

## STORE BRANDS

## Before you read

Do you buy store brands (ones owned by the chain store selling them) when food shopping? Why? / Why not?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●○

## Real chief says own brand is the way ahead

by Gerrit Wiesmann in Neuss, Germany

Joël Saveuse walks across the Real hypermarket in northern Germany in search of 'those little biscuits'. Moving from toys to the freezer section, the 55-year-old, who runs the country's biggest food retailer, finds what he is looking for in aisle 45. 'This is my favourite product,' Mr Saveuse says, holding a packet of chocolate-filled Mini Double Biscuits. 'Look, here's a simple picture of the contents,' he says as his finger moves across the packaging, 'and top left is the "Real Quality" logo.'

Together with a handful of rivals, the Frenchman is starting a small revolution in Germany by replacing its different in-house brands with a single own brand that links the retailer with a product range. The aim is to raise in-house brand sales from 15 per cent up to 25 per cent of food sales in two to three years' time. Mr Saveuse says that customers get top quality for at least 15 per cent less than they would pay for a name brand – and

Real gets a better profit margin.

Such logic has seen Real's foreign rivals push true own-brand lines for decades. Real reckons up to 60 per cent of Tesco's UK sales come from its three Tesco brands, and Carrefour is aiming for a 30-per-cent quota, up from 25 per cent now.

After working on the concept for the last year, Real introduced 850 Real Quality items this September – coincidental but 'absolutely perfect timing' for the economic downturn that followed the banking crisis, the Real head says. Although Mr Saveuse says that shopping habits at Real have not yet been affected by economic woes, he stresses that next year could see shoppers buying more own brands as they look for more value for money. 'Crisis doesn't just bring disadvantages,' he says.

Given the power of own brands in good times and bad, it is surprising that German retailers only launched distinctive lines

last year. The cause lies with Germany's powerful discounters. Aldi and Lidl have in the past generation helped corner 40 per cent of the food retail market – as against 6 per cent in the UK – by selling little else than a small range of own brands, a move copied by Real, with, say, its low-cost 'Tip' range.

'But we're internationalising now,' Mr Saveuse says. 'In Poland and Turkey, we're competing against Carrefour and Tesco, in Russia and Romania against Carrefour – that has forced us to focus on true own-brand as a way of building our presence.' Strengthening the Real brand is key to reviving the chain. A format held back by discounters, Mr Saveuse reckons the German hypermarket has a future. He should know. Until 2005, he was second-in-command at hypermarket pioneer Carrefour.

1 Look through the whole article to find the following information about Joël Saveuse.

- a) His nationality
- b) His age
- c) His job
- d) The organisation that he worked for before

2 What two phrases are used in paragraph 2 for a brand owned by the store selling it?

3 Use information from the first three paragraphs to complete the table. If the information is not given, write *not given*.

	Real	Tesco (UK)	Carrefour
Percentage of own-brand food products now			
Company's objective for percentage of its own-brand food products in its shops in 2-3 years from now			
Typical price of a store-brand product as a percentage of the price of a name brand for the same type of product			

4 Match the words to make expressions from paragraphs 4 and 5.

- |            |                |
|------------|----------------|
| 1 banking  | a) downturn    |
| 2 economic | b) habits      |
| 3 perfect  | c) timing      |
| 4 shopping | d) discounters |
| 5 economic | e) crisis      |
| 6 powerful | f) woes        |

5 Match the expressions in Exercise 4 to their meanings.

- i) retail organisations that sell cheap products and have a lot of influence on the market
- ii) where, when, how, etc. people usually buy things
- iii) when financial institutions were in extreme difficulty
- iv) when the time to do something is just right
- v) when sales, profits, etc. go down
- vi) when the economy is in difficulties

6 Why have own brands not been as important in Germany as elsewhere? (paragraph 5)

**Over to you 1**

In your experience, are own brands less good than name brands for these products?

- food
- cleaning products
- over the counter medicines (e.g. aspirin)

**Over to you 2**

Do name brands have a future in the face of store brands in your country? Why? / Why not?

## BRAND LOYALTY IN CHINA

## Before you read

Are you loyal to particular brands? Or are brands not important to you?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ○○○

## Chinese shoppers focus more on prices

by Patti Waldmeir in Shanghai

Chinese consumers are becoming more price-conscious, less brand-loyal and generally harder to please, according to a McKinsey survey that suggests competitive pressures are increasing in the Chinese consumer goods market. The report comes at a time when many multinational companies are counting on strong Chinese domestic demand to make up for global economic weakness.

Last month, retail sales in China grew by 23 per cent year-on-year, and consumer activity remains 'buoyant', despite signs of a slowdown in sales of some items such as cars, says Jing Ulrich of JP Morgan Securities. But consumer-goods companies will have to work harder to satisfy 'increasingly sophisticated' Chinese consumers, the report says. 'This is not an easy market,' says Max Magni of McKinsey in Shanghai, one of the authors.

'China is still a gold mine, but now there are thousands and thousands of miners that have discovered it.'

The conventional wisdom that Chinese consumers are more brand-driven than shoppers in more developed markets remains true. 'But the importance of brands, and brand loyalty specifically, is falling as the choices facing consumers multiply,' the report said. Chinese shoppers are markedly more value conscious than last year, and loyalty to particular brands is declining: the proportion of consumers who said they would continue to buy their existing food and beverage brand has halved.

But the weakening of brand loyalty could be good news for foreign companies, the report says, because shoppers are less nationalistic in choosing a brand: a small majority of those surveyed

showed no clear preference for brand origin. And premium brands could also benefit from a willingness to pay more for high-end products. The top 15 per cent of consumers will pay 60 per cent more for high-end consumer electronics and 300 per cent more for some personal care products.

If the trend continues, 'it will lead to the kind of polarised consumption patterns familiar in the West', between 'no-frills' goods and high-end products, the report says. Companies should compete at one or both ends of the market but avoid being stuck in the middle, it advises. Companies needed to differentiate more between regions too, the report says, noting that the traditional marketing strategy of classifying consumers by the size of the city they live in may no longer work.

