

МИНИСТЕРСТВО ОБРАЗОВАНИЯ РЕСПУБЛИКИ БЕЛАРУСЬ

**УЧРЕЖДЕНИЕ ОБРАЗОВАНИЯ
«БРЕСТСКИЙ ГОСУДАРСТВЕННЫЙ ТЕХНИЧЕСКИЙ УНИВЕРСИТЕТ»**

КАФЕДРА ИНОСТРАННЫХ ЯЗЫКОВ

Introduction to Business English.

Part 2



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Пособие составлено в соответствии с Учебной программой для специальности 1 – 26 02 05 «Логистика».

Основная цель пособия – подготовить студентов к использованию английского языка при осуществлении своих прямых обязанностей в будущей профессиональной деятельности, при проведении переговоров с зарубежными партнерами, а также овладении ключевых навыков ведения деловой корреспонденции на английском языке.

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CHAPTER 1. DOCUMENTATION AND CONTRACTS

Unit 1. Logistics documentation (part I)

1. Read and learn the words by heart:

invoice	счёт-фактура
packing slip	упаковочный лист
sheet	ведомость, список
manifest	декларация судового груза
content	содержимое
bill of lading	коносамент
consignee	грузополучатель
consignor	грузоотправитель
intermediary	посредник
sales invoice	счёт за проданные товары
purchase invoice	счёт за закупленные товары
merchandise	товары
commitment	поручение, обязательство
to issue	выпускать, выдавать
to refund	рефинансировать, возвращать
payee	получатель платежа, ремитент
payer	плательщик
issuer	эмитент
to charge	назначать цену, взимать, дебетовать

2. Read and translate the text.

There are many documents used in logistics. They are called: invoices, packing lists/slips/sheets (manifests), content lists, pick tickets, arrival acknowledgement forms/reports of many types (e.g. MSDS, damaged goods, returned goods, detailed/summary, etc.), import/export, delivery, bill of lading (BOL), etc. These documents are usually the contracts between the consignee and the consignor, so they are very important for both parties and any intermediary, like a third party logistics company (3PL) and governments. Document handling within logistics, supply chain management and distribution centers is usually performed manual labor or semi-automatically using bar code scanners, software and tabletop laser printers. There are some manufacturers of high speed document automation systems that will automatically compare the laser printed document to the order and either insert or automatically apply an enclosed wallet/pouch to the shipping container (usually a flexible polybag or corrugated fiberboard/rigid container). Protection of Privacy and Identity Theft are major concerns, especially with the increase of e-Commerce, Internet/Online shopping and Shopping channel (other, past references are catalogue and mail order shopping) making it more important than ever to guarantee the correct document is married or associated to the correct order or shipment every time. Software that produces documents are: ERP, WMS, TMS, legacy middleware and most accounting packages.

An **invoice**, **bill** or **tab** is a commercial document issued by a seller to a buyer, relating to a sale transaction and indicating the products, quantities, and agreed prices for products or services the seller had provided the buyer.

Payment terms are usually stated on the invoice. They may specify that the buyer has a maximum number of days in which to pay, and is sometimes offered a discount if paid before the due date. The buyer could have already paid for the products or services listed on the invoice.

From the point of view of a seller, an invoice is a *sales invoice*. From the point of view of a buyer, an invoice is a *purchase invoice*. The document indicates the buyer and seller, but the term *invoice* indicates money is owed *or* owing. A typical invoice contains:

- The word *invoice*
- A unique reference number (in case of correspondence about the invoice)
- Date of the invoice.
- Credit terms.
- Tax payments if relevant
- Name and contact details of the seller
- Tax or company registration details of seller.
- Name and contact details of the buyer
- Date that the goods or service was sent or delivered
- Purchase order number (or similar tracking numbers requested by the buyer to be mentioned on the invoice)
- Description of the product(s)
- Unit price(s) of the product(s) (if relevant)
- Total amount charged (optionally with breakdown of taxes, if relevant)
- Payment terms (including method of payment, date of payment, and details about charges for late payment)

In countries where wire transfer is the preferred method of settling debts, the printed bill will contain the bank account number of the debtor and usually a reference code to be passed along the transaction identifying the payer. The European Union requires a VAT (value added tax) identification number. Recommendations about invoices used in international trade are also provided by the UNECE Committee on Trade, which involves more detailed description of the logistics aspect of merchandise and therefore may be convenient for international logistics and customs procedures.

There are different types of invoices:

- **Pro forma** invoice — In foreign trade, a *pro forma* invoice is a document that states a commitment from the seller to provide specified goods to the buyer at specific prices. It is often used to declare value for customs. It is not an actual invoice, and thus the seller does not record a *pro forma* invoice as an account receivable and the buyer does not record a *pro forma* invoice as an account payable. A *pro forma* invoice is not issued by the seller until the seller and buyer have agreed to the terms of the order. In a few cases, a *pro forma* invoice is issued to request advance payments from the buyer, either to allow production to start or for security of the goods produced.

- **Credit memo** - If the buyer returns the goods, the seller usually issues a credit memo for the same or lower amount than the invoice, and then refunds the money to the buyer, or the buyer can apply that credit memo to another invoice.

- **Commercial invoice** - a customs declaration form used in international trade that describes the parties involved in the shipping transaction, the goods being transported, and the value of the goods. It is the primary document used by customs, and must meet specific customs requirements, such as the Harmonized System number and the country of manufacture. It is used to calculate tariffs.

- **Debit memo** - When a company fails to pay or short-pays an invoice, it is common practice to issue a *debit memo* for the balance and any late fees owed. In function, debit memos are identical to invoices.

- **Self-billing invoice** - A *self billing invoice* is when the buyer issues the invoice to himself (e.g. according to the consumption levels he is taking out of a vendor-managed inventory stock). The buyer (i.e. the issuer) should treat the invoice as an account payable, and the seller should treat it as an account receivable.

- **Evaluated receipt settlement (ERS)** - ERS is a process of paying for goods and services from a packing slip rather than from a separate invoice document. The payee uses data in the packing slip to apply the payments.

- **Timesheet** - Invoices for hourly services issued by businesses such as lawyers and consultants often pull data from a timesheet. A timesheet invoice may also be generated by Operated equipment rental companies where the invoice will be a combination of timesheet based charges and equipment rental charges.

- **Statement** - A periodic customer statement includes opening balance, invoices, payments, credit memos, debit memos, and ending balance for the customer's account during a specified period. A monthly statement can be used as a summary invoice to request a single payment for accrued monthly charges.

- **Progress billing** used to obtain partial payment on extended contracts, particularly in the construction industry.

- **Collective Invoicing** is also known as monthly invoicing in Japan. Japanese businesses tend to have many orders with small amounts because of the outsourcing system (Keiretsu), or of demands for less inventory control (Kanban). To save the administration work, invoicing is normally processed on monthly basis.

- **Continuation or Recurring Invoicing** is standard within the equipment rental industry, including tool rental. A recurring invoice is one generated on a cyclical basis during the lifetime of a rental contract. For example if you rent an excavator from 1 January to 15 April, on a calendar monthly arrears billing cycle, you would expect to receive an invoice at the end of January, another at the end of February, another at the end of March and a final Off-rent invoice would be generated at the point when the asset is returned. The same principle would be adopted if you were invoiced in advance, or if you were invoiced on a specific day of the month.

- **Electronic Invoicing** is not necessarily the same as EDI invoicing. Electronic invoicing in its widest sense embraces EDI as well as XML invoice messages as well as other format such as pdf. Historically, other formats such as pdf were not included in the wider definition of an electronic invoice because they were not machine readable and the process benefits of an electronic message could not be achieved. However, as data extraction techniques have evolved and as environmental concerns have begun to dominate the business case for the implementation of electronic invoicing, other formats are now incorporated into the wider definition.

Organizations purchasing goods and services usually have a process in place for approving payment of invoices based on an employee's confirmation that the goods or services have been received. Typically, when paying an invoice, a remittance advice will be sent to the supplier to inform them their invoice has been paid.

Invoices are different from receipts. Both invoices and receipts are ways of tracking purchases of goods and services. In general the content of the invoices can be similar to that of receipts including tracking the amount of the sale, calculating sales tax owed and calculating any discounts applied to the purchase. Invoices differ from receipts in that invoices serve to notify customers of payments owed, whereas receipts serve as proof of completed payment.

3. Choose the correct words to complete these sentences.

1. The documents stated the wrong quantities. As a (reason/result/cause), the shipment was not accepted at the warehouse.
2. The delay was (found/noticed/caused) by an accident on the motorway.
3. When I spoke to the logistics manager, it (noticed/saw/turned) out that they had used different packing material.
4. Unfortunately, we are unable to deliver the consignment (due to/because/so) technical problems in our warehouse.
5. (Although/In spite of/But) the delay, the delivery will still arrive on time.
6. What is the (cause/reason/result) for this delay?

4. Complete the sentences with the words from the box.

so because although due as a result despite because in spite of

1. Our customer wants to ship valuable freight, _____ we need to think about insurance.
2. A part of the shipment seems to be damaged _____ of rough handling.
3. _____ the customer needed them urgently, the goods couldn't be delivered at the weekend.
4. The flight was cancelled _____ to bad weather.
5. The driver had the wrong address. _____, it took him three hours to deliver the pallets.
6. The consignment arrived on time _____ all the customs formalities at the border.
7. We are unable to ship today _____ we've had problems with our dispatch.
8. _____ being well secured, the load was damaged on arrival.

5. Match the beginnings of the sentences (1-6) with the endings (a-f).

- | | |
|--|--|
| 1) I would need some information | a. would recommend rail transport. |
| 2) Could you let me know | b. by courier if you prefer. |
| 3) In that case I suggest that you | c. regarding loading times. |
| 4) For a consignment this size I | d. what the transit times are? |
| 5) Of course it would also be | e. possible to ship by express |
| 6) We can also arrange transport service instead | f. use the cheaper sea freight option. |

6. Complete the sentences with by or until.

1. I'll make sure that the documents arrive _____ the end of the week.
2. We have to arrange shipment _____ August 4th.
3. I'm afraid there will be delays _____ the beginning of July.
4. They said we would receive the consignment _____ Monday.
5. Call me if there are any problems. I'll be in my office _____ 6.30 today.
6. We require the goods _____ March 15th.

7. Put the words in the right order to make up sentences.

1. a shipment / send / us / a quotation / please / for / to Minsk
2. state / delivery date / please / in your quotation / your earliest
3. let us / could / the following / please / have a quotation / including / details / you ?
4. a part truck load / shipping rates / what / your / for / to Birmingham / are ?
5. on sailing times / your quotation / detailed information / should / and insurance rates / also include
6. the following consignment / please / for / of / quote / the transport

Unit 2. Logistics documentation (part II)

1. Read and translate the text.

Documentary credits

A company which sells goods or services to other countries is known as an exporter. A company which buys products from other countries is called an importer. Payment for imported products is usually by documentary credit, also called a letter of credit. This is a written promise by a bank to pay a certain amount to the seller, within a fixed period, when the bank receives instructions from the buyer.

Documentary credits have a standard form. They generally contain:

- a. a short description of the goods
- b. a list of shipping documents required to obtain payment
- c. a final shipping date
- d. a final date (or expiration date) for presenting the documents to the bank.

Documentary credits are usually irrevocable, meaning that they cannot be changed unless all the parties involved agree. Irrevocable credits guarantee that the bank which establishes the letter of credit will pay the seller if the documents are presented within the agreed time.

Bills of exchange

Another method of payment is a bill of exchange or draft. This is a payment demand, written or drawn up by an exporter, instructing an importer to pay a specific sum of money at a future date. When the bill matures, the importer pays the money to its bank, which transfers the money to the exporter's bank. This bank then pays the money to the exporter after deducting its charges.

A bank may agree to endorse or accept a bill of exchange before it matures. To endorse a bill is to guarantee to pay it if the buyer of goods does not. If a bill is

endorsed by a well-known bank, the exporter can sell it at a discount in the financial markets. The discount represents the interest the buyer of the bill could have earned between the date of purchase and the bill's maturity date. When the bill matures, the buyer receives the full amount. This way the exporter gets most of the money immediately, and doesn't have to wait for the buyer to pay the bill.

Export documents

Exporters have to prepare a number of documents to go with the shipment or transportation of goods.

- The commercial invoice contains details of the goods: quantity, weight, number of packages, price, terms of delivery, terms of payment and information about the transportation.

- The bill of lading is a document signed by the carrier or transporter (e.g. the ship's master) confirming that the goods have been received for shipment; it contains a brief description of the goods and details of where they are going.

- The insurance certificate also describes the goods and contains details of how to claim if they are lost or damaged in transit - while being transported.

- The certificate of origin states where the goods come from.

- Quality and weight certificates, issued by private inspection and testing companies, may be necessary, confirming that these are the correct goods in the right quantity.

- An export license giving the right to sell particular goods abroad is necessary in some cases.

2. Are the following statements true or false? Correct the false sentences.

1. With a letter of credit, the buyer tells the bank when to pay the seller.

2. Letters of credit are only valid for a certain length of time.

3. An exporter usually has the right to change a letter of credit.

4. The bill of lading confirms that the goods have been delivered to the buyer.

5. With a bill of exchange, the seller can get most of the money before the buyer pays.

6. Bills of exchange are sold at less than 100%, but redeemed at 100% at maturity.

3. Match the payment methods (1-6) with the definitions (a-f).

1. advance payment

2. cash on delivery

3. open account

4. documents against payment

5. documentary credit

6. bank guarantee

a. Customer pays immediately on receiving the goods. This service is usually provided by the post office.

b. Used to cover financial risk in international transactions e.g. if a buyer does not pay.

c. The exporter supplies the goods and the importer/customer pays for them at an agreed date in the future.

d. Involves the buyer's and the seller's bank. It is a promise made by the opening bank that payment will be made on receiving documents that comply with the terms agreed.

e. Also called cash against documents (CAD). It means that the exporter has full control over the documents until payment has been made by the importer.

f. Customer/importer has to pay for the goods before they are shipped.

4. Complete this list of documents used in foreign trade with words from the box.

approved authority required commercial indicating draft receipt conditions carriage hazardous
--

Commercial invoice

A document that contains specific information regarding the goods shipped and the _____ agreed between buyer and seller.

Certificate of origin

Document used in foreign trade which states where the goods were produced. It is often _____ by customs authorities.

Packing list

A document which specifies the contents of any form of packaging, e.g. boxes, containers, cartons, without _____ the value of the goods shipped.

Air waybill

A contract between airline and shipper. It is a shipping document which states the terms and conditions of _____ and is also a receipt for the consignment.

Consular invoice

A special kind of invoice sometimes required by the importing country. It needs to be _____ by an embassy.

Pro forma invoice

A _____ invoice which the seller prepares before the actual shipment takes place.

Export license

A document which is granted by a government _____ and states that specified goods can be exported.

Customs invoice

A specific document required by customs in some countries e.g. US when importing goods. It includes more details than a _____ invoice.

Dangerous goods declaration

Certificate prepared by the shipper/consignor which states that _____ goods are handled according to international shipping regulations.

Bill of lading

A contract between carrier and shipper which specifies the goods to be shipped and the delivery terms. It is also a _____ of shipment and accompanies the goods until they reach their destination.

5. Fill gaps in the sentences.

1. Exporters can get paid sooner if a bill of exchange is..... by a bank.

2. The bill of lading and the insurance certificate both..... the goods.
3. Exporters..... goods to foreign countries.
4. The transporter.....a document confirming that it has.....the goods.
5. In order to be paid, the exporter has to..... the shipping documents to a specific bank.

6. Put the sequence of events in the correct order.

- a. A bank accepts or endorses the bill of exchange.
- b. The accepting bank pays the full value of the bill of exchange to whoever bought it.
- c. The exporter sells the bill of exchange at a discount on the money market.
- d. The importer receives the goods and pays its bank.
- e. The importer's bank transfers the money to the accepting bank.
- f. The seller or exporter writes a bill of exchange and sends it to the buyer or importer (and ships the goods).

Unit 3. Business contracts

1. Read and translate the texts.

A contract is a legal document which forms the basis of a transaction between the Buyer and the Seller, specifies the rights and obligations of the parties and guarantees that these obligations will be fulfilled. By law contracts are made in writing.

Types of business contracts

1. Contracts for the supply of goods:

- a) sale of goods;
- b) exchange and barter;
- c) work and materials;
- d) supply of goods on credit.

2. Contracts for financial services:

- a) banking contracts;
- b) insurance contracts.

3. Employment contracts.

4. Contracts of agency.

5. Hire contracts.

1. The most common form of transaction in the business world is a contract for the sale of goods, which is defined as "a contract by which the seller transfers or agrees to transfer the property in goods to the buyer for a money consideration called the price."

Another way in which you can acquire goods is in consequence of a contract which main purpose is the provision of services. If you take your car to be serviced by a garage, the main substance of the contract is the skill and labour of the mechanic in checking the car.

2. Banks provide a wide range of financial services to the commercial customers from current accounts, loan and overdraft facilities, and to specialist services for those involved in foreign trade. The relationship between a bank and its customers are contractual.

A prudent businessman will always assess the risks that might befall his business: he may fall ill; his premises may be destroyed by fire or his stock stolen. These risks may be minimized by insurance. A contract of insurance is an agreement whereby an insurance company undertakes to compensate a person, called the insured, if the risk insured against does in fact occur.

3. There are two ways in which a person's services may be acquired. He may be engaged either as an employee under a contract of service or as an independent contractor under a contract for services. An employee provides his labour for his employer in return for wages. The employer exercises control over the way in which an employee carries out his work. A self-employed person is engaged under a contract for services. He is an independent contractor, agreeing to do work or provide services as and when he wishes.

4. An agent is someone who is employed by a principal to make contracts on his behalf with third parties. An employee who makes contracts on behalf of his employer is acting as an agent. A shop assistant, for example, is in this category. Alternatively, an agent may be an independent contractor who is engaged for his specialist skills and knowledge. A person who wishes to sell shares will usually employ the services of a stockbroker to arrange the sale for him. Agents are given a number of names: the most common being "broker" or "representative".

5. Under a hire agreement, the owner of goods allows someone else (the hirer) to make use of them in return for regular rental payment. The hirer obtains possession of the goods but ownership never passes to him and at the end of the agreement the goods must be returned to the owner. Businessmen also take advantage of hire as a method of obtaining the use of equipment which they require. Hire in this context is usually referred to as "leasing" and often includes an undertaking by the lessor to service the equipment regularly and effect repairs when necessary.

