

Change

'If you want things to stay as they are, things will have to change.'
Giuseppe Tomasi di Lampedusa (1896–1957), Italian writer

OVERVIEW

VOCABULARY

Describing change

READING

Mercedes, shining star

LISTENING

Helping companies to change

LANGUAGE REVIEW

Past simple and present perfect

SKILLS

Managing meetings

CASE STUDY

Acquiring Asia
Entertainment



STARTING UP

A Which of these situations would you find the most difficult to deal with?

- | | |
|-----------------------------|----------------------------|
| 1 Moving house | 5 Driving abroad |
| 2 Losing a pet | 6 A new boss |
| 3 Moving to another country | 7 Getting married (again!) |
| 4 Changing your job | 8 New neighbours |

B What has been the most significant change in your life so far?

C Which of these business situations would worry you most? Why?

- 1 You find out that your company will be merging with another company.
- 2 You keep your job after a merger, but you are in a less powerful position.
- 3 You keep your job after a merger, but you have to take a salary cut.
- 4 Your company has to relocate to the other side of the city.
- 5 You are asked to relocate to a foreign country.
- 6 You are promoted, but are now in charge of a hostile workforce.
- 7 You have to move from your own office to a large, open-plan office.
- 8 You have to work with a completely new computer system.
- 9 You have to decide who to make redundant in your new department after a merger.
- 10 Your company language becomes English.

VOCABULARY

Describing change

A

Write the verbs from the box under the correct prefix to make words connected with change. Use a good dictionary to help you. Some of the words can be used with more than one prefix.

assess	centralise	date	develop	grade	launch
locate	organise	regulate	size	structure	train

down-	de-	up-	re-
			organise

B

Complete these sentences with the correct form of the verbs from the box in Exercise A. Use a good dictionary to help you.

- 1 Following the merger, the office layout was reorganised to accommodate the new staff.
- 2 The most successful change in our company was the decision to the company. Now there is more opportunity for promotion.
- 3 It is now so expensive to rent offices in the city centre that many companies are their operations to purpose-built business parks at the city limits.
- 4 The company has recently its workforce. Reducing the number of employees is the best way to stay profitable in the current economic climate.
- 5 To improve efficiency, the company has introduced new working practices. The HR department will all sales staff.
- 6 One of our products hasn't been selling well recently. The marketing team has decided to take it off the market and it next year with new packaging.
- 7 The IT department report recommended that the company the computer system as soon as possible.
- 8 The CEO thinks that too many decisions are made at Head Office. She wants to the decision-making process so that branch managers are more involved at an earlier stage.
- 9 The company has finalised the plans to the disused car-park site. It is going to become a fitness centre for employees.
- 10 The logo and slogan are very old-fashioned. We need to the whole image of the product and bring it into the 21st century.
- 11 There is a lot of pressure on the government from consumer groups to the industry and remove controls, so customers can benefit from increased competition.
- 12 Following the report by the legal department and changes in the tax laws, the management decided to the situation and delay making a decision on the takeover.

C

Underline the nouns in Exercise B that make partnerships with the verbs.

EXAMPLE: the office layout was reorganised

D

In pairs, describe the changes that have happened in a workplace you know well.

See the **DVD-ROM**
for the *i-Glossary*.



FT

Mercedes star twinkles once more

by Richard Milne

The Mercedes star is gleaming again. In 2002, it suffered as dramatic a fall as any luxury brand could, as it reported its first losses for nearly two decades and saw its quality slip so far that newspapers were full of stories of cars that kept on breaking down.

'Mercedes should not make losses. That is absolutely clear,' says Dieter Zetsche, who became Head of Mercedes in September 2005 and Chief Executive of its parent company, Daimler, three months later. 'But we have great results now and we are starting to change the culture in many ways.'

Indeed, so much has Mercedes changed that in three years it has gone from the worst-performing of the large luxury car makers to the trailblazer. Executives at its bigger-selling rival BMW look enviously at its 9.1-per-cent return on sales last year (and even more so at the 10.4 per cent it made in the fourth quarter – compared with BMW's 5.4 per cent in the third quarter).

