

Unit 7 Why don't we start a business of our own?

II. Basic listening practice

1. Script

W: I hear you're considering starting your own business. What kind of business you have in mind?

M: Just an Internet start-up. I plan to design webpages for clients.

Q: What is the man planning to do?

2. Script

W: Why are you planning to start up a textile company in that developing country?

M: You see, even here in the United States textile companies are tuning a profit with huge labor costs. We could do the same thing in that country at a fraction of the cost because the labor there is much cheaper.

Q: Which of the following is true of establishing a textile company?

3. Script

W: We ordered 50 laptops from your company, but on the invoice I see there's an extra charge for shipping. I thought shipping was included in the quote.

M: Shipping is included. There must be a mistake on the invoice. I'll straighten out the mistake and send you a new invoice.

Q: Which of the following is true?

4 Script

M: This was a time-sensitive document! There's no point in delivering it three hours late!

W: I'm sorry, sir. Perhaps I could connect you to our complaints department if you wish to take it further.

Q: What is true of the document?

5. Script

M: We were very surprised to receive such bad service from a company we've been doing business with in the past. So now I'd like to know what you're going to do about it.

W: I think this is the result of a breakdown in communication, and we need to look at our communication methods both internally and externally. Obviously we want to keep our clients happy, and unfortunately we've fallen short this time. I'm here to make sure it won't happen again.

Q: What is the reason for the problem according to the woman?

Key: B C A B C

III. Listening in

Task 1 Attending a business reception

Script

Chris: I've been looking forward to this reception for weeks. I can't wait to get

some of my own leads. You know, start making new connections.

Nora: Smart thinking. But what are you going to do with all those brochures?

Chris: The party ends at 2: 00. I figure I can have them all distributed by 1: 30.

Nora: No, no, no. Let me clue you in. Those brochures will make you look like a green hand.

Chris: What should I do then?

Nora: Hand out business cards. That's the way to do it.

Chris: I don't understand what's wrong with these brochures about our company.

Nora: This room is going to be filled with potential clients, but there is an unwritten law: You leave work at the door.

Chris: But how am I supposed to get anything out of this if we can't talk business?

Nora: You have business cards. Get in there and exchange cards. Just get a card for a card.

Chris: Then follow up on Monday?

Nora: You catch on quick. Let's split up so we can cover more ground.

Chris: Great idea. This is going to be a piece of cake. I'll meet you back here at 2: 00.

Key

(1) reception (2) new connections (3) distributed (4) green hand (5) business cards
(6) talk business (7) card (8) follow up (9) more ground (10) piece of cake

Task 2 Business ideas

Script

Business ideas are all around you. Many business ideas come from a careful analysis of market trends and consumer needs. If you are interested in starting a business, but don't know what product or service you might sell, here are some ways that may help you find one.

First of all, you should study how to add value to an existing product. The difference between raw wood and finished wooden products is a good example of putting a product through an additional process to increase its value.

But additional processes are not the only way value can be added. You might also add services, or combine one products with other products. For instance, a local farm which sells produce can also offer a vegetable delivery service—for a fee.

What business can you develop along these lines? Focus on what products you might buy, and what you might do to them or with them to create a profitable business.

Some people have another way of making a profit. They improve an existing product or service. We all know that the person who can build a better mousetrap will make a lot of money. That person could be you! A local entrepreneur has created an improved version of the hula hoop. It's bigger and heavier, so hula hoopers can control it more easily and do more tricks. How did she come up with this business idea? She thought hula hooping would be a fun thing to do with her daughter, but found the commercially available product too flimsy.

There are very few products or services that can't be improved. Start generating business ideas by looking at the products and services you use and brainstorming ideas as to

how they could be better.

Questions and key

1. What is the first way the speaker mentions that can help produce a business idea?
C) Adding value to an existing product.
2. Which of the following methods does the speaker NOT mention?
B) Cutting the price of the product.
3. Why does the speaker mention the hula hoop?
B) It is an example to show how to improve a product.
4. Which of the following is true according to the passage?
A) Most products and services can be improved
5. What is the passage mainly about?
D) The way to find good business ideas.

