



Writing for success in business studies

TEACHER BOOK

Trish Weekes PhD

Quality literacy
resources for
subject areas

literacyworks.com.au



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Contents

	Focus area	Case study	Page
About this book			v
Teaching reading and writing			vi
The teaching and learning cycle			vii
Curriculum links by module			viii
Curriculum links			ix
Icons used in this book and what they mean			x
Teaching Module 1: Writing like a business expert			1
The rules of business writing			2
Show me the money!	<i>Objectives of business</i>		3
Identifying expert business writing	<i>Factors that contribute to business success and failure</i>		4
Writing like a business expert			5
How to write dot points			6
Practice with dot points	<i>Influences on business</i>		7
Purposes and forms of writing in business			8
Teaching Module 2: Explaining the business world			9
Explaining the business world	<i>Effects of business decisions</i>		10
Cause and effect language: conjunctions	<i>Competitive advantage</i>		11
Using conjunctions to explain			12
Explaining using conjunctions	<i>Achieving business goals</i>	TANDA	13
More cause and effect language: verbs and nouns	<i>Competitive advantage</i>		14
Using a range of cause and effect language to explain		ISA Group	15
Cause and effect language: prepositions and text connectives	<i>Customer product benefits</i>		16
Explaining competitive advantage	<i>Competitive advantage</i>		17
Writing cause and effect sentences about a case study	<i>Explaining the benefits of business decisions</i>		18
Cause and effect language for explaining in business			19
Teaching Module 3: Explaining in PEEL paragraphs			20
Explaining with a PEEL paragraph	<i>Factors that contribute to business success</i>	GRANA	21
The stages of a PEEL paragraph			22
Understanding the stages of PEEL paragraphs			23
Writing a PEEL paragraph 1			24
Writing a PEEL paragraph 2			25
Writing a PEEL paragraph 3			26
Teaching Module 4: Reading a case study			27
How to read a case study: a 5-step process	<i>How businesses can manage growth effectively</i>	OneShift	28
How to read a case study: a 5-step process			29
OneShift case study			30
OneShift case study (continued)			31
Writing a summary paragraph about a case study			32
Planning to write about a case study			33
Write about OneShift			34
Teaching Module 5: Explaining influences on case studies			35
External influences on a business	<i>External influences on business</i>	Nourished Life	36
Finding external influences in a case study			37
Planning to writing about external influences			38
Writing about external influences			39
Internal influences on a business	<i>Internal influences on business</i>	SurfStitch	40
Finding internal influences in a case study			41
Planning to writing about internal influences			42
Writing about internal influences			43

Contents

	Focus areas	Case study	Page
Teaching Module 6: Evaluating the business world			44
Evaluating the business world			45
Positive and negative evaluations	<i>Business planning</i>		46
Evaluating a case study company's decisions	<i>Choosing a location for the business</i>	TANDA	47
Evaluating business decisions			48
Teaching Module 7: Recommending in the business world			49
Golden rules for recommendations			50
Recommending using modal language	<i>Government licences</i>		51
What is the difference between recommending and explaining?	<i>Establishment options</i>		52
How to recommend	<i>Factors that contribute to business success</i>		53
Making recommendations stronger or weaker	<i>Workplace health and safety</i>		54
Writing a recommendation paragraph	<i>Establishment options</i>	T&M's Fantastic Fitness	55
Recommend for a scenario	<i>Business planning</i>		56
Writing recommendations			57
Teaching Module 8: Interpreting a question/ instruction			58
Parts of a question or instruction			59
Interpreting the question or instruction			60
Planning your writing	<i>Establishment options</i>		61
Teaching Module 9: Writing an extended response			62
The stages of an extended response			63
Introduction	<i>Managing business growth</i>		64
Conclusion		One Shift	65
Planning an introduction and conclusion 1	<i>Using sources of finance to manage growth</i>	Switch	66
Planning an introduction and conclusion 2		Automation	67
Writing an introduction and case study summary			68
Writing a conclusion			69
Extended response template			70-71
Teaching Module 10: Writing a business report			72
What are business reports?			73
The stages of a business report			74
The executive summary	<i>Establishment options</i>		75
Planning an answer to an assignment instruction	<i>Recommending global expansion</i>		76
Model business report – activities 1		Big Dog Pet Foods	77
Model business report – activities 2			78
Business report – Big Dog Pet Foods 1			79
Business report – Big Dog Pet Foods 2			80
Business report – Big Dog Pet Foods 3			81
References			82

About this book

Why do we need this book?

As teachers of business subjects know, success in secondary schooling comes from **knowing** and **understanding** the subject content, and also from **writing** about the content effectively. **Reading** is also critical in Business Studies, as students have to incorporate real and fictitious case studies in their assignments and examination answers, as well as reading about business theory in text books. (Of course, numeracy is also important but the focus of this book is literacy.)

Even if students do know the content, sometimes they find it hard to 'get it onto the page' or to answer a question under the pressure of examination conditions. This book aims to help students to learn how to read and write about business, so they can convey what they know and gain the best results they possibly can.

What is literacy in business subjects?

According to the authority behind the Australian Curriculum, 'success in any learning area depends on being able to use the significant, identifiable and distinctive literacy that is important for learning and representative of the content of that learning area' (ACARA 2013, p9).

So what are the 'significant, identifiable and distinctive' reading and writing practices for business subjects?

Unfortunately, the 'rules for writing' are not always clear to students or to teachers. There are some official government documents which provide some support for what content to include in certain answers but there are few models of exemplar answers. This book will fill this gap by providing models and examples of business writing. Also, this book helps students to apply these models and to write for success in Business Studies or Business Management.

This book:

- contains teaching suggestions and answers to activities in the Student Book
- is easy to use - just copy and teach
- gives models and practical support for writing business sentences, paragraphs, extended responses and business reports
- can be used for Year 10 as preparation for senior studies as well as Year 11 or Year 12
- integrates with the syllabus for Business Studies (NSW), Business Management (VIC and QLD) and the Australian Curriculum for Economics and Business.

How do we know it's right?

The explanations and exercises in this book are based on research into successful writing in senior secondary schooling (see reference list on page 82). The lessons and activities in this book have been trialled in many classrooms.

The sequence of learning activities in this book is based on a body of educational research into how to teach effective writing in schools (see references e.g. Rothery 1994; Rose and Martin 2012).

The way of describing language is based on the model of language that underpins the Australian Curriculum (Systemic Functional Linguistics) (ACARA 2013; Halliday and Matthiesen 2004; Martin 1992; see reference on p82 for others).

About the author

Dr Trish Weekes is a teacher, literacy researcher and academic. Trish knows about the practical side of business writing as she worked in business before becoming a teacher. She gained a wide range of business writing experience while employed in marketing and advertising with Procter & Gamble, George Patterson Bates and IIR Conferences. She has a PhD in literacy education, focusing on writing in business subjects in senior secondary schooling.
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Teaching reading and writing

How to use this book

This book has been arranged in a logical sequence, so please start at the beginning and work through it in order.

The concepts in this book are arranged as a spiral curriculum, that is, each piece of knowledge builds on the previous piece of knowledge. So, if you jump ahead, the content might not make sense.

This book supplements business text books. It can be used for regular classroom activities, as part of student preparation for assessment, for homework activities, and for extra lessons if you are away.

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How to teach writing

Research in secondary schooling shows that there are some proven ways to teach reading and writing so that all students in the class get involved and learn how to write.

The most important idea is that **teachers should write with students.**

It is very common for teachers to talk about how to write. They may even show an example and discuss it. However, for most students, just listening is not enough to help them write well.

All teachers hand out assessment notice sheets with detailed instructions for students about what is required, including marking criteria. Yet it is not enough for students to read about how to write.

Reading and listening are not enough to improve student writing. Teachers should practise writing with students.

Research shows that students benefit greatly when their teachers practise writing with them, regularly. Page vii explains the steps in teaching writing.

Why PEEL paragraphs?

This book proposes a scaffold or structure for writing paragraphs based on PEEL (point, explain, example, link). Many schools use PEEL paragraphs to help students learn about paragraphs. PEEL is only a suggestion. There are many other paragraph acronyms that could work, including:

- TEEL (Topic, Explain, Example, Link) or
- SEXY (Statement, Explain, X –example, and Y Why?).

See the reference list (Weekes 2014a and b) for more paragraph structure ideas.

Reading a case study with students

Imagine this scenario.

The teacher hands out a case study and asks students to read aloud, in turn. After a brief discussion, students are required to answer comprehension questions.

This is the typical way that Business Studies teachers ‘teach’ reading. While this is a good start, many students of business subjects still find it difficult to locate business theory in a case study. They often find it even more challenging to integrate the case study in an extended response or business report.

This book proposes an alternate, active way of teaching reading. On pages 27-34, students are explicitly shown how to read a case study. Following these exercises, students may be more able to do research on their own. Teachers can use these pages as a model for further case study explorations in preparation for assessment tasks and assignments.

Teaching suggestions

At the start of each module, there are several teaching suggestions that might work in your classroom. These teaching suggestions are based on the model for teaching writing, the Teaching and Learning Cycle, found on the next page.

The teaching and learning cycle

The teaching and learning cycle

The reading and writing activities in this book are based on research into how teachers can help all students to read and write in subject areas. (See the reference list, e.g. Rose & Martin 2012).

The teaching and learning cycle is based on the concept of scaffolding, where 'teachers take an explicit approach to the teaching of writing while at the same time supporting student autonomy and ownership of the writing process' (Gibbons 2009, pp. 106-107). While there have been several versions of this cycle, the one used here is shown in Figure 1, developed by Rothery (1994).

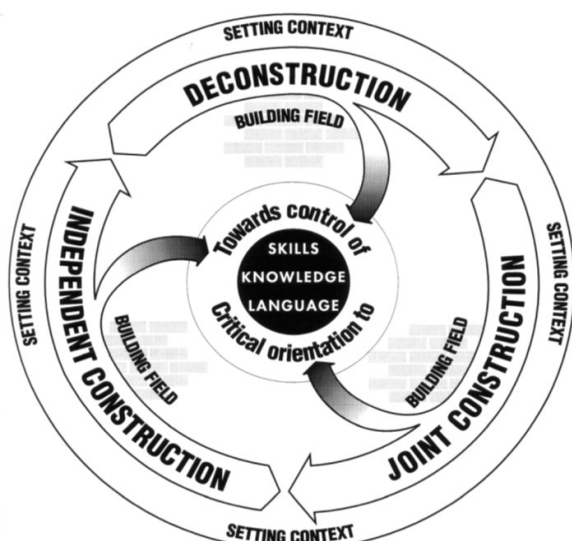


Figure 1: Teaching and learning cycle (Rothery 1994)

Setting the context and building the field

The first step in any lesson is 'setting context' and 'building field'. Students need to know about the 'context', that is, why they are learning this topic and how the lesson relates to other knowledge. They also need to know about how the lesson links with assessment and examination requirements. Building the 'field' means to teach key concepts and terminology related to the topic of the lesson. Setting the context and building field can occur many times during the cycle and several times in a lesson.

Deconstruction

After field building, the teacher leads the students in exploring a 'model' text. The model text is a sample of a written text that students will have to create. The model 'text' may be a sentence or a paragraph or a complete business report. To deconstruct the model, the teacher explicitly shows the students the language features that are used in the model and how they achieve the purpose of the text. This book contains many such models and deconstructed texts.

Joint construction

The next stage is joint construction, when the teacher leads the students in the collaborative writing of a class text. This is the very important stage of 'writing with' students. The teacher and students write together on the board or they can use a computer and projector to write a text together. At first, the teacher controls the writing, with students offering suggestions. The next time, students can hold the pen or control the keyboard, with the teacher supervising. In this way, the teacher gradually releases control to the students as they gain in confidence and skill. Many of the pages in this book can be used as joint construction activities with the teacher leading the class in writing together.

Independent construction

In this stage, students apply what they have learnt to a new text they write in pairs or by themselves. This stage also involves planning, writing and gaining feedback from the teacher, as well as editing and publishing.

Follow the cycle many times

These stages should occur many times, as often as you have time for. It would be ideal to write with students once a fortnight. Many teachers say that there is **not enough time** for this kind of writing practice. There is no doubt that time is precious in the classroom and that there is a lot of content to cover. This book argues that teaching reading and writing is critical for all students. After all, there is little point in teaching content, if students are not able to write about the content effectively.

Curriculum links by module

The table below shows relevant links to the curriculum for each module of this book. This table may assist teachers when integrating literacy activities into units of work, and in planning and assessment.

Module		NSW		VIC	QLD		Australian Curriculum
		Business Studies		Business Management	Business Management		Economics and Business
		Outcomes	Topics	Unit, area of study, outcome	Dimension	Area of study	Content descriptions
1	Writing like a business expert	PI P2 H1 H2	9.1 9.2	Unit 1, Area of study 1, outcome 1; Unit 2, Area of study 1, outcome 1	1, 3	Management Practices	ACHES045 ACHES048
2	Explaining the business world	PI P3 H2	9.1 9.2 10.2	Unit 2, Area of study 1, outcome 1; Unit 2, Area of study 2, outcome 2	1, 2, 3	Management Practices; Business Development; Marketing Management	ACHEK041 ACHES045
3	Explaining in PEEL paragraphs	PI P3 H2	9.1 9.2	Unit 1, Area of study 2, outcome 2	1, 2, 3	Business Development; Marketing Management	ACHEK054 ACHES045 ACHES048 ACHES049
4	Reading a case study	PI P2 H5	9.1 9.2	Unit 1, Area of study 1, outcome 1; Unit 2, Area of study 2, outcome 2; Unit 4, Area of study 2, outcome 2	2, 3	Human Resource Management	ACHEK054 ACHES043 ACHES044
5	Explaining influences on case studies	PI P2 H2	9.1 9.2 9.3	Unit 1, Area of study 1, outcome 1; Unit 4, Area of study 2, outcome 2	1, 3	Management Practices; Business Development	ACHEK054 ACHES043 ACHES049
6	Evaluating the business world	P3 H2 H2 H6	9.3	Unit 1, Area of study 2, outcome 2; Unit 2, Area of study 1, outcome 1	3	Business Development	ACHES046
7	Recommend ing in the business world	P3 H6	9.3	Unit 1, Area of study 2, outcome 2; Unit 2, Area of study 1, outcome 1; Unit 4, Area of study 2, outcome 2	3	Business Development	ACHES046
8	Interpreting a question / instruction	P3 H6	9.3	Unit 1, Area of study 2, outcome 2; Unit 2, Area of study 1, outcome 1	3	Business Development	ACHES048
9	Writing an extended response	PI P2 H2	9.3 10.3	Unit 1, Area of study 2, outcome 2; Unit 4, Area of study 2, outcome 2	2, 3	Business Development; Financial Management	ACHEK054 ACHES045 ACHES048
10	Writing a business report	PI H6	9.1 9.3 10.4	Unit 1, Area of study 2, outcome 2; Unit 2, Area of study 1, outcome 1	2, 3	Management Practices; Business Development	ACHEK054 ACHES046 ACHES048

Curriculum links

See the table on p viii for the curriculum links relevant to each module of this book.

NSW Business Studies Syllabus

P1 discusses the nature of business, its role in society and types of business structures

P2 explains the internal and external influences on business

P3 describes the factors contributing to the success or failure of small to medium enterprises

H1 critically analyses the role of business in Australia and globally

H2 evaluates management strategies in response to changes in internal and external influences

H5 evaluates the effectiveness of management in the performance of business

Topics

9.1 Nature of business

9.2 Business management

9.3 Business planning

10.2 Marketing

10.3 Finance

10.4 Human resources

Queensland Business Management

Dimension 1: Knowing and understanding business management

Dimension 2: Applying and analysing management strategies

Dimension 3: Evaluating and communicating management strategies

Victoria VCE Business Management

Unit 1: Small business management

Area of study 1: Introducing business; Outcome 1: On completion of this unit, the student should be able to explain a set of generic business characteristics and apply them to a range of businesses

Area of study 2: Small business decision-making, planning and evaluation; Outcome 2: On completion of this unit the student should be able to apply decision-making and planning skills to establish and operate a small business, and evaluate the management of an ethical and a socially responsible small business.

Unit 2: Communication and management

Area of study 1: Communication in business; Outcome 1: On completion of this unit the student should be able to explain, apply and justify a range of effective communication methods used in business-related situations.

Area of study 2: Managing the marketing function:

Outcome 2: On completion of this unit the student should be able to analyse effective marketing strategies and processes and apply these strategies and processes to business-related situations.

Unit 4: Managing people and change

Area of study 1: The human resource management

function; Outcome 1: On completion of this unit the student should be able to analyse and evaluate practices and processes related to human resource management.

Area of study 2: The management of change; Outcome 2: On completion of this unit the student should be able to analyse and evaluate the management of change in a large-scale organisation, and evaluate the impact of change on the internal environment of a large scale organisation

Australian Curriculum: Economics and Business Year 9 and 10

The nature of innovation and why businesses seek to create and maintain a competitive advantage in the market, including the global market. (ACHEK041)

The ways businesses respond to changing economic conditions and improve productivity through organisational management and workforce management. (ACHEK054)

Develop questions and hypotheses about an economic or business issue or event, and plan and conduct an investigation. (ACHES043)

Gather relevant and reliable data and information from a range of digital, online and print sources. (ACHES044)

Analyse data and information in different formats to explain cause-and-effect relationships, make predictions and illustrate alternative perspectives. (ACHES045)

Generate a range of viable options in response to an economic or business issue or event, use cost-benefit analysis and appropriate criteria to recommend and justify a course of action and predict the potential consequences of the proposed action. (ACHES046)

Present reasoned arguments and evidence-based conclusions in a range of appropriate formats using economics and business conventions, language and concepts. (ACHES048)

Reflect on the intended and unintended consequences of economic and business decisions. (ACHES049)

Icons used in this book and what they mean



writing activity



what successful students know or do



analyse, highlight or underline



interesting point or fact



read this



PEEL paragraph



grammar point



the main objective of business is to make profits



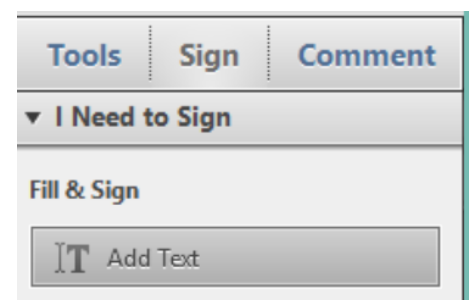
case study

How to type on a PDF

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Click on 'Sign'. Click 'Add Text'. You should be able to type anywhere.

Click on 'Comment'. You should be able to add a sticky note to add comments anywhere on the page.





Teaching Module 1

Writing like a business expert

Key concepts

In this module, students will learn about:

- the importance of profitability in business
- how to write using technical business terms
- the purposes of writing and the forms of writing in Business Studies & Business Management
- how to write dot points and plan an answer.

Teaching suggestions

Terminology Competition

To help students start using business terms, split students into groups and run a competition to think of and write as many business words as possible that have similar meanings to: money, people, business. Winning groups can make lists of useful business words for the classroom wall (or a wiki).

Money word celebrity head

Students work in groups. The whole class can do this activity together, depending on class size. To prepare, write different money words on post-it notes. Each group of students receives a pile of post-it notes, face down, so they cannot see the words. Each student takes one post-it and puts it on their own forehead. The rest of the group can see their word, but each student cannot see his or her own word. Each student has to ask the rest of the group 'yes/no' questions to try to guess their word. e.g. *Is the word about money that flows out of a business?* If the answer is 'no', the next student has a turn at answering questions. A student wins if they can guess their own word.

Word families

Create and display lists of word families based on the same terminology:

- e.g. invest word family - investor, investment, investing, invested
- e.g. profit word family - profitability, profit-generating, profitable
- e.g. strategy word family - strategise, strategist, strategic
- e.g. economy word family - economic, economies of scale, economist, economical
- e.g. sustain word family - sustainable, sustainability, sustaining
- e.g. innovate word family - innovative, innovation, innovated

Write with students

The sentence writing activity on page 4 can be done as a class activity. For the first couple of examples, ask students to suggest wordings for an 'expert' business sentence and write/type them on the board. Then students can write in pairs, and students can read out their versions. The rest of the class can determine the 'best' or 'most expert' sentence. (NB: Students tend to find texts created by their classmates more interesting than texts in a book.)

Causes of business failure

Before teaching the expert business writing on page 5, it would be helpful to have a class discussion about the Top 4 causes of business failure (in the box on page 5). The latest financial news can be explored for relevant examples.

Interpreting questions

Page 8 introduces the purpose for writing in business. The rest of the book explains these purposes in more detail. When you introduce writing tasks to students, you can refer back to this page and identify the purpose of any piece of writing. An important point to reinforce is the difference between a purpose and a form. For example, a business report is a form, but its purpose could be evaluating or explaining or recommending (or all three).

Media search - dot points

Distribute some actual examples of business reports in class or do some company searches on the internet. Ask students to find examples of dot points and identify which strategy of dot points is being used (ie. list, separate sentences or one long sentence). Ask students to critique the use of dot points and assess whether or not dot points are making the document easier to read or understand.

The rules of business writing

Answers

Writing for business is different from writing in other subjects. Business writing tends to be clear and direct because business people are very busy and they want to save time. To write like a business expert, refer to the DON'T and DO list below.

Business writing should be objective, formal and impersonal, using technical business terms.



DON'T	DO
use everyday or informal language <i>The business will be OK.</i>	use formal language and business terms <i>The business will maximise profits.</i>
use contractions <i>don't, can't, they'd</i>	use the written version of a contraction <i>does not, cannot, they would</i>
refer to money <i>The business will get more money.</i>	use business terms for money <i>The business will maximise revenue.</i>
write about people <i>People want different things.</i>	use business terms for people <i>Consumers have diverse tastes.</i>
try to sound fancy by writing long sentences without a reason <i>Strategizing for maximising the reduction of costs involve vital decision-making regarding manufacturing according to economies of scale.</i>	write concisely and clearly using technical business language <i>Economies of scale can reduce manufacturing costs.</i>
give personal opinions based on personal experience <i>I don't believe it went well because I haven't seen any ads about it.</i>	write about business in an objective and formal way <i>Due to the lack of advertising, the product did not succeed.</i>



Write a list of business terms that have similar meaning as these everyday words

people

(outside the business)

e.g. *consumers*

consumers, customers, stakeholders, regulators, government, users, end-users, target market, bankers, investors, suppliers, clientele, clients etc.

people

(inside the business)

e.g. *employees*

management, staff, employees, employers, owners, workers, directors, line managers, proprietors, executives, supervisors, businessmen/women, entrepreneurs etc.

business

e.g. *company*

organisation, start-up, enterprise, workplace, institution, job, trade, profession, factory, shop, corporation, establishment, partnership, manufacturer, supplier etc.

go badly

e.g. *fail*

crash, be unsuccessful, go under, default, become bankrupt, become insolvent

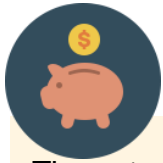
go well

e.g. *succeed*

succeed, thrive, prosper, triumph, grow, build

Show me the money!

