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Business Vocabulary Builder

The words & phrases you need to succeed

Intermediate to Upper-intermediate



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15 Supply chain management and logistics

What is the supply chain?

The supply chain is the flow of parts and raw materials from their point of origin to the factory gates, then through the factory as work-in-process, and finally out of the factory as finished goods to be delivered to the final customer.

A modern manufacturing operation might have hundreds of suppliers providing different parts and components, and each of these suppliers will in turn have their own suppliers providing simpler parts, raw materials, etc. This is the upstream end of the supply chain. Similarly, the downstream end of the chain might consist of distributors, multiple customers, etc, and will involve batches of goods being shipped at different times to different places.

Supply chain management

During the whole process, from beginning to end, inventory (ie parts and goods) needs to be stored in warehouses and distribution centres and then transported as needed. All of this involves a huge amount of computerized information about the location of inventory, its expected arrival time at the next point, etc. This information has to be shared across many different companies and IT networks: suppliers, customers, third party logistics providers and the manufacturer itself. The management of this information is critical to the success of the business.

So, supply chain management (SCM) makes sure that the right items are in the right place at the right time and in the right quantities. There are of course wider strategic issues:

- How many suppliers should there be? And where?
- Where should the production facilities, distribution centres and warehouses be located?
- What distribution channels should be used?
- Which logistics companies should be used, both upstream and downstream?
- How can IT be used to integrate all the processes, make them more efficient, flag up potential bottlenecks, give clear signals of demand downstream, etc?
- How is cash flow and payment to all the parties involved in the supply chain going to be managed?

The aim of SCM is to collaborate with all the supply chain partners to improve the visibility and velocity of inventory.

Logistics

The word 'logistics' refers to the practical issues surrounding transportation, warehousing and inventory management. Where there is an external focus it's more or less a synonym for SCM, but it can also have an internal focus, getting materials from site A to site B inside a company at different stages of the business process. The term 'logistics' is also used in smaller companies where 'supply chain management' seems too grand.

The complexity of logistics

- * It involves both inbound and outbound goods.
- * It includes reverse logistics (ie, when goods are returned to the manufacturer, either because of customer returns, or overstocked inventory at the retailers, or outdated merchandise that can no longer sell).
- * It involves unloading items from one means of transport and loading onto another. This can be at a distribution centre or a warehouse. There are three possibilities:



Hub and spoke	Consolidation	Deconsolidation
Materials are brought in to one central location and then sorted for delivery to a variety of destinations.	A variety of smaller shipments are combined into one larger shipment for economy of transport.	Large shipments are broken down into smaller lots for ease of delivery.

- * It involves materials handling inside the factory: goods are placed on pallets and moved around on fork-lift trucks.
- * It involves inventory management at every stage using IT. This includes the ability to track items in transit.
- * It involves co-ordination with related business functions such as purchasing and plant management.
- * It involves a choice of means of transport: air (using special cargo airlines); sea (with containers stacked up on top of each other); road (vans, or trucks with trailers); rail (using wagons / freight cars).
- * It involves a decision whether or not to use a third-party logistics provider (3PL). These companies provide integrated pick-and-pack, warehousing and distribution. They can also act as forwarding agents to handle shipping arrangements.



Exercises

15.1 Find a word in the text opposite that matches each definition below. The words appear in order.

- 1 at an earlier stage in a process _____
- 2 at a later stage in a process _____
- 3 groups of things that are made (or dealt with) together _____
- 4 large buildings for storing goods _____
- 5 (two words) buildings used for the storage of goods which will later be shipped to retail outlets _____
- 6 (four words) external firms that provide specialist services such as transportation and warehousing _____
- 7 (phrasal verb) draw attention to something _____
- 8 delays in one stage of a process that make the whole process take longer _____

Now do the same for the words in 'The complexity of logistics' opposite.

- 9 coming towards or arriving at (eg a factory or airport) _____
- 10 (formal) goods for sale _____
- 11 taking goods off a vehicle _____
- 12 (three words) the design of the inner part of a wheel, with a central part and lines coming out of it _____
- 13 flat wooden structures used for moving or storing heavy goods _____
- 14 (two words) vehicles with special equipment at the front for lifting and moving heavy objects _____
- 15 follow the progress of _____
- 16 (phrasal verb) arranged into a neat pile _____
- 17 back sections of trucks that can be separated, and are used for carrying heavy objects _____
- 18 process of starting with a large quantity of goods, sorting them according to different destinations, and then re-packaging them with new shipping labels _____

15.2 Read the definitions and complete the examples with one of these words: cargo, freight.

- 1 goods carried by ship or aircraft [+ of]
Example: a ship carrying a _____ of oil
- 2 goods carried by ship, train or aircraft; the system of moving these goods
Example: _____ services

15.3 Make phrases by matching an item from each column.

- | | |
|----------------|----------|
| 1 supply | provider |
| 2 finished | customer |
| 3 final | chain |
| 4 logistics | agent |
| 5 distribution | goods |
| 6 forwarding | channel |

15.4 Complete the text about logistics using the words in the box.

*balancing ensuring forecasting handling
linking negotiating selecting warehousing*

'Logistics' is a term that is used in many different ways. Using a broad definition it can include all of the following:

Customer service

1 _____ the right product is at the right place at the right time.

