

Did	I you he she we they	have to	study yesterday?
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Negative

I You We They	don't	have to	study tonight.
He She	doesn't		

II Prepositions 'during', 'for' and 'within'.

During

When did your parents live there? - **During** the war.

They discussed the terms of delivery **during** the talks. (**When** did they discuss the terms of delivery?)

How long did you live in Samarkand? – I lived there **for** 5 years.

I have worked for Coca-Cola **for** 10 years. (How long have you worked there?)

Within – not exceeding the limit

Within what time did you solve your problem? - I solved it **within** a month. They will give us an answer **within** two days. (**Within what time** will they give you an answer?)

UNIT 7. FRANCHISING. DISCUSSING CONTRACT TERMS.

Exercises 1. Answer the questions: What will you do if you want to start up a business but have little experience and capital?

Exercise 2. Read the text.

Franchising

Many people want to be their own bosses and run their own companies. However, not all of them have enough money or business experience and they are afraid of taking risks. In this case they can do a **franchising** business. Franchising is a form of business operation. It is business system in which a company (**a franchisor**) sells an individual (**a franchise**) a license to operate a business using the franchisor's established system of format. Franchisees buy the right to use the

franchisor's format, name, brand and trademark, and they get advice about running the business. Also the franchising company provides them with training, materials and equipment, and carry out a national advertising campaign. The franchisor provides an operations manual, which **contains** all the information that the franchisee needs to run a business. In addition, the franchisor keeps tight control over the way that franchisees manage their businesses.

Franchising business developed in the 1950s and 1960s when there was a boom in fast-food restaurants such as McDonald's, Domino Pizza, Burger King and others. In retailing, the Body Shop, Mother care and Max and Spencer are leading in franchising. Xerox has successfully franchised its copy centers worldwide. There are franchises in many different industries: car hire (car rental) agencies, cleaning services, fitness centers, printing services, computer technology, hairdressing, legal services and so on. Uzbekistan is producing and bottling Coca-Cola under a **franchise agreement** with the American company.

Although franchisees are self-employed and own individual companies, they operate the business according to the terms of the franchise agreement. A franchisee pays a parent company an initial (starting) fee of several thousand. He or she also makes annual or monthly payments (a royalty) to the franchising company, which varies from 1.5% to 12% of their annual turnover. The franchisee may also pay an advertising fee **to contribute** to the franchisor's annual advertising and marketing costs.

In some cases, a franchisor may appoint a **master franchisee** to supervise all aspects of the development of the business inside a territory.

Franchising is growing fast. Both sides have advantages in franchising. The franchisor can expand his or her business without reducing his capital or **borrowing** money. The franchisor also promotes its **brand name**. Besides lower risk, franchisees **take advantage** of the established business and successful business practice.

According to the data of the U.S. Small Business Administration 65% of business, star-ups in the United States fail within 5 years. Nevertheless, fewer than 5% of franchise-owned enterprises fail. The franchisee purchases, along with a trademark, the experience of the franchisor's organization.

The franchising system gives people the chance to set up a business without taking great risks and make a profit.

Exercise 3. Answer the following questions.

- 1 What is the relationship between a franchisor and franchisee?
- 2 Why do people buy franchises?
- 3 In what business area does franchising business operate?

- 4 What is the main advantage a franchisee has?
- 5 What are the problems, do you think, may franchisor face?
- 6 What are the problems running a franchise?
- 7 Why do companies use franchising to expand their business?
- 8 Are there any franchise businesses in Uzbekistan? What are they?

Exercise 4. Match the words to their definition.

1 franchise	a a producer who supplies the franchise which gives
2 a franchisee	b a person the right to sell products in a certain area
3 a franchisor	c a licence to operate a business
4 a master franchisee	d a place were you can get a meal quickly and cheaply
5 a fast-food outlet	e a person who is given the right to sell the product or service

Exercise 5. Here is a list of companies, which deal with franchising. What area of business are they operating?

Rent-a-Car, Pizza Hut, Marks Spencer, Servicemaster (cleaning operator), Kwik-Copy Corporation, Doner, Domino Pizza, Benetton, Kentucky Fried Chicken

Retailing	Fast-food	Services

Exercise 6. Here are the responsibilities of the franchisor (1) and the franchisee (2).

Which is which?

high-quality products or services ()	advice ()
brand name ()	training ()
help ()	royalty ()
equipment ()	national advertising ()
local advertising ()	tight control ()
regular sales reports ()	capital ()
operating manual ()	

Exercise 7. Fill in the table.

