

Units 5–8 Review Test 2

Name: _____

Part 1 Reading

Text 1

8 points

Questions 1–8

Look at the statements below and the extracts from an article on negotiation.

Which section (A, B, C or D) does each statement 1–8 refer to?

For each statement 1–8 mark one letter (A, B, C or D).

You will need to use some of these letters more than once.

- 1 You should try work out how the other person negotiating feels, and what they want.
- 2 You need to know what you can use to show movement during the negotiation.
- 3 Win-win is better for business over a longer period.
- 4 You need to know if you can stop negotiating if you have to.
- 5 A win-win negotiation is where the two parties are working hard together.
- 6 You need to be creative during the negotiation.
- 7 This type of negotiation is where one party finishes the negotiation in a better position.
- 8 You should be able to offer something to encourage the other party to reach agreement.
- 9

A

There are two main forms of negotiation. *Distributive* negotiation is where you want to win the negotiation and you must use persuasion to reach your goals. Both parties to the negotiation are looking for a different outcome – both to want to achieve what is best for them. This is known as a ‘win-lose’ negotiation. *Integrative* negotiation is where both parties are striving together to reach the best compromise solution to the issue and both will achieve something of what they want and offset this against something they do not get. This is also known as a ‘win-win’ scenario.

B

Before negotiating, it is a good idea to prepare extremely thoroughly. You need to know how you feel personally about the negotiation and how the other party feels about the negotiation. It is also good to find out what style of negotiation they prefer – win-win or win-lose. Write down what your objectives are and try to think what their objectives are. What would be a win for you, and what is your bottom line? You should finally decide on your ‘BATNA’, which is the ‘Best Alternative to A Negotiated Agreement’. Can you walk away from the deal? What other choices do you have? What is the BATNA of the other party? Thinking like them will help you achieve your own goals, because you will understand what it is important to them.

C

Your objectives should be divided into three categories – your ‘needs’, ‘wants’, and things which would be ‘nice to have’. The ‘needs’ are what you must get out of the negotiation – your bottom line, upon which you are unwilling or unable to compromise. Your ‘wants’ are things that you can be flexible about and allow movement on during the negotiation process. The ‘nice to have’ items can be used as bargaining chips. You shouldn’t allow emotion to come into your objectives – be realistic. Knowing what you want will help you to keep a clear focus during the negotiation.

D

When aiming at a win-win solution, you should open the negotiation with some small talk. This will help you to get to know the other side a bit better first. The next step is to state clearly your objectives and carefully listen to theirs. Be open about your commitment to a win-win outcome, which will build a long-term business relationship. Once it is clear where everyone stands then areas of disagreement or conflict can be agreed on and then resolved through movement by both negotiators. You should be adaptable and be able to think outside the box during the negotiation, and remember that you are trying to reach a mutually beneficial outcome. Consider what incentives you can offer to close the deal. When mutual agreement has been reached then the agreed-upon terms should be put into writing.

Text 2
5 points

Questions 9–13

Read the article below about hotels and business travellers.
Choose the best sentence from A–E below to fill each of the gaps.
For each question 9–13 , mark one letter.
Do not use any letter more than once.

What do business travellers want from a hotel? Is it just a room, a bed and CNN on cable? What more can a hotel offer business customers?

Hotels do not just cater for business travellers, but offer services for tourists and other types of guests. (9) _____. Business travellers might also be interested in the latest in entertainment like virtual golfing simulators so they can keep up their game without having to join a golf club.

(10) _____. Ten years ago the TV and mini-bar were all that could be found in hotel rooms. Now rooms generally have hi-speed or Wi-Fi Internet connections, as well as a large menu of free and Pay TV options. Even bathrooms are becoming more sophisticated, with extra powerful hair driers, and make-up mirrors which do not steam up! (11) _____.

In every good hotel there should be a range of hotel services available. You should be able to exchange money into the local currency and, of course, there is also room service, for when you just can't face eating alone in the hotel restaurant. Some hotels now offer baby sitter services (not usually much use for the business traveller!). (12) _____. After a long day of meetings and difficult negotiations, some business people often just want to collapse on their beds and get ready for the next day or their early morning flight, but for others there is always the hotel bar to relax in.

Security is a major issue in hotels. All rooms should have a spy hole and door chain and the lift door should only open on your floor if you have a card key for a room there. Some lifts now have CCTV in them, monitored from the hotel reception or security centre. (13) _____. In Washington the Hamilton Crowne Plaza has introduced a woman-only floor. The rooms have Danielle Steele and Nora Roberts novels, women's magazines and a special room service menu.

