Unit 7: Business

WHAT MAKES A SMALL BUSINESS SUCCESSFUL?

Words

Write the letter of each definition with the word it defines. If you don't know the definition, use the context of the reading passage to help you. Look for the words in bold as you read the passage.

Unit 7

PARAGRAPH 2

Words	Definitions
1 ..... particular	**A** v., to do as well as or better than others
2 ..... motivation	**B** n., reason for doing something
3 ..... characteristic	**C** adj., specific
4 ..... niche	**D** n., position or place that is very suitable; specialized market
5 ..... compete	**E** n., something that is made
6 ..... product	**F** n., feature; quality

PARAGRAPHS 2–3

Words	Definitions
7 ..... unique	**G** n., an advantage
8 ..... personalized[1]	**H** adj., special; different from all others
9 ..... edge	**I** n., the general opinion about something or somebody
10 ..... reputation	**J** adj., made or done especially for a certain person

[1]BrE: personalised

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PARAGRAPH 4

Words	Definitions
11 ..... vital	**K** n., money earned after paying costs
12 ..... potential	**L** adj., having enough money to pay what you owe
13 ..... sound	**M** adj., very important; necessary for success
14 ..... profit	**N** adj., possible
15 ..... project	**O** adj., healthy; without financial risk
16 ..... afloat	**P** v., to estimate; calculate a future amount

PARAGRAPHS 5–6

Words	Definitions
17 ..... financial	**Q** adj., first; beginning
18 ..... inevitably	**R** n., a piece of advice
19 ..... tip	**S** adj., related to money
20 ..... initial	**T** adv., certainly; to be expected

Reading

What Makes a Small Business Successful?

(1) The U.S. Small Business Administration (SBA) defines small businesses as those employing fewer than 500 employees, and many are much smaller than that. In the United States, about a third of small businesses employ fewer than twenty employees. Many thousands of new small businesses are started every year, but few survive. In fact, according to the SBA, one in three fails during the first two years, and only one in two survives beyond five years.

(2) People start small businesses for a variety of reasons, but whatever the **particular motivation**, certain **characteristics** make a small business more likely to succeed. Business advisers point to the importance of finding a **niche**. It is difficult for a small business to **compete** with the array of **products** or services a large business can offer. Instead, the small business that has defined what is

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unique about the product or service it provides has a greater chance of success. A small business can offer customers **personalized** service and specialized products or knowledge that can be more difficult to find in a large chain store, for example.

(3) Related to the concept of finding a niche is the importance of maintaining a competitive **edge**. To be successful, a business has to look at what its competitors, whether large or small, are doing and find a way to stay ahead of the game. In addition to offering a specialized product or service, a business that has more efficient production or distribution systems, a better location, or a **reputation** for excellence in customer service can do well in a competitive market.

(4) Research and planning are **vital** steps in setting up a small business. It is essential to determine who the **potential** customers are and the best way to reach them. It is also necessary to develop a **sound** business plan that, among other things, shows how the business will make a **profit** and **projects** the cash flow that will help the business stay **afloat**.

(5) Naturally, a successful small business starts out with proper **financial** support. In addition to the costs of starting the business, there are also the costs of running it until it starts turning a profit. Typically, a small business takes one to two years to become profitable. During that time, there are still expenses that have to be met. Rent has to be paid, employees have to be paid their wages, and supplies have to be bought. If plans have not been made for supporting the costs of the business until it brings in a profit, **inevitably** it will fail.

(6) One important **tip** is to start small. This allows owners the opportunity to learn little by little without making huge costly mistakes. Working alone in one's basement during the **initial** phases of the business, for example, costs a great deal less than renting a space and hiring staff. If the business generates less income than expected or if the market needs to be redefined, the financial losses will be much less if expenses have been kept to a minimum.

(7) About half of private-sector employees in the United States work for small businesses. This number is even greater in other parts of the world. Successful small businesses make important contributions to the economy everywhere.

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Answer the questions about **What Makes a Small Business Successful?**

Questions 1–3

Choose the correct letter, ***A, B, C,*** *or* ***D.***

1 How many small businesses fail during their initial two years in business?

A One-half
B One-third
C One-fourth
D One-fifth

2 What kind of edge can a small business have over a large business?

A Better business advisers
B A wider array of products
C Greater motivation to succeed
D More personalized service

3 How long does it usually take a small business to start earning a profit?

A Less than one year
B Between one and two years
C More than two years
D At least five years

Questions 4–7

Complete the summary below.
Choose ***NO MORE THAN ONE WORD*** *from the text for each answer.*

Vital Steps to Starting a Small Business

- Define what makes your product or service **4** ..... or different from others in your sector.
- Identify your **5** ..... customers.
- Write up a **6** ..... business plan.
- Make sure you have the **7** ..... support to keep the business running until you earn a profit.