General clauses of contracts.

Commercial contracts usually have the following general clauses arranged in a logical order:

- 1) definitions of the parties;
- 2) subject of contract;
- 3) price and total value of the contract;
- 4) delivery dates and terms;
- 5) payment;
- 6) packing and marking;
- 7) claims;
- 8) sanctions;
- 9) insurance;
- 10) force-majeure;
- 11) arbitration;
- 12) other conditions.
- 13) legal addresses of the parties

If the subject of contract is machines or equipment then contracts can include other topics such as Guarantee, Inspection and Test, Technical Specifications and Supplementary Documentation. They are usually given in supplements which are an integral part of contracts.

1. Definition of the parties. The text of contract begins with a preamble in which juridical names of the parties making a contract are given, e.g.

Contract № 68

14 October, 2017

Tobacco Corporation, USA, hereinafter referred to as "Sellers", on the one side, and Tutu Ltd., Brest, hereinafter referred to as "Buyers", on the other side, have concluded the present Contract as follows:

2. Subject of the Contract

In this part, the type of bargain is defined. In practice, quality and quantity of goods and basic terms are included in this part or in the supplement to which there's a reference, e.g. *The Sellers have sold and the Buyers have bought cigarettes as per Supplement №1 attached to the contract. The goods are to be delivered by the Sellers to Brest, Final Consignee Warehouse. The quality of cigarettes to be delivered should correspond to that of the samples approved and confirmed by both parties. The quality of cigarettes must be confirmed by a Quality Certificate issued by the Seller or the factory manufacturer.*

3. Price and Total Value of the Contract

The price of goods is an amount of money in a definite currency that the buyer pays the seller for goods. In accordance with the contract, prices are fixed in the currency of one of the counteragent countries or in the currency of a third country.

e.g. The price as it is indicated in Supplement №1 is fixed in US dollars and includes export packing for shipment and delivery, marking, loading, transportation to Brest, Final Consignee Warehouse. The total amount of the present Contract is US \$ 964,900.

4. Delivery Dates

Time of delivery -periods or dates during which goods are to be delivered by Sellers into countries or geographic areas agreed upon in the contract.

e.g. The delivery of cigarettes under the present Contract shall be effected for the dates stipulated by Supplement №1 to the present Contract. The date of arrival of the truck (II) to Final Consignee Warehouse will be considered as the date of delivery.

Terms of Delivery

e.g. The delivery of the goods is to be effected on CIF terms to the address stipulated in Supplement №1 to the present Contract for Tutu Ltd., Brest.

Within 24 hours, excluding weekends and holidays after the shipment of the cigarettes, the Sellers will inform the Buyers by cable of the following:

- 1) contract №;*
- 2) truck number;*
- 3) voyage date;*
- 4) truck way Bill №;*
- 5) cigarette brand;*
- 6) quantity;*
- 7) gross weight of the goods;*
- 8) value of the goods.*

5. Payment

This clause of commercial contracts of sale contains terms of payment agreed upon by the parties. Payment can be done in several ways, but usually it is either bank transfers or Letters of Credit (L/C).

e.g. Payment for the goods to be delivered under the present Contract is to be effected in US dollars in accordance with the Trade Agreement between the Government of Russia and the USA dated 28.03.1991 by an irrevocable confirmed Letter of Credit (L/C) to be opened by the Buyers with the Priorbank, Minsk in favour of the Seller within 10 days upon receipt of the Sellers' notification of the readiness of the goods for shipment. The L/C is to be valid for 60 days.

The payment of the Credit is to be made against the following documents:

- 1) Invoice in triplicate;*
- 2) Bill of Lading;*
- 3) Insurance Policy.*

All expenses connected with the opening of the Letter of Credit are to be borne by the Buyers.

6. Packing and Marking

The general rule in all packing is to make goods secure for the kind of journey they have to make, but also to keep package as small and light as possible.

e.g. Packing in which the cigarettes are shipped must secure full safety of the goods and protect them from damage during transportation by all means of transport and transshipment en route as well as to protect the goods from atmospheric effects. The face side of each carton box shall be marked with indelible paint, as follows:

contract №;
Sellers' and Buyers' names;
brand and quality of cigarettes;
gross and net weight.

The boxes, individual packing of goods as well as articles must bear no marks or symbols which have no relation to the object of the present Contract.

7. Claims

e.g. In case of shortage while packing or in case of nonconformity of the quality of the goods to the samples, the Buyers have the right to claim on the Sellers within 180 days on the arrival of the goods to Russia. The Parties agreed that the Inspection Report drawn up by the Chamber of Commerce and Industry, Russia, Moscow, will prove the claim.

The Sellers are to examine the claim within 15 days. Should the Sellers fail to send a reply on expiration of the said period, the claim will be considered as admitted by the Sellers and its sum deducted from the 3 % sum.

While claiming for an inferior quality of the goods the Buyers return the faulty goods to the Sellers with deduction of 10 % penalty of the returned goods.

The cost of the defective goods or shortage while packing, being intact, penalty and also transport charges are deducted by the Buyer from the 3% sum. In case the sum of 3% proves to be insufficient to cover the claim and penalty, the Sellers are to remit the balance due to the Buyers within 15 days from the date of receipt of the claim.

All transport and other charges connected with delivery and return of defective goods are to be paid by the Sellers.

8. Sanctions

e.g. In case of a non-delivery of the goods in respect of firm of delivery fixed in the Contract, the Sellers must pay to the Buyers a fine of 0.1% of the value of the goods in delay per day of delay. If the delay exceeds 30 days, the charging of the fine is stopped and additionally to the sum of the fine the Sellers must pay the Buyers a penalty of 2% of the value of the goods in delay.

The payment of the fine does not release the Sellers from the obligation to deliver the goods in delay. If the delay in shipment is caused because of delays in the vessel's arrival dates then there will be no sanctions against the Sellers. In the case of delivering of defective goods, the Sellers pay the Buyers an additional 2% fine of the value of the goods admitted defective to the payment of the claim value. Besides, the Buyers shall have the right to return the defective goods on the Sellers' account.

The Sellers shall pay the Buyers a fine of 1 % of the value of the goods in respect to which there were Infringements:

a) the goods have been shipped In packing and/or with marking not meeting the Contract terms or conditions;

b) the assortment of goods is incorrect.

The payment of the fine does not release the Sellers from Compensating the Buyers for the losses the latter has sustained due-to the Sellers' non-observance of the above mentioned Terms and Conditions of the Contract.

9. Insurance

All sensible businessmen now insure goods for the full value in order to obtain indemnity in case of damage or loss. Insurance is against such risk as fire, damage by water or breakage.

e.g. Insurance should be done with a first class insurance company by the Sellers and for their own account upon such terms that the Buyers should be entitled to claim directly from the insurance company and provide the Buyers with an Insurance Policy or other evidence of insurance covering door-to-door terms against usual risks including damages caused by breakage, theft of whole package or parts, and non-delivery of whole packages in the cases mentioned above irrespective of the percentage of damage. Insurance should be done on the total amount of the goods plus 10%.

10. Force-Majeure

Every contract contains a Force-Majeure clause. Force-majeure is a force against which you cannot act or fight: natural disasters such as an earthquake, flood and fire; war, embargo and other sanctions.

e.g. The Parties are released from their responsibility for partial or complete non-execution of their obligations should they be caused by the force-majeure circumstances including, but not limited to: fire, flood, earthquake, and if these circumstances have had a direct damaging effect on the execution of the present Contract. The Party which is unable to fulfill its obligations is to inform the other Party within 10 days from the beginning of force-majeure circumstances.

11. Arbitration

e.g. The Seller and the Buyer will take all possible measures to settle amicably any disputes or differences which may arise out of the present Contract or in

connection with it. If the Parties do not come to an agreement, all the disputes are to be submitted for Arbitration in Stockholm, Sweden, in accordance with the rules and regulations of the Chamber of Commerce.

12. Other Conditions

e.g. Any changes or supplements to the terms and conditions of this Contract shall be valid only in a written document duly signed by authorized representatives of both Parties.

The Contract becomes effective and comes into full force from the date of signing.

Terms of delivery (incoterms)

Most frequently used terms of delivery are:

FOB

FOB means «Free on Board. The goods are placed on board the ship by the seller at a port of shipment named in the sales contract. The risk of loss or damage to the goods is transferred from the seller to the buyer when the goods pass the ship's rail.

CIF

GIF means «Cost, Insurance and Freight. This term is basically the same as C & F but with the addition that the seller has to procure marine insurance against the risk of loss of or damage to the goods during the carriage. The seller contracts with the insurer and pays the insurance premium.

EX Works

«Ex Works» means that the seller's only responsibility is to make the goods available at his premises (i.e. works or factory). In particular he is not responsible for loading the goods in the vehicle provided by the buyer, unless otherwise agreed. The buyer bears the full cost and risk involved in bringing the goods from there to the desired destination. This term thus represents the minimum obligation for the seller.

FAS

FAS means «Free Alongside Ship. Under this term the seller's obligations are fulfilled when the goods have been placed alongside the ship on the quay or in lighters. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment.

C&F

C & F means «Cost and Freight». The seller must pay the costs and freight necessary to bring the goods to the named destination, but the risk of loss or damage to the goods is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment.

2. Match the words with their definitions:

- | | |
|------------------------------|---|
| 1) to come to terms with smb | a) a person who enters into a contract |
| 2) to ratify | b) being able to be used lawfully |
| 3) without prejudice | c) to conduct a contract |
| 4) legally binding | d) a clause which states that a party is not responsible if certain things happen |
| 5) express terms | e) a term in a contract which is not clearly set out in the contract |

6) implied terms	f) a restricted responsibility
7) to govern a contract	g) a term in a contract which is agreed by both parties and clearly stated
8) condition	h) a situation where two or more parties share a single liability, and each party is also liable for the whole claim
9) warranty	i) according to the law, the contract has to be obeyed
10) clause	j) the fact of being legally responsible for paying for damage or loss incurred
11) liability	k) the negotiations cannot be referred to in court or relied upon by the other party if the discussions fail
12) joint and severally liable	l) a section of a contract or of a constitution for something
13) limited liability	m) to approve officially something which has already been agreed
14) exclusion clause	n) a contractual term which is secondary to the main purpose of the contract
15) to be valid under the law	o) to reach mutual agreement
16) contractor	p) a term of a contract which has to be carried out as part of a contract

3. Fill in the gaps using the below situated words. Mind your grammar.

to come, to terms, to ratify, without prejudice, legally binding, express terms, implied terms, to govern a contract, condition, warranty, clause, liability, joint and severally liable, limited liability, exclusion clause, to be valid under the law, contractor.

1. All the ... of a sole proprietorship are the ... of its owner.
2. The standard ... in those Agreements relate to personnel arrangements, administrative and technical issues, and budgetary and financial arrangements.
3. According to the latest information, the ... had not made substantial equipment purchases.
4. The Parties shall be ... by the ... on any other terms not mentioned in this Agreement.
5. The Suppliers make no ... , ... , representations or ... (... or ... whether by statute, common law, custom, usage or otherwise) as to any matter.
6. For an adopted child it is, furthermore, a condition that the adoption Danish
7. These official regulations did not have status.
8. offers equal opportunities for both groups of organizations.
9. This was, of course, to the rights and roles of families of victims, organizations bringing claims, or representatives of victims.
10. A party's liability may be limited in certain situations by
11. He encourages the Government to take all necessary steps to sign and ... the Convention.

12. If more than one person or business enters a contract as partners, they may be ... and

13. We must ... with our partners regarding old debts.

4. Insert the necessary prepositions.

1) Tutu Ltd., Brest, hereinafter referred ... as "Sellers" ... the one part, and Jones and Carter, hereinafter referred ... as "Buyers" ... the other part, have concluded the present contract as follows:

2) The quality ... the goods sold ... the present contract shall be in full conformity ... the State standards existing ... Belarus.

3) All expenses incurred ... the territory ... the Buyer... connection ... the present contract are to be paid ... the Buyer.

4) The goods sold ... this contract shall be delivered ... 5 months ... the signing ... the contract.

5) Payment... the goods to be delivered ... the present contract is to be effected ... pounds sterling ... accordance... the Trade Agreement. ... an irrevocable confirmed Letter of Credit to be opened ... the Buyer ... the Bank ... Foreign Trade ... Russia. Moscow ... favour... the Seller... the value of each lot... the goods to be shipped plus 10%.

6) Each package shall be provided ... marking showing the place ... destination, name ... Consignee, description ... goods, contract number, gross and net weight.

7) Claims which may arise ... regard ... the quality ... the goods as well as claims concerning the quantity ... the goods will be considered ... the Seller only if submitted within 45 days ... the date ... arrival ... the goods ... the place ... destination shown ... the Bill... Lading and in any case not later than ... 90 days ... the date ... delivery ... the goods c.i.f. London.

5. Answer the following questions.

A

1) What types of business contracts do you know?

2) What is the most common form of transaction in the business world?

3) Under a contract one can acquire not only goods, but also services. May you give any examples of such contracts?

4) How may one be employed by a legal person? What types of employment contracts do you know?

5) What is an agent? What right does he have under a contract of agency?

6) Do banks provide many financial services to the commercial customers? Which of them did you use?

7) Do businesspeople risk in their business? What are they doing to minimize these risks?

8) What is the substance of a contract of insurance? Have you ever struck such contracts?

9) What does an insurance company compensate the insured person if the risk insured against does in fact occur?

10) On what terms does the owner of goods allow someone else to make use of them?

B

- 1) What general topics do commercial contracts usually cover?
- 2) What other topics can such contracts include if their subjects are machines or equipment?
- 3) May one consider supplements to contracts as an integral part of them?
- 4) In what part of contract are juridical names of the parties given?
- 5) In what part of contract is the type of bargain defined?
- 6) On what terms are the goods delivered under a contract?
- 7) What does the price of goods include?
- 8) How can payments be done under contracts?
- 9) Which are the main requirements for packing in which goods are to be delivered under contract?
- 10) What kinds of marks are indicated on the face side of each packing of goods to be delivered?
- 11) What do the Claims, Sanctions and Arbitration clauses regulate?
- 12) Why does every contract contain a Force-Majeure clause?
- 13) What is the final clause of a contract?

6. Translate into English.

- 1) Любой контракт включает в себя обязательные условия, которые необходимо выполнить обеим сторонам.
- 2) Агент - это лицо, действующее по поручению другого лица. Торговый агент осуществляет куплю-продажу товаров соответствующего качества и определенного количества на установленной территории и в определенный период.
- 3) Договор ставит условием, что съемщик заплатит за ремонт комнаты.
- 4) Обычно в преамбуле дается полное юридическое наименование сторон, заключающих договор. Преамбула - первый основной раздел любого контракта.
- 5) Технические спецификации обычно прилагаются в конце контракта и являются его неотъемлемой частью.
- 6) Фирма Форд, в дальнейшем именуемая "Продавец", с одной стороны, и Мистер Твистер, в дальнейшем именуемый "Покупатель", с другой стороны, заключили настоящий контракт о нижеследующем:
- 7) Платеж будет произведен нами наличными в течение 45 дней с даты отправки погрузочных документов в Москву.
- 8) Упаковка должна обеспечивать полную сохранность товара при транспортировке.
- 9) Покупатель имеет право предъявить претензии о недостатке товара.

CHAPTER 2. NEGOTIATIONS

Unit 1. Cross Cultural Negotiations

1. Read and learn the following words by heart:

1. negotiations	переговоры, обсуждение условий
2. negotiator	переговорщик, посредник
3. bargaining	ведение переговоров, заключение торговой сделки
4. to undertake	предпринимать, брать на себя
5. proceeding	поведение, поступок; pl. работа, дела
6. trustworthiness	кредитоспособность
7. issue	спорный вопрос
8. to gain concessions	получать скидки, льготы, концессию
9. to impose deadlines	указывать предельные сроки
10. commitment	поручение, обязательство

2. Learn the following useful words and phrases for business negotiations in English.

When trying to get the most out of a negotiation, you may want to do some reading about the negotiation process:

1. To bargain

Explanation: To discuss the conditions of an agreement, to negotiate. You can also use this as a noun (something can be a bargain) to refer to products being sold for a really good price.

Example: “You can’t *bargain* with him, he’s very inflexible.”

“This laptop was such a bargain! I paid half as much as you paid for yours and mine is much faster.”

2. Bottom line

Explanation: The most important factor.

Example: “The *bottom line* is that we cannot raise both salaries and bonuses.”

3. Alternative

Explanation: A choice that could be better than the present situation.

Example: “Let’s consider the *alternatives* before deciding on the best candidate for this position.”

4. To reach consensus

Explanation: To agree on a matter that initially (at first) you disagreed upon.

Example:

“After a really long debate, they managed to *reach consensus* on the issue of sick leave.”

5. Counter proposal

Explanation: An alternative solution you offer when you disagree with the one already presented.

Example: “We came with a *counter proposal*, but they weren’t open to negotiation.”

6. Deadlock

Explanation: A point in a discussion which takes you nowhere because people cannot reach agreement.

Example: “We reached *deadlock* quite early in the discussion, because they weren’t willing to listen to our arguments and they didn’t make any counter proposals.”

7. **Highball / Lowball**

Explanation: To highball means to ask for a lot more than you think your partner will agree to offer you. On the contrary, when you lowball, you offer much less than you think is acceptable.

Examples:

“They started the negotiation by *highballing* their expectations, but we saw right through it.”

“I thought my boss was going to *lowball* by giving me a really small raise, but he was reasonable.”

8. Leverage

Explanation: Something that gives you power in a negotiation.

Example: “The supermarket chain really wanted that land, but the owner didn’t give in easily. He had a lot of leverage because the position was ideal.”

3. **Find synonyms to the English words in the right column:**

competitor	to profit
outcome	rival
clock conscious	result
to impact	punctual
to benefit	to carry on negotiations
to negotiate	to influence

4. **Read and translate the text.**

When we think of negotiations, we tend to focus on the hard negotiating skills connected with bargaining. In fact, many professional negotiators will confirm that the most important skill is effective relationship building.

If there is trust and understanding between the two parties, the negotiation will be much more successful, as will the long-term business relationship between them. In this lesson students start with a quiz which leads into a reading activity. Then they look at language in dialogues and finish with a role play.

