

Business fundamentals

- ▶ business activities and sectors
- ▶ collocations relating to business activities

Business activities

Discussion

1 With a partner, match the business activities to the pictures.

advertising agriculture civil engineering construction health care
manufacturing mining oil and gas software transport



1 _____



2 _____



3 _____



4 _____



5 _____



6 _____



7 _____



8 _____



9 _____



10 _____

Listening

2 1:01 Put the activities in Exercise 1 into the correct sector. Then listen and check your answers.

primary sector (extracting raw materials)

secondary sector (manufacturing)

tertiary sector (commercial services)

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Glossary

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extract
mining
monopoly
profit
raw materials
supplier
USP
value

Collocations

3 In each set of four, match 1–8 with a–h to make collocations for talking about business activities.

- | | | | |
|------------|---------------|-----------|----------------|
| 1 sell to | a) a supplier | 5 make | e) value |
| 2 buy from | b) goods | 6 face | f) a profit |
| 3 make | c) services | 7 develop | g) competition |
| 4 provide | d) a customer | 8 add | h) a market |

4 Complete the text with the collocations from Exercise 3.

**Every
business
needs
a USP**

There are many different types of business. Some (1) _____, like cars or TVs; others (2) _____, like health care or education. Many businesses work in the same way. They transform materials that they (3) _____ into something more valuable that they can (4) _____. In other words, they (5) _____ to the original materials. If they continue to find new customers, they can (6) _____. If they control their costs, they can (7) _____. But in the modern world, almost every business must (8) _____. Monopolies are very unusual. A business can sell to other companies (B2B – business to business) or to end users (B2C – business to consumer), but it always needs a USP to succeed.

Discussion

5 In small groups, list four important business activities in your country, region or city. Answer the questions for each one.

- | | |
|-----------------------------------|----------------------------------|
| 1 What is the business activity? | 4 What competition does it face? |
| 2 Which sector does it belong to? | 5 What is the USP? |
| 3 Is it B2B or B2C? | 6 How does it make a profit? |

- types of business
- organizational chart for a limited company

Business organization

Vocabulary

1 Read the descriptions of different types of business organization. Match them with the photos.

- 1 One person owns and controls the business. ☐
- 2 Two or more people own and manage the business. ☐
- 3 Several people called shareholders each own a part – or share – of the business. The shareholders are sometimes family and friends. ☐
- 4 This is a large company. Anyone can buy or sell its shares on the stock market. ☐
- 5 This is a joint venture between a local entrepreneur and a well-established business. ☐



a) a sole trader



b) a franchise



c) a public limited company (plc)



d) a partnership



e) a private limited company (Ltd)

2 With a partner, decide what type of business organization these businesses usually have. Use the information in Exercise 1 to help you.

- 1 doctors, lawyers and architects _____
- 2 independent shops, garages, hotels and restaurants _____
- 3 opticians, car rentals and sandwich shops _____
- 4 plumbers, photographers and electricians _____
- 5 multinationals, manufacturers and hotel chains _____

3 Look at the organizational chart for a private limited company. Answer the questions.



- 1 Write who is in charge of:
 - a) money _____
 - b) long-term strategy _____
 - c) manufacturing _____
 - d) communication _____
 - e) managing the company _____
 - f) employees _____
 - g) data management _____
- 2 Write the name of the department that:
 - a) invents new products _____
 - b) contacts customers _____
 - c) hires new staff _____
 - d) pays salaries _____
 - e) organizes product promotion _____
 - f) helps employees develop new skills _____
 - g) solves computer problems _____
 - h) pays suppliers _____
 - i) organizes logistics _____

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entrepreneur
hire
human resources
joint venture
logistics
share
shareholder
strategy
supply chain

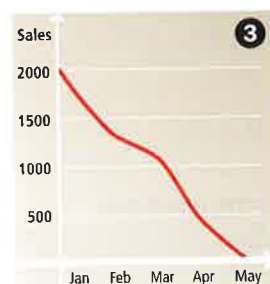
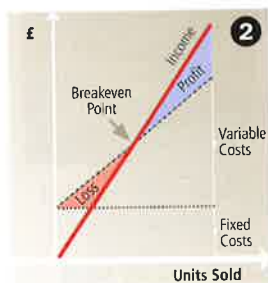
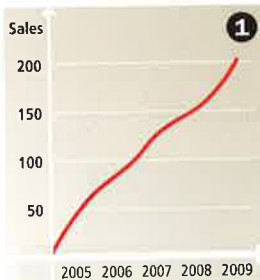
Listening

4 1:02–1:05 Listen to four people talking about their jobs. Answer the questions for each person.

- 1 Which department does he/she work in?
- 2 What does he/she do?
- 3 Does he/she like the job?

Business fundamentals

- ▶ profit, loss and breakeven
- ▶ understanding breakeven point



Profit and loss

Discussion

1 With a partner, match the graphs with the situations in the box.

break even make a loss make a profit

2 Match these reasons with the situations in Exercise 1. Can you think of other reasons?

- 1 Prices are too high. The company has stock that it can't sell.
- 2 The company's costs are high – almost the same as its prices.
- 3 Customers are happy to pay high prices for beautiful products.

Reading

3 Read the first paragraph of the article. Answer the questions.

- 1 What does Eric sell?
- 2 Is this his day job?
- 3 How do his customers get their flash drives?



