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ENGLISH IN BUSINESS

*A Short Course of Business English for Students of
Economics*

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INTRODUCTION

English in Business is a course for learners of English at intermediate level who might need the key concepts of business and economics to be able to use them in their future professional activities and in the business world overall. The learning materials cover the most important topics in business development and environment, management, marketing, finance, communication, etc. This piece of schoolwork is aimed to develop business vocabulary, comprehension, fluency of speech and thought, alongside with reading, writing, and speaking skills, to assist students or adult learners to join the labour market and settle in it more successfully.

The course consists of **fourteen units**, each of which focuses on a specific topic area. Every unit contains one leading text and two more texts related to the topic.

The first text in a unit, called *L e a d e r*, is preceded by discussion questions as a pre-reading task, with the aim of brainstorming the learners to get involved in the game. Each *L e a d e r* ends with a vocabulary where the most important and new concepts (pointed out in *italics* in the text) are explained with the help of definitions. There are also some consolidating questions on the topic discussed, following the vocabulary part.

Text A and Text B in every unit are concerned with the basic text one way or another. Some words and phrases are italicized there as well, only this time the work lies with the students – to find the meanings of the concepts themselves.

Various forms and methods of learning can be applied while studying the materials according to the teacher or supervisor's preferences, the invention, creativity, and experience acting as driving motives.

To facilitate the learning process through vocabulary development, the main reading passages are followed by some practical activities in a **Workbook**, i.e. Section **Exercises and Tasks** (issued in a *paper form* as a separate copy of learning materials, 2011), where still more economic terms are introduced and the newly learnt are brought back. Exercise types include true/false statements, word families, multiple-choice, matching, sentence completion, gap filling, etc. Learners get to know new words, phrases and collocations, and with the help of the tasks, activate their vocabulary and expand their knowledge of business English.

The units are not graded in terms of difficulty, so they do not need necessarily be followed in the printed order. These learning materials can be used as for self-study, so for classroom work either individually or in groups.

The course is presented in two versions: with and without the Answer Key. The latter is intended to be used mostly by teachers and supervisors or by an individual learner.

The learner having finished this practice - book may surely become more confident and efficient both about his or her business language and the future career or business.

Good luck and keep the pot boiling!

Rasa Semiotiene

UNIT 1



GETTING A JOB

- ▶ What is the first thing you notice about new people?
- ▶ What are the ways of looking for a job?
- ▶ What do you think are the most important things for you in your work?

One day you will apply for your first job as a business graduate. Unfortunately, many of your group mates, as well as many people you don't know, will probably also apply for the same job. Your experience and qualifications will probably be quite similar to those of most of the other candidates. You will submit a copy of your *curriculum vitae* (UK) or *résumé* (US). This contains all the unchanging information about you: your education, *background*, and work experience. A letter of application (motivation), which in some countries is expected to be handwritten, not word-processed usually accompanies this. Some companies ask to fill in a standard application form, which is different from company to company and presents unexpected difficulties.

However, how do you get on to the preliminary *short list*? What kind of things impresses companies when *hiring new staff*?

- 1) To make your application letter different from all the rest, include the title of the position the company wants to fill, as well as the name of the newspaper or magazine where you saw the job ad.
- 2) Research the company so you sound well informed at the interview.
- 3) Tell them you are perfect for the job, and prove it by enumerating your qualifications needed for the position (as in the application letter so during the interview).

Be cautious with the job advertisements from companies offering many money or great benefits – they may be hiding something.

Until you have found *full-time* employment, try *temporary* jobs. They are a perfect opportunity to improve your qualifications or learn new skills – for when you have more skills, it is easier to get the position you want. Treat a temporary job as seriously as you would a permanent job. An employer who thinks you are lazy or indifferent will not want to keep you at the company. In

addition, remember, sometimes a temporary job can become a permanent one, so do not give a bad impression to your boss.

At the interview

After having submitted your application letter together with the CV, you may expect an invitation for an interview with your possible employer.

There are different kinds of interviews: traditional one-to-one; panel (several interviewers take part); 'deep-end' (applicants have to demonstrate how they can cope in actual business situations); progress (employees review their work and set objectives for the future after several months of working practice). Different interviewers use different techniques and the only rules that applicants should be aware of may be **'Expect the unexpected'** and **'be yourself'**!

Do not forget that the first impression of you may stay with the boss and make him adjust his opinion about you. Most employers know within the first five minutes if they are going to hire the person interviewing. The rest of the interview is spent confirming their decision. They will either be looking for positive characteristics if they have decided to hire you, or concentrating on the negative if they do not think you are right for the job. Therefore, no matter how much you prepare for the interview, it is *crucial* to make the best impression you can. Being *self-confident* and always being professional are both part of making a good impression. Of course, your experience and qualifications are important, but the psychological factor should not be omitted – will you be able to get along with the other employees? Do not forget about your appearance - your clothes should be smart, formal, and comfortable, neat and clean; do not wear much make-up or perfume (cologne), bright colours are not preferred as well. Keep an erect posture, but do not be conceited.

Remember the saying 'First impressions last a lifetime' and try to make yours as positive as possible.

The interviewer may ask you questions, like:

- 1 *Tell me a little about you.*
- 2 *What are your strengths and weaknesses?*
- 3 *Where do you see yourself in five years?*
- 4 *What are your greatest accomplishments?*
- 5 *Why have you chosen our company?*
- 6 *What are your long-range goals?*
- 7 *Which is more important to you: status or money?*
- 8 *What is your worst fault and what is your best quality?*

You have to be prepared to answer questions, and ask some of your own. By asking questions, you are telling that you are interested in the job and the company. For example:

- 1 *What is the usual workday in this job?*

- 2 What are the working hours?
- 3 Is there a social security scheme?
- 4 What are the company's traditions?
- 5 What are the opportunities for self-development?
- 6 What is the common holiday time?

(It is reasonable not to ask about the salary in the first interview.)

ALWAYS REMEMBER

- !! If you need a few seconds to answer a question, take it. It is better to think about your answer than give a bad one.
- !! Keep eye contact while you are speaking.
- !! Be careful not to *fidget*, move around, while in the interview.
- !! Be relaxed and confident (but not too confident).
- !! If the interview does not feel right, do not worry. Use what you learned for your next interview.
- !! Learning to interview takes time, like any skill, but the more you do it the better you will get.
- !! Thank them for the interview.

When you become a fortunate employee, you are interested in your payment, of course. The salary that goes with a job may be only part of the package: extra *benefits* like a company car or cheap *housing loans*, *bonuses* paid in a 'thirteenth month', company pension schemes, free canteen meals, long holidays or flexible working hours may all contribute to the attractiveness of a job.



ACTIVE VOCABULARY:

- curriculum vitae** – a written record of your education and employment, that you send when you are applying for a job;
- background** - the details of a person's family, education, experience, etc.;
- word-processed** - typed by computer;
- short list** - a small number of candidates for a job, who have been chosen from all the people who applied;
- hiring** - giving somebody a job;
- staff** - all the workers employed in an organisation considered as a group;
- full-time** - all the hours of a week during which people normally work or study;

temporary-	lasting for a short time, not permanent;
crucial -	extremely important, because it will affect other things;
self-confident -	self-assured, having confidence in one's abilities;
fidget -	to keep moving your body, your hands or your feet because you are nervous, bored or excited;
benefits -	advantages that you get from a company in addition to the money that you earn;
housing loans -	money lent by a company to employees to buy a house or a flat at a low interest rate;
bonus -	an extra amount of money that is added to a payment, especially to somebody's wages as a reward.

? QUESTIONS:

1. What type of documents is it necessary to submit when applying for a job ?
2. How can you gain priority in relation to other applicants ?
3. Why are temporary jobs useful ?
4. What kinds of interview are organized in companies ?
5. What items should you keep in mind when going for a job interview ?
6. What questions can you expect to be asked during the interview ?
7. What information could you ask for from the interviewer ?
8. What tips may help you be successful ?
9. How can a company attract and promote its employees ?



Text A. AN APPLICATION/MOTIVATION LETTER

When writing an application letter keep to the following guidelines:

- 1 Indicate the source of information about the job *vacancy* and the position you would like to take.
- 2 Introduce yourself: name, age, nationality, etc.
- 3 State your family status, your education *accomplishments* and basic skills.
- 4 Describe your *relevant* experience – alternatively, *justify* your lack of experience.
- 5 Describe your skills in your own language, English and other languages.
- 6 Describe how you meet the requirements of the job.
- 7 Say when you are available for interview.



Here is a sample of an application letter:

Gedimino Str 41 – 8
LT – 3000 Kaunas
October 1, 2003

Staff Manager
Big Travel Agency
Karklo Str 52 – 18
LT – 2012 Vilnius

Dear Sir or Madam,

I have read your advertisement in the *Baltic Independent* (No. 19668), and I got interested in your training course.

I am currently in full-time education studying economics at Kaunas College and preparing for my graduation/final examinations. The document certifying my academic achievements is enclosed. I have a Cambridge Certificate in Advanced English as well as 'Der Kleine Goethediplom' awarded by Goethe University in Munich. The copies of both certificates are also enclosed in this letter.

A year ago, I passed a driving test.

During my previous experience as a travel agent in the West Express company, I have come increasingly to feel that this very job perfectly suits my outgoing and ambitious personality. Moreover, I adore visiting new places, meeting interesting people, sharing my impressions. With the help of your training scheme, I am looking forward to expanding my professional perspectives, which I believe is vital for my future career as a travel agent.

Finally yet importantly, I am interested to know the following details about your new training course. First, I would like to know what the time limits are, i.e. when it starts and how long it lasts. Secondly, I would like to know the price for the course. Thirdly, what the discounts offered by your agency are. Lastly, what kind of certificate I may expect after completion of the course.

If you have any questions concerning my previous work experience or academic achievements, I will be pleased to come for an interview and am available at any time.

Faithfully yours,

Christina Aguilera
Christina Aguilera

Text B. EMPLOYEE ASSESSMENT CRITERIA

Companies have certain *test batteries* to check any employee's professional qualifications and skills alongside with personal qualities. An applicant for a job should keep in mind that the employer is interested as in his or her academic achievements so in his or her personal abilities and ambitions. Below are the basic requirements the administration of a company takes into consideration when recruiting somebody.

1. Socio-economic orientation of the employee:

- a) Social attitude (ability to match personal and *interpersonal* goals, sense of responsibility, comprehension of social aims)
- b) Attitude to work (responsibility for work results, involvement in work development)
- c) Attitude to colleagues (relations and communication abilities, comprehension of team goals, the level of authority and respect in the team, readiness to help)
- d) Attitude to one's inner-self (attitude to critics, care of qualifications, level of self-development, family approach, attitude to alcohol, culture and moral).

2. Professional competence:

- a) general intelligence, education, and experience
- b) understanding of basic economics and management
- c) awareness of modern techniques and technologies
- d) the necessary educational level
- e) ability to manage and communicate
- f) ability to plan and use one's working time
- g) acquisition of parallel specialities.

3. Personal qualities:

- a) motivation and persistence at work
- b) diligence
- c) independence and confidence
- d) self-control
- e) ability to co-operate
- f) integrity
- g) initiative and creativity
- h) ability to accept innovations.

3. Work results and quality:

- a) personal work quality
- b) meeting the deadlines
- c) team achievements
- d) incentives and penalties.



UNIT 2



THE HISTORY OF MONEY

- ▶ What forms of payment for goods and services do you know?
- ▶ What foreign currencies do you remember?
- ▶ What is your opinion about the introduction of the Euro as a single European currency?
- ▶ Do you agree with the saying ‘Money makes the world go round’?

These days, money is *hi-tech*. We have notes and coins, which are specially made. We use *credit cards*. Banks and *stock exchanges* can move millions at the touch of a button. However, how did the twenty-first century money develop?

In ancient times, business was done by exchanging. A farmer might exchange corn for goats or sheep for cattle. This is called *bartering*. Nevertheless, this caused problems when, say, someone had *a surplus* of goods that no one needed at that time.

People started to exchange goods and services for *tokens* that could be stored and exchanged later. The first tokens were shells, shark teeth, feathers, grain, salt, rats, large stones, etc.

At one time the Romans used cattle as money, thus the term *pecuniary*, which comes from the Latin word *pecus*, meaning cattle, was derived.