Answers



The main goal of business is to increase revenue, reduce costs and, as a result, to make profits.

All businesses must make money or they will not be successful. There are many other objectives for businesses too, such as to offer employment opportunities and to build the economy. However, the fundamental and central goal of business is to earn profits. Profits are achieved by increasing revenue and reducing costs.

In business, we do not use the everyday word: **money**. Instead, we use **technical words** that describe the role that money plays in a business. Some common money words are shown in this word cloud.



Read this paragraph. Find and circle every 'money' word in this paragraph.

In these answers money words are in bold.

All businesses have a common objective – to produce goods and services and to sell them in order to earn maximum **profits**. Businesses generate **revenue**, also known as **earnings** or **income**, by selling goods and services at a competitive price. There are many **costs** associated with running a business, such as **wages** and **salaries**, production **costs**, **loan repayments**, **rent** and **taxes**. After all **expenses** have been paid, the remaining **funds** are known as **profits**. If businesses are to succeed in a competitive market, they must aim to increase **sales** and reduce **costs**. In addition, businesses need to manage their **cash flow**, that is, their **income** and **expenditure**. Healthy **cash flow** ensures that a business can meet its short term **expenses** and still have enough **finance** to grow the business.

Identifying expert business writing *Answers*



On this page, you will find 8 sentences written by students of business. Using the **DO** and **DON'T** list on page 2, decide if the sentence is written like a business expert. Tick the box to show your decision. Discuss the reasons for your answers with your classmates.

Does the student write like a business expert?

Tick in the 'yes' or 'no' column

	YES	NO
1. Business confidence is a good thing.		✓
2. There was a fast food store and it was the only one around so people had to go to that one.		✓
3. Deregulation means that the government allows businesses greater freedom in how they operate by minimising regulations.	✓	
4. If you have a business, you have to be sure that you don't try to expand too fast or you might not go well.		✓
5. Successful businesses are required to manage both external and internal influences.	✓	
6. The customers didn't like that product because they weren't really interested in it all that much.		✓
7. Globalisation is a significant factor that impacts on the profitability of many businesses.	✓	
8. The business may as well try out the new product because if it does work out, they might get lots of money from it.		✓



Select 4 sentences that you consider were not written like a business expert. Re-write these sentences here using expert business language.

Examples of re-written sentences

1. Business confidence is a positive influence in the market.
2. Since the fast food store was the only one in that location, consumers had little choice.
4. Controlled business expansion is vital for sustainable growth.
6. Consumers showed little interest in the product as it did not meet their needs.
8. The business may introduce the new product in order to expand potential future revenue.

Writing like a business expert

Answers

Business students need to know business theory and also **how to write about the theory**. This page will help you practise writing like a business expert. The fact box on the right lists the four main reasons why companies failed in Australia in 2013-2014. A student has identified these reasons below, but the writing is not suitable for business.



Read the paragraph below. Discuss the weaknesses of this paragraph with your classmates. Then underline the main points or ideas in the paragraph.

Identify the factors that contribute to business failure in Australia

If you're a small business, you have to think a lot about heaps of things that might make you fail. First off, if you don't keep your eye on money, you won't go well. If they don't know what's happening in the business, they can't get on top of their costs or how much they're spending either. Then another thing to think about is about the people in charge, like if the boss isn't really smart or hasn't thought through the direction of the business and all that. Maybe the people who work there haven't spent a lot of time working in similar businesses. That's a bad idea. Speaking of the business, if the business doesn't have a plan and a model for where it wants to go, and how to do it, then that can be a massive problem. And another thing, no-one will want to give them any money or lend to them if they haven't got the right paperwork. That means they haven't got enough money and other things they need to keep the business going and to really give it everything.

FACT BOX

ASIC Top 4 causes of failure of Australian businesses in 2013-2014

1. Inadequate cash flow or high cash use
2. Poor strategic management of business
3. Trading losses
4. Under capitalisation

<http://asic.gov.au/about-asic/media-centre/find-a-media-release/2014-releases/14-254mr-asic-reports-on-corporate-insolvencies-2013-14/>



On the lines below, rewrite the paragraph in a formal, objective way, using business terminology. You can use the ideas and terminology from the fact box above.

Identify the factors that contribute to business failure in Australia

(Example) Small business owners must consider several factors that can contribute to business failure. Firstly, business owners should manage cash flow carefully so they can maintain control of costs and expenditure. Strategic management of the business is essential. Business owners should strategically plan for the direction of the business. Inexperienced staff can also be a limiting factor for business success. To achieve success, each business should have a clear plan and model for its future direction. Financial planning documents are essential for obtaining finance. If a business has inadequate finance, it will be unable to grow and maximise its profit potential.

How to write dot points

A **dot point** (also known as a bullet point) is a type of list. Dot points organise key pieces of information in an eye-catching way, and they are frequently used in business writing.

In business writing, dot points can be used for:

- a list
- separate, stand-alone sentences
- one long sentence.

LIST

Dot points can be used for a list of simple ideas after each point.

Punctuation: use a colon after the stem and use lower case letters to start each point. Put a full stop at the end.

Example:

Businesses can be classified according to:

- size
- location
- industry
- legal structure.

SEPARATE SENTENCES

Dot points can be used to present 3-5 full sentences.

Punctuation: each sentence should be punctuated as if it is a stand-alone sentence with a capital letter at the start and a full stop after each point.

Example:

The company has three main strengths:

- The employees are experienced.
- Products and services are high quality.
- The location of the business is in a prominent position.



The first part of a dot point is called the 'stem'.

This part is the stem:

- point
- point
- point.



DOT POINT DON'Ts

Don't overuse dot points or they lose their impact. One set of dots per page is usually enough.

Don't use dot points for explaining. It is tricky to explain cause and effect in a dot point.

Don't use dot points for their own sake. The fact that you use dot points will not necessarily gain you higher marks.

ONE LONG SENTENCE

Dot points can be used to break up one long sentence. All points have to follow on from the stem in a way that makes sense.

Punctuation: use a colon after the stem. Each point should start with a lower case letter. Use a full stop after the final point.

Example:

If the company is to succeed, the management should:

- develop a business plan
- conduct market research with their customers
- explore new technology.

Practice with dot points

Answers



Below you will find three real examples of student work. In these dot points, the students have not followed the guidelines on page 6. For each example, circle the mistakes and edit these points so they are correct and make sense.

Example 1

Problems faced by the business such as

- poor income with the limited availability of products to sell.
- Damaged products.
- Suppliers could be affected as raw materials cannot be sent to the manufacture.

Answer

There are several problems faced by the business, such as:

- low income and limited availability of products to sell
- damaged products
- unavailability of raw materials for manufacturing.

Example 2

Due to external and internal influences on businesses in this market, it is likely that

- Product prices will fall.
- the number of local and foreign competitors will increase.
- A change of consumer tastes.

Answer

Due to external and internal influences on businesses in this market, it is likely that

- product prices will fall
- the number of local and foreign competitors will increase
- consumer tastes will change.

Example 3

To achieve competitive advantage, a business can introduce:

- new products
- differentiating
- special sales and incentives
- creating promotions
- reduce prices

Answer

To achieve competitive advantage, a business can introduce:

- new products
- differentiation strategies for products and services
- special sales and incentives
- new promotions.



Re-write the sentences on the right as dot points. Use the guidelines on page 6.

Internal influences on business include product, location, management, resource management and business culture.

Answer

Internal influences on business include:

- product
- location
- management
- resource management
- business culture.

Competitive situations can create greater efficiency in production, create a better quality product or service and lead to market growth.

Answer

Competitive situations can:

- create greater efficiency in production
- create a better quality product or service
- lead to market growth.

Purposes and forms of writing in business

Writing in Business Studies and Business Management has three main **purposes**:

1. **explaining**
2. **evaluating**
3. **recommending.**

The table below shows these purposes along with sample questions and suggested task words that may help you work out the purpose. A **task word** is the key word or instruction or question word. You will need to read the entire question to identify the purpose.



To meet these three main purposes, you have to master different **forms** of writing in assessment tasks and examinations:

- short answers
- extended response
- business plan
- business report.

The form of writing is not a purpose. For example, a business report is not a purpose. The purpose depends on the examination question or assignment instruction.

Purposes for writing	Task words	Sample question	
explaining	how why explain give reasons causes impacts effects outline a strategy to ...	How can employee rewards be used to improve business performance? Use an example of a specific reward to support your answer.	See pages 9-43
evaluating	evaluate justify assess the importance outline strengths outline the pros and cons discuss ... compared with ...	Evaluate the decision to adopt a niche market approach.	See pages 44-48
recommending	recommend advise your client...	Recommend a source of finance for the factory expansion.	See pages 49-57



Some assignment questions do not use the task word 'explain' but their purpose is to explain. Here are two examples, on the right.

Discuss ONE dispute resolution method a business could use to resolve workplace conflict

Even though the task word is 'discuss', you are required to **explain how** a business could resolve workplace conflict.

Analyse the use of sequencing and scheduling to improve business operations.

Even though the task word is 'analyse', you are required to **explain how** sequencing and scheduling can improve business operations.

Practise interpreting assessment questions and instructions in Module 8.



Teaching Module 2

Explaining the business world

Key concepts

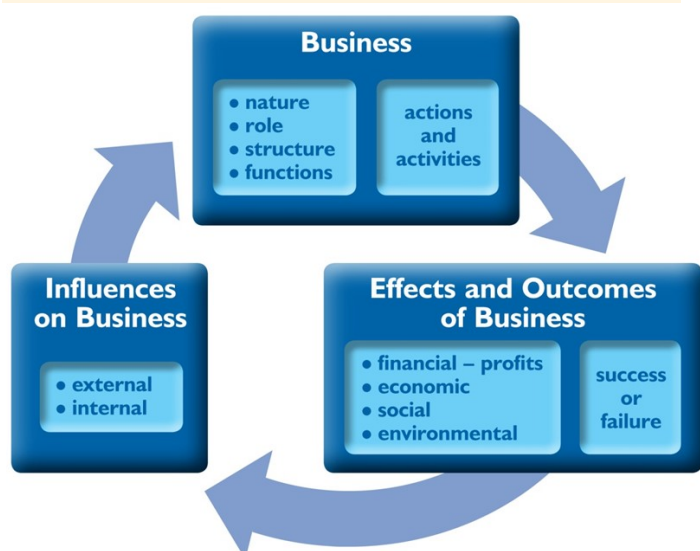
In this module, students will learn:

- that explaining is very important in business
- how to use cause and effect language to explain business activities and their impacts
- about conjunctions and other cause and effect language.

Teaching suggestions

Explaining is important

The material in this module is very important for reasoning and communicating about business. Research has shown that one of the most important ways of thinking in business involves explaining the influences on a business, and also explaining the impacts of business actions. In fact, it is possible to view the entire syllabus of business subjects as a complex inter-related series of causes and effects, as shown in the figure below:



The figure above shows a cycle of cause and effect in business. The arrows indicate a cause and effect relationship. Starting on the left, there are external and internal factors that can impact on a business. Then a business takes action, which leads to effects and outcomes. These become influences on business, and the cycle continues.

Prepare for case studies

This module involves two case studies: Tanda and iFLYdownunder. Before reading, it is important for students to know about the topic. This stage is called 'building the field'. If you build the field, students will know the context and they are more likely to read with understanding. These teaching strategies might be helpful.

- Let students briefly explore the websites of these case studies,
- Discuss the business idea behind each case study and ask students for their experiences with similar businesses.
- The Tanda case study is more technical as it involves pay rates and awards etc. Students could discuss their part time jobs and how they are paid, if they fill in timesheets, and so on.
- Discuss the potential advantages and disadvantages of running these different businesses.

Make a cause and effect poster

The table on page 19 can be made into a poster and displayed in the classroom. The table shows several different ways of expressing cause and effect. By developing a command of cause and effect language, students will be more likely to recognise an explanation (in a case study or examination question) and they will be more likely to explain effectively. By using grammatical terms (e.g. conjunctions, prepositions and adjectives), you will be able to give students specific and explicit feedback and instructions for writing.

Write with students

As we know, writing with students as a class is an effect teaching strategy. These pages provide several activities for students: pp 12, 13, 16 and 17. You can write the first example with them (or the first two examples), to make sure that everyone understands what to do.

Shorthand for profits π

You could consider using the symbol pi π to remind students about the importance of profits in business.

Explaining the business world

Answers



Explaining is an important purpose for writing in business.

To '**explain**' is to 'relate cause and effect; make the relationship between things evident; provide why and/or how'.

(BOSTES 2012)



In an examination, you will be instructed to explain. Circle the words below that indicate that the purpose is to explain. Answers underlined

Questions:

Explain why managers may be resistant to change

How do employer associations influence human resource management?

Maintenance is a process of human resource management. By referring to a specific example, explain how maintenance could be used to improve business performance.

Explain government influences on the financial management of businesses.

Explain the global factors that need to be considered if they decide to use outsourcing as an operations strategy.

Analyse both the causes of workplace disputes and the strategies used to resolve them.

Explain why the 'percentage of market share' is important for a large-scale organisation.

(BOSTES NSW, 2014a; VCAA 2013)



In Business Studies and Business Management, we write about the influences on business, the effects of business actions and the reasons why businesses make decisions. Think about the consequences of these influences on businesses and write possible outcomes or effects on the lines provided.



Remember that you have to read the entire question or instruction to work out the purpose.

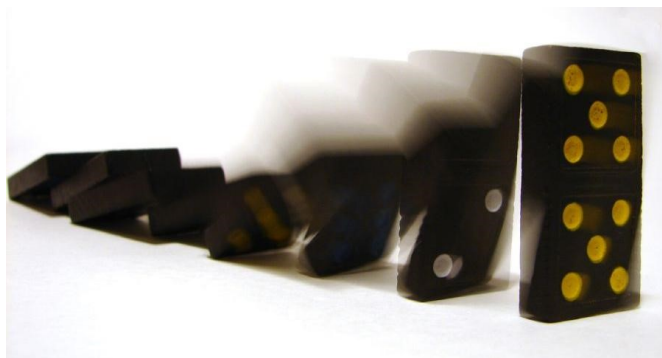
1. If a business hires new staff, what are some possible effects? The new staff members could attract new customers and sell more products/services. The salary bill will also rise and so costs of running the business will increase. Also, management will need to spend more time managing the new staff.
2. If a business decides to reduce its advertising budget, what are some possible results? Costs will reduce in the short term, possibly reducing pressure on the budget. However, customers will not see any advertising or promotions so they may not buy the product, sales will decrease and profitability will be reduced.
3. If a business decides to introduce new technology and systems, what are some of the possible effects? Costs may increase due to the new purchase of technology and systems. Staff members will need to be trained on these new systems. As a result, they may be less productive for a period of time while they learn the new systems. However, in the long term, the new technology and systems may improve the efficiency of the organisation
4. If a business decides to start selling its products and services online, what are some of the possible outcomes? The business will face more costs including the introduction of new technology and new distribution / fulfilment strategies for online sales. The company may benefit from reduced costs in staffing in the longer term.

Cause and effect language: conjunctions

Answers



When we explain, we use cause and effect language.



A **conjunction** is a 'word that joins other words, phrases or clauses together in logical relationships' (ACARA 2013).

Cause and effect can be expressed through **conjunctions**. We can show cause and effect relationships by using conjunctions like '**because**' or '**so**' to link ideas. For example, these sentences use conjunctions to help explain why businesses expand:

Businesses expand **because** they want to increase profits.

Businesses expand **so** they can increase profits.



Look at the list of conjunctions of cause and effect in the box. Then read this paragraph. Find and circle every conjunction that shows cause and effect. **Answers are in bold.**

Conjunctions of cause and effect

because, so, since, therefore, as, as a result of, so that, in order to, in order that, as long as, if, in case, unless, on condition that, thus

Before starting a business, new business owners need to do market research. Market research is vital **so that** business owners can ensure there is demand for their products or services. Many new businesses fail **because** there is not enough consumer demand for the product. Demand can be hard to predict **since** market dynamics can change rapidly. It is also important to evaluate competitors' pricing **in order to** ensure that pricing is competitive. **If** the price is higher than the competition, consumers might not be prepared to pay for the product or service. **Therefore**, market research is vital for any new business **so** they can maximise profit and succeed.



Add a conjunction then finish these sentences.

Examples of possible answers

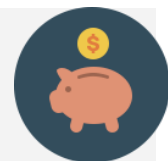
1. All businesses need competitive advantage **in order to** achieve market leadership.
2. Competitive pricing is important **so that** customers consider that they are getting value for money.

Using conjunctions to explain Answers



Successful answers repeatedly refer to increasing revenue and reducing costs.

The main goal of business is to generate profits by increasing revenue and/or reducing costs. Profitability depends on both revenue and costs. The best strategy to achieve profits is to increase revenue and decrease costs. However, profits can also be generated by increased revenue without a reduction in costs, or by stable revenue and reduced costs.



Successful answers in examinations tend to refer to profits, revenue and costs in nearly every paragraph. We use cause and effect language to explain how businesses generate profits by increasing revenue and reducing costs. Conjunctions help us to link business actions with profits.



Read this 3 step model for writing a sentence about business.

1 State what a business did or a point of business theory.

2 Use a conjunction to show cause and effect

3 Explain the effect on the business (to increase revenue, reduce costs and improve profits)

Businesses expand

in order to

increase revenue and profits.



Use the 3 step model to write 6 sentences. Read each sentence starter, then choose a conjunction from the list on page 11, write the conjunction in the arrow, then finish the sentence in the empty box.

Examples of possible answers

1. New businesses do market research

so

they can find a gap in the market for their products or services and maximise revenue.

2. Competitor analysis is vital

since

competitive products and services are essential for business success.

3. Effective pricing strategies should be developed

as

pricing is one of the ways to achieve competitive advantage and maximise profits.

4. Businesses must understand customer needs

in order to

create products that meet these needs, thereby increasing sales and revenue.

5. Businesses need a good location

because

they need to attract passing trade in order to increase sales.

6. Many new small businesses fail

if

they are not prepared to manage finances and minimise costs.

Explaining using conjunctions

Answers



CASE STUDY

Tanda is a successful small business based in Brisbane. Tanda creates online staff rosters, timesheets and payroll in the cloud. Tanda's clients no longer need paper timesheets and they save time for data entry and payroll administration.

TANDA

TIME & ATTENDANCE



On this page, you will read about four of Tanda's clients. Use conjunctions (from page 11) to explain why the businesses have chosen to use Tanda. Use a different conjunction in each sentence.



Client 1: Pizza Capers (a chain of pizza stores) use Tanda. Every day, management can check rostered and actual costs from every store.

Pizza Capers uses Tanda

so

they can check planned and actual costs in every store.

Client 2: Some Telstra Retail Stores use Tanda. Tanda's payroll software also links to accounting software packages. This saves time for Telstra store managers.

Telstra retail stores use Tanda for accounting

in order to

save time for store managers

Client 3: Bimbi Daycare Centre staff are on many different awards but Tanda automatically calculates correct pay rates for each worker.

Bimbi Daycare Centres use Tanda

so that

they can calculate correct pay rates for each worker.

Client 4: Interport Cargo use Tanda for daily, weekly, monthly, quarterly and annual reports of staff costs. Interport Cargo staff access reports from mobile devices, at the office or the depot.

Interport Cargo use Tanda's automated reports

because

staff can access reports from mobile devices at the office or the depot.

More cause and effect language: nouns and verbs *Answers*



Successful students use a range of language resources to express cause and effect.

Besides conjunctions, cause and effect can also be expressed by verbs and nouns.

When writing, we can explain using a range of cause and effect language resources. Apart from conjunctions, nouns and verbs can also express cause and effect. The two boxes below show nouns and verbs for explaining cause and effect. The following pages will help you practise using nouns and action verbs to explain why and how businesses succeed.



Nouns show what is involved
e.g. *factor, goal, result, reason.*

Verbs express what is happening
e.g. *leads to, causes, impacts.*

Nouns for showing cause and effect

cause, factor, influence, consideration, reason, motive, purpose, basis, motivation, rationale, goal, aim, objective, intention, plan, effect, way, strategy, consequence, result, outcome, repercussion, payoff

Verbs for showing cause and effect

causes, leads to, results in, contributes to, creates, makes happen, gives rise to, generates, means, brings about, affects, influences, enables, allows for, impacts, achieves, gains



A **noun group** answers the question 'who?' or 'what?' A noun group can contain one word e.g. 'strategy' or many words e.g. 'an effective pricing strategy'.

A **verb group** answers the question 'what is happening?' A verb group can contain one word e.g. 'create', or many words e.g. 'may be able to create'.

In the following example, the verb group is in green and the noun groups are in red:

An effective pricing strategy may be able to create competitive advantage.



Read this paragraph. Find and circle every verb group or noun group that shows cause and effect. Verb groups are green. Noun groups are red.

Competitive advantage **can be achieved** by several **factors** including product benefits, a good location and effective pricing. Product benefits that are unique in the market **contribute to** competitive advantage and also **enable** the business to meet customer needs. A good location **leads to** increased retail traffic and consumer demand. Another **consideration** for achieving advantage in the market involves competitive pricing. The **impact** of low prices could be increased sales. Alternately, premium pricing might **create** customer perceptions of a high quality and desirable product. These **strategies** for competitive advantage **result in** improved revenue and profitability. Ultimately, strategies for competitive advantage can have a large **impact** on the success or failure of a business. Without competitive advantage, there could be serious **consequences** for business viability.

