

► P&L account, balance sheet, cash flow statement

► accounting terms

► verbs for enabling and preventing

Glossary

PAGE 157

depreciation
pellet
snapshot

7.2 Vocabulary Financial documents and regulation

Discussion

1 With a partner, discuss the following questions.

- How do you keep track of your personal finances? Do you keep accounts, use a computer program to track your income and expenditure, or simply look at your bank statements?
- Do you know today whether you are in credit or in debt?

Defining words

2 Match the three main accounting documents 1–3 with the best description a–c.

- profit and loss account
- balance sheet
- cash flow statement

- to indicate inflow and outflow of money over a specific period, in particular to make sure it does not run out
- to show managers whether a business made or lost money over a specific period
- to provide a snapshot of a business's value at a particular point in time, showing what it has and what it owes

3 Match the three main accounting documents to the simplified examples below. Why are some numbers listed in brackets?

a

2012

Cash receipts (a)

Cash sales	€175,000
Loans	€40,000
Total cash receipts	€215,000

Cash payments (b)

Rent	€102,000
Admin	€85,000
Total cash payments	€187,000

Net cash flow

€28,000

b

2012

Net sales (c)

250,000

Cost of sales

(80,000)

Gross profit

170,000

Selling, general and administrative expenses

(65,000)

Operating profit (d)

105,000

Other income

20,000

Earnings before taxes

125,000

Taxes

(25,000)

Net income

100,000

c

April 1 2012

Assets

Current assets (e)

Cash	€75,000
Accounts receivable	€150,000
Total current assets	€225,000

Fixed assets (f)

Land	€150,000
Total fixed assets	€150,000

Total assets

€375,000

Liabilities (g)

Current liabilities

Taxes payable	€100,000
Payroll	€125,000
Total current liabilities	€225,000

Long-term liabilities

Loans repayable	€50,000
Total long-term liabilities	€50,000
Total liabilities	€275,000

Net assets (h)

€100,000

Owners' equity (i)

€100,000

4 Complete the sentences with terms a–i in the accounting documents above.

- A business's _____ are the sums that it will have to pay at some time in the future, such as loan repayments or taxes.
- All funds going out of a business in a specific period are known as _____.
- The amount of profit after general running costs are deducted is known as _____.
- Businesses often have money in the bank or money owed to them, known as _____.
- The total income from all of a business's normal trading activity is known as _____.
- All money coming into a business in a specific period is known as _____.
- Some things that a business owns cannot be turned easily into cash: these things are its _____.
- The difference between what a business owns and what it owes are its _____, which are equal to the _____.

Internet research

Search for the keywords *financial statements beginners' guide* to find further information about the main financial statements. Which site presents the statements most clearly? Compare your findings and vote for the best site.

5 Match the accounting categories 1–6 with the examples a–f.

- 1 depreciation
- 2 plant and machinery
- 3 raw materials
- 4 accounts payable
- 5 payroll
- 6 extraordinary income

- a) Cherubs Pre-school Nursery employs five carers who get paid weekly.
- b) Focal Photography Shop owes €3,000 to its suppliers.
- c) Speedier Deliveries owns six vans. Last year, the resale value of each van fell by 20%.
- d) Jonson Manufacturing has just raised €1.6 million from the sale of part of its site.
- e) Stronglite Engineering has a small factory with a range of heavy-duty metalworking tools.
- f) KJK Products spent €10,000 on plastic pellets for manufacturing.

6 Answer the following questions about the categories in Exercise 5.

- 1 Where on the cash flow statement would you put **raw materials** and **payroll**?
- 2 Where on the profit and loss account would you put **depreciation** and **extraordinary income**?
- 3 Where on the balance sheet would you put **plant and machinery** and **accounts payable**?

Enabling and preventing

7 Read the articles by three business owners who describe how financial documents have helped improve their business. Complete them with the correct form of the verbs in the boxes.

discourage encourage let make

SALLY SANTANA I run a clothing business in Barcelona called Tangerine. The balance sheet is an invaluable document for me. Because it's a snapshot, I find it (1) en me to really think about whether my business is in the best shape. The profit and loss account is helpful, but the balance sheet (2) me see what I actually owe in the short and long term. It has also (3) me from developing bad habits: for instance, it has (4) me pay my creditors sooner rather than later, so that the balance sheet looks better and improves our position with the bank.

allow force help prevent

JAIME TRIER When we started up, I used a cash flow forecast as part of our application to the bank and it (5) us get a start-up loan. Our bakery business, Kernel, has gone from strength to strength since then, but keeping an eye on cash flow has always been important to (6) cash imbalances. If we got this wrong, it might even (7) us to go out of business. I used to use a spreadsheet, but I've invested in some accounting software now which (8) me to present the information in the form I need.

compel enable permit prohibit

DANA SOARES I set up DS Engineering ten years ago, with the help of investment from a group of business angels. Obviously, they demand detailed reporting on our finances. And, whilst their rules of investment don't (9) certain practices in the way some accounting regulations do, they're understandably quite strict: they certainly wouldn't (10) us to take any unnecessary risks. The profit and loss account (11) the investors to see that we are making a profit and (12) us to make better decisions on what to do next.

8 Work with a partner. Use the verbs in Exercise 7 to write short explanations of what the following business documents are used to enable, help, prevent, etc.

- health and safety guidelines
- a business plan
- an annual report
- a meeting agenda



- ▶ verbs and phrases for talking about cause and effect
- ▶ verbs for describing ability
- ▶ *a/an, the and no article*

Refresh your memory

Cause and effect

Verbs and prepositions:
lead to, result in, arise from, etc.

Phrases: *owing to, due to, as a result of*

Ability

can/could for general ability to do something in the present/past
was able to/managed to/succeeded in for specific cases of ability in the past

Articles

a/an: non-specific or not previously mentioned
the: specific, unique or previously mentioned
no article: generalizations, abstract qualities, uncountable nouns

▶ Grammar and practice
Pages 134–135

Glossary

PAGE 157

admin
knock-on effect
misery
notably
raw materials
spiralling
stem from

7.3 Grammar Cause and effect, ability, articles

Cause and effect

- 1 With a partner, put the expressions in the correct column in the table.

arose from As a result of Because of brought about Due to gave rise to
led to On account of originated in Owing to resulted from resulted in
stemmed from was/were due to

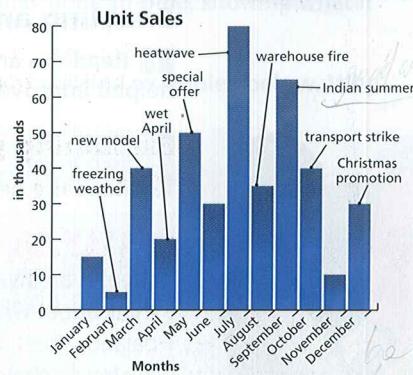
cause + expression + effect	effect + expression + cause	expression + cause + effect
led to	stemmed from	Due to

- 2 Fantastik is a manufacturer of air-conditioning equipment. Look at the graph of last year's sales figures for fans. With your partner, take turns to explain why sales were good or bad throughout the year, using the expressions in Exercise 1.

The freezing weather in February led to a sharp drop in sales. or

Low sales in February stemmed from the freezing weather. or

Due to freezing weather in February, sales were low.



Describing ability

- 3 Work with a partner. Look at the graph in Exercise 2. Say what Fantastik:

- can or can't do in general each year.
- were able to do/managed to do/succeeded in doing last year.
- couldn't do last year.

In the summer, the weather is hot so they can sell a lot of fans.

Last August, they couldn't sell as many fans due to the warehouse fire.

But they managed to sell more than usual in September because of the good weather.

Articles

- 4 Work in small groups. You have \$300 to bet on whether each sentence is correct or incorrect. The minimum bet on each sentence is \$10. If the sentence is incorrect, correct it by adding, deleting or changing the articles *a/an* or *the*. For every sentence you get right, you keep the money you bet. For every sentence you get wrong, you lose it. Which group has the most money?

- 1 Sue gave me a useful information about the new regulations.
- 2 Bob's a real technophobe: he just hates the computers!
- 3 The company was criticized for aiming products at the young.
- 4 To become accountant, Geri spent three years studying.
- 5 They bought a new machinery to help them meet the order.
- 6 HR are finding it difficult to find candidates with the intelligence.
- 7 Tina felt she didn't have the confidence to succeed in France.
- 8 Luke resigned after he was accused of an unethical behaviour.
- 9 When completing your expenses form, remember to claim for the entertaining.
- 10 The CFO asked me to do a research to establish why our losses had increased.

Reporting performance

- 5** Read Fantastik's targets for a set of key indicators and the firm's actual performance. Which targets did the company meet?

	TARGET	ACTUAL
Unit sales	400,000	420,000
Value of sales	€10 million	€9.8 million
Repeat business	+ 5%	+ 5%
Admin costs	- 2%	- 3%
Raw materials (plastic)	- 4%	- 2%
Payroll	€2.5 million	€2.35 million
Operating profit	€220,000	€255,000

- 6** Complete the sentences with verbs for describing ability and your own words.

- Fantastik hoped to sell 400,000 units, and *managed to sell* 420,000.
- Fantastik planned net sales of €10 million. In fact, they only *surpassed*.
- Fantastik planned to increase repeat business by 5%, and they *met*.
- Fantastik set a target to reduce admin costs by 2%. They *missed*.
- Fantastik hoped to reduce raw material costs by 4%, but *failed*.
- Fantastik planned *to increase*.
- Fantastik hoped *to increase*.

Explaining performance

- 7** Read the articles. Make notes on factors which might explain each of Fantastik's results.

HOTTEST ON RECORD

Yesterday, temperatures topped 38°C for the fourth time in July. This means that we are having the hottest July since records began. Several offices have sent staff home after complaints about staff feeling ill at work. It's not all bad, though: sellers of refrigerated products and air-conditioning ...

COST RELIEF FOR BUSINESSES

After several years of spiralling costs, there are signs that businesses in Western Europe are finding it cheaper to operate. Labour costs have dropped slightly due to the availability of migrant workers from new European states. However, the picture for manufacturers is mixed: the price of oil is high. Consequently, petroleum-derived products are expensive, with knock-on effects on ...

EXCHANGE RATE MISERY FOR EXPORTERS

Unfavourable exchange rates mean that exporters have struggled to remain competitive, say industry analysts. 'We've also seen a big increase in unpaid bills,' said one manufacturer yesterday ...

- 8** Write a paragraph about Fantastik's performance. Use expressions from Exercise 1 for describing cause and effect.

Hot temperatures resulted in some sickness among staff. This brought about complaints and ...

- 9** Complete the extract below from the CFO's speech to staff with a/an, the or no article.

Since I became (1) _____ accountant, I can't remember (2) _____ better year for (3) _____ air-conditioning business. We received (4) _____ information early in (5) _____ summer that (6) _____ hot weather was coming, and we increased (7) _____ production accordingly. Some people have found (8) _____ weather uncomfortable, notably (9) _____ elderly and (10) _____ very young. Many people have ended up in (11) _____ hospital. But (12) _____ demand for (13) _____ air-conditioning products has risen well in (14) _____ commercial sector, our main market. Congratulations to (15) _____ sales team, who had (16) _____ intelligence to sell effectively, and did (17) _____ great work all round. And I've got (18) _____ good news for you: all staff will receive (19) _____ bonus of €500 with (20) _____ next month's salary.