Later still, gold, silver, and copper coins were introduced. To make them widely accepted, Ancient Greeks put the heads of their gods, and the Romans used likenesses of their emperors on the coins. People in Mesopotamia (now part of Iraq) began making money of precious metals about 4 500 years ago. Later, gold and silver money appeared in Ancient Egypt, China, and other countries.

The new metal money was an important advance for the following reasons:

1. It was easy to carry.
2. It lasted a long time.
3. It could be divided into lots of different values.
4. It made planning for the future much easier.



This is one of the earliest coins ever made. It is from Lydia (in modern Turkey) and dates from about 650-600 BC.

However, those coins did not have fixed shape and were not clearly marked so that everyone could recognise them. Moreover, metal coins were heavy and easy to steal.

To solve these problems, goldsmiths and silversmiths of the T'ang dynasty (618 – 907) began to produce special r e c e i p t s. These were printed notes, which showed that their owners possessed a certain amount of money. Now we know those notes as the first paper money invented in China in the 7th century AD.

The introduction of notes changed economic history. In addition, not just in China. Paper money became popular in Europe, too. For a long time, though, it was neither produced nor controlled by governments. It was only in 1661 that the first official European bank notes were issued in Sweden.

A wide variety of monetary forms are in use in the world today. Banknotes and chequebooks provide a lightweight, convenient alternative spending-power. Increasingly we are entering a 'cashless society' where plastic cards offer instant credit, or remove money from bank accounts through telephone lines.



ACTIVE VOCABULARY:

high-tech -	high technology, advanced development in technology, especially electronics;
credit card -	a small plastic card that allows its holder to buy goods or services on credit – without payment of cash, the cost being charged to his account and paid later;
stock exchange -	1. the place where stocks and shares are publicly bought and sold; 2. such business or the people engaged in it;
bartering -	the exchange of goods for goods rather than goods for money;
surplus -	an amount additional to what is needed or used;
token -	(<i>here</i>) a sign or symbol of something that represents money or payment;
pecuniary -	connected with or consisting of money.



QUESTIONS:

1. What is called 'bartering'?
2. Why did people start to exchange goods and services for tokens?
3. What did the first metal coins look like?
4. Why was the metal money advance?
5. What were the drawbacks of the metal money?
6. Where and when were the oldest bank notes produced?
7. Why did notes become popular?

Text A. HOW PAPER MONEY IS MADE

The manufacture of banknotes plays an important role in allowing them to be used as money with confidence. High quality paper is specially made for *durability* and *security*.

Designs are chosen to make the notes recognisable as national *currency*, and then reproduced by first-class *engraving* and printing.

New security devices are created by computer graphics and advanced technology.

Security thread is put on a modern banknote. This metal thread *embedded* into the note helps prevent *forgery*.

The threat of forgery is a constant problem, despite severe *penalties*. However, this encourages continuing research into improved production methods.

(from 'The British Museum: World of Money.' - www.thebritishmuseum.ac.uk/worldofmoney)

Text B. DIGITAL CASH

Digital cash acts much like real cash, except that it is not on paper. Money in your bank account is converted to a digital code, stored on a *microchip*, a pocket card, or on the *hard drive* of your computer. Your special bank account code can be used over the internet to purchase a new CD, or can be presented in card form at the local supermarket for food. Everybody involved in the transaction, from the bank to the user to the *vendor*, all agree to recognize its worth, and thus create this new form of exchange.

The internet may be the natural environment in which digital cash will flourish. In fact, if the internet is to continue to grow, many experts argue that it must become commercial. However, fears that credit card numbers and other personal information could be snatched away by a clever *hacker* make many users apprehensive about buying goods over the internet.

To bring *consumers* to the internet, many corporations have rushed into developing new technologies to create secure and efficient *transactions* over the World Wide Web.

Along with potential problems, digital cash brings with it clear advantages over traditional money. For the user, electronic money is precise, simple and convenient. For banks, it could mean the *elimination* of thousands of paper transactions and, in turn, the *reduction* in user fees. For corporations, it could mean the ability to *circumvent* banks entirely to create direct company-to-company transfers. Most experts believe that the use of the internet for electronic transactions and the use of digital cash will rapidly increase over the next ten to twenty years, but it will not replace the real cash soon.

(Abbreviated from 'Digital Cash' by Brad Puffer)



UNIT 3



WHAT IS BUSINESS?

- ▶ What public places do you visit most often?
- ▶ Which of them work for money, i.e. are profit-seeking organisations?
- ▶ Do you know your, as consumer's, rights? If so, what are the main ones?

Businesses are based on common sense. People concentrate on doing certain things that they are good at. They exchange their work for money, which can in turn be exchanged for the goods or services, which they require. This is much more efficient than if each person worked purely to

satisfy his or her own needs. There are many different types of business entities in the modern world. They range from very small ones to enormous multinational companies.

Every business unit either: a) provides a service, b) produces/manufactures goods, c) buys and sells goods and services for a profit (this is called *trading* or merchandising). Many business companies are involved in all three activities.

The main **areas of business** going on around us every day are enumerated below. Try to work out which of the three activities each business involves:

I. Financial services -

such as banking and insurance.

II. Retail business -

shops, which sell goods.

III. The hotel, tourism, and catering business.



IV. Coal mining and oil extraction.

V. Communication business –

such as telephone, mail, and *courier* services.

VI. Transportation business –

this moves materials, products, and people from place to place by road, rail, sea, and air.

VII. Public services –

such as police, fire brigade, armed forces and local and central governments. These are different from other business services because in most countries people buy them indirectly by paying taxes.

VIII. Electricity generation and water supply.

IX. Construction business –

this builds various buildings, roads, and bridges.

X. Manufacturing business –

this produces and sells goods, e.g. clothes, cars, and food.

XI. Food producing activities –

such as farming and fishing.



XII. Miscellaneous services –

including those provided by lawyers, accountants, architects, estate agents, hairdressers, and entertainers.



ACTIVE VOCABULARY:

- trading** - the business of buying, selling, or exchanging goods, within a country or between countries;
- retail** - the practice of selling goods in small quantities to the general public;
- catering** - the job or work of providing and serving food and drinks at public or private parties;
- a courier** - a messenger, especially one on urgent or official business;
- miscellaneous services** - services of various types or from various sources.

? QUESTIONS:

1. What is the idea of business?
2. What are main functions of business?
3. Enumerate all possible areas of business.
4. Which business areas are the following companies involved into:
 - a) Stock company *Kraft Foods Lieu*?
 - b) Sports complex *Forum Palace*?
 - c) *Kaunas State Academical Drama Theatre*?
 - d) Notary offices?
 - e) Mobile communications *Bite GSM*?
 - f) Shopping and entertainment centre *Akropolis*?
 - g) Publishing house *Tyto Alba*?
 - h) Stock Company *Zemaitijos Pienas*?
5. Could you run your own business? Why?

Text A. BUSINESS COSTS

Once you have decided on setting up a business, you must find out the *pros* and *cons* of it, you should make a detailed plan of the business idea – a *business plan*, and try to calculate whether you will make a *profit*. To do this, you need to estimate your *costs* and your *pricing*.

Business costs can be broken down into four different areas: material costs, labour costs, overheads, and your own wages.

MATERIAL COSTS

These include expenses on materials, which are bought for making a product. Do not forget to allow for waste – mistakes happen in the running of business.

LABOUR COSTS

There are many things to take into consideration when estimating how long a job will take. Coffee breaks, giving or receiving instructions, travelling time and dealing with customers, recruitment and training of assistants can work out at about 15% to 25% on top of the time it takes to perform the task itself.

OVERHEADS

There are charges incurred in the general performance of the business. They include rent, rates, telephone bills, postage, fuel, advertising, insurance, travel, interest on borrowed money, and maintenance of the equipment. These costs do not have a direct connection with the actual product or service.

OWN WAGES

This is the minimum amount of money you feel you can live on. If you have an assistant, this will add to your costs on salaries.

What about the price?

Base your prices on the price of comparable goods in the shops. If you sell to shops, they will probably add at least 30% for their profit.

If your cost figure is higher than the price you feel you can charge, rethink your business plan – aim to make not less than 10% profit.



Text B. POINTS OF LAW (THE RIGHTS)

Any customer, *tradesman*, or employee has differing interests in the world of business. Therefore, it is necessary to have laws to ensure that the rights of each are clearly defined.

CUSTOMERS' RIGHTS

Customers are entitled to expect goods to be fit for normal use.

Retailers must ensure that the goods on sale are free from defects, and must *refund* the money or offer to replace the goods if they are *substandard*.

Customers can expect a service to be done well, and can demand that the job is done again if it is done badly the first time.

It is *illegal* to describe goods falsely either in advertisements or verbally.

GOVERNMENT WATCHDOGS

Officers are employed by governments to check that laws are not being broken. They have the authority to enter shop premises and confiscate goods if necessary. These officers can also check scales and other measuring devices such as petrol pumps. Traders might try to cheat customers by adjusting their scales to show a heavier weight.

TRADERS' RIGHTS

Traders may not challenge customers suspected of *shoplifting* until they have removed the articles from the *premises*. Any trader may insist on a banker's card if a customer wishes to pay by cheque, to ensure that it is *honoured* by the bank.

If customers return goods, which they have used, the retailer can refuse to refund the money or exchange the goods.

EMPLOYEES' RIGHTS

An *employer* must supply an *employee* with a contract of employment (*Employment Agreement*) when the latter is applying for a job. No employee can be discriminated against because of colour, race, sex, age or religious beliefs.

The Employment Agreement should contain the following items: *name of employer and employee, job-title, starting date, rate of pay, and hours of work, holidays and holiday pay, sick pay, pension scheme arrangements, period of notice before discharging.*



UNIT 4



STARTING YOUR BUSINESS

- ▶ Could you start your own business? Why?
- ▶ Are your plans usually realistic?
- ▶ What do you think a business owner should do not to fail or go bankrupt?

They say that the reason to start your business may be a sense of independence, the need to prove something or wanting more money or a different lifestyle. However, whatever the motivation, going into business can be *scary*.

There are lots of questions and doubts. Can I do it? How real are my plans? How would my family take it? Do not forget that it is one thing to believe in your skills and your talents but quite another to practise salesmanship on yourself.

If you have a great idea and you are not going to construct *pie-in-the-sky* sales projections and dreams, do this: reduce your sales *forecast* in your business plan by half, and double the time you think it will take to get profitable. It is best to *err on the safe side* if your business is to survive.

At the start, you may have to borrow money – by taking a loan from the bank or by asking your friends and relatives. Remember, you may gain enemies and lose friends over money – not a pleasant *by-product* of a new business. In addition, there may be tension and pressure in the family. The demands of a new business, coupled with the *frustration* and your worries for the future will require your family to have the patience of job. Moreover, it takes time to earn the profit. It is wise to prepare your fellow men if you wish to come home to smiles.

If you decide to take risks, keep to the following steps:

1. Choose a business.
2. Investigate the customers' needs in a particular area (carry out the market research).
3. Decide upon the target group of customers you want to serve (*market segmentation*).
4. Determine your strengths and weaknesses in new activities (the Pros and Cons of the business).
5. Find the premises/location to do your business from.
6. Think about the ways of borrowing money for the start.
7. Consider the means of customer *promotion* (attraction).

8. Calculate the possible costs.
9. Be ready to compete with *rivals*.

This is called business planning. A business plan must be: **clear, comprehensive** but not too long, and *catchy*.



ACTIVE VOCABULARY:

scary –	frightening;
pie-in-the-sky -	(<i>informal</i>) an event that sb talks about that seems very unlikely to happen;
forecast -	a statement about what will happen in the future, based on information that is available now;
err on the safe side -	to take risks cautiously; to be careful about mistakes;
by-product -	a thing that happens, often unexpectedly, as the result of sth else;
frustration -	the feeling of annoyance and impatience because you cannot do or achieve what you want;
market segmentation -	the act of dividing market (consumers) into particular parts (segments) based on various factors (age, social class, psychological factors, geographical location, etc.)
promotion -	activities done in order to increase the sales of a product or service;
rival -	a person, company or thing that competes with another in business, sport, economics, etc.;
catchy -	pleasing and easily remembered.

? QUESTIONS:

1. What are common reasons to start your business ?
2. What should you do to make your business idea successful ?

3. What steps should you follow when starting your new activities ?
4. Where can you get money for the start of your business ?
5. What are the requirements for a business plan ?