Using a range of cause and effect language to explain



Read this case study about an indoor skydiving business.

CASE STUDY

Indoor Skydive Australia (ISA) Group is an Australian company that runs indoor skydiving facilities. Their first indoor facility, called 'iFLYdownunder', opened in 2013 in Penrith in Western Sydney. The main competitors for this business are open air skydiving operators who jump from planes. ISA Group achieves competitive advantage as a result of a good location, superior product benefits, innovative technology and effective pricing.



Images and case study information used with permission



Choose cause and effect resources from the box below to complete this paragraph.

leads to since
consequences
can contribute to
because therefore
so if so
as a result
reason

A good location **can contribute to/leads to** competitive advantage. **If** a retail business is in the right location, it can attract passing customers. A location close to competitors is ideal **because/since** the business can directly compete and possibly take their customers. iFLYdownunder is located in Penrith in Western Sydney. This location was chosen **since** **/because**

Penrith is a busy suburb and, **therefore / as a result**, many potential customers are close by. iFLYdownunder is next to the busy Panthers Leagues Club, **so** it can attract passing trade from the club. The Penrith location is also close to Holsworthy Army Base and, **therefore / as a result**, iFLYdownunder can attract military customers who need skydiving training. Another **reason** why location is important is that competitor skydiving operators use airfields near Penrith, **so** iFLYdownunder is close to competition. In this way, the **consequences** of the suitable location chosen by ISA Group are increased customer traffic and direct competition with open-air operators. Location **can contribute to/leads to** competitive advantage for iFLYdownunder and improves profitability.

Place the cause and effect words under the correct heading to show if they are conjunctions, verbs or nouns.

Conjunctions

since as a result
because therefore
so so
if

Verbs

leads to
can contribute to
reason
consequences

Nouns

More cause and effect language: prepositions and text connectives *Answers*

Prepositions

start a phrase
e.g. *due to, as a result of, because of, by means of*

You can also show cause and effect with

by + verb + ing
by _____ing
e.g. **By choosing** a good location, the business can attract customers.

So far, you have learned that cause and effect can be expressed in conjunctions, nouns and verbs. There are two more resources for building meaning about cause and effect in business. You can also use **prepositions** and **text connectives** in your explanations. All of these language features create a range of options for you to choose from when explaining business actions and their consequences.



The vertical wind tunnel at iFLYdownunder
Images and case study information used with permission

Text connectives

are words that help to join longer sections of text
e.g. *consequently, therefore*. Some of these words are the same as conjunctions because they can be used within sentences too:
e.g. *consequently, therefore, for that reason, because of this, as a result*

Read the sentences on the right that explain the benefits of iFLYdownunder. Then choose a text connective or preposition to start a second sentence that explains why this is a benefit for customers.

Examples

1. Indoor skydiving is safer than open air skydiving. Due to superior safety, consumers may choose indoor skydiving rather than outdoor skydiving.
2. Indoor skydiving uses vertical wind tunnel technology that is unique in Australia. Therefore, there are no other competitors for indoor skydiving and iFLYdownunder has a monopoly in the market.
3. Military personnel require a safe training environment to test their equipment and manoeuvres. As a result, iFLYdownunder offers a convenient and safe environment for military activities.
4. Every year, there are fatalities from open air skydiving accidents. As a result of these statistics, many consumers prefer the safety of indoor skydiving.

Explaining competitive advantage

Answers



CASE STUDY: FACTS about ISA Group's competition

1. Open air skydiving only operates in daylight hours, and only if the weather is fine.
2. An open air tandem jump (with an instructor) costs around \$259.
3. The minimum age for open air skydiving is 12 years.



Write 1-2 sentences next to each box explaining the benefit of iFLYdownunder compared with the open air skydiving competition.

For each example, use a different cause and effect language resource:

- conjunction
- verb
- noun
- preposition
- text connective.

1. iFLYdownunder offers flexible hours (24 hours a day, 7 days a week).

2. Anyone from age 3 to 90 is allowed to use iFLYdownunder's facilities.

3. At \$89 for two jumps, the cost is cheaper than open air skydiving.

4. Several people can dive at once at iFLYdownunder.

5. ISA Group has secured exclusive access to the wind tunnel technology in Australia and New Zealand.

Examples of possible answers

e.g. Since iFLYdownunder has flexible hours, customers can come at any time and therefore potential revenue is maximised. Another benefit is that the facilities are utilised to their full capacity, 24 hours a day.

2. Young children are allowed to use iFLYdownunder's facilities so the potential customer base for indoor skydiving is bigger than for open-air skydiving. This provides a competitive advantage for indoor skydiving, because open-air skydiving is only permitted for people over 12 years old.

3. The cost of indoor skydiving is cheaper than open air skydiving. As a result, customers may be attracted by the lower price point of \$89, compared with \$259 for one open-air jump, leading to competitive advantage for iFLYdownunder.

4. Due to the fact that several people can jump at once in indoor skydiving, friends, families and corporate groups may be attracted to iFLYdownunder. As a result, the skydiving experience can be more enjoyable for customers, providing an additional benefit and competitive advantage. Also, the company can attract more paying customers, leading to increased revenue and profits.

5. ISA Group has secured exclusive access to the wind tunnel technology in Australia and New Zealand. Consequently, iFLYdownunder has a monopoly in the market and they can build a solid customer base and maximise revenue and profits.

Writing cause and effect sentences about a case study *Answers*



CASE STUDY

The owners of iFLYdownunder are Wayne Jones and Daniel Hogan. Both spent many years working in the Australian military including the SAS (Special Air Service). While in the SAS, both men trained in an indoor skydiving facility in the United States, which gave them the idea for the business in Australia. The defence forces use indoor skydiving facilities for training and they are big customers for iFLYdownunder.

In the early days of the business, Jones and Hogan knew they needed more expertise in tourism. They hired a Chief Marketing Officer who had extensive experience in tourism.



The owners of iFLYdownunder, Jones (left) and Hogan (right) in the wind tunnel in Penrith

Images and case study information used with permission



Why is the background of the owners a benefit for the business? Think of three reasons and explain each using a range of cause and effect language.

Examples

Due to the fact that the owners are ex-military paratroopers, they understand the needs of their military customers. As a consequence, they are in a position to meet the needs of military customers and discuss their customer's requirements with authority and credibility. This gives them a competitive advantage and may build loyalty from their military customers, increasing sales and profitability.

As a result of the owners' military experience, they have contacts within the military. Since the military are important customers, the owners' contacts can attract more customers to the business, and increase revenue and profits.

As the owners used to be in the SAS, they can explain military needs to investors with authority. Consequently, they may attract more finance for the business, so it can expand and grow.



Why did the owners need to hire new staff for their management team? Think of two reasons and explain each using a range of cause and effect language.

Examples

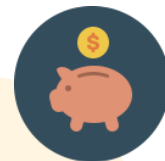
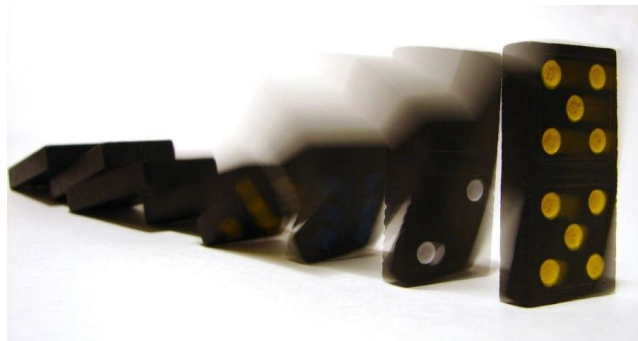
One of the reasons why the owners needed to hire new staff in their management team, is because they needed a manager with tourism experience. The owners did not have any experience with the tourist consumer market, so they needed to hire someone with this valuable expertise. Consequently, they hired a Chief Marketing Officer from the tourism industry.

The new hire had another benefit. It is important for management teams to have individuals with complementary strengths and different areas of expertise. Due to the fact that the new Chief Marketing Officer was from a different industry to the owners, greater diversity was brought to meetings, which lead to strengthening of the company's management, ensuring future growth and profitability.

Cause and effect language for explaining in business



Use this page as a summary of cause and effect language for business.



The main goal of business is to increase revenue and reduce costs, resulting in increased profits.

conjunctions for linking ideas within a sentence	as, because, since, therefore, so, as a result of, so that, in order to, in order that, thus, therefore, so, consequently, for that reason, due to, because of this, as a result (<i>a condition for cause and effect</i>) if, in case, unless, on condition that, as long as
prepositions for starting a phrase	because of, due to, as a result of, for, through
adjectives for describing	contributing, resulting, causal
verb explains what is happening	causes, leads to, results in, contributes to, creates, makes happen, gives rise to, generates, means, brings about, affects, influences, enables, allows for, impacts, helps to, achieves, gains <i>Verbs can appear in many forms depending on their tense e.g. past: 'caused', present: 'cause', future: 'will cause', and depending on number e.g. singular: 'it causes' or plural: 'they cause'.</i>
noun a thing	(<i>a cause</i>) cause, factor, influence, consideration (<i>an effect</i>) effect, consequence, result, outcome, repercussion, payoff, impact (<i>a reason</i>) reason, motive, purpose, basis, motivation, rationale (<i>a purpose</i>) purpose, goal, aim, objective, intention, plan, strategy
text connectives	therefore, so, consequently, therefore, for that reason, because of this, as a result
other useful ways of explaining	by + verb + ing e.g. by finding <i>Businesses can grow by finding new markets.</i> to + verb e.g. to find <i>Businesses expand overseas to find new markets.</i> <i>'to' on its own may not indicate cause and effect. If you can insert 'in order' before 'to', then it does indicate cause and effect; e.g. Businesses expand overseas in order to find new markets.</i>



Text connectives can have other purposes, besides cause and effect. Here are some useful examples:

however (to show a contrasting idea)
in addition, furthermore (to add an idea)
although, whereas (to consider another point of view but then to disregard it)



Teaching Module 3

Explaining in PEEL paragraphs

Key concepts

In this module, students will learn about:

- how to explain using a PEEL paragraph
- the stages of a PEEL paragraph
- how to write a PEEL paragraph using a case study as an example of business theory.

Teaching suggestions

Build the field about Grana

Before teaching in this module, it would be helpful to hold a brief class discussion about the context for the case study, Grana, an online clothing retailer. Questions to discuss could be:

- Who in the class buys online clothing? From which sites? Why?
- Why do you choose these particular sites when there are so many options?
- Why can online retailers provide goods at lower costs?

Success factors for business

As we know, there are many complex success factors for businesses. This chapter will focus on six factors but there are many more possibilities too. The six focus areas are:

1. choosing an industry with a proven market size and high demand
2. conducting market research
3. planning strategies to minimise costs (e.g. effective logistics)
4. competitive pricing strategies for a high quality product
5. strategies to maximise sales
6. innovative marketing strategies.

Before teaching this module, it may be useful to present these factors to students and discuss them. You could even organise the class into groups, give each group one strategy and ask students to explain the success factor and give an example to the rest of the class.

Disruptive pricing

As we know, retail price = wholesale price + markup. However, in the age of internet shopping, this typical model is changing. It is important to discuss markup and pricing before students attempt page 24.

Page 24 introduces the concept of 'disruptive pricing'. As you know, 'disruptive' is a hot word right now for business start ups. Wikipedia has a great article about disruptive innovation.

https://en.wikipedia.org/wiki/Disruptive_innovation
According to the business strategist, Stephan Liozu, disruptive pricing means 'taking a leadership position in value and pricing management, inventing pricing models that the rest of the industry wants to adopt, launching innovative offerings that are priced high and right and that competitors cannot compete against'. <http://stephanliozi.com/practitioner-papers/>

Writing with students

This chapter provides a perfect opportunity to take students through the teaching and learning cycle (explained on page vii). These activities can be done in one lesson or in a few minutes per lesson over a week.

MODELLING AND DECONSTRUCTION

Pages 21 and 22 provide a model of a PEEL paragraph and clearly explain the features. On page 23, students can identify the parts of a PEEL paragraph by drawing lines between the heading (e.g. point) and the appropriate sentence.

JOINT CONSTRUCTION

On the lower half of page 23, you can write the 'example' stage with students by scribing on the board. Before attempting page 24, you can discuss disruptive pricing (see the orange box above) then help students to plan and write the 'explain' and 'example' stages of the PEEL paragraph on page 24.

INDEPENDENT CONSTRUCTION

Depending on student abilities, students can work in groups, pairs or independently to write the PEEL paragraphs on page 25 and 26. An additional idea is to ask students to look at their own writing, or another student's writing, and to identify cause and effect language.

Explaining with a PEEL paragraph



Successful students of business need to know how to write effective paragraphs.

In Business Studies and Business Management, students have to write a range of written responses, including:

- short answers
- extended responses
- business plans
- business reports.

In each of these texts, well structured and clear paragraphs are needed. Sometimes, it is also possible to use headings and dot points (see p6-7). Even so, all successful students need to know how to write a well structured and powerful paragraph.

Business paragraphs are special, because they use case studies as examples of business theory. One way of writing a paragraph is to use the PEEL structure. Even if you have heard about PEEL before, this page shows a special business version. PEEL paragraphs are used for the body of an extended response, not an introduction or conclusion. To find out about other paragraph types, see p32, 55, 64 and 65.



A business paragraph needs to address the question or instruction, refer to syllabus dot points and use a case study as an example.



Every paragraph should refer to increasing revenue and reducing costs to maximise profits.



PEEL paragraphs are used in the body or middle of an extended response or report.



P
E
E
L

POINT

Make a point related to business theory. Preview the rest of the paragraph. There should be no examples here.

EXPLAIN

Explain what the point means. Elaborate (tell us more). Use cause and effect language to explain.

EXAMPLE

Use a case study to apply the point. Explain what the case study company has done in relation to the point.

LINK

Link the point to revenue, costs and profits. Link to the assignment question or instruction.

The stages of a PEEL paragraph



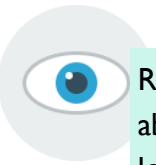
CASE STUDY

This module will explore a case study, GRANA. Grana is an online fashion retailer started by a young entrepreneur, Luke Grana.

GRANA



Above: Luke Grana (centre in the green shirt) and some of the Grana team



Read the PEEL paragraph on the right about one of Grana's success factors and look at an explanation of the PEEL stages

P

POINT

The main point of business theory is clearly stated: that proven market size is a success factor.

E

EXPLAIN

The point is explained using cause and effect language (underlined).

E

EXAMPLE

Grana is introduced as the case study to apply the point. The next sentence explains what the case study company has done in relation to the point. As you can see, there can be one or two sentences in each stage of the paragraph.

L

LINK

The final sentence makes a link to the point and there is a link to profits.

Successful businesses choose industries with a proven market size and high consumer demand. If there is a large number of potential customers, the business has the best chance to grow resulting in higher profits. Luke Grana, a successful entrepreneur, has shown that market size and consumer demand are major factors in building a successful fashion business. Currently, the fashion retail industry is worth \$1.7 trillion worldwide and it is predicted that by 2030 the online market will skyrocket from 5% to 30% of total global fashion sales. Therefore, Luke Grana has chosen a market with proven size and potential for significant profits in the long term.

Understanding the stages of PEEL paragraphs *Answers*

GRANA



The paragraph below has stages in the wrong order. Draw a line to link each paragraph section with the correct stage of the PEEL paragraph. Underline the cause and effect language.

P
E
E
L

POINT

EXPLAIN

EXAMPLE

LINK

Luke Grana spent a long time on market research before he started his online fashion business, 'Grana'. He worked for six months in fashion retail stores so that he could identify what kinds of clothing consumers were interested in and what they wanted to purchase. As a result, he learnt that consumers were interested in high quality fabrics and 'timeless designs' rather than items that were only in fashion for a short time.

Market research is important because it provides evidence of what kinds of products consumers are prepared to buy and how much they will pay.

Therefore, market research helped Luke Grana to determine what products would interest consumers and therefore to have the best chance of becoming profitable.

Successful businesses conduct market research to identify what consumers need and want.



Below, you will find a PEEL paragraph about logistics. The Example stage is missing. Use the information about Grana in the case study box to complete the missing section.



CASE STUDY

Australia Post's parcel delivery is expensive.

Luke Grana based his business in Hong Kong, a shipping hub for DHL couriers.

DHL charges as little as \$10 for a box from Hong Kong to anywhere in the world.

P
E
E
L

POINT

EXPLAIN

EXAMPLE

LINK

Successful businesses plan effective logistics to minimise costs.

Logistics like delivery and transportation can be some of the highest costs for any business.

(Possible answer) Luke Grana's online retail business faced potentially high costs for delivery. In order to avoid Australia Post's high costs for parcel delivery, Grana moved his operation to Hong Kong. Consequently, the business was able to use a courier company, DHL, which is much cheaper than Australia Post. DHL charges as little as \$10 for a box from Hong Kong to anywhere in the world and, as a result, costs for Grana's business have been reduced.

As a consequence of cheap delivery rates, Grana can reduce costs and keep prices low.

Writing a PEEL paragraph 1

Answers



Read the case study information on the right about Grana's prices then follow the instructions below.

1. The Grana website lists five ways they achieve low prices. Underline them in the text and list them here:

Grana deal directly with the fabric mills,
They cut out middlemen
They can eliminate costs of physical stores
Grana ship directly from warehouse
They choose low mark-ups

2. 'To disrupt' means to break or interrupt. Who or what is Grana breaking or interruptive with their 'disruptive' prices?

Grana is disrupting the usual cost structure where wholesalers charge a mark-up to supply fabrics to clothing manufacturers. By dealing directly with fabric mills, Grana has avoided the usual mark-ups in the supply chain which adds costs for the customer.

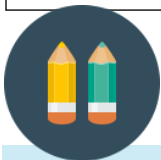
GRANA



Disruptive Prices

Our prices are the lowest you will find in respect to the fabric quality. How we achieve this is simple; we deal directly with fabric mills, cut out all middlemen, eliminate the burdensome costs of physical stores and instead ship directly from our warehouse in Hong Kong. Finally, we choose mark-ups as low as we can manage. (Source: www.grana.com)

Images and case study information used with permission



Write the missing parts of this PEEL paragraph. **EXPLAIN** what the point means. Use cause and effect language. In the **EXAMPLE** stage, explain how Grana has reduced prices and the effect on profits.

P

POINT

E

EXPLAIN

E

EXAMPLE

L

LINK

Successful businesses offer quality products at competitive prices.

(Possible answer) Businesses must price their products at a level that consumers can afford and are prepared to pay, when compared with the competition in the market, while also balancing the need to cover costs and make profits.

(Possible answer) Luke Grana's products are relatively cheap for consumers, a strategy which Grana calls 'disruptive prices'. For example, a silk shirt costs \$49 and a T shirt costs \$16, which are competitive prices. The company sells directly to customers online, so there are no wholesaling costs. This minimises costs and improves competitive advantage, which provides the best chance for long term success for the business.

Therefore, low prices are likely to attract consumers and lead to competitive advantage.

Writing a PEEL paragraph 2

Answers



Read what the Grana website says about the Grana boxes.



CASE STUDY

Grana.com has a system that tells customers how much more they can buy before shipping costs go up.

This encourages customers to fill up their carts to that level.

Our Grana box comes in three sizes and are each charged different shipping fees:

Small box (10 spaces): AU\$10 shipping fee

Medium box (20 spaces): AU\$15 shipping fee

Large box (50 spaces): AU\$20 shipping fee

To make it easy, for each of our products we indicate how many Grana Box spaces it will consume. For example one t-shirt equals two spaces therefore a small Grana box can fit up to 5 t-shirts. Want to buy more? Time to go up to the next size. (Source: www.grana.com)

Images and case study information used with permission



Write the missing parts of this PEEL paragraph.

Explain what the point means.

Use Grana as an Example. Explain how the Grana Box encourages customers to buy more.

LINK the point to profits and costs.

P

POINT

In order to succeed, businesses have to maximise sales from each and every customer.

E

EXPLAIN

(Possible answer)

Each customer has a value to the business for current and future sales, and successful businesses know how to maximise this value potential.

E

EXAMPLE

(Possible answer)

Luke Grana's business has a system for encouraging customers to increase the value of their order. Grana's online customers pay shipping costs based on the size of the 'Grana box' that contains their purchases. When customers order, the website includes a system that tells customers how much more they can buy before the shipping cost goes up. This encourage customers to buy more clothing to fill up their Grana box.

L

LINK

(Possible answer)

In this way, Luke Grana has established an effective way to increase the value of each customer's order, so that profits can be maximised.

Writing a PEEL paragraph 3

Answers



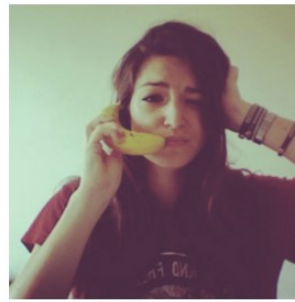
Look at this information about Grana ambassadors from the website.

GRANA

Our Ambassadors



Fiona Hill
Hong Kong Island



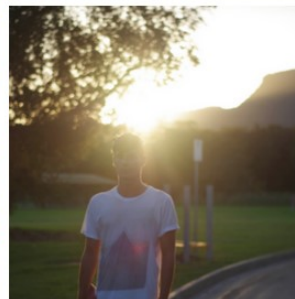
Theodora Trujillo
Paris, France



Luiz Charbel Boanain
Rio de Janeiro, Brazil



Natalie Brunoli
Adelaide, Australia



Gaetan Duque
Brittany, France



Amanda Kho
Hong Kong Island

Images and case study information used with permission



CASE STUDY

Grana has a series of brand ambassadors who take photos of themselves wearing Grana clothing and then share the photos.



Write a PEEL paragraph about how successful businesses market their products in innovative ways. This time, there is no need to use the boxes. Instead, each sentence should follow on from the previous one to create a seamless paragraph.

P

POINT

Successful businesses market their products in innovative ways. Businesses must choose the most effective way to reach customers with the brand's key messages, while also minimising costs and achieving 'cut through' in a crowded market place. Grana has identified an innovative strategy to build brand awareness by using brand ambassadors.