Cross cultural negotiation is one of many specialized areas within the wider field of cross cultural communications. By taking cross cultural negotiation training, negotiators and sales personnel give themselves an advantage over competitors.

There is an argument that proposes that culture is inconsequential to cross cultural negotiation. It maintains that as long as a proposal is financially attractive it will succeed. However, this is a naïve way of approaching international business.

Let us look at a brief example of how cross cultural negotiation training can benefit the international business person:

There are two negotiators dealing with the same potential client in the Middle East. Both have identical proposals and packages. One ignores the importance of cross cultural negotiation training believing the proposal will speak for itself.



The other undertakes some cross cultural training. He/she learns about the culture, values, beliefs, etiquette and approaches to business, meetings and negotiations. Nine times out of ten the latter will succeed over the rival.

This is because 1) it is likely they would have endeared themselves more to the host negotiation team and 2) they would be able to tailor their approach to the negotiations in a way that maximises the potential of a positive outcome.

Cross cultural negotiations is about more than just how foreigners close deals. It involves looking at all factors that can influence the proceedings. By way of highlighting this, a few brief examples of topics covered in cross cultural negotiation training shall be offered.

Eye Contact:

In the US, UK and much of northern Europe, strong, direct eye contact conveys confidence and sincerity. In South America it is a sign of trustworthiness. However, in some cultures such as the Japanese, prolonged eye contact is considered rude and is generally avoided.

Personal Space & Touch:

In Europe and North America, business people will usually leave a certain amount of distance between themselves when interacting. Touching only takes place between friends. In South America or the Middle East, business people are tactile and like to get up close. In Japan or China, it is not uncommon for people to leave a gap of four feet when conversing. Touching only takes place between close friends and family members.

Time:

Western societies are very 'clock conscious'. Time is money and punctuality is crucial. This is also the case in countries such as Japan or China where being late would be taken as an insult. However, in South America, southern Europe and the Middle East, being on time for a meeting does not carry the same sense of urgency.

Meeting & Greeting:

Most international business people meet with a handshake. In some countries this is not appropriate between genders. Some may view a weak handshake as sign of weakness whereas others would perceive a firm handshake as aggressive. How should people be addressed? Is it by first name, surname or title? Is small talk part of the proceedings or not?

Gift-Giving:

In Japan and China gift-giving is an integral part of business protocol; however, in the US or UK it has negative connotations. Where gifts are exchanged should one give lavish gifts? Are they always reciprocated? Should they be wrapped? Are there numbers or colours that should be avoided?

All the above in one way or another will impact cross cultural negotiation and can only be learnt through cross cultural training. Doing or saying the wrong thing at the wrong time, poor communication and cross cultural misunderstandings can all have harmful consequences.

Cross cultural negotiation training builds its foundations upon understanding etiquettes and approaches to business abroad before focusing on cross cultural differences in negotiation styles and techniques.

There are three interconnected aspects that need to be considered before entering into cross cultural negotiation.

The Basis of the Relationship: in much of Europe and North America, business is contractual in nature. Personal relationships are seen as unhealthy as they can cloud objectivity and lead to complications. In South America and much of Asia, business is personal. Partnerships will only be made with those they know, trust and feel comfortable with. It is therefore necessary to invest in relationship building before conducting business.

Information at Negotiations: Western business culture places emphasis on clearly presented and rationally argued business proposals using statistics and facts. Other business cultures rely on similar information but with differences. For example, visual and oral communicators such as the South Americans may prefer information presented through speech or using maps, graphs and charts.

Negotiation Styles: the way in which we approach negotiation differs across cultures. For example, in the Middle East rather than approaching topics sequentially, negotiators may discuss issues simultaneously.

South Americans can become quite vocal and animated. The Japanese will negotiate in teams and decisions will be based upon consensual agreement. In Asia, decisions are usually made by the most senior figure or head of a family. In China, negotiators are highly trained in the art of gaining concessions. In Germany, decisions can take a long time due to the need to analyse information and statistics in great depth. In the UK, pressure tactics and imposing deadlines are ways of closing deals whilst in Greece this would backfire.

Clearly there are many factors that need to be considered when approaching cross cultural negotiation. Through cross cultural negotiation training, business personnel are given the appropriate knowledge that can help them prepare their presentations and sales pitches effectively. By tailoring your behaviour and the way you approach the negotiation you will succeed in maximising your potential.

5. Answer the following questions:

1. Do negotiating skills differ in Eastern and Western countries? How?
2. Why is it important to know cultural traditions and customs while bargaining?
3. Is it necessary to take cross cultural negotiation training before bargaining?
4. Where is prolonged eye contact avoided?
5. What countries can business people be close to each other while bargaining?
6. Is distance between business people necessary in Japan and China?
7. Are gifts necessary in Western or Eastern countries?
8. What countries can you be a little bit late for negotiations?
9. Where can issues be discussed simultaneously?

6. Act the following dialogue: furthering negotiations

Sunburst, Inc., a Mexican company, is negotiating a contract with Gemini, Ltd., a Taiwanese company, for the manufacturing of PC mainboards. John Liu is the Production Manager for Gemini and Cynthia Chase is the Purchasing Manager for Sunburst.

Cynthia: What is your production situation now? Do you have the capacity to provide us with a substantial number of units?

John: Provided that you give us sufficient notice, we have the production capacity to meet your needs. What sort of quantities are you looking for?

Cynthia: We are considering an initial quantity in excess of 200,000 units, with additional similar quantities ordered on a quarterly basis.

John: What did you have in mind regarding specifications?

Cynthia: We would like units for both P4 and AMD CPUs. About 20% would be for entry-level desktops, 40% would be for business use and the remaining 40% for multimedia use. Supposing we placed an order for 200,000 units for the second quarter of 2004 and follow-up orders of 200,000 units for each of the following three quarters, what unit price could we expect?

John: As long as we are clear on your specifications and have 30 days before beginning production, we could offer a unit price of NT\$1,700.

Cynthia: If we doubled the number of units in our order, what discount on the unit price could we receive?

John: Before I answer that, could you tell me what you were thinking about in terms of delivery dates?

Cynthia: We were thinking about delivery dates of 120 days following our order.

John: On the condition that we would have such a delivery period, we could offer a 5% discount on the larger order.

Cynthia: If you could offer an 8% discount, then we could agree to place the larger order.

John: Supposing we offered a compromise discount of 6.5% on the larger order, would that satisfy you?

Cynthia: I think we can live with that providing you supply good technical support and documentation in Spanish.

John: No problem. We can do that.

Cynthia: OK. It's agreed then.

John: Thank you.

7. Negotiations quiz. Think and answer.

1. In what situations do you negotiate? Who do you negotiate with? Think about both your work and your private life.

2. What's the difference between sales techniques and negotiation techniques?

3. What makes a good negotiator?

4. How important are trust and liking in negotiations?

5. Is there an important difference between the way you might approach one-off negotiations (e.g. selling your car) and negotiations as part of a long-term business relationship?

6. How can you avoid being manipulated in a negotiation with a more experienced negotiator?

8. Read the dialogue.

Discussing Prices and Terms of payment.

St.: Good morning, Mr. Borisov.

B.: Good morning Mr. Stanley. Will you take a seat, please.

St.: Thank you, sir. Happy to meet you.

A.: The pleasure is mine.

St.: Sunny morning, isn't it?

B.: Yes, it's beautiful. The weather will keep fine, I hope.

St.: I hope so too. Good weather is a good way to start business.

B.: Let's get down to business then. I have looked through your catalogues. We'd like to buy from you office equipment. But I think your prices are rather high. They are not acceptable to us.

St.: I can't agree with you. Other companies quote higher prices. And I'd like to stress that we usually give a good discount to customers who place big orders with us.

B.: What discount will you give us if we place a trial order with you for 500 computers ?

St.: Well, for the order of that size we can give you a 2% discount of 2 % off the value of the goods.

B. We expect a 4% discount.

St.: If you agree to open a Letter of Credit for the full value of the goods we are ready to give you a 4% discount.

B.: I think we can do that.

St.: Then it settles the matter.

9. Think and answer.

1. What information did Borisov find in the catalogues?.
2. Why did Stanley & Co usually give a discount to Buyers who place big orders with them?

10. Give extensive answers.

1. What is a trial order?
2. Do the Sellers usually give a discount to customers for trial orders?
3. In what other cases do Sellers give a discount to their customers?
4. In what cases are export prices revised?

11. Act out a dialogue on the basis of the following assignment.

You have gone through the quotation of the company and become interested in their latest model of computers. The company's price doesn't suit you. Meet Mr. Brown and discuss the price problem with him.

Unit 2. Negotiations as the basics

1. Read and translate the following text.

A. In practice, none of these defensive strategies may be necessary. Most good negotiators understand the importance of creating long-term trust and protecting their reputations, so they'll do their best to keep you happy. This is one reason why used car salesmen aren't as manipulative as we might expect them to be – they have a reputation to build and protect.

B. Good negotiators build strong long-term relationships. In many ways, this is even more may even try to get out of the contract you have agreed; in many situations, it is legal and normal to declare a contract null and void if you have been deceived. You're also unlikely to recommend the deceptive negotiator to other friends and colleagues, and you may even go public with the story of your bad experience, which will damage the person's reputation.

C. But if you do find yourself in a negotiation with a professional manipulator, what can you do to protect yourself? The three keys are awareness, preparation and control. Firstly, simply be aware of the situation and its risks. Think very carefully before making any commitments. Secondly, find out as much as you can before the negotiation, especially concerning prices – what price are other people offering for similar products

and services? You also need to research your own needs very carefully, including a deep understanding of what you don't need. Thirdly, make sure you don't lose control. Don't be afraid to walk away from a negotiation if you're not sure, and take time to discuss your concerns with friends and colleagues. Of course, the other negotiator may tell you that you can't go away and think about it, that the decision must be made right here, right now. But that's almost always just a bluff. In a high-stakes negotiation with a professional, a rushed decision is almost always a mistake.

D. We all negotiate all the time: with our husbands and wives, with our parents and our children, and with our friends and colleagues: *What time do the kids have to go to bed?; Whose turn is it to go to the supermarket?; Can you help me with my presentation?* Of course, these situations don't always feel like negotiations, not least because these are all long-term relationships. But they have a lot more in common with professional negotiations than you might think.

E. It's interesting that this assumption doesn't work when buying a souvenir in a tourist resort, where long-term relationships don't exist – one reason why you need to be especially careful in such situations. It also doesn't really work when you're buying or selling your house or flat – the classic one-off sale with huge potential short-term gains for manipulators. Fortunately, most people aren't naturally manipulative; so again, relationship-building is almost always the best approach.

F. On the other hand, the situations that we tend to think of as 'typical negotiations', such as buying a used car, haggling over the price of an overpriced souvenir in a tourist trap, or selling your flat, are much less typical than they seem. These are all one-off negotiations, where there's no time or need to build long-term relationships. In business, almost all negotiations are long-term. Both the used car salesman and the souvenir seller are using sales techniques (or sometimes manipulation tricks). Of course selling is an important skill in life and business, as is an awareness of the tricks that other people may use. But this isn't really what negotiations are all about.

2. Match the techniques for building relationships on the left with the explanations on the right.

1. Finding things in common	a. Research has shown that if you give something to another person, they almost always feel obliged to return the favor or even a much bigger favor. Of course, there's a limit: you can't be too cynical and expect someone to knock 10% off their asking price just because you've bought them a nice coffee. But a little genuine kindness can go a long way.
2. Showing an interest	b. There's no doubt that we like people who are like us. In other words, if we can identify with them and understand them as people, not just business machines, we're much more likely to want to do business with them. In practical terms, there are two sides to this technique: one is to ask questions to find out about the other person. But just as importantly, we need to be open about ourselves, to help the other person to understand us too.
3. Flattery	c. This can go both ways. Firstly, show that you're treating the other person as an individual, someone special. That means remembering their name, and maybe organizing something based on the likes and dislikes they've expressed. Secondly, show that they're dealing with you as a person, not just your organization. If you're taking them to your favorite restaurant, make sure they understand that it's not just an anonymous place to eat, but something that you've chosen personally, which says something about who you are.

4. Generosity	d. Say nice things about the other person or their organization. If that person bought you a meal, tell a third person how nice the meal was and how much you enjoyed the conversation. If you've just arrived in their office, say how nice it is. If you notice a diploma on the wall, ask about it and make sure you sound impressed when they tell you. But whatever you do, make sure you sound convincing – there's nothing worse than false enthusiasm!
5. Gratitude	e. When the other person is talking about himself/herself, we need to listen carefully and show that we are listening. This means not just making 'listening noises' like 'I see' and 'Really?', but actually being interested in the other person. Remember what they are telling you, so you can bring it up next time you meet (e.g. How's your daughter getting on at university?).
6. Personal touches	f. Whenever the other person is kind to you, always make sure you say thank-you. It may seem like a tiny detail, and perhaps an obvious one, but in fact it can make all the difference. Just imagine how you'd feel if someone failed to thank you for your own kindness! And when you say thank-you, don't just say 'thank-you'. Tell them how kind they've been and how much you appreciate it.

3. Translate into English.

1. Недавно мы установили деловые отношения с английской фирмой Браун и К.

2. Мы никогда не торговали с этой фирмой раньше, но много слышали о ней.

3. Мы решили разместить у них заказ на два компрессора.

4. Во время переговоров компания предложила нам скидку 3% с цены, так как это был наш пробный заказ и компания была заинтересована в торговых контактах с нами.

5. Условия платежа устраивали нас, и мы согласились произвести платеж по аккредитиву.

6. Мы не разместим у них заказ, если они не снизят цены.

7. После того, как мы обсудим условия платежа, поставки, цены и некоторые другие вопросы, мы подпишем с ними контракт.

8. Фирма считает наши условия платежа благоприятными.

4. Complete the following situations.

1. During the talks with the Sales Manager of Roberts & Co Mr. Panin said that he was going to place a large order for suits with them. He also said that on the whole, the terms and conditions suited him but as regards the price problem...

2. We were going to place an order for boilers with Brown & Co as we found that the boilers were of the latest design and met our requirements. However the delivery dates of the sellers...

5. Fiona Jackson is in Munich to negotiate the sale of up to five large industrial packaging machines to a large manufacturing company. Read these three extracts from her conversation with Hans Braun, the Director of Operations. Answer the questions for each extract.

Extract 1

1. How do Hans and Fiona flatter each other? What adjectives do they use?

2. How do they respond to each other's flattery? What grammatical structure do they both use?

3. Why do you think they focused on flattering each other's companies?

H: Ah, hello. Ms Jackson? I'm Hans, Hans Braun.

F: Good to meet you at last, Hans, after all those emails. And please call me Fiona.

H: OK, welcome to Munich, Fiona. Sorry to keep you waiting, by the way. I had an urgent phone call and couldn't get away.

F: No problem. I was just admiring your brochure. It's really impressive. I didn't know you had so many famous clients!

H: Thanks. Yes, well, we've got a great sales team, and we really go for quality in a big way here, much more than some of our cheaper competitors.

F: Well, it certainly seems to be an effective strategy, judging by these recommendations.

H: Thank-you. Yes, they're very positive, aren't they? We've also heard some great things about your company. I was looking at your website yesterday, and I thought it was really interesting. I loved the 'Our story' section, you know, the story about how your founder started the business from nothing. Fascinating.

F: Yes, it's amazing, isn't it? I'm glad you read that – it means you've got a better idea about our approach to business.

Extract 2

10. What is the main example of generosity in this conversation?

11. How does Hans add a personal touch?

12. How does Fiona express gratitude? What do you think of the two techniques she uses?

H: So I thought we'd start with a tour of our factory, so you get a really good sense of what we do here and what we need. I'd also like to introduce you to a few of our key people here, if that's OK.

F: That's great. It all helps me to get a better picture of how we can help you.

H: That's what I thought. And then for lunch, I'd like to take you to one of my favorite restaurants a short drive out of the city.

F: Oh ... that would be lovely, but please don't go to any trouble. I'd be happy with a sandwich!

H: No, I wouldn't dream of it. This project is very important to us, so we want to treat you well! It's a lovely restaurant, and I've booked my favorite table. So I hope you're hungry!

F: Well, that's very kind of you. In that case, you must let me return the favor if ever you visit our factory in Edinburgh.

H: OK, that sounds nice. Thank-you.

6. Work in pairs. Use these ideas to role-play similar conversations. Invent any details you need. Try to use the six relationship-building techniques as often as you can – but make sure you don't sound artificial! Try to keep each conversation going for at least two minutes. When you've finished, swap roles and repeat the role-plays.

Conversation 1:

A: Greet the other person. Apologize for being late.

B: Say something nice about the brochure / the office / something you can see (e.g. a diploma on the wall)

A: Say something nice about the other person's organization.

B: Continue the conversation.

Conversation 2:

A: Explain your plans for the day's events. Offer something generous (e.g. a nice meal, some evening entertainment, a symbolic present).

B: Express gratitude.

A: Make person B feel special.

B: Try to return the favor.

A: Continue the conversation.

7. Render the text into English.

Азиатский формат

Переговоры – сложная форма человеческого взаимодействия, цель которого – стремление договориться друг с другом о чем-либо. Это целенаправленная деятельность по достижению соглашения между сторонами.

Жесткие переговоры – это целенаправленная деятельность по достижению соглашения между сторонами, в условиях, когда одна из них оказывает давление или прессинг на другую с целью поглощения ресурсов другой стороны, а также реализации каких-то своих комплексов: материальных, психологических и так далее. Одной из разновидностей жестких переговоров является азиатский формат. Вспомните восточные базары. Врата сортировки здесь – люди. Пример формата. Вы хотите купить у колоритного азиатского торговца красные ручки за 10 у.е. Вам говорят: «Брат, нет сейчас их. Но ты присядь, отдохни, чаем-кофе угощайся. Мы сейчас решим, что делать. Я, конечно, помогу». Проходит час, другой. Вам говорят: «Погоди, уже совсем скоро Саид подъедет и привезет нужный товар. А ты пока угощайся!» И вы теряете еще час. После этого вам говорят: «Извини, дорогой, нет таких ручек, какие тебе нужно. Зато есть зеленые и по 12 у.е.»