Advantages to the franchisor	Advantages to the franchisee

Exercise 8. Read the text and the following question: what is the key to success of McDonald's?

McDonald's is the largest fast-food company in the world. When the McDonald brothers, Dick and Mac opened first restaurant in 1940 in San Bernardino, California, they could not think about the phenomenal growth of their company. There are now more 50 million people every day.

In 1995, they realized that the key to success was rapid **expansion**. The best way to **achieve** this was through offering franchises. Today, over 70% of McDonald's restaurants are run on this basis.

The franchisee agrees to operate the restaurant **in accordance with** McDonald's standards of quality, service, cleanliness and value. Every franchisee must complete a full-time 9-month training programme. It begins with working in a restaurant, wearing the staff uniform and learning everything from preparing and cooking food to serving customers and cleaning. Further training at regular training centers **focuses** on business management, leadership skills, and **team** building. The franchisees employ, train and motivate their own workforce; therefore, they must learn all the skills of human resources management. During the final period, the trainee learns about **stock** control and ordering, **profit and loss accounts** and the legal side of employing staff.

The growth of McDonald's largely depends on the creation of its strong brand **identity**. McDonald's trademark and its brand name are easily recognized worldwide.

Developing new products is very important to any business. Consumers' tastes change and the company needs to respond to these changes. Many ideas for new items on the menu come from the franchisees. It is very important for any business to have a reliable supplier. The suppliers closely work with McDonald's to develop and improve the products and production techniques. This close **cooperation** is based on **a three-legged stool principle** and involves McDonald's, the franchisees and the suppliers.

Exercise 9. Complete the sentences with the words from the box in the correct form.

capital, a franchising agreement, franchises, retail, royalty, to respond to achieve cooperation, to take advantage, to promote, to fail. to expand, competition, stock

1. Franchised businesses are very common in the business.
2. A lot of fast-food outlets are run as
3. The annual which a franchisee pays is usually a percentage of profits or turnover.
- 4 Many companies offer franchises to investors their business.
5. Franchises are good for people who have limitedto invest in a business.
6. Franchising companies spend a lot of moneytheir goods.
7. An agreement to pay license fee to use a well-known name is
8.in fast-food franchising is strong.
9. Wimpy was profitable in the UK but in France.
10. We of a low interest rate to take out a loan.
11. All companies must to the ups and downs of the market if they want to be a success.
12. Wal-Mart works in close with all employees.
13. We cannot deliver the goods as we have no them in
14. High reputation of the company helped itrapid expansion.

Exercise 10. Listen to the conversation. Two members of Clark-Maxwell, a British management training and consulting company, are having a meeting with two members of FCF, French training organization. They are discussing areas of possible cooperation. Listen and write down the areas they are discussing.

- 1
- 2
- 3

Exercise 11. Listen the conversation. The members of Clark-Maxwell and FCF have another meeting to decide what name to give to the joint company they plan to set up. Listen and fill in the table.

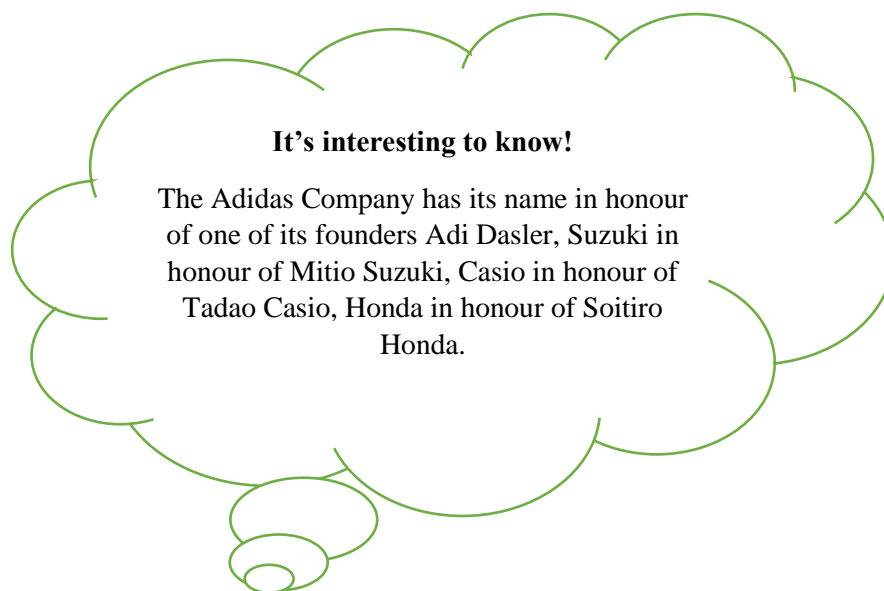
Pros	Cons

Exercise 12. Listen to the report of the president of the Excel Group and say how successful was the last year for them.