1 Read paragraphs 1 and 2 and decide if these statements are true or false.

- a) Competition in the Chinese consumer-goods market is weakening.
- b) Multinationals are relying on sales in China to make up for lower sales elsewhere.
- c) Sales of consumer goods in China are increasing for all types of product.
- d) Max Magni compares China to a gold mine.
- e) He says that sellers of consumer goods in China will find it easier to make money in the future.

2 Find expressions from paragraphs 3 and 4 that mean the following.

- a) generally accepted ideas
- b) influenced by brands
- c) when someone buys the same brand each time
- d) aware of value for money
- e) putting one's country first
- f) the most expensive and prestigious
- g) top-of-the-range

3 Complete the definitions of the expressions in *italics* from paragraphs 4 and 5 by choosing the correct alternative.

- a) The *origin* (line 54) of a brand is ...
  - i) who buys it.
  - ii) where it comes from.
  - iii) who sells it.
- b) An example of *consumer electronics* (lines 59–60) is ...
  - i) TV sets.
  - ii) furniture.
  - iii) household goods.
- c) An example of a *personal care product* (line 61) is ...
  - i) washing powder.
  - ii) clothing.
  - iii) cosmetics.
- d) If a situation is *polarised* (line 63), it has ...
  - i) no extremes.
  - ii) two extremes.
  - iii) three extremes.
- e) *No-frills* (line 65) products ...
  - i) have lots of special features.
  - ii) are basic and cost less.
  - iii) cost more than other products.
- f) If a company is *stuck in the middle* (lines 69–70), it ...
  - i) makes lots of money from the mid-market.
  - ii) can't move to more profitable areas.
  - iii) doesn't serve any part of the market very well.
- g) If a company *differentiates* (line 71) between different regions, it ...
  - i) treats them differently.
  - ii) treats them the same.
  - iii) treats them indifferently.

4 Items a)–e) are short summaries of the paragraphs in the article. Put the summaries in the correct order.

- a) High demand, but consumers more sophisticated and competition very strong
- b) Trends for the future in two areas
- c) Main findings of a McKinsey report on brand loyalty in China
- d) Brand loyalty falling, but good outlook for expensive brands
- e) Brand loyalty falling and consumers more price-conscious

#### Over to you 1

What are the current consumer trends in your country? Are consumers becoming more price-conscious, or is brand loyalty more important?

#### Over to you 2

Describe some of the regional differences in consumer tastes and behaviour in your country.

## BUILDING HOTELS FAST

## Before you read

Would you stay in a hotel made of modified shipping containers?  
Why? /Why not?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●●

## Hotel changes the landscape of building

by Robert Cookson

The biggest hotel to be constructed from shipping containers opens in London this week. Travelodge, the budget hotel chain, imported the containers from China – complete with bathrooms, plastering and air conditioning units – then stacked them into a 300-room hotel near Heathrow in just three weeks. The steel modules are made by Verbus Systems, a London-based company that designs, manufactures and supplies what it calls a 'Lego kit' for developers.

'Our proposition is absolutely unique,' Paul Rollett, director of Verbus, says. Verbus supplies oversized shipping containers – as much as five metres wide – that are strong enough to build high-rise buildings anywhere in the world. It has provided a developer in Liverpool with two modules that came fully finished, with pillows on the beds.

For medium-sized hotels – those with more than 200 rooms and six storeys – Verbus claims

its modules are up to 20 per cent cheaper and 50 per cent faster than traditional building systems. 'It cannot be beaten,' says Mr Rollett. The Heathrow Travelodge took 58 weeks from start to finish – 16 weeks faster than a conventional build would have been. During one evening, an entire floor of 60 rooms was lifted into place in three hours.

Travelodge plans to expand aggressively over the next decade and expects to use containers in many of its larger hotels. The containers can be stacked 17 storeys high without the need for additional support. They can also be recycled. 'We could unbolt this building, take it down, refurbish the rooms and move it to Sydney,' Mr Rollett says.

It remains to be seen whether developers will break with convention and adopt steel modules over bricks, concrete and timber en masse. But Mr Rollett argues that containers are

the most reliable option, as well as the cheapest, especially in extreme environments.

He cites Canada, where construction must be rapid because of permafrost; west Africa, 'where you can't build timber-frame hotels because the termites eat them'; and the United Arab Emirates, where cities are springing up in the desert.

The future imagined by Mr Rollett, with buildings worldwide made from identical metal blocks, would require a profound shake-up of the established order and, in its most extreme form, would cause nightmares for traditional builders and architects. But as Mr Rollett says, industrialisation is a powerful force. 'If Henry Ford in 1903 had started making houses and not cars, the world would be a completely different place. I just can't understand why buildings aren't made in factories.'

1 Look through the first four paragraphs and match the figures to the things that they refer to.

- |   |     |   |
|---|-----|---|
| 1 | 3   | a) the number of rooms in a new Travelodge near Heathrow                                |
| 2 | 5   | b) the number of weeks saved on building the Heathrow Travelodge                        |
| 3 | 16  | c) the number of storeys that can be built without additional support using the system  |
| 4 | 17  | d) the width in metres of some shipping containers                                      |
| 5 | 20  | e) the percentage by which Verbus's buildings can be built faster than others           |
| 6 | 50  | f) the number of weeks it took to stack the containers to build the Heathrow Travelodge |
| 7 | 60  | g) the percentage by which Verbus's building system is cheaper than others              |
| 8 | 300 | h) the number of rooms on one hotel floor that was lifted into place in one evening     |

2 Find the answers to these questions in paragraphs 1 and 2.

- Where are the containers made?
- What do they come with?
- Is there another supplier for this system?
- Are there limits as to where it can be used?
- Can they be delivered fully finished and equipped?

3 Give the infinitive form of verbs in paragraphs 4 and 5 that mean the following.

- start using
- make bigger
- take from one place to another
- use again
- improve something to its original state
- pile one on another
- take apart

4 Find expressions in paragraphs 5 and 6 to complete these statements.

- Places where the climate is very hot or cold have .....
- If you start to doing something in a new way, you .....
- If people or organisations start doing something in large numbers, they do it .....
- The best way of doing something is .....
- If houses or towns start to be built quickly in a place where there were none before, they ..... there.
- If it's too early to say definitely if something will happen, you can say .....

