



Intelligent Business

Coursebook

Intermediate
Business English



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The
Economist

Unit 1 Companies

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Keynotes

There are many different types of companies. Most large corporations are public limited or **joint-stock** companies, which means that **shareholders** who wish to invest in the company can buy and sell parts of the company on the stock exchange. Many are **multinationals** with **subsidiaries** and **assets** in various different countries and they generally engage in **mergers** with other companies and **acquisitions** in order to expand. However, the large corporation is increasingly under threat from the growing number of **dotcoms** set up by **entrepreneurs**.



Preview

Types of company

1 Which of the following types of companies would you prefer to work for? What are the advantages and disadvantages of working for each one?

- a large multinational corporation
- a small or medium-sized family business
- a trendy new high-tech corporation

2 Read the list of developments that threaten the survival of the traditional company. What are the positive or negative impacts on companies of each one?

- developments in technology
- growth in the power of consumer groups
- expansion of e-business
- increase in shareholder power
- financial scandals
- transfer of money and jobs to cheaper countries
- weakening trade unions

Job losses to India

STOLEN JOBS?

Stock market crashes

The end of the tycoon?

Parmalat, accounting scandal

Company structure

Reading

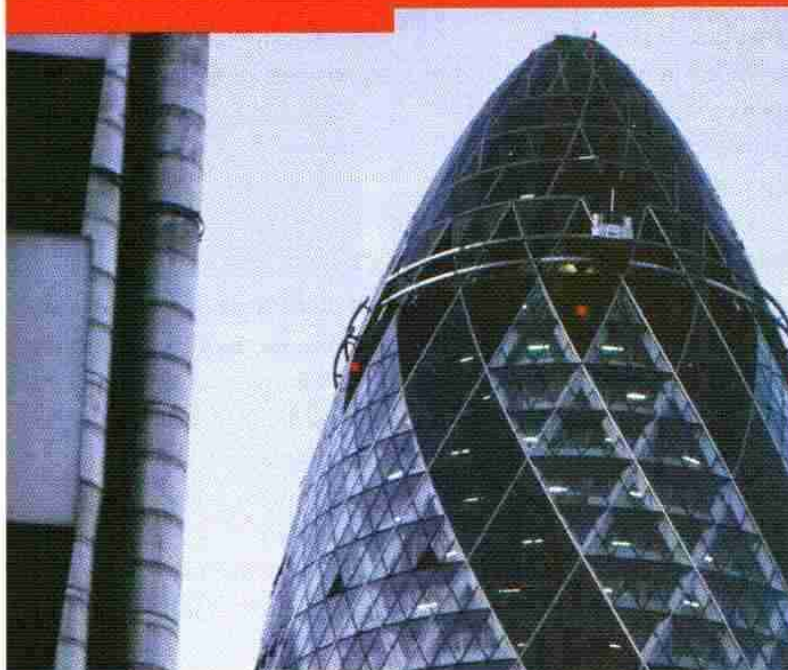
1 Read the text on the opposite page and say why the author thinks 'choice' will play a major role in determining the structure of tomorrow's companies.

2 Read the text again and answer the following questions.

- 1 What were the characteristics of US corporations in the past?
- 2 What changes have occurred to those corporations?
- 3 What is meant by 'shifting from high-volume to high-value'?
- 4 What different types of future companies does the author mention?
- 5 Why does he believe there is not one definite type of future company?
- 6 What does he believe to be the key to survival for companies in future?

Speaking

Would you prefer to be a freelance worker or employed with a fixed salary? What are the advantages and disadvantages of each situation?



Glossary

durable long-lasting

decade 10 years

tangible assets buildings, machinery, etc.

BrE vs AmE English

-ise / -ize

standardise (BrE)

standardize (AmE)

Company Structure

A matter of choice

That reliable workhorse of capitalism – the joint-stock company looks surprisingly durable. But pressure on it is increasing.

