

'Business is Darwinism: only the fittest survive.'

Robert Holmes à Court (1937–1990), Chairman of Bell Group

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A Before doing the quiz below, say whether you are:

- a) very competitive b) fairly competitive c) not at all competitive.

B Answer the questions in the quiz. Then turn to page 140 to find out your score. Compare your score with a partner.

How competitive are you?

- Which of the following statements do you agree with?
 - Winning is everything.
 - It's not the winning that counts, it's the taking part.
 - We are in this world to help each other.
- Which of the following would satisfy you?
 - Earning more than anyone else you know.
 - Earning more than most of your friends.
 - Earning enough to have a comfortable life.
- You have just won €50,000 and need to buy a new car. Do you:
 - spend €12,000 on a reliable car that will get you from A to B?
 - spend €26,000 on a middle-range car?
 - spend the entire €50,000 on a flashy, top-of-the-range car that will impress all your friends?
- If a colleague did something very successful, would you feel:
 - pleased for them?
 - pleased for them, but a bit jealous?
 - very jealous and unhappy?
- If you lose at something, do you:
 - forget about it immediately?
 - think about it for a while?
 - never forget?
- How do you feel when you win? Do you:
 - boast about it and tell everyone?
 - feel good, but keep it to yourself?
 - feel sorry for the person who lost?
- What do you want for your children? Do you want them:
 - to be happy?
 - to achieve more than you did?
 - to be the best at everything?
- You are at the traffic lights next to another car. The lights change to 'go'. Do you:
 - let the other car go first?
 - move away slowly, without being aware of the other car?
 - try to be the first away?
- You are waiting to check in at a crowded airline counter. There does not seem to be a system of queuing. Would you:
 - push your way to the front?
 - insist loudly that a fair system is adopted?
 - keep quiet and wait?
- How do you feel about doing this quiz? Do you want to:
 - show you are the most competitive person in the group?
 - show you are the least competitive person in the group?
 - find out something about yourself?

VOCABULARY
Competition
idioms

A There are many idioms from sport used in business, particularly when talking about competition. Complete the idioms below with the nouns in the box. Which sports do you think they come from?

player ropes game field ball seat horse goalposts race neck

- | | |
|--------------------------------|------------------------------|
| 1 a level playing <u>field</u> | 6 move the |
| 2 in the driving | 7 keep your eye on the |
| 3 to be neck and | 8 ahead of the |
| 4 flogging a dead | 9 a one-horse |
| 5 a major | 10 on the |

B Which of the idioms in Exercise A refer to:

- | | |
|--|---|
| a) a situation of fair competition? | f) staying focused? |
| b) being in front of the competition? | g) a change in the rules? |
| c) being at the same level as the competition? | h) being in control? |
| d) being the only competitor? | i) being in a very bad situation? |
| e) wasting your time on a hopeless situation? | j) an important company or person with a lot of power or influence? |

C Complete the extracts with the most suitable idioms from Exercise A. Remember to change the verb form where necessary.

- It's not a level playing field any more. As a small, family-owned company, it's very difficult for us to compete with the big multinationals in terms of price.
- They are so far ahead of their competitors in terms of new products that it has become It will be years before their rivals catch up with them.
- There's no point continuing with the project. It'll never work. We're We need to look elsewhere if we're to fight off the competition.
- With our market dominance in Asia, we're in an extremely powerful position. We are really
- We have exactly the same market share as our nearest rival. According to independent research, we're also in terms of sales so far this year as well.
- Although the market has expanded, there are still really only two They will fight it out for market dominance.

D Discuss the questions.

- Have you ever felt you were *flogging a dead horse*?

a) at work?	b) in your private life?
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- Which companies are *ahead of the game* in your industry or the industry you would like to work in?
- Can you give an example of a situation when

a) someone <i>moved the goalposts</i> ?	b) you were <i>in the driving seat</i> ?
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 How did you feel?
- Name some *major players* in the following industries:
 automotive, telecoms, computing, electronics, an industry you know well

See the DVD-ROM
for the i-Glossary.



READING

Head-to-head
competition

- A** In groups, discuss what you know about Starbucks and McDonald's.
- B** Read the first two paragraphs of the article. Which company is focusing more on the international market?
- C** Read the whole article, then look at these company plans. Write 'M' (McDonald's) or 'S' (Starbucks) for each one.
- 1 start competing in the coffee-bar market
 - 2 replace their Chief Executive
 - 3 slow expansion in the US
 - 4 introduce coffee bars with 'baristas'
 - 5 close under-performing stores
 - 6 focus on international plans
 - 7 allow customers to see drinks being made
 - 8 use simple sizes for coffees
 - 9 probably offer coffee at a lower price than their major competitors

McDonald's stirs up battle with Starbucks

by James Quinn

Starbucks' Chief Executive Jim Donald – who has presided over a 50 per cent decline in the retailer's share price in the last 12 months – is to be replaced by founder and Chairman Howard Schultz.

