

# UNIT 1

# COMPANIES



*Intelligent Business*  
Intermediate

# Content

- Vocabulary: Companies
- Article: “A matter of choice”
- Grammar: present simple and continuous
- Speaking: talking about your job

# Survival of the fittest

## Keynotes

There are many different types of companies. Most large corporations are **public limited** or **joint-stock** companies, which means that **shareholders** who wish to invest in the company can buy and sell parts of the company on the stock exchange.

Many are **multinationals** with **subsidiaries and assets in various** different countries and they generally engage in **mergers** with other companies and **acquisitions** in order to expand. However, the large corporation is increasingly under threat from the growing number of **dotcoms** set up by **entrepreneurs**.

# *Survival of the fittest*

- **Keynotes**
  - **joint-stock**
  - **shareholders**
  - **multinationals**
  - **subsidiaries**
  - **assets**
  - **mergers**
  - **acquisitions**
  - **dotcoms**
  - **entrepreneurs**

- **3 key groups of people**

- **Shareholders**

- **Management**

- **The workforce**

# Types of company

- **Company (UK) / Corporation (US)**

- **Sole trader (UK)**

**one's own business (you alone are responsible for all aspects of business)**

- **Partnership**

**more than two businesses work together**

- **Limited company (UK)**

**private company with limited liability**

- **Plc (Public limited company – UK) /Inc (Incorporated – US)**

**limited company with freely bought/sold shares**

- **Multinational**

a company operating in different countries

- **Merger**

the creation of a new company by joining two separate companies

- **Takeover (similar to a merger)**

a company buys enough shares of another company to gain control of it

- **Joint-venture**

two companies together invest in a project without actually merging

# 1. Types of company



**one's own business  
(you alone are  
responsible for all  
aspects of business)**



# 1. Types of company



**Sole Trader**  
one's own business  
(you alone are  
responsible for all  
aspects of business)



# 1. Types of company



**more than two  
businesses work  
together**

# 1. Types of company



## Partnership

more than two  
businesses work  
together

# 1. Types of company



**A private company where individual shareholders lose only the value of their shares if the company goes bankrupt (they would not lose any property they owned)**

# 1. Types of company



## Limited company (Ltd)

A private company where individual shareholders lose only the value of their shares if the company goes bankrupt (they would not lose any property they owned)

# 1. Types of company



**A limited company  
where the shares are  
sold and bought freely**

# 1. Types of company



**Plc (UK) – Inc (US)**

**A limited company  
where the shares are  
sold and bought freely**

# 1. Types of company



**A company that operates in different countries, usually with a complex structure, e.g., a parent company own subsidiaries**



# 1. Types of company



## Multinational

**A company that operates in different countries, usually with a complex structure, e.g., a parent company own subsidiaries**

# 1. Types of company



**two or more companies  
join together  
to create a single larger  
company**

# 1. Types of company



## Merger

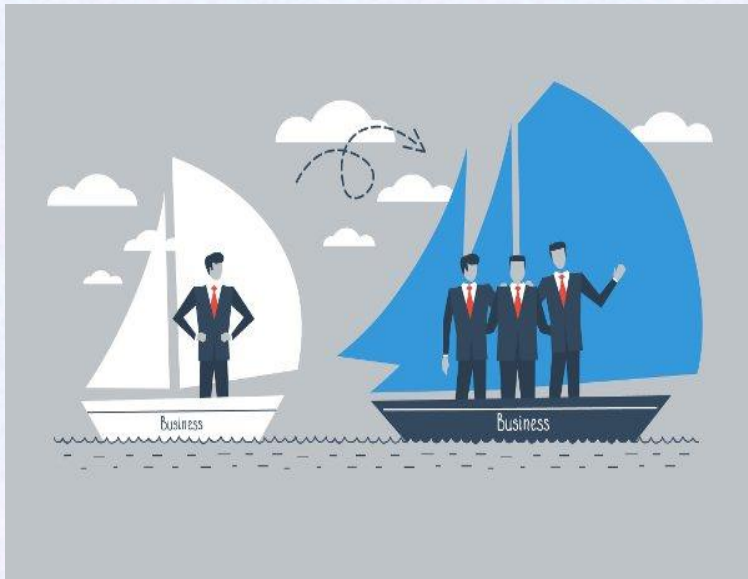
**two or more companies  
join together  
to create a single larger  
company**

