Berlitz ENGLISH™

Language for life.



Business I

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Language for life.

Business I

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Welcome to Berlitz ENGLISH™ Business I

In today's business climate, being able to speak English well is one of the soundest investments you can make. At Berlitz, we understand your goals. And we can help you reach them.

Our business programs are designed to help you speak with greater fluency, accuracy, and confidence. Our courses combine practical business language skills, essential vocabulary, and time-saving communication strategies to get you the results you want in the most efficient way possible.

Our *Business I* program focuses on several of the major functional areas of a typical corporation. You will learn to speak about real-world situations involving customer service, marketing, sales, finance, and human resources drawn from a number of different business sectors and industries.

Once you have successfully completed *Business I*, you will be able to:

- Speak using current business vocabulary and idioms
- Share information about budgets, financial statements, and analysis tools
- Discuss marketing plans and strategies
- Understand the language of customer service and customer retention
- Discuss selling and sales techniques
- Talk about motivating employees, retaining talented staff, and managing people to get results

To get the most out of your Berlitz Business English classes we urge you to attend every class and to schedule the most intensive program you can manage. You can also accelerate your progress by completing the Practice exercises provided in this course book, by visiting BerlitzEnglish.com, by reading the articles from major English-language business publications at the end of each chapter, as well as other English-language publications and Websites.

If there is anything we can do to make your learning more successful and enjoyable, please let us know. We'll do everything we can to help you reach your goals.

We wish you the very best of success in your English studies.

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Chapter 1

Marketing a New Product

Topics

Marketing plans

Target audience

Market research

Brand names

Objectives

Defining marketing

Comparing market share

Discussing market research

Brainstorming a promotional campaign

Expressions

to hand it to someone;
to take a stab at something;
to get carried away

"Marketing is the whole business seen from the customer's point of view."

Peter Drucker,
author, professor, and
management consultant



1 OFFERING OPINIONS ABOUT PRODUCTS

Peter: Have you seen the prototype of our new PDA, Julia?

Julia: Not yet. Ooh, nice. So what can it do?

Peter: Well, it's a cell phone and an organizer with wireless e-mail and a Web browser.

Julia: I love the touch-screen display. It looks really good. I'm impressed.

Peter: Wait till you hear the price: under a hundred dollars.

Julia: I've got to hand it to you, Peter. Your team has done a great job. Any thoughts on what we're going to call it?

Peter: Marketing has tested several names. It looks like we're going with the "Pocket Wizard."

Julia: The Pocket Wizard … I like that.

2 Defining *Marketing*

marketing *(n.)* the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives

Source: The American Marketing Association (AMA)

marketing *(n.)* everything that happens from the time the product is conceived until it is actually in the customer's hands

3 The Four Ps of marketing

Some English-speaking businesspeople define marketing strategy in terms of the "marketing mix." The components of the marketing mix are often referred to as the *Four Ps*.



PRODUCT
includes: name, features, packaging design, quality, service, warranties

PRICE
includes: list price, discounts, allowances, payment period

PLACE
includes: distribution channels, geographic coverage, locations, logistics

PROMOTION
includes: advertising, direct marketing, public relations, personal selling

Source: E. Jerome McCarthy, Basic Marketing: A Global-Managerial Approach, Richard D. Irwin Co.

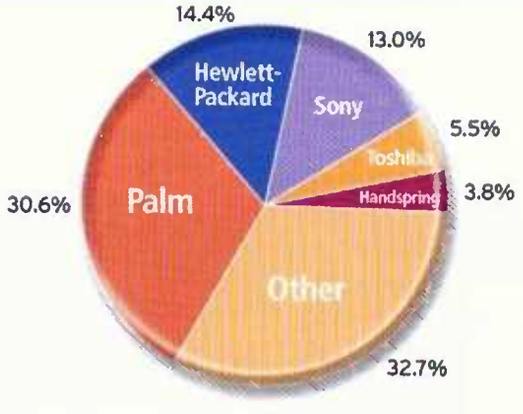
4 Comparing market share

During the first quarter of 2002,
Palm held more than 30% of the worldwide PDA market.
Hewlett-Packard captured second place with 14% of the market.

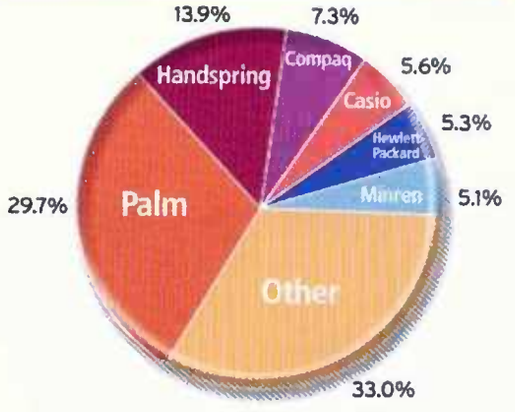
By the third quarter of 2002,
HP's market share had declined 9%, while Handspring's had increased 10%.

FYI
market share = a measure of a product's sales compared with its competitors

WORLDWIDE PDA MARKET SHARE, Q1 2002



WORLDWIDE PDA MARKET SHARE, Q3 2002



Source: Gartner Dataquest, www.gartner.com

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5 Identifying the target audience

In any marketing activity, it is vitally important to define the target audience. Defining the target customer allows companies to answer two crucial questions:

1. Is there a large enough market to support our product / service and generate a profit?
2. What will compel customers to purchase our product or service instead of another?

Typically, in attempting to define the target market or customer, companies differentiate between consumer and business sectors. Then there are any number of factors that must also be identified in order to determine who the target customer is. In the case of the general consumer, for example, companies typically gather information on customers' —

DEMOGRAPHICS
- age
- gender
- income level
- ethnicity
- level of education
- marital status
- occupation
- size of household

GEOGRAPHICS
- metropolitan / rural location
- population density
- climate

BEHAVIORS
- brand loyalties
- distribution channels used
- purchasing patterns

PSYCHOGRAPHICS
- attitudes
- beliefs
- preferences
- hobbies
- interests
- publications read
- TV programs watched
- risk tolerance

Source: DSS Research, Understanding Market Segmentation, www.dssresearch.com

6 Market research

Marketers generally divide research into the two broad categories: quantitative and qualitative.

Quantitative Research

- based on numerical data
- provides statistical information
- seeks to project characteristics of sample group onto broad population

TYPES OF QUANTITATIVE RESEARCH

Telephone survey

Online survey

Mail survey

Intercept survey



Source: www.CartoonStock.com

Qualitative Research

- collects open-ended responses
- attempts to understand behaviors and reasons for behaviors
- is interpretive; most appropriate for determining people's motivators, perceptions, and emotions

TYPES OF QUALITATIVE RESEARCH

Focus groups

One-on-one interviews

Mystery shopping

FYI

Mystery shopping involves researchers posing as prospective customers in order to evaluate how the business and employees under study meet their needs.

Source: The Olinger Group, www.olingergroup.com

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Promoting a product



Tip from the Top!

Philip Kotler, a distinguished professor at the Kellogg School of Management, has said that the best companies don't simply sell products. Instead, they develop a relationship with customers they will "own" for life.

Source: Philip Kotler, Kotler on Marketing, *Free Press*

7 Brainstorming a promotional campaign

Promotional channels include:

- Press releases
- Direct mail
- Television, Internet, radio, magazine, and newspaper advertising
- Billboards, displays on subways, buses and taxis



Gloria: I know we've all been very busy, but we've got to get moving on the PDA campaign. Of course, I'm referring to our Pocket Wizard, which I assume you've all taken a look at.

Marta: We should probably start with an announcement at the annual technology conference in Las Vegas. Then we could do press releases to all the major publications.

Jeff: Leo and I were just saying that this thing has so many features that it's a natural for TV commercials.

Leo: And the techies are going to love it. We really should do something on the Web.

Marta: Contests probably won't be very effective, but I think direct mail might work if we partner with another company offering calling plans or Internet service. Let's not forget there are two target audiences: the business person and the consumer. I'd start with print — maybe get a celebrity in a photo — then move to TV.

Jeff: I can imagine a TV spot set in a trendy café. A group of young hi-tech types are giving one of their friends a hard time for forgetting his girlfriend's birthday. Then one of the guy's friends puts his arm around the forgetful boyfriend's shoulder, holds out our PDA and says: "You don't *need* a memory if you've got a Wizard."

Gloria: Not bad, Jeff. But let's let the advertising agency take a stab at it first. Then if they run into trouble, we'll send them to you.

Jeff: Sorry about that, Gloria. I got a bit carried away.

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8 Building the brand



PATRICIA NUÑEZ



MICHAEL BRENNAN



GREG FLYNN

INDUSTRY	_____	_____	_____
BRAND IDENTITY	_____	_____	_____
	_____	_____	_____

9 The value of brand name recognition

The Interbrand Group compiles listings of the best-known brand names around the world. In 2002, the following names topped its annual ranking of 100 of the world's most valuable brand names —

1. Coca-Cola
2. Microsoft
3. IBM
4. GE (General Electric)
5. Intel
6. Nokia
7. Disney
8. McDonald's
9. Marlboro
10. Mercedes

Source: www.brandchannel.com

10 The power of the slogan

A slogan is a phrase that supports a brand name and a branding strategy. Slogans should explain a company's unique position and differentiate it from its competitors. A catchy slogan attracts attention to a brand name. A truly great slogan can become a company's most powerful branding weapon. For a slogan to be effective, most marketers agree that the company logo should appear with the slogan.

Ten slogans that have captured consumers' attention —

1. Fly the friendly skies.
2. We bring good things to life.
3. Twice the results, half the price.
4. Progress is our most important product.
5. Good to the last drop.
6. Where's the beef?
7. Reach out and touch someone.
8. Don't leave home without it.
9. Get a piece of the Rock.
10. Mmm, mmm, good.

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Chapter Check

Now you can ...

A Define marketing and the marketing mix



PRODUCT PRICE PLACE PROMOTION

What exactly *is* marketing?

B Compare market share





How did the product do in the third quarter?

C Discuss market research

Quantitative Research

- based on numerical data;
- provides statistical information
- seeks to project characteristics of sample group onto broad population

TYPES OF QUANTITATIVE RESEARCH

Telephone survey
Online survey
Mail survey
Intercept survey



Source: www.CartoonStock.com

Qualitative Research

- collects open-ended responses
- attempts to understand behaviors and reasons for behaviors
- is interpretive; most [illegible] for determining [illegible] verors.

TYPES OF QUALITATIVE RESEARCH

Focus groups
One-on-one interviews
Mystery shopping

What kinds of market research does your company conduct?

D Brainstorm a promotional campaign



What are the most effective ways to market a product?

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The World's Largest Focus Group

Wal-Mart has a surprising appetite for innovative wares, even from unknown vendors. Here's how to break in.

From the moment Sarah Speare and her sister Lesley Lutyens mixed up their first batch of Yip Yap breath fresheners for dogs, they knew they had to sell them at Wal-Mart. The product is a blend of cooked liver, rosemary, parsley, and green tea extract shaped into little bone-shaped tablets and arranged neatly in a tin, like Altoids. Dogs go for the liver, and their owners appreciate the joke – not to mention the tablets' ability to cover up lingering fumes from whatever unappetizing thing Rover ate before the Yip Yap.

Even so – Wal-Mart? Yip Yap was an untested product in an oddball category sold by a startup in Lebanon, N.J., 1,242 miles from Wal-Mart's headquarters in Bentonville, Ark. Last year the sisters' company, Chomp, eked out a mere $370,000 peddling the treats, mostly in pet stores. What were the odds that the retail giant would be interested?

Pretty good, it turns out. Gigantic Wal-Mart, with 100,000 products already on its shelves, is surprisingly receptive to new ones.

After faithfully following the procedure for suppliant suppliers (see "How to Pitch a Behemoth," right), Speare won an invitation to meet Bentonville's main gatekeeper, the Supplier Development Department. Chomp could afford to send only one person, the company's new CEO, Sumner "Sandy" Putman. The introduction went well enough that he got called back for the all-important next meeting – the pitch to Wal-Mart's pet supplies buyer. Putman was elated. Wal-Mart could see the product as a fit.

At the meeting with the buyer, Putman rattled off sales data and marketing studies. While the buyer was amused by the packaging, he worried that Chomp was just too small and unproven. "They put us off, but in a very positive way," Speare says. "We knew we'd gotten on the radar screen." To bolster its case, the small company redoubled its efforts to sell in other outlets.

Then Chomp caught a break. The manager of the North Conway, N.H., Wal-Mart called. His customers kept asking for Yip Yap because they'd seen the product in area pet stores. This fall Yip Yap finally makes its Wal-Mart debut in that store. If New England dogs suddenly become confident about their breath, Wal-Mart may roll out Yip Yap to the rest of its stores.

The back-and-forth that Chomp went through is typical for new launches at Wal-Mart.

No vendor wants to bomb in the world's biggest retailer. On the other hand, Wal-Mart's legendary sales tracking can give manufacturers unique insights into how to hone a product or marketing plan. A test, after all, is meant to instruct – and a lesson from the master merchandisers of Wal-Mart can be very rewarding indeed. – ELLEN NEUBORNE

How to Pitch a Behemoth

1. **Be revealing.** Cough up details on your financial history, competitors' products, and your promotional budget. **Tip:** Answer everything on the company's five-page supplier questionnaire. Incomplete packets will bounce right back to you – postage due.

2. **Count everything.** Wal-Mart loves numbers. **Tip:** Offer sales projections, safety-testing results, and even an evaluation of how your product's sales will affect other products sold by the retailer.

3. **Show them the real thing.** If your product weighs less than 25 pounds, send it. Otherwise, photos will do. **Tip:** Don't send anything alive or perishable. This is a long process; your product might not look so good in a few months.

4. **Get face time.** The first stop for new vendors is the Supplier Development Department in Bentonville, but the key decision-maker is the buyer in your product category. **Tip:** If you aren't getting past the gatekeeper, consider hiring someone who has worked at Wal-Mart corporate headquarters to make the right introductions.

5. **Try an end run.** Bentonville isn't the only option. **Tip:** Practice your pitch with the local store manager. That person has a good idea of what the company wants. Better yet, he or she also has the authority to test new products.

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Key Words

allowance *(n.)* an amount of money that a company thinks it may lose in the future and includes in its accounts: *We typically see returns of 5% of our merchandise from retail outlets, so we generally make an allowance for this as we project revenues.*

brainstorm *(v.)* to participate freely and spontaneously in a creative style of developing new ideas and solving problems: *After brainstorming all afternoon, a few very interesting and innovative advertising approaches were identified.*

brand name *(n.)* name given to a product by a company used for building customer recognition: *Sharon usually looks for brand names that she knows when she buys household appliances.*

capture *(v.)* to take by force or superior strategy: *By the end of the year, Chinese manufacturers had captured 55% of the market for inexpensive watches and radios.*

demographics *(n.)* statistical vital and social information on a population, including age, gender, and income level: *Having identified the demographics of our target consumers, we can now develop a marketing strategy.*

direct marketing *(v.)* strategy where the seller contacts potential customers directly: *For our particular needs, the telephone is a better vehicle than e-mail for direct marketing.*

distribution channels *(n.)* organizations and people involved in a system for moving items from producer to buyers: *Preston Industries could offer more competitive prices if they consolidated distribution channels and sold through fewer suppliers.*

focus group *(n.)* several consumers brought together by a company for the purpose of conducting market research: *Last year I participated in a focus group. I was asked to taste ten different kinds of candy and to say which I liked best, which I liked least, and why.*

generate *(v.)* to create or produce: *Radio advertisements generate nearly 30% of our sales.*

geographic coverage *(n.)* the area in which a product or service is delivered: *We haven't had much success in increasing the geographic coverage of our product beyond the New York metropolitan area.*

get carried away *(v. phrase)* to get overly excited: *Don't get carried away about the new job until you have the offer, the salary, and the benefits documented in writing.*

hand it to (someone) *(v. phrase)* give credit to someone for something that was done well: *We have to hand it to the product development team. They delivered exactly what they promised, and in less time than expected.*

intercept survey *(n.)* a process of collecting marketing data from consumers by stopping them at purchasing locations, such as shopping malls and grocery stores: *One of the benefits of intercept surveys is that they allow interviewers to observe consumers' facial expressions and body language.*

logistics *(n.)* the planning, implementation, and coordination of the details of a business or other operation: *With a project as complex as ours, the logistics are as important as the actual work.*

market share *(n.)* a measure of a product's sales compared to its competitors, often depicted in percentages: *At one point, Microsoft held nearly an 85% share of the software market in the U.S.*

motivator *(n.)* something that makes a consumer behave in a certain way: *Summer bathing suit advertisements are excellent motivators for consumers to search for weight-loss products.*

open-ended response *(n.)* an answer that is more than a simple 'yes' or 'no': *We insist that a majority of the questions on our surveys require open-ended responses to give us as much information as possible about our customers' perceptions.*

perception *(n.)* the way consumers feel about a company or product: *Negative consumer perceptions of the company existed for years after the devastating oil spill.*

promotion *(n.)* an activity intended to improve sales of a product: *We have a special promotion each year before the holidays to increase sales of all of our seasonal gift items.*

psychographics *(n.)* details about the emotions and behaviors of a group of people: *The psychographics of the group studied indicate that they are conservative and will not respond well to some of our products.*

public relations *(n.)* the actions of an organization in promoting goodwill between itself and its audience: *We have increased public relations activities since the accounting scandal in an effort to preserve market share.*

qualitative research *(n.)* information collection for marketing purposes to determine people's attitudes, opinions, and motivations that are difficult to translate into statistics: *Lynne Sheldon favors qualitative research because it gives her a better understanding of consumers' emotional reactions to her company's services.*

quantitative research *(n.)* information collection for marketing purposes with results shown in statistical forms: *With a background in statistics, it's not surprising that Lou Taylor places a lot of trust in quantitative research.*

risk tolerance *(n.)* the amount of potential dangerous or unpleasant results someone is willing to accept in order to achieve a positive outcome: *Phil's risk tolerance in traveling to new places is rather low, so you can expect careful, conservative behavior when he chooses vacation destinations.*

sector *(n.)* a particular part of a market: *We use TV commercials to reach the consumer sector, but we use advertisements in industry-specific magazines and journals to reach the business sector.*

take a stab at (something) *(v. phrase)* try: *I've never played golf, but I'd like to take a stab at it.*

target audience / customer *(n.)* the people marketers are trying to reach: *The target audience for this magazine is girls under thirteen years of age.*

warranty *(n.)* a written guarantee given to a customer by the seller or manufacturer for replacement parts or repair service for a stated period of time: *I was able to get my CD player repaired for free because it was still under warranty.*

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Chapter 2

Making the Sale

Topics

Products and customers

Customer loyalty

Sales strategies and techniques

Objectives

Discussing a sales campaign

Describing the benefits of customer loyalty

Presenting sales techniques and strategies

Interpreting body language

Expressions

to pull into; to go up against; let's just say; to give up; to do one's homework; Hold on!

"Selling is easy, if you work hard at it."

a well-known saying



1 DISCUSSING A SALES CAMPAIGN

Bill: So where are we with the sales campaign for the Falcon?

Eve: The dealers have the product literature. The sales force has been trained. They know what to do from the moment a prospect pulls into the lot. If the commercials work ...

Bill: The problem is we're going up against BMW. They've got the brand and the younger customers.

Eve: But we can beat them on price. And we're innovative. Young people like that.

Bill: So you think we can get the younger market, huh? How's the Falcon's performance?

Eve: Not bad.

Bill: Have you ever driven a BMW Roadster?

Eve: Yeah, my brother owns one.

Bill: So have you taken him for a test drive in the Falcon?

Eve: Uh-huh.

Bill: And what did he think?

Eve: Well, let's just say he's not ready to give up his keys to the Bimmer just yet.

2 Describing the benefits of customer loyalty

Retention
an ongoing relationship with a customer creates a steady stream of revenue over time as the customer continues to buy products

Related sales
selling new products to existing customers is a great source of revenue

Referrals
a satisfied customer who recommends a product to another person provides the most influential marketing a company can ask for — and it's free

Source: "The Economic Facts about Customers and Loyalty," Harvard ManageMentor



3 A typical marketing budget



Only 10% of the typical marketing budget is devoted to maintaining current customers while 90% is earmarked for attracting new customers.

FYI
earmark = to set aside for a specific purpose, use or recipient

Source: "Typical Marketing Budget," Harvard ManageMentor

4 Understanding headlines: automotive industry sales



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5 Presenting sales techniques and strategies



Presenter: OK, you've been selling our brand of cars for a year now. Tell me what you've learned about selling.

Trainee A: I've learned to let the cars be the focus.

Presenter: And why is that?

Trainee A: Because often potential buyers come in with a pretty good idea of what they want. They've been on the Website. They've done their homework ...

Presenter: So your role is ...?

Trainee A: To listen to them. Make them feel comfortable. Build a relationship. Schmooze a little — just kidding.

Presenter: Schmoozing is good. If it helps build a relationship.

Trainee B: I'm finding more and more that my role is to help customers solve their problems.

Presenter: You should avoid words like *problems*. Keep it upbeat; use positive language. Make it exciting.

Trainee B: And we're not supposed to talk about the price of the car; we should call it an investment, right?

Trainee A: I find that many customers are unrealistic about price, I mean, their investment. I tell them what *I* would do is ...

Presenter: Hold on there! I suggest that you leave the *I* out of it. Selling is not about *you* and *your* taste or *your* wallet. It's all about them, the prospects. And remember, only a small part of the prospect's message comes from the spoken word. How do you get the rest of the message?

Trainee A: Oh — body language. I can tell pretty quickly from the customer's walk if he or she is serious about buying or not.

Presenter: Tell them they look as if they're ready to *own* one of our vehicles. If they respond to that, you're ready to close.

LISTEN FIRST, SELL SECOND

Five tips to becoming a better listener:

- Don't interrupt.
- Don't be thinking about what you're going to say.
- Ask questions of clarification.
- Listen for unspoken implications.
- Repeat back to show and to clarify that you understand.