5 Find the answers to these questions in paragraphs 6 and 7. Start your answers with *Because* ...

- Why must buildings go up very quickly in Canada?
- Why are wood-frame buildings unsuitable for Africa?
- Why is Verbus suitable for the United Arab Emirates?
- Why will it not be easy to change traditional building methods around the world?
- Why is Paul Rollett optimistic about his vision of the future?

### Over to you 1

'If Henry Ford in 1903 had started making houses and not cars, the world would be a completely different place. I just can't understand why buildings aren't made in factories.' Do you agree? Why? / Why not?

### Over to you 2

Go back to the answer you gave in Before you read on page 118. Would it still be the same? Why? / Why not?

## VIDEOCONFERENCING

## Before you read

Do you consider the environmental effects of travel when planning:

- a) business trips?
- b) private trips and holidays?

Why? / Why not?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ● ● ●

## Reluctant users slow to take up videoconferencing

by Danny Bradbury

The public relations executive was enthusiastic on the phone. The IT company he represented had started installing green data centres and energy-efficient computers. Would I like to fly to California to see for myself? That would be a 2,500-mile round trip from my home in midwestern Canada. According to the online calculator from Terapass, the trip would release 1,132 pounds (about 500 kilos) of CO<sub>2</sub> into the atmosphere. 'If you're really into green technology, couldn't we do a videoconference instead?' I asked. 'Sure,' said the PR person. 'We are totally into green issues.' He promised to arrange it. Months later, nothing had happened.

The high-tech industry is quick to praise the benefits of flexible communication, but videoconferencing is one area where things have failed to live up

to the hype. 'Videoconferencing has not significantly displaced travel,' says Frank Modruson, CIO for global technology consulting firm Accenture. As the IT sector continues to push its green values, this mismatch between rhetoric and reality is becoming harder to ignore. So why are relatively few people using videoconferencing?

Andrew Davis, managing partner at online collaboration market research firm Wainhouse, says the technology is let down by usability. For many people, videoconferences are just too difficult to set up. This is why Nortel is emphasising the services side. 'The barrier isn't the technology. It's the services around that technology,' says Dean Fernandes, the company's General Manager of Network Services.

Nortel is one of several companies getting into a relatively new segment of the videoconferencing market called telepresence. Specially equipped rooms enable people to appear as if they are sitting across the table, with life-size video representations of remote colleagues in high-definition video. Customers pay to use Nortel's facilities, which can also handle video filming, enabling the room to double as a production facility for corporate TV, for example. Nortel will also handle post-production tasks such as editing. Accenture, on the other hand, opted for the capital investment route. Mr Modruson said it is installing telepresence systems, creating rooms in Chicago and Frankfurt, and hopes to roll out another 11 cities in the next few months.

1. Look through the whole article and match the people to their jobs.

- |                                  |  |
|----------------------------------|--|
| 1 the writer of the article      | a) Chief Information Officer, Accenture            |
| 2 the public relations executive | b) a partner at Wainhouse, a market research firm  |
| 3 Frank Modruson                 | c) a journalist interested in environmental issues |
| 4 Andrew Davis                   | d) someone representing an IT firm                 |

2. Choose the best summary of the first paragraph, a or b.

- a) An IT company said it was developing environmentally friendly services. The writer asked its public relations representatives to organise a videoconference in order to talk about its latest services, but nothing happened. Perhaps this was because it was too complicated to arrange.
- b) Videoconferences are good in theory, but it's better to travel to see someone, even if the environmental cost is high, as nothing can replace face-to-face communication.

3. Look at the expressions in *italic*. True or false?

If ...

- a) something does not *live up to the hype* (lines 25–26), reality is just as good as what people say about it.
- b) something *displaces* (line 27) something else, they both exist together.
- c) someone *pushes* (line 31) a particular idea, they encourage people to believe in it, use it, etc.
- d) there is a *mismatch between rhetoric and reality* (lines 32–33), people don't do what they say they do.
- e) you are *let down by the usability* (lines 40–41) of something, you can rely on it.
- f) something is *difficult to set up* (line 43), it is hard to arrange.
- g) you *emphasise* (line 44) something, you say that it is important.
- h) there is a *barrier* (line 45) to using something, it is easy to use.

4. Match the two parts of these expressions from paragraph 4.

- |                     |                    |
|---------------------|--------------------|
| 1 corporate         | a) representations |
| 2 high-definition   | b) tasks           |
| 3 life-size video   | c) video           |
| 4 post-production   | d) facility        |
| 5 production        | e) colleagues      |
| 6 remote            | f) market          |
| 7 videoconferencing | g) TV              |

5. Now match the expressions in Exercise 4 to their meanings.

- i) people in your company who work in another place
- ii) electronic pictures of people that are as big as in real life
- iii) the things that have to be done on a film before it can be shown
- iv) the place where the things in iii, above, are carried out
- v) very high-quality electronic pictures
- vi) the organisations that might use this sort of system and similar systems
- vii) television programmes made and shown within an organisation

### Over to you 1

Would you like to talk to a life-size video representation of a colleague sitting opposite you across the table instead of going to see them face to face?

Why? / Why not?

### Over to you 2

Have you tried using a webcam camera and microphone on a PC to talk to friends or colleagues? If so, describe the experience. If not, what do you think it would be like?



## THE INEVITABILITY OF CHANGE

### Before you read

Do you find it easy to make changes in:

- your personal life?
- your professional life?

Give some examples.

### Reading

Read this book review from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●●○

## Changeability

by Morgan Witzel

### *Why Some Companies are Ready for Change – and Others Aren't*

(by Michael Jarrett; published by Pearson Education)

'Change is inevitable,' said British prime minister Benjamin Disraeli in 1867. 'In a progressive country, change is constant.' In his new book, Michael Jarrett puts it another way: 'Change is inevitable, like death and taxes.' And, just as we fear death and taxes, many of us fear change. We hope that if we resist for long enough, the need for it will go away and we can carry on as before. But even when companies accept the need for change and set out to achieve it, they often fail. Jarrett, an expert in organisational behaviour at London Business School, believes that 70 per cent of all change-management programmes fail.