- A As modern hotels often have dedicated business centres, with computer, printing and photocopying facilities, it's possible to get a lot of work done at the hotel.
- B Others even have a personal shopper for those who need help in the local shops and markets.
- C Some hotels have women-only rooms, such as the five-star Grange City Hotel in London, which has 68 rooms reserved exclusively for women after customer research revealed half of its clients were women, and most of them felt vulnerable when travelling.
- D These range from spas and beauty treatments, indoor heated swimming pools, saunas and gymnasiums to theatres and games rooms, and can be used by the business man or woman with time on their hands.
- E Even though rooms are often equipped with trouser presses and irons, most good hotels offer a fast and reliable laundry service.

Text 3
6 points

Questions 14–19

Read the article on mergers and acquisitions and sentences 14–19 below.
For each sentence 14–19 mark one letter (A, B, C or D).

The theory behind mergers and acquisitions is that the two companies together will be stronger, and shareholder value will be created. Often in economically difficult times stronger companies will buy weaker ones and hope that the synergy between the two companies or the cost-savings which can be made will help the company increase market share or become more efficient. Sometimes companies agree to be taken over because they know they cannot survive in a deteriorating situation. They might be nearing bankruptcy or might be trying to avoid the threat of a takeover from another company.

Mergers and acquisitions are not really the same. A merger is when two companies agree to form a new company, which then starts trading. When one company buys another this is an acquisition – the buyer's company continues to exist. A third alternative is some kind of alliance when companies agree to cooperate in a market or development of a new product or service.

Mergers of equals do not often happen – often the takeover is called a merger to make it sound better to stockholders and the media. The key difference between a merger and an acquisition is whether the deal is a friendly or a hostile one. If the deal is friendly then it will often be described as a merger even when it is a takeover. Hostile takeover bids are always acquisitions.

Companies come together for a number of reasons. Of these the most important are staff reductions, economies of scale, and gaining access to key technology and new markets. Most mergers involve job losses, as jobs done in one company are replicated in another one. In a merger of finance and marketing departments, for instance, someone is going to lose their job. Often the CEO of the weaker partner firm loses their job, but departs with a generous compensation package to thank them for agreeing to the merger.

Often the targets of takeovers are smaller and more innovative companies which have unique technology that the larger company wants or needs. By acquiring such companies, the larger company can save R&D costs, have access to innovation and stay competitive.

Companies often try to buy rivals who are operating in different markets or sectors, to increase the reach and size of the company. It is an easy way to enter a new market and avoids all of the costs involved in building up market share. Larger companies can also raise capital more easily than small companies, and with cheaper money can expand even more.

Acquisitions are paid for in cash, stock or a combination of both – a premium of about 10% on the current share price of the takeover target is reasonable. Companies are generally more careful of valuations when cash is involved and less so when the deal is made on the basis of shares. The dream of every investment banker is to be involved in a takeover battle when two or more companies are bidding to buy a third. In such a situation of bid and counter bid there are huge fees to be made as advisors.

14 According to the text, companies might want to be acquired when

- A they cannot takeover another company.
- B they do not want to merge with another company.
- C they are in economic difficulty.
- D they want increase their market share.

15 According to the text, a merger is when

- A two companies agree to work together to start a new company to provide a new service.
- B one of the companies continues to operate after buying the other one.
- C two companies become one new one.
- D one company launches a hostile takeover bid for another one.

16 According to the text, an acquisition is

- A where two companies merge by mutual agreement.
- B basically the same as a merger.
- C always better for stockholders than a merger.
- D where one company takes over another in a hostile bid.

17 According to the text, companies merge because

- A they can then spend money on increasing market share.
- B CEOs like to agree to mergers and get a generous compensation package.
- C they can then reduce costs, widen their market and increase their resources.
- D investment bankers like to earn big fees by advising companies to merge.

18 According to the text, companies often acquire competing firms

- A because they cannot afford to enter new markets.
- B who have desirable new technology or products.
- C to raise capital.
- D because it is difficult to build up market share.

19 According to the text, investment bankers like

- A deteriorating economic situations.
- B big, powerful companies.
- C friendly mergers of companies.
- D hostile takeovers.

Text 4
15 points

Questions 20–34

Read the text below about ethics.

Choose the best word to fill each gap from A, B, C or D below.