Source: Rick Crandall, 1001 Ways to Market Your Services, McGraw-Hill / Contemporary Books

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Tailoring the sales style

6 Three customers — three deals?



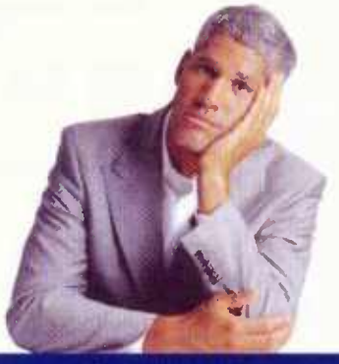
Customer A

1. has done research
2. knows what he wants
3. isn't happy about price
4. expects to negotiate



Customer B

1. has some idea what she wants
2. likes two models equally
3. wants to discuss features and test-drive both models



Customer C

1. has no idea what he wants
2. doesn't like to make quick decisions
3. doesn't want to be pushed

7 Hard Sell vs. Soft Sell

HARD SELL (Using urgency appeal)	SOFT SELL (Conditioning for long term)
• When PRODUCT is temporary, or of limited / one-time use: fashions, entertainment, seasonal clothing, perishable foods, collectibles	• When PRODUCT has potential for repeated use: staple foods, non-fashion clothing, major appliances
• When SELLER is temporary: door-to-door selling, telephone solicitations	• When SELLER is permanent: established stores, name brands
• When BUYER is temporary, that is, in an unfamiliar area or condition: tourists, travelers, newcomers, inexperienced / immature buyers	• When BUYER is stable and familiar: residents of the area, experienced, mature adults
• When a sense of CRISIS exists: a real or imagined emergency, time limit, or deadline	• When NO CRISIS exists: ongoing product or service offerings, business as usual
• When SUPPLY exceeds DEMAND: surplus situations	• When DEMAND exceeds SUPPLY: shortage situations

Source: Hugh Rank, Persuasion Analysis, *www.govst.edu/pa*

8 AIDA: A Formula for Selling Success

AIDA, a basic formula for selling, stands for Attention, Interest, Desire, Action. Before salespeople can get customers to buy products and services, they have to get their attention. In today's world, where people are constantly being bombarded by advertising and product information, it takes more and more imagination to attract and hold people's attention.

Source: Rick Crandall, 1001 Ways to Market Your Services, *McGraw-Hill / Contemporary Books*

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Tip from the Top!

"Selling is fifteen percent knowledge and skills and eighty-five percent attitude, values and emotional control."

Ron Willingham, international sales trainer and author, Selling Power, *October 2002*

9 Interpreting Body Language



Source: Robert Heller and Tim Hindle, Essential Manager's Manual, *DK Publishing*

10 Electronic Business Cards

Every hour millions of business cards change hands around the globe. The next time you reach into your pocket to present your card, make it interactive — an iMediaPro Multimedia Business Card. Packaged in an elegant case with custom print work, this full-sized CD-ROM utilizes text, graphics, animation, photographs, audio and video to "tell your story." By handing out a multimedia business card instead of a traditional business card, you'll deliver an exciting interactive message about your company while simultaneously directing potential customers to your Website and product offerings.



Photos courtesy of iMediaPro™

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Chapter Check

Now you can ...

A Discuss a sales campaign



B Describe the benefits of customer loyalty



Why is customer loyalty so important?

C Present sales techniques and strategies



LISTEN FIRST, SELL SECOND

Five tips to becoming a better listener:

- Don't interrupt.
- Don't be thinking about what you're going to say.
- Ask questions of clarification.
- Listen for unspoken implications.
- Repeat back to show and to clarify that you understand.

D Interpret body language

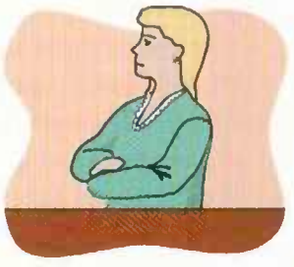
How does body language play a role in an effective negotiation?











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Selling Salesmanship

Sales guru Tom Hopkins has seen technologies come and go, but what ultimately moves the goods never changes.

Tom Hopkins has been teaching salespeople how to sell since the days when customer relationship management meant tickets to Super Bowl VII. His sales career started in 1963, at age 19, when he went to work for a real estate agent wearing a silver-striped band uniform left over from high school. (He didn't yet own a suit.) After selling a record-breaking 1,153 homes in five years in Simi Valley, Calif., he decided that a more interesting challenge would be teaching others how to do what he did.

Three decades and 3,900 seminars later, the 58-year-old Hopkins is a legend among salespeople. In that time, Hopkins has learned that what works in sales hasn't changed much. What *has* changed, however, is his students' belief that technological fixes – sales-force automation, say, or customer-relationship management software – can replace the proven techniques of selling. What they fail to realize, Hopkins says, is that selling is still a matter of listening well, finding specific needs, and, sometimes, knowing when to shut up and close the sale. Technology is simply an enabler. Take voice-mail, which Hopkins extols for its efficiency: You can leave a lot of messages in a short time if you call when there's little chance of getting through to anyone.

What hangs up many of his students, however, is what to say after a prospect's voice-mail beeps. Hopkins's suggestion: "Say that your company has given you a list of people to contact and you'll keep on calling until you get a chance to meet in person." More often than not, Hopkins says, the decision-maker will conclude, "Oh well, I'll have to talk to this guy if I want him ever to quit leaving me messages." In other words, technology helps, but it's not what gets your foot in the door. It's that ancient but awesomely effective CRM tool known as persistence. – JAMES LARDNER

What Works

Here's How Hopkins Gets to Yes:

Ask questions that don't leave room for no.
"I could visit with you today at 3, or would tomorrow at 9 be better?"

Never use the word "price" or "cost."
Say "investment."

Never ask for "an appointment." It suggests a serious time commitment. Say "I'll be in the area, and I was hoping I could just pop by and visit."

Don't ask "May I help you?" They'll reply "We're just looking." Say "Hi, I'm so-and-so. Can you tell me what brought you into our store today?"

Isolate areas of agreement.
You need a lot of little yeses on the way to the big yes.

Get Inside Your Customer's Head

A new speaker technology creates laserlike audio messages for an audience of one.

Someday soon you might start hearing sales pitches emanating from rolls of toilet paper and cans of tuna. Or at least that's how it will seem to unwitting supermarket shoppers. Much the way a theater spotlight illuminates only the person in its path, speakers equipped with a new technology called HyperSonic Sound (HSS) can focus messages at highly specific targets; people outside the beam don't hear a thing. "It's as if the sound is in your head," boasts Elwood Norris, CEO of San Diego-based American Technology, which makes the system. HSS speakers emit ultrasonic waves at 100,000 cycles per second – a wave-length beyond the hearing range of humans. When the ultrasonic sound travels through air, however, it's converted into frequencies humans can hear, even as the resulting sound beam maintains its pinpoint accuracy. By early 2003, vending machines equipped with HSS speakers will begin transmitting effects like the sound of fizzing soda. Meanwhile, IKS Media & Technology, a company that supplies sound systems to retail and food chains, plans to install HSS systems at gas stations to zap advertisements to folks standing in front of the pumps. And that noise you hear off in the distance? That's the cash register going "ka-ching."

– NANCY EINHART

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Key Words

body language *(n. phrase)* nonverbal cues that show what a person is thinking or feeling: *Although he said nothing, I could tell by his body language that he was very angry.*

boost *(v.)* to increase or raise (e.g., sales, production, or prices): *We hope the new marketing campaign will boost sales during a typically slow time of year.*

brand *(n.)* the name given to a product so that customers will readily and easily recognize it: *The Sherman family has bought the same brand of soap for the last ten years.*

close a sale *(v. phrase)* to reach the final step of the selling process in which a contract is signed or a deal is finalized: *The client demanded so many changes to the contract, that the saleswoman wondered if she would ever close the sale.*

commission *(n.)* a fee or a percentage of a sales price paid to a salesperson or agent: *Our sales team is motivated to sell as much product as possible each month because they are paid by commission.*

customer loyalty *(n. phrase)* a company strategy of building strong relationships with customers so they repeatedly purchase products and recommend them to others: *Acquiring customers is difficult and expensive, so it is wise to focus on improving customer loyalty to retain and expand sales.*

do one's homework *(v. phrase)* to research or prepare in advance: *It is best to do one's homework before making a large purchase such as a car or a home in order to get a good deal.*

give up *(v. phrase)* to surrender or relinquish: *Mark gave up his Saturday golf outings to spend more time with his children.*

go up against *(v. phrase)* to compete with: *We are going up against the best in the industry with this new product.*

hard sell *(n. phrase)* the practice of using extreme pressure to persuade a customer to buy something: *The hard sell didn't work with Tina. The harder the salesman pushed, the less interested she became in the product.*

hold on *(v. phrase)* to stop or wait: *Hold on a moment; I'm not yet ready to respond.*

let's just say *(expression)* a phrase used to say something indirectly or unofficially: *I'm not allowed to announce who we hired quite yet, but let's just say it's the internal candidate that we all expected to get the job.*

negotiate *(v.)* to deal or bargain with another person in order to reach agreement: *Unhappy with the retail price, the customer negotiated a 10% discount before making the purchase.*

plummet *(v.)* to fall or drop suddenly: *Once production increased and manufacturing cost savings were realized, prices for our DVD players plummeted.*

product literature *(n. phrase)* promotional material prepared by a company for potential buyers: *The product literature contains useful information about the different models available.*

prospect *(n.)* a potential buyer: *If you treat a prospect like a valued client, he will be more likely to feel comfortable and purchase your product.*

pull into *(v. phrase)* to drive a vehicle into a place: *Pull into the parking lot so we can look at the map.*

referral *(n.)* a recommendation: *A referral from a trusted friend is more convincing than a television commercial.*

related sale *(n. phrase)* a new product sold to existing customers: *You can often increase related sales by simply educating customers about other products you offer.*

retention *(n.) from* **retain** *(v.)* to keep or to hold: *Blanchard Industries has an excellent customer retention record which they attribute to superior customer service and competitive pricing.*

sales campaign *(n. phrase)* a series of events or activities developed to increase sales: *The new sales campaign is targeting the youth market with its emphasis on rock stars and their music.*

sales rep(resentative) *(n. phrase)* a person whose job is to persuade people to buy a company's products: *The sales reps from several industries met at the conference to discuss sales techniques and strategies.*

schmooze *(v.)* to chat pleasantly with someone for the purpose of establishing a friendly relationship: *He likes to schmooze with clients before talking business.*

slump *(n.)* a sudden drop in price, value, or quantity: *There has been a slump in sales this winter.*

soar *(v.)* to fly upward rapidly, as a bird: *Demand for mobile phones has soared this year.*

soft sell *(n.)* the practice of encouraging and persuading, but not pressuring, a customer: *Because the customer owned several other Ferraris, the salesman used the soft sell with her.*

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Chapter 3

Managing the Numbers

Topics

Budgets

Financial statements

Performance evaluation

Objectives

Talking about budgets

Discussing the budgeting process

Discussing financial reports

Summarizing an interview

Expressions

put pressure on someone;
one way or another;
get one's house in order

"You can't manage what you don't measure."

a business proverb



1 TALKING ABOUT BUDGETS

In the executive office of a pharmaceutical company

CEO: As you know, after last quarter's results, the Board is putting a lot of pressure on me to get costs down. I'd like to ask all department heads to revise their budgets.

CFO: What do you have in mind?

CEO: We need them to reduce their spending by ten percent.

CFO: And if their budgets are already as tight as they can get?

CEO: Then they're going to have to look again. The cost of each and every drug we're developing must be cut by ten percent — one way or another.

CFO: Faster government approval would help a lot ...

CEO: I know it would. But let's get our house in order first before we start worrying about what the government's doing.

Discussing the budgeting process

2 Definition: *budget*

A budget is ...

a. a forecast of the year's financial results
b. a plan of the year's work
c. an expression of upper management's objectives and priorities
d. a control and measurement tool
e. all of the above

FYI
forecast (n.) = prediction; estimate

Source: Robert G. Finney, Essentials of Business Budgeting, Amacom

3 Budgeting strategies



TOP-DOWN BUDGETING

Step 1 A company's upper management establishes specific financial goals, such as revenue, profit and expenses.

Step 2 Department heads develop budgets that support management's priorities and allow them to meet its goals.

Step 3 Management reviews the departmental budgets and works with department managers to finalize them.



BOTTOM-UP BUDGETING

Step 1 Department managers prepare budgets that reflect the needs and goals of their departments.

Step 2 Upper management reviews and consolidates the departmental budgets to create an overall company budget.

Step 3 Management directs departments to modify their budgets, as needed, to meet the company's objectives.

Source: "Finance Essentials," Harvard ManageMentor

THE BIG PICTURE

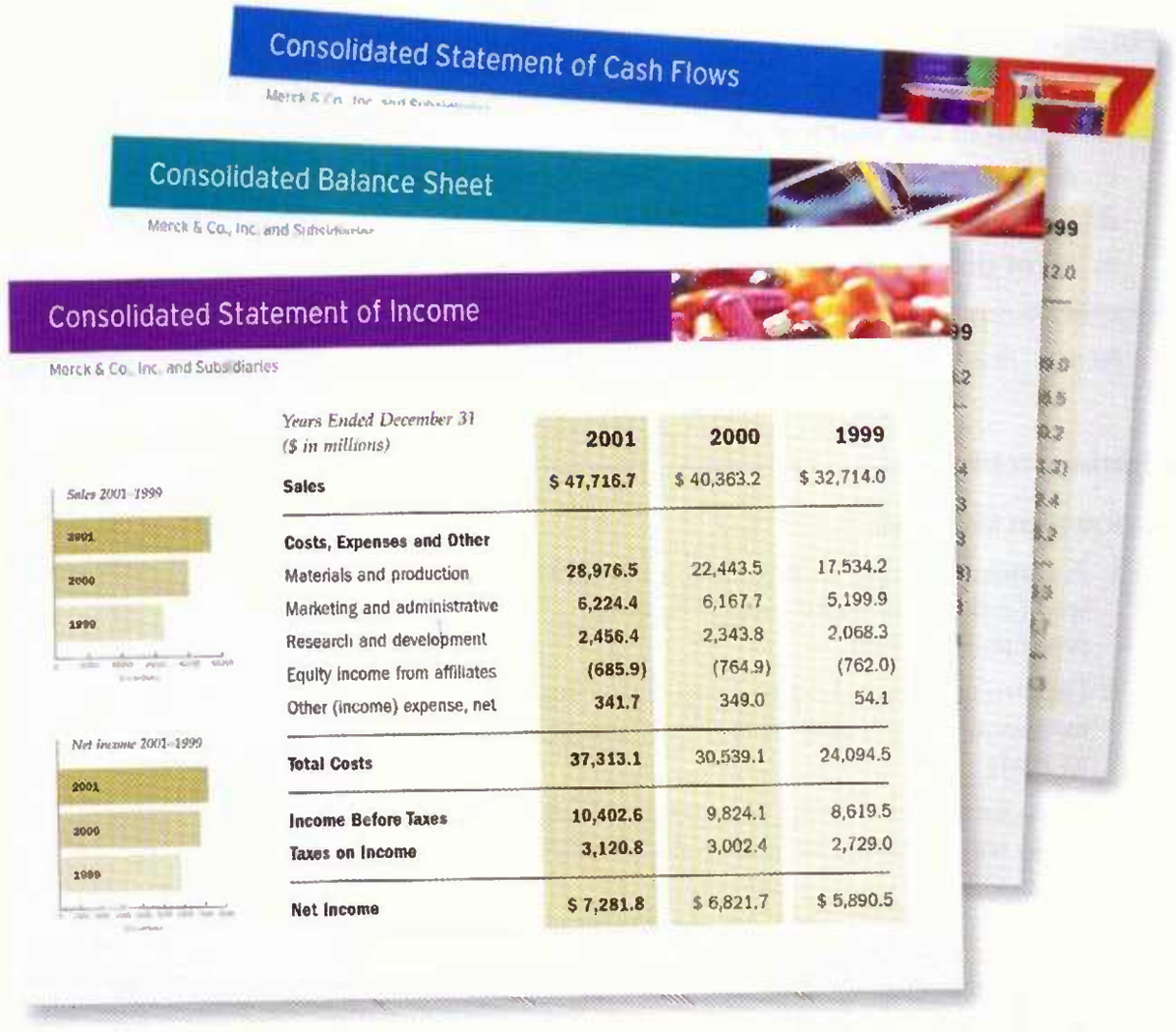
When preparing a budget, it is important to know your company's strategy, its position in its industry, and its philosophy toward budgets. You can learn what you need to know by ...

- keeping an eye on the economy and how your company responds to it
- keeping up with the latest trends in your industry
- getting to know your company's culture, that is, what is valued by senior management
- using SWOT analysis (SWOT = **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats to the company)

Based on "Finance Essentials," by Chuck Kremer, Harvard ManageMentor

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4 Forecasting from financial statements



Years Ended December 31 ($ in millions)	2001	2000	1999
Sales	$ 47,716.7	$ 40,363.2	$ 32,714.0
Costs, Expenses and Other			
Materials and production	28,976.5	22,443.5	17,534.2
Marketing and administrative	6,224.4	6,167.7	5,199.9
Research and development	2,456.4	2,343.8	2,068.3
Equity income from affiliates	(685.9)	(764.9)	(762.0)
Other (income) expense, net	341.7	349.0	54.1
Total Costs	37,313.1	30,539.1	24,094.5
Income Before Taxes	10,402.6	9,824.1	8,619.5
Taxes on Income	3,120.8	3,002.4	2,729.0
Net Income	$ 7,281.8	$ 6,821.7	$ 5,890.5

Source: Merck & Co., Inc., Annual Report 2001

5 The essentials of financial reporting

Statement of Income (a.k.a. the P&L Statement)
shows revenue, expenses and profit during a given period of time, typically either a quarter or a year; shows how much money the company spends to make its profit

in brief: *tells you whether the company is making a profit*

FYI
a.k.a. = also known as
P&L = profit and loss

Balance Sheet
shows the company's financial position at a given moment by comparing what the company has invested in its business to what it owes its creditors; the difference in the two numbers is the owners' equity; the balance sheet illustrates this equation: ASSETS = LIABILITIES + OWNERS' EQUITY

in brief: *tells you how well the company is using its assets and managing its liabilities*

Cash Flow Statement
shows how much cash is coming into and going out of the company during a given period of time; it also details how the company spends its cash

in brief: *tells you whether the company is turning profits into cash*

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6 Just the facts

Developing new medications is a long, complex process, involving extensive periods for research, testing and clinical trials. While the public cries out for less expensive drugs, it insists, of course, that medicines be safe and effective with as few side effects as possible. Consumers in the U.S. and critics of pharmaceutical companies demand lower prices for medicines, but the facts paint a challenging picture for the industry –

– it takes 10-15 years to develop a new prescription medicine and earn government approval

– the average cost of bringing a new drug to market: $802 million

– 15 years ago, the cost was just $318 million (inflation-adjusted dollars)

– of every 5,000 medicines tested, roughly five will undergo clinical testing

– of those five, only one will eventually be approved for use

Source: Tufts University Center for the Study of Drug Development, press releases 2001-03

7 Summarizing an interview on the pharmaceutical industry



– How are prescription drug companies faring in the economy? Why?

– Why is the prescription drug industry considered a difficult business environment?

– What are drug companies doing to keep their balance sheets under control?

– What is the U.S. government investigating? Why?

Did you hear the one about the accountant?

A business executive was interviewing candidates for a managerial position. In the course of the interview, he asked each applicant: "How much is two plus two?"

The first applicant, trained as an engineer, pulled out his slide rule and found the answer to be between 3.999 and 4.001.

The second candidate, trained as a lawyer, noted that in the case of Newton vs. Einstein, two plus two was proven to be four.

The third applicant was an accountant. When the executive asked him how much two plus two was, he leaned across the desk and whispered: "How much do you want it to be?"

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8 UNDERSTANDING CULTURAL DIFFERENCES

Relying solely on the "numbers" to develop a business plan can lead to what is known as "paralysis by analysis" or, in other words, the inability to come to a decision.

How much do you rely on data in making decisions?

Is there a place for judgment and intuition in developing a business strategy?

What is your company's philosophy on this?



9 Evaluating a company's performance

The most common ways to measure a company's performance:

- Sales growth (CAGR)
- Profit growth (pre- & post-tax)
- Financial ratios (% growth)

Based on "The Balanced Scorecard: Measures that Drive Performance" by Robert S. Kaplan and David P. Norton, Harvard Business Review, 2000

The Balanced Scorecard

Wouldn't it be great to have a system that would evaluate a company's performance from a number of different perspectives, and not just by looking at the bottom line?

Robert Kaplan and David Norton have come up with such a system. It's called the Balanced Scorecard Performance Measurement System. It includes financial measures, which examine the results of changes implemented by a company, as well as operational measures, such as customer satisfaction, internal processes, and the organization's ability to learn and improve.

In order for the balanced scorecard approach to work, it's necessary to translate a company's strategy into precise goals and measures. This allows managers to monitor those measures as they try to achieve their goals.

10 What's the bottom line?



"Thank you, Bentley. We get the picture."

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Accounting expressions and slang:

the bottom line:	the last entry of a balance sheet
crunch the numbers:	make calculations; tally results
in the black:	show a profit
in the red:	show a loss
go belly up: *go bust:* *go broke:*	become bankrupt

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Chapter Check

Now you can ...

