

**Series 3 Examination 2012**

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**ENGLISH FOR BUSINESS**

**Level 3**

**Thursday 7 June**

Subject Code: 3041

Time allowed: **3 hours**

**INSTRUCTIONS FOR CANDIDATES**

- Answer **all 4** questions.
- All questions carry equal marks.
- All answers should be correctly numbered, but do not need to be in numerical order.
- Adequate and appropriate communication is more important than a particular number of words.
- Check your work carefully.
- You may use an English or bilingual dictionary.

## QUESTION 1

### Situation

You are employed as an administrator by a large company. The Company Manager, Mr John Goodman, often asks you to assist him and recently he said this to you:

“You know, we get a lot of correspondence from organisations with all kinds of ideas about how we can save money. Most of these are totally nonsensical, and sometimes they involve very doubtful activities. When I received some information from a company called ‘Suntrap’ recently, I thought it was another of these hopeless ideas, but when I looked at it in more detail, I realised it could be promising.

“I’ll show you the letter but, in short, the company offers to install a canopy over our car park which would be covered in solar panels. These generate electrical power which could then be used to charge electric cars through built-in charging points. Now, funnily enough, we’ve had a few requests from customers who have electric cars asking if we could provide these charging points.

“They’ve offered to visit us next week and I’d like to meet them. I think it will take half a day. I’d like you to write to them on my behalf to set this up. Have a look at my diary to check when I’m free and make sure our Technical Director, Margaret Botha, is available also. I’m sure she will have a lot of questions. You must stress that this is just a preliminary meeting and we’re not promising them an order, or anything like that, but you can make it clear that we are seriously interested. I’d like to know much more about the costs – there’s little in their literature about this. You can let them know that we’d expect some detailed costings – after they’ve looked at the car park, of course.”

You speak to Mrs Botha who says this to you:

“Well, I’ve read about these schemes and this one looks promising. It could show that we are dedicated to the ‘Green’ cause but there are a few things I’d like to know. If you’re arranging a visit, they can bring this information when they come, I suppose. I’m a bit worried about a roof on this car park. It’s not a bad idea as it will provide shelter when it rains, but when it’s sunny, I wonder if this roof will provide a nice cooling shade, or will it be like a greenhouse and get very hot inside. And, of course, what happens when it isn’t sunny – can electricity still be generated? Ask them to bring some pictures of the solar panels also. We’ll need to know what they look like.

“I’m free most of the time next week. Avoid Monday, if you can, and I’ll have to finish early on Friday afternoon – we’re taking my daughter to her university – but any other time is fine.”

Mr Goodman’s diary for next week as follows:

Day	Morning	Afternoon
Monday	Free	Not free
Tuesday	Not free	Not free
Wednesday	Free	Free
Thursday	Not free	Free
Friday	Not free	Free

Suntrap’s address is 108 Eastern Parade, Fell Valley Industrial Estate, Melville MT5 5AG.

### Task

**Write a letter on Mr Goodman’s behalf** as instructed. You can assume that your company’s headed notepaper is used.

**(25 marks)**

## QUESTION 2

### Situation

You are employed by a company that runs a large chain of coffee shops. The company is now looking for an opportunity to start a new range of shops. The Company Manager, Mr Michael Lateste, said this to you:

“When I was in America on holiday recently, I noticed that there were many shops selling frozen yoghurt. We visited a shop called *Pinkberry* which seemed to be doing very good business. There don’t seem to be many of these shops outside America, so I’d like you to look into the possibility of investing in them ourselves. I really want to know what they are, what the American experience is and what are the advantages and disadvantages of investing in these shops. See what you can find out and let me have a report so I can introduce the ideas to our Development Committee. Don’t make any recommendations, that’s their job, but make clear, separate lists of the advantages and disadvantages to help the committee make its decision.”

As you are preparing your report, the company’s Marketing Manager says this to you:

“I hope you’ll be able to find out all kinds of good things about frozen yoghurt shops but please remember the possible downside. There have been other American ideas that simply didn’t work overseas. A few years ago we were all going to make our fortunes from Juice Bars, then the trend was for doughnut shops. Neither of these has been successful outside America. However, I should say that the modern style coffee bars also began in America and they’ve done well everywhere.”