Text A. THE STRUCTURE OF THE BUSINESS PLAN

The business plan is an important document with two *essential* functions. It aims to convince possible investors and other *stakeholders* of the potential of a new business. It also works as a guide for the company in its first year or two of operation.

The business plan normally starts with a title page and outline of the new business. It includes the name, logo and mission statement of the activity. Below is an example of a business plan.

SUMMARY	<i>Company's name, logo, and location</i> <i>Short characteristics of company's activities</i> <i>Managers, their experience and qualifications</i> <i>The idea of business</i> <i>The need, use, and buy off of funds</i> <i>Main risks</i>
BUSINESS ANALYSIS	<i>History and basic achievements</i> <i>Aims and goals</i> <i>Company's business area</i> <i>Description of production or service</i> <i>Owned technologies, materials</i> <i>Qualification of employees</i> <i>Legal aspects (patents, licences)</i>
THE ESSENCE OF THE PROJECT	<i>The idea</i> <i>Basic criteria, necessary research</i>
MARKETING PLAN	<i>Market analysis</i> <i>Marketing Mix</i> <i>Sales forecast</i>
PRODUCTION PLAN	<i>Production process</i> <i>Technological equipment</i> <i>Production power</i> <i>Materials</i> <i>Stock and storage</i>
PEOPLE AND ACTION PLAN	<i>Type of business</i> <i>Property structure</i> <i>Organisational structure</i> <i>Personnel</i>
FINANCIAL PLAN	<i>The need of funds and financing sources</i> <i>Profit and loss forecast</i> <i>Balance sheet</i> <i>Cash flow statement</i> <i>Calculation of the break-even point</i> <i>Cost forecast</i> <i>Economical- financial rate</i>
EVALUATION OF RISKS	

There are different ways to structure a business plan. Some are shorter and simpler than the above model. Others are much more complicated.

Text B. TAXATION

Many governments collect taxes from both private individuals and businesses to pay for schools, hospitals, prisons, roads, etc. and *social security* payments made to individuals in respect of unemployment, sickness, state pensions, etc. Taxes are classified into *direct*, *indirect*, and the one of *national insurance*. The main types of taxes are the following:

Value Added Tax

In many countries, a tax is added to the price of goods and services called Value Added Tax (VAT). All businesses which have a high *turnover* (in Great Britain, this is over £ 20.000 per year) must register for VAT and pay the tax to the government periodically. You should *deduct* any VAT you have paid to your suppliers, so make sure to keep a record.

Income Tax

People are charged income tax on the money they earn. They pay a percentage of their monthly or *annual* income. Often it is the responsibility of the employer to deduct this from their pay and pass it on to the government. The employer must always keep a record of the amounts earned by each employee and the amount of tax that has been deducted.

Business/ Corporation Tax

All businesses have to pay tax on their profits. The profit is calculated by taking the total income from your sales minus business expenses. The amount of tax to be paid is charged from this difference. Therefore, it is very important to keep accurate records of your *expenditure*.

National Insurance

This is another kind of tax, which employees in many countries have to pay as well as income tax. It goes partly towards financing state pensions, to social security, and partly into general taxation funds. Social security *benefits* are paid to the unemployed or disabled people, single-parent families, families with three and more children, etc.

Building Rates

Quite often, people who *own premises* have to pay a tax on them, called *rates*. The amount of the tax is *assessed* according to the building's value, what sort of *facilities* it has, and so on. A shop in the High Street is *liable* for much higher rates than the same size shop elsewhere. If you operate a business from home, you may have to pay more rates than if you were just living there.

There are other taxes as well. Sales tax, excise duty, tariffs, wealth tax, inheritance tax, etc. are *levied* in different countries.



UNIT 5



INVESTMENT

- ▶ What ways of earning money do you know?
- ▶ What is the aim of any investment?
- ▶ What would you do with a million euros?

If you do not spend all your money – your income, your monthly salary or weekly wages, along with any other earnings such as fees, *interest* or dividends, you will have some money left over to save. What will you do with this money? Keep it in a box under the bed or make your money earn more money for you?

To make your money grow, put it into a deposit account at the bank. In this way, it will earn interest for you. Rates of interest fluctuate (go up and down) but your money is secure except against inflation, which reduces the value and purchasing power of money in the economy as a whole.

Another thing you can do is invest in real property – buy houses and land and lease them out or sell them when the prices are up. It is also quite reasonable to invest your purse into a building society where the interest is even higher than at a bank.

Of course, if you have enough money, you can start your own business and invest into it.

You can invest directly in a commercial company by buying shares in it. A share or a stock is simply a piece of paper that says the holder owns a small part of the company. Once or twice a year you will receive a statement from the company and, if the company has done well, a cheque. This money is your dividend, it increases if the company's profits rise, and decreases if they fall.

If the company wants to raise money on its own but does not want to give up any control over the company, it will issue bonds, not stocks. Bonds are similar to a bank loan because it is a form of debt (owing money). When companies sell bonds, they are promising to repay the debt in a certain number of years with interest, just like to a bank. The interest on a bond will be higher than at a bank, because it can be a risky investment for the buyer.

One more form of investing your money profitably is dealing in stock exchanges. Common sense says it is a good idea to buy stocks when they are cheap and sell them when they are expensive: 'buy low, sell high'. People have been known to start with just a few dollars and later become millionaires because they could tell when a stock's price was going to 'bottom out' (reach its lowest price) and when it was going to 'peak' (reach its highest price).

Insurance is one more way of safe investment. You may insure your life, property, etc. After a certain period under the insurance agreement, you will receive a solid coverage, which otherwise you might have wasted away.

People also enjoy investing in lotteries, gambling, racing, etc. Some forms of investment are quite secure, and some of them are risky. However, as the saying goes – '**nothing ventured, nothing gained**'.



ACTIVE VOCABULARY:

- interest** – the charge made for borrowing money as a loan;
- real property** – = real estate – property someone owns in the form of land and houses;
- purse** - wealth, money (fat /heavy/long purse; lean/light/short purse);

- building society** - an association providing long-term loans for people who want to build or buy a house; it gets money from the people who want to save and invest their money into the society for the sake of interest;
- dividend** - a share of profits paid to people (shareholders) who own parts of a joint-stock company;
- bond** – a certificate issued by a government or a company acknowledging that money has been lent to it and will be paid back with interest;
- bank loan** - money lent to an individual or business (the borrower) by a bank (the lender) for a fixed period and for a specific purpose, usually on fixed-interest terms related to the base interest rate;
- stock exchange** - a market that deals in the buying and selling of company stocks and shares and government bonds.

? QUESTIONS:

1. What sources of income do you know ?
2. What are the basic fields you can invest your money in ?
3. Why the obtaining of bonds is a risky investment ?
4. What is the essence of investing into stocks ?
5. Do you agree with the saying ‘nothing ventured, nothing gained’ ? Why ?

Text A. INSURANCE

According to its activities, insurance is broadly divided into general (**home, auto, business**) and life (health) insurance. General insurance insures property against fire, storm, flood, accident, theft, loss, etc. Life insurance provides compensation against an inevitable *occurrence*, that of death, and guarantees (partial) coverage of costs related to health problems and accidents. The aim of life insurance lies in the idea of capital accumulation for each member in respect of future needs and welfare *assurance* after retirement or in case of accident.

If people want to be insured, they must sign the insurance *policy* and make regular payments, called *premium*, to the fund in return for a fixed sum (*coverage*) which will become payable at a stated time. The amount of a premium depends on *life expectancy* of a particular individual – the younger a person is the lower premium he will pay. By getting payments from each member, an insurance company may be sure to have enough money to pay a *claim* if the insured person dies or is hurt. Insurance allows you to take risks with less worry about what would happen if a disaster occurred.



Text B. **THE STOCK EXCHANGE**

The stock exchange or stock market is a market just like any other one. It deals in the buying and selling of company stocks and shares and government bonds. The price of a share is determined by supply and demand and can fluctuate quite considerably. However, the *nominal value*, which is stated on the share certificate, remains constant.

The stock exchange publishes daily an official list of buying and selling prices of the *securities*, which are *quoted*.

Traditionally, the members of the stock exchange were either *stockjobbers* or *stockbrokers*. *Jobbers* were wholesalers who sold stocks and shares to stockbrokers, and quoted a double price in doing so. Stockbrokers were *intermediaries* between the general investing public and the jobbers. Any investor wishing to purchase shares would approach a broker who would shop around *jobbing* firms on the Exchange looking for the best price. The broker would then obtain the shares on behalf of the client, complete the paperwork necessary, and ensure that the shares bought were registered in the name of the new owner. For this, the investor would pay him a commission. There are other groups of people called *speculators* trading on the stock exchange, too. Bulls are speculators who buy shares in the expectation that prices will rise. When they do, bulls sell the shares to make a profit. Bulls are optimists. Bears expect prices to fall and sell their shares before prices go down with the aim of buying them back later at a lower price. They are pessimists. Stags operate similarly to bulls but expect new issues of shares.

Since 1986, under the new system, the distinction between jobbers and brokers has been abolished. Now a member firm, which combines the roles of a jobber and broker, is a *market maker* who deals directly with the outside investor.

The stock exchange fulfils an important function within the society by repeatedly “pumping” capital into the economy and distributing it wherever needed so that it can be used again to the benefit of all (by financing public utilities, schools, hospitals, roads, etc.).

Today the largest stock exchanges are in Tokyo, New York, and London. People working there keep to the motto ‘**Dictum meum pactum**’ – ‘My word is my bond’. Members try not to *breach* this rule. Otherwise, they may be compelled to pay a fine or their membership might be *suspended*.



UNIT 6



TYPES OF BUSINESS COMPANIES

- ▶ Where do your parents or relatives work ?
- ▶ Would you like to work in a public or private company ?
- ▶ Which biggest companies in the world/ in Lithuania do you know ?

Firms are units of business organisation carrying on some production activity, which results in the production of goods or the supply of services to meet *consumer demand*. From a ‘one man’ business to a giant public corporation, each of them is pursuing the same goal – to get maximum profit from its activities.

We know the following types of business units: **Sole Trader, Partnership, Limited Partnership, Private Limited Company, Public Limited Company, Public Corporation.**

Sole Trader. It is a person of at least 18 years old. He provides capital from his own resources and he alone is fully responsible for the management of the enterprise and must *bear all risks*. He receives all profits (taxes deducted) and in the event of failure must bear all losses for which he is *liable* not only with his business property but with all his private property as well. This is known as

unlimited liability. A sole trader may engage a number of employees, but all responsibility for providing the capital and managing the enterprise falls on him. Examples of sole traders are: plumbers, grocers, accountants, dentists, lawyers, etc.

(Ordinary) Partnership. A partnership is legally defined as the *relationship*, which exists between persons carrying on business in common with a view to profit. The number of partners should not exceed twenty people. In an ordinary partnership, the capital is supplied by the partners and they are fully liable for the losses of the company. Profits and losses are divided proportionally according to the partnership agreement.

Limited Partnership. In a limited partnership, there is at least one fully liable partner; the other partners' liability is limited to the amount of capital invested. Such limited partners can take no part in the management of the business; they merely invest money in the firm and receive profit or suffer losses according to the partnership agreement.

According to the role in the partnership, there may be: a silent partner (does not influence the running of business only his membership is important); a secret partner (takes an active part in the business but keeps that in secret for different reasons); a sleeping partner (has little concern in the business and makes investment only for profit); a normal partner (has neither his part of investment nor participates in the activity, he is important just for his famous name).

Companies. The most usual form of business is the Joint Stock Company in which the capital is divided into shares, and *shareholders'* liability is limited to the amount of capital invested. In return for buying shares, the shareholder has the right to receive a proportion of the firm's profits in the form of *dividend*. There are two kinds of joint stock companies:

Private Limited Company (Ltd). The shareholders' liability is limited to the *nominal value of shares*. A shareholder has the right to decide about the activities of the company. As one share means one vote, the more shares a partner possesses, the greater is his influence on the business. Shares cannot be *transferred* to another person, unless the rest of the partners agree.

The main organs of a joint stock company are: the **General Meeting of the Shareholders**, the **Board of Directors**, and the **Supervisory Board**.

Public Limited Company (plc). This type must consist of at least two members, there is no maximum number. Investment comes from the public, i.e. the company may appeal to the public to *subscribe* to its shares. If the company makes a loss, this is borne by the company itself as the shareholders risk only the amount of their investment. Part of any profit made is distributed as dividends to the shareholders.

