

PIECE OF THE ACTION 1

Basic Business Concepts for Beginners

by

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UNIT 1

ARE YOU READY TO BE YOUR OWN BOSS?

Evaluate yourself. Answer these questions. If your answer is **Yes** check ✓ the box. When you are finished, ask your partner, Student B. Give a score and discuss your answers.

STUDENT A

	BE YOUR OWN BOSS?	A	B
1.	Can you stand losing money?		
2.	Are you a self-starter?		
3.	Can you work toward one goal?		
4.	Can you make big decisions?		
5.	Do like telling others what to do?		
6.	Do you believe you can be successful?		
7.	Do you smile a lot?		
8.	Can you give up things you like in order to become successful?		
9.	Are you good at making friends?		
10.	Can you control how you spend money?		
11.	Are you a practical person?		
12.	Can you make a plan and stick to it?		
13.	Can you work long hours without getting too tired?		
14.	Are you good at bargaining?		
15.	Can you be confident about the future?		

Self-evaluation.

Give yourself one point for each "Yes" answer. This will help show where your strengths lie. The higher your score, the more potential you have to start your own business. If your score is below 12, you had better think hard before going into business for yourself.

UNIT 1

WORK FOR SOMEONE ELSE?

Evaluate yourself. Answer these questions. If your answer is **Yes** check ✓ the box. When you are finished, ask your partner, Student B. Give a score and discuss your answers.

STUDENT B

	WORK FOR SOMEONE ELSE?	B	A
1.	Do you want easy money?		
2.	Do you have a hard time saving money?		
3.	Are you afraid to take a chance now and again?		
4.	Do you want long vacations?		
5.	Do you need a lot of free time?		
6.	Do you think setting up a new enterprise is not very difficult?		
7.	Would you try to avoid working overtime?		
8.	Would you refuse to do extra work for your boss?		
9.	Do you think bosses are stupid?		
10.	Do you only want to work about 8 hours a day, 5 days a week?		
11.	Do you want a safe future?		
12.	Do you always need someone to tell you what to do?		
13.	Do you give up easily?		
14.	When things go wrong, do you look for someone to blame?		
15.	Do you like being controlled?		

Self-evaluation.

Give yourself one point for each "Yes" answer. This will help show where your weaknesses lie. If your score is above 3, you had better spend more time training yourself before beginning a business.

SELF-DESCRIPTION STUDENT A

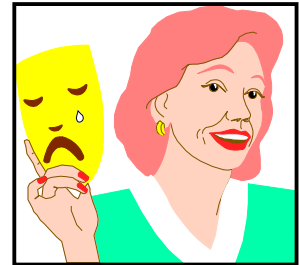
When describing ourselves to others, we try not sound conceited; like we are building ourselves up, exaggerating or bragging. Many of the good qualities we possess are unknown to others. It might be best, if they discover these qualities by themselves through time and action.

Write five adjectives that describe you best from the list on this page.

--	--	--	--	--

Now fill in these sentences.

- 1) My best quality is that I am _____ .
- 2) My worst quality is that I am _____ .
- 3) Usually, I am a _____ person. At times, I can be _____ .
- 4) I hope someday that people will see I am really a(n) _____ person.
- 5) To other people I may appear _____, but in reality I am _____ .



Positive
brave
bold
courageous
confident
daring
intrepid
fearless
gallant
take the initiative

Negative
unreliable
irresolute
vacillating

unstable
careless
irresponsible
indecisive
untrustworthy
cowardly

Good Work Qualities
punctual
conscientious
exacting
cautious
trustworthy
meticulous

optimistic
efficient
Inner Qualities.
religious
moral
ethical
honest

Undesirable Qualities
proud
arrogant
rude
disrespectful

boorish
moody
conceited
vain

Desirable Qualities
sensitive
sociable
realistic
humble
humorous
loving
caring
devoted

Choose 5 words from the list above and describe Student B. Write them in these spaces.

--	--	--	--	--

Use the words above and ask questions until Student B agrees. Ask until you guess right.

Do you think you are a _____ person?

At work or school are you _____ ?

Is one of your most desirable/least desirable qualities _____ ?

Is one of your inner qualities _____ ?