Task 3 Start-up companies

Script

Start-up companies can come in all forms, but the phrase “start-up company” is often associated with high growth, technology-oriented companies. Investors are often attracted to those new companies that have lower bootstrapping costs, higher risk, and higher potential returns on investment. Successful start-ups are typically more scalable than established businesses, in the sense that they can potentially grow more rapidly with limited investment of capital, labor, or land.

Start-ups have a number of options for funding. Venture capital firms and angel investors may help start companies begin operations, exchanging cash for an equity stake. In practice though, many start-ups are initially funded by the founders themselves. A critical task in setting up a business is to conduct research in order to assess the business ideas, the opportunities and risks in future development, and the commercial potential. If a company's value is based on its technology, it is often equally important for the business owners to obtain intellectual property protection for their ideas. The news magazine *The Economist* estimated that up to 75 percent of the value of U.S. listed companies is now based on their intellectual property (up from 40 percent in 1980). Often, 100 percent of a small start-up company's value is based on its intellectual property. As such, it is important for technology-oriented start-up companies to develop a sound strategy for protecting their intellectual capital as early as possible.

Start-up companies, particularly those associated with new technology, sometimes produce huge returns to their creators and investors. Based on a research, founder CEOs of high-tech companies can typically expect their stock to be worth about \$16.5 million if the company succeeds in going public. However, the failure rate of start-up companies is very high.

Key

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|-------------------------|------------|--------------|--------------------|
| (1) technology-oriented | (2) higher | (3) returns | (4) options |
| (5) Venture capital | (6) cash | (7) founders | (8) business ideas |
| | | | (9) potential |

(10)intellectual property protection (11)100 percent (12) creators (13)stock
(14)\$16.5 million (15) failure rate

IV. Speaking out: Expressing certainty

Model 1 I'm having cash problems.

script

Bill:

Helen, you started this company only a year ago. If you want it to grow, I'm afraid you need to do something about cash flow.

Helen: Bill, although you've worked here only for a couple of months, (1)you already know this company inside out. I'm having cash problems.

Bill: Clearly, you don't have the money you need to buy the equipment to be competitive. (2)You have just barely enough funds to cover your day-to-day operational expenses.

Helen: I think (3)my best bet is to secure a small business loan.

Bill: I don't think that's possible. It seems to me you don't have the collateral for a loan.

Helen: What can I do then?

Bill: Try the Small Business Association. (4)They help underwrite loans for small businesses.

Helen: So, even though I don't have much collateral, (5)I can still qualify for a loan?

Bill: Under this special program, possibly.

Helen: That would really help me (6)cover our overhead. I just need to get some time to get the revenues up.

Bill: Apply for the small business loan, and keep your fingers crossed!

Mode 2 I have some very bad news.

script

Helen: Bill, (1)I've been searching for a loan, but, I was rejected, everywhere. Now I'm afraid I have some very bad news._

Bill: What is it?

Helen: Well, (2)the company has been experiencing serious financial difficulties for quite a long time now.

Bill: I know (3)we've been operating in the red the past few months.

Helen: Exactly. After a long discussion with my partners, I've come to the conclusion that (4)the best course of action is to file for bankruptcy.

Bill: What? Bankruptcy? I didn't know you were in this kind of serious financial Trouble.

Model 3 We've been looking for a merger partner.

Script

Bill: I hear that Vivitek has been considering acquiring a CD manufacturer for some

time.

Jessica: That's quite true. What's on your mind?

Bill: My boss Helen thinks that our company would be a good match for Vivitek. And (1)we've been looking for a merger partner.

Jessica: (2)Are you sure your operation has much to bring to the table?

Bill: (3)Definitely. The quality of our products is first- rate, and we have many reliable sales outlets. What's more, Vivitek can propel us to even greater heights. It will be an all-around excellent match.