A Talk about budgets and the budgeting process

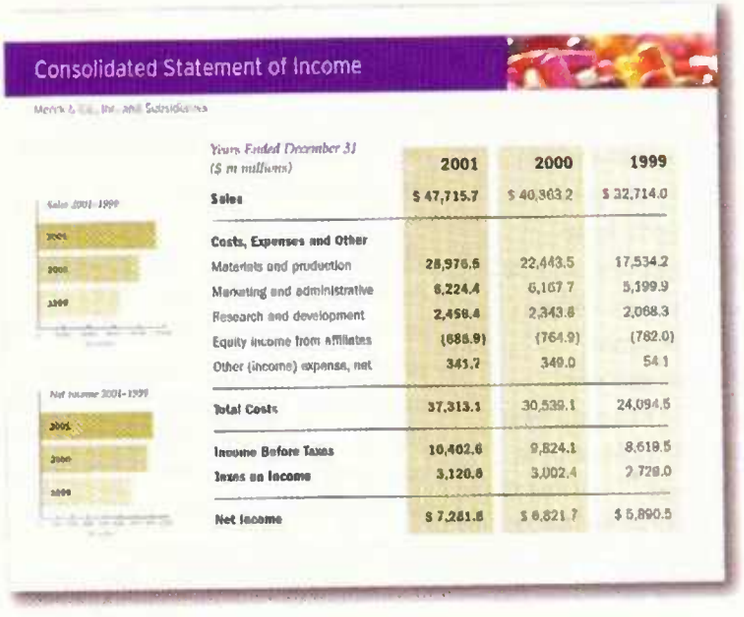


What is the purpose of a budget?



What is your company's approach to budgets?

B Discuss financial reports



Consolidated Statement of Income

Years Ended December 31
($ in millions)

	2001	2000	1999
Sales	$ 47,715.7	$ 40,363.2	$ 32,714.0
Costs, Expenses and Other			
Materials and production	28,976.6	22,443.5	17,534.2
Marketing and administrative	6,224.4	6,167.7	5,199.9
Research and development	2,458.4	2,343.8	2,068.3
Equity income from affiliates	(688.9)	(764.9)	(782.0)
Other (income) expense, net	343.2	349.0	54.1
Total Costs	37,313.1	30,539.1	24,094.5
Income Before Taxes	10,402.6	9,824.1	8,619.5
Taxes on Income	3,120.8	3,002.4	2,728.0
Net Income	$ 7,281.8	$ 6,821.7	$ 5,890.5

What can you say about this company based on its income statement?
What other reports would you like to see to evaluate the company's performance? Why?

C Summarize an interview

What did the experts in the industry have to say?



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12 Management Tips for Slow Times

Slow times call for new strategies and some very old spending habits.

One day in the 1920s, Harold Ross, the skinflint editor of a new magazine called the *New Yorker*, asked staff writer Dorothy Parker why she was late with a piece he expected. She replied: "Somebody was using the pencil."

Now that is thrift. After a decade of easy riches, it's time to dust off a fundamental businesslike virtue: striving to do more with less. You could argue that prudence isn't a virtue in the middle of a gold rush. You've got to spend money to make money. Hire ahead of demand so as to be ready when it comes. The early bird gets the worm. The worm has turned.

Though business shows signs of a rebound, it's clear that the future no longer belongs to the irrationally exuberant, but to companies that demonstrate, quarter in and quarter out, the ability to produce and sell more without burning through people, capital, and other resources. Any dunce can spend a fortune (thus doing more with more). Any moron can order across-the-board cuts (doing less with less). The grand strategic challenge is to use times like this to transform a company into an organization that knows in its bones how to do more with less — not just now, but forever.

So how do you begin? Harvard Business School's Rosabeth Moss Kanter has assembled a checklist of effective ways to bring costs down without seriously hurting a business. Among them are:

- Slashing travel, consulting, and entertainment budgets.
- Speeding collections and slowing payments.
- Unbundling the product/service mix and charging for things that once were free.
- Renegotiating purchasing contracts.
- Forming partnerships to share costs.
- Putting selected R&D, technology, or capital spending projects into hibernation till spring.
- Cutting people, especially outside the core areas of direct production and sales.

What isn't evident from running through such a laundry list is the mental exertion that's called for. Remember, frugality is a means to an end. Leaders at all levels of a company may face difficult, even heartbreaking choices as they cut costs in line with revenue declines at the same time that they're trying to preserve their intellectual capital and fund future growth. Before you can ask for sacrifices, your company needs a vision — a story of what it is, where it's going, and why it's worth all this pain to get there. You also can't expect to act effectively until some fundamentals are in place.

Get your numbers right

Prosaic as it sounds, you can't promote frugality unless you first stop kidding yourself. That goes for both accounting and operating numbers. In boom times, when sales rise every quarter and Wall Street "whisper numbers" set expectations high, it's all too tempting to play around, figuring you can make it right next quarter. As for operating measures, in the long run, only three matter. The first is free cash flow — that is, how much cash a business produces over and above what it needs to operate. The second is economic profit or economic value added — net operating profits in excess of the cost of capital. The third number is productivity. Productivity is output divided by input. If it improves, you are doing more with less. Wise leaders know that labor is only one input, and if all you see is labor cost, then all you'll do is lay people off. That can kill a company's future.

Help people understand that thrift is a source of profit

In the case of Mutual Funds company Vanguard Group, low cost helps give them a brand identity in an industry where most entrants have none to speak of. Employees understand that that's why Vanguard can compete with marketing machines like Fidelity and Merrill Lynch.

People should get more, not less

Stock options, stock ownership, profit-sharing, gain-sharing — some sort of connection between company coffers and employee pocketbooks must be made. The more direct, the better.

Eliminate the galling gewgaws of privilege

Out go the executive parking spaces, country club memberships, etc. — forever. These inhibit the fourth and most powerful way to build thrift into the very bricks of your business —

Get everyone involved

Charter six, eight, a dozen cross-functional teams. Assign them topics like travel, energy, purchased materials, or distribution. Then, the hard parts: Implement at least 80 percent of what they recommend, and don't stop when business gets better.

Thrift is more than tactics. When it all works — the business model, the reward system, the institutions — it's part of your culture.

—THOMAS A. STEWART *is the editorial director of Business2.com*

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Key Words

asset *(n.)* something owned by an individual or business that has value or can earn revenue: *The firm's assets include several high-rise office buildings in the business district of the city.*

balance sheet *(n.)* a document summarizing the overall financial position of a business, often at the end of each quarter and year: *The company performed well last quarter as shown by the balance sheet.*

balanced scorecard *(n.)* an internal strategic management system to evaluate performance from different perspectives including both financial and operational measures: *The balanced scorecard allowed our company to clarify our vision and strategies and then translate them into action for creating future value in customer relationships and more efficient organization-wide processes.*

bottom line *(n.)* the financial figure showing a company's total profit or loss: *Reducing development costs will help to improve the company's bottom line.*

bottom-up budgeting *(n.)* developing a budget beginning with department managers' needs, then consolidating these needs for final review and approval by upper management: *The CEO believes that understanding the needs of each department is vital, so she uses the bottom-up budgeting approach.*

budget *(n.)* an organization's detailed plan of how it will spend money during a specified period of time: *Following our budget closely will allow us to achieve our financial goals.*

business plan *(n.)* a document detailing management's strategies, as well as expected expenses, revenues, financing, etc.: *The managers will need to provide a five-year business plan in order to get the bank loan.*

CAGR (Compound Annual Growth Rate) *(n.)* a mathematical formula to show annual compounded yields vs. simple averages: *The CAGR is a useful statistic for evaluating how companies of different sizes have performed during the same time period.*

cash flow statement *(n.)* a document giving details of money coming into and going out of a company during a specified time period: *The cash flow statement shows that our customers are paying our invoices on time.*

equity *(n.)* the capital a company has from shares (as opposed to debts): *The strong stock market will allow more companies to use equity instead of loans to finance major purchases.*

financial statement *(n.)* a document showing the financial position of a business, often at the end of each quarter and year: *The company is late sending its financial statements to investors this quarter.*

forecast *(n.)* a description of expectations for the future based on current information: *It is too early to make accurate forecasts about consumer demand for the new product.* *(v.)* to make a statement describing expectations for the future based on current information: *We forecast growth of 35% for next year.*

get one's house in order *(v. phrase)* to improve the processes and workings of an entity or organization: *We need to get our house in order before the government inspection team arrives next week.*

income statement *(n.)* a document showing details of money earned and spent during a particular period of time: *The income statement shows net income this year fell sharply compared to last year.*

liability *(n.)* money a business owes: *The business' liabilities include a bank loan and taxes.*

one way or another *(expression)* a phrase used to say that if one method does not work another will be tried until a solution is found: *One way or another we have to collect all the data for Mr. Anderson's presentation by the end of the day.*

P&L (profit and loss) *(n.)* see definition for income statement

put pressure on *(v. phrase)* to force someone to do something: *I have several reports to finish, but my supervisor has been putting pressure on me to complete this one first.*

strategy *(n.)* a plan for achieving a goal: *We must create a strategy for reducing company expenses.*

SWOT analysis *(n.)* a system for examining a company that focuses on strengths, weaknesses, opportunities, and threats: *We will carry out a SWOT analysis before creating the budget for next year.*

top-down budgeting *(n.)* developing a budget beginning with upper management's financial goals, which are then communicated to department heads as they create their departmental budgets: *The CEO and CFO have a strong vision of the direction they want the company to move, so they use the top-down budgeting approach.*

trend *(n.)* the general way in which a situation is changing or developing: *The return-on-investment figures show a positive trend in the pharmaceutical industry.*

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Chapter 4

Managing Performance



Topics

Employee commitment

Retention of talent

Management styles

Performance evaluations

Recruiting and promoting

Objectives

Discussing employee commitment

Explaining employee retention issues

Describing performance evaluations

Summarizing hiring and promotion practices

Expressions

from scratch; to take off; to take the plunge; to jump out at someone; to get up to speed; a tough act to follow

---

"What gets rewarded gets done."

a well-known business saying

1 AN UPCOMING PERFORMANCE EVALUATION

Lena: I just had my performance review.

Mark: How did it go?

Lena: OK, I guess. When are you going to have yours?

Mark: Next week. But you know, Lena, there's something I've been meaning to tell you. I'm thinking of leaving.

Lena: Really? Why?

Mark: It's just that an opportunity at a start-up company has come my way, and I really like the idea of being part of building something from scratch.

Lena: That seems a little risky in this economy. What if it doesn't take off? You could find yourself without a job in no time at all.

Mark: I know. There's a lot to consider before I take the plunge. I don't think I'll be making any decisions before my review.

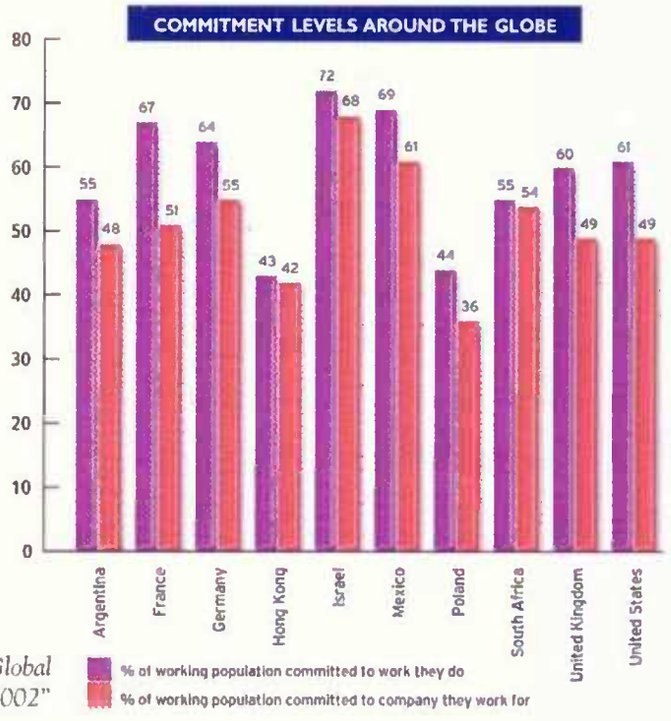
Lena: So maybe I need to tell your boss how important this one's going to be — for both of you.

Discussing employee commitment

2 Assessing employee commitment



Source: Hudson Institute / Walker Information, www.hudson.org, "Commitment in the Workplace. The 1999 Employee Relationship Report Benchmark Study"



Source: Taylor Nelson Sofres PLC 2002, "Global Employee Commitment Report 2002"

3 Building employee commitment

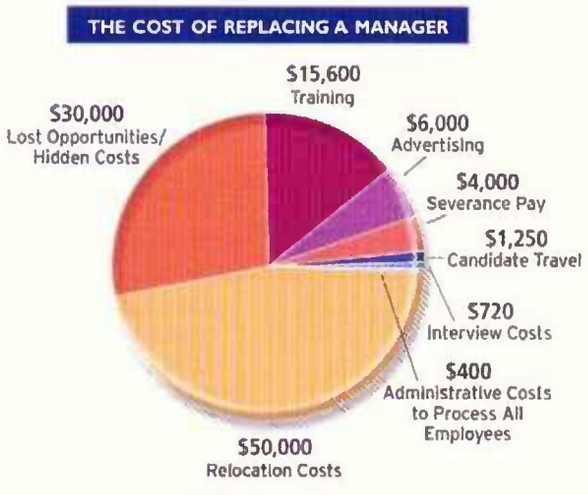
True employee commitment is something managers and companies should strive for. Committed employees —

- are fully engaged in their jobs
- care about achieving good results — all the time
- are self-motivating
- motivate others by their example
- generate ideas for the company
- welcome challenges
- persevere in difficult times
- are "ambassadors" for the company
- make the company's mission their own



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4 Evaluating the cost of turnover



Turnover — the process of losing employees and hiring new staff to replace them — can be a costly result of not building commitment. While a certain amount of turnover is to be expected (and is actually desired for some positions), its costliness should not be underestimated.

The cost of replacing employees has been estimated at twice their annual salary. This figure takes into account, of course, the loss of employees' knowledge and skills, but also managers' time spent interviewing, work put on hold while replacements are found, and lost contracts or customers.

Source: Development Dimensions International, www.ddiworld.com

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Exploring employee retention

5 Considering retention from the employee's point-of-view

WHY EMPLOYEES STAY	WHY EMPLOYEES GO
• good relationship with supervisor	• poor relationship with supervisor
• job security	• insecurity (e.g., new management)
• job satisfaction (meaningful role and responsibilities)	• job dissatisfaction (insufficient or inappropriate responsibilities)
• compatibility (workload, corporate culture)	• incompatibility (inability to juggle demands of work and home)
• sense of belonging	• no sense of belonging

Adapted from "Retaining Valued Employees," James Waldroop and Timothy Butler, Harvard ManageMentor

6 Examining management styles

ELTON INDUSTRIES

MANAGING DIRECT REPORTS

Please complete this survey and submit it to your department head at your monthly status meeting.

1. I think of my direct reports as _____.	[ ] subordinates	[ ] colleagues		
2. When I criticize an employee, I _____ offer praise, too.	[ ] sometimes	[ ] usually		
3. I criticize employees in _____.	[ ] public	[ ] private		
4. I praise employees in _____.	[ ] public	[ ] private		
5. I give praise _____.	[ ] frequently	[ ] when work is exceptional		
6. My direct reports _____ adapt to my management style.	[ ] need not	[ ] must		
7. I expect _____ from my direct reports than / as I expect from myself.	[ ] more	[ ] as much	[ ] not as much	
8. I meet with each employee _____ a year to discuss performance.	[ ] once	[ ] a few times	[ ] several times	
9. Performance evaluations of my direct reports are _____ for both parties.	[ ] uncomfortable	[ ] unproductive	[ ] valuable	

FYI

direct report = employee whose performance a manager is responsible for; e.g., Mark reports to Ms. Harris. He is her direct report.

7 Management Workshop

Old Ways	New Ways
called "personnel"	
a top-down approach	
once-a-year evaluation	
a list of issues / shortcomings	
the manager = the boss	
manager says what skills are lacking	
"Performance Appraisal"	

Based on "Performance Appraisal Is Dead – Long Live Performance Management," Monci J. Williams, Harvard Management Update

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8 Considering 360-degree feedback

Multi-rater or 360-degree assessment surveys provide input on employee performance from several perspectives. A typical 360-degree assessment would include input from an employee's supervisor, her peers, her subordinates and possibly her clients and/or vendors. The term 360-degree refers to the fact that the feedback comes from above, below and around the person being rated.

Some HR consulting firms recommend *not* to use multi-rater assessments for performance review. Rather they suggest that this tool be used as part of on-going professional development.



Company Profile: Procter & Gamble

Procter & Gamble is a manufacturer of consumer goods, such as soaps and detergents, hair-care products, toothpastes and snack foods. The company markets some 300 brands in over 160 countries. It employs nearly 102,000 people in approximately 80 countries.

9 Examining P&G's recruiting and promotion practices

According to its Website, "P&G people are our greatest asset." The company's recruitment and promotion practices illustrate this claim. Procter & Gamble —

- brings nearly all new hires in at the entry level
- recruits from over 100 colleges and universities each year (not just the most prestigious schools)
- recruits a diverse mix of employees
- typically promotes from within (virtually all management hires and senior positions come from within the organization, including the top-level executive positions)
- uses a four-stage, Web-based recruitment process (1. application 2. questionnaire 3. test 4. interview)
- offers on-the-job, formal classroom and Web-based training programs
- hires over 500 interns a year
- provides performance feedback twice during summer internships



Tip from the Top!

"Companies must find a way to know who their best [employees] are, figure out what those employees want and need, make sure that they are getting it — and make sure that they know that they're getting it."

Phil Harkins, President and CEO of Linkage, Inc., *a provider of organizational development and corporate education programs, products and services*

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10 A day in the life of an HR director (Part 1)



JOE MURRAY



KELLY LAMKINS



RICH TOBIN



JULIE CHOI

1. Why does Joe Murray call Kelly Lamkins? Is this productive?
2. What might the company have done to keep Rich Tobin?
3. Do you agree with Joe's advice for Julie Choi?

11 A day in the life of an HR director (Part 2)

You recently hired a Senior Recruiter who is doing very well. Unfortunately, you've just been told one of the following:

a) a budget reduction requires you to reduce staffing costs starting with the most recently hired

b) a hiring freeze has just been announced and there isn't enough work for the Senior Recruiter

c) the new Senior Recruiter has unexpected family obligations that will prevent him or her from working full time; the company needs a full-time person in this position

What will you do? Can you find a creative solution?

12 What *not* to say in an interview

As part of a survey on recruiting and conducting job interviews, several business executives were asked to share unusual things they had seen and heard when conducting job interviews. Here are some of the responses —

THINGS INTERVIEWEES HAVE SAID:

– It may seem from my resume that I'm a job hopper, but I want you to know that I have never left any job voluntarily.

– I don't really want the job, but the unemployment office wants proof that I'm looking for one.

– What job am I applying for anyway?

THINGS INTERVIEWEES HAVE DONE:

- Candidate stretched out on the floor to fill out the job application.
- Candidate arranged for a pizza to be delivered during the interview.
- During the interview, an alarm clock went off from within the candidate's briefcase. He took out the clock, shut it off, apologized and said he had to leave for another interview.

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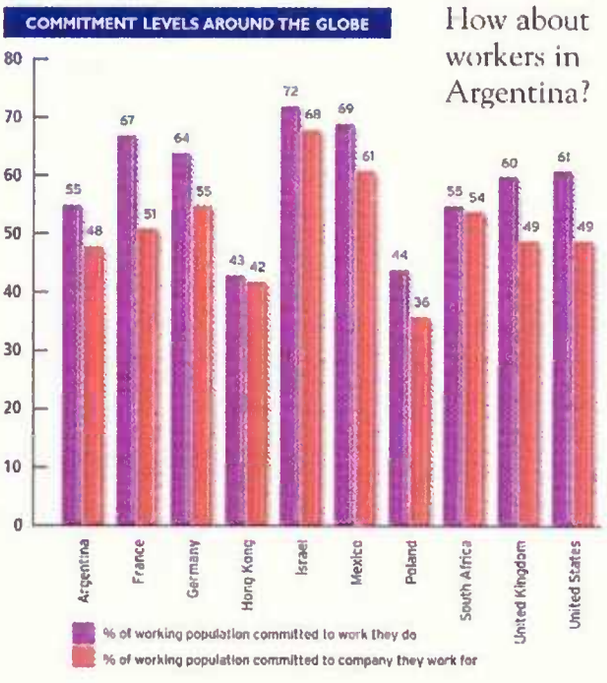
Chapter Check

Now you can ...

A Discuss employee commitment



How committed to their jobs are workers in the U.S.?



How about workers in Argentina?

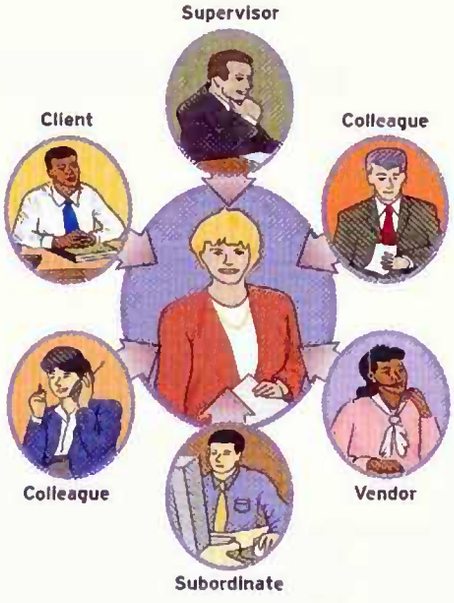
B Explain employee retention issues



Why do employees stay at a company?

Why do they leave?

C Describe a performance evaluation



How does your company handle performance assessments?

D Summarize hiring and promotion practices

Procter & Gamble —

- brings nearly all new hires in at the entry level
- recruits from over 100 colleges and universities each year (not just the most prestigious schools)
- recruits a diverse mix of employees
- typically promotes from within (virtually all management hires and senior positions come from within the organization, including the top-level executive positions)
- uses a four-stage, Web-based recruitment process (1. application 2. questionnaire 3. test 4. interview)
- offers on-the-job, formal classroom and Web-based training programs
- hires over 500 interns a year
- provides performance feedback twice during [illegible] internships

How does your company's practices compare to others'?

