

Success

1. Firms need to apply the 4 Ps of the marketing mix

Firms should sell:

a. a good product which:

- respond to a need,
- corresponds to a new trend,
- applies quality imperatives,
- is environmentally-friendly,

b. at the right price (with the best quality-price ratio),

c. in the right place (see chapter 4),

d. with adequate promotion (see chapter 5).

2. Firms need to project a positive image of the firm

Nowadays, firms must show they are good corporate citizens by caring about:

a. the quality of the product manufactured,

b. the quality of employment and working conditions throughout the world:

- fair labour practices in developing countries,
- in industrialized countries, equal recruitment practices, regardless of race, sex, handicap or private life,

c. the major current issues: unemployment, homelessness, medical research (AIDS or cancer), racism, the environment, etc.,

d. the quality of life in our society: community, sports sponsoring, etc.

3. Firms need to have efficient managers

Many qualities are necessary to lead a team or a company:

- be a leader,
- feel dedicated to the job,
- be an expert with know-how in a specific field,
- be able to make decisions, rapidly if necessary,
- be creative, original, innovative and **open-minded**, on the look-out for new niches,
- accept risks and see failure as an improving experience,
- know how to use all the resources in the firm, particularly human resources,
- listen to other people, be broad-minded and objective,
- be ambitious, for her/himself but also for the staff and the company,
- know how to motivate staff with incentives, quality circles, perks, promotion or vocational training,
- know how to limit personal expenses on the company's back,
- be active in the community.

Can you answer?

1. What makes a successful company?
2. How can a firm show it is a good corporate citizen?

Problems for Firms

1. Internal problems

They are related to a dysfunctioning of the firm itself.

They can be due to:

a. inefficient production

The tools or assembly lines are obsolete, old-fashioned.

b. the marketing strategy

It is ill-adapted.

c. the management

It is inefficient. In small and middle-sized firms, managers and senior executives can be too old and not dynamic enough. Or they may die suddenly and leave the company without direction.

d. social problems

Strikes or labour disputes may slow down or stop production.

e. financial problems:

- the overheads are too high (manufacturing/labour/running/financial costs),
- the firm makes no profits and is in the red,
- the shareholders no longer trust it,
- the firm is overstaffed and needs restructuring.

f. problems of image

Accidents may endanger a firm's reputation.

In 1995, Intel had to face customer complaints about faulty Pentium microchips. In 1996, Moulinex had to retrieve ovens because they were dangerous. In June 1999, Coca Cola faced problems of contamination which may hurt its European sales.

Media campaigns about child labour have hit multinationals, such as Nike.

2. External problems

These problems are related to the business environment.

They can be due to:

a. suppliers

- the cost of raw materials may increase,
- delivery becomes difficult,
- suppliers decide to leave the firm,
- banks (who supply money) no longer trust the firm and refuse to finance it any longer.

b. sales

- if an important customer leaves the firm,
- if customers change their buying habits,
- when there is market saturation of what the firm manufactures (example: too many car-makers in Europe for the demand).

c. competition

- domestic competition: for example when discounters sell the same products at lower prices,
- foreign competition: products may be competitive because of currency devaluations or because they benefit from cheap labour costs in their country of origin.

d. regulations

- deregulation and globalisation have made the market more competitive (see chapter 7, page 93).
- taxes, tariffs, quality labels, ecolabels and standards may put a limit on exports (see chapter 7, page 96).
- new laws may reduce trade in various industries. For instance, pushed by the FDA (Food and Drug Administration), the American Congress has voted tobacco a drug: firms, restaurants, cities and even some states have declared themselves "smoke-free". As a result, cigarette consumption has plummeted in the USA, entailing losses for the tobacco industry and lawsuits.

► Can you answer?

1. What kinds of problems do companies have to face?
2. How can legislation have an impact on a company's activities?

Solutions

1. Reduce costs

a. sell some of their assets, either to another firm, or by going public

b. create autonomous subsidiaries

c. streamline operations or implement a new organization by suppressing various layers between management and the business units

d. subcontract some of their production

e. relocate production

- to profit from low wages in low-labour-cost countries,

- to avoid currency problems and expensive export costs, or quotas, some firms choose to manufacture close to their markets. This is the case for Japanese transplants in the USA, Britain and France.