Internet research

Search for the keywords *causes of business failure*. Find a story involving a strange chain of events and tell the class about it.

Speaking

- 10** Think of situations in which you ...

- managed to do something unexpected.
- succeeded in meeting an important target.
- failed to complete an important task.
- weren't able to achieve what you had intended.

- 11** Work with a partner. Tell your partner about your experiences in Exercise 10, explaining the events that led up to this and what effects the situation brought about.

- ▶ identifying factors for successful meetings
- ▶ expressions for communicating in meetings
- ▶ roleplaying a meeting

7.4 Speaking Communicating in meetings



Discussion

- 1** Work with a partner. Read the descriptions about how people behave in meetings and decide where you would put your culture on the scales. Compare your ideas with your partner.

In meetings, people generally:

are clear		are unclear
admit they don't understand		never admit ignorance
stick to the agenda		don't stick to the agenda
summarize decisions clearly		don't summarize decisions
are direct and sometimes rude		are indirect and never rude
often interrupt		rarely interrupt

Listening

- 2** 2:33 The American group, Mahler, has recently acquired the French packaging company Polystok. Listen to the meeting between Alice, Mahler's CFO, and two Polystok employees, Serge and David. Answer the questions.

- 1 How successful do you think the meeting is?
- 2 How much do you think David and Serge understand?
- 3 How could the meeting have been more effective?

- 3** 2:34 Now, listen to a second version of the same conversation. Why is the meeting more productive?

Analysis

- 4** 2:34 With a partner, find suitable words to complete the expressions in the checklist for communicating in meetings. Then listen again and check your answers.

- 5** Add each phrase below to the correct category in the checklist.

- a) In other words, ...
- b) What exactly do you mean by ...?
- c) I'm not sure I follow you.
- d) To recap, ...
- e) Let me start again.
- f) So you mean ...
- g) Does that make sense?
- h) Before we close, let me just summarize the main points.
- i) Am I being clear?
- j) If I understand correctly, ...
- k) Shall I go over the main points we agreed?
- l) To sum up, ...

Useful expressions: Communicating in meetings

Asking for clarification

Could you be _____?

Clarifying

What I _____ is ...

Checking you understand

So, what you're _____ is ...

Checking other people understand

Do you _____ what I _____?

Summarizing

Can we _____ what we've decided?

Glossary PAGE 157

in good shape
iron out
starving
take stock
tweak

Speaking

6 Read the four situations below. Decide what action you would recommend in each situation. Make notes on your ideas.

- 1 Levels of executive pay have been rising in your industry. This makes recruitment difficult for your firm. How should you respond?
- 2 Your new CEO wants to introduce more American business practices. Some staff are resistant. What advice would you give the CEO?
- 3 Your country's education system doesn't produce the graduates you need. How could you improve the standard of job applicants?
- 4 Your firm has been criticized for employing too few women. How could you change this situation?



Now watch the video for this unit.

Internet research

Search for the keywords *ending a meeting*. List five pieces of advice on how to end a meeting well. Compare your advice with other students.

7 With a partner, hold short meetings on the issues in Exercise 6. Follow the structure provided below. Take turns to be A and B.

Student A

State your main idea about the topic.

Clarify your idea.

Confirm or clarify again.
Ask for Student B's opinion.

Confirm if you understand. Summarize your joint ideas or decisions.

Student B

Ask for clarification.

Check that you understand.

Give your opinion. Check that Student A understands you.

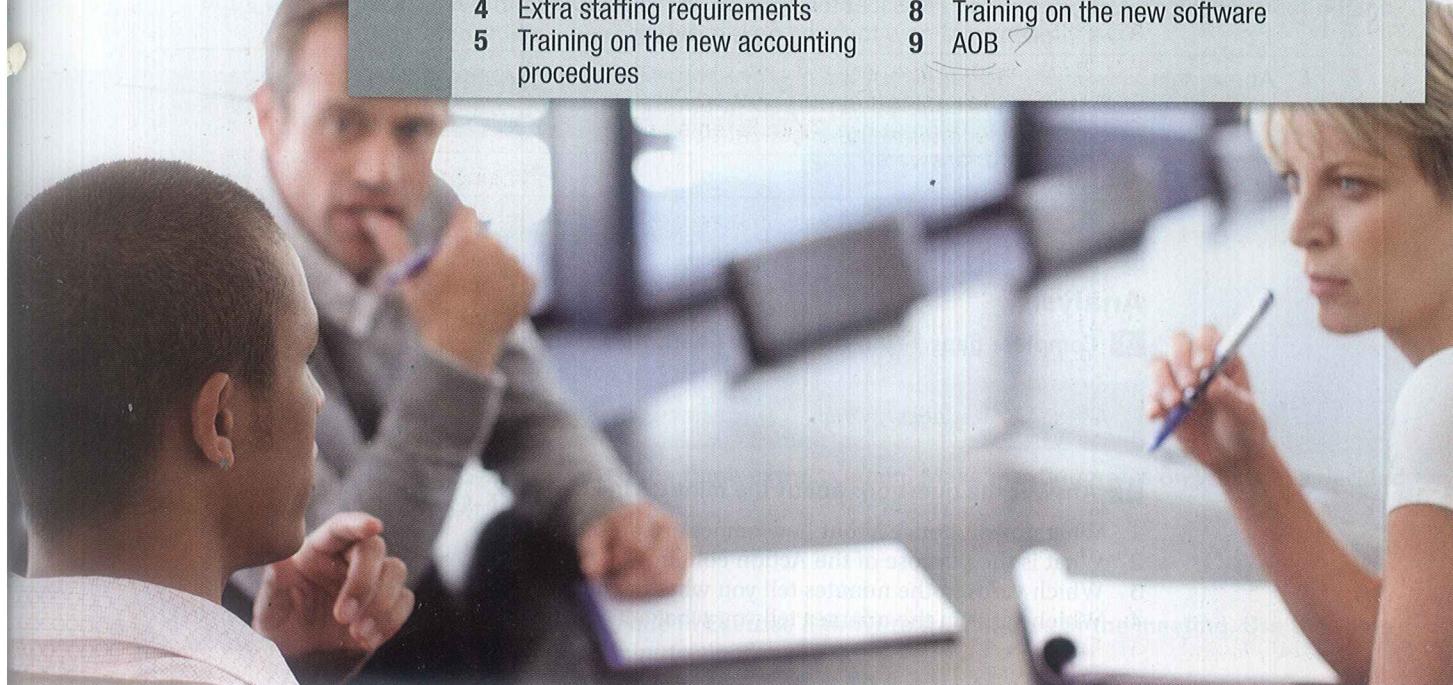
Roleplay

8 Work in groups of three. Take the roles of Alice, Serge and David and read the appropriate role card: Alice (page 115), Serge (page 117) and David (page 120). Hold a meeting to discuss the points on the agenda and remember to clarify your position if necessary.

Agenda

New accounting procedures

- | | |
|---|---|
| <ol style="list-style-type: none"> 1 Introduction 2 Definition of new procedures 3 Schedule for implementation 4 Extra staffing requirements 5 Training on the new accounting procedures | <ol style="list-style-type: none"> 6 Installation of new accounting software 7 Temporary project team requirements 8 Training on the new software 9 AOB |
|---|---|



- ▶ presentation and content
- ▶ action verbs
- ▶ writing minutes

7.5 Writing Minutes

Discussion

1 Work with a partner. Read about the meeting situations a–d and answer questions 1–3.

- Hyperion Advertising office staff are meeting in a café to discuss their Christmas lunch.
- Wells Engineering have just completed a major construction project. They are holding a one-off project review meeting today.
- Living Colours is a printing company. The finance department are holding their fortnightly update meeting.
- At Bitstore Electronics, two senior executives are meeting this afternoon to discuss which of four interviewees they will appoint as sales manager.

- How formal will each meeting be?
- What is the purpose of each meeting? What items do you think will be on the agenda?
- Which meetings require minutes? Why? How will the minutes be different?

Model

2 Read the minutes below quickly. Decide which meeting in Exercise 1 they relate to.

MEETING MINUTES

Date: 11 June Time: 15.30

- (1) _____: Room 344
 (2) _____: Enzo Falconi (EF)
 (3) _____: Alice Keller (AK), Francois Weber (FW), Dylan Sanders (DS)

(4) _____	(5) _____	(6) _____
1 New staff	EF announced the appointment of Sally Collins as head of accounts payable.	
2 Office layout	FW expressed concern about the open-plan arrangement. We identified two main problems: telephone noise and lack of meeting rooms. AK proposed screens or full partitions. We agreed that EF will investigate the price of screens and FW will get quotations on full partitions.	EF and FW 25 June
3 Expenses claims	DS requested that all staff complete expense claim forms on time. We accepted that the form could be simpler. DS will prepare a new form by next meeting.	DS 25 June
4 Appraisals	We decided that the current appraisal system is not working, and we concluded that six-monthly appraisals would be better. AK to look into the practicalities of this.	AK 30 June
(7) _____	25 June 13.00	

Analysis

3 Complete gaps 1–7 in the minutes with these labels.

Action Attendees Chair Discussion Item Next meeting Venue

4 Answer the questions about the minutes in Exercise 2.

- What do you notice about how names are presented?
- What is the purpose of the Action column?
- Which verbs in the minutes tell you what happened? The first one is underlined.
- Which verbs in the minutes tell you what actions are planned? The first one is circled.

Internet research

Search for the words *writing clear minutes* and make a list of ten tips for good minute writing. Compile a class top ten.

Glossary PAGE 157

chair
open-plan office
partition
venue

Language focus

- 5** Summarize these extracts from the meeting using appropriate verbs from the box. The first one is done as an example.

confirm congratulate discuss explain reject suggest

- AK: Basically, there are two options: either we install screens or full partitions. Of course, screens would be cheaper, but, on the other hand, full partitions would probably be much more effective ...
We discussed the pros and cons of screens or full partitions.
- EF: So, to summarize, we all agree then that we don't want to keep the existing open-plan arrangement, OK?
- EF: Well done, Sally. You've really done a great job in accounts receivable.
- DS: The reasons why the current appraisal system is not working are that the interviews take too long and they only happen once a year.
- DS: I've spoken to all the department heads and I can assure you that they all think the current expense claim form is too complicated.
- FW: Why don't we get three quotations for screens and three for partitions?

- 6** Match the decisions 1–6 with the action plans a–f, using an appropriate action verb from the box. The first one is done as an example.

arrange chase up contact draw up evaluate organize

- EF suggested celebrating Sally's promotion. He will *organize* ... – c
- We decided to consult department heads on the new appraisal scheme. EF will ...
- AK proposed getting examples of screens and partitions so she will ...
- It was agreed that external advice on running appraisal interviews would be useful. FW will ...
- We concluded that a more detailed cost breakdown was necessary. DS to ...
- It was noted that only one quotation has been received to date. DS to ...
 - ... a visit to the suppliers' showroom.
 - ... the other two suppliers.
 - ... an after-work drink in the local pub for the accounts department.
 - ... the best proposals and report back at the next meeting.
 - ... a specialized management consultancy.
 - ... a draft questionnaire before our next meeting.