E

EXPLAIN

Brand ambassadors are young, funky artists, photographers, creative workers and travellers who take photos of themselves wearing Grana products and post them on their websites. This is a cheap and effective form of advertising for the business, which builds awareness among customers and minimises marketing costs.

E

EXAMPLE

L

LINK



Teaching Module 4

Reading a case study

Key concepts

In this module, students will learn about:

- how to read a case study and respond to an assignment question or instruction
- writing a summary paragraph about a case study
- how to write a PEEL paragraph about a case study company's strategies.

Teaching suggestions

Why teach reading?

Reading might seem like a basic task for senior students. However, research shows that the demands of reading increase throughout schooling and many senior students struggle with academic reading. For students of business, the big challenge is to link what they read to business theory and to case studies. Many students struggle to find the business theory in a case study from a business magazine or a press release.

Typically, teaching reading in senior school involves reading aloud, around the class, then answering comprehension questions. This is not an effective teaching strategy for all learners.

Build the field before reading

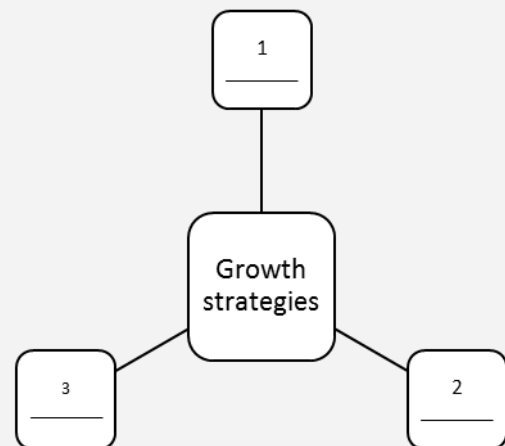
Before reading the case study about OneShift, build the field first by introducing the topic and relating the topic to students' prior learning and real-life experiences. Questions for class discussion could be:

- How did you find your part time job?
- How do employers usually find staff? What about workers for one or two shifts or one event?
- What are the challenges for employers in trying to find staff?
- Does the age of a staff member matter? What are the advantages and disadvantages of younger / older workers?

Then try the active reading activities in this module. Students will read the case study several times during these activities. Each time, they will be looking for different meanings.

Use visual organisers

Another idea for teaching reading is to use visual organisers. As students are looking for 3 growth strategies, it may be helpful to have students draw this diagram and fill it in when they skim the headings in the case study:



Other reading strategies

These reading strategies require some preparation by the teacher and some scissors.

- Give students a case study that is cut up into three or four main sections. Students have to arrange the sections in a logical sequence and discuss why they have arranged the sections like that.
- Type up one or a few excellent PEEL paragraphs created by students. Cut them up and have students arrange them into PEEL stages.

Discuss the press release

The OneShift case study is a press release, sent out to journalists to try to gain positive media coverage. The press release does not use PEEL paragraphs because it is written in small chunks. Small chunks help journalists to lift out small sections or headings for their articles.

How to read a case study: a 5-step process *Answers*

In Business Studies and Business Management, you need to use **case studies** to illustrate business theory. To find information about companies to use as case studies, you might explore:

- news articles
- feature articles in business magazines
- annual reports
- press releases.

The audience for these texts is not usually students but potential investors. As a result, you may have to dig through a case study to find what you need for your assignment or report writing.

This module provides a **5 step process** for reading and interpreting a case study. We will apply this process to a real case study of a company called OneShift.

1 KNOW YOUR PURPOSE

Before you start to read, you need to know what you are looking for. Your purpose for reading will relate to the assignment question or instruction. For example, you may have an extended response question like this:

How can businesses manage growth effectively?

We will use this question as our purpose for reading the case study of OneShift.

Analyse the assignment question and key words **BEFORE** you read. Use a list of synonyms to help you find what you are looking for. Write what you already know about the topic, from the syllabus and text



Write a list of words related to growth in the box on the right.

GROWTH

e.g. grow
expand
growing grown
expansion expanding
expand expansion
build
increase increasing
thrive advance
develop spread
flourish mature



Fill in the table to explore the positive and negative aspects of fast business growth.

PROS of growth	CONS of growth
more sales and greater profits increased cash flow, business can achieve economies of scale, business can hire more staff, business can invest in new technology and systems, potential to launch new products and services, growth of one company can build the overall size of the market, potential to build the economy, potential to buy other smaller companies, business may be able to expand globally	not enough staff to deal with orders management may be stressed, staff and systems may not meet increased demand, delay times for delivery of products, products may be out of stock, customers may become dissatisfied with poor service, cash flow problems from higher production costs, staff turnover may increase leading to loss of knowledge/ intellectual property within the company, company may lose touch with competitors and be vulnerable to hostile takeovers

How to read a case study: a 5-step process *Answers*

2 SKIM THE CASE STUDY

Skimming means to look at the text without reading it in detail. Look at the headings and highlight them. Notice any sections that seem relevant to your purpose. You might need to read these in detail later on.



Now turn to pages 30 and 31 and skim and scan the case study about OneShift.

3 SCAN FOR KEY WORDS

Scan the case study for key words related to your question. Scanning means to read 'lightly' and focus on finding key words. Highlight or underline words that relate to our topic of managing growth. Do not read in detail yet.

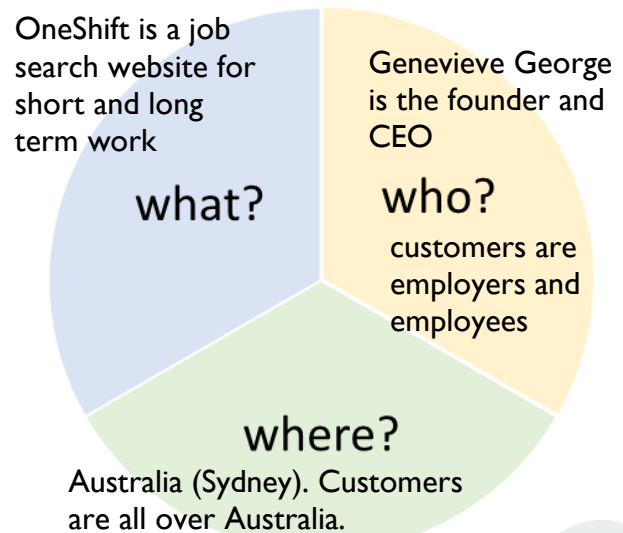
4 READ THE INTRO

Read the introduction section in detail. Make sure you understand **what who where**:

- **what** is the case study company is called and what do they do?
- **who** are the owners? **who** are the customers?
- **where** are they located? **where** are their customers?



Read the introduction section of the OneShift case study and answer the what? who? where? questions on the pie chart below.



5 READ IN DETAIL

Read the case study in detail. Only read what you need. You may not need to read the entire case study. As you read, highlight wordings related to your question. Write a summary of what you find in the margins.



Read the OneShift case study in detail and look for 3 strategies to manage growth.

OneShift case study

Answers

Images and case study information used with permission

Press release: OneShift prepares for a massive 2015

Responds to growing demand for a hassle-free job matching service

Expands team with new hires

Announces key new clients

Acquires Australia's leading mature age jobs platform Adage

Launches new iOS and Android app

Words related to growth are underlined.

Sydney, Australia, 12 February, 2015: OneShift, the online job network which matches employees with employers, today announced a series of strategic moves to kick off 2015, following a major year of growth for the online jobs platform.

This year will see the two and half year old startup expand its team to support a range of exciting new clients, such as major Australian brands such as SumoSalad, integrate the database of Australia's leading job site for seniors - Adage - and launch completely redesigned iOS and Android apps.

In less than three years, OneShift has grown its user base to over 400,000 jobseekers and 36,000 employers, matching people with jobs across a range of industries including hospitality, retail, events & promotions, landscaping & gardening and administration.

Founder and CEO, Gen George, said that the major focus would be bolstering the team to ensure it could support the growing popularity of the platform and improving the end-user experience of both the website and mobile apps.

"We have major expectations for this year ahead, and are making the necessary decisions to maintain growth and expand our already impressive roster of clients. It's an intense start to the year, but one that's absolutely necessary to remain one foot ahead of the competition."

Expanding the OneShift team to support new business

The startup, which has already grown from staff of 2-40 since its launch, will expand its team by an additional 10-15 people in the coming months boosting the 10 hires made last quarter.

The new hires, which will be primarily sales and tech roles, will help support the business's rapidly growing client base, which has grown from mostly small businesses to major household names.

"The speed at which we match people with jobs has always appealed to smaller businesses who need a scalable approach to hiring. But in the last twelve months, we've been surprised and excited to become a platform of choice for a range of larger businesses," George said.

"Today we have fantastic relationships with major recruitment companies such as BENCHMARK, who regularly use our service to source staff quickly and cost-effectively."



Founder and CEO of OneShift, Genevieve George

OneShift case study (continued)

Staffing Manager at BENCHMARK Hospitality & Event Recruitment, Michelle Watson, said as recruiters, the number one frustration was the time wasted waiting for applications to come in from generic job board advertising

"For us, the genius behind OneShift is it allows us to be proactive about recruitment. We can view and search candidate profiles to contact the people who are most suitably matched for the roles we are recruiting to fill. It means we always have a pool of candidates to work with, and we don't have to spend huge amounts of money posting advertisements that may or may not receive any traction. Not only this, but OneShift's entire approach to their customers is aligned with our own culture of going above & beyond for our clients. Our questions are always answered, our suggestions welcomed and we are dealing with people who enjoy dealing with people."

Acquisition of leading mature age jobs board, Adage

Due to Australia's ageing population, the 45 year and above age bracket is forecasted to be the fastest growing labour market segment over the next decade. In response, OneShift has acquired Australia's leading mature age jobs board Adage.

Adage is a jobs board and online community for jobseekers over the age of 45. It will continue to remain a free service for mature age Australians looking to re-enter the workforce.

Improving the user-experience and going mobile

OneShift has recently launched its new IOS

and Android app to make finding work even faster and simpler for jobseekers on the go.

More than 35 per cent of traffic for the service comes directly from smartphones and tablets.

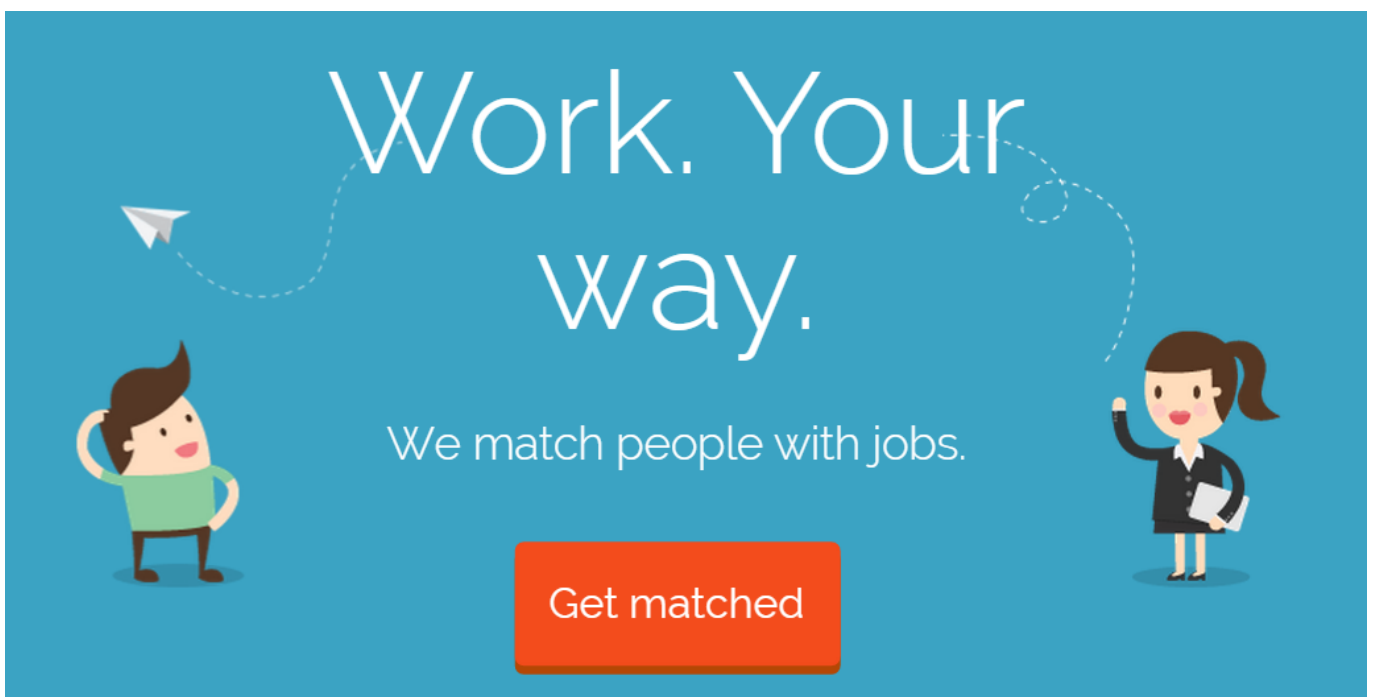
Using smart technology to establish compatibility (based on a number of metrics, including geography, previous experience and other desirable traits), the app will alert jobseekers to the best matches instantly, meaning that whether they're on public transport, at the movies, or just at home on the couch, they can be job hunting 24/7.

George said that a big focus of recent months had been improving the end user experience of the service, holding focus groups and investing in research and development to make the product as efficient and easy-to-use as possible. With the latest data from the IAB/ Nielsen Mobile Audience Panel Pilot study revealing Australians spend 52 per cent of digital screen time on mobile devices, taking the service mobile was the next vital step.

"Our aim is to make the process as seamless and quick as possible for both businesses and jobseekers and to take the pain out of the recruitment," said George.

"Going mobile is key to enabling that flexible working lifestyle, and helping promote a 'work to live' not 'live to work' attitude."

Having launched in New Zealand in February last year, George is now considering further International expansion for OneShift later this year.



Writing a summary paragraph about a case study *Answers*



A case study paragraph does not follow the PEEL stages.

When writing an extended response or report, sometimes we need to start with a summary paragraph about the case study. A case study summary paragraph gives the reader enough information to understand the background. A good case study paragraph answers these questions:

- What does the business do?
- Who owns it?
- How will the case study be relevant to the assignment question or instruction?



Successful writers know that a case study paragraph should be brief (that is, not a whole page!)



Read this example of a case study paragraph.

Acme Pty Ltd is an online retailer that sells high quality children's toys and educational games. Acme Pty Ltd is owned by two Australian entrepreneurs, Taylor and Maddie Davis. Acme is expanding rapidly so it is an interesting case study of managing growth.

What does the business do?

Who owns it?

How will the case study be relevant to the question?



Write a case study summary paragraph about OneShift.

Reminder - The assignment question is:

How can businesses manage growth effectively?

OneShift provides an online job-matching service for employers who are looking for staff, and for employees who want to work. OneShift is owned by Genevieve George, a young entrepreneur. The company has seen massive growth in the past three years and it now services 36,000 employers and 400,000 employees. Due to its fast growth, OneShift is a suitable case study for exploring strategies for managing growth effectively.

What does the business do?

Who owns it?

How will the case study be relevant to the question?

Planning to write about a case study *Answers*

The OneShift case study presents three strategies for managing growth. The first one involves hiring new staff. Here is how your notes from detailed reading might appear. All the words related to growth have been circled.

The company will hire 10-15 new staff. That's a growth strategy.


Expanding the OneShift team to support new business

The startup, which has already grown from staff of 2-40 since its launch, will expand its team by an additional 10-15 people in the coming months boosting the 10 hires made last quarter. 10-15 new staff

The new hires, which will be primarily sales and tech roles, will help support the business's rapidly growing client base, which has grown from mostly small-businesses to major household names. sales and tech


The business started with 2 staff and now there are 40 staff.

The new staff will be in sales and tech. Why?



Now think about the possible effects of hiring new staff. How would that help OneShift to manage growth?

For example: New sales people can find new customers and improve customer service for existing customers; Tech staff can manage the technology and systems for the new app and support new customers.



Use your notes from the OneShift case study to fill in this table. The table outlines three main growth strategies and explains how the strategy will help OneShift to manage growth effectively.

Growth strategy		How this will help OneShift to manage growth. Cause and effect language is in bold.	
1	hiring new staff in sales and tech roles	Hiring new staff in sales and tech roles will help OneShift to manage the increased customer demand caused by their rapid growth. The sales people can improve customer service and the tech staff can develop systems and technology to support the company. (to + verb indicates cause and effect e.g. to manage, to support)	
2	buying another jobs board (Adage)	Buying another jobs board (Adage) provides employers with a range of new employees to choose from. Since new employees are attracted to the business, the Adage jobs board will provide OneShift's customers with a wider range of potential staff. Consequently , customer satisfaction can be maintained during OneShift's growth stage.	
3	find the third strategy from your reading introducing new technology	The third strategy is introducing new technology and a mobile app. Introducing new technology can support OneShift's growth stage by improving access and usability for both employers and employees. The new app can be used on all mobile devices so that users can find a job or find staff, on the go, from any device. As a result , this new technology improves the customer experience and provides an important product benefit during the growth stage of the business.	

Write about OneShift Answers

Remember, the assignment question is : *How can businesses manage growth effectively?*



Write a PEEL paragraph about OneShift's strategy to manage growth by hiring new staff,

P

POINT

One strategy to manage growth is to increase the number of staff.

E

EXPLAIN

If the customer list is growing, there is a need for more staff to service the needs of these customers.

E

EXAMPLE

One Shift will hire 10-15 new sales and tech people in the coming months in order to meet the needs of customers and manage growth. New sales people will be able to gain new business and provide efficient service to customers and the new tech hires will be able to ensure that the back-end systems are effective and can cope with growth.

L

LINK

This will ensure that profits can be maintained during the growth of the business.



Plan and write another PEEL paragraph about a OneShift growth strategy – you can choose which strategy you write about.

P

POINT

Sample paragraph 1

Another way that companies can manage growth is to provide new products for clients.

Sample paragraph 2

The introduction of new technology and systems can support a company in the growth stage.

E

EXPLAIN

Customers are likely to spend more if they have access to a wide range of high quality products and services.

When a company grows, it needs 'behind the scenes' systems and technology that will enable the company to operate smoothly and efficiently.

E

EXAMPLE

In the case of OneShift, products refer to the pool of jobseekers that employers can choose from. Buying another jobs board (Adage) provides employees with a range of new potential employees. As new employees are attracted to the business, the Adage jobs board will provide OneShift's customers with more staff to choose from.

OneShift introduced new technology to improve access and usability for both employers and employees. A new app was developed for mobile devices so that users can find a job or find staff on the go.

L

LINK

Consequently, customer satisfaction can be maintained during the growth stage, maintaining revenue and profits.

This new technology improves the customer experience and provides important product benefits for customers during this growth stage of the business, ensuring that revenue is maintained.



Teaching

Module 5

Explaining influences on case studies

Key concepts

In this module, students will learn about:

- internal and external influences on a business
- how to find examples of internal and external influences in case studies
- how to explain internal and external influences on a business.

Teaching suggestions

External and influences on business

The activities in this module should be taught AFTER students learn about external and internal influences on business. See the definitions in the orange box on the right.

Understanding external and internal influences on business can be tricky. Many external influences overlap (e.g. financial and economic or legal and institutional). Many effects in the business world (e.g. rising interest rates) are caused by a number of factors. Discuss with students how influences in the business environment are inter-connected.

The matching activities on p36 and p40 will be messy. There will arrows going everywhere. Conduct a class discussion about students' reasons for matching certain influences with the business phenomena. These activities can help students develop business reasoning skills and to understand cause and effect in the business environment. Rather than 'right' and 'wrong' answers, this activity can explore the complexity of the business environment, while ensuring that students can identify examples of key external and internal influences.

Visual dictionary

Create a visual dictionary (online or on paper) of external and internal influences. Students pick an image from the internet to explain each influence (e.g. the picture of a lawyer for legal, or a computer for technological).

Matching activity

Enlarge these definitions on the photocopier. Cut them up and have students match the term and the definition.