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Word Families

A

Complete each sentence with the correct word from the word family chart. Make nouns plural where necessary. Use the correct form of verbs.

noun	noun	verb	adjective	adverb
competition	competitor	compete	competitive	competitively

1 A small business can ..... with large businesses by providing a specialized service.

2 Some small businesses are ..... positioned to grab a market.

3 There is a lot of ..... for the attention of customers.

4 A small business must stay ..... in order to succeed.

5 Business owners need to pay attention to what their ..... are doing.

noun	adjective	adverb
inevitability	inevitable	inevitably

6 The owner worried whether failure was an ..... .

7 If a businessman sells an inferior product, it will ..... affect his reputation.

8 The failure of a small business is not ..... if all the important pieces are in place.

noun	noun	verb	adjective	adverb
initiation	initiator	initiate	initial	initially

9 No one knew who the ..... was, but the new approach changed the way companies did business.

10 Many small businesses fail during the ..... stages.

11 It is a good idea to keep your business small ..... .

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12 There is a lot of hard work and planning behind the ..... of a new business.

13 In addition to good planning, financial support is necessary to ..... a business.

noun	verb	adjective	adjective
motivation	motivate	motivated	motivating

14 There are many different situations that ..... people to start small businesses.

15 The business owner gave a very ..... speech about the importance of having a sound business plan.

16 A strong ..... to succeed keeps many small businesses afloat.

17 A ..... business owner will find a way to make her business succeed.

noun	noun	noun	verb	adjective	adverb
production	product	producer	produce	productive	productively

18 The ..... of handmade items is very time consuming.

19 He hoped to be ..... employed in his field.

20 The success of a small business depends in part on how many customers want the particular ..... it sells.

21 Some small businesses also ..... the items that they sell.

22 That company is a major ..... of electronic equipment.

23 The business owner wants the employees to be ..... .

noun	verb	adjective	adverb
profit	profit	profitable	profitably

24 It is a good idea to look at what other similar businesses have done so that you can ..... from their experience.

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25 It usually takes several years for a small business to earn a ..... .

26 Some businesses never manage to function ..... .

27 If your business is not ....., you will have to figure out what changes can be made to improve the situation.

Word Families

B

Choose the correct word family member from the list below to complete each blank.

1	initiation	initiate	initial
2	motivation	motivate	motivated
3	competitor	compete	competitive
4	product	produce	productive
5	profit	profitably	profitable
6	inevitable	inevitably	inevitability

Many small businesses fail. You don't want yours to be one of them. How can you make sure your business succeeds? The answer lies in careful thought and planning. Before you **1**..... your business, think about your reasons for doing so. What is your **2**.....? Being clear about this will help you keep going even when things get difficult. Then, do your research. What similar businesses are in your area? Will you be able to **3**..... with them? How? Take the time to develop a sound plan. What will your business be about? Will you **4**..... a unique item or provide a personalized service? Whatever you do, make sure it is different in some way from what other businesses are offering. As you make your plan, remember that it normally takes several years before a business becomes **5**..... . Make sure you have enough money to keep going until then. If you follow all these tips, it is not **6**..... that your business will fail.

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Paraphrases

Read the sentence from the reading passage. Then, choose the sentence that has the same meaning.

1 *It is also necessary to develop a sound business plan that, among other things, shows how the business will make a profit and projects the cash flow that will help the business stay afloat.* (paragraph 4)

A A business plan should show how cash will be spent to improve the business.

B A small business needs a good plan for how it will make money and pay debts.

C A small business must have plans for asking for help when needed.

2 *Working alone in one's basement during the initial phases of the business, for example, costs a great deal less than renting a space and hiring staff.* (paragraph 6)

A Rent and staff salaries are among the greatest expenses a small business has.

B Spending nothing on rent and staff salaries is one way to save money when starting a business.

C Some business owners prefer working alone at home to working with others in an office.

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Dictionary Skill

CHANGING STRESS

The meanings of some words change when different syllables are stressed. These words are spelled the same but are pronounced with different stress. Most are also different parts of speech.

Read the definitions below. Then read the sentences and write the letter of the correct definition for each sentence.

pro-ject [pro-JEKT]
A *verb.* to estimate, calculate a future amount

pro-ject [PRO-jekt]
B *noun.* a task, a defined program of work

..... **1** Our first *project* is to study the market and identify our potential customers.

..... **2** We *project* that we will start earning a profit by the end of next year.

Listening

Track 19

*Listen to the conversation. Choose **FOUR** letters, **A–G**.*

Which **FOUR** of the following characteristics of a successful small business describe the Sunshine Bakery?

A It does not have nearby competitors.

B It offers a unique product.

C It has a good reputation.

D The idea for it was based on research of potential customers.

E It was started with a sound business plan.

F It became profitable in the first year.

G It was started with the necessary financial support.

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Writing
(Task 2)

In many places, large chain stores are taking over the market-place, making it impossible for small businesses to compete with them. What are the advantages and disadvantages of this situation?

Support your opinion with reasons and examples from your own knowledge or experience.

Write at least 250 words.

Speaking

Talk about the following topics:

Think of a store where you enjoy shopping. What characteristics draw you to it?

What kinds of products do you feel are worth spending a lot of money on?

What tips do you have for someone who is planning to buy an expensive product?

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