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21% of small businesses offered raises during the first quarter, despite the recession. — NFIB, MAY SURVEY

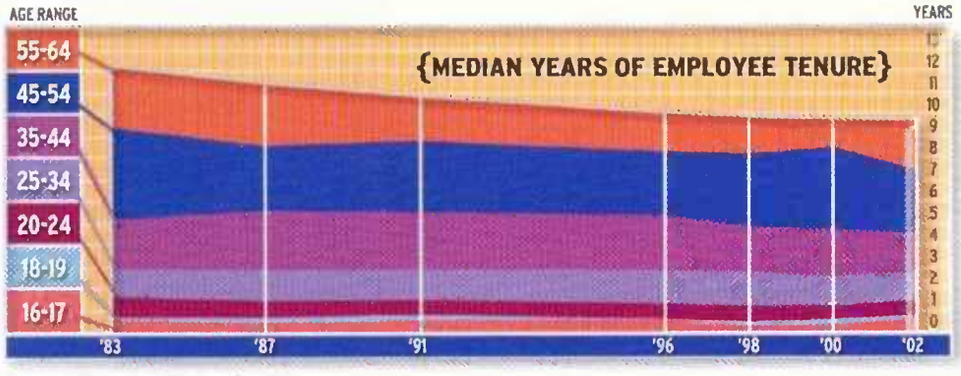
Positive Feedback.

Employees and managers may have different levels of experience, but they worry about the same thing: "How can I do a better job?" To help you help them, we turned to Kathryn Lemaire, vice president at the Hay Group, a consultancy that helps organizations manage people. Performance reviews, she says, should not be a single, dreaded day at the end of the year, but an ongoing dialogue incorporated into the company's culture. Her advice:

- Employees constantly want to know where they stand in the company, and good managers should clue them in regularly. If someone is doing a good job, give him immediate, specific feedback that is genuine, rewarding, and motivating. If there is room to improve what he is currently doing, point out how to change and get better. Consistent and honest feedback in small doses throughout the year can alleviate the need for a highly charged annual review.
- Employers usually think they clearly articulate their goals to employees when, in fact, most don't. Sharing your targets and ambitions — and reinforcing those with regular meetings and dialogue — stacks the deck in favor of your employees' living up to expectations. Employees want to do the right thing, but can do so only if they know what the right thing is.
- Empathy is crucial when delivering not-so-pleasant feedback. People who feel forced to defend their self-esteem are less receptive. Focus on specific behavior and remember the goal is to reset direction, not to point out inadequacies.
- Set clear incentives for a job well done. It makes sense that stars should get significantly more than poor performers, but rarely does that actually happen.

Career Immobility

You've heard the conventional wisdom: Job security is history. Loyalty is dead. Well, don't believe it. Overall, American employees aren't jumping from job to job any more than they did 20 years ago. The median time for a worker to stay with a given employer is now 3.7 years — virtually unchanged from an average tenure that's bounced between 3.4 and 3.8 years since 1983. What's new then? Workers 35 and older are moving around more than they used to. And the historic difference in tenure between men and women is shrinking, as women stick with their jobs even during childbearing years.



Source: Bureau of Labor Statistics

It's Not About the Money

Actually, it's not *all* about the money. More than half of the respondents to our latest online survey cited the professional opportunities available in the workplace as the most important reason to get out of bed each morning. Paycheck size came next on the priority list, followed by jovial colleagues and a friendly manager. Bosses come and bosses go, but *Business 2.0* readers believe that satisfying work is its own best reward.

BUSINESS 2.0 READER POLL

What single factor most heavily influences your job satisfaction?



Total votes: 6,439

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Key Words

act *(n.)* [tough ~ to follow] performance: *No one in our department wanted to apply for John's position after he left the company. He's a tough act to follow; no one felt qualified to fill his shoes.*

commitment *(n.)* an expression of strong intention to do something or behave in a certain manner: *Our firm has made a commitment to innovation by fostering creativity in employees.*

compatibility *(n.)* the ability to work or live together in harmony: *The new employee feels a high level of compatibility with the values and goals of the firm.*

corporate culture *(n.)* the ideas, attitudes, and beliefs shared in an organization: *Placing top priority on customer service and satisfaction are key values in the corporate culture of our organization.*

direct report *(n.)* the person a manager supervises and is responsible for: *The director of the finance department is well known for keeping his direct reports motivated and productive.*

from scratch *(expression)* to make or create something without using anything that was previously prepared or developed: *Bill Gates and Paul Allen built a software empire from scratch.*

get up to speed *(v. phrase)* to work in order to reach the appropriate or necessary level of knowledge to perform in a job: *The new trainee got up to speed in three weeks, which is half the time it usually takes our new employees to learn the essentials of that particular position.*

human resources (HR) department *(n.)* the department in an organization focused on managing, training, and supporting employees: *Please call HR for questions concerning medical benefits.*

intern *(n.)* someone, typically a student, who works in a job for a short time to gain professional experience: *Because summer is our peak season, we typically hire college interns to help handle the increased sales volume.*

jump out at *(v. phrase)* when something is more noticeable than everything else and is impossible to ignore: *The red envelope jumped out at me from among the white envelopes piled on the desk.*

mission *(n.)* purpose; goals: *Our mission is to provide excellent service at an affordable price.*

motivate *(v.)* to encourage or provide a reason to do something: *The additional training and resources we're providing will motivate employees to work more efficiently.*

never-ending *(adj.)* seemingly continuous; without end: *My work is never-ending — no matter what time I start and finish each day, there is always plenty to do the next day.*

performance assessment / evaluation / review *(n. phrase)* a meeting between an employee and a supervisor to discuss work results, goals, and future plans for the employee's position: *The performance review process has been revised so that employees learn how to build on their successes and examine their shortcomings.*

persevere *(v.)* to continue trying to do something even though it is challenging or difficult: *Tom persevered in his efforts to improve his performance even though his supervisor was not supportive.*

praise *(v.)* to give positive feedback: *I praise my employees when they do excellent work so they know that they are appreciated and valued.*

promotion *(n.)* a move to a better job: *With his promotion, Bill got a raise and increased responsibilities.*

recruit *(v.)* to seek and attempt to attract candidates for employment: *We visit the best universities in the area every year to recruit new graduates.*

sense of belonging *(expression)* a feeling of being connected to and part of a group: *Orientation sessions have been designed to help new employees quickly feel a sense of belonging to the company.*

shortcoming *(n.)* a weakness, fault, or lack: *He balanced his shortcomings as a salesperson with his strengths as a specialist in the industry.*

staffing *(n.)* *from* **staff** *(v.)* to provide the employees of an organization: *The company expects to increase staffing by 10% this year.*

subordinate *(n.)* a person in a lower position and with less authority than another in an organization: *The division manager is responsible for overseeing nearly forty subordinates.*

take off *(v. phrase)* to suddenly become successful: *The new Internet company took off soon after several articles about it appeared in the major newspapers.*

take the plunge *(v. phrase)* to make a decision to do something risky: *I finally decided to take the plunge and start my own business.*

top-notch *(adj.)* the very best: *We are prepared to pay top salaries for top-notch talent.*

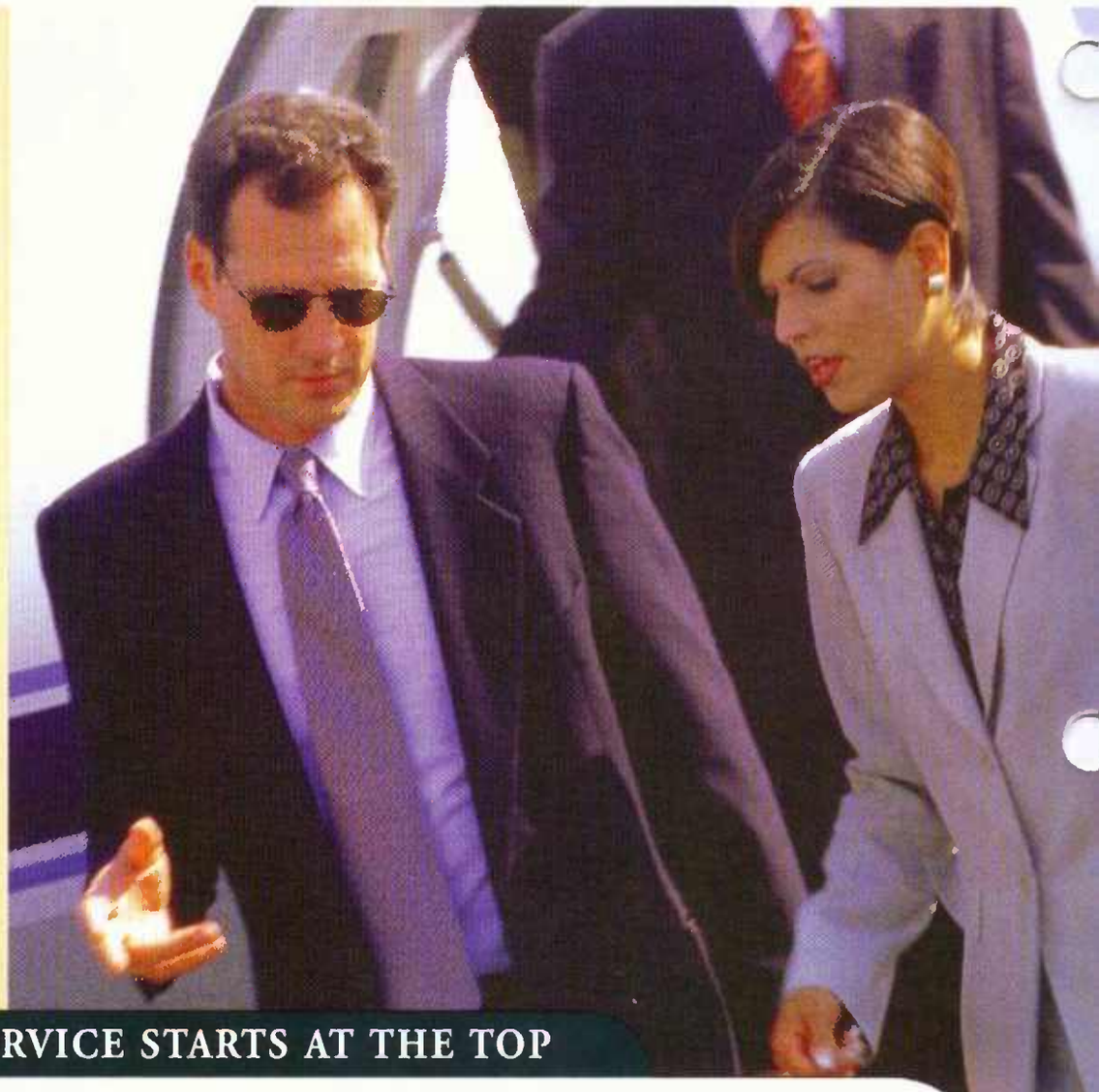
trap *(v.)* to catch or hold in an unpleasant situation with no easy escape: *Layla feels trapped in her job. She wanted to quit a long time ago, but she has had no luck finding another job.*

turnover *(n.)* a figure or ratio that represents worker replacements over a given period of time: *Due to the long hours, the low pay, and the difficult working conditions, the turnover at Beltek was very high.*

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Chapter 5

Building Customer Loyalty



Topics

Customer loyalty

The service-profit chain

Corporate culture

The service process

Objectives

Describing the service-profit chain

Analyzing customer value

Talking about corporate culture

Commenting on service delivery

Expressions

on board; you name it; to roll up one's sleeves; to pull something off; guess again; to be going places; in a nutshell

---

"There is only one boss: the customer."

Sam Walton, founder of Wal-Mart

1 CUSTOMER SERVICE STARTS AT THE TOP

An interview with Darren Stephenson, president and CEO of start-up airline Cloud Nine

Stephenson: Customer service starts with me — it has to in this business.

Interviewer: How often do you actually fly on one of your planes?

Stephenson: I try to take at least two flights a week.

Interviewer: How do you spend your time when you're on board?

Stephenson: I spend a lot of time talking to the customers and crew. I start at the back of the plane, talk to the flight attendants, then go up front and announce to passengers that I'm on board and that I'll be passing through the cabin to help serve snacks.

Interviewer: Do you speak with many of the passengers?

Stephenson: I actually speak to every passenger — I collect *a lot* of business cards. I like to find out how my customers are reacting to our service. I almost always end up with a notebook full of comments, suggestions — and a few complaints.

Interviewer: How do you handle the complaints?

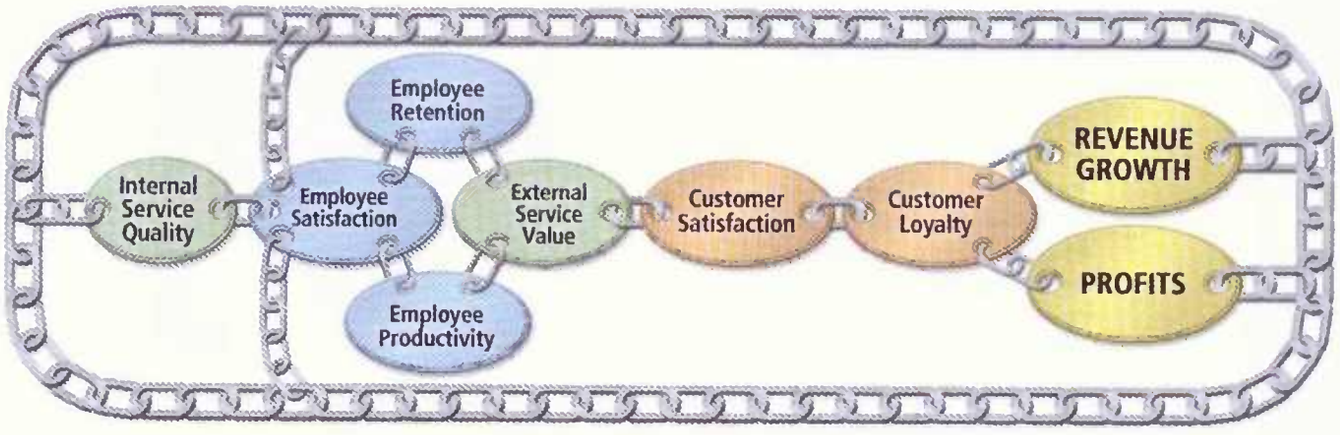
Stephenson: Well, I start off by listening.

Based on Jennifer Keeney's interview of JetBlue founder and CEO David Neeleman, Fortune, *February 2001*

Linking loyalty to profit

2 Describing the service-profit chain

Understanding the links in the service-profit chain can help a company develop comprehensive strategies for lasting competitive advantage.



The service-profit chain describes the relationships between employee satisfaction, customer loyalty, and profitability.

1. Profit and growth are stimulated by customer loyalty.
2. Loyalty is a direct result of customer satisfaction.
3. Satisfaction is largely influenced by the value of services provided to a customer.
4. Value is created by satisfied, loyal, and productive employees.
5. Employee satisfaction results from high-quality support services and policies that enable employees to deliver results to their customer.

Source: James L. Heskett et al, "Putting the Service-Profit Chain to Work," Harvard Business Review

3 Analyzing the value of a customer

Customers come and customers go. When they go, so do a company's long-term prospects for growth and profitability. The chart below demonstrates the value of one customer to a company over a five-year period.

Year 1: Customer makes purchase. Acquisition costs outweigh revenues.

Year 2: Customer buys product upgrade and recommends product to another customer.

Year 3: Customer buys related products. Referral #1 makes second purchase. Referral #2 makes first purchase.

Year 4: Customer makes large-scale purchase. Referrals #1 and #2 buy related products. Two new referrals make first purchases.

And so on.

Customer Value — Sample Scenario	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Revenue from basic goods & services	800	0	0	0	0
Revenue from new goods & services	0	500 250	500 200	250 250	3,000 200
Cost to (acquire and) serve	850	100	100	100	100
Referrals: revenue from new loyal accounts	0	800	750 800	700 750 800 800	500 700 750 750
Profit ($)	(-) 50	1,450	2,150	3,450	5,800

Source: James L. Heskett, "Focusing on Your Customer," Harvard ManageMentor

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4 Fitting customer service into the big picture

What differentiates



market leaders from their rivals in a competitive business environment? Product? Price? Guess again. Many of the corporate world's best and brightest believe that the key ingredient to winning a customer's repeat business is customer service. They recommend that companies align all areas of their organization with customer service as the defining element.

All employees — receptionists, administrative staff, middle managers, as well as the executives of the company — should be part of this alignment. In order for this to work, of course, this "customer service orientation" must begin right at the top. Consider this situation: a customer of a large corporation calls in to get assistance with a problem. The customer is mistakenly transferred to the telephone extension of an employee in Accounting.

RESPONSE #1: *Oh, you need Customer Service. Hold on.* [and the client is transferred to the Customer Service department]

RESPONSE #2: *I'm sorry. I think you were mistakenly transferred to my extension. I'm going to put you through to Customer Service, all right? In case you get disconected or need to call again, that extension is 3039.*

As a customer, which response would you prefer to hear? In the first example, the employee does not think of himself as serving the customer — that's the job of another department. In the second example, the employee is clearly aware that customer loyalty is what ensures his company's future.

Great service leads to satisfied customers. Satisfied customers leads to customer loyalty. And customer loyalty? That leads to profits!

5 Talking about corporate culture

Corporate culture refers to a company's values, attitudes, and atmosphere. It is reflected in how employees treat each other and their customers.

According to its corporate policy, Japan Airlines has made a commitment —

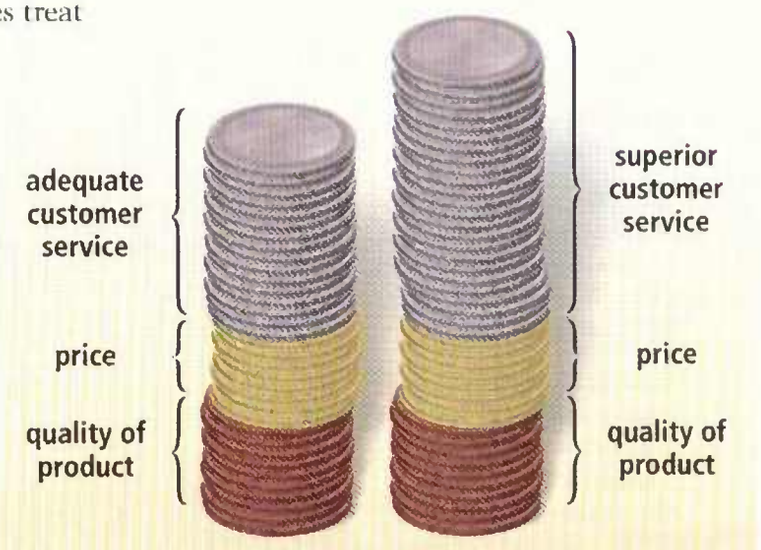
(1) to pursue the world's top quality in airline safety and reliability

(2) to maximize corporate value for returns to all stakeholders

(3) to improve service from the customer's viewpoint

(4) to be a good corporate citizen, with transparency in business and by contributing to society

(5) to establish a corporate climate based on ability and challenge



How does your organization stack up?

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Tip from the Top!

Tom Peters, management guru and co-author of *In Search of Excellence*, claims that "Customers perceive service in their own unique, idiosyncratic, emotional, irrational, end-of-the-day, and totally human terms. Perception is all there is!"

Source: Tom Peters, quoted in Delivering Knock-Your-Socks-Off Service, *Revised Edition, by Kristin Anderson and Ron Zemke, AMACOM*

6 Describing airline service



Customer A



Customer B



Customer C



Customer D



Customer E

7 Stating what you value in airlines

ACE AIR | CUSTOMER SURVEY

As an airline customer, what do *you* value most?

[ ] frequent departures
[ ] on-time service
[ ] non-stop flights
[ ] low fares
[ ] safety
[ ] friendly, courteous employees
[ ] excellent meals
[ ] high-quality inflight entertainment
[ ] efficient baggage handling
[ ] prompt attention to problems

8 The five components of the service process

The customer service process can be broken down into five component parts, each highly influential in determining the quality of the service provided:

Dependability — the service provider does what was promised

Responsiveness — the service was provided in a timely manner

Assurance — the service provider inspired the customer's confidence and trust

Empathy — the service provider was able to see the situation from the customer's perspective

Tangible Evidence — there is proof that a service has been provided

Source: James L. Heskett, "Focusing on Your Customer," Harvard ManageMentor

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9 It's no longer good enough to be good!

If the customer is king, as the saying goes, *good* service is surely not enough. Royalty demands exceptional service. Many companies agree and have begun to look for ways to go beyond simply meeting a customer's expectations — they're seeking to delight customers.

Author Chris Daffy has proposed the *OK + 1 = Wow!* formula for moving beyond customer satisfaction to customer delight. In his model, service reps take care of business, then add a little something extra —

- + 1 more smile
- + 1 additional item
- + 1 more personal contact
- + 1 more minute of your time
- + 1 more sign of thoughtfulness
- + 1 check to make sure that everything is OK
- + 1 follow-up call to ensure the product is working

Source: Chris Daffy, Once a Customer, Always a Customer, Oak Tree Press, Springfield, IL



The customer is ~~king~~. QUEEN!

10 The cornerstone of service — courtesy

Delivering outstanding service requires employees to put forth the very best in themselves. What clients expect from service reps is not so different from what they expect from their colleagues, acquaintances, friends, and family. In short, the best parts of human interaction:

- courtesy
- respect
- patience
- concern
- honesty
- understanding

THINGS A CUSTOMER WANTS TO HEAR	THINGS A CUSTOMER DOESN'T WANT TO HEAR
• May I help you?	• Could you call back tomorrow?
• Just a moment. I'll find out for you.	• I don't know.
• I'd be happy to take care of that.	• Sorry. There's nothing we can do.
• I'll have an answer by 3:00.	• No one else has complained about this.