SELF-DESCRIPTION STUDENT B

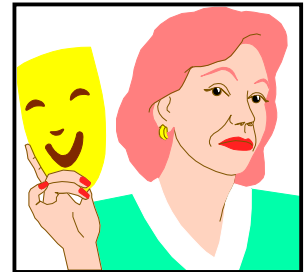
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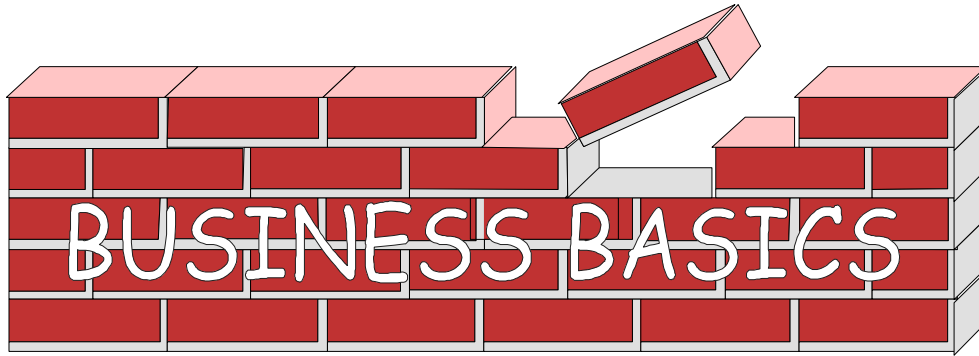
Choose 5 words from the list above and describe Student A. Write them in these spaces.

--	--	--	--	--

Use the words above and ask questions until Student A agrees. Ask until you guess right.

- Do you think you are a _____ person?
- At work or school are you _____ ?
- Is one of your most desirable/least desirable qualities _____ ?
- Is one of your inner qualities _____ ?

UNIT 2



PRE-READING. Imagine you are going to open your own language school for children. You think you will need an office staff of 5, and 12 teachers. List as many things as you can that are needed to begin this business. Try to put these into four main categories.

SKILLS:

PEOPLE:

PLACES:

THINGS:

Business is an activity that we need in order to live in a civilized society. It is making, distributing and selling **goods** and **services**. Goods are products (cars, books, computers, etc.): anything that is made by people. "Services" are business activities other than those involved in manufacturing. People give us service through activities that we cannot do by ourselves (e.g. medicine, banking, haircutting), because we have neither the time or training. Four key things are necessary for any business: **land, labor, capital** and **entrepreneurship**.

UNIT 2

By Joseph T. Rodolico

LAND

Land means more than ground or property, it also means the raw materials necessary for production; for example, trees, minerals, gasses and oil. The economies of some countries depend on the sale of only one or two of these natural resources. Although



nature gives them what they need to be wealthy; some countries are rich in natural resources, but poor economically. Natural resources may even be a “curse”; because, humans sometimes misuse and mismanage them, and make the lives of the people hard.

**Can you name any countries that are rich in natural resources but have a great majority of poor people?
How about a wealthy country poor in natural resources?**

LABOR

In order for humans to use materials, we need to make them into products. For this, we need **labor**. There is labor for manufacturing and labor for service. Labor is both physical and mental. Design engineers and computer programmers are examples of mental labor, while the workers who do the actual construction or make the product are the physical labor. Service labor is anything from teaching to taxi driving. According to Adam Smith, a famous economist, wealth comes because different people do different jobs for each other. We do more than grow food.



In modern times, we need the labor of many people to live. We do not grow our own food or make our own shoes, but rely on machines and the labor of others for basic necessities.

Can a country survive without making anything, and depend on service jobs alone?

UNIT 2

CAPITAL

Without **capital**, land and labor cannot be used. In everyday language, capital is called money; however, in economics it means much more than that. Capital means all the things used to make the product. This means machines, buildings, tools and trucks as well as the places where it is made (factories) and stored (warehouses); anything that is used to make and give out the product.



Money spent for the purpose of starting a business is called "investment". Money may also be borrowed for other capital expenditures such as making the business larger or buying new machines to replace old equipment. It is very important for the growth of an economy that business keeps on doing this.

Why would business people decide not to borrow money any more?

ENTREPRENEURSHIP



Capital, land and labor must all be brought together by one person, this is called **entrepreneurship**. The entrepreneur starts up, controls, directs and makes everything and everybody work together in order to create something of value. The idea may be new. If it is an old idea used in a new way, we call it **innovative**.

The entrepreneur must also take on all the risks of the business, but, in the end, hopes to make money (a profit). Many businesses fail or **go bankrupt**, which means they cannot pay off their **debts**. An entrepreneur may take these risks alone or share them with partners.

Can you name any famous entrepreneurs?