Demand ² _____ and planning

Determining the quantity of goods that need to be ordered in the future.

Inventory management and materials ³ _____

Keeping the supply chain flowing, with no bottlenecks, by ⁴ _____ the quantity of items at different locations and different stages in the process.

Communication technology

⁵ _____ the organization to its suppliers with IT, for example to provide information about demand patterns to facilitate Just-In-Time delivery.

Transportation

⁶ _____ the best means of transportation (ie air, rail, ship, truck).

Purchasing

⁷ _____ with suppliers about price, availability, quality, etc.

⁸ _____

Locating and designing facilities that allow efficient storage and distribution.

All the above activities must be coordinated properly. Inevitably there will be trade-offs – less of one thing and more of something else – in order to achieve the best outcome overall.

See page 147 for some discussion topics.



"I hope you kept the box it came in."

What sales thinks about marketing!

Sales consultants will quickly tell you how their job is different to marketing. They're the ones who have direct contact with the customers, they're the ones who really know what is going on in the market, and of course they're the ones who live with the insecurity of sales targets and commissions. The marketing guys just sit in their offices on fixed salaries, dreaming up fancy promotions, or thinking of new products that later research will tell them no-one wants. If only the marketing guys spoke to the sales guys more often, the business would do so much better.

What qualities does a salesperson need?

A salesperson needs to be:

- Knowledgeable (of the customer and their needs, of the products being sold, and of the industry and technical area).

- Visibly well prepared, organized and well-presented to inspire confidence in the other person.
- Reliable (eg they phone back when they say they will).
- Flexible (eg they're able to respond to changing customer needs and offer tailor-made solutions).

It is an old-fashioned cliché to think of a modern sales consultant as behaving like someone who sells second-hand cars. These days an aggressive hard sell very rarely works. Customers want to be helped to make their own decisions, not to be pushed before they're ready. The box below gives some ideas for modern sales techniques.

There are a variety of methods to close the deal: a direct request, a command, a reference to an immediate gain, fear, presenting alternatives, a summary, and finally simply an assumption that the customer is going to buy (ie behaving as if it's true even though the customer hasn't actually said yes).

★ Sales techniques

General points

Try to identify the different roles inside a company. Who is the decision maker? Whose advice will they listen to? Who will actually be using the product?

Take time to socialize and build rapport in the first few moments. In particular, show interest in the customer.

Discovering customer needs

Have 'big ears and a small mouth'. Ask lots of questions. Listen actively: focus your attention on the other person and take notes. Knowledge of customer needs is a major competitive advantage – just as important as the product features or the price.

Check needs by restating them.

Refer to the information you have collected throughout the rest of the meeting.

Presenting the best case

Build a case slowly, based on the individual customer's needs, rather than working from a script.

Be clear and precise, judge the level of detail required, and avoid jargon.

Emphasize benefits (ie what a product does – how it will make life better for the customer) and not just features (ie what it is).

Use the cumulative effect of a number of benefits.

Sell the price by demonstrating value for money. (Being cheap is rarely a virtue.)

Differentiate from the competition, without openly knocking them.

Show how your case is tailored.

Be credible: show confidence, display your knowledge, and give attention to detail.

Make your case believable by referring to some form of proof: a demonstration of the product, a mention of other satisfied customers, giving the results of tests and research, using the power of numbers (eg 100,000 sold; 20 years in the market).

Refer to an ongoing relationship with the customer.

Handling objections

View objections as an opportunity – they're a sign of interest and are inevitable. First, acknowledge the point. Then, either remove the objection, or minimize its significance, or turn it into a positive.

Closing

Look out for buying signals that show the customer is nearly ready to make a decision:

- ★ The customer makes a reference to the product in use, perhaps with an assumption in their way of talking that they're the users.
- ★ The customer asks about what results they can hope to achieve after they have been using the product for some time.
- ★ The customer asks after-sales questions, ie, questions about installation.

Exercises

18.1 Find a word in the text opposite that matches each definition below. The words appear in order.

- 1 expensive and complicated _____
- 2 customized; personalized _____

Now do the same for the words in 'Sales techniques' opposite.

