

81) Running a business

A Setting up a business

If you **set up** a business, you are taking a big risk. 20% of new businesses **fail** within twelve months, and that **percentage** rises to 50% within three years. It may be because of poor quality services or **goods**, or one of these common mistakes:

- poor **market research**
- being **overambitious** and **over-optimistic**
- poor knowledge of **competitors**
- poor control over **suppliers**
- poor **management** of **stock**
- the wrong people **running** the business

GLOSSARY

set sth up	start sth such as a business, company, etc.
risk	the possibility that sth bad may happen in the future risky adj
fail	(of a business, etc.) be unable to continue SYN go out of business
percentage	= % What percentage passed the exam? ~ About 80 percent .
goods pl	things that are made to be sold
market research	the study of what people want to buy and why
competitor	a company that sells the same goods or services as another company
supplier	a company that provides sth for another company supply v, n
management	the control or organization of sth; the people who control a business
stock [U]	everything a company has for sale at any particular time
run	organize or be in charge of sth

SPOTLIGHT the prefixes *over-* and *under-*

As a prefix, *over-* usually means 'too much' and *under-* means 'too little'.

- *He **overcharged** us.* = He made us pay too much for something.
- *I was **underpaid** for the work I did.* = paid too little
- *The sales plans were **overambitious**.*

1 Good news or bad news? Write **G** or **B**.

► They do a lot of market research.	G	4 It's a big risk.
1 They went out of business.	5 We don't have serious competitors.
2 Supplies of food have increased.	6 The business failed.
3 They overcharged us.	7 Stock is very low at the moment.

2 Complete the sentences. The meaning must be similar to the sentences on the left.

► This business is risky.	This business is a risk
1 When did she start the business?	When did she set ?
2 Why did the business fail?	Why did they go out ?
3 We are the main people who supply them.	We are their main
4 They didn't pay the workers enough.	They
5 They made us pay too much.	They
6 Their price rise was over 80%.	The price rise was a very high

3 What mistakes do businesses make? Complete the sentences in a suitable way.

► The business has poor management of its stock.	
1 They don't do enough market	
2 The or services may not be of good enough quality.	
3 They don't have a very good knowledge of their	
4 They don't have effective controls over their	
5 The business is over and over about what it can achieve.	
6 The wrong people	



TEST YOURSELF

B Growth

The first years require a huge **effort**, but if a business can **survive** this difficult period, it may become successful:

- Client numbers **grow**, and the business gets a bigger **share** of the **market**.
- Turnover increases – the business starts to make a **profit**.
- The **brand** develops a **reputation**.
- Eventually this growth may **result** in **takeovers** of competitors.

SPOTLIGHT **market**

The **market** is the amount of buying and selling of a particular type of goods.

- *There is a large market for these computers.*
It also refers to an area or group of people who buy something.
- *the European market* ▪ *the teenage market*

GLOSSARY

effort	the mental or physical strength or energy that you need to do sth: <i>I made an effort to get there on time.</i>	share	a part of sth that has been divided
survive	continue to exist in a difficult situation survival <i>n</i>	brand	the name of a product that is made by a particular company, e.g. <i>Nike™</i>
client	a person who pays for a service. Professional services have clients , and shops and restaurants have customers . In some industries both words can be used.	reputation	the opinion that people have of sth. It can be good or bad.
grow	become bigger in size or number growth <i>n</i> [U]	result in sth	cause sth to happen; produce as an effect
		takeover	the act of taking control of another business <i>take sth over</i> <i>phrasal v</i>

4 Underline the correct answer.

- They've had good **survival** / **growth** in the last five years.
- 1 We don't get many **customers** / **clients** in the shop at weekends.
- 2 The changes could result **to** / **in** more sales.
- 3 They are making a big **growth** / **effort** to stay in business.
- 4 They want a larger market **part** / **share**.
- 5 Piotr works for a law firm – most of their **clients** / **customers** are in finance.
- 6 The company could **survive** / **be taken over** by a competitor.
- 7 Someone will **take over** / **off** that business.
- 8 They're getting a **brand** / **reputation** for good service.

5 Complete the sentences on the right. The meaning must stay the same.

- Will they continue to **grow**? Will there be more growth ?
- 1 Will they **take it over**? Will there be a takeover ?
- 2 People say it's a very good business. The business has a very good reputation .
- 3 The workers have tried very hard. The workers have made a big effort .
- 4 The books will sell to people in Europe. The books will sell in the European market .
- 5 Are you worried the business may not **survive**? Are you worried about their survival ?
- 6 The meeting could lead to more business. The meeting could result in sth .

6 Complete the sentences.

- It's been difficult, but I think the business will survive .
- 1 The business now has a 10% share of the market.
- 2 They managed to survive the problems of the last year, and sales are improving.
- 3 People go on buying the same brand of breakfast cereal because it is familiar.
- 4 There has been considerable growth in the soft drinks market : 25% up in two years.
- 5 I think the business is failing, so it will probably be taken over by the end of the year.
- 6 You have to make a big effort to improve when things are not going well in your business.



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