In 1967, John Kenneth Galbraith's *The New Industrial State* argued that the USA was run by a handful of big companies who planned the economy in the name of stability.

These were hierarchical and bureaucratic organizations making long runs of standardised products. They introduced "new and improved" varieties with predictable regularity; they provided their workers with lifetime employment and they enjoyed fairly good industrial relations with the giant trade unions.

That world is now dead. The US's giant corporations have either disappeared or been transformed by global competition. Most have shifted their production systems from high-volume to high-value, from standardised to customised. And they have flattened their management hierarchies. Few people these days expect to spend their lives moving up the ladder of a single organization. Dramatic changes are taking place. But where exactly are they taking

us? Where is the modern company heading?

There are three standard answers to this question. The first is that a handful of giant companies are engaged in a "silent takeover" of the world. The past couple of decades have seen a record number of mergers. The survivors, it is maintained, are far more powerful than nation states.

The second school of thought argues almost the opposite: it says that big companies are a thing of the past. For a glimpse of the future, look at the Monorail Corporation, which sells computers. Monorail owns no factories, warehouses or any other tangible assets. It operates from a single floor that it leases in an office building in Atlanta. Freelance workers are designing the computers while demand is still low.

The third school of thought says that companies are being replaced by "networks". Groups of entrepreneurs form such a network to market an idea. They then sell it to the highest bidder and

move on to produce another idea and to create another firm, with the money being supplied all the time by venture capitalists.

Another way to look at the future of the company is to focus on the environment that will determine it. That environment is dominated by one thing: choice. Technology and globalisation open up ever more opportunities for individuals and firms to collect information and conduct economic activity outside traditional structures. While the age of mass production lowered the costs of products at the expense of limiting choices, modern "flexible" production systems both lower costs and increase choice. Consumers have more choice over where they spend their money. Producers have more choice over which suppliers to use. Shareholders have more choice over where to put their money. With all that choice around, future companies will have to be very flexible in order to quickly adapt to the changing environments if they are to survive ■

Vocabulary 1

1 Find the words in the text to describe people who:

- 1 work independently or on short-term contracts
- 2 are willing to take risks
- 3 are willing to invest in new and/or risky business projects
- 4 express a wish to buy something
- 5 make goods
- 6 own part of a company

2 Match the words with the definitions.

- | | |
|-------------------------|--|
| 1 bureaucracy | a goods of the same quality and design |
| 2 flattened hierarchy | b inflexible system of administration |
| 3 standardised products | c rent a building on a temporary basis |
| 4 lifetime employment | d more middle than senior managers |
| 5 merger | e buildings and machinery a company owns |
| 6 customised | f permanent jobs |
| 7 tangible assets | g made for a particular user |
| 8 lease | h when two companies become one |

3 Which of the following types of company do the words from exercises 1 and 2 refer to?



Corporations of the past

bureaucracy

Today's multinationals

freelancer



All of them

Online companies

entrepreneur



Speaking

Can you think of examples of these company types?

Present simple and continuous

1 Complete the rules below with *simple* or *continuous*.

The present _____ describes

a facts that will not change

b regular events and processes

c a scheduled event

The present _____ describes

d things happening now

e temporary situations

f future arrangements

Note: The continuous is usually not used with the following:

- ownership (*have, want, need, etc.*)
- sense (*look, sound, feel, etc.*)
- emotion / opinion (*like, love, hate, think, believe, etc.*)
- routines (*usually, always, sometimes, etc.*)



For more information see page 157.

2 Match the following examples with the rules a-f.

- 1 The first answer isn't a very positive one. *simple (a)*
- 2 Dramatic changes are taking place in company structure.
- 3 They then sell it to the highest bidder and move on to a new idea.
- 4 Business doesn't start on the stock exchange until tomorrow at 9 am.
- 5 Freelance workers are designing the computers while demand is low.
- 6 Is he meeting the shareholders on Monday?

Practice

Complete the text below with the appropriate form of the present simple or continuous.

Will the corporation survive?

