

Unit 8 – vocabulary

To succeed in business, you should:

- Value your staff
- Focus only on making a big profit
- Pay employee low wages
- Charge high prices
- Never break the law
- Avoid paying taxes to the government
- Believe the customer is always right
- Invest in the local community
- Put your competitors out of business
- Be prepared to make a loss for at least the first year

Do you agree with the above statements?

Useful verbs and expressions

To value

To charge

To break the law

To make a loss

Retailer – sells directly to the public

Manufacturer – makes goods

Entrepreneur – starts new businesses

Partner – is one of the owners of a business

Wholesaler – buys large quantities of goods from producers and sells them to shops and businesses

Customer – buys directly from a shop or a company

Supplier – provides goods/ parts to shops and businesses

Advices on how to start a business

- you must understand you'll never know everything there is to know about running a business;
- you will need help in certain areas like finances and tax, and selling and marketing;
- train yourself for areas you don't know or hire a specialized employee.
- Develop a marketing knowledge -> You need to be sure that your product will sell in sufficient numbers, at a price that covers your costs. In other words, it must give you a return on your money; it's got to make a profit. To do this you must be clear about how you price your product – for example, are you going to price it above, the same as or below your competitors? Then, you must also think about how you'll promote it. I mean, how are you going to let people know about the product, so that they become aware of it? That's important. And, you know, you may have to market it in a different way to different people. That could be the key to success.

Some reasons why businesses fail:

- The market moves on and the business is left behind. For example, printing trade;
- The business depends too much on a single customer. If the latter does not want to make business with you any more you have lost any source of profit;
- Poor planning;
- Cash flow problems;
- Bad debts;
- Not dealing with tax properly;

The importance of business plans

Business plans are vital. You should think of them as a map which'll take you from today to how the business will be in a few years' time. The business plan will set out your objectives, how you're going to get there, to achieve them, and how you are going to measure your progress. Too many people say their plan is in their head. But when that happens, they often can't deal with unexpected things, like, sales that are lower than they hoped, or rising costs. You should get your forecasts down in writing. Check how you're getting on and use your plan to help you succeed in the business. Finally, don't expect to get the forecasts right straight away. You'll improve later when you have more experience.

Cash flow = the movement of money coming into a business as income and going out as wages, materials etc. (IT = flusso di cassa)

Business icons

	Estee Lauder	Aiko Morita
Area of business	Cosmetics and skincare	Electronics
Famous for	Youth Dew perfume	one of the first truly global companies
Childhood experience	Poor	Wealth

Business collocations

MAKE a business plan, money, profit

GO into partnership, out of business

SET UP an overseas branch, a company

LAUNCH a new product range, an advertising campaign

DO some market research, the first year accounts

RUN the business badly, a factory

RECRUIT a new manager, talented employees

REDUCE production costs, the number of staff