Why? Jarrett argues that managers often mistake the nature of change. They see it as something logical that can be solved using step-by-step approaches. They are wrong. 'There is no simple recipe for organisational change,'

he says. 'There is no one single way that will deliver change.' But there are some basic principles that most managers can adopt. First, they need to make certain that the internal organisation is in a position to make changes and that people support them fully. Second, they need to make sure that they understand the environment around them.

In other words, rather than developing change-management strategies, companies should first find out whether they are capable of change at all. Do their internal systems and culture support change? If not, these too must change. 'Readiness for change' is far more important than actual planning or implementation, says Jarrett. To all the various words that have already been coined in order to describe this state of readiness, such as 'flexibility' and 'adaptability', Jarrett adds another: 'changeability'. He de-

55 fines this as 'the sum of leadership, internal routines and organisational capabilities that make companies ready for change'.

60 A few years ago, for instance, McDonald's Europe faced declining sales and market share. Denis Hennequin, the new president, redesigned restaurants to make them more appealing and began sourcing food locally. Market share and profits rose. Dell, too, aware that its competitors were beginning to catch up with its original low-price model, embarked on a programme of market research. The information it gathered was analysed with a view to spotting emerging and future customer needs. The most dangerous state for a business, says Jarrett, is the steady state. Companies that resist change – he cites the pharmaceutical industry – run a greater risk of failure.

1 Look through the whole article and answer these questions.

- a) Who is Michael Jarrett?
- b) What is:
  - i) his subject?
  - ii) his speciality?

2 Look at how the expressions in *italic* are used in the article. True or false?

- a) A *progressive country* (lines 3-4) is one where people are willing to adapt and change.
- b) If something is *constant* (line 4), it happens only sometimes.
- c) If something is *inevitable* (line 7), you can avoid it.
- d) If you *resist* (line 10) something, you do it.
- e) If you *carry on* (lines 12-13) doing something, you continue to do it.
- f) If you *set out* (line 15) to do something, you finish doing it.
- g) If you *achieve* (line 15) something, you reach a particular objective.
- h) If you *fall* (line 16) to do something, you succeed.

3 Find expressions in paragraph 2 that mean the following.

- a) reasonable and sensible (1 word)
- b) an easy series of instructions, used for example in cooking (2 words)
- c) ways of doing things one at a time (4 words)
- d) a unique method (3 words)
- e) the most important ideas, etc., about something (2 words)
- f) the structure of a company, department, etc., rather than the way it relates to the outside world (2 words)
- g) the outside world (1 word)

4 Complete the table with words from paragraph 3. (Complete the last line of the table with two words, both from the same part of the article, that are related in the same way.)

adjective	noun
adaptable	..... <sup>a)</sup>
changeable	..... <sup>b)</sup>
flexible	..... <sup>c)</sup>
..... <sup>d)</sup>	organisation
ready	..... <sup>e)</sup>
..... <sup>f)</sup>	..... <sup>g)</sup>

5 Which of the words above has Michael Jarrett added to discussion about change? What meaning does he give it?

6 Complete the table with information from paragraph 4. If there is no information for a particular point, write *not given*.

company	president	problems	change	results

7 Which industry is Michael Jarrett pessimistic about in relation to its attitude to change?

8 Items a)-d) are short summaries of the paragraphs in the article. Put the summaries in the correct order.

- a) Examples and counter-examples
- b) Mistaken ideas about change
- c) Readiness for change
- d) The inevitability of the need for change

### Over to you 1

How do you rate your own organisation (school or company) on its changeability on a scale of 1 to 10 in relation to other similar organisations?

### Over to you 2

Describe some actual examples of change (or resistance to it) in your organisation, how they were put into action, and what their results were.

## MANAGING CHANGE SUCCESSFULLY

### Before you read

What is the reputation of the legal profession in your country in terms of its attitude to change?

### Reading

This article from the *Financial Times* is about a competition to find the best ways of introducing change in the management of law firms. Read the article and answer the questions.

LEVEL OF DIFFICULTY ●●●

# Law firms get into shape

by Laura Empson

Until quite recently, even the largest UK-based law firms were fairly loose organisations where partners had considerable personal autonomy. When important management decisions needed to be made, the partners could rely on their shared educational and social backgrounds and their long years of working together to help them reach a common understanding of what needed to be done. This represented the 'glue' that held the firms together.

This glue does not work properly any more. In the past 10 years, the leading law firms have expanded rapidly and have grown to accommodate different kinds of lawyers, doing different kinds of work in different ways, with different expectations of their careers and their firms.

Law firms have responded to the challenge by developing and implementing more explicit methods of management that can accommodate this new-found

complexity. Senior managers have introduced a range of new management systems and structures and have expanded the teams of business services staff to support these initiatives.

All of these schemes, while necessary steps on the road to professionalised management, have challenged the traditional bonds that have held these partnerships together. Five to 10 years ago, even the largest law firms were no more than adolescents in the area of management, with ambitious ideas about their futures and vast amounts of energy but very limited expertise in developing and executing systematic, long-term strategies.

In spite of (or perhaps because of) this, the leading law firms have been extremely successful. They have made plenty of mistakes, but have expanded at a phenomenal pace while maintaining profitability.

These firms have not simply grown – they have grown up.

The successful entries in the competition this year represent a wide variety of initiatives, showing increasing sophistication. Some entries relate to current hot topics in law-firm management. For example: market entry strategy in China (Lovells); retaining and promoting women lawyers (Latham & Watkins); and new models of service delivery (iLaw).

And lastly, spare a thought for the partners of Baker & McKenzie on their 'Fit for Life' programme. The firm has introduced a scheme to help its lawyers perform at their best, including a complete review of their well-being – emotionally, physically and mentally. While all law firms must be aware of the need to get into shape to survive the tough times ahead, Baker & McKenzie seem to have taken the advice literally.

1 Read paragraphs 1 and 2 and decide if these statements are true or false.

- Until recently, UK law firms were highly structured.
- Each partner had a lot of independence.
- Partners made management decisions by bringing in outside consultants.
- Partners found it difficult to take decisions because they came from different backgrounds and did not understand each other.
- The 'glue' that held firms together refers to the shared values of the people working there.
- Law firms have grown quite slowly in the last decade.
- People working for law firms are now looking for different things in their careers.