Since the corporation was invented it has been widely accepted that bringing activities together into one large company ^{(1) lower} lowers 'transactional' and communication costs, and that suppliers and manufacturers ^{(2) have} _____ market power due to their knowledge of markets. However, nowadays the internet ^{(3) eliminate} _____ the physical costs of communication. As a result it ^{(4) become} _____ more

profitable to outsource many activities. Power ^{(5) shift} _____ to the customer who could be either another business or the end-user. All this raises two burning questions. Firstly, ^{(6) it / mean} _____ that the supplier will no longer be the seller but become the buyer for the customer? Secondly, ^{(7) diversification / change} _____ the structure of companies? The answer to both questions at the moment, is yes for

many business sectors. Some of the US's largest pharmaceutical companies ^{(8) not / manufacture} _____ drugs themselves anymore. During this transition period, they ^{(9) wholesale} _____ every other kind of pharmacy product as well. At the annual conference for managers in the pharmaceutical sector, which ^{(10) take place} _____ next month, the main topic will surely be what to outsource to smaller companies next.

Speaking

Work in pairs. Find out about a typical day at work/the weekend for your partner and what he/she has planned for next week.

Vocabulary 2 Companies and careers

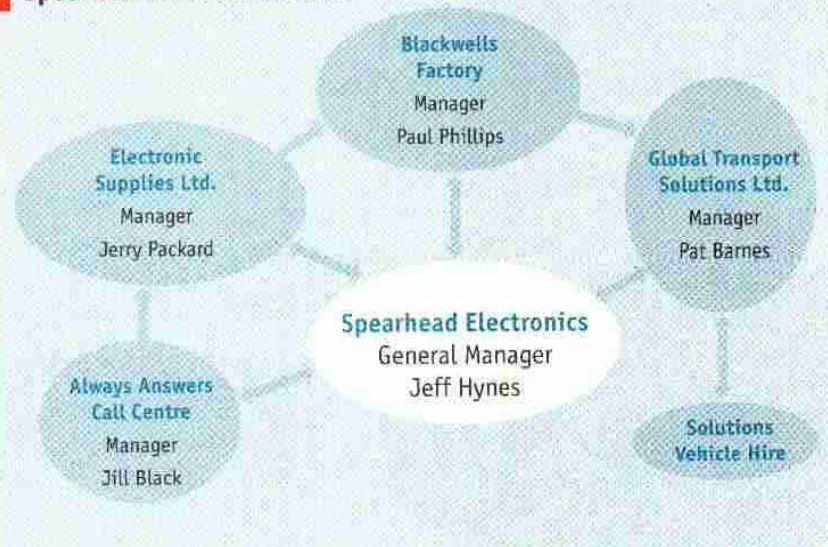
1 Study the two very different company structures below. Which type of company, mentioned in the text on page 9, does each of these structures represent?



Transatlantica, Inc.



Spearhead Electronics Ltd.



2 Look at the structures again and answer the questions.

At Transatlantica, Inc., which division or department deals with

- 1 computer programming and software?
- 2 trade unions?
- 3 new accounting principles?
- 4 patents for new products?

At Spearhead Electronics Ltd.,

- 5 which company provides parts to another?
- 6 what is the name of the company in the logistics sector?
- 7 which companies are in the services sector?
- 8 who is in charge of the manufacturing company?
- 9 which company is a subsidiary?

Career skills

Talking about your job

When meeting people for the first time in both professional and social situations it is common to exchange information about your job. The following phrases are useful for describing what you do.

My job entails/involves ...

I'm in charge of ...

I'm responsible for ...

I report to ...

I work for/under ...

I manage ...

Listening

Listen to several people from the companies on the opposite page talking about their jobs and complete the following table. Which of the above phrases do you hear?

	name	duties	no. of workers	phrases used
1	Jeff Hynes	liaising / dealing with other companies	5 project managers	my job involves ...
2				
3				
4				
5				

Writing

Look at the job profile below. Write similar profiles for the people in the listening activity above.