Что происходит? Ситуация, когда вы не можете человеку отказать. Он вас братом называл? Называл. Он вас угощал? Угощал. Как же теперь ему откажешь? Приняв подарок, вы уже не можете отказать. Это мягкие жесткие переговоры, потому что цель все равно была навязана. Этой моделью многие пользуются. Кстати та же стратегия работает и тогда, когда вы приглашаете девушку на ужин. Не то, чтобы это все решает, но сильно облегчает процесс. Это самый коварный вариант. Если не отслеживать эти моменты, то цели вам будут навязаны. У японских полководцев, сегунов, был обычай дарить ответные подарки дороже, чем получили. Так и выстраивается формат созависимых отношений.

CHAPTER 3. TELEPHONE CONVERSATION SKILLS

Unit 1. Telephone English

If the phone rings in English, don't be afraid to answer it! The fear of talking on the phone in a second language will disappear if you practise often. The hardest part about using the phone in a language that is not your own is the fact that you cannot see the other person's eyes, mouth and body movements (body language). Although you might not be aware of it, in face-to-face conversation you lip-read and watch for smiles, frowns and moving hands. Listening to someone on the telephone is like doing a section from a taped recording in class. The only difference is that you have to talk back!

In this lesson we look at some of the words and expressions that we use for telephoning. There are also some practice sessions and a quiz for you to check your understanding. And remember, practice makes perfect! Ring, ring...

Telephone Terms

Here are some of the words and terms that we use to talk about telephoning.

answer	to say "hello" into the phone when it rings
answering machine	something that you can record a message on if the person you are calling isn't home
busy signal	a beeping sound that tells the caller that the other person is already on the phone with someone else
call	a telephone conversation; to telephone
caller	the person who telephones
call back/phone back	to call someone who called you first
call display	a screen that shows you who is calling
cellular phone/cell phone	a telephone that you can take with you away from your house; mobile phone
cordless phone	a phone that is not attached to the wall (you can walk short distances with it at home or in the garden)
dial	to press the buttons on the phone
dial tone	the sound the phone makes when you pick it up
directory/phone book	a book that alphabetically lists local phone numbers of people and businesses
hang up	to put the receiver down and end a call
operator	a person who answers telephone-related questions when you dial "0"
phone	a telephone; to telephone
phone booth/pay phone	a place where you can pay to use a telephone in public
pick up	to answer the phone

receiver	the piece on the phone that you speak into and listen from
ring	the sound a phone makes when somebody calls; to make that sound
ringer	the sound-piece that alerts a person that a call is coming through

Telephone Language

Here are some typical phrases that you can use in a telephone conversation.

Answering the phone	<ul style="list-style-type: none"> • Hello? (informal) • Thank you for calling Boyz Autobody. Jody speaking. How can I help you? • Doctor's office.
Introducing yourself	<ul style="list-style-type: none"> • Hey George. It's Lisa calling. (informal) • Hello, this is Julie Madison calling. • Hi, it's Gerry from the dentist's office here. • This is she.* <p>*The person answering says this if the caller does not recognize their voice.</p>
Asking to speak with someone	<ul style="list-style-type: none"> • Is Fred in? (informal) • Is Jackson there, please? (informal) • Can I talk to your sister? (informal) • May I speak with Mr. Green, please? • Would the doctor be in/available?
Connecting someone	<ul style="list-style-type: none"> • Just a sec. I'll get him. (informal) • Hang on one second. (informal) • Please hold and I'll put you through to his office. • One moment please. • All of our operators are busy at this time. Please hold for the next available person.
Making special requests	<ul style="list-style-type: none"> • Could you please repeat that? • Would you mind spelling that for me? • Could you speak up a little please? • Can you speak a little slower please. My English isn't very strong. • Can you call me back? I think we have a bad connection. • Can you please hold for a minute? I have another call.
Taking a message for someone	<ul style="list-style-type: none"> • Sammy's not in. Who's this? (informal) • I'm sorry, Lisa's not here at the moment. Can I ask who's calling? • I'm afraid he's stepped out. Would you like to leave a message? • He's on lunch right now. Who's calling please? • He's busy right now. Can you call again later? • I'll let him know you called. • I'll make sure she gets the message.

Leaving a message with someone	<ul style="list-style-type: none"> • Yes, can you tell him his wife called, please. • No, that's okay, I'll call back later. • Yes, it's James from Comp Inc. here. When do you expect her back in the office? • Thanks, could you ask him to call Brian when he gets in? • Do you have a pen handy. I don't think he has my number. • Thanks. My number is 222-3456, extension 12.
Confirming information	<ul style="list-style-type: none"> • Okay, I've got it all down. • Let me repeat that just to make sure. • Did you say 555 Charles St.? • You said your name was John, right? • I'll make sure he gets the message.
Listening to an answering machine	<ul style="list-style-type: none"> • Hello. You've reached 222-6789. Please leave a detailed message after the beep. Thank you. • Hi, this is Elizabeth. I'm sorry I'm not available to take your call at this time. Leave me a message and I'll get back to you as soon as I can. • Thank you for calling Dr. Mindin's office. Our hours are 9am-5pm, Monday-Friday. Please call back during these hours, or leave a message after the tone. If this is an emergency please call the hospital at 333-7896.
Leaving a message on an answering machine	<ul style="list-style-type: none"> • Hey Michel. It's Yuka. Call me! (informal) • Hello, this is Ricardo calling for Luke. Could you please return my call as soon as possible. My number is 334-5689. Thank you. • Hello Maxwell. This is Marina from the doctor's office calling. I just wanted to let you know that you're due for a check-up this month. Please give us a ring/buzz whenever it's convenient.
Finishing a conversation	<ul style="list-style-type: none"> • Well, I guess I better get going. Talk to you soon. • Thanks for calling. Bye for now. • I have to let you go now. • I have another call coming through. I better run. • I'm afraid that's my other line. • I'll talk to you again soon. Bye.

Sometimes it is necessary to spell something over the telephone (for example a postal code or name). Native English speakers often use a special alphabet when they spell over the phone. Example: postal code B2V 3A8 = **B** as in **Bravo**, 2, **V** as in **Victor**, 3, **A** as in **Alpha**, 8.

A	Alpha
B	Bravo
C	Charlie
D	Delta
E	Echo

N	November
O	Oscar
P	Papa
Q	Quebec
R	Romeo

F	Foxtrot
G	Golf
H	Hotel
I	India
J	Juliet
K	Kilo
L	Lima
M	Mike

S	Sierra
T	Tango
U	Uniform
V	Victor
W	Whisky
X	X-ray
Y	Yankee
Z	Zulu

Telephone Tips

1. **Speak slowly and clearly.** Listening to someone speaking in a second language over the telephone can be very challenging because you cannot see the person you are trying to hear. However, it may be even more difficult for the person you are talking with to understand you. You may not realize that your pronunciation isn't clear because your teacher and fellow students know and understand you. Pay special attention to your weak areas (such as "r's" and "l's" or "b's" and "v's") when you are on the phone. If you are nervous about using the phone in English, you may notice yourself speaking very quickly. Practise or write down what you are going to say and take a few deep breaths before you make a phone call.

2. **Make sure you understand the other speaker.** Don't pretend to understand everything you hear over the telephone. Even native speakers ask each other to repeat and confirm information from time to time. This is especially important if you are taking a message for someone else. Learn the appropriate expressions that English speakers use when they don't hear something properly. Don't be afraid to remind the person to slow down more than once. Keep your telephone in an area that is away from other noise distractions such as a radio or television.

3. **Practise with a friend.** Ask another student to practise talking on the phone with you. You might choose one night a week and take turns phoning each other at a certain time. Try to talk for at least fifteen minutes. You can talk socially, or role play different scenarios in a business environment. If you don't have access to a telephone, you can practise by setting two chairs up back to back. The most important thing about practising telephone English is that you aren't able to see each other's mouths. It is amazing how much people lip-read without realizing.

4. **Use businesses and recordings.** There are many ways to get free telephone English practice. After business hours, you can call and listen to recorded messages. Write down what you hear the first time, and then call back and check if your notes are accurate. Use the phone in your everyday life. Call for a pizza delivery instead of going out to eat. Call a salon to book a hair appointment. You can even phone the movie theatre to ask for the listings instead of using the newspaper. Some large cities have free recordings you can call for information such as your daily horoscope or the weather. (Make sure that you aren't going to get charged for these numbers first.) Some products have free phone numbers on the packaging that you can call for information. Think of a question you might want to ask and call the free number!

For example, call the number on the back of the cereal box and ask for coupons. You will have to give your name and address. Make sure you have a pen handy so that you can repeat the information and check your comprehension.

5. Learn telephone etiquette (manners). The way that you speak to your best friend on the phone is very different to the way you should speak to someone in a business setting. Many ESL speakers make the mistake of being too direct on the telephone. It is possible that the person on the other line will think that you are being rude on purpose if you don't use formal language in certain situations. Sometimes just one word such as "could" or "may" is necessary in order to sound polite. You should use the same modals you would use in a formal "face-to-face" situation. Take the time to learn how to answer the phone and say goodbye in a polite manner, as well as all the various ways one can start and end a conversation casually.

Telephone Conversations examples:

1. A: Hello!

B: May I speak to Mr. Stock, please?

A: Speaking.

B: Good morning, Mr. Stock.

A: Good morning, Mr. Brown.

2. A: Hello!

B: Could I speak to Mr. Dual?

A: Who's calling, please?

B: This is Mr. White from the Foreign Office.

A: Thank you. I'm putting you through.

D: Dual speaking.

3. A: Five-seven-three; one-nine-oh-four.

B: Good afternoon. Can I speak to Mr. Jones, please?

A: Sorry. Mr. Jones is on the other line. Will you wait, please?

B: All right.

A: Sorry to have kept you waiting. I'm putting Mr. Jones on the line.

B: Thank you.

4. A: Hello! May I speak to Mr. Roberts?

B: Sorry, sir. Mr. Roberts is not available. Is there any message?

A: No, thank you. I'll call back later.

B: Right. Good-bye

5. A: Good afternoon. I'd like to speak to Mr. Tate.

B: I'm afraid you've got the wrong number.

A: Oh, sorry to have troubled you.

B: That's all right.

6. R.: Good morning, TLC Ltd. How can I help you?

Caller: I'd like to speak to Mr du Perron, please.

R.: Who's speaking please?

Caller: This is Sheila Jones from Hardword Inc.

R.: I'm afraid that Mr du Perron is on another line at the moment. Would you like to hold or can I take a message for you?

Caller: I'll hold, thank you.

R.: I'm afraid that Mr du Perron is still on the line. Would you like to leave a message?

Caller: Yes please. Could you tell him that Sheila Jones called about his latest order. Could he call me back on 021 395 66 62 as soon as possible?

R.: Certainly. Can I just read that number back to you? 021 395 66 62.

Caller: That's right. Thank you for your help.

R.: Thank you for calling.

Unit 2. Ineffective Communication

1. Read and translate the text.

Getting People to Slow Down

One of the biggest problems is speed. Native speakers, especially business people, tend to speak very quickly on the telephone. Here are some practical tips to get native speakers of English to slow down!

- **Immediately ask the person to speak slowly.**

- **When taking note of a name or important information, repeat each piece of information as the person speaks.** This is an especially effective tool. By repeating each important piece of information or each number or letter as the speaker says it or give you a telephone number you automatically slow the speaker down.

- **Do not say you have understood if you have not. Ask the person to repeat until you have understood.** Remember that the other person needs to make himself/herself understood and it is in his/her interest to make sure that you have understood. If you ask a person to explain more than twice they will usually slow down.

- **If the person does not slow down begin speaking your own language!** A sentence or two of another language spoken quickly will remind the person that they are fortunate because they do not need to speak a different language to communicate. Used carefully, this exercise in humbling the other speaker can be very effective. Just be sure to use it with colleagues and not with a boss!

2. Before you do this task discuss with your group mates the following topics:

1. Are business calls usually rushed? How about social calls?
2. Do business calls need any preparation? Why?
3. How do people react when a caller is difficult to communicate with?

Pierre is from France. He works for Western Business Machines Company. He works in the shipping department. At the moment, he is calling Maria Garcia at Alameda Office about the late copying machine delivery. The receptionist answers the phone.

The following dialogue shows Pierre interacting with the receptionist. Study it. Have you done everything correctly when acting out the conversation? Have you made any mistakes?

Receptionist: Alameda Office.

Pierre: Hello, this is Pierre Dupont from Western Business Machines. *(He looks at a note on the desk.)*
Could I speak to Maria Garcia?

Pierre introduces himself and his company at the beginning of the conversation. Pierre knows Maria Garcia's name before he telephones.

Receptionist: Maria Garcia? I'm afraid she's not in right now. Can I ...

Pierre: I'm sorry she's not ... ?

Pierre interrupts to ask for focused repetition when he doesn't understand the phrase "She's not in right now".

Receptionist: She's not in ... *(She waits for Pierre to respond.)*
She's out. She'll call you back.

The receptionist repeats what she said before because Pierre guided her with a focused repetition question. Then she says the same thing in a different way.

Pierre: She's out? ... Oh, I see. Uh ... will she be back today?

Pierre holds his turn while he decides what he wants to ask.

Receptionist: Yes. She will be in the office later this afternoon.

Pierre: I see ... uh ... could I leave a message?

Pierre holds his turn while he thinks of the correct phrase "Could I leave a message?"

Receptionist: Sure. *(She waits for Pierre to speak.)*

Pierre: Please tell her I called about the copying machine delivery.

Pierre knows the correct phrase to use to leave a message. He doesn't try to give a long message to the receptionist.

Receptionist: ... the copying machine delivery ...

The receptionist repeats Pierre's information as feedback that she understands him.

Pierre: Uhmhmm...

Pierre gives feedback that means: "that's correct".

Receptionist: Okay ... and what's your number?

Pierre: My number is 733-2084.

- Receptionist:** 733-2084. All right. And what's the spelling of your last name?
- Pierre:** I'm sorry, could you speak more slowly? *Pierre controls the receptionist's speech asking her to slow down.*
- Receptionist:** Certainly. How do you spell your last name? *(She speaks more slowly.)*
- Pierre:** D-U-P-O-N-T
- Receptionist:** All right, Mr. Dupont, and that was Western Machines Company ... I'll give Ms. Garcia the message.
- Pierre:** Uh ... it's Western *Business* Machines. *Pierre politely corrects the receptionist's error.*
- Receptionist:** Oh, ... I'm sorry. ... Western Business Machines.
- Pierre:** Yes, that's right. *Pierre gives feedback*
- Receptionist:** Okay, Mr. Dupont, I'll give her the message. Thank you for calling.
- Pierre:** Excuse me ... so ... she'll call me back this afternoon? *Pierre summarises what he understood.*
- Receptionist:** Yes, she should call you back before 5.00.
- Pierre:** Okay. Thank you. Good-bye.
- Receptionist:** Good-bye.

Telephone Quiz

1. Choose the most appropriate answer.

1. Could I speak to Ms Johnson, please?

- a) Hang up and I'll call you back.
- b) Yes, I'll put you through.
- c) No, I prefer to hang on, it's very important.
- d) Yes, I'd like to speak to the person who deals with paying your suppliers, please.

2. Good afternoon. Can I help you?

- a) Yes, I'd like to speak to the person who deals with paying your suppliers, please.
- b) I'm afraid you seem to have the wrong number.
- c) No, I prefer to hang on, it's very important.
- d) Hang up and I'll call you back.

3. Is that Mr. Simpson?

- a) Well could you get him to call me back as soon as he gets in?
- b) Yes, I'll put you through.
- c) I'm afraid you seem to have the wrong number.
- d) No, I prefer to hang on, it's very important.

4. I'm afraid he's out of the office and won't be back for an hour or so.

- a) Well could you get him to call me back as soon as he gets in?
- b) I'm afraid you seem to have the wrong number.
- c) Hang up and I'll call you back.
- d) Yes, I'll put you through.

5. I could get him to call you back in a few minutes.

- a) Yes, I'll put you through.
- b) I'm afraid you seem to have the wrong number.
- c) Hang up and I'll call you back.
- d) No, I prefer to hang on, it's very important.

6. There's a lot of noise on the line. Could you speak up?

- a) Hang up and I'll call you back.
- b) I'm afraid you seem to have the wrong number.
- c) Yes, I'll put you through.
- d) Well could you get him to call me back as soon as he gets in?

2. Complete the following sentences:

- 1. When you pick up the phone to call someone you hear _____.
- 2. If I'm not at home leave a message on my _____ machine.
- 3. Sally must be talking to her mom because I have been getting a _____ for two hours.
- 4. I never answer my _____ while I'm driving.
- 5. Mark always turns his _____ off when he is studying.
- 6. I'm busy right now. Can you _____ later.
- 7. You have to _____ "0" for the operator.
- 8. I have a _____ so I can do the dishes and chat at the same time.
- 9. You will need a quarter or a phone card if you want to use the _____.
- 10. I know it was my boyfriend who called because I have _____.

Unit 3. Telephone conversation skills

1. Read the following article which gives you advice on making telephone calls.

Discuss it in groups.

You are probably used to making informal calls to family and friends. When making calls to companies, however, some special rules and conventions apply. This article explains how to call someone in a company that you do not know personally (the most common kind of formal call made by students) and give you some models and language that you can use.

General rules.

When making a formal call, three rules should influence your choice of words:

Be brief. Do not waste the receiver's time.

Be clear. Explain the background and purpose of your call.

Be polite. Recognize the receiver's point of view.

These rules can sometimes conflict. If you are too brief, you may confuse the receiver or appear impolite. Try to balance the three rules.

Making a call to someone you do not know

The most difficult calls to make are calls to people that you do not know. Usually, the purpose of your call will be to make a request for information or a meeting. This kind of call can be divided into sections according to the function each serves:

Locate the person

Make request

Make arrangement

Close the call

In the following examples, we will imagine that you are calling Mr. Lau to arrange a visit to his office.

Locate the person

If the person you want to speak answers the call, this part is simple. If the receiver gives her name when he answers your call, you can skip to the next stage. If the receiver does not give his name, you can confirm that you have the right person:

Hello, is that Mr. Lau?

More often the number that you have will connect you to an operator or secretary. In this case you will have to ask to speak to Mr. Lau:

Hello, I'd like to speak to Mr. Lau Kam-Cheong, please.

If Mr. Lau is not available, you will need to find out when you can speak to him:

Could you tell me when he will be available?