2 Match the verbs with the nouns that they go with in paragraph 3.

- |               |                                     |
|---------------|-------------------------------------|
| 1 respond to  | a) complexity                       |
| 2 implement   | b) new management systems           |
| 3 accommodate | c) a challenge                      |
| 4 introduce   | d) initiatives                      |
| 5 expand      | e) methods of management            |
| 6 support     | f) teams of business services staff |

3 Now use the verbs 1-6 from Exercise 2 to complete these definitions.

If you ...

- ..... something, you bring it into use for the first time.
- ..... something difficult, you are able to deal with it.
- ..... something, you make it bigger.
- ..... something, you help it.
- ..... something, you do something as a reaction to it.
- ..... something, you put it into action.

4 Find adjectives in paragraphs 4 and 5 that mean the following.

- done in a proper, serious way (16 letters)
- done in a structured way (10 letters)
- done in the old way (11 letters)
- determined to be successful (9 letters)
- very big (4 letters)
- designed to last well into the future (4 letters, 4 letters)
- extremely fast (10 letters)
- the biggest and most successful (7 letters)

5 Why are law firms described as *adolescents* in line 43?

6 Which of these examples of change management are *not* mentioned among the competition entries?

- promoting people from ethnic minorities
- promoting women
- introducing flexible ways of working
- offering years off for study and personal development
- finding ways of getting into new markets
- finding new ways of providing services

7 Baker & McKenzie seem to have taken the advice (on complete emotional, physical and mental well-being) *literally* (lines 83-84).

Which of these alternatives is the most probable explanation for the author writing this? She's suggesting that the firm ...

- does not really believe in its initiative, even if it pretends to and carries out a lot of activities that are not really useful.
- is doing something (perhaps something not mentioned here) that shows they are taking ideas on change management too far.
- has not taken ideas on change management far enough, despite putting a number of measures into action.

### Over to you 1

Imagine a competition in your company or industry, or one you would like to work for, to find the best initiative in change management. Who would win, and what would these initiatives be?

### Over to you 2

Is it the job of organisations to take care of their employees' complete emotional, physical and mental well-being? Why? / Why not?

## COLLECTIVE INTELLIGENCE

## Before you read

Will large companies still exist 100 years from now? Why? / Why not?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●●

## Looking to Wikipedia for answers

by Thomas Malone

To understand how large-scale work was organised during the past 100 years, the best models were traditional hierarchical organisations such as General Motors, IBM and Wal-Mart. But to understand how large-scale work will be organised in the future, we need to look at newer examples such as Wikipedia, eBay and Google.

In Wikipedia, for instance, thousands of people from across the globe have collectively created a large and surprisingly high-quality intellectual product – the world's largest encyclopaedia – and have done so with almost no centralised control. Anyone who wants to can change almost anything, and decisions about what changes are kept are made by a loose consensus of those who care. Wikipedia is a remarkable organisational invention that illustrates how new forms of communication, such as the Internet, are making it possible to organise work in new and innovative ways.

Of course, new ways of organising work are not desirable everywhere. In many cases, traditional hierarchies are still needed to capture economies of scale or to control risks. But in an increasing number of cases, we can have the economic benefits of large organisations without giving up the human benefits of small ones – freedom, flexibility, motivation and creativity.

These human benefits can provide decisive competitive advantages in knowledge-based and innovation-driven work. During the coming decades, we can expect to see such ideas in operation in more and more parts of the economy. These new practices have various names, but the phrase I find most useful is 'collective intelligence'.

What if we could have any number of people and computers connected to, for instance, care for patients in a hospital? Or designing cars. Or selling retail products. We might find that the best way to do a task that

today is done by five full-time people would be to use one part-time employee and a host of freelance contractors each working for a few minutes a day.

One important type of collective intelligence is 'crowd intelligence', where anyone who wants to can contribute. Sometimes, as in the case of Wikipedia or video-sharing website YouTube, people contribute their work for free because they get other benefits such as enjoyment, recognition or opportunities to socialise with others. In other cases, such as online retailer eBay, people get paid to do so.

These changes will not happen overnight, but the rate of change is accelerating, and businesspeople a hundred years from now may find the pervasive corporate hierarchies of today as quaint as we find the feudal farming system of an earlier era.

- 1 Look through the whole article and find:
  - a) three traditional companies.
  - b) four Internet companies.
  
- 2 Read paragraph 2 and decide if these statements are true or false.
 

Wikipedia ...

  - a) entries can only be changed by the person who wrote them.
  - b) has no central control at all.
  - c) is the largest encyclopaedia in the world.
  - d) is of high quality.
  - e) copies existing ways of working.
  
- 3 Look at paragraph 3 and find:
  - a) two benefits of large organisations.
  - b) four benefits of small ones.
  
- 4 Now match the expressions in Exercise 3 to their definitions.
  - a) when people have new ideas
  - b) the ability to work 'as your own boss'
  - c) to limit the effect of unexpected events
  - d) when people work with enthusiasm and a sense of purpose
  - e) the ability to work when and where you want to
  - f) when high levels of production result in lower costs per unit produced
  
- 5 Read paragraph 4. In which areas will the benefits of small organisations be most useful?
  
- 6 Find the name the writer prefers for this new way of working in paragraph 4.
  
- 7 Which of these areas is *not* mentioned in paragraph 5 in relation to the potential application of collective intelligence?
  - a) healthcare
  - b) wholesale
  - c) retail
  - d) design
  
- 8 What three benefits do people get from contributing to crowd intelligence websites, apart from money? (paragraph 6)
  
- 9 Use correct forms of expressions from paragraph 7 to complete these statements.
  - a) If something exists in a lot of different places, it is .....
  - b) A social system with aristocrats and almost powerless farmers is .....
  - c) If something doesn't happen immediately, it doesn't happen .....
  - d) Something that is strange and old-fashioned is .....
  - e) If a process speeds up, it .....

### Over to you 1

Do you share the writer's optimism about the potential of collective intelligence? Why? / Why not?

### Over to you 2

Could collective intelligence be used in your own industry, or one that you would like to work in?