Much of that turnaround is due to Mr Zetsche, famous for his walrus moustache. He was not the first automotive executive to take on two jobs, but he has been



one of the most successful with it, using his operational experience at Mercedes to help him at Daimler. Mr Zetsche says that combining roles is essential for his management style. He is also keen to stress that Mercedes has a team approach.

Mr Zetsche was hard from the outset, cutting 14,500 jobs – 8,500 in production and 6,000 administrative staff. That broke the pattern of Mercedes providing a job for life to workers. But it had a dramatic effect on the bottom line. Mr Zetsche says: 'Productivity gains don't get you anything if you don't reduce personnel.' Mercedes' recent success is also linked to a big improvement in its product quality and the launch

of some well-praised models, headed by the new C-Class saloon. 'Mercedes is building cars that people want to buy again and, for once, they even look better than BMWs,' says one London-based analyst.

The debate on reducing carbon-dioxide emissions could hit Mercedes hard. But the company, for now, is choosing to highlight the launch of 20 fuel-efficient models this year.

All of this has put a spring back in the step of a company that, in Mr Zetsche's words, also acts as a 'mirror on German society'. It has also restored lustre to Mr Zetsche's star, which was tarnished by the poor performance of Chrysler, the US car maker that was owned by Daimler.

READING

Mercedes, shining star

A

Read the first two paragraphs quickly and decide if the statements are true (T) or false (F), according to the article.

- 1 The fall of the Mercedes luxury brand was not as severe as other brands.
- 2 In 2002, Mercedes' losses were its first for three decades.
- 3 In 2002, Mercedes cars were famous for their reliability.
- 4 Dieter Zetsche is the boss of Mercedes and Daimler.

B

Find words and phrases in the first five paragraphs of the article that mean the same as the following.

- 1 sudden and surprising
- 2 a period of 10 years
- 3 failing
- 4 the first company to develop new methods of doing something
- 5 someone that you compete with
- 6 jealously
- 7 a complete change from a bad situation to a good one
- 8 the financial result of a company's business (i.e. profit or loss)

C Without looking back at the article, try to match the words to form common word partnerships.

- | | |
|------------------|--------------|
| 1 luxury | a) executive |
| 2 chief | b) models |
| 3 parent | c) effect |
| 4 fourth | d) company |
| 5 management | e) brand |
| 6 fuel-efficient | f) style |
| 7 team | g) approach |
| 8 dramatic | h) quarter |

Now check your answers in the article.

D According to the article, which of these factors helped Mercedes improve its performance?

- 1 Mr Zetsche's walrus moustache
- 2 Having BMW as a rival
- 3 Being hard
- 4 Increasing jobs
- 5 Giving workers security for life
- 6 Using Mr Zetsche's operational experience
- 7 Cutting jobs
- 8 Building cars the experts want them to build
- 9 Lowering product quality
- 10 Improving the looks of new Mercedes cars
- 11 Producing new models
- 12 Using a team approach

E Imagine you are Mr Zetsche. What other actions would you have taken at Mercedes?

LISTENING

Helping companies to change



Anne Deering

Watch the interview on the DVD-ROM.



A CD1.14 Anne Deering is Head of Transformation Practice at international management consultants AT Kearney. Listen to the first part of the interview and complete the gaps.

- 1 What are they¹, how are they going to², and how will they know they've³?
- 2 Make sure people are⁴ in the change, that they feel this is something they are doing for⁵ and not something which is being done⁶

B CD1.15 Listen to the second part. What are the two main problems that businesses face when going through change?

C CD1.16 Listen to the final part, where Anne talks about Nokia-Siemens Networks, and answer the questions.

- 1 What was the main purpose of the merger?
- 2 What do these numbers refer to?
a) 8,000 b) 72

LANGUAGE REVIEW

Past simple and present perfect

- We use the past simple for actions at a particular point in the past.
*In 2002, Mercedes **suffered** a dramatic fall.*
*Dieter Zetsche **became** Head of Mercedes in September 2005.*
- We use the present perfect for actions linking the present to a point in the past.
*Since 2005, Mercedes **has gone** from the worst-performing of the large luxury car makers to the trailblazer.*

➔ Grammar reference page 147

A Which of the following expressions are used with the past simple and which are used with the present perfect? Which are used with both?

in 2010	since 2009	yet
this week	yesterday	ever
recently	last year	six months ago

B Complete this short business brief about Vietnam using the past simple or the present perfect forms of the verbs in brackets.