- to enter potential markets, such as Eastern Europe, China, India or South America. Despite the low profitability and the recession, firms can choose these potential markets either by buying companies or by forming jointventures with local partners (see chapter 7, page 94).

- to avoid local regulations, for example Californian firms move to Mexico to avoid the cost of Californian eco-friendly regulations.

f. outsource services: cleaning, catering, transport

g. shed (slash/eliminate) jobs

h. introduce flexibility: using flexible working hours, temping and fixed work contracts for the staff (see Work, page 23).

i. limit expenses (travel expenses, perks, benefits).

2. Adapt

a. stress the importance of Research and Development, innovation, or quality circles, and focus on new business values such as profits and performance.

b. look for new niches and launch new products to adapt to new needs, or diversify their production or customize/tailor the products to the customers.

c. profit from deregulation (telecommunications, banking, insurance and airlines both in Europe and the US) to find new opportunities on both sides of the Atlantic.

d. invest in automation

Companies can match orders to demand, streamline the manufacturing and distribution operations, slash costly inventories and increase productivity.

e. focus on their core activities

f. improve the distribution network with franchises, thus taking fewer financial risks (see chapter 4, page 49)

g. merge with other companies, which is an easy way of transferring technology, management skills and money, or accept hostile/friendly takeover bids.

There were numerous mega-mergers in 1999-2000 between Daimler-Benz and Chrysler, BP and Amoco, Rhône-Poulenc and Hoescht, Elf and Total Fina, BNP and Paribas, Carrefour and Promodès.

h. go public and be quoted on the Stock Exchange

Companies have access to the money people, and particularly the numerous baby-boomers invest in stocks/pension funds for their retirement.

i. tap new markets: Eastern Europe, China or Latin America all have numerous potential consumers, despite the recent financial crisis.

► Can you answer?

1. What strategies can companies adopt to survive?
2. Why do some companies relocate their production abroad?
3. Why do companies merge?
4. How can companies increase their profits?

Automation

1. Facts

A lot of traditional jobs and tasks have been automated, artificial intelligence is developing:

- design is computer-aided,
- production: in factories, robots assemble cars,
- at the office: lap-top and desk-top computers, pagers, networks are widely used, office automation (OA) relies on information technology (IT),
- distribution: delivery-times can be rationalized and shortened,
- marketing: marketers build up databanks to target consumers more adequately.

2. Advantages

- hard, dirty, tiring jobs have been eliminated,
- difficult tasks can be carried out (underwater, in space),
- automation does not require rest or holiday, firms are more efficient all year round,
- a better inventory control and just-in-time strategies provide substantial savings,
- better jobs are provided: the jobs of engineers, analysts, operators are more rewarding and fulfilling than the unskilled manual jobs of the past.

3. Drawbacks

- even more unemployment in industrialized countries,
- depersonalization of work: it is impossible to communicate with the computer screen of a car assembling robot,
- health hazards,
- price,
- robots are not 100% reliable: bugs, pirates and thieves can infect the systems.

Professional Personal Assistants (PAs)

Nowadays, secretaries are becoming professional personal assistants, called "CCOs" (coordinators, communicators, organisers) and "executaries" (executives + secretaries).

1. Traditional office tasks

- filing, entering data on computers, formatting documents,
- typing letters, memos, reports, labels and charts,
- sorting and distributing the mail,
- handling the expense accounts,
- making coffee and photocopies.

2. New organisational tasks

- They can be asked to reorganize a department,
- they plan the staff's activities and oversee projects,
- they serve as intermediaries between management, staff, clients, and suppliers by putting them in contact.

3. Necessary qualities

- computer-literacy and software expertise,
- listen, remember and never gossip,
- be reliable,
- be indispensable to management.