Listening and note-taking

- 7** 2:35–2:37 Three months later, the Living Colours finance team are holding another meeting. Look at the three main items on the agenda below. What issues do you think the participants might raise regarding each point? Listen to three extracts from the meeting and check if your ideas were mentioned.

Meeting agenda – Finance Department efficiency drive

Date: 16 September

Time: 14.30–16.00

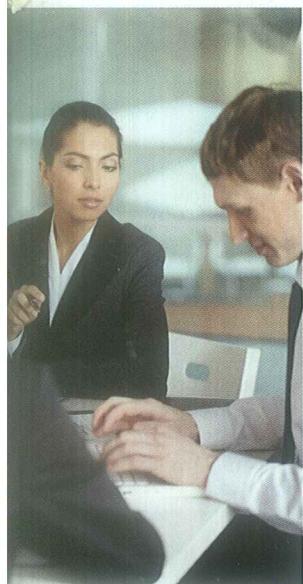
Venue: Room 346

- Minutes of last meeting
- Chasing up late payers
- Covering for absent colleagues
- Reducing office waste
- AOB

- 8** 2:35–2:37 Listen to the three extracts again. Make meeting notes on what they decided for items 2–4.

Output

- 9** Use the notes you made in Exercise 8 to write the minutes of the meeting. Use the same format as the meeting minutes in Exercise 2.



- ▶ honest and dishonest business activities
- ▶ agreeing on a plan of action

7.6 Case study Car-Glazer

Discussion

1 In small groups, answer the questions about the activities in the list.

- 1 Are these actions honest or dishonest, or is there a grey area in between?
- 2 For which actions should employers warn, reprimand or dismiss people. For which should they do nothing?
 - making personal photocopies at work
 - using the company phone to make private calls
 - embezzling money from the company
 - going to the dentist during working hours
 - throwing a 'sickie'
 - surfing the net during office hours
 - borrowing money from the petty cash

Glossary

PAGE 157

bodyshop
chasing letter
dent
embezzle
reprimand
scratch
sickie
suspension

Scan reading

2 Read the three documents below and answer the questions.

- 1 What business is Car-Glazer in and what services do they offer?
- 2 What does Emily Wyatt do and how long has she been working for the Czech subsidiary of Car-Glazer International plc? Write her name on the organigram opposite.
- 3 Who introduced Emily to Car-Glazer?
- 4 What problem is Car-Glazer facing with some of its technicians?

Hired Emily Wyatt, 20 Feb 2012 (Referred to us by Filip Novak - they met at business school)

Chief Accountant

- Reporting directly to the Director of Car-Glazer, Czech Republic
- Managing all aspects of the accounting function (accounts receivable and payable, budget, cash flow, tax)
- Establishing and maintaining accounting practices to ensure accurate and reliable data for business operations

Memo

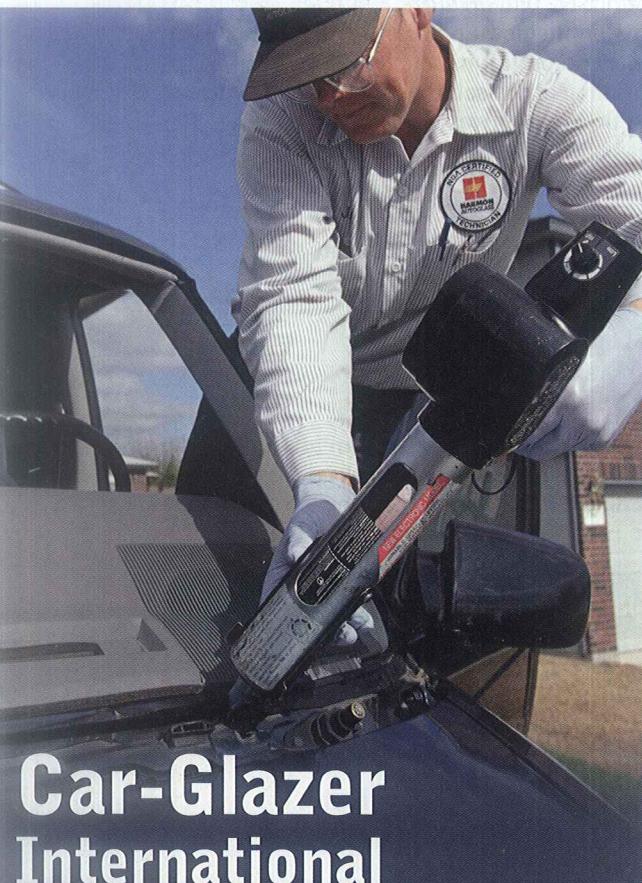
Date: 8 October 2012
To: All technicians

We are receiving a growing number of claims from garages for damage to vehicles in the course of glass replacement: paint chips, minor dents and scratches, broken mirrors, etc.

Please ensure that you work carefully and follow company procedures, as such claims cost us (and indirectly, you) money!

Counting on all of you to see a reduction in claims.

Andy Webb
CEO Car-Glazer plc

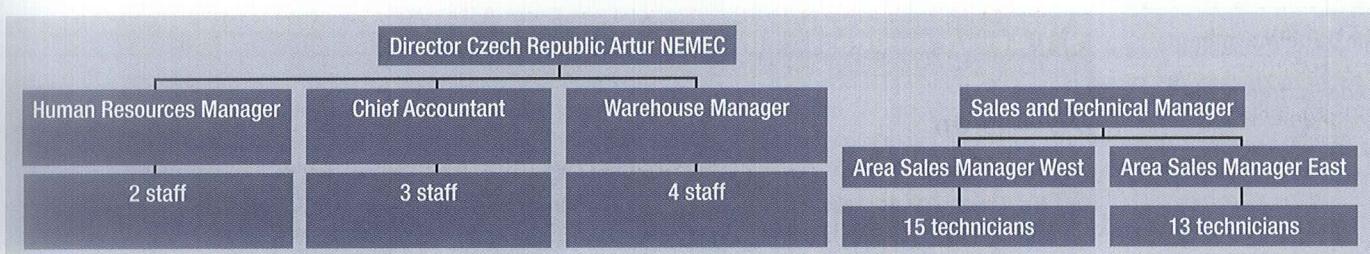


Car-Glazer International

Car-Glazer – Trade

Car-Glazer offers a comprehensive on-site windscreen and body glass replacement service to the motor trade throughout Europe. We visit your garage, showroom, forecourt or bodyshop to repair or replace all types of vehicle glass.

Organigram



Analysis

3 Emily Wyatt arrives at work one morning to find this email waiting for her. Read the email and answer the questions.

- 1 What does Robert do in Car-Glazer? Write his name on the organigram.
- 2 What reasons could Nina Kovar have for being evasive?
- 3 What reasons could Garage Miler have for invoicing two separate bills and why might the technicians have caused more damage than usual?

To: Emily
From: Robert
Date: 11 October
Subject: Outstanding bill, Garage Miler, Brno

Just to let you know that, despite two chasing letters, Garage Miler (our second biggest account in Brno) still haven't paid us July's bill, just over 1.2 million CZK. I called them yesterday and the person in accounts, Nina Kovar, was rather evasive. She simply told me that she'd appreciate a call from the boss. I'm not sure if she meant you or Mr Nemec.

One other thing: we owe Miler about 459,000 CZK for damage to cars caused by our technicians when they were replacing vehicle glass. 459,000 CZK is a lot higher than normal and what's strange too is that we received two separate bills: one for around 378,000 CZK and the other for 81,000 CZK. I told Nina Kovar we couldn't pay them until we'd been paid the 1.2 m CZK ourselves.

Anyway, I'd be grateful if you could give her a call.

Thanks
Robert Smid
Accounts Receivable

Listening for detail

4 2:38 Emily calls Nina Kovar. Listen to the conversation and answer the questions.

- 1 Who does Emily speak to in the end?
- 2 Who is Filip Novak? Write his name on the organigram.
- 3 What company car does Filip drive?
- 4 What car did Filip have repaired?
- 5 Why hasn't Garage Miler paid the outstanding bill?
- 6 In Emily's position, what would you do?



Discussion

5 Hold a meeting to decide what action Car-Glazer should take regarding Filip Novak. Consider the following courses of action:

- reprimand
- official warning
- temporary suspension
- dismissal
- other

Internet research

Search for the key words *famous whistleblowers*. What are whistleblowers in the business world and what scandals have been brought to light by them?

Listening

6 2:39 During the meeting, Artur Nemec takes a call and announces some good news. Listen to what he has to say. How does this affect your decision?

- the fair trade movement
- fair trade vs. free trade

8.1 About business Fair trade or free trade?

Discussion



1 Answer these questions.

- 1 What sort of products are traded under the label 'fair trade'?
- 2 When you buy a cup of coffee, what is 'a fair price'?
- 3 If you spent your holidays working on a coffee farm, how would you define 'a fair wage' and 'fair working conditions'?
- 4 If you owned a café, how would you define 'a fair profit' on a cup of coffee?

Predicting

2 Read the title of the article opposite and predict which of these points will be expressed by the writer. Then read the article and check your predictions.

- 1 Fair trade products make rich consumers feel guilty.
- 2 Free trade would help the poorest farmers more than fair trade.
- 3 Fair trade products are low quality.
- 4 Fair trade farmers are encouraged to modernize their production methods.
- 5 Big coffee chains force farmers to reduce their prices.

Reading for detail

3 Read the article again and answer the questions.

- 1 What must be paid to get fair trade certification?
- 2 Why might western consumers be attracted to fair trade goods?
- 3 Which consequence of fair trade has led Mexican producers to expand production?
- 4 Why do richer producers benefit most from fair trade?
- 5 Which processes of agricultural development has fair trade discouraged?
- 6 How have consumer attitudes to coffee changed?
- 7 Which producers have improved income without help from fair trade?

4 Find phrases in the article that imply these strong opinions.

- 1 Fair trade supporters know very little about economics. (paragraph 1)
- 2 Fixing fair trade prices unfairly deprives the poorest farmers of a way to make a living. (paragraph 2)
- 3 Fair trade supporters are naive to think they can solve all the problems of the developing world. (paragraph 3)
- 4 Fair trade supporters are out of touch with the realities of modern agriculture. (paragraph 4)
- 5 Fair trade prevents producers from increasing efficiency and revenue. (paragraph 4)
- 6 Coffee chains, unlike fair trade campaigners, benefit poor producers. (paragraph 6)

Listening

5 2:40 Listen to a radio phone-in about the article. What two benefits of fair trade does the speaker argue for?

Discussion

6 In small groups, discuss how far you think each of the statements below is true.

- Free trade rewards efficiency; fair trade rewards bad habits.
- Fair trade is the best protection some workers have against exploitation.
- Fair trade is just a fashion among rich western consumers.
- Free trade only looks to the short-term; fair trade looks at the bigger picture.

Internet research

Search for the keywords
fair trade vs free trade.
What values do the two movements share?