Vietnam¹ (go) through many changes in its history and² (experience) many economic changes recently. It is currently experiencing an economic boom. In 1986, the government³ (introduce) economic reforms or *doi moi* (*doi* meaning change and *moi* new). The reforms⁴ (permit) the setting up of free market enterprises and⁵ (abolish) the practice of collective farming. However, agriculture remains the most important part of the economy. Vietnam⁶ (recently/become) the second largest producer of rice in the world after Thailand. The industrial sector⁷ (show) dramatic improvement and expansion as well. In 1993, the World Bank⁸ (declare) 58% of the population to be living in poverty. By 2005, this figure was less than 20%. Vietnam⁹ (also/make) great strides on the international stage in the last decade or so. It¹⁰ (become) a full member of ASEAN in 1995, and of the WTO in 2006. The effects of this new-found prosperity can be seen everywhere. Large, glitzy malls¹¹ (appear) in major cities, while streets once filled with bicycles are now overflowing with locally produced Japanese, Korean and Chinese motorbikes and cars. Business visitors wishing to relax in a more traditional Vietnamese town should visit Hoi An. Hoi An¹² (be) a major Asian trading port in the 17th and 18th centuries, and its picturesque architecture and relaxed lifestyle¹³ (change) little over the years.

C Talk about recent changes that have happened in your town, company or country.

SKILLS

Managing meetings

A Think of two meetings you have attended that were a) successful and b) unsuccessful. What were the reasons in each case?

B CD1.17 Four managers are discussing their company's policy about smoking. Listen to the meeting and answer the questions.

- 1 Why are some people not happy with the behaviour of the staff who smoke?
- 2 What is Eduardo's solution to the problem?
- 3 Why does Mitsuko object to Eduardo's proposal?
- 4 What proposal does William make?
- 5 Do the managers reach a decision about the smoking policy?

C  CD1.17 Listen again and tick the expressions in the Useful language box that you hear.

USEFUL LANGUAGE

STARTING

OK, let's get down to business.
Right, can we start, please?

SETTING OBJECTIVES

The purpose of this meeting is ...
The aims of this meeting are ...

ASKING FOR REACTIONS

How do you feel about ...?
What do you think?

DEALING WITH INTERRUPTIONS

Could you let him finish, please?
Could you just hang on a moment, please?

KEEPING TO THE POINT

I'm not sure that's relevant.
Perhaps we could get back to the point.

SPEEDING UP

I think we should move on now.
Can we come back to that?

SLOWING DOWN

Hold on, we need to look at this in more detail.
I think we should discuss this a bit more.

SUMMARISING

OK, let's go over what we've agreed.
Right, to sum up then ...

D You are managers of a retail fashion chain called Young Scene, with stores in most major European cities. You are holding your regular management meeting. Use the CEO's notes below as an agenda for your discussions. A different person should chair each item.

Briefing notes

1 Performance-related pay

Following changes to the bonus system, sales staff in stores now receive monthly bonuses according to their individual sales. Unfortunately, while the new system is popular with staff, it has led to many complaints from customers about sales staff 'fighting' over customers in order to secure sales and therefore bonuses. Is the system making staff too competitive?

2 Stock control

Managers at many outlets are reporting problems with the system of organising and finding items for customers in the stock rooms. This is causing delays and causing frustration for both staff and customers. The main question seems to be how to organise the stock – by size, by style or by colour?

3 Shoplifting

Following a recent increase in shoplifting, Young Scene now employs security guards in all its stores. There has been a number of complaints from customers that they find the guards intimidating. This is starting to affect sales, although shoplifting itself is also down. What can be done about this issue?

4 Carbon footprint

In line with its philosophy as a 'green' company, it has been suggested that Young Scene should be reducing its carbon footprint, meaning that air travel should be kept to a minimum. Buyers and managers would in future travel by train within Europe. Outside Europe, they would use economy class or budget air travel only. Is this practical or indeed desirable?

