shows how you	b) to assuring production quality, controlling inventory, using subcontracting or meeting other relating problems.
3. The operating plan should explain the proposed approach	c) plan is necessary even for firms providing services.
4. It touches at such items as location and facilities – how much space you	d) will produce the product or provide the service.

7.9 Put in appropriate expressions to complete the sentences. The first one has been done for you.

**bargaining position    implement    competitive advantage**  
**conducted    achievements    cost advantages**  
**outperformed    strategy    source**

1. The company *invests* heavily in the marketing of its brands.
2. Much of our business is becoming Internet-based, which has a lot of \_\_\_\_\_.
3. They used their strong \_\_\_\_\_ to get a better deal.
4. We \_\_\_\_\_ a thorough evaluation of the system.
5. The banks have agreed to \_\_\_\_\_ measures to improve customer information.
6. He outlined his \_\_\_\_\_ for taking the business forward.
7. We have consistently \_\_\_\_\_ our larger rivals.
8. Their \_\_\_\_\_ have exceeded expectations.
9. In the new economy, knowledge is the major \_\_\_\_\_ of competitive advantage.
10. Their easy access to the road and rail networks gives them a huge \_\_\_\_\_ over other firms.

## Unit 8. Innovation and the development process

### *In this unit you will*

- ***read*** about the ways to make innovative progress in new product development;
- ***practise*** using appropriate vocabulary to talk about intrapreneurship and implementing innovative processes;
- ***learn how to*** to distinct between pioneering and following certain trends in producing goods and providing services;
- ***talk*** about the most important innovations in different areas of modern life and about innovative ideas and products developing nowadays;
- ***discuss*** if it is possible for large organizations to come up with innovative ideas and products.

### **A. Innovation**

Enrique Sanchez is head of new product development at a large consumer products company:

‘We want to **foster creativity** and **innovation** – the introduction or development of new ideas, new things, ideas or ways of doing something. We want to become the leaders in product development – that’s why we have a passion for quality, scientific and technological product innovation and value for money.



Ours is a large company, but we also want to avoid becoming **bureaucratic**, with slow decision making and involving complicated official rules which may seem unnecessary.

We encourage **corporate venturing** – the activity of a larger company investing in a smaller business in order to develop new products, markets, etc. as well as get a share of the profits. And we recognize the importance of **intrapreneurship**, where employees develop entrepreneurial activities within the organization, working on their own projects outside the usual frameworks; we allow them to spend 15 per cent of their time on this. It often happens that an employee in a large company, who develops new products or services, starts subsidiary businesses, etc. for the company rather than leaving to form their own company.

We set up **skunk works** – a part of a company that has the freedom to develop new products without being closely controlled by the company, away from the main company sites and outside the usual structures, to work on innovations. This is the way we do our **new product development** – the process by which a company changes ideas into new or improved products or services.

The most famous example of this was IBM, when it developed its PC away from the company's main **research and development** sites. In each company these sites are usually run and controlled by the division that tries to develop new products and ideas and improve existing ones. Research and development division (R&D division) is responsible for examining new ideas, **implementing** innovative processes and introducing new products.

We firmly believe that companies have only two basic functions: innovation – developing new products and services – and marketing them. Our marketing people are heavily involved in new product development. They get the reactions of **focus groups** – groups of consumers who say what they think of the product – at a very early stage in the development process. These groups are specially chosen to represent different social classes. And potential customers are asked to discuss and give their opinions about a particular product.

The information obtained is used by people doing **market research** – the process of collecting and analysing information about markets, competitors, customers' opinions and problems connected with producing, advertising and selling goods and services.'

## B. Pioneers and followers: shakeout and consolidation

‘One problem is to know whether to introduce a product or service before anyone else, or to wait for others to introduce similar products. Some say that if you **bring a product to market first**, you have **first mover advantage** – a business that is the first to offer a new product or service or to use a new technology. This helps you to be better or more successful than other companies, because you can influence the way the market develops. These companies are **trendsetters** or innovators – they start a new fashion or make something really popular.

Others say that it’s better to be a **follower** – a company that enters a market after others – and learn from the mistakes of the pioneers.’ A new or **emerging industry**, perhaps one based on a new technology, can be **attractive** – the future structure of the industry is not yet **established** and there is room for many competitors. But as growth in the new market slows, smaller competitors with higher costs can no longer compete. They **drop out** or are bought by the larger companies in a process of **shakeout** and **consolidation**, leaving the larger companies with the resources to dominate the industry, which is now mature.

Shakeout turns to be a big change that takes place in an industry, in which people lose their jobs and one or more competing companies disappear. Consolidation implies the situation when companies of the same type join together to make their power, knowledge, and success stronger – and as a result increase the level of profitability”.

**8.1** Read A and B and complete the sentences, trying to guess what expressions have to be added. The first one has been done for you.

1. To begin taking part in an activity or a situation, especially to start competing in a particular kind of business means – to enter the market.
2. They entered the electronics industry as a \_\_\_\_\_, producing cheap versions of established products.
3. In new industries, such as the Internet, the \_\_\_\_\_ have a great advantage over new entrants.
4. Feedback from \_\_\_\_\_ suggested the advertisement made people feel they could talk to the bank.
5. As more manufacturers enter the market, price \_\_\_\_\_ sharply.

6. Corporate venturing can bring strategic \_\_\_\_\_ to a firm.
7. The new tax benefits are designed to \_\_\_\_\_ corporate venturing.
8. The extra investment will be used for marketing and \_\_\_\_\_  
\_\_\_\_\_.
9. The company \_\_\_\_\_ \$5 billion a year on R&D.
10. They have been pouring money into drug \_\_\_\_\_ and development.
11. They are doing \_\_\_\_\_ on Brazil and other promising  
markets.
12. The consolidation of the two production sites into one will strengthen  
our \_\_\_\_\_.

**8.2** *This article contains words from A above. Complete it by choosing the best phrase (a-d) below to go in each of the gaps (1–4).*

### INTRAPRENEURSHIP

(Financial Times)

Increased global competition is forcing large companies to consider more venturesome ways of stimulating product ideas.

As a theory, intrapreneurship, where large established companies turn to internal ‘entrepreneurs’ for breakthrough innovations, sounds like a good idea. On the surface, nothing can be more efficient than (1) \_\_\_\_\_  
\_\_\_\_\_.

In practice, things have not been that easy. (2) \_\_\_\_\_ many companies which ventured into the world of intrapreneurship have failed to reap any benefits. After its birth in the 1960s, the concept fell out of favour in the mid-1980s. Fostering different cultures in the same organization has proven to be difficult, while remuneration has also been a problem.

Intrapreneurship seems to have been perceived to be more effort and pain than it was worth. There is an increasing recognition that (3) \_\_\_\_\_.

Most of the corporate venture activity in the past has been centered around US companies, and the concept never really caught on in the UK. But increased competition in global markets and the pressure for innovation is forcing Britain’s large companies to look for methods to stimulate ideas for new products.

(4) \_\_\_\_\_ companies through corporate venturing and intrapreneurship may be given new life in the UK. ‘Too many UK companies used to lack global ambition, but now, those who want to compete internationally realize that they need to innovate’ says Jim Martin, director of technology investment at 3i, the venture capital group.

- a) The push for innovation among large
- b) encouraging innovation among employees so that they come up with mould-breaking products and ensure the company’s survival.
- c) the nature of big companies is to stifle innovation and entrepreneurship, hampering their performance in the global arena.
- d) Apart from a few examples of success.

**8.3** Complete the sentences with appropriate forms of expressions from B above.

1. The alliance put ARM in partnership with Psion, the early \_\_\_\_\_ of pocket-sized computers.
2. Freeserve was the first Internet service provider to drop upfront charges and, with this \_\_\_\_\_, came to dominate the UK market.
3. But when one company \_\_\_\_\_ a successful business, competition inevitably intensifies. Consumers benefit from the resulting cuts in prices and improvements in quality.
4. So far Taiwan has always been a \_\_\_\_\_, making things invented elsewhere more cheaply.

**8.4** Look at the following facts about the development of the market for online book sales. (They are not in chronological order.) Complete the facts with appropriate forms of expressions from B above.

1. Some smaller companies stopped selling altogether: they ...
2. There is a trend towards fewer and bigger companies in the market, a trend towards ...
3. Amazon and a few others lead the industry: they it.
4. The market is no longer young: it is now..

**8.5** Is it always difficult for large organizations to come up with innovative ideas and products? How does your organization, or one you would like to work for, produce new ideas? !!!

**8.6** *The nouns below are often used when talking about innovation. Check that you know the meanings of the words and phrases in the box and complete the extract from the talk below. The first one has been done for you.*

**drawing board   prototype   brainwave   patent  
concept   discovery   setback   breakthrough  
pioneers   R & D (research and development)**

The idea of a lone inventor who makes a (1) discovery or has a sudden clever idea or (2) \_\_\_\_\_ is maybe a little out of date today. While these types of (3) \_\_\_\_\_ do still exist, these days companies often have large (4) \_\_\_\_\_ departments – teams of people who are constantly innovating and perfecting designs.

Perhaps they begin with a (5) \_\_\_\_\_ and then build a, (6) \_\_\_\_\_ or working model. Sometimes during testing there is a (7) \_\_\_\_\_ when it becomes clear the design has a fault. At this point maybe it is time to start again or go back to the (8) \_\_\_\_\_. More work is done and there is a (9) \_\_\_\_\_ – a solution is found. The product can be retested and then, hopefully, manufactured. The company will apply for a (10) \_\_\_\_\_ for the design so that others cannot copy it and steal the idea.