- 3 a relationship in which people like, understand and respect each other _____
- 4 (*two words*) something that helps your company do better than another _____
- 5 written words, like the ones that actors use _____
- 6 words used by people in the same profession that are difficult for other people to understand _____
- 7 criticizing _____
- 8 accept that something exists _____

18.2 Match the techniques 1–8 to the sales consultant's comments a–h.

- 1 Responding to the customer's needs a
 - 2 Selling the price by showing how it can be divided into smaller parts
 - 3 Showing how a feature has more than one benefit
 - 4 Selling the price by showing how money can be saved
 - 5 Selling the price by offering something extra
 - 6 Saying something when you're unable to give a tailor-made solution
 - 7 Acknowledging an objection
 - 8 Checking understanding
-
- a 'Because you said that timing was important, let me take that point next.' / 'You said earlier this had to be cost-effective, so ...'
 - b 'Is that clear?' / 'Would it be useful to give you more detail?'
 - c 'This has multiple advantages.' / 'This will also improve your existing ...'
 - d 'You know it would cost a lot of money to do it that way, and you would lose the exceptional value for money that you're getting here.'
 - e 'You get this plus this.'
 - f 'You can spread the costs over ...' / 'The use can be shared by different departments.'
 - g 'It will help you to reduce costs.' / 'This will eliminate the need for ...'
 - h 'Yes, that's certainly something we need to review.' / 'Yes, that's a fair point. Let me give you some background to explain why we do it that way.'

18.3 Techniques 1–7 are all ways of closing a deal. Match the techniques with the sales consultant's comments a–g.

- 1 Direct request
 - 2 Command c
 - 3 Immediate gain
 - 4 Fear
 - 5 Alternatives
 - 6 Summary
 - 7 Assumption
-
- a 'If you give me the go-ahead now, then I can have it up and running within a week.' / 'We have a special offer this month.'
 - b 'We have them in stock for immediate delivery, but you know they're selling very fast.' / 'If you can't give me the go-ahead today, the delivery time you need is going to be difficult.'
 - c 'Right, let's get this organized.' / 'Let me have written confirmation as soon as you can and I'll start the ball rolling.'
 - d 'Shall we go ahead?' / 'How much would you like?' / 'When shall we start?'
 - e 'Are you more interested in the regular model or the executive model?' / 'Do you want to schedule this for this month or next month?'
 - f 'Yes, I can see that this is going to work really well for you.' / 'OK, if you have no more questions, I'll just get the paperwork from my bag.'
 - g 'So, this solution gives you something that works well with your existing equipment, is easy to install, and gives you significant cost savings. Can we go ahead?'

18.4 Underline the correct (or most likely) words in italics.

- 1 So, it looks like this solution works well for you. Shall we *go in front* / *go ahead*?
- 2 We can have it *up and running* / *up and going* within a week.
- 3 I don't want to *knock* / *critic* the competition, but this is a much better product.
- 4 This is the *actual* / *latest* model.
- 5 You're lucky – it's *for sale* / *on sale* this month. We're running a special promotion.
- 6 Yes, the one in the shop window is *for sale* / *on sale* – you can buy it.
- 7 In the week before Christmas we usually see very high sales *volumes* / *quantities*.
- 8 North America *counts for* / *accounts for* 40% of our worldwide sales.

See page 148 for some discussion topics.

Read the extract from a meeting in a household products company. Antoine (A), Brigitte (B) and Chris (C) are discussing their company's marketing strategy.

- 5 A: We need to do something radical to develop our brands. The retailers are becoming more and more powerful – they buy from us for whatever price they want, and sell to the public for whatever price they want.
- B: Absolutely. Our profit margins are getting thinner and thinner.
- 10 C: I totally agree with you about the power of the retailers. And it's not just their pricing power – it's also their own-label products. Why should people pay more for branded items like ours?
- 15 A: Basically, we have to look at branding in a whole new way. In my opinion, we have to go beyond market research, beyond talking about quality, and beyond clever advertising slogans. What I'm trying to say is we need to make an emotional connection with consumers. We need consumers to love us, not just to need us.
- 20 B: I'm not so sure about that. We sell detergents and things for the home. How emotional are cleaning products? We're not a company like Apple or Nike who make exciting, lifestyle products. What do you think, Chris?
- 25 C: It seems to me that we have to do something – we can't just carry on as we are. It may be true that our products aren't very exciting, but we also have to consider that household products are an important part of family life, and families are near the centre of our emotions. Actually, I do think our advertising could appeal more to people's emotions.
- 30 B: OK, OK. You're probably right. But what did you have in mind, Antoine?
- 35 A: We need a new 'face' for our brands. A celebrity. Someone who the public loves. To put it simply, we need the most famous football player in the world to appear on screen, using our products.
- 40 B: Really? Do you think so? You think that if a famous footballer cleans their teeth and washes the floor, using our products, the public will love us? I think they will laugh at us, and at the footballer.
- 45 C: Obviously it would have to be done carefully, and a footballer may not be the best choice. Perhaps a film star from romantic comedy movies would be better. But in general I like Antoine's idea.
- B: OK, I can see what you mean, but don't you think this is all going to be very expensive?
- A: That's true. It will be. But from my point of view it's worth it. An emotional connection is the only way to justify a premium price.