If the person you are calling has a busy schedule, you may have to call several times.

When you are finally connected, it is best to pretend that this is your first call. Do not mention how difficult it was to make contact!

Sometimes, you will not know the name of the person who might be able to help you. In this case, you can state your request and then say:

Could you put me through to someone who might be able to help me?

Locating someone at a company can be frustrating if you are passed from person to person. Try not to let your frustration show!

Make request

Making a request involves three stages: introducing yourself, giving background, and making the request itself.

Introduce yourself by giving your name and explaining who you are:

I'm, I'm a first-year student at Hong Kong University....

If you have been given the receiver's name by someone else, you should also mention this:

Mr. Chan from Eurasia Products suggested that I call you....

Give the background to your request by explaining why you are making it:

I'm doing a project on work experience and I need to arrange a visit to a company in your field....

Make your request politely and clearly. Make sure that the receiver knows exactly what agreeing to your request will involve: how much of her time will it involve and what will she or her staff will have to do:

I wonder if I could pay a visit to your office for an hour or so sometime in the next two weeks, to talk to one of your staff about....

Make arrangement

If the person you are calling agrees to your request, it is important to make a clear arrangement. If you are arranging a meeting, for example, arrange the time and place

and make sure you know where to go and what to do when you get there. Make a note of all the information so that you do not need to call back again to find out something you have missed.

If the person you are calling cannot agree to your request, he may modify it. Listen carefully and try to fit in with his schedule. If the person you are calling cannot agree to your request at all, ask if he knows someone else who can help:

Do you know anyone else who might be able to help me?

Whether the receiver can help you or not, thank her and close the call politely.

Close the call

As the caller, it is your job to close the call when you have got the information you need. Unless the receiver shows that he wants to talk, it is not polite to chat once your business is finished. If there is a difficult silence at the end of the call, it is probably because you are not doing your job of closing the call. You can do this by confirming the arrangement:

So, I'll come to your office on Monday at 10....

thanking the receiver,

Thank you very much for your help....

and saying goodbye

Goodbye....

In each case, wait for the receiver's response before you go on to the next stage. Wait until you have heard the receiver say goodbye before you hang up.

2. Fill in the gaps with the following words:

<i>automatic call</i>	<i>dial</i>	<i>dialing</i>	<i>tone</i>	<i>directory</i>	<i>engaged</i>	<i>exchange</i>
<i>operator</i>	<i>receiver</i>	<i>subscriber's number</i>	<i>trunk code</i>	<i>Yellow Pages</i>		

You need to make a telephone 1) _____ . Then make sure you have your correspondent's number close at hand. Telephone numbers consist of a 2) _____ and a 3) _____. If you don't know your contact's number, look it up in the telephone 4) _____ of the 5) _____. The latter contains the telephone numbers of businesses and traders in your area. The next thing you do is lift the 6) _____ and 7) _____ or press the number. You will then hear a 8) _____. If the number is 9) _____ you will hear an engaged tone. Bad luck, you will have to ring back later.

In a company, the first person who answers the phone will often be the 10) _____. He - but still more often: she - will put you through to the person you require. The operator operates the telephone 11) _____. In an increasing number of businesses however manual exchanges are replaced by direct lines or 12) _____ exchanges.

3. Read this dialogue and choose the best answer:

Receptionist: Thank you for phoning, Sylvia

1) *speaks/speaking/calls*. How can I help you?

Thelma: Hi Sylvia. 2) *This be/It's/I am* Thelma Woods calling. How are you today?

Receptionist: I'm fine, Mrs. Woods. How are you?

Thelma: Well, actually, not bad. I was hoping Mr. Morris would have some time to see me this week.

Receptionist: I'm 3) *afraid/scared/worried* he's busy this week. I can put you in for 2 pm next Tuesday. How does that sound?

Thelma: That would be great.

Receptionist: I'll have to give you the address of our new office.

Thelma: Oh, that's right, you moved.

Receptionist: Yes, we moved downtown. Do you have a 4) *pen handy/the handy pen/the available pen*?

Thelma: Could you hold on a 5) *buzz/moment/time* please. ...Okay, go ahead Sylvia.

Receptionist: Okay, we are at 723 Baltic Avenue. Suite 004.

Thelma: 6) *If you could/Please can you/Would you mind* spelling that for me?

Receptionist: Sure. That's seven-twenty-three Baltic – B 7) *for Bear/as if Brave/as in*

Bravo, A as in Alpha, L as in Lima, T as in tango, I as in India, and C.

Thelma: OK, great. I'll see you on Tuesday then.

Receptionist: OK, 8) *Great for/Pleased to/Thanks* for calling. See you then.

Thelma: Thanks. Bye.

4. Read this dialogue and choose the best answer:

Leslie: 1) *Hello?/Hi?/Yes?*

Cameron: Hi, is this Leslie?

Leslie: Yes. 2) *Who are you/And you/Who's this?*

Cameron: It's Cameron here. Is Maria 3) *inside/in/where?*

Leslie: No, she just 4) *came/stepped/gone out* for a moment. Can I take a message?

Cameron: Yes, thanks. 5) *Could you/Would you mind/Can you be* ask her to meet me at the Capitol 4 movie theatre at 7 pm tonight?

Leslie: Sure. Just let me write that down. Oh, Cameron. Could you 6) *hold off/holding/hold* for a second? I have to take another call.

Cameron: No problem.

Leslie: Hi. Sorry about that. Now could you please 7) *say again/repeat/review* that information? I didn't have a pen handy.

Cameron: Sure. It's the Capitol 4 theatre at 7 o'clock.

Leslie: Okay, I've got it. Is there anything else?

Cameron: No, that's great.

Leslie: Okay. Uh-oh, there's my other line again. I'd better 8) *call/run/hang on*.

Cameron: Okay, thanks again. Bye for now.

Leslie: 9) *Bye bye/Bye too/See you again*.

5. Read this dialogue and choose the best answer:

Hostess: Pepi's Pizza. How can I 1) *call/answer/help* you?

Customer: Hi. I'd like to order a pizza please.

Hostess: Okay. I'll have to transfer your call to our take-out department.
2) *One/This/A moment* please.

Recorded Message: Thank you for calling Pepi's Pizza. All of our operators are busy working 3) *today/and away/at the moment*. Please hold for the next available person.

Take-out Clerk: Thank you for waiting. Naoko is 4) *hear/speaking/talks*. Is this for take101 out or delivery?

Customer: Delivery please.

Take-out Clerk: Can I have your name and address please?

Customer: My name is...

Take-out Clerk: Sorry, it's really busy in here. Could you 5) *speak out/speaking/speak up* a little please?

Customer: Oh, sure. This is Angie Smith. My address is number two Front Street.

Take-out Clerk: Is that an apartment or a house?

Customer: It's an apartment. Number seventeen.

Take-out Clerk: Okay. And what would you like to order today?

Customer: I'd like a large pepperoni pizza with mushrooms, olives and extra cheese.

Take-out Clerk: I'm sorry, my English isn't 6) *better/very strong/easy*. Could you slow down a little please?

Customer: No problem. That's a large pizza.

Take-out Clerk: Large pizza. Okay.

Customer: And I'd like it with pepperoni and mushrooms.

Take-out Clerk: Pepperoni and mushrooms. Is there anything else?

Customer: Yes, olives and extra cheese please.

Take-out Clerk: Okay. I've 7) *got your message/got information/got it all down*.

Customer: Great. And how long will that be?

Take-out Clerk: It will be about thirty minutes, Miss Smith.

Customer: And how much will it cost?

Take-out Clerk: Um...could you please 8) *hold off/holding/hold on* while I check with the kitchen?

Customer: Don't worry about it. I have to go. I have another call 9) *came/to come/coming through*. Thank you. Bye for now.

Take-out Clerk: Okay. Thanks for calling. Bye.

6. a) *The phrasal verbs below are used for telephoning. Match column A with column B.*

A	B
1. call back	a. make contact
2. cut off	b. find
3. get back to	c. contact again later
4. get through	d. wait
5. hang up	e. talk louder
6. hold on	f. telephone again
7. look up	g. break contact
8. pick up	h. answer
9. put through	i. replace the receiver
10. speak up	j. connect

b) Now put the phrasal verbs in the correct order in a phone call.

Before call	Starting call	During call	Ending call	After call

c) Complete these sentences with the phrasal verbs given above. Make sure you use the correct tense.

- If you don't know a number you can always _____ it _____ in the directory.
- _____ a minute, I'll see if she's free.
- It took a long time but eventually I _____ to him.
- The switchboard _____ me _____ to the manager's office.
- Sorry, the line is bad. I can't hear you very well. You'll have to _____ .
- I don't have the figures. I'll have to _____ you tomorrow.
- I can't talk now. I'll _____ you _____ later.
- He's on his mobile and the signal is weak. That's why we keep getting _____ .
- When you finish a call you _____ .
- It's been ringing for ages. I wish she'd _____ the phone.

d) Phone phrases.

Most phone operators use standard phrases. Some of these phrases are unusual pieces of language., but you hear them very often. An example is **Please bear with me** which means **Please be patient with me**. It's a very old-fashioned and formal piece of English, but in recent years it has increased in use. Many companies use standard phrases when they are asking people to wait. Other examples:

Please hold ... / Trying to connect you ... / Thank you for waiting ... / I'm putting you on hold ...

I'm not at work right now. Please give your name after the beep, and I'll call you soon. Thank you for contacting me.

4. Remember the useful expressions for different parts of telephone conversation given in the speech balloons below. Can you add any more?

Answering the phone

- Good morning/ afternoon/ evening, Jackson Enterprises, Sally Jones speaking.
- This is ... speaking
- How can I help you?
- Could you speak up, please?
- Who's speaking, please?
- Am I speaking to ...?
- Could you spell that please?
- Who would you like to talk to, sir/ madam?



Asking for someone

- I'd like to speak to ...

- Could I speak to someone who ...
- Could you put me through to Mr Jones, please?

Putting someone on hold

- Just a moment, please.
- Hold on, please.
- Hold the line, please.

Putting someone through

I'll put you through to...

I'll connect you to...

I'll put... on the line

I'm sorry, there's no reply from Mr Jones

One moment please, I'll see if Mr. Jones is available.

Problems

- I'm sorry, I don't understand.
- I cannot hear you very well.
- You must have dialed the wrong number.
- I've tried to get through several times, but it's always engaged.

Asking someone to call back

- Thank you for waiting. I'm afraid Mr Jones is not in at the moment.
- I'm sorry, Mr Jones is in a meeting. Can/ Could you call back later in the day?

Taking a message

- Can I take a message?
- Would you like to leave a message?
- Can I give him/her a message?
- I'll tell Mr. Jones that you called.
- I'll make sure Mr. Jones rings you as soon as possible.
- At what number can you be reached?

ROLE-PLAY

1. Write down the names and telephone numbers of two or three friends, family members or work colleagues. Now work with a partner and dictate the information you have just written. First study the example to see how Student A can give the information and Student B can check it.

Student A

My sister's name is Carla Mendoza – That's C-A-R-L-A, new word, Mendoza, M-E-N-D-O-Z-A. Her telephone number is 457-712806. Have you got that?

Student B

Yes, I've got that.

Sorry? Could you spell / repeat that, please?

Can I just check that? (Then repeat everything)

2. Role-play all possible conversations according to the following situation:



How good a secretary would you make? Your boss is not willing to answer the phone. He's asked you to find excuses for him not to talk to anyone, and ask the caller leave him a massage. Your group mates call you in turn asking to put them through to your boss. You answer phone calls and ask people to call back later as your

boss is ... When you run out of ideas appoint another secretary to do the same task.

Leaving a Message (Role Cards)

<p>1. A. You want to speak to Ms Braun about your account with her company, W&W. If Ms Braun isn't in the office, leave the following information:</p> <ul style="list-style-type: none"> • Your name. • Telephone number: 347-8910 (or use your own). • Calling about changing conditions of your contract with W&W. • You can be reached until 5 o'clock at the above number. If Ms Braun calls after 5 o'clock, she should call 458-2416. 	<p>1. B. You are a receptionist at W&W. Student A would like to speak to Ms Braun, but she is out of the office. Take a message and make sure you get the following information:</p> <ul style="list-style-type: none"> • Name and telephone number – ask student A to spell the surname. • Message student A would like to leave for Ms Braun. • How late Ms Braun can call student A at the given telephone number.
<p>2. A. You're a reporter who wants to write an insider story on the corporate reorganisations that are taking place in the wake of the financial crisis in the region. You'd like to make an appointment to talk with an investment banker (a friend of a friend) to talk about what's going on. If he isn't in now leave the following information for him:</p> <ul style="list-style-type: none"> • Your name and phone number 12235-347658 (or you real number). • The reason why you're calling. • You would like to meet tomorrow at lunch, if it's possible. • If you don't get any response from him till 6:00 p.m. you'll try to call him back later. 	<p>2. B. You're an investment banker visiting Jakarta to set up some take-over deals. You will be in a meeting most part of today's afternoon. Leave a message on your answering machine with the following information:</p> <ul style="list-style-type: none"> • You won't be available until 5:30 p.m. • People can leave their messages and phone numbers after the beep sound. You will definitely call them back as soon as possible. <p>If it is something urgent they can try your phone number 8-234878-458556456. It will be on during breaks in the meeting</p>
<p>3. A. The vice president of sales has arrived from corporate headquarters to get a progress report from you on developing sales in the region. Call him to fix an appointment. If he is not available, leave a message for him with the following information:</p> <ul style="list-style-type: none"> • Your name and phone number 4782-375. • You will be available any time tomorrow at Mr Vice President's convenience. • One of your major dealers would like to joint you in the meeting, if possible. • You'd like to know the time fixed for your appointment as soon as possible as you have to book plain tickets for tomorrow to fly to an important sales conference in San Francisco. 	<p>3. B. You're the Vice President's personal secretary. He's just arrived from corporate headquarters to get a progress report on developing sales in the region. Mr Vice President is not available now. Take a message for him and make sure you get the following information:</p> <ul style="list-style-type: none"> • Name and telephone number – ask student A to spell the surname • Message student A would like to leave for Mr Vice President • How late you can call student A at the given telephone number to let him know about the appointment he is asking for.

APPENDIX

Appendix 1. Examples of negotiation in business

Apple and Samsung's Dispute Resolution Case Study

What happened between Apple and Samsung makes for a great examples of negotiation in business.

For two days in late May 2012, Apple CEO Tim Cook and Samsung CEO Gee-Sung Choi met with a judge in the U.S. District Court of Northern California in an attempt to reach a settlement in a high-profile U.S. patent case, a sobering example of negotiation in business.

Back in April 2011, Apple had filed a lawsuit accusing Samsung of copying the “look and feel” of the iPhone when the Korean company created its Galaxy line of phones.

Samsung countersued Apple for not paying royalties for using its wireless transmission technology. Since then, the number of patents under dispute has skyrocketed, according to the Korea Times, as has the number of courts involved in various countries. The two companies have repeatedly accused each other of copying the appearance and functions of their smartphones and tablet devices.

The companies showed some willingness to compromise in an effort to avoid going to court: at the California court's suggestion, they cut the number of disputed patents in half. But even as the CEOs sat down at the table for their mediation, which was urged by the court, Apple filed a motion asking the presiding judge to bar the sale of Samsung's Galaxy Tab 10.1 on the grounds that the tablet was designed to “mirror” Apple's second-generation iPad.

Both sides had said they hoped to avoid a legal battle. Given that Samsung is one of Apple's biggest suppliers, the companies had a strong incentive to move beyond their dispute and build on their ongoing partnership. Yet the two-day mediated talks between the CEOs in late May ended in impasse, with both sides refusing to back down from their arguments. The suit later went to trial twice, with Apple ultimately winning more than \$409 million.

Mediation Between Business Negotiators and Chances of Success

As this example of negotiation in business suggests, mediation as a dispute resolution technique between business negotiators is far less likely to succeed when the parties are grudging participants than when they are actively engaged in finding a solution. When negotiators feel they have spent significant time and energy in a case, they may feel they have invested too much to quit.

Moreover, the longer they spend fighting each other, the more contentious and uncooperative they are likely to become. The lesson? When a business dispute arises, you should always do your best to negotiate or mediate a solution before taking it to the courts.

The Star Wars Negotiations and Trust at the Negotiation Table

Negotiation in Business: How to Build Trust with your Counterpart

Learn how Disney and George Lucas handled negotiations over Star Wars and why building trust in bargaining scenarios is key to successfully negotiated agreements.

What is negotiation in business? Negotiation research has identified it as a process of building trust at the bargaining table while using effective strategies to create, and claim, more value out of the negotiation for both parties. Back on October 30, 2013 the Walt Disney Company made a bold leap into the world of fantasy movies with its surprise announcement that it was acquiring Lucasfilm, home of the immensely successful Star Wars brands, from its founder, George Lucas, for \$4.05 billion, split evenly between stock and cash. They underwent negotiations with Lucas, who is the sole shareholder of his company.

The acquisition bolsters Disney's status as a leader in animation and superhero films, the New York Times reports. Disney purchased Marvel Entertainment for \$4 billion in 2009 and Pixar Animation Studios for \$7.4 billion in 2006. It also gave Disney the opportunity to reap huge earnings from the already highly lucrative Star Wars media and merchandising empire.

Since becoming Disney's CEO in 2005, Robert A. Iger has aggressively expanded the company beyond its traditional niche in animated films for young children and theme parks. Iger has arranged to transition from CEO to a lesser role with Disney in March 2015.

Fans of the Star Wars franchise – known for their loyalty and zealotry – were thrilled by Iger's announcement that Disney would begin producing and releasing new films in the Star Wars franchise every two or three years. The acquisition even included a detailed script treatment for the next three Star Wars films.

In addition to the Star Wars brand, Lucasfilm gave Disney the rights to the Indiana Jones franchise and Industrial Light and Magic, Lucas's special-effects company. But Disney's chief financial officer told the Times that Disney's financial calculations behind the purchase were almost based entirely on the future earnings of the Star Wars series, which is already represented in Disney's theme parks.

This deal offers further confirmation of Disney's willingness to make bold bids to expand its big-ticket content. Its \$4 billion deal with Marvel paid off almost immediately with film hits such as Marvel's *The Avengers*, which grossed \$1.5 billion worldwide.