**8.7** *The adjectives below can be used to describe inventions or new ideas. Which have a positive meaning? Which have a negative meaning? Write + or - next to each one.*

brilliant	beneficial	silly	life-saving
pointless	ridiculous	time-saving	annoying
wasteful	life-changing	practical	money-saving
revolutionary	space-saving	ground-breaking	scientific

**8.8** *What are the most important innovations for you in your daily life? Think about the following areas. !!!*

- Communication
- Transport
- Home entertainment
- Food
- Other

What innovations would you most like to see in the areas above?

**8.9** Discuss the quote and write if you agree with this statement or not — give your explanations and clear arguments. ☀️!☀️!☀️!

*‘Innovation one can not be innovating. I want to create classics’ (Coco Chanel, 1883–1971, French fashion designer)*

**8.10** Complete the text with the appropriate expressions.

People think they have a clear idea of the process of inventing something. The inventor has a (1) \_\_\_\_\_ is developed. There are difficulties and (2) \_\_\_\_\_ at some point someone shouts ‘Back to the (4) \_\_\_\_\_!’

Eventually there is a (5) \_\_\_\_\_ and the problems are ironed out. A product is launched and its inventor is hailed as a (6) \_\_\_\_\_ and (7) \_\_\_\_\_ pioneer. He or she (8) \_\_\_\_\_ the idea and becomes rich. Or the pioneer is overtaken by others who manage to commercialise the idea more successfully.

But the process of invention is not as straightforward as it seems. Take the steam engine. It was not (9) \_\_\_\_\_ by James Watt - his contribution was to make key improvements to the original design. It was not initially used to power locomotives, but to pump water out of coal mines. The (10) \_\_\_\_\_ for fax machines and photocopiers existed for many years before these inventions were (11) \_\_\_\_\_ in large numbers. Inventions are not always adopted as quickly as we imagine, or for the (12) \_\_\_\_\_ that they were originally intended for.

## Unit 9. Defining quality terms

*In this unit you will*

- ***read*** about quality management in manufacturing and services in terms of modern quality standards;
- ***develop skills*** in using vocabulary related to criteria for quality in business and to the issues of quality control and customer services;
- ***talk*** about high-quality products and services expressing your idea of quality;
- ***practise*** use correct forms of the expressions related to quality issues in the memo from the head of a package holiday company.

### A. What is quality

Staying in the lead means continually **raising the bar**. In 1980. a television documentary in the US entitled ‘If Japan Can, Why Can’t We?’

announced that it had discovered the secret of Japanese competitive success: quality. Japanese companies were successfully dominating world markets because they had a **quality system** that allowed them to produce better products than their US **rivals** - companies that competes with another.

What was more, the documentary said, the Japanese had learned this quality system from US experts such as W Edwards Deming and Joseph Juran. What US and other western businesses had to do now was relearn the techniques of **quality management** – a system of management that considers that every employee in the organization is responsible for keeping the highest standards of work in every aspect of the company’s work in order to meet the needs of the customers.

The central problem revolves around an understanding of what ‘quality’ is and how far the concept can be applied across the organisation. Definitions can vary. But it is generally accepted that the three elements which constitute quality are:

- *fitness of the design,*
- *conformity to specification and*
- *satisfying customer needs.*

Today, quality is most often defined by the reaction of the customer who buys and uses the product. If the customer is satisfied, so the theory goes, the product is of sufficient quality. However, a strategy based on no more than meeting customer expectations is a dangerous one. As it opens the door to rivals that may produce better products.

### **B. Quality in manufacturing and services**

Gordon Greer is head of quality at a car component company:

“The design for each component embodies the intentions of its designer. So conformity to specification means **putting these intentions into practice** when we make the components. Put another way, this is elimination of variation.

We pay great attention to accuracy. The components must be made to very strict tolerances - the measurements must be not more or less than particular limits to within a fraction of a millimetre.’

Serena Togliatti is **customer relations manager** at a large bank:

‘In services, there is a parallel situation to the one in manufacturing. The service received by the customer must be exactly what is planned and

intended, and annoying mistakes, for example in their accounts, must be avoided.

From the customer's point of view, quality could be defined in terms of customer approval, that is, recognition that we are satisfying customer needs and customer expectations. And if we exceed those expectations, there may even be customer delight.'

### C. Quality standards

The International Organization for Standardization is based in Geneva. It is a network of national standards institutes from over 145 countries working in partnership with international organizations, governments, industry, business and **consumer representatives**, which use laws to provide consumer protection against dishonest businesses or products that are not safe or are too expensive.

In fact it is a set of standards to ensure that businesses do not use processes that harm the environment and people. ISO has developed more than 14,000 International Standards (levels of quality that is expected or required), which it says are "documented agreements containing technical specifications or other precise criteria and **guidelines** to ensure that materials, products, processes and services are fit for their purpose".

There are two series of standards for management systems: the ISO 9000 series on quality management and the ISO 14000 series on environmental management. Organizations can apply for **certification** to ISO 9001:2000 and ISO 14001:1996. The contemporary version of the ISO 9000 standards put a particular importance on the following aspects:

a) the role of *top management* in setting policies for quality.

Top managers have to be seen to be invoked in quality issues, not leaving this to middle management;

b) *statutory and regulatory requirements* – for example, the car industry has to pay particular attention to safety and environmental laws and standards in relation to the component that they use;

c) *measurable objectives* – we have to be able to measure quality and by how much it is improving;

d) *resource management* – how we manage the inputs to our products, for example in human resources and materials;

e) *monitoring customer satisfaction* – customers are the ultimate judges of quality and we have to constantly check and improve the 'score' that they give us;



f) *training effectiveness* – the training of our staff is an investment and we have to measure how effective it is in terms of our future profitability;

g) *continual improvement* – 100 percent quality is never achieved – there is always room for improvement.

**9.1** Complete the sentences, using the words given in bold

**quality standards**   **suffers**   **tested**   **changed**  
**competition**   **guidelines**   **certification**  
**quality**   **measures**   **monitor**

1. We fought off from dozens of rivals to win the contract. They have \_\_\_\_\_ from a sales-oriented to a customer-focused business.
2. What percentage of products met the \_\_\_\_\_ \_\_\_\_\_?
3. The new \_\_\_\_\_ will force companies to clarify financial guarantees.
4. We are authorized to carry out of fire safety equipment.
5. Banks are introducing \_\_\_\_\_ to make it easier for customers to change accounts.
6. The software is \_\_\_\_\_ thoroughly before certification is awarded.
7. The standard of something when it is compared to other things like it – in order to understand how good or bad something is – \_\_\_\_\_.
8. When costs are cut, product quality sometimes \_\_\_\_\_.
9. His job is to \_\_\_\_\_ quality and ensure it is up to our high standards.

**9.2** Look at these examples of work on quality at a company producing car components. Match each one to an aspect of quality (a-g) – the ISO 9000 standards – in C above.

1. All the people in the call centre were sent on a course to develop their sense of team work, and this increased sales by 15 per cent.
2. The senior managers invited a well-known quality expert to do a consultancy project on production quality.
3. The production manager looked at the latest regulations on car safety on a government Ministry of Transport website.
4. Employees are always paid bonuses for suggesting improvements, however small.

5. The company developed new software to analyze quality data more closely.
6. They have checked the quality procedures in place at all of their suppliers.
7. The car firms who buy the company's components are totally satisfied.

**9.3** *What are criteria for quality in a business or an organization you would like to work for?*

**9.4** *Complete each sentence (1–3) with the correct form of the words given below.*

*certify – apply – standard*

1. ISO \_\_\_\_\_ will give us more credibility with our clients and so we've asked to be \_\_\_\_\_ by them.
2. They told us to bring in ISO-approved consultants to check our operations and make our \_\_\_\_\_ through them.
3. Now we can put the ISO 9000 logo on all our literature. We've \_\_\_\_\_ all our documentation so that it's clearly visible. Our clients feel reassured - in fact, they love it!

**9.5** *Complete the table with words from A, B and C above and related forms. Put a stress mark in front of the stressed syllable in each word of more than one syllable. The first one has been done for you.*

Verb	Noun	Verb	Noun
approve	<i>approval</i>	fit	
conform to			satisfaction
	delight	specify	
eliminate			tolerance
expect		vary	

**9.6** *Now use correct forms of the expressions above and opposite to replace the underlined words and phrases in this memo from the head of a package holiday company.*

MEMO ☼ CLUB SOLÉIL ☼

*From:* Jacqueline Toubon

*To:* All hotel managers

Buying a family holiday is a big investment for a lot of people, both financially and emotionally. So, we don't just want (1) them

to be happy with what they get: we want (2) them to be extremely happy.

We want to avoid the situation where things are different from what customers were expecting and instead we want (3) standards to be exactly as described. When the hotel does not come up to the description in the brochure, our clients are extremely angry. This means (4) avoiding changes or differences in relation to what we promise.

Customers may find that things are better than they thought they would be, for example, the food may be better or the rooms more comfortable. Although this may be a way of going beyond (5) what customers were hoping for, it is important to keep control of costs. To use a comparison with manufacturing industry, we have to keep standards within certain (6) limits.