4. The role of computing in PAs' work

a. Possibilities

- word processing to enter text,
- spreadsheets to manipulate numbers, graphs, budgeting, accounting, etc.,
- database programs which are the equivalent of an elaborate filing system,
- desk-top publishing.

b. Advantages

- faster repetitive tasks (paperwork, bookkeeping, calculations, records),
- less paperwork,
- easier-to-produce and higher-quality documents (letters, invoices, receipts, memos),
- more up-to-date mailing lists,
- most software suppliers offer help and support (training, telephone hotline, etc.).

► Can you answer?

1. Are robots humans' friends or enemies?
2. What has changed in the work of Personal Assistants?

Après avoir étudié le Background pages 7 à 10, dites si ces affirmations sont vraies ou fausses. Quand elles sont fausses, corrigez. Quand elles sont justes, essayez d'expliquer et d'apporter des précisions.

Firms have problems when...

1. their production has been modernized.

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2. their management staff are professionals, experts who know their jobs.

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3. their operating costs are too high.

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4. they project a negative image of themselves.

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5. they don't agree with the banks.

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6. they have found a new niche, or a very innovative product.

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7. competitors can manufacture the same product at a lower cost.

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8. they cannot export easily, because of tariffs and quotas.

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To survive, firms...

9. reduce their costs.

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10. lay off redundant employees.

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11. have all sorts of in-house services (such as cleaning, catering, transport) done by other companies.

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12. suppress the R&D department.

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13. adopt just-in-time strategies.

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14. stop exporting.

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15. look for new customers in emerging markets.

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16. relocate production where labour costs are high.

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17. invest in robots to increase productivity.

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18. try to “think global” for manufacturing processes, but “act local”, close to their communities, for marketing and promotion.

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19. have to moralize their activities.

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accounting: comptabilité
affiliate: filiale (détenue à moins de 50% par la société-mère)
agenda (on the): ordre du jour (à l')
annual report: rapport annuel
assembly line: chaîne de montage
assets/liabilities: actif / passif
audit: vérification des comptes
balance sheet: bilan
Board (of Directors): conseil d'administration
bookkeeping: archivage
boom: période d'expansion
branch, branch office: succursale
break-even point: seuil de rentabilité
business accountability: responsabilité des entreprises
business acumen: sens des affaires
business firm: société commerciale
cash, liquidity: trésorerie
cash-flow: capacité d'autofinancement
cash: liquidités
Chairman and Managing Director (GB), Chief Executive Officer/CEO (US): PDG
community: environnement d'une entreprise
company, firm, business, venture, corporation: société
computer-aided: assisté par ordinateur
corporate citizen: entreprise citoyenne
corporate culture: philosophie de l'entreprise
corporate identity: image de l'entreprise
corporate investment: investissement industriel
corporate name, trade name: raison sociale
corporate restructuring: restructuration d'entreprise
cost savings: réduction des coûts
deal, transaction: transaction
economies of scale: économies d'échelle
entrepreneurial spirit: esprit d'entreprise
factory, plant: usine
family business: entreprise familiale
financial costs: coûts financiers
financial package: montage financier
firm, company: firme
gains: profits
gross profit: marge brute
hard/soft currency: devise (monnaie) forte / faible
headhunter: chasseur de têtes
import/export house: société d'import / export
incorporated company: société enregistrée
international trading company: société de commerce international
invoice, bill: facture
joint stock/stock company: société par actions
joint venture: société à capitaux mixtes / en participation, co-entreprise
just-in-time: flux tendu
know-how: savoir-faire
labour costs: coûts salariaux

