

Photocopiable activity 2

If I were boss ...

Getting started

Three experts in human resource management were asked the following question:

Our parent company is planning some drastic reforms of work practice. As a senior manager, I am notified in confidence of the impending changes. Should I let my staff know before the rumours get going?

- 1 Work in small groups and make a list of the pros and cons of telling your staff about the changes.
- 2 Decide what answer you would give to the question.

Reading

Read what the three experts said and decide who thinks that ...

- 1 part of a manager's responsibility is to keep secrets.
- 2 by working with other managers on change, you can reduce feelings of worry among staff.
- 3 changes are normally intended to benefit both company and staff.
- 4 there will always be some negative reaction to change.
- 5 giving information about changes too soon could have negative effects.
- 6 it is easier to make changes if you explain why they are necessary.
- 7 sometimes companies should communicate changes earlier.
- 8 your way of communicating change should be adapted to the employee you are talking to.

A

Gavin McGlyne says:

Change can be upsetting for staff, but it can be turned into a positive experience if you handle it in a controlled manner. After all, companies make changes to working practices to improve the ways employees work and to make themselves effective places to work.

The two most critical elements of managing change are communication and leadership. You should ensure that you have a communications plan in place.

A good company should try to be 100% open and transparent with its workforce, whilst keeping its clients informed of key issues and developments. When companies fail to communicate changes clearly, rumours can begin, and changes become easily misunderstood.

It's a mistake to act alone. You will almost certainly cause more anxiety than if you act with the other leaders.

Gavin McGlyne is Yahoo's HR manager for the UK and Ireland.

Adapted from *The Guardian*

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B

Eugene Burke says:

No. Senior managers should respect the trust placed in them and the confidence shared with them. There's usually a good reason for not letting everyone know at the same time. This may make the manager's job more difficult, but it is part of the job and should be accepted.

A manager sharing such information prematurely could cause a panic, which is more likely to produce rumours rather than prevent them. It would also harm relationships with the rest of the workforce who were not informed.

The best way to stop rumours is to have an effective communications strategy. This will be either formal or informal, depending on the culture of the company, but should also be tailored to individual staff.

There will always be some negative emotional response to change, but this should be worked through rather than confronted head on.

Eugene Burke is an occupational psychologist at SHL (UK). (Founded over 25 years ago, SHL is the world leader in objective people assessment based on the science of psychometrics.)

C

Malcolm Higgs says:

Clearly the answer is no: this is confidential information. However, organisations do often withhold information for too long.

As a senior manager, you could discuss with your colleagues the importance of giving information at the right time. When you are making changes, communication is vital and can make the difference between success and failure.

If you have been given the reasons for the changes, you should prepare for them by

ensuring that your staff do understand the basic need and reasons for change.

By doing this, then, when the news emerges, you can position the new reality within the context of the need for change. Making a clear case for change is an important ingredient in its successful implementation.

Malcolm Higgs is professor of Human Resource Management and Organisational Behaviour at Henley Management College.

Adapted from *The Guardian*

Talking point

Discuss with the other members of your group: which of the three experts do you most agree with?

Vocabulary

Find words in the paragraphs which mean the following.

- 1 most important, essential (paragraph A)
- 2 adapted (paragraph B)
- 3 directly (paragraph B)
- 4 keep information secret, not communicate information (paragraph C)

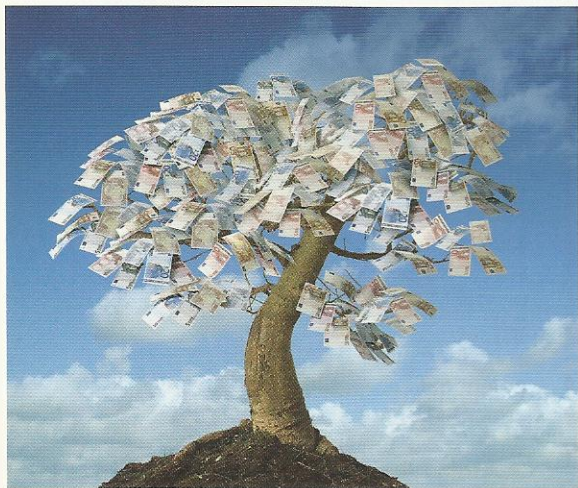
Writing

- 1 Work in small groups. Think of a management question (like the one at the beginning of this activity), write it on a piece of paper and pass it to another group.
- 2 Work together and write your answer to the question which is passed to you.
- 3 Read out the question and your answer to the whole class. Other groups can say whether they agree with you or not.

6.2 Vocabulary Funding a start-up

Discussion

1 Work in small groups. You are financial advisors to start-ups and small companies. What sources of funding would you recommend in these situations?



1 **BUSYBODIES** is a temping agency providing clerical help to other companies. It needs a new photocopier/printer but it does not have the cash available to buy it.