**9.7** Use the words in the box to complete the flow chart concerning the issues of quality control and customer services in the text “**A defective product**”. The first one has been done for you.

identified	modified	failed
relaunched	durability	recalled
reliability	tested	<u>launched</u>

We (1) launched the product two years ago. We have a policy of zero defects so we were surprised when, shortly after the launch, we received complaints about the (2) \_\_\_\_\_ and (3) \_\_\_\_\_ of this product. Because of market feedback, we (4) \_\_\_\_\_ the product so that any faults could be investigated. At the same time, we withdrew it from sale. After extensive tests, our engineers (5) \_\_\_\_\_ a fault. As a result, they were able to correct the fault and we (6) \_\_\_\_\_ the product. We (7) \_\_\_\_\_ the product under controlled conditions. Finally, we (8) \_\_\_\_\_ the redesigned product in the market. Unfortunately, it (9) \_\_\_\_\_ due to lack of consumer confidence caused by bad publicity.

**9.8** Complete the sentences below with words and phrases given here. Use a good dictionary to help you. *Consumer satisfaction questionnaire – routine checks – minimum standards – compensation – guarantee – after-sales-service – monitoring – inspection – faults.*

### 1. Quality control

- a) Quality control involves checking for \_\_\_\_\_ before selling goods.
- b) We are always \_\_\_\_\_ the quality of our products.
- c) The quality control department found several faults during one of their \_\_\_\_\_.
- d) We use a number of \_\_\_\_\_ to measure quality.
- e) During the \_\_\_\_\_ a number of serious production flaws were found.

### 2. Customer service

- a) We measure how happy our customers are with an annual \_\_\_\_\_.
- b) We ensure that the machines are well-maintained by offering \_\_\_\_\_.
- c) We provide our customers with a \_\_\_\_\_ lasting 10 years.
- d) If there is a faulty product, we usually offer customers \_\_\_\_\_.

**9.9** Give an example of high-quality products or services. Explain your choices.

**9.10** Which of these words and phrases below best express your idea of quality?

reliable	value for money	long-lasting	traditional
well-known	expensive	hand-made	modern
genuine	made in country	well-designed	mass-produced

**9.11** Look at these sayings. What do they mean? Which of the ideas do you agree with?!!!

- They don't make them like they used to.
- Quality not quantity.
- You get what you pay for.
- Don't judge a book by its cover.

**9.12** Discuss the quote and write if you agree with this statement or not – give your explanations and clear arguments. “Quality is remembered long after the price is forgotten.” Gucci family slogan. ☀️!☀️!☀️!

## Unit 10. Ethical behaviour

### *In this unit you will*

- ***read*** about ethical behaviour in business including transparency, accountability and probity;
- ***practise*** using vocabulary to describe corporate social responsibility and cases of unethical activities;
- ***talk*** about the purpose of a business and express your opinions about ethics in different professional areas;
- ***discuss*** your attitude to a code of good practice and to mentioning statements about ethics in a mission statement;
- ***write*** a paragraph about some ethical issues in business.

### A. Ethics and business

**Ethical behaviour** is doing things that are morally right. Ethics (countable noun) are moral beliefs about what is right or wrong. Ethics (uncountable noun) is the study of this. Ethically responsible companies want to do the right thing in areas such as:

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

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

Ethical corporate behaviour also includes **accountability** – the idea that companies are completely responsible for what they do and that people should be able to expect them to explain their actions.

**Transparency** is explaining this behaviour in a way that can be understood by outsiders, and not trying to hide anything. Companies may say that they demand high levels of **probity** and **integrity** – complete honesty – from their employees, and that they do not tolerate any form of misconduct –

behaviour that is unacceptable, especially because it breaks the rules of a particular profession or turns to be bad management of a company.

Corporate social responsibility is the process of running a business in a way that helps people in society to improve their quality of life. Companies have long had **codes of ethics** and codes of conduct saying how their managers and employees should behave. Now they are looking at these issues in more systematic ways. They are designating executives to oversee the whole area of corporate social responsibility (CSR).

**10.1 Read the text and complete the sentences, using the words in bold**  
**stakeholders    accountability    environmental    transparency**  
**corporations    activity    areas    effort**

1. We need to improve the \_\_\_\_\_ of the board to shareholders.
2. Shareholders have called for more \_\_\_\_\_ in company dealings.
3. There is a disturbing lack of transparency and accountability in some \_\_\_\_\_.
4. Their level of corporate social responsibility is seen in their \_\_\_\_\_ work and projects in the developing world.
5. The success of the project wasn't due to one person – it was a corporate \_\_\_\_\_.
6. The company has recently expanded into new \_\_\_\_\_ of business.
7. Newspapers report a higher level of \_\_\_\_\_ in the foreign exchange markets.
8. The scheme encourages workers to buy shares and become \_\_\_\_\_ in their own companies.

**10.2 Read the article relating to the ideas in A. Then say if the statements below are true or false, identifying the phrase or sentence from the article that confirms your answer. The first one has been done for you.**

### **HOW TO BECOME GOOD IN ALL AREAS**

Few companies are clear about how to manage what can be an amorphous collection of internal initiatives and external relationships on social, environmental and ethical issues. Probity and responsibility must be embedded in a company's culture, strategy and operations from the top down. But how can this be done?

A new guide from Business for Social Responsibility, a US non-profit research and advisory organisation with 1.400 member companies and

affiliates, attempts to answer this by taking the reader step by step through the process of designing a corporate-social responsibility management system.

Only a handful of companies have a full CSR management system in place, says the organisation, which advises its members on how to make responsible practices integral to their strategy and operations. Its corporate members, mainly in the US and Europe, have combined annual revenues of nearly \$2,000bn (£1.300bn) and employ 6m people. They include ABB

British Airways, Coca-Cola, Ikea, Unilever and Wal-Mart. The scandals in the US have underlined how “corporate responsibility taskforces” and codes of conduct are not enough on their own and can sometimes be a smokescreen.

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

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

1. Most companies have clear, coherent policies on social, environmental and ethical issues. **False** – *Few companies are clear ... social, environment and ethical issues.*

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

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

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

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

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

**10.3** Complete the sentences, with expressions from A.

1. The company was accused of giving \_\_\_\_\_ to local officials in order to allow their products into the country more quickly.
2. The company has supported several projects in the local \_\_\_\_\_, where its factories are situated.
3. Voters demanded that there should be greater \_\_\_\_\_ in the election process so that they could understand it fully.
4. Following the scandals of Enron, Worldcom and others, there is greater emphasis in business schools on the teaching of \_\_\_\_\_.

**10.4** What should you do in each of these situations? Work in a group and discuss them – then write a paragraph, giving clear arguments of your behaviour.

- The best-qualified person for the post of Sales Manager is female. However, your customers would prefer a man. *If you appoint a woman you will probably lose some sales.*
- Your company has a new advertising campaign which stresses its honesty, fairness and ethical business behaviour. It has factories in several countries where wages are very low. *At present it is paying workers the local market rate*
- A colleague working in a hospital has been making mistakes at work recently. This is because she has a serious illness. You are her friend and the only person at work who knows this. *She has asked you to keep it a secret.*

**10.5** Discuss these questions and write an extract of your ideas. ☀!☀!☀!

1. Why is corruption more common in some countries than in others?
2. What are the consequences of corruption in your opinion?

**10.6** Discuss this list of unethical activities. In your opinion, which are the worst? Are any common in your country?

- Avoiding paying tax      Claiming extra expenses
- Using work facilities for private purposes (for example, personal phone calls)
- Accepting praise for someone else's ideas or work
- Selling a defective product (for example, a second-hand car)
- Using your influence to get jobs for relatives (nepotism)
- Ringing in sick when you are not ill      Taking extended lunch breaks
- Giving good references to people you want to get rid of
- Employing people without the correct paperwork



**10.7** *Are some jobs more ethical than others? How ethical do you think these professions are?*

Accountant	Car sales executive	Lawyer	Police officer
Banker	Estate agent	Nurse	Tacher
Civil servant	Journalist	dentist	Taxi driver

**10.8** *Discuss these questions. !!!*

- What is the purpose of a business in your opinion?
- What do you understand by these phrases – a) *business ethics*; b) a *code of good practice*; c) a *mission statement*.
- Should mission statements include statements about ethics?

## Additional texts

### Unit 1

#### *The Big Three Management Styles*

by Paul B. Thornton

Management literature describes numerous management including assertive, autocratic, coaching, country club, directing, delegating, laissez-faire, participatory, supportive, task-oriented and team-based. Are there really that many? I believe there are three basic styles - directing, ssing and delegating, the 3-Ds of Management Style.

#### **DIRECTING STYLE**

Managers using this style tell people what to do, how to do it; and when to have it completed. They assign roles and responsibilities, set standards and define expectations.

**Communicating** – The manager speaks, employees listen and react. Managers provide detailed instructions so employees know exactly what to do. The ability to communicate in a clear, concise and complete fashion is critical. The only feedback managers ask for is, ‘Do you understand what needs to be done?’

**Goal-Setting** – ‘Your goal is to 20 sell 15 cars per month.’ The manager establishes short-term goals. When goals are specific and time bounded, employees are clear on what is expected of them. Goals and deadlines often motivate people.

**Decision-Making** – ‘I want you to stop what you are currently doing and help Sue set up the room for the seminar.’ The manager makes most if not all decisions. When problems arise the manager evaluates options, makes decisions and directs employees as to what actions to take.

**Monitoring Performance and Providing Feedback** Managers establish specific control points to monitor performance. ‘Get back to me at 11:00 a.m. to brief me on what you have accomplished.’ Managers provide frequent feedback including specific instructions on how to improve performance.

#### **DISCUSSING STYLE**

Managers using this style take time to discuss relevant business issues. What happens in a good discussion? People present ideas, ask questions, listen, provide feedback, challenge certain assumptions and coach as needed. It’s important to make sure ideas are fully discussed and debated.

Managers often perform the role of facilitator, making sure the discussion stays on track and everyone has a chance to contribute.