# 1. Types of company



**The act of gaining control of a company by buying more of its shares than anyone else**

# 1. Types of company



## Takeover

The act of gaining control of a company by buying more of its shares than anyone else

# 1. Types of company



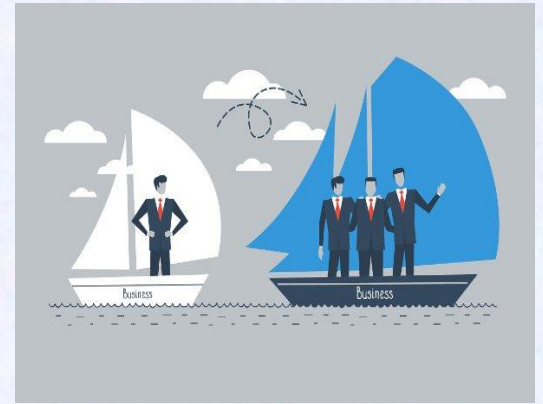
**a business or project in which two or more companies have invested, with the intention of working together**

# 1. Types of company



## **Joint-venture**

**a business or project in which two or more companies have invested, with the intention of working together**





# Glossary

1. Durable (adj) = long-lasting
2. Decade (n) = 10 years
3. Tangible assets (n): buildings, machinery, etc.
4. -ise (BrE), -ize (AmE)

standardise

customise

capitalise

specialise

modernise

equitise

computerise

urbanise



- **Capitalism (n)**
- **Stability (n)**
- **Hierarchical (a) – hierarchy (n)**
- **Bureaucratic (a) – bureaucracy (n)**
- **standard (a) – standardize (v)**
- **Warehouse (n)**
- **Tangible asset (n)**
- **Freelance worker (n) , freelancer (n)**
- **Bidder (n)**
- **Venture capitalist (n)**
- **at the expense of ....**

# READING



Company Structure

## A matter of choice

That reliable workhorse of capitalism – the joint-stock company looks surprisingly durable. But pressure on it is increasing.

In 1967, John Kenneth Galbraith's *The New Industrial State* argued that the USA was run by a handful of big companies who planned the economy in the name of stability.

These were hierarchical and bureaucratic organizations making long runs of standardised products. They introduced "new and improved" varieties with predictable regularity; they provided their workers with lifetime employment and they enjoyed fairly good industrial relations with the giant trade unions.

That world is now dead. The US's giant corporations have either disappeared or been transformed by global competition. Most have shifted their production systems from high-volume to high-value, from standardised to customised. And they have flattened their management hierarchies. Few people these days expect to spend their lives moving up the ladder of a single organization. Dramatic changes are taking place. But where exactly are they taking

us? Where is the modern company heading?

There are three standard answers to this question. The first is that a handful of giant companies are engaged in a "silent takeover" of the world. The past couple of decades have seen a record number of mergers. The survivors, it is maintained, are far more powerful than nation states.

The second school of thought argues almost the opposite: it says that big companies are a thing of the past. For a glimpse of the future, look at the Monorail Corporation, which sells computers. Monorail owns no factories, warehouses or any other tangible assets. It operates from a single floor that it leases in an office building in Atlanta. Freelance workers are designing the computers while demand is still low.

The third school of thought says that companies are being replaced by "networks". Groups of entrepreneurs form such a network to market an idea. They then sell it to the highest bidder and

move on to produce another idea and to create another firm, with the money being supplied all the time by venture capitalists.