Name: Van Hai Wong

Present position: Director of Information technology at Transatlantica, Inc.

Present responsibilities: In charge of a team of 25 people, who purchase and maintain all company IT hardware and services.

Speaking

Using the profiles, take it in turns to role-play introducing yourself and talking about your job.

Culture at work

Hierarchy

Some cultures prefer steep hierarchies with many levels of management, clear roles and very powerful senior managers. Others prefer flat hierarchies with more equality and flexibility. What is common in your country? Which would you prefer to work in? Why?

Dilemma & Decision

Dilemma: The virtue of necessity

Brief

A serious safety problem is threatening the future of Transal, a pipeline company. Hundreds of yearly accidents have led to high absenteeism, causing lost time, low morale, unsatisfactory efficiency levels, falling profits and a falling share price. Press articles about the company's lack of concern for its employees are having a very negative effect on customers, shareholders and staff. If the company is to survive it must develop a 'safety conscious culture'. The question is: how?

Decision:

Turn to page 141 and see what happened when a famous British company was faced with the same dilemma.

Task 1

Look at the three options open to Transal and discuss the potential benefits and disadvantages of each one.

1 The International School of Industrial Engineering

Send all technical staff members on an intensive 'safety awareness' course run by a high-profile school of engineering. The course is very expensive but has an excellent reputation. This will be emphasised at a press conference organised to announce the new company plans. On their return, the managers will train their teams. The forecast is to have improved safety conditions by this time next year.

2 Stanford, Traynor & Weldon Associates.

Bring outside consultants into every subsidiary to organise training schemes for all employees over a period of six months. This would be more expensive but would give low-level workers an opportunity to speak to experts and to point out problems. The results should be almost immediate and the experts would be on hand to talk to the press.

3 Safety Charity Challenge

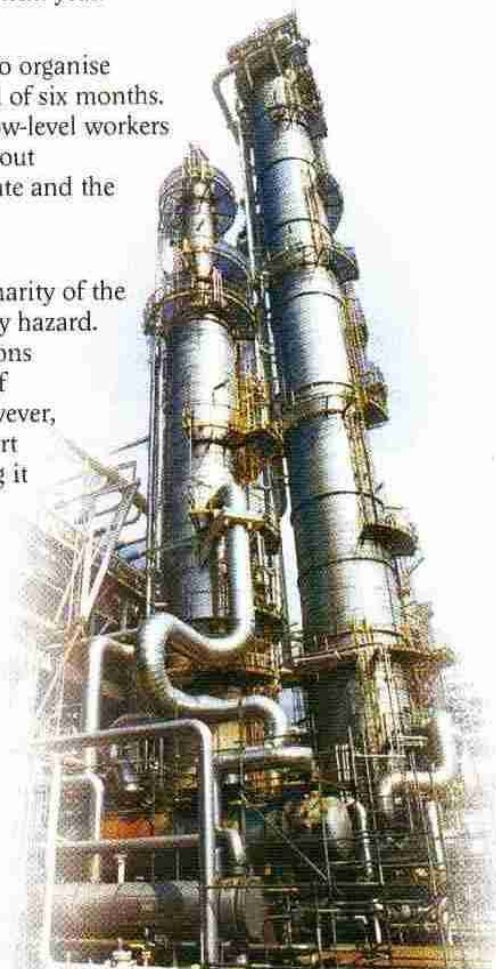
Offer to give a sum of money to a community charity of the workers' choice every time they eliminate a safety hazard. An untested idea suggested by the communications department. If successful, it could lead to a lot of positive publicity and be very cost-effective. However, it relies on the employees' willingness to take part in such a scheme. There is no knowing how long it might take to improve conditions.

Task 2

Choose the best option and present your arguments to the class.

Write it up

Write a brief email to the Transal board recommending the best option and giving reasons for your decision. (See Style guide, p18.)