Not only do the entrepreneur and business partners share the risks, but so does everyone else connected with the **company** as well. Employees will have to look for other work, if the business fails. Banks, which made **loans**, may be unable to recover the **venture** (start up) money as the new enterprise goes bankrupt. At first, the new business will spend a large amount of money, as it purchases materials, machines and hires its workforce. In the end, it will try to make a **profit**; that is, money left over after all expenses are paid. If there is not enough money, it will suffer a **loss**.

UNIT 2

EXERCISE 1A

Look at the words below and put them into one of the four categories.

accountants	take on a risk	bring together	cash
control over all	engineers	factories	ground
start up	innovate	iron	loans
machines	oxygen (O ₂)	secretaries	tools
trees	truck drivers	water	workers

LAND	LABOR	CAPITAL	ENTREPRE- NEURSHIP

EXERCISE 1B. Scanning

1. Read the **Land** passage again. Find a word that means *an evil type of bad luck*.
2. Read **Labor** again. Find two words that mean *work done with the mind*.
3. Read **Capital** again. Find a word that means *putting money into a business*.
4. Read **Entrepreneurship** again. Find two words that *mean to lose money*.

UNIT 2

EXERCISE 2A

Matching. Write the letter of the best definition.

- | | | |
|-------|---------------------|---|
| _____ | 1. land | a. A group of people involved in a business activity. |
| _____ | 2. labor | b. A person who starts a business. |
| _____ | 3. capital | c. Money left over after all bills are paid. |
| _____ | 4. an entrepreneur | d. An activity that produces things of value in order to make money. |
| _____ | 5. a profit | e. Business activities such as teaching, being a waiter/waitress, taxi driving. |
| _____ | 6. a loss | f. natural resources, property. |
| _____ | 7. goods | g. Money owed to an individual or a bank. |
| _____ | 8. services | h. Money to begin a new business. |
| _____ | 9. to be bankrupt | i. Expenses higher than money from sales. |
| _____ | 10. a company | j. Not enough sales and too many debts, so the company must go out of business. |
| _____ | 11. business | k. Any work done by people. |
| _____ | 12. venture capital | m. Products such as shoes, cars, computers. |
| _____ | 13. a debt | n. All things, made by people, needed for production. |

EXERCISE 2B

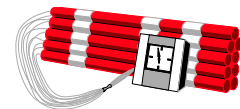
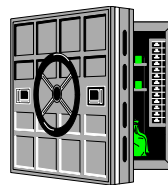
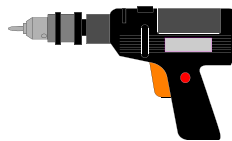
These are some of the tools of business. Draw a line connecting the picture with the word.

a vault

dynamite

a power drill

a tractor-trailer



UNIT 2

TEST YOUR COMPREHENSION

Read the letter and select the words that best complete the sentences. Write them in the space on the left.

labor capital to initiate profit a loss
goods services to be bankrupt a company a debt

Dear Friend,

_____ 1.

_____ 2.

_____ 3.

_____ 4.

_____ 5.

_____ 6.

_____ 7.

_____ 8.

_____ 9.

_____ 10.

I have been here a few days and staying with Alicia and Sam is fun. People here are very friendly and treat us well.

Sam and Alicia, his wife, are going to start ___(1)__. How exciting! I admire them both. It takes a lot of courage and energy ___(2)___ your own business. Sam has some money saved, but they are getting most of the ___(3)___ to get started from Alicia's family. If they borrowed from a bank they would have ___(4)___ they might not be able to pay back, because of the interest payments. Sam and Alicia were always good at business and I know they will pay back the money soon and make a nice ___(5)__. Sam said things may not all be that easy; because, it is likely they will have to take ___(6)___ in the beginning. He is a little careful about thinking he will be successful. He knows a guy in electronics who went out of business after the first year and lost everything. One thing that the guy complained about was the high cost of ___(7)___ -- nobody works cheaply anymore. I asked Sam what kinds of ___(8)___ he was going to sell. He said since his business was English translations, it is not products he will sell, it is ___(9)__. Sam and Alicia together make quite a good team. I do not think they are going ___(10)__. They are going to be successful. So, let us wish them luck.

Sincerely yours, Jimmy

UNIT 3

Marketing



ACTIVITY 1

Fill in the information below about Drool, a brand new perfume.