**Communicating** – Two-way communication is the norm. ‘Let’s go around the table and give everyone a chance to discuss their ideas.’ Managers spend as much time asking questions and listening as they do talking and sharing their ideas. The right question focuses the discussion and draws out people’s ideas.

**Goal-Setting** – ‘Ingrid, what do you think our sales target should be for the fourth quarter?’ After adequate discussion, goals are then established. Utilising a participatory style generally helps to increase employees’ commitment to achieve their goals.

**Decision-Making** – We have a problem with the amount of inventory we’re currently carrying. What action do you think we should take?’ Decisions are made collaboratively. Both manager and employee play an active role in defining problems, evaluating options, and making decisions.

**Monitoring Performance and Providing Feedback** – The manager and employee monitor performance and discuss what actions need to be taken. This works best when both parties are open and make adjustments as needed.

## DELEGATING STYLE

Managers using this style usually explain or get agreement on what has to be accomplished and when it must be completed. The how-to-do-it part of the equation is left up to the employee. Responsibility and authority are given to employees to get the job done.

**Communicating** – Regarding what has to be accomplished, communications may be one way ‘I want you to deliver a 15-minute presentation on our new compensation program at Tuesday’s meeting.’ In other situations it may be two-way: ‘Let’s discuss what needs to be accomplished in the marketing brochure you’re designing.’ Additional communication takes place to review what has been accomplished and obstacles preventing progress.

**Goal-Setting** – As stated above, specific goals may be established by the manager or may evolve after a discussion between manager and employee. Failures in delegation can often be traced back to a lack of understanding of the desired output or deliverable. ‘I thought you only wanted recommendations, not an implementation plan.

**Decision-Making** — ‘Barbara, that’s your decision to make.’ Decisions as to how the task will be accomplished are left to the employee. Employees have the power to take appropriate actions to achieve the desired goals. Managers must avoid ‘reverse delegation’ when employees try to give back decisions that they should be making.

**Monitoring Performance and Providing Feedback** — ‘I want a weekly update on plan accomplishments.’ Managers decide how much monitoring is necessary. The amount of monitoring depends on the priority of the task and the person doing it. Providing feedback is the responsibility of the employee. Keeping the manager informed, especially, when the plan is off track, is critical.

## Unit 2

### *India: Call centres ring the changes*

by Edward Luce

India’s call centres have a lot to answer for, according to the traditionalists. Not only has the booming sector helped spawn a brash new generation of profligate consumers, they say, but its revolving-door work culture is also undermining virtues such as loyalty, hierarchy, patience and discipline. Such anxieties might appear futile in view of the fact the sector has almost quadrupled its headcount in the past three years to more than 350,000 employees and looks set to continue expanding at 50 per cent a year.

Such concerns are also becoming the chief headache of Indian call-centre managers. Attrition rates, particularly in the larger hubs of Bangalore, Delhi and Mumbai, have jumped to more than 50 per cent a year in the past 18 months. This is still comfortably below the worst rates in western centres, where it could exceed 100 per cent. It is now posing serious challenges to India’s increasingly stretched human resource managers. ‘Until very recently, India had a culture where you took a job for life and never dreamed of leaving it unless you had a firm counter-offer,’ says Noni Chawla, a management consultant and head-hunter in Delhi. ‘But these young call-centre workers think nothing of taking a job, doing four weeks of training and leaving without anything else in the bag’.

There is an economic logic to such restlessness, however. In spite of India’s unmatched supply of English-speaking graduates — roughly 2.5m a year graduate in India, most of them with some level of English — the industry’s rate of expansion has meant that demand has often out-

stripped supply. This is particularly true of the more established centres. ‘I would advise companies that are setting up in India to avoid Bangalore in particular,’ says Paul Davies, managing director of Onshore Offshore, a UK-based consultancy. ‘There is a circuit where new companies come in and poach employees at higher salaries.’

One solution has been for companies to choose more isolated locations – as HSBC has recently done, when it opened a call centre on the coast of Andhra Pradesh. India has more than 50 towns with a population of 500,000 or more. Nevertheless, the strategy has its risks. One multinational that recently opened a centre in the Rajasthan capital of Jaipur has found it hard to boost its employee count at the pace it would wish. ‘India has a lot of English speakers, but investors should not overestimate the number that are ready to work,’ said Raju Bhatnagar, president of ICICI OneSource, an Indian third-party call centre, with 4,200 employees in Bangalore and Mumbai. ‘It is probably better to face problems of attrition than of shortage of supply.’

Another remedy, which has taken on increasingly bizarre forms, is to make the workplace more attractive. Some companies have introduced salsa classes. Others have moved to multi-cuisine canteens. Almost all have on-site recreational facilities, such as football tables and cafes, albeit with limited success. ‘You can only really attract people with such gimmicks,’ says Mr Chawla. ‘Retaining them is a different matter.’

More seriously, companies are also becoming more alert to dealing with employee trauma, particularly for those who work on the telephone, for example abusive calls. ‘All calls are recorded, so we sit everyone around and replay it and ask everybody to suggest where it could have been better handled,’ says Mr Bhatnagar. ‘It helps the employee realise that it was nothing personal. In fact, only about 1 per cent of calls are abusive and training can do much to help.’ ‘The typical Indian response to anger is to fall silent, which only makes the Western customer worse,’ says Mr Davies. ‘But they learn very quickly.’

Another solution – still in its infancy – is to hire part-time older employees, including housewives, and to allow them to telecommute from home. About 80 per cent of India’s call-centre employees are aged between 20 and 25 and do not consider the industry to be a long-term career.

Another option, which one company is considering, is to open a call centre on campus and allow students to drop in and out and work part-time. ‘The more flexible we can be, the more likely the employees are to stick around,’ said a human-resources manager in Delhi.

Ultimately, though, there is not much companies can do to surmount the two core problems: that very few people like to sleep during the day and work at night (the permanent ‘jet-lag syndrome’) and that, in spite of some of the more glamorous-sounding out growths, most work in call centres is repetitive and is likely to remain so.

At the same time, there is little to suggest the problem of an inherently footloose workforce will pose a mortal threat to India’s continued expansion. ‘Call-centre attrition is a universal problem,’ says Mr Bhatnagar. ‘It has got worse in India, but not nearly to the extent you would see in the West.

### Unit 3

#### *Perks that work*

by **Robert B. Burke**

Keeping people happy is an increasingly tough trick. With unemployment at record lows, ‘companies are trying just about anything’ to retain employees, says Jay Doherty of the New York-based human-resources consulting firm William M. Mercer Inc. Not only are employees being pampered, they’re getting more money, better benefits and help with personal problems such as child care and financial planning. Bosses once shunned such intervention. Retention ‘is no longer a human resource issue, it’s a business issue,’ Doherty says.

Because technology companies face the tightest labor markets, they have been the most aggressive in devising ways to keep workers. Herndon-based Net2000 Communications, for example, puts top performers behind the wheel of luxury cars like a BMW 323i or Z3. MicroStrategy, a Vienna-based data miner, goes a step further and has hosted all of its employees on Caribbean cruises.

Such perks are great for the employee, but do they make sense for the company? Maybe. Doherty says all companies –including technology firms –‘have to be careful they don’t create a business model that’s not profitable.’ Don’t throw money at workers who want to leave because pay raises don’t always work. Perks and benefits can be effective, but they have to be custom-fit to the company and the business sector. Don’t add new

perks just because they seem like hot trends, he says. ‘Too often there’s a desperation sometimes to just try anything, and it’s very expensive.’ MicroStrategy, which reported lower earnings earlier this year, has been rethinking its cruises, for example.

Yet companies still face labor crunches that can really hurt. How do you keep workers? Start by making them feel they’re part of a special place with a unique culture. ‘We want to hire people that are totally aligned with our values,’ says Tim Huval, general manager for South Dakota-based Gateway’s 2,200-employee call center and manufacturing facility in Hampton. ‘Honesty, efficiency, aggressiveness, respect, teamwork, caring, common sense and fun. Those are values that we live by.’ Founder and CEO William Tyler pushes pairing quality of life with a sense of social responsibility.

Workers can designate which non-profit groups experts contribute to. A strong culture makes it hard for people to leave, Tyler says. ‘They don’t have an urge to leave because they’ve found a home. They’re happy.’

Notice this corporate culture stuff doesn’t say much about shareholders or profit. It’s a decidedly employee-centric approach. ‘If you ask any of them, they’re all going to say, “Pay me more money.” But that’s not the truth. Tyler says. ‘What people are looking for is, “A place that’s looking out for me.”’

What that means is helping employees cope with problems they face outside the office. ‘That is where companies can build employee loyalty,’ says Barbara Bailey of William M. Mercer’s Richmond office. One popular tool is revamping leave policies to create ‘flexible leave banks’ that put all employee leave into a single category. Employees take time off when they need it and don’t have to call it a sick day or vacation. ‘Work-life issues are huge,’ Bailey says. ‘You make them feel as though they’re not interested in looking elsewhere, because they’re very happy with their life.’

#### **Unit 4**

### *None of us is as smart as all of us*

**by Howard Cant**

A good team player has the key to success. Being the smartest, being the brightest, being the hardest; all of these attributes that worked so well in business in years gone by, now will not push you up the ladder quickly. How good a team player you are and how well you share your knowledge with

your colleagues is the all-important factor in growing your career today. If you can build a company culture that does not worry about who gets the credit for something, think about what you could achieve! To survive in the big bad tough working environment of today you don't need to have your own people competing with each other. It is the commercial 'enemy' against whom all their energy should be focussed.