Both private and public limited companies are corporations, 'legal persons' created by law, i.e. *legal entities*. (Other types of business are natural persons.)

Public Corporation. This is a ‘nationalised industry’. The capital is raised differently here: when nationalisation takes place, the shares of the former companies are usually exchanged for fixed-interest *securities* in the new concern, guaranteed by the government. Profits are normally returned to the company to extend operation; however, losses fall upon the *taxpayer*. Management is not elected – it is appointed by the state. In recent decades, a reverse process has been observed - many public corporations have been privatised.

(from ‘Business Introduction’ by M.Thurn-Mithoff, M.Alger)



ACTIVE VOCABULARY:

consumer demand-	the desire or need of customers for goods or services which they want to buy or use;
bear all risks -	to take all responsibility for a possible danger or bad result;
liable -	legally responsible for paying the cost of business performance;
relationship -	the way, in which two people or groups behave towards each other or deal with each other;
shareholder -	an owner of shares in a company or business;
dividend -	an amount of the profits that a company pays to people who own shares in it;
nominal value of shares-	the price at which a share is issued;
transfer -	to officially arrange for sth to belong to sb else or for sb else to control sth;
subscribe to -	(<i>here</i>) to apply to buy shares in a company;
legal entity -	an allowed or made by law business unit; a juridical person;
securities -	financial instruments issued by companies, financial institutions, and the government as means of borrowing money and raising new capital (<i>shares, stocks, debentures, bills of exchange, treasury bills, and bonds</i>);
taxpayer -	a person who pays tax to the government, especially on the money he earns.

? QUESTIONS:

1. What is the goal of any business activity ?
2. List the advantages and disadvantages of a one-man business.
3. What types of partnership do you know ? What are the differences between them ?
4. What types of partners are there in the partnership ?
5. What supremacy does a shareholder in a company have over a partner in a partnership?
6. What are the basic differences between a private and a public limited company ?
7. How can a shareholder influence the policy of the company ?
8. What are the main organs of a joint stock company ?
9. How is the capital raised in a public corporation ?



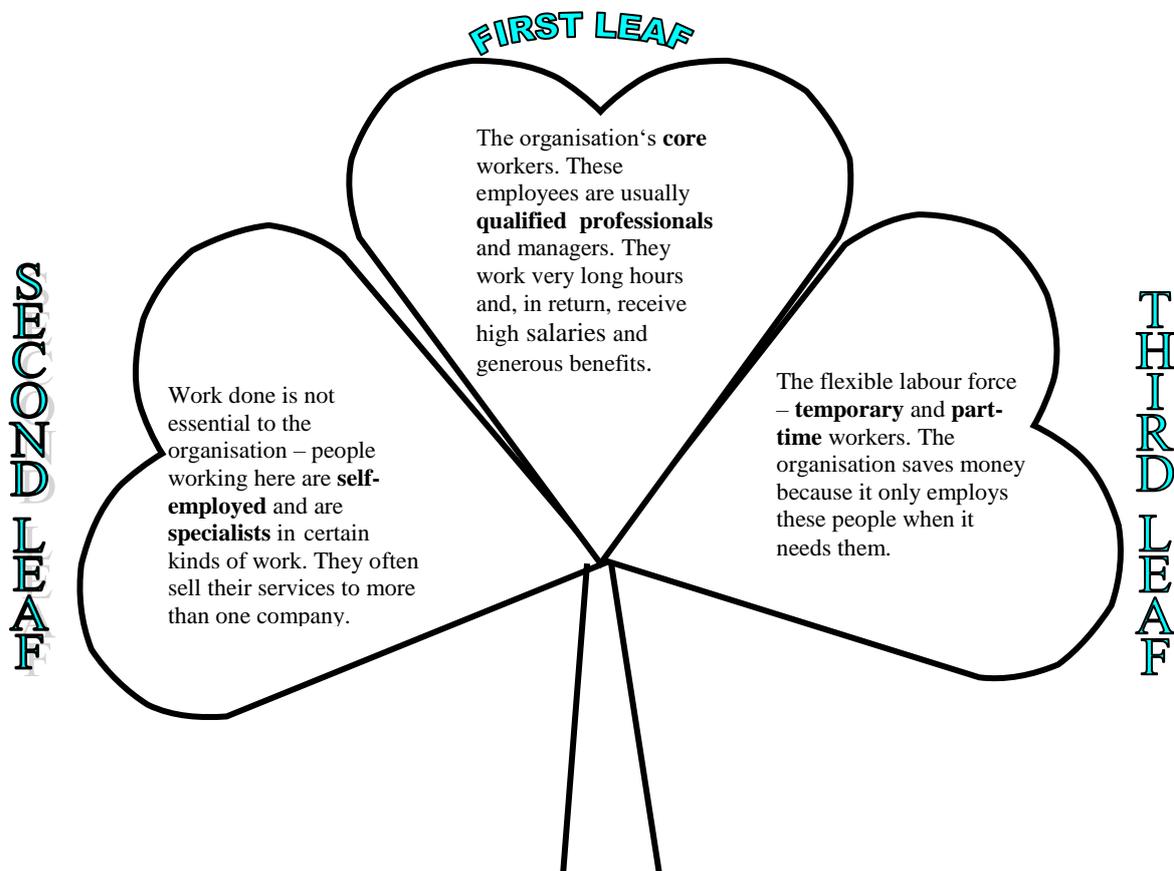
Text A. **THE STRUCTURE OF THE MANAGEMENT**

There are several ways to divide a company into different departments, but usually the president or CEO of a company is in charge of everything. The second most important rank is the Board of Directors. The CEO and the Board will decide what the company will do, how it is managed, and what changes need to be made in a company.

Five departments help make the company work. First, there is the Human Resources Department, which deals directly with employees. There are three divisions within the HR department: Training, Personnel, and Wages and Salaries. The Production Dept. manufactures the product that the company sells. Production has five divisions: Production, Packaging, Distribution, Maintenance, and Research and Development. Next is Marketing Department. It decides how to sell the product, and includes four divisions: Sales, Customer Service, Advertising, and Public Relations. The fourth department is Finance. It deals with the finances of the company. Its divisions are: Purchasing, Customer Accounts, and Financial Services. The last is Legal Department, which deals with laws that affect a business.

All departments pursue the same goal – to get the product or service to the customer.

Text B. THE SHAMROCK ORGANISATION

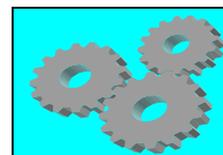


The Irish management thinker, Charles Handy, believes that the traditional company is dying. In his book, *The Age of Unreason*, he says that today more and more people are working in a 'shamrock organisation'. Handy offers profound insights into the world we live in now and the one roaring in from the horizon.

The first leaf of a 'shamrock' represents the '**Core Business Leaf**', which is increasingly '**dejobbed**', **project-based**, and subject to 'fewer doing more' competitive pressures.

Free agents and small businesses *abound* in the other two leaves, representing **Outsourced B2B Relations** and **Contingency Workforce**.

'**Shamrocking**' is changing the face of business and the workplace. It is a logical response to global competition and the increased speed of change.



UNIT 7



INTRODUCTION TO ACCOUNTING

- ▶ How do you handle your money ? Do you plan how much you can save and spend ?
- ▶ Why do companies need accountancy ?
- ▶ Would you like to be an accountant ?

Accounting is something that affects people in their personal lives just as much as it affects very large businesses. We all use accounting ideas when we plan what we are going to do with our money - how much of it we will spend and how much we will save. We may write down a plan, known as a *budget*, or we may simply keep it in our minds.

However basically, companies and organisations use accounting. They record *cash* received and paid out, goods bought and sold, items bought to use rather than to sell, and so on. This part of accounting is usually called the recording of data, and it is known as *bookkeeping* (the term derived about one hundred years ago, when all accounting data was recorded in books by hand.).

Next, the data has to be sorted out so as to be most useful to the business. This is known as classifying and summarising data. Following such classifications and summaries it will be possible to work out how much profit or loss has been made by the business during a period of time – the *profit and loss account* is prepared. This account helps to show what *resources* are owned by the company and what is owed by it, you can see how profitably the business is being run on the closing date of the period, or it will help to calculate taxes, etc. From the results, someone skilled in accounting should be able to tell whether or not the business is performing well financially – to work out the strengths and weaknesses of the business. This is known as *S.W.O.T. analysis*.

Finally, the results are told or communicated to the possible users of accounting information. This should be done professionally and in the way, the recipient understood the figures properly. The users may be internal and external. Namely:

1. Owners of the business (shareholders included).
2. Tax inspectors.

3. Banks and other lending institutions.
4. A prospective buyer.
5. A prospective partner.
6. Competitors (to measure their own performance).

There could be other users, too. It is obvious, that without recorded accounting data a business would have a lot of difficulties.



ACTIVE VOCABULARY:

- accounting** - the system of recording, verifying, and reporting bookkeeping information;
- budget** - an estimate of income and expenditure for a future period;
- cash** - money in tangible form – in coins and banknotes, in contrast to bank cheques and deposits;
- bookkeeping** – the recording of assets, liabilities, income, and expenses;
- profit and loss account** - a financial statement showing revenue, expenditure, and the profit or loss resulting from operations in a given period;
- resources** - possessions in the form of wealth and goods, *natural resources* = minerals, water, etc.;
- S.W.O.T. analysis** - strengths, weaknesses, opportunities, threats – concepts-tasks a company faces in the market when doing business.

? QUESTIONS:

1. Why do people need accounting data ?
2. How does the process of classifying and summarising data help in business ?
3. What steps must an accountant follow when keeping records ?
4. Who may be concerned with accounting information ?
5. Why is the S.W.O.T. analysis important in business performance ?

Text A. BOOKS OF ORIGINAL ENTRY

While the firm is small, all *double entry accounts* can be kept in one book, the *ledger*. As the firm grows, it would be impossible to use just one book. Because of the larger number of *transactions*, the book would be too big *to handle*, and several bookkeepers could not do their work properly if there were only one ledger.

This way, more books are used for transactions of different types. The *nature* of transaction affects which book it is entered into. Sales will be entered in one book, *purchases* – in another book, cash – in one more book, and so on. These books are called **books of original entry**.

We know several types of books of original entry:

- Sales Journal – for credit sales;
- Purchases Journal – for credit purchases;
- Returns Inwards Journal – for returns inwards (returned by customers);
- Returns Outwards Journal – for returns outwards (for goods returned to suppliers);
- Cash Book – for bank receipts and payments of cash;
- General Journal – for other items.

Double entry accounts are kept in several ledgers:

- Sales Ledger – for customers' *personal* accounts;
- Purchases' Ledger – for suppliers' *personal* accounts;
- General Ledger – for expenses, *fixed assets*, capital, etc.

In most middle-sized and large firms, there is an Accounts Department, which deals with the money paid out to suppliers for goods delivered and the money received from customers for goods supplied.

Text B. TYPES OF ACCOUNTS

All accounts in bookkeeping are usually described as **personal** (for debtors and creditors) and **impersonal** (for real and nominal accounts). Real accounts are those in which property is recorded, e.g. buildings, *machinery*, *fixtures*, and *stock*. Nominal accounts deal with expenses, income, and capital.

Two of the most important processes concerning money matters in an accounts department are: paying suppliers and *billing* or controlling credit of customers. It is normal to send a *proforma invoice* in advance when supplying goods to a customer. In a situation in which the customer is known and reliable, firms may send an invoice after the delivery.

Accounts dealing with money coming in and going out from a firm:

<i>Purchasing</i>	invoices	RECEIVE ←	from supplier
	payments - cheques, etc.	SEND OUT →	to supplier
	(you pay the invoice)		
<i>Sales</i>	invoices	SEND OUT →	to supplier
	payments – cheques, etc.	RECEIVE ←	from customer
	(you invoice the customer)		



UNIT 8



INTRODUCTION TO MARKETING

- ▶ Where do you usually acquire the products you need – in shops or market places?
- ▶ What attracts your attention when buying a product ?
- ▶ Do you believe in advertising benefits ? Why ?

MARKETING means presenting, advertising, and selling a company's products or services in the best possible way.

Generally speaking the basic function of marketing is first to determine the needs of the customers and next to satisfy them, thus bringing profit to the company. Nowadays, marketing influences almost every part of a company's activities.