Lucasfilm's merchandise licensing revenue currently comes primarily from toys sold in North America. Disney is planning to expand the licensing business to international markets.

The 68-year-old Lucas stepped down as head of his company and serves as a consultant as it joins Disney. Lucas decided to sell his company after beginning to plan his retirement several years ago. In a past interview with the Times, Lucas revealed that he was tired of the pressure of living up to the expectations of Star Wars fans.

“Why would I make any more [films] when everybody yells at you all the time and says what a terrible person you are?” he said.

According to Iger, he and Lucas conducted the negotiations personally, beginning early in 2011. Speaking of Lucas' decision to hand over his creative legacy to Disney, Iger acknowledged to the Times, “There was a lot of trust there.”

The acquisition of Star Wars by Disney illustrates the importance of building trust when dealing with a powerful counterpart. To gain the trust of a wary partner, follow Iger's formula. (For more information on building trust in integrative

negotiations, see also: Integrative Negotiations, Value Creation, and Creativity at the Bargaining Table).

Negotiation Tactic for Building Trust 1. Send in the big guns.

Iger won over Lucas' trust by showing that a Lucasfilm purchase was worthy of his personal attention.

Negotiation Tactic for Building Trust 2. Be patient.

Iger and Lucas conducted their deal over the course of a year and a half. Remember, it takes time to prove you're trustworthy.

Negotiation Tactic for Building Trust 3. Give them a role.

By asking Lucas to include treatments for new Star Wars films in the deal, Disney showed him that it planned to build on his vision rather than replace it.

What have the Star Wars negotiations taught you?

Case Study of Business Negotiations and Deal Making: Giving Voice to Negotiators Away from the Bargaining Table

Behind the table concerns should include the input of negotiators outside of the negotiations

A deal may seem like a win-win, but to avoid possible ethical and legal repercussions, take time to consider how it will affect outside parties during negotiations.

In negotiations, what might seem like a stellar deal for everyone involved could backfire if you don't factor in the impact of the agreement on those who aren't at the table—a lesson that Apple and some of the largest U.S. book publishers learned the hard way.

Back in 2007, to boost sales of its fledgling Kindle, the first e-book reader on the market, Amazon began selling e-books at the rock-bottom price of \$9.99. Five publishers—Simon & Schuster, Hachette Book Group, Penguin Group USA, Macmillan, and HarperCollins—disliked Amazon's low, flat price, which they felt would undercut the sale of their new-release hardbacks, whose average cover price was \$26.

Moreover, as e-books caught on, retailers such as Barnes & Noble faced the possibility of being priced out of business by Amazon. But under the publishing industry's traditional wholesale model, there was little anyone could do about it: publishers sold their books to retailers for about half the cover price, and the retailers were free to set whatever prices they liked.

In January 2010, however, as Apple prepared to launch the iPad, the publishers appeared to catch a break. They negotiated a new business model for e-book pricing with Apple: in exchange for a 30% sales commission, Apple would let the publishers set their own prices for e-books. For the publishers, this so-called agency model—which turned Apple into a sales agent for the publishers—appeared to be a vast improvement on their wholesaling arrangement with Amazon, as we reported in "The E-book Pricing Battle: A Saga Unfolds" in the May 2010 issue of *Negotiation*. Even better from the publishers' point of view, they leveraged their deal with Apple into a bargaining chip with Amazon. After at least one of the publishers threatened to delay release of its digital editions, Amazon reluctantly replaced its \$9.99 e-book pricing with the agency model, and prices rose industrywide to about \$14.99, on average.

Fast-forward two years, and the publishers' deal with Apple was cast in a new light. On April 12, 2012 the U.S. Department of Justice (DOJ) sued Apple and the publishers for colluding to raise the price of e-books during secretive, anti-competitive negotiations. Three of the publishers settled the suit, agreeing to a deal that is predicted to overturn agency pricing. As of this writing, Apple, Macmillan, and Penguin were unwilling to settle. Amazon was poised to lower e-book prices back down to \$9.99.

The publishers' deal with Apple sounded like a great deal at the time. Moreover, the parties say they undertook it in part to increase, rather than decrease, competition in the e-book market. Yet the negotiators and attorneys involved may have neglected to thoroughly analyze whether their agreement would truly create value for consumers—and thus whether it fell within the parameters of U.S. antitrust law.

In the flush of hammering out a deal that appears to create synergy for everyone involved, negotiators sometimes neglect to consider how their agreement could affect outsiders, an oversight with ethical and legal implications.

When Collaboration Becomes Collusion

How can you ensure that your collaborative efforts don't turn into collusion during negotiations?

According to Section 1 of the Sherman Act, any contract that restrains interstate or international trade or commerce is illegal in the United States. Some businesspeople take this to mean that U.S. antitrust law prohibits any conversation among competitors in an auction, but that's not the case, writes Subramanian. Bidders are free to negotiate with one another as long as any resulting agreement promotes, rather than inhibits, marketplace competition or efficiency. If an agreement appears to create value not only for the parties at the table but also for the larger economy, then it should fall within the bounds of the law.

Subramanian offers the "clubbing" craze that sprang up in the private-equity market in the mid-2000s as an illustration of the intricacies surrounding collusion and competition. As buyers began teaming up to bid for public companies, the DOJ became concerned about potential anticompetitive effects and launched an inquiry. Private-equity investors argued that clubbing created value—and not just for those at the table—by diversifying risk and increasing buyers' power relative to sellers.

The DOJ seemed convinced by the argument, but some former shareholders of companies acquired in money-losing club deals were not. Saying they would have gotten better deals if the buyout firms had submitted individual bids, the shareholders sued 11 of the world's biggest private-equity firms for collaborating to corner the market in 17 acquisitions from 2005 to 2007. In September 2011, a federal judge expanded the scope of the suit, allowing the plaintiffs to seek information about 10 additional high-profile club deals, according to the New York Times.

Returning to our opening story, the DOJ believes it can make a strong case that Apple and the publishers are guilty of collusion and anticompetitive behavior.

All five publishers denied colluding to raise prices and have said the industrywide shift toward agency pricing for e-books has enhanced marketplace competition by giving booksellers such as Barnes & Noble a fighting chance against industry behemoth Amazon.

How have you given voice to negotiators that aren't present during negotiations?

Union Strikes and Dispute Resolution Strategies

Take a look at what can be learned from Union dispute resolution strategies

When a conflict looms, it can be tempting for each side to try to make unilateral decisions on key issues because of the belief that negotiations with the other side will be a dead end. This dispute resolution strategy may pay off in the short term, but it's important to factor in the long-term costs in terms of resolution of conflict. Below is a past example of a union strike in 2012 and how it was resolved.

Labor Negotiations in Chicago

Take the mid-2012 union negotiations between the Chicago Teachers Union (CTU) and the City of Chicago, which led to a 10-day strike in September of that year. After being elected mayor of Chicago in February 2011, Rahm Emanuel, President Obama's former chief of staff, lobbied the Illinois state legislature hard for an education-reform bill targeted at Chicago's troubled school district that included changes to collective bargaining between the city and the CTU.

Specifically, the bill, which passed in May 2011, raised the percentage of CTU members who would need to vote in favor of a strike from 50% to 75%. The new law, known as SB7, also effectively prevented the CTU from striking over issues other than teacher salaries and limited the issues that could be negotiated – leaving out class size, for instance.

The law outraged the union, which viewed it as a signal (among others) that the new mayor was aggressively anti-union. Rumors spread that Emmanuel's long-term plan was to gradually close public schools and replace them with non-unionized charter schools.

Rahm Emmanuel's School Board and Teacher Salary Negotiations: Don't Alienate Your Bargaining Counterparts

Chicago's Emmanuel-appointed school board then further alienated CPS teachers by rescinding a promised 4% pay raise and, at the same time, upping the salaries of newly installed CPS executives. Emmanuel then began a campaign, ultimately successful, over a single education issue – his quest for a longer school day. But instead of negotiating with the CTU, he launched negotiations with individual schools.

On June 6 2012, an overwhelming 90% of CTU members voted to strike, far exceeding the 75% required by the new state law. As thousands of CPS teachers joined picket lines across the city on September 10, Chicago parents scrambled to make arrangements for their children's care. Ten days later, the CTU and the school board reached an agreement that provided victories for both sides, including a longer school day and annual teacher raises.

A strong case can be made that dramatic reforms are needed to improve the quality and viability of Chicago schools. But if one of Emmanuel's goals was to avoid a teachers' strike, then his conflict management process – dodging and delaying negotiations with the CTU and limiting the number of issues on the table – was counterproductive.

Dispute Resolution Tip

When you engage your counterpart as early as possible in the timeline of a negotiation, you demonstrate your interest in building rapport and exploring options together. And by refusing to put limits on the number of topics under discussion, you exponentially improve the chances of discovering tradeoffs that will satisfy both parties – and head off a strike.

Share your successful dispute resolution stories with us.

Appendix 2. Business glossary (ABC)

Acceptance Number: In quality management, 1) A number used in acceptance sampling as a cut off at which the lot will be accepted or rejected. For example, if x or more units are bad within the sample, the lot will be rejected. 2) The value of the test statistic that divides all possible values into acceptance and rejection regions.

Acceptance Sampling: 1) The process of sampling a portion of goods for inspection rather than examining the entire lot. The entire lot may be accepted or rejected based on the sample even though the specific units in the lot are better or worse than the sample. There are two types: attributes sampling and variables sampling. In attributes sampling, the presence or absence of a characteristic is noted in each of the units inspected. In variables sampling, the numerical magnitude of a characteristic is measured and recorded for each inspected unit; this type of sampling involves reference to a continuous scale of some kind.

2) A method of measuring random samples of lots or batches of products against predetermined standards.

Accessibility: A carrier's ability to provide service between an origin and a destination.

Accessorial Charges: A carrier's charge for accessorial services such as loading, unloading, pickup, and delivery, or any other charge deemed appropriate.

Accountability: Being answerable for, but not necessarily personally charged with, doing specific work. Accountability cannot be delegated, but it can be shared. For example, managers and executives are accountable for business performance even though they may not actually perform the work.

Accounts Payable (A/P): The value of goods and services acquired for which payment has not yet been made.

Accounts Receivable (A/R): The value of goods shipped or services rendered to a customer on whom payment has not been received. Usually includes an allowance for bad debts.

Accuracy: In quality management, the degree of freedom from error or the degree of conformity to a standard. Accuracy is different from precision. For example, four- significant-digit numbers are less precise than six-significant-digit numbers; however, a properly computed four-significant-digit number might be more accurate than an improperly computed six-significant-digit number.

Acknowledgement: A communication by a supplier to advise a purchaser that a purchase order has been received. It usually implies acceptance of the order by the supplier.

Acquisition Cost: In cost accounting, the cost required to obtain one or more units of an item. It is order quantity times unit cost.

Active Stock: Goods in active pick locations and ready for order filling.

Activity-Based Budgeting (ABB): An approach to budgeting where a company uses an understanding of its activities and driver relationships to quantitatively estimate workload and resource requirements as part of an ongoing business plan. Budgets show the types, number of, and cost of resources that activities are expected to consume based on forecasted workloads. The budget is part of an organization's activity-based planning process and can be used in evaluating its success in setting and pursuing strategic goals.

Activity-Based Costing (ABC): A methodology that measures the cost and performance of cost objects, activities, and resources. Cost objects consume activities and activities consume resources. Resource costs are assigned to activities based on their use of those resources, and activity costs are reassigned to cost objects (outputs) based on the cost objects proportional use of those activities. Activity-based costing incorporates causal relationships between cost objects and activities and between activities and resources.

Activity-Based Costing Model: In activity-based cost accounting, a model, by time period, of resource costs created because of activities related to products or services or other items causing the activity to be carried out.

Activity-Based Costing System: A set of activity-based cost accounting models that collectively defines data on an organization's resources, activities, drivers, objects, and measures.

Activity-Based Management (ABM): A discipline focusing on the management of activities within business processes as the route to continuously improve both the value received by customers and the profit earned in providing that value. ABM uses activity-based cost information and performance measurements to influence management action.

Activity-Based Planning (ABP): Activity-based planning (ABP) is an ongoing process to determine activity and resource requirements (both financial and operational) based on the ongoing demand of products or services by specific customer needs. Resource requirements are compared to resources available and capacity issues are identified and managed.

Activity-based budgeting (ABB) is based on the outputs of activity-based planning.

Activity Driver: The best single quantitative measure of the frequency and intensity of the demands placed on an activity by cost objects or other activities. It's used to assign activity costs to cost objects or to other activities.

Activity Ratio: A financial ratio used to determine how an organization's resources perform relative to the revenue the resources produce. Activity ratios include inventory turnover, receivables conversion period, fixed-asset turnover, and return on assets.

Actual Cost System: A cost system that collects costs historically as they are applied to production, and allocates indirect costs to products based on the specific costs and achieved volume of the products.

Actual Costs: The labor, material, and associated overhead costs that are charged against a job as it moves through the production process.

Actual Demand: Actual demand is composed of customer orders (and often allocations of items, ingredients, or raw materials to production or distribution). Actual demand nets against or consumes the forecast, depending on the rules chosen over a time horizon. For example, actual demand will totally replace forecast inside the sold-out customer order backlog horizon (often called the demand time fence), but will net against the forecast outside this horizon based on the chosen forecast consumption rule.

Actual to Theoretical Cycle Time: The ratio of the measured time required to produce a given output divided by the sum of the time required to produce a given output based on the rated efficiency of the machinery and labor operations.

Advanced Planning and Scheduling (APS): Techniques that deal with analysis and planning of logistics and manufacturing over the short, intermediate, and long-term time periods. APS describes any computer program that uses advanced mathematical algorithms or logic to perform optimization or simulation on finite capacity scheduling, sourcing, capital planning, resource planning, forecasting, demand management, and others. These techniques simultaneously consider a range of constraints and business rules to provide real-time planning and scheduling, decision support, available-to-promise, and capable-to-promise capabilities. APS often generates and evaluates multiple scenarios. Management then selects one scenario to use as the official plan. The five main components of an APS system are demand planning, production planning, production scheduling, distribution planning, and transportation planning.

Advanced Shipment Notice (ASN): An EDI term referring to a transaction set (ANSI 856) where the supplier sends out a notification to interested parties that a shipment is now outbound in the supply chain. This notification is list transmitted to a customer or consignor designating items shipped. The ASN may also include the expected time of arrival.

Advanced Shipping Notice (ASN): Detailed shipment information transmitted to a customer or consignee in advance of delivery, designating the contents (individual products and quantities of each) and nature of the shipment. May also include carrier and shipment specifics, including time of shipment and expected time of arrival

Aerodynamic Drag: Wind resistance

After-Sale Service: Services provided to the customer after products have been delivered. This can include repairs, maintenance, and/or telephone support.

Agency Tariff: A rate bureau publication that contains rates for many carriers.

Aggregate Forecast: An estimate of sales, oftentimes phased, for a grouping of products or product families produced by a facility or firm. Stated in terms of units, dollars, or both, the aggregate forecast is used for sales and production planning (or for sales and operations planning) purposes.

Aggregate Planning: A process to develop tactical plans to support the organization's business plan. Aggregate planning usually includes the development, analysis and maintenance of plans for total sales, total production, targeted inventory, and targeted customer backlog for families of products. The production plan is the result of the aggregate planning process. Two approaches to aggregate planning exist - production planning and sales and operations planning.

Agility: The ability to successfully manufacture and market a broad range of low-cost, high-quality products and services with short lead times and varying volumes that provide enhanced value to customers through customization. Agility merges the four distinctive competencies of cost, quality, dependability, and flexibility.

Air Cargo: Freight that is moved by air transportation.

Air Cargo Agent: An agent appointed by an airline to solicit and process international airfreight shipments.

Air Cargo Containers: Containers designed to conform to the inside of an aircraft. There are many shapes and sizes of containers. Air cargo containers fall into three categories: 1) air cargo pallets 2) lower deck containers 3) box type containers.

Air Carrier: An enterprise that offers transportation service via air.

Airport and Airway Trust Fund: A federal fund that collects passenger ticket taxes and disburses those funds for airport facilities.

Air Taxi: An exempt for-hire air carrier that will fly anywhere on demand; air taxis are restricted to a maximum payload and passenger capacity per plane.

Air Waybill (AWB): A bill of lading for air transport that serves as a receipt for the shipper, indicates that the carrier has accepted the goods listed, obligates the carrier to carry the consignment to the airport of destination according to specified conditions.

All-Cargo Carrier: An air carrier that transports cargo only.

Allocation: 1) A distribution of costs using calculations that may be unrelated to physical observations or direct or repeatable cause-and-effect relationships. Because of the arbitrary nature of allocations, costs based on cost causal assignment are viewed as more relevant for management decision-making. 2) Allocation of available inventory to customer and production orders.

All Water: Term used when the transportation is completely by water.

Anti-Dumping Duty: An additional import duty imposed in instances where imported goods are priced at less than the "normal" price charged in the exporter's domestic market and cause material injury to domestic industry in the importing country

Any-Quantity (AQ) rate: A rate that applies to any size shipment tendered to a carrier; no discount rate is available for large shipments.

Arrival Notice: A notice from the delivering carrier to the Notify Party indicating the shipment's arrival date at a specific location (normally the destination).

Assemble to Order: A production environment where a good or service can be assembled after receipt of a customer's order. The key components (bulk, semi-finished, intermediate, sub-assembly, fabricated, purchased, packing, and so on) used in the assembly or finishing process are planned and usually stocked in anticipation of a customer order. Receipt of an order initiates assembly of the customized product. This strategy is useful where a large number of end products (based on the selection of options and accessories) can be assembled from common components.

Assembly: A group of subassemblies and/or parts that are put together and constitute a major subdivision for the final product. An assembly may be an end item or a component of a higher-level assembly.

ATA: Actual time of arrival, or also known as the American Trucking Associations.

ATD: Actual time of departure

ATFI: Automated Tariff Filing Information System

Audit: In reference to freight bills, the term audit is used to determine the accuracy of freight bills.

Auto ID: Referring to an automated identification system. This includes technology such as bar coding and radio frequency tagging (RFID).

Automated Call Distribution: A feature of large call center or "Customer Interaction Center" telephone switches that routes calls by rules, such as next-available employee, skill set, etc.

Automated Guided Vehicle System (AGVS): A computer-controlled materials handling system consisting of small vehicles (carts) that move along a guideway.