Most people think of ‘being ethical’ in business ethics as compliance with laws and financial regulations to avoid (20) _____. When these are not (21) _____, as in the case of Enron, the story makes headlines around the world and has a huge negative impact on the people and companies involved. Most business people are not tempted to commit large scale financial fraud, though, and are (22) _____ of the consequences. Instead, it is the day-to-day actions and behaviour of individuals which present the most problems.

As a manager, if you (23) _____ a blind eye to seemingly small matters such as staff taking home office supplies then you are not (24) _____ yourself with an ethical workplace. Everyone watches everyone else to see where the ethical boundaries are. You should carefully consider what messages you are sending by your (25) _____ or inaction, words and attitudes.

(26) _____ the whole there are three areas to consider in everyday business ethics. The first is respect. Respect for the people you work with; respect for the company resources – time, equipment and money; and respect for the working environment, which includes obeying laws and regulations. You should treat the people you work with well – with (27) _____ and honesty – and use the company equipment for work purposes – that means no personal phone calls.

Responsibility is the second area, and means working well with others – (28) _____ instance doing your share of the work – and providing high quality services and goods to your customers.

(29) _____, the ‘The end justifies the means’ argument is not one that an ethical person would use. Means are as important as ends because *good* results are important. (30) _____ you achieved the results by being unethical either morally or legally then you endanger the business and your own career.

Do not forget: don’t take what isn’t yours. This applies to everything from taking office supplies (31) _____ as paper and pens to taking the credit for work done by others. Also, (32) _____ you agree to confidentiality, keep your word. And be able to say that every answer you give is as (33) _____ as it can be, because if you give (34) _____ information it is bound to affect your future business relationship. And remember that the excuse ‘Everyone does it’ just doesn’t work, especially in a court of law.

- | | | | |
|----------------|--------------|-----------|------------|
| 20 A legal | B law | C lawyers | D lawsuits |
| 21 A obeying | B obeyed | C obey | D disobey |
| 22 A careful | B respectful | C mindful | D lawful |
| 23 A see | B show | C take | D turn |
| 24 A aligning | B sharing | C turning | D leaving |
| 25 A words | B thoughts | C actions | D message |
| 26 A To | B At | C In | D On |
| 27 A integrity | B pleasant | C nice | D polite |
| 28 A in | B for | C to | D as |
| 29 A Secondly | B At last | C Finally | D Then |
| 30 A If | B Unless | C When | D Could |

- | | | | |
|-----------------|--------------|------------|--------------|
| 31 A seen | B good | C like | D such |
| 32 A providing | B could | C unless | D if |
| 33 A sure | B reasonable | C accurate | D believable |
| 34 A misleading | B true | C correct | D real |

Text 5
16 points

Questions 35–50

Read the article below about e-Tailing

In most of lines 35–50 there is one extra word. It is either grammatically incorrect or does not fit in with the meaning of the text. Some lines, however, are correct. If the line is correct, write CORRECT in the space provided.

If there is an extra word in the line, write the extra word in CAPITAL LETTERS in the space provided.

There are two examples at the beginning.

00 Other sites are closely watching how the people navigate a site,	<u>THE</u>
0 and testing out what pages or promotions work best with	<u>CORRECT</u>
35 different from customer groups. But seller beware: research done	_____
36 by the New York University’s Stern School of Business has found	_____
37 most shoppers consider it tracking without their consent a violation	_____
38 of their own privacy. When in a store, a customer has no expectation	_____
39 of privacy. But when someone is shopping there online, he or she is	_____
40 usually at home or unless at work. A sales rep barging into your	_____
41 shopping experience can feel like an invasion of privacy.	_____
42 ‘This is a lot about expectations,’ says NYU Marketing Professor	_____
43 Eric Greenleaf. ‘You feel like it’s private when you’re available at home,	_____
44 as opposed to there being in a store.’	_____
45 E-tailing company Overstock limits chats to about 10% of its customers,	_____
even if	_____
46 though sales rise briskly even with customers who are engaged in	_____
47 an interactive sales discussion of products. Says Tad Martin, Senior	_____
48 Vice-president for Merchandising and Operations at Overstock:	_____
49 ‘We are taking about the conservation approach right now. We don’t	_____
50 want to really be intrusive.’	_____

Part 2 Writing

Task 1

10 points

Write an email based on the following brief. Write about 50–60 words.

