

## 7.6 Case study Trading stocks

## Discussion

**1** In small groups, discuss the questions about shares.

- 1 What are the advantages and disadvantages of investing in shares?
- 2 Are there any types of company you would not want to have shares in?
- 3 Would you prefer to invest money in:
  - a) shares that are risky – i.e. you could make or lose a lot of money?
  - b) 'safer' shares of large, well-known companies (blue-chip companies)?
  - c) bonds that guarantee fixed interest rates?
  - d) a mixture of all of the above? Why/why not?

**2** Work with a partner. Look at the companies below.

CanGas Corp. – a Canadian Gas Company

Cyberchip Plc – a British computer chip manufacturer

Zero Emission Cars – a German producer of electric vehicles

Feijão Pretos SA – a Brazilian coffee producer

Genezap Inc. – a US biotech company which produces genetically-modified seed

Decide what kind of opportunities and threats there are for these companies. Think about environmental factors, market stability and competitors.

	Opportunities	Threats
CanGas Corp.		Gas supplies will run out soon
Cyberchip Plc	Cost of manufacturing has fallen.	
Zero Emission Cars AG		
Feijão Pretos SA		
Genezap Inc.		

## Reading for detail

**3** Read the information about the five companies and add any other opportunities or threats they mention to the table above.

## Negotiating




**4** Shares in the five companies are currently worth €100 each. You have €5,000 to spend on shares. Decide with a partner which companies you are going to invest in.

Company	No. of shares	No. of shares after first report	No. of shares after second report	Value
CanGas Corp.				
Cyberchip Plc				
Zero Emission Cars				
Feijão Pretos SA				
Genezap Inc.				
<b>Total value:</b>	€5,000			



## Internet research

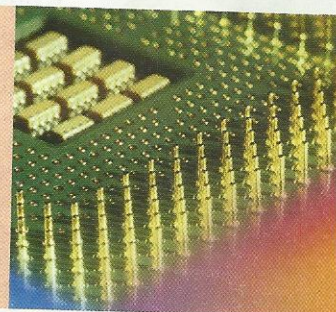
Search for the keywords *trading basics* to learn more about when to buy and sell shares.

- 5  2:31 Now listen to an economic report and decide whether you would like to swap any of the shares you have for other shares. Talk to other pairs and try to exchange shares.
- 6  2:32 Listen to a second report and decide whether you would like to make any further swaps.
- 7  2:33 Now listen to an interview with stock market analyst Sarah Johnson and find out how much your shares are worth and why.

**CanGas Corp.** is a medium-sized Canadian gas producer. It owns several gas fields in western Canada and currently produces about 8% of Canada's natural gas output. Some of the smaller gas fields will run out within the next five years, but the company has been investing a lot of money in new pipelines to increase production from its larger gas fields. Environmental groups, such as Greenpeace, are angry at CanGas' plans to start exploiting a new gas field in Alberta and say the planned pipeline will have a negative effect. The increase in oil and gas prices has helped push CanGas' share price up to \$100 in recent months. A fall in energy prices would seriously affect CanGas' profitability and investment plans.



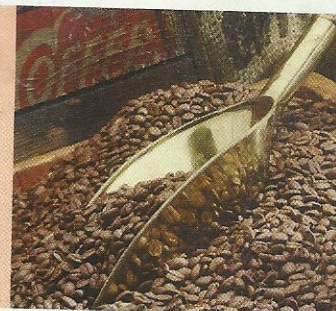
**Cyberchip Plc** has two 'fabs', or fabrication plants, in the UK and recently announced it has developed a new method of manufacturing chips which will reduce production costs significantly. Developing another plant will probably cost Cyberchip several million euros and some investors are worried that Cyberchip does not have the financial resources. FabPro, one of Cyberchip's competitors, has also announced that its new plant in Seoul will also go into full production of its new chip shortly. Many computer chip manufacturers have moved to the Far East where labour costs are significantly lower.



**Zero Emission Cars** produces small electric vehicles for city driving. It sold 50,000 units last year and plans to increase production by 50% in the next two years. High fuel prices have helped to increase the demand for these cars and new rules and regulations on emissions could push demand even higher. Critics say the car is too expensive and that the 80 km maximum range makes the car impractical for longer journeys. Zero Emission Cars says it is developing a new model which uses a new high-tech battery which could increase the car's range to 180–200 km.



**Feijão Pretos SA** produces high-quality, organic coffee. Its suppliers are mainly local coffee growers in the southern state of Paraná, Brazil, but it is increasingly buying more coffee from the states of Espírito Santo and Bahia which has helped to reduce the risk of frost because they are further north. Most of the coffee it exports is for the North American markets, but it is hoping to expand to the EU. Coffee prices have been falling on the world's markets, but Feijão Pretos' strategy of targeting the top end of the coffee market has worked well and last year it reported a profit of 42 million Brazilian Real (BRL) – or €15m, up 20% on the year before.



**Genezap Incorporated** produces genetically-modified seed, such as rice, wheat, maize and potato. Its turnover has increased more than 250% in the last five years and its profits have tripled in the same period. There are signs, however, that the demand for genetically-modified seed is slowing in the USA and Genezap is now hoping to be able to break into the European and Asian markets. Opposition to genetically-modified food is growing, particularly in Europe and the USA.





## 4.6 Case study Olvea Brasil

## Discussion


**1** Work with a partner. Imagine your ideal team leader. What would they do in the following situations?

you need help    you make a big mistake    you do something really well  
 you do your job with no problems    you have personal problems

## Reading

**2** Read the background to the case and answer the questions.

- 1 What are Eliana's concerns?
- 2 What kind of management style does the company encourage?
- 3 Why does Eliana like to hear both sides of the story?