## INSIDERS AND OUTSIDERS

## Before you read

Some organisations recruit graduates and prepare them over time for senior positions, rather than recruiting senior managers directly from outside. What are the benefits and disadvantages for organisations of this approach?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●○

## Graduate recruitment

by Stephen Overell

It is part of the mythology of the modern world of work that the days when it was possible to enter a big company as a graduate fresh from college and stay there for 20 years, provided one was not incompetent, are long gone and will never return. Today, the world changes too fast, it is sometimes alleged. People are more likely to hop between jobs. How reassuring, then, to learn that many big companies are still keen to catch graduates young, shape them over a long period and turn them into executives.

At AstraZeneca, the pharmaceuticals company, graduates can choose between several different specialist schemes, such as in engineering, finance and product strategy. At any one time, 15 people are on a three-year course working towards qualifications as chartered management accountants. The explicit intention, says David Powell, Audit Director for Global Operations who manages the

scheme within the company, is to 'bring people on to be future finance directors and finance vice-presidents'.

Could the company not recruit qualified management accountants on the open market? Mr Powell says it could and sometimes does. But he argues that the virtue of a formal graduate scheme is that trainees experience life in different business units during the training and acquire contacts which serve them well in the future.

Paul Farrer, Chief Executive of the Graduate Recruitment Company, a division of recruitment company PFJ, notes that graduate management trainee-schemes are heavily over-subscribed by applicants because they understand the nature of the future marked out for them if they are successful; every position has about 30 applicants. During their time on a management scheme, graduates will be rotated through various business units, get

access to high-profile people in the organisation, gain broad skills and be handed opportunities to work their way up. 'Organisations are hoping to get their CEOs of the future from these schemes,' he says. That is not to say they don't also recruit outside them, but, for people who come in from outside, there is less certainty, less of a definite future within the company.

With graduate trainees, the aim is to turn them into business unit managers in seven or eight years. Organisations differ widely in how successful they are in this aim.

At the top of the retention league are employers in the public sector, information technology and oil. At the bottom are construction and retail companies. Some employers manage to lose half their graduate intake in the first year.

- 1 Look through the whole article to find the names of the following.
- an employer of graduates
  - someone who works there, and their job
  - a recruitment organisation
  - the group of which that recruitment organisation is a part
  - its Chief Executive
- 2 Choose the alternative with the closest meaning to the expression in *italic*.
- It is part of the *mythology* of the modern world of work ... (lines 1-2)
    - ideas about ancient Greece and Rome
    - ideas that may or may not be true
    - ideas that are interesting
  - ... that the days when it was possible to enter a big company as a graduate fresh from *college* and stay there for 20 years, ... (lines 2-6)
    - secondary school
    - postgraduate institution
    - university or equivalent
  - ... provided one was not *incompetent*, are long gone and will never return. (lines 6-8)
    - unable to do one's job
    - skilled at doing one's job
    - overqualified for one's job
  - Today, the world changes too fast, it is sometimes *alleged*. (lines 8-10)
    - accused
    - claimed
    - denied
  - People are more likely to *hop between jobs*. (lines 10-11)
    - change jobs frequently
    - change jobs infrequently
    - never change jobs
  - How *reassuring*, then, to learn that many big companies ... (lines 12-13)
    - sad to know
    - good to know
    - uninteresting to know
  - ... *are still keen* to catch graduates young, shape them over a long period, and turn them into executives. (lines 13-16)
    - are still unwilling to
    - are still undecided about
    - still want to
- 3 Read paragraphs 2 and 3 and decide if these statements are true or false.
- The three year course ...
- takes place in a company that produces drugs and medicines.
  - is part of the specialist scheme in engineering.
  - leads to a professional qualification that is recognised outside the company.
  - is managed by someone who only deals with the UK.
  - is designed to produce senior managers in the future, but this is not stated anywhere.
  - produces all the senior managers that the company needs.
  - gives trainees experience in working in different parts of the company.
  - allows trainees to meet people whom it will be useful for them to know later.
- 4 Complete these statements with expressions from paragraphs 4 to 6.
- In-company programmes for graduate development are referred to here as *graduate management trainee* ..... (1 word)
  - If too many people apply to be on a programme like this, it is ..... (1 word)
  - The people who want to participate in these programmes are referred to as ..... (1 word)
  - If what you are expected to do is planned beforehand, it is ..... for you. (2 words)
  - If you are given different jobs to do, you are ..... them. (2 words)
  - If you get general abilities, useful in different parts of the organisation, you ..... (3 words)
  - If someone, thanks to their own efforts, is promoted to increasingly senior jobs in an organisation, they ..... their way ..... (2 words)
  - People not recruited for a job from within an organisation ..... (4 words)
  - A list of companies and how good they are at keeping graduate recruits is referred to as the ..... (2 words)
  - People working for the state are in the ..... (2 words)
  - The number of people who join a company straight from college in a particular year is its ..... (2 words)
- 5 Which statement best summarises the article? Choose the correct alternative.
- Companies' graduate schemes for recruiting people who will become senior managers are becoming rarer and will eventually disappear.
  - Organisations often combine graduate schemes with recruitment from outside, and the outside recruits feel just as certain of their place there.
  - Despite what many people think, some organisations still have graduate schemes for recruiting people who will become senior managers.
- Over to you 1
- How good is your organisation, or one you would like to work for, at keeping its graduate recruits?
- Over to you 2
- '... for people who come in from outside, there is less certainty, less of a definite future within the company.' Is this true of your organisation, or one you would like to work for?



## INTERNET ADVERTISING

## Before you read

Do you look at advertising on the Internet or do you ignore it? Why?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●○

## Advertisers try the soft sell as TV drifts online

by Joshua Chaffin

Visitors to Hulu, the online video site jointly owned by NBC Universal and News Corp, can do something that television viewers would never have imagined just a few years ago: choose their own advertising. When, for example, an advertisement sponsored by a carmaker pops up, viewers might be asked to click on a sports car, a pick-up truck or a family sedan, depending on their preference, and watch a corresponding message. (Skipping past, unfortunately, is not an option.) 'It's choose-your-own-adventure advertising,' says Jean-Paul Colaco, Hulu's Senior Vice-President of Advertising, who is hoping to reduce the friction between audiences and marketers by making advertisements less intrusive for the former and more efficient for the latter.