11 The ten commandments of customer service

I. THOU SHALT BE COURTEOUS.

II. THOU SHALT LISTEN.

III. THOU SHALT CARE.

IV. THOU SHALT TAKE RESPONSIBILITY.

V. THOU SHALT BE CONFIDENT AND INSPIRE CONFIDENCE.

VI. THOU SHALT BE A TEAM PLAYER.

VII. THOU SHALT BE ENTHUSIASTIC.

VIII. THOU SHALT KNOW THY PRODUCT.

IX. THOU SHALT OFFER SOLUTIONS.

X. THOU SHALT BE PROFESSIONAL IN MANNER AND APPEARANCE.

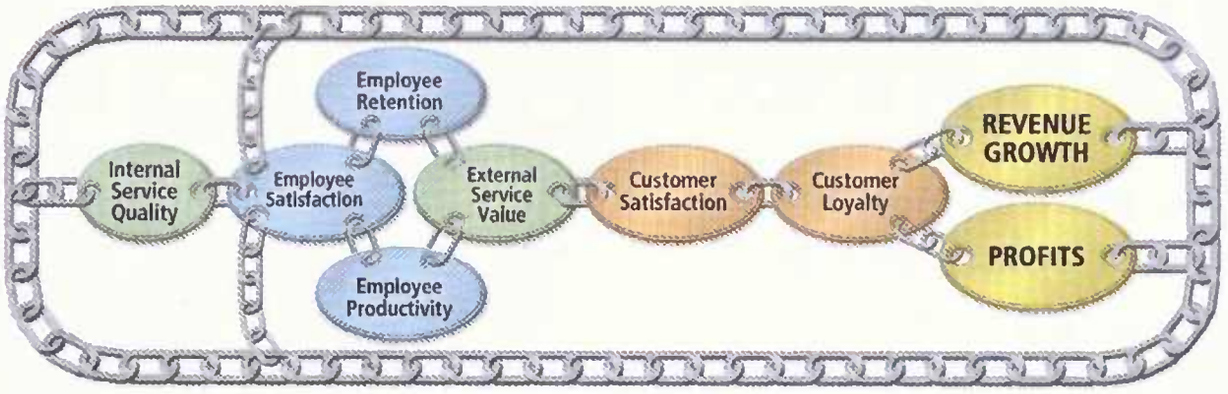
Based on "The Ten Commandments of Effective Customer Service" by Rick Brian

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Chapter Check

Now you can ...

A Describe the service-profit chain



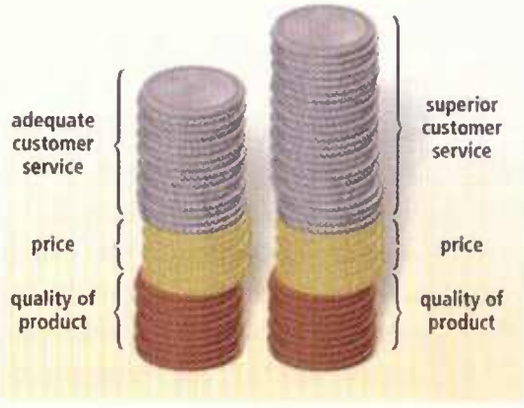
Can you describe the relationships between employee satisfaction, customer loyalty, and profitability?

B Analyze customer value

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Referrals: revenue from new loyal accounts	0	800	750 800	700 750 800 800	500 700 750 750
Profit ($)	(-) 50	1,450	2,150	3,450	5,800

How do you describe customer value?

C Talk about corporate culture



How would you describe the corporate culture where you work?

D Comment on service delivery






What did you think of that airline's service?

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The Face of Your Business

If you want to manage customer relationships, invest in your people, not in software.



A few months ago, my wife and I planned to fly Virgin Atlantic to London, but the airline messed up our reservation. When I called to get it fixed, I waited, and waited, and waited some more for someone to answer. I finally got a disgruntled employee who put me on hold for a while and then disconnected me. We flew British Airways.

My experience shouldn't surprise anyone. A Pew Charitable Trusts survey last spring found that 46 percent of consumers had simply walked out of a store during the preceding year after encountering bad service; 81 percent believed that stores were cutting corners on hiring. Corner-carving, in fact, turned out to be the problem with Virgin, which reduced its reservations staff after 9/11 and therefore didn't have enough qualified people when business came back.

Does anyone besides me find it odd that customer service is deteriorating even as companies are investing heavily in customer-relationship management software, the technology that tracks customer activity and tailors marketing efforts accordingly? AMR Research reports that some 34 percent of technology managers plan to invest in CRM software this year. ARC Advisory Group estimates that companies will spend nearly $38 billion on the stuff between 2001 and 2005.

Maybe companies are spending on the wrong thing. Before you can manage a relationship, you first need to *build* it. And relationships are built less by fancy data mining than by what happens to customers when they actually make contact with the organization. Call Southwest Airlines, and instead of getting a "menu of options," you talk to a real person who actually seems happy to sell you a ticket. Southwest didn't lay off people last fall, so they can really serve their customers. (What a novel idea.) Years ago Jan Carlzon led a remarkable turnaround of SAS, the Scandinavian airline, based on the elementary observation that customers' feelings about a company come from the myriad small interactions they have with it — checking in, boarding the plane, getting served a drink and meal, and so forth. If a company doesn't get these experiences right, nothing else matters.

These interactions are still, even in the Internet age, conducted by — drumroll please — people. That's why successful organizations in industries like airlines, hospitality, retailing, and financial services take care to hire people who fit into a service-oriented culture. They train them and treat them well so they'll stay. The best companies build cultures in which front-line people are empowered to do what's needed to take care of the customer.

If companies feel the urge to buy customer service software, perhaps they ought to spend on the kind that tells them about their prospective employees. Humetrics, Kenexa, and Unicru offer programs that have helped companies such as Blockbuster, Target, and Brinkers identify applicants best suited for service jobs. Hiring right reduces the cost of turnover, even as it enhances the customer's experience.

Retailers talk about "the final 3 feet" — the distance between the customer and the associate — as the most crucial piece of real estate in customer relations. I agree. It's in this space that the battle for survival and growth will be won.

— JEFFREY PFEFFER *is the Thomas D. Dee II Professor of Organizational Behavior at Stanford University's Graduate School of Business.*

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Key Words

acquisition *(n.) from* **acquire** *(v.)* to come into possession or ownership of; to get: *We reviewed our customer acquisition costs including money spent on research and development, advertising, and special events.*

attitude *(n.)* the opinions, feelings, and thoughts a person has about something: *Brenda Patterson has such a negative attitude that she really shouldn't be working in the customer service department.*

competitive advantage *(n. phrase)* something that allows a company to be more successful in a particular area than its competitors: *Our access to high-quality, low-cost materials overseas gives us a competitive advantage over other companies in our industry.*

competitor *(n.) from* **compete** *(v.)* to try to outdo a person, a product, or a company for customers, market share and, ultimately, profits: *Our company is looking for ways to improve customer loyalty and discourage customers from buying products from our competitors.*

complaint *(n.)* a statement in which someone states annoyance, dissatisfaction, or unhappiness about something: *Customer complaints decreased dramatically after we introduced automated check-in centers.*

customer satisfaction *(n.)* the positive feelings experienced by customers with regard to a product or service when they receive what they want or need: *Lexton, Inc. measures customer satisfaction regularly and studies the data very carefully in an effort to find ways to increase customer loyalty.*

customer service *(n.)* the process that occurs when a company supports customers by providing information, assistance, and responses to questions and complaints on its products or services: *When competing products are similar, I nearly always buy from the company with the better customer service record.*

customer service orientation *(n.)* an attitude that places customer service and satisfaction at a high priority: *The customer service orientation at NexTec Enterprises begins at the top and goes all the way down to the front-line employees. Customer service is the company's greatest focus.*

follow up *(v.)* to provide more information or find out more about something: *I ask my staff to follow up with each customer six months after their purchases to see how happy they are with our products and to find out if there's anything we can do for them.*

guess again *(expression)* implies that one's first assumption was not correct; a response is requested: *– You've been with the company for more than ten years, haven't you? – No, not even close. Guess again.*

in a nutshell *(expression)* in very brief form; in a few words: *Here's what we want in a nutshell: shorter work days; better pay; and more vacation time.*

on board *(prepositional phrase)* on an airplane, ship, boat, etc.: *Because the water supply of the ship was unsanitary, everyone on board got sick.*

profitability *(n.)* the state or degree of financial success in a business activity: *Our profitability increased dramatically with the introduction of several cost-cutting measures over the past year.*

pull [something] **off** *(v. phrase)* to succeed in doing something challenging or difficult: *Somehow, they pulled off a profitable year when everyone else in our industry reported significant losses.*

reliability *(n.)* the quality of being dependable, trustworthy or accurate: *The reliability of the Honda has made a loyal customer of Paul Sheffield. He has owned several, and each has performed so well over the years that he feels very comfortable with the brand.*

repeat business *(n.)* when a customer or client returns to a particular company to purchase additional products or services: *Our research has shown that our improved customer service is leading to more repeat business by many of our customers.*

roll up one's sleeves *(v. phrase)* to prepare to do difficult work: *We have a lot of respect for the manager of our department because he's willing to roll up his sleeves and help out when we're struggling to meet a deadline.*

service-profit chain *(n.)* the relationship between employee satisfaction, customer loyalty, and profitability: *Each of the links of the service-profit chain is critical in ensuring revenue growth and profits.*

to be going places *(v. phrase)* to be moving toward significant success in a profession, field, or industry: *With his good business sense, his friendly personality, and his good looks, everyone agrees that Lester is going places.*

viewpoint [a customer's ~] *(n.)* what customers think or believe: *When we examine our service successes and failures we consider each from the customer's and the service rep's viewpoint.*

you name it *(expression)* suggests that anything one can think to add would be possible for inclusion: *You can find every kind of ethnic food in the world in New York City — you name it, there's a restaurant that serves it.*

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Review

A Recap of Objectives

Chapter 1: Marketing a New Product

Defining marketing
Comparing market share
Discussing market research
Brainstorming a promotional campaign

Chapter 2: Making the Sale

Discussing a sales campaign
Describing the benefits of customer loyalty
Presenting sales techniques and strategies
Interpreting body language

Chapter 3: Managing the Numbers

Talking about budgets
Discussing the budgeting process
Discussing financial reports
Summarizing an interview

Chapter 4: Managing Performance

Discussing employee commitment
Explaining employee retention issues
Describing performance evaluations
Summarizing hiring and promotion practices

Chapter 5: Building Customer Loyalty

Describing the service-profit chain
Analyzing customer value
Talking about corporate culture
Commenting on service delivery

CHAPTER 1 – ROLE CARD A

The Market Research Project

You are one of two recently hired market research specialists at a chocolate and candy company. Your first project includes working with the other recently hired specialist to carry out market research that will be used to support the development of a new candy product. The two of you will write and present a report of your findings to the company's executive committee.

The executive committee has targeted older, former customers as its market for the new product. As children and young adults, these consumers once represented a significant part of your customer base. The company would like to win their business back.

You strongly believe that using both qualitative and quantitative research is necessary for the best results of any type of market research. You have heard that the other specialist strongly favors quantitative research. You will have to argue persuasively with regard to the value that qualitative research will bring to your project, results, and final report for the executive committee.

It's time for your meeting with the other specialist. Introduce yourself and begin the conversation.

CHAPTER 2 – ROLE CARD A

Pricing Problems

You are the Purchasing Manager at Parvin Homebuilders. You purchase many different brands and products from many different companies, but you have a long-standing relationship with Samson's Depot, a major supplier of windows and doors.

You called the local sales rep at Samson's Depot last week and asked for an estimate for 1,250 solid oak front entrance doors. You expected that Samson's prices would have increased slightly from the $725 per door cost last year, but you were surprised to receive an estimate of $975 per door, an increase of nearly 35%. What's more, you're ordering quite a few more doors than last year when you bought 400.

Call the sales rep back to ask about the pricing and to request a new estimate.

CHAPTER 3 – ROLE CARD A

Choosing a Budgeting Strategy

You are a managing partner of a chain of specialty stores. Three years ago, your company owned just two stores. Today, the company owns 27 stores and continued growth is expected. Your customers clearly enjoy your combination bookstore-café-patisserie* locations.

One of the consequences of your success is that your company's financial picture has become much more complex in a very short time. You and your partner agree that this must be addressed — and soon. As a first step, you've decided to meet today to discuss the budgeting process. You strongly believe that a top-down approach is the best strategy for the company.

Your partner is at the door of your office. Say hello.

* patisserie = French bakery

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CHAPTER 1 – ROLE CARD B

The Market Research Project

You are one of two recently hired market research specialists at a chocolate and candy company. Your first project includes working with the other recently hired specialist to carry out market research that will be used to support the development of a new candy product. The two of you will write and present a report of your findings to the company's executive committee.

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It's time for your meeting with the other specialist. Introduce yourself and begin the conversation.

CHAPTER 2 – ROLE CARD B

Pricing Problems

You are the local sales rep for Samson's Depot, a national supplier to construction companies that build houses. Over the past few years, you have developed a good working relationship with the Purchasing Manager at Parvin Homebuilders. Parvin is one of your best clients.

Last week, Parvin's Purchasing Manager called for an estimate for 1,250 solid oak front entrance doors. You're happy about this order, because last year Parvin ordered only 400 doors. You submitted an estimate of $975 per door for the new order.

Your pricing structure for this product is as follows:

QUANTITY	UNIT PRICE	QUANTITY	UNIT PRICE
1-999	$1,100	2000-3999	$850
1000-1999	975	4000 and up	725

Samson's takes great pride in controlling its costs and hasn't raised prices in the past three years. Your phone is ringing. Answer it.

CHAPTER 3 – ROLE CARD B

Choosing a Budgeting Strategy

You are a managing partner of a chain of specialty stores. Three years ago, your company owned just two stores. Today, the company owns 27 stores and continued growth is expected. Your customers clearly enjoy your combination bookstore-café-patisserie* locations.

One of the consequences of your success is that your company's financial picture has become much more complex in a very short time. You and your partner agree that this must be addressed — and soon. As a first step, you've decided to meet today to discuss the budgeting process. You strongly believe that a bottom-up approach is the best strategy for the company.

It's time for your meeting. Go to your partner's office and say hello.

* patisserie = French bakery

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CHAPTER 4 – ROLE CARD A

Building Employee Commitment

You and another manager have the lowest employee turnover rates in your company. The Vice President of Human Resources has asked the two of you to lead a series of training sessions on building employee commitment for other managers in your company. The effects of this training session will be measured, tracked, and reviewed by HR over the next two to three years.

You are about to meet with the other manager to discuss the key issues for the training sessions. From your experience you know that employees are generally more loyal when they are challenged and given the opportunity to develop new skills — skills, you recognize, that could be useful in looking for a new job elsewhere someday. You feel that providing additional training is a necessary risk when the goal is to attract and retain the most motivated and qualified employees. Ideally, such employees build long, meaningful careers at the company. You also believe that managers must set a good example by demonstrating loyalty to the company and its mission, especially during difficult times.

Be prepared to explain and support your opinions, and be prepared to question and discuss the other manager's opinions. Together you must come up with a list of the five most important issues in building employee commitment to begin planning the training sessions.

It's time fot the meeting to begin.

CHAPTER 5 – ROLE CARD A

The Wrong Wine

You are the co-owner of the Sunny Hills Winery, a small wine producer. Your company's reputation has been built on offering fine wines produced in relatively small quantities. Your flagship wine is the Sunny Hills Grand Reserve.

You have a very small office staff, and you manage the winery's largest and most profitable accounts yourself. These tend to be upscale restaurants, wine bars, and hotels. Because your customer base is relatively modest, keeping all your customers happy is a priority.

This is a very slow time of year for the winery, and much of your staff is on vacation. The shipping department is closed through the end of the week while a physical inventory is being done.

Your assistant has just notified you that you have a call from the manager of Vino Fino, a wine bar in San Francisco. Vino Fino has been a regular client since opening eight years ago. You know the manager well.

Answer the call.

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CHAPTER 4 – ROLE CARD B

Building Employee Commitment

You and another manager have the lowest employee turnover rates in your company. The Vice President of Human Resources has asked the two of you to lead a series of training sessions on building employee commitment for other managers in your company. The effects of this training session will be measured, tracked, and reviewed by HR over the next two to three years.

You are about to meet with the other manager to discuss the key issues for the training sessions. From your experience you know that showing employees respect, recognizing their hard good work, and being flexible in how you manage them creates motivated, committed employees. While you don't ignore shortcomings in employee performance, you try to offer praise anytime you need to address a weakness or concern with a member of your staff.

Be prepared to explain and support your opinions, and be prepared to question and discuss the other manager's opinions. Together you must come up with a list of the five most important issues in building employee commitment to begin planning the training sessions.

It's time for the meeting to begin.

CHAPTER 5 – ROLE CARD B

The Wrong Wine

You are the manager of Vino Fino, an upscale wine bar in San Francisco that attracts entertainment industry executives, movie stars, and other celebrities. Image is everything in your business. Customers come to your bar to drink the best wine in the world, as well as to be seen drinking the best wine in the world. Your profitability is directly linked to customer satisfaction, customer loyalty, and referrals of new customers by current customers.

You're hosting a special event this weekend, and everything must be perfect. Many of your most valued customers will attend. While double-checking your inventory of the Sunny Hill Grand Reserve — one of your customers' favorites — you noticed that one of the cases contained a different Sunny Hill wine, *not* the Grand Reserve. You immediately opened all the other cases in your cellar and discovered that five of ten cases contained the incorrect wine. This is a big problem.

You have been selling Sunny Hill wines for many years and have a great relationship with the owners of the winery. Call them and tell them about the error. You absolutely must have five replacement cases of the Grand Reserve for the event or you risk disappointing your customers.

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Your Turn

1 A: Tell the class about a product or service you would like to create or offer. Describe the product or service (appearance, purpose, uses, etc.). Who would your target audience for this product or service be? How would you market the product or service?

B: Ask a classmate if he has seen television or print advertisements from another country. If so, find out what was different about them from his point of view. Did he think the style of advertising was very similar to or different from what he was accustomed to? In what ways? Share your findings with the class.

2 A: Tell the class about a time when a salesperson gave you the hard sell. What was the salesperson trying to sell you? How did you feel? How did you react to this selling technique?

B: Ask a classmate what she notices first about a salesperson — body language, attitude, clothing style, etc. Find out if the way a salesperson looks or behaves influences her decision whether or not to buy something. Share your findings with the class.

3 A: Tell the class which costs and expenses are the most difficult for a company to control. How does your company handle them? What do you do on a day-to-day basis to control costs and expenses for your company?

B: Ask a classmate if he has responsibility for a budget in his work. Find out how your classmate prepares his budget and how it is used within the organization where he works. (If your classmate is not responsible for the creation of a budget, ask him what aspects of his work effect the company's overall budget and why.) Report your findings to the class.

4 A: Tell the class about someone you know who isn't at all committed to his job. What is his attitude? What do you think of this attitude? Do you understand the reasons for it? Do you agree? Why? / Why not?

B: Ask a classmate if she has ever experienced a difficult performance evaluation. What was difficult about it? Was the manager a demanding person? How did the manager behave? How did your classmate respond to this behavior? Tell the class about your classmate's experience.

5 A: Tell the class about a bad customer service experience you have had (restaurant, store, airline, etc.). What happened? How did you handle it? Will you do business with that organization again?

B: Ask a classmate what kind of business he would choose if he were to start a new business. What would he do to make the customer service of the organization satisfying to customers? What would / wouldn't he have his employees do? How would customer service in his company differ from that of his competitors? Report your findings to the class.



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CHAPTER 1 – ROLE CARD A

Creating the Questionnaire

▶ *This Action Module is intended for groups of 3-6 participants.*

You work for a medium-sized market research firm that specializes in collecting, tracking, analyzing, and interpreting data in the technology industry. Many technology companies rely on your firm for their market research needs. Your firm's services include determining target markets, conducting market research, and creating marketing strategies.

Your firm is working on a project for a company that is developing a prototype of a product that will combine the capabilities of a PDA, a mobile telephone, wireless e-mail, and a Web browser. The product will also have some limited software capabilities, such as word processing and spreadsheet options.

You are working on a project with other team members to create a questionnaire to be used with a focus group. The questionnaire should generate answers to help the company find out how well the prototype meets the needs and expectations of the target audience and how likely they would be to buy the product. You are about to enter a brainstorming session with the other team members. Work with the team to develop the best questionnaire possible.

The brainstorming session is beginning. Greet the other team members and begin the discussion.

CHAPTER 2 – ROLE CARD A

The True Value of the Three Rs

You have recently been promoted to Sales Manager at one of the largest software development firms in the world. While you enjoyed being a sales rep very much, you are pleased to have this new opportunity.

When you were promoted, you assigned your clients to your top three sales reps. You assigned several of your most important clients to one particular rep, who seemed best suited to manage those relationships. Last week you were surprised to receive phone calls of complaint from two of these clients who are not happy with this rep. They are threatening to take their business to one of your competitors. These two clients are very influential in their industries, and you want to do everything possible to retain them. You also want to ensure that your company doesn't lose any other clients.

The sales rep in question is an excellent employee in many ways, and you have a good working relationship. You may need to remind the rep of the value of retention in your business and brainstorm ideas on how to make clients happier.

You scheduled a casual lunch meeting with this rep so that you could discuss the situation in a comfortable setting. You have just sat down, ordered lunch, and enjoyed some small talk. Now it's time to discuss the problem.

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CHAPTER 1 – ROLE CARD B

Creating the Questionnaire

▶ *This Action Module is intended for groups of 3-6 participants.*

You work for a medium-sized market research firm that specializes in collecting, tracking, analyzing, and interpreting data in the technology industry. Many technology companies rely on your firm for their market research needs. Your firm's services include determining target markets, conducting market research, and creating marketing strategies.