External influences

economic	factors related to the economy such as economic growth and exchange rates
financial	influences related to financial markets, including the share market, impacting on the cost of obtaining finance
geographic	refers to the location of countries, markets, the business, suppliers, competitors, resources, staff and so on
social	influences related to general trends in attitudes, beliefs and behaviour of people
legal	factors related to laws, regulations and standards that a business must follow
political	refers to the policies and ideas of political parties and governments
institutional	influences related to large organisations related to businesses e.g. trade unions and employer associations
technological	refers to developments in hardware, software and the internet
competitive situation	relates to other businesses operating in the same market
markets	the features or characteristics of the business market where products and services are sold

Internal influences

products	the range of products or services offered by a business
location	the physical or online location of the business
resources	the people, materials and finance needed to run a business
management	the people who run a business as well as their attitudes, values and behaviours
business culture	the general environment and context created within a business

External influences on a business

Answers

An important part of your studies of business involves learning about **influences** on a business. When you write about influences on a business, and how businesses react to those influences, you will need to **explain** using cause and effect language. This page reminds you about external influences on a business. You will need to find the definitions of the types of external influences from your text book. On the next page, we will explore the external influences on a case study company.

influences in the business environment

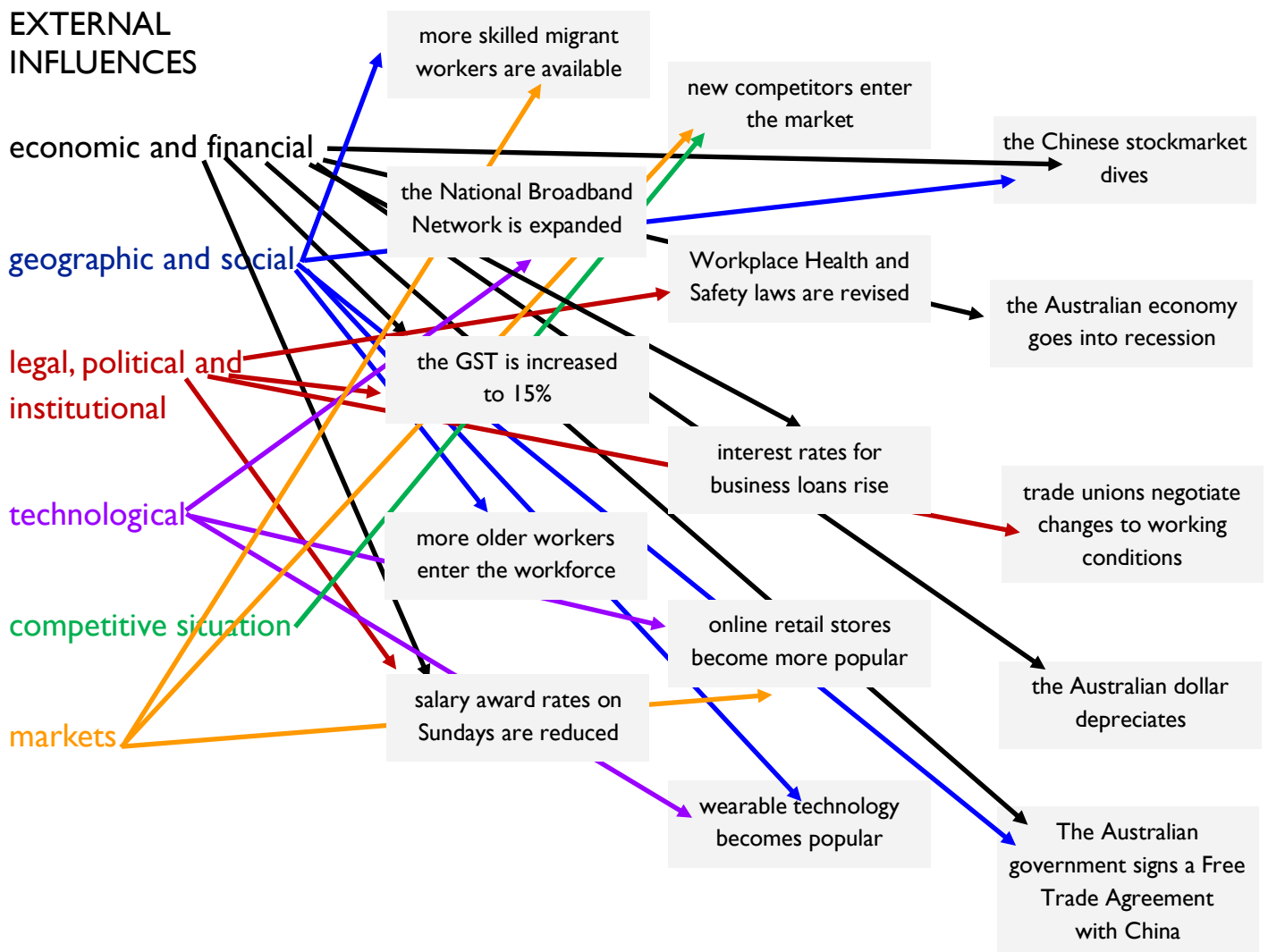
- external influences – economic, financial, geographic, social, legal, political, institutional, technological, competitive situation, markets

(BOS NSW 2010, p.14)



Draw connecting lines to match the type of external influence with an example in a shaded box. Many external influences are related so there there may be several examples for each influence.

EXTERNAL INFLUENCES



Finding external influences in a case study *Answers*



Your purpose for reading this case study is to find the **external influences** on this business

The external influences on business in this case study are:

- social
- government / legal
- technological
- economic / financial.

Focus on these four influences when you read the case study.



Skim and scan the case study and underline wordings related to the external influences.

CASE STUDY
Nourished Life is an online skin care and cosmetics company that sells certified organic products.



One of the hottest buzz-words in the beauty market right now is 'organic'. According to IBIS World research, the market for organic beauty products in Australia is worth \$265 million and it is forecast to grow at 17% per year. This trend shows that consumers appear to be moving away from toxins and chemicals and towards natural and healthy ingredients. One of the big winners in this market is 'Nourished Life', an online beauty retailer that distributes brands such as Miranda Kerr's KORA Organics and international favourites like 100% Pure.

The term 'organic' is not as simple as it seems. If a product is labelled 'organic', it does not necessarily mean that it meets government standards. The regulation authority, Australian Certified Organic (ACO), certifies organic cosmetics under the Australian National Standard National Organic Program. However, each standard has different requirements and these can be hard for consumers to differentiate. What makes it even more confusing for consumers is that imported products do not have to meet these requirements. In fact, any product can call itself 'organic' without meeting any of these standards.

Amongst this confusion, Irene Falcone found a niche for her business, Nourished Life. Nourished Life calls itself 'the strictest natural beauty store'

due to its rigorous testing and research of products. As a result of the testing undertaken by Nourished Life, customers can be satisfied that the products sold on its website comply with the strictest organic standards. Irene even provides personal advice about organic and natural products to 30,000 Facebook followers and 10,000 Instagram followers.

Nourished Life sources its products from around the world, but this poses several challenges for the business. One of Nourished Life's first brands was a lip balm from the USA. At the time, the exchange rate was near parity, so Falcone paid around \$1 per stick and she could sell them for \$5.95. Now that the exchange rate is not as favourable, Nourished Life must negotiate with its suppliers for cheaper prices, so it can keep costs low for customers and continue to succeed.



Above: Irene Falcone, Founder of Nourished Life

Planning to write about external influences *Answers*

Influences on a business can be positive or negative. Some external influences on a business can be positive, such as the new opportunity for Nourished Life caused by the social trend towards organic beauty products. However, some influences can be negative, such as the variable Australian exchange rate.



Our purpose for writing is to respond to this assignment instruction:

Explain how external influences can impact on business opportunities.



Complete the table below to explain the main external influences on Nourished Life. Evaluate the positive or negative impact on the business and opportunities for the business.

External influence	Relate to the Nourished Life case study	Explain how the influence impacts on business opportunities for the case study. Use cause and effect language.
social	There is a trend for Australian consumers to buy organic skin care products.	Australians want to buy more organic skin care products so, as a result , there is an opportunity for Nourished Life to build a successful business to meet this growing need.
government / legal	Regulations for organic cosmetics are complex and the government cannot regulate international products.	Positive: Since the government regulations are complex, Nourished Life can offer a service to advise customers on which products are truly organic. Negative: However, international products can claim they are organic without providing any proof. These international brands may become competitors for the products sold on the Nourished Life site.
technological (look at paragraph 3 of the case study)	The owner of Nourished Life, Irene Falcone, uses technology to communicate with her customers.	Positive: By connecting with 30,000 Facebook followers and 10,000 Twitter customers, Irene can provide advice on the latest organic products and thereby build loyalty and traffic to her website, leading to increased revenue and profits.
economic/financial (look at paragraph 4 of the case study - this is a negative impact on the business)	Nourished Life imports products so it is sensitive to exchange rate changes for the Australian dollar.	Negative: Since the business sources products from overseas, product prices for Australian customers rely on the exchange rate. For example, if the Australian dollar depreciates against the US Dollar, American goods become more expensive for Australian consumers. This may lead to some products being too expensive for Australians and this may lead to reduced sales and profits.

Writing about external influences *Answers*



Here is a paragraph about social influences on business. The stages of PEEL are in the wrong order. Draw a line to link each paragraph section with the correct stage of the PEEL paragraph. Underline the cause and effect language.

P
E
E
L

POINT

EXPLAIN

EXAMPLE

LINK

Nourished Life is an Australian company that distributes a range of organic products to Australian consumers. By capitalising on social changes in the habits of Australian consumers, Nourished Life has the potential to gain significant revenue in the organic cosmetics sector.

This social factor is a positive influence on business opportunities for Nourished Life, as it has the potential to build revenue and profits.

Social factors can be a major influence on a business by creating market opportunities.

In the cosmetics industry, Australian consumers are becoming more interested in organic and natural products. As a consequence, this market is growing substantially, at around 17% per year. This social trend has led to a market opportunity for Australian businesses.

Sample PEEL paragraphs

Government/Legal

Government and legal influences, including regulations, can provide opportunities for Australian businesses. In Australia, regulations of organic cosmetics are complex and the government cannot regulate international products. This creates some problems for Australian organic products trying to compete with international products that are not truly organic. Since government regulations are complex, Nourished Life can offer a service to advise customers about regulation and about which products are truly organic. This provides Nourished Life with a market opportunity to build a loyal customer base and drive consumers to their website to buy organic products, thereby increasing potential revenue for their business.

Technological

Developments in the external influence of technology can offer Australian businesses potential benefits. When new technology emerges, companies need to change. Companies can take advantage of new technology, for example, by using social media to improve brand awareness and to communicate with their potential customers. The owner of Nourished Life, Irene Falcone, uses technology to communicate with her customers. By connecting with 30,000 Facebook followers and 10,000 Twitter customers, Irene can provide advice on the latest organic products and thereby build loyalty and traffic to her website, leading to increased revenue and profits.

Economic/Financial

Economic and financial impacts from changes to the exchange rate can have an influence on Australian businesses. If Australian companies import products or materials from overseas, and if the Australian dollar falls, costs will increase since imported goods will be more expensive. Similarly, if the Australian dollar rises, goods from overseas will be cheaper and import costs will be reduced. Therefore, changes in the Australian dollar have a direct impact on costs, prices and profitability. Nourished Life is sensitive to exchange rate changes for the Australian dollar. For example, when the Australian dollar depreciated against the US Dollar, American goods become more expensive for Nourished Life's Australian consumers. This led to higher costs for Australian consumers, and this may lead to reduced sales and profits for Nourished Life.

Internal influences on a business *Answers*

Internal influences are factors that the organisation has some control over. This page will explore the types of internal influences on business.



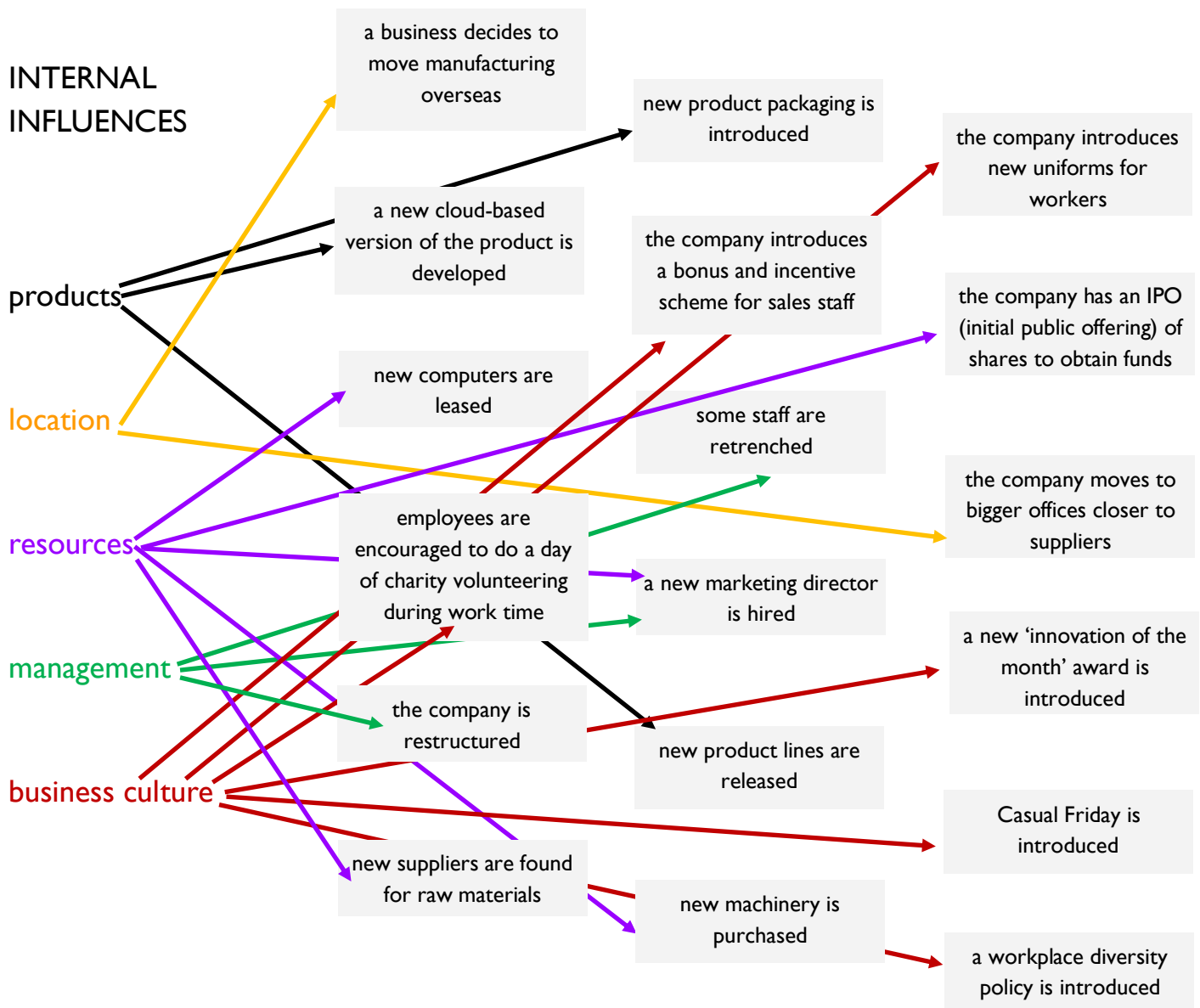
Internal influences – products, location, resources, management and business culture, stakeholders

(BOS 2010, p.14)



Draw connecting lines to match the type of internal influence with an example of that influence. The first one has been done for you as an example. There may be several examples for each influence. Some examples may also be relevant to more than one influence.

INTERNAL INFLUENCES



Finding internal influences in a case study *Answers*



Skim and scan the case study and underline wordings related to internal influences on the business.

AUSTRALIA'S #1 FOR SURF & FASHION

SurfStitch

SurfStitch is a world leading online retailer of sports and youth apparel. So what has driven the growth of this business, from a garage in Sydney's northern beaches to an international operation?

The SurfStitch story is all about innovation. The company is always on the lookout for new brands to offer its customers. Recently, SurfStitch released a new range of fitness clothing and accessories, bringing its total to over 900 brands and 20,000 products. Beyond retail, SurfStitch aims to become a destination online site for customers to connect with everything surf-related. To achieve this goal, SurfStitch launched 'The Lens', a website that offers customers a forum to share photos and ideas about music, media and style. In addition, SurfStitch has acquired two new surfing websites: Magicseaweed and Stab Magazine. Magicseaweed is the world's leading online surf forecaster and user generated surf content network. Stab Magazine is the world's leading online surf publishing network and a social media hub in surfing. In total, Magicseaweed and Stab Magazine have over 2 million unique users, providing SurfStitch with the opportunity to capture and influence customers at all points of the surf and action sports lifestyle cycle.

These developments have helped to drive the expansion of SurfStitch, both in Australia and overseas. Originally, the business was launched out of a garage on Sydney's Northern Beaches in 2007 by Lex Pedersen and Justin Cameron. In November 2011, the business relocated to Burleigh Heads on the Gold Coast in Queensland. This move provided the business with warehouse facilities that were big enough for its growth ambitions, and a location in the heart of the surf culture. In order to service its international customers, SurfStitch Europe was established in 2012 with a dedicated headquarters

in France, including an 8,000sqm purpose-built distribution center. SurfStitch Europe offers customers the options of multi-currency transactions and a friendly multi-lingual customer service department



Founders of SurfStitch, Lex Pedersen and Justin Cameron

It takes special people to build such a dynamic and innovative business. The fast pace and energy that surrounds action sports is at the core of the SurfStitch organisational culture. SurfStitch has focused on creating a youthful and entrepreneurial environment for their employees, where high performance and innovation are globally recognised. SurfStitch now employs in excess of 400 people globally in logistics, finance, technology, buying and marketing. The company offers employees the unique opportunity to travel the world to work in a range of iconic locations including Australia (Gold Coast), UK (London) and USA (Southern California). There is no doubt that SurfStitch employees are the main ingredients in the company's global success strategy.

Planning to write about internal influences *Answers*

Our purpose for writing is to respond to this assignment instruction:

Explain how internal influences can impact on business opportunities.

AUSTRALIA'S #1 FOR SURF & FASHION

SurfStitch



Complete the table below to explain the main internal influences on SurfStitch. You will have to think about the positive and negative impacts on the business. Not all of these are mentioned explicitly in the case study, so you will have to think of some effects by yourself.

Internal influence	Relate to the SurfStitch case study	Explain how the influence impacts on business opportunities for SurfStitch. Use cause and effect language.
products	<p><i>What products and services are offered by SurfStitch?</i> SurfStitch regularly releases new products and it has 900 brands and 20,000 products. SurfStitch also offers its customers a website called 'The Lens' as well as access to surfing news websites.</p>	<p><i>Explain the positive impact of products on SurfStitch's business.</i> Releasing new products and having a huge range of brands is a benefit for customers because customers are attracted to the website and SurfStitch can gain competitive advantage. SurfStitch also offers a free additional benefit for its customers, an online forum called 'The Lens'. This website, and the surfing websites bought by SurfStitch, add value for customers and therefore give customers an additional reason to access the website and build the credibility of the SurfStitch brand.</p> <p><i>Negative factors related to products were not presented in case study. Can you think of any?</i> Having 900 brands and 20,000 products could be a challenge for SurfStitch as it may be difficult to control product quality and keep stock levels high for so many different items. If inventory is not managed carefully, customers could become frustrated with poor service or waiting time for their orders, leading to reduced customer traffic to the site. There is also a risk for SurfStitch in buying the surfing websites because these could take the company's attention away from their main business, which is retail fashion.</p>
location	<p><i>Where is the location of the business?</i></p> <p>The business has two locations: Gold Coast and France.</p>	<p><i>Explain the positive impact of office location on SurfStitch's business.</i> The location of the business in the Gold Coast puts SurfStitch at the heart of the surf culture in Australia. Consequently, SurfStitch is located near its customers (surfers) and staff can see any trends that are developing in the surfing world, thus helping SurfStitch stay up to date. The huge warehouse space in the Gold Coast and in Europe helps SurfStitch keep enough inventory so that they can offer a wide range of products that are always in stock. The location in France is close to European customers and offers French-speaking staff. Therefore, SurfStitch can offer better customer service to its European customers, ensuring that global expansion is successful and that risk is spread across two markets.</p> <p><i>What are the possible disadvantages of having offices in both Europe and Australia?</i> Having offices and warehouses in two locations could create problems for SurfStitch. As management staff are based in Australia, they have to co-ordinate products and strategies between two different markets in different time zones. This could lead to communication problems within the business. Having two locations could split management's attention and create more work and stress for the owners, making them less effective.</p>
business culture	<p><i>What business culture has been created at SurfStitch?</i> SurfStitch has created a youth-based management culture which fits its youth-oriented fashion products. Employees have the opportunity to travel the world.</p>	<p><i>Explain the positive impact of the internal business culture on SurfStitch's business.</i> If SurfStitch's employees are young, they can understand their customer's needs more clearly. The opportunity of international work placement may motivate employees to be innovative and to work hard.</p> <p><i>Can you think of any potential challenges involved in having a youth based employee culture?</i> If the workplace is not diverse, with a range of ages of employees, more mature and experienced employees may not be hired, leading to a deficit of skills and talent within the organisation. If employees are encouraged to relocate globally, skills and talents in Australia may be lost.</p>

Writing about internal influences *Answers*



Using the table on page 42, plan and write a **PEEL** paragraph about how products can impact on the success or failure of a business. Use **SurfStitch** as an example. Choose positive or negative impacts to explain.

P

POINT

The range of products offered by a business is a significant internal influence on the success of the business.

E

EXPLAIN

If the business offers products and services that are relevant and desirable for customers, the business can build revenue and profitability, leading to success.

E

EXAMPLE

For example, SurfStitch regularly releases new products and it has 900 brands and 20,000 products. SurfStitch also offers its customers a website called 'The Lens' as well as access to surfing news websites. Releasing new products and having a huge range of brands is a benefit for customers because the range draws customers to the website and gives SurfStitch competitive advantage. SurfStitch also offers a free additional benefit for its customers, an online forum called 'The Lens'. This website, and the surfing websites bought by SurfStitch, add value for customers.

L

LINK

The websites bought by SurfStitch add value for customers and secure future profits for the company.

Sample PEEL paragraphs

Location (positive impacts)

P: The location of a business has the potential to impact on the success of the business.

E: If a business is located close to its customers, it can attract more sales and increase revenue. Also, by choosing a location that has the right facilities, such as adequate warehouse space, the business has the resources it needs to support growth.

E: SurfStitch's location in the Gold Coast puts SurfStitch at the heart of the surf culture in Australia. Consequently, SurfStitch is located near its customers (surfers) and staff can see any trends that are developing in the surfing world, thus helping SurfStitch stay up to date with its customers. The huge warehouse space in the Gold Coast and in Europe helps SurfStitch keep enough inventory so that they can offer a wide range of products that are always in stock. The location in France is close to European customers and offers French-speaking staff. Therefore, SurfStitch can offer better customer service to its European customers, ensuring that global expansion is successful and that risk is spread across two markets.

L: Therefore, the location of SurfStitch's business in two places: Gold Coast and France, provides the foundation for success and increased profitability in the future.

Business culture (positive and negative impacts)

P: The business culture of a company is an important influence on the direction of a company and its possible market success or failure.

E: If a company creates a culture of innovation that attracts the right employees, it can understand and meet the needs of its customers. However, if a company creates a culture that is not diverse for all types of employees, the full range of possible talents and skills of the workforce may not be accessed.

E: For example, SurfStitch has created a youth-based management culture which fits its youth-oriented fashion products. Employees have the opportunity to travel the world for SurfStitch, which can motivate the staff and encourage them to be productive and work effectively. If SurfStitch's employees are young, they can also understand their customer's needs more clearly. However, if the workplace is not diverse, with a range of ages of employees, more mature and experienced employees may not be hired, leading to a deficit of skills and talent within the organisation. A result of employees relocating overseas may be that resources, skills and talents in Australia may be lost.

L: Consequently, business culture in SurfStitch demonstrates the potential advantages of a youth-based culture but also the possible limitations for the potential success of the business.



Teaching Module 6

Evaluating the business world

Key concepts

In this module, students will learn about:

- criteria for evaluating business actions and decisions
- the language of positive and negative evaluation
- how to evaluate business decisions in a case study.