Another way to look at the future of the company is to focus on the environment that will determine it. That environment is dominated by one thing: choice. Technology and globalisation open up ever more opportunities for individuals and firms to collect information and conduct economic activity outside traditional structures. While the age of mass production lowered the costs of products at the expense of limiting choices, modern “flexible” production systems both lower costs and increase choice. Consumers have more choice over where they spend their money. Producers have more choice over which suppliers to use. Shareholders have more choice over where to put their money. With all that choice around, future companies will have to be very flexible in order to quickly adapt to the changing environments if they are to survive ■

## Reading

### Company structure: A matter of choice

- **Question 1: Why does the author think ‘choice’ will play a major role in determining the structure of tomorrow’s companies?**

**If consumers, producers and shareholders have more choice, companies will have to structure themselves to ensure they are flexible enough to give consumers etc. what is wanted.**

# Reading comprehension

- 1. Characteristics of US corporations in the past**
  - Hierarchical or bureaucratic organisations
  - Improved products instead of innovating
  - Provided lifelong employment and enjoyed good industrial relations
  
- 2. Changes occurring to those corporations**
  - They disappeared or were transformed
  - changed from high-volume to high-value
  - Flatter hierarchies and less lifelong employment

### **3. Meaning of 'shifting from high-volume to high value'**

**changing from mass-produced to smaller quantity with a larger profit margin**

### **4. Types of future companies mentioned**

**giant companies, small companies with few tangible assets, networks of entrepreneurs**



**5. Why not one type of future companies?**

**because consumers, producers and  
shareholders have more choice**

**6. Key to survival for future companies**

**flexibility**

# High-volume vs high-value

- **High-volume:** mass produced
- **High-value:** small quantity, with a larger profit margin

# **Vocabulary 1.1 Find words in the text to describe people who ...**

- 1. work independently or on a short-term contracts**
- 2. are willing to take risks**
- 3. are willing to invest in new/ risky business projects**
- 4. express a wish to buy something**
- 5. make goods**
- 6. own part of company**

## Vocabulary 1.1 Find words in the text to describe people who ...

1. work independently or on a short-term contracts  
**freelancers**
2. are willing to take risks  
**entrepreneurs**
3. are willing to invest in new/ risky business projects  
**venture capitalists**
4. express a wish to buy something  
**bidders / consumers**
5. make goods  
**producers**
6. own part of company  
**shareholders**

# Vocabulary 1.2 Definitions

## 2 Match the words with the definitions.

- |   |                       |   |  |
|---|-----------------------|---|--|
| 1 | bureaucracy           | a | goods of the same quality and design   |
| 2 | flattened hierarchy   | b | inflexible system of administration    |
| 3 | standardised products | c | rent a building on a temporary basis   |
| 4 | lifetime employment   | d | more middle than senior managers       |
| 5 | merger                | e | buildings and machinery a company owns |
| 6 | customised            | f | permanent jobs                         |
| 7 | tangible assets       | g | made for a particular user             |
| 8 | lease                 | h | when two companies become one          |