His appointment comes after a dark 12 months for Starbucks, which has seen it lose out to rivals such as Dunkin' Donuts and McDonald's, who have begun to replicate its success. Schultz is now set to slow the expansion of the retailer's growth in the US, closing under-performing stores in direct response to the slowing North American economy. Instead, he will focus on the company's international plans, using money originally earmarked for US store openings for its global expansion plans.

Fast-food giant McDonald's is set to take on Starbucks in the competitive coffee market,

with plans to open coffee bars across the United States. McDonald's, until now better known for Big Mac burgers than its beverages, yesterday detailed plans to roll out coffee bars complete with their own 'baristas' in its near-14,000 North American stores.

Although there is no fixed timescale for the roll-out, trials are already under way, and it is believed the push could add \$1bn a year to McDonald's \$21.6bn of annual sales. The aim is to compete head-to-head with Starbucks in the ever-increasing brewed coffee market.

The trial involves recruiting 'baristas' – a term made famous by Starbucks – to stores, where espresso machines are displayed at the counter, so allowing customers to actually see the drinks being made. This is in direct contrast to McDonald's traditional



approach, where products tend to be made out of sight from the consumer.

McDonald's is also trying to demystify the at times confusing Starbucks approach to coffee, replacing sizes such as 'venti' and 'grande' with a simplistic small, medium and large.

In a direct side-swipe at its coffee-focused rival, it is even going so far as to use the difficulties customers often have in pronouncing words like 'latte' in consumer advertising in

Kansas City, where one of the trials is taking place.

A McDonald's spokesman told the Daily Telegraph that the push is part of the company's global focus on offering 'great products at great value', suggesting the price point will be somewhat lower than that of Starbucks. The move follows on from a previous roll-out of its coffee products, and is part of a wider re-imaging of many of its stores.

from the *Daily Telegraph*

- D** Reread the article's headline and first three paragraphs and find the prepositions that go with these verbs.

- 1 stir 2 replace 3 lose 4 focus 5 take

E Match the verbs and prepositions in Exercise D (1–5) with the meanings (a–e).

- a) to not get something because someone else gets it instead
- b) to compete or fight against someone
- c) to give all your attention to a particular thing
- d) to take something else's place
- e) to deliberately cause problems

F Match the phrasal verbs with *take* (1–5) with the meanings (a–e).

- | | |
|------------------|------------------------------|
| 1 be taken aback | a) grow rapidly |
| 2 take off | b) give employment to |
| 3 take on | c) be surprised |
| 4 take out | d) gain control of a company |
| 5 take over | e) arrange (of money) |

G Complete the sentences with an appropriate form of *take* and a preposition.

- 1 We were going to five new staff next month, but then the economy crashed.
- 2 They pretended it was a merger, but it feels like we were
- 3 We were when the president announced his resignation.
- 4 It is very difficult to a loan these days.
- 5 After the new product launch, sales are expected to

H Answer the questions.

- 1 Do you think that McDonald's strategy will be successful?
- 2 How do you think Starbucks will respond?

LISTENING**The Competition Commission****Rory Taylor****A** **CD2.36 Rory Taylor is Media Relations Manager for the UK's Competition Commission. Listen to the first part of the interview and answer the questions.**

- 1 What does the Competition Commission do?
- 2 Why are they investigating the ownership of UK airports?

B **CD2.37 Listen to the second part and decide whether the statements are true (T) or false (F).**

- 1 For the Competition Commission, the most important thing is the number of providers in a market.
- 2 In static markets, there is not much competition.
- 3 The UK grocery market is dominated by a few companies.
- 4 The grocery market is not competitive.

C **CD2.38 Listen to the third part and complete the extract.**

We found a far more¹ market. Er, we found that customers were not² between the companies, the companies were not³ with each other, erm, and consequently we were finding higher⁴, less⁵ and less⁶.

Watch the interview on the DVD-ROM.