Teaching suggestions

Evaluative language in business

Students who achieve success in Business Studies write in a formal, objective and technical way. Students who write using personal and casual statements tend to attain lower marks. It sounds obvious, but many students may not understand that writing is different from speaking.

Students need to learn that they should not use their everyday, social language when writing about business. Personal and subjective opinions are not valued in business. Instead, all evaluations need to be related to business goals and supported by facts, evidence and reasons. Even if an examination or assignment question requests an 'opinion' or 'judgement' from the student, it is a business opinion or a business judgement, not a personal opinion. This module will teach students how to evaluate like a business expert.

Class discussion - how do we evaluate in business?

Hold a class discussion about the basis for our judgement in business. You can discuss the role of:

- sales / revenue
- market share
- net profits
- dividends
- other measures of success.

Use some media articles to explore why companies are considered successful or not.

Evaluative word search

Bring in a few media articles about business success and failures. Students can search for positive evaluation words about success and negative evaluation words about failure. Add any new words to a master list (based on p46) and display in the classroom.

Build the field about Silicon Valley and start-ups

Before reading the Tanda case study on p47, build the field with students. Students will need to understand who venture capitalists are and what they do (ie. invest in a company in return for a share of profits or share of ownership). Venture capitalists can base their decision to invest on different factors: number of users, revenue, innovative technology or market potential. Many tech start-ups base a business model on the concept of 'scalability', that is, the potential to grow into a huge company quickly.

Class discussion could cover these questions:

- What are investors looking for in a small business?
- Why do many tech start-ups go to Silicon Valley?
- What is a Venture Capitalist?
- What reasons might companies have for staying in Australia?

'Shark tank' TV

It may be interesting to watch an episode of 'Shark Tank' (or 'Dragon's Den' from the US) to see small businesses pitching to potential investors. Episodes are available on YouTube.

Show a pitch from a start-up and ask students if they would invest and explore reasons why and why not. Students can choose from the list of positive and negative evaluation words in their reasons (p46).

When the 'sharks' do invest, what are their reasons? What are the bases for their evaluations?

Evaluating the business world

Answers

Business students are required to **evaluate** or **judge** people (e.g. managers, business owners) or things (e.g. decisions, results, costs). In general, the main criteria for evaluating relates to the overall goal of business, which is to increase revenue and reduce costs, leading to increased profits.

In the box below, you can find examples of questions that require students to evaluate.



Evaluate

Make a judgement based on criteria; determine the value of

Justify

Support an argument or conclusion

Assess

Make a judgement of value, quality, outcomes, results or size (BOSTES 2012)

Is supply chain management important to this business? **Justify** your answer.

Evaluate their decision to adopt a niche market approach.

Assess strategies that management may use to respond to influences on operations.

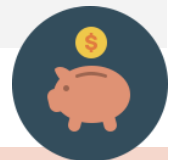
Assess strategies that management may use to respond to key influences on human resources.

Outline two **strengths** of the café.

Assess the importance of using a mix of promotional strategies in the marketing of goods and services.

Evaluate whether low-risk practices are preferable to high-risk practices to achieve effective change.

(Board of Studies NSW, 2013; 2014a; VCAA 2013)



3-step process: how to evaluate

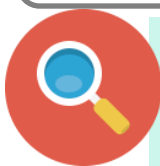
1 State your evaluation or judgement of a business action or decision using the language of evaluation (see p46).

Supply chain management is important for Acme Pty Ltd

2 Explain reasons for your evaluation using cause and effect language.

because it will affect profits and sales.

Link your reasons to the ultimate goal of business (to increase revenue, reduce costs and, therefore, increase profits).



Read this sample answer. Underline the evaluation (in the middle of the answer). Reference to profits in bold.

Pat and Robin can use their niche marketing approach to avoid direct competition with larger department stores. They can recruit more specialised staff that will have greater product knowledge and stock more specialised equipment that will allow them to gain a competitive advantage. This should help them to gain **sales and profits**. For this reason the niche market approach would be best for them. The decision to adopt a niche market by Robin and Pat may help them maximise their **profits** if the niche market is big enough. (BOS 2013 Sample answers Q25b)

Positive and negative evaluations

Answers

Business writing can evaluate positively or negatively. Evaluation is based on how a decision or action impacts on profitability and on stakeholders. We do not use the terms 'good' or 'bad' as these are not technical business terms. Below will you find a list of positive and negative evaluating language for business.



A **noun** is a thing, person or place.
An **adjective**, or **describer**, gives us more information about a noun.

Positive

nouns (things)

advantage
benefit
growth
profits
revenue
income
dividends
returns



adjectives (describers)

effective
efficient
high quality
cost-effective
time-effective
successful
environmentally-
friendly
sustainable
innovative
advisable
suitable
viable
impressive
entrepreneurial

recommended
appropriate
ground-breaking
advantageous
competent
unique
aggressive (eg. plan)
targeted
practical
well-designed
well-planned
well-executed
(of profits) massive, huge,
significant, increased,
promising

Negative

nouns (things)

disadvantage
problem
decline
costs
tax
expenses
expenditure, spending



adjectives (describers)

unsatisfactory
ineffective
inefficient
inadequate
incompetent
unimpressive
weak
expensive
disorganised
unclear

unfocused
illogical
rushed
poor
understaffed
undercapitalised
(of profits) limited,
minimal, reduced
(of costs) high, significant,
increased



Using the lists of positive and negative evaluation words above, change the words 'good' and 'bad' to more appropriate business words and re-write each sentence on the lines provided.

1. Bad planning can lead to bad decisions. Rushed and disorganised planning can lead to ineffective decisions.

2. The product achieved good sales. The product achieved promising/impressive sales.

3. The marketing strategy was bad. The marketing strategy was inadequate.

4. The management structure is good. The management structure is appropriate.

Evaluating a case study company's decisions *Answers*

Most tech companies are told that Silicon Valley is the best location, so they can rub shoulders with venture capitalists and attract investors. However, Brisbane company Tanda has turned its back on the biggest tech startup scene in the world and has chosen to keep its head office in Australia. This excerpt from the Tanda website's blog, written by the co-founder, Alex Ghiculescu, explains the reasons why Tanda is staying home.

TANDA

TIME & ATTENDANCE

Read more about
Tanda on page 13.



Positive evaluation words are in bold. Negative evaluation words are underlined.

Why we chose Fortitude Valley (Brisbane) over Silicon Valley

Alex Ghiculescu, Co-founder, Tanda



Like any other business, we're always asking ourselves if what we're doing is **best** for the future, and a common question that pops up is the **most suitable** location. Late last year I was invited to San Francisco and Silicon Valley to check out the **biggest** startup scene in the world. It was **fascinating** and a really **worthwhile** trip, but at times I found it equally uncomfortable about how different Valley culture is to what we have back home.

We've always felt that if you make a **high quality** product, then you'll be able to **successfully** sell it, **support** it, and market it from **wherever you like**, and eventually you'll have a **viable** and **sustainable** business. We also think that the **best** way to make **sensible** product decisions is to fund the business from our customers, because it forces us to only build **well-designed and relevant** products **that people actually want**. Venture Capitalists in Silicon Valley seemed more concerned with getting users rather than customers. A particularly striking moment for me was when one VC asked me why we had charged our customers money, and why we had even *bothered* with revenue, when we could have just given the product away to drive usage.

That approach might work for some, but there are

many more **successful** businesses doing things the old fashioned way – still **creating jobs** and **adding maximum value** to their customers at the same time. We felt more inclined to do that.

A lot of people, upon seeing a group of young Aussies abroad, would ask, "So when are you all going to move your startup over here?" For us it's an **interesting** question – and the answer is, "Not for a while yet." A lot of startups in our field have taken on overseas money and put it all towards capturing US market share, and time after time we found their product less useful and irrelevant for Australian businesses. Paying staff in Australia is a huge and time-consuming problem and to do it **right** you need software that's **specific, relevant and easy-to-use**. For exactly that reason, we're **excited** by the prospect of being able to **fix** payroll headaches for every Australian business, rather than by the possibility of **striking it rich** in a Californian gold mine. We get most **excited** by the prospect of working with our customers to build a **great** product **that solves problems** that they have, and that we **understand**, in a market we **know and love**. And that, in a nutshell, is why we stayed in Australia.

Adapted from <https://www.tanda.co/why-we-chose-fortitude-valley-over-silicon-valley/>. Used with permission.

Evaluating business decisions

Answers



Read the case study on page 47, then fill in the table to explore the pros and cons of Tanda's decision.

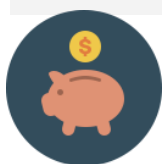
PROS of staying in Australia and not going to Silicon Valley	CONS of staying in Australia and not going to Silicon Valley
<p>Tanda know and love the Australian market.</p> <p>Tanda have a product that is specific, relevant and easy to use in Australia.</p> <p>Tanda prefer to make a high quality product and solve problems here.</p> <p>By staying in Australia, Tanda can create jobs and add maximum value for customers.</p>	<p>Tanda may not attract money from venture capitalists.</p> <p>Tanda may not be able to break into the US market so they may be limiting their potential.</p> <p>Tanda will not be in contact with other tech startups.</p>



Answer the question by following the steps below.

1 State your evaluation or judgement of a business action or decision using the language of evaluation

2 Explain your reasons for your evaluation using cause and effect language.



Link your reasons to the ultimate goal of business

TANDA
TIME & ATTENDANCE

Should Tanda stay in Australia or move to Silicon Valley?

Sample answer

Tanda should stay in Australia so they can focus on a high quality product in a proven market. Tanda knows the Australian market well so they are able to solve a huge and time-consuming problem for their Australian customers. By developing a high quality and relevant product for Australian businesses, Tanda can maximise revenue and profits in a proven market. On the other hand, by staying in Australia, Tanda may be sacrificing the opportunity to access the US market and also to gain additional funds from venture capitalists. As a result, in the future, after Tanda has consolidated their market presence in Australia, Tanda could consider expanding globally. Therefore, Tanda can maintain their presence in the Australian market and build their profits here, while also reaching out to international markets to ensure the potential of their product is maximised.



Teaching Module 7

Recommending in the business world

Key concepts

In this module, students will learn about:

- golden rules for recommending
- resources for recommending: modality and evaluative language
- how to write a paragraph that makes a recommendation.

Teaching suggestions

Make a poster

Use the language for recommending on p51 to make a poster for the classroom wall. Students will need to learn to use a combination of these language resources for recommendations, so it's useful to refer to them frequently.

Establishment options

Many of the activities in this module relate to the options for establishing a new business: starting from scratch, buying an existing business or buying a franchise. Students will need to learn about these options, and the advantages and disadvantages of each, before attempting this module. The table on p56 provides an opportunity for students to apply their knowledge to a case study (T&M Fitness). This page may be too tricky for students if they have not yet covered establishment options in class.

Before doing this module, it would be helpful to build the field by revising establishment options and their features in a class discussion.

Business editorials in the media

Do a survey of editorials in online media sources (e.g. online newspapers, Business Review Weekly, Financial Review etc). In editorials, how strong are the recommendations. Do they use high or low modality? What is the effect on the reader? What evidence is given to support recommendations?

Answers to activity on the right

High modality: 1 4 6 8 9 10. Low modality: 2 3 5 7

High and low strength statements

Enlarge this list of statements about business news (or update it with the latest news) and print it for students. Students cut out the statements and sort them into low and high modality statements. Low strength statements will be weaker, with low modality, while high strength statements will be stronger with high modality.

1. The Reserve Bank must keep interest rates low to support real estate investments.
2. As consumers are paying less for petrol, they may have more funds available for retail spending.
3. Business could save money on employee travel by using AirBnB instead of hotels.
4. Falling commodity prices will certainly cause problems for the mining companies.
5. The technology retailer Dick Smith may be required to pay \$15 million in backpay to employees who were underpaid.
6. Health authorities have to ensure that all food manufacturers comply with health and safety standards.
7. Telstra might introduce a policy of unlimited annual leave.
8. Government scientists at the CSIRO have been informed that they must improve their digital skills or they may be sacked.
9. Chinese companies must be prevented from buying too many Australian companies.
10. The Australian Competition and Consumer Commission has recommended that Woolworths should definitely be fined for selling faulty products.

Golden rules for recommendations

In your studies of business, you will be required to pretend that you are a management consultant or advisor to businesses. As a consultant, you are asked to give advice or provide recommendations. A scenario, or imaginary situation will be provided, then you will be asked to make recommendations. The box on the right gives you examples of questions you might be asked. Read the golden rules on this page so you can learn how to recommend like a business expert.



Examples of questions

You have been hired as a consultant to write a report to the management. In your report:

- **recommend** a source of finance for the factory expansion.

You have been employed as a consultant by the owners. Write a report to the owners **recommending** marketing and financial management strategies to improve the performance of the business.

Conclude with a **recommendation** as to which management practice would be most effective for the organisation. Include a reason for your **recommendation**.

(BOSTES 2013, 2014a; VCAA 2013)

STRONG BUT NOT TOO STRONG

Recommendations should be strong but not too strong. As a consultant, you have been hired by a company to provide advice. The company respects your expertise, but in return, it is important that you show respect for the company too. You can do this by making recommendations objectively, without being overly critical of the company's actions. Therefore, you should avoid making insulting or personal criticisms of the company's management or decision-making.

NO GUARANTEES

In a dynamic and changing business environment, there are no guarantees of success. Therefore, you should not promise or presume that the strategies you recommend will work perfectly.

BE OBJECTIVE AND IMPERSONAL

You should present your recommendations as objective and impersonal statements rather than as your opinions. After all, you are basing your recommendations on business theory which you did not invent.

DON'T

criticise a company's actions too harshly

The business made a series of stupid and disastrous mistakes.

give commands to the company owners (using second person, ie. you)

You should implement these strategies.

guarantee that your strategies will work

If the business increases the product price, profits will rise.

assume that your recommendations can stand alone

Promotional pricing is the best strategy.

give personal opinions

I don't think this is a good idea.

DO

acknowledge past mistakes respectfully

The business has identified that some past decisions have not been effective.

recommend to the company using third person (ie. not saying 'I' or 'you')

The business should implement these strategies.

offer your recommendations as one option

If the company increases the product price, profits may increase.

give reasons for every recommendation

Promotional pricing is the best strategy because sales are falling and the business needs to renew consumer interest in the product.

make your recommendations objective and impersonal

This may not be the most effective strategy for the following reasons: ...

Recommending using modal language *Answers*



Successful students use modal language for recommending.

Modal language helps the writer to take a position or to present a point of view.

Stronger language has **higher modality** e.g. *must, should*.

Weaker language has **lower modality** e.g. *may, could*.

The table below shows useful modal language for recommending.

Language for recommending	Higher modality	Medium modality	Lower modality
modal verbs (note: modal verbs are combined with other verbs e.g. <i>must go, will go, can go</i>)	must, ought to, need to, has to, had to, are required to, are obligated to	will, would, should	can, may, could, might
modal adverbials (note: adverbials give us more information about what is happening)	certainly, definitely, always, never, absolutely, in fact	probably, usually, generally, likely, unlikely	possibly, perhaps, maybe, sometimes
modal nouns	certainty, necessity, requirement, obligation	probability	possibility
useful sentence starters	It is essential that... It is necessary that... It is required that... The business must ...	It is likely that... This suggests that.... The business should ...	It is possible that... The business could consider ...

Read this paragraph. Find and underline the modal language.

What licenses do I need to have a market stall?

Whether you are selling cupcakes at your local farmers' market or beaded necklaces at the weekend craft fair, it is likely that you will have to obtain some type of registration, licence, permit or insurance to run your stall. If your market stall obstructs the footpath, you must apply for a footpath usage or obstruction permit from your local council. Many market organisers require insurance against the possibility of accident or injury. You may be obligated to obtain both public and product liability insurance so that you are definitely covered. If you sell fruit, vegetables, or other goods by measurement (e.g. weight, length or volume), you are required to comply with trade measurement laws. Trade measurement laws cover how you measure and label your goods, and the measurement tools (e.g. scales) that you can use. Your legal requirements may differ depending on the type of product and quantity you sell. The food at a market must comply with the Food Standards Code. (Source: www.business.gov.au/licences)

What is the difference between recommending and explaining? *Answers*

There are three main differences between an explanation and a recommendation:

	Explanation	Recommendation
1 Purpose (or genre)	The purpose of an explanation is to show how or why something happens	The purpose of a recommendation is to advise someone about what they should do.
2 Relationship between the writer and reader	The writer of an explanation is distant from the reader and does not refer to the reader directly.	The writer of a recommendation has power. The writer is an expert providing advice to the reader who is the client.
3 Language resources	Explanations use cause and effect language to show the implications of business actions and decisions and strategies.	Recommendations use the language of modality and evaluation. Recommendations also use cause and effect language to provide evidence or reasons to justify recommendations.



Which paragraph below is an explanation and which one is a recommendation? How can you tell? Refer to the three differences above and write your reasons on the lines provided.

Paragraph 1: Rob and Thao should buy an existing business. As they have not run a café before, they may find it too difficult to start from scratch. If Rob and Thao buy a business that is already operating, they can use the existing stock, equipment, premises and staff, which are significant advantages. Another benefit is that the café's existing customers can continue to come to the café, giving Rob and Thao a customer base to build from. If there are any teething problems for the business, existing employees can assist them. For these reasons, buying an existing business is the most effective establishment option.

This paragraph is a recommendation

How can we tell? It advises the owners what to do 'Rob and Thao should ...'. This makes the author powerful, as if they are an expert. Paragraph 1 also uses modal language (should, may, can) and evaluation language. Evaluative language: positive – advantages, benefit; negative – difficult, problems. The paragraph also gives reasons using cause and effect language to support the recommendation.

Paragraph 2: Buying an existing business has benefits but also some disadvantages. If a business owner purchases a business that is already running, they can use the existing stock, equipment, premises and staff. As a consequence, the transition to the new business may be easier and more cost effective. Another benefit is that existing customers can continue to purchase goods and services, leading to a customer base for the new owners. On the other hand, existing employees may cause staffing problems with the new owners, as a result of possible hidden problems with the business. Buying an existing business can also be expensive due to the purchase of goodwill.

This paragraph is an explanation

How can we tell? It explains the benefits and disadvantages of buying an existing franchise. Cause and effect language is used, such as: if, as a consequence, leading to, cause, due to, as a result of. There is no recommendation or advice given.

How to recommend

Answers

In business, a recommendation needs to be supported by a reason or evidence.



Read this 3 step model for writing a recommending sentence in business.

1 State what the business should do using modal language

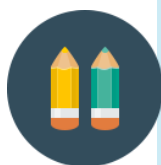
2 Use a conjunction to show cause and effect

3 Explain the reason why the business should follow your recommendation

The company **should** hire more staff

in order to

meet the needs of new customers and manage growth for future profits.



Write 4 sentences about what new businesses should do to maximise their chances of success. The success factor is provided in the left hand column. Turn the success factor into a recommendation, using modal language and add a reason.

Success factors
eg. *conduct market research*

New businesses should conduct market research

so

they can understand consumer demand and maximise sales and profits.

1. select the best establishment option (e.g. franchise or buying an existing business)

New businesses need to select the best establishment option

so

they have the best chance of success.

2. find a good location for the business

New business owners must find a good location for the business

so that

they are located close to customers and suppliers, and therefore, they can maximise revenue.

3. create a business plan

New businesses must create a business plan

since

effective business planning is essential for financial management and growth.

4. consider various sources of finance

New businesses should consider sources of finance

because

different sources of finance suit various stages of business growth, to maximise the chances of success.

Making recommendations stronger or weaker *Answers*



Re-write these statements and make them stronger by using modal language from the box below.

STRONGER modal language

must
ought to
needs to/need to
has to/have to
is/are required to
are/are obligated to
always
certainly definitely
absolutely

1. All companies might like to consider complying with Workplace Health and Safety legislation. All companies **must comply** with Workplace Health and Safety legislation.
2. Business owners could meet their responsibilities to avoid health and safety problems for employees, customers and the public. Business owners **have to meet** their responsibilities to avoid health and safety problems for employees, customers and the public.
3. Under WHS legislation you might provide safe premises, safe machinery and safe systems of work. Under WHS legislation you **are required to** provide safe premises, safe machinery and safe systems of work.
4. In addition, business owners might provide training and instruction for employees. In addition, business owners **are obligated to** provide training and instruction for employees.
5. Business owners may identify risks and implement strategies to eliminate or mitigate these risks. Business owners **must** identify risks and implement strategies to eliminate or mitigate these risks.



Re-write these statements and make them weaker by using modal language from the box below.

WEAKER modal language

can, may, could, might
sometimes
possible, possibility
likely

6. Acme Pty Ltd must implement a social media campaign in order to definitely connect with younger consumers. Acme Pty Ltd **could** implement a social media campaign in order to **possibly** connect with younger consumers.
7. The owners of Acme have to spend more on advertising and promotions so that they will certainly improve their market share. The owners of Acme **could** spend more on advertising and promotions so that they **might** improve their market share.
8. Another strategy that Acme needs to implement is a reduction in the product price so they are guaranteed to be competitive. Another strategy that Acme **could consider implementing** is a reduction in the product price so they are **likely** to be competitive.
9. For their mature products, Acme is obligated to update the branding and packaging. For their mature products, Acme **could** update the branding and packaging.
10. Poor-performing products must be deleted and sold off. Poor-performing products **may** be deleted and sold off.

Writing a recommendation paragraph



Business reports need REEL recommending paragraphs as well as PEEL paragraphs.

A recommendation paragraph is different from a PEEL paragraph.

The POINT becomes a RECOMMENDATION.

So, the PEEL paragraph becomes a REEL paragraph.



REEL paragraphs use modal language AND they also use cause and effect language.

R
E
E
L

RECOMMENDATION

Recommend something to the business. Use modal language.

EXPLAIN

Explain the business theory behind your recommendation. Use cause and effect language.

EXAMPLE

Relate the theory and your recommendation to the scenario / case study and exactly how your recommendation will impact the business.

LINK

Link the recommendation to profitability and costs. Link to the business problem you are solving.



Read this REEL paragraph. The writer is making a recommendation to a company, Acme Pty Ltd.

R
E
E
L

Acme Pty Ltd must ensure a safe workplace for staff and customers.

