

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 <i>risky adj</i>
fail	(of a business, etc.) be unable to continue SYN go out of business
percentage	= % <i>What percentage passed the exam? ~ About 80 percent.</i>
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 <i>supply v, n</i>
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. <u>G</u> | 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 <u>risk</u> |
| 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



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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 <i>survival n</i>	brand	the name of a product that is made by a particular company, e.g. Nike™
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 <i>growth n [U]</i>	result in sth	cause sth to happen; produce as an effect
		takeover	the act of taking control of another business
			take sth over phrasal v

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 _____ ?
- 2 People say it's a very good business. The business has a very good _____ .
- 3 The workers have tried very hard. The workers have made a big _____ .
- 4 The books will sell to people in Europe. The books will sell in the European _____ .
- 5 Are you worried the business may not survive? Are you worried about their _____ ?
- 6 The meeting could lead to more business. The meeting could result _____ .

6 Complete the sentences.

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



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