Your firm is working on a project for a company that is developing a prototype of a product that will combine the capabilities of a PDA, a mobile telephone, wireless e-mail, and a Web browser. The product will also have some limited software capabilities, such as word processing and spreadsheet options.

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The brainstorming session is beginning. Greet the other team members and begin the discussion.

CHAPTER 2 – ROLE CARD B

The True Value of the Three Rs

You are a sales rep at one of the largest software development firms in the world. One of the former senior reps was recently promoted to the position of Sales Manager and is now your supervisor. You have great respect for this manager, and you have a good working relationship.

As a manager, your new supervisor no longer works directly with clients, but leads the entire sales team. At the time of the promotion, the Sales Manager assigned several very important clients to you. Unfortunately, two of these clients have been difficult and aggressive, demanding special treatment and complaining about prices over which you have no control.

These clients are very influential in their industries, but you don't have the time or energy to satisfy them and still take care of all your other clients. You have focused instead on increasing related sales and sales through referrals with other clients. So far the strategy is working, and your overall sales have increased this month.

The Sales Manager invited you to a casual lunch meeting this afternoon. You have just sat down, ordered lunch, and enjoyed some small talk. Now it's time for business.

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CHAPTER 3 – ROLE CARD A

Implementing the BSC

You are a division manager at a large international pharmaceutical firm. Upper management announced last week that the Balanced Scorecard Performance Measurement System, which is referred to internally at your company as the "BSC," is being adopted for all division and department reviews. You recognize that this is a positive move, intended to improve communication and strategic planning for all managers, and you support the initiative.

In the past you have typically focused on operational measures in your evaluation and analysis of your division. You have been directed by upper management to meet with another division manager, one who has generally focused on financial measures. Upper management expects the two of you to work together to create a checklist of the type of information that should be collected and analyzed in order to measure performance under the new BSC system.

You have given careful thought to this situation and look forward to expressing your opinion on what operational measures should be included, as well as the value of each. Your meeting is about to begin.

CHAPTER 4 – ROLE CARD A

The Interview

You are interviewing for a new job. The company you are interviewing with has a great reputation in its industry. It would be an excellent professional opportunity for you to get this position. You are well qualified for the job, and it is likely that they will see you as a strong candidate for it.

You'd like to know about the corporate culture in the company. It is very important for you to feel a sense of compatibility and belonging at a company. Also, you want to feel that you will be able to contribute to the overall mission of the company — this will keep you motivated and committed to your job.

The initial part of the interview is nearly finished, and you will soon have an opportunity to ask questions. You have prepared a short list of questions:

1. Why is this position open?
2. How would you describe the corporate culture here?
3. How often are performance reviews done?
4. What are the main purposes of the performance reviews?
5. How long have the various members of this department been on staff?
6. How well do they work together?

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CHAPTER 3 – ROLE CARD B

Implementing the BSC

You are a division manager at a large international pharmaceutical firm. Upper management announced last week that the Balanced Scorecard Performance Measurement System, which is referred to internally at your company as the "BSC," is being adopted for all division and department reviews. You recognize that this is a positive move, intended to improve communication and strategic planning for all managers, and you support the initiative.

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You have given careful thought to this situation and look forward to expressing your opinion on what financial measures should be included, as well as the value of each. Your meeting is about to begin.

CHAPTER 4 – ROLE CARD B

The Interview

You are interviewing a candidate for a position that became available when a member of your staff was promoted. Your company has a reputation for taking care of employees, and your turnover rate is low compared to industry standards. Very often if an employee leaves a position, it is because he or she is being promoted within the company.

Here are some of the things your company does that demonstrate its commitment to its employees:

- HR has developed a week-long orientation and team-building session for all new employees that is designed to create a sense of camaraderie and belonging among them
- performance reviews are done twice in the first six months for each new employee with the intent of aligning supervisor and employee expectations as closely as possible — as early as possible

You have completed the initial part of the interview with the candidate. You would now like to give the candidate an opportunity to ask questions. This is a very important part of the interview, and you generally learn quite a bit about candidates by the questions they ask and how they respond to your answers.

Say to the candidate: Now that you've heard all about the company and the position, do you have any questions for me?

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CHAPTER 5 – ROLE CARD A

The Guest Speaker

You are the Training and Development Director in a large financial services firm. The CEO of your organization has decided that employee performance and productivity must be improved in order for the company to remain profitable and continue to grow. You have done some research on the ways that profit and growth are stimulated by customer loyalty, as well as how customer service affects customer satisfaction and, ultimately, customer loyalty.

You have invited a guest speaker to visit your company to deliver a two-day training seminar for all employees who deal directly with clients. This presenter has been highly recommended by several HR managers of other companies with whom you are in contact.

You and the speaker have arranged a final telephone meeting to confirm the issues to be addressed during the seminar. Be sure to clarify your priorities during the conversation.

Your assistant has just notified you that the guest speaker is on the telephone.

Answer the call.

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CHAPTER 5 – ROLE CARD B

The Guest Speaker

You are an expert in the area of the Service-Profit Chain. You have written several articles in leading business magazines on the subject and have made many visits to companies to deliver employee training seminars. While you typically focus on front-line service employees, you often find that you must also spend time working with upper management. If upper management isn't fully aligned with the customer service orientation, no serious improvements can be made in customer services.

One of the most common mistakes made by upper management is to focus entirely on customer satisfaction, customer loyalty, and profits. You recognize, of course, that these are all very important parts of the picture, but they are not the only important parts of it. A company must also work to improve in the areas of employee satisfaction, retention, productivity, and internal support services. If employees do not feel motivated, supported, and productive in their work, a company will find it extremely difficult to retain customers.

You are scheduled to conduct a two-day seminar for a large financial services firm next week. You have arranged a final telephone meeting with the Training and Development Director of the firm to confirm the issues to be addressed during the seminar. Go over all the items you plan to discuss during your training session. Be prepared to explain your priorities and why they are important items to address.

It's time for your phone meeting. Call the director.

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Notes

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1 *Match each statement in the first group with a statement from the second group with a similar meaning. Write the letter corresponding to the statement in the blank provided.*

1. _____ Our third-quarter goal is to capture more of the market share with our new product.
2. _____ Direct marketing and public relations are key components of our promotional mix.
3. _____ We have increased the value to customers on popular items by including warranties.
4. _____ Our distribution channels must make buying our products convenient or consumers will choose other companies' products.
5. _____ Due to logistical problems, the prototype has been delayed. The new product will not be offered until the third quarter of next year.

a. The organizations and people involved in the system of moving our products to buyers must make it easier for customers to purchase our goods than those of our competitors.

b. We plan to increase our sales by attracting customers from our competitors in Q3.

c. Consumers see our product as more satisfying than before because of new guarantees on quality and reliability.

d. Due to mistakes in the planning and organization of developing the first version of our new product, we will not be able to sell the final product until Q3.

e. Our strategies for reaching customers include contacting them through e-mail, telephone, and regular mail. We try to communicate openly and frequently with our customers to keep their perception of us positive.

2  **TRACKS 23 - 34:** *Listen to each series of questions, and select the correct marketing category.*

CATEGORY A demographics		CATEGORY B geographics		CATEGORY C behaviors		CATEGORY D psychographics	
1. _____	3. _____	5. _____	7. _____	9. _____	11. _____		
2. _____	4. _____	6. _____	8. _____	10. _____	12. _____		

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3A *Decide whether each statement is good or bad advice for building brand-name recognition and powerful slogans, by putting a check (✓) in the appropriate column.*

	GOOD ADVICE	BAD ADVICE
1. A slogan should be created for consumers of the product, not investors in the company's stock or company employees.	_____	_____
2. Advertising is just as effective as positive publicity and public relations.	_____	_____
3. Slogans should focus on how a product matches or equals the quality of competing products.	_____	_____
4. The effectiveness of a slogan is improved when the company logo is included.	_____	_____
5. Marketers should strive to create a variety of brand names and multiple branding strategies for their products.	_____	_____
6. A great slogan will be easily remembered by consumers.	_____	_____

3B *Now rewrite the examples of bad advice so that they offer good advice.*

_____

_____

_____

4A *Put a check (✓) next to the examples of promotional channels below.*

___ **1.** radio advertisement	___ **3.** telemarketing	___ **5.** warehouse	___ **7.** billboard
___ **2.** retail store	___ **4.** press release	___ **6.** delivery truck	___ **8.** direct mail

4B *What type of channels are the others representative of? Write your answer in the space provided.*

_____

_____

_____

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1 *Fill in the blanks with the words in the box.*

brand	sales campaign	prospect	product literature	sales force

One of the major goals of the new **(1)** _____ is to increase **(2)** _____ recognition for our product line. And while our **(3)** _____ is knowledgeable and well-trained, it will be very useful for them to have **(4)** _____ available for every **(5)** _____ that might walk in the door.

2 *Match each statement in the first group with a statement from the second group with a similar meaning. Write the letter corresponding to the statement in the blank provided.*

1. _____ Referrals can be the most influential marketing tool — and they're free.

2. _____ Our company is prepared to go up against the very best in the industry.

3. _____ We were surprised to see sales soar to a record high.

4. _____ The slump in sales is expected to end soon.

5. _____ One of the easiest ways to increase profits is to focus on related sales.

a. An increase in sales is predicted for the near future.

b. Let's just say we're ready for the competition, and we have every intention of succeeding.

c. If a customer is truly happy with a product he will recommend it to other people.

d. A company can boost revenues by informing existing customers about other product offerings.

e. Our sales team never expected to get such an enormous boost in sales.

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3 *What are the key techniques and strategies of a successful salesperson? First, mark an X on the five items below that are <u>not</u> effective techniques. Then rank the techniques that are effective from 1 to 5 in order of most to least important.*

_____ schmooze with prospects and customers

_____ tell clients what you would do if you were in their situation

_____ pay attention to clients' body language

_____ think about what you're going to say while a client is talking

_____ focus on the price of sales items

_____ allow the product to be the focus

_____ try to solve customers' problems with your products or services

_____ emphasize the value of what you're selling

_____ focus mainly on what the prospect or client is saying

_____ interrupt prospects and customers when you want to clarify that you've understood

4 **TRACKS 35 - 38:** *Listen to the conversations between the salespeople and their prospects. For each situation, decide which strategy the salesperson is using: hard sell or soft sell.*

ITEM	HARD SELL	SOFT SELL
1. car	_____	_____
2. clothing	_____	_____
3. computer	_____	_____
4. jewelry	_____	_____

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1 *Match each statement in the first group with a statement from the second group with a similar meaning. Write the letter corresponding to the statement in the blank provided.*

1. _____ My boss has really been putting pressure on me to complete the budget.
2. _____ We won't be able to grow the business until we get our house in order.
3. _____ Once you get to know the business cycle, you can better forecast the year's financial results.
4. _____ We use the top-down budgeting approach in our organization.
5. _____ We use a bottom-up budgeting strategy in our firm.

a. People low in our organizational hierarchy initiate the budget.

b. The budget is presented by upper officers and revised as it is passed down in our company.

c. I need to finish the estimate of next year's expected income and spending for my supervisor.

d. If I keep an eye on the economy and our industry I can create a more accurate budget.

e. The organization of the entire firm must be addressed before we can increase revenues.

2  **TRACKS 39 - 44:** *Listen to the following statements and questions. Put a check (✓) under the correct heading to indicate the financial statement that best satisfies the speaker's needs.*

	STATEMENT OF INCOME	BALANCE SHEET	CASH FLOW STATEMENT
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____

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3 *Write the numbers 1-7 next to the seven items below that would typically be included in a company's Balanced Scorecard Performance Measurement System.*

_____ political views of upper management

_____ strategies for improving individual performance

_____ strategies for improving corporate performance

_____ information about industry competitors

_____ details of the responsibilities of each department

_____ financial data from 10-15 years ago

_____ measures of employee performance

_____ employee training programs

_____ past marketing strategies

_____ current financial statements

_____ personal goals of upper management

_____ measures of customer satisfaction

4 *Fill in the blanks with the phrases in the box.*

bottom line	crunch the numbers	in the black	in the red	go belly-up	go broke

The accountant worked hard to **(1)** _____ in order to determine the company's **(2)** _____. He had expected that the company would be **(3)** _____, but unfortunately he learned that it was, in fact, **(4)** _____. He soon realized that the company would probably **(5)** _____ before the end of the year. He did not look forward to telling the owners that they would likely **(6)** _____ along with the company.

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1 **TRACKS 45 - 54:** *Listen to each speaker and select the most appropriate category for their remarks.*

CATEGORY A Employee Performance Assessment	CATEGORY B Building Employee Commitment	CATEGORY C The Costs of Poor Employee Commitment

1. _____ 3. _____ 5. _____ 7. _____ 9. _____

2. _____ 4. _____ 6. _____ 8. _____ 10. _____

2 *Match each statement in the first group with a statement from the second group with a similar meaning. Write the letter corresponding to the statement in the blank provided.*

1. _____ I've felt a strong sense of belonging at my new position from the very beginning.
2. _____ While there are shortcomings in my boss' management style, in general, we're fairly compatible.
3. _____ My manager focuses on what skills we employees are lacking and he frequently points out our mistakes.
4. _____ Job insecurity has led to dissatisfaction among employees, and many have decided to leave the company.
5. _____ Her subordinates look forward to performance evaluations because she is very good at setting goals and working with her team to achieve them.

a. Turnover rates would be much lower if our employees felt that their positions were safe and that they had more meaningful responsibilities.

b. I think my direct reports respect and value my collaborative management style.

c. We're able to work together without too many problems even though I see faults with the way my supervisor deals with all of us on his staff.

d. It's important for employees to feel connected to a company and its mission.

e. My supervisor regularly offers constructive criticism, but never praise.

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3 *Match each word or phrase from the box below with the underlined word or phrase with a similar meaning in the memo. Write your answers in the blanks at the bottom of the page.*

a. keeping current employees	**e.** process of change
b. employee advancement	**f.** HR (Human Resources)
c. documents for performance evaluations	**g.** staff
d. attracting new employees	**h.** manage

MEMO

TO: All New Department Managers **DATE:** July 29

FROM: Don Jackson **RE:** Manager's Manual

We are pleased to provide you with the enclosed Manager's Manual. It contains valuable information on **(1)** recruiting, **(2)** employee retention, and **(3)** promotions. It also contains sample **(4)** assessment forms. I hope you will find this manual helpful during your **(5)** transition to upper management. We look forward to supporting you in managing and training your **(6)** new hires as well as your current employees in all the positions that you now **(7)** supervise.

Please feel free to contact **(8)** our department if you have any questions.

1. _____ 5. _____
2. _____ 6. _____
3. _____ 7. _____
4. _____ 8. _____

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1 *Decide whether each statement is true or false. Write T (true) or F (false) in the blank before the statement.*

1. _____ Understanding the links in the service-profit chain is a competitive advantage.
2. _____ Employee retention can be described as the positive feelings experienced by the people that work for a particular company.
3. _____ Customer satisfaction can be described as the positive feelings experienced by customers when they get what they want or need.
4. _____ Customer loyalty is a direct result of employee satisfaction.
5. _____ The quality of service provided to customers greatly influences customer satisfaction.
6. _____ Employee satisfaction typically increases with the availability of things such as warranties, repair and exchange options, and telephone and Internet resources for solving customer problems.
7. _____ Customer loyalty stimulates profit and growth for businesses.
8. _____ Acquisition costs rarely outweigh revenues for each initial customer purchase.
9. _____ Customer complaints can be a valuable source of information to companies.
10. _____ Calculations of customer value should include revenue generated by referrals and purchases of related products.

2  **TRACKS 55 - 60:** *Listen to each comment and decide who said it. Put a check (✓) in the appropriate column.*

	A SATISFIED CUSTOMER	A LOYAL CUSTOMER	A CUSTOMER-FOCUSED EMPLOYEE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____

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3 *What are the key attributes of a superior customer service rep? Match the appropriate attribute from the box below with its definition.*

dependability	responsiveness	assurance
empathy	tangible evidence	

SERVICE PROVIDERS MUST:

1. show that they are able to understand the situation from the customer's perspective _____
2. be trustworthy and give customers what is offered or promised _____
3. establish proof of services provided so customers are aware of their value _____
4. inspire the customer's confidence and trust in their knowledge, their competence, and their intention to help _____
5. provide goods or services in an efficient and timely manner _____

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Answer Key

CHAPTER 1

Exercise 1

1. b **2.** e **3.** c **4.** a **5.** d

Exercise 2

1. D **2.** C **3.** A **4.** A **5.** B **6.** C **7.** D **8.** A **9.** B **10.** D **11.** A **12.** C

Exercise 3A

1. good **2.** bad **3.** bad **4.** good **5.** bad **6.** good

Exercise 3B

Possible rewrites of the bad recommendations:

2. Positive publicity and public relations are more effective than advertising.
3. Slogans should focus on how a product is different from competing products.
5. Marketers should strive to create consistency in the brand name and branding strategy for their products.

Exercise 4A

1, 3, 4, 7, 8

Exercise 4B

distribution channels

CHAPTER 2

Exercise 1

1. sales campaign **2.** brand **3.** sales force **4.** product literature **5.** prospect

Exercise 2

1. c **2.** b **3.** e **4.** a **5.** d

Exercise 3

___ schmooze with prospects and customers
_X_ tell clients what you would do if you were in their situation
___ pay attention to clients' body language
_X_ think about what you're going to say while a client is talking
_X_ focus on the price of sales items
___ allow the product to be the focus
___ try to solve customers' problems with your products or services
___ emphasize the value of what you're selling
_X_ focus mainly on what the prospect or client is saying
_X_ interrupt prospects and customers when you want to clarify that you've understood

Rankings of effective sales techniques will vary.

Exercise 4

1. hard sell **2.** soft sell **3.** soft sell **4.** hard sell

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CHAPTER 3

Exercise 1

1. c **2.** e **3.** d **4.** b **5.** a

Exercise 2

1. Balance Sheet **2.** Statement of Income **3.** Cash Flow Statement **4.** Statement of Income
5. Balance Sheet **6.** Cash Flow Statement

Exercise 3

1. strategies for improving individual performance
2. strategies for improving corporate performance
3. details of the responsibilities of each department
4. measures of employee performance
5. employee training programs
6. current financial statements
7. measures of customer satisfaction

Exercise 4

1. crunch the numbers **2.** bottom line **3.** in the black **4.** in the red **5.** go belly-up **6.** go broke

CHAPTER 4

Exercise 1

1. B **2.** C **3.** A **4.** A **5.** C **6.** B **7.** A **8.** B **9.** C **10.** B

Exercise 2

1. d **2.** c **3.** e **4.** a **5.** b

Exercise 3

1. d **2.** a **3.** b **4.** c **5.** e **6.** g **7.** h **8.** f

CHAPTER 5

Exercise 1

1. F **2.** F **3.** T **4.** F **5.** T **6.** T **7.** T **8.** F **9.** T **10.** T

Exercise 2

1. a loyal customer **2.** a customer-focused employee **3.** a satisfied customer **4.** a satisfied customer
5. a loyal customer **6.** a customer-focused employee

Exercise 3

1. empathy **2.** dependability **3.** tangible evidence **4.** assurance **5.** responsiveness

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Audio Script

CHAPTER 1

ACTIVITY 1 | TRACK 1

– Have you seen the prototype of our new PDA, Julia?
– Not yet. Ooh, nice. So what can it do?
– Well, it's a cell phone and an organizer with wireless e-mail and a Web browser.
– I love the touch-screen display. It looks really good. I'm impressed.
– Wait till you hear the price: under a hundred dollars.
– I've got to hand it to you, Peter. Your team has done a great job. Any thoughts on what we're going to call it?
– Marketing has tested several names; it looks like we're going with the "Pocket Wizard."
– The Pocket Wizard ... I like that.

ACTIVITY 7 | TRACK 2

– I know we've all been very busy, but we've got to get moving on the PDA campaign. Of course, I'm referring to our Pocket Wizard, which I assume you've all taken a look at.
– We should probably start with an announcement at the annual technology conference in Las Vegas. Then we could do press releases to all the major publications.
– Leo and I were just saying that this thing has so many features that it's a natural for TV commercials.
– And the techies are going to love it. We really should do something on the Web.
– Contests probably won't be very effective, but I think direct mail might work if we partner with another company offering calling plans or Internet service. Let's not forget there are two target audiences: the business person and the consumer. I'd start with print — maybe get a celebrity in a photo — then move to TV.
– I can imagine a TV spot set in a trendy café. A group of young hi-tech types are giving one of their friends a hard time for forgetting his girlfriend's birthday. Then one of the guy's friends puts his arm around the forgetful boyfriend's shoulder, holds out our PDA and says: You don't *need* a memory if you've got a Wizard.
– Not bad, Jeff. But let's let the advertising agency take a stab at it first. Then if they run into trouble, we'll send them to you.
– Sorry about that, Gloria. I got a bit carried away.

ACTIVITY 8 | TRACK 3

Patricia Nuñez

– There's a lot more to this business than just getting people from point A to point B. There's safety. There's comfort. There's service. We're proud of our tops-in-the-industry safety record. And it's no fluke. We seized the number one position four years ago and haven't let go of it since. But if you ask our passengers what they remember most about a trip with us, nine times out of ten they'll say it's our friendly flight crews and ground staff. We like what we do — and it shows!

TRACK 4

Michael Brennan

– Who do you go to when you need advice? Your Mom. Your Dad. And when it comes to your retirement savings? You need the advice of someone you trust as much as you would your own father. Well, we've built our business on relationships that last lifetimes — successful, comfortable, carefree lifetimes. Successful and comfortable because of *your* hard work. Carefree because of *ours*. We're not in the get-rich-quick business. That's just not us. We're in the business of turning a lifetime of trust into a retirement of plenty.

TRACK 5

Greg Flynn

– Let's face it. People come to us for two things: cutting-edge technology and superior design. What's the use of getting the latest handheld if you can't show it off? So while our development group keeps pushing the envelope of PDA technology, our design team is looking for more ways to get people looking over our customers' shoulders and saying "Wow, I want one of those."