The results of your research are as follows:

**American Experience** Several “chains” established – one of the most successful *Pinkberry* – founder of Starbucks coffee shops invested \$27.5 million in this in 2007 – other chains followed – became quite “trendy” for young people – seen as healthy alternative to bars selling alcohol or coffee shops.

### What are frozen yoghurt shops?

These are shops selling a frozen-milk product. Yoghurt is seen as a healthy food and can be given all kinds of flavour, like ice-cream. This type of yoghurt is sold in a frozen form, so freezer and chilling equipment is needed. It can be sold alongside a range of toppings, such as fruit or chocolate chips. The shops need not be large – sites can be as small as 100 square metres.

### Advantages and Disadvantages

Sites need not be large – little equipment needed – no cooking involved – so little staff training needed – product seen as healthy and fat-free – but often American products do not do well outside America – product is frozen so it might not have a great appeal in cold weather – people rarely buy other products alongside yoghurt (as they do in coffee bars) - but not much competition at the moment – few frozen yoghurt shops open yet.

### Task

**Write the report as requested** using an appropriate style.

**(25 marks)**

### QUESTION 3

#### Situation

You work for a company that has experienced a great deal of growth in recent years. Some of the company managers believe that some of its systems and procedures have not developed appropriately and staff have been asked to investigate various aspects of business efficiency. You have been asked to investigate stock control. Your first action is to attend a conference when a speaker gave a "Question and Answer" session on this topic. The transcript of a recording of the talk by Alain Kuyper, a leading business expert, is given below.

Mr Kuyper: Good morning everyone. I'm going to spend a short time allowing you to ask me questions about stock control. If you tell me what you need to know, what I say is bound to be relevant to you, which might not be the case if I just deliver a lecture.

But first let me say quickly what I mean by "Stock Control". "Stock" refers to any materials that you need to use as your businesses produce their goods or services. "Control" simply means how much of the materials you hold at any time and how you store and order these. Now, questions please.  
Yes, you, madam.

Question: What problems can be caused if you make mistakes in your stock control?

Mr Kuyper: Well, that's easy. If you run out of stock your business is not able to operate properly, or even at all, which is inefficient. If you have too much stock, you have an unproductive asset.

Question: What do you mean by an unproductive asset?

Mr Kuyper: Your company needs money – cash – to do all kinds of things such as paying wages, paying the rent of the property, paying for electricity, paying for advertising, and paying all the other costs you have. If you've spent a vast amount of money on stock that you don't need, your money is tied up and you can't spend it on all these vital things.

Question: I've heard you say before that stock control is a balance. What did you mean?

Mr Kuyper: As I've just explained, you need to hold just the right amount; exactly what is the right amount will vary from company to company, but you shouldn't have too little or too much.

Question: I'm told that one factor involved in this is that stock could depreciate in value. What does this mean?

Mr Kuyper: Right. Well, one factor in determining your optimum stock level is how quickly the value of it goes down, or depreciates.

Question: Is this the same thing as stock deteriorating?

Mr Kuyper: Not quite. If stock deteriorates, its quality diminishes. Let me give you an example. If a shop sells fresh fruit, it must regularly re-stock as fruit goes bad after a short period of time. This is deterioration. Stock which depreciates in value is simply worth less. It might be just as good. I should say that very little stock actually gets more valuable the longer you hold it, unless you hold very high quality products. Someone who makes good quality jewellery might find his stock of gold actually appreciates in value.

Question: Can there be costs in holding stock?

Mr Kuyper: Oh yes, there can be, and this is one of the factors you should consider when you decide upon the stock level you hold. Some stock must be held under particular conditions, such as those of a retailer selling frozen foods. Often stock is valuable so some sort of security is necessary.

Question: So is it an advantage to hold as little stock as possible?

Mr Kuyper: I've said that you should not hold too high a level of stock, but it could be risky if you hold too little. If you run out of stock, your business might not be able to operate as efficiently, or perhaps not at all. If you are able to re-order your stock very quickly, this need not be a major problem, but if it takes time for your stock to be delivered after you have ordered it, this is very bad for business. One more question, please.