Automated Storage/Retrieval System (AS/RS): A high-density rack inventory storage system with unmanned vehicles automatically loading and unloading products to/from the racks.

Automatic Tire Inflation System: Automatic tire inflation systems monitor and continually adjust the level of pressurized air to tires, maintaining proper tire pressure even when the truck is moving.

Average Cost: Total cost, fixed plus variable, divided by total output.

Balance of Trade: The surplus or deficit which results from comparing a country's exports and imports of merchandise only.

Bale: A large compressed, bound, and often wrapped bundle of a commodity, such as cotton or hay.

Bar Code: A symbol consisting of a series of printed bars representing values. A system of optical character reading, scanning, tracking of units by reading a series of printed bars for translation into a numeric or alphanumeric identification code. A popular example is the UPC code used on retail packaging.

Bar Code Scanner: A device to read bar codes and communicate data to computer systems.

Bar Coding: A method of encoding data for fast and accurate readability. Bar codes are a series of alternating bars and spaces printed or stamped on products, labels, or other media, representing encoded information which can be read by electronic readers called bar.

Barge: The cargo-carrying vehicle which may or may not have its own propulsion mechanism for the purpose of transporting goods. Primarily used by Inland water carriers, basic barges have open tops, but there are covered barges for both dry and liquid cargoes.

Barrier to Entry: Factors that prevent companies from entering into a particular market, such as high initial investment in equipment.

Barter: The exchange of commodities or services for other commodities or services rather than the purchase of commodities or services with money.

Base Currency: The currency whose value is "one" whenever a quote is made between two currencies.

Basing-Point Pricing: A pricing system that includes a transportation cost from a particular city or town in a zone or region even though the shipment does not originate at the basing point.

Batch Picking: A method of picking orders in which order requirements are aggregated by product across orders to reduce movement to and from product locations. The aggregated quantities of each product are then transported to a common area where the individual orders are constructed.

Benchmarking: The process of comparing performance against the practices of other leading companies for the purpose of improving performance. Companies also benchmark internally by tracking and comparing current performance with past performance

Billing: A carrier terminal activity that determines the proper rate and total charges for a shipment and issues a freight bill.

Bill of Activities: A listing of activities required by a product, service, process output, or other cost object. Bill of activity attributes could include volume and/or cost of each activity in the listing.

Bill of Lading (BOL): A transportation document that is the contract of carriage containing the terms and conditions between the shipper and carrier.

Bill of Lading Number: The number assigned by the carrier to identify the bill of lading.

Bill of Lading, Through: A bill of lading to cover goods from point of origin to final destination when interchange or transfer from one carrier to another is necessary to complete the journey.

Bill of Material (BOM): A structured list of all the materials or parts and quantities needed to produce a particular finished product, assembly, subassembly, or manufactured part, whether purchased or not.

Bill of Material Accuracy: Conformity of a list of specified items to administrative specifications, with all quantities correct.

Bill of Resources: A listing of resources required by an activity. Resource attributes could include cost and volumes.

Bin Center: A drop off facility that is smaller than a public warehouse

Binder: A strip of cardboard, thin wood, burlap, or similar material placed between layers of containers to hold a stack together

Blanket Wrap: A service pioneered by the moving companies to eliminate packaging material by wrapping product in padded "blankets" to protect it during transit, usually on "air ride" vans.

BOL: *See Bill of Lading (BOL).*

BOM: *See Bill of Material (BOM).*

Bonded Warehouse: Warehouse approved by the Treasury Department and under bond/guarantee for observance of revenue laws. Used for storing goods until duty is paid or goods are released in some other proper manner

Branding: The use of a name, term, symbol, or design, or a combination of these, to identify a product.

Break-Bulk: The separation of a consolidated bulk load into smaller individual shipments for delivery to the ultimate consignee. The freight may be moved intact inside the trailer, or it may be interchanged and rehandled to connecting carriers.

Break Bulk Cargo: Cargo that is shipped as a unit or package (for example: palletized cargo, boxed cargo, large machinery, trucks) but is not containerized.

Break Bulk Vessel: A vessel designed to handle break bulk cargo.

Break-Even Point: The level of production or the volume of sales at which operations are neither profitable nor unprofitable. The break-even point is the intersection of the total revenue and total cost curves.

Broker: There are 3 definitions for the term "broker": 1) an enterprise that owns and leases equipment 2) an enterprise that arranges the buying & selling of transportation of, goods, or services 3) a ship agent who acts for the ship owner or charterer in arranging charters.

Buffer: 1) A quantity of materials awaiting further processing. It can refer to raw materials, semi-finished stores, or hold points, or a work backlog that is purposely maintained behind a work center. 2) In the theory of constraints, buffers can be time or material, and support throughput and/or due date performance. Buffers can be maintained at the constraint, convergent points (with a constraint part), divergent points, and shipping points.

Buffer Management: In the theory of constraints, a process in which all expediting in a shop is driven by what is scheduled to be in the buffers (constraint, shipping, and assembly buffers). By expediting this material into the buffers, the system helps avoid idleness at the constraint and missed customer due dates. In addition, the causes of items missing from the buffer are identified, and the frequency of occurrence is used to prioritize improvement activities.

Buffer Stock: A quantity of goods or articles kept in storage to safeguard against unforeseen shortages or demands.

Build to Inventory: A "push" system of production and inventory management. Product is manufactured or acquired in response to sales forecasts.

Build to Order: A method of reducing inventory by not manufacturing product until there is an actual order from the customer.

Build to Stock: *See Build to Inventory.*

Bulk Area: A storage area for large items which at a minimum are most efficiently handled by the pallet-load.

Bulk Cargo: Unpacked dry cargo such as grain, iron ore or coal. Any commodity shipped in this way is said to be in bulk.

Bullwhip Effect: An extreme change in the supply position upstream in a supply chain generated by a small change in demand downstream in the supply chain. Inventory can quickly move from being backordered to being in excess. This is caused by the serial nature of communicating orders up the chain with the inherent transportation delays of moving product down the chain. The bullwhip effect can be eliminated by synchronizing the supply chain.

Bundle: A group of products that are shipped together as an unassembled unit.

Bundling: An occurrence where two or more products are combined into one transaction for a single price.

Burn Rate: The rate of consumption of cash in a business. Used to determine cash requirements on an on-going basis. A burn rate of \$50,000 would mean the company spends \$50,000 a month above any incoming cash flow to sustain its business. Entrepreneurial companies will calculate their burn rate in order to understand how much time they have before they need to raise more money, or show a positive cash flow.

Business Application: Any computer program, set of programs, or package of programs created to solve a particular business problem or function.

Business Logistics: The process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements.

Business Plan: (1) A statement of long-range strategy and revenue, cost, and profit objectives usually accompanied by budgets, a projected balance sheet, and a cash flow (source and application of funds) statement. A business plan is usually stated in terms of dollars and grouped by product family. The business plan is then translated into synchronized tactical functional plans through the production planning process (or the sales and operations planning process). Although frequently stated in different terms (dollars versus units), these tactical plans should agree with each other and with the business plan. (2) A document consisting of the business details

(organization, strategy, and financing tactics) prepared by an entrepreneur to plan for a new business.

Business Performance Measurement (BPM): A technique that uses a system of goals and metrics to monitor performance. Analysis of these measurements can help businesses periodically set business goals, then provide feedback to managers on progress towards those goals. A specific measure can be compared to itself over time, compared with a present target, or evaluated along with other measures.

Business Process Outsourcing (BPO): The practice of outsourcing non-core internal functions to third parties. Functions typically outsourced include logistics, accounts payable, accounts receivable, payroll, and human resources. Other areas can include IT development or complete management of the IT functions of the enterprise.

Business Process Reengineering (BPR): The fundamental rethinking and radical redesign of business processes to achieve dramatic organizational improvements.

Business-to-Business (B2B): As opposed to business-to-consumer (B2C). Many companies are now focusing on this strategy, and their web sites are aimed at businesses (think wholesale) and only other businesses can access or buy products on the site. Internet analysts predict this will be the biggest sector on the web.

Business-to-Consumer (B2C): The hundreds of e-commerce web sites that sell goods directly to consumers are considered B2C. This distinction is important when comparing web sites that are B2B as the entire business model, strategy, execution, and fulfillment is different.

C & F: *See Cost and Freight*

Cab Extenders: Also called gap seals, which help to close the gap between the tractor and the trailer

Cabotage is the transport of goods or passengers between two places in the same country by a transport operator from another country. It originally applied to shipping along coastal routes, port to port, but now applies to aviation, railways, and road transport as well.

CAE: *See Computer-Aided Engineering (CAE).*

CAD: *See Cash Against Documents.*

CADEX: *See Customs Automated Data Exchange System*

CAF: **See Currency Adjustment Factor (CAF)*

Cage: (1) A secure enclosed area for storing highly valuable items (2) A pallet-sized platform with sides that can be secured to the tines of a forklift and in which a person may ride to inventory items stored well above the warehouse floor.

Caged: Referring to the practice of placing high-value or sensitive products in a fenced off area within a warehouse.

Calendar Days: The conversion of working days to calendar days is based on the number of regularly scheduled workdays per week in your manufacturing calendar. *Calculation:* To convert from working days to calendar days: if work week = 4 days, multiply by 1.75; = 5 days, multiply by 1.4; = 6 days, multiply by 1.17

Call Center: A facility housing personnel who respond to customer phone queries. These personnel may provide customer service or technical support. Call center services may be in house or outsourced.

Can-Order Point: An ordering system used when multiple items are ordered from one vendor. The can-order point is a point higher than the original order point.

When any one of the items triggers an order by reaching the must-order point, all items below their can-order point are also ordered. The can-order point is set by considering is set by considering the additional holding cost that would be incurred if the item were ordered early.

Capacity Management: The concept that capacity should be understood, defined, and measured for each level in the organization to include market segments, products, processes, activities, and resources. In each of these applications, capacity is defined in a hierarchy of idle, non-productive, and productive views.

Capacity Planning: Assuring that needed resources (e.g., manufacturing capacity, distribution center capacity, transportation vehicles, etc.) will be available at the right time and place to meet logistics and supply chain needs.

Capacity: The physical facilities, personnel, and processes available to meet the product or service needs of customers. Capacity generally refers to the maximum output or producing ability of a machine, a person, a process, a factory, a product, or a service. *Also see: Capacity Management*

Cargo: Merchandise carried by a means of transportation.

Carnet: A Customs document permitting the holder to carry or send special categories of goods temporarily into certain foreign countries without paying duties or posting bonds.

Carriage: *See Transportation.*

Carrier: A firm that transports goods or people via land, sea, or air.

Carrier Assets: Items that a carrier owns (technically or outright) to facilitate the services they provide.

Carrier Certificate and Release Order: Used to advise customs of the shipment's details. By means of this document, the carrier certifies that the firm or individual named in the certificate is the owner or consignee of the cargo.

Carrier Liability: A common carrier is liable for all shipment loss, damage, and delay with the exception of that caused by act of God, act of a public enemy, act of a public authority, act of the shipper, and the goods' inherent nature.

Cartel: A group of companies that agree to cooperate rather than compete, in producing a product or service. Thus limiting or regulating competition.

Cartage: There are two definitions for this term: 1) charge for pick-up and delivery of goods 2) movement of goods locally (short distances).

Carton Flow Rack: A storage rack consisting of multiple lines of gravity flow conveyors.

Cash Against Documents (CAD): A method of payment for goods in which documents transferring title are given to the buyer upon payment of cash to an intermediary acting for the seller.

Cash Conversion Cycle: 1) In retailing, the length of time between the sale of products and the cash payments for a company's resources. 2) In manufacturing, the length of time from the purchase of raw materials to the collection of accounts receivable from customers for the sale of products or services. *Also see: Cash-to-Cash Cycle Time.*

Cash In Advance (CIA): A method of payment for goods whereby the buyer pays the seller in advance of shipment of goods.

Cash-to-Cash Cycle Time: The time it takes for cash to flow back into a company after it has been spent for raw materials. *Synonym:* Cash Conversion Cycle. *Calculation:* Total Inventory Days of Supply + Days of Sales Outstanding - Average Payment Period for Material in Days.

Cash with Order (CWO): A method of payment for goods where cash is paid at the time of order, and the transaction becomes binding on both buyer and seller.

CELL: A manufacturing or service unit consisting of a number of workstations, and the materials transport mechanisms and storage buffers that interconnect them.

Central Dispatching: The organization of the dispatching function into one central location. This structure often involves the use of data collection devices for communication between the centralized dispatching function which usually reports to the production control department and the shop manufacturing departments.

Centralized Authority: The restriction of authority to make decisions to few managers.

Centralized Inventory Control: Inventory decision-making (for all SKUs) exercised from one office or department for an entire company.

Certificate of Compliance: A supplier's certification that the supplies or services in question meet specified requirements.

Certificate of Insurance: A negotiable document indicating that insurance has been secured under an open policy to cover loss or damage to a shipment while in transit.

Certificate of Origin: A document containing an affidavit to prove the origin of imported goods. Used for customs and foreign exchange purposes.

Certificate of Public Convenience and Necessity: The grant of operating authority that common carriers receive. A carrier must prove that a public need exists and that the carrier is fit, willing, and able to provide the needed service. The certificate may specify the commodities the carrier may haul, and the routes it may use.

Certificated Carrier: A for-hire air carrier that is subject to economic regulation and requires an operating certification to provide service.

Certified Supplier: A status awarded to a supplier who consistently meets predetermined quality, cost, delivery, financial, and count objectives. Incoming inspection may not be required.

CFS: *See Container Freight Station (CFS).*

CFS/CFS: *See Container Freight Station to Container Freight Station (CFS/CFS).*

Chain of Customers: The sequence of customers who, in turn, consume the output of each other, forming a chain. For example, individuals are customers of a department store which in turn is the customer of a producer who is the customer of a material supplier.

Change Management: The business process that coordinates and monitors all changes to the business processes and applications operated by the business, as well as to their internal equipment, resources, operating systems, and procedures. The change management discipline is carried out in a way that minimizes the risk of problems that will affect the operating environment and service delivery to the users.

Change Order: A formal notification that a purchase order or shop order must be modified in some way. This change can result from a revised quantity, date, or

specification by the customer; an engineering change; a change in inventory requirement data; etc.

Changeover: Process of making necessary adjustments to change or switchover the type of products produced on a manufacturing line. Changeovers usually lead to downtime and for the most part, companies try to minimize changeover time to help reduce costs.

Chargeable Weight: The shipment weight used in determining freight charges. The chargeable weight may be the dimensional weight or, for container shipments, the gross weight of the shipment less the tare weight of the container.

Charging Area: A warehouse area where a company maintains battery chargers and extra batteries to support a fleet of electrically powered materials handling equipment. The company must maintain this area in accordance with government safety regulations.

Chassis: A specialized framework that carries a rail or marine container

Chock: A wedge, usually made of hard rubber or steel, that is firmly placed under the wheel of a trailer, truck, or boxcar to stop it from rolling.

CI: *See Continuous Improvement (CI).*

CIA: *See Cash In Advance (CIA)*

CIF: *See Cost, Insurance, Freight (CIF)*

City Driver: A motor carrier driver who drives a local route as opposed to a long-distance, intercity route.

Civil Aeronautics Board: A federal regulatory agency that implemented economic regulatory controls over air carriers.

CL: Carload rail service requiring shipper to meet minimum weight.

Claim: A charge made against a carrier for loss, damage, delay, or overcharge.

Class Rates: A grouping of goods or commodities under one general heading. All the items in the group make up a class. The freight rates that apply to all items in the class are called "class rates."

Clearance: A document stating that a shipment is free to be imported into the country after all legal requirements have been met.

Clearinghouse: A conventional or limited-purpose entity generally restricted to providing specialized services, such as clearing funds or settling accounts.

CLM: Council of Logistics Management, now known as The Council of Supply Chain Management Professionals.

Closed Loop MRP: A system build around material requirements planning that includes the additional planning processes of production planning (sales and operations planning), master production scheduling, and capacity requirements planning. Once this planning phase is complete and the plans have been accepted as realistic and attainable, the execution processes come into play. These processes include the manufacturing control process of input-output (capacity) measurement, detailed scheduling and dispatching, as well as anticipated delay reports from both the plant and suppliers, supplier scheduling, and so on. The term "closed loop implies not only that each of these processes is included in the overall system, but also that feedback is provided by the execution processes so that the planning can be kept valid at all times.

CMI: *See Co-Managed Inventory*

CO: Carbon monoxide

CO2: Carbon dioxide

Co-Destiny: The evolution of a supply chain from intra-organizational management to inter-organizational management.

Co-Packer: A contract co-packer produces goods and/or services for other companies, usually under the other company's label or name. Co-packers are more frequently seen in consumer packaged goods and foods.

Co-Managed Inventory (CMI): A form of continuous replenishment in which the manufacturer is responsible for replenishment of standard merchandise, while the retailer manages the replenishment of promotional merchandise.

Code: A numeric, or alphanumeric representation of text for exchanging commonly-used information. For example: commodity codes, carrier codes.

Codifying: The process of detailing a new standard.

COFC: *See Container on Flat Car*

COGS: *See Cost-of-Goods Sold (COGS).*

Collaborative Planning, Forecasting, and Replenishment (CPFR):

(1) A collaboration process whereby supply chain trading partners can jointly plan key supply chain activities from production and delivery of raw materials, to production and delivery of final products to end customers. Collaboration encompasses business planning, sales forecasting, and all operations required to replenish raw materials and finished goods. (2) A process philosophy for facilitating collaborative communications. CPFR is considered a standard, endorsed by the Voluntary Inter-Industry Commerce Standards.

Collect Freight: Freight payable to the carrier at the port of discharge or ultimate destination. The consignee does not pay the freight charge if the cargo does not arrive at the destination.

Collective Paper: All documents (commercial invoices, bills of lading, etc.) submitted to a buyer for the purpose of receiving payment for a shipment.

Combi Aircraft: An aircraft specially designed to carry unitized cargo loads on the upper deck of the craft, forward of the passenger area.

Combined Lead Time: *See Cumulative Lead Time*

Commercial Invoice: A document created by the seller. It is an official document which is used to indicate, among other things, the name and address of the buyer and seller, the product(s) being shipped, and their value for customs, insurance, or other purposes.

Commercial zone: The area surrounding a city or town to which rate carriers quote for the city or town also apply; the ICC defines the area.