Product name:

Manufacturer:

Slogan:

Price:

Volume:

Cap color:

Container shape and color:

Target Market:
(Age and type of buyers)

UNIT 3

NEW PRODUCTS

Creating a new product is expensive. It could be nothing more than a waste of time and money if consumers have no need for it. One way to destroy a product is to give it an unattractive name. Before you begin, be prepared to answer some basic questions:

- **Is there really a need for this product?**
- **What types of people are going to buy it?**
- **How is your product different?**
- **What are its advantages?**

Later on you will be asked to create a business plan. You may choose to market an existing product or create an entirely new one of your own. If you choose to introduce your own product, it will be essential that you do marketing research at some point.

MARKETING MIX

Do not gamble too much on the success of your product. First, get as much information as you can. There are five things you must consider before marketing a product. Put all these four ideas together and you have the marketing mix.

Product:

What are you going to sell? Is it new and original, or are there already a number of similar products on the market?

Price:

Will your price be higher, the same as, or lower than similar products on the market? Sometimes higher prices sell better than lower ones. This is called the "Giffen Effect." If usually expensive were sold at a low price, would they sell as well?

Placement:

Where will your product be sold? Department stores, shops, night markets, through the mail or over the Internet?

Promotion:

Where are you going to advertise: TV? Radio? Newspapers? Billboards? On-line? Each form of advertising has a particular audience. What differences are there between people listening to car/truck radios at 9 p.m. and those watching TV at home at that time?

People:

Who are they? What are their ages, incomes and occupations? Sure, you can sell to anyone. But, it is better to have a target.

UNIT 3

PACKAGING

Whatever you are going to sell has to look attractive. The package has to be appealing and eye-catching, too. The consumer has to feel good about buying it. So, make it look like what it is supposed to be. A product is sold both inside and outside. Consumers expect to find certain kinds of bottles and containers. If you did find, let us say, perfume in a bottle shaped like one designed for beer, what message would the manufacturer be sending you?

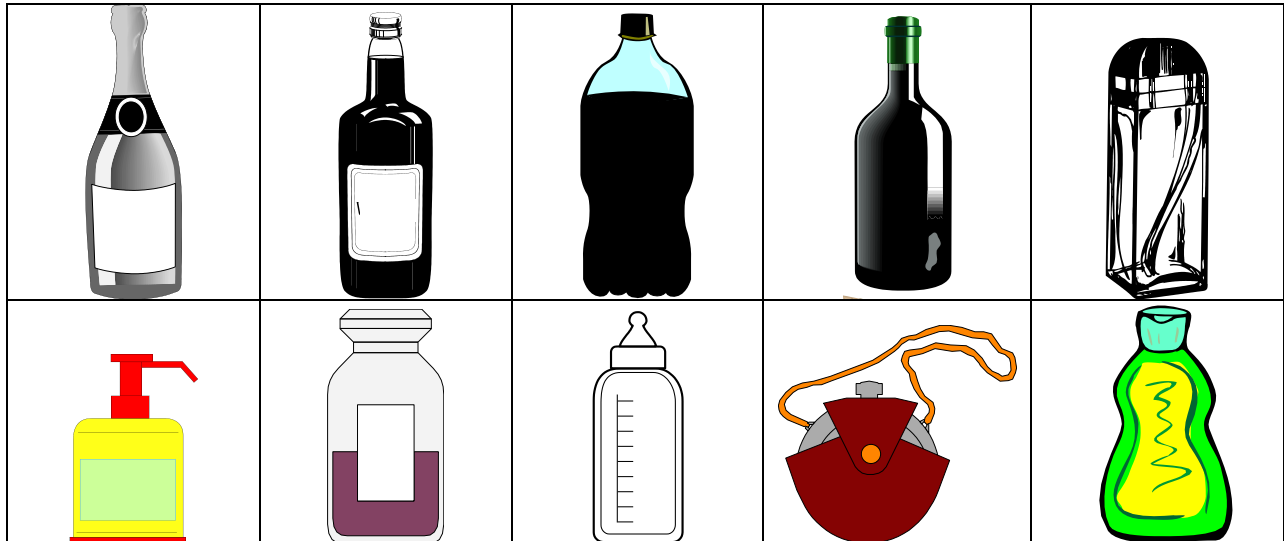
ACTIVITY 2

Bottles. Practice asking and answering questions. In which bottle would you expect to find the liquids listed below? Write your answers below.

- | | | | | |
|-------------|-----------------|--------------------|------------------|----------------|
| soda | medicine | wine | champagne | whiskey |
| milk | water | liquid soap | shampoo | perfume |

What kind of bottle is this one?
 What does this one usually hold?
 I know this one. It is for....