IN THE NAME

of fair trade, we are encouraged to pay more for everything from cups of coffee and chocolate bars to cosmetics and cut flowers.

5 For a product to be certified as fair trade, the importer selling it in the West must pay a minimum price to producers. A voluntary price support scheme is entirely compatible with free trade: there is no conflict between altruism and the market economy. But while filling the shopping trolley with fair trade goods may relieve the guilt of middle class consumers, its wider effects may not really be so positive. A combination of economic illiteracy and misguided good intentions has created a monster that threatens the prosperity of the poorest producers.

15 Poverty relief would be much better served by a free trade and not a fair trade agenda. Fair trade policies, whether government-enforced or applied through ethical consumer schemes, distort the market. Producers in some countries may choose to produce certain crops 20 only because they can get an artificially high price under fair trade schemes. This kicks away the ladder from the poorest producers who have no choice but to stay in the market. Take the example of Mexico, which produces a quarter of fair trade coffee. Because of the incentive 25 of fair trade, Mexican producers have decided to keep producing coffee, even expand production. Without this incentive, Mexico could be producing other crops more efficiently. This distorting effect is unfair on poorer countries such as Ethiopia where producing other crops 30 is not an option. As a result of fair trade policies, they are faced with greater competition.

Fair trade also punishes producers who are less good at quality – generally the poorest. Setting a minimum price for products encourages retailers to buy only from more affluent producers that can invest in higher quality. Poorer producers may be able to supply lower quality products more cheaply, but there is no incentive to buy these, because the retailers cannot call it fair trade. By simply pronouncing it 'unfair' to pay below a certain price, fair 40 trade supporters seem to believe they can ignore market realities, wave a magic wand and make everything better. But fair trade is like all attempts to control prices: the poorest are cut out of the market.

Free markets and more open trade have lifted hundreds 45 of millions of people out of poverty over the last quarter century. They work because they encourage producers to pursue higher living standards by becoming more productive through mechanization and modernization. By contrast, fair trade supports a romantic view of 50 peasant farmers toiling in the fields, day in day out, rather than helping producers buy machinery and move into processing and packaging of products. The Fairtrade Foundation®, which promotes the scheme in the UK, admits it has no policy on mechanization. It has even 55 been encouraging producers to become less efficient by growing other crops in between coffee plants. This limits producers' ability to mechanize, locking them into poverty.

In stark contrast, Starbucks™ has been running 60 community projects to help producers construct coffee mills and climb up the economic ladder. Shops like Starbucks, Caffè Nero and Coffee Republic have encouraged consumers to appreciate coffee as a premium product. Consumers are dropping the cheap instant coffee 65 they were drinking in the office in favour of cappuccinos and lattes made with high-price Arabica beans. Many producers, following this logic, are now commanding higher prices. This is not because of fair trade but because 70 they are responding to the demands of the market.

75 Despite attacks from anti-globalization activists, the truth is that Starbucks has done more than anyone else in expanding markets and raising incomes for coffee producers in developing countries. It is the coffee chains that are the real superheroes of the coffee market, not fair trade campaigners.

Why
fair trade
is a bad deal

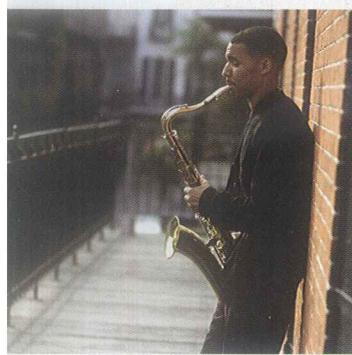
Glossary

PAGE 157

affluent
crop
deprive
distort
magic wand
misguided
pursue
toil



- collocations with contract
- expressions used in a contract
- types of unethical behaviour



8.2 Vocabulary Contracts and corporate ethics

Brainstorming

- 1** In what circumstances might you do the following? Give examples.

amend a contract award a contract break a contract cancel a contract
 draft a contract negotiate a contract renege on a contract sign a contract

Defining words

- 2** Read part of the contract between Calisto Instruments and JZ Music to supply 500 tenor saxophones for the Christmas market. Find expressions that mean:

- | | |
|--------------------------|-------------------------|
| 1 accepted | 6 pay the bill |
| 2 in this document | 7 considered as |
| 3 promises | 8 for whatever reason |
| 4 not later than | 9 inform |
| 5 later in this document | 10 impossible to change |

this agreement, made and entered into this fourth day of June by and between Calisto Instruments, the Seller, and JZ Music Ltd, the Buyer:

1. The seller hereby undertakes to transfer and deliver to the buyer on or before 1 November, the goods as specified hereinafter.
2. The buyer hereby undertakes to accept the goods and pay for them in accordance with the terms of the contract.
3. The buyer shall make payment within 30 days of reception of the goods.

4. Goods shall be deemed received by the buyer when received by him at the port of Southampton.
5. The risk of loss from any damage to the goods regardless of the cause thereof shall be on the seller until the goods have been accepted by the buyer.
6. The buyer shall have the right to examine the goods on arrival, and he must give notice to the seller of any claim for damages within seven business days after such delivery. The failure of the buyer to comply with these rules shall constitute irrevocable acceptance of the goods.

- 3** Complete the second extract from the contract with the expressions from Exercise 2.

9. The seller (1) _____ (2) _____ to provide maintenance and repair for one calendar year. The buyer shall be required to (3) _____ to the seller of any request for repair. On expiry of the warranty, an extension agreement may be (4) _____; the buyer shall (5) _____ of the annual fee before

any repair work can be undertaken, (6) _____. Signature of the warranty extension shall constitute (7) _____ acceptance of the terms and conditions (8) _____ specified. Warranties not renewed (9) _____ 1 April shall be (10) _____ lapsed.

- 4** Choose the correct words to complete the paragraph about litigation.

A legally (1) *holding* / *binding* / *sticking* contract is one which can be (2) *obliged* / *inflicted* / *enforced* by the legal system. Many contracts include a (3) *penalty* / *punishment* / *price* clause which (4) *concerns* / *applies* / *effects* if deadlines are not met. A company which fails to respect its commitments can be (5) *charged* / *processed* / *sued* for (6) *violation* / *breach* / *breaking* of contract. However, in some cases the two (7) *participants* / *parties* / *factions* can avoid the expense of litigation by agreeing an out-of-court (8) *settlement* / *agreement* / *Conclusion*. If the case (9) *moves* / *goes* / *takes* to court, the loser may be ordered to pay millions in (10) *payments* / *damages* / *expenses*.

Discussion

- 5** Calisto and JZ Music have now signed the contract. Discuss what will happen if:

- 1 Calisto deliver on 1 December.
- 2 Calisto deliver 500 alto saxophones instead of 500 tenor saxophones.
- 3 Calisto send JZ Music an invoice on 1 September.
- 4 the saxophones are delivered to Portsmouth.
- 5 some of the saxophones are damaged during shipping.
- 6 JZ inform Calisto of the damage in January after the Christmas holidays.
- 7 JZ refuse to pay.

Internet research

Search for the keywords *mission statement generator*. Hold a class vote for your favourite mission statement.



Glossary PAGE 158

amend
bend the rules (for someone)
beyond reproach
lapse
litigation
part and parcel
renege
wash your hands of

Listening for gist

- 6 Can you explain or give examples of these types of unethical behaviour?

bribery conspiracy corruption embezzlement
fraud insider trading money-laundering
nepotism

- 7 2:41–2:48 Listen to eight cases. Name each offence, and discuss an appropriate punishment.

Reading

- 8 Match terms 1–6 with definitions a–f.

- | | |
|------------------------|---|
| 1 accountability | a) deciding objectives, means and standards for a company |
| 2 regulatory bodies | b) being required to justify one's actions to a higher authority |
| 3 borderline ethics | c) organizations which investigate irregularities, such as the Securities and Exchange Commission |
| 4 corporate governance | d) a process that has been shown to give excellent results |
| 5 empowerment | e) paying workers the minimum wage allowed by the law, for example |
| 6 best practice | f) encouraging workers to improve the way they do their own jobs |

- 9 Complete the book review with the terms from Exercise 8.

In her latest book, *Ethical Profits*, Hannah Shallenberger, who serves on the board of several corporations, argues that good (1) _____ is not incompatible with making profits. According to Shallenberger, values like honesty, fairness, transparency and (2) _____, when combined with commercial and manufacturing (3) _____, can help to make the world a better place.

Shallenberger blames Enron, WorldCom and other scandals first and foremost on spiralling executive pay. A world where six-figure salaries, stock options and golden retirements are a CEO's top priority encourages (4) _____ and leaves little space for global justice and social responsibility. Shallenberger advocates a third way. Companies which favour employee (5) _____, and which foster a sense of ownership and social responsibility throughout the organization, can not only obey the law, comply with and even exceed the requirements of (6) _____, but also give customers, employees, the environment and shareholders a fair deal. This book is a must-read for anyone involved in business strategy.

Discussion

- 10 Do the questionnaire, and then discuss your answers.



Ethical business or profit first?

- 1 Lying, cheating and bending the rules is

- a) unacceptable.
- b) OK, as long as you don't get caught.
- c) part and parcel of business.

- 2 A company should

- a) respect the spirit of the law.
- b) respect the letter of the law.
- c) be morally beyond reproach.

- 3 The majority of corporate profits should go to

- a) shareholders.
- b) top management.
- c) all company staff.

- 4 Honesty and responsibility is the best policy

- a) always.
- b) sometimes.
- c) rarely.

- 5 Shallenberger's third way with ethical profits is

- a) the key to twenty-first century business.
- b) a nice idea, but difficult to do.
- c) hopelessly idealistic.

- 6 Making the world a better place is

- a) a company's primary goal.
- b) something companies can contribute to.
- c) nothing to do with business.

- ▶ can, can't, must, mustn't, have to, don't have to, (not) be allowed to
- ▶ inversion in legal documents

Refresh your memory

Obligation

In most cases, we can use *must*, *mustn't*, *have to* and *don't have to*. In more formal cases, you may encounter: *shall* and *shall not*.

Permission

In normal cases, we can use *can*, *can't* and *(not) be allowed to*.

In more formal cases, you may encounter: *may* and *may not*.

Inversion

After certain negative phrases, subject and verb are inverted. Not until all details were agreed *did they sign the contract*.

▶ Grammar and practice pages 136–137



8.3 Grammar Obligation and permission, inversion

Obligation and permission

- 1 In small groups, brainstorm a list of rules in your school or workplace relating to conduct and dress code. Use *can / can't / must / mustn't / have to / don't have to / be allowed to* and *(not) be allowed to*.

*We're not allowed to use mobile phones during lessons/meetings.
We have to wear a company polo shirt in the office.*

Obligation and permission in legal documents

- 2 Work with a partner. Read a formal agreement, highlight the formal language and explain the information to your partner in a less formal way. Your partner should ask for clarification if necessary.

Student A: Read the lease agreement.

Student B: Read the licence agreement.

Landlord hereby leases the Premises to Tenant for twelve calendar months.

→ *The tenant is allowed to rent the offices for a year.*

Lease agreement

Property description: 100 m² in modern building. Open plan. Unfurnished. Rent: €1,900 per calendar month.

- 1 **Term** Landlord hereby leases the Premises to Tenant for twelve calendar months. Tenant may renew the Lease by giving written notice to Landlord not less than ninety days prior to the expiration of the initial term of lease.
- 2 **Rental** Tenant shall pay to Landlord €1,900 per calendar month due in advance on the first day of each calendar month. Tenant shall also pay to Landlord a security deposit equivalent to one month of rent payable before first occupation of the Premises.
- 3 **Utilities** Tenant shall pay all charges for water, sewer, gas, electricity and telephone and other services used by Tenant. Landlord shall pay all reasonable air-conditioning and heating costs of the Premises.
- 4 **Repairs** During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Premises. Repairs shall include routine repairs of floors, walls, ceilings, and other parts of the Premises damaged or worn through normal occupancy.
- 5 **Alterations** Tenant may with Landlord's written consent remodel, redecorate and make improvements to the Premises.
- 6 **Parking** During the term of this Lease, Tenant may use in common with Landlord, other tenants of the Building, their guests and invitees the non-reserved car parking area, subject to the rules and regulations for the use thereof.

Licence agreement

Property description: 70 m² in refurbished building. 4 large offices + reception area. Fully furnished. Rent: €300 per person per month.

- 1 **Term** Lessor hereby licences Licensee to use the Premises for one calendar month. Licensee may renew the Licence or quit the Premises by giving written notice to Lessor not less than thirty days prior to the expiration of the Licence.
- 2 **Rental** Licensee shall pay to Lessor €300 per occupant per calendar month due in advance on the first day of each calendar month. Licensee shall also pay to Lessor a security deposit equivalent to two months' licence fee payable before first occupation of the Premises.
- 3 **Utilities** Lessor shall pay all charges for water, sewer, gas, electricity, air conditioning, heating and fixed charges for telephone and Internet connections. Licensee shall pay all charges for telephone calls and other internet pay services used by Licensee.
- 4 **Repairs** Licensee shall repair or pay for the repair of any damage to the Premises caused during occupancy and shall leave the Premises in the same condition as at the start of this agreement. Lessor shall take responsibility for normal wear and tear.
- 5 **Alterations** Licensee may not alter, remodel, redecorate or make improvements to the Premises.
- 6 **Parking** No on-site parking is provided but Licensee may rent reserved parking spaces for an additional monthly fee of €50 per space payable in advance at the same time as the monthly rent.

- 3 Work with a different partner. You run a thriving import export business and need to move to larger premises in the next three months.

You have a staff of five people (including you and your partner) and are planning to recruit an extra person in nine months' time. Look at the agreements in Exercise 2 and decide which premises would suit you best. Explain your reasons to another pair.



Setting guidelines

4 Managers often give guidelines to new employees on how to conduct themselves on company business. Complete the guidelines with modals of obligation and permission.

- 1 *You have to* obey the law and act ethically at all times.
- 2 *Don't* use video or audio recording equipment on the company's premises.
- 3 *Don't* use the Internet in an appropriate and responsible way.
- 4 *Don't* disclose sensitive information about the company's products.
- 5 *Don't* make negative claims about our competitor's products.
- 6 *Don't* get permission to download software onto office computers.
- 7 *Don't* accept small gifts from suppliers and other business partners.
- 8 *Don't* buy or sell the company's shares in expectation of a major announcement.

5 Sentences 1–4 are taken from a formal employment contract. Rewrite them in less formal English.

- 1 Employees shall not make expense claims in excess of €20,000.
Remember that you _____ than €20,000.
- 2 All employees shall maintain company property in good condition.
If you work here, you _____ after company property.
- 3 The Employer may terminate the contract with a one-month notice period.
As the employer, I _____ the contract with just a month's notice.
- 4 Employees may not use the telephones for personal use.
I think I ought to warn you that you _____ or family.

Listening and note-taking

6 2:49 Firms may also issue a code of practice to business partners as part of a contract. Listen to two managers discussing the terms of an outsourcing agreement in the Far East. Make notes on what they decide in these categories.

Accommodation Breaks Minimum age Safety Working hours

7 With a partner, use your notes from Exercise 6 to write formal guidelines for the suppliers in the Far East.

8 The clauses below were also included in the contract. Complete each sentence with a possible result.

- 1 Evidence of poor working conditions may *result in* ...
- 2 Products not finished to agreed standards may ...
- 3 Legal representatives appointed by us may ...
- 4 Failure to use safety clothing may ...

Inversion

9 Rewrite these sentences from the contract, using inversion to make them more emphatic.

- 1 Unless you can implement the full terms of the contract, don't agree to it.
Under no circumstances should _____.
- 2 We won't pay for the goods until the full shipment has been received.
Not until the full shipment _____.
- 3 The goods will be considered received when they arrive at our warehouse.
Only once the goods _____.
- 4 Health and safety must not be put at risk for any reason.
On no account must _____.

Writing

10 Choose five of the rules you identified in Exercise 1 and rewrite them in the style of a formal employment contract.

We're not allowed to use mobile phones during lessons/meetings.

→ **Under no circumstances shall mobile phones be used during lessons/meetings.**

Internet research

Search for the keywords *golden bull* to find examples of 'legal-speak'. Note down the most amusing or the worst example and report back to the class.

- ▶ identifying factors for successful negotiations
- ▶ expressions for negotiating a compromise
- ▶ negotiating a deal

8.4 Speaking Negotiating a compromise

Discussion

1 Discuss what compromise might be found in these situations. How satisfactory is the compromise for each party?

- 1 Management at a car plant have offered a 5% pay increase in response to workers' demands for 10%. The workers have threatened to strike. Both sides are willing to discuss productivity and benefits. What compromise could they reach?
- 2 The top national newspaper has published evidence of corruption in a major company. Unfortunately, the company is the newspaper's most important advertising customer. How can the two parties reach an agreement to maintain their business relationship?
- 3 A dairy producer sells most of its products to a major supermarket chain which has been making late payments. The supermarket claims the suppliers' products have fallen in quality. What could each side do to improve their relationship?



Listening for detail

2 2:50 Leah works for an American fair trade chocolate manufacturer and Alfredo represents a workers' cooperative in Ecuador. Listen to a contract negotiation for cocoa beans and answer the questions.

- 1 What do they agree on within these topics?
 - the fair trade premium for top grade cocoa beans
 - prefinancing/advance payments
 - growing the crop under shade trees
 - children under fifteen
- 2 What went wrong in the negotiation?

3 2:51 Listen to the second version of the negotiation and answer question 1 in Exercise 2 again. Why is this version of the negotiation more successful?

4 2:51 With a partner, find suitable words to complete the expressions in the checklist for negotiating a compromise. Then listen again and check your answers.

Useful expressions: Negotiating a compromise

Offering a compromise

I am ready to ..., on the understanding that you ...
I'm prepared to you half way.
Shall we split the difference?

Accepting with conditions

We are to agree to ..., provided that ...
I'd be to ..., unless ...

Accepting a compromise

That fair.
I can with that.

Rejecting a compromise

I'm sorry, but I'm not sure that would work.
I think we'll have to to disagree on that.
I'm afraid you put me in a difficult position.

Internet research

Search for the keywords
corporate barter.

Make a list of benefits
companies can derive
from this type of trade.

Practice

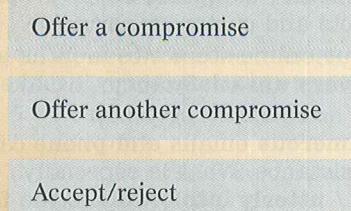
- 5 With a partner, suggest more appropriate expressions for this negotiation, and then practise the conversation.

- A: I can pay ten per cent more, but you work Saturdays as well.
B: No way! I coach my local swimming team on Saturday afternoons.
A: How about 50–50? I pay five per cent more and you work Saturday mornings.
B: No. Not unless I can keep the company car at the weekend.
A: Deal!

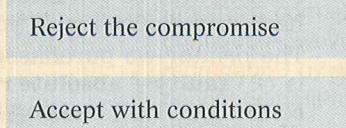
- 6 Work with a partner. Using the framework below, take turns to be A and B and practise compromising in the following situations:

- 1 Student A wants to organize a two-day fair trade conference in Berlin. Student B prefers a week in Hong Kong.
- 2 Student A wants to sell fair trade chocolate in cheap 1kg bars. Student B wants to sell it in expensive, individually-wrapped squares.
- 3 Student A is a coffee grower and wants a five-year contract and a guaranteed minimum price. Student B is a manufacturer and wants a one-year contract and an index-linked price.
- 4 Student A wants to sell as many fair trade products as possible in their supermarkets at higher prices. Student B wants to sell the cheapest products at the lowest prices.

Student A



Student B



Negotiation

- 7 Work with a partner. You represent small neighbouring countries in trade negotiations with each other. Student A: read the instructions and table below. Student B: look at page 118.

Student A

You have a surplus of some commodities and a shortage of others. Relations between your country and Student B's country are very friendly. Negotiate a deal with Student B to get the commodities you need.

	You have	You need	After negotiation, you have
Coal	4 million tons	1 million tons	
Gas	2 billion cubic meters	5 billion cubic meters	
Oil	0	200 million barrels	
Wheat	3 million tons	1.5 million tons	
Coffee	0	2,000 tons	
Tobacco	40,000 tons	25,000 tons	
Steel	8 million tons	6 million tons	
Gold	20 tons	20 tons	
Aluminium	200,000 tons	350,000 tons	
Chemicals	1 million tons	2 million tons	

eWorkbook

Now watch the video
for this unit.

- ▶ the tone of complaints
- ▶ assertive expressions
- ▶ writing a letter of complaint

8.5 Writing Assertive writing

Discussion

1 Decide which of these complaints is most likely to obtain a positive outcome in a restaurant, and why. Which complaint is aggressive, which is passive, and which is assertive?

- 1 'Sorry about this, but I'm afraid I'm a little disappointed with my meal.'
- 2 'The steak is overcooked and the vegetables are cold.'
- 3 'Your food is disgusting and your chef can't cook!'



Model

2 Read the letter of complaint. Use different colours to cross out the aggressive and passive options in **bold**, leaving an assertive letter.

Dear Sir or Madam,

I am writing to (1) **inform you / protest / complain** about problems we have experienced with your products and customer service.

The printer we purchased from your online store two months ago is (2) **faulty / absolute rubbish / very unsatisfactory**; it makes a continuous loud buzzing noise.

Despite (3) **several / endless / numerous** emails and phone calls, we have been unable to obtain any assistance. What is especially (4) **frustrating / rather worrying / utterly intolerable** is the fact that your helpline staff seem (5) **totally incompetent / insufficiently trained / somewhat inexperienced**.

(6) **Never in a million years / Very rarely / Under no circumstances** would such (7) **unprofessional / pathetic / disappointing** after-sales service be acceptable from a high-street store.

We (8) **demand that you / expect you to / would like you to** resolve this situation to our satisfaction within seven days of receipt of this letter. Failure to do so (9) **will result in the strongest / will leave us no option but to take appropriate / may lead us to consider** legal action.