It's not always easy to be a good team member and compromise your own views for the good of the whole, but it works for the betterment of the company. You have to believe in the workings and power of the team and recognise where your own strengths and contribution fit in. You have to be honest, both with yourself and with your team members. You will have conflict within the team and as long as this is controlled then it can be a very healthy element for both the team and the development of the business. Research into high-performing teams shows that each member cares for the development of his team mates. This appreciation of each other's learning and development is key to the success of a team and the commitment of each member to the other.

Over 70% of a manager's time is spent in some form of group activity, often in meetings with others; relatively little time is spent in the supervising of single individuals or on one-to-one discussions, thus the need for team building. Indeed, the success of individual managers depends on how well that manager's team or teams improve in quality and productivity on a continuous basis. In reality, group productivity is more important than individual task accomplishment. The most effective teams are able to solve complex problems more easily than one person can, for many capable minds are brought to bear on an issue. However, all teams must be managed well by a capable facilitator who understands that every team is unique, dynamic and ever-changing. Moreover, teams have behaviour patterns, just as individuals do and, just as children develop into adults, teams have developmental stages, being more productive and efficient at one stage than another.

It is also extremely desirable for team members to have the following attitudes; 'I know what I have to do and the team's goals are clear', 'I am willing to share some responsibility for leadership', "I am an active participant", 'I feel appreciated and supported by others'. "Other team members listen when I speak and I respect the opinions of others",



‘Communication is open, new ideas are encouraged and we are having fun working together’.

Teams soon develop a clear problem-solving approach that can be applied time and again as long as their leader initially creates a common purpose and vision, pointing the team in the right direction.

Cross-cultural issues can assail and impact the working of teams, but it is well to remember that, despite culture, most team members have similar objectives in life. Objectives that relate to happiness and health, to success and recognition to love and being well-accepted by others. The clever team leader recognises and plays upon these similarities while moulding the cultural differences to benefit the team. For example. Thai team members place a greater focus on personal relationships in everything they do while Western team members are looking more for personal achievement.

## **Unit 5**

### *Growth mode. Finding new ways to grow a company in today's tough climate isn't easy on*

**by Jason Karaian**

The challenge for all companies: finding the next new source of growth will be more difficult than ever before. Traditional sources of revenue growth - such as product enhancements, grabbing market share or acquiring competitors - have been largely tapped out, says Adrian Slywotzky, a managing director at Mercer Management Consulting in the US. Slywotzky echoes other management gurus in calling this ‘a growth crisis’.

In the hunt for growth opportunities, failure is rife. According to research overseen by Chris Zook, head of the global strategy practice at US-based consultancy Bain, only 13% of companies worldwide during the 1990s achieved ‘even a modest level of sustained and profitable growth’. In today’s hyper-competitive environment, he says he’d be surprised if that figure can reach 10%.

Yet that hasn’t stopped companies from whipping up investor enthusiasm with magnificently ambitious growth plans. Zook notes that the average company sets a public target of revenue growth at twice its industry’s rate, and earnings four times higher. Where will all that growth come from?

In many cases, finance might have the answer. Take, for example, these three very different companies, all renowned for their ability to tap

into new avenues of growth: Logitech, a small start-up founded in 1981. made a name for itself as a maker of computer mice for PC manufacturers before expanding into the retail market to sell a vast range of accessories for computers, gaming consoles and entertainment systems; Giorgio Armani, the Italian fashion house, which, since its founding in 1975. has grown revenue organically to €1.3 billion through shrewd customer segmentation and brand control; and French hotel group Accor, which revolutionised its industry in the 1980s with a smart investment aimed at budget travellers and today is seeking to rekindle that innovative spirit.

Zook contends that the underlying strength in companies like these is in their ability to combine high growth and low risk by moving systematically 9 into ‘adjacencies’ - products, services, geographies or customer segments that are highly related, or adjacent, to the company’s core business. Other consultants offer variations on that theme. Richard Wise, another managing director at Mercer, for example, says that a successful growth strategy in his view is one that adds to, not detracts from, a company’s core business. “The idea is not to abandon the pillars of growth, but to add to the playbook.’ he says.

Attempting to produce new growth via adjacency moves is not without risk. Chris Zook estimates that almost all of history’s biggest business blunders were caused or made worse by growth strategies gone awry.

Swissair, for one, built a strong, if unglamorous, reputation for punctuality and efficiency since its founding in 1931. In the mid-1990s, a new management team launched a global growth initiative that involved investments in several regional airlines – Belgium’s Sabena, Ukraine International Airlines and South African Airways, to name a few – and a clutch of travel-related ventures like airline caterer Gate Gourmet and airport retailer Nuance.

Was it distraction that caused Swissair’s punctuality and baggage handling to worsen, hurting business, and its investments in the world’s more marginal airlines to prove an additional drag on its finances? Hard to say, but in 2000 the company reported a mammoth loss of SFr3 billion (€2 billion at the time), and declared bankruptcy shortly after the September 11<sup>th</sup> 2001 terrorist attacks, SFr17 billion in debt.

Marconi is another example of growth strategy gone awry. A sprawling conglomerate with interests in products from lifts to semiconductors

to defence electronics, the UK-based company (formerly known as GEC) made a big bet in the booming 1990s on telecoms equipment – a business in which it didn't actually have a toehold at the time. It sold all unrelated businesses and went on a spending spree to buy up telco equipment companies. When the tech bubble burst, the new Marconi was badly exposed and nearly collapsed. It trades as a shadow of its former self today. Adding insult to injury, Marconi's sale of its former 'core' defence-electronics business to BAE in 1999 turned that company into one of Europe's leading defence contractors.

At any given time, says Zook, a company with a strong core faces between 80 and 110 possible adjacency moves. Of these, 'only one in four, maybe fewer, will succeed in creating a stream of growing revenue and earn their cost of capital,' he says.

## **Unit 6**

### *Nokia and the insistent ringing of competition*

**by John Gapper**

In 1983, Nike enjoyed dominance of its industry, with a market share of more than percent, having crushed Adidas, its original rival. But a tiny competitor was about to knock it sideways: Reebok. A similar situation exists today with Nokia and Samsung. Although the Finnish company's share of the global market for mobile handsets is similar to Nike's in athletic shoes years ago, its South Korean competitor has momentum. Samsung's camera phones, with twisting flip-up screens that allow users to take, send and display photos quickly and easily, are hot; Nokia's are not.

Samsung's market capitalisation exceeded that of Nokia last week as this fact became evident in the companies' first-quarter results. Even more annoying for Nokia is the transfer of something intangible, yet highly valuable: market leadership. The high end of the market – phones that retail for \$300 or more in the US – is no longer Nokia's. Samsung makes the expensive camera phone that a young consumer wants to have.

Nokia seems to realise how potentially serious its situation is, but two obstacles stand in the way of Nokia regaining authority. One (product design) should be solvable, given the company's heritage. The other (that Samsung is South Korean) will be harder to tackle, as other western companies are likely to find as well.

Design should be Nokia's strength, since it originally overtook Motorola by turning handsets into handsome and desirable consumer goods, rather than bland technological objects. Yet in its recent models, Nokia appears to have forgotten the first rule of modernist design -that form follows function. Instead, it has placed most emphasis on making its handsets colourful and zappy, with snap-on covers.

Samsung's approach to digital communication has more substance. Its twisting flip-up screen is a neat way of making the most of camera technology. The screen can even be folded outwards, so friends' photos appear when they call.

There is no obvious reason why Nokia should not regain its lead in design. But Samsung has another advantage, which is more difficult for any European rival to counter: the willingness of young South Koreans to pay high prices for new electronic devices. In terms of access to broadband and telecommunications infrastructure, Samsung happens to be sitting in one of the world's most wired – and wireless – markets.

Nokia had a similar advantage in Finland in the 1990s and exploited it to 100 establish a strong presence round the world, including in Asia. But Europe has trailed Asia in high-speed mobile services. South Korea has more than 5m subscribers to third-generation services. That has helped Samsung to develop better designs for camera handsets at home before applying the lessons in Europe and the US.

One thing Samsung learnt – and Nokia did not – was to make its camera handsets small. Masamichi Udagawa, co-founder of Antenna Design in New York, says he was 'shocked' when he saw one of Nokia's first camera phones in Tokyo; companies such as Panasonic and Sharp were already making much smaller models for Japan. 'It was a nice design, with a sliding lid, but its sheer size made it unacceptable,' he says.

For consumer companies in Europe and US, Nokia's experience points to a broader challenge. Nike has remained innovative by developing a range of premium-priced shoes in the US and then selling them around the world. Samsung has shown that companies in Asian economies can use their own domestic markets to develop global products.

Of course, Japanese companies, including Sony and Toyota, have done that for several decades, blending design and technology in ways unmatched by western companies. But countries such as South Korea

have a demographic advantage over Japan and Europe - a plentiful supply of young people. As southeast Asian economies develop, those consumers will become increasingly valuable.

## Unit 7

### *Satisfying Customer Needs* by Courtney Price

It is imperative that companies pay careful attention to differences in customer needs among customer groups and not arbitrarily “lump” them together because:

1. The availability of sophisticated information processing technologies allows companies to identify unique bundles of customer characteristics and needs.
2. Competitors are becoming adept at precisely identifying even small – but strategically relevant – differences in customer needs.

Thus, companies are challenged to use the tools available to them to segment customers into competitively relevant groups, groups with unique needs or preferences. However, product or industry characteristics may make market segmentation difficult if not irrelevant in commodity-like markets such as polyester yarn, bulk chemicals or cement.