ELIANA SCHAEFFER, Director of Human Resources at Olvea Brasil, stood at her window and stared out pensively at the mountains rising above the city. On her table were four employee files; each had been put in the 'concerns' category at last Friday's six-monthly staff review. Eliana knew very well that although a 'concern' tag was supposed to be an early warning, all too often it meant that a crisis was just waiting to happen.

Olvea Brasil was the Brazilian subsidiary of an international group which supplied components for the automobile industry. Aware that they relied heavily on the skills and creativity of their engineers

for survival, Olvea's management encouraged a culture that was officially firmly people-oriented. At the same time, Eliana understood that in a field where competition was fierce, and customers more and more demanding, productivity was crucial; results often took precedence over people's feelings.

It was going to be a tough morning; Eliana had made appointments with each of the four 'concerns' in turn. After reading their manager's comments in their files, she liked to hear the employee's side of the story before reaching any conclusions. 'More often than not it's the manager who's the real concern!' she thought as she sat down at the table to review the four files.

## Internet research

Search for the keywords *how to manage your boss*. Take a class vote to find your top tips.

**3** Work in small groups. Read the employee files opposite and answer the questions below. What do they suggest about the relationship between each employee and their manager?

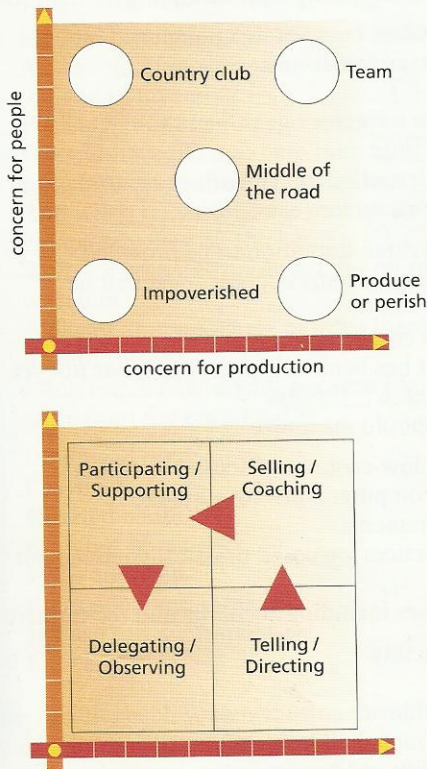
Which members of staff:

- 1 have changed their attitude?
- 2 do not communicate well?
- 3 are disappointing or disappointed?
- 4 are being unreasonable?
- 5 have a limited future with the company?



## Listening

**4** **1:63–1:66** Listen to Eliana's interviews with the four members of staff, and take notes.



## Discussion

**5** In small groups, discuss the questions.

- 1 How are the employees' stories different from their manager's versions? Who should you believe?
- 2 What are Carla Hartmann, Vitor Martins, Isabel Correia and Antony Middleton's management styles?
- 3 What strategies do you feel would be most effective in managing Wilson Holden, Susan Shipley, Luigi Tarantini and Natasha Gomes in future?
- 4 How should Eliana manage the managers?

## Presentation

**6** In your groups, draw up an action plan covering all the issues. Present your plan to the class and take questions.

**NAME:** Wilson Holden

**AGE:** 26

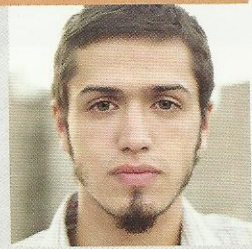
**POSITION:** Moulding engineer

**MANAGER:** Carla Hartmann

**MANAGER'S COMMENTS:** Young graduate engineer.

No problems in first year, but uncommunicative.

Three months ago he started suggesting changes to procedures. I explained it was not his job to make changes; if changes are needed I will make them. Since then he has consistently disregarded procedures and encouraged other colleagues to do the same. He refuses to follow instructions; last week he refused to work on Saturday, even though all the engineers agreed to do one Saturday per month. He is insolent, arrogant, frequently uses foul language and cannot accept criticism.



**NAME:** Susan Shipley

**AGE:** 38

**POSITION:** Project manager

**MANAGER:** Vitor Martins

**MANAGER'S COMMENTS:** Susan is very experienced and autonomous (13 years with Olvea) but she seems unhappy. No obvious problems – her work is satisfactory, but people in the department say she's miserable and demotivated. Isabel Correia, my boss, said she asked to speak to her, so I thought I'd better bring it to your attention.



**NAME:** Luigi Tarantini

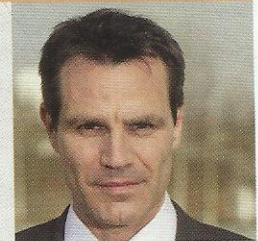
**AGE:** 48

**POSITION:** Head of R&D

**MANAGER:** Isabel Correia

**MANAGER'S COMMENTS:** Luigi does a great job for us, we've always worked well together. But just recently he's become colder, not his normal friendly self. With my engineering background, I enjoy working with Luigi in the lab, but he has become almost secretive about his work – when I offer to look at the latest test results with him he keeps suggesting I have more important things to do.

No complaints about the quality of his work, everything is fine – he just doesn't seem to want to share with me the way we used to.



**NAME:** Natasha Gomes

**AGE:** 23

**POSITION:** Administrative assistant

**MANAGER:** Antony Middleton

**MANAGER'S COMMENTS:** Natasha is pleasant and compliant. However she lacks initiative and seems frightened of making mistakes. She seems unable to make decisions herself; she phones me several times a day to ask for instructions when a little common sense is all that is necessary. Her work is acceptable but never excellent. Although she is much more willing than the rest of my department, I am not sure that she possesses the qualities we expect in an administrative assistant.

