

Unit 1 Companies

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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**.



Preview

Types of company

Which of the following types of companies would you prefer to work for? What are the advantages and disadvantages of working for each one?

- a large multinational corporation
- a small or medium-sized family business
- a trendy new high-tech corporation

Read the list of developments that threaten the survival of the traditional company. What are the positive or negative impacts on companies of each one?

- developments in technology
- growth in the power of consumer groups
- expansion of e-business
- increase in shareholder power
- financial scandals
- transfer of money and jobs to cheaper countries
- weakening trade unions

Job losses to India

STOLEN JOBS?

Stock market crashes

The end of the tycoon?

Parmalat, accounting scandal

Company structure

Reading

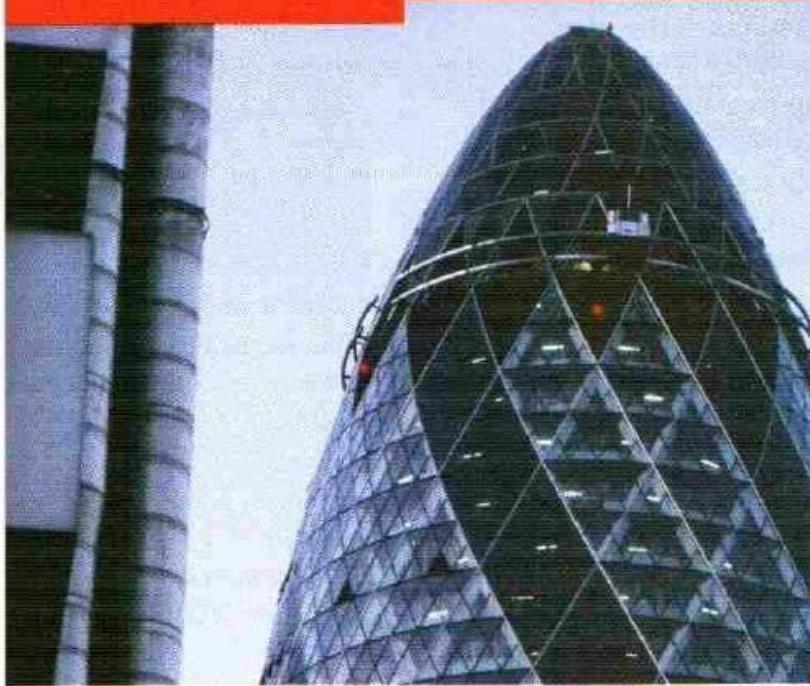
Read the text on the opposite page and say why the author thinks 'choice' will play a major role in determining the structure of tomorrow's companies.

Read the text again and answer the following questions.

- 1 What were the characteristics of US corporations in the past?
- 2 What changes have occurred to those corporations?
- 3 What is meant by 'shifting from high-volume to high-value'?
- 4 What different types of future companies does the author mention?
- 5 Why does he believe there is not one definite type of future company?
- 6 What does he believe to be the key to survival for companies in future?

Speaking

Would you prefer to be a freelance worker or employed with a fixed salary? What are the advantages and disadvantages of each situation?



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

Glossary

durable long-lasting

decade 10 years

tangible assets buildings, machinery, etc.

BrE vs AmE English

-ise / -ize

standardise (BrE)

standardize (AmE)

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 ■

Vocabulary 1

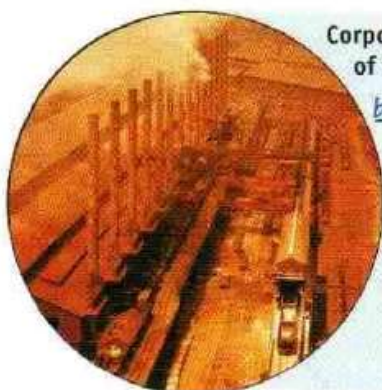
1 Find the words in the text to describe people who:

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

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 |

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



Speaking Can you think of examples of these company types?

Present simple and continuous

1 Complete the rules below with *simple* or *continuous*.

- | | |
|--------------------------------|-----------------------------|
| The present _____ describes | The present _____ describes |
| a facts that will not change | d things happening now |
| b regular events and processes | e temporary situations |
| c a scheduled event | f future arrangements |

Note: The continuous is usually not used with the following:

- ownership (*have, want, need, etc.*)
- sense (*look, sound, feel, etc.*)
- emotion / opinion (*like, love, hate, think, believe, etc.*)
- routines (*usually, always, sometimes, etc.*)



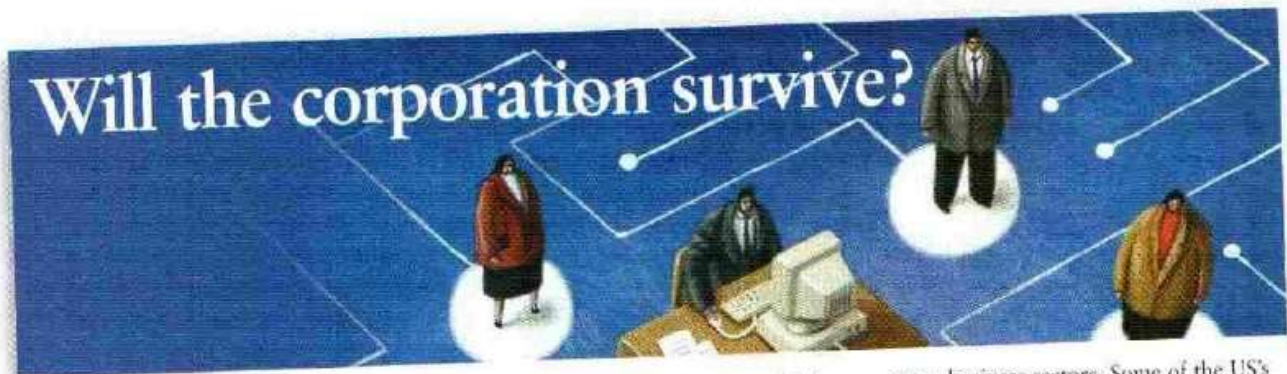
For more information see page 157.