Unfortunately, failing to make distinctions (where they are appropriate) may mean that the company attempts to be “all things to all people” and fails to focus on its key customer groups (and on satisfying their needs). To survive and achieve strategic competitiveness in the today’s competitive landscape, companies must:

- identify who their customers are;
- determine customer needs or preferences;
- focus on satisfying the needs of some group of customers;
- determine how to compete;
- select a strategy that enables them to satisfy customer needs.

The first step is to identify and segment customers based on differences in needs or preferences. This enables the company to have a better grasp on what might be important to a set of customers.

Once customers have been segmented into homogenous groups, companies must determine whether or not differences in needs or preferences among customer groups are significant. If they are not, companies might decide to offer a standard product to all customers (a

standard product is one that appeals to or satisfies the needs of an average or typical customer).

Companies may choose to ignore significant differences in customer needs and offer standard products because they believe that the product cannot easily be customised or differentiated, or that the company's competencies are best suited to manufacturing standard products. Companies that offer standard, undifferentiated products typically offer them at the lowest competitive price as they follow a cost leadership strategy. However, companies that choose to ignore significant differences in customer needs may find that they no longer are strategically competitive.

One of the biggest challenges for companies is to identify ways in which they can bundle their resources and capabilities to create value for customers. Because, given the choice, customers are most interested in purchasing products that both satisfy their needs and provide value.

When a company decides whom it will serve, it must simultaneously identify the targeted customer group's needs that its goods or services can satisfy. Top-level managers play a critical role in recognising and understanding these needs since their insights about customers influences product, technology, and distribution decisions.

The identification of key customer groups, customer needs, and preferences (for product characteristics, features or value) must be determined. This implies that customer knowledge (best gained through direct contact) should be a high priority for top-level managers as well as for sales and marketing personnel because knowledge of customer needs and preferences affects or influences companies' choices of the appropriate technology, distribution, and products.

Customer knowledge becomes even more important as companies attempt to perpetuate or sustain a competitive advantage. By listening to customers, companies can learn to correctly anticipate their future needs and create product innovations ahead of their competitors (to gain a first-mover advantage) and before competitors can imitate the last value-added innovation.

## Unit 8

### *Inside Procter and Gamble's innovation machine*

by **Patricia Sellers**

A.G. Lafley, the CEO of Procter and Gamble, has brought a lot of creativity and rigor to P&G's innovation process. During the past 2 years, P&G has raised its new-product hit rate (the percentage of new entries that deliver a return above the cost of capital) from 70 to 90%. That's terrific in an industry where half of new products fail within 12 months, according to market research firm Information Resources. 'In the 18 years that I've followed Procter,' says Deutsche Bank analyst Andrew Shore, 'I have never seen the company this good'.

Organic growth – meaning growth from core 15 businesses, excluding gains from acquisitions – is at the root of P&G's transformation. According to Lafley, organic growth strengthens a company's ability to innovate.

Coke, Kraft and Unilever are just a few of the giants that are struggling to innovate and build the brands they already have. According to a recent Boston Consulting Group survey of senior executives, more than two-thirds say innovation is a priority, but 57% are dissatisfied with the returns on their innovation investments. Lafley has a model for innovating in a big company: One – on – one consumer research.

Jim Stengel, Procter's Chief Marketing Officer, has cut his reliance on focus groups – the conventional method for studying consumers. 'You don't really learn anything insightful,' he says, contending that P&G and its rivals have already met consumers' obvious needs and that today's opportunities lie in meeting needs that consumers may not articulate. So he has urged the marketers to spend lots of time with consumers in their homes, watching the ways they wear their clothes, clean their floors, and asking them about their habits and frustrations.

Procter and Gamble has 7,500 R&D people located in nine countries. In order to collect feedback over this vast area, the company encourages employees (both scientists and marketers) to post problems on an internal website. Lafley evaluates the ideas that have been shared between employees. Each year he presents his findings in half-day 'innovation reviews' for each business unit.

Lafley says that his goal is to get half of P&G's invention from external sources, up from 20% four years ago and about 35% 55 today. Inventors are

evenly distributed in the population, and we're as likely to find invention in a garage as in our labs,' he explains.

It's not the P&G way to put out a product without test-marketing it. But consumer testing takes time – a luxury that P&G executives increasingly don't have. Says Susan Arnold, P&G's beauty queen: 'We don't have time to cross all the T's and dot all the I's. This business is trend-based and fashion-based. You have to be intuitive.' By cutting down on test-marketing (but not, mind you, on science), P & G has reduced product launch time from laboratory to roll-out from three years to eighteen months company-wide.

Lafley believes that P&G needs to market not just the product itself but the consumer's experience of the product – how it looks, smells and feels. Three years ago he added a head of design at P&G, a company veteran named Claudia Kotchka, who reports directly to him. Her designers used to labour in anonymity on logos and packaging. But they are now deeply involved in all aspects of product development. For Olay Regenerist, they helped with the formulation and the fragrance too.

In an attempt to encourage growth, some companies offer fat bonuses for innovation or hire stars from outside. Lafley hasn't done either of those things. He doesn't need to revamp pay schemes, he says, noting that managers who fail to share ideas simply do not get promoted. He does motivate the rank and file by giving out modest rewards, such as giving 50 stock options, for creative ideas and by celebrating innovators on P&G's internal website.

## **Unit 9**

### *Miele focuses on old-fashioned quality*

**by Peter Marsh**

At a time when life has rarely been tougher for manufacturers in the developed world, Miele's strategy for survival is to break almost all the rules. The German company, a global leader in high-quality domestic appliances such as washing machines and vacuum cleaners, is renowned for its high manufacturing standards and its refusal to move down-market and compete on price.

Miele bases nearly all its manufacturing in high-cost Germany and is self-sufficient to a high degree. Rather than outsource to low-cost suppliers, it makes 4 million electric motors a year (enough for all its products) in its own plant near Cologne. Keeping the manufacturing base



in the company's own plant is, Miele believes, essential to maintaining its quality standards. Sales last year were €2.2billion (£1.5billion).

The approach is respected by Miele's industry peers. Andrea Guerra, Chief Executive of Merloni, the Italian white goods maker, regards it as the icon of quality in the industry - 'with a fantastic position at the top end'.

The company sells appliances ranging from dishwashers to coffee machines, at a price premium of up to 70 percent over their competitors' products. It spends 12 percent of its revenue on product development - far more than the industry norm. Miele's attention to detail is legendary. Ovens are tested using machines that open and shut their doors 60,000 times to simulate the use they will have in their owners' kitchens.

The company also believes it can make its German plants more competitive by changes in working practices. According to Markus Miele, co-owner of the company, 'We have a plant near GÜtersloh that makes 50 percent of all the plastic parts we need. But we make this plant compete with outside contractors to see who gets the work for specific jobs. We make sure that the Miele plant charges prices no greater than the other bidders. This is one way we encourage our factories to make improvements and innovations in their production processes.'

Even though Miele's manufacturing costs are higher than those of its competitors, the company says these are justified by its ability to produce appliances that - despite their high prices - people want to buy. Roughly 50 percent of Miele's manufacturing costs come from components it makes itself compared with about 30 percent for equivalent companies. But, the company says, most Miele appliances will work for 20 years, which is longer than comparable products. This, it says, is linked to the reliability of individual parts.

The policy pays off, says Mr Miele. 'My father [who was in overall charge of Miele until 2002] once had a letter from an old lady in Eastern Germany. She said she didn't have much money but she was willing to pay 50 percent more for a Miele washing machine because she knew it would last for the rest of her life.' Nick Piatt, a home appliance specialist at the GfK market research company, says such feelings are not uncommon. 'The company has built up a tremendous loyalty among consumers who know that the brand stands for quality,' he says.

Miele faces a tough few years as it strives not just to keep ahead of competitors at the top end of the white goods market but also to interest new generations of increasingly cost-conscious consumers in buying machines that – in terms of kitchens are the equivalent of luxury Swiss watches.

## **Unit 10**

### *No hiding place for the irresponsible business*

**by Alison Maitland**

The food industry is blamed for obesity. Mobile phone operators are challenged to protect teenagers from online pornography. Record companies are attacked when they sue music-lovers for sharing illegal files on the Internet.

Big business is being asked to explain its approach to a growing number of social, ethical and environmental concerns. ‘We’re facing the greatest demand for our assistance that we’ve seen in our nine-year history,’ says Bob Dunn, Chief Executive of Business for Social Responsibility (BSR), a US non-profit advisory organisation whose annual membership includes many top multinationals.

Microsoft, Lucent and United Technologies have joined BSR this year, as well as Altria, a more obvious target for pressure groups and litigation, as the parent company of both Kraft Foods and Philip Morris.

Industries that until now had avoided the spotlight are finding attention is now focusing on them. Campaigners are beginning to show interest in working conditions in factories in the developing world that make equipment for computer and telecommunications companies.

The financial sector has come under pressure over lending to controversial projects in the developing world. In June, a group of leading banks, including Citigroup, Barclays and ABN Amro, promised to avoid giving loans for socially or environmentally questionable projects.

Oil and mining groups have come under strong pressure this year from a coalition of investors, activists and the UK government to make public their payments to developing countries in an effort to fight corruption.

Some of the world’s biggest footwear and clothing brands, including Levi Strauss, Nike and Reebok, have meanwhile taken voluntary measures through the US Fair Labor Association to increase the transparency of their supply chain. They published on the Internet the first independent

audits of their supplier factories, along with the steps taken to improve often terrible labour standards.