The phrases you need

Asking for opinions

What do you think, Chris?
Chris, what's your opinion?
What did you have in mind?

Giving an opinion

What I'm trying to say is ... / The point is ...
In my opinion ... / The way I see it ...
Basically ... / Essentially ...
Actually ... / As a matter of fact ...
Obviously ... / Clearly ...
In general ... / Overall ...
To put it simply ... / In short ...

Giving an opinion (more carefully)

It seems to me that ...
I tend to feel that ...
From my point of view ...

Agreeing

That's true.
I totally agree with you. / Absolutely.
It's not just ... , it's also ...
You're probably right.

Agreeing partially

I agree up to a point, but ...
OK, I can see what you mean, but don't you think ... ?
It may be true that ... , but we also have to consider ...

Disagreeing

Really? Do you think so?
I'm not so sure about that.
I'm sorry, that's not how I see it.
I really can't agree with you there.

- Notice the different ways to give an opinion in the box above. Many of these phrases appear in the extract.
- Notice the different ways to agree and disagree above. Many of these phrases appear in the extract.



Exercises

57.1 Underline the correct words in italics.

- Chris, *what / how* is your opinion?
- What did you have *in mind / in your mind*?
- It *seems me / seems to me* that we have to do something – we can't just carry on as we are.
- From *my view / my point of view*, it's worth it.
- I am agree / I agree* with you.
- You're right / You have reason*.
- I agree *to a point / up to a point*, but ...
- I can see what *you mean / you're meaning*, but don't you think this is going to be very expensive?
- It *may / can* be true that our products aren't very exciting, but we also have to consider ...
- I'm not so sure *with / about* that.

57.2 Look at the extracts from meetings below. Write a phrase from the box next to a phrase in italics with the same meaning. Be careful!

Actually *Basically* *By the way* *However* *In general*
In my opinion *Luckily* *Obviously* *The point is* *In short*

- On the other hand /* _____, there are some serious issues that we still haven't discussed.
- As a matter of fact /* _____, the project is three weeks behind schedule, not two.
- Fortunately /* _____, we have enough time.
- Clearly /* _____, they're not as cheap as other suppliers, but their quality and reliability is much better.
- Overall /* _____, it's a very positive proposal, but there are some important details that still need clarifying.
- What I'm trying to say is /* _____, June is a much better time to launch this product than April.
- Essentially /* _____, it's a good idea as long as it's not too expensive.
- While we're on the subject /* _____, did you get a chance to read that report I sent you?
- The way I see it /* _____, the whole thing is a complete waste of time.
- To put it simply /* _____, profits are falling and costs are rising and we have to do something – fast.

57.3 Write one of these next to each sentence below: *Polite disagreement, Strong disagreement, Not grammatically possible.*

- I really can't agree with you. _____
- I can't really agree with you. _____
- I can't agree really with you. _____

57.4 Put the phrases below into order: 1 is the most polite disagreement, and 4 is the strongest disagreement.

- I'm sorry, that's not how I see it.
 Really? Do you think so?
 I'm not so sure about that.
 I really can't agree with you there.

57.5 'I think we need to make an emotional connection with consumers.' Study the different replies a–g and then do the exercise below.

- a Yes, just like Apple or Nike.
 → b Yes, you're right.
 → c Yes, they should love our products, not just need them.
 → d Maybe, but how can a household products company do that?
 → e Isn't that idea too abstract? Wouldn't it be better to focus on something more practical?
 → f Do you think so?
 → g I'm sorry, I don't agree with you.

Now match each reply with a technique for agreeing and disagreeing below.

Agreeing

- Using a standard phrase
- Saying the same thing again using different words
- Giving an example

Disagreeing

- Using a standard phrase
- Yes, but ...
- Asking an open question to show doubt
- Asking a negative question (where your own answer is clearly 'yes')

57.6 9 Speaking practice: listen and repeat. Repeat each phrase you hear and then listen to check.