The Ad Selector, as Hulu calls it, is just one example of a burst of innovation in online advertising. As audiences increasingly move

to the web to consume video – be it full-length television episodes or short clips – media companies and advertising agencies are rushing to develop new and more effective advertising strategies in the hope of creating a profitable business.

They are eager to harness the interactive possibilities that differentiate the Internet from the more passive experience of traditional television. In a marketer's dream scenario, consumers who see a message for a product that interests them might pause a video, click through to a website and even make a purchase. But that same interactive power can also be a curse for marketers because it makes it easy for viewers to jump to other websites if they feel bombarded by irritating and irrelevant advertisements.

'Internet video is a lean-forward experience. The audience

is watching with their hand on the mouse, ready to click away as soon as they lose interest,' says Matt Cutler, Vice-President of Visible Measures, a company that tracks online behaviour. He estimates that more than 30 per cent of consumers abandon an online video within the first 10 per cent of its stream.

Solving those problems is vital for media companies. While they were once content merely to collect clicks on their web pages, they are now desperate to retain viewers for longer periods. 'Advertisers are less interested in general impressions. They want engagement,' explains Patrick Keane, Chief Marketing Officer at CBS Interactive, promising more innovative advertising formats in the future.

1 Use the correct form of verbs from paragraphs 1 to 3 to complete these statements.

If ...

- a) an advertisement appears suddenly on your screen, it .....
- b) you 'jump' past an advertisement without watching it, you ..... it.
- c) an advertiser pays for an advertisement on a website, on TV, etc., they ..... it.
- d) someone makes conflict, disagreement, etc. less strong, they ..... it.
- e) you watch video, you ..... it.
- f) you start something from nothing, you ..... it.
- g) you exploit the power of something, you ..... it.
- h) make something different from something else, you ..... the two things.
- i) you feel that you're watching too many advertisements, you feel ..... by them.

2 Look at paragraphs 1 to 3 and find:

- a) a noun that describes the relationship between advertisers and Internet users.
- b) two adjectives that describe advertisements from the point of view of many users.
- c) one adjective that describes how users relate to advertisements in a way that can be good or bad for advertisers.
- d) a noun that relates to the bad effect of the adjective in c above.

3 How is the Internet experience described in relation to traditional television?

4 How quickly do nearly a third of users stop watching an Internet video on average? What do they do when this happens?

5 What, in a word, do advertisers want from users that they didn't have before? How will this be achieved?

6 Which of these statements sums up the article best?

Internet advertisers ...

- a) are only interested in the number of people who click on advertisements.
- b) don't know how to avoid users 'clicking away' from advertisements.
- c) are looking at ways of engaging users so that they do not click away from advertisements.

Over to you 1

Will Internet advertisers ever find a way of retaining the attention of users? Why? / Why not?

Over to you 2

Can you imagine clicking on an advertisement and making a purchase in one process? If so, what product or service might you buy in this way?

## SHOCK ADVERTISEMENTS

## Before you read

Where are pharmaceuticals (medicines) sold in your country, apart from in pharmacies or chemists? Is their sale strictly controlled?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●○

## Pfizer uses big screen to fight counterfeit drugs

by Andrew Jack

Pfizer, the world's largest pharmaceuticals company, has launched a hard-hitting cinema advertising campaign to warn consumers of the medical dangers of counterfeits when illegally purchasing prescription medicines on the Internet. The advert, to be shown in 600 cinemas around the UK, is best seen before filmgoers dig into their popcorn. It shows a middle-aged man spitting up a rat after swallowing a tablet delivered by post.

The campaign reflects growing safety concerns – and commercial losses for the drug industry – caused by a rise in unregulated Internet sales of medicines.

It also marks an extension of advertising by drug companies to raise their public profile, in spite of tight restrictions on the marketing of prescription medicines to consumers.

The film contains no reference to Pfizer's medicines, but shows the corporate logo alongside that of the Medicines and Healthcare Products Regulatory Agency, the UK organisation that co-ordinates an increasing number of investigations of counterfeiters. It agreed to a pioneering partnership with the company.

Pfizer has raised its public image in its fight against counterfeits, warning of health risks and calling for action against parallel traders.

These are the intermediaries that buy medicines abroad for resale at higher prices in the UK. Pfizer argues that parallel trading risks allowing fakes into pharmacies.

But the overall level of counterfeit medicines in the developed world is estimated at

only about 1 per cent, with most sold via the Internet rather than through normal supply chains. A recent Pfizer poll suggested 10 per cent of men purchased prescription-only medicines via unregulated sources, including the Internet. Pfizer is one of the hardest hit by Internet sales of medicines, since it produces a fifth of the top-selling prescription medicines in the UK by sales. The campaign, which includes a website, cost nearly £500,000 (\$731,000).

The cinematic rat was inspired by the discovery of rat poison in a counterfeit version of a Pfizer blood pressure drug. Pfizer said the rats it used in the advert were supplied by trained specialists and not killed during filming.

- 1 Look at the headline. Which of these words means the same as *counterfeit*?  
a) authentic b) fake c) substitute d) similar
- 2 Read paragraph 1. What is the purpose of Pfizer's campaign?  
a) To promote its products  
b) To advertise popcorn  
c) To dissuade people from buying drugs that may harm them
- 3 *The advert ... is best seen before filmgoers dig into their popcorn. (lines 8–11) Why?*
- 4 Match the two parts to make expressions from paragraphs 2 to 4.
 

1 safety	a) sales
2 commercial	b) restrictions
3 unregulated	c) profile
4 public	d) partnership
5 tight	e) losses
6 corporate	f) concerns
7 pioneering	g) traders
8 parallel	h) logo
- 5 Now match the expressions in Exercise 4 to their meanings.
  - i) when unauthorised products are sold
  - ii) when two organisations do something for the first time
  - iii) worries about the dangers of something
  - iv) a symbol used by a company
  - v) when no profit is made in selling something
  - vi) strict rules
  - vii) unauthorised sellers
  - viii) the ideas that people have about an organisation
- 6 Why does Pfizer object to unauthorised distributors selling its products in the UK?  
a) lost profit b) safety c) other reasons
- 7 What do these figures refer to?  
a) 1 per cent (line 51)  
b) 10 per cent (line 55)  
c) a fifth (line 61)  
d) 500,000 (line 65)  
e) 731,000 (line 65)
- 8 Why were rats used in making the advertisement?