Marketing strategy is presented in 'The Marketing Concept':



We must produce what customers want, not what we want to produce. That means that the customers are put first. To find out what the customers' needs are we carry out *market research*. We must supply exactly what the customers want by offering the right

Marketing Mix:

'The Four Ps' – the right PRODUCT
at the right PRICE
available through the right channels of distribution: PLACE
presented in the right way: PROMOTION.

(from New International Business English by L Jones & R Alexander, 2001)

PRODUCT – the goods or services that you are marketing. A total product includes the image of the product, its design, labelling, quality, reliability, features, and benefits. Products have a *life cycle*, and companies are continually developing new products to replace the ones whose sales are *declining*.

PRICE - covers pricing, *discounts*, and *credit*. The product must be priced so that it competes effectively with rival products in the same market.

PLACE – the product must be available to customers through the most *cost-effective* channels of distribution. A *consumer* product must be offered to *end-users* in suitable retail *outlets* ('face to face') or available on *hire purchase*, by mail order, the Internet (e-commerce), TV shopping or by selling 'door-to-door'.

PROMOTION – presenting the product to the customer. Promotion involves the packaging and presentation of the product, its image, the product's *brand name*, advertising and slogans, brochures, literature, price lists, after-sales service and training, trade exhibitions or fairs, public

relations, publicity and personal selling. Every product must possess a 'unique selling proposition' (USP) – the features and benefits that make it unlike any other product in its market.



ACTIVE VOCABULARY:

market research –	the process during which the state of consumers' demand towards a particular product is established;
life cycle –	the existence of the product in the market;
decline –	a continuous decrease in the number, value, quality, etc. of sth;
discount –	an amount of money that is taken off the usual cost of sth, reduction;
credit –	an arrangement made with a shop to pay later for sth bought (BUY NOW – PAY LATER);
cost-effective –	giving the best possible profit or benefits in comparison with the money that is spent;
consumer –	a person who buys goods or uses services;
end-user –	a person who actually uses a product rather than one who makes or sells it;
outlet –	a shop/organisation that sells goods made by a particular company or of a particular type;
hire purchase –	a method of buying an article by making regular payments for it over several months or years;
brand name –	(also trade name) the name given to a product by the company that produces it.



QUESTIONS:

1. What is marketing ?
2. What is the basic function of marketing ?
3. What is the 'marketing concept'?
4. What does a total product include ?
5. How should the product be priced ?
6. What are the possible ways of distribution ?
7. How can the customer be tempted to buy a product or service ?

Text A. **PROMOTION MIX**

Promotion mix, as a marketing constituent, is a complex of activities such as advertising, personal selling, public relations, and sales promotion.

When deciding whether to buy and use a product, customers move through five stages: awareness, interest, evaluation, trial, and adoption. Due to promotion, the buyers are moved through these processes by informing, reminding, and persuading them to buy.

ADVERTISING informs about the existence of a new product and persuades us to buy it. Sometimes, because of advertising, we buy things we do not need or which are even harmful (cigarettes, alcohol). The positive effects of advertising are *visual enjoyment* (colourful posters, *billboards*, advertisements in media, stands, displays, exhibitions, cinema and TV advertising – commercials, direct mail, etc.) and information about the quality of a new product (generally *exaggerated*).

PERSONAL SELLING means personal contacts between the seller and prospective buyer.

Examples are going door-to-door or selling face-to-face (in shops, fairs, and exhibitions). Non-profit organisations, political candidates, and companies use personal selling to communicate with the public and achieve their aims.

PUBLIC RELATIONS are used to show the reliability of the company, its respectful attitude toward the clients, also the high quality of its products, equipment, and the specialists it employs. This activity seeks to create the most favourable image of the company. This is done by presentation of films and printed matter on the history, development, and recent achievements of the firm, as well as special radio and TV programmes.

SALES PROMOTION covers a variety of activities aimed at encouraging the customer to buy the given product now and in the future. It is affected through *discounts* from retail prices, free gift samples, *premium coupons*, seasonal *bargain sales*, displays, etc. Employees may also be promoted for good results by a free vacation – this would encourage them to work better.



Text B. SEGMENTATION

Market segmentation is dividing the total market into *segments*. Management may select several of these segments as *target* markets and develop a separate market mix for each segment.

There are four major methods used for segmenting the market:

1. DEMOGRAPHIC

This method uses people's characteristics such as sex, age, income, race, social class, religion, occupation, size of family, political views, and level of education. The family characteristics may also be used, i.e. young single, adult single, unmarried with child, married no children, young married with children, etc.

2. GEOGRAPHIC

This method uses geographic locations such as countries, cities, rural areas, etc. as means of division. Climatic conditions may also affect drinking, eating, and clothing habits.

3. BUYER BEHAVIOUR

Peoples' choices and values are determined by TV programmes, articles in the media, and other promotional materials. They constantly re-evaluate the way they behave during purchasing.

4. PSYCHOGRAPHIC or Personality segmentation

Here buyers are subdivided in relation to various forms of *benefits* they seek. For example, status seekers are very much concerned with the status or image of the product; swingers are a group which wants to move with fashion; conservatives are customers who prefer large successful companies and popular brands and have little desire to change; the rational are a group which looks for benefits such as economy, value, *durability*, etc.; the inner directed are concerned with *self-concept* (how they see themselves), sometimes they reveal a sense of humour, are independent or honest; hedonists are a group which is affected primarily by sensory benefits such as a pleasant aroma, taste, and looks of the product; quality seekers are people who will check as much as possible to see that a product has quality considering it to be the main aspect when choosing a product.

Why do marketers need segmentation ?

1. It helps to increase profits.
2. The budget may be calculated easier.
3. Gives the company stronger control of the market.
4. It allows resisting competitors more successfully.
5. The *S.W.O.T. analysis* may be done more precisely.

UNIT 9



IMPORT – EXPORT DOCUMENTATION

- ▶ Do you buy commodities produced in foreign countries ?
- ▶ Do you appreciate domestic products of industry ?
- ▶ What is your opinion about electronic trading ?

When you want to expand your business, you are looking for new places of distribution. You start sending or buying goods abroad and must observe some legal order. There are several documents, which are indispensable when the company wants to sell or buy from foreign partners.

1. Pro-Forma Invoice

An invoice is a request for payment from a seller to a buyer and contains all the information relative to the transaction. Usually, a pro-forma invoice is sent to the buyer *before* the transaction has taken place. This happens for a variety of reasons: a) the buyer may need to obtain an import licence before the goods can be brought into the country; b) he may need credit from the bank to buy the goods; c) the exchange control regulations of his country may require a pro-forma invoice if the goods are to be paid for before delivery.

2. Consular Invoice

Occasionally the customs authorities of an importing country or the importer himself may require a document guaranteeing that the price paid for the goods is the usual market price in the exporter's country. This can be done by asking the consulate of the importing country in the exporting country to *verify* the information given in the invoice and add its seal and signature to a copy of the invoice. This copy is then the Consular Invoice and is sent to the appropriate party in the importing country and is generally used to assess *import duties*.

3. Certificate of Origin

Importers and customs authorities may also require the origin of the goods to be verified.

This can be done by applying to a Chamber of Commerce or consulate in the exporting country. A certificate stating the origin of the raw materials and place(s) of manufacture is issued.

4. Bill of Lading

In overseas trade most goods are carried by ship. The terms on which the *shipper* agrees to carry the goods are set forth in a contract between the ship-owner and shipper, which is called a Bill of

Lading. Some goods are carried by plane. The contract between the airline and the *consignor* is an Air Waybill. When the goods are carried by road a Consignment Note is issued. The general principles involved in foreign trade apply equally to B/L, air waybill, and consignment note. Thus the B/L has got three functions:

1. It is a receipt for the goods and *evidence* of shipment.
2. It is evidence of a contract of carriage between shipper and ship owner.
3. It is a document of title to the goods (does not apply to the air waybill).

Receipt for the Goods

The shipping company undertakes to deliver the goods in the same order and condition that they were received. *Particulars* of the goods are stated in the B/L: marks, numbers of packages, kind of packing, description of the goods, and gross weight.

Contract of Carriage

The ship owner is liable for the loss of or damage to the goods arising during the voyage. He may be *exempted* from these liabilities by the terms of the B/L. The document contains such exceptions as Act of God, perils of the sea, fire, strike, defects in the engine, vermin, rust, sweat, heat, ice, iceberg, etc., so the shipper is obliged to take out a policy of marine insurance.



Document of Title

The B/L is a document of title to the goods. This paper is proof of the ownership of the goods mentioned in it and of the right to sell or transfer them.

The B/L may be a received bill of lading (made out when the goods are received by the shipping company but not yet loaded on board) and a shipped bill of lading (when the goods are already taken over on board).

The terms of payment in foreign trade frequently *stipulate* the presentation of a 'clean, shipped B/L'. This is proof that the goods were loaded on board in **apparent good order and condition**. If some problem persists, a 'foul bill of lading' is issued. In this case, in order to secure payment by the bank to the shipper, the shipping company may on request, and against a suitable *indemnity*, for example a banker's guarantee given to the company, issue a clean bill of lading.





ACTIVE VOCABULARY:

- verify** - to check that sth is true or accurate;
- import duties** – (*also* **customs/excise** duties) a tax that you pay on things that you buy especially those that you bring into a country;
- shipper** - a person or company that arranges for goods to be sent from one place to another, especially by ship;
- consignor** - a person who consigns (gives) goods to an agent to sell them. The consignor retains the property in the goods until those goods are sold;
- evidence** - the facts, signs or objects that make you believe that sth is true;
- particulars** - written information and details about a property;
- exempt** - to give or get sb's official permission not to do sth;
- stipulate** - to state clearly and firmly that sth must be done;
- indemnity** - protection in the form of payment of compensation against loss or damage under the contract.



QUESTIONS:

1. What are the basic documents used in home and foreign trade ?
2. Why does the buyer need a pro-forma invoice before the transaction has taken place ?
3. What does a Consular Invoice certify ?
4. What is a Certificate of Origin ?
5. What is a Bill of Lading ?
6. What three functions has the B/L got ?
7. In what cases is the ship owner exempted from liabilities for the goods ?
8. What is the difference between a received B/L and a shipped B/L ?
9. What is a clean, shipped B/L ?
10. How can the shipper secure himself against failure of payment ?

Text A. INCOTERMS

The purpose of International Commercial Terms (Incoterms) is to provide a set of internationally recognised rules for the interpretation of the main terms used in foreign trade contracts. Thus the responsibilities of the supplier and the customer (exporter and importer) are defined in any foreign trade transaction and by this *eliminate* any possibility of misunderstanding and dispute.

Incoterms have been divided into four categories and can be classified as:

E Terms: The goods are available to the buyer at the seller's works.

F Terms: The seller has to deliver the goods into the hands of the carrier.

C Terms: Similar to the F Terms except that the seller has to contract for the main carriage as well.

D Terms: The seller has to deliver the goods into the hands of the carrier and to bear all risks.

Some of the most commonly used Incoterms are:

B/E (bill of exchange)

This is a written order to the buyer (with his signature) to pay a sum of money to a particular person (the exporter) on a particular date.

EXW (ex factory, ex mill, ex plantation etc.)

This term represents the minimum obligation for the seller since his only responsibility is to make the goods available at his premises. The buyer bears the full risk and responsibility for the carriage of the goods from there to the desired destination.

FAS (free alongside ship)

The seller must deliver the goods alongside the vessel at the indicated place (dock, etc.), here his responsibility ends, and the buyer must bear all further costs and risks himself.

FOB (free on board)

The goods are placed on board the ship by the seller at the port of shipment named in the sales contract. The risks and costs are transferred to the buyer when the goods pass the ship's rail.

CFR (cost and *freight*)

This *quotation* includes the cost and freight necessary to get the goods to the named port of destination, but the risk of loss or damage to the goods is transferred from the seller to the buyer as soon as the goods pass the ship's rail.

CIF (cost, insurance, freight)

This term is the same as CFR but with the addition that the seller has to arrange for the goods to be insured against loss or damage during the journey. The seller only takes out the insurance on behalf of the buyer; it is the latter that makes any claim on the insurance company.

COD (cash on delivery or collect on delivery)

Payment for the goods made when they have been delivered.

DDP (delivery duty paid)

All risks and costs are borne by the seller until the goods have reached the buyer.

L/C (letter of credit)

The buyer arranges with his bank to open a credit in the country of the seller, who may then obtain payment after presenting relevant documents. Exporters wish to have proof that they will be paid before they ship goods.