LANGUAGE REVIEW

Passives

- We make passive verb forms with the verb *to be* + the past participle.
*Starbucks **was started** by Howard Schultz.*
- We often choose a passive structure when we are not interested in who performs an action or it is not necessary to know.
*Howard Schultz **was awarded** an athletic scholarship to Northern Michigan University.*
- If we want to mention who performs the action, we can use *by*.
*Howard Schultz **was named** Chief Executive **by** the company's Board.*
- We often use a passive structure to be impersonal or formal (for example, in notices, announcements or reports).
*It **has been agreed** that the prototype **will be tested** next month.*
- Some verbs can only be used in the active, e.g. *occur, rise, happen, arise, fall, exist, consist (of), depend (on), result (from)*.
- Some verbs which often appear in the passive are: *(be) born, situate, design, estimate, base, test, accuse, jail, shoot, bother*.

➔ Grammar reference page 151

A Look at the sentences. Correct the incorrect ones.

- 1 The result of the leadership contest was based on the boardroom vote.
- 2 The leadership contest was depended on the boardroom vote.
- 3 Where were you when the president was be shot?
- 4 The CEO has been accused of stealing funds from the pension fund.
- 5 They are depend on the CEO to show strong leadership.
- 6 He was jailed for six months.
- 7 I can't be bothered to finish this report.
- 8 All the candidates need to be tested.
- 9 Problems may be occurred after the leadership vote.
- 10 The CEO's strategy is based on her second book.
- 11 The President of the company was born in 1962.
- 12 The audience is consist largely of senior executives.

B Look at the minutes of a company meeting. Complete the gaps with the appropriate passive form of the verbs in brackets.

Minutes of the planning meeting

The monthly meeting¹ (hold) at 14.00 hrs on Wednesday 15th February. The meeting² (attend) by the Chief Executive Officer, LP Williams, J Morrison (Sales), SP Thompson (Marketing), LK Tin (Property Management) and SH Ho (Human Resources).

Item 1: Agenda

The CEO stated that although the agenda for the meeting³ (circulate) earlier and that it⁴ (intend) to deal with routine matters, a slump in sales and a lowering of profits as a result of strong competition meant that the company⁵ (force) to deal with the crisis now.

Item 2: Reports

The CEO asked for reports from those present. The Sales Manager reported that prices⁶ (cut). The Marketing Manager confirmed that the advertising budget⁷ (increase) substantially and that new customer surveys⁸ (commission) to see how strong competition had affected the company's products. The meeting⁹ (inform) by the Property Manager that agreement¹⁰ (reach) about the sale of 40 of the company's high-street shops and that 20 better-located sites¹¹ (investigate) with a view to creating new outlets. The Head of Human Resources reported that the new redundancy scheme¹² (implement) and that so far, 50 long-serving employees¹³ (consider) for voluntary redundancy.

SKILLS

Negotiating



A

CD2.39 An Italian bicycle manufacturer wants to enter the Swedish market, using an agent. The manufacturer and the agent disagree about some terms of their proposed contract. Listen to the discussion between them and answer the questions.

- Which of these points did the two sides agree on during the negotiation?
 - the type of relationship they want
 - who sets prices
 - payment of commission
 - who pays for promotion
- Why does the agent want the contract to be longer than two years?

B

Match the direct phrases (1–5) to the more diplomatic versions (a–e).

- | | |
|--|--|
| 1 We must talk about price first. | a) Your price seems rather high. |
| 2 There's no way we can give you any credit. | b) Unfortunately, I can't lower my price. |
| 3 I want a discount. | c) Could you possibly give me a discount? |
| 4 I won't lower my price. | d) I'm afraid we can't give you any credit. |
| 5 Your price is far too high. | e) I think we should talk about price first. |

C

CD2.40 Listen to and complete the extracts from the negotiation in Exercise A. Then decide whether the speakers are being diplomatic (D) or not diplomatic (ND).

- A non-exclusive contract for us, too.
- No, that's for us.
- We know the market conditions than you.
- I a rate of 15% on all the revenue you obtain.
- Fifteen per cent is too low. We 20%.
- We with this.
- How much ?
- We'll the commission later.
-, with a new distributor, we prefer a shorter period.
- It at least three years.

D

Role-play the negotiation between a store owner and the manufacturer of Sheen, a hair shampoo for women. Be diplomatic.

Store owner

- You want to order 50 bottles of Sheen at the quoted price.
- You want a 10% discount.
- You want 60 days' credit.
- You want delivery in two weeks.

Shampoo manufacturer

- You get a bonus if the order is over 100 bottles.
- You don't give a discount for orders of less than 100 bottles.
- You want payment on delivery.
- You can deliver in three weeks.