# Vocabulary 1.2 Definitions

## 1. Bureaucracy

**inflexible system of administration**

## 2. Flattened hierarchy

**more middle than senior managers**

## 3. Standardized products

**goods of the same quality and design**

## 4. Lifetime employment

**permanent jobs**

## **5. Merger**

**when two companies become one**

## **6. Customized**

**made for a particular user**

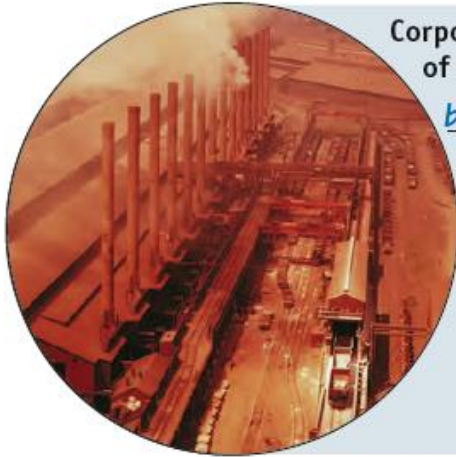
## **7. Tangible assets**

**buildings and machinery a company owns**

## **8. Lease**

**rent a building on a temporary basis**

3 Which of the following types of company do the words from exercises 1 and 2 refer to?



Corporations  
of the past

*bureaucracy*

---

---

---



Today's  
multinationals

*freelancer*

---

---

---

All of them

---

---

Online companies

*entrepreneur*

---

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# Vocabulary 1.3

## 1. Corporations of the past

**standardized products, lifetime employment**

## 2. Today's multinationals

**freelancer, flattened hierarchy, customised**

## 3. Online companies

**entrepreneur, flattened hierarchy, venture capitalists, bidder**

## 4. All

**producer, shareholder, merger, tangible assets, lease**

# Language check

- Focus on **present simple** and **continuous**
- **Self-study**
- **Exercises and practice**



# Language check: Present simple and continuous

**Present \_\_\_\_\_ describes**

- a. Facts that will not change
- b. Regular events and processes
- c. A scheduled event

**Present \_\_\_\_\_ describes**

- d. Things happening now
- e. Temporary situations
- f. Future arrangements

# Language check: Present simple and continuous

## Present simple describes

- a. Facts that will not change
- b. Regular events and processes
- c. A scheduled event

## Present continuous describes

- d. Things happening now
- e. Temporary situations
- f. Future arrangements

**Continuous NEVER used with** verbs expressing: **ownership** (have, want, need, etc.), **sense** (look, sound, feel, etc.), **emotion/opinion** (like, love, hate, think, believe, etc.), **routines** (usually, always, something, etc.)

**2** Match the following examples with the rules a-f.

- 1 The first answer isn't a very positive one. *simple (a)*
- 2 Dramatic changes are taking place in company structure.
- 3 They then sell it to the highest bidder and move on to a new idea.
- 4 Business doesn't start on the stock exchange until tomorrow at 9 am.
- 5 Freelance workers are designing the computers while demand is low.
- 6 Is he meeting the shareholders on Monday?

- **keys**

**2 d    3 b    4 c    5 e    6 f**

# Present simple or continuous?

Since the corporation was invented it has been widely accepted that bringing activities together into one large company (<sup>1</sup>lower) lowers 'transactional' and communication costs, and that suppliers and manufacturers (<sup>2</sup>have) \_\_\_\_\_ market power due to their knowledge of markets. However, nowadays the internet (<sup>3</sup>eliminate) \_\_\_\_\_ the physical costs of communication. As a result it (<sup>4</sup>become) \_\_\_\_\_ more

# Present simple or continuous?

profitable to outsource many activities. Power (5 shift) \_\_\_\_\_ to the customer who could be either another business or the end-user.

All this raises two burning questions. Firstly, (6 it / mean) \_\_\_\_\_ that the supplier will no longer be the seller but become the buyer for the customer? Secondly, (7 diversification / change) \_\_\_\_\_ the structure of companies? The answer to both questions at the moment, is *yes* for



# Present simple or continuous?

many business sectors. Some of the US's largest pharmaceutical companies (8 not / manufacture) \_\_\_\_\_ drugs themselves anymore. During this transition period, they (9 wholesale) \_\_\_\_\_ every other kind of pharmacy product as well. At the annual conference for managers in the pharmaceutical sector, which (10 take place) \_\_\_\_\_ next month, the main topic will surely be what to outsource to smaller companies next.