Question: What is meant by "Just-in-Time" stock control?

Mr Kuyper: Why is it that the last question is always the most difficult?  
(laughter)

Well, very simply, "Just in Time" means that your stock is delivered just as you need it, so there are none of the issues concerning holding on to stock that I mentioned earlier. My brother works in the construction industry and uses this system. It means that, for example, the tiles needed for the roof of a building are delivered just as work starts on the roof. It is an excellent, efficient system if it works, but it requires meticulous planning and time-keeping. It can be a disaster if it doesn't work.

Thank you very much for your questions.

(Applause)

### Task

Using this information answer the following questions **using your own words as far as possible** to demonstrate your understanding of the points raised.

- (a) Describe briefly what is meant by a company's stock. (3 marks)
- (b) Why is it important that the level of stock held by a company is controlled? (4 marks)
- (c) How can stock held be seen as an unproductive asset? (3 marks)
- (d) What is the difference between stock depreciating in value and stock deteriorating? (3 marks)
- (e) What are the two examples given of how there can be a cost in holding stock? (3 marks)
- (f) How can the speed in which a company is able to reorder stock be a factor in deciding how much stock to hold? (3 marks)
- (g) What is the main difference between the way stock is held when it is delivered through a "Just-in-Time" method and when it is held under normal stock control systems? (3 marks)
- (h) The speaker delivers a serious talk. Why is it that his comment after the last question should provoke laughter? (3 marks)

**(Total 25 marks)**

## QUESTION 4

### Situation

You are employed in the Human Resource Department by a company that introduced a system of appraisal for some of its staff last year. This involves each member of staff being interviewed by a senior person, usually the line manager, when there is a review of the performance over the previous year. The aim is to identify what could be improved and how this improvement could be supported.

The system is now being extended to all staff and the HR Manager, Ms Anna Lebyrk, feels it would be helpful if you spoke to all those who were appraised last year so they can give advice on what to expect from the system and how to prepare for it. She says this to you:

“All staff members will receive the full documentation about appraisal including all the forms we use. It would be very useful if you could ensure that new staff benefit from the experience of those who have gone through this process. Please have a word with experienced staff and **send a memo to all staff**, explaining what you are doing, and they can prepare themselves for appraisal. You might find that staff have differing opinions, but try to be as positive as you can.”

You note the following comments made by staff who went through the process last year:

“Oh, just tell everyone not to worry about appraisal. In my experience it worked well. I had the chance to say how well I’d done and what future training or support I needed. I enjoyed it.”

“You must prepare yourself; if you don’t, well, it can be a waste of time. You’ll get a list of the questions you’ll be asked, so, for goodness sake, think about your answers to these.”

“Appraisal? Very worthwhile - if you take your time to answer the questions and approach it calmly – no problems. Enjoy it.”

“If you look in the “small print” in the instructions, it says you can choose who will carry out the appraisal – it doesn’t have to be your manager. If you don’t have confidence in your manager, choose someone else.”

“I would make a few notes, if I were you. You’ll never remember all the things you want to say in your interview, so why not write down some notes? You can look at these as the interview goes on.”

“Appraisal was a waste of time for me, and I don’t mind who knows this. My manager is useless and he hadn’t prepared for the interview, which is what I expected. The whole thing was pointless.”

“I would say that you should make sure you say everything you feel you should say. In other words, don’t let the manager control the agenda. There’s plenty of time, so you shouldn’t come out of the interview saying ‘Oh, I wish I’d said something else’.”

“I’d say you should make clear notes of what was said. The managers will do this, but, to be honest, you shouldn’t always trust them. Make your own notes so you know exactly what was said.”

“My main advice – just don’t worry. Be calm, take it easy, think about what you are going to say, and it’ll be fine.”

“From the outset, make sure you are comfortable. Stick to the point but, above all, enjoy it!”

You realise that you must now put the points into a sensible order and you wish to avoid repeating the same points.

### Task

**Write the memo** as requested.

**(25 marks)**