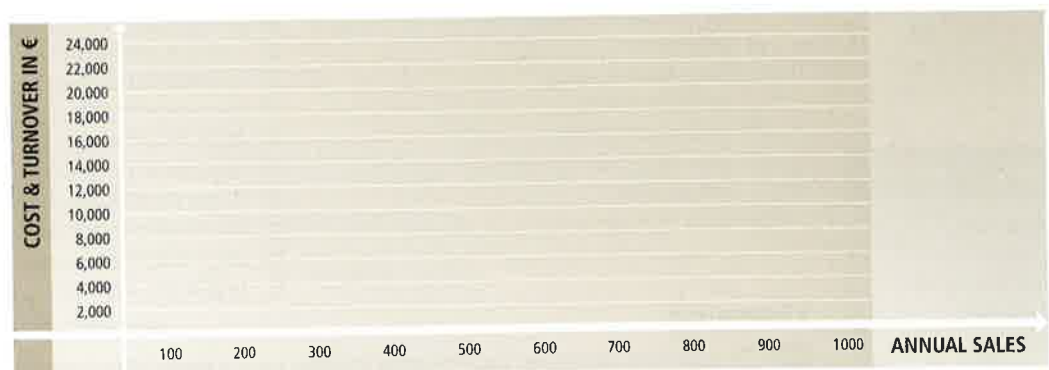
ERIC WHITE has a small business. In the evenings and at weekends he sells personalized USB flash drives on his website. Each flash drive costs Eric €12 to make and mail to his customers. He sells the flash drives for €24 each. So his **gross profit** per piece is €12.

Not bad, you say. The gross margin on each flash drive is 50%. If Eric sells a thousand per year, he can make €1,000 per month. But, wait ... Eric also has to pay for his server, his website and his accountant. And don't forget his electricity, telephone and advertising bills. These are fixed costs, or **overheads**: a total of about €500 a month. If he sells 100 flash drives, or none at all, Eric still pays €500 every month.

At present, Eric sells 500 flash drives per year, so his **turnover** is €12,000. Eric's variable costs, or **cost of goods sold** (COGS), are €12 per piece: that's €6,000 for 500 pieces. So, turnover minus COGS minus fixed costs equals ... €0. Sales of 500 pieces are just enough to reach **breakeven point**. Fortunately, Eric also has a day job. But if his sales are under 500, Eric will **make a loss**. On the other hand, if they are over 500, he will **make a profit** – but then he will start paying **tax**.

4 Read the rest of the article. Answer the questions and, in each case, mark the points on the graph below. Then draw a line connecting each set of points.

- 1 How much are Eric's fixed costs if he sells a) 0 or b) 1,000 flash drives per year?
- 2 How much is Eric's turnover if he sells a) 0 or b) 1,000 flash drives?
- 3 How much are Eric's variable costs if he sells a) 0 or b) 1,000 flash drives?
- 4 How much are Eric's total costs (fixed costs + variable costs) if he sells a) 0 or b) 1,000 flash drives?
- 5 Mark the point where the total costs line meets the turnover line. What is this called?



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break even
cost of goods sold
day job
fixed cost
improve
margin
overheads
revenue
stock
variable cost

Vocabulary

5 With a partner, look at the words in **bold** in the text. Can you work out the meaning from the context? Use a dictionary to check.

- ▶ reading a cover letter
- ▶ preparing a CV
- ▶ roleplaying an interview

CVs and cover letters

Reading and discussion

1 Read the CV. Which internships can Ben apply for?

an administrative assistant with a multinational oil company
 a logistics administrator with an international cosmetics manufacturer
 a technician in a civil engineering company
 a trainee analyst with the London Stock Exchange

2 Read the cover letter. Number the topics in the box in the order they are mentioned.

☐ education ☐ next step ☐ previous experience ☐ type of work requested

BEN BROWN

DATE OF BIRTH: 3 September, 1991
 NATIONALITY: British
 ADDRESS: 4 Green Street, Coventry

EDUCATION

2009–2013 University of Warwick:
 BSc, International Business

WORK HISTORY

September 2011–June 2012 Work placement, L'Oréal, Paris
I was responsible for conducting an online market survey.

July–August 2010 Holiday job, Car-Glazer, Prague
I worked as a technician. I repaired and replaced car windows.

November 2009–June 2011 Volunteer, University Counselling Service

I volunteered as a telephone counsellor, listening to students' problems.

POSITIONS OF RESPONSIBILITY

2012–2013 President of University Salsa Society
I managed a team of volunteers. **We organized** monthly dances and a salsa competition.

SKILLS

My skills include good spoken and written French and basic Czech.

I have a working knowledge of Microsoft™ Office.

I hold a clean driving licence.



Dear Ms Finlay,

I am a third-year student at the University of Warwick, studying International Business.

I would like to gain business experience on a one-year internship with a leading cosmetics manufacturer like Rose Inc.

I already have some experience as a trainee market analyst with L'Oréal.

I am motivated and hard-working. I am confident that I can make a valuable contribution to your organization. I will be happy to accept any position in logistics or marketing.

My CV is attached. Please feel free to contact me for more details or to arrange an interview.

Thank you for your time.

Yours sincerely,

Ben Brown

Ben Brown

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apply
 cosmetics
 counsellor
 gain
 intern
 internship
 survey
 trainee

Listening

3 1:06 Listen to a conversation between Ben Brown and Ms Finlay. Which three points in work history and skills in Ben's CV are not mentioned?

Writing and roleplay

4 Rewrite the CV with your own details and experience. Use the expressions in **bold** and the CV on page 122 to help you. Then with a partner, swap CVs and roleplay a telephone interview similar to the one in Exercise 3.