

Test 1

READING 1 hour

PART ONE

Questions 1–7

- Look at the statements below and the advice of four market experts on the opposite page.
- Which expert's advice (**A, B, C** or **D**) does each statement (**1–7**) refer to?
- For each statement (**1–7**), mark one letter (**A, B, C** or **D**) on your Answer Sheet.
- You will need to use some of these letters more than once.

Example:

- 0** Flacks' speed of production should be an advantage for winning certain contracts.

| | | | | |
|----------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| 0 | A | B | C | D |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- 1 It would be advisable for Flacks to consult customers before developing a new product.
- 2 Producing goods for specialist markets might increase Flacks' profits.
- 3 Flacks may need to change the function of one of its facilities.
- 4 Flacks should utilise its current expertise to enter a different market.
- 5 Flacks may need to consider closing its current production facility.
- 6 Flacks should develop the connections it has established with leading retailers.
- 7 Expanding the product range would not be a problem for the workforce.

Flacks is a UK-based company that produces fashion accessories for women. How can it continue to grow its business?

A Susan Falmer

Faced with a shrinking market, cheap imports and competitive pricing, Flacks will have to work hard to increase its margins. They need to move into a more promising market, one where demand is growing and where the company can exploit existing skills and contacts. They could think about brand extension – this would not be a giant leap and the sales force would take it in its stride. Also, they wouldn't need to re-equip their factory and could use non-UK sourcing if facilities here are in short supply.

B Mesut Guzel

They have the fundamentals of a survival strategy in a market where outsourced manufacture and brand differentiation hold the key to success. I think they should initially locate some of their production in another country, where manufacturing quality tends to be better and it is easier to meet changing customer demands. But they should also regularly monitor production in Britain and think about outsourcing all this work abroad at some point if they need it done faster. The company should continue to work on innovative products, and thorough market research will help to ensure any new ideas are well received.

C Gary Wilmot

In order to beat their rivals in a highly competitive market, Flacks should ensure their products are attractive and build on their relationships with the big stores rather than trying to go it alone and market directly. They should also consider refocusing production by using their UK factory for high-specification products. They could eventually build more production overseas in a cycle of continuous development.

D Michal Kaminski

The demand for fashion accessories is relatively flat and the company should consider exploiting niche markets to improve its margins. But even within these, Flacks must distinguish its goods from those of its rivals in terms of quality, performance and design. Innovative sales, marketing and PR are vital to exploit these niche products. One competitive advantage that Flacks does have is production times. Many retail chains now have two-tier supply chains and Flacks could focus on top-up orders. They might also investigate other sales channels such as mail order.

Test 1

PART TWO

Questions 8–12

- Read the article below about evaluating the work of company directors.
- Choose the best sentence from the opposite page to fill each of the gaps.
- For each gap (8–12), mark one letter (A–G) on your Answer Sheet.
- Do not use any letter more than once.
- There is an example at the beginning, (0).

EVALUATING THE PERFORMANCE OF THE BOARD

Few employees escape the annual or twice-yearly performance review. (0) The answer is not a great number. And the smaller the company, the fewer checks there are on how well the directors are doing. Some of the largest companies formally assess the performance of their board, but very few new or growing companies have managed to get round to establishing any such procedure.

Many business experts believe, however, that it is important for all companies to review the performance of the board. (8) Another reason is that the board itself needs information on how well it is doing, just as much as other employees do. For the chief executive, appraisal of some sort is absolutely essential for his or her own sake and for the good of the company. Indeed, many of those who have reached this level remark on how lonely the job of chief executive is and how few opportunities they get to discuss issues relating to it.

There is some evidence to show that once smaller companies put a board appraisal process in place, they find this process relatively easy to operate. (9) Their counterparts in larger organisations, however, are often afraid that appraisals could be a challenge to their status.

So, how should companies assess their board? (10) At a very basic level, this could simply mean getting all the directors to write down what they have achieved and how they can improve on it. At the other end of the scale is the full '360-degree' appraisal. Here, each director is appraised in a systematic manner by a combination of the chairman and fellow directors.

In the largest companies there are many methods for assessing the board. A number of such companies have self-assessment schemes. The chairman may meet each board member individually to ask how things are going, in a fairly informal way. The whole board might also meet to talk about its progress in open session. (11) These might ask for people's opinions on the board's main tasks or on how well the committees are working.

Research indicates there has been some improvement in the way the appraisal of board members is conducted. (12) The chairman will have been involved directly or indirectly in the appraisal of all members of the board. Whose job is it, then, to appraise the chairman?