Text B. **MORE IMPORT- EXPORT PAPERS**

There are some more obligatory documents to submit to the authorities when developing foreign trade:

DOCUMENTS FOR EXPORT	DOCUMENTS FOR IMPORT
<ol style="list-style-type: none">1. A customs entry bill2. An insurance certificate3. A visa, a passport, a ticket (<i>for a shipper, a forwarding agent</i>)	<ol style="list-style-type: none">1. A customs duty bill2. A commercial invoice3. A bill for storage costs4. An identification card, an authorisation (<i>for the buyer's representative</i>)



UNIT 10



GOING BUST

- ▶ Do you usually plan how to distribute your income?
- ▶ How do you understand the sentence 'I'm broke.'?
- ▶ Why do companies need some financial reports on their activities ?

Unfortunately, not all businesses succeed in their activities. Some get into severe financial difficulties and cannot meet their debts. This is known as being *insolvent*. The main reason for the failure is lack of control of cash flow. Cash flow is like water in a bath - in the form of money it comes in and goes out. If money comes in faster than it goes out, the business is said to be more 'liquid', and money is available for *expansion* or investment. But if your money goes out faster than it comes in, the business can 'dry up'. When you sell goods or services on credit you should make a profit, but if the customer takes a long time to pay, you could run out of money with which to pay your suppliers and employees.

How to Control Your Cash Flow

1. Draw up a monthly cash flow chart. You will be able to compare estimated figures with the real receipts and payments as they occur.
2. Decide in advance how much credit you can afford to give each customer and for how long.
3. Insist on bank references before granting credit to new customers.
4. Compile a list of all customers who owe you money. Be careful with *overdue debts*.
5. Send *invoices* to customers promptly.
6. Do not depend on one major customer or supplier. If they get into financial difficulties, you will be affected too.

The Bankruptcy Procedure

If a sole trader or partnership cannot pay its debts, one or more of its major creditors can ask the court for a *bankruptcy* order. The court will then appoint a *trustee* who will take possession of the debtor's property. The trustee will ensure a fair distribution of the debtor's property to creditors; this may include stock, *assets*, equipment, and personal possessions. Having been declared bankrupt, you may not set up a business again unless you have been discharged by court. This may

be done after a set period of time if you have managed to pay off a percentage of your debts in that time.

Liquidation

Limited or public companies may also have debts. Then they go into *liquidation*. Liquidation maybe voluntary or compulsory.

If it is voluntary, the directors promise to pay all its debts within a certain period (12 months in the UK). However, if the company has not gone into voluntary liquidation, an unpaid creditor may apply to the court for compulsory one. A *liquidator*, or *receiver*, is then appointed to look after the affairs of the company, paying its debts and sometimes *winding it up*.



In both cases, the directors must prepare a full statement of the company's affairs, listing its assets and liabilities, and why it is in debt. The company's activities are interrupted.

In case of liquidation, some people have a priority to the money or assets belonging to the company. Legal fees (payment to the court) and liquidator's payment come first.

Next are preferential creditors (tax collectors and employees) and secured creditors (banks). Ordinary creditors may get little or nothing. The last group to be compensated are shareholders who may lose all the money they have invested.

How to Avoid Going Bust

1. Raise some money from the bank by applying for a loan.
2. Sell some assets, for example stock, or sell your premises and rent them back.
3. Sell your business at a low price.
4. Appeal to different partners/institutions for *readjustment* procedure.



ACTIVE VOCABULARY:

- insolvent** - a person/organisation unable to pay debts when they become due;
- cash flow** - the movement of money into (cash inflow) and out of (cash outflow) a business as goods are bought and sold;

expansion -	an act of increasing or making sth increase in size, amount or importance;
overdue debts -	not paid or returned money by the required or expected time;
invoice -	a document with a list of goods that have been sold, work that has been done showing the total amount of money owed by the customer to the supplier;
bankruptcy -	the state when you do not have enough money to pay what you owe (next stage after being declared insolvent);
trustee -	a person/organisation that has control of money or property that has been put into a trust for sb;
assets -	things or values, especially property, that a person or company owns, which can be used or sold to pay debts (there are three types: physical, financial, and intangible);
liquidation -	the process by which a company's existence as a legal entity ceases by closing it down;
liquidator/receiver	– a person chosen by court to be in charge of closing down a business and using any profits from the sale to pay the company's debts;
wind up -	stopping a company's activities and closing it down;
readjustment -	the process of getting or putting back into the proper position.

? QUESTIONS:

1. Why do companies become insolvent ?
2. What is the principle of cash flow ?
3. What are the ways to control your cash flow ?
4. What happens with a company in case of bankruptcy ?
5. What types of liquidation do you remember ?
6. What are the responsibilities of directors when the company is under liquidation ?
7. Could you enumerate the groups of people having the right of priority towards the company's money or assets in case of its liquidation ?
8. How can you avoid going bust ?

in the near future)

Current assets and *fixed assets* are the **use of funds**. Current assets are cash in hand, cash at bank, items held for resale at a profit or items that have a short life.

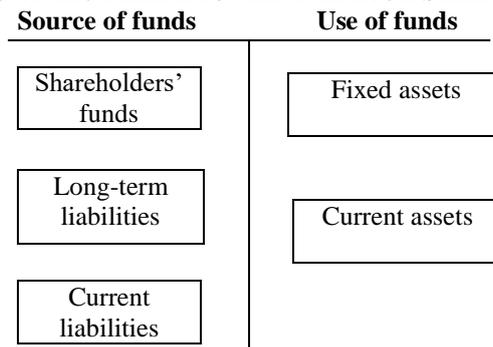
Fixed assets are of long life, are to be used in the business, and were not bought only for the purpose of resale. Assets may contain:

Current Assets	Fixed Assets
1 Stock	1 Land and buildings
2 Debtors	2 Fixtures and fittings
3 Cash at bank	3 Machinery
4 Cash in hand	4 Motor vehicles

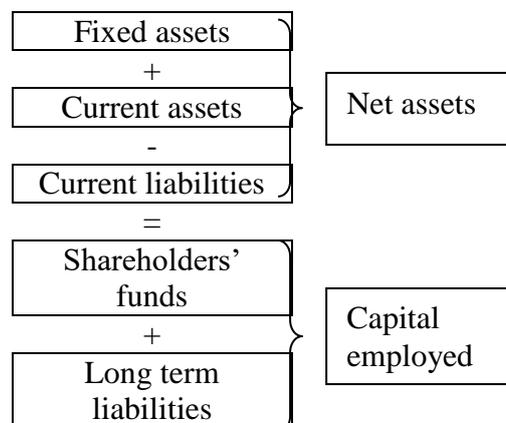
The balance sheet can be presented in two forms:

the horizontal format and the vertical format.

HORIZONTAL / TRADITIONAL BALANCE SHEET PRESENTATION



VERTICAL FORMAT



One of the crucial differences between the two layouts is the way the vertical form distinguishes between the long and short-term sources of funds. The vertical form groups together shareholders' funds and long-term liabilities as the long-term source of funds, which finances fixed assets and

working capital (surplus of current assets over current liabilities). We now have capital employed, working capital and net assets. The balance sheet is worked out so that capital employed is equal to net assets.

Let us look at the example of a vertical balance sheet.

Manzarena PLC Balance Sheet March 31 2003

	£ '000
Fixed assets	3690
Current assets	715
less current liabilities	405
Working capital	310
Net assets	4000
Financed by shareholders' funds	3460
Long- term liabilities	540
Capital employed	4000

The vertical format balance sheet provides the basis for most of the published accounts produced by companies. Though two formats of balance sheets are not exactly the same, matters of presentation are left to the company to produce a balance sheet, which will satisfy the needs of various users of the accounts.



UNIT 11



BANKING ACCOUNTS AND SERVICES

- ▶ Where is it more reasonable to keep your money – in a bank or at home ?
- ▶ What banks in Lithuania do you know ?
- ▶ Do you use any of the services provided by banks ? If so, what are they ?

Most of us find that the contents of our wages or salaries disappear pretty rapidly without our worrying too much about banks, building societies or other savings institutions. But even if we spend most of our cash right away, it is still worth thinking about saving some money.

There are at least four good reasons for opening a bank account.

1. A bank is a safe place to keep your money when you are not using it (you could lose it or someone could steal it).
2. The bank may help you save money. When the bank pays you *interest*, your savings grow.
3. If you have a checking account, you may pay your bills by cheque, which is convenient.
4. Having a bank account is like having a good reference. When you need to take out a *loan* or want to apply for a credit card, it shows your *financial status* and may help you get your application approved.

TYPES OF ACCOUNTS

All banks offer three basic types of accounts.

The Savings (Deposit) Account

If you want to save money and you do not need it right away, you should open a savings account.

The bank will pay you interest the amount of which may vary.

The Checking (Current) Account

If you want to keep some money handy for paying bills or personal expenses, you should consider opening a checking account. This type of account is a good choice for money you expect to need from day to day. You may *withdraw* your money at any time in person or by writing a cheque. The bank will not pay you interest on an account which is just a checking account.

The Combination Account

If you want to save some money but you also want to keep it handy to cover expenses, you should open a combination account. This type of account is part savings and part checking. Interest is usually paid on these accounts. It is minor than in savings account, however, the rate of interest may go up as the amount in the account goes up.

The Joint Account

One more type of account is the joint account. It is opened by two people. Either person may put money into it. One or both may have to sign when taking money out in person.

Service charges

A service charge is the fee you pay to buy a service provided by the bank. You pay either for each separate *transaction* or you may apply for a fixed monthly fee and use the services an unlimited number of times.



The bank's responsibilities

1. To provide information concerning names of accounts, rate of interest, service charges, a minimum monthly balance, your account number, the way of information (*a passbook* or a monthly *statement*), etc.
2. To give *updates* or changes to your account.

The bank keeps records of all changes or transactions that take place in your account.

Other services

- * special programs for children and seniors;
- * *term deposits*;
- * retirement savings and income plans;
- * safety deposit boxes;
- * travellers' cheques and cash in other currencies;
- * *money orders*;
- * bill payments;
- * loans and other credit programs.



ACTIVE VOCABULARY:

interest - money paid for the use of money;

loan - the lending of a sum of money to a person or business by other persons or business, which makes the profits from the interest, charged on loans;

financial status - the amount of money in your account;

withdraw - to take out the money from the bank account;

transaction - an action in a bank account. It may be a deposit, withdrawal, service charge or interest payment;

passbook - a book in which all the transactions in a bank account are noted. It also lists the transaction codes and the customer's responsibilities;

statement - a printed record of money paid, received, etc.

- updates** - the addition of the latest information in your account;
- term deposits** - a fixed period of time for which money is kept in the bank with higher interest;
- money order** - an official document that you can buy at the bank or the post office and send to somebody so that they can exchange it for money.

? QUESTIONS:

1. What are the reasons for opening a bank account ?
2. What types of accounts do you know ? Define each of them.
3. How are service charges paid ?
4. What are the bank's responsibilities towards the client ?
5. What other services are provided by the bank ?

Text A. TYPES OF BANKS

1. Commercial Banks

Commercial or retail banks are businesses that trade in money. They deal directly with the public. Such banks as **Barclays, Lloyds, Midland, and Nat West** in the UK receive and hold deposits, pay money according to customers' instructions, lend money, offer investment advice, exchange foreign currencies, and so on. They make a profit from the difference (known as a *spread* or a *margin*) between the interest rates they pay to lenders or *depositors* and those they charge to borrowers.

2. Investment Banks

Merchant banks raise funds for industry on the various financial markets, finance international trade, issue and *underwrite securities*, deal with *takeovers* and *mergers*, and issue government bonds. They also offer *stockbroking* and *portfolio management* services. These banks make their profits from the fees and *commissions* they charge for their services.

3. Central banks

A country's leading bank that acts as a banker to the government and the *banking system* and acts as the authority responsible for implementing the government's *monetary policy*. Central banks such as the Bank of England in the UK handle the government's financial accounts together

with the *Treasury* by taking receipts from taxation and the sales of government assets, and financing governmental institutions. Minimum interest rate is usually fixed by the central bank. The central bank acts as a lender to commercial banks (gives secured loans).

4. Universal banking

The distinction between commercial and investment banking has become less clear in recent years. *Deregulation* is leading to the creation of ‘financial supermarkets’: *conglomerates* combining the services previously offered by banks, stockbrokers, insurance companies, and so on.