You have just received the following email from a customer:

To: Customer services
Subject: A Complaint
Dear Sir or Madam, I placed an order for an FGT25P from your website on 23 rd November, hoping it would arrive by Christmas. It was a present for my nephew. It did not arrive until 5 th January, and when it did arrive the box was damaged and the FGT25P inside was scratched. I would like to return this to you for a full refund and compensation for the delay and disappointment of my nephew. Regards, Marcus Kiggell

Write an email in reply to the customer:

- Apologize for the problem
- Explain what caused the problem
- Say what you will do to solve the problem

To: Mr Marcus Kiggell
Cc:
Subject: Your complaint
Dear

Task 2
10 points

You work for a large company. You have been asked to write a report on the trends in export sales.

Look at the information below and the notes.

Then, using all the notes and supporting figures, write a report to your manager.

Write about 120 words.

	2002 10,000 GBP	2003 10,000 GBP	2004 10,000 GBP	2005 10,000 GBP	2006 10,000 GBP
Toiletries (includes toothpaste, shaving products, shampoo, etc.)	25	31	17	22	27
Perfume	0	5	6	7	18
Handbags	17	23	35	30	29
Shoes	55	40	40	39	41
Hats	3	5	17	19	17

Notes

Toiletries disappointing.

Perfume sales doing very well: over 100% increase over last year

Handbags – excellent in 2004, doing less well now

Shoes seem to be recovering.

Hats doing very well

Part 3 Listening

Task 1 / Recording 2.40

5 points

Listen to this conversation. Which of these phrases do you hear?

- 1 What are your priorities?
- 2 Could I suggest ...?
- 3 I'd really like to ...
- 4 I'm sorry, but I'd really like to ...
- 5 I couldn't agree more.
- 6 I might consider going to ...
- 7 We're making progress.
- 8 ... so long as ...
- 9 but only if you....
- 10 now wait a moment

Task 2 / Recordings 2.52–2.57

5 points

Read these sentences and then listen to the speakers. Correct the mistakes in the sentences. There is one mistake in each sentence. The first one is done as an example for you.

- 0 Ms Belabed complained that 100 people were made – **should be 'had been made'** – redundant and she reminded Mr Bullard that he had promised to create new jobs for the town.
- 1 Mr Bullard explained that new technologies had revolutionized the factory and that with the new automated machinery there was no need for so many operators.
- 2 Ms Belabed persuaded Mr Bullard that it was a disaster for the families and asked what he was going to do to help them.
- 3 Mr Bullard explained that they were setting up an outplacement service and said that he was sure most would find work eventually.
- 4 Ms Belabed said that some would not find work and that they had a lot of savings and she asked if they were being offered any financial help.
- 5 Mr Bullard assured Ms Belabed that everyone would receive a redundancy package, and advice and interest free loans were available.

Task 3 / Recording 3.14

5 points

Listen to this presentation. Which of these phrases do you hear? If you do not hear a phrase, which phrase is used instead?

- 1 I'm here today to ...
- 2 I intend first to ...
- 3 I'd like to remind you ...
- 4 In addition ...
- 5 However, although there are ...there are also ...
- 6 As this graph shows ...
- 7 Now I'll talk about ...
- 8 But before ...ing, let's ...
- 9 So, I've talked about ..., ... and
- 10 In this the last part of the presentation, I'm going to ...

Task 4 / Recordings 3.17–3.21

5 points

You will hear five conversations. Which of these statements goes with which conversation? Write the number of the conversation, 1–5.

- 1 A company does not have enough money at the moment. _____
- 2 A company suggests using another company as a compromise. _____
- 3 A company was surprised by the size of an invoice. _____
- 4 A customer is late paying. _____
- 5 It's important that they do not find out. _____
- 6 The items can be easily broken. _____
- 7 The items can be easily broken. _____
- 8 They might start doing it all the time. _____
- 9 We cannot send them without insurance. _____
- 10 We need to know more about them. _____

Part 4 Speaking

Task 1

5 points

Work in pairs or threes and discuss one of the two options below.

Option 1 Ethical policy

Your company has decided to revise its ethical policy. You have been asked to prepare a draft. Discuss the issues together and decide:

- what issues are the most important.
- what kind of information should be included in the ethical policy.
- how to present/agree the new policy.

Option 2 E-tailing website

You are part of a small team set up in your company to run the new e-tailing website. You want a lot of customers rather than visitors. Discuss the different options to make your website work. Consider the following points:

- ease of use
- tracking customers
- conversational agents and/or chatting online with a rep
- advertising

Task 2
5 points

Prepare a *one*-minute presentation on *one* of these topics. You have *one* minute to prepare your talk.

A

What is important when shopping online?

- Price
- Security

B

What is important when being ethical in business?

- Obeying the law
- Acting with integrity

C

What is important when taking care of your employees after a merger?

- Keeping them focused
- Keeping them productive