2 **FIXA** is a start-up providing home help for all sorts of everyday tasks or problems: gardening, household repairs, cleaning, ironing, etc. It needs £8,000 to cover start-up costs.

3 **DON BEAL** is an inventor. He has patented a new type of car engine which is 50 per cent more efficient than existing engines. He needs money to produce a prototype but wants to keep control of his business.

4 **ASC** is a small engineering company that has temporary cash-flow problems. It needs £1,500 to pay for raw materials. They are expecting to be paid £5000 in outstanding bills in the next two weeks.

2 Read the advice leaflet below about business funding. Match each type of funding with the correct description 1–6.

bank loan equity finance friends and family grants leasing overdraft self-funding

1 _____
Drawing on personal savings and credit cards can cover start-up costs without having to wait for other people's decisions.
The downside is that using credit cards can be expensive in the long-term.

2 _____
Regular repayments can make it easier to budget. On the other hand, repayment schemes can cause cash flow problems. You may also need to provide security, such as business assets, or a guarantor.

3 _____
This can be a very flexible option for short-term or day-to-day requirements.
The disadvantage is that they usually bear a higher interest rate than other loans.

4 _____
They might be willing to provide an interest-free loan or not require security.
On the other hand, funding from this source can put strain on your relationships.

5 _____
You get your funding, while the investor only realizes their investment when the business is doing well. You also get their expertise.
On the downside, it's hard to raise this finance, and your own influence and share of the profits will be smaller.

6 _____
These appear to be a source of cheap financing. However, there is often strong competition, and you may be required to provide matching funds. You may also need to prove a wider benefit to the community.

7 _____
You can spread the cost of acquiring assets, and maintenance may be covered.
But it's more expensive than if you buy outright, and you don't own the assets until the end of the agreement.

3 Look again at your answers in 1. Would you change any of your recommendations?

4 Find words or phrases in the leaflet with the following meanings.

- 1 the amount of money you pay back each month
- 2 money coming into and out of your business
- 3 an item you agree to give if you fail to pay
- 4 a person who takes responsibility if you fail to pay
- 5 debt which you pay back without any additional charge
- 6 money you provide alongside government funding
- 7 the cost of keeping something working

Scan reading

5 Read the seven steps in an application procedure. Put the steps in order 1–7.

Seventh Heaven Angel Investors Group



The seven steps to heaven

- Screening meeting. If they didn't *turn you down* at Step 2, our review committee will invite you to a screening meeting. Be prepared to make a ten-minute pitch and answer any questions that *come up*.
- Self-assessment. Before *putting forward* your business plan for our consideration, you must *work out* if angel capital – and specifically capital from our group – is right for your company.
- Due diligence. If your presentation is successful, interested investors will *check out* the statements made in your business plan, presentation, and financial projections. They will go over your team's background and *track record* in detail.
- Funding. When all parties are happy with the terms and language contained in the term sheet, the deal can *go through*.
- Online application. Once you have decided to submit a plan, complete our application online. This is designed to identify the most important details about your business so that our internal review committee can *weed out* the non-starters.
- Term sheet. On successful completion of the due diligence process, interested angel group members will *draw up* a term sheet that *sets out* the structure of the investment deal, including type of equity and board of directors representation.
- Presentation to membership. If you *get through* the screening meeting, you will be invited to make a 30-minute presentation to our full membership, the goal being to convince members that your proposal is worth investigating in detail.

6 Use the phrasal verbs in 5 to complete the sentences.

- Only two per cent of business plans _____ the complete funding process.
- Problems often _____ in the early stages.
- Business angels may _____ proposals for no apparent reason.
- Angels always _____ an entrepreneur's background thoroughly.
- It's worth getting a lawyer to _____ any contracts rather than trying to write them yourself.
- The term sheet _____ all the conditions of the deal.
- A lot of hard work is necessary before the deal finally _____.
- In your pitch, you should _____ clear and convincing arguments.
- Get help if you can't _____ how much funding to apply for.
- The screening meeting allows investors to _____ poor applications at an early stage.

Listening

7 2:14 Listen to four entrepreneurs explaining why their proposals were turned down. Decide which reason from the list below each person mentions.

- | | |
|--|-------------------------------------|
| lack of skills in the management team | no track record or proof of concept |
| financial forecasts based on assumptions | too complex |
| inadequate financial returns | not scalable: no growth potential |
| lack of trust | lack of market awareness |
| no clear exit route | |

Internet research

Search for the key words "business angels" to find out more about their role in financing start-ups.

Discussion and presentation

8 Work in small groups. You work for a corporate finance firm bringing together investors and entrepreneurs. Using relevant phrases and vocabulary from the previous exercises, draw up a list of *Dos* and *Don'ts* for start-ups looking for funding.

9 Work with a partner from a different group. Present and compare your lists.