Companies usually take action when they face a real or potential threat to their reputation, as when Kraft announced in July it would cut fat and sugar in its food, limit portion sizes and stop marketing in schools. A lawsuit against Kraft over fatty acids was rapidly withdrawn after it said it would address the issue.

A few companies are, however, taking a lead because they believe it will give them a competitive edge. Mr Dunn says the search for competitive advantage is one factor creating interest in corporate responsibility among companies in countries such as Russia, Poland, Turkey and South Africa.

In the UK, the trend is also reflected in the sharp rise in social and no environmental reporting over the past two years. More than half the FTSE250 companies now produce annual reports, according to Directions, a study published this month by Salter Baxter and Context, two well-known UK consultancies.

Some sectors remain secretive, including hotels and leisure, and software and computer services. But they form a decreasing minority as investor interest, regulation and peer pressure combine to force greater disclosure.

When the first non-financial reports came out more than a decade ago, they focused on the environment. Now 100 of the FTSE250 cover environmental, social and ethical issues. Forty of the fifty largest European companies also produce reports. In the US, however, only 22 of the S&P top 50 reported, the study found. But how much can companies be expected to achieve on their own? What is the role of government? Can consumers have it all, demanding such high standards of companies while refusing to change their lifestyle?

## Building your vocabulary – common phrases and patterns

### Unit 1. Management styles and motivation

<p>effective/good/solid/strong/bad/poor          day-to-day/general/overall/routine          junior/senior/top          a layer/level/tier of</p>	<b>MANAGEMENT</b>
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<p>to assume/have/take/ accept          to delegate/share</p>	<b>RESPONSIBILITY</b> for something
---	--

<p>to adopt/implement/introduce/pursue          to abandon/change/develop/discuss          economic/tax</p>	<b>POLICY</b>
---	---------------

<p>constructive/positive/useful/immediate/negative          to get/give/offer/provide/receive          a layer/level/tier of</p>	<b>FEEDBACK</b>
--	-----------------

### Unit 2. Employment and flexibility

<p>casual/full-time/part-time/seasonal/ temporary          to be/get/have/take up/to find/look for/ seek          falling/full/high/low/total          to boost/create/cut/increase/reduce</p>	<b>EMPLOYMENT</b>
<b>EMPLOYMENT</b>	<p>data/figures/growth/ records          opportunities/prospects</p>
<p>an <b>EMPLOYMENT</b></p>	<p>agreement/contract</p>

<p>to announce/avoid/make          large-scale/mass/sweeping</p>	<b>REDUNDANCIES</b>
<p>to accept/face/take</p>	<b>REDUNDANCY</b>
<p>compulsory/forced/involuntary/voluntary</p>	<b>REDUNDANCY/ REDUNDANCIES</b>

### Unit 3. Retaining staff

great/little business/financial/management/technical to gain/have/lack	<b>EXPERTISE</b>
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<b>ADMINISTRATIVE</b>	charges/costs/expenses duties/procedures/tasks/work
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a bigger/larger/smaller your closest/main/nearest	<b>RIVAL</b>
a <b>RIVAL</b>	bid/offer business/company/firm/group/operator
<b>RIVAL</b>	products/services/brands

a <b>CORE</b>	brand/product business/division/market/operation
<b>CORE</b>	activities/skills customers/employees/worker
to focus on/develop/strengthen	<b>CORE brands</b>

a clear/firm/formal/serious/strong a continuing/long-term to demand/lack/need/require employee/personal/total	<b>COMMITMENT</b>
to fulfill/honour/meet to give/make	a <b>COMMITMENT</b>
business/contractual/family/financial	<b>COMMITMENTS</b>

full-time/part-time/permanent/temporary administrative/office/sales/technical to appoint/employ/hire/recruit/take on to cut/dismiss/fire/lay off	<b>STAFF</b>
<b>STAFF</b>	development/meetings/training cuts/shortages/turnover
<b>THE STAFF</b>	canteen/dining room/restaurant

#### Unit 4. Successful team building

to <b>IMPLEMENT</b>	changes/measures/reforms a decision/plan/policy/strategy sth. extensively/fully/successfully
to cut/ease/increase/reduce/share	a <b>WORKLOAD</b>
to be rich in/have/lack to develop/manage/use	<b>RESOURCES</b>

#### Unit 5. Competitive strategy

to build/develop/devise/formulate/plan to follow/implement/pursue	a <b>STRATEGY</b>
a clear/coherent/good/successful/viable/winning a long-term/medium-term/short-term a basic/broad/core/general/ an overall	<b>STRATEGY</b>
a <b>STRATEGY</b>	consultant/director/group/team/unit
a <b>SENIOR</b>	employee/executive/manager/official/vice-president associate/partner/position/post
<b>SENIOR</b>	management/staff
to create/draft/write	a <b>MISSION STATEMENT</b>
to define/establish/set to achieve/meet/pursue/reach	a <b>GOAL</b>
your long-term/short-term/ultimate an achievable/a easurable/realistic clear/main/primary/specific	<b>GOAL</b>
business/career/financial/profit/strategic	<b>GOALS</b>
a <b>COMPANY</b>	expands/grows/fails goes bankrupt/goes out of business/goes under
to create/establish/found/set up/start (up) to manage/operate/own/run to join/leave/resign from/work for to acquire/buy/sell/take over to dissolve/liquidate	a <b>COMPANY</b>

to break into/enter/come into/go into to capture/dominate	the <b>MARKET</b>
the domestic/global/international/local/world an active/a booming/rising/steady/strong competitive/tough a depressed/dull/falling/weak	<b>MARKET</b> (in sth)
<b>MARKET</b>	conditions/prices/rates

### Unit 6. Staying competitive (I)

to accept/launch/make/reject/withdraw to increase/raise	a <b>BID</b>
a failed/rival/successful an all-cash/all-share/a cash/share	<b>BID</b>

a big/definite/great/huge/tremendous a commercial/cost/an economic/financial/price	<b>ADVANTAGE</b>
to be/gain/give (sb)/have	an <b>ADVANTAGE</b>

to advertise/fill/have/hold/take up to establish/gain/hold/strengthen/use to achieve/reach/strengthen/weaken	a <b>POSITION</b>
to be in a <b>POSITION</b> of	authority/power/strength

a big/key/large/leading/major	<b>SUPPLIER_</b>
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to build/develop/devise/formulate/plan to follow/implement/pursue	a <b>STRATEGY</b>
a clear/coherent/good/successful/viable/winning a basic/broad/core/general/ an overall a long-term/medium-term/short-term	<b>STRATEGY</b>
<b>STRATEGY</b>	consultant/director/group/team/unit

### Unit 7. Staying competitive (II)

to <b>IMPLEMENT</b>	changes/measures/reforms decision/plan/policy/strategy
to <b>IMPLEMENT</b> sth	extensively/fully/successfully

to decrease/drop/fall/halve to double/go up/increase/rise	in <b>VALUE</b>
the current/long-term/potential/present/short-term	<b>VALUE</b> of sth
a high/low bad/excellent/good/poor to give/offer/provide/represent	<b>VALUE</b>
to place/put/set	a <b>VALUE</b> on sth

to gain/get/have to give/offer/provide/	<b>ACCESS</b>
to gain/get/have	<b>ACCESS</b> to sb/sth
to deny	sb <b>ACCESS</b> to sb/sth_

to advertise/fill/have/hold/take up to establish/gain/hold/strengthen/use to achieve/reach/strengthen/weaken	a <b>POSITION</b>
to be in a <b>POSITION</b> of	authority/power/strength

the business/economic/political	<b>ENVIRONMENT</b>
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price/product to increase/introduce/use	<b>DIFFERENTIATION</b>
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to have/lack/pool/share/allocate/manage/use/ develop capital/cash/financial/technical limited/scarce to be rich in/have/lack	<b>RESOURCES</b>
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aggressive/clever/effective/ successful email/online/traditional	<b>MARKETING</b>
a <b>MARKETING</b>	campaign/plan/push/strategy director/manager/officer
the <b>MARKETING</b>	budget/spend _



### Unit 8. Innovation and the development process

to conduct/do/hold/run/use	a <b>FOCUS GROUP</b>
to carry out/do	<b>MARKET RESEARCH</b>
a <b>MARKET RESEARCH</b>	interview/questionnaire/survey company/firm/group
a business/commercial/corporate/Internet	<b>VENTURE</b>
to create/form/set up/start to invest in/finance/fund	a <b>VENTURE</b>
to acquire/attract/find/get/have/keep/lose existing/future/new/potential	<b>CUSTOMERS</b>
a big/good/large/loyal/regular an awkward/a demanding/difficult	<b>CUSTOMER</b>
<b>CUSTOMER</b>	feedback/preferences/satisfaction

### Unit 9. Defining quality terms

to establish/set to improve/raise	<b>STANDARDS</b>
to achieve/meet/reach to apply/enforce/set/tighten/use	a <b>STANDARD</b>
a high/low/minimum	<b>STANDARD</b>
be of (a) good/high/top low/poor/varying	<b>QUALITY</b>
<b>QUALITY</b>	declines/improves/suffers
bigger/larger/smaller your closest/main/nearest	<b>RIVAL(s)</b>
a <b>RIVAL</b>	bid/offer business/company/firm/group/operator
<b>RIVAL</b>	products/services/brands

considerable/marked/significant/substantial/wide minor/slight/small/subtle regional/seasonal/year-to-year	<b>VARIATION (s)</b>
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to draw up/give/issue/publish to breach/follow/stick to clear/revised/strict	<b>GUIDELINES</b>
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to award/grant to achieve/attain/gain	<b>CERTIFICATION</b>
a <b>CERTIFICATION</b>	authority/body programme/scheme
<b>CERTIFICATION</b>	procedures

a broad/common/good/key/reliable	<b>MEASURE</b> of sth
a <b>MEASURE</b> of	demand/growth/inflation/performance/sales
austerity/cost-cutting/economy emergency/precautionary/preventive/safety/security drastic/effective/necessary/tough	<b>MEASURES</b>
to adopt/introduce/take	<b>MEASURE (to do sth)</b>

agency/authority/body examination/investigation/review	a <b>REGULATORY</b>
to get <b>REGULATORY</b>	approval/clearance
<b>REGULATORY</b>	hurdles/obstacles
<b>STATUTORY</b>	duties/obligations/responsibilities/rights powers/procedures/requirements