Exercise 13. Listen to the report of the president of the Excel Group Lo find out what their future plans are.

Exercise 14. Complete the sentences with 'to rise' or 'to raise' in the correct form.

1. The company's turnover..... dramatically last month.
2. That's a good point, I it at the next month.
3. Tax rates last week.
4. The inflation rate last month.
5. We hope prices again next month.
6. The management decided prices by 5% every year.



Exercise 15. Find the usual partner for each of the terms on the left-hand side and write them down next to the term on the right- hand side.

- | | |
|--------------------------|---------------------|
| To buy | white-collar worker |
| Export | demand |
| Blue-collar worker | to lend |
| Skilled worker | the republic sector |

The private sector	unskilled worker
To borrow	important
Wholesale	to sell
To employ new stuff	to dismiss
Supply	loss
Profit	retail sale

Exercise 16. Read the dialogue.

Discussing contract terms

Umarov: Good morning! I'm Jasur Umarov. Here is my card.

Brenner: Good morning! Glad to meet you. Will you take a seat, please?

Umarov: Thank you.

Brenner: Did you have a good trip?

Umarov: Yes. it was nice. **Brenner:** Well, Mr Umarov, let's discuss business now. What can I do for you?

Umarov: We have studied all technical data we got from you. We are interested in Model BC-65. It has good working characteristics. Its capacity is much higher than the capacity of similar models and the finish is excellent. It is just what we need.

Brenner: I'm pleased to hear that.

Umarov: But I'm sorry to say that your price is too high.

Brenner: I'm afraid I can't agree with you. Our price is quite acceptable if you take into account the high quality of our machine-tools. Besides, prices for this type of equipment are going up. These machine-tools, as you know, are in great demand now.

Umarov: Yes, we know that. But your competitors have lower prices.

Brenner: I'm afraid we can't reduce the price. You should take into account the high quality and reliability of our machine-tools. However, we could grant you a discount, if you order more than 10 machine-tool.

Umarov: What discount could you give us?

Brenner: About 30%.

Umarov: I see. Now, could I see the machine-tools in operation?

Brenner: Yes, of course. ∴

Umarov: Thank you. As to the price I think we'll speak about it after we have seen the machine-tools in operation.

Brenner: All right.

Umarov: And now I'd like to clarify your delivery terms.

Brenner: We usually sell our goods on CIF terms.

Umarov: I see. When can you deliver the machine-tools?

Brenner: We can deliver them in two lots of 5 machine-tools each within four months. Does it suit you?

Umarov: Yes, it does. And what about the payment?

Brenner: You must open a Letter of Credit in our favour for the full value of the goods with the Bank for Foreign Trade.

Umarov: And what's your guarantee period?

Brenner: It's 12 month from the date of putting the machine-tools into operation and 14 month from the delivery date.

Umarov: All right. When can you make us a formal offer?

Brenner: In about 3 or 4 days and I hope we'll have further business between our firms.

Umarov: Yes, I hope so too.

***CIF** – cost , insurance, freight (условия поставки по которым продавец фрахтует судно страхует товар и доставляет его в порт назначения)

FOB– freeonboard (условия поставки по которым продавец доставляет товар на судно за свой счет)

Answer the following questions.

1. What model is Mr Umarov interested in?
2. What are the working characteristics of the model?
3. What discount can the Seller give to the Buyer?
4. What are the delivery terms?
5. What are the terms of payment?
6. What guarantee period can Mr Brenner give to Mr Umarov?

Exercise 17. Complete these sentences with the correct prepositions.

1. We are interested producing goods high quality.
2. I'm afraid the terms you usually offer your customers are not acceptable us.
3. If you take account high reliability of our goods, you will see that the price is not high.
4. According to our usual practice our clients must open a Letter of Credit the Bank Foreign Economic Activity our favor.
5. Before we sign the contract we'd like to see the equipment operation_
6. We hope we will receive a formal offer a week.
7. During the talks the representatives of Dombay & Co offered to deliver the refrigerators 3 lots 20 refrigerators each 6 months.
8. The guarantee period the company has offered is 6 months putting the equipment operation and 8 months the delivery date.