Yours faithfully,

E. Lonamar

Analysis

3 Decide which of the adjectives in the box complete this description.

Writing assertively means being ...

aggressive	apologetic	confident	direct	evasive
objective	personal	polite	rude	submissive

Language focus

4 Rephrase the sentences to make them more assertive. Use the prompts in brackets.

- 1 It seems we can't print our annual report. I'm afraid that's especially annoying! (What is ...)
- 2 I'm sorry but I don't think the printer delivers what your website promises. (In no way does ...)
- 3 Unless you fix the printer before the end of the week, I'm afraid we'll have to consider suing you. (Failure ... legal action.)
- 4 People in the office find the constant buzzing noise annoying. (What people ...)
- 5 Our Paris office needs a printer. I'm afraid I don't think it's very likely we'll recommend yours! (Under no ...)
- 6 We might have to contact a consumers' association, as you don't seem to want to help us. (Unless ...)

Internet research

Search for the keyword **assertiveness**. What are the rights the individual can assert? What assertiveness techniques are available?

- 5** Decide whether each expression implies that the speaker will give a **positive** or a **negative** response. Which 'negative phrase' suggests the speaker will negotiate?

as things stand by and large in principle
on the whole regrettably to be honest
unfortunately

- 6** Choose the best expressions to complete the email opposite.

- 7** Using expressions from Exercise 5, write assertive one-line answers to these messages from your CEO.

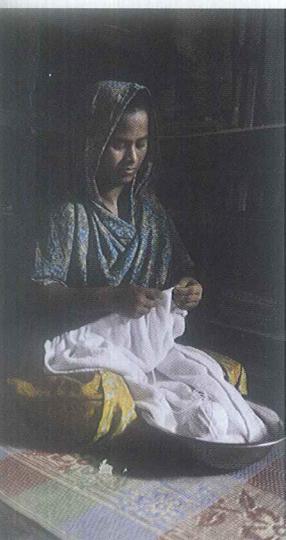
- 1 We have a crisis. Can you fly to Canada tomorrow morning?
- 2 How would you feel about working two days a week from home?
- 3 I'd like you to get a couple of years' experience in the USA before taking on more responsibility.
- 4 We need someone to manage the night shift. Do you think you can handle it?
- 5 We think you should do an MBA. What's your reaction?
- 6 Next year's sales conference is in Siberia. You'll be organizing it.

Output

- 8** Divide into two groups, A and B. Group A work for a fair trade clothing company in Bangladesh called Ganges Fashion. Group B work for AQX Logistics, a global transport provider that handles Ganges' logistics operation in Europe.

- 1 Read the following message from your boss and then discuss what to say.
- 2 Write a letter and deliver it to the other company.
- 3 Reply to the letter you receive.

Group A



EMAIL

Hi
I'm furious with AQX Logistics. They promised us next day delivery of small packages, but they're often more than three days late. Their online tracking service never works because their system is down most of the time, and they've just put their prices up again! Unless they give us a better discount, we can't afford to work with them anymore. Can you do me a favour and email them? If I do it, I'll just get angry. If they can't come up with a solution, tell them we'll get someone else. We've already warned them several times.
Thanks
Tareq

Group B

MESSAGE

FROM: Clyde Lang, Finance

TAKEN BY: Annette

Please write to Ganges Fashion. They've finally paid last quarter's invoices, but they've deducted the tax again. We've already explained they have to pay us first, then they can claim the tax back. And they're only supposed to have 30 days credit, not 90! If they don't pay the tax by the end of the month, Clyde wants to suspend service.
NB Clyde was extremely angry, so he didn't want to write to them himself.

- ▶ supplier contracts
- ▶ negotiating a solution

8.6 Case study Green Hills Coffee

Discussion

- 1 Explain these two quotations. Is there a place in business today for a gentleman's agreement?**

An Englishman's word is his bond. – a sixteenth-century proverb
A verbal contract is not worth the paper it's written on! – Sam Goldwyn

Reading

- 2 Fiona Hills is President and CEO of Green Hills Coffee. Read the memo she received from her CFO and the attachment, and answer the questions.**

- 1 What is the main problem, and what is the risk for Green Hills?
- 2 What does the CFO want Fiona to do?
- 3 What special circumstances might affect Fiona's judgement?
- 4 Which clauses of the contract are Green Hills concerned about?

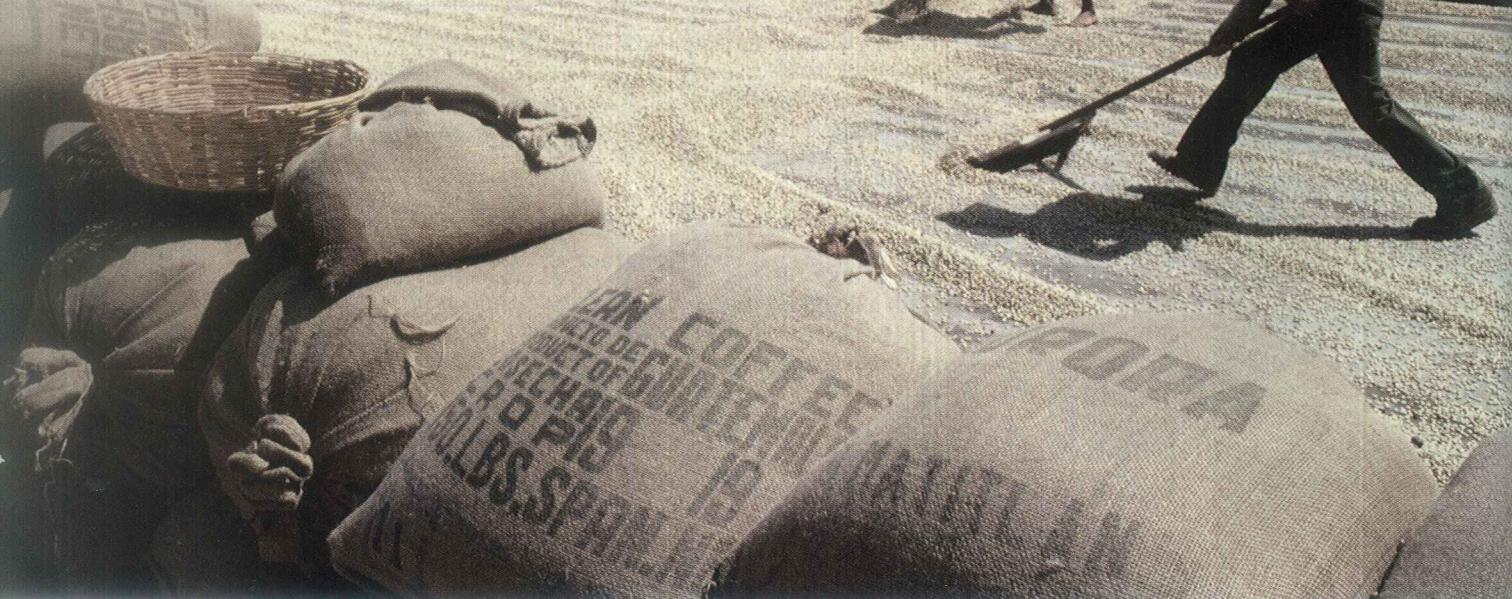
MEMO



Re: Potential image problem

I heard yesterday that farmers in Guatemala are still employing child labour on coffee farms, although there are no contracts of course, so we can't prove it. I also discovered our biggest supplier is planting in virgin forest areas and using increasing amounts of pesticides – all clearly in breach of the terms of our contract (see attached). I know your father had a special relationship with the Cabrera family and used to turn a blind eye, but we have to sort this out quickly. There are other suppliers whose beans are just as good. We're already under pressure from fair trade brands. Fair trade sales grew 40% last year and we simply can't afford to be associated with these practices.

- 3.1 New planting in virgin forest areas is prohibited.
- 3.2 The supplier shall make continual reductions in the toxicity and use of agrochemicals.
- 3.3 Materials on the ICGA Prohibited Materials List may not be used.
- 4.1 All workers shall be employed under legally binding labour contracts.
- 4.2 Children below the age of sixteen may not be employed.
- 4.3 Working shall not jeopardize schooling or the social, moral or physical development of the young person.



Listening and note-taking

- 3 Listen to a conversation at Granos Cabrera between Fabio Cabrera and his wife Magda and complete the table.

	Fabio	Magda
Opinion of Gordon Hills		
Opinion of Fiona Hills		
Reasons for Granos Cabrera's problems		
Solutions to Granos Cabrera's problems		

Brainstorming

- 4 Green Hills and Granos Cabrera have decided to send representatives to meet and negotiate on neutral territory in New York. In small groups, A and B, prepare the negotiation. Group As should consider Green Hills' options; group Bs Granos Cabrera's.

	Green Hills	Granos Cabrera
What we would like to obtain (maximum)		
What we must obtain (minimum)		
Possible strategies		
Our best alternative if no negotiated agreement is possible		

Reading

- 5 Read the two emails. Who are they from and to, and how do they affect the situation?

EMAIL
... and we are planning an aggressive marketing campaign based on quality and price, which fair trade and organic brands will not be able to compete with. We know the quality of your beans, and we are prepared to offer 10–15% more than your current distributor. In addition, we are prepared to help you increase your volume of production ...

EMAIL
... our coffee is strictly organic and we are fair trade certified. Moreover, we are confident you will find that our taste is smoother and richer than that of your present supplier, at a price which is only five per cent higher ...

Negotiation

- 6 Hold meetings between Green Hills (Group As) and Granos Cabrera (Group Bs) to try to negotiate solutions. Use the agenda opposite.

Agenda

Child labour
New planting in virgin forest areas
Pesticides
Organic farming
Fair trade certification
Investment
Prices
AOB

Internet research

Who buys fair trade foods? Search for the keywords *green consumers*. Draw up a customer profile for green, organic or fair trade products and services.

Discussion

- 7 Compare the outcomes of the negotiations. Which strategies produced the best results?

Review 7

Financial control

- 1** Match the words and expressions in the box with the definitions 1–8.

bribery fraudster law enforcement agency
litigation protection racket scam tax evasion
white-collar crime

- use of the legal system to settle a disagreement (informal equivalent: 'to go to court')
- the use of illegal methods to pay less tax
- the crime of giving money to someone so that they will help you by doing something dishonest
- informal* a dishonest plan, usually to get money
- an illegal system in which criminals threaten to harm you or your property if you do not give them money
- someone who obtains money from other people by tricking them
- crime in which people who work in offices steal money from the company they work for
- an organization such as the police that makes sure that people obey laws

- 2** Complete the information on financial statements. Some letters are given to help you.

- In the Income Statement, you start with the N_____S_____s (income from trading activities), subtract the various costs and ex____s, and you arrive at the O____g P_____ (earnings from the trading activities of the business).
- The basic equation in the balance sheet is: A_____ (things that the business owns) minus L_____s (things that the business owes) equals O_____s' E_____y.
- In the old days, money owed to the company by its customers was referred to on the BS as 'debtors'; these days it is called acc_____ r_____. Equally, money owed by the company to its suppliers was referred to as 'creditors', while these days it is called acc_____ p_____.
- A company's fi_____ a____s are things that can't be turned easily into cash. They include pl_____ and m_____y (a factory and all its equipment), vehicles, etc.
- The items in the previous sentence lose value over time. This is referred to as d_____.
- A single word that means 'all the people that a company employs and the money that each of them earns' is p_____l.
- An important item on the cash flow statement of a manufacturing company will be its payments for r_____ m____s (physical inputs to the production process).
- A company might have a one-time income from the sale of some land or the sale of a part of the business. This is referred to as ext_____y income.