Creating a safe work environment is critical to the success of every business, and is one of the best ways to retain staff and maximise workplace productivity. Under Workplace Health and Safety legislation, Acme Pty Ltd must provide safe premises, safe machinery and equipment, safe systems of work, information and training, and a suitable working environment. Therefore, a safe working environment is essential for Acme's profitability and success.

Recommend for a scenario

Answers



A scenario is like a case study, but it is fictitious.

Scenario

Todd and Mike, friends from school days, are thinking of opening a fitness centre and gym. Neither of them have any experience running a business, but they are very interested in the fitness industry. Todd is a qualified personal trainer and Mike has been a teacher of PDHPE. Todd and Mike are considering establishment options: whether to buy an existing business, buy a franchise or to start their own business. You have been hired as a business consultant to advise them on the best establishment option.

T & M Fitness

Facts about the fitness industry

- The fitness industry is currently worth \$1.4 billion in Australia and it is set for continued growth over the coming years. (Source: ABS)
- Fitness is increasingly popular and there is growing awareness among consumers about healthy living and the need to exercise regularly.
- Competition in the market is fierce, especially due to new entrants such as Anytime Fitness who offer low cost memberships and are open 24 hours a day.
- Competition has been driving membership fee prices down for consumers.
- Gyms can be expensive to set up, especially due to the high cost of quality fitness equipment.



Use your knowledge of establishment options to fill in this table. Identify the strengths and weaknesses of each option for Todd and Mike, and considering the facts about the fitness industry.

Establishment	Advantages	Disadvantages
Starting from scratch	Todd and Mike would have freedom to be creative in the way they run their new business; they can start small and control growth; this is a cheap option as they do not have to pay for a franchise or goodwill.	Starting from scratch is a high risk option for Todd and Mike as there is no support for the new owners and the market is highly competitive; it may be hard for Todd and Mike to get a business loan as they have no experience; it may take a long time to generate consistent revenue and to build a customer base.
Buying an existing business	Existing customers (gym members) from the old business mean instant revenue; existing stock and equipment can be maintained; existing employees (e.g. trainers or reception staff) can help the new owners to adjust.	Goodwill could be expensive; there may be hidden problems in the existing business; employees may resent change and cause problems for Todd and Mike; the existing image of the business may be hard to change.
Buying a franchise	New owners can be supported with training by the franchisor; in a competitive market, the branding of a large franchise might minimise risk; the franchisor can advise Todd and Mike on advertising and marketing; it may be possible to get cheaper deals on gym equipment.	Todd and Mike will not have as much freedom as they have to follow the franchisor's rules; the cost of buying a franchise can be high; profits must be shared with the franchisor and franchise fees may also increase the costs of the business; Todd and Mike have to rely on decisions made by the franchisor.

Writing recommendations

Answers

As a business consultant for Todd and Mike, advise them on two aspects of their business: whether or not they should lease or purchase gym equipment and what option they should choose for establishing their new business.

T & M Fitness



Recommend

Explain the business theory behind your recommendation using cause and effect language.

Explain the impact on the business.

Link your main point to profits and costs.

Should Todd and Mike lease or buy their gym equipment?

R

RECOMMEND

Todd and Mike should lease gym equipment for their new business.

E

EXPLAIN

Equipment can be a significant expense when establishing a new business. In the fitness industry, gym equipment is very expensive.

E

EXAMPLE

Leasing is a less expensive option because Todd and Mike will not have to pay the full price of the equipment such as treadmills and weights machines upfront. Also, if the technology for equipment improves, Todd and Mike can easily access the new equipment under the lease agreements.

L

LINK

Since the costs of gym equipment are very high, leasing is the best option for Todd and Mike to help them minimise costs.



Write a paragraph that recommends the best option that for Todd and Mike to establish their new business.

What establishment option should Todd and Mike use?

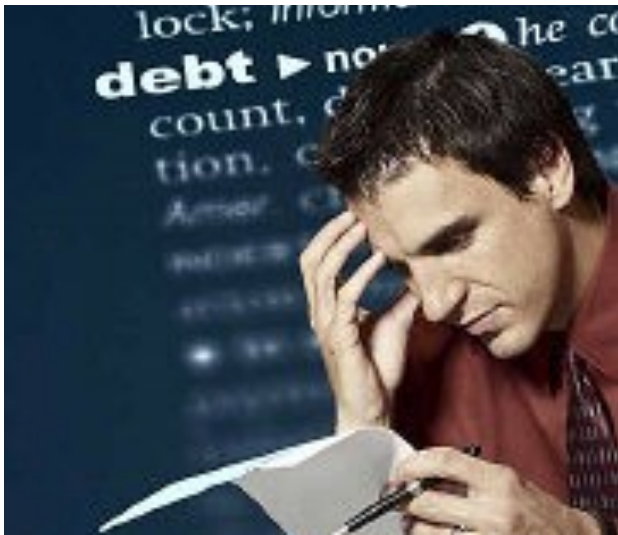
Possible answer

Recommendation: Todd and Mike should purchase a franchise for their fitness business.

Explain: The fitness industry is a huge market, worth \$1.4 billion, so it has the potential for growth and profits. However, the fitness industry is also highly competitive, with many large players such as Fitness First and Anytime Fitness. Gyms are also expensive to set up due to the high cost of equipment. Therefore, it could be difficult for new players to enter the market and achieve success.

Evidence: Todd and Mike have no experience running a gym so the risks of starting a new business are high. As a result, buying a franchise could provide Todd and Mike with training and support, as well as marketing help. However, the costs of a setting up a business will be high, due to the franchise fees, so Todd and Mike will have to manage their finances carefully and they may have to wait a long time for profitability.

Link: Consequently, a franchise provides the best opportunity for Todd and Mike to achieve success in the highly competitive fitness industry.



Teaching Module 8

Interpreting a question / instruction

Key concepts

In this module, students will learn about:

- how to interpret the parts of an examination or assignment question or instruction
- how to plan a response to a question or instruction.

Teaching suggestions

Common problems in examination situations

Research shows that successful students can plan and write a response in the time allowed, adhering to a word limit. Less successful answers tend to have these characteristics:

- Students write everything they know about a topic without addressing the question or instruction specifically or directly.
- Students write a page or more of description about the case study then run out of time to answer the question or follow the instruction.
- Students only answer one or two parts of a multi part question and then run out of time/energy.

Why we need to teach this in senior school

It may seem strange to be teaching examination skills and essay planning skills in Year 11. Why don't students already have these skills? Research shows that the demands of academic writing increase substantially in Year 11. Also, in junior secondary school, not all subjects require students to write longer texts, and many schools do not have regular examinations involving writing extended responses. In some cases, even though skills may have been taught in lower year levels, students may not have been paying attention or they may not have had the chance to implement these skills. For these reasons, building interpretation, planning and writing skills are essential for success in senior schooling.

Three types of practice

Using past examination papers or sample questions, students can practice:

1. identifying the purpose of a question (e.g. explain, give recommendations etc)
2. identifying the parts of a question (scenario, statement, task words, scope)
3. planning the headings they would use in an answer
4. planning a 'word budget', that is the number of words they would spend on each part of the answer and/or the amount of time they would spend on writing.

This practice can be done without composing the answer in full. In this way, students will become accomplished at analysing and planning an answer. The other modules will help students to complete the picture by mastering writing skills as well.

Getting to know my own writing

Students should be encouraged to explore their own writing style and habits so that they know how many words they write per page. Large writing may mean 200 words per page while students who write small 'chicken scratching' letters may write 400 words per page. Students need to know how many pages they will have to write in an examination.

In these days of computer based texts, students may need help in writing quickly in timed conditions. Practise building up student stamina for writing by giving 5 minute timed writing tasks related to the syllabus topics. Gradually build up the timed writing tasks to 10 and 15 minutes. These can also be done for homework to save precious class time.

Ask students to share their writing with other students to find out whether their writing is legible for potential markers / assessors.

Parts of a question or instruction

Answers

Assignment and examination questions in Business Studies and Business Management can be quite complex. Here are the parts or stages of a question or instruction.

If you practise identifying the parts of the question or instruction, you will be able to plan your answer more quickly and easily.

task word



A task word tells you what to do. A task word can be a **wh-question**:
who? what? when? where? how? why?
Or a task word can be an **instruction word**:
e.g. analyse, explain, discuss, identify
More than one task word may be needed to tell you what to do:
e.g. discuss the reasons why...

scope



The scope is the specific **list of content** to cover from the business theory
*e.g. two establishment options
three sources of finance*

statement



A **statement** is a quote that you have to respond to, agree with or disagree with.
e.g. 'Innovation is critical for success.'
The statement may be in quotation marks.

scenario



A **scenario** is a story that you will have to address to show your knowledge. The scenario can be factual or invented.

Example 1

'The only constant in business is change.'

With reference to this quote and to **one business you have studied**, **discuss the strategies** used by the business **to manage change**.

task words

statement

scope

scenario

Example 2

Emu Uniform Manufacturers Pty Ltd are a successful business based in NSW. They currently supply a range of school, sport and work uniforms to a large number of customers throughout Australia. They are known for their outstanding customer service and high quality products. Sales have been increasing for many years and they have recently received a large long-term contract to supply uniforms to a major company. This will require them to significantly expand their output. To do this, the business will have to outsource overseas or spend \$5 million to expand its existing factory in NSW.

You have been hired as a consultant to **write a report** to the management. In your report:

- **recommend** a **source of finance** for the factory expansion
- **discuss outsourcing overseas compared with** the **factory expansion**
- **explain** the **global factors** that need to be considered if they decide to use **outsourcing as an operations strategy**.

task words

scope

Interpreting the question or instruction *Answers*



Identify, circle or highlight the parts of these assignment instructions / questions. An instruction will usually have a scenario OR a statement, not both.

Question 1

Phillip and Janice worked in a bank, but had always wanted to run their own business. While on holiday in a small seaside town, they noticed that the local general store and takeaway food shop was up for sale. The business is the only one of its type in the town, but the town is very small and seems to have a reasonable large population only during summer and holiday periods when the local camping and caravan park and other holiday accommodation are all full. They are very interested in purchasing the store, but realise they have to make a number of important decisions before committing to making an actual offer on the store.

scenario

scope

As a business consultant, **prepare a report** that could be given to Phillip and Janice. In your report, you should **outline** the possible advantages and disadvantages of buying the store.

task words

Question 2

"Be in business for yourself, but not by yourself."

statement

task words

With reference to this quote and at least one case study, **describe** three advantages of owning a franchise.

scope

Question 3

task words

Analyse both the causes of workplace disputes and the strategies used to resolve them.

scope

Question 4

task words

"When you buy a business, you get what you pay for."

statement

Use your knowledge of business establishment options to **discuss** this comment. Refer to case studies in your response.

scope

Question 5

task words

Bill and Jane have owned and operated a café in a busy restaurant area for many years. They specialise in fast healthy food that is popular with 18-30 year olds. Recently a multinational franchise opened in the area in response to an expected increase in the population.

scenario

a) **Outline** two strengths of the café.

scope

b) **Outline** two opportunities for the café.

c) **Discuss** one marketing strategy that Bill and Jane could use to respond to the threat posed by the opening of the multinational franchise in the area.

statement

Question 6

task word

Management in a large-scale organisation is faced with the challenge of managing change effectively. **Describe** two possible effects that change may have on the internal environment of an organisation. In your response, refer to a significant change issue that you have studied.

scope

Planning your writing Answers



Successful students plan their answer before they start to write

Read the assignment question below and evaluate the plans by Student A and Student B.



These photos represent the three main establishment options for a new fast food business. Explain three risks involved in each option and use case studies as examples to support your ideas. Your answer should be approximately 800 words.



Plan by Student A

Introduction – 150 words

Advantages of buying a franchise - 100 words

Disadvantages of buying a franchise – 100 words

Advantages and disadvantages of buying an established business – 200 words

Advantages and disadvantages of starting from scratch – 50 words

Plan by Student B

Overview of establishment options – 100 words

Case study of a franchise – 200 words

Case study of buying an established business – 200 words

Case study of starting from scratch – 200 words

Risks of the different establishment options – 100 words

Note the pros and cons of each plan here: Neither of these plans are suitable. Student A's plan includes the risks of each option but it also includes the benefits, which is not required by the question. There is no specific reference to a case study in the plan. Some establishment options have a higher word count than others, for no reason. Student B's plan uses case studies which is required by the question. However, it only focuses on risks briefly at the end, in 100 words. Most of the response provides an overview of case studies, which does not directly address the question.



In the box on the right, write a plan for an extended response that follows the instructions exactly in 800 words.

Plan

Introduction: Summary of the risks of the three options 100 words

Risks of starting from scratch (including a case study) 200 words

Risks of buying a franchise (including a case study) 200 words

Risks of buying an existing business (including a case study) 200 words

Conclusion – summary of main risks for the case studies 100



Teaching Module 9

Writing an extended response

Key concepts

In this module, students will learn about:

- the stages of an extended response
- how to write an introduction
- what to write in a conclusion
- how to structure an extended response..

Teaching suggestions

Energy efficient buildings

This module presents a case study of Switch Automation. This company provides technology that helps commercial and residential buildings to be more energy efficient. This is an abstract concept, so students may need help to understand what the business does.

These questions and points might form the basis of a useful class discussion:

- How do students in the class conserve electricity? (e.g. turning TVs off rather than using standby, using ecosave utilities on the computer etc)
- What is the cost of energy for a school / business?
- How would a business know how much energy they were using? (ie. usually only through their bills, not as the are using it).

These facts about electricity might also be helpful:

Australian Bureau of Statistics: Electricity Expenditure

During 2011-12, business expenditure on electricity totalled \$20.2b (which equated to 154,439 GWh of electricity generated), of which large businesses accounted for 52.6% (or \$10.6b) and 66.7% (or 102,973GWh) of the electricity used by all businesses. In contrast, small businesses accounted for 30.5% (or \$6.2b) of expenditure and 19.5% (or 30,051GWh) of total electricity consumption.

In 2011-12, the **Manufacturing** industry was the largest user of electricity and accounted for the largest share of the expenditure, with 43.6% (or 67,400 GWh) of electricity consumption and 27.3% (or \$5.5b) of total electricity expenditure.

Pros and cons of sources of finance

This module covers sources of finance. The activities are not intended to teach these concepts so students should know about sources of funding before doing this module.

To help students revise their knowledge, the class could create a table that outlines the pros and cons of each source of finance. This activity is useful for field building before this module. In groups, students could be allocated one source of funding and research the pros and cons, reporting back to the class. The table below is an example:

Source of finance	Pros	Cons
self funding	no need to persuade anyone else to invest; owners can keep control over decision-making	owners may need to use personal savings/assets; high -risk e.g. the could lose their house; may not be able to access enough funds to do anything substantial
staff equity	owners do not need to increase salaries, with more cash left over for business growth; staff may feel more motivated as they 'own' part of the business	staff members with equity may disagree with owner decisions, causing dissatisfaction; no actual cash is generated and staff may still need salary increases in the future
private investors	the business can obtain funds for development and growth	other stakeholders may interfere in decision making; investors may disagree with owners; owners now have 'bosses'; owners could lose control over the business
government grants	the business can obtain funds for growth	there is a limited range of purposes for government funding; the grant application process is time consuming and may not be successful

The stages of an extended response



This page shows the stages of an extended response. Each stage has a different purpose and so needs a different format and language features. These stages may vary depending on the assignment question or instruction. For example, there may be two case study paragraphs and 5 PEEL paragraphs. In general, this is a good structure to master and you can learn to vary the patterns of paragraphs later. The page references will show you where to go in this book to find out more.



Introduction paragraph

page 64



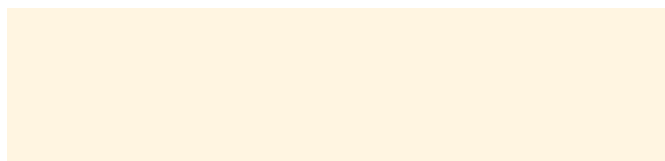
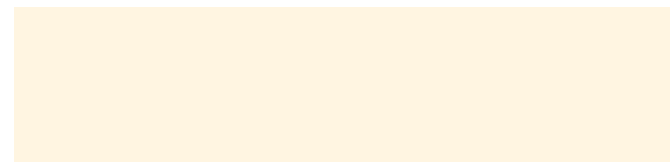
Case study paragraph

page 32



PEEL paragraphs (3-5 paragraphs)

page 20-26



Conclusion paragraph

page 65

Introduction Answers



An introduction paragraph is like a movie trailer. A movie trailer gives you a **PREVIEW**. It shows you what the movie is about and what you can expect. For this reason, the introduction does not follow the stages of a PEEL paragraph.

A good introduction:

- **States the topic** of the extended response or report, using wording from the assignment question or instruction
- **Previews** the business theory or syllabus dot points that will be covered
- **Identifies the case study** that will be used to support the business theory.



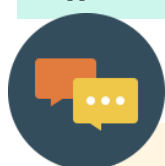
Read this example of an introduction paragraph and look at the stages of the introduction. The assignment question is: *How can businesses manage growth effectively?*

Business growth creates many opportunities and challenges so it must be managed effectively. Business growth can be managed by several strategies: increasing staff to deal with customer needs, improving the capacity to provide products and services and improving systems and technology. This essay will explain how an Australian company, Total Health, has dealt with exceptional growth and managed change effectively.

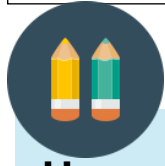
states the topic of the extended response

previews the answers, in order

identifies the case study



PEEL paragraphs should follow the order or sequence of ideas previewed in the introduction.



Here are three Points from three PEEL paragraphs. If they follow the introduction above, what order should they appear in? Number them 1, 2 or 3.

Growth can also be managed by improving technology and systems.

In order to meet increased customer needs, more staff members are required.

As a result of increased sales, production should be increased so that the company can meet demand.

**Order
1, 2, 3**

3

1

2

Conclusion Answers



A conclusion paragraph does not follow the PEEL stages.



Remember our case study of OneShift (pp 29 -34)? Re-read the case study then look at this example of a conclusion paragraph. The conclusion summarises how OneShift has managed growth effectively. Underline the cause and effect language.

A conclusion gives a WRAP-UP of the entire extended response. A good conclusion:

- **Summarises** what has been covered
- **Explains** the main impact of the topic on business profits, using cause and effect language
- May **evaluate** the most important or effective impacts on the business (optional).



A conclusion is different from an introduction because it shows what is interesting or important about the topic or it can give a final evaluation.

Three main strategies for managing business growth have been identified. OneShift has managed growth by hiring new staff, improving technology and by buying a jobs platform so that clients have access to more potential jobseekers. These three strategies have enabled the company to meet the challenges of increased sales and maximise profitability during a time of change. The most significant growth strategy is the upgrade of new technology because the new mobile app will enable the company to grow in the long term as well as in the short term.

summarises what has been covered

explains the main impact of the topic on business profits

may evaluate the most important or effective aspects of the topic



Write an alternate final sentence for the extended response. Rather than choosing new technology, choose one of the other growth strategies implemented by OneShift. Explain how this will impact on the company and write your final sentence below.

Sample 1: The most significant growth strategy for OneShift is hiring new staff, because the company needs new employees in order to service their customers and develop the systems to support the business.

Sample 2: The most significant growth strategy for OneShift is acquiring more resources like the Adage jobs board. This is because the company needs to maintain the quality and variety of their services so they can improve customer satisfaction

Planning an introduction and conclusion *Answers*



CASE STUDY

Switch Automation is an Australian company that runs building automation systems. Switch Automation offers cloud-based technology for monitoring and controlling energy use in large buildings. They have recently expanded to the USA.

Read the information about a case study, Switch Automation.
Then follow the instructions below and on the next page.



Founders of Switch Automation:
Deb Noller (above)
and John Darlington (below)



Assignment question:

How can businesses use different sources of finance to manage growth?

One source of finance is self funding, which means that business owners use their own money and revenue from the business. Self funding is effective **because** it enables the business to get started and prove that it is viable. Self funding is also important **because** future investors often expect owners to invest in their own business before they agree to offer further finance. Switch Automation's founders, Deb Noller and John Darlington, used their own savings **to** start the business. **As a result**, they had the freedom to make their own decisions and prove that they had a product that customers need.

Another way that businesses can obtain finance is to offer shares to staff instead of high salaries. Offering employees equity in the business can be an effective strategy for obtaining finance in a growing business. Switch Automation's Deb Noller offered equity to staff to help the company grow. She offered employees lower salaries but also shares in the company. **Consequently**, the employees and the business owners share in future profits and success.

A third source of finance involves private investors or angel investors. Angel investors are individuals or groups who provide finance for a business in return for a share of the company. Switch Automation gained \$1.25 million in funding from Scale Investors, an Australian angel investor network. **By** obtaining angel finance, Switch Automation has been able to expand into the American market and **therefore** gain more customers and grow.

Governments can also provide finance for businesses to fund growth. Some businesses may be eligible for Australian government grants for research and development or **in order to** support Australian exports. At the end of 2011, Switch Automation was awarded a \$2 million Commercialisation Australia grant **to** help develop their technology. Therefore, the government grant assisted the company **to manage growth** and increase profitability.



Read these
PEEL
paragraphs
about Switch
Automation.

Underline the
POINT in
each
paragraph.

Circle all the
words related
to the
assignment
question.
(Answers in
italics)

Highlight the
cause and
effect
language.
(Answers in
bold)

Planning an introduction and conclusion *Answers*

On this page, you can plan your ideas for an introduction and conclusion to go with the PEEL paragraphs on page 66. Write your introduction and conclusion on the pages to follow.



Summarise the main point of each paragraph on page 66. These points will go in your introduction.

Main point of paragraph 1

One source of finance is self-funding.

Main point of paragraph 2

Another source of finance is offering shares or equity to staff.

Main point of paragraph 3

Another source involves angel investors.

Main point of paragraph 4

Another source of finance is government grants.



In a conclusion, you are required to summarise the main points that have been covered but also to evaluate the most important ideas. To help you, answer the questions below.