(Abbreviated from ‘English for Business Studies’ by Ian MacKenzie)



Text B. THE ORIGIN OF THE BANK

Historically, the bank has grown out of basic community needs. At one time these needs were met by *goldsmiths*, with whom people would leave their gold and other valuables for safe-keeping. Gradually, these *trustees* realized that the quantity of gold, etc., left with them could be lent to others for short periods at a profit. Depositors came to realize that the *receipt* given by a reputable goldsmith was becoming as good as the gold itself and that a debt to another person could be satisfied merely by handing over the receipt. Loans began to be issued in the form of receipts, and hence we have the emergence of the modern banking system.



UNIT 12



LEADERSHIP

- ▶ What do you think makes a good manager ?
- ▶ What is management - an art or a science ? An instinct or a set of skills to be learnt ?
- ▶ Would you like to be a manager(-ess) of some company or department ? Why ?

Leadership is one aspect of management. Good managers often have some of the characteristics of good leaders.

Some theories of leadership put forward the idea that good leaders are **born**, not made. Their suggestion is that to be a good leader, you have to have certain natural characteristics and, if you do not, then you will never be an effective leader. These theories are known as TRAIT THEORIES. Some of the desired traits are these:

Intellect - leaders need to have above average intellect, but people who are geniuses do not make good leaders. They are too eccentric and too *introverted*.

Initiative – leaders need to display initiative, inventiveness and to be independent.

Confidence – leaders need to be confident and decisive. They need to appear calm and controlled, even if they do not feel so!

Physical characteristics – leaders should be in good health and physically *striking*. i.e. above average height, or unusually short.

Drive – leaders need to display enthusiasm and boundless energy. In appropriate situations, they need to show courage and determination.

Social status – leaders are normally from the higher socio-economic levels of society and they are comfortable in all sorts of social situations.

Trait theories are criticised because they are too general and that it is impossible for one person to have all of the desired traits.

STYLE THEORIES claim that if a leader adopts a certain appropriate style then subordinates will work a lot harder, and tasks will be carried out in the best manner. Three leadership styles are usually compared and discussed. These are:

Authoritarian: in its most extreme form, the leader will attempt to make all the decisions, both for achieving the task and for controlling the group. There is little or no consultation and all power lies with the leader.

Democratic: here, the power and decision making tend to be shared amongst the group, wherever possible. There is much more communication between group members. This style increases workers' satisfaction and reduces conflicts within the group. However, decision making is a slower process and so it does not suit certain, urgent tasks.

Laissez-faire: the leader ignores responsibility and lets his subordinates get on with whatever tasks they consider to be necessary or appropriate. The role of the leader becomes minimal, *output* is average to low and there is a high level of *discontent* and conflict.

There is no perfect leadership style that is applicable in all situations. One must consider the type of the workforce and the tasks they must fulfil.

CONTINGENCY THEORIES take note of *variables* that can influence the leader. Contingency theorists (Fiedler) consider the most important variables to be:

- the task itself;
- the characteristics of the work group;
- the interaction between the leader and the group.

Fiedler was especially interested in the interaction between leader and group and the nature of the task to be completed. He felt that it was these variables that dictated the best possible leadership approach.

The jigsaw approach to leadership – four influencing factors:

Some leaders are very fixed in their characters and incapable of change. This would mean that they would find it very difficult to alter their leadership style.

Talking about the workforce, the type and abilities of the work group are also important. A democratic style cannot be adopted when the work group is of low intelligence and with little initiative. In the same way, highly skilled and able people may not take well to a very authoritarian style. The size of the work group is a *telling* variable, too.

Tasks should be as simple as possible to make leadership more effective. Tasks should be clearly defined, and the time given to complete the task is also a deciding factor.

The external environment *embraces* the position of the leader in the organisation, and the power and influence enjoyed by him. The working methods, the structure of the company, and traditions make the last set of factors affecting leadership success.





THE FUNCTIONS OF A LEADER

Responsibilities of the leader to the individual group member:

- to protect the individual from responsibility and from accountability;
- to inspire the individual by personal example and by praise, reward or punishment;
- to set attainable challenges, to improve the career prospects of the individual.

Responsibilities of the leader to the group:

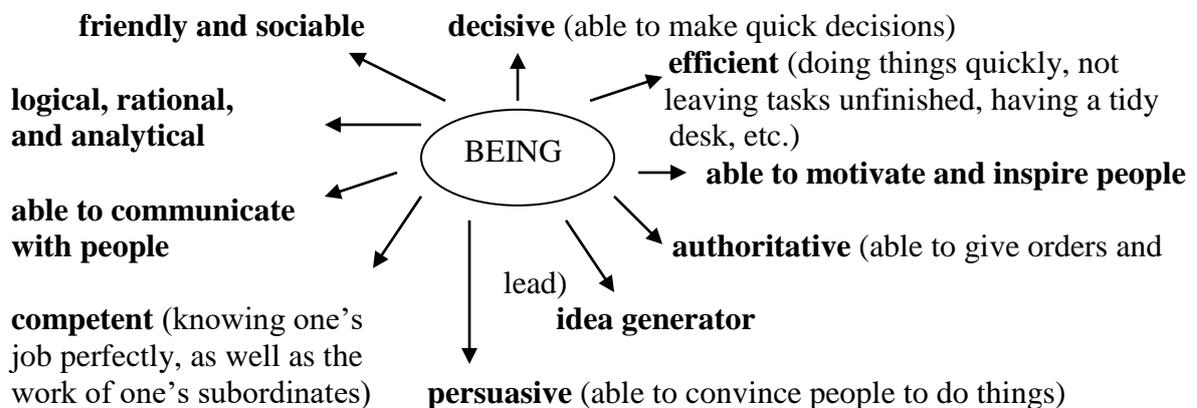
- to make decisions relating to the structure and working procedures of the group;
- to act as a referee in matters of disagreement and uncertainty;
- to ensure that the group is heading in the required direction;
- to maintain and to promote relationships with external contacts that might be useful to the group.

Responsibilities of the leader to the task:

- to set the objectives of the group, both general and specific;
- to conduct the necessary planning to achieve the objectives;
- to assess what information is necessary in order to complete the task;
- to control the progress to completion of the task.

(From 'A Student's Guide to Business Studies' by I. Dorton and A. Smith, 1992)

QUALITIES OF A GOOD MANAGER





ACTIVE VOCABULARY:

- introverted** – more interested in one’s own thoughts and feelings than in spending time with other people;
- striking** - interesting, attractive or unusual enough to attract attention;
- output** - the amount of sth that a person, a machine or an organisation produces;
- discontent** - a feeling of being unhappy because you are not satisfied with a particular situation;
- variables** - situations, numbers or quantities that can vary or be varied;
- telling** - having a strong or important effect; effective;
- embrace** - to include.



QUESTIONS:

1. What are the main theories of leadership ?
2. What leadership styles exist in the business world ?
3. What factors influence the jigsaw approach to leadership ?
4. Do you know the functions of a leader ?
5. What qualities make a good manager ?



Text A. DISCRIMINATION

What is discrimination ? A dictionary definition is: ‘behaviour for or against a person or situation. It is not only that you think about a person a certain way, but that you *help* or *hurt* a person because they are similar or different than you.’

Since there are so many different countries, religions, and cultures in the world, there are also many people who suffer from discrimination. Traditionally, the most conventional types of discrimination were the ones against race, colour, and religion. Now the common groups discriminated against are:

- Disabled people (with physical, mental or emotional limitation),
- Women/Men – discrimination against sex,
- Old/Young people – discrimination against age,

- Members of minority groups (ethnic minorities; gays and lesbians),
- People with different religious beliefs,
- People sick with AIDS or other illnesses,
- Mothers with small children,
- Ex-prisoners.

Discrimination happens not only in the community but also at work. This is particularly important when applying for a job. You are lucky if your future employer is not a discriminator of some type.



Text B. WELLNESS PROGRAMMES

Wellness programmes are a tool an employer can use to help employees remain healthy and happy. *Wellness* is a ‘freely chosen life-style that achieves and maintains an individual’s good health’. Employees are a company’s greatest *asset* so investing in employees can have many positive effects. Healthy employees *contribute* to the company with higher productivity, alertness, creativity, and lower *absenteeism*. Promoting these goals now will save your business money in the future.

Some common wellness programs offered by American employers are:

<i>Quit smoking/drinking programs</i>	<i>Stress management</i>
<i>Nutrition education</i>	<i>Blood pressure checks</i>
<i>Fitness programs</i>	<i>Weight control</i>

Over time the programs will give many benefits to the company and the people working there (lower medical costs, higher productivity, greater strength and endurance, fewer losses due to accidents, stress reduction, etc.). Job stress is pressure that an employee might feel while doing the job. Sometimes a bit of stress can keep a person’s productivity up and keep him *challenged*, but if it becomes too much, productivity will *crash* and problems like alcoholism, *drug abuse*, absenteeism, and *turnover* can occur. Stress is caused by the work environment, management, lack of or too much feedback, and other things.



UNIT 13



NONVERBAL COMMUNICATION

- ▶ What is communication ?
- ▶ When do you use the body language ?
- ▶ What ways of passing information do you know ?

Experts claim that only thirty percent of the communication people do is **verbal**, that is, using words. The other sixty-five percent is called **nonverbal** communication, which is implemented through facial expressions, gestures, eye contact, touch, etc. and space to give meanings to messages. Most often nonverbal communication is done subconsciously – people are unaware they are doing it. The subject of nonverbal communication is divided into the body language and the use of space.

THE BODY LANGUAGE

The body is a powerful communication device.

The most often watched part of the human body is **the face**. Sayings such as, ‘I can read her face like an open book’ or ‘His face told the whole story’, tell us how important the face is when conveying the meaning. The face has an ever-changing variety of expressions. It is the primary way of expressing feelings and emotions, and it reveals information about our personalities, too. Faces may express fear, anger, happiness, surprise, disgust or sadness. Sometimes facial expressions may be misleading. A person may have a smile on his face and be angry at the same time. Thus, the Chinese proverb says, ‘*Be wary of the person whose belly does not move when he laughs*’. People who laugh sincerely will show this with their entire bodies, not just their faces.

Another way of concealing true feelings is having a ‘poker face’. This concerns a person who can deliberately control the expression on his face, like a good poker player.

The eyes are the best and most reliable indicator of a person’s true feelings, as far as it is almost impossible to control them. People have to be very careful about when and how much to use eye contact. In public and in the presence of strangers, people are expected to look at the others only long enough to indicate that they are aware of the other person’s presence. If a person does not look long enough, he or she is thought to be *conceited*. However, if a person looks too long, he or she may be considered *nosy* or rude.

The gestures are very expressive tools for sending nonverbal messages. Most gestures are made without being aware of them. A person under stress may perfectly control his or her face, yet hands, arms, and legs uncontrollably reveal his or her emotional state.

Some common gestures have certain meanings. For example:

ankles locked – a person is anxious and tense;

rubbing the ear, eye or side of the face – shows doubt about what is being said;

arms folded high across the chest – defensive, closed mind;

tapping one's fingers – is bored and impatient;

hands locked behind head – feeling relaxed and assured;

rubbing hands together – anticipating something good is going to happen.



We should keep in mind that the context could change the meanings of gestures totally.

Posture is the position of the body and can be a very effective communication device. In addition to mood, a person's posture can provide revealing information about personality and attitude towards others. A person with *slouchy* posture is probably a meek, submissive, follower-type of personality. A person with erect posture gives the impression of being a strong, leader type.

Attitude toward others is reflected by the relative position of the body. A group of friends at a party will stand in a *circle* (i.e. 'outsiders are not welcome'). Two people stand or sit *face-to-face* when they want a serious conversation. They stand or sit *side-by-side* when they are doing something that does not require interaction (e.g. watching television).

Touch is a form of nonverbal expression used widely in our lives. Mothers touch (by patting, kissing, embracing or nursing) their children to reassure them and show affection. Some people remain '*touchers*' all of their lives. Others are offended in certain situations when they are touched.

The handshake is the most commonly used touch in our society. It says to the other person, 'Welcome, I accept you.' Usually, people expect a handshake to be firm. If it is too weak, the person shaking your hand may have a *wishy-washy* personality. If it is too strong, it may irritate you. To show friendliness, the *two-handed* shake is used.