- 3** Match an item from the first box with one from the second box.

as a result brought due stemmed led
on account owing resulted resulted
were caused

about by from from in of of to
to to

Now use these expressions in the correct sentences.

- All the late payments by our suppliers brought about / _____ / _____ serious cashflow problems.
- Serious cashflow problems _____ / _____ / _____ all the late payments by our suppliers.
- _____ / _____ / _____ / _____ all the late payments by our suppliers, we had serious cashflow problems.

- 4** In each sentence, underline the correct option.

- When I was younger, I could play / succeeded in playing tennis all afternoon without getting tired.
- After five tries, I could finally / finally managed to send the fax.

- 5** Mark each sentence correct (✓) or incorrect (✗).

- That's a very useful fact.
- That's a very useful information.
- That's very useful information.
- Those are very useful facts.
- Those are very useful informations.
- In business, the facts are more useful than the theories.
- In business, facts are more useful than theories.
- I have the facts I was looking for.

- 6** Put the ten expressions into five matching pairs according to their function (how they are used).

- Am I being clear?
- Can we go over what we've decided?
- Could you be more precise?
- Do you see what I mean?
- If I understand correctly, ...
- In other words, I ...
- Shall I go over the main points we've agreed?
- So, what you're saying is ...
- What exactly do you mean by ...?
- What I mean is that I ...

- 7** Put each pair of expressions from Exercise 6 into the correct category a–e.

- Asking for clarification
- Explaining your point more clearly
- Reformulating to check you understand
- Checking other people understand
- Summarizing

3	9
6	10
5	8
2	4
1	7

Review 8

Fair trade

1 Match the verbs 1–8 with the phrases a–h to make expressions about free trade and fair trade.

- | | |
|------------|--|
| 1 relieve | a) higher living standards |
| 2 threaten | b) a minimum price for products |
| 3 pursue | c) your guilt by buying fair trade goods |
| 4 set | d) the prosperity of the poorest farmers |
| 5 ignore | e) more productive through mechanization |
| 6 lift | f) people out of poverty |
| 7 become | g) market realities |
| 8 climb up | h) the economic ladder |

2 The verbs 1–6 all collocate with a contract. Match the verbs with their closest synonyms a–f.

- | | |
|-------------|---|
| 1 sign | a) discuss and finalize, draw up |
| 2 negotiate | b) produce a first version of |
| 3 break | c) enter into, accept |
| 4 cancel | d) give |
| 5 draft | e) end |
| 6 award | f) be in breach of, renege on, violate the terms of |

3 Match the legal words 1–10 (that you might read in a contract) with their meanings a–j.

- | | |
|------------------------------------|---------------------------|
| 1 irrevocable | a) settle the bill |
| 2 give notice | b) impossible to change |
| 3 hereby | c) promise |
| 4 undertake | d) in this document |
| 5 make payment | e) inform |
| 6 deemed | f) no longer effective |
| 7 on or before | g) for whatever reason |
| 8 hereinafter | h) considered as |
| 9 lapsed | i) later in this document |
| 10 regardless of the cause thereof | j) not later than |

4 Complete the sentences with the correct form of the legal words from Exercise 3.

- 1 The seller will provide to provide maintenance and repair for a period of one year.
- 2 The buyer shall be required to make payment to the seller of any request for repair.
- 3 The buyer shall pay of the annual fee.
- 4 Signature of the contract shall constitute acceptance of the terms and conditions now.
- 5 Warranties not renewed by 1 April shall be deemed lapsed.

5 Complete each sentence with a pair of items from the box.

goes to court/damages legally binding/enforced
parties/out-of-court settlement penalty clause/applies
sued/breach of contract

- 1 A legally binding contract is one which can be sued by the legal system.
- 2 Many contracts include a penalty clause which applies if deadlines are not met.
- 3 A company which fails to respect its commitments can be referred to for the parties.

4 In some cases the two _____ can avoid the expense of litigation by agreeing to an _____.

5 If the case _____, the loser may be ordered to pay millions in _____.

6 Match the expressions 1–6 with the words a–f to make collocations.

- | | |
|------------------------------|----------------|
| 1 commercial best | a) bodies |
| 2 money | b) practice |
| 3 requirements of regulatory | c) empowerment |
| 4 good corporate | d) trading |
| 5 insider | e) governance |
| 6 employee | f) laundering |

7 Complete the definitions with words from Exercises 5 or 6.

- 1 must be obeyed according to the law _____ (two words)
- 2 promises _____
- 3 be subject to a legal claim (in order that the other person can try to get money from you because you have harmed them) _____
- 4 people or group involved in a legal argument or legal agreement _____
- 5 process of taking a claim to a court of law _____ (*not 'goes to court'*)
- 6 money that you pay to someone else as a punishment for harming them _____
- 7 putting money that has been obtained illegally into a legal business so that you can hide it _____
- 8 needs _____
- 9 the process of controlling and regulating an organization (formal) _____
- 10 giving someone more control over their life _____

8 Match the expressions that have the same meaning.

- | | |
|----------------------------|-------------------------------|
| 1 You mustn't do it. | a) You have to do it. |
| 2 You don't have to do it. | b) Don't do it. |
| 3 You shall do it. | c) You may do it if you want. |

9 Put the words in the correct order to make expressions for negotiating a compromise.

- 1 I'm to meet half way you prepared.
- 2 Shall we difference the split?
- 3 I live that with can.
- 4 We are compromise to willing.
- 5 I'd do that to be reluctant.
- 6 I think to disagree to agree we'll have.

10 Match the pairs of expressions that have similar meanings.

as things stand by and large frankly in principle
on the whole regrettably the way things are now
theoretically to be honest unfortunately

Additional material

1.2 Vocabulary: Education and career

Discussion (page 12, Exercise 7)

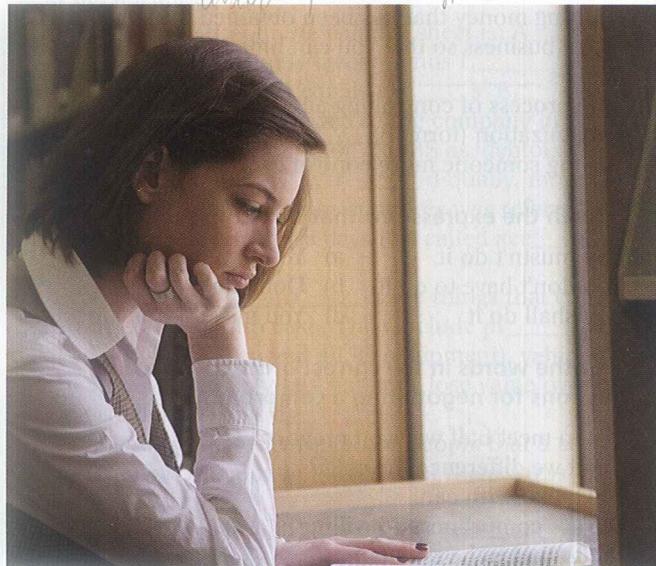
Student A

Read Jacky's description of her education and early working life. Some of the information is missing. Ask Student B questions and exchange information to complete the description.

I wasn't a very motivated student when I was younger, so I (1) _____ my exams in 1999 and had to retake them the following summer. I'd already decided I wanted to (2) _____ then go to business school, so this time I (3) _____ and (4) _____ thoroughly: I passed easily. I spent a year abroad as an assistant in a secondary school and then went to business school - I'd already (5) _____ and successfully (6) _____ before resitting my exams.

In my second year as (7) _____, I spent a semester as an intern at Hewlett Packard, which was very rewarding. In fact, I went straight into a job at HP after I graduated the following June. They encouraged me to do a (8) _____ by correspondence. I just have to finish writing my dissertation. I need a break now, but I may take a sabbatical to study for an MBA in a few years' time.

Now my
work
process
will
be
different



2.4 Speaking: Telephoning

Roleplay (page 29, Exercise 7)

Student A

Call 3

Your assistant has been on the phone with friends most of the morning. You have a lot to prepare for an important meeting tomorrow. Call your assistant to ask her/him to prepare a PowerPoint presentation for you. Your partner will start.

Call 4

You receive a call from your computer hardware supplier, who has recently sold you a large new computer system which isn't working very well. You are extremely busy preparing a business trip to Chicago next Tuesday, and you are not in a very good mood. You start by answering your phone.

Call 5

You work in Marketing in a large, very profitable manufacturing company. Your PC is three years old and very slow. Call your friend in the IT department to see if you can upgrade to a new machine. Your partner will start.

Call 6

You work in the HR department of an American factory. You have to be careful to respect legislation on employee rights and confidential personal information. You receive a call from the production supervisor. You start by answering your phone.

2.6 Case study: Meteor Bank

Discussion (page 33, Exercise 6)

Student A

You represent the HR department at the meeting. You feel Saul Finlay is the right man for the job and should be trusted to complete the work he has started. You believe high staff turnover is a good thing, because salary costs are falling and Saul is replacing older staff with new young technicians with more up-to-date skills. As the bank's IT expert, you think Saul should decide its IT policy. You recognize there are problems in the department, but you feel Saul is capable of dealing with them.

7.4 Speaking: Communicating in meetings

Roleplay (page 95, Exercise 8)

Alice

Introduce the subject of the meeting: the change from yearly to monthly reporting, which will enable management to run the business better.

- You would like to see the new system in place in three months if possible, but you are willing to compromise if Serge and David produce valid arguments.
- Mahler can provide training in US accounting procedures and on the new software that will have to be installed.
- Other extra costs will have to be paid for by Polystok.

3.3 Grammar: Passive structures and **have something done**

Roleplay (page 41, Exercise 7)

Student A

Internal quality auditor

To comply with your company's ISO 9001 certification, the procedures below should be followed. Check that they are and ask any other questions you need to.

Quality audit - points to raise

Compliance with ISO 9001:

- * bottling lines to be checked before and during each shift
- * any problems to be noted in the shift log
- * at the end of each shift, the line supervisor should check if any problems have been reported and take any necessary action, e.g. ask the maintenance team to make repairs, change worn parts, etc.
- * all operators to receive quality training when they join the company

Other issues:

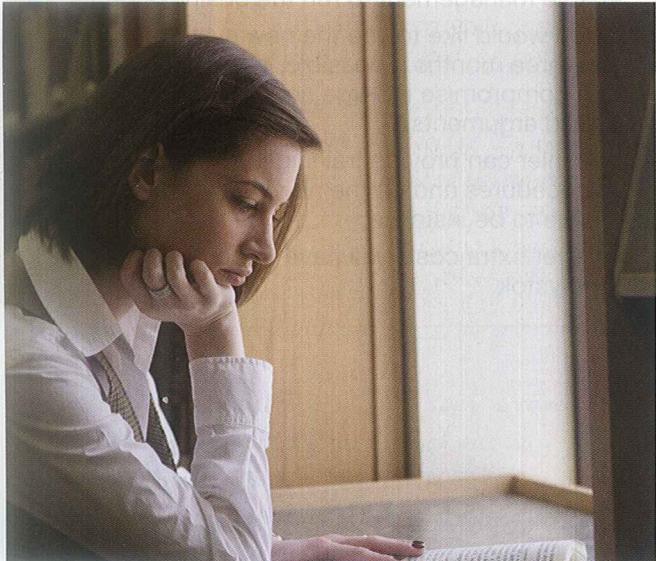
Quality tracking statistics show that the contaminated bottles were filled during the night shift on bottling line 3.