1. What sources of finance were used during the early stages of growth in Switch Automation's business? In the early stages of growth, Switch Automation obtained finance through self-funding and offering equity to staff.
2. How did these sources of finance help the business at that time? Self-funding helped launch the business at the beginning, while offering shares to staff helped the business to grow.
3. What sources of finance are being used during the growth stage of the business? In the growth stage of the business, Switch Automation used angel investors and government grants.
4. Why did Switch Automation need to find these additional sources of finance? Switch Automation needed angel investors to expand globally, and they needed the government grant to develop their technology effectively.
5. Using the list of evaluative language on page 46, find some suitable positive wordings to describe the sources of finance used by Switch Automation during the growth of the business. effective, suitable, appropriate, advantageous, targeted, well-planned, significant
6. From your analysis on page 66, write down all the wordings related to the question, that is, the words related to sources of finance and growth. growth: grow, growing, expand; source of finance: self-funding, finance, investors, money, revenue, shares, equity, angel investors, private investors, angel finance, grants.

Extended response - introduction & case study *Answers*



This page and the next page show how the **PEEL** paragraphs about **Switch Automation** fit into an extended response. Use your plan for an introduction on page 67 to complete the introduction paragraph. Next write a case study summary about **Switch Automation**, using the case study information on page 66 and the model on page 32.

How can businesses use different sources of finance to manage growth?

Businesses can use a range of sources of finance to manage growth. Different sources of finance can help a business at different stages of growth. Self-funding and equity finance are useful in the early stages of growth. In the later stages of expansion, angel investors and government grants can provide the funds necessary for sustained growth. These sources of finance will be explored in relation to the case study, Switch Automation.

← state the topic of the extended response

← preview the answers (about 4 sources of finance)

← identify the case study

Switch Automation is an Australian company that offers automation for large buildings. Switch Automation's cloud based software monitors and manages energy usage in the building. The business is owned by Deb Noller and John Darlington. The case study of Switch Automation will explain how different sources of finance helped the business to grow and expand internationally.

← write a case study summary paragraph

PEEL paragraph 1

One source of finance is self funding, which means that business owners use their own money and revenue from the business. Self funding is effective because it enables the business to get started and prove that it can work. Self funding is also important because future investors and leaders expect self funding before they agree to offer finance. Switch Automation's founders, Deb Noller and John Darlington, used their own money when the business started. This gave them freedom to establish the business and make their own decisions, which provided a foundation for profitability.



Look at page 69 for the next part of the extended response

Extended response - conclusion *Answers*



Use your answers to questions on page 67 to write a conclusion to the extended response about Switch Automation.

PEEL paragraph 2

Another way that businesses can obtain finance is to offer shares to staff instead of high salaries. Offering employees equity in the business can be an effective strategy for obtaining finance in a growing business. Switch Automation's Deb Noller offered equity to staff to help the company grow. She offered employees lower salaries but also shares in the company. Consequently, the employees and the business owners share in future profits and success.

PEEL paragraph 3

A third source of finance involves private investors or angel investors. Angel investors are individuals or groups who provide finance for a business in return for a share of the company. Switch Automation gained \$1.25 million in funding from Scale Investors, an Australian angel investor network. By obtaining angel finance, Switch Automation has been able to expand into the American market and therefore gain more customers and grow.

PEEL paragraph 4

Governments can also provide finance for businesses to fund growth. Some businesses may be eligible for Australian government grants for research and development or in order to support Australian exports. At the end of 2011, Switch Automation was awarded a \$2 million Commercialisation Australia grant to help develop their technology. Therefore, the government grant assisted the company to manage growth

This extended response has explained four main sources of finance and how they helped Switch Automation to grow. Self-funding and staff equity helped the business to start up and find customers. In order to expand globally, Switch Automation needed further funds. As a result, they approached private investors, Scale Investors, and also they obtained a large grant from the Australian government. These two sources of finance helped the company to develop its technology and to expand to the US. The most important source of finance so far has been the Australian government grant of \$2 million because it does not need to be repaid. Due to this grant, Switch Automation's technology could be developed to support future growth and profits.

← summarise what has been covered

← explain the main impact of the topic on business profits



Use cause and effect language

← evaluate the most important source of finance for Switch Automation

Extended response template



Introduction



Case study paragraph



PEEL paragraph



PEEL paragraph



PEEL paragraph



PEEL paragraph

**Conclusion
paragraph**



Teaching Module 10

Writing a business report

Key concepts

In this module, students will learn about:

- the features of a business report
- the stages of a business report
- how to write an executive summary
- how to plan, structure and write a business report.

Teaching suggestions

Jigsaw activity

On page 77, Activity 1 suggests 4 aspects of language that students can search for in the model business report:

- a) cause and effect language
- b) modal language
- c) words that positively evaluate opportunities
- d) words that negatively evaluate opportunities or risks.

It is probably too much to ask students to look at all of these features in the entire report

This activity could be completed as a JIGSAW activity. Break the class into groups and give each a different section of the report (e.g. one column of text) and one language feature to highlight/underline. Then students can share their findings with other groups.

When searching for positive and negative evaluations, it is important for students to notice what wordings contain implicit and explicit positive and negative evaluations. For example, costs are negative, but lower costs are positive. By asking students to identify the patterns of positive and negative evaluations, they will notice how business experts reason, think and write. It is most important to note that evaluations are not based on personal opinions but instead on business theory, profits and success. Hopefully, students will also be able to use these resources in their own writing, for improved marks in assessment tasks.

Model of business report

A model of a business report is provided in this chapter. This model text includes recommendations for a business. Of course, not all reports include recommendations. As explained on page 74, the contents and structure of a report will depend on its purpose. In studies of business, the assignment question or instruction will determine the structure of the report.

Big Dog Pet Foods is a real company and they have given permission to include company information in this book. However, the model text included in this chapter is invented. We needed an example of the kind of business report that students have to write. This is not easy to find in the actual business environment as real business reports:

- are complex
- may not be related to particular business syllabus topics, but often combine several business topics or theories
- often avoid direct recommendations
- are sometimes confidential and not publically available.

This means that teachers will need to review actual business reports carefully to determine their purpose and audience before using them as models in the classroom.

Media search: business reports

Distribute some actual examples of business reports in class or do some company searches on the internet. Ask students to find any recommendations in business reports. Investor presentations are likely sources of evaluative language. Check out these investor reports for one of the case studies used in this book:

Investor presentation SurfStitch
https://www.surfstitchgroup.com/__resources/userfiles/file/20150513-Project-Gilmore-investor-presentation.pdf

What are business reports?

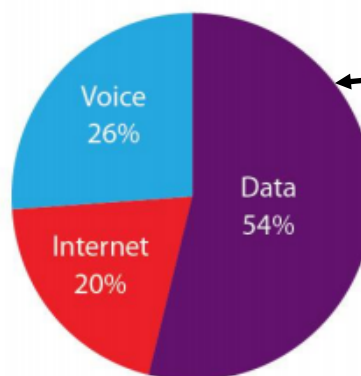
Business reports come in different forms including annual reports, business plans, and capital raising reports. This page shows an example of a real business report from an Australian telecommunications company, TPG. Features of the report layout are shown below. You can use google to access the annual reports of most publicly listed companies, and it is worthwhile exploring the different ways companies present information to their shareholders and to the public.

4.2 Customer growth (continued)

Corporate division

Headings and sub-headings to organise sections

The Group's Corporate division customer base has also grown significantly this year with the addition of the AAPT customer base increasing the Group's Corporate division revenues to over \$600m annualised. The split of Corporate division annualised revenues at the end of the year by customer and product category is set out below.



Data displays such as pie charts and graphs

Information presented in full sentences and dot points

4.3 Network infrastructure update

At the core of the Group's business is its extensive telecommunications network infrastructure. With the addition of AAPT during the year, the Group now operates a national, state-of-the-art network that consists of:

- Over 17,000km of metro and inter-capital fibre network;
- Australia's largest dedicated dark fibre network (over 5,000km);
- More than 400 national network points of presence (POPs);
- Over 400 DSLAM enabled exchanges, offering Mid-Band Ethernet and ADSL services;
- One of Australia's largest and most sophisticated voice networks, moving over 184 million calls per month;
- PPC-1, our 7,000km submarine cable connecting Sydney to Guam, and onward to the US and Asia;
- International services delivered in New Zealand, Singapore, Hong Kong, Japan and the US;
- Significant cloud computing and storage footprint distributed across six locations nationally; and
- One of Australia's largest Internet exchanges.

This infrastructure investment provides an important foundation for the continued growth of the Group's customer base and profits into the future.

Excerpt from TPG Telecom Ltd Annual Report year ended June 31, 2014
<https://www.tpg.com.au/about/pdfs/FY14%20Annual%20Report.pdf>

The stages of a business report



This page shows the stages of a business report. Each stage has a different purpose. In general, the format below is a useful structure to master. After you learn this basic structure, you can then vary the patterns of paragraphs based on the assignment focus question. The page numbers listed below will show you where to look in this book to find out more.



Executive summary

page 75



Introduction paragraph

Preview what problems or issues the report will address and what recommendations will be made

page 64

Heading (first part of the question or instruction) followed by related paragraphs

pages 59-61
show you how to
analyse the
question or
instructions
structure and
organise this part
of your report

Heading (second part of the question or instruction) followed by related paragraphs

Heading (third part of the question or instruction) followed by related paragraphs

pages 6-7
show you how to
write dot points

Conclusion paragraph

page 65

The executive summary

Answers



An executive summary does not follow the PEEL stages. The style of writing should be formal, impersonal and objective.



The Executive Summary appears first in a report, but you need to write it **last**. In exam conditions, leave a space then fill it in at the end.

An executive summary provides a synthesis or summary of the full business report. It appears at the beginning of a business report. It is intended to be read by busy managers, in case they do not have time to read the full report. An effective executive summary follows these stages:

1. a statement of the report brief or task from the client
2. a summary of what the report covered, in the same order as the full report
3. recommendation/s
4. reasons or justification to support the recommendations.

The executive summary must only include information that is in the full report.



Read this executive summary then write the names of the stages in the box on the right.

Executive Summary

The client, 'J&A's Healthy Habits', has requested a report to advise them on the best establishment option for their new cafe. The report has identified the advantages and disadvantages of buying a franchise, starting from scratch and buying an existing business. It is recommended that the best option for 'J&A's Healthy Habits' is to start a new business from scratch. This is because both of the owners have expertise in the industry and they have \$300,000 in capital to invest. The owners also seem to have the drive and entrepreneurial spirit to make this business a success.

Stages

Summary of client brief

Summary of what the report covered

Recommendation

Reasons and justification



Read the Executive Summary on the right. How could you suggest that this student improve?

For J&A's Healthy Habits, I recommend that purchasing an existing franchise would be the best establishment option judging from experience, qualifications and cash. Just keep in mind franchisee and franchisor relationships are factors that are likely to influence the success of your business.

Suggestions for improvement

Start with a review of the task from the client and an overview of the report's contents. Then provide the recommendation. The writer could be more specific about what is meant by 'experience, qualifications and cash'. The final statement is addressing the reader directly 'just keep in mind... your business', which is not the style of the executive summary. Instead, the writing should be objective, formal and impersonal.

Planning an answer to an assignment instruction *Answers*



Read the case study on the right.



CASE STUDY

Big Dog is a pet foods manufacturer based in Brisbane. The Australian pet food industry is worth \$3.2 billion a year (IBIS World) and is growing. Big Dog is a relatively small player in this market. However, Big Dog has a unique product, offering healthy pet food made from raw fowl meat, bones, liver and eggs. The company is also planning to launch new premium pet food products, so consumers can pamper their pets even more. Recently, the business has begun to export to Singapore, Taiwan and Hong Kong. However, 80% of Big Dog's business is still in Australia. Importantly, the China-Australia Free Trade Agreement provides opportunities for Big Dog to expand to a huge new market.



Write a plan for two different reports based on these questions. In the white boxes, write the headings you will use for each report (see p61).

Question 1

You have been hired by Big Dog as a business consultant to advise them on their business.

Write a report that addresses each of the following:

- Outline the challenges presented at the growth stage of the life cycle.
- Describe the laws, procedures and regulations that Big Dog should consider when growing their business.

Question 2

You have been hired by Big Dog as a business consultant to advise them on their business.

Write a report that addresses each of the following:

- The reasons why businesses expand globally
- Recommend whether or not Big Dog should expand globally by opening an office overseas.

Executive Summary

Introduction

Challenges at the growth state of the business life cycle

challenge 1
challenge 2
challenge 3 etc

Laws, Procedures and Regulations

Conclusion

Executive Summary

Introduction

Reasons why businesses expand globally

reason 1
reason 2
reason 3 etc

Recommendations for Big Dog

Conclusion

Model of a business report

Answers



Read the business report about Big Dog on pages 79-81. Then do the activities on this page and page 80.



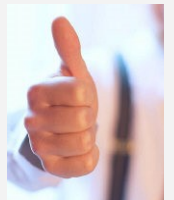
ACTIVITY 1

Find cause and effect language

- Circle all the examples of cause and effect language in the report on pages 79-81.

Find language for recommending

- Underline the modal language (e.g. should, must, can).
- Highlight in green the words that positively evaluate opportunities or decisions.
- Highlight in yellow the words that negatively evaluate opportunities or decisions.



ACTIVITY 2

In the case study report, find all the business terms related to money and draw a \$ symbol next to each one.



ACTIVITY 3

Select any one of the paragraphs under the headings 'Opportunities for global expansion'. Re-write it here next to the stages of a PEEL paragraph.

P

POINT

Businesses can expand to find new markets and increase sales.

E

EXPLAIN

If businesses move overseas, they can grow their customer base to maximise revenue and profits.

E

EXAMPLE

Big Dog currently has 80% of its business in Australia and only 20% overseas. If Big Dog expands, they might be able to gain access to the massive Chinese middle class consumer market estimated at 630 million people (McKinsey and Company 2013).

L

LINK

This market is 30 times larger than Australia's entire population so, as a result, the potential for growth is significant.

Model of a business report

Answers



ACTIVITY 4

In the box below, show the plan that the writer of this business report has used to create the report. Include the main headings and sub-headings from the report in order. Then write a short summary of the main ideas in each section and under each heading.

REPORT PLAN

Executive summary

Introduction

Opportunities provided by global expansion

- finding new markets
- economies of scale
- access to resources
- cushioning economic cycles

Risks of global expansion

- political and economic risks
- social / cultural risks
- management risks

Recommendation for Big Dog

Conclusion

Summary of most important ideas in each section

Main opportunities and risks are summarised and recommendation is made that Big Dog delays its expansion to China.

Case study information about Big Dog - 20% of products sold in Asia, opportunities in China.

The Chinese middle class provides a possible new market for Big Dog, so it can expand.

If Big Dog produces more dog food, their production costs will be lower per unit.

Big Dog can obtain lower costs of resources such as labour and manufacturing in China.

By operating in two countries, Big Dog is spreading risk of economic slow-downs in one market..

China is a risky market due to political risks (instability) and economic change, including rising wage costs..

China is very different to Australia so Big Dog staff would need to be able to communicate in Mandarin and understand the culture.

Big Dog's staff would need experience in managing Australian and Chinese operations.

Big Dog should not open operations in China. They should focus on Australia and build relationships with a Chinese partner.

Big Dog needs more preparation before expansion to China.

Business report: Big Dog Pet Foods 1

Big Dog is an Australian pet food manufacturer. You have been hired as a business consultant to provide advice on a possible expansion to China. Write a 1000 word business report for Big Dog. In your report:

- assess the opportunities and risks associated with expansion overseas for Big Dog
- recommend whether or not Big Dog should open a manufacturing operation in China.

Cause and effect language is in bold.

Modal language is underlined

Green words positively evaluate; Red words negatively evaluate.



Executive Summary

This report has been prepared for Big Dog Pty Ltd **in order to** provide recommendations on whether the company should open an operation in China. The main **opportunities** of expansion include:

- finding a new market and **increasing sales and profits**
- achieving **economies of scale**
- gaining access to **cheap labour**
- **cushioning economic cycles.**

The **risks** of economic expansion have been identified as:

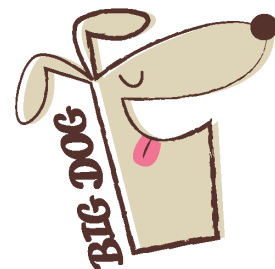
- economic and political **risks**
- social and cultural **risks** including language **problems**
- **pressure** on management in Australia.

We recommend that the company should delay its **expansion** plans and focus on **opportunities** in Australia and on **strengthening** its export capacity. The **rationale** for this recommendation is **due to risk** and opportunity **cost**. The **risks** of **expansion** are significant **as** Big Dog's management has **limited** experience in China and there are **insufficient** staff **to*** support a Big Dog operation in China. Another **reason** for this recommendation is that there are **promising** market opportunities in Australia that may not have been fully exploited. **Consequently**, it is recommended that Big Dog secure a local partner in China **to** build exports while also focusing on Australian market **opportunities**.

(* to + verb indicates cause and effect; only the 'to' has been bolded in these answers)

Note: Big Dog is a real company but this is not a real report. This report is for demonstration purposes only and does not reflect Big Dog's actual plans. Big Dog has kindly allowed us to use them as a case study in this book (see acknowledgements).

Business report: Big Dog Pet Foods 2



Introduction

Big Dog is an Australian pet food manufacturer that offers **high quality**, raw pet food ingredients in its products. Currently, 20% of Big Dog's products are sold in Asia, and the business is considering the establishment of operations to China. This report outlines the **opportunities** and **risks** involved with expanding to China and provides a recommendation for future business operations.

Opportunities provided by global expansion

Finding new markets

Businesses **can** expand **to** find new markets and **increase sales**. **If** businesses move overseas, they **can** **grow** their customer base to **maximise revenue** and **profits**. Big Dog currently has 80% of its business in Australia and only 20% overseas. **If** Big Dog expands, they **might** be able to gain access to the massive Chinese middle class consumer market estimated at 630 million people (McKinsey and Company 2013). This market is 30 times larger than Australia's entire population **so, as a result**, the potential for **growth** is significant.

Economies of scale

By expanding globally, businesses **may** achieve **economies of scale**. **Increasing production** leads to a **lower cost** of production per item. **As a result**, the business **can** be more **profitable**. **If** Big Dog increases their production of pet food, they **may** be able to gain **cheaper** bulk prices from suppliers and also **streamline** their manufacturing operations, resulting in **lower costs**.

Access to resources

Another **reason** for expansion is **to** obtain resources like **cheaper** labour. In Asia, the **cost** of manufacturing is lower than in Australia, **since**

salaries are lower. Lower salaries **may** **lead to** **reduced costs** and **increased profits** for Big Dog. Considering the new China-Australia Free Trade agreement, it is also **possible** that Big Dog **may** be able to move manufacturing to China and import products back into Australia **in order to** **reduce costs** even more.

Cushioning economic cycles

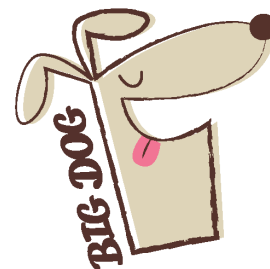
Businesses also **expand so** they **can** **cushion economic cycles**. **If** the Australian economy is **weak**, the economy in another country may be **stronger**, helping the business to maintain overall sales and continue to **grow**. **By** expanding to Asia, Big Dog **could** **benefit** from the **strong** Asian economies. However, **if** Big Dog was operating in China, the company **would** also be **vulnerable** to changes in the Chinese economy, such as an **economic slow-down**. Other **risks** are noted in the following section.

Risks of global expansion

Political and economic risks

Political and economic **risks** involved in **expansion** **may** be **caused** by different laws and regulations in the host country. There are **serious** political **risks** in China, such as the **possibility** of changes to government regulation. For example, in China, regulation of intellectual property is less rigorous than in Australia, and some Australian companies have had their intellectual property and ideas **copied** in China. Economic **risks** that **impact on** operations in China include **rising wage costs** and the **appreciation of the Chinese yuan**. While costs of manufacturing in China are still lower than Australia, **rising costs** in China **may** **cause** **increased costs** for Big Dog.

Business report: Big Dog Pet Foods 3



Risks of expansion (continued)

Social/cultural risks

Social/cultural **factors** must be considered in a global expansion **because** Australian business culture is different to the business culture in Asia. Big Dog should be **sensitive** to the cultural and language issues that may arise when expanding to China. It would be essential for Big Dog staff to be fluent speakers of Mandarin. Also, management should be **sensitive** to a variety of cultural issues **so that** they can establish **effective** employment relations and **good** relationships with suppliers. **Efficient** and **easy** technical communication could be a **challenge** for Big Dog.

Management risks

There are also significant management **risks** for Australian companies that may arise **due to** global **expansion**. Expanding businesses must establish a management structure that can deal with geographical divisions and also that can do business in the local languages. Currently, Big Dog's staff have no **expertise** with living or working in China. **Therefore**, Big Dog may have to hire new Mandarin-speaking staff **in order to** deal with **expansion** to China. At this stage, the company has **insufficient** staff to cover international **expansion** as well as maximise the **opportunities** at home. **Consequently**, management **risks** are **serious** for the business.

Recommendation for Big Dog

This report recommends that Big Dog:

1. delays its plans to open operations in China.
2. focuses on **opportunities** in Australia
3. builds relationships with a Chinese partner.

There are major risks of expansion to China. The

main **obstacle** to **expansion** is staff **inexperience** in running a start-up operation in China. A more **effective** option could be to build relationships with a Chinese manufacturer and distributor as a partner in the Big Dog operations. **As a result**, Big Dog may be able to **take advantage of** the partner's local contacts and **expertise**. Big Dog should consult with Austrade **in order to** find an overseas partner. In the future, **if** the Chinese partner operation is **successful**, Big Dog could eventually open an operation there.

Due to the China-Australia Free Trade Agreement, tariffs have been lowered and it is becoming **cheaper** for Australian companies to export goods to China. **As a result**, Big Dog should ensure that they have **taken advantage of** these new laws before taking further **risks** in China.

In addition, Big Dog has not maximised its **opportunities** for **growth** here in Australia. **As** the company has **opportunities** for product extensions, with new premium pet foods, management should focus on **opportunities** here at home first. **By** focusing on their main markets, Big Dog's management could **maximise sales and profits** locally, rather than spreading management efforts **too thinly**.

Conclusion

Big Dog has a **promising** future for its pet food products. Expansion to China is an **exciting** proposition but one that requires more time and resourcing **in order to** achieve **success**.

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