CHAPTER 2

ACTIVITY 1 | TRACK 6

– So where are we with the sales campaign for the Falcon?
– The dealers have the product literature. The sales force has been trained. They know what to do from the moment a prospect pulls into the lot. If the commercials work ...
– The problem is we're going up against BMW. They've got the brand and the younger customers.
– But we can beat them on price. And we're innovative. Young people like that.
– So you think we can get the younger market, huh? How's the Falcon's performance?
– Not bad.
– Have you ever driven a BMW Roadster?
– Yeah, my brother owns one.
– So have you taken him for a test drive in the Falcon?
– Uh-huh.
– And what did he think?
– Well, let's just say he's not ready to give up his keys to the Bimmer just yet.

ACTIVITY 5 | TRACK 7

– OK, you've been selling our brand of cars for a year now. Tell me what you've learned about selling.
– I've learned to let the cars be the focus.
– And why is that?
– Because often potential buyers come in with a pretty good idea of what they want.They've been on the Website. They've done their homework ...
– So your role is ...?

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– To listen to them. Make them feel comfortable. Build a relationship. Schmooze a little — just kidding.
– Schmoozing is good. If it helps build a relationship.
– I'm finding more and more that my role is to help customers solve their problems.
– You should avoid words like *problems*. Keep it up-beat; use positive language. Make it exciting.
– And we're not supposed to talk about the price of the car; we should call it an investment, right?
– I find that many customers are unrealistic about price, I mean, their investment. I tell them what *I* would do is ...
– Hold on there! I suggest that you leave the *I* out of it. Selling is not about *you* and *your* taste or *your* wallet. It's all about them, the prospects. And remember, only a small part of the prospect's message comes from the spoken word. How do you get the rest of the message?
– Oh — body language. I can tell pretty quickly from the customer's walk if he or she is serious about buying or not.
– Tell them they look as if they're ready to *own* one of our vehicles. If they respond to that, you're ready to close.

CHAPTER 3

ACTIVITY 1 | TRACK 8

– As you know, after last quarter's results, the Board is putting a lot of pressure on me to get costs down. I'd like to ask all department heads to revise their budgets.
– What do you have in mind?
– We need them to reduce their spending by ten percent.
– And if their budgets are already as tight as they can get?
– Then they're going to have to look again. The cost of each and every drug we're developing must be cut by ten percent — one way or another.
– Faster government approval would help a lot ...
– I know it would. But let's get our house in order first before we start worrying about what the government's doing.

ACTIVITY 7 | TRACK 9

– In some ways, prescription drug companies have been one of the bright spots in the economy recently. Why is that?
– Let me say first that it's not an easy environment — with tough competition and complicated regulatory requirements. But a stream of new products has come to market, from both the smaller companies and the giants in the industry.
– And some of these companies have achieved rapid market penetration with these products. This has helped them keep their balance sheets under control.
– I would add that, unlike other industries, pharmaceutical companies are not quite as affected by economic downturns.
– Moving on to another hot topic in the industry, can you comment on recent criticisms of several players in the industry with regard to potentially improper practices?
– The government is looking into what we might call "creative" accounting practices, as well as gifts to doctors, and they're investigating several advertising agencies that own companies that study and publish reports on drugs.
– An apparent conflict of interest, at the very least. Now, we all know it costs a fortune to bring a drug to market, and very few drugs even make it through clinical trials. It must be very tricky for those companies to develop a budget for a new medicine, let alone *develop* the new medicine. How can they keep revenues steady and be able to cover those huge R&D costs?
– One way they do it is to buy up the small companies that have developed one or two good products. That way they acquire proven products, avoiding the R&D costs, and can forecast revenues, at least until the drug is no longer patent-protected.
– And some of the giants have found ways to extend patents, which of course keeps revenues flowing, even if it means higher costs for the consumer.
– One final question: Is it true that the pharmaceuticals remain among the best return-on-investment companies?
– Absolutely.
– I agree.

CHAPTER CHECK – C
TRACK 10

– If you've just joined our program, I'm speaking today with Karen Ayers, a columnist and financial consultant. Karen Ayers, what are you suggesting that investors do these days in this uncertain economic climate?
– Well, firstly, the climate is changing. We've been telling investors it's slowly improving. Many companies have cut expenses and laid off staff, which is difficult, but *does* eventually help the bottom line.
– But other companies — the airlines, notably — are struggling, aren't they?
– That's true. The recovery, to this point, has been uneven, but there are some other positive trends. Oil prices have fallen, and that should help the airlines' balance sheets. And wages and spending are up somewhat.
– For those who haven't lost their jobs.
– Yes, but as companies run down their inventories, as consumer confidence improves, and as the uncertainties in the markets are reduced, the climate becomes better for companies to operate in, and they will begin hiring again. One very good example I was looking at recently is the biomedical company ...

CHAPTER 4

ACTIVITY 1 | TRACK 11

– I just had my performance review.
– How did it go?
– OK, I guess. When are you going to have yours?

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– Next week. But you know, Lena, there's something I've been meaning to tell you. I'm thinking of leaving.
– Really? Why?
– It's just that an opportunity at a start-up company has come my way, and I really like the idea of being part of building something from scratch.
– That seems a little risky in this economy. What if it doesn't take off? You could find yourself without a job in no time at all.
– I know. There's a lot to consider before I take the plunge. I don't think I'll be making any decisions before my review.
– So maybe I need to tell your boss how important this one's going to be — for both of you.

ACTIVITY 7 | TRACK 12

– As most of you know, what was once called "Personnel" is now called "Human Resources." This term is actually quite useful in re-directing thinking about employees. The reason is that it takes good people to achieve the results you want. You simply can't accomplish company goals without people. Now, you've all filled out the questionnaire on managing direct reports, so I have a pretty good idea of how you interact with the people who report to you. But what jumped out at me is that most of you consider employee performance evaluations uncomfortable. Let's talk about that for a minute. Who wants to begin? Adriana?
– Nobody likes doing yearly reviews. They make everyone uncomfortable, and it doesn't really help us address the issues or solve the problems we're having.
– It always seems so stiff and formal. Maybe that's because it's essentially a top-down approach. Almost everything comes from me; very little comes from them. And they seem defensive about being evaluated. I guess they see it as criticism.
– That's what the research tells us, too. And this has led to a new approach which is more collaborative. It will help you adopt a more comfortable, and more effective, mode of working together. Now what might be a first step?
– To articulate the company's goals?
– Yes, and then?
– Figure out how to reach them. But that's not easy.
– Yes, good. And figuring out how to reach them requires a two-way continuous exchange, with at least three or four meetings in the course of a year. In other words, you wouldn't be doing a once-a-year assessment anymore.
– OK, a two-way exchange is great, but don't you think there are times when a manager has to address the behavior of an employee?
– Of course, but *how* you do it can determine whether you are effective or not. In the old days, we would walk in with a list of issues we wanted to go over with the employee. These days, we borrow a bit from psychology. One strategy that some very effective managers use is to offer three pieces of praise for every shortcoming you mention. Once you point out the good things people are doing, they are much more willing to hear suggestions for changes.
– Are you saying that we don't really do evaluations anymore, and we have to soften every criticism in compliments?
– What I'm suggesting is this: instead of "performance appraisals," what you'll be doing is what's called "managing performance." Don't think of yourself as the boss; think of yourself as a coach. And as a coach, you need to do three things: one, outline the behaviors that will help your people accomplish the goals of the company. Two, discuss these behaviors with your direct reports. Three, evaluate your people based on how well they engage in these behaviors and, therefore, accomplish the goals. Are you with me? Then, instead of telling the employee which skills are lacking, the manager and the direct report decide together which skills the employee will need to achieve the goals and also — and this is important — which skills the employee will need to be ready for the company's future. The employee then works with you to make a plan for additional training and development.
– In other words, we should be handling the assessment of performance a few times a year in a two-way exchange in which we integrate goal-setting, development, and evaluation.
– Precisely. And instead of calling it "Performance Appraisal," let's call it "Performance Management."

ACTIVITY 10 | TRACK 13

10:00 a.m. Kelly

– Kelly Lamkins.
– Hi, Kelly. It's Joe Murray.
– Hi, Joe. How are you?
– Good. Good. I just wanted to check in with you to see how things are going.
– Things are going really well. Thanks.
– Is Walter keeping you busy?
– Walter's been great. It always takes time to get up to speed at a new job, but he's made the transition very easy for me.
– He tells me you're doing great things for the group.
– That's nice to hear. I'm really glad to be here.
– Well, I'll let you get back to it. You be sure to let me know if you need anything.
– I will, Joe. Thanks for the call.

TRACK 14

11:15 a.m. Rich

– Rich. Come on in.
– Hi, Joe.
– Listen. Thanks for coming by. Please, have a seat.
– Thank you.
– Anita shared your letter of resignation with me last night. That's

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a big blow to the organization. You're one of our best, Rich.
– It's kind of you to say, Joe. But I think you know that I've been struggling a bit since Ken Newman left.
– Yes, I know. We all have great respect for Ken. He's a rare breed of manager, and we miss him. I was hoping that you'd develop a similar relationship with Anita. She's top-notch, you know.
– I know she is. We're just not connecting — personally or professionally.
– Anita is under a lot of pressure to produce. We all handle stress differently.
– Yeah. And Ken handled it all so well that somehow the stress never got to me.
– He's a tough act to follow. Listen. I know you've got a lot to take care of in your last few weeks with us. I just wanted to let you know that Bill Davis and I are truly sad to see you go. We saw you as a key part of the company's future. If ever we can do anything for you, give me a call, OK?
– Thank you, Joe. I really appreciate that. You and Mr. Davis have been very good to me. I'm going to miss working here.
– Hey — no good-byes quite yet. We've got you for another two weeks, right?
– Right. Thanks, Joe.
– Don't mention it, Rich. Give me a ring if you need anything.

TRACK 15

2:30 p.m. Julie

– … he's just not working out.
– Can you give me some examples of what you mean?
– He's been here six weeks, hasn't he?
– Uh-huh.
– He's still asking for time off during the week to take care of relocation issues. Last week it was a house-painting problem. This week it has something to do with getting his furniture delivered. It's never-ending with him.
– Hmmm. How much time off is he asking for these things?
– Last week it was a half-day. This week he wants to take Friday off.
– Tell me about the work he's doing for you.
– That's not any better. You know we generate reports nearly every week, right?
– Uh-huh.
– Well, Doug is still working on his first. I gave him a little extra time because I know it's not always easy to learn a new system … but six weeks? There's something seriously wrong here.
– Have you spoken to him?
– Several times. I've expressed concern. I've tried applying a little pressure. I wanted to be patient, but I'm just getting all the wrong signals from him.
– I think you need to start documenting your communications with Doug on both his absenteeism and his work results. Let's start with a memo to him — cc to me — and let's see what kind of effect it has. If you'd like, I can help you put a draft together.
– That'd be great, Joe. I really appreciate your help with this.

CHAPTER 5

ACTIVITY 1 | TRACK 16

– Customer service starts with me — it has to in this business.
– How often do you actually fly on one of your planes?
– I try to take at least two flights a week.
– How do you spend your time when you're on board?
– I spend a lot of time talking to the customers and crew. I start at the back of the plane, talk to the flight attendants, then go up front and announce to passengers that I'm on board and that I'll be passing through the cabin to help serve snacks.
– Do you speak with many of the passengers?
– I actually speak to every passenger — I collect *a lot* of business cards. I like to find out how my customers are reacting to our service. I almost always end up with a notebook full of comments, suggestions — and a few complaints.
– How do you handle the complaints?
– Well, I start off by listening.

TRACK 17

– I start off by listening. I try to collect as much information about the problem as I can. Is the customer reacting to a mistake we've made? If so, I ask how we can correct the mistake. If the customer is suggesting we add a service, I try to find out exactly what it is the customer needs. We may offer something that fills the need, but the customer just isn't aware of it.
– What about the problems for which you don't have a quick fix?
– Those are the ones that end up in the notebook. I have bi-monthly meetings with team leaders from all our functional areas — ticketing, baggage, food service, pilots, ground crew — you name it. We roll up our sleeves and try to come up with solutions to anything that's preventing us from giving top-notch service.
– You've spoken quite a lot about the productivity of your employees. What do you do that other airlines don't?
– Because we were able to buy all our airplanes new and invest heavily in technology from day one, we were able to develop a model in which we required fewer employees per airplane to accomplish these tasks. With fewer employees per airplane, you can compensate people really well. We also set up a salary structure that would really work for our people …

ACTIVITY 6 | TRACK 18

Customer A

– The food was magnificent. The staff was extremely efficient. And the seating was luxurious and comfortable. I think they should get five stars!

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TRACK 19

Customer B

– I would rate this airline the worst I've ever flown. The aircraft was ancient, the staff rude. The food was wretched. We had delays in both directions and an unscheduled refueling stop on the return. The letter of complaint I sent to their London office was ignored. It *was* the cheapest ticket. Obviously, you get what you pay for.

TRACK 20

Customer C

– I flew with them for the first time in December, and all I can say is that this airline is going places. The fleet is new and modern. The entire crew was extremely friendly — great check-in staff, flights were on time, and the live TV was a definite plus. I highly recommend them.

TRACK 21

Customer D

– The cabin was pleasant, the seats comfortable. The food was wonderful — especially the desserts, which were better than I've had in some restaurants. When we got to Cancun and found that our baggage had been delayed until the next morning, the staff was very helpful — they gave us 500 pesos each so that we could buy anything we needed until the luggage was delivered to our hotel. Best of all, they were gracious about it — we didn't have to fight for it. It seems to be standard procedure. I was very impressed by that.

TRACK 22

Customer E

– I just flew with them from New York to Hamburg. In a nutshell, this airline is no different from the no-frills airlines. The cabin crew just stood there chatting with each other when I boarded. No hellos, no smiles. The in-flight service was practically robotic. I'm going to try another carrier the next time I travel.

PRACTICE: CHAPTER 1

EXERCISE 2 | TRACK 23

One

Listen to each series of questions, and select the correct marketing category.

For this particular item, would you prefer to purchase a better quality product at a higher price or a lesser quality product at a lower price?

TRACK 24 | Two

Where do you usually buy this type of product: at a small local store, at a shopping mall, or on the Internet?

TRACK 25 | Three

How old are you? Are you married? Do you have any children?

TRACK 26 | Four

What's the highest level of education you have attained? What was your field of study?

TRACK 27 | Five

Tell me more about where you live. Do you live in a city, in a suburb, or in a rural location?

TRACK 28 | Six

When do you usually buy this type of product — when you see it on sale or only when your supplies have run out and you need more?

TRACK 29 | Seven

What do you do in your free time? What are your hobbies?

TRACK 30 | Eight

What is your ethnicity?

TRACK 31 | Nine

Do you live in a heavily populated area? What are the typical weather and seasonal patterns where you live?

TRACK 32 | Ten

What magazines do you most enjoy reading? What is your favorite television show?

TRACK 33 | Eleven

Are you male or female?

TRACK 34 | Twelve

Is there a particular brand that you typically purchase for this type of product? If it's not available, what is usually your second choice?

PRACTICE: CHAPTER 2

EXERCISE 4 | TRACK 35

One

Listen to the conversations between the salespeople and their prospects. For each situation, decide which strategy the salesperson is using: hard sell or soft sell.

– Just think how good you'll look driving down the street in this car!
– I don't know. I think it might be a little too expensive for me.
– Think of it as an investment in yourself. I guarantee you'll love it.
– It's not very practical, though. I need something that the whole family can use.
– It does seat four comfortably, and you can't beat the gas mileage.
– Well, I'm interested, but I'm going to have to think about it.
– We have a special sale going — $1,000 off new car purchases — but it's for today only.
– I don't think I'm ready to buy today. I'm going to have to think about it.
– Well, just make sure you decide before the end of the week. The price we discussed was based on a special sale of $1,500 off the regular price for all new buyers. It ends in just a few days.

TRACK 36 | Two

– Can I help you?
– Yes, thanks. I'm looking for something to wear to an office party, but I want to be able to use it for other occasions, too. I want to look professional but casual. Do you have any recommendations?
– Sure. This outfit over here is very popular.
– Hmmm. It's nice, but not exactly what I'm looking for.
– How about this? It's a new style this

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season and would look very good on you.
– You think so?
– Definitely. We also have something over here that I think you might like. What do you think of this?
– Oh, I like that, too. Hmmm ... Now there are too many choices.
– Well, before you decide, why don't we look at one more thing. This is one of my personal favorites. What do you think?
– Yes, that's nice.
– Well, why don't I help you find everything in your size? Then you can try them all on to see what looks best and is most comfortable.
– That'd be great, thanks.

TRACK 37 | Three
– Hi, I'm interested in buying a new computer.
– I'd be happy to help. What do you have in mind?
– The problem is that I'm not very good with technology. I'm not really sure what I need.
– OK. Let me ask you this: What do you plan to use the computer for?
– Well, I'd like to start doing research on the stock market. My friends say the Internet is the fastest way to get investment information.
– It is very efficient for that kind of research. What else do you plan to use the computer for?
– Hmm. Well, my kids will probably want to play games on it, too.
– Good. Now that I have an idea of what you want to use it for, I can give you an idea of your options.
– How much do you think it will cost?
– It could range anywhere from just under $1,000 to over $3,000.
– Wow, that's a big range. I didn't expect to spend more than $1,000.
– It's a lot to think about. Why don't I show you some computers here in the store that I think would be good for your needs. Then I can give you some product literature to bring home and review. We stock all the models I'm going to show you, so you don't have to rush into a decision.

TRACK 38 | Four
– How much did you say this ring costs?
– It's $2,999. It's beautiful, isn't it?
– Yes, it is. And what about this one?
– Oh, this one is just $1,499. It's also very attractive.
– Hmmm. I like them both, but they're a bit more expensive than what I'd planned to spend.
– Don't think of it as expensive, consider it an investment.
– Really?
– Of course. The value of quality jewelry will only increase with time.
– I hadn't thought of it that way before.
– You know, these are rings with high-quality stones. I won't have them for long.
– Well, I would like to buy one, but I'm just not sure about all this.
– They're both 25% off right now, but the sale ends soon.
– I'm going to have to take some time to think about this. It's a lot of money.
– Like I said, it's an investment. You know, I really think she'll love both these rings. If you buy one today, I'll give you an extra 10% off on the other one.
– It sounds like a great deal, but it's still a lot of money.
– Think of it this way: you're getting a great investment at a 35% discount. But, if you don't buy today, I can't guarantee that I can give you the same deal next time you visit.
– Why not?
– Well, the sale ends tonight, and we only give the extra 10% off to customers who make a purchase during their first visit.

PRACTICE: CHAPTER 3

EXERCISE 2 | TRACK 39
One
Listen to the following statements and questions. Put a check under the correct heading to indicate the financial statement that best satisfies the speaker's needs.
I need to review a summary of the overall financial position of the business at the end of last quarter.

TRACK 40 | Two
How much money did we have to spend in order to make a profit this year?

TRACK 41 | Three
Are we turning profits into cash? And how are we spending our cash?

TRACK 42 | Four
I just want to see some proof that we're turning a profit.

TRACK 43 | Five
Will that show the difference between what we owe our creditors and what we've invested in the business?

TRACK 44 | Six
I would like to know more details about the money coming into and going out of the company over the last six months.

PRACTICE: CHAPTER 4

EXERCISE 1 | TRACK 45
One
Listen to each speaker and select the most appropriate category for their remarks.
I welcome challenges and don't give up when the work gets difficult because I receive a lot of support from my supervisor and my colleagues. We work very well as a team.

TRACK 46 | Two
We spent nearly half our staffing budget for the year replacing employees that left us. We may run into problems at the end of this year if we're not able to pay the bonuses that were promised at the beginning of the year.

TRACK 47 | Three
I will be doing performance reviews next week for each of my employees. I

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have asked upper management for salary increases for several of them.

TRACK 48 | Four

I have a good relationship with my manager, so I'm not very worried about my performance evaluation next month. To prepare for the meeting I've started taking notes and creating a list of things I've accomplished and things I'd like to work on improving. I'm sure this will make our meeting more productive and will hopefully make a good impression on my boss.

TRACK 49 | Five

We haven't been able to assess the true impact of Matt Walsh's departure yet. We know that his knowledge of our business and his skills will be difficult to replace. If only we had known that he was dissatisfied with certain aspects of his job, we might have been able to address his concerns.

TRACK 50 | Six

As a supervisor I definitely feel it's my responsibility to motivate others by setting the example of an employee who is fully engaged in her work and working to achieve the company's goals.

TRACK 51 | Seven

We're implementing a new performance review system over the next year. Our goal is to better understand our strengths and weaknesses as an organization so that we can identify candidates for promotions, raises, and additional training and support.

TRACK 52 | Eight

The company rewards employees who generate new ideas. There is a spirit of creativity, innovation, and teamwork at all levels of the organization.

TRACK 53 | Nine

In addition to funds spent on interviewing, on candidate travel, and on relocation costs, we're also seeing an increase in hidden costs and lost opportunities that we're not yet able to accurately calculate.

TRACK 54 | Ten

As CEO, I would like to invite all managers to attend a special training session we have scheduled for later this week. We're interested in finding new ways to help you motivate your employees. By generating new ideas and strategies for rewarding employees, I'm sure that we will achieve the overall company mission more efficiently and effectively.

PRACTICE: CHAPTER 5

EXERCISE 2 | TRACK 55

One

Listen to each comment and decide who said it. Put a check in the appropriate column.

Even when I find similar products at cheaper prices I still purchase this particular product again and again because the company has great customer support. What's the use of saving a few dollars initially if it costs you more in the long run?

TRACK 56 | Two

I know that when I make a large purchase the attitude of the salesperson makes a big difference. That's why I always try to see things from the customer's perspective. I try to prevent problems when possible, and I work hard to make sure I solve problems that do occur. I do my best to make sure that every client is satisfied with our products *and* our services.