USEFUL LANGUAGE

DIPLOMATICALLY GIVING BAD NEWS

I'm sorry, we can't agree to that.

I'm afraid your price is rather high.

Unfortunately, we can't deliver any earlier.

To be honest, we'd need credit terms.

USING SPECULATIVE LANGUAGE

It would probably arrive late.

It could be a problem.

It may be difficult to deliver.

We might not be able to do that.

USING A PAST FORM TO EXPRESS DISAPPOINTMENT

We were hoping for ...

We were expecting ...

We were looking for ...

We had in mind ...

fashionhouse



A jewellery retailer wants to expand its range of suppliers. It is keen to negotiate new contracts with exciting producers who will give it excellent value and reliable service.

Background

Fashion House Inc., based in Miami, Florida, owns a chain of stores selling high-class jewellery products. Its best-selling lines are top-of-the-range necklaces, bracelets and earrings, made by overseas manufacturers who have outstanding design capability. Its profit margin on most of these products is at least 80 per cent.

Today is 1 October. The buying department of Fashion House wishes to purchase 5,000 necklaces and bracelets and 3,000 earrings. Delivery of the items, if possible, should be by 15 November,

in time for the Christmas buying season.

The company is confident of selling 3,000 necklaces and bracelets and 2,000 earrings and the remaining items should sell if prices are competitive and the demand is high. Fashion House has a temporary cashflow problem, so it wishes to pay for the goods as late as possible.

Members of the buying department are now visiting companies in India, Peru and Chile. They are looking for a reliable supplier with whom they can build a long-term relationship. They have contacted three companies who have shown interest in doing business with them.



Supplier 1: Rashid Singh Enterprises (Mumbai, India)

Quantity	Necklaces/bracelets: 2,000 of each item in stock Additional 3,000 necklaces and bracelets should be available by 15 November
Product features	Earrings: 3,000 available by 30 November Original designs by a young Indian selected as 'Designer of the Year' by well-known fashion magazine. Stones available: jade, amber, crystal and marcasite. All chains are silver.
Unit cost (US\$)	Necklaces \$100–\$120; bracelets \$80–\$100; earrings \$40–60
Delivery	No information
Payment	50% deposit when order placed; remainder payable when goods are shipped
Discount	No information
Returned goods	No information
Guarantee	No information

Supplier 2: Pacific Traders (Lima, Peru)

Quantity	All quantities of the products are in stock, but several large orders for important customers must take priority
Product features	Handmade jewellery with semi-precious stones in a variety of colours and designs, reflecting local culture.
Unit cost (US\$)	Necklaces \$20–\$40; bracelets \$20–\$30; earrings \$25–\$50.
Delivery	No information
Payment	Pay the full amount as soon as the goods are shipped; no initial payment required.
Discount	No information
Returned goods	No information
Guarantee	No information

Supplier 3: The Artisans Co-operative (Santiago, Chile)

Quantity	Necklaces and earrings: all quantities are in stock and will be available by 15 November. Bracelets: only 1,000 available by 15 November as orders from important customers must be serviced first.
Product features	Beautiful, elegant jewellery made from precious stones Vibrant colours, high standard of craftsmanship
Unit cost (US\$)	Necklaces \$60–\$70; bracelets \$40–\$60; earrings \$60–\$90
Delivery	No information
Payment	40% deposit when order placed; remainder to be paid after 30 days on receipt of the company's invoice
Discount	No information
Returned goods	No information
Guarantee	No information

Task

- 1 Read the information about each supplier. Some information is missing. Which supplier looks the most attractive at this stage? What problems, if any, could there be with each supplier?
- 2 Work in groups of three buyers and three suppliers.

Buyers 1–3: Turn to page 139.
Supplier 1: Turn to page 143.
Supplier 2: Turn to page 145.
Supplier 3: Turn to page 145.
- 3 Each buyer meets *one* of the suppliers. Find out the missing information concerning delivery, discount, returned goods and guarantees. Negotiate to get the best terms for your company.
- 4 Buyers: meet and discuss how the negotiation went. Decide which supplier to use.

Suppliers: meet and discuss how the negotiation went. What are you happy and unhappy about? What would you do differently next time?
- 5 Buyers: announce your decision and, diplomatically, explain why you rejected the suppliers who were not chosen.

Suppliers: say how you would negotiate differently next time.

Writing

Write an e-mail to the person you were negotiating with confirming the details of your negotiation and any outstanding points to be agreed.

→ Writing file page 127

Watch the Case study commentary on the DVD-ROM.