Unit 2 Leadership

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When to terrorise talent

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Articles

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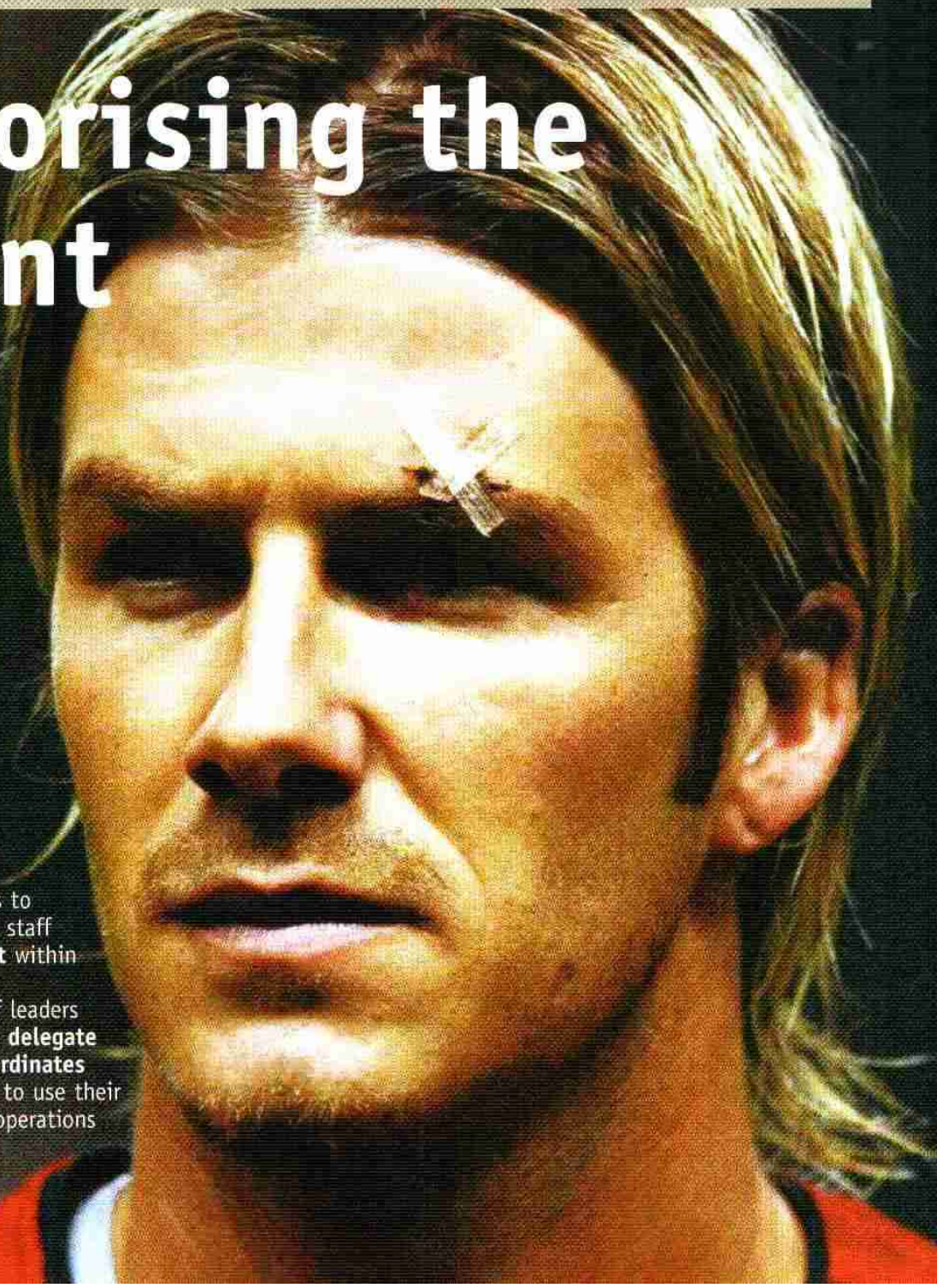
Career skills: Getting things done

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Dilemma: Mission: Impossible?