Committed Capability: The portion of the production capability that is currently in use, or is scheduled for use.

Committee of American Steamship Lines: An industry association representing subsidized U.S. flag steamship firms.

Commodities: Any article exchanged in trade, most commonly used to refer to raw materials and agricultural products.

Commodities Clause: A clause that prohibits railroads from hauling commodities that they produced, mined, owned, or had an interest in.

Commodity Buying: Grouping like parts or materials under one buyer's control for the procurement of all requirements to support production.

Commodity Code: A code describing a commodity or a group of commodities pertaining to goods classification. This code can be carrier tariff or regulating in nature.

Commodity Procurement Strategy: The purchasing plan for a family of items. This would include the plan to manage the supplier base and solve problems.

Commodity Rate: A rate for a specific commodity and its origin-destination.

Common Carrier: Transportation available to the public that does not provide special treatment to any one party and is regulated as to the rates charged, the liability assumed, and the service provided. A common carrier must obtain a certificate of public convenience and necessity from the Federal Trade Commission for interstate traffic. *Antonym:* Private Carrier.

Common Carrier Duties: Common carriers must serve, deliver, charge reasonable rates, and not discriminate.

Common Cost: A cost that a company cannot directly assign to particular segments of the business; a cost that the company incurs for the business as a whole.

Comparative Advantage: A principle based on the assumption that an area will specialize in producing goods for which it has the greatest advantage or the least comparative disadvantage.

Competitive Advantage: Value created by a company for its customers that clearly distinguishes it from the competition, provides its customers a reason to remain loyal.

Competitive Benchmarking: Benchmarking a product or service against competitors. *Also see: Benchmarking.*

Competitive Bid: A price/service offering by a supplier that must compete with offerings from other suppliers.

Complete and On-Time Delivery (COTD): A measure of customer service. All items on any given order must be delivered on time for the order to be considered as complete and on time.

Complete Manufacture to Ship Time: Average time from when a unit is declared shippable by manufacturing until the unit actually ships to a customer.

Compliance: Meaning that products, services, processes, and/or documents comply with requirements.

Component: Material that will contribute to a finished product but is not the finished product itself. Examples include tires for an automobile, power supply for a personal computer, or a zipper for a ski parka.

Computer-Aided Engineering (CAE): The use of computers to model design options to stimulate their performance.

Computer-Based Training: Training that is delivered via computer workstation and includes all training and testing materials.

Conference: A group of vessel operators joined for the purpose of establishing freight rates.

Conference Carrier: An ocean carrier who is a member of an association known as a "conference." The purpose of the conference is to standardize shipping practices, eliminate freight rate competition, and provide regularly scheduled service between specific ports.

Configuration: The arrangement of components as specified to produce an assembly.

Configure/Package to Order: A process where the trigger to begin to manufacture, final assembly, or packaging of a product is an actual customer order or release rather than a market forecast. In order to be considered a configure-to-order environment, less than 20% of the value added takes place after the receipt of the order or release, and virtually all necessary design and process documentation is available at time of order receipt.

Confirmation: With regards to EDI, a formal notice (by message or code) from a electronic mailbox system or EDI server indicating that a message sent to a trading partner has reached its intended mailbox or has been retrieved by the addressee.

Confirming Order: A purchase order issued to a supplier listing the goods or services and terms of an order placed orally or otherwise before the usual purchase document.

Conformance: An affirmative indication or judgment that a product or service has met the requirements of a relevant specification, contract, or regulation. *Synonym: Compliance.*

Conrail: The Consolidated Rail Corporation established by the Regional Reorganization Act of 1973 to operate the bankrupt Penn Central Railroad and other bankrupt railroads in the Northeast; the 4-R Act of 1976 provided funding.

Consignee: The party to whom goods are shipped and delivered. The receiver of a freight shipment.

Consignment: (1) A shipment that is handled by a common carrier. (2) The process of a supplier placing goods at a customer location without receiving payment until after the goods are used or sold. *Also see: Consignment Inventory.*

Consignment Inventory: (1) Goods or products that are paid for when they are sold by the reseller, not at the time they are shipped to the reseller. (2) Goods or products which are owned by the vendor until they are sold to the consumer.

Consignor: The party who originates a shipment of goods (shipper). The sender of a freight shipment, usually the seller.

Consolidation: Combining two or more shipments in order to realize lower transportation rates. Inbound consolidation from vendors is called make-bulk consolidation; outbound consolidation to customers is called break-bulk consolidation.

Consolidation Point: The location where consolidation takes place.

Consolidator: An enterprise that provides services to group shipments, orders, and/or goods to facilitate movement.

Consolidator's Bill of Lading: A bill of lading issued by a consolidator as a receipt for merchandise that will be grouped with cargo obtained from other shippers. See also House Air Waybill.

Consortium: A group of companies that works together to jointly produce a product, service, or project.

Constraint: A bottleneck, obstacle, or planned control that limits throughput or the utilization of capacity.

Consul: A government official residing in a foreign country, charged with representing the interests of his or her country and its nationals.

Consular Declaration: A formal statement made to the consul of a country describing merchandise to be shipped to that consul's country. Approval must be obtained prior to shipment.

Consular Documents: Special forms signed by the consul of a country to which cargo is destined.

Consular Invoice: A document, required by some foreign countries, describing a shipment of goods and showing information such as the consignor, consignee, and value of the shipment. Certified by a consular official of the foreign country, it is used by the country's custom.

Consumer-Centric Database: Database with information about a retailer's individual consumers used primarily for marketing and promotion.

Consumption Entry: An official Customs form used for declaration of reported goods, also showing the total duty due on such transaction.

Container: (1) A box, typically 10 to 40 feet long, which is primarily used for ocean freight shipments. For travel to and from ports, containers are loaded onto truck chassis or on railroad flatcars. (2) The packaging, such as a carton, case, box, bucket, drum, bin, bottle, bundle, or bag, that an item is packed and shipped in.

Container Chassis: A vehicle built for the purpose of transporting a container so that, when a container and chassis are assembled, the produced unit serves as a road trailer.

Container Depot: The storage area for empty containers.

Container Freight Station (CFS): The location designated by carriers for receipt of cargo to be packed into containers/equipment by the carrier. At destination, CFS is the location designated by the carrier for unpacking of cargo from equipment/containers.

Container Freight Station Charge: The charge assessed for services performed at the loading or discharge location.

Container Freight Station to Container Freight Station (CFS/CFS): A type of steamship-line service in which cargo is transported between container freight stations, where containers may be stuffed, stripped, or consolidated. Usually used for less-than-container load shipments.

Container I.D.: An identifier assigned to a container by a carrier. *See also: Equipment ID.*

Containerization: A shipment method in which commodities are placed in containers, and after initial loading, the commodities, per se, are not rehandled in shipment until they are unloaded at the destination.

Container on Flat Car (COFC): A container that is transported on a rail flatcar. It can be shipped via tractor/trailer using a chassis as the wheel section.

Container Terminal: An area designated to be used for the stowage of cargo in containers that may be accessed by truck, rail, or ocean transportation.

Container Vessel: A vessel specifically designed for the carriage of containers.

Container Yard: The location designated by the carrier for receiving, assembling, holding, storing, and delivering containers, and where containers may be picked up by shippers or redelivered by consignees.

Container Yard to Container Yard (CY/CY): A type of steamship-line service in which freight is transported from origin container yard to destination container yard.

Contingency Planning: Preparing to deal with calamities (e.g., floods) and non-calamitous situations (e.g., strikes) before they occur.

Continuous Flow Distribution (CFD): The streamlined pull of products in response to customer requirements while minimizing the total costs of distribution.

Continuous-Flow, Fixed-Path Equipment: Materials handling devices that include conveyors and drag lines.

Continuous Improvement (CI): A structured, measurement-driven process that continually reviews and improves performance.

Continuous Process Improvement (CPI): A never-ending effort to expose and eliminate root causes of problems; small-step improvement as opposed to big-step improvement. *Synonym:* Continuous Improvement. *Also see:* Kaizen.

Continuous Replenishment: Continuous replenishment is the practice of partnering between distribution channel members that changes the traditional replenishment process from distributor-generated purchase orders based on economic order quantities to the replenishment of products based on actual and forecasted product demand.

Continuous Replenishment Planning (CRP): A program that triggers the manufacturing and movement of product through the supply chain when the identical product is purchased by an end user.

Contract: An agreement between two or more competent persons or companies to perform or not to perform specific acts or services or to deliver merchandise. A contract may be oral or written. A purchase order, when accepted by a supplier, becomes a contract. Acceptance may be in writing or by performance, unless the purchase order requires acceptance in writing.

Contract Carrier: A for-hire carrier that does not serve the general public but serves shippers with whom the carrier has a continuing contract. The contract carrier must secure a permit to operate.

Contract of Affreightment: A contract between a cargo shipper and carrier for the transport of multiple cargoes over a period of time. Contracts are individually negotiated and usually include cargo description, quantities per shipment and in total, load and discharge ports, freight rates and duration of the contract.

Contribution: The difference between sales price and various costs. Contribution is used to cover fixed costs and profits.

Contribution Margin: An amount equal to the difference between sales revenue and variable costs.

Controlled Access: Referring to an area within a warehouse or yard that is fenced and gated. These areas are typically used to store high-value items and may be monitored by security cameras.

Conveyance: The application used to describe the function of a vehicle of transfer.

Conveyor: A materials handling device that moves freight from one warehouse area to another. Roller conveyors utilize gravity, whereas belt conveyors use motors.

Cooperative Associations: Groups of firms or individuals having common interests; agricultural cooperative associations may haul up to 25 percent of their total interstate non-farm, nonmember goods tonnage in movements incidental and necessary to their primary business.

Coordinated Transportation: Two or more carriers of different modes transporting a shipment.

Cost and Freight (C & F): The seller quotes a price that includes the cost of transportation to a specific point. The buyer assumes responsibility for loss and damage and pays for the insurance of the shipment.

Cost Allocation: In accounting, the assignment of costs that cannot be directly related to production activities via more measurable means, e.g., assigning corporate expenses to different products via direct labor costs or hours.

Cost Center: In accounting, a sub-unit in an organization that is responsible for costs.

Cost Driver: In accounting, any situation or event that causes a change in the consumption of a resource, or influences quality or cycle time. An activity may have multiple cost drivers. Cost drivers do not necessarily need to be quantified; however, they strongly influence the selection and magnitude of resource drivers and activity drivers.

Cost, Insurance, Freight: A freight term indicating that the seller is responsible for cost, the marine insurance, and the freight charges on an ocean shipment of goods.

Cost Management: The management and control of activities and drivers to calculate accurate product and service costs, improve business processes, eliminate waste, influence cost drivers, and plan operations. The resulting information can be very useful in setting and evaluating an organization's strategies.

Cost of Capital: The cost to borrow or invest capital.

Cost-of-Goods Sold (COGS): The amount of direct materials, direct labor, and allocated overhead associated with products sold during a given period of time, determined in accordance with Generally Accepted Accounting Principles (GAAP).

Cost of Lost Sales: The forgone profit companies associate with a stockout.

Cost Trade-Off: The interrelationship among system variables in which a change in one variable affects other variables' costs. A cost reduction in one variable may increase costs for other variables, and vice versa.

Cost Variance: In cost accounting the difference between what has been budgeted for an activity and what it actually costs.

COTD: *See Complete and On-Time Delivery (COTD).*

Council of Supply Chain Management Professionals (CSCMP): The CSCMP is a not-for-profit professional business organization consisting of individuals throughout the world who have interests and/or responsibilities in logistics and supply chain management, and the related functions that make up these professions. Its purpose is to enhance the development of the logistics and supply chain management professions by providing these individuals with educational opportunities and relevant information through a variety of programs, services, and activities.

Countertrade: A reciprocal trading agreement that includes a variety of transactions involving two or more parties.

Countervailing Duties: An additional import duty imposed to offset Government subsidies in the exporting country, when the subsidized imports cause material injury to domestic industry in the importing country.

Country of Destination: The country that will be the ultimate or final destination for goods.

Country of Origin: The country where the goods were manufactured.

Courier Service: A fast, door-to-door service for high-valued goods and documents; firms usually limit service to shipments weighing fifty pounds or less.

CPFR: *See Collaborative Planning, Forecasting and Replenishment (CPFR).*

CPI: *See Continuous Process Improvement (CPI).*

Crane: A materials handling device that lifts heavy items. There are two types: bridge and stacker.

Credit Level: The amount of purchasing credit a customer has available. Usually defined by the internal credit department and reduced by any existing unpaid bills or open orders.

Credit Terms: The agreement between two or more enterprises concerning the amount and timing of payment for goods or services.

Critical Differentiators: This is what makes an idea, product, service, or business model unique.

Critical Success Factor (CSF): Those activities and/or processes that must be completed and/or controlled to enable a company to reach its goals.

Critical Value Analysis: A modified ABC analysis in which a company assigns a subjective critical value to each item in an inventory.

CRM: *See Customer Relationship Management (CRM).*

Crossdock: Crossdock operations in a warehouse involve moving goods between different trucks to consolidate loads without intermediate storage.

Cross Docking: A distribution system in which merchandise received at the warehouse or distribution center is not put away, but instead is readied for shipment to retail stores. Cross docking requires close synchronization of all inbound and outbound shipment movements. By eliminating the put-away, storage, and selection operations, it can significantly reduce distribution costs.

Cross Sell: The practice of attempting to sell additional products to a customer during a sales call. For example, when the CSR presents a camera case and accessories to a customer that is ordering a camera.

Cross Shipment: Material flow activity where materials are shipped to customers from a secondary shipping point rather than from a preferred shipping point.

CRP: *See Continuous Replenishment Planning (CRP).*

CSCMP: *See Council of Supply Chain Management Professionals (CSCMP).*

CSF: *See Critical Success Factor (CSF).*

CSG: Communications Support Group.

CSR: *See Customer Service Representative (CSR).*

Cubage: Cubic volume of space being used or available for shipping or storage.

Cube Out: The situation when a piece of equipment has reached its volumetric capacity before reaching the permitted weight limit.

Cube Utilization: In warehousing, a measurement of the utilization of the total storage capacity of a vehicle or warehouse.

Cubic Capacity: The carrying capacity of a piece of equipment according to measurement in cubic feet.

Cubic Space: In warehousing, a measurement of space available, or required, in transportation and warehousing.

Cumulative Lead Time: The total time required to source components, build, and ship a product.

Cumulative Source/Make Cycle Time: The cumulative internal and external lead time to manufacture shippable product, assuming that there is no inventory on hand, no materials or parts on order, and no prior forecasts existing with suppliers. (An element of Total Supply Chain Response Time) *Calculation:* The critical path along the following elements: Total Sourcing Lead Time, Manufacturing Order Release to Start Manufacturing, total Manufacture Cycle Time (Make to Order, Engineer to Order, Configure/Package to Order) or Manufacture Cycle Time (Make to Stock), Complete Manufacture to Ship Time. *Note:* Determined separately for Make-to-Order, Configure/Package-to-Order, Engineer-to-Order, and Make-to-Stock products.

Currency Adjustment Factor (CAF): A surcharge imposed by a carrier on ocean freight charges to offset foreign currency fluctuations.

Customer Facing: Those personnel whose jobs entail actual contact with the customer.

Customer Interaction Center: *See Call Center*

Customer Order: An order from a customer for a particular product or a number of products. It is often referred to as an actual demand to distinguish it from a forecasted demand.

Customer/Order Fulfillment Process: A series of customers' interactions with an organization through the order-filling process, including product/service design, production and delivery, and order stats reporting.

Customer Profitability: The practice of placing a value on the profit generated by business done with a particular customer.

Customer Relationship Management (CRM): This refers to information systems that help sales and marketing functions as opposed to the ERP (Enterprise Resource Planning), which is for back-end integration.

Customer Segmentation: Dividing customers into groups based on specific criteria, such as products purchased, customer geographic location, etc.

Customer Service: The series of activities involved in providing the full range of services to customers.

Customer Service Representative (CSR): An individual who provides customer support via telephone in a call-center environment.

Customer-Supplier Partnership: A long-term relationship between a buyer and a supplier characterized by teamwork and mutual confidence. The supplier is considered an extension of the buyer's organization. The partnership is based on several commitments. The buyer provides long-term contracts and uses fewer suppliers. The supplier implements quality assurance processes so that incoming inspection can be minimized. The supplier also helps the buyer reduce costs and improve product and process designs.

Customization: Creating a product from existing components into an individual order. *Synonym: Build to Order.*

Customs: The authorities designated to collect duties levied by a country on imports and exports.

Customs Broker: A firm that represents importers/exporters in dealings with customs. Normally responsible for obtaining and submitting all documents for clearing merchandise through customs, arranging inland transport, and paying all charges related to these functions.

Customs Clearance: The act of obtaining permission to import merchandise from another country into the importing nation.

Customs House Broker: A business firm that oversees the movement of international shipments through Customs, and ensures that the documentation accompanying a shipment is complete and accurate.

Customs Invoice: A document that contains a declaration by the seller, the shipper, or the agent as to the value of the shipment.

Customs Value: The value of the imported goods on which duties will be assessed.

CWO: *See Cash with Order (CWO).*

CWT: The abbreviation for hundredweight, which is the equivalent of 100 pounds.

CY/CY: *See Container Yard to Container Yard (CY/CY).*

Cycle Inventory: An inventory system where counts are performed continuously, often eliminating the need for an annual overall inventory. It is usually set up so that A items are counted regularly (i.e., every month), B items are counted semi-regularly (every quarter or six months), and C Items are counted perhaps only once a year.

Cycle Time: The amount of time it takes to complete a business process.

Cycle Time to Process Obsolete and End-of-Life Product Returns for Disposal: The total time to process goods returned as obsolete and end of life to actual disposal. This cycle time includes the time a Return Product Authorization (RPA) is created to the time the RPA is approved, from Product Available for Pickup to Product Received and from Product Receipt to Product Disposal/Recycle.

Cycle Time to Repair or Refurbish Returns for Use: The total time to process goods returned for repair or refurbishing. This cycle time includes the time a Return Product Authorization (RPA) is created to the time the RPA is approved, from Product Available for Pickup to Product Received, from Product Receipt to Product Repair/Refurbish Begin, and from Product Repair/Refurbish Begin to Product Available for Use.

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Part 2

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