**Over to you 1**

Do you think that shock advertisements such as this work? Give your reasons.

**Over to you 2**

Think of other examples of parallel trading. What steps, if any, do manufacturers and retailers take to prevent them?

## FINANCIAL REPORTING

## Before you read

Which is the biggest retailer in your country?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●○

## Wal-Mart profits reach \$13bn

by Jonathan Birchall

Wal-Mart, the world's largest retailer, beat expectations after its US discount stores accounted for about 50 per cent of all US retail growth last year – while its full-year global sales passed \$400bn (€318bn) for the first time and profits hit \$13.4bn.

Mike Duke, Chief Executive, said the fourth quarter and full-year results showed that Wal-Mart had gained 'momentum' during the year in all of its markets, in spite of the tough economic environment. 'We are doing all the right things to continue our momentum and to widen the gap between the competition and us. We finished January strong, and February is off to a good start.'

The results again underlined the retailer's ability to generate cash in a recession and to use the money to invest in its business at a time when most of its rivals are cutting back. Wal-Mart has

been able to make acquisitions, concluding a \$2.6bn deal in January for a controlling share of D&S, the largest retailer in Chile.

It is continuing to invest in its stores with a big remodelling programme, called Project Impact, now underway in the US. With this programme, Wal-Mart expects to significantly boost the sales per square foot of its more than 3,000 supercentres and discount stores.

Total net sales at Wal-Mart USA rose 6 per cent on the last quarter to \$71.5bn, although higher than expected expenses, including healthcare costs, led to its operating income growing more slowly than sales, up 2.2 per cent to \$5.4bn.

Internationally, the strong dollar weighed on earnings, with the value of sales down 8.4 per cent from the last quarter to \$24.7bn

and operating income down 14.3 per cent at \$1.5bn. At constant currencies, international operating income would have been up 5.1 per cent and net sales up 9 per cent.

The retailer highlighted the performance of its Asda stores in the UK, which gained market share with increased customer traffic and average purchases made.

In Japan, Wal-Mart reported that comparable sales at its Seiyu stores fell 0.5 per cent from the last quarter, but were positive in November and December.

1 Match the verbs with the nouns to make expressions from paragraphs 1 to 3.

- |            |                 |
|------------|-----------------|
| 1 beat     | a) the gap      |
| 2 gain     | b) momentum     |
| 3 widen    | c) momentum     |
| 4 generate | d) expectations |
| 5 make     | e) cash         |
| 6 continue | f) acquisitions |

2 Now match the expressions from Exercise 1 to their meanings as they are used in the article.

- i) become more successful
- ii) continue success
- iii) make money
- iv) increase a difference in performance
- v) buy other companies
- vi) exceed forecasts

3 Look at paragraphs 1 to 4 and decide if these statements are true or false.

In its latest financial year, Wal-Mart ...

- a) performed worse than had been expected.
- b) was responsible for half the growth of all US retailers.
- c) had sales of more than \$400 billion for the first time.
- d) had profits of less than \$10 billion.
- e) had a better financial performance, even though the general economic conditions were not good.
- f) performed better than its competitors by the same amount as before.
- g) had good sales in January, but less good in February.
- h) was able to buy a company in Chile only by increasing its borrowing.
- i) is putting more money into its US stores.

4 Complete the information about the last three months of Wal-Mart's financial year using information from paragraphs 5 and 6.

- a) International sales: \$ .....
- b) Operating income from international operations: \$ .....
- c) Increase (+)/decline (-) in international sales in dollar terms: ..... %
- d) US sales after costs: \$ .....
- e) Increase (+)/decline (-) in US operating income after costs: ..... %
- f) US operating income: \$ .....

5 Which store chains does Wal-Mart own in the UK and Japan? How did they perform?

**Over to you 1**

Look at Exercise 4. Find similar information for a company you are interested in, perhaps by looking at its website.

**Over to you 2**

Which is the biggest retailer in your country? How is it currently performing in relation to its competitors?

## SHORT SELLING

## Before you read

Is it acceptable to be able to sell something that you do not own?

## Reading

Read this article from the *Financial Times* and answer the questions.

FT

LEVEL OF DIFFICULTY ●●●

## Are short sellers necessary?

by William Leith

Short selling is not like making a normal investment. When you make a normal investment, you buy something, hoping it will be more desirable in the future. This type of investment – ‘going long’ – seems to be about optimism and hope. With short selling, you look for something that you think is going to decline in value. Then you borrow some shares in that thing. Next, you sell those shares to someone who is more optimistic, or less discerning, than you. If you’re right, and the shares plummet, you can buy them back for less than you sold them. If you’re wrong, and they treble in value, you’re bust, because you still owe the shares to their original owner.

Imagine if I go to a shop and see a big shelf of expensive handbags. Let’s say I look at these handbags for a while and come to believe they’re not worth anything like the price on

the label. To me, they look like rubbish handbags. So I go to the owner of the store and ask him, for a small fee, to borrow these handbags for a week. Then I take the bags out of the store and sell them to a trader for a fraction less than the price on the label. He’s happy – he thinks he can make a profit.

Six days later I go to see him. I was right – the handbags were rubbish. He hasn’t sold a single one. So I make a deal – I’ll buy them back for half of what I sold them for. Now he’s happy to get rid of them. The next day, I go back to the store and return the bags to the owner. He’s happy, but maybe a little suspicious. That’s short selling.

So what’s actually happened? I, the short seller, have spotted that somebody is charging a lot of money for handbags that are rubbish. Next, I’ve found somebody who is prepared to

sell any old rubbish as long as he thinks there’s something in it for him.

Now, who are these short sellers? What sort of people are they likely to be? Well, they are people who see things that look good on the surface but are actually rubbish. They are people, in other words, who see the difference between the appearance and the reality. They are the first to notice when something is a con. Short sellers, in fact, reveal the problem. It was short sellers, apparently, who made people realise that Enron was a rubbish product. No, the problem is not the short sellers. It’s the world of empty promises and false values that enables them to thrive. To ban them is to shoot the messenger.