Reading Comprehension 1. GLOBALIZATION

Grammar and Structure:

- The structure of the simple sentence.
- Finite and non-finite verbs
- Word-class terminology (nouns, verbs, adjectives, adverbs, prepositions…)
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Specialist Lexis

- The language of globalization

Expanding Internationally: Grow As You Go (adapted from the web)
by Robin Lea Curle

(I) Large companies usually take advantage of the enormous potential of **international** markets. They simply budget for the **expansion**, and spend the necessary sums to build the infrastructure to support future revenue. Entrepreneurs, on the other hand, have limited resources, few connections, and tight budgets. When they **go global**, they need to be convinced that they are doing the right thing. They also need to believe and respect one guiding principle: grow as you go. In other words, you must finance **global expansion** as **global revenue** comes in--and not before.

(II) News like this could terrorize a lot of entrepreneurs. Why go global at all? One reason for many entrepreneurs is that they must. Three years after the founding of our company, Evolutionary Technologies International Inc. (ETI), a large company approached us, saying, "Who represents you in Europe? We're ready to buy."
At that time, in 1994, we had annual revenue of just $3.5 million. We quickly realized that we had to sell in markets **outside** the U.S. because of the nature of our product. Our software improves the consistency of data across entire computer systems. If we were selling applications particular to the U.S.--a package, say, for calculating documents for the tax system--it would not have been necessary to **go overseas**.

(III) These days, entrepreneurial companies are more likely to be selling products used **across geographic boundaries**. By entering **international markets**, even very small companies can increase revenue significantly--as much as 50 percent can come from international markets. They can **open their doors to global customers**, which buy locally rather than from vendors based only in the U.S. And they can boost market share.
Getting into **foreign markets** requires a minimal up-front investment, as well as decisions about which markets to enter and how best to do business in each--directly or through distributors. The following guidelines will help entrepreneurs to make their job easier and more efficient.

(IV) Getting Started
When ETI decided to enter the **global arena**, we quickly decided to start in Europe. As a rule, small companies should select a first-priority region and focus on building operations there, rather than **expanding** into all regions at once.
Europe was a good choice for ETI, as it is very large and technologically sophisticated. In addition, customers in Europe require the least amount of adjustments to ETI's software product.
In entering Europe, I assumed responsibility for leading the charge. This is another **going-global basic** for entrepreneurs: you try to assign one person to be responsible, ideally with a commercial background, **international experience**, and familiarity with small companies in general and your company in particular.
With an overseer on the domestic front, it is better to hire a local manager to guide you through the machinations particular to each area. These might include accounting issues, such as how to record revenue (in Europe, it's best to transfer revenue to the U.S. where it's taxed at a lower rate), as well as prospecting and local hiring. Our European manager is a Frenchman. We gave him profit-and-loss responsibility.

(V) Direct or Distributor?
With both **domestic and local managers** in place, a company must then decide whether to do business *directly* in a given country or to work through distributors.
The Case for Selling Directly
In our case, in Europe, the decision was easy. Our product *requires* a good deal of support, and we were concerned that *distributors* wouldn't provide optimal care and satisfaction for our customers. So we chose to sell directly.
Working through our local manager, we hired only a few people at first, and only as revenue came in. In this way, we were able to reduce our risk, assure positive cash flow, and pay for the expansion. The strategy worked. With a staff of 48, our European *operation* now accounts for 28% of ETI's revenue of between $35 million and $45 million.

(VI) The Case for Using Distributors

In foreign markets, however, what works best in **one area of the world** doesn't always work best in another. Although ETI needs to support customers, we discovered that we couldn't sell directly in Japan. Preparing to enter that market this year, we are currently selecting several distributors.

As a very **"foreign" place** in which to do business, Japan isn't receptive to **outsiders**. The Japanese tend to buy from other Japanese. Its language serves as an additional **barrier**. If you haven't been there and done that, there is a lot to learn. Selling directly can be too costly, and you could be excluded.

To get into Japan, we also turned to an American consultant to identify potential resellers. Our consultant is paid according to his/her results. He will receive a percentage of the revenue generated. If you don't have this expertise, don't be shy about buying from the outside.

Reading Comprehension I

1. True or False?

a. Large international companies have more opportunities and greater capital to enter the global market than entrepreneurs (I)
b. The expression "grow as you go" means that you have to become old in order to become global (I)
c. Small companies expanding overseas can increase their profits considerably (III)
d. According to the writer, when companies decide to globalize they must expand into many foreign countries at the same time (IV)
e. ETI has never used distributors. It has always preferred to sell directly both in Europe and in the world (V; VI)

2. Answer the questions (Comprehension):

a. What is the difference between a domestic and a local manager? (IV; V)
b. What is the problem with the Japanese market? (VI)
c. Why did ETI decide to become global? (II)

3. Answer the questions (language):

1. "tight budgets" (I) means: **A**. little money spent **B**. little money to spend **C**. no money to spend

2. "Entrepreneurs" (I, II) are: **A**. Actors **B**. Businesspersons **C**. Speculators

3. When you *found* a company (II) you:
A. discover it **B**. move it **C**. find it **D**. create it

4. Among the following words, 2 are synonyms of "revenue" (I, II):
A. capital **B**. banknotes **C**. profits **D**. cash **E**. earnings

5. What are the synonym and opposite of the word "vendors" (III)?

6. The verbal expression "boost market share" (III) means:
A. decrease market share **B**. increase market share **C**. limit market share **D**. divide market share

7. The nominal and verbal expressions "hire, hiring, hired" (IV; V) refer to the semantic field of:
A. car rental **B**. job recruitment **C**. professional career

4. What words and expressions in the text mean the same as:

a. amount, total, quantity (n. pl, I)
b. probable, possible (adj. III)
c. become bigger or greater in amount (v. III)
d. in advance (adv. III)
e. option, selection (n. IV)
f. responsibility (n., IV)
g. supervisor (n., IV)
h. register, write down (v. IV)
i. something which is lost (n. IV)
j. worried, preoccupied (v. V)
k. attention, supervision (n. V)
l. personnel, crew, team (n. V)
m. found, learned of (v. VI)
n. advisor, counsellor (n. VI)
o. proficiency, skill (n. VI)

Entrepreneurs (phonetic transcript and meaning) /ˌɒntrəprəˈnɜː(r)/, noun; a person who makes money by starting or running businesses, especially when this involves taking financial risks

Entrepreneurial (phonetic transcript and meaning) /ɑntrəprəˈnɜːrɪəl/, adjective: of or pertaining to an entrepreneur; characterized by initiative and risk

Other interesting words and expressions: *Profit- and –loss responsibility*; *accounting*

MORPHOLOGY

What structural elements (morphological elements) can you recognize in the words “directly”; “distributors”; “requires”; “operation” (V)?