People should be very *selective* with such forms of touching as patting a person's arm, knee or shoulder, especially with members of the opposite sex. Touching can be a very effective means of

expressing warmth and concern for others. However, it must be used at the right time and place to be appropriate.

Dress and grooming standards have been changing over the years. Nevertheless, people are still judged by their appearance. Neatness, cleanliness, good *grooming*, and appropriate clothing are still appreciated. Proper clothes directly affect a person's self-image and the impression he or she gives to others. A clean shaven face (or neatly trimmed beard or moustache) is a must for men, and well-groomed hair is essential for all.

SPACE

People feel uncomfortable when stranger approaches too close because each of us has got a private zone of space – a 'space bubble'- which we do not want to be interfered. If a person violates another's zone of privacy, that person will become *withdrawn* and defensive.

There are four specific **space zones** in which people function in their lives:



intimate, reserved for members of the family and other loved ones;

personal (two to four feet – at arm's length), used when talking to someone in the street or at a party;

social (four to twelve feet), in this zone, people normally work and have social contact;

public (more than twelve feet), there is no personal contact with others in this zone. It is used by teachers, politicians, speakers, actors, etc. At this distance, nonverbal communication of all kinds becomes especially important.

A considerable amount of communicating is done with the use of the body and space to pass messages and interpret emotions. Nonverbal communication may be of great help when reinforcing verbal messages and the rules of it cannot be ignored.



ACTIVE VOCABULARY:

- conceited** - showing excessive pride in oneself or in one's powers, abilities, etc.;
- nosy**- showing great interest and curiosity in other people's affairs;
- slouchy** - standing, sitting or moving in a lazy way, often with one's shoulders and head bent forward;

- toucher** - a person easily upset or offended; the one who expects comfort and sympathy from others when dealing with problems;
- wishy-washy** - weak in character; not having clear or firm ideas or beliefs;
- two-handed** - a shake when the right hand grasps the other person's right hand while the left is placed on the wrist;
- selective** - being careful about what or who you choose;
- grooming** - the things that you do to keep your clothes and hair clean and neat;
- withdrawn** - not wanting to talk to other people; extremely quiet and shy.

? QUESTIONS:

1. How is the subject of nonverbal communication divided ?
2. What communication devices does the body language contain ?
3. What can the face tell you ?
4. What two problems may mislead you to perceive information correctly ?
5. How should the eyes be used in communication ?
6. What can you say about a person from his posture ?
7. Why should the handshake be firm ?
8. Why are dress and grooming very important in the business world ?
9. Under what circumstances does a person become withdrawn and defensive ?
10. What are the space zones people function in during their lives ?

Text A. COMMUNICATING BY TELEPHONE

The use of high technology has greatly changed and improved verbal communication. New techniques involving computers, microcomputers, satellites, and fibre optics have revolutionized communication by voice and the written word. The telephone is probably the most used verbal communication tool in industry, and its use will increase. But the effectiveness of the telephone still depends on the human element. The keys to good telephone use are common courtesy and planning. They apply to calls made or received. Courtesy involves a friendly voice and having a pleasant,

‘How can I help you?’ manner. It means never showing impatience or annoyance, or ‘losing your cool’. Planning involves thinking in advance about what is to be accomplished when making or receiving a call.

Here are the main points to consider:

- Be prompt in answering the telephone.
- Avoid being misunderstood – speak directly into the mouthpiece and pronounce words and numbers distinctly.
- Immediately identify the company, your department or section, and yourself.
- Have a pen and pad available beside the telephone at all times. Do not depend on memory. Write down the essential information resulting from the call.
- Keep the caller informed. For example, say, ‘Please, hold the line. I’ll put you through,’ or ‘I’ll check the diary,’ etc.
- Limit the hold time to no more than two or three minutes. If more time is needed, ask for the caller’s number, state the reason for the delay, and call back as soon as possible.
- Remain calm. If the caller has a complaint, let him or her ‘blow off steam’ while listening, taking notes, and assessing the problem. Explain the company’s position calmly and courteously.
- If the person wanted is not in, offer to take a message for him.
- Be brief, courteous, and businesslike.
- Consult the telephone directory for information about long-distance calls, regular charges, reduced rates, etc.
- Before placing a call, establish an objective, think over the main points to be considered, and decide on the timing.

Telephone companies offer a variety of features and services, like *automatic telephone answering*, *memory dialing*, *repeat dialing*, *call waiting*, *call forwarding*, *teleconferencing*, and *computer interfacing*. *Mobile* or *satellite (cellular)* phones also offer a variety of services. Our existence in the modern world has become incredible without a telephone.



Text B. COMMUNICATING BY COMPUTER

Computer technology (with its three major technological developments, *microprocessor chips*, communication satellites, and *fibre optics*) has had a tremendous influence on the modern world's development. The role of the computer has become increasingly important as in economical, political, so in the business world and in private lives as well.

By using computer, communication may be done in different ways:

Computers communicate with other computers.

Computer interface. Through a device called a *modem*, one computer can communicate with another one over telephone lines and through the airwaves.

Computers communicate with machines. In many industries, computers give orders to machines, often, no human operator is needed.

Computers communicate with humans. As far as computers are becoming more and more *user friendly*, a person can communicate with some of them by voice. At supermarkets, it is quite common to hear the computer talk back – cash registers call out the price of each item as it is checked.

Applications

Word processor – the computer places what is typed in memory and allows editing and correcting in any manner desired. The document may be scanned, printed out, saved on a hard or floppy disk, a MD, a MP3 or a CD.

Computer-controlled data – a lot of companies monitor details such as material and parts *inventories* by direct entry into a computer terminal. For example, a machinist working in a plant enters into the computer the number of parts he or she manufactures a day. The computer automatically records this information and prints out a form, which shows the number of parts left in inventory.

Computer-aided design - an engineer enters the design specifications into the computer, the latter designs the part, computes the necessary specifications, and produces a working *blueprint* of the part.

Data base systems – a company computerizes virtually all of the information needed to operate the company that is called a *data base*. It may contain data concerning sales, parts being produced, inventory levels, stock levels, design, etc. Since everyone is using the same base of information, coordination of work is greatly improved. It also eliminates *duplication* of effort.

Computer conferencing systems – this application is similar to *teleconferencing* except that computers are used as the communicating device and the people involved need not be present.

Electronic mailbox – exchanging messages via computers is very convenient because it is fast and effective, it enables to get lots of information in a few seconds. You may also correspond with several respondents at the same time.

Many companies have now computerized their business procedures because computers can do the work much more quickly and accurately than people.



UNIT 14



HOW TO MAKE A GOOD PRESENTATION

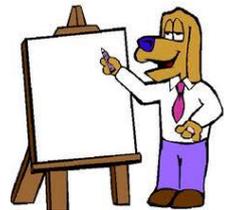
- ▶ What is a good orator ?
- ▶ How do you feel when talking in public ?
- ▶ Are presentation skills important in social and professional activities ?

Giving an effective presentation involves more than just standing in front of a group of people and speaking. Everything you do will make a difference, from what you say to how you say it, from what you do with your hands to what you do with your eyes.

Speaking in public can be very frightening. There are several ways to overcome nervousness when speaking to an audience. Looking directly above the heads of the people in the back row can help you avoid making direct eye contact, which can throw off your *concentration*. Also, by imagining your audience in their underwear can help make them less *intimidating*. The more you speak in public the easier it will become.

Below are some tips on giving a presentation. (You may arrange them in sequence you think is most appropriate.)

1. Maintain eye contact with the people you are talking to.
2. Clearly signal the structure of your talk during the introduction.
3. Select and put your materials in order before the presentation starts.
4. Use the right body language to get your message across.
5. Dress appropriately.
6. Handle difficult questions politely and diplomatically.
7. Establish a positive relationship with your audience as quickly as possible.
8. Use interesting facts and figures/statistics to keep interest.
9. Take a few deep breaths before you start, to help you overcome your initial nervousness.
10. Use your voice effectively and appropriately.
11. Make sure your visual aids are clear and easy to follow.
12. Pay attention to audience's needs.
13. Design and position your notes so that you can refer to them easily at all times.
14. Pace yourself.
15. Be confident.



ACTIVE VOCABULARY:

concentration – close or complete attention;

intimidate - to make sb fearful enough to do what one wants;

visual aid - (an apparatus for showing) any object that can be looked at, such as a picture, map, photograph, film or transparency, used for helping people to learn, remember, understand, etc.

pace - to set the speed or rate of movement for.

? QUESTIONS:

1. What means of communication are important when talking in public ?
2. What are the ways to overcome nervousness of public speaking ?
3. What pieces of advice can you give to someone to make an effective presentation ?

Text A. HOW TO START AND WHAT TO SAY

Greetings

Welcome to our company.

I'd like to thank you for coming.

I'm grateful for the opportunity to present...

It's my pleasant duty today to...

I'm glad you could all get here. (*informal*)

Let's get started, shall we ? (*informal*)

Introducing a Subject

The subject of my presentation is...

I shall be speaking today about...

Today's topic is...

Setting Time Limits

I shall be speaking for about ten minutes.

I won't take up more than ten minutes of your time.

I know that time is short, so I intend to keep this brief.

Selling the Presentation

I'm going to speak about something that is vitally important to all of us.

My presentation will help solve the problem/ will provide more information on/ will clarify the situation concerning...

Dealing with Questions

If you have any questions, it will be my pleasure to answer them.

I'll be pleased to answer any questions you may have at the end of the presentation.

Please can you save your questions till the end.

You are welcome to ask questions at any time.

That's a tricky question.

I'm afraid there's no easy answer to that one.

Yes, that's a very good point.

Going into Detail

Let's focus on one aspect of this.

Let's go into this in more detail.
Upon closer examination/ investigation we can see...
Getting down to the nuts-and-bolts of the thing...

Generalization

Broadly/ generally speaking,...
In general... On the whole... Overall... As a rule of thumb...
It is generally accepted that...
Usually/ often/ frequently it is the case that...

Providing a Framework

I've divided my talk into five parts:...
First I'm going to talk on...next... after that... finally...
Firstly,... secondly,... thirdly,...
We have to take into account the following considerations/ facts/ data...

Introducing a Point

The most important point to make is...
It must also be remembered that...
We mustn't forget that...
This brings me/ us ...

Ending a Point

That is all I want to say about this point...
This concludes what I wanted to say about...
That wraps up that point/ the topic...
To conclude this point then,...

Examples

A good example of this is...
To illustrate this,...
We can demonstrate/ show this by...
This can be seen in the following illustration.

Going back to an Earlier Point

As I said earlier/ before,...
In my introduction I said ...
You may have noticed that...
I mentioned earlier that...

Introducing Overhead Pictures and Wall Charts

This point can be made more clearly in visual form.
I have prepared an overhead to illustrate this.
Let's have a look at this transparency...
We can see on this overhead that...
The figures in red indicate/ show/ stand for...

Various Apologies

I'm sorry to have gone on for so long.
I'm sorry if my English is a little difficult to understand.

I'm sorry if this is too simple for some of you.
Excuse my English, please.

Summarizing

To summarize, ...
Thus we can see ...
I've attempted to explain here that ...
So, to sum up: ...

Closing

Finally ...
I hope I have made myself understood.
I hope you have found this useful/ interesting ...
That was all I had to say on ...
If there are any questions, I'd be delighted to ...
Thank you for your attention ...
You have been a very attentive audience – thank you.
I'm afraid that the clock is against us, so we had better stop here.

Text B. HOW TO HANDLE DISASTERS

Disasters at presentations may happen to any presenter, even an experienced one.

What do you do when the *flip chart* falls over, when there is a *blackout* or the computer program breaks down? It is not the disaster itself that could damage your presentation but your reaction to it: your *confusion*, helplessness or shame.

The best way of handling minor catastrophes is a joke or a witty quotation. You may quote Murphy's Law: 'If anything can go wrong, it will.' If you are searching for an OHP transparency that has mysteriously disappeared, you may quote the first *amendments* to the above law: 'Nothing is as easy as it looks' or 'Everything takes longer than you think.'

In the rare *event* of a chain of disasters, let's suppose the flip chart falls over and the table collapses so that coffee is spilled over the director's jacket, you will win the audience over to your side with: 'Left to themselves things tend to go from bad to worse'.

The real catastrophe is when you can see them yawning or hear their impatient *snuffles* and *shuffles*. There is not much you can do. Sometimes it is a good idea to start a question period before you begin the next part.



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