Jessica: I think it might be, though we have yet to discuss details.

Bill: As a matter of fact, (4)we've already received a few attractive bids.

Jessica: Well, we of course need to come up with a plan that is attractive for both parties.

Bill: True, but my boss has to (5)keep our shareholders' interests in mind.

Jessica: (6)It's reasonable to keep your employees' welfare in mind.

Bill: Yes, we don't want to disappoint them.

Jessica: Then let's talk about specifics.

V. Let's talk :The birth of a small company

Script and key

Voice-over:

In [South] Korea anything that takes life away from the tradition of (1)rapid growth, directed by the big corporations, causes quite a stir. In 1997. the financial crisis that hit the whole of Asia Pacific delivered a severe(2)shock to the big guns of [South] Korean industry. Since then, the number of people starting to turn their backs on the (3)large companies and strike out on their own has (4)shot up. Among the new band of go-getters is Myung Soo Kim. We asked if he left Samsung because the work was too(5)hard and the place was too regimented.

Myung Soo Kim: No, that wasn't the case. I didn't think there were enough (6)opportunities to use all of my abilities because it was such a massive organization. I also wanted to have a go at something (7)different from working in a big company. I just kept my eyes open for a business that looked like being (8)stable. Then, I happened to find a place that did car washing and small repairs. The number of cars has gone up astronomically. But although it hasn't been easy, I'm making more (9)money now and don't have so many hassles. I don't have anybody looking over my shoulder. It's my (10)own business, that's the difference.

VI. Further listening and speaking

Listening

Task 1 Where to start your business?

script

You have to consider the location when launching a business. You will be “planting” your business tree there and will have to maintain it for years to come. You have to keep in mind a few things when deciding on where to open your business.

First of all, you have to take the local economy into consideration. Is your local area growing and building? Are the market trends good? Even if you have to locate your business far from your home, try to find a place that is building up and bringing people in. The worst thing you can do is to pick a place that is in the “bad area of town” because it is less expensive. Your address can be the first thing people will ask for, and it can say a lot about your business.

The second thing you have to bear in mind is the job market. Since unemployment is low in most areas in the United States, consider what type of employees you will need and find out if there are many in your area. The amount of money that you will have to spend in the recruiting phase could be an indicator of whether you should locate the business in an area with a different employee pool or not.

Another factor you have to consider is whether you can integrate with the local community and get to love it. To make the community warm to you, you should become involved in it by joining the local chamber of commerce, business association, or other local organizations that could offer you help. Why plan on retiring “one day” to some great location? Why not move there now and start your dream business?

Questions and key

1. What is the speaker mainly talking about?

D) How to find a good business location.

2. What must you find if you are going to locate a business far from your home?

C) A place that is building up.

3. According to the speaker, what is the worst thing you can do?

C) Choosing an economically inactive place because of the low costs.

4. What will the recruiting money tell you?

A) Whether you should set up a company in a certain place.

5. What can you do to integrate with the local community?

C) Joining the local organizations.

Task 2: Too clever to be wise script

Once there was a Scottish accountant. The business had been in the family for generations and generations. Over time, with the countless clients that had gone in and out of the office, the marble step in front of the building had developed a big, deep dip in it from all the wear and tear.

The accountant's friends kept telling him that he had better get it replaced; otherwise he'd be sued if anyone ever slipped and fell.

Reluctantly, the accountant called a stonemason to get a quote for the repairs. When the stonemason got there, the accountant demanded a price for a new step.

“Ah, big job,” said the stonemason. “But I suppose I could give you a new step for 100 pounds.”

The accountant was stunned. “Are you crazy, man? I can't pay you 100 pounds!” Thinking about it for a second, he turned to the stonemason and asked, “How much would you charge me to dig up the step and turn it over so that the worn part is in the ground and I'd get a new square step?” The stonemason hesitated, “20 pounds.”