Example:

| | | | | | | | |
|----------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| 0 | A | B | C | D | E | F | G |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- A** It is often the case that the directors of such companies are even happy to receive criticism, as this can prevent them from making basic mistakes.
- B** The rest of the workforce sees it as unfair if the directors are the only members of the company to escape appraisal.
- C** These are encouraging as they put a limit on the power of the chairman to assess fellow directors.
- D** Alternatively, questionnaires might be distributed to directors, forming the basis for future discussion.
- E** One issue remains, however, when all the others have been dealt with.
- F** It is generally agreed that it is the chairman's responsibility to ensure the regular appraisal of each member of the board.
- G** However, one wonders how many companies have in place a formal appraisal process for their board of directors.

Test 1

PART THREE

Questions 13–18

- Read the article below about British companies and their performance in the American market, and the questions on the opposite page.
- For each question (13–18), mark one letter (A, B, C or D) on your Answer Sheet.

==== BRITISH COMPANIES CROSS THE ATLANTIC ====

Next month a large group of British business people are going to America on a venture which may generate export earnings for their companies' shareholders in years to come. A long list of sponsors will support the initiative, which will involve a £3-million media campaign and a fortnight of events and exhibitions. The ultimate goal is to persuade more Americans that British companies have something to interest them.

While there have been plenty of trade initiatives in the past, the difference this time round is that considerable thinking and planning have gone into trying to work out just what it is that Americans look for in British products. Instead of exclusively promoting the major corporations, this time there is more emphasis on supporting the smaller, more unusual, niche businesses.

Fresh in the memories of all those concerned is the knowledge that America has been the end of many a large and apparently successful business. For Carringtons, a retail group much respected by European customers and investors, America turned out to be a commercial disaster and the belief that they could even show some of the great American stores a retailing trick or two was hopelessly over-optimistic.

Polly Brown, another very British brand that rode high for years on good profits and huge city confidence, also found that conquering America, in commercial and retailing terms, was not as easy as it had imagined. When it positioned itself in the US as a niche, luxury brand, selling shirts that were priced at \$40 in the UK for \$125 in the States, the strategy seemed to work. But once its

management decided it should take on the middle market, this success rapidly drained away. It was a disastrous mistake and the high cost of the failed American expansion plans played a large role in its declining fortunes in the mid-nineties.

Sarah Scott, managing director of Smythson, the upmarket stationer, has had to think long and hard about what it takes to succeed in America and she takes it very seriously indeed. 'Many British firms are quite patronising about the US,' she says. 'They think that we're so much more sophisticated than the Americans. They obviously haven't noticed Ralph Lauren, an American who has been much more skilled at tapping into an idealised Englishness than any English company. Also, many companies don't bother to study the market properly and think that because something's successful in the UK, it's bound to be successful over there. You have to look at what you can bring them that they haven't already got. On the whole, American companies are brilliant at the mass, middle market and people who've tried to take them on at this level have found it very difficult.'

This time round it is just possible that changing tastes are running in Britain's favour. The enthusiasm for massive, centralised retail chains has decreased. People want things with some sort of individuality; they are fed up with the banal, middle-of-the-road taste that America does so well. They are now looking for the small, the precious, the 'real thing', and this is precisely what many of the companies participating in the initiative do best.

- 13** The main reason that the British business people are going to America is to
- A** encourage American consumers to buy their products.
 - B** analyse how American companies attract media coverage.
 - C** look for financial backing from American investors and banks.
 - D** investigate how British and American companies could form partnerships.
- 14** In the writer's opinion, the proposed venture will be different to previous ones because
- A** fewer British business leaders will be making the trip.
 - B** less well-known companies will be better represented.
 - C** the larger companies have decided they will not be participating.
 - D** it involves research into how British companies market themselves.
- 15** The writer states that Carringtons was wrong to
- A** be cautious about trading in America.
 - B** borrow money from its European investors.
 - C** assume it was superior to American rivals.
 - D** ignore the advice of its American managers.
- 16** According to the writer, Polly Brown's mistake occurred when it
- A** continued to trade despite making a loss.
 - B** attempted to attract a different type of customer.
 - C** tried to break into too many markets at the same time.
 - D** expected American consumers to pay British prices for goods.
- 17** Sarah Scott states that British companies hoping to succeed in America should
- A** focus on a gap in the market.
 - B** be less concerned with their image.
 - C** concentrate on selling products in the mid-price range.
 - D** carry out research into the pricing policies of American companies.
- 18** The writer suggests that success in America depends upon
- A** adopting a more American approach to marketing.
 - B** persuading the mid-range consumer to pay for quality.
 - C** copying the strategies of American companies.
 - D** building a reputation as a supplier of unique goods.

Test 1

PART FOUR

Questions 19–33

- Read the article below about plans for a new telephone banking centre.
- Choose the best word to fill each gap from **A, B, C** or **D** on the opposite page.
- For each question (**19–33**), mark one letter (**A, B, C** or **D**) on your Answer Sheet.
- There is an example at the beginning, (0).