**5 Correct the errors in these sentences. Three of them do not contain errors.**

**Then decide whether each sentence describes:**

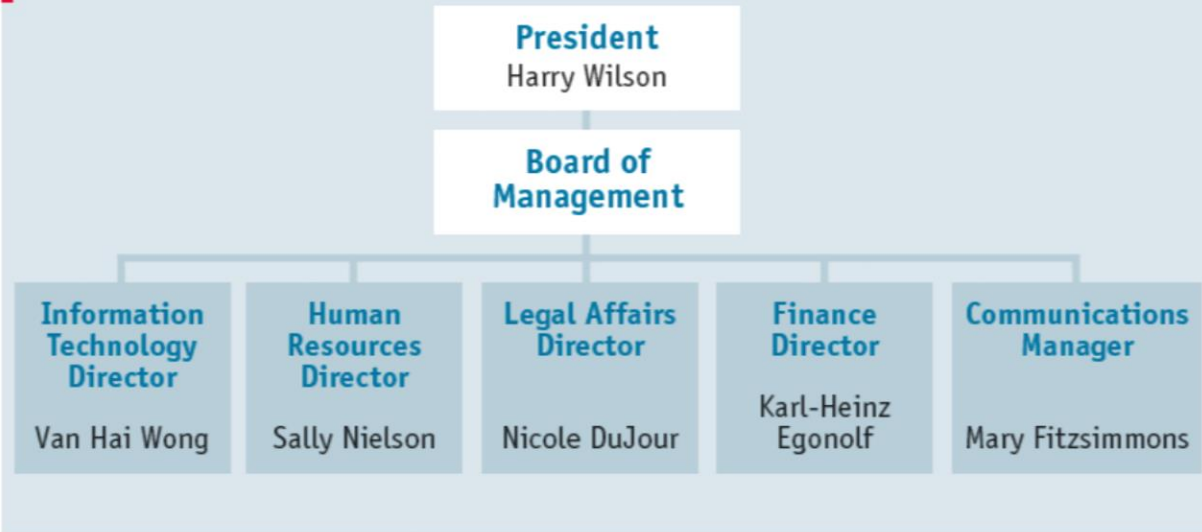
**a temporary situations      b facts / permanent situations**

- 1 The company I work for produces electrical equipment.
- 2 I work in the finance department for a few days.
- 3 We recruit for a new Marketing Manager at the moment.
- 4 My colleague's on leave, so I handle all his PR this week.
- 5 I'm helping out a colleague with this paperwork, as he's overwhelmed!
- 6 The TVs in this shop don't cost very much.
- 7 How many staff are you having?
- 8 I'm not belonging to any union.

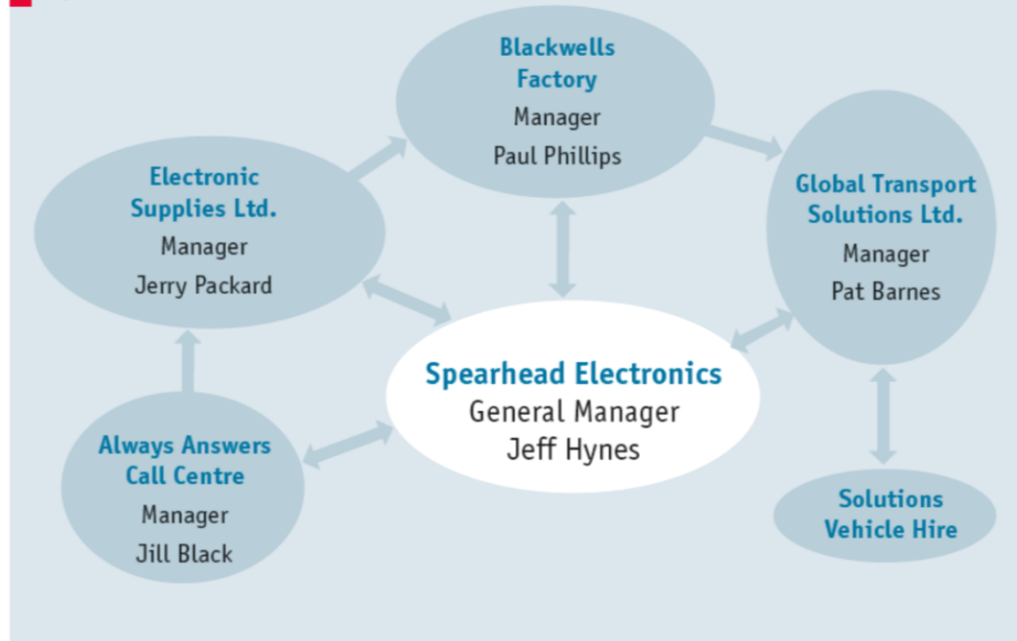
**7 Write the verbs in brackets in the present simple or present continuous.**