### Unit 10. Ethical behaviour

a big/large/leading/major/substantial the controlling/main/principal	<b>SHAREHOLDER</b>
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business/commercial/economic construction/industrial/manufacturing/trading to boost/stimulate	<b>ACTIVITY</b>
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business/commercial/day-to-day/economic core/non-core to be involved in/engage in/focus on/limit	<b>ACTIVITIES</b>
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a big/giant/large/major a global/multinational/transnational	<b>CORPORATION</b>
to create/form/set up to dissolve/liquidate	a <b>CORPORATION</b>

an ambitious/a large/joint/major a building/construction/development/research	<b>PROJECT</b>
to fund/launch/manage/run/set up	a <b>PROJECT</b>
a <b>PROJECT</b>	leader/manager/team

## DEFINITIONS

**Allocate** – to decide officially that sth. will be used for a particular purpose; to give sth officially to a particular person or thing.

**Achievement** – a thing that sb. has done successfully, especially using their own effort and skill.

**Authority** – the official power to give orders to people, make decisions.

**Bargaining power** – the amount of control a person or group has when trying to reach an agreement with another group in a business or political situation.

**Buying power** – the amount of money that a person or business has available for buying goods and services.

**Bottom line** – the amount of money that is a profit or a loss after everything has been calculated.

**Booming** – a sudden increase in trade and economic activity; a period of wealth and success.

**Bribe** – money, etc. that you give or offer to sb. to persuade them to help you, especially by doing sth. dishonest.

**Career ladder** – a series of jobs from junior to senior level in a company, an organization or a profession, that have increasing amounts of responsibility.

**Chief executive officer (CEO)** – the person in a company who has the most power and authority and is responsible for managing its daily affairs under the authority of the board of directors.

**Collaborate** – to work together with sb in order to produce or achieve sth.

**Commitment** – 1) a promise to do sth or to behave in a particular way or a promise to support sb/sth; 2) the willingness to give time, money, effort, etc. in order to achieve sth; 3) complete loyalty to one organization, person.

**Conduct** – to organize and do a particular activity.

**Contribution** – 1) an amount of money that sb. or their employer pays for benefits such as health insurance, a pension; 2) an amount of money that is given to a person or an organization in order to help pay for sth.

**Core** – the centre of sth.; the most important or essential part of sth.

**Core area** – the main part of a particular activity where most of the work or business is done; the place where most work or business is done.

**Corporate communication** – the things that a company does to share information with its employees or with its customers and the public, in order to keep a good relationship with them and give a clear idea of what it is.

**Cost saving** – an amount of money that a business manages not to spend, for example by becoming smaller or more efficient.

**Crisis management** – actions taken by an organization to deal with a very difficult or unexpected situation.

**Critical** – extremely important because a future situation will be affected by it.

**Crunch** – a situation in which there is suddenly not enough of sth, especially money.

**Curriculum vitae** – a written record of your education and employment that you send when you are applying for a job.

**Distribution chain** – the series of businesses that deal with a product between when it is produced and the time that customers receive it.

**Define** – to say or explain what the meaning of a word or phrase is or to describe sth accurately.

**Draft** – a rough written version of a document that is not yet in its final form.

**Effective tax rate** – the total amount of tax that a business pays in a particular period of time divided by its total profit.

**Employability** – having the skills and qualifications that will make sb want to employ you.

**Empowerment** – when managers give employees more responsibility to control their own work, make their own decisions.

**Establish** – to start or create an organization, a system, etc. that is meant to last for a long time.

**Ethical** – morally correct or acceptable; connected with beliefs and principles about what is right and wrong.

**Evaluate** – to study all the available information about sb/sth and then form an opinion about them/it.

**Executive** – a person who has an important job as a manager of a company or an organization.

**Extension** – the act of making sth. longer, larger, more complicated, etc.; the thing that is added to do this.

**Facilitator** – a person who helps sb. or a group of people to do sth. more easily or reach an agreement about sth. by discussing problems, giving advice, etc. rather than by telling them what to do.

**Financial institution** – an organization such as a bank that offers financial services, such as accepting deposits, making loans or investing customers' money.

**Flexible benefits** – benefits, such as health insurance, use of a car, etc. that employees receive in addition to their pay and can choose themselves.

**Gross margin** – a percentage showing the relationship between a business's profits before overheads are taken away (gross profit), and the total amount of income from sales.

**Headhunt** – to find sb who has the right skills and experience for a senior job in a company or an organization and persuade them to leave their present job.

**Human resource management** – the activities involved in choosing, training, etc. and taking care of employees in an organization, especially in helping them develop their skills and abilities in a way that will help the organization.

**Impact** – the powerful effect that sth. has on sb./sth.

**Integration** – a process of combining two or more companies, organizations or systems so that they work together well.

**Intervene** – to become involved in a situation in order to improve it.

**Joint venture** – a new business that is started by two or more companies, often in the form of an independent company whose shares they own; the product or service that the business sells or provides.

**Jumpstart** – to put a lot of energy into starting a process or an activity or into making it start more quickly.

**Kaizen** – the practice of continuously improving the way in which a company operates.

**Key performance indicator** – a measure that shows if a company has reached the necessary standard in one of the factors that are essential for its success.

**Knockoff** – a copy of a product, especially an expensive product.

**Laggard** – a company, an economy, etc. that is slow to improve or grow compared to others.

**Long-serving** – having had the same job or position or worked for the same employer for a long time.

**Margin** – 1) the difference between the cost of buying or producing sth. and the price that it is sold for, calculated as a percentage of the selling price; 2) an extra amount of sth. such as time, space, money, etc. that you include in order to make sure that sth. is successful; 3) the amount by which one quantity is greater or smaller than another.

**Market follower** – a company that has a strong position in a market which it wants to keep but is not trying to get the largest share of the market.

**Market share** – the amount of sales of a particular type of product that a company has, compared with the total sales.

**Mass produce** – to produce goods in large quantities, using machinery.

**Mothball** – to stop using or developing a business or part of a business for a period of time.

**Non economic damages** – an amount of money that is paid to sb. by the company, person, etc. who caused them harm or injury, even though they did not suffer financial loss.

**Outline** – to give a description of the main facts or points involved in sth.

**Outperform** – to achieve better results than sb./sth.

**Pivotal** – of great importance because other things depend on it.

**Participant** – a person who is taking part in an activity or event.

**Partnership** – 1) a relationship between people who own a business together and share the profits and risks; 2) the state of having this relationship.

**Prevailing** – existing or most common at a particular time.

**Probity** – the quality of being completely honest.

**Property** – an idea, a design, a piece of writing, etc. that belongs to a person or an organization and cannot be sold or copied without the owner's permission.

**Quality Function Deployment** – a method of creating products and services that involves basing design, development and delivery on what customers say they need.

**Range** – a variety of things of a particular type.

**Redundancy** – a situation when a person loses his job because there is no more work available for him; jobs lost in this way.

**Relieve** – to make a problem less serious.

**Research and Development** – work that examines new ideas and tries to develop new products and processes.

**Retailer** – a business or a person that sells goods directly to the public.

**Revenue** – the money that is received by a business usually from selling goods or services.

**Review** – a careful examination of sth., usually to see if any changes need to be made.



**Reward** – a thing that you are given or money that you receive for working hard, doing sth. good.

**Shareholder** – money, etc. that you give or offer to sb to persuade them to help you, especially by doing sth. dishonest.

**Shelve** – to decide not to continue with a plan, either for a short time or permanently.

**Sick pay** – pay given to an employee who is away from work because of illness.

**Spree** – a short period of time when sb does a large amount of a particular activity.

**Stakeholder** – a person or group that is involved in and can be affected by a particular organization, project, system, etc., for example directors, employees, shareholders and customers.

**Statement** – something that is written and then read in public or published in order to give a particular message.

**Stuff** – all the people who work for a company or an organization.

**Supervise** – to be in charge of sb./sth. and make sure that everything is done correctly, safely.

**Target** – a result that a business or an organization tries to achieve.

**Total quality management** – a system of management that considers that every employee in the organization is responsible for keeping the highest standards of work in every aspect of the company's work in order to meet the needs of the customers; the techniques used for controlling and checking quality.

**Transparency** – the fact of sth. being easy to understand and not being secret.

**Unemployment benefits** – money that sb. who has recently become unemployed receives regularly instead of their pay from a government or union plan.

**Valuable** – worth a lot of money, very useful or important.

**Venture** – a business project or activity, especially one that involves taking risks.

**Wholesale** – the buying and selling of goods in large quantities, especially to businesses, so that they can be sold again to make a profit.

**Withdraw** – to stop taking part in an activity or being a member of an organization.

**Workload** – the amount of work that has to be done by a particular person, organization or machine.

**X-efficiency** – the ability of a company to use the people, machines, etc. that it has in the best way in order to produce as much as possible quickly and at a low cost.

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