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Terrorising the talent



Keynotes

The role of a leader is to **inspire** and **motivate** staff and to **develop talent** within an organisation. The **management style** of leaders varies: some prefer to **delegate** responsibility to **subordinates** whereas others prefer to use their **authority** to control operations directly.

Preview

Management styles

Opinions differ about what is the best way to manage and motivate employees. Which of the following statements do you agree with? Discuss your views with a partner.

- a Employees cannot be trusted and must therefore be closely supervised.
- b Staff should be allowed to organise their own work.
- c The best motivation is money and recognition for meeting targets.

Reading

Fear and management

1 Read the text about leadership on the opposite page. What motivation techniques are mentioned?

2 Read the text again. Are these statements true or false?

- 1 A photographer witnessed the manager kicking David Beckham.
- 2 The manager lost his temper because the team lost the match.
- 3 Management tactics are easier to identify in business than in sport.
- 4 Patterson encouraged his employees to make themselves indispensable.
- 5 When business is good, fear is used less as a management tactic.
- 6 Fear may help some people to reach their targets.
- 7 Both company employees and artists share the same fear of failure.

3 What fears make people work hard? Can fear motivate people as successfully as rewarding them?

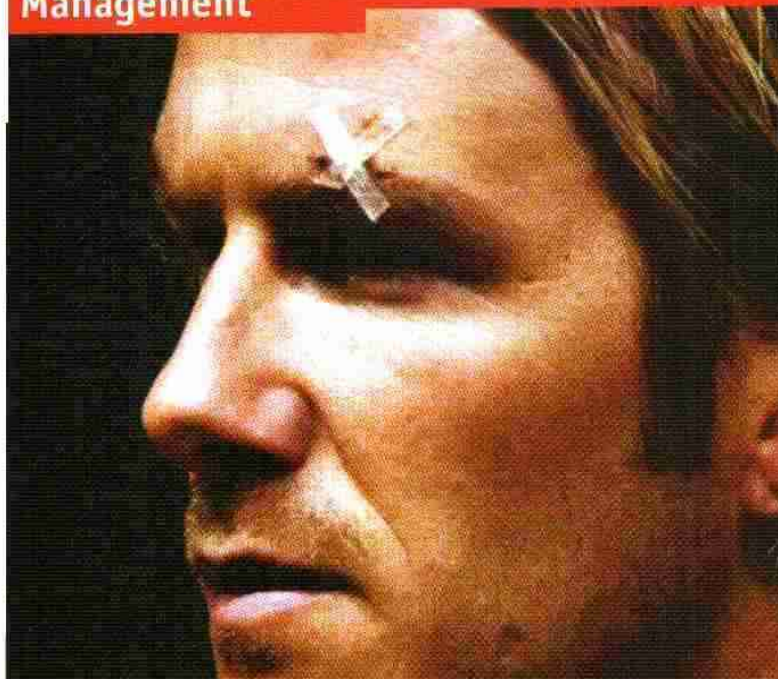
Vocabulary 1

Synonyms

1 Match the words from the text with similar meanings.

- | | |
|---------------|-------------|
| 1 inspire | a technique |
| 2 fire | b terror |
| 3 fear | c motivate |
| 4 defeat | d employee |
| 5 upset | e sack |
| 6 subordinate | f failure |
| 7 tactic | g hurt |





Fear and management

When to terrorise talent

The football dressing room remains the last refuge of old-style management techniques.

The nation was in shock. David Beckham, Britain's most beautiful (and skilful) footballer emerged from his house on Monday morning to allow the world to photograph a wound above his left eye. Sir Alex Ferguson, manager of his then team Manchester United, had lost his temper after a defeat and kicked a football boot, which hit the Beckham eyebrow.

In sports, more than in most businesses, the management tactics are out in the open for all to see. Not many managers try to strangle their subordinates – as Bobby Knight, a former basketball coach at Indiana University, once did. But the ability to inspire fear has always been an essential tool of management.