- 1 What \_\_\_\_\_ (you/do) next weekend?
- 2 Staff members usually \_\_\_\_\_ (take) their annual leave in July.
- 3 I \_\_\_\_\_ (not/understand) that. Can you explain it again, please?
- 4 We often \_\_\_\_\_ (use) financial consultants.
- 5 We \_\_\_\_\_ (recruit) a new Finance Manager at the moment.
- 6 Where \_\_\_\_\_ (you/come) from? Germany?
- 7 Jenna \_\_\_\_\_ (not/run) the course today. She's ill.
- 8 I really \_\_\_\_\_ (not/like) that idea.

## Transatlantica, Inc.



## Spearhead Electronics Ltd.



# Vocabulary 2.1 Companies and careers

## Transatlantic, Inc.

- traditional, hierarchical, bureaucratic company

## Spearhead Electronics Ltd.

- less traditional, light organizational structure, few assets, network of complementary companies

**2 Look at the structures again and answer the questions.**

At Transatlantica, Inc., which division or department deals with

- 1 computer programming and software?
- 2 trade unions?
- 3 new accounting principles?
- 4 patents for new products?

At Spearhead Electronics Ltd.,

- 5 which company provides parts to another?
- 6 what is the name of the company in the logistics sector?
- 7 which companies are in the services sector?
- 8 who is in charge of the manufacturing company?
- 9 which company is a subsidiary?

# At Transatlantica, Inc., which department deals with...

**1. computer programming and software?**

**IT (Information Technology)**

**2. Trade unions?**

**HR (Human Resources)**

**3. new accounting principles?**

**Finance**

**4. patents for new products?**

**Legal affairs**

# At Spearhead Electronics Ltd.,

1. which company provides parts to another?

**Electronic Supplies Ltd.**

2. what is the name of the company in the logistics sector?

**Global Transport Solutions Ltd.**

3. which companies are in the services sector?

**Always Answers, Solutions Vehicle Hire**



# At Spearhead Electronics Ltd.,

5. who is in charge of the manufacturing company?

**Paul Phillips**

6. which company is a subsidiary?

**Solutions Vehicle Hire**

# Career skills: talking about your job

- My job entails/involves ...
- I'm responsible for ...
- I work for/under ...
- I'm in charge of ...
- I report to ...
- I manage ...



# Listening

## 2. Harry Wilson

- overseeing every aspect of policy and practice, responsible for all employees worldwide
- 15,000 employees
- I'm (ultimately) responsible for ...

### **3. Karl-Heinz Egonolf**

- dealing with external auditors, overseeing quarterly reports**
- 10 accountants**
- my job entails...**

## **4. Jill Black**

- in charge of people taking phone orders for different companies, responsible for recruitment and training, reporting to client companies and contacting new clients**
- 25 people**
- I am in charge of, I'm responsible for, I report to**

## **5. Mary Fitzsimmons**

- dealing with the press, sending out press releases, in charge of a team of writers**
- 15 staff plus 20 freelance writers**
- I'm (also) in charge of ...**

**2** Complete the sentences with *by, for, of, on, to* or *with*.

- 1 Shares in corporations are usually sold on the Stock Exchange.
- 2 One advantage \_\_\_\_\_ working for TBF is the career structure.
- 3 Who is responsible \_\_\_\_\_ staff development in this department?
- 4 The key \_\_\_\_\_ survival for most companies is flexibility.
- 5 Companies need to be able to adapt \_\_\_\_\_ a changing environment.
- 6 A team of ten people reports \_\_\_\_\_ the IT Manager.
- 7 Many companies used to provide workers \_\_\_\_\_ lifelong employment.
- 8 The Head of Procurement is in charge \_\_\_\_\_ purchasing.
- 9 Traditional companies are being replaced \_\_\_\_\_ networks of companies working together.
- 10 Which division deals \_\_\_\_\_ issues related to patents?