It looks like a wine bottle.
 That could be for medicine.
 You're right./ I'm not sure.



TOP Left to right	BOTTOM Left to right

UNIT 3

ACTIVITY 3

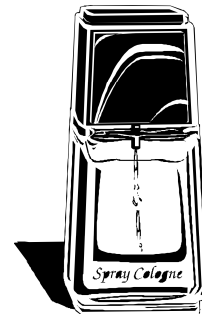
Perfume bottles come in a great many shapes and sizes. If you have ever been to a cosmetics store, you would notice this immediately. What men wear is called cologne or after-shave lotion. Look at the two bottles bellow. Notice the differences between them. Describe them using the words given.

Write **R** for right or **L** for left next to the words in the yellow boxes.



rugged
perfume
fancy
rectangular
soft
fragrant

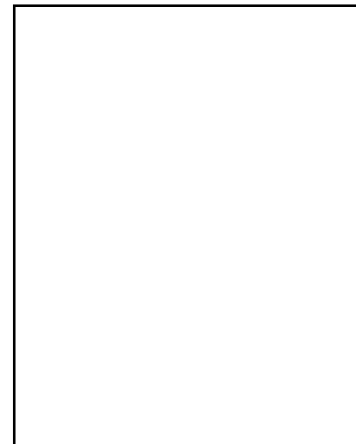
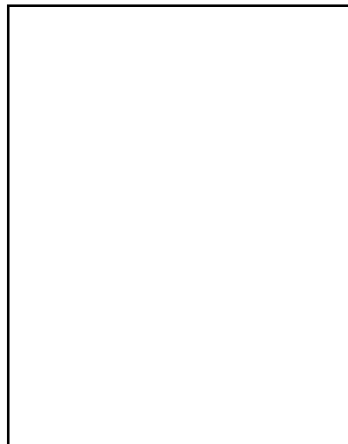
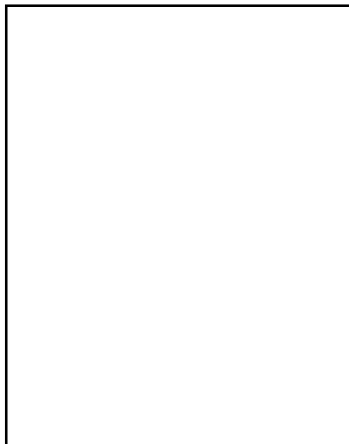
elegant
hard
cologne
plain
curvaceous
strong-smelling



ACTIVITY 4

Out of class activity.

1. Go to a store that sells either cologne or perfume. Find several different interesting products.
2. Draw or paste a picture of one product in each of the boxes below or on a separate sheet of paper.
3. Prepare a short report. Be sure to give the product name, manufacturer, slogan, price, volume, cap color, container shape and color, and information about the target market (age, income, sex, etc.). Use the forms at the end of this unit.



UNIT 3

ACTIVITY 5. Group Work

A. TRY THIS!

Create a new product and make a poster. (See Activity 4 for details)
When you are finished, show it to the class.

B. TV Commercial. Write and act in a one minute TV commercial for a product of your choice (30 seconds for a large class). As you write it, remember to include the following points:

1. **Show the problem.** What is wrong? Bad Breath? No one wants to dance with you? Dull, lifeless hair? You must establish a need for the product. TV can make you think you need something even though you really do not.
2. **Explanation of the problem.** You might want to use some new information, but use it selectively. Try to make people think you really know what you are talking about. How about dressing someone up to look like a scientist or a doctor? Do not use too much data or viewers might change the channel. People can only absorb so much information at one time. No one likes a long, boring lecture except the person who is giving it.
3. **Present the solution.** Now you are ready to save the human race. Not only is your product the right one, but it is the only one. All other products are inferior. Do not mention competitors by name. You do not want to give other companies free advertising.
4. **Show how life will be better.** Every commercial has to have a happy ending. Right? Show viewers how pain, suffering, loneliness and embarrassment go away once they let your product into their lives.



UNIT 3

#1.

Product name:

Cap color:

Manufacturer:

Container shape/color:

Slogan:

Target Market:

Price:

Age:

Volume:

Sex:

Occupation:

#2.

Product name:

Cap color:

Manufacturer:

Container shape/color:

Slogan:

Target Market:

Price:

Age:

Volume:

Sex:

Occupation:

#3.

Product name:

Cap color:

Manufacturer:

Container shape/color:

Slogan:

Target Market:

Price:

Age:

Volume:

Sex:

Occupation: