

№ 2 Read the text**Leader of Virgin**

Richard Branson - the founder and owner of the Virgin Group, an empire of **350** companies that includes Virgin Atlantic airlines as well as ventures in other industries like telecommunications, trains, cosmetics and credit cards — says his goal is to turn Virgin into ‘the most respected brand in the world’. Branson’s skill as a brand builder is one of the reasons underlying his longevity as a business leader.

It is difficult to separate the success of the Virgin brand from the flamboyant man behind that brand. He travels the world weekly, reinforcing his good-natured, visible, jetsetting, billionaire reputation — a reputation like the reputation of the companies he owns. ‘Generally speaking, I think being a high-profile person has its advantages,’ he says. ‘Advertising costs enormous amounts of money these days. I just announced in India that I was setting up a domestic airline, and we ended up getting on the front pages of the newspaper. The costs of that in advertising terms would have been considerable.’

What is the most important quality of a good leader? ‘Being someone who cares about people is important,’ he says. ‘You can’t be a good leader unless you generally like people. That is how you bring out the best in them.’

How does a man who owns **350** companies get it all done? Branson places enormous value on time-management skills. As chairman of a large group of firms, Branson says he spends about a third of his time on trouble-shooting, another third on new projects, both charitable and business, and the last third on promoting and talking about the businesses he has set up. ‘As much as you need a strong personality to build a business from scratch, you must also understand the art of delegation,’ says Branson. ‘I have to be good at helping people run the individual businesses, and I have to be willing to step back. The company must be set up so it can continue without me.’

In order for this process to work, employees must be happy. Branson says his philosophy of ‘look for the best and you’ll get the best’ helped him build an empire recognised for its young, fun culture. ‘For the people who work for you or with you, you must lavish praise on them at all times,’ Branson says. ‘It’s much more fun looking for the best in people. People don’t need to be told where they’ve slipped up or made a mess of something. They’ll sort it out themselves.’ Branson feels strongly that if an employee is not excelling in one area of the company, he or she should be given the opportunity to do well in a different Virgin Group job. Firing is seldom an option.

Motivational strategies extend to innovative ideas. The key to encouraging innovation within the Virgin ranks, suggests Branson, is to listen to any and all ideas and to offer feedback. Employees often leave companies, he reasons, because they are frustrated by the fact that their ideas fall on deaf ears. Interaction between employees and managers is fundamental.

Branson has developed a level of trust with his top managers by setting the direction and then stepping back to let them navigate. ‘I come up with the original idea, spend the first three months immersed in the business so I know the ins and outs, and then give chief executives a stake in the company and ask them to run it as if it’s their own,’ explains Branson. ‘I intervene as little as possible. Give them that, and they will give everything back.’

Read the text again and check that you have understood the main points by choosing the best answer, A, B, C or D, to these questions.

6. What is Branson’s business aim?

- A *To diversify Virgin’s activities*
- B *To make Virgin a global company*
- C *To survive longer than other business leaders*
- D *To enhance Virgin’s brand image*

7. What, according to Branson, is the business advantage of being well known?

- A *It is easier to establish new ventures.*
- B *It saves money on publicity.*
- C *He is offered special advertising rates.*
- D *It makes his brands easily recognisable.*

8. What, for Branson, is the key to managing his workload?

- A *Being continuously involved at all levels of the enterprise*
- B *Concentrating on problem-solving*
- C *Making his companies independent of him*
- D *Continually expanding his empire*

9. How, according to Branson, can you ensure optimum performance from staff?

- A *By having an enjoyable corporate culture*
- B *By pointing out your employees' mistakes*
- C *By dismissing incompetent workers*
- D *By telling people that they are performing well*

10. Why, says Branson, do many businesses lose good employees?

- A *Managers do not listen to employees' suggestions.*
- B *Managers do not know how to communicate with staff.*
- C *Managers do not encourage innovation.*
- D *Managers do not delegate.*

Variant 0

№ 3 Read the article about drug firm takeovers. Then choose the best sentence below to fill each of the gaps.

A.

There are few synergies between the two sorts of drug manufacture.

B.

Companies need to be big enough to dominate distribution channels to wholesalers.

C.

Generic drug sales totaled \$30 billion last year in the eight biggest markets.

D.

But not everyone is happy.

E.

The acquisition will make Sandoz the world's largest generic drugmaker.

Combination therapy

Novartis buys two generic drugmakers

Novartis, a Swiss drug giant, has announced its purchase of Hexal, a German generics firm, and a sister company in America, Eon Labs, for a combined cost of \$8.3 billion.

Novartis already has a generic drug division, called Sandoz, which struggled last year to sell \$3 billion - worth of drugs, roughly one-third more than Hexal and Eon Labs combined. 11. It will also give it a stronghold in Germany, the world's second-largest generics market. 12. They are likely to grow by a healthy 10% a year until 2009, says IMS Health, a data and consultancy firm, as public and private buyers in Europe and America look for ways to cut their drugs bill.

Only a few years ago big drug firms, which had bought generics companies in the hope of making easy money, were busy trying to off-load them. 13 Generic drug-making is "a gloves-off business compared to the gentlemanly boxing match which is Big Pharma," says Neal Hansen of Datamonitor, a research firm. In generics, success depends on being cheap enough to keep manufacturing and other costs down. 14 They also have to be fast enough to move in and out of markets as opportunity ebbs and flows. Staying ahead of the competition is a further challenge.

Novartis may make Sandoz big and broad enough to do that, at least for now. 15 Health activists, concerned about rising drug prices and restricted access to medicines, are already grumbling about the incursion of the big drug firms into the plucky underdog business of generics.

Variant 0

№ 4 Complete the article with the correct options a-d

Fat cats feeding

So-called 'golden parachutes', i.e. large pay-offs even when top executives 16, have become a main focus this year in the debate over executive pay. The Corporate Library, an organisation set up to protect the rights of shareholders in America, believes that the average departing CEO in that country receives a severance 17 worth \$16.5m.

In May this year, shareholders at the annual general meeting of GlaxoSmithKline (GSK) protested against the amount promised to its boss, Jean-Pierre Gamier, if he were forced to leave the company prematurely. Since one of the more likely reasons for such a departure would be poor 18, the \$35.7m farewell gift was seen to be excessive.

Under new rules allowing shareholders to 19 each year on British firms' plans related to executive 20 GSK's owners gave it the thumbs down, which sent a shock through 21 Britain. Yet it did not actually change Mr Gamier's package. The decision is only advisory.

Sir Christopher Hogg, the chairman of GSK, points out that the company was already undertaking a review of its 22 policy. That review is still going on and Sir Christopher says whatever the result, "We will be seeking shareholders' 23 at the AGM in 2004." He has written to the Association of British Insurers to say that "the board has registered shareholders' particular sensitivity to payments on termination."

British union leaders want shareholders' votes on executive pay to be made binding. And they want shareholders to register more concern about this 24. Despite all the 25 made over Mr Gamier, GSK remains the only company in Britain this year whose financial report failed to meet with its shareholders' approval.

16 A lose B fail C trip D miss

- 17 A *account* B *package* C *option* D *dividend*
- 18 A *acting* B *operation* C *performance* D *behaviour*
- 19 A *vote* B *choose* C *elect* D *propose*
- 20 A *income* B *turnover* C *proceeds* D *compensation*
- 21 A *financial* B *executive* C *corporate* D *official*
- 22 A *remuneration* B *reward* C *refund* D *repayment*
- 23 A *admiration* B *endorsement* C *sponsorship* D *justification*
- 24 A *theme* B *factor* C *argument* D *Issue*
25. A *protest* B *quarrel* C *doubt* D *fuss*

Variant 0

№5 Read the following text and then decide whether the statements following are a) true or b) false:

Pricing

Companies' pricing decisions depend on one or more of three basic factors: production and distribution costs, the level of demand, and the prices (or probable prices) of current and potential competitors. Companies also consider their overall objectives and their consequent profit or sales targets, such as seeking maximum revenue, or maximum market share, etc. Pricing strategy must also consider market positioning: quality products generally require "prestige pricing" and will probably not sell if their price is thought to be too low.

Obviously, firms with excess production capacity, a large inventory, or a falling market share, tend to cut prices. Firms experiencing cost inflation, or in urgent need of cash, tend to raise prices. A company faced with demand that exceeds its possibility to supply is also likely to raise its prices.

When sales respond directly to price variations, demand is said to be elastic. If sales remain stable after a change in price, demand is inelastic. Although it is an elementary law of economics that the lower the price, the greater the sales, there are numerous exceptions. For example, price cuts can have unpredictable psychological effects: buyers may believe that the product is faulty or of lower quality, or will soon be replaced, or that the firm is going bankrupt, etc. Similarly, price rises convince some consumers that the product must be of high quality, or will soon become very hard to get hold of, and so on!

A psychological effect that many retailers count on is that a potential customer seeing a price of £499 will register the £400 price range rather than the £500. This technique is known as "odd pricing".

Obviously most customers consider elements other than price when buying something: the "total cost" of a product can include operating and servicing costs, and so on. Since price is only one element of the marketing mix, a company can respond to a competitor's price cut by modifying other elements: improving its product, service, communications, etc. Reciprocal price cuts may only lead to a price war, good for customers but disastrous for producers who merely end up losing money.