Lots of successful chief executives rule by terror. None, it must be said, reaches the standard set by John Patterson, who built NCR early in the 20th century. "When a man gets indispensable, let's fire him," he would apparently say. One

NCR executive discovered he had been fired when he found his desk and chair in flames on the company lawn. Modern laws on constructive dismissal and employee harassment have put an end to such fun.

However, terror in the workplace is making a comeback these days. In an economic upswing, fear goes underground. Workers are scarce, and therefore powerful; bosses must handle the talent with care. When times turn tough, the balance of power swings. As Hank Paulson, chairman of Goldman Sachs, put it, in a speech that upset his staff, "in almost every one of our businesses, there are 15-20% of the people that really add 80% of the value." In other words, 80-85% are largely redundant – and had better shape up fast.

Motivating talent

Does fear really motivate? In sport says Scott Snook, who teaches organizational behaviour at Harvard Business

Glossary

indispensable can't do without it

emotional kick feeling of excitement

neurotic in a state of anxiety

fragile egos very sensitive people

School, "fear can become a barrier to taking risks, yet can provide the essential emotional kick needed to meet a challenge." Coaches need to strike the right balance (and the right player?) in order to develop talent.

Yet used in the boardroom, fear can be disastrous. Tony Couchman, a headhunter at Egon Zehnder in London, recalls the board of a large firm with a chief executive who so dominated his directors that they rarely questioned or challenged him. "Success in such a company depends on having a great leader and a steady market," he argues.

Jim Collins, author of a book that explains why some firms succeed in making the jump "from good to great" and others fail, found that the approach to fear was a key distinction among firms that he surveyed. He found that in the truly successful firms people were "productively neurotic". At Microsoft, for example, employees worry all year at the prospect of their annual meetings with Bill Gates, where even being shouted at would not hurt as much as seeming to be an idiot.

The driving fear of failure, points out Mr Collins, is not unique to corporate life. "I'm self-employed, and I live with constant fear," he says. "But I'm self-afraid." That kind of fear is common among creative artists and also in professional services where the person is the product and lots of fragile egos have to be managed ■

2 Complete the sentences with the words below.

manager subordinates coach chief executive (CEO)
workers staff directors employee

- 1 The new manager improved morale in the department.
- 2 The _____ praised his team upon reaching the Cup Final.
- 3 Our board of _____ meets every three months to discuss strategy.
- 4 The factory _____ went on strike because of low pay.
- 5 The share price went up when the new _____ was appointed.
- 6 I have to do the appraisals for the six _____ who report to me.
- 7 An aggressive management style led to an increase in _____ turnover.
- 8 Every _____ in the company gets health and safety training.

3 Complete the article with words from exercises 1 and 2.
Sometimes more than one answer is possible.

The Art of Delegation

Getting something done is only half the job. Keeping staff happy at the same time is every bit as important.

Many ¹ managers believe that getting work done through others requires a free flow of information and open, productive relationships with ² _____. Rather than creating a climate of ³ _____, they give clear instructions and realistic deadlines and take care to give only constructive criticism and not ⁴ _____ employees. They work towards creating a positive working environment where ⁵ _____ feel valued and trusted. Some specialists say that it is essential not to criticise, as this rarely ⁶ _____ and often causes stress and loss of confidence among the ⁷ _____. Managers who successfully maintain the balance of power will not lose their authority even when certain ⁸ _____ members take control of projects. This style of management is particularly important during an economic upswing when employees can easily find work with another company.



Speaking In what ways can successful leaders win the respect of subordinates and exercise authority over them?