1.2 Vocabulary: Education and career

Discussion (page 12, Exercise 7)

Student B

Read Jacky's description of her education and early working life. Some of the information is missing. Ask Student A questions and exchange information to complete the description.



I wasn't a very motivated student when I was younger, so I had to (1) _____ my exams in 2000 after I failed them the year before. I'd already decided that before (2) _____ I wanted to take a gap year. I (3) _____ easily because this time I completed all the coursework and revised thoroughly. I'd already applied and successfully attended an interview at a business school, so after resitting my exams I spent (4) _____ as an assistant in a secondary school.

I spent a semester as (5) _____ at Hewlett Packard in my second year as an undergraduate, which was very rewarding. In fact, after I (6) _____ the following June, I went straight into a job at HP. I'm now writing (7) _____ for a Master's degree by correspondence, which HP encouraged me to do. I may (8) _____ to study for an MBA in a few years' time, but I need a break first.

2.4 Speaking: Telephoning

Roleplay (page 29, Exercise 7)

Student B

Call 3

You've just spent most of the morning on the phone with your company's IT department, trying without success to get them to repair your computer – the only application that works properly is Word. You receive a call from your boss. You start by answering your phone.

Call 4

You work for a computer hardware vendor. You recently set up a large new system for your customer, and you would like to show it to one of your prospects. Call your customer to arrange a visit next week. Your partner will start.

Call 5

You work in the IT department in a large manufacturing company. You are working night and day to install new security systems on all the company's sites – all other investments have been cancelled. You receive a call from a friend in Marketing. You start by answering your phone.

Call 6

You are the production supervisor in an American factory. You think it would be good for morale to celebrate your operators' birthdays with a cake. Call HR to ask for a list of dates of birth for everybody in your department. Your partner will start.

2.6 Case study: Meteor Bank

Discussion (page 33, Exercise 6)

Student B

You represent the foreign subsidiaries at the meeting. You think Saul Finlay is ignoring the facts – fast growth in the subsidiaries, need for a less centralized IT system, discontent in his department – because he is building his own personal empire. You feel his record is very poor, and that he should be replaced as soon as possible.

7.4 Speaking: Communicating in meetings

Roleplay (page 95, Exercise 8)

Serge

- You are not too happy about the proposed changes as they will mean a lot of extra work. However, you realize that you cannot oppose group policy, so you have decided to cooperate as long as things are done properly, and not in a rush.
- You think that a realistic time frame to install the new accounting software, to train accounting staff and to start monthly reporting, is from six to nine months.
- You would also like Mahler to provide training and to pay the extra staff you will have to employ. But you are willing to compromise.

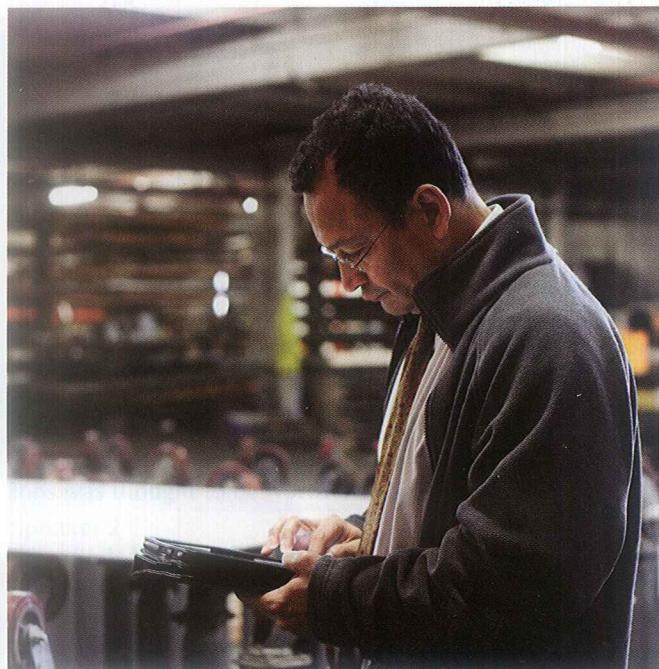
3.3 Grammar: Passive structures and **have something done**

Roleplay (page 41, Exercise 7)

Student B

Night shift supervisor

You are very busy at the moment. Two operators are off sick and three have received no training. You joined the company recently yourself and have had no time to read all the ISO 9001 procedures in detail. Last week, your production manager sent you this email:



EMAIL

Hi
I'm aware you're busy at the moment. To save time, I suggest you:

- only check the bottling lines twice a week,
- report any problems directly to the maintenance team,
- tell the operators not to worry about filling in the shift log.

By the way, I heard that the filling machine on Line 3 is consuming a little more oil than normal. Have you noticed anything? I haven't told maintenance yet.

5.6 Case study: Backchat Communications

Negotiation (page 73, Exercise 7)

Sellers

Follow the instructions below to calculate your score.

Score
Give yourself 1 point for every Basic contract sold.
Give yourself 2 points for every Smart contract sold.
Give yourself 3 points for every Hi-tech contract sold.
Give yourself 1 point for every 18-month contract sold.
Give yourself 2 points for every 24-month contract sold.
Give yourself 1 point for every extra sold.
Deduct 1 point for every extra given free.
Deduct 1 point for every 5,000 won discount given.
Total

8.4 Speaking: Negotiating a compromise

Negotiation (page 107, Exercise 7)

Student B

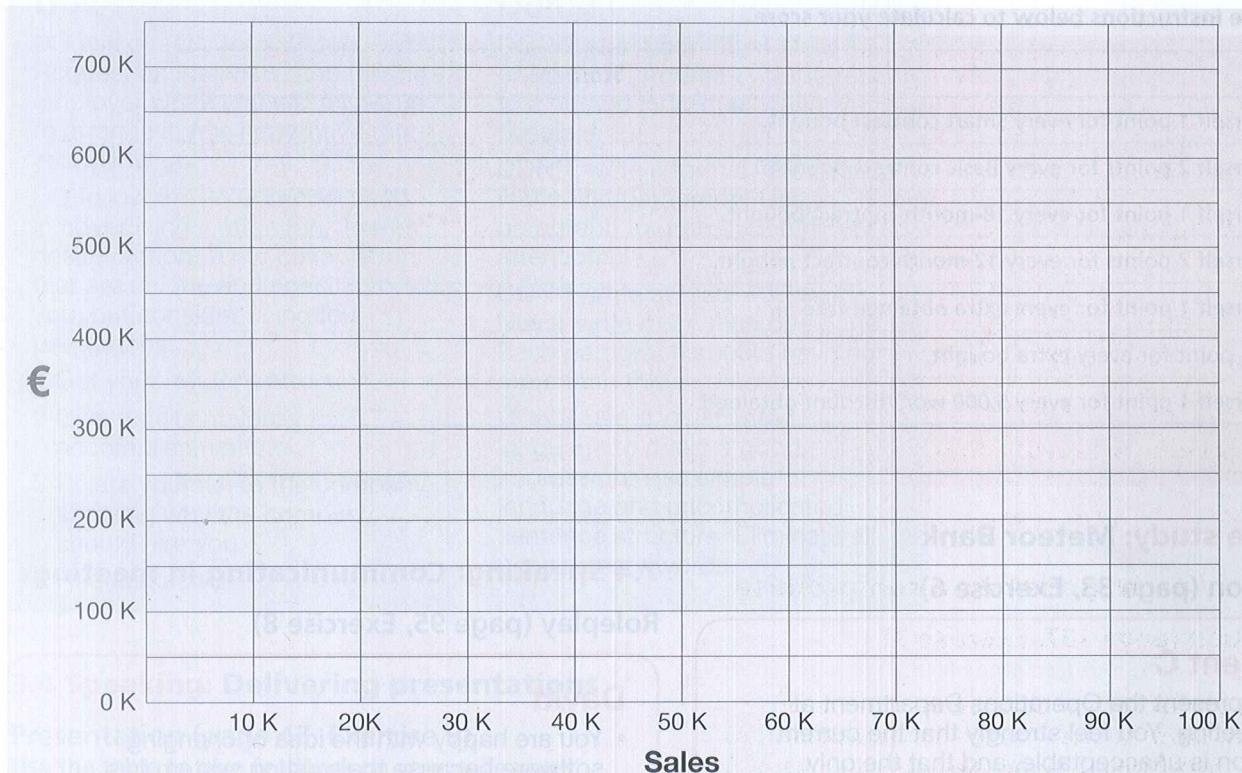
You have a surplus of some commodities and a shortage of others. Relations between your country and Student A's country are very friendly. Negotiate a deal with Student A to get the commodities you need.

	You have	You need	After negotiation, you have
Coal	1 million tons	2 million tons	
Gas	4 billion cubic metres	4 billion cubic metres	
Oil	300 million barrels	100 million barrels	
Wheat	1 million tons	1.5 million tons	
Coffee	6,000 tons	2,000 tons	
Tobacco	0	30,000 tons	
Steel	1 million tons	4 million tons	
Gold	0	20 tons	
Aluminium	400,000 tons	350,000 tons	
Chemicals	3 million tons	2.5 million tons	

Business fundamentals

Reading (page 8, Exercise 2)

Break-even analysis chart



1.2 Vocabulary: Education and career

Listening and discussion (page 13, Exercise 13)

Speaker 1

Bob's situation is similar to that faced by Steve Jobs, who quit Apple Computer® in 1985. Jobs sold his shares and founded NeXT Computer. Although NeXT was never as successful as Jobs had hoped, in 1996 Apple® bought the company, and Jobs became CEO the following year. Under his guidance, Apple brought out the iMac® and the iPod; the rest, as they say, is history. When he died in 2011, Steve Jobs was thought to be worth over \$8 billion.

Speaker 2

Lucy finds herself in a similar situation to JK Rowling, who wrote most of her first Harry Potter™ novel while she was unemployed or working part-time in Edinburgh cafés. After being rejected by twelve different publishers, Rowling's book was finally accepted, although her publisher advised her to get a part-time job as there wasn't much money in children's books. Her fortune is estimated at over \$1 billion, making her the first person ever to become a \$US billionaire by writing books.

Speaker 3

Mel's dilemma is similar to that faced by William Henry Gates III, now better known as one of the world's wealthiest individuals, worth over \$60 billion. In 1975, Gates dropped out of Harvard to pursue a career in software development with Paul Allen, his high school business partner. Together, they founded Micro-Soft®, which was later to become Microsoft Corporation®.