layout: présentation, mise en page
lean production: production optimisée
listed/quoted company: société cotée en bourse
loss: perte
management techniques: techniques de gestion
management: direction, gestion
manager, boss: patron
manufacturing costs: coûts de fabrication
marketing division: service commercial
MBO (management buyout): R.E.S. (reprise d'une entreprise par ses salariés)
memo: note de service
multinational: multinationale
non-profit-making association, charity, society: association (à but non lucratif), société de personnes
outfit, setup: petite affaire
overhead expenses/costs: frais généraux
parent company: maison / société mère
partners: associés
payroll: liste nominative du personnel
perk: avantage en nature
personal assistant, PA, executive secretary,
secretary: assistant(e) de direction
pre-tax profit: bénéfice brut
printer: imprimante
private sector: secteur privé
private/ limited company, limited liability company (Ltd): société à responsabilité limitée (S.A.R.L.)
privatization: privatisation
profit (operating): bénéfice (d'exploitation)
profit and loss (P&L): pertes et profits
profit margin: marge (bénéficiaire)
profitability: rentabilité
profitable: rentable
public limited company (p.l.c.): société anonyme (S.A.)
quality circle: cercle de qualité
registered office, headquarters (US): siège social
regulation: réglementation
Research and Development (R&D) department: bureau d'études
return on investment (ROI): taux de rentabilité d'un investissement (TRI)
running costs: coûts de fonctionnement
securities: titres (en bourse)
service company: société de service
share, stock: action (de capital)
situated, located: situé(e) à
small and medium-sized firms (SMF): petites et moyennes entreprises (PME)
smokestack industries: industries traditionnelles
spreadsheet: tableur
staff committee: comité d'entreprise
staff: personnel
start-up company: entreprise qui démarre
state-owned company: société d'état
state-owned/nationalised: nationalisé

stock options: plan d'option d'achats d'actions
subsidiary: filiale (détenue à 50% au moins par la société-mère)
supplier: fournisseur
table, chart: tableau
takeover bid: OPA
to bail out: renflouer
to be in the black: être bénéficiaire
to be in the red: être en déficit
to be overstaffed: avoir trop de personnel
to be self-employed: être à son compte
to beef up: renforcer
to break even: rentrer dans ses frais
to close down: fermer définitivement
to diversify: se diversifier
to file: classer
to float a share, to introduce a share in the Stock Market: introduire un titre en Bourse
to format a document: mettre un document au format
to generate profits: créer des bénéfices
to go bankrupt, to file for bankruptcy: faire faillite
to go public: s'introduire en bourse
to issue shares: émettre des actions
to make a decision: prendre une décision
to make profits/to turn a profit/to be in the black: faire des bénéfices
to manage/run/oversee a company: diriger une affaire
to merge: fusionner
to rank among: figurer parmi
to relocate: délocaliser
to sell off: se défaire de
to set up/start/launch a business: créer une société
to share in the profits: participer aux bénéfices
to sponsor: patronner
to streamline, to downsize: dégraisser
to sub-contract, to outsource: sous-traiter
to succeed in business: réussir en affaires
to suffer losses, to be in the red: subir des pertes
to tailor, to customize: faire sur mesure, personnaliser
to undertake: entreprendre

to wind up a business: liquider (une affaire)
trade/commercial directory: répertoire d'entreprises
turnover, gross (US): chiffre d'affaires
tycoon, magnate: magnat
virus: virus
word processing: traitement de texte
working capital: fonds de roulement

Les différents secteurs d'activité

aircraft industry: aéronautique
building industry: bâtiment
capital-intensive industry: industrie capitalistique
car industry: industrie automobile
catering industry: restauration
chemical industry: industrie chimique
clothing industry, rag trade: habillement, industrie de confection
construction, building: construction
domestic appliance industry: électroménager
domestic/internal trade: commerce intérieur
fishing: pêche
food industry: industrie alimentaire
foreign/overseas trade: commerce extérieur
heavy industry: industrie lourde
hi-tech industry: industrie de pointe
hotel industry: secteur hôtelier
iron and steel industry: sidérurgie
labour-intensive industry: industrie de main-d'œuvre
leisure/entertainment industry: secteur des loisirs
light industry: industrie légère
luxury goods industry: industrie du luxe
luxury trade: commerce de luxe
precision tool industry: industrie de précision
real-estate business: immobilier
retail trade: commerce de détail
service industry: secteur tertiaire
shipbuilding industry: construction navale
tourism: tourisme
toy industry: secteur du jouet
wholesale trade: commerce de gros