**1** Match each question about jobs with an appropriate answer below. Then decide how you would answer each question.

- |   |   |                            |
|---|---|----------------------------|
| 1 | What's your job?                                    | <input type="checkbox"/> b |
| 2 | What does that involve?                             | <input type="checkbox"/>   |
| 3 | How long have you been in your present job?         | <input type="checkbox"/>   |
| 4 | Do you enjoy your work?                             | <input type="checkbox"/>   |
| 5 | Is there anything you don't like about your job?    | <input type="checkbox"/>   |
| 6 | How do you spend your time when you're not working? | <input type="checkbox"/>   |

- a I've worked here for about four years now.
- b I'm a supervisor in a logistics company called Express Move.
- c I enjoy team sports like rugby, but I don't play as regularly as I'd like.
- d Well, the role involves bureaucracy – and I'm not very keen on that!
- e Very much. My job entails a lot of different tasks – from co-ordinating drivers to liaising with suppliers – so I don't get bored.
- f I'm responsible for 13 warehouse staff and report to the site manager.



# Speaking practice: meet business partners

- Greet the other person and introduce yourself.
- Say where you work and what your job is.
- Find out the name, company and job of the other person.



# Greetings and introductions

Read expressions a–h. They can all be used in the first few minutes of a meeting. Match them with the functions 1–8.

- |   |  |   |   |
|---|--|---|---|
| 1 | Greet someone you've never met before.   | a | Good to see you again!                                    |
| 2 | Check someone's name if you didn't hear it very well.                                | b | I'm Jan Davis, the Human Resources Manager.               |
| 3 | Greet someone you often meet.  | c | I'm sorry I didn't catch your name. Can you say it again? |
| 4 | Greet someone you haven't met though you've had contact with them by phone or email. | d | I'm sorry, I don't know your name.                        |
| 5 | Greet someone you've met before, some time ago.                                      | e | Hi! How are you?  |
| 6 | Introduce yourself.  | f | This is Carla Suarez. She's in charge of exports.         |
| 7 | Introduce a colleague.   | g | Good morning. Pleased to meet you.                        |
| 8 | Ask someone what their name is.  | h | Nice to meet you at last!                                 |

1g 2c 3e 4h 5a 6b 7f 8d

Take turns to ask the questions below. Answer your partner's questions as fully as you can. Be ready to tell the rest of the group something about your partner's job.

- Who do you work for?
- What type of company is that?
- What do you do in your job?
- What else does your job involve?
- What are you working on at the moment?

Try to use the following language when answering your partner's questions.

*I work for ... I'm in charge of / responsible for ...*

*I report to ... I manage ... My job involves ...*

What do you do when someone you haven't met before visits you in your office? In what order do you do these things? Mark your answers and then discuss your ideas with the rest of the group.

- Hand over your business card
- Shake hands with your visitor
- Greet the visitor with a formal greeting
- Introduce yourself
- Ask about their journey to your company
- Ask about your visitor's company and work
- Invite your visitor to sit down
- Be ready to meet your visitor at the appointed time
- Say good morning or good afternoon
- Offer something to drink
- Get down to business

# Culture at Work: Hierarchy

The way a company is organised depends on its culture: some companies have a **steep hierarchy**, while others are **flatter** with a broader base. How would you describe your company culture? Complete your culture profile on page 82.