TRACK 57 | Three

I am very impressed with the new product. It arrived on time, in perfect condition, and is exactly what I was expecting. I'm definitely going to tell my friends about it.

TRACK 58 | Four

I really felt that the salesperson was able to see things from my perspective and gave me great advice on what products would be best for my particular needs.

TRACK 59 | Five

I wouldn't even *think* about switching to another product.

TRACK 60 | Six

I believe that customer service employees have to be able to see the situation from the customer's point of view and then do what's necessary to satisfy that customer's needs. If we don't provide reliable service then customers will find someone else who will.

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Glossary

acquisition *(n.) from* **acquire** *(v.)* to come into possession or ownership of; to get: *We reviewed our customer acquisition costs including money spent on research and development, advertising, and special events.* (Ch. 5)

act *(n.)* [tough ~ to follow] performance: *No one in our department wanted to apply for John's position after he left the company. He's a tough act to follow; no one felt qualified to fill his shoes.* (Ch. 4)

allowance *(n.)* an amount of money that a company thinks it may lose in the future and includes in its accounts: *We typically see returns of 5% of our merchandise from retail outlets, so we generally make an allowance for this as we project revenues.* (Ch. 1)

asset *(n.)* something owned by an individual or business that has value or can earn revenue: *The firm's assets include several high-rise office buildings in the business district of the city.* (Ch. 3)

attitude *(n.)* the opinions, feelings, and thoughts a person has about something: *Brenda Patterson has such a negative attitude that she really shouldn't be working in the customer service department.* (Ch. 5)

balance sheet *(n.)* a document summarizing the overall financial position of a business, often at the end of each quarter and year: *The company performed well last quarter as shown by the balance sheet.* (Ch. 3)

balanced scorecard *(n.)* an internal strategic management system to evaluate performance from different perspectives including both financial and operational measures: *The balanced scorecard allowed our company to clarify our vision and strategies and then translate them into action for creating future value in customer relationships and more efficient organization-wide processes.* (Ch. 3)

body language *(n. phrase)* nonverbal cues that show what a person is thinking or feeling: *Although he said nothing, I could tell by his body language that he was very angry.* (Ch. 2)

boost *(v.)* to increase or raise (e.g., sales, production, or prices): *We hope the new marketing campaign will boost sales during a typically slow time of year.* (Ch. 2)

bottom line *(n.)* the financial figure showing a company's total profit or loss: *Reducing development costs will help to improve the company's bottom line.* (Ch. 3)

bottom-up budgeting *(n.)* developing a budget beginning with department managers' needs, then consolidating these needs for final review and approval by upper management: *The CEO believes that understanding the needs of each department is vital, so she uses the bottom-up budgeting approach.* (Ch. 3)

brainstorm *(v.)* to participate freely and spontaneously in a creative style of developing new ideas and solving problems: *After brainstorming all afternoon, a few very interesting and innovative advertising approaches were identified.* (Ch. 1)

brand *(n.)* the name given to a product so that customers will readily and easily recognize it: *The Sherman family has bought the same brand of soap for the last ten years.* (Ch. 2)

brand name *(n.)* name given to a product by a company used for building customer recognition: *Sharon usually looks for brand names that she knows when she buys household appliances.* (Ch. 1)

budget *(n.)* an organization's detailed plan of how it will spend money during a specified period of time: *Following our budget closely will allow us to achieve our financial goals.* (Ch. 3)

business plan *(n.)* a document detailing management's strategies, as well as expected expenses, revenues, financing, etc.: *The managers will need to provide a five-year business plan in order to get the bank loan.* (Ch. 3)

CAGR (Compound Annual Growth Rate) *(n.)* a mathematical formula to show annual compounded yields vs. simple averages: *The CAGR is a useful statistic for evaluating how companies of different sizes have performed during the same time period.* (Ch. 3)

capture *(v.)* to take by force or superior strategy: *By the end of the year, Chinese manufacturers had captured 55% of the market for inexpensive watches and radios.* (Ch. 1)

cash flow statement *(n.)* a document giving details of money coming into and going out of a company during a specified time period: *The cash flow statement shows that our customers are paying our invoices on time.* (Ch. 3)

close a sale *(v. phrase)* to reach the final step of the selling process in which a contract is signed or a deal is finalized: *The client demanded so many changes to the contract, that the saleswoman wondered if she would ever close the sale.* (Ch. 2)

commission *(n.)* a fee or a percentage of a sales price paid to a salesperson or agent: *Our sales team is motivated to sell as much product as possible each month because they are paid by commission.* (Ch. 2)

commitment *(n.)* an expression of strong intention to do something or behave in a certain manner: *Our firm has made a commitment to innovation by fostering creativity in employees.* (Ch. 4)

compatibility *(n.)* the ability to work or live together in harmony: *The new employee feels a high level of compatibility with the values and goals of the firm.* (Ch. 4)

competitive advantage *(n. phrase)* something that allows a company to be more successful in a particular area than its competitors: *Our access to high-quality, low-cost materials overseas gives us a competitive advantage over other companies in our industry.* (Ch. 5)

competitor *(n.) from* **compete** *(v.)* to try to outdo a person, a product, or a company for customers, market share and, ultimately, profits: *Our company is looking for ways to improve customer loyalty and discourage customers from buying products from our competitors.* (Ch. 5)

complaint *(n.)* a statement in which someone states annoyance, dissatisfaction, or unhappiness about something: *Customer complaints decreased dramatically after we introduced automated check-in centers.* (Ch. 5)

corporate culture *(n.)* the ideas, attitudes, and beliefs shared in an organization: *Placing top priority on customer service and satisfaction are key values in the corporate culture of our organization.* (Ch. 4)

customer loyalty *(n. phrase)* a company strategy of building strong relationships with customers so they repeatedly purchase products and recommend them to others: *Acquiring customers is difficult and expensive, so it is wise to focus on improving customer loyalty to retain and expand sales.* (Ch. 2)

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customer satisfaction *(n.)* the positive feelings experienced by customers with regard to a product or service when they receive what they want or need: *Lexton, Inc. measures customer satisfaction regularly and studies the data very carefully in an effort to find ways to increase customer loyalty.* (Ch. 5)

customer service *(n.)* the process that occurs when a company supports customers by providing information, assistance, and responses to questions and complaints on its products or services: *When competing products are similar, I nearly always buy from the company with the better customer service record.* (Ch. 5)

customer service orientation *(n.)* an attitude that places customer service and satisfaction at a high priority: *The customer service orientation at NexTec Enterprises begins at the top and goes all the way down to the front-line employees. Customer service is the company's greatest focus.* (Ch. 5)

demographics *(n.)* statistical vital and social information on a population, including age, gender, and income level: *Having identified the demographics of our target consumers, we can now develop a marketing strategy.* (Ch. 1)

direct marketing *(v.)* strategy where the seller contacts potential customers directly: *For our particular needs, the telephone is a better vehicle than e-mail for direct marketing.* (Ch. 1)

direct report *(n.)* the person a manager supervises and is responsible for: *The director of the finance department is well known for keeping his direct reports motivated and productive.* (Ch. 4)

distribution channels *(n.)* organizations and people involved in a system for moving items from producer to buyers: *Preston Industries could offer more competitive prices if they consolidated distribution channels and sold through fewer suppliers.* (Ch. 1)

do one's homework *(v. phrase)* to research or prepare in advance: *It is best to do one's homework before making a large purchase such as a car or a home in order to get a good deal.* (Ch. 2)

equity *(n.)* the capital a company has from shares (as opposed to debts): *The strong stock market will allow more companies to use equity instead of loans to finance major purchases.* (Ch. 3)

financial statement *(n.)* a document showing the financial position of a business, often at the end of each quarter and year: *The company is late sending its financial statements to investors this quarter.* (Ch. 3)

focus group *(n.)* several consumers brought together by a company for the purpose of conducting market research: *Last year I participated in a focus group. I was asked to taste ten different kinds of candy and to say which I liked best, which I liked least, and why.* (Ch. 1)

follow up *(v.)* to provide more information or find out more about something: *I ask my staff to follow up with each customer six months after their purchases to see how happy they are with our products and to find out if there's anything we can do for them.* (Ch. 5)

forecast *(n.)* a description of expectations for the future based on current information: *It is too early to make accurate forecasts about consumer demand for the new product. (v.)* to make a statement describing expectations for the future based on current information: *We forecast growth of 35% for next year.* (Ch. 3)

from scratch *(expression)* to make or create something without using anything that was previously prepared or developed: *Bill Gates and Paul Allen built a software empire from scratch.* (Ch. 4)

generate *(v.)* to create or produce: *Radio advertisements generate nearly 30% of our sales.* (Ch. 1)

geographic coverage *(n.)* the area in which a product or service is delivered: *We haven't had much success in increasing the geographic coverage of our product beyond the New York metropolitan area.* (Ch. 1)

get carried away *(v. phrase)* to get overly excited: *Don't get carried away about the new job until you have the offer, the salary, and the benefits documented in writing.* (Ch. 1)

get one's house in order *(v. phrase)* to improve the processes and workings of an entity or organization: *We need to get our house in order before the government inspection team arrives next week.* (Ch. 3)

get up to speed *(v. phrase)* to work in order to reach the appropriate or necessary level of knowledge to perform in a job: *The new trainee got up to speed in three weeks, which is half the time it usually takes our new employees to learn the essentials of that particular position.* (Ch. 4)

give up *(v. phrase)* to surrender or relinquish: *Mark gave up his Saturday golf outings to spend more time with his children.* (Ch. 2)

go up against *(v. phrase)* to compete with: *We are going up against the best in the industry with this new product.* (Ch. 2)

guess again *(expression)* implies that one's first assumption was not correct; a response is requested: *– You've been with the company for more than ten years, haven't you? – No, not even close. Guess again.* (Ch. 5)

hand it to (someone) *(v. phrase)* give credit to someone for something that was done well: *We have to hand it to the product development team. They delivered exactly what they promised, and in less time than expected.* (Ch. 1)

hard sell *(n. phrase)* the practice of using extreme pressure to persuade a customer to buy something: *The hard sell didn't work with Tina. The harder the salesman pushed, the less interested she became in the product.* (Ch. 2)

hold on *(v. phrase)* to stop or wait: *Hold on a moment; I'm not yet ready to respond.* (Ch. 2)

human resources (HR) department *(n.)* the department in an organization focused on managing, training, and supporting employees: *Please call HR for questions concerning medical benefits.* (Ch. 4)

in a nutshell *(expression)* in very brief form; in a few words: *Here's what we want in a nutshell: shorter work days; better pay; and more vacation time.* (Ch. 5)

income statement *(n.)* a document showing details of money earned and spent during a particular period of time: *The income statement shows net income this year fell sharply compared to last year.* (Ch. 3)

intercept survey *(n.)* a process of collecting marketing data from consumers by stopping them at purchasing locations, such as shopping malls and grocery stores: *One of the benefits of intercept surveys is that they allow interviewers to observe consumers' facial expressions and body language.* (Ch. 1)

intern *(n.)* someone, typically a student, who works in a job for a short time to gain professional experience: *Because summer is our peak season, we typically hire college interns to help handle the increased sales volume.* (Ch. 4)

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jump out at *(v. phrase)* when something is more noticeable than everything else and is impossible to ignore: *The red envelope jumped out at me from among the white envelopes piled on the desk.* (Ch. 4)

let's just say *(expression)* a phrase used to say something indirectly or unofficially: *I'm not allowed to announce who we hired quite yet, but let's just say it's the internal candidate that we all expected to get the job.* (Ch. 2)

liability *(n.)* money a business owes: *The business' liabilities include a bank loan and taxes.* (Ch. 3)

logistics *(n.)* the planning, implementation, and coordination of the details of a business or other operation: *With a project as complex as ours, the logistics are as important as the actual work.* (Ch. 1)

market share *(n.)* a measure of a product's sales compared to its competitors, often depicted in percentages: *At one point, Microsoft held nearly an 85% share of the software market in the U.S.* (Ch. 1)

mission *(n.)* purpose; goals: *Our mission is to provide excellent service at an affordable price.* (Ch. 4)

motivate *(v.)* to encourage or provide a reason to do something: *The additional training and resources we're providing will motivate employees to work more efficiently.* (Ch. 4)

motivator *(n.)* something that makes a consumer behave in a certain way: *Summer bathing suit advertisements are excellent motivators for consumers to search for weight-loss products.* (Ch. 1)

negotiate *(v.)* to deal or bargain with another person in order to reach agreement: *Unhappy with the retail price, the customer negotiated a 10% discount before making the purchase.* (Ch. 2)

never-ending *(adj.)* seemingly continuous; without end: *My work is never-ending — no matter what time I start and finish each day, there is always plenty to do the next day.* (Ch. 4)

on board *(prepositional phrase)* on an airplane, ship, boat, etc.: *Because the water supply of the ship was unsanitary, everyone on board got sick.* (Ch. 5)

one way or another *(expression)* a phrase used to say that if one method does not work another will be tried until a solution is found: *One way or another we have to collect all the data for Mr. Anderson's presentation by the end of the day.* (Ch. 3)

open-ended response *(n.)* an answer that is more than a simple 'yes' or 'no': *We insist that a majority of the questions on our surveys require open-ended responses to give us as much information as possible about our customers' perceptions.* (Ch. 1)

P&L (profit and loss) *(n.)* see definition for income statement (Ch. 3)

perception *(n.)* the way consumers feel about a company or product: *Negative consumer perceptions of the company existed for years after the devastating oil spill.* (Ch. 1)

performance assessment / evaluation / review *(n. phrase)* a meeting between an employee and a supervisor to discuss work results, goals, and future plans for the employee's position: *The performance review process has been revised so that employees learn how to build on their successes and examine their shortcomings.* (Ch. 4)

persevere *(v.)* to continue trying to do something even though it is challenging or difficult: *Tom persevered in his efforts to improve his performance even though his supervisor was not supportive.* (Ch. 4)

plummet *(v.)* to fall or drop suddenly: *Once production increased and manufacturing cost savings were realized, prices for our DVD players plummeted.* (Ch. 2)

praise *(v.)* to give positive feedback: *I praise my employees when they do excellent work so they know that they are appreciated and valued.* (Ch. 4)

product literature *(n. phrase)* promotional material prepared by a company for potential buyers: *The product literature contains useful information about the different models available.* (Ch. 2)

profitability *(n.)* the state or degree of financial success in a business activity: *Our profitability increased dramatically with the introduction of several cost-cutting measures over the past year.* (Ch. 5)

promotion *(n.)* a move to a better job: *With his promotion, Bill got a raise and increased responsibilities.* (Ch. 4)

promotion *(n.)* an activity intended to improve sales of a product: *We have a special promotion each year before the holidays to increase sales of all of our seasonal gift items.* (Ch. 1)

prospect *(n.)* a potential buyer: *If you treat a prospect like a valued client, he will be more likely to feel comfortable and purchase your product.* (Ch. 2)

psychographics *(n.)* details about the emotions and behaviors of a group of people: *The psychographics of the group studied indicate that they are conservative and will not respond well to some of our products.* (Ch. 1)

public relations *(n.)* the actions of an organization in promoting goodwill between itself and its audience: *We have increased public relations activities since the accounting scandal in an effort to preserve market share.* (Ch. 1)

pull [something] **off** *(v. phrase)* to succeed in doing something challenging or difficult: *Somehow, they pulled off a profitable year when everyone else in our industry reported significant losses.* (Ch. 5)

pull into *(v. phrase)* to drive a vehicle into a place: *Pull into the parking lot so we can look at the map.* (Ch. 2)

put pressure on *(v. phrase)* to force someone to do something: *I have several reports to finish, but my supervisor has been putting pressure on me to complete this one first.* (Ch. 3)

qualitative research *(n.)* information collection for marketing purposes to determine people's attitudes, opinions, and motivations that are difficult to translate into statistics: *Lynne Sheldon favors qualitative research because it gives her a better understanding of consumers' emotional reactions to her company's services.* (Ch. 1)

quantitative research *(n.)* information collection for marketing purposes with results shown in statistical forms: *With a background in statistics, it's not surprising that Lou Taylor places a lot of trust in quantitative research.* (Ch. 1)

recruit *(v.)* to seek and attempt to attract candidates for employment: *We visit the best universities in the area every year to recruit new graduates.* (Ch. 4)

referral *(n.)* a recommendation: *A referral from a trusted friend is more convincing than a television commercial.* (Ch. 2)

related sale *(n. phrase)* a new product sold to existing customers: *You can often increase related sales by simply educating customers about other products you offer.* (Ch. 2)

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reliability *(n.)* the quality of being dependable, trustworthy or accurate: *The reliability of the Honda has made a loyal customer of Paul Sheffield. He has owned several, and each has performed so well over the years that he feels very comfortable with the brand.* (Ch. 5)

repeat business *(n.)* when a customer or client returns to a particular company to purchase additional products or services: *Our research has shown that our improved customer service is leading to more repeat business by many of our customers.* (Ch. 5)

retention *(n.)* *from* **retain** *(v.)* to keep or to hold: *Blanchard Industries has an excellent customer retention record which they attribute to superior customer service and competitive pricing.* (Ch. 2)

risk tolerance *(n.)* the amount of potential dangerous or unpleasant results someone is willing to accept in order to achieve a positive outcome: *Phil's risk tolerance in traveling to new places is rather low, so you can expect careful, conservative behavior when he chooses vacation destinations.* (Ch. 1)

roll up one's sleeves *(v. phrase)* to prepare to do difficult work: *We have a lot of respect for the manager of our department because he's willing to roll up his sleeves and help out when we're struggling to meet a deadline.* (Ch. 5)

sales campaign *(n. phrase)* a series of events or activities developed to increase sales: *The new sales campaign is targeting the youth market with its emphasis on rock stars and their music.* (Ch. 2)

sales rep(resentative) *(n. phrase)* a person whose job is to persuade people to buy a company's products: *The sales reps from several industries met at the conference to discuss sales techniques and strategies.* (Ch. 2)

schmooze *(v.)* to chat pleasantly with someone for the purpose of establishing a friendly relationship: *He likes to schmooze with clients before talking business.* (Ch. 2)

sector *(n.)* a particular part of a market: *We use TV commercials to reach the consumer sector, but we use advertisements in industry-specific magazines and journals to reach the business sector.* (Ch. 1)

sense of belonging *(expression)* a feeling of being connected to and part of a group: *Orientation sessions have been designed to help new employees quickly feel a sense of belonging to the company.* (Ch. 4)

service-profit chain *(n.)* the relationship between employee satisfaction, customer loyalty, and profitability: *Each of the links of the service-profit chain is critical in ensuring revenue growth and profits.* (Ch. 5)

shortcoming *(n.)* a weakness, fault, or lack: *He balanced his shortcomings as a salesperson with his strengths as a specialist in the industry.* (Ch. 4)

slump *(n.)* a sudden drop in price, value, or quantity: *There has been a slump in sales this winter.* (Ch. 2)

soar *(v.)* to fly upward rapidly, as a bird: *Demand for mobile phones has soared this year.* (Ch. 2)

soft sell *(n.)* the practice of encouraging and persuading, but not pressuring, a customer: *Because the customer owned several other Ferraris, the salesman used the soft sell with her.* (Ch. 2)

staffing *(n.)* *from* **staff** *(v.)* to provide the employees of an organization: *The company expects to increase staffing by 10% this year.* (Ch. 4)

strategy *(n.)* a plan for achieving a goal: *We must create a strategy for reducing company expenses.* (Ch. 3)

subordinate *(n.)* a person in a lower position and with less authority than another in an organization: *The division manager is responsible for overseeing nearly forty subordinates.* (Ch. 4)

SWOT analysis *(n.)* a system for examining a company that focuses on strengths, weaknesses, opportunities, and threats: *We will carry out a SWOT analysis before creating the budget for next year.* (Ch. 3)

take a stab at (something) *(v. phrase)* try: *I've never played golf, but I'd like to take a stab at it.* (Ch. 1)

take off *(v. phrase)* to suddenly become successful: *The new Internet company took off soon after several articles about it appeared in the major newspapers.* (Ch. 4)

take the plunge *(v. phrase)* to make a decision to do something risky: *I finally decided to take the plunge and start my own business.* (Ch. 4)

target audience / customer *(n.)* the people marketers are trying to reach: *The target audience for this magazine is girls under thirteen years of age.* (Ch. 1)

to be going places *(v. phrase)* to be moving toward significant success in a profession, field, or industry: *With his good business sense, his friendly personality, and his good looks, everyone agrees that Lester is going places.* (Ch. 5)

top-down budgeting *(n.)* developing a budget beginning with upper management's financial goals, which are then communicated to department heads as they create their departmental budgets: *The CEO and CFO have a strong vision of the direction they want the company to move, so they use the top-down budgeting approach.* (Ch. 3)

top-notch *(adj.)* the very best: *We are prepared to pay top salaries for top-notch talent.* (Ch. 4)

trap *(v.)* to catch or hold in an unpleasant situation with no easy escape: *Layla feels trapped in her job. She wanted to quit a long time ago, but she has had no luck finding another job.* (Ch. 4)

trend *(n.)* the general way in which a situation is changing or developing: *The return-on-investment figures show a positive trend in the pharmaceutical industry.* (Ch. 3)

turnover *(n.)* a figure or ratio that represents worker replacements over a given period of time: *Due to the long hours, the low pay, and the difficult working conditions, the turnover at Beltek was very high.* (Ch. 4)

viewpoint [a customer's ~] *(n.)* what customers think or believe: *When we examine our service successes and failures we consider each from the customer's and the service rep's viewpoint.* (Ch. 5)

warranty *(n.)* a written guarantee given to a customer by the seller or manufacturer for replacement parts or repair service for a stated period of time: *I was able to get my CD player repaired for free because it was still under warranty.* (Ch. 1)

you name it *(expression)* suggests that anything one can think to add would be possible for inclusion: *You can find every kind of ethnic food in the world in New York City — you name it, there's a restaurant that serves it.* (Ch. 5)

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