Whatever pricing strategies a marketing department selects, a product's selling price generally represents its total cost (unit cost plus overheads) plus profit or "risk reward". Overheads are the various expenses of operating a plant that cannot be charged to any one product, process or department, which have to be added to prime cost or direct cost which covers material and labour.

Cost accountants have to decide how to allocate or assign fixed and variable costs to individual products, processes or departments.

Microeconomists argue that in a fully competitive industry, price equals marginal cost equals minimum average cost equals breakeven point (including a competitive return on capital), and that a company's maximum-profit equilibrium is where extra costs are balanced by extra revenue, in other words, where the marginal cost curve intersects the marginal revenue curve. In reality, many companies have little idea what their optimal price or production volume is, while most microeconomists are happier with their models than actually talking to production managers, marketers or cost accountants!

Variant 0

<p>26. <i>There are three basic factors potentially involved in all pricing decisions. a) true b) false</i></p>	<p>a) true b) false</p>
<p>27. <i>You are unlikely to sell high quality products at a low price</i></p>	<p>a) true b) false</p>
<p>28. <i>A company faced with rising costs has to increase its prices.</i></p>	<p>a) true b) false</p>
<p>29. <i>Pricing is often strongly influenced by psychological factors.</i></p>	<p>a) true b) false</p>
<p>30. <i>Prices generally take into account both direct and indirect costs.</i></p>	<p>a) true b) false</p>

№ 6 Fill in the gaps in the text with the suitable words: a) economize; b) loss; c) representatives; d) productivity; e) courses; f) clarified; g) qualifications; h) consultants; i) yield; j) substantial; k) suffered;

This year, **31** in the factory has suffered because of a lack of expert technical knowledge. As a result we have made very **32** investments in sending employees on training **33**. The fact remains that it is becoming increasingly difficult to get skilled labourers with the right **34**, experience, and above all expertise. The company has also **35** this year from the industrial action in November, which saw 340 union members walk out in a pay dispute. Union **36** eventually sat down with management

and negotiated a 4 per cent pay rise, but not until 5 working days had been lost to the strike. As a result of such problems we recognize the need to ___37___ in certain areas, and, on the advice of our external ___38___, Prior and Young, we have identified the need for at least 3 departments to be streamlined. It is thought that this will mean the ___39___ of between 6 and 10 jobs, though the exact figures and nature of the redundancies will be ___40___ in the next report.

Variant 0

№ 7 Read this extract from a financial consultancy’s prospectus and complete the sentences with the correct options A – D

Taking the hassle out of finance

Financial management can be one of the biggest pitfalls for a business in ___41___ initial stages of growth. Whether it is producing tax returns, ___42___ the company’s financial future or simply managing the day-to-day accounts of the business, this complex and time-consuming aspect of running a successful company can often make or break a growing venture.

Using a reputable and efficient financial consultancy company can provide a company with essential piece of mind when it ___43___ to the financial structuring of this integral part of the company. A good financial advisor ___44___ upon years of experience and expertise across a variety of corporate disciplines to not only effectively manage the company’s finance, but also instruct and advice on potential investment opportunities, future hurdles the company may encounter and ultimately help the business move forward and, above all, grow.

Oakwood Financial Management ___45___ in 1999. Employing over 30 financial consultants, the company provides ___46___ to create and protect the wealth of over 4,500 domestic and commercial clients ___47___ a range of areas and industry. Achieving a high level of success through care, diligence and, above all, the skill of the team, Oakwood ___48___ a high level of customer-focused service that ensures every client’s business needs ___49___ in ___50___ an ethical and professional manner.

41)	a	<i>it</i>	b	<i>its</i>	c	<i>it’s</i>	d	<i>it is</i>
42)	a	<i>forecasted</i>	b	<i>having been forecasted</i>	c	<i>forecasting</i>	d	<i>being forecasted</i>
43)	a	<i>will come</i>	b	<i>comes</i>	c	<i>coming</i>	d	<i>to come</i>
44)	a	<i>to draw</i>	b	<i>to drawing</i>	c	<i>drawing</i>	d	<i>to have drawn</i>
45)	a	<i>established</i>	b	<i>was established</i>	c	<i>has established</i>	d	<i>has been established</i>
46)	a	<i>tailoring advice</i>	b	<i>tailored advices</i>	c	<i>tailored advice</i>	d	<i>a tailored advice</i>
47)	a	<i>to have been spanned</i>	b	<i>spanned</i>	c	<i>spanning</i>	d	<i>being spanned</i>
48)	a	<i>was maintained</i>	b	<i>maintains</i>	c	<i>had maintained</i>	d	<i>is being maintained</i>

49)	a	<i>deal with</i>	b	<i>are dealing on</i>	c	<i>are dealt with</i>	d	<i>have dealt with</i>
50)	a	<i>any</i>	b	<i>all</i>	c	<i>some</i>	d	<i>both</i>