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?

Practice

Complete the text below with the appropriate form of the present simple or continuous.



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

profitable to outsource many activities. Power (⁵shift) _____ to the customer who could be either another business or the end-user. All this raises two burning questions. Firstly, (⁶it / mean) _____ that the supplier will no longer be the seller but become the buyer for the customer? Secondly, (⁷diversification / change) _____ the structure of companies? The answer to both questions at the moment, is yes for

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

Speaking

Work in pairs. Find out about a typical day at work/the weekend for your partner and what he/she has planned for next week.

Companies and careers

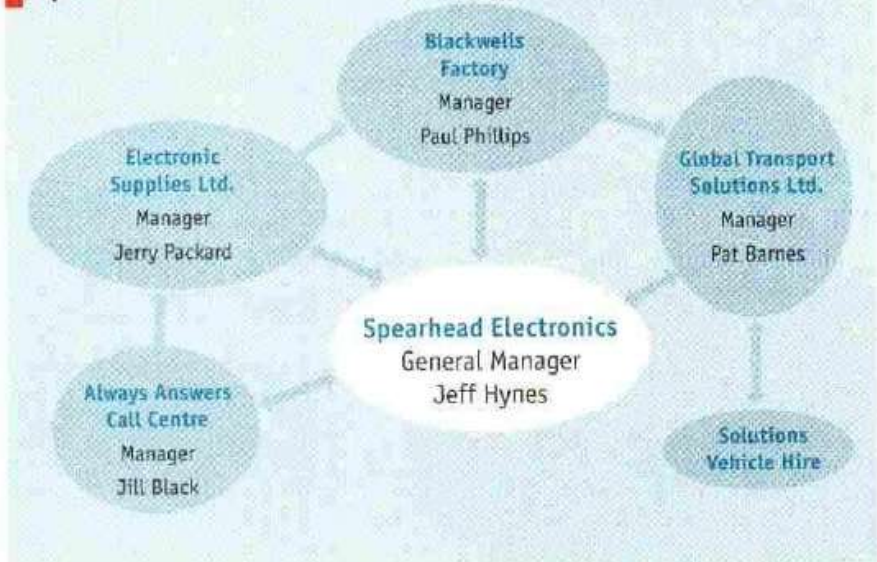
1 Study the two very different company structures below. Which type of company, mentioned in the text on page 9, does each of these structures represent?



Transatlantica, Inc.



Spearhead Electronics Ltd.



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?

Career skills

Talking about your job

When meeting people for the first time in both professional and social situations it is common to exchange information about your job. The following phrases are useful for describing what you do.

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

Listening

Listen to several people from the companies on the opposite page talking about their jobs and complete the following table. Which of the above phrases do you hear?

| | name | duties | no. of workers | phrases used |
|---|------------|---|--------------------|---------------------|
| 1 | Jeff Hynes | liaising / dealing with other companies | 5 project managers | my job involves ... |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |

Writing

Look at the job profile below. Write similar profiles for the people in the listening activity above.

Name: Van Hai Wong
Present position: Director of Information technology at Transatlantica, Inc.
Present responsibilities: In charge of a team of 25 people, who purchase and maintain all company IT hardware and services.

Speaking

Using the profiles, take it in turns to role-play introducing yourself and talking about your job.

Culture at work

Hierarchy

Some cultures prefer steep hierarchies with many levels of management, clear roles and very powerful senior managers. Others prefer flat hierarchies with more equality and flexibility. What is common in your country? Which would you prefer to work in? Why?

Dilemma & Decision

Dilemma: The virtue of necessity

Brief

A serious safety problem is threatening the future of Transal, a pipeline company. Hundreds of yearly accidents have led to high absenteeism, causing lost time, low morale, unsatisfactory efficiency levels, falling profits and a falling share price. Press articles about the company's lack of concern for its employees are having a very negative effect on customers, shareholders and staff. If the company is to survive it must develop a 'safety conscious culture'. The question is: how?

Task 1

Look at the three options open to Transal and discuss the potential benefits and disadvantages of each one.

1 The International School of Industrial Engineering

Send all technical staff members on an intensive 'safety awareness' course run by a high-profile school of engineering. The course is very expensive but has an excellent reputation. This will be emphasised at a press conference organised to announce the new company plans. On their return, the managers will train their teams. The forecast is to have improved safety conditions by this time next year.

2 Stanford, Traynor & Weldon Associates.

Bring outside consultants into every subsidiary to organise training schemes for all employees over a period of six months. This would be more expensive but would give low-level workers an opportunity to speak to experts and to point out problems. The results should be almost immediate and the experts would be on hand to talk to the press.

3 Safety Charity Challenge

Offer to give a sum of money to a community charity of the workers' choice every time they eliminate a safety hazard. An untested idea suggested by the communications department. If successful, it could lead to a lot of positive publicity and be very cost-effective. However, it relies on the employees' willingness to take part in such a scheme. There is no knowing how long it might take to improve conditions.

Task 2

Choose the best option and present your arguments to the class.

Write it up

Write a brief email to the Transal board recommending the best option and giving reasons for your decision. (See Style guide, p18.)

Decision:

Turn to page 141 and see what happened when a famous British company was faced with the same dilemma.