"Do it!" demanded the accountant. "And call me when you're done.

The accountant went back inside to read his books, but after only 15 minutes the stonemason rang the bell. As the accountant opened the door, he saw the stonemason standing there, pointing to a deep dip in the step. The stonemason laughed as he said, "Your great-great-great granddaddy thought of that 150 years ago!"

Key: 1.F 2.T 3.F 4.F 5.T

Task 3: Mergers and acquisitions

Script

Although the terms merger and acquisition are often used interchangeably, as though they were synonymous, they mean slightly different things.

When one company takes over another and clearly establishes itself as the new owner, the purchase is called an acquisition. From a legal point of view, the target company ceases to exist, the buyer "swallows" the business, and the buyer's stock continues to be traded.

In the pure sense of the term, a merger happens when two firms agree to go forward as a single new company rather than remain separately owned and operated. This kind of action is more precisely referred to as a "merger of equals". The firms are often about the same size. Both companies' stocks are surrendered, and the new company's stock is issued in its place.

In practice, however, actual mergers of equals don't happen very often. Usually, one company will buy another and, as part of the deal's terms, simply allow the acquired firm to proclaim that the action is a merger of equals, even if it is technically an acquisition. Being bought out often carries negative implications; by describing the deal euphemistically as a merger, top managers try to make the takeover more palatable.

A purchase deal will also be called a merger when both CEOs agree that joining together is in the best interest of both of their companies. But when the deal is unfriendly--that is, when the target company does not want to be purchased--it is always regarded as an acquisition.

Whether a purchase is considered a merger or an acquisition really depends on whether the purchase is friendly or hostile and how it is announced. In other words, the real difference lies in how the purchase is communicated to and received by the target company's board of directors, employees, and shareholders.

Questions and key

1. Which of the following is NOT a characteristic of acquisition according to the passage?

C)The target company's stock continues to be traded.

2. Which of the following is true of a merger in its purest form?

B)The two companies are about the same size.

3. Which of the following is true of mergers in practice?

D)All of the above.

4. What does the speaker think of acquisitions?

C) They usually go against the wishes of the target companies.

5. Which of the following points of view best describes the difference between merger and acquisition?

A) It is just a subjective judgment.

Viewing and speaking Urging shareholders to reject a takeover offer

Script

interviewee: Oh absolutely not. I mean I think the case has been made very strongly throughout the process. And I think today, which is in fact our results for the 2009 period, strongly reinforces the message that this is a first-class business worth a considerable amount more money than we're being offered by Kraft.

Interviewer: It does seem to suggest that when the analysts say it's just about the price being right and the shareholders will be keen to go for the Kraft offer.

Interviewee: Well, it's certainly about value, and the whole process is about extracting the best value for shareholders. But that value is really relative to the value that Cadbury can create as an independent company. And I think the results we've shown demonstrate that that value is materially more than the Kraft offer.

Interviewer: Have you spoken to Lord Mandelson or any other government ministers recently about the state of affairs with Kraft, and have they given you any reassurance?

Interviewee: We've not spoken directly to Lord Mandelson although we've clearly seen his commentary on the impact of hostile bids on British companies. I mean, our position has been throughout that we are appreciative of support from all sources whether it is the consumer or very, very well-known politicians. But our job is to assess value for our shareholders. So to that extent we will be continuing to focus on value, but listening and appreciative of the support we receive from others.

Interviewer: And so the key message you'd like everyone to take away today from this last-ditch appeal?

Interviewee: Well the key message is that it isn't a last-ditch appeal; it is a statement of the quality of the business. Cadbury is a wonderful iconic business with remarkable market positions and great positions in growth markets which is delivering for its shareholders today. It has no strategic issues, no financial issues and no managerial issues. And for that reason anybody that seeks to own this company should pay a lot of money for the privilege.

Key

The items in favor of the idea that "Cadbury should be sold for more money" are 1), 2), 4), 6), 7), 8).