Promise of Jobs with Telephone Banking Centre

An £80-million telephone banking centre is to open in Scotland, with the (0) of about 500 new jobs. Grand Union Group, which owns the Dundee and Western Bank, said today it hopes to have the (19) fully operational by next August. It will be based at the new Caledonian Industrial Estate currently being built near Edinburgh.

The centre is being (20) through a joint partnership (21) global telecommunications firm Concept and customer care specialists Businesslink.

Sara Grimaldi, chief executive of the Dundee and Western Bank, said, 'I'm delighted we will be working in (22) with Concept and Businesslink and I'm confident we will (23) from their considerable experience. The new centre will make (24) use of innovative business procedures which will (25) to an improved service and experience for our valued customers.' Callum Martin, president of global accounts for Grand Union Group, added that he was very pleased his company will play a key role in such an important development employing state-of-the-art technology.

The local council said new jobs were (26) of the efforts made to (27) investment to the region. Council leader Hugh MacArthur said, 'It's good news for Grand Union, but it will also (28) us to promote Edinburgh to companies considering a (29) to Scotland. The council will continue to work hard to ensure that today's (30) is just the latest (31) in our attempt to create high quality jobs in the area.'

Scotland has become a European leader in terms of telephone banking centres and has (32) itself an excellent reputation. The call centre sector as a whole employs more than 28,000 people at more than 170 sites in Scotland. Taking this into (33), it seems likely that this new centre will be another success story.

Example:

A production **B** design **C** invention **D** creation

| | | | | |
|----------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| 0 | A | B | C | D |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- 19** **A** facility **B** plant **C** function **D** situation
- 20** **A** assisted **B** invested **C** funded **D** paid
- 21** **A** consisting **B** engaging **C** containing **D** involving
- 22** **A** venture **B** teamwork **C** enterprise **D** collaboration
- 23** **A** benefit **B** improve **C** grow **D** advance
- 24** **A** inclusive **B** uniform **C** extensive **D** universal
- 25** **A** help **B** contribute **C** provide **D** combine
- 26** **A** facts **B** reasons **C** data **D** evidence
- 27** **A** acquire **B** gain **C** attract **D** win
- 28** **A** necessitate **B** ease **C** support **D** enable
- 29** **A** reorganisation **B** reassignment **C** relocation **D** replacement
- 30** **A** announcement **B** publication **C** notice **D** acknowledgement
- 31** **A** method **B** step **C** point **D** action
- 32** **A** achieved **B** taken **C** drawn **D** earned
- 33** **A** mind **B** regard **C** account **D** note

Test 1

PART FIVE

Questions 34–45

- Read the text below about how consumers decide what to buy.
- In most of the lines (34–45) there is one extra word. It is either grammatically incorrect or does not fit in with the meaning of the text. Some lines, however, are correct.
- If a line is correct, write **CORRECT** on your Answer Sheet.
- If there is an extra word in the line, write **the extra word** in CAPITAL LETTERS on your Answer Sheet.
- The exercise begins with two examples, (0) and (00).

| | | | | | | | | | |
|------------------|----|---|---|---|---|---|---|---|--|
| Examples: | 0 | C | O | R | R | E | C | T | |
| | 00 | O | F | | | | | | |

Consumer Behaviour

0 The consumer is the focus of all retail business and it is important to appreciate how
 00 consumers are influenced in their buying decisions. Most of consumers, before making a
 34 purchase, gather information and evaluate with the alternatives, but the extent to which
 35 they look for information depends on the type of purchase. For example, in the case of
 36 routine grocery purchases most consumers respond to automatically. However, for
 37 purchases where the risk of making the wrong decision is greater, like buying a new
 38 car, so the search for information is more important. The decision to purchase is never a
 39 single decision but a number of these separate decisions, and at any time during this
 40 process, consumers can change their minds about and choose an alternative route. For
 41 example, although a consumer may have decided where to buy a product only to realise
 42 at the last moment that this is, in fact, having the wrong choice. The price in the store may
 43 be too high or the staff unhelpful. On the other hand, a lack of queues, favourable credit
 44 facilities and efficient staff all lead to a too positive impression, so retailers should
 45 remember how difficulties in these areas that can affect a sale or even lose a customer
 permanently.

WRITING 45 minutes**PART ONE**

- You have been informed that next Wednesday your company's computer system will be closed down so that improvements can be made.
- Write an **email** to all staff in your department:
 - saying what time on Wednesday the system will be closed down
 - suggesting how staff should prepare for this
 - saying how the system will be better after the improvements.
- Write **40–50** words.

| | |
|---|-----------------|
| To... | All Staff |
| Cc... | |
| Subject: | Computer System |
| <div style="border: 1px solid gray; height: 200px; width: 100%;"></div> | |