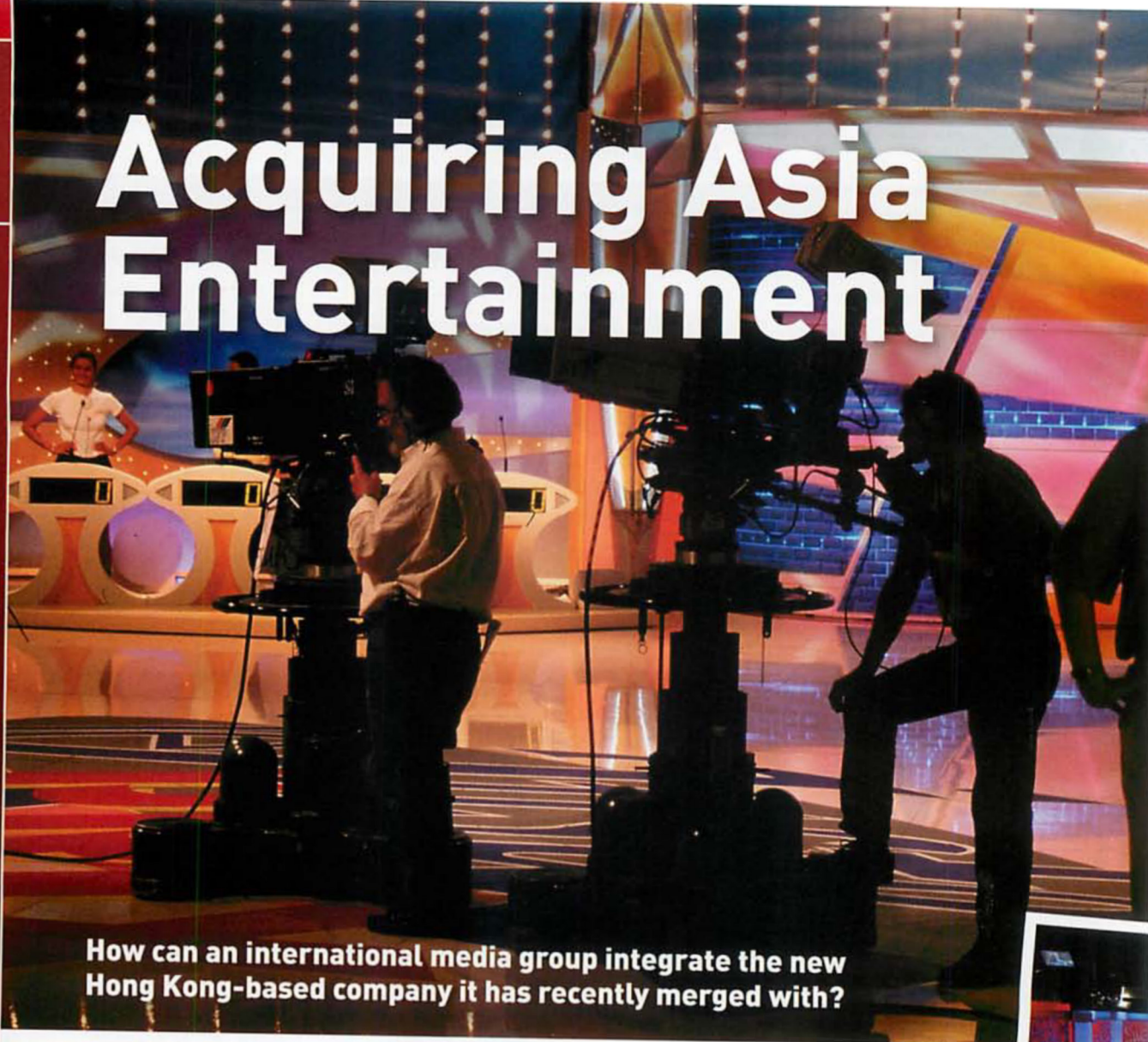
5 End of clothing allowance

Sales staff in stores currently receive a clothing allowance, which takes the form of a 50% discount on Young Scene clothes, which staff then must wear at work. One suggestion is to cut this to 10%, or stop this completely and introduce a compulsory company uniform.