Collocations

1 Match each of the following verbs with one set of nouns.

set meet make take

- | | | | |
|---|---|---|--|
| 1 | _____ a chance
_____ an opportunity
_____ a position
_____ a point | 3 | _____ a mistake
_____ a judgement
_____ a profit/loss
_____ a call |
| 2 | _____ a deadline
_____ a need
_____ the cost
_____ expectations | 4 | _____ a precedent
_____ an example
_____ an objective
_____ a limit |

2 Use some of the collocations to complete the dialogues below.

- 1 a Are you sure these figures are correct? They look a little high to me.
b You're right. I think I _____ a _____ in the calculations.
- 2 a What do you think of their proposal?
b Too risky. We can't _____ a _____ on an unknown supplier.
- 3 a They say they absolutely must have the final version by Friday.
b We'll never be able to _____ a _____ like that!
- 4 a It's the first time we've agreed to pay expenses on a project like this.
b Yes, I know. I hope this won't _____ a _____ that we'll regret later.
- 5 a I'm not sure if we should sell now or wait until the market improves.
b Yeah. It's difficult to know which would be the best _____ to _____.
- 6 a It looks like we've used almost all of the budget.
b Right. We're going to have to _____ a tight _____ on spending from now on.

Listening 1

3 David Hargreaves is the HR manager at Radius Group. You will hear him talk about managing people. Before you listen, answer these questions.

- 1 Do you think there is a secret to successful leadership?
- 2 Do you think that life inside an organisation is in any way similar to life inside a family? If so, in what way?



Now listen and answer the questions.

- 1 How does David motivate his staff?
- 2 How does he monitor progress?
- 3 Why does he arrive early at work?
- 4 How does his team make decisions?
- 5 What does David think the secret of leadership is?

Speaking

Work in pairs. Tell your partner about a very good manager or teacher you have known. What made him/her special?

Articles

Read the extract below and underline all the nouns. Which nouns are preceded by indefinite articles *a/an*, the definite article *the* or no article at all?

Does fear really motivate? In sport, says Scott Snook, a teacher in organisational behaviour at Harvard Business School, (one of the most famous business schools in the world) 'fear can become a barrier to taking risks, yet can provide the essential emotional kick needed to meet a challenge. Coaches need to strike the right balance in order to develop talent.'

The indefinite article *a/an* refers to

- non-specific singular countable nouns (He's **a** good **manager**.)
- jobs and nouns of nationality (I'm **a** sales **executive**.)

The definite article *the* refers to

- nouns already mentioned or specified (I gave **the** report to her.)
- nouns that are one of a kind (You can read about it on **the** internet.)
- the superlative form of adjectives (It's **the** best job I've had.)

There is usually no article with

- general plural and uncountable nouns (**Criticism** doesn't help.)
- abstract nouns such as talent, success (We should develop our **talent**.)



For more information, see page 157.

Practice

Complete the following article with either a definite or indefinite article or no article at all (Ø).

We don't need managers we manage ourselves!

It seems like ¹ a recipe for ² Ø anarchy: At TechTarget, ³ Ø interactive media company in ⁴ the USA, all 210 employees are free to come and go as they please. There are no set policies on ⁵ Ø working hours or ⁶ Ø sick, personal and vacation days. More productive between ⁷ Ø midnight and 4 am? 'No problem,' says ⁸ Ø founder and CEO Greg Strakosch. Strakosch, 40, may sound like ⁹ Ø leftover from ¹⁰ Ø feverish, try-anything days of ¹¹ Ø new economy. But ¹² Ø financial results tell ¹³ Ø different story. ¹⁴ Ø four-year-old company's 'open-leave' policy, Strakosch says, is ¹⁵ Ø biggest reason why turnover is expected to hit \$35 million this year, up nearly 30 per cent from last year. 'It's ¹⁶ Ø competitive weapon,' he says. That doesn't surprise Shoshana Zuboff, ¹⁷ Ø professor of ¹⁸ Ø business administration at ¹⁹ Ø Harvard. In ²⁰ Ø age of intellectual assets, she says, it's absurd to treat workers with ²¹ Ø industrial-age mindset. 'We should be beyond demanding just ²² Ø loyalty from workers and we should trust them to be honest about managing their time,' Zuboff says.