	Steep hierarchy ▲	Flat hierarchy ▲
<b>Company structure</b>	Many levels of management	Not many levels of management
<b>Power</b>	Unequal distribution of power: senior managers are very powerful	Power-sharing: members of staff are relatively equal
<b>Roles</b>	Each member of staff has a fixed role or function.	Roles are often flexible

# Culture at work

- some cultures: steep hierarchy with many levels of management, clear roles, powerful senior managers
- others: flat hierarchy with more equality and flexibility

**What is common in your country?**

**Which would you prefer to work in? Why?**

# Listening



Paul Larousse works in an overseas subsidiary of Lisa Guzman's company. He is visiting head office for the first time for an international team meeting. Listen to the conversation and answer the questions.

- 1 Look again at the list above and identify the things Lisa did. Number them in order.
- 2 What expressions did Lisa use for:
  - apologising?
  - asking about Paul's journey?
  - inviting Paul to sit down?
  - offering something to drink?



# Self-assessment

Think about your performance on the tasks. Were you able to:

- introduce yourself?  yes  need more practice
- talk about your job?  yes  need more practice
- meet a new business partner?  yes  need more practice

# Writing Email (formal)

## Format

**From:** [sender' s email address]

**To:** [receiver' s email address]

**Cc:** [if any]

**Bcc:** [if any]

**Subject:**

**Attachment:** [if any]

(**cc:** Carbon copy, **bcc:** blind carbon copy)

# Writing Email (ending and beginning)

- **Beginning**

*Dear Mr./Ms./Mrs. + name,*

*Dear Sir/ Madam,*

*Dear all,*

- **Ending**

*Yours sincerely,*

*Yours faithfully,*

*Kind regards,*

**2** Complete the emails with the correct form (present simple or continuous) of the verbs in brackets.

From: samwakely@nhn.com  
To: narinderbarr@nhn.com  
subject: Can we arrange to meet?

Dear Narinder

I (1write) *'m writing* to ask if we can meet to talk about plans for the new IT system. Everything (2be) \_\_\_\_\_ fine here in general. But we (3currently/ have) \_\_\_\_\_ problems with saving data. The developers (4know) \_\_\_\_\_ about the problems but can't find a solution – so we (5think) \_\_\_\_\_ the launch date will need to be postponed. I was going to suggest that we meet on Friday 3 June as I (6usually/ see) \_\_\_\_\_ Steve Barker at your office one Friday a month. But I (7understand) \_\_\_\_\_ that you (8not/work) \_\_\_\_\_ Fridays. So how about Monday 23 May? By the way, what's it like coming back to work after maternity leave? (9imagine) \_\_\_\_\_ it must be difficult when the baby is so young. She (10look) \_\_\_\_\_ lovely in her photo. Anyway, let me know if Monday 23rd would suit you.

Regards  
Sam

**Writing**

**You are Narinda. You cannot meet Sam on the day he suggests. Write an email (40–50 words) to Sam:**

- explaining you cannot meet when proposed and giving reasons
- telling Sam when you will be free
- suggesting another time and date
- offering to arrange a meeting room.

Sorry but I can't make it on Monday 23 May as I'm visiting an external supplier and I'm not coming back until the Friday. How about Monday 30 May? If you're free then, we could meet at 10 o'clock. Shall I book a room?

Regards

Sam

# Vocabulary

## **Vocabulary 1 – types of companies**

Company (UK) / corporation (US); dotcoms; holding; Inc (Incorporated – US) = Plc; joint-venture; limited company (UK); merger; multinational; partnership; Plc (Public limited company – UK); sole trader (UK); subsidiary; takeover.

## **Vocabulary 2**

Acquisitions; assets; (to) be in charge of; (to) be responsible for; bidder; bureaucratic / bureaucracy; capitalism; consumer; (to) entail (involve); entrepreneurs; freelance worker/freelancer; high-value; high-volume; hierarchical / hierarchy; joint-stock; lease; (to) report to; shareholders; stability; standard / standardize; tangible asset; venture capitalist; warehouse; (to) work for/under.