6 Staff meetings

The current practice is to open all stores two hours later one day a week in order for the store manager to hold a meeting with all staff. It has been suggested that this meeting be held after hours in future to maximise opening hours.

Acquiring Asia Entertainment



How can an international media group integrate the new Hong Kong-based company it has recently merged with?

Background

Last March, readers of an Asia-Pacific business magazine, *Investor International*, were given information about an Australian company, the Decker Group.

COMPANY PROFILE

Company: Decker Group
Located: Sydney, Australia
Workforce: 35,000
Turnover: A\$4.6bn

Main activities

Decker is a diversified media group with interests in broadcasting, entertainment and Internet services.

Recent developments

Decker has recently merged with a Hong Kong-based media company, Asia Entertainment. In a press release, the deal was described as a merger, but Decker is the real decision-maker.

Reasons for Decker's acquisition


- 1 Decker will expand its presence in a dynamic new market, China.
- 2 It will use Asia Entertainment for further expansion into Asian markets such as Singapore, Malaysia and Vietnam.
- 3 Asia Entertainment has a growing online presence through its successful DVD viewing service

Comment

Asia Entertainment seems to be a good fit with the Decker Group. However, there may be problems when a different style of management, the 'Australian way of doing things', is introduced into the Asian company.

The new Chairman and Chief Executive will be Scott Henderson. A graduate from the Harvard School of Business, Scott Henderson has a reputation for being a strong leader who is not afraid to take difficult decisions. He is a fluent speaker of Mandarin Chinese.



 **CD1.18** Scott Henderson, the new Chief Executive, gave an interview to a Hong Kong TV business channel. He was asked about the recent acquisition of Asian Entertainment. **Listen and note what he says.**

Problems

It is now a year later. The change of ownership and new management style at Asia Entertainment have caused many problems. The e-mail on the right illustrates some of the difficulties.

To:	Robert Crawford, Vice-President
From:	Cindy Chow, Director, Human Resources
Subject:	Effects of the merger

Staff are very unhappy about the changes. I'm worried about the high staff turnover and low morale. These are some of the reasons for the problems.

- 1 Re-applying for positions**
The management has asked all employees to re-apply for their jobs. Staff feel very uneasy and insecure. People do not want to compete against each other for jobs.
- 2 Redundancies**
Redundancies are expected. Employees in HR and Sales feel particularly threatened. Many employees from these departments are looking for new jobs, which is affecting productivity.
- 3 Compensation**
Staff are already being made redundant. However, the compensation package is poor. They are also receiving no help to find new jobs.
- 4 English language skills**
The management has insisted that all staff must improve their English, but no financial help has been offered towards the cost of English courses.
- 5 Management style**
These are typical comments made by staff.
 - They're trying to do things too fast – there's a new computer system we don't understand; and they're ordering lots of Australian films for our rental service, but we know nothing about the films.
 - They want an informal atmosphere, but we don't want to use first names – we're not used to that.
 - The food in the staff restaurant is awful. The new manager's Australian, she's changed most of the dishes. We have to eat a lot of food we're not used to. There are too many dairy products and not enough fresh vegetables and fish.
 - Most of the management jobs have been given to Australians. There are not many Chinese in senior positions – everyone's complaining about it.
 - We don't know what's going on. We don't know where the company is going and what our strategy is. Quite a few of us don't know who our boss is, or what our duties are.
 - We feel we're losing our Chinese identity. Our bosses don't understand us, our customs are so different. Our new managers are only interested in results.

Task

A group of senior managers meets to resolve the problems.

1 Work in two groups.

Group A: new Australian managers led by Scott Henderson

Group B: senior executives from Asia Entertainment who have kept their jobs following the merger.


Each group prepares separately for the meeting.

2 Hold the meeting as one group. The agenda is as follows:

- Background: why are staff resisting the changes?
- What mistakes is the new management making, if any?
- What practical action(s) can be taken to improve the situation?
- What can be learned from this experience? How can the company manage change more effectively in the future?

Writing

Write the action minutes for the above meeting.

 Writing file page 129

Watch the Case study commentary on the DVD-ROM.